Chris Ellison, Mineral Resources:

I'm not going to spend a lot of time on a presentation this morning. I think everyone wants to really get at the Q&A, so there are probably few issues that you want to deal with. Look, it's been a challenging year over the last 12 months. We've had a lot of supply chain issues out there. Inflationary pressures, labour, fuel, parts, consumables, everything's been on the move, and trying to get equipment into Australia continues to reasonably difficult. We got suppliers making commitments, and they just don't deliver. So we've dealt with all of that, and we've... But I think the good news is that we've got a strong track record to be able to understand what it costs to build a project. We've never yet run over, and we're not about to. So over the next 12 months, our focus is on delivering the lithium, so we're doing a lot of work around that that we'll talk about.

We're building out 35 million tonnes of iron ore on the Onslow project, which is a great long-life low-cost project. We're developing gas, we've found a lot of gas, and we're a strong believer in gas over the next 30 or 40 years. And our mining services business naturally follows along when all of those opportunities present. So I'll just quickly run through a few highlights, and then Mark will come up and take us through the financials. And then I'll give you a bit of an overview of where I'm going over the next three to five years with the business.

Headlines, you've seen the numbers. The numbers are okay. We've had a reasonably strong performance in production, but we did miss our targets, we acknowledge that. We had some issues around the lithium and a lot of rock that we got to move. EBITDA, quite respectable, good cash conversion. Finished the year with $1.4 billion in the bank. Net debt, about $1.9 billion. So again, we're in good shape for our future growth. We've got about another 620-ish million due in from Albemarle, once we close the deal and we get the FIRB approval. So again, very robust balance sheet, as we've always had.

Second half dividend, 70 cents, so total of $1.90 for the year. Our ROIC, 17 years at 20 plus percent return consistently. We've got about $3 billion, as you'd know, parked up, sitting out there on these projects we're developing that isn't earning cash, that those earnings will start and earn us from about the end of this year as the lithium really ramps up to its full potential, and about June next year when the iron ore starts contributing. So sitting down around December of 2024, we're looking to move that ROIC up to around 25, 26%, so fairly healthy.

Mining Services volumes were impact a little bit. We've had, again, by delays that were unexpected, getting approvals on some of the projects are difficult. But good news with that, we've had six new contracts and four contracts that have been renewed, and we again won the Rio Contractor of the Year Award, worldwide. They've only ever done that twice in history. They did it in 2012. We won it then, and we went along to the grand ballroom of 1200 delegates, and we were the winners again. Pretty tough. We do a lot of work for these guys, and we're fairly large on site. To have a large presence and to have that view by your clients, is quite exceptional, something we're very proud of.

The iron ore production has been steady. We've improved the product quality. All of the approvals are now through on Onslow Iron, so that's sort of full steam ahead, and we're making really good progress on that project. Mt Marion, overshot on the expansion at Mt Marion. It took us about six months longer than we were hoping for. But again, just getting equipment in from offshore. We've got a couple of major cutbacks running on Wodgina and Mt Marion, so we're taking the pain now, and we're taking the tops off those mountains. So it's about a 12 month process. Got about 100 bits of yellow gear out there, pulling that back, and it's going fairly well, but challenging. So we are moving that cutback while we're operating with the mining operations.

Lithium market, we all know changed. We've had some issues out there with the pricing. Everyone's concerned about price coming down. I've spent most of my time with lithium, around 400 bucks a tonne. And we're getting three and a half thousand, so you wonder what the problem is, but it's still a very healthy, healthy business. Mt Marion, we put a couple of drill rods down. We got inquisitive. I drilled Marion out in 2010 to earn 30% of the deposit then. As soon as I spent the required capital, I stopped. We put four more drill holes down under the pit about four months ago, and we hit what we call the feeder, so it's about 50 metres wide, and we chased it down about 800 metres. We suspect that it goes somewhere down towards the centre of the earth, so there's a lot of lithium sitting under there. We'll develop that out a lot more over the next 12 or so months.

We renegotiated the deal that we had with Ganfeng, of course. Hydroxide was crashing quicker than spod, so we pulled up on that. We actually make more money at the moment selling spod direct than trying to convert it. We've always remained flexible in that regard with our products. We don't have long-term contracts, so we can manoeuvre when the market changes. And of course, I renegotiated the Albemarle agreement yet again. We're now at 50% of Wodgina. We're completely out of Kimberton, and we are not investing a billion dollars in China. And energy, we had a pretty good time with that. We've poured four holes up in the Perth basin. Three of them have got substantial gas in them, and one of them has got hot water.

People and safety. Tragically, we had a small contractor that come on our site out at Ken's Bore, and they were putting the bitumen on the airstrip and we tragically lost a young guy out there. It was tough, I was up on site early the next morning with a team of people, to help support our staff up there with the trauma. It was something that you don't ever forget. It's being investigated by the police and the mines department. It'll take some time before we get the results of that. We've done an internal investigation. Getting access to some of the contractors people has been a little difficult, but we're still working on it. Been strongly supporting the young guy Kieren, his partner and he had two young boys and we put in a scholarship. So we're providing education for those two boys until they get to year 12 and then we're going to put them either through uni or apprenticeship and hopefully they'll be working with us.

TRIFR, we're in good shape, 2.08. We're at industry low standards. I mean it's quite incredible and you can say I've got 7 and a quarter thousand people out there now throwing rocks around all day and we managed to make sure that we don't even have a band-aid. So our safety people and our training people have done an exceptional job. Wellbeing around our people, really important. We're creating environments for our people that are very different in the mining industry. We've recreated the environment in our head office that we ask people to work in. I have a no work from home policy unless it's for health reasons or something significant, which I've always had around for the last 20 years, but I mean, I expect people to come in and collaborate. As we all know, most of our people in the mining industry cannot work from home. Pretty hard to drive a dump truck or a digger from there.

If we have any entitled people that want to work three days a week and get paid for five, they're not welcome with MinRes. But we've got a pretty amazing workforce and it works well. If you've been to our head office, you'll see the environment. They come in in the morning and they don't need for anything during the day. I'm carrying that out to site and to resort style accommodation. So we're upgrading our villages and all the new villages that go on will be able to cater for couples. Attracting new people is something that's getting much easier for us now with those sort of facilities we're putting in and the culture that we have in the business, which is very strong. So over the last year we've grown by 45% in number of people. So as I said, head count now about seven and a quarter thousand full-time people. 2021, we had 550 women on the payroll, in 2023 we have 1300. Once we opened these camps up at Onslow Mine and at Ken's Bore, that is going to accelerate rapidly.

Environment decarbonisation, WA is a tier one part of the world. We've got probably the best safety standards in the world. We're the most ethical. We understand that we manage the environment extremely well. I mean we are probably the best in the world at what we do and it's something that we're proud of, but we work hard on. We're all committed in the mining industry to get to net zero by 2050. There's a lot of challenges ahead of us to get there. No one is producing any green juice at the bowser yet, so we're doing what we can to make sure we decarbonise everywhere we go. So we're basically looking at natural gas and solar or the prime source of power that we're trying to change over and we're trying to eliminate diesel wherever we can. That's sort of the short to medium term focus. We've installed a battery system and a big solar farm out on the one mono site, that's live now. It reduces our diesel burn by about three quarters of a million litres a year.

Head office of course, is carbon neutral with a platinum well rating. Water, we've got a big focus on water and water reduction, so we've reduced our overall water across the board by about 4.2% through being able to recycle it better. And we're dry stacking all our tailings now, down at Mt Marion. Something I spoke to a year or so ago where I want to get most of our tailings that we have wherever we can get them dry stacked, so much better environmentally. So look, I'm going to hand over to Mark and he'll walk you through the financials.

Mark Wilson, Mineral Resources:

Thanks Chris, and good morning everybody. Pleasure to be here to walk you through the MinRes results for FY23. As Chris said, a reasonably strong financial performance for the year. I've been very pleased by the cash performance in particular. Business performed evenly through both halves, but the cash particularly in the second half, was very strong. I'm going to go through this reasonably quickly so we can get to the questions, but I want to emphasise we're investing for the future. The investments we're making are in high quality assets that are going to deliver substantial amount of cash for decades to come.

Sitting in the business, there's a lot of optionality. A lot of optionality that the market may not understand. A lot of flexibility for us to be able to pull levers as we need to, to support the growth going forward. I want to emphasise that. Turning to the P&L underlying performance, this is pre-impairments, has been very strong year-on-year as you can see there. Driven by lithium record contribution, $1.3 billion of EBITDA in the lithium business. It's 2.3 times up out of the growth out of Marion and Wodgina. Iron ore was $185 million of EBITDA for the year, which was a solid performance in the face of some pretty significant cost pressures that Chris mentioned earlier. Mining services contribution was $484 million of EBITDA and that was a result that was impacted by timing of award of new contracts and also some of those cost pressures.

The EBITDA per tonne in the mining services came in at $2, which is pretty much where we expect it to be, which was a solid performance. Underlying impact, $769 million and as Chris said, a fully franked final dividend of 70 cents, taking total for the year to a $1.90. Next slide I won't dwell on, just shows drivers on the year-on-year performance. You can see there the impact of both higher costs but also higher commodity prices through the business. In terms of the impairments, as always, we assessed our asset values at the end of the year. Lower plats, higher costs cause us to choose to impair the iron ore operations in the Yilgarn and at Utah point, $552 million after tax. That's a non-cash charge, of course. Has no impact on our debt covenants. I just want to emphasise, those assets have been fantastic assets for this business for over a decade. We estimate that the return on invested capital they've generated, is something like 26% even after the impairment. They delivered hundreds of millions of dollars of free cash last year and we expect them to continue to deliver free cash into the future. They provide significant optionality for us also.

