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Operator: Ladies and gentlemen, thank you for standing by and welcome to Iluka Resources Ltd full-year results 2019. At this time, all participants are in 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 1 on your telephone. Please be advised that today's conference is being recorded. I would now like to hand the conference over to our first speaker today, Mr Tom O'Leary. Thank you, please go ahead.

Tom O'Leary**:** Hello and thank you all for joining the call today. I have with me Adele Stratton, CFO, and Melissa Roberts, General Manager, Investor Relations and Commercial. You'll see that we've released a significant amount of what is for us and our shareholders important information, and there's a level of complexity associated with some of it. So, I'll try to move through the presentation quickly so as to leave time for your questions. But before I do, I think there are three key takeaways today.

First, the mineral sands business has demonstrated resilience in the context of global economic uncertainties, and uneven market conditions. 2019 saw the third best underlying result in Iluka's history with EBITDA of $616 million delivered while commissioning five major projects making associated operational transitions and adapting to short-term softness in the zircon market. That, of course, followed our strong financial performance in 2018.

We ended the year with a healthy balance sheet, with net cash of $43 million, with operations configured to deliver consistent production, and with a maturing pipeline of growth options. So, the first takeaway, is that the mineral sands business has demonstrated resilience.

The second, as we outlined in December, is that we're disappointed with the write-down of Sierra Rutile. We've not delivered on the investment case approved by the Iluka Board back in 2016, both in terms of the operational achievements that have been possible in Sierra Leone to this point, nor in confirming a defined development approach for Sembehun.

Nevertheless, recent months have seen the strongest, consistent production performance at Sierra Rutile since acquisition and we continue to pursue a development approach that ensures appropriate balance between risk and reward. Improvement, albeit slower than anticipated, is discernible.

But we're not declaring victory. In fact, just at the moment we are issuing a release to the ASX outlining that operations have been temporarily suspended overnight, but we expect that to be resolved in coming days. So, the second takeaway is -disappointment with our write-down of Sierra Rutile but improvement is discernible.

Third, the Board have concluded that a demerger of our Royalty business is the best way to deliver sustainable value to shareholders. This will liberate two distinct businesses, each with quality assets and promising futures, in to two standalone ASX-listed companies. Our mineral sands business remains well-positioned, with strong fundamentals being a foundation from which to deliver sustainable value.

The demerger itself is an example of the capital discipline Iluka will continue to practice as we consider future investment opportunities. So, the third takeaway is that we're moving ahead with the demerger.

On slide 4 you'll see some highlights of our sustainability performance. Iluka's total recordable injury frequency rate for the year was 2.9, and while down overall, we've seen a concerning rise in incidents with the potential to cause serious harm, which we're addressing. In a terrific outcome though, Sierra Rutile has achieved more than 12 months without a loss time injury and our group injury severity rate has also decreased substantially.

Slide 5 provides an overview of our results, and while we recorded a loss as a result of the write-down of assets associated with Sierra Rutile, the fundamentals of the business have proved resilient. Our marketing strategy, project delivery, and operational configuration all contributed to this outcome.

The Board review of the Royalty business – and I'm on slide 7, has concluded that a demerger of the Royalty business is the optimal way to deliver sustainable value. This is an important milestone for Iluka. The demerger will establish two separately listed ASX companies with shareholders receiving one share in the newly established Royalty company for every share held in Iluka. The name of the Royalty company will be announced in due course. We've referred to it as RoyaltyCo in this morning's release, and I'll do the same here.

Our mineral sands and Royalty businesses are fundamentally different, with distinct characteristics, capital intensity and risk return profiles. Iluka believes that each would benefit from tailored growth strategies and capital structures and in light of this, that a demerger will unlock value for shareholders. Iluka will hold a 15% interest in the RoyaltyCo as a long-term investment to provide additional financial strength.

The vision for RoyaltyCo – and I'm on slide 9, is to be Australia's leading listed resources royalty company, providing shareholders a cashflow generative and low operational risk vehicle with strong growth potential. Its core business activities will be the management of the existing Royalty portfolio, and investment over time in value accretive royalties that provide earnings growth and diversification.

