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Smithers TiO₂ Conference Alicante Spain

October 2017

Disclaimer, Forward Looking Statements



Forward Looking Statements

This presentation contains certain statements which constitute “forward-looking statements”. These statements include, without limitation, estimates of future production and production potential; estimates of future capital expenditure and cash costs; 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.

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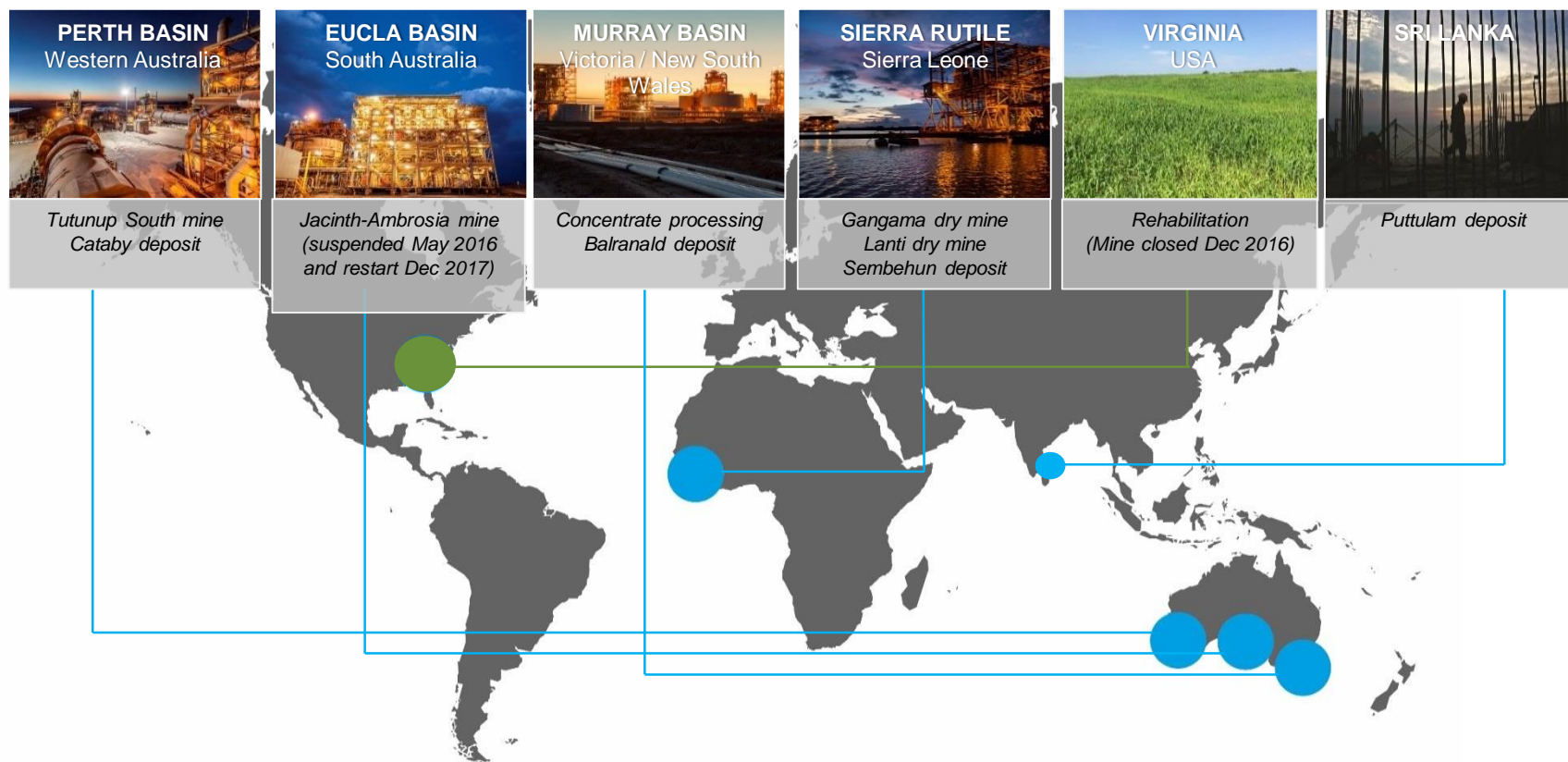
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Non-IFRS Financial Information

This presentation may use non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the supplementary slides where appropriate. Non-IFRS measures have not been subject to audit or review.

This presentation constitutes a summary of Iluka’s financial performance and should be read in conjunction with the Iluka Resources Limited Annual Report – 31 December 2016, which contains financial statements and consolidated financial statements of the group.

