

Financial and technical capability guideline

To outline what is required to accompany an application so that the department can assess an entity's financial and technical capability, and in some cases, human resource capability, for applications made under the Resource Acts

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Purpose

This guideline outlines what is required to accompany an application so that the department can assess an entity's financial and technical capability, and in some cases, human resource capability for applications made under the Resource Acts.

The department is committed to respecting, protecting and promoting human rights. Under the *Human Rights Act 2019*, the department has an obligation to act and make decisions in a way that is compatible with human rights and, when making a decision, to give proper consideration to human rights. To the extent an act or decision under this document may engage human rights under the *Human Rights Act 2019*, regard will be had to that Act in undertaking the act or making the decision.

Application

An assessment of human, financial and technical capability is required for an application:

- to the Minister for approval to register a prescribed dealing that is an assessable transfer for an exploration permit (EP), mineral development licence (MDL) or a mining lease (ML), pursuant to section 10(2)(b) of the Mineral and Energy (Common Provisions) Regulation 2016 (MERC Reg) ; and
- for the application for transfer of an ML application, pursuant to section 318AAT(2)(b) of the *Mineral Resources Act 1989* (MRA).

All other applications or tenders require an assessment of financial and technical resources or capability. These application types include:

- an application to the Minister for approval to register a prescribed dealing that is an assessable transfer, pursuant to section 10(2) of the MERC Reg, for:
 - an authority to prospect (ATP), petroleum lease (PL), pipeline licence (PPL) or petroleum facility licence (PFL) of the *Petroleum and Gas (Production and Safety Act 2004* (P&G Act);
 - an ATP or PL administered under the *Petroleum Act 1923* (1923 Act);
 - a geothermal exploration permit (EPG) or geothermal production lease (GL) administered under the *Geothermal Energy Act 2010* (GEA);
 - a GHG exploration permit or GHG injection and storage lease administered under the *Greenhouse Gas Storage Act 2009* (GHG Act)
- an application for grant or renewal of an: EP, MDL, ML, survey licence, PPL, PFL, EPG, GL, GHG permit or GHG lease (not renewal);
- deciding whether to approve an application to extend the period of a work program for an ATP under the P&G Act, 1923 Act or a GHG permit under the GHG Act;
- deciding whether to approve an application to amend a work program for an EPG under the GEA; and
- deciding a transfer of a resource authority that authorises the carrying out of resource activity under an environmental authority in relation to which an ERC decision has

been made. For such transfers, the Minister must consider whether the proposed transferee has the financial and technical resources to fund the estimated rehabilitation cost for the resource activity as stated in the ERC decision (see section 300 of the *Environmental Protection Act 1994*).

An assessment of financial and technical resources is also carried out when there has been an indirect change of control in the ownership of a resource authority. The Minister has a discretionary power to assess whether the holder of an EP, MDL, ML, ATP, PL, PPL, PFL, EPG, GL, GHG permit or GHG lease has the financial and technical resources to comply with the conditions of the resource authority if the Minister reasonably believes, or is notified, that there has been an indirect change of control of the holder. If the Minister considers the holder may not have the financial and technical resources to comply with the conditions of the resource authority, the Minister has the power to impose new conditions or to amend the existing conditions of the resource authority. Refer to the Indirect change of control for the types of conditions that may be imposed.

These assessments are conducted to ensure that applicants are bona fide and capable of exploring, developing and producing the State's resources and capable of carrying out improvement restoration and rehabilitation on termination.

Key information

- This guideline aims to support and regulate responsible exploration and production activities to ensure a safe and viable Queensland resources industry.
- Permits are administered and assessed under different legislation, so requirements vary between resource permit types. Following the guide will help you understand the types of documents you need to provide at each stage to demonstrate your financial and technical ability to comply with the conditions of your permit.
- The Resource Acts contain application requirements for each of the decisions listed above. Documents evidencing financial and technical capability can be provided only via [MyMinesOnline](#).
- The key documents required are:
 1. Financial capability statement (*demonstrating the availability of funds to carry out the proposed work*)
 2. Financial commitments document (*acknowledging the applicant's additional financial commitments in Queensland, and/or other jurisdictions*)
 3. Supporting evidence for the financial capability statement
 4. Technical capability statement (*demonstrating access to the technical expertise required to manage / carry out the proposed work*)
 5. Technical commitments document
 6. Supporting evidence for the technical capability statement, which includes the numbers and qualifications of *with experience in exploration and production resource operations relevant to the type of application being made*.

