



ILUKA

AJM 14th Annual Mineral Sands Conference



Dan McGrath
Manager Eastern Operations
March 2014

Agenda

1. Iluka's Mineral Sands Operations Overview
2. Exploration Update
3. Project Development
4. Competitiveness and Challenges of new projects



Company Overview



- Principal objective: create and deliver value for shareholders
- Market capitalisation: ~\$4 billion
- Strong balance sheet with financial flexibility
- Royalty income from Mining Area C iron ore (BHPB), Western Australia
- Market development continuing through the cycle
- Corporate growth, preparedness to act counter-cyclically

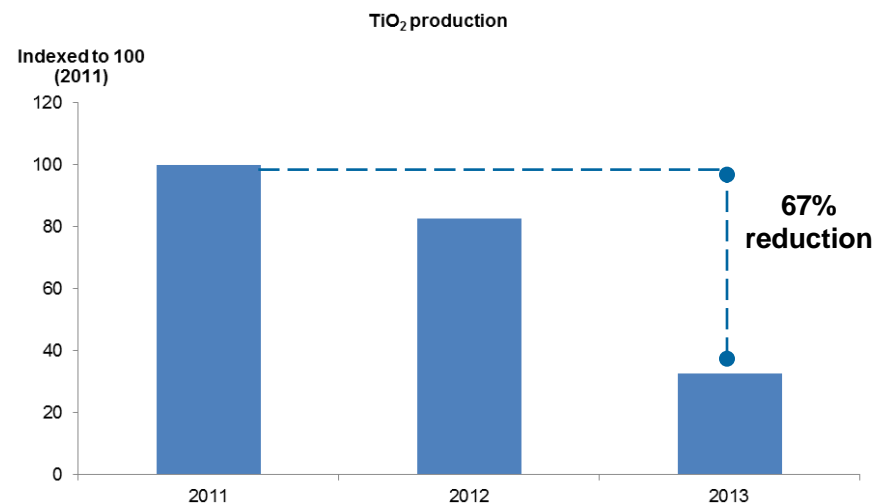
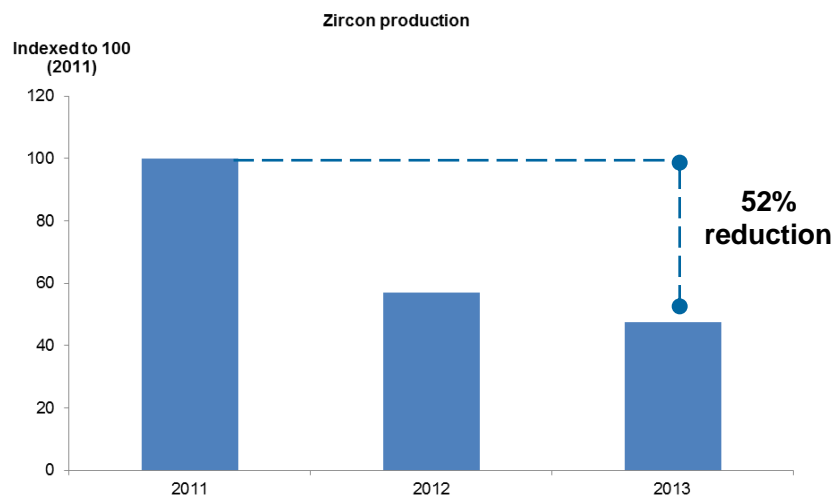
2013 Key Industry Features

- Low cycle business conditions
 - globally uneven zircon demand
 - pigment industry adjustments flow through to low demand for rutile / synthetic rutile
- Significant year-on-year decline in mineral sand prices, particularly TiO₂ products
- Iluka operations flexed
 - low capacity utilisation
 - 42% reduction in Z/R/SR production c/w 2012
 - initial drawdown of Z/R/SR inventories
 - build of concentrate and ilmenite inventories

