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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, . 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.

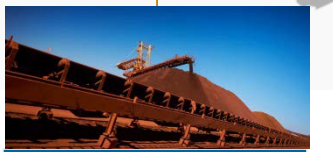
Iluka's Asset Base

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

Virginia, US
Rehabilitation
(mine closed Dec 2016)

Sierra Leone
Gangama dry mine
Lanti dredge & dry mine
Sembehun deposits

Sri Lanka
Puttulam deposit



MAC Royalty, Australia
BHP's Mining Area C

Western Australia
Synthetic rutile kiln
Cataby project

South Australia
Jacinth-Ambrosia mine

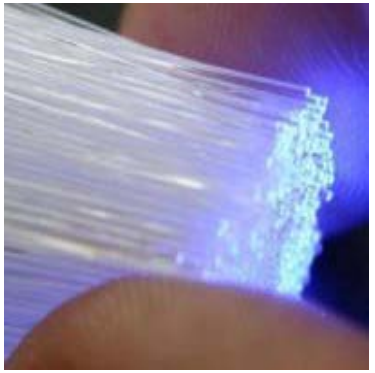
Victoria/New South Wales
Balranald deposit

Legend

- Operations and Projects
- Exploration Office
- Marketing and Distribution
- Other Assets (Mining Area C)
- Corporate Office

The company is a major producer of zircon and high-grade titanium dioxide products.

Iluka's Product Portfolio



ZACURA
STABILITY • PRECISION • VALUE

Zircon
Premium grade zircons for ceramic tiles and sanitary ware
Specialty grade zircons for chemical and refractory
Zacura range for foundry and investment casting

Titanium
High grade titanium feedstocks for chlorination
High purity titanium feedstocks for welding consumables
Low Sn titanium feedstocks for high grade titanium metal production (e.g. Aerospace)

Business Focus

Operational excellence

Expansion and improvements

Sustainable development

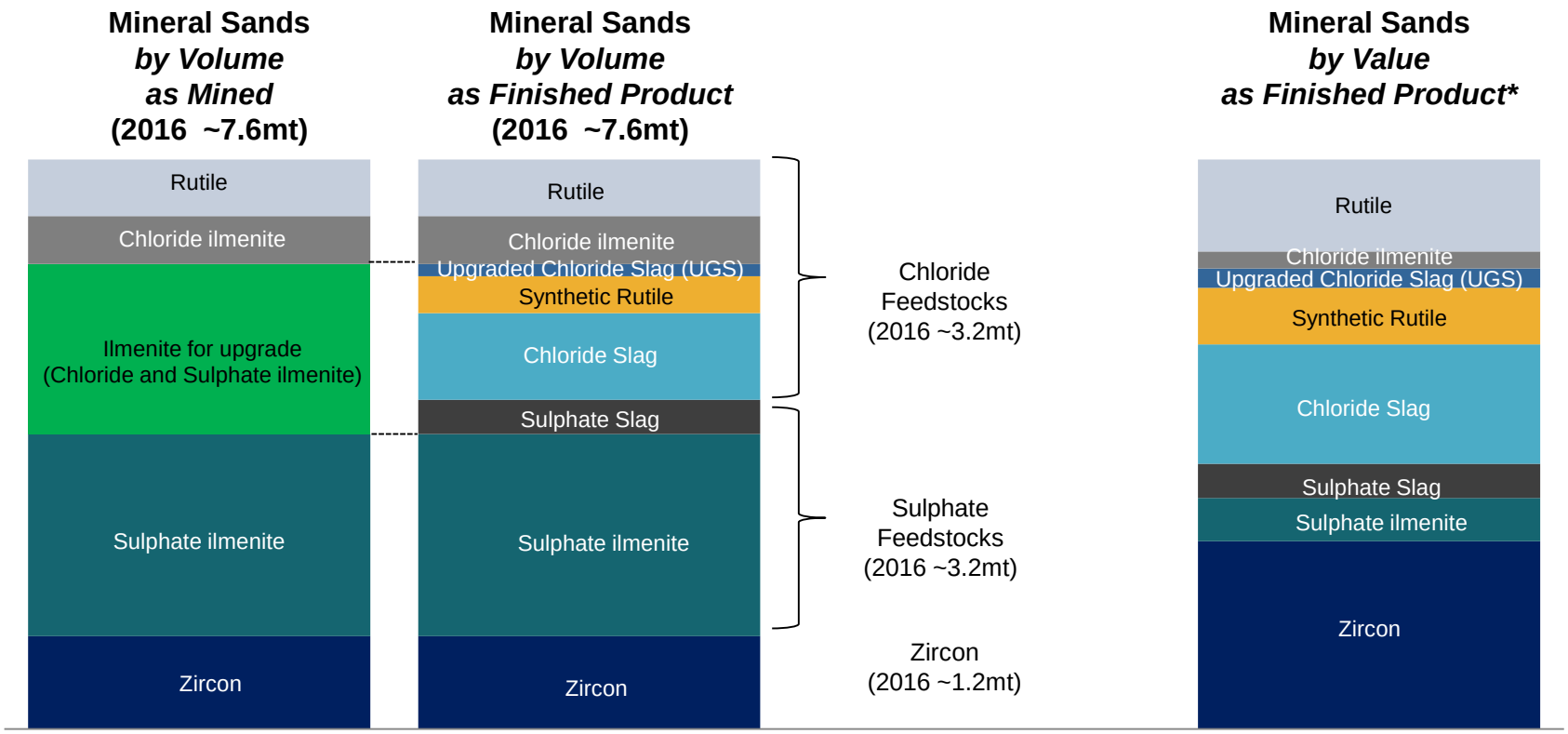
Marketing strategy

ILUKA

Industry Dynamics

Global Mineral Sands Production

Proportionately, Zircon generates the largest revenue when taking into account the volume mined

