Event Transcript

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Start of Transcript

Operator: Ladies and gentlemen, thank you for standing by and welcome to the Galaxy Resources June quarter 2020 results conference call. At this time, all participants are in a listen-only mode. After the speakers' presentation there will be a question and answer session. To ask a question at that time you'll need to press star, one on your telephone. I'd now like to hand the conference over to your first speaker today, CEO, Simon Hay. Thank you. Please go ahead.

Simon Hay: Good morning everyone and welcome to the call. Joining me today is Alan Rule, our Chief Financial Officer. Today's call covers the Company's June quarter 2020 activities report which was released to the ASX this morning and is available on our website.

Before we get started 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 judgement based on today's information. Actual results may vary based upon these risks and uncertainties.

Starting with sustainability which is a key focus area of the Company. In 2019 we commenced a two-year program to align our environmental, social and governance practices with international frameworks. Our plans, recent performance and the progress we have made is outlined in our first sustainability report which is available online.

Progress on our community infrastructure program in Argentina has been held up by COVID-19 restrictions and the two school projects are approximately 50% complete. Recently we commenced the virtual lithium seminar at the University of Catamarca and this is part of our capacity building approach in the region to provide educational opportunities on subjects that could lead to employment with Galaxy. So, we're pleased to have kicked this off.

From a safety perspective we performed better this quarter and additional safety programs implemented earlier in the year focused on risk awareness and personal behaviours are having an impact. COVID-19 prevention practices continue across the organisation without incident and we haven't recorded any cases of COVID-19 at any of our sites.

On the Sal de Vida project, we made excellent progress this quarter across all work fronts, which is really pleasing considering the impediments from COVID-19.

The situation with COVID-19 in Argentina is that the government has done a better job of controlling the pandemic than some of its neighbours. The severe lockdown in Buenos Aires is now being relaxed commencing this week although the outbreak is far from controlled. In Catamarca, restrictions in the city are easing off and our staff are back at work in the office. In the regions however and this is important as we travel to site, it's difficult with many controls in place. We can bring in essential supplies and change staff out at site but pre-approvals are needed 72 hours in advance to most movements. Overall, we remain cautious in our regional activities as we prioritise the health of our workforce and the surrounding communities.

In regard to the technical test work program, pleasing results continue to flow. The second stage of product specification test work is now largely complete. Results have exceeded expectations with primary lithium carbonate grades at the upper end of the expected range. Recovery was also in line with previous test work and these results further confirm the efficacy of our simplified process flow sheet which was developed internally by our process team.

On engineering, the project has advanced to the design phase with the wellfield, brine distribution system and ponds package - engineering package under way. Design of the plant and infrastructure package is expected to commence this quarter and we're close to finalising logistics and energy scopes as well.

On site, 15 hectares of demonstration ponds were lined and filled with brine earlier in the quarter and three months in, evaporation is occurring in line with our models. A long-term hydrological pump test was successful with extraction rates, prime quality and aquifer recharge all in line or in front of our modelling. The pilot plant has been commissioned and the first pilot run was successfully completed earlier this week. The second run's due to commence in August and we aim to produce samples of primary grade carbonate for delivery to prospective customers by year end. This piloting schedule is later than we planned due to COVID-19-related delays, as the plant was idle for a period of time when development projects were stopped by the government earlier in the quarter and also due to ongoing equipment and material supply issues and personnel interruptions, as I talked about earlier.

Two weeks ago we released an updated high-level project schedule which took into account these recent delays. The schedule shows that, through the adoption of an early works phase, we've managed to hold first production from stage one, in calendar 2022, although it has moved to Q4. Early works, which entails the procurement of long lead items and the commencement of pond construction, is scheduled to commence in half one 2021.

COVID-19 still poses the biggest threat to the schedule as we have seen restrictions come and go in Catamarca. Currently, we're at a stage in the schedule where we have a small site contingent and as we are designing offsite and are making good progress there. However, we have seen Argentinian projects in the construction phase suffer significant COVID-19 delays and will be very mindful of this as we ramp up site activities later this year.

Moving to Mt Cattlin, we adopted lower operational settings in February to adapt to the soft market conditions while also meeting the demand from our customer base. The June quarter was the first full quarter where we operated the plant in campaign mode and consumed stockpiled ore. The results have been mostly positive, as we exceeded guidance with 30,942 tonnes of production, at a grade of 5.93% lithia.

