

Queensland  
**EXPLORATION  
SCORECARD**

**2018**  
OPTIMISM ABOUNDS



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# FOREWORD

## WELCOME TO THE EIGHTH ANNUAL EXPLORATION SCORECARD

Last year's Scorecard showed a clear turning point for the Queensland exploration sector as a tide of optimism swept through industry after several lean years. Encouragingly, those green shoots of optimism have flourished in 2017-18 with mineral and petroleum exploration back on the rise. Queensland coal exploration increased for the first time since 2011-12, mineral exploration expenditure increased by 35% across the year, while Queensland petroleum exploration expenditure increased by 5%. Commodity prices also continued to climb in 2017-18, with solid gains across base and precious metals, petroleum and coal benchmark prices adding further support for Queensland exploration.

Queensland's recognition on the global stage as a world-class resources region is growing. The Fraser Institute, a Canadian think tank, recently recognised our resources prospectivity by ranking Queensland as 3rd in the world in its Best Practices Mineral Potential Index, which ranks jurisdictions in terms of geological potential. Queensland has the honour of being the highest ranked Australian jurisdiction.

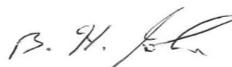
But it's not just Queensland's resource prospectivity that's encouraging. This year's exploration sentiment survey revealed the highest level of positive sentiment in the industry since the Scorecard began in 2011. For the first time in the Scorecard's history, explorers were positive about their access to investment capital and sentiment towards policy uncertainty and environmental regulations also greatly improved, albeit sentiment for both categories still remains negative. The Department of Natural Resources, Mines and Energy must take a bow for its commitment to improving exploration permit processes and once again exceeding its customer service target.

Despite the optimism, a recovering exploration sector comes with its own set of growing pains. The industry is already experiencing skill and equipment shortages, while land available for exploration remains a roadblock to growth. Industry and Government must continue to work together if we are to deliver stronger results next year.

Looking ahead, we can expect further growth for the industry. Our surveys this year show 62% of explorers expect to increase their expenditure or activity in Queensland over the coming 12 months, and 65% of those in the drilling industry expect their company's activity to increase. That's great news for Queenslanders who will benefit through higher employment, increasing royalties and tax contributions in the longer term.



**The Hon. Ian Macfarlane**  
Chief Executive Officer  
Queensland Resources Council



**Brad John, PSM**  
Chair  
Queensland Exploration Council

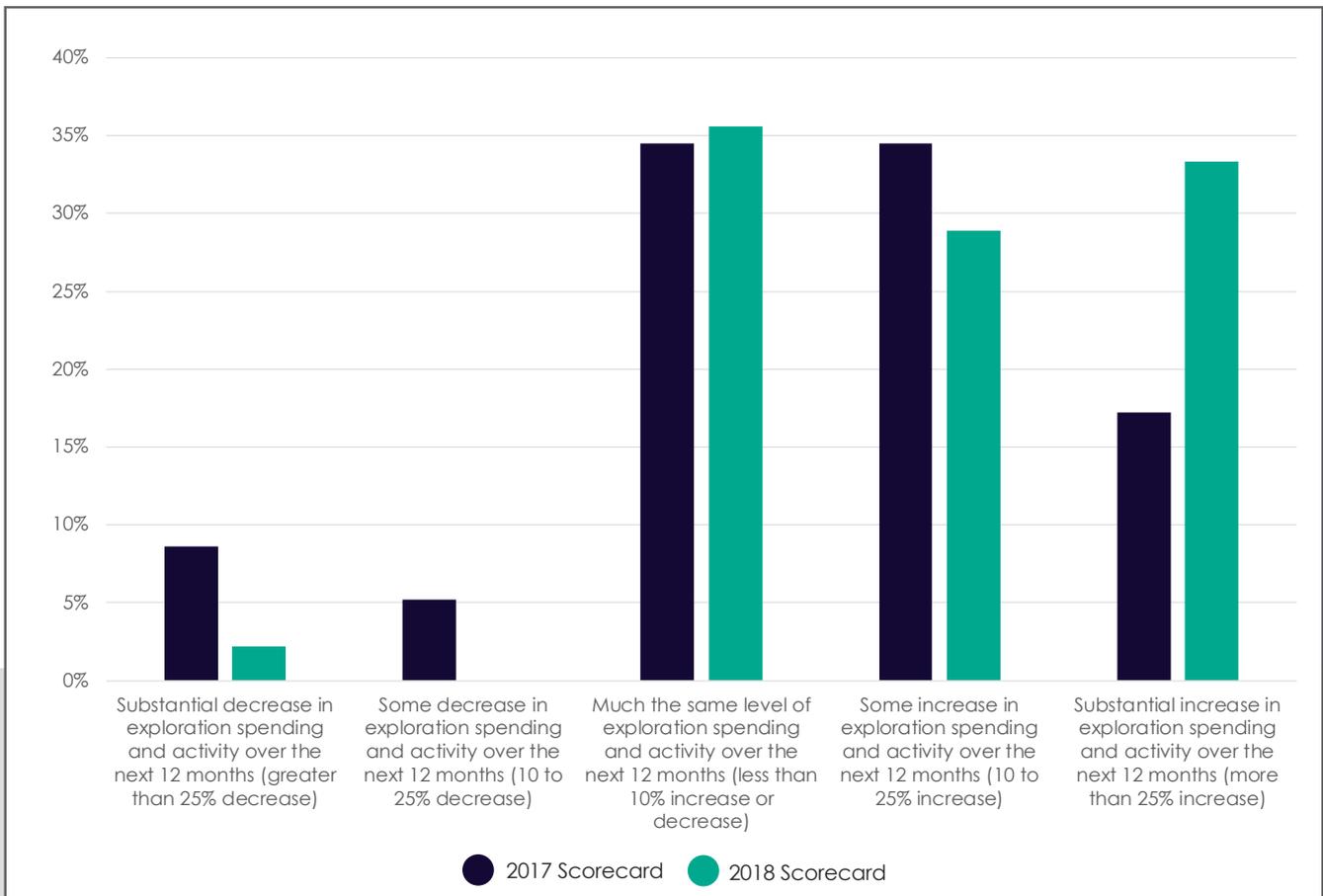
# PUTTING THE SCORECARD INTO CONTEXT

## 2018 - OPTIMISM ABOUNDS

Exploration is the lifeblood of future resource development in Queensland. Without exploration success, there is no long term growth in the industry. Exploration needs to be recognised as an investment in Queensland's future prosperity. The growing interest from investors in Queensland's opportunities in strategic minerals, rare earths and battery minerals only emphasises the growing recognition that the 21st century economy requires a smorgasbord of mineral inputs. The vision of the Queensland Exploration Council (QEC) is bringing exploration and opportunity together.

The headline from this year's Scorecard is that 98% of Queensland explorers expect their expenditure or activity to remain stable or increase over the next 12 month. More than 60% of explorers expect their expenditure or activity to increase over the next 12 months—with one third of all respondents expecting to increase their activity or expenditure in Queensland by more than 25% (chart 1.1). Elevated prices for key commodities has helped shift the cautiously optimistic outlooks of 2017 to more substantial increases in the outlook for exploration activity and expenditure over the next 12 months.

**CHART 1.1: FURTHER GROWTH TO COME - 12 MONTH OUTLOOK FOR EXPLORATION EXPENDITURE, 2017-18**



*N.B. No explorers expected a 10% to 25% decrease in 2018.*



This year's Scorecard retains the layout of previous years with a focused analysis of key exploration indicators. The Scorecard reflects the assumption that the level of exploration activity is broadly driven by:

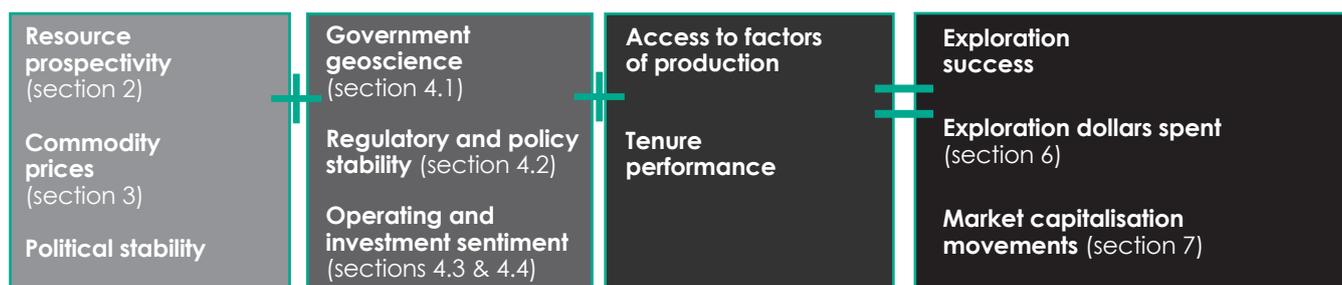
- Queensland's resource prospectivity and endowment;
- the price of key commodities;
- explorer and investor confidence; and
- policy and regulatory stability.

As the market drives commodity prices, the Scorecard concentrates on those lead indicators that can be influenced – namely, explorer and investor confidence and access to the essential factors of production. Outcomes or lag indicators that measure actual exploration success are also included. Figure 1 below shows the Scorecard structure.

