Iluka Resources Limited

2019 Full Year Results Presentation

Tom O’Leary, Managing Director
Adele Stratton, Chief Financial Officer

ILUKA

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 2020 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.

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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, 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.

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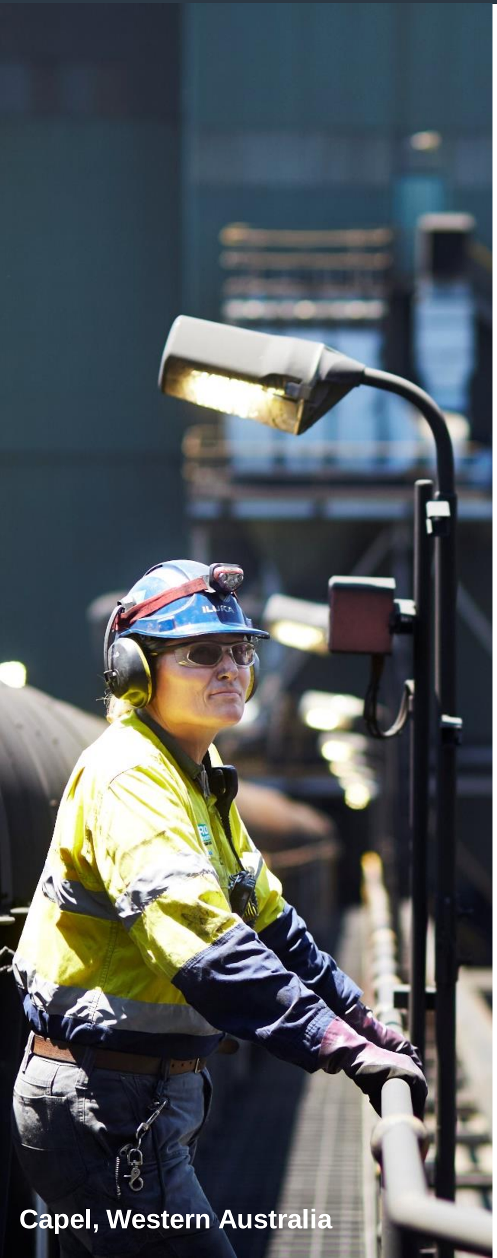
Iluka's commitment to sustainability


Capel, Western Australia

Iluka Group TRIFR down to 2.9 in 2019 (3.5 in 2018) and ongoing commitment to sustainability

Iluka's Sustainability Approach

Key Pillars

- Health and Safety
- People
- Social Performance
- Environmental Stewardship
- Economic Responsibility and Governance

Approach

- Accountability and transparency through setting of targets and performance linked to incentive plans
- Ongoing trust of communities in which we operate, earned from delivering on commitments.
- Developed steps to understand physical climate risks and opportunities, in line with the TCFD

Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM

FTSE4Good

2.9
Group TRIFR 2019
(2018: 3.5)

Female representation
33% Exec. Mgt.
38% Board

Mid West Chamber of Commerce and Industry **Business Excellence Award for Aboriginal Engagement**

686
hectares rehabilitated in 2019
(2018: 808 hectares)