Throughout the quarter we have spent a lot of time optimising the ore sorter circuit. Initial availability was compromised by lack of support and spare parts from the overseas OEM brought about by travel restrictions and we also had some materials handling issues with the regular parts of the plant. Through April and May the team overcame those challenges and implemented a range of enhancements to improve the robustness of the circuit. Across June we exceeded 1000 tonne per day of assorted product which is just below nameplate capacity of the circuit and now the circuits are generally operating close to capacity on a daily basis.

In total this year, we've introduced a lot of change into the plant with the campaign processing, integration of the ore sorter circuit, new sources of feed into the process plant and change in operating philosophy with a focus on recovery being the driver rather than throughput. These changes, along with higher lepidolite in feed early in the quarter saw recovery suffer. By mid-May, the Mets had got on top of the issues and developed practices to cope with the changes to the plant and since then we have seen recovery stabilise in the 58% to 59% range. This is a fairly good achievement considering we're still hitting 6.0% final product grade and we have introduced the contaminated feedstock and it's making up a sizeable proportion of total feed.

Overall, our operating costs of US$412 per tonne are reasonable considering the campaign mode of operating and the challenges encountered. The outlook for Mt Cattlin is to continue operating at around about 50% of nameplate capacity. Our Q3 guidance is 26,000 tonnes to 31,000 tonnes. Recovery is expected to remain in the range 58% to 59% and it's there, month to date, as we speak.

Further improvements on the ore sorters are expected. We are currently running a trial with a much higher blend of stockpiled ore. We're also trialling the introduction of tailings and secondary floats as feedstocks. We have substantial stocks of both of those materials around 400,000 tonnes at a grade of 0.8% to 0.9% lithia. The carrot we are chasing here is that the processing costs are very low as there is no mining and crushing cost either so we are really keen to see what we can get through the plant without impacting final product quality. Overall, we believe there's still some upside at Mt Cattlin.

Moving to sales, we shipped 26,000 tonnes during the quarter. Final product inventory was drawn down to 49,500 tonnes as half one sales exceeded production by over 13,000 tonnes. On price, we note analysts' latest price forecasts for spodumene are running around the high US$300s CIF and we expect our average realised price for the half to be in line with those estimates.

Recently we executed a three-year offtake extension with our long-term customer Yahua. The extension is for a minimum of 120,000 tonnes per annum, commencing in 2023. Just a little bit about Yahua, they are a major lithium chemicals producer with three plants in Sichuan province China, including a new 20,000 tonne plant in Ya'an, which was recently commissioned. The plant is equipped with the most advanced technology in the industry, it's got two production lines of about 10,000 tonnes each and they're able to switch between hydroxide and carbonate giving them a lot of flexibility to move with market demand. Yahua's major customers include BYD and Beijing Easpring - top tier battery / automakers in China. Yahua have been our biggest customer for a number of years and we are really pleased to have extended this offtake agreement with them and Galaxy is now fully qualified in nearly all of Yahua's major customer supply chains.

I'll now hand over to Alan, who'll take us through the financials.

Alan Rule: Thank you, Simon, and good morning, everyone.

Galaxy was debt free with cash and financial assets of US$108.6 million at 30 June 2020. It is important to note that this balance does not include the proceeds from the June shipment of 26,000 tonnes which were received after quarter end. In addition, at Mt Cattlin, final product inventory of just under 50,000 tonnes was on hand at the end of the quarter available for sale. The reduction in cash and financial assets from the previous quarter is primarily as the result of a net cash outflow at Mt Cattlin of US$7.5 million due to sales volume being lower than production volume and a low realised selling price.

Capital expenditure of approximately US$5 million across the three projects included US$4.4 million at Sal de Vida on lining and filling the 15-hectare pilot ponds, the delivery, assembly and commissioning of the pilot plant and owner's costs. We spent US$400,000 on value engineering work at James Bay.

There is very limited impact on the cash and financial assets balance from the fixed rate note with the interest income of about US$2.8 million offset by an FX loss of US$2.9 million for the quarter. There was an income tax payment of US$7.3 million made in Argentina arising from realised foreign exchange gains made in the financial year end 31 December 2019. Corporate costs and net working capital movement of US$1.1 million.

It's worth noting that Galaxy redeemed the fixed rate note on 29 June, receiving US$31.4 million. The net profit and loss impact for the period from 1 January to 30 June was a net gain of US$1.4 million being the difference between the interest received and the realised FX loss for the period.

