Alain Gabriel (Morgan Stanley): First question, you've talked about the capacity creep across your system, including the commissioning of Rhodes Ridge later this decade. However, Simandou would potentially come on stream by the time as well. How do you think about the sizing of your Australia iron ore business to accommodate an extra 60 or 100 million tons?

Simon Trott (Chief Executive, Iron Ore): As I outlined in the first slides, this is a market that needs two billion tonnes of iron ore. A lot of urbanisation has happened but a lot of urbanisation is still to come. And so as we think about Simandou in the context of a two billion tonne market, we've always seen that Simandou will come in. We've talked about it before, coming in around the middle of this decade.

And so all of our plans are based around that happening, including the developments we've got through the end of this decade, and obviously, Rhodes Ridge after that. The world will need the high-grade material out of Simandou. The world's going to need deposits like Rhodes Ridge to continue to sustain iron ore demand as we go forward.

Alain Gabriel: Thank you. And the follow-up question is you talked about the steelmaking splitting into ironmakers and steelmakers. Some of your peers are already moving into ironmaking like some of your Brazilian or Swedish peers. Where do you see yourself in the next five or ten years in that process. You haven't really talked about moving into ironmaking?

Simon Trott: So our really near-term focus, as we've talked about today, is on really cracking the code for Pilbara ores. Pilbara ores do have some challenges in green steel. And so the work we're doing and the partnering we're doing is really around making sure Pilbara ores are really well-positioned for that green steel future.

Could you see us being involved downstream? Look, it's something that we continue to look at. Obviously, Simon [Farry] talked today about BioIron, talked today about Melter. Opportunistically, if there was opportunities in some of that space where we really could see value, it's something we'd look at. I guess our focus is really on creating all upstream assets and the value that we can derive from them.

Amos Fletcher (Barclays): So on Gudai-Darri, it looks like we're adding seven million tonnes of creep instead of sort of a bigger bang expansion of 27 million tonnes. Where's the other 20 million tonne balance coming from? Thanks.

Simon Trott: So GD phase two that we've talked about before was not on the bubble chart last year because it sat in behind those bubbles. The pathway to Rhodes Ridge allowed us to step back and look at our development sequence a little bit differently and so it's allowed us to simplify that pathway. Opportunistically, it's a project with a lot of value. It's obviously very low capital. It allows us to drive to 50 million tonnes.

The other projects that we've got in those intervening years get us through to the end of this decade before the development of Rhodes Ridge. Obviously, the work we're doing around driving productivity is liberating benefits. You saw us go after five million tonnes last year from SPS and bake those into the forward estimates as well.

Lachlan Shaw (UBS): Just firstly on the mid-term cost number, $20 a tonne. What's that at 340 million tonnes a year? And does it include benefits from the decarb spend?

Simon Trott: So we've based into that what we've approved. And so if we're able to go a bit faster with the decarbonisation spend, obviously that'll come through in unit costs as well, Lachlan. And there's a bit of a balance in that number. What we really want to make sure is we've got a business that's driving out waste and driving productivity benefits.

We've deliberately set it at that mid-term, because what you want to see us doing is driving value. And so we look at all the levers to value, whether that's volume, whether that's operating costs, whether that's product mix. And that's our focus today and that's going to continue to be our focus.

I'll probably also reflect on a little bit of our history as well. And I think when you look back at us over the last five or ten years, there's probably a point we held on to being lowest cost for probably a bit too long and we probably made some decisions that weren't actually value based. And so we've deliberately set it there really to help frugality drives innovation in a business in our view. And so really want to make sure there's that statement of intent there, but we're doing the work to really drive value.

Lyndon Fagan (JP Morgan): Just starting with my first question on next year's guidance, just felt a little bit light on. I mean, we've delivered 120 million tonnes of replacement capacity. We've got GD at nameplate plus next year. But it looks like maybe we're underestimating the depletion. And I'm wondering if you can maybe articulate the depletion over the next few years, just to give us a sense of, with these expansions coming in, how much are we losing every year, so that we can think about that in forecasting the business? And I've got another question after that.

Simon Trott: So, on depletion, I think the number I've quoted before is around 5%. I deliberately sort of laid out quite transparently the way that we set guidance last year, the way that we're setting guidance this year to give you a bit of a feel for that depletion number, Lyndon.

So last year around about 18 million tonnes, this year 12. So as you can see, it fluctuates. It's probably midpoint of those, not too far away from the sort of 5% number I've used before. All mining businesses, as soon as you put a shovel in, you're in runoff. And so, you've got to replenish. You obviously get there in cycles. And so the period we're going through, that's probably a reasonable number.

