James Bruce, Mineral Resources:

Thanks for joining us today. I'll just give a summary of the quarter, and then open the lines up for Q&A. It was a pretty strong quarter from us. This quarter, we delivered to our mine plans. Shipments were a little bit lower than expected, but we'll pick that up in the months ahead. We've continued to grow and advance our portfolio. Onslow Iron development is progressing well. Mt Marion and Wodgina production is ramping up. In the Perth Basin, the NED-1 flow rates were strong and Lockyer 3 came in with net gas. And in the mining services business it was as predictable as ever. On the safety front, a TRIFR of 1.96 continues to be strong and industry leading. We've reaffirmed guidance for the year. We expect shipments to be in line with production over the year. 2024 volume guidance is unchanged, and just to note that with the increase in the Wodgina ownership now at 50%, there'll be a pro rata increase in that guidance of Wodgina.

Just to go through some of the divisions themselves. In mining services, production volumes were 66 million tonnes up 14% quarter on quarter. There's a strong outlook in this business. Inquiries for our crushing and road trains are the best we've ever seen, and we expect volumes to continue to grow.

In iron ore at our existing sites, we shipped 3.9 million tonnes. Production was higher at 4.8 million tonnes. Our yield shipments were impacted by haulage availability and we'll work through these in the next few quarters. In the Pilbara and Utah operations, we had temporary port constraints and again, that will ease over the next coming months. Demand for low grade iron ores remained strong. Discounts were low at 7%. Realisations were 87%, and so that's a pretty good outcome. At Onslow Iron, the recent site visit highlighted the excellent progress that's going on there, particularly at the port. At the mine site, drilling and blasting commenced and the crushing concrete pads have started to be put in. The haul roads, which are the critical path, are advancing well and we got approvals in the quarter and first shipment remains in June 2024.

In our gas business, NED-1 had excellent well results, the peak flow rate of 99 million cubic feet per day and only 3% CO_2 was very strong and in line with Lockyer 1. At Lockyer 3, we had 13 metres of net gas pay. It was a good result. We've cased the well and suspended it and it'll be a future development well. Also in our gas business we purchased a drill rig. It's fully containerized capable of drilling up to 5,000 metres deep, and we expect it to be up and running by mid-2024.

In our lithium business at Mt Marion, pre-stripping of the new mining areas continued to open up multiple mining fronts and provide access to fresh rock and last month we mined more ore than we have since 2019. One year ago we only had one week of broken stocks at Mt Marion and today we have more than 21 days, so the production is starting to lift and you should see that lead through to sales over the proceeding quarters. The plant has commissioned and continuing to ramp up to starting to hit nameplate, and so we've moved from 300 to 320 tonne per hour now increasing to more like 450 tonne per hour. We've got a number of cost improvement initiatives being tested, including ore sorting and whims, and we're also looking forward to getting approvals for the underground and we expect them imminently. We're employing an underground manager and we expect the underground decline to start by Christmas.

At Wodgina, it was our best quarter ever. Record production of 45,000 tonnes up 10%, pre-stripping advanced well, we accessed some fresh oil which improved recoveries, and on some days we've been at the 330,000 tonne per annum run rate, so a good outcome. Quarter on quarter, we're seeing increases in recoveries as the fresh rock comes through where we've got operating discipline in stabilising the plant. We expect the third train from December, January of this year and with a six-month ramp up.

Shipping was impacted by planned port maintenance and congestion. There'll be additional shipments this quarter to align shipments for the production over the year and we've got three ships going out this month. With regard to reserves and resources and exploration, we released our new reserve and resource statements. We've got decades of life at both assets with more to come. The ore bodies at both Wodgina and Mt Marion are open in all directions and every time we put a hole in we're hitting spodumene, so a good outcome there. Particularly at Mt Marion, we've had some very good results and we've put some of them in this release. We've got more assays coming.

In our MARBL joint venture, we've finalised the agreement effective 18 October, so expect to report Wodgina volumes on a 50% basis going forward, and expect to get a US$400 million payment by December. Importantly as well, we'll take over the marketing of the product, so I'm looking forward to that starting and it has started already. At Bald Hill, Alita is in liquidation and MinRes has entered into a share sale agreement. We expect to complete the transaction in November. I'm limited as to what I can say right now, but more detail will be provided upon conclusion of the transaction.

