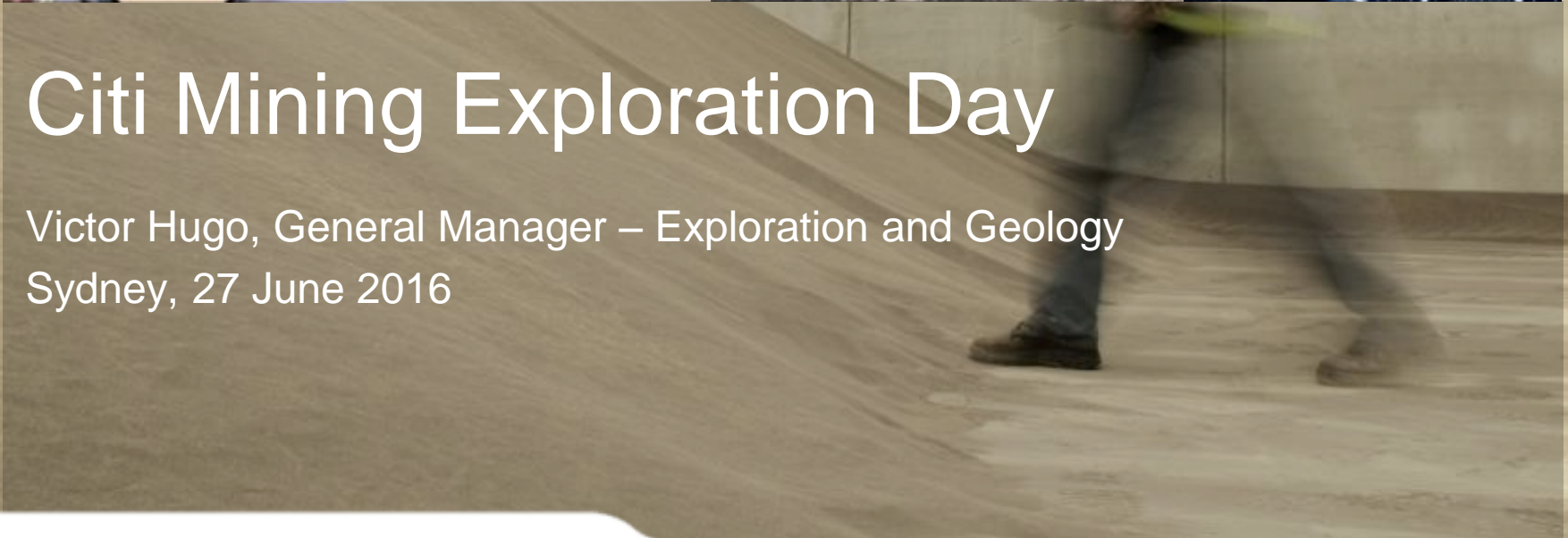


# Iluka Resources Limited



## Citi Mining Exploration Day

Victor Hugo, General Manager – Exploration and Geology  
Sydney, 27 June 2016



# Disclaimer – Forward Looking Statements



## Forward Looking Statements

This presentation contains certain statements which constitute “forward-looking statements”. These statements include, without limitation, estimates of future production and production potential; estimates of future capital expenditure and cash costs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

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- changes in exchange rate assumptions;
- changes in product pricing assumptions;
- major changes in mine plans and/or resources;
- changes in equipment life or capability;
- emergence of previously underestimated technical challenges; and
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## Non-IFRS Financial Information

This presentation uses non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT, Group EBITDA and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the supplementary slides. Non-IFRS measures have not been subject to audit or review.