As I say, each year we'll fluctuate around about that. But if you look back over the last few years in terms of the capacity we've brought on and depletion, it's probably not too far away. Obviously, GD and in fact the mine development sequence all being pushed back a little bit compared to five years ago or a number of years ago, being later.

Obviously, you've got a bit more depletion in your system. And so we'd always talked about GD giving some incremental, probably gave a bit less incremental just based on timing alone and that depletion.

Lyndon Fagan: Thanks, Simon. And I guess interested in your thoughts on the deliverability of that 345 to 360 pre-Rhodes, which is going to be my next question. Rhodes is described as the world's best iron ore project, looks a fantastic resource. You've talked in the preso about it being 100 million tonnes or so. I imagine that's a phased development and that's the ultimate upside. But can you maybe share some details about what the cost structure of Rhodes looks like, if that's going to be 30-odd-percent of your volume? And this is one of the old-school deposits with a much better cost structure, how much are we improving the cost base versus today?

Simon Trott: So I mean, firstly, within Rhodes, Rhodes is options, something that large that close together adjacent to infrastructure. It obviously gives you a lot of options. We are in the early phases of study in terms of thinking about the cost structure there. And to some degree some of that cost structure is going to depend exactly on the development sequence that we go after.

I guess learning from Gudai-Darri at this stage. You'd say as a stage development of it along the lines of a Gudai-Darri, a starter case and then a larger, probably makes sense as I stand here today. There are differences between the different ore bodies in terms of the strip ratios, whether that's Marra Mamba or some of the Brockmans.

And so until we really define the exact pathway, probably a little bit early in terms of the overall cost structure, but it's large, it's close to infrastructure, which obviously helps on a capital basis. It is in the East Pilbara that you are able to get into it in a way more akin to some of the deposits.

I guess the other really good thing in terms of optionality within Rhodes is just the portion of the ore body that actually sits closer to 64% above with some low impurities. And so that obviously gives you some options in terms of a product blend sense as well.

Paul McTaggart (Citi): So just following up on Rhodes, have you talked with your partners about funding? How funding will work? Is that anticipated that they will provide entirely their funding? And the follow on from that is really access to infrastructure and how those charges might work because obviously if they were to build greenfield port and rail, it would be super costly. So how does that discussion pan out?

Simon Trott: So all of those discussions, we had a really open discussion as part of the arrangements that we announced towards the end of last year, Paul, both in terms of funding and what that might look like, but also in terms of infrastructure. So they're all embedded within the agreements, as you observe. I guess as a joint venture, they had a choice.

You do an arrangement with us, including our port and rail facilities, or you go and build port and rail facilities yourself. And so if you're sitting in front of a calculator, they're probably some of the dimensions that led to, ultimately, the deal that was cut and what those arrangements look like.

Paul McTaggart: So fair to assume that you feel that the charges that you get for access to infrastructure will truly reflect the kind of opportunity costs for them.

Simon Trott: I think that they fairly reflect all of the aspects as the party sat around the table. And so we've obviously invested significantly in port and rail infrastructure over many years and the arrangements reflect that historic investment and ensuring that all parties are comfortable with those arrangements.

Glyn Lawcock (Barrenjoey): Maybe just take Rhodes Ridge a little bit further. You talked about $80 a tonne to build Western Range and $20 to $50 was the number for the upcoming projects in the next few years. I appreciate it's early, but any thoughts around where the scope fits for that? Is it going to be in that $20 to $50 range, or will it be more like a Western Range or somewhere in the middle?

And then just what are the key pathways to get to Rhodes Ridge? I mean it feels like we're in 2023 and you're talking about 2030. It's close to infrastructure. You probably build it in a couple of years hopefully. So it feels like there's another five years of studies. What are we doing? Thanks.

Simon Trott: It's probably not dissimilar sentiments than expressed to the team sometimes, Glyn. Something of this scale - something of this style though. There's obviously – as you say, there's a study period, obviously approvals, cultural heritage assessment, these things in Western Australia context, the Australian context obviously takes some time. We're working really hard on that timetable.

We're thinking really hard about that development and how do we really make sure that we're both going at speed but also ensuring that we do the work that we need to do ourselves and with the stakeholders. And so that's the date we've got that we've put up there. We're going as fast as we're comfortable.

In terms of the development sequence, as I say, we've learned a lot from Gudai-Darri. And so we're really looking to leverage and improve on some of those lessons. What worked really well at Gudai-Darri, and Matt [Holcz] touched on a little bit in his presentation, is that sort of stage development and having some of that temporary crushing and screening there so that we can effectively commission the plant backwards. And so that ramp up has been really good compared to our previous projects compared to other projects in the Pilbara, and that's certainly a lesson that we're taking on board with as we think about Rhodes Ridge.