With regards to the lithium market, there's nothing wrong with lithium fundamentals. There are three factors at play. In the short term, there's market manipulation with plenty of paper trading, however end user demand is good and the supply chain is rebalancing. Our downstream lithium strategy, as I said before, we're taking control of our marketing for the first time. MinRes China has imported its first cargo last week and we'll be doing toll treating by the end of the month. The conversion studies are ongoing. We've got unencumbered spodumene with more flexibility than anyone else, and with supply coming out of WA, one of the most ethical places in the world to have the supply coming from, so we look forward to continuing to work on the studies as to our plans in the future for the supply of spodumene into the market. We do expect to get returns of 20% return on invested capital and that's unchanged, and we will work through that over the next year.

Finally, during the quarter we completed a US$1.1 billion bond over five years at a 9.25 coupon. There were over 170 investors and it was very well-supported. With that, I'll open it up to questions and Josh, if you could please cue the questions. Thank you.

Moderator:

Thank you James. If you have not yet submitted your text question or joined the live audio queue, please do so now. 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 question today comes from Kate McCutcheon from Citi. Kate, please go ahead after the beep.

Kate McCutcheon, Citi:

Hi, good morning, James. Bald Hill, you said you expect that to complete in November. I know you said you were limited to what you could say there, but when should we think about any cash flows coming out for that and first earnings attributable to MIN from that asset or first production?

James Bruce:

Kate, it is a producing asset today and has been producing for quite some number of years, and really I think we're going to have to conclude the transaction before I say anything else. In the past it has produced 140 to 150,000 tonne per annum of spodumene, so that's about all I can guide you to at the moment.

Kate McCutcheon:

Okay, got it.

Moderator:

Thank you Kate. Our next question today comes from Matt Chalmers from Bank of America Securities. Matt, please go ahead after the beep.

Matt Chalmers, Bank of America:

Good day James and Chris. Looks softer than expected to realise price realisation at Mt Marion, which looks like increased lower grades or produced through the quarter. It would be helpful, if could you step through what the near term mine plan looks like and what the expectations are regarding the grade profile for the remainder of the financial year?

James Bruce:

Yeah, thanks Matt. The average grade that we produced during the quarter was 3.7%. Our guidance is to increase that to 4% over the full year. We are opening up the pit as I said before, and as we do that we're getting access to fresh rock. Over the year we would expect grades to increase and the performance therefore to increase at Mt Marion.

Matt Chalmers:

Yep, thank you. Just maybe one additional question for me, is there any further colour on the economics behind the Wodgina tolling arrangements? How is it contracted, how is the cost determined and what is MinRes' ability to renegotiate the toiling based on shifts in demand supply for toiling throughout China?

James Bruce:

Yeah, so Matt, look, as I said in my comments, we've just shipped our first ship to China. We will be putting in place new agreements as MinRes, and I think our observation would be is that rock is still constrained in the market and there's good availability of converters, particularly in China. Other than that, I think you can look at benchmarks out there for conversion rates and you can observe pricing in the market. We will negotiate our positions in the months ahead and report them as we need to at the next quarterly and half year result.

Moderator:

Our next question comes from Matthew Frydman from MST Financial. Matthew, please go ahead after the beep.

Matthew Frydman, MST Financial:

Sure, thanks. Morning James and Chris, I'm interested in the comments in the around haulage and road train availability and particularly in the context of Onslow and I guess the ramp up in the requirement of delivery of those road trains. Quite impressive autonomous road trains that we managed to see on the investor tour. I guess just at a high level, how do you see that risk in taking delivery of the necessary road trains that you need to, I guess firstly achieve first production in June 2024? And then obviously ramp up shipments of the asset. How many road trains do you expect to have available on the ground by June 2024 and I guess what's the ramp up of deliveries from that point onwards? Thanks.

James Bruce:

Yeah, thanks Matt. Look, there's two slightly different issues here. One is we've got a number of different size road trains that we use in the Yilgarn operations. We've got smaller and larger road trains that we use there. At our Onslow Iron operations, we'll only be using the Jumbo road trains, the 330 tonnes. Today, we've got 52 of those in operation through MinRes. At Onslow, I think we expect to get to 140 by the time we're fully ramped up to the 35 million tonne run rate. We are on that path, and we've got deliveries expected in line with that production schedule. I don't think there's any concern about delivering those 140 road trains that we need for Onslow Iron.