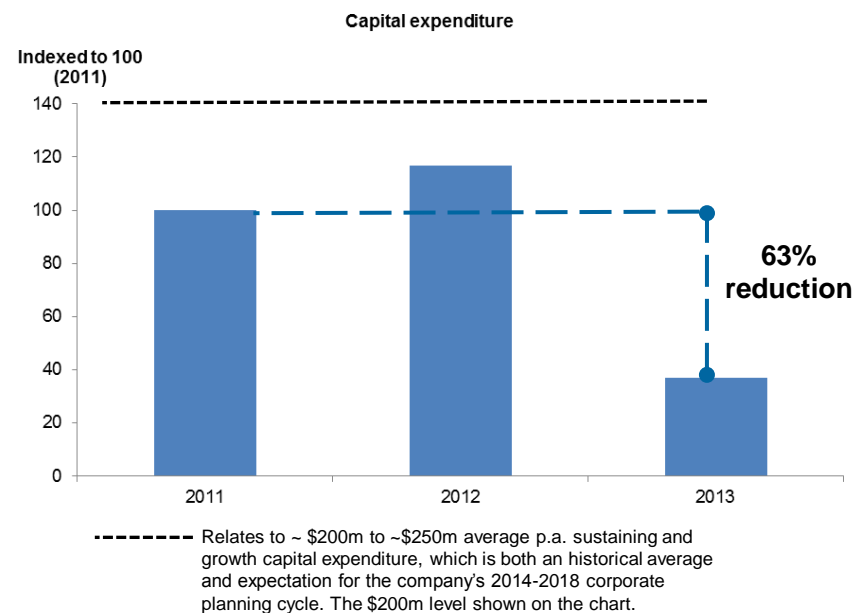
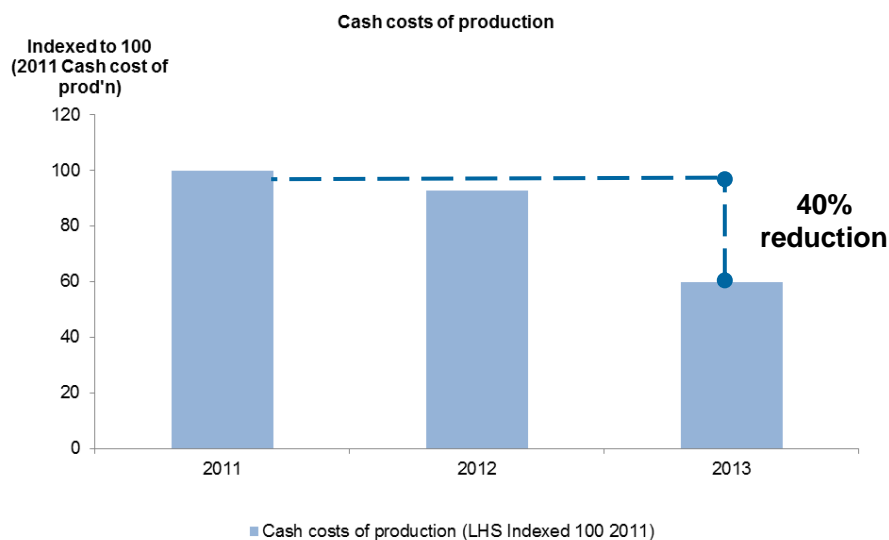
2013 Key Features

- Cash conservation focus
 - lower total cash production costs (reduced 36% year-on-year)
 - low capital expenditure while preserving project development pathways
- Non-cash adjustments of \$41 million (after tax)
 - technical success consequence
 - old equipment now not required in mine plans
 - increase in rehabilitation provisions, based on lower discount rate
- Maintained robust balance sheet (gearing of 11.6% year end; 7.8% 31 Jan 2014)
- 2013 dividends of 9 cents, fully franked
- Cumulative payout = 76% of free cash flow since end 2010
- Broad range of indicators point to demand recovery

Production Flex – Zircon & High Grade TiO₂



Cash Conservation Focus



Iluka Operational Overview



- Production flexibility
- Approximately 800 employees
- 10 years reserve cover; resources \approx 6 times reserves
- Operations in Australia and United States, sales offices globally distributed

