

Operational policy

Work program and relinquishment conditions

Policy number 5/2012
October 2012
Version 1.01

Application

This policy relates to the following sections of the Mineral Resources Act 1989 (MRA) and the Mineral Resources Regulation 2013 (MRR):

- s.141 Conditions of exploration permit
- s.146 Initial term of exploration permit
- s.139 Periodic reduction in area of exploration permit
- s.140 Voluntary reduction in area of exploration permit
- s.392 Substantial compliance with Act may be accepted as compliance
- s.13 Annual report for an exploration permit
- s.17 Final report for an exploration permit

These sections are to be considered when applying work program and relinquishment conditions to an exploration permit.

Purpose

The purpose of this policy is to inform industry of the processes and expectations in relation to conditioning of exploration permit work program (activities and expenditure) and relinquishment.

This policy is written to:

- provide guidance and clarity to both applicants and departmental officers;
- promote consistency of tenure administration and regulation across the state; and
- increase the department's timeliness and efficiency of processing exploration permit applications and requests.

The information provided in this policy **does not limit the exercising of discretion**, nor does it override legislative requirements. However it reflects current practices within the department which may change from time to time. All changes will be published through a revised version of this policy.

Work program conditions

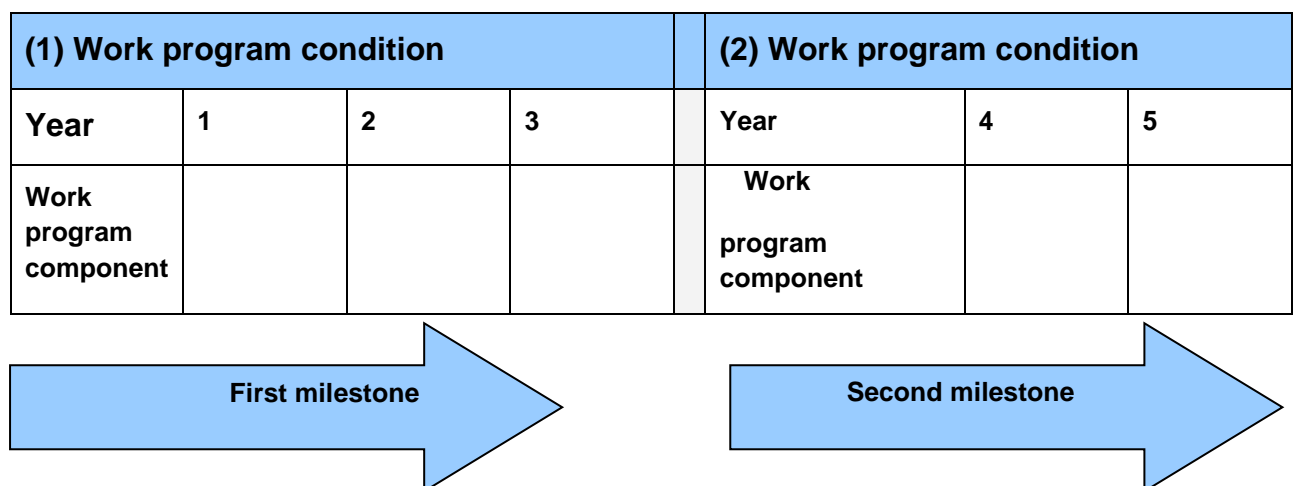
The work program is the core element of an exploration permit. It is a condition under s141 of the MRA that the permit holder carries out programs of work and studies for the purposes for which the exploration permit was granted.

This policy provides that the **work program condition** will now be divided into two milestones over the five year term of the exploration permit.

An applicant will **still** be required to provide their proposed program of work to the department in **yearly components** under s133 of the MRA, but the work program conditions will essentially reflect that:

- there will be two milestones of the work program that must be completed
- there are two work program conditions (which represent those milestones) that must be complied with
- each component of the first work program condition will be completed in the designated years 1–3 milestones
- each component of the second work program condition will be completed in the designated year 4–5
- compliance with the work program will be assessed in year 3 (the end of the first milestone) and in year 5 (at renewal).

Example



Though the permit holder is still required to provide a work program broken down into yearly components, the yearly work program will be ‘rolled up’ into work conditions or milestones. This will benefit the permit holder by:

- providing the holder with flexibility and time to complete the yearly work program components over a longer period
- increasing the ability to comply with the work program conditions
- decreasing the need to vary the work program conditions
- allowing permit holders to meet the work program conditions despite reason beyond their control (e.g. force majeure circumstances)
- allowing permit holders to meet the work program conditions despite other reasons (e.g. land access arrangements).

Additionally, the permit holder will not be assessed for compliance with the work program conditions on a yearly basis. Compliance will be assessed based on the whole period of years 1–3 and years 4–5.

IMPORTANT NOTE

Where a permit is for a term of less than 5 years, it will be conditioned as follows:

- A four (4) year term: conditioned at year 2 (the first milestone) and at year 4 (the second milestone)
- A 1, 2 or 3 year term will be conditioned for the term of the permit and will only have one period which will be assessed at renewal.

Annual reports for exploration permits

The permit holder will still be required to provide annual reports and the final report for the permit, as the department still must be provided with all of the information required by s13 and s17 of the MRR.

The reports provided in years 1, 2 and 4 of the work program conditions will still demonstrate the components of the program that have been complied with (completed) in those years.

The report for year 3 should include a statement which demonstrates how the holder has complied with work program components in years 1–3 and/or justifies noncompliance with the work program in years 1-3.

The annual or final report submitted in year 5 should include a statement which demonstrates how the holder has complied with work program components in years 4–5 and/or justifies noncompliance with the work program in years 4–5.

