

THIS AGREEMENT, made effective this 27TH day of MAY, 2014 (the "Effective Date")

BETWEEN:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR,

As represented by the Minister of Natural Resources

("Province")

AND:

**THE KAMI MINE LIMITED PARTNERSHIP, a limited partnership formed
under the laws of Ontario by its managing general partner,
KAMI GENERAL PARTNER LIMITED ("Kami")**

WHEREAS: Kami is the owner of the Project (as defined below) to be constructed and operated within the Province of Newfoundland and Labrador; and

WHEREAS: under and by virtue of the *Environmental Protection Act*, SNL 2002, cE-14.2, as amended, Alderon (defined below), the prior owner of the Project, notified the Minister of Environment and Conservation of the proposed Project and the Minister determined that an Environmental Impact Statement (EIS) was required; and

WHEREAS: on October 1, 2012, Alderon submitted an Environmental Impact Statement to the Minister of Environment and Conservation committing to develop a Newfoundland and Labrador Benefits Plan; and

WHEREAS: on March 15, 2013, Alderon transferred the ownership of the Project to Kami; and

WHEREAS: Kami confirms that it has notified the Minister of Environment and Conservation of the transfer of ownership of the Project to Kami; and

WHEREAS: Kami has committed to contractually executing the Newfoundland and Labrador Benefits Plan with the Province. The within Agreement constitutes Kami's Newfoundland and Labrador Benefits Plan; and

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the mutual covenants and conditions hereinafter set forth, Kami and the Province agree as follows:

1. DEFINITIONS

1.1 In this Agreement, unless the context otherwise indicates, the following terms shall have the meanings set out below:

"Alderon" means Alderon Iron Ore Corp. a corporation incorporated under the laws of the Province of British Columbia and a general partner in Kami.

"Commercial Production" means a point when at least 60% of the stated processing capacity is achieved for 30 days (at least 13,151 tonnes production on each of the 30 days).

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“Construction Phase” means the period commencing on the date that Kami begins the construction of the Project and ending on the date Commercial Production occurs and includes pre-development activity required by section 6.

“Default” means that any one or more of the following has occurred:

- (a) Kami has become insolvent or bankrupt or seeks protection under any bankruptcy, insolvency or analogous laws;
- (b) Kami is wound up, its constating documents or by-laws are forfeited or surrendered or the corporate or other existence of Kami is otherwise terminated; or
- (c) in the Minister’s opinion Kami is in breach of any of its covenants or obligations as set out in this Agreement.

“Detailed Engineering Design” means the detailed engineering and design and associated project management which includes engineering and design related to: all specifications; 3-D models and drawings; plans and documents for construction, installation and commissioning, operations and maintenance; material take offs, data sheets and purchase order technical requirements; and spares lists.

“EIS” means Environmental Impact Statement.

“Event of Default” has the meaning as generally ascribed in section 16.3 of this Agreement.

“Government Entity” means

- (a) any federal, provincial, or municipal government or
- (b) any subdivision, agency, commission, board or authority of any of the foregoing, in each case which has jurisdiction in respect of the Project or any part thereof.

“HBIS Canada” means HBIS International Holding (Canada) Co., Ltd. a corporation incorporated under the laws of the Province of British Columbia and a limited partner in Kami.

“Initial Production” means the completion of loading of the first railway train with saleable product produced from the Project.

“Kami General Partner” means Kami General Partner Limited, a corporation existing under the laws of the Province of Ontario.

“Kami Limited Partnership Agreement” means the Limited Partnership Agreement dated August 30, 2012 between Alderon Iron Ore Corp., Kami General Partner, HBIS Canada, Ltd. and Hebei Iron & Steel Group Co., Ltd.

“Labrador West” means the Labrador City and Wabush areas.

“Minister” means the Minister of Natural Resources.

“Operations Phase” means the period commencing on the date that Commercial Production occurs and ending upon the closure of the Project.

“Partner” means Kami General Partner, Alderon and HBIS Canada and any other Person who from time to time is a general or limited partner of Kami.

"Project" has the meaning as generally ascribed in section 4 of this Agreement.

"Provincial Resident" means a person ordinarily resident in the Province or who meets the requirements of the *Elections Act*, 1991, SNL1992 c. E-3.1, as amended from time to time.

"Province" and **"Provincial"** means the Province of Newfoundland and Labrador, Her Majesty in Right of Newfoundland and Labrador or the geographical territory of the Province of Newfoundland and Labrador, as the context may require.

"Provincial Supplier" means a corporation incorporated under the laws of the Province or a corporation incorporated elsewhere that maintains an office with employees in the Province where business operations are conducted.

"Structure" means the corporate, organizational, sales and administrative structure established from time to time by Kami and the Partners in respect of the Project.

2. REPRESENTATIONS AND WARRANTIES

2.1 Acknowledging that the Province is relying upon such representations and warranties, Kami represents and warrants to the Province as follows:

- (a) that Kami is a limited partnership that has been validly and duly formed and organized under the laws of the Province of Ontario and extra-provincially registered under the laws of the Province and is validly existing under such laws;
- (b) that Kami General Partner is a corporation that has been validly and duly incorporated and organized under the laws of the Province of Ontario and extra-provincially registered under the laws of the Province and is validly existing under such laws;
- (c) that Kami General Partner has the necessary corporate power, authority and capacity and all necessary power under the Kami Limited Partnership Agreement to enter into this Agreement and perform its obligations herein, in each case, in its capacity as managing general partner of Kami;
- (d) that the execution and delivery of this Agreement has been duly authorized by the necessary corporate action being undertaken and that the signatory to this Agreement has the necessary authority to bind Kami to its obligations herein;
- (e) that Kami is not a party to nor bound by any indenture, mortgage, lease agreement, instrument, charter, by-law, measure or document, nor is subject to any law or regulation of a government entity of any kind, that would in each case be violated, contravened or breached as a result of the execution, delivery or performance of this Agreement or the obligations herein;
- (f) that Kami shall obtain any and all approvals, authorizations, consents, permits, licenses, leases or other permissions that are necessary in connection with the execution and delivery of this Agreement and the performance of its obligations herein;
- (g) that there is no suit, action, litigation or arbitration, including appeals or applications for review, in progress, pending, nor, to the knowledge of Kami, threatened against or involving Kami or any judgment, decree, injunction or order of any court or arbitrator that could adversely effect the capacity or power of Kami General Partner, in its capacity as managing

general partner of Kami, to execute and deliver this Agreement or to fulfill its obligations herein or to consummate any transaction herein or which could materially or adversely affect its respective assets, financial condition or future prospects; and

- (h) that this Agreement shall, upon execution and delivery, constitute valid, legal and binding obligations upon Kami General Partner in its capacity as managing general partner of Kami, and Kami, enforceable against each of them in accordance with the respective terms and obligations subject to any limitation under applicable laws relating to:
 - i. bankruptcy, winding up, insolvency, arrangement, and other laws of general application affecting the enforcement of creditors rights; and
 - ii. the discretion that a court may exercise in granting of equitable remedies such as specific performance and injunction.
- 2.2 Acknowledging that Kami is relying upon such representations and warranties, the Province represents and warrants to Kami as follows:
- (a) that the execution and delivery of this Agreement has been duly authorized by the necessary government action and that the signatory to this Agreement has the necessary authority to bind the Province to its obligations herein;
 - (b) that the Province is not a party to nor bound by any indenture, agreement or instrument that would be violated, contravened or breached as a result of the execution, delivery or performance of this Agreement or its obligations herein; and
 - (c) that this Agreement shall, upon execution and delivery, constitute valid, legal and binding obligations upon the Province enforceable against it in accordance with the respective terms and obligations subject to any limitation under applicable laws relating to:
 - i. bankruptcy, winding up, insolvency, arrangement, and other laws of general application affecting the enforcement of creditors rights; and
 - ii. the discretion that a court may exercise in granting of equitable remedies such as specific performance and injunction.

3. COMING INTO FORCE, DURATION AND TERMINATION

- 3.1 This Agreement shall come into force and its obligations upon the parties shall commence upon the Effective Date as referenced on page one of this Agreement.
- 3.2 This Agreement may be terminated by the Province upon any one of the following events:
 - (a) the occurrence of an Event of Default as referenced in this Agreement; or
 - (b) upon the joint, written agreement of the Province and Kami.
- 3.3 This Agreement may be terminated by Kami, with the consent of the Minister, which consent will not be unreasonably denied, if Kami abandons the Project and Kami has fulfilled all of its rehabilitation, and closure obligations, and any other obligations set out in this Agreement.

4. DESCRIPTION OF THE PROJECT

- 4.1 The proposed Project site is located wholly within the Province, approximately 6 km south from the Wabush Mines mining lease owned by Cliffs Natural Resources and in the vicinity of the Towns of Wabush and Labrador City. The Kami property is located in Labrador West at the Rose deposit comprising three map-staked licenses covering approximately 7,625 hectares.
- 4.2 The Project in Labrador includes construction, operation, and closure/decommissioning of the following primary components:
- (a) Open pit (Rose pit);
 - (b) Waste rock disposal areas (Rose North and Rose South);
 - (c) Processing infrastructure includes crushing, grinding, spiral concentration, magnetic separation, and tailings thickening areas;
 - (d) Other site infrastructure will include ore stockpiles, waste and overburden disposal areas, a tailings management facility including water reclaim, various sedimentation ponds, rail line, load-out facilities, roadways, warehouses, offices, mine garage and associated structures, a fuel depot, main electrical substation, raw water intake, pump houses, and water management and treatment facilities;
 - (e) The executive, management and administrative functions; and
 - (f) The Kami Iron Ore Project rail line will include a rail loop, and on-site service tracks.

5. COVENANTS OF KAMI

Kami covenants and agrees as follows, with all covenants applying to work and activity for the Project:

- 5.1 To construct and operate the Project in accordance with any permits, leases, licenses or other approvals issued by the Province or other Government Entity and deliver upon the Provincial benefits and commitments made as part of the environmental assessment process approval.
- 5.2 Kami shall adhere to the obligations and covenants of this Agreement notwithstanding any other statement or provisions made by it which may conflict with or be inconsistent with the obligations and covenants set out within this Agreement.
- 5.3 Kami will include provisions in any agreements with its contractors, subcontractors, successors and assigns, requiring such parties to abide by Kami's covenants and commitments within this Agreement.
- 5.4 The obligations and covenants of Kami within this agreement will apply to all contractors and subcontractors working on the Project.
- 5.5 Language shall not constitute a barrier to Provincial Resident participation for any employment opportunities for the Project, including rail operations under the control of Kami.

6. CONSTRUCTION PHASE

Employment and Procurement

- 6.1 Provincial Residents and Provincial Suppliers will be provided full and fair opportunity and first consideration for employment and procurement opportunities for the Construction Phase of the Project. For greater certainty, Kami shall, at a minimum, adhere to the provisions of full and fair opportunity and first consideration detailed in Schedule A.

Project Team and Offices in the Province

- 6.2 Kami and its Engineering Procurement Construction Management contractor ("EPCM Contractor") shall establish and maintain appropriate Project offices in the Province with appropriate levels of decision making to develop and operate the Project. Project Office locations shall include but are not limited to Labrador City/Wabush and St. John's.
- 6.3 Hiring of Project personnel during the Construction Phase will be coordinated and led from Kami and EPCM contractor offices in the Province.

Construction Phase I (8 million tonnes per annum)

- 6.4 Kami commits that during the Construction Phase:
- (a) Not less than 60% of Project management, engineering, and procurement and construction management person hours will be performed in the Province.
 - (b) Not less than 50% of Detailed Engineering Design person hours will be performed in the Province.
 - (c) Estimated person hours and minimum commitments to be performed in the Province identified in sections 6.4(a) and 6.4(b) are detailed in Schedule B.
 - (d) Should the person hours referenced in sections 6.4(a) and 6.4(b) increase, the in-Province percentages will apply.
 - (e) Kami and its EPCM Contractor will maximize the use of Provincial Suppliers, on a competitive basis, to support the commitments referenced in sections 6.4(a) and 6.4(b).
 - (f) Kami will maximize the use of Provincial engineering graduates and/or co-op students for the Project.
 - (g) For any Detailed Engineering Design performed outside of the Province, Kami and its EPCM Contractor will create a minimum of three full-time engineering positions to be filled by recent graduates and/or co-op students from a Provincial post-secondary education institution who are Provincial Residents. These positions will be based out of EPCM contractor locations, for a minimum commitment of 12,000 person hours.
 - (h) For any Detailed Engineering Design performed outside the Province, Kami and its EPCM contractor shall make available, on commercially reasonable terms of employment, engineering, technical or other professional positions to qualified Provincial Residents at the locations where the Detailed Engineering Design is performed.