**FIGURE 1: SCORECARD STRUCTURE**

**LEAD INDICATORS – FACTORS THAT DRIVE EXPLORATION ACTIVITY AND PERFORMANCE**

**LAG INDICATORS – MEASURING ACTUAL SUCCESS**



Source: QRC

I'd like to thank all the members of the working group, listed below. Without the enthusiasm and expertise of the working group, the Scorecard would never get off the ground. I'm proud to chair such an effective group. In particular, I want to acknowledge the constructive engagement and professionalism with the Department of Natural Resources, Mines and Energy as well as the work of the QRC secretariat in preparing the Scorecard.

But most importantly, I'd like to thank the Scorecard survey participants, who have given us their valuable time and insight—making this Scorecard possible.

We have worked hard to present an objective measure of exploration in Queensland in 2017-18. The Scorecard identifies several reasons to be optimistic and I am sure industry and government can work to meet the challenges of growth and consolidate the sector's reputation as a reliable and attractive exploration destination.

**Euan Morton**

Chair, QEC Exploration Scorecard Working Group

**MEMBERS OF THE QEC SCORECARD WORKING GROUP 2018**

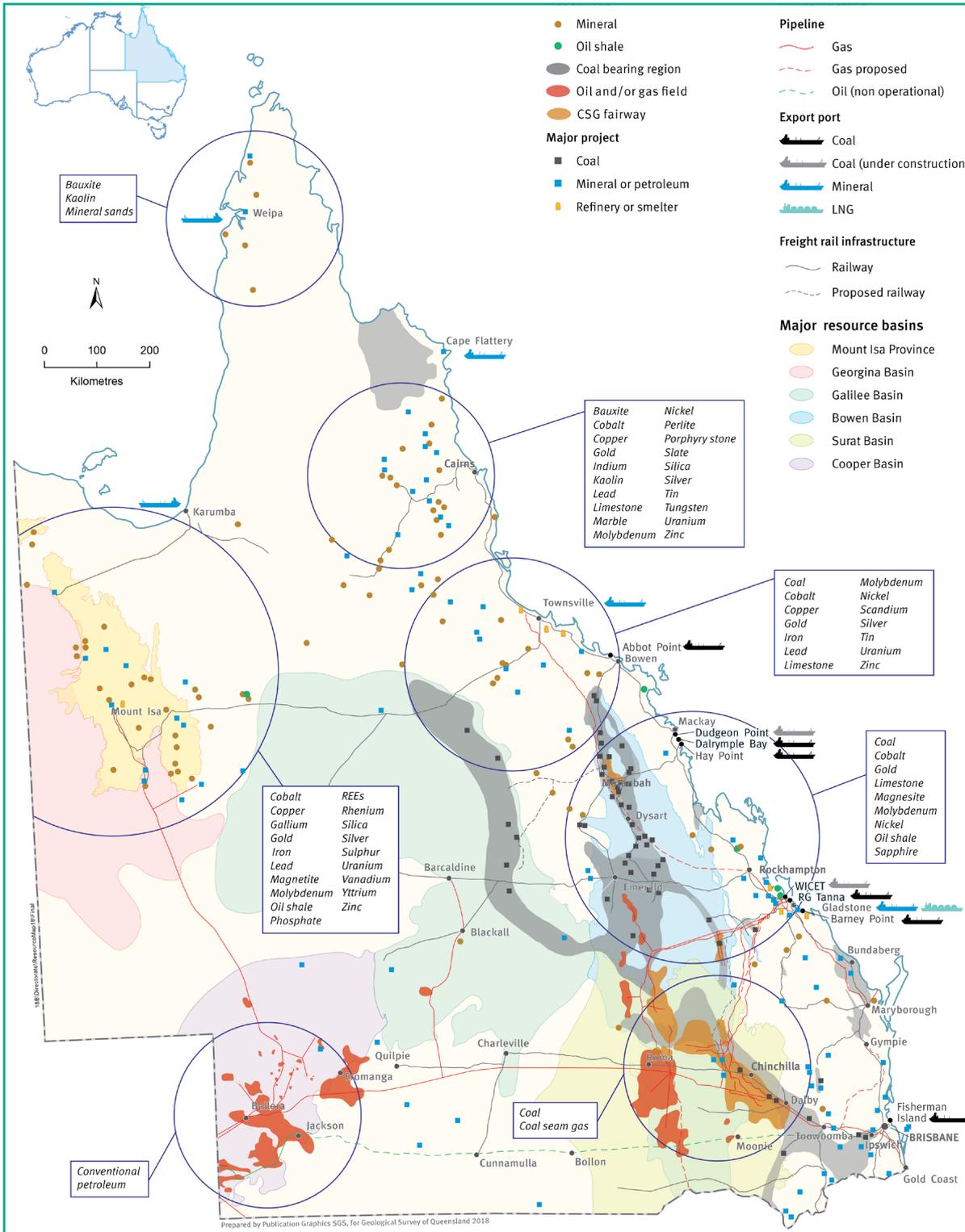
**SUPPORT**

Euan Morton (Chair)	Synergies Economic Consulting Pty Ltd	Dieter Kluger	Department of Natural Resources, Mines and Energy	Andrew Barger	Queensland Resources Council
John Briggs	Ashurst Australia	Tony Knight	Geological Survey of Queensland	Tom Cunningham	Queensland Resources Council
John Bruce	Bruce Resource Consultants	Roger Leaning	Morgans Financial Limited	Emma Haigh	Queensland Resources Council
Peter Hall	Australian Drilling Industry Association	Brett O'Donovan	Kronos Gold LLC	Samantha Nasternak	Queensland Exploration Council
Todd Harrington	Whitehaven Coal Limited	Darren Rutley	Santos Limited		
Stephen Kelemen	Queensland Exploration Council	Darren Walker	U&D Mining		





# 2.0 RESOURCE PROSPECTIVITY



Prospectivity is a major driver of exploration activity. Queensland is blessed with a rich endowment of resources – both a diversity of resources and highly prospective deposits right around the State. Indeed, earlier this year the Fraser Institute recognized the State’s high prospectivity—ranking Queensland as 3rd in the world for minerals potential.

Queensland’s rich prospectivity in base and precious metals and significant endowments of coal and gas are presented in the following map. Queensland has a long history of oil and gas in the South-West corner of Queensland around Ballera and Jackson with world-class resources of coal seam gas under the Roma to Dalby area in the Darling Downs.

Throughout all eight years of the scorecard, sentiment towards Queensland’s prospectivity has remained unflinching positive.

**FIGURE 2: QUEENSLAND’S RESOURCE PROSPECTIVITY**

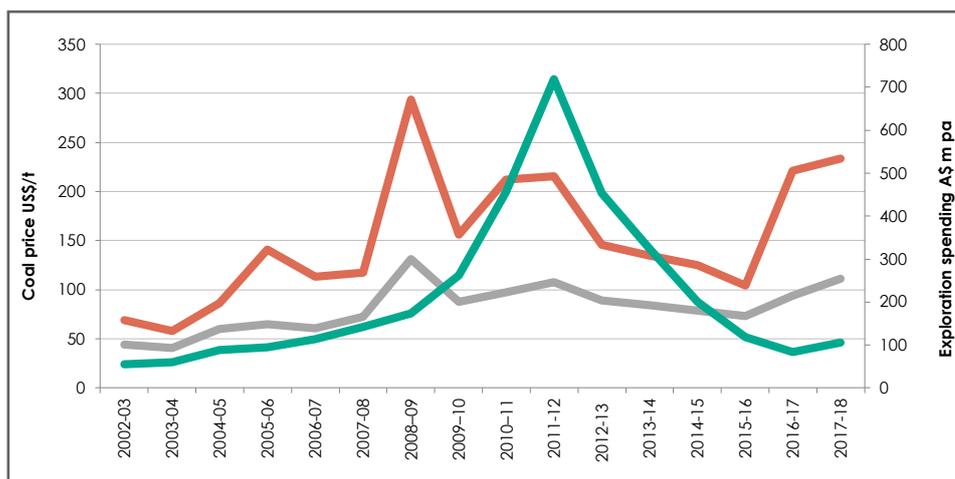
Source: Spatial and Graphic Services, Geological Survey of Queensland 2018

# 3.0 COMMODITY PRICES

Commodity prices are a significant driver of exploration activity in Queensland. Charts 3.1 – 3.4 show the relationship between average global benchmark prices for coal, gold, copper, and LNG compared with Queensland exploration expenditure for each commodity since 2002.

The anecdotal evidence of a turning point in last year's Scorecard has transformed into growing optimism in 2017-18. Exploration expenditure has rebounded for all four commodities below, while prices have also continued to improve. A depreciating Australian dollar against the US dollar since early 2018 has also boosted commodity returns. This renewed sense of optimism suggests further growth for the exploration sector over the next 12 months.

