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Operator: Hello and welcome to the Iluka Resources H1 results teleconference. At this time, all participants are in a listen only mode. After the speaker presentation there will be a question-and-answer session. To ask a question during the session, you will need to press star, one-one on your telephone. You will then hear an automated message advising that your hand has been raised. Please be advised that today's conference is being recorded. It is now my pleasure to introduce Iluka's Managing Director, Tom O'Leary.

Tom O'Leary: Good morning and welcome. With me are Adele Stratton, Matt Blackwell, and Luke Woodgate. It has been a busy half for Iluka across our operations, markets, and development pipeline. I'd like to acknowledge our safety performance at the outset. We delivered a significant improvement in our total recordable injury frequency rate from 6.9 in 2022 to 3.9, reflecting a concerted effort around musculoskeletal, hand and finger injuries.

Adele will cover our financial results in a moment but before she does, I'll outline the two key announcements we made as part of the materials we released today. First, we've announced that production at our smaller synthetic rutile kiln, SR1, is to be paused for four months from October. That's a deliberate decision in response to uncertain market conditions in the short-term. This course of action is very consistent with our broader approach to prioritising value of what we produce and to demonstrate genuine market discipline. We're very fortunate to have a premium swing production asset like SR1 in our portfolio and we'll use it to match the market.

We have on average, 200,000 tonnes per annum of synthetic rutile contracted under take-or-pay contracts over the next four years and we can satisfy that demand from our main SR kiln, SR2. Rather than build excess inventory, we'll pause production and leverage the skilled labour we have operating SR1 to execute the scheduled major maintenance outage for SR2.

Utilising our own people will save over $4 million in external service costs for that major maintenance outage which will now take place over four months coinciding with the production pause at SR1. The restart of both assets in late January reflects the supply fundamentals for high-quality, high-grade products produced in Australia. So just as we're well placed to navigate the present environment, we'll be equally well placed to respond to an improving environment.

Turning to the zircon market, we have seen reduced sales in July and August. This is a function of lower underlying consumption along with customers not looking to restock to anywhere near normal levels of inventory and hence overall demand is down. As has been widely reported, lower activity in China in the property sector in particular is currently a headwind. While our direct exposure to China demand for our products in aggregate has reduced over the past few years, activity levels there are a driver of global demand more generally.

Again, we're focussed on respecting the value of the higher quality material we produce. Our view is that dropping price will not stimulate underlying consumption, nor restocking and hence we're not seeing a compelling reason to reduce prices at all. While the supply side of the zircon market is not robust, dominated as it is by South African production, at Iluka we are expecting to sell less than we produce in 2023. We expect to build some inventory but our view is that inventories at our customers are minimal, so we will be well placed to respond, whether that's to an improvement in demand or to further disruption to supply.

Our other key announcement is that we commenced a feasibility study into rare earth metallisation, the next stage of value addition following rare earth oxide production. If developed, this will be a strategically significant asset, one of very few globally. At present, the vast majority of downstream rare earth customers toll treat purchased oxide through metallisation facilities in China or South East Asia. Eliminating the need for this by having our own metallisation facility would provide a key competitive advantage and broaden our potential customer base.

Alongside our product offering, including sustainability credentials and traceable product provenance, metallisation is a compelling customer offering and one that we're keen to highlight in building a reliable and transparent supply chain. It is a supply chain that's evolving rapidly as a result of the imperatives of governments and customers alike. Iluka is at the forefront of this evolution and will continue to be both open minded and disciplined in considering the broad range of development options made possible by our rare earths business. With that, I'll hand over to Adele to take you through the financials.

Adele Stratton: Thanks, Tom, and good morning. I'll start by reiterating Tom's opening comments that while the global economic outlook is uncertain at the moment, Iluka is well placed. We have a high degree of revenue certainty in our titanium feedstock business with production from SR2 effectively contracted through to the end of 2027. We're in a net cash position of $343 million at a Group level. We have a non-recourse loan agreement for

$1.25 billion to fund our rare earths refinery and un-drawn commercial debt facility of over $500 million to fund our mineral sands project pipeline. By any measure, this is a strong position.

