**Chris Ellison, Managing Director:**

Thanks very much. I'm Chris Ellison and welcome everyone. I thought it prudent that Mark and I come online this morning having released our Q2 results, just to give a very brief rundown on where we are in the business and then we'll have some Q and A. A lot of uncertainty around the lithium market at the moment and we're going into uncharted territory, but it's not the first or second time we've been through one of these cycles, so the business is in good shape. We're well-prepared for where we are at the moment.

I'll give you a 10-minute summary now and then we'll flip over to some Q and A. So, you've all had a chance to have a look at the quarterly that went out this morning. It's a fairly solid result we've delivered across the whole business. We're pretty much on target, a bit ahead in target in some areas, a little touch behind in others. But overall, a pretty good result when you have a look at the number of moving parts that we've got in the business.

Guidance remains unchanged for the full year. We're still on track to get where we said we would. Safety, we're in good shape on the safety. We continue to be up there in industry leading standards. This is really, really important. We can't operate unless we've got a really good handle on making sure we take care of our people. TRIFR is sitting at 1.9, so we're right down the very bottom of the industry. Mining Services running well. It's very predictable. We've got a lot of contracts out there in a lot of different regions, areas doing a lot of different things, so it's a very, very reliable business. We're about 9% up quarter on quarter. I said awhile back, this part of the business is going to double from beginning of calendar year '22 through to '24, end of '24. We're well and truly online for that. We're in fact a little bit stronger than I anticipated. We're winning more work, so Mining Services going well.

Demand for our innovative products around crushing the big jumbo trucks supply chain equipment is just like somewhere I've never seen before. Iron ore operations, steady. Always reliant on weather and a range of different things, but we've had a pretty good quarter up. We're up 22% quarter on quarter. We've had some really good availability on our supply chain haulage down around the Yilgarn, and the Utah Point wharf has been performing an awful lot better, pretty decent prices. We're averaging about US$120 a tonne. Discounts are fairly low, they're down around 9% so that with where the US dollar is sitting is a fairly good result. We don't really see that changing too much going forward over the next couple of quarters. All the information we have around the supply chain is that this is going to be fairly steady where iron ore is sitting at the moment.

Onslow Iron, what do I say? It's progressing incredibly well. I mean we're building a project. We really didn't get started on that thing until about February-March of '23. We're going to have first iron ore on ship around the second week of June. We're fairly strong in that happening. This project, I've said it before, I'm going to say it again. This project is going to be delivered well within budget. There are going to be no cost overruns on this. All of the contracts are let, all the supply short, long term is all in place and well advanced. So for first ore on ship, we're sitting in January now, it's not very far away. This project is going to get built for under $65 a capital tonne. That hasn't happened in the last 30 years in Australia. So pretty proud of what our team up there have put together and what they continue to deliver.

The jetty, all around the port area, that's coming in fairly quickly. I mean we expect to be commissioned and operating around the big product shed, unloading facility, big truck, maintenance bay, that's all going to be running around about end of March. First two transhippers have gone through sea trials. The third one's about to start. All has gone extremely well with them. We've got the first two transhippers are going to rock up about mid-March in Dampier. We're bringing them down on one of those big heavy lift ships, so we're going to have fairly safe delivery on that.

The lithium business, lithium business is running well. We're building one of the largest lithium businesses on the planet. Historically the largest operators of land banked quality tenements. We've been doing that. We're building a large portfolio of high-quality lithium projects. We're in the world's most ethical mining jurisdiction. Project approvals are a known factor in WA. It's probably one of the best areas in the region. Two to two and a half years we can generally get a project up. Under two years it took us to get 35 million tonnes of Onslow Iron approved. So we've got a strong reputation with the government agencies. We know how to go about getting things done in the right way and when we get those into operation, we deliver to the levels that the legislation and departments expect us to do.

So, we are out there as you would see, and we're gathering greenfield lithium territory and we're doing that through a range of different methods. There's high geological potential with large high-grade deposits that will be discovered in the goldfields in WA, and as I said, it's right in our own backyard. We're currently running three hard rock plants. We're the only mining company, probably in the world that can design, build, construct, and operate all inside the business. We can do it faster than anyone else and our capital cost, because we do it all in-house, we can deliver those projects for a substantial percentage of cost less than anyone else can. So, if you've got prospective ground out there and you're a junior, we're well and truly open for joint ventures and to do farming-ins or to take a piece of the company we are the best at... Who else would you want on your share register?