**CHART 3.1: GLOBAL AVERAGE BENCHMARK COAL PRICES AND COAL EXPLORATION SPEND IN QUEENSLAND, 2002-03 TO 2017-18**

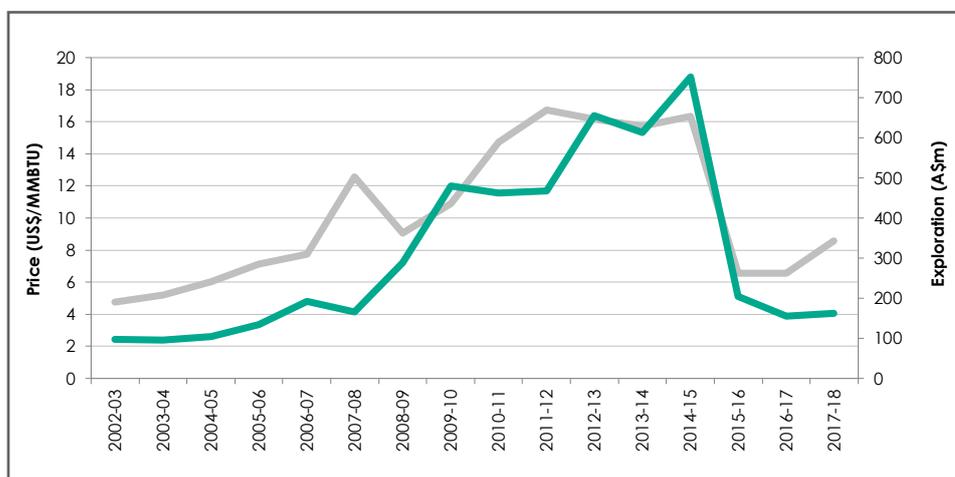


In 2017-18, key coal benchmarks continued to build upon the large gains from 2016-17. Metallurgical coal achieved the highest annual average price in nine years—up a further 6% this year, while the benchmark thermal coal price increased by 19% on the 2016-17 average. The prolonged period of elevated prices has revived coal exploration, with Queensland coal exploration expenditure increasing for the first time since 2011-12—up 27%.

- Thermal coal price (US\$/t) (LHS)
- Metallurgical coal price (US\$/t) (LHS)
- Queensland coal exploration (A\$m) (RHS)

Source: Office of the Chief Economist, Resources and Energy Quarterly, ABS 8412.0

**CHART 3.2: GLOBAL AVERAGE BENCHMARK LNG PRICES AND QUEENSLAND PETROLEUM EXPLORATION SPEND, 2002-03 TO 2017-18**



There are plenty of reasons to be positive about the gas sector in 2017-18. Queensland petroleum exploration expenditure increased for the first time since 2014-15 (up 5% for the year) and Japanese LNG prices increased by 30% over the year. AEMO has forecast there will be no supply shortfalls in the Australian east coast gas market until 2030—however AEMO's forecast assumes contingent resources supply the domestic market from around 2022 and continued exploration and development will be needed to deliver these contingent resources to market<sup>1</sup>.

- Japanese LNG price (\$US/MMbtu) (LHS)
- Queensland petroleum exploration (A\$m) (RHS)

Note: Petroleum exploration expenditure includes appraisal activities, but excludes developmental and production activities.

Source: METI, ABS 8412.0

<sup>1</sup> AEMO, Gas Statement of Opportunities 2018



**CHART 3.3: GLOBAL AVERAGE BENCHMARK GOLD PRICES AND QUEENSLAND EXPLORATION SPEND, 2002-03 TO 2017-18**

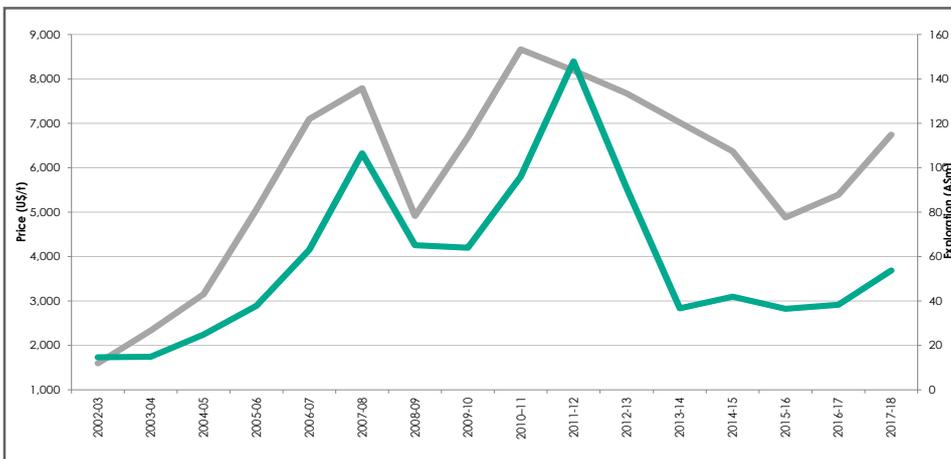


Queensland gold exploration continues to improve, achieving four consecutive years of expenditure growth—up 21% on 2016-17. Gold exploration has perhaps the most direct relationship between the prevailing price and exploration spending. Rising trade tensions suggest the demand for gold will continue, given its safe haven status.

— Average global gold price (US\$/oz) (LHS)  
— Queensland gold exploration (A\$m) (RHS)

Source: Office of the Chief Economist, Resources and Energy Quarterly, ABS 8412.0

**CHART 3.4: GLOBAL AVERAGE BENCHMARK COPPER PRICES AND QUEENSLAND EXPLORATION SPEND, 2002-03 TO 2017-18**



As a sign of improving economic conditions, Queensland copper exploration expenditure threaded two consecutive years of growth together for the first time since 2011-12. A ramp up of copper-intensive technologies such as electric vehicles, as well as increasing global industrial production means copper demand is likely to improve over the medium term. The challenge for Queensland remains finding new deposits in more difficult conditions.

— Average global copper price (US\$/t) (LHS)  
— Queensland copper exploration (A\$m) (RHS)

Source: Office of the Chief Economist, Resources and Energy Quarterly, ABS 8412.0

## KEY FINDINGS

- Queensland coal exploration expenditure increasing for the first time since 2011-12—up 27% (chart 3.1).
- Queensland petroleum exploration expenditure increased by 5% in 2017-18 (chart 3.2).
- Queensland gold exploration continues to improve, achieving four consecutive years of expenditure growth—up 21% on 2016-17 (chart 3.3).
- Queensland's copper exploration continued to improve, with expenditure in 2017-18 at its highest level since 2012-13 (chart 3.4).

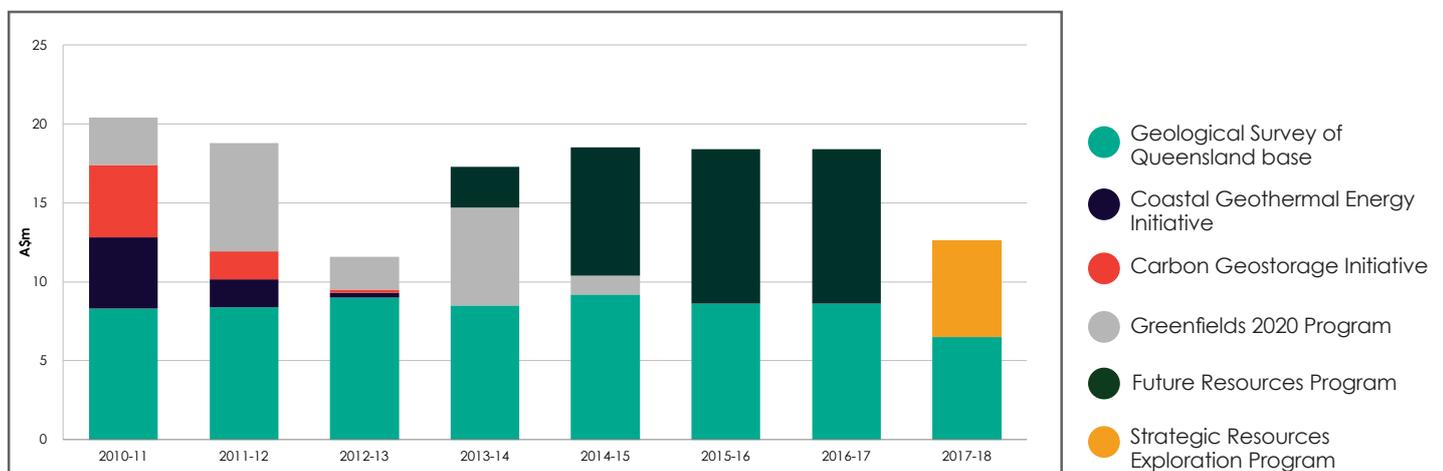
# 4.0 EXPLORER & INVESTOR CONFIDENCE

## 4.1 STATE GOVERNMENT GEOSCIENTIFIC FUNDING AND ACTIVITIES

Total State government geoscientific funding and the breakdown of that funding across the various programs is shown in Chart 4.1. Ideally, industry would like to see the Geological Survey of Queensland (GSQ) with a substantial and growing base level of funding, rather than relying on 2-3 year program funding.

In 2017-18, the GSQ commenced its four-year Strategic Resources Exploration Program (SREP) valued at over \$27 million. The SREP will fund programs to support north-west Queensland, exploration for new petroleum resources in frontier basins, and modernisation of government geoscience data systems. It will also include targeted support towards drilling and non-drilling activities under the Collaborative Exploration Initiative.

