

Iluka Resources Limited



Iluka – Getting Set In The Cycle
TZMI Congress 2016

Matt Blackwell - Head of Marketing
Hong Kong, 8 November 2016



Disclaimers



Forward Looking Statements – Slide 24

Important Notice Regarding the acquisition of Sierra Rutile Limited – Slide 25

Iluka – Getting Set In The Cycle



1. Iluka's approach to the market
2. Iluka's outlook for minerals sands and what will drive growth
3. Overview of Iluka's projects preparing for the future



ILUKA



Approach to Market

Some Lessons For Iluka



- Iluka's quality and reliability
- Recognize and reward loyalty
- Desire for stability



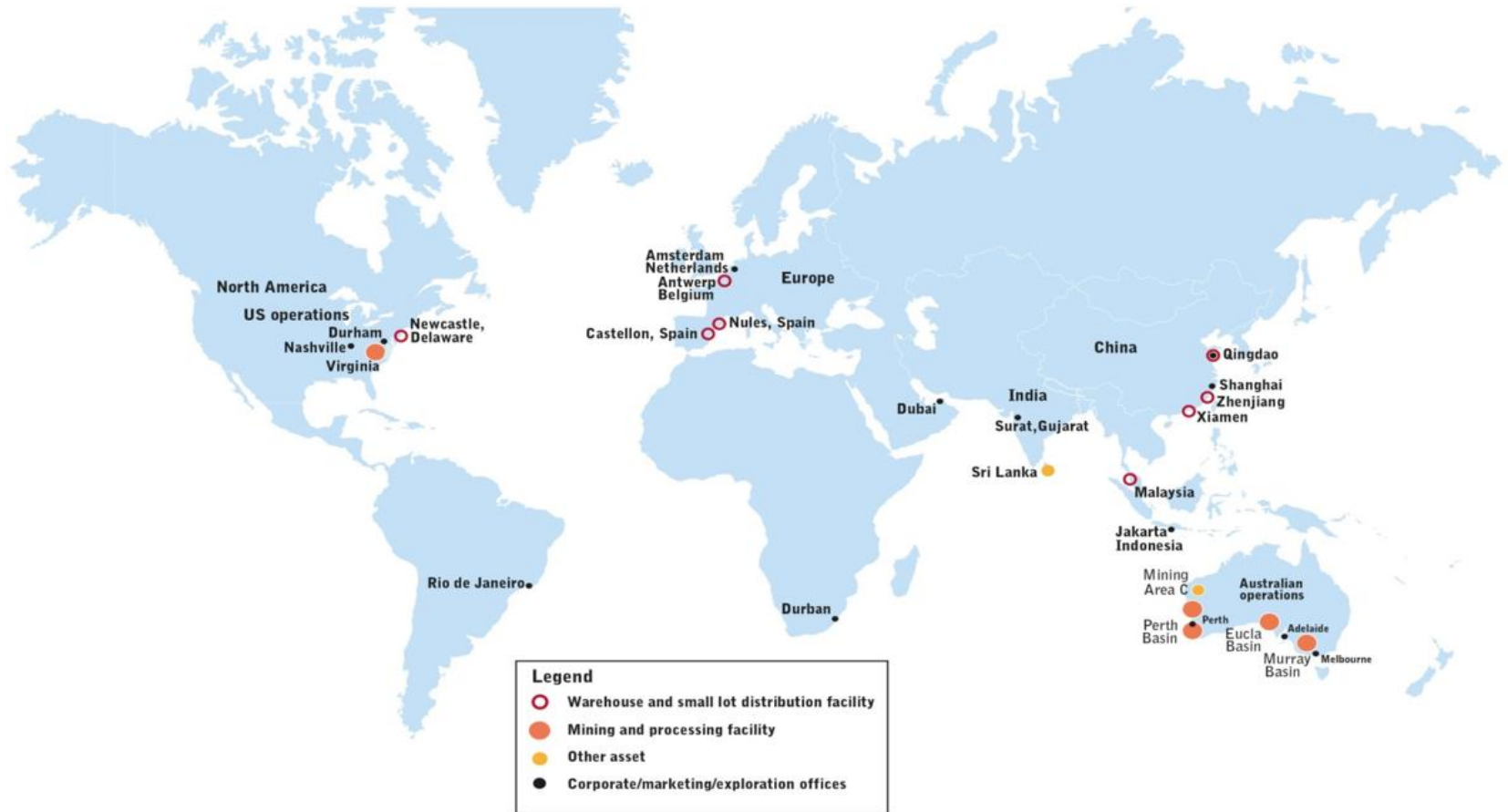
- Zircon reference price



- Bigger discounts – but just for them



Service Proposition



Technical Marketing Approach

- Regular technical visits to customer production facilities – deepen collaboration
- Leverage Iluka's resources and expertise in collaboration with customers to improve value proposition
- Utilise state of the art equipment to optimize Iluka's products in customer formulae
- Provide quality testing capabilities