In terms of the operating the cashflow statement, I've talked in the past and I'll emphasise again, this business has got a very strong record of cash conversion from its operations. Effectively, it was 100% this year in terms of operating cashflow, underpinned by very strong second half performance as I said earlier. Post sustaining capex interest and tax, the cashflow was at over a billion. I've included this next slide to pick up on one of the points that Chris made earlier. The invested capital, as we think of it in the business, has grown over the last three years from $2.2 billion to $5.3 billion. The investment that sits within that growth in projects like Onslow and others, not contributing to our cash generation at the moment. But as Chris said, as we grow out the lithium expansion and as Onslow comes on middle of next year, you'll see the ROIC generated out of those projects, kick up significantly.

FY23 capex came in about $500 million less than we guided earlier in the year, primarily because we're no longer investing in China, as Chris mentioned earlier. We're a little bit slower to get started because of approvals at Onslow, so we underspend at Onslow a little bit more spend at Wodgina as we've started to accelerate the removal of that hill next to us. In terms of the balance sheet, calling out the strong liquidity at the end, billion four of cash, $400 million of undrawn facilities, so $1.8 billion of liquidity. As Chris mentioned, we're expecting in the final quarter of this calendar year to receive between $380 million and US$400 million from Albemarle as we finalise that transaction, which remains only subject to FIRB approval.

Net debt waterfall, next slide, takes you through how we get to the closing net debt of $1.8 billion. As I said earlier, strong cashflow and strong investment basically. In terms of our credit metrics, I'll just spend a minute on this because I think it's important that you understand how the company thinks about our credit position. We finished the year at 1.1 times net debt, 1.8 times gross debt. We've got very strong support from the debt capital markets. Our bonds have traded exceptionally well since we last went to the market in April last year, in a period of rising rates. The debt market understands what we're trying to do. First maturity is 2027, on the bonds. We expect to be generating significant cash out of those assets that are coming online over the next 12 months. The expanded lithium assets and the iron ore asset at Onslow.

Included a slide here to share with you how we think about capital allocation. The business has a strong track record over three decades, led by Chris in managing its balance sheet the way it thinks about capital. We do not blow-up capital. That's why we've been able to generate the returns we've been able to generate over those decades. We think about the balance sheet every day. We think about how we allocate capital every day, sitting in the business or a number of levers that we have available to us to pull, to help fund the growth. One of those which we've done consistently is to recycle capital. Most recent example of that is the Kemerton transaction as part of the Albemarle deal.

In terms of guidance for next year, iron ore largely in line with where we are in the year just gone, costs up a little bit in the Yilgarn. In terms of lithium, we've got supply main growth at Marion and Wodgina, 40% and 30% respectively. In terms of mining services, expect volumes to come back to where we expected them to be, up 10 to 15% and we expect the margins there to still be sitting at between the $1.80 to $2 tonne. Historical performance.

Finishing on capex for the current year, big investment in Onslow. Some of that spend has been brought into this year from last year because of the delays with the approvals. Just pause for a moment on the gas there. So gas, that number there that you see is contingent on where we get to with government policy. Chris will talk about this a little bit more in this next session. If we can't get to a reasonable outcome with the WA government, that number will come down possibly by half. But if we can get... And this is in the context of being able to export gas, if we can get to a reasonable outcome, we might add $50 million to that number this new year. As I said, I wanted to go through that quickly. Lots of time for Q&A after this. I'll hand back now to Chris and he'll take you through the outlook for the business. Thanks.

Chris Ellison:

Okay. Look, briefly, I'll just run through the operational performance of the business. I mean it is and I'm sure you appreciate, it's a bit of a moving target. We've got four pillars sitting inside the business. All of them have got great assets in them and we are growing the business. As I said last time I done a presentation, I mean the business is doubling over the next couple of years. So hence the reason why we're always busy.

Where do we start? As I said earlier, there's been a lot of pressure around cost, trying to manage them, making sure that we are on one side, we're trying to get labour and balance it and on the other trying to manage the cost of that labour. It's a juggling act. And all of the yellow goods now, I mean we're constantly getting increases in yellow goods that 10, 12, 15% a year and they just came out of nowhere unexpectedly. We've been able to manage all of that. Mining services are able to make sure that they pass that on to our clients and that's shared in the right way, so margins there aren't eroding. So all of that's gone reasonably well.

Lithium, as I said earlier, we've got two of the best tier one assets in the world. I mean it's rare to get to own those sort of assets. They need a lot more drilling put into them, not in my lifetime. There's plenty there for the next 20 or 30 years, but we will be drilling them out over the next year or two. As I said earlier, we're ramping up at both the sites and that's going reasonably well. In terms of our costs, our costs are more than double what they would be ordinarily when we're running, and the reason for that simply is that we've got all of that gear up there and we're expensing all that pre-strip as we go. So our costs, once we get that strip complete, will be under 500 a tonne on both sites.

Wodgina is ramped up extremely well. We've got a lot of work done there and doing a lot of work around recoveries, but again, that's gone exceptionally well. We've got about three months of delay again on part of that cutback. We couldn't get into half the mountain, so that gave us a little bit of pain. But during the year we also, for the first time we started selling chemicals. So we sold 7,300 tonne of hydroxide. Iron ore, pretty flat and boring. Not a lot happening with it. It went reasonably well. It contributes good cash to the business. The two iron ore hubs that we run, they're high cost. We started out with the dregs of the industry and we've been able to grow and where we're heading now with Onslow Iron, I'll be able to talk about that more later. But look, the Yilgarn and the iron ore up in the Pilbara continue to make money every month. So as long as they're making money, we'll keep them operating.

Utah Hub, we had a few issues down there around port handling and issues with the port, but that's sort of all back to normal. And Onslow Iron, we've spent about almost $900 million. I don't know whether that's a badge of honour or not, but we're trying to get $3 billion out the door and as soon as we do, we'll be done. Mining Services have run pretty well. We had a few hiccups in there. We come off one of the big contracts early. We didn't get terminated, we finished it early, so we've done really well for our client. A lot of that gear came over onto the lithium on these two mountains.

During the year, 100% retention, very, very unusual for MinRes to ever lose a contract. It's happened to us twice in 31 years. We have had six new contracts who have picked up this year, and it's an exceptional year and we've got probably three or four more out there in the pipeline. These are all decent sort of round crushing their 10, 15, 25 million tonne contracts, so we're adding real value. We've also had a couple of plants. My very first iron ore plant I put into the industry up in the Pilbara, finally. It was a six-year contract for 5 million tonne a year. It went for about 18 years and it was 10 million tonne a year and I mean, the plant doesn't owe us much. I got another one on another site with the same client. They've decided we're going to turn them back on again for the next decade. So sometimes you just get lucky.

Crushing and processing, we've got three new plants we've just recently commissioned. We've got 26 of those crushing plants running in WA now. That NextGen technology we've developed over the last decade is quite phenomenal. I mean, just to give you an understanding of the quality of those plants, we can put 30 million tonnes of crushing capacity on the ground in about four or five months. We can do it for less than quarter of the traditional type of plant, less than half the people to run it and it'll last 20, 30, 40 years. So it's high value to our clients and the reason why we win so much work.

Construction has gone reasonably well. The other little secret that we have in our business, we're the only mining company probably in the world that's got design engineering in house and construction. So we own all our own construction people, our equipment, and we know how to build projects. I mean that's the core of where we come from and that's another secret. To be able to be successful in mining services, you've got to get those plants built at the right capital base. You screw that up, and you are out of pocket forever.

So construction's gone well. We've Train 3 early in the year up at Wodgina, they brought that on and commissioned it. We're running that alternatively with Trains 1 and 2. Mt Marion, they got that expansion done finally, still a little bit to do down there. Haulage, we've developed and if you paid attention to the pictures, those big road trains, they're developed by MinRes. A lot of proprietary information and knowledge has gone into them, but they move 330 tonne payloads. So for less than 4 cents per tonne per kilometre, we are moving dirt from inland to the port. So about five and a half dollars a tonne to get our dirt from Ken's Bore into the port, into Onslow.

We started building them specifically just for the Onslow job. They have a dedicated road, there's no interaction with traffic whatsoever. We're going to be driverless by the time we get there. We've got about four of them running driverless now, but we've got the drivers sitting in them. That means that when we go to Onslow, there's about 500 people we don't need. And more important than the saving on the labour is the safety. We've got no humans on that road, so quite phenomenal. We're aiming within the next three years to have them fully electric. So we're going to have basically trains on rubber wheels.

Where else? Just one more thing on that. We were going to build about 140 of them for on onsite. That was the plan. We've got about 51 built now, so they're progressively coming out. By the way, they're all built in Western Australia in three workshops in WA. So wherever we can, we're manufacturing local to keep our jobs in Australia, which is really important as well. I can't say exactly how many, but I think we've got somewhere in the order of about 30 out on long-term contracts now with our Tier 1 mining companies and these things have really been quite a hit to be able to move dirt as quickly as we can. So a big winner for us.

