

RioTinto

2024 Full Year Results

Wednesday, 19 February 2025

Q&A

Rahul Anand (Morgan Stanley): Peter, Jakob, and team, first question is for Peter, perhaps. Peter, the dividend policy and the dividend today obviously great consistency and predictability, having paid 60% of EPS over the past nine years. If I look through the detail, however, obviously the dividend represents a payout greater than 100% of the free cash generation or my number is about 120%. And if you look into the future, you've obviously got higher Capex, which implies your dividend at the 60% level is probably going to exceed the free cash flow in future periods as well. So I guess my question is, are you comfortable adding debt to maintain that EPS payout level in future periods? That's the first one.

Peter Cunningham: Rahul, I think the key point is that we are investing in some pretty attractive growth through the OT underground and through Simandou, which is going to add incremental cash flows into the system. So the answer is yes. I mean right now we had a small deficit of free cash flow to investment. But those incremental cash flows really give us the confidence going forward to pay the dividend at the level it is.

Rahul Anand (Morgan Stanley): Got it. That's very clear. And look, a quick second one for Jakob, perhaps. Congratulations, obviously on the strong performance from the aluminum business for the period. Just under a scenario, Jakob, where you do have tariffs on Canadian goods come in. I mean how would the aluminum business be able to cope with that? Just wanted to understand under a scenario where you're perhaps shipping your product to Europe. I mean is there capacity in the trade routes available? What incremental cost should we think about? Obviously there's a lot of volatility, but it would help us sort of square the circle on that.

Jakob Stausholm: Yes. Thank you, Rahul. I am in Washington, D.C., and I'm trying to understand what the U.S. wants to achieve. Bear in mind that we produce a lot in the U.S., different products. And then a number of products are being imported for us into the U.S. So first of all, the economic impact on tariffs to Rio Tinto might be both pluses and minuses, and we don't know whether the net will be positive or negative. But it really depends on how the tariff hit. If all countries are getting a tariff, the impact for us is 0. The problem is if it's only one country and the country we are selling into. But then, of course, we could redirect our aluminum to other markets and other producers will supply the U.S. market. So new balances will arise. It's far too early to conclude anything on where tariffs will end. And that's why my focus is to try to understand what is it the U.S. want to achieve. At the end of the day, tariffs is only an instrument.

And allow me just to follow up on what Peter said. I think it's so fundamental, your first dividend question. I actually did the math here because you have seen that, we, nine years in a row, have paid 60% of dividend, the maximum of our policy. We've actually paid 72 billion dollars of ordinary dividends over the last nine years. In that period, we have reduced the debt to half the size and we have stepped up Capex and we have gone from contracting our production volume to growing it. And now we have a clear decade of 3% production growth ahead of us. And therefore, if you just look at that statistics, you feel really comfortable about meeting your dividend requirements for the future.

Rahul Anand (Morgan Stanley): Absolutely. No. That is definitely commendable, Jakob.

Jason Fairclough (Bank of America): A couple for me, Jakob. First one, I guess, again on tariffs. As an executive, given the volatility on the news flow around tariffs, are you more or less minded to make more investments in the U.S. and Canada at the moment?

Jakob Stausholm: Right now as I say, I'm sitting in the U.S. We are very keen to invest in the U.S. As you know we have a potential copper mine Resolution that could produce 25% of the copper needs for the U.S. We also are one of only two who has a copper smelter, and it's been difficult to make money on copper smelting in the U.S. and maybe there will be better conditions for that in the future. So I wouldn't mind seeing further investment into the U.S., but I'm also very keen on investing in Canada, and we are investing a lot in Canada right now as you know and I'm very pleased to inform you that the project is on schedule and on budget of AP60, the first new [aluminium] smelter in the Western world for 16 years. And I'm very comfortable about that one. But of course, there's a little bit of uncertainty right now. But I think the way to look at it right now is instead of just looking at the downside, when you have fairly seismic changes, opportunities arise, and it's really the opportunities I'm looking for right now. So there's nothing about cutting down on investments in Canada right now.

Jason Fairclough (Bank of America): Just as a follow-up, if I could. And this maybe for Peter. And Peter, you're kind of alluding to the fact, I think, that you're partway through a lot of these growth projects. And I was just looking at your balance sheet, I think it's \$100 billion of assets. It's just under \$70 billion of property, plant and equipment. Off the top of your head, have you got a feel for how much of that PP&E is actually unproductive today that it would become productive in the next few years?