All three mines are operating properly at today's current crisis and those prices are going to continue to decline over the next three to six months. I mean we've operated an environment in the MinRes business with lithium, where we're being sub $600 tonne sale price for longer than we've been above $1,000. So, we used to make money at $600 a tonne and we can still do that a little bit more on that in a sec. So Wodgina, the Albemarle transactions complete, we now own 50% in joint venture with Albemarle, will own the other 50% of Wodgina and we've received the true up from stepping out of the lithium hydroxide businesses. So $600 million we've banked over the last couple of months.

Shipping's gone well, quarter on quarter we're 129% up. We continue to do a whole range of improvements on the Wodgina plant and recoveries are improving all the time. For calendar year '23, we've basically been running two trains and they've been operating only about 60-70% of capacity. We've been constrained with fresh ore. The reason we've been constrained is that we're doing a once in a life cutback. That's one and truly underway and that'll be complete around June-July this year. So once we've done that, we've got access for the three trains with fresh rock. Those trains on a 3.5% product basis will deliver around 330,000 tonnes each. We're getting that from time to time now once we can feed that fresh rock.

FID costs for first half, $845 by September and going forward they'll be below $550. Mt Marion, we're finishing the pre-strip off down there right now. That'll be complete by end of January. We're currently at the moment we're pulling off 10 of the big dump trucks, three big diggers. We're pulling 140 people back out of there and about 20 pieces of yellow goods. FOB costs around $844 a tonne for the first half. By June this year, there'll be well and truly down around AU$500 a tonne or less. Some of the pricing you would've noticed in around Mt Marion has been sort of moving around a little bit.

You would've noticed if you remember when prices were skyrocketing, some out there were selling hydroxide for around $35-40,000 a tonne. We got up to $81,000 a tonne. This is all about timing. You go and sell a tonne of spod at $4,000 a tonne by the time you go and turn it into hydroxide six, eight weeks later, it can be running at $6,000 a tonne. The same applies when the pricing is coming off and that's what you've seen around our sales at Mt Marion's. The pricing's washed off, we'll sell it at a price and next thing the hydroxide price is less and then we have a little bit of a true up.

We're looking at putting a model in place where those issues don't happen, and we'll be able to give you a little bit more around that model over the next month or two. So nothing to be concerned about there. What is happening is basically a one-off. We took control of it on 1 November. We had successfully onboarded 270 people from down in that area into our workforce. Very good culture they had, little plant was running well. Over the last couple of months we've averaged about 26,000 for the 60 days. It's about 150,000 tonne a year plant at the moment. We're looking at making a few changes down there and by the time we come out with our half-yearly we'll have a little bit more news around that.

The mine is profitable today and we will continue to reduce costs down there. Basically when we took it over, it had a whole bunch of high gear in there, mining gear. It was an expensive site to run and it had a contract down there for a contractor to operate the site. We've cleaned all that out. We've removed all of the hire gear. We've replaced it with eight MinRes dump trucks. A couple of diggers have gone in there, 22 pieces of yellow goods all company owned and we're right now we're commissioning a MinRes owned crushing plant. It has had a contract crusher in there and as you know, we like to crush our own rock. We've also inserted some MinRes management into the operation and they've integrated well. We've got a great culture on the site.

We're running at the moment on 2018 geological information. We'll be able to update reserves and resources as we move forward. That's going to take us a little bit of time. We've got a bit of drilling to do down there and a bit of reconciliation work. We will come back with where we're landing on that. A few issues at the moment, you would've noticed around there where we're trying to ask the liquidator if he could kindly pack up and move on. We want to reduce those costs and we want to get back out and let the Board take control of that public company which we own 10% of. So I'm sure you'll have a few questions around that.

