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Operator: Good day and thank you for standing by. Welcome to Iluka Resources FY 2025 Results. At this time, all participants are in listen only mode. After the speaker's presentation, there will be a question and answer session. To ask a question during the session, you need press star one one on your telephone keypad. You'll then hear an automated message advising your hand is raised. To withdraw your question, please press star one one again.

Please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker today, Tom O'Leary, Managing Director of Iluka Resources. Please, go ahead.

Tom O'Leary: Good morning, I have Adele Stratton and Luke Woodgate with me in Sydney this morning. Thanks for joining us. I'll keep my opening short and then we'll go straight to questions. The full result we've published this morning was really pre-reported and discussed at our quarterly review back on 29 January, a few weeks ago. While there's been some incremental progress since then, the key takeaways are the same.

In mineral sands we expect to have greater clarity around the market outlook post Chinese New Year for zircon and ahead of the North American coating season for titanium dioxide feedstocks. Since we last spoke, we've maintained price and locked in some additional contracted zircon sales which for the first quarter now stand at 41,000 tonnes of sand and 11,000 tonnes of zircon in concentrate.

All of the industry developments I outlined at the quarterly, Rio Tinto's review of its titanium feedstocks business, the rationalisation of global pigment capacity, the impact of anti-dumping duties on Chinese exports and the operational settings adopted by other mineral sands producers continue to play out and remain likely to influence outcomes in 2026.

Iluka is well placed to respond to a range of scenarios in the context of our $1.1 billion inventory position, diversified product suite and Australian operating base. Slide 7 in today's pack expands on the uses of funds expected during 2026. As you can see, it's a significant step down from last year, being over $600 million lower. This is the result of cost reduction measures enacted late last year, including the decision to idle Cataby and SR2, and the conclusion of capital investment in the Balranald development.

Turning to Balranald, you'll recall we commenced mining on one rig in January. The second rig will commence in February, after which we'll be mining on both. Ramp-up will occur over the first half, with investment case production targeted for mid-year. Heavy mineral concentrate will be transported to our Narngulu mineral separation plant for further processing, with the first finished mineral sands products from Balranald to enter to the market in the second half.

Balranald's rare earths will be transported to Eneabba to await refining. That brings us to the rare earths business in the Eneabba refinery, where construction continues to progress well and will accelerate over the next year, ahead of commissioning in 2027. Engineering is now over 95% complete, equipment continues to arrive at site for early placement and SMP&I contracts will be awarded over the coming months.

Not long after the quarterly, we saw some further announcements from the US government and commentary from the Australian and other governments regarding international cooperation to diversify the supply chain, including in relation to potential price support. These developments are obviously of interest to Iluka. They're tailwinds for our rare earths business. Nevertheless, as I said a few weeks back, we're focused on building that business to be commercially sustainable for decades.

Construction, commissioning, operational performance, off-take and feedstock longevity are all vital to this endeavour and we look forward to continue to update you on our progress. To reiterate, upon commissioning next year, Eneabba will be one of the few rare earth refineries operating outside of China, a multi-decade infrastructure asset capable of processing a diverse range of feedstocks from Australian and international projects and producing both light and heavy separated rare earth oxides.

I appreciate there's a bit of repetition from the quarterly and what I've just covered. The materials we've put out this morning included some updated visuals of Balranald and Eneabba which we hope are helpful and give some colour to the exciting times ahead. With that, over to you for questions.

Operator: Thank you. To ask a question, please press star one one on your telephone keypad. To withdraw your question, please press star one one on your telephone. Just a moment for our first question, please. First question comes from Paul Young from Goldman Sachs. Please go ahead.

Paul Young: (Goldman Sachs, Analyst) Morning, Tom, Adele and Luke, I hope you're well. Thanks for doing this call and thanks for putting the cash flow stack chart on slide 7. That's pretty helpful. Adele, just a few additional questions on just cash flow and other items for this year, just to sort of step through some different scenarios. Can you firstly just talk about the working cap position? I think you've got receivables of about $300 million and also payables of about $270 million, which there's a bunch of accruals in there, I presume for Eneabba CapEx. But just on the receivables and the unwind, how do you see receivables unwinding over the course of the year?