Again, capital intensity depends a little bit on how we progress those developments in terms of product mix. Certainly, something along the lines of GD and the lessons we've learnt there is, I guess, the way that we're thinking about it.

Robert Stein (CLSA): Just on those lessons, Gudai-Darri and Rhodes Ridge. Is the consideration to take it to 70 Gudai-Darri, that is, which is some of the old numbers floating around? Is that driven by phosphorus and the ability to take the high-grade from Rhodes Ridge, which might be high phosphorus Brockman and be able to manage the phosphorus load through the Pilbara blend? How much is that a consideration going forward?

Simon Trott: Probably driven by a few factors. Firstly, about value. So we look really hard at our development sequence and assess that all the time for what is the pathway that gives us the greatest value. GD2 always sat behind that next tranche of mine developments because of the approvals and the study work.

The ore body obviously tend to start at the best bit. Another phase of that means that we had to think about the ore body a little bit differently in terms of making sure that we were getting the grade that we needed for the system for that ore body. And so the pathway to Rhodes gave us options. It gave us options to think about it a little bit differently. And so that meant looking at the next projects and simplifying those, but we can then bridge across the Rhodes, which allows us to really structurally adjust our Pilbara business and put it in a better place to be able to fully leverage the infrastructure. And so that's probably one of the main drivers for the change.

And probably the last one is just looking at what we've built there and then thinking about what's the highest value way that we can really liberate that ore body and being able to push it beyond the 43 that we talked about initially, a very low capital cost, is just a really good opportunity for us.

Robert Stein: And maybe just asking a question about the other mines in the portfolio. Moving forward, you've obviously had some issues in the last couple of months with blasting, approvals, heritage and the like, 17 mines in the portfolio. Looking at the concept of operations going forward, is that going to increase materially? Are we looking at road trains dotting all over the Pilbara with small modular crushing? Can you just give us a bit of a feel for how the concept of operations might change in the future?

Matthew Holcz (Managing Director, Pilbara Mines): Two parts to that question. I'll start with the current approach in terms of heritage. And I think the fact is in the last two years we've learnt a lot, and I think where we're at today when we think around one third of what we're mining does have blast management plans, I think we're in a position where we're demonstrating today the type of performance that we need to be able to sustain tomorrow. So we're really comfortable with that.

In the aftermath of Juukan, we were having to make very short-term decisions. And I think the work we've done in the last few years, there's still lots of challenges that we have, but those decisions are now more years out. So I think that gives us a lot more confidence.

The second part of your question, and if you look at our recent projects whether it's West Angelas C&D, Western Turner's Syncline Phase 2, Western Range, and you can sort of see it in the next tranche of projects as well. We are extending these brownfield deposits, which typically does mean we're stretching those assets further, and I think there's a range of decisions to make around how we transfer that material.

And again, to Simon's point, it'll come back to value. And there's lots of considerations in value part of it but it's also looking at environmental and heritage impacts as well. And in some cases that will involve crush convey. In other cases, it will involve standard haulage, and in other times we may look at some road trains as well, but each is really just a value-based decision.

But in terms of how we're running our assets today, and how we've got an integrated approach to heritage, we think that we've got the toolkit that we can apply going forward. But equally, as I said today, if we've got opportunities to learn and improve, we'll absolutely take that.

Paul Young (Goldman Sachs): Simon, I look at the prize of filling infrastructure. We're still here. We're still trying to fill 345 to 360. There's a little bit of déjà vu in this presentation, where you're looking at, at the moment, using brownfields extension or placement mines to get to 345. That's where we were a decade ago when they didn't chase value but you underspend on the rail. And at that point, Rio was balance sheet constrained. You were trying to dig here.

You're not in that position at the moment and yet we're still chasing these smaller brownfields expansions and part of that's because of Rhodes Ridge and everything else. So I guess the question I have is, can you get to 345 to 360 with these four or five replacement mines? And can you get there with Western Range?

Simon Trott: So I guess the difference when we go through it is we're progressing that mine replenishment tranche. The Western Range as you highlight is under construction. Construction's progressing well. We're on track with that project. The approvals pathway for that project, we learned a lot from in terms of co-management. We changed the way that we were thinking about that project to really be able to progress it in line with what we talked about in the last couple of years.

