Chris Ellison, Managing Director:

Good morning and welcome. I'm Chris Ellison, Managing Director of MinRes, and I'm going to tell you a little bit about our first half. Mark's going to join me and fill you in on the financials, and then I'll come back and give you a rundown on where we're taking the business over the next couple of years – actually, the next two to five years.

What you just saw; something we're awfully proud of. Our biggest project that we've done to date. In March, we start haulage. We're only a couple of months away from first ore on ship. That project on today's values is going to turn out about $2.5 billion EBITDA for us for the next 50 or 60 years. So a great project.

OK, we'll talk about the first half overview.

At the AGM I said this year, '24, is all about project delivery. And that's what we're focused on. Working hard, obviously, on getting the lithium mines into shape. We've had a pretty strong first half; revenue $2.5 billion, so we're up a touch on that. EBITDA at $675 million, about where we thought we'd landed. And we've got a one-off capital gain of $333 million, which tips a bit more cash in the bank.

Dividend; we're going to be fairly subdued on the dividend this year. So we're trying to be under - the feedback we're getting on the balance sheet. I mean, believe it or not, we got the balance sheet still, after 33 years. We've got that under control. But we're trying to show that we've got extra discipline, so a 20 cent dividend for the first half.

We always pay, and I don't know why, look, for the last 20 something years, out first half is always much lesser than the second half. And that's on everything. It's on tonnes produced. It's on EBITDA. It's on dividend. So we're not going to disappoint this year.

So since 2019, we've produced a ROIC around 19%. That's a little bit behind where we'd like it to be. But it's behind because we've got a huge amount of cash that's parked and not producing in Onslow Iron, and we're still ramping up the two lithium mines. Total shareholder returns since we listed in 2006, we're sitting around about 33%.

Mining Services in the first half produced about almost 140 million tonnes. The contract book's growing. We got three new contracts – sorry, five new contracts, and three contracts renewed. And typically what happens in our business is, well, it will go out and we'll get 20, 25 year contracts. Like we've been out at The Granites for 20 something years, and they give us a two-year contract. Generally what happens is you get somewhere around two, three to five year contracts, because the guys that are running the WA division or the whatever, don't have the authority to go any further. So don't always measure by the length of the contract, how long it's actually going to last.

So in CY24, we're adding eight million tonnes in JV projects. A lot of people like to call them internal, but they're actually JVs. And we've got $9 million tonnes of external, so we're up about 13% year-on-year.

Engineering construction is going like a train. That's our latest pillar that we've added to the business. We've sort of pulled that out of the Mining Services area, and I've got that reporting directly to me. It's standalone, but it's a powerhouse of a pillar, and it literally, it builds our future. It's the only, I think we're probably the only mining group in Australia that has the sort of horsepower we got into. This has got full design engineering construction. Those guys are flat out at the moment, winding up on some expansion we've done on the lithium, and they're building Onslow Iron. They've got a lot of people out there.

Iron ore; average price around 111 tonnes. Discounts have come off on the iron ore. Underlying EBITDA in the iron ore business, $266 million compared to 37, going about 12 months ago. Focus on the iron ore. As you know we're running shorter life, higher costs type operations in our iron ore business. Hence the reason we're growing into Onslow Iron, which is exactly the opposite. But focused on cost control.

Lithium; the shipments across the board were up. 186 million tonnes of SC6, so we're up 38% on the lithium year-on-year. While the prices were elevated, we put about 100 pieces of yellow kit into Wodgina into Mt Marion. Elevated our costs substantially, but we went in there and done a once in a lifetime mine pre-strip. So we basically, in English, we took the top off the mountains, and really hacked into that and got it back to a life of mine that's much more manageable, more cost efficient.

We've just pulled a heap of the gear out of Mt Marion, and that pre-strip will run through till about June-July, up at Wodgina. But we took advantage of the higher prices to get that done.

Closed the Albemarle deal, again, some would say, for that fourth, fifth or sixth time, but closed that. We now own 50% of Wodgina. We have no other JVs with Albemarle, and we banked about $600 million. And we took control of the Bald Hill lithium mine. And we've been really focused now in the first three months, we're really tearing the costs out of that, and getting it sorted into a MinRes condition.

Energy; we dribbled Lockyer-3 during the half. Another very successful appraisal well. And we continue to find a lot of gas up in the Perth Basin.

People and safety; overlying the most critical part of our business. We are very people focused, we're very people orientated. And we're all over the wellbeing of our people. And I'll talk about that a little bit more. But it's all about getting the best people in the industry, and being able to keep them for a long, long time. People retention in our industry are critical. You read about it regularly, that people, good people are hard to get. Any people are hard to get. We are at the forefront of the mining industry, the way we've gone about it.

Our safety and the safety that we produce, 1.9 TRIFR, I mean, that's like a jewellery shop. We've got 7,500 people out there, throwing around rocks all day, so total recordable injury frequency rate at 1.9%. I mean, it's better than the Mines Department. That's supported by a huge amount of in-house training that we're continuously doing. And it's also coupled to the culture that we have in the business. We have an incredibly strong work ethic. But looking after yourself and your mates is really prevalent.

Workforce at the moment is over 7,250. We're going to be around 10,000 people by the end of '25. As I said, really focused on the wellbeing of our people and the environment we put them in. So head office, platinum well rated, it's probably the best office in Australia. But the productivity we're getting out of it, the results we've had since we moved into it have been second to none.

We have a 'no work from home policy,' because we provide a really great environment. Food, gym, babysitting, day care. In May, I'm going to open a day care. I bought the building next door, and we're going to have another – we've got about 20 kids we can accommodate at the moment, that's going to grow out to 130 by May this year. And our people are paying around $180 a day after tax cash out of their pocket. We got to bring that down to $20 a day for them. So we just continue to add benefits, so that we can just get good people and keep them, and make sure that we care about them a lot.

Onsite resort style accommodation you saw on the screen. Every room that we're installing from now on is capable of housing couples. So we're looking for a really different culture in the mining industry, safer, friendly for females, great facilities, and we're giving them a home away from home. So in other words, they can go back to their – instead of living in their little shit-box donga, they go back to a 31 square metre room with a beautiful ensuite, laundry, all the trimmings. They all get a barbeque on the balcony. And it's like a home for them. So allowing them to have their own alcohol in the room, and it's a bit like going home if you're living in the city. But again, just really growing that culture.

Turnover in MinRes over the last two years has literally just over halved. So we're getting the results we're looking for. We're building a diverse workforce. We've got over 200 apprentices, grads and trainees in the business. That grows as the number of people on the payroll grows. We've just had our little ceremony for our apprentices down in Kwinana, signed on 23 apprentices this year. 37% of those were females. So really starting to kick some goals.

Just over 3.5% of our workforce is Indigenous, and 23% are female. And that's a better number than it sounds, because we've grown this business over the last five or six years, we've multiplied this thing by about five times. So we're adding a lot of people. And we're really getting the balance of our female participation up.

A big focus on mental health. We were the first in the industry to recognise that FIFO and taking people away from their family does call mental health issues. We've been addressing that for the last three years. And we're really getting stronger on that. Brought in a psychologist three years ago; we're growing that department, added a number of psychologists over the last 12 months. We're just moving off our external help, and we're bringing seven more psychologists on board to do rotational work on the FIFOs. So really going to town on that.

And we've extended our medical services. So we've got medical services in head office, we do all our own medical testing, and making sure that everyone is fit for work, and safe and healthy. And we've recently opened a GP centre in there, so if you're not feeling good, you can duck down and see the local doctor. We've got, how many, five doctors and four nurses on the payroll now. So addressing mental health, physical health, right across the board.

Sustainability is something we're really, really paying a huge amount of attention to. And over the next 12 months, you'll see this area grow an awful lot. We are fortunate in WA, we're in probably the world's most ethical jurisdiction. So the way we think about our people, the way we look after them and care for them, we don't have slave labour, obviously. Working conditions for our people, we're at the top of the charts. Environmental management, and capability around managing and operating mines, we're the best in the world. That is WA, the WA industry.

We're focused over the next 10 years on natural gas, solar and wind, those are the things that we control, those are affordable. We're putting them in, we're really aiming to get down to 50% of our emissions gone by 2035. We're going to do what everyone does, we're aiming for zero emissions by 2050. But to get there, we need someone on the external, like a Chevron or a BP to produce some green juice for us. In the meantime, we're looking at a whole range of things.

So Wonmunna, the solar farm we've got up there now, it's in full gear. It produces all of our power on day shifts. So enough power to fire up about 670 homes. The entire site on day shift's good; night time, we've got to turn the gensets on. We've taken delivery of an electric hybrid front end loader recently, first in WA, and that's reduced our emissions by about 45%. So these are the sort of things that we're going to grow into the business over the next two or three or four years.

We've got studies running right now on battery powered jumbo road trains. So we're running a couple of 100 on-highway road trains. We get out to, I think we get out to about 180, 330 tonne road trains by the end of this year, this calendar year. So we're out there as one of, if not the biggest in the world on running these on and off highway road trains.