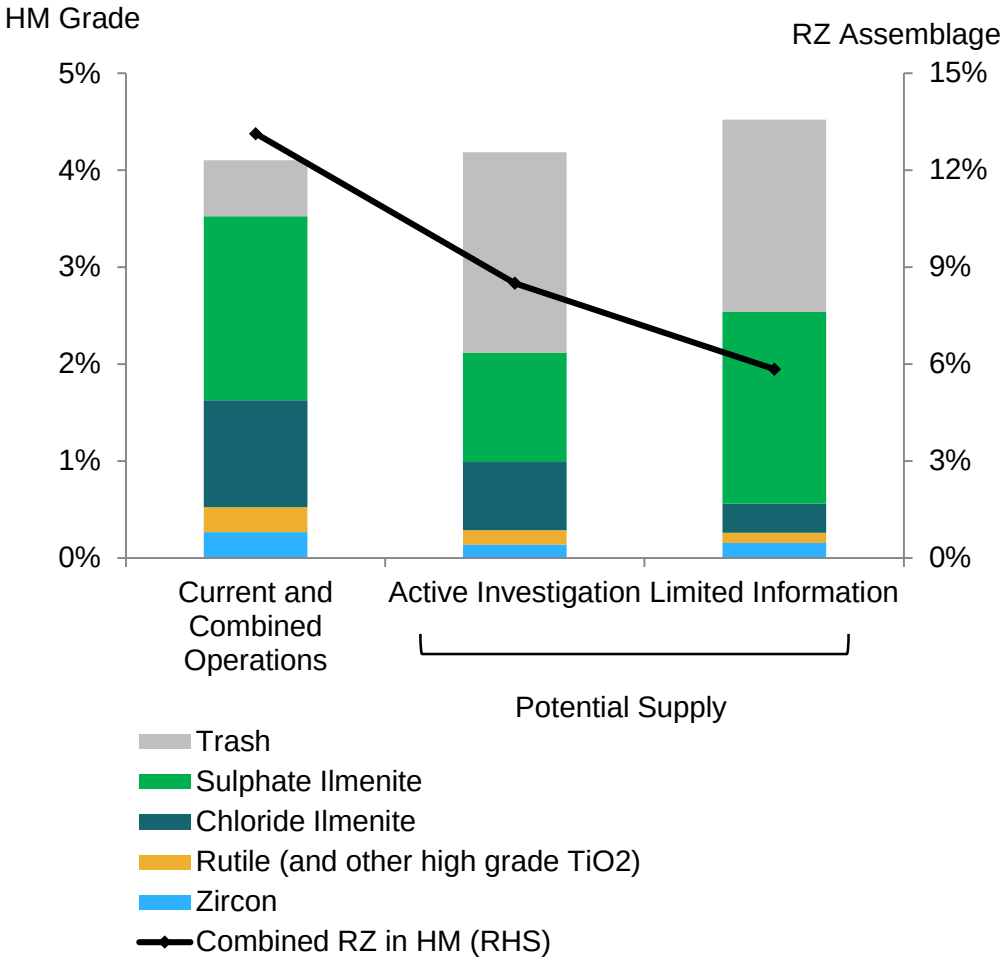


All titanium feedstock volumes in TiO2 units
Source: Iluka and TZMI

* 2016 product volumes and 2016 industry average prices

Valuable Heavy Mineral Decline

Global Mineral Sands Resources Assemblage



Iluka's assessment of industry ore bodies

- Trash component in heavy mineral grade increasing
- Rutile and zircon assemblage falling

Industry challenge

- Need technical solutions for unconventional ore bodies and product specifications
- Exploration to find better ore bodies
- Achieving prices that maximise ROI
- Without incentivising substitution and thrifting

Source: Iluka and company reports, 2016

New Project Supply Challenges

Unconventional deposits requiring technical solutions (eg. 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

Iluka evaluates many projects and will remain disciplined in allocating capital.

In a tightening market, new projects may progress despite challenges.

Zircon Market

Current Supply Demand Fundamentals Positive

Zircon market tightness has arrived

Recovery in prices since 2H 2016

Reduction in producer-held inventories

Downstream restocking movement → **Limited capacity for buyers to increase stock**

Iluka balances supply when miners reduce deliveries → **Some customers slow to realise situation**

No inventory build up + limited producer response
+ some demand cannot be met + modest underlying growth
= favourable conditions

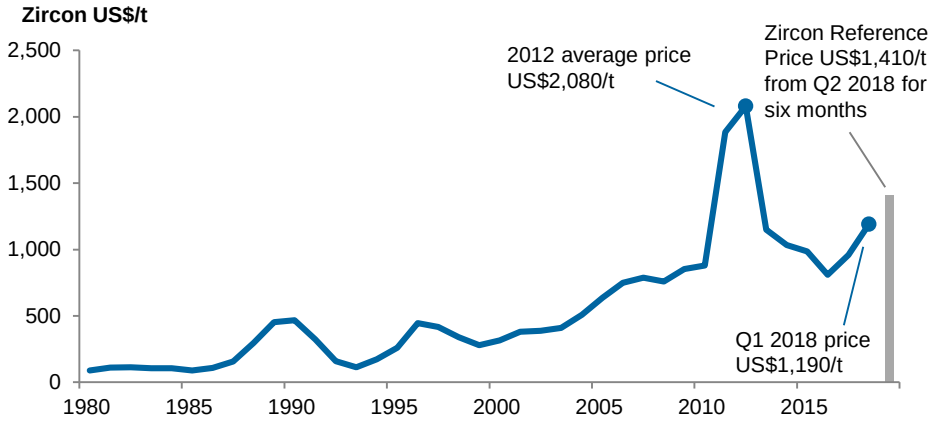
2018 Zircon Market

- Tight supply conditions leading to steady price increases
- Prices remain well down on previous spike
- Current price cadence avoiding historic volatility
- Downstream product prices have escalated