We're also progressing the other mines that Stephen [Jones] talked to as replacements. And so we are doing that work. We haven't pulled back on that work. and in fact something like the GD incremental tonnes allows us to accelerate those tonnes. GD2 always said obviously, as I've talked about in behind that tranche. And so really the difference is going to Rhodes and a pathway to Rhodes now allows us to set up to bridge across to Rhodes. So I'd say it is different in the sense we are progressing those projects.

In terms of the 345 to the 360, as we outlined today, as we talked about last year as well, we do need those projects to get into that range. Rhodes obviously then allows us to sustain and extend them, but we do need the tranche of projects to come in to get into that range.

As you say, if you think about our business, what we have is a huge option embedded in our business in the port and rail infrastructure. What we haven't had is the mine capacity to be able to monetise that option. And so we always look at the market. The nice thing about building mines is you get a look at the market each time you bring one on, and we'll obviously continue to do that.

Paul Young: And second question – thanks Simon – was on the rail and the maintenance. I think last site visit we were talking about what it was seven, eight years ago around 2,000 kilometres of track you were replacing 150,000 of track per annum. And you underspent on the rail a decade ago and you've gone through this five-year programme, major overhaul of the main line, etc. Are we getting to the end of that process? Because look at one of those slides. There's still a lot of dots and a lot of rail to replace? Or is it just that drum beat of 150,000 per annum forever?

Richard Cohen (Managing Director, Rail, Port & Core Services): Thanks, Paul. Look I think we've done a lot of work. The graph showed we've done a lot of work. Most of that work's been in what I would call the central corridor, which is the dual track, and the most important, it carries about 80% of our tonnes. We still have some of that work to do on some of our single lines out to the various mines. And so that's the work to do that you would have seen on the graph.

The reality though in a business that runs a railway at this sort of rate, we'll be doing 100 to 150 a year forever to maintain the quality that we need to run it at.

Simon Trott: It's probably also worth to say, Paul, that we do probably should shout out to some of the leaders that came before us because we did get going on the rail renewal projects as well that's allowed us now to really be substantially progressed through those. And that means that we do have that capacity available to us.

And so we should probably acknowledge some of those that came before that got on with it as well.

Nick Herbert (HESTA): Markets related questions, so might be one for Will. Just interested, you mentioned comment around China and the level of exports. If you could just give a bit more detail around your thinking around the sustainability of that number, just some of your key assumptions for that, and also just sort of thinking about the next few years rather than sort of the medium, longer term?

Will Millsteed (Head of Market Analysis): Thanks for the question. Look, if you go back a year or so, I don't think I would have had this higher level of exports in our numbers. I think it's been pretty surprising to everybody. So yeah, we could expect from the Chinese government some curtailment of steel production late in the year, but I think that's getting less and less likely just to maintain jobs and economic growth and GDP.

So over the next few years, look, there's – there'd have to be only downside. I can't see a world, where unless you need the GDP and you need the jobs in China that they'd be wanting to export energy and effectively carbon in steel form. So look, that should take away some of the little bit of crude steel production out of China, and therefore their iron ore demand. But it'll reverse some of what I talked about today. So JKT will probably come back, Europe come back.

But like I said, it probably won't help iron ore demand quite as much, because you're undoing what I talked about today. A little bit more scrap and a little less contestable demand in those other regions.

Jon Clarke (Maple-Brown Abbott): SPS, you said it did five million tonnes of benefit last year. Are you still rolling it out to various sites? In tonne terms, how much do you think is left?

Simon Trott: So we've baked five million into the guidance numbers for 2024. And so that reflects, I guess, our ongoing confidence. Obviously, there's five in the base and we're going after that as well. SPS has got a number of dimensions, and so I'm really looking forward to you hearing directly from the teams around it. Obviously, it drives better outcomes in terms of safety performance, drives better outcomes that contributes to tonnage, but also allows us to really help take waste out of our system as well.

And so the $20 a tonne also relies on some of those efforts as we grapple with some of those headwinds. I guess the pleasing thing is you've seen this year that whilst we've had headwinds in terms of work index, we've offset those – more than offset those, with productivity.

Now, can I separate out the bit that relates to that project? No, but taken together, it's about building a stronger business. And so, I think one of the things to really look for, as you're hearing from the teams is the sort of the what, but actually then what sits behind it in terms of getting a group to work together more efficiently and effectively.

Kaan Peker (RBC Capital Markets): Obviously, the mines are the bottleneck but we are seeing additional SP10 being produced. So I mean what exactly is the bottleneck? And also on the Gudai-Darri, the brownfield expansion, should we expect that the timeline around that – should we expect that to be done in 2024? And is that all SP10 products as well?