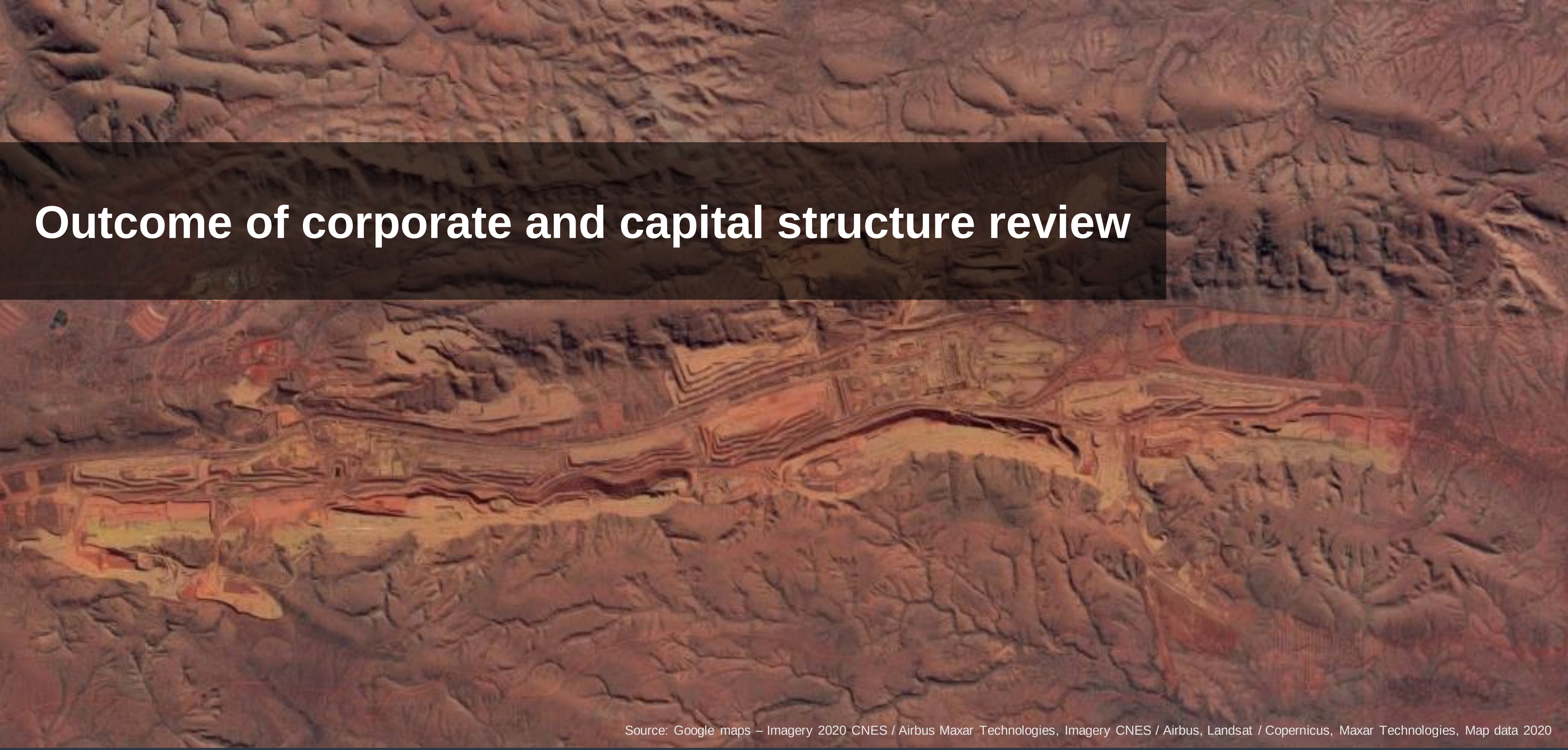
LTI free
at Sierra Rutile in 2019

April 2020
Annual Sustainability Report release

Summary of FY19 results

Financial results	• Underlying Group EBITDA of $616 million, up 3% (2018: $600 million) • Underlying net profit after tax of $279 million (2018: $301 million) • Reported net loss after tax of $300 million, impacted by $414 million write-down of Sierra Rutile assets and associated $162 million write-down of deferred tax asset
Cash flow & dividend	• Free cash flow of $140 million • Net cash position of $43 million at 31 December 2019 • Final dividend of 8 cents per share. Full year 2019 dividend of 13 cents per share, representing 40% of free cash flow
Mining Area C Royalty	• Mining Area C Royalty (MAC Royalty) income of $85 million, up 53% on prior year (2018: $56 million) • Corporate and capital structure review concluded that demerger of the MAC Royalty business is optimal way to deliver sustainable value • Iluka is targeting implementation of demerger in calendar year 2020, subject to final Board, shareholder and regulatory approvals
Operational performance	• Full year group Z/R/SR production of 702 thousand tonnes, down 4% on prior year (2018: 732kt) • Five key projects delivered in 2019 ($198 million of total capital expenditure) and new operational configuration now established
Mineral sands revenue	• Mineral sands revenue of $1,193 million, down 4% (2018: $1,244 million) with price growth offset by lower sales volumes • 2019 revenue per tonne up 17% to A$1,654/t Z/R/SR (2018: A$1,415/t)
Zircon market	• Weighted average price received for zircon (premium and standard) up 10% to US$1,487/t (2018: US$1,351/t) • Enhanced loyalty rewards programs and adjusted product offering to respond to subdued market conditions
High grade titanium feedstock market	• 20% increase in average received price of rutile to US$1,142/t (2018: US$952/t) • Tight market conditions have resulted in inventory run down • Further long term contracts for high grade feedstock signed, providing revenue certainty for Iluka and supply security for customers

Outcome of corporate and capital structure review



Source: Google maps – Imagery 2020 CNES / Airbus Maxar Technologies, Imagery CNES / Airbus, Landsat / Copernicus, Maxar Technologies, Map data 2020

Outcome of corporate and capital structure review

Iluka's corporate and capital structure review has concluded that a demerger of Iluka's royalty business is the optimal structure to deliver sustainable value. Upon demerger, the MAC Royalty would be the cornerstone asset for Australia's leading ASX-listed royalty company

Outcome of review

- As announced on 31 October 2019, Iluka has been conducting a formal review of the corporate and capital structure of its two principal businesses – its mineral sands business and the MAC Royalty business
- The review has concluded that a structural separation of the two businesses by way of a demerger of the MAC Royalty business represents the optimal structure to deliver sustainable value
- The proposed demerger will establish two separately listed ASX vehicles – Iluka and RoyaltyCo[1] – shareholders will receive 1 share in RoyaltyCo for each existing Iluka share
- Iluka will retain a minority shareholding interest of 15%
- Iluka has engaged with the ATO on demerger tax relief and submitted a final ruling application – Iluka is confident of receiving a favourable ruling in due course
- Additional information about the demerger including transaction timetable will be provided at the AGM on 9 April 2020

Demerger benefits

1. **Unlock significant shareholder value:** given that Iluka's mineral sands operations and royalty business have distinct business characteristics, risk-return profiles and commodity mixes
2. **Greater investor choice:** enabling shareholders to hold shares in one or both of Iluka and RoyaltyCo based on individual investment objectives and risk tolerances
3. **Distinct growth strategies:** the Board and management of each company is empowered to focus on tailored growth strategies
4. **Discipline when pursuing growth:** each business can apply appropriate capital allocation and project evaluation metrics which align with the risk-return profile of each business
5. **Distinct capital structure:** each business can tailor its capital structure and financial policies to its business characteristics

1. RoyaltyCo registered company name and branding will be announced in due course.

Overview of Iluka's two distinct businesses

Iluka's two principal businesses have distinct business characteristics, risk-return profiles and require different and tailored growth strategies. Consequently, a demerger is expected to unlock the full potential of both businesses over time.

	Mineral Sands business	Royalty business (RoyaltyCo post demerger)
Business	The leading pure play mineral sands company globally	Australia's leading ASX-listed resources royalty company
Current commodity mix	Mineral sands (zircon and titanium feedstocks)	Iron ore (primarily)
Key assets	Cataby, Western Australia Jacinth Ambrosia, South Australia Sierra Rutile, Sierra Leone	MAC Royalty, Western Australia Portfolio of four small royalties (one in production)
Revenue (2019)	$1,193 million	$85 million[1]
EBITDA (2019)	$531 million	$85 million (prior to standalone company corporate costs)
Business activities	Large-scale mining operations, engineering and project delivery Exploration and geology Occupational health & safety and employee management Customer marketing & offtake	Management of existing royalty portfolio Identifying and acquiring value accretive royalty investments
Relative cost of capital	Higher	Lower
Capital intensity[2]	Yes	No
Operating cost exposure	Yes	No[3]
Dividend policy	40% of FCF (not required for investment or balance sheet purposes)	Policy will be to payout 100 per cent of net profit after tax (subject to any future RoyaltyCo Board determination)
Key growth drivers	Mineral sands project delivery Mine expansion and life extension Exploration success	MAC South Flank development – more than doubling CY19 production by 2023 Mine expansions, extensions and exploration success in the MAC Royalty Area Ability to invest in or acquire value accretive royalty interests over time

1. Excludes income of $0.6 million from other royalties in portfolio.
2. Capital intensity represents exposure to capital expenditure for underlying mines.
3. MAC Royalty has no operating cost exposure other than to the extent operating costs impacts the economic viability of the underlying mine.

Introduction to RoyaltyCo

RoyaltyCo's vision is to be Australia's leading resources royalty company, providing shareholders with a cash flow generative and low operational risk investment vehicle with strong growth potential

RoyaltyCo overview

- Upon successful demerger, RoyaltyCo will be Australia's leading listed resources royalty company with MAC Royalty being its cornerstone asset
- Portfolio complemented by four other significantly smaller royalties[1]
- Headquartered Perth, Western Australia
- Principal business will be management of existing royalty portfolio and, over time, building a diversified royalties business by making value accretive royalty investments that provide earnings growth and diversification
- Dividend policy will be to payout 100% of net profit after tax (subject to any future RoyaltyCo Board determination), with a lean corporate structure
- Chair and CEO will be Jenny Seabrook and Julian Andrews respectively (selection for remaining Board and management underway)

MAC Royalty is RoyaltyCo's cornerstone asset

Ongoing **1.232%** of Australian dollar denominated revenue from the MAC Royalty Area

One-off **$1 million** per 1 million dry metric tonne increase in annual production

Mining Area C annual **production to more than double** by 2023 from 60Mtpa (WMT) produced in 2019