So we've got a joint venture with Ganfeng. Ganfeng are in the top four battery manufacturers in China. We've got a JV with them. And we're trying to figure out that – we're not trying to do any new technology here. I mean, as you know, cars run on batteries. We're just trying to figure out how to get a bank of batteries in and out of these trucks in about 10 to 15 minutes, so that we can keep them cycling. And look, we're hoping to have all of our trucks battery operated within the next three years.

We're looking at a lot of solar power around the Onslow Iron project. And we're looking at electrifying our diggers and dump trucks. All of these things are highly possible.

Around our Traditional Landowners, were looking out there at growing partnerships. We've recently put in, I mentioned it a while ago, we've put in a facility for $25 million, where we guarantee them, they go out and borrow money, use our buying power to buy yellow goods. And we're out there awarding contracts, $20-30 million contracts. So what we're trying to do is get the Traditional Landowners in all the regions we live in up to our standard of living. We've got to get there, and we've got to do that sooner rather than later.

So we're really focused on making sure that our Traditional Landowners have got long term sustainable jobs, they've got guaranteed income, and they can live the same standard of life as the rest of us. I mean, they're not doing that at the moment. We really haven't done a good job on that over the last 230-240 years. So we're picking up the pace on that.

First half '24 performance; Mining Services, almost 140 million tonnes were produced. EBITDA of $154 million. Five new contracts I said earlier adds 65 million tonnes to what we're producing. Those tonnes are spread across crushing ore sorting, a couple of whole-of-mine operations, so running mines, and we've got our first fairly major contract, we're moving into Queensland with one of the tier one miners. And we've had three contracts that have been renewed; two of them are crushing, and one is crushing and haulage. So probably never been, in Mining Services, never been in a better time than we are right now.

So the Mining Service is always the powerhouse of the business. I mean, Iron Ore and Lithium have their ups and downs, and they produce some pretty good money consistently. But the Mining Services is just a powerhouse. Iron Ore, basically production in line with guidance. Yilgarn; 3.8 million tonnes. We're FOB as I said. Higher cost, shorter life operations we're running at the moment till we get into Onslow. FOB at $109/t, down in the Yilgarn, were we are spread out over about 200km and multiple pits, and two sites where we're crushing and producing, two sites where we're loading trains. Pilbara, better, five million tonnes, FOB at $74 a tonne. But those costs are at the upper end of guidance, but within.

Lithium; we used, as I said, the elevator prices to get that pre-strip done at Mt Marian. 150,000 tonnes of SC4, so up 33%. We doubled our reserves down there. I probably need to explain. When we drilled out both the big deposits that we've got, Marion and Wodgina, when we were down at Marion, I think we had to spend $5 or $7 million to earn 30% of Mt Marion back in 2010. When it got to that number, we just turned the drill rigs off. So Mt Marion is, I think the floor, we've drilled down to about 400 metres. It's open in all four directions. There's probably 85% of the tenements, they've got pegmatites on them, they just haven't had drill rods in them.

And we've gone down, our GOs figured out there's a couple of, probably multiple feeder units. So we put some drill rods down about nine months ago, and we hit a feeder unit. We went down 1.2 Ks, and there's a lot of lithium down there. We've done the same and another area where they thought it was the same. So we have got a lot. Both these deposits, Wodgina, open in all four directions and never had a drill rod go beyond 500 metres. We know it goes over 850 metres. We've had one drill rod down there. So there is a lot more than what we're actually saying in our resource and reserves.

So we've just recently awarded a contract to Billy Beaumont and Develop. So we're going underground at Mt Marion. And we've just let the first shots off on that recently. It's an 18 month deal to get down about 350 metres, and it's about $45 million we're going to spend doing that. So eventually what we'll do once we get down there, we'll go about 80% open cut for the next 30 years, and about 20% underground. And that might vary a little bit, but it keeps our cost balanced. A lot of the areas in Mt Marion, we're running 10, 12, 14 to one strip ratio. This going underground really pulls that strip ratio back. Because when you're pulling those tonnes out, you only bring ore out, you don't go near the waste.

So at Wodgina we've shipped around 90,000 tonnes, 5.8%. And we're up about 41% year-on-year. We've sold about 10,500 tonnes of battery grade chemicals. Reserves up at Wodgina.

Bald Hill, we took control of that on the 1 November. The plant's performing well. We shipped about 20,000 tonnes.

Energy in the past two years, we've had two significant gas discoveries up there. We've got Lockyer and North Erregulla, two really big gas discoveries. So when we're drilling up there, we're doing a combination of exploration and development holes. So to bring Lockyer on line, we need 10 development wells. So far we're just about to finish our fourth development well.

In July of this year, we drilled Lockyer-3 appraisal well. Flow test is going to happen around August this year. It takes a long time when you're dealing with gas. But we've also drilled, we've started drilling Lockyer-5 right now. We're nearly done. So that will be the fourth of the 10 production wells. We've also, and I don't think we've announced this before, but we've got a lot of oil in the basin. So we've got one small oil well, it's capable of producing really high quality Avgas. We've got a very, very large well out there, it's got somewhere between 25 million barrels plus, whatever.

So the hole we're putting down now, we've just gone through that. We went through the oil again at about 3,700 metres. So there's an awful lot of oil out there. We'll kind of figure out what to do with that. But we're going to try and partnership up with that, and we're going to – we'll be selling oil for the next 20 years. I mean, I know it's not a great thing, but if I had said it 20 years ago, everyone would be very, pretty happy. But it's a money machine.

Carnarvon Basin, we took Buru Energy out, their 25%. And we're finalising approvals up there so we can get in later this year and start doing seismic, and then next year, we're going to be up there with the drill rig and poke a few holes down.

I'll just pause for a while and let Mark come up and run through the financials.

Mark Wilson, Chief Financial Officer:

Thanks, Chris, and good morning, everybody. It's great to be here to walk you through the first half results. As Chris mentioned, we've had a very busy and very productive half, and we remain on target to produce a strong result for the year.

Starting with the P&L. I think this result demonstrates as well as any the strength of the MinRes business model that a strong underlying performance spread across each of the business units, despite significant weakening in lithium prices.

In terms of the key highlights, as Chris said, Lithium contributed $270 million of underlying EBITDA in the half. That's off high volumes and a focus on costs. Iron Ore, $266 million. Higher prices, lower discounts. And Mining Services, yet another strong performance of $254 million.

In the period, as Chris said, we completed both the MARBL restructure and the Bald Hill acquisition. Each of those transactions set us up very well for the future. And as Chris called out, sitting in the statutory results, not the underlying results, is an operating profit of $333 million on that MARBL transaction. And Chris referenced the declaration of the 20 cent dividend, which is fully franked.

Next slide shows the strength of the underlying performance with respect to volume and costs. You can see there, performance very good. Also calls out the impact of lithium prices to the extent of $755 million over the half, offset in part by iron ore at $349 million.

In terms of cashflow, and I've made this point over a number of years now, MinRes has a great ability to convert its profits to cash. And this half, you can see that again; a very strong operating cash flow performance. In the half we continued to invest strategically in lithium, obviously in the development of Onslow. As Chris called out, we've released cash from the MARBL transaction, and we've also increased our borrowings. The net result of all that was that cash was pretty much flat period-on-period.

In terms of CapEx for the half, it came in at about $1.5 billion. As we foreshadowed, the majority of that is on Onslow. Some increase spend in lithium. Just again, I've said this a number of times, the CapEx that we're undertaking is investing in assets that will last for decades, and they're going to be very, very high quality.

In terms of the balance sheet, this is my favourite topic, and those in the room, I'm sure. You can see on this slide the growth in the capital employed in the business as we continue to invest. We're currently sitting with over $4 billion invested in assets under development and yet to generate cash. That's for the future. They're the investments we're taking, and they're the decisions we're taking to position the business for the next 20 to 30 years.

Sitting within the balance sheet, and again, I've said this before, we've got plenty of opportunity to recycle capital. You would have seen we took advantage of one of those opportunities last night. An opportunity presented itself with respect to Azure. I'd said previously that we would transact on Azure; we did. We saw an opportunity, we made a decision, we executed. That's what we do. Nothing more than that. We just executed for certainty.

In terms of the road process that we've talked about previously, that's progressing well. I'm very pleased with the level of interest that we're seeing. I think what we're seeing, when I talk to the parties that we're engaging with, they see a real opportunity around the strategic nature of that asset. This is a unique asset in a region that has six billion tonnes of stranded iron ore. So I'm very confident that transaction will complete this half.

We're going to continue to explore other options for recycling capital; we'll continue to do that. And as Chris said also, when you think about the future, we will consider other ways of using capital when we start to develop assets. For instance, in the context of energy, for example, how we might go about developing some of our own energy assets. We've moved from a position of having to absolutely add every single asset on the balance sheet. But at the risk of labouring the point, incredible strategic value tied up in the balance sheet that we're looking to release.

Next slide just gives you the bridge to the net debt position at the half, which we guided to recently. Pretty straightforward. I just want to spend a few minutes on the credit metrics, because I think it's really important that this is understood well.

