

Media Release

19 November 2021



For Immediate Release

Results for Roy Hill Holdings Pty Ltd (“Roy Hill”) for the Financial Year Ended 30 June 2021

- Profit after tax is up 100% year on year to \$4.4 billion
- Roy Hill paid \$1,966 million in State Royalties and Taxes
- Revolving credit facility fully repaid
- Roy Hill paid \$4.1 billion in dividends to its owners in respect of FY21, with a further \$1.5 billion paid in October 2021
- Roy Hill is the largest revenue and profit earner for its majority owner Hancock Prospecting (HPPL)

Ongoing, strong operational performance has enabled Roy Hill to capture iron ore’s significant price window in FY21 with higher shipped tonnes. Coupled with a focus on cost control across the business, Roy Hill’s profit after tax has doubled to \$4.4 billion from \$2.2 billion in FY20.

Cash flow from operations increased to \$5.6 billion reflecting higher sales, while repaying all outstanding loans under the company’s revolving credit facilities. Dividend payments to equity partners Hancock Prospecting (70%), Marubeni (15%), POSCO (12.5%) and China Steel Corporation (2.5%) commenced, with a total of \$4.1 billion in fully franked dividends distributed in respect of FY21.

Roy Hill paid \$571 million in State royalties, with a further \$1,395 million in tax payments to the end of June 2021, contributing significantly to the nation’s economy during the uncertainty of the pandemic and helping its road to recovery.

Investment in the business saw \$494 million of new capital committed to ensure Roy Hill remains well maintained and improvements implemented. ROM3/Crusher 4 was brought online incorporating the first Jaw Gyratory Crusher to be installed above ground in Australia, while Roy Hill’s ground-breaking autonomous haulage project advanced to its production verification stage.

Roy Hill’s Wet High Intensity Magnetic Separator (WHIMS) plant has increased yield and contributed to a record equivalent annual run rate of more than 60mtpa in Q4. An expansion to the facility has commenced, with the capacity to add an anticipated one million tonnes per annum of high FE concentrate, low alumina product that will be blended with Roy Hill fines.

Roy Hill’s operating performance was achieved despite the impact of wet weather as well as COVID-19 restrictions requiring many employees to remain on site for extended periods during lockdowns that impacted both West Australian and interstate based people.

Roy Hill Executive Chairman, Mrs Gina Rinehart, said, “The remarkable performance of Roy Hill on all fronts reflects a high degree of planning and execution excellence, the ongoing agility of the business to adapt to challenges, and the dedication of our people.”

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“The importance of mining to Australia has never been more evident than during the 2020/21 financial year, a time in which I am immensely proud of Roy Hill and our people, and their contribution to safeguarding the economic prosperity of West Australia and Australia. The mining industries and the businesses they support help to support millions of Australians right across the country. When mining does well, so does Australia. We just have to remember that Australia exports its ore internationally, so we have to be cost competitive internationally, hence we should be wary of onerous government cost burdens that don’t encourage investment. It’s time we put greater priority on reducing government tape, and our government in turn, put greater priority on welcoming investment and enabling living standards to grow, instead of growing government tape,” Mrs Rinehart said.

Roy Hill Chief Executive Officer, Gerhard Veldsman, added, “The iron ore industry has propped up our nation during COVID-19, with Roy Hill leading the way in the industry’s response to the pandemic. Maintaining continuous production during a period of very favourable pricing has delivered more royalties and taxes into State and Federal Government coffers, funding government spending during this time which otherwise would have placed an even greater burden than it already has on Australians now and for generations to come.”

Roy Hill Executive Director, Tad Watroba, said, “The commencement of dividend payments to Roy Hill’s joint venture partners is a significant milestone reflecting the critical part they played in realising this world-class mega project. Each made a significant investment in Roy Hill and did so with a long term view and a strong degree of trust in what we collectively set out to achieve.”

