Rio Tinto

Appraisal Report on the unification of Rio Tinto's dual listed company structure

9 March 2025

This Appraisal Report was commissioned and paid for by Palliser.

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Introduction

All capitalised terms in this Report are defined in the glossary included in Appendix D.

1.1 Rio Tinto is one of the largest natural resource businesses in the world with major mining assets and significant businesses across Australia, North and South America, Asia, Europe and Africa.. Rio Tinto's operations focus on iron ore, (predominantly in Australia), aluminium, copper, lithium and industrial minerals (such as borates, titanium dioxide and salt).

1.2 In 1995, CRA and RTZ combined their operations through a DLC structure, creating Rio Tinto Group consisting of Rio Tinto Plc (formerly RTZ) and Rio Tinto Limited (formerly CRA). Plc is primarily listed on the LSE and has a sponsored ADR[1] facility traded on the NYSE. Limited has its primary listing on the ASX. Shares in Plc represent c. 77.1% of the total Shares on issue with Limited accounting for the remaining 22.9%[2].

1.3 Under the DLC, Plc and Limited are separate publicly listed companies, with their own corporate identities (i.e. separate assets, separate legal entities, separate shareholder registers) but operate as a single economic enterprise. The DLC structure comprises a series of complex contractual agreements which are intended to ensure that Limited and Plc carry equivalent economic and voting rights and the shareholders of Limited and Plc receive an equivalent cash dividend.

1.4 The DLC structure was established for several reasons, however, critical for the selection of this transaction structure were the tax and the capital markets benefits expected to be associated with it. From a tax perspective, the DLC structure did not trigger any capital gain events for the shareholders of Plc and Limited and it was expected to

[1] The ADRs represent ownership in Plc's shares and are registered with SEC, ensuring compliance with US regulatory requirements.
[2] Based on the latest number of shares on issue in Plc and Limited of 1,253,051,689 and 371,216,214 respectively, sourced from Rio Tinto's website.

maximise the usage of franking credits by Australian shareholders of Limited without any "wastage" of franking credits. From a capital markets perspective, the two principal listings and two domiciles of the DLC were anticipated to enable Rio Tinto to raise equity in either or both Australian and UK equity markets, providing them with the flexibility and attractive acquisition currency to offer to target company shareholders.

1.5 However, for a number of reasons that have been analysed in detail in the body of this Appraisal Report, in recent years, the DLC has failed to achieve its objectives and a significant price differential has emerged between Plc and Limited, standing at an average of 18% in the 12-month period to 31 January 2025, equivalent to c. A$22.1[3] or US$14.5[4] per share.

1.6 As a result, Palliser, a global hedge fund and a significant shareholder of Rio Tinto, has been requesting the Directors of Rio Tinto to investigate the Potential Unification of the DLC into a single Australian-domiciled holding company with its primary listing on the ASX and dual listing on the LSE plus an ADR programme on the NYSE.

1.7 Rio Tinto has rejected this proposal from Palliser, stating that the existing DLC structure preserves value and there is no evidence to support the need for change. As a result, Palliser has recently requisitioned a resolution to be moved at the next AGM pursuant to Section 338 of the Companies Act 2006 to direct the Board to conduct an independent review on whether the Potential Unification of Rio Tinto's DLC structure is in the best interests of Rio Tinto's Shareholders.

Purpose of the Appraisal Report

1.8 Palliser has engaged Grant Thornton Australia to undertake a review of the Potential Unification of Rio Tinto based on publicly available information in the form of an Appraisal Report addressed to Palliser to provide our opinion on whether the advantages of the Potential Unification outweigh the disadvantages. Palliser has additionally requested this Appraisal Report to be made publicly available on a non-reliance basis.

1.9 This Appraisal Report is based solely on publicly available information and it has been prepared without access to Rio Tinto's Management and Directors and without a warranty from Palliser as to the accuracy and completeness of the information sourced from Palliser or any third party data. This could impact our conclusions.

1.10 The Potential Unification of Rio Tinto would not be a control transaction as it is not expected to change the underlying economic interests of the Rio Tinto Shareholders. Accordingly, we have considered it by assessing whether the advantages are likely to outweigh the disadvantages, having regard to the overall impact of the Potential Unification on Rio Tinto and the shareholders of Rio Tinto Plc and Rio Tinto Limited.

Summary of opinion

1.11 **Based on publicly available information, Grant Thornton Australia's opinion is that the advantages of the Potential Unification outweigh the disadvantages for both Plc Shareholders and Limited Shareholders.**

1.12 ***THIS IS NOT AN INDEPENDENT EXPERT REPORT PREPARED IN ACCORDANCE WITH ASIC REGULATORY GUIDE 111. THIS APPRAISAL REPORT DOES NOT CONSTITUTE PROFESSIONAL ADVICE OR SERVICES AND SHOULD NOT BE USED OR RELIED ON BY ANY THIRD PARTY, RIO TINTO SHAREHOLDERS OR OTHER INVESTORS IN MAKING INVESTMENT DECISIONS. BEFORE MAKING ANY DECISION OR TAKING ANY ACTION THAT MIGHT AFFECT YOUR FINANCES OR BUSINESS, YOU SHOULD CONSULT A QUALIFIED***

[3] Based on daily trading prices sourced from S&P Global in A$.
[4] Based on daily trading prices sourced from S&P Global in US$.

PROFESSIONAL ADVISOR. THIS REPORT SHOULD BE READ IN CONJUNCTION WITH THE LIMITATIONS SET OUT IN PARAGRAPHS 1.8 TO 1.10 AND IN SECTION 2.

1.13 ***NO PARTY MAY RELY ON THIS APPRAISAL REPORT FOR ANY PURPOSE. GRANT THORNTON AUSTRALIA IS NOT RESPONSIBLE AND HAS NO DUTY TO ANY PERSON OR ENTITY RELYING ON THIS APPRAISAL REPORT. ANY DECISIONS MADE BY A PARTY ARE SOLELY THAT PARTY'S RESPONSIBILITY.***

Summary of the analysis

1.14 In our opinion, whether the advantages of the Proposed Unification outweigh the disadvantages relate to the analysis of three key issues being:

- The price differential between Plc and Limited is an undesired consequence of the DLC structure which poses limitations to grow via M&A, to raise capital and for various capital management options. Nonetheless, it is critical to understand how the trading prices of Plc and Limited may settle upon announcement and completion of the Proposed Unification before both sets of Shareholders (Plc and Limited) can consider a change of the status quo.
- How the Proposed Unification affects the ability of Australian Shareholders of a unified Rio Tinto to continue to receive a fully franked dividend and the absolute dollar amount of the franked dividend utilised.
- The ongoing and one-off cost associated with the Potential Unification.

Price differential between Plc and Limited

1.15 The price differential that has emerged between Plc and Limited, standing at an average of 18% in the 12-month period to 31 January 2025 equivalent to c. A$22.1[5] or US$14.5[6] per share, has reduced the corporate flexibility of Rio Tinto, particularly in relation to capital raisings, capital management and scrip acquisitions. Since the inception of the DLC structure in 1995, Rio Tinto has not issued shares (in either Plc or Limited) as scrip for any of its approximately US$57 billion worth of acquisitions. In contrast, Rio Tinto's peers operating under a traditional corporate structure have largely utilised scrip. We have undertaken a benchmarking exercise to assess the funding mix of historical acquisitions in the Natural Resources Industry and note the following:

- In the 10 largest acquisitions of the last five years (by deal value), the average consideration mix was c. 85% scrip and 15% cash with no transaction completed with a 100% cash consideration.
- The average consideration mix of all transactions that completed in the sector between 1 January 1995 and 17 January 2025 with both the buyer's market capitalisation and total transaction value exceeding US$2.0 billion[7], was c. 61% scrip and c. 39% cash.

1.16 Rio Tinto's approach to funding historical acquisitions may be driven by a number of reasons, including the constraints of the DLC structure and the strategic decisions of the Directors. However, it is interesting that BHP, which similarly to Rio Tinto largely never used scrip for acquisitions as a DLC, changed its approach following unification at the beginning of 2022. In April 2024, BHP launched an all-scrip offer to acquire Anglo American, valued at approximately £34 billion (equivalent to A$65 billion[8]) with Mike Henry, CEO of BHP, stating shortly after that "*We unified our dual listed company structure. In doing so, we removed a 10-20% discount on the 40% of the company that was primary listed in London, and it has made us simpler and leaner. Now, as flagged at the time, it has also made it more practical*

[5] Based on daily trading prices sourced from S&P Global in A$.
[6] Based on daily trading prices sourced from S&P Global in US$.
[7] Based on the cash and scrip consideration used in historical transactions categorised by S&P Global in the Metals and Mining and Oil, Gas and Coal Industries.
[8] Based on the GBP:AUD exchange rate of 1:1.9000 as at 13 May 2024 (the date of the revised offer) sourced from S&P Global.

for BHP to pursue scrip-based acquisitions as we are now doing with our proposal for Anglo American"[9]. Clearly, the DLC structure posed unnecessary limitations and constraints for BHP before the unification as we consider it does for Rio Tinto today. Furthermore, since 1995, the 16 DLCs, in aggregate, have spent in excess of US$500 billion on merger and acquisition activity using almost entirely cash. This provides a strong indication to Grant Thornton that the DLC structure does appear to pose an impediment to the use of scrip as a consideration type rather than the use of cash being due to the specific preferences or circumstances of an individual DLC.

1.17 Generally speaking, 100% cash acquisitions are riskier for the acquirer compared to all-scrip or mixed consideration acquisitions, primarily because they concentrate all the downside risks on the buyer. This issue is exacerbated for natural resources companies due to their exposure to commodity price cycles, which may materially impact the profitability of the acquired business and reduce balance sheet flexibility. This was evident in Rio Tinto's acquisition of Alcan in 2007, which completed for a total cash consideration of US$39 billion (100% debt-funded) at a time of peak aluminium prices and despite consensus forecasts predicting a future reduction. Notably, Alcoa, which was subsequently outbid by Rio Tinto, had offered a 70% cash and 30% scrip deal structure to acquire Alcan, but Rio Tinto elected for 100% cash notwithstanding it was outbidding Alcoa by c. 33%. To further highlight the risk of an all-cash transaction, while it was not feasible to predict at the time of the Alcan acquisition, shortly after completion, the Global Financial Crisis induced a global economic downturn, leading to a significant reduction in aluminium prices. Alcan's net income fell from US$1.8 billion in 2006[10] to a net loss of US$578 million in 2009[11]. Given the level of debt that Rio Tinto drew down to 100% debt-fund the cash consideration, the Company was forced to undertake a highly dilutive fully underwritten rights issue to raise gross proceeds of approximately US$15.2 billion at a time when Plc shares were trading at a discount of approximately 17.8% to Limited shares[12]. The rights issue had significantly different dilutionary impacts and discounts for Limited and Plc shareholders, given that it was undertaken at the same price.

1.18 The funding mix of such a large acquisition is based on several strategic decisions and by offering scrip consideration, at least partially, does not mean that Rio Tinto would have not suffered from the value reduction of Alcan, but this adverse effect was compounded for shareholders by the highly dilutive rights issue prices to fund the debt repayment at a discount of 48.5% and 57.7% to the closing share price of Plc and Limited respectively. Had Rio Tinto elected to fund part of the consideration in scrip, the dilution suffered by the shareholders in relation to the capital raising would have been mitigated.

1.19 The price differential between Plc and Limited causes significant additional complexity if Rio Tinto wants to execute M&A transactions with a scrip component and to raise capital. This is in contradiction with why the DLC was implemented in the first instance with funding flexibility and the ability to facilitate M&A transactions, cited as two key advantages of a DLC structure.

1.20 These are critical times in the natural resources sector with intense industry consolidation as evidenced by 1) BHP's acquisition of OZ Minerals for approximately A$9.6 billion in May 2023, which was part of BHP's strategy to enhance its portfolio in copper and nickel; 2) BHP making a A$75 billion takeover offer for Anglo American with a 100% scrip consideration, which was rejected[13]; 3) market speculation that Rio Tinto and Glencore held initial talks regarding a proposed A$160 billion merger which would have created the world's largest mining company; 4) Glencore's acquisition of Teck Resources' steel making coal business (following an attempt at acquiring the entirety of Teck Resources) for an implied enterprise value of US$9 billion during 2024; 5) Newmont's takeover of Newcrest Mining at

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[9] Bank of America Global Metals, Mining & Steel Conference on 14th May 2024.
[10] Source from S&P Global.
[11] Sourced from Rio Tinto's 2009 Annual Report and based on the net income of Rio Tinto's Aluminium Segment at the time, which largely comprised of the Alcan business; year-end 31 December.
[12] Based on last trading price of Ltd shares of A$66.90 as at 4 June 2009 (day prior to the announcement of the rights issue) and last trading price of Plc shares of GBP 27.20 per Plc share as at 4 June 2009, equivalent to A$55.01 per Plc Share based on the GBP:AUD exchange rate of 1:2:0223 as at 4 June 2009.
[13] Rejected due to Anglo concerns relating to the disproportionate execution risk associated with the proposed structure and value ultimately delivered to Anglo American shareholders.

the end of 2023, creating the world's leading gold company[14]; and 6) Q3 2024 rumours of a potential bid by Rio Tinto to acquire Teck Resources.

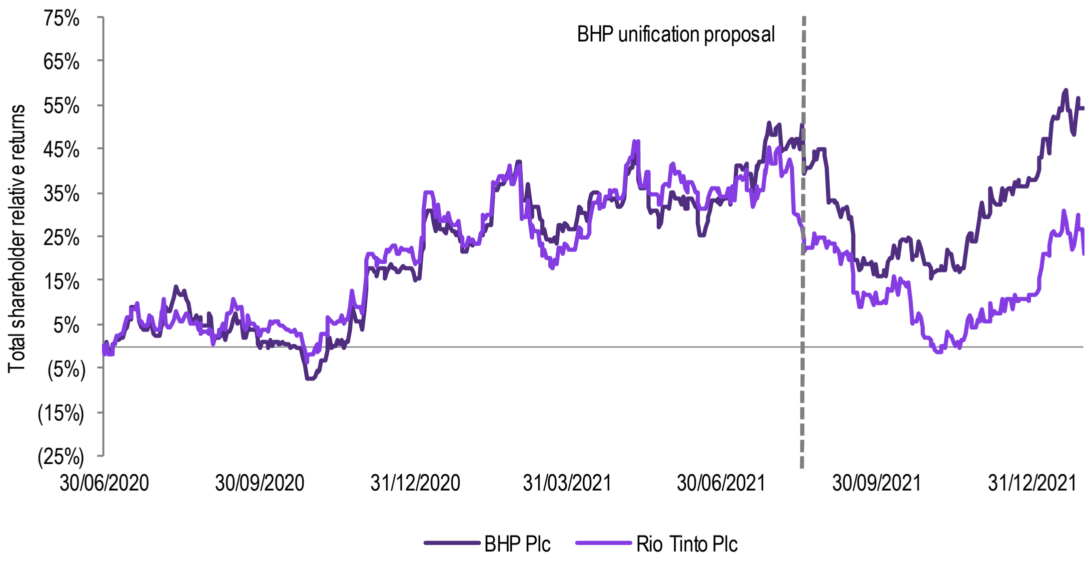
1.21 Whilst Rio Tinto may be able to undertake most of the acquisitions using cash, given its size and cash flow generation, the removal of the DLC structure will provide greater flexibility and impulse to grow via acquisitions including potentially using scrip as consideration which currently does not appear feasible under the DLC structure. In addition to greater flexibility, using scrip will also allow for the mitigation of certain risks associated with cash only M&A which is particularly prevalent in a cyclical industry like natural resources.

1.22 Whilst the price differential between Limited and Plc is a clear disadvantage of the DLC, it is fundamental to address, for the purpose of our analysis, how the trading prices of Plc and Limited may move in conjunction with the Potential Unification. This is because the Shareholders may well be prepared to accept the aforementioned limitations if the Potential Unification will trigger a downward alignment of Limited's trading prices to Plc's trading prices rather than the other way around.

1.23 Attempting to isolate the impact of the Potential Unification on the trading prices of Rio Tinto, all other things remaining the same, is difficult and largely a counterfactual assessment as the trading prices will continue to be affected by other factors, as was the case for the BHP Unification[15]. So, whilst undertaking this exercise is important for the purpose of our opinion, it largely relies on judgemental analysis and focuses on the long-term to mitigate the unforeseeable impact of short-term market volatility.

1.24 For the purpose of this analysis, the recently implemented BHP Unification provides some guidance. The announcement of the BHP Unification narrowed the variance between BHP Plc's and BHP Limited's trading prices, delivering a short-term value uplift to shareholders of BHP Plc. We would expect a similar outcome, all other factors being equal, if Rio Tinto announces the Potential Unification. As set out in Figure 1 below, shares of BHP Plc materially outperformed shares of Rio Tinto Plc from the announcement of the BHP Unification whilst they traded largely in sync before then. We consider this was largely due to BHP Plc's share price narrowing the discount to BHP Limited shares.

Figure 1 - Trading prices comparison between BHP Plc and Rio Tinto Plc



Source: S&P Global.

14 Sourced from Newmont website.
15 BHP announced the unification at the same time that the company released the FY21 accounts and during a period in which there was a "significant and ongoing fall in iron ore prices".

Notes: (1) Trading prices rebased to 30 June 20201.

1.25 We note that, in the case of Rio Tinto, Plc Shareholders represent approximately 77.1% of Rio Tinto[16], compared with 41.7% for BHP Plc shareholders under the DLC structure[17]. Accordingly, in the short-term, the magnitude of the uplift will be influenced by the volume of flowback which may increase Plc price volatility as well as factors referenced elsewhere such as the influence of arbitrageurs, price differential and a change of investor type.

1.26 The trading prices of Limited may reduce in the short term and, at least initially, may settle at a level lower than where Limited Shares would trade in the absence of an announcement of the Potential Unification. We expect this to be driven by short term uncertainty on how investors on the share registers of Plc and Limited would react to the Potential Unification and the low-risk arbitrage opportunity to short Limited Shares and buy the cheaper Plc Shares. However, in the medium to long-term, we expect the Proposed Unification to be largely neutral or value accretive for Limited Shareholders due to the following:

- The Potential Unification with the primary listing in Australia has the potential to prompt some Plc Shareholders to divest their holdings due to restricted investment mandates. If this results in selling volumes exceeding buying orders, it could exert downward pressure on the share price of Rio Tinto post-unification with detrimental impact for the Shareholders and in particular the Limited Shareholders. However, we are of the opinion that beyond the short term, capital markets in Australia (foreign and domestic investments) can match or exceed the flow back in conjunction with the Potential Unification which will largely neutralise the flow back. We have come to this conclusion based on the following:

  - Foreign investment in Australia has grown from approximately A$1.0 trillion in 2003 to A$4.7 trillion in 2023, representing a CAGR of 8.1%[18];

  - Domestically, Australia's superannuation system has been a significant contributor to Australia's capital accumulation. Total assets in Australia's superannuation system, which is one of the largest compulsory retirement savings systems globally, has grown from approximately A$466 billion, as at 30 September 2004, to A$3.0 trillion as at 30 September 2024, representing a CAGR of 9.8%[19];

  - Since 1 January 2020, metals and mining companies listed on the ASX have raised an aggregate US$27.8 billion, compared to the US$827 million on the LSE over the same period[20]; and

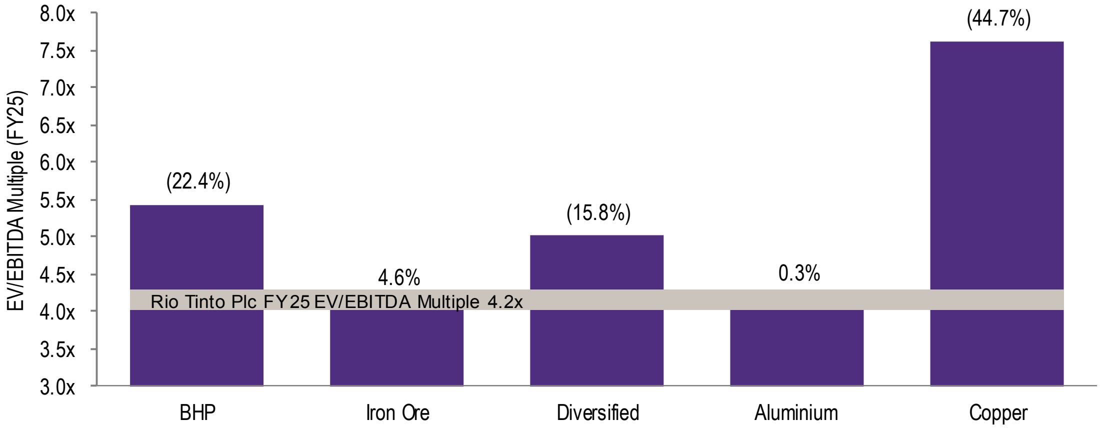
  - It is estimated that the weighting of a unified Rio Tinto in the S&P/ASX 200 Index will increase in excess of 300%[21], which will support demand from institutional investors tracking those indices.

- Plc's valuation based on the FY25 EBITDA multiple lags listed peers as set out in the graph below. Specifically, we note the following: 1) Plc's EBITDA multiple is in line with pure iron ore producers like Fortescue and Vale which appears to indicate the market is not recognising the benefit of commodity diversification; 2) BHP is broadly considered the most relevant listed peer, yet Plc is trading at a c. 22% discount to it; 3) all the other diversified mining companies trade at a significant premium to Plc; and 4) the copper growth premium which appears to be reflected in the multiples of most of the largest listed peers does not appear to be reflected in the trading multiple of Plc. Conversely, Limited is trading largely in line with other diversified businesses, at a premium to the pure iron ore

[16] Based on the latest number of shares on issue in Plc and Limited of 1,253,051,689 and 371,216,214 respectively, sourced from Rio Tinto's website.
[17] Based on the number of shares on issue in BHP Plc and BHP Limited of 2,112,071,796 and 2,950,251,394 as at 20 August 2021 respectively, as sourced from BHP 2021 Annual Report.
[18] Sourced from the Australian Bureau of Statistics.
[19] Sourced from the Australian Prudential Regulatory Authority.
[20] Sourced from S&P Global.
[21] Based on estimated market capitalisation of a unified Rio Tinto under the unification structure whereby Limited acquires all Plc Shares in consideration for Limited shares on a one-for-one basis as at 31 January 2025 (being the date of the latest disclosure of S&P/ASX 200 Index constituent weightings).

producers and the discount to BHP is more modest. The relative analysis below does not provide any evidence to suggest that the underlying value of Limited should reduce following the Potential Unification.

Figure 2 - Rio Tinto Plc EV/EBITDA Multiple premium / (discount) to peer benchmarks



Sources: S&P Global, trading prices as at 31 January 2025.
Notes: (1) BHP is the most comparable company to Rio Tinto. (2) Iron Ore companies include Vale S.A. and Fortescue Ltd. (3) Diversified companies include BHP, Glencore Plc and Anglo American Plc. (4) Aluminium companies include Norsk Hydro ASA and Alcoa Corporation. (5) Copper companies include Southern Copper Corporation, Freeport-McMoRan Inc, Teck Resources Limited and Antofagasta Plc. (6) Fortescue Ltd and BHP have June financial year-ends. All other peers have December year-ends

- In the BHP Unification, as set out in Figure 46, the proportion of equity held by UK investors fell 9.0% (from 17.0% to 8.0%) post-unification whilst the proportion of equity held by Australian investors grew 7.7% (from 48.3% to 56.0%) with the remaining flow forward of 1.3% consisting of other global investors[22]. The growth in the number of Australian shareholders of BHP Group, post-unification, especially when considering that Australians represented nearly half the combined share registry of BHP Plc and BHP Limited pre-unification, signals that the appetite for natural resource companies is strong in the Australian equity market. We consider the case will be similar for Rio Tinto with Australian investors expected to support the flow forward demand in Rio Tinto post the Potential Unification. Further, a greater proportion of the share register represented by Australian Shareholders will also increase the total dollar amount of franked dividends utilised.

- The premium of Limited Shares, compared with Plc Shares, is largely attributable to the value Australian Shareholders ascribe to the franking credits attached, by Limited, to its dividends. As discussed in the following subsection, we expect Limited to continue to be able to pay fully franked dividends in line with the mid-point of the dividend payout ratio band established by the Directors. We also anticipate the proportion of Australian Shareholders to materially increase after the Proposed Unification, implying a greater dollar amount of franking credits utilised. Therefore, the value of Limited Shares for the larger cohort of Australian Shareholders is not expected to change compared with the value before the Potential Unification.

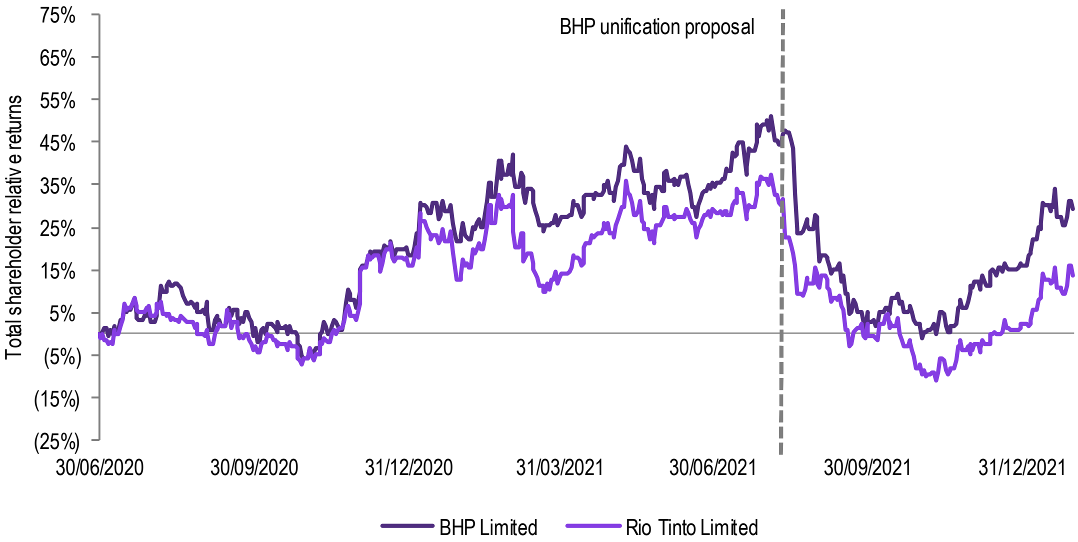
- In the longer term, the Potential Unification on Limited's share price is likely to be beneficial for Rio Tinto considering the additional strategic benefits that a unified Rio Tinto could bring to all stakeholders, including the opportunity to more readily participate in what appears to be an increase in dealmaking activity in the global resources and mining industry, leading to greater consolidation in the industry.

1.27 As set out in the graph below, whilst the trading price of BHP Limited reduced in the short term, immediately after the announcement of the unification, largely due to 1) market conditions independent to the announcement and correlated with iron ore prices, and 2) the short-term and low-risk arbitrage opportunity to short BHP Limited's shares and buy the

[22] Based on the BHP Group's shareholder composition by investor location from 20 August 2021 to 9 October 2024.

cheaper shares of BHP Plc, it subsequently recovered and has largely tracked the trading price of Rio Tinto indicating it was not adversely affected by the unification.

Figure 3 - Trading prices comparison between BHP Limited and Rio Tinto Limited



Source: S&P Global.
Notes: (1) Trading prices rebased to 30 June 2020.

Franking credits

1.28 One of the primary reasons for implementing the Rio Tinto DLC structure was to optimise the use of franking credits. The intention of the DLC was that Limited would be able to pay fully franked dividends from Australia Earnings (primarily derived from the iron ore business) in particular to Australian shareholders, while Plc would generate most of its profit from global operations (non-Australian projects) to support dividend payments to non-Australian Shareholders.

1.29 The DLC was formed with a 77% versus 23% share split across Plc and Limited driven by the respective valuations of RTZ and CRA, including RTZ's 49% of CRA. At the time the DLC was formed, CRA was expected to contribute c.40% to the unified group's performance based on an unaudited pro forma underlying earnings assessment, for the year ended 31 December 1994, included in the explanatory memorandum for the original formation of the DLC. Nowadays, Limited's earnings contribution is around 80% of earnings and Plc no longer owns 49% of Limited owning to a share buyback that occurred in 2010. Accordingly, the 77% versus 23% share split across Plc and Limited does not reflect Rio Tinto's earnings mix today which suggests the DLC structure is outdated and not reflective of Rio Tinto's current economics. Since the mid-2000s, Rio Tinto's increase in earnings has largely been driven by Limited's iron ore operations in Australia, with Plc generating more subdued returns from projects still in the growth phase. We estimate that Rio Tinto's non-Australian projects' contribution to total underlying earnings was 6% to 20% between CY21 and CY24[23] compared with Plc Shareholders accounting for c. 77% of Rio Tinto's total shares outstanding across Limited and Plc. This has necessitated significant dividend distributions from Limited to Plc to ensure both sets of Shareholders receive the same cash dividend in accordance with the DSM. This has resulted in a substantial wastage of franking credits under the DLC structure, as the dividend payment from Limited to Plc must be franked to the same percentage as the dividend Limited pays directly to Limited Shareholders (i.e. fully franked) but with Plc and Plc Shareholders not being able to extract any value from the franking credits attached.

1.30 Both the DLC and a unified Rio Tinto are likely to face significant wastage of franking credits due to the following:

[23] See Figure 53, non-Australian earnings is used as a proxy for Plc's contribution to the group's earnings.

- As a unified company, Rio Tinto would be required to frank all its dividends to the same degree with non-Australian shareholders deriving limited benefit from franking credits. However, this is no different from any other Australian companies that pay franked dividends.

- As a DLC, Rio Tinto does not need to frank the dividends paid by Plc, which remains an advantage of the DLC structure, however Plc's reliance on the DLC's DSM to support dividend payments to Plc Shareholders causes significant wastage of franking credits. However, we note that the Directors have indicated their expectation that this will change going forward given that a meaningful portion of Rio Tinto's forecast earnings growth is expected to be derived from outside of Australia as discussed from paragraph 8.35.

1.31 Rio Tinto's long-term dividend policy is to pay ordinary dividends at a payout ratio of 40% to 60%[24] and special dividends during periods of strong performance. Under the DLC structure, Limited can continue to fully frank dividends to its shareholders. In a unified Rio Tinto, for Limited to continue fully franking its dividends, without relying on the Company's franking credit balance, the contribution of earnings that qualify for franking credits to Rio Tinto's total earnings, needs to be in line with, or exceed, the dividend payout ratio declared by the Directors. To test this requirement, we conducted a counterfactual analysis of historical earnings, which demonstrated that between CY21 and CY24, Rio Tinto would have been able to continue to fully frank its dividends under a unified structure. This is unsurprising given that the Australian assets held by Limited generated over 80% of the underlying earnings, mostly from the iron ore operations in the Pilbara region, between CY21 and CY24.

1.32 We have also prepared a forward-looking analysis, which presents greater challenges due to the expected future change in earnings mix of Rio Tinto. Management expects[25] the Iron Ore Segment's contribution to the group's EBITDA to decrease from a historical average of approximately 77% to around 47% in the longer term. At the same time, the Copper Segment's EBITDA contribution is expected to increase up to approximately 20% due to the expected continued strengthening of copper prices and the forecast increase in production from the Oyu Tolgoi and Kennecott mines. Further, Rio Tinto's strategy aims to increase its lithium exposure to 13% of the group's EBITDA in the longer term, with growth opportunities including Rincon (Argentina), Jadar (Serbia), and the recent acquisition of Arcadium Lithium. Rio Tinto's copper and lithium assets are mainly located outside of Australia and hence their earnings do not qualify for franking credits.

1.33 It is important to note that historically the underlying EBITDA proportion generated by Australian assets has translated into a higher underlying earnings contribution due to the copper and lithium projects being in the less mature developmental phase. As a result, they have also exhibited higher volatility and pose greater risks associated with their future profit generation. In other words, in risk adjusted and present value terms, a dollar of profit expected to be generated in the future from the iron ore business in the Pilbara region of Australia is more valuable than a dollar expected to be generated by the lithium and copper businesses from projects in ramp-up or development phase located in other jurisdictions.

1.34 In the short to medium term, a greater proportion of earnings is expected to continue to be derived from Australian operations which, in addition to the accumulated franking credits balance, shall ensure that Rio Tinto is able to fully frank dividend at the high-end of the dividend payout range. In the long-term, we have concluded that Australian assets held by Limited may contribute c. 50% of underlying earnings which should ensure that under a unified structure, Rio Tinto should be able to fully frank its dividends at the mid-point of the long-term payout ratio guidance provided by the Directors, which is between 40% and 60%. However, in any given year, if the Australia Earnings generated by Limited are insufficient to fully frank the dividends, Rio Tinto can rely on its accumulated franking credit balance, which was US$9.2 billion as of 31 December 2024.

[24] Rio Tinto 2023 Annual Report, PDF Pg29; Rio Tinto 2024 Annual Report, PDF Pg21.
[25] See Figure 62

1.35 In a scenario where Rio Tinto partially franks a dividend post-unification we consider the lower dollar amount of franking credits issued will be offset to some degree by the increase in the number of Australian investors who can actually benefit from franking credits. This could lead to the dollar value of franking credits that are actually utilised by Australian investors to be largely unaffected with similar value being provided to shareholders in totality. The challenge however is assessing the magnitude of these variables and therefore the degree to which an increase in the concentration of Australian shareholders partially, neutrally, or more than offsets the impact of only partially franking a dividend. We do however expect the number of Australian Shareholders to increase materially post-unification due to 1) Rio Tinto's relatively low weighting on the ASX as it stands which would be expected to increase in excess of 300% post-unification[26] leading to an increase in demand from Australian investors, particularly passive and active institutional funds whose performance benchmarks are aligned to the ASX and 2) the economic value ascribed to franking credits which will most likely cause Australian investors to be the marginal investors in a unified Rio Tinto as they can maximise the value of these franking credits.

Costs of the Potential Unification

1.36 The Potential Unification is likely to crystalise incremental tax costs for Rio Tinto that are both one-off and ongoing in nature. Palliser engaged the services of an independent tax adviser who were asked to undertake a review based on publicly available information, and on certain assumptions, to quantify any tax events that would arise should the Potential Unification of Rio Tinto occur. Palliser has adopted certain tax positions and outcomes based on the advice prepared by its independent tax adviser. As part of the preparation of this Report, Grant Thornton Australia's Tax team has undertaken a high-level consideration of Palliser's tax assessment.

- *Ongoing tax costs* - Palliser has taken the position that there could be ongoing incremental tax costs that arise due to a subset of Rio Tinto's Singaporean income falling within the scope of the Australian CFC rules upon unification. This legislation, broadly, requires certain net income of Australian controlled foreign companies to be attributed to Australia and taxed at the corporate tax rate, less a credit for foreign tax paid. Our Tax team have considered this and, accepting the same assumptions and parameters of analysis as adopted by Palliser, have concluded their reasoning to be materially correct in respect of the Singaporean CFCs. We note that Palliser has estimated that the Singapore CFC attributable income will result in an ongoing increase of the annual tax payable by Rio Tinto of c. US$145 million per annum under the Base Case which equates to a net present value of US$1.0 billion to US$1.5 billion. However, this is based on a number of significant assumptions, caveats and limitations on available information.

- *Upfront one-off costs* - These have been identified and discussed in Section 11, however they are not expected to be material under the Base Case.

Other advantages and disadvantages

1.37 *Enhance ability to undertake buybacks and Chinalco dilution* - Both Plc and Limited undertook buybacks in the period between 2017 and 2019 as a manner to return capital to Shareholders. However, as a result of these buybacks, Chinalco has increased its shareholding in Plc from 12.0% in 2008[27] to 14.6%[28]. Chinalco, is prevented from owning more than 14.99% of Plc stock owing to a foreign investment ruling in 2008 by Australia’s then treasurer Wayne Swan[29]. We understand this limit has been placed on Plc stock and therefore it is not clear how or whether this limit would change should the Potential Unification occur. All things being equal, Chinalco's current 14.6% shareholding in Plc would be diluted with the Potential Unification. The current limit largely prevents Rio Tinto from engaging in share

[26] Assuming each share in Plc is exchange for one share in Limited
[27] Rio Tinto ASX Announcement dated 4 February 2008
[28] Sourced from Bloomberg
[29] https://ministers.treasury.gov.au/ministers/wayne-swan-2007/media-releases/chinalcos-acquisition-shares-rio-tinto

buybacks without causing Chinalco to breach its ownership limit[30]. To the extent this same shareholding limit is transferred across to Limited stock in a unified Rio Tinto, and Chinalco is diluted, this would provide Rio Tinto with additional flexibility to engage in share buybacks without causing Chinalco to exceed its ownership limits. We note also that post-unification, Rio Tinto would have greater flexibility to complete scrip-based mergers and acquisitions, inherently diluting Chinalco and providing further flexibility to conduct share buybacks.

1.38 *Corporate cost savings* - The Potential Unification will result in a simplification of Rio Tinto's governance structure as the Company would become a more typical corporate entity which would likely lead to some corporate cost savings, of largely immaterial amount. Rio Tinto's current DLC structure adds additional complexity due to the need to consider the interests of two different sets of shareholders, manage the redistribution of reserves for dividend payments as well as additional administration tasks such as the need to handle duplicate share registries and the need to hold two annual general meetings. We note the legal and regulatory regimes governing companies in Australia and the UK are founded on similar underlying principles and have many commonalities, with both being highly developed and globally respected governance models.

1.39 *DLCs' lack of popularity* - The popularity of DLC structures has significantly declined over the years. In the 1990s, there were nine DLCs in existence, but this number has decreased through unification transactions, leaving only four remaining today, one of which we note is a subsidiary of another DLC. DLC structures have had a median lifespan of 12 years, with Rio Tinto's 30-year DLC structure being the longest-lasting and the largest DLC among those that continue to exist today. All 12 unifications that have occurred since the establishment of Rio Tinto's DLC structure received overwhelming support from shareholders, indicating that both Directors and Shareholders believed the advantages of unification outweighed the advantages of retaining a DLC structure. Furthermore, our analysis suggests there is a significant overlap in the shareholders of Limited and Plc and the shareholders of the DLCs which were recently unified, which may suggest there could be broad-base support for the Potential Unification of Rio Tinto. This recent unwinding of DLCs and lack of new DLCs implies a lack of popularity and may imply that the DLC concept is no longer fit for purpose.

1.40 *Existing Shareholders* - Certain Plc Shareholders, whose investment mandate is to replicate the performance of the FTSE index with minimal tracking error, may be forced to sell their holdings upon completion of the Proposed Unification. Should the Potential Unification of Rio Tinto occur, and Plc Shares are no longer primary listed on the LSE, Plc Shares will be removed as a constituent from certain UK, European and other indices. Any fund that holds Plc Shares, due to having a mandate to track an index in which Plc was a constituent, will most likely sell their shareholding at the point in which the Plc Shares are removed from the LSE, or from the index, to minimise tracking error leading to an increase in sell side demand. However, the expected re-rating in Plc trading prices upon announcement of the Proposed Unification to narrow the discount with Limited should compensate shareholders for the forced sale or the capital gain tax that the sale may trigger.

1.41 *Asymmetric risk and return for Limited and Plc Shareholders* - All other variables being equal, the Potential Unification is only value enhancing for both sets of existing Shareholders when post-unification, the share price of the single stock listing is more than or equal to the share price of Limited. In this equation, there is greater risk for the Limited Shareholders and greater return for Plc Shareholders given the premium of Limited's share price compared with Plc's share price.

[30] Sourced from AFR: "Chinalco in talks with government over Rio Tinto stake" released on 3 August 2019

Conclusions

1.42 **Based on publicly available information, Grant Thornton Australia's opinion is that the advantages of the Potential Unification outweigh the disadvantages for both Plc and Limited Shareholders.**

1.43 ***THIS IS NOT AN INDEPENDENT EXPERT REPORT PREPARED IN ACCORDANCE WITH ASIC REGULATORY GUIDE 111. THIS APPRAISAL REPORT DOES NOT CONSTITUTE PROFESSIONAL ADVICE OR SERVICES AND SHOULD NOT BE USED OR RELIED ON BY ANY THIRD PARTY, RIO TINTO SHAREHOLDERS OR OTHER INVESTORS IN MAKING THEIR INVESTMENT DECISIONS. BEFORE MAKING ANY DECISION OR TAKING ANY ACTION THAT MIGHT AFFECT YOUR FINANCES OR BUSINESS, YOU SHOULD CONSULT A QUALIFIED PROFESSIONAL ADVISOR. THIS REPORT SHOULD BE READ IN CONJUNCTION WITH THE LIMITATIONS SET OUT IN PARAGRAPHS 1.8 TO 1.10 AND IN SECTION 2.***

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Other factors

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Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN	PAUL GOOLEY
Director	Director

Financial Services Guide

Grant Thornton Australia

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Grant Thornton Australia has been engaged by Palliser to provide general financial product advice in the form of an Appraisal Report in relation to the Potential Unification.

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Grant Thornton Australia has no involvement with, or interest in the outcome of the Potential Unification, other than the preparation of this Appraisal Report.

Grant Thornton Australia will receive a fee from Palliser based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Australia's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Australia will receive no other benefit for the preparation of this report.

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Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

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Grant Thornton Australia has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

2. Limitations and use of the Report

Background

2.1 Palliser, a global hedge fund and a significant shareholder of Rio Tinto, has been requesting the Directors of Rio Tinto to investigate the potential unification of the DLC into a single Australian-domiciled holding company with its primary listing on the ASX and dual listing on the LSE plus an ADR programme on the NYSE.

2.2 We understand that Rio Tinto has rejected this proposal from Palliser, stating that the existing DLC structure preserves value and there is no evidence to support the need for change. As a result, Palliser has recently requisitioned a resolution to be moved at the next AGM pursuant to Section 338 of the Companies Act 2006 to direct the Board to conduct an independent review of whether the unification of Rio Tinto's DLC structure is in the best interests of Rio Tinto Shareholders.

Scope of work

2.3 The Potential Unification of Rio Tinto would not be a control transaction as it is not expected to change the underlying economic interests of Rio Tinto Shareholders. Accordingly, we have evaluated it by assessing whether the advantages are likely to outweigh the disadvantages, having regard to the overall impact of the Potential Unification on Rio Tinto and on the Shareholders of Rio Tinto Plc and Rio Tinto Limited.

