

## TRANSCRIPTION

**Company:** Mineral Resources  
**Date:** 26 October 2022  
**Duration:** 1 hour  
**Reservation Number:** 10025848

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### [START OF TRANSCRIPT]

Chris Chong: Ladies and gentlemen, thank you for standing by and welcome to Mineral Resources September Quarterly Call. My name is Chris Chong, the Investor Relations Manager. Shortly I will hand over to James Bruce, EGM Corporate Development, to provide a short introduction before opening the lines for analyst questions.

Just a little bit of admin before we kick off. Please be aware that today's call is being recorded and a written transcript will be uploaded to our website. This call is a Q&A with our Sell-Side analysts to discuss our quarterly production reports. If you wish to ask a question via the phones, press the star key followed by the number one on your telephone keypad. The moderator will then open your line and invite you to speak. Please start with your name and company for the record.

If you wish to ask a question via the weblink, please type your question into the ask a question box. This is meant to be an interactive and free ranging discussion and with that I will pass the call over to James for a quick introduction.

James Bruce: Thanks Chris. Good morning everyone and welcome wherever you are and thanks for joining us today. It's been another busy quarter for MinRes and as such I will just go through some comments. We had a pretty good safety performance, industry leading once again. Our Mining Services business had another predictable and solid performance during the quarter. We progressed with the Onslow Iron FID decision and work is progressing on that.

Our Iron Ore business performed well and in line with our expectations. The Lithium business, at Wodgina we started Train 2 and we converted hydroxide



for the first time at Wodgina producing 931 tonnes and that will be sold in Q2 of FY23.

At Mt Marion there's a significant amount work that many of you saw when we did the site visit. The expansion work is progressing. The pit is actually in very good shape to deliver for FY23. This quarter spodumene production was 54,000 tonnes which had 25% high grade material. That was impacted by the plant shutdowns but our guidance remains at 300,000 to 330,000 tonnes and we expect that to be 40% high grade.

As the expansion comes online, we expect to do our share 450,000 tonnes of production from Mt Marion and that will be at 50% high grade once that expansion commences early next year. At Mt Marion we converted 3,722 tonnes of hydroxide at a price of \$79,000 a tonne and we, in the announcement, we have just set out the spod price used for conversion is going to be set by – formally used by Greenbushes, so it's very similar to that.

I will just make the point that as we convert our spodumene into hydroxide there will be timing on cashflows that you should be thinking about. It will take three to four months to ship spodumene and convert it and there's about another three months based on payment terms. That's just the timing of cashflows but we are going to be a fully integrated hydroxide producer.

Then finally I'll just finish off with our gas business. We received some approvals from DMIRS during the quarter and we expect to start drilling in December and through next year. So, a very exciting quarter for us. I will leave my prepared comments at that and open it up to questions. So Rachel, if you could please queue up the questions please.

Operator: Thank you. Your first question comes from Paul Young with Goldman Sachs. Please go ahead.

Question: **(Paul Young, Goldman Sachs)** Yes, morning Chris, morning James. Thanks for doing the call again. A few questions on the Iron Ore business James and the first one is around the price realisations which might have been a little bit below expectations. I see that you're switching the strategy from M minus 2 to M minus 1. I think you might have previously flagged that but just curious around that change in sales strategy there. Is that - are you going to be selling

through traders, are you selling to different steel mills and do you think you'll get a benefit on price realisations with that change?

James Bruce: Yes, Paul. We've had, you know, we previously announced it at our full year results. I think the - I don't think there's any real change in who we're selling to and it's just a matter of reducing from two months to one month and that will actually reduce the volatility on the quarterly basis in the price received. It's still going to take us another quarter or so to get to the full one month QPs but I don't think it - over the long term it doesn't really change. It will just reduce quarterly volatility in the number.

Question: **(Paul Young, Goldman Sachs)** Yes, got it mate. Then maybe just on the Yilgarn, just the shipments there. It appears to have a bit of a building inventory looking at the difference between production and shipments. Is that really just timing of vessel arrivals at Esperance?

James Bruce: Yes, look it's just, you know, we are - you're exactly right and production is going to plan there and shipments will follow.

Question: **(Paul Young, Goldman Sachs)** Yes, great mate, thanks. Then lastly just on switching to Wodgina and the production of hydroxide, so well done on that front and the recoveries actually look pretty good when you calculate the conversion factor. Maybe just further to that, anything you can provide as far as the quality of the hydroxide and any sense of how we should think about pricing and should we be using I guess Mt Marion as a guide?

James Bruce: I mean you saw the pricing for Mt Marion during the quarter, \$79,000. We will sell the Wodgina material in the Q2 so that will be priced now or over the next month or two and there are no quality issues.

Question: **(Paul Young, Goldman Sachs)** Great. All right, well I'll let someone else to ask the questions. Thanks James, thanks Chris.

James Bruce: Thanks.

Operator: The next question comes from Alex Ren with Credit Suisse. Please go ahead.

