

EXPLORATION DRILLING GRANT INITIATIVE PROGRAM

ROUND 3 - 2019

Guidelines for submission of applications



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1 INTRODUCTION

In 2018 a co-funded Government – Industry Drilling Program was implemented for the first time by the Tasmanian State Government, through the Exploration Drilling Grant Initiative (*EDGI*). Funding of \$2M over four years is available and the program is administered by Mineral Resources Tasmania (MRT). The aim is to provide a stimulus to greenfields geoscience exploration in Tasmania, including mineral, oil and gas, and geothermal exploration.

Ten grants for the first round of successful *EDGI* projects were awarded in October 2018 and eleven for the second round in May 2019. MRT is now seeking proposals from applicants for a third round of projects, to be undertaken during 2019-20 and completed by late-2020.

The Exploration Drilling Grant Initiative Program will consider applications from any off-mine-lease location in the State. It will preferentially fund high quality, technically and economically sound projects that promote innovative exploration or new exploration concepts and technology.

The Government contribution to each successful project will be capped at \$50,000 for drilling costs, plus an additional \$20,000 if helicopter support is required.

As the scheme is discretionary, successful applicants must agree to release to open file new information from the drilling after a maximum confidentiality period of six months from the end of their project.

2 DEFINITIONS

“Agreement”	means the Grant Deed signed by the Tasmanian Government and the Project Applicant.
“Applicant”	means the company, institution or individual submitting a proposal.
“Closing Date”	means 20 September 2019, the last day to submit a proposal.
“Finishing Date”	means 4 December 2020, the end of the Funding Agreement.
“Conditions For Proposals”	means the requirements set forth in these Project Proposal Guidelines for the preparation of a proposal.
“Grant Funding”	means monies distributed to a successful Applicant on completion of the Project.
“MRT”	means Mineral Resources Tasmania.
“Principal”	means the Minister for Resources.
“Project”	means the work undertaken by the successful Applicant as defined in the Proposal.
“Proposal”	means the documentation prepared and submitted to the Principal in an application for Grant Funding.
“Reporting Date”	means 6 November 2020, the final date for report, data and drill core and/or cutting submission.

3 IMPORTANT DATES FOR ROUND 3 EDGI DRILLING 2019

Important dates* for the third round of EDGI funding are:

9 September 2019	Call for Round 3 EDGI Project Proposals
20 September 2019	Closing date for Project Proposals
1 November 2019	Announcement of successful proposals
29 May 2020	Interim Reporting: Latest date for interim reports
6 November 2020	Reporting Date: Latest date for final reports
4 December 2020	Funding Agreement end date.

**Dates may be subject to change.*

4 HOW TO APPLY FOR GRANT FUNDING

Using these Project Proposal Guidelines download and complete the Project Proposal Form from the Mineral Resources Tasmania website at:

<http://www.mrt.tas.gov.au/portal/exploration-drilling-grant-initiative-edgi->

4.1 Proposal Structure

Applicants may submit more than one Proposal. Refer to the following information for completion of the Project Proposal Form:

PART 1 - Applicant Details

- Include all current company contact details.
- Listed companies should ensure the Registered Office is the same as provided to the stock exchange.
- If the Applicant is not the registered tenement holder, reference the type of relationship (e.g. Joint Venture, Farm-out, or Assignment).

PART 2 - Location and Timing

- Note the commodities being sought
- Indicate the tenement numbers linked with the Project Proposal. Note all licence holders and their share of the tenements.
- Provide the best estimate of the proposed starting date and length of the Project.

PART 3 - Summary Drilling Program

- List the key components of the proposed drilling program and estimated costs itemised into:
 - mobilisation, site access and drill pad preparation
 - direct drilling
 - drill sample assays
 - spectral measurements of drill samples
 - down hole geophysical logging
 - helicopter support (if applicable).
- Specify the total project cost and the amount of funding sought (maximum of up to \$50,000 plus an additional \$20,000 if helicopter support is required).