In 2019, we made a decision to pivot our funding strategy away from the Aussie bank market. We're a business that likes to develop assets. Long life assets take sometimes a number of years to develop those assets. We operate in a commodity environment, obviously. The beauty of the US market is we can access long-dated capital. Our first maturity is 2027. That's more than three years away for our first maturity. Onslow will have been operating for a number of years; the lithium business will have grown out. Chris will talk through all the other growth that we're going to see in the business. That market is great for our business.

We have fixed interest rates. We have very light touch covenants, no financial maintenance covenants. It's very different to the Australian bank market. We've got good credit metrics at 31 December, 2.4 times net debt to EBITDA. That will grow; it will peak around June. But the cash that we're going to see produced by that Onslow project will see rapid deleveraging.

The last time we invested heavily for growth was through the development of Wodgina. We took the gearing up for Wodgina, and then you saw rapid deleveraging after that with the transaction. Our intention is to bring the debt back down, which will happen through the natural deleveraging from operations.

In terms of guidance, I think this talks to the strength of the performance. Guidance is pretty much unchanged from guidance we gave at the start of the year. In terms of Yilgarn, a slight increase in the lump weighting, but volumes and costs unchanged. In terms of lithium, we're going to sell more spods, so less battery chemicals. Costs down a little bit at Marion, but otherwise, in line. As Chris said, we've taken over the Bald Hill operations. We're still working through development of the mining plan there. So we're not providing any guidance at this time. We'll do so when we're in a position to.

Our Mining Services just kept ticking along. It's just the powerhouse of this business. It continues to be very predictable for margins and volumes.

And finally, in terms of the outlook in terms of CapEx, 3.2 for the full year. Up a little bit, partly because of the lithium and the strip and so on that we've talked about. But I just want to call out a couple of things there.

So there's about $100 million that we've also added to support the new contracts and mining services, they're great new contracts. As Chris said, these are contracts that can run for years and years. And we're also investing in the underground mining development at Marion. And for context, that development could see us pull 300 to 400 million tonnes of waste out of that operation over time. So the payoff for that investment is going to be significant.

So to close the strong performance over the half financially; cash pretty much in line with where we started the period. $1.8 billion of cash and liquidity at the end of the period. Plenty of opportunity to release more cash. We're in great shape. Thank you.

Chris Ellison:

Thanks Mark. This part here, I'm going to run you through where we're taking the business over the next two to five years. As I said at the beginning, I mean, this is a year we're focused on delivery. So we've got to get first iron ore on ship. And we're going to do that in June this year. We've got a cyclone bearing down on us up there at the moment, as luck has it, it looks like it's heading out to sea and it's not going to bother us too much. We've moved a few people offsite over the last 24 hours. But those are the sort of hiccups we get operating in the Pilbara.

But I mean, delivery is critical to us. We will get this project, and I keep saying it, I mean, I think everyone's expecting us to come out and say it's going to run over time, it's going to run over budget. It's not going to happen. We have not run over budget in over 20 years on a project, and this is not going to be the first.

These are world class projects that we're building. This 12 month period is going to set us up for the next 50 plus years. So if you have a look at what we're building, we're actually building infrastructure, and our money comes out of owning infrastructure over long, long terms. Mt Marion, without drilling too much more, we've got more than 30 years there. At Wodgina we've got more than 50 years. Where we're setting up in Onslow, in 50 years from now we're probably going to be spitting out somewhere around 80 million tonnes a year.

So, I mean, they're powerhouse projects. We've got Mining Services that are glued to all of them. If we choose to sell out of some of the commodities we're in at some point in time, we still retain those contracts for life of mine. So we've got each of those business pillars set up awfully well.

This next slide we've got just shows you a little bit about how we think about ourselves. And we want to get you thinking in this way. As I said, we are more of an infrastructure organisation. So we've had a lot of growth over the last five years. That come about fundamentally because I started the business, literally I had $10,600 cash, and forgive me if I get a bit short when I keep hearing this, the ramblings about the balance sheet. But seriously, I started with $10,600 in the bank, and a credit card with a $50,000 limit. And you think – we're running a $12 billion company. You think I don't know how to manage a God damn balance sheet? It drives me insane.

I mean, we've got so many frigging levers we can pull, it's a joke. The vast majority of people in the world are very happy with the way things go. So I think there's about 2% of the population that are just weirdos. They go get locked up in jail, they break the rules. I mean, don't take this to heart, but there's a few of our investors out there – not so much the investors, but there's a few cowboys out there that throw a bit of shit at me, and it drives me insane. But every now and then I call them out, and everyone goes, "Stop picking on them." You go, come on, give me a friggin' break. You think we don't know what we're doing?

We have got, I mean, I can go sell half our haul road off. But I mean, that thing there is going to generate for us about $240 million EBITDA a year. When I get to – did I say that right, Mark? $200 and – yep. So when we get out to 50 million tonnes, this thing's going to be printing cash, like $400 million a year. And if I said to you, let me give you that haul road, it's going to be around for 50 years, I'll give you that haul road. It's going to print you $400 million a year in cash. There's no costs associated with it, there's zero risk. Go and start a business. What can you do with that to start some business off? I mean, you got to say that thing, it's got to be a 12 times multiple.

Now, under the pressure I'm under at the moment, with everyone whining and bitching, I'm going to go and sell off half of it, just to put the money in the bank, and go like, "F--- you." You got it? So anyway, I've had my thing.

Past five years we discovered the high yield bond market over in New York. We have done three bonds. We went over there in 2018. From 2018 through to '22 we grew the business four and a quarter times. From beginning of '23 to end of '24, we're going to double the business in size. The ROIC that we're pulling out of the business is substantial; I'll talk about that.

But anyway, what we're saying here is that if you have a look at us on a global scale, the growth we've had over the last four years, we've grown the share price over 400%. Watch this spot; I just said, we're going to double this business, double it in volume, double it in EBITDA, and long, long term sustainability. So earnings that are going to go on for more than 50 years. I reckon our earnings and our infrastructure will outlast the iPhone.

So we've got a really strong customer focus. We started as a contracting business, we're focused on customers, we're focused on delivery. We're developing long life infrastructure. The BOOM model that we have, the build, own, operate model and the equipment we have, we can get it on site faster at lower costs than our competitors or our clients. We're more efficient. We've got a much lower capital and density, and the safety wrapped around what we do. I mean, we are the whole package, we're the Bo Derek, we've got all the good shit going on.

And we're the partner of choice for all the majors sitting out there. I mean, BHP, Baowu, Rio Tinto. We deliver, and we deliver tonnes for them every 24 hours. So innovation, it's the forefront of everything we do. We've got equipment that our competitors don't have. We've developed in-house. We make it, we put it in our own mine sites, we test it, we get out there on the market. I mean, at the moment these 330 tonne trucks, we've got four cents a tonne per kilometre they're moving dirt for, and we're making really good margin off them. These things are going ballistic. We're going to have probably 60 of them out in the market by the time we get to the end of this calendar year.

Returns focus, so always aiming for a minimum of 20% ROIC. We're going to be at 25 by the time we get to the middle of next calendar year. We've averaged 22% ROIC since 2019. But as I said earlier, we have got a lot of capital parked at the moment, not earning. When those earnings start coming in, they go beyond 25. And we'll do better than that. The money we're investing in '23/'24 is all going to deliver it's better than 30% ROIC. So when we get into the energy side of the business, we're up at plus 50% ROIC.

Mining Services; as I said, it's the powerhouse of the business. It's a mining infrastructure company. The innovation just drives the business. And we're building assets that are going to be around for 50, 60, 70 years. So some of the key things we've got, you can see them on the slide. So our next gen modular crushing plants, we can do five, 10, 15 million tonne. We're putting three 15 million tonne modules on site at Kens Bore. It's about, just under, or about 190 mil will give us 40 million tonnes of capacity.

If I was out there building that under the normal, large mining company strategy and the way they like them, they're about $800 million to build the same capacity. If they're doing it themselves with the EPCM contractor where they just – you give the EPCM contractor your cheque book, and say like go to town, go shopping, it's about $1.5 billion to put 14 million tonnes on site.

So our advantages, it's quite significant. So we can build a 15 million tonne module, we build them offshore, they're about four months, four to five months build. We get them on site, and it's about 12 weeks to put them together. We're about, like I said, we're less than quarter the capital cost, but we're way down on operating costs. That's how we make our margin. There's no real secret to it. Less energy, much more efficient environmentally in terms of noise and dust control. And we can bank them up to make any size that we want.

Our supply chain, we're running over 250 on-highway quad road trains. Right now we've got about 75 of the big 330 tonne jumbos. And we get out to 176 by December. Similar costs to running medium gauge rail, but just a fraction of the capital costs to put a haul road in and bring these things online.

We're going to be autonomous within the next 12 months. That means no drivers. So we pull the drivers out of those trucks on Onslow iron at 35 million tonne run rate, it's about $100 million a year saving. That goes into our Mining Services pocket.

In the next two to three years, we want those trucks to be all battery operated. So zero emissions. I mean, that'll make them really highly sought after. Transhippers, you can see, they're quite a beast. We've had them built in the Costco yard in China. They say they're the best transhippers they've ever seen, and they're unique in their design. Standard materials, handling gear on it. This whole project by the way, is dust-free. It's the first one in Australia to be built completely dust free. So-in terms of looking after the environment, we're right out there.

