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Sotkamo Silver AB

OUTLINE PROJECT EXECUTION PLAN

TAIVALJÄRVI PROJECT

Document No. 1642_03

Mining Associates

Author:

5th December 2016

Caveat Lector

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1 INTRODUCTION

The Taivaljärvi deposit is to be developed by Sotkamo Silver AB (Sotkamo) using a phased progression of design, construction and subsequent production (The Project). Various studies have been undertaken to the date of this document including a Bankable Feasibility Study (BFS) in March 2012 and an updated BFS completed in March 2016.

While these studies have reached previously published conclusions the intent of this document is to outline how project execution is to be achieved for The Project. This document is intended to be a guide to the methods and practices to be applied to facilitate the focussed and efficient delivery of The Project

Guidance is provided on governance, strategic direction, and project management functions of engineering, procurement, and construction management for the delivery of the work packages.

PREAMBLE – THE OUTLINE PROJECT EXECUTION PLAN

This Outline Project Execution Plan (OP) outlines execution plans for Project Organization, Engineering, Supply Chain Management, Construction, Commissioning, HSE, and Common Project Services, together with referenced procedures, instructions, forms, and other essential project documents.

The OP is a working reference resource document during the life of the Project, providing the baseline planning for how the Project will be executed. As such, it will provide the basis for bench-marking and gauging performance of the work as the Project proceeds. This document should be read in conjunction with the Basis of Estimate document prepared for The Project.

The Project Manager or their delegate is responsible for the preparation and implementation of the subordinate plans as required by this OP. Responsibility and approval for those plans is detailed in the responsibility matrix included in this OP.

2 INTRODUCTION

This document is not intended to be a prescriptive and detailed project plan, rather its purpose is to highlight the need to further develop critical documentation and for The Project team to undertake the tasks necessary for The Project’s successful development. Responsibilities for those activities are identified and the additional subordinate planning is outlined.

2.1 General

A structured and coordinated approach to project management and delivery involves planning. Complex projects, such as Taivaljärvi have multiple activities being performed concurrently during each phase, from development through to production. Personnel and organisations involved in The Project must have clarity around the tasks being delivered and expectations being sought. Overall coordination by Project Management must especially have sufficient information being received to ensure progress against key measurable is in accordance with the plans.

This document will outline The Project requirements for; communication, baseline schedules and budgets, execution strategy, organisational structure, responsibilities, subordinate project plans, systems and procedures, commercial, health safety and environment and human resources

2.2 Key Stakeholders & Contacts

The following lists key stakeholders associated with this project:

| Company | Name | Position | Phone Number | Mobile Number | E-mail |
|---------|------|----------|--------------|---------------|--------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

2.3 Project Execution Locations

The following provides a list of all project offices and sites where work on this project is being executed.

2.3.1 Sotkamo Office Locations

PHONE: XXXX

2.3.2 Project Office Locations

PHONE: XXXX

3 RELIANCE STATEMENT

The document is an internal document written specifically for The Project. It is not intended for release or review by persons outside of Sotkamo organisation or Mining Associates. As such, no reliance by parties external to the named organisations can be placed on this document.

4 ABBREVIATIONS

| | |
|------------|--|
| ALARP: | As low as reasonably practicable |
| AusIMM: | Australian Institute of Mining and Metallurgy |
| Board: | Sotkamo Silver AB Board of Directors |
| BoE: | Basis of Estimate (specific document prepared for The Project) |
| CAPEX: | Capital Expenditure |
| CEO: | Chief Executive Officer Sotkamo Silver AB |
| CFO: | Chief Financial Officer Sotkamo Silver AB |
| DoA | Delegation of Authority |
| E&A: | Electrical and Automation |
| EPCM: | Engineering, Procurement and Construction Management |
| HSE: | Health Safety and Environment |
| INCOTERMS: | Pre-defined International terms for procurement and transport |
| OPEX: | Operational Expenditure |
| OP: | Outline Project Execution Plan (this document) |
| PM: | Project Manager |
| SoW: | Scope of Works |
| TSC: | Technical Steering Committee |
| WBS: | Work Breakdown Structure |

5 COMMUNICATION

5.1 Meetings

Key communication meetings for The Project and their chair of each and frequency are summarised in the table below.

| Title | Frequency | Chair |
|------------------------------|-----------|--------------------|
| Technical Steering Committee | Monthly | Technical Director |
| Cost Review Meeting | Monthly | Technical Director |
| Project Meeting | Weekly | Project Manager |
| Schedule Review Meeting | Weekly | Project Manager |
| Planning Workshop | Monthly | Project Manager |

5.2 Reporting

A single consolidated report summarising the status of all work will be issued monthly to communicate the current project progress and performance against the targets and objectives included in the functional execution plans, baseline schedules, and project budgets. The progress report will also provide forecasts for each work package and identify recovery plans if required and project key issues and concerns.