PART 4 - Project Rationale

- *Summary Project Description*

A short summary description should highlight the key components of the project, including the target area or mineralised system, commodity, primary aim and expected outcomes.

- *Exploration Model and Geological Context*

This should provide an overview of the geological setting of the project area as well as details of the geological model being applied. The review should be supported by relevant maps, cross sections, geochemical data and/or geophysical models.

- *Previous Work*

Provide a review of past work which has been used to define the target. In particular this should include any historic and recent drilling.

- *Proposed Drilling Program*

Should provide the reasoning behind the proposed program and details of proposed drilling method, hole collar location (include MGA94 coordinates), orientation, proposed depth, and predictive geology. Attach additional summary maps and diagrams as required.

- *Program Objectives and Results*

Discuss the specific geoscientific objectives to be tested, how the program adds to geological knowledge and the data and results to be presented as part of the final report.

- *Environmental Impact Information*

Summarise the likely environmental effects of the drill program and the proposed rehabilitation and timing. Note that full details of likely environmental impacts will also be required in the Work Program Application that needs to be lodged with, and approved by MRT before drilling can commence.

- *Project Risk Management*

A summary of any potential risks associated with the proposal such as drilling logistics, potential difficult drilling conditions, rig availability, site access, tenement approvals, personnel, funding etc.

PART 5 – Stakeholder Engagement

If access to private property is required indicate the progress of any engagement with the land owner.

PART 6 – Contact Details

Include the signature block of the appropriate person to contact with correspondence.

4.2 Additional Plans, Sections and Diagrams

Reference all supporting plans, sections and diagrams in the Project Proposal Form and attach them to the end. Ensure all supporting information is legible and easily printed or copied.

4.3 Proposal Submission and Format

Completed Project Proposal Forms are due by 20 September 2019 and are to be submitted in both hard copy and digital format.

It is the Applicant's responsibility to ensure the Proposal has been received by the Closing Date and acknowledgment using the contact details provided will be made on receipt of each proposal.

Hardcopies of completed Project Proposals must be placed in an envelope marked:

"CONFIDENTIAL – Contains Round 3 Exploration Drilling Grant Initiative Proposal" and submitted to:

In person:

The Project Manager
Exploration Drilling Grant Initiative
Mineral Resources Tasmania
Harris Building
47-49 Cattley St, Burnie

By mail:

The Project Manager
Exploration Drilling Grant Initiative
Mineral Resources Tasmania
PO Box 56
Rosny Park, TAS, 7018

Digital submissions may be received via USB, CD/DVD or email (to info@mrt.tas.gov.au; must be <10 mb for submission by this method) with:

- Digital documents in either PDF or MS Word formats.
- Digital drill hole location files can be in either MS Excel, ARC GIS or Mapinfo formats.
- Digital maps, sections and images can be in PDF or JPG format.

It is **highly recommended** that in order to make the assessment process smoother, proposals are submitted in the format suggested above and **all sections of the Project Proposal Form are complete.**

5 IMPORTANT FUNDING INFORMATION

An Applicant must only apply the Grant Funding for the purpose of the Project.

Grant Funding may be applied to the following items:

- direct drilling costs (excluding mobilisation and demobilisation)
- helicopter costs, but only where a remote location or environmental sensitivities necessitate rig mobilisation and support by helicopter, up to a maximum of \$20,000.

Grant Funding for successful proposals will not exceed 50% (capped at \$AUD 50,000) of the total direct drilling costs (excluding helicopter costs). Additional helicopter support costs up to \$AUD 20,000 are available.

Grant Funding is provided GST exclusive; i.e. a grant for \$50,000 will be invoiced as \$50,000 + 10% GST (total invoice amount of \$55,000).

Final Grant Funding will be determined during the assessment process and appear in the Funding Agreement. Final payments will not exceed the agreed amount.