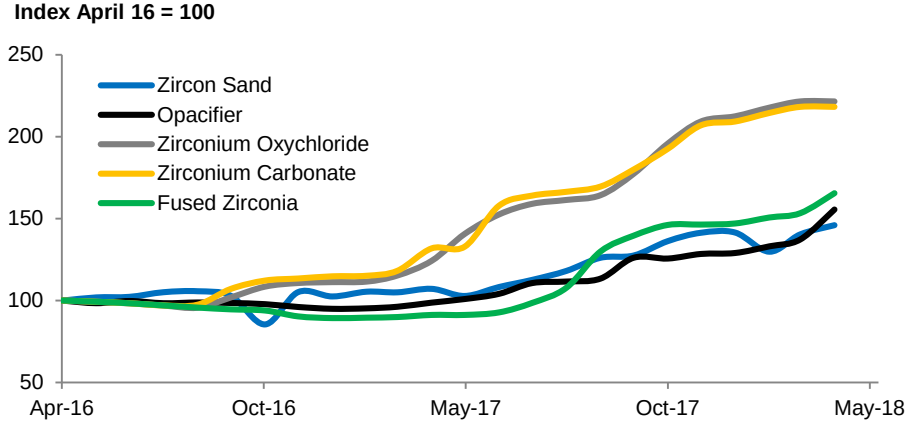
Iluka's Zircon Pricing Strategy

- Zircon <5% of final tile cost
- Previous price spike induced substitution and thrifting
- Current customer feedback suggests higher prices can be absorbed if gradual
- Pricing strategy always subject to market response

Zircon Price History



Zircon sand compared to downstream prices

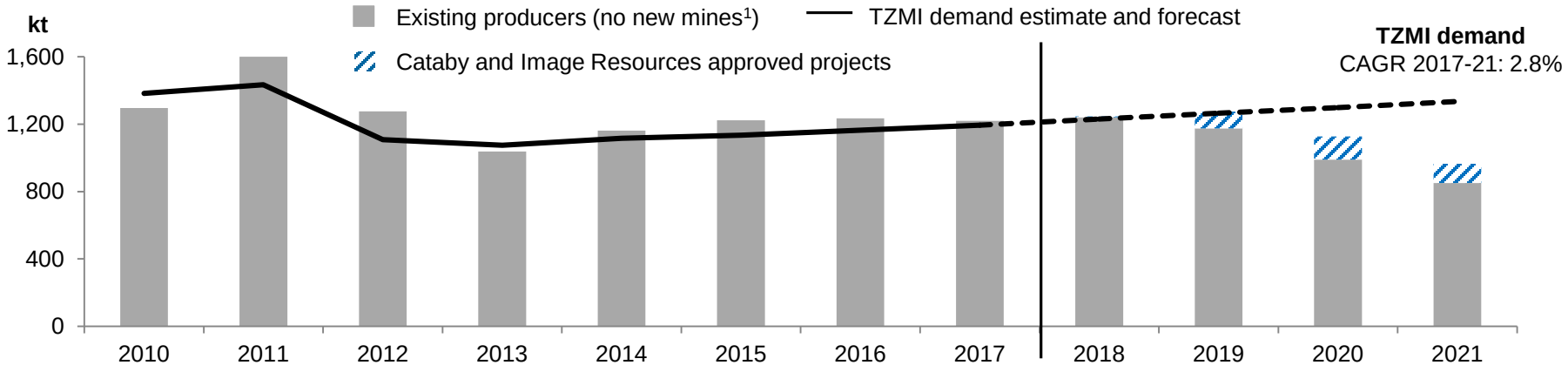


Source: Iluka (zircon sand), Ruidow (others)

Zircon Market Outlook

- Zircon from existing producers declining due to depletion and grade/assemblage decline
- Inventory largely depleted
- Supply projections include Iluka's Cataby development and recently funded Image Resources development
- Structural deficit could be mitigated by a combination Ambrosia mine move acceleration from 2022 to 2019 and likely supply response from artisanal miners in Kalimantan, Indonesia

Zircon Supply and Demand – Existing producers and approved new mines

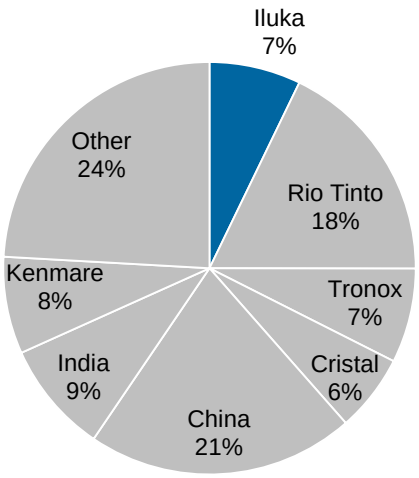


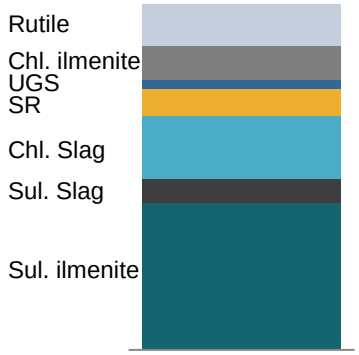
Note: In 2012, zircon demand fell by 200-250kt due to modernisation, substitution and thrifting, predominantly in the ceramics sector
Source: Iluka production, Image Resources outlook (May 2018) and TZMI supply for remaining producers; and TZMI demand February 2018

High Grade Titanium Market

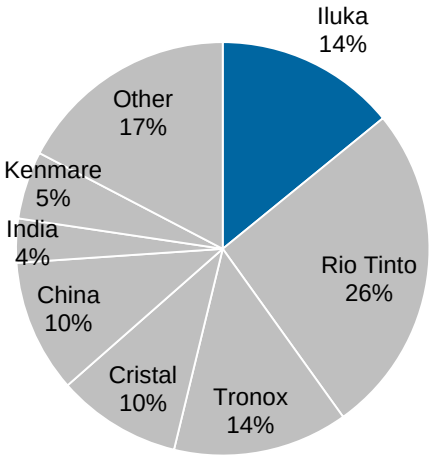
Market Position Strongest in Very High Grade

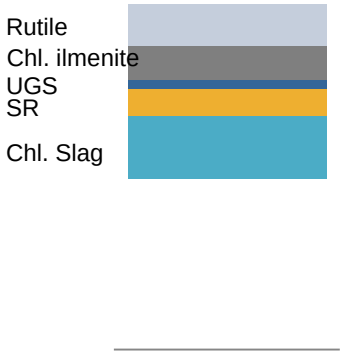
Total TiO_2 Feedstock Chloride & Sulphate (2016 ~6.4 Mt)