This report will be produced by the Technical Director.

A weekly consolidated update will be issued to Sotkamo on project budget, schedule, and issues arising (and their mitigations). This update will provide brief summaries of previous weeks' activities, immediate lookahead and issues and concerns. Available EPCM type, direct and indirect costs will be provided in tabular format. Graphical progress against budget will be provided where appropriate.

This report will be produced by the Project Manager.

6 PROJECT DESCRIPTION

6.1 Scope of Works

The Project Scope of Works (SoW) reflects the phased delivery and owner-managed execution strategy. In general, the project delivery will be as follows;

- Project managed by Sotkamo
- Engineering management by Sotkamo
- Engineering outsourced
- Mining development outsourced
- Construction by contractor
- Commissioning by Sotkamo and supported by contractor.

In general, The Project during operational phases will be:

- Managed by Sotkamo
- Technical services by Sotkamo
- Mining operations outsourced
- Processing by Sotkamo
- Maintenance by Sotkamo, vendors and contractors
- Laboratory services outsourced
- Product logistics outsourced

It is understood that the identified methods may change during The Project. The priority of individual works packages will also be determined by factors both internal and external to The Project.

6.2 Scope of Services

The following outlines the services that will be undertaken for The Project:

- Detailed project definition
- Project Management
- Project controls
- Procurement and contracts
- Logistics coordination
- Engineering management
- Engineering
- Construction management
- HSE management
- Commissioning

The actual scope will vary dependent on the finalised and detailed plans and execution strategy for each discipline and/or function.

6.3 Budget and Schedule Baseline

A baseline budget and will be developed using the principles detailed in the Basis of Estimate document prepared for The Project.

The budget will be allocated in accordance with project reporting and progress measurement requirements and generally in accordance with the WBS provided in the BoE document. Project costs will be reported against the baseline budget, variances will be assessed and reported. Budget changes will be made in accordance with Delegation of Authority (DoA) levels.

A baseline schedule and will be developed using the principles detailed in the Basis of Estimate document prepared for The Project.

The schedule will be structured so that project resources are allocated in accordance with project reporting and progress measurement requirements and generally in accordance with the WBS provided in the BoE document. Project schedule will be reported against the baseline schedule, critical path variances and milestone targets/actuals will be assessed and reported.

Schedule changes will be made in accordance with Delegation of Authority (DoA) levels.

Change Management process will be implemented to manage any change from the control budget and schedule.

7 EXECUTION STRATEGY

7.1 General

The Project is to be executed as an Owner-managed model. The model features a core management team providing the following services for The Project:

- Project management
- Project controls services
- Procurement and contracts and logistics coordination
- Engineering management
- Construction management
- Commissioning management
- Health Safety Security and Environment

The core team is to be augmented to respond to the work force, schedule or activity intensity demands throughout The Project.

Contractors and/or vendors will be engaged on a commercial basis to provide services or materials and equipment. These packages of work will be largely self managed by the suppliers or contractors with performance oversight provided by the core management team.

It is the strategic plan of The Project that acquisition of materials and equipment required for the project is transacted by Sotkamo. Service providers and/or contractors will only be required to supply low value or small quantities as part of their contractual engagement. For avoidance of doubt, this direction is intended to reduce CAPEX on the project by avoiding the application of contractor profit margin. If the assessment of comparative pricing does indicate cost savings through contractor sourced materials or equipment it will be only by approval in accordance with the DoA.

7.2 Project Management

The Project management team will include the Project Manager their direct reports as well as administration support. These personnel are direct employees of Sotkamo or seconded.

7.3 Engineering Management

Engineering management will be coordinated by a single role with each engineering discipline lead reporting to the manager. These personnel are direct employees of Sotkamo or seconded.

7.4 Engineering

Engineering services will generally be outsourced in support of each discipline. Service providers will be assessed for capability and availability. The engineering management personnel will coordinate and oversight the outsourced engineering resources.

If there is a requirement specialist engineering service it will typically be sourced through a sub-consultancy arrangement to an approved external provider.

7.5 Other Support Services

Other support services will be provided by Sotkamo with aim of advancing The Project development. This may cover the following areas:

- Regulatory/Permitting
- Landowner interaction
- Community
- Commercial/Legal
- Administration

7.6 Governance

The Technical Steering Committee (TSC) will provide corporate governance to the Project, the team will indicatively consist of the following persons:

- Sotkamo Technical Director/Project Sponsor
- Sotkamo CEO
- Sotkamo CFO

The TSC will meet monthly to review performance and provide direction for the following month. The Sotkamo Technical Director/Project Sponsor will ensure that regular coordination meetings are convened to plan, implement, and coordinate work activities on the project and to identify and resolve issues that might otherwise affect progress and execution of the Project.