These documents must be lodged in line with the relevant legislation and guidelines, as found on the department's website. Failure to do so may result in the application failing to be accepted as a valid application and being returned to the applicant.

Demonstrating your capabilities

Your financial and technical capabilities need to be assessed to ensure any planned activities are sufficiently funded and adequately resourced.

The responsibility is on you to demonstrate how the financial and technical capability and commitments for the permit will be met.

Provision of funding and technical resources may be shared across multiple holders, or one holder may assume the majority of responsibility for one or the other. To address these requirements, applicants need to supply a financial and technical capability and commitment documentation, as well as the appropriate evidence as detailed below.

Applicants with more than five years' history as holders in Queensland and/or other jurisdictions, may use their financial and technical capability history towards their application. However, this does not automatically mean that it will be assessed as being satisfactory; any non-compliance during that period will be taken into account. In such a scenario the applicant may wish to provide evidence to show an improvement on previous circumstances.

Those with less than five years history as holders in Queensland and/or other jurisdictions, must use their financial and technical capability history to date and prove their ability to uphold their responsibilities as a permit holder.

The department may take into consideration financial non-compliance as evidence that you do not have the financial capability to meet the conditions of the permit.

1. Financial capability statement requirements

The statement should include:

- information stating in detail your capability to fund the proposed development plan or proposed work program
- a statement detailing the percentage of in-place or confirmed funding
- if applicable, a statement detailing the percentage that relies on future or prospective funding – the applicant should provide a recent history detailing funds successfully raised e.g. from an initial public offering.

The statement should be from an appropriately authorised officer such as a chief executive officer (CEO) or a chief financial officer (CFO).

The statement should reflect the entity's current financial position and should not be a substantial duplication of a previously lodged statement.

If the financial capability statement is provided to support a tender, refer to the requirements stated in the Tender Evaluation Criteria of the relevant tender document.

2. Financial commitments document

You may have commitments across multiple permits that appear to be underpinned by the same funding. When assessed as a whole, the financial capability statement may be

insufficient to support the overall proposed commitment, assuming all applications are progressed.

Applicants are required to demonstrate the financial capacity to meet all current and proposed commitments. To meet this requirement, this document must outline the details of all other commitments in the Queensland resource sector and in any other jurisdiction.

The financial commitments document is required to contain:

- a list of all permits held by the applicant/s (as relied on in the financial capability statement), where the applicant is a registered holder. Where the same funding is used to underwrite multiple commitments from a parent company through its subsidiaries, each permit of the other subsidiaries should also be included in the list;
- the annual budget, or budget for the term of the approved permits, for all proposed activities on permit applications currently under assessment by the department;
- the annual statutory fees for the permits, including rent, rates, and environmental authority fees; and
- the annual budget for all activities already committed to by the applicant/s on granted permits in Queensland and/or other jurisdictions.

3. Supporting evidence for financial capability statement

If a third party (for example a parent company) is providing finance on behalf of the applicant/s evidence of the agreement or arrangement (for example a joint venture arrangement or agreement) and evidence of the third party financial capability must be provided.

The department requires at least one of the following (or equivalent) be submitted in support of your evidence of financial capability:

- a letter from a bank or accountant warranting that sufficient funds are available to the applicant/s to undertake the proposed work program and associated costs for this application and any other mining interests held by the applicant/s in Queensland and / or other jurisdictions. The letter must not be older than 60 business days on the date you lodge your application. Note that letters that do not provide the department with sufficient information about a person's financial position will not be accepted as evidence. An accountant means a qualified accountant under section 88B of the *Corporations Act 2001 (Cth)*;
- a statement detailing the applicant(s) current assets and liabilities;
- the most recent quarterly report to the Australian Stock Exchange;
- the most recent half yearly financial statements;
- an unedited copy of the balance sheet of most recent quarterly / annual report; or
- a copy of a current bank statement – no older than 20 business days from the date you lodge your application.

