TASMANIAN INDUSTRY PARTICIPATION PLAN

TENDER SUBMISSION

MACQUARIE HEADS DEVELOPMENT ROAD UPGRADE

TENDER REF # 2228
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ROAD UPGRADE
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TASMANIAN INDUSTRY PARTICIPATION PLAN

INTRODUCTION
Gradco fully understand the challenges facing communities on the West Coast due to the closure of Copper Mines of Tasmania and the general downturn in mining and civil construction. Gradco have been active in the area for over 20 years and have developed long term relationships with local contractors, suppliers, mine owners and general businesses. Gradco are committed to continuing to utilise the skills and expertise that the local community can provide in the delivery of the Macquarie Heads Development Road Upgrade project. We have subcontract arrangements with key local contractors whose skills and experience align perfectly with the proposed Gradco team to deliver a quality outcome.

LOCAL SME INDUSTRY IMPACT
As a local SME ourselves, Gradco are invested in ensuring our business activities have a positive impact in our home state of Tasmania. Gradco is a family business employing approximately 100 Tasmanian residents. The current Gradco employees who reside on the West Coast would be ideal full time project employees and we would further envisage there will be opportunity for us to employ semi-skilled labour and unskilled labour, ideally West Coast residents.

WEST COAST EXPERIENCE / RELATIONSHIPS
Gradco have worked in partnership with the local West Coast community for over 20 years delivering quality civil and mining projects to all parts. Gradco already have a number of permanent staff and long term sub-contractors who reside on the West Coast. When works are undertaken in the area it is our policy to use local suppliers as much as possible for core work activities as well as support services and accommodation.

PRELIMINARIES
Gradco have formally met with the following contractors and are committed to utilising their services to assist us with the delivery of this project.

- Gaspersic Contracting
- Williams Earthmoving
- Anthony Contracting
- Roadways
- Local Hardware and Grocery Stores
- Kevin Bailey Contracting
- Protector Rail
- Strahan Village Hotel
- Mine – Crete Tasmania
- Local Service Station

An agreement has been made between all parties to ensure that the level of resources provided by these contractors will be within their capability and to ensure they can deliver a quality outcome.
<table>
<thead>
<tr>
<th>Identified goods, services or subcontracted works</th>
<th>Name and location of supplier</th>
<th>Located within 50km of Strahan or Queenstown</th>
<th>Total estimated value</th>
<th>Labour component as an approximate % of total estimated value</th>
<th>Approximate percentage of labour component provided by local residents</th>
<th>Approximate value of labour component provided by local residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravel and pavement materials</td>
<td>Gaspersic Contracting</td>
<td>Yes</td>
<td>$900,000 - $1,100,000</td>
<td>35%</td>
<td>100%</td>
<td>$300,000</td>
</tr>
<tr>
<td>Labour &amp; equipment hire</td>
<td>Williams Earthmoving</td>
<td>Yes</td>
<td>$250,000 - $300,000</td>
<td>50%</td>
<td>100%</td>
<td>$125,000 - $150,000</td>
</tr>
<tr>
<td>Labour &amp; Truck Hire</td>
<td>Anthony Contracting</td>
<td>Yes</td>
<td>$75,000 - $125,000</td>
<td>70%</td>
<td>100%</td>
<td>$55,000 - $85,000</td>
</tr>
<tr>
<td>Sand &amp; pavement supply</td>
<td>Kevin Bailey Contracting</td>
<td>Yes</td>
<td>$60,000 - $100,000</td>
<td>50%</td>
<td>100%</td>
<td>$30,000 - $50,000</td>
</tr>
<tr>
<td>Sealing &amp; Asphalt</td>
<td>Roadways</td>
<td>No</td>
<td>$440,000 - $480,000</td>
<td>40%</td>
<td>15%</td>
<td>$20,000 - $25,000</td>
</tr>
<tr>
<td>Guard Rail</td>
<td>Protector Rail</td>
<td>No</td>
<td>$35,000 - $45,000</td>
<td>30%</td>
<td>25%</td>
<td>$5,000</td>
</tr>
<tr>
<td>Accommodation</td>
<td>Strahan Village Hotel</td>
<td>Yes</td>
<td>$200,000 - $250,000</td>
<td>65%</td>
<td>100%</td>
<td>$130,000 - $160,000</td>
</tr>
<tr>
<td>Concrete Supply</td>
<td>Mine Crete</td>
<td>Yes</td>
<td>$120,000 - $140,000</td>
<td>50%</td>
<td>100%</td>
<td>$60,000 - $70,000</td>
</tr>
<tr>
<td>Labour/ Operators</td>
<td>Gradco employees (locally based)</td>
<td>Yes</td>
<td>$200,000 - $250,000</td>
<td>100%</td>
<td>100%</td>
<td>$200,000 - $250,000</td>
</tr>
<tr>
<td>Food/misc. items</td>
<td>Various local suppliers</td>
<td>Yes</td>
<td>$70,000 - $100,000</td>
<td>30%</td>
<td>100%</td>
<td>$20,000 - $30,000</td>
</tr>
<tr>
<td>Semi-skilled labour</td>
<td>Local Jobseekers</td>
<td>Ideally</td>
<td>$80,000 - $120,000</td>
<td>100%</td>
<td>100%</td>
<td>$80,000 - $120,000</td>
</tr>
</tbody>
</table>
Total estimated value of goods, services or subcontracted works provided by suppliers located within 50km radius of Strahan or Queenstown: $2,600,000.00 (excl. GST)

Total estimated value of labour provided by people whose primary place of residence is within 50km of Strahan or Queenstown: $1,135,000.00 (excl. GST)

Note that Gradco have offered an Alternative Tender Option which if accepted would inject an additional estimated $150,000 into the local Queenstown economy over and above the figures stated above.

SUBCONTRACT AGREEMENT

If successful, Gradco have committed to enter into a subcontractor agreement with all parties to provide the required machinery and personnel for the duration of the project. Gradco will manage this agreement as per our 3rd party certified Integrated Management System. This will ensure all contractor obligations are adhered to in regards to insurances, risk assessment, competencies and fitness for work.

COMMUNITY BENEFIT

Gradco are committed to ensuring the local content of its workforce for this project will gain further skills and experience to make them better placed for future opportunities. There will be other road, mining and construction projects in the medium term and the skills and experience gained by these people will not only help Gradco when tendering for other local work but will assist the broader community as the skills will be transferable.

REPORTING

Gradco will capture and detail all activities in relation to this plan as part of project reporting.