And Marine. We've started our little Marine division. We've ordered five transhippers. You saw the first one coming off the slipway up in the Costco yard up in China. We've now got two off the slipway. There are three more to follow. There's actually four now. I just ordered another one a couple of weeks ago. So, more about that when we get to the iron ore.

Those, by the way too, when you look at those transhippers, is don't think they're expensive. When we're running Onslow, it'll be our lowest cost port on the west coast, so highly accredited on the dollars.

And Energy. Look, we're developing Energy. We're bullish on the fact that we need clean energy. We got to get away from diesel, we got to get away from coal-fired there. I've heard some people occasionally say that we've got to get away from gas. Well, good luck with that, because I mean Australia right now has made burning coal to make most of its power. And if we can get that converted out to gas, I mean I suspect that gas will be around for the next 40 or 50 years. It's really not our enemy, it's our friend in terms of a transition through. We've got a lot of gas down the holes in both Erregulla and Lockyer. Lockyer was a monster find. It was one of the better ones done in Australia. North Erregulla looks like it's bigger, so we are working towards figuring out how we can develop those.

We've got about 7,300 square kilometres of land in the Perth Basin, so most prospective gas country in Australia, and we're the largest landholder up there. We've got a fairly intensive program.

Carnarvon Basin. We just recently bought out our partner Buru Energy. They had 25%. We've bought them out. We think that's a very highly prospective area up there as well. It's right in the heartland of our Onslow project and it's right beside pipeline. So we're going to work on that in earnest.

So that's where we're at for the year. I'll just give you a bit of a rundown on where we're heading, where I'm taking the business over the next two to five years. Mining services look basically from beginning of this year to end of 2024, calendar year 2024, the business is going to double. And how do we do that? So we've got a bunch of what you guys call external contracts. So out there with a lot of clients, we look like we're spreading out over to Queensland and possibly up into the Northern Territory with some of our hardware, and that's all just by demand and that's the equipment we've got is in demand and our clients love it.

We used to say that we were a pit-to-port contractor. We're now a pit-to-ship, so we're unique in that sense. We're the only ones in the world that can take iron ore or any sort of commodity out of the ground, process it, take it into the coast and put it on a ship. And we can pretty much do that worldwide now. So it's something that we're sort of pushing. I'm not pushing the worldwide bit right at the moment because we've got a bit on our plate as you know, and I've got to kind of get through to about the middle of next year so we can breathe a little bit and have the cash pouring in.

We're also, in the Mining Services business, going forward. I mean, aside from all those things you know that we do, we're sort of really starting to... We're getting into the rehab quite a bit with a couple of our larger clients. So we're out there doing quite a lot of rehab work, which is it's a good thing. I mean we're very, very good at it. We've opened up a technology centre over the last 18 months. We've got a pilot plant. We're doing a lot of lab test work around tailings. There's an awful lot of metal and material in tailings dams right around Australia, and we've had some very good breakthroughs on how to be able to separate and get some quality product out of some of those big dams.

As I said on the workshops, we are the largest workshop owner in WA. We've got 120,000 square metres undercover at the moment and we're about to develop another 160,000. So just growing our capability on being able to do maintenance and manufacturing and making sure that we're making everything that we can in WA. Our safety record with our innovations makes us in high demand with our customers. NextGen crushers have been a huge hit and they just keep getting better and better. They're world-class and highly sought after outside of Australia as well as around. Road trains, as I said, are going well. Transhippers. We've got under control and we are looking at a lot of equipment coming online over the next 18 months.

The lithium overview, not a lot more to say about that. I'll probably continue to do what we're doing. We're going to get Train 1 and 2, they'll be getting fresh ore by late this year, 100%. We're getting days now where we're getting quite a lot more fresh ore than we expected. So we've got those plants are pumping out on a regular basis. I'm seeing 1,800 to 2,000 tonne a day coming out of those two trains. They're sitting on about 330,000 tonne a year run rate. That's spasmodic. We're not going to be able to count on those sort of numbers till we get round November to December, but then we'll get them long-term.

Train 3 will come online in January. We'll ramp that through. We've still got more rock to move, so count on that ramping up over about a five or six month period. But come June next year, Wangara will be doing about a million tonnes of 6% spot. Mt Marion's right behind it and it's really coming into its straps. The last couple of weeks was really starting to get the separation working. And understand these are the most complicated plants of all the commodities I've ever seen out of copper or zinc or nickel. Iron ore's always pretty easy, but these are really complicated. They're difficult. So bringing the plants online takes time, but both of them are working well.

Strategy. We kind of make it up as we go along, as you can imagine. I mean, but one thing we do is we don't get tied down to any take or pay contracts. We don't get tied to any long-term until we understand where the value is. And we've always been able to flex and twist and make sure that we're capturing the right sort of prices. We've had moments last year where we were selling hydroxide for $81,000 a tonne. We were probably the only ones in the industry that were doing that. I'd love to see those days come back again.

Look, we're doing a whole range of different things on these plants to make them more productive. I mean, we're seeing the recovery rates coming up. On average, you would be lucky if you're getting 50% recovery going back sort of a year or so ago, and that's about the performance of most. A lot aren't even getting that. What that means is that you put 1.6% in the plant and you're tailing 0.8. That's the way it's been for a long, long time. The lithium business and hard rock is very primitive. It hasn't been around that long. So we're doing a lot of work around how to make sure that we can get a lot more out of it. I mean, our aim is to get up around 80% recovery. That's a few years away, but it's something that we're working on pretty hard.

Downstreaming. Everyone wants to know what our strategy is on our downstream. I mean it's quite simple what we're doing. We're running some studies at the moment. We want to upgrade our spot from 6% up to 25, 30% concentrate. So then we are running either a carbonate or a sulphate. We're doing the work around that. That means that this stuff doesn't have a shelf life. Hydroxide has a shelf life. I mean you've got to package it, you've got to handle it with a lot of key. You've got to keep oxygen away from it. What we would like to do is go carbonate sulphate. And then we are talking to the OEMs. So our customers are going to be the OEMs, the car manufacturers. We don't want to get involved with the battery manufacturers or the tollers. What we are doing is we're not investing in China. I mean, I had a commitment to put a billion dollars in there and then I just simply pivoted from that and just didn't go there.

China and Australia have had some issues in the past that's high risk for us and I don't want to go there, and I want to be able to go directly with our product in Australia. We've got the most ethical product in the world. I mean, anything coming out of Western Australia is more sought after than any other product that comes out of South America or Africa, and that's what they want. So I want to be able to go direct to the OEMs. We're talking to them. We're talking to the head of a range of different vehicle manufacturers. They're very keen to get something better down, but we've taken our time because there is no rush. We want to make sure we get the right deals done. I mean, we're selling our product now for full value.

So going forward too, it's actually cheaper to go into China if you want a toll treat and there's a lot of dirt getting tolled in China. China actually goes and build hydroxide plants without any offtake. I mean, pretty gutsy. But there's plenty of tolling available in China, so we can actually toll over there for a less cost than building and operating our own plants. So that's the reason I simply don't want to be, it's really simple, it's just a money thing the reason I'm not building anywhere at the moment. But when we do build, I'm hoping it's in Australia.

If we can't get around that with the capital and the help from the government, then we'll build somewhere in Southeast Asia. And then we'll be able to... We want to make sure that that's aligned with the UK and the North American markets and we will probably finish it off tolling up there. We've been made offers where we can get free carry-in hydroxide plants in both Europe and the UK. I think the same opportunities available. I mean there's a huge amount of capital available out of those areas now from the government. And they're not loans, I mean they're grants. So by the time we get to about December, we'll have a very clear view on who we're dealing with and what we're going to build and we'll be able to make some more announcements hopefully around AGM time or maybe a bit beyond that. So more to come on that.

Where are we going on iron ore? Onslow is our focus. We've got two key focuses. We've got Onslow Iron, and then way down the track beyond that, we're up in the Pilbara. On that berth 3, we've got a joint venture with Mrs. Reinhardt and Hancock. So we've got the last berth in Port Hedland, 40 million tonnes. So that's shared between us. And I've also got 20 million tonnes of capacity on the Roy Hill rail for life. So very good partnership I've got with Hancock. That's going to take some time. It's probably a year and a half before we start spending any sort of money on that. And by that time, we'll be halfway through the ramp up and on.

So what am I looking for down in on onsite? We're going to have first ore on ship around June next year. The ramp up period there from the first 12 months, we'll be hitting nameplate around 35 million tonnes within 12 months. I'm hoping to get a bit sooner, but count on taking the full 12. 18 to 24 months out, we'll be at 40 million tonnes. And then we have got a pathway to go from 40 out to 50. Now, I'm guessing on that one, so beyond the 40, probably about another 18 months and we'll be there with another 10 million tonnes. Higher quality products. So we'll be blending all of that.

The more tonnes obviously we put over this, the less the unit cost is. But it's a great project. For those that don't know with the Onslow Iron Project, it's a joint venture at the mine site where the ore is, and that's a JV. MinRes has got 60.3% of that. The balance is between Baowu from China, POSCO and AMCI from the US. So they have 40%, roughly 39.5. From the gate at the mine all the way in, so the road, the haulage, the crushing, the port is all owned by MinRes, so 100%. So we own that supply chain and we own obviously the trans shippers. That turns into a mining service, great mining services contract that'll last beyond 50 years. And obviously, owning the road is quite an asset and it's something we're looking at, at the moment. The time we finish these sort of assets, they become a bit lazy and they're sitting there with capital tied up. So we're going to have a look and see what we can do with those kind of assets going forward. Mark's going to get that done before Christmas, at least. Yes.

