Iluka Resources Limited

2019 Half Year Results Presentation

Tom O’Leary, Managing Director
Adele Stratton, Chief Financial Officer
Christian Barbier, Head of Marketing

Cataby, Western Australia

ILUKA

Disclaimer and Compliance Statement

This presentation has been prepared by Iluka Resources Limited (Iluka). By accessing this presentation you acknowledge that you have read and understood the following statement.

This document provides an indicative outlook for the Iluka business in the 2019 financial year. The information is provided to assist sophisticated investors with the modelling of the company, but should not be relied upon as a predictor of future performance. The current outlook parameters supersede all previous key physical and financial parameters.

This information is based on Iluka forecasts and as such is subject to variation related to, but not restricted to, economic, market demand/supply and competitive factors. It is Iluka's approach to modify its production settings based on market demand, and this can have a significant effect on operational parameters and associated physical and financial characteristics of the company.

Forward Looking Statements

This presentation contains certain statements which constitute "forward-looking statements". Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "plan", "believes", "estimate", "anticipate", "outlook" and "guidance", or similar expressions, and may include, without limitation, statements regarding plans; strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; 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.

Where Iluka expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and on a reasonable basis. No representation or warranty, express or implied, is made by Iluka that the matters stated in this presentation will in fact be achieved or prove to be correct.

Forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumption and other important factors that could cause the actual results, performances or achievements of Iluka to differ materially from future results, performances or achievements expressed, projected or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. Such risks and factors include, but are not limited to: 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; increased costs and demand for production inputs; and environmental or social factors which may affect a licence to operate, including political risk.

Capital estimates include contingency and risk allowances commensurate with international estimating classification systems.

To the extent permitted by law, Iluka, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this presentation and exclude all liability whatsoever (including in negligence) for any loss or damage which may be suffered by a person as a consequence of any information in this presentation or any error or omission therefrom. Iluka does not undertake to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

No independent third party has reviewed the reasonableness of the forward looking statements or any underlying assumptions.

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.

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 21 February 2019 in *2018 Annual Report*, on 24 July 2019 in *Eneabba Mineral Sands Recovery Project Updated Mineral Resource Estimate,* and on 20 February 2017 in *Updated Mineral Resource and Ore Reserve Statement,* all 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

H1 2019 Sustainability Highlights

TRIFR[1] Down

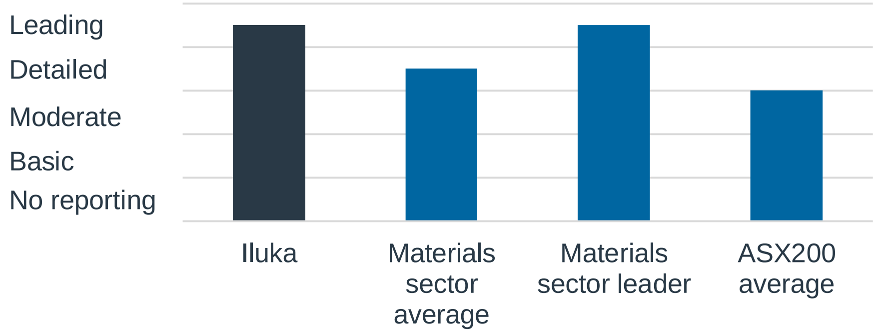
3.2 H1 2019
3.5 2018

80% Reduction in Level 3+ environmental incidents

Mid West Chamber of Commerce and Industry Business Excellence Award for Aboriginal Engagement

490 hectares rehabilitated

Assessed as having Leading Environmental, Social and Governance (ESG) Reporting Level



Source: Australian Council of Superannuation Investors (ACSI)

1. Total recordable injury frequency rate

Member of
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

Iluka's Sustainability Approach

Key pillars of approach: people, health and safety, social performance, environment, economic responsibility and governance.

Delivery of sustainable returns requires skilled, engaged, diverse and empowered workforce.

Ongoing trust of communities in which we operate, earned from delivering on commitments.

ILUKA

First Half 2019 - Key Features

Solid earnings	Underlying group EBITDA $274 million, down 2% (H1 2018: $278 million) NPAT $137 million, up 9% (H1 2018: $126 million)
Strong margins	Mineral sands EBITDA margin 43%, up from 41% in H1 2018
Dividend	Interim dividend of 5 cents per share, fully franked Reflects solid underlying result and strong balance sheet
Mining Area C royalty	Mining Area C royalty up 41% to $41 million, reflecting higher iron ore prices BHP's South Flank project 39% complete, first ore expected 2021
Operational performance	Commissioning and ramp up of Cataby; successful maintenance overhaul and restart at SR2 kiln Strong production continued from Jacinth-Ambrosia and Narngulu Gangama operation meeting expectations with operational stability efforts continuing at Lanti
Projects delivered	Cataby, Western Australia, new mine development with potential 12 year life Gangama, Sierra Rutile, mine expansion
Mineral sands revenue	Mineral sands revenue of $546 million (H1 2018: $607 million)
Mineral sands prices	Weighted average zircon price up 19% (H1 2019: US$1,522/t, H1 2018: US$1,278/t) Rutile price up 22% (H1 2019: US$1,107/t, H1 2018: US$906/t) Zircon Reference Price of US$1,580/t extended through to 31 March 2020