JORC Status (December 2013)	Ore (Mt)	HM In-Situ (Mt)	Rutile (%)	Zircon (%)	Ilmenite (%)
Reserves – proved	140.8	7.6	6	39	37
Reserved - probable	336.0	20.5	5	11	58
Resources (All)	2590.4	178.8	6	10	59

Mineral Sands Regional Overview

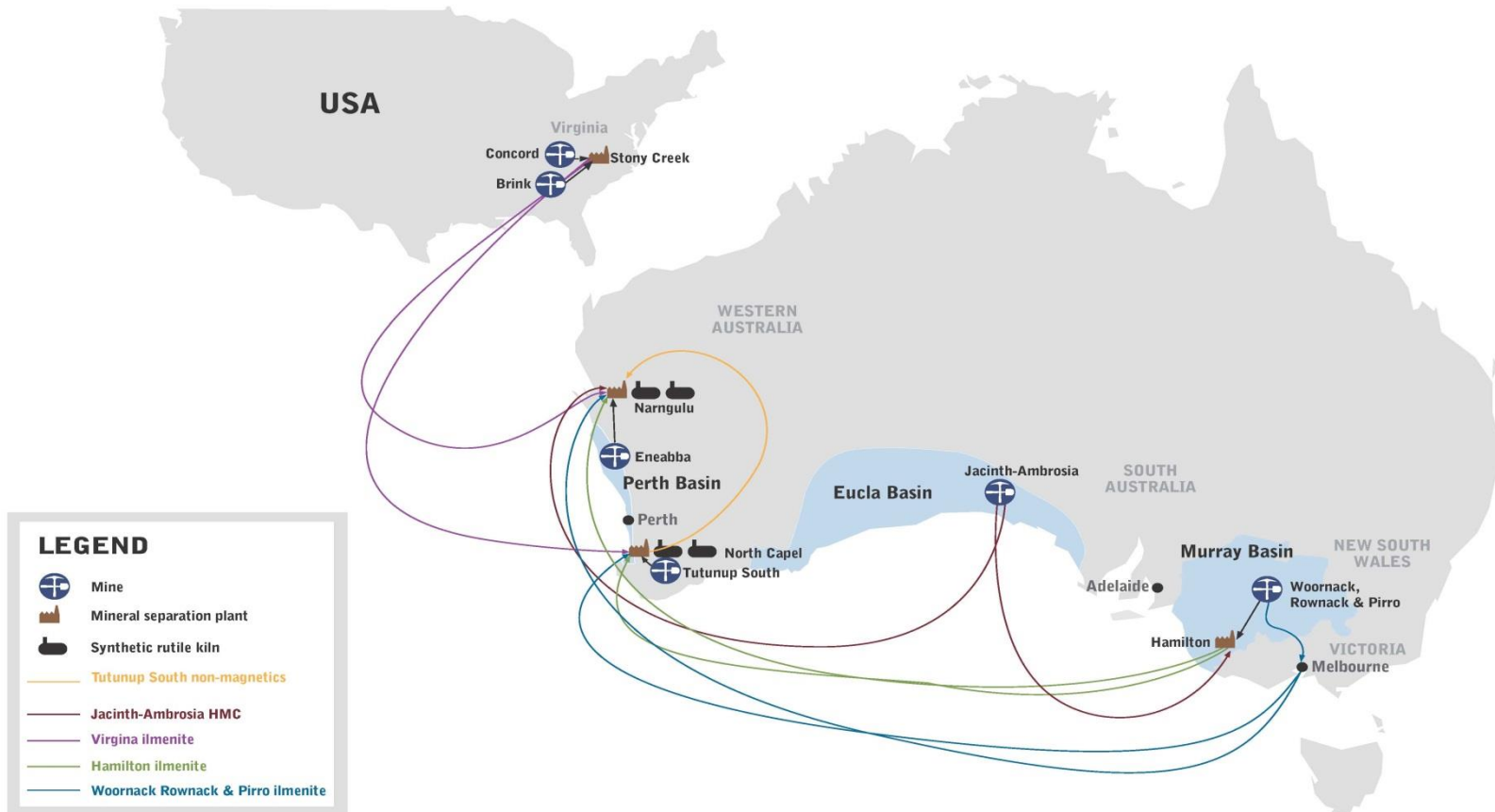


Region (Assets)	Capacity (rated input)	#Plants/Trains	Rutile / SR (ktpa)	Zircon (ktpa)	Ilmenite (ktpa)	2014
Murray Basin						
Concentrating	900tph RHF	2				1 Idle
Hamilton MSP	700ktpa HMC	1	230	200	150	80% Util
Perth Basin						
Concentrating	2300tph	4				Idle
MSP	2100ktpa HMC	3	200	350	600	40% Util
SR	790ktpa Ilm	3	440			Idle
Eucla Basin			330			Idle
Concentrating	1000tph RHF	1				100% Util
Altantic Seaboard						
Concentrating	500tph RHF	2				60% Util
MSP	430ktpa	1		45	300	50% Util

- Significant mining and processing asset base, low utilisation, short lead time ramp up
- Compliments a substantial resource base