Turning to our reported results. Sales have been impacted by low volumes while prices on average were higher during the period, resulting in revenue of $712 million. Our EBITDA margin remained very healthy at 50%. Unit cash costs of production were broadly flat, demonstrating cost discipline in this inflationary environment. Unit cost of goods sold increased as the higher cost inventory works its way through the P&L.

The final tax payment of $127 million for the 2022 financial year impacted free cashflow in the half resulting in a $55 million free cash outflow. In line with our framework, we've declared an interim dividend of 3 cents per share which passes through the cash from our 20% holding in the Deterra Royalties. With that summary, Tom, I'll hand back to you.

Tom O'Leary: Thanks, Adele. Before opening up for questions, I thought I'd make a few comments on our progress at Eneabba. As we've noted, our FEED is scheduled to conclude in late 2023. When that's done, we'll obviously announce anything material that comes out of it. Given that timing, I'm not going to be drawn further on CapEx expectations today and for the avoidance of doubt, we're not looking to guide you to a higher or lower CapEx number.

Clearly, it's a challenging environment in Western Australia to build projects in the period post-COVID-19 in terms of labour, supplies and general levels of activity. We've all seen this reflected in the capital increases associated with other companies' projects. We're obviously alert to this environment and we're seeing a range of outcomes in our own project at Eneabba. I'm not going to cherry pick one or two positive or negative examples because it's too early for that.

We haven't issued too many long lead contracts and expect that activity to ramp up in the fourth quarter. You'll have seen that we've altered CapEx guidance on Eneabba for 2023 calendar year from $270 million to $150 million. That reflects that we're a few months late on FEED and we haven't placed as many long-lead orders at this point. While schedule is obviously important, I'm not entirely unhappy about that as we've used the additional time well. I'm encouraged that the FEED process has been very thorough and, as noted in the presentation, we're finalising value-optimisation measures as well as operational efficiency improvements.

An example of the latter is that we've chosen to incorporate a CO2 absorber at what will inevitably be a higher upfront capital cost of around $20 million. While we'd originally planned a build-own-operate arrangement with an external supplier of carbon dioxide, we've subsequently determined that, if we incorporate this absorber, we can reduce operating costs by up to $5 million per annum and reduce our CO2 emissions by approximately 13,000 tonnes per annum. So, while we're still finalising this trade off, we're likely to go down that path.

This is just an example of the sort of operational efficiency improvements we're incorporating. You can imagine that there are also a range of value optimisations and we are diligently working through them and look forward to providing an update at the end of the year.

As I said before, the Eneabba refinery is a strategic infrastructure asset and the foundation of a new multi-generational business for Iluka. We're focussed on ensuring that scoping and design support long-term cost competitiveness. As you know, Eneabba is a brownfield site and this is certainly an advantage from a cost and schedule perspective given we already have existing infrastructure. A brownfield site has also meant that ground preparation and earthworks are particularly important as we approach final form to commence refinery construction.

We have now completed all excavation and are currently back-filling. We expect site preparation to be completed by the end of October. We've already upgraded the existing accommodation camp and we've commenced construction of the new operations camp which will be complete by the end of the year. So all-in-all, and notwithstanding the industry backdrop, I'm pleased with the progress we're making. With that, we look forward to your questions.

Operator: Thank you. As a reminder, to ask a question, you will need to press star, one-one on your telephone. Please stand by while we compile the Q&A roster. Our first question comes from the line of Paul Young with Goldman Sachs.

Paul Young: (Goldman Sachs, Analyst) Yes, morning. Morning, Tom, and Adele. I hope you're both well. Tom, thanks for the comments on and the update on mineral sands market. It does appear that there's been a bit of a change, certainly in the last four weeks. Particularly in the zircon market and just looking at some of the others - your peers out there, particularly Tronox and some data out of South Africa around pricing and just commentary around I guess near term demand and pulling back on sales volumes sort of matches what you've been talking about.