Sources of information

2.4 In forming our opinion, we have only relied on publicly available information and the Palliser Tax Materials (which were prepared using publicly available information). A full list of the documentation we have relied on is provided in Appendix A.

Limitations

2.5 This Appraisal Report is only based on publicly available information, and it has been prepared without access to Rio Tinto's Management, the Rio Tinto Board or confidential information and without a warranty from Palliser as to the accuracy and completeness of the information. This may impact our opinion.

2.6 Accordingly, we note that the Appraisal Report does not meet the requirements of ASIC RG 111 of an Independent Expert's Report as it has been prepared based on publicly available information only.

2.7 This Appraisal Report is based on economic, market and other conditions prevailing at the date of this Appraisal Report or the nearest practical date. Such conditions can change significantly over relatively short periods of time which may make this report out of date. Grant Thornton Australia has not updated the Appraisal Report beyond the date of the Appraisal Report and events may have occurred since that date which may have a material impact upon the Appraisal Report.

2.8 Nothing in this Appraisal Report should be taken to imply that Grant Thornton Australia has audited or verified any information supplied to us or has in any way carried out an audit on the books of accounts or other records.

2.9 With regards to the assessment of the tax costs associated with the Potential Unification, Palliser engaged their own adviser to perform an assessment of the potential tax costs that could arise in the event of the Potential Unification, taking into account a specific set of assumptions, caveats and limited available information. The Tax team of Grant Thornton Australia was engaged to provide a high level and limited scope consideration of the advice prepared by Palliser's tax adviser to determine whether there are significant errors or omissions. For the avoidance of doubt, neither the Corporate Finance or Tax teams of Grant Thornton Australia have performed an assessment of the tax costs that could arise as a result of the Potential Unification and does not in any way opine on the reliability or accuracy of the tax advice commissioned by Palliser (save as expressly set out in this paragraph and in Section 11 of this Appraisal Report).

2.10 Furthermore, in relation to the assessment of the tax costs associated with the Potential Unification. Grant Thornton Australia has only considered the tax jurisdictions that were discussed in the tax advice from Palliser's tax adviser[31]. We have not considered any other tax jurisdictions that may be relevant to Rio Tinto. In doing this, we do not opine in any way that any potential tax costs associated with these tax jurisdictions are nil or immaterial relative to the scale of Rio Tinto.

2.11 Australian tax legislation includes both specific and general anti-avoidance provisions and integrity measures that can operate to limit or negate the benefit of franking credits to shareholders. Consideration of the application of these provisions to the unification is outside the scope of our work. Accordingly, we express no opinion on their potential impact on matters discussed in this report or on the conclusions stated herein.

Use of the Report

2.12 The Appraisal Report was prepared by Grant Thornton Australia for Palliser from publicly available information, with no warranty as to the accuracy or completeness of the information sourced from Palliser or any third party data, and to reflect the engagement terms.

2.13 The Appraisal Report is prepared solely for the purpose specified in the Engagement Letter between Grant Thornton Australia and Palliser and may not be appropriate or sufficient for any other purpose. Grant Thornton Australia gives no warranty or assuredness as to the accuracy or validity or the usefulness of the Appraisal Report to any third party.

2.14 The Appraisal Report does not constitute a recommendation from Grant Thornton Australia regarding the Proposed Unification. It is not intended as a substitute for inquiries or evaluation that a party may wish to undertake in relation to the Proposed Unification.

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[31] Palliser's tax adviser performed an assessment of the following tax jurisdictions: Australia, UK, Mongolia, Chile, Canada, Guinea, Singapore and US

2.17 By accessing this Appraisal Report, the user agrees to:

- (a) release and forever discharge Grant Thornton Australia and its related entities, its partners, officers and employees from, and not assert against us, any action, liability, claim, suit, demand, claims for costs or expenses or any other proceeding arising out of, or in connection with, the access to our Appraisal Report by you;

- (b) indemnify Grant Thornton Australia and its related entities, its partners, officers and employees against any loss, action, liability, claim, suit, demand, claims for costs or expenses or any other proceeding we may suffer arising out of, or in connection with, access to our Appraisal Report by you.

2.18 This indemnity shall apply regardless of whether the claim arises from negligence or the claim is brought in tort, in contract, in statute or otherwise, and shall survive the withdrawal of the Appraisal Report from the public domain.

Independence

2.19 Prior to accepting this engagement, Grant Thornton Australia considered its independence with respect to the Proposed Unification. This included making enquiries with the partners, directors and managers of Grant Thornton Australia and confirmed that we were independent in the provision of this opinion.

2.20 We also considered the requirements of APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standards Board (APES Board) and confirmed that Grant Thornton Australia, to the best of its knowledge, was not aware of any circumstances which compromised our independence to undertake this assignment.

2.21 Grant Thornton Australia has no involvement with, or interest in, the outcome of the Proposed Unification or any subsequent actions involving a unification other than that of providing the Appraisal Report. Grant Thornton Australia is entitled to receive a fee based on commercial rates in addition to reimbursement of out-of-pocket expenses for the preparation of this Appraisal Report.

2.22 Except for these fees, Grant Thornton Australia will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this Appraisal Report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Unification.

3. Profile of Rio Tinto

Background

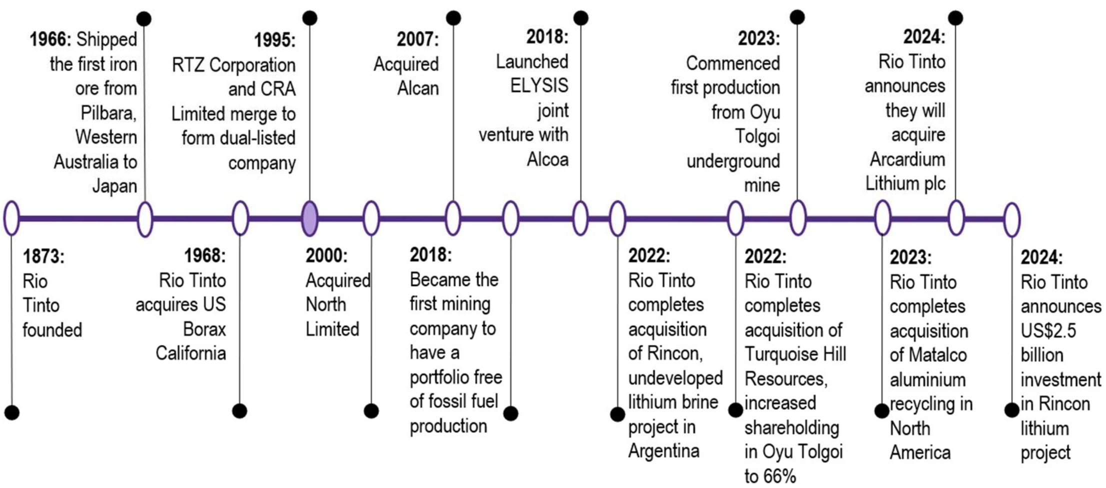
3.1 RTZ, based in the UK, was formed in 1962 through the merger of Rio Tinto and Consolidated Zinc Corporation and over the years it developed or acquired several gold, copper, uranium, tin and other minerals in South Africa, Namibia and Portugal, including following the acquisition of the mineral assets of the British Petroleum Company Plc in 1989. RTZ held a substantial interest in CRA of c. 49%[32].

3.2 CRA was formed in 1962 as a limited liability company in Victoria, Australia by merging the Australian interests of Consolidated Zinc Corporation and Rio Tinto Company of the UK. CRA had substantial mining and processing interests in iron ore, coal and aluminium, as well as diamonds, gold and salt. Whilst the primary operations were in Australia, CRA also had interest in mines, smelters and fabrication plants primarily in Indonesia, New Zealand and Italy.

3.3 On 9 October 1995, CRA and RTZ announced their intention to combine their worldwide interest through the DLC structure and in 1995, Rio Tinto's Shareholders approved the terms of the dual-listed companies' merger, creating the Rio Tinto Group consisting of Rio Tinto Plc (formerly RTZ) and Rio Tinto Limited (formerly CRA). After establishment of the DLC, Rio Tinto Plc retained its 49% interest in Rio Tinto Limited, however, at the 2010 annual general meeting, Shareholders approved the in principle buy back and cancellation of all of the Rio Tinto Limited ordinary shares held by Tinto Holdings Australia Pty Ltd, a wholly owned subsidiary of Rio Tinto Plc, which completed on 21 September 2010. As a result, Rio Tinto Plc no longer held (directly or indirectly) any interest in Rio Tinto Limited.

3.4 Under the DLC, Plc and Limited are separate publicly listed companies, with their own corporate identities, operating as single economic enterprise. Plc is primarily listed on the LSE and has a sponsored ADR[33] facility traded on the NYSE. Limited has its primary listing on the ASX. Over the years, Rio Tinto has completed a number of large developments and acquisitions which are briefly summarised below and discussed throughout the Appraisal Report.

Figure 4 - Timeline of Rio Tinto's key events



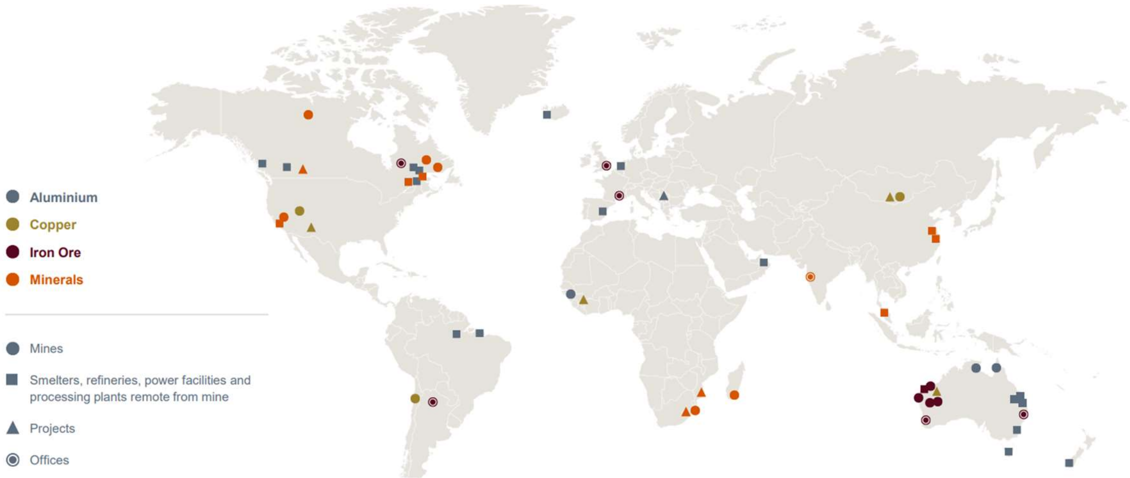
Sources: Rio Tinto's website, ASX announcements.

32 RTZ interest in CRA as at 20 December 1995, sourced from Rio Tinto- United for growth pdf available on Rio Tinto website.
33 The ADRs represent ownership in Plc's shares and are registered with SEC, ensuring compliance with US regulatory requirements.

Company Overview

3.5 Rio Tinto's major products include iron ore, aluminium, copper, industrial minerals (such as lithium, borates, titanium dioxide and salt) and diamonds. Rio Tinto currently has interests in activities across the world, with major representations in Australia and North America and significant businesses in Asia, Europe, Africa and South America as set out below.

Figure 5 - Location map of Rio Tinto's operations



Source: Rio Tinto's website

3.6 Rio Tinto's assets are mainly grouped into four business segments:

- **Iron Ore:** Rio Tinto is one of the world's leading producers of iron ore, with c. 96.7%[34] of production coming from the Pilbara region in Western Australia, where Rio Tinto owns a world-class integrated network of 17 iron ore mines, 4 independent port terminals, a 1,900-kilometre rail network and related infrastructure[35]. Rio Tinto plans to invest US$6.2 billion on mine port and rail infrastructure to increase production at Pilbara and US$77 million[36] was recently approved to conduct a pre-feasibility study to progress the development of the Rhodes Ridge project in East Pilbara, one of the most attractive undeveloped iron ore deposits.

  The Pilbara region is also home to Dampier Salt Limited, with three solar salt operations across Dampier, Port Hedland and Lake MacLeod. Dampier Salt Limited is a joint venture between Rio Tinto, Marubeni Corporation and Sojitz, in which Rio Tinto owns 68%. DSL has the capacity to produce more than 10 million tonnes of seaborne salt each year, making it the world's largest exporter of this commodity.

- **Aluminium:** Rio Tinto's aluminium operation consists of bauxite, alumina and aluminium production across Australia, Brazil, Canada, NZ, Iceland, Oman and Guinea. Rio Tinto currently has a large-scale, vertically integrated business of bauxite mines, alumina refineries and smelters producing aluminium. Through its Metalco joint venture[37], Rio Tinto now also offers fully recycled aluminium products. In November 2007, Rio Tinto acquired Alcan, in an all-cash transaction, for approximately US$38.1 billion. The acquisition was expected to position Rio Tinto as a global leader in the aluminium industry and

[34] Calculated based on Rio Tinto's share of production for the Iron Ore Segment for CY24.
[35] Rio Tinto 2023 Annual Report
[36] Rio Tinto 2023 Annual Report
[37] In December 2023, Rio Tinto acquired a 50% equity stake in the Metalco business from Giampaolo Group for US$700 million. Metalco is the operator of the joint venture's six facilities in the US and its Canadian site, which together have capacity to produce c. 900,000 tonnes of recycled aluminium per annum.

deliver post-tax synergies of around US$600 million annually[38]. However, Rio Tinto has recorded total post-tax impairment charges amounting to approximately US$32.5 billion[39] from 2008 to 2023 for the Aluminium Segment largely driven by the timing of the Alcan acquisition in conjunction with peak aluminium prices.

- **Copper:** Rio Tinto has copper operations around the world at various stages in the mining lifecycle, supplying customers in China, Japan and the US. Rio Tinto has developments and mines at Oyu Tolgoi, in the Umnugovi province of Mongolia, which is one of the largest known copper and gold deposits. Open-cut mining began at Oyu Tolgoi in 2011 which is expected to continue for several decades. In March 2023, underground production began at Oyu Tolgoi, making it a high-performing surface and underground integrated copper business. Further developments at the Oyu Tolgoi underground copper-gold mine are expected to produce an average of 500,000 tonnes of copper per year from 2028 to 2036[40]. The commissioning of infrastructure for ramp-up to full capacity is on target to be completed by the end of 2025.

  Rio Tinto also owns the Kennecott mine, which is a world-class, integrated copper mining operation in the US. Rio Tinto recently invested US$1.5 billion to continue production at Kennecott to 2032 through mining of a new area of the ore body which will deliver close to one million tonnes of refined copper between 2026 and 2032[41]. Feasibility studies are also progressing to extend open pit mining at Kennecott beyond 2032. In addition to this, Rio Tinto holds a 30% ownership stake in Escondida, the world's largest copper mine in northern Chile, currently operated by BHP. The mine produces around 1 million tonnes a year, accounting for 6% of global production as of 2023.[42]

- **Other Minerals:** Rio Tinto's other minerals portfolio includes a global suite of businesses producing high-grade, low-impurity iron ore pellets and concentrate, titanium dioxide, diamonds and borates from operations in Canada, Madagascar, South Africa and the US. The minerals portfolio also includes development projects for battery minerals, such as lithium. Rio Tinto recently invested US$2.5 billion in their Rincon lithium project, a large, low-cost lithium brine asset located in Argentina, representing the Company's first commercial scale lithium operation. In March 2025, Rio Tinto completed the acquisition of Arcadium Lithium for US$6.7 billion . Rio Tinto and Arcadium have complementary footprints and deep experience in Argentina and Quebec, and Rio Tinto is expecting to leverage Arcadium's leading global lithium platforms and tier 1 assets to support approximately 130% capacity growth by 2028[43] to become a leading lithium producer globally.

3.7 Rio Tinto's production by segment from CY20 to CY24 is provided below:

[38] Rio Tinto News Release related to the Transaction - 12 July 2007
[39] Calculated based on impairment charges recorded in Rio Tinto Annual Reports from 2008-2023.
[40] Rio Tinto 2023 Annual Report
[41] Sourced from Rio Tinto Website
[42] Sourced from Rio Tinto Website
[43] Rio Tinto Arcadium Lithium Transaction Announcement - 9 October 2024

Figure 6 - Rio Tinto's historical production by segment

Rio Tinto - Production and performance by segment[1]	CY20	CY21	CY22	CY23	CY24
Iron Ore Production					
Pilbara Production (Mt) (100%)	333	320	324	322	328
Pilbara Shipments (Mt) (100%)	331	322	322	332	329
Salt (Mt)	5	6	6	6	6
Iron Ore Underlying Revenue (US$b)	**28**	**40**	**31**	**32**	**29**
Iron Ore Underlying EBITDA (US$b)	**19**	**28**	**19**	**20**	**16**
Aluminium Production					
Bauxite production ('000 t)	56,131	54,326	54,618	54,619	58,653
Alumina production ('000 t)	8,039	7,894	7,544	7,537	7,303
Aluminium production ('000 t)	3,180	3,151	3,009	3,272	3,296
Aluminium Unerlying Revenue (US$b)	**9**	**13**	**14**	**12**	**14**
Aluminium Underlying EBITDA (US$b)	**2**	**4**	**4**	**2**	**4**
Copper Production					
Mined copper ('000 t) (consolidated basis)	528	494	607	620	697
Refined copper ('000 t)	155	202	209	175	248
Copper Underlying Revenue (US$b)	**5**	**8**	**7**	**7**	**9**
Copper Underlying EBITDA (US$b)	**2**	**4**	**3**	**2**	**3**
Minerals Production					
Iron ore pellets and concentrates (Mt)	10	10	10	10	9
Titanium dioxide slag production ('000 t)	1,210	1,014	1,200	1,111	990
Borates production ('000 t)	480	488	532	495	504
Diamonds production ('000 carats)	3,731	3,857	4,651	3,340	2,759
Minerals Underlying Revenue (US$b)	**5**	**7**	**7**	**6**	**6**
Minerals Underlying EBITDA (US$b)	**2**	**3**	**2**	**1**	**1**

Sources: Rio Tinto Annual Reports, Rio Tinto Quarterly Operations Review.
Note: (1) Production represents Rio Tinto's share unless stated otherwise.

3.8 Historically, the majority of Rio Tinto's revenue has been derived from its Iron Ore Segment, accounting for c. 56.4% and c.50.8%[44] of total segmental revenue in CY23 and CY24, respectively. Most of this revenue is attributable to consistent production and shipments from the Pilbara region in Western Australia. Iron ore production is expected to increase from Rio Tinto's assets outside of Australia, with the development of Simandou operations in Guinea.

3.9 Rio Tinto's Aluminium Segment is the second largest revenue contributor, accounting for c. 21.5% and 23.6%[45] of total segmental revenue in CY23 and CY24, respectively. The majority of this revenue is derived from bauxite production, which constituted c. 84.7%[46] of total production for the Aluminium Segment in CY24. During CY24, Weipa, located in Australia, accounted for c. 68.2%[47] of Rio Tinto's total bauxite production. Similarly, Australian assets accounted for majority of alumina production with c. 74.9% of production coming from Yarwun and Queensland Alumina. In terms of aluminium production, assets located outside of Australia accounted for c. 77.4%[48] of Rio Tinto's total aluminium production in CY24. Aluminium is one of the world's fastest growing major metals and demand from manufacturers, such as

44 Calculated based on total reportable segments revenue in Rio Tinto Annual Reports.
45 Calculated based on total reportable segments revenue in Rio Tinto Annual Reports.
46 Calculated based on total Aluminium production as presented in Figure 6
47 Based on Rio Tinto's production share as reported on Page 275 of the 2024 Annual Report.
48 Based on Rio Tinto's production share as reported on Page 275 of the 2024 Annual Report.

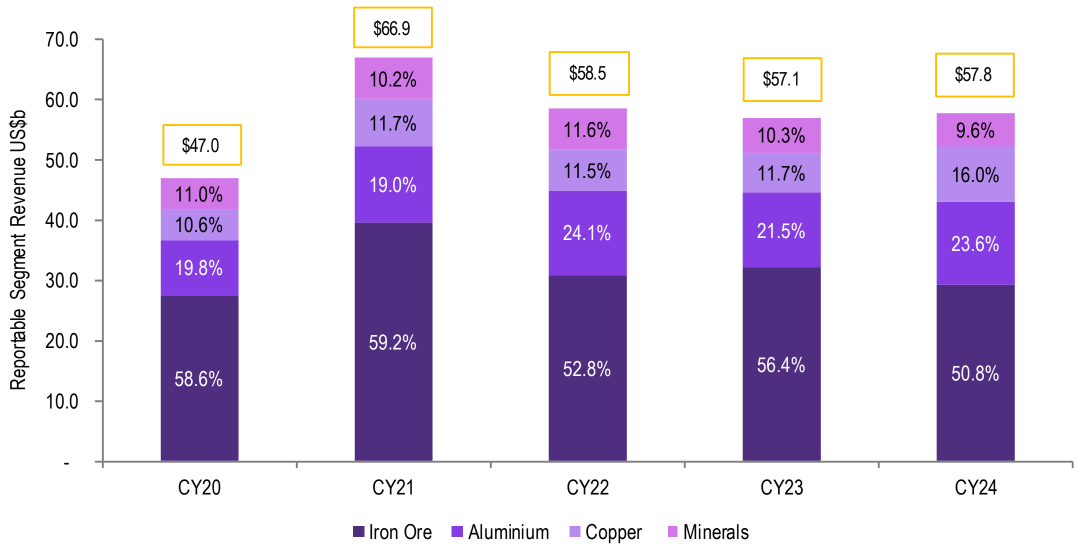
electric vehicle and solar panel manufacturers in China, US, Europe and Japan has led to growth in Rio Tinto's aluminium operations.

3.10 Rio Tinto's copper operations have historically represented less than c. 20% of total segmental revenue. However, as mentioned in their annual reports, Rio Tinto expects copper operations and production to significantly increase once developments at the underground mine at Oyu Tolgoi, in Mongolia are complete, as discussed in paragraph 3.16. Currently, the majority of mined copper production comes from the Escondida mine in Chile (c. 57.5% of production in 2024) and the majority of refined copper production comes from Kennecott (c. 77.8%[49] in 2024), in the US.

3.11 Other minerals make up the remaining portion of Rio Tinto's segmental revenue and have historically remained relatively steady.

3.12 The historical composition of sales revenue by business segment for Rio Tinto is shown below.

Figure 7 - Rio Tinto's reportable segment revenue from CY20 to CY24



Sources: Rio Tinto Annual Reports, GTCF analysis.

3.13 Rio Tinto's earnings are heavily correlated with commodity prices. During CY21, Rio Tinto experienced notable revenue growth of c. 42.5%[50], which led to increased earnings, due to record high iron ore and copper prices, primarily instigated by a rebound in economic activity in China and other advanced economies following COVID-19. In particular, strong demand for steel products in China, as a result of the fiscal stimulus targeting new infrastructure investment throughout 2020-2021 resulted in iron ore prices skyrocketing in the first half of 2021. Below is an overview of Rio Tinto's average realised prices for major commodities since CY20.

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[49] Based on Rio Tinto's production share as reported on Page 275 of the 2024 Annual Report.
[50] Calculated based on total reportable segment revenue for CY20 and CY21.

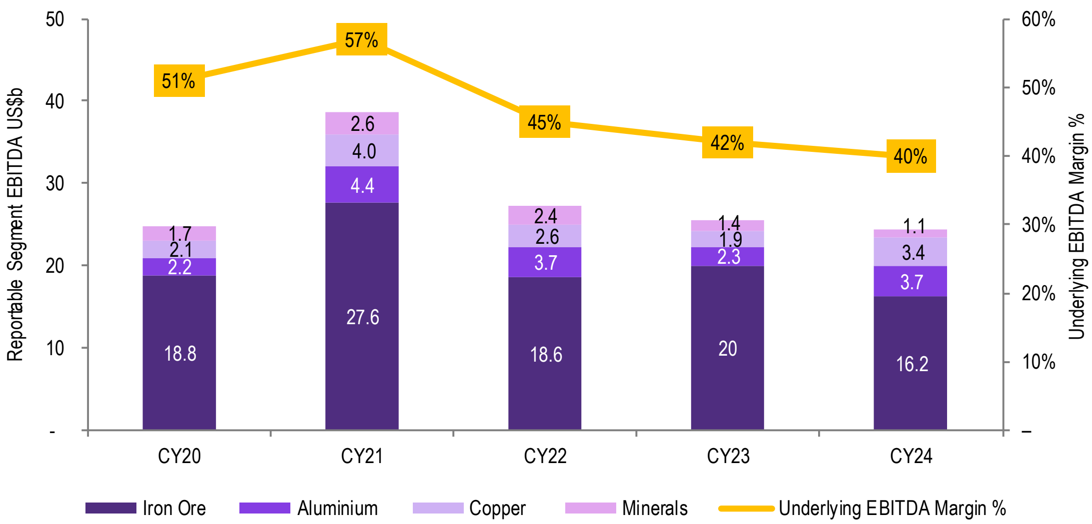
Figure 8 - Rio Tinto's average realised commodity prices

Rio Tinto average realised commodity prices						
Commodity	Units	CY20	CY21	CY22	CY23	CY24
Pilbara Iron Ore	FOB, US$wmt	91	132	98	100	90
Pilbara Iron Ore	FOB, US$/dmt	99	144	106	108	97
Aluminium[1]	Metal US$/t	1,946	2,899	3,330	2,738	2,834
Copper[2]	US c/lb	283	424	403	390	422
IOC pellets	FOB US$/wmt	128	214	190	155	144

Sources: Rio Tinto Quarterly Operation Reviews.
Notes: (1) Based on LME all-in premium (product and market). (2) Average realised price for all units sold, does not include the impact of provisional pricing adjustments, which has historically positively and negatively impacted revenue.

3.14 A fall in China's steel output from June 2021 resulted in an overall decline in iron ore prices and subsequently a decrease in Rio Tinto's Iron Ore Segment revenue and underlying EBITDA in CY22 by 22.0% and 32.6%, respectively. This was partially offset by a price uplift for Rio Tinto's Aluminium Segment, driven by a first-half rise in London Metal Exchange prices in CY22. Movements in commodity prices during CY24 also resulted in a US$1.2 billion decline in total underlying segmental EBITDA for Rio Tinto, primarily due to a drop in Iron Ore prices. The decrease in Iron Ore prices was partly offset by higher realised prices in Rio Tinto's Aluminium and Copper segments in CY24. An overview of Rio Tinto's underlying segmental EBITDA and EBITDA margin is presented below.

Figure 9 - Rio Tinto's underlying segmental EBITDA and EBITDA margin since CY20



Sources: Rio Tinto Annual Reports, GTCF Analysis
Note: (1) EBITDA Margin is Group underlying EBITDA divided by the aggregate of consolidated sales revenue, rather than total reportable segmental revenue.

Outlook and Future Operations

3.15 Rio Tinto has illustrated in its presentations released on the ASX that demand for segmental operations will be materially enhanced by ongoing urbanisation and the energy transition, with Rio Tinto's website stating, "*the demand the company will face through 2035 will grow around 3.9% per year, with around half stemming from the energy transition*". The Company also provided the following high-level guidance on demand increases for key commodities[51]:

[51] Rio Tinto 2024 London Investor Seminar.

- Copper and aluminium demand to increase approximately 1.8 times by 2050 from 32Mt and 97Mt respectively in 2023.

- Finished steel demand to increase approximately 1.2 times by 2050 from 1.8Bt in 2023.

- Lithium demand to grow more than 6.0 times by 2050 from 1Mt in 2023.

3.16 Accordingly, Rio Tinto is focused on investing in materials critical to the energy transition, such as copper, lithium, aluminium and high-quality iron ore. We have set out below some of the key growth projects in the portfolio as at the date of this Appraisal Report:

- **Oyu Tolgoi -** During March 2023, Rio Tinto's Oyu Tolgoi underground mine in Mongolia commenced production. At full production, Oyu Tolgoi's underground and open cut mines will produce enough copper annually for more than 6 million electric vehicles. Rio Tinto currently is targeting to deliver 1 million tonnes of copper per annum by the end of the decade, from Oyu Tolgoi underground where production is expected to increase more than 50% next year[52], expansion pathways at the Kennecott operation in Utah and other greenfield projects such as Resolution.

- **Simandou -** In July 2024, all conditions were satisfied for Rio Tinto's investment to develop the Simandou high-grade iron ore deposit in Guinea. Simandou's mining concession is divided into four blocks. Rio Tinto hold rights to Simandou's blocks 3 and 4 through Rio Tinto Simfer, a joint venture between Rio Tinto, Chinalco Iron Ore Holdings (CIOH), and the Government of the Republic of Guinea. Simandou is the world's largest untapped high-grade iron ore deposit with an estimated mine life of 26 years. First production at Simandou is expected by the end of 2025, ramping up over 30 months to a 60 million tonne per year capacity for the life of mine.

- **Arcadium Lithium** - Rio Tinto closed the acquisition of Arcadium Lithium in March 2025. Rio Tinto expects Arcadium's tier 1 assets and resource base will increase capacity approximately 130% through 2028[53] within Rio Tinto's existing geographies. Consolidated nameplate capacity from Arcadium's projects is expected to increase from 75 kt LCE currently to 295 kt LCE by 2030 and Rio Tinto is targeting to grow lithium capacity 245% from 108 Ktpa LCE to 373 Ktpa LCE, with Arcadium Lithium[54].

- **Rincon** - Rio Tinto's Rincon Lithium project located in Argentina is expected to be a valuable source for future growth. In December 2024, Rio Tinto announced an investment of US$2.5 billion to expand Rincon, following first production at the Rincon 3000 starter plant in November 2024, only 32 months after completing the acquisition of the greenfield project. Rincon's capacity of 60,000 tonnes of battery grade lithium carbonate per year is comprised of the 3,000-tonne starter plant and 57,000-tonne expansion plant[55].

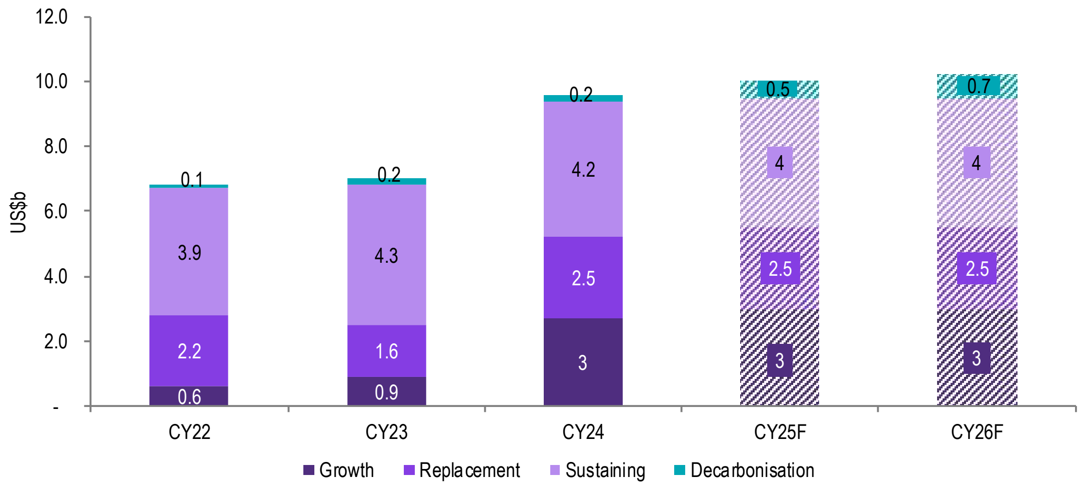
3.17 As set out above, all the major growth projects are expected to occur outside Australia which, all other things being the same, will increase the relative contribution of earnings from other jurisdictions.

3.18 Rio Tinto expects to increase capital expenditure to c. US$10.0 billion over the coming years as the company continues to accelerate growth projects and decarbonisation initiatives, including renewable energy projects and transitioning to renewable diesel.

[52] Sourced from Rio Tinto website
[53] Rio Tinto announcement on the acquisition of Arcadium lithium - 9 October 2024.
[54] Rio Tinto presentation on the acquisition of Arcadium lithium - 9 October 2024.
[55] Sourced from Rio Tinto website

3.19 Simandou is expected to become the largest capital project over the coming years, making up majority of planned growth capex and will provide a significant new source of high-grade, high-quality iron ore, which is essential for low-carbon steel production. Rio Tinto is estimating, its share of capital expenditure to develop the Simfer mine and the co-developed rail and port infrastructure at Simandou to be approximately US$6.2 billion. The capital expenditure at Oyu Tolgoi underground is expected to wind down beyond 2024 as infrastructure is completed, allowing other growth capex to be attributed toward lithium developments and replacement capacity. Below we provide a breakdown of Rio Tinto's historical and planned capital expenditure.

Figure 10 - Rio Tinto's historical and forecast capex breakdown

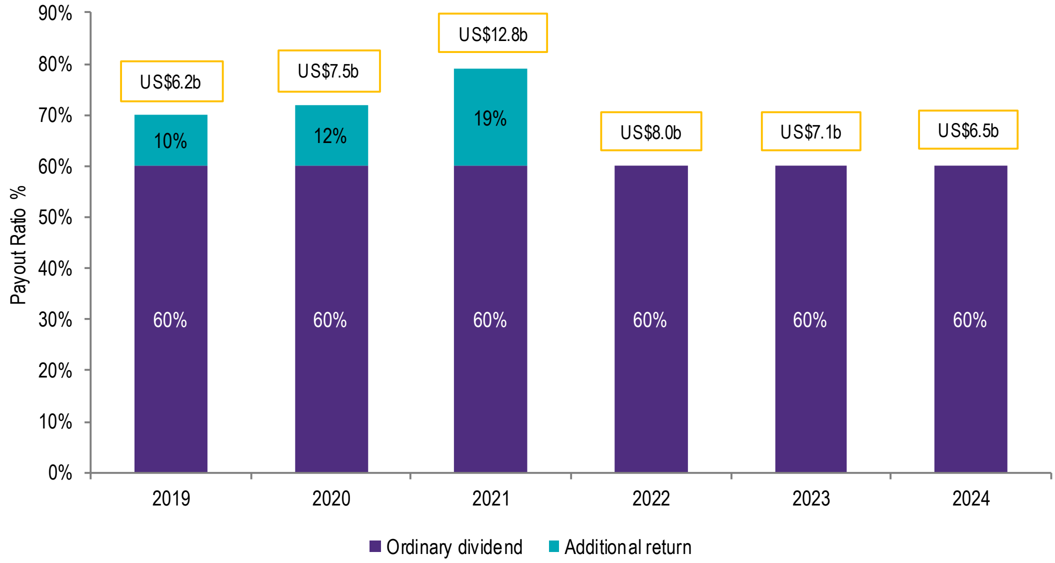


Sources: Rio Tinto Annual Reports, Rio Tinto 2024 Half Year Results Presentation, Rio Tinto Investor Presentations.
Note: (1) Capex estimates for CY25 and CY26 are approximations and subject to ongoing inflationary pressures and exchange rates. Rio Tinto estimates total capex to be approximately US$10 to US$11 billion (per year) in the mid-term.

3.20 Rio Tinto's dividend policy was implemented in 2016, under which the Company has sought to return 40% to 60% of underlying earnings on average through the cycle to shareholders as dividends.

3.21 During periods of strong earnings and cash generation, the Board's intention is to supplement the ordinary dividend with additional returns to shareholders as it occurred in 2019, 2020 and 2021. When determining the level of ordinary dividend per share, the Board considers the results for the financial year, the outlook on major commodities and the Board's view of the long-term growth prospects of the business. Below, we provide an overview of Rio Tinto's historical ordinary dividends and additional return since 2019.

Figure 11 - Rio Tinto's historical declared dividends since 2019



Source: Rio Tinto Investor Presentations.

Financial information

Financial performance

3.22 The table below illustrates Rio Tinto's consolidated statements of financial performance for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and the year ended 31 December 2024.

Figure 12 - Rio Tinto's consolidated statements of financial performance

Rio Tinto Statement of Financial Performance	CY20	CY21	CY22	CY23	CY24
US$m	Audited	Audited	Audited	Audited	Audited
Consolidated sales revenue	**44,611**	**63,495**	**55,554**	**54,041**	**53,658**
Net operating costs	(26,254)	(32,690)	(34,770)	(37,052)	(37,745)
Net impairment (charges)/reversals	(904)	(269)	150	(936)	(538)
Loss on disposal of interest in subsidiary	-	-	(105)	-	1,214
Exploration & evaluation expenditure	(624)	(719)	(896)	(1,230)	(936)
Operating profit	**16,829**	**29,817**	**19,933**	**14,823**	**15,653**
Share of profit after tax attributed to equity accounted units	652	1,042	777	675	838
Impairment of investments in equity accounted units	(339)	-	(202)	-	-
Profit before finance items and taxation	**17,142**	**30,859**	**20,508**	**15,498**	**16,491**
Net exchnage (losses)/ gains on external net debt and intragroup balances	(1,124)	802	253	(251)	322
Losses on derivatives not qualifying for hedge accounting	(123)	(231)	(424)	(54)	(92)
Finance income	141	64	179	536	514
Finance costs	(268)	(243)	(335)	(967)	(763)
Amortisation of discount on provisions	(377)	(418)	(1,519)	(977)	(857)
Profit before taxation	**15,391**	**30,833**	**18,662**	**13,785**	**15,615**
Taxation	(4,991)	(8,236)	(5,614)	(3,832)	(4,041)
Profit after tax for the year	**10,400**	**22,597**	**13,048**	**9,953**	**11,574**
attributable to owners of Rio Tinto (net earnings)	9,769	21,115	12,392	10,058	11,552
attributable to non-controlling interest	631	1,482	656	(105)	22
Total other comprehensive income/ (loss) for the year, net of tax	**(1,869)**	**(1,292)**	**(1,897)**	**319**	**(3,374)**
Total comprehensive income for the year	**11,207**	**21,305**	**11,151**	**10,272**	**8,200**
attributable to owners of Rio Tinto	10,705	19,895	10,649	10,335	8,375
attributable to non-controlling interest	502	1,410	502	(63)	(175)

Sources: Rio Tinto Annual Reports
Notes: (1) Figures for CY22-CY24 taken from Rio Tinto 2024 Annual Report, which includes restated figures for CY22 and CY23. (2) Figures for CY20 taken from Rio Tinto 2022 Annual Report, which includes restated figures for CY20.

3.23 Consolidated sales revenue includes segmental revenue from the four segments of Iron Ore, Aluminium, Copper and Minerals, as well as the equivalent sales revenue of equity accounted units in proportion to the Group's equity interest (after adjusting for sales to/from subsidiaries). Consolidated sales revenue decreased 2.72% in CY23 from US$55.6 billion in CY22 and 0.71% in CY24 from US$54.0 billion in CY23 due to a decline in average commodity prices, as discussed in paragraph 3.14.

3.24 The net impairment charge of US$936 million and US$538 million recorded in CY23 and CY24 relates primarily to alumina refineries in Australia which are responsible for more than half of Rio Tinto's scope 1 carbon dioxide emissions in Australia. These have been a key focus for Rio Tinto as the Company aims to decarbonise its assets and follow legislations relating to the cost escalation for carbon emissions. The impairments relate to property, plant and equipment at the Yarwun alumina refinery and impairment of property, plant and equipment of Queensland Alumina Limited, which reflects the difficult trading conditions for the assets which were below the Company's planned output.

3.25 Exploration expenditure relates to the initial search for deposits with economic potential, and evaluation expenditure relates to a detailed assessment of deposits or other projects (including smelter and refinery projects) that have been identified as having economic potential. The increase in exploration and evaluation expenditure from US$896 million in CY22 to US$1.23 billion CY23 was mainly attributable to increased activity at the Rincon lithium project in Argentina.

3.26 The taxation charge for the Company contains both current and deferred tax. The Group operates across a large number of jurisdictions and is subject to review and challenge by local tax authorities on a range of tax matters.

Financial Position

3.27 The table below illustrates Rio Tinto's consolidated statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024.

Figure 13 - Rio Tinto's consolidated statements of financial position

Rio Tinto Statement of Financial Position US$m	31/12/2022 Audited	31/12/2023 Audited	31/12/2024 Audited
Current Assets			
Cash and cash equivalents	6,775	9,673	8,495
Inventories	6,213	6,659	5,860
Receivables and other assets	3,478	3,945	4,241
Tax recoverable	347	115	105
Other financial assets	2,160	1,118	419
Total current assets	**18,973**	**21,510**	**19,120**
Non-Current Assets			
Goodwill	826	797	727
Intangible assets	3,645	4,389	2,804
Property, plant and equipment	64,734	66,468	68,573
Investment in equity accounted units	3,298	4,407	4,837
Inventories	203	214	222
Deferred tax assets	2,796	3,624	4,016
Receivables and other assets	1,893	1,659	1,397
Other financial assets	406	481	1,090
Total non-current assets	**77,801**	**82,039**	**83,666**
Total assets	**96,774**	**103,549**	**102,786**
Current liabilities			
Borrowings	923	824	180
Leases	292	345	354
Other financial liabilities	69	273	112
Trade and other payables	8,047	8,238	8,178
Tax payable	223	542	585
Close-down and restoration provisions	1,142	1,523	1,183
Provisions for post-retirement benefits and other employment costs	353	361	359
Other provisions	554	637	792
Total current liabilities	**11,603**	**12,743**	**11,743**
Non-current liabilities			
Borrowings	10,148	12,177	12,262
Leases	908	1,006	1,059
Other financial liabilities	904	513	591
Trade and other payables	604	596	543
Tax payable	36	31	28
Deferred tax liabilities	3,164	2,584	2,635
Close-down and restoration provisions	14,617	15,627	14,548
Provisions for post-retirement benefits and other employment costs	1,305	1,197	1,097
Other provisions	744	734	315
Total non-current liabilities	**32,430**	**34,465**	**33,078**
Total liabilities	**44,033**	**47,208**	**44,821**
Net assets	**52,741**	**56,341**	**57,965**

Sources: Rio Tinto Annual Reports.