ILUKA

Deliver Sustainable Value

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 and Sierra Leone

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

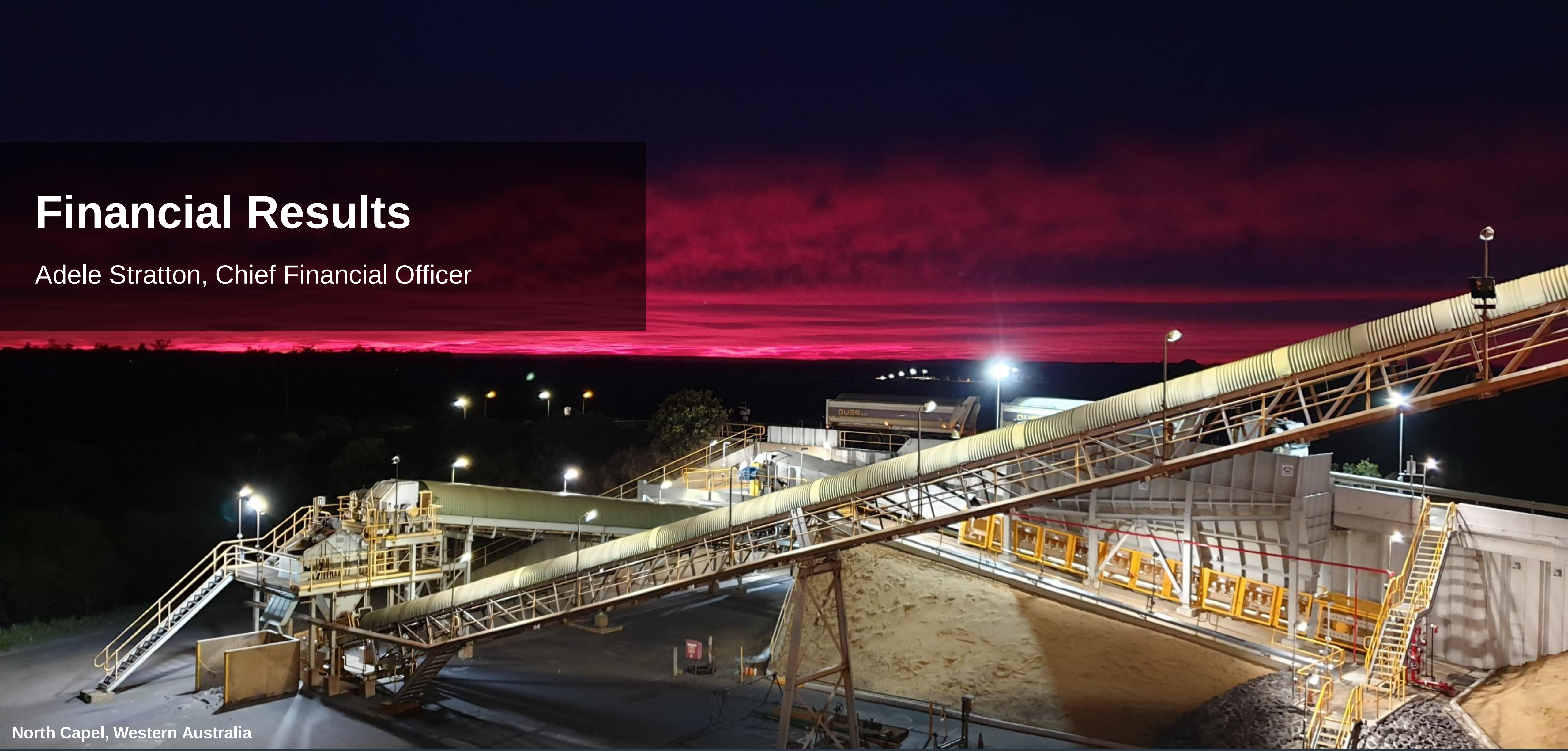
World-class Iron Ore Royalty

Royalty stream from BHP’s Mining Area C hub in Western Australia

Growth from BHP’s South Flank development

Financial Results

Adele Stratton, Chief Financial Officer



North Capel, Western Australia

ILUKA

Key Financial Metrics

$274m
Group EBITDA
H1 2019
($278m H1 2018)

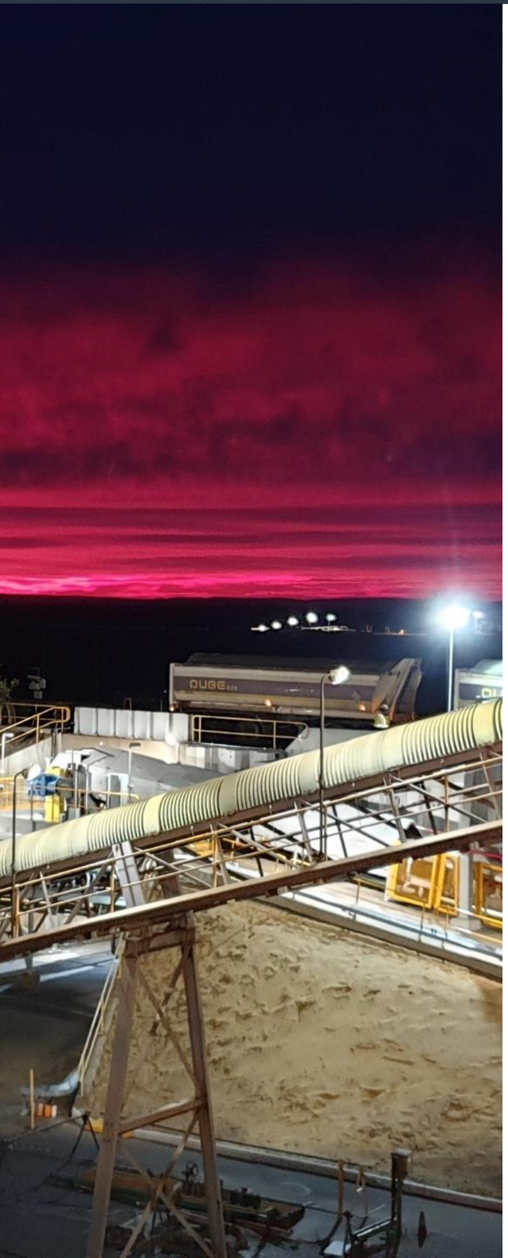
$137m
NPAT
H1 2019
($126m H1 2018)

