TRANSCRIPTION

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Operator: Ladies and gentlemen, thank you for standing by and welcome to the Mineral Resources investor call and presentation for the full year FY20 financial results. I'll shortly hand over to Chris Ellison, Managing Director of Mineral Resources.

Operator: Please be advised that today's call is being recorded and the presentation contains forecasts and forward looking information. You should carefully read the disclaimer at the end of the presentation. A copy of the presentation and transcript of this call will be posted to Mineral Resources website under the News section at mineralsresources.com.au. At the end of the managing director's address, there will be an opportunity for institutional investors, analysts and media to verbally ask questions. If you wish to ask a question via the phone, you will need to press the * key followed by the number one on your telephone keypad. If you wish to ask a question via the webcast, please type your question into the ask a question box.

Operator: I will now hand the conference over to Chris Ellison.

Chris Ellison: Good morning. Good morning everyone. Welcome. Thanks for joining us. This is the Mineral Resources full year results. I'm Chris Ellison and I'm going to be joined shortly by Mark Wilson, our CFO and he'll take you through all of the financials. It's been an extraordinary year for all of us, for the world. We've gone through what was probably the worst bushfires in modern history. It looked like Australia was going to burn. We didn't think it would end and they very quickly faded and we had this virus that started hitting our shores in March and its changed our world. It's changed the way we live. It's crippling economies across the world and it doesn't seem like it's going away any time soon. So we're going to dedicate a little bit of our time this morning on how Mineral Resources has dealt with the Covid threat that we've had and how we've tried to take care of our people and their welfare and in turn our business.

Chris Ellison: I'm going to tell you a bit about the past year. Talk about the performance of the business, how we've landed our numbers where we are at the moment. I'll give you some high level words on what I think of the numbers and then I want to dedicate a little bit of time on how we have been dealing with Covid-19 and we're going to talk a little bit more about how we're going to deal with that going forward. I mean, probably if we can manage that and get that right, it will probably give us security to be able to continue develop our business.

Chris Ellison: So, highlights for the year. Last year I think I said that it was a year of consolidation, a building year I called it. We were actually spending a lot of cash. We developed sites, mainly the Wodgina site. We had a purpose in mind for doing that. We were looking to grow it into a very substantial lithium business for the next 20 or 30 years and we've achieved that. This year is a different year. This is all about banking cash and we've been very focused on doing that. We banked the check for the sell-down on the Wodgina site and we've been very consistently managing and running our sites and trying to deliver tonnes and cash to the bank. Revenues are up. Profits are up. Dividends are up.

Chris Ellison: Mining services, core part of our business production growth by 65%. Revenue by 50%. I flagged at last year's AGM that I intended to try with my team to double the size of that mining business over the following three years and I'm pleased to say we're well on track to do that.

Chris Ellison: The iron ore business has been quite exceptional. Production up 33%. We hit a run rate of 12.5 million tonnes at Koolyanobbing in June and Iron Valley has been steady at 6.7 million tonnes.

Chris Ellison: The lithium business, we've got, as I said, it's a substantial business on world standards. We're probably in the top four in the world. Prices are low at the moment. Sure, we understand that. See that mainly as, obviously it's demand driven and with the impact of the Covid-19, demand around the world has been suddenly switched off.

Chris Ellison: The Mt Marion mine has performed extremely well. Production is up 17% year on year, but the team down there have done an exception job and the annual production I'll talk about later is even higher.

Chris Ellison: Wodgina remains mothballed and it's going to stay that way for the foreseeable future, but there's no doubt we've got two great partners in Ganfeng and Albemarle. They're quite exceptional. They're both very strong at what they do and working with this team going forward, this is going to be a very big part of the MinRes business.

Chris Ellison: Sustainability performance, very, very important and I think people out there are recognising, I think five or six years ago I used to put out safety results and then try and draw everyone's attention to it and tell them that if an organisation didn't get safety, it didn't deliver on safety, it didn't bring their people home safe, the business probably isn't sustainable. I think a lot more of our investors are getting that. It's something that we've been working on very hard for a long time. You can see on that chart where we were some time back. Again, we've had another outstanding safety result for the year.

Chris Ellison: Our workforce continues to grow. We're over 3,100 employees. Our safety ranks in the top 10 in the mining industry and the mining services industry, which is no mean feat. Our team are incredibly focused on how they deliver the safety. We're running an LTI frequency rate of zero. That means that no-one has had an accident that's caused them to be off work for a full eight hour shift. So quite remarkable again in our business, when you consider how many people are out there playing with rocks around the clock. We've increased our proactive safety actions by 38%. Again another great milestone.

Chris Ellison: We're consistently growing a percentage of female and Indigenous employees. We've increased our recruitment of second generation MRL employees. These people come into the business, so second generation people are children of our employees. They come into the business with a good sense of our culture. They're a good fit and generally speaking, there have been an incredibly good result we've been getting out of them.

Chris Ellison: We've added 15 apprentices this year as well. That gives us a total of 34 across the business. We've only at this stage got three females inside those 34, but we're focused on growing that. Thirteen of those people are second generation, so their mums or dads work for us. We took in 44 trainees and graduates this financial year. Twenty-three again are second generation out of our MinRes family and 24 of those are female, so we're getting much stronger in that area and we're very focused on it.

Chris Ellison: We remain highly focused on emissions and we continue wherever we can to replace diesel with gas, LNG and solar. We're going to be adding solar to our mines of the future. We have done a significant study internally and it's actually become a cost benefit to add solar, so even more reason why we should get that done. But, any major developments we do going forward, we're going to have solar as part of our energy and power generation.

Chris Ellison: We'd like to own and operate our own energy by way of... Sorry, we own and operate all our own energy in terms of our power stations, and that gives us total control over greenfield solutions and we have direct control over the emissions. So, we have the ability to make greenfield changes as we go forward, and we will be.

Chris Ellison: We're a significant contributor to WA charities and community organisations, something that Mineral Resources takes extremely seriously. We believe that we're part of the community and both in the city and countries and it's our responsibility to make sure that we provide support to a whole range of areas where we can't rely on the government to fund literally everything. At the moment, we're heading towards a billion dollars in royalties and taxes over the last five years, so again, we're contributing right across the board to, not just the people and the communities, but the economy for the whole of Australia.

Chris Ellison: Tailings dams, they were a hot topic a few years ago. We continue to monitor them. It's a long term plan we have and we do exactly the same with our open pit walls. We have zero risk in either of our two tailings dams that we operation, the Wodgina tailings dam was constructed under outside experts and it sits on care and maintenance. Mt Marion, we put in some plant and equipment down there, where we're able to extract all of the solids out of the tails and we actually dry stack them, so they don't go into a tails dam at all now. But, the surplus which is a slurry, is simply discharged into a below ground open pit, disused gold mine. So, zero risk with that.

Chris Ellison: Heritage management, section 18s are a bit of a hot topic in the industry. We have reviewed all our sites and our section 18s and we report that there's no risk whatsoever with them, but our approach on how we deal with those is still unchanged. It's fairly solid with our team. We have full collaboration with traditional owners on any sites that we work on, not just with section 18s but with a whole range of areas, and we proceed our developments and our operations only on mutual outcomes. So good way of working in collaboration.