Adele Stratton: Yes, great question, Paul. We're already starting to see that. So our net debt position at the end of January is down to $420 million for the mineral sands business. So those receivables will start to unwind to more normalised levels over the next month or two. As you've noted in the payables, because of those two big capital projects, elevated levels of capital accruals, but once again, Balranald's coming to the end, so you'd see that pushing through.

So the purpose of the new slide that we've put in is to really show that step down from 2025. We're not deploying such significant amounts of capital in '26, and that's obviously clearly very material.

Paul Young: (Goldman Sachs, Analyst) Yes, great. Just a few smaller items, I know you always do FX hedging and I think you're at US$200 million of hedging in place at $0.68 or so for the year, so I just wanted to hear your comments on that, if that's correct? Also, just with anything we should think about tax rebates or anything cash-tax related. I mean and the reason for the specifics, I'm just trying to really nut down the cash flow scenarios for the year.

Adele Stratton: Yes, great question. So in terms of exchange, our approach to FX hedging is normally looking at your contracted sales. So you know we don't do speculative hedges. So we look at what contracted sales we have and put hedging in place for that. As you rightly have pointed out, we've got US$200 million of hedges covering 2026 at the moment. We've done those as collars and caps. So I think it's got a $0.63 floor $0.685 ceiling.

So as we progress through '26, we'll continue to do that sort of hedging approach to ensure that you're quite conservative in terms of forecasting your cash income from your revenue. I think just on sensitivity, for any - a lot of people ask for how sensitive are you to exchange, as you'd be fully aware, Paul, most resource companies price their products in US dollars, so they do have exposure for every US$100 million of revenue, that's about a AU$2 million FX impact for each $0.01 change in the exchange rate. But we've got the hedging in place.

Coming to tax…

Paul Young: (Goldman Sachs, Analyst) [Unclear].

Adele Stratton: …we've got a tax refund due in the first half, so as a result of some of those accounting adjustments that we put through in December, so specifically the inventory write-down, you actually get a tax credit for that, so on the balance sheet, you'll see a current tax asset of about $52 million, so that cash will come through in H1 and depending on earnings in '26, your instalments will start in the second half.

Paul Young: (Goldman Sachs, Analyst) Great, okay, thank you. So it seems like plenty of headroom. I noticed the MOFA facility have still got $250 million of undrawn as well, so that's great. Then maybe just turning to Balranald just briefly, I know that really good picture there of the ore/pure HMC on the ground. Tom, just to share exactly how the mining unit is performing, any operating data you can share with us with respect to uptime, utilisation, production rates versus plan, anything you can share with us?

Tom O'Leary: It's probably a little bit early to be specific about that, Paul. We've had the one mining rig up from January and we're experiencing the usual commissioning hiccups along the way, but we're pretty pleased with the extraction rates which have been, at times, at investment case levels. We're now getting the next mining rig operating really probably in the next week or so. So pretty pleased with how it's progressing generally and really on track to be at investment case rates by the middle of the year.

Paul Young: (Goldman Sachs, Analyst) Okay, great. Excellent. Thanks very much.

Tom O'Leary: Pleasure.

Operator: Thank you. Just a moment for our next question please. Next, we have Rahul Anand from Morgan Stanley, please go ahead.

Rahul Anand: (Morgan Stanley, Analyst) Hi, good morning, Tom, Adele, thanks for the call. For my two questions, the first one I'd like to cover on markets and then the second one on Eneabba, perhaps an update on the off-takes, so I guess the second one's for Adele.

For the first one, I just wanted to touch upon zircon and TiO_2 markets, Tom, and if there's others on the call. Firstly on zircon, obviously your sales for ZIC this year would be a significant bit lower. Do you think that void gets filled in and perhaps does that create any sort of tightness or improvement in demand on the zircon side?