But probably what doesn't is around the dropping of the price which you said won't help demand and I think probably the other pieces, zircon millers in China, they're not making money at the moment, based on the renminbi, US dollar exchange rate. That's probably a function of demand as well so I guess at the moment, how do we think about the second half with respect to your sales mix - ZIC versus premium and also, are we going to start seeing Iluka offering some rebates, for example, to move some volume? Thanks.

Tom O'Leary: Thanks, Paul. Look, I think it's important - I'll hand over to Matt in a moment to talk through some of those points you've asked about but I think it's important to reflect first on what has changed really and what hasn't. Certainly, there's been some softening in China and that's been a change we've had and we've all heard a lot about property markets, in particular. We need to remember that our supply into the Chinese ceramics markets most impacted by that softening has really probably more than halved over the last three or four years to around 16% of our zircon sand sales.

But what hasn't changed is really the broader thematics long-term around the zircon and mineral sands markets more generally. In that respect, we're seeing depleting mines, the cost of new mines being higher, operating costs being higher and the geology of new deposits being dominated by poorer quality, lower grade deposits for exploitation. So, you know, some of those broader thematics around mineral sands haven't changed but with that, I'll hand over to Matt to go through some of the details you mentioned, Paul.

Matt Blackwell: Yes, thanks, Tom. Hi, Paul. Yes, just following on from what Tom said, you know, we embarked on a deliberate approach to the geographical diversity or greater geographical diversity of our product offering a number of years ago. You know, over the last three to four years, the sand that we sell to China, as Tom said, has dropped from 60% of our volumes down to 40%. Also, our exposure to the ceramics industry in China has dropped from circa 55% of our product offering to approximately 40% over a similar timeframe that's the number that we'll get to today that Tom said, only 16% of our zircon sand sales are linked to the Chinese ceramic market.

What we have seen and you've probably heard this as well, tile production in China continues to be a bit subdued primarily due to this soft demand from the domestic real estate market. In response, some tile makers are limiting the use of opacifier derived from premium grade zircon in favour of opacifier made with lower grade zircons but this comes with a quality trade off and we don't believe that to be sustainable.

We're encouraged by the fact that European ceramic producers favour opacifier derived from premium products as does the American market which uses exclusively our premium grade products. So, over the short-term, we're likely to see some continued use of these lower grade products from China but how sustainable that is, will play out but we don't think it is very sustainable.

What I would say, you asked about mix. There will probably be - we have the ability and we've talked about it before that we have both zircon sand and zircon in concentrate. Zircon in concentrate goes exclusively into that Chinese market. We would expect to see a higher proportion at this stage in the market of ZIC, that gives us that flexibility. Others only can sell ZIC and others only have - or have less offerings. So, as we unwind our stockpiles at Narngulu, which we have talked about, that gives us an opportunity to supply into that market today.

You also talked about pricing and rebates. I think as we have done for a number of years, we'll be prioritising value. The value of our products. Iluka's sustainable pricing approach has served us well. It wasn't that long ago when people were asking why we weren't pushing harder. We were deliberate then, just as we're being deliberate now and our prices won't be dictated by small volumes from minor producers or, for that matter, others that have a different pricing approach to us.

In terms of rebates, what we have seen, what we have been able to do is whilst we're not talking about rebates per se, what we have seen is the ability with freight rates to come down to remove some of the freight surcharge that some of our customers have been seeing in some geographies in line with the normalisation of global rates for shipping.

Paul Young: (Goldman Sachs, Analyst) Okay, thanks, Matt, and good morning, also. Tom, can I maybe switch over to the rare earth refinery and you've stepped through - you've stepped through the fact you're going through FEED and it's a little delayed. You know, there's a few scope changes there or additions to the flow sheet. You've given one example of the $20 million capital number on one of those processing units.

So, I think there was a few moving parts. I understand that but a couple of questions specifically around, first of all, within the capital estimate you provided when you approved the projects, you had $400-$470 million of other costs in the indirect costs, owners' costs.

Can you maybe break down what of the $400-$470 million is actually contingency in the base case?

