



Government of **Western Australia**
Department of **Mines and Petroleum**

**MAGNETITE FINANCIAL ASSISTANCE PROGRAM
DEPARTMENT OF MINES AND PETROLEUM
WESTERN AUSTRALIA**

**Guidelines for Applicants
July 2013**

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*Please refer to the website of the Department of Mines and Petroleum for the **latest information** on the Magnetite Financial Assistance Program*

Homepage: www.dmp.wa.gov.au

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1. INTRODUCTION

At the Mid-West conference on 21 November 2012 the Premier announced that the Government was willing to look at providing assistance to magnetite projects in their start-up phase as a way of getting projects off the ground.

At the opening of the State's first producing magnetite iron ore mine, the Karara Iron Ore Project, the Premier announced that a magnetite rebate of royalty payments of up to 50 percent would be considered on a project-by-project basis for the first 12 months of magnetite production. This assistance is to occur through a rebate following the receipt by the Department of Mines and Petroleum of actual quarterly royalty payments. The royalty will continue to be paid under current legislation. This assistance will be available to potential recipients to apply for over three years from 9 April 2013. The assistance program will cease on 8 April 2016.

The Department of Mines and Petroleum (DMP) is now seeking applications from applicants who believe that they meet the application assessment criteria included in this document.

2. DEFINITIONS

“Applicant” means the company, institution or individual submitting an application.

“Application” means the documentation prepared and submitted to the Director General in an application for Magnetite Financial Assistance.

“Commercial Production” will be reached when production is at least sixty percent (60.0%) of the new magnetite project's constructed initial design capacity and at least 90 per cent of expected iron content of the saleable magnetite product, averaged over a continuous one month period.

“Department” means the Department of Mines and Petroleum.

“Director General” means the Director General of the Department of Mines and Petroleum.

“Financial Assistance Instalment Amount” means the part payment of financial assistance that is made after the receipt of each quarterly royalty payment by the Department.

“Magnetite” is a common mineral in ores of iron, it is a strongly magnetic iron oxide mineral with a chemical composition of ferric oxide (Fe₃O₄). In Western Australia it occurs in predominantly low grade concentrations, primarily in unaltered banded iron formations, but also in vanadiferous titanomagnetite deposits, both of which require fine grinding and beneficiation to produce saleable iron ore concentrates. Consideration for magnetite financial assistance will be given where the extractable iron mineral is predominantly magnetite (>80%) and where production involves fine grinding (<150 microns) and is beneficiated predominantly through magnetic separation to produce saleable magnetite concentrate.

“Magnetite Financial Assistance” means the financial assistance announced by the Premier of Western Australia on 9 April 2013.

“Minister” means the Minister for Mines and Petroleum.

“New Magnetite Project” means a project that mines magnetite in Western Australia, commences commercial production of magnetite after 9 April 2013 and is a project which predominantly produces magnetite.

“Project Financial Assistance Period” means the period of 1 year commencing either from the first magnetite shipment after

- (a) 9 April 2013 and prior to the project reaching commercial production in which case the application for magnetite financial assistance must be submitted within 30 days of the commencement of production or such other period as the Director General may determine on a case by case basis; or
- (b) 9 April 2013 and the date from which the Director General is satisfied that the project has reached commercial production in which case the application for magnetite financial assistance must be submitted within 60 days of that commencement date of commercial production or such other period as the DG may determine on a case by case basis;

provided that any such period, no matter when commenced, ends on the earlier of one year after the commencement date and 8 April 2016.