These things here are a fully enclosed, single point entry, with ore going inside them. Take about 20,000 tonnes. Don't have to go and spend billions dredging channels. And where we are at Onslow, thanks to Uncle Chevron, they've already done a channel up there. We only need seven metres; they've got a 14 metre channel, but we only need seven metres. So these things are mobile, we can put them around the world and an incredibly great piece of gear.

And we're creating a better FIFO experience in our Mining Services for all of the industry. Right now we operate three airports of our own. By the time we get towards the back end of this year, we're going to have airports in pretty much every site, so we can get our own people to site. We are starting our own airline. We've already started bringing charters in. We'll end up earning about four A319 jets by the end of this year. But basically we're the only mining company that are flying right now. We're direct out of Brisbane straight into Kens Bore, Wodgina, Onslow. Shortly we'll be coming into Kambalda down at Kalgoorlie.

So, typically, a FIFO worker on the east coast has to pay their own fares to Perth overnight, at their own cost, and then they go up the Pilbara the next day. So a day and a half each way, and they've got to write money out of their own pocket. We're five and a half hours from Brisbane direct onto our mine sites, at our cost. We're tapping a whole brand new workforce. We'll encourage more people to live on the east coast, because we've got these services. But We are the go-to place for that whole labour pool coming off the east coast right now. By the end of this year, as I said, all of our FIFO will be run by MinRes Air.

And we're doing that, because we're going to save tens, if not hundreds of millions of dollars, where we can put our people – typically what happens, we fly someone up to a Wodgina or a Kens Bore, they get up there tonight. They all overnight, then the next morning, the night shift comes off and they will go on R&R. We're going to reduce our camp sizes. We're going to be able to land our people on site at 5:30 in the morning, and they do a shift change at six. And the night shift hops on the plane and goes home.

S we're going to be the go-to place. I mean, but this thing is going to save us millions of dollars. And I could see you smile when I said we're starting our own airline. You go, of course, why wouldn't you? I mean, everyone needs an airline. And it's not going to be called Virgin. I mean, we're not that good.

We've got the resorts. So within four years every room that we've got on site will be a couple's room. So we're going to encourage that female workforce. We're really working hard on making sure that it's a really safe go-to place. And it'll be like you're going back to your own little luxury apartment at night when you knock off. And then we've got all the good stuff there.

And by the way, I mean, you might have read in the papers, some of the food that's getting around the mining industry. We are serving, and have been for years, we serve the best food in the mining industry. We've recently just gone to ala carte on every mine site. I mean, every single mine site we've got, we've got our little guy out of Perth, he sets up all of the beans, all the machines, trains them on how to be baristas. So we've got Fitzy's coffee on every site. We've got Benny's happening with all of the great food that we're serving.

Mining Services growth, a little snapshot in here, just to let you know how good we are in terms of time. Mining Services averages about 20% growth a year. We've done that since 2006. Some years are a bit more. So this year we're in now is going to be a bit, quite a bit more than 20%. We're really growing up this year.

From 2018 to '22, we grow at 19%, but we increased our margins by 18%. So I remember, I was road-showing in 2018/2019 on the bonds in New York. And I told them how much we're going to grow. And they went, “Yeah, but …” Typically any business that grows, they wash off margin. Next time I went back, I said, “Guys, we’re 18% up on where we were.” We’ve got over $35 billion on our order book. And that’s not accounting for work that we’ve got in hand but we haven’t yet built. Quite a powerhouse.

The business, as I said, from the beginning of ’23 to the end of this calendar year, is doubling. So there’s a hint in there. If you want to get on board, you want to do it sooner rather than later. This is the strongest growth period I’ve seen in 30 years, that’s quite phenomenal. And I don’t see an end.

And again, in our earnings at the moment, I mean, we’re going to grow the order book, we’re going to grow our revenue. We’re going to grow our margin again. Our margin is going to increase. And the world class assets we’re putting in place on our lithium sites, on these iron ore sites, and the mix that we’re getting out there with the likes of BHP and Rio, and all of them. I mean, they’re taking a lot of gear off us. The pie chart shows us that 91% of our contracts are in excess of 20 years in duration. That’s better than Apple.

Engineering construction; I broke this off recently and turned it into our fifth pillar. It is our secret weapon. As I said, we’re the only ones that can actually go out there, and we can go and design and build and operate a plant. I mean, we’re recognised for that right across the country. That’s why we’re a go-to organisation. We can control costs. I mean, we’re building Onslow Iron on a fixed price. I put that price in place three years ago. I’m going to come in with surplus. Surplus. I’m not going to run over, I’m going to have change.

And you won’t be used to that over the last four years. Because everyone that’s built a project has all – they’ve all run over on their budget. I mean, it’s been tricky to control with supply chain, no doubt about that. And they’ve all run over time. But we have absolute control. And that’s this Engineering Construction division. I got people in there that have been with me more than 20 years. I mean, we know how to build a plant. We’ve been building lots of plants for a long, long time.

We’re running at the moment, we’ve got about 2,500 people in the workforce, and they’re everything; they’re engineers and they’re draughtees, and they’re geos, and they’re mets. So we’ve got a Centre of Excellence. We’re looking at recovery, we’re looking at how we can make these plants better and how we can get more product out of them.

At the moment, I don’t want to scare you off, but at the moment, we’re probably studying somewhere around about $10 billion worth of projects that – not all of them, but a lot of them are going to get legs over the next two, three, four, five years, and they’ll be added.

Our focus in terms of going forward in the future, our focus is sitting within our core business, I mean, I’m going to grow the iron ore. I’m going to grow gas, downstream on gas. I mean, I like the add-ons that go with it. We’re just making sure that we’re not going to go start exporting LNG through Woodside, where we can get a better longer return if we’re doing methanol or we’re doing urea. So we’re having a bit of a quick look at that.

I may change direction on, am I definitely going to do LNG? No, I’m definitely not. I’m going to get the best bang for our buck we can out of that gas. I mean, when we get gas out of the ground and through our plant, it’s about 70 cents a gigajoule, it costs us. I mean, we’re at the very bottom of the industry. We’re 400 Ks north of Perth, we’re onshore. We’ve got a lot of gas. So iron ore, gas, lithium, that’s our core business. That’s where we’re going to be expanding. We're expanding on what we've got. Not a lot of Greenfield stuff out there. I'll tell you where we're going shortly.

Onslow Iron; we're unlocking that West Pilbara region. So there's a couple of main regions sitting up in that Pilbara. You've got the Port Hedland region that runs inland, that's got Hancock and FMG and BHP. You come down to the next level, you've got Hamersley Iron, Rio Tinto. So they've got all of that area from Dampier, which runs right through under Tom Price.

This area here, if you ever look down at Onslow, this whole region has been locked up. And we're opening that region up. There's over five billion tonnes of iron ore sitting in there. It's a great region. We're starting at it. I originally got a deal. I mean, the government didn't want anyone to export anything out of Onslow except gas. And we talked them into letting us do it, because of our track record and our reputation. And I've only got to do five million tonnes a year. So as I've been building, I've gone from five to 15 to 20 to 30. And we've changed governments, so they've all forgot, and we've changed, the Premier's gone now. So they've forgotten what the original deal is.

And I've now got them sitting in there going, how much am I going to earn? How much are the royalties coming off this? How many people am I – and they completely forgot that it's only a Petrochem area. That's the reason why I built a big shed, to make sure that it looks like it's going to be a real clean operation. And it will be, it'll be a great operation. So great partners in this thing, so don't underestimate.

I've got Baowu, they want to do offtake on all the ore. They've got three quarters of ours and all of theirs. They'd like to have 100% of ours. They're the biggest steel maker in the world by two and a half times. We've got POSCO in there from Korea, and we've got AMCI from the US. But the relationship we've got with these joint venture partners is unbelievable, particularly around Baowu. I mean they are just an absolute powerhouse, and great people.

How it works, we've got Onslow Iron, and we've got a joint venture on the mine site. MinRes is building and operating that JV, and the mine site is owned in proportion by each of the shareholders. MinRes has got about 60.3%. The other three have got the balance. From the mind gate – well, from the crusher and the mine gate, the highway, the trucks, the port, the transhippers; 100% owned by MinRes. So a bit of cash that flows out of that.

We're going to have first ore on ship in June this year. We're starting haulage in March, as I said. So by June of '25, so first ore '24. June of '25, we're going to be 100%, 35 million tonnes run rate. By December of '25, we're going to be at 40 million tonnes. And then by December of '26, we're going to be at 50 million tonnes run rate.

In terms of the mine site, everything's well advanced out there. We're currently, in the month of January we moved three million tonnes out there of total material movement. So we're doing pre-strip, we're building stuff, and we're getting ore under stockpile ready in front of the crushers. We've got the first of the three next gen crushing plants is in operation. We've got the first big stacker out there. Second one's – you saw one on the track going out – second one's in situ. And the big reclaimer is all in situ and heading out there.

