Disclaimer – Forward Looking Statements

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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.

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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.
2018 Sustainability Results

- **22% decrease in serious potential incidents**
- **3.5 TRIFR\(^1\)**
- **741 hectares of land rehabilitated**
- **Human rights policy released**
- **Climate change approach developed**
  - Aligned with TCFD recommendations
- **Approach to Tax Statement published**

**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 our communities earned from delivering on commitments.
Sustainability

Tailings storage facilities management
Active tailings storage facilities in Australia and Sierra Leone
No upstream raised tailings containments
Facilities constructed to full height or with downstream method, audited annually and inspected regularly by operational teams
Risk-based approach to tailings management in accordance with ANCOLD guidelines

Climate Change Approach
Support of the Paris Agreement objectives and IPCC assessment of climate change science
Commitment to align with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations over 3 year period
TCFD year 1 focus: Scenario analysis to assess physical risks and opportunities from climate change

Water Management
Site-specific water management plans and water balances guide responsible water use throughout the mine lifecycle
Water recycling utilised where possible and fresh water consumption minimised

Human Rights
Human Rights Policy released and work program underway
Supply chain screening to identify and mitigate occurrences of modern slavery in preparation for Modern Slavery Act 2018 reporting
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

Capital Discipline Framework
Strong balance sheet, disciplined capital allocation
Focus on shareholder returns via dividend framework

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

World-class Iron Ore Royalty
Royalty stream from BHP’s Mining Area C hub in Western Australia
Growth from BHP’s South Flank development
Iluka’s Asset Portfolio

60 years experience in mineral sands exploration, project development, mining, processing and marketing
Strong Financial Results in 2018

Mineral sands revenue ▲ 22%
Zircon prices ▲ 41%
Rutile prices ▲ 21%

$600m EBITDA
▲ 67%
48% EBITDA margin

$304m NPAT

$304m Free cash flow

40% free cash flow returned to shareholders
29 cents full year dividend, fully franked

54% ROC
32% ROE

$2m Net cash
(as at 31 Dec)
Net debt at end 2017 $183m
$312m capex on growth
Quality Mineral Sands Operations

**Cataby, Western Australia**
- Large chloride ilmenite rich deposit
- 150km north of Perth
- Ilmenite to feed synthetic rutile kiln
- Synthetic rutile offtake contracts underpin returns
- Significant zircon and rutile production
- 8.5 year mine life, with potential 4 year extension

**Jacinth-Ambrosia, South Australia**
- World’s largest zircon mine
- Discovered in 2004, mining commenced 2010
- Iluka’s major source of zircon production
- Mining ceasing at Jacinth deposit in 2H19
- Move to Ambrosia deposit accelerated to smooth production
- Studies commenced for potential satellite mine at Atacama

**Sierra Rutile, Sierra Leone**
- Began operations 1960s
- Acquired by Iluka in December 2016
- World’s largest rutile mine
- Large, long life operations (~20 years)
- Planned closure of dredge operation completed Q1 2019
Pipeline of Growth Projects

- **Ambrosia, South Australia**
  - Mine move to Ambrosia brought forward to 2019 to smooth zircon production
  - Construction and earth works progressing

- **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 commenced
  - Potential to add material zircon production

- **Eneabba Mineral Sands Recovery, Western Australia**
  - Monazite-rich stockpile from historic mining
  - Feasibility study commenced
  - Simple process proposed with low capital expenditure

- **Sembehun, Sierra Leone**
  - Expansion to new deposit
  - Currently undergoing value optimisation work
  - Optimisation studies completing H2 2019

- **SR1 restart, Western Australia**
  - Scoping study commenced
  - Potential for ~120ktpa of synthetic rutile
  - Subject to appropriate commercial arrangements

- **Lanti and Gangama expansions, Sierra Leone**
  - Doubling of mining capacity at Lanti and Gangama operations
  - Both scheduled for commissioning in 2019

- **Balranald, New South Wales**
  - Rutile and zircon rich deposits
  - Development of innovative underground mining method via directional drilling
  - Final field trial subject to Board decision in H2 2019

- **Other**
  - Zr
  - Ti

- **Ambrosia, South Australia**
  - Zircon and rare earth project
  - Feasibility study commenced
  - Test pit completed and customer samples prepared

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<table>
<thead>
<tr>
<th>Projects Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cataby, Western Australia</strong></td>
</tr>
<tr>
<td><strong>Major works:</strong></td>
</tr>
<tr>
<td>2 in-pit mining units</td>
</tr>
<tr>
<td>Wet concentrator</td>
</tr>
<tr>
<td>Power, water, roads, camp</td>
</tr>
<tr>
<td>Highway upgrade</td>
</tr>
<tr>
<td>Processing plant upgrades</td>
</tr>
<tr>
<td><strong>Utilising existing assets</strong></td>
</tr>
<tr>
<td>Concentrator relocation to mine</td>
</tr>
<tr>
<td>Mineral processing plant</td>
</tr>
<tr>
<td>SR2 kiln</td>
</tr>
<tr>
<td><strong>$265-275m Capex</strong></td>
</tr>
<tr>
<td>Completed within budget and on schedule</td>
</tr>
<tr>
<td><strong>600+ people on site</strong></td>
</tr>
<tr>
<td>900,000 hours worked</td>
</tr>
<tr>
<td>(Jan 18 – Mar 19)</td>
</tr>
<tr>
<td><strong>Major ongoing regional employer</strong></td>
</tr>
<tr>
<td><strong>Kiln Major Maintenance Outage, Western Australia</strong></td>
</tr>
<tr>
<td><strong>Major works:</strong></td>
</tr>
<tr>
<td>SR2 kiln reline</td>
</tr>
<tr>
<td>New rotary cooler shell</td>
</tr>
<tr>
<td>New quench tower</td>
</tr>
<tr>
<td><strong>~$35m Capex</strong></td>
</tr>
<tr>
<td>Completed on budget, ahead of schedule</td>
</tr>
<tr>
<td><strong>600+ tasks</strong></td>
</tr>
<tr>
<td>400+ people on site</td>
</tr>
<tr>
<td><strong>Zero</strong></td>
</tr>
<tr>
<td>Level 3+ environmental incidents</td>
</tr>
</tbody>
</table>