Where the applicant has over five years history as a permit holder in Queensland and / or other jurisdictions, that history together with a financial capability statement may be used as evidence to support an application.

4. Technical capability statement requirements

A technical capability statement is required to demonstrate the applicant/s have access to the technical capabilities required to manage and meet the planned work on the permit. The statement should provide a summary of the applicant's experience, or that of the applicant's employees, and details of any existing programs evidencing their technical capability to meet the proposed work program. See sample 2 at the end of this document.

The technical capability statement includes the numbers and qualifications of persons with experience in exploration and production resource operations relevant to the type of application being made. See sample 3 at the end of this document.

5. Technical commitments document

You may have multiple resource authorities which require commitments of technical resources or, you may have made multiple applications that appear to be underpinned by the same technical resources. When assessed as a whole, the technical capability statement may be insufficient to support the overall proposed commitment, assuming all applications are progressed.

Applicants are required to demonstrate the technical capability to meet all current and proposed commitments. To meet this requirement, a technical commitments document must also be provided in addition to the technical capability statement. This document must outline details of all other commitments in the Queensland resource sector, and/or other jurisdictions.

The technical capability statement should include:

- a list of all permits held by the applicant/s (as outlined on in the technical capability statement) where the applicant is a registered holder. Where the same technical personnel are used to perform or oversee multiple commitments from a parent company through its subsidiaries, each permit of the other subsidiaries should also be included in the list; and
- an outline of how the technical resources are going to be coordinated over all activities proposed by the applicant on permit applications currently under assessment by the department

If a third party (for example a parent company) is providing technical resources on behalf of the applicant/s, a signed statement from the third party providing the technical resources needs to be attached. See sample 3 at the end of this document for more information.

6. Supporting evidence for technical capability statement

At least one of the following must be supplied to evidence the technical capability statement:

- a summary detailing the applicant/s employees with relevant technical capabilities and/or the name and details of any specialist/consultant services to be retained by the project and details of the technical services to be provided – the summary should list qualifications, experience, membership of relevant professional bodies (e.g. AUSIMM), and membership numbers;
- an annual report not less than six months old that contains information in relation to the technical capabilities of the applicant/s;
- statement from any third party providing technical resources;
- a Gantt Chart for the period of the work program or development plan referencing the technical resources.

If you are engaging a third party for the provision of technical services (such as sub-contractors), attach a statement from the third party that outlines what services are being provided with the application.

If the technical capability statement is provided to support a tender, include the documents specified in the relevant tender document.

Use our templates

The department has prepared templates to help you draft the necessary documents. The financial capability documents should be completed by the CEO or CFO (authorised company officers) and the technical capability documents may be signed by an applicable director, divisional manager, or technical manager.. A statement outlining the technical services provided to you by third-party contractors must also be submitted.

Please see sample templates on the following pages.

Sample 1: Financial capability statement

Please use these templates to help guide you through the required information. These examples are for standard proposals; larger or more complex proposals will require greater detail. Please ensure you provide sufficient information to explain and justify your proposal.

[company name]
[address]

[date]

Department of Natural Resources, Mines and Energy
(Address to relevant assessment hub)

Dear **[name]**

RE: [company name] ACN 999 999 999 – Statement of financial resources

I, **[name]**, as the Chief Financial Officer of **[company name]**, have a full and comprehensive understanding of the company's current financial obligations and liabilities.

I understand **[company name]** is submitting a work program for consideration by the Queensland Government requiring **[funding amount]**, available over the next 5 years.

Should this application be approved, this funding will support the proposed program of work and meet **[company name]** obligations to the State of Queensland.

In my capacity as **[company name]**'s Chief Financial Officer, I confirm holdings of approximately **[enter percentage]**% of the funding required to deliver the proposed work program.

