New York Mining Club Presentation
Iluka Resources Limited
Tom O’Leary, Managing Director and CEO
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All figures are expressed in Australian dollars unless stated otherwise.
<table>
<thead>
<tr>
<th>Key Messages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply / Demand Fundamentals</strong></td>
</tr>
<tr>
<td>• Inventory depletion across zircon and high grade titanium feedstocks</td>
</tr>
<tr>
<td>• Zircon market viewed to be broadly balanced in 2019</td>
</tr>
<tr>
<td>• High grade titanium feedstock market tight with limited feedstock inventory through chain</td>
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<tr>
<td><strong>Grade decline and new project challenges</strong></td>
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<tr>
<td>• Grade decline and maturing ore bodies impacting the industry</td>
</tr>
<tr>
<td>• Disciplined investment approach required for new projects to maintain supply</td>
</tr>
<tr>
<td><strong>Addressing the deficit</strong></td>
</tr>
<tr>
<td>• Industry response to the deficit limited thus far</td>
</tr>
<tr>
<td>• Iluka’s response in the short term: release inventories and flex supply</td>
</tr>
<tr>
<td>• Longer term response by Iluka: investment in projects</td>
</tr>
</tbody>
</table>
Iluka Resources Limited (ASX:ILU)

- ASX-listed (ASX:ILU) mineral sands company, ~A$4bn market capitalisation
- Largest producer of zircon and leading producer of high-grade titanium dioxide feedstocks
- Operations in Australia and Sierra Leone
- Royalty asset – BHP Mining Area C, Western Australia
- Customer focused global marketing presence with dedicated product sales teams
- Responsible industry leader
## Iluka’s Approach

### DELIVER SUSTAINABLE VALUE

<table>
<thead>
<tr>
<th>Disciplined capital allocation</th>
<th>Preserve and advance growth opportunities</th>
<th>Creation of a sustainable operating environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iluka’s capital allocation framework prioritises funds for investment where financial criteria and strategic rationale are met</td>
<td>Iluka’s position within the industry and the wider community requires a holistic view to project development and execution</td>
<td>Exhibit leadership and discipline to support a transparent, stable and sustainable operating environment for:</td>
</tr>
</tbody>
</table>
| Return to net cash in two years since debt financing acquisition of Sierra Rutile | Cataby project development  
• advanced when new SR feed source required  
• offtakes secured underpinning return on investment | • the industry  
• our customers  
• our stakeholders  
• our people |
| Paid 40% of free cash flow in dividends in 2018. | Ambrosia mine move  
• accelerated move to Ambrosia deposit, smoothing production profile as zircon supply deficit emerges | while optimising returns for our shareholders |
| | Sierra Rutile expansion projects  
• increasing rutile production | |
| | Other growth projects including:  
• Fine Minerals project  
• Sri Lanka (PQ)  
• Balranald  
• SR1 kiln | |
## 2018 Results and Key Features

| Financials | Underlying Group EBITDA of $600 million, up 67% year-on-year (2017: $361 million)  
NPAT of $304 million (2017: loss of $172 million) |
|------------|------------------------------------------------------------------------------------------------------|
| Strong cash flow | Operating cash flow of $594 million  
Free cash flow of $304 million |
| Net cash position | Achieved net cash position of $2 million (31 December 2017: net debt $183 million) |
| Dividend | Final dividend of 19 cents per share, fully franked  
Total full year 2018 dividend of 29 cents per share (40% of free cash flow) |
| Mining Area C royalty | Mining Area C royalty income of $56 million  
BHP’s South Flank project 21% complete, with first ore expected 2021 |
| Operational performance | Key projects progressing on time and within budget  
Strong production performance from Australian Operations  
Operational challenges experienced in Sierra Leone – plans being implemented to drive improvement |
| Mineral sands revenue | Mineral sands revenue of $1,244 million, up 22% year-on-year (2017: $1,018 million)  
Mineral sands EBITDA of $545 million, up 81% year-on-year (2017: $301 million) |
| Zircon Market | Zircon$^1$ prices up 41% year-on-year  
Maintained high levels of zircon sales of 379kt (2017: 380kt) |
| High Grade Titanium Feedstock Market | Rutile$^2$ prices up 21% on 2017  
SR2 kiln achieved highest annual synthetic rutile production of 220kt |

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1. Premium and Standard  
2. Excludes HYTI
Industry Context

Industry experienced significant pricing volatility at start of decade...