Tom O'Leary: Well, Paul, not really. We haven't disclosed it to date. It's certainly part of that $470 million quite obviously but we haven't broken it down and I don't propose to break it down at this point.

Paul Young: (Goldman Sachs, Analyst) Okay and then with the delayed FEED, Tom, just I presume that that might push out first production. Can you maybe just talk through potential impacts to first production and then also just the timing around that. Does that impact - possibly impact the third-party feed discussions?

Tom O'Leary: No impact on third party feed discussions but on the schedule, obviously as part of our workings of FEED towards the end of the year will be a detailed, optimised schedule. You know, obviously timing and schedule are important to us as well as CapEx. So that optimised schedule will be due at the same time and there's a possibility, obviously, of some delay but constructability and construction sequencing are and have been key areas of focus for the team as we move toward completion of FEED. But again, I wouldn't want to guide you that there's going to be a delay on that or not, in very much the same manner as I mentioned around CapEx.

Paul Young: (Goldman Sachs, Analyst) Okay, understood. Thanks for the details, Tom, I'll pass it on.

Operator: Thank you. One moment please for our next question. Our next question comes from the line of Levi Spry with UBS.

Levi Spry: (UBS, Analyst) Good morning, everyone. Tom, Adele, Matt. Thanks for your time. I think there'll be heaps of questions on markets so just sticking with the projects for a bit longer. Adele, can you just remind us of the mechanics of the funding structure for Eneabba in the case that the full over-run is used? What happens for any extra costs beyond that?

Adele Stratton: Yes, sure, Levi. So, in terms of the funding structure, we've got the $1.25 billion loan from EFA and also, you'll recall that Iluka contributes $200 million of equity and there's a set ratio in which we contribute our equity of three-to-one. In terms of if there is any potential cost over-run, the facility is actually silent in that regard so, you know, that would be something that we'd discuss if that eventuates.

Levi Spry: (UBS, Analyst) Okay, so we'd assume that will happen with FEED later this year. Okay, thank you. Just I guess on the other project, Balranald. So, the CapEx spend there, there's a little bit - going a little bit slower. Can you just give us an update on how things are going there? What's driving that, what happens next? Thank you.

Matt Blackwell: Yes, sure, Levi. It's Matt here. We are really pleased with how that project's going at the moment. We've appointed Worley as the EPCM. Various other subcontractors are working at pace. We started ground disturbance actually ahead of schedule and so there's nothing to report other than it's on track and moving forward very deliberately and in line with the plans.

Levi Spry: (UBS, Analyst) Spend is a bit slower though. What's driving that?

Adele Stratton: No, just in terms of the capital spend, Levi, that's just in terms of when you place deposits for long leads et cetera, so I wouldn't read anything into the minor reduction in that forecast CapEx for 2023. It's sort of immaterial.

Levi Spry: (UBS, Analyst) Okay, thank you. Oh well, maybe a sneaky one on markets then. So, what would you need to see to turn SR1 back on in January?

Tom O'Leary: Look, I'll hand over to Matt, perhaps, to talk about SR and titanium feedstocks markets in a moment but we're not needing anything to turn it back on SR1 in January. That's very much our plan to turn SR1 back on in January. That's really because of the supply and demand fundamentals for higher grade feedstocks in general. But you know, Matt and his team are seeing positive signs around SR offtake in '24 but Matt I'll hand to you.

Matt Blackwell: Yes, thanks, Tom. You know, Levi, I think one of the important things to remember is SR is not just a feedstock for pigment production. In the past we've had sales limited to sponge and metal but we've got new customers now planning commercial trials or undertaking commercial trials as we speak. Given the general scarcity of natural rutile, there's potential for SR sales into the metal market and that's a really exciting prospect over the sort of medium to longer-term.

There's a lot of factors that give us confidence that we're going to secure additional volume under even long-term arrangements as well. This includes the re-capitalisation of Venator. Venator's going to come out of bankruptcy a much stronger company with a very cost competitive SR-consuming asset in the UK. The growth of China chloride production. We are well known in China. We've had a presence there for a long period of time and we're known as a key and reliable supplier of quality product. We've got positive outlooks on demand in '24, from consumers further down the value chain.

