Guide to completing a renewal justification statement
Published by NSW Department of Industry, Skills and Regional Development, Division of Resources and Energy

Title: Guide to completing a renewal justification statement
First published: March 2016
Author: NSW Department of Industry, Skills and Regional Development, Division of Resources and Energy
516 High Street, Maitland NSW 2320
PO Box 344, Hunter Region Mail Centre NSW 2310
Phone: 02 4931 6666 Fax: 02 4931 6790
Website: www.resourcesandenergy.nsw.gov.au

Document control
Authorised by: Executive Director, Geological Survey of New South Wales
RM8 Reference: INT16/16424

<table>
<thead>
<tr>
<th>Amendment schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
</tr>
<tr>
<td>1 March 2016</td>
</tr>
</tbody>
</table>

© State of New South Wales through the NSW Department of Industry, Skills and Regional Development 2016.

This publication is copyright. You may download, display, print and reproduce this material in an unaltered form only (retaining this notice) for your personal use or for non-commercial use within your organisation. To copy, adapt, publish, distribute or commercialise any of this publication you will need to seek permission from the NSW Department of Industry, Skills and Regional Development.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (March 2016). 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.
Contents

Part A: General requirements ..............................................................................................................2
1. Introduction .......................................................................................................................................2
2. What is the legal framework for renewal justification statements? ..............................................2
3. What is a renewal justification statement? .....................................................................................2

Part B: How to complete a renewal justification statement for prospecting titles ...........................4
1. Exploration conducted in the current term .....................................................................................4
  1.1. Exploration activities ..................................................................................................................4
  1.2. Current term ................................................................................................................................5
  1.3. Committed exploration activities ..............................................................................................5
  1.4. Completed exploration activities ..............................................................................................5
  1.5. Commenced but not completed exploration activities ..............................................................6
  1.6. Not commenced exploration activities .....................................................................................6
  2. Map of exploration activities conducted in the current term .........................................................6
  3. Summary of results and conclusions ..............................................................................................6
  4. Justification for applications to renew an exploration licence ......................................................6
    4.1. General .....................................................................................................................................6
    4.2. Normal renewal of an exploration licence .................................................................................7
    4.3. Renewal of an exploration licence under special circumstances ...........................................8
  5. Justification for applications to renew an assessment lease ........................................................9
  6. Justification for applications to renew a petroleum prospecting title ...........................................9
    6.1. General .....................................................................................................................................9
    6.2. Normal renewal of a petroleum exploration licence ...............................................................9
    6.3. Renewal of a petroleum exploration licence under special circumstances .........................10
    6.4. Renewal of a petroleum assessment lease .............................................................................11
  7. Other factors or comments ............................................................................................................11

Part C: How to complete a renewal justification statement for mining leases and petroleum production leases ...............................................................................................................................12
1. Operations carried out in the current term ...................................................................................12
  1.1. Mining/production operations ....................................................................................................12
  1.2. Production statistics .................................................................................................................12
  1.3. Assessment activities ................................................................................................................12
  1.4. Exploration activities ................................................................................................................12
  1.5. Map of current operations ..........................................................................................................12
  1.6. Map of exploration activities .....................................................................................................12
  2. Summary of resources of the land ................................................................................................13
  3. Justification for applications to renew a mining lease or petroleum production lease .............13
    3.1. Details of current development consent .................................................................................13
    3.2. Statement giving reasons that the applicant considers the renewal to be justified ...............13
  4. Other factors or comments ............................................................................................................13
Part A: General requirements

1. Introduction

The Mining Regulation 2010 and the Petroleum (Onshore) Regulation 2007 require that holders of prospecting titles provide a renewal justification statement (RJS) with applications for renewal of their titles. This guide was developed to assist holders with completing renewal applications from 1 March 2016. The guide explains when and why an RJS is required, and what information is required to facilitate the timely and effective processing of renewal applications.

