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Event Transcript

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Start of Transcript

Operator: Ladies and gentlemen, thank you for standing by and welcome to the Galaxy Resources December quarter 2019 results conference call. At this time, all participants are in a listen only mode. After the speaker presentation, there will be a question and answer session. If you would like to ask a question at that time, you will need to press star one on your telephone. I would now like to hand over to CEO, Simon Hay. Thank you. Please go ahead.

Simon Hay: Good morning everyone and welcome to the call. Joining me today is Alan Rule, CFO. I will lead the call with a discussion on the company's activities for the quarter as well as our plans for Mt Cattlin and the outlook and then Alan will present on the financials.

The December quarter 2019 activities report was released to the ASX this morning and will be available on our website today. Before we begin, a reminder that today's discussion will include forward looking statements that are subject to various risks and uncertainties concerning specific factors. Information presented represents our best judgment based on today's information. Actual results may vary based on these risks and uncertainties.

So firstly to sustainability, Galaxy's updated corporate strategy was released in November last year. In it, we articulated the company's plan to develop our growth assets to create a large-scale global lithium chemicals business. In increasing our global footprint, we recognise the imperative to improve and enhance our sustainability practices and we have a range of actions under way on that front. We've commenced a two-year program to align our systems with environmental frameworks and will outline much of this program when we release our first annual sustainability report online in Q2 this year.

On the ground in Argentina, we are stepping up our community programs as we progress towards full scale development of the Sal de Vida project. We have an infrastructure program underway in partnership with the Catamarcan Provincial Government where we are funding and supporting the expansion of two schools and the establishment of a medical clinic. These projects are progressing to plan. We've also recently opened a community relations office in one of the nearby towns and have completed the first of a number of soft programs with the local communities.

On the safety front, we are LTI free for the quarter and pleasingly our total recordable injury frequency rate is falling in response to the safety efforts of people in the field, though it is still too high and we are taking further steps to address that this year.

Moving to Mt Cattlin, firstly mining and a very solid fourth quarter. All mining was up 8% quarter on quarter as we had lower overburden movements. Grade mined was higher due to lower dilution and improved mining and blasting practices plus some selective mining at the end of the period. Processing was also very positive with concentrate production of 43,000 tonnes, which was at the upper end of the guidance range. This was despite a set-back for a couple of weeks where we had poor process control in the plant due to the combination of an operational trial with an inconsistent oil zone. This adversely impacted recovery for the quarter and was rectified within those two weeks.

For the year, Mt Cattlin achieved record production of 191,000 tonnes of concentrate and as you can see from the table, production, product grade and cost were very consistent and stable over the last three quarters. From a financial performance perspective, we achieved a cash cost per tonne produced of US$391 for the full year, reinforcing Mt Cattlin's market position as a low-cost producer of spodumene concentrate.

I also need to point out the fourth quarter production was better than it appears as we commenced a planned outage on 20 December. This outage was for a number of reasons, firstly the conclusion of the mining contract term and as it turns out we have subsequently selected a new mining contractor, so this outage will also cover the transition of mining contractors. Secondly, the outage was to install an ore sorter circuit and to tie it into the crushing circuit and finally, to commence our 2020 operational plan and to give staff time off over the holiday period.

As we flagged in November, Galaxy will reduce mining and production rates in 2020 in response to market conditions to conserve mineral resources during the period of soft prices. I can now provide more detail around our 2020 production settings. Mining volume will be reduced by approximately 60% on 2019 rates as we indicated in November. Mined ore will be augmented by stockpiled contaminated ore that has already been expensed. This ore will make up 40% of the total plant feed. Contaminated ore will be processed through the ore sorter circuit to clean up the ore and remove the majority of the basalt contamination, so it will present to the plant as typical ore feed.

At site currently, the ore sorter circuit is being installed, scheduled to be completed in late February. The circuit will be commissioned and ramped up in March with mining and processing operations to resume sequentially from mid-February, total outage time approximately two months.

Targeted lithium concentrate production volume for Q1 is expected to be within the 14,000 to 20,000 dry metric tonnes range following the re-start of operations. An annual concentrate production is to be within the range of 90,000 to 105,000 tonnes, which is approximately 50% of our 2019 run rate.

Importantly, we retain the flexibility to return to full production rates rapidly and have plans ready for this right now, should market signals or customer orders indicate that this is needed. Our objective with these 2020 operational settings is for Mt Cattlin to generate positive cashflow this year.