3. TIMELINES AND IMPORTANT DATES

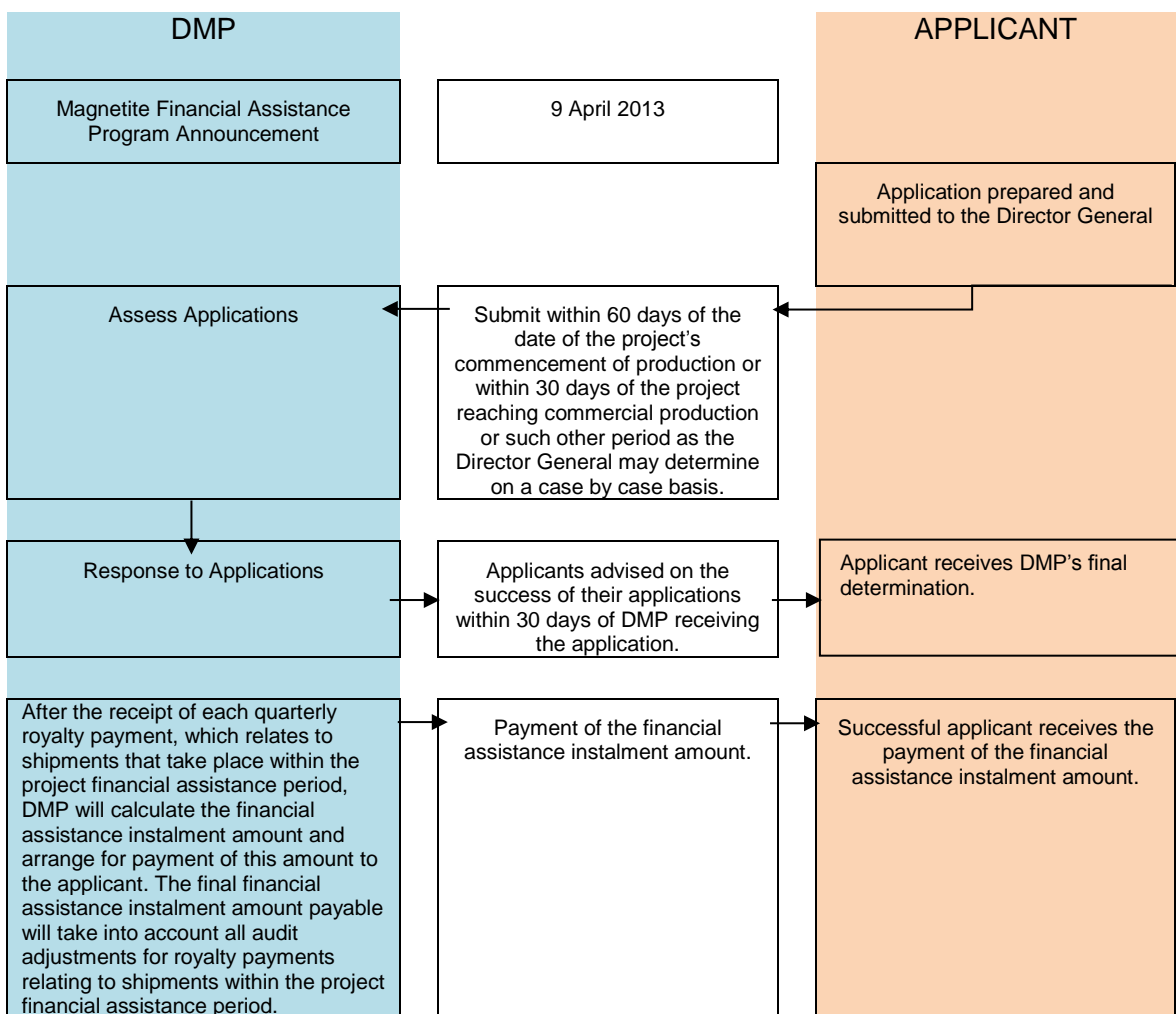
Important dates for the Magnetite Financial Assistance Program:

9 April 2013

Commencement of the program

8 April 2016

Closing date for Application submission



It is the Applicant's responsibility to ensure the application is lodged within the specified time. All applications will be acknowledged using the contact details provided on the Application.

4. ROYALTY PAYMENT

Royalty payments are not impacted by this magnetite financial assistance program. Royalties will therefore have to continue to be paid in accordance with the legislation. The amount of financial assistance is based on up to 50% of the actual magnetite royalty payments that are received by the Department.

5. HOW TO APPLY FOR MAGNETITE FINANCIAL ASSISTANCE

Complete an **Application** and submit it to the Department of Mines and Petroleum.