TECHNICAL COLLABORATION



MARKET DEVELOPMENT



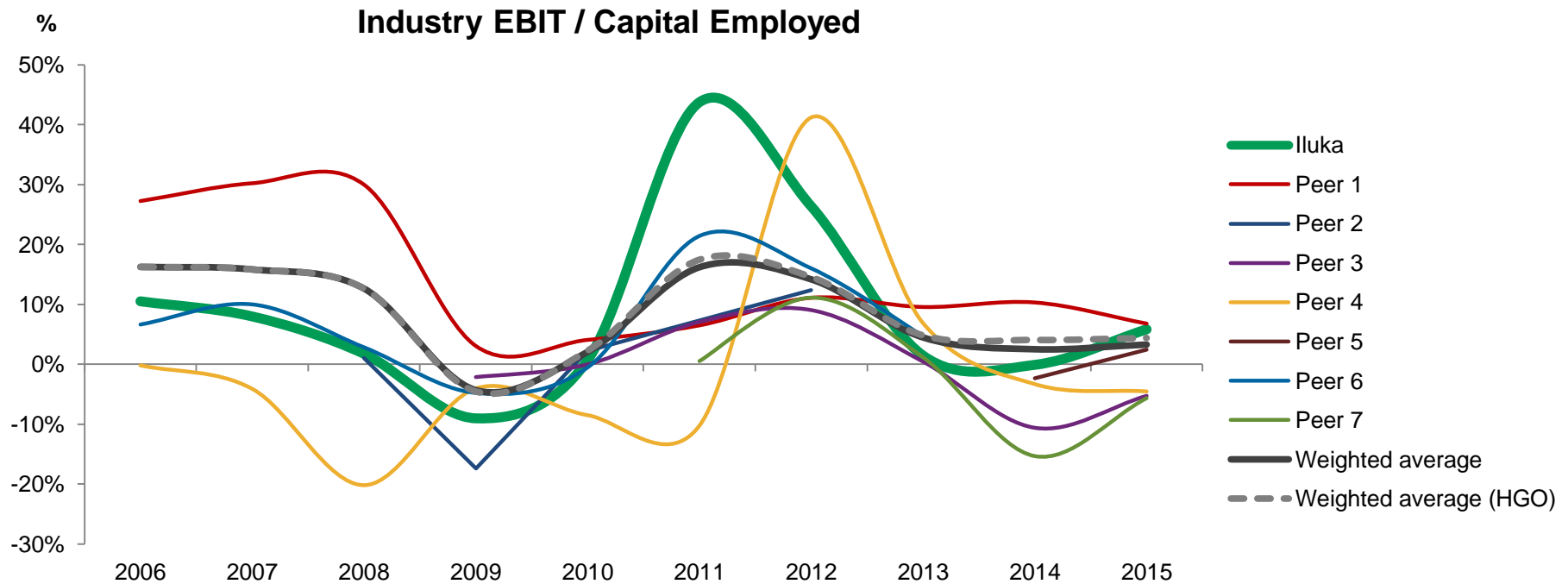
PROCESS TECHNOLOGY



QUALITY TESTING



Industry Needs better Returns and Stability



Source: S&P Capital IQ, company announcements, Iluka. 2016 competitor forecasts sourced from S&P Capital IQ broker consensus