Iluka's Mineral Sands Portfolio



COMPANY OVERVIEW

Largest producer of zircon

Third largest producer of titanium dioxide feedstocks

Recent acquisition of Sierra Rutile Ltd

Combined Iluka and Sierra Rutile Ltd revenue of ~\$800m in 2016

Average operating margin over 35 per cent over last five years

Returned 59% of free cashflow in dividends since 2010 (A\$752m)

Titanium Applications



Pigment
~90% of demand



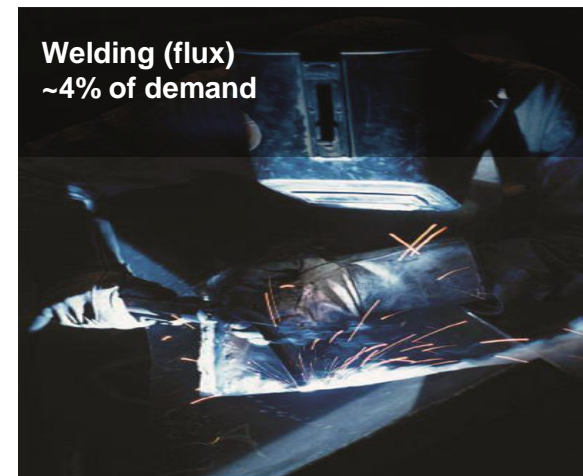
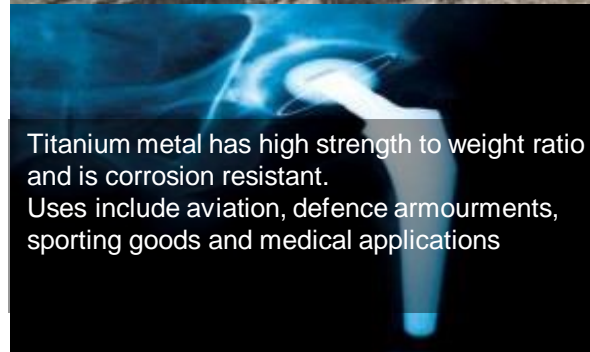
Titanium dioxide pigment is opaque (white), UV resistant and inert.
Uses include paints, plastics, paper and inks



Titanium Metal
~6% of demand



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



Welding (flux)
~4% of demand



Nanomaterials
Growing market

Uses include solar cells, water purification, cancer treatment, noise absorption

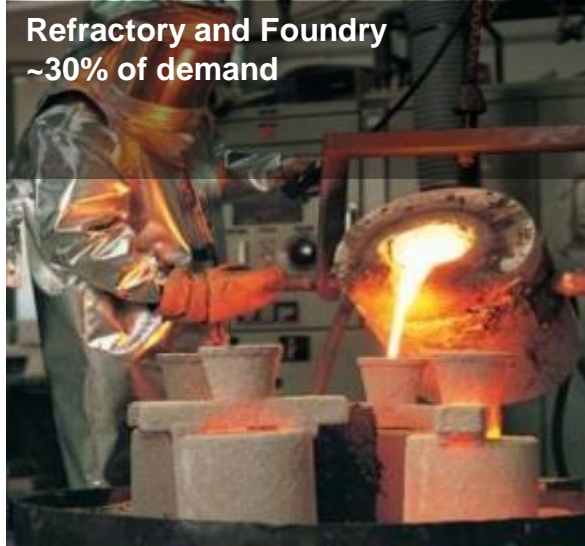
Zircon Applications

Ceramics
~50% of demand



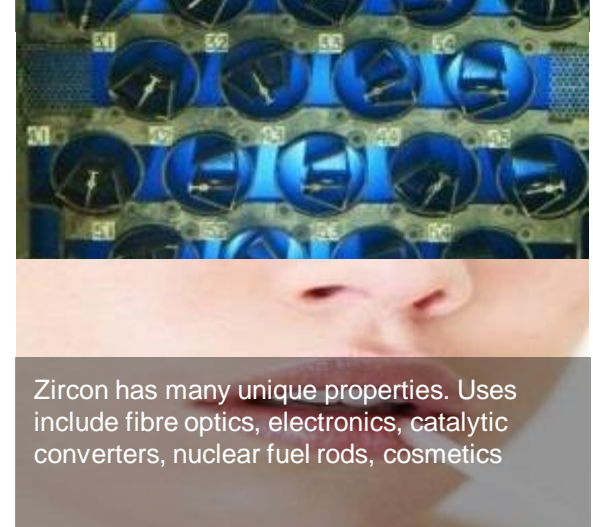
Zircon is opaque, water, chemical and abrasion resistant.

Refractory and Foundry
~30% of demand



Zircon is heat resistant and non-reactive
Uses include steel and glass manufacturing and metal casting.