The haul road, we were late getting the approval on that. We've got multiple fronts running on that. It's going pretty well so far. Fingers crossed that cyclone stays away and doesn't drench us. But that's progressing incredibly well. So when we do first ore on ship, we won't be coming all the way up that haul road, it will still be getting built. It'll take till around about

September, but we will be ramping up. We've got alternate ways around that road, that regardless of that we'll first store on ship in June, and then we'll be putting more on ship every month from July, August, September, all the way through till June '25.

By the end of this year, those big jumbo road trains will be autonomous. The port, as I said, 100% owned by MinRes. We've got the big shed is almost finished in there, the unloading system, the reclaim system, the port's built. The ship loader's on board. So all of that is there and ready. I mean, we're in pretty good shape.

In terms of money, how much this thing's going to make; FOB costs. So total costs including capital, US$29 a tonne FOB. So that's free onboard ship. That's gone up a little bit. We were US$26 at the beginning of the project. It's moved up about $3 a tonne. So the fuel cost's incrementally moved a bit. When we start producing our own oil, we'll be doing deals, so when we've got our own oil, we'll be bringing that, that oil, it'll come back from Asia into our tanks in Onslow and in Port Hedland. And we'll be bringing that back at an extremely low cost.

So for the next couple of years, elevated fuel prices, but eventually we're going to more than halve those fuel prices. So end of this year, we're running at about half a billion spend on diesel. So we're working towards getting out of diesel, but I'm going to cut my costs, more than cut it in half as we go forward. And there's also been inflation. So in that $3, a little bit of fuel, but it's mainly inflation in the Mining Services contracts. It's pushed that up US$3 a tonne. So that inflation comes to MinRes. So I know, it sounds pretty silly, but I mean, we've got rise and fall on all the contracts with CPIs, so amazing.

Onslow cashflow; as I said, 35 million tonnes per annum we start at. Two years down the track we get to 50. On day one, the earnings are around $2.5 billion a year for MinRes. The CFR costs to China landed in China at US$47 a tonne in China, and that includes about $9 for shipping, and about $9 for royalties. And they're all in US tonnes. At today's market at $128 a tonne, we will be receiving a sale price of about $107. And that's after its rate adjusted, and moisture is moved. We're running at about 8% moisture. So actual sale price about $107 a tonne. In round numbers, about US$60 a tonne goes in our pocket. So about $1.9 to $2 billion hits the MinRes bank account.

As I said before, we've got for life-of-mine Mining Services contracts. They produce about $280 million a year EBITDA. And then the toll road has got about $8 and a bit a tonne, times 35. About $280 million a year income. We get out to 50 million tonnes, we're about 400 million a year that thing will be producing. So when we're running at 50 million tonnes on today's numbers, about $3.3 billion a year comes into the MinRes coffers. So if anyone's concerned I might be stretching the balance sheet a little bit, that's the prize. And I mean, that thing will be going for more than 50 years. So no matter what happens, I mean, it's just a brilliant project.

But we've checked a couple of other projects up here for you to compare. We've got these. This info's been extracted from WoodMac. But it just highlights the capability that we have in-house, and what we're able to achieve. So Onslow Iron is being built at about a third of the capital cost. So about US$56 a tonne foot per capital tonne. It's about a third of what happens out there in the industry. We're doing it in about half the time. When I put first iron ore on ship in June, it will be only 10 months before that where I actually got approval to mine the iron ore. So 10 months later, it's going on a ship.

FOB US$29/t, CFR US$47/t payback. So if I use consensus for payback, it's about two years, and I get all my money back. If I use the price of iron ore today, it's about a year I get payback. And that doesn't include anything smart that we're going to do around selling 49% of the haul road, for example. So if I sell part of the haul road, the payback's ridiculous.

We've just done a little slide up here; I've spoken often about Consensus and my opinion I have of them, and how accurate they are at landing the numbers. So I just wanted to show here that they have been absolutely consistent for 10 years. They have never once predicted where the price of iron ore is going in 10 years. Not once have they nailed it.

So the breakeven out there for the marginal producers in China is around US$100 a tonne. Iron ore is, it's a great commodity. I mean, every mining company out there that's got really big, has got iron ore as their staple. And we've seen some of the big guys out there really screw up their balance sheet, make some really dumb decisions, and all they do is stop. And they just let that tide of iron ore wash over the top of them, and drown them in cash. So I mean, we're going to be sitting in that sort of position, not too far down the track.

We're growing our Lithium portfolio, you read about it in the paper. Everyone's really happy. I've been out there and I've got some chunks of lithium companies. And we've done some really good stuff over the last 12 months. We're the largest hard rock operator in the world, largest hard rock operator in lithium. We've got to tier one deposits. Get your head around that.

We're the only company out there in the world that's operating three hard rock mines. We've got Wodgina, of course. 50/50 with our great partners in Albemarle. We've got about 217 million tonnes in resource. It's one of the top three deposits on the planet. And as I said, it's open all directions, and it's open at depth. We know that we've only gone down about 500 metres, we know it goes beyond 850 metres. We suspect it goes beyond 1.25km. It will eventually one day be an open pit underground mine. We're doing some work over the next couple of years on both of them on drilling them out.

So right now we've got Train 1 and 2 are basically running at full capacity. Train 3 runs well. So we'll alternate, we'll turn Train 3 on and turn 1 off and do maintenance on it. So all three trains are operational. Two of them we're feeding with fresh rock. Train 3, we kind of pulled up on it, and we're really not in a hurry to turn that on. We're just going to park up, and we'll sit and have a look and see where the price goes. And when the price is OK, we'll be bringing that on stream. I did say a while ago that we're going to start bringing that online about now, but we're not. We're just going to sit in wait. And when China decides they're going to pay us enough for it, we'll turn it on.

So our FOB cost, what we're aiming for on these sites, we've got to remember we've been in this thing – this is my third down cycle I've gone through in lithium, so it's not new. We're normally used to operating in an environment we're getting around US$455, $600 a tonne for our product. Where it's been has just been absolutely magic. It's like when iron ore goes to $200 a tonne. But we all know it's not going to last. I think in the long term it's a $2,500 environment that we'll be sitting in. Right now we're a bit under $1,000.

I think that it's going to get a bit better over time, no doubt, when we get through to – I think once we get through Chinese New Year we'll see a bit of a lift in the price. I think incrementally it'll grow over this year. Our aim is to be at Wodgina and Mt Marion by around about the middle of this year. So we get out of the pre-strip, we've got out of the pre-strip at Mt Marion. We're going to be still running that through till about the end of June up at Wodgie. So about US$320 to $330, $340 a tonne. That's where we want to be with both sites, and that's where we will be, come June/July. We'll get there a bit quicker with Mt Marion.

Train 4 is scheduled to come online around about mid-'26. But again, as I say, we're going to flex these, with depending on market and the supply demand chain. We're certainly not going to turn it on and put more ore in the market than we can sell.

Mt Marion, 50/50 JV with Ganfeng. Designed, built and operated as 100% Mining Services contract. So we run the whole thing, we make our margin off that. About 66 million tonnes down there in reserve, but as I said, there's about 85% of this thing that hasn't been drilled out. And we've hit two feeder zones. So a feeder zone is this thing like if you can imagine a cyclone coming up from the Earth's crust, they're generally, in these nature of ore bodies, you get these feeder zones. We found two of them down at Mt Marion. We've got a lot of work to do around the drilling, but I expect these, the reserves down there to double if not triple over the next 18 months to two years. So I mean, they're both long, long sites.

We've got through the plant upgrades down at Mt Marion. So basically what we did at Mt Marion, we went from 2.9 to 3.8 million tonnes a year on the upgrade. We're going through the process of adding WHIMS and flotation down there over the next 18 months. So it's going to scavenge a lot more recovery. And it's going to increase the final product. So about 700,000 tonnes of SC4.5 by around July of '25. By the time we get through to July of '27, about 900,000 tonnes of SC5.

So some growth down there, but gradual. I mean, these plants are difficult to operate. So gradually growing that. FOB cost down there is going to be around about 325 by July. Pre-strip down at Mt Marion is finishing as we speak. We're relocating about 130 people offsite, most of them are gone now, and about 40 pieces of yellow gear is all getting removed. And in fact, we moved a lot of that stuff over to Bald Hill.

So Bald Hill, it's 100% MinRes owned. We took it over on November 1. I haven't told the market how much we paid for it, and I'm probably never going to, so stop asking. It does 150,000 tonnes of spod a year. A great little plant. We've got about 270 people down there we've on boarded. They have a pretty good culture down there. We brought in a lot of MinRes gear and we put our management in there. We've got Mine Planning in there at the moment, we're drilling the crap out of the thing. And over the next four to six months, we'll come out with a mine plan, and we'll come out with a resource.

The resource we're advertising down there is basically what we knew was there in 2018. So we haven't got anything more to go on. So there's no dual compliant anything down there. So any numbers you see on it, they're just, at the moment, it's purely guesswork, so don't take them as read. And we're also, so we got all the hire gear off site. We've got eight dump trucks in there, a couple of MinRes diggers. We're commissioning a crushing plant, and they had a contractor – can you believe it, they had a friggin' contractor down there, and it wasn't us. So they've got the flick off site. So we've got a bunch of drill rigs down there, Mine Planning, and resource upgraders is coming.