Gas is going well. We've got an operating field that we're developing up there in the Perth Basin. We're currently drilling Lockyer-5, it's about 80% complete. We're down over four kilometres. That will join the lineup of the other 10 production wells, so it's going to be one of 10 production wells. It's on the edge of the Lockyer field. We'll give more news on that once we let you know that that's into the gas. We expect FID to be approved in the current quarter we're in now. The only thing we're waiting on from that is the export allocation approval from our government. So look, I'll pass across to Mark and Mark will say a few words and then we can do some Q and A.

**Mark Wilson, Chief Financial Officer:**

Thanks Chris and good morning everybody. I just wanted to call out a couple of points to help you as you understand the balance sheet going forward. As Chris mentioned earlier, over the quarter we collected the full amount from Albemarle relation to the settlement of that transaction approximately AU$600. In the quarter we also completed a five-year, US$1.1 billion bond and I just want to reiterate, we've said this a few times that the bonds are covenant light, particularly there's no debt to EBITDA covenant as such. The first maturity is three years away in 2027. Our interest payments are fixed and they're covered, more than covered by the mining services EBITDA.

We do have an investment in Azure, $250 million or circa, thereabouts. That's as you would know, being the subject of a bid by Hancock and SQM and we intend to sell into that this half. We also have other, and we've said this a number of times, other opportunities to recycle capital and as per the announcement, we expect to introduce a partner to own a 49% interest in the Onslow Iron.

**Moderator:**

We apologise for the interruption to today’s meeting.  Please remain logged in as we hope to resume shortly.  Thank you for your patience.

**Mark Wilson:**

Hi, everybody it's Mark Wilson here. Apologies for that. We've had a technical problem with the line dropping out, so apologies for the inconvenience. I'm just going to repeat my section because it's important. I want to make sure everybody's across what I'm saying, just confirming that through the quarter as Chris said, we received AU$600 million or thereabouts from Albemarle in completion of the transaction with them and we also completed a US$1.1 billion bond five year maturity. Just want to repeat, as I've said before, that the bonds that we have are covenant light, particularly no debt to EBITDA covenant. First maturity on the bonds is three years away in 2027 and the fixed interest payments that we have more than covered by the mining services EBITDA that we have. We do have an investment in Azure of circa $250 million. The quarter as you would know, Hancock and SQM have launched a bid and we intend to sell into that this half.

As we've said on a number of occasions, we have various recycling opportunities to release capital and value and as per the announcement this morning confirming that we expect to introduce a partner to own a 49% interest in the Onslow Iron dedicated haulroad this half and that will coincide with first ore on ship. In summary, expect as the release said first half net debt to be approximately $3.5 billion and the balance sheet is in good shape to support our commitments going forward as we deliver our program over the next six to 12 months. With that, once again, apologies for the inconvenience, I'll open the line-up to questions for Chris and for me.

**Moderator:**

Thank you. If you have not yet submitted your text question or join the live audio queue, please do so now. I'll introduce each caller by name and ask you to go ahead. You'll then hear a beep indicating your microphone is live. To allow everyone a chance to speak, you may ask up to two questions. If you have additional questions after this, please rejoin the queue. Our first question comes from Kate McCutcheon at Citibank. Kate, please go ahead after the beep.

**Kate McCutcheon, Citibank:**

Hey, good morning. Thanks Chris and Mark and happy new year. Just on the flag sell down of the Onslow haulroad. When can we expect an announcement on that? What's involved in selling that down there? Are there several interested parties and any colour you can provide around that, please?

**Mark Wilson:**

Yeah, I'm happy to... Hi Kate, it's Mark. Happy new year to year too. We've been running a process for a while. We've got external advisors, we've got a number of parties active in diligence and we'll provide an update as we can through the process, but as I said, we expect to complete this half.

I think if I can just to elaborate on that, if you think about it from a potential investor's perspective, what you have here is a rare opportunity to own a piece of world-class infrastructure underpinned by a project with very strong fundamentals that will operate through the cycles. So we're confident that we'll be able to get this away.

**Kate McCutcheon:**

Yep, okay. And I should think of that as 49% of 35 million tonnes a year at the infrastructure charge.

**Mark Wilson:**

Effectively, yes.

**Kate McCutcheon:**

Got it. And then the lithium strategy, with all the investments you've done in the quarter there, is there anything you can say on the plans or when we can expect an update, is the thinking that you might look to toll some of the tonnes or you're looking to add processing capacity? Anything you can say to help sell side think about putting all those cash outflows we've seen into something accretive.

