



**HD** Gina Rinehart seals \$7.2 billion deal to build Roy Hill mine

**BY** Sue Lannin

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**Billionaire** Gina Rinehart has defied sceptics and signed a multi billion dollar finance deal for the Roy Hill **iron ore** project in Western Australia. The deal signed in Singapore overnight will see 19 commercial banks and five export credit agencies pledge \$US7.2 billion towards building the mine, railway and port project.

CHRIS UHLMANN: **Billionaire** Gina Rinehart has defied sceptics and signed a multibillion dollar finance deal for the Roy Hill **iron ore** project in Western Australia. The deal signed in Singapore overnight will see 19 commercial banks and five export credit agencies pledge more than \$US7 billion towards building the mine, rail and port project. It's the biggest **mining** construction project in Australia at a time when the resources industry is slowing down.

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Here is resources reporter, Sue Lannin.

SUE LANNIN: Gina Rinehart has come a step closer to turning her father Lang Hancock's discoveries in the Pilbara into her own **iron ore** mine.

Australia's richest person has signed a \$US7.2 billion deal with banks and export credit agencies to build the Roy Hill **iron ore** project. The lenders include Australia's big four banks.

Roy Hill chief executive Barry Fitzgerald, says the money will secure the project's future.

BARRY FITZGERALD: We believe this is a long run **iron ore** project. It's a 17-20 year project. It's on a great resource. And we believe very strongly that the quality of the **iron ore**, the economics of the project will make this viable over the long run.

The quality of the project is reflected in the amount of interest we have from the commercial and export credit agency institutions and also the support we have from our major **equity** holders.

SUE LANNIN: Getting the finance hasn't been smooth sailing for Roy Hill. It hoped to seal a deal last year and had to delay the planned start of production to September next year. Barry Fitzgerald says the funding took longer than expected because of the number of lenders involved.

BARRY FITZGERALD: The point about finance is that as we are doing the largest funding for a **mining** project in the world. The complexity of that, the size of the transaction means that there are many institutions involved. The size of the project means that there is a lot of documentation, a lot of due diligence from the financiers. They need to make sure they manage their risk and they've comprehensively assessed our project.

SUE LANNIN: Roy Hill is one third complete. Nearly 4,000 people will be employed to build the mine, rail and port infrastructure. Construction contractors are covered by more than 140 workplace agreements. They get weekly bonuses for not going on strike.

Stephen Price is the WA secretary of the Australian Workers Union.

STEPHEN PRICE: Members and the workers there are very happy with the terms and conditions of the project. I have to say yes, they appear to be managing the job quite well.

SUE LANNIN: Mr Price would like to see Roy Hill abandon a controversial enterprise migration agreement (EMA) which allows it to hire foreign workers. Barry Fitzgerald says with rising unemployment the scheme is unlikely to be needed.

BARRY FITZGERALD: We don't think that we will need an EMA and certainly on today's, if today's market place remains like this in the next one, or two or three years as we ramp up, absolutely not.

SUE LANNIN: The project is being built at a time when **China's** economy is slowing and **iron ore** prices have lost ground.

UBS global commodity analyst Daniel Morgan says Roy Hill may have to contend with prices below \$US100 a tonne.

DANIEL MORGON: If the Roy Hill project can demonstrate low costs, which theoretically it should, then they may be able to compete very well in the market at that time.

CHRIS UHLMANN: UBS commodities analyst Daniel Morgan ending that report by resources reporter Sue Lannin in Perth.

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