Zirconia, Zirconium Chemicals and Metal
~20% of demand



Zircon has many unique properties. Uses include fibre optics, electronics, catalytic converters, nuclear fuel rods, cosmetics

Zircon Market

Iluka result

- Zircon sales up 28% relative to H1 2016
- Very active first quarter, against seasonal trend

Pricing

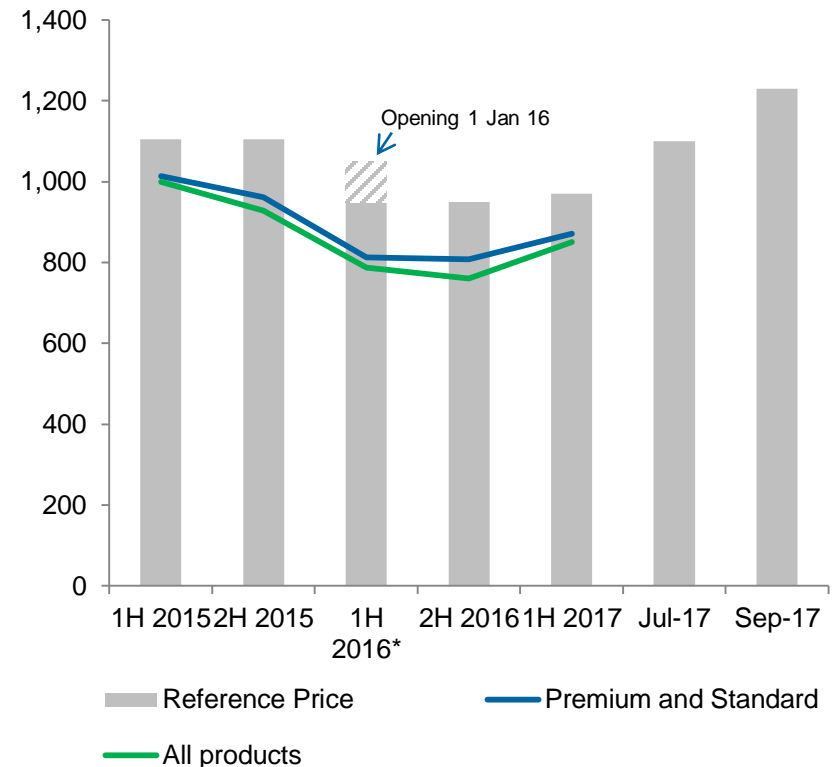
- Limited global zircon inventories outside Iluka
- Weighted average premium and standard received price up 7% relative to H1 2016
- Increase to Reference Price of US\$130/t to US\$1,230/t from 1 Oct 2017 for six month period announced 12 Sept 2017

Supply and demand

- Strong sales reflects:
 - Underlying market conditions
 - Restocking from depleted levels
- Increased demand for premium products
- Moderate market growth expected in 2017 and 2018

Zircon Prices*

US\$/t



* Notes:

'Premium and Standard' and 'All products' prices are weighted average received price, FOB. 'Reference Price' is based on a 2 tonne bag of Zircon Premium, DAT, ex-China warehouse. During 1H 2016 reference price decreased from US\$1050/t to US\$950/t.

High Grade Feedstock Market

Iluka result

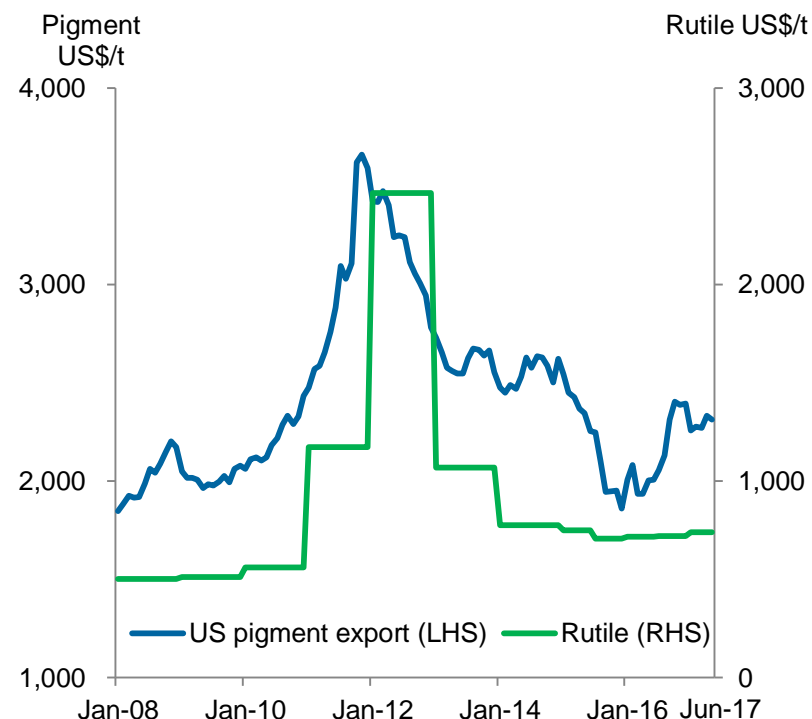
- Rutile and SR sales volumes, excluding Sierra Rutile, are 20% higher than H1 2016
 - including Sierra Rutile (H1 2017: 62kt) sales are up 58%

