

9 April 2020

Mr Shaun Ferris
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Dear Mr Ferris

Firstly, we would like to acknowledge and thank you and your team for the outstanding support you have provided to the collective members of the Association of Mining and Exploration Companies (AMEC), the Australian Petroleum Production and Exploration Association (APPEA) and the Queensland Resources Council (QRC) during this challenging time. The Department of Natural Resources, Mines and Energy (DNRME) is playing a critical role in keeping the resources sector operating and supporting Queensland's economy and we recognise your staff have been working around the clock to make this happen.

As you know, the COVID-19 pandemic is creating a range of challenges across the resources sector. The past few weeks have seen a profound impact on operations as companies move to ensure production while addressing the health and safety concerns of employees and the communities in which they operate. Companies are focused on minimising the risks to their workforce and local communities. Non-essential activities, including exploration, are being reassessed and in many cases stopped in the current environment.

The increasingly stringent COVID-19 travel restrictions are making it extremely challenging to secure equipment, rigs, crews, specialist personnel, and capital to undertake operational activities associated with exploration work commitments. Governments around Australia are halting non-essential travel into and out of State jurisdictions and non-essential activity is being actively discouraged. Also, explorers are reluctant to damage established social licence by travelling to communities to work, and then have a case of COVID-19 ruin years of hard work.

The exploration sector of the resource industry is typically the first to suffer in challenging economic times, however with all the relief measures announced by both State and Federal governments, many of the relief measures will not apply to exploration companies. As an example, the Jobkeeper Wage Subsidy only applies if a company can evidence loss of revenue. As exploration companies do not operate from revenue, they are exempt from accessing this important initiative.

Furthermore, the decline in the oil price to lows not seen since 2003 and with single digit oil prices not being ruled out (Brent has suffered a severe fall of almost 70% from around US\$70 in January 2020 to approx. US\$23 at the end of March 2020), coupled with the global COVID-19 pandemic, have resulted in unprecedented economic impacts to the

resources industry. The combination of recent events has plunged many junior exploration companies below the critical ratio between expenditure for exploration activities and retention of staff. This in-turn is seriously impacting the industry's ability to access capital to remain operational and we have also seen a significant fall in the vicinity of 40-70% in the valuations of ASX listed exploration companies.

We understand the Queensland Government will not be implementing blanket relief measures for the resources sector, but rather a tailored approach that is a balance of continued regulatory functions while also being understanding to the hardships the industry is facing over the coming months and to encourage activity where possible.

One option which the department may wish to consider is an expedited process for companies to apply for relief from fees, tenure commitments and relinquishment obligations. To ensure an expedited process it might be prudent to remove potential blockages such as removal of fees.

We believe the below relief measures do not compromise the integrity of the regulatory framework. Additionally, any relief measures must also be adaptable to deal with the oil price collapse which will likely take much longer to recover from than COVID-19.

1. Exploration work program and relinquishment

Variations of work program

Based on the evidence provided by our memberships and in line with other jurisdictions, there is a need for work programs and relinquishment relief for all commodities. We agree that with the appropriate level of resourcing, this can be facilitated through the existing tenure online management system, *myminesonline*, through a variation to work programs and relinquishment.

The Natural Resources and Other Legislation Act 2018 (NROLA) comes into effect on 25 May 2020. This legislation will provide a mechanism or a relief in itself once it comes into effect. With new sections 141A of the MRA and new section 42A of the P&G Act, the ability to vary is clear.

We expect a large volume of variations as companies will need to amend their exploration activities from field work to largely desktop work such as geological and geophysical studies. Other companies may instead move to preserve their cash and require relief from undertaking any exploration work during this uncertain period. Industry seeks a position from the Department on how these variations would be treated – do they qualify as exceptional circumstances/events? For what period will the Department accept variations on COVID-19 grounds (i.e. from May 2020 to May 2021)? Industry's position is using COVID-19 as grounds for a variation should be for a period of at least 12 months.

Given many variations should be straightforward requests, industry seeks an expedited zero-fee process to make variations. The Department should also set a timeframe for processing and decision, so companies have certainty. Industry would expect a COVID-19 grounds variation should take no longer than 10 business days.

