



# standard terms & conditions for purchase orders

## 1. GENERAL

- 1.1 These Terms and Conditions and the related purchase order/contract ("**Purchase Order**") constitute the whole of the agreement (the **Agreement**) for the supply by the person, firm or corporation that the Purchase Order is addressed to (the "**Seller**") and Mount Gibson Iron Limited ("**MGI**") or the relevant subsidiary of MGI issuing the Purchase Order (the "**Buyer**"), of the goods and/or services described in the Purchase Order (the "**Goods**" and "**Services**").
- 1.2 The delivery of Goods or the commencement of performance of any Services by the Seller will constitute acceptance by the Seller of the Agreement.
- 1.3 No other terms will apply whether or not they are contained in any order acknowledgment, invoice or other document, whether dated before or after the date of the Purchase Order.
- 1.4 If the Purchase Order contains any terms ("**Special Conditions**") which are inconsistent with these Terms and Conditions, then the Special Conditions will prevail to the extent of the inconsistency. It is acknowledged that the Special Conditions may use the terms "Contractor" and "Principal", "Vendor" and "Purchaser" or other terminology, instead of the terms "Seller" and "Buyer" respectively and the agreement will be interpreted accordingly.
- 1.5 Time will be of the essence of the Agreement and the Seller must comply strictly with the date indicated on the Purchase Order for delivery of the Goods or performance of the Services.

## 2. PRICES, PAYMENT, GST

- 2.1 The Buyer will pay the Seller for Goods and Services in accordance with the prices set out in the Purchase Order. Unless stated to the contrary therein, Purchase Order prices are not subject to rise and fall. Unless stated otherwise prices are in Australian dollars and exclude GST, but include all other costs incurred by the Seller in relation to the Goods, including but not limited to the cost of delivery, cartage and freight, testing, certification, packaging, handling, storage, insurance, taxes, tariffs, duty and excise.
- 2.2 The Buyer will (subject to the Goods and/or Services having been satisfactorily received, or completed and accepted by the Buyer) pay the amount properly invoiced under a valid tax invoice by the Seller (except to the extent that the invoice is in dispute) within thirty days from the end of the month in which a tax invoice has been issued. Unless otherwise agreed, all payments will be made by "Electronic Funds Transfer" (EFT) and as such the supplier is required to provide all the necessary financial institution details to enable EFT payment.

- 2.3 The Buyer may deduct from such amount as may be due and payable by the Buyer pursuant to this Agreement, any amounts payable by the Seller to the Buyer on any account whatsoever.

### **3. SUBCONTRACTS**

The Seller must not, without the prior written consent of the Buyer, assign or subcontract any portion of the Agreement or make any contract with any person for the execution of any portion of the work except for the supply of raw materials and minor items. No subcontract is to contain any terms which are inconsistent with this Agreement.

### **4. INDEMNITY**

- 4.1 The Seller will be liable for and will indemnify and keep indemnified and hold harmless the Buyer and its directors, officers, employees, agents and contactors against all liability, loss, damage, claim, suit, action, demand, expense or proceedings in respect of :

- (a) injury to (including illness or disability) or death, of any persons; and
- (b) loss or destruction of or damage to or loss of use of any property

caused or contributed to by the act or omission of the Seller or its directors, officers, employees, agents or contractors ("**Seller Personnel**") or by any breach of this Agreement by the Seller (including the breach of any warranty), except to the extent that it has been caused or contributed to by the willful default or unlawful or negligent act or omission of the Buyer.

- 4.2 To the maximum extent permitted by law, the Seller further indemnifies the Buyer against all liability for any workplace injury or alleged workplace injury suffered or alleged to have been suffered by an employee, worker, consultant or contractor (the "**Employer**") involved in the provision of the Goods or Services on behalf of the Seller, including any liability

- (a) at common law; or
- (b) under applicable workers' compensation legislation;

except to the extent that the injury has been caused or contributed to by the willful default or unlawful or negligent act or omission of the Buyer.