Chris Ellison: Covid, has probably been the biggest disruptor the world's seen in living memory. As I said before, it doesn't seem to be going away. It's a constant threat to us. The past six months we thought the bushfires were probably the worst thing that could happen to Australia, but it just got worse with this virus. The performance of our people was quite extraordinary. When the virus hit and we realised that it could have an effect on our families and it could take the lives of people close to us, all our people pulled together in a way I've never seen before. The culture in the business has always been strong, but it just went to a whole new level.

Chris Ellison: So, the most important thing that we focused on, once we recognised the threat of this virus, was to make sure that every person in the business kept their job. They kept the same pay. They could collect that pay. They could take it home. They could support their family with absolute certainty. The wives didn't have to worry and the husband's about where their income was coming from or whether they were going to have a home to live in, and we got that right. We made sure that no-one lost their job, and they didn't, and we think that if we got that area right, the rest of the business would follow. We'd have a workforce that appreciated the fact that we were living as a family and that we cared about them.

Chris Ellison: You're about to watch a 60 second video right now, and that's going to give you a sense of how we managed through this Covid, and then I'll follow on with a few more remarks on where we've been.

Speaker 2: Always putting their safety and wellbeing first and it's paid off. Our fit for work screening regime has meant a return to regular rosters, which means more time spent with family and better outcomes all round. Nobody said it would be easy, but that's not why we do it.

Chris Ellison: Okay, so when we recognised that there was a threat coming, we got our people together. We drew up a plan very quickly. We got an understanding of the initial steps that we could take. The discipline from our people was quite extraordinary. We took on board all the government guidelines. We made sure that they were clear. We got them to our sites. We got them to our people. We made sure that everyone was kept in a bubble as best we could, certainly at work, some working from home, and ensuring that our people clearly understood that if they stayed in a bubble at home, that was the safest approach for their family.

Chris Ellison: We relocated a lot of people from the eastern states, who come to live on a single status basis here in Perth. We've done the same with our people in the Territory. Had to R&R out to Darwin and be without their families for long periods of time and that's still ongoing. They've been amazing those people and very unselfish in making sure that they've done that to make sure that their families continue to have an income, the kids get schooled and the life continues as it should. It's going to be a period of time before we can do anything more about that. We're trying to make them as comfortable as we can.

Chris Ellison: We introduced new technology to keep everyone connected, as we're doing right now. We've learned to meet, to communicate on screen rather than being face to face in person. We went out and we hired some of the Eagles assistant coaches and we got them out around our sites. They were pretty amazing. They provided physical training and mental health support to all our people and it was a breath of fresh air. Our people were in lockdown on site. They were isolated in their rooms. Going to work, coming back, eating in their rooms and trying to give them something a little bit different to make sure that their mental health was supported as best we could.

Chris Ellison: We did live weekly broadcasts, hosted by the comedian, Peter Rowsthorn. We had a whole new level of hygiene, cleanliness and awareness that went right through our office, our sites. We provided a range of products for people to take home to make sure that they tried to keep clean and they understood how important it was. The net result of that has been quite extraordinary. I don't think I've seen anyone with the flu for probably about four months, and we're probably going to go right through this winter without anyone catching it, simply because of the hygiene practises that we've put in and the safe distancing we all try and maintain.

Chris Ellison: Our sites, we have them locked down. They're still locked down. No-one gets on or off site without being tested and if you consider that is quite a good result for everybody in the community. So, if we can put our people on a plane, they know the person next to them hasn't got the virus because everyone's been tested. When they get to site, the site's entirely clean. When they come home, if they stay in their bubble, they're not bringing anything home to their families, so we can keep WA clean. If we can do that, the economy will keep ticking along.

Chris Ellison: Our screening process, we installed and operate WA's largest PCR testing facility. We were very fortunate, or not probably fortunate, but we got very focused when we saw what was happening in Wuhan and we were probably one of the very few in the world that we got in and bought equipment out of the US and we got it out of the US as they were locking that down and stopping all the test equipment leaving. We've been incredibly well supported by the manufacturers of that equipment in terms of making sure that we've got endless reagents and we've got the world's best reagents. It's not cheap, but to put a price on someone's life, it's incredibly economic.

Chris Ellison: This equipment, it is the most accurate test equipment available in the world. It's gold standard. It's US made. It's run by highly qualified technicians and lab people. Our health division inside our business, it's not for profit. It's run and managed by Neale Fong and I've got to say, he's done an exceptional job to get our facilities up and running. Western Australia does not allow healthy people to be tested, so Neale worked through that and helped us get on top of that and he gives us constant guidance on a week by week basis, so outstanding to have him on board.

Chris Ellison: We test all our workers going to site on every time they hop on a plane, they all have to get tested. We have entered into a partnership very early with the help again of Neale Fong, with the Curtin University on a Covid-19 research programme, and all the test results that we get by the way, are all available to the WA Health Department, which they like to use and it helps them to predict, as I said when the people are on planes on our sites when they go home, it's a pretty good feeling for them to know that they're not taking anything with them. That means all of our members' family is safe and very financially secure.

Chris Ellison: We don't know what's around the corner. We have no idea when this is going to end. We keep managing our business on that basis. It hasn't been easy for management or for any of our staff, but they've taken it in their stride and they've dealt with it. As I said earlier, everything we did up front, and we continue to do, is simply to make sure that we keep everyone employed and we keep them secure. Everything else behind that falls in place is secondary. Our business is very strong. It's very resilient. All our sites have run exceptionally well throughout this whole period. We haven't shut any of the down, and we don't have any plans to do so, provided we can keep managing the way we do.

Chris Ellison: The ownership taken by management staff has been transformational for the business. It's been ridiculously good. It's a culture and a business that I've never seen before in my career. It come on board right up front when everyone had to pull together and it hasn't changed. It's simply got stronger, and I'm very proud of the people and the culture and the can do attitude that we've got in this exceptional business.

Chris Ellison: A few quick highlights on financial performance. As I said, probably the best result we achieved was not losing anybody through the virus and keeping all our family together, and that's the family that runs this machine that turns out these numbers. We're developing an exceptionally good mining services and commodity business, but it has 30 to 50 year horizons we're building into it. Again, this year, with the opportunities sitting in front of us that I'll talk about, we have the ability to be able to do even better than that.

Chris Ellison: The key figures, revenue's up 41%. Statutory EBITDA hit a fairly decent number. That of course includes the capital gain we had on the sell-down of Wodgina. At the end of June we had over one and a half billion cash at the bank, and we paid out a dollar a share for the full year. So, 77 cents for this period, 23 for last. So again, I think good performance.

Chris Ellison: The shareholder value creation, inside MinRes from listing in 2006 has been very strong, very compelling. Over the 14 years we've averaged 30% earnings per share growth. Almost 27% average return on invested capital, which is quite extraordinary, and that's after tax. Twenty-seven cent shareholder return growth per annum and we've converted 101% of our EBITDA to cash. We've paid a dividend every six months since we listed. Total EBITDA earnings hit $5.78 billion and total dividends $5.81

Chris Ellison: On a 90% share, a great track record. And I think it's one that we're all extraordinarily proud of. All right, I'm going to let Mark come up and take you through the numbers and then I'll come back and let you know where we're going.