Question: **(Alex Ren, Credit Suisse)** Morning Chris, James and team. A couple from me please. On this, first of all, on this spodumene pricing mechanism, the same as Greenbushes, I'm just wondering when was this signed and how long is this agreement in place for? Is this a legacy agreement from a couple of years back

and is there any risk for transfer pricing or run into troubles with the ATO? Also, I understand IGO might be moving away from this to a more up to date pricing mechanism next year. Is this something you are discussing with Albemarle these days? I'll come back with a second one. Cheers.

James Bruce: Yes, thanks Alex. As we have stated many times through the last year, we want to be a fully integrated hydroxide producer and this is the mechanism, the pricing mechanism by which we will price the spodumene at it goes into conversion into hydroxide. We've got - we've aligned it with Greenbushes and we would expect that to apply going forward.

Question: **(Alex Ren, Credit Suisse)** Sorry, even if Greenbushes is moving away are you - will you still stick with the current structure?

James Bruce: Well, we've announced the structure that we're going with right now and if things change then we would announce any changes in the future, but there is no change right now. We've only just announced it so it is what it is.

Question: **(Alex Ren, Credit Suisse)** Right, got it, got it. Also, on Wodgina, on the debottlenecking project, I think the aim is to get capacity of each train from 250 to 320, if I remember correctly, with the aid of low grading product down to 5.5%, right. I'm just wondering is there a rough timeline on this? When do you expect Train 1 and Train 2 at least to roughly get to a 320 run rate or is this more contingent on whether Albemarle's converter is able to accept low or lower grade feed?

James Bruce: Alex, I think we went through this a little bit on the site visit, but we've learnt a lot from what we've done at Mt Marion and we have had a very successful strategy there and had a really good partnership with Ganfeng and being able to convert that material. At the moment the agreement with Albemarle is to produce 6% and the three trains at Wodgina can produce 250,000 tonnes at 6% spodumene.

There are in our view significant benefits of reducing that grade to 5.5% and increasing production to 320,000 tonnes of spodumene, but we don't yet have agreement. Right now, we're ramping up the trains and once we get agreement and once the trains are ramped up, we would obviously announce that in due course if we get agreement with Albemarle.

- Question: **(Alex Ren, Credit Suisse)** Understood. So basically, the most recent hydroxide produced out of Wodgina, that's based on a 6% grade.
- James Bruce: That's right, yes.
- Question: **(Alex Ren, Credit Suisse)** Yes and also, sorry if I could quickly squeeze in one more. Wodgina full year guidance, 190 to 310, that's based on 50% equity right, but currently you haven't moved up to 50% yet. So is this effectively saying the full year attributable amount will be more like the low end of guidance or would there be some kind of backdating mechanism, say effective date would be 1 July 2022.
- James Bruce: You're right in the comment that the guidance does assume the 50% and everyone should note that. When we come out from the agreements, we would update you at that time.
- Question: **(Alex Ren, Credit Suisse)** Understood. That's it from me. Thanks team.
- James Bruce: Thanks Alex.
- Operator: Your next question comes from Matthew Frydman with MST Financial. Please go ahead.
- Question: **(Matthew Frydman, MST Financial)** Sure, thanks. Morning James and Chris, thanks for taking some questions. Maybe firstly following on those comments around the restructure of MARBL JV. You put a bit of a comment there in the footnote suggesting that the scope of the proposal has been updated. I'm not sure if that's new language there but just wondering how should we take it in terms of exactly what's being considered in this update and also what's the updated timeline around resolution of the restructure?
- James Bruce: Thanks Matt. There's no real change here. It's just cautionary language that legal required us to put in place, so there's no change in expectations here at all.
- Question: **(Matthew Frydman, MST Financial)** Thanks James. Any update on the timeline?
- James Bruce: No, we're not prescriptive on the timeline and it will occur when it occurs, Matt. You know that we're hopeful of getting it completed.

Question:

**(Matthew Frydman, MST Financial)** Got it, thanks. Maybe to I guess approach the question of the JV restructure in another way and maybe a bit more philosophically, I think there's consideration in the market around the inclusion of additional conversion assets in that JV, be that in Australia or overseas. I'm just wondering how the team internally thinks about mean contributing capital to acquire or build additional conversion assets for something that effectively you're getting for free currently or at least very cheap relative to the cost of capital.

I mean I understand that the returns on achieving the chemical margins for your sales versus the concentrate margin would justify additional capital, but you're already really achieving those returns through your tolling arrangement. So, how do you see that incremental return of applying additional capital to acquire conversion facilities when really, you're only getting back that incremental economic rent of the tolling charge you're currently paying. I mean does that incremental return clear Chris' ambitions for 20% to 25% return on capital?

James Bruce:

Matt, I think there's a couple of things. One is we have got a strong intent to convert over the long term all of our share of spodumene into hydroxide from all of our operations and we want to do that. We've got assets that have lives of 20 and 30 years so we need a long-term solution. Tolling is a great short-term outcome for us but they are short term agreements and over the long term the return on invested capital is definitely higher by making the investments in the hydroxide capacity.

The other point is that we would want to have control of those volumes into a market which is very strong and we expect to be strong for a long time. So, we see ourselves being one of the world's top four producers in hydroxide and as a top producer we want to have control of the outcomes for the business and that has significant value to all shareholders in MinRes.