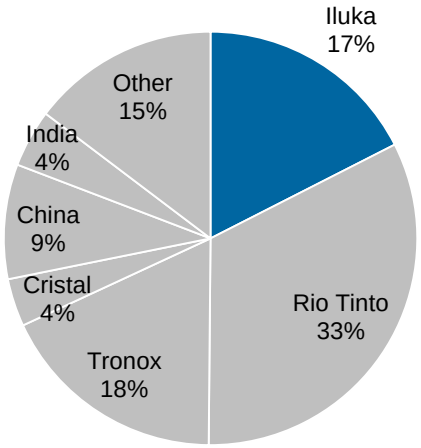


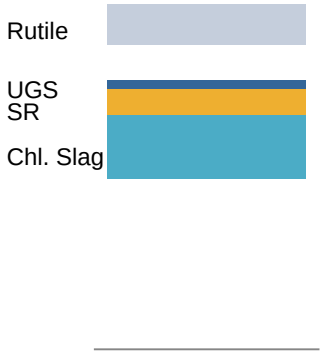
Chloride Feedstock (2016 ~3.3 Mt)



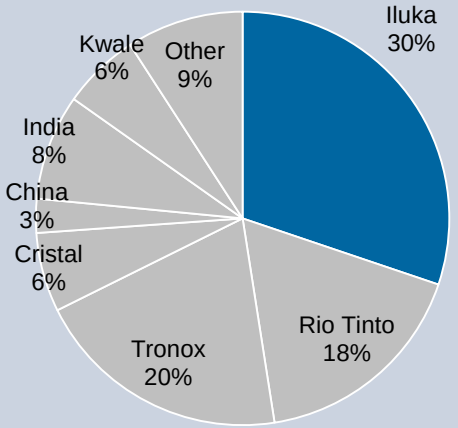


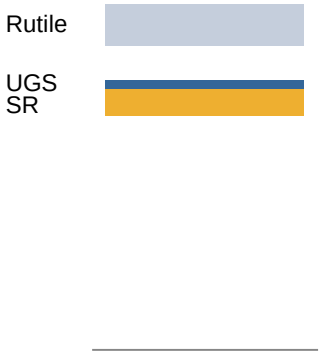
High Grade Chloride (80%+ TiO2) Feedstocks (2016 ~2.5 Mt)





Very High Grade Chloride (90%+ TiO2) Feedstocks (2016 ~1.3 Mt)



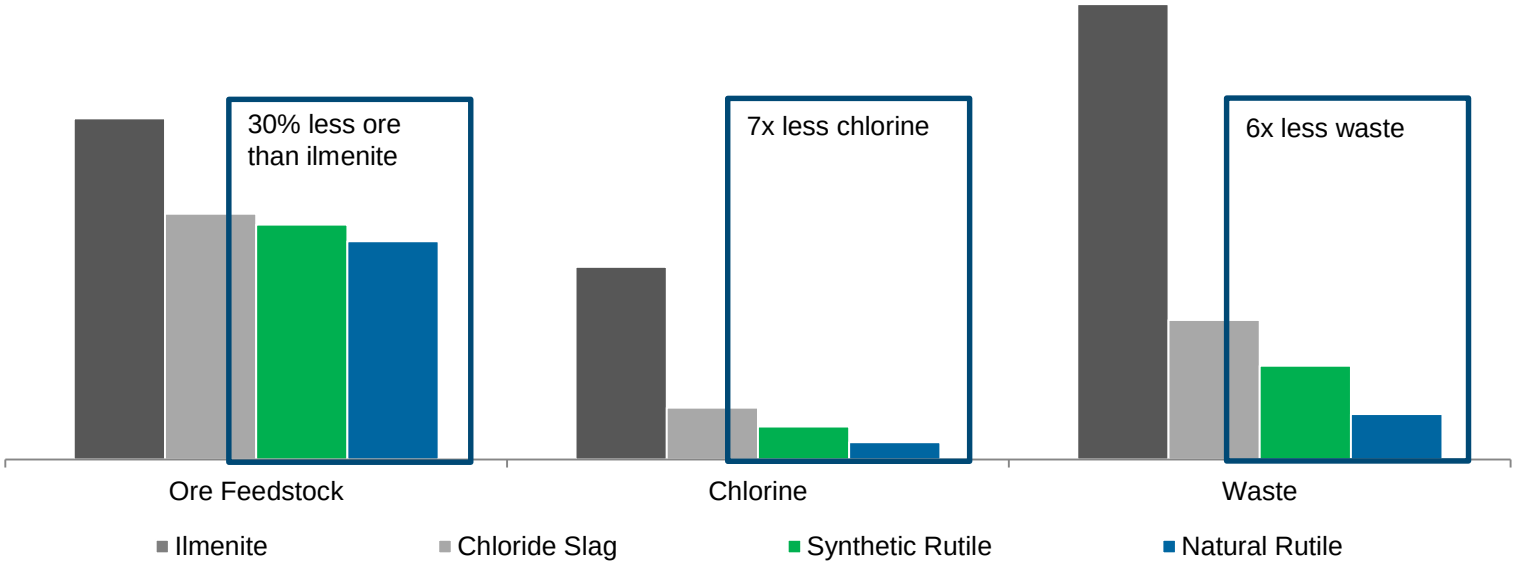


Note: Iluka production includes Sierra Rutile (acquired December 2016)
Source: TZMI, Company reports, Iluka