So that's basically the core of our iron ore business going forward. And we'll follow that up with that Southwest Creek operation. Having an asset like that up in the largest bulk harbour in the world is quite a feat and we've got plenty of iron ore up there to put over it. So iron ore, it's a foundation commodity. It's made the world's biggest miners, and there's a reason for that. I mean, if you have a look at the price of iron ore today, I mean we probably would be selling that ore today if it was running for about AUD dollars, about 120 bucks a tonne. And as we've said time and time again, I know you don't believe me, but no more than 40 AUD a tonne were on onboard a ship. It's a little bit less than that. And the capital on Onslow Iron, we will not overrun on the spend. I mean, I know everyone's waiting to say finally we're going to overrun. We're not. We've got that well in hand.

So, the government approvals. We got all the approvals done. I caught up with our Prime Minister the other night and congratulated them on what they've done 11 months for all the on Onslow Iron approvals from the federal government and that they run hand in hand with our state government. So record time, I know we moan and bitch and a lot about the approvals, but I mean the government really got behind us on this one. They see the value in the project and what it's going to do for Australia. So we've done well.

Energy, as I said, look, we've got a lot of gas. I mean we're going to do one of two things, Mark alluded earlier. We're going to spend about $130 million a year on exploration and development wells in the Perth Basin and up in the Carnarvon Basin. Or we're going to spend about $40 million this year, and that'll be it. It'll be one of the two. We've had some good discussion with the government. We need to be able to export gas as LNG if we're going to go and pump a couple of billion dollars into development. So we can see a pathway in the Perth basin now where we can probably get out to about 350 TJs a day of gas. And that's with export approval. And if we're doing that, we need to be exporting about at least 200 of those TJs, maybe 250, and then we can keep about 100 back for WA.

And we can also flex on that if we need to. If we get down the track around 2030 where they're predicting there may be a shortage in WA, we can flex on that, we can help shore that up. But we've had some good discussion with the government so far. Our government in WA has always been very commercially astute. They listen to industry. So we think that we're going to have some success along that line. So we're working towards that over the next few months. That'll be a big contributor to the business if we can bring that online. In the meantime, we're just doing a lot of work around seismic and stuff that we're doing up in the Carnarvon Basin and we're starting to get out.

So really, I mean that's sort of the story of the business and where it's heading. Conclusion on all of that, we've got some great opportunities in front of us. The projects that we are building today are high return. As I said earlier, we're going to get out to the end of next year. Our return on capital average over the last 17 years will be beyond 25%. Our total shareholder return to our shareholders, which is why you guys invest in us, we are running at about 33% now for 17 years. I can see that within the next two years. I can see that getting significantly higher than that.

As I said earlier, the business will double by the time we get to the end of next year, and that's simply through Mining Services. It's through Onslow Iron, it's through the lithium, and we'll keep growing the lithium business. And then I expect sometime early next year, we'll be starting if we have success with the government. Either way, we're either going to be building a small plant or a large plant in the gas.

I mean, at the moment we're heading towards a half billion dollar a year spend by the time we get on, so iron in full production, on diesel. And we've got to get rid of that diesel. We've got to eliminate as much of that as we can, and I want to do that primarily with the gas. So if you just think about it like this, by the time we get to June next year, we'll have three trains running full steam at Wodgina, Mt Marion. By the time we get to the end of this year, we'll be in full production. By the time I get to the end of next year, I'll be running at least 25 million tonnes run rate coming out of Onslow, growing out to 35 and then to 40. And the mining services business would've doubled by then and we'll be able to enjoy that income.

I think where it's going with Onslow Iron, if you think about selling a tonne of that for about 120 and you take away 40 to get on a ship and then you're taking another 10 or 12... Let me think about that, another 15 to get it into China, whatever's left time, 35, is a good healthy income. Beyond that, for the first... So we've funded the whole project, so our partners owe us money, so 80% of their margin going forward comes back to MinRes and to repay those, the loans are building it. So our cash inflow out of Onslow Iron is significant over the first couple of years and beyond. I mean, it's just a great long-term project.

As I said, the lithium, we'll probably announce Train 4 later this year and we probably want to have that built and coming online around about 26 from memory. We've also started the approvals process on trains 5 and 6, and we are going to be a major producer both in spod and downstreaming.

So funding, I mean, I hear some noise around our balance sheet. Occasionally, it drives me insane. We've been doing this... I started this business 31 and a half years ago. I started with $10,000 in the bank, someone goes, "I'm worried about your balance sheet" and you go, "Have you ever run a business? Do you actually understand what you're talking about?" And I'm not being derogatory, it's just we know what we are doing. I'm not taking this business to the edge. I never have. I mean, our track record is pretty good. So I just can't stand here and tell you how I'm going to raise cash, but we know that. We have a very solid plan. I mean, I'd love to be able to tell you exactly what I'm going to do, but we can't until the time's right, and you all know that. So you need to cut me a bit of slack. And I mean, if anyone starts writing about my balance sheet again, I only come after you, in a nice way. We got that.

So look, as Mark said earlier, I mean we've got a lot of headroom on our balance sheet if we want to go out and do something. The bond market in the US loves us. Our bonds have performed well. And the reason for that, we perform well. I mean, we deliver, we make a commitment and we deliver. I mean, if we say we're going to do something, we get it done. My only screw up, I run six months late on Mt Marion and I pay the price for that. But it is tough. I mean, I've got a lot of things happening right across four different pillars, both operating them and expanding them, and I'm bringing new stuff online that I haven't been able to share with you today, but we will when we get not too far down the track. So we've got lots of headroom to be able to go and raise money.

What I said earlier too is when I was talking about some of the assets we've got out there, I mean, if we can get someone that can go and take a shareholding, a 49% shareholding in an asset and they want 8% return and I want 25, I think there's business there to be done and we're going to do that sort of thing. I mean, I want to make our capital work a lot harder because I see a lot more opportunity out there where I can get 25, 30% return. And to do that, I need capital to do it.

As I said earlier, look, our return on invested capital and our total shareholder return, we're at the top of our game. I mean, we're in the top four or five on the ASX and we're going to keep doing it. We're going to strengthen that. We're going to get better. We've got very, very solid plans inside the business. We know what we're doing. I've got a great management team. And I define, I mean, we've had a company out of Melbourne that's been going through our management team and me included, and interviewing us and scoring us and looking at where our strengths and weaknesses are and scoring us amongst seven and a half thousand companies nationally and internationally. We're at the top of the spectrum, and I don't mean that in a nutcase way. But we've got an pretty amazing management team. They've got ownership of their business units. They make life easier for me, but I make it tough for them because we keep driving development and growth.

So we've got some amazing Tier 1 assets. This Onslow Iron, I mean, there's billions of tonnes in that region and we've got the supply chain for it. We're in the best mining jurisdiction in the world. I mean, we've got an amazing federal and state government that are very, very supportive of mining and development, and we need to be. I mean, what I say to them is that with gas, by the time we get to 2050, it'll probably be outlawed. There'll be no more fossil fuel. But right now we need gas as a transition fuel to get away from burning coal. That's step number one. And that's probably going to take 30 or 40 years to do that. We need to take a leaf out of, say, Norway's book, go settle the gas so we can bank the money and we can use that cash to move forward.

We've got great partners, we've got a lot of JV partners in our business, and they're good partners. I mean, they go from the US to Korea up to China, and very shortly Japan, where we're partnering up with another great partner, high quality people. We're agile. I mean, we're focused and we deliver. So that's our spiel for the day. I am happy for any questions that you might have. Hopefully you've got none.

James Bruce, Mineral Resources:

Thanks Chris and Mark. If you're online, please lodge your question now. But first we'll start in the room. If you can please state your name and affiliation and try and limit yourself to one question to start with, and we'll come back around and give everyone a chance. So with that...

Rahul Anand, Morgan Stanley:

Morning, Chris, Mark, and James. Rahul Anand Morgan Stanley. For my one question to start with, just wanted to touch upon the iron ore business as it stands today. So you've got a bit of sustaining capex going in there at $225 million. That's a fair bit of money. I wanted to understand how long do you get these operating costs as a return, or is that basically just for the near term and then you swap over into Onslow and then South West Creek in the future, and like you've said, Iron Valley, perhaps cat with nine lives et cetera? Yeah, the costs are still high. How should we think about that sustaining capital because it seems to have elevated? Thanks.

Chris Ellison:

Okay. Well look, first, the Onslow Iron project's going to allow us to be a little more critical of what we've got. I mean, I kind of was talking to our guys a few weeks ago. I'm really falling out of love with the yield gun. What I've said to them is my focus on that would be, unless you can prove me wrong, I think it's got maximum three years life left in it. So let's have a look at the capex we're spending and adjust it for that sort of life. There's some aspiration down there for magnetite. Magnetite can be a 30 or 40, 50-year business and it's a greener deal. But if I had to guess, I'd say that we're going to be out of the Yilgarn, and we'll get a landing in the next couple of months on the fact that I really don't want to spend too much more sustaining capital on that place. The north is a little different. Out at Iron Valley, one mound of those, they're high cost at the moment because when we're moving dirt on the government roads, we're spending about 10 cents per tonne per kilometre, so you're getting up around $30 a tonne to get that in, whereas down at Onslow, five and a half. Once we get access onto the rail and we've got the cape carrier berth. All of those numbers change, so they're good long-term deposits.

