

RioTinto

# 2024 Half Year Results

Wednesday, 31<sup>st</sup> July 2024

## Q&A

**Tom Gallop:** Thank you, Jakob and Peter. We'll now move to the Q&A session. Also available in the room to answer questions is Mark Davies, Chief Technical Officer. Please limit yourself to one question and one follow up so we can cover as many people as possible. We will start with two questions from the room. Please wait for the microphone before speaking and then two questions from online. Please tell us your name and which organization you represent before you ask your question. Okay. First question. Paul. I'll wait for Mark.

**Paul Young (Goldman Sachs):** Thanks. Hi, Jakob, Mark and Peter. A couple of questions on the copper growth and options there. Can I start with Kennecott? Peter, you mentioned that this is a big challenge, a big opportunity at the moment. It seems to be two steps forward, one step back at Kennecott. Got the geotech issues now, which is obviously not the first time we've experienced this. Can you just talk through first of all the \$1.1 billion second pushback, which is due to be completed in 2026? Can we talk about how the geotech issues impact that spend profile, and then the access to that higher grade material? And really, what we're waiting for is that production uplift from Kennecott.

**Jakob Stausholm:** Yeah. Thank you. Paul.Thanks. I'm there at Kennecott every year. I was there a couple of months ago. It's a massive asset. It's the world's biggest man-made pit. So do you think it's just a given? And therefore, you have to think about the future and understand that there will be some uncertainty on its road at all. I'm very excited about the integrated side for a couple of reasons. First of all, the underground is going to deliver a lot of high grade material. Secondly, we do believe and absolutely convinced we have world class experience in geotech there. We will continue from time to time to have geotech issues, but we know how to handle it. We have a plan for how to unload the pressure where the biggest geotech issues are now. But it is right now we are reconfiguring the exact mine plan. So we will get to the pushbacks high grade, but I can't give you exactly a timeline for the production plan right now.

**Paul Young:** Okay. thanks. And maybe another question actually on other copper growth options. And can I talk about OT expansion versus Resolution? First of all, Resolution, we know Ninth Circuit court's gone in your favour. There'll be an appeal. Feasibility study was due to be completed end of last year. But we're edging towards and nudging towards potentially an FID on Resolution. At some stage I would think in the next 12 months, then you've got OT, which is running fantastically well. It's pretty clear on the site visit last year that you've got the potential to add a third mill line at some point. You know, I would have thought rolling the project team now into a third mill line, it just makes a lot of sense from a brownfield perspective. I know Bold's view on this. He's pretty upbeat about pushing even further OT. So how do you rank future options. And maybe the market's not thinking about like a Resolution greenfields versus another expansion mining -- a mill expansion at OT.

**Jakob Stausholm:** Yeah. I actually don't necessarily rank them too much because we want to optimize OT. And as soon as we get progress approvals with Resolution, we want to move forward. But Resolution is complex. We are making progress on the ground in consultation with First Nations people, and as you rightly say so, we keep on winning in the court room. We were not the one who wanted to be in the court room. But every time it goes to the courtroom, we win. Unfortunately others keep on appealing, so it takes a while. I'm absolutely convinced the US needs this and it will happen. But the question is, when, we don't have a firm timeline about that. I think I can say and Mark you know -- Mark is here today because when the questions

get really difficult, we'll send it to him. But I really believe that that Mark's team have grown a lot, the major projects team. They can deliver this project when we can start executing it. And quite frankly, it has no impact if we could do more at Oyu Tolgoi. You made some really good observations when you visited Oyu Tolgoi, and we have discussed it a lot ever since. We will try to push the boundary, but right now, with Oyu Tolgoi, we just want to get the conveyor to surface up and running because that will really accelerate the profile. Thank you.

**James Redfern (Bank of America):** Thank you. James Redfern from Bank of America. Two questions please. Jakob, I think you made some comments earlier that in terms of any potential M&A, that the potential synergies need to exceed the potential premium paid, which is often quite difficult. I mean, if we take Tech Resources, for example, it was in the press a couple of weeks ago, market cap \$25 billion, a 30% premium would be \$7.5 billion. So could you potentially extract synergies exceeding \$7.5 billion in that case? And I've got a follow up. Thank you.

