



MSP
MSP

Maintenance Services Perth

Instructions to Service Providers

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Pilbara Iron, a member of the Rio Tinto Group, aims to be a world-class asset manager that operates and maintains mining, rail and export facilities in the north-west of Western Australia on behalf of asset owners, Hamersley Iron (100% Rio Tinto) and Robe River Iron (53% Rio Tinto) Associates.

Established in 2004, the company facilitates closer co-operation between Hamersley and Robe - two independent Rio Tinto Group iron ore operations with long histories of successful mining in the Pilbara.

Hamersley and Robe remain independent following the establishment of Pilbara Iron and each company continues to separately market its products and retain accountability for strategic development of its mineral resources.

The aim of Pilbara Iron is to contribute significant cost benefits and realise operational efficiencies for both Hamersley and Robe.

With a network of nine mines, three shipping terminals and the largest privately owned railway in the world, Pilbara Iron produces more than 150 million tonnes of iron ore annually and is growing towards 320 million tonnes.

It also provides unrivalled scheduling flexibility, reliability, competitiveness, responsiveness and value for Hamersley and Robe's customers in the global iron.

Pilbara Iron Relationship Diagram



The operational maintenance of Pilbara Iron's diverse operations is managed by the individual sites with the repair and overhaul of components generally being performed by either our site engineering workshops or by external vendor facilities. Maintenance Services Perth (MSP) coordinate and manage these external repairs.

MSP's vision is "To Effectively Manage Pilbara Iron's Asset Repair and Refurbishments in line with the Business Needs and in consultation with the Asset Custodian; by managing vendor Quality, Cost, Safety and Delivery Performance & Identifying Engineering Improvements, Solutions and Value Adding Opportunities."

This document is designed to clearly explain the procedures that shall be followed by all Service Providers awarded repair, overhaul, fabrication and service exchange work by Maintenance Services Perth.

The Golden Rules

DO NOT DO ANYTHING without a Purchase Order or written instructions from MSP
IF you do, YOU MAY NOT BE PAID

DO NOT Follow any instructions other than written instructions from the nominated person on the Purchase Order
IF you do, YOU MAY NOT BE PAID

DO NOT COMMENCE WORK until it has been accepted in writing by MSP
IF you do, YOU MAY NOT BE PAID

DO NOT COMMENCE A VARIATION until it has been accepted in writing by MSP
IF you do, YOU MAY NOT BE PAID

INVOICE VALUE MUST match quoted value.
IF it doesn't, YOU MAY NOT BE PAID

DO NOT VARY FROM DRAWINGS unless it has been accepted in writing by MSP
IF you do, YOU MAY NOT BE PAID

DO NOT INVOICE unless all goods have been received by the Company
IF you do, YOU MAY NOT BE PAID

