

# Operating in South Australia - Central to Iluka



2014 South Australia Resources and Energy Investment Conference



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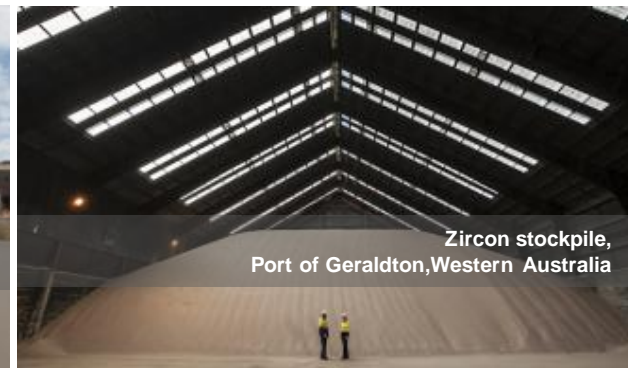
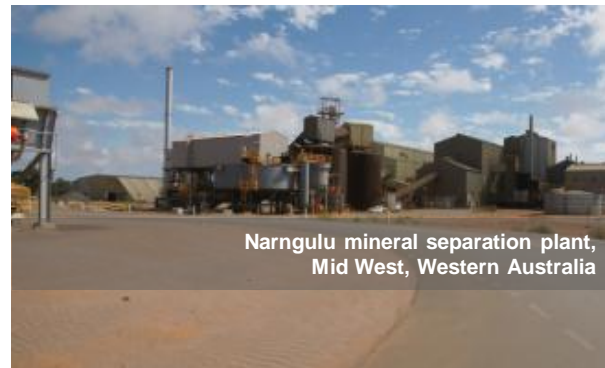
# Outline

- Company Overview
- Operations, Assets and Integration
- Doing Business in South Australia
- Sustainable Development
- Exploration and Project Development
- Summary



# Company Overview

- Principal objective: create and deliver value for shareholders
- Market capitalisation: ~\$4 billion
- ~800 employees
- Strong balance sheet with financial flexibility
- Operations in Australia and United States
- Royalty income from Mining Area C iron ore (BHPB), Western Australia



# Iluka's Approach



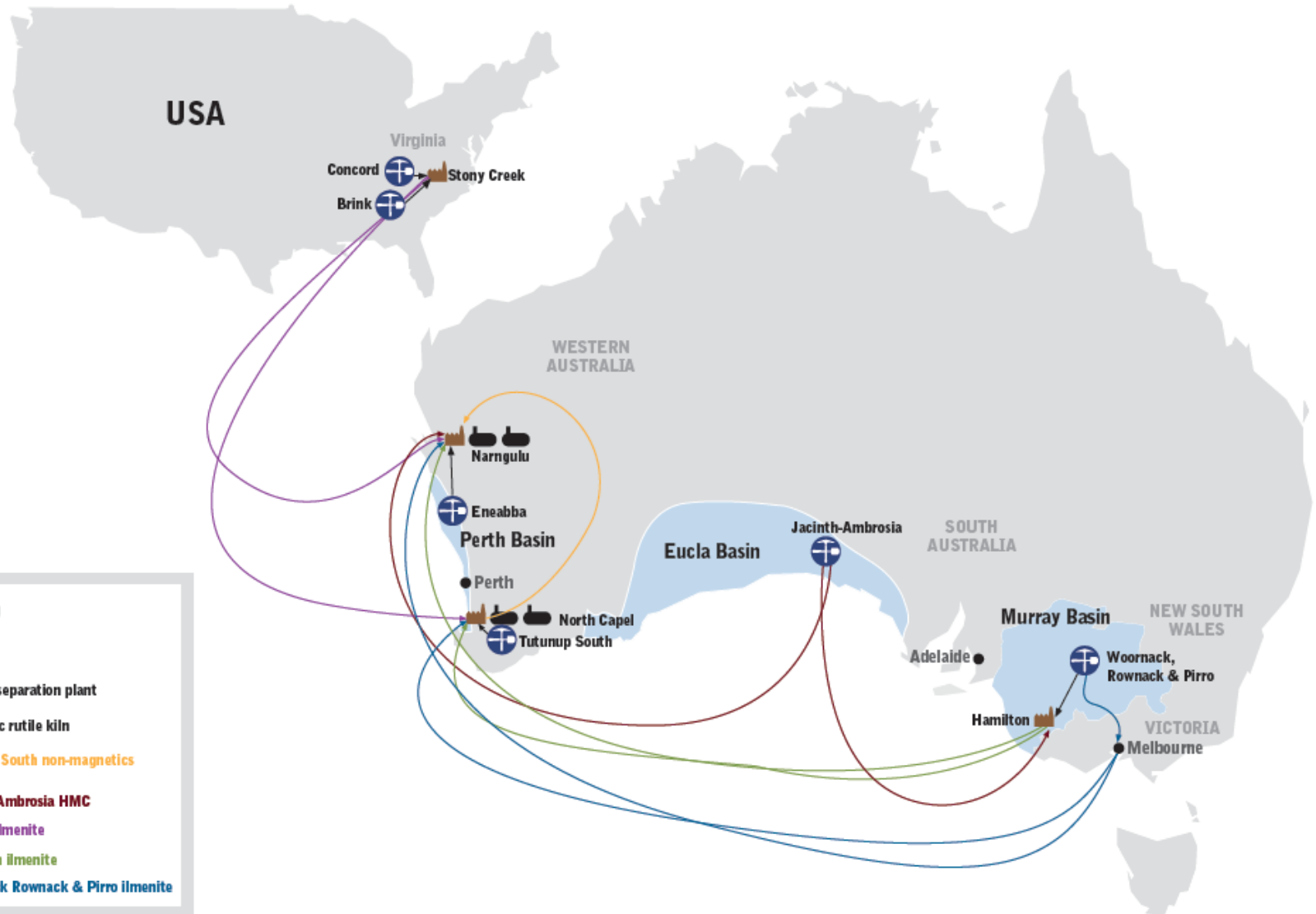
- Focus on shareholder returns through the cycle
- Flex asset operation in line with market demand
- Continue market development through the cycle
- Preserve/advance mineral sands growth opportunities
- Maintain a strong balance sheet
- Act counter-cyclically where appropriate