**Jakob Stausholm:** Yeah, that's a tough one, isn't it? The reality is, and I have spent my career in a number of different industries. And in some industries you have a high percentage of synergies. In some industries you have a smaller percentage. My experience is that here in mining, it's not often that you have a high percentage of synergies compared to enterprise value. And that's why it's quite difficult to pay high premiums. There are exceptional cases, but they have to be exceptional. And yes we're not afraid of M&A. We could look at things and we wouldn't mind having more cover, but we also try to avoid being pro-cyclical. And it's a fairly hot market out there. So it's not easy to make a copper acquisition work right now.

**James Redfern:** Thank you. And a follow up, please. Can you make some comments around the DLC? Rio recently reviewed the DLC structure and decided that it was more costly to collapse the DLC. So I'm wondering does the DLC limit Rio's ability to undertake scrip-based M&A, given that the PLC shares are trading at an 18% discount to Rio Limited? Thanks.

**Jakob Stausholm:** Yeah. Thank you. Good question. We've got a new shareholder in PLC who has done some research and mentioned that further value could be unlocked from the company. And obviously we are very aligned on that. So we immediately did a deep dive on is it still viable, our DLC. Peter and his team have done a lot of work. I'll hand over to him to give you a full analysis and our conclusion. But I just like to say we can absolutely do scrip deals out of the DLC. It's a little bit more complex, but actually we got optionality. We can buy from the DLC, we can buy from the PLC, from the Limited. We can do a lot. That is absolutely not an excuse for M&A. But the M&A, of course, has to make sense in itself. Peter.

**Peter Cunningham:** Jakob, thanks. Four points to make on the DLC. I mean, one, absolutely. We've reviewed all our view on what would be the costs of unifying the DLC, in particular the DLC into Limited. And the tax costs would be in the mid single digit billions of dollars. And we've actually had that reviewed with one of the big four firms just to validate our assumptions. So that is the first important point. I think the second thing is that when you think about how this would actually happen in practice, our view is probably you get down to a blend of the two share prices that would form after a unification. And clearly at the moment, it's a 77%, 23% DLC with 77% being held through PLC and international investors. That is a lot of investors to come through in unification. At the moment, it's about 15% of our shareholders based in Australia who would be enjoying the franking benefits that underpin that premium that we see in the market. I think the third thing we were thoughtful of is long term franking. I mean, after

unification 100% of your dividends have to be franked for shareholders to benefit. And so when you think of our shareholder returns policy at 40-60% through the cycle and paying out a 60% over the last eight years, that means 60% of our earnings have to be in Australia to have the capacity to keep on fully franking. So if you look at our growth, a lot of it is not in Australia at this moment in time. So again, you don't know how that will play through, but it's an important part of the equation. And I think finally, just to echo Jakob's points. I mean, the DLC works for us. And we do have the ability around M&A and around raising capital. So you know, I think that's --for all the reasons we don't see the positives to offset those other variables that I've talked to. Thanks.

**Tom Gallop:** Thank you. Thanks, James. Well, we'll take one question from online, please.

**Lyndon Fagen (J.P. Morgan):** Good morning, and thanks very much. My first question is just on the next tranche of Pilbara replacement mines. Looks like we're still waiting on FID for a lot of these. I'm just wondering if you can give a bit more colour on what's holding all of this up. Are we a little bit behind schedule here at all? And really, my follow up is just while we're talking about the DLC, any update on the Chinalco stake and asset swap idea? I'm guessing it's a great opportunity to do a buyback in the UK at the moment if you could. Just any colour on that. Thanks.

**Peter Cunningham:** Thanks, Lyndon. I'll certainly take the first one. In terms of the projects in the Pilbara, I mean, the program remains pretty much absolutely in line with what we talked about late last year in the site visit and the Pilbara and the Capital Markets Day. So we do have Western Range right now 70% complete. And then we've got four major projects over that completing in that 2026, '27 and '28 period. Now clearly all of those are subject to the timings around approvals. And that's the key variable in delivering that. But you know, at the moment broadly that plan remains on track.