Mark Wilson: Good morning. It's a pleasure to be here this morning to walk you through our financial results. 2020 has been a year of significant financial milestones, for mineral resources. As Chris said, we delivered revenue of $2.1 billion for the year. That's the first time we've been over $2 billion as a company, as statutory EBITDA, just over 2 billion. Contribution from the sale of Wodgina through the year, and the first half was 1.3 billion from that. The underlying EBITDA figure of $765 million is also a record. And that was supported by a strong second half, $435 million in the half. Cash finished at $1.522 billion. That's a record, bringing us back into a net cash position for the year of 231.

Mark Wilson: The strong performance through the year, and the strong outlook going forward enabled the directors to declare a final, fully franked dividend of 77 cents per share, taking the total dividends to the year to a dollar, again, a record. Pleasingly for me, we've been able to continue to invest, to grow a platform for continued success and growth in our core operating segments of mining services and commodities. Just unpicking the growth a little bit more, the records, we've seen very strong contributions from each of the segments, mining services and commodities. As Chris said, the volumes in our mining services business, were up 65% year on year, and that was driven both by internal contracts, as well as securing some additional external contracts.

Mark Wilson: Our commodities exports have been very strong, iron ore, as Chris said, is up 33%. largely off the back of increased production out of Koolyanobbing, we invested heavily in Kooly through the year to make that happen, and to set us up for the coming years. Iron Valley continued to perform strongly. And lithium, we saw production up 17% and shipments up 7% in a very difficult market. In terms of other aspects of the P&L, that should be noted. Depreciation, amortisation, and interest cost have all risen through the year. That's in line with our expectations and reflective of the business as it scales up in terms of size.

Mark Wilson: Through the year, we took a decision to, well at the half, we took a decision to impair a number of assets. The $114 million was impaired in December. And in the second half, we've taken a further $86 million across four categories. So we've identified a series of tenements that were acquired more than 10 years ago, and those tenements are no longer required, as we progress through our 10 year strategy. We've taken the charge against those. We also have various items of plant and equipment that we will probably not be putting to work going forward, given the success we've had with the development of our crushing strategy, particularly around the next gen plant that we've taken the charge against those. We've also taken the charge against some of the intangible assets to development costs, and some low value or stockpiles in the business.

Mark Wilson: In terms of the movement year on year, we've seen strong contributions from the mining services business, as I've said, as well as from the commodities business. The performance over the year, taking us to the 765 has been achieved despite a $44 million reduction in the contribution from lithium segment over the year. That has been driven by two factors. We had care and maintenance costs and the cost incurred in actually setting Wodgina up for care and maintenance of about $18 million in the year. I would expect that number to be less in this coming year, or in this current year. And the balance of that $44 million decline was also driven off reduced sales in lithium, out of Mount Marion. We don't have a benchmark price for lithium globally, but in round terms, lithium pricing was off, we think about 40% in the year compared to the prior year in Australian dollar terms. So that's been a big drag on earnings for the year.

Mark Wilson: In terms of cash, we've seen very strong performance at a cashflow level through the business this year. FY19 saw us invest heavily for growth in Koolyanobbing, and that consumed considerable working capital. In FY20 whilst we've been able to grow the business, we've been able to grow the top line 41%, we've been able to grow the tonnes, we've been able to do that while holding our working capital pretty much level, which is a great result. And that's meant that the operations have generated close to $800 million in cash over the year.

Mark Wilson: We've invested, as we foreshadowed we would, through the year in developing capacity, and capability at Koolyanobbing in particular. We've also incurred CapEx in the build out of Wodgina at the start of the year, and then one or two smaller acquisitions. So the CapEx for the year was $391 million. As Chris said, we had a significant cash injection, over $1.2 billion from the part sale of Wodgina through the year. And that's left us with $1.522 billion at the end of the year, an increases of $1.2 billion for the year.

Mark Wilson: In terms of our balance sheet, the balance sheet is extremely robust. It's liquid, it's conservatively geared, we're in a net cash position at 30 June. As I said, that allowed us to declare a final dividend of 77 cents, slightly higher than we would normally do under our traditional formula of 50% of NPAT, but, certainly with the head room to do that.

Mark Wilson: This next slide shows a build over the course of the year from 30 June 2019 through to 30 June 2020, about cash. You can say the contribution there from Wodgina, and then the earnings, payment of dividends, taxes, CapEx, and so on to arrive at the concluding balance of $231 million. We've also shared with you there a little bit more information about CapEx and the way that we've spent the $391 million over the course of the year. The third strip is a significant spend of almost $90 million. That's an investment in the future, investment in future at Koolyanobbing in particular, but also at Mount Marion.

Mark Wilson: Just want to share a couple of slides with you to talk about the way we think about value creation. This slide in front of you now shows the track record on three of the investment decisions taken by this company over the last decade or so. These are commodity investments, and the numbers that you see are presented on an after tax basis. They do not include any allowance for margins from the mining services segments. So this is the performance of the business on a commodities only basis. You'll see there very, very strong performance on each of those investments, particularly noting that both, and each of, Wodgina and Mount Marion have a couple of decades at least of production left in them.

Mark Wilson: The way that we think about value investment decisions is governed by a strong focus on capital and the way we allocate capital. That's really fundamental to the way we think. So this last slide that I want to share with you shows the translation of that investment decision through the value creation incident results for our shareholders.

Mark Wilson: We focus as a business, when we think about deploying capital, on the returns that we're going to generate from that capital. That's really important to us because the resources industry is a capital intensive industry, and the development of these projects can take a number of years at time. So it's important that we get these allocation decisions right. We target projects that will generate a return after tax of at least 20%. We do that so that we can deliver corporate results in excess of 12%, which is well in excess of our weighted average cost of capital. The chart on the left shows our track record since listing of doing this. It shows that annually, and it also shows it on a smooth basis on a four year rolling average, so you can get a look through the cycle. You can see the track record of performance in that respect.

Mark Wilson: Our ability to generate returns on the capital we invest, translates to operating cash. Since listing, over four billion dollars of operating cash. That has allowed us to pay dividends, totaling almost $1 billion to our shareholders, representing growth of about 9% per annum. And we've been able to do that while maintaining a conservatively viewed balance sheet.

Mark Wilson: That's going to be the way we think about going forward, careful deployment of capital in the world of opportunity in front of us will continue to take this business forward and set it up for the next 30 to 50 years as Chris outlined. I'll now hand back to Chris, and he'll take you through the performance through FY20 and the outlook into the current year. Thank you.

Chris Ellison: Thanks for that Mark, well done. I'll just run you through very quickly on the performance of the business over this past year. As most of you know, the business, MinRes, is made up of four key pillars. We have the mining services part of the business, we have the commodities, the profit share, and then we have the innovation and infrastructure. Inside the mining services, where MinRes started their business, we draw our heartbeat from that culture. It's the foundation of how we operate. It creates this can do attitude that we've got down deep in the engine room of Mineral Resources. That means we get things done efficiently, we get them done now, not next week. Time costs money. And our entire team have really got that concept.

Chris Ellison: The mining services' business, it generally grows, as I said, always about 15% a year. We're probably running at double that at the moment from last year. Going forward I said, we're going to double the size of that entire business, we're well on track to doing that. This year has been no exception.

Chris Ellison: The commodities business, we've got four operating mine sites sitting in there, and a fifth under construction. So we've got two lithium mines, one in the North and one in the South. We've got two iron ore mines, one up in the Pilbara, one down in the Yilgarn. So different weather patterns, different locations, different ports, different people almost working on them, so we get a good geographical spread on that. And of course we're going to take up ownership in the Kemerton hydroxide plant in partnership with Albemarle. That'll start happening as it completes in 21, going forward in commissioning into 22.