Peter Cunningham: Jason, not off the top of my head. But fundamentally, on Simandou, we said \$2.4 billion of our share of the Capex. So about 40% of the way through by the end of last year. Clearly, that's not producing anything at this moment in time. And on OT, we've spent, I think we're 95% there of the Capex, but we're only just starting to go to the ramp-up process. I mean we talked in the presentation that we expect more than 50% uplift in copper output this year, '25 versus '24. So they are the two big components, if you like, but certainly are on the balance sheet and not yet translating into anything like the full cash flows.

Paul Young (Goldman Sachs): Jakob, a few questions on the Pilbara, please. First one is on just guidance and the fact that you have lost 13 million tonnes of production from the wet weather, which has effectively your guidance range or the spread. You said you can make up around half of that. And I think you generally budget for seven to ten lost days from whether it's year anyway, but you're holding your guidance. So I would have thought that commentary would have been -- you're guiding to low to the midrange. So just curious about are you really just waiting for the complete review of the infrastructure impact?

Jakob Stausholm: Yes. Thank you, Paul. I do think we know quite well where we are. But what we, of course, still don't know is whether we get more cyclones in the months ahead. And what I would say to you, we're only in February. And I just spent three weeks in Australia, and I spent time up in the mine. Fortunately, there were no cyclones when I was there. They are doing an amazing job at the moment. SPS is really working. The culture is changing. The maintenance is in a much better shape. Our rail lines are working very well. So I actually feel very comfortable. And of course, we have talked to

Simon Trott and his team, and they feel comfortable with the guidance as it is right now. It's clear that it will have an impact on first quarter production and sales volume. And it's a bit unlucky circumstance. You know the whole story from a lot of water in December into the three or four events we have just recently had. But if we felt we should change the guidance, we would have changed the guidance. But given where we are today, the guidance is the guidance. And that is, of course a lot of confidence in what they're doing, but I really feel it's the best guidance we can give to the market. Thank you.

Paul Young (Goldman Sachs): Okay. Maybe just on the long run and actually Rhodes Ridge. Great to see Mitsui come in as a JV partner, seen you have a long-standing relationship through Robe River and also, more importantly, Cape Lambert port. So I was just curious on your view. It seems like a pretty big number they paid, so I'm just curious about your views on that? And do you think they're assuming a larger operation? And then secondly, the fact that they own a stake in Cape Lambert just with the infrastructure charges, does this change any way potentially the effect of equity tonnes or free cash flow that you might get out of Rhodes Ridge?

Jakob Stausholm: Yes. Thank you. No, absolutely no changes to that. We have a very good relationship with the two families, but particularly, the one family for strategic reasons, did not want to be participating. So it's super good news that we are getting towards the end ownership of the joint venture so that we can really progressing at that. And then you asked me about the valuation, and unfortunately, Paul, I cannot do your job, but I think it's very, very transparent that we are dealing with an asset that is worth an enormous lot of money. And don't forget, we are very happy with our 50% ownership because our economics is considerably more than the 50% because we will get the full synergies from using the rail and the port. So I think you actually have got -- all of you analysts have got some really important points to help you valuing our iron ore business.

Lyndon Fagan (JP Morgan): Jakob, just wanted to touch on the Pilbara replacement mines. Again, it feels like results keep rolling by. And we're no closer to getting approvals, obviously depletion really kicking in. Can you comment maybe about the 345-360mt shipment range and when you expect to achieve that now? It really does feel like we're creeping up to some of that timeline slipping? And then I've got a follow-up as well.

Jakob Stausholm: But just a couple of things. I mean first of all, you have good news today about Rhodes Ridge. We have just talked about that. I know what you're saying, you're talking about the interim between that and now. I will say to you as well which is also good news, is that Western Range is on schedule, on budget. So that will be ramping up shortly. And we are making focus on those things. But you're right. The beauty about the Iron Ore system is that we don't have constraints in the port and the rail, and we are becoming more and more productive in the mine. So the constraining factor is really about getting access to land. We are making progress at the moment, but that's the critical part. There is absolutely no change to what Simon Trott told you at the Capital Markets Day. But Peter, why don't you just elaborate on that.

