

South West Operations Site Visit

7 December 2017





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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, 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.

Compliance Statement



Mineral Resources and Ore Reserves Estimates

As an Australian company with securities listed on the Australian Securities Exchange (ASX), Iluka is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and that the Ore Reserve and Mineral Resource estimates underpinning the production targets in this presentation have been prepared by a Competent Person in accordance with the JORC Code 2012.

Information that relates to Mineral Resources estimates has been previously announced to ASX on 21 February 2017 in a release titled "Updated Mineral Resource and Ore Reserve Statement" and is available at www.iluka.com/investors-media/asx-disclosures. 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 material assumptions and technical parameters underpinning the estimates 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 announcements.

Production targets

Production targets and the basis thereof are noted within the relevant disclosure.

The outlook included in this presentation is indicative only and should not be construed as guidance. The information is subject to further study, investment approval from the Board and is subject to changes in market and operating conditions; political risk; and any significant unplanned operational issues.

Revenue Factors

Commodity price assumptions are established internally based on monitoring supply and demand on an ongoing basis. Price assumptions are benchmarked against commercially available price forecasts by industry observers. Revenue factors are used to establish mine sensitivities and to test for robustness of the Ore Reserve. Detailed price assumptions are deemed to be commercially sensitive and are not disclosed.

Costs

Cataby

Capital assumptions are based on budget pricing for the majority of the work packages, other than site buildings and camp construction and demolition for which a design and construct tender was received. Pricing for the contractors direct and indirect works has been derived from a combination of the following sources: tendered quotations procured from suppliers and contractors; purchase quotation from suppliers and contractors; budget quotations procured from suppliers and contractors; historical data sourced from previously tendered or estimated projects of a similar nature and location. Where necessary items have been factored to allow for different size/capacity, etc; estimated, factored or built-up rates; and provisional or lump sum allowances where the use of the aforementioned methods are not possible.

Pricing for the operating cost estimate has been derived from a combination of the following sources: budget quotations procured from suppliers and contractors; estimated, factored or built-up rates; historical data sourced from other Iluka mine sites; and provisional or lump sum allowances where the use of the aforementioned methods are not possible. Cost and recovery penalties have been applied to deleterious elements.

Transportation charges have been procured from contractors. Processing costs are based on actual Iluka operational costs, including overheads. Actual operating costs are used to benchmark the operating cost estimates.

Allowances have been made for royalties payable to Government and private stakeholders.

Sierra Rutile

Capital assumptions for the Sembehun development were determined during the PFS, which is yet to be completed. Existing infrastructure will be utilised for mineral separation. Other costs were based on previous recent experience of SRL mine developments and industry estimates. Operating costs are based on historical performance and updated for current economic conditions. Cost and recovery penalties have been applied to deleterious elements in the optimisation and subsequent cost estimate.

All costs are calculated in \$US.

Transportation charges are based on recent rates procured from SRL. Treatment costs are based on actual operational costs including deleterious elements. Actual operating costs are used to benchmark the operating cost estimates. Appropriate allowance has been made for Sierra Leone Government and other private stakeholder royalties.

Environment

Studies and approvals for the Sembehun project are currently in progress and there is a reasonable expectation that these will be in place before the project is executed.

Iluka Overview



Values – Commitment, Integrity and Responsibility

- Largest global producer of zircon and rutile; major producer of synthetic rutile
- Operations assets in Australia and Sierra Leone
- Projects in Australia, Sierra Leone and Sri Lanka
- Global customer base
- Investment in exploration, market development, innovation and technology
- Sustainability focus: governance, health and safety, environmental and community outcomes

Iluka's Mineral Sands Portfolio





lluka's Product Suite

Zircon

Used in ceramics, refractories and other specialty applications.