### **5. INSURANCE**

- 5.1 The Seller will at its own expense procure and maintain the following insurances :

- (a) employers' liability and worker's compensation insurance (including common law liability) and a principal's indemnity extension for act benefits and common law (where applicable), which in respect of any one accident to any one employee shall not be limited in amount (where unlimited cover is available) or else for an amount of at least \$50 million) to cover Employees of the Seller involved with the provision of Goods or Services, which complies with the laws for the time being in force in the State where the Goods or Services are supplied;
- (b) where the Seller will bring motor vehicles, owned, operated or controlled by the Seller, onto the Buyer's premises, comprehensive and third party property damage and injury to persons liability insurance covering all such motor vehicles, for an

amount of at least ten million dollars (\$10,000,000) in respect of any one accident or series of accidents arising out of one vent. This policy is to be endorsed to contain a principal's indemnity extension and to extend to include motor vehicle bodily injury insurance in respect of registered motor vehicles;

(c) public liability insurance for an amount of at least ten million dollars (\$10,000,000) to cover the Seller's legal liability in respect of occurrences resulting in :

- (i) death of or bodily injury (including illness) to any third party; or
- (ii) damage to property not belonging to nor held in trust by nor in the care, custody or control of the Seller

arising out of or in the course of or caused by the supply of the Goods or Services under the Agreement.

This policy must include:

- (A) principal's indemnity; and
- (B) worker to worker injury liability risks.

Where the buyer will provide plant, equipment or goods, this policy is to extend to cover goods in the care, custody and control of the Seller for an amount not less than the market value of all plant and equipment supplied by the Buyer.

Where the Seller will bring unregistered motor vehicles onto the Buyer's premises, this policy is to extend to include liability arising out of the use of unregistered motor vehicles.

- (d) any other insurance, which is required by law for the time being in force in the State where the Goods or Services are to be supplied; and
- (e) where the Seller is required to carry out design work or provide advice the Seller will procure and effect at its own expense professional indemnity insurance for an amount of at least five million dollars (\$5,000,000).

5.2 The Seller must ensure that every subcontractor engaged by it maintains insurance in the same manner as the Seller under these Terms and Conditions.

5.3 The insurances arranged by the Seller and its subcontractors will be subject to approval by the Buyer as to the terms of insurance protection required and their continued existence and the Seller must provide all such documentation, information and assistance as may be required by the Buyer in this regard.

5.4 The Seller will be solely responsible for ensuring that any insurance to be arranged by the Seller (and subcontractors) is effected and maintained.

5.5 The effecting of insurance as required under this Clause will not limit the obligations or responsibilities of the Seller under the Agreement, at common law or by statute. If the Seller fails to effect or to keep in force any of the insurances required by this Agreement, the Buyer may, but is not obliged to, effect and keep in force any such insurance and pay such premiums as may be necessary for that purpose and may recover as a debt due from the Seller the amount so paid, or the Buyer may set off that amount from payments due to the Seller under the Agreement.

5.6 The Seller must notify the Buyer, as soon as possible in writing and in any case no later than 15 days after the event, of all accidents or claims which arise out of or are in any way connected with this Agreement. In the event of a serious accident the advice must be immediate in person or by telephone to be followed as soon as possible in writing.

## **6. OBSERVANCE OF LAWS, SITE CONDITIONS**

6.1 In the performance of the Services or where Seller Personnel will be present on the Buyer's premises :

(a) the Seller and the Seller Personnel must comply with all applicable laws and with the requirements of any public authority or agency, including without limitation, those relating to safety, occupational health, drug and alcohol, environmental protection and regulation of procedures in connection with mines, machinery, electricity and construction works, and all regulations and orders made hereunder, together with all rules and procedures issued by the Buyer from time to time and with all reasonable directions by the Buyer;

(b) Seller will use only personnel who are skilled and competent and hold all necessary licenses and qualifications. If the Buyer requires it, then the Seller Personnel must be approved by the Buyer. The Seller must promptly comply with any direction by the Buyer for the removal of any Seller Personnel who are unsuitable or who breach any law or any of the Buyer's rules or procedures.

