



**CO-FUNDED GOVERNMENT – INDUSTRY DRILLING PROGRAM
DEPARTMENT OF MINES AND PETROLOEUM
WESTERN AUSTRALIA**

2012–2013 program

Guidelines for submission of proposals

CONTENTS

1.	Introduction.....	2
2.	Definitions.....	2
3.	Timelines and important dates for 2012–13	3
4.	How to apply for grant funding.....	5
5.	Proposal assessment	5
6.	Important funding information	5
7.	Document guidelines and assessment criteria	6
8.	Legal parameters of proposals	8
9.	Conditions of acceptance for successful applicants	9
10.	Final report submission and further information	10
APPENDIX 1 – Information Sheet Environmental (minerals exploration).....		11
APPENDIX 2 – Information Sheet Environmental (petroleum & geothermal).....		11
APPENDIX 3 – Information Sheet DMP drill core		11
APPENDIX 4 – Information Sheet (mineral exploration reports)		11
APPENDIX 5 – Information Sheet (petroleum & geothermal exploration reports)		11

*Please refer to the website of the Department of Mines and Petroleum for the **latest information** on the Co-funded Government – Industry Drilling Program.*

Homepage: www.dmp.wa.gov.au

Released: January 2012

1. INTRODUCTION

The Co-funded Government - Industry Drilling Program is being funded by the State Government to provide a stimulus to geoscience exploration and contribute to the economic development of regional areas of Western Australia. As part of the five year \$80 million Exploration Incentive Scheme funded out of the Royalties for Regions Initiative, the Western Australian Government in April 2009 announced that \$20.5 million would be made available in 2009–10 to 2012–13 to stimulate innovative exploration drilling in underexplored areas of the State. The program is administered by the Department of Mines and Petroleum.

Geoscience exploration includes mineral, petroleum and geothermal exploration with drilling to be undertaken in underexplored areas that have economic mineral, petroleum, or geothermal potential.

The Department of Mines and Petroleum is now seeking proposals from applicants to undertake exploration drilling projects jointly funded by the successful applicants and the Department.

In 2012–13 the co-funded drilling program will consider applications from anywhere in the State and will preferentially fund high quality, technically and economically sound proposals that promote new exploration concepts and new exploration technologies.

Within this Co-funded Drilling program a separate pool of funding will be available for bona fide prospectors.

The Government contribution to each successful general application project will be limited to \$200,000 for a project consisting of a single deep hole, to \$150,000 for a project with more than one hole and to \$30,000 for a prospector's grant.

As the Scheme is voluntary, successful applicants agree to the release to Open File of new information from drilling after a maximum confidentiality period of six months from the end of drilling.

2. DEFINITIONS

"Director General" means the Director General of the Department of Mines and Petroleum.

"Minister" means the Minister for Mines and Petroleum.

"Applicant" means the company, institution or individual submitting a proposal.

"Funding Agreement" means the agreement of conditions of funding grant between the parties. These Guidelines form part of the Funding Agreement.

"Proposal" means the documentation prepared and submitted to the Director General in an application for Government - Industry Drilling Co-funding.

“**Project**” means the work undertaken by the successful Applicant in accordance with the Proposal.

“**Prospector**” means an individual who holds and explores on a single or small group of granted tenement/s with no public company ownership.

“**Prospector Grant**” means a grant made to a prospector and is capped at \$30,000 per grant. Only one application may be submitted per tenement.

“**Closing Date**” means 5pm WST on the 30th of March 2012. This is the last day to submit a proposal.

“**Completion Date**” means the date of submission of final report including core. This must not be later than 30 September 2013 (finalisation of the project)

“**Drilling Co-funding**” means monies distributed to successful applicants on completion of projects.

“**Mining Tenement**” means the area (or part thereof) outlined in the Proponent’s licence or lease granted under the *Mining Act 1978 (WA)*.