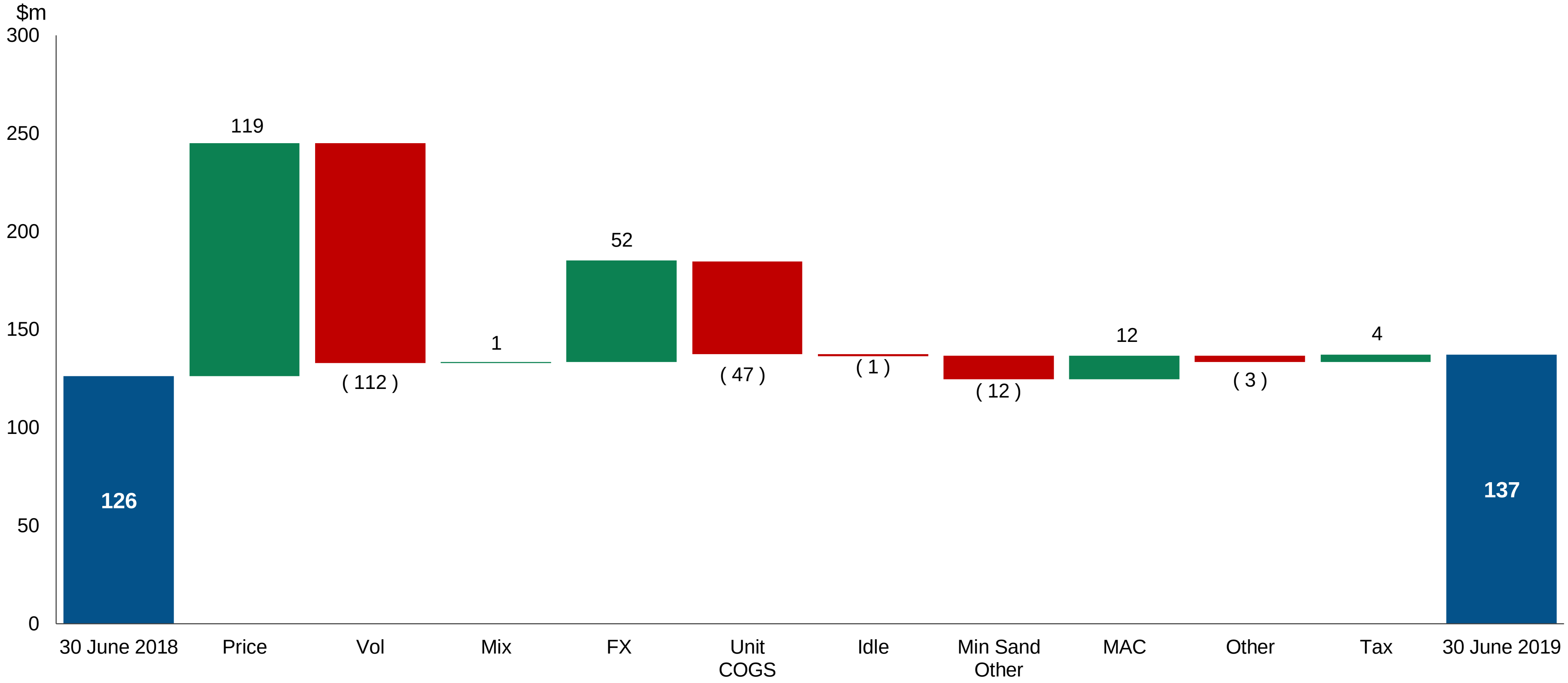
	Units	H1 2019	H1 2018	% Change	
Z/R/SR Production	kt	323.5	351.0	(7.8)	▼
Z/R/SR Sales	kt	301.8	438.6	(31.2)	▼
Mineral sands revenue	$m	545.6	606.9	(10.1)	▼
Mineral sands EBITDA	$m	232.7	249.3	(6.7)	▼
Mineral sands EBITDA margin	%	42.7	41.1	3.8	▲
MAC EBITDA	$m	41.2	29.2	41.1	▲
Underlying Group EBITDA[1]	$m	273.9	278.5	(1.7)	▼
Profit for the period (NPAT)	$m	137.2	126.1	8.8	▲
Operating cash flow	$m	179.9	306.5	(41.3)	▼
Free cash flow[2]	$m	(65.2)	225.5	n/a	▼
Dividend	cps	5	10	(50.0)	▼
		At 30 Jun 2019	**At 31 Dec 2018**		
Net (debt) cash	$m	(141.5)	1.8	n/a	▲
Gearing ratio[3]	%	10.7	n/a	n/a	▲

1. Underlying Group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites which are non-cash in nature.
2. Free Cash Flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year. Free Cash Flow includes the proceeds received from IFC for their stake in Sierra Rutile.
3. Gearing ratio = Net debt / net debt + equity