7.7 Contracting Model

All project works including: Technical Steering, Project Management, Engineering Management and Shared Services are provided by Sotkamo. Sotkamo will manage the delivery contracts of service and/or equipment and materials. All legal terms and conditions are to be provided by Sotkamo.

8 ORGANISATIONAL STRUCTURE

The outline organisational structure diagrams are provided below.

8.1.1 Technical Steering Committee

The Technical Steering Committee (TSC) is a critical feature of owner-delivered projects. The TSC provides both oversight and technical support to the Project Manager. The TSC also provides information flow between the company owners (the Board) and executives and the Project Management team.

Unstructured interaction with a Project Management team and Board or executives will result in contradictory instructions or misunderstandings and should be avoided. The TSC should remain the project interface for Sotkamo leadership

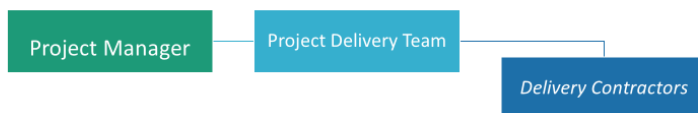
Project Delivery Structure - Governance



8.1.2 Project Delivery

The Project delivery structure outlined below places significant responsibility on the Project Manager. The role is the direct interface between the TSC and the delivery team members. The delivery team is outlined generically. Selection of the team is dependent on the nature and the execution methodology specific to The Project phases. The team will be augmented to accommodate specific skills per schedule and progress.

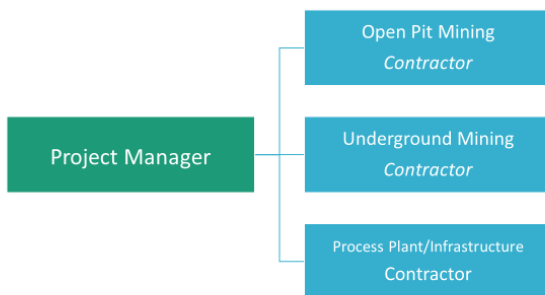
Project Delivery Structure - Technical



8.1.3 Pre-Production

The Pre-Production phase of The Project includes works packages delivered by contractor organisations. Both underground and open pit mining activities during this phases are principally contractor delivered. Additionally the process plant and other project associated infrastructure will also be contractor delivered. Responsibility for management of the contractor packages be by the Project Manager and undertaken by the Project Delivery team.

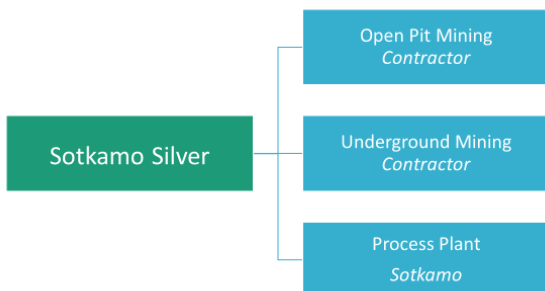
Pre-Production Contracting Strategy



8.1.4 Production

Post commissioning and ramp-up the production phase of The Project will commence. Contractors will continue to deliver the underground and open pit mining services and process plant will be owner-operated. A management team from Sotkamo will oversight the mining services and provide key technical direction and support, while the process plant will have owner personnel managing and operating the facility.

Operational Contracting Strategy



8.1.5 Responsibility Matrix

The responsibility matrix for The Project (otherwise known as a RACI matrix) is detailed below. The RACI matrix outlines key project functions and allocates:

- The roles with responsibility for that task
- Roles with approval status for that task
- Roles that contribute or consult for that task
- Roles that are informed of the progress and/or outcome of that task