6.2 The Seller represents that it holds all necessary permits, licenses or approvals and will, if requested provide copies of these to the Buyer prior to commencement of supply. The Seller also represents that it has had opportunity and has carefully examined the work to be done and considered the site of the work and has appropriate expertise to perform the Agreement.

6.3 If any Goods to be supplied by the Seller will emit noise, dust, vibration radiation or gas, have a high surface temperature or otherwise affect the environment or pose occupational health risks, the Seller will, prior to installing such Goods, provide full details of such emissions, effects or risks including Material Safety Data Sheets, if applicable.

6.4 The Seller must ensure that equivalent provisions to this Clause are included in every subcontract entered into by the Seller.

## **7. RISK, TITLE & INSPECTION**

7.1 Subject to Clause 7.3, title to the Goods passes to the Buyer free from encumbrances (including any interest of the Seller) on payment of the price or delivery of the Goods to the place noted in the Purchase Order (whichever occurs first). Each of the Buyer and the Seller acknowledges and agrees that the Seller is not retaining an interest in the Goods to secure the Buyer's obligation to pay the purchase price and a security interest in the Goods does not arise in favour of the Seller under the *Personal Property Securities Act 2009* (Cth).

7.2 Risk in the Goods remains with the Seller until delivery.

7.3 All goods will be accepted by the Buyer subject to inspection by the Buyer within a reasonable time after delivery and to the Buyer being satisfied with the Goods.

## **8. PACKAGING & DOCUMENTATION**

- 8.1 Goods must be adequately and safely packaged by the Seller according to the requirements (if any) detailed in the Purchase Order. If there are no such requirements detailed Goods must be packed consistent with all applicable laws and with good industry practice. Goods contained in packages must be adequately protected from damage which may be caused during normal course of rough road transport and also to prevent entry of dust and moisture.
- 8.2 Any product supplied by the Seller which contains asbestos, ceramic fibre or fibreglass (in any concentration above zero) must be packaged in high strength plastic seal to ensure dust tightness. Where asbestos is present the package must be labeled in accordance with the "Code of Practice and Guidance Notes" or asbestos published by Worksafe Australia, National Occupational Health and Safety Commission.
- 8.3 The Buyer shall have the right to designate a mode, route, time and place of delivery and to nominate a carrier or delivery agent, other than as may be specified in the Purchase Order, but the Buyer shall pay and bear any cost thereby incurred additional to the cost of delivery as specified in the Purchase Order.
- 8.4 The Seller will :
- (a) submit one copy of each tax invoice or credit note in relation to each Purchase Order. Each tax invoice is to relate to only one order and is to show prices for each order line item; and
  - (b) mark the number of the Purchase Order and the relevant destination of the Goods on the Goods, and on all shipping notices, bills of lading, tax invoices, packing slips, cart notes and other documents.
- 8.5 All tax invoices must clearly show the Purchase Order number and must be addressed as follows :

Attention: Accounts Payable Department  
PO Box 55  
WEST PERTH WA 6005

The Accounts Payable Department can be contacted on:

Phone (08) 9426 7500  
Fax (08) 9485 2305  
Email [accounts@mtgibsoniron.com.au](mailto:accounts@mtgibsoniron.com.au)

## **9. TERMINATION**

- 9.1 The Buyer may (for its own convenience), by giving 7 days notice to the Seller, terminate this Agreement and :
- (a) In relation to Services, the Seller is only entitled to reasonable reimbursement of its costs for the Services actually performed up until termination. On termination, the Seller is not entitled to payment for any unperformed Services or for anticipated revenues or lost profits; and

- (b) in relation to Goods :
  - (i) if the Goods to be supplied under this Agreement are of standard stock of the Seller, the Seller is only entitled to payment for Goods shipped prior to termination; or
  - (ii) if the Agreement requires Goods to be manufactured or fabricated to the specification of the Buyer, the Seller shall stop all work hereunder, except as may be otherwise directed by the Buyer and the Buyer shall pay to the Seller an amount equal to :
    - (A) the pro rata amount of the Agreement price which is equivalent to the proportion of the Goods that has been completed by the Seller; plus
    - (B) Five percent (5) of the amount calculated in (A).

