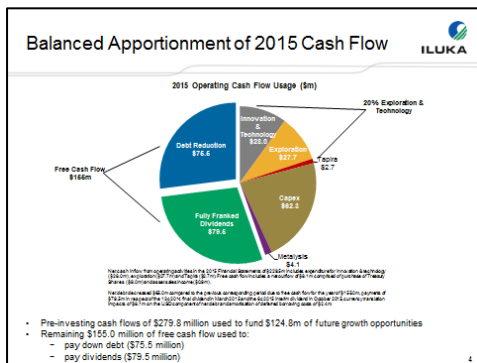


Iluka Resources Limited (ASX:ILU)
 Notes to accompany Citi Exploration and Mining Day Presentation
 by Dr Victor Hugo, General Manager, Exploration and Geology
 Sydney, 27 June 2016

[Link to full presentation slide pack](#)

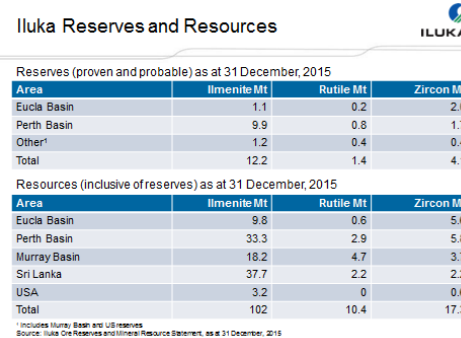
Slide 4: Balanced Apportionment of 2015 Cash Flow



Twenty per cent of the 2015 operating cash flow (\$55.7m) was spent on exploration and technology.

It should be noted that Innovation, Technology and Exploration are managed as inter-related functions within Iluka (Exploration and Technology are currently led by the same General Manager), as it is recognised technological development can significantly enhance the economics of some exploration targets and can also unlock new exploration search spaces. The work Iluka is conducting on the Tapira Project, Brazil, is an example of this development.

Slide 5: Iluka Reserves and Resources



Iluka Reserves and Resources

Reserves (proven and probable) as at 31 December, 2015

Area	Ilmenite Mt	Rutile Mt	Zircon Mt
Eucla Basin	1.1	0.2	2.0
Perth Basin	9.9	0.8	1.7
Other ¹	1.2	0.4	0.4
Total	12.2	1.4	4.1

Resources (inclusive of reserves) as at 31 December, 2015

Area	Ilmenite Mt	Rutile Mt	Zircon Mt
Eucla Basin	9.8	0.6	5.6
Perth Basin	33.3	2.9	5.8
Murray Basin	18.2	4.7	3.7
Sri Lanka	37.7	2.2	2.2
USA	3.2	0	0.6
Total	102	10.4	17.3

¹ Includes Murray Basin and US reserves
 Source: Iluka Ore Reserves and Mineral Resource Statement, as at 31 December, 2015
 Rounding may result in differences in total versus individual regions

Reserves in the Eucla Basin relate to the Jacinth-Ambrosia deposit.

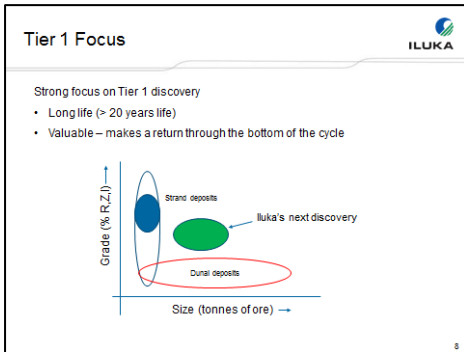
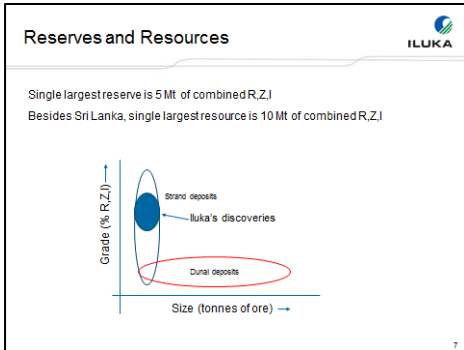
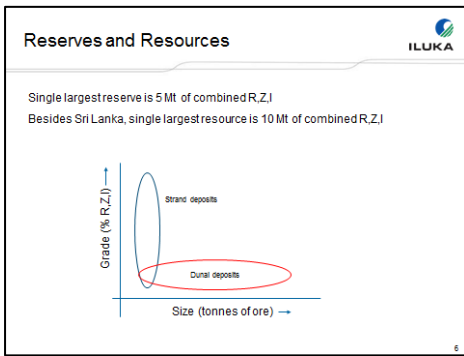
The Cataby deposit accounts for 54 per cent of the West Australian reserves.

The reserves listed under “Other” are located in the Murray Basin and Atlantic Basin (see Iluka 2015 Ore Reserve and Mineral Resource Statement).

Balranald accounts for 47 per cent of the total Murray Basin resources. Conversion of the Balranald resources to reserve is dependent on the successful completion of the current definitive feasibility study being undertaken by Iluka.

A prefeasibility study is currently underway for the PQ resource in Sri Lanka.