**CHART 4.1: TOTAL GEOLOGICAL SURVEY OF QUEENSLAND EXPENDITURES (A\$M) 2010-11 TO 2017-18**



Source: Department of Natural Resources Mines and Energy

### KEY FINDINGS

- In December 2017, GSQ approved \$1.13 million in exploration grants to nine companies targeting copper, gold and base metals in the North West Minerals Province, as part of the Collaborative Exploration Initiative.
- GSQ continued working on the Geoscience Data Modernisation Program that will reduce the time to provide and obtain geoscience data.
- GSQ, in collaboration with researchers and industry, developed a Geochemistry Tool Kit. The Tool Kit includes a wealth of reviews, case studies, instruction, and expert advice to encourage more exploration in the North West region.
- GSQ is collaborating with CSIRO's Data61 on data driven exploration to improve the quality of GSQ's geological data and also to apply machine learning to identify exploration targets.
- GSQ, together with Geoscience Australia, completed two geoscience programs related to frontier petroleum basins in north-west Queensland, one of which expanded the known area of the South Nicholson basin threefold through the acquisition of seismic data.

## 4.2

## REGULATORY AND POLICY STABILITY

## LEGEND

- Favourable reduction in regulatory control occurred in that year
- No change in regulatory control occurred in that year
- Unfavourable increase in regulatory control occurred in that year

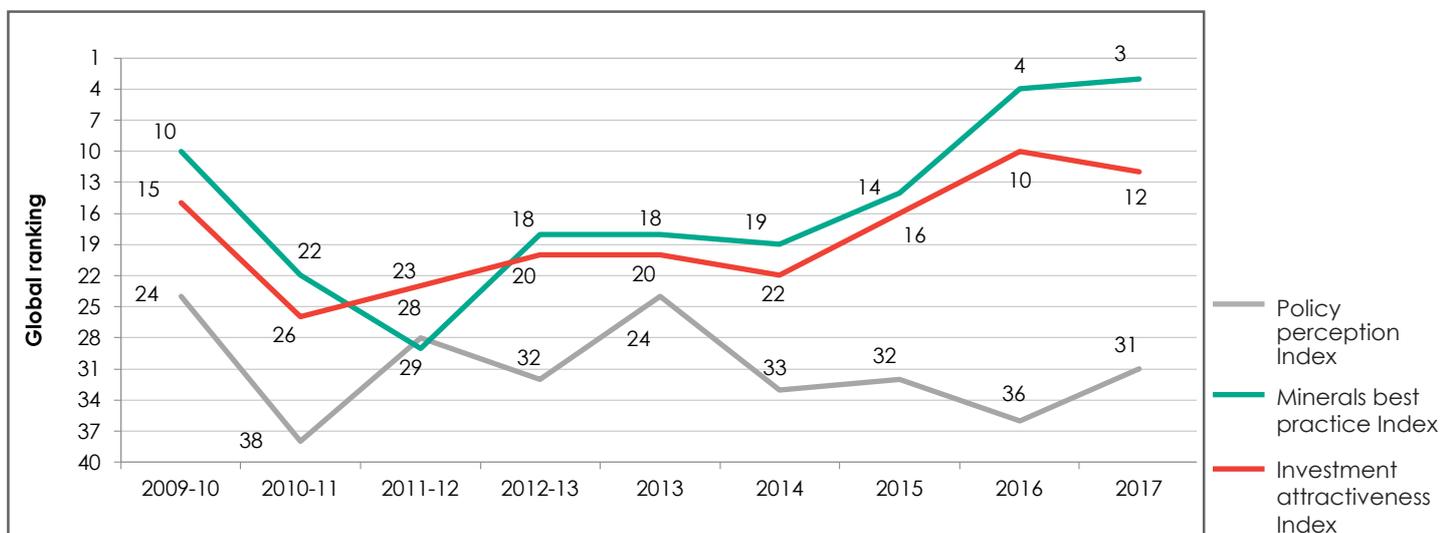
Types of exploration controls in Queensland	Changes between 2011 and 2012	Changes between 2012 and 2013	Changes between 2013 and 2014	Changes between 2014 and 2015	Changes between 2015 and 2016	Changes between 2016 and 2017	Changes between 2017 and 2018
<b>A. Foundation requirements for exploration - processes that most holders of exploration permits must meet on application and continuously through the life of the tenure:</b>							
• Cultural heritage (Aboriginal and non-Aboriginal)	○	○	○	○	○	○	○
• Application for environmental authority (this requirement was removed in 2013 in some circumstances)	○	●	○	○	○	○	○
• Application for exploration tenure (applications for coal subject to tender process in 2012 - minerals applications are unchanged)	○	○	○	○	○	○	○
• Application for exploration tenure (oil and gas rights subject to tender process)	○	○	●	○	○	○	○
• Landowner compensation (Commencement of Land Access Ombudsman for disputes over existing CCAs)	○	○	○	○	○	○	●
• Native Title considerations	○	○	○	○	○	○	○
• Rehabilitation / remediation obligations	○	○	○	○	○	○	○
• Renewal of exploration rights	○	○	●	○	○	○	○
• Administrative improvements in processing applications	○	○	○	●	○	○	○
<b>B. Gateway controls on exploration – policies that present barriers to tenure in some areas:</b>							
• Land regulated as 'Restricted Area'	○	○	○	○	○	○	○
• Land otherwise off limits for environmental reasons (e.g. National Parks and strategic environmental areas)	○	○	●	○	○	○	○
• Restrictions on exploration activity in other areas of regional interest (e.g. priority agricultural areas including strategic cropping areas, and priority living areas)				●	○	○	○
• Land subject to other third-party interests (e.g. new overlapping tenure regime commences for coal and gas (includes exploration), growing risk of land use conflicts with renewable projects)	○	○	○	○	○	●	○
<b>C. Conditioning controls on exploration - policies that impose additional conditions:</b>							
• Applications and approvals to disturb native vegetation	○	○	○	○	○	○	○
• Applications and approvals to work in waterways	○	○	○	○	○	○	○
• Transfer duty – became payable in 2012 – farm-in agreements exempted in 2013	●	●	○	○	○	○	○
• In 2016, work programs halved					○	●	○
<b>D. Impacts on production (but indirectly relevant to exploration):</b>							
• Ongoing uncertainty around the final legislated form of the announced policy changes for Financial Assurance and Rehabilitation. Some uncertainty arising from the slow pace of implementing tenure reforms.							○
<b>E. Year-specific issues:</b>							
• Commonwealth Junior Mining Exploration Incentive (announced, but Bill not passed)							●
• Uncertainties created in 2017-18 around the future legislative and regulatory effect of current policy decisions – specifically Financial Assurance, Cultural Heritage, Native Title compensation, Rehabilitation, Pristine Rivers, Special Wildlife Corridors and Tenure Reforms.							○

# 4.3 FRASER INSTITUTE'S ANNUAL SURVEY OF MINING COMPANIES 2017

The Fraser Institute released its *Annual Survey of Mining Companies 2017* on 22 February 2018. The survey ranks jurisdictions based on an *Investment Attractiveness Index*, which is a weighted average of both mineral and policy perception. In 2017, Queensland was ranked 12th in the world—a two place drop from 10th in the 2016 survey.

The overall *Investment Attractiveness Index* is constructed by combining the *Best Practices Mineral Potential index*, which rates regions based on their geological attractiveness, and the *Policy Perception Index*, a composite index that measures the effects of government policy on attitudes toward exploration investment. Queensland's rankings in these indices are presented below.

**CHART 4.3: FRASER INSTITUTE – QUEENSLAND'S GLOBAL RANK 2009-10 TO 2017**



Source: Fraser Institute Annual Survey of mining companies

The report's *minerals best practice potential index* rates a jurisdiction's attractiveness based on perceptions of the geology. Survey respondents are asked to rate the pure mineral potential, assuming that their policies are based on 'best practice', i.e. independent of any policy settings. 2017 was a standout year for Queensland, moving from 4th to 3rd for geological potential—its highest ever ranking on the index as well as the highest ranked Australian jurisdiction. Indonesia took first place for mineral potential, with Saskatchewan in second place.

The report's *policy perception index* is a composite index that measures the overall policy attractiveness of the 91 jurisdictions in the survey. The index is essentially a "report card" on the perceived attractiveness of their mining policies and is composed of survey responses to policy factors that affect investment decisions.

Queensland's policy attractiveness has improved from 36th to 31st in the world, although there is still room for improvement, with Western Australia (17th) and South Australia (26th) both outperforming Queensland.

The Fraser Institute survey, while a useful benchmark, reflects global perceptions of jurisdictions and its volatility can make drawing strong conclusions from year to year difficult. However, it is clear that Queensland's geology is highly prospective and Queensland's major challenge is creating a regulatory environment which is just as attractive as its geology.

The results between the Fraser Institute's survey and the QEC sentiment survey are not directly comparable. The Fraser Institute's survey ran between August and November 2017 for its February 2018 report. In comparison, this Scorecard's sentiment survey was conducted in September/October 2018 for a December 2018 report. As a result, the sentiment in the Fraser Institute reflects sentiment from an earlier period than in this Scorecard. For this year's survey, only 20% of the QEC sentiment survey respondents also completed the Fraser Institute survey for 2017.