1,028km royalty area vs combined North and South Flank envelope of 360km

145Mtpa (WMT) target production by 2023 over a 25+ year mine life

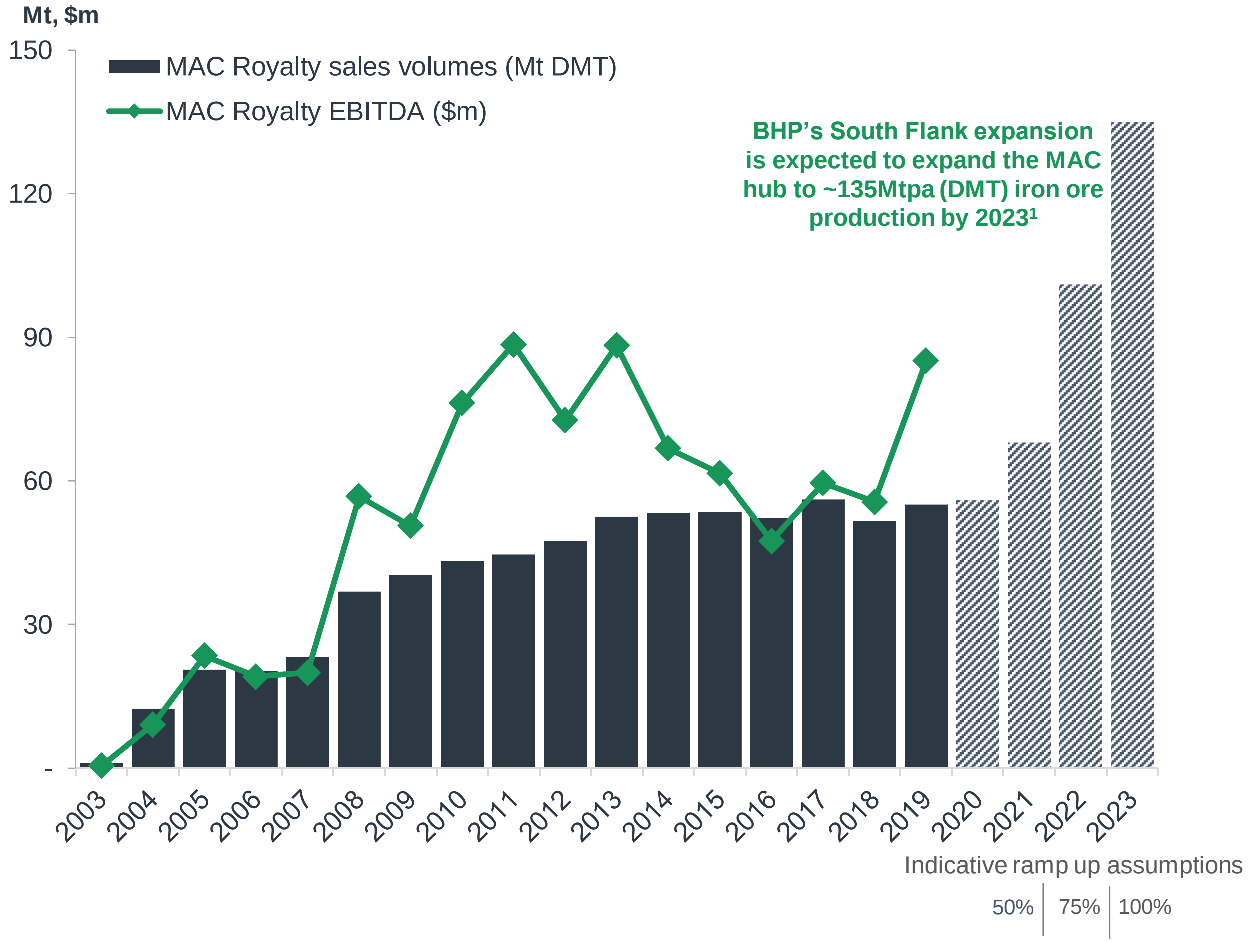
$85 million of EBITDA for the MAC Royalty in the year ended 31 December 2019[2]

1. RoyaltyCo will also own four other significantly smaller royalty interests which have been established by Iluka in historical transactions comprising one producing royalty, Yoongarillup Mineral Sands Mine operated by Doral Mineral Sands (2019 revenue $0.6 million). The other three royalties relate to non-producing projects.
2. MAC Royalty EBITDA is shown prior to the inclusion of standalone company corporate costs and does not include royalty income from the four other significantly smaller royalty interests (refer to footnote1).

MAC Royalty growth profile and revenue potential

Considerable growth to underlying Mining Area C production over coming years - MAC Royalty earnings are determined based on sales volumes, iron ore pricing, the ratio of lump to fines, the premium lump attracts over fines and the USD:AUD exchange rate

MAC Royalty EBITDA and Mining Area C sales volumes



MAC Royalty revenue set to grow with South Flank development

- Steady state MAC Royalty revenue contribution is shown below assuming:
  - target 2023 production of 145Mtpa (WMT) achieved and sold (135Mtpa DMT)
  - lump ratio from South Flank of 35% and a lump premium of 20%
- MAC Royalty revenue sensitivity table below excludes one-off capacity payments (approximately $80m), payable to RoyaltyCo as annual tonnages increase with South Flank ramp up

MAC Royalty Annual Revenue Sensitivity ($ million)[2]

		Iron ore fines price - US$/DMT, 62% Fe (CFR)			
		55	65	75	Spot (88)
AUD:USD	0.75	$116m	$140m	$163m	$194m
	0.70	$124m	$150m	$175m	$208m
	Spot (0.67)	$130m	$156m	$183m	$217m
	0.65	$134m	$161m	$188m	$223m

1. Indicative ramp-up schedule based on 145mtpa (WMT) expanded MAC hub potential assumption in line with BHP disclosures, noting BHP's May 2017 EPA approval has nominal combined processing rate of 150Mpta (WMT) of blended ore.
2. MAC Royalty is based on FOB revenue. Assumed freight of US$6/t. Spot iron ore price of US$88/t and AUD:USD exchange rate of 0.67 as at 14 February 2020.

Demerger mechanics and next steps

Today's announcement is an important milestone for the future of Iluka and RoyaltyCo. Iluka will continue to work through key structuring considerations and will provide additional information about the demerger including the transaction timetable at its AGM in April 2020.

Demerger mechanics

- RoyaltyCo will be an Australian incorporated company and it is intended that it be listed on the Australian Securities Exchange
- The demerger is proposed to occur by way of an in specie distribution of shares in RoyaltyCo
- Demerger will be subject to a vote of Iluka shareholders

Demerger next steps

- Iluka is targeting implementation of the demerger during the 2020 calendar year:
  - subject to final Board, regulatory and shareholder approvals
- Iluka has submitted to the ATO a final ruling application in relation to demerger tax relief and is working towards a draft class ruling prior to distribution of Demerger Booklet - Iluka is confident it will receive a favourable class ruling in due course
- Additional information about the demerger including transaction timetable will be provided at the AGM on 9 April 2020

Mineral Sands Markets

ILUKA

Zircon Overview Zr

Business and consumer confidence in the zircon market continued to be affected by a subdued outlook for global economic growth

Result

- Full year zircon sales of 274kt (2018: 379kt) – in line with guidance
- Full year zircon production of 322kt (2018: 349kt)

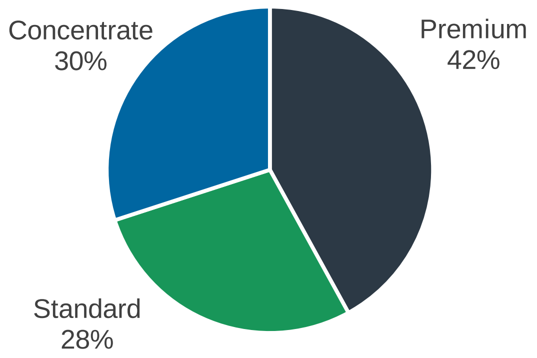
Pricing

- 2019 weighted average received price for zircon (premium and standard grades) up 10% to US$1,487/t (2018: US$1,351/t)
- Pricing achieved was relatively stable given market uncertainty in 2019