3.28 Cash and cash equivalents have remained relatively steady since CY22, increasing 42.8% in CY23 from CY22, primarily due to an increase in money market funds, reverse repurchase agreements and other cash equivalents of c. US$2.9 billion. Cash and cash equivalents decreased by 12.2% in CY24 from CY23, mainly due to a decline in money market funds, reverse repurchase agreements and other cash equivalents of US$1.7 billion.

3.29 Close-down and restoration provisions relate to close-down and restoration costs and environmental clean-up obligations. These are based on risk-adjusted cash flows expressed in real terms. On 30 June 2024, Rio Tinto revised the closure discount rate to 2.5% from 2.0% due to the recent upward trajectory in interest rates which has resulted in expectations of higher yields from long-dated bonds, including the 30-year US Treasury Inflation Protected Securities.

3.30 The Company's net gearing ratio[56] increased from 7% as at 31 December 2023 to 9.0% as at 31 December 2024[57]. Net debt also increased 30% from c. US$4.2 billion on 31 December 2023 to US$5.5 billion on 31 December 2024 due to a decrease in cash and cash equivalents including overdrafts and other investments, as illustrated in the table below.

Figure 14 - Rio Tinto's net debt analysis

Net Debt US$m	31/12/2022 Audited	31/12/2023 Audited	31/12/2024 Audited
Borrowings excluding overdrafts	(11,070)	(13,000)	(12,431)
Lease liabilities	(1,200)	(1,351)	(1,413)
Derivatives related to net debt	(690)	(429)	(343)
Cash and cash equivalents including overdrafts	6,774	9,672	8,484
Other investments	1,998	877	212
Net Debt	**(4,188)**	**(4,231)**	**(5,491)**

Sources: Rio Tinto Annual Reports

Cash flows

3.31 The table below illustrates Rio Tinto's consolidated statements of cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.

[58] Page 347 of Rio Tinto 2023 Annual Report
[58] Page 347 of Rio Tinto 2023 Annual Report

Figure 15 - Rio Tinto's consolidated statement of cash flows

Consolidated statement of cash flow	CY22	CY23	CY24
US$m	Audited	Audited	Audited
Cash flows from consolidated operations	23,158	20,251	19,859
Dividends from equity accounted units	879	610	1,067
Cash flows from operations	**24,037**	**20,861**	**20,926**
Net interest paid	(573)	(612)	(685)
Dividends paid to holders of non-controlling interests in subsidiaries	(421)	(462)	(477)
Tax paid	(6,909)	(4,627)	(4,165)
Net cash generated from operating activities	**16,134**	**15,160**	**15,599**
Cash flows form investing activities			
Purchases of property, plant and equipment and intangible assets	(6,750)	(7,086)	(9,621)
Sales of property, plant and equipment and intangible assets	-	9	30
Acquisitions of subsidiaries, joint venture and associates	(850)	(834)	(346)
Disposals of subdiaiaries, joint ventures, joint operations and associates	80	-	427
Purchase of financial assets	(55)	(39)	(113)
Sales of financial assets	892	1,220	677
Net (funding of)/ receipts from equity accounted units	(75)	(144)	(784)
Other investing cash flows	51	(88)	136
Net cash used in investing activities	**(6,707)**	**(6,962)**	**(9,594)**
Cash flows from financing activities			
Equity dividends paid to owners of Rio Tinto	(11,727)	(6,470)	(7,025)
Proceeds from additional borrowings	321	1,833	261
Repayment of borrowings and associated deriviatives	(790)	(310)	(860)
Lease principal payments	(374)	(426)	(455)
Proceeds from issue of equity to non-controlling interests	86	127	1,574
Purchase of non-controlling interest	(2,961)	(33)	(591)
Other financing cash flows	(28)	2	2
Net cash used in financing activities	**(15,473)**	**(5,277)**	**(7,094)**
Effects of exchnage rates on cash and cash equivalents	15	(23)	(99)
Net increase/(decrease) in cash and cash equiavlents	**(6,031)**	**2,898**	**(1,188)**
Opening cash and cash equiablents less overdrafts	12,805	6,774	9,672
Closing cash and cash equivalents less overdrafts	**6,774**	**9,672**	**8,484**

Sources: Rio Tinto Annual Reports

3.32 Net cash generated from operating activities decreased 6.04% in CY23 from US$16.1 billion in CY22, primarily driven by price movements in major commodities and a US$0.9 billion rise in working capital. The cash outflow from the working capital increase was driven by healthy stocks in the Pilbara, elevated in-process inventory at Kennecott and higher working capital requirements relating to iron & titanium. Net cash generated from operating activities increased c. 2.9% in CY24 from US$15.1 billion due to improved working capital management and higher dividends from Escondida, partly offset by the impact of a lower iron ore price.

3.33 Net cash used in investing activities primarily relates to purchases of property, plant and equipment and intangible assets which increased from US$7.1 billion in CY23 to US$9.6 billion in CY24. The increase in expenditure in CY24 related primarily to growth and replacement capital expenditure which increased from US$1.7 billion and US$0.9 billion, respectively in CY24 from CY23.

3.34 Net cash used in financing activities mainly relates to equity dividends paid to owners of Rio Tinto. On 19 February 2025, Rio Tinto Directors announced a final dividend of 225 cents per share which is expected to result in US$3.6 billion of dividends payment on 17 April 2025.

Capital structure and ownership

Issued Capital

3.35 As of February 2025, Rio Tinto had 1,624,267,903 ordinary shares on issue, comprising 1,253,051,689 shares in Plc and 371,216,216 in Limited.

Top Shareholders

3.36 The top Limited and Plc shareholders as at 20 February 2025 are set out below:

Figure 16 - Top shareholders of Limited

Top five shareholders of Limited		
Shareholder	No. of shares	Interest (%)
State Street Global Advisors Inc.	31,424,591	8.5%
BlackRock Inc.	24,991,523	6.7%
Vanguard Group Inc.	22,353,663	6.0%
Dimensional Fund Advisors LP	4,275,827	1.2%
Geode Capital Management LLC	3,396,533	0.9%
Top five shareholders of Limited	**86,442,137**	**23.3%**
Total remaining shares in Limited	284,774,077	76.7%
Total Shares in Limited	**371,216,214**	**100.0%**

Sources: S&P Global, Rio Tinto Website.
Notes: (1) Total shares in Limited sourced from Rio Tinto website as at 20 February 2025. (2) S&P Global data sourced as at 20 February 2025.

Figure 17 - Top shareholders of Plc

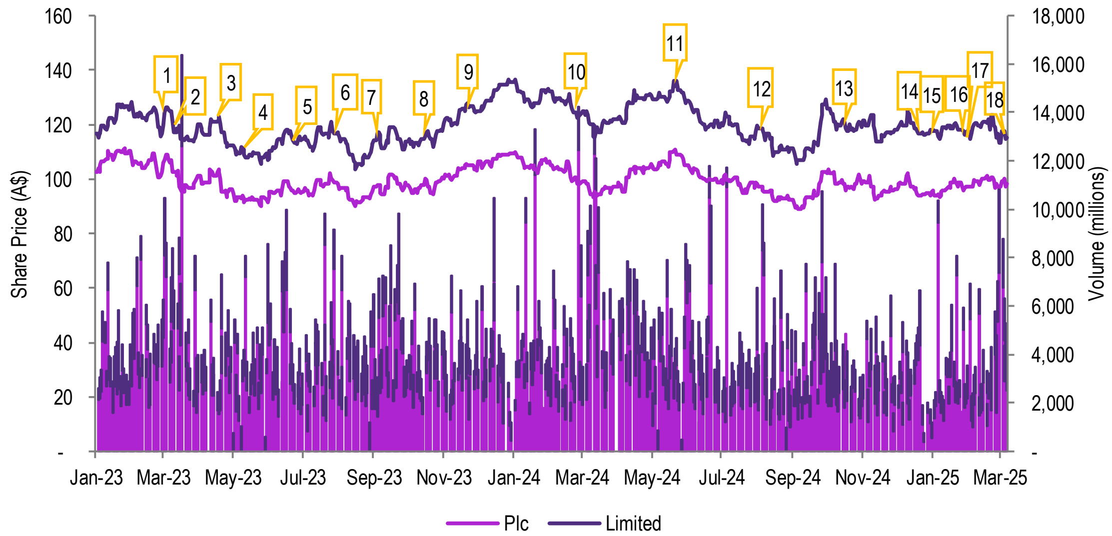
Top five shareholders of Plc		
Shareholder	No. of shares	Interest (%)
Aluminium Corp. of China	182,550,329	14.6%
BlackRock Inc.	95,716,269	7.6%
Vanguard Gorup Inc.	52,813,253	4.2%
Capital Research and Management Co.	46,713,709	3.7%
Australian Super Pty Ltd	37,704,651	3.0%
Top five shareholders of Plc	**415,498,211**	**33.2%**
Total remaining shares in Plc	837,553,478	66.8%
Total Shares in Plc	**1,253,051,689**	**100.0%**

Source: S&P Global, Rio Tinto Website.
Notes: (1) Total shares in Plc sourced from Rio Tinto website as at 20 February 2025. (2) S&P Global data sourced as at 20 February 2025.

Share price and market analysis

3.37 Our analysis of the daily movements in Plc's and Limited's trading prices and volumes for the period from January 2023 to March 2025 is set out below.

Figure 18 - Historical share price and volume for Plc and Limited



Sources: S&P Global, GTCF Analysis.
Note: (1) The Plc share price has been converted to A$ using the prevailing GBP/AUD exchange rate at each date.

3.38 The following table describes the key events which may have impacted the trading prices of PLC and Limited shares and volume movements recently as shown above.

Event	Date	Comments
1	23-Feb-23	Rio Tinto released the 2022 Annual Report announcing the following: - A decrease in consolidated sales revenue of 13% from CY21 due to a negative movement in commodity prices - A decrease in underlying EBITDA by 30% from CY21, due to movements in commodity prices, higher energy and raw materials prices and higher rates of inflation on operating costs. - A decrease in the total dividend per share of 53% from CY21. - Significant investments with the acquisition of Rincon and the US$3.0 billion purchase of non-controlling interests in TRQ, which gave Rio Tinto 66% a shareholding in the Oyu Tolgoi copper-gold mine. - Increased exploration and evaluation expenditure on the Simandou iron ore project in Guinea and the Rincon lithium project in Argentina.
2	7-Mar-23	Rio Tinto announced they had priced US$650 million of 10-year fixed rate SEC-registered debt securities and US$1.1 billion of 30-year fixed rate SEC-registered securities. The 10-year notes will pay a coupon of 5.000 per cent and will mature March 9, 2033 and the 30-year notes will pay a coupon of 5.125 per cent and will mature March 9, 2053.
3	4-Apr-23	Rio Tinto announces they will support Energy Resources of Australia Limited's (ERA) recently disclosed plans for an Interim Entitlement Offer, which seeks to raise up to A$369 million to address funding requirements for the Ranger Rehabilitation Project in Australia's Northern Territory to the end of Q2 2024.
4	20-Apr-23	Rio Tinto released first quarter production results for 2023, announcing: - Pilbara operations produced 79.3 million tonnes in the first quarter, 11% higher and shipments were 16% higher than the first quarter of 2022. - Aluminium production of 0.8 million tonnes was 7% higher than the first quarter of 2022. - Oyu Tolgoi mined copper production on a 100% basis increased 41% from the first quarter of 2022. - On 31 March, Rio Tinto entered into an agreement to form a joint venture that will work to unlock the development of the La Granja copper project in Peru, one of the largest undeveloped copper deposits in the world.
5	20- Jun-23	Rio Tinto announced that it was investing in its Kennecott operation near Salt Lake City, Utah, to strengthen its supply of copper in the US by increasing production from underground mining and improving the health of key assets. The Company revealed that US$298 million of funding had been approved to deliver underground development and infrastructure for the North Rim Skarn area.

6	21-Jul-23	The Company announced that it had entered into an agreement to form a joint venture to manufacture and market recycled aluminium products with Giampaolo Gorup, one of North America's largest fully-integrated metal management businesses. Under the agreement Rio Tinto acquired a 50% equity stake in Giampaolo Group's wholly owned Metalco business for US$700 million, subject to closing adjustments.
7	5-Sep-23	Rio Tinto announced they had appointed Jerome Pecresse as new Aluminium Chief Executive, who was previously president and CEO of General Electric Renewable Energy.
8	17-Oct-23	Rio Tinto released their third quarter production results announcing an increase in production from the previous year's quarter for iron ore shipments, bauxite, aluminium and mixed copper. The company also announced that construction of the Western Range mine at Pilbara remains on schedule and that there has been strong performance at the Oyu Tolgoi underground project.
9	6-Dec-23	Rio Tinto provided an updated on its Simandou iron ore project in Guinea, which is being progressed in partnership with CIOH, a Chinalco-led consortium, Winning Consortium Simandou and Baowu and the Republic of Guinea. Rio Tinto announced that it estimates its initial share of capital expenditure to develop the Simfer mine at Simandou and the co-developed rail and port infrastructure project to be approximately US$6.2 billion. Simandou is expected to strengthen Rio Tinto's portfolio for the decarbonisation of the steel industry.
10	21-Feb-24	Rio Tinto released its 2023 full year results, announcing: - Underlying EBITDA of US$23.9 billion, which was a 9% decrease from 2022 due to movements in commodity prices. - Overall copper equivalent production increased by over 3%. - A decrease in the ordinary dividend per share by 12% from 2022. - During the second half of 2023, the Company started to see some easing of market-linked prices for key raw materials such as caustic, coke and pitch.
11	14-May-24	The Company released its presentation from the Bank of America Global Metals, Mining & Steel Conference in Miami. The presentation highlighted the energy transition which is expected to fuel sustained growth in metals demand over next decade, accounting for 22% of combined copper and aluminium demand by 2035.
12	16-Jul-24	Rio Tinto released its second quarter production results for 2024, announcing: - Bauxite production of 14.7 million tonnes which was 9% higher than the second quarter of 2023 due to achieving higher plant utilisation and feed rates at Weipa. - Alumina production was 1.7 million tonnes lower than the second quarter of 2023 due to the continuing impacts of the Gladstone operations. - Aluminium production was 1% higher than the second quarter of 2023 due to smelters continuing to demonstrate stable performance during the period. - New Zealand Aluminium Smelters had signed a 20-year electricity arrangement that secured the future of the Tiwai point aluminium smelter to continue competitively producing high-purity, low carbon metal, backed by renewable electricity.
13	9-Oct-24	The Company announced a definitive agreement under which Rio Tinto will acquire Arcadium in an all-cash transaction for US$5.85 per share. The transaction will bring Arcadium's world-class, complementary lithium business into Rio Tinto's portfolio, establishing a global leader in energy transition commodities, from aluminium and copper to high-grade iron ore and lithium.
14	4-Dec-24	Palliser released their presentation and letter to the Rio Tinto Board of Directors calling for the unification of Rio Tinto's dual listed company structure on the London Stock Exchange and Australian Stock Exchange into a single Australian domiciled holding company. The presentation and letter outlined why the current dual listed company structure has led to approximately US$50 billion in value destruction for shareholders since its inception.
15	19-Dec-24	Palliser and over 100 other shareholders requisitioned a resolution for the Company's next annual general meeting of shareholders calling for an independent, comprehensive, and transparent review on the merits of unifying Rio Tinto's current dual listed company structure into a single Australian-domiciled holding company with a primary listing on the ASX and ongoing LSE and NYSE (ADR) listings.
16	16-Jan-25	Rio Tinto released its fourth quarter 2024 production results stating: - Significant milestones were achieved at the Rincon project in Argentina during the quarter, with first lithium delivered and receipt of Board approval to expand the operation. - A 26% increase in mined copper (consolidated basis) from the fourth quarter of 2023. - A 1% production growth and a 3% increase in sales volume, both on a copper equivalent basis in 2024. - Bauxite production was 58.7 million tonnes in 2024, 7% higher than 2024, exceeding guidance.
17	20-Jan-25	Rio Tinto released the 2024 Annual Report and Results Presentation announcing the following:

		- A decrease in consolidated sales revenue of 1% from CY23 due to a decrease in the realised iron ore price. - A decrease in underlying EBITDA by 2% from CY23, due to movements in commodity prices, higher copper volumes and lower market-linked costs. - A 30% increase in net debt from CY23, which was largely the result of free cash flow of US$5.6 billion, offset by dividends of $7.0 billion. - A 90% improvement in bauxite underlying EBITDA due to strong pricing, sustainable productivity and costs. - Significant progress on the mine, rail and port infrastructure for the Simandou project in Guinea, in collaboration with joint venture partners. - Completed breakthroughs in Shafts 3 and 4 at Oyu Tolgoi, key to maximising the copper mine's underground potential.
18	6-Mar-25	Rio Tinto completed its acquisition of Arcadium Lithium plc for $6.7 billion, following the sanctioning of the Scheme of Arrangement by the Royal Court of Jersey on 5 March.

Source: Rio Tinto ASX Announcements

4. Dual listed structure

Background

4.1 The primary reasons for the initial implementation of the DLC, and the Directors' recommendation to vote in favour of the DLC proposal, are summarised below. This is not purported to be an extensive discussion of the advantages of the DLC at the time, but a high-level summary to set the scene for why this structure was put in place in the first instance:

- *The need for growth:* CRA was seeking to expand outside Australia and the DLC proposal was intended to enhance growth prospects for CRA shareholders, through RTZ international portfolio, which was ultimately expected to position the company to secure more expansion opportunities overseas as well as within Australia. Additionally, the size the combined group would allow to consider the largest opportunities available in a wide array of mining activities.

- *Complementary operations and expertise*: Cost savings and operational efficiencies in many commodities and geographic areas were expected to be realised over time by leveraging off the combined knowledge base of both management teams in mine production, commodity marketing, project development, logistics and construction.

- *Shareholder taxation position*: The proposed DLC did not require CRA or RTZ shareholders to dispose of their shares, meaning there were no capital gains tax implications for shareholders, such as might arise if shareholders were offered new scrip or cash for their shares. Furthermore, the pre-CGT status of CRA shares was preserved under the DLC structure, and CRA retained the ability to pay franked dividends, as distributions to CRA shareholders will continue to be sourced from the assets of CRA and its subsidiaries.

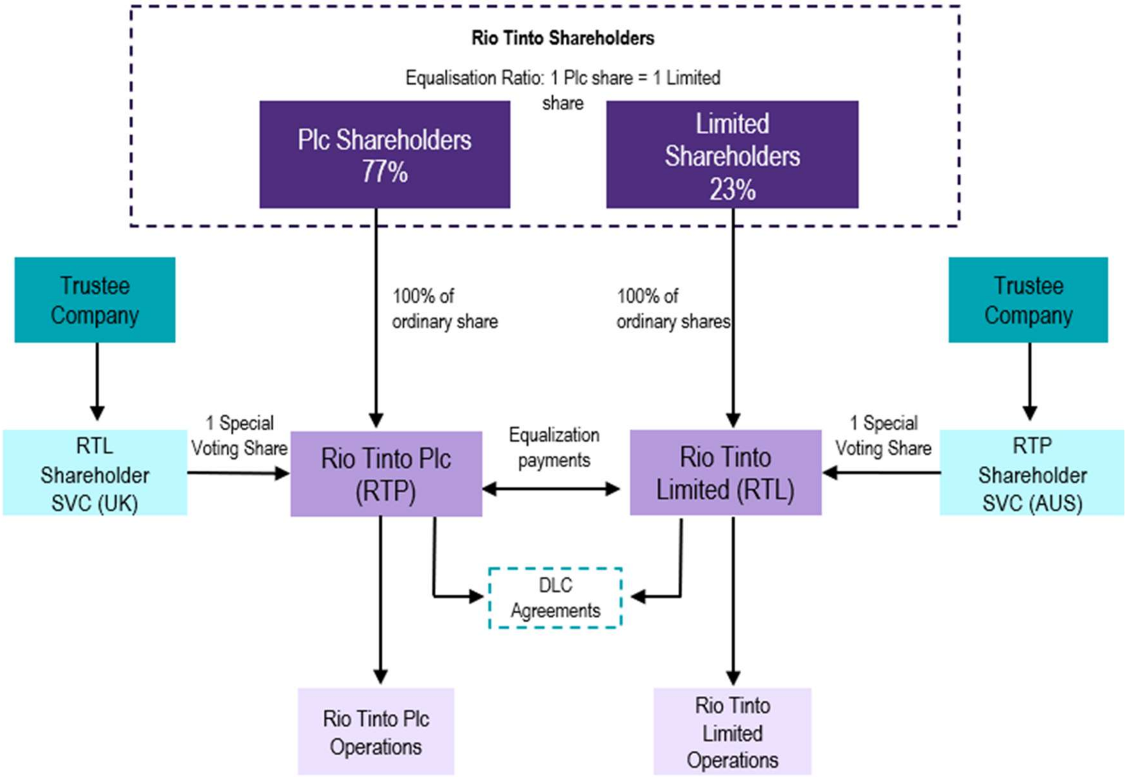
- *Advantages of two listing and two domiciles*: The two-principal listings and two domiciles of the DLC would enable Rio Tinto to operate in other countries through a vehicle held by either an Australian company or a UK company, depending on which was more advantageous to all shareholders in the group. It would also enable Rio Tinto to raise equity funds in either or both Australian and UK equity markets, providing them with the flexibility to select the market which has the lower cost of capital at the time. It was also argued that it would provide attractive acquisition currency to offer to target company shareholders, allowing the company to grow more efficiently and in a more cost-efficient manner, considering the different regulatory and financial regimes in each market.

Key terms of the DLC structure

4.2 Under the DLC, Plc and Limited operate as separate legal entities, with separate tax residencies, separate sets of shareholders and regulatory reviews across multiple jurisdictions. They have two separate Boards of Directors but with identical directors and a unified management. Notwithstanding the DLC structure, Rio Tinto appears as a single economic enterprise to the various stakeholders.

4.3 The DLC structure comprises a series of contractual agreements, including the Articles of Association of Rio Tinto Plc and the Constitution of Rio Tinto Limited. Rio Tinto Plc and Rio Tinto Limited's shares are not fungible, and trade at different prices and on different markets.

Figure 19 - Rio Tinto's DLC Structure



Sources: Rio Tinto, Palliser, S&P Global.
Note: (1) Shareholding based on shares outstanding for Plc and Limited as at February 2025.

4.4 The purpose of approving the DLC structure in 1995 was to put shareholders of both companies in substantially the same position they would be in if they held shares in a single entity owning all assets of both companies.

4.5 Following the approval of the DLC structure, both companies entered a DLC sharing agreement which stipulated the following:

- The Directors of Rio Tinto Limited and Rio Tinto Plc shall aim to act in the best interests of Rio Tinto as a whole, ensuring decisions are made cohesively and efficiently across both companies, avoiding duplication of efforts. To ensure Boards of both companies are identical, resolutions to appoint or remove Directors must be put to shareholders of both companies as joint resolutions[58].

- Rio Tinto is subject to a wide range of laws and rules and regulatory reviews across multiple jurisdictions. Where these rules differ, Rio Tinto will comply with the requirements in each jurisdiction at a minimum[59].

- All offers by way of rights must be "Matching Offers", meaning offers by way of rights either by both Limited and Plc or only one of them to their respective holders of ordinary shares, so far as is practicable, take place contemporaneously and do not materially disadvantage a holder of an ordinary share in either Limited or Plc[60].However, new shares in either company can be issued under a placement or as consideration for transactions without triggering the matching requirements.

[58] Page 347 of Rio Tinto 2023 Annual Report
[59] Page 347 Rio Tinto 2023 Annual Report
[60] Page 4 of the Rio Tinto Limited and Rio Tinto Plc DLC Merger Sharing Agreement

- Shareholders of Plc and Limited are able to vote as a joint electorate on any matters that affect them in similar ways. These are referred to as Joint Decisions and relate to the creation of new classes of share capital, the appointment or removal of directors and auditors, and the receiving of annual financial statements[61], among others.

- Class rights actions which require joint approval for decisions that do not affect the shareholders of both companies equally, are voted on in a poll. Exceptions can arise in situations such as where legislation requires the separate approval of a decision by the appropriate majority of shareholders in the company. To support joint voting arrangements, both companies have entered into shareholder voting arrangements, where a Special Voting Share is issued to a Special Purpose Company and held in a trust for shareholders by a common trustee. The Special Voting Shares have special voting rights, such that in respect of any resolutions relating to a Joint Decision at any general meeting of Limited and Plc, the SVS in Limited will cast the same number of votes as were cast for an against the equivalent motion by ordinary shareholders in Plc. Similarly, the SVS in Plc will cast the same number of votes as were cast for and against the motion by ordinary shareholders in Limited[62].

- If either company goes into liquidation, a valuation is made of the surplus assets of both companies. If the surplus assets available for distribution by one company on each of the shares held by its shareholders exceed the surplus assets available for distribution by the other company, then an equalising payment must be made. This ensures that the amount available for distribution on each share held by shareholders of both companies reflects the Equalisation Ratio[63].

- The laws and regulations of the UK and Australia impose restrictions and obligations on persons who control interests in publicly listed companies in excess of defined thresholds. This includes an obligation to make a public offer for all outstanding issued shares of the relevant company. The threshold applicable to Rio Tinto Plc under UK law is 30% and to Rio Tinto Limited under Australian law is 20% on both a standalone and a Joint Decision basis. The Articles of Association of Rio Tinto Plc and the Constitution of Rio Tinto Limited were amended to impose restrictions on any person who controls, directly or indirectly, 20% or more of the votes on a Joint Decision. However, if, a person has an interest in either Rio Tinto Limited or Rio Tinto Plc only, then the restrictions only apply if they control, directly or indirectly, 30% or more of the votes at that company's general meetings[64].

- In 1995, each company entered into a deed poll guarantee in favour of creditors of the other company. Beneficiaries under deed poll guarantees can make demands on the relevant guarantor without first having recourse to the company or persons whose obligations are being guaranteed[65].

Dividend Share Mechanism

4.6 The dividend ratio, voting and capital distribution rights attached to each Rio Tinto Plc share and each Rio Tinto Limited share are at an Equalisation Ratio of 1:1. This means that one share of Rio Tinto Plc is equivalent to one share of Rio Tinto Limited in terms of economic benefits and voting power. However, this can be revised in special circumstances, such as instances where certain modifications are made to the share capital of one company, including rights issues, bonus issues, share splits and share consolidations, but not the other.

[61] Page 346 of Rio Tinto 2023 Annual Report
[62] Page 348 Rio Tinto 2023 Annual Report
[63] Page 348 Rio Tinto 2023 Annual Report
[64] Page 348 Rio Tinto 2023 Annual Report
[65] Page 348 Rio Tinto 2023 Annual Report

4.7 Under the Equalisation Ratio, the dividend, voting and capital distribution arrangements are as follows:

- Dividends paid on Rio Tinto Plc and Rio Tinto Limited shares are equalised on a net cash basis without taking into account any associated tax credits. This means the amount of the dividend proposed to be paid is before deduction of any amount in respect of tax required to be deducted or withheld from the dividend, by or on behalf of the company. It also excludes any associated tax credits.

- Dividends are determined in US dollars and paid in sterling and Australian dollars and both companies are required to announce and pay dividends and other distributions, at the same time or as close to as possible.

- If the payment of an equalised dividend would contravene the law applicable to one of the companies, they can depart from the Equalisation Ratio. In this situation, the relevant company must put aside reserves for payment on the relevant shares at a later date.

4.8 In the event that one company does not have sufficient earnings to pay the agreed dividend to its shareholders, the other company will be required to make a payment to the other to enable an equal dividend to be paid to the two set of shareholders.

4.9 Since the DLC was established, the relative earnings from assets located out of Australia have declined. As demonstrated in Figure 53 in Section 8, majority of the Group's earnings in recent years has come from Australian assets, reflecting a large increase in the profitability and production of the Iron Ore Segment. The unaudited pro forma unified income statement for the year ended 31 December 1994 included in the explanatory memorandum for the original formation of the DLC, sets out that CRA (Limited) contributed GBP319 million of profit, or 41.2%, to a unified group estimate of GBP775 million. We estimate that today the contribution of Limited is c.85%. We also note the 77% versus 23% shareholding split across Plc and Limited at the time the DLC was formed was heavily impacted by RTZ's (Plc's) 49% share ownership in CRA (Limited) which it no longer holds today due to the buyback event we describe above. Put simply, the 77% versus 23% share split across Plc and Limited does not reflect Rio Tinto's earnings mix or ownership structure today.

4.10 Based on the analysis conducted in Section 8, we understand this has had a major impact on Plc's ability to pay the same cash dividend as Limited. Due to the fact that Plc accounts for c. 77% of Rio's shareholder base, this has led to the requirement of Limited transferring distributable profits to Plc using a DSM, to ensure Plc has the cash resources and distributable reserves to pay matching dividends.

4.11 The dividends paid under the Dividend Share Mechanism by Limited must be franked to the same extent as dividends on Limited's ordinary shares to ordinary shareholders. This has resulted in losses of franking credits as Plc, as a UK incorporated company, can neither use the franking credits nor distribute them to its shareholders.

5. Overview of key factors and shareholder risk considerations

5.1 In forming our opinion on the merits of the Potential Unification, we have identified multiple factors which should be considered. However, it is not feasible to assess them in isolation, and although some of them may be quantifiable (for instance, potential tax costs), other factors are assessed on a qualitative basis as the quantitative impact may not be known at the date of this Appraisal Report.

5.2 Based on a review of previous unifications and the specific circumstances of Rio Tinto, we have considered the following key factors in the remaining sections of our Appraisal Report:

- *Historical market behaviours in conjunction with other unifications:* We have analysed and reviewed other DLC structures and past unifications and undertaken an analysis of shareholders and market behaviours in conjunction with them. We have set out this assessment in Section 6.

- *Capital market dynamics:* One of the key advantages cited for DLC structures is that unlike in a conventional merger via a stock swap, a DLC does not require a decision regarding the country of domicile or primary listing which may otherwise lead to a response from certain capital market dynamics and potential net sell side demand in the merged company's stock (in the short-term). There are complex and uncertain capital market dynamics that may influence the sell side (flow back) and buy side (flow forward) demand in Rio Tinto's shares in response to a proposed unification and as a result impact on the trading prices. We note that it is not feasible to attempt to predict market dynamics and behaviours in the short term as they may be impacted by other factors not necessarily associated with the unification, as such we have focussed our analysis on what we would expect to occur in the medium-term and long-term. We have set out this assessment in Section 7.

- *Franking credits:* As an Australian company, Limited is eligible to generate franking credits on the income tax it pays on its earnings to the ATO and attach these credits to its dividends. One of the key considerations as to whether unification is beneficial to Rio Tinto Shareholders is whether it will 1) increase the number of shareholders that can benefit from these franking credits without 2) impacting Rio Tinto's ability to fully frank its dividends. We have set out this assessment in Section 8.

- *Strategic and financial flexibility:* DLC structures have historically been used to facilitate complex cross-border mergers and international expansion, however it appears that they are not considered the most advantageous corporate structure in the long-term based on the numbers of DLC structures that have been unified and the predominate use of cash in DLC merger and acquisition activity. DLC structures appear to have inhibited the ability for companies to use scrip consideration in acquisitions or have complicated capital raising largely owing to the price variance observable between the two company listings and other regulatory impediments. DLC structures are also becoming increasingly outdated due to the globalisation of capital markets and subsequent removals or reduction in barriers to international investment. In Section 9, we consider the extent to which this change in perception is applicable to Rio Tinto.

- *Governance:* Rio Tinto's global operations and DLC structure means the company falls within the remit of numerous legal, tax and regulatory jurisdictions. Internally, Rio Tinto's DLC structure is governed by a series of contractual arrangements that protect the interests of shareholders across Plc and Limited in relation to capital raising, transactions and other situations. In Section 10, we assess the degree to which Rio Tinto's DLC structure places any additional burden on Rio Tinto's compliance obligations.

- *Tax:* Should Rio Tinto proceed to the Potential Unification, there may be one-off and ongoing tax consequences for Rio Tinto as an enterprise and for Rio Tinto Shareholders. In Section 11, we have performed a high-level review of the tax advice obtained by Palliser.

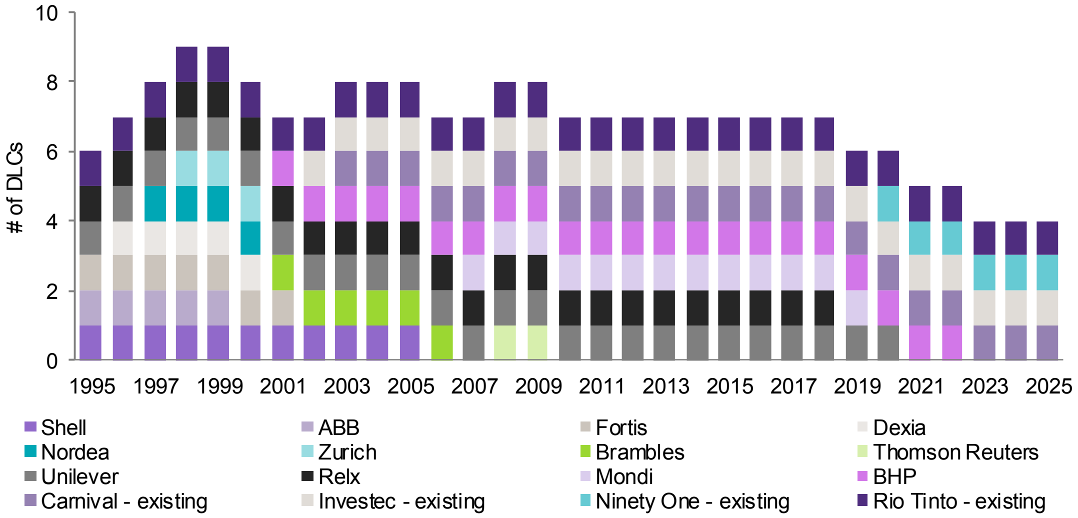
5.3 Notwithstanding the matters outlined above, in the event Shareholders are required to vote on a proposed unification of Rio Tinto, naturally, a key consideration will be whether it will be value enhancing for Shareholders. In forming this opinion, we have undertaken a separate analysis for Plc and Limited on the basis that the current value of Rio Tinto Plc's and Rio Tinto Limited's shares are different and therefore the degree to which the Potential Unification provides a positive return, or value enhancement, would be measured by Rio Tinto Plc and Rio Tinto Limited Shareholders from a different base.

6. Evolution of DLCs and price differential

Historical number of DLCs

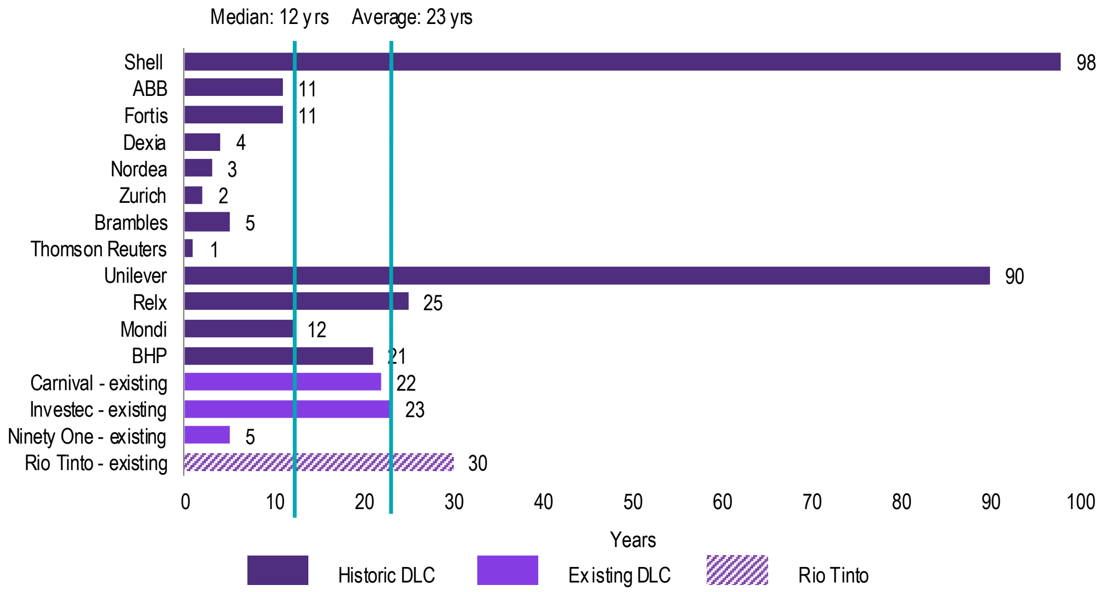
6.1 DLC structures reached their peak popularity in the 1990s, with nine DLCs in existence before subsequently declining via unification transactions, from the beginning of the 2020s with only four remaining in existence today. Figure 20 summarises the number of DLCs in existence over time and Figure 21 sets out the tenure of each of these DLCs.

Figure 20 - Historical number of DLCs



Source: Bloomberg, Company websites, GTAL Analysis.

Figure 21 - Tenure of each DLC



Source: Bloomberg, Company websites, GTAL Analysis.

6.2 DLC structures have had an average and median lifespan of 23 years and 12 years, respectively. We consider the median to be more relevant as it mitigates the impact of outliers such as Shell and Unilever.

Rio Tinto's DLC structure has been in place for 30 years, making it the longest-lasting DLC among those that continue to exist today. Since 2008, there has only been one new DLC structure, Ninety One, which was incorporated as a DLC in 2020, however we note this was a spin-off from the existing Investec DLC. We consider the low number of recently formed DLCs to be an indicator that the DLC structure may be outdated in the context of current global market dynamics.

6.3 All 12 unifications which have occurred since the Rio Tinto's DLC structure was put in place received overwhelming support by shareholders which indicate that in previous circumstances both directors and shareholders of those businesses were of the opinion that the advantages of unification outweighed the retention of the DLC structure.

Figure 22 - Historic DLC unification shareholder voting results

Company	Approval year	Shareholder approval range[1]
ABB	1999	97.2% - 98.0%
Dexia	1999	94.0% - 100.0%
Nordea	2000	95.9% - 100.0%
Zurich	2000	99.6%
Fortis	2001	100.0%
Shell	2005	96.3% - 97.4%
Brambles	2006	99.9%
Thomson Reuters	2009	97.3% - 99.6%
Relx	2018	100.0%
Mondi	2019	100.0%
Unilever	2020	99.4% - 99.5%
BHP	2022	96.1% - 97.6%
Total range		**94.0% - 100.0%**

Source: Company announcements.
Notes: (1) Approval percentages reflect the share of votes in favour of the unification transaction at the relevant shareholder meeting(s) or the tender rates (as applicable) of each company. (2) Some data was not publicly available, although these would have achieved the necessary majority of votes in favour of unification. Some voting results and tender rates were the same. (3) This is not a comprehensive list of all DLC unifications in history but a comprehensive list since 1999.

6.4 Regarding Unilever, an initial unification proposal in 2018 was abandoned and later approved in 2020 following a structural change. Unilever had primary listings in both London and Amsterdam, with the 2018 proposal aiming to consolidate it as a single entity listed on the Amsterdam Stock Exchange. However, this faced opposition from UK shareholders and the board withdrew the proposal before a formal shareholder vote. A revised unification was proposed in 2020, this time listing Unilever as a single entity on the London Stock Exchange, which ultimately received shareholder support. Notwithstanding the change in the structure, the directors and management remained supportive of the unification during the entire period and confirmed that moving to a single parent company will bring significant benefits by 1) increasing Unilever's strategic flexibility for portfolio evolution, including through equity-based acquisitions or demergers and 2) removing complexity and further strengthening Unilever's corporate governance[66]. Given the change in structure of the transaction, it is likely that it was driven by concerns on the flow of funds following unification, which we do not believe is applicable to Rio Tinto based on our discussions in Section 7.

[66] Unilever announcement on 11 June 2020 Unification of Unilever's legal structure | Unilever

Analysis of the shareholders' registers

6.5 In our opinion, there are similarities between the factors that have influenced the unifications of other DLCs and those that would be relevant for Rio Tinto such as a price differential between the stocks, reducing of corporate complexities, enhancing strategic flexibilities and facilitating M&A transactions which are all applicable to Rio Tinto's Potential Unification. It is reasonable to assume that shareholders who have historically supported such unifications will likely adopt the same approach with the Potential Unification of Rio Tinto, provided the same factors are applicable in similar magnitudes. Consequently, we have attempted to understand the extent of commonality or overlap among the shareholders involved in unifications over the past five years with those of Plc and Limited. In the absence of specific information provided by Rio Tinto, we have relied on the composition of the share registers of the DLCs analysed, and the share register of Rio Tinto as disclosed by S&P Global.

6.6 Based on share registers obtained from S&P Global, we identified 293 and 301 unique shareholders on Limited's and Plc's share registers separately. We note, however, that these share registers are incomplete and represent 32.8% and 74.0% of Limited's and Plc's total share capital respectively. After combining the share registers of Limited and Plc together, we have identified 367 unique shareholders in Rio Tinto as a group. In the analysis below, we assess the proportion of these 367 unique shareholders in Rio Tinto as a group that were also shareholders in other recently unified DLCs. In performing this assessment, we have relied on share registers as of the quarter end following unification.

Figure 23 - Overlapping shareholder analysis

Common shareholder analysis	
BHP	
Percentage of total shares outstanding held by investors disclosed in S&P Global's share register[1]	34%
Percentage of total shares outstanding held by investors common to Rio Tinto[2]	29%
Mondi	
Percentage of total shares outstanding held by investors disclosed in S&P Global's share register[1]	90%
Percentage of total shares outstanding held by investors common to Rio Tinto[2]	57%
Unilever	
Percentage of total shares outstanding held by investors disclosed in S&P Global's share register[1]	39%
Percentage of total shares outstanding held by investors common to Rio Tinto[2]	27%
Relx	
Percentage of total shares outstanding held by investors disclosed in S&P Global's share register[1]	47%
Percentage of total shares outstanding held by investors common to Rio Tinto[2]	31%

Source: S&P Global.
Note 1: S&P Global does not have a complete share register for BHP, Mondi, Unilever or Relx. This figure represents the aggregate percentage of total shares outstanding held by the investors that are disclosed in S&P Global's share register.
Note 2: A subset of the investors disclosed in S&P Capital's share register are also investors in Rio Tinto. This figure represents the aggregate percentage of total shares outstanding held by the investors that 1) disclosed in S&P Global's share register and 2) are investors common to Rio Tinto.