2. What is the legal framework for renewal justification statements?

Applications for renewal of all titles must be accompanied by a renewal justification statement (RJS) pursuant to the relevant clauses of the Mining Regulation 2010 and the Petroleum (Onshore) Regulation 2007 as described here;

1. Mining Regulation 2010;
   - Exploration licence (EL) or assessment licence (AL); clauses 18(1)(e) and 22(1)(e)
   - Mining lease (ML); clause 27(1)(d)

2. Petroleum (Onshore) Regulation 2007;
   - Petroleum exploration licence (PEL) or petroleum assessment lease (PAL); clause 11A(2)
   - For petroleum production leases (PPL); clause 11A(2)(b)

3. What is a renewal justification statement?

An RJS is a statement by the renewal applicant regarding the geoscientific justifications for renewal of a title. The requirement for an RJS is a subcomponent of the renewal process and is specific to the assessment requirements of the Geological Survey of NSW (GSNSW), which is responsible for providing geoscientific assessment of the justification for renewal of all NSW titles.

The RJS is completed on forms available on the department’s website;

- RJS for prospecting titles (EL, AL, PEL, PAL)
- RJS for mining titles (ML, PPL)

These forms prompt the applicant principally for geoscientific information that is required under the relevant regulations and under the department’s renewal policies and standards for minerals, coal and petroleum. The forms assist the applicant to provide sufficient and relevant geoscientific detail, and to justify renewal of the title in the same terms and context in which the Geological Survey of NSW (GSNSW) will be assessing the application. The priority details required in an RJS include:

- details of operations carried out on the area of the title during the current term, including:
  - the types of operations
  - a map showing location of operations
  - expenditure incurred in conducting those operations
- a summary of exploration activities, results and conclusions including:
  - prospectivity and resource potential for EL’s;
- resource potential and progress towards development of resources and reserves for AL’s and petroleum titles;
- current and depleted resources and reserves for ML’s and PPL’s.
- Other reasons why the applicant considers renewal to be justifiable.
Part B: How to complete a renewal justification statement for prospecting titles

1. Exploration conducted in the current term

1.1. Exploration activities

Exploration activities are the geoscientific activities completed in the conduct of a work program designed to assess or evaluate the mineral potential of the land. They generally include, but are not necessarily limited to:

- review of literature and data from previous exploration and mining
- geological reconnaissance and mapping
- geochemical surveys
- ground and airborne geophysical surveys
- all types of drilling and analysis of samples obtained
- bulk sampling and remote sensing
- modelling of geological, geochemical or geophysical data.

Some of these activities are also known in the legislation as *prospecting operations*.

For the purposes of a work program for an assessment lease, exploration activities may also include work conducted to prepare for development of resources. They may include, but are not limited to:

- marketing studies
- environmental studies
- metallurgical or coal testing studies
- mining scoping studies
- economic and feasibility studies.

In the RJS, exploration activities should be listed in dot point format for the currency of the title, and not subdivided by reporting periods.

Activities related to environmental management, rehabilitation and community consultation, including landholder negotiation and access agreements, are *not* to be included in the RJS.

1.2. Current term

The current term of a prospecting title is defined as:

- for first renewals: the period from the date the application was granted until the current expiry date
- for second and subsequent renewals: the period from the day after the previous expiry date until the current expiry date.

Title transfers and renewal determination dates do not affect term periods. If a renewal application is lodged, once the current expiry date has passed, the next term commences over the area subject to
the renewal application. An application for renewal must be lodged in the current term before the title expires.

**1.3. Committed exploration activities**

Committed exploration activities are the proposed exploration activities for the current term. They are the exploration activities proposed in the work program associated with the grant of a prospecting title (if this is the first renewal), or the last renewal or transfer of a prospecting title. The committed exploration activities form a basis for assessment of exploration performance during the current term. This is only required for prospecting titles that do not yet have an approved work program in the relevant Prospecting Title Work Program form.

Committed exploration activities must be listed in dot point format and not broken up into years.

For prospecting titles that have an approved work program in the relevant Prospecting Title Work Program form (generally, prospecting titles granted, renewed or transferred after 1 July 2015), the specified/fixed exploration activities in the last version of the approved work program will be used.

If you are unsure of your committed exploration activities, contact the GSNSW at minerals.explorationassessment@industry.nsw.gov.au.

**1.4. Completed exploration activities**

Completed exploration activities are those that have been completed during the current term. They may be committed exploration activities, exploration activities from an approved work program, or additional exploration activities that were completed. Exploration activities should be listed in dot point format for the currency of the title, and not subdivided by reporting periods.