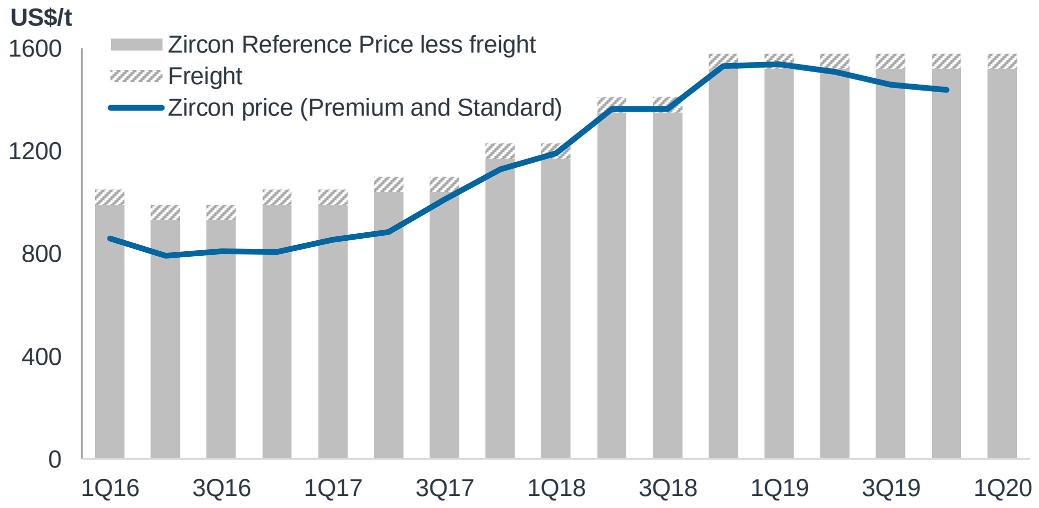
Supply / Demand

- Market conditions experienced over 2019:
  - political and trade tensions affected business sentiment and customer purchasing
  - ceramics demand particularly affected, largely China, but also India and Europe
  - customers focus on cost reduction during uncertainty, supported demand for concentrate and Standard products
- Subdued Q1 2020 outlook given economic conditions and seasonally low quarter, additional uncertainty with COVID-19 outbreak
- Medium-term outlook for supply tightness remains

Iluka zircon sales volumes (2019)



Iluka Zircon Reference Price



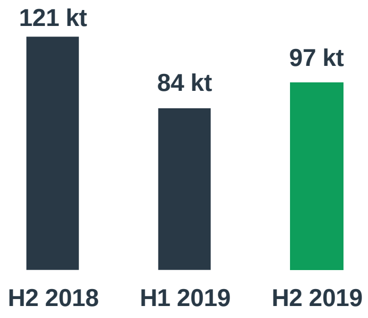
Zircon Markets

Iluka's FY19 zircon sales were 274kt (2018: 379kt), with 89kt achieved in Q4. Total sales for the year were in line with guidance.

Iluka sales by destination

China

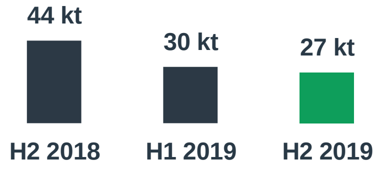
- Soft demand in ceramics and continued downstream stock drawdown was evident
- Orders from foundry industry were also lower at end of 2019, reflecting slower automotive component demand
- The refractory sector was muted, while the zirconium chemicals industry appears to be more resilient



EMEAI

(Europe, Middle East, Africa, India)

- In Europe, downward pressure on tile selling prices continued to incentivise tile makers to reduce production costs, including by thrifting zircon use where possible
- Most processors ended 2019 with very low inventory levels



East Asia

- Global supply chains affected by trade tensions, reducing consumption in foundry applications
- Ceramic segment remains soft and purchases limited to strict consumption net of inventory reductions

Americas

- Demand slowed down in North American markets, in particular foundry and fusing applications

High Grade Titanium Feedstock Overview

TiO2

Market conditions remain positive for high grade titanium feedstocks with Iluka's sales constrained by production in 2019. Iluka secured take-or-pay offtake agreement with Kronos, providing further revenue certainty.

Result

- Full year high grade feedstock sales of 407kt, 9% lower year-on-year (2018:448kt)
- 2019 sales were production constrained given limited inventories

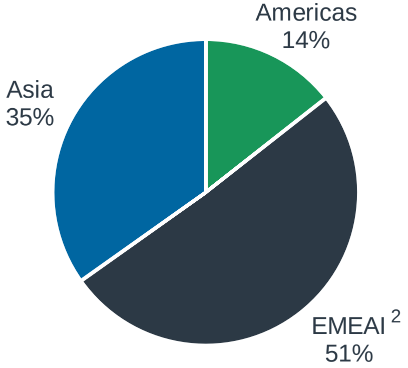
Pricing

- Positive dynamics for high grade feedstock pricing, largely due to growth of chloride pigment and welding market requirements
- Weighted average price for rutile[1] products up 20% to US$1,142/t (2018:US$952/t)
- Take-or-pay offtake agreement with Kronos for 75% of standard grade rutile from Sierra Rutile

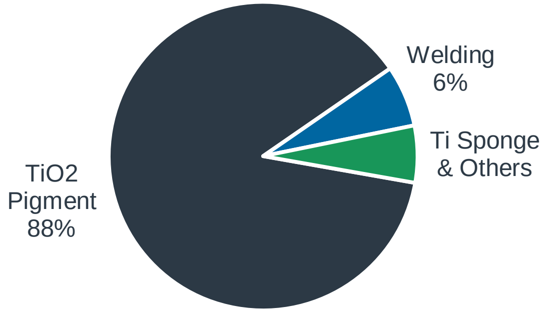
Supply/ demand

- Tight supply conditions for high grade feedstocks
- Customers anticipating steady sales at start of 2020
- Welding and sponge markets remain strong

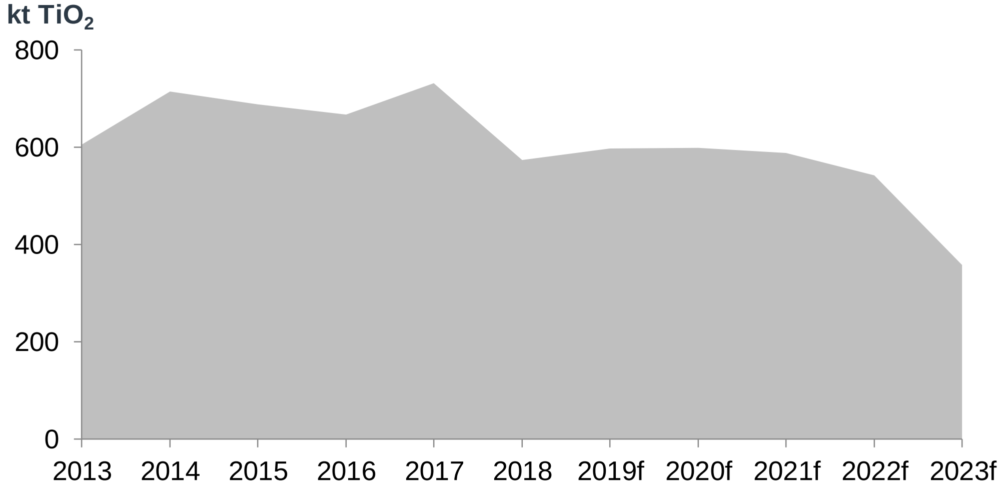
Iluka sales volumes by destination (2019)



Iluka sales volumes by market (2019)



Global Rutile Supply Outlook



Production outlook excludes Iluka's rutile projects: Sembehun and Balranald.