Question:

**(Matthew Frydman, MST Financial)** That makes sense. Thanks James, that's a very clear answer. Maybe finally from me before passing it on, just on the Iron Ore business. You're making comments around how you've seen realisations. Just, I guess, a fairly direct question. Did the Yilgarn make money in the September quarter? I mean looking at your received price relative to your FOB cost guidance, it's hard to see how that asset didn't lose money during the



quarter I guess notwithstanding the margin that you make on mining services from inter-segment perspective.

I mean what's giving you confidence to continue operating that asset? Are you seeing better pricing outcomes in the current quarter given the fact that discounts have closed up? Is the cost performance better than what's implied in the guidance? Yes, just wondering the context there?

James Bruce:

Yes. So Matt, I think there's a number of moving parts right now within both the cost structure and the Iron Ore price realisations which are - and the puts and takes - are that we continue to be very focused in our Yilgarn and Utah assets on cash and cashflow generation. The puts and takes are that the Aussie dollar is significantly lower, the freight rates are lower, oil prices are coming in a bit and all of those - some of those are external to what we're doing at the operations.

At the operations itself we have given cost guidance and you can take that as read, but also on the revenue side at Yilgarn we've got a lump of ore that's going to come in from this quarter that we're in right now. So, I think all of the puts and takes are that we continue to manage this business very effectively. We will continue to be agile and I think we're aware of what we need to do to maintain profitability.

Question:

**(Matthew Frydman MST Financial)** Thanks James. That's really helpful. I will pass it on and might get another opportunity, thanks.

James Bruce:

Yes, thanks Matt.

Operator:

Your next question comes from Kaan Peker with Royal Bank of Canada. Please go ahead.

Question:

**(Kaan Peker, Royal Bank of Canada)** Hi Chris and James, thanks for taking my questions. The first one is really around Mt Marion and spodumene prices. It seems they're down quarter on quarter despite having a higher percentage of high-grade con. Was this largely driven by the ramp up in, I suppose the inclusion of lower grade higher impurity ore being used in the concentrate?

James Bruce:

No, Kaan, it's more just spot pricing and the delta in the pricing structure. So we've given you what the new pricing structure is and that's based on Greenbushes. So I think that's the delta that you're seeing coming through. As

we are converting it all to hydroxide, we will see the benefit on the hydroxide side where we sold product at \$79,000 a tonne.

Question: **(Kaan Peker, RBC Capital Markets)** Yes, so I mean on that, given that you are trying to become fairly clearly relevant, I think you mentioned fully inverted credits, should our focus be more on the hydroxide pricing which appears to have come in better than expected?

James Bruce: Absolutely. I mean we – that has been our strategy all of this year. We first talked about it in February and we expect to make this a long-term part of our business. We are not selling spodumene, we're selling hydroxide.

Question: **(Kaan Peker, RBC Capital Markets):** Yes, makes sense. Maybe on Wodgina, could you provide any progress on the permitting? Is it still expected for Feb 2023 and where are we up in terms of that progress?

James Bruce: Yes, so, Kaan, that's our expectation and we don't see that being a limit to what we're doing. We do have some flexibility at Wodgina. Train 3, as everyone saw on the site visit, that is ramping up over the next couple of months and will be available. But the thing that limits our production at Wodgina will be the pit and you also saw the pit and the steps that we've got to take there. But we don't see any approvals being a limit at the moment.

Question: **(Kaan Peker, RBC Capital Markets):** Last question before I pass it on, just more around iron ore and the pricing there, should we expect product quality to change over the year?

James Bruce: In iron ore?

Question: **(Kaan Peker, RBC Capital Markets)** Yes.

James Bruce: So we will be producing more, we will be producing lump at our Yilgarn operations, so the product quality will go up because of that. It's 20% lump has been the guidance.

Question: **(Kaan Peker, RBC Capital Markets)** Yes, all right, thank you. I'll pass it on, appreciate it.

James Bruce: Thanks Kaan.

Operator: The next question comes from Lachlan Shaw with UBS. Please go ahead.

- Question: (Lachlan Shaw, UBS) Morning Chris and James, thanks for the time. So a couple from me. Firstly, hopefully an easy one, so again just to come back to the Wodgina joint venture and the question of moving to 5.5% from 6%, can you just remind us what steps and what catalyst you need to work through there? Is it a case of qualifying 5.5% with Albemarle? What do you have to do to sort of get both partners to agree and get that change in effect?
- James Bruce: Yes, I mean obviously Lachlan, as you'd be aware, we're negotiating a pretty important set of new arrangements with Albemarle and I think a lot of the focus is on that. I think we as MinRes will be hopeful of a change to producing 5.5 percent because of the benefits of it and in due course hopefully we get agreement to do all of that.
- Question: (Lachlan Shaw, UBS) Yes, okay, it makes sense. Timing, I'm guessing, you're sort of angling for it as soon as possible but what do you think is realistic?
- James Bruce: As soon as possible. I don't know that I can be – Lachlan it's subject to agreement by both parties and legal agreements and people being – we've talked about that for a little while now. So I can't give a date.
- Question: (Lachlan Shaw, UBS) Yes, understood, thanks. Then just moving to mining services, so obviously nice little lift in the quarter there in contract terms, can you talk to activity levels that you're seeing in the markets? Which commodities are you seeing more active than others? And I guess, related, how is the competitive landscape at the moment?
- James Bruce: Yes, so look I mean we perform our mining services across lithium, iron ore and a few gold operations. There's no doubt that it's very active in the iron ore space, but we've also actually, in the last six months, started work at a lithium operation in the Northern Territory as well. So I think the iron ore industry has capacity and the mines are moving a lot further away from the fixed infrastructure and as that occurs, our services become more valuable and in demand.
- In terms of the competitive landscape, we tend to compete against the mines performing these services themselves and we generally are more productive and more efficient in the delivery of those services. So that's our value proposition. We are having some success and the volume growth in our mining services business over the next three to five years will be very significant and