Matthew Frydman:

Thanks, James. Maybe just clarify on that, so the 50 or so road, 330 tonners that you've already got deployed, they're deployed at either customer mining services sites or at MinRes sites. Would you envision having call some of those back to Onslow in order to start the ramp up of that asset? Or how would that play out? I assume you'd want to retain those mining services volumes if you could.

James Bruce:

Absolutely. We've got currently two external contracts and our own internal requirements at Yilgarn, that's where the 52 are currently being used. Over the next 18 months we expect as a group to get to over 220 road trains or something like that. We've got the exclusive agreement with Kenworth in Australia for these road trains, and we're constructing them in-house in Western Australia, so we know what the delivery schedule is and don't expect to have an issue there. Within this last quarter we did have, it was not so much the actual road trains that were the issue, it was more drivers and driver availability in the Yilgarn.

Matthew Frydman:

Understood. That's very clear. Thanks James.

Moderator:

Thanks Matthew. Our next question comes from Hayden Bairstow from Argonaut. Hayden, please go ahead after the beep.

Hayden Bairstow, Argonaut:

Good morning guys. James, just focus on Wodgina if we can. Just a couple of things, firstly, no disclosure on the realised price versus normal quarters. Is that part of this whole transfer? Or can you give us some guidance to what that was? And then just on the production rate, when you share 45,000 tonnes as you say a record, so you're running this thing over I guess 400 on a throughput basis, talking about recoveries. Can you provide any colour on that, and then obviously as you turn on trains two and three next year, are we talking about most likely much better run rates than what the original capacity target was?

James Bruce:

Hayden, thanks a lot, hope you had a good holiday and good to have you back online. Well terms of the realisations, yeah, look, we've taken back marketing from Albemarle, and I think we'll be selling into the market on our own basis, and once we've settled that down we'll look at providing realised pricing. With regard to Wodgina itself, look, we had a site visit a couple of weeks ago and the pre-stripping of the phase two and three is going very well and we've accessed some additional ore, some fresh rock. We expect the ore body to continue to open up in the months ahead. And as I referred to in my comments, when we do get access to that fresh rock, the recoveries have been very good. We've had days and successive days where our throughput rates have been at the 330,000 tonne per train on a daily basis and that's when it's on fresh rock. Recoveries are certainly getting up between 60 and 70% on those days. We've got to get far more consistent effort, and certainly as the pit opens up, we're hopeful of that. It's a little bit early to be, we've got guidance out for the full year. I think I'd point you to that. It's a little bit early to be celebrating just yet, but it's certainly a vast improvement to where we were six months ago.

Hayden Bairstow:

All right, thanks.

Moderator:

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

Robert Stein, CLSA:

Hey guys, thanks for the opportunity. Just a quick one on gas, and a quick one on realised pricing for Mt Marion. Can you give us an indication of how much realised pricing was impacted by the shipments in September, versus a more even shipment profile? And then similarly are you able to give communication of when the bulk of those shipments will come through in Q2? And then just on gas, 99 million cubic feet a day, roughly about 110 TJ a day. Is your thinking at the moment that North Erregulla is enough to fill the plant with Lockyer Deeps? How are you thinking about the capacity that you're pulling from some of these wells and what you sequence for that initial 165 TJ day plant sizing?

James Bruce:

Yeah, thanks Rob. Just in terms of Mt Marion and realised pricing, we typically do a ship a month. I'm not going to give you the exact date day of the month that we ship each shipment, but the realised pricing is the average of the month and that's what it is. Obviously prices have been coming off a little bit in the last few months, so it's just an arithmetic average of when we sell the shipments. With regard to our gas business, yeah, look, we're progressing planning for 165 TJ a day gas plant that will be fed from a number of sources in both North Erregulla and other wells that we will develop and I think we've got high hopes of being able to do that. We do need the approval of the state government, and we're still discussing that with the state government, those issues and hope to come to a conclusion by Christmas or early in the new year. Yeah, look, I think this project is one that can certainly provide the state and MinRes with additional gas volumes and those volumes are required as the state decarbonizes. It's well known that coal-fired power generation in Western Australia will close for 2030, and gas demand looks like it's going to increase because of that. We think it's a well-timed project, but we do need several agreements to come about.

