Iluka Resources Limited

BMO 29th Global Metals & Mining Conference

Tuesday 25 February 2020

Tom O’Leary, Managing Director
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This document provides an indicative outlook for the Iluka business in the 2020 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.

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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.
Global Assets and Portfolio

60 years experience in mineral sands exploration, project development, mining, processing and marketing

World class royalty over iron ore produced from BHP’s Mining Area C (MAC) province
Solid Underlying Results

Over the past two years Iluka has delivered two of its best results in the company’s history

Mineral Sands Revenue $1,193 million, down 4% from 2018

17% increase in revenue per tonne to A$1,654/t
Z/R/SR
(2018: A$1,415/t)

Underlying Group EBITDA $616 million, up 3% from 2018

$140m Free cash flow
40% free cash flow returned to shareholders
13 cents full year dividend, fully franked
Zircon Overview

Result

• Full year zircon sales of 274kt (2018: 379kt) – in line with guidance
• Full year zircon production of 322kt (2018: 349kt)

Pricing

• 2019 weighted average received price for zircon (premium and standard grades) up 10% to US$1,487/t (2018: US$1,351/t)
• Pricing achieved was relatively stable given market uncertainty in 2019

Supply / Demand

• Market conditions experienced over 2019:
  – political and trade tensions affected business sentiment and customer purchasing
  – ceramics demand particularly affected, largely China, but also India and Europe
  – customers focus on cost reduction during uncertainty, supported demand for concentrate and Standard products
• Subdued Q1 2020 outlook given economic conditions and seasonally low quarter, additional uncertainty with COVID-19 outbreak
• Medium-term outlook for supply tightness remains
High Grade Titanium Feedstock Overview

*Market conditions remain positive for high grade titanium feedstocks with Iluka’s sales constrained by production in 2019. Iluka secured take-or-pay offtake agreement with Kronos, providing further revenue certainty.*

**Result**
- Full year high grade feedstock sales of 407kt, 9% lower year-on-year (2018:448kt)
- 2019 sales were production constrained given limited inventories

**Pricing**
- Positive dynamics for high grade feedstock pricing, largely due to growth of chloride pigment and welding market requirements
- Weighted average price for rutile1 products up 20% to US$1,142/t (2018:US$952/t)
- Take-or-pay offtake agreement with Kronos for 75% of standard grade rutile from Sierra Rutile

**Supply/ demand**
- Tight supply conditions for high grade feedstocks
- Customers anticipating steady sales at start of 2020
- Welding and sponge markets remain strong

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1. Excludes HYTI products.
2. Europe, Middle East, Africa and India.
A significant proportion of Iluka’s high grade feedstock production – 70% in 2020 – now underpinned by longer term take-or-pay agreements

- Take-or-pay contracts deliver revenue certainty for Iluka and security of supply for customers
- Contracts contain favourable terms for Iluka delivering exposure to pricing upside while limiting risk on downside
- Cataby development returns are underpinned by take-or-pay contracts for minimum 4 years, which in 2020 represents 82% of guided production of 225kt of synthetic rutile
- Sierra Rutile production subject to three contracts with minimum 2020 take-or-pay volumes being in aggregate ~115kt of rutile

Note: Includes 30kt lower grade HYTI contract volume from Jacinth Ambrosia
Operations and projects
In 2019, Iluka successfully delivered five projects across the portfolio including the commissioning and ramp-up of Cataby and expansion projects at Sierra Leone and SR2 kiln major maintenance outage.

<table>
<thead>
<tr>
<th>Projects Delivered</th>
<th>Total 2019 Capital Expenditure of $198 million</th>
</tr>
</thead>
</table>
| Cataby, Western Australia | • $270 million capex  
• Construction of new mine and infrastructure  
• Highway upgrade  
• Processing plant upgrades  
• Utilises existing processing and kiln assets |
| Gangama Expansion, Sierra Leone | • Doubling of capacity  
• Duplication of existing design  
• Delivered on schedule  
• Reached design rates end H1 |
| Lanti Expansion, Sierra Leone | • Doubling of capacity  
• Second mining unit and doubling of concentrator capacity  
• Delivered on schedule  
• Reached design rates late Q3 |
| Ambrosia Mine Move, South Australia | • $22 million capex in 2019  
• Commissioning complete – delivered ahead of schedule and under budget  
• Smooths zircon production |
| SR2 Kiln Major Maintenance Outage, Western Australia | • $35 million capex  
• SR2 kiln reline  
• New rotary cooler shell and quench tower  
• Ramp up rate exceeded expectations |
Mineral Sands Operational Outlook