we expect to double the business. Some of that obviously comes from our own internal joint ventures, but another component is also the third-party services, which continue to be attractive for us.

So it is a pretty good environment for us, it has been a good environment for the last several years and our proposition and the value that we can add to clients I think is well understood.

Question: **(Lachlan Shaw, UBS)** Thanks, that's great. I'll pass it on for now.

James Bruce: Thanks Lachlan.

Operator: The next question comes from Lyndon Fagan with JP Morgan. Please go ahead.

Question: **(Lyndon Fagan, JP Morgan)** Thanks guys. Just a quick update on Kemerton if I could. Is there any kind of further colour on commercial production being reached, like when?

James Bruce: I think we've put the comments in the quarterly here and Lyndon, it does take a period of time for these projects to go through both commissioning and qualification. The qualification period can be anywhere from six to nine months. We would hope that it's going to be shorter than that, but it is a process that the joint venture has to go through. So I don't think, we're not expecting any major production coming out of Kemerton in financial year 2023 but it should, from 2024, it should ramp up.

Question: **(Lyndon Fagan, JP Morgan)** Okay, thanks James. Then it's good to see those separated tables around the hydroxide sales for the various mines, but I do notice this time you haven't provided the EBITDA. Are you able to give some colour as to whether we're likely to get that going forward, i.e. is it omitted while the joint venture is being signed off? And if not, does the toll charge at Wodgina look the same as what it does at Mt Marion?

James Bruce: So Lyndon, this is a quarterly production report, we don't disclose EBITDA in our quarterlies, so I don't think you should have an expectation of it in this quarterly. We did disclose it at our full year results and we will disclose it at our half year results in February. The EBITDA margin for tolling last half was 30% or thereabouts and I think a reasonable assumption is that sort of level going forward.

I think if you worked through the received price of – I'll talk about the Mt Marion material, because we put out the price received there was \$79,000, that includes the VAT, it includes obviously the conversion of, to work out what the EBITDA would be, you'd need to have the conversion of the spodumene and you've got the spodumene pricing and you've got spodumene volumes, so you can do that calculation.

Then there's a converter margin, conversion cost I should say, that you need to be thinking about. And I think if you went back to last half, that was about \$10,000 a tonne or thereabouts. So if you use that, you would come up with an estimate of what you think EBITDA would be. So I'll leave you to work through those numbers, but that's the sort of colour that I can give you.

**Question:** (Lyndon Fagan, JP Morgan) Yes, that's helpful James and I've got all that. I guess, as a reminder, is the toll charge on the input, i.e. the tonnes of spodumene converted or the output and put against the tonnes of hydroxide produced?

**James Bruce:** It's on the tonnes of hydroxide produced.

**Question:** (Lyndon Fagan, JP Morgan) Okay, great, so it's sort of independent of whatever grade's going in. Thanks. Then I guess a final one, just a bit of housekeeping, so the Greenbushes pricing is obviously how you're doing your pricing, but the royalty at Greenbushes uses a different basket of indices, I think the state government includes Platts. Is that the same case for you guys?

**James Bruce:** We've given out the basket that's used, it's Fastmarkets, Asian Metals and Benchmark Minerals and that's the basket that we're using.

**Question:** (Lyndon Fagan, JP Morgan) Yes, so that's clear for your revenue, but for the royalty calculation that you're paying the government against, I mean the IGO situation is that there's a different basket with Platts included. Is that the same for you guys? So is our royalty calculation based closer to spot is what I'm asking?

**James Bruce:** So Lyndon, I'll get back to you, but I'll say this right now. We've put those numbers out there because that's what we expect the royalty calculation to be. But I will absolutely confirm that with you in following up.