RoyaltyCo's cornerstone asset is the Mining Area C royalty which generated income of $85 million in 2019. As shareholders know, the asset has a strong growth outlook given BHP's South Flank expansion, and we'll see production more than double over the next three to four years. While RoyaltyCo's capital structure is still under review, the intention is for it to have low debt and a dividend policy to pay out 100% of NPAT.

This reflects the attractive cashflows associated with the Mining Area C royalties, in an investment vehicle with a lean corporate structure. We're pleased to announce that Julian Andrews has been appointed as CEO elect, and Jenny Seabrook as Chair elect of RoyaltyCo. Julian will be joining Adele and me in many of the shareholder meetings that follow this results announcement, where you'll have an opportunity to meet him.

On to slide 11, we've been engaging with the ATO on demerger tax relief and submitted a final ruling application this week. We're working towards receipt of a draft class ruling prior to the distribution of the demerger booklet. We are confident that it will receive a favourable class ruling in due course. As is usual, any final class ruling will only be issued after implementation of the demerger. We're targeting completion this calendar year, and we'll provide additional updates including on timetable at our AGM on 9 April.

Moving to mineral sands market, slides 13 and 14 provide a summary of the zircon market in 2019. As we noted through last year, business sentiment and consumer confidence in key markets, particularly China, were affected by trade and geopolitical tensions. We saw customers rundown inventory and increased demand for lower quality standard and zircon in concentrate grades in response to cost pressures.

Iluka's marketing strategy evolved over the year and we implemented a number of initiatives including an enhanced customer reward scheme and adjusted product offering. We're pleased to have achieved our sales guidance for the 2019 year. While we believe destocking by our customers has largely run its course, the outlook for the start of 2020 remains subdued with the full implications of COVID-19 outbreak still unclear. Our zircon reference price remained at US$1,580 per tonne throughout the year, and prices received were relatively stable.

Turning to the high-grade titanium markets, these are quite a different story. As you'll see on slides 15 and 16, sales in 2019 were constrained by production levels and limited inventory. Pigment and welding market conditions were solid, and high-grade feedstocks requirements were strong.

Onto slide 17, as we announced in January, we've signed a take-or-pay agreement with Kronos, one of our major rutile customers. The agreement covers 75% of standard grade rutile from Sierra Leone, with a minimum of 100,000 tonnes per annum effective through to December 2022. The contract terms deliver exposure to pricing upside while limiting risks on the downside.

The latest agreement adds to other take-or-pay contracts already in place for our high-grade feedstocks, including synthetic rutile and Jacinth Ambrosia sourced HYTI. As you can, we've achieved a high degree of revenue certainty for this side of the business. I'll now hand over to Adele to cover the financial performance of Iluka in 2019.

Adele Stratton: Thanks, Tom and good morning everyone. Iluka delivered a strong underlying result in 2019. With Mineral Sands revenue of $1.2 billion and underlying group EBITDA $616 million; 4% lower and 3% higher respectively on the prior year.

Slide 20 gives a snapshot of financial metrics. The statutory loss for the period has been impacted by the write-down of Sierra Rutile and the associated removal of the deferred tax asset, which together contributed $576 million towards the statutory loss of $300 million. We talked to the drivers behind these when we announced them in December. Free cash flow of $140 million was lower than last year, predominantly as a result of the 2018 final tax instalment of $127 million, which was paid in June.

Moving to slide 21, Iluka reported an underlying net profit after tax of $279 million supported by higher received pricing, despite the lower sales volumes. Unit costs of goods sold have increased due a combination of factors including sales mix, with more higher cost Sierra Rutile products sold, FX movements unfavourably impacting the translation of Sierra Rutile costs, and higher synthetic rutile unit costs following the commencement of Cataby mining.

Just to remind you, the higher cost synthetic rutile production was expected from Cataby and was one of the driving forces behind underpinning the development with take-or-pay contracts. I'm pleased to report that the Cataby business unit has delivered gross margins in excess of 40% this year. It's also worth highlighting that Mining Area C royalties increased by 53% to $85 million off the back of higher iron ore prices.