Applications and enquiries should be directed to:

David Norris

General Manager Strategic Planning and Royalties
Department of Minerals and Petroleum
100 Plain Street
EAST PERTH, WA 6004

Phone: +61 8 9222 3304

david.norris@dmp.wa.gov.au

6. APPLICATION ASSESSMENT CRITERIA

The application must include administrative information about the applicant and the project including:

- Complete Applicant contact details.
- Project details, including tenement number(s).
- Details of the project's commercial production level and when it is expected to be achieved or was achieved (including appropriate evidence). Initial design capacity and iron content expectations would normally be evidenced by reference to the project feasibility study, capacity plans, project economic evaluation documentation.
- Details of when the first magnetite shipment from the project occurred or is expected to occur.

Each application will require the Applicant to address the following Assessment Criteria:

1. The magnetite must be mined in Western Australia.
2. The project must have its commercial production of magnetite from Western Australia, after 9 April 2013 or, if requested by the Applicant and agreed by the Director General, the project must demonstrate that it had its first shipment of magnetite after 1 January 2013.
3. The resource being mined for the project must be predominantly magnetite.
4. The project must meet the "magnetite" and "new magnetite project" definitions included in this document.

7. APPLICATION ASSESSMENT

Each Application will be assessed by the Department on a project by project basis. The Department will use the application assessment criteria (see section 6).

Once an application meets the application assessment criteria (see section 6) it will require approval by the Director General. The option of the financial assistance applying from the first shipment after the 9 April 2013 must be applied for in the original Application and a decision of whether it applies to a project will be made by the Director General when approving the Application.

On completion of the assessment process, the Applicant will be notified in writing of the outcome of its application and may be provided with the opportunity to submit additional relevant information, within a period of time specified by the Director General, that could affect the decision. The Director General will then make a final decision which will include the commencement date of the Project Financial Assistance Period. There will be no right of appeal and no further opportunity to change the commencement date of the Project Financial Assistance Period.

8. IMPORTANT FINANCIAL ASSISTANCE PAYMENT INFORMATION

Payment of a financial assistance instalment amount will be made after the receipt of each quarterly royalty payment, which relates to shipments that take place within the project financial assistance period. DMP will calculate the financial assistance instalment amount and arrange for payment of this amount to the applicant. The final financial assistance instalment amount payable will take into account all audit adjustments for royalty payments relating to shipments within the project financial assistance period. No financial assistance payments will be made in relation to any shipments after 8 April 2016.

The financial assistance instalment amount will be calculated on up to 50% of the magnetite royalty payments. Royalty payments made by the project in regard to other minerals are not included.

In determining whether the financial assistance instalment amount is calculated on 50% of the magnetite royalty payments, some lower percentage or not at all, the Director General will take into consideration the tenement holder's history in meeting tenement or title reporting/compliance commitments. The Director General will specifically consider whether the tenement holder has in regard to the project:

- met environmental conditions; and
- has a good safety record.

9. LEGAL PARAMETERS OF APPLICATIONS

1. Subject to Item 2 below, contents of each Application will remain confidential.
2. The Director General will keep commercially sensitive information confidential except for the amounts of financial assistance provided. However, - other information relevant to the financial assistance may be disclosed so that the relevant Minister may answer questions raised in the Western Australian Parliament, keep Parliament informed or otherwise discharge the Minister's duties and obligations to Parliament and to advise the Governor, Parliament and/or the Western Australian Government. Any condition in an Application that purports to prohibit or restrict the Minister's right to make such disclosures cannot be accepted.

3. Reservation of Rights - The Department reserves the right to:
 - Amend the conditions (including timelines) for applications and payments at any time prior to the closing date for application submission provided that the amendment is notified to Applicants and at least one month's notice is provided;
 - Clarify any aspect of the Application after it is received.
4. No acceptance of an Application will be effective to constitute a contract or to create any legitimate expectation on the part of the Applicant.
5. Closing date for Application submission is **8 April 2016 at 5.00 pm WST.**