The permit holder will still be required to provide a summary of results for the whole of the term in their final report.

Relinquishment condition (periodic reduction in land)

Under s139 of the MRA, it is a condition that each permit holder (during the permit term or before renewal of an exploration permit) relinquish a portion of the permit area.

The area of the permit for both coal and mineral exploration permits must be reduced by:

- 40% of the original area by the end of the first three years after the permit is granted (i.e. end of first work period)
- a further 50% of the remaining area at the end of five years (i.e. end of second work period).

Where a permit is renewed, the same relinquishment portions will be repeated based on the anniversary of grant.

Example

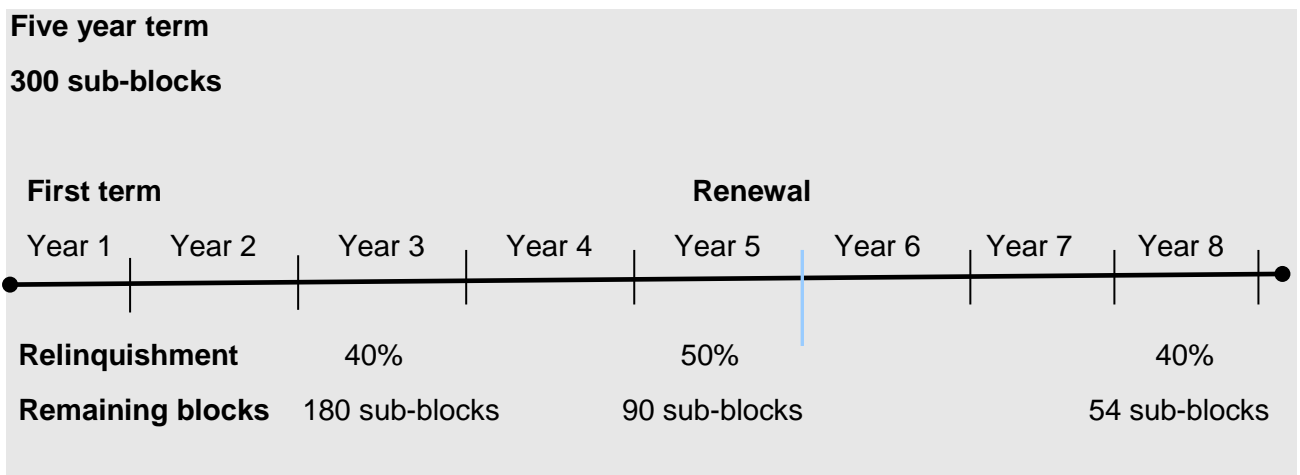
An **exploration permit for coal (EPC)** granted with a five year term will be required to relinquish 40% of the original area at the end of year three, 50% of the remaining area at the end of year five. Then if renewed, 40% of the remaining area at the end of year eight and 50% of the remaining area at the end of year 10.

Where a permit is decided for a period of less than five years, it is proposed that relinquishment will align with the new permit conditioning requirements and the new relinquishment requirements for five year permit terms.

These permits will be conditioned as follows:

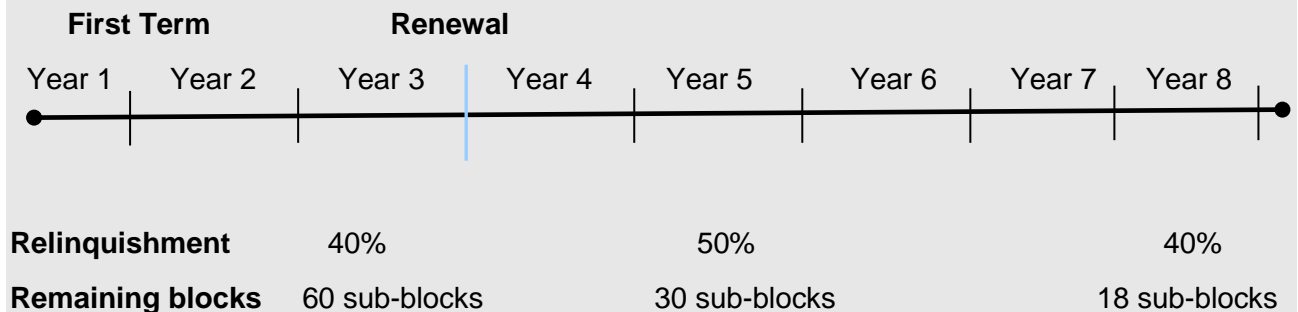
- A four year term will be conditioned to relinquish 40% at end of year three, and if renewed it will be required to relinquish 50% at year two of the renewed permit term (year five of the overall permit).
- A three year term will be conditioned to relinquish 40% at end of the term and if renewed it will be required to relinquish 50% at year two of the renewed permit term (year five of the overall permit).
- A one or two year permit may not be subject to relinquishments in the first term, however if renewed it will be required to relinquish 40% at year three of a renewed permit term (year three of the overall permit) and 50% at year five (year five of the overall permit term).

Example



Three Year Term

100 sub-blocks



Requests to vary the relinquishment condition will be subject to the **Exploration Permit Variation Policy**.

This condition will not impact on the permit holder's ability to voluntarily reduce land under s140 of the MRA.

If the permit forms part of a conditional surrender application an alternate relinquishment schedule may be applied for. Please refer to the **Conditional Surrender Policy**.

Andrew Cripps MP
Minister for Natural Resources and Mines
21 October 2012

Enquiries:

For help, information and technical support contact the MyMinesOnline helpdesk.

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Disclaimer

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