To help the assessment of your application, provide quantitative detail about the extent of the work conducted.

Table 1 shows an example of committed versus completed activities. The downhole electromagnetic logging is an example of an additional completed activity.

**Table 1: Committed versus completed activities**

<table>
<thead>
<tr>
<th>Committed exploration activity</th>
<th>Completed exploration activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed airborne magnetic and radiometric survey</td>
<td>Airborne magnetic and radiometric survey over 300 km², at a flying height of 50 m on 200 m lines</td>
</tr>
<tr>
<td>Stream sediment geochemical survey</td>
<td>Stream sediment geochemical survey—108 samples assayed for 14 elements</td>
</tr>
<tr>
<td>Drill testing two best targets (up to six RC holes for a total of 1200 m)</td>
<td>RC drilling of Target A (three holes) and Target B (two holes) for a total of 1135 m, assays of 905 m for 14 elements</td>
</tr>
<tr>
<td>Geological mapping of known mineral occurrences</td>
<td>Detailed geological mapping of seven prospects at 1:10,000 scale, total 15 ha</td>
</tr>
<tr>
<td></td>
<td>Downhole electromagnetic logging of hole A1 at Target A and B2 at Target B</td>
</tr>
<tr>
<td>Bulk sampling for coal washery studies</td>
<td>Two bulk samples taken, each of 1000 t, for coal washery studies</td>
</tr>
</tbody>
</table>
1.5. Commenced but not completed exploration activities

Commenced but not completed exploration activities are the exploration activities that were commenced during the current term, but further work is planned to complete the activities in the renewal term. An example would be the drilling of a borehole that had been started but was not complete when the RJS was submitted. Exploration activities should be listed in dot point format for the currency of the title, and not subdivided by reporting periods.

1.6. Not commenced exploration activities

Not commenced exploration activities are the exploration activities committed to in the work program but not commenced, regardless of the reason for not conducting them. If any committed exploration activities listed previously, or any specified/fixed exploration activities in the last version of the approved work program were not commenced, they must be listed here.

Exploration activities should be listed in dot point format for the currency of the title, and not subdivided by reporting periods.

Justification for non-completion of these activities is not required here. Such justification may be provided in a later section of the RJS by referring to valid extenuating factors.

2. Map of exploration activities conducted in the current term

The applicant must provide a map showing the location of the exploration activities conducted in the current term. The map must be legible and provide enough detail to demonstrate the type and location of all exploration activities conducted in the current term, and the location of those activities in relation to the boundary of the title. The map should also include other useful geographic features details where appropriate, including towns, major roads and railways.

3. Summary of results and conclusions

This section requires a summary of results of the exploration conducted during the current term, and conclusions arising from the results regarding the extent to which the exploration objectives for the current term were achieved, especially regarding the resource potential of the prospecting title area. You should include any maiden or revised resource estimates resulting from exploration conducted in the current term.

For an assessment lease, progress made towards development of the resource should be explained.

This information provides a context for assessing the effectiveness of both the exploration conducted in the current term and the exploration activities proposed in the work program for the renewal term.

4. Justification for applications to renew an exploration licence

4.1. General

Section 114A(1) of the *Mining Act 1992* provides for renewal of an EL over an area up to half of the area of the licence that was in force when the application for renewal was made. This is called *normal renewal*. 
Section 114A(2) of the Mining Act provides for renewal of more than half the area held if an application for renewal claims that special circumstances exist and the decision-maker is satisfied that special circumstances exist.

Applications for renewal of an EL are assessed against criteria in the Policy on renewal of exploration licences for minerals or the Policy on renewal of exploration licences for coal. There are some minor differences between the two policies. However, both policies provide for extenuating factors that may be taken into account if any policy criteria are not met, provided this is considered to be in the best interests of the development of the state’s mineral resources.

The renewal justification section of the RJS for prospecting titles asks questions that seek to determine the extent to which the renewal policy criteria are met. Answers to questions about exploration conducted during the current licence term are expected to be consistent with the information provided earlier in the RJS. This is the place to provide justification for non-completion of proposed exploration activities. The GSNSW will assess your responses to the questions.