6.7 Notwithstanding that the analysis above only covers between 34% and 47% of the share capital for three out of four unifications, it is reasonable to assume that the majority of the investors disclosed in the share registers by S&P Global are institutional investors[67] and HNWIs who are more likely to vote and participate in corporate decisions. Consequently, while the common shareholders percentage of share capital may appear low at around 30% for three out of the four DLCs, these investors are expected to represent a larger proportion of the shareholders who will vote at the relevant meeting[68].

[67] We have analysed the shareholder classification within the available information in Section 7.
[68] A study on retail shareholder participation in the proxy process analysed a sample of US retail shareholder voting data *"covering virtually all regular and special meetings during the three years 2015 to 2017"*. The conclusion was stated as *"On the decision whether to cast a ballot, we find*

6.8 Institutional investors have significant resources and dedicated teams of analysts who conduct in-depth research and analysis to enable them to make informed voting decisions. Additionally institutional investors typically hold larger stakes in companies which incentivises them to actively participate in voting to protect and enhance the value of their investments. Institutional investors also have fiduciary duty to their clients which compels them to engage in corporate governance activities. In contrast, retail investors (which likely make up the majority of investors whose names are not disclosed in share registers) tend to follow the recommendations of the board of directors or of their proxy advisers due to their lack the resources and expertise. If the directors of a DLC propose a unification, it is natural that they will support and recommend it to all shareholders which is typically followed by retail investors.

6.9 If we undertake the comparison between the Shareholders of Rio Tinto and the shareholders of all the four DLCs analysed collectively rather than individually, up to 59%[69] of Rio Tinto Shareholders identified on the ASX and 74%[70] of Shareholders on the LSE at the date of our analysis were also shareholders in one of the DLCs in the quarter post unifications.

6.10 The analysis above has a number of limitations in that 1) the analysis of the share registers is only at a specific point in time; 2) it relied on the latest share registers post-unification and therefore assumes shareholders are unchanged compared with the resolution date; and 3) a subset of the entities listed in the share registers are likely to be nominees rather than the underlying shareholders (however some of these shareholders are likely to delegate voting power to their nominees who will submit proxy votes in accordance with what they consider is in the best interests of the underlying shareholders). Despite these limitations, the analysis indicates a significant overlap between Rio Tinto's current shareholders and those in the DLCs that have recently unified, which should provide broad-base support for the Potential Unification of Rio Tinto. Rio Tinto will be able to undertake a granular analysis of its share registers to understand the actual composition and the overlapping shareholders with other recently approved DLCs.

Price differential in the listed share prices of DLCs

6.11 In many DLC structures, including Rio Tinto, there is a price differential between the two listing prices which at times can be significant. This is commonly one of the key drivers for why DLCs consider a unification in the first instance.

6.12 The price differential across the two exchanges for several existing and unified DLCs are illustrated in Figure 24.

that retail shareholders cast 32% of their shares, on average, which is significantly lower than the 80% rate of participation by the entire shareholder base." The academic paper was produced by Alon Brav (Duke University), Matthew D. Cain (University of California, Berkeley), and Jonathon Zytnick (Columbia University), on Tuesday, November 19, 2019.

[69] Collectively, BHP, Mondi, Unilever and Relx have 1,703 unique shareholders identified from the shareholder register obtained from S&P Global. Of this list, 173 shareholders are also shareholders on Rio Tinto's shareholder register on the ASX. Rio Tinto's ASX shareholder register we obtained from S&P Global has a total of 293 shareholders. 173 divided by 293 equals 59%.

[70] Collectively, BHP, Mondi, Unilever and Relx have 1,703 unique shareholders identified from the shareholder register obtained from S&P Global. Of this list, 222 shareholders are also shareholders on Rio Tinto's shareholder register on the LSE. Rio Tinto's LSE shareholder register we obtained from S&P Global has a total of 301 shareholders. 222 divided by 301 equals 74%.

Figure 24 - DLC share price differentials

DLC companies	DLC classification	Discount before unification announcement Daily average over one year period
ASX companies		
Rio Tinto	Existing	(18.2%)
BHP	Unified	(17.7%)
Brambles	Unified	(9.6%)
ASX Average		**(15.2%)**
Non-ASX companies:		
Relx	Unified	(3.2%)
Mondi	Unified	(0.1%)
Unilever	Unified	(1.8%)
Shell	Unified	n/a
Thomson Reuters	Unified	(27.0%)
ABB	Unified	n/a
Dexia	Unified	n/a
Fortis	Unified	(0.1%)
Zurich	Unified	n/a
Nordea Bank	Unified	n/a
Carnival Corporation	Existing	(9.5%)
Investec Group	Existing	(0.6%)
Ninety One Group	Existing	(0.0%)
Non-ASX average		**(5.3%)**
Non-ASX average (removing outliers)		**(1.0%)**

Sources: S&P Global, Bloomberg.
Notes: (1) All price differential data sourced from S&P Global IQ and based on daily trading prices, where available. (2) The average price differential is calculated based on the daily spot variance over the year before unification announcement for unified DLCs and the previous year up to and including 31 January 2025 for existing DLCs.

6.13 Generally speaking, we consider the following to be common drivers of the price variances observed across the DLCs:

- *Local market performance*: Various macroeconomic, geopolitical, and industry-specific factors can impact local or regional markets differently, leading to price variances. For example, between late 2015 and early 2016, Limited and Plc's respective share prices both declined due to weak commodity prices. However, Rio Tinto Plc's share price declined more significantly, likely due to the additional uncertainty in the UK markets surrounding the (at the time) upcoming EU referendum on Brexit in June 2016, which also contributed to the depreciation of the British pound. Similar trading price variance movements were observed by BHP.

- *Higher Market Familiarity*: Various factors, including the geographical location of the DLC operations and the distribution of total shares across markets, can result in differing levels of investor knowledge and awareness in one market in comparison to another. This enhanced familiarity may contribute to price variances between the two markets.

- *Liquidity:* To the extent there is a significant difference in liquidity between the two listings of a DLC, this could drive a variance in the share prices. Liquidity can be impacted by the split of a DLCs total number of shares across its two listings with some investors potentially gravitating to the larger entity in terms of number of shares listed.

6.14 It is not the purpose of this Appraisal Report to analyse the reasons of the price differential for all the DLCs presented above, however we believe it is pertinent to note that DLCs with one of their primary listings on the ASX tend to show a greater price variance, consistently in favour of the ASX listed entity. The DLCs devoid of an ASX listing have an average discount of 5.3% which reduces to 1.0% if outliers (Thomson Reuters[71] and Carnival[72]) are excluded, compared with the average c. 15% price variance observed in the BHP, Rio Tinto and Brambles DLCs.

6.15 We are of the opinion that the key reason for the greater price differential for DLCs with an ASX listing is the benefits associated with franking credits in the Australian market which does not exist in any of the other major markets in Europe or the US. Franking credits were introduced in Australia in 1987 under the Keating government. This system was designed to eliminate the double taxation of company profits, allowing shareholders to receive a tax credit for the tax already paid by the company on their dividends. Further, as outlined in Section 8, superannuation funds, retirees and investors on lower tax rates can receive an actual cash refund for franking credits as the Australian tax system allows them to claim back the excess tax paid by the company on their behalf. This system is unique compared with other jurisdictions (excluding NZ) that may have their own systems in place to reduce the double taxation. This view is also confirmed by Rio Tinto's Management. Quoting from Mr Jakob Stausholm: "*And then we have the Limited shares mainly for Australian investors that has tax benefits from getting fully franked. And that justifies a value difference*" and further "*At the moment, it's about 15% of our shareholders based in Australia who would be enjoying the franking benefits that underpin that premium that we see in the market*" (2024 investor seminar Q&A). As we set out in Figure 35, the majority of Rio Tinto's Australian shareholders own shares in Rio Tinto Limited with c. 66% of Rio Tinto Limited's share capital being owned by Australia based shareholders.

6.16 We have illustrated in the graph below the historical discount between Limited and Plc and how it has evolved in comparison with the earnings contribution to the overall profit of Rio Tinto of the Iron Ore Segment, which is based in Australia and hence generates franking credits.

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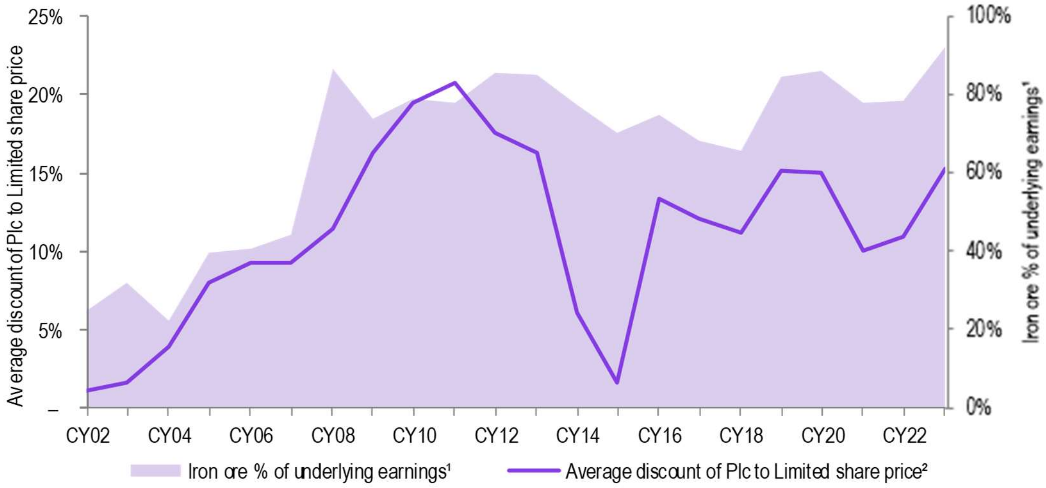
[71] Thomson Reuters implemented its DLC structure in 2007 with Thomson Reuters Corporation, listed on the Toronto and New York stock exchanges, and Thomson Reuters PLC, listed on the London Stock Exchange and Nasdaq. However, they later unified this structure into a single parent company in September 2009, only two years after it was established in the first instance, to create a simpler, more transparent capital structure and a single, global pool of liquidity. We understand that the global financial crisis of 2008-2009 significantly impacted trading volumes and valuations and over time, demand on the LSE declined, leading to the unification in August 2009.

[72] Historically, the price variance between the two exchanges has been volatile, sometimes even showing the opposite trend of the current variance (premium variance). The variance, and its volatility, is challenging to rationalise however may be attributed to the stock's respective home markets, being part of the S&P 500 and FTSE 250, and changes in the investment sentiment of each country. This includes the index ETFs tied to the respective indices, with typically the FTSE 250 having lower liquidity. This price variance may therefore be attributed to one of the common factors detailed above being differences in liquidity between exchanges. Further support for the variance may be provided by a special voting share that is connected to Carnival Corporation shares, which essentially ensures the views of Carnival Corporation shareholders get equal weight to those of Carnival PLC shareholders. However, no additional voting rights or rights to receive any dividends are attached to these shares.

Figure 25 - Rio Tinto trading price value differential (CY02 - CY23)



Sources: S&P Global, Rio Tinto Annual Reports.
Notes: (1) Iron ore % of underlying earnings is taken from Rio Tinto annual reports and only based on earnings between Iron Ore, Aluminium, Copper and Minerals & Energy business units. Net earnings from other operations not included.

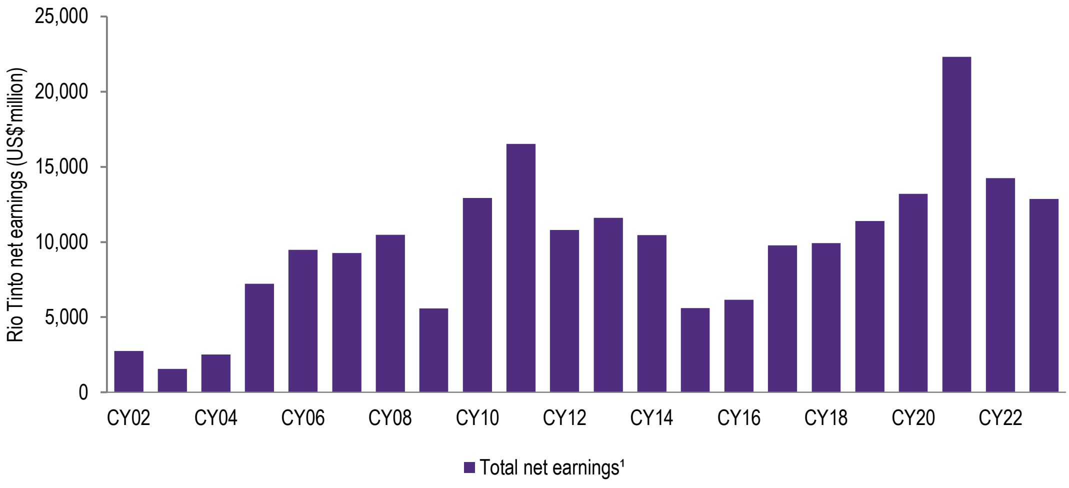
6.17 The discount of the Plc Shares emerged and increased significantly from the early 2000s in conjunction with a growth in the earning contribution from Limited associated with the Iron Ore Segment whose earnings are largely derived in Australia. The Iron Ore Segment capitalised on booming global demand for steel which, together with the expansion of the Pilbara operations in Western Australia, played a crucial role in boosting the production and profitability of Limited.

6.18 As illustrated in the graph above, there seems to be a correlation between the increased profit generated by Limited, both in absolute terms and relative to the overall NPAT of Rio Tinto, and the widening of the discount at which Plc Shares have traded compared with Limited Shares.

6.19 In CY15, underlying earnings of Rio Tinto were US$4.5 billion, which was US$4.8 billion lower than CY14, driven by a significant reduction in commodity prices to *"a level not seen since 2005 or only briefly at the depth of the global financial crisis"*.[73] As a result, the Board of Rio Tinto determined that maintaining their progressive dividend policy would have constrained the business and reduced the dividend payout. The reduction of the dividend and associated franking credits narrowed the gap between Plc and Limited. This is further supported by the movement in total net earnings of Rio Tinto, as displayed below.

[73] 2015 Rio Tinto Annual Report.

Figure 26 - Rio Tinto net earnings (CY02 - CY23)



Source: Rio Tinto Annual Reports.
Note: (1) Total net earnings based on earnings from Iron Ore, Aluminium, Copper and Minerals & Energy business units. Net earnings from 'other' operations not included.

6.20 This correlation and the trend of the price differential seems reasonable as the increase in the profit generated by Limited will have two key flow on effects in 1) the overall NPAT and dividend of Rio Tinto will increase; and 2) Limited's proportional profit contribution will increase, thus guaranteeing Limited Shareholders to receive a fully franked dividend.

6.21 Grant Thornton Australia is not suggesting that franking credits are the sole reason for any difference as evidence suggests there are other factors which play a role given that Limited's share registers also include non-Australian shareholders to whom the franking credits benefits are lower and potentially nil[74], who are, notwithstanding this, still prepared to pay a premium compared with Plc Shares.

Share price considerations in connection with the Potential Unification

6.22 In the previous section, we set out our view regarding the key reasons of the Plc Shares discount compared with the Limited Shares. One of the key factors to consider in Rio Tinto's unification is how the trading prices of Limited and Plc will react to the announcement of the Potential Unification and how the trading prices of Limited will settle after completion of the Potential Unification.

6.23 Attempting to isolate the impact of the Potential Unification on the trading prices of Rio Tinto, all other things remaining the same, is difficult and largely a counterfactual assessment as the trading prices will continue to be affected by other factors, including global markets, commodity prices and specific information released by the business. For example, in the case of BHP, the unification was announced in conjunction with FY21 accounts, the transaction with Woodside in relation to BHP Petroleum and the commitment to the development of the Jansen Potash Project with a backdrop of *"significant and ongoing fall in iron ore prices"*[75] . Hence it would not be feasible to isolate the impact of the various factors. Therefore, whilst undertaking this exercise is important for the purpose of our opinion, it largely relies on judgemental analysis as attempting to quantify the actual performance of Limited and Plc is not feasible.

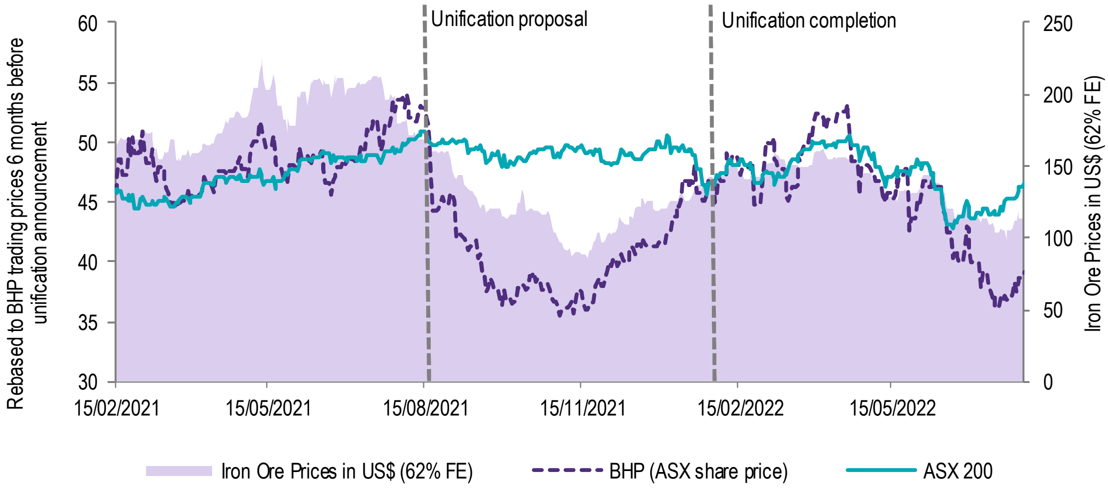
6.24 To gather some insights on this issue, we have analysed the performance of the trading prices of BHP in conjunction with the BHP Unification. Whilst there have been 12 distinct unifications over the years, we are

[74] As discussed in paragraph 8.3.
[75] Page 195 of Grant Samuels BHP IER.

of the opinion that the BHP Unification is the most relevant one given the similarities with Rio Tinto in terms of business, size of the operations, regulatory environment (including franking credits) and price differential.

6.25 The graph below tracks the trading prices of BHP Limited for the period six months before the unification was announced to six months after the unification was completed against the ASX200 Index, with iron ore prices (presented in US dollars) also included.

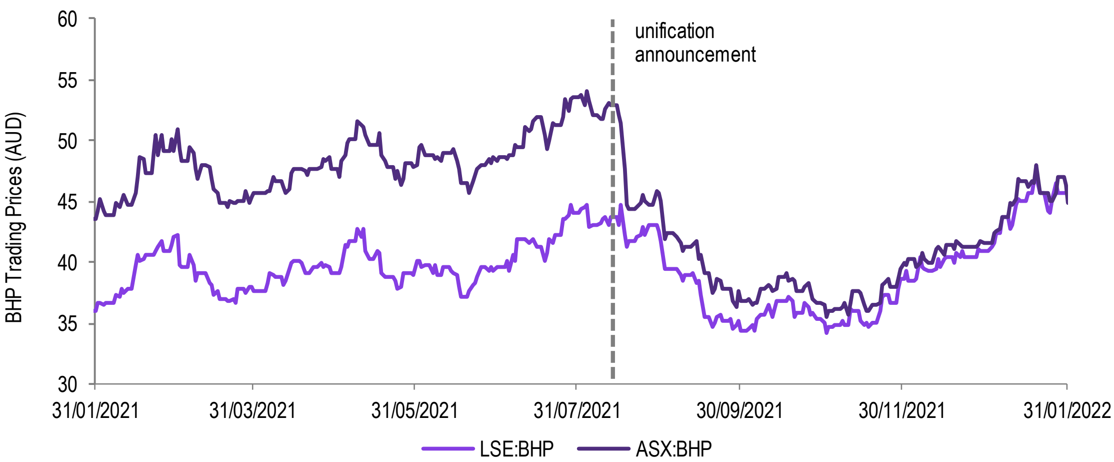
Figure 27 - BHP Limited trading prices analysis before and after the BHP Unification (last undisturbed day) compared with iron ore prices and ASX200 Index



Source: S&P Global.
Notes: (1) ASX200 trading prices rebased to BHP ASX trading price on 15 February 2021.

6.26 The graph below also displays BHP's trading prices on the ASX and LSE (in A$) in the 12-month period to the completion of the BHP Unification.

Figure 28 - BHP Limited's and BHP Plc's trading prices up to completion of the unification



Source: S&P Global.

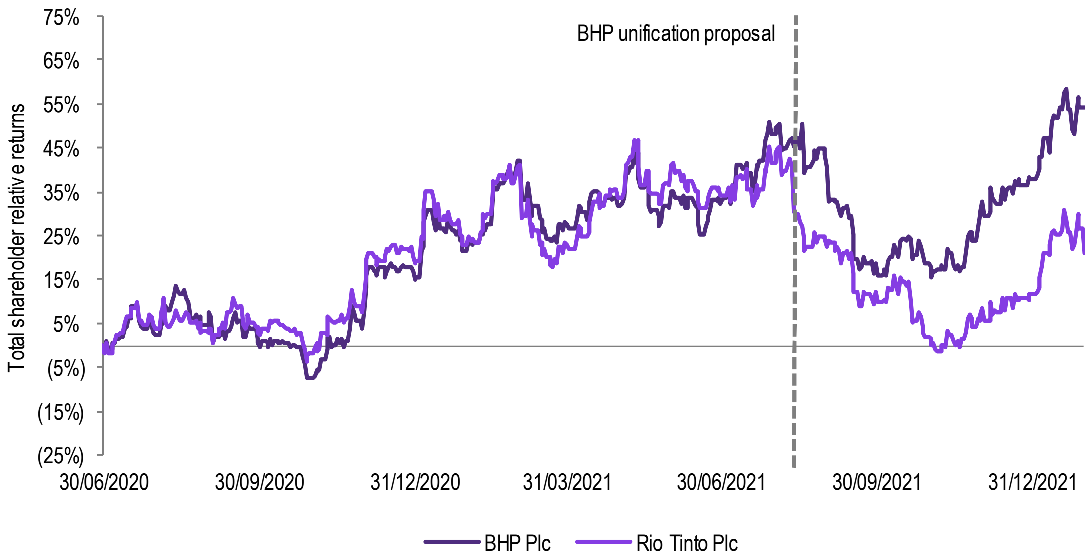
6.27 In relation to the graphs above, for the period around the announcement of the BHP Unification up to completion, we make the following observations:

- As articulated in the BHP IER[76], the announcement of the unification narrowed the discount of BHP Plc's and BHP Limited's trading prices which delivered a short-term value uplift to BHP Plc's shareholders. We would expect the same to occur, all other things being the same, if Rio Tinto announces the Potential Unification.

- Whilst BHP Limited's share price fell sharply upon the announcement of the BHP Unification, the BHP IE concluded that this was largely driven by 1) market conditions independent to the announcement correlated with iron ore prices, which is demonstrated by the BHP IE with the largely analogous movements for the trading prices of Rio Tinto and Fortescue. Accordingly, in the absence of the unification announcement, the trading prices of BHP Plc would have reduced by a material extent and in line with the percentage reduction experienced by Rio Plc which is the windfall delivered to BHP Plc's shareholders; and 2) by the short-term and low-risk arbitrage opportunity to short BHP Limited's shares and buy the cheaper shares of BHP Plc. The BHP IE concludes that *"[…] It is impossible to isolate the impact of the unification on Limited's share price movements even immediately post announcement, although the evidence suggest that any negative impact were not material. To the extent that some component of the fall in the Limited price was caused by arbitrage trading, this should be no more than a temporary effect"*.

6.28 As set out in the graph below, BHP Plc's shares materially outperformed Rio Tinto Plc's shares from before the BHP Unification was announced to completion of the unification. We consider this due to BHP Plc's share price aligning with the premium price of BHP Limited's shares.

Figure 29 - Trading prices comparison between BHP Plc and Rio Tinto Plc



Source: S&P Global.
Notes: (1) Trading prices rebased to 30 June 2020.

6.29 We note that, in the case of Rio Tinto, Plc Shareholders represent approximately 77.1% of Rio Tinto[77], compared with 41.7% for BHP Plc's shareholders under the DLC structure[78]. Accordingly, in the short-

[76] Under the section "Immediate Price Reaction" PDF page 227.
[77] Based on the latest number of shares on issue in Plc and Limited of 1,253,051,689 and 371,216,214 respectively, sourced from Rio Tinto's website.
[78] Based on the number of shares on issue in BHP Plc and BHP Limited of 2,112,071,796 and 2,950,251,394 as at 20 August 2021 respectively, as sourced from BHP 2021 Annual Report.

term, the magnitude of the uplift will be influenced by the volume of flowback which may increase Plc's price volatility.

6.30 In the medium to long-term, we expect the Proposed Unification to be largely neutral or value accretive for Limited Shareholders due to the following:

- The flow forward from Australian investors should at least match the flow back from UK investors as discussed in detail in Section 7.

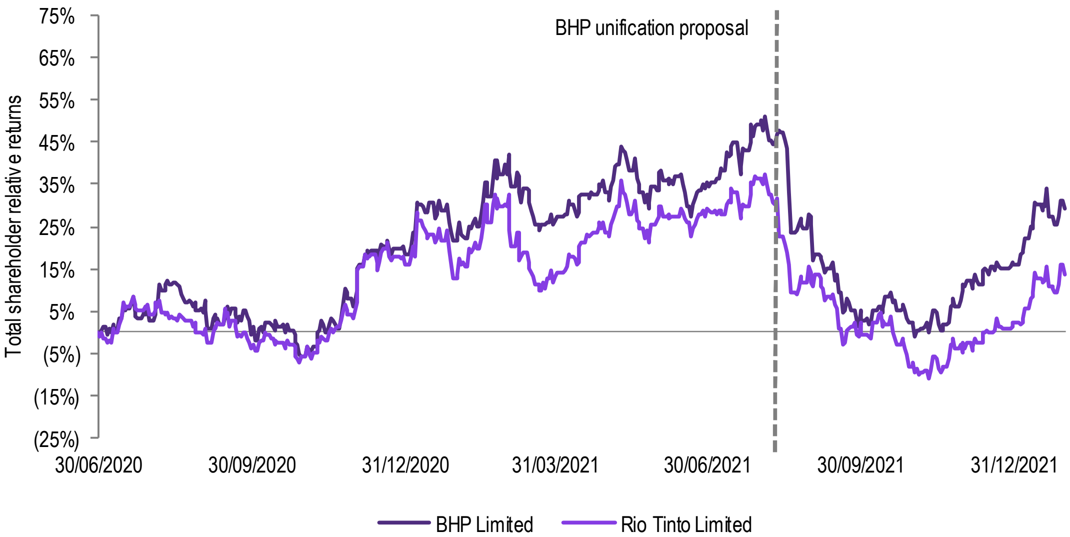
- BHP experienced increased concentration of Australian shareholders on its register post unification notwithstanding they already represented nearly half the share registry of BHP Group pre-unification. As we set out in Figure 46, the proportion of BHP's shareholders that were Australian based increased from 48.3% pre-unification, to 56.0% post-unification This signals that the appetite for natural resource companies such as BHP is strong in the Australian equity market, which is expected to support the flow forward in the Potential Unification of Rio Tinto.

- The premium of Limited Shares compared with Plc Shares is largely associated with the value of the franking credits attributed by Australian Shareholders of Limited to the franked dividends. As discussed in Section 8, we expect Limited to continue to be able to pay franked dividends in line with the dividend payout ratio band established by Rio Tinto Directors. We also anticipate the proportion of Australian shareholders to materially increase after the Proposed Unification, implying a greater dollar amount utilisation of the franking credits.

- In the longer term, the Potential Unification is likely to be beneficial for Rio Tinto Limited Shares considering the additional strategic benefits that a unified Rio Tinto could bring to all stakeholders, including the opportunity to more readily participate in what appears to be an uptick in dealmaking activity in the global resources and mining industry leading to greater consolidation in the industry.

6.31 As set out in the graph below, the trading prices of BHP Limited, whilst reduced in the short term immediately after the announcement of the unification, then recovered and have largely tracked the trading prices of Rio Tinto which indicates that they were not adversely affected by the unification.

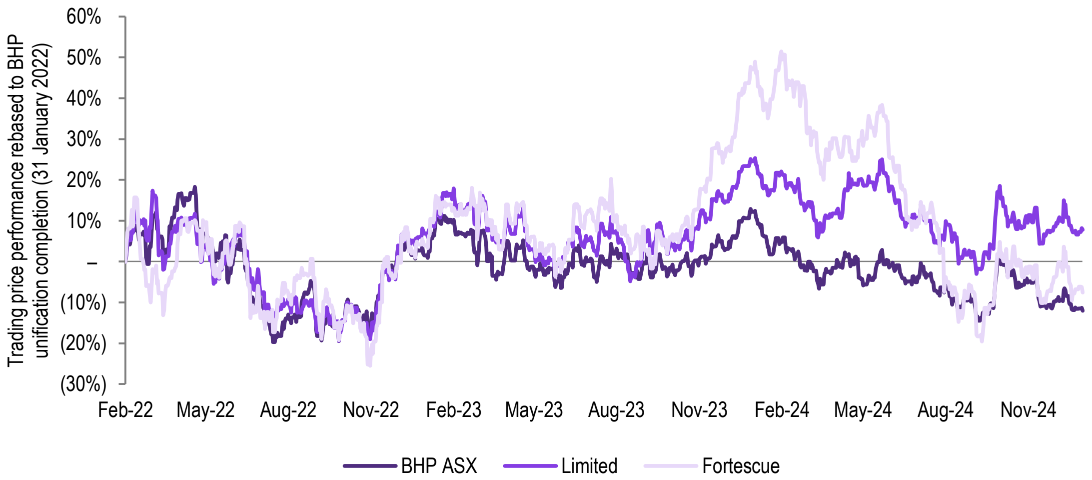
Figure 30 - Trading prices comparison between BHP Limited and Rio Tinto Limited



Source: S&P Global.
Notes: (1) Trading prices rebased to 30 June 2020.

6.32 The story is similar for BHP in the longer term as set out in the graph below which analyses the movements of BHP Limited trading prices against Rio Tinto and Fortescue. BHP's trading prices have largely been aligned with these peers since unification, particularly until the end of 2023 with the subsequent price fluctuations primarily driven by differences in commodity mix and other company specific factors. Rio Tinto and BHP are more diversified than Fortescue, which has experienced higher trading price volatility as a pure iron ore player. BHP and Rio Tinto's commodity mix differs: *"BHP has more equity copper tonnes near term than Rio. But Rio is growing its copper production more quickly, and it has a large aluminium business, while BHP has a large met coal business"*[79] which can drive differences in trading price performance. Furthermore, Rio Tinto's recent outperformance of BHP appears to be partially driven by 1) BHP facing a significant A$6.6 billion lawsuit related to the collapse of a dam at its mining operation in Brazil; 2) Rio Tinto' announcement of the acquisition of Arcadium Lithium in October 2024 which was subsequently completed in March 2025, and 3) During the second quarter of 2024, BHP shareholders were likely factoring in the proposed all-stock acquisition attempt of Anglo American. The trading prices during this period may have reflected the potential dilutive impact of the equity issuance associated with the acquisition.

Figure 31 - BHP Limited's trading prices from completion of the BHP Unification up to 31 December 2024, tracked against Limited and Fortescue



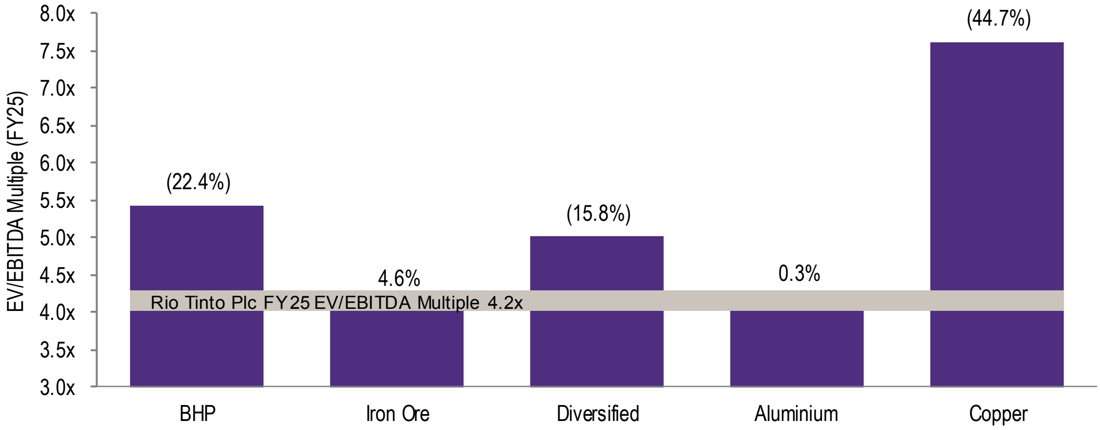
Sources: S&P Global.
Notes: (1) Trading prices rebased to 1 February 2022 to show relative shareholder returns.

6.33 Despite these company specific factors, we consider the above analysis demonstrates that unification alone has, at a minimum, not been disadvantageous to BHP's shareholders in the medium to long-term. We would expect a similar trend after the Potential Unification.

6.34 To further support our view that the trading prices of Plc are undervalued, and our expectation they would align, in the medium term, to the trading prices of Limited, we have benchmarked the FY25 EV/EBITDA Multiple of Rio Tinto based on broker consensus EBITDA estimates of 4.2x[80] with comparable companies within the commodities industry and undertaken some further benchmarking as set out below.

[79] UBS's co-head of resources research Lachlan Shaw told The Australian Financial Review.
[80] Based on S&P Global trading prices of Rio Tinto Plc and the total Rio Tinto shares.

Figure 32 - Rio Tinto Plc EV/EBITDA Multiple premium / (discount) to peer benchmarks



Sources: S&P Global, trading prices as at 31 January 2025.
Notes: (1) BHP is the most comparable company to Rio Tinto. (2) Iron Ore companies include Vale S.A. and Fortescue Ltd. (3) Diversified companies include BHP, Glencore Plc and Anglo American Plc. (4) Aluminium companies include Norsk Hydro ASA and Alcoa Corporation. (5) Copper companies include Southern Copper Corporation, Freeport-McMoRan Inc, Teck Resources Limited and Antofagasta Plc. (6) Fortescue Ltd and BHP have June financial year-ends. All other peers have December year-ends.

Figure 33 - Rio Tinto financial performance benchmark to industry peers

Financial performance		Revenue growth			EBITDA Margins		
Company	Classification	FY23	FY24	FY25	FY23	FY24	FY25
Rio Tinto		**(2.7%)**	**(2.1%)**	**(1.6%)**	**36.7%**	**44.1%**	**45.8%**
Comps:							
Vale S.A.	Iron Ore	(8.1%)	13.2%	(5.5%)	42.3%	40.4%	40.1%
Fortescue Ltd	Iron Ore	(3.0%)	8.0%	(16.0%)	57.8%	58.5%	49.2%
BHP Group Limited	Diversified	(17.2%)	3.4%	(9.7%)	48.9%	50.1%	50.5%
Glencore plc	Diversified	(14.9%)	6.7%	(3.6%)	7.3%	6.3%	7.7%
Anglo American plc	Diversified	(12.7%)	(9.7%)	(2.4%)	30.1%	32.6%	34.0%
Norsk Hydro ASA	Aluminium	(6.9%)	4.7%	5.6%	24.9%	13.2%	15.4%
Alcoa Corporation	Aluminium	(15.3%)	12.7%	10.4%	6.5%	12.8%	17.9%
Southern Copper Corporation	Copper	(1.5%)	18.3%	3.9%	52.0%	56.1%	58.9%
Freeport-McMoRan Inc.	Copper	0.3%	11.4%	3.4%	37.8%	36.0%	39.6%
Teck Resources Limited	Copper	(13.3%)	(11.1%)	(21.1%)	38.9%	39.5%	41.8%
Antofagasta plc	Copper	7.9%	5.3%	11.6%	47.1%	50.6%	54.7%
Averages:							
BHP		(17.2%)	3.4%	(9.7%)	48.9%	50.1%	50.5%
Iron Ore		(5.6%)	10.6%	(10.8%)	50.1%	49.5%	44.6%
Diversified		(14.9%)	0.1%	(5.2%)	28.8%	29.6%	30.7%
Aluminium		(11.1%)	8.7%	8.0%	15.7%	13.0%	16.7%
Copper		(1.7%)	6.0%	(0.6%)	43.9%	45.5%	48.8%

Sources: S&P Global.
Notes: (1) Fortescue Ltd and BHP have June financial year-ends. All other peers have December year-ends. (2) December FY24 results have been released by Alcoa Corporation and Freeport-McMoRan Inc. All other FY24 figures are based on broker estimates.

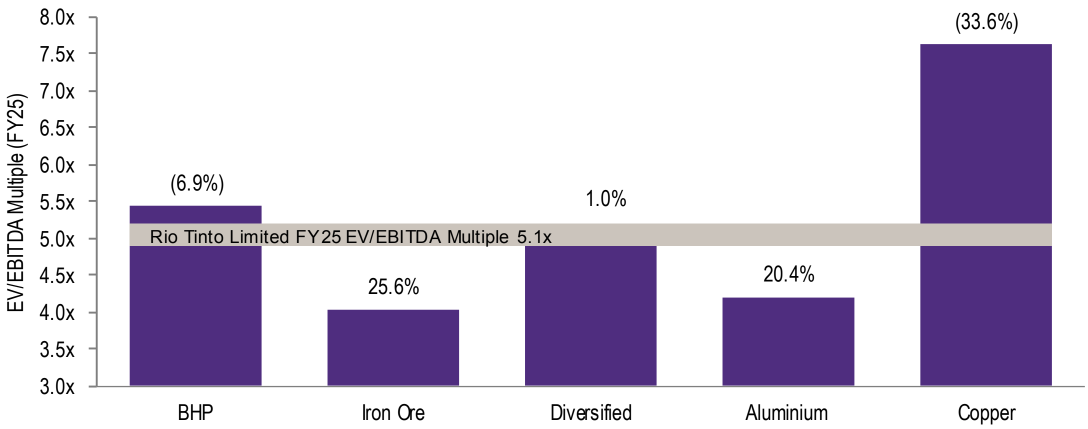
6.35 In relation to the figures above, we note the following:

- Plc's EBITDA multiple is in line with the pure iron ore producers like Fortescue and Vale which seem to indicate the market is not recognising into the trading prices the benefit of commodity diversification.
- BHP is broadly considered the most relevant listed peer and Plc is trading at a c. 22% discount. Further, all the other diversified companies trade at a significant premium to Plc.

- The copper growth premium at which most of the largest listed peers are trading at does not appear to be reflected, at least partially, in the trading prices of Plc.

6.36 On the flip side, as illustrated below, Limited is trading largely in line with the other diversified businesses, at a premium to the pure iron ore producers and the discount to BHP is more modest.

Figure 34 - Rio Tinto Limited EV/EBITDA Multiple premium / (discount) to average peer benchmarks



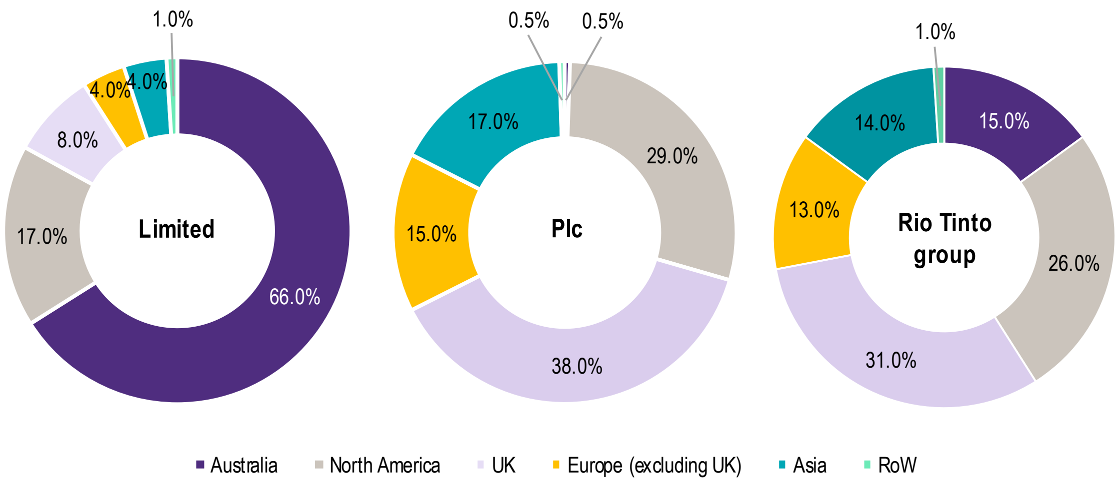
Sources: S&P Global.
Notes: (1) BHP is the most comparable company to Rio Tinto. (2) Iron Ore companies include Vale S.A. and Fortescue Ltd. (3) Diversified companies include BHP, Glencore Plc and Anglo American Plc. (4) Aluminium companies include Norsk Hydro ASA and Alcoa Corporation. (5) Copper companies include Southern Copper Corporation, Freeport-McMoRan Inc, Teck Resources Limited and Antofagasta Plc. (6) Fortescue Ltd and BHP have June financial year-ends. All other peers have December year-ends.

7. Capital market dynamics

Introduction

7.1 Plc Shareholders currently hold c. 77.1% of Rio Tinto, while Limited Shareholders hold the remaining 22.9%[81]. Below we set out shareholder composition by geography for both Limited and Plc separately, and then Rio Tinto as a whole.

Figure 35 - Shareholder structure of Limited, Plc and Rio Tinto group by investor location as at 28 March 2024[82]



Source: Rio Tinto Fact Book dated April 2024.
Notes: (1) Rio Tinto group comprises shareholders of both Limited and Plc. (2) The shareholder information of Limited, Plc and Rio Tinto group presented in the figure above reflects the shareholder composition as at 28 March 2024.

7.2 The Potential Unification, with the primary listing in Australia, has the potential to prompt some Plc Shareholders to divest their holdings due to restricted investment mandates, index tracking, arbitrage opportunities and others. In the event that this results in selling volumes exceeding buying orders, it could exert downward pressure on the share price of Rio Tinto post unification, with detrimental impacts for Plc and Limited Shareholders, especially the latter given the current premium of Limited Shares compared with Plc Shares. This situation warrants careful consideration to understand its implications for all stakeholders involved.