**Lyndon Fagan:** But why -- Peter -- like what? What's holding them up.

**Peter Cunningham:** So they're actually going through the approvals process of traditional owner engagement and then engaging into the permitting process.

**Jakob Stausholm:** So on buyback, right now, it actually works quite well. You can look at the balance of we have ramped up investments. We are paying out every year 60% of our earnings, and we are remaining with a very strong balance sheet. And we're not seeing growth in debt. So it works. But you're right, you could argue that it would be good to make buybacks, particularly in PLC, although you probably have seen that that the valuation difference between Limited and PLC have narrowed somewhat. And there's reasons why there's a difference with the franking credits. I've always said I was going to discuss it with Chinalco, but my priorities when I discussed this six months ago was about Simandou. And we have made great progress with Chinalco in the meantime, not least having settled all amounts and received like what was it, \$575 million here in July. So that is behind ourselves. But that discussion is ahead of us, so I'll take note of it. I certainly haven't forgotten it. There are still opportunities there. Thank you.

**Tom Gallop:** Rob?

**Rob Stein (Macquarie):** Just a little bit more about Simandou. Can you give us a feel for how quickly the ramp up will be across 2026? we note the 2025 first ore, but doubts around whether

it's going to be fully railed and it's going to be hitting any sizable capacity 2025, but 2026, I guess, is the key here. Can you give us a feel for how rapid that lift will be?

**Mark Davies:** Yeah, sure. So in 2025 we expect to have first ore at the mine gate. And actually the initial crushers are either on the water or just landed in Guinea now to start processing that first ore. And our rail is on schedule to complete at the end of 2025. And so then you've obviously got to ramp up the rail system which would be the first quarter of 2026 will be the ramping up of the rail system. And the initial year or so will go out through the WCS port which would be capped at 60 million tonnes of capacity. But obviously there's a ramp-up profile that that would go with that. Those details obviously is CTG, which is the joint venture that will run that infrastructure. We're standing up that joint venture now in terms of hiring people and putting it in place. And we'll have to work through what that ramp up profile of the WCS port looks like. But that's the gist of it. The rail will be completed at the end of 2025, ramp up first quarter of 2026, and then there'll be a ramp up during 2026. And then then the port comes online early 2027.

**Rob Stein:** And just maybe one on returns across the portfolio. On your segment view, you had your ROCE of each asset which Iron Ore stands out. The others less so. Do you have any ROCE threshold across the portfolio around what you need for an asset to be Rio Tinto quality? And similarly, are there assets currently in the portfolio that are underperforming? I mean, I could name a few, but I'm interested in how you would view it and what you're going to do to improve that.

**Jakob Stausholm:** Yeah, I wanted to pass it on to Peter, but I get a bit excited. So I have to start a bit. First of all, if you look over the last ten years, the return on capital employed on Aluminium has not been high. But please look carefully at our results here. The operational performance of Aluminium is really improving and the price environment is also improving. So the average profitability in the first six months of the year is not fantastic, but it's gone like this. And therefore, because it goes without saying, a product group should have double digit return on capital employed. Absolutely. And you can see Aluminium getting there. Minerals is there. And you can also see Copper getting there, because we are just at the inflection point when we get the conveyor to surface running in the third quarter, we're really going to produce much more from OT. So that's the kind of things I would ask you to look through. But Peter, do we have underperforming assets in the portfolio?

**Peter Cunningham:** Jakob, I think you put it very well. So there certainly are some, some is just market driven. If you look at some of the markets around Minerals, it's just very tough, very correlated with the construction cycle at this moment in time. That's just tough businesses. But you just look at those businesses in terms of their position in the industry and they're leading businesses and scale and the capabilities we have. So I think you've just got to be very careful of kind of cyclical changes when businesses actually have a lot of competitive advantage for them when markets improve. So certainly to me it's about actually looking at this as glass half full of having opportunity to drive more returns from the asset base. That's how we regard it.

