Addressing the Deficit
Smithers TiO₂ Conference 2019
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All figures are expressed in Australian dollars unless stated otherwise.
Global supply of rutile and chloride ilmenite in decline

- Mature mines with grade declines
- Mining companies reluctant to invest in recent years
- Lack of new deposits to fill the gap

Source: TZMI August 2019 Feedstock Supply Demand
Resources Becoming More Rare

Global mineral sands discoveries, 1997-2017

Source: MinEx Consulting March 21 2018
Lack of Discoveries Around the World

Global mineral sands discoveries by year

Giant: >250Mt HMS
Major: > 50Mt HMS
Moderate: > 5Mt HMS
Small: <=5Mt HMS
(ilmenite eq.)

Data: Australian Bureau of Statistics, MinEx Consulting © 21 March 2018
Addressing the Deficit

OUR PURPOSE
DELIVER SUSTAINABLE VALUE

First HMC was produced at Cataby in Q2 2019
Iluka’s Focus - 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
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
Mineral Sands Operations Update

Jacinth-Ambrosia / Mid West

• Strong production in 1H19 - 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
Pipeline of Growth Projects

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

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

Eneabba Mineral Sands Recovery, Western Australia
- Monazite-rich stockpile from historic mining
- Offtake secured, execute phase
- Simple process proposed with low capital expenditure

Balranald, New South Wales
- Rutile and zircon rich deposits
- Development of innovative underground mining method via directional drilling
- Final field trial planning underway

Other
- Zr
- Ti

Zr

Ti

Simple process proposed with low capital expenditure
Iluka’s Marketing Model of Value Creation

- **Value in use pricing**
  - Sustainable approach
  - Zircon and titanium products are not exchange traded commodities
  - Direct marketing and customer relationships
    - Prices negotiated with customers based on value in use and other factors
  - Industry monitoring and analysis
    - Prices negotiated with customers based on value in use and other factors
  - Hub and spoke distribution model
  - Focus on understanding markets and customers
  - Industry knowledge and analysis creates competitive advantage

- **Global logistics network**
  - Multilingual / multinational salesforce
  - Focus on delivering sustainable prices
  - Well recognised brand
  - Highly regarded with quality products and service

- **Product innovation and technical support**
  - Product specifications important to customers and drive value
  - Products developed to meet evolving industry demands

- **Reputation for quality, consistency and delivery**
  - Reputation for quality, consistency and delivery
  - Hub and spoke distribution model
  - Well recognised brand
Titanium Market Update

• Pigment demand stable in 1H 2019
  – Pigment producers commentary suggests margin stability initiatives taking hold
  – Pricing in North America improved modestly in 3Q19
• All but one chloride pigment producer continue to use high grade feedstocks to increase plant throughput
• Economic uncertainly makes 2020 demand hard to predict
• Iluka continues to be supply constrained heading into 2020
  – Majority of product contracted or committed
• Medium to long-term outlook remains robust
• *Iluka will continue to keep both feet firmly on the ground while keeping a keen eye over the horizon*
For more information contact:

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