- (i) Within one year of the execution date of this Agreement, Kami General Partner's President will relocate to Kami Offices in the Province and initiate the establishment of Kami's Corporate Office in the Province.
- (j) Kami shall cause the construction of an accommodations complex in the Province in Labrador West to house the non-local Project construction workforce. Air transportation for workers on the Project will be provided by the project and designed to maximize participation by Provincial Residents when required.

Construction Phase II (8 million tonne expansion - 16 million tonnes per annum)

- 6.5 Should Kami decide to increase production from 8 million tonnes per annum to 16 million tonnes per annum, Kami commits that during the Construction Phase:
- (a) Not less than 90% of total Project management, engineering, and procurement and construction management person hours will be performed in the Province.
 - (b) Not less than 75% of total Detailed Engineering Design person hours will be performed in the Province.
 - (c) Kami and its Contractor will maximize the use of Provincial Suppliers, on a competitive basis, to support the commitments referenced in section 6.5(a) and 6.5(b).
 - (d) Kami will maximize the use of graduate and co-op students in the Province.
 - (e) For any Detailed Engineering Design performed outside of the province, Kami and its contractors will create a minimum of two full-time engineering positions to be filled by recent graduates and/or co-op students from a Provincial post-secondary education institution who are Provincial residents. These positions will be based out of contractor locations, for a minimum commitment of 8,000 person hours.
 - (f) For any Detailed Engineering Design performed outside the Province, Kami and its contractors shall make available, on commercially reasonable terms of employment, engineering, technical or other professional positions to qualified Provincial Residents at the locations where the Detailed Engineering Design is performed.
 - (g) In the event a fly in fly out workforce is required, air transportation for workers on the Project will be provided by the project and designed to maximize participation by Provincial Residents.

7. OPERATIONS PHASE

Employment and Procurement

- 7.1 Provincial Residents and Provincial Suppliers will be provided full and fair opportunity and first consideration for employment and procurement opportunities for the Operations Phase of the Project. For greater certainty, Kami shall, at a minimum, adhere to the provisions of full and fair opportunity and first consideration detailed in Schedule A.
- 7.2 All employees at the mine site and associated operations in Labrador will reside on a permanent basis in the Province in Labrador West. Kami will achieve this 100% Provincial Resident workforce on or before the earlier of (i) the date that is two years after reaching Commercial Production from the Project or (ii) the date that is two and one half years after reaching Initial Production from the

Project; Kami will use all reasonable means to accelerate this 100% Provincial Resident workforce deliverable. No fly in-fly out employment will be provided beyond the transition period.

Project Team and Offices in the Province

- 7.3 On or before the earlier of (i) the date that is two years after reaching Commercial Production from the Project or (ii) the date that is two and one half years from reaching Initial Production from the Project, the remaining Kami Corporate Office, including all officers and any other Kami senior management not otherwise already located in the Province, will relocate to the Province and operate the Kami Corporate Office. This Corporate Office, in addition to other Kami offices in the Province as required, will be maintained throughout the life of the Project. Kami agrees that any person that is involved in the operation of the Project, who in an officer or senior management of Alderon, will also be an officer or senior management of Kami and subject to this section 7.3.
- 7.4 During the Operations Phase all Project operations engineering will be performed from offices in the Province.
- 7.5 All Project employees for the duration of the Operations Phase will be located in the Province.

8. HUMAN RESOURCES PLAN

- 8.1 Kami shall provide to the Provincial Department of Natural Resources a comprehensive Human Resources Plan by May 31, 2014. This plan shall, at a minimum, include but not be limited to: policies and procedures, detailed employment forecast (including for apprentices) for the duration of the Project broken out by National Occupational Classification Code, hours of work, other general conditions of employment, recruitment strategy, training requirements including the use of apprentices, funding opportunities, and accommodations for the construction and operations workforce.
- 8.2 Kami agrees to maximize the training and development of registered apprentices as part of its responsibility to maintain a supply of skilled tradespersons for the Project. This commitment requires maintaining a minimum of 15% of the skilled trades workforce to be apprentices during the Construction Phase. During the Operations Phase, Kami commits that a minimum of 25% of the skilled trades workforce will be apprentices. Exceptions will be considered in cases where the supply of apprentices is not available.
- 8.3 As part of Kami's recognition of the value and importance of apprentices to resource development projects, Kami shall also inform its contractors, subcontractors, successors, and assigns of programs and resources available to support the role of apprentices.

9. RESEARCH AND DEVELOPMENT

- 9.1 Any research and development activities undertaken for the Project by Kami or its contractors over the life of the Project will utilize Provincial research institutions, laboratories or other analytical facilities in the Province where such exist.

10. EDUCATION AND TRAINING FUND

- 10.1 Kami shall establish an education and training fund of not less than \$1 million per year over a seven-year period, totaling not less than \$7 million. The initial \$1 million per year payment shall be made on the earlier of (i) two calendar years after the calendar year that Commercial Production is achieved or (ii) two and one half calendar years after the calendar year that Initial Production is

achieved, and subsequent payments shall be made on the yearly anniversary of such date. A committee will be established to oversee this endowment that will include at a minimum, representatives of Kami and the Provincial Department of Natural Resources.

- 10.2 The education and training fund referenced in 10.1 is specific to the 8 million tonne phase of the Project. Should Kami decide to expand the Project production to 16 million tonnes per annum, Kami shall negotiate a new education and training fund with the Province.

11. RAILWAY OPERATIONS

- 11.1 To the extent possible, Kami commits that all Project employees related to rail operations and maintenance will be Provincial Residents at the time of hire. If qualified Provincial Residents are not available at time of hire, training of Provincial Residents will be provided to ensure a 100% residential workforce two years after reaching Initial Production from the Project.

- 11.2 ***At the request of the company, the release of section 11.2 is temporarily withheld until the conclusion of negotiations between Kami LP and a third party.***

12. PELLETIZING

- 12.1 Kami commits that should it expand its product offering during the life of the Project to include a pelletized product, it will construct and operate a pellet plant in the Province.

13. GENDER EQUITY AND DIVERSITY PLAN

- 13.1 Kami will fully implement and abide by its Gender Equity and Diversity Plan attached as Schedule C of this Agreement.

14. TAXATION

- 14.1 Prior to the Construction Phase (exclusive of predevelopment activity), the Parties agree to conclude an agreement satisfactory to the Minister of Finance with respect to the project revenue to the Province.

- 14.2 Such agreement shall provide :

- (a) With respect to the allocation of taxable income between provinces for corporate income tax purposes that the Province will receive annual revenue from the Project in an amount equivalent to the tax revenue which would be received by the Province if Kami (which for the purpose of the Section includes every Partner thereof) each allocated the maximum possible and in any event a minimum of 90% of its taxable income from the Project to the Province's jurisdiction for income tax purposes, independent of any restriction on such allocation created by applicable income tax laws;
- (b) That such commitment may be fulfilled by Kami through such tax allocation to the extent permitted by applicable laws, and if necessary also through one or more

alternate arrangements to be specified in the agreement, subject to the satisfaction of the minister.

14.3 The agreement under this section will form part of this Agreement.

15. REPORTING AND MONITORING

15.1 Monthly Reporting:

- (a) Kami shall provide to the Provincial Department of Natural Resources qualitative and quantitative reports on a monthly basis beginning 90 days after the execution of this Agreement and continuing throughout the life of the Project, in a form satisfactory to the Provincial Department of Natural Resources.
- (b) Monthly reports shall be provided within 30 days of the end of each month and shall, at a minimum, contain the following information, in all cases broken out by National Occupational Classification Code, work location, owner (Kami), contractor, residency (Newfoundland or Labrador/Other Canadian/Foreign), journeypersons, apprentices (by level), gender and diversity status (i.e. Aboriginal affiliation, visible minority, persons with disabilities) for the period:
- i. Total number of positions and person hours of all Project works and facilities situated in the Province in that month;
 - ii. Total number of positions and person hours of all Project works and facilities situated in the Province to date;
 - iii. Total number of positions and person hours of all work in the Province for all Project works and facilities situated in the Province in that month;
 - iv. Total number of positions and person hours of all work in the Province for all Project works and facilities situated in the Province to date;
 - v. Total number of positions and person hours of all work in (i) through (iv) occupied by Provincial Residents including location in that month;
 - vi. Total number of positions and person hours of all work in (i) through (iv) occupied by Provincial Residents including location to date.
- (c) Monthly reports shall also provide the following information:
- i. Total value of goods and services purchased that month;
 - ii. Total value of goods and services purchased from businesses in the Province by location that month;
 - iii. Total value of goods and services purchased by industry category (e.g., transportation, fuel, equipment, etc.) that month;
 - iv. Cumulative total value of goods and services referred to in subparagraphs (i), (ii) and (iii) to date;
 - v. Details of all contracts awarded in that month;

- vi. Details of all contracts awarded to businesses owned by women and businesses owned by members of other underrepresented groups that month (Aboriginal, persons with disabilities, and visible minorities);
- vii. Procurement forecast for the upcoming month;
- viii. Detailed qualitative summary of measures taken to ensure compliance with the principles of full and fair opportunity and first consideration for Provincial Residents and Provincial Suppliers and the benefits commitments contained within this Agreement.

15.2 Quarterly Reporting

- (a) Kami shall provide to the Provincial Department of Natural Resources qualitative and quantitative reports on a quarterly basis and continuing throughout the life of the Project in a form satisfactory to the Provincial Department of Natural Resources within 30 calendar days of the reporting quarter end.
- (b) The quarterly report shall, at a minimum, contain:
 - i. Quarterly quantitative summary of all activities in Section 15.1;
 - ii. A qualitative update on operations schedule, education and training initiatives, research and development activities, activities related to Section 10.1, gender equity and diversity initiatives, and quarterly procurement forecast;
 - iii. A progress report on the Human Resources Plan;
 - iv. Updated employment forecast as referenced in Article 8;
 - v. Detailed qualitative summary of measures taken to ensure compliance with the principles of full and fair opportunity and first consideration for Provincial Residents and Provincial Suppliers and the benefits commitments contained within this Agreement.

15.3 Annual Reporting

- (a) Kami shall provide to the Provincial Department of Natural Resources qualitative and quantitative reports on an annual basis and continuing throughout the life of the Project in a form satisfactory to the Provincial Department of Natural Resources within 45 calendar days of the annual reporting end.
- (b) The annual report shall contain:
 - i. Annual quantitative summary of all activities in Section 15.1;
 - ii. A qualitative update on operations schedule, education and training initiatives, research and development activities, activities related to Section 10.1, gender equity and diversity initiatives, and quarterly procurement forecast.
 - iii. Detailed qualitative summary of measures taken to ensure compliance with the principles of full and fair opportunity and first consideration for Provincial

Residents and Provincial Suppliers and the benefits commitments contained within this Agreement.

- 15.4 Upon request, Kami will meet with representatives of the Provincial Department of Natural Resources to discuss the foregoing reports and provide further information when requested.
- 15.5 In order to facilitate reporting, Kami will maintain, at a minimum, the following records:
- (a) lists of employees with: job category/occupation, date of hiring and termination, reason for termination, place of residence (Newfoundland or Labrador, Canada, Other), gender, diversity status (Aboriginal affiliation, visible minority, persons with disabilities);
 - (b) quarterly procurement forecast;
 - (c) quarterly procurement report;
 - (d) register of bidder list notifications; and
 - (e) register of award notifications.
- 15.6 The Province reserves the right to review any procurement and or employment activities at any time to ensure compliance with this Agreement, which includes the right to designate specific contracts for monitoring and compliance.

16. REMEDIES

- 16.1 Kami agrees its mining and surface leases will provide that this Agreement will be a binding instrument.
- 16.2 Upon the occurrence of a Default, the Minister shall notify and consult with Kami as to the nature of the Default. If the Default is not remedied following notice and consultation within a period of 45 calendar days thereafter or at any greater period that the Minister may determine, the Minister may exercise the Minister's rights set out in section 16.4.
- 16.3 If a Default is not remedied under section 16.2 it becomes an Event of Default.
- 16.4 Where the Event of Default has occurred, the Minister may:
- (a) issue a stop work order;
 - (b) impose any other terms or conditions as required; and / or
 - (c) take any other action or remedy at law.