7.3 There are a number of capital market dynamics that may influence the sell side (flow back) and buy side (flow forward) demand for Rio Tinto's Shares with the net impact also ultimately influencing the daily price of Rio Tinto's Shares which we have considered in this section. As previously discussed, we have focussed our analysis on the expected outcome in the medium-to-long term as it is not feasible to attempt to predict short-term behaviours of the market.

7.4 The capital market dynamics we have assessed include 1) the influence of Plc Shareholder's investor mandates, 2) the strength and depth of the Australian capital markets, 3) the familiarity of the Australian capital markets with the resources sector and 4) the liquidity of Plc Shares and Limited Shares. We also

[81] Based on the latest number of shares on issue in Plc and Limited of 1,253,051,689 and 371,216,214 respectively, sourced from Rio Tinto's website.
[82] This reflects the latest and complete shareholding information of Limited, Plc and Rio Tinto as a whole by investor location as reported by Rio Tinto prior to the announcement by Palliser proposing the Potential Unification. Shareholding information of Limited, Plc and Group by investor location closer to the date of Palliser's announcement is not complete (i.e. large unallocated proportion) and as a result we have chosen to rely on the complete data set. In our opinion, we would not expect the shareholding structure of Limited, Plc or the Group by investor location to differ materially between the 28 March 2024 and the date prior to the announcement by Palliser proposing the Potential Unification.

considered the extent to which some of these capital market dynamics affects BHP in the medium-to-long term post unification.

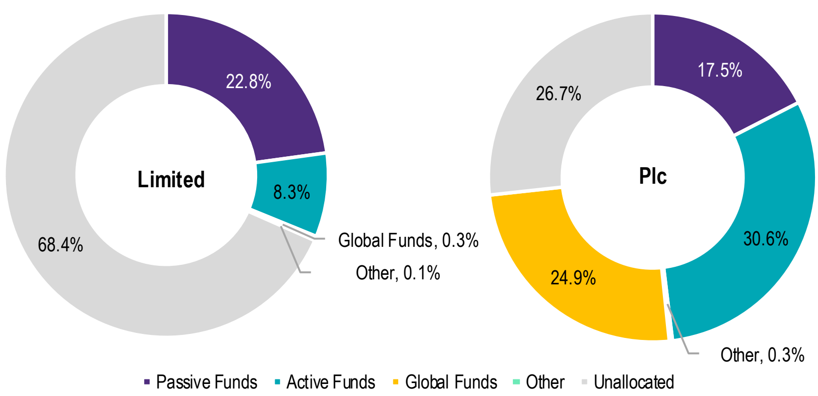
Consideration of capital market dynamics

Investment mandates

7.5 In order to assess the degree to which the investment mandates may impact the flow of funds in the event of the Potential Unification of Rio Tinto, we have sought to understand the investor type composition of Limited and Plc.

7.6 Accordingly, for the purpose of our analysis, Grant Thornton Australia has initially relied on the shareholder information for Rio Tinto provided by S&P Global as at 30 September 2024[83], being the most recent practical date in which to perform our analysis. Unfortunately, S&P Global is unable to provide a full picture of the composition of Rio Tinto's share register due to sources and share ownership disclosure requirements varying by geography. Whilst this has resulted in a more complete picture for Plc, both Limited and Plc have an unallocated portion of shares.

Figure 36 - Shareholder composition of Limited and Plc by investor type as at 30 September 2024



Sources: S&P Global, GTCF analysis.
Notes: (1) Passive Funds comprises the shareholders categorised by S&P Global as a passive traditional investment manager. (2) Active Funds comprises the shareholders categorised by S&P Global as active traditional investment managers, venture capital and private equity firms, ESOP, stated owned shares, insurance companies, family office/trusts, public corporations, charitable foundations, REIT's, educational and cultural endowments and structured financial pool managers. (3) Global Funds comprises the shareholders categorised by S&P Global as banks and investment banks, corporate pension sponsors, government pension sponsors, hedge fund managers, Sovereign Wealth Funds, private corporations, ESOP, state owned shares, and public corporations. (4) Other comprises the shareholders categorised by S&P Global as individuals and insiders and hedge fund manager. (5) Unallocated refers to the proportion of Limited or Plc shares that S&P Global does not have shareholding information for and is calculated having regard to the total number of shares on issue for Limited and Plc as at 30 September 2024 sourced from S&P Global.

7.7 In order to supplement and refine the analysis above, we have relied on Rio Tinto's 2024 Annual Report which provides a breakdown of Limited Shareholders and Plc Shareholders by size as at 7 February 2024.

[83] This reflects latest shareholding information for Limited and Plc by investor type from S&P Global prior to the announcement by Palliser proposing the Potential Unification (4 December 2024). In our opinion, we would not expect the shareholding composition of Limited or Plc by investor type to differ materially between the 30 September 2024 and the date prior to the announcement by Palliser proposing the Potential Unification (3 December 2024).

Figure 37 - Distribution of Limited's shareholdings by size as at 7 February 2024

Limited as at 7 February 2024	Value of size category (A$)[1]		Limited Shares on issue	
Shareholding size category	Low	High	#	% of total
1 to 1,000 shares	130	129,610	39,242,167	10.6%
1,001 to 5,000 shares	129,740	648,050	43,299,861	11.7%
5,001 to 10,000 shares	648,180	1,296,100	11,954,629	3.2%
10,001 to 25,000 shares	1,296,230	3,240,250	8,662,183	2.3%
25,001 to 125,0000 shares	3,240,380	16,201,250	5,427,581	1.5%
125,000 shares +	16,201,380	na	262,629,793	70.7%
Total			**371,216,214**	**100.0%**

Sources: Rio Tinto 2024 Annual Report, S&P Global, GTCF analysis.
Notes: (1) The value range of each Limited Shareholding size category is based on the closing price of Limited Shares as at 7 February 2024 sourced from S&P Global.

Figure 38 - Distribution of Plc's shareholdings by size as at 7 February 2024

Plc as at 7 February 2024	Value of size category (A$)[1]		Plc Shares on issue	
Shareholding size category	Low	High	#	% of total
1 to 1,000 shares	104	104,054	6,863,956	0.5%
1,001 to 5,000 shares	104,158	520,271	10,450,365	0.8%
5,001 to 10,000 shares	520,375	1,040,542	3,947,759	0.3%
10,001 to 25,000 shares	1,040,646	2,601,355	6,455,464	0.5%
25,001 to 125,0000 shares	2,601,459	13,006,774	33,744,184	2.7%
125,000 shares +	13,006,878	na	1,194,343,958	95.1%
Total			**1,255,805,686**	**100.0%**

Sources: Rio Tinto 2024 Annual Report, S&P Global, GTCF analysis.
Notes: (1) The value range of each Plc Shareholding size category is based on the closing price of Plc Share as at 7 February 2024 sourced from S&P Global.

7.8 We do not consider it unreasonable to assume that the two smallest size categories, being shareholdings of up to A$650k for Limited and up to A$520k for Plc (based on trading prices at 7 February 2024), to be largely comprised of retail investors with the other size categories being comprised of institutional and sophisticated investors. Accordingly, we approximate that Limited has a retail investor versus institutional investor split of approximately 20% versus 80%, whereas Plc appears to have a negligible contribution from Retail Investors with substantially all investors being institutional and sophisticated investors.

7.9 The different investor types, particularly institutional investors, will have different investment mandates and performance benchmarks which will govern their investment decision-making including the decision in relation to the Potential Unification of Rio Tinto should this eventually arise. We have provided further context, by investor type, below:

- *Passive Funds (i.e. Index Fund or ETF):* These investor types typically have a passive (or non-discretionary) mandate to replicate the performance of a given index with minimal tracking error. Should the Potential Unification of Rio Tinto occur, and Plc Shares are no longer listed on the LSE, Plc Shares will be removed as a constituent from certain UK, European and other indices. Any fund that holds Plc Shares, due to having a mandate to track an index in which Plc was a constituent, will most likely sell their shareholding at the point in which the Plc Shares are removed from the LSE, or from the index, to minimise tracking error leading to an increase in sell side demand. Conversely, should Plc Shares be converted to Limited Shares and listed on the ASX, Rio Tinto's contribution, or weighting, to the ASX's total market capitalisation will increase, most likely requiring any funds who have a mandate to track the

ASX or other indices in which Limited Shares are a constituent of, to increase their shareholding accordingly. Similarly, this will occur at the time Limited Shares are added to ASX to minimise tracking error leading to an increase in buy side demand. The key uncertainty is the magnitude of the respective sell side and buy side demands and the degree to which they offset each other.

- *Active Funds (i.e. Institutional Investor or Superannuation Fund):* These fund types have an active (discretionary) mandate with variability to cater to different investor requirements. The mandates of these funds can be driven by geography, industry or other investing considerations such as ESG and other ethical investing requirements. Their performance can be pegged to an absolute level of return or commonly the outperformance of an index of which its constituents conform to the mandate of the funds. By a similar vein to Passive Funds, there is likely to be both sell side and buy side demand and these funds will either decrease/ dispose of or increase/ add Rio Tinto Shares to their portfolios in response to the Potential Unification. Owing to the range of mandates of these fund types, and their greater discretion, relative to Passive Funds, the timing of when these flows will occur is less predictable.

- *Hedge Funds (or Arbitrageurs):* Similar to Active Funds and Retail Investors, Hedge Funds and Arbitrageurs have broad active (discretionary) mandates. These fund types however tend to have a shorter-term investment horizon with a mandate to focus on short term events, such as M&A or unifications, that allow for opportunistic trading strategies that typically exploit short-term inefficiencies in the capital markets. In the event of a unification, Hedge Funds will commonly take a fundamentals-based investment approach whereby they will trade based on their views as to whether 1) the unification will proceed and 2) their views on how it will impact trading prices. Arbitrageurs tend to take a more technical based approach including strategies such as high frequency trading to capitalise on short-term price discrepancies between the two listed share prices across a DLC because of a unification being announced and the increasing trading activity that is likely to follow.

- *Global Funds (i.e. cross border global funds or Sovereign Wealth Fund):* These fund types typically have global mandates with a long-term investment strategy. Accordingly, the transfers of shares in a company from one exchange to another is unlikely to result in a material trading response by these fund types.

- *Retail Investors:* This investor type usually has no formal investment mandate. Accordingly, they will invest based on their own decision making, which typically will be in line with their views of fundamental or intrinsic value. Their investment decision making however may be impacted by certain other behavioural factors such as the "home effect"[84].

7.10 The key sell side risks arise from those Institutional Investors that would be required to sell their Plc Shares due to their mandates benchmarking their performance to an index that includes Plc, given Plc would be removed as a constituent by certain indexes in the event of the Potential Unification of Rio Tinto. This is most likely to occur with those Passive Funds and Active Funds holding Plc Shares set out in Figure 36 and any other Institutional Investors that fall within the unallocated portion. This is likely to only occur for a subset of these investors, however, on the basis of the analysis in Figure 35, this may indicate that some of these investors are based out of the UK and hence may have a global mandate meaning they may not need to sell their Plc Shares should their performance be benchmarked to a global index.

[84] The "home effect", more commonly known as home bias, refers to the tendency of investors to favour domestic investments over foreign ones. This means that investors often allocate a larger portion of their portfolios to assets from their own country, even when there might be more attractive opportunities abroad.

7.11 The key buy side risks arise from the ability for new investors or existing investors to acquire the Rio Tinto stock being sold due to the sell side factors discussed above. The most likely source of buy side demand will be the Passive Funds and Active Funds whose performance is benchmarked to an index that includes Limited as a constituent who may need to increase their holding in Limited owing to an increase in the weighting of Limited within the relevant index post the Potential Unification.

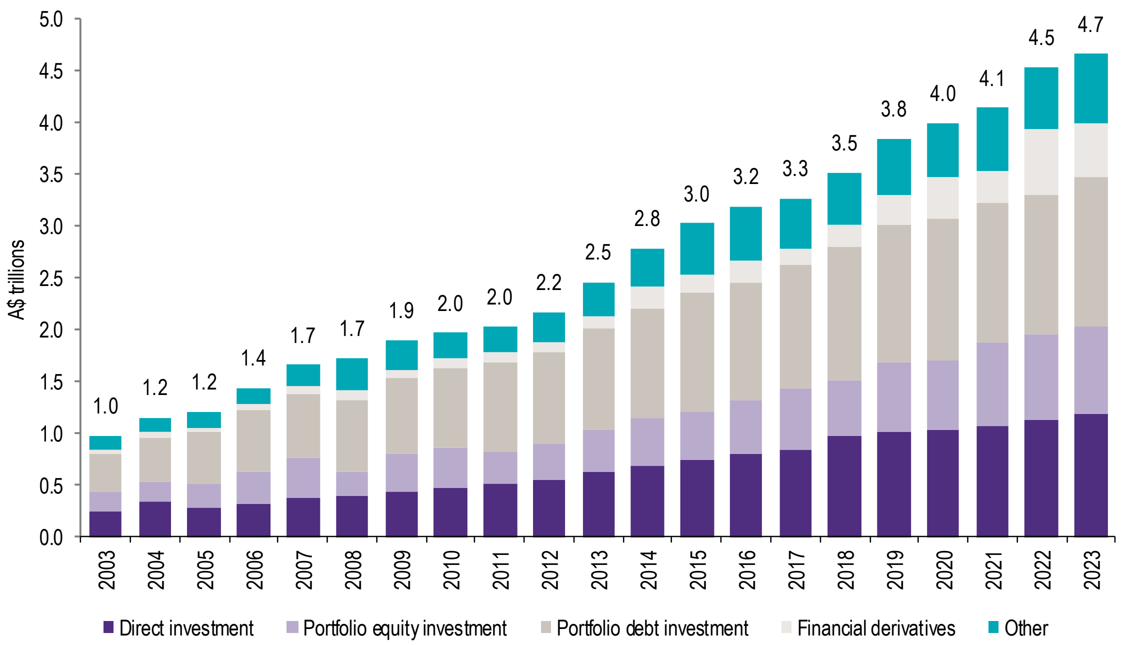
Strength and depth of the Australian capital markets

7.12 Regardless of the challenges set out above, a key consideration in relation to Rio Tinto's Potential Unification, is the reality that Plc Shareholders currently holds c. 77.1% of Rio Tinto, while Limited Shareholders hold the remaining 22.9%[85]. Therefore, post the Potential Unification, the number of Limited Shares on the ASX is expected to increase approximately 338%[86]. Accordingly, there will need to be sufficient strength and depth within the Australian capital market to consume or otherwise absorb any sell side that does occur as we describe above. In order to assess this, we have considered the historical growth in Australian foreign investment and domestic investment as well as the raising capability in Australia's capital markets.

7.13 As we set out in Figure 39, total foreign investment in Australia has grown from approximately A$1.0 trillion in 2003 to A$4.7 trillion in 2023, representing annual CAGR of 8.1%[87]. Specifically, foreign equity portfolio holdings have risen from A$195 billion to A$858 billion over the same period, equivalent to a CAGR of 7.7%[88]. Growth in Australia's total foreign investment has been driven by numerous factors, including 1) the reduction in the barriers to global investment including lower transaction costs and increased availability to investment support services like foreign exchange hedging, 2) growing demand for sovereign wealth funds to hold a globally diversified portfolio, 3) broadening of the funds offered by institutional funds to include a greater range of global portfolios[89] and 4) strong growth in (low cost) index-based products such as ETFs.

[85] Based on the latest number of shares on issue in Plc and Limited of 1,253,051,689 and 371,216,214 respectively, sourced from Rio Tinto's website.
[86] Assuming each share in Plc is exchange for one share in Limited.
[87] Sourced from the Australian Bureau of Statistics.
[88] Sourced from the Australian Bureau of Statistics.
[89] For example, domestically based Australian managers such as Magellan Financial Group Limited, Platinum Investment Management Limited and several others.

Figure 39 - Total foreign investment in Australia

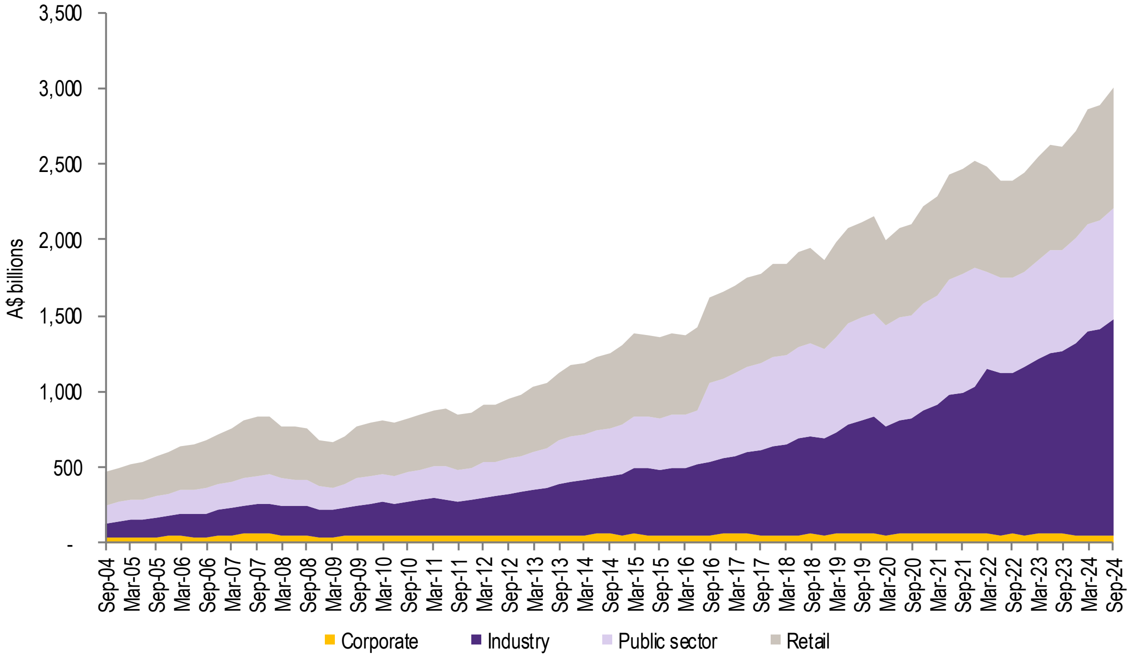


Source: ABS.

7.14 As set out in Figure 40, domestically, Australia's superannuation system has been a significant contributor to Australia's capital accumulation. Total assets in Australia's superannuation system, which is one of the largest compulsory retirement savings systems globally, has grown from approximately A$466 billion as at 30 September 2004 to A$3.0 trillion as at 30 September 2024, representing a CAGR of 9.8%[90]. The superannuation system has generated net capital accumulation every year since 2004, with the exception of 2020 due to COVID-19 related early withdrawals. This consistent investment has led to substantial growth in the total assets held within the Australian superannuation system.

[90] Sourced from the Australian Prudential Regulatory Authority.

Figure 40 - Total assets held within the Australian superannuation system



Source: APRA.

7.15 In light of Australia's strong foreign and domestic investment, Australian capital markets have demonstrated the strength and depth to generate greater amounts of new equity capital for companies as a proportion of Australia's market size compared to other large markets including the UK and the US as set out in Figure 41.

Figure 41 - Value of new equity capital raised relative to total market capitalisation (2014-2024)

Sources: S&P Global, GTCF analysis.
Notes: (1) Value of equity raisings sourced from S&P Global and based on all equity raised (i.e. IPOs, follow-on equity raises and convertible notes) on the ASX (Australia), LSE (UK) as well as the NYSE and NASDAQ GS (US). (2) Total market capitalisation of the ASX (Australia), LSE (UK) and NYSE and NASDAQ GS (US) based on the aggregate market capitalisation of all companies listed on the relevant stock exchange at the 1 January for each observation period sourced from S&P Global.

7.16 Over the last 10 years, the Australian capital market has consistently raised more new equity capital as a proportion of its size than the UK and the US. This was also during periods of market stress such as the COVID-19 pandemic.

Australian capital markets familiarity with the resources sector

7.17 The Australian capital markets may be better suited for Rio Tinto owing to the market having a greater perceived familiarity with the resources sector. Whilst difficult to prove empirically, the following factors appear to be key drivers of this view:

- Proximity and exposure: Australia is one of the world's leading producers of minerals and resources, such as iron ore, coal, gold, and natural gas. This proximity means that Australian investors are more likely to be familiar with the operations, challenges, and opportunities within the sector.

- Economic importance: The resources sector is a major contributor to Australia's GDP and export earnings. Specifically, during 2024, mining accounted for circa 12.2% of Australia's total output and resources represented 59.5% of Australia's total exports[91]. This economic significance ensures that there is extensive coverage and analysis of the sector in local media and financial reports, providing investors with a wealth of information.

- Specialised knowledge and expertise: Australia has well-developed infrastructure for mining and resources, including specialised educational programs and research institutions. This fosters a high level of expertise among professionals and investors in the sector.

- Regulatory environment: The regulatory framework in Australia is designed to support and manage the resources sector effectively. Investors in Australia are often well-versed in these regulations, which can be complex and vary significantly from those in other jurisdictions.

- Networking and industry events: Australia hosts numerous industry conferences, expos, and networking events focused on the resources sector. These events provide opportunities for investors to stay updated on the latest trends, technologies, and market conditions.

7.18 As set out in Figure 42, Australia represents a relatively larger proportion of the S&P Global Mining Index[92] compared to the UK in terms of its number of constituents and index weighting[93].

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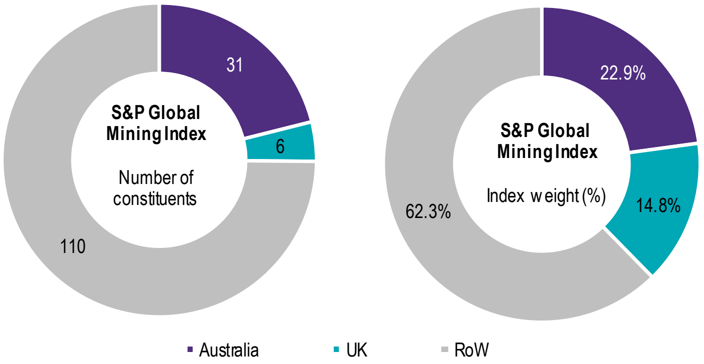
[91] Sourced from the RBA: Composition of the Australian Economic snapshot as at 13 December 2024.

[92] The S&P Global Mining Index is designed to measure the performance of stocks in the S&P Global BMI engaged in the GICS Metals & Mining Industry. Constituents are selected based on active mining activities and are weighted by float market capitalisation.

[93] Calculated as the aggregate market capitalisation of the constituents for each geography relative to the total market capitalisation of all constituents.

Figure 42 - S&P Global Mining Index constituents and index weighting by geography as at 31 January 2025



Sources: S&P Global, GTCF analysis.

7.19 As at the date of this Appraisal Report, 48 metals and mining companies are listed on the LSE[94], representing circa 5.5% of the total companies on the LSE[95], with an aggregate market capitalisation of approximately US$205 billion as at 9 February 2025. In comparison, 746 metals and mining companies are listed on the ASX[96], representing circa 38.7% of the total companies listed on the ASX[97], with an aggregate market capitalisation of approximately US$315 billion as at 9 February 2024.

7.20 Since 1 January 2020, metals and mining companies listed on the LSE have raised an aggregate US$827 million (or US$650 million excluding IPO's)[98]. Over the same period, ASX listed metals and mining companies have raised an aggregate of approximately US$27.8 billion (US$25.8 billion excluding IPO's)[99].

7.21 The degree to which the Potential Unification will enhance the magnitude of this benefit is challenging to assess with confidence and therefore caution should be exercised. Nonetheless, the Potential Unification will increase the exposure of Rio Tinto to a capital market system which has a greater understanding of the resource sector and has historically provided more capital compared with the UK.

Liquidity

7.22 Limited Shares and Plc Shares (both those listed on the LSE and via the ADR) are highly liquid. As set out in Figure 43, during the 12-month period up to 3 December 2024, approximately 105.0% of Limited Shares free float, 46.2% Plc Shares free float and 365.7% of Plc's ADR free float were traded[100]. This volume of free float trading is largely in line with the median of the comparable listed peer group (excluding Alcoa Corporation) for Limited Shares, however, below the median peer group (excluding Alcoa Corporation) for Plc Shares. Plc's ADR volume of free float trading is well above the median of the comparable listed peer group and the Plc Shares listed on the LSE.

[94] Sourced from S&P Global.
[95] Based on total LSE listed companies of 865 sourced from the LSE as at 3 February 2025.
[96] Sourced from S&P Global.
[97] Based on total ASX listed companies of 1,929 sourced from the ASX as at 10 February 2025.
[98] Sourced from S&P Global.
[99] Sourced from S&P Global.
[100] Free float, also commonly known as public float, refers to the shares of a company that can be publicly traded and are not restricted, such as those held by insiders.

Figure 43 - Liquidity analysis of Limited and Plc Shares up to 3 December 2024

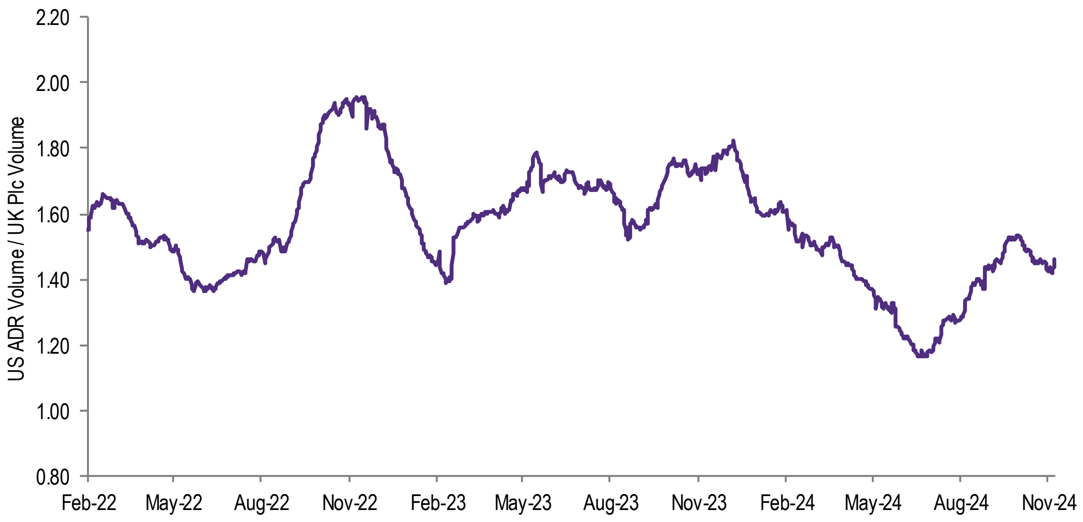
Liquidity analysis Company	Country	Free float (%)	Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Limited	Australia	99.96%	8.7%	8.7%	104.9%	105.0%
Plc	United Kingdom	84.16%	3.2%	3.8%	38.9%	46.2%
Plc (via ADR)	United States	100.00%	30.5%	30.5%	365.7%	365.7%
Diversified miners						
BHP Group Limited	Australia	94.3%	3.4%	3.6%	40.6%	42.6%
Glencore plc	Switzerland	81.4%	6.3%	7.8%	76.1%	93.5%
Anglo American plc	United Kingdom	86.7%	8.5%	9.7%	102.0%	116.2%
Iron ore peers						
Fortescue Ltd	Australia	51.3%	5.1%	10.0%	61.4%	119.7%
Vale S.A.	Brazil	93.3%	11.2%	12.0%	134.1%	143.7%
Aluminium peers						
Alcoa Corporation	United States	99.2%	64.3%	64.9%	771.5%	778.9%
Norsk Hydro ASA	Norway	58.5%	4.2%	7.1%	50.1%	85.4%
Copper peers						
Antofagasta plc	United Kingdom	34.1%	2.8%	8.3%	33.9%	99.4%
Freeport-McMoRan Inc.	United States	99.4%	18.7%	18.8%	224.1%	225.4%
Southern Copper Corporation	United States	12.4%	3.0%	26.6%	36.4%	319.3%
Teck Resources Limited	Canada	91.5%	4.7%	5.3%	56.7%	63.5%
Ivanhoe Mines Ltd.	Canada	53.1%	3.5%	6.9%	41.6%	82.6%
Average		**71.3%**	**11.3%**	**15.1%**	**135.7%**	**180.8%**
Median		**84.0%**	**4.9%**	**9.0%**	**59.1%**	**107.8%**
Average (excluding Alcoa Corporation)		**68.7%**	**6.5%**	**10.5%**	**77.9%**	**126.5%**
Median (excluding Alcoa Corporation)		**81.4%**	**4.7%**	**8.3%**	**56.7%**	**99.4%**

Sources: S&P Global, Bloomberg, GTCF analysis.
Notes: (1) Liquidity analysis completed for the twelve-month period up to 3 December 2024 (the day prior to the announcement by Palliser proposing the Potential Unification). (2) Free float for each company sourced from and calculated by S&P Global.

7.23 Despite the Plc shares listed on the LSE being highly liquid in their own right, their liquidity is relatively lower than that of the Plc ADRs. As demonstrated in the chart below, the 3-month rolling average volume of the Plc ADRs has been between approximately 1.2x to 2.0x the volume of Plc shares traded on the LSE. This is despite the Plc ADRs only representing 14.93%[101] of total Plc shares.

[101] Percentage is calculated based on 1,255,959,591 total Plc shares, with 187,507,978 being held in the form of ADRs, as stated in Rio Tinto's 2024 Annual Report.

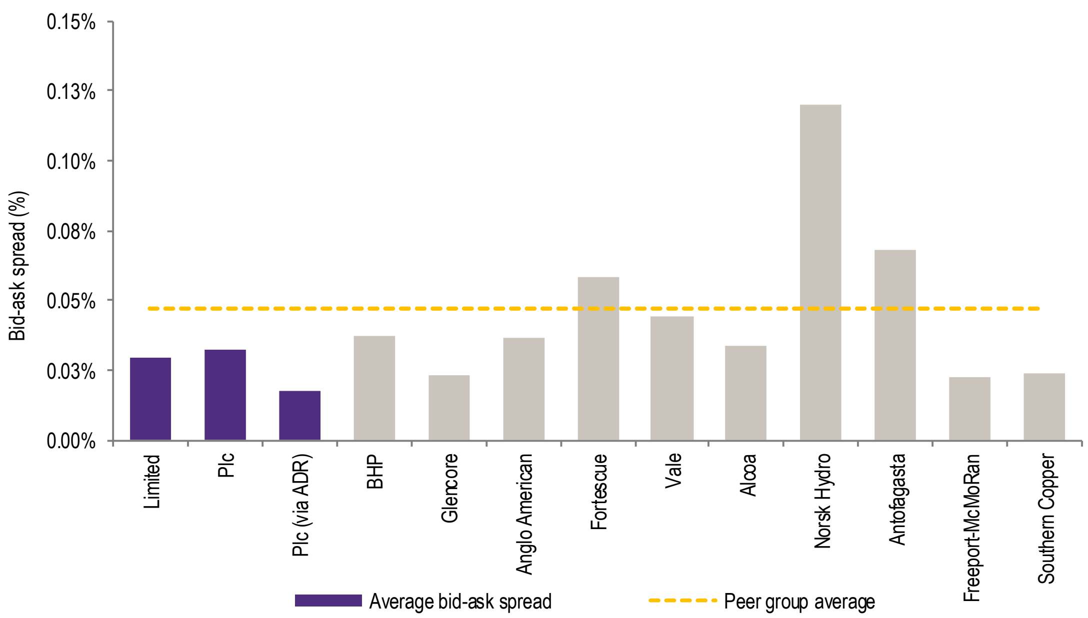
Figure 44 - Ratio of US ADR Volume / UK Plc Volume (based on 3M rolling average volumes)



Sources: Bloomberg, GTCF analysis.
Notes: (1) The ratio of US ADR volume / UK plc volume observed from 27 February 2022 to 3 December 2024 (the day prior to the announcement by Palliser proposing the Potential Unification).

7.24 Where a company's shares are not heavily traded, the market typically observes a difference between the 'bid' and 'ask' price for the shares as there may be a difference in opinion between the buyer and seller on the value of the shares. As set out in Figure 45, during the last twelve-months, up to 3 December 2024, the average bid-ask spread for both Limited and Plc Shares has been low at circa 0.03%, with Plc's ADR having an even lower spread of circa 0.02%. This compares favourably to the average bid-ask spread of its comparable listed peer group.

Figure 45 - Average bid-ask spread of Limited and Plc Shares compared to comparable listed peer group



Sources: S&P Global, GTCF analysis.
Notes: (1) The average bid-ask spread is based on the bid-ask spreads observed from 4 December 2023 to 3 December 2024. (2) Bid and ask information was sourced from S&P Global. (3) The bid-ask spreads of Treck Resources and Ivanhoe Mines, which were included in the comparable listed peer group in Figure 43, have not been included in Figure 45 or the peer group average calculation due to their outlier average bi-disk spreads of 0.38% and 0.80% respectively.

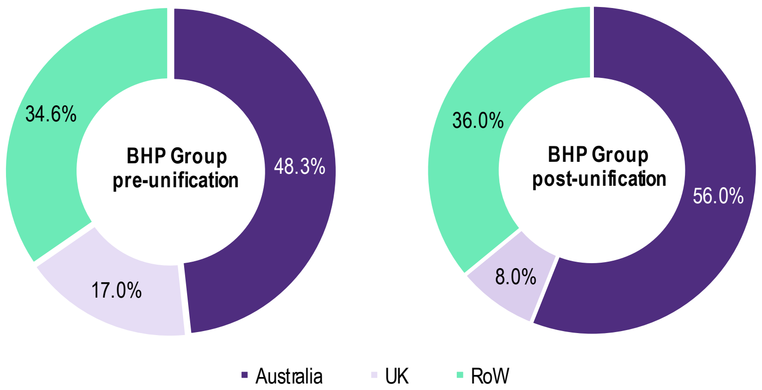
7.25 Based on the analysis above, we can conclude that both Limited and Plc Shares are highly liquid. As a result, this is unlikely to adversely affect Plc Shareholders, all things being equal, given they will receive Limited Shares if the Potential Unification is completed.

Consideration of BHP Unification

7.26 In order to rationalise or otherwise support our view presented above, we have also analysed the consequences on the share register of BHP following the BHP Unification. Under the DLC structure, shares in BHP Limited (domiciled in Australia and listed on the ASX) comprised circa 58.3% of the total BHP Group shares on issue, whilst shares in BHP Plc (domiciled in the UK and listed on the LSE) comprised the remaining 41.7%[102].

7.27 In Figure 46, we have set out the change in the BHP Group shareholder composition by investor location from pre-unification (as at 20 August 2021; however, post announcement of the proposed unification on 17 August 2021) to post unification (as at 9 October 2024).

Figure 46 - BHP Group shareholder composition by investor location pre-unification and post-unification



Sources: Grant Samuel Independent Expert Report (pre-unification), Bloomberg (post-unification).
Notes: (1) Shareholder structure of BHP Group pre-unification taken as at 20 August 2021. 2) Shareholder structure of BHP Group post-unification taken as at 9 October 2024. 3) BHP Group comprises both the LSE and ASX registers.

7.28 As set out in Figure 46 above, following the unification of BHP, flow back from UK investors was largely offset by flow forward from Australian investors. Specifically, the proportion of UK equity in BHP Group fell 9.0% (from 17.0% to 8.0%) post unification, whilst the proportion of Australian equity in BHP Group grew 7.7% (from 48.3% to 56.0%) post unification with the remaining flow forward of 1.3% from other investors around the world. The growth in the number of Australian shareholders of BHP Group post unification, especially when considering that Australians represented nearly half the share registry of BHP Group pre-unification, signals that the appetite for resource companies such as BHP and Rio Tinto is strong in the Australian equity market.

7.29 Similarly to Rio Tinto, BHP's Annual Report included a breakdown of BHP Limited and BHP Plc's shareholders by size. In Figure 47 to Figure 49, we provide a shareholder breakdown of BHP Limited and BHP Plc pre-unification and then BHP Limited post unification.

[102] Based on the number of shares on issue in BHP Plc and BHP Limited of 2,112,071,796 and 2,950,251,394 as at 20 August 2021 respectively, as sourced from BHP 2021 Annual Report.

Figure 47 - Distribution of BHP Limited's shareholdings by size as at 20 August 2021 (pre-unification)

BHP Limited as at 20 August 2021	Value of size category (A$)[1]		BHP Limited shares on issue	
Shareholding size category	Low	High	#	% of total
1 to 500 shares	44	22,170	53,184,352	1.8%
501 to 1,000 shares	22,214	44,340	77,206,333	2.6%
1,001 to 5,000 shares	44,384	221,700	331,352,333	11.2%
5,001 to 10,000 shares	221,744	443,400	166,292,785	5.6%
10,001 to 25,0000 shares	443,444	1,108,500	182,978,713	6.2%
25,001 to 50,000 shares	1,108,544	2,217,000	89,156,739	3.0%
50,001 shares +	2,217,044	na	2,050,080,139	69.5%
Total			**2,950,251,394**	**100.00%**

Sources: BHP 2022 Annual Report, S&P Global, GTCF analysis.
Notes: (1) The value range of each BHP Limited shareholding size category is based on the closing price of BHP Limited shares as at 20 August 2021 sourced from S&P Global.

Figure 48 - Distribution of BHP Plc's shareholdings by size as at 20 August 2021 (pre-unification)

BHP Plc as at 20 August 2021	Value of size category (A$)[1]		BHP Plc shares on issue	
Shareholding size category	Low	High	#	% of total
1 to 500 shares	42	20,847	1,423,059	0.1%
501 to 1,000 shares	20,889	41,695	1,641,003	0.1%
1,001 to 5,000 shares	41,737	208,475	4,722,591	0.2%
5,001 to 10,000 shares	208,517	416,950	2,528,873	0.1%
10,001 to 25,0000 shares	416,991	1,042,374	5,415,961	0.3%
25,001 to 50,000 shares	1,042,416	2,084,749	7,137,840	0.3%
50,001 shares +	2,084,790	na	2,089,202,469	98.9%
Total			**2,112,071,796**	**100.00%**

Sources: BHP 2022 Annual Report, S&P Global, GTCF analysis.
Notes: (1) The value range of each BHP Plc shareholding size category is based on the closing price of BHP Plc shares as at 20 August 2021 sourced from S&P Global.

Figure 49 - Distribution of BHP Group shareholdings by size as at 4 August 2022 (post unification)

BHP Group as at 4 August 2022	Value of size category (A$)[1]		BHP Group shares outstanding	
Shareholding size category	Low	High	#	% of total
1 to 500 shares	38	19,085	59,084,642	1.2%
501 to 1,000 shares	19,123	38,170	83,778,512	1.7%
1,001 to 5,000 shares	38,208	190,850	367,994,711	7.3%
5,001 to 10,000 shares	190,888	381,700	183,985,534	3.6%
10,001 to 25,0000 shares	381,738	954,250	198,949,969	3.9%
25,001 to 50,000 shares	954,288	1,908,500	94,261,200	1.9%
50,001 shares +	1,908,538	na	4,074,268,622	80.5%
Total			**5,062,323,190**	**100.00%**

Sources: BHP 2023 Annual Report, S&P Global, GTCF analysis.
Notes: (1) The value range of each BHP Group shareholding size category is based on the closing price of BHP Group shares as at 4 August 2022 sourced from S&P Global.

7.30 As set out in Figure 38 and Figure 48, BHP Plc pre-unification and Plc exhibit similar shareholder composition in terms of shareholding size. Further, the analysis indicates that to the extent BHP Plc shares were sold, substantially all of them were absorbed by large institutional investment, as set out in Figure 49, of which many were Australian based, as set out in Figure 46.

7.31 Notwithstanding that from the analysis above it would appear that the trading prices of BHP shares have not been adversely affected by flow back and flow forward after the BHP Unification, we note that BHP Limited issued a considerably smaller number of new shares to BHP Plc shareholders compared with the number of shares that Limited would issue to Plc Shareholders given that Plc Shareholders own circa 77.1% of total shares of Rio Tinto, compared with circa 41.7% for BHP Plc shareholders under the DLC structure[103].

Conclusions

7.32 With regard to the analysis above, we consider that the flow of funds on Rio Tinto shares may occur at different times depending on the composition of Rio Tinto investor types which has been challenging to assess owing to data limitations. Whilst these timing differences may lead to short term volatility in the share price of Rio Tinto, we consider the strength and depth of the Australian capital markets, the Australian capital markets familiarity with the resources sector and the expectation of Rio Tinto being liquid post unification, will allow for sufficient flow forward in the long run. Therefore, similarly to BHP, these capital market dynamics will result in minimal impact on Rio Tinto's longer term share price.

7.33 We consider a key risk relative to the BHP Unification, however, is the much larger number of shares that would be added to the ASX post the Potential Unification of Rio Tinto. All things being equal, this may cause additional short-term volatility but is unlikely to make a difference in the long-term.

[103] Based on the number of shares on issue in BHP Plc and BHP Limited of 2,112,071,796 and 2,950,251,394 as at 20 August 2021 respectively, as sourced from BHP 2021 Annual Report.

8. Utilisation of franking credits

Introduction

8.1 Limited Shareholders may derive a financial benefit from the ability to utilise franking credits, which we believe is the key reason as to why Limited Shares trade at a premium to Plc Shares (as discussed in previous sections). In this section of the Appraisal Report, we have analysed how and if the Potential Unification affects the ability of Rio Tinto to pay a fully franked dividend to Australian Shareholders under a unified structure.

8.2 Franking credits (or imputation credits) are tax credits that Australian-resident companies attach to the dividends they pay to shareholders. These credits represent the tax the company has already paid on its profits, which helps to avoid double taxation on the same earnings distributed to shareholders. Australian resident shareholders can use these credits to reduce their own tax liability or receive a refund if the credits exceed their tax liability[104].