## Mineral Resources Estimates

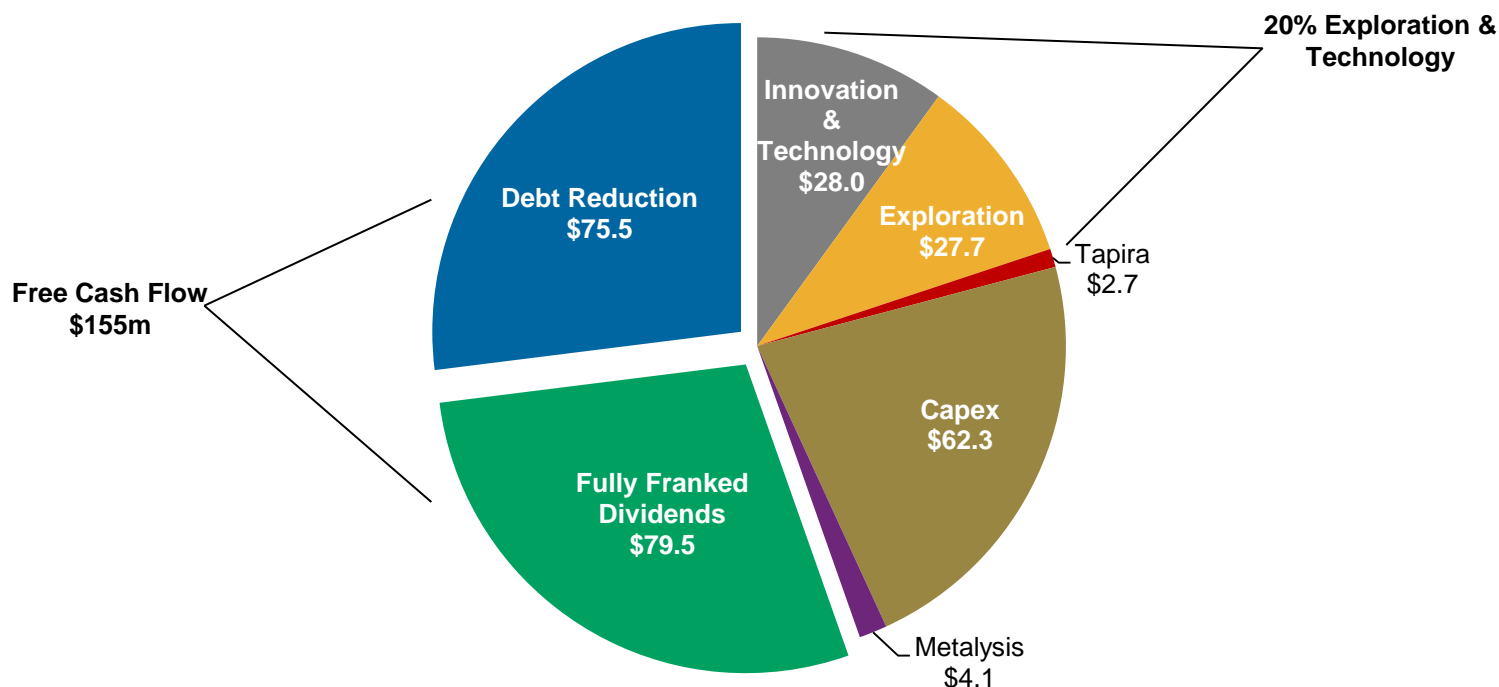
The information in this presentation that relates to Mineral Resources estimates has been previously announced to ASX (see relevant slide for details). Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in those announcements 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.

## Objective – to create and deliver value for shareholders

- ~A\$2.4 bn market capitalisation; 6th ranked Australian resource company
- Leading position in mineral sands industry
  - largest producer of **zircon** – market share ~35%
  - significant high grade **titanium dioxide feedstock** producer
- Production assets in Australia and US (some idled currently)
- Comprehensive marketing presence and capability
- Long life iron ore royalty from BHP Billiton's Mining Area C in WA
- Australian mineral sands projects at advanced stages of evaluation/planning
- Investments in Metalysis (titanium powder UK) and Tapira (Vale JV Brazil) opportunities
- Shareholder focus – asset flex; capital discipline; options; counter-cyclical investing
- Strong balance sheet

# Balanced Apportionment of 2015 Cash Flow

2015 Operating Cash Flow Usage (\$m)



Net cash inflow from operating activities in the 2015 Financial Statements of \$229.5m includes expenditure for innovation & technology (\$28.0m), exploration (\$27.7m) and Tapira (\$2.7m). Free cash flow includes a net outflow of \$8.1m comprised of purchase of Treasury Shares (\$9.0m) and asset sales income (\$0.9m).

Net debt decreased \$65.0m compared to the previous corresponding period due to free cash flow for the year of \$155.0m, payments of \$79.5m in respect of the 13c 2014 final dividend in March 2015 and the 6c 2015 interim dividend in October 2015, currency translation impacts of \$8.1m on the USD component of net debt and amortisation of deferred borrowing costs of \$2.4m.

- Pre-investing cash flows of \$279.8 million used to fund \$124.8m of future growth opportunities
- Remaining \$155.0 million of free cash flow used to:
  - pay down debt (\$75.5 million)
  - pay dividends (\$79.5 million)

# 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 <sup>1</sup>	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

<sup>1</sup> Includes Murray Basin and US reserves

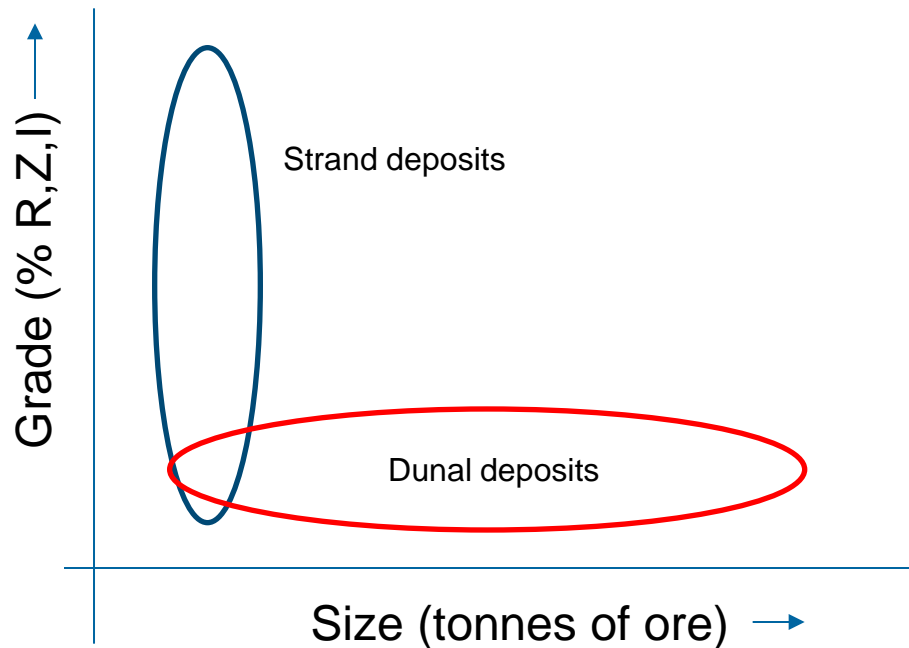
Source: Iluka Ore Reserves and Mineral Resource Statement, as at 31 December, 2015