# 4.4

## OPERATING SENTIMENT

Companies were asked to indicate to what degree individual factors positively or negatively impacted the commercial objectives of their Queensland operations during 2017-18. Companies were also asked to respond to the same questions for the other Australian jurisdiction they are most active in outside of Queensland. The 12 core factors have remained constant since the 2011 scorecard.

The survey received 35 'Queensland' and 19 'Rest of Australia' responses. Across the 2017-18 survey, the most common exploration targets of respondents were base and/or precious metals (33%), followed by coal (31%), unconventional oil and gas (24%) and conventional oil and gas (16%).<sup>2</sup>

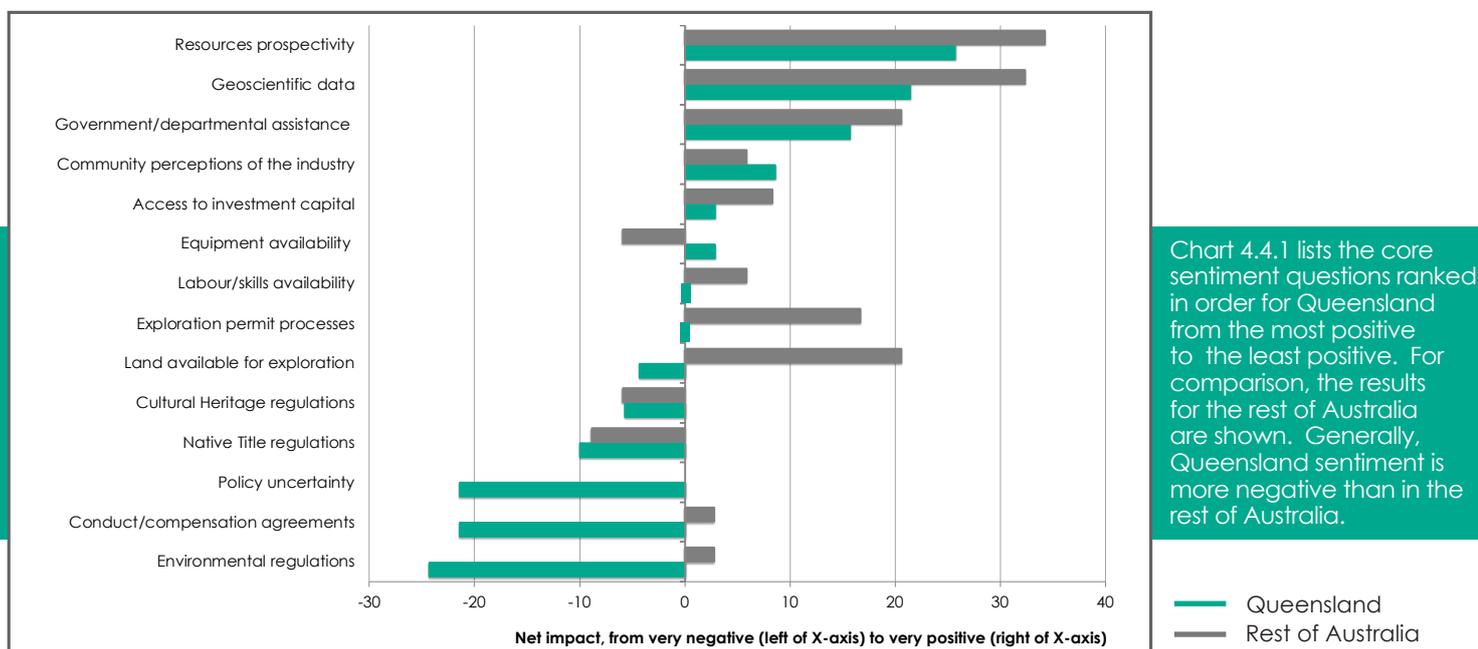
The responses were combined into a single value by weighting each response. 'Strongly positive' (negative) responses were given a weighting of 1 (-1), 'positive' (negative) responses were given a weighting of 0.5 (-0.5) and 'not at all' responses were given a weighting of 0. For more details and a worked example, please see section 4.3, page 21 of the [2015 Scorecard](#).

### INDUSTRY SENTIMENT SURVEY

The full results for 2018 shows the range of issues encompassed in the sentiment survey (Chart 4.4.1).

- **Six of the 14 factors** showed a net positive sentiment in Queensland. Two of the five were strongly positive:
  - ✓ resource prospectivity; and
  - ✓ pre-competitive geoscientific data.
- **Six of the 14 factors** showed net negative sentiment in Queensland, with 3 of those being strongly negative:
  - ✗ policy uncertainty;
  - ✗ conduct and compensation agreements; and
  - ✗ environmental regulations.
- **Two of the 14 factors** were neutral:
  - ✓ labour/skills availability; and
  - ✓ exploration permit processes.
- The eight-year trends for Queensland show a **marked improvement in:**
  - ✓ exploration permit processes;
  - ✓ departmental assistance;
  - ✓ industry perceptions of social licence to operate; and
  - ✓ pre-competitive geoscientific data.

**CHART 4.4.1: COMPARING QUEENSLAND TO THE REST OF AUSTRALIA 2017-18**

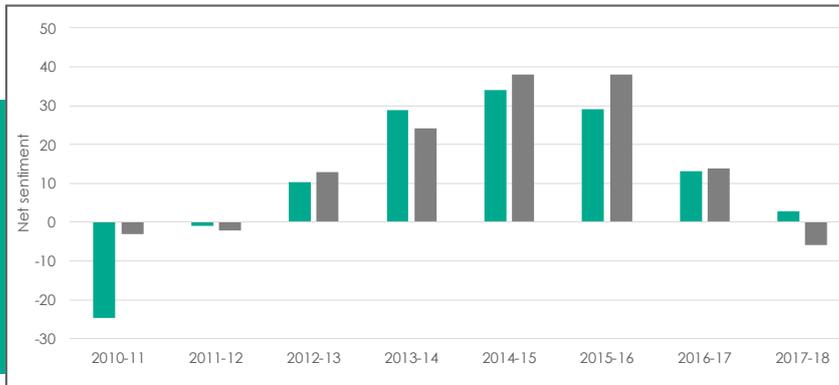


<sup>2</sup>Some survey respondents identified more than one exploration target

LEGEND

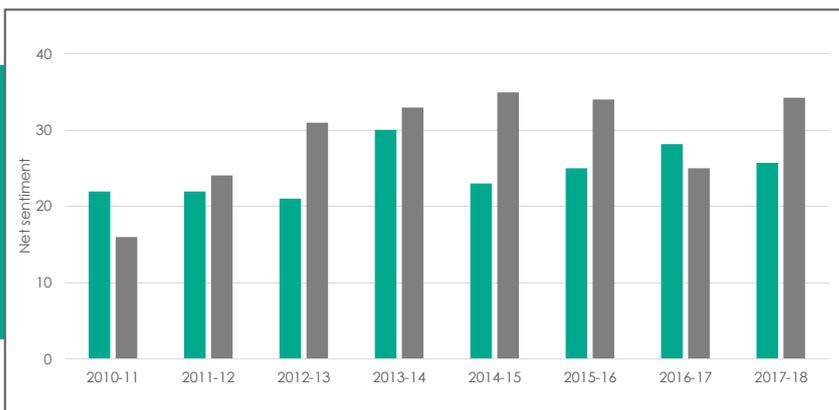
- Queensland
- Rest of Australia

CHART 4.4.2: EQUIPMENT AVAILABILITY 2010-11 TO 2017-18



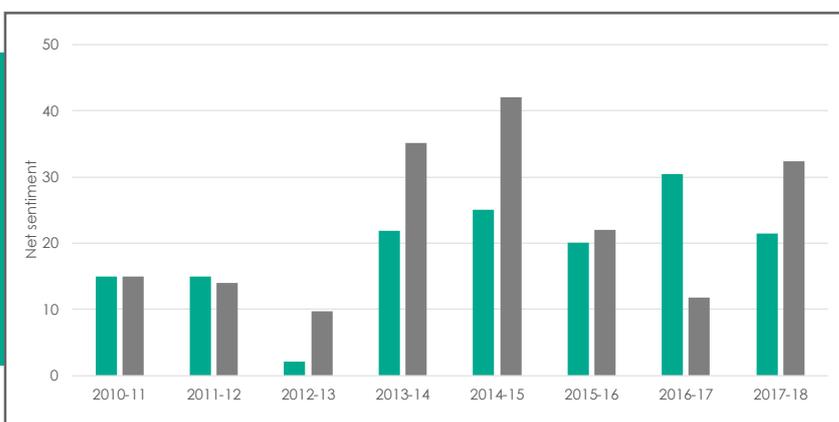
The previously highly positive sentiment for equipment availability has decreased in Queensland and the Rest of Australia—reflecting improving demand for drilling services across Australia and a shortage of skilled drillers. Further deterioration in sentiment could be expected given this sentiment category's inverse relationship with expected exploration activity in chart 1.1.

CHART 4.4.3: RESOURCE PROSPECTIVITY/ENDOWMENT 2010-11 TO 2017-18



Queensland's world-class prospectivity continues to be a net positive—with sentiment showing a positive trend since 2010-11.