Peter Cunningham: Jakob, that was going to be my punchline, exactly that, that we are pretty much progressing as we thought. So there's no change to the timelines we've talked for the four big replacement mines that are going to come through. They're certainly moving through the system. We can't be sure on timelines around approvals. But at the moment, we feel that they're moving along the timelines that we expected.

Lyndon Fagan (JP Morgan): Well I guess -- yes, the pressure is on for 2028, I guess. But look, the next question I had was a market question. I mean we've observed Chinese iron ore imports ramping up over the last few years, just as steel production has been falling. And I guess through the Simandou project alone, most of the market is bearish on iron ore. And here we are seeing Chinese imports grow in a falling steel environment. I'm wondering what your observations are around why Chinese iron ore imports continue to rise? I know we're seeing domestic depletion, et cetera. Any commentary there? And I guess, as a related topic, your market impact assessment on bringing and how disruptive that might be?

Peter Cunningham: Lyndon, we, effectively, are still seeing Chinese production of steel, around 1 billion tonnes. And that's clearly driving the iron ore demand. We did see some increase in port stocks in 2024, about 30 million tonnes. But fundamentally, it was that steel production rate that drove the demand for iron ore. Now we would say that the prognosis we gave to the market over the last two years is keeping going. I mean there is a chunk of supply of iron ore coming in from the majors. But they're still 600 million to 700 million tonnes there that is coming into the market from Chinese domestic from a whole variety of landborne and seaborne suppliers around the world. And you've seen a lot of inflation in the cost curve over the last few years, giving more support into the iron ore market. And we've just seen that. Every time there's been prices come down, it's bounced back up because of that cost support in around the supply curve. So no change really, Lyndon, to our view on what's happening there.

Jakob Stausholm: And I think I should probably add a little bit because sometimes you read things in the newspapers from various sources. Yes, Simandou is going amazingly well. It's really progressing at, I call it, breathtaking speed because it does. But it's only first ore at the end of this year, and it's going to take 30 months to ramp up. And it's only 6% of the world's seaborne iron ore that will come out in aggregate from Simandou, we think there's space in the market for that.

Ravi Ephrem (Citi): The first question, of the \$2.5 billion for Rincon that you plan to spend over the next four years, how much would you expect to spend this year? Or is the acceleration of the project also subject to formation of those super sites or lithium in Argentina as part of your plan after closing the Arcadium transaction?

Jakob Stausholm: I'll ask Peter to answer the exact number this year, Rincon is a fairly smaller part of it. But let's just start with the good news. Arcadium, that transaction has gone extremely smoothly. And not we thought it might take up to a year to close the deal, but we announced it in October, and now we might actually be able to close it here, if not by 1st of March, then in the course of March. And I'm planning to go to Argentina myself here in March and go and see the sites. It goes without saying, there are certain things you can't do before you have closed the deal. And from there on, we will very quickly develop a plan for exactly where investments will happen and how fast we can ramp them up. So given the fact that we haven't closed the deal, it will be not very smart of us to share a plan. We have a plan, but we're going to learn much more. So far, everything looks very good. And integration, I'm very comfortable on that as well. I think there's a good match of cultures between the two companies. And we have hired Paul Graves to lead our lithium business. And I think, in general, we are on a path to retaining people. And from there, learn from each other and get more technical excellence and

really drive the growth forward. But Peter, how much are we going to spend on Rincon?

Peter Cunningham: So I mean this year, clearly, the first year of construction. And so you always have a slower buildup on that profile. So we would expect it to be around \$0.5 billion of spend this year.

Ravi Ephrem (Citi): And a follow-up on the iron ore business. So if I assume that 13 million tonnes was lost for the year, would it be also fair to assume that there would be a lower proportion of SP10 in '25 compared to '24? SP10 volumes last year was about 60 million tonnes. So is there enough flex in the system to reduce proportionately the amount of SP10 and do more Pilbara blend?

Peter Cunningham: I think the key point there is that -- the reason why losing the ports is important. Because we usually have excess capacity in the ports, and we can make it up during the year from the mines when we lose port capacity. But we can't this year because effectively, the whole system is sort of stopped out in parts. So that's what's meaning that we can't move the tonnes. So it really doesn't change our view that we will continue to have elevated SP10 this year.