- Question: **(Lyndon Fagan, JP Morgan)** Thanks. I guess just a final one, why was the iron ore discount so large, given that we have seen a narrowing of grade spreads more recently?
- James Bruce: Yes, so it was 78% if you exclude prior period adjustments. I think that that's in mind.
- Question: **(Lyndon Fagan, JP Morgan)** That's helpful. Yes, thanks James, much appreciated.
- James Bruce: Thanks Lyndon.
- Operator: The next question comes from Rahul Anand with Morgan Stanley. Please go ahead.
- Question: **(Rahul Anand, Morgan Stanley)** Hi James, hi Chris, thanks for the call, very helpful. Look I just wanted to firstly perhaps follow up on Lyndon's question. Look, lots of good colour there in terms of cost of conversion. I just wanted to also perhaps follow up on that and check if that conversion cost is perhaps moving with the hydroxide price at all, is it linked? And if not, is there any sort of profit share differential as the price moves up or down?
- James Bruce: Thanks Rahul. These are short-term agreements that we have in place for the conversion and as such, I don't think – our intention is to convert these short-term agreements into long-term investments for us in the hydroxide capacity. But specifically to your question, the \$10,000-a-tonne number I gave you as guidance is a number that only applies in this current market right now because we've got short-term agreements. What it includes is the cost of conversion and for the use of that plant for that period of time. So that's the way you should think about it. This is why long term, I think, we definitely want to own our own plants and to make that investment, because long term I do think the return on invested capital will be even better than what we're doing right now.
- Question: **(Rahul Anand, Morgan Stanley)** Sorry James, you did drop out there for a bit, so did I get that right, that includes the margin and that's obviously a short-term contract so it's fixed for now and that's right, yeah?
- James Bruce: Yes, that's right. So it includes the cost of conversion and the capital charge of using the plant for that period of time.

Question: **(Rahul Anand, Morgan Stanley)** Okay, that's perfect. Then obviously this is probably going on in the background as we speak, but in terms of rolling those contracts to future periods, how is that conversation going? Obviously this is a great market to be doing that, but what's your intention initially perhaps in terms of length of contract you want to give out, especially given you're looking to have your own conversion facilities going forward?

James Bruce: So the market is very strong right now and demand is significantly higher than I think many market participants think. So I heard the comment yesterday that Pilbara Minerals have stopped answering the phone. I think our phone equally is running hot. With regard to the contracts, we want to maintain full leverage to indices and spot pricing. We also therefore do not want to lock up contacts over a long period of time for toll treating. We would rather be short term because we think the market is going to be in deficit for a number of years; we've said previously five years. That's our expectation and we think that's a good environment to continue to negotiate the best outcome but on a short-term basis as it relates to tolling.

Longer term, we do want to make the investment into the conversion of these assets because we want control and we want to be a dominant market player.

Question: **(Rahul Anand, Morgan Stanley)** Okay. Then changing tack a bit to iron ore, I know the grade discounts have been talked about a fair bit, so I won't repeat that, that was one of my questions. But if I take a step back and we think about it holistically, I mean obviously you're building higher-quality assets in the future, but in the near term, if you do have an environment where you start making cash losses at your iron ore operations, how shall we think about the strategy? I mean how long will you take to shut them down and is there easy, low-hanging fruit which you can pick to save on costs immediately so that they keep running in the near term? I'm just trying to think about the last time we had a strong swing in the price and we lost a bit of cash in that period. I'm just trying to think about what happens in that type of an environment.

James Bruce: So Rahul, we're not in that environment today, firstly. Secondly, we are agile as a management team; I think we've demonstrated that year after year and that hasn't changed at all. There are levers that we can pull at all of our operations if those circumstances come about. You would note that in almost a year ago now, we took two million tonnes out of our production plans when the iron ore

price went from \$220 a tonne to I think it was \$80 a tonne over a period of about 70 days or something and we responded extremely quickly. And I think we have proven through those type of activities that we continue to manage the business very actively.

We do note that in another 18 months' time our Onslow Iron Project will be ramping up and that is fundamentally different from a quality perspective, be much, much lower cost and a durable business with decades of mining services and infrastructure earnings coming to us as well as the iron ore. So anything that we do will be prudent and I think this management team has proven itself time and time again.

Question: **(Rahul Anand, Morgan Stanley)** No, they have indeed. Okay, final question from me, updates on your other good quality project, South West Creek, any sort of approvals or building timelines, any sort of update there?

James Bruce: So we've said that there's a two-year timeframe on those approvals. It's almost impossible to accelerate those approval timelines and I think this actually is a point that many people don't understand with regard to the lithium industry as well. The industry is constrained by approvals. From our point of view, we're going flat out on Onslow Iron. That's where the majority of our people are in our iron ore business today and we've got to deliver that project. So yes, there's still an opportunity to move from Onslow into South West Creek, but we've got to do what's right for the business today and that's we've got to get Onslow Iron developed and in line with our plans.

Question: **(Rahul Anand, Morgan Stanley)** That's perfect. Okay, just do - I'd love a follow up on that royalty question as well because I had the same question with regard to what level that royalty is paid at. Just because IGO is paying a higher number but other than that, thank you very much, guys.

James Bruce: Thanks, Rahul, we'll send an email out to all sell-side participants with that answer, just so that you've all got it.

Question: **(Rahul Anand, Morgan Stanley)** Perfect. Thank you very much, team. I really appreciate the call.

James Bruce: Thanks, Rahul.

