



Report

Karara Transmission License Performance Audit and Review

Karara Mining Limited

24 September 2025

→ The Power of Commitment



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Executive summary

Changes to the business

Karara Power Pty Ltd.'s previous performance audit was conducted in 2022. There haven't been any significant changes since the last audit.

Audit

GHD conducted an Electricity Transmission Licence Performance Audit to assess Karara Power Pty Ltd.'s compliance with the conditions of their transmission licence ETL6 for the period 1 July 2022 to 30 June 2025.

The objective of the audit was to assess the effectiveness of measures taken by the licensee, Karara Power Pty Ltd, to meet the conditions of their licence.

The audit was undertaken via documentation reviews and interviews with Karara Power Pty Ltd representatives. A site visit was undertaken to ensure that Karara Power Pty Ltd.'s transmission assets met the obligations and asset management requirements set in the ETL6 licence.

Response to recommendations from the previous report

Karara Power Pty Ltd was assessed to have adequately met the obligations and requirement of the asset management system in the previous audit.

Summary of findings and recommendations

The Audit review found that out of the 20 obligations assessed for Karara Mining Ltd (KML), one instance of a breach was found for obligation 124. This obligation was given a rating of B2. However, as the licensee was found to have subsequently implemented sufficient control measures to mitigate this risk, no further recommendations have been made. The details of this incident can be found in Section 2.2.3.

Control environment

The document reviews and interviews conducted for the audit indicate that KML, in general, have well-governed and clearly defined controls in place to manage their licence obligations.

KML does not operate tariff metering installations or maintain a metering database, with internal metering used solely for operational purposes within the plant and does not interface with external databases. This means that KML had no relevant activity during the audit period for a number of metering code related obligations such as those relating to reading meters and maintaining the register.

Overall assessment of compliance

The audit assessed the 20 licence obligations applicable for this audit period as defined by the Audit Plan [4], and rated KML:

- 12 were given a rating of Controls – A, Compliance – 1
- 1 was given a rating of Controls – B, Compliance – 2
- All other obligations were not rated

This report is subject to, and must be read in conjunction with, the limitations set out in Section 1.3 and the assumptions and qualifications contained throughout the Report.

Review

Summary of findings and recommendations

The review conducted of Karara's Asset Management System, found it to be effective and compliant for all criteria. No recommendations were made in the previous audit but the Asset Management System has remained well maintained, and it effectively manages the respective assets.

The review interviews were conducted via in person meetings at Karara's main office. Karara was found to perform effectively against the criteria in the Guidelines. No recommendations were made as Karara did not perform under the threshold for any criterion during the audit period. The review concludes that the licensee's overall Asset Management System is effective for the maintenance, operation and performance of the asset under this licence.

This report is subject to, and must be read in conjunction with, the limitations set out in Section 1.3 and the assumptions and qualifications contained throughout the Report.

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1. Introduction

1.1 Context

Karara Power Pty Ltd (Karara) is a subsidiary of Karara Mining Limited. Karara's licence covers a 330 kV transmission line running 106 km from Western Power's Three Springs Terminal to the Karara Mine site.

A summary of what this licence allows/requires Karara to do include:

- Construct and Operate Transmission systems with the designated license area.
- Maintain Compliance and Performance Standards.
- Operate until 2040 with conditions for renewal or surrender.

Karara's licence number is ETL6.

Under the requirements of the *Electricity Industry Act 2004* [1], each licensee must provide the Economic Regulation Authority (ERA) with a performance audit completed by an independent auditor every 24 months (or a longer period if the Authority allows).

The previous performance audit for licence ETL6 was conducted in 2022. During the recent audit period no significant changes have occurred.

Karara engaged GHD, as an independent auditor, to undertake a performance audit for the period **1 July 2022 to 30 June 2025**. The appointment of GHD to conduct the audit was approved by ERA [2].

This report presents the findings of the performance audit conducted on Karara's transmission licence and the review completed on Karara's asset management system. The report has been completed in accordance with the Audit Plan [4] (approved by ERA on 1 August 2025 [3]) and ERA's *2019 Audit and Review Guidelines: Electricity and Gas Licences* [5].

1.2 Purpose of this report

The purpose of this report is to:

- Describe the scope and objectives of the audit
- Present the audit findings, including the:
 - Auditor's observations
 - Auditor's recommendations
 - Status of the recommendations from the previous audit
- Describe the scope and objectives of the review
- Present the review findings by:
 - Describing the Reviewer's observations and findings
 - Giving recommendations as required
 - Reviewing the status of recommendations from the previous review

1.3 Limitations

This report has been prepared by GHD for Karara Mining Limited and may only be used and relied on by Karara Mining Limited for the purpose agreed between GHD and Karara Mining Limited as set out in section 1.2 of this report.

GHD otherwise disclaims responsibility to any person other than Karara Mining Limited arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report (including those listed in section 1.4 of this report). GHD disclaims liability arising from any of the assumptions being incorrect.

GHD has prepared this report on the basis of information provided by Karara Mining Limited and others who provided information to GHD (including Government authorities), which GHD has not independently verified or checked beyond the agreed scope of work. GHD does not accept liability in connection with such unverified information, including errors and omissions in the report which were caused by errors or omissions in that information.

Audits by nature create a picture by collecting evidence based on a sample of the available information. It is therefore possible that non-compliance with one or more obligations may occur and go undetected.

Accessibility of documents

If this report is required to be accessible in any other format, this can be provided by GHD upon request and at an additional cost, if necessary.

1.4 Assumptions

The audit has been completed based on the following assumptions:

- Karara representatives interviewed during the audit provided, to the best of their ability, an accurate picture of their knowledge and understanding of Karara's operations and activities for the audit period
- The documents provided by Karara are currently in use (e.g. Asset Management Plan) and/or are authentic samples (e.g. SAP screen shots)

2. Audit

2.1 Auditor's Statement

This audit report is an accurate presentation of my findings and opinions.

Signature	
Date	24 September 2025
Lead Auditor	Henry Le
Contact details	999 Hay Street Perth WA 6000 Australia

2.2 Scope and methodology

2.2.1 Objective

The objective of the audit is to assess the effectiveness of measures taken by the licensee, Karara Mining Limited (KML), to meet the conditions of their licence (ETL6).

2.2.2 Scope of Work

The scope of the audit is to perform a reasonable assurance engagement on KML's compliance with the requirements of their electricity transmission licence ETL6 for the period **1 July 2022 to 30 June 2025**, in line with the ERA's 2019 Audit and Review Guidelines: Electricity and Gas Licences [5].

KML's previous compliance audit, completed in 2022, covered the period 1 July 2020 to 30 June 2022.

2.2.3 Approach

The audit was conducted using the approach defined in the audit plan and in line with ERA's 2019 Audit and Review Guidelines: Electricity and Gas Licences (ERA Guidelines). This process is summarised as below:

1. Review materials:
 - a. Review recommendations from previous audit
 - b. Review documentation and evaluate evidence provided by the licensee
2. Conduct audit:
 - a. Conduct interviews with relevant personal against each ETL6 obligation
 - b. Follow up with any additional requests for information or interviews
3. Audit reporting:
 - a. Prepare draft report summarizing key findings and recommendations from the audit
 - b. Submit draft report for review by the ERA
 - c. Address ERA's feedback and submit final audit report

Table 1 *Audit procedure for each audit priority*

Audit or Review Priority		Examples of possible audit procedures
1	High Priority	Interview supervisory and operational personnel Inspect relevant documents Obtain evidence policies, procedures and controls are in place and working effectively Examine compliance reports and breach register Obtain confirmations from third parties if applicable
2		Examine reports and correspondence with other regulators (e.g. Building and Energy) Closely inspect applicable asset infrastructure Examine asset management system effectiveness criteria Sample, at a high level, output and timeliness procedures Recalculate a sample of relevant performance indicators
3	Moderate Priority	Interview supervisory and operational personnel Inspect relevant documents Obtain evidence policies, procedures and controls are in place and controls are working effectively
4		Examine compliance reports and breach register Physically examine applicable asset infrastructure Examine asset management system effectiveness criteria Sample output and timeliness procedures Walkthrough the process to calculate relevant performance indicators
5	Low Priority	Interview supervisory or operational personnel Undertake a desktop review of relevant documents Undertake a desktop review of policies, procedures and controls in place View compliance reports and breach register Visit applicable asset infrastructure Undertake a desktop review of asset management system effectiveness criteria Sample, at a low level, output and timeliness procedures

2.2.4 Site visits

GHD conducted a site visit on 21 August 2025 to Karara mine site. The site visit will help verify the physical items required to meet obligations and asset management system are in place.

2.2.5 Licensee personnel

The KML representatives who participated in the audit are listed in Table 2.

Table 2 *Licensee personnel*

Name	Title	Role	Interview date/s
Chengcai Luo	Group Manager Projects, Asset Management and Technology	Primary contact, interviewee	30 July 2025

2.2.6 Documentation

The documentation and information sources examined during the audit are listed in Appendix A, and include annual financial reports, compliance reports, auditor approval letters, invoices, payments etc.

2.2.7 Work Schedule

The audit was undertaken over the period 30th April – 30 September 2025. The audit team members, the activities performed, and the hours used by each team member are shown in Table 3.

Table 3 *Work schedule and hours*

Name	Role	Hours per activity			
		Audit Plan Submission	Audit	Draft Audit Report	Final Audit Report
Faye Yang	Auditor	16	16	40	16
Mackensie D'Alton	Audit Support	8	16	40	8
Henry Le	Lead Auditor and AMS Reviewer, Report Reviewer	4	8	8	4
Marcel Oosthuizen	Report Approver	1	0	0	1

2.2.8 Deviations from the audit plan

During the audit, obligations 331, 371, 372, 455 and 456 were identified to be non-applicable. These obligations were deemed to be not applicable to the licensee as the licensee does not own or operate tariff metering installations or maintain a metering database. All metering responsibilities lie with Western Power, and Karara does not have access to or control over those systems. Internal metering is used solely for operational purposes within the plant and does not interface with external databases, customers or other Code participants under the Electricity Industry Metering Code.