Kami agrees to abide by any stop work order or terms or conditions which the Minister may issue in accordance with this Agreement.

- 16.5 Kami hereby releases and forever discharges and agrees to fully indemnify and save harmless the Province from any and every action, claim or proceeding of every nature whether in damages (including consequential, punitive or indirect damages) or otherwise, which may arise as a result of any action by, or anything done by Kami or its successors which would constitute an Event of Default or through which liability to the Province could accrue.

16.6 The Province hereby releases and forever discharges and agrees to fully indemnify and save harmless Kami from any and every action, claim or proceeding of every nature, whether in damages (including consequential, punitive or indirect damages) or otherwise, which may arise as a result of or in response to acts of negligence, willful misconduct or breach of applicable laws by the Province or any of its employees, agents or representatives.

17. FURTHER ASSURANCES

17.1 Each party to this Agreement shall from time to time and at all times do such further acts and execute and deliver all such further documents that may be reasonably required to perform and carry out the terms and requirements of this Agreement. The parties shall make all reasonable efforts to cooperate with one another to implement the provisions of this Agreement.

18. CONFIDENTIALITY

18.1 Kami agrees, in accordance with the terms and requirements of this Agreement, to disclose to the Province all relevant information, including confidential information, relating to the Project except as prohibited by applicable law, the rules and regulations of a stock exchange or securities regulatory authority.

18.2 In consideration of the aforementioned disclosure, the Province and its agents agree to keep confidential and not to disclose such information except as may be required by law or with the agreement of Kami.

18.3 This obligation of confidentiality set out in section 18.2 shall not apply to:

- (a) information that is already in the possession of the public or which becomes available to the public other than through an act or omission of the Province or of any other person to whom the information is disclosed by the Province in accordance with this Agreement, including through court proceedings;
- (b) information that was or becomes available to the Province on a non-confidential basis from a source other than Kami which disclosure is not in breach of any law or other obligation; or
- (c) information which has been independently acquired or developed by the Province without it breaching any of its obligations under this Agreement.

18.4 The Province shall be entitled to disclose to its employees or to any consultant or agent retained by the Province information received from Kami under this Agreement to enable the employees or consultant or agent to advise the Province respecting the Agreement provided that such employee or consultant or agent is bound by valid confidentiality obligations subject to Section 18.2.

18.5 The Province shall ensure that all persons to whom information is disclosed under this Agreement shall keep such information confidential. The obligation of the Province in this regard shall be satisfied if the Province utilizes the same degree of care with respect to Kami information that it utilizes with respect to its own information and other proprietary information of third parties.

18.6 The parties acknowledge that the Province is at all times, relevant to this Agreement, subject to the provisions of legislation of the Province including, but not limited to, the *Access to Information and Protection of Privacy Act* SNL2002, c.A-1.1 (as amended) ("ATIPPA"). The parties acknowledge that the Province may incur disclosure obligations pursuant to the provisions of ATIPPA and that the disclosure pursuant to such obligations shall not constitute a breach of this Agreement. Kami

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shall be entitled to make representation respecting any request for information that may be made concerning information that is the subject of this Agreement, upon reasonable notice given to Kami by the Province prior to such disclosure being made by the Province.

19. Enurement

19.1 This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their permitted successors and assigns. Any assignment by Kami shall become effective, and Kami shall be released from its obligations under this Agreement by such assignment, only when the assignee executes with the Province an instrument whereby the assignee agrees to be bound by and perform all of Kami's obligations under this Agreement.

20. Notices

20.1 Any notice required to be given hereunder shall be in writing and shall be deemed to be properly given if delivered to:

For the Province:
The Honourable, the Minister of Natural Resources
7th Floor, Natural Resources Building
50 Elizabeth Avenue
P.O. Box 8700
St. John's, NL A1B 4J6

Fax: 709-729-0059
Email: provided upon request

For Kami:

The Kami Mine Limited Partnership
Attention: President
Suite 201, 10 Fort William Place
Baine Johnston Centre
St. John's, NL A1C 1K4

Fax: 709-576-7541
Email: teldem@alderonironore.com

20.2 A notice shall be conclusively deemed to have been received by a party to which it is addressed on the business day in the place of delivery following the date for which delivery is confirmed by the courier that handled the delivery or, if sent by facsimile transmission or by electronic mail, on the date delivered to the recipient if a business day and, if not, on the next following business day. Either party may from time to time change its address by notice to the other in accordance with this section 20.

21. Entire Agreement and Amendments

21.1 This Agreement constitutes the entire Agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, undertakings, negotiations and discussions,

whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the within subject matter except as specifically set forth or referred to herein.

21.2 This Agreement may be amended, supplemented or modified in accordance with a written instrument duly signed on behalf of both parties.

22. General Provisions

22.1 Kami agrees that compliance with this Agreement, which includes an agreement concluded pursuant to Section 14, shall be a condition of mining and surface leases issued in respect of the Project.

22.2 Sections 16 and 18 of this Agreement shall survive the termination and expiration of this Agreement.

22.3 This Agreement shall be subject to the laws of the Province and any laws of Canada applicable. Any dispute between the parties arising from this Agreement which the parties themselves are unable to resolve shall be submitted to the courts of the Province for resolution, subject to any right of appeal. The parties attorn to the jurisdiction of the courts of the Province with respect to this Agreement.

22.4 If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part such invalidity or unenforceability shall attach only to such provision, and all other provisions hereof shall continue in full force and effect.

22.5 The failure of the Province to insist upon or enforce in any instance strict performance by Kami of any of the terms of this Agreement or to exercise any rights herein conferred shall not be construed as a waiver or a relinquishment to any extent of the Province's right to assert or rely upon any such terms or rights on any future occasion.

22.6 The division of this Agreement into sections and headings is for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

22.7 Kami shall not assign this Agreement in whole or in part to any third party without the prior written consent and approval of the Minister.

22.8 Notwithstanding 22.7, in the event the Kami creates or grants a security interest in the Project, in whole or in part, to a secured creditor, Kami shall ensure that such secured creditor provides the Province with an acknowledgement of Kami's rights and obligations under this Agreement that forms part of the project security. Upon receipt of such acknowledgement, the Province shall also provide any and all notices, including notices of default, that would be provided hereunder to Kami to the secured creditor as well, and the secured creditors shall have the same rights to remedy any such default as Kami does hereunder.


22.9 This Agreement may be executed in two or more counterparts, including by facsimile, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of Her Majesty in Right of Newfoundland and Labrador by the following authorized representatives:

Signature: 

Name: Thomas W. Marshall, Q.C.

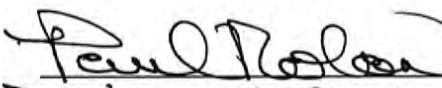
Title: Premier

Witness: 
Barrister, Solicitor,
Notary (N)

Signature: 

Name: Derrick Dalley

Title: Minister of Natural Resources

Witness: 
Barrister, Solicitor,
Notary (N)

IN WITNESS WHEREOF, Kami General Partner Limited, in its capacity as managing general partner of The Kami Mine Limited Partnership has caused this Agreement to be signed by its President.

Signature: 

Name: Tayfun Eldem

Title: President

Witness: 

Schedule A

Full and Fair Opportunity and First Consideration

Kami Employment Commitments

Consistent with the Canadian Charter of Rights and Freedoms, first consideration for employment for both the Construction Phase and the Operations Phase of the Project shall be given to qualified Provincial Residents. This provision shall apply to any collective agreement or contract entered into by Kami or any contractors working on the Project.

Any labour unions which Kami enters into collective agreements with agree that union referrals and contractor name hiring and selection shall give priority to qualified Provincial Residents taking into account this Benefits Agreement, and the Gender Equity and Diversity Plan as appended to this Agreement at Schedule C.

First consideration in implementing the employment obligations under this Agreement will be given to Residents of Labrador followed by Residents of the remainder of the Province.

Kami shall work in collaboration with the Province, education and training institutions, unions and project contractors to identify skilled trade shortages relative to the Project and to work in collaboration with the Province, education and training institutions, unions and project contractors to develop and implement training and apprenticeship programs. For non-apprenticed trades and skills, Kami will work in collaboration with these same stakeholders to develop and implement short-term training programs to ensure the immediate needs of the Project are met through the Provincial Resident workforce.

Kami shall agree to maximize the training and development of registered apprentices as part of its responsibility to maintain a supply of skilled tradespersons for the Project. This includes maintaining the percentages of apprentices during construction and operations as set out at section 8.2 of this Agreement (i.e. 15% during construction and 25% during operations). It is recognized that exceptions will be considered in cases where the supply of apprentices is not available.

All employment opportunities for the Project shall be made available to Provincial Residents through Kami's or its Project-specific website and through other means on a timely basis.

Kami shall develop and implement programs designed to maximize the succession of Provincial Residents to increasingly higher levels of responsibility, subject to the needs of the Project.

Kami shall seek and ensure opportunities for the integration of Provincial Resident personnel in all phases of the Project life cycle.

Kami shall facilitate the transfer of knowledge and expertise through a range of programs including, but not limited to, mentoring, work-term placements, job enrichment, job sharing initiatives and management development programs.

Kami shall require major contractors to identify succession plans as part of their bid submissions. The succession plan will apply to Kami, and all major contractors involved with the Project. Kami will undertake measures to identify and encourage technology transfer of skills to Provincial Residents.

Kami Procurement Commitments

Kami shall establish procurement policies and procedures consistent with the principles of first consideration and full and fair opportunity for Provincial manufacturers, distributors, consultants, contractors, and service and supply companies whereby:

- a) First consideration shall be given to services provided from within the Province and to goods manufactured in the Province, where those services and goods are competitive in terms of fair market price, quality and delivery; and
- b) Full and fair opportunity to participate on a competitive basis in the supply of goods and services to the Project is provided to the manufacturers, distributors, consultants, contractors, and service and supply companies of the Province.

First consideration in implementing the procurement obligations under this Agreement will be given to manufacturers, distributors, consultants, contractors, and service and supply companies situated in Labrador followed by such businesses situated in the remainder of the Province.

Consistent with principles of first consideration and full and fair opportunity for Provincial manufacturers, distributors, consultants, contractors, and service and supply companies, with respect to all procurement for the Project:

- a) Kami shall conduct early and appropriately-timed supplier development workshops in relation to the Project for the local service and supply community so contractors can prepare for bidding and establish joint ventures, and promote and encourage technology transfer opportunities;
- b) Kami shall require that each main contractor for the Project provide Kami with a plan for compliance with this Benefits Agreement, and will require that contracts related to the execution of the Project include an acknowledgement from successful bidders that they will comply with the requirements of this Benefits Agreement;
- c) Kami shall coordinate the procurement for the Project from offices in the Province including the establishment of a procurement team with the appropriate level of decision making authority required to facilitate participation by Provincial manufacturers, distributors, consultants, contractors, and service and supply companies;
- d) Kami and Project Contractors and Suppliers shall make the procurement opportunities for the Project available to Provincial manufacturers, distributors, consultants, contractors, and service and supply companies through Kami's or its Project-specific website on a timely basis;
- e) Where capacity exists, Kami shall size and design packages to fit the capabilities of Provincial manufacturers, distributors, consultants, contractors, and service and supply companies;

PC BH

- f) Kami shall ensure that the Project contracting strategy and procurement process and policies are posted and available on the Kami's or its Project-Specific website. For contracts valued at \$250,000 or more, the procurement process shall include:
- i. Expression of Interest – the EPCM Contractor will invite potential Suppliers to complete an Expression of Interest (EOI) Form. Forms will be available on the Procurement Opportunities section of the website.
 - ii. Contractor/Supplier Pre-Qualification Process – the EPCM Contractor will issue a Prequalification Questionnaire to potential bidders to assess their qualifications against particular criteria including, health, safety and environment (HSE), technical, financial, Provincial benefits, and experience level including experience operating in the Province.
 - iii. Contractor/Supplier Selection – the EPCM Contractor will invite pre-qualified Suppliers or contractors to submit bids against an Invitation to Bid document. Bids will be assessed against a predetermined evaluation criteria leading to selection of a preferred Supplier. Following an approval stage, a contract/purchase order will be awarded to the successful Supplier.
 - iv. Potential Suppliers can register interest at the online supplier portal database;
- g) Kami shall ensure that any unsuccessful Provincial bidders for procurement opportunities are given the opportunity to meet with appropriate procurement personnel to discuss why bids were unsuccessful to prepare for future opportunities;
- h) Kami will cooperate with the Province to identify any gaps or shortcomings in Provincial Suppliers and assist the Province to identify and implement measures to reduce or eliminate gaps;
- i) Kami will encourage any non-Provincial suppliers to establish operations in the Province to support the Project; and
- j) Kami will encourage any non-Provincial suppliers to form alliances and joint ventures with Provincial Suppliers to promote technology exchanges and business partnerships.