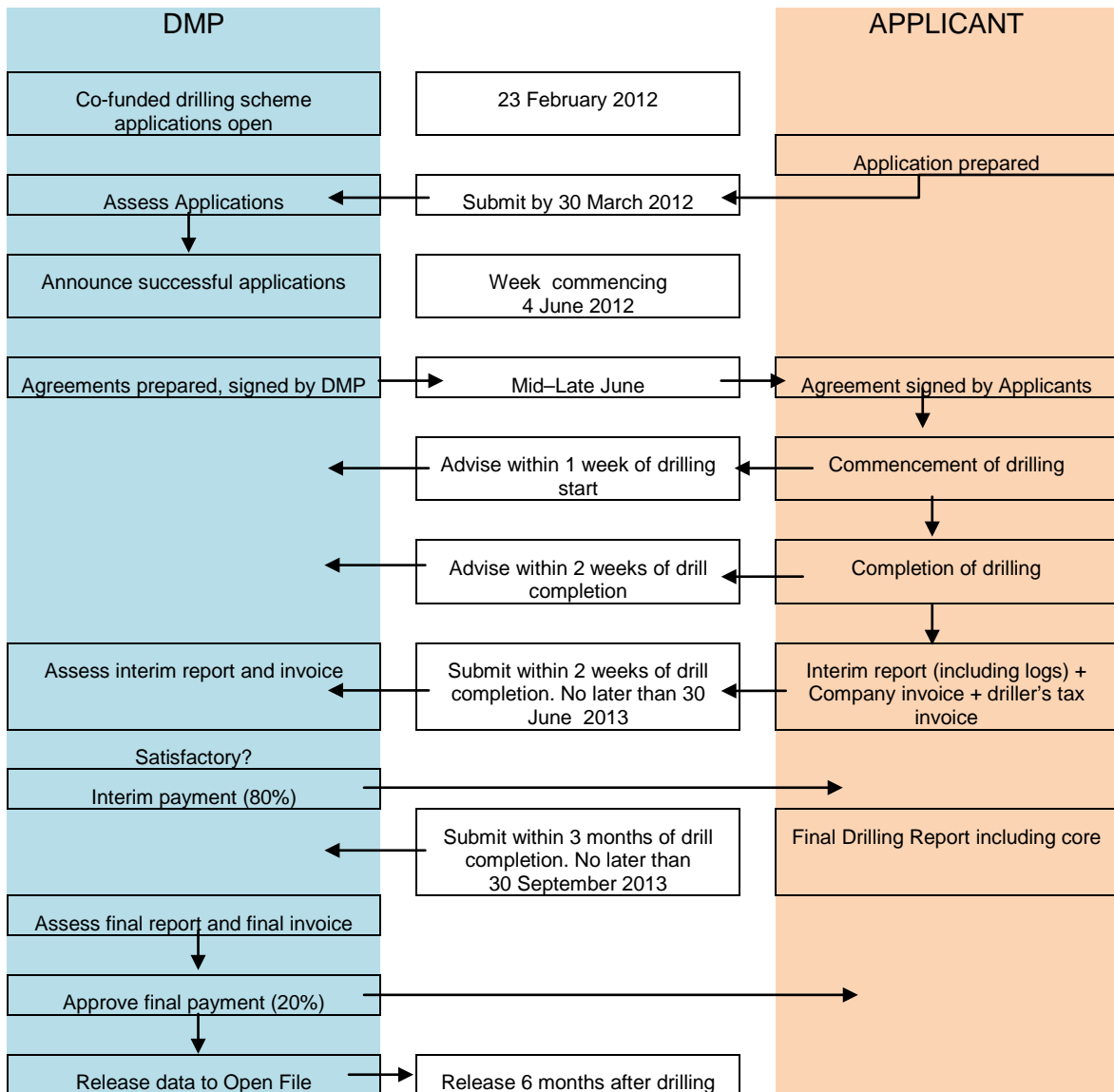
“**Petroleum Tenement**” means the area (or part thereof) outlined in the Proponent’s licence, lease or permit granted under the *Petroleum and Geothermal Energy Resources Act 1967 (WA)*.

“**Geothermal Tenement**” means the area (or part thereof) outlined in the Proponent’s licence, lease or permit granted under the *Petroleum and Geothermal Energy Resources Act 1967 (WA)*.