To slide 23, inventory at the end of the year is $425 million. So, still within what we would consider normalised inventory levels. We've added a build of run of mine inventories associated with the commencement of mining at Cataby, as you'd expect with any new operation. Zircon inventory has marginally increased due to subdued demand, and this chart, for the first time, shows the composition of finished goods inventory between zircon and titanium dioxide feedstocks, with zircon constituting just over half.

On slide 24, we continue to maintain a strong balance sheet, achieving a $43 million net cash position at the end of 2019. We refinanced our banking facilities during the year, extending the term for five years to expire in June 2024, and also lowering the fees and margins on those facilities. This provided an opportunity to further reduce the facility size down by $100 million down to $519 million, with ample funding headroom for our medium-term liquidity.

The free cash flow generated allowed Iluka to declare a final dividend of 8 cents per share bringing the full-year dividends up to 13 cents per share, which is in line with our dividend framework to pay a minimum of 40% of free cash flow – not required for investment or balance sheet activity. With that summary, I'll hand back to Tom.

Tom O'Leary: Thanks Adele. We said at the outset of 2019 that it would be a year of project delivery and I'm proud to say that it has been. The suite of projects you see here – and I'm on slide 27, in Australia and Sierra Leone have all been delivered on time and within budget. This capital expenditure program has established our operational configuration to sustain production levels in 2020 and beyond.

Slide 28 to 32 provide more detail on our operational settings and performance. The company's Australian operations performed as planned while some ramp up challenges were experienced at Cataby, feed was maintained to the synthetic rutile kiln which operated at capacity following the scheduled major maintenance outage.

As a result of the kiln refurbishment though and other improvements we implemented, we now expect our steady state in in synthetic rutile production to increase 10% to 225,000 tonnes per annum, as noted in our guidance.

Sierra Rutile operations underwent significant changes with the decommissioning of the Lanti dredge early in 2019, followed by the successful delivery and ramp up of the Lanti and Gangama expansion projects in the second half. While we continue to focus on improvement initiatives to optimise run time and throughput at Lanti and Gangama, the mineral separation plant operated at capacity in the final quarter and we are seeing improved consistency and reliability.

Slide 33 provides and overview of what our operations will look like in 2020, and what production we expect from each asset. As always, we'll monitor market developments over the year, particularly for zircon, and adjust operational and production settings as necessary.

Turning to our project pipeline, you'll see on slide 34, Iluka has a portfolio of mineral sands projects to sustain and grow production over the next phase of the company's evolution.

On slide 35, we've tried to give some more clarity on the progress of each and the pathway for development, assuming technical and other challenges are met, and that we develop each of them expeditiously. It's unlikely we'll do them all, but in 2020 each of these projects will be advanced.

To touch on a couple, at Balranald we're undertaking the third field trial. The results of this will establish the viability of the underground mining concept and ultimately the project itself. At Sembehun, study work continues and recent work on alternative mining methods is yielding encouraging results and we're progressing to field trials in the first half of 2020. Finally, site works at the Eneabba mineral sands recovery project are nearing completion and first sales of the monazite rich concentrate is schedule for Q3 this year.

That brings us to the company's outlook for 2020 on slide 37 to 39 we provide our usual guidance across production and costs. On the production side, we expect increased high grade feedstock production from Sierra Rutile and a full year of synthetic rutile operations in Western Australia. Conversely, we've held back on zircon production.

Capital expenditure reflects advancement of our project pipeline and other sustaining projects we've flagged previously including the Cataby southern pits development and tailing facilities at Ambrosia in South Australia.

The first quarter is seasonally a low quarter for zircon sales with the Chinese New Year shutdown. This is likely to be exacerbated this year with the impact of COVID-19, which is continuing to play out. How this development affects not only China, but its trading partners and global markets remains to be seen, but we're monitoring the situation closely and we'll adjust as appropriate.

The high-grade titanium feedstock market is expected to remain strong.

I will now open up the line for questions.

Operator: Ladies and gentlemen, we will now begin the question and answer session. If you wish to ask a question, please press star 1 on your telephone, and wait for your name to be announced. If you wish to cancel your request, please press the pound or hash key. Your first question comes from the line of Rahul Anand from Morgan Stanley. Please ask your question

Rahul Anand: (Morgan Stanley, Analyst) Hi Tom, thanks for the opportunity. I have several, but I will keep it at two. Starting with pricing, zircon and Rutile pricing, no announcement today, we are in the new period for rutile pricing already and zircon's also coming up in the second quarter. So, some comments, or rather discussions with customers, if you could throw light on that, that would be good. Then I'll come back with the second. Thanks.

