

TRANSCRIPTION

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Chris Ellison: Good morning everyone, welcome, thanks for joining us at our Full Year Results Presentation. I think James would like me to mention that anything we say or do here won't be taken down in evidence and used against us, that's what we're after, James, isn't it? Don't take anything too seriously.

We've made a little movie up, actually we've made two. We've got a little movie we want to show you now. So we'll let you run through that. Then I'm going to tell you what we've been doing over the last 12 months, and Mark's going to share with us the detailed run through on the financials. Then I'm going to tell you where I'm taking the business over the next two-to-five years. Then we'll have Q&A.

So shall we roll the movie?

[Video presentation]

Chris Ellison: Pretty amazing, all those people, all those sites you just saw, they're all ours. Which is quite incredible because on 1 July this year it was our 30th Anniversary, I started MinRes in the lounge of my house, my rented house. Just over 30 years ago I had \$10,000 cash in the bank and a credit card they forgot to take off me. We listed in 2006 with a market cap of about \$100 million, and we've just gone into the ASX50 and we've got a market cap of about, well, we did have on Friday of about \$12-and-a-bit billion.

So our little business has come a long way, and it's got an incredible future ahead of it. We've done some milestones over the years, and the one that's

just passed is probably one of our busiest ever. I mean when you look at that and think, did we get all that done and we've run the business, and we did.

So look I'm going to be as quick as I can. I'll run you through the performance of the business over the last 12 months. I'm going to talk about where we're going over the next five years. It's really important. I mean it's not where we hope to be going, it's where we're actually going. We've got most of it pretty much locked in. At the end we'll spend a bit of time on Q&A if there's anything I haven't really explained to you properly.

So highlights in the business. We have had just over \$1 billion EBITDA, second best performance that we've had financially. We've got about \$2.5 billion cash in the bank. We did a bond raising with JP Morgan over in the US earlier in the year. We got our timing right on that, and very happy to have that done.

We're going to pay a dividend for this financial year of \$1.00. We didn't pay anything in the first half, but we were more-or-less holding back to make sure that we got our bond raising done, we understood where we were going on our funding and we had everything in place. So we think we can afford to give our shareholders \$1.00 a share.

I've restructured the business over the last 12 months, which has been substantial. I spent almost 30 years trying to make sure I had a fully-integrated business, there were no silos in it. I've now got four main operating pillars sitting in the business, and we've brought in some extra help to make sure that they're all self-managed. That's gone incredibly well.

We've done that because over the next five years the business is going to grow significantly. The Commodities part of MinRes over the next two years will at least double. The Mining Services part of the business over the next five years will double and then some. So it's getting a much more difficult creature to manage. But we're just going about doing that in a different way.

Some of the other highlights. In terms of BD, business development, without a doubt our best period ever. I mean we have been working on some things for a number of years, but we've just got a whole lot of things to come together over the last 12 months.

The Mining Services part of the business always performs pretty well. We are the premium mining services business in the country. If you've got MinRes on the job, I mean you're going to get your tonnes done every day, whether it's mining, crushing or running process plants. Or some of the innovation we've brought on-line lately.

We're well-known for delivering. Not just delivering, but the way we deliver with the culture that we have. Some of our major clients tell us, they monitor our productivity, we're generally sitting 30% to 40% above our clients. That's just the nature of the beast, the culture that we have in that business.

We have got some really good innovation we've brought into the Mining Services. We've got these big trucks that really killed the price of inland haulage. We've got it down to a number that's getting closer to owning trains without the capital cost. We've established a Marine business. We're currently out there, we're building four transhippers. There will be a fifth one that will be going into the order line-up shortly.

On the Lithium front, again it's been a pretty good year for us on Lithium. Wodgina is back online. We're cranking up Train 1 and Train 2, both of them are running now. We restructured completely the Albemarle deal, which I'll tell you about. We're doubling production down at Mt Marion, so we're going from 450,000 tonnes to 900,000 tonnes. They're mixed tonnes, which I'll talk about as well.

In Iron Ore, we have got as of Friday night just passed, finally it's been, we were talking a little bit earlier, we were heading towards trying to buy that asset about 2013. I was going to pay about \$1.25 billion for it. I have now been able to secure the majority of that. We had FID from all our partners, three great partners in there with Baosteel, POSCO and AMCI.

We also were the winners of the last cape-size carrier berth in Port Hedland. We got a majority share in that given to us. We used that majority share as currency, and then we went and sat down with Hancock and we got a binding deal with them which we're going to put together a port and rail structure for, probably it will last forever.

Then on the Energy front, our fourth arm of the business, we have probably got the largest on-shore gas discovery sitting up in the Perth Basin.

Sustainability, really important, we've got to grow our business around people. People are everything to us going forward. They are getting more difficult to get, and even then when you get them you've got to keep them. We have developed a fairly amazing work environment in our new Head Office. We have only been in it for a couple of months, but it's already changed the way people view it, the way they behave.

We don't have one single person that wants to work from home anymore. It's fully equipped with a Wellness Centre, Medical facilities, a great coffee shop where it's serving over 1000 meals a day in there. There's a choice of probably 30 different meals you can have for lunch, there's four or five that you can take home at night. So your wife no longer has to cook, she can trade the kitchen in. For about \$8 a meal they've got a really high-quality offering.

So we've got a large training in-take through apprentices, graduate programs, trainees, uni kids. We've got a lot going on, on that front. We're exceptionally good at what we do when it comes to training.

For safety, we've got a strongly entrenched culture in the MinRes business. If you have a look at our results, we're running over 5000 people and we're throwing stones at bits of metal pretty much all day long. We haven't had one Total Recordable Injury - sorry, Lost Time Injury over the last 12 months. Our TRIFR rate is at a standard that you would expect an insurance company to have. So, the results we're getting there are incredible.

Most of these results are a direct result of either the culture that we run in the business, in conjunction with all of the training that we do, and we're very heavy on training. But that's the result you get out of it.

Supporting local Indigenous communities has really amped-up a lot more over the last couple of years for us. We're very focused and engaged with the traditional landowners around the Wodgina and Onslow projects. In terms of community donations, MinRes put nearly \$6 million into the community in a different range of donations that we've done. About \$1.7 billion spend into the local community, and about \$10 million spend into the Indigenous communities. That's going to grow a lot more over the next couple of years.

The environment, I think the environment, the mining industry in Western Australia is out there, it's probably, if it's not the best in the world, it'd be in the top two. I mean the way that we manage the mining, the environment, is almost second-to-none in the world. I know that we've had some bad press over there for blowing out a cave, but you need to remember that that was the way it was done in those days. It is, they were fully approved and permitted to do what they've done. It's just that the timing had gone wrong.

I've looked over rehab ground that we do, and when we walk away from it it's generally in better state than when we found it, I don't think there's any doubt about that. We're doing a lot of work around innovative ways on how we can better use water. We've had a lot of success on that. We're using less water now per tonne of ore processed. We're spending quite a bit of money on that going forward, that's becoming really important. So if we can get that water usage down.

We're also looking hard, we've been working the last couple of years on tailings management, dry stacking and trying to eliminate tail stands. So we're heading - I mean we're all aiming for a net-zero on carbon emissions by 2050. I think the whole world's starting to think we can do a whole lot better than that, and we're trying to look in every area that we can.

We're using gas and solar to transition away from diesel. So our focus has been for a couple of years on getting out of burning diesel wherever we can. We're installing solar, solar's a good friend for us in the regions that we live in. So we can certainly create a lot of power during the sunlight hours. Then we're looking at wherever we can we're heading down the path of going electric so that we can reduce emissions to the big haul trucks that we're running it on. So we're confident by 2025 we'll have them all running electric. That will get rid of about 120 kilotonnes of carbon out of the atmosphere.

The Wonmunna solar that we put out there got rid of 1800 tonnes out of the atmosphere. Our new Head Office already is totally carbon neutral. So wherever we can in those areas, we're working pretty hard to make sure that we can get the right outcomes.

So look, I'm going to pass over to Mark to talk to you about financials, and then I'll come back to you.

Mark Wilson:

Thanks Chris, and good morning everybody. Apologies if I sound a bit croaky. It's a pleasure to be here this morning to walk you through the financial results for the Group for FY22. As Chris said, it's been a huge year for the business in many ways. From a financial perspective it's been a year of two halves for us.

