



ILUKA

Value For Customers – Value For Investors

Matthew Blackwell, Head of Marketing and Procurement

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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, Underlying 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.



Strong Market Fundamentals

Mineral sands demand linked to urbanisation, rising living standards, increasing array of applications

Quality Mineral Sands Assets

Australia and Sierra Leone operations
Product mix weighted to premium zircon and high grade titanium dioxide

Project Pipeline

Sustaining and growth projects in Australia, Sierra Leone and Sri Lanka

Value Driven Marketing Model

Direct customer relationships
Price driven by value in use
Focussed on sustainable pricing

Capital Discipline Framework

Strong balance sheet, disciplined capital allocation
Focus on shareholder returns via dividend framework

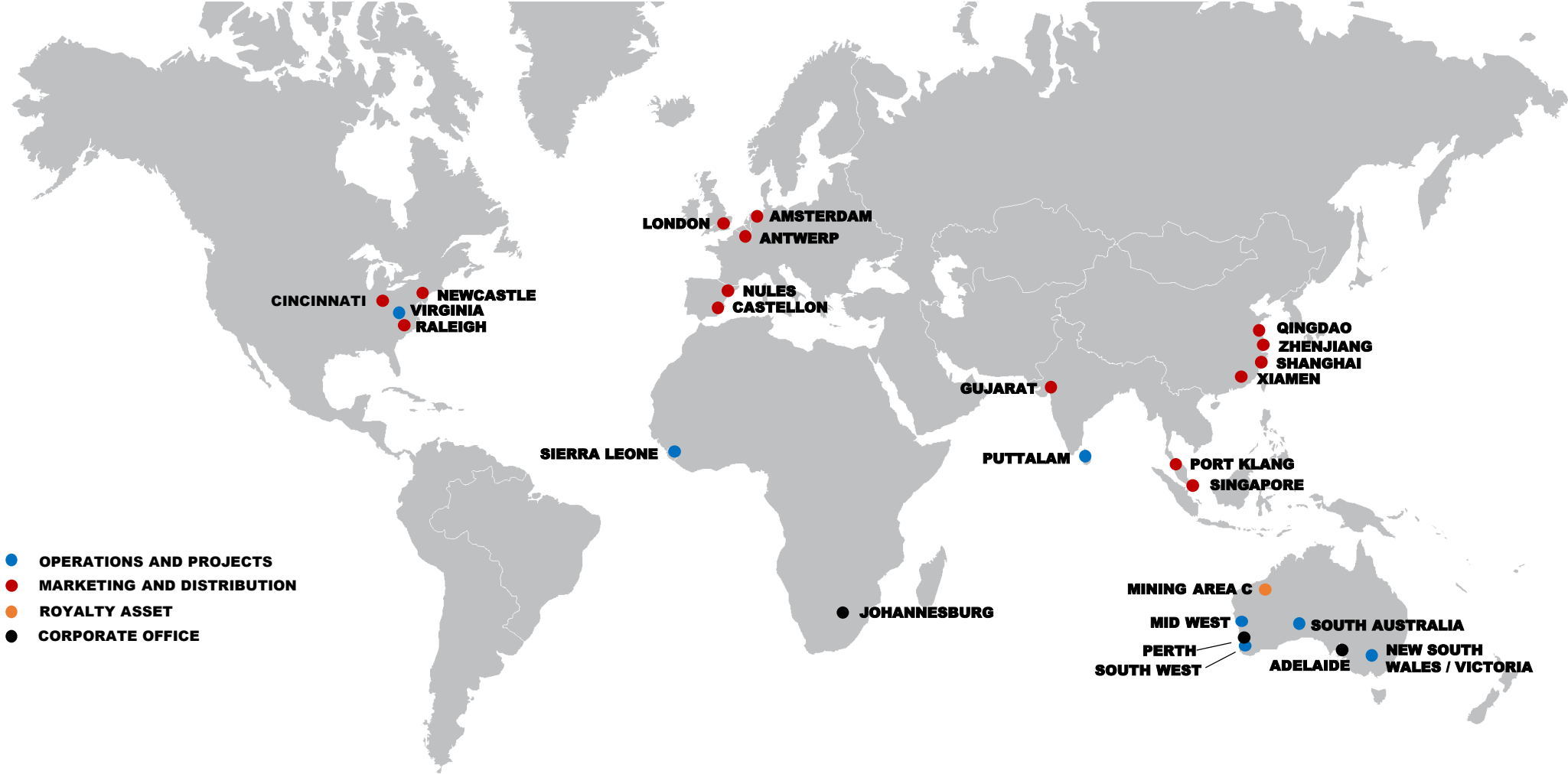
World-class Iron Ore Royalty

Royalty stream from BHP's Mining Area C hub in Western Australia
Growth from BHP's South Flank development



Iluka's Asset Portfolio

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



Cataby, Western Australia



- Large chloride ilmenite rich deposit
- 150km north of Perth
- Ilmenite to feed synthetic rutile kiln
- Synthetic rutile offtake contracts underpin returns
- Significant zircon and rutile production
- 8.5 year mine life, with potential 4 year extension

Jacinth-Ambrosia, South Australia



- World's largest zircon mine
- Discovered in 2004, mining commenced 2010
- Iluka's major source of zircon production
- Mining completing at Jacinth deposit in 2H19
- Move to Ambrosia deposit accelerated to smooth production
- Studies commenced for potential satellite mine at Atacama

Sierra Rutile, Sierra Leone



- Began operations 1960s
- Acquired by Iluka in December 2016
- World's largest rutile mine
- Large, long life operations (~20 years)
- Two mining areas: Lanti and Gangama
- Planned closure of dredge operation completed Q1 2019

Iluka's Marketing Model of Value Creation



High Grade Titanium Feedstock Advantage



- Natural rutile and synthetic rutile have a higher titanium grade than other feedstocks
- Iluka's high grade products considered to have high 'value in use' for pigment producers

High grade feedstock advantages in pigment production:

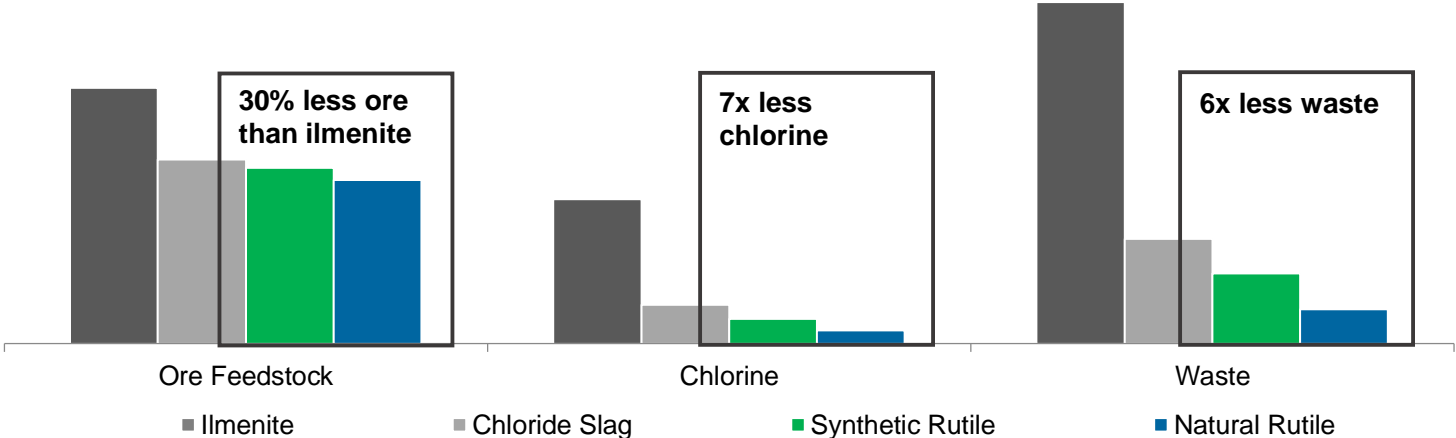
Lower ore tonnes required

Lower chlorine input

Lower waste generation

Environmental and cost benefits

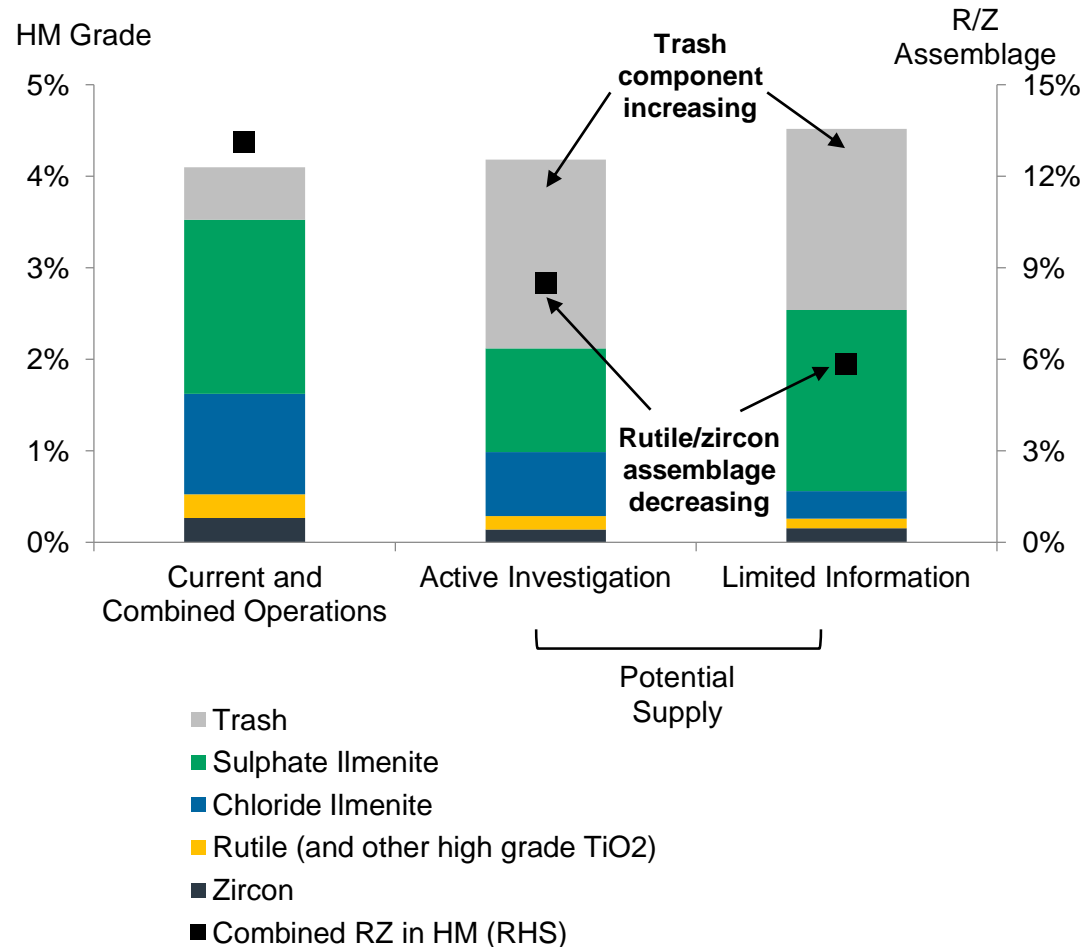
Input and outputs based on feedstock of pigment plant, per tonne of pigment



