1. Rio Tinto is not responsible for the physical importation of Railway Wheels. The relationship with Masteel stipulates a DDP incoterm, with the Delivery Point stipulated as Centurion Depot (Hazelmere, Western Australia). To this end, Rio Tinto can be considered an end user rather than an importer.

2. It is also noted that the agreement with Masteel obliges Masteel to hold at least three months’ worth of stock in Perth should Rio Tinto require additional wheels (at no cost to Rio Tinto). Given this, the Purchase Orders Rio Tinto issue to Masteel (with a 7 day lead time) and the quantities of wheels imported by Masteel will never match. It is at Masteel’s discretion how many wheel they hold in Perth, as long as it is not less than 3 months’ worth of forecast.

Rio Tinto to confirm ADC’s selected shipments

- The first selected shipment (importer ref MGE#17-RT-1-01) was for 8 trial wheels. These wheels (along with 8 TZ wheels) were given to Rio Tinto by Masteel for technical analysis (no destructive testing and fitment onto ore cars for trial). There will be no record of this transaction in Rio Tinto’s system as they were given to Rio Tinto by Masteel.
- The three selected shipments with Rio Tinto Purchase Order (PO) numbers match directly with records in the Rio Tinto system for those POs.
- The total 2017 imports in this record (column AZ) tally 4760 wheels (note that the last transaction has been disregarded as it occurred in 2018). In 2017 Rio Tinto ordered 2712 wheels, with a forecast at the time of ~550 wheels per month. This would total 4632 wheels at a minimum that Masteel would have had to have imported. The quantities in the ‘selected shipment’ transactions appear to be reasonable.

Cost to import and sell detail

- As Rio Tinto trades with Masteel on a DDP basis, we do not have possession of the cost detail for each shipment required.
- A request has been made to Masteel’s importer agency to obtain this information (please note there is no relationship with this agent and Rio Tinto – thus we may be unsuccessful in this request)
The Material Number (Rio Tinto product code) for this Railway Wheel is 20684482. Note that the initial 1200 wheel order was not linked to this MN as it had not yet been created.