TRANSCRIPTION

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[START OF TRANSCRIPT]

Operator: Ladies and gentlemen, thank you for standing by and welcome to Mineral Resources institutional investor call and presentation for the full year 2021 financial results. I'll shortly hand over to Chris Ellison, Managing Director of Mineral Resources. 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 back of the presentation.

A copy of the presentation and a transcript of this call will be posted to Mineral Resources' website under the news section at mineralresources.com.au. At the end of the Managing Director's address, there is an opportunity for institutional investors, analysts and media to ask questions. If you wish to ask a question via the phone, you will 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. I will now hand over to Chris Ellison.

Chris Ellison: Thank you, thanks Rachel. Good morning everyone, thanks for joining us. This is the Mineral Resources full year results. I'm Chris Ellison; I'm going to be joined by our CFO, Mark Wilson and Mark will walk you through the financial part of the business. Big year for Mineral Resources, good results we've turned out.

But it's been a tough year on everyone trying to navigate and trying to understand what effects this COVID virus is having on our business and how it effect us on pretty much a daily basis. But we've managed to get to a landing. It has not been easy, but it's been outstanding. We've had some record profits, record tonnes, moved a lot of dirt around and we've got some outstanding opportunities sitting in front of us over the next two to three years – that will be the challenge to be able to deliver on. I'll talk about those a little more, shortly.

Safety in the business has been outstanding, the caring and the culture and the wellbeing. We've got some amazing people in our business and we've got a lot of good people that have been around a long time. I'm going to talk a little bit about how we're caring for our planet and then we'll talk about where we've been over the last 12 months and where I'm taking the business moving forward.

Some key highlights; we've invested heavily in the business in terms of our people, in terms of the culture, how we care about our people, how we look after them. We care about them around not just safety, but their mental wellbeing and their health and that's making a lot of inroads into us getting to a better place with our people. We've had some outstanding innovations that we've developed over the past 12 months, we're able to turn those into projects.

Our safety around our people has been significantly improved over the last year. Frankly, I thought that where we were setting last year, in terms of industry standard, could not get better. But our team have delivered a 30% better result than that.

EBITDA, we're up 148% at $1.9 billion, $1.5 billion cash in the bank, mining services volumes are up, iron ore shipments are up. With lithium, it's been a tough market out there; we've kept Mt Marion running and Mt Marion has delivered almost 0.5 million tonnes of product. It's probably the only hard rock mine in the country that's been running at 100% production.

On the energy front, we've increased our exploration footprint, so we're now the largest landholders in the Perth Basin. We've also picked up a huge tract of land in the onshore Carnarvon Basin in a joint venture.

Innovation; we've had some great progress. We've delivered on the 15 million-tonne-a-year NextGen plant. It's fully operational and probably running a bit ahead of our expectations.

We've developed some carbon fibre screens for our crushing and processing plants and in conjunction with Kenworth, we've delivered some 320 tonne payload haul trucks. We've got five in operation and another one due shortly.

Overall it's the best year we've had to date and that's really thanks to the dedication of an amazing team that we've got. They're probably the best by far management team I've had in my working career.

Safety, as I said; an outstanding result. When you consider that we've added over 1,500 permanent people to our payroll during these times, which has been a difficult task, but to bring them on board and to be able to get them to understand our culture, we've got them involved in a lot of the training we do, which is the core of our safety. Nonetheless we did have one injury during the year. We had a crushed finger. We had an immediate response to that, and with all of the senior management involved, we got an evacuation. Our Chairman of Min Res Health, Dr Neale Fong, managed the case remotely and when I say remotely, I mean he was holidaying up in the Kimberley and he made sure that we got all the right care wrapped around the young lady and we managed to save her finger and have a full recovery. It's a big deal in our business, something like that happening, so we've made changes across our business to make sure that we don't have a repeat of that. Our safety has been an exceptional result if you have a look at our peers. I mean we sit at the very bottom of the curve.

Wellbeing; another big focus in the business over the last three years. We've really looked long and hard at the culture of the business and the wellbeing of our people. We consider how, not to just bring them home safely, but we want to bring them home mentally and physically strong and fit and we want to make sure that our people understand that they are more than just employees for the business. We want them to be with us for a long time, their entire working career. We're doing a lot of things to try and make the work environment for our people probably in the top 20% in the country.

We're developing a new Head Office that's going to have state-of-the-art facilities. We're going to have a gym, wellness centre, restaurant, café and an amazing work environment where people are going to be able to work in good, peaceful areas. They can work in collaboration, and can do a whole range of things.

Then we're going to carry that out to our mine sites, so that new camps we develop are going to be more resort style than a camp. We're going to have bigger rooms, we're going to encourage couples to be able to work and live together on site. We're going to have Olympic-sized pools, we're putting in wellness centres, restaurants, cabins, cafes. In some of the areas where we've got camps on the coast we're going to have creches, as we are in our new Head Office.

Look, some of the things that we've been doing, particularly around mental health; we have had a full-time psychologist on board for about a year now and making a huge difference in the business. We've got 50 trained first-responders through our Lifeline partnership. We've got over 700 people that have completed the mental health literacy models and we're really starting to get a different focus in our workforce, and around sites, around mental health. We've got a great partnership with Youth Focus. They've got a dedicated person that looks after our under-25-year-olds and they can be in direct contact with that person.

The mental health training; we're trying to de-stigmatise people reaching out to get help and we're making great inroads with that. We're growing the MinRes Health business, so when we move into our new facility up in Osborne Park, we're going to be staffed with a medical facility. We're going to have a couple of doctors in it, and we'll take care of all our people medically. We've got over 40 nurses on the payroll and we've got a physiotherapist coming on board to help around the wellness centre. So a lot of work we're doing around our people, but the people are the core to this business and they continue to deliver.

Sustainability; we're developing our talent. We've got new apprentices come on board; we do an intake every January. This year we brought 14 on board. We've got 63 in total in the business. We've got 53 trainees that basically come on board at entry level, most of them have never heard of a mine site before, let alone seen one. We try and get them into the business through dump truck operators, as this is the easy entry for them. We get them onto site. We've got young people out there that start around $90,000 a year on salary and once they're in the business, there's a whole range of things we can do to progress them through in different career paths. That's working extremely well.

Graduates; we've got 14 that we've brought on board recently. They range through accounting, geologist, engineers, METs, environmental department, right across the business.

Our contribution to society; we've put about $1.3 billion spend into the WA economy over the last 12 months. We've paid about $700 million of our favourite thing, taxes, to our beloved governments. We've increased our social contribution to over 70 different charities and they're generally around health, wellbeing, education, employment, family violence, a whole range of issues that we think that we have a need to contribute heavily to.

Our sustainable business; we're committed to zero emissions by 2050 and we think that we're going to bring that in much sooner than that. We've reduced our emissions intensity by 5% this year. We've developed a transition plan to a low carbon future and we want to achieve net zero emissions. We've outlined that in our sustainable report that will be out in October this year. Basically, in the short term, we're doing everything we can to reduce the burden that we have on diesel. We're looking to replace that with a whole range of alternate clean fuels and we're succeeding on that on a weekly basis. So I mean, we're very heavily focused on making sure that we can clean up the workplace that we're in, and make sure that we're very much aware of the fact that we want a carbon-neutral world.