2.3 Audit findings

2.3.1 Performance summary

KML's performance in meeting each applicable licence obligation, as assessed during the audit, is summarised in Table 6 which shows:

- The licence obligation reference number and obligation, as defined by the Electricity Compliance Reporting Manuals applicable during the auditing period ([5], [6], [7])
- The audit priority, as defined in the Audit Plan using a scale of 1 (highest priority) to 5 (lowest priority)

The controls and compliance ratings, which use the rating scales defined by the ERA Guidelines and shown in

- Table 4 and Table 5 below:
 - Compliance is not rated for obligations where Karara Pty Ltd did not perform the activity during the audit period
 - A control rating is required for licence obligations with an audit priority of 1 to 3 or if the obligation has been assessed as non-compliant

Licence obligations that were assessed as 'not applicable' in the Audit Plan have not been rated nor included in the performance summary.

Further detail on the basis for the ratings, auditor's observations and recommendations is provided in Appendix A.

A further summary of Karara Pty Ltd.'s performance is provided in the form of a compliance and controls rating summary table in Table 7 on Page 8, following the performance summary table.

Table 4 Control ratings scale

Level	Description
A	Adequate controls – no improvement needed
B	Generally adequate controls – improvement needed
C	Inadequate controls – significant improvement required
D	No controls evident
N/P	Not performed – A controls rating was not required

Table 5 Compliance ratings scale

Level	Description
1	Compliant
2	Non-compliant – minor effect on customers or third parties
3	Non-compliant – moderate effect on customers or third parties
4	Non-compliant – major effect on customers or third parties
N/R	Not rated – No activity took place during the audit period

A summary of Karara's performance against audit obligations is shown below, it should be noted that obligations 331, 371, 372, 455 and 456 were identified to be non-applicable and hence excluded from this table.

Table 6 Performance summary table

Licence obligation reference no.	Licence Obligation	Audit Priority	Controls rating					Compliance rating				
			A	B	C	D	N/P	1	2	3	4	N/R
Electricity Industry Act – Licence conditions and obligations												
101	Electricity Industry Act, section 13(1)	4	✓					✓				
102	Electricity Industry Act, section 14(1)(a)	4	✓					✓				
103	Electricity Industry Act, section 14(1)(b)	4	✓					✓				
104	Electricity Industry Act, section 14(1)(c)	4	✓					✓				
105	Economic Regulation Authority (Licensing Funding) Regulations 2014	4	✓					✓				
106	Electricity Industry Act, section 31(3)	5	✓					✓				
107	Electricity Industry Act, section 41(6)	4	✓					✓				

Licence obligation reference no.	Licence Obligation	Audit Priority	Controls rating					Compliance rating				
			A	B	C	D	N/P	1	2	3	4	N/R
Electricity licences – Licence conditions and obligations												
119	Electricity Industry Act, section 11	4	✓					✓				
121	Electricity Industry Act, section 11	4	✓					✓				
122	Electricity Industry Act, section 11	4	✓					✓				
123	Electricity Industry Act, section 11	4	✓									✓
124	Electricity Industry Act, section 11	2		✓					✓			
125	Electricity Industry Act, section 11	4	✓									✓
126	Electricity Industry Act, section 11	4	✓					✓				
Electricity Industry Metering Code – Licence conditions and obligations												
451	Electricity Industry Metering Code, clause 7.2(1)	5	✓					✓				
457	Electricity Industry Metering Code, clause 8.1(1)	5					✓					✓
458	Electricity Industry Metering Code, clause 8.1(2)	5					✓					✓
459	Electricity Industry Metering Code, clause 8.1(3)	5					✓					✓
460	Electricity Industry Metering Code, clause 8.1(4)	4					✓					✓
461	Electricity Industry Metering Code, clause 8.3(2)	5					✓					✓

Out of the 20 applicable obligations:

- 12 were given a rating of Controls – A, Compliance – 1
- 1 was given a rating of Controls – B, Compliance – 2
- 2 were given a rating of Controls – A, Compliance – N/R
- 5 were given a rating of Controls N/P, Compliance – N/R

Table 7 Compliance and controls rating summary table

		Compliance rating					
		1	2	3	4	N/R	Total
Controls rating	A	12	-	-	-	2	14
	B	-	1	-	-	-	1
	C	-	-	-	-	-	
	D	-	-	-	-	-	
	N/P	-	-	-	-	5	5
	Total	12	1			7	20

2.3.2 Recommendations from the previous audit

The previous audit included 25 obligations in which 13 obligations were assessed for compliance. Out of these 13 obligations, all obligations were found to be compliant. Hence no recommendations were made from the previous audit.

2.3.3 Recommendations

Similarly to the previous audit, out of the 20 included obligations in which 13 were assessed for compliance – A non-compliance was noted for obligation 124, in which the obligation was given a rating of B2 at the time of the breach. As the licensee has since implemented corrective measures for the breach which have been deemed as sufficient, this obligation has been categorised under 'Resolved during current audit period' and no further recommendations have been made. A summary of this finding can be found in Table 8.

Table 8 Recommendations for current audit

A: Resolved during current audit Period			
Recommendation reference (no./year): 1/2025	License obligation number: 124 Controls and Compliance Rating: B2 Obligation description: A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act. Details of inadequate controls or non-compliance: A breach of this obligation was recorded in the time of 1 July 2022 to 30 June 2023, where Karara failed to provide the length of the transmission line when requested by the ERA in time. This was acknowledged as a breach and reported in the compliance report. The reason for this breach was that the email sent to Karara's personnel requesting this information had been on leave.	Date Resolved: August 2023 The licensee has shown that sufficient corrective measures have been implemented since the incident. This includes setting up a group email address such that future requests are not to be missed by the licensee. Evidence of this email and notification to the ERA has been shown during the audit period. Hence, no further formal recommendations are made.	Further action required (Yes/No/Not applicable): No Details of Further Action Required (Including Current Recommendation Reference, if Applicable): N/A
B: Unresolved during current audit Period			
N/A			

3. Review

3.1 Confirmation of the Review

I confirm that the audit and review carried for ETL06 on 30th April – 30 September 2025 and recorded in this report is an accurate presentation of our findings and opinions.

Signature	
Date	24 September 2025
Lead Auditor	Henry Le
Contact details	999 Hay Street Perth WA 6000 Australia

3.2 Scope and Methodology

3.2.1 Objectives

The objective of this limited assurance engagement review is to provide to the ERA an independent assessment of the effectiveness of Karara's Asset Management System (AMS) in relation to ETL06 and provide recommendations to address identified non-compliances.

3.2.2 Scope of Works

This review involves an assessment of the following key areas using a risk-based approach (similar to ISO31000:2009):

- a. **Process compliance:** Effectiveness of systems and procedures
- b. **Outcome compliance:** Effectiveness of actual performance against license standards
- c. **Output compliance:** Effectiveness of records to indicate procedures are maintained
- d. **Integrity of reporting:** Assessment of the completeness and accuracy of compliance and performance documentation

The scope of this review involves an assessment of against each AMS effectiveness criteria. The review of Karara's AMS covers the following asset management components:

2. Asset planning
3. Asset creation and acquisition
4. Asset disposal
5. Environmental analysis
6. Asset operations
7. Asset maintenance
8. Asset management information system
9. Risk management
10. Contingency planning
11. Financial planning
12. Capital expenditure planning
13. Review of AMS

3.2.3 Methodology and Approach

GHD's approach involved working closely with Karara to identify actions and documents as soon as possible before the review report was finalised. This included:

- a. An initial discussion via teleconference with Karara to:
 - i. Identify the key processes and roles to be discussed
 - ii. Discuss the review plan
- b. Preparation of the draft audit plan for comment by the licensee.
- c. Submission of the draft Audit Plan to the ERA for approval
- d. A meeting via in person and teleconference with business staff responsible for the audit area and assets. The call involved:
 - i. Demonstration of key systems
 - ii. Identifying documents to be sampled to confirm procedures and assess compliance with AMS criteria and license obligations
 - iii. Review of procedures
- e. Preparation of a draft audit report for Karara's review and comment
- f. Preparation of a final report for submission to the ERA

3.2.4 Deviations from the Audit Plan

There were no deviations from the AMS review described in the Audit Plan submitted to the ERA.

3.3 Review Performance Summary

Findings of the performance audit are summarised in a table with an adequacy of control and a compliance rating.

3.3.1 Recommendations from the previous audit

The previous audit assessed 58 effectiveness criteria in which 6 were found to be not applicable to Karara. Out of remaining 52 criteria, no recommendations were provided as they were all rated A1.

3.3.2 Assessment Rating Scales

In accordance with the 2019 Audit and Review Guidelines, the review of the asset management effectiveness was completed using the rating scales outlined in Table 9 and Table 10.

Table 9 *Asset Management Process and Policy Definition Rating*

Rating	Description	Criteria
A	Adequately defined	Processes and policies are documented. Processes and policies adequately document the required performance of the assets. Processes and policies are subject to regular reviews and updated where necessary. The asset management information system(s) are adequate in relation to the assets being managed.
B	Requires some improvement	Processes and policies require improvement. Processes and policies do not adequately document the required performance of the assets. Reviews of processes and policies are not conducted regularly enough. The asset management information system(s) requires minor improvements (taking into consideration the assets being managed).
C	Requires significant improvement	Processes and policies are incomplete or require substantial improvement. Processes and policies do not document the required performance of the assets. Processes and policies are considerably out of date.

Rating	Description	Criteria
		The asset management information system(s) requires substantial improvements (taking into consideration the assets being managed).
D	Inadequate	Processes and policies are not documented. The asset management information system(s) is not fit for purpose (taking into consideration the assets being managed).

Table 10 Performance Rating Scale (Reviews)

Rating	Description	Criteria
1	Performing effectively	The performance of the process meets or exceeds the required levels of performance. Process effectiveness is regularly assessed, and corrective action taken where necessary.
2	Improvement required	The performance of the process requires some improvement to meet the required level. Process effectiveness reviews are not performed regularly enough. Recommended process improvements are not implemented.
3	Corrective action required	The performance of the process requires substantial improvement to meet the required level. Process effectiveness reviews are performed irregularly, or not at all. Recommended process improvements are not implemented
4	Serious action required	Process is not performed, or the performance is so poor the process is considered to be ineffective.