| Responsibility Assignment Matrix (RACI Chart) | | | | | | | | | | | |
|---|-------------------------|-----------------|---------------------|-----------------|-----------|-------------|----------------------|---------------|-------------|-----------------------|-------------------|
| R: Responsible for managing the project activity | | | | | | | | | | | |
| A: Approves/Accountable/Authorises the project activity | | | | | | | | | | | |
| C: Consults/Supports/Assists with the project activity | | | | | | | | | | | |
| I: Input as required and is kept informed of the project activity | | | | | | | | | | | |
| Activity | Technical Steering Comm | Project Manager | Engineering Manager | Discipline Lead | Scheduler | Procurement | Construction Manager | Administrator | HSE Manager | Commissioning Manager | Sotkamo Corporate |
| Overall Scope of Services | A | R | C | C | | C | C | | | C | I |
| Engineering Scope of Services | | A | R | C | I | | I | | | | I |
| Procurement Scope of Services | | A | C | C | I | R | I | | C | I | I |
| HSE Scope of Services | | A | | | | | | | R | | I |
| Quality Scope of Services | A | R | C | C | I | | C | | I | C | I |
| Scope of Work | A | R | | | | | | | | | I |
| Permits/Licenses/Approvals | R | I | | | | | | | I | | A |
| Project Design Basis | A | C | R | C | | | | | | | I |
| Design Criteria | I | A | R | C | | | | | | | |
| Process testwork | | A | R | C | | | | | | | |
| Project HSE goals | A | C | C | | | | C | | R | C | I |
| Project WBS | I | A | C | | R | C | C | | | C | |
| Engineering Works packages | I | A | R | C | C | I | I | | I | I | |
| Procurement Works packages | I | A | C | C | C | R | I | | I | I | |
| Construction Works packages | I | A | C | | C | I | R | | I | I | |
| Construction Works schedule | I | A | C | | C | I | R | | I | I | |
| Commissioning program | I | A | C | | C | I | C | | | R | |
| Level 3 Schedule | I | A | C | | R | C | C | | C | C | |
| Project Controls budget format | A | R | C | | | | C | | | C | |
| Capital Budget | A | R | | | | | | | | | I |
| Indirect Budget | A | R | | | | | | | | | I |
| Conversion of estimate to control budget | A | R | | | | | | | | | I |
| Cost control system | R | C | | | | | | | | | A |
| Project mobilisation plan | I | A | | | | | R | | | | |
| Project org chart | A | R | C | | | | C | I | C | C | |
| Project authorisation structure | R | C | C | | | | C | I | C | C | A |
| Project delegation of authority | R | C | C | | | | C | I | C | C | A |
| Communication plan | A | R | C | | | | C | I | C | C | I |
| Change management plan | A | R | C | | | | C | I | C | C | I |
| Risk management plan | A | C | C | | | | C | I | R | C | I |
| Key stakeholders listing | A | R | | | | | | | | | I |
| Vendor documentation | I | A | | | | | R | | | | |
| Technical specifications | | I | A | R | | | C | | | | |
| Confidentiality documentation | A | R | | | | | C | | | | |
| Pre-qualified tender list | I | A | | | | | R | | | | |
| Tender evaluations | A | R | C | | | C | C | | | C | |
| Supplier performance criteria | | A | C | | | R | C | | | C | |
| Freight management | | A | | | | R | C | | | | |
| Terms and conditions for tenderers | I | A | | | | R | | | | | |
| Contract awards pro-forma | A | R | | | | C | | | | | |
| Project Risk assessment | A | C | C | | | | C | | R | C | |
| Project HSE plan | I | A | | | | | | | R | | |
| Monthly Progress report (overall) | A | R | | | | | | I | | | I |
| Monthly Engineering report | I | A | R | | | | | I | | | |
| Monthly Procurement report | I | A | | | | R | | I | | | |
| Monthly Construction report | I | A | | | | | R | I | | | |
| Monthly Commissioning report | I | A | | | | | | I | | R | |
| Monthly HSE report | I | A | | | | | | I | R | | |
| Risk reviews | A | R | C | | C | C | C | | C | C | I |

8.2 Delegation of Authority

The Project shall have formal project authorization and approval limits to be known as The Project Delegation of Authority (DoA). These limits are required for scope of services, engineering, schedule, and capital cost decisions. Individuals may only approve transactions within their area of responsibility and approval limits.

Typically, a DoA will be formatted to include personnel authority levels for the following roles in order of precedence:

1. Sotkamo Silver AB Board of Directors
2. Sotkamo Silver AB CEO
3. Sotkamo Silver AB Executive Management
4. The Project Manager
5. The Project Management team

It is recommended that the approval levels are maintained at the lowest effective level for each role.

Typically, a DoA will be formatted to include authorisation for functions such as:

- Commercial terms
- Capital expenditure
- Operational expenditure
- Personnel appointments
- Permission to contract

Any changes to the authorization or approval limits must be approved by the Technical Steering Committee.

The Delegation of Authority for The Project should be a unique document. Revisions, if made to the document, should be tracked so that individuals can determine the version currency.

9 PROJECT PLANS

9.1 Outline Project Execution Plan

This Outline Project Execution Plan provides guidance on overriding policies, principles, and processes of how Sotkamo will address facets of project management and contractual commitments made for this Project. This Plan will be supported by a series of functional specific execution plans. An example expanded Table of Contents for actual Execution Plans is included as an Appendix to this document.

9.2 Project Management Plan

The Project Management Plan will consist of detailed information regarding the overriding organizational subjects that are common to all phases of each the project.

It includes management, execution, and administration subjects that are common and applicable to engineering, procurement, construction, and commissioning such as; budgetary and schedule management (including milestones and critical path information), progress and cost reporting, commercial management and organisational structure.

This plan will be developed by the Project Manager.

9.3 Engineering Management Plan

Engineering Management Plan covers the fundamental requirements to ensure design and engineering for The Project meets regulatory and owner standards and requirements.

