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Australian Shareholders Association Presentation

Iluka Resources Limited

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Non-IFRS Financial Information

This document contains non-IFRS financial measures including cash production costs, non production costs, Mineral Sands EBITDA, Group EBITDA, EBIT, free cash flow, and net debt amongst others. Iluka management considers these to be key financial performance indicators of the business and they are defined and/or reconciled in Iluka's annual results materials and/or Annual report. Non-IFRS measures have not been subject to audit or review.

All figures are expressed in Australian dollars unless stated otherwise.

Mineral Resources and Ore Reserves Estimates

As an Australian company with securities listed on the Australian Securities Exchange (ASX), Iluka is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and that the Ore Reserve and Mineral Resource estimates underpinning the production targets in this presentation have been prepared by a Competent Person in accordance with the JORC Code 2012.

Information that relates to Mineral Resources estimates has been previously announced to ASX on 27 February 2018 in the 2017 Annual Report, available at www.iluka.com/investors-media/asx-disclosures. Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Iluka confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Production outlook

Production outlook and the basis thereof are noted within the relevant disclosure.

The outlook included in this presentation is indicative only and should not be construed as guidance. The information is subject to changes in market and operating conditions; political risk; and any significant unplanned operational issues.

Iluka Resources Limited



- ASX-listed (ASX:ILU) mineral sands company, ~\$3.8bn market capitalisation
- Largest producer of zircon and leading producer of high-grade titanium dioxide feedstocks
- Operations in Australia and Sierra Leone
- Royalty asset – BHP Mining Area C, Western Australia
- Customer focused global marketing presence with dedicated product sales teams
- Responsible industry leader

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**DELIVER
SUSTAINABLE
VALUE**



Asset Profile

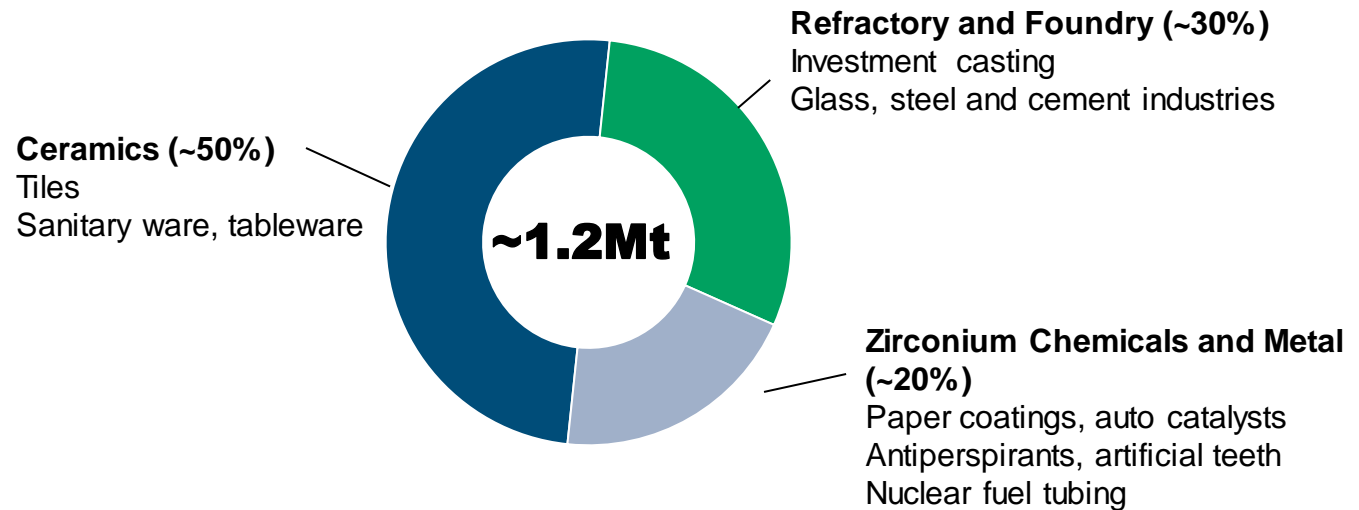
60 years experience in exploration, project development, mining, processing and marketing of mineral sands.