First half was a challenging year financially, it was a challenging period financially with a steep decline in the iron ore prices, widening discounts and increased costs, particularly in the shipping. We took steps to cut production at Yilgarn to remove high-cost tonnes, and worked to preserve capital by targeting capex.

Second half was very different. We saw the emergence of lithium as a real generating powerhouse for us. We expect that to contribute into the future. We saw lithium driven by higher prices and first contributions from hydroxide sales, which we talk about. That stabilised through the period, and discounts tightened.

As Chris said, in the second half we took steps to strengthen the balance sheet with the debt raise to help make sure we were well-placed to fund the growth in front of us. So in summary, we are in a strong position, a strong balance sheet, with great liquidity, ready to deliver all these opportunities in front of us.

In terms of the underlying P&L, as Chris said, underlying EBITDA was \$1.024 billion. A strong performance for us from where we were at the end of the first half. It was driven by record contributions from the Lithium, \$585 million, Mining Services \$333 million. Both very strong. Iron Ore rebounded from a loss in the first to contribute \$64 million.

We did see considerable cost pressure through the year. I'll talk about that when we get to the guidance section. But the costs did land within the guidance that we had provided. Overall, solid performance and, as Chris said, gave us the confidence to declare, or the Board to declare a \$1.00 fully franked dividend.

In terms of the next slide you'll see a bridge that shows how the year looks compared to the prior year. You can see from that graph the significant impact the fall in iron ore price had on us, about \$1.4 billion. Offset to an extent by spodumene prices rising, that was a \$400 million benefit for us.

Overall adjusting for pricing and so on, underlying performance of the Group saw about 9% growth through improved volumes and so on.

In terms of the cash flow, historically the Group's had a very strong record of converting EBITDA to cash. This year we saw an increase in working capital, which I'll step through in a little bit more detail shortly.

We converted about 62% of the EBITDA into cash in the period. The tax and dividends that you see there on the slide reference 2021 and we have invested about \$800 million in capex over the year. I'll talk through that in a bit more detail and you can see the impacts of the bond raising in the cash flow of course.

In terms of the working capital movement, just to explain this a little bit better. We saw an increase in working capital, required about \$404 million in the year. Three quarters of that is tied up in receivables. Half of the lithium receivable is spod and that's, spodumene, that's the shipments of spodumene right at the end of the period. That's a sign of the increased working cap demands of the higher price in spodumene including true ups on earlier shipments. There's a \$223 million worth of lithium hydroxide receivables at the end of the year and that ties to the commercial arrangements we have with Ganfeng through the conversion of that hydroxide.

In terms of the capital expenditure, of the \$800 million \$431 million of it is referable to investment in growth for the future. You will see in this slide the breadth of activity that we have across different categories. The recommencement of operations at Wodgina, continued expansion or growth in new opportunities in iron ore as well as Onslow. Chris said that we've started there. We have Mining Services, continued investment there and the investment in the office. Not just in the office but we've also started to invest more heavily in technology and moving towards implementation of an ERP.

In terms of the balance sheet, the balance sheet is in a solid position. Closing cash of \$2.4 billion. Undrawn facilities on top of that. Borrowings sitting at \$3.1 billion following the new notes offering. Overall, I am comfortable with the way the balance sheet shapes up. It leaves us in a great position to be able to move forward and deliver on the opportunities in front of us. Just note that there is, playing with the numbers, there is a non-

current payable of just under \$200 million. That's part of a deal for the Red Hill deferred consideration effectively on the Red Hill Iron JV tenements.

Net debt. This is only the third time in the last 10 years that we have been net debt at balance date. Historically we have been conservative. We have been happy to sit net cash. Where we see opportunity to invest, we will and we have. Last time we went net debt was 2019 when we funded the lithium expansion and what we saw then was a rapid transition back into net cash.

We are happy to go net debt where we see good quality assets with long term horizons, that's what we see here, with strong returns. We talked consistently and we haven't changed our view, we want these assets, these investments, to deliver a 20% return on invested capital and that's an after-tax return. We haven't changed that metric.

We finished the year \$700 million net debt. There are more details in the appendices around the credit metrics which remains strong as we move through this next half and complete this next year, the credit metrics will look very strong. To be frank, that's why the bond investors were prepared to back us in the middle of a very uncertain debt market a few months ago.

Better value creation. We wrote these graphs because we think they tell the story of the business. We focus on return on invested capital. Historically we have averaged 21% since listing. That focus has helped us drive operating cash of almost \$7 billion, \$6.9 billion, over that period. That has allowed us to grow dividends at a rate of 20% per annum. The balance sheet has doubled in size over the last five years and will continue to do so in coming years. The key thing I want to leave you with just a thought this morning, we're in great shape to be able to take on what we have in front of us.

In terms of guidance, in terms of iron ore, we're keeping productions flat. We have been able to work more targeted, particularly in the Yilgarn. We are trying to simplify the operations there a little bit as we start to think about other opportunities down there. In terms of costs and we pointed out our costs guidance is up 14% year on year. We're seeing that industry wide cost pressures, labour increases, cost of retention of people, energy costs, we're seeing costs being passed through to us by OEMs on heavy equipment and so on.

In terms of lithium, as Chris said, a significant ramp up of production ahead of us with Marion targeting to a run rate of 900,000 tonnes by the end of this year. Costs at Marion are going to be in line with where they were last year and that's showing the benefit of improved scale. Wodgina, we're giving guidance there on the basis of a 50% share in the asset, just note that. We haven't moved legally to that point but you will see that detail that Chris will get to. Costs there are high and that's just showing the ramp up at Wodgina with lower scale. Life of mine at Wodgina is probably 20% cheaper than Mt Marion for the mine to operate.

We haven't provided hydroxide guidance at this time because we are still working on finalising the long-term downstream arrangements and Kemerton hasn't yet reached commercial production. Mining Services, we expect those volumes to remain steady over this current year FY23.

Further capital expenditure guidance. I debated whether to round some of these numbers up because they look very precise. Anyway, it's about \$2 billion this year, 70% of it is with Onslow Iron. That's the spend that's underway now with FID taken on Friday night and a binding term sheet entered into, we will be accelerating that in the months ahead. The team are ready.

Some growth spend in Lithium. Notably, we have set aside about \$100 million to do more drilling in energy. We think there's a huge opportunity there. Chris will talk about that in more detail, but the payoff has already been huge and we just see enormous opportunity in the tenements that we have.

In summary, we are in good shape at the end of this year. The combination of those numbers that you see in the guidance will give you a good outcome in the current year. The balance sheet is in a great position to be able to help us fund the opportunities in front of us. Thanks everybody. I will hand back now to Chris.

Chris Ellison:

Well done Mark, thanks for that. Okay, so I'll just give you a little bit of rundown on what we have done over the last 12 months from an operational point of view. For those that aren't really familiar with the MinRes business, we are running four key parts or pillars through our business. We have got Mining Services, Lithium, Iron Ore and Energy.

The Mining Services part of the business is where we started. It's the heart and soul of us. It's where we stay agile and productive. That means that we use those skillsets. We can find deals and we can move on them very quickly. We have got good analytical people in our business. We know what we're doing. We generally get it right. We run Mining Services generally across - we started in crushing. We do crushing, processing, flotation, we also run mining fleets in specialised areas. We're not real big on that unless it's one of our key clients where they're looking to get productivity and are willing to pay for our services and we have a number of them.

We have this very unique build and operate model that a lot have tried to replicate and copy around Australia over the last 20 or so years and they just for some reason haven't really been able to nail it and get it. It's a little bit like the Bunnings model. For some reason we must have some trick in there that they can't see but it produces a very long-term annuity cashflow, an incredibly reliable business. Every time I look at doing something out there, whether it be a joint venture or going and doing a deal where we're mining, I'm forever looking at where the Mining Services part of that deal is because each part of it has to have that Mining Services for us to make our model work.

Lithium. We're in the top five global producers. We're going to do better than that over the next couple of years. We will get bigger and better. We have got two of the most significant hard rock deposits on the planet and I think that as time goes by people will really get to realise what it means to have a Tier 1 mine even more importantly sitting in a Tier 1 location. Tier 1 locations don't exist, for example, in Africa. They don't exist in parts of Europe. They don't exist down in South America because you can own those assets and your ownership can change and the rates change, so we're very fortunate that ours are right here in WA.