Applicants should, prior to submitting a proposal, ensure that they familiarise themselves and be prepared to abide by the attached Legal Parameters of Proposals (Appendix 1) and the Conditions of Acceptance for Successful Applicants (Appendix 2).

6 PROPOSAL ASSESSMENT

All proposals will be assessed by a panel comprising MRT Staff (2), an independent industry representative and a Centre for Ore Deposit and Earth Sciences (CODES) – University of Tasmania representative.

The panel will use predefined assessment criteria (key points in Section 8) to evaluate and rank all proposals received. If clarification of a proposal is deemed necessary by the panel, applicants may be invited to provide additional information. The panel will make recommendations to the Minister for Resources, or an authorised delegate, who will have final discretion on the Projects that are approved.

On completion of the assessment process, all applicants will be notified of their success or failure to win Grant Funding via email. Applicants will then be formally notified in writing in due course.

There will be no right of appeal.

7 DOCUMENT GUIDELINES AND ASSESSMENT CRITERIA

Project Proposals must be submitted in digital format (PDF or MS Word) and hard copy.

Proposals **must** utilise the designated Project Proposal Form.

Grant Funding is only supplied for project cost items listed in Section 5.

Drilling cost estimates should be exclusive of GST, where the Applicant is registered for GST and is entitled to claim an Input Tax Credit on GST costs. Applicants not registered for GST should include GST in their drilling cost estimate.

Project timelines for the Proposal must be realistic to ensure completion of drilling and delivery of the final report to MRT by no later than the Reporting Date specified in Section 3 (above).

Grant Funding will only be allocated to Applicants holding an Exploration Licence, Special Exploration licence or Retention Licence. However, consideration will be given to those proposals with an Exploration Licence Application, where a recommendation to grant has been made to the Minister, but only if the licence will be granted in a reasonable time frame.

The earliest possible public release of *EDGI* Drilling results is required. All results, including access to drill sample material, together with contents of the successful proposals, will be made open file after a maximum confidentiality period of six (6) months, commencing after receipt of the final report.

8 PROJECT DESCRIPTION – TECHNICAL ASSESSMENT CRITERIA

The Round 3 *EDGI* Drilling Program will preferentially fund high quality, technically and economically sound projects that promote innovative exploration targets or new exploration concepts and technology. Drilling targeting any category of mineable minerals defined under the *Mineral Resources Development Act 1995* is eligible. Resource definition, appraisal or development drilling will not be eligible.

Proposals should address the Assessment Criteria listed below, although it is not expected that all proposals will conform to every criterion.

8.1 Proposal Documentation

- All parts of the proposal document are completed.
- The Proposal is clear, and concise.
- Images are clear and decipherable.
- Images have sufficient labelling information.
- The Proposal includes a suitably annotated geological plan and predictive cross section showing the geochemical, geophysical or geological targets to be drilled, with drill hole traces shown.

8.2 Economic and Technical Merit

- Contains sufficient supporting scientific evidence for target generation, plus an assessment of previous exploration data.
- Regional and geological context is documented, including an assessment of deposit style in relation to this context.
- Tests an innovative, soundly based ore deposit or geological model.

8.3 Promotes Greenfield Projects

- Addresses knowledge gaps or uncertainties in the state's geological information (e.g. stratigraphy, age, structural relationships, geophysical target resolution).
- Proposed drill targets are in a poorly explored area.
- Potentially stimulates new mineral discoveries and enhances Tasmania's mineral prospectivity.

8.4 Promotes Collaboration and/or New Exploration Technology

- Provides potential opportunities for additional collaboration and data gathering with government and academic research partners.
- Validates innovative applications of credible exploration technologies or techniques.
- Uses a style of drilling that maximises information gain.
- Tests new geophysical and/or geochemical models, methods or applications.
- Includes petrophysical, spectral or down hole geophysical measurements.