We get a couple of hundred million tonne in those small deposits sitting out there, and then we've got hundreds of millions of tonnes and other. So once I go on rail... But look, if something happened with the pricing, I'd turn them off. And the sustaining capital we're spending out there, there's one out there that's more than likely going to get shut off at the end of this year anyway. So we are focused on that. We've got the worst case scenario that Mark's presented, but we are looking at trimming that. You got anything to add to that, Mark?

Mark Wilson:

Morning, Rahul. The other piece I would say is that we've got a view that the iron ore price has got a bit of a flaw under it. We don't subscribe to the consensus $80 perspective. We've seen that tested over the course of this year. We see every day, every month how difficult it's becoming to operate in that space. The opex through the industry has gone up significantly. I don't think the consensus figures are giving that sufficient credit. So we do have a different view on iron ore pricing and that then drives perhaps a slightly different way of thinking about what those mine lives could be. However, and this is the point I was trying to make earlier, we've got the flexibility to be able to pivot. So if we're wrong on that, we can move quickly to cap our exposure.

Rahul Anand:

How do you [inaudible] this year or [inaudible] you're seeing [inaudible]?

Chris Ellison:

Yeah. Look, out in the Yligarn and over the last 12 or 14 months, we've sort of gone back to producing lump. We haven't improved the quality of the ore down there. We're getting good branding out in the market and we're also out there. We're running marketing out of Singapore and we are getting different brands now up in China getting much more focused on the end users. So there's a lot of improvement in that area and they've done a lot of stuff too around the shipping, so we're incrementally, we've got inflationary pressure but we've also got some smart people who have done some really good stuff.

Mark Wilson:

You'll see in the balance sheet that the inventory number has grown a bit over the year. Not all of that is lithium, part of that is iron ore. It's given us that extra flexibility, particularly in the south to be able to manage the product better and drive better realisations.

Paul Young, Goldman Sachs:

Morning, Chris. Morning, Mark. It's Paul Young from Goldman Sachs. Chris, you mentioned at the beginning that this year is really a transitional year. You're investing heavily for growth and that's reflected in the lithium unit cost guidance, which is remaining elevated. Can I just zone in a little bit on Mt Marion and the unit cost? You've got production up 30% in FY24. Unit costs aren't really coming down. I presume that's, as you said, because you're expensing the high strip and you're aiming to get to sub 500 tonne for both assets, which would be a great outcome, but just want to get some colour on Mt Marion. How long will the cost stay elevated? Will it be into FY25 mark? Just trying to get some colour about the 30% increase in production yet unit costs aren't really coming down.

Chris Ellison:

Yeah. Paul, I mean where to start? It's complicated with these pits. We've just recently made a lot of changes to the plant because we've got multiple kinds of feed coming out of the pit now unexpectedly. So we've changed the plant. The recoveries now are substantially better with the new plant that we've brought online or the changes to it. Those costs are already starting to come down, but the main cost, and I'm going to say it's probably about $500 a tonne to move the mountain. So we operated at Mt Marion around about $400 a tonne when we went back a few years ago. We're probably going to go back to around... It won't go back to $400 but it'll certainly be sub five, and I expect that that would happen the time we get around about November, December. So it's getting there.

Look, I get daily results out of every plant and I mean just looking at what Mt Marion's done over the last couple of weeks, it's really, really clean. It's almost got double the lithium units coming out of it now compared to the older plant, and I shouldn't say the old plant, but it was that configuration that we had. So just to explain a bit more, these plants, we're running a whole range of... The core of Wodgina is flotation, dense media cyclone down around Mt Marion, but then added to that we've got ore sorting going and then now we've got some flotation. So from the minus 1%, we're losing a lot of product out of that because the ore body's changed.

The other thing we're going to do down at Mt Marion is in the next month, I think we'll probably make a decision to go underground and then in the October quarter, we'll probably award contract to go underground. It's about, I'm just guessing, I think it's something like about 35 million bucks for us to poke a drive underground so we can start accessing that ore down under the pit. We'll be open pit mining down there for the next 20 or 30 years, but just to have another ore source so that we can get that blend going into the plant is going to make a big difference as well.

Mark Wilson:

Morning, Paul. I'll just add to that, Chris. In terms of Marion, we saw the strip getting above 20 through FY23 at times. Whilst a lot of that gets capitalised, it still carries additional cost in the operations through overhead and so on at site with all the level of activity that we've been managing there, the number of trucks and people and so on. As Chris said, by the end of this calendar year, we're expecting to see cleaner feed through the plant more consistently. I think you'll see that the costs have a bit of a trail on that, but certainly in the second half we expect them to come down.

Lachlan Shaw, UBS:

Great. Morning. Thanks very much. Lachlan Shaw from UBS. Just moving to Wodgina. Look, it's great to see that the pre-strip is well and truly underway there. You've got the pathway through to getting train three up and running sustainably, but I guess two questions. Can you just give us a little more insight around that pre-strip and I guess how we should think about timing and the mine plan coming into getting full feed in front of the three trains? And then just on the recoveries, Chris, you spoke in your introductory remarks about the recoveries that you're doing work to start to try and lift that towards that 70 to 80% level. Can you give us more colour in terms of what that work looks like and the critical path perhaps ahead?

Chris Ellison:

Yeah, sure. Look, I mean if you think about generally full feed for two trains by December this year, but in saying that, don't be surprised if we do better than that, but I'm seeing some really good days starting to come through consistently now. But for a budget purpose, start from December with a full fresh feed and then a ramp up on train three, it's a very conservative approach, but I'd expect by March, April next year it'll be full blast but allow out until June and you'll be pretty safe.

Recoveries. Any plant out there that's recovering up around 65% is really at the top of its game. None of them are doing any better than that. For us to get to somewhere around 80%, that's an aim and we're working through the uni and we've got a little team of excellence that we've put together. We're actually talking at the moment to some of the other hard rock producers in WA and we're talking about pulling all of that information and working closely together to see if we can... The ore bodies are all so different, and partially to help and partially to share information, but I wouldn't be counting on getting to 80% recovery in the next couple of years. It's a way off. No one's ever done it, but it is doable and we're looking at a whole range of different ways of getting there. And it's not conventional. So the plants we're using now would sort of half become obsolete if we can make this system we're looking at work.

Matt Friedman, MST:

Morning, Chris and Mark. It's Matt Friedman from MST. Chris, you said that your lithium strategy, you make it up as you go along. I'm guessing that was at least mostly tongue in cheek, but I guess putting aside the debate over whether or not there's a sustainable margin in actually converting spodumene, can you talk through I guess the logic of where MIN has a competitive advantage in building a lithium converter in Southeast Asia? You talked extensively about I guess the returns that MIN's been able to generate over the years through scale, through in-house expertise. How do those factors apply to a converter in Southeast Asia?

Chris Ellison:

Well, if you wanted to build one, say, in Vietnam and Vietnam is one of the countries we're studying, you can basically go and get the whole plant manufactured in China, drive it over the fence and build it for about... Now I'll throw some numbers out there, but for about $300 million you can build 50,000 tonnes in China or beside China. If we're going to build exactly that same plant, we would still do the same. We would manufacture it in China, chuck it on a boat, bring it out here, and by the time we do all the things we do, it's probably about a billion dollars. So that's the capital difference. Once you've got the plant operating, if you're operating in China, it's probably just in terms of taxes, VAT, corporate tax, all of those taxes, only it's 10% more expensive than in Australia.

The operating costs between there and here aren't that much different. I know that sounds great, but it's not. I'd rather operate a plant in China in terms of cost per annum, but it's just getting it built. We're looking for middle ground. So if we can go and get 50,000 tonnes of sulphate or phosphate on the ground here where we've got a product that we can ship anywhere in the world and finish it off in Europe or in North America, it's got endless shelf life. But if we could get something built for sort of $500 or $600 million, that would work for us because having it here, you've got full control over it. It's a hundred percent Australian made. That's what they want at the end of the game.

We have had offers, as I said earlier. They're willing to build hydroxide plants in Germany and the UK, and they've offered us free carry in the plants. So if we were to go down that path, we still want to own the product. They'll only be toll treating it for us and we'd have some ownership of the plant, and when it comes out the back end, we'll have a deal with the OEMs.

Mark Wilson:

Morning, Matt. One thing I'd add. You shouldn't assume that we'd be doing the erection and the affixing in different parts of Southeast Asia. It doesn't mean we couldn't bring skills to bear though to help manage that process effectively.

Kaan Peker, RBC:

Morning, Chris. Morning, Mark. Kaan from RBC. Two questions really on iron ore. So firstly with Onslow, could you just confirm that there'll be no further spend for the remaining capex in FY25? And also with iron ore costs, just wondering the write down for the iron ore assets, was that really around the product strategy of better grade? Thanks.

