

SE News
HD **Dig this: Rinehart tightens iron grip**
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THE nation's tightly held **iron ore** fraternity has a brash new entrant after resources heiress Gina Rinehart yesterday announced her arrival as a legitimate stand-alone player.

In securing final funding of almost \$8 **billion** for her Roy Hill project in Western Australia's Pilbara region, Mrs Rinehart has all but realised her ambition of running a mine in her own right.

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Roy Hill's future became assured after Mrs Rinehart's Hancock Prospecting signed a \$US7.2 **billion** (\$A7.98 **billion**) funding package in Singapore on Thursday with an international consortium of 19 banks, including Australia's big four.

The decade-long deal completes the debt equation for the \$US10 **billion** project, of which almost a third has already been built.

Roy Hill chief executive Barry Fitzgerald said the financing was the biggest amount for a land-based **mining** project worldwide, solidifying the importance of **iron ore**, a key steelmaking ingredient, to the global growth picture.

Mrs Rinehart, who is also Roy Hill's chairwoman, is eyeing first export in September 2015 and predicting annual production of 55 **million** tonnes. The project will be the first majority-owned by Hancock, which holds 70 per cent of the **equity** alongside Japanese steelmaker Marubeni Corporation (15 per cent), South Korean steel giant POSCO (12.5 per cent) and **China** Steel Corporation (2.5 per cent). Hancock is a joint partner with Rio Tinto at nearby Hope Downs mine.

Roy Hill will also cement Mrs Rinehart as the Pilbara's fourth power behind **mining** titans BHP Billiton and Rio Tinto as well as Andrew Forrest's Fortescue Metals, which collectively account for more than 500mtpa of **iron ore** production and are gunning for record outputs this financial year.

IG Markets analyst Evan Lucas said the new entrant was unlikely to pose a threat to the established trio in the short term. He said the impact of the additional supply into **China** could affect pricing levels, but that was still at least three years away.

"It's more likely to be an issue for Atlas **Iron**, BC **Iron**, those sorts of players," he said.

Mr Lucas said that it was difficult to get a gauge on Hancock's financial health without knowing its cashflow, but said it would need to "ride the **iron ore** price fluctuations" like any other miner.

The spot price of **iron ore** has stabilised about \$US110 after falling heavily from its early-December peak of \$US139 on weakening demand from **China**.

But now **China** appears ready to welcome the newcomer with open arms. "**China**'s looking to stabilise demand, they're going to ramp up construction projects to try to offset the latest weak print on the manufacturing front," Mr Lucas said.

Mrs Rinehart said Roy Hill would significantly benefit the WA and national economies.

“Roy Hill is a crucible of opportunity during a period of global uncertainty – it has already shown it will create new jobs and benefit the greater **mining** and construction-related industries,” she said. “We look forward to becoming a major **iron ore** producer on an international scale.”

CO hkpros : Hancock Prospecting Pty. Ltd.

IN i2111 : Iron Ore Mining | i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS gcat : Political/General News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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