Slides 6 to 8:



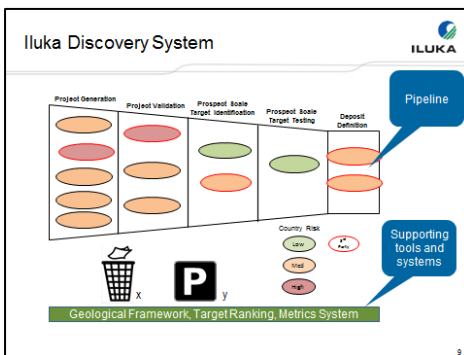
Cataby is currently the single largest reserve within Iluka’s portfolio. Besides PQ in Sri Lanka, Balranald is the single largest resource within Iluka’s portfolio.

The diagram in this slide shows the difference in grade and size between the common types of conventional heavy mineral (HM) deposits. Strand type deposits are formed by the preservation of heavy mineral accumulations along coastal shorelines. These deposits tend to be higher grade (% rutile, zircon, ilmenite) but relatively small in size. Dunal or “decksand” deposits are formed by the accumulation of windblown sands. They can be much greater in size, but tend to be lower grade.

Historically, Iluka has targeted strand type deposits and hence Iluka’s resource inventory consists of numerous relatively small resources (generally less than 10 million tonnes of R, Z, I). This results in high margin mines with relatively short mine lives (less than 10 years). Recent examples of such mines include Kulwin and Woornack, Rownack, Pirro in the Murray Basin, Victoria

- In order to address the lack of a large, long life resource within Iluka’s portfolio, the company’s exploration team has been focusing on exploration targets which have the potential to be both high grade and large. Historical examples of such deposits are Eneabba and Yoganup in West Australia. These deposits are effectively a camp of strand deposits clustered close enough together to allow for a single mine to operate. Iluka defines such deposits as Tier 1 and expects that they would have greater than 20 years of life and that they would still make a return through the bottom of economic cycles.

Slide 9: Iluka Discovery System



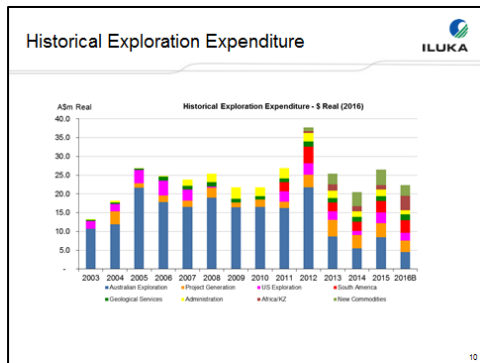
The chart in this slide outlines the Iluka Discovery System. This system uses a pipeline to manage a portfolio of projects in a stage-gated approach. The various stages of discovery, from project generation to deposit definition are clearly defined within the pipeline and projects must meet clear criteria to advance to successive stages. The portfolio of projects within the pipeline is routinely assessed to ensure that there is an appropriate balance of projects within each stage of the pipeline and that there is a balanced weighting of low to high risk projects.

Projects must have Tier 1 potential to be introduced into the pipeline and at each stage the projects are geologically assessed and ranked. Only the best projects are progressed to the latter stages of the pipeline.

Iluka recognises that other companies have projects with Tier 1 potential and Iluka Exploration has entered into a number of farm-in and joint-venture agreements in recent years to gain access to such projects.

Projects which are shown to lack Tier 1 potential are removed (binned) from the pipeline. Projects that cannot be quickly progressed through the pipeline due to some external impediment (e.g. land access) are parked.

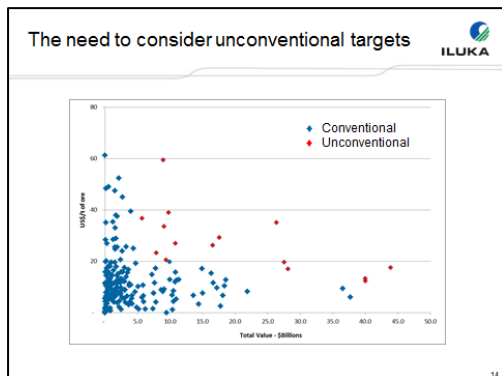
Slide 10: Historical Exploration Expenditure



The chart on this slide shows exploration expenditure within Iluka from 2003 to 2016 (budget) in real 2016 dollars. The following is noted:

- Historical exploration spend has varied between \$20 - \$25 million (2005 to 2016) – shown in \$ real (2016);
- 2012 was unusually high, due to additional drilling in the Eucla Basin and Brazil;
- Australian exploration between 2005 and 2011 was spent predominantly on combination of Murray Basin and Eucla Basin drilling. Much of this included resource definition drilling of known deposits (e.g. Kulwin, Wornack, Rownack, Pirro and, Jacinth-Ambrosia);
- 2012 was a record year for drilling in the Eucla Basin with over 200,000 metres drilled;
- Geological reviews of the Murray and Eucla Basins in 2012/13 indicated limited remaining prospectivity for Tier 1 discovery;
- Since 2013 exploration focus has shifted to greenfields international exploration; and
- Since 2013 between \$2-3 million p.a (~10 per cent) has been spent on New Commodities exploration. Most of this expenditure has been on existing Iluka tenements in South Australia.

Slide 14: The need to consider unconventional targets



Conventional targets are a combination of known strand and dunal type deposits (see also Slide 6). Unconventional targets refer to a combination of hard rock and fine grained (WIM style) deposits. In some instances, these targets can be both high value (\$ per tonne of ore) and large. Invariably the unconventional targets require different processing techniques to either liberate or separate the various titanium or zircon minerals from gangue material. Iluka’s technology development places a heavy emphasis on the development of new and novel processing technologies to unlock the potentially large titanium and zircon resources found in a variety of unconventional targets.