**Jakob Stausholm:** And maybe if I can take one because it's so obvious. You know that we had PacAI for sale under my three previous CEOs and we didn't sell it. And I'm actually happy about that because look at it how we take them asset by asset. I think we have created a great asset in New Zealand, I can't wait later this week I'll fly to New Zealand and meet the team and meet

key stakeholders because we thought it does have a future. And now we have found a partnership there. We found a decent power contract and we can see a very profitable future. And then on top of that, Sumitomo have left, we own 100% of that asset. So slowly but surely, assets that were marginal, we are actually turning them into becoming decent, I hope and I believe, because we are really making a lot of progress on Boyne Smelter as well. And that's how we go about it. You can say IOC is very unstable, but actually it's quite profitable. We just need to get more stability into it. And it's a bit the same thing with Kennecott. But I don't want to go over that again because Paul has already put it into pieces. But it is really that trick of slowly but surely taking these assets. And when you get the best out of them, they're actually very profitable.

**Rob Stein:** So sorry just to maybe flesh out something just a little bit more. When you look at the SPS and you think about how the impact of that is on returns, ROCE, is there an internal target that you guys are looking to around, are you expecting a 500 basis point improvement across different assets, like how should we think about in terms of production costs?

**Jakob Stausholm:** Yeah. And then it comes from me who has been a CFO for many years. I said I'm just not going to start there. We completely burned our fingers when we implemented the so-called mine to market and talked about \$5 billion, and we didn't achieve that. This is not about financial numbers. This is about changing practices, changing work cultures, doing things differently. And the things that I really focus at, I was at Amrun, Amrun is a great project, but it hasn't really performed at its best. And in June it consistently performed above nameplate. And that's what I'm really looking at, can we run our assets at nameplate, close to nameplate and in this case higher than nameplate? It's very difficult to just put it down to one number because, against what?

**Tom Gallop:** Glyn.

**Glyn Lawcock (Barrenjoey):** Thanks. Jakob, probably a little bit for you, but if I think back over the last six months, 12 months, and you today said you've got 3% compound growth to 2028. Is that sufficient? You are a big company, and you said earlier you're not afraid of M&A, so it's still large-scale M&A off the agenda for you?

**Jakob Stausholm:** Well, it has to make sense. But the reason why it was absolutely off the table when I started as CEO was that we had a lot of work to do in terms of recovering social licence, in terms of shaping up some of our capabilities, etc. We're in a different place today. So it's not that kind of completely given. We can do it. But as another question I got earlier, I just want to say it's not easy to justify big premiums and we are definitely not in the M&A game in order to be bigger. We are only in the M&A game if we can create shareholder value.

**Glyn Lawcock (Barrenjoey):** And thanks. And can I follow that up then, the lithium market you talked about copper and things are expensive heated. But you know lithium, I think if you look back 6 to 12 months ago, supply has been more than we thought, demand has probably been a bit weaker. Is that as you said earlier, just a cyclical that we're going through or is there something structural, just share your thoughts on how you're seeing it because you said 10 to 15 years.

**Jakob Stausholm:** And that's a very good point. First of all, we are coming to an important investment decision of the full-scale Rincon, and hopefully we can progress Jadar. And then we already are well in. But we could look at other lithium assets. We have a great exploration

portfolio, and lithium is actually something you can take from exploration to production much faster than, for example, copper. But we could also look at other assets. It's fair to say that it's certainly cheaper than a year ago. And in a way, it doesn't really matter what the lithium price is for us in the short term. We really have to think about what's going to be the average price over the next 10, 15, 20 years. I think it's fairly given that the world will need lithium because you do need lithium for at least high-performance batteries. And the world needs more batteries. So that's kind of the fundamentals is going our way. But it has to come down to individual assets. If we should build up a portfolio of assets like Jadar and Rincon, Jadar and Rincon can become real tier one assets. That's where we are at our best. Thank you.

