

Statement on Hancock Prospecting's 2024 Annual Report

Hancock Prospecting Pty Ltd (**Hancock**) has recorded another outstanding result which has made a significant contribution to the Australian economy for the year ended 30 June 2024.

Hancock is Australia's largest private corporate taxpayer and maintains its place among Australia's largest corporate taxpayers with \$3.9 billion in total taxes paid during the year.

Roy Hill is again the largest revenue and profit earner for Hancock.

Royalties from Rio Tinto accounted for a very minor part of Hancock's income, constituting less than 2% of total income.

Profit from operations

(Amounts in \$million)	2024	2023	2022	2021
Revenue	14,743	13,221	14,642	16,614
Profit before tax from operations	7,865	7,082	8,323	10,289
Income tax expense	(2,299)	(2,043)	(2,510)	(2,958)
Net profit after tax	5,566	5,039	5,813	7,331

Hancock has delivered another strong financial result on the back of consistent iron ore volumes during the financial year. A total of 96 million tonnes of iron ore was shipped across the Roy Hill, Hope Downs (50% basis) and Atlas Iron operations. Hancock received the delayed approvals for the McPhee Project in September 2024 and continues to progress a pipeline of future projects. The decision to defer the final investment decision (**FID**) for the Ridley Project demonstrates the increasingly difficult regulatory environment facing major project proponents in Australia. From an uncertain, complex, and often duplicative approvals process to policies that are at times unfavourable to investment, especially high-risk investment, the mining industry faces higher than necessary costs throughout the approvals phases. Addressing these burdens and making investment more welcome is vital for the resources industry to be able to continue to contribute to the prosperity of businesses up and down the supply chain, and to help increase Australian living standards.

Roy Hill shipped a record 64 million tonnes of iron ore and delivered a \$3.2 billion profit after tax. A substantial proportion of Roy Hill's product is shipped to markets in Japan, South Korea and Taiwan under long-standing arrangements with Hancock's partners in Roy Hill.

Hancock's joint venture Hope Downs mines sold more than 44 million tonnes of iron ore and contributed almost \$1.5 billion of net profit after tax to Hancock's results for the year. Hope Downs 2 and Bedded Hilltop project development progressed during the year, but require final approvals to be able to commence construction.

Atlas Iron continues to make a solid contribution to Hancock's results by shipping 10 million tonnes (up from 8.9 million tonnes in FY23) from its Mt Webber, Sanjiv Ridge, and Miralga mines, and recording a net profit after tax of \$440 million. Atlas achieved final approval to commence development of the McPhee project in September 2024, more than three and a half years after referral under the Environment Protection and Biodiversity Conservation (EPBC) Act.

Australian Outback Beef Pty Ltd, the 100% owner of S. Kidman & Co Pty Ltd, reported softer revenue, with declining cattle prices, of \$44 million. The company acquired the iconic Australian Driza-Bone and Rossi Boots brands in FY24, and recently launched the Kidman Apparel and Kidman Hats businesses with the opening of a flagship country retail outlet in Tamworth.

Growth and ongoing investment commitments

Roy Hill has made significant investments to improve its operations and maintain efficient production above 60 Mtpa. This includes investment in the autonomous haulage system (AHS) fleet expansion. Early works have commenced on McPhee which will be the next operating mine to utilise the existing Roy Hill infrastructure.

Hancock continues with ongoing exploration, drilling, and evaluation of various iron ore projects. The Mulga Downs Project has progressed a revised application to regulators, planning for a smaller mine. However, the FID for the Ridley Project has been deferred, highlighting the headwinds of lengthening approvals and their timelines and regulatory uncertainty.

SH Mining Pty Ltd (50-50 joint venture between Hancock and Sociedad Química y Minera de Chile) completed a \$1.7 billion takeover of Azure Minerals Limited (Azure). Drilling and studies are proceeding at the flagship Andover lithium project, which is 60% owned by Azure.