High Grade Titanium Feedstock Advantage

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

Higher grade feedstocks have lower costs, per tonne of pigment produced



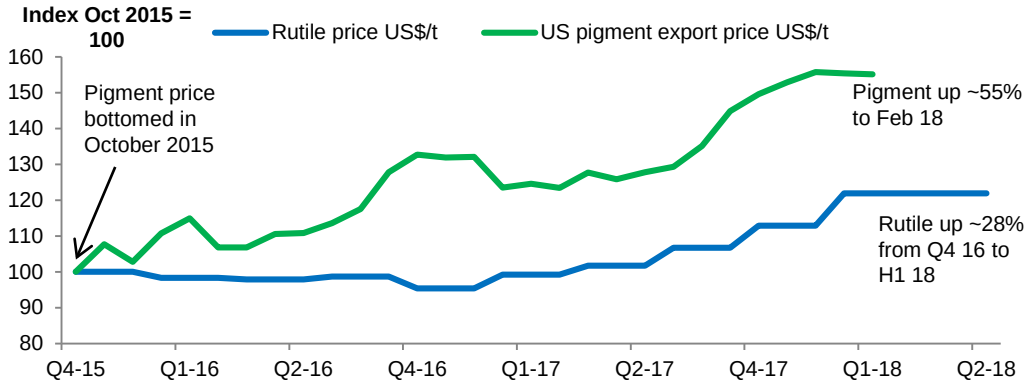
Source: Iluka

2018 High Grade Titanium Feedstock Market

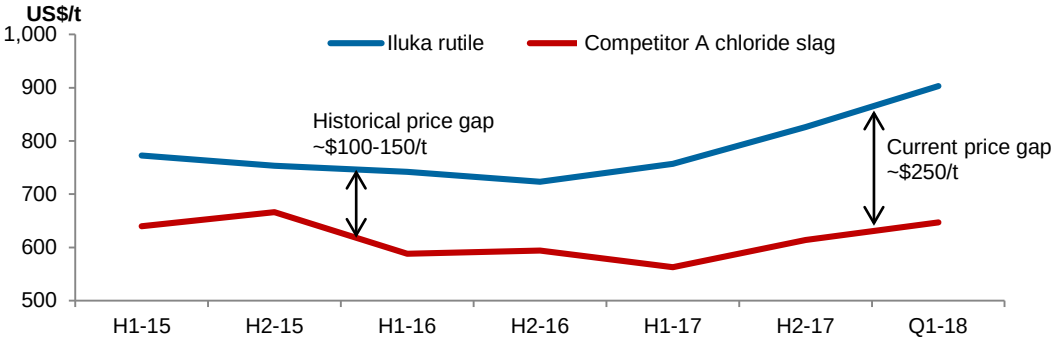
- Positive conditions in downstream pigment market (90% of demand)
- Pigment plant closures in EU and China increasing utilisation of plants in operation
  - high grade feedstocks used to increase yields
- Pigment prices up 55% from market low (Oct 2015)
- Rutile prices up 28% from market low (Q4 2016)
- Pigment and feedstocks price growth over past 12 months comparable
- Historical lag of 6-12 months to feedstocks prices

- Rutile historically priced at premium to other high grade feedstocks
  - reflecting relative economic value, other factors
- Rutile price growth has been greater than other high grade feedstocks, increasing price differential
- Key drivers of further rutile price growth are other high grade feedstock prices, pigment prices, feedstock availability and specific pigment plant capabilities

Rutile prices increasing, historical lag to pigment prices



Rutile premium has increased

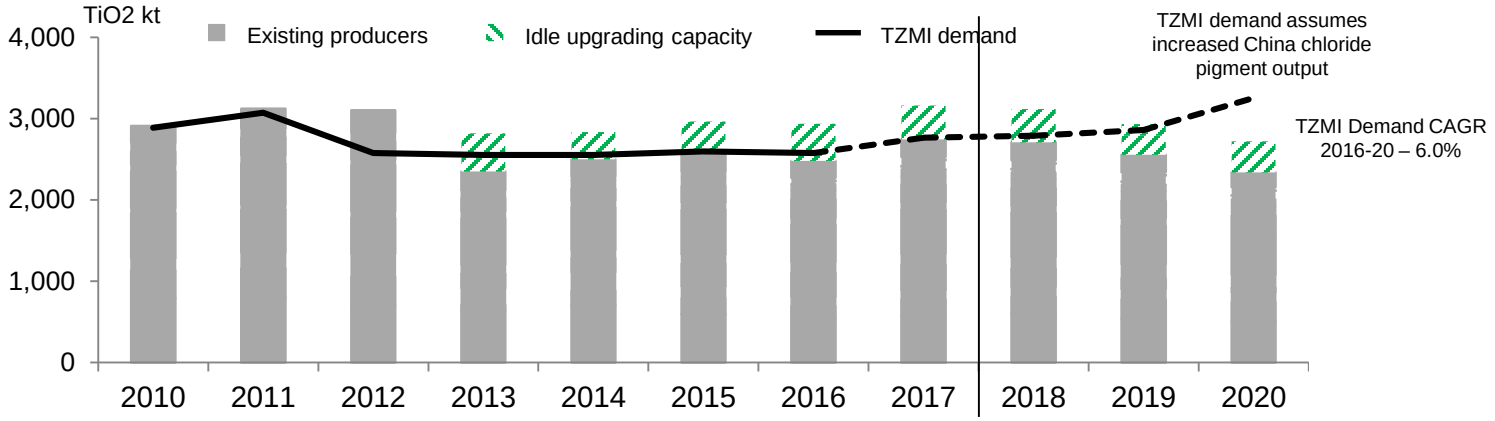


Source: Stuart Brown Consulting, TZMI, Iluka

High Grade Titanium Dioxide Supply/Demand

- Supply–demand overlaid with swing capacity not requiring additional mine investment
- Subject to price rises inducing brownfields investment, the high grade market has sufficient supply capacity to meet demand to 2019
  - This idle capacity has existed for five years, with major producers exhibiting supply discipline
- Between the three major producers, there is sufficient capacity and feedstock supply to fill the emerging gap
- If all potential suppliers enter the market, the high grade market would have ample supply capacity
- Highlights importance of Iluka's strategy to secure offtake for Cataby project

High Grade Titanium Supply and Demand – Existing producers and swing capacity



This slide should be read in conjunction with the disclosure in respect of forward looking statements on slide 2
Source: Iluka supply and TZMI demand August 2017