8.3 Dividends can be fully franked, partially franked or unfranked. In the case of Australian tax residents, franking credits reduce their tax liabilities and, to the extent the franking credits received are in excess of their tax liabilities, the taxpayer can receive a cash refund on the excess franking credits. In some cases, non-Australian tax residents can benefit from franking credits, however, the benefit afforded is lower for two key reasons:

- the maximum potential benefit is limited to a maximum of the withholding tax that would be suffered by the shareholder on an unfranked dividend, which is typically 15% or less for residents of countries with which Australia has concluded a Double Tax Agreement. Where dividends are fully franked (i.e. at 30%), franking credits on dividends paid to a non-Australian tax resident in excess of the withholding tax rate are effectively wasted. Further, franking credits may not provide a benefit to a non-Australian tax resident shareholder where they would otherwise be entitled under their local tax system to a tax offset for withholding tax suffered; and

- non-Australian tax residents are not eligible to receive a cash refund for any franking credits they receive in excess of their tax liabilities.

8.4 Australian tax residents paying lower tax rates can include entities such as Superannuation Funds (which are typically taxed at a rate of 15%[105]) or retirees investing out of their Superannuation Fund[106], including SMSFs. In Figure 50, we have provided an example of the after-tax cash amount from a theoretical dividend for Australian residents depending on their tax position.

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104 Sourced from the ATO: "Franking Credits" released 24 June 2024.
105 Sourced from the ATO: "Understanding concessional and non-concessional contributions" released 2 August 2023.
106 Over 60 Australian retirees usually receive tax-fee income from superannuation investments.

Figure 50 - Sample of benefits of the franking credits

Ordinary Dividend - franking credits benefit	Australian resident				Corporate
	45%	30%	15%	0%	
US$	Marignal rate	Marignal rate	Marignal rate	Tax rate	
Ordinary dividend[1]	0.21	0.21	0.21	0.21	0.21
Franking credits[2]	0.09	0.09	0.09	0.09	0.09
Gross taxable income	0.30	0.30	0.30	0.30	0.30
Tax payable[3]	(0.14)	(0.09)	(0.05)	0.00	(0.09)
Tax credits	0.09	0.09	0.09	0.09	0.09
Net after tax ordinary dividend	**0.17**	**0.21**	**0.26**	**0.30**	**0.21**

Source: GTCF analysis.
Note: (1) Analysis based on an Ordinary Dividend of US$0.21 per Rio Tinto shareholder. (2) Assuming fully frank at 30% corporate tax rate. (3) Ignoring Medicare levy and other surcharges.

Rio Tinto's dividend activity

8.5 In Figure 51, we set out a summary of Rio Tinto's dividend payment history. Since CY16, Rio Tinto has paid ordinary dividends at a constant payout ratio of 60% of NPAT. In addition, Rio Tinto paid special dividends between CY18 and CY21.

Figure 51 - Historical dividend payout ratio analysis

Historical dividend payout ratio US cents per share	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	Average	Median
Interim	45	110	127	151	155	376	267	177	177		
Interim Special				61		185					
Final	125	180	180	231	309	417	225	258	225		
Special			243		93	62					
Total Dividend	**170**	**290**	**550**	**443**	**557**	**1,040**	**492**	**435**	**402**		
Underlying EPS[1]	284	483	512	636	770	1,321	825	725	670		
Ordinary payout ratio	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Special payout ratio	-	-	47%	10%	12%	19%	-	-	-	10%	0%
Total Payout ratio	**60%**	**60%**	**107%**	**70%**	**72%**	**79%**	**60%**	**60%**	**60%**	**70%**	**60%**

Source: Rio Tinto Annual Reports.
Notes: (1) Underlying earnings per share is used internally by Rio Tinto Management to assess the performance of the business and give more clarity around the underlying business performance of Rio Tinto's operations.

8.6 Looking forward, it appears that Rio Tinto's long term dividend policy is to pay ordinary dividends at a payout ratio in the range of 40% to 60% and special dividends in periods of strong performance, with the Board stating[107]: *"The Board expects total cash returns to shareholders over the longer term to be in a range of 40% to 60% of underlying earnings in aggregate through the cycle. Acknowledging the cyclical nature of the industry, it is the Board's intention to supplement the ordinary dividend with additional returns to shareholders in periods of strong earnings and cash generation".*

8.7 In CY18, Rio Tinto paid a special dividend of c. US$4.0 billion following the divestment of Grasberg and Aluminium Dunkerque. Management stated: "*Given the size of the proceeds, it enables us to return the cash immediately to shareholders and will make good use of franking credits. In addition, as we have carried out significant share buy-backs recently… this has resulted in further concentration to our share*

[107] Sourced from Rio Tinto 2023 Annual Report (PDF Page 29).

register… In particular, as Shining Prospect (our biggest shareholder and a subsidiary of Chinalco) has not sold any of its shares in Rio Tinto plc and now has a holding of just over 14%, close to the 15% threshold agreed with the Australian Government at the time of its original investment. A special dividend will enable a quick return of funds, without creating any imbalances between the two lines of stock or further concentration in the register"[108]. The special dividend payments between CY19 and CY21 reflected strong financial performance of the iron ore division and cash generation of Rio Tinto.

8.8 As we set out in Figure 35, we estimate that currently 15% of Rio Tinto's total shareholdings (or 66% of Limited shareholdings) are held by Australian-based investors as at 28 March 2024. These appear to align with Management's view, who also consider most of these investors can benefit from franking credits having stated the following during the CY24 Half Year Results Q&A: "*At the moment, it's about 15% of our shareholders based in Australia who would be enjoying the franking benefits that underpin that premium that we see in the market*"[109].

8.9 Whilst we consider the Potential Unification is likely to increase the proportion of Rio Tinto Shareholders who can benefit from franking credits, it is critical to analyse if Rio Tinto will continue to be able to fully frank its dividend in a unified structure going forward, assuming a payout ratio in line with the guidance between 40% and 60% provided by Management. As a unified company, Rio Tinto would have to frank all its dividends whereas, under a DLC structure, Rio Tinto does not need to frank the dividends paid by Plc. Whilst this continues to be an advantage of Rio Tinto's DLC structure, we consider this advantage is diluted due to Plc's reliance on the DLC's DSM to support dividend payments to Plc Shareholders, which leads to a wastage of franking credits in any case as set out further from paragraph 8.44. We have analysed in detail below if this is expected to change going forward, specifically whether a greater proportion of Rio Tinto's total income is expected to be generated by Plc.

8.10 In order for Rio Tinto, as a unified company, to sustain the full franking of its dividends in the long-term, Rio Tinto's Australia Earnings[110] need to be equal to or greater than Rio Tinto's dividend payout ratio. For example, for a unified Rio Tinto to sustain the full franking of dividends at a payout ratio between 40% and 60%, 40% to 60% of Rio Tinto's underlying earnings will need to be Australia Earnings generated by Limited. Should, in the short-term, Rio Tinto not generate sufficient Australia Earnings, Rio Tinto can rely on its franking credit balance which, as of 31 December 2024, stood at US$9.2 billion[111]. Persistent reliance on this balance, however, will not allow Rio Tinto to fully frank its dividends in the long-term.

8.11 To assess Rio Tinto's ability to sustain the full franking of its dividends under a unified structure, we have performed a backward-looking and a forward-looking analysis as follows:

- *Backward-looking analysis*: We have estimated the historical contribution of Rio Tinto's Australia Earnings to ascertain whether Rio Tinto would have generated sufficient franking credits to fully frank the dividends paid historically assuming Rio Tinto was a unified company. We have estimated the historical contribution of Rio Tinto's Australia Earnings using two separate methods: 1) using Rio Tinto's Country-by-Country Reports and 2) using Rio Tinto's Annual Reports and our understanding of which of Rio Tinto's assets are owned by Limited and are located in Australia. We have performed our analysis on two bases, owing to both methodologies being approximations. Employing two methods allows us to cross check one method against the other, providing us with additional comfort regarding the output of our analysis.

[108] Sourced from Rio Tinto Annual Result 2018 - Script.
[109] Sourced from Rio Tinto Half Year Results 2024 - Sydney Q&A transcript.
[110] Earnings that give rise to taxable income in Australia.
[111] Rio Tinto 2024 Annual Report, PDF Pg169

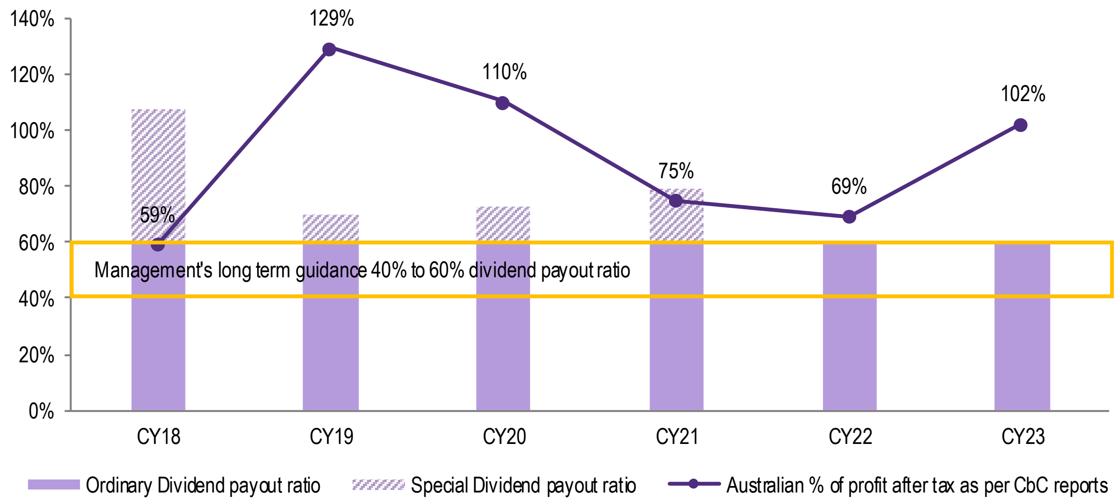
- *Forward-looking analysis*: We have estimated the forecast contribution of Rio Tinto's Australia Earnings using two separate methods: 1) Consensus Forecasts as disclosed on Rio Tinto's website and 2) Management's long-term expectations as presented at the 2024 London Seminar. This forward-looking analysis will allow us to ascertain whether Rio Tinto could generate sufficient franking credits to fully frank future dividends assuming a payout ratio in line with the long-term guidance provided by Management of between 40% and 60%.

Backward-looking analysis

First analysis based on Rio Tinto's historical earnings mix in the country based on Rio Tinto's Country-by-Country Reports

8.12 In Figure 52 we set out an analysis of the proportion of Rio Tinto's NPAT[112], or net earnings, that has been generated in Australia based on Rio Tinto's Country-by-Country Reports compared with Rio Tinto's dividend payout ratio in the same period.

Figure 52 - Australian contribution of profit after tax as per Country-by-Country reports and dividend payout ratios



Sources: Rio Tinto Annual Reports, Rio Tinto Country-by-Country Reports, GTCF analysis.
Notes: (1) CY24 Country-by-Country Report has yet to be released at the date of this Appraisal Report. (2) Australian contribution to the group's NPAT is over 100% when other jurisdictions collectively incurred a loss. (3) We acknowledge there is a variance between the net earnings in the Country-by-Country Reports and the underlying earnings disclosed in Rio Tinto's Annual Reports. This variance is minimal, and we do not consider it impacts the conclusions we derive.

8.13 This analysis suggests that the historical contribution of Australia Earnings would have been sufficient to allow Rio Tinto, as a unified company, to pay fully franked ordinary dividends at 1) Rio Tinto's historical ordinary dividend payout ratio of 60% and 2) the Board's long-term target payout ratio of between 40% to 60%. In many financial periods, there appears to be significant headroom or excess in Australia Earnings above the actual and target dividend payout ratios.

8.14 Whilst the analysis above is informative, we consider the historical ordinary dividend payout ratio being at the high-end of the Board's target range and the large contribution of Australia Earnings are both, at least partially, driven by the super cycle in iron ore prices which, as demonstrated in Figure 57, is not expected to continue going forward. Accordingly, with iron ore earnings expected to reduce, Rio Tinto's dividend payout ratio may also reduce at a lower level within the band of between 40% to 60%.

[112] Calculated by deducting income tax accrued for current year from profit before income tax.

8.15 In the period analysed, Rio Tinto also distributed special dividends between CY18 and CY21. Australian companies usually use special dividends in years of super profits as a mechanism to distribute additional franking credits to shareholders which have accumulated in the past. This appears to be the case in relation to Rio Tinto's special dividend in CY18 which resulted in a dividend payout ratio of 107% and for which the Board relied on its accumulated franking credit balance to fully frank it, with Management stating: "*Given the size of the proceeds*[113]*, it enables us to return the cash immediately to shareholders and will make good use of franking credits"*[108].

8.16 Our analysis suggests that in CY21, whilst Rio Tinto, as a unified company, would have been able to fully frank its ordinary dividend without having to rely on the company's accumulated franking credit balance, it would have likely needed to rely on its accumulated franking balance to fully frank the special dividends paid which, as we estimate in Figure 64, did not appear to be necessary under Rio Tinto's current DLC structure.

Second analysis based on historical earnings mix in Rio Tinto's annual reports

8.17 Rio Tinto's historical annual reports include a breakdown of revenue, EBITDA and underlying earnings by commodity and by asset which we have summarised in Appendix B. Using this summary we have sought to disaggregate Rio Tinto's underlying earnings into those generated by Australia located assets and those generated by non-Australian assets as an alternative method of estimating Rio Tinto's Australia Earnings. Our detailed calculations and assumptions are set out in Appendix C, and we have summarised our analysis in Figure 53.

[113] US$7.2 billion of supplementary cash returns from post-tax divestment proceeds of Grasberg and Aluminium Dunkerque, including a $4.0 billion special dividend and $3.2 billion of share buy-backs. Sourced from Rio Tinto 2018 Annual Report, PDF Page 6.

Figure 53 - Underlying Earnings location split summary

Underlying Earnings Location Split Analysis	CY21	CY22	CY23	CY24	Average (rounded to nearest 5%
Iron Ore					
Australian Asset %	100%	101%	101%	100%	100%
Non-Australian Asset %	(0%)	(1%)	(1%)	(0%)	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Aluminium[1]					
Australian Asset %	17% - 38%	16% - 23%	3% - 15%	7% - 64%	10% - 35%
Non-Australian Asset %	83% - 62%	84% - 77%	97% - 85%	93% - 36%	90% - 65%
Total	**100%**	**100%**	**100%**	**200%**	**100%**
Copper					
Australian Asset %	0%	0%	0%	0%	0%
Non-Australian Asset %	100%	100%	100%	100%	100%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Mineral					
Australian Asset %	0%	0%	0%	0%	0%
Non-Australian Asset %	100%	100%	100%	100%	100%
Total	**100%**	**100%**	**100%**	**200%**	**100%**
Group					
Australian Asset %	80% - 82%	81% - 82%	93% - 94%	80% - 87%	85%
Non-Australian Asset %	20% - 18%	19% - 18%	7% - 6%	20% - 13%	15%
Total	**100%**	**100%**	**100%**	**200%**	**100%**

Sources: Rio Tinto 2023 Annual Report, Rio Tinto 2024 Half Year Result, GTCF analysis.
Note: (1) Within Aluminium Segment, Rio Tinto's bauxite and alumina assets are in numerous locations, including Australian and overseas. As set out in Appendix C, due to lack of public information, we have adopted low case (assuming all bauxite and alumina located overseas) and high case (assuming all bauxite and alumina located in Australia). Therefore, the rapidly increased bauxite and alumina earnings in CY24 widens the Australian Asset % for Aluminium Segment. However, the impact on a group level is relatively small.

8.18 This methodology suggests that Rio Tinto's Australia Earnings contributed at least 80% and an average of 85% to Rio Tinto's total earnings between CY21 and CY24. Therefore, this methodology, similar to our analysis using Rio Tinto's Country-by-Country Reports, suggests that Rio Tinto's Australia Earnings would have been sufficient to allow Rio Tinto to pay fully franked ordinary dividends at the Board's long-term target payout ratio of between 40% to 60% as a unified company over this historical period.

8.19 We note that the analysis in Figure 52 and Figure 53, theoretically, should output the same Australia Earnings contribution. Whilst there is a variance in the outcome, owing to both methodologies being approximations due to limitations in terms of the information available in the public domain, both approaches result in similar conclusions in that they indicate that Rio Tinto could have fully franked ordinary dividends as a unified company at the Board's long-term target payout ratio of between 40% to 60.

Forward-looking analysis

8.20 As stated in paragraph 8.11, to assess Rio Tinto's ability to sustain the full franking of its dividends under a unified structure on a forward-looking basis, we have performed the following two pieces of analysis:

- Firstly, we have estimated the forecast contribution of Rio Tinto's Australia Earnings to the Consensus Forecasts disclosed on Rio Tinto's website to ascertain whether Rio Tinto could generate sufficient franking credits to fully frank dividends over this forecast period as a unified company.

- Secondly, we have considered Management's long-term expectations of Rio Tinto's commodity mix and assessed what Australia Earnings contribution these may imply to assess Rio Tinto's ability to fully frank dividends as a unified company in the longer-term. We understand Management's expectation is reflective of a longer-term view looking further ahead than the three-year consensus forecasts we have assessed per the point above.

8.21 The first analysis is static as it does not consider any pro-forma adjustments to earnings for assets that may come into production outside this discrete forecast period. It has also not been adjusted for any changes or catalysts that may have arisen post the date these forecasts were released, being 30 January 2025. For example, any subsequent changes in commodity price forecasts or any impacts regarding recent global tariff negotiations. Our second analysis is a more holistic qualitative assessment of how the contribution of Australia Earnings may change in the longer-term based on most recent longer-term expectations made public by Management.

Forward looking analysis of consensus forecasts

8.22 In Figure 54, we set out a summary of the Consensus Forecasts as at 30 January 2025 published on Rio Tinto's website, before the release of the CY24 accounts, which are prepared by commodity type[114].

Figure 54 - Consensus Forecasts for Rio Tinto

Consensus forecast	CY25			CY26			Average contribution[1]		
US$m	Consensus	Min	Max	Consensus	Min	Max	Consensus	Min	Max
Underlying Earnings									
Iron Ore	8,320	7,306	9,473	7,226	5,387	8,632	72%	88%	67%
Aluminium	2,197	368	3,462	2,288	173	3,735	21%	4%	27%
Copper	1,813	1,095	2,890	2,437	540	3,268	20%	11%	23%
Minerals	383	(39)	705	417	(287)	894	4%	(3%)	6%
Other Operations	(116)	(239)	–	(115)	(239)	–	(1%)	(3%)	0%
Intersegmental transactions	(21)	(80)	40	(19)	(82)	40	(0%)	(1%)	0%
Product Group Earnings	**12,596**	**9,275**	**14,713**	**12,265**	**6,521**	**14,485**	**115%**	**109%**	**108%**
Other Items	(736)	(1,629)	332	(811)	(1,719)	167	(7%)	(24%)	2%
Exploration & evaluation	(380)	(787)	(151)	(347)	(724)	(113)	(3%)	(11%)	(1%)
Net Interest	(551)	(1,433)	1,006	(585)	(1,503)	641	(5%)	(21%)	6%
Total other items	(1,628)	(3,112)	(14)	(1,710)	(3,090)	(186)	(15%)	(44%)	(1%)
Underlying Earnings	**10,978**	**8,832**	**13,590**	**10,618**	**5,766**	**13,465**	**100%**	**100%**	**100%**

Sources: Consensus Forecasts disclosed by Rio Tinto from contributors including Barrenjoey, Berenberg, BMO Capital Markets, BNP Paribas Exane, Bank of America, Citi, Deutsche Bank, Goldman Sachs, HSBC, Jefferies, Macquarie, Morgan Stanley, Oddo BHF, RBC Capital Markets, and UBS.
Notes: (1) Average percentage over the underlying earnings for each item across CY25 and CY26.

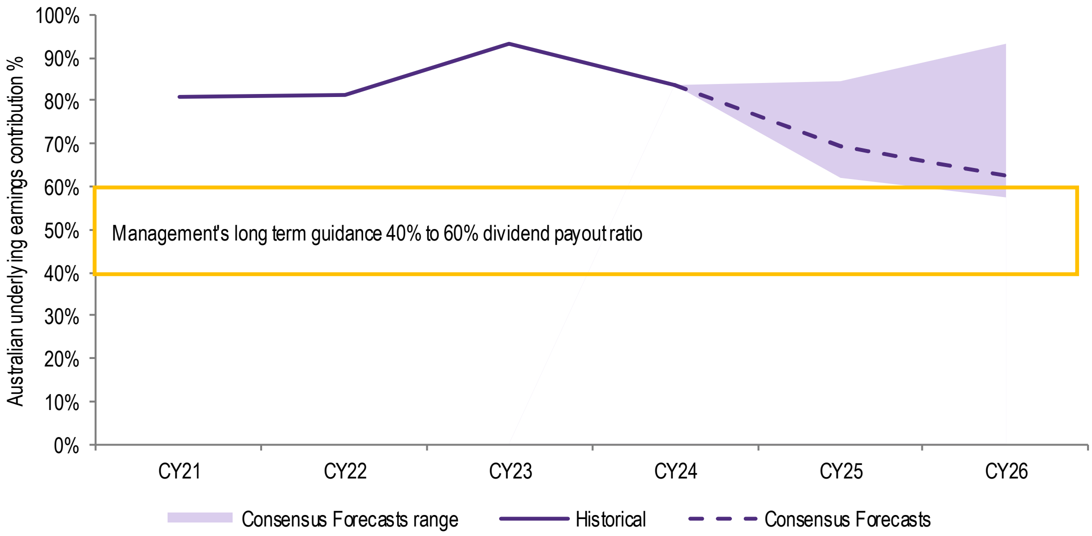
8.23 We note 100% of Rio Tinto's income from its Iron Ore Segment has historically been derived from assets located in Australia and 100% of Rio Tinto's income from its Copper Segment and Minerals Segment is derived from overseas assets, assumptions that we have maintained for the purpose of this analysis. The earnings of Rio Tinto's Aluminium Segment are derived from a mixture of Australian-based and overseas

114 Sourced from Rio Tinto's website: "Consensus estimates: publicly available forecasts for analysts".

assets. Therefore, for the purposes of assessing the contribution of Australia Earnings to the Consensus Forecasts set out in Figure 54 above, we have assumed 22.5% of the earnings from the Aluminium Segment are derived from Australian-based assets, in line with the average we have assessed from Rio Tinto's historical performance as set out in Figure 53[115].

8.24 Based on these assumptions, the contribution of Australia Earnings is expected to decline through to CY26 reaching c. 60% of total earnings which is at the top-end of the payout ratio guidance provided by the Board between 40% and 60%. We do not believe it is appropriate to factor special dividends in our analysis as they are usually associated with super profits in conjunction with unexpected increase in prices which would have the effect to increase consensus earnings forecast. As has been the case historically, per paragraph 8.7, Management will likely decide the degree to which they are prepared to provide additional return to shareholders in the form of franking credits from Rio Tinto's accumulated balance. That is to say, the sustainability of franking dividends, in the case of special dividends, may not be the priority of Management as they have historically been used as method of distributing excess franking credits from Rio Tinto's accumulated balance.

Figure 55 - Implied Australia Earnings contribution based on 1) Consensus Forecasts and 2) GT assessed historical performance set out in Figure 53

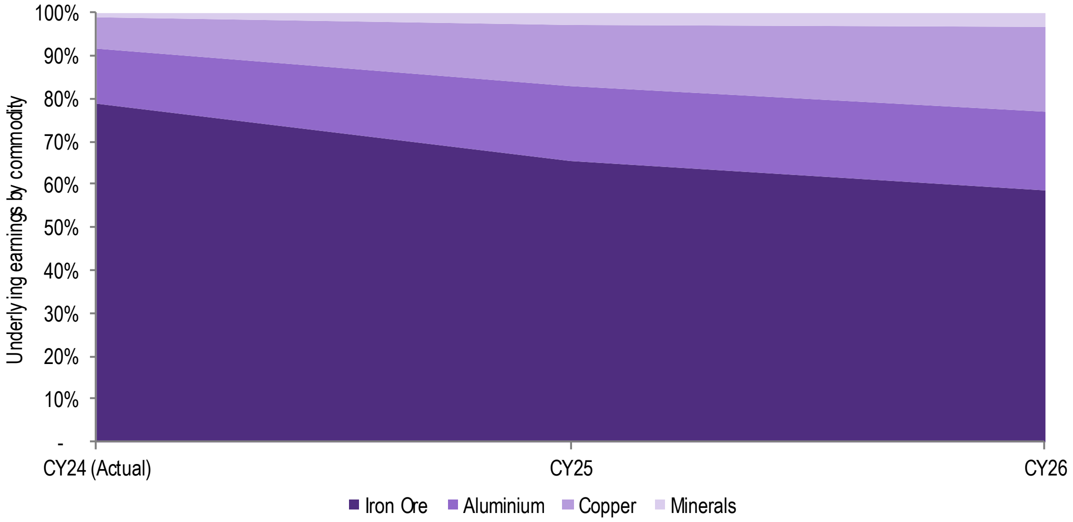


Source: GTCF analysis.
Notes: (1) The historical earnings location split as set out in Figure 53. (2) In assessing Aluminium forecast, the average historical Australian contribution percentage of 22.5% is applied, being the midpoint of GT assessed range of 10% to 35%. (2) The chart is prepared before allocating other items included in the consensus but not split by commodity type, including "other operations," "intersegmental transactions," "other items and exploration & evaluation," and "net interest" due to data limitation and materiality.

8.25 The reduction in contribution from Australia Earnings is driven by an expected change in Rio Tinto's commodity mix with the contribution of Rio Tinto's Copper and Aluminium Segments expected to double from c. 10% to 20% in the long term, whilst the Iron Ore Segment is expected to experience a reduction from c. 80% to 60% in conjunction with softer iron ore prices. As Rio Tinto's Iron Ore Segment is largely comprised of Australia Earnings, a reduction in the Iron Ore Segment's contribution leads to a corresponding reduction in the contribution of Australia Earning.

[115] We note we have performed the same analysis assuming the Australia Earnings in Aluminium Segment has the higher and lower % contributions as set out in Figure 53 and do not consider it impacts the assessments and conclusions we draw later in this Section.

Figure 56 - Commodity earnings split as per Consensus Forecasts



Sources: Rio Tinto Consensus Forecasts as of 30 January 2025, GTCF analysis.
Notes: (1) Commodity percentage is before allocating other items included in the consensus but not split by commodity type, including "other operations," "intersegmental transactions," "other items and exploration & evaluation," and "net interest" due to data limitation and materiality.

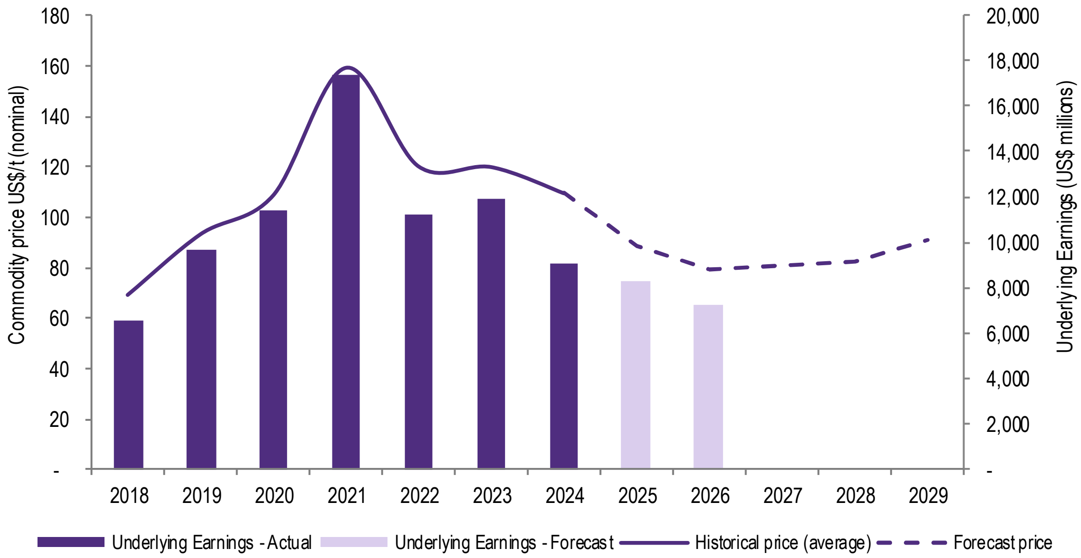
Iron Ore Segment

8.26 The Iron Ore Segment generated actual underlying earnings of US$9.1 billion in CY24 with the Consensus Forecasts expecting a decrease to US$7.2 billion by CY26. This decline in earnings is largely driven by an expected decline in iron ore prices only partially offset by a modest increase in production. In the longer term, iron ore price forecasts appear to allow for a marginal recovery which may continue in the longer term leading to a recovery in the Iron Ore Segment's contribution to Rio Tinto's total earnings. We note, however, that this is likely to be offset by some of the production being attributable to the non-Australian based Simandou mine instead of Pilbara, and with the Iron Ore Segment no longer being fully attributable to Australia Earnings.

8.27 In the nearer term, we note that the forecast earnings of the Iron Ore Segment in CY26 could include a portion of earnings generated from the Simandou mine in Guinea with production expected to commence from the beginning of 2026 with an expected 30 month ramp up time[116]. The analysis set out in Figure 55 assumes 100% of Rio Tinto's Iron Ore Segment relates to Australia Earnings, which we do not consider unreasonable on the basis it is unclear whether the forecasts assume any production in CY26 from the Simandou mine and, to the extent that it does, the contribution is likely to be modest having regard to the size of the Pilbara mines and the expectation that the Simandou mine will be in a ramp-up phase.

[116] Rio Tino 2023 Annual Report, PDF Pg17

Figure 57 - Historical and forecast iron ore commodity prices and Rio Tinto's Iron Ore Segment underlying earnings



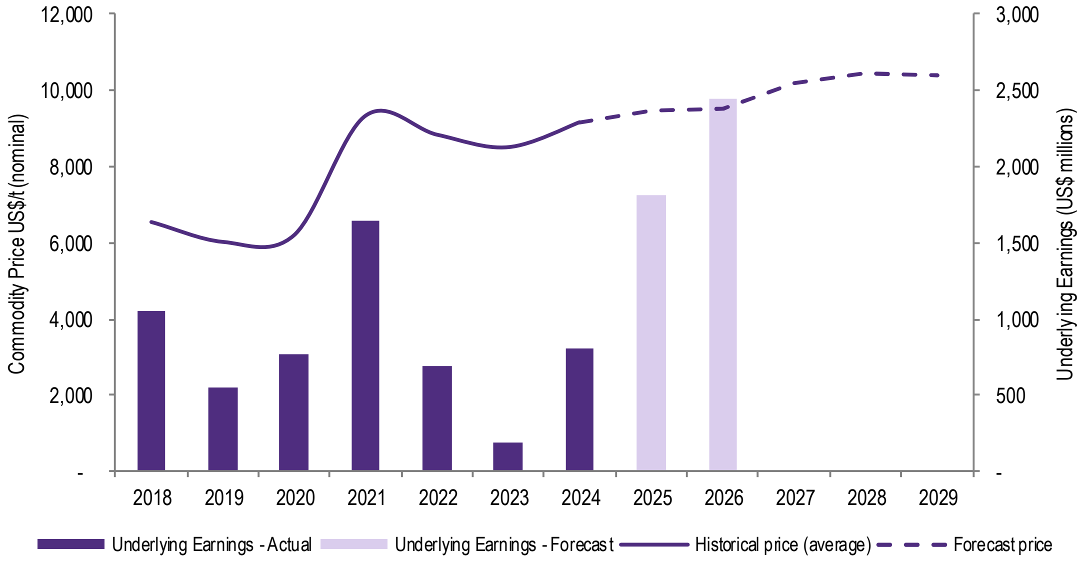
Sources: Rio Tinto Annual Report, Rio Tinto Consensus Forecasts as of January 2025, S&P Global, Consensus Economics.
Notes: (1) Historical prices on an annual average basis.

Copper Segment

8.28 The underlying earnings of Rio Tinto's Copper Segment accounted for US$811 million in CY24 with the Consensus Forecasts expecting an increase to US$2.4 billion by CY26. This increase is partially driven by expectations of price increases but mainly by a ramp up in production due to 1) Rio Tinto increasing its stake in the Oyu Tolgoi mine to 66% in December 2022, thus increasing Rio Tinto's share of the mine's total production[117], 2) the commencement of underground production at the Oyu Tolgoi in March 2023[118], 3) the revised mine plan at the Kennecott mine after a challenging couple of years owing to the smelter and refinery rebuild[119], and 4) the increased production from Escondida due to higher grades fed to concentrators[120]. All of Rio Tinto's current copper assets are located outside of Australia, therefore an increase in the Copper Segment's contribution will reduce the contribution of Australia Earnings all other things being equal.

[117] Rio Tino 2023 Annual Report, PDF Pg37
[118] Rio Tino 2023 Annual Report, PDF Pg30
[119] Sourced from 1) Rio Tino 2023 Annual Report, PDF Pg37, 2) Rio Tinto 2024 Annual Report, PDF Pg29.
[120] Rio Tinto 2024 Annual Report, PDF Pg29.

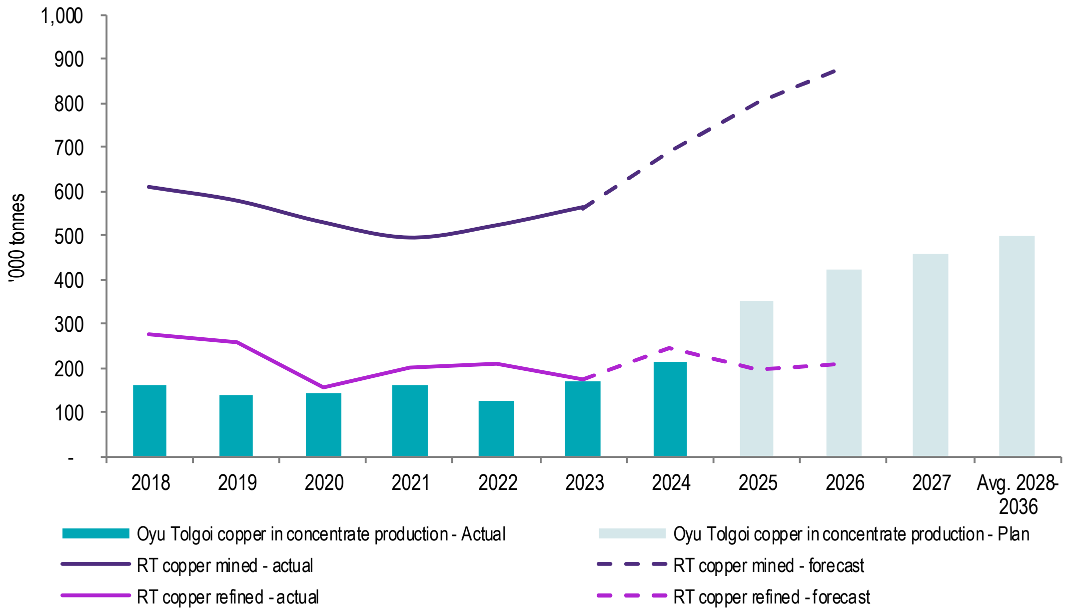
Figure 58 - Historical and forecast copper commodity prices and Rio Tinto's Copper Segment underlying earnings



Sources: Rio Tinto Annual Report, Rio Tinto Consensus Forecasts as of January 2025, S&P Global, Consensus Economics.
Notes: (1) Historical prices on an annual average basis.

8.29 In Figure 59 below, we have set out the Consensus Forecasts tonnage of copper mined and refined for Rio Tinto and the planned production of the Oyu Tolgoi mine. As observable, the forecast growth in copper mined tonnage is principally driven by Oyu Tolgoi, which aims to reach an average of 500 Ktpa between 2028 and 2036. We note from Figure 59 that Oyu Tolgoi is expected to reach c. 85% of its target production by CY26 and, therefore, the CY26 consensus has captured the majority of Oyu Tolgoi's earnings growth.

Figure 59 - Historical and Consensus Forecasts copper production and Oyu Tolgoi production plan

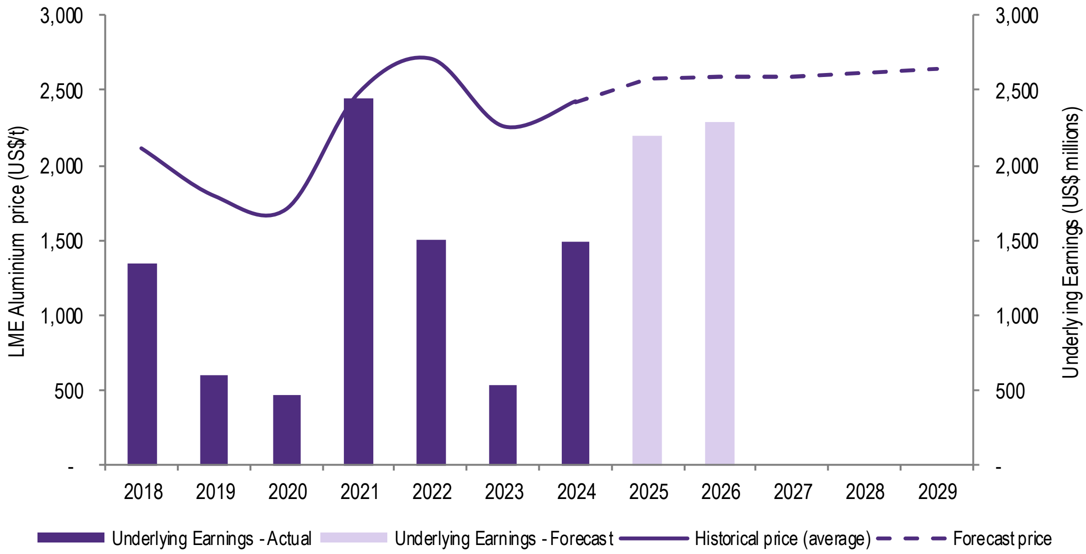


Sources: Rio Tinto Annual Report, Rio Tinto Consensus Forecasts as of 30 January 2025, Rio Tinto ASX Announcements
Notes: (1) We have inferred the Oyu Tolgoi Copper in Concentrates production from the production chart in 2024 Investor Seminar - slides dated 4 December 2024 and Rio Tinto 2024 Annual Report.

Aluminium Segment

8.30 Rio Tinto's Aluminium Segment earnings of US$1.5 billion in CY24 are forecasted by Consensus Forecasts to increase to US$2.3 billion in CY26, contributed by increasing production favourable commodity prices and increases in equity ownership. For example, Rio Tinto has increased its ownership in Porto Trombetas, a Brazilian based mine, from 12% to 22% on 30 November 2023, and in Tiwai Point an aluminium smelter in New Zealand from 79.36% to 100% on 1 November 2024.[121] Rio Tinto's ownership interest in Boyne Smelters Limited, an Australian based mine, increased from 59% to 73.5% in 2024.[121] Rio Tinto's Aluminium Segment consists of assets based in numerous locations, including Australia. Therefore, in the absence of more granular breakdown of these forecasts, it is challenging to assess the change in contribution of Australia Earnings.

Figure 60 - Historical and forecast aluminium commodity prices and Rio Tinto's Aluminium Segment underlying earnings



Sources: Rio Tinto Annual Report, Rio Tinto Consensus Forecasts as of January 2025, S&P Global, Consensus Economics.
Notes: (1) Historical prices on an annual average basis.

Conclusion on the Consensus Forecasts analysis

8.31 The analysis above supports that Rio Tinto under a unified structure will have the ability to continue to fully frank its dividend although there are expectations of a reduction in earnings contribution from Australia in the mix, largely on the back of more subdued expectations for iron ore prices and significant ramp-up in copper and aluminium production. However, in the short to medium term, the greater proportion of earnings expected to continue to be derived from Australian operations plus the accumulated franking credits balance shall ensure that Rio Tinto is able to fully frank dividend at the high-end of the dividend payout range.

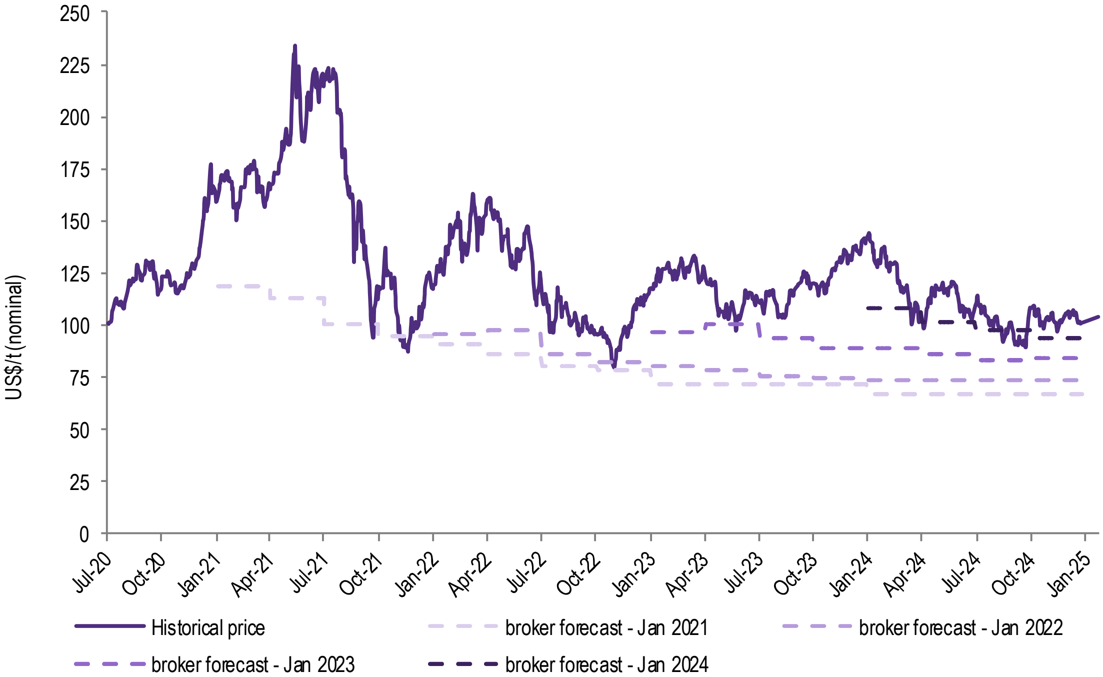
8.32 Whilst the Consensus Forecasts suggest a reduction in the earnings contribution from Australia, Figure 55 demonstrates that the Consensus Forecasts allow for a wide range of possible outcomes including a temporary decline and then a recovery in the contribution of Australia Earnings based on the "min" forecast case owing to a more modest ramp up in production in the Aluminium and Copper Segments. Whilst there is variability in the Consensus Forecasts for the Iron Ore Segment, as set out in Figure 54, there is greater

[121] Rio Tinto 2024 Annual Report, PDF Pg275-276

variability within the Copper and Aluminium Segments largely driven by varying production assumptions across the min, max and Consensus Forecasts. We consider this reflects the greater risk associated with these segments in that production may not ramp up as expected particularly in the case of the Copper Segment with the underground production at the Oyu Tolgoi mine only recently commencing in March 2023. We consider the risk of the Iron Ore Segment achieving its forecasts to be lower relative to the Aluminium and Copper Segments owing to the Pilbara asset being an established, consolidated, market leader and a benchmark for many operators in the industry. To the extent the Iron Ore Segment performs as expected, and the Copper and Aluminium Segments do not ramp up as forecast, the contribution of Australia Earnings will increase and accordingly reduce the risk of Rio Tinto not being able to fully frank dividends.

