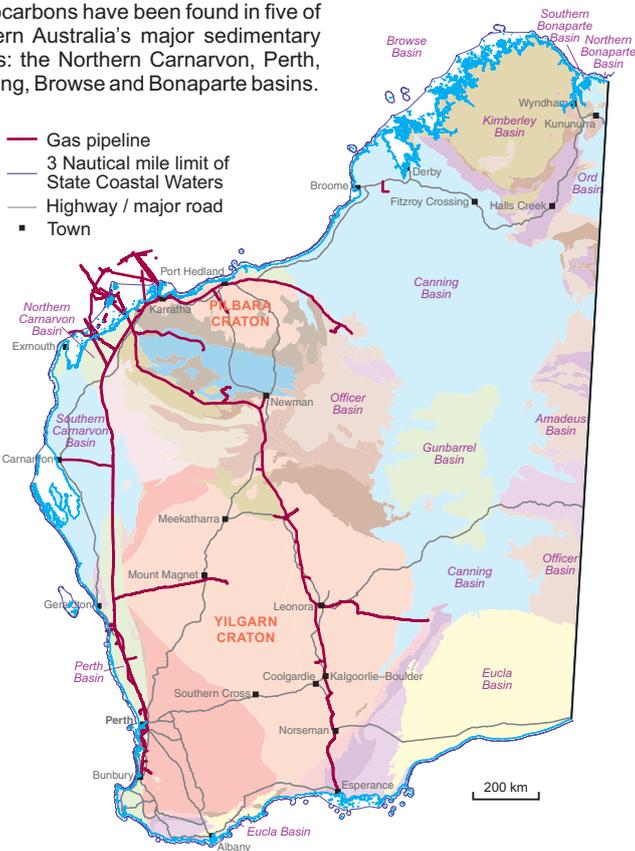




INFORMATION FOR PETROLEUM EXPLORERS

Western Australia is the largest State in Australia, comprising about one-third of the country. Western Australia's sedimentary basins, including its continental shelf, cover an area of approximately 2.1 million km². There are seven major sedimentary basins: the Bonaparte, Browse, Canning, Northern Carnarvon, Southern Carnarvon, Officer and Perth basins.

Hydrocarbons have been found in five of Western Australia's major sedimentary basins: the Northern Carnarvon, Perth, Canning, Browse and Bonaparte basins.



Government in Australia

The Australian federal system of government has three tiers:

• Australian Government in Canberra

The Australian Government sets national policy, including fiscal, monetary and taxation policy, foreign investment guidelines, immigration, competition policy, trade and customs, company law, international agreements and native title. It also manages and allocates petroleum rights in Commonwealth offshore areas.

• State and Territory governments

State and Territory governments manage and allocate petroleum rights, have primary responsibility for land administration, regulate operations (including environmental, and occupational safety and health), and collect royalties on resources produced.

• Local government

While local government, does not have a legislated function in petroleum exploration and production, they are a key stakeholder representing regional interests.

Petroleum legislation

According to the Australian Constitution, petroleum resources are owned by the government rather than private individuals. Each State and Territory government administers its own petroleum, occupational safety and health, and environmental legislation. Online submission of applications title and title management applications is via the online Petroleum and Geothermal Register (PGR).

Registration for PGR may be made at <www.dmp.wa.gov.au/pgr>.

The current schedule of fees is available from the Department of Mines, Industry Regulation and Safety's (DMIRS) website at <www.dmp.wa.gov.au/Petroleum/Schedule-and-guidelines-1603.aspx>.

Acreage release

For the State onshore and coastal waters, the system of acreage release gazettal inviting applications for petroleum exploration titles identifies precise permit configurations and submission timeframes for competitive bidding.

Refer to: www.dmp.wa.gov.au/acreage_release

The same legislative framework exists in the Commonwealth offshore areas and is administered by the National Offshore Titles Administrator (NOPTA).

Refer to: www.nopta.gov.au

Land access – Indigenous Affairs

DMIRS facilitates access to the State's land areas and adjoining coastal waters in accordance with Government policy and Commonwealth and State legislation. Native title is the recognition in Australian law that some indigenous people have continued to hold rights to their lands and waters, arising from traditional laws and customs that were observed by their ancestors at colonization of Australia by Europeans.

Environmental assessment

In addition to an Oil Spill Contingency Plan, operators will need to submit an Environment Plan.

Environmental assessment of petroleum activities is conducted under the relevant State and Commonwealth legislation.

Safety management

- The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) regulates Commonwealth offshore areas.
- DMIRS regulates onshore and coastal waters areas.
- A safety case approach is applied in relation to petroleum and pipeline operations.

Tax and royalties

Company tax and GST

Petroleum companies pay the normal company tax rate of 30%. A goods and services tax (GST) of 10% is also payable.

Royalties

Royalties are levied on petroleum production onshore, within coastal waters and the North West Shelf Project. The rate of royalty is normally between 10 and 12.5% of the wellhead value of petroleum produced.

Deductible costs are normally confined to the processing, storage and transport of the petroleum recovered by the producer to the point of sale.

Petroleum Resource Rent Tax (PRRT)

PRRT applies to Commonwealth Waters, and as of 1 July 2012, has been extended to onshore areas and the North West Shelf Project. PRRT is a secondary tax on petroleum production based on the profitability of any given project.