Robert Stein (Macquarie): Jakob and Peter, two questions. Just on your Capex guidance. So the \$11 billion this year excluding the \$1 billion on closure and the \$1 billion on exploration and development. Just looking forward, when Arcadium does come in and you reset with the portfolio, are we expecting upside risk to that sort of 11 number? Or is that 11 number being provided, knowing that there are capital requirements with our Arcadium? And I've got a follow-up.

Peter Cunningham: So Rob, when you look at our capital guidance, we said \$11 billion for 2025. And some of that was because we actually spent a bit less in 24. We were at \$9.5 billion. So we had a bit of flow over into 2025. But post that, our guidance is \$10 billion to \$11 billion. And we're hoping to maintain it more towards the \$10 billion. And when you look at our overall growth aspect, which any Arcadium projects would fit into, we've got OT coming out of the system by the end of this year. The underground spend, big year for Simandou next year, but the really big year is this year for spend. By the end of this year, we'll spend something like two-thirds of the capital. So space really opens up in '26 and into '27 for project funding. And that's why we're pretty comfortable that what we'll need to spend on growing and building out the projects within the Arcadium portfolio can be accommodated within our current guidance.

Robert Stein (Macquarie): And then I guess the linked question around full Capex kind of getting to Lyndon's point earlier. When you think about the heritage profile, the risks to approvals and the Capex burden of trying to sustain that business and then you're reviewing the Pilbara Blend strategy, are we to think that there will be optimization with the Pilbara Blend strategy that will derisk that production profile, i.e. we're taking the sustaining mines off the critical path?

Peter Cunningham: So Rob, I mean I think the key point is that those projects that we talked to, those four projects, it's not as though kind of things are standing still and we've not got any sense of them moving forward. We absolutely have. And so they are moving forward, as we said, as we expect. And those four projects are absolutely foundational to the whole system going forward. So we're seeing them move as we would expect to see them move towards their final approvals with the necessary heritage clearances in place as well. I think that's the key point. So we are absolutely reviewing

the Pilbara product strategy as well. That's work in progress, and we'll see where that takes us. But fundamentally see the four projects as sort of foundational under any way forward. Thank you.

Richard Hatch (Berenberg): First question is just on iron ore costs. So \$23 to \$24.5 a tonne seems a little bit above where the street was looking for. Can you just talk about where the '25 is perhaps the peak year for cost grinding higher in the Pilbara? And how do we think about that \$20 a tonne medium-term target with that in mind.

Peter Cunningham: So Richard, I think the outcome, \$23 is pretty good. At the half year, we were \$23.2. So the second half was coming in lower. I mean the key point as well is that we had lower tonnes through the system, 1% lower, sort of 4 million tonnes of production that clearly has an effect on your unit cost. It was about half of the delta on year-on-year. I think what we're seeing is a lot of productivity start to be driven through the Pilbara system. And I think it's really -- it's pretty impressive what they're doing, and I preferred just to the changes being in employee productivity rates being experienced there. I think the team is doing a great job. But there remains a lot of inflation in the Western Australian market that we have to offset as we move forward. So that's where the guidance is up 3% year-on-year at the midpoint. I think when it comes to \$20 a tonne, remember, that is -- was set in '23 in real terms. But as those projects come in, those four replacement mines and the system has additional flex to it. We will see that productivity really start to come through, and that's why we remain very comfortable with that as the midterm target.

Richard Hatch (Berenberg): Okay. And the second one is just on this impairment on the double digestion on the increased capital cost. I'm just wondering how that impacts your decarbonization targets progress and such like? Can you just -- or if not -- or if it doesn't at all, can you just explain a little bit about what going on there?

Peter Cunningham: Obviously going right into the back page of the reports, so well done. But no, absolutely, we took an impairment on QAL because what we found is we've done more work around that double digestion project, that the scope of it has increased and the Capex is higher. And so we've taken down the value of those assets by about \$0.5 billion as a result. I mean we remain very much committed to the program. I mean you've got to think of our business as an integrated business of the bauxite mines in Weipa, the alumina refineries supplying the rest of the smelting system. And that's -- the system value is there, and we've got to decarbonize that system. So the double digestion remains a positive project even if the capital we are now estimating is higher, it remains a positive value project. And so we're continuing the studies to try and make it happen.