**Cataby / South West**
- Cataby commissioned and near nameplate capacity
- Kiln refurbished for next 4 year campaign

**2020 Production Outlook**
- ~70kt zircon (incl ZIC)
- ~25kt rutile
- ~225kt synthetic rutile

**Jacinth-Ambrosia / Mid West**
- Mining moved to Ambrosia deposit

**2020 Production Outlook**
- ~200kt zircon (incl ZIC)
- ~30kt rutile (HyTi)
- ~105kt ilmenite (for sale or upgrade)

**Sierra Leone**
- Lanti and Gangama expansions completed
- Four mining units operational

**2020 Production Outlook**
- ~170kt rutile
- ~5kt zircon (ZIC)

Portfolio of operations weighted towards premium zircon and high-grade titanium products
## Overview of Growth Projects

Iluka is progressing initiatives across its growth projects to extend and expand its existing asset base

### Atacama, South Australia
- Satellite deposit located 5km from JA operation
- Potential to add material zircon production utilising existing infrastructure
- Resource of 73Mt @ 12.0% HM for 8.7Mt of in situ Heavy Minerals
- Pre-feasibility study due mid-2020
- First production possible as early as 2022-23

### Wimmera, Victoria
- Significant zircon and rare earth project which is located in the Murray Basin, Victoria
- Pre-feasibility study progressing with further enhancements to processing flow-sheet
- Test pit product samples with customers
- Strategic project given diversification into the rapidly growing rare earths market

### Eneabba Mineral Sands Recovery, Western Australia
- Monetise rare earth minerals contained in monazite-rich stockpile from historic mining
- Simple process with low capital expenditure
- Modular expansion project with construction of Phase 1 underway (first sales Q3 2020)
- Phase 2 pre-feasibility study underway

### SR1 restart, Western Australia
- Refurbishing SR1 kiln is a low risk and low capex growth opportunity ($30–50m capex)
- Plan to add 110–120ktpa of synthetic rutile
- Engineering for restart is now complete with long lead time items ordered
- Subject to securing ilmenite feed source and appropriate commercial arrangements, potential first production within twelve months

### Sembehun, Sierra Leone
- Re-scoping development options following SRL learnings and to optimise risk-return
- The deposits associated with Sembehun are the world’s largest rutile deposit globally
- Sembehun is the next expansion deposit for SRL
- Targeting decision on preferred pathway in 2020

### Balranald, New South Wales
- Large, deep and high grade rutile rich deposit
- Mined through innovative underground mining method via directional drilling
- Trial underground mining to be completed by mid-2020 at a cost of $35m
- Execution planning to commence H2 2020

### Other
- Significant zircon and rare earth project which is located in the Murray Basin, Victoria
- Pre-feasibility study progressing with further enhancements to processing flow-sheet
- Test pit product samples with customers
- Strategic project given diversification into the rapidly growing rare earths market

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Zr

Ti

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## Growth Pipeline Summary

<table>
<thead>
<tr>
<th>Region</th>
<th>Mineral Resource(^1)</th>
<th>ASSESS Scoping Study</th>
<th>SELECT Preliminary Feasibility Study</th>
<th>DEVELOP Definitive Feasibility Study</th>
<th>EXECUTE Project execution</th>
<th>OPERATE Operate and maximise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eucla Basin</td>
<td>361Mt @ 4.8% HM for 17.4Mt In Situ HM</td>
<td></td>
<td>Atacama</td>
<td></td>
<td></td>
<td>Jacinth-Ambrosia</td>
</tr>
<tr>
<td>Murray Basin</td>
<td>195Mt @ 17.2% HM for 33.4Mt In Situ HM</td>
<td>Wimmera</td>
<td>Balranald</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid West / South West WA</td>
<td>994Mt @ 5.6% HM for 55.6Mt In Situ HM</td>
<td>South West Deposits</td>
<td>Eneabba (Phase 2)</td>
<td>SR1 Kiln Restart</td>
<td>Eneabba (Phase 1)</td>
<td>Cataby</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>739Mt @ 1.1% Rutile for 8.2Mt In Situ Rutile</td>
<td>Sembehun</td>
<td></td>
<td></td>
<td></td>
<td>Lanti</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>673Mt @ 8.1% HM for 54.6Mt In Situ HM</td>
<td>Puttalam</td>
<td></td>
<td></td>
<td></td>
<td>Gangama</td>
</tr>
</tbody>
</table>

