

Mining Act Amendments Commence

Amendments made to the Mining Act 1978 and Regulations passed by Parliament on 26 August 2004 come into effect from Friday 10 February 2006.

Key changes include:

Mining Leases

A mining lease application made after 10 February 2006 must be lodged with either a Mining Proposal or a Mineralisation Report and a Statement setting out information about when mining is likely to commence, the likely method of mining and the area likely to be retained for infrastructure.

This is a fundamental change to the administration of mining in this State and is designed to separate the activities of exploration and mining operations.

The aim of this change, is to ensure that mining leases are not used as de facto exploration titles. In addition, the details of mineralisation and information about the likely method of mining and infrastructure should also establish a basis for native title claimants to assess the potential impacts on native title rights, and lay a strong foundation on which the parties can negotiate the grant of the title.

Mining Lease - Reversion Opportunity

Current applicants for mining leases will have the ability to apply to revert title back to an exploration title. This is designed to address the backlog of tenements presently awaiting grant and is available for a 12 month period only.

Exploration Licences

An exploration licence ("EL") application made after 10 February 2006 will have a term of 5 years with an ability to be extended for a further period of 5 years followed by 2 year periods.

An EL will be able to be lodged over an area of up to 200 blocks in areas outside known mineralised zones (to be gazetted on 17 February 2006).

New rent & expenditure commitments will apply to existing granted EL's from the next licence anniversary date following 10 February 2006.

EL's applied for after 10 February 2006 will be subject to compulsory surrender of 40% at the end of the fifth year. Compulsory 50% drop off at the end of years 3 and 4 continues for existing granted EL's

The "deemed surrender" provisions for failure to "drop-off" (or apply for exemption from "drop-off") cease, and are replaced with provisions rendering the licence liable for forfeiture.

Prospecting Licences

A prospecting licences ("PL") applied for after 10 February 2006 will have a term of 4 years with a provision to extend for one further period of four years.

Retention Status

The holder of an EL or PL applied for and granted after 10 February 2006 will be able to apply for "retention status" where a resource has been identified but is not economic at that time. This essentially mirrors the current retention licence arrangements however a new title is not required.

Registration (Dealing) Provisions

Agreements will no longer be registered against mining tenements. Contractual or equitable interests may, however, be protected by the lodgement of a caveat.

Environmental Changes

Programme of Work for ground disturbing activities including drilling, becomes a condition under the Act. The programme is to be lodged with the Environment Division (DoIR) and written approval obtained before ground disturbing work commences.

Other

Extension of Term, Renewal and Withdrawal documents can be lodged with any Mining Registrar including Perth Office on and from 10 February 2006.

A \$5,000 Form of Security (Form 32) is required for all tenement applications lodged on and from 10 February 2006.

Further information and advice

Should you require further information or advice in relation these changes or in relation to any related issue please do not hesitate to contact the members of our commercial resources division:

Craig Readhead

creadhead@prllawyers.com.au

Philip Pullinger

ppullinger@prllawyers.com.au

Phil Lucas

plucas@prllawyers.com.au

Hilary Macdonald

hmacdonald@prllawyers.com.au

Jason Macdonald

jmacdonald@prllawyers.com.au

Simone Muller

smuller@prllawyers.com.au

Phone: (08) 9320 4999

Fax: (08) 9320 4900