3. TIMELINES AND IMPORTANT DATES FOR 2012–13

Important dates for the 2012–13 Co-funded Drilling Program:

23 February 2012	Online applications open
30 March 2012	Online applications close (5 pm WST deadline)
Week commencing 1 June 2012	Planned announcement of successful Proposals
12 June – 30 June 2012	Agreements signed by Applicants and DMP
1 July 2012 – 30 September 2013	Term of Funding Agreement for 2012–13 Co-funded Drilling
30 June 2013	Last date for acceptance of Interim Reports and invoices and drillers receipts for 2012–13 drilling projects (5 pm WST deadline). (Note: failure to meet this deadline means that the Funding Agreement is terminated)
30 September 2013	Last date for submission of Final Report (including core) for 2012–13 drilling projects. (5 pm WST deadline)



It is the Applicants' responsibility to ensure the Proposal is lodged by the specified closing date and time. All applications will be acknowledged using the contact details provided on the Application.

Projects must be completed and an Interim Project report, together with company invoice attaching the driller's tax invoice, delivered to The Director, Geological Survey of Western Australia, Department of Mines and Petroleum by **30 June 2013**.

No extension beyond this date is allowable.

Final Reports and core must be submitted within 3 months of end of drilling and in all cases no later than 30 September 2013.

4. HOW TO APPLY FOR GRANT FUNDING

Simply complete the online project **Proposal Application** on the website of the Department of Mines and Petroleum.

Department of Mines and Petroleum website: www.dmp.wa.gov.au
EIS Drilling homepage: www.dmp.wa.gov.au/EISdrilling

Applicants may submit more than one Proposal.

Each application will require:

1. Administrative information about the applicant and the project including;
 - Complete Applicant contact details;
 - Number of holes planned;
 - Estimated number of metres to be drilled and drilling methods;
 - A realistic estimate of the total cost of the drilling;
 - The funding requested for the Project;
 - A realistic proposed starting date; and
2. A **Project Description** which addresses the Technical Assessment Criteria within the online application. All associated figures, tables and maps in this section should be easily legible and reproducible (printed/copied).

5. PROPOSAL ASSESSMENT

All Proposals will be assessed by an expert panel of officers in the Department of Mines and Petroleum and moderated by independent industry representatives nominated by the Director General, Department of Mines and Petroleum.

The panel will use the predefined assessment criteria specified in the online application.

On completion of the assessment process all Proponents will be notified of the outcome of their application via email, prior to the public announcement of successful Proponents. Successful Proponents will also be formally notified in writing and of the date of the compulsory briefing.

There will be no right of appeal.

6. IMPORTANT FUNDING INFORMATION

Co-funding is only supplied for direct drilling costs which does not include administration and program management costs and costs associated with legal or ground access costs, mobilisation, geological, geochemical (except for Prospectors only grants), geophysical, laboratory analysis or specific geoscientific analysis other than down hole position surveys

Government funding of successful Proposals shall not exceed 50% of the total proposed direct drilling costs in all cases.

The maximum possible allocation for any one project funded by the Department of Mines and Petroleum will be up to the value of \$AUD 200,000 exclusive of GST for a project covering a single deep hole, \$AUD150,000 for a project with more than one hole and \$AUD30,000 for a "Prospector" project.

Prospector Grants

Up to \$200,000 is being set aside in a pool of funds for bona fide prospectors. The grants made from this "Prospector Only" pool of funds will be capped at \$30,000 per grant. In order to ensure that DMP has good data return for its EIS co-funded drilling investment, prospectors will be required to submit geochemical analyses to the department if non-cored drilling is undertaken. In this case it is expected that an equivalent of about 25% of direct drilling costs is spent on analyses. The EIS grant will co-fund these analyses up to a maximum of \$7500 (for projects where drilling is co-funded to the maximum \$22,500). The proportion of co-funding will be \$1 for analyses for every \$3 for drilling up to a total maximum of \$30,000.

This requirement does not apply when full core is supplied to DMP.

Funding will only be allocated to those Proponents holding a granted mining tenement, petroleum tenement, or geothermal tenement however, consideration will be given to those Proposals where it is considered by the panel that an application for a mining tenement, petroleum tenement, or geothermal tenement is likely to be granted within a reasonable time frame (i.e. within 3 months from proposal submission) and that other approvals (native vegetation clearance etc.) will be completed shortly thereafter.