Source: Iluka and TZMI

1. Excludes HYTI products.
2. Europe, Middle East, Africa and India.

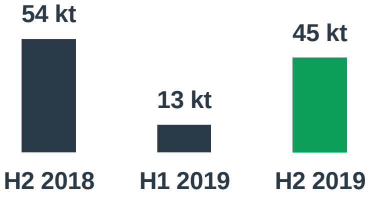
High Grade Titanium Feedstock Markets

Full year sales of high-grade titanium dioxide feedstocks of rutile and synthetic rutile were 407kt

Iluka sales by destination

Americas

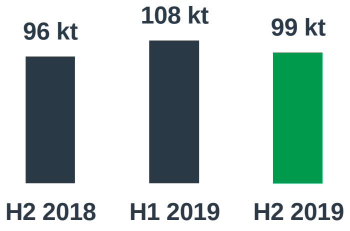
- US pigment market held up well in 2019, due to strong economic conditions and consumer confidence
- Evidence of turning point in 2019 with increased demand in second half
- Availability of certain grades of chloride pigment are tight



EMEAI

(Europe, Middle East, Africa, India)

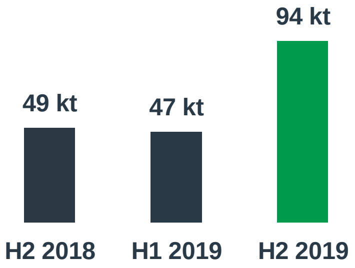
- European market challenging for pigment producers with competition from imported sulphate pigment
- Capacity utilisation rates amongst chloride plants remain >90%
- Rutile demand in India at elevated levels due in part to ban on private mining



Asia

(including China)

- More than 200ktpa of new Chinese chloride capacity commissioned in 2019
- Prices and demand held up well in China
- Sales to welding industry matched 2018 record levels
- COVID-19 impact to Chinese pigment industry being closely monitored

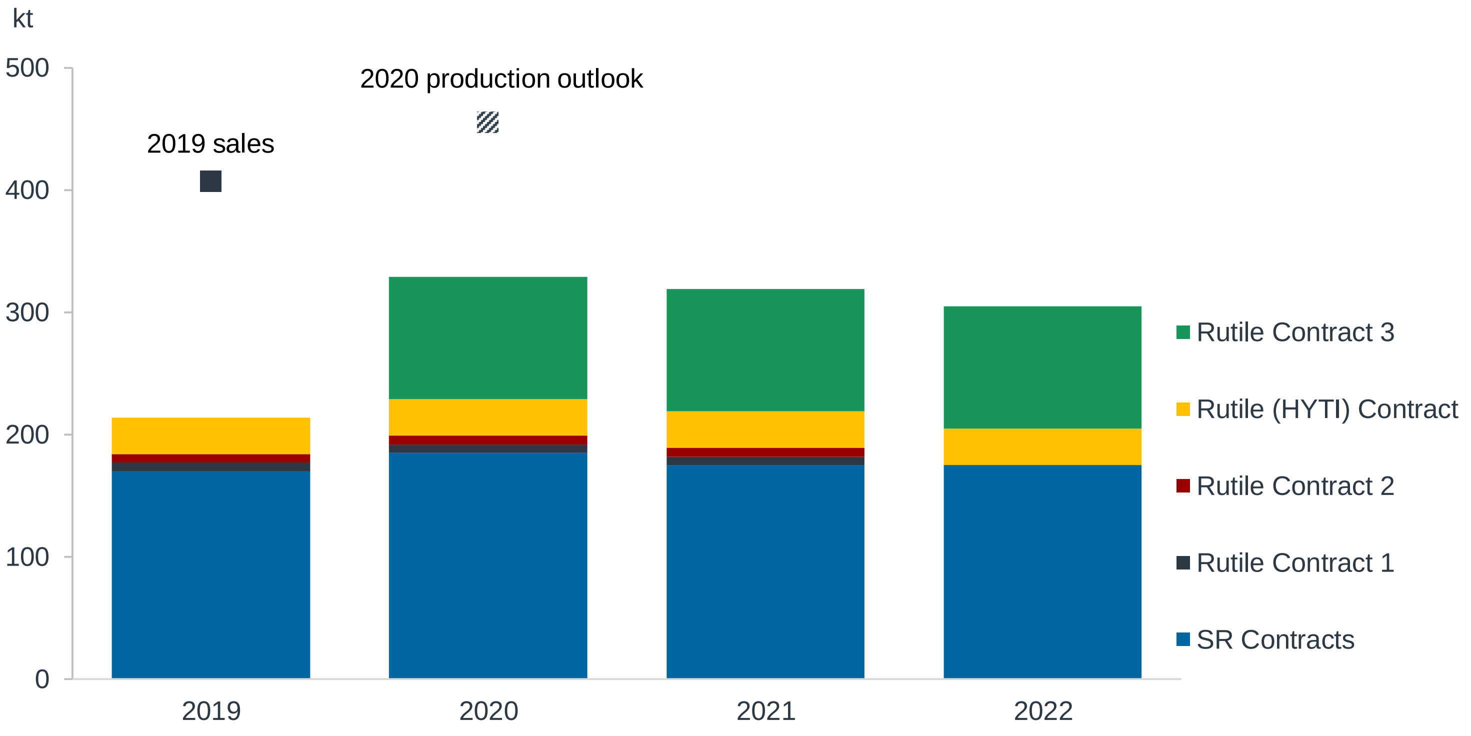


High Grade Titanium Feedstock – Offtake Agreements

A significant proportion of Iluka's high grade feedstock production – 70% in 2020 – now underpinned by longer term take-or-pay agreements

- Take-or-pay contracts deliver revenue certainty for Iluka and security of supply for customers
- Contracts contain favourable terms for Iluka delivering exposure to pricing upside while limiting risk on downside
- Cataby development returns are underpinned by take-or-pay contracts for minimum 4 years, which in 2020 represents 82% of guided production of 225kt of synthetic rutile
- Sierra Rutile production subject to three contracts with minimum 2020 take-or-pay volumes being in aggregate ~115kt of rutile