1. Refer to the 2019 Annual Report for additional information.

The Mineral Resource (MR) information on this indicative growth pipeline summary is extracted from the company’s previously published MR statements and are available at: [www.iluka.com.au](http://www.iluka.com.au). Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement 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 announcement. All Mineral Resource figures are estimates.
Iluka’s commitment to sustainability

Iluka Group TRIFR down to 2.9 in 2019 (3.5 in 2018) and ongoing commitment to sustainability

Iluka’s Sustainability Approach

Key Pillars
• Health and Safety
• People
• Social Performance
• Environmental Stewardship
• Economic Responsibility and Governance

Approach
• Accountability and transparency through setting of targets and performance linked to incentive plans
• Ongoing trust of communities in which we operate, earned from delivering on commitments.
• Developed steps to understand physical climate risks and opportunities, in line with the TCFD

2.9
Group TRIFR 2019
(2018: 3.5)

Female representation
33% Exec. Mgt.
38% Board

Mid West Chamber of Commerce and Industry Business Excellence Award for Aboriginal Engagement

686
hectares rehabilitated in 2019
(2018: 808 hectares)

LTI free
at Sierra Rutile in 2019

April 2020
Annual Sustainability Report release

Member of Dow Jones Sustainability Indices
In Collaboration with RobecoSAM FTSE4Good
Outcome of corporate and capital structure review
Outcome of corporate and capital structure review

Iluka’s corporate and capital structure review has concluded that a demerger of Iluka’s royalty business is the optimal structure to deliver sustainable value. Upon demerger, the MAC Royalty would be the cornerstone asset for Australia’s leading ASX-listed royalty company.

Outcome of review

- As announced on 31 October 2019, Iluka has been conducting a formal review of the corporate and capital structure of its two principal businesses – its mineral sands business and the MAC Royalty business.
- The review has concluded that a structural separation of the two businesses by way of a demerger of the MAC Royalty business represents the optimal structure to deliver sustainable value.
- The proposed demerger will establish two separately listed ASX vehicles – Iluka and RoyaltyCo1 – shareholders will receive 1 share in RoyaltyCo for each existing Iluka share.
- Iluka will retain a minority shareholding interest of 15%.
- Iluka has engaged with the ATO on demerger tax relief and submitted a final ruling application – Iluka is confident of receiving a favourable ruling in due course.
- Additional information about the demerger including transaction timetable will be provided at the AGM on 9 April 2020.

Demerger benefits

1. Unlock significant shareholder value: given that Iluka’s mineral sands operations and royalty business have distinct business characteristics, risk-return profiles and commodity mixes.
2. Greater investor choice: enabling shareholders to hold shares in one or both of Iluka and RoyaltyCo based on individual investment objectives and risk tolerances.
3. Distinct growth strategies: the Board and management of each company is empowered to focus on tailored growth strategies.
4. Discipline when pursuing growth: each business can apply appropriate capital allocation and project evaluation metrics which align with the risk-return profile of each business.
5. Distinct capital structure: each business can tailor its capital structure and financial policies to its business characteristics.

1. RoyaltyCo registered company name and branding will be announced in due course.
Iluka’s two principal businesses have distinct business characteristics, risk-return profiles and require different and tailored growth strategies. Consequently, a demerger is expected to unlock the full potential of both businesses over time.

<table>
<thead>
<tr>
<th>Mineral Sands business</th>
<th>Royalty business (RoyaltyCo post demerger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>The leading pure play mineral sands company globally</td>
</tr>
<tr>
<td>Current commodity mix</td>
<td>Mineral sands (zircon and titanium feedstocks)</td>
</tr>
<tr>
<td>Key assets</td>
<td>Cataby, Western Australia</td>
</tr>
<tr>
<td></td>
<td>Jacinth Ambrosia, South Australia</td>
</tr>
<tr>
<td></td>
<td>Sierra Rutile, Sierra Leone</td>
</tr>
<tr>
<td>Revenue (2019)</td>
<td>$1,193 million</td>
</tr>
<tr>
<td>EBITDA (2019)</td>
<td>$531 million</td>
</tr>
<tr>
<td>Business activities</td>
<td>Large-scale mining operations, engineering and project delivery</td>
</tr>
<tr>
<td></td>
<td>Exploration and geology</td>
</tr>
<tr>
<td></td>
<td>Occupational health &amp; safety and employee management</td>
</tr>
<tr>
<td></td>
<td>Customer marketing &amp; offtake</td>
</tr>
<tr>
<td>Relative cost of capital</td>
<td>Higher</td>
</tr>
<tr>
<td>Capital intensity²</td>
<td>Yes</td>
</tr>
<tr>
<td>Operating cost exposure</td>
<td>Yes</td>
</tr>
<tr>
<td>Dividend policy</td>
<td>40% of FCF (not required for investment or balance sheet purposes)</td>
</tr>
<tr>
<td>Key growth drivers</td>
<td>Mineral sands project delivery</td>
</tr>
<tr>
<td></td>
<td>Mine expansion and life extension</td>
</tr>
<tr>
<td></td>
<td>Exploration success</td>
</tr>
</tbody>
</table>

1. Excludes income of $0.6 million from other royalties in portfolio.
2. Capital intensity represents exposure to capital expenditure for underlying mines.
3. MAC Royalty has no operating cost exposure other than to the extent operating costs impacts the economic viability of the underlying mine.
Introduction to RoyaltyCo

RoyaltyCo’s vision is to be Australia’s leading resources royalty company, providing shareholders with a cash flow generative and low operational risk investment vehicle with strong growth potential

RoyaltyCo overview

• Upon successful demerger, RoyaltyCo will be Australia’s leading listed resources royalty company with MAC Royalty being its cornerstone asset
• Portfolio complemented by four other significantly smaller royalties¹
• Headquartered Perth, Western Australia
• Principal business will be management of existing royalty portfolio and, over time, building a diversified royalties business by making value accretive royalty investments that provide earnings growth and diversification
• Dividend policy will be to payout 100% of net profit after tax (subject to any future RoyaltyCo Board determination), with a lean corporate structure
• Chair and CEO will be Jenny Seabrook and Julian Andrews respectively (selection for remaining Board and management underway)

MAC Royalty is RoyaltyCo’s cornerstone asset

Ongoing 1.232% of Australian dollar denominated revenue from the MAC Royalty Area

One-off $1 million per 1 million dry metric tonne increase in annual production

Mining Area C annual production to more than double by 2023 from 60Mtpa (WMT) produced in 2019

145Mtpa (WMT) target production by 2023 over a 25+ year mine life

$85 million of EBITDA for the MAC Royalty in the year ended 31 December 2019²

1. RoyaltyCo will also own four other significantly smaller royalty interests which have been established by Iluka in historical transactions comprising one producing royalty, Yoongarillup Mineral Sands Mine operated by Doral Mineral Sands (2019 revenue $0.6 million). The other three royalties relate to non-producing projects.
2. MAC Royalty EBITDA is shown prior to the inclusion of standalone company corporate costs and does not include royalty income from the four other significantly smaller royalty interests (refer to footnote1).
Considerable growth to underlying Mining Area C production over coming years - MAC Royalty earnings are determined based on sales volumes, iron ore pricing, the ratio of lump to fines, the premium lump attracts over fines and the USD:AUD exchange rate.

MAC Royalty EBITDA and Mining Area C sales volumes

MAC Royalty revenue set to grow with South Flank development

- Steady state MAC Royalty revenue contribution is shown below assuming:
  - target 2023 production of 145Mtpa (WMT) achieved and sold (135Mtpa DMT)
  - lump ratio from South Flank of 35% and a lump premium of 20%
- MAC Royalty revenue sensitivity table below excludes one-off capacity payments (approximately $80m), payable to RoyaltyCo as annual tonnages increase with South Flank ramp up

MAC Royalty Annual Revenue Sensitivity ($ million)

<table>
<thead>
<tr>
<th>Iron ore fines price - US$/DMT, 62% Fe (CFR)</th>
<th>55</th>
<th>65</th>
<th>75</th>
<th>Spot (88)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.75</td>
<td>$116m</td>
<td>$140m</td>
<td>$163m</td>
<td>$194m</td>
</tr>
<tr>
<td>0.70</td>
<td>$124m</td>
<td>$150m</td>
<td>$175m</td>
<td>$208m</td>
</tr>
<tr>
<td>Spot (0.67)</td>
<td>$130m</td>
<td>$156m</td>
<td>$183m</td>
<td>$217m</td>
</tr>
<tr>
<td>0.65</td>
<td>$134m</td>
<td>$161m</td>
<td>$188m</td>
<td>$223m</td>
</tr>
</tbody>
</table>

1. Indicative ramp-up schedule based on 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 150Mtpa (WMT) of blended ore.
2. MAC Royalty is based on FOB revenue. Assumed freight of US$6/t. Spot iron ore price of US$88/t and AUD:USD exchange rate of 0.67 as at 14 February 2020.
## Outlook for 2020 – Summary

<table>
<thead>
<tr>
<th>Market outlook</th>
<th>Operational outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Q1 zircon sales are typically a seasonal low</td>
<td>• Projects completed in 2019 expected to deliver full year of production in 2020</td>
</tr>
<tr>
<td>• The impact on zircon demand of COVID-19 and macroeconomic factors remain uncertain</td>
<td>• Focus on optimising production and operational efficiencies across all sites</td>
</tr>
<tr>
<td>• Tight conditions expected to continue in high grade titanium feedstocks</td>
<td></td>
</tr>
<tr>
<td>• Potential for recovery in zircon market hastened given destocking has largely run its course in 2019</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project pipeline</th>
<th>Capital structure review and next steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Project work to be advanced across all major projects – including Sembehun, Balranald, Atacama</td>
<td>• Demerger subject to final Board approval, regulatory and shareholder approvals. If approved, the demerger is expected to be completed in 2020.</td>
</tr>
<tr>
<td>• Employing innovative technology and processes to maximise returns from assets</td>
<td>• Iluka has engaged with the ATO on demerger tax relief and submitted a final ruling application – Iluka is confident of receiving a favourable ruling in due course</td>
</tr>
<tr>
<td></td>
<td>• Further update to be provided at the AGM on 9 April 2020</td>
</tr>
</tbody>
</table>
Supplementary slides
Zircon Applications

Zircon is opaque (white) and water, chemical, heat and abrasion resistant

Ceramics
- Tiles, sanitary ware, table ware
- 50%

Chemicals, Fused Zirconia and Specialty Uses
- Electronics, catalytic converters, fibre optics, nuclear fuel rods
- 20%

Refractory and Foundry
- Investment casting, glass, steel and cement industries
- 30%

Other specialty
- 9%
- Ceramics
- 61%
- Zircon Chemicals & Fused Zirconia
- 24%
- Refractory & Foundry
- 6%

Key drivers of demand
Short term
- Construction industry
- Industrial activity

Medium to long term
- GDP per capita
- Urbanisation
- Flooring trends
- Innovation and increased applications

Demand source: TZMI
Sales source: Iluka
Titanium pigment is opaque (white), UV resistant and inert. Titanium metal has high strength to weight ratio and is corrosion resistant.

Titanium Dioxide Applications

Titanium Pigment
- Paint, plastics, inks, specialty coatings (90%)
- Aircraft frames and engines, medical items, sporting goods (5%)
- Steel fabrication, ship building

Titanium Metal
- Pigment (82%)
- Ti Sponge / Other (13%)
- Welding (5%)

Welding (flux)
- Steel fabrication, ship building

Key drivers of demand

Short Term
- Construction industry
- Consumer spending
- Renovation spending
- Steel industry
- Ship build orders
- Aircraft build orders

Medium to long term
- GDP per capita
- Urbanisation
- Innovation and increased applications

Demand source: TZMI
Sales source: Iluka
Iluka reported $140 million of free cash flow in 2019 with strong operating cash flow generated from mineral sands operations and MAC royalty income and investment of $198 million in capital projects.

Key cash flow drivers in 2019:
- Operating cash flow $408 million (2018: $594 million)
- Final 2018 tax instalment payment of $127 million
- Capital expenditure $198 million, reflecting a year of significant project delivery
- MAC Royalty cash flow $79 million
- Exploration spending $11 million
As at 31 December 2019, Iluka’s inventory balance of $425 million sits within normal working capital levels

Inventory balance movements
- Iluka’s inventory provides flexibility to release product as market conditions improve
- Zircon finished goods inventory is higher due to subdued 2019 sales
- Rutile and synthetic rutile inventories reduced over 2019 reflecting tight market conditions
- Work in progress inventory relates to heavy mineral concentrate at Jacinth-Ambrosia and intermediate materials associated with initial Cataby operations

Total Inventory

$ million

- Finished Goods
- Work in Progress*

* Includes ilmenite and consumables
**Iluka has a strong balance sheet with $43 million net cash position (as at 31 Dec 2019), and debt facilities of $519 million**

**Net Debt, Gearing and Funding Headroom**

- Net cash position of $43 million as at December 2019
- Full year free cash flow of $140 million (2018: $304 million)
- Iluka maintains a balance sheet with sufficient funding headroom as required

**Hedging**
- Entered into US$32 million in forward FX contracts maturing in 2020
  - average AUD:USD rate of 69.3 cents in relation to expected 2020 US$ revenue
- US$118 million in FX collar contracts consisting of:
  - bought AUD call options weighted average strike price 80.5 cents; and
  - sold put options at weighted average strike price 70.0 cents expired during the year.

**Multi Option Facility Agreement (MOFA)**
- Completed refinancing of MOFA in July
- Reset 5 year tenure with maturity July 2024
- Refinancing resulted in improved margin and fees
- Total facilities reduced to $519 million
  - reflecting medium term liquidity requirements

*Net debt / net debt + equity*
**Jacinth-Ambrosia**

**In 2019 the move to the Ambrosia deposit was completed on schedule and under budget**

- Mining and concentrating activities ongoing as planned
- Improved grades and recoveries in-line with historical levels

**Move from Jacinth North to Ambrosia completed in August 2019**

- Move to Ambrosia deposit completed ahead of schedule and under budget
- Capital expenditure $22 million
- Major works included earthworks, site establishment and infrastructure
- Mining unit relocated and production commenced within 3 days of outage (planned 7 days)
- Minimal disturbance to HMC production - first HMC produced two months ahead of schedule

**Historical Production and Unit Cost**

- Unit costs in-line with levels prior to idling of J-A in 2016

*Unit costs in-line with levels prior to idling of J-A in 2016*
Ramp-up completed and full feed maintained to sustain synthetic rutile production at SR2 kiln

- $270 million development, delivered on schedule and on budget
  - re-use of refurbished equipment required re-configuration
- Full feed maintained to SR2 kiln and synthetic rutile production ahead of expectations
- Production levels approaching capacity and reliability of plant improved quarter on quarter

Current Focus Areas
- Building throughput capacity beyond current nameplate
- Optimising cost base in stable operations
Operational challenges in 2019 impacting runtime and throughput
- Improvement initiatives implemented throughout year
  - Expert maintenance team on site
  - System and plant design improvements
  - Simplified flowsheet
  - Upskilling of workers
- Lanti and Gangama expansions completed on schedule and budget
- By end of 2019 four mining units operational and productivity improvements evident
- Q4 2019 rutile production of 44kt, with mineral separation plant at capacity

Focus for 2020
- Continue to focus on productivity improvements
- Building consistency and reliability in operations
### Key Parameters

<table>
<thead>
<tr>
<th>Key Parameters</th>
<th>2018</th>
<th>2019</th>
<th>2020¹</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zircon</td>
<td>349</td>
<td>322</td>
<td>280²</td>
<td>Includes ~35kt of ZIC.</td>
</tr>
<tr>
<td>Rutile³</td>
<td>163</td>
<td>184</td>
<td>230</td>
<td>Higher production outlook from Sierra Rutile and full year of operations at Cataby</td>
</tr>
<tr>
<td>Synthetic Rutile</td>
<td>220</td>
<td>196</td>
<td>225</td>
<td>Full year of kiln operation</td>
</tr>
<tr>
<td><strong>Total Z/R/SR</strong></td>
<td>732</td>
<td>702</td>
<td>735</td>
<td></td>
</tr>
<tr>
<td><strong>Average annual unit costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit cash costs of production</td>
<td>$/t Z/R/SR</td>
<td>606</td>
<td>753</td>
<td>790 Increase reflects full year of Cataby operations and Ambrosia</td>
</tr>
<tr>
<td>Unit cost of goods sold</td>
<td>$/t Z/R/SR</td>
<td>750</td>
<td>889</td>
<td>860 Increase weighting of Cataby and Ambrosia product in Z/R/SR sales</td>
</tr>
<tr>
<td><strong>Capital investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>$m</td>
<td>312</td>
<td>198</td>
<td>135 Spending includes:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Deferred mine development work at Cataby ($25m) and Ambrosia ($10m)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Sembehun project work ($30m)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Growth projects ($20m)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Eneabba project ($5m)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Other sustaining expenditure</td>
</tr>
</tbody>
</table>

Note: Cash flow outlook not provided but an estimated 2019 final tax payment of $94 million is to be paid in H1 2020

1. Indicative only. Production settings are able to be adjusted and are dependent on market demand conditions. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
2. As noted in the 2019 Full Year Results ASX announcement, uncertainty created by the potential impact of the COVID-19 (and other factors) may impact global and in particular Chinese demand for zircon. Iluka will monitor the situation closely and adjust operational settings if appropriate over the course of the year.
3. Includes HYTI
### Key Parameters

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<tr>
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<th>2018</th>
<th>2019</th>
<th>2020¹, ²</th>
<th>Comments</th>
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<tbody>
<tr>
<td><strong>Cash costs ($m)</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash costs of production (Z/R/SR)</td>
<td>444</td>
<td>529</td>
<td>580</td>
<td>Increased costs associated with full year of Cataby operations, Ambrosia and full year of synthetic rutile kiln operation</td>
</tr>
<tr>
<td>Ilmenite concentrate and by-product costs</td>
<td>11</td>
<td>11</td>
<td>20</td>
<td>Includes cost of monazite concentrate</td>
</tr>
<tr>
<td>Restructure and idle costs</td>
<td>25</td>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Resource development</td>
<td>30</td>
<td>42</td>
<td>75</td>
<td>Includes cost of third Balranald mining trial ($35 million)</td>
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<tr>
<td>Corporate</td>
<td>48</td>
<td>48</td>
<td>60</td>
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<tr>
<td>Marketing, selling and royalty costs</td>
<td>76</td>
<td>74</td>
<td>n/a</td>
<td>Dependent on sales price / volume and activity</td>
</tr>
<tr>
<td><strong>Total cash costs</strong></td>
<td>634</td>
<td>724</td>
<td>n/a</td>
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<tr>
<td><strong>Non cash costs ($m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>94</td>
<td>163</td>
<td>135</td>
<td>Lower depreciation of Sierra Rutile following write-down, increase at Cataby with commissioning and full year of operation</td>
</tr>
<tr>
<td>Rehabilitation for closed sites</td>
<td>(5)</td>
<td>3</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation unwind</td>
<td>17</td>
<td>39</td>
<td>15</td>
<td>2019 included adjustment to discount rate of $18 million</td>
</tr>
<tr>
<td><strong>Total non-cash costs</strong></td>
<td>112</td>
<td>106</td>
<td>155</td>
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</table>

¹. Indicative only. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
². Costs exclude inventory movement; FX gains/losses; net interest and bank fees; and tax.

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Outlook for 2020 – Group
### Key Parameters

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<tr>
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<tr>
<td><strong>Annual production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rutile</td>
<td>kt</td>
<td>122</td>
<td>137</td>
<td>170</td>
</tr>
<tr>
<td>Zircon</td>
<td>kt</td>
<td>11</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total Z/R</strong></td>
<td>kt</td>
<td>133</td>
<td>146</td>
<td>175</td>
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<tr>
<td>Ilmenite</td>
<td>kt</td>
<td>54</td>
<td>59</td>
<td>70</td>
</tr>
<tr>
<td><strong>Annual unit costs &amp; capital expenditure</strong></td>
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<tr>
<td>Cash costs of production</td>
<td>US$m</td>
<td>115</td>
<td>121</td>
<td>125</td>
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<tr>
<td>Unit cash costs of production</td>
<td>US$/t Z/R</td>
<td>863</td>
<td>823</td>
<td>715</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>US$m</td>
<td>76</td>
<td>71</td>
<td>30</td>
</tr>
</tbody>
</table>

1. Indicative only. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2
For more information contact:

Melissa Roberts
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investor.relations@iluka.com
+61 (0) 450 398 431