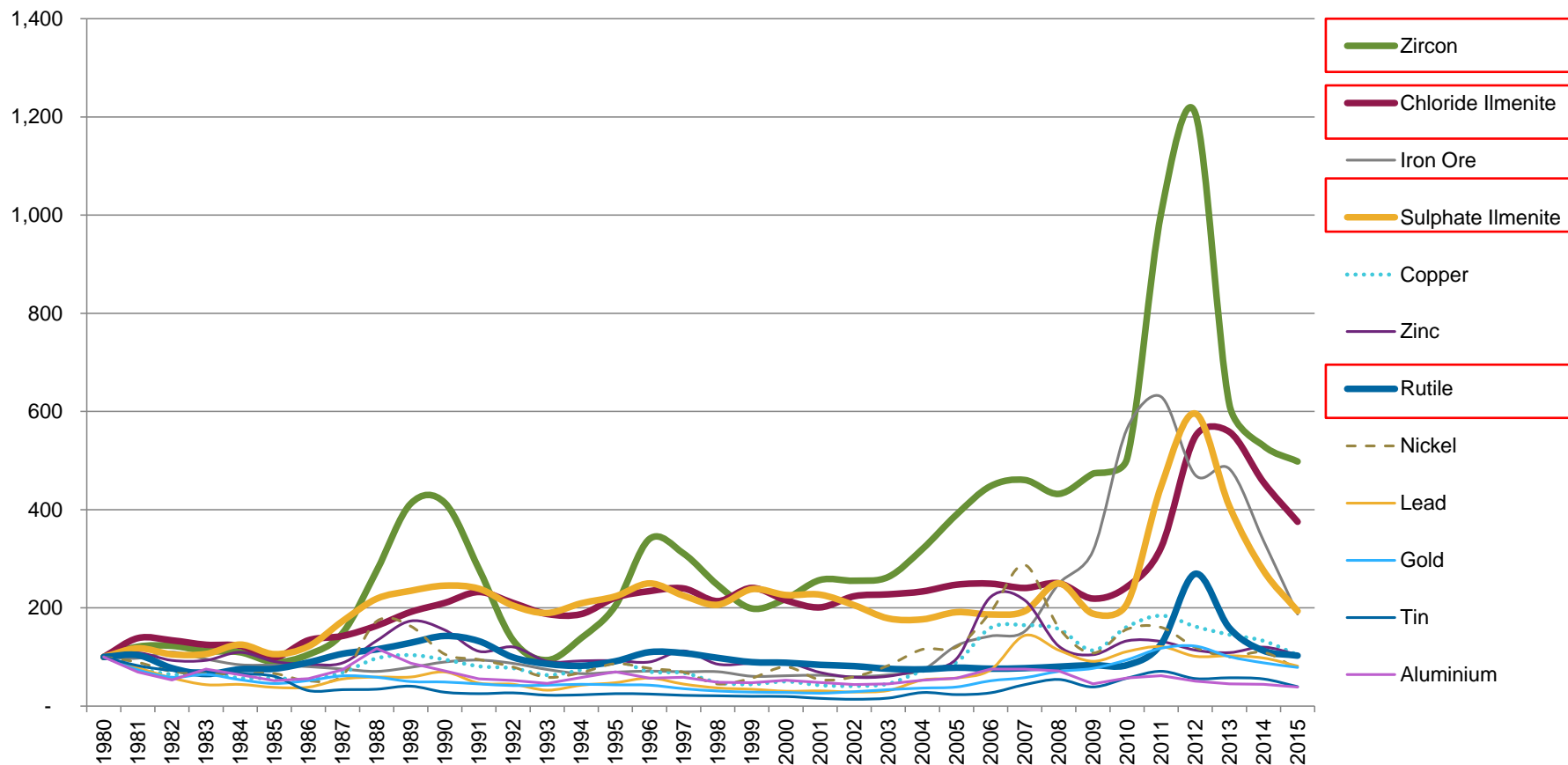
* Weightings based on capital employed / operating assets
 Capital employed calculated as Net Debt + Equity where possible.



Prices Are Better Today

1980=100

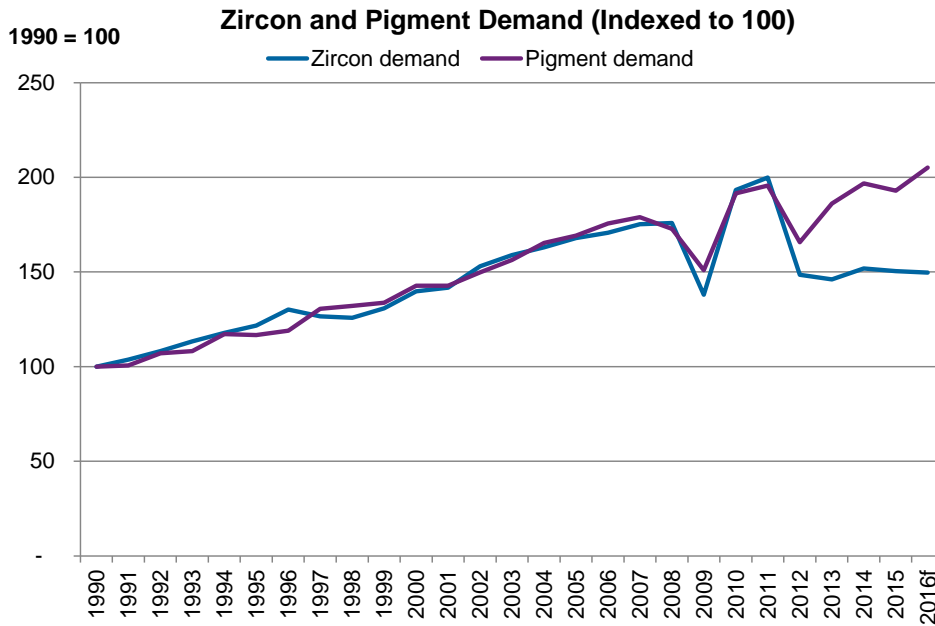
Commodity Price History (real, indexed, 1980=100)