We are progressing also in that area on the lithium. All of the spod that we produce, we're eventually going to turn it into hydroxide and we are well advanced on doing that now. We can't talk a lot about that at the moment but at the AGM we will be able to give you a lot more news on that.

In Iron Ore, the top five producer. We are transitioning into long-life low-cost operations. We are currently running about 20 million tonnes a year. Over the next five years we are going to move out to 90 million tonnes a year. A

lot of people ask why we put money into iron ore. Why don't you put more into lithium? The answer to that is really simple.

We are going after lithium as hard as we can, we are securing as much as we can and whatever we get we can fund, but just remember the amount of cash that these iron ore mines - they consistently pump out cash decade after decade and then they're an incredibly reliable business. Where we're heading now, we've finally got a balance sheet where we go develop some iron ore assets that are higher cost in terms of the capital spend but lower intensity per tonne. Good business.

Our Energy business has been around for a while. It basically looks after all the power that we run now. It goes out and buys the gas and runs the powerplants. Where we're heading now is into a different area. We have acquired land over the last few years. The Perth Basin, so the Perth Basin is probably the most unexplored and the most respected region in Australia for gas. We are the largest holder in that region and also in the Carnarvon Basin.

That's the business in a nutshell. That's what we do. Performance in the Mining Services business over the last 12 months, again it's been quite exceptional. I was road showing out in New York in 2019, we had done our first bond and I said to them that over the next two to two and a half years we're going to double the Mining Services business and the common theme was that every time you grow a business like that you melt away the margin. I said not with us. I mean we have a unique model, so we have doubled that business and then a bit from 2019 through to 2022 and we have increased our margins by 14% in doing that, so quite an outstanding achievement.

We have had record volumes over the last 12 months. We have retained 100% of our contracts and we have added five new ones, so as always, a great performer. We are running 23 operating plants. The construction division inside our Mining Services business is very strong. The leadership have been in there for 15 to 22 years leading that business and running it and they can time and time again - we can go onsite, we can go build a plant at the number that we thought we do it for because we've got people that know what they're doing.

They've recently recommissioned Wodgina Trains 1 and 2 and they're almost there on Train 3. They're doing the upgrade obviously down at Mt Marion and they've got a fairly big chore ahead of them. They're spread right across from the coast to 150 kilometres inland in Onslow and they're getting ready to crank that up. The haulage part of the business in our Mining Services has been really busy to develop these big road trains. They're the largest road trains in the world.

Our cost of moving dirt now is under \$0.03 per tonne per kilometre. If you have a look at the capital costs of being able to put these things together compared to a heavy haul train system, I mean these things open up stranded deposits. We have got about 25 of them running that we have developed over the last nine months. Again, they're a one off they're a first. Worked with Kenworth to develop these big girls that pull them. We actually had one in the yard the other day and we've got a hydrogen injection that goes on the side of the engines now, so we basically, from what I understand, we kind of get some water and we inject it in the engine and it gives about a 30% fuel saving already.

We're working down that path but they're big trucks and they can move a lot. We have also had an organisation out of the US working with us for about 18 months. We have actually got these big girls now. They're autonomous but we've still got drivers sitting in them. Over the next 12 months those drivers will come out and we will no longer have cabs on our trucks. So Onslow Iron will be running stage 1, about 150 of these big girls and for that you need about 550 drivers. So probably over 500 drivers will disappear, obviously a big saving, but you take the drivers out of trucks too the safety that it adds to them just goes to another level as well and consistency in running them. They would work down there.

Also in the Mining Services, we've started a Marine division. We have got the first four of our five transhippers getting built. When we operate the Onslow Port it will be our lowest cost port. Even though we are running these transhippers it will be lower cost than Esperance, it will be lower than Kwinana, it will be much, much lower than what we're running out of Port Hedland, so a good result for us.

Commodities on lithium has performed well. As you can see the average price of lithium, going back a year ago, it's about \$1,600 a tonne for spod

and hydroxide was up to about \$22,000 a tonne. Today, realistically around about \$6,000 for a tonne of spodumene, 6% and we are getting on all the tonnes we are selling on hydroxide we are getting plus USD70,000 a tonne. I think last quarter we averaged about \$77,000, so numbers are in good shape.

All of the hydroxide - so all of our offtake now coming out of Mt Marion as of February, we are converting that into hydroxide and we are doing that with the help of all our friends from Ganfeng who are toll treating for us up in China and came to a really great commercial arrangement that we've got to acknowledge. Ganfeng have been just a great partner from day one and very easy to work with.

Wodgina restart has gone well, trains one and two are running. The first shipment of spod went out in July for conversion over in China. The conversion is the responsibility of Albemarle so what we're doing is we're buying and building plants and as quickly as we can we want to be able to convert all of our hydroxide or spod that comes out of Wodgina over the years into hydroxide.

Iron ore we have record tonnes, 19.2 million shipped, up 11%. Pricing has been challenging. If we go back a year and a bit ago, we were selling it like it was gold. Within about 69 days we had the greatest crash in history of iron ore so we went back to work. We thought we were on the verge of retirement but the price disappeared from under us and then it's been up again and down but it's okay the way it is. I mean if it hangs in the way it is we will be happy. I don't think we are going to see it getting back around the \$80 level. I shouldn't prejudice it by saying I don't think it will. I mean there is a lot of challenges out there on the supply side at the moment so there's not as much iron ore running around the market as everyone perceives.

Berth 3, so I said earlier, a great achievement. We were given that by the WA Government. We converted that into a binding agreement on the supply chain with Hancock so that's gone really well and the early works have started on Onslow and in fact we're getting into that in earnest.

Energy, how did we go on Energy? We doubled our land holding. A tender come out, so we had the large landholding in the Perth Basin and we just went up and doubled it. We won the tender convincingly and since then every gas company in the country has approached us about being our

partner. The second thing we've done is we just got lucky. We've got some very talented people that looked at all the land and figured out if we drilled the hole four and a quarters deep we should hit gas and we did.

We spent \$15 million and we have hit what they believe is the largest onshore discovery in Australia and there's no doubt there is a lot of gas down there. We have got a lot of work to do on that. We are doing it now and doing test work, so more to happen down there. We think that we can bring our Red Gully plant that we have had in mothball, bring that back online over the next couple of years and we've got a lot more work to do up in the Carnarvon Basin as well.

So, that's the year that's been. Where are we heading over the next five years? We have got some projects that are locked in. We have got some great opportunities sitting in the beauty line up. The first one that we are looking at obviously is Onslow. To be able to do what we are going to do over the next five years, it's a people thing. It's not money. I mean we can get money. It's not getting great opportunities. We've got all of those sitting in front of us. It's just purely people.

The next five years, we're going to go from 20 million to 90 million tonne of iron ore production. In two years, we'll be at 50 million tonne. We're going to go over 100,000 tonnes of hydroxide production in our own right.

Mining Services, it'll more than double. I mean if you just have a look at what we've got locked away at the moment, I mean we're adding three major mining services contracts out of the Onslow region and crushing, trucking, transshipping. We've got the supply chain from Marillana mine site to ship through Port Hedland, so huge numbers we're going to be doing with 30 to 40-year contracts.

And the thing that we need the most out of all of that is we've got to get people. We've got to get them through the door, we've got to do it in the right way, and we've got to make sure we get that retention. And we're going to go to – we have already started, we're going to a different level than anyone's gone to in the mining industry. We're going to be really innovative with this. When you walk into our Head Office, you'll think that we've lost the plot, but about two minutes later you go, this is the place you would want to work.

We don't have anyone that wants to work from home, they all want to come to work. They love the experience. We're going to carry that forward into our camps. So typically, a room in a camp is about 12 square metres. When we build Onslow, it's going to be about 30 square metres, plus ensuite, plus laundry, plus a balcony with a barbecue on the front of it. So, we're looking at how do we get people to go there from a different area than we've recruited from. We're looking for couples, boyfriend-girlfriend, husbands-wives.