Valuable Heavy Mineral Decline



Assemblage of Global Mineral Sands Resources



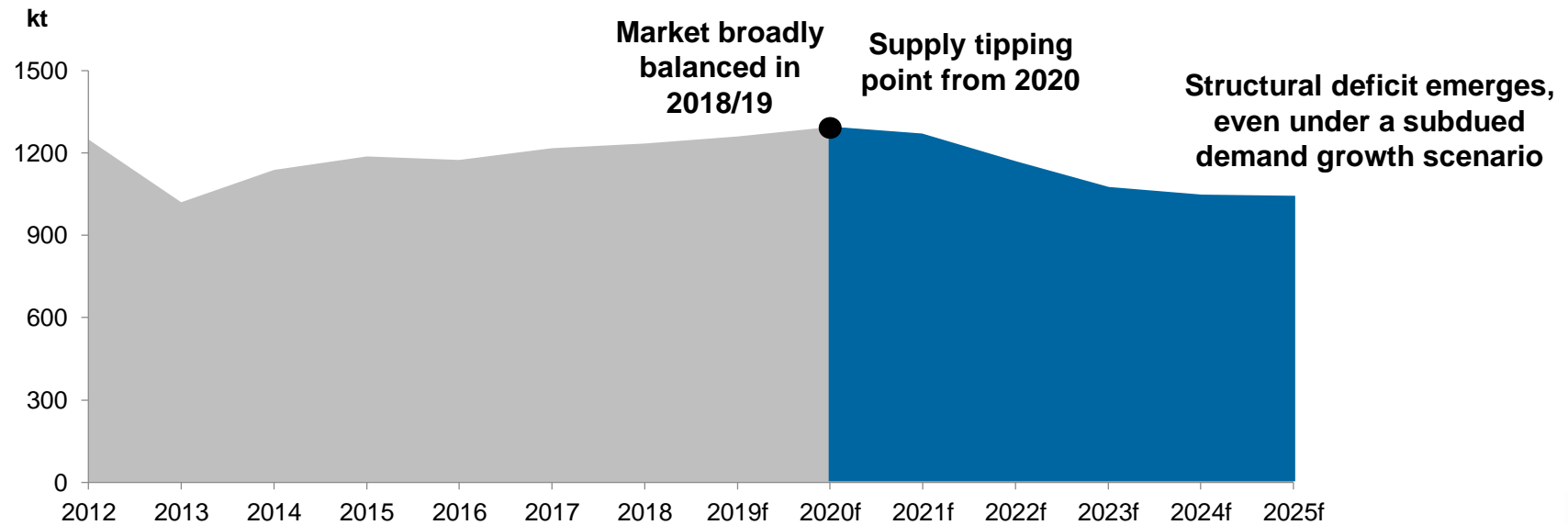
Source: Iluka and company reports, 2016

The mineral sands industry challenge:

1. Need technical solutions for unconventional ore bodies and product specifications
2. Exploration to find better ore bodies
3. Achieving prices that generate sufficient return on investment but not so high as to incentivise substitution and thrifting

Lack of quality mineral sands projects, particularly with high zircon assemblage, and depletion of current operations (which includes Iluka)