Rounding may result in differences in total versus individual regions

# Reserves and Resources

Single largest reserve is 5 Mt of combined R,Z,I

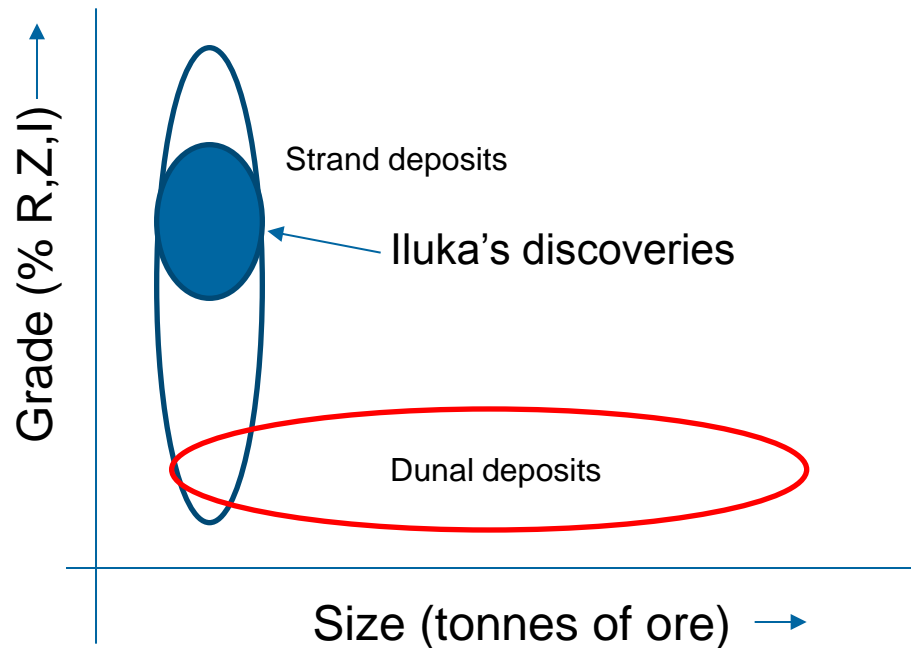
Besides Sri Lanka, single largest resource is 10 Mt of combined R,Z,I



# Reserves and Resources

Single largest reserve is 5 Mt of combined R,Z,I

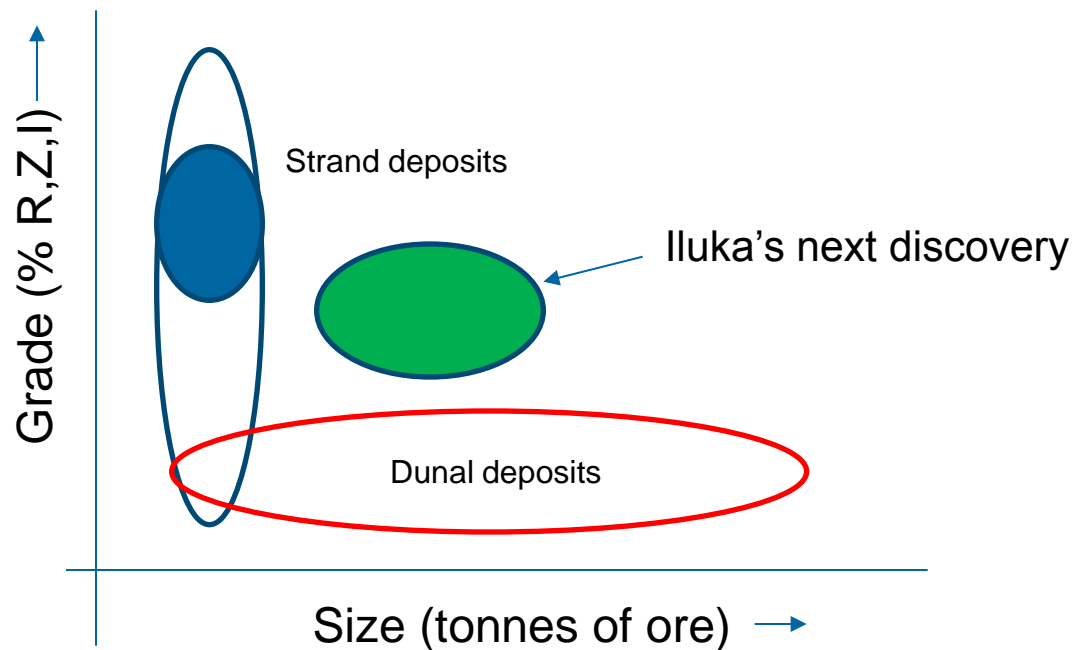
Besides Sri Lanka, single largest resource is 10 Mt of combined R,Z,I