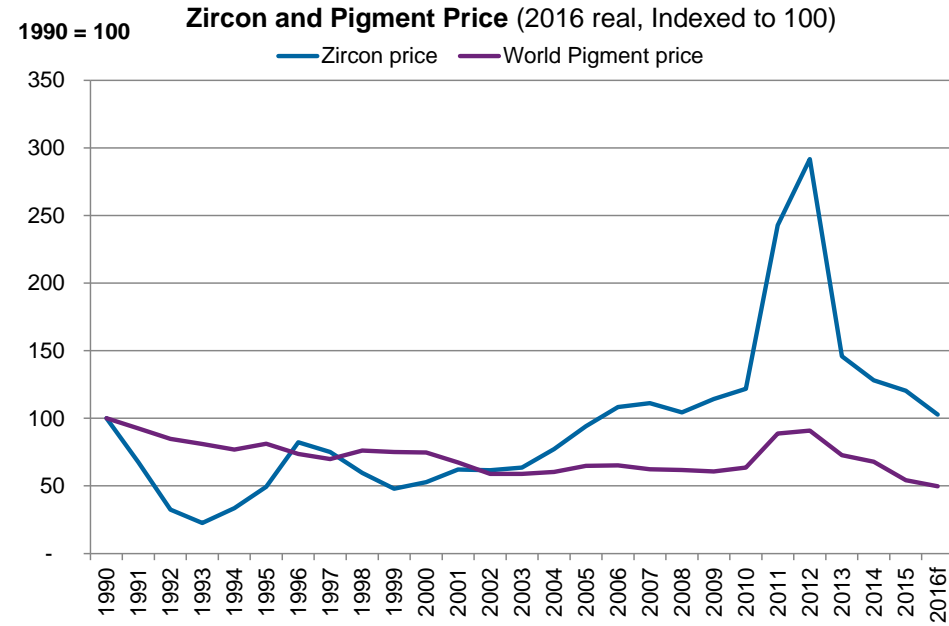
Source: TZMI, S&P Capital IQ, CEIC.