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Zircon is favoured for its opacity, and resistance to water, chemicals, heat and abrasion

- Iluka is the largest zircon producer globally (~30% market share)
- Broad customer base (~100 customers), with ~60% sales into China





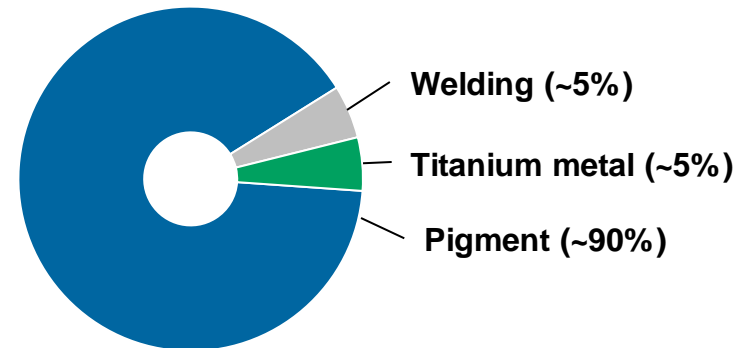
Titanium Dioxide Feedstocks



Titanium dioxide's key attributes are its opacity, chemical inertness and UV resistance

Global titanium dioxide market ~7.3Mt annually (TiO_2 units) used in:

- **Pigment production** (paints, plastics, paper and coatings)
 - High refractive index + UV protection
- **Titanium metal** (aircraft frames/engines, medical)
 - High strength-to-weight ratio
- **Welding flux agent** (fabrication, ship building)
 - Corrosion resistance

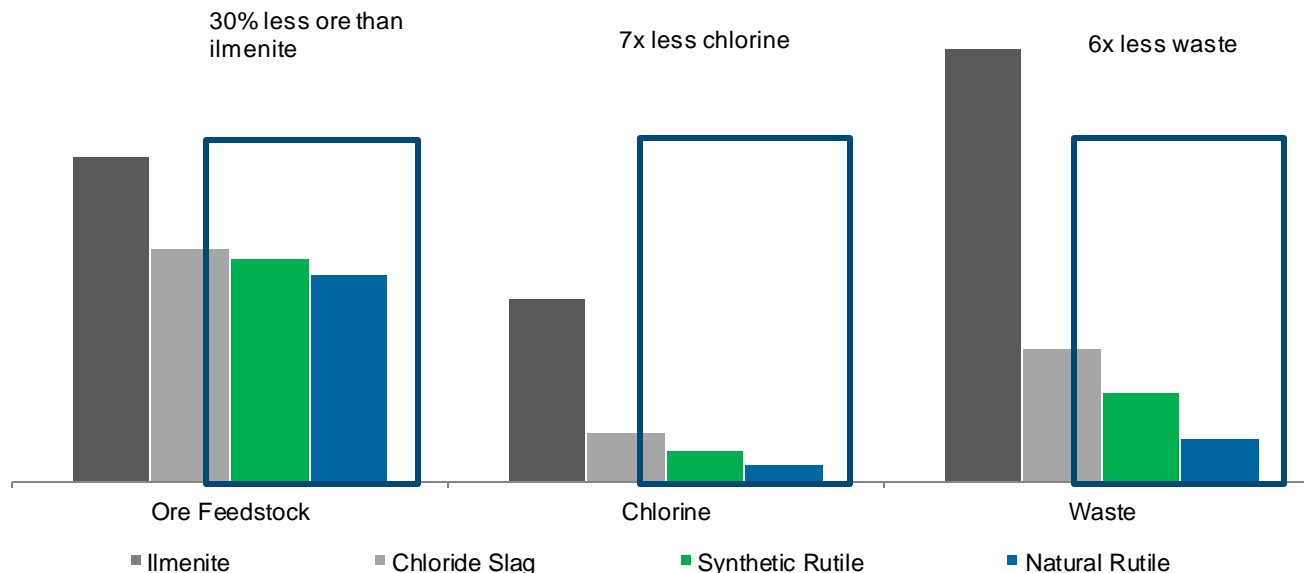


High Grade Feedstocks

Iluka operates in the high value, high-grade chloride feedstock market, producing rutile and synthetic rutile