Industry Challenges Of Current Market

Zircon Substitution Options

Although substitutes exist, zircon is the better product

Zircon attributes

- Opacity – whiteness
- Hardness
- Low thermal expansion
- High melting point
- Thermal conductivity
- Chemically inert
- Low neutron absorption

- ➔ Alumina
- ➔ Feldspar
- ➔ Kaolin
- ➔ Chromite
- ➔ Synthetic Mullite

Adoption of substitutes has value-in-use and technical limitations

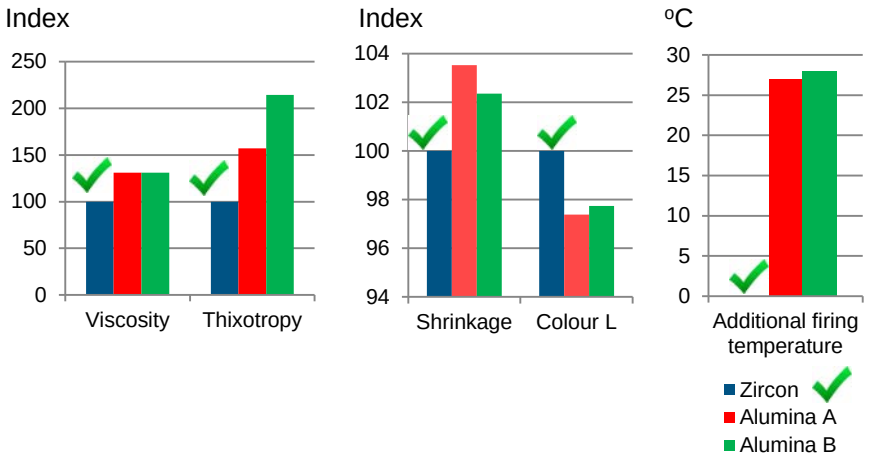
Substitution Landscape

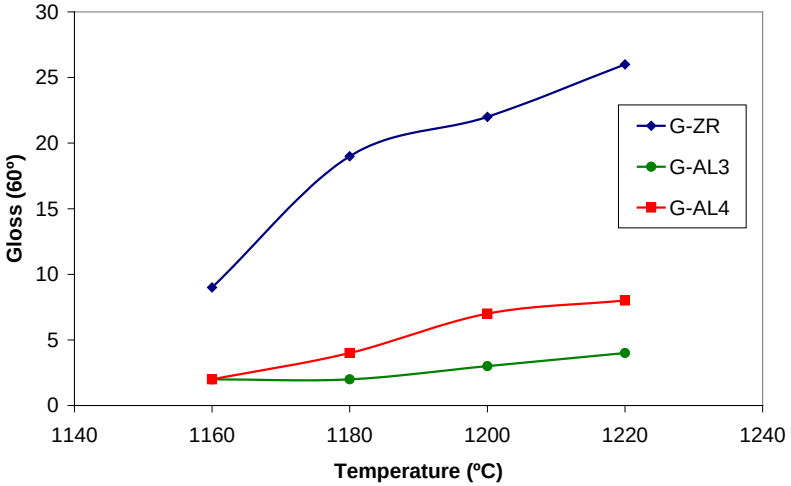
Market	Application	% of zircon market (est)	Major Substitute	Adoption Hurdle	Mitigation
Ceramics	Body	16	Calcined alumina; white clays; white feldspar; kaolinite	Medium	• Alumina content in tile formulation • Final product attributes (e.g. porosity, dimensions) • Declining availability and quality of ceramic clay and feldspar deposits
	Engobes & glazes	27	Calcined alumina	Medium /High	• Alumina content in tile formulation • Final product performance (e.g. water mark, meltability, chemistry, gloss) • Increasing demand for higher-quality and HD digital glazed tiles
	Ceramic frits	9	Nil	High	• Zircon's effects unmatched by any substitutes
Chemicals	Pigments (zirconia)	20	Nil	High	• ZrO_2's effectiveness to provide crystal encapsulation for specific colours
	Medical Applications		Nil	High	• Highly specific functions
	Advanced materials		Nil	High	• Highly specific functions (e.g. fuel rods, oxygen sensors, high-temperature turbine coatings)
Refractory	Glass refractory	16	Nil	High	• Highly specific function • High-impact failures if cheaper substitutes fail
	Steel refractory		High-purity alumina; spinel	Medium /High	• High-impact failures if cheaper substitutes fail
Foundry	Sand-casting	2	Synthetic mullite; chromite	Low	• Limitation in performance of substitutes (e.g. desired high-level surface finish and chilling effects)
	Coatings	10	Alumina; synthetic mullite	High	• Limitations in performance of substitutes (e.g. high refractoriness and resistance to molten metal)
	Precision Casting		Fused silica; WFA; synthetic mullite	High	• Limitations in performance of substitutes (e.g. surface finish quality, coating slurry instability)

Adoption Hurdle

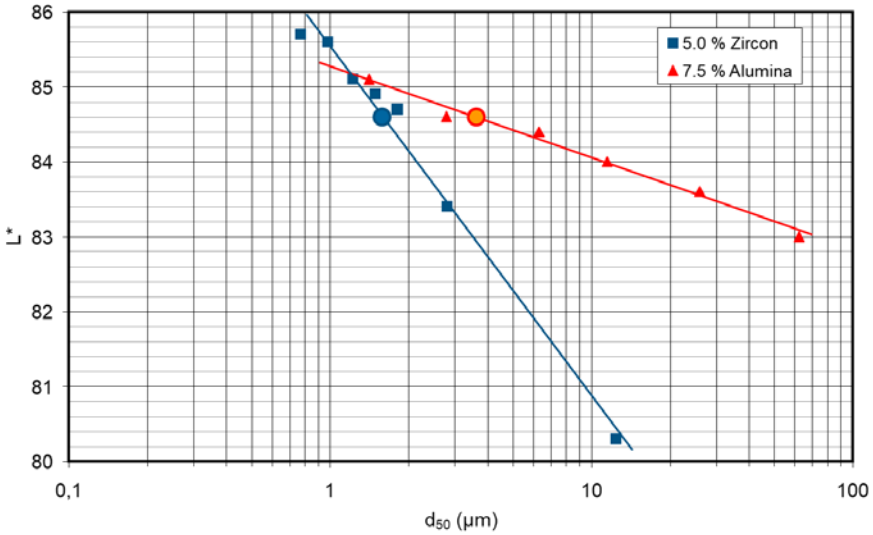
Low = Likely requires only in-house competencies to trial and implement the change. Change could likely be achieved in less than a year. Low economic risk.
Medium = Focussed effort needed, external specialist knowledge may be required. Change may require between one to three years.
High = Technical limitations, Deep and specialised technical knowledge to study, trial or implement the changes. May require more than three years of efforts. High potential economic risk from any trials.