**Tom Gallop:** Rahul.

**Rahul (Morgan Stanley):** Perhaps I start off one for you, Peter. I just wanted to focus a bit on the cash generation in the business. So you talked about building inventories and I understand you've been trying to stabilize the business in terms of production, performance, etc. But if I look at since calendar year 2021, calendar year 2021 had a working capital build of about a billion. 2022 was 400 million. Then you had a 900 million build last year, and we started the year with another 700 million build. When do we see the second half actually give us back some of that cash? Are we at the right level now? Are we going to continue down this trajectory? That's the first one.

**Peter Cunningham:** Rahul, that's a very good question. What we saw in the first half is just seasonal. I mean, it was mostly non-trade. So it was those aspects like royalties and taxes and JV partner payments that just come and go during the year. So they are noise in the long run. If you look at most of what's happened since 2021, it has been inventory, and most of it has been cost-driven. I mean, if you look at the raw materials going into aluminium, they're still much higher than they were back in 2020, 2021. And the same for a lot of other inputs to the business, and a lot of the costs. Costs have gone up in the industry. It's pretty much the same for us and others. And that directly flows from the cost base into inventory to be then realized into cash flow. Now, having said all of that, we are carrying still some excess in some areas. So that we would not like to say it has normalized. So Kennecott is still working down its inventory levels because of the smelter shut last year. It's actually got concentrate inventories that will be worked off for the rest of this year. So that's why even though mine production is lower, Kennecott's cash flows this year will actually be pretty solid because we're just smelting the intermediate products. Other areas we're still working down are probably TiO<sub>2</sub>. We've kept on producing in TiO<sub>2</sub>. We've got six furnaces at Sorel and three working at RBM, even though the market is pretty tough. And again, so we're ready for turnaround in the market and are well-supplied. So there are some areas that we're certainly carrying more inventory than usual and we'd expect them to be worked out of the system at the right time.

**Rahul Anand(Morgan Stanley):** So stable levels of inventory from here on?

**Peter Cunningham:** I think inventory will not go up from here. It's stabilized.

**Rahul Anand(Morgan Stanley):** Okay. Perfect. One perhaps for Jakob. Jakob, you talk about the strategy a bit in terms of copper and otherwise, and you've obviously fleshed out that there's hard to find a good copper deal. But if you talk about Argentina, specifically the RIGI, it looks like it's getting passed and you've had a peer as well pull a trigger on one of their early stage transactions. Now you've got an investment in Rincon, which you're probably going to

expand on. But there are opportunities in Argentina still. You've got one in terms of McEwen as well. How do you think about that market? Does that open a new frontier for you to perhaps get into a bit more greenfield and add value along those lines?

**Jakob Stausholm:** Yeah. Thank you. You asked a very good question. To your question, I think fundamentally Rio Tinto would like to invest more in Latin America and particularly Chile and Argentina. And you've seen what we have in Chile with the Nuevo Cobre. It's very interesting. We are very happy being in Los Azules with McEwen. Rincon, the economics of Rincon is much stronger after the new law has been passed through Senate. So it is interesting. I have lived in Argentina, there are still risks. So we are cautious. But I'm excited about the opportunities in Latin America. Thank you.

**Paul McTaggart (Citi):** So here we are in New South Wales. We haven't talked about Tomago, Tomago smelter, which is a big chunk of our electricity consumption. So you think you're making progress with Boyne for a solution? Where do you think Tomago sits in that and conscious the clock's ticking in terms of current power agreements.

**Jakob Stausholm:** Tomago is much more difficult. That's very clear. What Mark's team is doing right now is building amazing skills because there's no one who has the skills on how do you actually get deliver firm renewable electricity to an aluminium smelter other than if you have a hydropower or a nuclear plant next door, and that had to be built first. And what we are learning at Boyne Smelter is amazing. But you can answer it yourself. Are you going to fix Tomago as well?