### 4.2. Normal renewal of an exploration licence

The three policy criteria for normal renewal of up to half the area of an exploration licence are:

1. the expenditure condition of the licence (if applicable to an EL for minerals), work program condition of the licence (for a coal EL), and reporting requirements of the licence have been satisfactorily complied with
2. the licence area has been explored effectively
3. a satisfactory proposed work program (of effective exploration) for the renewal period has been submitted.

The RJS requires every application for renewal of an exploration licence to answer Yes or No to each question that reflects a policy criterion.

If the exploration licence is for coal (Group 9 minerals), each Yes response must state how the criterion was met. This is optional for ELs for other mineral groups.

If you answer No to any of the three questions, you should explain how and why the criterion was not met, referring to valid extenuating factors.

Extenuating factors are generally regarded as factors beyond the reasonable control of the holder that prevented the holder from meeting the policy criteria. The EL renewal policies provide some examples, and these are reproduced here with some clarifications:

- circumstances beyond the control of the holder have delayed satisfactory exploration e.g. Native Title procedural requirements
- a late change in exploration concepts that will result in a substantial increase in exploration activity if the licence is renewed
- exploration has been delayed while the holder has justifiably focussed work on an adjacent title
- the holder has made a significant investment in the project area in the recent past and significant further exploration is imminent
- there is a need to hold ground adjacent to an existing mine or development project held in the same interests for longer term exploration objectives
- the licence is a surface title that provides surface access to an underground mine or mining lease.

The following are not considered to be valid extenuating factors for failing to conduct exploration:

- lack of financial resources for any reason
• poor project management—e.g. failure to make access arrangements or engage specialist contractors in a timely manner
• delays in concluding a joint venture or licence transfer
• commitments made on exploration projects elsewhere in the state or in other jurisdictions.

4.3. Renewal of an exploration licence under special circumstances

If you are applying to renew more than half of the licence area, special circumstances must be demonstrated for ELs with a current area of more than four units (or 1200 ha for coal and oil shale).

There are three additional policy criteria for establishing if special circumstances exist:

1. the conditions of the licence have been satisfactorily complied with
2. the full area of the licence has been explored effectively
3. the proposed work program of effective exploration satisfactorily covers the full area sought for renewal.

Although each EL renewal policy has three criteria for special circumstances, the first criterion in each case is essentially the same as that for normal renewal and does not need to be reconsidered. The RJS therefore requires every application for renewal of an exploration licence over more than half the area under special circumstances to answer Yes or No to two additional questions that reflect the other two policy criteria for special circumstances.

If the exploration licence is for coal (Group 9 minerals), each Yes response must state how the criterion was met. This is optional for ELs for other mineral groups.

If you answer No to any of the two questions, you should explain how and why the criterion was not met, referring to valid extenuating factors.

The EL renewal policies for special circumstance renewals provide for the quality of the previous exploration performance and the exploration program proposed for the renewal period to carry particular weight for determining if extenuating factors are justified.

5. Justification for applications to renew an assessment lease

Applications for renewal of an assessment lease under the Mining Act 1992 are assessed against the criteria of the Policy on grant of assessment leases. The policy requires the criteria to be addressed in an application for renewal at an even higher level than in the original application for the assessment lease. The renewal justification section of the RJS for prospecting titles asks questions that seek to determine the extent to which the policy criteria are met. The GSNSW will assess your responses to the questions.

The criteria for renewal of ALs are therefore:

1. Exploration must have been completed to a level of confidence to allow a resource to be classified as either Indicated or Measured under the JORC Code 2012, and an updated resource/reserve statement consistent with the JORC Code 2012 completed.
2. A basic conceptual mine plan based on the resource/reserve statement must be completed or updated.
3. A prefeasibility or evaluation study based on the conceptual mine plan must be completed or updated.
4. The area of the AL must generally coincide with what would normally be appropriate for a mining lease.

5. If the AL is over a resource amenable to open cut mining or mining that is likely to have a significant impact on the surface, there must be an up-to-date strategy for dealing with the owners of affected land.

6. The proposed work program for renewal must be designed to ensure the project has the maximum chance of proceeding to development.