Tom O'Leary: Okay. Thanks Rahul. Titanium first, look as you'll have seen from the slide we put in the deck this time about take-or-pay contracts, the majority, some 70% for 2020, of our high-grade feedstock are now under longer-term contracts, which are commercial in confidence, and as such we won't be providing pricing increase information for the first half at this stage. What we'll do is provide realised pricing information at our disclosures at the end of the half.

But what I can say is that the high-grade feedstocks, as I've said earlier, remain tight and remain conducive to price increases for this half. So, that's titanium. Zircon is a little more complex, and it relates a little bit to this COVID-19 virus as well. So, as you know, we typically sell around 60% of our zircon in China and that includes our zircon in concentrate, and another about 15% in Asia outside China. So, they're important markets to us.

As I mentioned, the first quarter is traditionally slow with activity levels only really beginning to pick up following Chinese New Year, and as we've seen in the last few years, only progressively after Chinese New Year. Now this year, as you've probably heard, the holiday period was extended to include the Pearl Festival which ended on 9 February.

So, what we've observed with our Chinese customers is that less than half have recommenced industrial production at this stage, and the majority are planning to do so at the end of the month. This requires a resolution of current transportation limitations and worker availability.

Now, we understand that significant numbers of workers haven't returned to their workplace and at some factories, not any of our customers I have to say, have had to stop shortly after restarting due to cases of the virus in their workforce. One pigment producer is in that situation, again not one of our customers. But at this stage we don't have visibility as I outlined earlier as to when these sorts of issues are going to be resolved.

By comparison to last year, when most of our customers recommenced operations around 18 or 19 February, so a couple of weeks earlier than we expect will happen this year. But as we've observed in the past, it's not just about absolute numbers operating that's key to consumption but operating rates and the size of the operations and on this score I'd say that the first quarter consumption is going to be lower than the corresponding period in 2019.

So, the reason I say all of that is because that is the environment we're looking at, at the moment, and so commentary around pricing for Q2 and Q3, we're going to defer as well. Looking further up the chain though, beyond our own customers, as you know, ceramics make up around half of zircon exports to China and activity in the tile making sector is always key to our customers.

That inevitably is more difficult to track because there are lots of them, but our impression is that the level of activity there is also quite slow so far in 2020. So, look, we'll report our quarterly sales at the usual time, and I expect that we'll be giving an update on the outlook and the market then, but current expectations for the first quarter will be relatively low.

We're not far behind as we stand today, where we were last year but we expect that order-taking will increase more gradually and some orders will shift to Q2.

Just commenting further on the market more generally, you'll recall that last year we expected a restocking pickup in Q2, and it never really came through the year. In fact, there was a further round of destocking over the year as some customers had bought more product than they needed, likely from our competitors.

But if we look at our customers today, we believe stocks are pretty low among our customers, and that's evidenced by the fact that when we do get orders there is a level of urgency associated with having them filled. So, stocks do seem to be quite low among our customers.

So, that's kind of where we are in terms of both consumption in China and I think – all I can really say about the price outlook at this stage.

Rahul Anand: (Morgan Stanley, Analyst) So, just to your last point there then, your production settings – are you able to ramp them up quickly should the demand return and the restocking requirement come back?

Tom O'Leary: Yes, we are. We're also carrying reasonable levels of zircon finished goods inventory. So, we can respond quickly to that, Rahul.

Rahul Anand: (Morgan Stanley, Analyst) Okay. Perfect. And then second question re: RoyaltyCo. So, you're aiming to maintain obviously the resilience of the mineral sands business as you demerge the RoyaltyCo, there was a mention of limited or modest amount of debt in RoyaltyCo, is it fair to assume that debt then would be taken on pre-demerger and the cash would probably be retained in the mineral sands business to provide that flexibility?

Tom O'Leary: Look, Rahul, it's probably a bit early to be talking about those sorts of details. The capital structure of RoyaltyCo is something that we're still working on at this stage, so more news on that score later.