3.3.3 AMS Review Effectiveness Summary

The AMS review assessed the effectiveness in delivering the services required under the operating license.

The review was conducted using the asset management adequacy and performance ratings as described in Table 9 and Table 10. A summary of outcomes of the review is provided in Table 11.

Table 11 AMS Review Results Summary

AMS Component	Adequacy Rating	AMS Performance Rating
1. Asset Planning	A	1
1.1. Asset management plan covers the processes in this table	A	1
1.2. Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	A	1
1.3. Service levels are defined in the asset management plan	A	1
1.4. Non-asset options (e.g. demand management) are considered	-	-
1.5. Lifecycle costs of owning and operating assets are assessed	A	1
1.6. Funding options are evaluated	-	-
1.7. Costs are justified and cost drivers identified	A	1
1.8. Likelihood and consequences of asset failure are predicted	A	1
1.9. Asset management plan is regularly reviewed and updated	A	1

AMS Component	Adequacy Rating	AMS Performance Rating
2. Asset creation and acquisition	A	1
2.1. Full project evaluations are undertaken for new assets, including comparative assessment of non-asset options	-	-
2.2. Evaluations include all life-cycle costs	-	-
2.3. Projects reflect sound engineering and business decisions	-	-
2.4. Commissioning tests are documented and completed	-	-
2.5. Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood	A	1
3. Asset Disposal	A	1
3.1. Under-utilised and under-performing assets are identified as part of a regular systematic review process	A	1
3.2. The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	A	1
3.3. Disposal alternatives are evaluated	A	1
3.4. There is a replacement strategy for assets	A	1
4. Environmental Analysis	A	1
4.1. Opportunities and threats in the Asset Management System environment are assessed	A	1
4.2. Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved	A	1
4.3. Compliance with statutory and regulatory requirements	A	1
4.4. Service standard (customer service levels etc) are measured and achieved.	A	1
5. Asset operations	A	1
5.1. Operational policies and procedures are documented and linked to service levels required	A	1
5.2. Risk management is applied to prioritise operations tasks	A	1
5.3. Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition	A	1
5.4. Accounting data is documented for assets	A	1
5.5. Operational costs are measured and monitored	A	1
5.6. Staff resources are adequate, and staff receive training commensurate with their responsibilities	A	1
6. Asset maintenance	A	1
6.1. Maintenance policies and procedures are documented and linked to service levels required	A	1
6.2. Regular inspections are undertaken of asset performance and condition	A	1
6.3. Maintenance plans (emergency, corrective, and preventative) are documented and completed on schedule	A	1
6.4. Failures are analysed and operational/maintenance plans adjusted where necessary	A	1
6.5. Risk management is applied to prioritise maintenance tasks	A	1
6.6. Maintenance costs are measured and monitored	A	1

AMS Component	Adequacy Rating	AMS Performance Rating
7. Asset management information system	A	1
7.1. Adequate system documentation for users and IT operators	A	1
7.2. Input controls include suitable verification and validation of data entered into the system	A	1
7.3. Security access controls appear adequate, such as passwords	A	1
7.4. Physical security access controls appear adequate	A	1
7.5. Data backup procedures appear adequate, and backups are tested	A	1
7.6. Computations for licensee performance reporting are accurate	A	1
7.7. Management reports appear adequate for the licensee to monitor licence obligations	A	1
7.8. Adequate measures to protect asset management data from unauthorised access	A	1
8. Risk management	A	1
8.1. Risk management policies and procedures exist and are applied to minimise internal and external risks	A	1
8.2. Risks are documented in a risk register and treatment plans are implemented and monitored	A	1
8.3. Probability and consequences of asset failure are regularly assessed	A	1
9. Contingency planning	A	1
9.1. Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	A	1
10. Financial planning	A	1
10.1. The financial plan states the financial objectives and identifies strategies and actions to achieve those	A	1
10.2. The financial plan identifies the source of funds for capital expenditure and recurrent costs	A	1
10.3. The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	A	1
10.4. The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period	A	1
10.5. The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	A	1
10.6. Large variances in actual/budget income and expenses are identified and corrective action taken where necessary	A	1
11. Capital expenditure planning	A	1
11.1. There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates	A	1
11.2. The capital expenditure plan provides reasons for capital expenditure and timing of expenditure	A	1
11.3. The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	A	1
11.4. There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented	A	1

AMS Component	Adequacy Rating	AMS Performance Rating
12. Review of AMS	A	1
12.1. A review process is in place to ensure the asset management plan and the Asset Management System described in it remain current	A	1
12.2. Independent reviews (e.g. internal audit) are performed of the Asset Management System	A	1

3.4 Review Observations and Recommendations

3.4.1 Asset Management System Review

The AMS review conducted is in Table 12. As per the ERA guidelines, recommendations are only given to performance ratings of 3 and 4 or process and policy ratings of C and D.

Table 12 *Asset Management Review Observations and Recommendations*

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1	Asset planning Asset planning strategies focuses on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).			A	1
1.1	Asset management plan covers the processes in this table	2	Karara evidences each of the applicable processes with respect the asset planning. See individual effectiveness criteria observations. Also presented is an Asset Management Plan (AMP) which serves to document reference guide for all aspects of Karara's asset management system and planning. The document was updated recently (30-June-2025), review of the document is handled by high voltage senior engineer.	A	1
1.2	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	4	Karara evidences section 2.2 of their AMP which outlines the Wheeling agreement with Western Power. Karara also evidences their Compliance Manual which references documents for each stakeholder's interests and requirements. The Compliance Manual maps the interests of the stakeholders with actions for management and each action has an owner within Karara based on role.	A	1
1.3	Service levels are defined in the asset management plan	4	Karara evidences section 6.1 in their AMP which references Section 7 of the Wheeling Agreement Performance Standard. Which requires Karara to ensure the transfer service of the Transmission Line is not interrupted or curtailed for an aggregate period of time. The AMP also mentions approaches to aid in the overall operating philosophy including: - Monitoring via SCADA - Environmental monitoring and reporting - Drone Surveys - Other actions as required by the implementation of approved operational management plans.	A	1
1.4	Non-asset options (e.g. demand management) are considered	N/A	N/A Not covered by Karara as they supply no customers.	-	-