Chris Ellison:

No, the write down, that was our auditors decided to write it down. They figured out they knew the price better than we did and it's just the rules that we've got to operate by. If we're an ASX 100 company, we probably wouldn't have done it. The thing that really annoyed me is that we didn't even get a tax deduction, but it's a total nothing. It didn't cost any cash, but we didn't get any value. What was the other part of your question? Are you asking me if I'm going to overrun the budget on capex?

Mark Wilson:

No. I think the-

Kaan Peker:

[inaudible] capex being spent.

Mark Wilson:

The answer is there's a little bit of capex that drifts into FY25 but not much.

Chris Ellison:

Yeah. So they've got a couple of things that'll happen. So at the mine site around June, we'll be still loading the road trains with front end loaders, and this is part of the supply chain thing. It's one of the big [inaudible] manufacturers we've used for 20 years and they let us know a few weeks ago they kind of got the timing wrong on our truck load out. So we'll be loading the road trains with front end loaders. It's about a 50 cent a tonne cost, so that will be getting installed and then there'll be non-processed infrastructure [inaudible]. So there might be... Say there's a hundred million to spend, something that's not a heap of beans. It used to be a lot, but it's not anymore.

Mark Wilson:

Just in terms of the audit and the impairment, the financial set out the key assumptions that we took in reaching the decision to impair. You'll see the average price was about $91. So essentially we get a landing on the price curve and then we draw up a life of mine plan for that price curve that in this case shortens life, particularly with the higher costs which drives the impairment.

Glyn Lawcock, Barrenjoey:

Hi Chris, Mark. It's Glyn Lawcock with Barrenjoey. I know it's 18 months away you said before you start committing capital to South West Creek, but just a couple of questions around that. One, just the progress you're having on how it will evolve. We talked about this I think 12 plus months ago. You're probably best to tie it up with the existing Roy Hill bursts. You'll get better capacity, better capital intensity. So just wondering how talks are going between, I assume Gina's happy to do it, but I wonder how the government's talks are going. And then secondly, any thoughts you can share around the capital intensity of South West Creek or is it too early? Thanks.

Chris Ellison:

Okay, what do we start with that? Look, Gina is certainly very happy. I mean we are kind of committed to wanting to do it. We've got until December 31 to get to FID with the government and it's simply that. We get to FID. We've got work to do in between the things that concern me, the change of the indigenous. What would we call it? The new rules that they brought into play that went from July to end of August. They're now gone. They were a significant concern. We had some serious issues happening around our sites very, very quickly. So I wanted to understand how that was going to impact. We've got to make sure that we've got a spur line that we've got to run out to one of the mines, and all of those are impacted by native title.

It's sort of been a no man's land at the moment. Everyone's too scared to do anything, particularly government departments. We are still trying to get our feet on the ground. That is probably the single biggest issue that we've got. And then beyond that, we're doing all the normal stuff you do around making sure that we've nailed down what the capital costs are. The intents, I wouldn't want to guess on the spend at the moment. I mean we're just building the transhipping berth down at Onslow. Gone extremely well. We've got it done for a bit less than we expected, got the dredging done for a bit less. The project's going well.

That experience, we're going to translate that up to berth three. There's been a lot of berths built in that inner harbour and Port Hedland, so there's no science to it. We know the ground conditions. But we think we can shave some significant capital off where we thought we were at. But I think by the time we get... Look, maybe to the AGM, I might be able to have some... I just don't have the information, and sometimes my guesses get a bit wild.

James Bruce:

We might just check the virtual world. Moderator, could you just see if there are any questions online, please?

Moderator:

Thank you, James. For those attending virtually, if you've not yet submitted your text question or joined the live audio queue, please do so now. To ask a live audio question, press the request to speak button at the bottom of the broadcast window and follow the onscreen prompts. If you have any issues asking a question via the web, a backup phone line is available. Dial in details can be found on the request to speak page or on the home tab under asking audio questions, I will introduce each caller by name and ask you to go ahead. You'll then hear a beep indicating your microphone is live. Our first online question today comes from Robert Stein from CLSA. Robert, please go ahead after the beep.

Robert Stein, CLSA:

Thanks team for the opportunity. A question on optionality, which you talked about in the presentation, and this isn't a critique of the balance sheet, more trying to understand the options that you have available. The infrastructure assets according to Onslow in terms of any potential infrastructure sell downs or recycling capital, investing that project with an infrastructure partner, what are the main tollgates that you would expect to hit to crystallise that opportunity?

Chris Ellison:

What are the what?

Mark Wilson:

Hi, Robert. I think the question was... Sorry, it was a little bit muffled, but I think the question was as we think about recycling in the balance sheet and particularly with Onslow, what are the key gating items we consider in terms of whether we go down that path or not?

Chris Ellison:

It's just a money thing.

Robert Stein:

That's right. Yeah.

Chris Ellison:

It is. It's simply, look, we can bring in minor partners that'll put in capital to have that 30, 40, 50 year annuity stream and we can take the capital and go recycle it and do 20-25% return. It appears there's a fair old number of them out there that want to do it.

Moderator:

Thank you. Our next question today comes from Ben Lyons from Jarden. Ben, please go ahead after the beep.

Ben Lyons, Jarden:

Good morning everyone. A temptation to ask a balance sheet question, of course, Chris, but I'll resist the temptation and go instead to the upstream lithium part of the business. I just note that you've spent over $200 million on listed investments during the year and that preceded the recent acquisition of the substantial stake in Delta Lithium. I was hoping you can elaborate on your strategy here. Obviously Mt Ida is proximal to Mt Marion, but the grade that'll be coming out of that deposit looks way lower than the one five that you're getting out of Marion, so it's hard to see any DSO ever actually displacing whatever you can pull from the ground at Marion. What's your strategy with Delta Lithium, and if you can elaborate on your broader investment strategy? Thank you.

Chris Ellison:

Yeah, Ben, thanks for staying away from the balance sheet. Good to hear from you. Look, I have got a very clear strategy on what we're doing down in that whole region. Obviously with Delta, we liked the dirt particularly up in the upper Gascoyne and Murchison region, but we have also got a strategy on what we're doing with the land down in that whole region around Mt Marion. I can't really share it at the moment because if I do, I'm just sharing it with our competitors and they're going to try and copy me. But I promise that within the next couple of weeks we'll be able to shine a light on it, maybe even sooner than that. We'll be coming out with some announcements maybe towards the end of this week, but I'm just not in a position to be able to do it right now, but I promise it will make sense and will mainly make sense.

Moderator:

Thank you. There are no further questions online at this time, so I'll hand back to the room.

Kate McCutcheon, Citi:

Hi, good morning, Mark and Chris. Kate McCutcheon at Citi. We haven't had a question on gas yet, so let me go there. I just wanted to clarify your earlier questions. Are you saying that without some kind of assurance for export of 200 to 250 Tj a day, you would not look to do gas, or you would purely look to do a smaller plant just for your internal needs? And then secondly, given gas is somewhat of a different ball game, just your conviction and tools that you're using to ensure comfort on developing a gas project.

Chris Ellison:

Yeah. Sure, of course. To go build out 250 to 350 TJs of gas a day production, we're probably getting up there one and a half to $2 billion. If we're exporting it for LNG, there's a fairly known price. We can go out and lock away a price. In WA and the domestic gas plant, you can't. So what we've got out there is we've got the multinationals that I call them trying to screw over the juniors. That's us. So their expectation is that they're really pushing the government to have the gas producers in WA put as much gas in the market as they can so they can get the price from say $10 down to $3 or $4. If that happens, we have no security in being able to put that sort of capital in. So if we're running on exporting, then we've got absolute surety of supply and we can do more.

So WA gets more gas out of us if they give us surety and in the investment. So if I can't get that, I'm going to build about a 50 TJ a day plant and that means that there's probably 30 for MinRes and 20 for the local market and it'll still give a return, but it'll seriously save us a lot of spend on our fuel. If they go the other way. I can probably pump at least 100 TJs into the local market for a long, long time. So it's really simple, but I have the security to spend the cash. What was the other part of your question?

Kate McCutcheon:

Comfort of developing because gas is a different kind of thing.

Chris Ellison:

Oh, do I know how to build a gas plant?

Kate McCutcheon:

Yes right.

Chris Ellison:

Okay, so I cut my teeth on gas back in the early days, so I spent quite a bit of time up in Karratha. I was up there with Woodside on the development of that. How else can I give you confidence? It's not uncommon these sort of plants we're talking about, and if we really get stuck, we do what we always do, we just Google it and we figure it out. Pretty much.

Mark Wilson:

It's actually ChatGPT these days. But anyway. I think the other piece which is happening now is we're partnering with the right organisations to help through the design phase and as we think about moving in towards delivery and then pre-commissioning and commissioning.

Chris Ellison:

And we've got a Canadian petrochemical company on board that we've engaged. Engineering.

Rahul Anand:

Hi again. Rahul Anand from Morgan Stanley again. Look, I wanted to come back with a second on Wodgina. You have a slide there, slide 26, where you've talked about train four, five and six in the future. And thanks for the estimates around the train related capex. Now I think everyone in this room appreciates the fact that there's a lot that goes into developing the mine and infrastructure required to feed these plants. So can you give us a bit of an indication as to how much development would be required in terms of the mine, the x-ray infrastructure that you require to feed that train four over and above of that capex that you're talking about on that slide?