Chris Ellison: Profit share, what we do with that is we take up an equity position in an asset, primarily in commodity. And then we fund the development off our balance sheet, we use our skill, expertise and know how, on how to bring those onto line. And then we generally operate those on a life of mine basis.

Chris Ellison: Then, finally, the infrastructure and innovation part of our business. It's where we have strategic port and rail allocations, supply chain networks, and then the innovation technology. We have the most recent one that's on the ground at the moment, the next gen two plant we call it. The 15 million tonne crushing plant. And we've built that in conjunction with Metso minerals, but the design and the ownership of that proprietary information rests with MinRes.

Chris Ellison: So we'll just run you through the mining services business. All the sites have delivered extremely strongly this year, growth up by 65% over the past 12 months.

Chris Ellison: EBITDA up 72%. Two new contracts, four contracts renewed. And we continue with our extremely high customer retention. All because I think good high quality equipment, incredible safety record, quite a number of our sites have zero tripper on them. Some of our clients say that their safest sites are the ones that we run, but quite a significant programme that we have that brings all of these elements together, that makes us what I consider the contractor of choice in the mining services industry in Australia.

Chris Ellison: Crushing and processing, we're running 22 operating sites, Kooly increased over the last 12 months. We were originally going down there to have a run rate of about 6 million tonne a year, for about five years. And we're going to do twice that now, and for twice as long. So, on the crushing and processing, every single site we've got out there seriously delivered.

Chris Ellison: On the mining, or the contract mining. There's 21 open pits. They sit under commodities. We own and operate all our own drill and blast equipment now. And we own all our yellow goods. Supply chain logistics, we hauled about 14 and a bit million tonnes on highway and about seven and a half million tonnes on rail. And all of that's going to go up next year, substantially.

Chris Ellison: Construction; our construction division, it's a well-oiled machine. High quality people that have been there, some with the business for many, many years. We completed Wodgina, we've now got a large fleet of our cranes and our people down at Kemerton, and they're helping out the Albemarle team to try and make sure that we get that finished on time.

Chris Ellison: They built the 15 million tonne NextGen plant. They're putting that together at the moment. They're preparing to mobilise that to site. We want to have that operating well before the end of this year, and it's going to one of our large iron ore clients. And the construction boys, they also, bituminized 120km of road down on the Yilgarn. So we turned our roads down there into all weather so that we can keep the operations running continuously.

Chris Ellison: The energy, we continued the team and their work very hard under Shell and they completed a study on how to continually displace diesel power, primarily with solar, where we focused.

Chris Ellison: The Corona virus has delayed us with our activities in the Perth Basin, and we've sort of kicked everything out there a year and with sort of figuring out the best way forward out there. But we can say we've got some credibly, highly prospective land up there, and all our neighbours have been very successful over the last couple of years. So fingers crossed we'll have the same results when we get to it.

Chris Ellison: Long-term mining services performance, we've just put a couple of charts there, just to show you that it's consistent. The charts show growth over the past six years, which hang at around 20 percent or better. Quite an incredible outcome, but going forward the growth opportunities are more significant than I've ever seen them before. And we're looking at projects where we're going to be, I think successful on quite a range of them this year, and next. Can never always predict what you're going to win or what you're going to achieve, but we're certainly in a good position to be able to deliver the sort of results that our clients and the like need.

Chris Ellison: Our margins have been consistent through these cycles. And the business provides a very predictable cash flow. It generates long, long term annuity streams. It's a great business to have. And one that we started many years ago with one little tiny crushing plant on a manganese site.

Chris Ellison: Commodities. We've outlaid the tonnes, the costs, the revenue. So you can do the math, and understand what's happened during the year. The iron ore prices this year have been up on last year, about 16%. The exchange rate was pretty good at an average of 0.67, unusual, for the norm is that the US dollar tracks the iron ore price, but they separated over the last year, 18 months. It'd be interesting to see what happens with that. And no doubt, viewer selection will have a bearing on that.

Chris Ellison: Our shipments, 33% up last year, because we're producing more ore obviously. Lithium pricing is down about 46% year on year.

Chris Ellison: Kooly, it's running at about 12 million tonnes at the moment. It probably can do a little bit better than that, but we won't be going too much higher than that. We originally announced last year, we were aiming for 15 million tonne. We're not going to get there because of the rail restrictions. The guys down there.

Chris Ellison: Iron Valley, it simply keeps delivering. It's a high cost operation, but the price of ore is up. How long it'll stay there for, I don't know. But the team have worked very hard out there to try and be more efficient, and they keep delivering the tonnes. The lithium will, by demand, obviously we saw, I was going to say declined, probably crash is a better word, it went down to a low number, it's still at a low number. Demand went backwards, obviously factories shut, they stopped making cars, they stopped making batteries. They're turning them back on now. We feel a very different feeling coming through the market over the last couple of months. It almost seems like they've decided that they're going to simply open the factories and they're going to work with the virus rather than trying to fight it. But certainly a lot of good encouraging signs around the world.

Chris Ellison: Mt Marion has run now over the last couple of months. Our team has done it again, a good job. We are extracting more than 90% of the lithium units out of the rock down there, which is probably the only mine site in the world that I know that's achieving that. We've recently increased production by 31%. And the plant has always been running at nameplate. So again, extraordinary by the team. And a Ganfeng, a partner in that mine, and they do a hundred percent of the off take.

Chris Ellison: The Albemarle joint venture, Wodgina is on care and maintenance and Kemerton is continuing to be constructed. And we'll take our ownership on that when it commissions. Next is where are we going in 21 and beyond. The crushing numbers are going to grow. The mining services' business will grow. The mining services' business is run by Mike Grey, who has recently taken up the position of Chief Executive across all of our mining services.

Chris Ellison: Been around the business for some time and it's probably now, the team we've got sitting in there, it's undoubtedly the best team I've ever had. So we've got a huge opportunity ahead of us. The crushing will grow by numbers, Kooly will grow a little bit more. The next gen plant is heading up, as said up north, we'll have that installed and that'll put an extra seven or eight million tonnes of crushing capacity on that site. We have got, as I said earlier, another one, that we've one, that we're getting ready for, and we're mobilising for.

Chris Ellison: Processing won't change too much over the next 12 months, it will pretty much stay where it's at. Contract mining and haulage is expected to grow from about 42 to 54 million tonnes. And the energy, as I said earlier, we're looking at transforming wherever we can into solar. It's actually economically viable to do that now. Not that long ago, it was a cost to do it. Now there's a payback on it. And for a lot of reasons we just need to move with the times and make sure that we're sort of out front on using as much green energy as we can. If we keep that attitude up, I think we'll be in a very strong position four or five years down the track.

Chris Ellison: But we're putting a lot of funding and time and effort in to making sure that happens. And as I said earlier, any new mine sites we do, they will have a plan where they're going to have lots and lots of solar panels as a minimum.

Chris Ellison: On terms of the infrastructure, we intend to own and operate our own port facilities. And at Pilbara, we're working on that now. We will also be building some haul roads up there for off-highway big trucks. Hauling probably the biggest payload road trains in the world. And we think that we'll be able to get them autonomous somewhere down the track.