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1.5	Lifecycle costs of owning and operating assets are assessed	2	Karara's Annual Budget Process is managed by Karara's Finance department. Section 5 of the AMP gives an overview of the budgeting cycle and appendix A of the AMP also provides a 10-year budget for the transmission line. Karara's monthly budget report template is evidenced which shows a dedicated section to the Transmission line for monthly budgeting. The Electricity Analysis Jan25 was also provided which shows actual year to date costs compared with forecasted costs. Actual income and expenses are recorded in SAP and exported in a monthly cost report to help assess future financial position, the 330kV transmission Line Drone Inspection in SAP was witnessed and the costs section was witnessed during interviews.	A	1
1.6	Funding options are evaluated	N/A	N/A	-	-
1.7	Costs are justified and cost drivers identified	2	Karara evidences their Capital Expenditure Guidance and Capital Expenditure Request Process, provide the process assigning an expenditure as capital or operating cost. The request process for capital expenditure is shown to require justification including return, risk matrix, benefits and alternatives considered. The Electricity Analysis Jan25 also shows a breakdown of the cost drivers for the transmission asset.	A	1
1.8	Likelihood and consequences of asset failure are predicted	4	Karara's AMP section 8.3 discusses the approach to risk management and mentions the areas of the business which the risk management system addresses risks. The Risk Management Framework is evidenced which is built on ISO 31000:2018 Risk Management – Guidelines. Site Broad Brush Risk Register evidenced, the document provides a risk assessment of Karara's key assets including the Transmission Line. The risk assessment is inclusive of identified hazards, impacts, risk rating, controls and adjusted risk rating. This inputs into Karara's maintenance plan strategy to ensure risks are managed in accordance with the Risk Management Framework. The file is also shown to have a regular review history, the review tracking also requires the reviewer to list relevant experience, qualifications and what has been reviewed. Section 8.4 also describes the Emergency and Incident Management Systems. Documentation evidenced include Karara's Emergency Response Plan, Crisis Management Plan, Bushfire Management Plan and Incident Management Plan.	A	1
1.9	Asset management plan is regularly reviewed and updated	2	Asset Management Plan is reviewed every 2 years. An SAP workorder was witnessed for the scheduled review of the 330kV Powerline AMS every 2 years. Most recent review of the AMP was 30/06/2025.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
2	Asset creation and acquisition Asset creation/acquisition is the provision or improvement of assets			A	1
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset options	N/A	N/A	-	-
2.2	Evaluations include all life-cycle costs	N/A	N/A	-	-
2.3	Projects reflect sound engineering and business decisions	N/A	N/A	-	-
2.4	Commissioning tests are documented and completed	N/A	N/A	-	-
2.5	Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood	2	Karara's 330kV 132kV Transmission Line Compliance Manual is evidenced, which provides a summary of the compliance obligations in relation to the transmission asset. The Manual identifies the applicable legal, environmental and safety obligations, such as lease and connection agreements, and regulatory and market rules among others. The Manual also references the corresponding documents that provide more extensive overview of the obligations. Section 8.2 of the AMP also outlines the environmental obligations associated with the transmission asset. Ther section references Karara's Environmental Policy, the policy is reviewed regularly showing the policies have been kept relevant and up to date. Section 2.2 also provides an overall summary of what is required of Karara and Western Power.	A	1
3	Asset disposal Asset disposal is the consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets.			A	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process	4	Witnessed Karara's Proficy HMI (Human Machine Interface) SCADA system which monitors mining production and transmission line. The SCADA gives alarms when outage occurs as an operator alarm in the control room. The assets availability, un-planned events/interruptions are recorded. An equipment downtime register is also maintained Karara evidences their Asset Disposal Policy, which covers the asset disposal methods and the authority matrix for approval of asset disposal. The Asset Disposal Template is also evidenced which provides the asset details, justification for disposal and disposal authorisation.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	4	See item 3.1 Monthly reports show performance of assets, and covers any completed, planned and ongoing items to do with the asset. During the audit period the only criteria the asset showed any underperformance was from limitations of power supply. Karara evidenced their work management system which includes a fault analysis protocol which was witnessed. Template Root Cause analysis and Root Cause Analysis process flow chart were provided and ensures that performance is critically examined. Example root cause analysis also provided for whole plant outage that occurred on 19/12/2022. There have been no instances where a root cause analysis for underperformance of the asset was required.	A	1
3.3	Disposal alternatives are evaluated	2	See item 3.2 and 3.1 There is an agreement with Western Power to purchase the asset after completion of Wheeling Agreement. The typical Asset Disposal form instructions requires for a description of the most appropriate method for disposal.	A	1
3.4	There is a replacement strategy for assets	4	See item 3.3 The maintenance spares strategy is informed by risk analysis, as outlined in Section 6.3 of the Asset Management Plan (AMP). An extract of the spare parts list is shown in Appendix C of the AMP, detailing the components held in inventory. All spare parts are warehoused onsite. For transmission line assets, spare parts inventory levels, store stock management, and associated insurance coverage are further addressed in the Karara Mining Transmission Line Contingency Plan.	A	1
4	Environmental analysis Environmental analysis examines the Asset Management System environment and assesses all external factors affecting the Asset Management System.			A	1
4.1	Opportunities and threats in the Asset Management System environment are assessed	2	See item 1.8, the risk assessment helps identify potential threats or opportunities for improvement ahead of a situation occurring. Section 8.3 of the AMP outlines the main areas of concern where risks are addressed. Following this section 9 of the AMP (Contingency Plan) provides some scenarios which would affect the transmission line. The triggers, actions and accountabilities are outlined for each scenario. Karara Mining Transmission Line Contingency Plan is also evidenced which provides an overview of threats to the transmission line and provides a breakdown for the development of contingency plans. Monitoring through SCADA also aids in identifying any threats in real time to operators.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved	2	See item 1.8, 3.2 and 4.1 Karara's downtime register includes response time and root cause analysis provides a breakdown of events. The risk and downtime registers alongside monthly reports provide adequate evidence that performance standards are being met.	A	1
4.3	Compliance with statutory and regulatory requirements	2	See item 2.5, the Compliance Manual summarizes the requirements of Karara and other asset holders, alongside a review schedule to update on an annual basis. Furthermore, additional reviews are required following a major incident, breach of legislation or legislative change. Karara have evidenced environmental changes and updates implemented immediately following a communications failure which was reported to the ERA in 2023. The review finds that effective corrective action was taken where necessary and that the process for corrective action is adequately defined.	A	1
4.4	Service standard (customer service levels etc) are measured and achieved.	4	See item 4.2 Service standard is outlined in the Wheeling Agreement with Western Power. The agreement requires Karara to ensure the transfer service of the transmission line is not interrupted or curtailed more than 10 hours in 12 month rolling period. Service is monitored through SCADA and downtime register which is maintained. Monthly reports and maintenance records provide adequate evidence Karara has met the service standards required.	A	1
5	Asset operations Asset operations is the day-to-day running of assets (where the asset is used for its intended purpose).			A	1
5.1	Operational policies and procedures are documented and linked to service levels required	4	Operating Guidelines for different scenarios set by Western Power are provided and documented in Operational Philosophy for Contingent and Interim Supply and Final Connection Arrangements. The operating philosophy aligns itself with the operation and maintenance requirements for Western Power and Karara outlined in the Compliance Manual and the Wheeling Agreement. Required service levels for all parties associated with the transmission line are outlined in the 330kV 132kV Transmission Line Compliance Manual and are aligned with the requirements set out in the Wheeling Agreement with Western Power.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
5.2	Risk management is applied to prioritise operations tasks	2	See item 1.8 for more information on risk management. Based on results displayed in the Risk Register, top risks are identified and assigned priority in SAP for planned maintenance. Karara's operations in relation to the transmission line are maintenance driven since the Western Power has operational control of the asset as per the Operational Philosophy for Contingent and Interim Supply and Final Connection Arrangements. In addition, the AMP states that the operating philosophy for the asset for Karara is maintenance centred. All operating activities with respect to the asset assigned a priority based on the Risk Register which was evidenced. The priority rating for a work order on the asset was also witnessed during the site visit.	A	1
5.3	Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition	2	Karara evidences an asset register which is maintained separately from SAP. The Asset Register 330kV Transmission Line documents the location, structural condition and survey dates. The associated tower drawing is also provided which references associated tower section detailed drawings. The asset register acts as a physical tracker for the asset and provides the SAP location description where asset tracking is live. SAP tracks the components and maintenance associated with the transmission line.	A	1
5.4	Accounting data is documented for assets	4	See item 1.5 SAP is utilised for financial tracking and documents the operational cost of the asset. The transmission line has its own cost centre and work orders were witnessed to have cost data. A work order for a transmission survey in SAP was witnessed and evidenced.	A	1
5.5	Operational costs are measured and monitored	4	See item 5.4 Monthly reports provide a year-to-date finance of the transmission line including the monthly operational costs compared against the estimated costs. A monthly report dated during the audit period was evidenced.	A	1
5.6	Staff resources are adequate, and staff receive training commensurate with their responsibilities	2	Training records are kept for employees in the INX system, The Training and Competency Procedure is evidenced which describes the training procedure for individual and or groups. The document also discusses the responsibilities for each authority level. The Operator Training Manual was also evidenced which provides a breakdown of the process, describes circuit components, operation methodology and process trouble shooting. Karara evidences a Course Attendance Report for a Job Hazard Analysis which provides completion status, personnel name, and course date. Karara also provided job descriptions for each role which is used for hiring personnel and to ensure existing personnel know what is required for specific roles.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6	Asset maintenance Asset maintenance is the upkeep of assets.			A	1
6.1	Maintenance policies and procedures are documented and linked to service levels required	4	Karara evidences their 330/132kV Transmission Line Maintenance Policy and Transmission Line Maintenance Philosophy. The Policy provides an overview of the service levels and obligations Karara holds itself to, the maintenance of the asset is mapped to the regulatory and contractual requirements. The key requirement in this policy is the Wheeling Agreement with Western Power, which defines the service levels required for the asset. A work order for aerial inspections in SAP describing the task, location and person responsible was witnessed. The AMP documents the maintenance planning and references all applicable maintenance planning documentation. The AMP documents Karara's maintenance strategy in relation to their Work Management System, which breaks down the process Karara uses to ensure asset maintenance management is affective and continues to improve.	A	1
6.2	Regular inspections are undertaken of asset performance and condition	2	See item 6.1 – SAP is used for tracking, planning and a record of regular maintenance, a Maintenance Inspection Schedule reports are also provided as evidence showing the creator, reviewer, engineering reviewer and approver signatures. The report also provides detailed description of the task, safe work procedure and references relevant internal standards and procedures. Section 6.3 of the AMP provides a summary of the asset condition assessment and references the relevant internal maintenance plans. The Transmission Line Maintenance Philosophy provides the frequency of aerial, vegetation and acoustic inspections.	A	1
6.3	Maintenance plans (emergency, corrective, and preventative) are documented and completed on schedule	2	See item 6.2 with reference to SAP and Maintenance Inspection Schedule. The AMP maps all relevant maintenance plans for the asset. A sample of these maintenance plans were evidenced. SAP used to track progress of work orders, any back logged work orders are flagged on a weekly basis. Based on interviews and the site visit, it is understood that ad-hoc maintenance work orders have sufficient approval flow requirements and are prioritised based on risk and backlog. The priority assignment procedure for a new work order request in SAP was witnessed.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6.4	Failures are analysed and operational / maintenance plans adjusted where necessary	2	See item 6.2 and 6.3 Root Cause Analysis provides an analysis of failures, corrective procedures and persons responsible for the changes. The root cause analysis is defined in Karara's Work Management System which is a suite of documents which were witnessed during the interviews. Outlined in the AMP is Karara's Work Management System driving continuous improvement, root cause analysis and corrective actions are drivers for analysis of performance and ensure operational procedures are updated where necessary. The AMP includes in their review schedule a provision to update the AMP based on operational incidents. No changes in operational or maintenance plans were necessary during the audit period.	A	1
6.5	Risk management is applied to prioritise maintenance tasks	4	See Item 5.2 – Karara operations in relation with the transmission line are maintenance driven. As such, as described in item 5.2, all maintenance activities were assigned a priority based on the outcomes and findings of the Risk Register which was evidenced. All new work orders placed are prioritised based on risk which was witnessed in SAP during the site visit.	A	1
6.6	Maintenance costs are measured and monitored	4	See item 5.4 – Karara operations in relation with the transmission line are maintenance driven.	A	1
7	Asset management information system An asset management information system is a combination of processes, data and software supporting the asset management functions.			A	1
7.1	Adequate system documentation for users and IT operators	4	Karara provides Information Technology Communications portal and SharePoint. Training manuals are located on SharePoint; SAP training documents and guides are available and witnessed. SAP guideline document was evidenced.	A	1
7.2	Input controls include suitable verification and validation of data entered into the system	2	Karara work orders on SAP follow an approval flow. The work must be justified as well as have an action plan, controls, costs and scheduling for approval. This is evidenced in Karara's work management system.	A	1
7.3	Security access controls appear adequate, such as passwords	2	Multifactor authentication for system access including password access. Karara's IT policy is evidenced providing details on system access, user obligations, what is prohibited and data management. The Policy is reviewed every 12 months.	A	1
7.4	Physical security access controls appear adequate	2	Site entry policies and procedures, online inductions required for all site visitors and areas have different access requirements. Electrical maintenance superintendent confirmed physical security of the substation including fully fenced, high voltage locks to prevent entry and transmission towers have anti-climb climbing infrastructure.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
7.5	Data backup procedures appear adequate, and backups are tested	4	Karara evidences their Backup and Restore Procedure which describes the procedure for backing up and restoring their servers. Karara also has a backup testing register detailing date time, location and results.	A	1
7.6	Computations for licensee performance reporting are accurate	4	Performance against required service levels is registered in the Downtime Register, which was evidenced. Electrical maintenance superintendent confirmed meter data can be reviewed by appropriate staff for monitoring. SCADA receives data from field devices and instrumentation, a sample Calibration work order for other assets at the site location that has taken place during audit period demonstrating Karara's procedures was evidenced.	A	1
7.7	Management reports appear adequate for the licensee to monitor licence obligations	4	See item 2.5 June 2025 monthly report is evidenced, provides a summary of engineering activities that occurred and are planned as well as a financial summary. Summary of weekly meetings and updates related to the transmission line inclusive of; ERA compliance meetings with stake holders, updates to compliance manual and changes in job description of stakeholders. Health and safety is summary is also presented providing details on safety performance metrics, defects raised, training along with the focus and look ahead for next month. The Compliance Manual also acts as a live register of compliance for all relevant licence obligations for the asset.	A	1
7.8	Adequate measures to protect asset management data from unauthorised access	4	See item 7.3 Karara's IT policy, covers the classification of data, access to data, data protection and disposal of data.	A	1
8	Risk management Risk management involves the identification of risks and their management within an acceptable level of risk.			A	1
8.1	Risk management policies and procedures exist and are applied to minimise internal and external risks	2	See item 1.8 and 5.2 with respect to Karara's Risk Policy and Risk management Framework. Both documents outline Karara's procedures to minimise internal and external risks. Karara utilises the Risk Register to assign priority to all tasks related to the asset; the register identifies internal and external risk associated with the asset. Ongoing revision and updates to this Risk Register was evidenced. Karara evidences their Risk Management standard, which describes the how Karara approaches and addresses risks which could pose risk to the Karara or its stake holders. The standard outlines the responsibilities of employees and management, the Risk management process, and references relevant WA legislation and standards to support Karara's Risk Management standard.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
8.2	Risks are documented in a risk register and treatment plans are implemented and monitored	2	See item 1.8 Action plans are documented in SAP for maintenance work orders, outstanding workorders are flagged internally and tracked in monthly meetings. Work orders are monitored, tracked and flagged all via SAP with internal notifications in place for outstanding work.	A	1
8.3	Probability and consequences of asset failure are regularly assessed	4	See item 1.8 High and extreme risks are reviewed annually as a minimum; review history of the risk register provided is up to date.	A	1
9	Contingency planning Contingency plans document the steps to deal with the unexpected failure of an asset.			A	1
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	2	See item 4.1 Karara evidences their Transmission Line Contingency Plan; the plan covers a broad range of scenarios and covers how a new contingency plan can be developed; the results of the testing drive the improvement in the operation of the transmission line. A history of contingency plan testing for the power line in SAP was witnessed on site.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
10	Financial planning Financial brings together the financial elements of the service delivery to ensure its financial viability over the long term.			A	1
10.1	The financial plan states the financial objectives and identifies strategies and actions to achieve those	5	An overview is given in section 5 of the AMP and Karara's Financial Reporting and AGAAP Process is evidenced. The AGAAP Audit process which starts mid-September each year also helps drive the annual business planning and budgeting cycle, resulting in a financial report describing the financial position and review results of Karara's financials. Karara Annual Budget Process Policy describes the annual business planning and budgeting cycle in alignment with its parent company Ansteel. The budgeting process is split in 5 phases: Phase 1: Macro-Economic guidelines – Karara seeks guidance from parent company before starting the budgeting process which includes identifying key financial and operational objectives, deliverables and performance targets Phase 2: Physicals and production – CEO approval and supply chain physicals. Phase 3: Operational and Corporate cost – operational site costs and corporate overhead costs compiled. Phase 4: Budget reviews and consolidation – costs are consolidated and prepared for submission. Phase 5: Submission to Board - The result of the budget process provides a 2-year budget look ahead with the 1-year budget requires board approval. The monthly report shows the financial progress including those specific to the asset and helps track asset financial performance throughout the year. It is noted that the asset is not an income generating asset.	A	1
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs	4	See item 10.1 Section 5.1 of the AMP states funding is facilitated by Karara's parent company Ansteel, based in China. This is combined with the revenue generated by the sale of magnetite product to cover all costs with operating Karara's business.	A	1
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	4	See item 1.5 and 10.1 Costs of the transmission line are covered in the monthly report. The year-to-date costs are shown against the projected costs as well as operation statements in relation to the asset. Karara evidences the 2024 transmission line budget, and the costs associated with the operation and maintenance of the asset. Financial planning and reporting for the transmission line is covered under the parent company's financial planning and reporting. The monthly report shows an extract of the CFO report showing financial position and operating statements for the parent company. This monthly report includes a reporting section specifically for the transmission line.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
10.4	The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period	4	Karara does not generate income from the transmission line. Hence no income has been shown in the 10-year budget.	A	1
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	4	See item 1.5 and 10.1. The 10-year budget for the transmission line shown in Appendix A of the AMP provides a breakdown of the maintenance costs and operations. The monthly reporting for Karara's parent company: Karara Mining Limited includes a dedicated provision for the transmission line costs which is incorporated into the wider financial planning of the parent company. The AMP states that the financial planning of the asset falls under the wider parent company's finance department under the Annual Budget Process document which was evidenced. Hence the budget vs actual data for the asset is reported under the parent company's monthly reporting. The forecasted budget takes into account all expected costs for the asset, including administration costs, spare parts and independent audits.	A	1
10.6	Large variances in actual/budget income and expenses are identified and corrective action taken where necessary	2	Variances are reviewed monthly and displayed in the monthly report. The annual audit and budgeting process also helps identify any variances. Asset manager and Department managers receive monthly income and expenses reports any highlighted variances are addressed by the responsible personnel.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
11	Capital expenditure planning The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure for these works over the next five or more years.			A	1
11.1	There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates	2	See item 1.7 with respect to Capital Expenditure Guidance and Capital Expenditure Request Process. Which is mapped in the AMP. No major capital expenditures occurred over the audit period, only general maintenance and surveys as described in items 1.5 and 10.1. The AMP states that all “out of budget” expenditures for the asset are subject to the Capital Expenditure Guidance and Capital Expenditure Request Process as described in item 1.7. This outlines the capital planning for the asset which is suitable given the operating philosophy for this asset. Capital expenditure is included in the annual financial plan and requires executive approvals. All expected expenditures are mapped internally, a 10 year cost report for the transmission was evidenced and the planning for these expenditures are accounted for in Section 5.7 of the AMP. The procedure for all expenditures are subject to the Annual Budget Process under the parent company, which has been evidenced.	A	1
11.2	The capital expenditure plan provides reasons for capital expenditure and timing of expenditure	4	See item 1.7 with respect to the capital expenditure process. See item 11.1, the capital expenditure plan included as part of the annual financial plan. The timing of the capital expenditure is tracked and managed in SAP. Note that no capital expenditures have been required during the audit period. All capital expenditure planning for Karara happens at the enterprise level under their parent company, this has been stated in Section 5 of the AMP. Karara also evidences this Capital Expenditure Guidance, Capital Expenditure Request Process and Capital Expenditure Request Covering documents, which are referenced in the AMP, which requires a reason for expenditure to be provided. Seeing as the operational philosophy of the asset has been defined as maintenance focused, and the asset is not income-generating, the AMP defines the intended financial plan for the asset as being focused on maintenance only with an agreement for Western Power to purchase the transmission line from Karara at the end of the life of the mine. The AMP has accounted for “out of budget” capital expenses and includes a provision for this and any other procedure to be updated if required based changes to “asset management scope” or if any operational incident prompts a review of the AMP.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	4	The 10-year forecast is reviewed as part of the annual budget process by the electrical engineering department which provides a rolling 10-year budget forecast for the asset. The 10-year forecast for the asset was evidenced and projects no capital expenditures for this asset. Section 5 of the AMP provides a full overview of the financial management strategy for the transmission line. A flow chart for potential capital expenditures is also provided in the appendix. Based on how the operating philosophy has been defined and the AMP outlines the planning and processes around "out of budget" expenses, this review finds that the planning around capital expenditure for this asset is consistent with the asset life and condition.	A	1
11.4	There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented	2	See 1.9 and 10.1 Capital Expenditure Guidance document is updated regularly and is monitored as an action in SAP together with other documents within the AMS for this asset; most recent update is 08/10/2024.	A	1
12	Review of AMS The Asset Management System is regularly reviewed and updated.			A	1
12.1	A review process is in place to ensure the asset management plan and the Asset Management System described in it remain current	2	See 1.9 SAP monitors and tracks the review of Asset Management system documentation, links to specific documents are included in the work order. The Asset Management Policy is also reviewed by the Board every two years to ensure documentation remains relevant.	A	1
12.2	Independent reviews (e.g. internal audit) are performed of the Asset Management System	2	The Compliance Manual evidences the responsibilities associated with internal reviews of the AMP. The AMP review is update with the last review completed 30 June 2025. Internal audits are conducted on the Asset Management System to ensure its effectiveness prior to annual compliance reports being provided to the ERA, these internal audits are arranged by asset manager and scheduled in SAP which have been evidenced.	A	1