Moderator:

Thank you very much. Thank you. Our next question comes from Kaan Peker at RBC. Kaan, please go ahead after the beep.

Kaan Peker, RBC:

Good morning James and Chris, two questions if that's okay. Great to see that large increase in all mine quarter on quarter both Wodgina and Mt Marion. Just going forward, what do we need to see for mine volumes to increase over the next few quarters? Is it simply more mining fleet and maybe a bit of timing on that? And I'll circle back with the second one on pricing.

James Bruce:

Yeah, thanks Kaan. Look, we've now got all the mining fleet that we need at both sites. We have had that for three or six months now and we've been concentrating on stripping. The waste movement has certainly been elevated, and as that waste is moved then we're accessing fresh rock. Our guidance contemplates a continued improvement through the year and I think again at the site visit, I think most people were able to see the advancements that have been made, particularly at Wodgina. Yeah, so I think mine volumes will be less of a constraint going forward.

Kaan Peker:

Thanks, very clear. And the second one on pricing, some of your peers appear to have transitioned to N+1 for pricing on sales. Has there been any changes to how sales are priced for Wodgina and Mt Marion? Thanks.

James Bruce:

Yeah, so given that we've only just concluded the transaction with Albemarle a week or two ago, we're working through that right now. We are discussing with customers right now, and once we have more say we'll release it to the market, but I just pointed to the various indices that are out there and that should be the price expectation for what we receive in the quarters ahead.

Moderator:

Thank you. Our next question comes from Lachlan Shaw from UBS. Lachlan, please go ahead after the beep.

Lachlan Shaw, UBS:

Morning James and Chris, thanks for taking my call. Two questions from me, firstly on Mt Marion. Can you just help us understand maybe the high-grade, low-grade split that you expect in the context of the mine plan before you get to that 900,000 tonnes of mixed grade? And then also related the low-grade discount just over and above grade adjustment, how's that trending at the moment please? And then I'll come back with my second question in a moment.

James Bruce:

Yeah so Lachlan, the longer term mine plans, we expect the split between high and low grade to be about 50/50. It's certainly being lower than that right now and you can see that in our average grade of 3.7% rather than the 4%. And as I said in my prepared comments, we expect that to increase over the year in line with guidance. And then with regard to low grade discounts, there's been really no change in any of that apart from the grade adjustment that you referred to. That's the only thing you really need to be taking into account.

Lachlan Shaw:

Yep, sure. Great, thank you. And then the second question, so just on mining services pleasing 14% or so Q on Q lift in volumes in September quarter, just perhaps help us understand, so how much of that was catch up from the approval delays you suffered in the June half versus I suppose underlying or organic growth? Thanks.

James Bruce:

Lachlan, a lot of it was catch up. We have won a number of new contracts, we've had a very good last six or so months with contract wins. A lot of those contracts haven't yet come into production where we're building the plants and putting them on site. Over the next year you'll see those volumes start to pick up from those new contracts. The simple answer is a lot of this was just catch up as the Wodgina volumes increased as we got into stripping stage two of that cutback.

Moderator:

Thank you. The next question comes from Glyn Lawcock from Barron Joey. Glyn, please go ahead after the beep.

Glyn Lawcock, Barrenjoey:

James, good morning. I want to try and push you a little bit more if I could just on the pricing structures, I appreciate you're still negotiating Wodgina, but just the mechanics. You're going to be in a position where you think you can from month to month toll that if you can make a margin and then sell it straight as spot if you can. Is that how you're thinking about it? And I assume you're trying to figure out do you sell against an index whether for your spodumene, you sell against a spot index or you sell it against a linkage to chemical? Just anything you can help how you're going to try and run this business.

James Bruce:

Yeah, so Glyn, you're thinking about it the right way. That's exactly what we are going to do. We will convert if it's economic to convert, and we think there's plenty of conversion capacity out there and if that doesn't end up being economic, then we will just sell the spodumene based on indices. I don't think the indices will be much different to what we've sold on in the past.

Glyn Lawcock:

And you'll look at what's the best way. It'll almost be shipment by shipment, pick the eyes out of it. If it's the spot index is better, fine, sell against that, sell against a percentage of hydroxide or chemical and always try and do it at spot I assume?