CHART 4.4.4: PRE-COMPETITIVE GEOSCIENCE DATA 2010-11 TO 2017-18

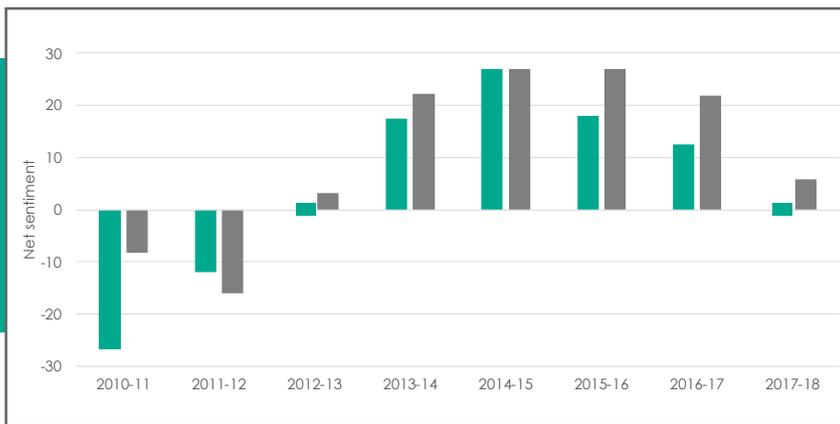


Pre-competitive geoscience data is necessary for attracting exploration dollars and remains a strength for Queensland, with **one survey respondent described the mines online mapping software as 'world-best technology'**. Queensland can expect further improvements in sentiment in two years' time as the GSQ continues to modernise its data system.

LEGEND

- Queensland
- Rest of Australia

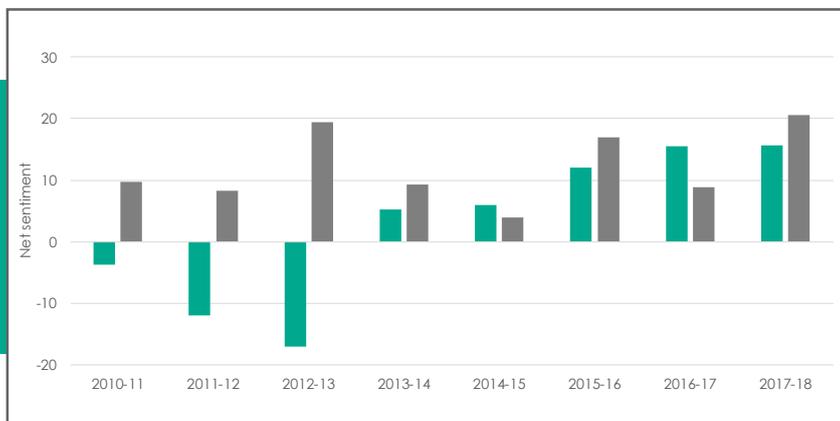
**CHART 4.4.5: LABOUR/SKILLS AVAILABILITY 2010-11 TO 2017-18**



The challenges of growth are coming back with sentiment for labour/skills availability declining to neutral or zero in 2017-18. As with equipment availability sentiment, this sentiment category is expected to decline further as exploration activity improves.

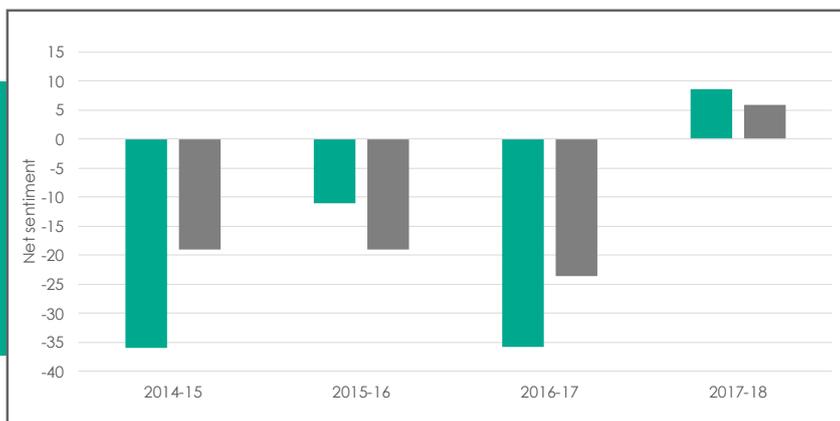
*NB: Queensland sentiment in 2012-13 and 2017-18 was neutral (zero)*

**CHART 4.4.6: GOVERNMENT/DEPARTMENTAL ASSISTANCE 2010-11 TO 2017-18**



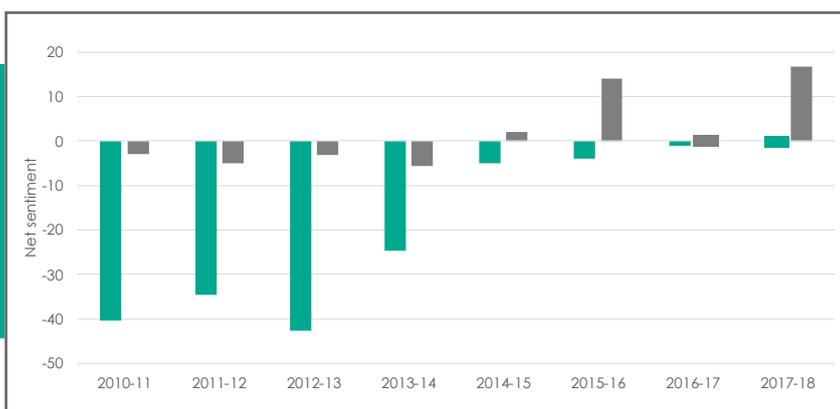
Sentiment towards departmental assistance has been a consistent positive story for the sector in more recent years. For the fifth year running, DNRME has achieved its customer service standard for processing exploration applications for mining, deciding 94% of mining exploration applications within 12 months.

**CHART 4.4.7: COMMUNITY PERCEPTIONS OF THE INDUSTRY, 2014-15 TO 2017-18**



This year's sentiment survey shows a dramatic turnaround in industry perceptions of its social licence to operate—however this sentiment category reflects explorers' views and is only a rough indicator. Yet, increasing activity and employment has no doubt helped with the community's perceptions of the sector. While the improvement in sentiment is welcome, social licence will remain at the forefront of explorers' minds.

**CHART 4.4.8: EXPLORATION PERMIT PROCESSES 2010-11 TO 2017-18**



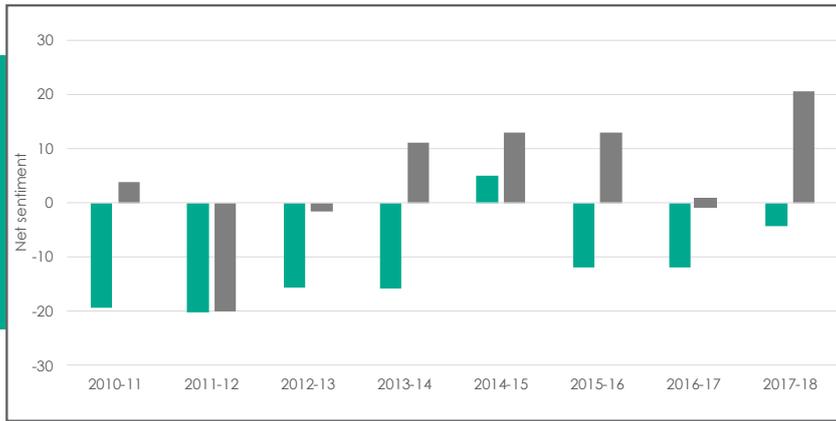
Sentiment towards exploration permit processes has continued to improve, albeit incrementally. Several survey respondents again labelled the tender release process for coal and petroleum tenure as slow.

*NB: Rest of Australia's sentiment in 2016-17 and Queensland's sentiment in 2017-18 were neutral (zero)*

LEGEND

- Queensland
- Rest of Australia

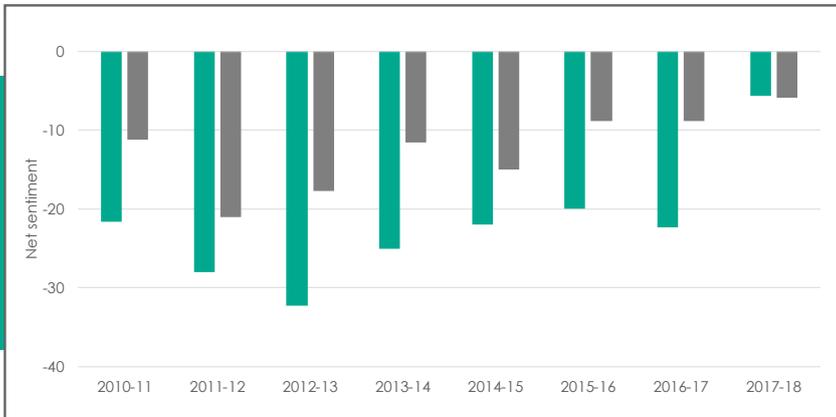
**CHART 4.4.9: LAND AVAILABLE FOR EXPLORATION 2010-11 TO 2017-18**



Sentiment towards available land did improve in 2017-18, however the category still remains negative. Most of the comments on land availability reflected disappointment with the tender releases for coal and petroleum. Meanwhile, this year's improving sentiment for Rest of Australia reflects strong results in South Australia and Western Australia.