4. Terms and abbreviations

AGAAP	Australian Generally Accepted Accounting Principles
AMP	Asset Management Plan
AMS	Asset Management System
ERA	Economic Regulation Authority
ERA Guidelines	Reference [5]
ETL6	Karara Power Pty Ltd.'s Licence Number
GHD	GHD Pty Ltd, ABN: 39 008 488 373
HMI	Human Machine Interface
ISO	International Organization for Standardization
IT	Information Technology
KML	Karara Mining Ltd
kV	Kilo-Volt
MS Teams	Microsoft Teams, business communication software
MWh	Megawatt hour
N/P	(Controls rating) not performed, refer to Table 4 on Page 6
N/R	(Compliance) not rated, refer to Table 5 on Page 6
SAP	Systems, Applications and Products in Data Processing
SCADA	Supervisory Control and Data Acquisition
WA	Western Australia
Western Power	Electricity Networks Corporation, ABN 18 540 492 861

5. References and audit documentation

References

- [1] Legislation WA 2020, *Electricity Industry Act 2004*, ver. 03-b0-00 as at 07/04/2020, Perth (available at www.legislation.wa.gov.au).
- [2] Letter from Sara O'Connor (ERA) to Chengcai Luo (Karara Power Pty Ltd), *Approval of auditor – 2025 performance audits and asset management system reviews*, 30 April 2025.
- [3] Letter from Robert Pullella (ERA) to Chengcai Luo (Karara Power Pty Ltd), *Approval of audit and review plan – 2025 performance audit and asset management system review*, sent by email 1 August 2025.
- [4] GHD 2025, ETL6 – Karara Power: *Audit Plan*, rev. 1, GHD, Perth.
- [5] Economic Regulation Authority 2022, *2019 Audit and Review Guidelines: Electricity and Gas Licences*, Economic Regulation Authority, Perth.
- [6] Economic Regulation Authority 2023c, *Electricity Compliance Reporting Manual: Electricity Industry Act 2004: 14 March 2023* (D257714), Economic Regulation Authority, Perth.
- [7] GHD 2022, *Final Report Ltd – 2022 audit and review – ETL006 - Karara Power Pty Ltd*, rev 1, 4 November 2022, GHD, Perth.