High Grade Titanium Sales, Production Outlook and Take-or-Pay Contracts



Note: Includes 30kt lower grade HYTI contract volume from Jacinth Ambrosia

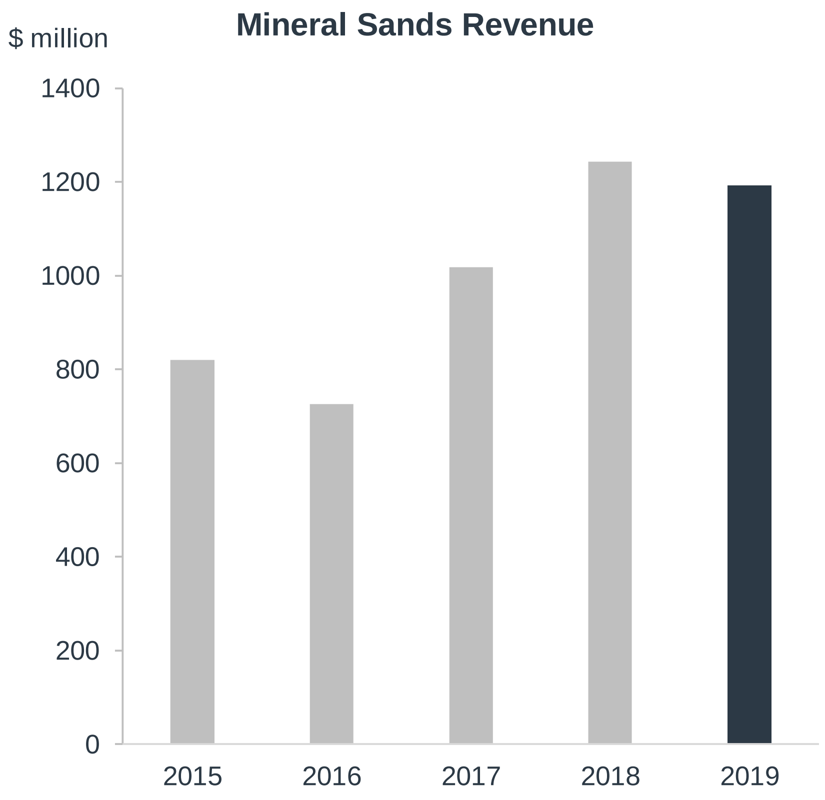
Financial management

Sierra Rutile, Sierra Leone

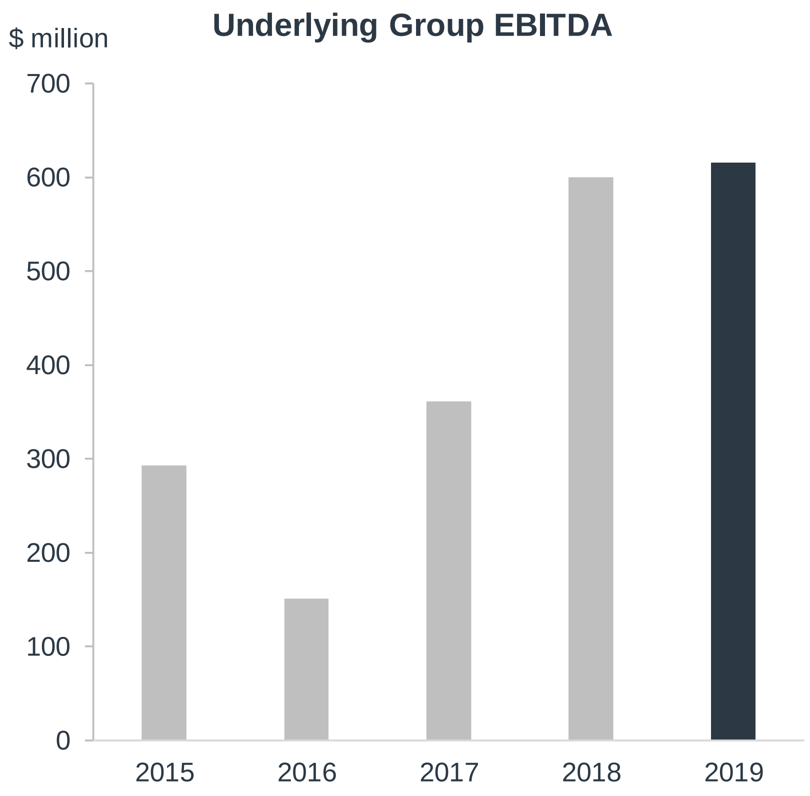
Solid Underlying Result

Over the past two years Iluka has delivered two of its best results in the company's history

Mineral Sands Revenue $1,193 million, down 4% from 2018



Underlying Group EBITDA $616 million, up 3% from 2018



Key Financial Metrics

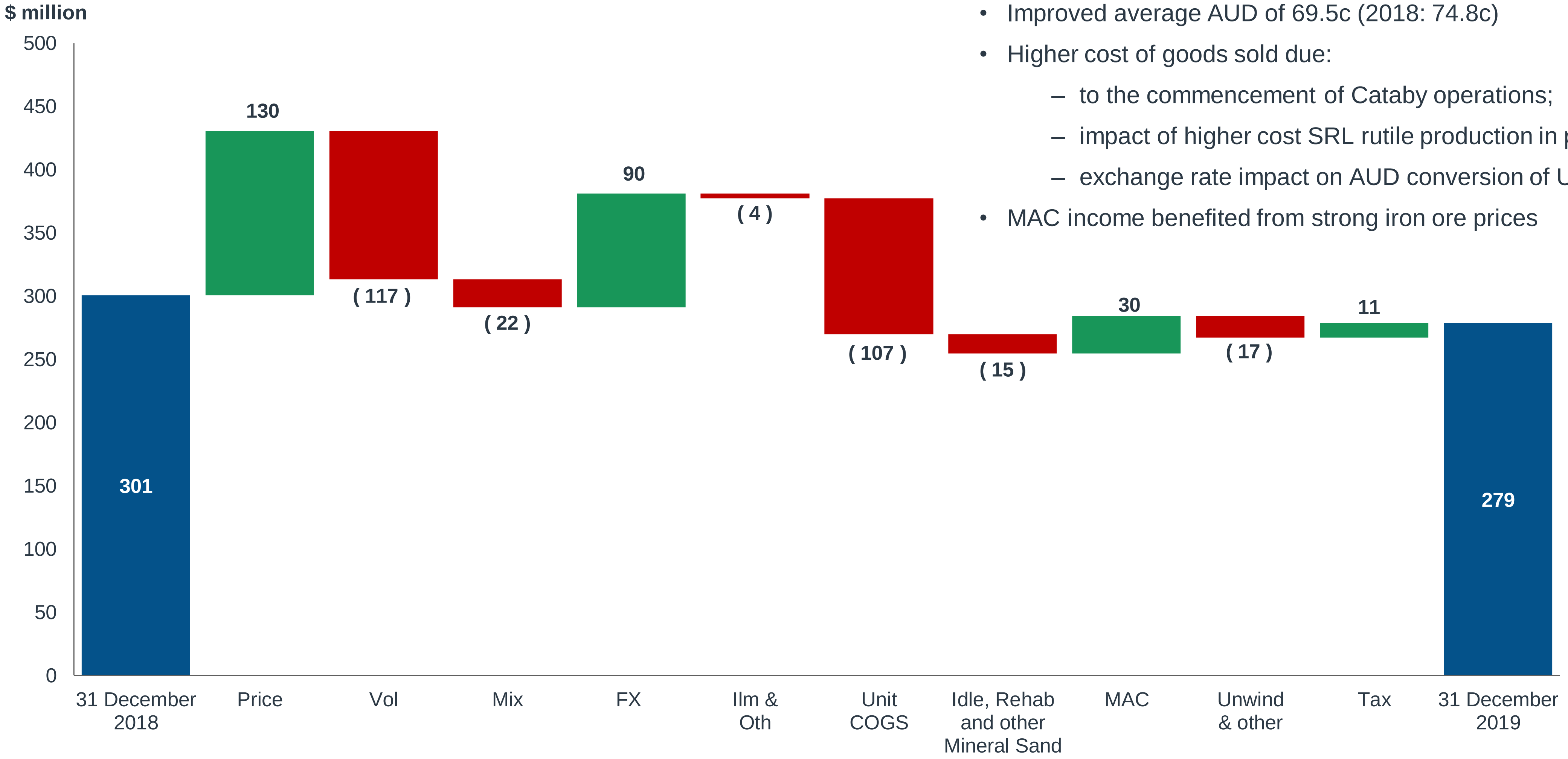
	Units	2019	2018	% change	
Z/R/SR production	kt	702.4	731.7	(4.0)	▼
Z/R/SR sales	kt	680.8	827.1	(17.7)	▼
Mineral sands revenue	$m	1,193.1	1,244.1	(4.1)	▼
Mineral sands EBITDA	$m	530.9	544.5	(2.5)	▼
Underlying Group EBITDA[1]	$m	616.0	600.1	2.6	▲
Profit (loss) for the period (NPAT) – Underlying	$m	278.7	300.7	(7.3)	▼
Profit (loss) for the period (NPAT) – Reported	$m	(299.7)	303.9	n/a	-
Operating cash flow	$m	408.1	594.2	(31.3)	▼
Free cash flow[2]	$m	139.7	304.4	(54.1)	▼
Dividend	cps	13	29	(55.2)	▼
		At 31 Dec 2019	**At 31 Dec 2018**		
Net cash	$m	43.3	1.8	n/a	-
Gearing ratio[3]	%	n/a	n/a	n/a	-

1. Underlying Group EBITDA excludes adjustments including write-downs and changes to rehabilitation provisions for closed sites.
2. Free Cash Flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year after capital expenditure.
3. Net debt / net debt + equity.