Global Zircon Supply Outlook

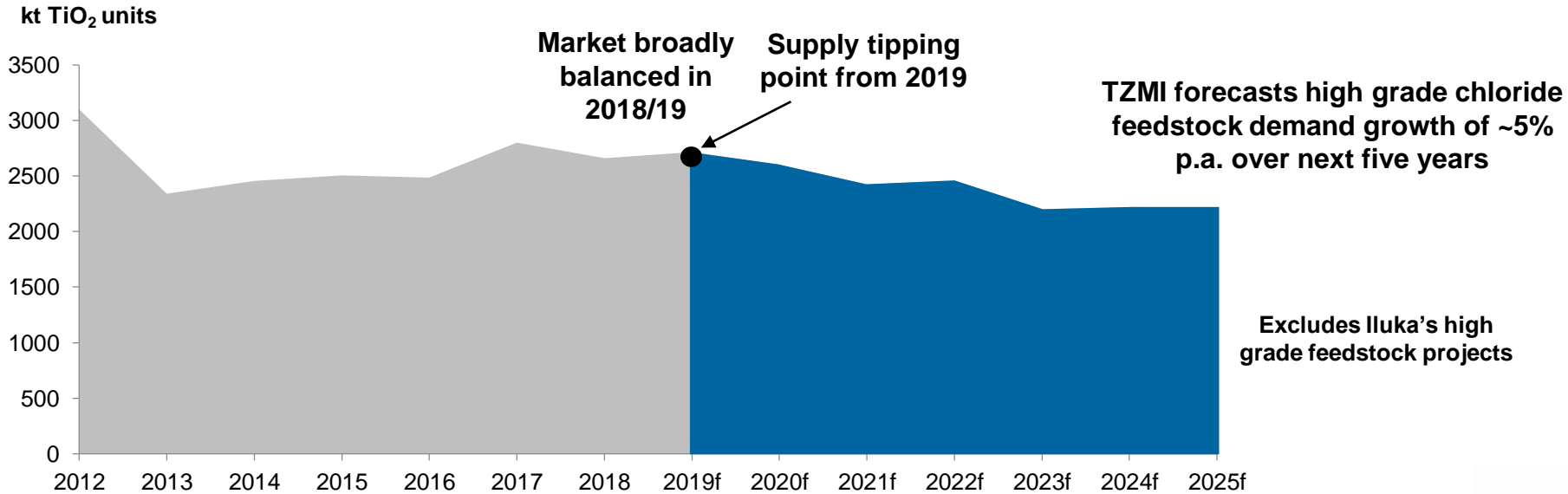


Production outlook only includes new projects with funding approval.

Source: Iluka and TZMI

Absent a supply side response, High Grade Chloride feedstock production starts to decrease from 2019....