In regard to sales, difficult market conditions persisted throughout the quarter. Despite this, we managed to hit just below our fourth quarter guidance of 30,000 tonnes in sales. As revealed earlier in the month15,000 tonnes of the sales have not yet been shipped at the discretion of the customer who has elected to delay shipment until after Chinese New Year. This Japanese customer understands their contractual obligations and is respectful of the supplier relationship with Galaxy and has therefore pre-paid 65% of this volume up front, with the outstanding amount to be paid on shipping which is guided to occur later in Q1.

We finished the year with approximately 65,000 tonnes of finished product inventory. On first quarter sales this year, we are currently negotiating with a number of our customers on shipment dates. They are not yet in a position to commit to these shipments until after Chinese New Year. Negotiations are at a sensitive point and we cannot provide a first quarter sales estimate right now, though I am optimistic on conclusion of deals after Chinese New Year.

To provide some guide on pricing, I would say spot sales are generally in the mid-400s right at the moment. On an annual basis, our plan is to draw down inventory to more normal levels. So that implies sales in excess of production in 2020. A more normal shipping schedule is planned for the final three-quarters of the year.

Galaxy is receiving a significant number of inbound enquiries for new off-take arrangements. These customers are being, or have been, supplied by competitors but are coming to Galaxy over disruptions or concerns over their current supply arrangements. There is a clear understanding in the market that Galaxy has a very stable and high-quality product for conversion to carbonate and/or hydroxide and that along with our significant cash reserves is giving counter parties more reassurance of Galaxy in the long term. That being said, the market is still soft and we have yet to see any meaningful price recovery.

I will now hand over to Alan to take us through the financials before I come back to the projects.

Alan Rule: Good morning everyone. From a financial perspective, Galaxy was debt free and had cash and financial assets of US$143.2 million at 31 December. The reduction in the cash position from the previous quarter is from three key areas. Firstly, net cash outflows at Mt Cattlin due to sales volumes of 29,000 tonnes compared with production of 43,000 tonnes for the quarter. This was in combination with lower pricing during the quarter and working capital adjustments. Importantly though, the 65,000 tonnes of lithium concentrate in inventory is very valuable to us. If you assume a selling price of say, $500 a tonne, this equates to about US$32.5 million in sales value. A very strong cashflow generating opportunity for us. There was Capex during the quarter of approximately $10 million across the three projects, majority of it from Sal de Vida as development of the project ramps up and then lastly, corporate costs of around $3 million for the quarter.

On the corporate front regarding Alita Resources, the repayment of the loan facility that we purchased and the administrator's acceptance of a competing third-party Deed of Company Arrangement (DOCA) signifies the end of our negotiations and involvement. The company no longer has an influence on the restructuring process, as after our detailed due diligence exercise, we were not prepared to increase the terms of our DOCA proposal.

We have commenced preparing the 31 December financial statements which includes a review of inventory on hand and capitalised mining development costs of Mt Cattlin. Based on the current information and forecasted pricing, it is anticipated that the review will result in a non-cash impairment in the range of US$50 to US$80 million. This is in addition to the non-cash impairment already included in the 30 June Half-year Financial Statements.

Importantly though, any adjustment arising from this impairment is not cash and does not have any impact on cashflow operations or bank covenants. Back to you, Simon. Thanks.

Simon Hay: Thanks, Alan. So in regards to projects firstly Sal de Vida, as per our corporate strategy we are prioritising the development of this project as the focus of our growth plans. We are in a unique position compared to many of our peers to be able to invest in a large growth project whilst also continuing operations at our hard rock mine site Mt Cattlin.

A simplified and de-risked execution strategy was defined during the quarter breaking execution into a number of separate stages. This development approach will allow for the smoothing of capital expenditure, reduction in development risk and simplification of construction and logistics management. We are targeting capital and operating costs in the lowest respective quartiles making this project highly competitive on a global scale.

Product marketing strategy also considers the initial commercialisation of primary lithium carbonate to existing purification customers to accelerate earnings realisation. Discussions with the purification businesses in China have progressed well in the quarter and commercial negotiations will commence later this half, after product samples are delivered and tested. We remain very confident of being able to sell the full production amount into this sector and entering into one or a number of binding off-takes prior to FID.