Rahul Anand: (Morgan Stanley, Analyst) Okay, that's fair. Thank you very much for that, I'll pass it on.

Operator: Your next question comes from the line of Paul Young from Goldman Sachs. Please ask your question.

Paul Young: (Goldman Sachs, Analyst) Yes. Morning Tom, Adele and Melissa. So, first question on the MAC demerger, can you please provide the audience a view on why you're confident that you'll receive a favourable class ruling from the ATO? The second part, to the first question I have, is actually on expected separation costs for the demerger, if you can comment on that? Thank you.

Tom O'Leary: Yes, sure. Thanks Paul. As I said in the last while as South Flank became more proximate, we focussed on optimising value from the Royalty business, and the rules around demerger tax relief are very complex. In the period prior to the announcement we made back on 31 October, we'd undertaken a pretty extensive review on both the nature of our Royalty business and the applicable tax law.

As I mentioned back on 31 October, we had determined it may be possible to obtain demerger relief. Since then, through the course of November and over the period since then, we've engaged together with our advisors with the ATO, and we've recently submitted just this week a ruling application.

Where we stand at the moment, we are confident that demerger relief will be granted. I'm not going to go into detail about the intricacies of the tax legislation, but we are confident, Paul.

Paul Young: (Goldman Sachs, Analyst) Thanks, and the separation costs, any comment on that or guidance?

Tom O'Leary: Look, Paul, I think in the context of the transaction, the costs are going to be small. That's been a key focus of ourselves and the Board over the last while, and we'll provide more detail on that later in the process.

Paul Young: (Goldman Sachs, Analyst) Okay. Second question is on the zircon market, one of your peers or competitors overnight said that global zircon demand was down 10% in 2019, so I'm interested in just crosschecking that number with you.

Also, just to back on to the discussion around pricing trends, what have you seen in the standard and premium pricing markets just on trends in the new year, and just noting that your realised price was down US$100 a tonne in the December quarter, just want to get some commentary about what the trajectory looks like on realised pricing at the moment. Thank you.

Tom O'Leary: Yeah, look Paul, I've given you pretty extensive context for 2020. I'm not really sure I can say much more than that. The outlook remains pretty uncertain at this point in relation to demand, but what is apparent now as ever, is that a decrease in price is not going to stimulate demand and so we will be supportive of pretty stable pricing again in 2020.

In terms of your earlier comment around demand, it's always a little bit difficult to be precise about global demand consumption with inventory builds around the place, but I think it's probably not out of the ball park to assume that sort of decline in the zircon market occurred over 2019.

Paul Young: (Goldman Sachs, Analyst) Okay, the last one from me, just on the guidance, the zircon production guidance of Jacinth-Ambrosia the 200,000 tonnes which is down on last year. Is that in line with the mine plan, or are you low-grading J-A based on what you're seeing in the market?

Tom O'Leary: No, look Paul, it's really in line with the constraints we have made at Narngulu in terms of production of that J-A product.

Paul Young: (Goldman Sachs, Analyst) Okay, what are those constraints, sorry Tom?

Tom O'Leary: Processing constraints around the nature of the product at J-A.

Paul Young: (Goldman Sachs, Analyst) Okay. All right. Well, it's the first I've heard of that. I'll pass it on then.

Adele Stratton: Oh Paul, and also, obviously you know the Narngulu plant is also processing the Cataby zircon, a full year of production coming out of that as well. So, I think you've got to look at it more broadly across the group, for that. So we've also noted that the zircon in concentrate production is down and that'll be a driver between the two periods also.

Paul Young: (Goldman Sachs, Analyst) Yes, I thought there was plenty of spare capacity in Narngulu in terms of that range, but I can come back and talk to you about that, I'll pass it on. Thanks.

Operator: Your next question comes from the line of Glyn Lawcock from UBS. Please ask you question.

Glyn Lawcock: (UBS, Analyst) Morning Tom. Look, just a quick one on the SRL disruption overnight. Seems there will always be some issues with the community. Can you elaborate a little bit more on what the grievances are, if any?

Also with your offtake that you signed now with Kronos, if you have ongoing disruptions, is it a commitment that you have to deliver, or what, are you on the hook for delivery – you have to go and buy, deliver into the Kronos contract? Thanks.