Opaque, hard wearing, heat resistant



Titanium Dioxide (TiO₂) Feedstock

TiO₂ pigment used in paints, plastics, paper Opaque, UV resistant, Strong and light metal, corrosion resistant



Iluka's Approach



Create and deliver value for shareholders						
Flex assets in line with market conditions	Preserve and advance growth opportunities	Act counter cyclically where appropriate	Disciplined capital allocation			
Jacinth-Ambrosia restart and expansion	Cataby project Sierra Rutile expansion projects Balranald staged development approach Fine minerals project Puttalam project	Sierra Rutile acquisition completed December 2016	Strict financial criteria applied and strategic rationale must be met Focused on shareholder returns through the cycle			









Zircon Applications



Ceramics ~50% of demand

Zircon is opaque, water, chemical and abrasion resistant

Increases pre and post fired strength of tiles



Refractory and Foundry ~30% of demand

Zircon is heat/abrasion/chemical resistant and non-reactive

Uses include steel and glass manufacturing and metal casting



Iluka's 2016 zircon sales

Zirconia, Zirconium Chemicals and Metal

~20% of demand

Zircon does not absorb neutrons; and is non-conductive, with many other unique properties

Uses include fibre optics, electronics, catalytic converters, nuclear fuel rods, cosmetics





Titanium Applications



Pigment ~90% of demand

Titanium dioxide pigment is opaque, UV resistant and inert

Uses include paints, plastics, paper and inks



Titanium Metal ~6% of demand

Titanium metal has high strength to weight ratio, biocompatible and is corrosion resistant Uses include aviation, sporting goods defense and medical applications



Iluka's 2016 high grade TiO₂ feedstock sales

Welding (flux) ~4% of demand

Facilitates arc ignition, good slag removal and reduces splatter









Stages of the Mineral Sands Process





from mine sites to a mineral separation plant for processing into final products.



Entails multiple stages of gravity, electrostatic and magnetic processing to separate into final products.

Synthetic rutile is a chemically modified (upgraded) form of ilmenite.

Disturbed areas are rehabilitated to land uses similar to that existing prior to mining.



Long History of Operations in the South West

- 1956 South Capel mine
- 1959 Yoganup mine
- 1964 Capel north mining and processing
- 1974 First commercial beneficiated ilmenite plant at South Capel
- 1987 Synthetic Rutile kiln 1 (SR1) commissioned at North Capel
- 1997 SR2 and North Capel Separation Mill commissioned
- 2011 Tutunup South mining commenced



Current Western Australia Operations



Tutunup South Mine





- Mining scheduled to complete February 2018
- Site 1km wide by 3.5km long
- ~25 employees and ~40 contract workers
- 800m² of wetlands relocated

Tutunup South Mine



- Mining unit capability ~270tph
- Average 80,000m³ ore processed per month
 - ~9% valuable heavy mineral (VHM)
- Wet concentrator capability ~200tph
- HMC production capability ~50tph
 - ~86% VHM
- North Capel separation mill splits magnetic (ilmenite) and non-magnetic material
 - ilmenite production ~120ktpa (~30% SR2 feed)
 - ~45ktpa of non magnetic material
- Non-magnetic material (zircon and rutile) processed at Narngulu



Concentrator Process Flow







North Capel Processing



- Separation mill splits magnetic (ilmenite) and non-magnetic (zircon and rutile) material
- Two synthetic rutile kilns SR2 currently in operation, SR1 idled 2009
- ~200ktpa synthetic rutile capacity of SR2
- · 6MW waste heat power generation capability
- By products generated (revenue stream and reduced rehabilitation liability):
 - ~250kt of iron concentrate
 - iron man gypsum
 - activated carbon 2016 revenue ~\$11m
- ~170 Iluka employees and ~100 contractors



Mineral Separation





Synthetic Rutile Process Flow







Ilmenite reduction

SR2 Waste Heat Recovery





Laboratory and Testing Facility



Laboratory

- Chemical analysis XRF, ICP, wet chemistry
- Process chemistry
- Environmental
- Mineral Analysis XRD
- Particle Size analysis sieves, laser

Metallurgical Testing Facility

- Mining unit processing simulation
- Clay separation & characterisation
 - settling, consolidation, rheology
- Gravity separation spirals, wet table
- Magnetic (wet & dry) separation
- Electrostatic separation
- SR process simulation pyro & hydro stages
- Sulphatability testing
- Important component of in-house technical capabilities
 - evaluation of new deposits
 - improvement of existing processes
 - development of new processes and products



Port of Bunbury

- Finished product is trucked 35km to Port of Bunbury
- Storage sheds: 100kt capacity
- Export through Port of Bunbury: Load rate 500 -1000tph
- Typical shipment capacity: 10-20kt





Source: Bunbury Mail

ILUKA

Sustainable Development



Iluka's sustainable development objectives:

- high levels of environmental, health and safety performance;
- sound planning, control and risk management systems; and
- stakeholder relationships which, over time, are mutually beneficial.