As I said before, we've got this growing sponge market with a need for secure and consistent supply, coupled with this reduced merchant rutile. What the implication there is, we're seeing rutile is prioritised to the welding market with - which creates additional space in pigment and sponge.

Levi Spry: (UBS, Analyst) Thanks for the colour, Matt. Thank you. Thanks, Tom. Thanks, Adele.

Operator: Thank you. One moment please for our next question. Our next question comes from the line of Al Harvey with JP Morgan.

Al Harvey: (JP Morgan, Analyst) Yes, morning, team. Just a couple on CapEx. I'm just trying to get a sense of where you're kind of decreasing CapEx with that number dropping back down. I know you've provided the number for Eneabba and Balranald but just trying to get a sense of where else it's coming from and whether or not we expect that to push back into 2024 and how that impacts the outlook on production more broadly?

Adele Stratton: Yes, so Al, we've given specific guidance for both Balranald and Eneabba but also have actually within the slide deck given a guidance for the full year. So, we expect capital to be $390 million in 2023, inclusive of that $150 million for refinery and $60 million for Balranald. As Matt's already talked to no impact at all for Balranald's schedule.

There's a little bit of timing between '23 and '24 so you're exactly right there and you know, Tom has given quite an expansive commentary around the refinery. So, you know, some of the other slight reductions would come from the major maintenance outage. We've noted a $4 million saving by utilising our own labour. So that's one component of the reduction and a bit less in some of those sustaining projects. The Group more broadly, and it's exactly as you said, push into '24 the spend. So, the activity's underway through '23, it's just concluding in '24.

Al Harvey: (JP Morgan, Analyst) Great and just wanting to get a sense of whether the $15 million for the metallisation study is part of the Eneabba guide?

Adele Stratton: No.

Al Harvey: (JP Morgan, Analyst) I appreciate it's not all into 2025 but is that separate and yes, maybe just take us through…

Adele Stratton: Yes, I think…

Al Harvey: (JP Morgan, Analyst) …why that couldn't be pushed out or…

Adele Stratton: Yes, so the $15 million study would actually be R&D. So that will go through the P&L as you do those feasibility studies. So, it's not part of the Eneabba capital number that we've talked to. That spend, as you've clearly articulated, will be across '23, '24 and into 2025.

Al Harvey: (JP Morgan, Analyst) Just the timing on that, is it critical path to commence that now or could that have potentially been a source of savings cash in the near term?

Adele Stratton: So, look, I think, you know, that there's broader strategic imperatives to doing that study and that's the focus there. So, you know, the spend - the majority of the $15 million will be spent across 2024, I can imagine. But yes, definitely critical path.

Al Harvey: (JP Morgan, Analyst) Awesome, thanks, Adele.

Operator: Thank you. One moment please for our next question. Our next question comes from the line of Rahul Anand with Morgan Stanley Australia.

Rahul Anand: (Morgan Stanley Australia, Analyst) Hi, Tom. Hi, Adele. Thanks for the call - and Matt also. Apologies. Look, I want to focus on pricing. So perhaps if we start with the SR side of things. Your take-or-pay volumes for the 200,000 tonnes per annum. From what I remember at the time Cataby was sanctioned, you put out a presentation talking about the collar. Could you perhaps remind us how that floor mechanism for that pricing works, please? That's the first one.

Matt Blackwell: Rahul, we've never - I mean cap and collars were the nemesis for this industry back in the early 2000s. We don't have any cap and collars in our SR2 contracts. We have mechanisms that are linked to - or sort of broadly track the market but I've been really pleased with how we've delivered sustainable value from those contracts over the last number of years and out-performing the market more broadly.

There is a floor price but we're a long way away from that. I can't see that coming into play given the demand for SR and the way customers are prioritising security of supply in our products.