Pricing

- Rutile prices up 4% relative to H1 2016
 - 40% of SRL's 2017 rutile production volumes (~60kt) contracted at fixed prices for 2017
- Successful implementation of US\$70-100/t increase effective 1 July on uncontracted rutile volumes
- Pigment prices up ~10% since beginning of 2017
 - typical lag of 6-12 months to feedstock price

Supply and demand

- Broad-based, continuing improvement in chloride pigment market (90% of feedstock end use)
 - pigment industry commentary of above trend demand
- Continued restocking of depleted pigment inventories
 - feedstock demand expected to exceed underlying market conditions
- Potential for pigment plants to increase high grade feed (rutile and synthetic rutile) to deliver higher plant output



Source: TZMI and Iluka

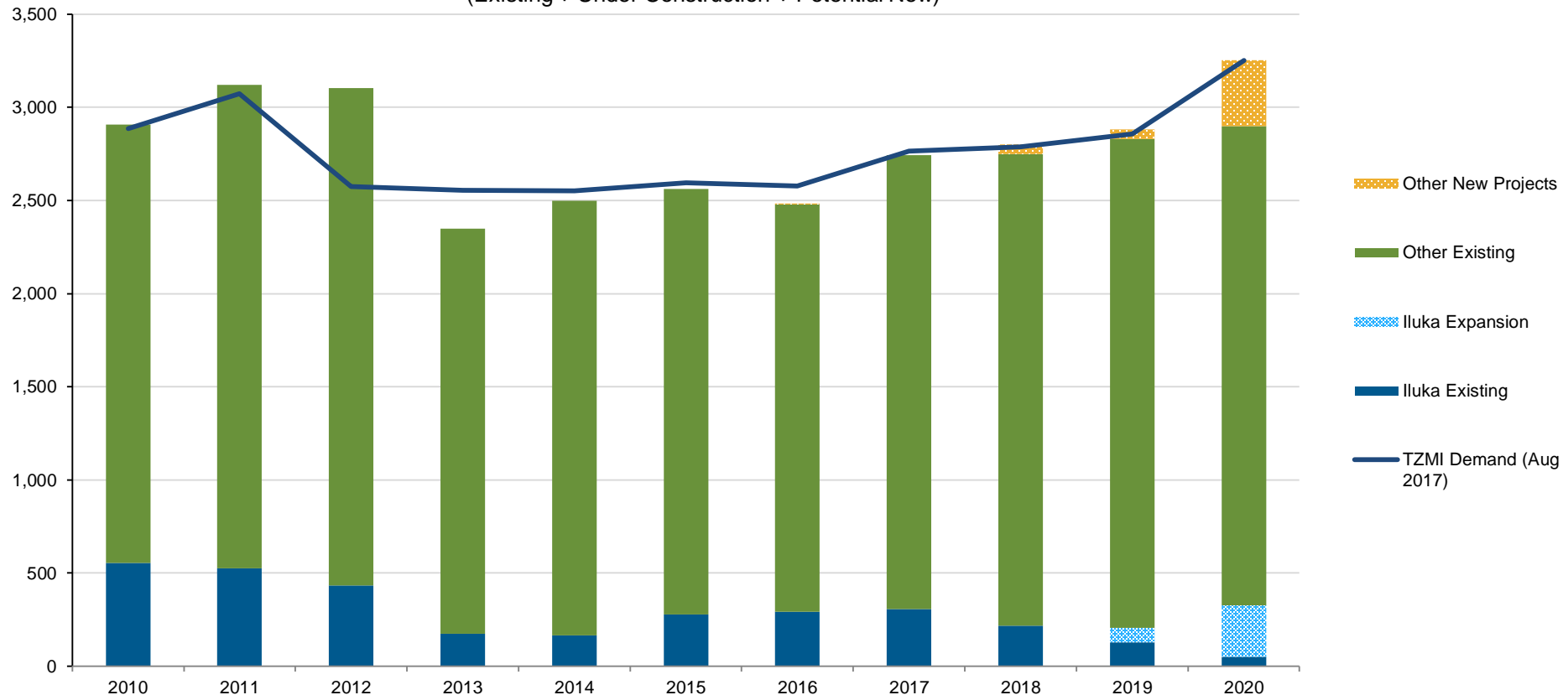


ILUKA

High Grade Chloride

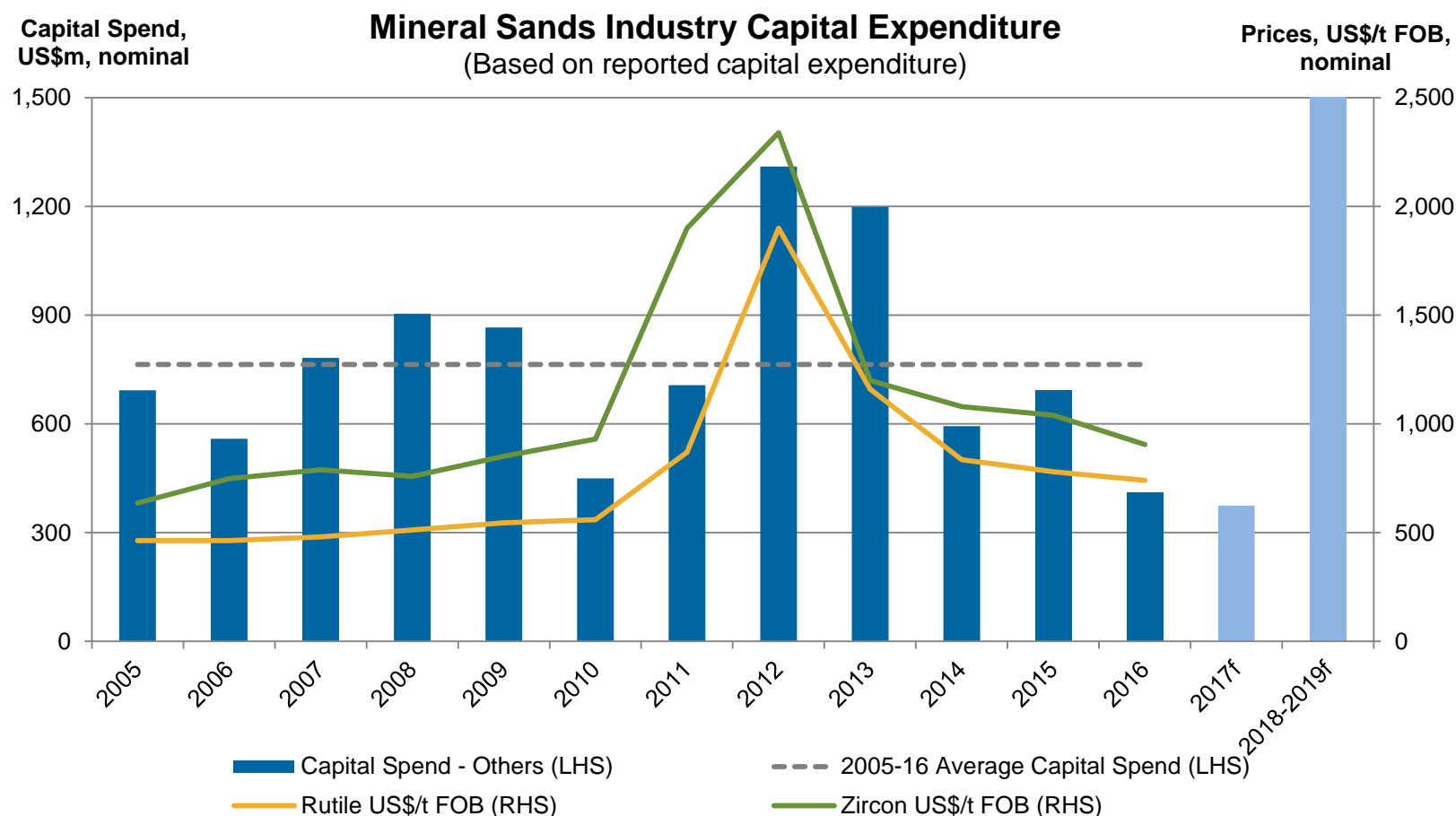
TiO₂ Kt

High Grade Chloride Consumption v Production
(Existing + Under Construction + Potential New)