James Bruce:

Yeah, that's right. I think we've been pretty consistent in stating that we want to supply volume into the market based on indices of the day and that's our marketing strategy going forward.

Glyn Lawcock:

And then maybe just staying on that but jump to Marion. You said you sell basically against the indices and its spot and you're selling only one a month, so take the average of the month, but are we looking at the average of the spodumene indices for Marion? Or are you now doing it against the percentage of chemical? It would appear as though you're taking a 4% adjusted, let's call it, but with a discount on top to reflect that it's not a linear relationship when you get down to that low. Is that the right way to think about pricing of Marion?

James Bruce:

It's grade adjusted based on the indices, the spot indices.

Glyn Lawcock:

The index?

James Bruce:

Yes.

Glyn Lawcock:

No discount on top at all?

James Bruce:

Well, there's a very small discount on low grade, but it's small. Once you've grade adjusted it, there's a very small discount on the low-grade material.

Glyn Lawcock:

Yep. Okay. And just a final question just on the conversion rate you gave us for Wodgina into chemical, it's been fluctuating quite a bit. Where do you think it settles when you are producing that standard 5.5% grade product? Where do you expect the conversion to sit?

James Bruce:

At 8.5.

Glyn Lawcock:

At 8.5?

James Bruce:

Yeah.

Glyn Lawcock:

Okay. It's probably a little bit higher than people would've thought, no?

James Bruce:

I don't know what people thought. That's what it's going to be.

Glyn Lawcock:

Okay. All right, that's great. Thanks James.

Moderator:

Our next call will follow in a moment. Before that, I'll just repeat the instructions for anyone else who wishes to join the queue today. To ask a text question, select the messaging tab, type your question in the box towards the top of the screen and hit the arrow symbol to send. To ask a live audio question, press the request to speak button at the bottom of the broadcast window. The broadcast will be replaced by the audio questions interface. Press the join queue and if prompted, select allow in the pop-up to grant access to your microphone. 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. Our next question comes from George Ady from UBS. George, please go ahead after the beep. George, you are now live. Please go ahead. It looks like we can't hear George at the moment. There are currently no further callers in the queue. A reminder, if you wish to ask a question today, please press the request to speak button at the bottom of the broadcast window and press join queue. If prompted, select allow in the pop-up to access your microphone. We'll just pause for one second to add any further callers.

We do have a text question from **David Fang from CICC**. May we have any clarification on Mt Marion's pricing mechanism? You mentioned that it's more like the average of the month, so is it with one month lag or with no lag against the spot price of spodumene concentrates reported by pricing agencies?

James Bruce:

Thanks David. Just to confirm, there is no lag.

Moderator:

Thank you. Our next question comes from Glyn Lawcock from Barrenjoey. Glyn, please go ahead after the beep.

Glyn Lawcock:

James. Thanks. Just a bit of confusion, we were talking about 5.5 percent grade from Wodgina being eight and a half tonnes to one, right? Not Marion, we were talking about Wodgina.

James Bruce:

That's right Glyn, yes.

Glyn Lawcock:

Yep. And then just finally, the tonnes that slipped into the quarter just because of the congestion of the port, has that already been priced or will it fall foul of the lower prices in this quarter as well?

James Bruce:

It will be based on the indices at the time that we sell it, Glyn. When we sell it, the indices price is the one that will apply.

Glyn Lawcock:

Okay, so you suffer it I guess the same thing happens on the way up, if you get delayed on the way up, you get the benefit as well.

James Bruce:

Yeah, that'd be right.

Glyn Lawcock:

Yep. Okay. Oh, and then finally just can you just step us through me in particular I guess, just the step-down in your commitment to Albemarle now that the JV is signed and sealed, what's your commitment to give them spodumene for their downstream now?

James Bruce:

There's a small amount of volume Glenn, that we will provide them through this financial year, and it will be based on the indices pricing. I don't think you'll see in our financials us separate out what that is, but it will be based on the indices.

Moderator:

Our next question comes from Matthew Frydman from MST Financial. Matthew, please go ahead after the beep.