Zircon vs Alumina - Technical Attributes





Glaze Gloss vs. Temperature



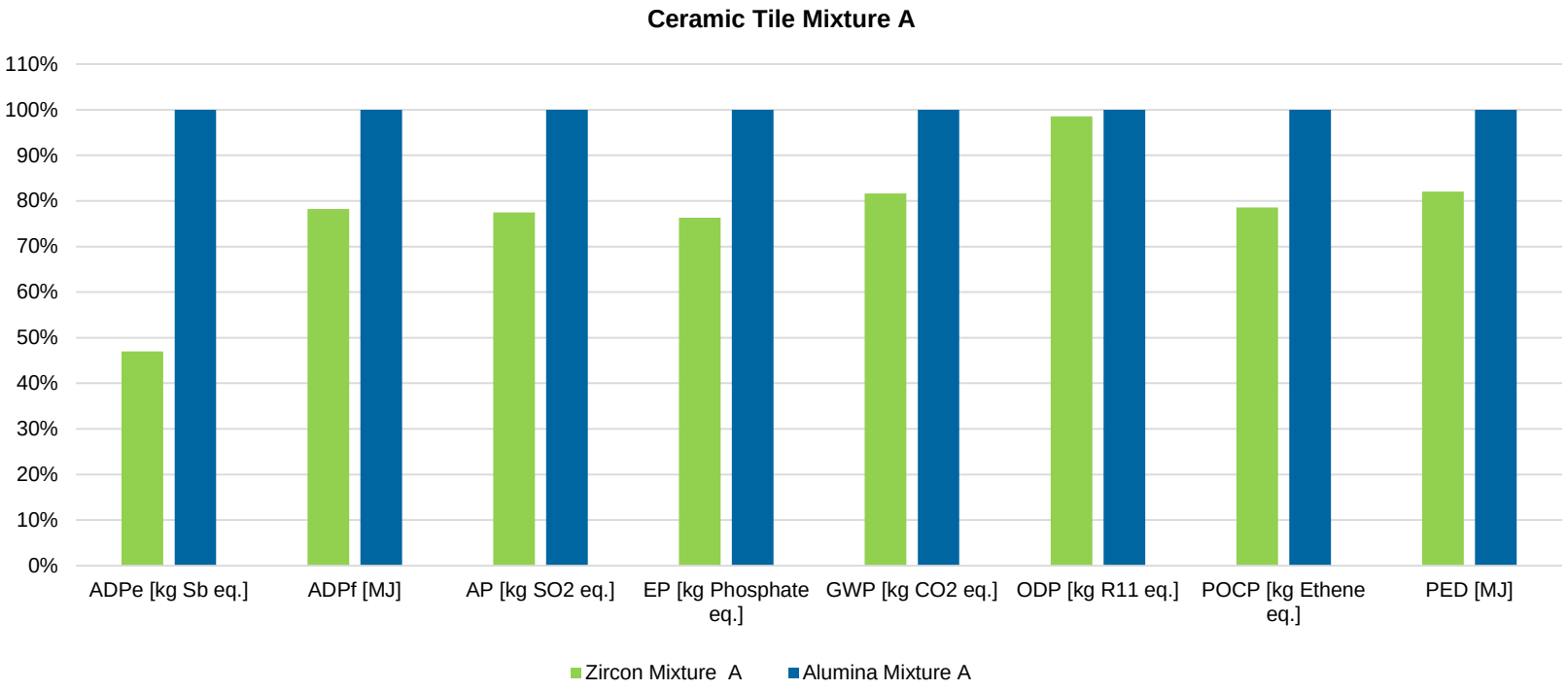
Evolution of L* coordinate with the opacifier particle size for porcelain tile body compositions with 5.0 % of zircon and 7.5 % of alumina.

- No viable substitutes today for zircon-based white frits
- Substitution in porcelain bodies leads to issues in rheology, shrinkage, increase in firing temperature, lower whiteness
- Alumina requires higher substitution ratio (60%+ addition)
- Performance gap between zircon and alumina gets wider as particle sizes go down
- Zircon is the best opacifier for producing high gloss tiles

Source: Ceramic Forum International (2015), ZIA (2018)