- The titanium dioxide feedstock market consists of sulphate process and chloride process feedstocks
- Iluka's high-grade chloride feedstocks provide 'value in use' advantage in pigment production:
 - Lower ore tonnes required - improved utilisation efficiency;
 - Lower waste – reduced environmental cost
- Consolidated customer base, majority Western pigment producers

High Grade Feedstock Advantage

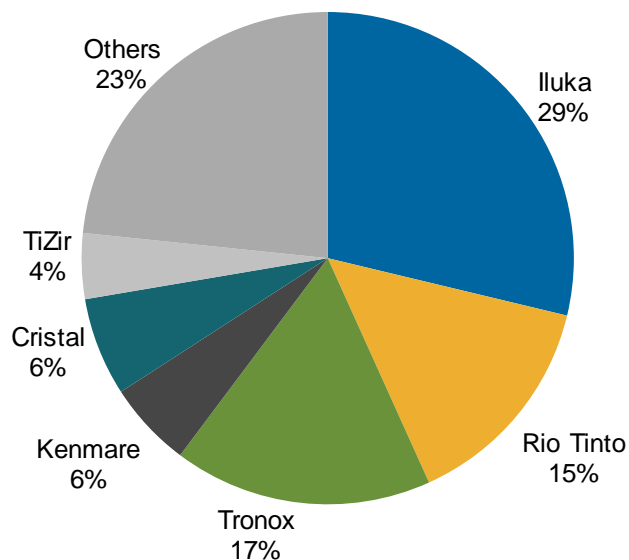


Global Mineral Sands Producers

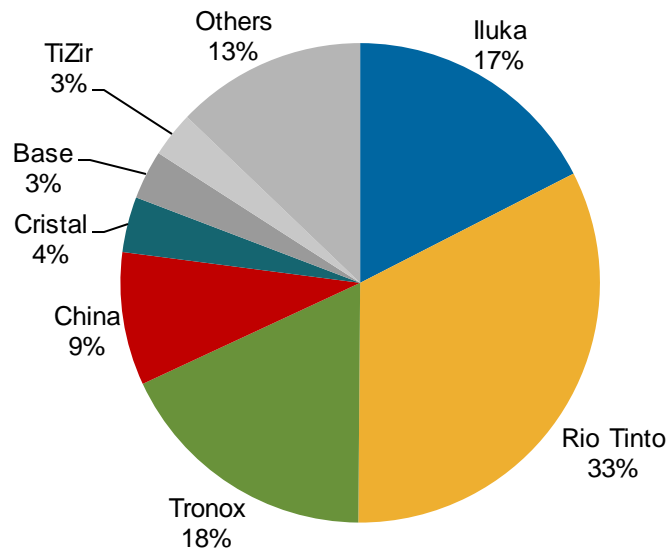


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Global Zircon Producers
(2016 Total Production ~1.2mt)



High Grade Chloride Titanium Feedstocks¹
(2016 Total Production ~2.5mt TiO₂)



Note: Tronox and Cristal feedstock volumes are largely captive to vertically integrated pigment plants, reducing size of merchant market.