During the quarter, cost reduction initiatives yielded savings of about US$7 million across the Group from renegotiation of contracts, reduction in activity levels and lower staff costs.

The forecast capital expenditure at Sal de Vida for the second half of 2020 is approximately US$12 million and will include the piloting program, the stage one FEED package, stage two FEED package of the process plant, the commencement of drilling for the first wellfield and the owner's costs.

As we said in the quarterly, we are currently preparing the 30 June half year financial statements including a review of inventory, property, plant and equipment values at Mt Cattlin. Based on current information it is anticipated that there'll be a non-cash impairment in the range of US$20 million to US$30 million. It is worth noting that this is due only to the current soft pricing environment for spodumene. Any adjustment arising from this impairment will be non-cash and has no impact on cash flow operations or bank covenants.

Simon, I'd like to hand it back to you.

Simon Hay: Okay, thanks, Alan.

Moving on to James Bay, we continue to view this project as highly strategic and a valuable asset for the Company and our present focus is on defining and optimising an upstream mining concentrator operation.

It is quite clear James Bay needs an integrated solution, that is a conversion facility located in North America or even Europe. Whilst the battery gigafactories announced in these regions are starting to be quite meaningful, the new cathode projects are relatively few at this stage. As the build out of the lithium chemicals chain pushes further upstream we see James Bay fitting into this build out and our strategy is to position James Bay accordingly and be ready for these opportunities.

During the quarter, the value engineering program of works was completed and resulted in a significant reduction of the estimated capital cost of the project. This was in areas of mine and stockpile layouts, civil works, consolidated buildings and site layout to reduce construction costs and the footprint.

Our near-term plans with the project are to add value and improve project definition where we can, sensibly and cost effectively. We have a small geotechnical site program to commence in the third quarter to confirm assumptions from the value engineering exercise. We will continue progressing environmental approvals and developing our relationship with the Cree Nation. Our capital spend across the whole project will be very moderate in the second half and finally we aim to provide more detail to the market on our conceptual thoughts for the development of the project in the fourth quarter of this year.

On the market, conditions remain challenging due to the inventory overhang in the upstream section of the value chain, which we continue to estimate at four to five months of supply. We also see an uncertain near-term outlook for most end markets due to COVID-19. Our 2020 sales remain fully contracted and we are in regular contact with our customers on shipping schedules, however, due to the uncertainty we will not be providing sales guidance for the remainder of this year.

Our customers' businesses are displaying variable conditions with some receiving orders and converters are active whilst others are not. Cathode makers in China are operating at around 30% to 40% utilisation so I think that's a good indication of where activity levels lie in the sector.

While the near-term outlook for lithium remains soft, the medium-term outlook for the EV sector is very positive. A broad scan of current analyst estimates forecasts the rebound of sales growth starting in 2021, ranging from over three million to up to five million EVs sales next year, remembering that 2.2 million units were sold in 2019. So this is a 50% to 150% growth rate across two years. This is coming off the back of ‘a green recovery’ strong incentives and/or extensions to subsidy programs launched in a range of countries in the wake of COVID-19, mostly in Europe, but also of note in China.

In China, also, they've stepped up their investment in charging infrastructure, with the government earmarking a RMB10 billion commitment for EV charging services. This will increase the number of charging stations by about 50%, making the country the leader in terms of EV charging infrastructure.

Over the longer term, the outlook for EV growth globally looks robust, with consensus in analysts' projections ranging between 10 million to 15 million units to be sold by 2025, representing a five to seven times growth rate on the 2019 sales basis.

On the supply side, current lithium pricing has caused many developers and major producers to experience declining revenues and/or losses and to adapt to this a number of capital commitments and expansion plans have been ceased or postponed. Cutbacks and delays will exacerbate the looming structural deficit in the lithium market and BMI Benchmark Industries has brought forward their forecast date for this deficit to 2022 from 2024. Sal de Vida stage one is planned to enter production right as this deficit emerges hence our commitment and enthusiasm for the project. Later stages of Sal de Vida will come online in the midst of the EV-led lithium demand surge.

With that, Tara, I'll now open it up to questions from analysts. For shareholders, questions can be directed to our website and Phoebe and myself will reply to you shortly.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. If you are an analyst or institutional shareholder and wish to ask a question, please press star, one on your telephone and wait for your name to be announced. If you need to cancel your request, please press the pound or hash key.