Each engineering discipline will include referenceable standards and project requirements identified. Deliverables will be listed for each discipline and cost estimates; schedules and progress tracking methods will be detailed.

Document control, change management, document status, quality and checking procedures will also be addressed.

This plan will be developed by the Engineering Manager.

9.4 Engineering Execution Plan

Each engineering discipline must develop its own list of design documentation and drawing deliverables. The plan will list these deliverables as well as detailing preferred sequence of progress to ensure The Project or other disciplines are not affected by delays or out of sequence progress by one or more disciplines.

Version control, quality management and drawing/document status must be addressed in this plan

This plan will be developed by the Engineering Manager.

9.5 Supply Chain Management Execution Plan

The Procurement Manager is responsible for preparation and implementation of this project-specific Supply Chain Management Execution Plan with approval of the Project Manager. Key functions such as; procurement, materials management, logistics and contract tendering and award will be covered in this plan.

This plan will be developed by the Procurement Manager.

9.6 Construction Management Plan

The Construction Manager is responsible for preparation and implementation of this project-specific construction management plan with approval of the project manager and project sponsors.

This plan will be developed by the Construction Manager.

9.7 Commissioning Execution Plan

The Commissioning Manager is responsible for preparation and implementation of this project-specific Commissioning Execution Plan with approval of the Project Manager, Construction Manager, and Project Sponsors.

This plan will be developed by the Commissioning Manager.

9.8 Health, Safety & Environment (HSE) Execution Plan

The HSE Manager is responsible for preparation and implementation of this project-specific HSSE Plan, with approval of the Project Manager and Project Sponsors.

This plan will be developed by the HSE Manager.

9.9 Work Packages Plan

The Work Package Plan details the unique aspects relevant to the Package of Works to be performed by an outsources service provider. The Work Package Plan is generally limited to the following:

- Scope of Works
- Scope of Services
- Schedule
- Budget Estimate of Cost
- Execution Strategy
- Deliverables Lists
- Resource Plan

10 SOTKAMO POLICIES, PROCEDURES & SYSTEMS

The following is a list of Sotkamo procedures and standards to be incorporated into the Project plans.

| Item | Title | Revision |
|------|------------------------------|----------|
| 1 | Investment Management Policy | |
| 3 | Safety and Health Policy | |
| 4 | Environmental | |
| 5 | Risk Management | |
| 6 | Communities | |
| 7 | Codes of Conduct | |

10.1 Project Management System Software

Sotkamo's **xxxx** project management software will be the primary project management and project controls software used on the project.

xxxx will be used to manage the project fully through all phases of engineering, procurement, construction, and commissioning. The project management functions supported by **xxxx** include;

- Cost management,
- Document control,
- Materials management,
- Construction management, and
- Project accounting.

Specific systems software to be used for the execution of engineering, procurement, construction, and commissioning will be identified in the respective plans.

10.1.1 Software Applications

The standard suite of project management-related software to be used on this Project includes but is not limited to the following;

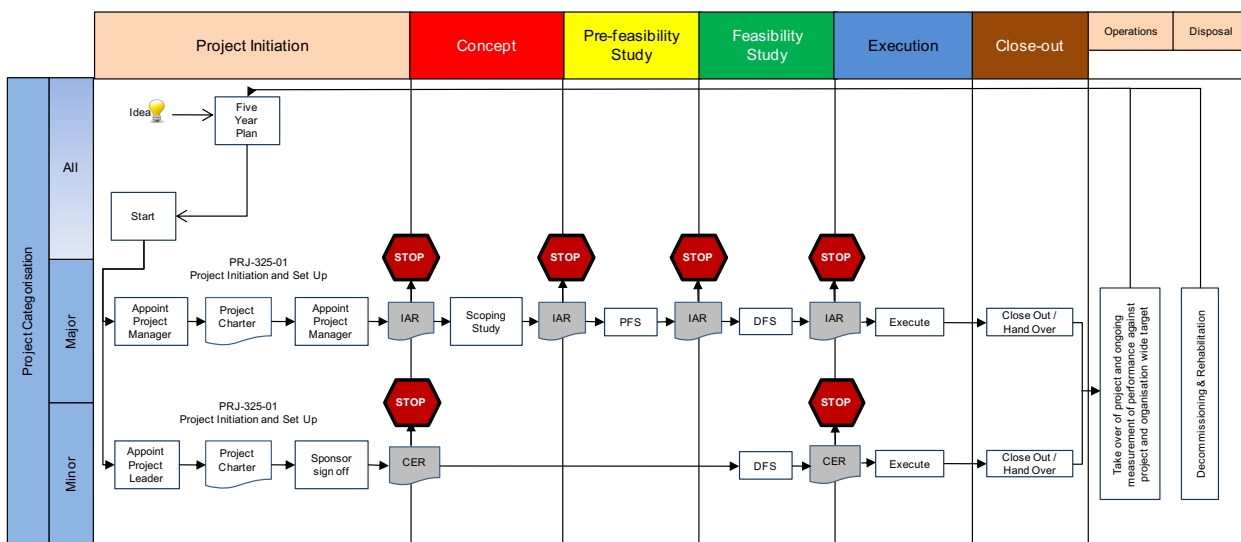
- **xxxx** – Project Management System
- Project – Planning and Scheduling Software
- Microsoft – Office Software

10.2 Definition Procedures

Sotkamo should apply a structured study and project gating process in line with the example shown below. The gating adopts a different method to advance major or minor projects through a detailed study process through to project execution or a shortened approach from scoping directly to feasibility.