**Mark Davies:** No. Well, as you said, Jakob, it is actually quite a lot harder. One of the things that that we are trying to do is an aluminium smelter, it's not a very flexible load, but it's big. And if you can make it more flexible, that creates lots of optionality. And that's really what we've utilised at BSL to work towards a solution if we can. And actually it's what worked in New Zealand as well. Being able to help the grid at times of need is a source of value for the grid, and how you get compensated for that is core to unlock it. So we're working through the options, but we're not anywhere near there yet. And it is a lot harder.

**Jakob Stausholm:** It's a good point. It's very important for the grid with an aluminium smelter. And you can read very positive newspapers from New Zealand over the last ten days that we are helping New Zealand because they don't have enough water in the reservoir. But rest assured that is also economically attractive for us. So it's a real win.

**Tim Gerard (Janus Henderson):** Thank you. Just a couple of questions. Maybe for Mark. A little bit about Iron Ore Company of Canada when those programs might start there and why they haven't started to date. And very difficult asset to decarbonize. So the decarbonization of Iron Ore Company of Canada. First question.

**Mark Davies:** Okay. On SPS, it actually has started at IOC. but there is a process to ramp up. And if you look across our business, we're at 26 of the 39 assets we've deployed SPS at some level, and 15 of them have it across the full value chain. One of the keys to success is actually buy-in and getting people trying to utilize it as their tool for improvement to own it. I was at IOC a month and a half ago and followed the shift starts all the way through to the end, I spent the day following people in the field. And it is it is starting to make an impact. But we've got a fair way to go. And SPS at the minute is focused on operational excellence, How do I have a great shift start? How do I engage my front line? But we have to also ramp up our ability to do

mine planning better, do our asset management better and what we're working on all of those things with IOC. Now jumping over to decarbonising. Decarbonising IOC is hard. The positive is that you're in a region with lots of hydroelectricity. So if you can figure out ways to use electricity rather than fuel oil or coal. And we are installing electric boilers as we speak as a first step to help decarbonize there. Our technology ventures fund has invested in a company called Aymium which is a creative designer biocarbon. And that's also an option that we're exploring at IOC.

**Tim Gerard:** But by the sound of it, nothing happening quickly there to decarbonize significantly.

**Mark Davies:** All quick decarbonization is switching to renewables. That's the one thing that you can do today that's quick. And to the extent that you're already buying electricity, you can do that. Everything else is not quick. Like developing new process technology, capital is inherently slower.

**Tim Gerard:** And a quick follow up on Winu. Are you still drilling there? And maybe a couple of comments on progress with the indigenous negotiations. But the main question on Winu, is it a scale that's potentially of a lot of interest to you, or is it really one of these things you're looking for a path to exit?

**Mark Davies:** So I'll answer the first bits. And I'll leave it to my esteemed colleagues on the second bits. But no, we're no longer drilling. We've been focused on working our way through the traditional owner engagement and the permitting process. That's going very well. The traditional owners are very comfortable. We've signed appropriate agreements. And it's just now going through the permitting process.

**Jakob Stausholm:** And we have a project. The question is just how big it is. And we want to learn about this. And we need to have a pathway forward with the traditional owners. Not that we have much resistance, but the traditional owners and in that part of the world is not used to mining. You need to make them comfortable with what we're doing. And then when we have a project that has the consent, we'll have to see the scale of it. There is a lot of copper but we still haven't necessarily found a full regional play there. Time will tell. But we're not spending too much money on it at the moment and we are progressing it very well. Thank you.

**Kaan Peker (RBC):** Just going back on Jakob's comment. He mentioned that he expects lithium to change the shape of the portfolio. So I just wanted to get an understanding of what percentage is at EBITDA, production that you would classify as a change to the portfolio?

**Jakob Stausholm:** Maybe it was a bit of a bold statement there. It's a fact that the only new material that we will start producing this year is lithium, so that changed the portfolio, it doesn't materially change at this point in time. I hope and believe that Rincon start-up will be followed by a Rincon full scale, will be followed by Jadar. And we actually have some good progress on exploration. And if we might also add in a few other assets, then we have something of scale, something that is sizable at the group level, maybe not as big as our iron ore business, it's difficult to match that one, but something that actually will provide meaningful diversification, and this is important. We supply almost any industrial player with aluminium, we are by far the biggest western producer of aluminium and all those customers, automakers, they're screaming us 'Can't you also sell us lithium?' So our value proposition to customers is changing.