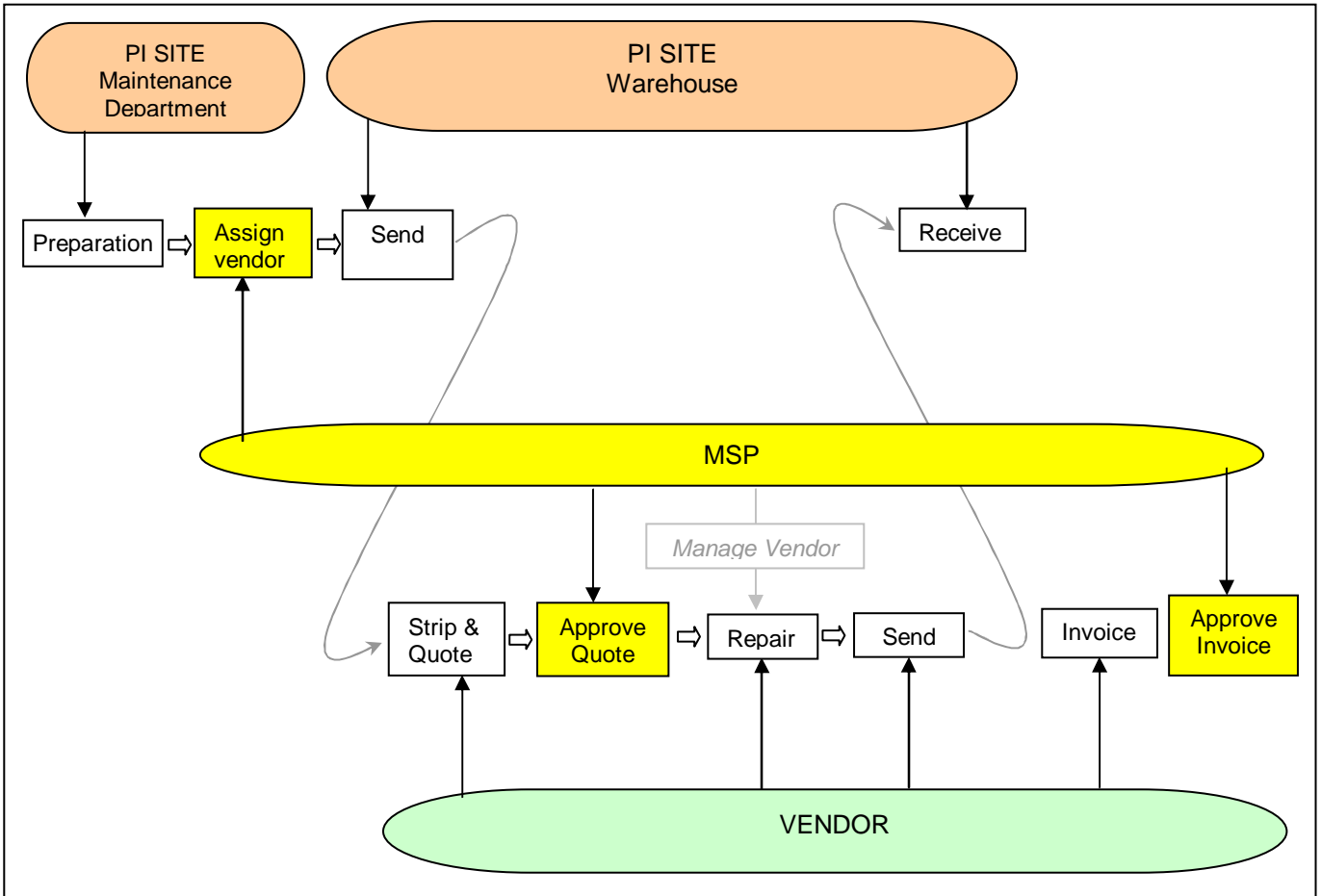
The Company reserves the right to withhold payment if the Service Provider does not comply with the above requirements

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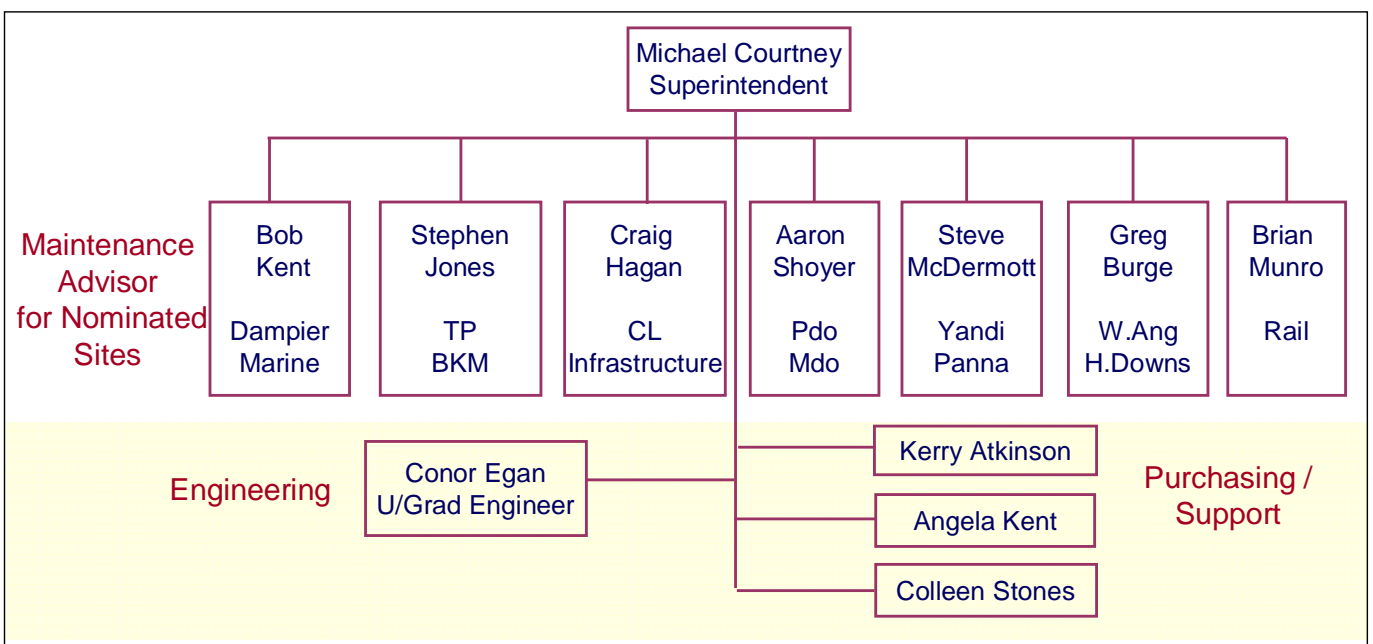
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1. MSP Process