Chris Ellison:

Okay. When we designed the existing plant, it was designed with four trains. Most of the civil work has happened for train four. So we've got the bid that we're going to lie it in. What we want to do is we want to get five and six underway and the approvals as well, and we're going to start prepping the ground for five and six. But there's not a lot. I mean, all of the non-processed infrastructure is in place. The power station is there, the water is there. It was all really designed. If I owned a hundred percent of it, I probably would've had train four coming online about now. My intention was to build it a lot quicker.

Rahul Anand:

What about the pre-scripts [inaudible]?

Chris Ellison:

We're doing all that now. So once we get the top off the mountain, we're there, so we don't have a repeat of this. I mean, this is a once off.

Rahul Anand:

And then if you were to think about Train 5 or 6, is there any sort of estimate you want to provide today?

Chris Ellison:

No. Look, it's largely going to be in line with what we're doing around four. It's not going to be a whole lot of difference. I mean, we're kind of expecting this inflation to start backing off a little bit. I mean, the costs have been going up for, well, probably about three years now. I really judge that on... Our Big Mac is the

Caterpillar parts. I mean, they come through fairly regularly at the moment and they're starting to back off a little bit. I don't think... Look, there's going to be for five and six, there'll be a bit of non-processed infrastructure, but, I mean, we've pretty much got everything. I mean the camp will grow of course, but not a whole lot. You don't need a whole lot of people to run these trains. I am definitely going to spend money on the camp. We're turning all of our camps right across the business into resorts. So just to give you a few scary numbers on that.

The typical camp, 250-man camp is about $50, $55 million. We can get them built for. These resorts, we're building about $140 million. That's the difference. Why do we do that? Because we need to add 3-4,000 more people over the next 18 months to two years. We need good quality people. The other thing we need to do is we need to get these... We need to change the way we're doing it, building these camps doesn't work anymore because we're getting mental health issues. We've got a lot of blokes that get into the wet mess and they become inappropriate with their behaviour. So we're trying to turn them into communities. Our big focus is getting a lot more women into our workforce. They're high quality, the women that we've got now. They're better dump truck drivers. They're better at a whole lot of different things, but it's an untapped workforce and we've got to move forward and get women much more involved in our business.

To do that, we've got to have an environment where they're safe and they're... To do that, I want to have couples. So every room will have a queen-sized bed and it's got a kitchenette, big screen TV, lounge, barbecue on the balcony, laundry, beautiful ensuite. And I've got about four of them sitting in our car park in Perth. So if anyone's over there, they're welcome to have a look, but it's literally like going into the Cable Beach Resort. Olympic pool, anything on the coast. So the one I'm building an on onsite right now, it's going to have a day care for 70 kids because they want to be able to hire the local mums and they need somewhere safe to put the kids.

We're really changing the way we're doing things. We're trying to really create communities. I'm building houses and on, so I've got 10 underway right now and I'm going to keep building houses and get people residential because I mean, how do I pay for all that? I'll have a high-quality workforce. We've got them lining up wanting to come and work for us because of the conditions that we're putting them in, unheard of in the mining industry and they trust us to be able to deliver that. So I mean this is on day one. It's a 20 million tonne project. I'm at 35 on this thing now and when I go 35 to 40, I'm just going to squeeze the assets and we'll get there. It's cheap what I'm doing. Don't go and write all that. Just behave with your pen.

Matt Frydman:

Morning, Matt Frydman from MST again. While we're talking about Onslow, it's clear that there's going to be no capex overrun, but on opex, I don't think that's been updated since you FID'ed the project, despite a backdrop of cost inflation in the industry, including some cost inflation that's led to that impairment at your other iron ore assets. So I guess the question is $40 a tonne still the right number? What's gone up since that FID and where have you been able to save in other areas to get back to that $40 a tonne? And also is $40 a tonne the number at 35 million tonnes per annum or is it the number at 50 million tonnes per annum or what's the flex in between?

Chris Ellison:

No, there is no sliding doors or windows and mirrors here, I can tell you. The $40 is still the number. I mean it's the number at 35 million tonne run rate and it's probably the number at 30. I mean when we give you those sort of numbers, no secret, we build a little bit of fat in there just to make sure we don't look silly. But yeah, it will have changed at 35 million tonne run rate. When we get to go from 35 to 40, we've got a few things. So I've got to chuck in another layby berth for the trans shippers, so that means that I'll have a transhipper parked in a layby berth.

And when the loaded transhipper moves out, it'll slide straight and behind. So I mean, I've probably got to spend... I'm thinking maybe I might have to throw another $50 or 60 million at the thing to go to there, but I also need that to go from 40 to 50 million tonnes. The other thing to remember too is that that $40 a tonne has got my little incremental Mining Services charges sitting in there and we make a smidge of each one of those and we've never have made that public how much those margins are and we're not going to do this time.

Lachlan Shaw:

Lachlan Shaw, UBS once more. Thanks again, Chris and Mark for the second question. So just another following on from the last question on Onslow going to 40 to 50 million tonnes. Can you talk to, is that within current approved resource reserve mine plan and specifically around native title getting the mine plan into and approved to allow that expansion? Thank you.

Chris Ellison:

Yeah, so the 35 to 40 million tonnes sits well within all our approvals that we've got. So it's all in the Kens Bore region to go out to 50 million tonnes. We are hitting 170Ks further east, so there's another joint venture owned asset out there. It sits at about 61% FE. So we want to bring that into the mix and obviously we blend that through. We're going to blend that through at about four to one and it almost puts a six in front of everything we're selling, so that makes it pretty attractive. But then of course when we do that, I've got another piece of road to build and I'm really getting to love these roads. I don't want to build anything near the coast anymore.

Mark Wilson:

Sorry. Lachlan, just one point on that interesting question because you're highlighting the optionality that sits in the business, but also the other piece is the planning and the approvals is far more complex today than it was 12 months ago or 18 months ago. And so there's a huge amount of effort going into the business to make sure we're trying to anticipate where we're going to need to be five, 10 years down the track and make sure we get in front of it now. It's a live conversation every day.

Chris Ellison:

I think too, just to highlight on these approvals, so the federal government absolutely bent over backwards to help us get this project going. 11 months is a kind of a record and the state government we're just all over it. They have people specifically appointed to make sure that we can get them done as efficiently as we possibly can. The other thing that did happen as well, it's probably not overly public, is when we hit the northwest highway heading towards Onslow for about 17km from there into Onslow, the main roads, first time they've ever done it, they give up the easement on the top side of the road. So we can put our haul road down, the main roads' easement, which just give us a direct line straight into town. Everything was approved. Those communities now, I mean they're incredibly happy with it. They actually charge us a rent for it, but they're happy with the outcome on that because what we're doing is we're getting big trucks off the highway and they love that. So if we can dual carriage those right-of-ways, it's one of the ways we'll be moving forward.

Mitch Ryan, Jefferies:

Chris and Mark, thank you very much for the question, Mitch Ryan from Jefferies, you started to talk to within the mining services some of the growth opportunities with inside Queensland. Just wondering if you can talk to the size and scope and timing of those opportunities.

Chris Ellison:

They're working on them now. I mean I think it'll happen within the next six months. They look real mean and most of these sort of opportunities we do are by negotiation. I mean we're a little bit like McDonald's. I mean we charge the same amount for our crushing. It doesn't matter if it's good or bad times. We're well known that we flatline on what our charges are. The same with these big trucks that we're building. I mean, they're attracting a lot of attention. I think we've got about something like 25 of them out there on long-term work now, which we never expected.

We actually went in for one of our clients, they had a major breakdown on one of their big conveyors overlay conveyors, and I think within about 72 hours we're moving 20,000 tonne a shift, which is unheard of. But I mean those are the sorts of things that we can do now. So look, I think between now and Christmas it'll evolve and we'll probably have some news for the time we get to Christmas. Some of them, they're slow to react, but these long-term sticky type contracts, but that'll happen quickly.

Mark Wilson:

And Mitch, I'd add to that and we've talked about it and sounding a bit like a broken record, that the challenges that the larger players are facing in terms of their operations, they don't have the agility that they need to be able to pivot at short notice. There aren't that many alternatives for them. We've got great relationships. We've got the safety track record, which is important to get on the site in the first place. And as Chris said earlier, we're establishing a very strong track record with particularly these large jumbo haulage solutions, which the clients love because it gives them all sorts of options to be able to rethink the way they operate, which they didn't have a year or two years ago.

James Bruce:

Operator, could we please go back to the lines and just see if there are any other questions, please?

Moderator:

Thank you very much. The next online question comes from Anthony Kavanagh from Chester Asset Management. Anthony, please go ahead after the beep.

Anthony Kavanagh, Chester:

Good day, Chris. Good day, Mark. Just a point of clarification on the Onslow infrastructure arrangement that you've got with a $7.74 tolling charge. So 12 months ago you stated that it's a real price subject to inflation. That comment was obviously to June 2023. We've had a fair bit of inflation since then. I just wanted to clarify. It's $7.74 when I guess production starts and not $7.74 at 30 June 2023. That's the first question. And the follow-up is just that if you go into 50 million tonnes, I presume that the incremental 15 or 20 million tonnes on top of the original project is also subject to the same charge.

Mark Wilson:

So Anthony, it's Mark Wilson here. The answer is that it was $7.74 when the contracts were signed, so it's been escalating since. So rough estimate is $8 or thereabouts now. Maybe just a tad over.