**Chris Ellison:**

Sure, maybe I can answer that one. Our strategy on that's quite clear that we're simply out there land banking and we've got a lot of exploration going on, greenfields exploration. The lowest cost mine that we can get to greenfields mine, so that's always been the MinRes angle. So we either go there or we go and find, disused unloved assets. We're not really in the habit of paying full market value for those sort of assets. So we're basically land banking at the moment. We've got three operating hard rock mines out there. I've said publicly I'd like to be able to add a fourth one within two years. And we'll be able to do that through a combination of putting in the fourth plant and that'll be down in the goldfields, but we expect that we'll be able to go and talk to some of the junior companies and we'll be able to haul to our plant and be able to come up with some sort of an arrangement, whether it be a JV or a mine gate sale or something around. Its early stages yet.

But clearly if you have a look over history, whether it be with copper or with gold or iron ore, most of the larger companies that were successful were able to accumulate substantial high-quality land into their portfolio. And then they could progressively unfold and grow mining operations. So it is fairly simple, that's what we're doing. In some areas we go and buy 20% stake in a small public company and with the view there is to be able to show them that we're probably with our build capability, design build and the experience. We have a large workforce of people that know how to develop lithium. We would think that in a lot of areas we will be a partner of choice. So early days at the moment, but give me another 12 months and I think it'll become very clear what we're putting together.

**Moderator:**

Thank you. Our next call comes from Kaan Peker from the Royal Bank of Canada. Kaan, please go ahead after the beep.

**Kaan Peker, RBC:**

Good morning, Chris, Mark, James and Chris. Happy new year. Just on Albemarle, I know earlier this month they announced that they were focusing on capital preservation. Just wondering if you've had a chat with the company and what this means for Wodgina, if you envision any changes to growth plans there. Thanks.

**Chris Ellison:**

Yeah, listen, we regularly. We've got two great partners in Albemarle and Ganfeng. I was with Ganfeng over Friday, Saturday last weekend up in Hong Kong and we were looking at our forward plans over the next one to two years. I was in touch with Kent Masters and Eric Norris, so yesterday morning we spent quite a bit of time with those guys. We have, believe it or not, we sort of have a two and a five-year plan where we're heading.

I think it's true to say that anyone out there in lithium right now is trying to get an understanding of where the market's going. The sense that we have with that is that all of the stocks are running down and we feel like we're on the bottom now, but we're preserving cash as a matter of course. I mean this is my nature I've been through... I'd hate to think in the last 40 years, how many downturns I've been through with commodity prices. I hate to think how many times I've been asked why am I in iron ore or why am I in lithium? But we're all battered down at the moment, and we're preserving cash. We've turned off any capital that doesn't need to be spent or can be deferred and it's simply that's what you do when you get these commodity cycles when they're down.

In terms of Train 4, there's no pullback on the spending on Train 4 right at this stage. So at the moment we're going through all the approval process, finalising design, engineering, test work, and a range of different things. The Train 4 will be a little bit of a variance to the other three trains for recovery. So we had a long discussion on that yesterday as well where we're at on Train 4, but my expectation is that we'll monitor that on a half by half basis and we'll be able to come back with something there. We have a desire, and this is the thought process, unless something happens that we don't expect, we expect to start building that about the middle of this year and it's probably about an 18-20 month build. So that's where we're sitting at the moment. I know it's a bit long-winded, but...

**Kaan Peker:**

Thank you. And just on Mt Marion pricing, there was a change to the reference terms. Maybe if you can talk through the changes or if there's any additional discounts being applied with the contract with Ganfeng. Thanks.

**Chris Ellison:**

No, no, it's a bit of a one-off and look, I understand this, I mean we're a bit unusual. We're the only lithium company in the world that doesn't have any of our product allocated to anyone. We have a relationship with Ganfeng, which is very fluid. So as you can see, last year we had a tolling arrangement with them in the middle of the year and when the prices started to change unseasonably we just simply turned that off and we went to another arrangement.