Financial performance; good headline numbers. Return on Invested Capital; almost 40% this year. It shows that we are very focused on making sure that if we're going to invest in something, we've got a minimum return we expect. We've averaged almost 37% return over the last three years. Revenue, up 76%. Underlying EBTIDA, good delivery on that. The cash at bank is $1.5 billion and we're putting out a second-half dividend of $1.75, so $2.75 for the full year.

So look; I'll just pause on that for a minute and I'll let Mark walk you through where we've been on the financials.

Mark Wilson: Thanks Chris and good morning. It's a pleasure to be here with you this morning to walk you through the FY21 financial results. As I've done in previous years, I'll focus my comments on the underlying performance of the business.

This year we have continued to improve our disclosure; you'll find a reconciliation of our Underlying Earnings to our Net Earnings in the Segment note to our Financial Statements. That note reports that over the course of the year we've generated unrealised gains of approximately $230 million pre-tax on our investment book, unrealised FX gains of about $52 million and impairments of about $46 million, $10 million of which were taken in the second half. We've also, for the first time, provided you additional information on mining services tonnages, to assist.

Overall, I'd characterise this as another year of strong operating performance by the business. We're benefiting from the significant investment we've made in recent years to support the development of our mining services core capability, which runs deeply through the business, and we're using that capability to leverage into new opportunities in the commodities space.

Starting with the P&L, as Chris said, record profitability for us both at an EBTIDA and an NPAT level, very strong result across the business. The only part of the business that hasn't contributed strongly to the result is the lithium commodities business. Chris touched on this in his opening remarks. The volumes out of lithium were extremely strong. We shipped 23% more year on year, but the pricing remained soft through the course of the year and it's really only since the end of the year that we've started to see that lithium price start to move.

In terms of volumes through the whole business, they've been consistently strong in terms of growth, whether it be an iron ore shipments, lithium shipments, mining services volumes growth of 20%; strong growth activity through the business.

Mining services margins have remained stable and strong through the year, solid performance from that segment. Commodities margins have improved as a result of stronger commodities prices. We have started to see, particularly in the second half, cost pressures emerge through the business and we expect those cost pressures to remain with us for a short period yet.

As a result of, and following the strong financial performance through the year, the Board resolved to declare a fully franked final dividend of $1.75 per share. That takes the total payment over the course of the year to $2.75 fully franked.

As I said, record payment and that's about a 47% payout ratio on underlying NPAT.

The next slide attempts to describe the path of the year in terms of our EBITDA performance and yes, we have grown underlying EBITDA by $1.1 billion, which is a substantial result. What this slide shows is that leaving aside the performance of the commodities prices and the associated impacts of royalties and so on, the underlying business has performed very strongly. We've seen 18% growth year-on-year across our operations on a like-for-like basis.

In terms of our cash flow, on the next slide, we've seen very strong cash performance out of our core operations this year. We've had a very strong working capital performance; means that our operating cash has been very strong at a little over $1.9 billion. We have invested heavily in the year with Capex at $745 million and I'll talk to that in the next slide in a bit more detail. Over the course of the year, we did make the final payment of $333 million on the tax on Wodgina gain, as previously foreshadowed. So over the course of the year, we've spent over $900 million on taxes and dividends.

In terms of the Capex, we did guide earlier this year to a 600 number for the full year. We've come up a bit higher than that. We've had some additional mining services opportunities that we've invested in. We've also started to spend on Ashburton and on oil and gas. So we've landed the year at $745 million; guidance next year is a little bit below that. As Chris said, we have also invested during the year in the new Head Office and we see that as a critical component of the offering for the business going forward.

In terms of the balance sheet, cash, as Chris said, finished at just over $1.5 billion cash, despite a significant year of investment and tax payments and so on. We have seen receivables and payables grow consistent with the growth in the business, as you would expect. But I think one of the really interesting things for me is that whilst we've been able to deliver substantial growth in the business, we've held our inventories pretty much there or thereabouts; and so the working capital position has been extremely strong against the backdrop of a business that's growing at a significant rate.

There's a fair bit of commentary on the rest of our slides, so I won't go through all those points. I will note, though, in summary, whilst the balance sheet has grown significantly over the year, it's in a very, very strong position to support the growth opportunities that are in front of us.

Next slide takes you through a waterfall, movement of net debt over the year. We finished the year net cash $280 million. When you adjust the opening position for certain events that relate to prior years such as the Wodgina tax payment, we really started the year on a net debt basis of $20 million; so looking at a $300 million movement positive over the course of the year.

Before I hand back to Chris I just want to take a moment to go through a few more slides, show you a little bit about the history of the performance of the business over the last five years. Over the last five years we've grown earnings strongly. We've done this by broadening the offering of our mining services business, developing those capabilities further, engaging with external clients and leveraging into new commodity opportunities for the business. We've been able to grow the business significantly over the last five years. The balance sheet size has doubled. We've done that without raising any equity and we've been able to maintain conservative gearing on the balance sheet through that period.

The consequence of that is that we have improved diversification, increased scale of operations and the business is in a far more robust position. We are now generating more predictable cash flows and earnings through the business. In terms of our free cash flow generation we do believe, and we've said this consistently, that Return on Invested Capital is the right measure for us to be focusing on. This industry is capital intensive. Projects do span a number of years. It is important that we retain capital discipline. We do focus on an after-tax measure of 20% at a project level. We do that with the aim of delivering at least 12% at a Corporate level. That discipline, that approach, has seen us generate about $1.4 billion in cumulative free cash flow over the last five years.

Finally, in terms of performance since listing, you can see on the left Return on Invested Capital outcomes over the 15 years since the business listed, both on an actual annual basis and on a rolling four-year basis to show the cycles. What that disciplined focus on ROIC has done, is helped us deliver significant growth in operating cash flow. Over the last 10 years we've delivered about $6 billion of free cash flow through the operation. That's allowed us both to strengthen the balance sheet through retaining earnings but also to pay out dividends. The dividends have grown at an average of about 29% per annum over that period. The end result of all of that is that the business is extremely well placed with a strong balance sheet, to leverage into the significant opportunities that we have in front of us going forward.

On that point I will hand back to Chris. Thank you.

Chris Ellison: Okay, I will just run you through what the business has been up to over the last 12 months and then we'll get into where we're heading to over the next one to three years. Anyone that is new to the MinRes business; we have a reasonably unique business model. We started life as a Mining Services organisation.

We've had that in our DNA ever since, and we work hard to keep that. But over the years we've grown into a range of different commodities where we've been able to do joint ventures, and in some cases we've taken over businesses that have got good commodities sitting inside them. We've been able to develop them in a fairly unique way. We can get them up and running reasonably quickly so that we make sure we catch the cycles in the market. We can turn those projects into reasonably long-term operations.

