The Rinehart Review: Merry Kidman Christmas



Hello from South Australia, the home of Kidman (and award winning wines)!

Since my last newsletter, we have had a busy few months.

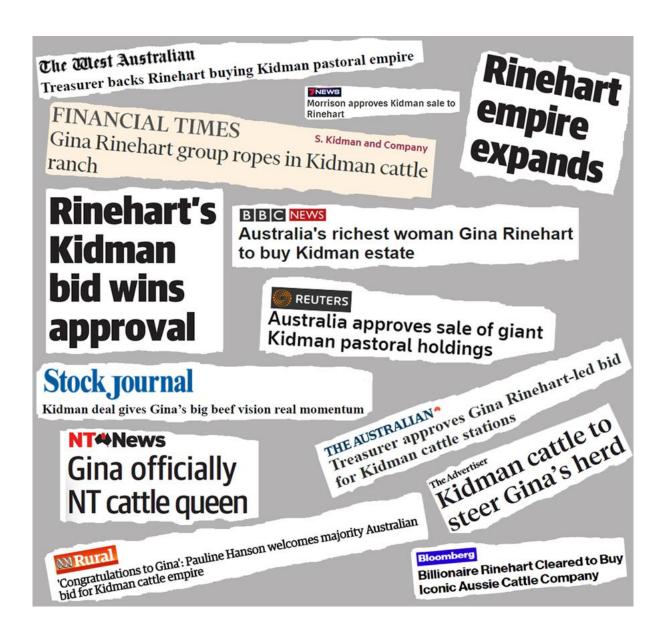
It has been a year of growth and achievement, with the most recent acquisition of S. Kidman & Co through our joint venture with Shanghai CRED topping off an exciting year for our team.

HISTORIC KIDMAN ACQUISITION

This joint-venture will further expand Hancock's beef interests geographically across Australia, mitigating weather risks, and placing us in the top three beef producers in Australia, with a herd size growing to 300,000 head. This helps to underpin valuable brands and make us more attractive to customers, both here and overseas.

The acquisition also raises the Australian ownership of properties recently held in the Kidman portfolio from 66% to 74.7%. Treasurer Scott Morrison's media release regarding the acquisition of Kidman can be accessed by clicking here.

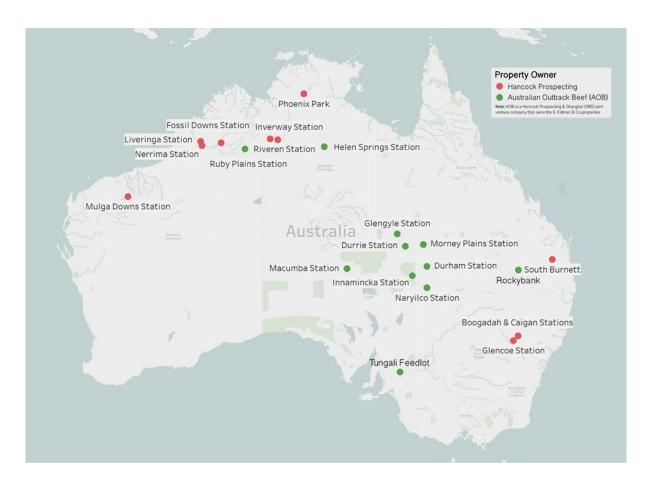
I would like to sincerely thank my team at Hancock, led by CEO Garry Korte, and the Kidman team for all of their hard-work over the past few months to make this vision a reality.



Further media coverage can be found here.

The Kidman brand and business, established by true Australian pioneer Sir Sidney Kidman, has a unique place in Australia's history. It was over 105 years ago since Sir Sidney Kidman and James Nicholas, my mothers father, owned stations and ran business interests together. My mother thought very, very highly of her father, and I can't help but feel that she would be very happy that our company has taken this historic step.

We will build on this historic legacy as we plan to increase productivity, utilise more technology and further invest in infrastructure, and grow the iconic brand. I look forward to working with the Kidman staff and visiting the stations in January.