Technical process development advanced during the quarter with the completion of hydrometallurgical test work resulting in a refreshed optimised flow sheet with improved recovery, lower capital and operating costs and confirmation that final product quality will upgrade to battery quality in the purification step. These advantages are possible due to the removal of multiple steps from the flow sheet, the decoupling of on-site operations from purification and the reduction of both brine volume to be treated and re-agents required.

On the ground, the camp upgrade and expansion to a capacity of over 100 workers nears completion. Much of the new rooms have already been occupied and this has enabled the mobilisation of construction contractors to site. Construction of the 15 hectares of demonstration evaporation ponds continues with lining and filling of the ponds underway, as you can see in the photos. Engineering for pumping and piping of brine to the ponds has been finalised and additional construction contractors are scheduled to mobilise to site in the current quarter to complete the works.

The upgrading of the onside pilot plant continues and commissioning of the pilot plant is expected to commence later this quarter with first production of primary lithium carbonate thereafter. Piloting represents the next stage of process scale up and will be used for refinement of key operating design criteria and for product qualification with those prospective off-take as mentioned earlier. Further purification test work using the primary carbonate produced on site will be completed at an off-site laboratory this half as well.

On the political situation, there was a change in governor in Catamarca as well as the change in president in December. We continue to monitor developments closely in country and note there have been no major negative impacts on our project to date. I plan to meet Governor Jalil and other members of his team in Catamarca next week for further discussions on our development timeline.

Discussions continue with potential partners on the sell-down of a minority stake in the project. A handful of partners continue to be very engaged in the process and all recognise that Sal de Vida is a tier one deposit and one of the best undeveloped lithium assets globally.

Due to our solid balance sheet and the new de-risk project development plan, Galaxy is not in a rush and will only take on a partner if the attributes the partner brings to the table match Galaxy’s desires and the valuation appropriately recognises Sal de Vida’s potential. We have the capital on balance sheet to push ahead and therefore a deal is unlikely to be a condition of FID. Overall, the project remains on track to meet the major milestones as outlined in November last year and to arrive at a final investment decision in the early half of this year.

Moving on to James Bay in Quebec, Canada. Our focus is value engineering work on the upstream mining and concentrating component of the project as well as progressing the ESIA and IBA negotiations with the Cree nation. We are still of the belief that the project needs to be integrated with the downstream conversion facility, however, we need to ensure the upstream business is robust before addressing downstream. Therefore, the focus is on the value engineering. James Bay is a top tier asset and strategically located to support growing lithium and EV demand from both the US and from Europe.

I will conclude with some downstream market information. There has been a lot of news from the EV sector recently and it is worth touching on a few of those points. So notwithstanding the fact that 2019 ended up being a year of under-performance in the EV sector due to both macro and industry factors, the near-term outlook for 2020 remains positive and that for the medium term through to 2025 continues to be robust.

Anthony Tse, Galaxy’s Executive Director, participated in the recent China EV100 Summit in Beijing, which was attended by global and domestic OEMs as well as policy makers from China, the US, Japan and Europe. The Chinese NEV sector is expected to stabilise and return to growth in 2020.

Subsequent to quarter end, China’s Minister for Industry and Information Technology announced that the country would not cut subsidies for NEVs again in July this year as they did in July 2019. They also issued an updated new energy vehicle industry development plan and this reaffirms China’s desire to reach a 25% penetration rate of NEVs by 2025.

While China continues to play an important leadership role in the growth of the sector, it is very evident that the sector is experiencing growth from an ever-increasing set of markets internationally. For example, Norway has achieved, albeit a small market, 42% market share of fully electric vehicles in 2019 which is a global record, up from 31% in 2018. A number of other markets in Europe also recorded double digit EV market shares.

Many countries now have stated specific target dates by which they intend to phase out ICE vehicles completely. Norway again leading the way, aiming for 2025 and seven mid-sized European nations have targeted 2030 with France and UK following that in 2040. Large numbers of EVs that are coming online and this theme of significant growth in Europe is certainly supported by the large number of new EV models that will come online in Europe this year.

Moving back closer to home with lithium a surplus of production and rising inventory stockpiles of lithium products were key supply-site challenges of 2019 and a driver of the decline in lithium prices. The challenge posted by high inventory levels is expected to persist through the first half of 2020. Pressure associated with low prices continues to drive supply-side rationalisation with a number of production curtailments and delayed expansion and ramp up timelines announced in the fourth quarter.