Chris LaFemina (Jefferies): So Jakob, being that you're in the United States right now I wanted to ask about the 45X critical mineral tax credit that you could get, at the very least, discount and maybe even as a benefit at Resolution. I'm wondering, a, what you're hearing about that? And then b, if that does indeed become a reality, do you get the credit on only the operating cost for existing lines? Or would it also help you on the capex for Resolution, assuming that gets greenlanded at some point?

Jakob Stausholm: Well just help me here. The credit you're talking about is related to critical minerals, but that's related for comments from the previous government, isn't it?

Chris LaFemina (Jefferies): No. So the Trump administration and Congress are considering declaring copper a critical mineral, and it becomes a critical mineral, as for

Congress. Copper producers in the U.S. will get a 10% direct credit from the U.S. government or reports that will be \$500 million a year for Freeport from its U.S. operations. And that's just 10% of their operating costs, which effectively get reimbursed for. So I'd assume I can account you you'd be eligible for that in the Resolution as well.

Jakob Stausholm: I know for sure. No. But you're right. I just don't think we know all the equations yet because -- it is one comment from the new government, but it's based upon a system from the previous government. But what I was trying to say earlier in the call is that there will be pluses and minuses, and all the production we have in the U.S. is unlikely to be worse off and likely to be better off. But I really think it's too early to conclude anything. But I would say today, I'm quite happy of having smelter -- copper smelter in the U.S., even though it hasn't been very profitable for quite a long time.

Chris LaFemina (Jefferies): And secondly, just on the comment you made earlier about how tariffs on aluminum are kind of raised across the board globally, it would be a net neutral for you, but isn't it the case that the aluminum production in Canada you're exporting to the U.S. now is excluded from prior tariffs, whereas in this case, you might be on a 25% tariff just like everybody else. So some of the advantage that you have in Canada will go away and your margins might be compressed a little bit or am I thinking about that wrong?

Jakob Stausholm: No. That's a very fair point now. It's only 10%, but we have the Section 232 exemption that was negotiated under the first Trump government. So -- but everything is up in the air. We don't know where it will land. But you're right, at that stage, that gave a favorable position to our Canadian smelters.

Liam Fitzpatrick (Deutsche Bank): Jakob and Peter, I've got one question and then one follow-up. So firstly, just on the Chinalco stake, Jakob, you said in December at the CMD that resolving this constraint on potential plc buyback is a priority of yours. Are you hopeful of making any progress this year?

Jakob Stausholm: Completely right, I mean, Yes. But I don't have any progress to tell you about today. It's not a lot of time since December. So please be a bit patient, but I completely -- I'm completely committed to what I said. I cannot promise it, but I'll do my best.

Liam Fitzpatrick (Deutsche Bank): Okay. And then the follow-up is on a question on strategy and portfolio. As you've outlined, a big part of the strategy is to rebalance the portfolio. As the Mitsui transaction has shown us, there are some companies out there that are going to put a much higher value on your Pilbara business than the market will. So have you and the management team have considered monetizing part of the Pilbara through minority stake sell downs to something similar as a way of accelerating the shift in the portfolio?

Jakob Stausholm: Yes. That's something I would find very, very difficult to do. We are the world's largest producer of iron ore. We have optionality second to none with IOC, Simandou kicking in, and a system that actually can make choices in the Pilbara on its product strategy that other producers might find difficult. So selling down would be a really bad strategy, then otherwise, you should just sell the whole stuff in my view. But I was sending your comment because Paul Young made the same comment back to you guys. I think it's you guys who has to look at what is the real value of our iron ore business. You've got a very clear signal today from Mitsui.

Lachlan Shaw (UBS): Jakob, Peter and team, two questions from me. Maybe to start off and just to sort of circle back on the iron ore cost curve and costs in general. Maybe stepping back a little bit. What's the view at the moment in terms of how the cost curve more generally for the industry might be expected to trend in the next sort of 1, 2, three years? And I'll come back with my second question in a second.