We're predominantly WA based; all of our commodities are WA based. We've got good infrastructure and supply chains up and down the coast. We're in Western Australia by good fortune. It's one of the, probably the, best mining regions in the world. There's a high level of social acceptability by people that live in WA for the mining industry to be able to operate the way it does. We are very politically stable and we've got a very savvy government that understands how WA is best positioned to generate the revenues that it does.

We are also very close to our trading partners, in particular our biggest trading partner China, and Western Australia very much values that relationship. We are working hard to make sure that we can grow it.

We are addressing our carbon footprint. We are looking at all different fuel types, whether it be from the sun or from batteries. We are trying to make sure that we're up there with any new technology that comes out. We want to reduce our carbon footprint and we are working as hard as anyone is to do that.

The business is generally made up of three pillars. So we've got the Mining Services which is our foundation. We've got the Commodities business and then we run what we call our Innovation and New Technology division. That division, over the last 20 or so years, has enabled us to be the leading crushing and mining services organisation in Australia. In fact, we rate in the world in terms of our capability and the amount of rock we crush. So a good solid business.

In terms of Mining Services we've got a huge workforce that have been with us, most of them, for a long time. That in itself is the culture and the reason why we are so good at what we do; we've got so many very, very good people.

The iron ore; we've got three operating mines .Two in the Pilbara and one down in the Yilgarn. The Lithium; we've got one up north in the Pilbara in JV with Albemarle from the US. That's a 60%/40% JV with Albemarle at 60%. We call that the MARBL JV because it owns not just the Wodgina mine, but it also owns the Kemerton hydroxide facility that's currently under construction and due for completion late this year.

In terms of Energy; we are the largest acreage holder in the Perth Basin. We have a huge amount of land up there. We are actually drilling our first hole. We've also got a large track of land, the Carnarvon Basin, up near Onslow.

Innovation; as I said, we've got a lot of proprietary technology inside the business. We benefit through our Crushing and Processing hubs. We are investing in carbon fibre products.

Transport systems; we are investing in these to make sure we've got long-term low-cost supply chains, which is critical to get our product to the coast.

We've been a market leader in Mining Services for over 20 years, and invest a lot of energy in that space. We're just getting started with some great opportunities ahead of us.

The Mining Services performance over the last year; it's been exceptionally strong. We've grown by about 20%. It bounces around a little bit, the growth in Mining Services. In some halves we jump up by 30% or 40%, but we seem to sit at an average of better than 20% over the last couple of decades.

That's probably only going to get better as we go forward over the next three years because we've got some incredibly good long-term mining services contracts that we've got locked away. Over the last 12 months we've had three new contracts we've entered into and we've got five that were renewed. Our customer retention in our Mining Services business is always extremely high. That's simply based on the value that we can return to our clients in terms of performance and cost. We run 26 operating plants around the country. We've got 17 open pits operating.

In our Construction Division; we recommissioned the Carina Mining - iron ore hub. We are using that to get more tonnes out of the Yilgarn. Wonmunna was designed, constructed and commissioned all in the space of five months; so first ore five months after we put the first shovel in the ground. That started at a 5 million tonne run rate. We've got 20 cranes and a couple of hundred people down at Kemerton supporting Albemarle with the construction.

Ashburton; we're finalising the design, and trying to finalise all approvals, in order get that started shortly. We've designed and constructed the Parker Range facility down in the Yilgarn. That's due to come on line next month.

In the Energy space; we've put down almost 700 kilometres of seismic surveys that have completed, and we've got our first big drill rig on site. We are over a kilometre down in that hole at the moment. We've had a bit of disruption with COVID, getting people across borders. But they will get that down over the next three or four weeks. Our Energy guys are also installing a 2.1-megawatt solar power station up at our new Wonmunna site. That's something that we're going to be continuously doing right across our sites. We'll be adding that clean type energy wherever we can, which is most places. We are lucky that we've got lots and lots of sunshine in WA.

MinRes Marine; this is a new part of the business, headed up by Jeff Weber. He's done an amazing job. He's pulled together and finalised the design on a new concept of the transhipper. It's going to be able to pick up 20,000 tonnes in about 5.5 metres of water and take the ore out to capesize carriers, and will be able to load those. It will in fact be our lowest cost port operation in WA once we get that into operation.

Our long-term mining services; a couple of charts in there that you like to see. The mining services business, as we say it, averages a bit over 20% a year. Over the last three years it has averaged 30%. The margins are always strong. They are consistent through the cycles. They don't move around too much regardless of commodity prices. They've got very good predictable long-term annuity streams. So very good part of our business.

Commodities performance; the numbers are all there to look at. Costs and tonnes that we have. We had a lot of disruption with COVID, trying to move people across borders and people getting locked out. But the upside of that is that our WA government has been very strong in making sure that WA is safe, and all the mine sites have stayed open. We've had no mine sites in WA close through COVID, which has turned out to be a powerhouse for Australia.

So we came in at the bottom end of guidance. As I said, we've never been through a virus like this before, so we're learning to manage it now. We're learning to live with it. Iron ore costs are up slightly due to increased costs we've got wrapped around trying to keep them to operate under these conditions. We've got some short-term increase in our strip ratio which will probably disappear by about the end of the calendar year. The Yilgarn hub, we've got that bedded down well. Mine planning is running well and it's basically sitting in a steady state. We're slowly replacing all the big inland haulage fleet down there with our new 320 tonne road trains. We're pretty much running at capacity through the Esperance Port. We've got some material going back through the Kwinana Port where we used to export the Carina ore.

Lithium - the prices are increasing out there in the market. We still see demand. It's a little bit rubbery but because there's much less product in the market than there was two and a half to three years ago, obviously the supply/demand is moving reasonably quickly over the last six to nine months. But we've just got to wait and see where we head with that. If we turn too much supply on we may end up in not a good spot. But our friends at Albemarle are very focused on where that's heading. But the outlook certainly for lithium is looking extremely robust and it's going to be a significant contributor to our business over the next decade or so to come.

Mt Marion has been running well. Exports are up on the prior year. We've improved the yields. We've lowered the costs slightly. So Marion's running well.

Future direction, where the business is heading going forward, we've got lots of opportunities out there we've developed; some of them we've been working on for a number of years and may take time to come to fruition.

I mean, the average job in our business probably takes about three years, from when we first spot it, to when we can actually get it on the ground and it can take longer; four or five years. So we've always got a long pipeline of projects that we're looking at and they're always at different stages.

So the core of where we're going; future opportunities in the mining services. There are a lot of opportunities with the big Tier 1 miners that we work with and we're not just out there turning up as a mining services contractor. When we turn up, we turn up probably with the best processing and crushing equipment in the country; certainly very innovative, low cost. We can get to site.

Without doubt we’ve got the best workforce in terms of safety and the culture and the way they go about things and get things done. They're very consistent at the top end of the market on production and mining and crushing processing and our supply chain very similar.

We've got two big supply chains that run through the Pilbara and down here in the south and there's a combination of big off highway trucks, trains and on highway road trains. Without doubt the biggest hauleys in the world when it comes to number of trucks on the road and off highway, and tonnes moved with rubber.