Note: Iluka includes Sierra Rutile production (acquired December 2016)
Source: Iluka and TZMI

1. Includes rutile, synthetic rutile, chloride slag and upgraded slag

Australian Operations

Cataby Project, Western Australia



- Large chloride ilmenite rich deposit
- 150kms north of Perth
- First production scheduled 1H19
- Offtake contracts secured underpinning returns

Narngulu MSP, Geraldton



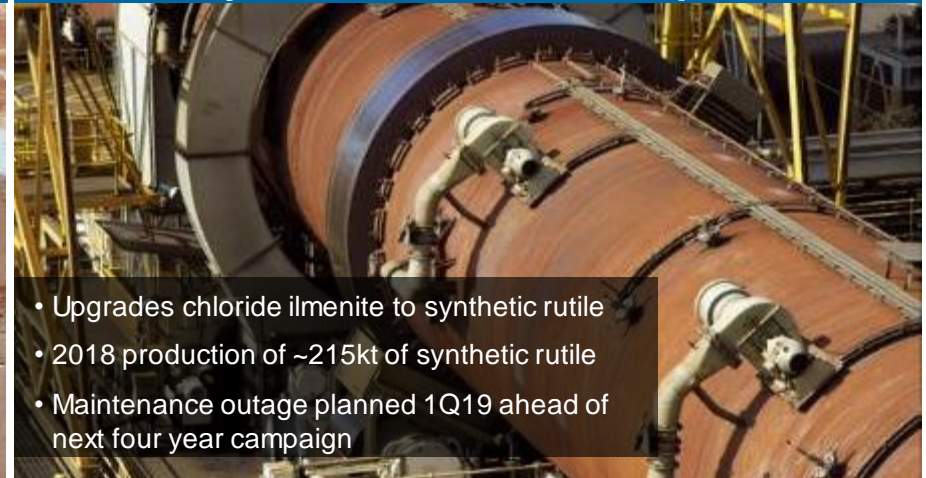
- Processes heavy mineral concentrate into zircon, rutile and tailings
- Mineral processing unit for production of zircon in concentrate

Jacynth-Ambrosia, South Australia



- Globally significant zircon deposit
- Discovered in 2004, mining commenced 2009
- Iluka's major source of zircon production

Synthetic rutile Kiln, Capel



- Upgrades chloride ilmenite to synthetic rutile
- 2018 production of ~215kt of synthetic rutile
- Maintenance outage planned 1Q19 ahead of next four year campaign

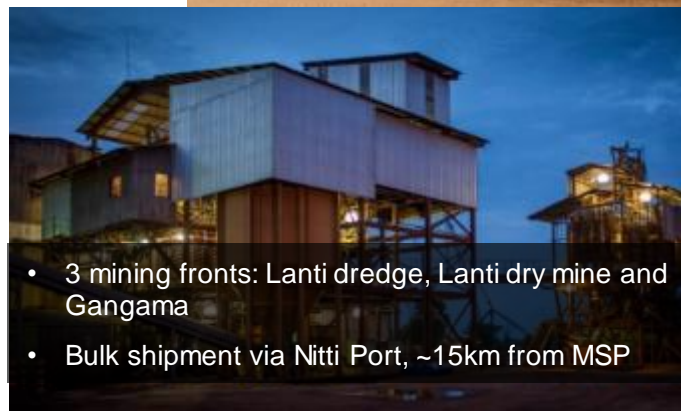
International Operations



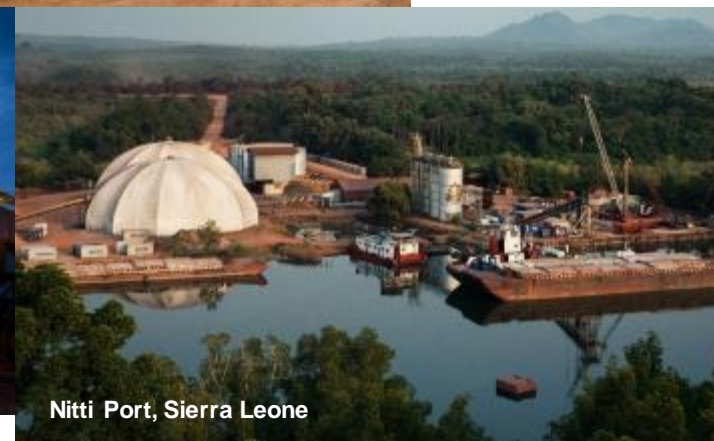
Sierra Rutile, Sierra Leone



- Began operations 1960s
- Acquired by Iluka in December 2016
- World's largest rutile mine
- Large, long life operations (~20 years)



- 3 mining fronts: Lanti dredge, Lanti dry mine and Gangama
- Bulk shipment via Nitti Port, ~15km from MSP



Nitti Port, Sierra Leone

Business Focus

Our near-term focus is the delivery of key projects...