7. DOCUMENT GUIDELINES AND ASSESSMENT CRITERIA

Project Proposals must be submitted using the online application form at www.dmp.wa.gov.au/eis

PROPOSAL APPLICATION FORM

1. The online **Proposal Application** should be filled out as completely as possible addressing all relevant criteria.
2. The drilling cost estimates should be exclusive of GST, where the Proponent is registered for GST, and is entitled to claim an Input Tax Credit on GST costs.

Proponents not registered for GST should include GST in their drilling cost estimate.
3. Project Timelines for the Proposal must be realistic to ensure completion of drilling and delivery of the Interim Report and the tax invoice(s) to the Department of Mines and Petroleum by no later than **30 June 2013**.

PROJECT DESCRIPTION - TECHNICAL ASSESSMENT CRITERIA

Proposal Documentation

Applicants should ensure that the Application conforms to the following:

- It is clear and concise;
- Images are clear and decipherable;
- A suitably annotated geological plan and predictive cross section or 3D block diagram is included showing the geochemical, geophysical geological target/s to be drilled, with a drill hole trace/s outlined.
- Relevant supporting technical data are included.

The Application should address the Assessment Criteria (shown below) in the online application form as appropriate, although it is not expected that all Proposals will conform to every criterion.

Addresses significant knowledge gaps and/or critical uncertainties in under explored areas (i.e. general geoscientific concepts) (assessed at 75% of total value of proposal)

- Tests innovative, soundly based mineral deposit model or petroleum / energy play
- Has potential to advance exploration activity in under-explored areas
- Delivers basic geoscientific information (i.e. resolves age, stratigraphic relationships, structural settings, untested geochemical or geophysical anomalies, or depth to geophysical targets or basement, new mineral commodity in area of application)
- Program tests area of previous ineffective drilling
- Demonstrates knowledge of geology and past exploration in area of application
- Has supporting evidence for target generation (including geological plans, cross-sections, etc)

Technical Merit of Proposed Program (Assessed at 25% of value of proposal)

- Proposed methods of analysis (i.e. assays, geochronology, isotopic analysis, downhole logging, quality control etc.)
- Type of drilling (i.e. is it cored?)

Proposals which will include full assay or other specialist data in the Final report which will be released to Open File, will be viewed favourably

In addition the Department may also take into consideration the following criteria as part of the assessment process:

Land access and corporate issues

- Proposed program schedule
- Financial and technical capacity of the proponent to undertake the proposed program
- History in meeting tenement reporting/compliance commitments

8. LEGAL PARAMETERS OF PROPOSALS

1. Subject to Item 2 below, contents of all Proposals will remain confidential, except for the location of the successful Proponent's Mining, Petroleum, or Geothermal Tenement, project name, commodity sought and applicant's name.
2. Although the Director General understands the need to keep commercial matters confidential in appropriate circumstances, the Director General reserves the right to disclose some or all of the contents of the Proposal so that the relevant Minister may answer questions raised in the Western Australian Parliament, keep Parliament informed or otherwise discharge the Minister's duties and obligations to Parliament and to advise the Governor, Parliament and/or the Western Australian Government. Any condition in a Proposal that purports to prohibit or restrict the Minister's right to make such disclosures cannot be accepted
3. Reservation of Rights - The Department of Mines and Petroleum reserves the right to:
 - Amend the Proposal closing date;
 - Amend the Conditions For Proposals at any time prior to the Closing Date for Proposals provided that the amendment is notified to prospective Proponents;
 - Clarify any aspect of a Proposal after the Closing Date for Proposals but before the evaluation of a Proposal;
 - Seek the advice of external consultants to assist the Director General in evaluation or review of Proposals; and
 - Abandon the process whether before or after the receipt of Proposals.
4. The Director General is not obliged to give any reasons for the Department's selection or the abandonment of this process.
5. The Director General is not obliged to accept any Proposal.
6. No acceptance of a Proposal will be effective to constitute a contract or to create any legitimate expectation on the part of the Proponent unless a formal written agreement is executed by both parties.
7. Prior to accepting a Proposal the Director General may request additional information, including but not limited to, evidence of financial capacity.
8. The Director General, when considering a Proposal will expect that the following criteria are satisfied:
 - The Proponent possesses the necessary skills, knowledge and experience to comply with the Conditions For Proposals and undertake the proposed drilling Project
 - The proponent will ensure that all land access and tenement security issues are resolved; and