This structure communicates clearly the gated approvals and study/project phases.

Abbreviations used in the diagram represent investment approval (IAR) and capital expenditure approval (CER) processes.



11 COMMERCIAL

11.1 General

All contracts to be issued by The Project will be accompanied by appropriate terms and conditions relating to the type of contract (services or supply). The terms and conditions will be provided by Sotkamo to The Project team for use by those personnel and in accordance with the DoA.

11.2 Services Contracts

Service contracts are specifically for use by The Project for the engagement of services only providers. Service contracts detail relevant service requirements and confirm scope, deliverables and schedule items. Typical inclusions on service contracts include;

- Scope of works
- Scope of services
- Schedule
- Cost details and unit rates breakdown
- Service provider supporting information
- Deliverables lists
- Resource plans

11.3 Supply Contracts

Supply contracts are specifically for use by The Project for the engagement of supply only providers. Supply contracts detail relevant supply requirements and confirm scope, technical requirements, delivery and warranty items. Typical inclusions on service contracts include;

- Scope of supply
- Technical specifications
- Delivery terms (typically INCOTERMS)
- Pricing information
- Country of origin
- Warranty information
- Additional equipment/spares requirements

11.4 Administration

All contracts entered by The Project and other parties must be executed in accordance with the DoA approvals and in the form as directed by Sotkamo. Copies should be retained electronically and in hard copy. The contracts should be stored in such a way so as to ensure their suitability to readily access for a pre-determined period.

12 PROJECT HEALTH, SAFETY & ENVIRONMENT

12.1 HSE Plan

Sotkamo's overall goal is to protect both people and the environment. Sotkamo will work with contractors and the workforce toward achieving this goal.

The project HSE Management System and HSE Execution Plan are documented in the plan provides a systematic and consistent approach to manage and deliver HSE throughout all stages of the project to assure personnel the health and safety, minimize harm to the environment.

The HSE Execution Plan describes the arrangements that will be made to manage the project in respect to HSE issues, in accordance with:

- Legislation and other applicable regulatory requirements
- Sotkamo policy and HSE management systems
- Sotkamo best practice
- Sotkamo corporate expectations and targets

The HSE Manager, on behalf of the Project Manager, is responsible to keep the HSE Execution Plan up to date. The plan applies to all the following groups involved in the project:

- All Sotkamo staff and contract personnel, full-time and part-time, on the project
- All Sotkamo subcontractors under Sotkamo's management control
- All contractors and subcontractors being managed by Sotkamo

The HSE Execution Plan will bring together all the essential goals of Sotkamo to ensure a successful project. In accordance with the Project HSE Strategy, the project will:

- Integrate HSE delivery into all project disciplines
- Ensure alignment by all parties (Sotkamo, contractors) to a common set of goals and objectives
- Identify HSE issues as early as reasonably practicable in the project cycle
- Manage the identified HSE risks by avoidance, prevention, control, and mitigation
- Manage risks to personnel to a level "As Low As Reasonably Practicable" (ALARP)
- Pursue zero damage to the environment and challenge any deviations
- Promote awareness and manage health issues

12.2 HSE Performance Targets

HSE Performance Targets for this project are shown in the following tables.

| Lagging Indicator | Key Performance Indicator |
|--|---------------------------|
| Lost Time Injuries Frequency Rate (LTIFR) | xxx |
| Total Recordable Case Frequency Rate (TRCFR) | xxx |
| All Injury Frequency Rate (AIFR) | xxx |