Schedule B
Estimated Person Hours

Category	Estimated Person Hours	Minimum Commitment to perform in NL
Project Management Engineering Procurement Construction Management	535,559*	321,335*
Detailed Engineering Design	319,906	159,953

*Includes Detailed Engineering and Design

Schedule C

Gender Equity and Diversity Plan



ALDERON IRON ORE CORP

**GENDER EQUITY AND DIVERSITY PLAN
FOR THE KAMI PROJECT**

SEPTEMBER 2013

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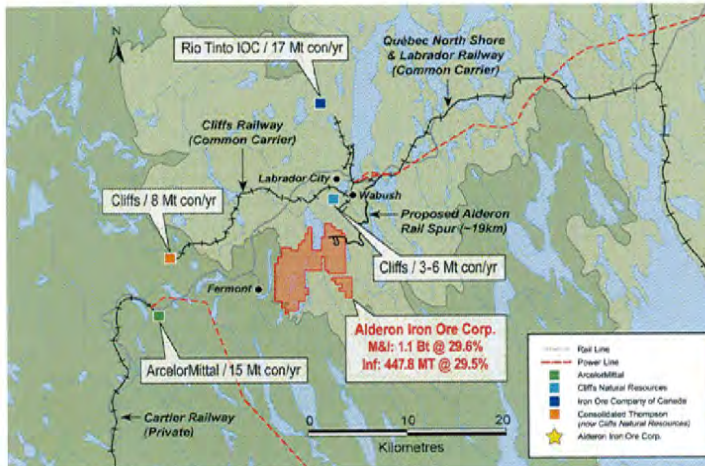
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1. INTRODUCTION

1.1 Background

The Kami Project is located 6.4 km east of Consolidated Thompson's Bloom Lake Deposit and is in close proximity to a road (~2.5 km), a common carrier railway (~15 km) and a hydro power station (~15.5 km). The multi-user railway will transport the material to a deep sea port which will provide year round access to the global market. Alderon has secured port access to ship up to 8 Mt of iron ore annually.

Figure 1 : Kami Iron Ore Project



Alderon has completed many important milestones since 2009, including:

- Announced Letter of Intent to Acquire Iron Ore Properties / December 9, 2009;
- Completed Iron Property Acquisition and Entered Iron Ore Sector / March 3, 2010;
- Reached Memorandum of Understanding with Innu of Labrador / August 17, 2010;
- Exercised Option to Acquire 100% Interest in Kami Iron Ore Project and Completed 25,749 m of Drilling / December 8, 2010;
- Estimated initial resource on North Rose, Rose Central and Mills Lake of 490 Mt at 30.0% iron and an additional inferred resource of 118 Mt at 30.3% iron based on a cut-off grade of 20% iron (43-101 Technical Report) / April 5, 2011;

- Completed preliminary Economic Assessment on Rose Central based on 8 Mtpa of production / September 8, 2011
- Registered Kami Project to initiate Federal and Provincial Environmental Assessment - Planned Production of 16 Mtpa/ October 25, 2011;
- Completed strategic investment with Liberty Metals & Mining for approximately C\$40 million (14.5% of Alderon) / January 12, 2012;
- Confirmed a Measured & Indicated Mineral Resource of over 1 Billion Tonnes at 30% Iron / July 11, 2012
- Secured Port Access and Entered into Bridge Financing Agreement / July 16, 2012;
- Completed strategic partnership agreement with Hebei Iron & Steel Group (“HBIS”), China’s largest steel producer, for an aggregate initial investment of C\$182 million and offtake agreement for up to 60% of production / April 13, 2012;
- Filed Environmental Impact Statement / September 25, 2012;
- Selected WorleyParsons as EPCM contractor and commenced detailed engineering / November 8, 2012;
- Signed MOU with Nalcor for power supply / December 13, 2012; and
- Concluded Feasibility Study on Rose Pit based on 8 Mtpa (43-101 Technical Report) / December 17, 2012;
- Released a positive feasibility study showing IRR of 29.3% and NPV of \$3.244 billion / January 9, 2013;
- Received the remainder of its initial investment from HBIS in the amount of C\$119.9 million / March 15, 2013;
- Signed MOUs with Labrador City and Wabush formalizing their working relationships / March 26, 2013;
- Signed final agreement with WorleyParsons to serve as Alderon’s EPCM contractor / May 3, 2013;
- Confirmation given that the multi-user dock is on schedule and on budget / July 16, 2013;
- Placement of order for long lead time items autogenous mill and ball mill / August 15, 2013.

In addition to these milestone achievements, Alderon has continued during this period to add significant talent to both its Board of Directors and to its management team.

In just over three years, Alderon has completed financings totaling \$264 million from both strategic partners and capital markets to bring the Kami Project from

the exploration stage to pre-production development. Alderon is fully committed to moving the project forward, to the production phase. Iron ore production is planned at an initial rate of 8 million tpa over a 30 year mine life, with construction anticipated to commence in spring 2014 and production to commence in spring 2016.

In the coming six months, it is essential that Alderon complete the following steps prior to the commencement of construction:

- Approval of the Environmental Impact Statement and release (both provincial and federal) from the Environmental Assessment process;
- Acceptance of the Benefits Agreement by the Government of Newfoundland and Labrador;
- Conclusion of arrangements with Aboriginal organizations;
- Receipt of the Mineral License by the Department of Natural Resources;
- Receipt of all required permits and approvals necessary prior to the commencement of construction; and
- Approval from the Board of Directors of Alderon to begin construction.

A construction schedule has been established that is contingent on the following milestones being met:

Major Milestones	Date
EA Release	Q1 2014
Permits Secured and Start Construction	Q2 2014
Construction Completed	Q1 2016
Power Availability (NL)	Q4 2015
Full Handover to Operations	Q2 2016

1.2 Gender Equity and Diversity and the Kami Project

It is the responsibility of Alderon to develop and oversee the implementation and ongoing execution of a Gender Equity Plan and a Diversity Plan to meet the regulatory requirements of the Project (see Section 2.0). While these requirements have shaped the Gender Equity Plan and the Diversity Plan, their content is also driven by Alderon's commitment to develop industry and labour capacity in order to create and deliver long-term sustainable benefits to affected stakeholders and communities. Alderon's commitment to sustainable development of the Kami Project is a critical and vital component of its operations. Alderon recognizes that both it and its employees have a vested interest in the growth and development of the communities in which they reside. Alderon also recognizes the important contribution which the Kami Project will make to the economy of the Province.

Experience has demonstrated that supporting gender equity and diversity in the workplace has many significant social and economic benefits and can contribute to a stable and prosperous operating environment. Project planning has been in progress for several years and plans will continue to be developed, reviewed and refined over the life of the Kami Project. Given the relatively long predicted life of the Kami Project, the Gender Equity Plan and the Diversity Plan focuses on a strategic approach and outlines initiatives that have been identified based on current requirements. As the Project and its workforce develop, these initiatives will continue to evolve to address new challenges and opportunities.

1.3 Structure

This document describes the approach that Alderon will take to integrate its gender equity and diversity philosophy and approach into strategic initiatives and actions for the Kami Project during the construction and operations phases. The structure of this Document is as follows:

- The regulatory and contractual requirements for the Gender Equity and Diversity Plans (Section 2.0)
- The Gender Equity Plan (Section 3.0)
- The Diversity Plan (Section 4.0)
- Implementation, Monitoring and Review of the Gender Equity Plan and the Diversity Plan (5.0)

2. REGULATORY AND CONTRACTUAL REQUIREMENTS

Section 4.28.4 Effects Assessment and Mitigation of the Environmental Impact Statement Guidelines for the Kami Iron Ore Project (the "Guidelines") requires Alderon to commit to the development of Gender Equity and Diversity Plans that meet the approval of the Minister of Natural Resources and the Minister Responsible for the Status of Women. The Guidelines further stipulate that the Plans are to include an employment plan and a business access strategy for women and for other under-represented groups, including Aboriginal peoples ("designated groups"). The Gender Equity Plan and the Diversity Plan will be appended to the Newfoundland and Labrador Benefits Plan which has been agreed to in principle by Alderon and the Department of Natural Resources.

The Gender Equity Plan and the Diversity Plan have been developed in response to these regulatory requirements and in response to the Kami Project Benefits Agreement between the Province and the Kami Project coventurers (the "Benefits Agreement"). In addition, the terms of the Gender Equity Plan and the Diversity Plan have been developed in accordance with relevant provincial policies respecting these matters. These regulatory requirements, the relevant provisions of the Benefits Agreement and applicable Provincial policies are set out below.

2.1 Provincial Regulatory Requirements

Alderon and its contractors understand their obligations pursuant to the Newfoundland and Labrador Human Rights Code and agree that they will strictly abide by and adhere to all requirements under this Code, along with any amendments or changes which may be introduced during the life of this Project.

2.2 Benefits Agreement

Under the terms of the Benefits Agreement, Alderon is required to develop and implement a Gender Equity Plan and a Diversity Plan. These Plans must address, among other matters, employment and business access for four under-represented groups – women, visible minorities, Aboriginal peoples and persons with disabilities.

Employment, business access and other matters applicable to the status of women are addressed in the Gender Equity Plan; employment, business access and other matters applicable to the status of under-represented groups are addressed in the Diversity Plan.

Alderon has committed, as part of its commitments under the NL Benefits Agreement, to develop and implement a Human Resources Plan and to table that document with Department of Natural Resources and Women's Policy Office staff by no later than March 31, 2014. That Plan will provide in much more detail many of the specific initiatives set out in the Gender Equity Plan and the Diversity Plan. The Plan will detail policies and procedures designed to ensure that the Alderon worksite is free of discrimination, bias, harassment and that the worksite embraces the principles of inclusion and diversity. The Plan will serve as a general roadmap for the development and implementation of HR policies, recruiting efforts, efforts to retain talent once recruited, wage and salary administration, benefits administration and the like and will guide the Project through the transition from construction to commissioning to operations.

The review of the HR Plan to be carried out with DNR and Women's Policy Office staff will ensure that there are no inconsistencies with the Plan and any of the Women's Employment Plan, Diversity Plan or Benefits Plan. It is imperative that there is 100% consistency and alignment amongst these approved plans.

2.3 Development of the Plans

The Gender Equity and Diversity Plan has been developed to fully comply with the requirements outlined in Sections 2.2, 2.3 and 2.4. Since the provisions under each plan are substantially similar and in the interests of efficiency Alderon has set out both Plans in a single document. In addition, due to the high degree of alignment between each Plan, a common implementation, monitoring and review process applicable to each Plan is consolidated in Section 5.0.

The Plans have also taken into full consideration Alderon's existing policies and procedures and have been developed to align with those already in place. Alderon has developed and introduced an Employee Handbook (updated February 2013) which deals specifically with the issues of corporate culture and the actions of employees in the workplace. An extract of that Handbook is set out below.

“The Company is committed to hiring and developing the best qualified people and engaging the most qualified contractors. Our policies and practices in all areas of the employment process and relationship (including recruiting, hiring, training, work assignments, promotions, transfers, compensation and benefits) are designed to ensure equal opportunities for all.

The Company is committed to ensuring that the principles of Canadian human rights legislation are respected. Thus, we strive to achieve a work environment in which all employees and contractors are treated fairly and equitably regardless of race, creed, colour, national or ethnic origin, religion, age, sex, sexual orientation, marital status, family status, physical or mental disability or pardoned criminal conviction or any other ground prohibited in prevailing legislation.

A positive work environment should be free from unnecessary and offensive remarks, materials and / or behaviour.

Individuals have the right to be treated with respect in the workplace. In exercising its responsibility as an employer, the Company will endeavour at all times to provide a work environment which is supportive of both productivity and personal goals, as well as the dignity and self-esteem of all employees and contractors.

The Company, its employees and its contractors must not condone behaviour in the workplace that is unacceptable and likely to undermine working relationships or productivity.

The responsibility for creating and maintaining a positive work environment rests with all employees and contractors. All employees and contractors are expected to recognize and avoid actions or comments which offend, embarrass or humiliate others, whether deliberate or unintentional.