Chris Ellison: Commodities outlook, we've laid out what we think the tonnes look like, we've laid out in the past what our costs were. Often with more tonnes, we are able to bring the unit costs down. We've got more tonnes to spread those fixed costs over. As I said earlier, we're developing mining operations. We're looking at 20 to 50 year mine life. And Paul Brown has recently stepped into the role of Chief Executive of our commodities business. He's been running it for some time, but taken on more responsibility. And again, with the workload we've got ahead of us, and with Paul sitting in there, I think the opportunities for that business is going to be quite significant. I think we got more opportunities than we're going to have ability to be able to get them done over the next two or three years. But we will get them done.

Chris Ellison: Koolyanobbing, as I said, it'll produce about 12.5 million tonnes this year. Iron Valley will do a solid eight. So again, we're growing our tonnes in both those areas. Mt Marion will probably do a good 450,000 dry tonnes of spod. That'll all go across to our customer with Gangfeng. Overall costs on that side are going to come down about 15%. And we're in extremely strong position when the lithium business does start to recover. And we can feel a few of those green shoots out in the market now.

Chris Ellison: Kemerton , it's being constructed and paid for by Albemarle and we have no financial or capital risk associated with that. We are hoping that the trains are going to start commissioning around second half of '21. And get into full production somewhere around mid to late '22. And Wodgina will certainly remain on care and maintenance for the foreseeable future. That plant, that site sitting up there on its own, costs about 30 mill a year. And our share of that is about 12.

Chris Ellison: Growth projects going forward, we've got some significant opportunities sitting out there. We've got three major projects that we're working on. We think there's no doubt that two of them are going to be serious winners. We're working with the government and other parties to try and finalise ownership of the port access. It's been ongoing for some time. In the Pilbara, we're hoping that it's getting closer. Timing is of the essence. Not just for MinRes, but it's timing for WA. The opportunity to get more ore into the market has a finite time I believe. And we need to really be starting on these projects this calendar year. So hopefully the government will start making some decisions in the very near term.

Chris Ellison: Once we've got that approval, it'll allow us to double our current iron ore production. So this year's production will double. And it'll take about two years from when we get that approval. And as I said, I hope that's soon. And then that production will double in the preceding two years beyond that.

Chris Ellison: At Marillana we've been doing a lot of work on that. And we're just winding up detailed testing. What we've been doing out there, we've been doing a lot of drilling and an awful lot of metallurgical test work through the labs. And again, once we get an understanding of the port decision, we've got a good ore body there as well. We expect the ore quality to be around about 60.5%. And that's what about seven or eight months of lab testing has shown us. That's a partnership with Brockman. And they'd previously done a lot of work and we've got about the same results. All that product will come out, there'll be a hundred percent times. So like to be able to tell you more, but that's about as much as we can say at the moment until we get some good news.

Chris Ellison: Our energy future, we're looking at ways of providing long term energy security into the business. It's our desire to own our own gas in ground. If we do that, we know that we can have a 20 to 40 years supply. We know that the costs are fixed. And out of that, we can develop a substantial number of businesses as well as support all of our energy needs inside our mining business. And that's in association of course with as much solar as we can possibly put around our plants.

Chris Ellison: But in the meantime, we will just continue to try and reduce the burn of diesel and change that out for whatever we can. And at the moment, the most economic one to move to is gas and solar. But we're looking at that for all our power generation, rail transport, road transport, it's all going to be big consumers of energy going forward.

Chris Ellison: The mining services guidance, again we'll give you a pretty good chart that gives you an understanding of what we're doing on both commodities and growth in the mining services business. As I said, there's substantial opportunities, we will double that business going forward, starting from end of '19. And we see a good solid 30% growth there.

Chris Ellison: Iron ore, volumes are going to be up on last year. We expect the pricing to remain quite robust through this calendar year. The lithium production, it'll remain stable and we're not expecting anything significant in terms of the pricing from now through to Christmas at least. So next year will tell us another story.

Chris Ellison: So that sort of winds it up. The business is, despite this pandemic that's out there, and the hardship that many, many people are going through right across the planet, and in spite of all of that, our people have been amazing on their performance. And the business has never been in better shape in terms of its operations today. And in terms of the future outlook it's got. Where we know that we're going to be adding extra business every quarter that goes forward, at least for the next three years.

Chris Ellison: The ownership that the management staff have taken, it's been transformational for the business. The culture's at a level I haven't seen before. This team have been incredibly efficient and they'll get better as we go forward.

Chris Ellison: The WA government, good place be, I mean, we're fortunate enough to live in WA, we can still go out to restaurants, we can still have all of our people safely moving around. We can expect everyone to turn up for work, fit and healthy. And their families to stay that way. So, it's a good place to be. And we've got an extremely supportive, strong WA government there. Their management of the COVID throughout this whole process I think has been second to none on a world standard. And as long as we follow their advice and continue to do what we're doing, I think WA is going to be very, very strong going forward. And sadly, a lot of other areas across the world aren't.

Chris Ellison: So that can be a market advantage for us. It can be an advantage in terms of pricing on commodities. Our mining services and our products are in high demand. The lithium, we're not getting a lot of money for it, but it's certainly in high demand. We're selling more than any other single mine that I know of.

Chris Ellison: We've got a lot ahead of us on construction. I'm not quite sure what lies ahead of us globally on terms of consumption. Again, totally dependent on the world being able to learn to live with this virus and get back into production and let the consumers start buying.

Chris Ellison: I want to thank the staff. I want to thank all of my key staff. My key guys that put up with me every day, Mark Wilson, Mike Grey, Paul Brown, outstanding. I want to thank Diana for working with my tempered, very patient self on putting all of this together. Always gets a great job done. And I got to thank all of the team. Special thanks.

Chris Ellison: You're going to see coming out of our business over ... out of our annual report, that we've just put together. It's very unusual. It's very different. As Mineral Resources is. We've been very fortunate to have a couple of people that have been locked out of New York and they're actually stuck in Perth. So I've got Russell James. If you Google Russell, he's known to the world, he's been around, and he's captured the COVID virus on our site. He's captured the mood, he's captured the people. I think it's something that we wanted to do. And we've done that exceptionally well. But all of the amazing pictures and shots you'll see, that's going to come out of the business over the next one or two years is all thanks to Russell and to his wife, Ellie Franco. Who's also been styling and branding our business. So we're lucky to have two international rock stars stuck here in little old Perth and helping us with all this. So our image is going to change.

Chris Ellison: And finally, we have secured a new office building. We're working on that. We hope to be in that by June next year. So if any of you ever get out west, and we let you through the border, we'll be in a new office, and we'll be able to welcome you in style.

Chris Ellison: So Mark and I are very happy to take any questions off anyone out there. If you didn't think the presentation was detailed enough, you're welcome to ask us any gaps.

Operator: Thank you. If you wish to ask a question via the phones, you'll need to press the star key followed by the number one on your telephone keypad. If you wish to ask a question via the webcast, please type your question into the 'ask a question' box. As a courtesy to others, please limit yourself to two questions at a time. And if you have further questions, you're more than welcome to rejoin the queue. The first question comes from Raul Anan with Morgan Stanley, please go ahead.

Rahul Anand: Hi, Chris, Mark, and hopefully James as well. Thanks for the opportunity. Can I please start with the mining services business. So you've talked about volume growth of 20% to 25% for FY21. And I just wanted to confirm, firstly, are these confirmed contracts? And then secondly, purely crushing i.e I'm just trying to understand why the EBITDA guidance was not provided for next year. That's the first one. And then I'll come back with the second. Thanks.