I mean if the husband is a mechanic and the wife wants to do something, in about eight weeks we can put her through a training course and we can give her a job for about \$120,000 to \$140,000 a year and they can live there as a couple. They can do one-on-one-off or two weeks on, two off, so we're going to have a whole range of different opportunities to bring people to site. Young people can go up there and earn some good cash and go buy a house. Older folk can go up there and just make sure they really secure their retirement.

So, I also want to get away from this thing, you know when the guys walk in the camp, they hang up their hobnail boots, they dominate the wet mess, they drink piss, they throw darts. Here we're going to have Olympic-sized pools in the camps, we're going to have restaurants, we're going to have taverns, very small taverns. We're going to have a lot of training onsite, we're going to get involved in sport, all those sorts of things.

So, my concerns: mental health, safety of our female population - so I'm going to create a community, not a single man's quarter. So the community is going to be full of couples, it's going to have a very different atmosphere and if we get some pretty average press on the safety of our women in our camps - our women in our camps are safe, they always have been - I can't guarantee it 100% when you consider the communities they're coming out of, they're not safer. So they're much safer on my mine site than anywhere, but we're going to multiply that up.

So, I just want to let everyone know that a typical room that I would have spent \$40,000 on last week, I'm probably going to spend \$120,000 on now, so it's going to be three times the cost. But if you knew the cost of losing people and not having retention in your workforce and the missed opportunity on production, is - sorry the room cost and what we're doing in

the camp is an absolute pittance to where we're going. So I'll explain that a little bit more shortly. So I wanted you to be prepared for that because it's really important.

So operations, where we're going over the next five years, iron ore at Utah Point, it's pretty much going to be business as usual. We're going to run about 11 million tonne out of the year, it's coming out of Wonmunna and Iron Valley. Later down the track, in years to come, we'll probably open up Lamb Creek and Wedge. There are other opportunities out there for us, but as Utah Point makes money, I'll keep it running. It doesn't make a heap of beans, it's a high-cost operation, but it's like a cat with nine lives, it just keeps surviving. So as long as it does that, I'll keep doing that.

The Yilgarn, again it's sort of high cost. We're going to be running about seven million tonne a year down there for the next four years. We're running hematite out of there. It's challenging again. It's 15 pits that we're running, north to south, they're spread over 200kms, so we're bringing them into a central hub, processing them and then we're shipping them about 600kms south to Esperance on rail.

Where are we are going with the Yilgarn; the upside in that is that we have got an awful lot of magnetite down there, so on with the transition out of the hematite over the next three to four years and it'll be a full-on magnetite operation. I can see us getting to a good solid 15 million tonnes of magnetite coming out of there, about 67% Fe, so up the top of where you want to be in terms of quality.

And then if you combine that with where we're going with gas, I mean we'll have gas that probably only costs about \$1 a gigajoule, I want to be able to get power down there. I've got the lowest cost gas in the world. If I can pelletise my magnetite, it's a much greener product, it's dust free and it's going to go to places like Korea and Japan and to speciality mills. So I can see a 30-year plus operation in that and we've already got a great supply chain, so that's where I'll be going with that. It's one that will almost certainly happen.

The Pilbara Hub, so as I said earlier, we won the right to develop the South West Creek berth, we've married in with Hancock's and we've got the approval processes running. We've got a binding agreement with them. We're going to develop a 40 million tonne supply chain out there, rail and

port. Great partners, we've known Hancock for a long time, they're an exceptionally good organisation to work for with high-quality people, so that's going to be a great opportunity.

We're going to develop Marillana, it's 50/50 between MinRes and Brockman and we'll haul that down and put it into ships. It's about a 30-year mine life, 20 million tonne run rate, about 60.5% ore. So good product. About two years to do the development and get the approvals done and then about another 2 to 2.5 years to go do the build, so no real money to spend there until after the Ashburton is sort of in operation.

So a bit more detail here around the Ashburton. As I said, finally on Friday night after many years and I'd hate to think how many thousands of man hours I've put into this, but this is the toughest joint venture deal I've ever, ever put together, but it's three good partners: POSCO, AMCI and Baowu from China, so we've got good partners in there. It's transformational, it's low risk, it's a long long-term project, it's over three billion tonnes of ore out in that region, we'll be there for a long time.

Stage One, 30 million tonne design, all of the equipment we're putting in there has the capability of doing about 35 – 36 million, it'll do 35 when it's running. Stage Two, we can easily tick it up to 55 million tonne without spending a heap of beans. So the project has been structured where MinRes are the managers, they're the manager of everything, so we're the managers of providing the funding, design, build it and then once it's built, we're the operators.

So in turn for funding it, we went from 40% to 57% of the project. The project pays that money back to us out of cash flow. We've got a formula in there how we, so we get that money back relatively quickly and then we've got another 3.3% shareholding through our ownership in Aquila. So the way we've broken this up is we've got what we call Mine Co. Mine Co is owned by the JV. Mine Co owns the iron ore, the tenements, the pit, everything inside the gate where the mine is, the camp, the airstrip. We operate that.

When the ore goes through the gate, it goes down a privately owned haul road into Onslow, into storage and onto a transshipping wharf. All of that's the in the Infra-co, that's owned 100% by MinRes. We charge a unit rate for the use of that forever. And then the third part of it is that we've got three

mining services contracts, actually four. We've got the crushing, haulage, we've got the port management and then we've got the transshipping.

So in a nutshell, it's got all of the recipe that MinRes like. We've got the management control of it, we're going to get this thing built fast, we're going to be efficient. We've got the mining services carved out of it and the reason that the mining services, it adds huge benefit to our clients. It's not like we go and make our margin, which we do, but no one else has got a NextGen plant.

For us to go and put one of our plants onsite, capital cost of putting our plant there is about a third of putting the traditional plant. That reflects in the rate. Yes we make good profit, I make no excuse for that, but also our client gets it for a lesser cost than they can get it for otherwise. The trucks, without the trucks and the transshippers, this project would never go, so it couldn't afford the traditional cape carrier berth, 20 miles of dredging and heavy haul rail. It can stand this.

So we bring a lot of benefit to our joint venture partners and yes, we do, we always make money in our mining services and we're proud of the margin that we make, we just don't like to share it.

So look, just a brief, Central hub, 150kms inland. The Central hub, the main feeder pit is going to be Ken's Bore that's where we put everything, I think. We put one of these resort-style camps, an airport right beside the camp. The cost of Mine Co, we've got a number against that. The fixed price for us to do that, \$1.3 billion. As I said, MinRes fund it and the money comes back out of the surplus out of the iron ore. And the mine cost, or Mine Co operating cost, so the cost of iron ore FOB Onslow is about AU\$32 a tonne. That is inclusive of the MinRes mining services margins as well. So take note of that.

Baowu have given a commitment, they want to market at least 50% of MinRes's share of the iron ore and they've got an option over another 25% of it. So I think I'll most likely do that and I'm more than happy for Baowu to be hauling all our dirt into China for the next 50 years.

Mining Services, I think you've got a good grip of that. The infrastructure, as I said, we own it forever. We charge a fixed rate per tonne. Same with the mining services. It's based on charging a fixed rate based on 30 million tonnes. If I do 30 or 35, even up to 55, I'd still charge the same rate. Under

normal conditions, those rates diminish; in this case they don't. Same with the infrastructure. I mean I charge that for as many tonnes that goes over the road and I charge it for the next whatever-hundred years, so another great asset for us to own.

Total project, about a \$3 billion spend. Capital intensity is about US\$65 a tonne, but that kind of includes everything. A good solid 20% internal later return if the price of iron ore at the end of season is around US\$75.

So Energy, we're getting towards the end, we've got a lot of gas and it's going to be a very substantial earner for MinRes going forward. I mean I think there's a lot of opportunity out there on what we can do with it. There's opportunities to convert it into LNG. Personally I'm a strong believer that I think gas is going to be around in the market for the next 40 or 50 years.

I think a lot of people have forgotten that we certainly want to get rid of carbon out of the atmosphere, but it's got to be staged. There's a lot of Third World countries out there that can't stop using coal, for example. If they stop using coal, they'll freeze, they'll die. They don't have the capital. I mean it's like Australia, before we become a First World country, we went out there, we burnt coal, we chopped down all the trees and burnt everything that we could and then we became First World and now we're really, really good people, but to get here, it gets here at a cost.