The problem when you're on falling prices in those sorts of markets is that you're chasing it down the price of spod and the price of carbonate and hydroxide are different. They become disproportionate and when the price fell the way it did, which was very quick, it become a little bit of a problem. But it was sort of a one-off true up that we had to do and that's not the model. We are, as I said earlier, we're working on a different kind of a model at the moment where both sides are protected. So more on that I hope over the next six to eight weeks.

**Moderator:**

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

**Glyn Lawcock:**

Good morning Chris and team, just to point clarification, firstly just the road charge, the $8 infrastructure charge, is that across the road and the port and the trench shipping or just the road?

**Chris Ellison:**

Just the road.

**Glyn Lawcock:**

Just the road. Thanks for the clarification. So just a couple of quick questions. Just Wodgina Train 3, Chris, the report today I would've thought we're on site, the mine guy said they'd have bought the plant December, the plant was ready in January. Just lack of commentary on Train 3 is what's the current status of Train 3?

**Glyn Lawcock:**

So you would've seen we're running the three trains. We sort of alternate. We've generally got one off, simply because we can't get sufficient rock for all three. We're hoping about the end of January we're going to be able to start feeding that train three incrementally and that'll ramp up over about five months. It'll take to the end of June to have 100% feed to one, two, and three.

**Glyn Lawcock:**

Okay, so it sounds like you've had little issues at the mine then Chris, because the mine seemed to suggest they'd be ready for all before Christmas. There's been just a bit of slippage.

**Chris Ellison:**

No, there might be a bit of miscommunication because look in all of the presentations I've done over the last nine months, I've always said that two trains running by December, Train 3 going on in January and ramping up through to the end of June. So look, I apologise if there's been some miscommunication on that.

**Glyn Lawcock:**

No, no, no, that's fine. I think it was probably just mines being optimistic, the plant we're expecting it in January so I think you're still on track. Thanks. And then just the final question just Wodgina, now that you have taken back your marketing rights, could you maybe just help me understand what are your plans? I mean is it easy to place spodumene? Are you still selling it to Albemarle and are you thinking... Do you price it against met chemicals or against the spod index? Thanks.

**Chris Ellison:**

Look, to be quite honest if I can, I mean we're still looking at what we think is the best long-term solution. So I can go up there and we can go up there and get our dirt toll treated for a very, very good cost. There's a lot of high-quality toll treaters in China and we are doing that in part, but basically at the moment we're just sitting and looking and figuring out where we get the best return.

At the moment selling spod is pretty simple and it is giving the best return. We're not making a heap of beans. It's single digit margins that we're making from taking it from spod through to hydroxide. So a lot of trouble to go through and the market keeps changing as well. So at the moment, carbonates in high demand and the hydroxides sitting around a little bit and it's a bit sticky to ship. And we're having discussions with OEMs. The one thing that we've got in our favour is that we're not committed in any direction and we can sell it as much as we need. It's just a question of price.

**Moderator:**

Thank you. Our next question comes from Mitch Ryan from Jefferies. Mitch, please go ahead after the beep.

**Mitch Ryan, Jefferies:**

Thanks Chris and team. My first question relates to obviously the Bald Hill payments. Can you just clarify, were all payments relating to that acquisition made in the first half, as in are there any outstanding and what are the quantum of those payments?

**Chris Ellison:**

Mark, do you want to cover that one?

**Mark Wilson:**

Yeah. So Mitch, hi. The answer to that is that all payments have been made and we own the mine. We're operating it as Chris said, and we haven't disclosed the full consideration. We've said consistently that it's not material.

**Mitch Ryan:**

Okay. So I guess if you're calling out a $600 million inflow from Albemarle, we just should assume that it's less than that?

**Chris Ellison:**

We're not giving any price indications on it, it's immaterial and we're still working through some issues. I'm sure you're well aware that there's a bit of press getting around about tax and that's something that we wanted to cover off on. I said earlier we're trying to see if we can come to an agreement where the liquidator stands aside to let the public company and us clear up those tax issues. Just so everyone knows the tax department, think there might be a tax bill of around a couple of hundred million on that. They've got, I think Mark, correct me if I'm wrong, but they've got about $330 million worth of tax losses sitting in the business that can and will be used. So we don't see an issue with that, but we have got a range of issues to clean up, including trying to understand how much reserve and resource that we've got sitting ahead of us.