Senex Energy (49.9% owned by Hancock Energy) received EPBC approvals in June 2024 for its Atlas pipeline and wells after significant and disruptive Federal government intervention which caused Senex to defer its \$1 billion investment decision, to triple gas production. With these approvals in place, work has commenced to enable Senex to triple gas production to 60 PJ/year, equivalent to more than 10% of annual domestic gas requirements on Australia's east coast.

The West Erregulla project, 50% owned by Hancock Energy via its subsidiary, Warrego Energy Pty Ltd (Warrego), received environmental approvals in July 2024. Work has commenced on the project development plan required to support a FID.

Further investment in natural gas production is critical to maintain Australia's domestic energy security, and reliability.

An investment was also made in the iconic Bunbury Farmers Market, with Hancock acquiring a majority stake in this West Australian business. Hancock remains committed to the

agricultural sector, and is pleased to have made investments across the supply chain to bring high quality Australian agricultural produce to customers.

Hancock has continued to expand its property investment portfolio, which includes two commercial properties in Brisbane’s central business district. Works are also well underway at the new Roy Hill corporate headquarters and Remote Operations Centre in West Perth, which is being relocated to be close to Hancock’s corporate head office.

A strong and healthy balance sheet

Hancock’s balance sheet continues to strengthen, with total assets increasing by 8% through the year. Profits continue to be invested across a range of sectors for the medium and long-term benefit of all shareholders.

Hancock has negligible borrowings as a group since Roy Hill’s debt was paid off in 2020.

(Amounts in \$million)	2024	2023	2022	2021
Total assets	40,876	38,021	33,885	29,167
Borrowings	360	363	413	286
Gearing ratio (Debt: Equity)	1%	1%	1%	1%

Under the dedicated leadership of Mrs Rinehart, Hancock has become the most successful private company in Australia’s history. Our staff are rightly proud of being part of this successful company and the contribution they make.

Taxes

Hancock retains its place as Australia’s largest private corporate taxpayer. During the 2024 financial year, Hancock paid some \$3.9 billion in Commonwealth and State taxes. This brings the total taxes paid by Hancock over the last four financial years to almost \$15 billion at an average of \$3.7 billion per year (as set out in the table below) and almost \$21 billion over the past decade.

(Amounts in \$million)	Years ended 30 June:				Total
	2024	2023	2022	2021	
Commonwealth and State taxes paid	3,886	3,734	4,440	2,737	14,797

Mrs Rinehart, as Executive Chairman of Hancock, continues to direct investment primarily into Australia and pays substantial taxation in Australia, while providing direct employment and opportunities for many thousands of Australians, and even more employment indirectly. Such

investments can only be made using after tax profits. Investment is critical for job creation, future tax payments, and for supporting Australians' living standards.

Returns to shareholders – dividends

As previously noted, Hancock entered into a binding deed with all of its beneficial owners, including the beneficiaries and current trustee of The Hope Margaret Hancock Trust (**HMHT**), in 2006 (and repeated in 2007) for the payment of agreed dividends from after tax cash flow generated by Hancock's Hope Downs project (**Deed**). This is in addition to other dividends required to be paid and paid on Cumulative Special shares pursuant to Hancock's Constitution. Due to claims arising under the Deed by two of the beneficiaries, the dividends (other than the dividends on the Cumulative Special shares) have not yet been able to be paid, and cannot be paid until those disputes are resolved. Confidential arbitration proceedings have been undertaken as mandated by the Deed. As of this date, the decision of the Martin Arbitration is pending.

As at 30 June 2024, Hancock has provided an amount of \$5,912 million in its financial statements for the payment of dividends, of which \$5,907 million relates to dividends provided for under the Deed. The provision for dividends has since increased to \$6,001 million at 30 September 2024. The company will continue to provide in its financial statements for those dividends in accordance with the Deed until the Martin arbitration is resolved.

Since June 2015, Hancock has paid discretionary dividends of some \$818 million to its shareholders. For the 2024 financial year, Hancock has paid or provided for dividends amounting to \$553 million. The dividends paid or provided for in the past four years are set out in the table below, the lower figures since 2021 evidencing the dependence on ore prices.

(Amounts in \$million)	2024	2023	2022	2021
Total dividends provided or paid	553	781	1,099	1,258