Investment in upstream projects was stifled in the second half of last year with the current pricing environment insufficient to incentivise further expenditure. In contrast, the level of downstream investment in lithium ion battery manufacturing and OEM production lines continued to accelerate, as I talked about earlier. This mismatch in upstream investment poses to accelerate the reversal of the market back to deficit given the lead times associated with upstream project construction and ramp-up. This is likely to mean incremental supply will be insufficient to meet demand growth in the medium term.

Just to conclude, before we take questions. To summarise, Galaxy remains a very different investment proposition to many of our peers, having a very strong balance sheet, stable operating mine and concentrator, no debt, significant stockpile of inventory ready to monetise and having a tier one asset with a de-risk development plan gaining momentum on the ground.

With that, I'll hand it back to Tara to open up for questions. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. If you would like to ask a question, please press star one on your telephone and wait for your name to be announced. If you need to cancel that request, please press the pound or hash key. Our first question comes from the line of Nick Herbert from Credit Suisse. Please go ahead.

Nick Herbert: (Credit Suisse, Analyst) Good morning gents, four questions from me, please. Could you start on the cost side of Mt Cattlin? Could you give an indication of what you expect the dollar million quarterly cost base to be there in FY20 based on the reduced activity levels, please?

Simon Hay: Yes, sure. We'll just get that number, Nick. Carry on with your next question.

Nick Herbert: (Credit Suisse, Analyst) The other one was price. Just if you could disclose December quarter pricing?

Simon Hay: Sure, well pricing was as we indicated for Q1, around the US$450 mark.

Nick Herbert: (Credit Suisse, Analyst) Okay, thank you and just a comment in quarterly regarding the pace of customers destocking. I'm wondering if you could provide some more colour on what you're seeing there? Just in terms of trend and what that actual pace is?

Simon Hay: Yes, Nick, that is a good question. It's variable and it depends on our customers and their offtake partners. Some of them have drawn down stock, we are seeing three months of supply in front of the converters but others were still up around the four to six-month period, so it's quite variable. We are obviously talking with some customers now about sales for Q1, so they have a need for product and they're operating at more normal levels but others are not in the same boat.

Nick Herbert: (Credit Suisse, Analyst) Okay, thank you. A couple maybe for Alan. Can you provide guidance for Capex for FY20 across Mt Cattlin and Sal de Vida? Then also just confirming that 15,000 tonne delayed shipment, just checking that will be booked as revenue in first half 2020?

Alan Rule: Nick, in reverse the 15,000 shipment will be booked as revenue for 31 December 2019.

Nick Herbert: (Credit Suisse, Analyst) Okay.

Alan Rule: So no you will see that coming through. Back to your first question about costs. They're going to be roughly about US$13 million a quarter but noting that the March quarter will be lower because we will not be commencing mining which is a substantial portion of our costs until mid to back-end of February, so the March quarter will be lower but when we're in full production it will be around about 13 million.

Capex at Mt Cattlin will be materially lower this year, it will be no more than about US$2 to US$3 million for the year. Sal de Vida Capex, it's hard for us to give any clear guidance at the moment because if we make an FID decision early in the second half of this year there will be a significant ramp up of Capex, so we have to say it will be a material number. I would expect as a bare minimum, it will be above US$20 to US$25 but it could ramp up even quicker once we make that decision and we'll clearly let the market know when we make the decision what our expected Capex is going to be.

Simon Hay: One other thing I'd add is there's the potential that we would do some early capital works pre-FID. This would predominantly be around the ponds because construction of the ponds in Wellfield is the critical path. The process plant can follow later than that. That won't be in the first quarter and as Alan said, we'll certainly inform the market should we make that decision during the second quarter at the earliest.

Nick Herbert: (Credit Suisse, Analyst) Great. Thanks very much.

Operator: Thank you. Our next question comes from Reg Spencer from Canaccord. Please, go ahead.

Reg Spencer: (Canaccord, Mining Analyst) Thank you. Good morning Simon and Alan. Just a question from me on the markets. It looks like Chinese chemical prices still continue to soften, even though we're probably in a low activity period given Chinese New Year. Have you guys got any comments on when you think pricing could bottom and how that dovetails into a resumption of stronger or more intense activity on-site at Mt Cattlin? Then secondly, a flow-on question would be, if pricing continues to weaken and pressure continues to come onto spodumene pricing, at what levels would you contemplate full care and maintenance?