ILUKA

NPAT – H1 2019 versus H1 2018



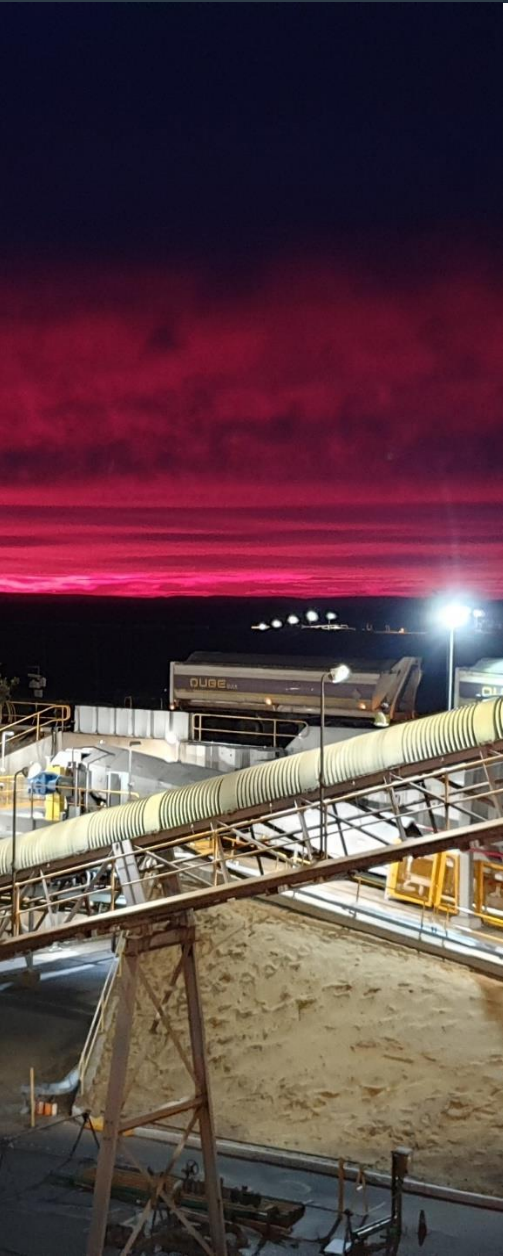


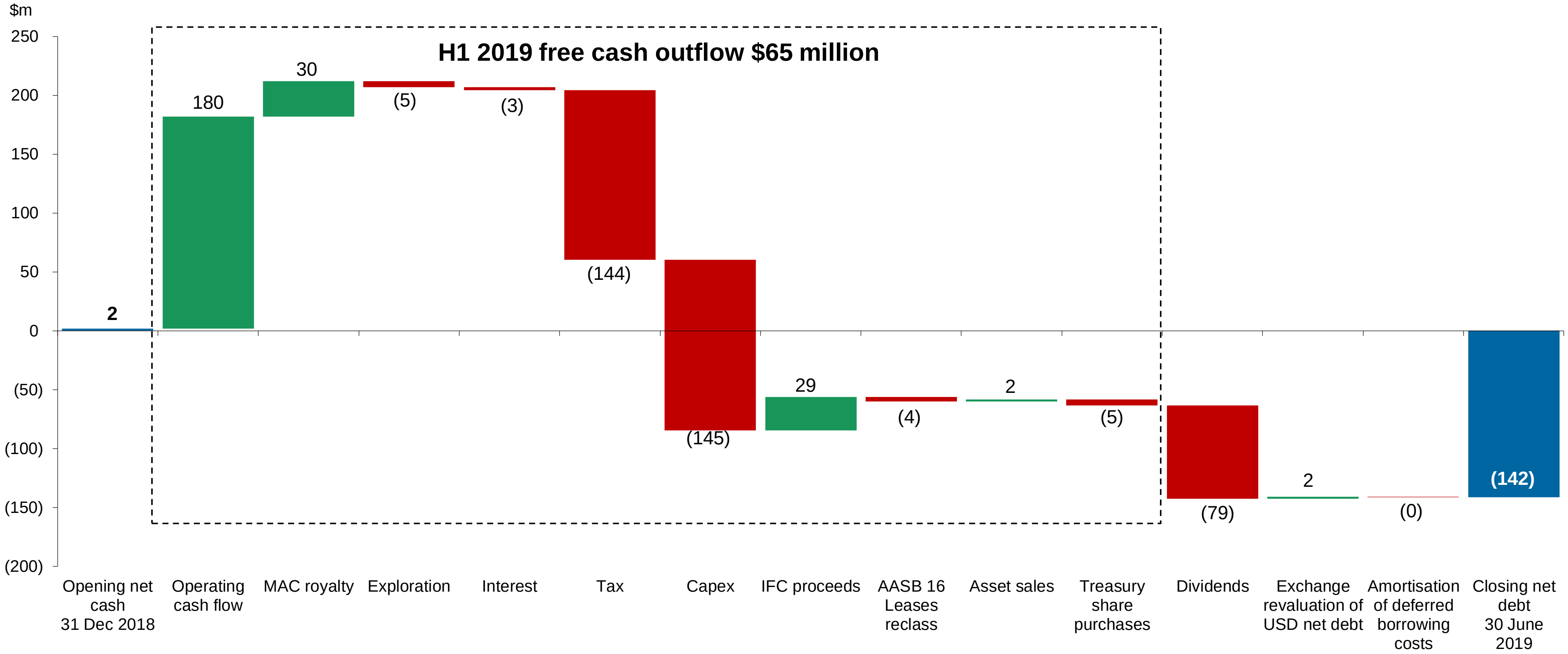
Main contributors to H1 2019 results:

- Higher prices largely offset by lower sale volumes
- Lower US$ exchange rate (70.6 cents versus 77.2 cents) positively impacting sales receipts
- Higher unit cost of goods sold, reflecting
  - higher ilmenite feed costs for synthetic rutile
  - higher costs at Sierra Rutile, exacerbated by US dollar depreciation impact on US denominated costs

ILUKA

Net Debt – 31 December 2018 to 30 June 2019



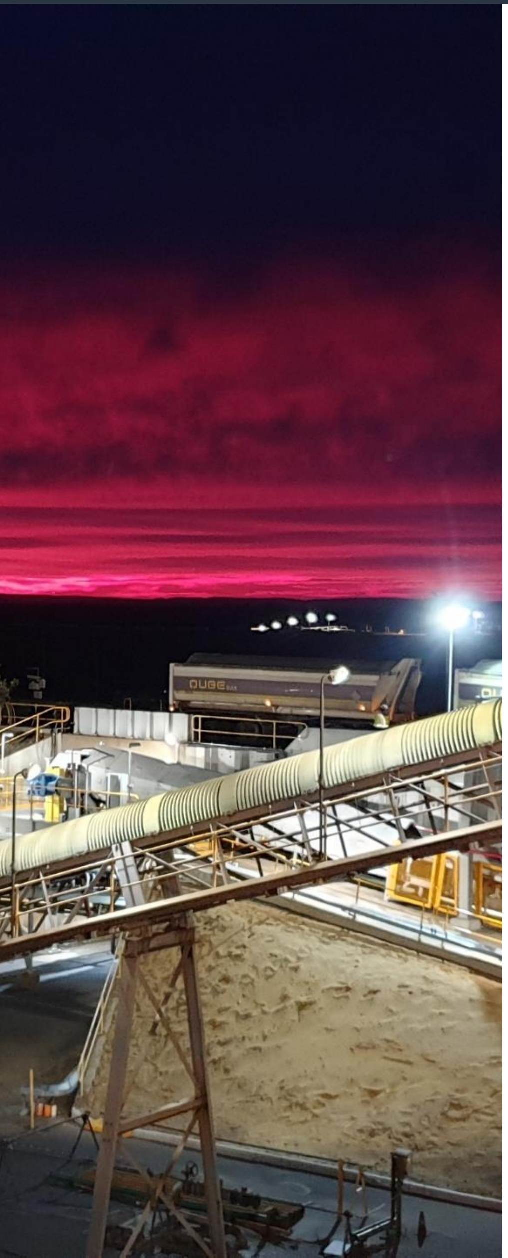


Main contributors to H1 2019 cash flow:

- Final 2018 tax instalment payment of $127 million
- Capital expenditure to deliver on projects
- Formally established strategic partnership with IFC in Sierra Leone