9.2 Either party may terminate the Agreement (without prejudice to any other rights) immediately by notice in writing to the other party if :

- (a) that other party is in breach of a material term of this Agreement and has failed to remedy that breach within 7 days of receiving written notice specifying the breach and requiring its remedy; or
- (b) the other party commits an act of bankruptcy or insolvency or makes or Endeavour's to make any scheme of arrangements with creditors, or if any order appointing a receiver, receiver and manager or administrator for the winding up of the other party (whether voluntary or otherwise) be made in any Court of competent jurisdiction.

9.3 Upon termination of the Agreement, the property in any materials appropriated to the manufacture or fabrication of Goods shall vest in the Buyer, who shall be entitled to immediate possession thereof.

9.4 Upon termination of the Agreement under this Clause, the Seller will have no further rights or claims against the Buyer other than is set out in this Clause 9, however termination will be without prejudice to any rights which either party may have against the other arising out of or connected with this Agreement prior to the date of termination.

## **10. INSPECTION OF WORKS & RECORDS**

10.1 The Buyer may demand that any work covered up, be uncovered for the purpose of inspection. If inspection reveals workmanship and/or materials that are not satisfactory to the Buyer, then the cost of uncovering the work and remedying the fault and restoring the work to its former conditions will be borne by the Seller. If inspection shows that the uncovered work satisfactory, then the cost will be borne by the Buyer.

10.2 The Buyer or its representatives shall have full and free access to the shops, factories or other places of business of the Seller and subcontractors of the Seller at all reasonable times and with reasonable prior notice, in order that it may inform itself as to the general conditions and progress of the work covered by the Agreement and to witness any tests which may be required under the Agreement. No inspection pursuant hereto shall be deemed to be an acceptance of the conditions then prevailing nor detract from the Buyer's right to reject goods and/or services not in accordance with the Agreement.

- 10.3 When requested by the Buyer, the Seller will issue to the Buyer regular reports on the progress of the work.
- 10.4 The Seller will maintain proper records relating to the Agreement for a period that is consistent with good industry practice and will make these available for inspection by the Buyer where reasonably required by the Buyer.

## **11. DELAYS & EXTENSIONS OF TIME**

- 11.1 If the Seller fails to deliver and/or install the Goods or supply the Services as the case may be by the agreed dates, the Seller shall be liable to pay to the Buyer such amount as shall properly compensate the Buyer for any loss or damage incurred or suffered by the Buyer as a direct result or consequent upon such failure on the part of the Seller.
- 11.2 The Buyer may (in its absolute discretion), upon the request of the Seller, grant an extension of time for performance of the Agreement for delays caused by events outside the control of the Seller.

## **12. DESIGN, DATA, DRAWINGS & BILLS OF MATERIAL**

- 12.1 The Seller will submit for approval to the Buyer drawings, design calculations, data sheets, wiring diagrams, spares lists, bills of material, code certificates, manufacturing reports, installation, operation and maintenance manuals and any such other information or data (as applicable) and when the Buyer may reasonably request or require.
- 12.2 The Buyer's approval or otherwise of the Seller's drawings will be signified by the return to the Seller of one copy suitably endorsed. If the Buyer does not approve or only gives qualified approval to such drawings, the Seller will submit amended drawings to the Buyer.
- 12.3 Subject to Clause 12.4, where the Buyer has approved drawings in accordance with this Clause, the Seller must manufacture or supply Goods in accordance with drawings approved by the Buyer.
- 12.4 The Buyer's approval of the drawings will in no way relieve the Seller of the responsibility for the correctness of the drawings or for errors in the manufacture or supply in compliance with those drawings. Such approval is given as approval in principle only and is not to be construed as meaning approval of the Seller's design in detail.

