New Frontiers Cooperative Drilling round 2:
Guide for applicants

November 2015

This guide
The Cooperative Drilling program background

This program, managed by NSW Department of Industry, Skills and Regional Development (the department) is part of a NSW Government initiative to attract further investment into the state. The New Frontiers Cooperative Drilling program (the program) will provide grants to successful applicants for exploration drilling programs (Group 1, 2, 6 and 10 minerals only) which demonstrate strong prospectivity, sound financial planning and a proven technical base.

The program is intended to support the long-term sustainability of the NSW resources sector. The anticipated outcomes of the program are:

- To encourage mineral exploration and discovery in NSW that will ultimately ensure a sustainable economic resource pipeline for the State
- To encourage exploration drilling in greenfields areas that will test new geological ideas and models and/or drilling in regions with significant cover
- To stimulate exploration in greenfields areas and build a stronger relationship between government and industry, in order to fully realise the economic resource potential of the State

The program will fund 50%, 75% or 100% of drilling metre-rate costs for individual projects, with a maximum of $200,000 awarded per project. The total government allocation for Cooperative Drilling will be $2 million in the 2016–2017 financial year. Drilling cost estimates from Applicants should be GST exclusive.

Funding will be for direct costs of drill metre-rates as charged by the drilling contractor as described in drilling invoices, but excluding indirect costs such as mobilisation, travel, assays, drilling consumables and personnel.

Applications are encouraged from a wide range of exploration companies active in NSW. A prior funding relationship with the department is not required, but you must be a legal entity to be eligible for funding. You must hold an appropriate title in NSW to apply for a grant.

To be eligible for your grant, work must be completed and reports submitted by 30 June 2017.

The Invitation to Apply document

The Invitation to Apply (ITA) must be used to communicate your proposed Cooperative Drilling project to the department. It must be completed to the highest standard possible for the best chance of securing funding.

The ITA contains clauses defining the roles and obligations of the applicant and the department. It is important that you understand the legal obligations of the NSW Government grants administration process: http://www.dpc.nsw.gov.au/about/publications/grants_administration

You may make multiple applications for Cooperative Drilling, based on different drilling projects in your exploration programs.
The timetable

The timetable for application and assessment is shown below. Dates are subject to change. However, the opening and closing dates for applications and the final date for submission of invoices will not be changed.

Table 1. Proposed timeline.

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
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<tbody>
<tr>
<td>New Frontiers Cooperative Drilling round 2 Invitation to Apply opens</td>
<td>16 NOVEMBER 2015</td>
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<tr>
<td>Submissions sent to NSW Department of Industry, Skills and Regional Development</td>
<td>29 APRIL 2016 APPLICATIONS CLOSE</td>
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<tr>
<td>NSW Department of Industry, Skills and Regional Development assessment process</td>
<td>MAY/JUNE 2016</td>
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<tr>
<td>Announcement of successful applicants/submissions</td>
<td>30 JUNE 2016</td>
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<tr>
<td>Funding Deeds signed between successful applicants and the department</td>
<td>JULY 2016</td>
</tr>
<tr>
<td>Drilling programs commence</td>
<td></td>
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<tr>
<td>Submission of driller’s invoices Payment of grants to companies</td>
<td></td>
</tr>
<tr>
<td>Last date for submission of driller’s invoices and Final Reports</td>
<td>30 JUNE 2017</td>
</tr>
</tbody>
</table>
Funding – how does it work?

Cooperative Drilling round 2 funds will be granted at three levels.

- Approximately $300,000–$400,000 will be distributed to projects to cover 100% of per metre drilling costs.
- $600,000–$700,000 will be distributed to projects to cover 75% of per metre drilling costs.
- The remaining funds (approximately $1M) will be granted to projects to cover 50% of per metre drilling costs.

The maximum grant to any individual project will be $200,000.