Underlying NPAT

Iluka reported underlying NPAT of $279 million in 2019

Underlying NPAT reconciliation



Key movements in 2019

- Lower mineral sands sales volumes offset by higher average prices
- Improved average AUD of 69.5c (2018: 74.8c)
- Higher cost of goods sold due:
  - to the commencement of Cataby operations;
  - impact of higher cost SRL rutile production in product mix; and
  - exchange rate impact on AUD conversion of US denominated SRL costs.
- MAC income benefited from strong iron ore prices

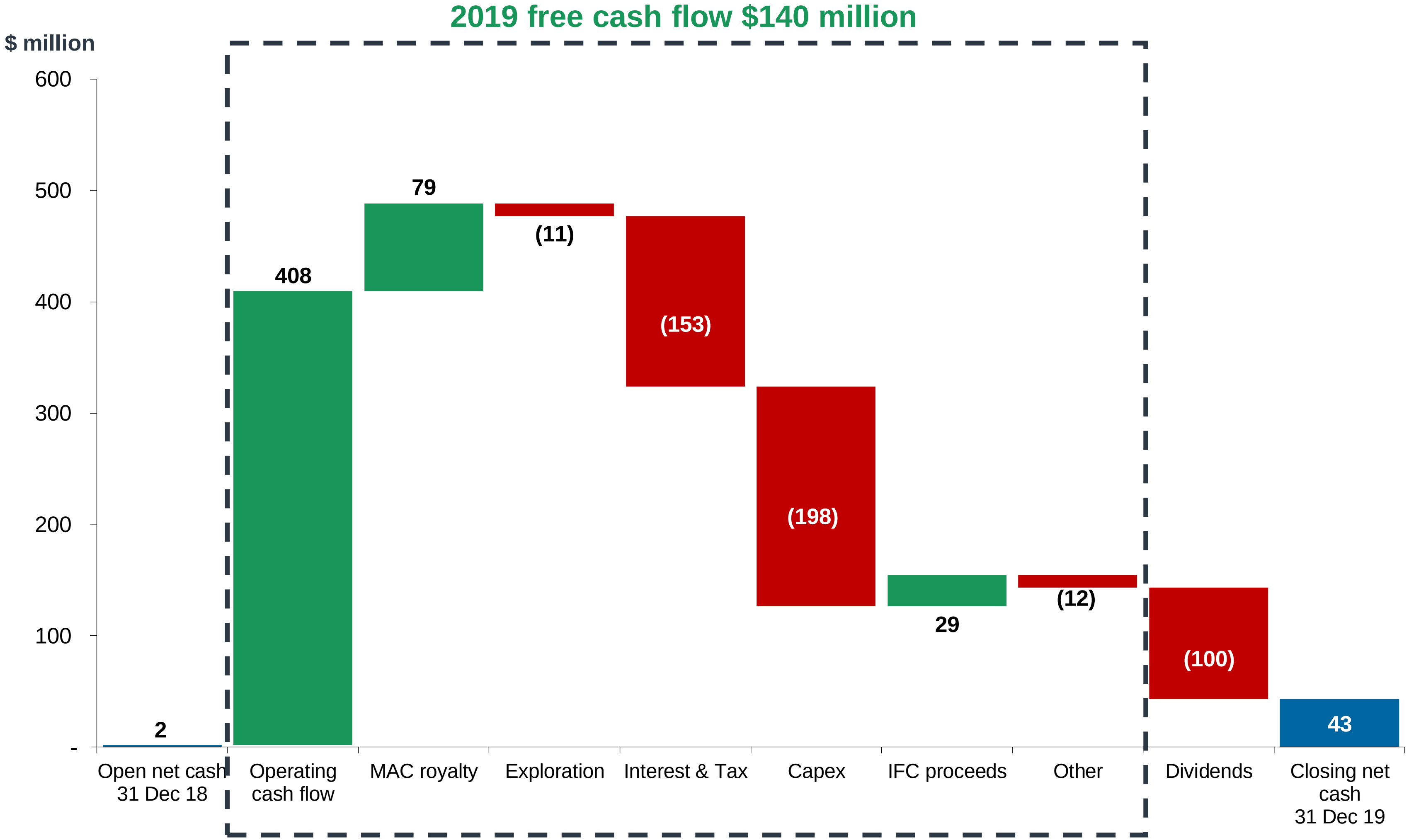
Cash Flow

Iluka reported $140 million of free cash flow in 2019 with strong operating cash flow generated from mineral sands operations and MAC royalty income and investment of $198 million in capital projects

Key cash flow drivers in 2019

- Operating cash flow $408 million (2018: $594 million)
- Final 2018 tax instalment payment of $127 million
- Capital expenditure $198 million, reflecting a year of significant project delivery
- MAC Royalty cash flow $79 million
- Exploration spending $11 million

Cash flow movements



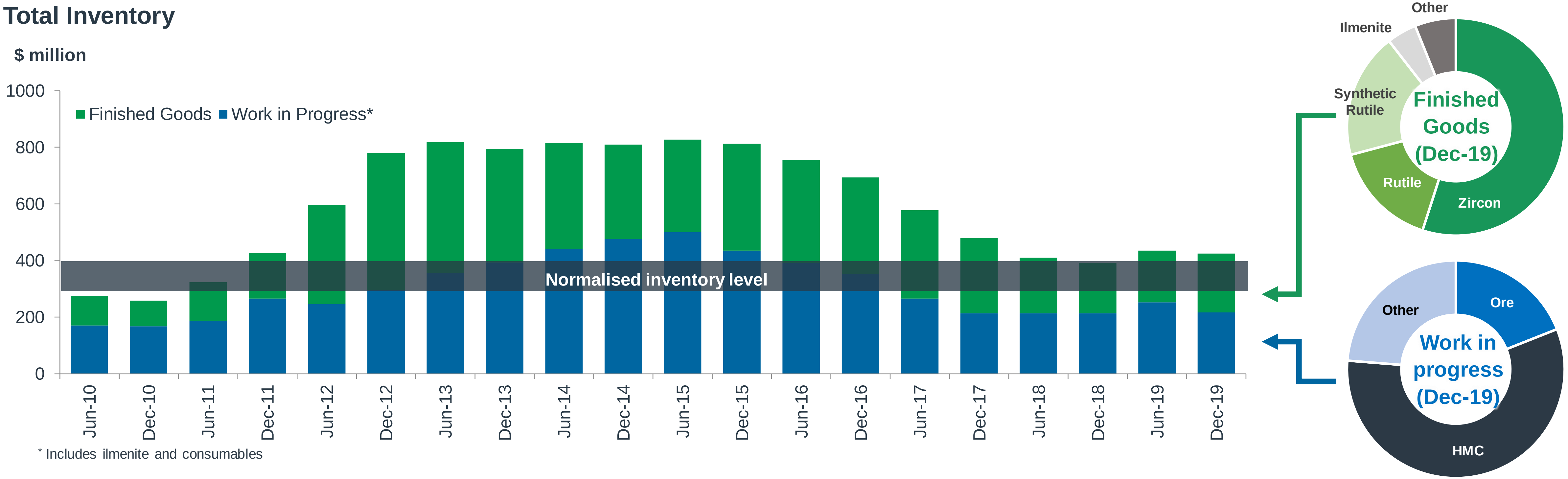
Inventory

As at 31 December 2019, Iluka's inventory balance of $425 million sits within normal working capital levels