# Operations and Assets











- Mining and processing operations in Australia and USA
- Distribution warehouses located within major markets
- Zircon and titanium dioxide products supplied to more than 40 countries
- Major supplier in emerging and developing markets (China, India, Middle East, South America)

# Operations Integration



**LEGEND**

-  Mine
-  Mineral separation plant
-  Synthetic rutile kiln
-  Tutunup South non-magnetics
-  Jacinth-Ambrosia HMC
-  Virginia ilmenite
-  Hamilton ilmenite
-  Woorack Rownack & Pirro ilmenite



ILUKA

# Jacinth-Ambrosia Operation

- Commissioned in 2009, full production mid 2010
- Fly-in fly-out from Ceduna / Adelaide - Village accommodates 160 persons
- ≈ 70 employees and 85 contractors
- Heavy Mineral Concentrate transported 270km by road to Port Thevenard
- Concentrate shipped to Geraldton (WA) or Hamilton (Vic) for final processing
- Pivotal to production and product flexibility
- Uniquely high zircon assemblage



# Doing Business in South Australia

## State Government

- Supportive of resource development e.g. PACE
  - engaging and consultative regulatory landscape
  - single point responsibility for mining approvals
  - focused on infrastructure facilitation
- Good place to explore:
  - consultative agencies
  - Amalgamated Expenditure Agreements
  - tenement security



## People and Services

- Mining technical professionals recruitment and retention challenging
- Industrial relations setting is still evolving
- Local employment at entry level and trades
- Remote site services capacity reflective of industry scale



# Doing Business with Local communities

## Winner – 2013 SA Premier's Award

- Social development opportunities at the JA operation to the Far West Coast Aboriginal people
- Championing employment (22.7%), Average length of employment of FWC employees – 36.5 months
- Education, training and development opportunities and supporting business development
- Driving recruitment and retention through major site contracts

### Business Development

Dry Hire / Far West Coast Mining & Civil Equipment

- 1 x 8t Mini Excavator
- 2 x trailer mounted pump set
- 2 x lighting towers
- 1 x High Head mobile dewatering pump set
- 1 x Twin Cab Ute
- Supporting labour hire agency for broader regional services