# Tier 1 Focus

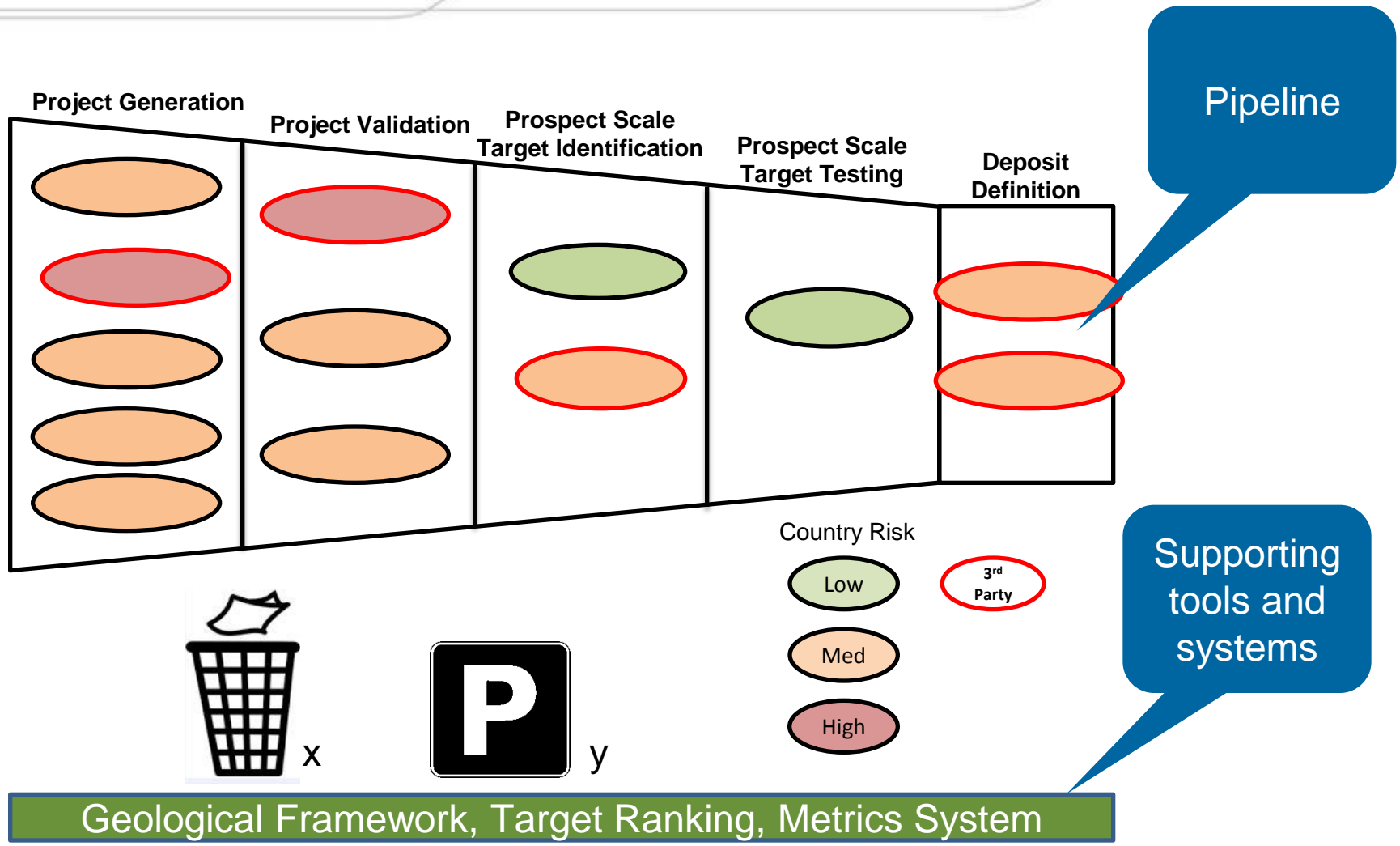
Strong focus on Tier 1 discovery

- Long life (> 20 years life)
- Valuable – makes a return through the bottom of the cycle