Mt Marion; we are heading underground down there now. We've got Billy Beaumont mobilising to site. That'll run at about an 80/20 split on underground versus open pit for the next 20 or so years. With those feeder zones, we were able to go out and announce a doubling of the reserve at depth. So we're saying that we've got about 19 million tonnes at depth. We've got an awful lot more than that, but it is what it is.

So we're doing definition drilling down there over the next 18 months. We're targeting to get that underground reserve up. And about September this year, we're going to have a complete refresh on reserve and resource across our Lithium business. Our underground study will be complete by April, and we'll be mining in earnest by about mid '25 down there, and feeding the mill.

The lithium growth, just basically showing where we think we're heading over the next five years. We're building one of the largest lithium businesses in the world. Recent investments that we've had across the board setting us up for significant growth. I did have a slide in here showing how much land we've accumulated over the last 12 months, but then I pulled it at the last minute, because I don't want to share that with our opposition. But look, come around June, I'll be able to show you just what we have accumulated in terms of land holdings and lithium rights with the gold miners and the like.

So within the next four years, we're targeting a million tonnes attributable to MinRes. And on a longer term, we're also the only company in the world, believe it or not, that doesn't have any offtake. So we don't have our product where it's committed to anyone. So our business is wide open. I've done that because I believe that the offtake is worth almost as much as owning the mine. I mean, and I think they're going to wake up to that shortly. Because a lot of organisations out there, whether you're OEMs, or whether you're making cathodes and making energy storage equipment and assets, the most important thing you've got to have is surety of supply. Price is secondary. So we're selling on the spot market.

I mentioned a while ago that within the next couple of years, we're going to have a big flotation plant down on the Goldfields. We're going to do it sooner than then; we've advanced. Look, I think in the next month, we'll be able to make an announcement. We're heading down the path with a big float down in that region.

The idea of that is all of these little shareholdings we're gathering up, I mean, I'm going to go out to the juniors, and we're going to be able to offer them a tolling service, where we take some ownership of their deposit, and we toll the dirt, and we'll be able to move that dirt. And just to give you some context that I said earlier; processing spod is awfully tricky. It's not like doing copper or zinc. I mean, all of that stuff's really easy. This is really difficult.

So there's a certain percentage of the dirt that we put through dense media plants that just doesn't perform, and it goes straight to tail. So all the Galaxy plant, Bald Hill, Mt Marion, those tails dams are full of product. You need flotation to get that out. And then a lot of these smaller projects that are sitting out there, they've got eight, 10, 12, 15 million tonnes, they will never be viable. You would never be able to support a plant. So we'll be able to offer that service, and that's where I'm heading shortly.

And finally, we're out looking around the world at a range of opportunities with these downstreamers I mentioned. So people that are out there making batteries and making stuff, where they're committing to needing product for the next decade or two out, and they need a lot of it. We're looking to do a partnership with one of them. So I expect to be able to do something around that over the next three or four months.

Natural gas; it's a transition fuel. We need it, it's going to be a moneymaker. It's going to be a cash cow. We are the largest onshore holders of land in both the Perth Basin and the Carnarvon basin. So two of the most significant areas in WA. Perth-based and 7,300 square metres. We've got two major gas discoveries up there, and we've got a major oil discovery.

We're building a pathway to production. We're going to develop a gas plant, somewhere around 160 to 250 TJs a day. We're going to put $500 million into the plant. We're going to put about another $350 million into these production wells we're drilling right now, and the connecting pipelines.

We're looking at a whole range of ways of getting the best value out of the gas. As I said earlier, urea, methanol, LNG plants, all on the drawing board. We'll figure that out probably over the next four or five months. We are waiting on the government approval; we're fairly confident the government will approve to let us export LNG, and we'll toll that through Woodside. Highly competent that'll happen, but we want to make sure we get best bang for our buck out of that.

We expect in the Carnarvon basin we're going to start seismic this year, and we're going to be drilling some holes up there next year. We've also recently gone out and purchased our own drill rig. These rigs are fairly scarce, so we've bought our own drill rig. It's fully automatic. This thing's state of the art, it can go down five kms. We'll bring that online about the middle of this year. We're putting a crew together at the moment and building all the ancillary gear that goes with it.

OK, long term business outlook. I'll try and pick up the pace a bit. Over the next five years the Mining Services is more than tripling its volumes over the next five years. The EBITDA today is around $500 million. Five years from now we're going to be out about $1.75 billion. So we'll be one of the largest mining infrastructure organisations in the world.

The Lithium business; July '26, we're tripling volumes. We're up in around a million tonnes. Mt Marion will be around 730 of SC5, we're getting up to 900 beyond that. Wodgina about $1.2 million once we get it into full production. Train 4, as I said, comes online about '26. Trains 5 and 6 are sitting out there in the background, we're doing all the work around the approvals and whatever on those.

Bald Hill, we're going to push that out to about 250,000 tonnes in the flotation plant we do down in the Goldfields. It's going to be somewhere around 400-450,000 tonnes of product coming out of that.

Iron Ore; by '29, we're going to be about 92 million tonnes run rate, and they'll all be low cost, long life operations. Within two years, we'll be producing natural gas and probably doing some LNG. Within five years expect us to be building or running a urea plant and certainly a methanol plant.

So I'll just wrap up with a few comments. We've delivered an awful lot so far over the last six or eight months. We're on track for guidance. We've made huge progress at Onslow, and a lot of progress around our Lithium business, discoveries around gas. And of course, Mining Services, an absolute powerhouse. So over the next six months, we're fully focused just on delivery, not doing anything clever. Delivery, and continuing to do what we've done with our balance sheet over the last 32 and a half years. We will continue to manage that thing to the degree that we have.

As I said, Iron Ore in the short term, we're going from 20-50 million tonnes. Onslow goes live in '24; full capacity by '25. And we're selling 49% of the haul road. It breaks my heart to do that, but I'm just out there showing the industry that we can keep raising capital without stressing our balance sheet. So we're going to do that. I mean, I expect that they're happy with a single digit number, and I'll use that cash and recycle it at better than 30% ROIC.

Mining Services, as I said, it's doubling by the end of '25, and the innovation we've got in that business is in huge demand. Engineering and construction, I mean, it builds these projects, it builds innovation. I mean, over the next two or three years the innovation we're bringing into that is going to be second to none. We're getting well and truly into stuff around carbon fibre and a whole range of things. But it gives us low capital base, low operating costs. Great business.

We're developing in Lithium, we're going to be one of the largest lithium businesses in the world within the next five years. But we're heading in that direction now. And we've got tier one assets sitting inside that Lithium business. The energy business is going to be a bit of a cash cow.

We're returns focused, so total shareholder return. We're third best on the ASX, on at seven over the last 17 years. We're going to improve that over the next two or three. You can see that the EBITDA every year is just going to get more and more. The ROIC will be over 25% by around June of '25. And we're all supported. I've given the Board last year a commitment that I'm going to be around for at least the next 10 years, I know you're sorry to say. And I have got the best management team in the country, bar none.

So sorry about the length of time that it took. But we are a little passionate about where we're going. And I think it's important that we get the message out there. So if you've got any questions, more than happy to field them.

Moderator:

Thanks Chris. If you're online and you'd like to ask a question, please submit your question now. We'll first of all go around the room. And if you can please state your name and affiliation, and limit it to two questions at a time, please. And Glyn, I'll start with you.

Glyn Lawcock, Barrenjoey:

Morning, Chris, Mark. It's Glyn Lawcock with Barrenjoey. A lot there to unpack, Chris, in the last few minutes, I'm sure. But just firstly, just how are you – why the different approach to Wodgina? And I think back to the last downturn. You were very disappointed that Albemarle shut Wodgina, and you weren't allowed to start it up. Now you're doing the opposite, and prices are actually higher than what we had in the last downside still. So just your logical thoughts around that?

Is it an issue with being able to place product? And you gave us a price of $2,500. Clearly that's not the price you're waiting for to restart it. Well, maybe you are. But just what your thoughts are on restart price, and finally, just on Wodgina downstream? Are you thinking of putting capital back into downstream again, or how does the partnership work? Thanks.

Chris Ellison:

So partnership is, we're just simply 50/50. I got out of downstreaming. I mean, everyone has this vision you make a lot of money in downstreaming. Let me tell you, right, really clearly; the ROIC on downstreaming, it's single digit. And if anyone tells you out there they're an expert on running these plants, call bullshit. I mean, we've got two very large plants in Western Australia that have never made a tonne of product. And I'm just not up for that.

I mean, MinRes' value is being able to do primary. We can go in and we can dig dirt. We can crush it, we can process it, we can beneficiate it, we can float it. I have no desire to go and invest $1 billion in China, or $400 or $500 million down south of Perth for a single digit return. First and foremost, MinRes is here to make money. And that's always our focus. I've got to get better than 20% ROIC.

The partnership, by the way, with Albemarle is brilliant. I mean, they're great people. But they chose, they wanted to go ahead and build in China. Once I got a smell of what the costs were in operating in China, the capital you tie up and the return you get on your money, I couldn't get out of there quick enough. And I did. I mean, and we were a little naive to think that we should have went there in the first place.