Management has an ongoing responsibility to respond immediately to stop any activity in the workplace that undermines this policy, whether or not there has been a complaint. Employees and contractors have an equal responsibility not to be frivolous or vindictive in making accusations.

The Company recognizes all employees' and contractors' right to respect, maintenance of dignity and protection of psychological integrity, and therefore adheres to the principle of a workplace free from all forms of harassment, including psychological and sexual harassment, as well as a working environment free of discrimination.

Respect for all employees and contractors of the Company is one of the core values of the organization.

The Company will not tolerate any form of harassment.

There are many forms of harassment, including but not limited to the following.

➤ ***Harassment based on any reasonable ground is prohibited by human rights legislation in each jurisdiction in which the Company operates. These grounds include more specifically race, colour, gender, pregnancy, civil status, sexual orientation, age, religion, ethnic origin and the like.***

➤ ***Psychological harassment.***

➤ ***Sexual Harassment.***

Psychological harassment means any unwanted behaviour in the form of repeated and hostile or unwanted conduct, verbal comments, actions or

gestures that affect an employee's dignity or psychological or physical integrity and that results in a harmful work environment for the employee.

A single serious incidence of such behaviour that has a lasting, harmful effect on an employee may also constitute psychological harassment.

Sexual harassment may refer to a single incident or to a repeated and disturbing course of conduct with a sexual connotation that may offend or humiliate, or be perceived by an employee as amounting to sexual demands. Both women and men may be victims of sexual harassment, from a person of the opposite sex or the same sex.

The Company requires employees and contractors to report any kind of harassment as soon as is possible either to the direct supervisor involved or to the Human Resources Department.

Therefore, if an employee or contractor is a witness to harassment or discrimination, he or she must report it to the Company and the witness's name will be kept confidential. The Company will take the necessary steps to contact the alleged victim and encourage him or her to report the problem.

All harassment complaints are to be investigated by the Company fully, diligently and impartially.

Confidentiality will be maintained throughout the investigation process to the extent practical and appropriate under the circumstances.

Anyone acting in good faith in compliance with this policy, particularly if they are acting as a complainant or witness to an inquiry, will not be subject to any reprisals or repercussions. However, any complaint

considered frivolous or launched in bad faith may result in disciplinary measures.

These statements do not restrict the valid authority of managerial personnel in the evaluation of employees' performance, the management of relationships, and the application of administrative and / or disciplinary measures, up to and including termination of employment.

Any employee who believes he or she is being harassed should take the following steps.

If the employee is comfortable doing so, he or she should tell the person to stop the offensive behaviour. The employee should firmly state that the behaviour is objectionable and unwelcome, and it must stop. The employee should keep a written record of the incident along with a note of the steps taken.

If the activity or behaviour does not stop after the offender has been informed or if the employee does not feel comfortable approaching the offending party, the employee should discuss the matter with his or her supervisor at which point a formal investigation will be initiated. If the employee does not feel comfortable dealing with the supervisor involved or if the supervisor is involved in the activity, then the employee should bring the matter to the attention of the supervisor's immediate supervisor or to the Executive Vice President, Human Resources of the corporation.

If the result of the investigation is the imposition of corrective measures, the nature of such measures will be determined by the seriousness of the behaviour in question and the particular circumstances. Disciplinary action taken may be as serious as termination of employment for the most severe situations."

3. GENDER EQUITY PLAN

3.1 Plan Objectives

Alderon has developed the Gender Equity Plan to cover both the construction and operations phases of the Kami Project (the "Project"). The goals of this Plan are to ensure the creation of a supportive work environment that will enhance the training, recruitment, employment and retention of women in non-traditional areas and occupations, promote women's access to business opportunities, and prevent and prohibit harassment and sexual discrimination in the workplace through the use of well communicated and strictly enforced policies and procedures.

The Gender Equity Plan is based upon Alderon's commitment to three fundamental principles related to its commitment to sustainable development:

- Skills development through community Investment
- Recruitment and selection of qualified Candidates
- Establishment and development of a supportive work environment

Alderon will take the necessary steps to ensure that, gender equity initiatives are developed and implemented and complied with by all relevant parties including its contractors and subcontractors. Alderon will continue to work cooperatively and collaboratively with all stakeholders including government, educational institutions (both public and private), organized labour, community organizations, industry associations and organizations, contractors, sub-contractors and any other stakeholders who may be identified as the Project develops. Alderon is committed to ongoing review and monitoring of the initiatives outlined below to ensure that the Gender Equity Plan continues to be responsive to the specific needs of women. Alderon is committed to the principle of continuous improvement of its performance relative to women's employment.

3.2 Gender Equity Plan Components

The Gender Equity Plan consists of the following components:

- A. Women's Employment Plan**
- B. Business Access Strategy**
- C. Supportive Work Environment**

Implementation of the Gender Equity Plan will be addressed in a separate section (5.0) which also addresses implementation of the Diversity Plan.

A. Gender Equity Plan

The Women's Employment Plan details Alderon's approach to employment equity and describes the initiatives which Alderon will implement to address employment equity.

Education and Training

Alderon understands the importance of having a pool of trained and qualified women from which to draw, as its employment and promotional requirements and opportunities permit. In order to ensure that such a reservoir of trained employees exists, Alderon is committed to the principle of skills development through community investments in education and training. In support of this principle, Alderon is prepared to take the following measures.

- Support education and training programs which encourage women to pursue employment in non-traditional fields, with particular attention being paid to those occupations and fields which would be of benefit to the mining industry. Alderon acknowledges that as part of its commitment to education and training, it will be required to arrange for pre-employment, for-hire training for some prospective candidates, which will most likely mean private sector training facilities. Alderon commits that where such for-hire training is required, a target of 25% participation by women will be adopted.
- Highlight the success of women in those areas where women are under-represented and use those success stories to underscore the importance of women entering those fields and occupations where they are currently under-represented.
- Work collaboratively with Memorial University and the College of the North Atlantic to provide financial support through scholarships and bursaries for women who elect to enter non-traditional fields of study related to the mining industry, and assist them through to completion of

their academic careers, both financially as well as by providing summer and term employment to develop the requisite skills.

- Provide financial support through scholarships and bursaries for members of under-represented (i.e. women, Aboriginal persons, visible minorities and persons with disabilities) who elect to enter fields of study related to the mining industry and assist them through to completion of their academic careers, both financially as well as by providing summer and term employment to develop the requisite skills. Commencing in academic year 2015 Alderon will provide scholarships for members of an under-represented group with one annual scholarship at Memorial University and one at the College of the North Atlantic. Each of these scholarships will be in the amount of \$2,500.00 and will be open to all members of under-represented groups entering non-traditional areas of study related to the mining industry. Commencing in the academic year 2016, Alderon will add two additional scholarships each in the amount of \$5,000.0 with one annual scholarship at Memorial University and one at the College of the North Atlantic. These scholarships will also be available to members of an under-represented group wishing to pursue a career in a non-traditional field, with particular emphasis being paid to the mining industry. The final selection process will ensure that at least one-half of the recipients of the scholarships each year will be women. Once established, these scholarships will be annual and will continue for the life of the Project.
- Participate in on-campus job fairs and take all available opportunities to communicate to women the benefits of pursuing a career in non-traditional areas in general and the mining industry in particular. This will include working at the high school level throughout the province to educate senior students of the benefits of pursuing mining careers and will pay particular attention to highlight the benefits of mining and other non-traditional careers to female students. Guidance counselors will also be targeted with this information in an effort to support Alderon's efforts.
- Provide information to the public with respect to employment opportunities in the mining industry with particular attention being paid to women who may be interested in such a career. This information will be disseminated in a variety of ways including print media, television and radio promotions and advertisements, electronic media and the like. Alderon commits that a portion of its website will be dedicated to

employment opportunities and will emphasize the inclusive nature of Alderon's workforce at the Kami Project in an effort to attract female applicants.

- Promote careers in all non-traditional areas but the mining industry in particular to students at the junior high and high school levels to encourage them to stay in school and consider further education to meet skills demand.
- Communicate projected human resources requirements to postsecondary institutions, education groups and women's organizations in a timely manner to encourage further dissemination of skills demand information and to increase awareness of opportunities in non-traditional areas.
- Make available on the job training programs, including programs which will prepare employees for future promotional opportunities to all employees regardless of gender or background, and where it is deemed necessary, tailor training opportunities to accommodate the particular needs of employees. Training will be available to all employees and will include pier training, vendor training, developmental training and other training designed to enhance the abilities of employees for their current roles and better prepare them for promotion and advancement, possibly to supervisory and managerial roles.
- Develop an inventory of employee-trainers and mentors who will be willing and qualified to work with female employees to ensure their participation and success in training and other developmental programs.
- Ensure that any safety training programs required of all employees take into consideration that female employees may not have the same background and experience as their male colleagues and accommodates this distinction where necessary through the use of additional training.

Recruitment and Selection

As a general proposition, Alderon recognizes that training and employment opportunities for women and other under-represented groups are greater during operations than they will be during construction.

Alderon will implement a recruitment and selection process that emphasizes fairness, equity and equal opportunity in order to contribute to success in the employment and retention of women. Programs will be introduced to ensure that Alderon's employees, as well as employees of its contractors and sub-contractors, have received gender sensitivity training prior to screening resumes, selecting candidates for interviews, interviewing candidates and making final selections. Programs will be designed to ensure that the best available candidates are screened in a fair and unbiased manner. Recruitment and selection processes will be based on the following initiatives:

- Build relationships with educational institutions with key programs that may support recruitment needs
- Collaborate with key associations or organizations such as the WRDC / Office to Advance Women Apprentice (OAWA) (and any other groups as required) to attract qualified female candidates
- Select associations/organizations to be notified directly regarding recruitment advertising to ensure advertising reaches target audiences
- Ensure that all advertised job postings state Alderon's commitment to providing equitable opportunity to all individuals
- Implement a bias-free hiring process. Where hiring committees or review panels are used, ensure that there is gender and other diversity present on the committee.
- Where equally qualified male and female candidates are under consideration for the same position and in such situations, the female candidate will be given preference over the male candidate in order to better achieve the targets established in the Gender Equity Plan
- If hiring through a trade union, exercise the contractor's prerogative to use "named hires" to ensure that women are given equal access to positions regardless of seniority, until any targets adopted under the Gender Equity Plan have been satisfied.

- Include recruitment and retention provisions of the Gender Equity Plan in any contractual agreements with contractors and subcontractors.

In the event that third party recruiting firms are hired to assist Alderon in its recruiting efforts, such firms engaged will be provided with copies of this Plan and will be required as part of any commercial arrangements, to be familiar with and abide by the terms of this Plan and any related amendments or updates.

Retention and Promotion

Alderon acknowledges that failure in the introduction and / or implementation of the Gender Equity Plan will lead to higher than acceptable levels of turnover among female employees. Alderon is committed to implementing the following steps to minimize that level of turnover and to encourage the retention of female employees:

- Foster and promote a culture in the workplace which is free of biases and discriminatory practices when dealing with the employment and promotion of women and ensure that any such decisions regarding employment, including promotional opportunities, are free of any consideration based on gender, maternity or parental leaves. Alderon will have in place policies and procedures which will prohibit such discriminatory practices and will impose meaningful sanctions on any employee or contractor who engages in any discriminatory practice related to employment, training or related opportunities.
- Avoid using years of experience (i.e. seniority) as the prevailing consideration in making promotional decisions and consider other qualities which employees possess to ensure that women have equal consideration when being considered for promotion.
- When faced with equally qualified and competent male and female candidates for a promotional opportunity, give special consideration to the female candidate in an effort to achieve gender balance in managerial and leadership roles.
- Ensure that all job and other postings are posted in areas visible and accessible to all employees and ensure that all job and other postings are posted, as a minimum, in those areas likely frequented by women including female washrooms, change rooms and the like.

- Ensure that all job postings are presented in a gender and culturally neutral manner and in a manner that would encourage female responses and responses from representatives of under-represented groups.
- Facilitate regular information sessions and networking sessions for female employees and members of under-represented groups so they are aware of and are comfortable responding to job, promotional and other opportunities.
- Select qualified candidates with interviewers trained to ensure selection processes bases on bona fide occupational requirements and consistently applied methodologies.
- Develop a mentorship / sponsorship program that will pair successful female employees with recent hires or prospective candidates in an effort to encourage development and promotion.
- Celebrate success stories of women and employees from under-represented groups in non-traditional roles and encourage other employees to take the necessary steps to ensure their preparedness for advancement and promotion.
- Hold regular meetings with select women's groups to identify areas of success in attracting, retaining and promoting female employees and also identify and act upon adopted recommendations related to areas where additional measures may be necessary.