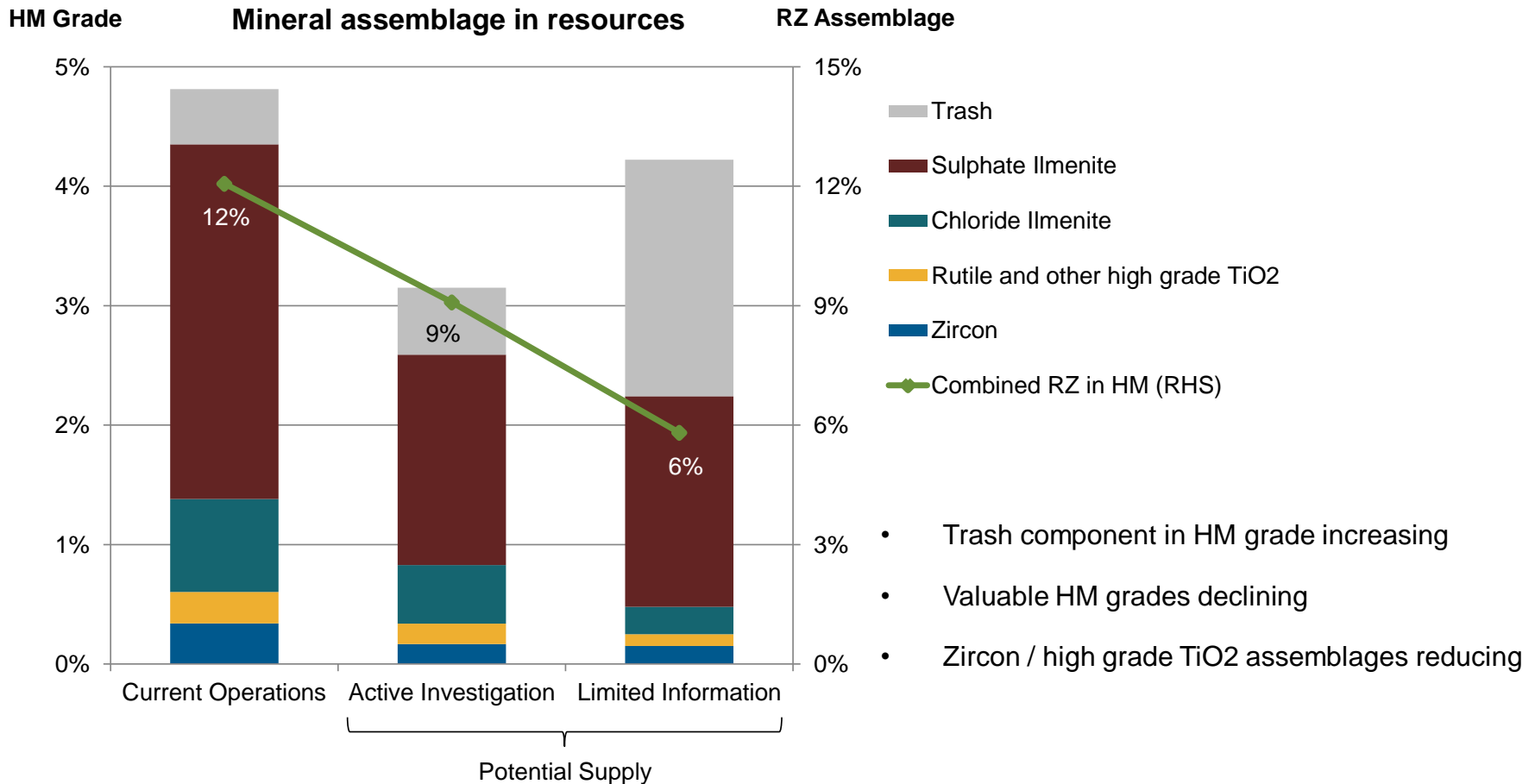
- Iluka expansion includes Cataby, Lanti and Gangama expansion, and Sembehun
- Feedstock production reduced to align supply and demand
- Future feedstock production to project inducement pricing
- Short term inventory rebalancing in final stages of completion

