14 October 2015

Statement from Tad Watroba, Executive Director of Hancock Prospecting and Roy Hill

"Some media have got it wrong and are overstating the impact on the iron ore price from the Roy Hill Project. They ignore that the prices dropped last year, pre Roy Hill even shipping, and that when Roy Hill commences shipments in the last two months of this year, these initial shipments will only represent a small portion of its capacity of 55Mtpa. They have also ignored the significant increases from now to end 2017 from other companies which will significantly exceed shipments from Roy Hill.

Their assessments don't take into account that over 50% of Roy Hill's 55 million tonne output is going to be taken by the minority investment partners and all are outside of China. It demonstrates their faith in the Project.

Close to 90% Roy Hill's product is already under long term contract, so very little ore will actually enter the spot iron ore market. Roy Hill will produce high quality fines and lump. Unlike some competitors' products, Roy Hill's products have lower impurities, particularly phosphorus, and a consistent grade. This gives Roy Hill a significant revenue advantage over competitors' lower quality products, and inconsistent grades.

The fact is Roy Hill was not in the market when the iron ore price crashed last year or continued to drop this year, and won't be shipping 55Mtpa next year as it continues to ramp up production.

Roy Hill has worked hard to ensure that its cost position remains in the lowest quartile of the industry cost curve and therefore will be competitive in the changing market environment."

ENDS.

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