

Date: 23 February 2023
File ref.: CPB-1005-LET-0026



Worley Services Pty Ltd
Craig Ramm
Engineer Representative
Level 1 93-95 William Street
Perth WA 6000

Attention: Mr Craig Ramm

Dear Sir,

CONTRACT NO. WR/C/CC/1005
WESTERN RANGE PROJECT – MAIN INFRASTRUCTURE BULK EARTHWORKS
Clause 9.2 Variation initiated by the Contractor,
Clause 56.1 Delay Events
RE: VAR-003 and NOD-003 Tunnel Supply from Humes – Update

Further to our correspondence Ref. CPB-1005-LET-0015 and the subsequent meeting held on 22 February 2023 between the Engineer and the Contractor, please find below an update on the current position regarding the tunnel supply and actions required.

During the meeting on 22 February 2023, the Contractor outlined the current position regarding tunnel supply from Humes and the potential impact to the baseline Programme. The Contractor also highlighted the current lack of commitment on dates and the declared lack of capacity and capability to produce the specified goods in Perth.

The current proposal is to manufacture in Darwin and the current projected Programme cannot be finalised due to various issues including but not limited to:

- Mould availability;
- Potential mould refurbishment;
- Transportation to and from Darwin

The Contractor also reviewed with the Engineer the potential mitigation available by the utilisation of an alternative source of the tunnels (RECO) that has been developed over the past few weeks and the potential of resequencing the delivery of the individual units. i.e., fabrication of tunnel 3 before tunnel 1.

Contractor also highlighted the need to instruct RECO to commence the 85% design works for the alternative tunnels.

In summary, 3 options were discussed and reviewed

1. Maintain the current proposal and continue to utilise Humes for all 3 tunnels
2. Utilise the alternative subcontract RECO for all 3 tunnels (commitment required by 03 March 2023)

3. Create a hybrid model with the incumbent Humes manufacturing tunnel 2 and RECO manufacturing tunnels 1 & 3

Discussions were also held around the potential risks and opportunities of the proposed options and a general discussion around the performance and interaction to date with both suppliers.

Contractor confirmed that the overall completion date of the Project is not currently impacted, but there will be impact on individual intermediate Milestones. Please refer to preliminary programme simulations in Attachment 1.

The Contractor requests that the Engineer confirms the following items as a matter of urgency:

- The Engineer to advise the Contractor of the priority sequence for the fabrication of the tunnels.
- The Engineer to engage RECO to commence the 85% design works for the alternative design, this will assist in maintaining the mitigated programme from RECO. RECO have provided a quote of \$8,000 to carry out the 85% design for a single tunnel. The Contractor anticipates the mechanism for this will be a variation to RECO's existing consultancy agreement with the Company (for the ROM Wall). Alternatively, the Contractor is prepared to raise a purchase order with RECO to expedite these works, if directed so by the Engineer.

The Contractor reserves all its rights under the Contract and at law.

Yours sincerely

CPB Contractors Pty Ltd

pp **Richard Walford**
Contractor's Representative

Attachment 1 – Programme Simulations