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HD Roy Hill Secures Long-term Project Financing

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Roy Hill Holdings has signed a \$7.2 billion long-term financing agreement that completes necessary funding for its \$10 billion, 55-million metric tons per year (mt/y) Roy Hill iron ore mining project in the Pilbara region of Western Australia. The agreement comprises loans and guarantees from five Export Credit Agencies and a consortium of 19 commercial banks from Australia, Japan, Europe, China, Korea and Singapore. Substantial support from Japan Bank for International Cooperation, Korea Eximbank, Korea Trade Insurance Corp., Nippon Export and Investment Insurance, and Export-Import Bank of the United States underpinned the financing.

Roy Hill Holdings is owned 70% by Hancock Prospecting (Australia), 15% by Marubeni Corp. (Japan), 12.5% by Poseo (South Korea) and 2.5% by China Steel Corp. (Taiwan).

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The Roy Hill project is located 115 km north of Newman, Western Australia. Construction is 30% complete. Project resources stand at 2.3 billion mt at an average grade of 55% iron. The project includes a 344-km, heavy-duty railway and ore transfer facilities, stockyards, and two new shipping berths at Port Hedland, Western Australia.

The Roy Hill mine will have a mine life of more than 20 years, using conventional open-pit, drill-and-blast, truck-and-excavator mining at an average strip ratio of 4:1. At full production, the mining rate will be approximately 68 million mt/y of run-of-mine ore, for total material movement of about 350 million mt/y. Multiple pits will be in production at any given time, with each pit being broad and relatively shallow. The deepest pit will be less than 110-m deep.

Run-of-mine pads and crusher stations will be located in close proximity to each pit, with the crushed ore then conveyed to the processing plant. Three crushing stations will be in operation at any one time.

To support mine construction and operations, Roy Hill is constructing an airport to allow easy access for fly-in, fly-out workers and an operations village for 1,200 operational staff and contractors.

In December 2013, the Export-Import Bank of the United States authorized a \$694.4 million loan to Roy Hill contingent upon the purchase of U.S. mining and rail equipment from Caterpillar, GE and Atlas Copco.

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CO chnstl : China Steel Corporation | exmbnk : Export-Import Bank of the United States | expimp : Export-Import Bank of Korea | hkpros : Hancock Prospecting Pty. Ltd. | mrubni : Marubeni Corp | neaiii : Nippon Export and Investment Insurance | peopf : National Life Finance Corp | jfsjap : Japan Finance Corporation

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