- Operator: Your next question comes from Glyn Lawcock with Barrenjoey. Please, go ahead.
- Question: **(Glyn Lawcock, Barrenjoey)** Hi, James and Chris. James, can you just maybe put a little bit more colour around Mount Marion? You know, the grade of the spodumene produced, your conversion rate? I just - I mean, I'm just looking at it thinking you're 20% decline in production or shipments of 40-odd per cent declined sequentially in hydroxide production. Just trying to understand what happened in the quarter for that to occur, thanks.
- James Bruce: So Glyn, in our production - production as production. In the prior quarter, I think high grade was 7%, in this quarter, it was 25%. Our guidance for FY23 is for 40% high grade and we - potentially higher volumes going through this year as the expansion starts up, come early calendar year '23.
- So the - and as it relates to product grades and so on, we've given you the average is of 900,000 tonnes is equivalent to 600,000 tonnes at 6%. So you can have a go at estimating what you think the difference between high grade and low grade is based on all of that.
- As it relates to this quarter, it was a disappointing quarter. We had a lot of work going on, as you saw when we were on the site visit. There's a significant amount of work going on at the plant.
- The pit is now in a much better shape than it was even a quarter ago and I think you saw that on the site visit. You know, we've got significant amount of material in the bottom of the pit which is white and white is good when it comes to lithium and spodumene. So yes, I think the quarter-on-quarter movements are within a broader trend of increasing production.
- Question: **(Glyn Lawcock, Barrenjoey)** Sorry, James, maybe I should be a little bit more specific then. Maybe I've asked it badly. Just can we not be told tonnes processed through the plants and the grade that goes in and recoveries or something like that, like we get from a lot of other companies?
- Then I'm just trying to reconcile why hydroxide production fell so much - so sharply quarter-on-quarter when you were still shipping at a reasonable rate. Nowhere near a 40% decline. Were there problems with your conversion? With Ganfeng's conversion in China? Were they limited by power or something? I'm just trying to understand why it fell so much as well.

- James Bruce: No, some of this, Glyn, you say like other producers do, there are not a whole lot of spodumene producers out there. We own two of the spodumene mines, these are our plant designs that Min Res build and operate ourselves. We're not about to disclose to other market participants exactly what our grade and exactly what our recoveries are.
- I think we've given the market enough information to determine revenues and to determine costs and to have an understanding of what the cash flow capabilities of these assets is. So that is something that - the processing plants are - there's a lot of IP that is specific to Min Res in those plants and we're not about to share that IP with other market participants. Other market participants are taking different strategies in regard to this and that's up to them.
- In terms of our hydroxide volumes, there is - I think the volume conversion was in line with expectations, quite frankly. It was - I don't think - I don't see there being a huge variance.
- Question: (**Glyn Lawcock, Barrenjoey**) Okay. Maybe I'll come back offline. Just on the price realisation for iron ore, you said 78% percentage use could be price period adjustments. The 50/80 index averaged to 87% for the quarter. Is that sort of where you'd expect to sit then? So you would be getting less than - another almost eight percentage points less than the 50/80 mix, or is there something else going on in the quarter as well?
- James Bruce: Yes, so Glyn, there's - I mean, yes, that is right and it's pretty much in line with the FMG pricing of a similar grade product.
- Question: (**Glyn Lawcock, Barrenjoey**) Okay. Then just finally, just you gave the conversion for Wodgina into hydroxide. It's obviously the first batch of product going through. Would you expect that conversion rate to improve or is that - was that actually a good conversion? I mean, I would have thought maybe you might have had a few issues with the first batch.
- James Bruce: No, I mean when you look at - if you do the math on the conversion rate, it was good and I think that just proves the product quality. You know, obviously the grade as well that's going in there and we converted it and the volume was - the volume as expected.
- Chris Chong: If the extended grade stays the same, I wouldn't expect a change in those conversions - the applied conversion ratios, I think.

- Question: **(Glyn Lawcock, Barrenjoey)** Okay, so you don't think it'll get down towards seven or under seven then?
- James Bruce: No.
- Question: **(Glyn Lawcock, Barrenjoey)** Okay. Thanks.
- James Bruce: Thanks, Glyn.
- Operator: The next question comes from Kate McCutcheon with Citi. Please, go ahead.
- Question: **(Kate McCutcheon, Citi)** Hi, good morning, James and Chris. I just wanted to clarify this spodumene pricing. So the Greenbushes price mechanism only applies to toluene per se. So hypothetically if you were to stop toluene and sell spodumene, that mechanism wouldn't apply. Is that correct? Then the second part of that...
- Chris Chong: Yes.
- Question: **(Kate McCutcheon, Citi)** Yes. That's correct.
- Chris Chong: Sorry, that's correct, Kate.
- Question: **(Kate McCutcheon, Citi)** Great. Then the second part of my question on that is, what's the rationale here? Particularly for Mt Marion. Is it to show your partners they are being treated on the same terms or is it for transfer pricing transparency with the government?
- James Bruce: It's totally - to be totally transparent with the Government on both corporate and royalties. Corporate tax and royalties, sorry. So this is the formula that's been in - that we are going to use for those payments to DMIRS and the Australian Tax Office.
- Question: **(Kate McCutcheon, Citi)** Right, understand. That's helpful. Then just clarifying timing on hydroxide production numbers. So at Marion, your share of September quarter production goes to about 3.7 thousand tonnes that you reported. So you recognise production of hydroxide at Marion when it's shipped. Whereas at Wodgina, it's after it's shipped...
- James Bruce: That's right, yes.