Simon Hay: Okay, thanks Reg. On the first part, I think it's too early to say, I think what we're saying from a spodumene point of view, we don't expect anything meaningful until the second half and we think inventory draw down in the second quarter would be something that we'd be looking at and that would translate into prices. There is a bit of a disconnect between batteries and cathode. You see the battery makers and their profitability seems to be quite solid but they are capitalising on the over-supply in upstream lithium products to drive these prices down. I think we definitely need to see the inventory being worked through before we see any impact on spodumene pricing. That being said, as I indicated earlier in the call, we are getting more and more enquiries on supply for this year, so obviously customers are concerned with competitors. There has already been a number taken out of the market with Wodgina and Alita, so a space is being created.

In regard to Mt Cattlin, we're quite comfortable with our operating plan as we've outlined here. Our plan this year is to generate positive cashflow and to produce, as I say, at around about half of production. Part production rate, compared to 2019. We are not considering care and maintenance at all at this stage and as I say, we will be ramping up and really looking to the ore sorter project to keep our costs down to ensure that we remain very competitive in the market.

Reg Spencer: (Canaccord, Mining Analyst) Okay, thanks. Yes, I wasn't meaning to sound overly bearish but I would have liked to have thought that chemical prices in terms of the pace of the falls, would be slowing down. Just on Sal de Vida, that revised DFS, just curious about the comments on where you think capital is going to be. The financing of that project, depending on where the ultimate Capex still lands, it seems to me that there is going to be a small gap. If partnership processes are not successful, the funding of that gap, your banks and debt financing a possibility if there was a gap?

Simon Hay: Look, again taking the questions in order on the capital side of things, we indicated that we will come back to the market towards the end of the first half, early the second half with our capital and operating costs, once we complete the conversion of the project from the previous flow sheet to the new flow sheet. So it's pre-emptive to talk of any numbers before that time. However, what we did say earlier, that we are targeting lowest cost quartile for both operating and capital intensity. That remains our target and it remains achievable so we're on track for that.

In regard to a funding gap, well I think as Alan indicated, if we monetise our inventory and we do expect prices, they're close to the bottom if not at the bottom, so some price recovery. I think you will see our cash position return to where it was or close to where it was last year. Albeit that there will be less the capital outlay this year. The gap may not be as big as you think but of course, yes, our debt facilities, we're talking with our banks at the moment, that's certainly one avenue. Partnering is a key one and we have some other options that we're looking at as well at the moment, so yes, I think we will be able to manage the gap.

Alan Rule: I think the other important thing to note, Reg, is that the Capex is a spend over a two-year period. It's not this financial year. So given our expectation that there might be stability in the pricing toward the back end of this year, I think the cashflow position as Simon suggested will strengthen during that two-year period, so we remain confident.

Reg Spencer: (Canaccord, Mining Analyst) That's great. Thank you very much. guys.

Operator: Thank you. Our next question comes from Levi Spry from JP Morgan. Please, go ahead.

Levi Spry: (JP Morgan, Mining Analyst) Yes, G'day guys. Good questions there from Nick and Reg. Can I just confirm the Capex number? So to get you through to FID, did you say a couple million bucks in Cattlin and 20 to 25 at Sal de Vida?

Alan Rule: Yes, Sal de Vida about 20 to 25 during the course of this year. Now that assumes some early work that we may be doing during the year prior to FID. Once FID comes, that number will increase. So the number I've given you assumes no FID during the course of this 12-month period but some early work is being done during the middle of the year and then FID will increase it.

Levi Spry: (JP Morgan, Mining Analyst) Okay, thank you and just with your discussions with customers, given where prices are and you talk to increased inbound enquiries is the conversation changing at all around the structure of the price? Where are we going to end up here? We've sort of been moving towards shorter term, closer to spot pricing but is that working?

Simon Hay: Yes, Levi, I think for this year, certainly this half, I think spot pricing is where we will end up. The customers are talking around medium to long term supply off-take arrangements certainly in terms of schedule and volume and pricing to be negotiated. But yes, we are with a handful of customers this year and they're taking sizeable amounts each shipment, I think it's entirely reasonable that we are on a spot-basis right at the moment. Longer term, if we project forward to next year and the year after. I would be hesitant to lock in anything longer in regard to pricing now when we are near the bottom. It is in our interests also to maintain a spot mentality for a period of time.

Levi Spry: (JP Morgan, Mining Analyst) Unless one of your competitors manages to get in some floor pricing when they put some of their deals away previously, is that a conversation that's been had?