Global High Grade Chloride Titanium Feedstocks Supply Outlook*

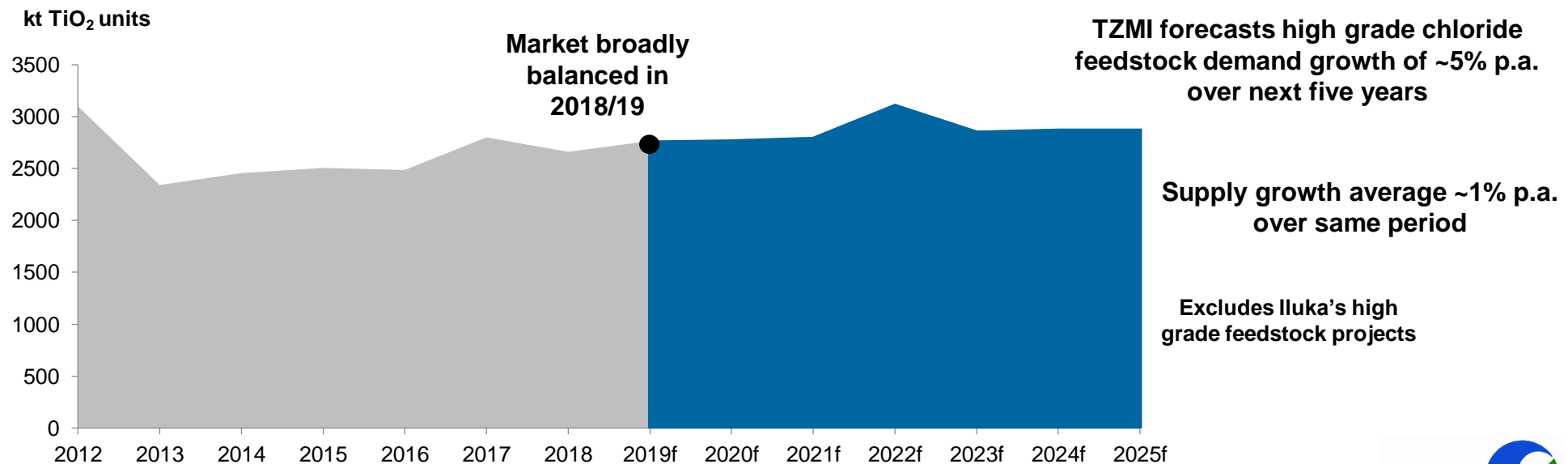


* High Grade Chloride Feedstocks include Rutile, Synthetic Rutile, Chloride Slag and UGS.
Production outlook only includes new projects with funding approval.
Assumes capacity utilisation rates at upgrading facilities held constant.
Source: Iluka and TZMI

Absent a supply side response, High Grade Chloride feedstock production starts to decrease from 2019....

....Yet even if feedstock was available to restart today's idled capacity, and Jazan ramped up, supply still fails to keep up with predicted demand.

Global High Grade Chloride Titanium Feedstocks Supply Outlook*



* High Grade Chloride Feedstocks include Rutile, Synthetic Rutile, Chloride Slag and UGS. Production outlook only includes new projects with funding approval. Assumes capacity utilisation rates at idled slag upgrading facilities reach ~75%. Source: Iluka and TZMI

High Grade Titanium Pricing Dynamics

Recent decoupling of rutile and pigment prices due to supply tightness in very high grade feedstock market