So there's probably a couple of good opportunities we're looking at putting to bed externally. And then over the next three years the Mining Services part of the business is going to be adding some Next Gen crushing plants through Ashburton and then later through the South West Creek Hub.

They’ll be adding at least 145 of these big jumbo road trains in the Ashburton and they'll also be owning and operating those four transhippers that will run around the clock. All of those guys will be delivering about 30 million tonnes a year of production. Then we can see a bit of daylight where we can squeeze that a bit beyond.

Southwest Creek Hub; it's probably going to come to light in the next month or two, the Government’s decision. They've obviously been held up on that a little bit because they've been fairly full-on managing COVID and a whole range of other issues in keeping out safe state, but we expect some announcement on that not too far down the track.

If we can get that moving, then the Mining Services business will own the life of mine, mine-gate to FOB ships. The logistics supply chain part of that will be theirs. So some big opportunities sitting in there for the Mining Services.

Commodities; the iron ore - we are going to put the first ore ship out of the Parker Range in September. Mt Richardson is next. The Utah Hub - Iron Valley will continue forward, but at a reduced rate. Wonmunna is ramping up from five to ten million tonnes over the next few months and Lambs Creek, we think we'll have that on line by about the end of next calendar year. So that's our Utah Hub, and good mine planning wrapped around that. We know where we're going with it.

The Ashburton Hub; 30 million tonne operation. Incremental parts of it have already started. It's approved by the Board, but subject to us landing the final approvals. So the port approval is due out imminently and we've got a little part of the corridor for the off-highway road to get approved. So we're aiming for feet on the ground out there in about September and we're looking for first ore coming out of there in the first half of 2023 and that will be at the back end of that first half. A great project.

Then South West Creek; look, it's basically awaiting the government to announce what the channel and port allocations are for the inner harbour. We're hoping to be successful on that. If we are, on both those projects, we'll be making announcements probably between now and the AGM. At the AGM we'll be able to give you an awful lot of colour about where they're at and where they're heading.

Commodities; on the lithium, look, the Mt Marion will continue as it has over the last 12 months. It will do that again this year.

Wodgina; status quo remains that we're in caretaker mode up there and at the appropriate time that will start. That will come back online. We are focused at the moment on Kemerton. We're looking to have construction and Train 1 complete by the end of the year and sufficient product coming out of that so we can get it out and let the customers test it. Train 2; as announced last week, is about three months later because the labour has come off that to, to make sure we deliver on Train 1. Generally speaking, under the conditions that have prevailed over the last year, they've done extremely well to get that plant where it is.

So our focus on lithium over the next three years from a MinRes point of view is we want to try and make sure that all our spod gets converted to hydroxide. So we've been working on that for the last six months and we hope to have some developments on that over the next couple of months.

Innovation; look, we've spoken about that. We've developed some great pieces of kit and equipment. I mean, generally speaking, the Transhippers and the big road trains, they allow us to be able to deliver commodities that are in regions previously stranded because there's no supply chain, there's no rail, there's no ports. So they're allowing us to be able to get into regions right around the country and be able to deliver product onto a ship at a very, very low cost. Which means that they'll be sustainable projects through all of the cycles. So trucks, NextGen; lots and lots of development going to happen around those over the next two and a half to three years.

So finally, I think we're getting towards the end.

Guidance; we'll give you some tonnes. We'll give you an understanding roughly of what the costs are. We think certainly the Mining Services division is going to grow and we'll give you a peg in the sand on the Capex. That Capex is probably changeable. Obviously, if when the approvals come through and we get a grounding on Ashburton, we'll be coming back to the market and we'll give you full details around where we're heading on that and what the costs look like. That will probably crank up our Capex once we get moving on that without doubt.

So closing comments; it's been a tough year in some ways but it's been a great year for the business. I mean the business has developed extremely well. The business is running well. We've got an amazing management team sitting in the business.

It's been frustrating in some areas. The government have been really working hard to keep our state safe. Approvals are a little slower than we'd like, but they're working through that and we're getting them out slowly.

So held the projects up a little bit, but not too much. We've got a lot ahead of us. We've got contracts coming through over the next 12 months. We've got without doubt, two major iron ore projects that will be starting up.

This COVID and this latest wave that we've had running around the world and through the East Coast is very disruptive to the business. It's going to continue to be disruptive. It disrupts our supply chain. It makes sourcing people and getting them to our projects difficult. But we're learning to live with that.

Look, there's huge opportunity out there and we'll do what we always do. We've got a very strong Board. They've been very focused. We've had a few of our Board members that haven't been able to get over here from time to time. We've got one - we've got Xi Xi sitting over in Hong Kong. She can't get into the country, but incredibly supportive. They've been on the screen. They've helped us get through the year. And the management team led by Paul Brown, Mike Grey, Mark looking after the money; a whole lot of amazing people that sit under them. And I mean, that's the heart and soul of this business, and that's what drives the bottom line. It's driving an incredible future.

So look, thanks to all of our people in MinRes that have delivered this year; and we expect to have a very successful year going forward.

And then finally, look, thanks also to the McGowan Government, who have without doubt made this state probably the best state in the world to live in. Financially we are robust, but we're also healthy, fit and we can get out and about and we can still enjoy life.

So that pretty much wraps up the presentation. Mark will come back up and join me and if you've got any questions we'll do our best to give you an answer.

Operator: Thank you. If you wish to ask a question via the phone, you will need to press the star key followed by the number one on your telephone keypad. If you wish to ask a question by 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 are more than welcome to re-join the queue to ask those. Your first question comes from Jack Gabb from Bank of America. Please go ahead.

Jack Gabb: Thank you and good morning. First question is just on the Services division. I think you said on your first half results, core volume growth over the next three years would be about 30% per annum excluding Ashburton. Just curious whether or not 30% growth can still stand longer term? Obviously I've seen the guidance for this year. Thanks.

Chris Ellison: No, look that's going to be a mixture of what we call our contracts with our Tier 1 customers and also with at least one, probably two joint ventures that we'll be working through.

Jack Gabb: Okay, so 30% is realistic or not for the next couple of years?

Chris Ellison: Yes, look quite frankly, where we're going to land, I would say two and a half to three years moving forward the entire MinRes business will double and that will be in terms of long-term mining services contracts we'll have. We've phase our external joint venture partners and commodities. Commodities will be stronger than that.

Jack Gabb: Perfect. Thanks and my next question just on iron ore. You said the Board has approved the Ashburton project. Just clarity on the Capex of the $69 million. You'll give us the full Capex and Opex breakdown, post receipt of the permits? I guess we're expecting that what in the next - this month essentially because you're due to start work in September. Is that right?

Chris Ellison: Yes, so the Capex that we've got in there at the moment, that's just for incremental design and some Capex on a few long lead items where we're putting deposits down, but we really can't get going in earnest until we get those two approvals that I mentioned.

We expect them to come through in the next two to four weeks. So once that happens the project will be a go and then we'll certainly be publishing the capital spend on it and the timing.