Lodgement

Applications for Cooperative Drilling must be submitted before 5pm EST, Friday 29 April 2016, by post addressed to Tender Box, NSW Department of Industry, Skills & Regional Development, 516 High St, Maitland, NSW 2320, or via email at cooperative.drilling@industry.nsw.gov.au.

Applications received by post after the closing date and time will be deemed late unless the envelope bears a Postal Authority postmark clearly indicating that it was posted before the stipulated closing time.

Application Form

Sections 1 through 3 of the Invitation to Apply (the application form) are where all the relevant details of the project must be completed.

Section 1 Company and Project details
Section 1.1 Past exploration
Section 1.2 Outline of your exploration program

Section 2 Details of the drilling program
Section 2.1 A summary of the part of the program to be funded by Cooperative Drilling
Section 2.2 Have approvals for access been given?
Section 2.3 Applicants history of compliance
Section 2.4 Prior refusal of tenure?
Section 2.5 Project budget
Section 2.6 Percentage of per metre drilling costs requested
Section 2.7 Dollar amount requested
Section 2.8 Amount of per metre drilling costs required to be covered for project viability
Section 2.9 Drillhole details table & plans
If you fail to satisfactorily complete sections 1 & 2, your applications may be rejected due to non-compliance.

**Section 3 Technical assessment criteria**
- Section 3.1 Sound geological models, innovative ideas
- Section 3.2 Exploration in previously under-explored areas
- Section 3.3 Work undertaken (already) to define the drill target
- Section 3.4 Details of the proposed work program

**Registration and Commercial Criteria**
Sections 4 through 8 are the registration section, where the relevant information about your company, such as operations, finances, insurance details are declared. These criteria are mandatory.

- Section 4 Organisation type
- Section 5 Business information – this can be your web address or ASX or Annual Report
- Section 6 Financial information
- Section 7 Any statements of non-compliance
- Section 8 Insurances

**ITA Terms & Conditions – sections 9 to 27**
These sections describe the conditions and further details of the Cooperative Drilling program. It provides detailed information about Applications, the timetable, lodgment of Applications, assessment, confidentiality and intellectual property.

It is important that you read and understand the conditions of the ITA.

**Assessment**
Assessment of the application is the critical point of the process so it is important that the application is of the highest quality. The Cooperative Drilling program is highly competitive so each of the assessment criteria must be addressed thoroughly.

Assessment will be carried out using a weighted assessment schedule as part of an assessment plan by a committee including representatives of the Department and external experts. The four technical assessment criteria in the ITA (3.1 to 3.4) will be used in the weighted assessment scheme. Each of the four criteria has a different weighting (stated as a percentage). Each criterion will be scored out of 10. The score given for each criterion will be multiplied by the weighting. The total score for your application will be used for ranking. All decisions made by the Department will be final.

Drillholes other than those detailed in your application will not be eligible for funding.
**Next steps**

If your application is successful, you will need to sign a Funding Deed with NSW Industry, Skills and Regional Development, and provide correctly itemised drilling invoices before receiving funding.

Some details of the successful applicant’s projects (including the prospect description, name and the amount of funding awarded) may be posted on the department website as part of legislative reporting obligations. Prior to publication, the department will consult applicants about information that may be confidential.

The NSW Government requires you to have full, appropriate insurance cover, as described in the ITA before commencing your Cooperative Drilling project.

A schedule of reporting is described in the Funding Deed. Reporting requirements need to be completed before grant funds will be paid.
Checklist for applicants

APPLICATION

1. Completed company and project details
2. Provided details of the drilling program, including plans and cross-sections
3. Thoroughly answered technical criteria 3.1 to 3.4
4. Completed Organisation type
5. Attached Business information including supporting letters from consortia (if required)
6. Attached financial information (annual statements, debtors & creditors etc)
7. Provide statements of non-compliance (if any)
8. Attached Public Liability Insurance, Workers Compensation certificates
9. Read and understood the Terms and Conditions
10. Declaration signed

More information

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (November 2015). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of the NSW Department of Industry, Skills and Regional Development or the user's independent advisor.