Matthew Frydman:

Sure. Thanks James. Thanks for taking some follow-ups, hopefully a couple of reasonably quick ones. Firstly, can you remind us on expected timing for the train four FID or decision at Wodgina? And also I guess more broadly, how should we expect that the discussion on further trains would play out with your JV partner? I assume that from a mine perspective you guys are very comfortable with the resource, and the reserve, and the operation, and that it can support further trains. But I guess from a JV perspective, what hurdles or what stage gates do you expect that Albemarle would need to be comfortable with in order to choose to invest in further train expansions?

James Bruce:

Yeah, thanks Matt. We're in discussions with Albemarle pretty constantly with regard to the future trains, train four itself, I think we would expect a decision in the next quarter. And then as we keep working through trains five and six, we are proceeding with the approvals that we require for those trains. Train four, just to remind you, would take about two years of construction to get into first production, and trains five and six would be after that. We've got a little bit of time before trains five and six actually need to be decided. But the approvals are being worked on at the moment.

Matthew Frydman:

Just because train four takes two years to construct doesn't mean you couldn't approve something else concurrently if you felt that the asset and the market was supportive enough? Yeah, sorry.

James Bruce:

Yeah, go for it.

Matthew Frydman:

I was just saying that just because train four takes to construct doesn't mean that you couldn't approve further expansions concurrently if you felt the asset and the market was supportive enough?

James Bruce:

No, look Matt, it's more about continuing to open up the pit for the volumes that we would need out of trains five and six. Yes, we could develop trains five and six, but as we've just seen, unless you've got the availability of the rock, you've got to have the pit opened up enough. The next two years we will continue to do the stripping required to continue opening up stages three and four of the pit, and once stage three and four are open, as I said, that will be in about two years time ready for trains four, trains five and six can follow shortly after that, but there is I suppose about a year between what the earliest decision on trains five and six. The ore body can certainly support it longer term, we've just got to continue to open up the pit.

Moderator:

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

Robert Stein:

Hi guys, just to follow up from me on the market. Obviously with prices coming off as aggressively as they have, and a pullback in potentially economic sentiment both in China and the rest of the world, how does that impact your, I guess, flexibility in how you consider expansion decisions? Philosophically is train four dependent on a growing market again, in the next year when we expect to see potentially recovery? And if that recovery doesn't come, do you take prudent decisions to defer expansions until the market re-balances? Just looking for some philosophical guidance that you're taking around oversupply versus supply discipline?

James Bruce:

The way we think about it is return on invested capital, and the reality is that Wodgina in particular is one of the lowest cost spodumene mines in the world. As production ramps up over this year and subsequent years, we certainly expect the cost to come down quite significantly. I think at the site visit we were talking about as those volumes increase, we expect costs to come down to about 500 odd dollars a tonne. This is one of the advantaged assets in the lithium market. We will be one of the lowest costs and as a result, the return on invested capital for MinRes is very high. On the train for investment is $160 million MinRes share and the payback period on that is measured in months, not years in the way that we think about it. From our point of view, market demand is to continuing to grow at about 20% per annum. Customers are wanting our product and we're prepared to supply it to them at index prices, and we are considering options around volume supply to customers as we go forward. This is a part of what we do and the return on invested capital that we expect to get.

Robert Stein:

Just a potential follow-up then if say a joint venture partner who's more exposed to price decreases on incremental production if they didn't want to go ahead, what is the process there or what is I guess the arbitration process where MIN might be pretty confident and wanting to expand, but Albemarle might want to pull back and just wait and see. How does that arbitration flow?

James Bruce:

Look, our relationship with our Albemarle is strong. The return on invested capital of the train four expansion is as I referenced, very good. And I think Albemarle are economically rational and they look at the opportunity in the same way that we do. I don't think there's, you mentioned the word arbitration, I bristle at that a bit because I don't think there's anything at all in that. Chris Ellison and Kent talk all of the time and I think there's strong alignment.

Moderator:

Thank you. Our next question comes from Lachlan Shaw from UBS. Lachlan, please go ahead after the beep.

Lachlan Shaw:

Oh, thanks James and Chris for taking some more questions a couple then. Then just a quick one on train four, you're saying FID by next quarter then would you go straight into construction? Or what's the critical path timing that would then follow?

James Bruce:

Sorry, Lachlan can you just repeat that? I missed a bit of that, sorry.

Lachlan Shaw:

Yeah, sorry. Just on train four, so you said a minute ago FID in the next quarter, would you then go straight to construction after that? Or what other timing factors should we think about in terms of modelling it up?