So I think coal's going to be burnt for decades to come. I think the world's trying to get rid of it, but it's a long way down the track. I think gas is a transitional fuel. I think that we're going to use gas for our own power, obviously, we're probably going to use gas, if we can convert it to LNG and go sell it and we're certainly going to do down streaming wherever we can where we'll add value.

So I think we'll end up with 40 or 50 years of gas up in that Perth Basin. We're going to be up to about \$100 million worth of holes down over the next 12 months and go find some more. That Lockyer Deep, no doubt it's a large deposit. We think we're probably going to bring that Red Gully plant we've got up there we inherited, we'll bring that back online in the next couple of years and we've got a lot of work to do up there.

Lithium, just a few notes on lithium. The governments generally are putting policies in place around the world and they really want electric vehicles to be a large part of the transition away from all the nasty fuels we're burning.

It's going to be a game changer. They're already well on the way in the last couple of years, we've just seen them going from a couple of car companies doing electric cars to pretty much everyone; if you're not building electric cars, you're probably not going to stay in business long.

The global car companies, they're definitely responding. They're targeting to have at least 60 million EVs by about 2030. They're always understating the number of cars they need on the road, the amount of power storage that's needed. About every quarter there's new numbers that have come out.

We identified back in 2010 that lithium was certainly going to be a metal of the future and it's going to have an important place in the world. There is no alternative for lithium at the moment and it can't be replaced. It's one of the few commodities out there that has got really good visibility and I don't understand with a lot of the analysts, I mean if you get your little thing called Google, you can get on there and it'll tell you how many cars they're going to make this year, next year and the year after and it'll tell you where the producers are with rock and brine. It's not a hard equation. But we're in supply deficit at the moment and it feels like it's going to stay there through till at least 2030.

The hard rock is probably the better source of lithium. I think generally speaking the battery manufacturers get much more power retention than the hard rock batteries and the best place to find it in the world is in WA, we've got most of it, so we're in a good spot.

The price outlook for it and again, I read that article a few weeks ago from Goldman Sachs and you've just got to wonder what they were smoking. But if you have a look at this chart here, that's us. If you're down in the black and you own rock in the ground, you're God. If you're in that other space and you don't own your rock, literally you're screwed, by us. And it's a really good place to be. I mean I haven't been there very often, I've been on the other end, but right now I feel really, really good about this.

In simple maths, you need about seven tonne of hydroxide – of spod, to make a tonne of hydroxide, around 6%. It currently sells at the moment for about US\$6500 a tonne. Do the math. Chuck about another \$4500 or \$5000 at that for the reagents labour and capital and that's what it costs you to make a tonne of hydroxide. So over half the hydroxide around the

world is made by people that don't own rock in the ground. So if I go to what the analysts say the long-term consensus price outlook for hydroxide is, it's \$16,500 a tonne, that means all those guys in the blue are out of business. That means there's a huge supply problem. I like it.

Again, we're in the right place at the right time. So I just think California came out of the blue last week and said by 2035 no more combustion engines on the road and you go, yep, that's sensible, but none of that is factored into the numbers that people are looking at in terms of where the supply is coming from. So look, I just think, I'm not trying to pump our tyres up, but I just think we're in a really, really good place. We've got great lithium, great partners, both partners know how to make hydroxide and they're making it, so I'm very hopeful that we're going to a lot of good things with this part of the business.

Mt Marion asset, it's a great asset. We've been down there since 2010. We own half of it. We designed it, we built it. We've had a great partner in Ganfeng. We're doubling production down there at the moment. We're going to 900,000 tonnes, it's mixed grade, so what we do is that we scavenge every last bit of the lithium out of the product so it's not all 6%, but if you went 900,000 tonnes back to 600,000 tonnes of 6% equivalent, we're spending \$120 million down there just on improvement, on recoveries and we're just growing the plant and growing the camp. So about \$120 million, it gives us an awful lot of white powder and it's a great return. So all our share of that goes into hydroxide up in China and we sell it.

Finally, MARBL, our MARBL joint venture, that's a JV between MinRes and Albemarle. They decided to call it MARBL which is a mixture of M-I-N and A-L-B, nothing difficult with that. So we've just restructured that JV, so what it means now is on the Wodgina site, we're going back to a 50/50 joint venture; MinRes run the mine, we run the whole process up there. We've throttled back from Kemerton from 45%, see press release, 40% to 15% and then we are jointly funding all future development going forward in terms of hydroxide. We're looking at a couple of plants offshore, buying one and building one well advanced, that's all in hand and started.

The one that I'm very keen on, I want to build at Wodgina. I think I can build at Wodgina for less than I can build up in Asia, and we're about 80% of the way through that study, we've done a lot of work on it, and it just makes a

lot of common sense. If I can get it for the same capital cost here in Australia at Wodgina I've access to the cheapest power in the world, we own the gas, I've got great water supply, I've got total control over the whole thing. It's a great site, my people go in there, they go in they do two weeks on, two off, I've got them held total captive. So, once they're onsite I own them.

It's a good place to be simple, get our costs down fairly low down. The other thing that we've done is that a while back, Albemarle had all the marketing rights so they could market it to whoever they wanted for whatever price they wanted. So, part of the trade down on the sale down of Kemerton was that I want control back of my pricing. So, they're still going to sell our product, but they sell it under our model, so we have a combined indices that we want them to sell at. So, whatever the indice is on the day when we load the ship, that's what they'll pay, very much like iron ore, when you load a tonne of iron ore on a ship it's that number that's published.

So, what I don't like to do, I don't like to hedge any of our commodity or any of our dollar, we just take the price of the day. So, I think Albemarle asked me what I'm going to do one day when it all turns around and there's more supply than demand, and I said I'll do what I always do, I'll change. But in the meantime, while supply's short, we're going to take advantage of the price on the way up. I am fairly convinced that I've got five to seven years of that. So, Wodgina, it's probably close on the best deposit out there in the world. It's open at depth, it's open in three directions. We've got it back into operation, it's running well and as I said, my preference is to build up there, so it's just a great asset at Wodgina and we're probably between now and the end of the middle of next year it'll be pumping a lot of product.

So, our five-year plan for lithium, almost, there it is, so in about five years we'd land at about 118,000 tonne of hydroxide, that's where we're aiming to get to, and we also, we're looking around the world to make sure if there's any other opportunities out there on lithium, we're keen. So, that's a minimum of where we're going to be. I don't know where the development of Wodgina ends, but it can handle another three or four trains on top of what it's got now with a lot of ease. So, we'll see how that develops, we've got a joint venture partner and we bring product on in line with demand.

The last part of our electric part of our business; I've got a real desire to develop battery manufacturing here in WA. I think it's logical, I think we have all the resources here and what I'd really like to do is see how much of the value I can capture. We can go from obviously digging rock out of the ground to turning it into spod, and we can turn that into hydroxide. That's just purely value-adding and it's capturing all the value. I don't think there's any risk in us going down the path of manufacturing batteries here because again, one thing we've got that most others don't have is that we've got surety of supply. So, if we own the supply, we can command the terms and conditions.

We've got cheap energy in terms of our gas, and I think if we want to create jobs for our kids, it's really smart that we do it - most of the battery factories, they're not overly labour intensive but we should be able to make a very high-quality battery here. All I have to do is go and get a battery manufacturer to come over here with their technology and a big bag of cash, and we can add surety of supply and our vision is to see if we can make that work over the next couple of years. We're certainly going to be out there banging the drums. We've spoken to the government about it, and they think that it's not a bad idea and they're very happy to support us.

So, the last page and then I'll get out of your hair. As I said earlier it was our 30th birthday recently, we started in my lounge with \$10,000, we've gone through the list at about 450 people on the payroll in 2006 and about \$100 million market cap. Today we've gone to over 5000 people, we're on the ASX50, market cap north of \$12 billion. Our track record since listing, total assets have gone up 50 times to almost \$8 billion, so that's 30% per annum growth. 21% average return on capital per annum. \$7.4 billion in EBITDA, we've grown that by 25% per annum. No equity raises, so I haven't watered my shareholders down, haven't gone out and issued shares and taken the easy way out.