“The burden of unnecessary or duplicated government fees and tape still looms significantly to deter the mining industry in Australia, including Roy Hill. All of Roy Hill’s multi-billion dollar investment in infrastructure was provided by the Roy Hill owners, at considerable risk, plus borrowings. It is thanks to the outstanding operational and financial performance of Roy Hill that has put us in a position to fund growth projects with further investments. There is, however, real competition for capital from across the globe and it is critical that our governments recognise that Australia is not the only country with minerals, and we must encourage investment in Australia to start or expand mines, otherwise our revenue from mining will fall, and our living standards will fall too,” Mr Watroba explained.

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About Roy Hill

Roy Hill is a world-class iron ore operation and one of the largest single ore mines in Australia. Situated 344km south-east of Port Hedland in Western Australia's mineral rich Pilbara region, Roy Hill is an independent iron ore operation with local majority ownership and is Chaired by Mrs Gina Rinehart.

With integrated mine, rail and port facilities producing 60Mtpa – Roy Hill is one of the world's major resource-based operations and delivers enormous benefits to the Australian economy and broader community.

The Roy Hill tenements were applied for under the direction of Mrs Rinehart in 1992, five months after becoming Chairman of Hancock Prospecting Pty Ltd (HPPL) after the passing of Mr Lang Hancock. The application was successful in 1993.

Roy Hill's first shipment of iron ore departed from Port Hedland on 10 December 2015 and has since loaded shipments to its key markets in Japan, Korea, China and Taiwan. Roy Hill achieved many firsts, including its debt funding package that included 19 of the world's largest banks and five Export Credit Agencies, and was the largest of its kind for a mainly greenfield, land based mining project.

Roy Hill achieved the fastest ramp up to its original name plate 55Mtpa capacity in the Pilbara and has maintained an ongoing a focus on operational and safety excellence. Roy Hill has received approval to increase shipments to 70Mtpa.

In December 2015, Mrs Rinehart was recognised as "Miner of the Decade" by the Sydney Mining Club. She has also been awarded "Chairman of the Year" by CEO Magazine twice and was awarded in 2020 the GJ Stokes Memorial Trophy at the Diggers and Dealers Conference for your lifetime contribution to mining.

Roy Hill has been presented with a range of accolades, including:

- 2020 CEO Magazine Australian COO of the Year (Gerhard Veldsman)
- 2020 Platts Global Metals Awards Industry Leader Award Raw Metals
- 2020 Australia's Mining Monthly Awards Community Project of the Year
- 2019 Diggers and Dealers Digger of the Year Award
- 2018 WA Training Awards - WA Employer of the Year
- 2018 Prospect Award for Community Interaction
- 2018 L&MH Mercury Awards Transport Solution of the Year: Rail
- 2017 SMART Award for Excellence in Supply Chain Management & Distribution
- 2017 Golden Gecko Certificate of Merit
- 2017 Platts Global Metals Awards Rising Star Company Award
- 2016 Australian Mining Prospect Awards Excellence in Environmental Management Award
- 2016 Engineers Australia (WA) Australian Engineering Excellence – Engineering Distinction Award
- 2016 Engineers Australia (WA) Australian Engineering Excellence Award – Resource Development
- 2016 Engineers Australia (WA) Australian Engineering Excellence Award – Project Management
- 2016 Association of Mining and Exploration Companies Environment Award
- 2016 Project Management Institute Project of the Year
- 2016 Railway Technical Society of Australasia Railway Project Award
- 2016 Golden Gecko Certificate of Merit
- 2015 Mines & Money Asian Corporate Development Award
- 2015 IJ Global Asia-Pacific Project Mining & Metals Deal of the Year
- 2015 IJ Global Asia Pacific Deal of the Year
- 2015 Golden Gecko Certificate of Merit (joint recipient)
- 2014 CEO Magazine Australian CFO of the Year Award (Garry Korte)
- 2014 FinanceAsia Magazine Project Finance Deal of the Year Award
- 2014 Project Finance International Magazine Asia Pacific Deal of the Year