Variations of relinquishment

Many coal and mineral companies will be spared from having to lodge variations to relinquishment post-NROLA commencement (25 May 2020). For existing tenures pre-NROLA, their current relinquishment requirements will cease on commencement then no relinquishment requirement on first renewal after commencement.

For coal and mineral applications currently in train and granted post-NROLA, it is suggested that these proponents be provided with certainty of relinquishment expectations (understanding a decision on these tenures would not be required until the end of the term – in five years). Section 139(3A), which outlines that the Minister may direct the holder of an exploration permit, whether before or after the grant of the permit, on reasonable grounds, to reduce the area of the exploration permit by more or less than the area prescribed, could be used to minimise the relinquishment if required. Another option could be to suggest a relinquishment variation on the grounds of COVID-19 may be accepted.

Variations will be required for many petroleum proponents during this period as NROLA does not provide the same concessions as coal and mineral. As such, industry seeks a communicated decision from the Department on how variations, as a result of COVID-19 and the drop in the oil price, will be treated. Is there a time period applied for these variations (i.e. 12 months)?

Given many variations should be straightforward requests, industry seeks an expedited zero-fee process to make variations. The Department should also set a timeframe for processing and decision, so companies have certainty. Industry would expect a COVID-19 grounds variation should take no longer than 10 business days.

2. Rent and tenure fee deferral

It is acknowledged that amendments to how rents and fees are charged are complex given they are pre-requisites to grant, renewal and other transactions. A simple deferral of rents and fees for several months, like some other jurisdictions, is not simple under Queensland's regulatory framework.

We understand NSW is facing a similar issue regarding rents and instead their draft response activities (**see attached**) outlines a process for extension of payments by 90 days.

As outlined above, industry is seeking a zero-fee variation application process. Industry is also looking for no fees for applications/renewals and other transactions (i.e. transfers).

Industry has also made representations for deferrals on Environmental Authority fees as another initiative that may assist companies.

3. EOI for land release for coal brownfields

The recently released Queensland Exploration Program provided for two coal land releases. QRC understands a handful of Expressions of Interest (EOI) were made on parcels of land relating to brownfields developments.

The EOI process works well and would be well placed to manage a further EOI round specifically targeted at brownfield expansions. These projects are ripe for fast tracking and could contribute to the future economic recovery.

We look forward to speaking with you on economic recovery initiatives.

Other

Land access engagement

There may be a time where industry and the Department need to think about community engagement from a land access perspective. Many notifications, including public, are physical delivery of notices. Understandably, landholders may feel it inappropriate to physically deliver notices at this time. Industry would like further investigation of moving all notices to an online platform for the time being.

List of time critical events

The Western Australian Department of Mines, Industry Regulation and Safety have published a list of time critical events and differentiated those which have built in flexibility under the relevant mining legislation. The list is available at:

<https://www.dmp.wa.gov.au/About-Us-Careers/Continuity-of-RER-26856.aspx>

The Department has undertaken this work to address continuity of service.

Industry suggests a similar approach be taken by the Department to provide certainty to proponents on time critical compliance elements of the regulatory framework that may need to be assessed.

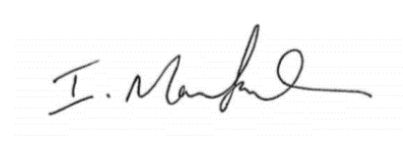
Summary

In summary, we seek a communicated Departmental position on the following:

- A case by case approach for variations of work program for all commodities;
- A case by case approach for variations of relinquishment for petroleum;
- Will an expedited variation application process be employed and what timeframes are set for processing and decision of variation applications?
- An overall statement that COVID-19 is considered as an exceptional circumstance/event, including a time period (i.e. 12 months with a review past 12 months);
- Decision on rents and/or fee deferral;
- Decision on a tailored EOI process for brownfield expansions; and
- Further investigation of moving all notices to an online platform during COVID-19.

Each industry association has encouraged its members to engage directly with the assessment hubs on their individual challenges. Please let us know how we can further assist you and your team during these challenging times.

Yours sincerely



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