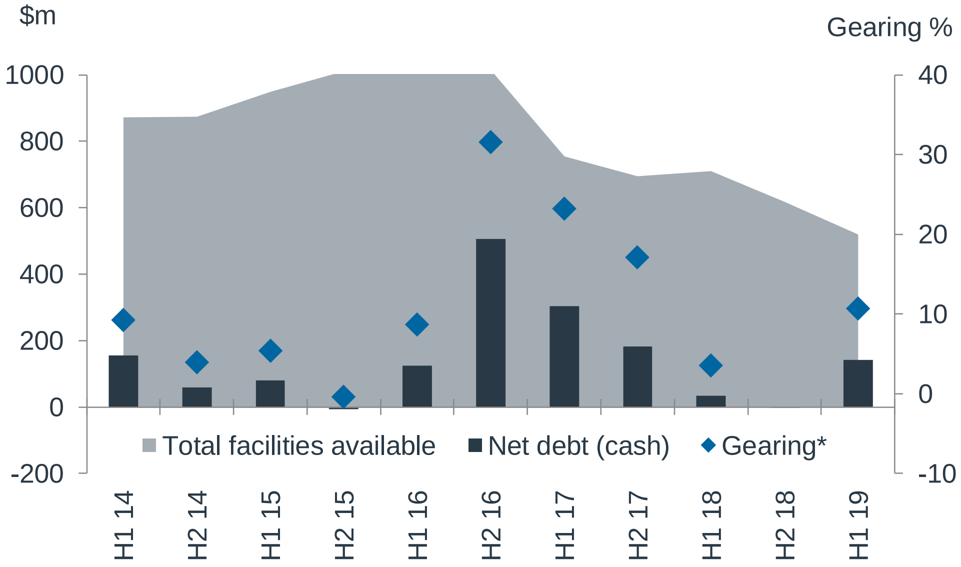
ILUKA

Balance Sheet



Net Debt, Gearing and Funding Headroom

- Net debt of $141.5 million (31 Dec 2018: net cash $1.8 million)
  - 10.7% gearing ratio*
- Significant funding headroom remains
  - completed refinancing in July
- Net debt as at July of $108.7 million
  - undrawn facilities of $346 million at end of July



* Net debt / net debt + equity

Multi Option Facility Agreement (MOFA)

- Completed refinancing of MOFA in July
- Total facilities reduced to $519 million
  - reflecting medium term liquidity requirements
- Reset 5 year tenure with maturity July 2024

Balance Sheet Framework

Target credit metrics broadly consistent with investment grade credit profile including:

- net debt to EBITDA ratio of 1.0-1.5 times;
- whilst balancing impacts of commodity pricing; and
- investment factors through the cycle.

ILUKA

Mining Area C Royalty


Source: BHP

$41m EBITDA

H1 2019
($29m H1 2018)

~$850m EBITDA

Since MAC mining commenced

		H1 2019	H1 2018	% change
Sales volumes	MDMT	27.8	27.3	1.8
Implied price	A$/t	120.2	83.9	43.2
Net Royalty income	$m	41.2	28.2	42.6
Annual capacity payments	$m	-	1.0	n/a
Iluka EBITDA	$m	41.2	29.2	41.1

(mdmt = million dry metric tonnes)

Mining Area C (MAC) Royalty Terms

- Royalty over iron ore from BHP's Mining Area C in Western Australia
- 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

South Flank Development

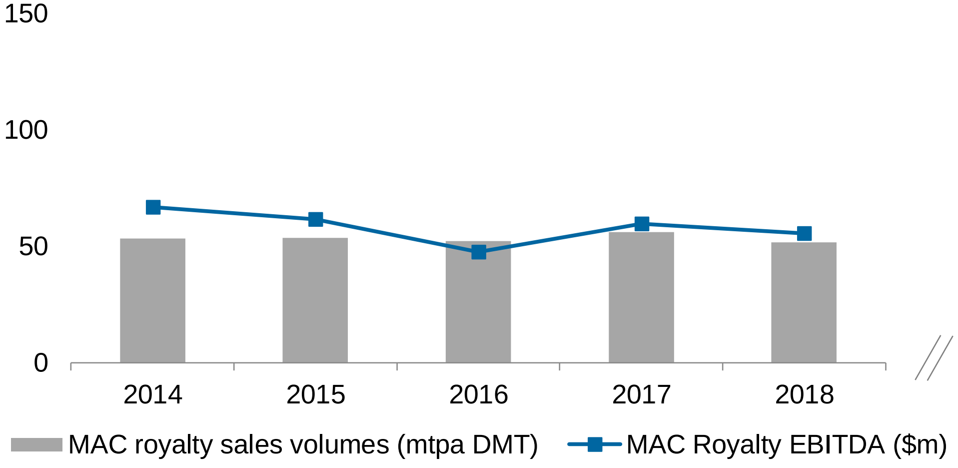
- Expansion in Mining Area C royalty area
- Approved by BHP Board June 2018
- ~145mtpa (WMT) from combined MAC hub
- Quality ore – contributing to increase in BHP's Western Australian average iron grade from 61% to 62%, and overall proportion of lump from 25% to ~35%
- Project 39% complete (as at July 2019)
- Initial production target 2021
- 25+ year life

Source: BHP

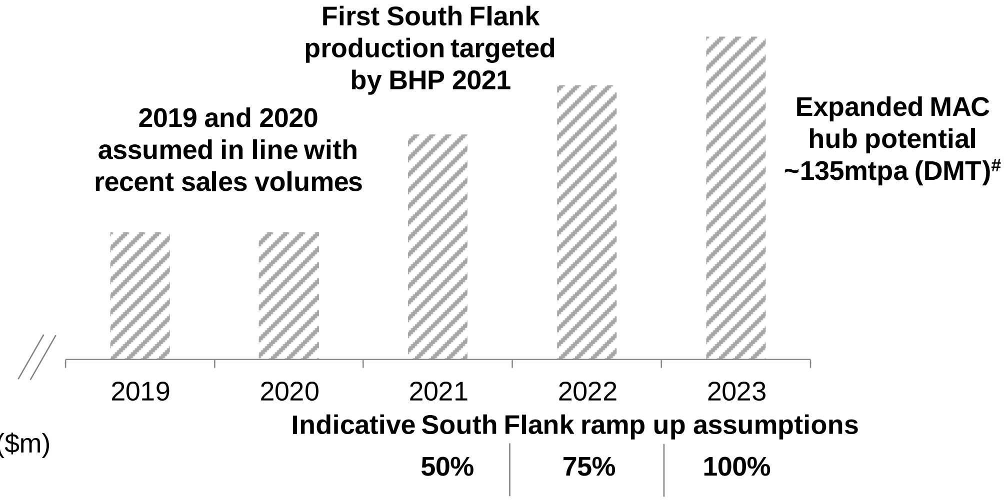
ILUKA

Mining Area C Royalty Growth

Historical Royalty EBITDA and Sales Volumes



Indicative Royalty Sales Volumes with South Flank Development



Indicative Royalty Revenue with South Flank Development

Earnings contribution will be dependent on the rate of ramp up, iron ore pricing, the ratio of lump to fines, the premium lump attracts over fines and the USD:AUD exchange rate.