Should this application be successful, **[company name]** will be able to raise the additional funding required to meet the work program through **[detail funding mechanism here]**.

The state will note **[company name]**'s prior ability to successfully meet and fund its work program obligations, which I attach in support of this application.

Yours sincerely

[name]
[position]
[company name]

Sample 2: Technical capability statement

[company name]
[address]

[date]

Department of Natural Resources, Mines and Energy
(Address to relevant assessment hub)

Dear **[name]**

RE: [company name] ACN 999 999 999 – Statement of technical capability

[company name] was formed in **[date]** to acquire all the securities held by a private Queensland mineral exploration company called **[company name]** in preparation for an Initial Public Offer (IPO) in **[date]**.

[company name] is a mineral exploration and development company established on **[date]**, which has since acquired **[number of exploration permits]** for **[resource]** in **[location in Queensland]**. **[X]** permits have been granted, while **[X]** are still under assessment.

[company name]'s permits are geologically well placed over many square kilometres of exploration ground across **[location in Queensland]**.

Since the grant of the initial exploration permit in **[date]**, **[company name]** has drilled over **[enter amount]** metres and is now focusing on three key exploration areas with a combined Inferred JORC resource of 0.5 Mt (megatonnes).

Over the next **[timeframe]**, **[company name]** intends to progress applications for mining leases over **[insert number]** of the major exploration areas.

[company name]'s management team has over **[insert years]** years' experience in the Australian mineral exploration industry. Evidence demonstrating this team's capacity to successfully deliver prior work programs with **[company name]**, is attached in support of this application.

Yours sincerely

[name]
[position]
[company name]

Sample 3: Technical capability statement (human resources)

Note: the department is looking for people with suitable qualifications e.g. engineers and geologists with experience in exploration and production resource operations relevant to the type of application being made.

Numbers and qualifications of staff:

Joe Public (Senior Geologist)

Joe has broad geological experience with major mining projects in both Queensland and the Northern Territory, having published research papers on geology in the northern part of Queensland and the Northern Territory **[references to peer reviewed research papers]**.

He has also undertaken compliant activities in mining projects to ensure that guidelines and policies are followed **[references to compliant activities/courses/qualifications]**

Charlene White (GIS Consultant)

With an extensive mapping career beginning in **[date]**, Charlene has managed important roles in a number of Queensland government mapping units. Her biggest achievement is having overseen a number of projects transitioning paper-based maps to online solutions **[project references]**.

Charlene brings extensive mapping industry experience to **[company name]** **[project]** with extensive skills in aerial photography, satellite imagery and GIS databases.

Abe Froman (Business Development Manager)

Abe has developed an extensive network of contacts during a business development career across **[industries]**. Most recently, Abe was the BDM for **[company name]**, one of Australia's largest mining companies.

Abe is also experienced liaising directly with key stakeholders, property and business owners, having developed strong networks with **[company name]**'s customer base.

Chuck Roundhouse Jnr (Technical Manager)

After earning a degree in Engineering and Applied Sciences (Hon.) from Princeton University, Chuck worked in the Texan oil and gas exploration industry for many years before deciding to move to Queensland 5 years ago, where he began leading the technical development of the state's western gas fields.

He has continued his professional development on applied geology and mining engineering, with a particular interest in open pit coal mining equipment and methodologies. Chuck has also developed a broad practical knowledge of long-term planning and resource estimation, with a strong commitment to safe work practices.

He is currently leading **[company name]**'s technical team through its exploration, resource allocation, pre-mining feasibility and development activities.

Document information

Availability and location: External - Business Industry Portal

Owner and approver: Deputy Director-General, Georesources Division

Review date: September 2022

Related documents: Indirect change of control guideline

Contacts: For help and information about this policy, please contact an Assessment Hub

Coal Assessment Hub on (07) 4936 0169 or email: CoalHub@dnrme.qld.gov.au

Mineral Assessment Hub on (07) 4447 9230 or email: MineralHub@dnrme.qld.gov.au.

Petroleum Assessment Hub on (07) 3199 8118 or email: PetroleumHub@dnrme.qld.gov.au

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