Audit documentation and information sources

Table 13 Documents Provided as Evidence

No.	Document Name
5	REF_99_Electricity Transfer Access Contract Between KE and WPC.PDF
6	REF_01_Wheeling Agreement between KP and WPC.pdf
7	WE_n11479511_2__Interconnection_Works_Contract_(Executed_30_04_2012).pdf
8	REF_3_KML WPC Power Agreement CG DA Western Power.pdf
9	Supply to Karara Mine Load, Operational Philosophy for Contingency Interim and Final Supply Periods_.pdf
10	Easement Deed - Parker and King 17 1 2020.pdf
11	KML_KPPL Asset Management Policy_Final_April 2021 APPROVED.pdf
12	Karara - Strategic Framework Rev 2 - 17 05 21 APPROVED.pdf
13	Karara - Board Charter Rev 1 - 17 05 21 APPROVED.pdf
14	1456-EL-MAN-1001_0 330KV 132KV TRANSMISSION LINE COMPLIANCE MANUAL.pdf
15	Asset Management Plan_Rev 1.pdf
16	CORP-FI-POL-1004_0 Financial Reporting and AGAAP Audit process_FINAL.pdf
17	CORP-FI-POL-1006_1 Capital Expenditures Guidance.pdf
18	CORP-FI-POL-1007 Capital Expenditure Request process FINAL.pdf
19	CORP-FI-FRM-1008_0 Capital Expenditure Request covering Form.pdf
20	CORP-AD-REP-1001 Karara monthly report template.pdf
21	CORP-FI-POL-1003_0 Annual budget process - FINAL.pdf
22	CORP-CG-POL-1004_5 APPROVAL AUTHORITY SUB-DELEGATION MATRIX - MAY2025.pdf
23	CORP-FI-POL-1002_1 Asset Disposal Policy FINAL.pdf
24	CORP-FI-FRM-1006_4 Asset Disposal Form FINAL.pdf
25	1456-EI-POL-1001_1.pdf

No.	Document Name
26	CORP-EI-PHL-1001_0.pdf
27	CORP-HS-STD-1049_0 Risk Management NA Signed.pdf
28	1456-EL-SPC-1013_D.pdf
29	CORP-EL-BOD-1001_1 ELECTRICAL DESIGN CRITERIA Pieter Signed.pdf
31	CORP-GE-PLN-1002_4 DOCUMENT AND MANAGEMENT PLAN.pdf
32	CORP-IT-POL-1002_2.pdf
33	CORP-IT-POL-1011_4.pdf
34	CORP-IT-PRO-1005_2.pdf
35	CORP-IT-POL-1001_3.pdf
36	CORP-IT-POL-1007_3.pdf
37	CORP-AD-FRM-1050_5.pdf
38	CORP-AD-FRM-1046_13.pdf
39	CORP-HSPLN-1001_5 KARARA HEALTH AND SAFETY MANAGEMENT PLAN.pdf
40	CORP-EN-POL-1001_9 KARARA ENVIRONMENT POLICY.pdf
41	CORP-EN-PLN-1020_4 Karara Mining Limited Environmental Management Plan.pdf
42	CORP-EN-PLN-1003_1 330KV TRANSMISSION LINE ENVIRONMENTAL MANAGEMENT PLAN_REV 1.pdf
43	CORP-CH-POL-1004_0 HERITAGE POLICY_39288_1.pdf
44	CORP-HS-PLN-1003v9 Emergency Response Plan.pdf
45	CORP-HS-PLN-1004 v3 - Crisis Management Plan.pdf
46	CORP-HS-PLN-1013_v2 Bushfire Management Plan.pdf
47	CORP-HS-PLN-1014_v2 Incident Management Plan.pdf
48	MOU - DFES and Karara Mining.docx
49	1456-EL-PLN-1002_0 Karara Mining Transmission Line Contingency Plan signed by PB and WM.pdf
50	1456-EI-Pln -1003_0 Karara Mining Transmission Line Contingency Test Plan signed PB and WM.pdf
51	CORP-Pp-POL -1001_2 PROCUREMENT POLICY .pdf
52	CORP_PP_PRO- _PROCUREMENT PROCEDURE .pdf
53	CORPP_POL- _KML INVENTORY POLICY Rev Signed .pdf
54	CORPP_PRO- _KML INVENTORY CONTROL PROCEDURE Rev Signed .pdf
55	CORPHR_POL-.pdf
56	CORPHR_POL-.pdf
57	CORPTRPOL-Karara Performance Review Policy .pdf
58	CORPTRPROTRAINING AND COMPETENCY PROCEDURE pdf
59	Final-KARARA-TK and KK-20210506.pdf
60	Site Broad Brush Risk Register(V3).xlsm
61	Power Transmission Line Cost Report - 10 year budget.xlsx
62	Transmission Line Dec-21.pdf
63	Karara Monthly Report December 2021.pdf
64	1456-EL-MSI-EL0123.pdf
64a	1456-EL-MSI-EL0120.pdf
65	1456-EL-MSI-EL0121.pdf
66	1456-EL-MSI-EL0122.pdf

No.	Document Name
71	Karara 330kV Phase 1a Report v01a.pdf
72	Manager AMS & SAP Project PD.docx
73	Superintendent Electrical Maintenance PD.docx
74	Senior Engineer HV PD.docx
75	Project Manager AMS SAP, Goals, ERA Audit.rtf
76	Superintendent Electrical Maintenance, Goals, ERA Audit.rtf
77	Senior Electrical Engineer HV, Goals, ERA Audit.rtf
78	ETL06_Gap Analysis_AssetManagementReview_Nov2021_3.docx
79	FACE OF SAFETY - JOB HAZARD ANALYSIS REPORT - COURSE ATTENDANCE REPORT.pdf
80	Meeting Attendance-Transmission Line Risk Assessment - Signed.doc
81	Meeting Attendance-Transmission Line Compliance Manual Review.pdf
82	Attendance register-MOM-0001.doc
83	Asset Management Objectives Certificate of completion Pieter Bezuidenhout.pdf
84	Asset Management training.pdf
85	Develop an AMP training certificate.pdf
86	ETL06_PRIP_PAIP_05Feb2022.docx
87	Action Assigned 2020 Post Review Action Plan - ETL06_Project Timeline_Master Project Plan_05 Feb 2022.xlsx
88	Backup testing register.xlsx
89	Karara SAP PM IW28 Create Work Order from Notification.docx
90	CORP-PR-MAN-1028_0 OPERATOR TRAINING MANUAL – FLOTATION.pdf
91	Karara Monthly Report Jun 2025 卡拉拉2025年六月份公司月报.pdf
92	330kV Downtime Summery.xlsm
93	KML.WMS.PR.6.02 Root Cause Analysis.pdf
94	Instrument calibration CV041.pdf
95	CY24 Budget Cost Template – Power Transmission Line.xlxb
96	2023 Compliance Report signed.pdf
97	2023-2024 Compliance Report.pdf
98	ERA - Annual Submission 2024.pdf
99	ERA - Annual Submission 2025.pdf
100	ERA I007081.pdf
101	ERA July 2022 - Jun 25.XLSX
102	Karara Power Ltd - Report of Change in Circumstances.msg
103	KML Financial Statements 31 December 2023 (SW signed)-1.pdf
104	Ltr - ERA Report (Change of Circumstances) 27423 EXE signed.pdf
105	Notification - 2023-07-14 (Email contact change) signed.pdf
106	Notification of Karara contact email address change.msg
107	RE_ OVERDUE - Data used to calculate 2022 Electricity Licence Standing Charges.msg
108	RE_ Request - Data used to calculate 2023 Electricity Licence Standing Charges.msg
109	Monthly Catchup Western Power/Karara Mining.msg
110	RE: Energising KML 1457-TX-903 on Friday 4/4 to Thursday 10/4

Table 14 **Screenshots Provided as Evidence**

No.	Screen Shot Name
1	SAP maintenance items and review
2	Transmission line helicopter survey work order main view
3	Transmission line helicopter survey work order
4	Transmission SCADA screen
5	SharePoint Training Manuals
6	SharePoint SAP user guidelines
7	SharePoint Backup testing register
8	Invoice approval workflow screenshot
9	INX Inform system screen shot