Fully franked dividends, growth of about 20%. 30% per annum of total shareholder return and we're the best TSR performance on the whole of the ASX and aiming to get to the one spot position. Over the next two years our business will double, we can get five years out beyond that, I think we'll probably double it again. So, that's pretty much what we've got in hand with the funding that we've got and the quality of people we've got, that's about as much as I can tell you on where the business is going. So, thanks for

joining us, and if you've got any questions, Mark will join me up there and try and answer anything you've got.

Sorry, we've got another little video. We've got some great people in-house that we're using them for recruitment and all sorts of things, so our photographer, Russell James, you may have heard of him, he used to be the guy that photographed all of the Victoria's Secrets and all the supermodels around the world. He lives in Perth now and he does our mine sites and videos and they're doing a lot of work around our branding, which is really a huge amount for our business. So, we really want to make sure that we're a respected Company as we go forward as well. The only difference now is we get to keep the clothes on, but I've got to say I have been in LA with Russell a couple of times and bumped into Alessandra Ambrosio and Gisele and it's not a bad experience. So, roll the video.

[Video presentation]

Operator:

Thank you. If you'd like 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'd like to ask a question via webcast, please type your question into the ask a question box. For those in the room there is a microphone, please raise your hand and wait for the microphone before asking a question. When asking a question, please state your name and affiliation. As a courtesy to others, please limit your questions to two questions at a time. If you have any further questions, there'll be more time to re-join the queue to ask further questions.

I'll now hand to Mr Ellison to take questions from the room.

Question:

(Mitch Ryan, Jefferies) You've outlined the long-term strategy for lithium and spodumene and more specifically Wodgina. At the fourth quarter you had produced and shipped tonnes from Wodgina but not yet booked those as revenue. Can you give us any update on where those tonnes are and if you've booked any revenue from it at this point in time?

Chris Ellison:

So, there's a bit of a lag with when we move into hydroxide. So, we've got to - from Mt Marion and from Wodgina, get them down to the berth, put them on a ship. They're all heading for China at the moment, and they are getting converted in China. We then have to

go and sell that product, then we can book the sale. So, it's quite a lead time. Mark, do you want to add to it?

Mark Wilson:

Sure, thanks Mitch. The whole logistics chain around moving the spod through China to the toll converters that Albemarle's using at this point be a little bit slower, so you need to add a few months to that process. Then there's the conversion process and then there's the sale process including the logistics of the sale delivery to the customer and then there's the payment terms from the customer to Albemarle. So, it adds months to the process. We will be booking in this half though.

Question:

(Rahul Anand, Morgan Stanley) So, with the announcement today, I just wanted to check on a couple of things. Firstly you've called it stage 1, so I want to touch upon that perhaps. I believe the whole system at the moment will probably be constrained by the haulage on the road, is that a fair assumption? What kind of capacity in the port do - because I'm trying to think about Bungaroo South, Kumina, how those look going forward as well?

Chris Ellison:

The constraint's probably going to be around the transshipping, that'll probably be the bottleneck. Not hard to add more trucks on the road, I mean we could double the number of trucks on the road very easily. Then we would just have to manage the port storage. I'm thinking to go to from 35 to 55 we're almost certainly going to have to put more storage in at the port, because we've developed this whole thing on the basis that it's totally dust free. So, the ore doesn't see the light of day from when it goes in the trucks until it goes into the cape carriers offshore.

But I think the answer is there'd be more trucks, pretty easy to bring them online. It'd be a different crushing plant and a different location, so we'd be outside of Ken's Bore. The road will easily handle it. Different storage shed, probably even different products, so we'd want to keep them segregated. Then I'd probably need to add about another three transshippers.

Question:

(Rahul Anand, Morgan Stanley) Just one follow-up. In the announcement there was a mention about Bungaroo South and Kumina last time which had perhaps the ability to not have to pay

royalties. How's that going to be going forward? Is that a combined package now and you have to pay the royalty on these assets? Or if you develop them in the future you don't have to pay any?

Chris Ellison: No, we have to pay the royalties.

Question: (Rahul Anand, Morgan Stanley) Okay, it would still be paid, okay perfect, thank you.

Chris Ellison: We did have a holiday down in that region for 30 million tonnes, but somewhere down the track so it'd be that runs out, and I haven't been able to renew it.

Question: (Glyn Lawcock, Barrenjoey) Hi Chris, it's Glyn Lawcock at Barrenjoey. Just interested in a little bit more if you could - you mentioned about toll treating downstream through the JV, so is the downstream 50/50 JV for Wodgina not just going to be through jointly owned or Albemarle owned facilities? I'm just a little bit curious because I assume you can probably ramp Wodgina up faster than you can build downstream conversions. So, I'm just you know, how does it all match?

Chris Ellison: So, what's going to happen is that we're going to do a combination of buying plants and upgrading them and building plants. So, that's actually coming into progress. In the meantime, we're also out there using toll treaters, so we're obviously up front we're going to be producing more spod than we can treat, because we don't have the plants for it. We may, look, we may use toll treaters long-term.

Question: (Glyn Lawcock, Barrenjoey) But if you, can you sell spod if you can't find a toll treater, or is that part...

Chris Ellison: Yes, no, we have an agreement with them that if we're producing more spod then we can either toll treat or go put through our plant, we'd whack it into the market and sell it. Yes, we've agreed to do that.

Question: (Glyn Lawcock, Barrenjoey) Train 3 seems to be slipping a little bit. It was sort of, now you're talking about mid next year. Is that still in line...

Chris Ellison: Yes.

Question: (Male from previous audio) ...with the decision before Christmas?

- Chris Ellison: Yes, it's about, so Train 3 needs more tailings facility storage, more water to come online. We have got to double the mining fleet. Getting mining fleet nowadays, you just don't get it up over the counter. It's about mid next year when we've got all those issues addressed. We're going to have Train 3 commissioned I would say within the next three weeks or four weeks.
- What we're going to do is we'll rotate the trains. So at any given time we'll have two trains of the three trains running. So there's, if we need maintenance, like we do on Train 1, it needs some work done on the ball mill. So we'll put that down and bring Train 3 on-run, just to make sure they're all matched. But we just don't have the downstream capacity to run all three at once. But we will get there, but it's about eight months or nine months away.
- Question: (Glyn Lawcock, Barrenjoey) Right. Just switching to Ashburton, or Onslow, whatever you want to call it. Just two quick ones. Just the quality of the product, I think on-shore 57%, 57.3%, what sort of pricing do you think that will attract? What are you expecting?
- Chris Ellison: It's about, it's going to average about 58% over the first seven years or eight years. The pricing, what do you think the Platts is looking like?
- Question: (Glyn Lawcock, Barrenjoey) Is that just going to be sort of sold against the 58 Index then? Is that what...
- Chris Ellison: Yes.
- Question: (Glyn Lawcock, Barrenjoey) ...you sort of, it could probably get that?
- Chris Ellison: Yes.
- Question: (Glyn Lawcock, Barrenjoey) Okay. Just dollars per tonne on the contracts you're going run, I was surprised it was 140 million tonnes, a bit more than I thought. Is that \$2 a tonne you can clip on that?
- Chris Ellison: Always, we always get our share of that. Were you going to add something Mark?
- Mark Wilson: No, I wasn't going to add anything to that, Chris.
- Question: (Paul Young, Goldman Sachs) Yes, hi Chris and Mark, it's Paul Young from Goldman Sachs. Good to see you here in person Chris, and thanks for the publicity during the presentation, always appreciated.
- Chris Ellison: We're assuming you didn't write that.

Question: (Paul Young, Goldman Sachs) We can talk after. First question is on, well, actually just on the joint ventures. First of all, well done getting those three partners aligned on Ashburton. I mean that took you a long time I know, and they are Tier 1 partners. I'm interested in two things, one is it, on the fact that you're funding your partner's share of capital to get it into first production. So I'd love to hear your thoughts, or maybe Mark, around why that was the case. Is it because Baosteel doesn't want to actually physically put money into Australia at the moment? Is that it?

Secondly, with Baosteel taking the offtake, I mean they are clearly interested in this product and they're taking 50% of the offtake and its low grade. So just curious about when, with your discussions with Baosteel, what is their view on the market? Is this a diversification strategy away from the majors? Or is it the fact that they see the iron ore market tighter long run?