But we bought the plant purely on the basis that it's sitting in a great region. It will play a part in all of these tenements that we're pulling together down on the goldfields and the shareholdings we're taking in the juniors. It's sitting in a really good area where a lot of ore from a lot of regions can be trucked into it. So it's a work in progress just to get that whole deal finalised and look, you never know somewhere down the track it might be something that we can share with everyone, but look at the moment it's not worth going down that path. Sometimes sharing these numbers just creates more problems than it solves.

**Mitch Ryan:**

And my second question just relates to, you've stated all the lithium assets were profitable at current prices. Are they cashflow positive as well?

**Chris Ellison:**

Yes, absolutely. All three sites are.

**Moderator:**

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

**Lachlan Shaw, UBS:**

Thanks very much for that. Morning Chris and team. Thanks for the update. So just to start at Mt Marion, just thinking about guidance and the plan left to mine a thousand tonnes of mixed grade and thinking about the underground work that you started, is there a pathway here where of that 900,000 tonnes that starts to benefit from some underground production in the next two, three years?

**Chris Ellison:**

Could you just say that again? I just had another noise come across you.

**Lachlan Shaw:**

Oh, sorry. Just with Mt Marion and the 900,000 tonnes and a mixed grade guidance and also the work that you're doing looking to shift to the underground through time, I'm just wondering when we can expect to see underground production coming in, what that might mean to head grade in front of the plant and ultimately mining costs.

**Chris Ellison:**

Yeah, sure. Look, the best guess on the underground at the moment is it's about 18 months away before we get feed for that. And we're going to underground now because look, basically when I farmed into Mt Marion back in 2010 to earn a 30% shareholding in those days, I had to spend, I think it might've been $4-5 million I had to spend on drilling to do that earn. And once I'd spent that cash, I just simply stopped drilling, we had enough ore to go and build a mine, which we did in 2016.

It's only in the last sort of six or eight months we started putting more drill rods in the ground. So I think what I can say, and I think we've tried to publish some information to show that there's about 90% of the ground down there that has not had drill rods in it, it's unexplored and we were very limited on the depth. So we were only going down a few hundred metres. We put some drill rods down six months ago and we went down to about 1.2 kilometres. So we found what they call a big feeder zone, like a cyclone that comes up under one of the pits. We've recently done exactly the same on another one.

I don't want to make too many forward statements, but there is a lot of lithium down at Mt Marion. So what we figured was the smart thing to do, we know there's going to be a lot of ore at depth, get down with the underground now. We're thinking the next 20 years the feed into the plant's going to be 20% underground, 80% open cut and that gives us a really good average feed and it also allows us to go direct at some really good high-quality ore so we can blend up what we're doing with the open pit because some of those...in all hard rock mines, the open pit gets a bit variable. So look, that's generally the plan. I hope that sort of explains it clearly.

**Lachlan Shaw:**

No, very helpful, thank you Chris. My second question, just a confirmation question, information with Bald Hill, just to confirm it's currently running at about 150,000 tonnes per annum. Is that an SC6 basis? And then just in terms of the economics, are we sort of reasonable to think roughly that the economics there are something like Mt Marion, so roughly AU$500 per tonne? Similar sort of royalty and freight structure? Thank you.

**Chris Ellison:**

No, look, I can't give you any guidance on Bald Hill at the moment other than to say that look, it makes money on today's prices, but we've only been there...at beginning of this month, we've only been operating there for eight weeks and we are moving a lot of hire equipment and there was a few issues in there that high graded the pit when they knew their life was coming to an end. There's a bit of work to do around that, but look, certainly it's a very simple plant and we're going to get those costs down. I just don't want to give you any guidance right now today because of a couple of factors.

For example, we need to understand what the average head grade coming out of the pit looks like and I can't give you that and that makes a huge difference on the cost. Obviously if you're feeding 1%, you get a certain amount of product return. If you're feeding two, you're in the honey pot. So yeah, look, come the end of January we'll have our own crushing plant in there running. We had a crushing contractor in there. All of those costs add up on such a small site.