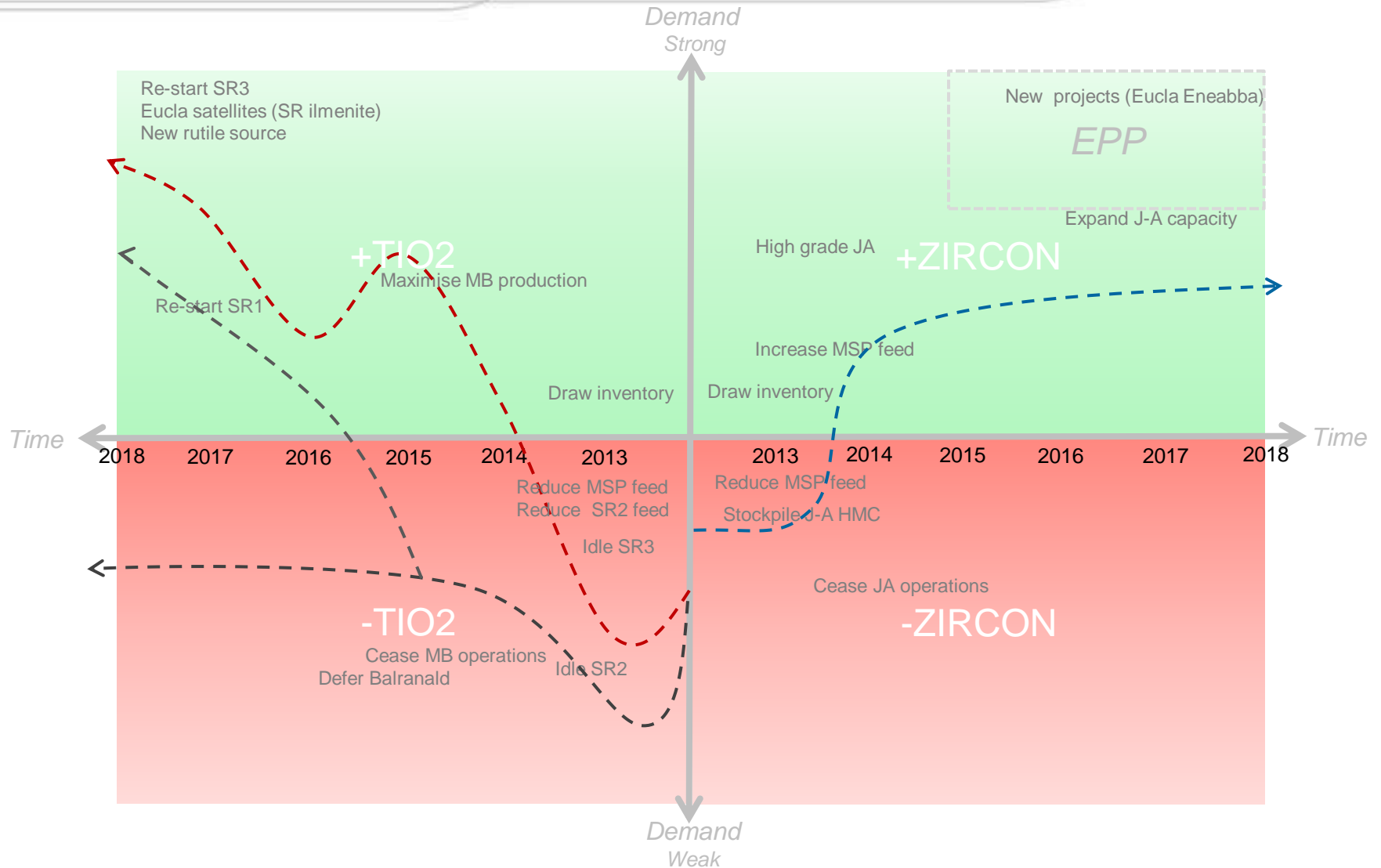
Mineral Sands Operational Overview

- Market and operational flexibility created through Integration across regions

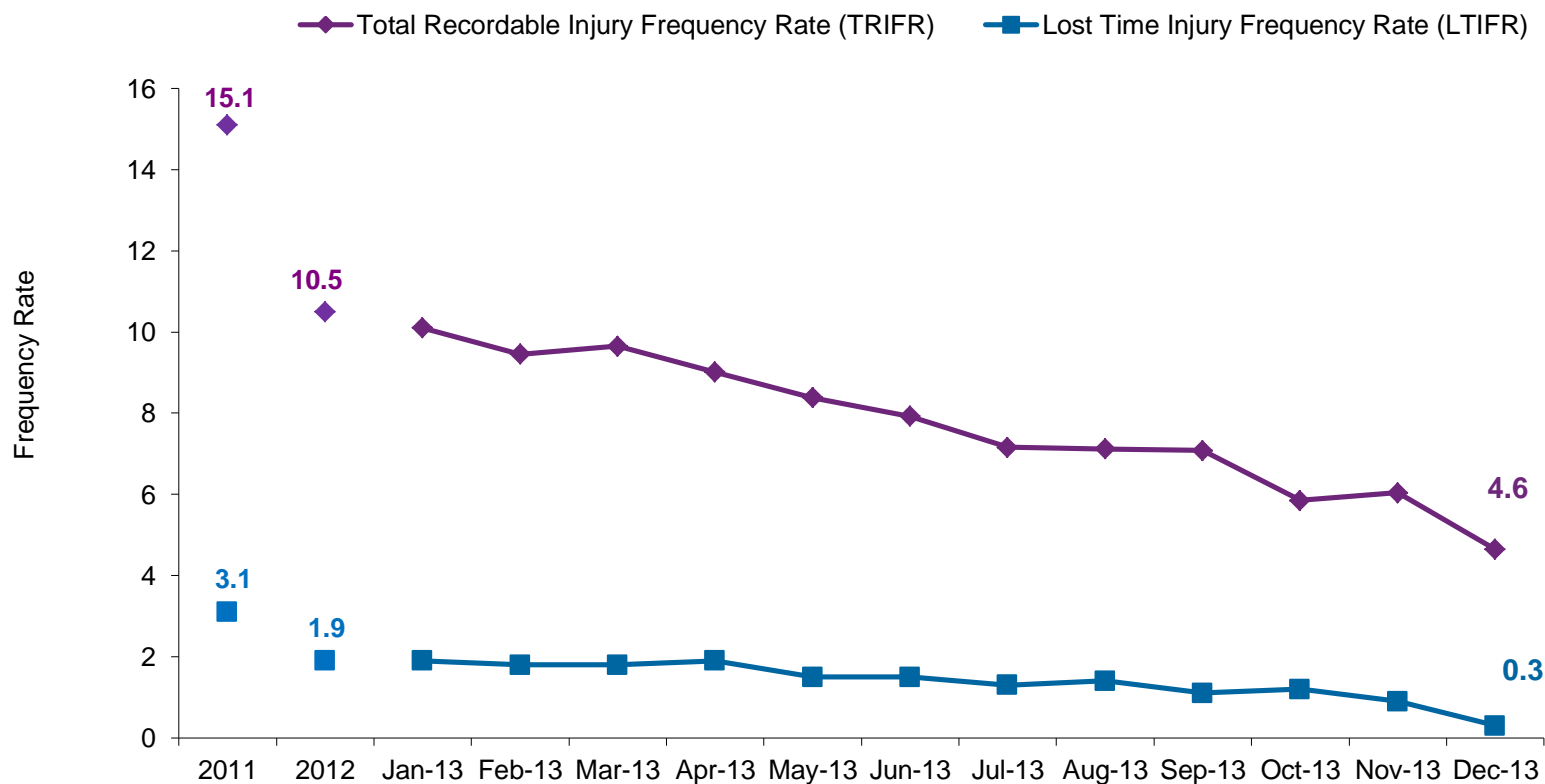


Flexible Production Capability

Production and product optionality through the cycle



Continued Improvement in Safety Performance

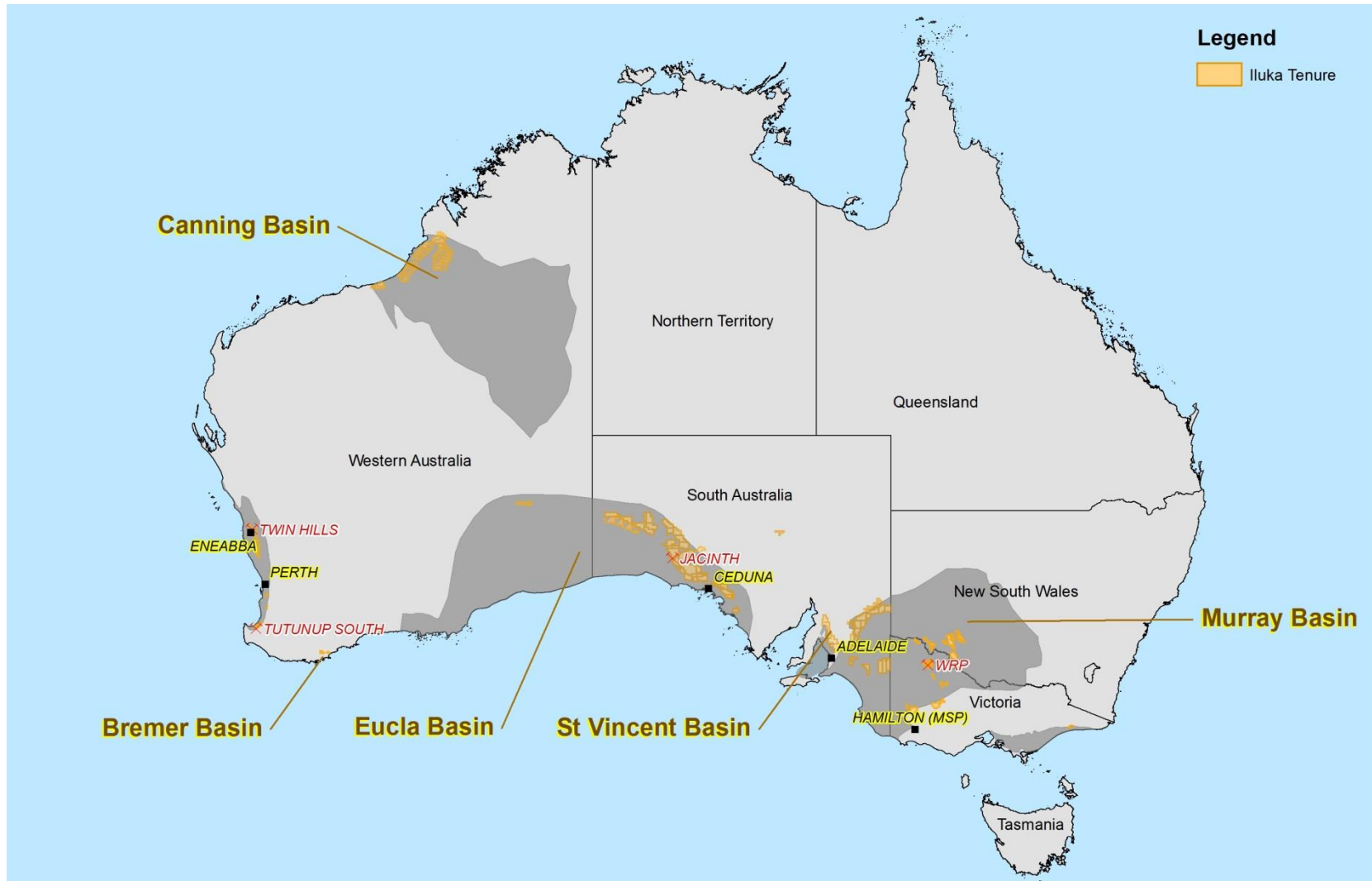


- 63% reduction in TRIFR since 2011 (commencement of Safe Production Leadership)
- 90% reduction in LTIFR since 2011

Iluka's Approach

- Focus on shareholder returns through the cycle
- Flex asset operation in line with market demand
- Continue market development through the cycle
- Preserve/advance mineral sands growth opportunities
- Maintain a strong balance sheet
- Act counter-cyclically where appropriate

Exploration – Australia



Exploration – a platform for Growth

- \$22million expenditure in 2013
- 50 people