Combined map of the Hancock Prospecting and S. Kidman & Co (now owned by joint venture company Australian Outback Beef) properties



As the new Chairman of Kidman, my executives and I made <u>our first visit</u> to the Adelaide headquarters on Thursday to meet staff, receive briefings on the business, and receive the symbolic handover of the company, via receiving



Joining in the annual Kidman staff Christmas celebrations in Adelaide



Kidman Video Message

Channel 7 Kidman Interview

BEEFING UP THE HANCOCK AGRICULTURAL BUSINESS

Hancock is also a leading Australian Wagyu beef producer having increased our Wagyu beef herd <u>earlier this year</u> with the purchase of <u>1,500 fullblood Wagyu cattle</u> from globally renowned breeder David Blackmore.

This acquisition ensures that Hancock is able to sustainably produce premium Wagyu beef products for the domestic and export markets.

We also purchased <u>Riveren, Inverway</u> and <u>Phoenix Park</u> cattle stations in the Northern Territory earlier this year.

BANNISTER PREMIUM MILK AND PRODUCTS

Another partnership of ours, Bannister Downs Dairy, is also embarking on a <u>major project</u> to grow the business while remaining focused on its high quality products. The new processing centre began construction this year and is targeted for completion in 2018.

We are delighted and excited with all the awards the Bannister products are achieving for their excellent and delicious quality. Congratulations to Matt and Sue Daubney and their family and staff for their dedicated efforts.

And, we are moving into ice creams too!

PLANNING FOR THE FUTURE

We also marked another first this year with our first <u>major overseas investment</u> in Sirius Minerals, a natural fertiliser business based in the UK whose product will be used to value add to our agricultural land holdings.

Sirius Minerals is developing the <u>world's largest polyhalite resource</u> which involves the construction of a mine, a 37km underground conveyor system, and port facilities.



Visiting one of our Hancock farms in November



Full Blood Wagyu herd on one of our stations

Bannister Downs' new facility

FIRST ANNIVERSARY OF ROY HILL'S INAUGURAL SHIPMENT & INDUSTRY BEST PRACTICE

10 December 2016 marked the first anniversary of Roy Hill's inaugural shipment of iron ore. I visited almost to the day of our second anniversary, when two ships were at Port Hedland, one almost finished its loading process, so sitting low in the water, and another shortly to berth for loading. On this site visit, I was also able to join the staff at the wet bar at Roy Hill, to wish all present a Merry Christmas. Another enjoyable visit to Roy Hill and Port Hedland.

From our mega \$10 billion USD project being within budget, a big feat for major projects, with above industry safety standards, and using some of the biggest equipment in the world, now in operation, Roy Hill, thanks to our Roy Hill staff, has achieved a lot over the past year including many awards:

- Golden Gecko Certificate of Merit for Environmental Excellence
- Australian Mining Prospect Awards Excellence in Environmental Management Award
- Engineers Australia (WA) Australian Engineering Excellence Engineering Distinction
 Award Project of the Year
- Engineers Australia (WA) Australian Engineering Excellence Award Resource Development
- Engineers Australia (WA) Australian Engineering Excellence Award Project Management
- Project Management Institute Project of the Year
- Railway Technical Society of Australasia Railway Project Award

An outstanding effort and record, warmest congratulations.

Roy Hill also <u>recently opened</u> its cutting-edge 'ROC-ED' learning centre for high school students. 'ROC-ED' is part of the company's commitment to education as a foundation for the development of careers for young people.

Read more in the Australian Financial Review by clicking here.



A ship being loaded at Roy Hill's berth

First shipment celebrations in 2015

NATIONAL MINING AND RELATED INDUSTRIES DAY

22 November marks National Mining & Related Industries Day, and this year functions were held in both Mount Isa and Melbourne.

National Mining & Related Industries Day celebrates the enormous importance of our mining and related industries. It is a time to reflect and champion our industry and those who work in it.

Congratulations to Rhonda O'Sullivan from Glencore and Australian Laboratory Services (ALS) who both won the National Mining & Related Industries Day Awards for their efforts in speaking up for our industry, and its importance to Australia's economy and future living standards.