8.5 Applicant's Performance History

- Compliance with licence conditions, including reporting requirements, expenditure commitments and completion of agreed work programs.
- Compliance with the Work Program Approvals process.
- Compliance with the Mineral Exploration Code of Practice, additional environmental conditions, and rehabilitation requirements.
- Compliance with procedures and protocols regarding exploration activities on private land.
- Compliance with the conditions of previous grants under the *EDGI* program.

9 REPORT SUBMISSION AND FURTHER INFORMATION

9.1 Final Drilling Project Report

The Applicant must provide a Final Drilling Project Report to qualify for payment of the Grant Funding. All reporting must be in accordance with the reporting requirements detailed in the *Mineral Resources Development Act 1995* and conform to the standard format for Mineral Tenement reports described in the MRT Reporting Guidelines, available at:

[MRT Reporting Guidelines](#)

The Final Drilling Project Report must be received on, or prior to **5pm on 6 November 2020** (Reporting Date) and reports should be directed to the addresses given in Section 4.3.

The Final Drilling Project Report must include the following information:

9.1.1 All geoscientific information relevant to and arising from the Project including:

- Geological, geophysical and geochemical information relating to targeting of the drill holes.
- Geological logs of the drill holes.
- All geochemical analyses and petrological descriptions from the drill holes.
- Any spectral data from the drill holes.
- Any geophysical data from the drill holes.
- Any drill core photography

9.1.2 A description of all site work and rehabilitation associated with the Project including:

- A description of completed rehabilitation undertaken.
- A description of future or scheduled rehabilitation work.
- Representative photographs showing results of rehabilitation, including before and after photographic images of all drill sites.

9.1.3 Details of the submission of drilling samples to the MRT Mornington Core Library.

9.2 Sample Submission

All drill core and/or drill cutting samples are to be lodged with the MRT Mornington Core Library before or on the Final Reporting date, unless previously agreed to in writing by the Principal. Full details of the drill core and drill cutting requirements and submission process can be found on the MRT website at:

[MRT Drill Sample Submission and Delivery Guidelines](#)

9.3 Interim Reporting

The Funding Agreement offers the option of providing an Interim Report which, upon approval, will release up to half of the total funding amount to the Applicant, including any agreed helicopter support costs. The Interim Drilling Report must be received by **5pm Friday 29 May 2020** and include the following information:

- A table of all drill hole locations, orientations, total depths and dates of drilling.
- A summary of any sampling undertaken.
- A table of drilling expenditure for each hole (and helicopter support expenditure if applicable).
- Copies of all claimable invoices directly related to the program.

9.4 Variation in Program

Applicants wishing to vary their proposed program after having been awarded *EDGI* program funding must inform MRT before drilling begins, as program changes may affect grant amounts and/or eligibility for the program.

Major program changes are required to be reviewed by the assessment panel, to ensure the modified program still meets the assessment criteria and overall eligibility for *EDGI* program funding.

9.5 Reduction in Program

If the Applicant has not fully completed the proposed program at the time of final report submission, MRT may reduce the final grant amount payable.

9.6 Confidentiality

The earliest possible public release of co-funded drilling results is required. All results, including access to drill sample material, together with contents of the successful proposals, will be made Open File after a maximum confidentiality period of six (6) months, commencing on receipt of the Final Report.