Simon Trott: In terms of the Gudai-Darri incremental, we're going after that now, so obviously part of that is reflected in the guidance numbers that I talked about, some of that uplift. Not all, but through next year some of it flows through into 2025. But Matt, did you want to talk to the first one?

Matthew Holcz: Sure. So again, two parts to that question. The first part, really, our limitation is mine development and mine capacity. So when we look at our mining sequence, we are obviously focused on Pilbara Blend, but as part of that mining sequence, we're also generating SP10 quality material.

And obviously, in the current market, there's a really strong value case, and we're getting really good returns, and we'll continue to take that approach. But still, the limitation is on the volume of exhibit material from our mines. And again, just specific to Gudai-Darri, we do have some co-commitments to work through, and there are some minor capital works we need to complete.

So when we look at the time horizon there, we aim to be achieving 50 million tonne per annum rates at some point during 2025.

Lachlan Shaw: I just wanted to come back to Gudai-Darri, the Kara deposit, 10% reduction in reserve with better – arguably better heritage awareness. What's the sort of view or risk across the rest of the portfolio? That's the first part of the question.

The second part, in terms of replacing that, would that be thought of as replacement capital or sustaining capital?

Matthew Holcz: Certainly what we highlighted on the Kara deposit was deliberately to zoom in on the area that had a higher level of impact. And I wouldn't say that's representative of all our pits, but we did really want to give some transparent context to some of the challenges where we're working through. And as you said, yeah, we're very confident that in terms of license to operate and having a sustainable pathway that the work we've done there are with the bunch of people gives us a much better security of that pathway.

Similar to my answer before, we have worked through a lot of these issues over the last two years. And certainly two years ago, it was really challenging because we were having a number of discussions across all our sites about areas we were going to mine in a few months time and we've done a lot of that hard work.

The other thing I'd say is unlike Gudai-Darri, when we step forward to Western Range and beyond that Hope Downs 2 is a really good example. We've got that mindset right from the beginning. So Western Range with Yinhawangka, Hope Downs 2 with Nyiyaparli. We're having all those discussions now and that's really framing you know how we're going to design those mines.

So certainly it's still going to require a lot of work and a lot of vigilance and a lot of collaboration, but we really feel like the approach we've got today is one that we can continue to take forward.

Rowena Albones (Chief Financial Officer – Iron Ore): So maybe just to answer the second part of your question, the capital is in our replacement capital guidance.

Dickon Corrado (Capital Group): I was just curious, China now has the single entity to negotiate iron ore prices. What impact has that had?

Simon Trott: So as we've talked about publicly, we're working with CMR in terms of their mandate, talking to them currently around 2024 contract year. We continue to engage with the other industry participants that we participate with, whether that's industry bodies, customers. And we're working with CMR around there.

They're obviously set up in terms of procurement, but they're also set up in terms of some of the other aspects that they've announced, securing, domestic securing overseas supply as well. I mean, ultimately, from our perspective, what we really care about is that markets are deep and liquid and reflect supply-demand fundamentals, and that's how you've seen the market over the last few years, and that's how we continue to see the market currently and what we want to see going forward as well. And so there's some of the discussions we're having.

Lyndon Fagan: Just going back to the Nammuldi incident and some of the learnings that might arise from that, 70 metres feels pretty close to be blasting by a heritage site with, it might be rock art or it might be another spectacular cave, etc. I mean, are the traditional owners happy with that 70 meters distance? And could this be a learning that we might need to extend that? Just interested in a bit of context around all of that?

And I did have a follow-up just on – there wasn't any discussion on turnover. Obviously, still very tight labour market here in the Pilbara. We've got MinRes building resort style accommodation, there's something like 10,000. I'm not hearing Rio building resort style accommodation and I'm just interested in some comments around what is the turnover like, what are you thinking differently about camps in the future, given that we are still short of labour up here. Thanks.

Simon Trott: In terms of the Nammuldi, as we've talked about, we've just gone to site and so we need the opportunity to really engage with Muntulgura Guruma following that.

We've been really open around our blast management plans. Obviously, Matt talked about them today I think using a similar slide that I used a year or two ago as well around the standoff distances that we do put in place. We obviously have a range of controls both before mining in terms of engagement with traditional owners and understanding cultural heritage to the areas that we protect through to obviously controls around our mining activities, in this case, obviously controls around blasting.

And so the blast at Nammuldi, as an example, was designed to mimic what you'd see in the natural environment. By that, I mean, for example, a Pilbara storm in terms of the vibration levels from that. And so there are a number of different controls. Finally, of course, the monitoring, which identified the movement. Obviously, we do have a monitoring around vibration and the like as well. So there's a range of controls.

