



EXPENDITURE REPORT (Form 5) AND APPLYING FOR EXEMPTION FROM EXPENDITURE CONDITIONS



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1. General

The purpose of this pamphlet is to assist tenement holders:

- to complete a Report on Operations on Mining Tenement (Form 5 – Expenditure Report) as required by Sections 51, 68 and 82 and Regulations 16, 22 and 32 of the *Mining Act 1978* and Regulations; and
- to prepare an Application for Exemption from the expenditure requirements on a mining tenement where the actual expenditure for a specific period has not met the required minimum expenditure for that period, as required by Sections 50, 62 and 82 of the *Mining Act 1978*.

2. Report on Operations on Mining Tenements (Form 5 – Expenditure Report)

2.1 A Form 5 Report must be lodged at the Department in Perth for each mining tenement within 60 days of the anniversary date of the tenement to which the report relates.

Extension of time to lodge a Form 5 Report may be given pursuant to the following regulations:

- Regulation 16 – Prospecting Licence
- Regulation 22 – Exploration Licence
- Regulation 32 – Mining Lease

However, any application for extension of time must be lodged and approved, prior to the date due for filing of the report (ie. within 60 days of anniversary).

2.2 When completing a Form 5 Report, the following details are required:

- whether the report relates to an annual, final or surrender including partial surrender of the subject tenement;
- the period covered by the report such as the anniversary commencement date to the surrender date;
- the type of tenement whether a mining lease, prospecting licence, exploration licence etc and the tenement number;

- brief details of any operations carried out during the period of the report (various suggested headings are provided on the front page of the form); and
- the expenditure incurred for each type of operation together with the total amount expended on the tenement.

2.3 Detailed technical reports (mineral-exploration reports) are also required to be attached to the Form 5 Report and should be listed on page 2 of the form. (See Section 115A and Guidelines.)

Any such reports shall include the following:

- methods of exploration;
- a completed record of all geological, geophysical, geochemical and other technical investigations carried out by or on behalf of the tenement holder;
- a complete record of all drill holes and excavations;
- details of the nature of material tested and all assay results;
- a summary of reserves in a form as recommended by the AUSIMM, AIG and AMIC;
- statement of expenditure;
- details of any amount claimed in lieu of wages; and
- a report title, name of joint holder responsible for operations on the tenement where applicable, tenement information, date and complete table of contents.

Note: All maps and sections shall be related to the Australian Map Grid or to known surveyed points.

3. Application for Exemption from Expenditure Conditions

- 3.1 When it is expected that the minimum required expenditure will not be met for a particular year, an application for exemption (Form 18) must be completed by the tenement holder or an authorised agent. The application should be lodged with the Department. Each application should be supported by a statutory declaration, plus other documentary evidence giving reasons for the exemption and be accompanied by the prescribed fee.
- 3.2 Application must be made within 60 days after the end of the year to which the proposed exemption relates. Exemption may be granted totally or partially from the prescribed expenditure conditions, but not exceed the minimum amount required to be expended, in respect to:
- any mining tenement other than a mining lease in any one year; and
 - a mining lease in a period up to and including five (5) years.

4. Reasons for Exemption

- 4.1 Under Section 102(2) exemption may be granted on a mining tenement for the following reasons:
- title is in dispute;
 - time is required to evaluate work done, plan future exploration or mining or raise capital therefore;
 - time is required to purchase and erect plant and machinery;
 - the ground is for any sufficient reason unworkable;
 - the ground contains a mineral deposit which is uneconomic but which may reasonably be expected to become economic in the future or that at the relevant time economic or marketing problems are such as not to make the mining operations viable;
 - the ground contains mineral ore which is required to sustain the future operations of an existing or proposed mining operation;
 - political, environmental or other difficulties in obtaining requisite approvals prevent mining or restrict it in a manner that is, or subject to conditions that are, for the time being impracticable; or
 - is comprised within a project involving more than one tenement and that expenditure on a tenement or tenements comprised in that project would have been such as to satisfy the expenditure requirements in relation to the tenement concerned had that aggregate expenditure been apportioned in respect of the various tenements comprised in this project.

- 4.2 Under Section 102(3) the Minister for Mines may grant an exemption for any other reason other than those set out above which, in his opinion, is sufficient to justify exemption. Details to support an exemption under this section must accompany the application.

5. Receipt of Application

After the Department has received an application for exemption, a date will be set prior to which objections may be lodged against the application. A copy of the application is then placed on the notice board in the relevant Registrar's office for the affected district/mineral field. *Regulation 54 and 146 (2)*

If no objection is received the application is forwarded to the Minister for determination. *Section 102(5)*

If an objection is lodged, the matter will then be heard by the Warden in open court. *Regulation 146 (2)*

6. Grant of Certificate

On grant by the Minister a Certificate of Exemption (Form 19) will be issued to the tenement holder. The grant may be subject to various conditions which will be endorsed on the certificate or a schedule attached to the certificate.

7. Exemption for Holders of Exploration Licences Authorised under Section 111 to Explore for Iron

- 7.1 The Minister may grant the holder of an exploration licence, duly authorised, total or partial exemption from the prescribed expenditure conditions for an amount not exceeding any one year. Applications for such exemptions should be made to the Director, Mineral Titles Division, in writing and be accompanied by the prescribed fee. *Section 102A*
- 7.2 If the application under Section 102A is refused, the holder may then apply for exemption pursuant to Section 102(1) of the Act subject to the various requirements of that section.

8. Effect on Exemption

Upon grant of a Certificate of Exemption, the tenement holder shall be deemed to be relieved from the obligations under the prescribed expenditure conditions relating to the mining tenement.

9. Guidelines for Completion of Application for Exemption (Form 18)

- a. Enter tenement type: eg:
- | | | |
|-----|---|---------------------|
| M | – | Mining Lease |
| E | – | Exploration Licence |
| P | – | Prospecting Licence |
| GML | – | Gold Mining Lease |
| ML | – | Mineral Lease |

Several tenements may be included on one form, provided that sufficient fees accompany the application. If insufficient space is available then a schedule of the subject tenements should be attached to the application.

- b. Enter tenement number: eg 53/109.
- c. Enter mineral field: eg East Murchison.
- d. Enter full name and address of all holders of the subject tenement(s).
- e. Enter the amount of expenditure in dollars for which exemption is sought, not to exceed the minimum expenditure requirement.

- f. Enter expiry date of the period to which exemption relates.
- g. The applicant should also provide clearly stated reasons as to why an exemption should be granted. Section 102(2) (a) to (h) gives several reasons which, when supported by relevant information, may be acceptable as grounds for exemption. Section 102(3) allows for exemption for any other reason which the Minister considers is sufficient to justify such exemption. Where exemption is sought under Sections 102(b), (e), (f) or (h) the applicant should refer to the Department's 'Guidelines for Mineral Exploration Reports on Mining Tenements – and the 'Policy Guidelines – Exemption from Expenditure Conditions'.
- h. The date and the signature of the holder of the subject tenement, a director of the company or an authorised agent, should be endorsed on the form.

Any further assistance or clarification of points raised in this pamphlet may be obtained from the Mineral Titles Division of the Department of Mines and Petroleum at 100 Plain Street, East Perth (Telephone: 9222 3333) or any Mining Registrar's office.

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N.B. The information contained in this pamphlet is designed to assist in gaining a general awareness of the requirements of the *Mining Act 1978* and is not intended to be a substitute for understanding the statutory requirements of the Act and Regulations there under.