All six criteria must be substantiated in the RJS, and additional relevant information may be provided in a separate document if appropriate. However, if details of resource/reserve statements, mine plans or evaluation studies have already been provided in annual reports, they are not required to be resubmitted—a reference to the reports is acceptable.

6. Justification for applications to renew a petroleum prospecting title

6.1. General

Section 19B(1) of the Petroleum (Onshore) Act 1991 provides for renewal of a PEL over an area up to 75% of the area over which the licence was originally granted, in the case of a first renewal, or 75% of the area over which the licence was last renewed. This is called normal renewal.

Section 19B(2) of the Petroleum (Onshore) Act provides for renewal of more than 75% of the area of a PEL granted or last renewed, as appropriate, if an application for renewal claims that special circumstances exist and the Minister is satisfied that special circumstances exist.

Section 19B(3) of the Petroleum (Onshore) Act provides for the Minister to take into account when determining whether special circumstances exist, any partial cancellation of the PEL on the request of the licence holder under section 22.

Applications for renewal of a PEL or PAL are assessed against policy criteria in the Minimum Standards and Merit Assessment Procedure. The renewal justification section of the RJS for prospecting titles asks questions that seek to determine the extent to which the policy criteria are met. The GSNSW will assess your responses to the questions.

Note that the application of special circumstances to renewal of petroleum exploration licences is currently different to the application of special circumstances to the renewal of exploration licences under the Mining Act 1992.

6.2. Normal renewal of a petroleum exploration licence

Each application for renewal of a PEL must identify which category(s) of exploration the proposed work program for the renewal term falls under in relation to geological data and resource definition and address the relevant questions. The exploration categories are:

- target generation
- target testing
- resource definition
- planning for production project assessment and approval.

Geological data and resource definition

- Minimum standard for target generation and target testing activities:
- If applicable, does the proposed work program demonstrate target generation activities to focus on the acquisition, interpretation and analysis of new data or the analysis and interpretation of existing data?
- If applicable, does the proposed work program demonstrate that target testing activities build on the existing data and interpretations, and will seek to acquire new data to evaluate the target petroleum or potential petroleum accumulations with activities such as exploration drilling, seismic survey or other appropriate techniques?

Target generation activities typically involve the investigation of the geology via review of existing data, as well as conducting surface or subsurface mapping, and geophysical and/or geochemical data acquisition.

- Minimum standard for resource definition and planning for production project assessment and approval:
  - If applicable, does the proposed work program include activities to progress the definition of any targeted petroleum accumulation to at least a contingent resource classification under the Society of Petroleum Engineers’ Petroleum Resources Management System (PRMS)?
  - Additional requirements within a strategic energy project (SEP): If applicable, does the proposed work program demonstrate via the proposed activities that the project is progressing towards the development of a project plan for production?

Resource definition and planning for production activities typically involve appraisal programs which may include seismic surveys and exploration drilling, such as core holes and pilot wells, and/or testing.

6.3. Renewal of a petroleum exploration licence under special circumstances

If you are applying to renew more than 75% of the granted or last renewed area of a PEL under special circumstances, the policy criteria for normal renewal apply as well as additional criteria for special circumstances. Special circumstances will be considered if, following a technical assessment of the application, it is determined that the goal of developing the state’s petroleum resources will be better served by the holder retaining the larger area.

The technical assessment will consider if:

- the proposed level of technical and financial investment for the next term of the authority is satisfactory
- the level of past exploration work conducted by the applicant in the title area is satisfactory
- there is current investment and work being carried out by the authority holder in connection with a wider, contiguous exploration project
- the current level of investment and work being carried out by the authority holder is associated with a SEP.

The special circumstance criteria are:

- Have there been delays in exploration due to Native Title procedural requirements?
- Has there been an inability to obtain a land access agreement to the licence area?
- Has there been an occurrence of a force majeure (unforeseeable circumstance) event, being an event or effect that could not reasonably be anticipated or controlled?
- Has the holder voluntarily relinquished part of the title during the current term?
• Has the title holder relinquished greater than 75% at a previous renewal?