Zircon vs Alumina - Environmental Footprint

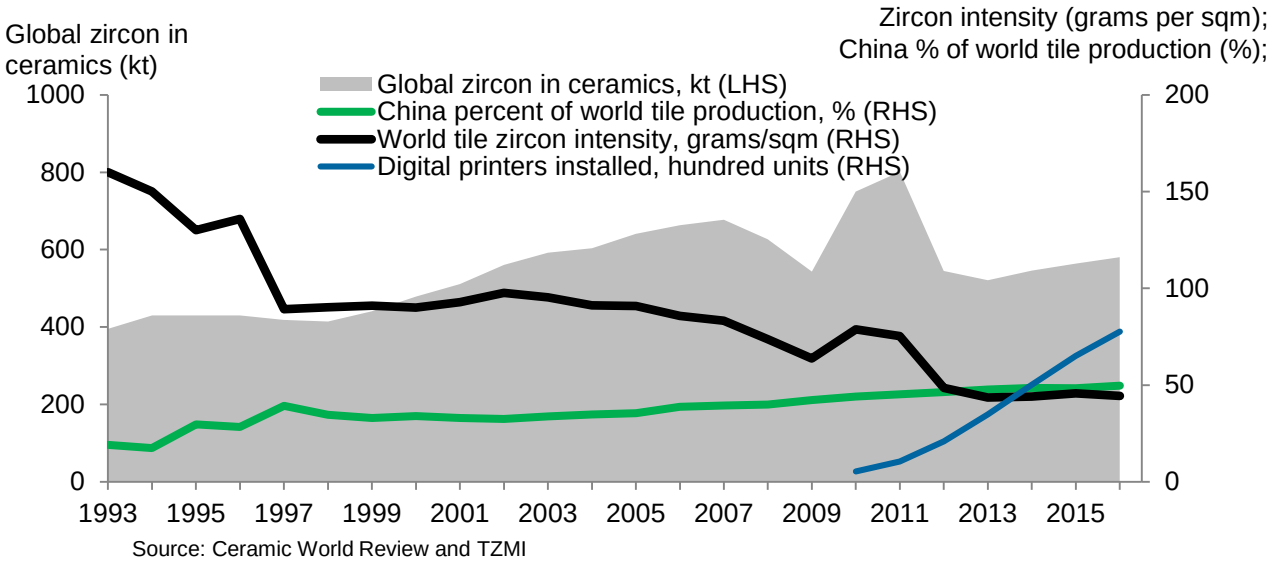
Zircon has a lower Environmental Footprint



Source: Ruidow Global Zircon Conference 2018's presentation by ZIA (2018); Life Cycle Analysis by ZIA

Zircon Facilitates New Ceramics Design and Applications

Zircon is a key enabler to new trends in ceramic designs



Source: Ceramic World Review and TZMI

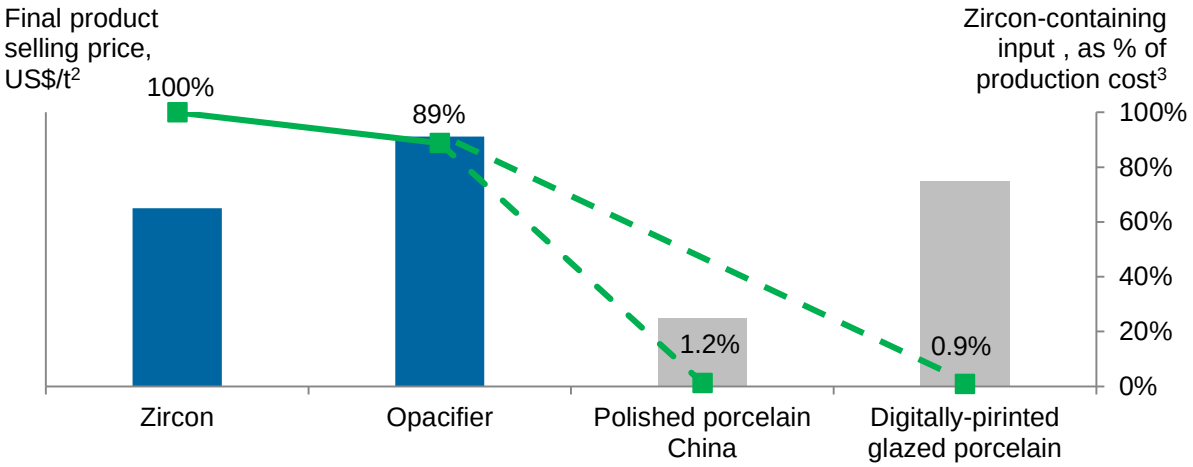
Digital Glazed Porcelain

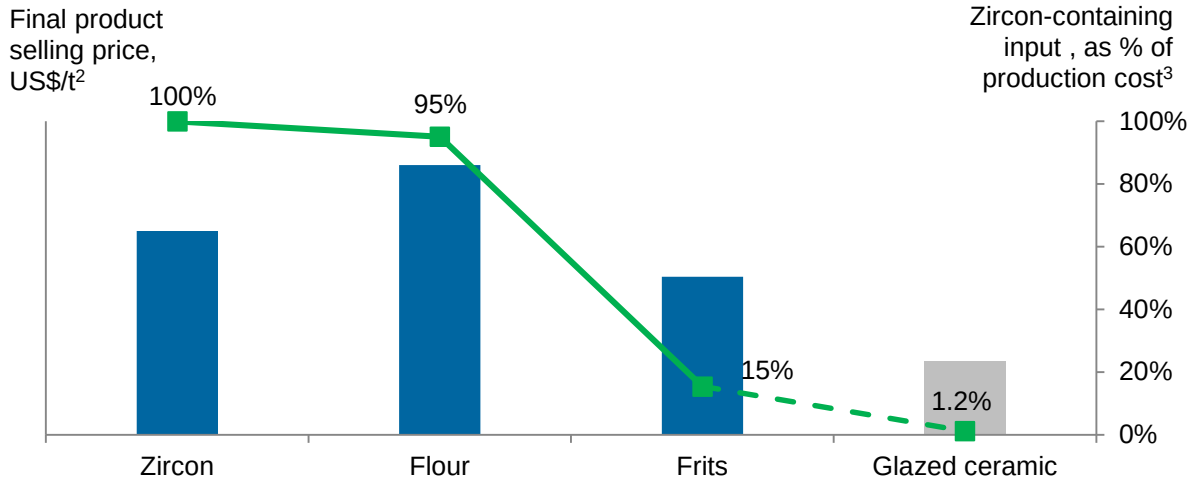
Glazed Ceramic

Gres Porcelain

Latest Tile Formats

Tile Production Costs





Cost of zircon in end-use products

Polished porcelain	1.2%
Digital glazed porcelain	0.9%
Glazed ceramic	1.2%

Source: Iluka study of selected tile production region in Asia.

Summary

1. The supply of Zircon is inextricably linked to the supply of Titanium

2. A challenge for the industry is maintaining sustainable pricing outcomes through the value chain

3. Zircon does have some substitutes but adoption hurdles are high and there are real risks to end product performance

ILUKA

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www.iluka.com

Synthetic rutile kiln, Western Australia