James Bruce:

No, we would go straight into construction and the construction time would be about two years. Might be a touch less, but give us two years.

Lachlan Shaw:

Yeah. Got it. Okay, that's great. Quick one just on Onslow and just the scheduling, how comfortable are you coming into the wet season? What contingencies have you built in for potential wet season impacts in terms of the schedule and first ore on ship June next year?

James Bruce:

We expect the first ore to go down that road and onto the ship on June the 8th. Every year we have a wet season in the Pilbara and that's expected. The critical path is the road. We've been pretty clear about that. The road is 150 kilometres long. It's relatively flat. There's a couple of bridges that we need to put in place. It's a totally sealed road. As MinRes is executing this project with our own in-house team, our own design, and our own construction workforce, and we have everything in place to have first ore ship on the 8 June.

Moderator:

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

Ben Lyons, Jarden:

Oh, thanks. Good morning everyone. Glad I finally got through. Thank you for taking the questions, three from me please. First one, and apologies I missed the intro to Kate's earlier question on Bald Hill, but I'm also interested in the potential purchase price for the asset. Given it hasn't been disclosed, is it fair to assume that it's not considered material for the market? Thanks.

James Bruce:

Ben, as I said in my prepared comments, we're going through a process with this and once we have something to disclose to the market, we will, and we expect that to be in November.

Ben Lyons:

Okay, thanks James. Secondly, just on the lithium market, I'm interested in your comments about potential market manipulation in your preamble, but then obviously advising us to refer to the indices as an indication for the likely price for your Wodgina concentrate. Just wondering if you can possibly elaborate on some of the activity that you're witnessing to make those comments and possibly whether that's impacting the price that you're observing from those price reporting agencies in your opinion?

James Bruce:

But Ben, I also stated that there's a lot of paper trading that was going on right now in the lithium market and that's where my comment was referencing that. But we do continue to sell product based on the indices pricing. It's an observation, but there are a number of indices out there and you can observe those prices.

Ben Lyons:

Yep. Okay. In your opinion, are some of the PRAs actually providing a true reflection of the physical price that can be received for products at present?

James Bruce:

Ben, we supply to our customers based on those indices. It's a negotiation between us and our customers and yes, we do that. My observations stand alone and I've made those observations. There's a lot of paper trading in the market right now.

Ben Lyons:

Yep. Okay, cool. Got it. Thank you. The final one's just on Marion, so interesting that you're heading underground by as early as December this year. Just wondering if the associated capex for that, obviously punching in a decline, underground infrastructure, supporting infrastructure, et cetera, whether that's captured in your fiscal '24 guidance? And second derivative I guess is there's probably an associated higher unit operating costs for an underground operation. It's probably a pretty simple observation, but whether there's an impact on your operating cost guidance for fiscal '24 as you head underground. Thank you.

James Bruce:

But Ben as you be aware, an underground decline can take I think maybe up to a year to develop. We will spend, I think we said on the site visit between 50 and $60 million developing a decline. It's a capital project, and we are continuing to drill out the underground ore body. We've released some results of that drilling. You can observe what that looks like. In terms of costs I'm not sure that I agree with your assessment that costs underground are higher than for an open pit, because it all depends on what your strip ratio is for the open pit. At anything more than an eight to one strip ratio, the underground certainly has pretty attractive costs. It's a very steep ore body. It's quite homogenous, and some of the grades that we're seeing underground are actually a little bit better than the open pit.

As well because the ore body is steep, we were able to use a sub-level caving or some other pretty efficient underground mining rakes and mining method. Look, all of that work's got to be done over the next year or two. Our thinking is that the underground mine can augment the open pit material and do so for a number of years. The other thing I would point out is that once we have the decline into underground, we'll be able to use that as a drilling platform to further drill out and define the underground ore body. We know that the ore body goes down to about 1.2 kilometres in depth and it's very homogenous, as I said. Yeah, look, we're excited about the underground opportunity. We will release more details to the market in the months and years ahead as we prove up the ore body.

Moderator:

Thank you. That's the last question we have time for today.

James Bruce:

Thank you everybody. We've got our AGM on the 16 November and that'll probably be the next opportunity for you to ask questions. We look forward to that and thank you very much for your time today.