Rahul Anand: (Morgan Stanley Australia, Analyst) Okay, so just the…

Tom O'Leary: Rahul, just for clarity the floor price was set back in 2016 and '17 when those contracts were entered into. That floor price has been rising with CPI over the long-term but as Matt says, the prices are well above that and that's unlikely ever to feature.

Rahul Anand: (Morgan Stanley Australia, Analyst) Okay, perfect and just a follow up there. Contracts, I guess still unchanged, remain take-or-pay because I remember there was a dispute last time with one of your offtake parties. Did that change the contract at all in terms of the resolution of that dispute?

Matt Blackwell: No. No, not at all, Rahul. I think in terms of our arrangements and - with the take-or-pay, I think we've demonstrated quite clearly our willingness at that particular junction to defend those take or pay arrangements. I would - I'd probably think of that now as just a bit of an unfortunate blip in the relationship between the two organisations and we're working very well together. In fact, all of our long-term contracts for SR are take-or-pay and that customers are accepting that that's what we see as necessary to achieving the revenue certainty over those types of arrangements. So, it hasn't changed how we contract.

Rahul Anand: (Morgan Stanley Australia, Analyst) Okay, so thank you and…

Matt Blackwell: I think it demonstrates that's the right way to contract.

Rahul Anand: (Morgan Stanley Australia, Analyst) No, absolutely. Absolutely it is. Look, perhaps changing tack a bit but sticking with the price side of things. Obviously, a feature of the change in the pricing mechanism that Iluka brought about was the six-monthly pricing. You know, zircon second and third quarter and then fourth and first. Then first half, second half for rutile. I just wanted to confirm, are you still following that six-month fixed pricing mechanism, i.e., you know, once the price is set for zircon in October, we'll see that price stick for six months and then rutile will remain stable until end of year? Is that how we should be thinking about that?

Tom O'Leary: No, not really, Rahul. It's Tom. You're right about the titanium dioxide feedstock contracts. They do tend to be priced on a six-monthly basis. Zircon we typically announce from time-to-time a price change. We almost always coincide those with the upcoming quarter and occasionally we've said that the price will be fixed for a six-month period. The most recent announcement we've made was to say that the third quarter price would remain flat with Q2, so that the current quarter pricing is the same as last quarter.

Rahul Anand: (Morgan Stanley Australia, Analyst) Understood, okay. All right and then perhaps final one from me. The rehab provisions and rather the rehab spend so to speak in terms of cash outflow, perhaps one for Adele. How should we think about that going into the next year? Does it remain stable here? What's the current run rate, please? Thanks.

Adele Stratton: Yes, sure. So, in terms of the rehab provision, Rahul, you'll see in the accounts there's no real change to that number. We set about our program of rehabilitation works and that really is quite a long-dated look forward factoring in the progressive rehab that we do and those costs go through to P&L as you'd be aware.

Then the rehabilitation works that are done at the conclusion of mining. That run rate fluctuates depending on where we are in the stages of that rehabilitation, anywhere between $45 million to $70 million per annum and we're probably coming towards the end of our spend in the US and going more into monitoring from '24 onwards. And yes, undertaking the rehab across Australia, be that down in the south west of WA or the Murray Basin et cetera. So yes, no real change to our approach nor our guide on that cash spend.

Rahul Anand: (Morgan Stanley Australia, Analyst) Okay, perfect. That's all the questions from me. Thanks for that.

Operator: Thank you. One moment for our next question, please. Your next question comes from the line of Glyn Lawcock with Barrenjoey.

Glyn Lawcock: (Barrenjoey, Analyst) Morning, Tom, and everyone. Look, Tom, I just want to reflect on what you've been saying. I mean it feels like you're using the same playbook that the prior management team did earlier last decade. That didn't play out so well and you ended up - prices ended up falling and you had assets shut for well over 12 months. Why is this one different, this cycle? What do you point to, to give me some confidence that you're holding back volume to support price will work this time, whereas I guess last time, it - if I think back, it didn't really work.