- Post-GFC stimulus increased demand for zircon and TiO₂
- Zircon prices went from ~US$800/t - US$2,500/t
- Zircon was assumed to be price inelastic
  - zircon price <5% of cost of tile
- Resulted in 200kt of zircon demand destruction through thrifting and substitution

- Improvement in market evident towards end of 2016 due to
  - producer supply shortages in zircon reversed downward price trend
  - pick-up in pigment demand on low inventories
  - pigment producers gained pricing power
  - subsequently providing pricing power to pigment producers

...industry prices low for 5 years, before recovering 2017 onwards
## Supply-Demand Fundamentals - Zircon

Iluka sees the zircon market as being broadly balanced during 2019...

<table>
<thead>
<tr>
<th>Global Supply</th>
<th>Global Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Significant inventory depletion in recent years</td>
<td>• H2 2018 saw slight easing in tightness</td>
</tr>
<tr>
<td>– 2016-18 supply = production + inventory</td>
<td>– reduced output from Chinese tile industry (environmental regulations)</td>
</tr>
<tr>
<td>• Existing producers’ mines are mature and grade decline imminent</td>
<td>– importing more from other regions</td>
</tr>
<tr>
<td>• 2019 market expected to remain broadly balanced</td>
<td>– solid demand in sanitary and refractory</td>
</tr>
<tr>
<td>– Indonesia (swing producer) and Iluka ZIC balancing market</td>
<td>– Iluka sales not affected</td>
</tr>
<tr>
<td>– minor new supply (concentrate)</td>
<td>– less speculation evident in opacifier pricing</td>
</tr>
<tr>
<td>– a number of smaller operations coming offline</td>
<td>• Iluka’s customers have positive outlook ahead</td>
</tr>
<tr>
<td></td>
<td>– customers well positioned for 2019</td>
</tr>
<tr>
<td></td>
<td>– longer term demand growth outpacing supply</td>
</tr>
</tbody>
</table>

... structural deficit continues to emerge in years ahead
Industry Response

- High grade titanium feedstocks - limited response to shortage
- Zircon - aside from Iluka, industry response to date limited to Kalimantan swing producers

Indonesian Zircon Exports – Total and to China, 2010 to 2018

- Inducement price for Kalimantan exports generally regarded to be ~US$1,400/t
- Indonesian exports in Q4 2018 at ~80ktpa rate
Iluka’s Response

Iluka’s response to tight market conditions

• Guided 2019-2021 zircon production of ~335ktpa
  – Cataby project tonnes available in 2019
  – early Ambrosia mine move (smoothing production)
  – Incl. ~20% zircon in concentrate (ZIC) from multiple sources
• Potential for additional ZIC production ~40-50ktpa from Narngulu
• Gap filled by inventory release in 2017 and 2018
• Inventories at normal levels in 2019

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1. Production denotes finished zircon product (includes ZIC)
2. 2019-2021 production guidance of 335ktpa
3. All outlook production figures are expected annual average 2019-21, subject to market conditions
4. The Production Target is underpinned by Ore Reserves as stated in a release to the ASX on 21 February 2017 “Updated Mineral Resource and Ore Reserve Statement” and as updated in the Ore Reserve and Mineral Resource Statement included in Iluka’s 2018 Annual Report. The production target is underpinned by 88% Proved and 12% Probable Ore Reserves. 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 the material assumptions and technical parameters underpinning the Production Target continue to apply and have not materially changed.
ZIC Production Potential

- Produced by upgrading / blending current and stockpiled MSP byproduct streams
- Simple reclaim with minimal processing and low cost
- Match production / sales to market

Iluka's ZIC sources
- US: almost depleted
- South west: +2 years remaining
- Sierra Rutile: ongoing for life of mine
- Narngulu: ongoing
  - stockpile of ~600kt
  - 2019 guided production of 40ktpa
- Provides flex of up to ~50ktpa

1. Zircon in Concentrate recognised as production upon sale. All tonnages refer to contained zircon in zircon in concentrate. All tonnages are annual averages.
Supply-Demand Fundamentals – High Grade Titanium Feedstocks

High grade feedstock supply impacted by production outages...

<table>
<thead>
<tr>
<th>Global Supply</th>
<th>Global Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Production disruptions reduced supply throughout 2018</td>
<td>• Many pigment plants at high operating rates</td>
</tr>
<tr>
<td>• Some still unresolved</td>
<td>• Reduced pigment prices in some regions</td>
</tr>
<tr>
<td>• Limited rutile inventory reported through chain</td>
<td>• Follows period of strong growth</td>
</tr>
<tr>
<td>• Iluka rutile sales limited by production</td>
<td>• Pigment producers understood to be rebuilding inventory</td>
</tr>
<tr>
<td>• Downstream concerns for feedstock availability in 2019 and beyond</td>
<td>• Supporting feedstock demand</td>
</tr>
<tr>
<td></td>
<td>• Long term growth of chloride pigment capacity exceeding feedstock supply</td>
</tr>
<tr>
<td></td>
<td>• Resulting in increased demand for high grade feedstocks</td>
</tr>
</tbody>
</table>