Downstream Response



Source: TZMI, Iluka

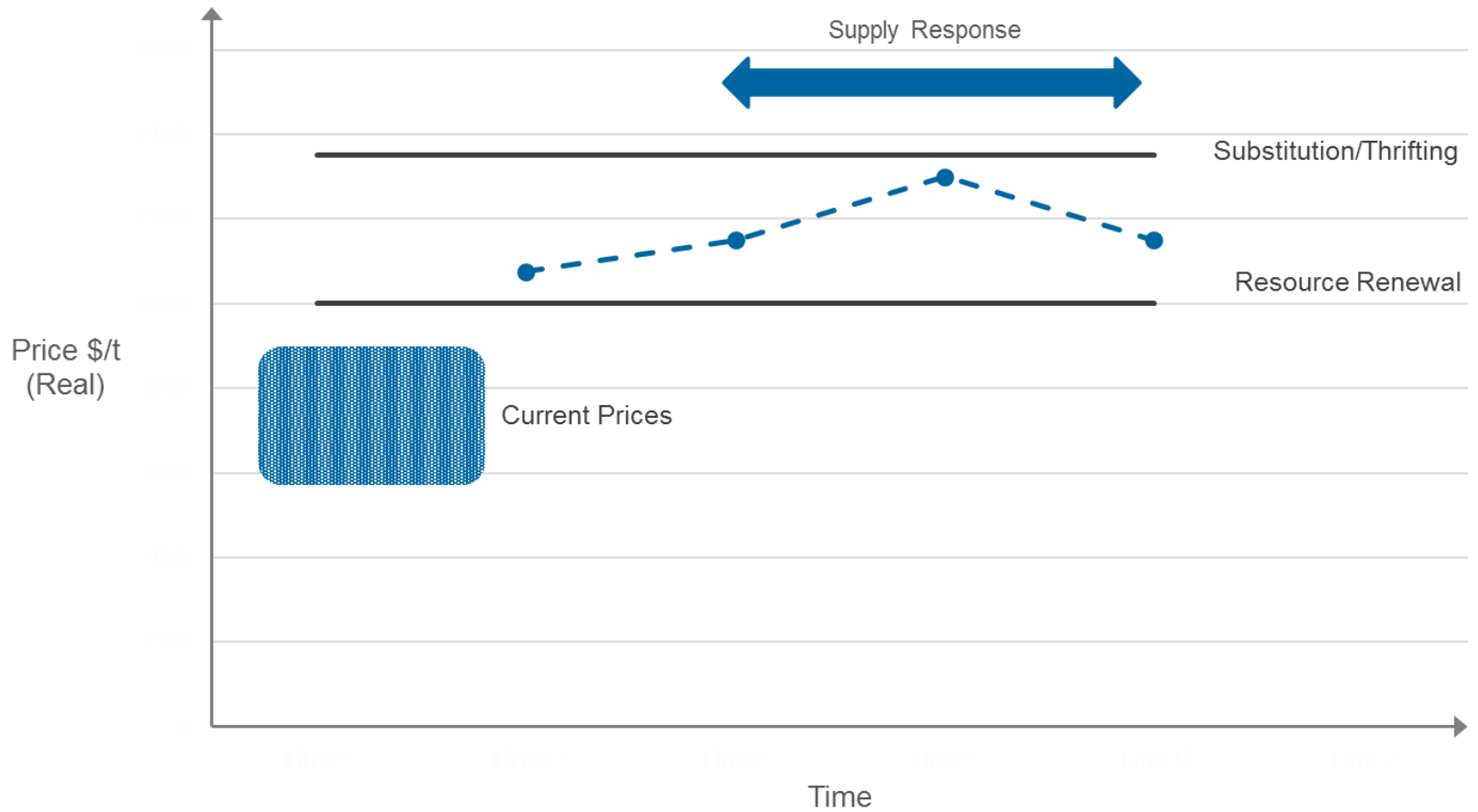


Source: TZMI, Iluka

- Pigment demand recovered from 2012 levels, zircon demand subdued
- Iluka calculates demand growth higher than TZMI – higher than this chart suggests



Imbalance in Drivers of Revenue



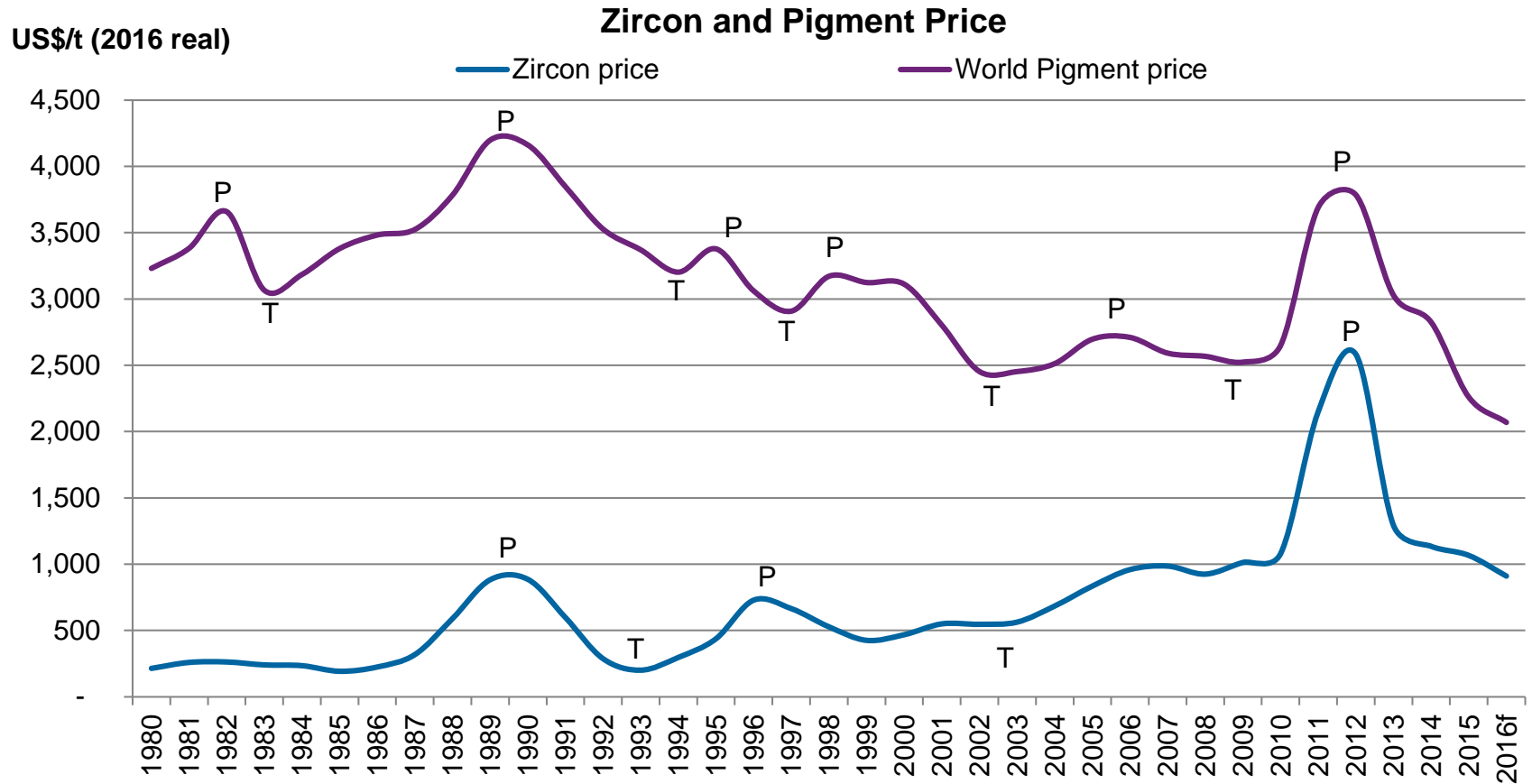


ILUKA


















Market Outlook










Materials Are Cyclical



Source: TZMI, Iluka

Macro View

Zircon Consumption	% of total consumption	Short term outlook	Medium term outlook	Long term outlook
Ceramic tiles & sanitaryware	50%			
Refractories	16%			
Foundries	12%			
Specialty chemicals and materials	20%			
Other	2%			