Sustainable Development Performance

Employee safety paramount

Strong community relations and sustainable environmental development underpin operations

Key Performance Indicator	2013	2014	2015	2016	2017 (year to date)
Total Recordable Injury Frequency Rate (TRIFR) (South West)	5.0	0	0	9.3	1.7

Iluka's primary safety measures, in accordance with industry practice, include TRIFR.



South West Rehabilitation



Iluka seeks to achieve best practice environmental outcomes including cost effective rehabilitation success through innovative processes that meet or exceed required closure criteria.

Iluka group total rehabilitation spend over past five years is \$204 million (to end 2016).

Wetlands relocation: Tutunup South mining area included some native wetlands. A portion of this was relocated and maintained during the mining process to be planted back in position during rehabilitation activities.



South West Rehabilitation





Iluka group has rehabilitated 3,053 hectares since 2012 (to end 2016)



External Recognition – Sustainability Focus

Western Australian Department of Mine Regulations and Safety Awards

• Safety and Health, Safety and People Category (2017)

Victorian Government via Strzelecki Award

- Excellence in community engagement (2005)
- Excellence in sustainable development (2009)

South Australian Premiers Awards

- Social Inclusion (2013)
- Environmental Excellence (2014)
- Supporting Communities (2015)
- Social Inclusion (2017)





Cataby Development Plan and Ore Reserve

Deposit

- 8.5 year mine life based on development plan which is underpinned by 86% Proved Ore Reserve and 14% Probable Ore Reserve.
- Two in-pit mobile mining units
- 1,100 tph feed rate to wet concentrator plant
- Mine life could increase beyond 8.5 years
 - by accessing additional 40 mt in the ore reserve
 - dependent upon land access and approvals

Cataby Ore Reserves	Ore Mt	HM %	Ilmenite %	Zircon %	Rutile %
Development Plan	80	6.6	60.0	9.6	4.1
Ore Reserve - Proved	88	6.3	59.7	9.3	4.1
Ore Reserve – Probable	33	4.1	62.3	9.4	4.3
Ore Reserve - Total	120	5.7	60.2	9.3	4.1



This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2 and compliance statement on slide 3.



Newman Wet Concentrator Plant (Eneabba)

Cataby Project

Schedule	2017		2018			2019			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Engineering									
Award contracts									
Construction									
Pre-strip									
Commissioning									
SR Production									
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Note – Timing assumes Q4 2017 Board approval

Capital Cost	\$ million		
Land, EPCM & Owners Costs	65-70		
Camps & Site Buildings	30-35		
Power Supply	10-15		
Equipment supply & site construction	145-155		
Total*	250-275		

* Given recent cost escalation in Western Australia, capital likely to be at top end of estimate range

Major environmental approvals obtained

- Integrated project team
- Engineering substantially complete
- Long lead power supply equipment procured
- Camps contracts awarded
- Existing plant to be relocated:
 - Primary concentrator & pumps from Eneabba -
 - Thickeners & pumps from Murray Basin
 - Secondary concentrator from Murray Basin

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Cataby Product Logistics





- Located 150km north of Perth, Western Australia
- Sustains ~200 ktpa of synthetic rutile (SR) production in South West WA
- Average annual production (ktpa, thousand tonnes per annum)
 - ~200 ktpa SR (annual feed ~330 ktpa chloride ilmenite)
 - ~50 ktpa zircon
 - ~30 ktpa rutile
- Zircon and rutile processed at Narngulu mineral separation plant in Geraldton

Annual Volumes





Notes:

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