Then for the TiO2 side, I mean, obviously we're waiting for that US housing recovery, but is there perhaps a read on sort of where inventories fit on the feedstock or the downstream side for the pigment guys as well, for them to be able to deliver into that upswing into the housing cycle in the US?

I'll come back with my question on Eneabba for Adele, thanks.

Tom O'Leary: Sure. On zircon, no, I don't think our decline in ZIC sales is going to have a significant tightening impact on the market. We're pleased to see the sales we're achieving in the first quarter. There's still, I think, pretty solid demand for premium zircon and we continue to see that persist over the last couple of years and I expect it to continue.

On titanium, we, like you, are looking forward to the recovery in the Northern Hemisphere. There seems to be a bit of optimism about recovery, but as I said on the call a few weeks ago, it's really a bit early to be weighing into that optimism at this stage. Let's just see how it plays out. Your other question was?

Rahul Anand: (Morgan Stanley, Analyst) Inventory.

Tom O'Leary: Yes, not a lot to add on inventory to what we've said in the past. There's not a lot of inventory in the paint end of the supply chain, in the pigment producers, I don't think are holding a lot of inventory of pigment. Some are holding inventories of feedstock, but it's different among different players.

I think there's a potential for a pretty rapid uptick in demand for our products when we see that pull through from construction activity in the north.

Rahul Anand: (Morgan Stanley, Analyst) Got it. Perfect. Thanks, Tom. Second one is perhaps for Adele. Adele, just perhaps an update on those conversations in terms of offtakes, how they're progressing and any sort of colour you can add in terms of, I guess, what you guys are looking for and what the companies you're talking to want and perhaps, what are some of the topics being discussed in terms of arriving at an off-take.

Then, just as a second part of that question, are there any specific requirements in terms of minimum volumes or price, et cetera in the off-takes that you require for the funding?

Adele Stratton: Yes. Let me deal with the second part of that question first, Rahul.

In terms of funding that we have with the Commonwealth, the clause within the second tranche of the Export Finance Australia facility just says, off-takes that are satisfactory to the government, so there's no more specificity than that, so no volume, no price, no duration. It really is what is satisfactory and, as you can imagine, we work very closely with our strategic partnership and the world is forever changing and this space is what I'd say.

Just coming back to the off-take question more broadly. I think we've probably touched on this before in terms of this has been – I'd call it a marathon and not a sprint in terms of when we entered this market back in 2022, we were very clear that we'd be entering the market in a very different manner to all the other players in the market at that time, and that being that everybody else priced their products based on the Asia Metals Index, so a price linked to China.

From the very outset, we didn't want to tie our P&L to Chinese government policy. Hence, we've been introducing the concept of a different pricing mechanism. I think we've touched on this - that can be quite a variety of different types of contracts, so it could be fixed pricing, it could have floor prices, it could have floor and ceilings, you know, there's a number of different ways to skin the cat.

That's really what we've probably spent the first 18 months discussing, is a different approach to market. Those discussions have most definitely been helped by the deal that MP Materials struck with the US administration around putting in place floor prices and that's specific to the light rare earth, so just the NdPr. But I think that really crystallised for a lot of potential customers that there are different ways to play in this market.

We've had good traction to date, but that was probably a bit of a catalyst. Coming back to where we are now, we have a range of different conversations with a range of different customers, Rahul, they all have different strategies and methodologies that work better for them, but we are really focused around delivering sustainable returns that are commercial, so really looking at what is the cost of new feedstock into the refinery, so not really reflecting with any other stockpile because, you know, as a result of history that sits on our balance sheet at zero cost.

We want to create a sustainable business, so we focus on the cost of new supply into the refinery and ensuring we achieve appropriate returns. Yes, as I said a couple of weeks ago, really confident that we'll have some contracts in place in 2026.

Unfortunately, I can't really give a blow-by-blow as to, with whom and for how much, et cetera. The contract's never really done until it's signed, but yes, I have confidence that we'll get there.