Jack Gabb: Great, thanks. Sounds like it's going to be a busy quarter. I'll pass it on.

Chris Ellison: Yes, I think there's going to be - there will be quite a bit of news flow over the next three months coming out of us.

Operator: Thank you. Your next question is from Hayden Bairstow from Macquarie. Please go ahead.

Hayden Bairstow: Yes, morning Chris. Just a couple from me. Just on the lithium side of things, Albemarle said the other day their spod strategy hasn't changed either but just interested to see in your discussions with Ganfeng, obviously Pilbara are pushing these much higher spot sales on pretty volumes.

Whether you see a potential shift in how spodumene is priced versus carbonate and hydroxide and whether that would ultimately change a bit of the shift in the strategy going just pure downstream in those spot sales on spodumene?

And just - and the second one on Ashburton. Just keen to understand the structure of that with this Red Hill acquisition. Is that likely to be brought into the initial production scenario or do we still stick with sort of Bungaroo South as the base feed for the first few years? Thanks.

Chris Ellison: Well look, firstly on the lithium Hayden, I think going forward our strategy is going to be that we want to make sure that we pick up the down streaming margin. So we're really focused on making sure that we can build our own hydroxide plants, own them and operate them.

And that will be done obviously in joint venture with both our partners. So we're not in a rush to open up Wodgina and then just go sell rock into the market because it would be very short term. And we're not really comfortable that the market can support that type of supply coming into it at the moment.

And then - what was the second question?

Mark Wilson: Ashburton.

Chris Ellison: Ashburton.

Mark Wilson: On Bungaroo versus Red Hill.

Chris Ellison: No, look, at the moment, I mean our focus is basically on Bungaroo South and Kumina. That's what all our planning is wrapped around. Going down the path with the Red Hill. I mean look, it's simply an opportunity where obviously we want to gather as many tonnes in the region as we can for the long-term.

But the offer we've got on the table, it's obviously waiting on shareholder approval. So before we get ahead of ourselves, we'll just wait and see what the shareholders think of that offer.

Hayden Bairstow: Okay, great. Thanks.

Operator: Thank you. Your next question comes from Harsh Bardia from Citi. Please go ahead.

Harsh Bardia: Hi Chris and team. Thanks for taking my question. Maybe the first one is for Mark on the balance sheet. Net cash position of $280 million. I mean I know $200 million will be allocated to Red Hill acquisition.

Beyond that, is there a target for net debt? Or is it like keeping powder dry for the development of iron ore hubs? Thanks.

Mark Wilson: If I think I've heard the question correctly, I think the question is, is there a target for net debt going forward? And…

Harsh Bardia: Yes. Yes.

Mark Wilson: Yes. So the answer is we'll expect we'll move into net debt over the course of this next year off the back of the expected development of those iron ore opportunities. But we haven't put a public target out in terms of what that number will get to.

Harsh Bardia: Thanks. And just a clarification. FY22 Mining Services volume guidance, like 15% to 20%. Does it include or assumes anything for Wodgina/Ashburton project?

Chris Ellison: No. No, there's nothing in there for those.

Harsh Bardia: Okay, thanks. I'll pass it on.

Operator: Thank you. Your next question comes from Lyndon Fagan from JP Morgan. Please go ahead.

Lyndon Fagan: Thanks very much. Just in regards to your FY22 iron ore guide, I can see that the Yilgarn is going to be 100% fines. And so I'm wondering whether there's any opportunity to get some lump product in the mix in FY22 - sorry, FY23 and beyond?

I'm wondering if you can give us a feel for Utah Point as well. Noting that the lump portion has gone down there as well. And then the next question is just on Ashburton. I'm still struggling with the timeframe that you guys are targeting.

So it looks like if you're going for 2023 first half ramp up, Ashburton is going to be built in 18 months basically. So without, sort of, material Capex approvals right now, it just feels a bit optimistic and I'm wondering if you can share a bit more colour on the timeframes that you're targeting for that project? Thanks.

Chris Ellison: Yes, look, firstly the Yilgarn will remain on fines. The logistics down there in the supply chain, if we run all fines, it allows us to get quite a bit more out in terms of tonnage. Rather than trying to run two products.

And when we first opened the mine in fact, we were probably running close to four and it was just really inhibiting our ability to be able to get them on ships. Get tonnes on ships.

And look, up north, we're sort of heading mainly in the same direction. And we just probably stepping away from lump up there again. Really, around the supply chain and when we start moving lots of tonnes, we've got limited space at the port. So, yes.

And then timeframe around the build on the Ashburton, I hear what you say. I don't think anyone predicted that we were going to build and turn on Wonmunna in five months. And I'm guessing that you're struggling with - yes, I can understand that. But that's just what we do.

I mean we're going to turn Ashburton on, probably first ore coming out around June of '23.

Lyndon Fagan: Thanks very much.

Operator: Thank you. Your next question comes from Matthew Frydman from Goldman Sachs. Please go ahead.

Matthew Frydman: Yes, sure. Thanks. Morning Chris and team. A couple of questions. Firstly, I guess the capital guidance you've given across the commodities business, $140 million in growth capital for FY22. I'm guessing part of that is maybe the expansion of Wonmunna. You also mentioned replacing the haulage fleet in Yilgarn.

Was there any other key projects you wanted to highlight in that bucket? And also sustaining capital up about $70 million going across to the commodities business year-on-year, just wondering if there's any key drivers in that that you'd like to call out?

Mark Wilson: Hi, Matty. The answer to the first question is we're also looking to open up other areas up in Utah around Lamb Creek for example over the next 12 to 18 months, so that's a key part of the strategy going up there. We also have some spend earmarked, developments and drilling and so on around Marillana, Ophthalmia, so that's up in that part of the world.

In terms of the sustaining, what we're doing is we're actually going to upgrade the depth and capability through the commodity business. So, we are actually investing more heavily in areas like camps and some key infrastructure, which probably suffered from a little bit of underspend in the past. So, there is a heavy component of that going forward as well.

Matthew Frydman: Yeah, got it, thanks Mark. Then a second question on the ramp up of Kemerton and how that's going to impact the P&L this year. Just wondering, when do you expect to see an earnings contribution from Kemerton, and whether you could maybe give us some more colour or some more detail on how you're expecting to set realised pricing on those hydroxide sales, how you're expecting to pass through your feedstock costs.

I note obviously that the half yearly call talked about the potential for spodumene swaps at Mt Marion to effectively feed your equity component of feed. Just wondering if you could just give a bit of a breakdown on how that might work, when you guys expect to receive Kemerton as a post commercial production from Albemarle, when you expect that handover to occur and how that breakdown could occur in terms of supplying spodumene.

Mark Wilson: In terms of Kemerton, Albemarle would say that they're targeting to have completion towards the end of the half this year, end of this calendar year. That will enable them to generate samples of products, samples of hydroxide that then need to go to their customer base for qualification. That process can take between three to six months.