**Moderator:**

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

**Matthew Frydman, MST Financial:**

Sure, thanks. Morning Chris and team, my first question on Onslow, you said in the release that you expect that will come in well within budget. Just wondering if you can expand on what exactly that means. Where are you seeing the savings in the project? Are they at the mine or are they within the Infra Co? And then maybe putting that in the context of some quantums, your guidance for the year is $2 billion. Can you maybe comment on the rate of spend that you saw in the first half versus the second half and maybe what might be left over for FY22 when you say that you'll be coming in well within budgets? Cheers.

**Chris Ellison:**

Okay, look, let me first say that I'm using that phrase and I asked James to write that specifically last night, well within budget because over the last 12 months I've had a lot of questions from a lot of areas saying that, "When are you going to tell us you're going to run over budget?" And I go, "Why would I tell you that?" Well, every project in the last three years has run over budget. So I mean look, I'll say it again. We're the only mining company I know of in Australia that can design and build in-house with all of our own people. We're running over 2,500 construction people. We've got probably the largest collection of construction equipment in Australia sitting inside MinRes. We can build mines economically. We've been doing it for about 25-26 years now.

So I just wanted to put aside any fears that anyone had out there that somewhere in the next few months we're going to come out and say that we can't build it for the amount we said. We're building it for well and truly within the budget that we laid down on day one. We're not finding any miracles or any great savings or anything, it's just that we have been building these sorts of plants infrastructure, as I said for a long, long time. There are no miracles-

**Matthew Frydman:**

Yeah, got it. Thanks.

**Chris Ellison:**

You know what I mean? We just really, really know what we're doing. When you don't have the tools that we have, you're reliant on going outside, getting contractors, you've got no idea what their productivity is like. They don't care. You know how it works. I just wanted to really emphasise the fact there are no surprises coming out of this project. We will deliver ore onto a ship, progressively it is going to take us about a year. I'm guessing that by the time we get to Christmas, we'll be sitting around about the 20-22 million tonne run rate. It'll take us about another six or seven months beyond that and we'll be at full steam at 35 million tonne run rate. You would notice also that we've gone out and booked transhippers number six and seven, they're being delivered down in ‘26, the back end of ‘26, they take us to 50 million tonne a year run rate.

**Matthew Frydman:**

Yeah, got it. Thanks. That's pretty clear Chris. Maybe Mark whether you'd be able to comment on that sort of run rate of spend first half, first, second half, just in terms of I guess back calculating how much capex you guys have spent in the first half.

**Mark Wilson:**

We've given guidance around the net debt. I'm not really going to get into too much more detail on the quarterly. I'll wait for the results next month, but you would expect the spend to be back weighted.

**Moderator:**

Thank you. Our next question comes from Rahul Anand from Morgan Stanley. Rahul, please go ahead after the beep.

**Rahul Anand, Morgan Stanley:**

Hi, good morning team. Thanks for the call. First question was around Mt Marion, perhaps one for Chris. Chris, just wanted to understand obviously lots of good cost saving coming through that. And you've talked about strip ratios being lower. What amendments to the mine plan have you made and how are you thinking about the resource? And in the process, do you think there's any sort of medium-term impact on the asset to be able to extract the higher grade at the moment? Obviously in light of where markets are. So that's the first one, I'll come back with a second. Thanks.

**Chris Ellison:**

Yeah, no, look, we've been down that path before and we just wouldn't go in and high grade the pit. We've got a number of pits that run down there. We've got a couple of pits that really yield outstanding results. I think out of N8 for example, if we are just running that, I mean that plant down there is running it like a million tonne a year of product coming out of it. But we're cognizant that we've got, I'm going to say we've got 30-40 years down at Mt Marion. We've just got to make sure that we blend the good and the bad together to get that average run rate. And I hear what you're saying, high grade will cost to low, but we can make money when the costs are down where they are and we need to be able to make sure that all of our operations make money in tough times.

And remember we have the luxury, when I said earlier, people will ask me why I'm an iron ore, why don't I put it all in lithium? I mean iron ore is the backbone of most of the big mining companies sitting out there and it's the one that constantly generates a lot of cash. We've got two of those. We've also got Mining Services. So come the end of this year... I think we go back a year ago, we're making about half a billion a year on Mining Services. We get to the end of this calendar year we've got double that. So we've got a couple of strong performers inside the business and I just don't want to high grade those pits. We wouldn't do that.