Our first question comes from Reg Spencer from Canaccord. Please go ahead.

Reg Spencer: (Canaccord, Analyst) Thanks. Morning, Simon and Alan and team. Just one question from me. Clearly, you've made some good progress at Sal de Vida and that project is certainly pushing forward. I was wondering if you were able to make some comments about the funding strategy and any updates, if any, on the strategic partnering process? Clearly, COVID is not helping that process with respect to being able to visit site and so on and so forth, but yes, just hoping you could provide some comments on how that might be tracking.

Simon Hay: Yes, sure, Reg. Well, as Alan outlined our funding - our financial situation at the moment is over US$100 million of US cash in the bank, 50,000-odd tonnes of inventory that we can monetise, a debt facility of US$40 million as well, that gives us a pretty solid basis.

In regard to the process we were running on a partial sell down of Sal de Vida, as you rightly point out, travel is impossible, pretty much for all parties. The parties that are involved in the process remain enthusiastic, but we have pretty much said that we won't be doing much until the end of the year, so there is no new news. We haven't taken a back step at all. To reiterate our strategy was that we don't think we need a partner, we would like a partner. We would like to bring in someone that brings something to the table, other than cash. Brings in technology, Argentinian experience or offtake that remains our preference but essentially, we won't be doing much on it until next year.

Reg Spencer: (Canaccord, Analyst) Understood. That's great. Thanks very much, guys. I'll pass it on.

Operator: Our next question comes from Glyn Lawcock from UBS. Please go ahead.

Glyn Lawcock: (UBS, Analyst) Good morning. I've a couple of questions, one probably further on from Reg's. Simon, can you start to put some numbers around Sal de Vida for us? I mean, firstly, just interested how much we are going to spend before we get the FID. I know we have got the Capex number for the next six months but it doesn't feel like it's an insignificant amount to get us to FID. Then just anything around the project to help us? That's the first one.

Then, on the market in that. I know you can't give guidance for the second half but you said in your release, I think, Yahua has agreed to purchase an additional 30,000 tonnes. Just wondering, if everyone took their commitments and I know you can't say they will, can you give me a hint, some - any guidance on what that could be, if everyone took their commitments for the year?

Then, finally, just on the spodumene market, you said four to five months' inventory. That's pretty much the same you said three months ago but you said three months ago you were seeing converters restarted. Just your thoughts and observations have we seen converters restart but inventory remains the same because the spodumene producers, yourself and your peers, keep shipping to China and that inventory hasn't gone down yet because there's still surplus production out there on your side? Thanks.

Simon Hay: Yes, okay, Glyn. A lot to cover there. On Sal de Vida, we've said if you go back originally, we had envisaged a 25,000 tonne per annum plant. We've talked about developing in stages at least a couple of stages, that remains our plan. The spend before FID of US$12 that Alan talked about for the second half of this year will basically take us pretty much all the way up to the early works decision time. There'll be a little bit of spend in 2021 before we get there. When we get to that early works stage, long lead time items and pond construction we will certainly come back to the market at that stage with what we think the project capital cost would look like. It is too early to talk about numbers. We've got design work coming in at the moment, or just starting so, really, I'll just have to defer that probably for more like six months. What I will say is that everything that we're seeing continues to lead us to believe that we'll be lowest cost quartile on an operating cost and on capital intensity. We haven't seen anything that's shaking us from that belief.

Moving on to sales commitments or where we think sales will end up. What we said at the start of the year, our plan was to reduce production to around about half, so let's say 100,000 tonnes per annum and to draw down our inventory, so to sell more than our production. That is still our target but there's a lot of uncertainty in the market. We've got a number of customers who are talking about taking that amount of volume, so to take our second half production levels, which we've said if we hit the mid-range of guidance it's around 55,000 tonnes for this half. Our plan is that we would target our sales in excess of that number, that's about all I'll say at this stage. It's too uncertain, we have a lot of discussions ongoing, I wouldn't say we're close to finalising too many of them.

In regard to the spodumene market, you're right. We haven't seen inventory change that much in the last three months and if you think about what occurred over that last three months since our last quarter, we had China in the midst of significant interruptions from COVID early in the quarter then they've come out of it, since then we've seen further downstream. The orders haven't started flowing through from the battery makers and the cathode makers to the converters. That's why I say it's patchy amongst our customer base and that utilisation number of 30% to 40% in the cathode market is something similar to what we'd see in the converter market.