Like any incident, we need to look at what happened and then learn from it, including engagement with traditional owners. So it's a little bit early, Lyndon, in terms of whether we need to make changes, and if we do need to make changes, what they are.

Richard Cohen: In terms of the question about villages, I think how people feel at work is a multi-faceted experience. It's about the living experience, it's about the work experience, it's about pay. It's about a whole bunch of things. There's no doubt we're investing in our villages. We're spending more on our villages now than we have. We are improving the conditions. I talked about some of the examples.

Some of them are quite significant, thinking about changing what is a traditional wet mess into a social area is a fundamental change for the way our village experience will be. Thinking about the food offering is really critical as well.

The other important point I'd make is we've also got a large residential workforce and investing in how they feel and their facilities and the quality of houses is equally important. And so when we look at it, there's got to be a good mix of quality residential experience and also quality village experience.

Matt Kimball (VP of People): If I take that question, the broader question around workforce availability, what we've seen is the market obviously open up as the borders have opened up. We're thinking about the workforce in a broader sense in terms of the talent pool, how can we look a little bit broader in terms of adjacent skill sets? We're bringing a lot more women into the workforce. So we're seeing that workforce availability stabilise and get down to 2019 numbers.

In terms of turnover, we're down at about 12%. So we're significantly lower from last year. And unplanned absenteeism is also down from last year as well.

Simon Trott: Lyndon, when I first joined Rio, so this is Argyle, at the end of the 90s, I stayed in a camp they used to call the Bronx. And so I can honestly say things have changed a lot since the Bronx.

Chris LaFemina (Jefferies): So a question on SP10. If we go back five years ago, very small portion of the product mix. Gudai-Darri was supposed to turn that around this year. Obviously, you had to change the mine plan there, so it didn't happen. We're at 45 to 50 million tonnes annualised. But when the replacement mines comes online, we should go back to something lower than that.

So the first question is kind of what should we – before Rhodes Ridge comes online, what should we think about in terms of annual production of SP10?

And then secondly, do you have high confidence that the replacement projects will indeed lead to a shift back in your production mix to less SP10 and more Pilbara blend? Thank you.

Simon Trott: Firstly, SP10 gives us real optionality within the business and liberates capacity. So at a start, it's very valuable. As you say, the levels are higher than we were expecting last year than we were probably expecting a few years ago as we have had that delayed access. And to some extent, with Pilbara blend, we're producing something from a lot of different mines and then blending it together to a specification.

And so if you lose some high-grade material on the right, you get disproportionately more dropout on the left-hand side or you move your spec and you've got a choice between those two.

We do need that next tranche of mine developments really to reduce the amount of SP10. As I talked about in the presentation today, it'll be elevated next year we see around these sort of levels, and it's probably elevated for a few years after that as we work through that next tranche of mine developments. It does then trail off and then obviously Rhodes reach in the sort of grades that we've got embedded within Rhodes Ridge sees it material reduce.

Now as always, every year, every quarter, every month, we assess all of our plans against what the market's doing and we'll continue to do that as we go forward.

Paul Young: Simon, what's the strategy on the lower grade products outside SP10, Robe River and Yandi? Now, the Japanese like it, but they're obviously changing their steel mix over time. And so when you bring Rhodes Ridge on, you've got so much flexibility. It's such a big ore body, high grade. It'll feed the Pilbara blend. Do you let Yandi deplete faster? Or is it such that the Japanese have already said to you, don't let this deplete. If that's the case, then you have a situation which is great that Matt's not the bottleneck anymore and all of a sudden the port's the bottleneck. Right? So how does the strategy evolve with Yandi and Robe River?

Simon Trott: It's a good point, Paul. So Yandi, as you say, is in high demand, particularly in JKT, Japan in particular, because of its characteristics, because of some of its low impurities. I'd love to have more of it, if anything.

It does deplete. Yandi's sort of closer to the end than the beginning is probably how I'd term it. We continue to operate there into the 2030s, probably the early 2030s, sometime like that. It does step down a bit next year and progressively through to that time. So there is a bit less Yandi going forward.

Obviously, in the Robe Valley, we've invested in those projects, the project over the last couple of years to really sustain that for the next period as we come to another investment decision in the valley, probably early 2030s. We'll obviously have a look at what the market's doing then in terms of that product.

It is - the valley is lower grade. And so depending on the scenario in the steel industry, we'll have a look at whether that material's still got the demand to support an extension in the Valley or not.

Paul Young: I'll sneak one more in just on Tom Price. The first mine in the Pilbara in 1972 had a great run. When does Tom Price actually finish? I know you have Western Turner Syncline Phase 2 is coming in. But when is actually the life of mine planned? When is it closure for Tom Price?