Chris Ellison: Okay. Generally, Raul, welcome, thanks for the question, generally at this time of year, we don't provide any sort of guidance like that at all. If we ever do, we do it down around AGM time. And the mining services, if you look into the mining services business now, it's a combination of services that we provide. The crushing is still probably the backbone of that. But there's a range of other services that are coming in there and that's going to include the on-off highway haulage that we do, rail and the camps of course. And we are going to be putting ownership of infrastructure in there around ports and other types of services that we do. So we just group them all together now.

Rahul Anand: Right, I mean, the 20 to 25 then, Chris, is basically keeping your business composition the same. You'd basically grow everything by 20% to 25% in its current splits, is that fair?

Chris Ellison: Yeah, that's correct.

Rahul Anand: Okay, all right. And the second question then. I was just trying to drill down a bit more into the CapEx. I wanted to firstly understand the sustaining CapEx that was flagged today. Is that something that we can extrapolate and use for future periods as well as a guide? And then the second point, I wanted to understand sort of you talked about the corporate office, you're doing about a 60 million spend there. But there's an additional 77 million that's been flagged for central and other. Just wanted to understand, firstly, if you could elaborate a bit on that and how much of that do you see continuing into the future?

Mark Wilson: Rahul, it's Mark, thanks for the question.

Rahul Anand: Hi.

Mark Wilson: In terms of the ... I'll take the second bit first. In terms of the CapEx and the outlook, corporate and other, I think a way to think about that is this business has gone through a significant growth, balance sheet's doubled in size over the last five years. 41% of the top line just in the last 12 months alone. So we need to make decisions now to set the business up to sustain the growth we see in the future. So we don't see that sort of spend over the next 12 months as recurring beyond that 12 months with the numbers that you've particularly called out. Think of it more as an investment to get ourselves to this next phase of growth.

Mark Wilson: In terms of sustaining, we've shown obviously a step up in sustaining CapEx. Again, that's reflecting higher tonnes, particularly out of Kooly, but also Marillana, we're going to see some growth there in terms of volume over the next 12 months. So we've tried to be conservative in the way that we frame that number. It's still below depreciation, amortisation. So, it's ... But as a guide, yes, it's that sort of order or thereabouts going forward.

Rahul Anand: Okay. All right. Perfect. Then just one follow up there. There was a bit of deferred stripping in there as well today. So how should we think about that? Is that a one off for this year? I assume that's for the iron ore business.

Mark Wilson: It is largely for the iron ore, it's been heavy with the growth at Kooly. We're operating out of a number of pits at Kooly. As we set that project up to really hit its stride this year for the full year and beyond. So there is this investment again in this particular year as we do that. But we would expect that to fall away over time.

Rahul Anand: Gotcha. Perfect. Look, I've had my two questions. I'll pass it on and probably cue up again. Thank you.

Operator: Thank you. The next question comes from Hayden Bairstow with Macquarie. Please go ahead.

Hayden Bairstow: Morning, Chris and Mark, just a couple from me. Firstly, just on Kemerton, you're obviously down there helping out now. And we've seen issues with the other big hydroxide plant here. I mean, and you're saying Wodgina's sort of on care and maintenance an extended period. So is that now, Greenbushes is ore feed story is there risks around sort of the ramp up if they go from one to the other. And hey, I just want ... interested to see how. And whether you can actually get involved in sort of trying to manage the risks around the ramp up at Kemerton.

Hayden Bairstow: And then also, iron ore, I mean, how do you sort of manage the COVID uncertainty? I mean, iron ore prices obviously are hugely buoyant at the moment. And your capital commitments that you're looking at in the Pilbara around iron ore CapEx. You've obviously got a small JV partner in Marillana and sort of how you sort of manage all those risks and sort of variances to what you want to do versus the JV partners? Cheers.

Chris Ellison: Yeah. Thanks Hayden. And I like the work you're doing too over time, it's exceptional. First, down at the Kemerton. Look, we're basically down there helping them to make sure that we provide some key people down there and key equipment. That's been a big help to Albemarle. The plant that they're building down there is a copy of what they're running in China. So there's no new technology going into this thing. They recently commissioned the plant in China and ramped it up. And that went exceptionally well.

Chris Ellison: And the other thing with the plant down at Kemerton is that it's probably ... it's in modules. So most other plants out there, you have to put dirt in the front and it has to go all the way through and out the back end. At this one, there's about three or four different sections to it. So if one part of the plant breaks down, all of the rest keeps operating.

Chris Ellison: But as I said, the most important thing, is it's another one. It's not a new one. And we've got some incredibly experienced people inside our business around metallurgy, when we went through commissioning Mt Marion and Wodgina. So we don't see that as a big challenge.

Chris Ellison: And then in terms of the iron ore, how do we plan and organise that? I mean, trying to understand what's coming around the corner tomorrow. And with all the uncertainty, it's difficult. But I mean, we just take it in basic steps. Our Premier wants everyone to stay out of the state, except West Australians and he doesn't want us to travel. So, that's a good step.

Chris Ellison: We test every single person that goes to every one of our sites. They stay on site, they're in lockdown, they can't get out. When we're building a new site, we're going to do the same. So we think that we can manage this, provided that we don't get some sort of outbreak that gets out of control in the community. And it's, regardless of whether the COVID was here or not, we'd be out there building these sites or planning to build them. But it's much more difficult. We can't get our east coast people in. But look, we will get them built. And we'll get them turned on. I'm not sure if that answered all of your question?

Hayden Bairstow: Yeah. It was more actually around capital and iron ore. I mean, obviously, you're not going to factor in $120 forever. But how you thinking about that outlook. And putting serious capital in West Pilbara or Marillana or both in the next couple of years in terms of the iron ore outlook beyond, I guess, sort of three or four years time to guarantee your returns on the investment.

Chris Ellison: Yeah, Hayden, I don't know, and no one uses a sale price of 120. I mean, it's way, way less than that. What we look at is worst case scenario, where we think the cost of iron ore per tonne gets down to its lowest level. And that's where we want to be able to survive in that environment. So, yeah, look, it's all about being in that low cost quartile. That's what we're aiming to do. We're aiming to be there. And we think there's a 20 plus year future in being able to deliver it at that cost.

Hayden Bairstow: Okay, great.

Mark Wilson: I think one point, Hayden, don't forget that we've got a very talented and very experienced internal team in terms of execution and delivery of those projects. These are guys that have been with the business for a long period of time. They've delivered projects all over the state and they've done it exceptionally well. So we're not dependent on third party providers to help us.

Hayden Bairstow: Okay, great. Thanks guys. I'll leave it there.

Operator: Thank you. The next question comes from Levi Spry with JP Morgan. Please go ahead.

Levi Spry: Hi, good day, Chris and Mark, thanks for the call and the update. So just following on with the iron ore and potential growth in volumes there. So what... exactly can we expect from West Pilbara and Marillana later this year. Is it an FID? Just talk us through what you'll deliver in terms of scope and outline the path there for us.

Chris Ellison: Okay. Dependent on port access. And we're highly competent on the port access we just simply need the government to make their final decision on it. Once we have that, then as we said, within two years, we intend to add about 20 million tonnes run, rate on top of what we're going to do this year.