6.4. Renewal of a petroleum assessment lease

The criteria for renewal of PALs under geological data and resource definition are:

• the proposed work program must include activities to progress the resource to 1P, 2P or 3P reserves category under the PRMS
• the proposed work program must provide for additional work or project planning that demonstrates the operation is continually attempting to commercialise the resource.

7. Other factors or comments

The RJS provides for a holder to list any other relevant factors or comments that the holder would like the GSNSW, the decision-maker or the Minister, as appropriate, to note or consider in the assessment of the application for renewal. This is an appropriate place to record any other matter to justify renewal that the holder believes is not catered for in the rest of the RJS or renewal application.
Part C: How to complete a renewal justification statement for mining leases and petroleum production leases

1. Operations carried out in the current term

1.1. Mining/production operations

A summary of mining or production and related operations is required to demonstrate that the ML or PPL has used the land in accordance with the rights under a ML or a PPL. This should include mining purposes conducted on a ML, or construction and maintenance of associated works on a PPL.

Brief mention can also be made of environmental management and rehabilitation if the lease has been on care and maintenance.

1.2. Production statistics

Production statistics by the current lease holder are required for the current term of the lease, or for at least as long as the current holder has held the lease. For MLs, these should include amount of material extracted and amount of ore shipped, and for PPLs, these should include gas production.

1.3. Assessment activities

If applicable, provide a summary of metallurgical, coal washery or mineral processing studies, economic modelling or feasibility studies, marketing studies or any other assessment activities, including total expenditure on assessment activities, conducted on or relevant to the lease during the current term. The main results and conclusions from assessment activities should also be included. This is especially important if little or no mining or production has been conducted in the current term or recently, in which case the assessment activities are expected to increase the likelihood of commencement or resumption of mining or production in the renewal term.

1.4. Exploration activities

If applicable, provide a summary of exploration activities and total expenditure on exploration, conducted on the lease during the current term. The main results and conclusions from exploration should also be included. This is especially important if little or no mining or production has been conducted in the current term or recently, in which case the exploration is expected to increase the likelihood of commencement or resumption of mining or production in the renewal term.

1.5. Map of current operations

A map of the lease showing current mining/production and related operations and infrastructure is required.

1.6. Map of exploration activities
If applicable, (see 1.4 above), provide a map showing the location of the exploration activities conducted on the lease in the current term. The map must be legible and show enough detail to enable the exploration activities to be located on the ground and located in relation to the boundary of the current licence or lease. The map should also include other details where appropriate including towns, main roads and railways.

2. Summary of resources of the land

In this section, provide a current resource/reserve statement relevant to the lease. Reporting of mineral and coal resources and reserves must be in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012), if possible. Reporting of petroleum resources and reserves must be in accordance with the Society of Petroleum Engineers' Petroleum Resources Management System (PRMS).

Mineral Resource and Ore Reserve estimates should account for depletion as a result of mining, and the results of near-mine exploration and assessment activities.

3. Justification for applications to renew a mining lease or petroleum production lease

3.1. Details of current development consent

Provide the expiry date of the current development consent and current production rate approved in the development consent, if applicable.

If development consent has either not been granted for mining/production on the lease or has expired, provide a separate explanation, including details of pending development consent if applicable. A work program that supports the proposed renewal term is required if development consent has not been granted or has expired.

3.2. Statement giving reasons that the applicant considers the renewal to be justified

This section requires a clear statement of why you consider renewal of the lease to be justified. Information on mining/production and related operations, assessment activities and exploration conducted on the lease in the current term should be clearly presented earlier in the RJS. This section should therefore focus on providing justification for renewal in terms of mining/production and related operations, assessment activities and exploration proposed for the renewal term.

Justification for the duration of the proposed renewal term should be based on the amount of economically workable quantities of mineral/coal, or mineral bearing ore or petroleum on the lease, and an outline the proposed mining/production program. An appropriate period should be included for mine closure, if appropriate, during the proposed renewal term.

4. Other factors or comments

The RJS provides for a lease holder to list any other relevant factors or comments that the holder would like the GSNSW, the decision-maker or the Minister, as appropriate, to note or consider in the assessment of the application for renewal. This is an appropriate place to record any other matter to justify renewal that the holder believes is not catered for in the rest of the RJS or renewal application.