**Rahul Anand:**

Got it. Okay. Second one, perhaps one for Mark. Mark, you talked about no comments in terms of debt to EBITDA. Could I perhaps get a bit of an understanding in terms of the other covenants FFO to debt, FFO to cash interest, FFO to debt. I understand it's perhaps a debt which is much more flexible, but just wanted to get an understanding of where the pinch points are if anything.

**Mark Wilson:**

So Rahul, I mean the short version is the high yield markets are incredibly attractive for a whole range of reasons. Covenant structure is one of them, and when I say covenant light, I mean covenant light. We need to pay our interest bills. If we don't, we're in default. Basically, the worst aspect for us is that we end up with a dividend lockup. So don't confuse it and think about it in the same way as an Aussie bank syndicate. That's where we were and that's what we moved from when we originally funded the development of Wodgina. Worst case for us is a dividend lock, unless we fail to meet our interest payments.

**Moderator:**

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

**Ben Lyons, Jarden:**

Good day Chris and Mark, great to have you on the call. Thanks for your time. I might start with Bald Hill please and specifically the offtake contract. Just wondering if you can please provide some more disclosure. For example, can you confirm that it does have floor and ceiling prices currently in place? And some indications around what they might be. And secondly whether you've made any initial conversations with the offtaker to potentially annul the contract. Thanks.

**Chris Ellison:**

Yeah, Ben, look at this point in time, I don't want to comment a whole lot about, you probably guess, around Bald Hill. We're working through a range of issues with that. I don't expect anything detrimental to come out of that. And look, I can tell you that they have obligations where they have to step in a couple of months before the end of each half and they have to tell us if they are or aren't going to take product. The relationship we've established with them so far is quite good. And look, we'll get a landing on the whole of this outcome. It's going to take us three months probably to get to the end of where we're going with it, but I'd just rather not make any comments at the moment because we're right in the middle of a lot of dialogue and we've got CAs in place and a whole range of things.

**Ben Lyons:**

Okay. Okay, that's understood. Thanks Chris. Maybe second one on the Energy business please. Just interested in any feedback you can provide on Lockyer-5. Firstly noting that it's been described as a production well. Secondly, noting that you said it's about 80% to target depth and specifically whether you've encountered any surprises in the well to date. Because as we've seen in that part of the Basin, there have been some incidences of a lack of gas bearing reservoirs. Thanks mate.

**Chris Ellison:**

No, Ben, not yet. What we're trying to do is we're trying to be... I mean in both Lockyer and Erregulla we've got commercial fields. So to bring Lockyer into production, we need about 10 wells that we can draw from. And each well, depending on how it goes, $20-24 million a shot. So we're pretty cognizant of the fact when we put a hole down and our prime objective is to make sure it's one of those 10 wells because we would've got to FID two months ago, had the government been able to make a decision on where they're going. We can't go to FID until we know what size plant we're going to build. So we know that we need somewhere between three to 10 wells down there. And other than that, we're probably about 500-600 metres away and about a week or 10 days before I can give you any news.

**Moderator:**

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

**Matthew Frydman:**

Sure, thanks. I did actually have a second question, so appreciate taking some follow-up. The question was around the gas business as well, and specifically as you've just been talking about, you're looking to progress that FID. Just wondering whether any partnership or discussions or other strategic discussions would form part of that FID decision or do you expect to I guess, progress through that independently of any other discussions?

**Chris Ellison:**

Look specifically on the gas, we're going it alone. We've got the capability. To go and get a 30 or a 250 TJ a day plant, you can pretty much go buy them on the shelf. We can get them made offshore. Our construction crew can stand it up. We've got people to operate it. On the other side of the coin, you probably would've picked up that we got some hydrocarbons down those holes. One of them, we got a lot. In that area there if we're going to do something with the hydrocarbons and we will, that will certainly be in a partnership and we are in discussions with a couple of parties on that. So early days, but probably three or four months away from having an idea where we're going to go on that.

**Matthew Frydman:**

Okay. Thanks Chris.

**Moderator:**

Thank you very much. There are no further questions. That concludes today's call. Thank you for your time. Have a great day. Please reach out to the MinRes team if you have any follow up questions, you may now disconnect.