So, when we put our budgets together internally, we've assumed no contributions, as you can see in the guidance slide, for Kemerton over this current new financial year. There may be minor immaterial sales, but they won't contribute.

In terms of the question of feed and spod and swaps and where the product's coming from and where it's going to and so on, we've been consistently messaging for some time now that our focus is on down-streaming of the spod. We see opportunity to do that at Kemerton, but we also see opportunity to do that offshore where the capital intensity is considerably lower.

We do have the ability to direct our share of the Mt Marion feed, that is something that is open to us going forward. Historically the relationship with Ganfeng worked well, but we're keeping our options open with respect to that feed. It may form part of other options for us possibly overseas.

Matthew Frydman: Sure, thanks Mark, and just quickly before I come back with more questions, while we're on Kemerton. Obviously again Albemarle talked to the cost pressures and the capital budgetary pressures they're experiencing as Chris mentioned. Can you just remind us what your Capex exposure is at Kemerton, if any, and what you're expecting Albemarle will capitalise versus what they'll hand over to you. It sounds like that probably won't be until FY23.

Mark Wilson: We have no exposure to Albemarle's cost outcomes on Kemerton. When we did the deal some time ago, we drew the line in the sand and the cost was the cost, so we have no exposure going forward.

Matthew Frydman: Got it, thanks Mark, I'll come back with some more, cheers.

Operator: Thank you, the next question is from Rahul Anand from Morgan Stanley, please go ahead.

Rahul Anand: Hi Chris and Mark, thanks for the opportunity. First one is around costs, especially of the iron ore division. Just wanted to talk around Iron Valley at around $100 a tonne and then also Yilgarn moving up a bit. How shall we think about this? Is this the new cost phase for the business? Do you think this continues into the future?

I guess how should we think about the growth aspirations as well from that perspective in terms of the operating in capital costs for Ashburton, given where the market is in terms of labour and inflation? I'll come back with a second question, thanks.

Chris Ellison: I think those were under some cost pressures with COVID around labour and a range of other things that have come along. We've also had an awful lot of wet weather over on this side of the country over the last few months. But they are relatively - Iron Valley's a relatively high-cost operation, it always has been, and we've always had a red flag out there with that.

When we get to the Ashburton, it's a very different cost structure down there. We'll be moving more tonnes, but the nature of what we can do between site and the supply chain, those big road trains, they're probably in terms of per tonne kilometre less than half our haulage costs up in the Pilbara. So, it will be - we won't be in the very bottom of the cost quartile, but we'll be down there.

Mark Wilson: In relation to Utah and specifically Iron Valley, bear in mind that we operate that mine through a mine-gate sale arrangement with BCI, and so the royalties on that project have gone up significantly as the iron ore price has moved. So, you would expect those costs to come down as the iron ore price comes off.

Rahul Anand: That's fair, just one follow up to that one. I mean in terms of the trucking solution for Ashburton, did that remain to be the choice, or is there any other choice, Chris, in terms of their carbon intensity? I know you were looking at an electric solution as well previously. Any movements on that before I ask my second question please?

Chris Ellison: Yes, I mean we're looking at different fuel sources to put in those trucks, as everybody is. I mean we've got the mining fleet and the trucks we've got to consider going forward. But look, there's opportunity to be able to take the next step with them towards gas. We haven't got anything final on that, but they're a low-cost solution and even if we run trains, I mean the trains were running down in the south, I mean they all run on diesel. So part of our challenge is to be able to get out of diesel and that's something we're – I mean the whole industry, is working extremely hard on.

Rahul Anand: Got you, okay and the second question is around Wodgina. Just wanted to get an update from you on the conversion side. Obviously Albemarle talked about trying to find a conversion opportunity in China by either purchasing a plant or building one. Do you have any updates? How are your conversations going there? Have you thought of timelines? Obviously a big project admittedly, but still, I mean you can bring the project on in terms of three phases as well in terms of 250 at a time. So is there an opportunity here to perhaps do that in steps and is there any update in terms of your conversations?

Chris Ellison: Look, when Albemarle are able to secure hydroxide by either one way or the other, that will give us a timeline. It's going to take us, I'm going to guess, it's a good six months to be able to crank Wodgina up again to get the right people on it, the right equipment. I mean all of the things that we need to turn that on are in short supply, but we'll have ample warning on it. But no, look it's just solely dependent on whether they can – or when, not whether, but when they can bring hydroxide online in China.

Rahul Anand: Perfect, okay. That's very helpful, thank you. I'll pass it on.

Operator: Thank you. Our next question is a written question submitted by Brad Thompson from the Australian Financial Review. He asks: Albemarle on its results call last week seemed to suggest that it might not restart Wodgina until it acquires downstream processing capacity in China. What is the Min Res understanding on the Wodgina restart and is it dependent on Albemarle acquiring downstream capacity and do you have workforce capacity in WA for a restart?

Chris Ellison: Yes, look on the first side, yes it is quite clearly. I mean Wodgina will restart once Albemarle are in a position to be able to convert the spod to hydroxide. And secondly, yes, we can put the workforce together again to be able to bring Wodgina back online. A lot of the key people that were at Wodgina through the pervious commissions are still sitting inside the business, so we've got a lot of people spread over a lot of sites, so we can pull a very good crew back together again to make that work.

Mark Wilson: Wodgina's a fantastic project, people will want to be there. It's got great facilities and it's going to deliver a great product when it gets going.

Operator: Thank you. We will now return to phone questions. The next question is from Peter Kerr from the Australian Financial Review. Please go ahead.

Peter Kerr: Hi guys, double teaming with Brad. Regarding Ashburton, have Baosteel signalled to you that they are keen to go ahead and develop the iron ore tenements in the West Pilbara that you and they both have a mutual interest in?

Chris Ellison: Yes, look the answer is they are relatively keen to be able to get those developed and operation and we've been working through, I've only just recently joined the Aquila Board, so we're working through a range of issues in there. But I think somewhere down the track there's no doubt they would like to get that into operation and we're working with them to try and make that happen.

Peter Kerr: And I guess, as we've seen it unfold this year, we viewed it as a bit of a, in some ways, a boom time play. The way you're talking today about unit costs, are we wrong to see it that way? Do you see that these West Pilbara tenements are viable through iron ore market downturns?

Chris Ellison: Absolutely, yes. The Ashburton project, as I said earlier, I mean it would survive, it would make money in a downturn environment and certainly any of the downturns I've seen over the last 15 years, it'll still contribute good cash.

Peter Kerr: Great and if I may go one more.

Mark Wilson: So from a Capex and an Opex, we'll have lower capital intensity through the design and the installation of the NextGen crushing plants. The jumbo road trains that Chris has outlined earlier, give us a great operating advantage and then we have this great transhipping solution that also offers Capex and Opex benefits.

Peter Kerr: Great, thank you.

Chris Ellison: When the transhippers are running, Onslow will be our lowest cost port in WA and that'll be the fourth port that we operate out of, so yeah, it'll be the lowest.