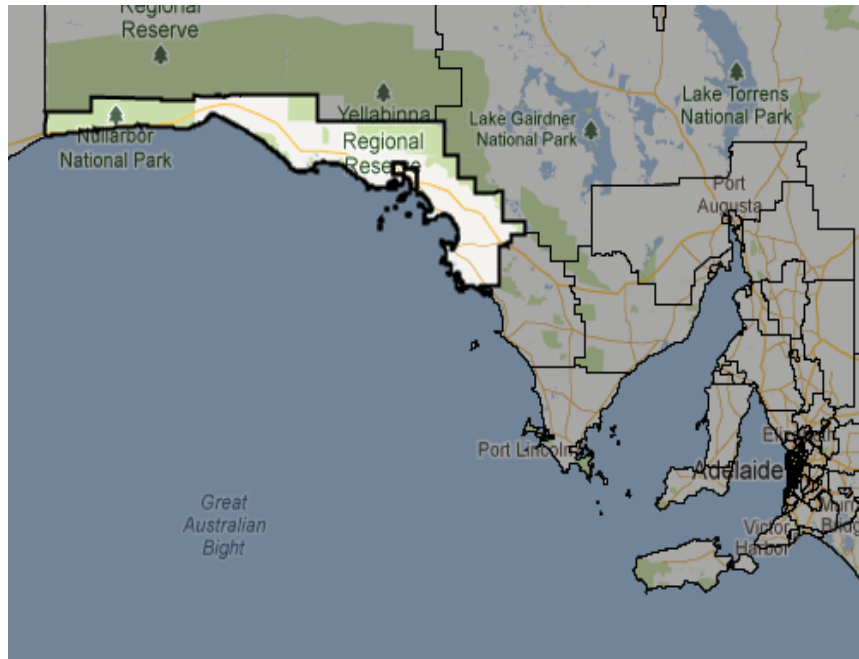


### Education/ Scholarship Program

- Administered by The Smith Family, Indigenous Youth Leadership Program (IYLP)
- Students at Immanuel College, Pembroke and Rostrevor
- Currently 6 students on the Scholarship Program

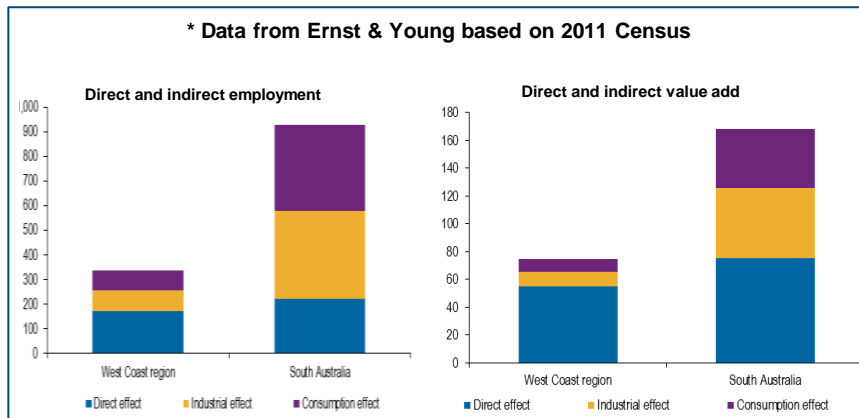


# Iluka's SA Regional Contribution



- Geographically isolated region
- Agriculture based economy
- Mining is relative small employer
- JA is sole mining operation in region