Appendices

Appendix A

License Obligation Audit

Table 15 Audit Table

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2, 3 or NR)	Audit Priority (1=highest 5=lowest)	Control Rating						Compliance rating					
					A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation
101	Electricity Industry Act, section 13(1)	A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months (or any longer period that the ERA allows).	2	4	✓					Karara Mining's SAP system generates a work order for the transmission license audit review. This review is a scheduled maintenance activity and ensures audits are conducted to meet timeline requirements. Additionally, the company has implemented a new system called INX Inform, which functions as a compliance register and reminder tool. This system helps track due dates and obligations, including audit requirements. Although INX Inform is still in its early testing stages, it adds a second layer of control on top of the existing SAP workflow system to ensure auditing compliance. The combination of SAP and INX Inform provides a robust framework for managing audit timelines. The systems are automated and integrated into company-wide compliance processes, reducing the risk of oversight. Interviews revealed that there was no indication of missed audits or delays during the audit period. Evidence: - SAP maintenance items and review.png - INX Inform system screen shot.png	✓					The previous audit was conducted in 2022 and covers the period from 1 July 2020 to 30 June 2022. Following the positive findings from the previous audit, the ERA has extended the required audit period from 24 months to 36 months. This audit covers the period from 1 July 2022 to 30 June 2025, with the schedule approved by the ERA. Evidence: - Auditor approval letter - 2025 Audit and review - ETL006 - Karara Power.PDF
102	Electricity Industry Act, section 14(1)(a)	A licensee must provide for an Asset Management System.	2	4	✓					The licensee provided and described a comprehensive asset management plan. The latest asset management plan is dated 2025. This plan is embedded across various company functions, including finance, operations, and maintenance. This integration ensures that asset management is not siloed but is part of the broader operational framework. Regular reviews and updates are conducted to ensure the system remains relevant and effective. Evidence: - Asset Management Plan_Rev1.pdf	✓					To test the implementation of the asset management plan, various documents were inspected to ensure effective management of the licensee's assets. These include asset management training documents, electrical maintenance documents, power transmission line cost reports, amongst others. This obligation is assessed as compliant. Evidence: - Asset Management training.pdf - Superintendent Electrical Maintenance PD.docx - Power Transmission Line Cost Report - 10 year budget.xlsx
103	Electricity Industry Act, section 14(1)(b)	A licensee must notify details of the Asset Management System and any substantial changes to it to the ERA.	2	4	✓					Karara's compliance manual lists down all required obligations from the ERA, detailing its item, clause, type, frequency, relevant legislation and additional comments. This document clearly states that the licensee is to notify the ERA of any material changes to their assets. Evidence: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf	✓					Interviews revealed that no substantial changes have occurred to the transmission assets since the last audit. However, a change of circumstances was reported to the ERA when external network issues from the network provider Western Power (WP) affected the transmission line's capacity. This demonstrates that the licensee is aware of its obligation to notify the ERA of any material changes and has acted accordingly. Evidence: - Karara Power Ltd - Report of Change in Circumstances.msg - Ltr - ERA Report (Change of Circumstances) 27423 EXE signed.pdf
104	Electricity Industry Act, section 14(1)(c)	A licensee must provide the ERA with a report by an independent expert about the effectiveness of its Asset Management System every 24 months, or such longer period as determined by the ERA.	2	4	✓					As per obligation 101, Karara Mining's SAP system generates a work order for the transmission license audit review. This review is a scheduled maintenance activity and ensures audits are conducted to meet timeline requirements. Additionally, the company has implemented a new system called INX Inform, which functions as a compliance register and reminder tool. This system helps track due dates and obligations, including audit requirements. Although INX Inform is still in its early testing stages, it adds a second layer of control on top of the existing SAP workflow system to ensure auditing compliance. The combination of SAP and INX Inform provides a robust framework for managing audit timelines. The systems are automated and integrated into company-wide compliance processes, reducing the risk of oversight. Interviews revealed that there was no indication of missed audits or delays during the audit period. Evidence: - SAP maintenance items and review.png - INX Inform system screen shot.png	✓					The licensee has nominated GHD as the independent expert to provide the 2025 audit of its systems. This audit process and corresponding audit period has been approved by the ERA. Evidence: - Auditor approval letter - 2025 Audit and review - ETL006 - Karara Power.PDF
105	Economic Regulation Authority (Licensing Funding) Regulations 2014	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014.	2	4	✓					The licensee has provided an excel sheet which details all invoices from the ERA were paid within the required timeframe, and no missed payments occurred during the audit period. The accounts payable team maintains a detailed record of payments and verifies them before compliance reporting. This process includes a workflow system that ensures invoices are reviewed and approved by the relevant operational departments before payment. Evidence: - ERA July 2022 - Jun 25.XLSX	✓					Karara has released an excel sheet which details all invoices and payments made to ER between July 2022 and June 2025. These records indicate all payments were made on time. Evidence: - ERA July 2022 - Jun 25.XLSX

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2, 3 or NR)	Audit Priority (1=highest 5=lowest)	Control Rating						Compliance rating					
					A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation
										- Invoice approval workflow screenshot.png						
106	Electricity Industry Act, section 31(3)	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	NR	5	✓					In ensuring reasonable steps are implemented to minimise the extent/duration of any restriction on the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause, the licensee provided an emergency response document. This plan is part of the Karara Mining Emergency Management System and details the expected response activities of Karara site personnel in response to, and initial management of, an emergency event. This Emergency Response Plan applies to all activities, personnel and contractors associated with the operation of Karara mine, processing facility, aerodrome, transmission line and accommodation village. It also covers offsite infrastructure including railway (to Tilley siding), water pipe lines and high voltage transmission lines. Section 12.20 of the plan covers transmission line incidents and maps out the key response steps required to rectify the event. Evidence: - CORP-HS-PLN-1003v9 Emergency Response Plan.pdf	✓					The licensee confirmed that no incidents occurred on the transmission line itself during the audit period. However, there was a disruption caused by external network issues from Western Power, which limited transmission capacity. The licensee responded appropriately by notifying the ERA and working with Western Power to resolve the issue. The disruption was rectified within a few days, demonstrating prompt action and coordination. Evidence: - Karara Power Ltd - Report of Change in Circumstances.msg - Ltr - ERA Report (Change of Circumstances) 27423 EXE signed.pdf
107	Electricity Industry Act, section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	2	4	✓					The easement arrangement is clearly documented and was settled upfront. The deed is stored and documented in the regulation and contract folder; hence this obligation is well controlled. Evidence: - Easement Deed - Parker and King 17 1 2020.pdf	✓					The licensee confirmed that an easement was acquired at the start of the transmission project and that a one-off payment was made at that time. There have been no ongoing payments or additional land interests taken since. The easement deed is documented and available in the AMS folder, confirming the arrangement. Evidence: - Easement Deed - Parker and King 17 1 2020.pdf
119	Distribution Licence, condition 4.3.1 Generation Licence, condition 4.3.1 Integrated Regional Licence, condition 4.3.1 Retail Licence, condition 4.3.1 Transmission Licence, condition 4.3.1	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	2	4	✓					Karara Mining Ltd prepares financial reports as per both AGAAP (Australian Generally Accepted Accounting Principles) and GCAAP (Chinese Generally Accepted Accounting Principles). Furthermore, reporting packs which contain information about the business including monthly production, HSE, operational costs, commercial, marketing etc. are distributed to senior management and the board monthly. This ensures that financial information is regularly reconciled and kept up to date. This process is documented in their Financial Reporting and AGAAP Audit process document. Evidence: - CORP-FI-POL-1004_0 Financial Reporting and AGAAP Audit process_FINAL.pdf	✓					An audited and signed copy of the licensee's financial statement for the 2023 calendar year was released. This report was audited by an independent auditor SW, who have stated that they believe accompanying financial report of the Company is in accordance with the Corporations Act 2001 and gives a true and fair view of the Consolidated Entity's financial position as of 31 December 2023 and of its financial performance for the year then ended. It further states it believes the report complies with Australian Accounting Standards and the Corporations Regulations 2001. At the time of this audit, the financial report ending December 2024 was still pending approval and hence not released. This obligation is rated as compliant. Evidence: - KML Financial Statements 31 December 2023 (SW signed)-1.pdf
121	Distribution Licence, condition 5.3.2 Generation Licence, condition 5.3.2 Integrated Regional Licence, condition 5.3.2 Retail Licence, condition 5.3.2 Transmission Licence,	A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.	2	4	✓					Karara's compliance report details its required license obligations as per ERA's requirements. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. This ensures that obligations are well understood by the staff, and required protocol to ensure its selection of an independent auditor also fulfills ERA's requirements for a performance audit. Evidence: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf	✓					Karara has selected GHD as the independent auditor of their transmission license. This selection has been approved by the ERA. Evidence: - Auditor approval letter - 2025 Audit and review - ETL006 - Karara Power.PDF