## **13. WARRANTIES**

- 13.1 The Seller warrants that :
- (a) in the case of Goods :
    - (i) they are free from defect or fault;
    - (ii) workmanship and materials used by the Seller and Goods supplied pursuant to the Agreement will be in strict accordance with drawings, specifications, samples and relevant Australian standards and codes and will be suitable for the purpose expressed or implied in this Agreement;
    - (iii) the Buyer will have the full benefit of any manufacturer's warranties; and



- (iv) the Goods and their use by the Buyer will not infringe any patent, trademark, copyright, industrial design or other industrial property right and the Seller agrees to indemnify the Buyer against all costs and liabilities resulting from any infringement or alleged infringement; and
  - (b) in the case of Services, they will be provided to the standard of skill and care normally exercised by qualified and experienced professional or tradespersons in the performance of similar services.
- 13.2 In the event that any part of the Goods or Services are, in the reasonable opinion of the Buyer, not in accordance with the requirements of the Agreement, then the Buyer may :
- (a) return the whole of the Goods or the defective parts thereof and the Seller shall pay to the Buyer all amounts (if any) which have been paid by the Buyer to the Seller on account of the returned Goods, together with any costs incurred by the Buyer in connection with the return of the Goods; and
  - (b) give notice to the Seller to promptly re-supply or remedy the Goods or Services to the Buyer's reasonable satisfaction and at no additional cost to the Buyer. If the Seller fails to make good the defective Goods or Services within the period stipulated by the Buyer, the Buyer may itself make good the defective Goods or Services at the Seller's cost; or
  - (c) terminate the Agreement in so far as it relates to Goods and/or Services to be supplied subsequent to such termination and sue for damages incurred as a direct result of or consequent upon any breach of the Agreement.

## **14. DEFECTS LIABILITY PERIOD**

- 14.1 For supply and install contracts the defects liability period will be twelve months dating from the time of completion of installation unless otherwise agreed in writing.
- 14.2 For supply only contracts the defects liability period will be six months dating from the time of completion of installation by others or twelve months from the date of completion of delivery whichever is the lesser, unless otherwise agreed in writing.
- 14.3 As soon as reasonably practicable after being given written notice by the Buyer (acting reasonably), during the defects liability period, that the Buyer considers that there are any defects or omissions in any Services or Goods, the Seller will rectify such defects or omissions at its own cost. If the Seller fails to make good the defective Goods or Services within the period stipulated by the Buyer, the Buyer may itself make good the defective Goods or Services at the Seller's cost.

## **15. TAXES**

The Seller will pay all taxes, duties, excises etc of every kind applicable to the performance of the Agreement and will reimburse the Buyer if the Buyer pays any such taxes except as otherwise provided in relation to GST.

## **16. CONFIDENTIALITY**

The parties must keep confidential all information of a confidential or commercially sensitive nature acquired as a result of this Agreement.



## **17. INDEPENDENT CONTRACTOR**

The Seller will be an independent contractor.

## **18. SEVERANCE**

If any term of this Agreement is unlawful or unenforceable that term will be severed from this Agreement and all other terms will remain in force.

## **19. WAIVER**

Failure by the Buyer to insist on strict performance of any term or condition (including compliance with specifications detailed in the Purchase Order) will not be deemed to be a waiver of any of the Buyer's rights and remedies under the Agreement nor of any rights arising out of any breach or default of the Seller.

## **20. GOVERNING LAW**

The Agreement is governed by and construed in accordance with the laws of the State in which the work is performed and the applicable laws of the Commonwealth of Australia and the parties submit to the non-exclusive jurisdiction of the courts of that State.