Catoby development

- Construction continues on time and within budget
- Reassembly of concentrator underway
- First production scheduled first half 2019

Jacinth-Ambrosia

- Successfully restarted fourth quarter 2017
- Accelerated mine move to Ambrosia scheduled for Q4 2019 (prev. 2022)

Sierra Rutile

- Gangama and Lanti dry mine expansions progressing
- Ongoing value optimisation work for further expansions (Sembehun deposits)



Organic Growth Options

... while developing a portfolio of organic growth options

Fine Minerals Project

Pre-feasibility study on the development of fine-grained WIM deposits in western Victoria

- large, long life deposits
- close to infrastructure
- new source of zircon
- diversification to rare earths



Balranald

- Large, deep, high grade rutile-rich deposit
- Industry significant source of rutile, ilmenite and zircon



Underground Mineral Sands Mining

Significant advantages to approach:

- access to deep deposits (Balranald ~60m underground)
- minimal environmental footprint versus conventional mining

Sustainability

Ongoing integration of Iluka's **safety and risk mitigation framework** to strengthen Sierra Rutile's sustainability performance



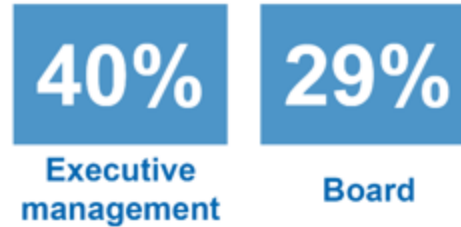
Sierra Rutile Limited



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



Senior female representation



H1 2018: Group total recordable injury frequency rate of 2.7



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Community

Local communities underpin our operations

- Partnership with Far West Coast Aboriginal Corporation, South Australia
 - 20% indigenous employment target at Jacinth-Ambrosia for Iluka employees (26% reached in 2017) and contractors
- 2017 South Australian Premier's Community Excellence Award for Social Inclusion
- Contributed \$1.2 million globally in 2017, investing in local community and regional initiatives
- Key partnerships with Virginia Polytechnic Institute and State University, UWA, University of Adelaide and Botanic Gardens and Parks Authority



Mining Area C Royalty Asset



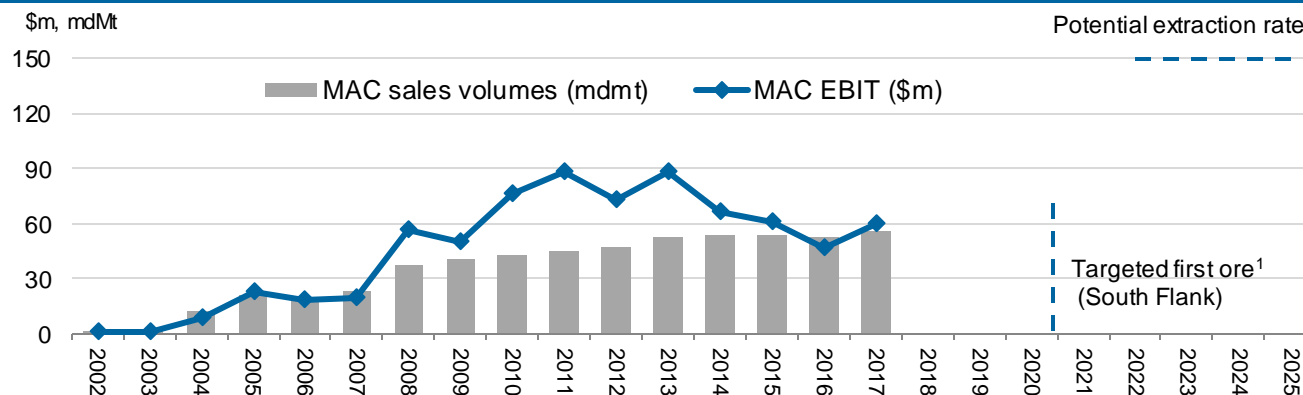
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Iluka holds a royalty over iron ore from BHP's Mining Area C (MAC) hub in WA