| Leading Indicator | Key Performance Indicator |
|---|--|
| Improve Leadership/Reduce HSE Risks | % Audits conducted vs. planned |
| Improve HSE Communications | % HSE Communications conducted vs. planned |
| Reduce Risks and Impacts | Response to audit findings % closed out |
| Improve HSE Competency | % Supervisors trained in HSE leadership |
| Reduce reoccurring incidents and near misses | % Incidents and near misses notified within 24 hours |
| Reduce HSE Risks | % actions closed out from HSE Risk Register |
| Reduce Risks and Impacts/Improve Leadership | % / No. of HSE Observations planned versus actual. |
| Reduce Risks and Impacts/Improve Leadership | % No. of HSE Workplace Inspections planned versus actual |
| Reduce Risks and Impacts | % Actions Implemented from HSE Behavioural Observations. |
| Improve HSE Competency | % Scheduled training and inductions completed. |
| Maintain HSE Commitment | % HSE Meetings Scheduled held vs. planned |
| Maintain HSE Commitment | % Senior Management Participation in HSE Audits |
| Maintain HSE Commitment | % Invitees attending monthly HSE Meeting |
| Reduce Risks and Impacts | % Actions arising from meetings completed |
| Reduce Risks and Impacts | % Incident investigation completed on time |
| Measure HSE Commitment/ Reduce Risks and Impacts | % Corrective actions implemented |
| Increase Identification of HSE Hazards and Risks | % of Risk Assessments conducted vs. Target |
| Reduce Incidents and Impacts | Number of Hazards reported |
| Reduce Incidents and Impacts | % of Hazards rectified |
| Reduce Incidents and Impacts/Monitor HSE Commitment | % scheduled inspections completed |

The formula for calculation of LTIFR, TRIFR, and AIFR is the number of recorded incidents multiplied by 200,000 and divided by actual labour-hours worked.

13 HUMAN RESOURCES – Project Related

13.1 Human Resources Policies

Human resource matters on The Project will be undertaken in accordance with Sotkamo relevant policies.

13.2 Project Resource Management

The Project Manager, in conjunction with each functional manager, is responsible for staffing the project with suitably qualified and experienced personnel.

Where available, priority will be given to assigning staff from the local region to the project, supplemented with agency and contract staff where required.

The Project Manager and the functional managers will identify staffing requirements in accordance with the project requirements. The managers will identify, select and assign the staff to the project with approval of the Project Manager.

13.3 Site & Other Project Locations

Staff may be required to work away from their home site/office for various purposes throughout The Project. The Project Manager will approve the terms and conditions for any such change that may arise.

13.4 Project Staffing Plan

The Project Manager is responsible for establishing a detailed staffing plan for the project. The Project Manager will ensure that staffing plans are updated with actual data for each reporting period and are issued monthly.

The project staffing requirements will be re-forecast if it becomes clear that there are significant changes from the original plans and recovery plans need to be incorporated.

13.5 Project Subconsultants/Contractors

The Project includes the requirements for subconsultants and contractors to perform services in Sotkamo's scope of responsibility and under the supervision of Sotkamo personnel. The Project manager will ensure that subcontracts are established in accordance with relevant policies.

Appendix

1.0 Section 1 – PROJECT MANAGEMENT EXECUTION PLAN

- 1.1 INTRODUCTION
- 1.2 EXECUTIVE SUMMARY
- 1.3 KEY STAKEHOLDERS AND CONTACTS
- 1.4 CONTRACT TERMS
 - 1.4.1 General Form of Contract
 - 1.4.2 Main Contract Requirements
 - 1.4.3 Project Description of Plant/Facilities
 - 1.4.4 Project Basis
 - 1.4.5 Project Scope of Work
- 1.5 OVERALL PROJECT MANAGEMENT
 - 1.5.1 Project Objectives
 - 1.5.2 Risk Management
 - 1.5.3 Project/Corporate Alignment
 - 1.5.4 Project Organisation
 - 1.5.5 Project Authorisation, Approvals, and Communications
 - 1.5.6 Project Execution Locations
 - 1.5.7 Project Security and Confidentiality
 - 1.5.8 Project Milestone Schedule
 - 1.5.9 Project Control Budget
- 1.6 PROJECT PROCEDURES, INSTRUCTIONS, AND FORMS
 - 1.6.1 Mandated Procedures, Instructions, and Forms
 - 1.6.2 Project Standards
 - 1.6.3 Project Management Systems Software
- 1.7 CHANGE MANAGEMENT
 - 1.7.1 Project Contract Terms and Conditions
 - 1.7.2 Change Management during Project Execution
- 1.8 PROJECT HEALTH, SAFETY, AND ENVIRONMENT (HSE)
 - 1.8.1 HSE Plan
 - 1.8.2 Project Sustainability Management
- 1.9 PROJECT QUALITY
 - 1.9.1 Introduction and Scope
 - 1.9.2 Responsibilities for Quality
 - 1.9.3 Audits
 - 1.9.4 Action Requests
- 1.10 PROJECT ADMINISTRATION
 - 1.10.1 Project Files
 - 1.10.2 Communication Management
 - 1.10.3 Correspondence and Documentation
 - 1.10.4 Correspondence Identification
 - 1.10.5 Handling Incoming and Outgoing Correspondence
 - 1.10.6 E-Mail
 - 1.10.7 Customer Correspondence
 - 1.10.8 Records of Discussion
 - 1.10.10 Project Meetings