Chris Ellison: No, look on the marketing first, Baosteel because they own part of the project, they want to be seen to be able to use that product back in China. But they like the product, they simply like it. So they're going to take, if you take 35 million tonnes, 60% of that is ours. So they want 50% of ours, plus they've got an option that they get another 25%. They're saying, they almost certainly will do that.

Plus they take 100% of their own allocation. So they're probably sitting up at about, if they took all of ours and all of theirs, they're sitting at about 82% of the product they'll take. They like it.

Question: (Paul Young, Goldman Sachs) Okay, great. Then just on the funding and how that came about with respect to...

Chris Ellison: Oh, look, the funding was easy, there was a mechanism in there that said, he who funded it got another 17% of the project forever. It was a no-brainer. So we funded it, and we get the funds back fairly quickly when the project goes into operation.

The other side of that too is that it gives us total control as managers. So now that it's approved, we're in total control. We go out, raise the funds, we have the funds, and we just go built it at our speed. We don't have a committee from three joint venture partners overlooking us and giving us approvals to do everything. We've got it at a fixed price, which we're good at. Pretty much every project we've built, for FMG or Rio Tinto, or any of

those guys, we always were only interested in doing it on a fixed lump sum. We're not interested in doing reimbursable.

Question: (Paul Young, Goldman Sachs) Okay, thanks Chris. Then on the gas, pretty unbelievable discovery it seems. You said, it's the largest on-shore discovery. So you must have a number, at least a minimum number, that maybe you can point to in that regard? Then, so it'd be interesting to get your views around how we get to first resource, the size of it? Then you said, you're being approached by big gas companies. So what's your thoughts high level around how you monetise this, do you JV it?

Chris Ellison: Oh, what I'd like to do basically is I want to build a gas plant to it. So we're looking at it now. We've got to do some more development holes around it. So we set those holes out and it'll grow. At the same time we're getting our development approvals in place. I'd like to be able to have a gas plant operating there by, let's say, no longer than 2024.

So the opportunities, I like what Beach and Mitsui do. They've got a pretty good deal. Woodside have got capacity to turn gas into LNG fairly economically. I'm going to power all of our plants that we've got, so I shouldn't be much more than about \$1 a gigajoule than cost on my own gas internally. I want to be able to turn magnetite into pellets, I mean that adds a huge amount of value, and whatever else.

Question: (Paul Young, Goldman Sachs) That builds on power, Chris. Builds on scale, resourcing [inaudible].

Chris Ellison: Good question. Need to get a bit more information on it. We were thinking about a 250 terajoules/day plant was sort of Day 1.

Mark Wilson: We're looking at a modular design that we can scale up, because we know that there's a lot more gas there. This wasn't the most prospective hole that dug first.

Question: (Lachlan Shaw, UBS) Morning Chris and Mark, thanks very much for the briefing. So just a couple of questions on Wodgina from me. Lachlan Shaw from UBS. So just firstly on, thoughts on your comments around on-shore processing, Chris. So I get the gas, but what about re-agents and waste handling? I guess what are you thinking in terms of timing for when you might look to start construction, and then ultimately get that capacity up at Wodgina?

Chris Ellison: So you're talking about hydroxide at Wodgina?

Question: (Lachlan Shaw, UBS) Yes.

Chris Ellison: Yes, so re-agents are fairly simple. We'll import them all in through Port Hedland. They're building Lumsden Point up there that will facilitate that. All of the waste is pretty much, that comes out of these plants, is totally inert. We have done a lot of test work on that through what we're doing at Kemerton. That waste can actually be used for a whole range of different things, road base is an easy one. So not an issue with that.

But the facilities that we've got at Wodgina, we've got good water up there. We've got a large gas pipeline that comes in. I mean we've got enough gas capacity to be able to fire that thing. The good thing about having it at Wodgina, it means when we control the energy costs for the next 30 years or 40 years, we're not going to get a spike like you're seeing all over the world at the moment. Like urea plants, anything that's operating on gas they're going out of business because of the cost of energy.

So I just think that we've got the total package there. I think it's in WA, and if we can keep growing downstream in WA we're creating jobs and future for our kids. Chemical plants that, we're putting kids through uni. I mean I want somewhere for them to go. So we could be, in those areas we may not be the best in the world at making cars, but all of these products that we're producing, we've got to do a lot better than just sell the rock.

Question: (Lachlan Shaw, UBS) Then just on timing, do you have a sense of how that might play out?

Chris Ellison: I would like to be talking sooner rather than later. Because the easy way out for me is that I went and got partners that knew what they were doing with hydroxide. I don't have to take a risk on that. I'm happy with the partners who I've got. To do that for manufacturing, we've just got to go find someone, I mean and they all - I mean I get calls from car companies regularly because they want surety of supply. I mean and they're happy to pay market price, they've just got to know that they can get it.

So if I can get someone that wants to make batteries, and I think we'll get a bunch of them. They don't care where they make them, as long as they're guaranteed supply. But I always want them to bring the funding. I don't think we'd get a free carry on our half of the funding.

- Question: (Lachlan Shaw, UBS) Yes, great. Then just a second one. So going back upstream to spodumene at Wodgina, so 6%. How are you thinking about a balance, 6% versus 5.5%-5% for more volume coming through the plant?
- Chris Ellison: We've done a lot of work on that across both of the operations. The dropping it down to about 5.5%, it gives you more lithium unit recovery. So we sell more lithium units, it's a better value proposition. So we will probably eventually head in that direction. We have just got to make sure that the plants at the other end are adjusted to take it.
- [Aside discussion]
- Question: (Matt Frydman, MST) Morning Chris and Mark, Matt Frydman from MST here. A couple of questions, firstly on the Mining Services business. Your guidance of flat Mining Services volumes year-on-year, which I guess is a little bit different to some of your prior overarching guidance of volume growth in that business. I'm wondering if you can give a bit more detail on some of the moving parts there? I notice internally you're guiding to lower sales from the Yilgarn, which is obviously a pretty important driver of at least internal Mining Services volumes.
- But maybe there are offsetting factors externally. So wondering if there are any opportunities for growth in FY23 that you see and might be working through, but haven't factored into that guidance? Or otherwise what are the key moving parts to that flat guidance?
- Mark Wilson: So we see significant opportunity externally. As Chris said, there are some real challenges in the industry at the moment around supply. Because of our ability, we offer a solution that others, well, really there aren't many other choices. But we have this great record with the majors working with them. So we see a lot of opportunity externally.
- The reason you're seeing that overall guidance on the flat is because strips coming off on the projects that we're working at quite considerably. As you say, combined with the lower tonnes out of Yilgarn, we're seeing the internal tonnage dropping considerably.
- Question: (Matt Frydman, MST) Got it, thanks Mark. Maybe another one for you. I'm wondering how you think about the right level of gearing or debt on the balance sheet? If we look forward to FY23 you're spending \$2 billion on capex. That's without any new conversion assets in the MARBL JV. It does

seem like gearing will start to creep up even if your operating cash flow is pretty strong.

So just broadly what level of debt or gearing are you guys comfortable with? Where would you have to start considering the timing of projects or the timing of spend if you reached a certain threshold?

Mark Wilson: We finished the year about 3.1 times on gross debt to EBITDA. That was including six months of almost no EBITDA. So when, as I said earlier, when we run the full 12 months, and even though we were running 12 month basis by December, that ratio is going to come down significantly.

We feel very comfortable with the quality of the assets that we have, and the ability to de-lever quickly with them to be able to hold this debt. We don't anticipate needing to go and raise further debt at this point.

James Bruce: We might just go to the phones, if there are any questions. Moderator, Darcy?

Operator: Thank you. Your first phone question comes from Hayden Bairstow from Macquarie.

Question: (Hayden Bairstow, Macquarie) Yes, morning guys. A couple from me. Chris, just on the Iron Ore business. Just keen to understand, you sort of talked about the availability of mining fleet. You've downgraded these assets a little bit on volume. But if we do see weaker iron ore prices, is there options to do that even more aggressively and shift some of the gear to Wodgina out of Iron Valley and stuff like that?