... at a time where long-life, quality high grade deposits are limited
Titanium Pigment Industry Summary

Breakdown of Production Technologies

- Sulphate pigment:
  - China: 35%
  - Europe: 11%
  - Other: 7%
  - Asia: 10%
  - Other: 5%

- Chloride pigment:
  - North America: 22%
  - Europe: 10%
  - Other: 7%
  - China: 15%
  - Asia: 10%

2018 global production = 6.2mt

Major Chloride Pigment Producers

- Chemours: 37%
- Cristal: 20%
- Tronox: 15%
- Kronos: 13%
- Venator: 8%
- Lomon Billions: 4%
- Others: 3%

2018 global chloride production = 3.0mt

Source: TZMI and Iluka
Market Position Strongest in Very High Grade

**Total TiO₂ Feedstock Chloride & Sulphate**
(2017 ~7.3 Mt)
- Iluka: 8%
- Rio Tinto: 18%
- Tronox: 8%
- Cristal: 6%
- Base: 4%
- China: 29%
- Kenmare: 7%
- Other: 20%

**Chloride Feedstock**
(2017 ~3.6 Mt)
- Iluka: 16%
- Rio Tinto: 25%
- Tronox: 20%
- Cristal: 6%
- China: 6%
- Base: 2%
- Kenmare: 4%
- Other: 25%

**High Grade Chloride (80%+ TiO₂) Feedstocks**
(2017 ~2.8 Mt)
- Iluka: 17%
- Rio Tinto: 19%
- Tronox: 19%
- Cristal: 5%
- China: 8%
- Base: 3%
- Kenmare: 6%
- Other: 15%

**Very High Grade Chloride (90%+ TiO₂) Feedstocks**
(2017 ~1.6 Mt)
- Iluka: 28%
- Rio Tinto: 19%
- Tronox: 19%
- Cristal: 6%
- China: 3%
- Base: 6%
- Other: 19%

Source: TZMI, Company reports, Iluka
Key Features

- Natural rutile and synthetic rutile have a higher titanium grade than other feedstocks
- Advantages in pigment production
  - lower ore tonnes required
  - lower chlorine input cost
  - lower waste generation (environmental and cost benefits)
- Iluka’s high grade products considered to have high ‘value in use’ for pigment producers

Input and outputs based on feedstock of pigment plant, per tonne of pigment

<table>
<thead>
<tr>
<th>Feedstock</th>
<th>TiO₂ %</th>
<th>Origin</th>
<th>Use in Chloride or Sulphate pigment process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ilmenite</td>
<td>48% - 55%</td>
<td>Naturally occurring</td>
<td>Both</td>
</tr>
<tr>
<td>Leucoxene</td>
<td>65% – 90%</td>
<td>Naturally occurring</td>
<td>Chloride</td>
</tr>
<tr>
<td>Titanium Slag</td>
<td>88% - 94%</td>
<td>Upgraded</td>
<td>Both</td>
</tr>
<tr>
<td>Synthetic Rutile</td>
<td>88% - 94%</td>
<td>Upgraded</td>
<td>Chloride</td>
</tr>
<tr>
<td>Rutile</td>
<td>92% - 96%</td>
<td>Naturally occurring</td>
<td>Chloride</td>
</tr>
</tbody>
</table>

- 30% less ore than ilmenite
- 7x less chlorine
- 6x less waste
Addressing the Deficit
Iluka Projects
Addressing the Deficit for Customers

- Zircon market tightness eased toward end H2 2018; underlying structural deficit remains
- Iluka can continue to release additional ZIC to assist customers / balance market
- Project initiated to scope SR1 re-start to supply high-grade synthetic rutile
- Will continue to apply lessons of the past in product pricing strategy
- Executing projects for short term
- Progressing pipeline of projects for medium to longer term

<table>
<thead>
<tr>
<th>Project</th>
<th>Zr</th>
<th>R</th>
<th>IIm¹</th>
<th>SR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Execute</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(projects underway)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ambrosia mine move</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cataby development</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ZIC release</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Lanti and Gangama expansions</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>Evaluate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(projects in scoping / PFS / DFS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SR1 restart</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Balranald</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sembehun</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fine Minerals²</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Other deposits³</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

1. Some ilmenite could be used as SR feed. 2. Also includes rare earth co-product. 3. Includes Euston, South west deposits, IPL north, Puttalam
Cataby Development Commissioning