**Kaan Peker (RBC):** So maybe just adding on to that. Just on the infrastructure around Argentina particularly around DLE, it seems like cost of power and obviously water is key. So what do you see as the key infrastructure that's required to eventually commercialize DLE in Argentina?

**Jakob Stausholm:** First of all, I don't think you have an alternative. The way you have done it in the past in Latin America with ponds takes up a lot of land. And you can do that if it's small scale, but if you want to have lithium extraction at scale, you're going to destroy the Andes unless you find another technological solution. And in my view, DLE is the way forward. Ideally with reinjection as well, because then you basically have no nature footprint other than your plant. That's the futureproof way of doing it. And right here in Australia we're doing a lot. Maybe Mark you want to comment on it. Our research facilities in Bundoora in Melbourne is leading edge on this, and there are only very few players who actually can produce DLE right now. And the game is exactly what you're saying. It's not about lithium. There's plenty of lithium. It's about you only have so many litres of water, how can you with that water extract most lithium. Anything to add?

**Mark Davies:** Jakob, you have covered it well. For Argentina and particularly for Rincon, we have a 130 kV power line that we only need to add 5 or 6km to get to site. And there's a 400 kV line that runs Argentina to Chile over the site. That part has some of the world's biggest solar farms today. So there is a lot of energy I don't think is a constraint, certainly for Rincon. And I think, as Jakob said, optimizing the water, that's a potential competitive advantage because the water is limited. And you can always go to full on reverse osmosis and just recycle the brine. But that obviously costs a lot of money. So how you produce lithium with the least possible fresh water for that washing stage is a real opportunity that we can bring unique competitive advantage.

**Kaan Peker (RBC):** Sure. Thank you. Mind if I just squeeze one other in? It was continuing on with Lyndon's question around the replacement mines in the Pilbara. Seems like Greater Nammuldi was a little bit delayed because of indigenous approvals. Just wondering, that's 2028, now does that inhibit the Pilbara pushing ahead with or stretching their mine production, given that mine constraint, with approvals, I suppose, pending on a couple of replacement mines.

**Mark Davies:** Yeah. Greater Nammuldi is the heritage. We have had some heritage delays and the key thing is there's a main haul road there for Greater Nammuldi that we need to build. We are sitting down with the traditional owners, seeing how we can progress that. We're flagging at this stage it's a risk to Greater Nammuldi.

**Kaan Peker (RBC):** Thank you.

**Tom Gallop:** Lachlan.

**Lachlan Shaw (UBS):** Couple. Let me start just on iron ore. So the medium term guidance just to pick up from Kaan's question medium term guidance is 345 to 360. Can you just remind us on what the depletion looks like from 2025 to 2028? And then just when the four replacement projects, when you're hoping they'll be at nameplate run rate?

**Peter Cunningham:** Depletion we talked about is about 90 million tons over the period to then. And they add about 120 million tons of capacity all in all those mines. The numbers we talked about when the visit to the Pilbara in October are still the right numbers, Lachlan.

**Lachlan Shaw:** So just to clarify, is that a straight line or does that vary over that time.

**Peter Cunningham:** They come in on various dates I think in the 2027 and 2028 period. The dates we put is still exactly the same when we set them out. Simon had some slides he put up in Capital Markets Day. They're still the same dates. As Mark flags, it's the uncertainty on Nammuldi. But they're ramping up over those. I think the dates we gave are first ore for those dates. How we ramped up Gudai-Darri, it was done within 12 months.

**Lachlan Shaw:** Okay. Understood. Maybe second question a little broader. And that's the experience around permitting in WA. you've got a situation now where the state EPA and the federal EPA is starting to maybe get a little more forthright in terms of conditions on permitting approvals and operations. what's your experience there? And how do you think about that dynamic in terms of these medium and long term mine plans and how you progress and sustain that production?

