



07 Aug 2017

Kalgoorlie Miner, Kalgoorlie WA

Author: Stuart McKinnon • Section: Supplements • Article type : News Item
Audience : 3,363 • Page: 5 • Printed Size: 439.00cm² • Market: WA • Country: Australia
ASR: AUD 1,044 • Words: 509 • Item ID: 822068979

HANCOCK
PROSPECTING

isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 1 of 2

Rinehart's Roy Hill successes

| Stuart McKinnon

While the \$US10 billion Roy Hill iron ore project in the Pilbara continues to face challenges as it battles to ramp up to its nameplate 55 million tonnes-a-year export rate, it is important to remember what has been achieved to date.

When Gina Rinehart closed out negotiations in early 2014 for a \$US7.2 billion debt package for Roy Hill, it was rightly hailed as one of the decade's most significant achievements in Australian mining.

It took more than 18 months to finalise the discussions.

Five export credit agencies and 19 international commercial banks contributed to the package.

It marked the biggest ever commercial deal between Australia and South Korea.

Just securing the necessary approvals to start work on the mine required 4000 procedural documents.

And when Roy Hill shipped its first load of ore in December, 2015, it had been the fastest construction start-up of any major greenfields mine in Australia.

It recently celebrated the shipment of 35 million tonnes of iron ore — the fastest mine to do so in WA.

Late last year, the company announced plans to hire up to 600 new workers to bring its total WA workforce to nearly 2000 employees.

But with all those achievements behind it, the company's chief executive Barry Fitzgerald, who will speak at the Diggers and Dealers Mining Forum this morning, still faces massive challenges. Ramping up the massive mine to its nameplate 55Mtpa capacity has proven difficult.

Roy Hill originally set itself an aggressive 11-month target of hitting a 55Mtpa run rate by Decem-

ber but the deadline came and went with the challenge unmet.

Shipping records show Roy Hill exported just 33Mt from Port Hedland last financial year, well short of the 39.5Mt budgeted.

More recently, the company looks to have staged something of a turnaround, sending out a ship a day in July, representing a nomi-

nal annualised run rate of 52Mtpa.

It is understood Roy Hill's rail and port operations are running well, with the mine's processing plant believed to be the source of the bottleneck.

Roy Hill called in Mineral Resources to help boost its processing capacity in April, which may have been the driver behind the recent turnaround.

While Roy Hill achieved "practical completion" of its project late last year, "final completion" is likely to be contingent on running the project at design capacity for an agreed period.

And that matters, because that's when serious repayments on its \$US7 billion debt will kick in.

Mrs Rinehart has also set the company a target of remaining cost-competitive by driving efficiencies and leading industry best practice.

Mr Fitzgerald, who has headed Roy Hill since June, 2012 and has more than three decades of experience across the resources and engineering sectors, will expand on the company's challenges in his address to delegates on Monday, focusing on the importance of giving workers the ability to contribute and realise their full potential.

Other topics likely to be covered in Mr Fitzgerald's presentation include innovation and collaboration, technology, capability and attitude.



07 Aug 2017

Kalgoorlie Miner, Kalgoorlie WA

Author: Stuart McKinnon • Section: Supplements • Article type : News Item
Audience : 3,363 • Page: 5 • Printed Size: 439.00cm² • Market: WA • Country: Australia
ASR: AUD 1,044 • Words: 509 • Item ID: 822068979

HANCOCK PROSPECTING

 isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 2 of 2



Gina Rinehart cartoon for Lindsay's Laugh.
Illustration: Don Lindsay