

SE Business
HD **Rinehart rejects talk of Korean raid**
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GINA Rinehart's Hancock Prospecting has rejected speculation that Korea Development Bank is planning to buy a 5 per cent **stake** in the magnate's flagship \$10 **billion** Roy Hill **iron ore** project in the Pilbara.

A report published yesterday by a Seoul-based industry journal said the state-owned bank was planning to **purchase** the **stake** in partnership with Korean pension fund firms and insurance companies for 170 **billion** won (about \$180 **million**).

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The market value of Roy Hill is likely to have slumped in recent months given the weaker outlook for **iron ore** prices, which have plunged to \$US82 a tonne, although the low-cost Roy Hill project would still be profitable at current prices. The report in the Korea IT Times appeared to suggest that Korea Development Bank would buy the **stake** from Hancock Prospecting.

"There is absolutely no truth to the report," said a spokesman for Hancock Prospecting, Mrs Rinehart's private **company**.

Hancock Prospecting owns 70 per cent of Roy Hill, while Japan's Marubeni has 15 per cent, South Korea's Posco holds 12.5 per cent and Taiwan's **China** Steel Corp has 2.5 per cent.

Sources said Posco would be an unlikely seller of its **stake** after chief executive Oh Joon-Kwon last month praised Roy Hill as a key asset for the Korean **company**.

"I am really proud of the systematic and smooth progress we have achieved in this large-scale **mining** project, particularly given its incalculable reserves," he said after a visit to the site.

"The Roy Hill mine is Posco's most important asset for raw materials, and Posco will provide unwavering support with the remaining construction." The South Korean report said Korea Development Bank would **purchase** the 5 per cent **stake** in Roy Hill Holdings by forming an "overseas resource development fund" with other Korean institutional investors. "Once the proposal passes the investment deliberation committee in the institutional investors, the investment will be made," an unnamed investment banker said.

The Roy Hill project recently advanced past the halfway mark in construction after the successful completion of a \$US7.2bn (\$8bn) loan facility in March, the largest project financing for the **mining** project worldwide. But the project recently lost the services of three of its most senior executives, including COO Ian Crawford. Roy Hill external relations manager Darryl Hockey left in July and was replaced by former Cliffs Natural Resources executive Bill Hart. Roy Hill's human resources general manager Colyn Louw also reportedly left the **company**. More than 4700 people are working on the mine, rail and port development. Roy Hill is attempting to meet its deadline of starting **iron ore** exports in late 2015.

CO hkpros : Hancock Prospecting Pty. Ltd. | kordev : Korea Development Bank | pohn : Posco Co | kdbfgk : KDB Financial Group Inc | kofckr : Korea Finance Corp

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