Chris Ellison: Yes there is. I don't see that happening Hayden. I mean the main fleet we're hunting at the moment is certainly for Wodgina and we're going to start gearing up for Onslow Iron as well. I mean Onslow Iron has got pretty good returns with it. But yes look the answer is we can easily move around. I mean if we had to back off on a mine site like Iron Valley we could easily move that and accommodate that into Onslow Iron and probably - probably wouldn't fit in Wodgina. We're going for bigger equipment in there.

Question: (Hayden Bairstow, Macquarie) Okay great. On the downstream hydroxide at Wodgina, you're comfortable you can convince Albemarle that you can build at a much lower cost than they've just delivered at Kemerton?

Chris Ellison: Hayden your wife could do that. I think to be fair Hayden, there was a period of COVID which impacted quite considerably. I think the supply

chain disruptions have had a significant impact on that cost. We don't expect to have those going forward.

Question: (Hayden Bairstow, Macquarie) Just the final one from me, just on the rest of the downstream within MARBL. At what point do we think we'll get clarity on where they might be. I mean Albemarle has obviously talked about a fair bit of capacity in China. Is that still the most likely location for it all? Or is there other parts of South East Asia you're looking at?

Chris Ellison: No. I think our eyes are wide open on a few locations. We're not wed to any particular country. We're doing some - I mean obviously we're looking hard at Wodgina at the moment. But we're also looking at a couple of other regions as well. I mean labour availability is always a key factor. Cost of energy going forward is always important. But look there are probably about four different locations that we're running the ruler over right now.

Question: (Hayden Bairstow, Macquarie) Okay great, I'll leave it there. Thanks guys.

James Bruce: Darcy we'll take one more.

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

Question: (Lyndon Fagan, JP Morgan) Thanks very much. The first question is just on the toll trading. Obviously an amazing 30% EBITDA margin there. I'm just wondering if you could give us some insight into the toll charge itself. Is that a percentage link or is it a dollar million charge? I'm just wondering how it changes with price. If prices go down is it still a 30% margin? Thanks.

Mark Wilson: So Lyndon are you talking about Mt Marion?

Question: (Lyndon Fagan, JP Morgan) Yes, that's right.

Mark Wilson: Yes, so with Mt Marion as Chris said we've got this wonderful partnership with Ganfeng and basically we've developed a formula that accommodates the mixed blend of our grades. So it scales depending on the grade that goes through and it varies from ship to ship. You'll see in the FY23 guidance we've guided higher volumes. We're capturing more lithium units as Chris said. But we're thinking that about 40% of that product will be higher grade. So you could expect that, compared to the first half where we had much less high grade, that the costs will come down relative to last half.

[Over speaking]

Mark Wilson: There's a combination of dollars and ratio per tonne of feed. So there's no simple formula I can give you, I'm sorry.

Question: (Lyndon Fagan, JP Morgan) Maybe just to follow up on that. So at a much lower price, is it possible to talk about how the toll margins would look? Just to be able to give us a sense of - everyone is forecasting lower prices long term. How would that earning stream look at a lower price?

Mark Wilson: Everyone thinks it does - we don't think the price will be lower long term. We think there's a compelling reason why that's the case. But anyway if you believe [unclear] that they will go lower, we still think we're in reasonable space there that the cost of the spod coming down will come down as well, we'll still be making good margin. The one thing that's great - one of the many things that's great about the relationship with Ganfeng is that we can pivot it quickly if we need to.

Question: (Lyndon Fagan, JP Morgan) Okay, thanks. Then just another question on the Wodgina cost guidance. You mentioned it will be producing at 20% below Mt Marion over the longer term. But how quickly do those operating costs come down? If we're looking into FY24 and FY25, is it - I imagine we're not instantly below Mt Marion? Any sort of colour on that would be helpful. Thanks.

Mark Wilson: You could imagine when we're running three trains steady state that's when we're running at a reasonable indication close to life of mine, plus or minus, depending on the year and the strip. So we need three trains to be running steady state to get to those sorts of numbers. You should expect the numbers to come down through from this half. This is the start-up half. We're not capitalising the costs. So there are inefficiencies. We have staffed up at Wodgina to get ready for three trains. So we're carrying overhead and so on up there for that reason. So if you think in those terms that should help.

James Bruce: We've got time for one more question.

Question: (Lyndon Fagan, JP Morgan) Thanks, and just a...

Chris Ellison: Sorry, go Lyndon.

Question: (Lyndon Fagan, JP Morgan) Sorry. I was going to sneak another one in. Are you now guiding for 20% of lump at both Utah and Yilgarn? I remember

some previous comments around moving away from lump. Is that now - is that unique to FY23 or is it - should we now be thinking about 20% lump going forward? Thanks.

Chris Ellison: I think you can - sorry let me go back a step. We have adapted to meet the market and we've moved the equipment around to be able to flex for the product that's coming out of the pits. At this stage you should assume that there's lump going forward.

Question: (Lyndon Fagan, JP Morgan) Thanks very much.

James Bruce: Thanks. We've got time for one more on the floor here and then we'll have to close it up.

Question: (Rahul Anand, Morgan Stanley) Chris and Mark. Rahul again here from Morgan Stanley. Look, just continuing on that lithium tolling arrangement. How should we think about the longevity really is what I want to touch upon. You've obviously got a short term contract in place right now for Mt Marion. How are the conversations looking to extend that further whilst keeping your capital light and being able to extract some of that margin for a long period of time? That's the first one. I'll come back with the second.

Mark Wilson: Okay, so I mean we've got options on that obviously. We can kick that out for a period of time. We're just trying to balance that with what's the longer term that we want. Do we want to own our own plant and how long will that take to build? So we're just working through that. We're working through that with Ganfeng. So we'll keep doing what - my guess is we'll keep doing what we're doing for another couple of years. In the meantime we'll probably go and put something in place and probably jointly with them. But that will be for the long term.

Question: (Rahul Anand, Morgan Stanley) That's very helpful, thank you. Then the second one on lithium was around the Wodgina stake. You talked about it briefly in your presentation. How are those conversations progressing? Is there any sort of timeline that you have in terms of converting that, the extra 10%?

Chris Ellison: Yes. I think it would be true to say that we've got an effective date that we've agreed on and that all we're doing is we're going through the Albemarle process on getting to binding documentation. It's tedious, lengthy and detailed.

Question: (Rahul Anand, Morgan Stanley) Perfect. Final one. Iron Valley, there was a mention of Lamb Creek and Wedge. I just wanted to know, are you in that area right now and perhaps getting some tonnes out or that hasn't been opened up at all and that's purely in the future?

Chris Ellison: No. That's in the future. We've been in there doing our thing getting ready to do something in there but it's a few years away yet. I think - well I don't quite - but I think Iron Valley has probably got 70 million or 80 million tonnes left in it. Wonmunna has still got a lot and there's some more land at Wonmunna we've got to drill out. So I just added that because somewhere down the track we'll probably add one of those. But I wouldn't see it in the next three or four years.

Question: (Rahul Anand, Morgan Stanley) Okay perfect. Thank you.

James Bruce: Thanks Chris. We'll wind it up there. Have you got some final comments?

Chris Ellison: Yes, look I appreciate everyone coming along today. I mean it's always - our businesses can be a little unpredictable. I hope we present and give you - we give you as much information as we can. We got a little criticism last AGM around how we're going to fund things going forward. But there's some information that I just can't put out there. We try and get to the market when - whenever the information is available freely.

But I did say then at the time that you've got to trust us a little bit. We've brought the business this far, but we're not going to do a whole lot different. We don't put our balance sheet at risk. We're pretty good at identifying projects, getting them running and being able to get value out of them. So we've got a better balance sheet now than we've ever had. I think that where we get towards the business over the next two years especially is going to be really interesting. I mean I think the next two years will be absolutely defining on where MinRes goes over the next decade or 15 years. So really critical time we're in now.

If we get all of the things right that we've got to, I think it will be a great business for a long time to come. So thanks for the interest in our Company. I'm obviously passionate about it and passionate about making sure the growth in the business is maintained. I think our margins that we've had in the past, I think we can improve on them. They won't diminish. They will improve. We're committed to get things done. Hopefully come the AGM I'll have an awful lot more news flow and we can get some real

numbers out there that you can really work on. So we appreciate you coming along. Thanks very much.

[END OF TRANSCRIPT]