Simon Trott: Tom Price, as you say, an incredible ore body. It's super exciting that we've got material at Rhodes Ridge that's sort of similar to some of the early days of Tom Price. In terms of the mine plan for Tom Price goes out into the 2030s. Stephen?

Stephen Jones: Yes. So certainly, current rates run through into the next decade, and then we've got the low grade plant, so choices around running the low grade plant, but certainly the high grade from Western Turner Syncline into the high-grade plant will start to see that decline in the early to mid 2030s and plenty of options potentially around low grade extensions at Tom Price.

Robert Stein: So just following up on that comment around Yandi, one of your competitors has a fair bit of Yandi ore left behind in an asset that's not really doing any work at the moment. When do you think that there'll be potentially some regional consolidation and strategic alignment around different assets in the Pilbara, given the world today is very different than potentially what it was 10 years ago in terms of heritage? There might be more efficiencies around infrastructure sharing and the like.

Simon Trott: So I guess when you look at the Pilbara, would you have designed it this way if it was all within one ownership? Probably not. Are there things that we should be doing together? We'll hopefully find a pathway to some of those. What I would say is I probably haven't seen this degree of cooperation across the industry as I have seen in the last few years.

When I think - we've always collaborated on things like safety. I've seen a lot more collaboration on things like safety. Social safety as well. Renewables is obviously in the early phases but there's certainly a discussion and engagement around that to make sure that we do that in a really capital efficient way. As I've said today, I'm completely open-minded in terms of the funding and the way that the renewables programme happens.

We've got to be in control of our own destiny. I think you'll see us do some. I'm sure you'll see us work with other people and develop things at a larger scale and get some economies of scale. You probably see us access some of that power through contractual arrangements as well.

Now that's an example. Are there other examples we should be thinking about? Probably yes.

Robert Stein: And sorry, just a quick follow up on the equity share, 85% long run. Is that replacing like with like in terms of ownership of mines, or is that free carry?

Simon Trott: So the 85% was effective equity, if you like, is sort of our take of cash flow, and it's that that remains stable. So the underlying equity may change a little, but when we look at our effective take of cash flow, it's that that we say is around about the same levels post development of Rhodes in any one year. You get some variations depending on the exact output from the various joint ventures that we've got.

Glyn Lawcock: Just two quick ones. Firstly, just the medium term cost guidance at $20. What volume is that predicated on? That's the first one.

Simon Trott: So medium term, the guidance of 345 to 360, so it would be in that sort of range.

Glyn Lawcock: I'm sorry, but I guess a bit earlier, you said we'd probably 345 to 360. It looks – didn't seem to us, or it didn't seem to me that you were confident you'd get there but your $20 a tonne guidance assumes you'd get there.

Simon Trott: Confident we'd get there. That's why we reiterated that guidance today in the mid-term.

Glyn Lawcock: Okay. And then just sustaining CapEx is up 20% in US dollars, 25% in Aussie dollars. That's a pretty big jump one year on the other. How's that now look? That's next year but is that the sort of inflation you're still seeing coming through?

Simon Trott: So I think the guidance we gave a year or two ago was 1.5 in the terms of the day and so you've seen that inflation flow through, but do you want to add?

Rowena Albones: Yeah, no, it certainly is – it's today's dollars, Glyn. So if you look at when we've stated it previously, it was 1.5 plus inflation. So we've seen inflation over 2022 and above 15% here in the Pilbara. And it's exactly – someone said earlier around labour costs and things, it's not backing off particularly quickly at the moment. So that's what's been restated in today's dollars.

We've got one, it's real terms as of today. So that's – we're not putting inflation into those numbers. It's real terms as of today.

Kaan Peker: Just a quick one on Rhodes Ridge. If you look at the plan view, it's much more sparse than, say, Gudai-Darri. How does that fit into your development consideration? Follow up after that.

Simon Trott: Okay. It was one of the reasons we want to go out there on Wednesday to give you a really good sense of both what the topography looks like and that area looks like. I guess the main thing driving our considerations is value. You look at the size of the ore body, currently we're spread out about 800 kilometres or so.

If you go east to west, at Rhodes Ridge, we've got close to six billion tonnes within a fairly constrained area with some amazing grades. And so that's probably that that's really driving our consideration.

Kaan Peker: So that would somewhat suggest that you sort of cherry pick the higher grade portions of the ore body initially and does that sort of talk to your staged approach?

Simon Trott: As I laid out today, I think probably the concept that we're looking at most closely is in that northern part of the ore body, close to where the rail infrastructure is. You've got access there to both Marra Mamba and Brockman style deposits. And so it's probably that area that you'd see us really start in as an opening up of Rhodes.