1. Pigment and rutile prices have historically moved together with lag of 6 to 12 months

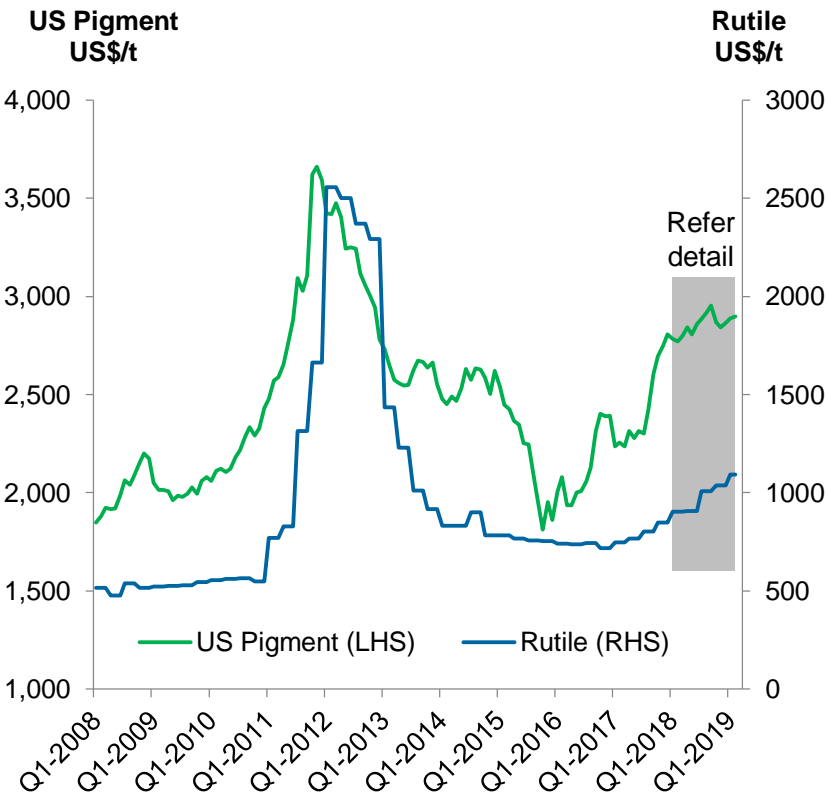


2. Pigment price growth eased in 2018 while rutile price growth continued with further growth expected

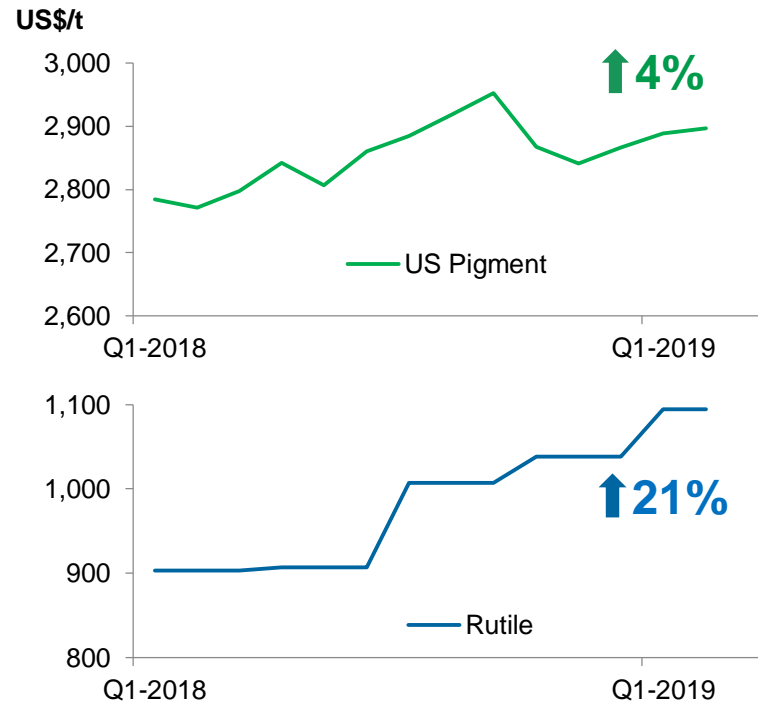


3. Rutile market dynamics no longer mimic other titanium feedstocks - instead pricing driven by rutile supply tightness

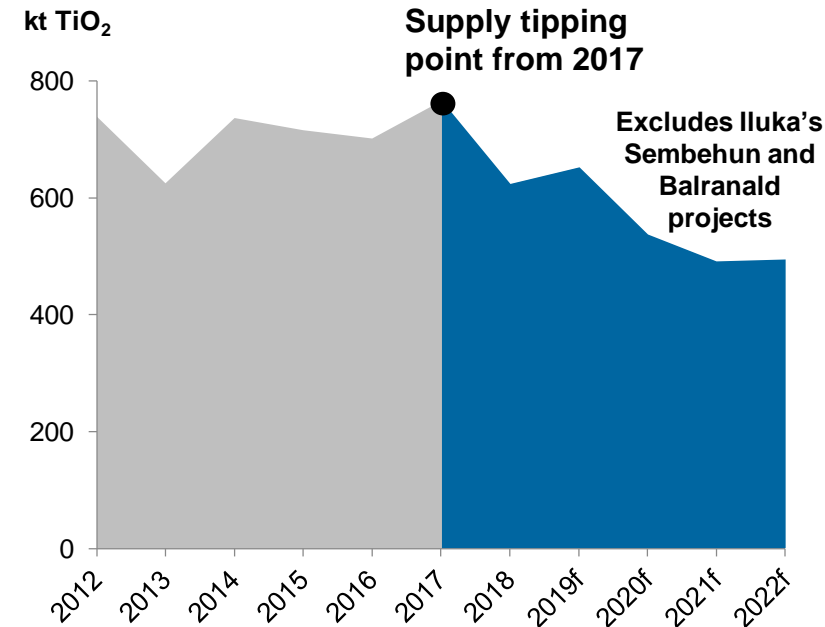
Rutile and US Pigment Prices, from 2008



Rutile and US Pigment Prices, from 2018



Global Rutile Supply Outlook



Source: Iluka and TZMI



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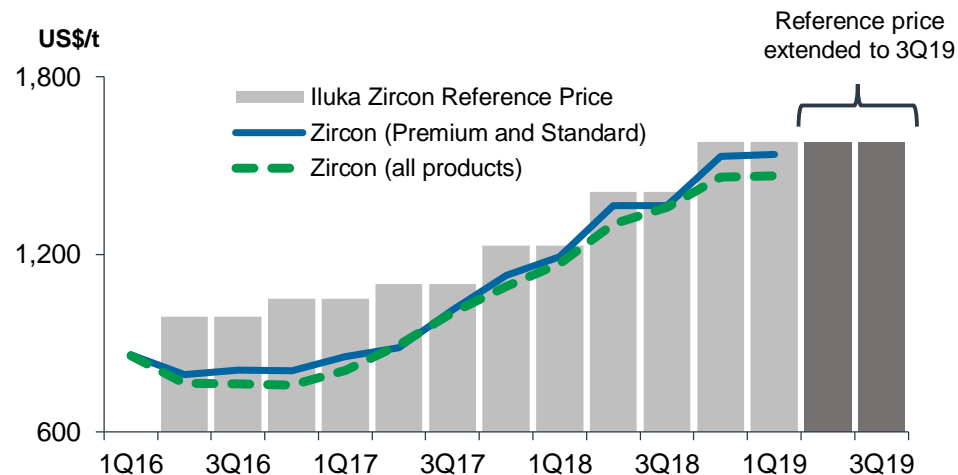
Sustainable pricing based on value in use

Zircon Pricing Model

Iluka introduced Zircon Reference Price in 2016

- Provides transparency for customers
- Actual price paid function of location, quantity, quality, purchase history etc

Iluka's Zircon Reference Price has delivered sustainable price growth



Notes: Zircon Reference Price is based on a 2 tonne bag of Zircon Premium, DAT, ex-China warehouse. Price differential between Zircon (Premium and Standard) and Zircon (all products) varies based on the price of each product and the mix of products sold in each period.