Rahul Anand: (Morgan Stanley, Analyst) Excellent. No, that's very clear and helpful. Thank you, Adele.

Operator: Thank you. The next question comes from Glyn Lawcock from Barrenjoey, please go ahead.

Glyn Lawcock: (Barrenjoey, Analyst) Morning, Tom, and thanks again for making the time. Just a couple of quick questions. Firstly, just on Balranald, I know you - I think you made a comment in your opening remarks that you hope to have the first finished product to enter the market in the first half, but it may be a moot question, but have you actually produced any finished product yet over in the West, or is it still in transit?

Tom O'Leary: No, Glyn, I said second half that it would be in the market.

Glyn Lawcock: (Barrenjoey, Analyst) Okay.

Tom O'Leary: Yes, so no, we haven't got finished product in the West yet, it's still in Balranald, so those stockpiles you see on the - in the deck, are still in Balranald.

Glyn Lawcock: (Barrenjoey, Analyst) Okay, so we'll have to wait, what, another month or two before we know how it processes, or is that the least of your worries?

Tom O'Leary: Just looking at it, you can see that the material really just passing through the concentrator is looking like a high-quality product already. The grades we've seen haven't disappointed, so I don't think we've got concerns about how it's going to process at all. In fact, we have processed some in the past, so it's not really a risk on the register, if you like.

Glyn Lawcock: (Barrenjoey, Analyst) Yes, no, that's great. Just second question, just on your comments in the release about Eneabba, and it would appear contingency has gone down a little bit from $270 million to $235 million.

Just a two-part question, what's changed, like what's eaten into the extra $35 million, if I'm correct? Then secondly, you're obviously tendering for your remaining work packages, will award them this half. It feels like a little bit like what's happening with South32 last week, but just any early indications? Should we be concerned on anything you're seeing in those tenders? Thanks.

Tom O'Leary: No, I don't think so, Glyn. We've always said that the SMPEI arrangements were the larger, they're obviously the largest of the construction contracts, and we're looking forward to getting those done this half.

No, I wouldn't say I was concerned about them, but concern is an interesting one. When we're building a refinery it's kind of a heightened state of attention for the entire duration and that's the way it needs to be to ensure that we remain on track.

The utilisation of $35 million of that amount dedicated to contingency growth and so on, is really not material in the context of the overall project. Again, I'm not alarmed by that.

Glyn Lawcock: (Barrenjoey, Analyst) No, that makes sense. Thanks, Tom

Tom O'Leary: Thank you.

Operator: Thank you. Just a moment for our next question please. Next, we have Austin Yun from Macquarie. Please go ahead.

Austin Yun: (Macquarie, Analyst) Good morning, Tom and Adele. Just an extension to the question from Glyn. For the remaining $235 million contingencies, where is the residual kind of - for the component, where is it most likely to be deployed, as you continue with the project? Thank you.

Adele Stratton: Yes, Austin, just in terms of capital projection and you'd be very aware in terms of obviously when you're setting your budget, you have your input costs in terms of your materials, your labour, your schedules and within that you always allow for growth, contingency and escalation, which is what the $235 million relates to in terms of, where do I expect that to be consumed.

I think really what people should be taking from what we've announced today is that we've now spent and committed well over 60% in terms of where the projects at and you've still got a really, really healthy contingency for the remaining spend to come.

There's no particular point whereby I think that might be consumed here or there, that's just really prudent project management. This number will ebb and flow every day. It goes up and down depending on where the contracts are at and volumes of off-takes, et cetera. I think the takeaway from what we've announced should be a real confidence around the capital range of the $1.7 billion to $1.8 billion is really what the takeaway should be.

Austin Yun: (Macquarie, Analyst) Yes, totally agree. Thank you, Adele.

Just a second one, quick one, on the cash flow management into 2026. You can see all those efforts to reveal the cash spent and the other slide was really a good one on page 7.