- Question: **(Kate McCutcheon, Citi)** So a lag of three to four months. So June quarter sales at Wodgina effectively going to that 931 tonnes? Or was it not the whole quarter?
- James Bruce: That's right, there is a delay of three months. Three to four months.
- Question: **(Kate McCutcheon, Citi)** Okay, so for modelling purposes where we should just assume that everything that's sold at Wodgina is converted on a quarterly lag?
- James Bruce: Yes, that's right.
- Question: **(Kate McCutcheon, Citi)** Okay and we should assume from here, all volumes at Wodgina are converted?
- James Bruce: That's our intention, yes. We - across both businesses, we want to convert.
- Question: **(Kate McCutcheon, Citi)** Yes, okay. Thanks, James.
- James Bruce: Thanks, Kate.
- Operator: Your next question comes from Robert Stein with CLSA. Please, go ahead.
- Question: **(Robert Stein, CLSA)** Hey, just a thanks for hosting us by the way, guys. Just a quick one. Maybe a different tack. On the gas, seeing the 10 TJ per day plant and the potential to restart that, just wondering how to think about the potential size of the gas business?
- I know it's very early stages. I know it's - you just with exploration wells at the moment but just in terms of sizing, how are you guys thinking about that in terms of the total gas production or potential ranges around what you're looking at there?
- James Bruce: Yes, thanks, Rob. So probably we're thinking of modules and this will be subject - the number of modules will be subject to the size of the - how much gas we find. So typically we would think of a module as being either 125 TJ a day, possibly 250 or maybe even higher than that.
- So I think the other thing that we need to think about is the market and where we would sell that gas to. Obviously our first intention is to sell into our own business and for our own requirements and for that of our JV partners but at a 250 TJ a day plant, that would well exceed our own internal requirements.

So what we do with the gas, whether it be sold to other West Australian customers and WA at the moment, half of the power generation comes from coalfired power and the State Government has got - has stated that it wants to close coal fired power generation by 2030. So there's going to have to be a new mix of power generation in WA and we think that gas fired power will be part of that mix and so will renewables. The gas is the best baseload identified source.

The other consideration that we would have, apart from just supplying gas into maybe the WA energy market would be also to supply maybe into LNG or into the gas pipeline, the Dampier to Bunbury gas pipeline is about 15 kilometres away from our existing gas fields. So really close to tie in and then that would allow us to transport the gas up and down the coast as we wished for relatively low cost.

So it's a pretty big opportunity for us. It'll take us a couple of years to determine all of those outcomes and - but it's a - we are definitely growing our capability. Today we've got about 50 people in our gas business and we've grown that significantly over the last year so yes, I think it's a good piece of business for us to consider in the next two to five years.

Question:

**(Robert Stein, CLSA)** Thanks a lot for that, that's great colour. So just to clarify, so we're talking about 125 to 250 as a hub size and potentially there could be multiple hubs? Or are you talking about that as the ultimate end state and that you would have different hubs feeding into a larger facility that would be around that size, that 125 to 250?

James Bruce:

Look, Rob, I think it's all subject to how much gas we find across the six wells that we're developing in the next 12 to 18 months. We had a - obviously a huge success with our first well but we've got to put a few - we've got to define the size of it and part of it - the answer here, will be what - how big the market is and how big the opportunity is to supply that market. We think it's significant but right now, I can't - you know, I don't want to get ahead of ourselves with regard to how many of these plants we might put in place.

Question:

**(Robert Stein, CLSA)** Yes. No, that's fair enough. I'm just trying to get a bit of a conceptual mud map of how that business grows and how it would look. So no, thank you very much for the colour. Really appreciate it.

James Bruce:

Thanks, Rob.

Operator: Once again, if you wish to ask a question via the phones, please press star one on your telephone keypad. If you wish to ask a question via the weblink, please type your question into the Ask a Question box. Your next question comes from Mitch Ryan with Jefferies. Please, go ahead.

Hi, Mitch, your line is live.

James Bruce: Mitch, are you there?

Operator: You may have yourself on mute.

Question: **(Mitch Ryan, Jefferies)** Hi, sorry, can you hear me?

James Bruce: Got you, Mitch. How are you?

Question: **(Mitch Ryan, Jefferies)** Hello. Yes, good thank you. Sorry about that. Firstly, just the first question and a follow on to Rob's question with regard to the gas business. Can you be - on a shorter term basis, just talk us through when we should be expecting news flow on those drill results over the coming 12 months?

James Bruce: So I mean each well takes about two months to drill and complete and get results for. So we're hopeful that December, January drilling and results when they come. These are - these wells are 4.4 kilometres deep and so they do take a little bit of time to develop but yes, there are six wells so the - you know, the news flow will come as required by ASX requirements.