Employment Targets

Alderon is prepared to accept targets for women's employment during both the construction phase and the operations phase. These targets recognize the general shortage of skilled employees currently faced by the Canadian mining industry, the availability of qualified women in the existing labour market, the fly in / fly out nature of the Project during the construction phase, the residential requirement that Alderon has accepted during the operations phase and recent experiences by other participants in the mining industry.

Alderon and its contractors and sub-contractors will work to a goal of 17% of the construction workforce being female. Alderon accepts that there are advantages in surpassing this target and will take all reasonable steps to do so.

During operations, Alderon has committed to having a completely residential workforce within two years of achieving commercial production which will require that there are no fly in / fly out or rotational schedules. It is anticipated that the total workforce at the Kami site once in full operation will be approximately 500 employees.

During the transition period from a fly in / fly out operation to a residential workforce, Alderon will, through the measures set out above, ensure that female participation in the workforce is maximized. During this phase, Alderon will work to a target of 15% of its total workforce being female. When the transition is complete to a 100% residential workforce, which must be no later than two years after achieving commercial production, the employment goal for women will increase to 20% of the total workforce. In each of the five successive years following the achievement of commercial production the goal will increase by 2% per year, and by the fifth year of commercial production Alderon will be working to a target of 30% female employment.

Alderon also commits that it will work to a target of 25% apprentices being women.

The table below provides targets by occupational groupings. This information was considered in the development in the summary targets set out above.

Category	Peak Demand	Hiring Estimates		Hiring Targets	
		Females		Females	
		#	%	#	%
Construction					
Administrative & Clerical	78	61	78%	66	85%
Engineering & Technical	30	1	3%	6	20%
Equipment Operators	285	5	2%	57	20%
Management	80	32	40%	38	48%
Support Services	72	30	42%	36	50%
Trades	1,308	43	3%	126	10%
Trades Supervisors	446	10	2%	13	3%
Total Construction	2,299	182	8%	342	15%
Operations - Mine Site					
Administrative & Clerical	17	7	41%	7	41%
Engineering & Technical	50	5	10%	8	16%
Equipment Operators	300	5	2%	60	20%
Management	5	1	20%	1	20%
Support Services	12	3	25%	4	33%
Trades	236	2	1%	41	17%
Trades Supervisors	22	0	0%	4	18%
Total - Operations Mine Site	642	23	4%	125	20%

Category	Peak Demand	Hiring Estimates		Hiring Targets	
		Females		Females	
		#	%	#	%
Operations - Processing Plant					
Administrative & Clerical	11	6	55%	6	55%
Engineering & Technical	66	24	36%	28	42%
Equipment Operators	9	2	22%	2	22%
Management	16	7	44%	8	50%
Support Services	6	1	17%	1	17%
Trades	61	1	2%	13	21%
Trades Supervisors	10	0	0%	1	10%
Total - Operations Processing Plant	179	41	23%	59	33%

B. Business Access Strategy

Alderon will promote business opportunities and encourage women to pursue available business opportunities related to the Project, and will ensure through its procurement process that women-owned and managed businesses have full and equal access to all such business opportunities consistent with the principles of full and fair opportunity and first consideration as set out in the Benefits Agreement.

In order to support access and participation by women owned businesses, Alderon will institute the following initiatives, consistent with a Supplier Diversity Program.

- Dedicate a portion of the Alderon and WorleyParsons (Alderon's selected EPCM contractor for the Kami Project) websites to procurement opportunities, and make it clear from the information posted that women entrepreneurs are encouraged and supported to and have an equal opportunity to participate in the bidding process for the provision of goods and services to the Project.
- Provide input and guidance to women entrepreneurs through vendor feedback, including feedback to vendors and suppliers not selected to provide goods and services to the Project or through vendor development seminars where vendors and suppliers will be informed of steps which must be taken to qualify to bid on Project work and encouraged to develop the capacity to provide goods and / or services to the Project. Through this feedback mechanism as well as the vendor development program, Alderon and WorleyParsons wish to maximize the number of women owned and managed enterprises from which to source goods and services. Alderon and WorleyParsons will ensure that all consultation and meetings with vendors are open communication and that these will be forums not only for Alderon and WorleyParsons to share information, but also opportunities for Alderon and WorleyParsons to be questioned and to gather information.
- Work collaboratively with community organizations to facilitate information sessions targeted specifically at women entrepreneurs.

- Profile successful female entrepreneurs who have successfully bid on Project work or have partnered with successful groups.
- Develop an inventory of women owned businesses in the province and place them on a regular contact list for the provisions of goods and / or services which may be bid by the Project.
- Identify strategic opportunities within the supply chain for participation by women owned businesses, and implement measures to identify and link vendors with these opportunities.
- As demonstrated through the implementation and execution of its procurement procedures, adopt a culture of supplier diversity and monitor progress of supplier diversity, with a goal of continuous improvement.
- Work collaboratively where necessary, with the Newfoundland and Labrador Organization of Women Entrepreneurs (NLOWE) to gather available information related to the number and identity of women owned and managed businesses.
- Develop an inventory of verified woman owned businesses in the province and place them on a regular contact list for the provisions of goods and / or services which may be bid by the Project. A woman owned business is one which is owned, managed and controlled (51% or more) by a woman or women.

C. Supportive Work Environment

The work environment must support gender equity. Retention and advancement of women in the workforce is a key to long-term success and sustainability. Alderon will seek to create a workforce, worksite and related infrastructure that support this goal.

In order to foster a supportive work environment, Alderon will implement the following initiatives:

- Assign a member of the senior executive team at the Vice President or Executive Vice President level who will be responsible for administering the Gender Equity Plan and for ensuring that the Plan is thoroughly communicated to all relevant parties and complied with.

- Once commercial production is achieved, designate an individual within the Human Resources Department who will be responsible for ensuring the ongoing communication of the Gender Equity Plan and for monitoring compliance. During the construction phase, this role will be assumed by a member of the EPCM team, but the focus on success will not be in any way diminished. To the point that 100% residential employment is achieved, an employee of either Alderon or WorleyParsons will be identified as the Project's Diversity Coordinator and that person will be well versed in the provisions of this Plan and will have the authority to deal with and resolve any related issues as they arise.
- Establish a Gender Equity and Diversity Committee comprising, at the very least, the senior executive responsible for compliance with the Gender Equity Plan as well as the member of the HR team responsible for its day-to-day administration, to deal with compliance and reporting issues. This Committee will include other representatives of management with an interest in the success of the Gender Equity Plan and may, on occasion, include others from outside of the Company. Employees must also be represented on the Committee, regardless of any union affiliation or certification. A representative of the Women's Policy Office and / or the Department of Natural Resources will be an ad hoc member of this committee and will have the ability to join the meeting as deemed necessary.
- Institute an orientation program for all employees and contractors, including training dealing with (a) gender sensitivity (b) respectful workplace (c) the Alderon Gender Equity & Diversity Plan.
- Post information on bulletin boards and take regular occasions to remind all employees of the importance of gender equity in the workplace.
- Require managers and other key members of staff responsible for the supervision of employees to participate in workshops dealing with gender equity.
- Use gender and culturally inclusive language in all written and verbal communications with employees and other stakeholders.

- Ensure that gender equity maintains a high visibility on the site by highlighting and promoting any new or ongoing gender equity initiatives, including incorporating any such information into internal bulletins, notices, newsletters, and other similar materials.
- Highlight new or ongoing gender equity initiatives in regular or periodic employee communications to highlight any new or ongoing gender equity initiatives.
- Survey all employees, with particular attention being paid to female employees on a regular basis (i.e. no less than twice per calendar year) to gauge their comfort with programs in place and their effectiveness, and determine which elements of the Gender Equity Plan have been successful and which have been disappointing.
- Use the results of these regular surveys to calibrate and refine the Gender Equity Plan as required, in conjunction and consultation with the Women's Policy Office and other relevant stakeholders
- Conduct exit interview with female employees to determine any issues related to the Gender Equity Plan, and use the findings of these exit interviews to address any deficiencies in the Plan.
- Provide employees with flexibility to assist in balancing work and personal life including vacation flexibility, paid and unpaid time off, employee assistance program.
- Adopt a zero tolerance approach, supported by well communicated and consistently applies policies and procedures, to gender discrimination and establish respectful workplace guidelines and an anti-harassment and anti-violence in the workplace policies.
- Provide ongoing information to members of the management team with respect to specific gender and diversity initiatives.
- Incorporate gender equity considerations into performance assessment process.
- Hold regular meetings with women's groups to identify areas of success in attracting, retaining and promoting female employees and also identify areas where the Gender Equity Plan has not been successful

and where improvement is warranted. Discuss and identify possible courses of action and commit to an action plan to be acted upon prior to the next scheduled meeting.

Structure accommodations during the both the construction and operations phases to encourage female participation in the workforce. Alderon will work with a contractor, builder and / or developer who will construct and operate a number of apartment blocks for the dedicated use of Alderon's employees. It is anticipated that there will be three such apartment blocks, each with approximately 100 units. In order to ensure stability of the workforce and maximize employee retention, it has been agreed that the apartments available will be a mix of studio, one bedroom, two bedroom and three bedroom units. This will increase the likelihood that Alderon will not only attract those wishing to join Alderon on single status, but will maximize the number of families that we are able to attract and retain, thus heightening Alderon's access to a female employee base. Alderon will ensure during both construction and operations that all living quarters, lunch rooms, common rooms and recreational facilities will be designed to provide women with a safe, comfortable and respectful residential environment.

The contractor / builder will be instructed that space in at least one of the three apartment blocks to be constructed will have adequate space and fittings to house a licensed day care facility, dedicated to Alderon employees. The day care facility will have room for no fewer than 40 day care spaces. Alderon will not own, operate or manage the day care facility but will source a non-for-profit owner / operator locally, and will provide seed capital to a maximum of \$50,000 to ensure the safe and efficient operation of the day care. The day care facility will be operational during the transition between construction and operations, anticipated to be late 2015 or early 2016. The day care facility, once operational, will be subsidized by Alderon for its employees and will be responsive to the needs of Alderon and its employees, including the possibility of remaining open 24 hours per day, in recognition of the continuous nature of Alderon's operations.

Alderon commits that it will consult with representatives of Child, Youth and Family Services prior to the commencement of any construction or development of the daycare facility, and will continue consultation through the construction and implementation phases.

4. DIVERSITY PLAN

4.1 Plan Objectives

Alderon has developed the Diversity Plan to cover both the construction and operations phases of the Kami Project. Alderon is committed to increasing the participation of under-represented groups (Aboriginal persons, visible minorities and persons with disabilities) and will support all reasonable accommodations required for employees, recognizing the legal duties to accommodate in this area. The goals of this Plan are to ensure the creation of a supportive and inclusive work environment that will enhance the training, recruitment, employment and retention of under-represented groups (persons with disabilities, visible minorities, Aboriginal persons), foster access to business opportunities by those groups and discourage harassment and discrimination in the workplace.

The Diversity Plan is based upon Alderon's commitment to three fundamental principles related to its commitment to sustainable development:

- Skills development through community investment
- Recruitment and selection of qualified Candidates
- Establishment and development of a supportive work environment

Alderon will take the necessary steps to ensure that diversity initiatives are developed and implemented and complied with by all relevant parties including its contractors and subcontractors. Alderon will continue to work cooperatively and collaboratively with all stakeholders including government, educational institutions (both public and private), organized labour, community organizations, industry associations and organizations, contractors, subcontractors and any other stakeholders who may be identified as the Project develops. Alderon is committed to ongoing review and monitoring of the initiatives outlined below to ensure that the Diversity Plan continues to be responsive to the specific needs of members of under-represented groups.

4.2 Diversity Plan Components

The Diversity Plan consists of the following components:

- A. Diversity Employment Plan**
- B. Business Access Strategy**
- C. Supportive Work Environment**

Implementation of the Diversity Plan will be addressed in a separate section (Section 5.0) which also addresses implementation of the Gender Equity Plan.

A. Diversity Employment Plan

The Diversity Employment Plan details Alderon's approach to the creation of a representative and inclusive workforce and describes the initiatives which Alderon will implement to address diversity in employment equity.

Education and Training

Alderon understands the importance of having a representative and inclusive workforce which includes the participation of members of under-represented groups. In order to ensure the establishment of such a workforce, Alderon is committed to the principle of skills development through community investments in education and training. In support of this principle, Alderon is prepared to take the following measures.