**Jakob Stausholm:** You're hitting on all the right things that are the constraining factors. The team in Perth is doing an amazing job on engaging with the traditional owners. That is the critical path for any iron ore producer. And then the new legislation on nature. And you might have seen in the newspapers there's been some discussions around that topic. We are very aligned with the government. We have signed up to ICMM's statements around being nature positive by 2030. So our commitment, independent of whether there's a law or not, we will deliver towards that. But we made comments about that. The current draft of the law is simply not practical. And it's been very difficult to engage with the relevant ministry. And that's why we are putting in writing our concerns. We think we have an obligation, being part of society to make those points, but it's more about the efficiency of the law. We are totally aligned with the intent, we just want to be sure the law achieves its intent.

**Tom Gallop:** Okay. we've got time for one more question.

**Graeme Cartwright (H&RFS):** I guess I go back a few years to listen to Hugh Morgan talk about expansion at Olympic Dam being constrained by uranium. And I guess one thing we've seen in the last few years is that restoration of growth in nuclear and more countries coming on board. I don't expect you to comment in detail. You can feel free if you want to. You had a bit of a shock last week at ERA. I guess that was a deep, potentially profitable source of uranium in the future, if you got approvals, as you've made clear. And Rio's waxed and waned over the last 20 years in uranium. Where does that fit in your thought process in the next decade or two, given that decarbonization?

**Jakob Stausholm:** Yeah. Thank you. Interestingly enough, after the Second World War, the British government asked Rio Tinto to go and look for uranium. And within ten years, we were the world's largest producer of uranium. It's been a very good business for Rio. It has not been a fantastic business lately. And you saw us going out of Namibia. We sold Roughrider last year. It was not because we didn't like uranium that we sold Roughrider. We always look for it a tier one deposit. And it's not. And we could get good money for it. So it was a very good divestment. Now Jabiluka. It's not only is the Mirarr people against it but it's in a World Heritage area, you just don't mine there. And I'm not sure it's that profitable. For me, it's a clear-cut thing, and I'm happy that we finally have taken all the noise out, because that noise is only about minority shareholders of ERA trying to get a little bit of extortion here. For me, it's a clear cut thing. Jabiluka will never be mined. And then you can talk about uranium. Yes, there is a

future for uranium, but you have to take a step back here first. It's for every society to decide whether you want nuclear or not. Interesting enough, I come from Europe. My neighbouring country from Denmark is Germany, they don't want nuclear. France wants nuclear. It's a societal choice. Our position as Rio Tinto, we need to decarbonise. That means we use all sources that doesn't have carbonization. That can be solar, wind, hydro, or it could be nuclear. So we're totally open towards that. But if the world starts doing more nuclear, you're talking 20 years down the road before you really get the consumption. It takes forever to get permits and to construct these things. So it's not that there's a huge demand for uranium right now. There might be 2 or 3 decades down the road. So it's not an urgent thing from our perspective. Thank you.

**Graeme Cartwright:** And I guess a supplementary question on the DLC. When you've looked at that split and you referenced the 60% of earnings, you've got a 77/23 split; is there an index balance that goes into that, that you have to maintain certain balances? You wouldn't want to go past 60/40, London, Australia or just I'm just thinking about how your buyback might proceed if you get certain opportunities.

**Jakob Stausholm:** We are acutely aware of that we have an absolutely amazing business here in Australia. We wouldn't mind balancing it towards having a heavier share on the Limited. Unfortunately, it just doesn't make economic sense to make unification. The DLC structure is very efficient, but it doesn't mean that we can't rebalance it. And should we do rebalance it, we would move it in that direction.

**Tom Gallop:** Thank you. we've reached the end of our time for the Q&A. Thanks for everyone for joining online and in the room. Hopefully those in the room can join us for lunch after this. Jakob, did you want to add anything, last words?

**Jakob Stausholm:** No. Thank you. It's really great to be here in Sydney today. And good to see you. Let's make sure we keep the dialogue and we will nurture our British stakeholders a little bit later today. So great to be here. Thank you.

[END OF TRANSCRIPT]