Just given the current net debt level, I'm keen to understand if there have been any changes in the thinking around Deterra royalties, given the Company offers different exposure. Does that really align to pivoting to a critical middle phase company.

Also, I believe Deterra indicated yesterday that the shareholder return will stay around 75% to 100%. Just wondering how to think about that stake, given you're trying to trying to unlock cash to support the business to pushing towards the critical minerals space? Thank you.

Tom O'Leary: Thanks, Austin. Really, there's not a lot to add to our previously stated position that it's not regarded as core business, just for the avoidance of doubt, royalties and so on, as for Iluka. The key is that to divest that stake would attract pretty significant capital gains given the tax cost base there, so it's an expensive form of capital. So, I think unlikely to be utilised, but it is there and provides comfort to counterparties, to lenders, to shareholders and so on.

Austin Yun: (Macquarie, Analyst) Thank you Tom. I'll pass it on.

Tom O'Leary: Thanks, Austin.

Operator: Thank you. Next we have Chen Zhang from Bank of America. Please go ahead.

Chen Zhang: (Bank of America, Analyst) Good morning, Tom and Adele. Thank you for taking my question. Just on Eneabba project, 95% engineering down, 60% CapEx has been spent and committed. I'm wondering when is the peak construction in 2026 and how long it would take from peak construction to code commissioning? Thank you.

Tom O'Leary: Yes. Peak construction is very much approaching us. I think we've disclosed we've got some 600 people onsite, on rotation obviously, but some 600 people working at Eneabba. That will increase somewhat over the second half of this year. You should expect peak construction second half of this year, beginning of next, moving into commissioning later in 2027.

Chen Zhang: (Bank of America, Analyst) Right, thank you. Then CapEx, I guess given 60% already spent you must be very comfortable with your CapEx outlook over the next 12 months in parallel with construction or pre-construction.

Tom O'Leary: Comfortable is probably too close to complacent in the dictionary so I wouldn't say that, Chen. I just go back to my earlier comment that managing a project like this, you need to have a heightened state of attention throughout to ensure that we meet our targets in terms of capital expenditure and that's precisely what we're doing.

Chen Zhang: (Bank of America, Analyst) Right. Okay. Thank you. Thanks, Tom. I'll pass it on.

Tom O'Leary: Thanks, Chen.

Operator: We have a follow-up question from Paul Young from Goldman Sachs. Please go ahead.

Paul Young: (Goldman Sachs, Analyst) Hi, Tom and Adele again. Just a question on inventories and this possible drawdown of that, just noting that the finished inventories of zircon/rutile/SR are now sitting around 380,000 tonnes, I think up from 320,000 tonnes or so from mid-year. It makes sense based on just looking at production and sales, obviously, over the last six months.

Just curious around first of all specifically the zircon component in that, because I guess it's probably around 150 tonnes. Just wondering where zircon inventories sit within that, and that's an extension to just overall operating parameters for the year and just how you manage costs in general. We haven't really spoken about JA and just the operating strategy down there. Is the operating strategy on just to run at full tilt at the 10 million tonne or throughput rate or have you got some flex around costs and optimising costs of JA?

Adele Stratton: Yes, Paul. I'm happy to take both of those. In terms of the inventory position, as you say, we've highlighted that on slide 8 in terms of where we're at on finished goods, as you rightly say 379,000 tonnes. We generally try not to give breakdowns in terms of the mix of that pool just from a competition perspective, but as you say, we have guided that we've got 110,000 tonnes of SR sales in 2026. We've also noted that we're not running the kiln, so one can deduce that all of that sales volumes are coming out of inventory.

We are certainly looking to draw down inventory in '26 and that obviously supports cash generation. You've already spent the money on producing this material, so it's really the next step in liberating cash. I think we're very well positioned.

Coming to your question around zircon and JA, generally when we're running our operations we do run them at full capacity in order to optimise unit costs. Jacinth-Ambrosia is coming towards the end of its life and as you're fully aware, the team are very focused on the Typhoon project, which provides a couple of years extension to Jacinth-Ambrosia. So, it's a big focus for the team.