Cataby, Western Australia
Projects in Execution

Lanti and Gangama Expansion, Sierra Leone

**Doubling of capacity at each operation**
To 1,000-1,200 tonnes per hour (ore feed rate)

- Duplication of existing design
- Gangama expansion: commissioning underway
- Lanti expansion: commissioning mid 2019
- Both expansions ramping up in H2 2019
- Projects on schedule and on budget

Ambrosia, South Australia

**Early mine move**
Smoothes production to partially offset grade decline

- Utilises existing mining and concentrating assets
- $35m capex budgeted in 2019
- $20m further capex in 2020/21 for tailings management
- Progressing ahead of schedule
- Move to Ambrosia planned for H2 2019
Iluka’s Marketing Model of Value Creation

- **Direct marketing and customer relationships**: Zircon and titanium products are not exchange traded commodities. Direct channels to market.
- **Product innovation and technical support**: Product specifications important to customers and drive value. Products developed to meet evolving industry demands.
- **Value in use pricing Sustainable approach**: Focus on delivering sustainable prices. Prices negotiated with customers based on value in use and other factors.
- **Reputation for quality, consistency and delivery**: Well recognised brand. Highly regarded with quality products and service.
- **Global logistics network**: Hub and spoke distribution model. Warehouses positioned close to key markets. Multilingual / multinational salesforce.
- **Industry monitoring and analysis**: Focus on understanding markets and customers. Industry knowledge and analysis creates competitive advantage.
Sustainable Pricing Model

Zircon Pricing Model
Iluka introduced Zircon Reference Price in 2016
• Provides transparency for customers
• Actual price paid function of location, quantity, quality, purchase history etc

Titanium Pricing Model
Titanium feedstock prices negotiated with each customer
• Pricing based on specifications, relative economic value
High grade feedstock has natural advantage in production processes and Iluka’s main products have high ‘value in use’
• Less waste
• Less consumables
Innovative contracting mechanisms to provide certainty for customers and protect Iluka’s margins

Notes: Zircon Reference Price is based on a 2 tonne bag of Zircon Premium, DAT, ex-China warehouse. Price differential between Zircon (Premium and Standard) and Zircon (all products) varies based on the price of each product and the mix of products sold in each period.
Lack of quality mineral sands projects, particularly with high zircon assemblage, and depletion of current operations (which includes Iluka).

Production outlook only includes new projects with funding approval.

Source: Iluka and TZMI
Zircon Market Update

• Some slowness in ceramic plant restarts in China following Chinese new year
• Improvements in Chinese housing market expected to support demand
• Environmental inspections continue with China Customs inspections now also stricter
• Cautious buying in European markets and drawing down of inventories
• Global supply remains tight for Premium zircon, although Standard zircon is now well supplied
• Progressive pick-up of consumption expected throughout rest of 2019
Recent decoupling of rutile and pigment prices due to supply tightness in very high grade feedstock market

1. Pigment and rutile prices have historically moved together with lag of 6 to 12 months

2. Pigment price growth eased in 2018 while rutile price growth continued with further growth expected

3. Rutile market dynamics no longer mimic other titanium feedstocks - instead pricing driven by rutile supply tightness

Rutile and US Pigment Prices, from 2008

Rutile and US Pigment Prices, from 2018

Global Rutile Supply Outlook

Source: Iluka and TZMI

Excludes Iluka’s Sembehun and Balranald projects
Titanium Market Update

• Pigment demand stable in Q1 2019
  – Pigment producers commentary suggests stronger demand in H2 2019
• Pigment producers continue to use high grade feedstocks to increase plant throughput
• Minimal inventories through value chain
• Outlook for continued growth in demand over 2019
• Iluka unable to satisfy all requests for feedstock
  – Majority of product contracted or committed for 2019
Iluka holds a royalty over iron ore from BHP’s Mining Area C (MAC), Western Australia.

Terms of royalty:
- 1.232% of Australian denominated revenue from royalty area; and
- one-off payment of A$1 million per million tonne increase in annual capacity

Royalty revenue set to grow with BHP’s South Flank development.

**South Flank Development**
- 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 29% complete (as at April 2019)
- Initial production target 2021
- 25+ year life

**Iluka Royalty EBITDA and Mining Area C Sales Volumes (DMT)**

Source: BHP
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 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.

*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.

* Based on spot pricing as at 10 May 2019
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