\* Data from Ernst & Young based on 2011 Census



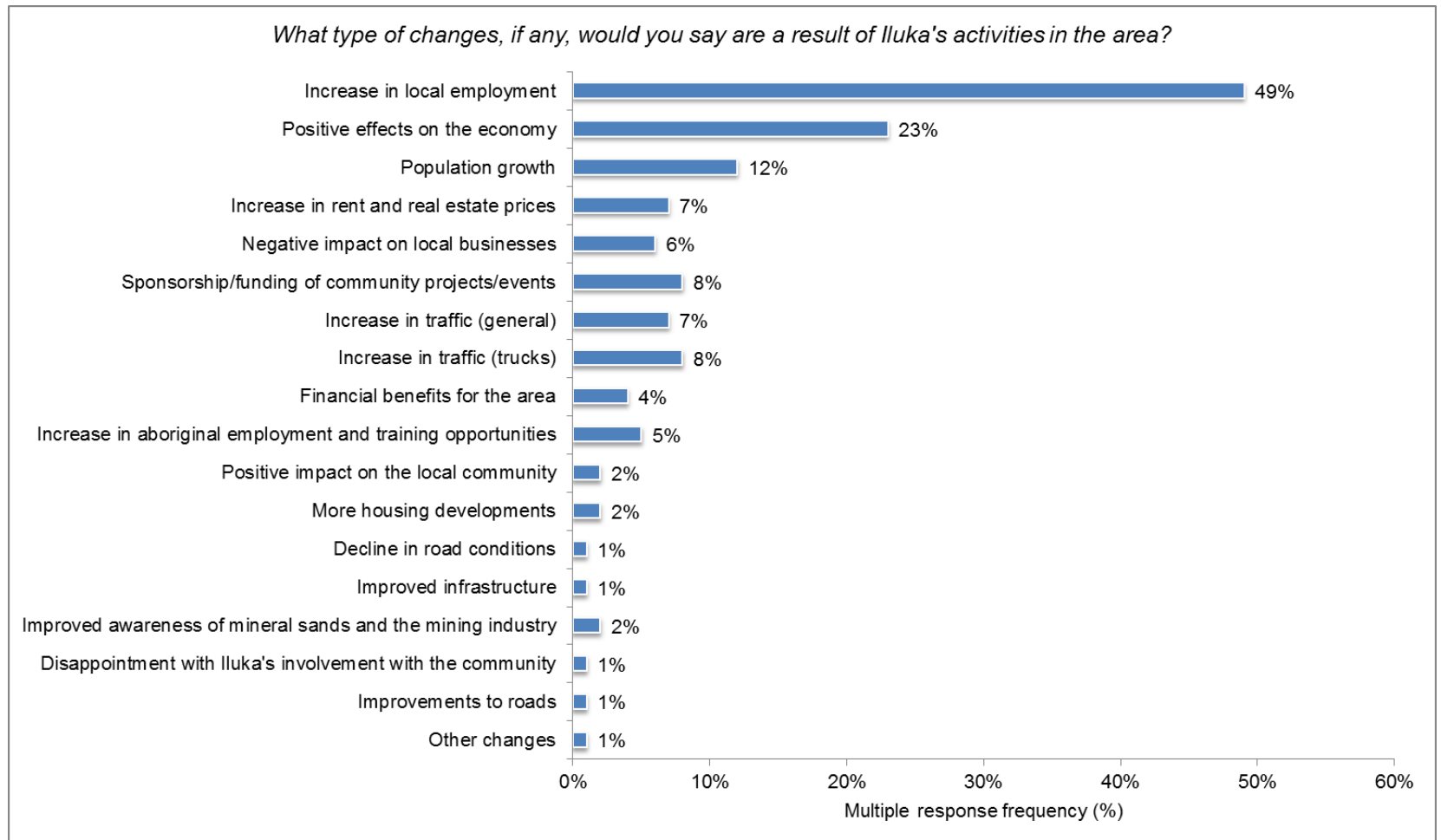
## Economic Contribution \*

- Iluka directly provided 170 jobs to the region (2,450 jobs in region)
- Direct value add \$55m
- Flow on impacts to Ceduna region 165 jobs
- Flow on value add Ceduna region \$20m
- Flow on impacts to SA of 929 jobs (including non-JA jobs)
- Flow on value add SA \$168 million

# External - What comes to mind?



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# Sustainable Development - Rehabilitation

## 2013

7.54ha reinstated for rehabilitation (Cell 1 East)

- First of Jacinth Pit areas - 40% of Pit
- Myall/Mallee woodland unit
- Late 2013 recorded 21 native plant species
- Resident birds (Richards pipit) returning to area

## 2014

15ha rehab well advanced

- Remainder (60%) of first mining pit
- Expanding 2013 trials
- Includes reinstatement of creek and controlling

## Life of Mine Target

- Matching disturbance rate



Rehabilitation in Cell 1 West



Rehabilitation in Cell 1 East with germination of native plant species evident

# Sustainable Development – Rehab Research

- Share research outcomes across the broader community:
  - assist in rehabilitation technical effort
  - promote open dialogue and learning across the mining industry
  - improve project value
- Partnering with Australia’s leading research organisations
- Other priority areas
  - salinity migration
  - soil management
  - root mapping
  - Bullock bush growth trials
- Sustainability supports growth