Titanium Pricing Model

Titanium feedstock prices negotiated with each customer

- Pricing based on specifications, relative economic value for receiving plant

High grade feedstock has natural advantage in production processes and Iluka's main products have high 'value in use'

- Lower transportation costs per Ti unit
- Less waste creation = lower disposal costs
- Less consumables = lower costs

Innovative contracting mechanisms to provide certainty for customers and protect Iluka's margins





Ambrosia, South Australia

Mine move to Ambrosia brought forward to 2019 to smooth zircon production
Construction and earth works progressing

Wimmera, Victoria

Zircon and rare earth project
Feasibility study commenced
Test pit completed and customer samples prepared

Atacama, South Australia

Satellite deposit to existing J-A operation
Feasibility study commenced
Potential to add material zircon production

Other

Eneabba Mineral Sands Recovery, Western Australia

Monazite-rich stockpile from historic mining
Feasibility study commenced
Simple process proposed with low capital expenditure



Lanti and Gangama expansions, Sierra Leone

Doubling of mining capacity at Lanti and Gangama operations
Both scheduled for commissioning in 2019

Sembehun, Sierra Leone

Expansion to new deposit
Currently undergoing value optimisation work
Optimisation studies completing H2 2019

SR1 restart, Western Australia

Scoping study commenced
Potential for ~120ktpa of synthetic rutile
Subject to appropriate commercial arrangements

Balranald, New South Wales

Rutile and zircon rich deposits
Development of innovative underground mining method via directional drilling
Final field trial subject to Board decision in H2 2019



Wimmera, Victoria

We seek a shared commitment to the future

Collaborating with our customers we have re-set the contracting landscape

- Moved away from the value-destructive 'cap and collar' agreements of the past
- Focused on mechanisms that move with the market
- Customer support for our new approach is yielding benefits for both contracting parties
 - Reduced volatility in pricing
 - Better line of sight to pricing for both Iluka and our customers
 - Fairness in pricing to ensure customers are not disadvantaged with Iluka's products appropriately valued
 - Security of supply to customers with guarantees of offtake for Iluka
- Iluka now has higher confidence on project returns which supports our investment decisions

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