- If 145mtpa (WMT) production is achieved by 2023 (135mtpa DMT), the lump ratio from South Flank is 35% and the premium attracted by lump is 20%, then EBITDA contribution in that year could be as shown in table.
- In addition to annual royalty earnings, one-off capacity payments will be approximately A$80 million, payable as annual tonnages increase over the course of the ramp up of South Flank.
- Iluka Board remains focused on optimising returns to shareholders from MAC royalty. South Flank development enhances Iluka's capacity to pay dividends in coming years.

		Iron Ore Fines: US$/DMT, 62% Fe (FOB)		
		50	55	95*
AUD:USD	0.75	$118m	$129m	$223m
	0.70	$126m	$139m	$239m
	0.65	$136m	$149m	$258m

* Based on spot pricing as at July 2019

[#] 145mtpa (WMT) expanded MAC hub potential assumption in line with BHP disclosures, noting BHP's May 2017 EPA approval has nominal combined processing rate of 150mpta (WMT) of blended ore.

ILUKA

Mineral Sands Markets

Geraldton, Western Australia

ILUKA

Zircon Market Update

Result

- H1 2019 sales of 133kt (H1 2018: 190kt)
- Reflects normal seasonal pattern in Q1 and business sentiment impacting purchasing in Q2
- Some demand shifting from Premium to Standard Zircon with higher market availability of Standard Zircon

Pricing

- First half weighted average received zircon price of US$1,522/t, up 19% from H1 2018
- Iluka's Zircon Reference Price of US$1,580/t extended for 6 months through until 31 March 2020
- Increased Standard Zircon in product mix and use of rebates in H2 will result in weighted average zircon price declining

Supply/Demand

- Political and trade tensions affecting end market sentiment and customer purchasing
  - Demand particularly affected in ceramics applications across most regions
- Increased availability of concentrates and Standard Zircon in market meeting customer efforts to reduce costs
- Iluka meeting increased demand for concentrate and Standard products with adjustment to product mix
- Producer held inventories across industry expected to rise in H2
- Iluka maintaining steady production outlook
- Medium term outlook for supply tightness remains

High-grade Titanium Feedstock Market Update

Result

- H1 2019 sales of 169kt (H1 2018: 249kt)
- Sales constrained by production in H1
- Market conditions remain strong
  - pigment inventories returned to seasonal norms and higher utilisation rates being recorded by most major producers
  - increased demand for high grade feedstocks from new Chinese chloride pigment plants

Pricing

- First half rutile price of US$1,107/t, up 22% from H1 2018
- Rutile and synthetic rutile prices expected to increase 6-8% in H2

Supply/Demand

- Solid demand from pigment and welding markets
- Normalisation of pigment inventory expected to ensure stable demand
- Requests for additional and pull forward of scheduled shipments suggests tight supply conditions

ILUKA

Mineral Sands Operations

Cataby, Western Australia

Mineral Sands Operations Update

Cataby / South West

- Commissioned H1 with focus on stable operations
- Synthetic rutile kiln returned to full capacity following planned major maintenance outage
- South West kiln and Narngulu plant now processing Cataby feed

Jacinth-Ambrosia / Mid West

- Strong production in H1 - good grades and recoveries
- Mining moving from Jacinth North deposit in August
- Mine move to Ambrosia deposit completed
  - move accelerated to smooth production
  - commissioning completed, now ramping up

Sierra Leone

- Planned closure of Lanti dredge completed Q1 2019
- Lanti dry operations still facing operational issues
- Gangama expansion completed and commissioned
- Lanti expansion commissioning commenced
- IFC partnership established

ILUKA

Mineral Sands Operations Summary – H1 2019

Product	Operation	H1 2019	H1 2018	% change
Zircon (kt)	Jacinth-Ambrosia / Mid West WA	137.2	142.6	(3.8)
	Cataby / South West WA	18.6	6.7	177.6
	Sierra Leone	4.1	5.1	(19.6)
	Idle operations (US / Australia)	-	4.5	n/a
	Zircon Total	**159.9**	**158.9**	**0.6**
Rutile (kt)	Jacinth-Ambrosia / Mid West WA	17.5	19.6	(10.7)
	Cataby / South West WA	3.6	2.1	71.4
	Sierra Leone	59.7	61.1	(2.3)
	Rutile Total	**80.8**	**82.8**	**(2.4)**
Synthetic Rutile (kt)	**Cataby / South West WA**	**82.8**	**109.3**	**(24.2)**
Total	**Z/R/SR**	**323.5**	**351.0**	**(7.8)**

- Production maintained during period of operational configuration change
  - Cataby mine commissioned
  - Sierra Rutile dredge decommissioned
- Zircon and rutile broadly in line with previous period across group
- Synthetic rutile lower due to planned major maintenance outage in Q1 2019

Projects

Ambrosia, South Australia

ILUKA

H1 2019 Projects Delivered

Cataby, Western Australia

$270m Capex

Completed within budget and on schedule

Major works

2 in-pit mining units
Wet concentrator
Power, water, roads, camp
Highway upgrade
Processing plant upgrades

Utilising existing assets

Concentrator relocation to mine
Mineral processing plant
SR2 kiln

Kiln Major Maintenance Outage, Western Australia

~$35m Capex

Completed on budget, ahead of schedule

Major works

SR2 kiln reline
New rotary cooler shell
New quench tower

Gangama Expansion, Sierra Leone

Delivered on schedule

Commissioning and ramp up on schedule
Reached design rates end H1

Major works

Second mining unit
Concentrator doubling capacity

Gangama, Sierra Leone

ILUKA

Pipeline of Growth Projects

Zr

Ambrosia, South Australia

Mine move to Ambrosia accelerated to 2019 to smooth zircon production

Construction and mine move complete, ramping up

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 progressing

Potential to add material zircon production

Other

Eneabba Mineral Sands Recovery, Western Australia

Monazite-rich stockpile from historic mining

Offtake secured, execute phase

Simple process proposed with low capital expenditure

Ti

Lanti expansion, Sierra Leone

Doubling of mining capacity at Lanti operations

Commissioning underway

Sembehun, Sierra Leone

Expansion to new deposits

Value optimisation studies extended to broaden and revisit development options

SR1 restart, Western Australia

Scoping study progressing

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 planning underway

Eneabba Mineral Sands Recovery Project

Project Overview

- Extraction, processing and sale of historical monazite rich stockpile
- ~98% recoveries expected due to minimal processing
- Monazite and zircon concentrate product in line with assemblage
- Feasibility study completed in Q2 2019
- Construction of recovery plant expected to commence Q4 2019
- Commissioning and first sales H1 2020