8.33 We note that iron ore prices have historically outperformed broker forecasts as demonstrated in Figure 61. To the extent this trend persists, and other commodity prices particularly copper and aluminium perform as expected, then Australia Earnings will be higher than suggested by the Consensus Forecasts.

Figure 61 - Iron ore actual prices versus historical broker forecasts



Sources: S&P Global IQ, Consensus Economics.
Notes: (1) The broker forecast is provided on a quarterly average basis for the first two years and then on a yearly basis from the third year. Therefore, the forecast starting points not necessarily match the actual price.

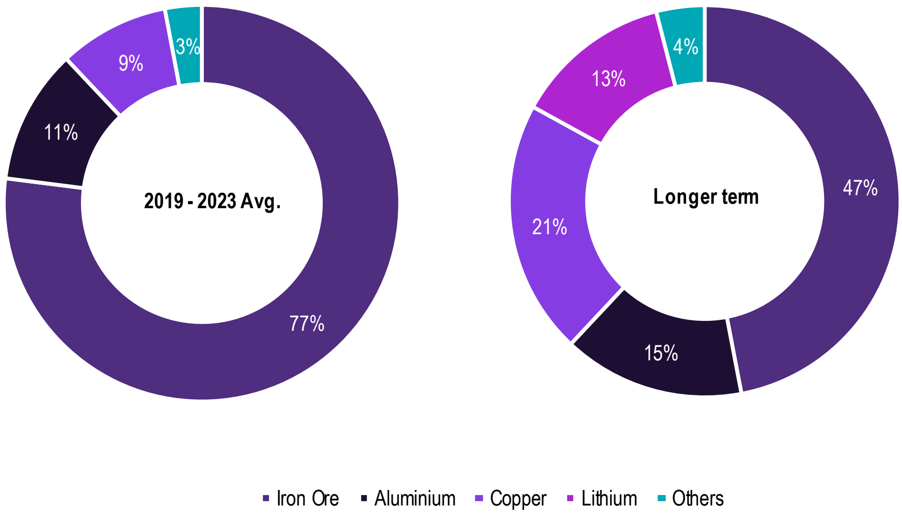
8.34 As set out in Figure 10, Rio Tinto plans to increase capital expenditure to c. US$10.0 billion per year over the coming years, aiming at accelerating growth projects and decarbonisation initiatives. The strategy will require substantial funding, potentially sourced from reinvesting its earnings and may result in a reduced dividend payout ratio.

Forward looking analysis of Rio Tinto's Management's longer-term commodity mix expectations

8.35 On 4 December 2024, Rio Tinto hosted an investor seminar in London in which the below "*longer dated*" commodity mix, based on EBITDA, was presented alongside their estimate of Rio Tinto's average mix on the same basis between 2019 and 2023. In line with the Consensus Forecasts summarised in Figure 54, the expectation in the longer-term appears to be for a reduction in the earnings contribution of the Iron Ore

Segment, with a longer-term expected contribution of 47%, with increases in the earnings contribution of the Copper, Aluminium and Lithium Segments to 21%, 15% and 13% respectively.

Figure 62 - Rio Tinto Portfolio by EBITDA percentage



Source: 2024 London Investor Seminar dated 4 December 2024.
Notes: (1) Management notes that the longer-term portfolio data is based on long run consensus pricing.

8.36 Using Management's expected longer-term mix and our understanding of Rio Tinto's assets by location, we have sought to estimate the contribution of Australia Earnings for the purposes of assessing Rio Tinto's ability to fully frank dividends in the longer-term. We have provided our assessment below by commodity type:

- *Iron ore*: Management expects the Iron Ore Segment's EBITDA contribution to the group to shrink from a historical average of 77% to 47% in longer term. Rio Tinto's current Iron Ore Segment production is predominantly located in Australia producing circa 330 Mtpa, of which circa 280 Mtpa is attributable to Rio Tinto[122]. Rio Tinto's overseas iron ore assets include IOC, producing circa 16.1 Mtpa with 9.5 Mtpa attributable to Rio Tinto, and the Simandou iron ore project, which whilst currently under development is expected to reach circa 60 Mtpa of production by 2028, with circa 27 Mtpa attributable to Rio Tinto (based on its 45% interest in the project). The contribution of Australia Earnings to Rio Tinto's Iron Ore Segment production will decline from todays near 100% as Simandou ramps up operations. We estimate that, in the longer term, circa 88% of Rio Tinto's Iron Ore Segment will continue to be attributable to Australia Earnings based on Pilbara annual production attributable to Rio Tinto of circa 280 Mtpa out of a total production of attributable to Rio of 317 Mtpa[123].

- *Copper*: Management expects the Copper Segment's EBITDA contribution to the group to grow from 9% to 21%. All of Rio Tinto's copper projects are located outside of Australia, being Oyu Tolgoi in Mongolia, Escondida in Chile, and Kennecott in the US. Although one of Rio Tinto's copper development projects is in Australia, the Winu project, it is still at early stage with Rio Tinto commencing formal environmental approvals in November 2023[124]. Having regard to this, we consider it reasonable to assume a minimal to nil Australia Earnings contribution from Rio Tinto's Copper Segment.

[122] Sourced from Rio Tinto Annual Reports.
[123] Calculated as 280 Mtpa from Pilbara, plus 10 Mtpa from IOC and 27 Mtpa from Simandou.
[124] Sourced from Rio Tinto website.

- *Lithium*: Rio Tinto's strategy aims to increase the lithium EBITDA contribution to the group to 13% in the longer term. Current growth opportunities include Rincon (Argentina), Jadar (Serbia), and the recent acquisition of Arcadium Lithium, whose footprint is across the globe. Based on this, we consider it reasonable to assume a minimal to nil contribution to Australia Earnings from the Lithium Segment.

- *Others (including molybdenum, silver, borates, diamonds, salt, coal and TiO2)*: The contribution of the remaining operations of Rio Tinto are relatively small and stable. Given the size of these operations, we have largely ignored them for the purposes our approximation.

8.37 We note that Management's long-term expectations were provided on an EBITDA basis rather than on an NPAT basis. We have sought to understand the degree to which this may distort our assessment of the future contribution of Australia Earnings from a dividend payout perspective due to items such as interest costs and depreciation which are not captured within the EBITDA basis of earnings but are reflected in NPAT. Whilst challenging to isolate, we consider there may be a difference in the contribution of Australia Earnings at the EBITDA and NPAT levels due to the assets in Australia being in a more mature stage of development. The Australian located Pilbara asset, the source of substantially all of Australia Earnings is more mature than the overseas copper, aluminium and lithium assets. These overseas assets are likely to require significantly higher amounts of debt and capital expenditure during the early stages of their development leading to higher levels of interest and depreciation costs which is not captured at the EBITDA level but is captured at the NPAT level. All things being equal, had Management's long-term expectations been provided at the NPAT level, it is reasonable to expect a greater allocation to the maturer commodities particularly the Iron Ore Segment and therefore a higher allocation to Australia Earnings than otherwise indicated at the EBITDA level.

8.38 To test this, we have performed the same analysis as in Figure 53 but have disaggregated earnings at the EBITDA level rather than at the NPAT level.

Figure 63 - Location split analysis based on underlying EBITDA

Location Split Analysis	Underlying EBITDA				Average (rounded
	CY21	CY22	CY23	CY24	to nearest 5%
Iron Ore					
Australian Asset %	100%	101%	103%	100%	100%
Non-Australian Asset %	(0%)	(1%)	(3%)	(0%)	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Aluminium[1]					
Australian Asset %	15% - 42%	13% - 37%	7% - 40%	9% - 60%	10% - 45%
Non-Australian Asset %	85% - 58%	87% - 63%	93% - 60%	91% - 40%	90% - 55%
Total	**100%**	**100%**	**100%**	**200%**	**100%**
Copper					
Australian Asset %	0%	0%	0%	0%	0%
Non-Australian Asset %	100%	100%	100%	100%	100%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Mineral					
Australian Asset %	0%	0%	0%	0%	0%
Non-Australian Asset %	100%	100%	100%	100%	100%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Group					
Australian Asset %	73% - 76%	70% - 74%	80% - 83%	68% - 76%	75%
Non-Australian Asset %	27% - 24%	30% - 26%	20% - 17%	32% - 24%	25%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Sources: Rio Tinto 2023 Annual Report, Rio Tinto 2024 Half Year Result, GTCF Analysis
Note: (1) Within Aluminium Segment, Rio Tinto's bauxite and alumina assets are in numerous locations, including Australian and overseas. As set out in Appendix C, due to lack of public information, we have adopted low case (assuming all bauxite and alumina located overseas) and high case (assuming all bauxite and alumina located in Australia). Therefore, the rapidly increased bauxite and alumina earnings in CY24 widens the Australian Asset % for Aluminium Segment. However, the impact on a group level is relatively small.

8.39 At the EBITDA level, the contribution of Australia Earnings drops to an average of 75% compared to assessed 85% at the NPAT level as set out in Figure 53. This appears to support our assertions set out in paragraph 8.37.

8.40 Based on guidance provided by Management and the analysis set out above, we consider a reasonable estimate of the contribution of Australia Earnings in the longer term to be around 50%. Whilst this is inherently an estimate and based on publicly available information only, it is underpinned by:

- Our assessment that the Australian Pilbara mine contributes circa 88% of Rio Tinto's total Iron Ore production as set out in paragraph 8.36, that Australia Earnings contributed circa 10% to 45% to the Aluminium Segment historically at the EBITDA level, as set out in Figure 63, which broadly supports a contribution of 45% at the EBITDA level[125]; and
- Greater NPAT contribution of the more mature Iron Ore Segment compared to at the EBITDA level as we explain from paragraph 8.37; and

[125] 88% of Management's 47% longer term EBITDA allocation to Iron Ore + 27.5% of Management's 15% longer term EBITDA allocation to Aluminium with 25% being the midpoint of our 10% to 40% assessment set out in Figure 63.

- Greater risk associated with the high growth Copper, Aluminium and Lithium Segments to achieve their long-term target profitability.

8.41 Based on guidance provided by Management and our review of the segment contribution, we consider under a unified structure, Rio Tinto will be able to fully frank its dividend at the mid-point of the long-term payout ratio guidance provided by the Board between 40% and 60%.

8.42 If in any given year, however, the Australia Earnings are not sufficient to fully frank the dividends under a unified structure, Rio Tinto can rely on its accumulated franking credit balance, which sat at US$9.2 billion as of 31 December 2024[126], to supplement franking credits generated from future Australia Earnings should it be necessary to allow for the full franking of dividends at least temporarily.

8.43 In a scenario where Rio Tinto partially franks a dividend post unification, which may have not been required had Rio Tinto remained a DLC, we consider the lower dollar amount of franking credits issued will be offset to some degree by the increase in the number of Australian investors who can benefit from franking credits. This could lead to the dollar value of franking credits that are utilised by Australian investors to be largely unaffected with similar value being provided to shareholders in totality. The challenge however is assessing the magnitude of these variables and therefore the degree to which an increase in Australian shareholders partially, neutrally, or more than offsets the impact of only partially franking a dividend. As we set out in Section 7, we do however expect the number of Australian Shareholders to increase materially post unification due to 1) Rio Tinto's relatively low weighting on the ASX as it stands which would be expected to increase in excess of 300% post unification leading to an increase in demand from Australian investors, particularly passive and active institutional funds whose performance benchmarks are aligned to the ASX and 2) the economic value ascribed to franking credits which will most likely cause Australian investors to be the marginal investors in a unified Rio Tinto as they can maximise the value of these franking credits.

Franking credit wastage under Rio Tinto's current DLC structure

8.44 As a DLC, Rio Tinto does not need to frank the dividends paid by Plc whereas under a unified structure it needs to frank all of the dividend to the same percentage. However, this advantage is somewhat reduced or diluted by Plc's reliance on the DLC's DSM in which Limited has been funding Plc's dividend payments through paying fully franked dividends to Plc leading to a higher consumption and wastage in franking credits in any case.

8.45 As we set out in Section 4, at the time the DLC was formed, it was estimated that Limited (CRA) would contribute c. 40% of underlying earnings to the unified group. As set out above, today we estimate the contribution of Limited is c.85%. This change in earnings mix, combined with the reality that the 77% versus 23% shareholding split across RTZ and CRA was heavily impacted by RTZ's 49% shareholding in CRA, has resulted in a significant misalignment between the split of shares and the split of earnings across Plc and Limited. It is this that has resulted in Plc having to place significant reliance on the DSM in order to pay dividends to its shareholders. Based on our analysis of the contribution of Australia Earning going forward, it appears that this wastage is likely to persist into the future.

8.46 As discussed in paragraphs 4.7 and 4.8, the DLC's governing documents allows for both the Plc and Limited Shareholders to have equivalent economic rights and the same cash dividends based on the combined earnings of Rio Tinto group. If one entity does not have sufficient distributable reserves to pay the dividend to their proportion of Rio Tinto's total shareholders, the DLC's governing documents,

[126] Rio Tinto 2024 Annual Report, PDF Pg169

specifically the DSM contained within, allows for a redistribution of reserves between the two entities to ensure both entities have sufficient reserves to pay their portion of the Rio Tinto group's total dividend. This redistribution is made via a dividend of which in the situation where Limited needs to redistribute its reserves to Plc, must be franked to the same extent as the dividend that Limited is paying directly to Limited Shareholders. As Plc and Plc Shareholders are not able to benefit from these franking credits they are in essence "wasted" as, without the need to for Limited to redistribute reserves they could have, instead, continued to be available to pay out as dividends to Limited Shareholders directly who may be able to benefit from the attached franking credits.

8.47 There is no publicly available information that 1) sets out the dividend payments made between Limited and Plc to redistribute reserves or 2) disaggregates Rio Tinto's underlying earnings across Limited and Plc. Rio Tinto's Annual Reports do however include Rio Tinto's opening and closing franking credit balances. Accordingly, in order to assess the implied redistribution of reserves between Limited and Plc we have sought to reconcile Rio Tinto's franking credit balance for the periods between CY21 and CY23 using the 1) the opening and closing franking credit balances as disclosed in Rio Tinto's Annual Report, 2) the income tax paid to ATO on a cash basis as per Rio Tinto's Tax Paid Reports which corresponds to an increase in Limited's franking credit balance, 3) the franking credits attached to dividends paid by Limited directly to Limited Shareholders as disclosed in the Rio Tinto Annual Reports and have then "back-solved" to reconcile the opening and closing balances with the balancing figure assumed to be the franking credits that have been attached to dividends paid by Limited to Plc for the purposes of redistributing reserves.

8.48 We have set out our reconciling analysis in Figure 64 which suggests during the last five years there was a redistribution of reserves from Limited to Plc equating to earnings of between US$2.9 billion to US$15.0 billion or between 23% to 75% of Rio Tinto group total earnings.

Figure 64 - Franking credit balance reconciliation

DSM Analysis US$m		CY20[4]	CY21	CY22	CY23
Opening balance[1]	a	4,053	6,812	6,611	7,246
Closing balance[1]	b	6,812	6,611	7,246	8,734
Movement in franking account	**c = b-a**	**2,759**	**(201)**	**635**	**1,488**
Known factors					
Income tax paid in Australia[2]		4,592	7,716	6,137	4,123
Franking credits attached to Limited dividend[3]		(605)	(1,512)	(1,193)	(619)
Total known movements	**d**	**3,987**	**6,204**	**4,944**	**3,504**
Unexplained movement in franking account balance	e = c-d	(1,227)	(6,405)	(4,309)	(2,016)
Implied DSM dividend assuming all unexplained movement is DSM	**f = -e*7/3**	**2,864**	**14,946**	**10,055**	**4,703**
Underlying Earnings	g	12,448	21,401	13,359	11,755
Implied DSM dividend as % of total group underlying earnings	**h = f/g**	**23%**	**70%**	**75%**	**40%**

Sources: Rio Tinto Annual Reports, Tax Paid Reports, GTCF analysis.
*Notes: (1) Franking account balances sourced from Rio Tinto Annual Report, except the opening balance for CY20 (see note 4). (2) Income tax paid in Australia sourced from Rio Tinto Tax Paid Reports. (3) Calculated as (Rio Tinto Limited dividend paid / 70%) * 30% based on Rio Tinto Annual Reports disclosure that the Limited dividends are fully franked at 30%. (4) Franking credit balance at the end of 2019 (opening balance for 2020) is not directly available from Rio Tinto Annual Report and we have reverse calculated it from Rio Tinto's frankable distributable reverse: reserve that could be distributed as dividend and franked out of available franking credit as at 31 December 2019 of US$9,456 million (before the final dividend payable of US$857 million) *3 / 7 (Sourced from Rio Tinto 2019 and 2020 Annual Reports). We appreciate the calculated opening balance for CY20 may slightly vary from the actual figure, however it is immaterial for the purpose to demonstrate the potential DSM. (5) CY24 Country-by-Country Report has yet released at the date of this Appraisal Report therefore we could not analyse it for CY24.*

8.49 We appreciate that there may be simplifications within the analysis we set out above. For example, income tax paid in Australia may not necessarily give rise to franking credits if the underlying earnings was derived by a non-Australian company and we have not included the franking credit movement related to non-controlling interest in Australian assets, Rhodes Ridges, due to data limitation. However, we do not consider our approach to be an unreasonable approximation particularly given the magnitude of the redistribution that appears to be occurring.

8.50 Whilst there is wastage of franking credits as a result of the DLC's DSM, we note that in the case of a unified Rio Tinto, Rio Tinto would be required to use more franking credits in fully franking it dividends then would otherwise be required should Rio Tinto retain its DLC structure regardless of any wastage of franking credits that occurs due to redistribution of reserves. This is on the basis that all earnings generated by Plc and paid out directly to Plc Shareholders do not need to be franked under the DLC structure even when Limited is franking the same dividends being paid directly to Limited Shareholders.

Conclusions

8.51 Whilst the Potential Unification will require all dividends to be franked rather than those just paid by Limited, our analysis suggests that, in the short to medium term, a greater proportion of earnings is expected to continue to be derived from Australian operations which, in addition to the accumulated franking credits balance, shall ensure that Rio Tinto is able to fully frank dividend at the high-end of the dividend payout range. In the long-term, we have concluded that Australian assets held by Limited may contribute c. 50% of underlying earnings which should ensure that under a unified structure, Rio Tinto should be able to fully frank its dividends at the mid-point of the long-term payout ratio guidance provided by the Directors, which is between 40% and 60%. However, in any given year, if the Australia Earnings generated by Limited are insufficient to fully frank the dividends, Rio Tinto can rely on its accumulated franking credit balance, which was US$9.2 billion as of 31 December 2024.

8.52 When one considers this, in conjunction with our expectation set out in paragraph 8.43, that Rio Tinto would likely see a strong increase in Australian-based shareholders who can maximise value from franking credits, this suggests that there may be support for Rio Tinto's trading price to align more closely to the level of Limited Shares currently, all other things being the same, post unification.

9. Strategic flexibility in terms of capital structure and M&A

9.1 At the time of implementation, the DLC structure was intended to optimise the capital structure and capital allocation of Rio Tinto to ultimately maximise shareholder value, among other factors. In particular, the DLC structure was expected to 1) improve access to capital markets via a broader and deeper pool of global investors following listings on the LSE, ASX and NYSE (via the ADR programme) and 2) enhance strategic growth opportunities via the ability to offer attractive LSE, ASX and NYSE index backed shares as currency for acquisitions or to raise capital (such as via rights issues or placements).

9.2 However, these requirements and the attractiveness of the DLC structure have largely vanished over time due to:

- Advancements in technology and the establishment of global financial institutions in the last decades have facilitated the development of an interconnected global capital market. As a result, historic concerns about restricted access to capital with a single primary listing have been alleviated.
- The size and trading volumes of the Australian equity market has grown considerably since the establishment of the DLC structure to support the capital requirements of Rio Tinto, largely as a result of the significant capital surpluses generated from Australia's compulsory superannuation system and the success of Australia's resource sector.
- The price differential that has emerged between Plc and Limited has reduced the corporate flexibility for Rio Tinto, particularly in relation to its ability to issue scrip for acquisitions and capital raisings.

Rio Tinto's M&A activity

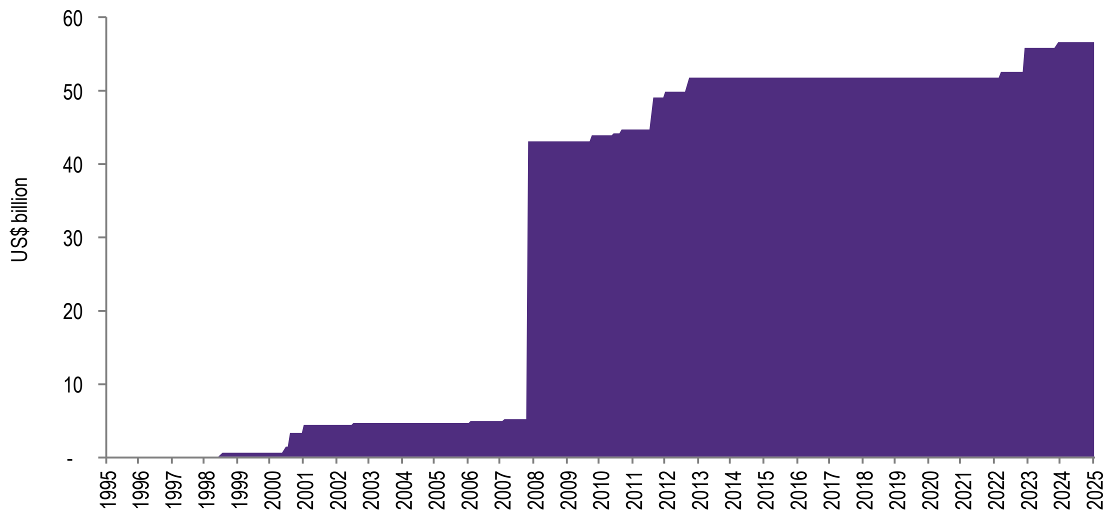
9.3 As set out in Figure 65 and Figure 66 below, since the inception of the DLC structure in 1995, Rio Tinto has not issued shares (in either Plc or Limited) as scrip for any of its c. US$57 billion worth of acquisitions[127]. This is similarly the case for all DLCs who, since 1995, have relied almost entirely on cash to fund their acquisitions which exceeds US$500 billion. There is clearly a pattern of DLCs relying on cash instead of scrip to fund their merger and acquisitions activity. In contrast, Rio Tinto's peers operating under a traditional structure have more often utilised scrip, at least partially, to fund acquisitions. This includes BHP's recent 100% scrip proposed acquisition of Anglo American after having dismantled the DLC structure at the beginning of 2022.

[127] Excludes tender offers for minority shareholders in existing listed subsidiaries which included a cash or scrip alternative (e.g. Comalco).

Figure 65 - Consideration mix used by Rio Tinto and DLCs for historical transactions since 1995

Sources: S&P Global, FTI Consulting, GTCF analysis.
Notes: (1) DLC consideration mix based on the cash and scrip consideration used by all DLC's for historical transactions since 1995 up until February 2025.

Figure 66 - Cumulative cash consideration paid by Rio Tinto for its historical acquisitions



Sources: S&P Global, ASX Announcements, GTCF analysis.
Notes: (1) Figure 66 presents the acquisitions completed by Rio Tinto, or a subsidiary of Rio Tinto at the time of the acquisition, between 1 January 1995 and 15 January 2025. (2) The value of each acquisition is sourced from S&P Global and based on the announcement price rather than completion noting that the value difference at announcement and completion will be immaterial and not relevant for the purpose of Figure 66.

Figure 67 - Major acquisitions undertaken by Rio Tinto since inception of the DLC structure

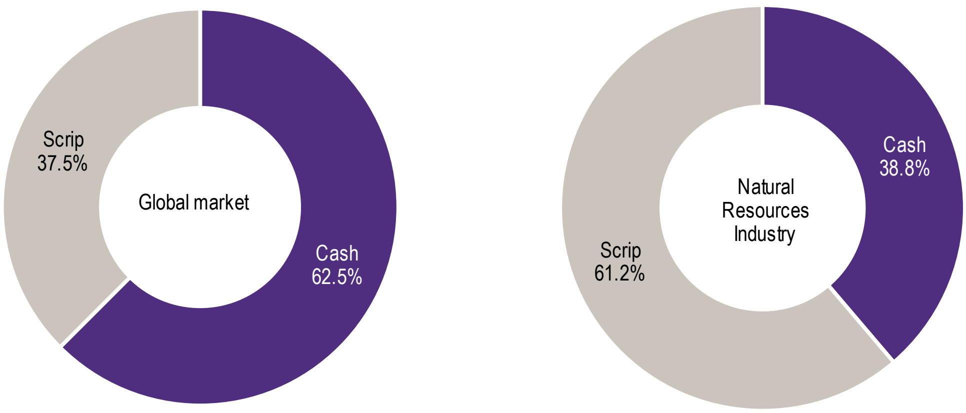
Historical acqusitions of Rio Tinto					
Date	Target	Consideration type	Rio Tinto market capitalisation (US$m)	Deal value (US$m)	Deal value as a % of market capitalisation (%)
Mar-24	Arcadium	All-cash	112,174	6,316	5.6%
Dec-22	Turquoise Hill - 2022	All-cash	89,582	3,122	3.5%
Sep-12	Richards Bay Minerals	All-cash	120,635	1,910	1.6%
Dec-11	Turquoise Hill - 2011	All-cash	96,667	1,860	1.9%
Aug-11	Riversdale	All-cash	143,747	3,788	2.6%
Dec-10	Turquoise Hill - 2010	All-cash	116,848	1,588	1.4%
Oct-07	Alcan	All-cash	102,684	38,100	37.1%
Aug-00	North Ltd/Australia	All-cash	20,934	2,016	9.6%

Sources: Rio Tinto ASX announcements, S&P Global.
Notes: (1) Rio Tinto's market capitalisation taken as at the date of announcement for each transaction and sourced from S&P Global. (2) Deal values for each transaction sourced from S&P Global and represents the total transaction value. (3) Date reflects to the completion date of each transaction.

9.4 Generally speaking, all cash acquisitions are riskier for the buyer relative to all-scrip or mixed consideration acquisitions primarily because they concentrate all the downside risks with the buyer. Issuing new shares for an acquisition provides the buyer with some downside protection as it does not represent an outright cash outflow and it does not need to be funded by depleting cash reserves or increasing the debt balance. This is particularly significant for natural resources companies like Rio Tinto due to the exposure to additional exogenous risks including volatile commodity price cycles, project delays, cost overruns and political and environmental risks. In addition, the component of the cash consideration funded via debt may reduce the strategic flexibility of the buyer due to the associated increase in gearing and interest expense obligations.

9.5 As set out in Figure 68 below, companies within the Natural Resources Industry have historically relied on a larger proportion of scrip in acquisitions relative to the global market, especially when the deal value is relatively large, as set out in Figure 69.

Figure 68 - Average consideration mix since 1 January 1995



Sources: S&P Global, FTI Consulting, GTCF analysis.

Notes: (1) Average consideration mix for the Natural Resources Industry based on the cash and scrip consideration used in historical transactions categorised by S&P Global in the metals and mining and oil, gas and coal Industries with a completion date between 1 January 1995 and 17 January 2025, where the buyer's market capitalisation and the transaction value were both at least US$2.0 billion. (2) Average consideration mix for the global market sourced from FTI - "Value Released from Unification of BHP" presentation dated February 2018. Whilst this average consideration mix is based on data up to February 2018, we would not expect a material change in the consideration mix if the data was up to the date of this report having regard to the small amount of new data relative to the total data.

Figure 69 - Consideration mix for large M&A in the Natural Resources Industry in the last 5 years

Recent large M&A in Natural Resources Industry		Deal value	Consideration (%)	
Date	Target	(US$ billion)	Scrip	Cash
11-Oct-23	Pioneer Natural Resources Company	59.5	100%	nil
23-Oct-23	Hess Coporation	53.0	100%	nil
12-Feb-24	Endeavour Energy Resources, LP	25.8	69%	31%
29-May-24	Marathon Oil Corporation	17.1	100%	nil
5-Feb-23	Newcrest Mining Limited	17.4	94%	6%
17-Aug-21	BHP Petrolium International Pty Ltd	14.2	100%	nil
14-May-23	Magellan Midsteam Partners, L.P	13.8	63%	37%
11-Dec-23	CrownRock, L.P.	12.5	25%	75%
11-Jan-24	Southwest Energy Company	7.4	100%	nil
19-Oct-20	Concho Resources Inc.	7.0	100%	nil

Source: S&P Global, Public company announcements, GTCF analysis.
Notes: 1) Deal value and consideration mix based on the reported value at the date of announcement where available.2) The value of the scrip component for each transaction calculated with reference to the closing price of the last undistributed trading price for the shares being offered as acquisition currency. 3) Deal value is based on the equity value or consideration value and does not include the net debt acquired as part of the transaction. 4) The transactions in the table above reflect the largest M&As in the metals and mining and oil, gas and coal industries, as categorised and defined by S&P Global, overlayed with GTCF additional research on large transactions completed in the Natural Resources Industry.

9.6 Illustrated in Figure 68 and Figure 69, issuing scrip as acquisition currency has historically been important for natural resources companies, especially when the deal value is relatively large, for several reasons:

- *Volatility in commodity price cycles*: Natural resource companies are subject to fluctuations in commodity prices, which are often volatile and caused by exogenous factors including supply and demand imbalances, global economic conditions and geopolitics. This price volatility can have severe implications on cash flow and financial stability. By issuing scrip, these risks induced by price cycles are somewhat mitigated as cash reserves are not depleted during the trough (low point) of the commodity price cycle, which is when natural resource companies require liquidity the most.

- *Conservation of cash*: Natural resource companies operate in a capital-intensive environment where maintaining liquidity is crucial. By issuing scrip as acquisition currency instead of cash, companies can preserve cash for large capital requirements, operational needs and other capital-intensive projects.

- *Tight capital markets*: Generally, when commodity prices are relatively low and therefore acquisitions by natural resource companies are favoured, the capital markets are relatively tight. During these periods, issuing scrip as acquisition currency enables natural resource companies to proceed with an acquisition without the need to raise cash, which could be costly or time-consuming in a scarce capital market.

- *Aligning interests*: Issuing scrip as acquisition currency results in the target company shareholder's becoming shareholders of the acquiring company, which can foster a sense of shared goals and long-term collaboration. This is particularly important for natural resource companies due to 1) the relative long-term nature of its projects, generally with significant upfront investment; 2) its exposure to fluctuating commodity prices and 3) the relatively large operational synergies expected as part with its acquisitions.

9.7 It is interesting that BHP, which, similarly to Rio Tinto never used scrip to undertake acquisitions[128], changed its approach following completion of unification at the beginning of 2022 with Mike Henry, CEO of BHP Group stating at the Bank of America Global Metals, Mining & Steel Conference on 14th May 2024 that "*we unified our dual listed company structure. In doing so, we removed a 10-20% discount on the 40% of the company that was primary listed in London, and it has made us simpler and leaner. Now, as flagged at the time, it has also made it more practical for BHP to pursue scrip-based acquisitions as we are now doing with our proposal for Anglo American*". Following unification, between April and May 2024, BHP submitted an initial and then increased offer to acquire Anglo American to be effected by way of a scheme of arrangement with the consideration being 100% scrip and valuing Anglo American at approximately £34 billion, equivalent to A$65 billion[129]. The value of the scrip consideration offered was equivalent to circa 28%[130] of the market capitalisation of BHP before the announcement of the first proposal (on 26 April 2024).

9.8 While market conditions and circumstances differ, we believe it is useful to draw a parallel between BHP's proposed acquisition of Anglo American in 2024 and Rio Tinto's acquisition of Alcan for all-cash consideration of US$38.1 billion in 2007. This comparison assists with drawing conclusions in relation to the constraints that the DLC structure poses on M&A.

Alcan Acquisition

9.9 At the time of the Alcan acquisition announcement on 12 July 2007, Rio Tinto's market capitalisation was approximately A$119 billion, equivalent to US$103 billion[131]. The value of the cash consideration for the acquisition of Alcan represented circa 37.1% of the market capitalisation of Rio Tinto at the time of announcement, well in excess of the 100% scrip based proposed acquisition of Anglo American by BHP.

9.10 It is difficult to identify any reasons why Rio Tinto elected to fund the Alcan bid with 100% cash, other than largely due to the constraints and limitations associated with the DLC structure, due to the following:

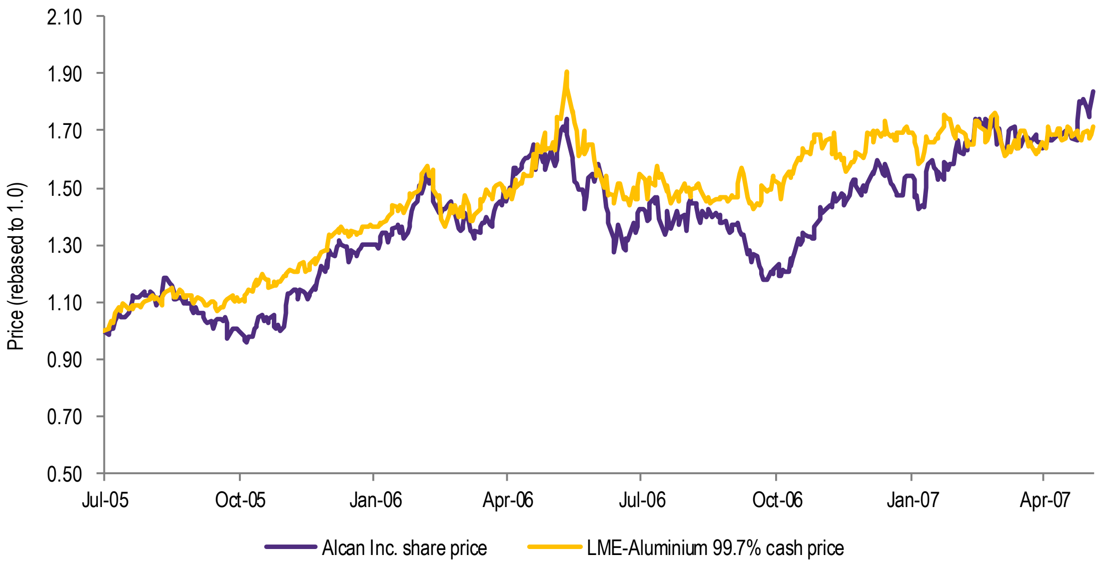
- The offer represented a circa 65.5% premium to the last undisturbed trading price of Alcan shares of US$61.03 on 4 May 2007 and a 32.8% premium to the previous offer of US$76.03 made by Alcoa on 7 May 2007. The Alcoa offer was structured 70% cash and 30% scrip. The Alcan board of directors recommended shareholders to reject the initial offer made by Alcoa as inadequate and given they were in discussions with other parties. We have not identified evidence to suggest that Rio Tinto was required to offer 100% cash in order to secure the transaction or that the mixed consideration (70% cash and 30% scrip) offered by Alcoa was unacceptable to the Directors of Alcan. A key perceived benefit of the Rio Tinto's bid was that it fully met the requirement of the continuity agreement with the Government of Quebec, which ultimately meant that Rio Tinto would be able to keep the current power and water contracts which made Alcan a low-cost aluminium producer[132].

- Before the transaction, Alcan's trading prices had been highly correlated with aluminium prices, benefiting from their significant increase as shown in Figure 70 below. This increase was driven by

[128] Since the establishment of BHP's DLC structure in June 2001, BHP had fully funded its US$33.3 billion worth of acquisitions with cash and had never issued shares for acquisitions.
[129] Based on the GBP:AUD exchange rate of 1:1.9000 as at 13 May 2024 (the date of the revised offer) sourced from S&P Global.
[130] Based on a market capitalisation of BHP Group of approximately A$229.3 billion as at 25 April 2024 sourced from S&P Global.
[131] Based on the AUD:USD exchange rate of 1:0.8641 as at 12 July 2007 sourced from S&P Global.
[132] As part of Rio Tinto's bid, it ensures that it would honour the continuity agreement that Alcan signed with the Government of Quebec in 2006, thereby committing to the same level and quality of commitments in Quebec, including maintaining a head office and principal business in Quebec.

strong global demand, especially from China with an increase of circa 84% between July 2005 and the last undistributed trading day for Alcan shares (4 May 2007) before the offer from Alcoa.

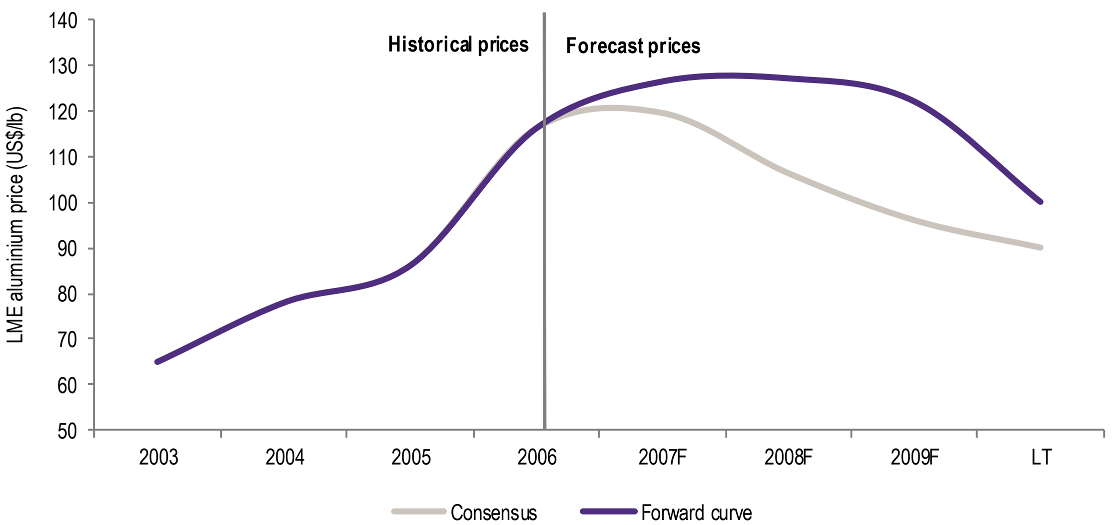
Figure 70 - Share price of Alcan Inc. and aluminium prices prior to initial offer rebased to 1.0



Sources: S&P Global, GTCF analysis.
Notes: (1) The share price of Alcan and the historical price of Aluminium as at 1 July 2005 has been rebased to 1.0 to display the relative performance.

- Based on the large premium that Rio Tinto was prepared to pay for Alcan above its undisturbed trading prices, we can infer that Rio Tinto had a buoyant outlook for the prices of aluminium. However, we note that this outlook was not shared by the market, who was more bearish and forecasted a softening in the prices of aluminium. Below, we have set out the aluminium price as forecast by the market as well as the forward curve according to Bloomberg as at 17 July 2007.

Figure 71 - Forecast aluminium prices by consensus and forward curve



Sources: Bloomberg, UBS Broker Report dated 17 July 2007.

- As set out in Figure 71, the market expected the aluminium commodity price cycle to have peaked at the time of the offers for Alcan, forecasting prices to fall from an average of circa US$120/lb in 2007 to US$96/lb in 2009, with a long-term price target of US$90/lb.

9.11 Investment analysts at the time also flagged the risk associated with the price that Rio Tinto was prepared to pay as summarised below:

- Lehman Brothers (now Barclays) on 20 July 2007: "*We are not convinced that the Alcan acquisition is NPV positive for Rio Tinto. We consider the price to be paid (at almost 9.5x 08E EBITDA) to be full and significantly more pricey than Rio's own stock"* and further *" We are also somewhat concerned about the relatively aggressive aluminium price assumptions that Rio Tinto used in evaluating this acquisition … In our opinion, this is uncharacteristic for Rio Tinto, as management has historically been very conservative in their outlook on the commodity markets in general*"[133].

- ABN Amro Bank on 13 July 2007: *"Strategically the bid makes sense, on an EPS accretion basis the bid makes sense (i.e., the large interest payments are met by the earnings), but on a value basis we see it as NPV neutral at best … it appears that RIO has paid a 43% premium to our (ABN Amro Bank) calculated NPV, and will require very strong aluminium prices and very strong growth to bridge the gap … To put the bid in some perspective, Rio Tinto is paying an enterprise value of around 42% of its own market cap for a company that produces about the same level of revenue but around 25% of the profit at the moment"* and further *" It is still difficult to reconcile RIO (Rio Tinto) making a bid now at a share price (referring to Alcan Inc.) nearly three times what it was in October 2005. The key inference from this is that the company has recently put through significant increases to its pricing expectations for aluminium"*[134].

- Lehman Brothers (now Barclays) on 3 August 2007: "*What concerns us most about the Alcan acquisition is that the Rio management and board appear to be justifying this deal based on their own bullish view on aluminium prices and their stated belief that many analysts may not be as familiar with aluminium as they are with copper and other commodities … Our (Lehman Brothers) interpretation is that Rio management would agree with us that the economics of this deal are unattractive using consensus aluminium price forecasts …. we estimate that Rio Tinto would have a significantly more attractive valuation without Alcan as compared with Rio with Alcan, regardless of whether we use forward curve commodity prices, or our commodity price forecasts*"[135].