Industry Re-investment Required



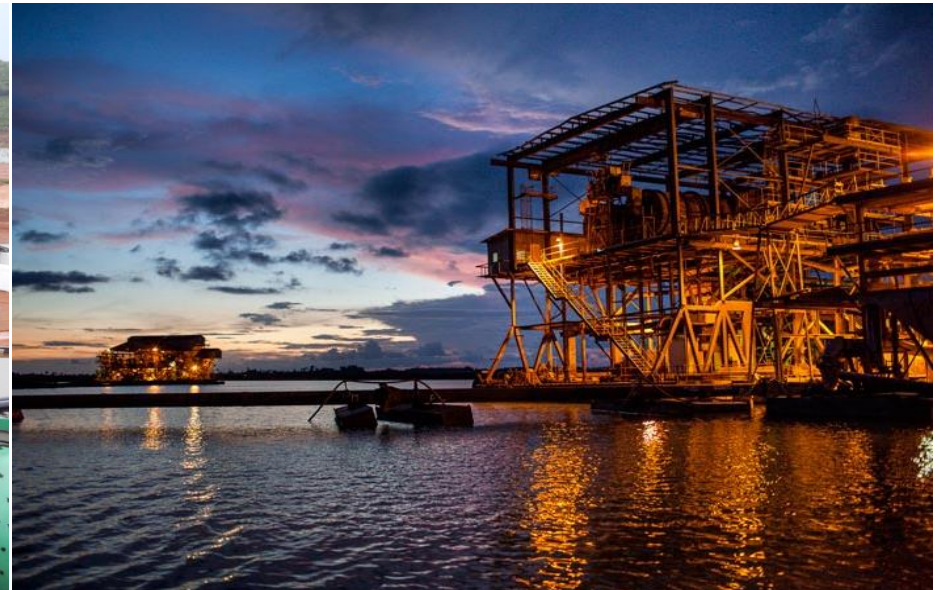
- Several years of below average expenditure
- Iluka estimates ~US\$1.5bn to be spent by major mineral sands producers in coming years
 - relates to major existing producers, not potential new projects

Grade and Assemblage Challenges Ahead



Sierra Rutile Acquisition

- Counter-cyclical investment with strategic rationale and financial merit
- Reserves support of 18.5 years – large resource base capable of extending economic life further
- Iluka now the number one producer of rutile
- Implementation of mining and processing improvements delivering higher mining rates, concentrate grades and product recoveries
- Investment in port improvements, including new push boat and additional barges



Sierra Leone

Capital	Freetown
Population	6.4 million
Government	Presidential republic
Politics	Two main political parties. Free democratic elections. Next election 2018.
Language	English (official), Krio (lingua franca)
Economy	GDP US\$4.5 billion (2015), GDP per capita US\$696 (2015)
Main Industries	Agriculture (rice, coffee, cocoa) Mining (diamonds, iron ore, rutile, bauxite)
Recent Events	1991-2002 civil war <ul style="list-style-type: none"> • Two peaceful elections subsequently • Change of governing party and President • Now ranked one of the most peaceful countries in Africa* 2014-16 Ebola outbreak <ul style="list-style-type: none"> • Economic growth significantly affected • Sierra Rutile mine continued operations

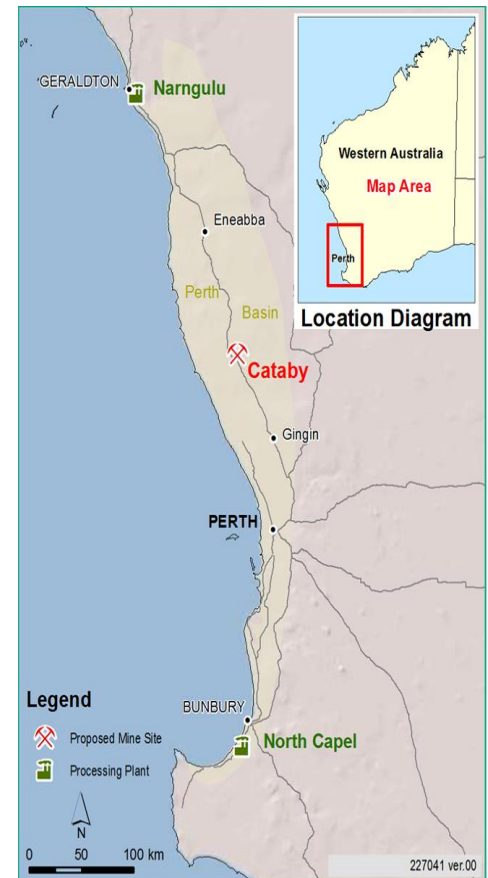
*Source: Institute for Economics and Peace, 2016



- Sierra Rutile is a significant source of private sector revenue and employment in Sierra Leone, ~2.4 per cent of GDP