- Support education and training programs which encourage the participation of members of under-represented groups.
- Highlight the success of members of under-represented groups, in those occupational areas where members of those groups are under-represented and use those success stories to underscore the importance of employment in those occupations.
- Work collaboratively with Memorial University and the College of the North Atlantic to provide financial support through scholarships and bursaries for members of under-represented (i.e. women, Aboriginal persons, visible minorities and persons with disabilities) who elect to enter fields of study related to the mining industry and assist them through to completion of their academic careers, both financially as well as by providing summer and term employment to develop the requisite skills. Commencing in academic year 2015 Alderon will provide

scholarships for members of a under-represented group with one annual scholarship at Memorial University and one at the College of the North Atlantic. Each of these scholarships will be in the amount of \$2,500.00 and will be open to all members of under-represented groups entering non-traditional areas of study related to the mining industry. Commencing in the academic year 2016, Alderon will add two additional scholarships each in the amount of \$5,000.0 with one annual scholarship at Memorial University and one at the College of the North Atlantic. These scholarships will also be available to members of a under-represented group wishing to pursue a career in a non-traditional field, with particular emphasis being paid to the mining industry.

- Participate in job and career fairs and highlight the benefits of employment in the mining industry with emphasis paid to the benefits for employees who are members of under-represented groups. Include employees of Alderon and its contractors in these fairs to demonstrate successes, and encourage participation by members of under-represented groups
- Provide information to the public with respect to employment opportunities in the mining industry with particular attention being paid to members of under-represented groups who may be interested in such a career. This information will be disseminated in a variety of ways including print media, television and radio promotions and advertisements, electronic media and the like. Interest will be nurtured at the high school level and such promotional information will be supplied to all provincial high schools and guidance counselors including those under Aboriginal School Boards.
- Promote careers in the mining industry to students at the junior high and high school levels to encourage them to stay in school and consider further education to meet skills demand.
- Communicate projected human resources requirements to postsecondary institutions, education groups and representatives of under-represented groups in a timely manner to encourage further dissemination of skills demand information and to increase awareness of opportunities.

- Make available on-the-job training programs, including programs which will prepare employees for future promotional opportunities to all employees regardless of gender, ethnicity, or background, and where it is deemed necessary, tailor training opportunities to accommodate the particular needs of employees.
- Develop an inventory of employee-trainers and mentors who will be willing and qualified to work with members of under-represented groups to ensure their participation and success in training and other developmental programs.
- Ensure that any safety training programs required of all employees take into consideration background and experience and accommodates differences through additional training where required.

Recruitment and Selection

Alderon will implement a recruitment and selection process that emphasizes fairness, equity and equal opportunity in order to contribute to success in the employment and retention of members of under-represented groups. Programs will be introduced to ensure that Alderon's employees, as well as employees of its contractors and sub-contractors, have received diversity sensitivity training prior to screening resumes, selecting candidates for interviews, interviewing candidates and making final selections. Programs will be designed to ensure that the best available candidates are screened in a fair and unbiased manner. Recruitment and selection processes will be based on the following initiatives:

- Build relationships with educational institutions with key programs that may support recruitment needs.
- Collaborate with key associations or organizations to attract qualified candidates from under-represented groups.

- Select associations/organizations to be notified directly regarding recruitment advertising to ensure advertising reaches target audiences.
- Ensure that all advertised job postings state Alderon's commitment to providing equitable opportunity to all individuals.
- Implement a bias-free hiring process. Where hiring committees or review panels are used, ensure that historically under-represented groups are represented.
- Include recruitment and retention provisions of the Diversity Plan in any contractual agreements with contractors and subcontractors.
- Select qualified candidates with interviewers trained to ensure selection processes based on bona fide occupational requirements and consistently applied methodologies.
- Encourage and participate in any initiatives which would encourage members of an under-represented group to pursue employment in the mining industry.
- With specific reference to Aboriginal groups, ensure that leadership and members of the Aboriginal communities are made aware of employment opportunities
- Promote participation in employment opportunities by highlighting and promoting success stories in occupations

Retention and Promotion

Alderon accepts that failure in the introduction and / or implementation of the Diversity Plan will lead to higher than acceptable levels of turnover among employees who are members of under-represented groups. Alderon is committed to implementing the following steps to minimize that level of turnover and to encourage the retention of employees who are members of under-represented groups:

- Foster a culture in the workplace which is free of biases and discrimination in relation to the hiring, retention and promotion of qualified members of under-represented groups.
- Avoid using years of experience (i.e. seniority) as the prevailing consideration in making promotional decisions and consider other qualities which employees possess to ensure that members of under-represented groups have equal consideration when being considered for promotion.
- Ensure that all job and other postings are posted in areas visible and accessible to all employees and are presented in a gender and culturally neutral manner and in a manner that would encourage responses from representatives of under-represented groups.
- Facilitate regular information sessions and networking sessions for members of under-represented groups so they are aware of and are comfortable responding to job, promotional and other opportunities.
- Celebrate success stories of employees from under-represented groups and encourage other employees to take the necessary steps to ensure their preparedness for advancement and promotion.
- Develop a mentorship /sponsorship program that will pair successful employees who are members of under-represented groups with recent hires or prospective candidates in an effort to encourage development and promotion.

Employment Targets

Alderon is committed to increasing the representation rates of persons with disabilities, visible minorities and Aboriginal persons, and it is anticipated that the measures identified in this Plan will serve to facilitate these increases. Throughout our analysis it became apparent that there is limited availability of labour supply data for these groups, in part due to the limitations related to self-identification processes. In light of that, there are challenges in setting targets by identified groups. Therefore, we will adopt an overall aspirational target of 4% to 7% of the total workforce, for these

groups, over the life of the Project. As opportunities arise or as advancements are realized, these targets will be reviewed through a lens of continuous improvement.

B. Business Access Strategy

Alderon will encourage members of under-represented groups, to pursue available business opportunities related to the Project, and will ensure through its procurement process that businesses owned and managed by members of under-represented groups have full and equal access to all such business opportunities, consistent with the principles of full and fair opportunity and first consideration which are set out in the Benefits Agreement. In addition, Alderon will abide by the provisions of any benefits agreement concluded with an Aboriginal group which relate to access to business opportunities.

In order to achieve this Business Access Strategy, Alderon will institute the following initiatives:

- Dedicate a portion of the Alderon and WorleyParsons websites to procurement opportunities, and make it clear from the information posted that qualified entrepreneurs who are members of under-represented groups are encouraged to and have an equal opportunity to participate in the bidding process for the provision of goods and services to the Project.
- Provide input and guidance to entrepreneurs who are members of under-represented groups through vendor feedback, including feedback to vendors and suppliers not selected to provide goods and services to the Project or through vendor development seminars where vendors and suppliers will be informed of steps which must be taken to qualify to bid on Project work and encouraged to develop the capacity to provide goods and / or services to the Project.

- Work collaboratively with community organizations and other under-represented groups to facilitate information sessions targeted specifically at entrepreneurs who are members of under-represented groups.
- Profile successful entrepreneurs who have successfully bid on Project work or who have partnered with successful groups.
- Develop an inventory of diverse businesses in the province and place them on a regular contact list for the provisions of goods and / or services which may be bid by the Project. A diverse business is one which is owned, managed and controlled (51% or more ownership) by a member(s) of an under-represented group.

C. Supportive Work Environment

The work environment must support diversity. Retention and advancement of members of under-represented groups in the workforce is a key to long-term success and sustainability. Alderon will seek to create a workforce, worksite and related infrastructure that support this goal.

In order to foster a supportive work environment, Alderon will implement the following initiatives:

- Assign a member of the senior executive team at the Vice President or Executive Vice President level who will be responsible for administering the Diversity Plan and for ensuring that the Plan is thoroughly communicated to all relevant parties and complied with.
- Once commercial production is achieved, designate an individual within the Human Resources Department who will be responsible for ensuring the ongoing communication of the Diversity Plan and for monitoring compliance. During the construction phase, this role will be assumed by a member of the EPCM team, but the focus on success will not be in

any way diminished. To the point that 100% residential employment is achieved, an employee of either Alderon or WorleyParsons will be identified as the Project's Diversity Coordinator and that person will be well versed in the provisions of this Plan and will have the authority to deal with and resolve any related issues as they arise.

- Establish a Gender Equity and Diversity Committee comprising the senior executive responsible for compliance with the Plan as well as the member of the HR team responsible for its day-to-day administration, to deal with compliance and reporting issues. This Committee will include other representatives of management with an interest in the success of the Diversity Plan and may, on occasion, include others from outside of the Company. Employees must also be represented on the Committee, regardless of any union affiliation or certification.

- Institute an orientation program for all employees and contractors, including training dealing with (a) cultural sensitivity (b) respectful workplace (c) the Alderon Gender Equity & Diversity Plan.

- Post information on bulletin boards and take regular occasions to remind all employees of the importance of diversity in the workplace.

- Require managers and other key members of staff responsible for the supervision of employees to participate in workshops dealing with diversity.

- Use gender and culturally inclusive language in all written and verbal communications with employees and other stakeholders.

- Ensure that diversity maintains a high visibility on the site by highlighting and promoting any new or ongoing diversity initiatives, including incorporating any such information into internal bulletins, notices, newsletters, open letters to open and the like.

- Take the opportunity of regular or periodic employee communications to highlight any new or ongoing diversity initiatives.

- Ensure that all external communications including job advertisements, notices of career fairs, notices of vendor / supplier fairs and the like use gender and culturally neutral language that would encourage participation and responses from members of under-represented groups.

- Provide detailed information in areas visible to all employees and other groups of activities such as training and other employment opportunities that are of interest to members of under-represented groups.

- Survey all employees on a regular basis (i.e. no less than twice per calendar year) to gauge their comfort with programs in place and their effectiveness, and determine which elements of the Diversity Plan have been successful and which have been disappointing.

- Use the results of these regular surveys to calibrate and refine the Diversity Plan as required, in conjunction and consultation with the Women's Policy Office and Department of Natural Resources and other relevant stakeholders.

- Conduct exit interviews with employees who are members of under-represented groups to determine any issues related to the Diversity Plan, and use the findings of these exit interviews to address any deficiencies in the Plan.

- Provide employees with flexibility to assist in balancing work and personal life including vacation flexibility, paid and unpaid time off, employee assistance program

- Adopt a zero-tolerance approach, supported by well communicated and consistently applied policies and procedures including preventing gender discrimination, establishing a respectful workplace and anti-harassment and anti-violence.

- Incorporate diversity considerations into performance assessment process
- Provide ongoing information to members of the management team with respect to specific diversity initiatives.
- Engage in the process of proactive barrier identification to ensure all facilities take into consideration the needs of a diverse workforce
- Implement job accommodation upon hire and throughout their career that enables qualified employees with disabilities to perform the essential functions of their job, consistent with any corporate accommodation processes
- Include cultural awareness training as part of the orientation program to ensure that all employees, including new employees, are aware of and adhere to the Company's policies in these areas and understand the significance of these initiatives.
- Hold regular meetings with under-represented groups to identify areas of success in attracting, retaining and promoting under-represented employees and also identify areas where the Diversity Plan has not been successful and where improvement is warranted. Discuss and identify possible courses of action and commit to an action plan to be acted upon prior to the next scheduled meeting.
- Develop and foster relationships with leaders and respected members of Aboriginal communities, specifically elders and spiritual leaders, to gather feedback and seek guidance in relation to culturally sensitive and inclusive policies and procedures in an effort to attract, retain and promote members of Aboriginal organizations.

5. IMPLEMENTATION, MONITORING AND REVIEW

5.1 Implementation

Alderon recognizes that effective communication and implementation are critical to the success of the Gender Equity Plan and the Diversity Plan. In order to ensure successful implementation, Alderon is committed to the following initiatives:

- For the duration of the construction phase and for the first three years of operations, the Gender Equity and Diversity Committee will meet quarterly to review implementation of the Plan and to identify opportunities for improvements. The Committee will be responsible for making recommendations to senior management with respect to any proposed changes, modifications or enhancements to the Gender Equity Plan. Following the first three years of operations, Committee will meet no less often than twice per calendar year.
- During the construction phase if there are unionized contractors involved on site, a sole representative of all trade unions involved will be appointed to the Gender Equity and Diversity Committee to deal with any women's employment issues which may arise.
- Once in operation, if the Kami employees elect to unionize and are certified by a recognized bargaining agent, the existence of the Gender Equity and Diversity Committee and its mandate and minimum meeting requirements will be enshrined in any concluded collective bargaining agreement. In the event that the Project is unionized during operations, Alderon will facilitate a meeting with the certified bargaining agent of the employees and the Women's Policy Office and the Department of Natural Resources in order to communicate the importance of the Plan, the key elements of the plan and to ensure that no collective bargaining agreement language is agreed with is in any way inconsistent or incompatible with any Plan term or condition.

