

SE Business
HD **Gina mines her own business**
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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 standalone 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** (\$7.98 **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 the 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.

Market strategist at IG Markets, 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 at about \$US110 after falling 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 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," Mrs Rinehart said at the signing.

"We look forward to becoming a major **iron ore** producer on an international scale." The mine will employ up to 3600 people during construction and a further 2000 once operational. As part of the project, a 344km railway will transport the **iron ore** to two newly constructed shipping berths at Port Hedland.

CO hkpros : Hancock Prospecting Pty. Ltd.

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