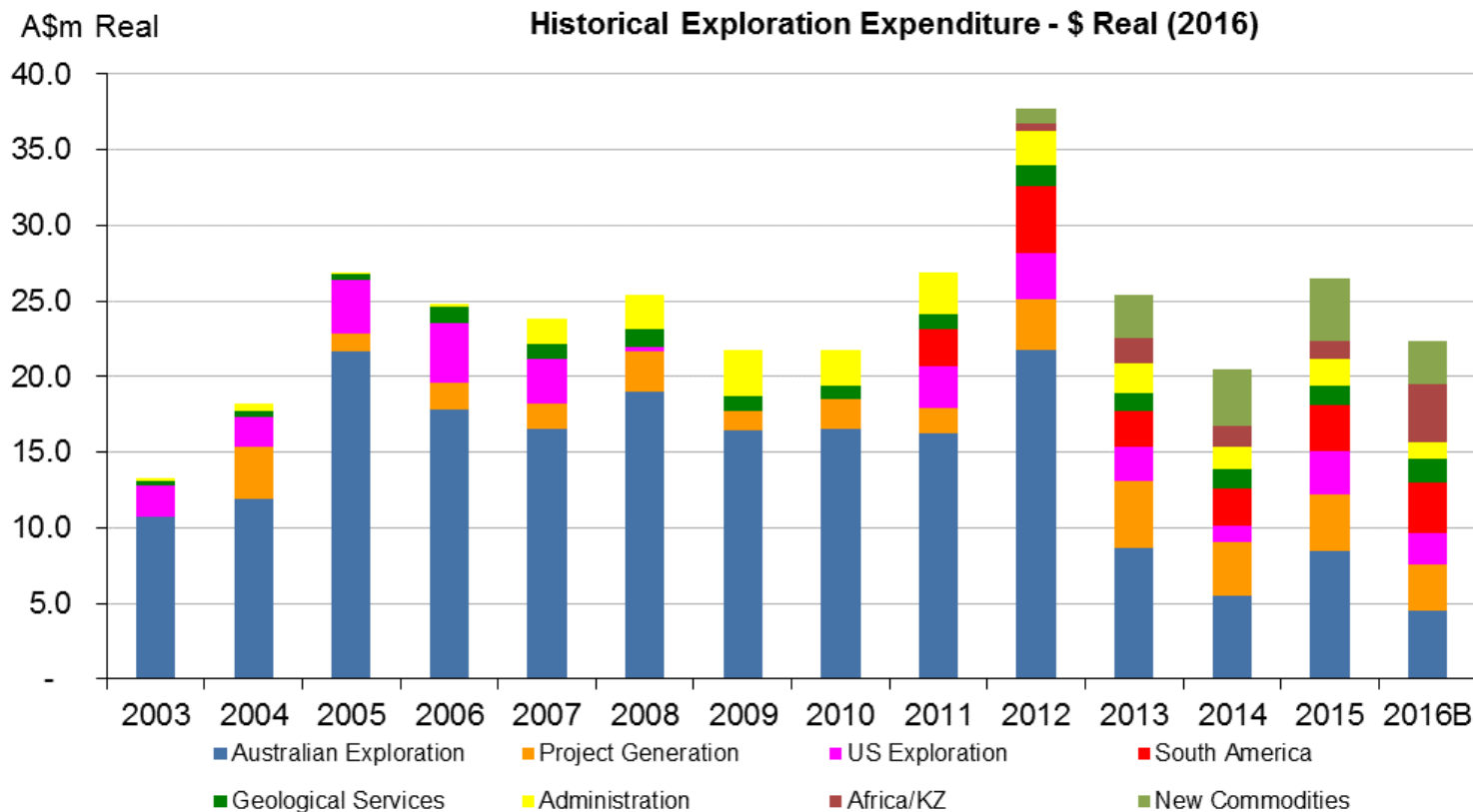




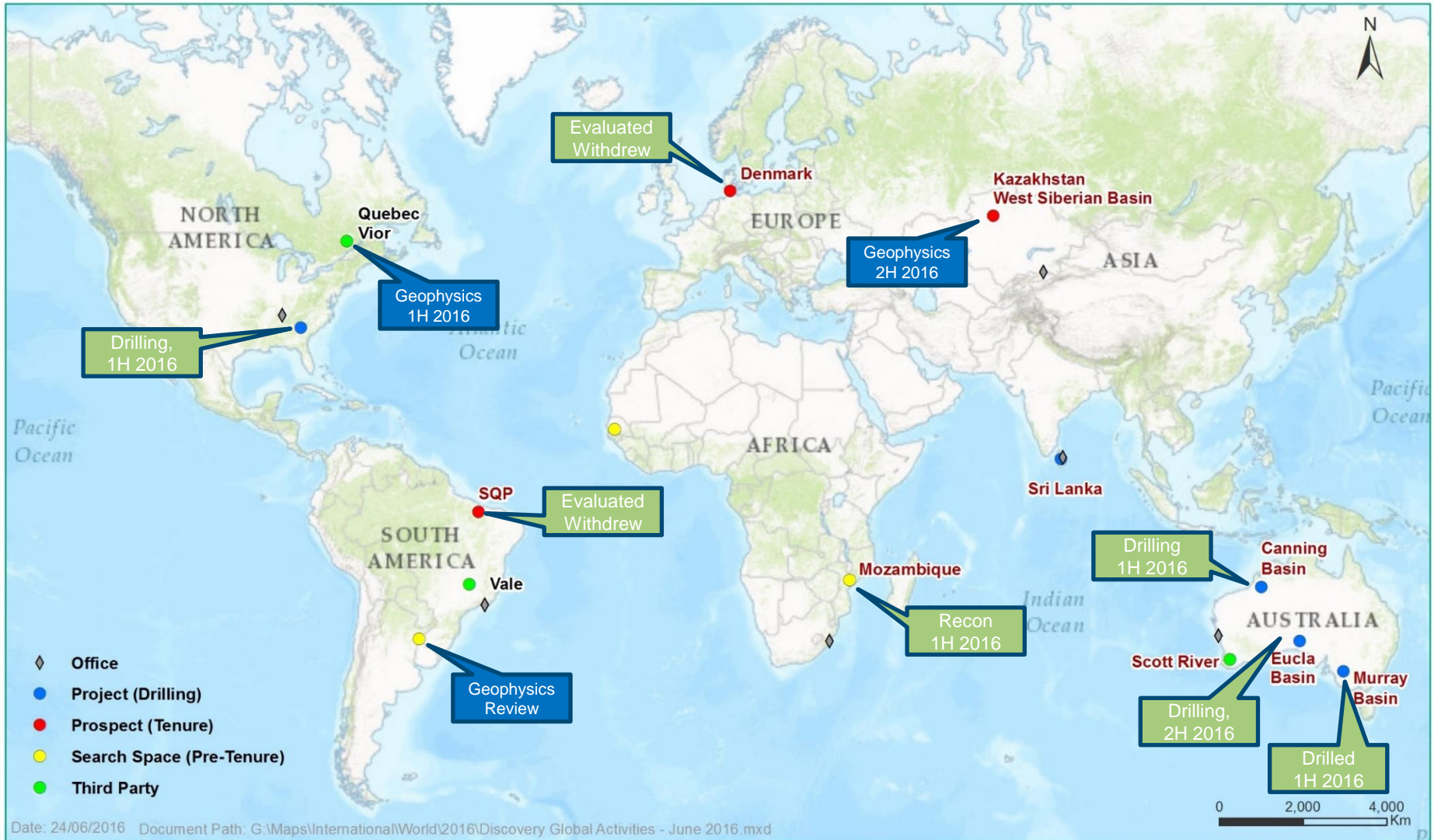
# Iluka Discovery System



# Historical Exploration Expenditure