Mineral Resource Summary

Mineral Resource Category	Resource Tonnes[1] (Mt)	In situ HM Tonnes (Mt)	HM (%)	Mineral Assemblage in HM[2] Zircon (%)	Monazite (%)	Xenotime (%)	Ilmenite (%)
Measured	0.84	0.70	83.7	26	20	1.2	33
Indicated	0.16	0.12	77.5	28	15	1.2	37
Total	1.0	0.83	82.7	26	20	1.2	34

Source: *ASX Release Eneabba Mineral Sands Recovery Project Updated Mineral Resource Estimate,* 24 July 2019
1. In site (dry) metric tonnage reported
2. Mineral assemblage is reported as percentage of HM

Project Economics

- Offtake agreement for 50ktpa for 2 years
- Pricing commercial in confidence - recognises monazite and zircon value
- Low capex ~$10m
- Low opex , ~6 FTE, utilise existing water and power infrastructure, transport to Geraldton for export
- Material from Narngulu plant during life of project will add to resource

Wimmera Project

Project Overview

- Conventional open pit mine, focus on WIM100 deposit
- Mine life of WIM100 ~20 years
- Innovative mineral recovery process for fine grained deposit
- New mineral refinery for purification and value add
- Zircon and rare earth product streams

Work Program

- Pre-feasibility study commenced August 2018
- Pilot plant test work has produced sample product
- Environmental referral documents submitted

Rare Earth Elements

WIM100 contains high value elements, including neodymium, dysprosium, praseodymium and terbium.

Key end use applications of these elements is in permanent magnets, as used in electric cars, wind turbines and consumer electronics.

Value Additive Processing

Current project parameters incorporate refining of zircon for market eligibility and rare earth products beyond that which currently occurs in Australia on industrial scale.

Wimmera, Victoria, test pit

ILUKA

Balranald Final Field Trial

Project Overview

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

Final Field Trial (T3)

- To prove underground mining and backfilling technology as a system
- Approved by Board in August 2019, trial costs of ~$40m
- Trial to commence 2020

Balranald Development Path

Date	Phase
2013 – 2015	T1 - Proof of concept underground mining trial
2015 – 2016	T2 - Commercial scale underground mining trial
2017 – 2018	Full scale wear test at surface for key mining equipment
2018 – 2019	Sonic drilling program to provide more detailed understanding of deposit mineralisation
2020	T3 – Continuous underground mining and backfilling

This slide should be read in conjunction with the Disclaimer and Compliance Statement on slide 2.

Mineral Resource Summary

Balranald Project Mineral Resources (at 31 December 2016)	Material mt	HM Grade %	Ilmenite %	Zircon %	Rutile %
Nepean					
Indicated	8.4	27.5	59.8	14.4	14.5
Inferred	0.8	11.2	57.3	14.6	14.0
West Balranald					
Measured	11.9	31.9	64.1	10.8	12.2
Indicated	19.9	35.1	64.3	11.3	12.2
Inferred	4.5	26.5	62.4	8.3	9.4
Total Balranald	**45.5**	**31.6**	**63.1**	**11.5**	**12.4**

Source: *ASX Release Updated Mineral Resource and Ore Reserve Statement,* 20 February 2017

ILUKA

Summary and Outlook

Outlook - Group

Key Parameters		2017	2018	2019 outlook as at February	2019 outlook as at July[1]	Comments
Annual production						
Zircon	kt	312	349	330	330	
Rutile[2]	kt	302	163	210	210	
Synthetic Rutile	kt	211	220	180	180	
Total Z/R/SR	**kt**	**825**	**732**	**720**	**720**	
Average annual unit costs						
Unit cash costs of production	A$/t Z/R/SR	439	606	750	750	
Unit cost of goods sold	A$/t Z/R/SR	743	750	765	840	Higher ilmenite feedstock costs from Cataby and a greater proportion of higher cost (in AUD) SRL rutile as part of the product sales mix
Other Parameters						
Capital expenditure	A$m	93	312	330	260	Delay of Sembehun early works beyond 2019, and some timing of spend for other projects
Depreciation and amortisation	A$m	111	94	135	155	Increase depreciation following capital improvement works at Sierra Rutile

1. Indicative only. Production settings are able to be adjusted and are dependent on market demand conditions. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
2. Includes HYTI

ILUKA

Supplementary Information

Narngulu, Western Australia

Production and Sales Volumes, Revenue and Cash Costs

	H1 2019	H1 2018	% change
Production			
Zircon kt	159.9	158.9	0.6
Rutile kt	80.8	82.8	(2.4)
Synthetic rutile kt	82.8	109.3	(24.2)
Total Z/R/SR production kt	**323.5**	**351.0**	**(7.8)**
Ilmenite – saleable and upgradeable kt	125.0	210.8	(40.7)
Total production volume kt	**448.5**	**561.8**	**(20.2)**
Heavy mineral concentrate produced kt	480	469	2.3
Heavy mineral concentrate processed kt	415	529	(21.6)
Sales			
Zircon kt	133.3	189.6	(29.7)
Rutile kt	82.9	136.1	(39.1)
Synthetic rutile kt	85.6	112.9	(24.2)
Total Z/R/SR kt	**301.8**	**438.6**	**(31.2)**
Ilmenite kt	121.5	119.5	1.7
Total sales volumes kt	**423.3**	**558.1**	**(24.2)**
Revenue and Cash Costs			
Mineral sands revenue[1] $m	545.6	606.9	(10.1)
Total cash cost of production $m	251.8	224.9	(12.0)
Unit cash production cost per tonne of Z/R/SR produced[2] $/t	755	619	(22.3)
Unit cost of goods sold per tonne of Z/R/SR sold $/t	861	753	(14.3)
Revenue per tonne of Z/R/SR sold $/t	1,681	1,292	30.1

1. Includes revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate. Iluka receives a royalty payment from its Mining Area C iron ore royalty. This is not reported as part of quarterly reports but is disclosed in the financial statements.
2. Excludes ilmenite and by-products.