Lachlan Shaw: Just a question for Will, I think, just around costs and inflation. So when you guys are looking globally at other mining jurisdictions and particularly towards the top of the cost curve, can you just give us maybe a bit of insight into the sorts of trends of inflation, CapEx, OpEx that you're seeing in other jurisdictions?

Will Millsteed: Thanks. Lachlan, that's a tough question. Look, I was going to sort of go into it in my spiel about what I see for the longer run in the iron ore market. Look, I think what's happened over the last little while is, particularly if I take iron ore market example in the cost curve is the tranche of tonnes that we used to see in Q3 and Q4 has been particularly impacted by high costs. So whether it's labour, most of your diesel, the steepness of the cost curve just gets more steep when you get cost inflation, right? It's just part and parcel of escalating costs. So you need more diesel, you need more labour to get through the highest strip ratios and the worst ore bodies that you've got at that part of the curve.

So look, I actually think we've gone – I never like forecasting prices or costs, but I think everything in that Q3, Q4 part of the curve, where costs generally form, regardless of commodity, have been more impacted than the Q1 and Q2s. And so I think that's why – and I think it's also reflected in those consensus prices that you guys are all updating your views fairly consistently.

I think, Lachlan, you might have done one of yours recently. Yeah, and those are increasing. Look, I might take on notice some of the other more specific aspects. I know we do have a great team that takes care of labour, actually in my team in market analysis, looking at different markets around the world, Canada versus US versus Australia. Pilbara's been particularly impacted, but we've also seen those trends coming through strongly in Canada and the US with strikes that have been well documented.

I'll probably leave it at that.

Mayank Maheshwari (Wood Mackenzie): Can you talk a little bit more about labour costs? I mean, how do you see the headwinds about it? Given that it's a permanent cost curve shift in terms of labour, how do you plan to neutralise it?

Simon Trott: Here in Australia, do you mean?

Mayank Maheshwari: Yes.

Simon Trott: As Matt touched on earlier, we have seen some of the pressure ease in some segments of the workforce. Some particular skills are still in pretty tight supply, though, and I guess the way that we're thinking about it is we need to be best-in-class at bringing people into our business and training them up so they can safely contribute quickly.

I think Matt touched on some of the training and development work we're doing segmenting across the Pilbara to really focus on particular skills at different sites.

In terms of how we think about that and cost, we obviously want to be as well-positioned as we can be in the industry and make sure we can execute the work that we want to do efficiently and effectively. I think you've seen some of that inflation drop off, but I think the reality is we're going to continue to face pretty tight labour markets as you look forward both here in Australia, but actually we're seeing it really in every jurisdiction around the world as well. And I think you're probably seeing it across most of the commodity sphere as well.

Now if you think about it, inflation for us is probably a good thing, given where we sit on the cost curves in the various commodities that we produce. So we shouldn't be concerned about it, but we've got to do the best job that we can to really manage it.

Chris Bowes (CDPQ): I wanted to go back to the idea of cracking the code on Pilbara fines. And all of the changes that you've outlined require some fairly material changes to your customer supply chains. And I'm wondering when you're having these conversations, are you thinking about is it a demand pull conversation, where from customers that might have some pretty significant strategic and certainly political constraints around separating ironmaking and steelmaking? Or is it supply push from your peers and fundamentally who paid for the transition?

Simon Trott: I guess the point I'd make at the start is that's a little bit the comment I made about this is going to unfold over decades because there is a significant installed base there.

The majority of the world's steel is produced in blast furnaces and you're not going to see that change overnight. It's a transition that's going to take decades.

Simon Farry (Head of Steel Decarbonisation): In terms of push versus pull, it's a little bit of both. Different parts of the world are moving at different speeds, largely based on the policy that exists in those regions. Probably just to recap what I said earlier that the most important thing for us with the agreement we made with Baowu a few months ago to focus on the electric melter, that was the first agreement really between a producer and an Asian steelmaker to look at future technologies for low and medium grade ores.

So, as Simon said, there's a lot of installed blast furnace capacity. There's a lot of focus on hitting short-term carbon reduction targets, which obviously means optimising the blast furnace. We're now starting to see customers emerge, understanding the challenge that they rely on low and medium grade ores and we need a low carbon solution for it. So it's a bit of both.

Simon Trott: You always have to finish with a number, so 1.2 billion tonnes going into China, 900 million tonnes coming out of the Pilbara. Everyone's incentivised to make sure that there's a really good pathway for Pilbara ores.

[END OF TRANSCRIPT]