- 66,000 km² tenements held in Australia
- Internal drilling capability
- Australia:
 - >30,000m on greenfield targets in Eucla Basin 2013
 - Brownfield drilling around Atacama
 - >20,000m greenfield drilling in the Murray Basin
 - Exploration effort focused toward N/West Murray Basin, East Gippsland
 - >10,000m Canning Basin on 2,500km² tenement holding

Mineral Sands Project Development



Project	Location	Characteristics
Definitive Feasibility Study		
West Balranald	Murray Basin, NSW	<ul style="list-style-type: none"> • High grade rutile, zircon, ilmenite • Next planned mine development in Murray Basin • ~ 8 year mine life
Cataby	Perth Basin, WA	<ul style="list-style-type: none"> • Chloride ilmenite with associated zircon • Next planned mine development in WA • ~ 6 year initial mine life
Eucla Basin Satellite Deposits	Eucla Basin, SA	<ul style="list-style-type: none"> • 3 chloride ilmenite with associated zircon deposits • Close proximity to Jacinth-Ambrosia infrastructure • Mine life extension to ~2027+
Aurelian Springs	North Carolina, USA	<ul style="list-style-type: none"> • Chloride & sulphate ilmenite with associated zircon • Utilisation of Virginia MSP • ~ 11 year mine life
Scoping / Pre PFS		
Puttalam	Sri Lanka	<ul style="list-style-type: none"> • Large, long life mainly sulphate resource, re- acquired by Iluka in 2013

Notes:

In some cases, particularly the US, projects may be a significant component of the carrying value of the associated assets.

Competitiveness of New Projects

- Market Segmentation
 - Assemblage and quality
 - Demand factors
- No recent Tier 1 resource discoveries
 - Reserve depletion of older, formerly high quality ore bodies
 - Positioning the new project on the cost curve
 - Sensitivity to the cycle
- Australian Factors
 - Foreign exchange
 - Capital cost escalation
 - Value Add
 - Ports and logistics

Challenges of New Projects

- Ramping Up throughput, quality and recovery
 - On top of our game
- Hydrology
 - Shifting technical focus for Iluka,
 - Productivity and sustainability driven
- Sustainability Outcomes and our “Licence to Operate”
 - New operations to meet the embedded management standards
 - Meeting the “new” standards
 - A dynamic regulatory landscape
 - Achieving mutually beneficial outcomes with stakeholders

Summary

- 2013 was a challenge for the heavy minerals industry
- Flexibility to manage the cycle
- Exploration targets have broadened
- Keeping the project pipeline full
- Positioning projects on the curve

Iluka Resources Limited

www.iluka.com

For more information, contact:

Robert Porter, General Manager Investor Relations & Corporate Affairs

robert.porter@iluka.com

+61 3 9225 5008 / +61 (0) 407 391 829