Project enters commissioning
- Core construction activities complete
- Wet commissioning commenced late Q4 2018
- Ore is stockpiled in front of the plant in preparation for commissioning
- Production of HMC expected in Q1

Summary
- 8.5 year mine life, with potential to extend a further 4 years
- Offtake agreements secured for 85% of SR production, minimum 4 years
  - Underpinning financial returns of the project
- Expect production at annualised rates from mid year

### Production Outlook 2019-2022

<table>
<thead>
<tr>
<th>Material</th>
<th>2019-2022 ktpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zircon</td>
<td>60</td>
</tr>
<tr>
<td>Rutile</td>
<td>35</td>
</tr>
<tr>
<td>Synthetic Rutile</td>
<td>200</td>
</tr>
<tr>
<td>Total Z/R/SR</td>
<td>295</td>
</tr>
<tr>
<td>Ilmenite</td>
<td>440</td>
</tr>
</tbody>
</table>

1. Average production
2. Synthetic rutile produced at SR2 kiln, fed by Cataby and externally sourced ilmenite
3. Subject to approvals and land access grants
Ambrosia Early Mine Move

Assisting Iluka to meet Group zircon production targets of ~335 thousand tonnes per annum over the next three years

- Iluka Board approved accelerated mine move to Ambrosia in 2018
- The mine move is expected to be completed by October 2019 (previously 2022)
- Capital expenditure of ~$35 million in 2019
  - deferred capital of ~$20 million cost over 2020-21 for tailings management
- Expect similar production levels to current operations in early years of Ambrosia
- Ambrosia mining supplemented with heavy mineral concentrate stockpile from Jacinth

Ambrosia Preparatory Works

- Haul road complete and pre-strip has commenced
- Construction workforce mobilised in January 2019
- Project is tracking well on schedule and budget

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Sierra Rutile Expansion Projects

Lanti dry and Gangama - Expansion Projects

• Project to double capacity to 1,000-1,200 tonnes per hour underway at each of Lanti dry and Gangama

• Construction of second concentrator at Gangama 40% complete with earth-moving fleet delivered and commissioning scheduled mid 2019

• Lanti dry mining unit fabrication is complete and will be shipped to site late Q1 2019

• Lanti concentrator, commissioning scheduled Q3 2019

Mineral separation plant upgrade and Sembehun development

• MSP upgrade required to meet additional capacity from Sembehun development and provide additional benefits from improvements to safety, operational and metallurgical efficiencies

• Value optimisation studies underway to consider optimum Sembehun development approach and MSP configuration. Scheduled to conclude alongside DFS in H2 2019

<table>
<thead>
<tr>
<th>Production Outlook</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zircon</td>
<td>kt</td>
</tr>
<tr>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Rutile</td>
<td>kt</td>
</tr>
<tr>
<td></td>
<td>150</td>
</tr>
<tr>
<td>Total Z/R</td>
<td>kt</td>
</tr>
<tr>
<td></td>
<td>155</td>
</tr>
<tr>
<td>Ilmenite</td>
<td>kt</td>
</tr>
<tr>
<td></td>
<td>65</td>
</tr>
</tbody>
</table>
**Other Projects**

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Details</th>
</tr>
</thead>
</table>
| Fine Minerals Project    | Murray Basin, Victoria          | • Zircon and rare earths project  
• PFS commenced in August 2018 with completion of test pit ahead of schedule  
• Ore transported for testing and preparation of customer samples  
• Industry, competitor and market analysis underway |
| Balranald                | Murray Basin, New South Wales   | • A drilling programme to provide more detailed understanding of the deposit mineralisation has been completed and the results are being assessed  
• Final trial designed to determine whether the underground mining and backfilling technology is effective in a continuous mining and processing environment  
• Decision on timing of trial to be made later this year |
| Puttalam (PQ)            | Sri Lanka                       | • Large sulphate ilmenite deposit, 170km from Colombo  
• PFS largely complete  
• Recent political uncertainty will delay progress on achieving certainty on fiscal arrangements |
| SR1 Restart              | Capel, Western Australia        | • Scoping study commenced on restart of SR1 synthetic rutile kiln  
• Potential to add ~120ktpa of synthetic rutile production  
• Subject to relevant approvals |
New Project Supply Challenges

- Unconventional deposits requiring technical solutions (e.g., fine minerals, depth, product quality)
- Zircon and rutile typically induced as by-products of ilmenite projects
- Limited high zircon and rutile assemblage projects
- Higher unit costs due to grade, distance to infrastructure and other factors
- Higher sovereign risk locations

Many projects are evaluated by Iluka
Disciplined capital allocation remains a key focus
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