Chris Ellison:

$8.23.

Mark Wilson:

$8.23. There you go.

Chris Ellison:

That's very roughly.

Mark Wilson:

Estimate. Estimate. In terms of the usage, we've struck an agreement for effectively mine gate to ship for the existing development at Kens Bore and its surrounds. So anything that we do beyond that going forward into the future, we'll rethink. I mean that infrastructure, and this is one of the points we're trying to help people understand, that infrastructure that we've developed or are developing is very strategic in its nature in a region with billions of tonnes of stranded assets. So we will look to use that infrastructure to release value and optimise their value for MinRes' shareholders.

Moderator:

Our next online question comes from Robert Stein, CLSA. Robert, please go ahead after the beep.

Robert Stein:

Hi, sorry, just another question from me. You announced to the market a couple of weeks ago the Binding Solutions investment. I was just wondering what's the thinking around that investment? Is it to use it to increase the VIU of your Onslow product by potentially aggregating a lump product or is it merely a long-term option on your potential magnetite production that you have down south?

Chris Ellison:

Yeah, all of the above. So going forward, I mean there's just a great range of opportunities. It's basically just using binders, cold pressing with binders. The product that's been produced is probably two and a half times harder than it needs to be, but I mean the initial focus was on magnetite. There's literally hundreds of millions of tonnes of low grade all lying around the Pilbara that if you ground it up a little bit and you get some of the gang out of it, you can upgrade it into the sixes, but then environmentally, you want to be able to bind it. Lithium goes out of our sites. I mean it's ground down to bug dust and it goes out with about 12, 13% moisture. If we bind it, it'll go out with zero moisture and it'll be a high quality product feed.

We're doing a lot of scientific work and lab work around a number of the tailings dams around Australia. And again, those are micro size, but there's a whole range of different products in those dams, and we've had some very, very good success on being able to get the separation we need. But again, to make that product saleable or ship loadable, you've got to be able to get into a form where you can handle it without causing any environmental issues. So there's endless opportunity for it, and we come across this product and we're quite astounded at the quality of what they're doing. So our aim with that is we're going to build a fairly large demo plant down south of Perth in Kwinana and then start putting a range of products through it. And we'd like to be able to get it to a point where we can send some of the stuff over to the mills in China and even Japan and Korea.

Moderator:

There are no further questions online at this time.

Kaan Peker:

Good day. Chris, Mark. Kaan from RBC. Again, just a quick one maybe to build on that just you talked about tailings processing. Maybe if you can expand on that, if that's mainly around customers tailings or the tailings from your own operations. Thanks.

Chris Ellison:

No, most of it's customers or opportunities that are sitting out there. There's a number of them and they're literally spread around Australia and there's a whole lot of different types of metals from aluminium and copper. And if you have a look at what's actually contained in those tailings dam, I mean you have a look in our own tailings dam we got from the old days when Gwalia were running Wodgina, extracting tantalum, they put a hundred percent of the lithium in the tailing dams. So we've got 22 million tonnes up there grading 1.1, so that's almost better than a core lithium's got. So all we need to do, and the work's done its ground, so all we need to do is figure out how to extract it, but we won't be doing it through the existing plant because we're putting head grade in.

I mean, I was looking the other day, we're putting in 1.8, 1.7%, we're putting into Wodgina and we're sucking out 2000 tonne a day. So I mean it needs to be a special plant for it. And the other, there's a couple of other processes that we're actually looking at. One with a little company called Lithium Australia. So we've invested fairly heavily about $4.5 million into this process so far. And we're just building a little pilot plant, but if that works, it'll be a bonanza. So that we will do one day, we'll do something separate up at Wodgina and up will process those tails. But we're also putting other tails in there now and we're probably averaging like 0.8% head rate going into the tailings dams. So one day we'll go back and get all those as well, but it's just how many things we can do at once.

Paul Young:

Chris and Mark follow up question. Paul Young from Goldman Sachs. Covered most of the ground, but just want to talk about mining services volumes, with respect to just trying to work out why we're only seeing attempts an increase in volumes in 2024 and where you've signed six new contracts, you've renewed four, you're probably getting some volumes from Ashburton in the June quarter of next year because the project's on track and also you mentioned some of these crushes. NextGen's of course the 15 million tonne per plant. So just trying to square away why the 10% increase or maybe you can talk about what the exit run rate might be in the June half next year, please.

Chris Ellison:

They're not going to happen instantly, Paul, they take a little bit of time. So a couple of them, there's two contracts that we got early in the year. One's 15, one's 10, so it adds another 25. They're working on getting those plants built at the moment. And then generally we'll always have one or two sitting in the yard. If we've got them in the yard, it's about 90 to 120 days. We've got them on site and we're doing 15 million done. So it's probably going to take, I'm going to go six to nine months before you really see some of that evolve. Some of those are also the big jumbo trucks. So we've actually, we're building them about as quick as we can. So right now, I mean we're building prime movers. We're building all of those trailers. So to get up, we are hitting up by the end of next year to about 200 of those big jumbo triples. I think there are about a million and a quarter bucks a hit. Prime movers get assembled in Melbourne and all the rest are built in Perth. We're busy. We've got a lot happening.

Paul Young:

Thanks. And just lastly, Chris, the Brazilian opportunity, the mentioned six months ago, is that still there?

Chris Ellison:

I've walked away from it. I mean they dearly wanted us to go there. It's, we've got so much opportunity sitting here right now. I mean getting the equipment is the issue. So if I have went down to Bali, I would've had to turn down some of the local jobs to do that. And I mean, I like what I'm doing. When I can get at a site and back in a day. I mean we've got total control over it when we're down there. And I got to admit, I did get a little bit nervous. I haven't been in South America before and I've had a few friends over the last 25 years that have been down there and kind of come back a little scorched. So not quite. I mean if I wasn't as busy here, I would've given it a shot. They're good people, no doubt about that. And they'd be a great client to work with, but I just don't have the horsepower at the moment.

Mark Wilson:

I know that there will be some that find that hard to believe, right? Because it always feels like there's so many different things happening, but we do say no quite a lot. And yeah, that's a really good example because it's a great client. They knew we could bring real value to them. We knew we could bring real value to them, but at the end of the day, even though the margins were going to be strong, the risk return wasn't right.

James Bruce:

We will take our last question. Kate from Citi.

Kate McCutcheon:

Perfect. Thank you Mark. And Chris, a question on the tolling strategy at Marion. If you can in a tolling contract for less than $6,000 a tonne today, what's the rationale for not tolling product today? Are the margins not there with the chemicals or you can get a better spodumene price? Some comments there. And then secondly, customer appetite to take the lower grade product from Marion. Any colour on what you're seeing there?

Chris Ellison:

Look, it's just maths. So you need about eight tonne of spod to make a tonne of hydroxide. And if you're selling that for round about three and half thousand dollars a tonne and then the end product is about $30,000 a tonne, it's just not worth going there. So what happens is the hydroxide price has come off way quicker than the spod price. There's always a bit of demand for strong demand for spod because they've got all those converter plants in China they're forever chasing product for. So it's just that one come off quicker than the other. It'll turn around.

When it turns around. I mean, we are tolling in China now with all our Wodgina dirt that goes over there, none of it has ever gone to an Albemarle plant. It's always gone to toll treaters managed by Albemarle. And if you think about it, there's probably, there's 800,000 tonnes that should be getting to at Kwinana with Tianqi and down at Kemet and with Albemarle. And those plants haven't come online. So they've got the dirt for them all coming out of green bushes. There's 800,000 tonne heading out there that should be in Perth getting toll treated. So eventually one day, certainly the Albemarle plant is starting to work pretty well. That'll come out of China and it'll free up those converters. But there's converters out there now with lots of capacity.

Kate McCutcheon:

And appetite for customers to take the 3% portion of the Mt Marion concentrate. Lots of happy buyers.

Kate McCutcheon:

Plenty, Ganfeng. Love it. Ganfeng are a great converter. I mean you can literally give them gravel off the side of the road and they'll turn it into hydroxide. They're good converters, but they know how to deal. It is basically doing what you do with iron ore. You have a whole range of different products from around the world and you blend it. And if you can get that blending right, I mean that's how they make an extra kicker out of it, but it's good coarse grain material. All we're doing to do that, we're just going further down. Normally that would go to tailings and we're just going further down and scavenging that and making a product out of it and we get pretty good money for it. I think we're done. I think James is going to wind us up. Are you?

James Bruce:

Yep. All done. Thank you very much.

Chris Ellison:

Okay, well I appreciate us all coming. Thanks very much. We are going to do better on making sure that we don't tell you we're going to do one thing and then not produce. So look, I just want to reiterate again with our balance sheet, we know what we're doing. We have a plan, we've got plenty of capital sitting out there we can get. I'm not going to issue shares. I've never issued shares. I'm not watering our shareholders down. It's not their responsibility to fund our growth.

As a management team, we will do that. And we're not going to go out and raise money off your shareholders, but we have right now, we have got three separate opportunities that's going to bring capital in this calendar year. And I've got another couple that'll bring it in the second half of this financial year. And when you read about it, you'll be happy. So I'm going to have my problem and I guarantee I get to the end of June next year and you’ll be saying, what are you doing with all that cash? You want to pay a special dividend? So thanks everyone for coming and we'll keep doing what we always do.