I kind of got stuck with the Kemerton plant because we had a binding deal with Albemarle in 2019. And all of a sudden the world changed, they couldn't afford to write me a cheque. So they give me a check and part of Kemerton. But the return just wasn't there. I am never going to invest in downstream processing, unless I get given a free carry.

And we've been offered free carry plants in Germany and the UK. The problem I have with that is that the organisations have offered us a free carry, a free carry of 30%, is they've got no experience in building a hydroxide plant. So I just don't want to get tied up with that. I am looking, though, at producers that have got the skill set and expertise, and I think within the next three to six months, we will partner up with somebody. But I won't be putting capital into downstreaming. It's just I'm here to make money.

Lachlan Shaw, UBS:

Lachlan Shaw, UBS. Thanks, Chris and Mark, for today. So two questions from me. So the step up at Onslow to 40-50 million tonnes, can you just help us understand; I mean, critical pathway. So is there more CapEx to come? And permitting around that, are there more permits that you need to secure?

Chris Ellison:

Pretty simple. Look, 35 to 40 is the first up step. And basically all we're doing in there is sweating the assets. It's a no brainer to go from 35 to 40. I mean, the transhippers will handle it, the crushing plant will handle it. We've got there now, we just stretch them a bit. 40 to 50 means that we need to go from five to seven transhippers. So transhipper number 6 and 7 are on order. I've got them locked away in the Costco yard, after a fair bit of effort and help from Bao Woo. But they are being delivered in about June and October of '26. So by the end of '26, we'll be at 50 million tonne run rate.

We're probably going to put in between now and then another transhipping berth. And we want that as security anyway. And then when we go from the 40 to 50, we'll put a ship loader on it, so we'll be able to load out of any two berths.

But look, fundamentally, if I had to pluck a number out of my head on what are we going to spend up there to do it? Maybe $300 million will take us from 40 to 50. And do the math. I mean, EBITDA, US$60 a tonne. It's a pretty low upgrade. I mean, the road will handle it, all the infrastructure we've got will handle it. I mean, it'll be awfully – I'll come out, look, when I do the full year results, I'll come out with a fairly good plan around that. The capital cost per tonne, and all the bits. But yes, it's a bit of a no brainer.

Lachlan Shaw:

Right. Thank you. And then my second question; so you commented around Mining Services and expectation for margins to start to expand again. Can you just perhaps give us a little more insight in terms of what you see the key levers are to achieve that? And then maybe just a quick comment; do you have a view on impacts for you guys, or no impacts, of same job, same pay? Thank you.

Chris Ellison:

Yeah, no, look, let me start with the labour one first. I mean, we are really, really, you can see, we're people focused. We're making sure that we've got – I mean, we've got, for example, no gender pay gap in our thing. If you have a look in our reporting, the metrics on the way they do it says we've got a gender pay gap. But we've been through, and we've got every single position gets paid on the position. But the way they measure it – am I saying this right, James? The way they measure the thing is really, really dumb. And it depends on how many you've got at different levels.

So the way we look after our people, I've never had a strike, or I've never had any industrial action over 32 years. I don't expect to have any. I think that if you pay people in the right way, and you look after them in the right way, I mean, everything follows. So I don't see a big deal with it.

I think that I don't think there's any doubt that the federal government has really, really disappointed a lot of business, there's no question about that. They're just doing it in a reckless way. And it's going to give some pain. When you start getting highly paid people like oil and gas or train drivers in the north west going on strike, I mean, it becomes a bit silly. But I think our business is going to be OK. I don't see any real issues with it. But we're managing that situation, as we move through it.

And the other one was, I think, around how do we keep increasing the margins in the Mining Services business? Quality of the goods that we're putting in place. I mean we're the only ones, the transhippers, the big trucks that were running. I mean, we're the only ones that are doing that. And we're delivering incredible value to our clients, and they're willing to pay a pretty reasonable return for it. So we can do it at a cost they can't do it. And we share in the value.

Kate McCutcheon, Citi:

Hi, good morning, Chris and Mark. Kate McCutcheon at Citi. If I look at the CapEx guidance, it looks like that's gone up about $480 million also. Just some additional colour there, particularly on the lithium; is there some bucket for Bald Hill there, has stripping been bought forward? Because I guess in part with this question, you've reduced the cost, the OpEx guidance at Mt Marion.

Chris Ellison:

Yeah, no, look, basically, I mean, we just went to town on moving that rock. All those prices were up. We've moved as much of that as we can so we can get down to normal operating costs, or where we want it to be. Want to add to that, Mark?

Mark Wilson:

Yes. I think, OK, the guidance increase includes, as I said, some additional investment in Mining Services, and also the Mt Marion underground that wasn't previously planned for. We've obviously got also higher strip numbers in Mt Marion, and Wodgina, over the full year, and also a little bit more in the iron ore space. But there's no secret buckets for Bald Hill or anything like that.

Kate McCutcheon:

And in terms of the lithium market, last downturn there was issues with shipments going. Just some comments; are you, you're saying everybody wants to take your shipments, no issues selling those tonnes into the spot market? Any comments around that?

Chris Ellison:

No, look, there's no issue selling it. But supply and demand rules the price. And I mean, if you want to be – if we keep putting more and more and more tonnes into the market, we'll keep pushing the price down. I mean, there's a balance that, how much? So we want to make sure that supply is meeting demand. And you can sell a tonne at $1,200 a tonne, or you can push it down to $600. I mean, I like that one. And it just, it's supply and demand. It's reasonably simple. And none of us know where the real price is, where it feels like the price has bottomed. I feel like we're on the bottom of the tin now, and I think there's going to be a slight improvement as we come out of Chinese New Year, but wait and see.

Kate McCutcheon:

And can I just make one more? Did I hear you correctly that you were looking to bring in a partner possibly for your energy business?

Chris Ellison:

No, not on the energy. We're looking at how we can do something around the lithium, and we're looking for a form of partnership on that. So we want – we're going to partner with someone that is into our storage business, so that we can close that loop off. And I want to be focused on producing spod, and making sure they've got a partner that is going to use it in the right area. So look, can't say a lot more on that. But over the next three or four months, I hope to be able to come back to the market and let you know exactly what we're doing with that.

Mark Wilson:

Sorry, Kate, if I can, not a partner in the sense of co-ownership of the business. What I was talking about was how we go about funding the development of some of those assets, and how we source capital to basically build facilities, whether it be the gas plant or others.

Kate McCutcheon:

Yes. Thank you.

Chris Ellison:

Somewhat similar to what we're doing on the road.

Matt Frydman, MST Emerging:

Morning guys, Matt Frydman from MST. Can I firstly ask on the theme of the energy business. What's your thinking around timeline around putting out a resource for that basin? I mean, obviously, we've seen some missteps from some of your neighbours recently. Yeah, how do you think about putting out something with a degree of confidence behind it that you can then engage in some of those partnership discussions? Or an FID decision with a resource behind you?

Chris Ellison:

Yeah, no. Good question. You've got to be extremely careful with that, because people can make assumptions on how big the field is, and get it wrong. And I mean, a couple of our neighbours have done just that. And it takes – I mean, it's not like we're putting rods in the ground, we send them off to get assayed. It takes friggin' months – it's frustrating, the time it takes to get a good understanding of where we're at.

Look, certainly with the oil, we're getting a fairly clear understanding. This hole we're doing now, the rig passed back through the oil well. So we know it's bigger than what we thought it was. The gas is about what we thought it was. But I think realistically, it's probably 18 months away. We know the minimum size that we've got. And based on that we can go out and build a gas plant. But we were not going to know the maximum for 18 months to two years, is the real answer.

And whatever I do up there, I really want to do it standalone, just MinRes. Because look, in terms of the capital, when we're building any kind – we can build literally any kind of plant. To build a gas plant, not hard. How many are there? 20,000 of them around the world? We just go out and we buy one off the shelf, and then I get my construction crew to go and glue it to the ground. But we can do that, I'm going to say we're going to spend 50% less than what any of our competitors out there are spending. And I can guarantee you we're going to do it in about half the time.

So I really don't want to go and share with anyone, because I'm going to overpay to get involved with theirs. And then I'm going to have to put up with the frustration of someone else operating it. And we are really efficient at operating. I don't have any gas operators in my business now, but not hard to get them. And ours will be kind of remote.

But highly confident. We're going to to be conservative, and we're not going to go out there and hope we've got something that's really big. And it's only a pillar of our business. It's not all of it. So we'll be conservative in what we do. And at the moment, I mean, we were looking at 250 TJs a day. And I'm thinking of peeling that back at the moment to something more like 150, because I need to make sure I've got plenty of gas for urea and for methanol and all those other things. And I think I'm going to get a bigger bang for my buck out of doing that. And I think it'll last a lot longer.

Matt Frydman:

OK, thanks. So if a resource is 18 months away, potentially, you could have an export permit or an FID decision?

Chris Ellison:

Look, I reckon FID is probably about six months away. And we can come out with a bullet proof resource within that time. But I think to understand how big it can get in terms of the oil and the outer reaches of the gas field here, it's probably about 18 months to get to that sod.