APPENDIX 1: LEGAL PARAMETERS OF PROPOSALS

1. Subject to Item 2 below, contents of all proposals will remain confidential, except for the licence location of the successful proposals. All successful proposals will be made public on release of the Final Report. Unsuccessful proposals will remain confidential unless the Applicant consents to their release.
2. Although the Principal understands the need to keep commercial matters confidential in appropriate circumstances, the Principal reserves the right to disclose some or all of the contents of the proposal as a consequence of a constitutional convention or in order that the relevant Minister may answer questions raised in the Tasmanian Parliament, keep Parliament informed or otherwise discharge the Minister's duties and obligations to Parliament and to advise the Governor, Parliament and/or the Tasmanian Government. Any condition in a proposal that purports to prohibit or restrict the Minister's right to make such disclosures cannot be accepted. Confidentiality of proposals is also subject to the *Right to Information Act 2009*,
3. If you do not accept certain aspects of these Parameters of Proposals, state which Parameters you do not accept and what you suggest as an alternative. If no such statement is made the Principal will assume that you have accepted all Conditions.
4. Reservation of Rights – The Principal reserves the right to:
 - i) Amend the Proposal Closing and Successful Proposals Announcement Dates
 - ii) Amend the Conditions For Proposals at any time prior to the Closing Date for proposals, provided that the amendment is notified to prospective Applicants
 - iii) Clarify any aspect of a proposal after the Closing Date for proposals but before the evaluation of a proposal
 - iv) Seek the advice of external consultants to assist the Principal in evaluation or review of proposals and,
 - v) Abandon the process, whether before or after the receipt of proposals.
5. The Principal is not obliged to accept any proposal.
6. The Principal may consider or accept (at the Principal's sole discretion) any proposal including without limitation a late proposal or the proposal of an Applicant who has failed to submit a proposal in accordance with these Project Proposal Guidelines.
7. No acceptance of a proposal will be effective to constitute a contract or to create any legitimate expectation on the part of the Applicant unless a formal written contract is executed by both parties.
8. Prior to accepting a proposal the Principal may request that you provide additional information, including but not limited to, evidence of your economic capacity and financial stability.
9. The Principal will notify Applicants if this process has been abandoned. The Principal is not obliged to give any reasons for its selection, or the abandonment of this process.
10. If you submit a proposal, the Principal, when considering the proposal will expect that you satisfy the following criteria:
 - i) You have the necessary skills, knowledge and experience to comply with the Conditions For Proposals and to undertake the proposed drilling project and,
 - ii) You have fully informed yourself of all facts and conditions of all things relating to the Project Proposal Guidelines.
11. Applicants are responsible for the cost of preparing and submitting their proposal and all other costs arising out of the process.
12. Closing date for proposal submission is **Friday 20 September 2019**.

APPENDIX 2: CONDITIONS OF ACCEPTANCE FOR SUCCESSFUL APPLICANTS

The following principles will apply to management of successful *EDGI* Program – Round 3 projects.

1. Management of the projects will be undertaken by the project Applicants and/or operational nominees. All liabilities associated with the project remain with the Applicant.
2. Proposals will be subject to a Grant Deed to be prepared by the Department of State Growth in consultation with Tasmanian Crown Solicitors Office. Applicants will be provided with a draft Grant Deed and have a period of fourteen (14) days to respond.
3. A Final Grant Deed (2 copies) will be prepared and forwarded to the Applicant for execution within ten (10) days. Both copies are then to be returned to Mineral Resources Tasmania for the Department's execution.
4. An Applicant must only apply the Grant Funding for the purpose of the Project.
5. Where actual direct drilling costs for a completed project are less than the estimate in the Proposal, *EDGI* may adjust and provide Grant Funding in proportion to the ratio of funding requested and the actual total direct drilling cost, up to the maximum amount allowed.
6. Drilling must be conducted in accordance with the Mineral Exploration Code of Practice and comply with any additional environmental conditions, rehabilitation requirements and relevant land access requirements.
7. Payment schedule:
 - i) Interim payment will be half of the agreed funds and paid within 30 days of acceptance of an Interim Drilling Report
 - ii) Final payment will be made on lodgement of drill core at the Mornington Core Library and acceptance of the Final Drilling Project Report, containing all technical information (correctly presented) that is directly relevant to the drilling project.
8. Details of the Interim and Final Drilling Project Report and all deliverables will be defined in the *EDGI* Program Round 3, 2019 Grant Deed between the successful Applicant and the Crown or Grantor.
9. *EDGI* Funding cannot be included as part of company Mineral Tenement expenditure commitments.
10. Any cost over-runs in direct drilling costs are the Applicant's responsibility.