The flowchart below summarises the key steps in the offsite repair of a PI asset, and explains the accountabilities of the PI site, MSP and the Vendor.



2. MSP Personnel Structure



Each of these personnel can be considered a Company representative.

3. Purchase Order to Initiate Work at a Vendor

A purchase order document will always be sent to the Service Provider attached to the component that requires repair. This document provides clear instructions in relation to the actions to be undertaken by the Service Provider and contains the contact details for the relevant Company representative listed in the above structure. Alternatively an RFQ (Requisition for quotation) document may be issued in place of a zero dollar purchase order. If the service provider receives a component from Pilbara Iron without a purchase order or RFQ attached, DO NOT commence any works, but instead contact an MSP representative immediately.

In the first instant, the purchase order is ONLY a request to strip and quote and is issued at \$0. This authorises the service provider to undertake a detailed assessment of the damage to the component and to create a Strip and Quotation Report (which is detailed below in section 4.)

If the strip and quote is accepted by MSP the order will be revised and reissued at a value equal to the quotation amount with instructions directing the Service Provider to proceed with the works. The Service Provider must not proceed with further work until this confirmation order has been issued by the Company.

If the quotation for repair of the component is declined Pilbara Iron will reimburse the service provider all reasonable costs incurred in developing the quotation and as such an amended order will be issued. The value of the reissued purchase order will be based on the number of hours required to strip, assess and quote in accordance with payment terms (including hourly rates) specified in either the master services agreement between the Service Provider and the Company, the quotation or a specific contract which is intended to cover the works. Instructions will then be given to dispose of the item, salvage components from it or prepare the item for transportation back to site.

4. Strip and Quotation Requirements

The Service Provider will submit a computerised component strip and quotation report to the Company Representative within 10 working days of receipt of the component. This is a Key Performance Indicator. The procedure to be used to submit the report is detailed in section 11. The Service Provider will advise the Company Representative within 48 hours of component receipt if there is a delay in this requirement.

The report must include the following information as a minimum. This information must be in accordance with any applicable Pilbara Iron master services agreement or contract if it exists.

- a) Correct Company's numerical purchase order number;
- b) Date the component was received from the transport company.
- c) Description of the component condition including photos
- d) Repair methodology statement
- e) Labour hours and rates to complete the repair according to the repair methodology.
- f) Number of calendar days / weeks required to complete the repair after receipt of a purchase order to proceed. This will allow MSP to update the order with the promised delivery date.
- g) Parts and material costs, including a list of the bearing numbers, (if applicable).

- h) Value of the mark-up on parts, sub contracted labour and materials supplied by others
- i) Drawing numbers used.
- j) Warranty period details that would apply post repair
- k) Any improvement recommendations accompanied by evidence of change management analysis and sound engineering;

5. Manufacturer's Data Report (MDR)

The Service Provider shall submit a computerised completion document or Manufactures Data Report (MDR) to the Company Representative by email within one week of completing the Services.