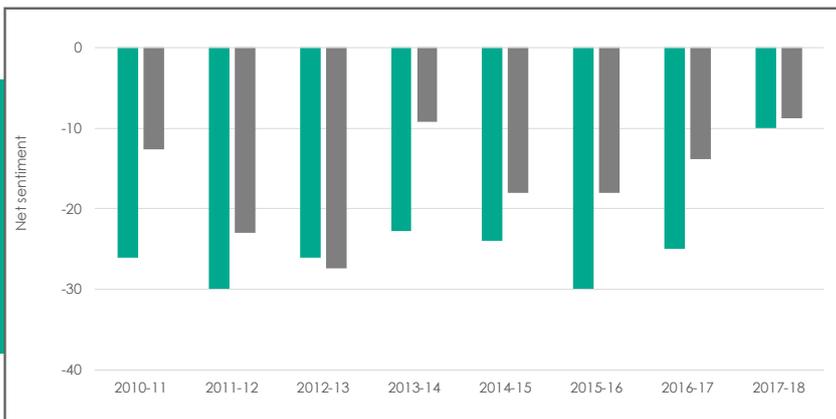
*NB: Rest of Australia's sentiment in 2016-17 was neutral (zero)*

**CHART 4.4.10: CULTURAL HERITAGE REGULATIONS 2010-11 TO 2017-18**



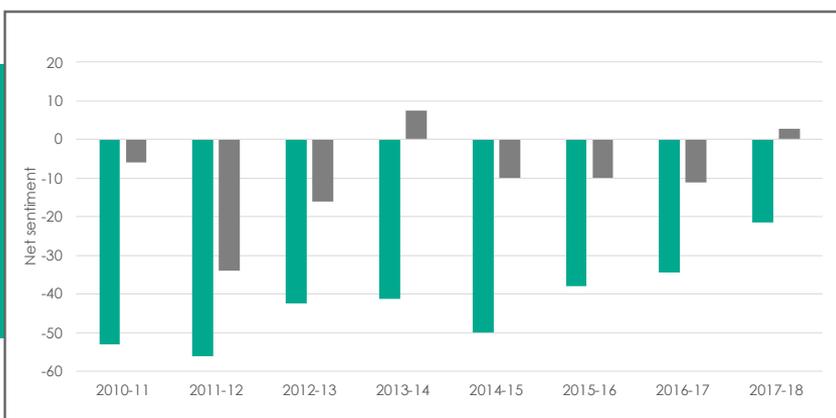
The relative stability of this factor reflects that there have been only very minor changes in Cultural Heritage regulations in the eight year life of the Exploration Scorecard.

**CHART 4.4.11: NATIVE TITLE REGULATIONS 2010-11 TO 2017-18**



The improvement in sentiment this year perhaps reflects industry proponents becoming more familiar with a process that has undergone limited change over the past eight years.

**CHART 4.4.12: CONDUCT AND COMPENSATION AGREEMENTS 2010-11 TO 2017-18**

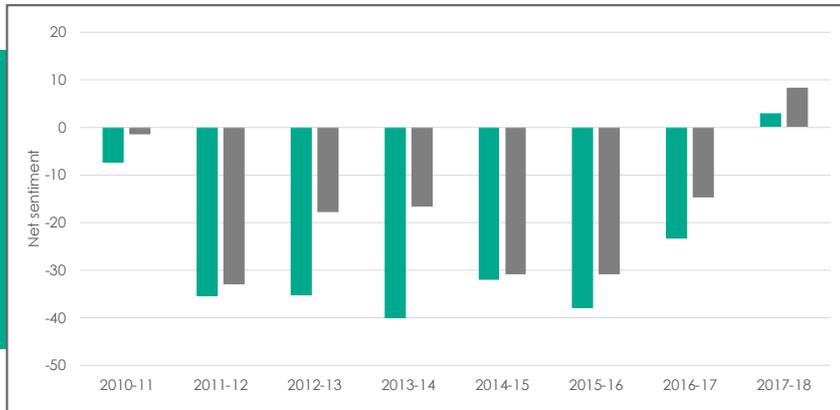


The sentiment results suggest the conduct and compensation agreement (CCA) process is gradually becoming accepted by industry. However, respondents continued to point to examples of prolonged and difficult CCA negotiations. While Queensland's CCA processes

LEGEND

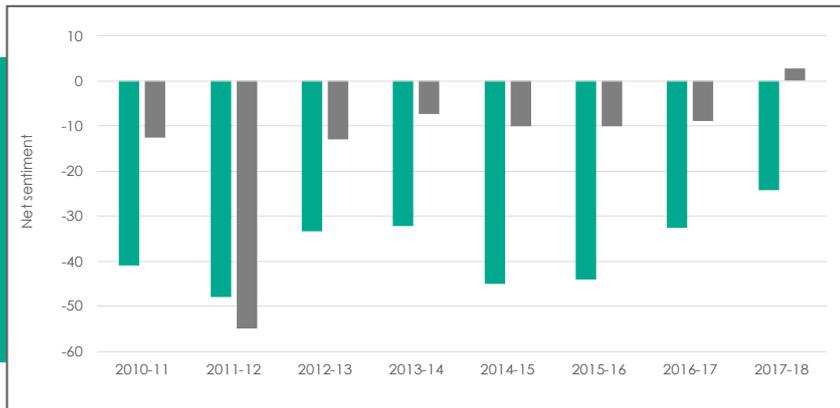
- Queensland
- Rest of Australia

**CHART 4.4.13: ACCESS TO INVESTMENT CAPITAL 2010-11 TO 2017-18**



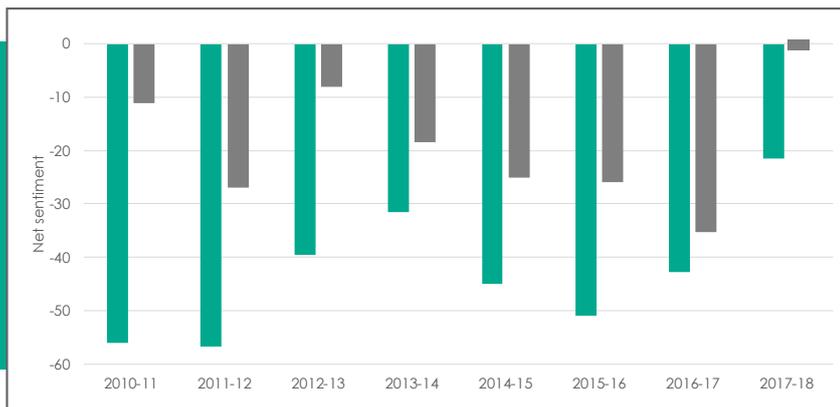
Access to investment capital is one of the great improvement stories for the 2017-18 scorecard —achieving its first positive sentiment score ever. The positive score likely reflects the funding available and more supportive pricing outlook for numerous Queensland commodities.

**CHART 4.4.14: ENVIRONMENTAL REGULATIONS 2010-11 TO 2017-18**



The sentiment towards environmental regulations and compliance from EHP has improved for the fourth year in a row. Yet environmental regulations continue to be seen as cumbersome by industry and remain a strongly negative sentiment category.