Levi Spry: That's West Pilbara and Marillana sits outside that outside. I'm just trying to work out how to stage them or?

Chris Ellison: Yeah. Well, I'll be able to give you more on that down the track, that's exactly what I can give you now. But as I said, depending on how the chips fall on the port access will tell us what development we can do.

Levi Spry: Yep. Okay. All right. Thank you. And maybe just on mining services, so the goal is to double volumes over the next little while. Can you talk me through the assumptions that are behind that? Does it include some on or volumes from those two projects?

Chris Ellison: No. And no.

Levi Spry: Okay. Thanks Chris.

Operator: Thank you. The next question comes from, Tony Mitchell with Ord Minnett. Please go ahead.

Tony Mitchell: Congratulations on a very good result. Can you just outline, did you hid your on hold production at all?

Chris Ellison: No, we don't never.

Tony Mitchell: Right, okay. Can you comment on the situation with Brazil and them ramping up production? How do you see that whole process going over the next few months?

Chris Ellison: Honestly, if I knew the answer to that, I would tell you how they're going to progress to cure of COVID in their country, or [crosstalk] totally dependent. I love it when I ask our premier, when he thinks he's going to be able to do something, we're totally driven by this virus that's running around the planet.

Tony Mitchell: Yeah.

Chris Ellison: You know, we all want to see it off the face of the earth, but this thing is proving much more difficult than I think anyone predicted it would, so. We're totally managing our business around that. And we basically get up every morning and have a look and go, "Oh, Victoria, it looks like it's going in the right direction. If we could be COVID free in Australia within the next couple of months, there's half a chance we might get to see the all blacks."

Tony Mitchell: Yeah. Okay, thanks.

Operator: Thank you. The next question comes from, Chris Kale with Quest Asset Partners. Please go ahead.

Chris C: Thank you. My question is the 416 million tax liability. Most of which would be in relation to the Wogina Island. In the current category. When is that paid? Is that all inclusive of the complexity of tax payable on the Wogina deal. And does that deliver a slab of franking and what would you do with it?

Mark Wilson: So it will be paid in December this year and it does represent the full bill for Wagina, along with the usual allowance for the current year and so on. We will end up with a healthy franking credits balance. At this stage, we have no plans to do anything with that capital. Rather, we're focus on deploying the capital into new investments to generate 25% return.

Chris C: Thank you.

Operator: Thank you. The next question comes from, Sean Smith with the West Australian. Please go ahead.

Sean Smith: Hi Chris. I was just wondering, given you a favourable comments about the WA Government, can I assume that you're quite happy for the state's borders to remain closed for as long as the government is prepared to keep them closed?

Chris Ellison: Absolutely. I'm with the other 90 something percent.

Sean Smith: And another question, I'm interested in your views on whether you think the government's legislative changes in regard to the Cloud Palmer, represent any sort of sovereign risk in WA. I mean, your comments as a major investor in WA would be appreciated.

Chris Ellison: I'm sure you would, but you know [crosstalk] people there businesses, but most try.

Sean Smith: Well, one, since you haven't answered that one, one more then. You mentioned the problems in sorting East Coast workers during COVID, can you anticipate any sort of changes after COVID in relation to how you serve social workers in future? I mean, will it be a much more gradual reliance on local workers if you can get them?

Chris Ellison: Oh, look, there always is. I mean, we are working pretty hard to try and encourage our East Coast workers to move to WA, and we're offering them a whole range of incentives to do that, but we're also looking at significant training skills. So we're looking at taking people that are willing, able bodied people that have never seen a mine site or a piece of equipment before and putting them into a mineral zone training school, where they can come out drive trucks, or they can drive equipment on site, they can operate process plants. So we're going to be doing a lot more of that going forward. And that's going to be a longer term thing, as we are also with manufacturing. We're looking at how to be more WA based for the whole range of different products that we need. So yeah, I think we've learned out of this, that supply is possibly more important than price.

Sean Smith: Thank you.

Operator: Thank you. We'll now switch over to webcast questions. The first question comes from, Brian Stevens, with a Attest Investments, who asks, will Kemerton take and process from Wodgina and also from Mt Marion?

Mark Wilson: Sorry, would you mind repeating the question? I had trouble hearing it.

Operator: It just reads, "Will Kemerton take and process from Wodgina and also from Mt Marion?

Chris Ellison: Yeah. Look at the moment, again until we get a lay of how everything's going to operate. We can't comment on that. There's no decision made. We've got a range of choices on what we're working with, where all our different products go, but too much uncertainty to make the call at this time.

Operator: Thank you. The second webcast question is from, Mark Taylor from Morningstar, who asks, "Could I get a bit more colour around why fiscal second half interest on borrowing, was as high as it was?"

Mark Wilson: It's Mark Wilson here. I think the question was, why was the second half interest high in terms of borrowing? But we've had certainly, in FY20 the full impact of the borrowing that we did through the bond in the US last year. Net Bond gave us 8%, sorry, ID and money, which gives us a lot of certainty adding to the future so it's effectively a funding strategy for our future investing. So the interest is high and we'll continue to see to that bond there, it won't amortise. It'll be there. That interest expense will continue to come.

Operator: Thank you. We'll now move back to phone questions. The next phone question comes from, Georgina Fraser with UBS. Please go ahead.

Georgina F: Hi Chris. Thanks for your time this morning. I can circle back to the port access, trying to understand what the best case outcome looks for MinRes in terms of the access. Is it access to existing infrastructure, or is it a completely new birth, that would be solely accessible by MinRes? Thanks.

Chris Ellison: Thanks, Georgina. No, its new infrastructure, that we've built and operate. We've been in line for the first three and four in Southwest Creek, because they were set aside in 2008. In fact, by this government, for juniors. And we had worked through the process and we've been able to demonstrate that we are capable of building, owning and operating them. And we've also been able to show that we've got, not just the all bodies, but the funding to do so. So we probably high consideration for them. But as I said earlier, we're waiting on the final decision by the government.

Georgina F: Thanks for that. And just as a follow up, is this something that MinRes has been to be looking to go at alone or would it be in partnership with another operator?

Chris Ellison: No, the intention is that it would be a standalone MinRes project.

Mark Wilson: Okay, great. All right. Thanks for that.

Operator: Thank you. The next question comes from, Mark Fare with Business News. Please go ahead.

Mark F: Good morning, gents. The previous questions were exactly the ones that I was going to ask. So I'm stumped a little bit. I think that you've elaborated as much as you can on that. So thanks very much, Chris.

Chris Ellison: What about this? I'll ask one for you. Do you think the East Coast will let the grand final play out in Optus stadium?

Mark F: We can hope, but I wouldn't bet too much money on it.

Operator: Thank you. The next question is a followup from, Rahul Anand with Morgan Stanley. Please go ahead.

Rahul Anand: Hi guys. Thank you very much for the opportunity. Just wanted to talk Mt Marion for a minute. If I can, please, as my first question, you flag recoveries of 95%. That sounds pretty good. Is that to be expected going forward? And how are you thinking about strip ratios. Also at Mt Marion in terms of the product grade, you mentioned FC6 again today, is that SC5.7 now?