PRRT is applied at a rate of 40% to a project's taxable profit (project income less project expenditure, project exploration expenditure and exploration expenditure transferred from other related PRRT projects). PRRT is deductible against income tax.

Resource Rent Royalty (RRR)

RRR applies to production from Barrow Island. It is based on a percentage of cash flow. Any excess of costs over revenues are carried forward and compounded at a threshold rate. Any excess over the threshold rate is charged to RRR at the rate of 40%.



Freely available information

Petroleum production 2018

Petroleum product	Production	
	Quantity	Value (\$)
Condensate	8.4 GL	\$4.5 billion
Crude oil	3.65 GL	\$2.1 billion
Natural gas	9.8 Gm ³	\$1.5 billion
LNG	43.7 MM tonnes	\$27 billion
Total		\$35.1 billion

Geoscience information

Get it Online

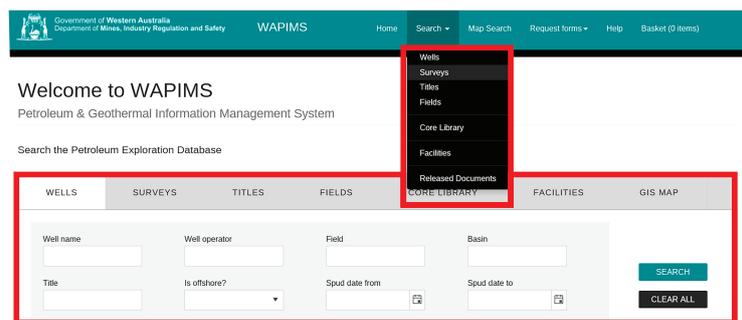
The Geological Survey of Western Australia (GSWA) and Geoscience Australia (GA) produce geological and geophysical maps, reports, and digital datasets. They also have large archives of exploration results from exploration company title holders.



Much of this information can be obtained free of charge via the Internet, or at very low cost.

The Western Australian Petroleum and Geothermal Information Management System (WAPIMS) is a petroleum exploration database containing data on titles, wells, geophysical surveys and other petroleum exploration and production data submitted to DMIRS by the petroleum industry. The database also contains information on mineral boreholes drilled in the State.

Refer to: www.dmp.wa.gov.au/wapims



Titles information

Western Australia's petroleum cadastre and digital mapping data is available free of charge via the DMIRS website. Potential investors can check whether areas of interest are the subject of an acreage release, have existing titles or not, and who the title holder is. This allows investors to approach potential joint venturers knowing that they have clear right to the title area.

Refer to: www.dmp.wa.gov.au/tengraph

The Petroleum and Geothermal Register (PGR) system is easy to use and provides information relating to petroleum and geothermal titles. It also allows for online lodgement of applications and online payment of fees.

Refer to: www.dmp.wa.gov.au/pgr



Canning coastal seismic survey

Petroleum industry service sector

Specialist petroleum services reside in the State capital, Perth. Such services include onshore and offshore drilling, seismic surveys, well logging (and other geophysical surveys), core analysis, and legal and accounting support.

Exploration

Foreign investors or companies are:

- not obliged to seek Australian participation in their petroleum exploration activities
- not required to seek investment approval when applying for a new exploration licence; however, a proposal for registering an Australian entity is required
- exempt from official examination when acquiring an interest in an existing exploration permit (through 'farm-in' or 'farm-out' arrangements or rearrangement of interests in an exploration joint venture agreement), but subject to examination on application for transfer of a title.

Foreign investment welcome

- In general, proposals to acquire an interest of 20% or more in any business valued over \$266 million (or the higher threshold of \$1154 million for agreement country investors from Canada, Chile, China, Japan, Korea, Mexico, New Zealand, Singapore and the US) require prior approval.
- All direct investments by foreign governments, or their agencies, require prior approval, regardless of size.

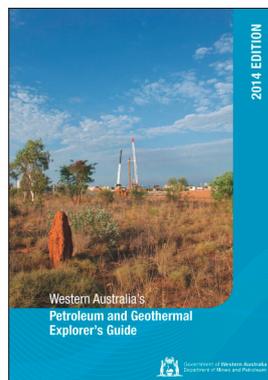
Refer to: www.firb.gov.au

Geothermal energy

Acreage for geothermal energy exploration in onshore areas of Western Australia can be applied for by way of a Geothermal Special Prospecting Authority with an Acreage Option at any time.

Geothermal royalties will generally be calculated at 2.5% of the value of geothermal energy.

For more information



Western Australia's Petroleum and Geothermal Explorer's Guide 2014 Edition and the full suite of guidance material is available from DMIRS.

Refer to: www.dmirs.wa.gov.au

Useful links

WESTERN AUSTRALIA	
Western Australian State Government	www.wa.gov.au
AUSTRALIAN GOVERNMENT	
Geoscience Australia	www.ga.gov.au
Australian Geoscience Information Network	www.geoscience.gov.au
Australian Taxation Office	www.ato.gov.au
Department of Industry, Innovation and Science	www.industry.gov.au
Australian Securities and Investment Commission	www.asic.gov.au
Australian Department of Home Affairs	www.homeaffairs.gov.au
Australian Department of Foreign Affairs & Trade	www.dfat.gov.au