I'm not sure if that answers your question. Let me know if you've got a follow-up.

Glyn Lawcock: (UBS, Analyst) No, that's fantastic and I appreciate the colour. Just to clarify on that last comment on the market just so I understand. Do you think because EVs, I mean, well, China's bounced back very aggressively maybe you could argue whether it's a V or a sharp V or a protracted U but it does look very good in China.
So is it a case of you said further downstream orders from battery makers had not flowed back upstream? So is it a case of maybe the converters aren't there's just not the demand? Is there more inventory downstream?
Do you have any visibility from your converter customers on what inventory's like beyond them? Further down the value chain? If anything?

Simon Hay: Yes, we do see some inventory, post the converters. It's around about the same, we think around three to four months of final product that they're sitting on. Now, that's a problem for them because some of it has a shelf life, particularly their hydroxide, so yes, there is inventory throughout the value chain, certainly from what we can see.

Glyn Lawcock: (UBS, Analyst) All right, so, potentially we need this, I guess if the EV sales are picking up, it looks - penetration's better across the globe it seems particularly Europe but it's just all the way through the value chain at the moment, how that picks up, I guess is the uncertainty and how it flows back.

Simon Hay: Yes, that's right. A lot of the demand is going to come from Europe. We think Europe will outpace China in the next year or so. We'll expect to see some of the Chinese starting to export some of their product. We also need to see Japan and Korea ramp up as well. They're traditional suppliers into Europe, and they'll, of course, draw some chemicals from China. I think on both fronts, we expect a rapid recovery when it does start but we're yet to see it. As you rightly point out, the first indicators will be inventory throughout that value chain being drawn down.

Glyn Lawcock: (UBS, Analyst) That's great. I appreciate the colour. Thanks a lot.

Operator: Once again, if you're an analyst or institutional shareholder and wish to ask a question, please press star, one on your telephone.

Our next question comes from Rahul Anand, from Morgan Stanley. Please go ahead.

Rahul Anand: (Morgan Stanley, Analyst) Hi. Thanks for the opportunity. I joined late so I apologise in advance if I ask a question that's been answered. My main question today was around ore stockpiles, I just wanted to understand was there any amount of ore stockpiles that were perhaps processed this time that were more than planned which led to the lower costs in this quarter? If you could also perhaps help us understand the sustainability of the cost out in terms of the new contract? That's the first one.

The second one was more so on Sal de Vida and the markets. Sal de Vida, I mean you're focusing on producing a primary product which seems to be the way some of your peers are going as well in terms of producing more of their product considering it's easier. In your opinion does that change your forecast of what kind of a discount you're going to achieve versus battery grade for that market supply? That's the second one. Thanks, Simon.

Simon Hay: Okay thanks, Rahul. On the ore stockpiles, no there was nothing unusual that we processed this quarter, other than what we have talked about with the ore sorter circuit processing stockpiled ore. That is a deliberate strategy to keep our costs down, that is to bring back material that we've parked to one side because it was high basalt content. The ore sorters remove the basalt enabling us to process that material, with that circuit in operation now fully that's our plan from here on, to use that circuit as a regular part of the project and consume those stocks. That impact you will see on a sustainable basis going forward. In fact, we're trying to push it harder, we are trying to get more and more of that material through the plant and that's the current troll that we are running.

In regard to sustainability of costs and our cost position, there is a lot of variation that we've introduced into the plant that I've talked about, we are still coming to terms with some of that. There are some further opportunities as well as Mt Cattlin that we're still pursuing, so I wouldn't say we're at a steady state as yet, but our target remains to get those costs down as quickly as possible and as far as we can.

Moving on to Sal de Vida, you're right, the primary product is easier to produce. When you look at our flow sheet, we're using very mature technology, nothing too exotic in getting to a pretty good primary lithium carbonate grade. The discount of course is variable, it depends on a number of things, it not just depends on the supply and demand in the battery grade market, it also depends on supply and demand in the purification industry as well. It's a little subset of the market that we will be tapping into.

Where we sit with the discount versus battery grade, right now, I wouldn't put a number on it, it's too early to do that. That's the whole purpose of the piloting process to generate samples, get those samples to the purification businesses that we're in discussions with, let them test it and then we sit down and negotiate offtakes.