Chris Ellison: Yes, correct. So what we've done, is we've dropped the head grade and done a number of changes in the plant. Our commodities team have spent quite some time on that. Paul Brand has probably lost three months of sleep on it, but we've actually got incredible results. So where we were tailing, generally speaking, half a percent of lithium, we're down to like 0.1% and less 0.01% and less, but we've also dropped the head grade of the spot from, it was normally sitting between 5.8 and 6. Now it's sitting down around about 5.5 to 5.7.

Rahul Anand: Okay. And so what are the impacts in terms of the strip ratio then Chris, does that look better?

Chris Ellison: Yeah, they're going to improve through the... Not in the immediate future, but during the course of this half, they're going to get better and they should stay better. We've been in a couple of deep zones over the last period.

Rahul Anand: Okay, I might come back with a follow up offline. I'll take the second one then on the iron ore business. Chris, in terms of the Koolyanobbing volumes, expanding, I would have expected some kind of operating leverage and getting those costs perhaps a bit better than last year. Are you being conservative in the guidance? Is that fair to say? And then secondly, on Iron Valley, big step down there too, back to the $72 a tonne market, is that mainly because the deferred stripping is done and you're seeking the benefits of that?

Chris Ellison: Yeah. I mean, look, we had a deferred strip, we had at Iron Valley, we had to do. Look there's some opportunity that we may be able to crystallise in the short term where we can reduce the strip at Iron Valley. But again, down at Koolyanobbing, we're operating down in that region from multiple pits. So look, we are again, doing what we can, to try and get those costs down. You know, we've bitumised the roads that gets the haulage costs down. We're opening up ark arrange now, it's been a bit late on that, but that's coming online. That going to be good for us from both, haulage and blend. And then look, there's a range of other things down there that we can do. And we're working on, we probably going to open up Carina, not too far down the track and that'll reduce the haul on some of the other sites and down at Carina, we've got an automatic train loading station down there. So the material standing around the plant will go down a bit, but it's a complex site to run.

Raul Anan: Okay. So, even when the capacity goes closer to that 15 mark, you're sort of not getting much out of the cost benefits, I guess.

Chris Ellison: It's not going to see 15, because there's rail constraints down there. The cost of going from 12 to 15, or the unit cost is too excessive. So we're going to sit around about 12, 12 and a half. But there's opportunities down there, but we've got to have the planets aligned, but at the moment I wouldn't count on them this half we're in, seeing an improvement in cost. We've got too many moving parts at the moment, just getting the place settled.

Rahul Anand: Gotcha. Okay, perfect. Thanks a lot for that. I'll pass it on.

Operator: Thank you. The next webcast question comes from, Keith Andrews at PAC Partners who asks, "What is the maximum shipping rate in visage out of Koolyanobbing due to rail restrictions? And can this increase over time?

Chris Ellison: We expect that to sit around 12 and a half million tones and that's a longterm number cannot. It could, but we feel like that's about the sweet spot.

Operator: Thank you. The next question is a phone question, a followup from Hayden Bairstow with Macquarie. Please go ahead.

Hayden Bairstow: Yeah, thanks. Chris, just one on mining services. There's been a lot of discussion, I think from, Monadelphous the other day and Rio around sustaining CapEx. I know there's obviously a lot of headline mega projects, but the bulk of outlook on mining services, your own projects and your plans and all, or do you actually see a considerable opportunity with some of these bigger first year operators, to expand your third party contract work? Just...

Chris Ellison: Yeah, no, Hayden it's spread fairly evenly. It's quite a bit of third party opportunity out there. We're both seeing and we're in discussions over and I see that just continually growing, going forward, they need scale, some of these bigger guys. So it's a total package where there's not a lot of, I'm going to say not a lot of competitors. There's always competitors out there, but to be able to have the high quality safety that we run inside the business, to have the balance sheet, to have support the equipment. And to have the know how, what that equipment, like these next gen plants that we're bringing out, or our ability to be able to manage mining fleets, is becoming rare out there in the market. I mean, a lot of the competitors that we have, have much smaller balance sheets and they can't deal with the volume that we can.

Hayden Bairstow: Thanks man.

Operator: The next question comes from, Nick Evans with The Australian, please go ahead.

Nick E: Just on the lithium business question. Do you have a sense of what it will take for Wodgina to return to production [unclear] when its finished, sort of get up and rolling. And is it purely price related? Is it, you know, a certain amount of demand in the market? I mean, what will the JV need to see to start that rolling again?

Chris Ellison: Yeah. Hi Nick. I think when chemists and commissions, it's just simply, where is the market going to be? No one really knows the answer to that. Certainly when Albermarle set out to build it, they had the market for that product. And look, I'm not sure if that's changed at all. I mean, they're probably not sure either. I mean, they're in the US, they're all working from home. They're continuing to build the plant. They have a big market share, but other than that, I'm not sure that anyone can understand what the demand looks like 18 months out from now. But I've had no information to say that they're going to do anything different to what they said on day one. And that is build it, turn it on and operate it.

Nick E: Yeah. Thanks for that. And just going back to the port, at Port Hedland, I mean, you've been talking about this for more than a couple of years now. Can you give us some insight into what is taking so long to get a decision, out of any year when a, I guess a competitive tender process, for example, or is it just the machinery of government grinding slowly?

Chris Ellison: No, it's simply up to the government to let it go through. I think there's no doubt that there's been a delay in being able to deal with that, purely because our government has been really tied up on this whole COVID management. I mean, they're working pretty extraordinary hours on there. There's no doubt about that, but I mean the most important things they're dealing with, is keeping the state alive. So I think that's been a delay and look, I acknowledge, I've been talking about this a long time and I am sick of talking about, I'd really love the answer to come out. So yeah, I get the sense that, the WA government do want jobs, they do want recovery. They do want longterm income for the state. So my sense is that they are going to get a wiggle along and do something on this, not too far down the track.

Nick E: Thanks Chris.

Operator: Thank you. The next question is a followup from, Georgina Fraser at UBS. Please go ahead.

Georgina F: Just to keep the discussion going on the port for now. So you say you're looking at two births and one ship load. is approximately 60 million tonnes per annum, but you mentioned from your production perspective of 20 million tonnes per annum. So there were requirements, or do you guys need to secure third party tonnage to get that project over the line? Are you going to go ahead with just your volumes and then take, to feel that subsequently? I'm just trying to understand how that, how you're saying that.

Chris Ellison: Yeah, no, we don't have to go and get a third party. We have all the ore secured, that we require for that project. And we've laid all that out to the appropriate people, that they're all engaged with. There is a lot of information that sits inside this process that is confidential, that I can't talk about, so I'd prefer just to leave it where it is. I'm highly confident. Otherwise I wouldn't announce, that we're going to have about another 20 million tonnes on top of what we're doing, two years from now. I can say that with a high degree of competence, but I just can't say anything else around what's going to happen until announcements are made.

Georgina F: Okay. All right. Look forward to those now. Thank then. Thank you.

Chris Ellison: Thank you. Thanks Georgina.

Operator: That concludes the question and answer session. I'll now hand back for closing remarks.

Chris Ellison: Well done. Okay. Well look, thanks to everyone for coming online. Again, thanks to all my staff that made this work. Thanks to my board of directors and thanks to everyone out there that supports us, whether it be Brad Shallard from Bell Potter, or our bankers, or our account, everyone that's made the business what it is today. It's been an incredible journey for everyone and we'll carry it forward. So we'll talk to you probably at the AGM. Thanks everyone.

[END OF TRANSCRIPT]