The report must include as a minimum:

- a) a description of all Services performed;
- b) a summary of materials used in the Services;
- c) any certification and or tests undertaken in relation to the Services;
- d) a summary of costs involved in relation to carrying out the Services; and
- e) a detailed work method description including photographs of the key steps involved in completing the Service including evidence of compliance with hold point requirements.

6. Failure Analysis

The Service Provider in conjunction with MSP will conduct component failure analysis upon request from the company representative. The results of the analysis will be submitted as part of the MDR. The level of the analysis and detail of the report will be proportionate to the complexity and relative importance of the Services.

7. Payment Terms

Payment will not be processed until all components have been received at Centurion Depot, Central Receivals Perth and a confirmation purchase order has been issued. The Company's payment system is based on one purchase order to **one invoice**. Milestone payment terms may be arranged on a case by case basis, please liaise with the company representative to set up this facility at the commencement of the work.

8. Warranty

If a warranty is being claimed by the Company the instructional text on the original order will specify the claim details. The Service Provider must ensure that the component strip and quote report submitted addresses all warranty issues and clearly defines relative liabilities. The company representative may supply a specific warranty procedure which must be adhered to.

9. Variation

The Service Provider must justify any variations to quotation to the Company Representative prior to the additional costs being incurred, in accordance with Appendix A of this document and any applicable master services agreement or specific contract.

10. Freight Marking Instructions

In accordance with the Company's Freight Preparation Policy the Service Provider will ensure that:

- a) The goods are adequately secured for transport using purpose built transport frames in accordance with government regulations and Rio Tinto transport policy.
- b) The transport company's consignment note clearly shows the order number, the line number and the quantity of items being transported;
- c) Multiple items consolidated into one packing is only allowed if the items were repaired under the same purchase order.
- d) Multiple items repaired under different line items of the same purchase order, if packed together, are marked on the package and consignment note.

NOTE: The above requirements are designed to ensure the accurate receipting of goods and the timely payment of invoices. Components may be rejected if not clearly marked as stated.

The Company's default delivery point is:-

Centurion Transport
Lot 1300
Cnr Great Eastern Highway Bypass and Abernethy Road
Hazelmere WA 6055

If purchase order conditions are Free In to Store (FIS) and the Service Provider is unable to comply, it must contact the appropriate Company Representative prior to quotation, to arrange for transport changes.

11. Electronic Mail - MSP

MSP utilises Documentum, a record and document management system mechanism, whereby documents attached to e-mails can be automatically loaded and stored for future reference. Information and correspondence relating to the Services shall be sent by the Service provider via email to: msp@riotinto.com .

To facilitate this functionality the following Meta Data Block is required to be placed in the body of the email and populated as below: -

- a) Each field shall start with two tildes and conclude with two tildes with no spaces.
- b) Only one email per document type is permitted i.e. do not mix strip and quotation with photos. Multiple Photos may be attached to one email.

- c) The subject line of the email shall contain the Company order number, a description of the component/work and the Document type code e.g.. 3000681306 Drive Pulley/S. for multiple/sequential variations use V1, V2, V3 etc.

Purchase Order Number	~~3000145678~~
Maintenance Order Number	~~12345678~~
Service Provider Number	~~34567~~
Serial Number	~~A98-2468B~~
Document TypeCode	~~S~~
FDMS Buyer Group	~~M5~~
IODMS Document Number	~~~~
Service Provider Job Reference Number	45890
Job Price (Exc GST)	1,498.00
Delivery date	21/4/2007

FDMS Buyer Group

M1	Craig Hagan
M2	Bob Kent
M3	Stephen Jones
M4	Kerry Atkinson
M5	Steve McDermott
M6	Brian Munro
M7	Greg Burge
M8	Angela Kent
M9	Aaron Shoyer

Document Type Code

S	Strip and Quote
V	Variation to Quote
P	Photographs
M	Final Closer Information (MDR)
W	Work in Progress Reports (WIP)
C	Correspondence (E-Mails)
F	Failure Analysis Reports

IODMS Document Number - This number shall be left blank unless forwarded to you by MSP. This enables versioning control.