**CHART 4.4.15: POLICY UNCERTAINTY 2010-11 TO 2017-18**

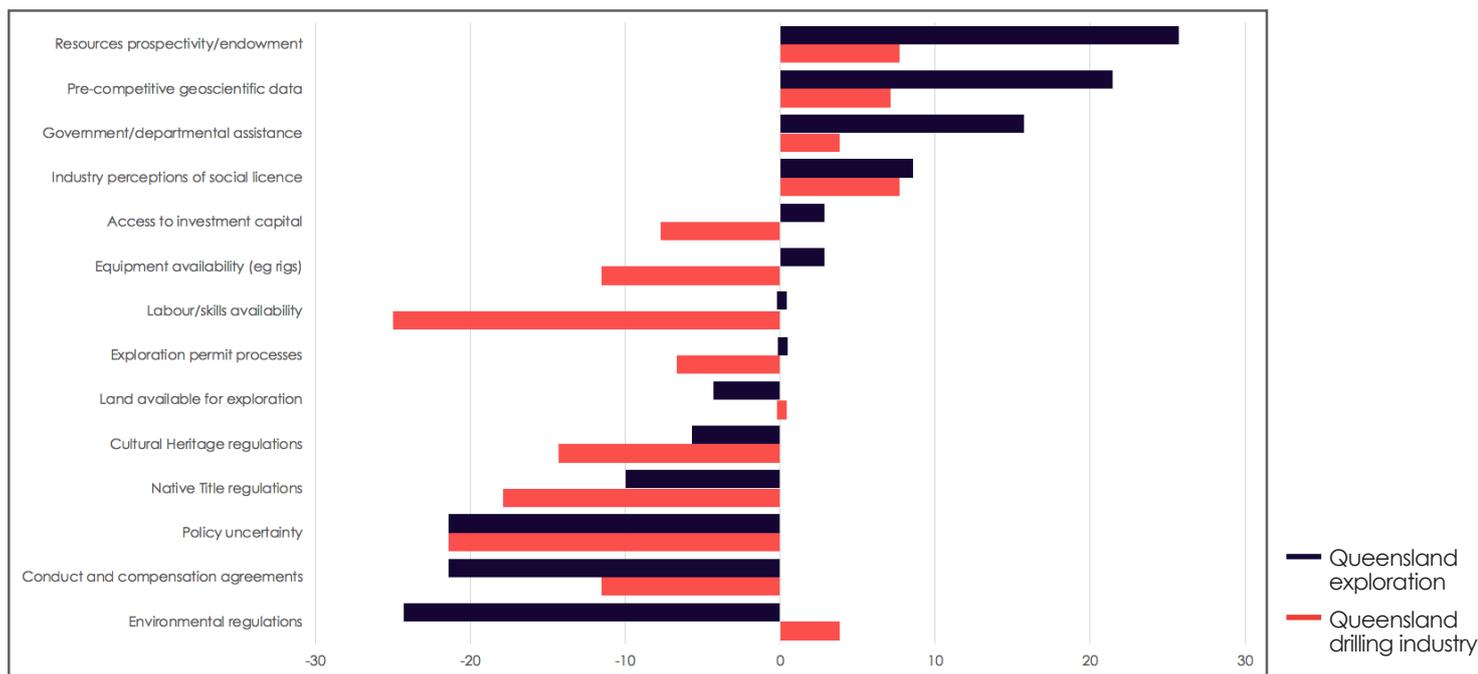


The exploration industry is highly sensitive to changes in policy, even if the policy changes affect production rather than exploration. Sentiment has improved for the third year in a row to its highest level on record, yet it still remains strongly negative. A number of respondents cited energy policy, exploration tender processes and uncertain approvals processes as major factors in their negative sentiment rating. Key examples of these regulatory changes are discussed further in section 4.2.

# 4.5 QUEENSLAND DRILLING INDUSTRY SENTIMENT

The drilling industry is vital for exploring and developing Queensland's natural resources. The Australian Drilling Industry Association asked its member companies with drilling interests in Queensland a number of questions to gauge the sentiment and outlook for the industry. The online survey received 33 responses across all Queensland's major commodity groups.

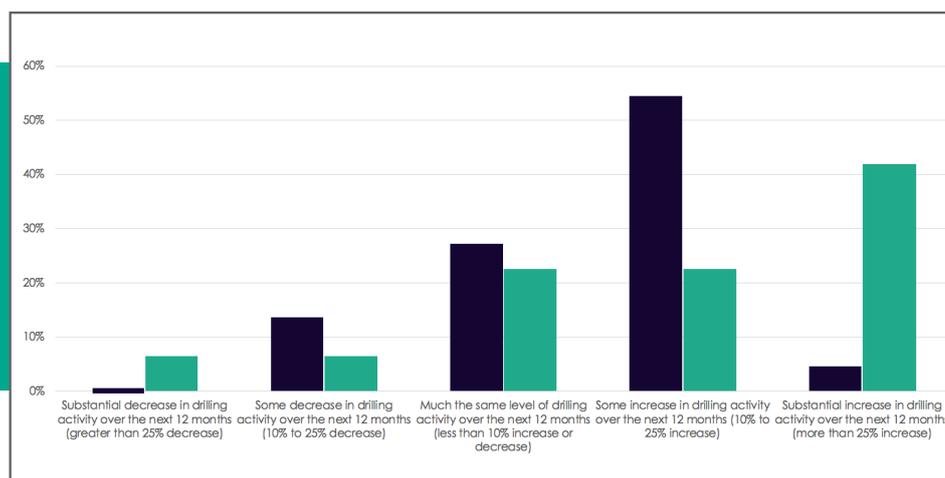
**CHART 4.5.1: SENTIMENT COMPARISON: QUEENSLAND EXPLORERS VS. QUEENSLAND DRILLING INDUSTRY, 2017-18**



While the general sentiment directions of drilling and exploration respondents are largely in agreement, there are a number of exceptions including access to investment capital, equipment availability, labour availability, land availability and environmental regulations.

It's clear that the largest issue facing the drilling industry remains labour and skills availability, which achieved the single largest negative sentiment score for the second consecutive year. Numerous comments from drilling respondents suggests skills development and retaining key personnel are significant issues across the industry.

**CHART 4.5.2: 12 MONTH OUTLOOK FOR DRILLING, 2017-18**



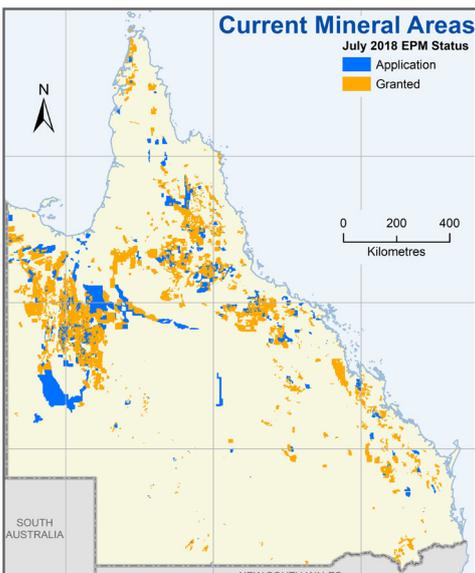
Drilling activity is an important bellwether for the exploration industry more generally and the latest results point to healthy growth in the industry. For this year's survey, 65% of drilling respondents expect their company's activity to increase over the next 12 months and only 13% expecting a decrease. Notably, 42% of all drillers said they expect to increase drilling activity by more than 25% in the next 12 months.

— 17/18 outlook  
— 18/19 outlook

# 5.0 TENURE ADMINISTRATION

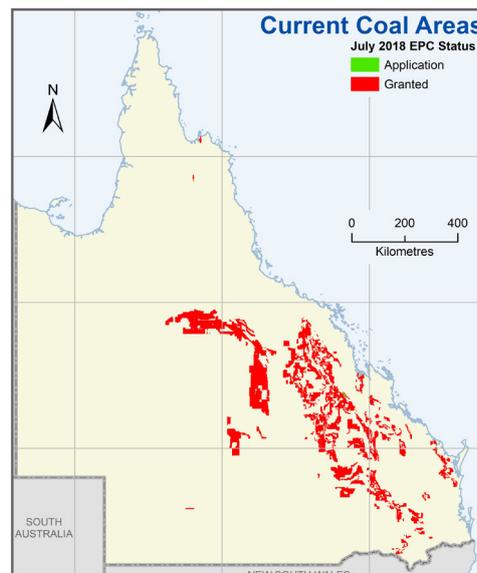
**CHART 5.1: EXPLORATION PERMIT MINERAL COVERAGE, JULY 2018**

The widespread distribution of mineral tenure applications above shows Queensland's diverse minerals potential. Queensland's active exploration targets include base and precious metals, along with growing interest in Queensland's opportunities in strategic minerals, rare earths and battery minerals.



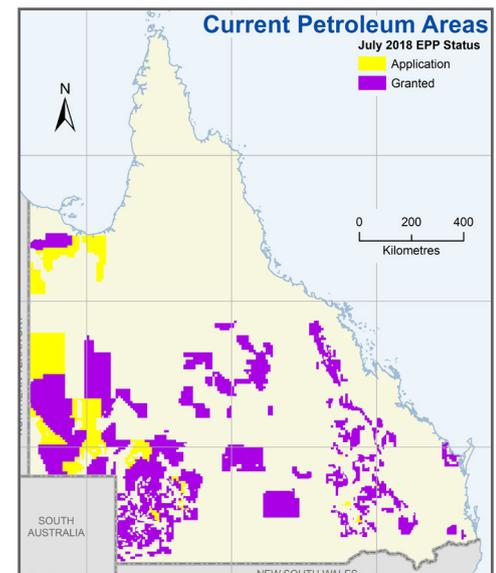
**CHART 5.2: EXPLORATION PERMIT COAL COVERAGE, JULY 2018**

Applications for coal tenure are difficult to spot at the state level, however activity has ramped up over the year. In March 2018, the Queensland Government awarded two tenures in the Bowen Basin, while in May 2018, a further six areas in the Bowen, Galilee and Surat basins were released for tender.



**CHART 5.3: AUTHORITY TO PROSPECT (PETROLEUM), JULY 2018**

Queensland's strong petroleum potential is reflected in the distribution of petroleum tenure above. It's encouraging to see tenure coverage across both brownfield and greenfield basins—with DNRME releasing tenure across Surat, Bowen, Eromanga and Adavale basins in 2017-18.



Source: Department of Natural Resources, Mines and Energy

## KEY FINDINGS

- DNRME's efforts to improve tenure processes are once again a positive story for the sector. In 2017-18, DNRME far exceeded its service delivery target, with 94% of mining exploration applications decided within 12 months. Furthermore, DNRME's commitment to release a schedule for exploration opportunities for coal and petroleum over the coming 18 months is of great value to industry.
- Once again, the tenure maps above show clustering of applications and granted tenures around known commodity deposits.



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