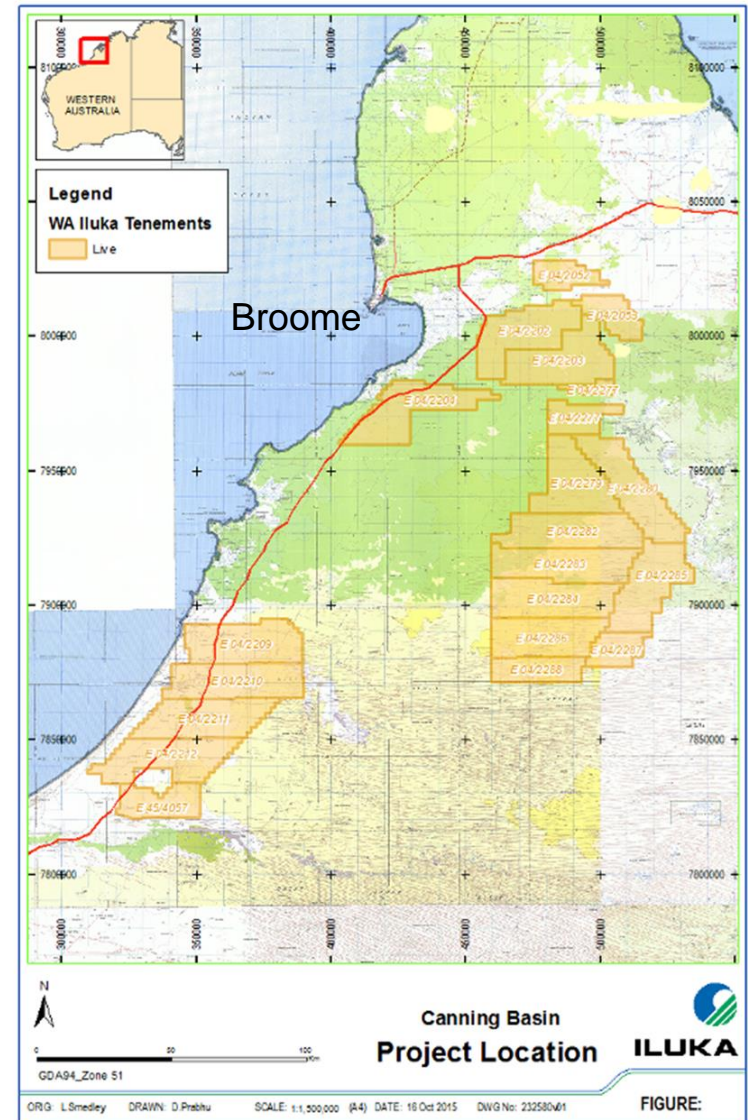


# Iluka Exploration Global Activities

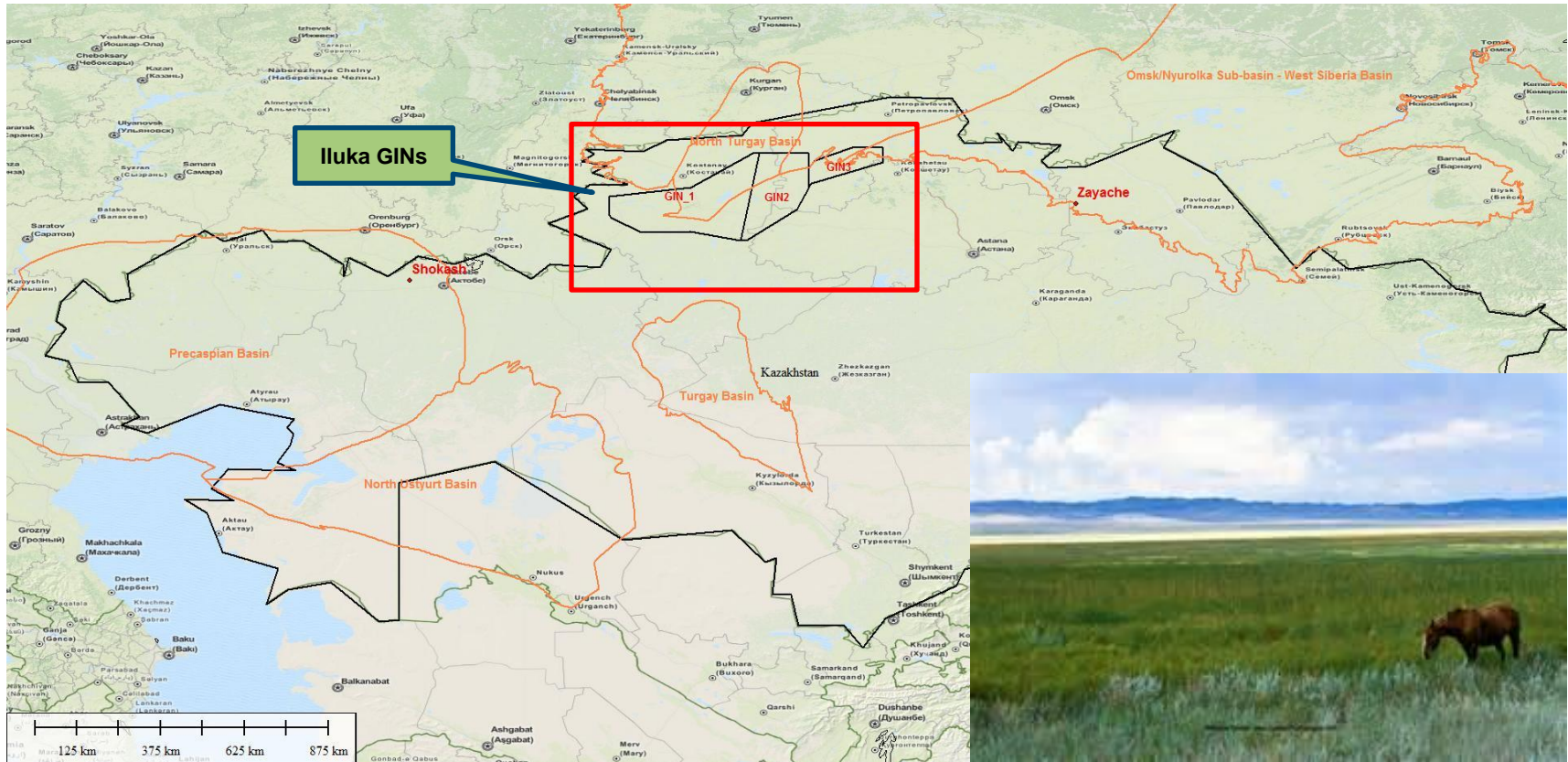


# Canning Basin, WA, Australia

- Targeting coarse-grained, zircon-rich deposits
- Searching along the palaeo-coastline
- Second stage of drilling from June 2016