TiO ₂ Feedstock Consumption	% of total consumption	Short term outlook	Medium term outlook	Long term outlook
Pigment	90%			
Ti metal	5%			
Welding & other	5%			

Source: Iluka: Red CAGR < -1%, Orange CAGR -1% to 3%, Green CAGR >3%

Mega Trends Support Our Industry



Improve health and Safety



Reduce petrochemical exhaust



Stronger, Lighter, More Efficient Transportations



Purify water



Cleaner air



Enable Technology Solutions



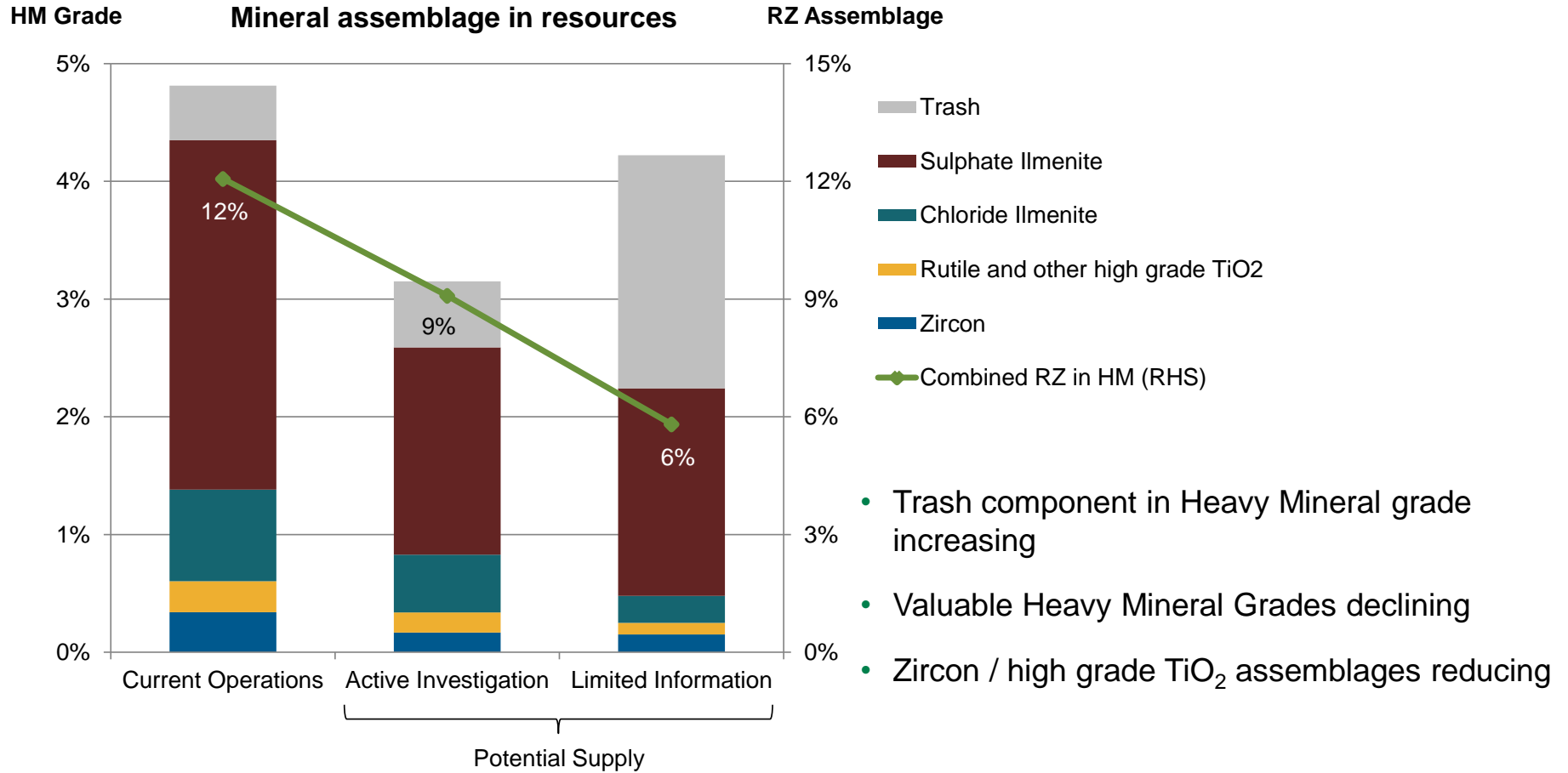
Assist health Care



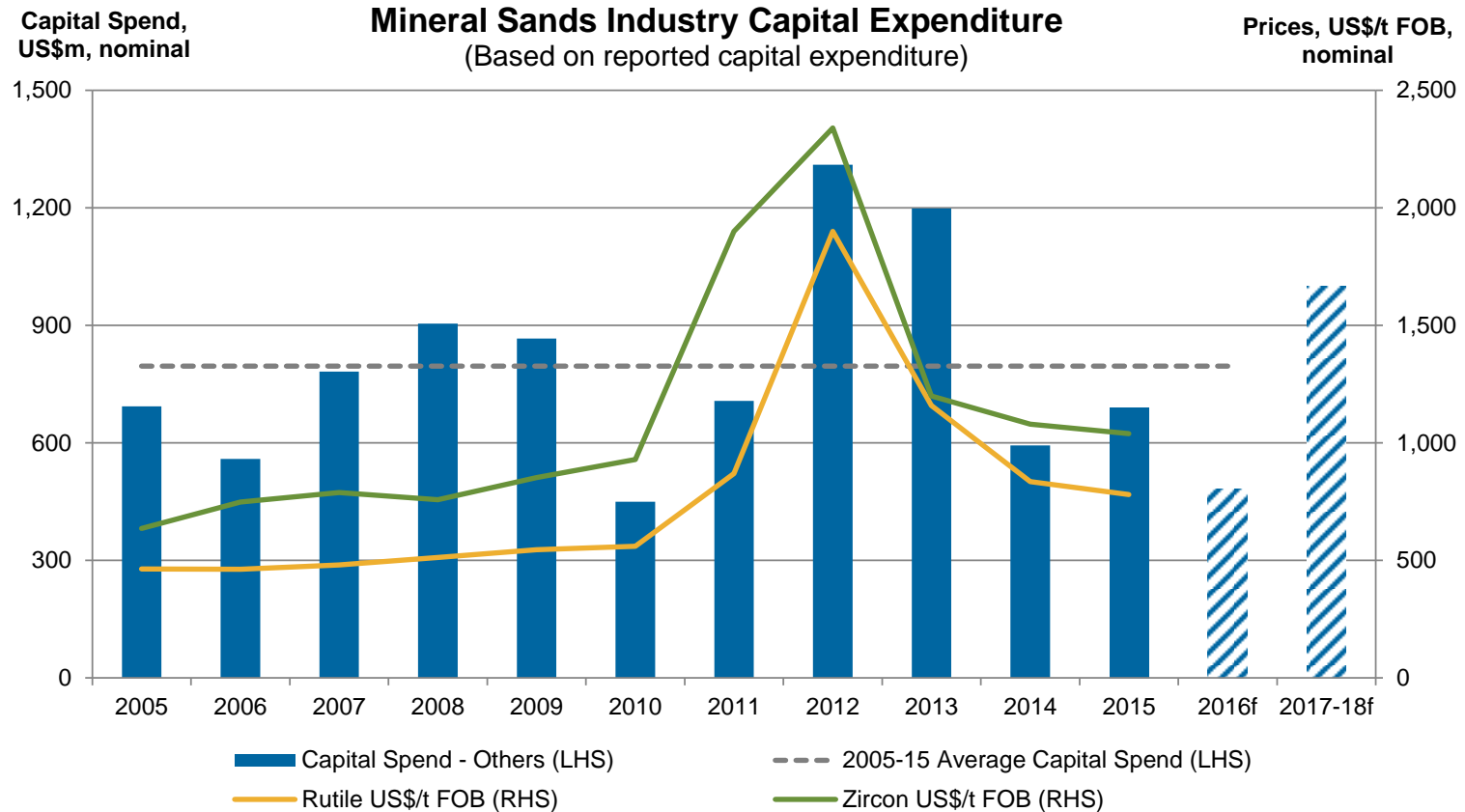
Transform Construction



Grade and Assemblage Challenges Ahead



Significant Industry Re-investment Required



- Iluka estimates ~US\$1.6b to be spent on major projects during the next few years to sustain production
 - this estimate excludes maintenance capital
 - relates to major existing producers, not potential new players



ILUKA



Preparing For The Future

Sierra Rutile Acquisition

- Meets Iluka criteria of Strategic rationale and Financial merit
- Opportunity to build on SRL's strong operating history
- +80% increase in rutile resources
- Ensures rutile supply to customers for decades
- Transaction currently under review by German Antitrust Authority