9.12 In order to fund the all-cash offer, Rio Tinto negotiated a newly US$40 billion syndicated bank loan at floating interest rates, of which US$38 billion was to be drawn down. At the time, Rio Tinto had limited cash resources with a cash balance of only US$736 million as at 31 December 2006. As a result of the all-cash acquisition, Rio Tinto CFO Guy Elliot suggested the gearing was to increase from 11% (as at 31 December 2006) to approximately 64% at the time of the completion of the acquisition (based on an expected closing date in 4QCY07)[136].

9.13 In anticipation of the Alcan acquisition and subsequent increase in gearing stated above, Rio Tinto management discontinued their existing capital management programme to focus on reinforcing their

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[133] Sourced from Lehman Brothers equity research report titled "Breakfast with Tom Albanese" dated 20 July 2007.
[134] Sourced from ABN Amro Bank equity research report titled "RIO moves on aluminium" dated 13 July 2007.
[135] Sourced from Lehman Brothers equity research report titled "Alcan Acquisition and 1H07 Earnings" dated 3 August 2007.
[136] Sourced from UBS equity research report titled "Alcan's white knight shows its colours" dated 17 July 2007.

financial position. A strategic review was also undertaken to determine non-core assets, with disposal proceeds expected to exceed US$10 billion, which would be used to de-leverage their balance sheet[137].

9.14 Whilst difficult to foresee at the time of the acquisition, shortly after completion, the Global Financial Crisis hit and induced a global economic downturn. This led to a marked reduction in manufacturing activities, particularly in automation and construction, resulting in a considerable oversupply of aluminium. Consequently, aluminium prices fell sharply from US$124.6 cents/lb as at 12 July 2007 to a low of US$56.8 cents/lb as at 23 February 2009[138] with Alcan's net income falling from US$1,786 million in 2006[139] to a net loss of US$578 million in 2009[140]. Rio Tinto has recorded total post-tax impairment charges amounting to approximately US$32.5 billion[141] from 2008 to 2023 for the Aluminium Segment largely driven by the timing of the Alcan acquisition in conjunction with peak aluminium prices.

9.15 As a result of Rio Tinto's all-cash offer and in order to repay the debt from the Alcan acquisition, in June 2009, Rio Tinto announced a fully underwritten rights issue to raise gross proceeds of approximately US$15.2 billion. The rights issue was undertaken at US$22.94 per share, however given that Plc Shares were trading at a discount of approximately 17.8% to Limited shares[142], the rights issue had significantly different dilutionary impacts and discounts for Limited Shareholders to Plc Shareholders as set out below.

Figure 72 - Discounts represented in the subscription prices of the capital raise

Discounts represented in the subscription prices		
%	Plc shareholders	Ltd shareholders
Theoreitcal ex-rights prices	38.2%	47.2%
Closing price	48.5%	57.7%

Source: Rio Tinto ASX announcements.
Notes: (1) Discount to the theoretical ex-rights price for Plc shareholders based on a Plc share price of 2,265.6 pence as stated by Rio Tinto. (2) Discount to the theoretical ex-rights price for Limited shareholders based on a Limited share price of A$53.61 per Limited share as stated by Rio Tinto. (3) Discount to the closing price for Plc shareholders and Limited shareholders based on the closing price of Plc shares and Limited shares on 4 June 2009 respectively.

9.16 Since acquiring Alcan, Rio Tinto has made six major acquisitions, with only two completed since September 2012, as shown in Figure 67. The most recent transaction is the US$6.7 billion takeover of Arcadium Lithium, which completed in March 2025. This acquisition will boost production from lithium assets, supporting Rio Tinto's existing lithium operations and their recently announced A$2.5 billion expansion. We consider this acquisition contributes to what we believe is a wider trend of increased M&A activity and consolidation within the industry.

Consolidation in the global resources and mining industry

9.17 In recent years, the global resources and mining industry appears to have experienced an uptick in dealmaking activity which is leading to greater consolidation in the industry. Our research suggests the key drivers of this trend are:

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[137] Sourced from Rio Tinto 2007 Half Yearly Accounts.
[138] Source from S&P Global.
[139] Sourced from Alcan Inc audited US GAAP financials from 2006 10K; year-end 31 December.
[140] Sourced from Rio Tinto's 2009 Annual Report and based on the net income of Rio Tinto's Aluminium operating segment at the time, which largely comprised of the Alcan business; year-end 31 December.
[141] Calculated based on impairment charges recorded in Rio Tinto Annual Reports from 2008-2023.
[142] Based on last trading price of Ltd shares of A$66.90 as at 4 June 2009 (day prior to the announcement of the rights issue) and last trading price of Plc shares of GBP 27.20 per Plc share as at 4 June 2009, equivalent to A$55.01 per Plc Share based on the GBP:AUD exchange rate of 1:2:0223 as at 4 June 2009.

- Energy transition: It is expected that the demand for critical minerals such as copper and lithium could more than double by 2030 and triple by 2040, reaching nearly 35 Mtpa, if countries meet their national energy and climate pledges as the world transitions to green energy solutions[143].

- Scarcity of critical minerals: Whilst 2023 and 2024 experienced softening in the prices of critical minerals after a surge in supply, there remains concerns that a lack of reliable critical mineral supply may threaten the global transition to clean energy in the longer term[144]. This is exacerbated by the fact that these critical minerals are concentrated in certain geographies, for example the global reserves for lithium are concentrated in South America and Australia, cobalt in the Democratic Republic of the Congo and nickel in Indonesia. These geographic monopolies heighten supply risks and place pressure on geopolitical tensions.

- Commodity price volatility and inflationary pressures: The recent inflationary environment has also been a contributing factor to the consolidation dealmaking activity, with the manager of the world's biggest mining funds, BlackRock's Evy Hambro, stating that *"it's now cheaper to buy mines rather than build them"*[145].

9.18 Increased cost pressures, scarcity of critical minerals and the energy transition have led to greater requirement for scale which has accelerated the consolidation in the industry as evidenced by 1) BHP's acquisition of OZ Minerals for approximately A$9.6 billion in May 2023, which was part of BHP's strategy to enhance its portfolio in copper and nickel; 2) BHP making a A$75 billion takeover offer for Anglo American, which was rejected[146]; 3) the market has speculated that Rio Tinto and Glencore held initial talks regarding a proposed A$160 billion merger which would have created the world's largest mining company. 4) Glencore acquired Teck Resources' steel making coal business for an implied enterprise value of US$9 billion during 2024; and 5) Newmont completed the takeover of Newcrest Mining at the end of 2023, creating the world's leading gold and copper company[147].

9.19 The recent consolidation within the global resources industry is expected to continue, with the former Anglo American chief executive Mark Cutifani stating that he was *"betting on more consolidation by the world's biggest miners as they vie for the attention of investors from less capital-intensive sectors such as technology"*[148]. Potential investors are weighing up potential M&A opportunities, supported by Saudi Arabia’s Minister of Industry and Mineral Resources stating at the World Economic Forum that joining the consolidation *"could be a good way of entering the market or getting at least access to different assets in a more structured way"*. Securing supplies of critical minerals is increasing M&A activity within the industry, with Saudi Arabia looking to secure supplies in order to enable their industrialisation plan.

9.20 The DLC structure with the large price variance between Plc and Limited largely restricts the ability for Rio Tinto to issue scrip as consideration for any M&A activities. With a high level of dealmaking and consolidation expected in the short-term, we assess that the Potential Unification will provide the Directors with increased flexibility and leverage when negotiating a potential M&A opportunity. Having the option to use both scrip and cash, rather than just cash, as consideration is advantageous.

9.21 Additionally, Rio Tinto has a substantial capital expenditure program projected to reach approximately US$10.0 billion per annum in the coming years, as the company continues to accelerate growth projects

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143 Sourced from International Energy Agency "Critical Minerals: a new frontier for global energy security" article.
144 Sourced from Small Caps "Critical minerals shortages threaten global clean energy transition, analysts warn" article.
145 Sourced from AFR article titled "Mining titan Evy Hambro says it's better to buy, rather than build" released 10 May 2024.
146 Rejected due to Anglo concerns relating to the disproportionate execution risk associated with the proposed structure and value ultimately delivered to Anglo American shareholders.
147 Sourced from Newmont website.
148 Sourced from the Australian Financial Review - February 2025.

and decarbonisation initiatives, as detailed in Figure 10. Given the funding of this capex program is likely to occur with existing cash resources or by drawing down on debt, having greater flexibility in being able to engage in M&A opportunities using scrip consideration may be beneficial.

10. DLC Governance

10.1 Despite ultimately operating as a single entity, Rio Tinto is subject to two separate regulatory regimes and often adheres to overlapping and interacting requirements. Limited is subject to the Australian Corporations Act, the ASX Listing Rules, ASX Corporate Governance Council Principles and Recommendations Australian common law (as applicable) and in certain contexts regulation by the Australian Takeovers Panel. Plc is subject to the Companies Act 2006, the UK Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code, the City Code and English common law (as applicable). The Potential Unification will result in Rio Tinto being subject to a single regulatory regime and remove the current ongoing complexities of engaging with and having regard to the interest of two sets of regulators and shareholders, as director fiduciary duties are no longer stretched to cover the combined entity.

10.2 Whilst the legal and regulatory regimes governing companies in Australia and the UK are founded on the same underlying principles and have many similarities, with both being highly developed and globally respected governance models. There are, some key differences between the Australian and UK regimes which are briefly described below:

- *Directors:* In the UK, directors are elected every year. In Australia, directors have a three-year term (typically phased). Whilst each of Plc and Limited has its own Board of Directors, the same directors serve on each Board and decisions of the Board are made for Rio Tinto on a unified basis.

- *Takeovers*: The City Code mandates that any bidder acquiring more than 30% of a target company must extend an offer to all shareholders. In contrast, Australia sets a lower threshold of 20%. However, Australian law allows for 'creeping,' which permits acquiring up to an additional 3% every six months beyond the 20% threshold, a provision not included in the City Code. Additionally, the City Code stipulates mandatory cash alternatives under specific conditions and enforces a fixed timetable for takeovers, unlike the more flexible Australian takeover regime.

- *Equity raises*: In the UK, a company is permitted to raise up to 10% of issued capital via a non-pre-emptive basis (i.e. placement) each year, subject to shareholder approval. In Australia, the restriction for non-pre-emptive equity raise is up to 15% of issued capital, however, can be increased with shareholder approval.

10.3 If the Potential Unification was to be implemented, shareholders who hold shares in Plc (a UK company governed by UK corporate securities laws) will instead hold shares in Limited (an Australian company governed by Australian corporate and securities laws). Rather than being subject to two regulatory regimes, Rio Tinto would be subject to Australian corporate laws and securities laws. Below we provide an overview of the change in regulatory regime and certain laws and regulations that would apply post unification for Rio Tinto:

- *Main corporate regulations:* Limited will remain subject to the ASX Listing Rules, the ASX Corporate Governance Council Principles and Recommendations, and the Corporations Act. The Companies Act 2006 and City Code will no longer apply; however, the UK listing regime will continue to apply to Limited as an LSE-listed company in the "equity shares (international commercial companies secondary listing)" category, but principles and rules for companies in the "equity shares (commercial companies)" category will not apply and Limited will not be required to comply or explain non-compliance with the UK Corporate Governance Code. Additionally, Limited will be subject to ongoing reporting and governance obligations under the US Exchange Act, the US Sarbanes-Oxley Act, and NYSE listing standards applicable to it as a foreign private issuer.

- *Directors:* Limited will continue to be subject to the ASX Listing Rules, regarding Directors and the Corporate Governance Council Principles and Recommendations (and must either comply with them or explain non-compliance). As an LSE-listed company in the "equity shares (international commercial companies secondary listing)" category, Rio Tinto Limited will not be required to comply with the UK Corporate Governance Code. Although this means Rio Tinto Limited will not need to continue its current practice of holding annual director re-elections, it can voluntarily choose to do so.

- *Power of duties of Directors*: Directors will continue to owe certain statutory and fiduciary obligations to the company under Australian law. This includes a duty to: act in good faith in the best interests of the company and for a proper purpose; not fetter their discretion; exercise care, skill and diligence; avoid conflicts of interest; not use their position or information to their advantage; and declare personal interests in matters. Statutory duties to the company, as set out in the Companies Act 2006 and Under English Law will no longer apply.

- *Issue of new shares*: If the Potential Unification were to take place, Rio Tinto would be listed on the LSE in the "equity shares (international commercial companies secondary listing)" category. As an LSE-listed company in the "equity shares (international commercial companies secondary listing)" category, Rio Tinto Limited will not be required to comply with UKLR 9 and no automatic pre-emption rights would apply. However, Chapter 7 of the ASX listing rules will continue to prohibit the issue of new Rio Tinto Limited Shares and other non pro-rata equity securities without shareholder approval in certain circumstances.

- *Capital management (capital reduction)*: Under Australian law, capital reductions generally require shareholder approval, but do not require court sanction as under the English law. Post Potential Unification, Rio Tinto will be required to have equal capital reductions approved by shareholders by ordinary resolution and selective capital reduction by a special majority prescribed under the Corporations Act. If the reduction involves the cancellation of shares, it must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

- *Capital management (share buy-backs)*: Under English law, a public company may repurchase its shares only from distributable profits or the proceeds of a fresh issue of shares, and such buy-backs must be approved by an ordinary resolution. Following the Potential Unification, Rio Tinto would be governed solely by Australian law, which allows a company to buy back its shares provided that the buy-back does not materially prejudice the company's ability to pay its creditors and complies with the Corporations Act. Shareholder approval by ordinary resolution would only be necessary if the buy-back exceeds 10% of the smallest number of votes attaching to voting shares on issue during a 12-month period. Shareholder approval by special resolution will be required if the buy-back is selective and does not qualify as an equal access buy-back, on market buyback or employee share scheme buy-back.

- *Source and payment of dividends*: If the Potential Unification was to occur, Rio Tinto would only be subject to Australian law, meaning it must not pay a dividend unless: its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for payment of the dividend; the payment of the dividend is fair and reasonable to shareholders as a whole; and the payment of the dividend does not materially prejudice its abilities to pay its creditors. Shareholders post Potential Unification will continue to have the right to participate in a non-binding vote on the adoption of the remuneration report at every general meeting.

- *Directors' remuneration:* Under Australian law, Rio Tinto Limited will continue to be required to publish a board-approved remuneration report on the remuneration of directors and other key management personnel. Shareholders will continue to have the right to participate in a non-binding vote on the adoption of the remuneration report at every annual general meeting. If in two consecutive annual general meetings 25% or more of the votes cast on the resolution are against adopting the remuneration report, a 'spill resolution' must then be put to shareholders at the second meeting.

- *Transactions involving Directors:* Rio Tinto will be subject to Australian law, under which a director who has a material personal interest in a matter that relates to the affairs of a company must give the other directors notice of that interest and can, in certain circumstances, be excluded from participating in a board meeting where the matter is discussed.

- *Takeovers:* The City Code will no longer be applicable if an offer is made to Rio Tinto. The Corporations Act will apply, placing restrictions on a person acquiring voting power of more than 20% in a listed company, as discussed above. The Australian Takeovers Panel is the primary forum for resolving disputes in relation to Australian takeover offers during the bid period. The City Code will no longer be applicable if an offer is made for Rio Tinto Limited.

- *Significant transactions:* The ASX Listing Rules requires shareholder approval for the sale of a listed company's main undertaking and ASX consultation for transactions that constitute a significant change, directly or indirectly, to the nature or scale of its activities, a sale of its main undertaking, or, in certain circumstances, the sale of a major asset. Post Potential Unification, as an LSE-listed company in the "equity shares (international commercial companies secondary listing)" category, Rio Tinto Limited will be subject to certain notification requirements and potential de-listing in relation to a "reverse takeover" *[UKLR 14.4]*.

- *Related party Transactions:* Following Potential Unification, Rio Tinto Limited will continue to be subject to the related party transactions regime under Chapter 2E of the Corporations Act, pursuant to which shareholder approval is required to provide a financial benefit to a related party, unless an exception applies. Rio Tinto Limited will also continue to be subject to the ASX listing Rules which require shareholder approval of certain transactions with related parties. As an LSE-listed company in the "equity shares (international commercial companies secondary listing)" category, Rio Tinto Limited will be subject to certain disclosure obligations in relation to related party transaction *[UKLR 14.3.22],* however these requirements are less onerous than those which apply to a company with an LSE primary listing.

10.4 While the relative merits of each regulatory regime are open to debate and subjective interpretation, the analysis above demonstrates that Rio Tinto would likely benefit from the simplification, cost savings and efficiency associated with being subject to a single regulatory regime upon unification. Additionally, we note that whilst difficult to weigh up each of the specific differences between the UK and Australian legal systems, both are well developed and generally considered protective of shareholder rights/promote world class governance practices.

11. Tax considerations

11.1 Palliser engaged the services of an independent tax adviser to undertake a review based on publicly available information and certain assumptions, to identify any material tax implications, of the Proposed Unification. In performing their assessment of certain tax costs, the tax adviser has relied on valuations of Rio Tinto assets prepared and provided by Palliser. Palliser has adopted the reasoning and positions set out in the tax adviser's various reports and the Tax team of Grant Thornton Australia has been asked to consider Palliser's position in respect of taxes and comment on whether there are significant errors or omissions.

11.2 Further to taking independent tax advice, Palliser has considered the unification of Rio Tinto under three possible structures namely:

- *Limited acquires Plc:* Rio Tinto Ltd acquires all Rio Tinto Plc shares in consideration for Rio Tinto Ltd shares. This is the option which is analysed in the balance of this section; or

- *Top Hat Structure:* A new holding company (Top Hat Co) is incorporated in Australia that acquires the Rio Tinto Ltd shares, and the Rio Tinto Plc shares in consideration for an issue of shares in Top Hat Co to the respective shareholders (we understand that this option is not considered further and therefore our tax comments below reflect that); or

- *Plc acquires Limited:* Rio Tinto Plc acquires all the shares in Rio Tinto Limited in consideration for Rio Tinto Plc shares. This option was deemed least likely to take place and, therefore, not opined on further.

11.3 The Tax team of Grant Thornton Australia has considered the tax position adopted by Palliser based on independent tax advice on a limited scope basis only and have only considered tax jurisdictions that may be impacted by the Potential Unification where those jurisdictions were separately considered by Palliser's independent tax adviser.

11.4 The tax position and supporting analysis adopted by Palliser and considered by the Tax team of Grant Thornton Australia reflects a feasibility analysis, presenting a model that they consider to be a potential tax outcome, based on public information.

11.5 The disclaimers and limitations of liability which are set out in paragraphs 1.43, 1.44 and 2.12 to 2.18 (inclusive) of this Appraisal Report shall apply mutatis mutandis to the Palliser Tax Materials and any statements in this Appraisal Report which are derived from or based on the Palliser Tax Materials (with references to Grant Thornton Australia in such paragraphs being understood as references to Palliser).

On-going tax implications for Rio Tinto

Singapore CFC tax implications

11.6 Palliser has considered the impact of the controlled foreign company rules of the Proposed Unification, limited solely to the Singaporean entities in the group. While there are likely to be other CFCs of Rio Tinto Limited post-unification, Palliser has determined that the likelihood of material incremental tax in respect of these other CFCs is low.

11.7 Based on advice, Palliser has assumed that the Singaporean income may not be attributable to Rio Tinto Plc under the UK CFC rules. However, post-unification, it was assumed that Singaporean income may be attributable to Australia under the Australian CFC rules.

11.8 Palliser's tax position adopts certain assumptions in relation to estimating the annual amount of attributable CFC income from the Singaporean CFCs post-unification. In particular, attributable annual income amounts adopted by Palliser assume that certain restructuring will take place to mitigate attribution.

11.9 Our Tax team have considered the basis of the advice received by Palliser and, accepting the same assumptions and parameters of analysis, have concluded their reasoning to be materially correct in respect of the Singaporean CFCs. We note that Palliser has estimated that the Singapore CFC attributable income will result in an ongoing increase of the annual tax payable by Rio Tinto of c. US$145 million per annum under the Base Case which equates to a net present value of US$1.25 billion to US$1.5 billion.

11.10 In reviewing Palliser's assessment of an ongoing increase of the annual tax payable by Rio Tinto under the Base Case, we have also checked the following:

- The reasonableness of Palliser's assumption to adopt the Singapore entities 2023 financial performance as a "base year" in which to forecast future incremental tax.

- The growth adopted for base year incremental CFC tax costs with 1) industry growth rates; 2) projected annual revenue growth forecasts by mine; and 3) benchmark interest rates. We further understand that the terminal value growth rates have been based on the assumptions assumed in the final year of the DCF (being 2033) or a long-term average.

- Palliser has estimated the net present value of these tax costs by discounting the annual incremental tax costs at a WACC. We have benchmarked the WACC used by the tax advisor to various benchmarks including: 1) Rio Tinto's impairment testing discount rate as disclosed within their annual reports; 2) discount rate employed by various brokers covering Rio Tinto; and 3) discount rate employed by various brokers covering comparable companies such as BHP and Fortescue.

11.11 We consider the assumptions adopted by Palliser to be reasonable under the Base Case, subject to the matters referred to above.

One-off tax implications for Rio Tinto

11.12 As summarised below, Palliser has assessed the one-off tax liabilities under a Base Case across all jurisdictions to be c.US$450 million in relation to change of control, acquisition or sale of rights, landholder duty and stamp duty, which we consider immaterial when compared to the scale and size of Rio Tinto.

Figure 73 - Summary of one-off tax liability estimated by Palliser under 'Limited acquiring Plc' structure

One-off tax liability summary under 'Limited acquiring Plc' structure	
Tax jurisdiction	Base Case
Landholder duty in Australia	A$113m
Indirect Corporate Income Tax in Mongolia	Nil
Stamp Duty in UK	£306m
Capital gain tax in Guinea	Nil
Indirect income tax in Chile	Nil
Capital gains tax in US	Nil
Acquisition of control tax in Canada	Nil
Total[1]	**US$450m**

Source: Palliser
Note: (1) AUD and GBP are translated into USD using the exchange rate of AUD:USD=0.63 and GBP:USD=1.24, sourced from Bloomberg on 10 February 2025.

11.13 The Tax team of Grant Thornton Australia has considered the tax advice received by Palliser in those jurisdictions in which they have assessed a nil tax payable under their Base Case assumptions, being Mongolia, Guinea, Chile, the US, and Canada, and discussed the findings with local tax specialists. In accordance with the scope of our engagement, we are unable to comment specifically on non-Australian taxes, but we note that no material matters were brought to our Tax team's attention that would contradict Palliser's position.

11.14 In relation to Stamp Duty (landholder duty) in Australia, Palliser has assumed a duty cost of up to c. A$115 million, which the Grant Thornton Australia Tax team consider is reasonable under the Base Case assumptions.

Landholder Duty in Australia

11.15 Should Rio Tinto unify under the 'Limited acquiring Plc' structure, Palliser considers the landholder duty is only applicable to the Australian assets currently held by Plc. We consider comments in respect of the availability of Australian CGT rollover relief to be reasonable.

Indirect Corporate Income Tax in Mongolia

11.16 Palliser considers that it is a reasonable position that Indirect Corporate Income Tax in relation to the Oyu Tolgoi assets will be exempt from tax on the indirect change in ownership due to the fiscal stabilisation clause present in the Investment Agreement between Government of Mongolia, Ivanhoe Mines Ltd, and Rio Tinto International Holdings Limited dated 6 October 2009[149]. Accordingly, their position is that no tax is payable in Mongolia.

Stamp Duty in UK

11.17 According to the analysis conducted and provided to us, the UK stamp duty is estimated to be c. £306.3 million based on Rio Tinto Plc's market capitalisation as at 20 May 2024 and stamp duty rate of 0.5%.

11.18 We have considered the valuation inputs and updated the calculation adopted by Palliser as at 20 May 2024 to 10 February 2025. We note that the UK Stamp duty is estimated to be c. £265.8 million, based on Rio Tinto Plc's market capitalisation as at 10 February 2025 and a tax rate of 0.5%. We note the amount of

[149] https://www.mmdaproject.org/presentations/MMDA%20Mongolia%20Ivanhoe%20Agrt-1.pdf

UK stamp duty payable will move proportionally in line with the movements in Rio Tinto Plc's market capitalisation.

Capital gains tax in Guinea

11.19 For the Base Case, Palliser has adopted the position that the Potential Unification would not result in a change of control of the Guinean mining rights in relation to Simandou project, and therefore no capital gains tax liability would arise. This is on the basis that the Potential Unification aims to simplify the corporate structure by consolidating various instruments into a single structure, which already exercises influence or control over the entity holding the mining rights under the DLC structure and, hence, does not lead to an indirect change of control.

Other jurisdictions Indirect Income Tax

11.20 Should Rio Tinto unify under the "Limited acquiring Plc" structure, Palliser considers that it is reasonable to assume:

- *Tax in Chile* - No Indirect Chilean Income Tax would be payable as the transaction is expected to qualify for an exemption on the basis there would be no change of control and certain tax neutrality requirements with the UK would be met.
- *Tax in the US* - There would no taxable gain or loss in the US and the transaction would not jeopardise Rio Tinto's US carry forward losses due to certain US tax exemptions that would be available to Rio Tinto.
- *Tax in Canada* - Acquisition of control tax would not be payable as there is a common board of directors and an assumed integrated management structure between Rio Tinto Limited and Rio Tinto Plc.

One-off tax implication for individual Rio Tinto Shareholders

11.21 Neither we nor Palliser have performed a review of the tax implications for individual Plc and Limited Shareholders (besides the availability of CGT roller relief), which are likely to vary on a shareholder-by-shareholder basis depending on the jurisdiction in which they are a tax resident. We have therefore not considered this factor in forming the basis of our opinion.

Appendix A – Sources of information

In preparing this Appraisal Report, Grant Thornton Australia has used various sources of information including the following key documents (not an exhaustive list):

- Annual and half yearly reports of Rio Tinto.
- Rio Tinto quarterly operations reviews.
- Rio Tinto investor presentations.
- Rio Tinto Country-by-Country reports.
- Rio Tinto taxes paid reports
- Rio Tinto fact book.
- Rio Tinto disclosed consensus estimates.
- Rio Tinto ASX and LSE announcements.
- The Explanatory Memorandum and Shareholder Circular regarding the formation of Rio Tinto's DLC Structure
- Transaction databases such as S&P Global Capital IQ, Mergermarket and Bloomberg,
- IBISWorld.
- Various broker reports for the Company and for the listed peers.
- Independent Expert Reports of Grant Samuel in relation to the unification of BHP and Brambles.
- Jurisdictional tax advice prepared by Palliser's tax adviser.
- Other publicly available information.
- Palliser Tax Materials which include the jurisdictional tax advice and other information provided by Palliser's tax adviser.
- In preparing this report, Grant Thornton Australia has also held discussions with, and obtained information from Palliser and Palliser's tax adviser.

Appendix B – Rio Tinto Financial Performance by Business Unit

Financial Information by Business Unit	Revenue				Underlying EBITDA				Underlying earnings			
US$m	CY21	CY22	CY23	CY24	CY21	CY22	CY23	CY24	CY21	CY22	CY23	CY24
Pilbara	39,111	29,313	30,867	27,849	27,837	18,474	19,828	16,543	17,568	11,106	11,945	9,550
Dampier Salt	298	352	422	412	39	56	120	117	10	19	49	46
Evaluation projects/other	2,147	2,711	2,701	3,197	(81)	33	57	(478)	(79)	53	(89)	(550)
Intra-segment	(1,974)	(1,470)	(1,741)	(2,119)	(203)	49	(31)	67	(152)	35	(23)	51
Total Iron Ore Segment	**39,582**	**30,906**	**32,249**	**29,339**	**27,592**	**18,612**	**19,974**	**16,249**	**17,347**	**11,213**	**11,882**	**9,097**
Bauxite	2,203	2,396	2,390	3,061	619	618	662	1,250	187	101	141	579
Alumina	2,743	3,215	2,882	3,612	569	289	136	799	307	18	(56)	417
Aluminium - North America + EMEA	6,706	7,561	6,581	7,030	2,592	2,426	1,480	1,639	1,454	1,266	566	632
Aluminium - Pacific Aluminium	2,947	3,102	2,613	2,844	693	497	169	363	396	261	18	131
Intra-segment and other	(2,718)	(3,138)	(2,953)	(3,651)	14	12	(11)	(194)	192	(8)	(15)	(136)
Other product group items	814	973	772	754	26	25	9	35	17	15	5	23
Evaluation projects/other	–	–	–	–	(131)	(195)	(163)	(219)	(101)	(149)	(121)	(163)
Total Aluminium Segment	**12,695**	**14,109**	**12,285**	**13,650**	**4,382**	**3,672**	**2,282**	**3,673**	**2,452**	**1,504**	**538**	**1,483**
Kennecott	2,528	1,923	1,430	2,599	1,142	857	178	720	531	12	(328)	(54)
Escondida	2,935	2,628	2,756	3,424	2,013	1,641	1,619	2,221	1,003	798	684	921
Oyu Tolgoi	1,971	1,424	1,625	2,184	1,213	449	639	1,105	326	130	161	388
Evaluation projects/other[1]	393	724	867	1,068	(341)	(382)	(532)	(609)	(219)	(252)	(327)	(444)
Total Copper Segment	**7,827**	**6,699**	**6,678**	**9,275**	**4,027**	**2,565**	**1,904**	**3,437**	**1,641**	**688**	**190**	**811**
IOC	3,526	2,818	2,500	2,450	2,026	1,381	942	746	734	475	293	212
Rio Tinto Iron & Titanium	1,791	2,366	2,172	1,993	470	799	582	609	176	374	221	241
Borates	592	742	802	763	89	155	212	183	32	80	125	82
Diamonds	501	816	444	279	180	330	44	(115)	99	151	26	(127)
Evaluation projects/other	71	12	16	46	(162)	(246)	(366)	(343)	(153)	(226)	(353)	(265)
Total Mineral Segment	**6,481**	**6,754**	**5,934**	**5,531**	**2,603**	**2,419**	**1,414**	**1,080**	**888**	**854**	**312**	**143**
Reported segments total	**66,585**	**58,468**	**57,146**	**57,795**	**38,604**	**27,268**	**25,574**	**24,439**	**22,328**	**14,259**	**12,922**	**11,534**
Simandou iron ore project	–	–	–	–	(58)	(189)	(539)	(22)	(43)	(145)	(160)	(39)
Other operations[1]	251	192	142	120	(28)	(16)	(39)	43	(88)	(348)	(307)	(225)
Inter-segment transactions	(268)	(256)	(231)	(209)	42	24	8	9	19	26	4	4
Central pension costs, share-based payments, insurance and derivatise					110	377	168	153	133	374	48	228
Restructuring, project and one-off costs					(80)	(173)	(190)	(254)	(53)	(85)	(112)	(178)
Central costs					(613)	(766)	(990)	(816)	(585)	(651)	(898)	(636)
Central exploration and evaluation					(257)	(253)	(100)	(238)	(215)	(209)	(60)	(216)
Net Interest									(95)	138	318	395
Underlying EBITDA/Earnings					**37,720**	**26,272**	**23,892**	**23,314**	**21,401**	**13,359**	**11,755**	**10,867**
Items excluded from underlying EBITDA/earnings					(811)	269	(1,257)	1,055	(286)	(967)	(1,697)	685
Reconciliation to Income Statement												
Share of equity accounted unit sales and intra-subsidiary/equity accounted unit sales	(3,073)	(2,850)	(3,016)	(4,048)								
Impairment charges					(269)	(52)	(936)	(573)				
Depreciatin and amortisation in subsidiaries excluding capitalised depreciation					(4,525)	(4,871)	(4,976)	(5,744)				
Depreciation and amortisation in equity accounting units					(497)	(470)	(484)	(559)				
Taxation and finance items in equity accounted units					(759)	(640)	(741)	(1,002)				
Finance items					(26)	(1,846)	(1,713)	(876)				
Consolidated	**63,495**	**55,554**	**54,041**	**53,658**	**30,833**	**18,662**	**13,785**	**15,615**	**21,115**	**12,392**	**10,058**	**11,552**

Source: Rio Tinto Annual Reports
Note: (1) Restated in Rio Tinto 2024 Annual Report

Appendix C – Earnings disaggregation analysis

Our analysis in disaggregating Rio Tinto's underlying EBITDA and underlying Earnings by Australia or non-Australia is conducted based on the financial information set out in Appendix B and the assumptions detailed in Figure 74 below:

Figure 74 - Asset location and commodity type assumptions adopted by GT in earnings disaggregation analysis

Assumptions used in earnings split analysis		
Asset	Location	Commodity Type
Pilbara	Australia	Iron Ore
Dampier Salt	Australia	Iron Ore
Simandou	Guinea	Iron Ore
Bauxite	Australia, Brazil, Guinea	Aluminium
Alumina	Australia, Canada. Brazil	Aluminium
Aluminium - North America + EMEA	Canada, Oman, Iceland	Aluminium
Aluminium - Pacific Aluminium	Australia, New Zealand	Aluminium
Kennecott	U.S.	Copper
Escondida	Chile	Copper
Oyu Tolgoi	Mongolia	Copper
IOC	Canada	Minerals
Rio Tinto Iron & Titanium	Canada	Minerals
Borates	U.S.	Minerals
Diamonds	Canada	Minerals

Source: Rio Tinto Annual Reports, GTCF Analysis

We have provided further details regarding the assumptions we have adopted in performing this disaggregating analysis below:

- *Location:* For assets with mixed Australian and non-Australian locations, such as Bauxite, we performed our analysis using a low case (assuming all assets are located outside Australia) and a high case (assuming all mixed-location assets are in Australia).

- *Commodity Type:* We used the same classification as in the Rio Tinto Annual Report except for the Simandou iron ore project, which was not classified under a commodity business unit in the report. We instead allocated it to iron ore based on its nature. To avoid confusion, we note that Rio Tinto reports Dampier Salt asset (salt) within Iron Ore Segment and IOC asset (iron ore) within Minerals Segment and we have adopted the same assumption

- *"Evaluation projects/other" and "Intra-segment and other" line items:* Whilst the financial information in Appendix B splits out evaluation projects and intra-segment transactions by commodity, it does not provide a breakdown by asset. We have allocated these items based on the Australian and Non-Australian split we have assessed within the commodity segment before consideration of these items.

- *Treatment of corporate costs:* As set out in Appendix B, several cost items are not allocated to a commodity type or asset, including "Other operations," "Inter-segment transactions," "Central pension costs, share-based payments, insurance and derivatives," "Restructuring, project and one-off costs," and generally "Central costs", "Central exploration and evaluation", and "Net Interest". We understand that these items represent centralised costs, and we have allocated them as Australia and Non-Australia based on our assessment of the location mix before the allocation of these items. The exception is the "Simandou iron ore project," which we allocated to the Iron Ore Segment as an overseas asset as explained above.

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Appendix D – Glossary

1H CYXX	First half year of calendar year XX
A$ or AUD	Australian dollar
ABS	Australian Bureau of Statistics
ABN	Australian Business Number
Active Fund	Investment fund with an active (discretionary) mandate with variability to cater to different investor requirements. They generally are active buyers and sellers of securities with the aim of outperforming the market or a relevant benchmark index
ADR	Australian Depository Receipts
AFR	Australian Financial Review
AFSRL	Australian Financial Services Licence
AGM	Annual general meeting
Alcan	Alcan Inc
Aluminium Segment	Rio Tinto's aluminium business unit
APES 110	Accounting Professional and Ethical Standard 110 " Code of Ethics for Professional Accountants "
APRA	Australian Prudential Regulation Authority
Appraisal Report or Report	This report drafted by Grant Thornton Australia
Arbitrageurs	Investors that aim to profit from market inefficiencies, generally from the simultaneous buying (low price) and selling (high price) of the same asset being priced differently in separate markets.
Arcadium	Arcadium Lithium PLC
Australian Shareholder	A shareholder of Rin Tinto that is an Australian tax resident.
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Australia Earnings	Earnings that give rise to taxable income in Australia
Base Case	Base case of the tax implications of the Potential Unification assessed by Palliser's independent tax adviser.
BHP	BHP Group Limited
BHP IE	Grant Samuel & Associates
BHP IER	Independent expert's report prepared by Grant Samuel on BHP Unification dated 8 December 2021
BHP Unification	The unification of BHP dual listed company structure into a single entity domiciled in Australia effective on 31 January 2022.
Board	Rio Tinto's Board of Directors
CAGR	Compound annual growth rate
Capex	Capital expenditure
CFC	Controlled Foreign Corporation
CGT	Capital Gains Tax
Chinalco	Aluminum Corporation of China Limited
Consensus Forecasts	Consensus estimates on Rio Tinto's performance as of 30 January 2025 that are publicly available on Rio Tinto's website
Copper Segment	Rio Tinto's copper business unit
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
CRA	Conzinc RioTinto of Australia Ltd
Country-by-Country or CbC reports	A tax document required for certain multinational enterprises and providing a breakdown of global allocation of income, profit and taxes paid by tax jurisdiction. The reports are available on Rio Tinto's website.
CY	Calendar year

DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
Directors or Board	The board of directors of Rio Tinto
DLC	Dual listed company
DLC Proposal	The proposal to implement the DLC merger
DSM	Dividend share mechanism
EBIT	Earnings before interest and tax expenses
EBITDA	Earnings before interest tax depreciation and amortisation
Engagement Letter	Grant Thornton Australia's engagement letter with Palliser dated 14 January 2025
EPS	Earnings per share
Equalisation Ratio	The dividend ratio, voting and capital distribution rights attached to each Rio Tinto Plc share and each Rio Tinto Limited share are at an Equalisation Ratio of 1:1
ESG	Environmental, social and governance
ESOP	Employee stock ownership plan
ETF	Exchange-traded fund
FSG	Financial Services Guide
FY	Fiscal year
GBP	Great Britain Pound
GDP	Gross domestic product
Global Financial Crisis	The period of extreme stress in global financial markets and banking systems between mid 2007 and early 2009. During the GFC, a downturn in the US housing market was a catalyst for a financial crisis that spread from the US to the rest of the word through linkages in the global financial system.
Global Fund	Investment fund that invests in companies worldwide, including the investor's own country.
GTAL	Grant Thornton Australia Limited
Grant Thornton Australia	Grant Thornton Corporate Finance Pty Limited (ACN 003 265 987), Grant Thornton Australia Limited (ACN 127 556 389)
Hedge Fund	Investment fund that pools capital from accredited investors or Institutional Investors and employs diverse strategies such as leverage and the trading of nontraditional assets, to earn above-average investment returns.
HNWIs	High net worth individuals
IER	Independent Expert's Report
Institutional Investor	A nonbank company or organisation such as mutual fund, pensions and insurance companies that money on behalf of other people, often buying and selling large blocks of shares, bonds or other securities.
IOC	Iron Ore Company of Canda
IPO	Initial public offering
Iron Ore Segment	Rio Tinto's iron ore business units including Simandou iron ore project.
Joint Decisions	The ability for Shareholders of Plc and Limited to vote as a joint electorate on any matters that affect them in similar ways, which include the creation of new classes of share capital the appointment or removal of directors and auditors, and the receiving of annual financial statements.
Ktpa	Thousand tonnes per annum
Limited	Rio Tinto Limited
Limited Shares	An ordinary share in Limited
Limited Shareholder	A shareholder of Limited Shares
LOE	Letter of engagement
LSE	London Stock Exchange
Management	The management of Rio Tinto
Minerals Segment	Rio Tinto's minerals business unit
M&A	Mergers and acquisitions
Mtpa	Million tonnes per annum

NASDAQ GS	National Association of Securities Dealers Automates Quotations Global Selected Market Composite
NPAT	Net profit after tax
NSW	New South Wales, a state of Australia
NT	Northern Territory
NYSE	New York Stock Exchange
OECD	Organisation for Economic Co-operation and Development
Palliser	Palliser Capital (UK) Limited and its affiliates, a global hedge fund and a shareholder of Rio Tinto
Palliser Tax Materials	Jurisdictional tax advice and other information provided by Palliser's tax adviser.
Passive Fund (or Index Fund)	Investment fund with a passive (or non-discretionary) mandate to replicate the performance of a given index with minimal tracking error. They are also commonly known as index funds or ETFs.
PBT	Profit before tax
PE	Permanent establishment
pcp	Prior comparative period
Plc	Rio Tinto Plc
Plc Shares	An ordinary share in Plc
Plc Shareholder	A shareholder of Plc Shares
Potential Unification	Unification of Rio Tinto's dual listed company structure into a single Australian-domiciled holding company with its primary listing on the ASX and secondary listing on the LSE plus an ADR programme on the NYSE.
QLD	Queensland, a state of Australia
Quoted Security Price Method	Quoted price for listed securities, when there is a liquid and active market
RBA	Reserve Bank of Australia
REIT	Real estate investment trust
Retail Investor	A non-professional investor, also commonly known as an individual investor, who buys and sells shares or funds via traditional or online brokerage firms, generally in relatively small amounts.
RG	Regulatory Guide
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG 60	ASIC Regulatory Guide 60 "Schemes of Arrangement"
Rio Tinto, the Company, or the Group	The combined group of Rio Tinto Limited and Rio Tinto Plc
Rin Tinto Shareholder or Shareholder	A shareholder of Limited Shares or Plc Shares.
RoW	Rest of the world
RTZ	Rio Tinto Zinc Corporation
Scheme	Scheme of Arrangement
SEC	Securities and Exchange Commission
SMSFs	Self-managed superannuation funds
Sovereign Wealth Fund	Investment fund generally a state-owned investment fund comprised of money generated by the government, often derived from a country's surplus reserves.
Superannuation Fund	Investment fund that invests the superannuation of individuals.
Special Voting Company or SVC	The holding company of the Special Voting Share
Special Voting Share or SVS	Shares issued to facilitate the joint voting by shareholders of Rio Tinto Plc and Rio Tinto Limited on Joint Decisions, following the implementation of the DLC
S&P Global	S&P Global Inc.
S&P Global Mining Index	Designed to measure the performance of stocks in the S&P Global BMI engaged in the GICS Metals & Mining Industry. Constituents are selected based on active mining activities and are weighted by float market capitalisation.
TAS	Tasmania, a state of Australia
UK	United Kingdom

US	United States
US$ or USD	United Stated dollar
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WA	Western Australia, a state of Australia
Worst Case	Worst case of the tax implications of the Potential Unification assessed by Palliser's independent tax adviser.