

**Karara Iron Ore Project**  
**Local Preference Policy**

**1. DEFINITIONS**

“**Company**” means Karara Mining Limited ABN 68 070 871 831.

“**Karara Iron Ore Project**” means the Company’s Project to mine iron ore in the Mid-West and to produce and export iron ore products.

“**local supplier**” means a supplier located and “**local worker**” means an appropriately skilled employee who ordinarily resides, in order of priority, in:

firstly, the Mid-West;  
and, if none, then  
secondly, Western Australia  
and, if none, then  
thirdly elsewhere in Australia

“**Mid-West**” means the Mid-West Region of Western Australia, including, without limitation, the Shires of Morawa, Perenjori, Mingenew, Mullewa and Three Springs and the City of Geraldton-Greenough.

“**Project**” means the Karara Iron Ore Project.

“**supplier**” means a person or entity who is able to provide expeditiously and on reasonable terms and conditions any construction, design, engineering, equipment, fabrication, materials, plant or other goods or services of a kind required for the procurement or delivery of the Project.

**2. COMPANY LOCAL PREFERENCE POLICY**

In implementing the Karara Iron Ore Project, the Company seeks to maximise the economic opportunity and benefit to the Mid-West, Western Australia and Australia.

The Company is committed to providing full, fair and reasonable opportunity to local suppliers and local workers to participate in the Project and to share in the Project’s economic rewards.

The Company is committed to providing full, fair and reasonable opportunity for local participants to maximise their expertise, know-how, skills and technologies through engagement in the Project.

**3. CONTRACTORS IMPLEMENTATION**

The Company requires its Contractors to recognise the Company Local Preference Policy and, so far as is consistent with the scope, cost, time and delivery requirements of each contract, to take reasonable measures to implement supporting policies in their own contracting practices and those of their sub-contractors.

In particular, each Contractor must:

- a) take reasonable steps to:
  - i. identify local suppliers;
  - ii. pre-qualify local suppliers
  - iii. issue tender or quotation requests to local suppliers who are satisfactorily pre-qualified in accordance with Project requirements; and
  - iv. have any bid then submitted by a local supplier technically and commercially evaluated.
- b) take reasonable steps to identify local employment opportunities and to recruit appropriately skilled workers locally.
- c) supply to the Project website or as required by the Company information on local supplier opportunities and local employment opportunities identified by the Contractor; and
- d) include in the Contractor's monthly report to the Company information in a form satisfactory to the Company, as to:
  - i. contractor's implementation of local preference;
  - ii. contracts awarded to local suppliers including the name and location of the supplier and brief particulars of the scope and value of the relevant contract; and
  - iii. numbers of local workers and the location from where the people were employed.

#### **4. AUSTRALIAN INDUSTRY PARTICIPATION PLAN**

Each Contractor engaged for the Project must also co-operate reasonably with the Company and give such assistance as the Company may from time to time require in connection with any Australian Industry Participation Plan to which the Company is a party.