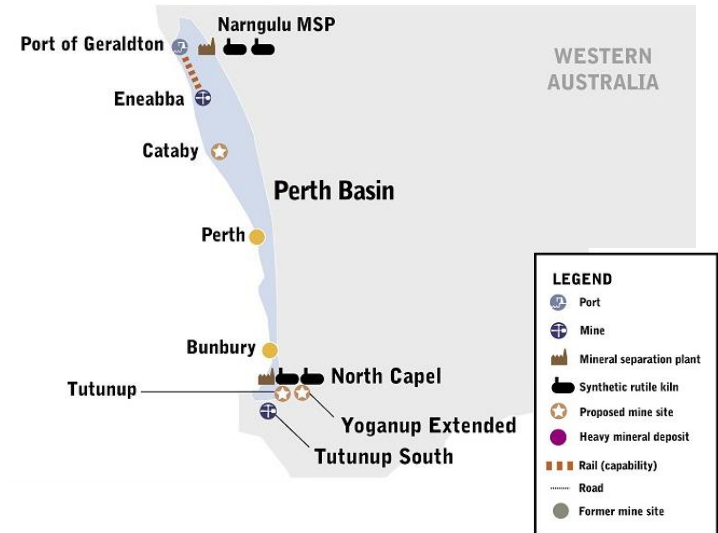
Cataby

Cataby Deposit

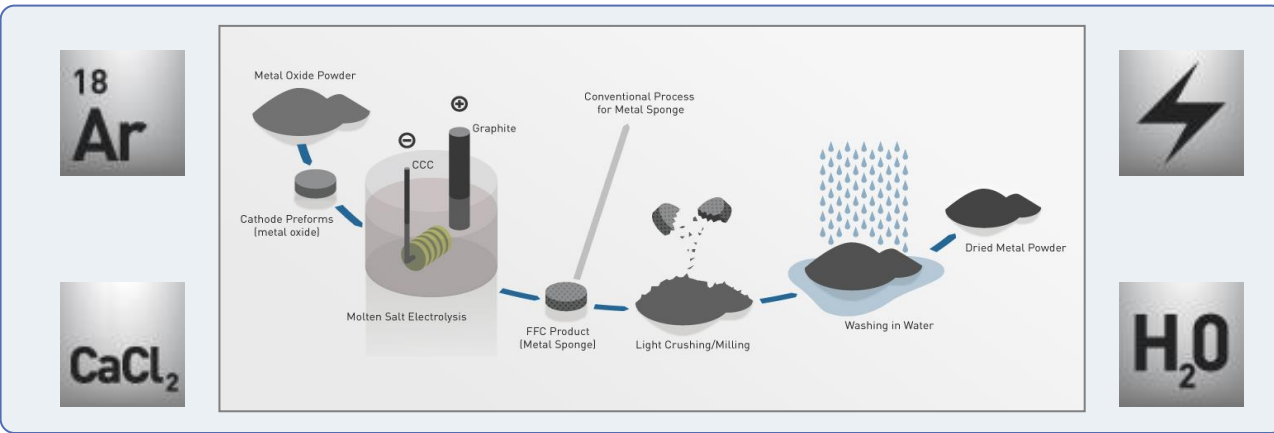
- Discovered in the 1970s
- 150km from Perth
- Conventional mine development with 2.1:1 strip ratio
- Re-use of existing wet concentrator to lower cost/risk
- HM grade ~7% (10% zircon, 4% rutile, 62% ilmenite)
 - Ilmenite sufficient to sustain 200ktpa SR production
 - Zircon/rutile production ~50ktpa & ~30ktpa respectively
- estimated economic life of 8.5 years

Progress

- DFS completed in early 2015
- Pre-execute activities currently underway



Ti Metal Market and Metalysis



> 50% Embodied Energy Saving for Titanium Production*

Kroll Process 145-165 kWh/kg
Metalysis 66-90 kWh/kg

- Global titanium metal demand strong with estimated growth of 5.2% CAGR 2013-2018
- Disruption will come from broader adoption of lower quality Ti based metals
- Iluka's suite of high grade chloride feedstocks ideal for the titanium metal sponge market
 - Natural Rutile – high TiO2 content and low impurities
 - Synthetic Rutile – high TiO2 content and performance in molten salt reactors



Strong global Ti metal market

Source: Metalysis, *Metalysis Management Estimates

Iluka – Getting Set In The Cycle

1. We will continue to evolve to serve our customers
2. We are positive for the future
3. We are focused on the activities that will deliver over the longer term



ILUKA



Supplementary Slides

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.

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 risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. 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; and
- environmental or social factors which may affect a licence to operate.

Except for statutory liability which cannot be excluded, Iluka, its officers, employees and advisers 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 any person as a consequence of any information in this presentation or any error or omission there from.

Iluka does not undertake any obligation 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.

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 previously announced to ASX. 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.

Important Notice



IMPORTANT NOTICES

This presentation contains information regarding Sierra Rutile Limited (**SRL**) and its business, assets and operations (**SRL Information**) which SRL has provided to Iluka. Whilst steps have been taken to review that information, no warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. This presentation should be read in conjunction with the joint announcement made by Iluka and SRL in relation to the proposed acquisition of SRL by Iluka dated 1 August 2016.

This presentation is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to the Announcement or otherwise. The distribution of the Announcement in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession the Announcement comes should inform themselves about, and observe such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

In proceeding with this transaction, Iluka will assume a number of risks to which it is not currently subject. This includes the fact that this is a material investment in Africa (with associated political and other risks). Whilst Iluka has under taken due diligence on the assets and associated risks and has taken and will continue to take steps which it considers appropriate to manage and mitigate such risks, they cannot be eliminated entirely.

A copy of the announcement is available on the Iluka website www.iluka.com