Tom O'Leary: No, Glyn. We don't. We can certainly declare force majeure, and in the usual way and not be obliged to go out on market and buy rutile, so let's make that very, very clear.

Going back to your earlier point about what it is overnight, as we said in the release, we wouldn't typically have made an announcement with this sort of disruption. There are inevitably operating challenges in Africa, and we have disruptions from time to time in Sierra Rutile.

This particular disruption has just emerged over the last day or so, and it's in relation to some disputes between families around surface rent, and the government, as ever, is very helpful in resolving those. We actually have a minister onsite already dealing with the issues. So, I think we've got pretty reasonable expectations that it'll be resolved very quickly.

In fact, what I would say about community relations is that they've vastly improved over the last 12 months or so, and we're very pleased with how that's going. The support of government is evident from the fact that so quickly we've got a minister down at site looking to help resolve the matter.

So, these things happen from time to time. The reason for the release is simply that we're announcing our results today.

Glyn Lawcock: (UBS, Analyst) Sorry, maybe just to clarify it again, if it's not a force majeure event though, you just have mechanical issues or anything like that, regardless of what, if it's not force majeure applicable, can you still not deliver, or do you have to deliver? Are there reasons that – cases where you could find yourself short, having to deliver?

Tom O'Leary: Yes, you'll see it's somewhat self-regulating in terms of the contract, in terms of the 75% of production, but if we are not producing then we do have an out under the contract.

Glyn Lawcock: (UBS, Analyst) Okay. Thanks very much.

Operator: Your next question comes from the line of Sam Webb from Credit Suisse. Please ask your question.

Sam Webb: (Credit Suisse, Analyst) Thanks for the opportunity. Just a few quick ones. The draft ATO ruling, do you have an expectation around date to receive that and in the event that it's not favourable, notwithstanding that you're pretty confident and you've done a lot of work behind the scenes no doubt, what happens if you don't get the favourable ruling?

Finally, on the strategy of the RoyaltyCo business that you're spinning out, and identifying other investments, can you put a bit of context around what commodities you go to, what kind of scale, and how you look to fund that in time?

Tom O'Leary: Yes. Look, on the first one in terms of timing, what we've said about timing is that we expect to be able to proceed with the demerger this calendar year, and we'll give an update at our AGM in early April. So, beyond that I wouldn't comment further.

In terms of your second question about where we go in the absence of a demerger ruling, look, as I said, we're confident about obtaining that ruling and so I wouldn't really want to speculate on something that I think is pretty unlikely. As I've said, we expect to get a draft ruling prior to lodging the demerger booklet.

The third question around the strategy of the RoyaltyCo, we'll talk more about that in time, but inevitably for the RoyaltyCo we'll be looking to increase value and look to acquire value accretive quality royalties over time. But you'll see more about its strategy in the demerger booklet.

Sam Webb: (Credit Suisse, Analyst) Is the demerger tax relief contingent on acquiring more royalty streams?

Tom O'Leary: No.

Sam Webb: (Credit Suisse, Analyst) Okay. Thanks Tom.

Operator: Your next question come from the line of Paul McTaggart from Citigroup. Please ask your question.

Paul McTaggart: (Citigroup, analyst) Hi all. So, we've talked lots about the demerger, so maybe I just wanted to ask you a little bit more about Sembehun. So, I know you're hoping through this year you can have a sense around what the preferred pathway is, but maybe if you can give us some sense of what the options are, what the potential scale of those options might be, just so we can understand exactly the sort of various different operations we might be looking at in terms of scale, potential Capex, order of magnitude maybe?

Tom O'Leary: Yes, look, Paul, I appreciate the desire for further detail there, what we are doing though is progressing a range of development options. We are looking very much at lower capital expenditure alternatives, and we're also cognisant of the equipment we have there, in particular the mineral separation plant and its existing capacity.

So, we're looking at mining method, we're looking at the concentrating arrangements, we're looking at logistics, and we're looking at the infrastructure. What I would say is that we're pretty encouraged, as I mentioned, by the potential for hydraulic mining, and while that's not a method that Iluka has used in the past, it is used in Africa and in the mineral sands industry.