Question: **(Mitch Ryan, Jefferies)** Yes. No, perfect. Thank you and then back to the tolling - toll treatments. Can you talk to - or provide any clarity on where the specific toll treatment facilities are? Obviously they're in China but where in China they are and/or their capacity? Do you have any insight or can you put any colour to that, please?

James Bruce: Unfortunately no, we can't. Sorry, Mitch. These are short-term agreements and yes, we can't do that.

Question: **(Mitch Ryan, Jefferies)** Okay. Third and last, can you just provide any colour on the structure of the CSI contracts at Wodgina? i.e. do you stand to benefit if you're obviously getting more tonnes but at a lower grade out of that operation?

James Bruce: So we've got two contracts at Wodgina. One is for crushing and so that is purely on if you take the mined tonnes - the mined ore tonnes be your best

estimate of what we would crush. Then we've also - we also provide camp services in the airport and so on. So that's the other activity. So the short answer to your question is no, it's not related to grade at all. It's purely mined tonnes out of the pit.

Question: **(Mitch Ryan, Jefferies)** Okay, perfect. Thank you. That's it for me. Appreciate it.

James Bruce: Thanks, Mitch.

Operator: Thank you. Your next question is a follow up question from Matthew Frydman with MST Financial. Please, go ahead.

Question: **(Matthew Frydman, MST Financial)** Sure, thanks very much for taking some follow ups. I've just got a couple of hopefully quite quick ones. Firstly on Glyn's question on the hydroxide production from Mount Marion in the current quarter versus the prior quarter. Just to clarify there, is it correct to say that in the prior quarter there was a build-up of feed over a number of months? I think it was dating back to February of this year, so effectively five months of feed that was reported in that June quarter number which I guess would explain at least a part of or if not most of the difference that Glyn's highlighted.

James Bruce: Yes, if you look on the table on the last page, page 8 of our release, you'll see that Q4 FY22 was 6,722 tonnes and that did include tonnage from Q1, effectively. So if that's where Glyn was getting to, yes, Glyn, that's the answer to your question.

Question: **(Matthew Frydman, MST Financial)** That makes sense, thanks, James. Then secondly, I expect it'll be a pretty short answer but you've put a comment in there on the front page around continuing to explore options to maximise the value of the lithium business.

We've got an AGM in a few weeks' time. Is there anything that we can expect at the AGM, I guess broadly, in terms of updates but specifically around that journey to maximise value in the lithium business? Any new information either on the JV or any other considerations that you expect might come up at the AGM?

James Bruce: Matt, I think it would be a career limiting move for me if I front run either my chairman or James McClements or Chris Ellison. So I'll choose to plead the fifth



on that. I - yes, look, I mean I can't give you what we're going to say in our AGM.

Question: **(Matthew Frydman, MST Financial)** I can't say I expected a different response, James, but I thought I would ask the question.

Chris Ellison: We'll get great resolutions there, Matt.

Question: **(Matthew Frydman, MST Financial)** Thanks, guys.

James Bruce: Cheers, Matt.

Operator: Your next question is a follow up question from Lyndon Fagan out of JP Morgan. Please, go ahead.

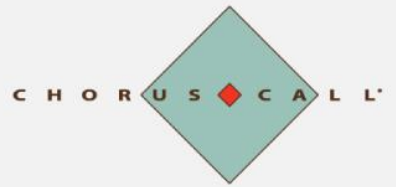
Question: **(Lyndon Fagan, JP Morgan)** Thanks guys. Look, I guess I'm still just trying to reconcile the fact that the tolling agreements are short-term in nature but you've got multi-decade mine lives here and a desire to convert everything into hydroxide. I'm wondering when you're able to provide a bit more colour on that road map and I guess that includes a hydroxide plant at Wodgina and potential study results.

But clearly there's got to be a whole bunch of assets, either vendored into the JV or built or - when are you likely to be able to provide the market how that looks or is it really just a case of bit by bit, sort of piecemeal, things will come together? You able to provide some colour there? Thanks.

James Bruce: Yes, so Lyndon, I think they're all really important questions for us as a Company to answer. Obviously we have a view. We haven't been able to express that view to the market yet because we've got a pretty important agreement with Albemarle to conclude.

I think once those - that agreement is concluded, I think all of your questions is beholden on the Management Team and us to disclose exactly what those plans look like and those plans need to include assumptions on capital, timing, volumes, costs and all of those expectations.

So we're well aware that at the moment you and other analysts don't have that information but we've got a very clear intent about what we want to do and when the Albemarle agreement is announced we would hope to put the bones on all of that so that you can - because what we want is all of our shareholders



and the investment market to understand the cashflow potential of our business. So I think there is a very important agreement that we've got to conclude before we can do that. So I think that should be the expectation.

Question: (Lyndon Fagan, JP Morgan) Thanks. Thanks, James.

James Bruce: Thanks, Lyndon.

Operator: Thank you. There are no further phone questions at this time.

Chris Chong: Great, thanks for your times guys and have a great day. Please reach out with any further follow up questions and we'll come back to you guys on the royalty question.

James Bruce: Thanks, everyone. Enjoy your day.

**[END OF TRANSCRIPT]**