- The Proponent is fully informed of all facts and conditions of all things relating to the Guidelines for Submission of Proposals.
9. Proponents are responsible for the cost of preparing and submitting their Proposal and all other costs arising out of the process.
 10. Closing date for Proposal submission is **Friday 30 March 2012 at 5.00 pm WST**.

9. CONDITIONS OF ACCEPTANCE FOR SUCCESSFUL APPLICANTS

All successful applicants will be required to enter into a Funding Agreement with the State of Western Australia acting through the Department of Mines and Petroleum.

The following principles will apply to management of funding for successful Applicants:

1. Management of the successfully funded Projects will be undertaken by the Project Proponents and/or operational nominees. All liabilities associated with the Project remain with the Project Proponents.
2. Where total drilling costs for a completed Project are less than the estimate in the Proposal, the Department of Mines and Petroleum will provide funding in proportion to the ratio of the Department of Mines and Petroleum funding requested and the estimated total cost. A tax invoice from the Proponent Company, together with a concise summary of total drilling costs (including copies of tax invoices from drilling contractors) must be provided to the Director General.
3. Drilling must be conducted according to land access and environmental procedures for Western Australian mining, petroleum, or geothermal tenements (refer to the website of the Department of Mines and Petroleum for details).
4. Interim payment schedule:
 - Will be 80% of the agreed Government (drilling) co-funding funds;
 - The tax invoice and Interim Report must be submitted by the successful Proponents to the Director General within two weeks of the completion of drilling and in any case, no later than 30 June 2013;
 - Final payment will be made on submission of core and acceptance of the Final Report containing all technical information directly relevant to the drilling Project which should be submitted 3 months after the completion of the drilling and in any case no later than 30 September 2013 .
5. Details of the interim and final drilling reports and all deliverables will be defined in the Funding Agreement between the successful Proponent and the Department of Mines and Petroleum.
6. Drilling assistance funding contributions from the Department of Mines and Petroleum cannot be included as part of company expenditure commitments for Mining, Petroleum, or Geothermal Tenements.

All results, including drill sample material, are to be made Open File after a maximum confidentiality period of six months (commencing after receipt of the Interim Report).

All deliverable data must be provided in the standard data formats for reporting results from mining, petroleum, or geothermal tenements as required by the Department of Mines and Petroleum (these are available on the Department's website: www.dmp.wa.gov.au). Drill core samples are to be lodged with the Department's Core Library on completion of the Final Report.

10. FINAL REPORT SUBMISSION AND FURTHER INFORMATION

The Final Report must be received within 3 months of submission of the Interim Report.

The Report must be received on or prior to **5 pm WST on 30 September 2013**.

Reports and enquiries should be directed to:

Margaret Ellis
Coordinator Exploration Incentive Scheme
Department of Minerals and Petroleum
100 Plain Street
EAST PERTH, WA 6004

Phone: +61 8 9222 3509
margaret.ellis@dmp.wa.gov.au

APPENDICES 1 to 5

(HYPERLINKS TO DEPARTMENTAL GUIDELINES)

1. Environmental guidelines (mineral exploration)

http://www.dmp.wa.gov.au/documents/Exploration_Rehab_Activities_Dec07.pdf

2. Environmental guidelines (petroleum and geothermal exploration)

<http://www.dmp.wa.gov.au/825.aspx>

3. Drill core guidelines

http://www.dmp.wa.gov.au/documents/Guidelines_for_the_Donation_and_Acquisition_of_Mineral_Drill_core.pdf

4. Guidelines for mineral exploration reports

http://www.dmp.wa.gov.au/documents/2009_Jan_CompleteGuidleinesRept-Website.pdf

5. Guidelines for petroleum and geothermal exploration reports

<https://wapims.doir.wa.gov.au/dp/pages/apptab/ITabManager.html>