Matt Frydman:

Thanks, Chris. And then secondly, if I can just ask on Wodgina again, obviously the decision to slow down the pace of utilising all three trains. If you sold on the market today, assuming you could get today's price, you're talking 60% plus EBITDA margins. That's if we believe your directionality on costs, and where you can get to costs at the end of the year. Is it a bit of a circular argument, where if you're not utilising that additional install capacity, how can you achieve that unit cost reduction? So I guess I'm asking, what's the impact of slowing down the ramp up of Train 3, to the directionality of where you're saying you can get unit costs?

Chris Ellison:

There's no real impact on it. I mean, to run that third train, I mean, look, it does, if you're running three trains, your total cost is incrementally better, your unit cost, no question about that. Running two trains is highly efficient. I mean, it's just – look, it might save us US$30 or $40 a tonne. But, I mean, I just want to make sure that if you keep putting more product into the market, it doesn't matter if it's iron or anything, you've often seen, someone has a mishap somewhere, and 5% of the iron ore disappears out of the market, the price goes like that. I mean, all of a sudden you're making 20 or 30% more margin. And so, I just want to make sure if we put too much out there, we're just going to kill the margins a bit. So kind of hoping that you'll go out there and tell everyone that we're going to slow down production, and the price will go up.

James Bruce, EGM Corporate Development:

Operator, if we can just see if there are any questions online, please?

Moderator:

Thanks, James. To ask a live audio question, press the 'request to speak' button at the bottom of the broadcast window. I will introduce each caller by name, and ask you to go ahead. You will then hear a beep indicating your microphone is live. Our first question comes from Lyndon Fagan from JP Morgan. Lyndon, please go ahead after the beep.

Lyndon Fagan, JP Morgan:

Morning. Good morning, gents. Look, my first question is just on the Mining Services outlook. Some really impressive growth forecasts there. Can you perhaps share some details on the CapEx that's associated to deliver all that growth over the medium term ex-Onslow? And I've got a follow up question. Thanks.

Chris Ellison:

Do you want to tackle that, Mark? It's a money thing.

Mark Wilson:

Sure. Hi Lyndon. So the answer is, this half we've allocated another $100 million or so for the contracts that we've secured over this period. We're extremely positive about the market outlook for the Mining Services business. We are seeing significant demand not just within Western Australia, but in other states for those services. And we're seeing limited capability in the competition. So we're getting a lot of inquiry.

What we've guided there is in terms of our expectations of where we think we can take this business. The sorts of contracts that we're talking about; haulage, bulk movement, some crushing, so a combination of a range of, well, a range of different opportunities. So I'm not going to give you a specific number, but I can give you a sense of the sorts of projects that are going to underpin that growth.

Lyndon Fagan:

OK, no worries. And then I guess, just looking at the iron ore target on page 32 of the pack, 92 million tonnes. Just wondering if we can unpack the other big project there at Port Hedland? Where are we up to in terms of trying to get that underway? And when you'd be likely to share a bit more detail on the scope, etc?

Chris Ellison:

Yeah, sure. Look, the joint venture we've got with Hancock, it's moving along at snail's pace at the moment, and it's really wrapped up around approval. So rail access approval to get that rail up to their project has got a few issues wrapped around it.

It's inevitable – we've got the government behind us supporting – so it's inevitable that that'll happen. But I don't see any spend happening of any significance on that thing over the next 12 months. It's really going to be, it's the calendar year '25, where the action starts to pick up on that. That's a couple of years of work, to get that rail upgraded and get the port installed. Yeah, so I mean, it's moving a bit slower than we would like, but from a balance sheet point of view, I'm not overly disappointed.

Moderator:

Our next question comes from Paul Young from Goldman Sachs. Paul, please go ahead after the beep.

Paul Young. Goldman Sachs:

Morning, Chris and Mark. A few questions on the lithium strategy and relating to, Chris, the decision to delay the train ramp up at Wodgina. I can't seem to find that in the presentation, so thanks for talking about that. But I'm just curious around the strategy there, first of all around the decision to delay Wodgina, your arguably lowest cost asset, and not curtail production at Bald Hill and to Mt Marion. Can you step through the risks of curtailing the low cost asset, and not the high cost assets?

Chris Ellison:

So we're running Bald Hill and Marion, we're running them at capacity. And we're still ramping up down at Marion from the upgrade work. But look, Paul it's simply – I just spoke about it a few minutes ago – supply/demand. I mean, if we're supplying more than the demand can take, I mean, we're going to push the price down. I mean, it's just common sense to try and manage the amount of supply we're putting into the market.

Moderator:

Our next question comes from Kaan Peker from RBC. Kaan, please go ahead with your question.

Kaan Peker, RBC:

Good morning, Chris and team, thanks for the opportunity. Just a quick question around the big flotation plant that was referred to at the Goldfields. Maybe if you can give us some conceptual around the size? Is 200, 500,000 tonnes of spod and SC basis, and I'll follow up with a second one, thanks.

Chris Ellison:

Look, at the moment what we're planning on, and it's conceptual, but what we're planning on down there is somewhere between 400 and 450,000 tonnes of product of SC5.5 per annum.

Kaan Peker:

Thank you. And secondly, just with additional cutbacks at Mt Marion and Wodgina, when would they be needed? I assume that when we were onsite last year, there was still the cut back at the northern pit required at Mt Marion. Is this sustainable, or till the underground opens up, and yeah, just the timing of subsequent cutbacks would be great, thanks.

Chris Ellison:

Yeah, look, pretty much. We think that we've got a sustainable position down at Mt Marion right now. 18 months is the timeframe to get down underground, with that drive we're putting in. And we're going to be running at Wodgina through till somewhere around late June, early July. And then we'll be pulling all the gear out of there. So about, look, it's safe to say by the end of July, we're back to a steady state up at Wodgina.

Moderator:

Our next question comes from Robert Stein, from Macquarie. Robert, please go ahead with your question.

Robert Stein, Macquarie:

Interesting to hear on the call just now the multiple of 12 times EBITDA for the haul road. I'm just interested, is that indicatively where you're discussing with potential infrastructure partners? How do they value the upside going forward in terms of production at Onslow? And in terms of any type of basin play in terms of infrastructure that is – sorry, mining, tenements that are around that infrastructure, how's that factored into any type of deal that you're looking to do with the road?

Chris Ellison:

Yes, no, look, that was a hypothetical. I was simply saying the quality of that haul road, if I recall, at 50 million tonnes is going to turn out $400 million a year in EBITDA. So I was simply saying, if one was to take that out as a separate vehicle and list it, and you were starting a brand new business, it's not a bad start. And I would suspect that you'd probably be getting 12 or 13 times EBITDA, if you would go and do that. I'm not suggesting that I'm giving any guidance on what the value of that is as a partnership. That's a different arrangement.

Moderator:

Thanks. I'll now hand back to the room.

Mitch Ryan. Jefferies:

Chris, Mitch Ryan from Jefferies. Just one question; at the quarterly about a month ago, you said you'd give us production guidance for Bald Hill. We haven't received that today. And I was just wondering what you've seen or what's changed to delay that?

Chris Ellison:

No, look, it's not delayed. I think at the quarterlies I said that it would be during the course of this year coming. Because look, we've only moved in there on November 1. We've got drill rigs down there, we've got people down there. It's four, five, six months away before we actually get the data. So we're dredging through a lot of the old data. The most current stuff was up from around 2018. We're doing reconciliations around what's happened from then through to now. And we've got drill rigs in the ground.

And the drilling is, so far, it's going, the signs are incredibly good. So we're happy with where it's going. But we just can't come out with anything that we can hang our hats on. I'm thinking sensibly, it's somewhere around late May, early June, before we really get anything that we can hit the market with. And even, at the moment, we're a bit hand to mouth with the feed to the mill. They kind of high-graded a couple of the zones when they were exiting, and really hit it pretty hard.

But in saying that, really happy to have it. It's a great little mine. And I mean, my expectation is that we're going to be able to lift that not too far down the track from about 150 to about 250,000 tonnes production. That's, I think, where we're heading. And we can do that for a fairly low capital cost. I mean, I'm thinking somewhere in the order of $20 or $30 million will get us another 100,000 tonnes.

Michael Orphanides, Tribeca:

Hi, Michael Orphanides from Tribeca Investment Partners. The Western Australian nickel industry is in a bit of disarray at the moment. And I was wondering if MinRes sees an opportunity to capitalise on others' misfortune in any way, given the infrastructure?

Chris Ellison:

Yes. Yes, working on it. Can't say anything, again. Like, if we go and share what we're doing – but yeah, absolutely, yeah, no, we're all over it. In the next four to six weeks, I'll come out and let you know what we're doing. But yes, no – and it's not capitalising on their misfortunes. I saw it more as being able to get in there and partner and help people. Sort of.

James Bruce:

Just with that, we might leave it there. Any final comments?

Chris Ellison:

Yes, OK. Well, look, thanks, everyone for coming along. I probably went a little bit longer than you would have liked. But important that we try – we're really trying to be as transparent as we can and get as much information into the market, and let you know where we're going with the business and how it's going. But look, for all those that support us, thanks very much, and we'll be in touch. Thank you.

--END--