Simon Hay: Yes, all those aspects of contractual and commercial negotiations are ongoing. It's definitely on a customer by customer basis. It depends on the quality of their offtake partners and the visibility that they have over a longer period of time. So yes, case by case, Levi.

Levi Spry: (JP Morgan, Mining Analyst) Yes, okay. Thanks, Simon. Thank you.

Operator: Our next question comes from the line of Rahul Anand from Morgan Stanley. Please, go ahead.

Rahul Anand: (Morgan Stanley, Metals & Mining Research) Thanks Simon and Alan, for the opportunity and happy new year. From my perspective most of the questions have been asked but one relating to the DMS circuit, you did mention that recoveries were impacted because of that and then the trials were taken off. I just wanted to get a bit more detail to understand what the potential issues were or if would have to do these trials again in the future. That's the first part of the question, the second part of the question is, your medium-term target of recovery is around 60% to 65%, at what level does the DMS circuit need to perform to be able to achieve those?

Simon Hay: Okay Rahul, firstly the trial was a one-off, we were trialling a different reagent and chemicals to preserve one of the other reagents, the ferrosilicon and it was all around cost reduction. It just coincided with a very patchy period of ore that didn't react well to those reagents. So it is a one-off. The DMS circuit is performing well and we don't anticipate this occurring again. When we move into our operating plant for next year, there's really no difference to this year other than the up time. We'll be on a two and one roster, operate for two weeks, off for one week. The only thing we will be doing differently is shutting down more regularly, otherwise, we'll be running the plant exactly as we are last year.

The second part of your question, our recovery target of 58 to 62 for next year. We are confident in that because of the ore sorter circuit. When we treat that ore it will create a much higher amount of coarse material. This coarse material, when it goes through the plant recovery, is a lot better than the finer material. Even though we have had a patchy recovery performance throughout 2019, we are confident this structural change we are making to the plant will have a materially positive impact on overall recovery this year.

Rahul Anand: (Morgan Stanley, Metals & Mining Research) Okay and then past next year then? Let's say in three years' time when you have a mix of coarse and fines again and you pass those stockpiles. How much of the material is going to go through the float cells and how much of that can we start thinking about in terms of recoveries?

Simon Hay: Sure, we won't be consuming all the stockpiles of contaminated ore this year, that will continue into next year and the ore sorter circuit will remain in operation for life of mine, also treating new arisings of contaminated ore. As we go through the ore body, we blast and haul anything that's over spec in terms of basalt contamination and we will report it through to this ore circuit. It's too early to tell what recovery will be in 2021 but we expect a lot of these improvements to continue for the remaining life of the project.

Rahul Anand: (Morgan Stanley, Metals & Mining Research) Got you and then one final one, related to the markets again so pardon me. Just wanted to understand, in the previous period when you provided some guidance for production next year we were talking about levels around 75%. We have moved closer to 50% today, yet you were mentioning perhaps some of your customers seeing those inventory stockpiles going to three months from six months. What has changed over this period? What further information do we have, or what market conditions have led to the change in production? I understand there's a 15,000 tonne additional build of inventory for that shipment that was delayed but other than that is what I'm looking for, thanks.

Simon Hay: Yes, sure. It was more the operational setting than a market-related setting. The 75%, if you recall my language from last year was certainly an estimate and we said we would come back and confirm at this time and that is what we are doing. The 50% is more targeted at what we think we can get through the ore sorter circuit. Now, there's some upside to that, we have been reasonably conservative. It is a new plant, we want to commission it, we want to operate it and we want to really prove it before we would say anything beyond that 50%. But rest assured, once it is in operation, we will be doing everything we can do de-bottle neck and optimise. So yes, more plant-related than market-related. That being said, we do have 65,000 tonnes of inventory and we're certainly looking to monetise the majority of that this year.

Rahul Anand: (Morgan Stanley, Metals & Mining Research) Okay, understood. Thank you. I'll pass it on.

Operator: Thank you. That was our final question so I'll pass back to Simon for closing comments.

Simon Hay: Good, thanks everyone for your time today. Our full year results will come out in mid-February where we'll provide further information and throughout this half year, expect to see more information on the Sal de Vida project as we really take that forward at a good clip towards FID in early half two 2020. Thanks everyone, bye.

Operator: Thank you. Ladies and gentlemen, this does conclude the conference for today. Thank you for your attendance.

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