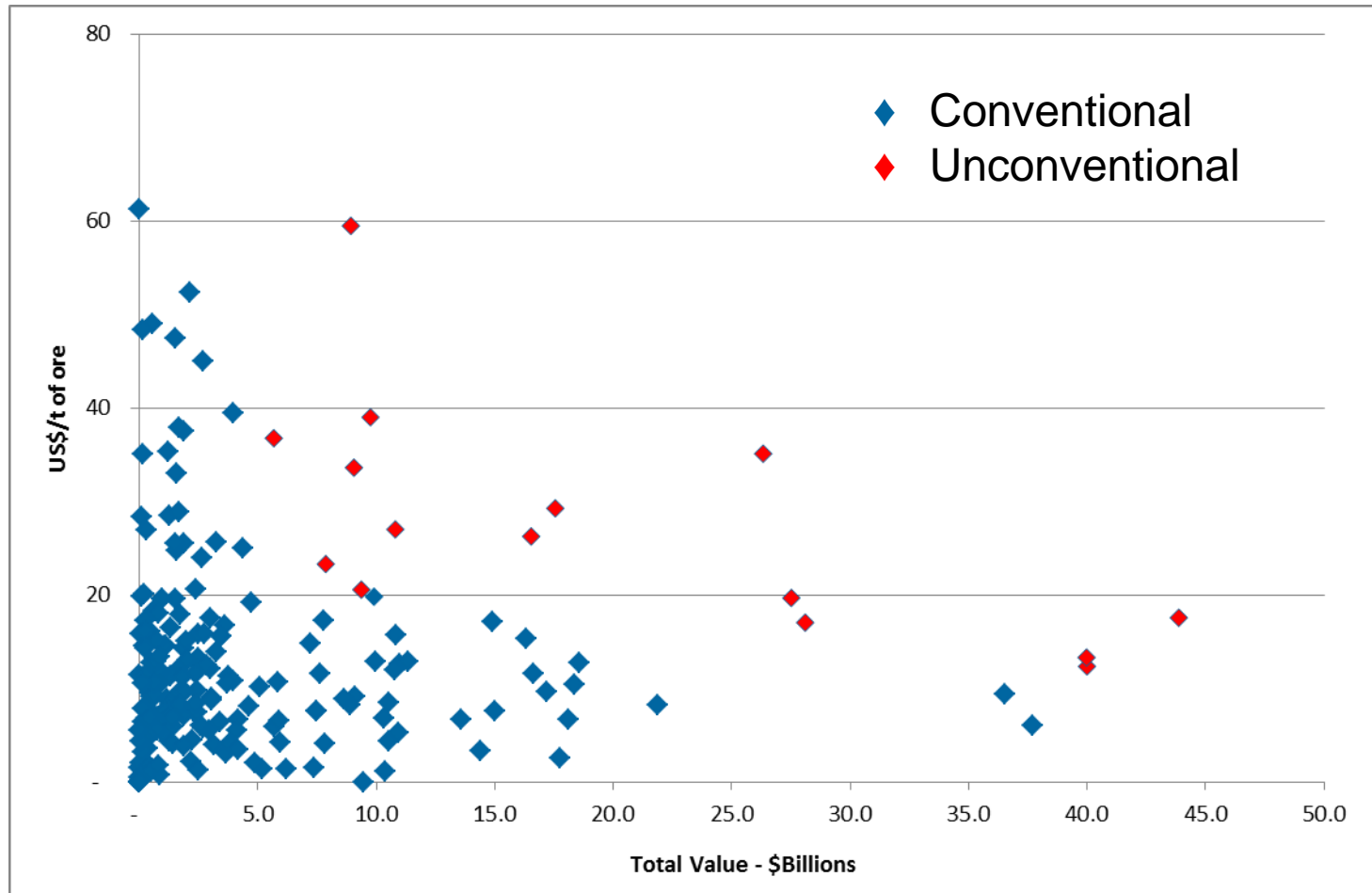


# Kazakhstan



- 66,000 km<sup>2</sup> of exploration search space granted
- Targeting rutile and zircon rich deposits, similar in style to Murray Basin
- Second stage of aero-geophysics to start in July, 2016
- Drilling to follow in H2, 2016

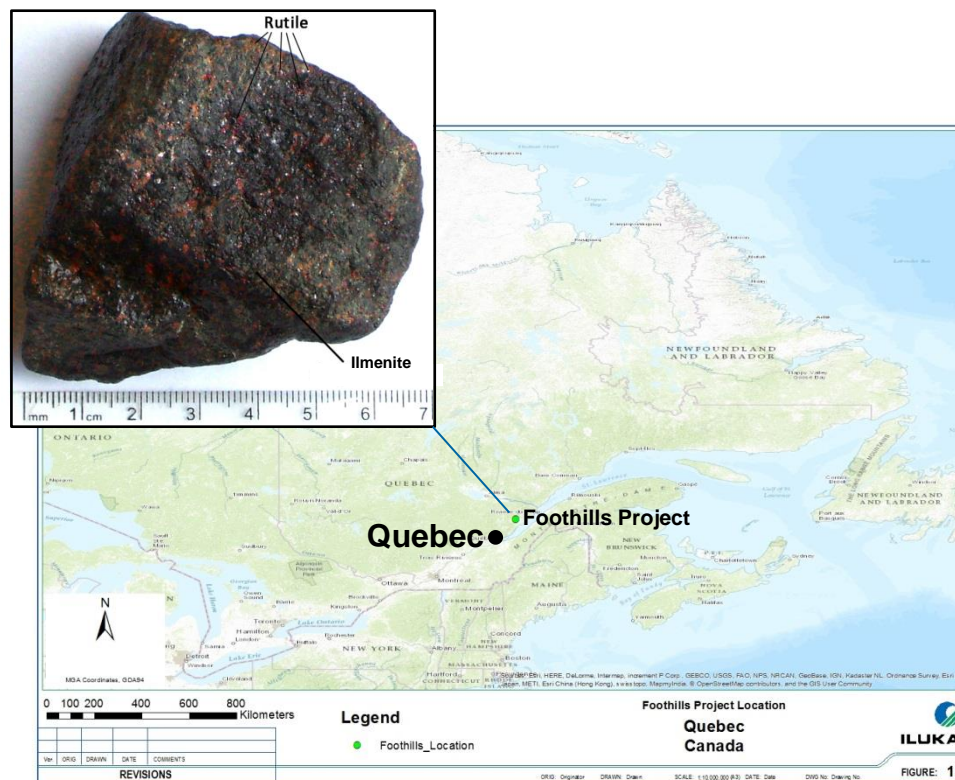
# The need to consider unconventional targets



# Project Generation – New Search Space

## Foothills Prospect – ilmenite / rutile

- Farm-in with Vior Inc.
- New search space, hard rock
- Massive ilmenite-rutile accumulations
- Rutile focus, up to 45% in samples
- First pass geophysics - H1, 2016
- Field mapping over summer



# Conclusions

- Iluka has large resource inventory
- Inventory currently lacks a true Tier 1 HM resource
- Our purpose in Iluka Exploration is to find that Tier 1 resource
- We have changed where and how we explore to achieve this goal
  - Largely greenfields exploration weighted
  - Shift from Australia to international targets
  - Use of technology to unlock new search spaces or conversion to resources
  - Farm-ins, joint ventures or acquisition of exploration ground
  - Systematic and rigorous approach to discovery
  - Comprehensive geological models, depth of geological experience
  - Consistent project based expenditure



# Iluka Resources Limited



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