Peter Cunningham: Lachlan, I think we saw a major period of inflation come through the system. I think that is clearly coming off more. I think some are dealing with that better than others. And I think we talked to, I think, what we're doing in our system. But I wouldn't expect the same sort of change to the overall cost structure of the industry over the next two years. I mean clearly, that's dependent on exactly how demand evolves. But as we looked at the last many years, you can see China being very stable and incremental growth elsewhere for steel and thus iron ore. So we're not assuming any major change to the structure for the next few years.

Lachlan Shaw (UBS): Understood. That's helpful. And then my second question is just on, I guess, organic versus inorganic growth. And I'd observe that you've got a fairly full program of organic growth underway. Over the coming years, you're soon to complete on Arcadium and what will come there. How do you think about the capacity in the business for further potential inorganic growth?

Jakob Stausholm: Yes. Thank you. That always -- the answer is always that it depends on deals. Some deals make sense and some deals make no sense. What I feel passionate about -- and this is why I'm so pleased that we have been able over the last few years to go from having a Rio Tinto that had a declining production towards growth - is that we have got so many great technical people. And I think it's my job for the benefit of the shareholders to make sure they are being kept as busy as possible. But not to break over. You guys talk a lot about Capex -- sorry, capital and capital allocation. And as you know I've been a CFO for many years. That's very important. But actually, the most important constraining factors is what are your technical competencies. And I think we have now shown that we are able to deliver projects on time on budget. We have improved significantly after we created our global project organization. And when you have those capabilities, you want to use them at max. And I think that's what we are doing right now. That's why I'm so happy about our growth journey, and we are capable to take over Arcadium and help them execute projects as well. But we are running I wouldn't say at full capacity, but close to. And that means that I don't have much desire to add more things into it. But I mean at the end of the day, you can never say never because it's not that taking over Arcadium is just us whereas to deliver. We're actually getting a lot of capabilities in Arcadium. So you can say the combined entity of Rio Tinto and Arcadium will be having more execution capability than before. So that's the kind of constraining factor. But the most important point I want to make between organic and inorganic is that we are just really lucky as a management team here in Rio Tinto. We have received from our predecessors many, many years back, are covered full of opportunities. And we just talked about maybe we could, at some stage, progress something like Resolution. And it goes without saying it's our responsibility to first look at the options that we have for free before we go out and spend an awful lot of money to get something else. Thank you.

Alain Gabriel (Morgan Stanley): I have one question and a follow-up. The first question, since we were talking about Resolution, how do you see the roadmap for the

project from here under the new U.S. administration? That's my first question.

Jakob Stausholm: Yes. Look, right now we are waiting on the Supreme Court that hopefully will not take the case. We have won the case in four courtrooms now. All -- every time it has been in the courtroom, we have won the case. And then if they are deciding not to take the case, then it's back to the administration. And now there's a new administration. And that I mean the previous Trump administration did approve the land swap. The next step is to get the land swap to happen because then we can do the final drilling. We can learn the full size of the ore body, and from there, design the best possible project. While we in parallel are making consultations with all the types that has connections to the land. And I would say that area is actually focusing very well. So I'm optimistic, but it's still a long journey. And first couple is not the next couple of years. It's somewhat further out. But don't forget, it's a copper mine that can produce 500,000 tonnes of copper per year for a long period of time.

Alain Gabriel (Morgan Stanley): And the follow-up is on -- can you give us an update on your discussions with Entree Resources with respect to the JV with OT? What are the next milestones from here and your discussions with them? And what are the implications? Or are there any implications or any delays in reaching an agreement? What are the implications for the mine plan?

Jakob Stausholm: Yes. So far, there is not, but it's -- it would be nice to get that part solved in the not-too-distant future. My focus is, and we are working closely with the Mongolian government to solve the tax dispute we have there. I mean that will be my first priority. If you solve that, it's much easier to solve Entree as well. Well we have a really good process, and I feel that we are working in good lockstep with the government on a project that now is focusing so successfully. When things are going well it's always easier to solve issues. So that's my philosophy. I would, of course, rather like to do it today than tomorrow, but I think we're getting closer to solve those two issues.

Kaan Peker (RBC): Jakob and Peter, two questions from me. Firstly, can I ask about the future of TiO₂ in Canada? I appreciate that you mentioned tariffs will impact the economics of the Canadian assets and there are a number of furnaces at RTIT that are on care and maintenance, and I'll circle back in a second.