- BHP's US\$3.4bn South Flank development received board approval in June 2018
- South Flank expansion sits within the MAC royalty area
- To replace production from Yandi mine (depleted 5-10 years)
- Potential for ~150Mtpa from MAC hub (current MAC production ~55Mtpa)
- Total contribution of over \$760 million since mining commenced

Mining Area C Sales Volumes and Iluka EBIT Royalty Contribution



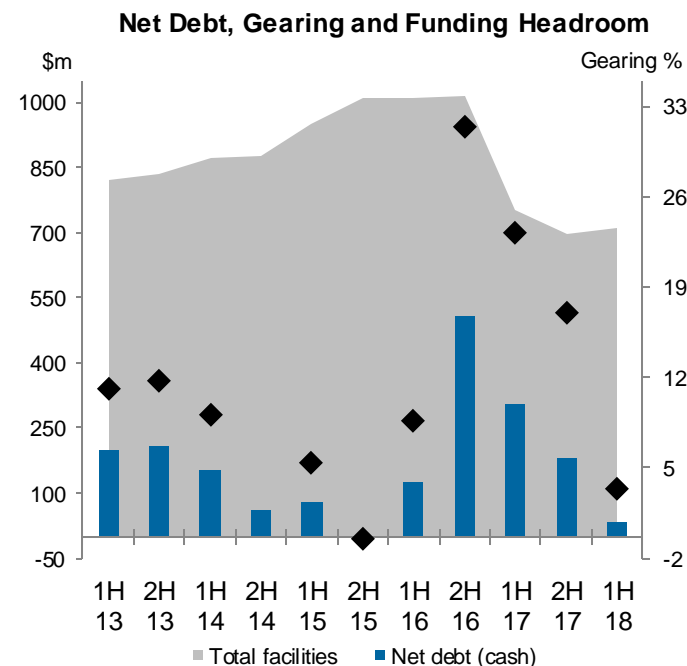
Mining Area C royalty terms

- 1.232% of Australian denominated revenue from royalty area; and
- one-off payment of A\$1 million per million tonne increase in annual capacity

Balance Sheet

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- First half 2018 free cash flow of \$226 million
- Significant reduction in net debt
 - (\$183m December 2017 to \$34m June 2018)
- Strong balance sheet provides flexibility through the cycle
- Low net debt/gearing given current market conditions
- Substantial funding headroom available



Balance Sheet Framework

Target credit metrics broadly consistent with investment grade credit profile, whilst balancing impacts of commodity pricing and investment factors through the cycle

Dividend

Dividend Framework

Pay a minimum 40% of free cash flow not required for investing or balance sheet activity

Distribute maximum practicable available franking credits

- Interim dividend of 10 cents per share fully franked declared, representing 19% of H1 free cash flow
- Board considered elevated near term capital expenditure in 2018/19 for Cataby development and Sierra Rutile expansions and tax payments attributable to 2018 earnings
- Cumulative 57% of free cash flow distributed since dividends recommenced in 2010
- Franking credit balance of \$44 million at 30 June 2018

Distribution Metrics

H1 2018 free cash flow pay out ratio	19%
2010 – 30 June 2018 cumulative payout ratio	57%
Cumulative free cash flow returned to shareholders	\$899 million
Cumulative cents per share returned to shareholders	215 cents
Cumulative retained free cash flow	\$688 million

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