Mount Isa winner Rhonda O'Sullivan

Melbourne winner Steve Finlayson from ALS

AUSTRALIA'S BIGGEST TAXPAYER

Hancock also released our 2015-16 annual report which reflects the strong financial performance of the company over the past year. The three Hope Downs mines operated at capacity for the 2015 and 2016 fiscal years, and production and sales at Roy Hill are being ramped up.

Taxes paid in the 2016 fiscal year amounted to more than \$390 million, and since 2011 we have paid over \$3 billion in taxes. This makes us Australia's largest private taxpayer.

Taxes

HPPL paid Australian federal and state taxes during fiscal 2016 of more than \$390 million, bringing the total taxes paid by HPPL for the last six fiscal years to more than \$3.3 billion, averaging more than \$550 million per year, as set out in the table below.

	Years ended 30 June:						
(Amounts in \$ million)	2011	2012	2013	2014	2015	2016	Total
Commonwealth and state taxes paid	528	648	562	569	637	394	3,338

PHILANTHROPIC HEALTH INITIATIVES

The redevelopment of the new 13 storey east wing at St Vincent's Private Hospital in Sydney is underway and due to be completed in mid 2017.

Hancock has made a significant contribution towards this redevelopment which is helping to build three new operating theatres, additional consulting suites, a new rehabilitation centre, an ambulatory care centre plus further additional much-needed facilities.

In Queensland, Hancock <u>supported the opening</u> of the private Kingaroy hospital, named after a great Queenslander, Lady Florence Bjelke-Petersen. The Lady Florence Bjelke-Petersen hospital was officially opened in August this year, providing medical assistance and services to those in the South Burnett Kingaroy community.

During National Breast Cancer month in October, <u>we launched nine more pink trucks</u> at Roy Hill named Nola, Koichi Yajima, Marubeni, POSCO, China Steel, Ginbata, Gillie, Chevonne and Pat, adding to the three christened earlier this year. In December, during my visit to Roy Hill, I saw another six pink trucks waiting to be put into service in the new year, honouring women in the mining work force, and breast cancer victims.

We were delighted to have the CEO of the National Breast Cancer Foundation, Sarah Hosking, at the launch of the pink trucks and present the foundation with a cheque. Roy Hill and Hancock matched all staff donations.







Video of the Pink Trucks launch at Roy Hill

SUPPORTING PEOPLE AT RISK

Hancock and the Georgina Hope Foundation were the major sponsors of various fundraising events this year, including the <u>Path of Hope Ball</u> and the <u>Parkerville Children</u> and Youth Care Annual Fundraising Lunch.

Funds raised from the Ball, their major fundraising event, are used towards helping to break the cycle of domestic violence.

Parkerville Children and Youth Care is a charity that protects and cares for the most at risk children and youth in our community. Parkerville's largest fundraising event of the year, it's annual lunch at Crown held in October, was a wonderful success raising much needed funds. As major sponsors, we were delighted to be supporting this cause, a charity I have supported privately over many years.



Raising money with Australian Olympians at the Parkerville Lunch

SUPPORTING YOUNG ATHLETES

I was also delighted to agree to an extension of our partnership with <u>Swimming Australia</u>, <u>Synchronised Swimming Australia</u>, <u>Volleyball Australia</u> and <u>Rowing Australia</u> as principal partner as well as Patron of each.

For over 20 years, we have been sponsors of Australian sports, starting with our swimmers and adding other sports over time. It has been an honour to watch them become valuable role models and achieve both in and out of the sporting arena, including in Rio!

A big congratulations to rising star swimmers Laura Taylor and Jenna Strauch who were <u>recently named</u> as the 2017 Georgina Hope Rinehart Swimming Excellence Scholars. This scholarship will give these up-and-coming athletes the ability to compete at the top level while gaining a top-rate higher education degree from Bond University in Queensland.



Well done also to gold medalist Mack Horton, Paralympian Tanya Huebner and swimming superstar sisters Cate and Bronte Campbell who were the <u>inaugural Patron Awards winners</u> at the Swimming Australia Gala Dinner on 6 November in Brisbane.

From everyone here at Hancock, and me, we wish you a very happy Christmas and New Year!

All best,

Gina Rinehart

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