



HD Rinehart's Roy Hill project gets the go-ahead

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WC 558 words

PD 21 March 2014

SN Australian Broadcasting Corporation Transcripts

SC ABCTRS

LA English

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After more a year of negotiation, **billionaire** Gina Rinehart's flagship project has received the **billions** of dollars it needs to proceed. The Roy Hill **iron** project in Western Australia's Pilbara region aims to produce 55 **million** tonnes of **iron ore** a year.

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Last night in Singapore, Mrs Rinehart signed a \$US7.2 **billion** deal with a consortium of banks to help build the project.

For more I'm joined by resources reporter Sue Lannin in Perth.

Sue, what are the details of this deal?

SUE LANNIN: Yes, well Peter, as you mentioned there is 19 commercial lenders that have agreed to lend Roy Hill \$US7.2 **billion**, so that's nearly \$8 **billion** Australian dollars. So of those 19 commercial lenders, that includes the Big Four Australian banks; Westpac, Commonwealth Bank, ANZ and National Australia Bank.

It also includes lenders from Japan, Europe, **China**, Korea and Singapore, as well as five export credit agencies, including the US export credit agencies. So it's a really big deal, it took a long time to negotiate, it's very complex, but it's a very, very significant project because it's in fact the biggest **mining** construction project in Australia.

Let's have a listen to Barry Fitzgerald, he's the chief executive.

BARRY FITZGERALD: 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.

PETER LLOYD: That's Roy Hill chief executive Barry Fitzgerald.

Sue Lannin, that's 19 lenders, lots of oars in the water. Will they all pull in the same direction for this project?

SUE LANNIN: Well, certainly Roy Hill and Hancock Prospecting have been doing a lot of negotiation and there was a lot of due diligence that was needed to sign off on the loans. In fact originally Roy Hill said it would have all the finance last year and so it became very much a waiting game. It had set very aggressive targets, it intended to start producing by the end of this year, but because it took so long to get the finance, this \$7.2 **billion** package, it's had to delay its ambitions.

So it says that it will product first or in September next year.

Now also Hancock Prospecting, Gina Rinehart's **company**, is putting in \$3.2 **billion**. Now it's 70 per cent owned by Gina Rinehart but it's also got some **equity** partners and they include big Asian steel-makers including the South Korean giant, Posco.

So there's certainly a lot at **stake**. It's certainly a political deal as well and I'm sure there had to be some very diplomatic negotiations over the negotiating table.

PETER LLOYD: Sue Lannin, resources reporter in Perth, thank you.

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