- The Gender Equity and Diversity Committee may incur reasonable expenses to assist with the introduction and implementation of the Gender Equity Plan and/or the Diversity Plan
- The Gender Equity and Diversity Committee will conduct periodic surveys, both formal and informal, of employees at all levels of the organization to gauge the effectiveness of the Plans and shall make recommendations to senior management for changes in an effort to enhance the performance of the plans.
- The Gender Equity and Diversity Committee shall identify systemic barriers to the employment of women and other under-represented groups and take corrective action or make recommendations to senior management, dependent upon the magnitude of the corrective measures required, respecting steps to eliminate those barriers.
- The Gender Equity and Diversity Committee will review the Company's Human Resources Plan to ensure its full compliance with the goals and objectives of the Gender Equity and Diversity Plans and will make recommendations to change any aspect of the Human Resources Plan, including the policies and procedures it will incorporate. The Committee will also review the Company's policies and procedures to ensure full compliance with the principles of full and fair opportunity and first consideration.
- The Gender Equity Plan and the Diversity Plan will be available for distribution to all employees and other interested stakeholders, and highlights of the plan will be broadly distributed and otherwise posted, members of the Committee and the Diversity Coordinator will be identified. Employees will be encouraged to bring any concerns to the Diversity Coordinator, a Committee member or to a member of the local management team.

Alderon will adopt an implementation program, consisting of the following.

Q4 2013

Initiate discussions with Memorial University and the College of the North Atlantic to make them aware of the Project and its staffing requirements and also make them aware of Alderon's commitment to diversity and its commitments under this Plan.

As the procurement process unfolds and orders for long lead time items are placed, ensure that WorleyParsons is aware of and committed to the obligations of this Plan and that any procurement activity includes the requirement for diversity.

Initiate reporting of information required pursuant to this Plan as well as the NL Benefits Agreement.

Ensure that WorleyParsons has in place a Women's Employment Plan and Diversity Plan of its own and review the Plan with WorleyParsons and resolve any areas of concern or misalignment with Alderon's Plan before approving and proceeding further.

Develop a Human Resources Plan which will govern Alderon's HR requirements and actions during operations.

Designate a member of the senior executive team who will be responsible for compliance with and administration of this Plan and for communicating its contents, both internally and externally, to all interested parties.

Q1 2014

Commence participation in job and career fairs and open channels of communication with high schools to communicate the availability of employment in the mining industry and Alderon's commitment to employment within under-represented groups.

Meet with community groups (e.g. WRDC / OAWA) and make them aware of the Project and Alderon's commitments to diversity in employment and business opportunities. Establish working relationships with these and other groups which will increase the likelihood of the success of the Plan.

Initiate vendor feedback sessions with women entrepreneurs, which will include true two way communications; an opportunity for Alderon and WorleyParsons to inform vendors and potential vendors of what will be required of them but as important, an opportunity for vendors and potential vendors to ask questions and make known any concerns they may have.

Develop an inventory of women owned businesses in the Province and place them on a regular contact list for the provision of goods and / or services which may be bid by the Project.

Complete the Human Resources Plan and submit it to the Department of Natural Resources and the Women's Policy Office for review and to ensure consistency and compatibility with this Plan.

Establish a Gender Equity and Diversity Committee to meet periodically and address issues related to the implementation and administration of this Plan.

Work with third party providers of accommodations as well as builders and developers to ensure all employee accommodations (i.e. living quarters, lunch rooms, common areas, recreational facilities) are designed to provide women with a safe, comfortable and respectful residential environment.

Q2 2014

Initiate employee surveys and questionnaires to gauge compliance and comfort with this Plan. Particular attention will be paid to female participants in the questionnaires and surveys, the goal of which will be to take whatever corrective measures are required to ensure compliance with this Plan.

Q3 2014

Identify a local owner / operator of a day care facility to be facilitated by Alderon. Alderon will provide start-up capital for the day care facility to a maximum of \$50,000.

Q4 2014

Initiate hiring activities for the operations phase of the Project. Communicate all job vacancies as widely as possible and ensure total transparency in the recruiting, interviewing and hiring processes, recognizing and complying with the Company's commitments under the terms of this Plan and any employment targets established by this Plan.

Q1 2015

Participate, along with the Women's Policy Office and the Department of Natural Resources in the first annual meeting of the group to review Alderon's performance during the calendar year 2014 and determine areas of success and areas of disappointment, with the meeting culminating in the development of an action plan designed to overcome any shortcomings in the Plan, its implementation or execution.

Q2 2015

Introduce the initial scholarships available to students from a under-represented group, of Memorial University and the College of the North Atlantic, for entry into a program of a non-traditional nature.

5.2 Reporting

Alderon recognizes the importance of regular reporting to the government in an effort to ensure ongoing compliance with the Gender Equity Plan and the Diversity Plan and to identify in a timely manner any areas of concern or shortcomings. The NL Benefits Agreement will detail similar reporting and monitoring requirements dealing with employment and procurement both during construction and operations.

The NL Benefits Agreement commitments in these areas are as follows.

- (A) Alderon will submit a monthly report on direct employment and procurement of goods and services within 28 calendar days of month end for all project works and facilities situated in the Province.
- (B) The employment report will contain information (actuals and percentages) broken out by work location, owner (Alderon), contractor, aboriginal affiliation, gender and any other identification with a under-represented group for the period. The report will include:
 - 1) total number of positions/person hours of all project works and facilities situated in the Province in that month and to date;
 - 2) total number of positions/person hours of all work in the Province for all project works and facilities situated in the Province in that month and to date;
 - 3) total number of positions/person hours of all work in 1) and 2) occupied by Provincial residents including place of residence in that month and to date.
- (C) The Procurement of Goods and Services report will include actual dollar values of Project works and facilities situated in the Province and include the following information:
 - 1) total value of goods and services purchased in that month and to date;
 - 2) total value of goods and services purchased from Provincial suppliers in that month and to date;
 - 3) total value of goods and services purchased by industry category (e.g. transportation, fuel, equipment, etc.) in that month and to date;

- 4) details of contracts awarded in that month; and
 - 5) upcoming month procurement forecast.
 - 6) details of contracts awarded to women owned businesses or businesses owned by members of other under-represented groups.
- (D) A quarterly report of activities as identified in (A) including: an update on operations schedule, education and training initiatives, gender and diversity initiatives and upcoming quarterly procurement forecast, within 30 calendar days of the reporting quarter end.
- (E) An annual report summarizing activities as contained in reports identified in (A) through (D), as well as an indirect employment summary, an overview of progress relative to employment and provision of goods and services commitments, education and training initiatives, gender and diversity initiatives, upcoming year procurement forecast and any additional information on project operations and activities that may be appropriate, within 60 calendar days of the calendar year end.
- (F) Upon request, Alderon will meet with representatives of the Department of Natural Resources and / or Women's Policy Office to discuss the foregoing reports and provide further information where requested.
- (G) In order to facilitate reporting, Alderon will maintain at a minimum the following records:
- 1) lists of employees showing: job category/occupation, date of hiring and termination, reason for termination, place of residence (NL, Canada, Other), gender, aboriginal membership and any other identification related to a under-represented group;
 - 2) quarterly procurement forecast;
 - 3) quarterly procurement report;
 - 4) register of bidder list notifications; and
 - 5) register of award notifications.

Alderon accepts that the monthly reports to be submitted will largely be numerical reports with little discussion or context. The quarterly and annual reports, however, will be more narrative in nature and will not only provide a numerical summary of employment and procurement activities, but will also contain discussion about performance in each of these areas relative to

commitments in the Gender Equity Plan and Diversity Plan, areas of success and the reasons for those successes, deficiencies and the reasons for those deficiencies and any corrective measures to be introduced prior to the next reporting period to improve performance in those areas where improvement is indicated.

5.3 Review

Alderon understands and accepts that the key to the successful introduction and implementation of the Gender Equity Plan and the Diversity Plan will be ongoing review of the plans through communication and collaboration. Alderon is committed to working cooperatively and collaboratively with all stakeholders in the success of the Gender Equity and Diversity Plan, including contractors and sub-contractors, government, community and other interest groups, educational institutions and labour unions. To ensure ongoing review and continuous improvement, Alderon will institute the following initiatives:

- Alderon will ensure that all contractors and sub-contractors are aware of and commit to full compliance with all aspects of the Gender Equity and Diversity Plan.
- As part of its bid process as well as the processes followed by its EPCM contractor, including Expressions of Interest, Alderon will ensure that all submissions include gender equity and diversity provisions, and will incorporate a review of these provisions into its evaluation and selection process.
- Alderon will work closely with each of its contractors and sub-contractors to ensure that they are fully aware of and appreciate the gender equity and diversity goals which they are assuming as part of the selection process. Alderon will also work closely with each of the contractors and sub-contractors to ensure their compliance with the approved gender equity and diversity goals, including supporting them in their recruiting efforts, supporting them with their training efforts, supporting them with their efforts to retain employees and supporting them in any other initiatives they may wish to undertake in order to increase the likelihood of compliance with specific gender equity and diversity goals.

- Alderon is committed to the principle of continuous improvement in the area of gender equity and diversity and will use community and other recognized groups as a valuable resource in its efforts to achieve these goals. Alderon will work closely with women's organizations and other relevant stakeholder groups to increase opportunities for access to employment, training, promotional and business opportunities.
- Alderon will work cooperatively and collaboratively with women's organizations and other relevant stakeholder groups to share and gather information to facilitate the success of the Gender Equity and Diversity Plans and will meet with these groups on a regular basis (i.e. no less than annually or more often if specific issues arise) to develop a better appreciation of the barriers to employment and business opportunities for such groups and act in response to any barriers identified.
- Alderon will continue to work with educational institutions, and in particular Memorial University and the College of the North Atlantic, to underscore the importance of women and under-represented groups pursuing academic training in non-traditional fields in support of their pursuit of careers in those fields
- Alderon will work closely and collaboratively with government at all levels to ensure that these principles of full and equal access to employment and business opportunities are properly communicated to its management team as well as the management of its contractors and sub-contractors, and that its efforts in these areas are regularly and completely reported to the government for assessment under an approved reporting and monitoring protocol.
- Alderon will work collaboratively with government in order to access the resources other tools which the government has on offer in support of Alderon's commitments to full access to employment and business opportunities.
- Alderon and its agents will negotiate all collective and other agreements with requirement to ensure full compliance and consistency with the Gender Equity Plan and Diversity Plan. This will include discussions regarding "named hires" as a step to addressing any barriers that seniority lists may create for women when enshrined in collective agreements.

- Alderon will meet with relevant trade unions on a periodic basis in an effort to review and discuss any issues associated with implementation of the Gender Equity and Diversity Plans. Other interested stakeholders may be invited to attend such discussions as appropriate.
- Alderon will meet with representatives of the Women's Policy Office and the Department of Natural Resources in a formal session at least once per calendar year, once the annual report is available, to review the report and its contents. At those sessions both parties will be able to review the contents of the Gender Equity Plan and the Diversity Plan, assess implementation, identify areas of concern and to agree to an action plan to address any shortcomings or deficiencies. At that annual meeting, targets for women's employment as well as employment by other under-represented group will be reviewed and may be modified taking into consideration updated labour market information as well as the Company's performance in the previous reporting year.

5.4 Continuous Improvement

Alderon accepts that this is an evolutionary process and is committed to continuous improvement in this area. No matter how well Alderon and its contractors and subcontractors perform in the areas of gender and cultural diversity, there will always be room for improvement and Alderon is committed to achieving those improvements. If there are occasions when Alderon is not successful in reaching a target established in the Gender Equity and Diversity Plan, it will provide a full explanation of why the target was not achieved, the steps taken by Alderon to ensure compliance and the corrective measures taken to ensure compliance in the next reporting period.

As well, Alderon accepts that these targets are guidelines and if greater performance relative to these targets is achievable, Alderon will take available steps to ensure that greater performance is realized.

Alderon's commitment to reporting and monitoring, including monthly, quarterly and annual reports, will be a valuable tool in this pursuit of continuous improvement.