In 2026, our cost outlook assumes that JA is running at full tilt. A real driver of that is also to generate that zircon premium, as Tom talked to earlier. We still see good strong demand in the premium market. There's not huge amounts of premium all over the place, so JA premium is very desired in the market.

Paul Young: (Goldman Sachs, Analyst) Great, thank you. Just one final question, just on third party. You've obviously got the Lindian agreement in place and the investment in

Northern Minerals. Is there any update on Northern Minerals? There's a lot going on at the corporate level with that company. They've got some additional funding, government funding for their project in Northern Territory. Any update on just how that project is tracking and potentially when it could be coming into production?

Adele Stratton: As you say, Northern Minerals released a definitive feasibility study, I think it was third quarter, early fourth quarter last year and on the back of that have been very successful in achieving funding through the US. Really, the job of the management team there is to continue to get that project fully funded to enable them to take the FID. I think there will always be noise around the share register. This is a unique deposit globally.

I know that we've talked about this in terms of just the high assemblage of heavy rare earths. That's really quite interesting because what we're seeing in more recent times in China is a bifurcation of heavy rare earths pricing in China. It's much cheaper if it's ex works and stays in country than when it's exported. This focus on ability to secure heavy rare earths, I can imagine that will continue to be a focus globally.

Tom O'Leary: Yes. I think that's pretty comprehensive, Adele. I think we're really pleased to see they've had the expression of support from the US and Australian governments and will obviously do what we can to support their achievement of FID in a timely way. It's a very attractive deposit for the West's independence in terms of supply chain for heavy rare earths and an important development.

Paul Young: (Goldman Sachs, Analyst) Okay. Thank you.

Tom O'Leary: Thanks, Paul.

Operator: As a reminder, to ask a question please press star one one on your telephone and wait for your name to be announced. To withdraw your question please press star one one again. Next question comes from Dim Ariyasinghe from UBS. Please go ahead.

Dim Ariyasinghe: (UBS, Analyst) Can you just refresh us really quickly on what you've said on commissioning in terms of the timeline for that? Then just in terms of the offtake, has the idea of prepayments come up? Is that something that we should increasingly think about or can we think about that?

Tom O'Leary: Look, I'll hand over to Adele around prepayments and so on for offtakes. We think about a lot of things, Dim, but we're pretty focused on selling the product and getting cash for the sales. In terms of commissioning, we've talked about the mid-next year we'll be in commissioning at Eneabba, so no real change or update on that. Anything to add on, offtakes, Adele?

Adele Stratton: No, not really in terms of prepayments. Is that a big focus? Not really, Dim. There's always trade-offs in terms of different payment terms or prepayments and all of those types of things. We're very focused, as I said at the outset, in terms of putting in place commercial contracts that underpin longevity of the refinery. It’s not been a particular focus at all for us.

Dim Ariyasinghe: (UBS, Analyst) Understood. Sorry, not commissioning, ramp-up. What does that ramp-up period look like? I presume that will just be the stockpile at first.

Adele Stratton: Yes, in terms of the refinery and the commissioning, obviously there's a number of stages to that commissioning of any plant, Dim, including initially you do your work commissioning and then introduce your product.

I think we've talked before in terms of when you start to introduce your organics into the plant, that can take three to six months to work its way all the way through into the separation and finishing. Then there's a ramp-up curve. We use McNulty, different curves, to be perfectly frank. I think historically we've said to get from commissioning all the way to full ramp-up is about a two-year period, to full ramp-up, but very much as Tom has articulated, commissioning in mid ’27.

Tom O’Leary: Yes. Dim, you asked on Eneabba. We’ll be using Eneabba monazite to be commissioning the plant exclusively for that period.

Dim Ariyasinghe: (UBS, Analyst) Cool, thank you. Cheers.

Tom O’Leary: Thank you. Well, I think that's all the questions we have. Thank you all for joining us. Really look forward to catching up in person over the coming days and weeks. Bye for now.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

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