Rahul Anand: (Morgan Stanley, Analyst) Okay, just - yes, sorry, go on.

Simon Hay: No, that's it. You go, Rahul.

Rahul Anand: (Morgan Stanley, Analyst) Okay, I had a follow-up then on that and then also the first point. In terms of the spot market, how are you seeing those discounts currently versus primary and purified? That's the first follow-up. The second was just the composition of ore stockpiles but I'll come back with that, if I may?

Simon Hay: Okay. On the discount, I wouldn't say we are really following it closely at this stage. We are still a number of months away from really needing to do in depth analysis on it. Also, right at the moment, I think it's influenced by what's happening in South America. We see some of the majors who have technical problems but also potentially just getting product as quickly as they can out of South America and into warehouses and markets elsewhere in the world, in case there's further supply chain disruption. I wouldn't say the current market is an indicator of a regular discount.

Sorry, your second question, Rahul?

Rahul Anand: (Morgan Stanley, Analyst) That was just about the stockpiles. You had a bit of a write-down in terms of the value of the stockpiles and I also noticed that recovery hit to your lepidolite. I just wanted to figure out does that impact your stockpile processing plants for the rest of the year? I mean, is there more lepidolite sitting around in those stockpiles? Or have we seen the impact in terms of the recovery and the write-down already and there's no change in plan for the rest of the year?

Simon Hay: Yes, the two issues are unrelated, the write-down and the recovery. Lepidolite was in fresh ore. It was in the pit. We have done a number of things to forecast that better for what we expect to mine this half. The recovery issues, I did talk about earlier, we think we'll hit 58%, 59% going forward from here on. That is dealing with this stockpiled material that's coming through.

Alan Rule: The inventory write-down is purely price related. It's nothing to do with lepidolite or recovery. It's straight up price.

Rahul Anand: (Morgan Stanley, Analyst) Okay, perfect. That's clear. That's very helpful. Thank you.

Operator: Our next question comes from Peter Arden from Bell Potter. Please go ahead.

Peter Arden: (Bell Potter, Analyst) Thanks, Simon. Just to follow up on your mention that you're looking, you have started to feed some tailings through the reprocessing, going back over two years. I know it's a different set of management people there. The original plan was to start feeding tailings into a considerable extent and that didn't happen. They've not been mentioned that I'm aware of, until now. What's the main change that's brought them to the fore?

Simon Hay: Peter, originally the thought a few years ago was to recover tantalum from the tailings, right at the moment, the focus is on lithium, of course. We see it as a material first of all, it's available, it's cheap and it has a lithium content that we think we can extract. Not as good as processing fresh ore but while we are in this stage of lower operational settings, we think it's a way of drawing down an inventory, a cheap stockpile that's sitting there and otherwise would either be rehabilitated at the end or potentially treated at the end of life. It's really an opportunistic program to get some cheap feedstock through the plant.

Peter Arden: (Bell Potter, Analyst) Okay, so at this stage then, is it something that you're getting the testing the parameters and working through how you're going to do it? You said, there's 400,000 tonnes potentially of it, I thought there was at least 250,000 previously?

Simon Hay: Yes, the 400,000 that includes new arisings. Yes, it's actually going through the plant. We only started it yesterday, fresh off the press, 24 hours in, it seems to be going well. We've only got it in a moderate percentage in the feedstock at the moment in the blend but if things go well over the next few days we will probably double that, but yes it won't be the major component in the feed. It will be at best, probably 10%.

Peter Arden: (Bell Potter, Analyst) Okay, thanks very much.

Operator: Just a final call, if you would like to ask a question, please press star, one. There are no further questions, so I'll hand back to your speakers for final comments.

Simon Hay: Okay, thanks, everyone. I'll just conclude with some summary remarks. Mt Cattlin's stabilising operations under the campaign mode and we have a number of further efficiencies that we're chasing. Sal de Vida, I think we're progressing well on all fronts with COVID-19 being the biggest threat to the schedule. On James Bay, we'll provide more detail around our thoughts on the development of that project later in the half. Overall, Galaxy remains in a strong financial position to weather these difficult market conditions and develop our growth assets in a countercyclical environment.

Thanks again, everyone, for your time today.

Operator: Thank you. Ladies and gentlemen that does conclude the call. Thank you so much for attending. You may now disconnect.

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