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2, 3 or NR)	Audit Priority (1=highest 5=lowest)	Control Rating						Compliance rating					
					A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation
	condition 5.3.2															
122	Distribution Licence, condition 5.1.5 Generation Licence, condition 5.1.5 Integrated Regional Licence, condition 5.1.5 Transmission Licence, condition 5.1.5	A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an Asset Management System review.	2	4	✓					As per obligation 102, Karara's compliance report details its required license obligations as per ERA's requirements. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. This ensures that obligations are well understood by the staff, and required protocol to ensure its selection of an independent expert also fulfills ERA's requirements for an asset management system review. Evidence: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf	✓					Karara has selected GHD as the independent expert of their asset management system review. This selection has been approved by the ERA. Evidence: - Auditor approval letter - 2025 Audit and review - ETL006 - Karara Power.PDF
123	Distribution Licence, condition 4.4.1 Generation Licence, condition 4.4.1 Integrated Regional Licence, condition 4.4.1 Retail Licence, condition 4.4.1 Transmission Licence, condition 4.4.1	In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.	2	4	✓					The licensee confirmed that there had been no significant administrative or audit changes during the audit period. However, as part of their transmission line compliance manual, the licensee clearly lists its requirements about notifying the ERA in an event of such changes. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. Hence this obligation is rated as well controlled. Evidence: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf					✓	The licensee confirmed that there have been no significant administrative or ownership changes during the audit period that would affect the licensee's ability to meet its obligations. Hence this obligation is deemed as not rated.
124	Distribution Licence, condition 4.5.1 Generation Licence, condition 4.5.1 Integrated Regional Licence, condition 4.5.1 Retail Licence, condition 4.5.1 Transmission Licence, condition 4.5.1	A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.	2	2		✓				A breach of this obligation was recorded in the time of 1 July 2022 to 30 June 2023, where Karara failed to provide the length of the transmission line when requested by the ERA in time. This was acknowledged as a breach and reported in the compliance report. The reason for this breach was that the email sent to Karara's personnel requesting this information had been on leave. Although a breach has occurred, this incident has been deemed as minor as failing to provide the length of transmission line information on time to the ERA had no direct consequences to any customers or other third parties. Hence the control rating for this obligation at the time of the incident has been rated a B. However, the licensee has shown that sufficient corrective measures have been implemented since the incident. This includes setting up a group email address such that future requests are not to be missed by the licensee. Evidence of this email and notification to the ERA has been shown during the audit period and is included in the attachments below. Hence, no further formal recommendations are made. Evidence: - Notification of Karara contact email address change.msg - Notification - 2023-07-14 (Email contact change) signed.pdf		✓				A breach of this obligation was recorded in the time of 1 July 2022 to 30 June 2023, where Karara failed to provide the length of the transmission line when requested by the ERA in time. This was acknowledged as a breach and reported in the compliance report. The reason for this breach was that the email sent to Karara's personnel requesting this information had been on leave. Although a breach has occurred, this incident has been deemed as minor as failing to provide the length of transmission line information on time to the ERA had no direct consequences to any customers or other third parties. Hence the compliance rating for this obligation has been rated a 2. However, the licensee has shown that sufficient corrective measures have been implemented since the incident. This includes setting up a group email address such that future requests are not to be missed by the licensee. Evidence of this email and notification to the ERA has been shown during the audit period and is included in the attachments below. Hence, no further formal recommendations are made. Evidence: - 2023 Compliance Report signed.pdf - Notification of Karara contact email address change.msg - Notification - 2023-07-14 (Email contact change) signed.pdf - 2023-2024 Compliance Report.pdf

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2, 3 or NR)	Audit Priority (1=highest 5=lowest)	Control Rating						Compliance rating					
					A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation
125	Distribution Licence, condition 3.8.1 and 3.8.2 Generation Licence, condition 3.8.1 and 3.8.2 Integrated Regional Licence, condition 3.8.1 and 3.8.2 Retail Licence, condition 3.8.1 and 3.8.2 Transmission Licence, condition 3.8.1 and 3.8.2	A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.	2	4	✓					Karara's compliance report details its required license obligations as per ERA's requirements. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. This ensures that obligations are well understood by the staff. This document clearly lists out obligations required by the licensee to publish any information required by the ERA within its timeframes specified. Controls: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf					✓	The ERA has not directed Karara to publish any information within the audit period.
126	Distribution Licence, condition 3.7.1 Generation Licence, condition 3.7.1 Integrated Regional Licence, condition 3.7.1 Retail Licence, condition 3.7.1 Transmission Licence, condition 3.7.1	All notices must be in writing, unless otherwise specified.	2	4	✓					Karara's compliance report details its required license obligations as per ERA's requirements. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. This ensures that obligations are well understood by the staff. This document clearly lists out obligations required by the licensee to specify notices in writing and further assigns an owner to handle these correspondences. Controls: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf	✓					Evidence of all communications and notices were observed in writing. The licensee provided various documents indicating communications take place over writing, including financial statements, email correspondence with the ERA, strategies and frameworks, etc. Evidence: - KML Financial Statements 31 December 2023 (SW signed)- 1.pdf - Notification of Karara contact email address change.msg - CORP-PP-PRO-1001_2 PROCUREMENT PROCEDURE.pdf
451	Electricity Industry Metering Code, clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	NR	5	✓					The licensee has established communication channels including a dedicated group email address for transmission license matters. This ensures that notices can be sent and received reliably. The compliance manual further identifies the ERA, AEMO and Western Power as key stakeholders and outlines associated communication protocols. Furthermore, in Karara's communications with the ERA, Karara's personnel lists their contact details including telephone number, mobile, business email and website in their email signatories. Evidence: - Notification - 2023-07-14 (Email contact change) signed.pdf - Notification of Karara contact email address change.msg	✓					Evidence of this obligation is seen in the various exchanges between Karara and the ERA during the audit period. Furthermore, correspondence with Western Power demonstrating open communication channels between the Karara and Western Power have been seen. This obligation is assessed as compliant. Evidence: - Karara Power Ltd - Report of Change in Circumstances.msg - Notification of Karara contact email address change.msg - Monthly Catchup Western Power/Karara Mining.msg - RE: Energising KML 1457-TX-903 on Friday 4/4 to Thursday 10/4.msg
457	Electricity Industry Metering Code, clause 8.1(1)	If any dispute arises between any Code participants, then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.	NR	5					✓	Karara did not have any disputes with any code participant within the audit period. However, if there were a dispute, Karara's compliance plan clearly lists the obligations and requirements in relation to dispute resolution. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. Furthermore, Section 18 of Karara's Wheeling Agreement between Electricity Networks Corporation and Karara Power Pty Ltd also outlines the steps Karara is recommended to take about Dispute Resolution. This section lists					✓	Karara did not have any disputes with any code participant within the audit period.

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2, 3 or NR)	Audit Priority (1=highest 5=lowest)	Control Rating						Compliance rating					
					A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation
										out the notice of dispute, meeting to resolve, litigation, performance of obligations pending resolution of dispute and urgent relief clauses. Evidence: 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf - REF_01_Wheeling Agreement between KP and WPC.pdf						
458	Electricity Industry Metering Code, clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	5					✓	Karara did not have any disputes with any code participant within the audit period. Hence this obligation is not rated. However, if there were a dispute, Karara's compliance plan clearly lists the obligations and requirements in relation to dispute resolution. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. Furthermore, Section 18 of Karara's Wheeling Agreement between Electricity Networks Corporation and Karara Power Pty Ltd also outlines the steps Karara is recommended to take about Dispute Resolution. This section lists out the notice of dispute, meeting to resolve, litigation, performance of obligations pending resolution of dispute and urgent relief clauses. Section 18.2 of this document notes that 'Within 10 business days of the date on which notice of the dispute is given, the senior officers must meet at a mutually acceptable time and place to seek to resolve the matter.' Evidence: 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf - REF_01_Wheeling Agreement between KP and WPC.pdf					✓	Karara did not have any disputes with any code participant within the audit period.
459	Electricity Industry Metering Code, clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	5					✓	Karara did not have any disputes with any code participant within the audit period. Hence this obligation is not rated. However, if there were a dispute, Karara's compliance plan clearly lists the obligations and requirements in relation to dispute resolution. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. Furthermore, Section 18 of Karara's Wheeling Agreement between Electricity Networks Corporation and Karara Power Pty Ltd also outlines the steps Karara is recommended to take about Dispute Resolution. This section lists out the notice of dispute, meeting to resolve, litigation, performance of obligations pending resolution of dispute and urgent relief clauses. While the escalation timeline noted in Section 18.2 is consistent with the prescribed escalation timeline in Metering Code Clause 8.1(2) for senior management negotiations, the Wheeling Agreement skips the preceding executive officer step and hence not enough accumulated resolution duration (total business days) are provisioned in the Wheeling Agreement. While the established control is inconsistent with this obligation in a strict word-by-word literal sense, the control environment and control procedure meet the intent of Clause 8 of the Metering Code. Also, no code participant/customer (except Karara Mining themselves) is prejudiced by the Wheeling Agreement escalation steps and timeline. Hence this obligation is deemed adequately controlled. Evidence: 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf - REF_01_Wheeling Agreement between KP and WPC.pdf					✓	Karara did not have any disputes with any code participant within the audit period.
460	Electricity Industry Metering Code, clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	2	4					✓	Karara did not have any disputes with any code participant within the audit period. Hence this obligation is not rated. However, if there were a dispute, Karara's compliance manual clearly lists the obligations and requirements in relation to dispute resolution. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. Furthermore, Section 18 of Karara's Wheeling Agreement between Electricity Networks Corporation and Karara Power Pty Ltd also outlines the steps Karara is recommended to take about Dispute Resolution. This section lists					✓	Karara did not have any disputes with any code participant within the audit period.

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2, 3 or NR)	Audit Priority (1=highest 5=lowest)	Control Rating						Compliance rating					
					A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation
										out the notice of dispute, meeting to resolve, litigation, performance of obligations pending resolution of dispute and urgent relief clauses. While the escalation timeline noted in Section 18.2 is consistent with the prescribed escalation timeline in Metering Code Clause 8.1(2) for senior management negotiations, the Wheeling Agreement skips the preceding executive officer step and hence not enough accumulated resolution duration (total business days) are provisioned in the Wheeling Agreement. While the established control is inconsistent with this obligation on word-by-word basis, the control environment and control procedure meet the intent of Clause 8 of the Metering Code. Also, no code participant/customer (except Karara Mining themselves) is prejudiced by the Wheeling Agreement escalation steps and timeline. Hence this obligation is deemed adequately controlled should a dispute occur. Evidence: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf - REF_01_Wheeling Agreement between KP and WPC.pdf						
461	Electricity Industry Metering Code, clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	NR	5					✓	Karara did not have any disputes with any code participant within the audit period. Hence this obligation is not rated. However, if there were a dispute, Karara's compliance plan clearly lists the obligations and requirements in relation to dispute resolution. This document further includes a RACI Matrix which assigns items relevant to its interaction with the ERA and AEMO, financial matters, legal matters, compliance with ETAC and various agreements, OPEX, outages, system management and stakeholder interactions to authorised personnel. Furthermore, Section 18 of Karara's Wheeling Agreement between Electricity Networks Corporation and Karara Power Pty Ltd also outlines the steps Karara is recommended to take about Dispute Resolution. This section lists out the notice of dispute, meeting to resolve, litigation, performance of obligations pending resolution of dispute and urgent relief clauses. Evidence: - 330 kV 132 kV Transmission Line Compliance Manual - Rev 1 - 20250702.pdf - REF_01_Wheeling Agreement between KP and WPC.pdf					✓	Karara did not have any disputes with any code participant within the audit period.



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