ILUKA

Supplementary Information

Weighted Average Received Prices

Weighted Average Price US$/tonne FOB	H1 2018	H2 2018	H1 2019
Zircon Premium and Standard	1,278	1,434	1,522
Zircon (all products including zircon in concentrate)[1]	1,240	1,403	1,465
Rutile (excluding HYTI) [2]	906	1,022	1,107
Synthetic rutile	Refer Note 3	Refer Note 3	Refer Note 3

Note 1: Zircon prices reflect the weighted average price for zircon premium and zircon standard, also with a weighted average price for all zircon materials, including zircon-in-concentrate. The prices for each product vary, as does the mix of such products sold period to period. In 2018 the split of zircon sand and concentrate by zircon sand-equivalent was approximately: 79%;21% (full year 2017: 88%;12%).

Note 2: Excluded from rutile sales prices is a lower value titanium dioxide product, HYTI that typically has a titanium dioxide content of 70 to 90%. This product sells at a lower price than rutile, which typically has a titanium dioxide content of 95%.

Note 3: Iluka's synthetic rutile sales are, in large part, underpinned by commercial offtake arrangements. The terms of these arrangements, including the pricing arrangements are commercial in confidence and as such not disclosed by Iluka. Synthetic rutile, due to its lower titanium dioxide content than rutile, is priced lower than natural rutile.

Supplementary Information

Summary Group Results

$m	H1 2019	H1 2018	% change
Mineral sands revenue	545.6	606.9	(10.1)
Mineral sands EBITDA	**232.7**	**249.3**	(6.7)
Mineral sands EBITDA margin %	*42.7*	*41.1*	*3.8*
Mining Area C royalty EBITDA	41.2	29.2	41.1
Underlying group EBITDA*	**273.9**	**278.5**	(1.7)
Depreciation and amortisation	(64.7)	(42.6)	(51.9)
Group EBIT	**216.9**	**209.9**	3.3
Profit (loss) before tax	**200.8**	**193.6**	3.7
Tax expense	(63.6)	(67.5)	5.8
Profit (loss) after tax	**137.2**	**126.1**	8.8
EPS (cents per share)	*32.5*	*30.0*	8.3
Free cash inflow (outflow)	(65.2)	225.5	n/a
Free cash inflow (outflow) (cents per share)	**(15.5)**	**53.4**	n/a
Dividend – fully franked (cents per share)	5.0	10.0	(50.0)
Net (debt) cash	**(141.5)**	**(34.4)**	(311.3)
Gearing (net debt / net debt + equity) %	10.7	3.5	205.7
Average AUD/USD exchange rate	70.6	77.2	(9.3)

* Underlying Group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites which are non-cash in nature.

ILUKA

Income Statement

$ million	H1 2019	H1 2018	% change
Z/R/SR revenue	507.5	566.6	(10.4)
Ilmenite and other revenue	38.1	40.3	(5.5)
Mineral sands revenue	**545.6**	**606.9**	**(10.1)**
Cash costs of production	(251.8)	(224.9)	(12.0)
Inventory movement - cash	36.8	(49.8)	n/a
Restructure and idle capacity charges	(11.8)	(10.8)	(9.3)
Government royalties	(21.5)	(17.9)	(20.1)
Marketing and selling costs[1]	(15.2)	(18.0)	15.6
Asset sales and other income	(3.2)	1.0	n/a
Resource development	(19.4)	(12.5)	(55.2)
Corporate and other costs	(25.9)	(23.6)	(9.7)
Foreign exchange gain (loss)	(0.9)	(1.1)	18.2
Underlying mineral sands EBITDA[2]	**232.7**	**249.3**	(6.7)
Mining Area C EBITDA	41.2	29.2	41.1
Underlying Group EBITDA	**273.9**	**278.5**	(1.7)
Depreciation and amortisation	(64.7)	(42.6)	(51.9)
Inventory movement - non-cash	8.0	(25.5)	n/a
Rehabilitation for closed sites	(0.3)	(0.5)	40.0
Group EBIT	**216.9**	**209.9**	3.3
Net interest and bank charges	(6.3)	(7.1)	11.3
Rehabilitation unwind and other finance costs	(9.8)	(9.2)	(6.5)
Loss before tax	**200.8**	**193.6**	3.7
Tax benefit (expense)	(63.6)	(67.5)	5.8
Loss for the period (NPAT)	**137.2**	**126.1**	8.8
Average AUD/USD rate for the period (cents)	**70.6**	**77.2**	(9.3)

1. Freight revenue and expenses are included as a net number in marketing and selling costs.
2. Underlying Group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites which are non-cash in nature.

ILUKA

Reconciliation of non-IFRS financial information to profit before tax

	JA/MW	C/SW	Idle	SRL	Expl & Other	Mineral Sands	MAC	Corp	Group
Mineral sands revenue	242.4	167.0	24.4	111.8	-	545.6	-	-	545.6
AASB 15 freight revenue	10.9	3.3	1.5	6.1	-	21.8	-	-	21.8
Expenses	(81.7)	(81.8)	(23.5)	(94.8)	(26.1)	(295.5)	-	-	(307.9)
Mining Area C	-	-	-	-	-	-	41.2	-	41.2
FX	-	-	-	-	-	-	-	(0.9)	(0.9)
Corporate costs	-	-	-	-	-	-	-	(25.9)	(25.9)
EBITDA	171.6	88.5	2.4	23.1	(26.1)	271.9	41.2	(26.8)	273.9
Depn & Amort	(14.0)	(20.2)	(0.3)	(27.5)	(2.5)	(64.5)	(0.2)	-	(64.7)
Inventory movement - non-cash	6.8	4.5	(1.6)	(1.7)	-	8.0	-	-	8.0
Rehabilitation for closed sites	-	(0.2)	(0.1)	-	-	(0.3)	-	-	(0.3)
EBIT	164.4	72.6	0.4	(6.1)	(28.6)	215.1	41.0	(26.8)	216.9
Net interest costs	-	-	-	-	-	-	-	(6.3)	(6.3)
Rehab unwind and other finance costs	(2.3)	(2.6)	(3.7)	(1.1)	-	(9.7)	-	(0.1)	(9.8)
Profit before tax	162.1	70.0	(3.3)	(7.2)	(28.6)	205.4	41.0	(33.2)	200.8
Segment Result	162.1	70.0	(3.3)	(7.2)	(28.6)	205.4	41.0	(33.2)	200.8

For more information contact:

Melissa Roberts, General Manager – Investor Relations and Commercial Mineral Sands Operations
investor.relations@iluka.com
+61 (0) 450 398 431

Ambrosia, South Australia

ILUKA