Tom O'Leary: Look, Glyn, when you talk about last time, this approach that we're taking is an approach that we've taken most recently in 2020 and you'll recall that many were extremely alarmed about zircon pricing in particular when zircon demand ceased out of China. So, at that point, we took a deliberate decision to reduce global supply by around 10% of projected consumption that year and prices were stabilised and we were able to capture the long-term value of our higher-grade product.

You know, what we are doing now is not dissimilar and in terms of focus on - focussing on the long-term values of our higher-grade product. I think as I said before, what's changed and what hasn't. What hasn't changed here and what is different from the beginning of the last decade is the outlook for global production, the outlook of the quality of the deposits and the like and what we are seeing as we look - as anyone looks forward today, is the consequences of the lack of investment in new deposits and the much poorer quality of new deposits to be exploited. By contrast, Iluka has and will continue to have high quality products - high quality zircon and high-quality titanium dioxide feedstock to give to our customers that require them.

The other point I think is worth observing is around the discipline demonstrated downstream of us in the titanium dioxide feedstock markets where unlike the circumstances of the beginning of the last decade, pigment producers have uniformly reduced production to meet pigment consumption of their paint customers rather than continuing to produce, build inventories and drop prices. So, the pigment customers that we supply, the high-quality chloride pigment producers, are remaining profitable in these more stretched circumstances. So, you know, I think the - there are a number of features which give us a level of confidence about the outlook.

Glyn Lawcock: (Barrenjoey, Analyst) Okay, so Tom, can I just maybe follow up then? You referenced the 2020 cycle. Your inventory is already back to the levels of 2020 at just over 300 million. How far are you prepared to push that? Could we see inventory back at 500 million like we did a decade ago? You made the comment in your presentation that you've seen reduced zircon sales in July and August. What's it look like from here?

Is - I mean the data from Asia Metals was suggesting July down 50% sequentially, August down 30% sequentially. I know Tronox tried to call the bottom at their quarterly result a couple of weeks ago. It doesn't feel like that's happened. Do you have any observations of what the zircon market looks like going into September and the rest of the year? Is it still falling? Thanks.

Tom O'Leary: Yes, look, Glyn, I'll pass over to Adele to talk a little bit about inventory levels but we have guided a little bit as to the nature of this quarter. I don't propose to guide any further but just on inventories, I think you'd need to exercise a little bit of caution around focussing on the dollar value of inventories given pricing. Adele, do you want to elaborate?

Adele Stratton: Yes, look, I think that's exactly the point. So, if you look at the inventory position, we put that in on our half year results deck, so slide 13 to try and help. We've actually given the volume for work in progress of our heavy mineral concentrates. You can see that continues to trend downwards. So, you know, if you think of the cycle that you're referencing back in 2015, '16 when we had about 1.6 million tonnes of HMC, we're now down to 400,000 tonnes.

So, you know, that's quite a reduction and I think if I was to speak to my ops guys, they're pretty nervous as to how much HMC we actually have on the pad. You know, unfortunately, over time costs go up and therefore your absolute inventory number goes up. That's certainly what we're seeing.

If you think of the finish goods, once again, pay real attention to the unit cost that we are seeing. So, we guide and we disclose our unit cash cost of production. That's pretty close to get inventory unit cost. That number sits in excess of $1,000 a tonne and used to be $600 so that's a 40% increase in unit costs which flows directly to your balance sheet, Glyn. So don't be confused by absolute inventory dollars versus volumetric amounts of inventory.

Glyn Lawcock: (Barrenjoey, Analyst) Okay, great and any thoughts just on the near-term outlook for zircon given your comments about the last two months?

Tom O'Leary: I think I answered that in the first question, Glyn. You know, we've guided a little bit on the rest of the quarter and don't propose to guide any further.

Glyn Lawcock: (Barrenjoey, Analyst) Okay, thanks very much.

Tom O'Leary: No trouble, thank you.

Operator: I am showing no further questions so with that, I'll hand the call back over to Managing Director, Tom O'Leary, for any closing remarks.

Tom O'Leary: Terrific, thank you and as always, we look forward to catching up with many of you over the coming days. Thanks again.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating and you may now disconnect.

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