Peter Kerr: Great and I can just ask you about the substantial shareholding you've taken in Venturex, the ASX-listed company? Can you tell us about the strategic rationale for that and if it's about wanting to get exposure to mining services in the underground realm, is that not something MinRes could have done, I guess, just by expanding its own mining services division?

Chris Ellison: No, we like the skill sets that Bill Beaumont and his team will have and we probably rank them as probably the best underground miners in Australia. We just see opportunity going forward where we could possibly work together on different projects.

Peter Kerr: Beauty, thank you.

Operator: Thank you. The next question is from Danielle Le Messurier from the West Australian. Please go ahead.

Danielle Le Messurier: Hi, good morning. Just on the issue of vaccines, obviously there's been a lot of discussion around businesses mandating COVID vaccines for workers following SPC making it compulsory for their workforce. Chris, will you be mandating vaccines for MinRes workers?

Chris Ellison: Look we're going down the path at the moment of trying to secure vaccines for our workforce and for their families. So our first course of action is to try and get our entire workforce vaccinated and then, look, we'll just have to see what happens in the environment. I don't think we'd want to be out there scaring our workforce off. I mean yeah, look our first port of call is to get them vaccinated and our aim is to be able to secure our own vaccines and be able to run it through our COVID testing facilities that we run right around the state and just make sure we get them all done.

Then look, we think we're going to be living with this thing for who knows, the next five or ten years, so all of our people are going to regularly need to have booster shots. But I don't think we're going to come out and say that it's mandatory that they've got to have it to go to site at this stage.

Danielle Le Messurier: And just on that, have you had any more feedback from the Federal Government on your push to get involved with the rollout?

Mark Wilson: Sorry, Danielle, on the push to?

Danielle Le Messurier: Sorry, on the push to get involved with the vaccine rollout.

Chris Ellison: Yes, that's something we're working on behind the scenes. As I just said, I mean it's our preference to be able to go and secure our own vaccine and be able to administer that to our workforce and we are working on that behind the scenes to try and see if we can make that happen.

Danielle Le Messurier: Thank you and just one more quick one on skill shortages. I'm sure you probably saw the McGowan Government came out last week and announced a $4 million advertising blitz to lure workers from interstate and New Zealand following the skills summit. Is it your opinion that these incentives will work or are they short-sighted?

Chris Ellison: No, look I think as long as the international borders are closed, I mean we've just basically got that 150,000 or 170,000 migrants that aren't coming in the country, so I think all of those things add value. I don't think there's any doubt about that. But the key thing that we've got to do is we've got to be able to get fresh people into Australia and we're trying to work through that in the mining industry through the CME to see if we can get something happening around quarantine facilities. So we're going to need 30,000 to 40,000 people over the next two to three years in the mining industry in WA alone, so we've just simply got to figure out a way of being able to safely bring people into WA.

Danielle Le Messurier: Thanks very much for your time.

Operator: Thank you. The next question is from Nick Maclean from Surrey Asset Management. Please go ahead.

Nick Maclean: Hi guys, a question more longer term and for you, Chris. You've built this business from scratch, where do you see it in 10 years in terms of what do you want Min to be in 10 years?

Chris Ellison: I think probably a bigger version of what it is today. I think we'll still be a little conglomerate. We're going to own commodities. We're focused on what kind of commodities we want to own, but we certainly want to keep growing our commodity business and we want to grow the mining services and the better our balance sheet gets, the better the quality of assets. I mean if we're lucky enough to be able to be involved in the Port Hedland harbour, for example, then we can end up a Cape carrier berth up there, those are the sort of assets that we'd like to be adding to the business.

Those supply chains where we can, where a project will support rail, we'll be adding that to our business, but look, we've got to be focused on developing clean commodity products wherever we can. Obviously getting down to zero carbon emissions is a big part of that, so that's obviously playing a big part, and the commodities people choose to go and mine now and how we go about doing that. But look, I think in short, I'm happy with the way the business is.

I mean we're working hard on making sure that we've got a really high-quality environment inside our business for all of our family, our people and trying to make sure that we've got generations of people in the business. So that's equally as important to me as making sure that the people make this their home.

Nick Maclean: Yes, so I get that Chris, for sure, but you've returned great returns over the last whatever it has been, 20 years or so, how do you keep doing that for the next 20?

Chris Ellison: I'm not going to lie, I sometimes stare into the crystal ball and wonder that myself. But look, we've been able to do it and I know that subject to the world not changing too much, I know that over the next, say, three to five years we can at least keep that up, if not better that. I mean we should be able to better what we've done over the last five years. If I'm thinking five to ten years out, pass. I mean I need a little more time to see where the world's going to be in three years from now.

Nick Maclean: Not sure I believe that, Chris, but okay, I'll take that.

Operator: Thank you. The next question is a written question from Heath Andrews at PAC Partners. He asks: Can you comment on the timeframe for Wonmunna to ramp to 10mt and do you see Lamb Creek as replacing Iron Valley when it operates?

Chris Ellison: Yes, look I think we can probably be, Wonmunna will probably hit that number around the end of the calendar year. Look, yes, I think the Lamb Creek will probably eventually take over from Iron Valley. I think our impurities at Iron Valley are getting out there a little bit and we're currently blending, but at a point in time, yes, I think that Lamb Creek and Wedge will probably take over.

Operator: Thank you. The next question is a written question from Jarrod Lucas from ABC News. He asks, when you purchased the Yilgarn assets I understand the mine life was around three years. What have you grown it to now with the introduction of Parker Range ore? Is the state government's original deal on royalty relief for the Yilgarn due to expire any time soon?

Chris Ellison: Let's tackle the royalty relief. I mean that hasn't got that much longer to go. That's for specific pits down in the Yilgarn. The Fraser Range is not one of them. Yes we did, based on the information that was available to us at the time, we thought we had - originally we thought we had about 6 million tonnes per annum production down there for about five years was the original. We're currently running at not quite double that. But we're sitting up around the 10 million tonne, 10.5 million tonne run rate. That's determined by the port capacity. We think that we've probably got somewhere between seven and ten years left down there at that rate.

Operator: Thank you. We will now return to the phone questions. The next question is a follow-up from Lyndon Fagan from JP Morgan. Please go ahead.

Lyndon Fagan: Thanks for that. Just on the South West Creek berth I was hoping to gauge your level of confidence on being awarded those. You mentioned there was a couple of - well there might be more to say in the next few months - are you able to share what those milestones are, how many other players are in the mix, to try and win that access? If you are awarded access, how ready is that project and whether you're willing to share capital intensity? I suspect not. But I figured I'd ask.

Then the next one is on Mt Marion. We're obviously seeing spodumene prices over $1,200 in the market. What sort of lag is at Mt Marion? When should we expect those prices coming through to your revenue? Thanks.

Chris Ellison: Look, based on the way we sell Marion we've probably got a couple of month lag on the prices. That's sort of a lead lag. I mean it happens the other way, when the prices are going down it's about the same. But it's a couple of months on that. The month on month, the value that we get per tonne down there has grown substantially.