There is third party contractor capability that could be mobilised to Sierra Leone. So, we've got a trial that we've touched on – that's going to occur in May, and we'll keep you abreast of the progress on that.

Paul McTaggart: (Citigroup, Analyst) So, obviously Capex is going to be lower, are you looking – the Capex went up from the $500 million to $700 million or whatever. Are you looking to something half that scale? Can you give us any sense how much lower that Capex might be?

Tom O'Leary: Look, I don't want to be drawn on it in detail at this stage, Paul. But certainly, it is going to be significantly lower in order, I think, to make it an appropriate risk and reward balance for operating in Sierra Leone.

As I touched on, we're looking at the capacity of existing mineral separation plants, so volumes as well may be lower than the - in excess of 300 thousand tonnes that we talked about some years ago.

Paul McTaggart: (Citi Group, Analyst) All right. Thanks Tom.

Tom O'Leary: Thanks Paul.

Operator: Your next question come from the line of Levi Spry from JPMorgan. Please ask your question.

Levi Spry: (JPMorgan, Analyst) Yes. G'day Tom. It's Levi here. So, just another question on new growth projects in the mineral sands business, so that pipeline there, how much extra capital could fall into 2020 that you haven't talked about, if some of these projects progress, or are we talking about pushing it all out to 2021, so aside from Eneabba, I guess?

Tom O'Leary: Yes, thanks, Levi. Look, I don't think there's really much prospect of further capital being pushed into 2020 than we've outlined. I guess one exception to that could be the SR1 restart, if we manage to obtain ilmenite supply suitable for restarting that operation, then that may be accelerated. But otherwise, I expect you've pretty much got the lot there.

Levi: (JPMorgan, Analyst) All right, thanks.

Operator: Your next question is a follow up question from Paul Young from Goldman Sachs. Please ask your question.

Paul Young: (Goldman Sachs, Analyst) Yes, thanks Tom and Adele, again. A question around Sierra Rutile costs and talking absolute costs. And maybe just a question for Adele. Adele productions up, well, expected to be up 40,000 tonnes this year, but absolute costs only up US$4 million. Could you just step us through why that's the case? Is that just effectively economies of scale and shutting down the high cost dredge?

Adele Stratton: Hi Paul, look, as we've said a number of times, the fixed cost base in Sierra Rutile is pretty high, so hence that driver of the $4 million increase that you note in terms of absolute costs is pretty much the variable costs. There's a shift in terms of some of the operations, as you've outlined.

So the dredge has come off. There was redundancies attached to that dredge that happened in 2019. That obviously won't reoccur in 2020. We're doubling the existing concentrators and sharing that fixed cost across the two, so that's sort of - the real driver - just pure variable costs that have come in.

Paul Young: (Goldman Sachs, Analyst) Well it must be 95% fixed cost, Adele, in that case.

Okay, right, so the second question is on the growth and around Atacama, and maybe one for Tom, just a commentary there. There's been a lot of discussion around the future of J-A over the long run. Can you just comment there about potential and material zircon production from Atacama? Are we talking, therefore, an increase on the base case i.e. declining, or are we talking about an increase on the current – this year's production of 200,000 tonnes? Thanks.

Tom O'Leary: Look, I think we're talking about an extension of production of the order of 200,000 tonnes or more for several years with the Atacama development, Paul.

Paul Young: (Goldman Sachs, Analyst) All right. Thanks Tom. And then just last one from me on the SR1 restart. Are those opportunities on third-party ilmenite largely in an around that Eneabba / Cataby region?

Tom O'Leary: Yes, and potentially around imports. Although, as we've said over the years, running a business and a kiln campaign around imports can be problematic, but it's certainly something we consider.

Paul Young: (Goldman Sachs, Analyst) Okay. Thanks very much.

Tom O'Leary: Not at all.

Operator: I would now like to hand the conference back to speaker Tom. Please continue.

Tom O'Leary: Well, look, that's all I had for today. So, thank you for your time everyone. I look forward to meeting you all over the coming days and months. Our next update will be at the AGM on 9 April. So, thank you.

Operator: Ladies and Gentlemen, this concludes todays conference call. Thank you for participating, you may now disconnect.

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