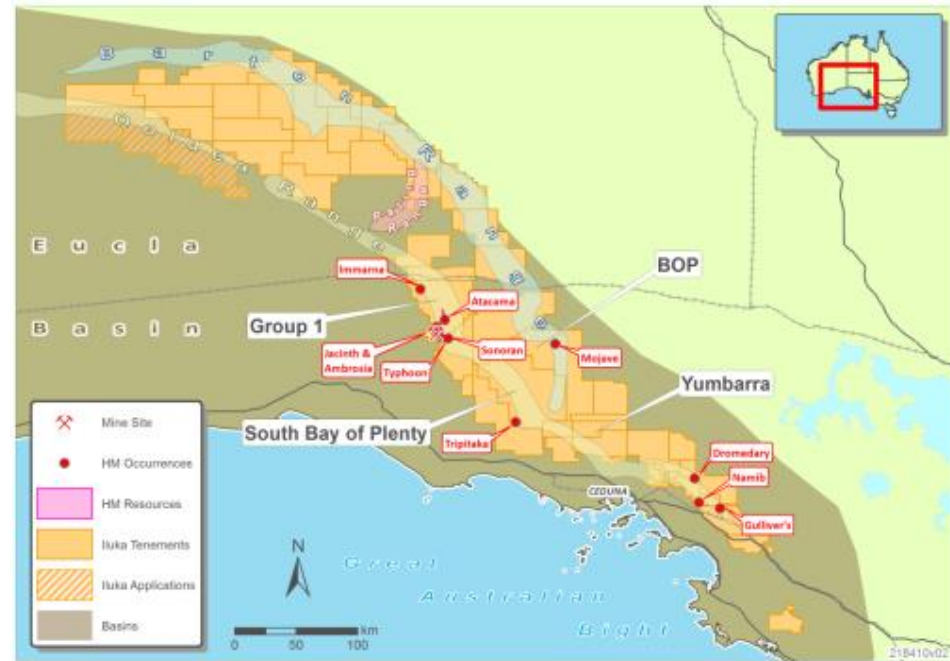
Dr Emma Steggles (UofA), Dr Melanie Schneemilch (UQ), Angela Chilton (UNSW) and Con Miller (Iluka) collecting soil samples at JA for the UQ BSC project.



Sap flow meters and deep root species identification, ARC grant.

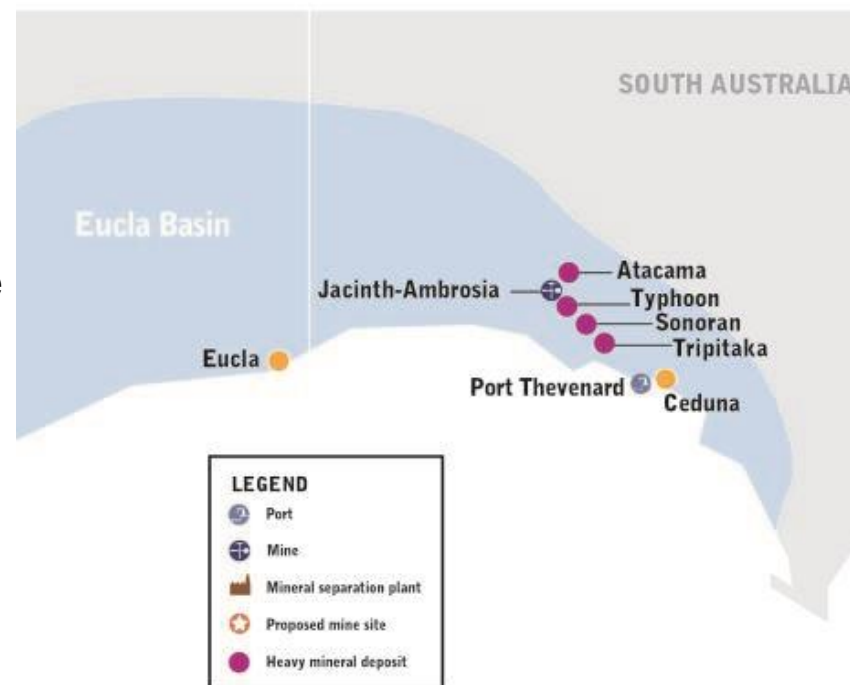
# Eucla Basin Exploration

- \$4.4m expenditure in SA in 2013
  - ≈ 54% of annual HM exploration budget
- Tenement area >36,000 km<sup>2</sup>
- Recent Eucla Basin exploration activity:
  - 35,000m of drilling in 2013
  - 90% of drilling on greenfield targets
  - brownfield drilling around Atacama
- Non-mineral sands exploration 2014



# New Projects: Eucla Basin Satellite Deposits

- Atacama, Typhoon and Sonoron
- Chloride ilmenite deposits with associated zircon
- Ilmenite suitable as a synthetic rutile feed
- Close proximity to Jacinth-Ambrosia infrastructure
- Potential mine life extension to ~2027+
- Pre feasibility study stage
- Options for expansion and concurrent mining



JORC Status (Dec-13)	Ore (Mt)	HM In-Situ (Mt)	Zircon (%)	Ilmenite (%)	Rutile (%)
Reserves – proved	120	5.1	51	27	4
Reserved - probable	3	0.07	51	20	5
Resources (All)	445	21.5	28	51	3



# Summary

- Jacinth Ambrosia remains one of Iluka's principal assets
- Focus on sustainable development
- Supportive of the current SA approach to resource sector development



# Iluka Resources Limited

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