Jakob Stausholm: Yes. It's an excellent question. What I see that the team is doing is great progress on improving its cost position. It's probably the place in Rio Tinto, where we have most focus on the cost efficiency. But there has been a lot of shifts in the market, and we need to adjust towards where the customers are and to the market. And right now there is some uncertainty with regards to tariffs, but don't forget, Sorel is not only producing titanium slag. It's producing scandium. We are trying to start producing titanium metals as well. All very, very critical minerals that has great interest by the U.S. So I think these things needs to be seen in totality. But it's clear that the tariffs brings more uncertainty to our titanium business than our aluminum business in relatively speaking terms. So let the dust settle a little bit on the tariff side. And then I can give you a better answer on the utilization of the Sorel plant, which I guess is the core of your question, but it does depend on where we land on tariffs.

Kaan Peker (RBC): And on iron ore, I understand guidance was maintained. But do you have an update on East Intercourse Island remediation work and the time for the poll to get back to nameplate? I think the initial assessment was three to four weeks. Has there

been any changes to that?

Jakob Stausholm: No. It's still the same. It's actually heroic work. Just so we clearly understand the things with the dumper. It's not a problem that a dumper is getting plotted. But this dumper was put in place around 1970, and we have never had so much rainfall in one hour. And the sad thing, in this case, was that the flooding was so high up that it took the whole electrical installation, and that actually have kept our suppliers and were working overtime to give us new electrification kits in place. And so it's all about getting that stuff to the Pilbara and quickly installing it. It's actually quite impressive that it was possible to do within that timeframe. But obviously it's disappointing that we have been down for such a long time. It is the impact of climate change, I'm afraid to say. It's a good learning for us, and it's a good test for us to go around and look at things. Flooding is one thing, but destroying your electrical installation is something else.

Amos Fletcher: Just a couple of questions. I wanted to ask in light of the story about the approach from Glencore, which appeared to have been taken quite seriously by the Rio Board. What should we read into that in terms of strategy and whether you're prepared to go back into coal, for example?

Jakob Stausholm: Well I don't know where you have this thing about the Board. I cannot comment on rumours. It's entirely a rumour. So I'm afraid I can't comment on that. But you're right, we left coal in -- just before I joined the company in '18, and we have had no plans for going into coal again.

Amos Fletcher: Okay. And then just, I guess, a follow-up on that is, I don't know just to ask the question on the DLC structure. But as you look at large-scale consolidation options in the industry, do you -- make you think more positively about the merits of dissolving or unifying the DLC?

Jakob Stausholm: Really, we can certainly use scrip with the DLC. And funny enough, Peter reminded me, we actually have done that. But I think it's back to year 2000, where we have used scrip when we took when we took Comalco private. So that's really not an argument. We will, in a couple of hours, announce our invitation to the AGM, and there will be a resolution there that is requested by Palliser, and there will be the Board's response to their resolution. So if you don't mind, I'd like to refer to that. You will have it in, I think, one or two hours.

Myles Alsop (UBS): Great. Maybe quickly on Simandou, you talked about this 30-month ramp up. Could you give us a bit more clarity on the shape of that? So if we're thinking about both blocks 1, 2 and 3, 4, the system as a whole. Should we take a straight line as in 40, 80, 120 broadly over the 3-year period? Or will it be more clunky?

Jakob Stausholm: Time will tell but it goes without saying that the two consortia shares the infrastructure. So for example, I -- we, Rio Tinto, I'm Blocks 3 & 4, and we wouldn't mind. We wouldn't like Blocks 1&2 to take the capacity in front of us. So I think we will all try to note from that side.

Myles Alsop (UBS): Okay. And maybe just last question back on the DLC and maybe this is in the Board's response, but it seems like the big difference is in the cost, and you've been quite clear that you see it about \$5 billion cost. And obviously a very different view. Could you just give us a sense of how you build up to that \$5 billion or probably the audit that was done quite recently, I think?

Jakob Stausholm: Yes. No. I don't think it's in the interest of the shareholders that we go into what kind of tax exposures there could be from that, that is crystal clear, not in the interest of the shareholders. But -- so that's only one side of the equation. You have to sit yourself and think how on earth can you do this and never get new Australian shareholders to pay a premium for taking out the PLC shareholders. So it's quite an undoable transaction.

[END OF TRANSCRIPT]