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## ROY HILL CEO REAFFIRMS ROY HILL'S POSITION IN WORLD IRON ORE MARKET

Roy Hill Chief Executive Officer, Barry Fitzgerald, reaffirmed Roy Hill's position as a solid player in the world iron ore market during his speech at the 14<sup>th</sup> China International Steel & Raw Materials Conference in Dalian, China.

"Roy Hill is a landmark mining operation which will deliver 55Mtpa of high grade quality ore to the market. Our lump and fines products are of a quality which makes them directly substitutable for the major Pilbara lump and fine ores," Mr Fitzgerald said.

"We currently have committed long-term sales contracts with major steel mill customers in China, Japan, Korea and Taiwan. These agreements account for more than 80% of production, equating to more than 45Mtpa.

"The security of supply we have through the life-of-mine offtake agreements with our equity partners plus the long-term agreements we have signed with other parties helps insulate us from potential fluctuations in the market," Mr Fitzgerald said.

Independent analysis of Roy Hill's base case financial model outlined in the CRU Market Due Diligence Report April 2014, places the company in the lower quartile of the cost curve.

"We are focused on margin and delivering stable, consistent quality rather than tonnes. Because we are restricted by the allocated export capacity through the Port of Port Hedland, as a business we have always focused on rigorous cost management and business improvement through the application of technology and innovation across the business. By doing so, we remain in a good position to effectively manage the cyclical nature of the industry, while maximising returns for our shareholders," Mr Fitzgerald said.

"We are establishing a company where innovation in terms of both a technology and thinking viewpoint are key drivers in delivering operational efficiencies, which will strengthen our position as a leader in the industry from a production and performance perspective. For example, we have prepared our business, equipment and operations to readily accommodate future technological innovations, such as automated mining, without the need or associated costs of retrofitting."

During his address, Mr Fitzgerald also provided an update on construction progress for the Roy Hill Project, outlining construction of the 55Mtpa iron ore mine, processing plant, 344km heavy-haul railway, mine and port stockyards and wharf facilities in WA's Pilbara region has passed 56.5% complete at the end of August.

"We have achieved several significant milestones over the past few weeks, including completing two rail over rail bridges for the railway and lifting of the first steel modules into place for the wet scrubber building at the mine processing plant. We have also laid more than 150km of rail track," Mr Fitzgerald said.

According to Mr Fitzgerald, mining operations are also progressing well and are ahead of schedule.

"More than 600,000 tonnes of ore has been stockpiled and material movement from both our own mining fleet and that of the mining contractor is continuing to ramp up," Mr Fitzgerald added.

Roy Hill is on schedule to complete construction on budget and deliver first ore on ship within the timeframe of September 2015.

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