- 1.11 HUMAN RESOURCES – PROJECT RELATED
 - 1.11.1 Human Resources Policies
 - 1.11.2 Project Resource Management
 - 1.11.3 Site and Other Project Assignments
- 1.12 PROJECT IMPLEMENTATION MANAGEMENT
 - 1.12.1 Project Set-Up and Initiation
 - 1.12.2 Project Mobilisation
 - 1.12.3 Project Kick-Off Meeting – Internal
 - 1.12.4 Project Kick-Off Meeting – Contractors
 - 1.12.5 Permitting and Regulatory Agency Approvals
 - 1.12.6 Planning
 - 1.12.7 Project Staffing Plan
 - 1.12.8 Project Decision-Making
 - 1.12.9 Project Reports and Reviews
 - 1.12.10 Project Close-Out

2.0 Section 2 – ENGINEERING EXECUTION PLAN

- 2.1 ENGINEERING SCOPE AND ORGANISATION
 - 2.1.1 Project Authorisation and Approvals - Engineering
 - 2.1.2 Technical Integrity
- 2.2 ENGINEERING AND TECHNICAL BASIS
- 2.3 PROJECT PROCEDURES, INSTRUCTIONS, AND FORMS – ENGINEERING
- 2.4 PROJECT QUALITY - ENGINEERING
 - 2.4.1 Project Technical Audits
- 2.5 MANAGEMENT OF TECHNICAL CHANGE
- 2.6 ENGINEERING, DESIGN, AND/OR ANALYSIS SET-UP
 - 2.6.1 Planning, Estimating, and Scheduling Engineering
 - 2.6.2 Interfaces – Engineering (Supply Chain Management, Construction, and Commissioning)
 - 2.6.3 Deliverables
 - 2.6.4 Engineering Work Breakdown Structure and Engineering Budget
 - 2.6.5 Engineering Work Packages
 - 2.6.6 Engineering Input to Construction Work Packages
 - 2.6.7 Planning Technical Reviews
 - 2.6.8 Project Numbering and Identification Systems – Engineering
 - 2.6.9 Resource Planning
- 2.7 INFORMATION ENGINEERING
 - 2.7.1 Delivery of Information Engineering
 - 2.7.2 Engineering Data Warehouse
 - 2.7.3 Engineering Systems Training
 - 2.7.4 Project Software and Software Verification
- 2.8 EXECUTION – ENGINEERING, DESIGN, AND/OR ANALYSIS SET-UP
 - 2.8.1 Preparation, Review, Checking, Approval, and Issue of Technical Documents
 - 2.8.2 External Document Reviews
 - 2.8.3 Engineering Deliverables for Supply Chain Management
 - 2.8.4 Technical Decisions and Information Needs
 - 2.8.5 Deliverables

- 2.8.6 Other Technical Documents
- 3.0 Section 3 – SUPPLY CHAIN MANAGEMENT EXECUTION PLAN
- 4.0 Section 4 – CONSTRUCTION MANAGEMENT EXECUTION PLAN
- 5.0 Section 5 – COMMISSIONING EXECUTION PLAN
- 6.0 Section 6 – HEALTH, SAFETY AND ENVIRONMENT (HSE) EXECUTION PLAN
- 7.0 Section 7 – PROJECT CONTROLS AND SERVICES EXECUTION PLAN
 - 7.1 PROJECT PROCEDURES, INSTRUCTIONS, AND FORMS – PROJECT CONTROLS AND SERVICES
 - 7.1.1 Procedures and Instructions
 - 7.2 PROJECT MANAGEMENT CONTROLS AND SERVICES SOFTWARE
 - 7.2.1 Project Management System
 - 7.3 PROJECT CODING STRUCTURES
 - 7.4 PROJECT CONTROLS
 - 7.4.1 Project Initiation Planning
 - 7.4.2 Estimating
 - 7.4.3 Cost Control
 - 7.4.4 Planning and Scheduling
 - 7.4.5 Project Change Control and Trending
 - 7.4.6 Reporting
 - 7.5 PROJECT FINANCIAL AND ACCOUNTING
 - 7.5.1 Project Accounting
 - 7.5.2 Project opening and revisions
 - 7.5.3 Timesheets and Actual Hours Collection
 - 7.5.4 Travel and Other Expenses
 - 7.5.5 Invoices from Suppliers/Contractors and Accounts Payable
 - 7.5.6 Reporting and Accounting Records
 - 7.6 DOCUMENT MANAGEMENT AND INFORMATION MANAGEMENT
 - 7.6.1 Organisation
 - 7.6.2 Document Management
 - 7.7 INFORMATION TECHNOLOGY (IT)
 - 7.7.1 Project IT Planning and Coordination
 - 7.7.2 Software Applications
 - 7.7.3 Project Information Storage
 - 7.7.4 IT Systems Backup
 - 7.7.5 IT Systems Support