Cataby Project

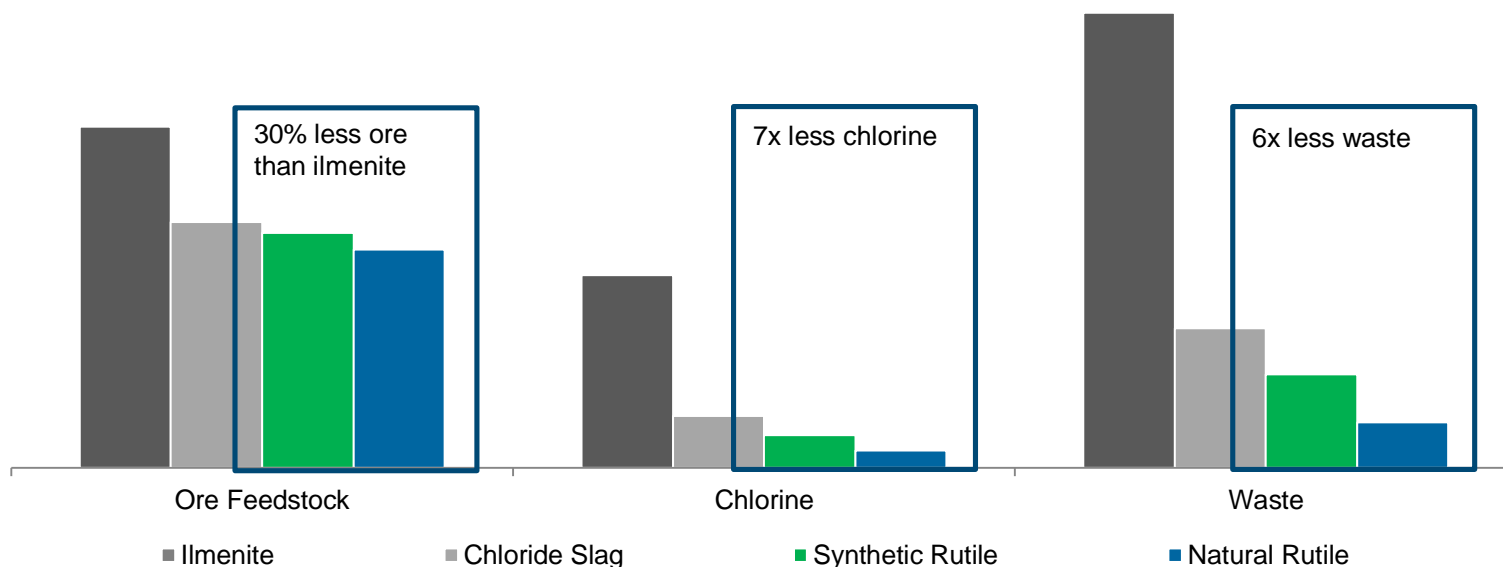
- Large chloride ilmenite deposit with significant associated zircon and rutile production
 - ilmenite production to underpin continuation of synthetic rutile kiln 2 in South West
- Located 150km north of Perth, Western Australia
- Estimated life of ~8.5 years
- Annual average production over life of mine (thousand tonnes per annum, ktpa)
 - ~370 ktpa chloride ilmenite, equivalent to ~200 ktpa synthetic rutile
 - ~50 ktpa zircon
 - ~30 ktpa rutile
- Conventional mining method (open cut, dozer push and truck and shovel)
- Execute-ready stage; attractive financial characteristics
- Substantial progress on off take arrangements on appropriate commercial terms
- Capital spend approved to spend additional \$30-35m to keep project on track



High Grade Titanium Feedstock Advantage

- Natural and synthetic rutile have a higher titanium grade than other feedstocks
- Advantages in pigment production:
 - lower ore tonnes required;
 - lower chlorine input cost; and
 - lower waste generation (environmental and cost benefits)
- High 'value in use' for Iluka's main products

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



Create and deliver value for shareholders

Flex assets in line with market conditions

Operational settings reflect market conditions to deliver value and reduce costs, where appropriate, for example Jacinth-Ambrosia mine idling in April 2016 and subsequent restart in December 2017



Preserve and advance growth opportunities

Cataby project execute ready – investments continue

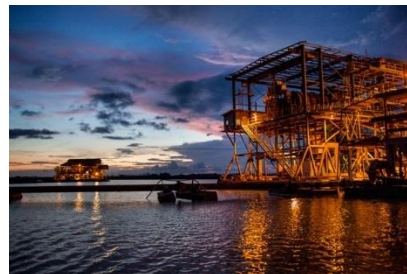
Sierra Rutile expansion projects progressed in line with industry analysis of key product markets

Balranald staged development approach



Act counter cyclically where appropriate

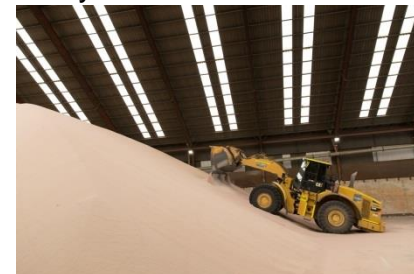
Sierra Rutile acquisition completed during subdued market conditions



Disciplined capital allocation

Iluka applies a capital allocation framework that prioritises funds for investment where strict financial criteria and strategic rationale can be met

Iluka is focused on shareholder returns through the cycle



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Thank You



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