Then on South West Creek, look there's not a lot I can say on that. I can't - there are obviously all of the users of the Inner Harbour and Port Hedland would like to increase their channel allocation. So there's two things out there. There's the allocation in the channel and how many tonnes you're allowed to ship out per channel. They are chopped up into A and B class and then D class are basically just tonnes that you can get through being efficient. So we can't give any indication on anything until we know, a) if we've got access to the berth or we get the right to develop them. Then secondly how much channel allocation we actually get. That could be anything from zero to 50 million tonnes.

So once we understand the volume that we can get, we can then determine how many tonnes per annum are going through there and what the capital cost is to get them delivered. So we've sort of got most of that figured out. But it just depends wholly and solely on what we are able to get, if anything. But our level of confidence, up there, on being able to get something is extremely high. It was originally those berths in South West Creek were in 2008, set aside as we all know, for junior miners so that we can, a company like us can, one day become a major. So our level of confidence is extremely high.

Lyndon Fagan: Thanks. If I could just squeeze another one in, on Utah Point you've got 14 million tonnes that you could use there. What's the bottleneck preventing you from being at that run rate in FY22? Thanks.

Chris Ellison: Just the COVID virus.

Lyndon Fagan: Great, appreciate that.

Mark Wilson: About the haulage. There are challenges with haulage. You need drivers obviously for the trucks and a lot of the drivers come from the Eastern states. Some of the guys up there have been on long swings without seeing their families. So that's the challenge - one of the many challenges that Chris was referring to when he was talking about the COVID challenges earlier.

Lyndon Fagan: Thanks guys.

Operator: Thank you. Once again to ask a question by the phones please press star then one on your telephone keypad. To ask a question via the webcast please type your question into the ask a question box. Your next question is a follow-up from Matthew Frydman from Goldman Sachs. Please go ahead.

Matthew Frydman: Yes, sure thanks. Thanks for taking a few more questions. Firstly on the mining services business. I was wondering if you can just give a little bit more context on what is in the pipeline to deliver that 15% to 20% growth. Just wondering, in your discussions with the majors where are you seeing the opportunities in volume growth? Is it from crushing? Is it from dirt moving? Where are they needing Min's services? Also wondering if you can give any colour around whether that growth is going to be weighted more towards internal projects or expected external winds and whether there's any weighting to the first half or the second half, whether it's a relatively even split? Thanks.

Chris Ellison: Yes, look firstly most of it would be - will be external - what you're referring to as external. Secondly, I don't like to give too much detail around what we're looking at or who we're talking to because obviously we have competitors out in the market. So my preference is to be able to let you know after we've secured it.

Matthew Frydman: Okay, thanks Chris. That's helpful. Then secondly there were some questions earlier around the timing and the timeline for Ashburton. You've given us some guidance there in terms of expecting that project to be online by 2023. Clearly there's still a big build to happen there. You've talked about over 100 road trains, four transhippers, lots of kilometres of haul road to build. So while you said the project might be online in 2023 I'm just wondering if you can give us some context around how long you expect the ramp-up will be to get to that 30 million tonnes per annum and how long it's going to take for your partner to build and deliver 100 road trains to be able to get to that 30 million tonnes per annum number?

Chris Ellison: Yes, I think that a combination of approvals and quite right - the supply of the equipment. We're probably going to take a good solid 12 months from when we turn on to be able to get up to around the 25 million tonnes to 30 million tonnes run rate. There's no doubt about that. I think in the first 12 months of operation we'll probably do somewhere around about 12 million tonnes, 15 million tonnes. Then the second year of operation we will probably be bringing on a bit more horsepower in terms of equipment and road trains. The second year will probably be up around the 30 million tonnes and maybe a touch better.

Matthew Frydman: Thanks Chris. That's really helpful. Maybe just a last one quickly. You've been pretty clear and consistent in terms of your spodumene conversion strategy and how you're seeing that. I'm just wondering - we've talked a lot on the call about price strength in lithium and particularly spodumene. You guys have obviously got a very successful track record in terms of developing spodumene deposits. Do you see an opportunity currently to bring any new deposits online perhaps outside of the MARBL JV? Is that something that you think Min could still have an edge in? Or are you not particularly interested in that given you've already got a pretty significant iron ore capacity?

Chris Ellison: No. We're out there looking at a couple of different regions. We've got some drill rigs out there at the moment looking for some more spod which is away from both the MARBL and the Ganfeng JV. So we are hunting pretty much everywhere that we think there's an opportunity. We're very keen to get another deposit.

Matthew Frydman: Okay, great. Thanks Chris. Thanks for all the questions.

Operator: Thank you. The next question is a follow-up from Rahul Anand from Morgan Stanley. Please go ahead.

Rahul Anand: Hi Chris and Mark. Thanks for the opportunity to ask another one. We've only had one question on Mt Marion. I just wanted to understand the cost trajectory there. We've obviously moved to new grades for the spodumene and that's helped recoveries higher. My numbers were - I was expecting costs to be somewhat better than what they were in the second half. Could you provide some colour as to how we should think about the cost performance first half versus second half and maybe even versus FY20 and the second half? Is there a grade drop-off perhaps in terms of the material you're mining from the pit? Is that one of the drivers for this cost increase? Or how should we think about it?

Chris Ellison: Look, a couple of things. Firstly Mt Marion is run under a mining services contract. So MinRes run that on behalf of the joint venture. Then secondly the dirt that we've been mining down there hasn't been yielding quite as much over the last nine or 12 months. But that's just a function of where we are in the different pits. I think we're probably going to overcome a lot of that moving forward over the next half. So I wouldn't be counting on the costs coming down a lot. But there is some opportunity out there for us to move them down a little.

Rahul Anand: Okay, just one follow-up - in terms of the strip ratios, I would suspect we are probably around the 8.5 mark at the moment. Do you still expect them to come off to around 7.5 over time? Or do you think we're going to see the strip remain high as well?

Chris Ellison: I think they're probably going to keep the strip about where it is. I mean they work the pits where we've got stuff at depth and not so deep. I mean they work them to try and maintain that average. I think that's sort of - at the moment it's going to be the average for the next couple of years going forward.

Rahul Anand: Okay, perfect. That's very helpful. Thank you very much.

Operator: Thank you. There are no further questions at this time. I will now hand back to Chris for closing remarks.

Chris Ellison: Okay, well look thanks everyone for joining. We - it's sort of already past the year; we're delivering now. We're sort of head down and following on into this financial year. I mean so far things are going well. But we are going to have probably an awful lot more news flow when it comes to the AGM. We will make sure that we can lay out fairly clearly where these projects are going, that is all approvals being in place. But I expect over the next couple of months we'll get all of that bedded down. So we will save everything up for the AGM.

But look thanks to everyone. Again, thanks to all of the staff that we've got in MinRes that made this happen. Thanks to all our shareholders, our investors and particularly all of the mums and dads out there that bought our shares back on the float and they're still sitting out there with them. It's really nice to see that a lot of those long-term people have got some great rewards out of what we've been able to deliver. So look thanks everyone for joining. We'll see you at the AGM. Thank you.

[END OF TRANSCRIPT]