Serial Number – Populate field if the component has a serial number

Purchase order, maintenance order and Service Provider numbers can be found in the respective Company purchase order.

Note: - If no serial number is in use populate this field with “11” as it can not be left blank.

A small computer program can be provided by MSP to the vendor that allows data entry into a user friendly table format and has a function to autoloading the required information into an email in the correct format. Please speak with the company representative to obtain this program. Note however that the program has not been tested on all types of email software available, so if you have any technical problems please speak with the company representative.

12. Quadrem

A full understanding of the operating system will be explained via Quadrem to the Service Provider.

13. CBC Bearings

CBC Bearings has a status of "Preferred Supplier" for the supply of bearings to the Company. The Service Provider is required to purchase bearings for use in Company Services from CBC except where CBC are unable to supply the bearings in the required timeframe or for those services provided by original equipment manufacturers (OEM), where their own bearings suppliers shall be used. If in the opinion of the Service Provider the pricing or delivery quoted by CBC is unacceptable the company representative shall be contacted to resolve the issue.

14. Vendor Management

MSP operates a system of auditing of Service Providers. The first part is a Vendor Audit which analyses the service provider's safety, quality, human resources, continuous improvement, sub vendors, facilities, management, capability and corporate structure. This is undertaken by a company representative or external experts at the commencement of a working business relationship and on an interval basis, generally yearly. In addition a company representative or external expert may undertake specific audits of a particular work process on the Company's behalf. This applies, for example, to welding and bearing fitment.

15. Non Conformance Notice

If the Service Provider determines that a non conformance has occurred, the template included in the Appendix can be used and submitted to a Company Representative. A non conformance may include but is not limited to goods arriving at a vendor inadequately packaged for transport, a deviation from the MSP Process or poor business practice.

Appendix

Blank Templates for Vendor Use

- Claim for Variation
- Process Improvement Notice
- Work In Progress (WIP) Report



CLAIM FOR VARIATION TO PURCHASE ORDER

PURCHASE ORDER No. _____ PURCHASE ORDER DESCRIPTION: _____ CONTRACTOR: _____	DATED CREATED: _____	VARIATION NO: _____ DATE: _____
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COSTS

<u>WORK DESCRIPTION</u>	<u>HOURS</u>	<u>RATE</u>	<u>LABOUR</u>	<u>PARTS</u>	<u>OTHER</u>	<u>TOTAL</u>
_____ % MARK UP ON PARTS _____ % MARK UP ON SUB-CONTRACT						

<p style="text-align: center;"><u>PURCHASE ORDER PRICE</u></p> VALUE OF THIS VARIATION \$ _____ REVISED PURCHASE ORDER PRICE \$ _____	<p style="text-align: center;"><u>COMPLETION DATE</u></p> ORIGINAL COMPLETION DATE: _____ EXTENSION OF TIME THIS VARIATION: _____ REVISED COMPLETION DATE: _____
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PURSUANT TO THE PROVISIONS OF THE PURCHASE ORDER GENERAL CONDITIONS, AN AMENDED PURCHASE ORDER WILL BE ISSUED VIA FACSIMILE TO AMEND THE WORK WITHIN THE SCOPE AS DESCRIBED AND AT THE PRICES SHOWN.

REQUESTED: CONTRACTOR BY: _____ TITLE: _____	AUTHORISED: PILBARA IRON SERVICES PTY LTD BY: _____ TITLE: MAINTENANCE ENGINEER MAINTENANCE SERVICES PERTH
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COPY: CONTRACTOR
COPY TO: PURCHASE ORDER FILE



Maintenance Services Perth

Management System

Process Improvement Notice

Notice Type

MSP Non-conformance	(SN)	<input type="checkbox"/>
Vendor Non-conformance	(VN)	<input type="checkbox"/>
PI Site Non-conformance	(AN)	<input type="checkbox"/>
PI Site Complaint	(AC)	<input type="checkbox"/>
Preventative Action	(PA)	<input type="checkbox"/>
Improvement Action	(IA)	<input type="checkbox"/>

Description of Issue

Proposed Action to Prevent Issue from Recurring

Raised by:

Date:

Closed by:

Date:

