2019 Ruidow Zirconium Conference

Xu Ye, Zircon Sales Manager China
Iluka Resources Ltd

Cataby, Western Australia
Disclaimer – Forward Looking Statements

This presentation has been prepared by Iluka Resources Limited (Iluka). By accessing this presentation you acknowledge that you have read and understood the following statement.

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.

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 known and unknown risks, uncertainties, assumption and other important factors that could cause the actual results, performances or achievements of Iluka to differ materially from future results, performances or achievements expressed, projected or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. 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; increased costs and demand for production inputs; and environmental or social factors which may affect a licence to operate, including political risk.

Capital estimates include contingency and risk allowances commensurate with international estimating classification systems.

To the extent permitted by law, Iluka, its officers, employees and advisors 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 a person as a consequence of any information in this presentation or any error or omission therefrom. Iluka does not undertake 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.

No independent third party has reviewed the reasonableness of the forward looking statements or any underlying assumptions.

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.
Outline

- Zircon Global Market
- Chinese Zircon Market
- Supply Situation
- Iluka’s Market Approach
- Iluka’s Assets
- Support to Chinese Industry
Global Zircon Market

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

Global Supply

- Significant inventory depletion in recent years
- Existing producers’ mines are mature and grade decline is progressively affecting all sites
- 2019 market expected to remain stable
  - Indonesia (swing producer)
  - minor new supply (concentrate)
  - Iluka balancing the market with ZIC
  - a number of smaller operations coming offline
- Global supply remains tight for Premium zircon, although Standard zircon is now well supplied

Global Demand

- H2 2018 saw softer apparent demand
- Global trade environment affecting business sentiment
- Some slowness in ceramic plant restarts in China following CNY
- India adjusting after high growth period, expected to resume after elections
- Cautious buying in European markets and drawing down of inventories
- Continued strong demand in North America
- Progressive pick-up of consumption seen in Q2 2019 and expected to continue throughout rest of 2019

... structural deficit continues to emerge in years ahead
Chinese Zircon Market – Applications

- **Ceramics**
  - Soft real estate and influencing domestic consumption, slower exports

- **Fused Zirconia**
  - Stable demand

- **Foundry**
  - Signs of slowing down in 2Q

- **Refractory**
  - Robust level of orders throughout all of 2019

- **Zirconium Chemicals**
  - Stable demand, production affected by environmental scrutiny
Chinese Zircon Market – Environmental Situation

- Waste emissions: stringent requirements and continued inspections
- Customs implementing stewardship on dangerous material
- Stronger voice for the Industry
- Iluka supports positive changes in China
Lack of quality mineral sands projects, particularly with high zircon assemblage, and depletion of current operations (which includes Iluka)

Global Zircon Supply Situation

- Market broadly balanced in 2018/19
- Supply tipping point from 2020
- Structural deficit emerges, even under a subdued demand growth scenario

... Leading to **structural deficit**
Iluka’s response to market conditions\(^3\)
- Gap filled by inventory release in 2017 and 2018
- Inventories at normal levels in 2019
- Guided 2019-2021 zircon production of ~335ktpa
  - Cataby project tonnes available in 2019
  - early Ambrosia mine move (smoothing production)
  - Incl. zircon in concentrate (ZIC) from multiple sources
- Potential for additional ZIC production when required

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
Iluka’s Market Approach – Sustainable Pricing Model

**Sustainable pricing based on value-in-use**

Iluka’s Zircon Reference Price has delivered sustainable price growth

**Zircon Pricing Model**
Iluka Reference Price introduced in 2016
- Provides transparency for customers
- Actual price paid function of location, quantity, quality, purchase history etc.
- Assessment of end market capacity to absorb variations
- Cadence of pricing decisions aimed to support stability

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.
Iluka’s Assets – Current Portfolio

60 years experience in mineral sands exploration, project development, mining, processing and marketing.
### Iluka’s Assets – Projects

**Cataby, Western Australia**

**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

**$265-275m Capex**
- Completed on budget and on schedule

**600+ people on site**
- 900,000 hours worked (Jan 18 – Mar 19)

**Major ongoing regional employer**

---

**Ambrosia, South Australia**

**Early mine move**
- Smooths 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 Support to Chinese Zircon Processing Industry

Key Features:
- Direct marketing and customer relationships
- Global logistics network
- Industry monitoring and analysis
- Product innovation and technical support
- Reputation for quality, consistency, and delivery
- Value in use pricing
- Sustainable approach
- Reputation for quality, consistency, and delivery
Iluka Support to Chinese Zircon Processing Industry

- TECHNICAL
- ENVIRONMENTAL
- SERVICE
THANK YOU