Inventory balance movements

- Iluka's inventory provides flexibility to release product as market conditions improve
- Zircon finished goods inventory is higher due to subdued 2019 sales
- Rutile and synthetic rutile inventories reduced over 2019 reflecting tight market conditions
- Work in progress inventory relates to heavy mineral concentrate at Jacinth-Ambrosia and intermediate materials associated with initial Cataby operations

Total Inventory

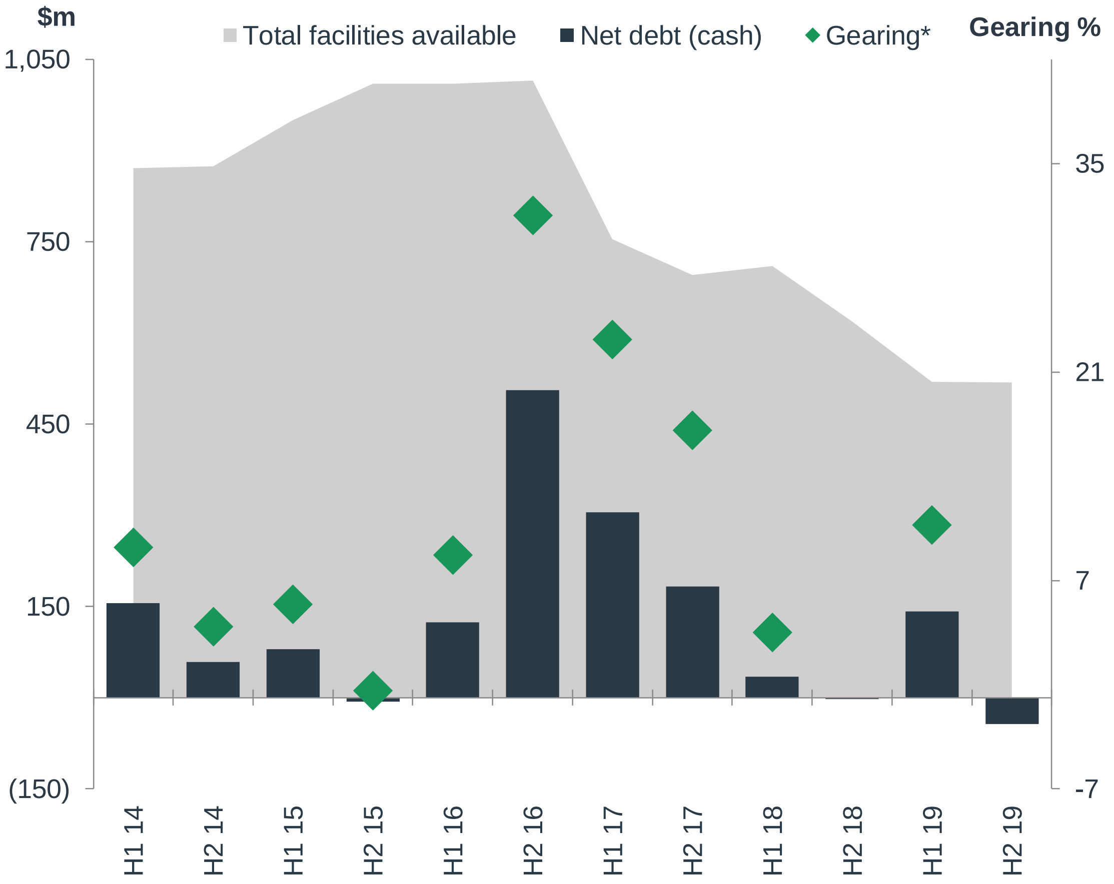


* Includes ilmenite and consumables

Balance Sheet

Iluka has a strong balance sheet with $43 million net cash position (as at 31 Dec 2019), and debt facilities of $519 million

Net Debt, Gearing and Funding Headroom



Key movements

- Net cash position of $43 million as at December 2019
- Full year free cash flow of $140 million (2018: $304 million)
- Iluka maintains a balance sheet with sufficient funding headroom as required

Hedging

- Entered into US$32 million in forward FX contracts maturing in 2020
  - average AUD:USD rate of 69.3 cents in relation to expected 2020 US$ revenue
- US$118 million in FX collar contracts consisting of:
  - bought AUD call options weighted average strike price 80.5 cents; and
  - sold put options at weighted average strike price 70.0 cents expired during the year.

Multi Option Facility Agreement (MOFA)

- Completed refinancing of MOFA in July
- Reset 5 year tenure with maturity July 2024
- Refinancing resulted in improved margin and fees
- Total facilities reduced to $519 million
  - reflecting medium term liquidity requirements

* Net debt / net debt + equity

Dividend

Iluka has declared a final fully franked dividend of 8 cents per share.

Dividend payment

- 8 cents per share final dividend fully franked
- Full year dividend 13 cents per share (8 cps final + 5 cps interim)
  - 40% of full year free cash flow
  - consistent with stated dividend framework
  - reflects strong underlying result
- $129 million franking credit balance as at 31 December 2019 (2018: $28 million)
- Dividend reinvestment plan offered to eligible shareholders*

Dividend Framework

- Pay a minimum 40% of free cash flow not required for investing or balance sheet activity
- Distribute maximum practicable available franking credits

* The dividend reinvestment plan will not be underwritten

Operations and projects

Cataby, Western Australia

ILUKA

Projects Delivered

In 2019, Iluka successfully delivered five projects across the portfolio including the commissioning and ramp-up of Cataby and expansion projects at Sierra Leone and SR2 kiln major maintenance outage

Total 2019 Capital Expenditure of $198 million

Cataby, Western Australia

- $270 million capex
- Construction of new mine and infrastructure
- Highway upgrade
- Processing plant upgrades
- Utilises existing processing and kiln assets

Gangama Expansion, Sierra Leone

- Doubling of capacity
- Duplication of existing design
- Delivered on schedule
- Reached design rates end H1

Lanti Expansion, Sierra Leone

- Doubling of capacity
- Second mining unit and doubling of concentrator capacity
- Delivered on schedule
- Reached design rates late Q3

Ambrosia Mine Move, South Australia

- $22 million capex in 2019
- Commissioning complete – delivered ahead of schedule and under budget
- Smooths zircon production

SR2 Kiln Major Maintenance Outage, Western Australia

- $35 million capex
- SR2 kiln reline
- New rotary cooler shell and quench tower
- Ramp up rate exceeded expectations

ILUKA

Production Summary

Portfolio of producing assets, configured to deliver value through the production of high quality mineral sands products

Australia

- Mining moved from the Jacinth North deposit to the Ambrosia deposit
- Commencement and ramp up of operations at Cataby
- Major maintenance outage at SR2 kiln in Q1 and commencement of next four-year campaign

Sierra Rutile

- Cessation of dredging operations early in 2019,
- Repurposed concentrator from dredge utilised at Lanti
- Expansion projects at Lanti and Gangama completed and ramped up

Operational configuration to deliver sustainable value

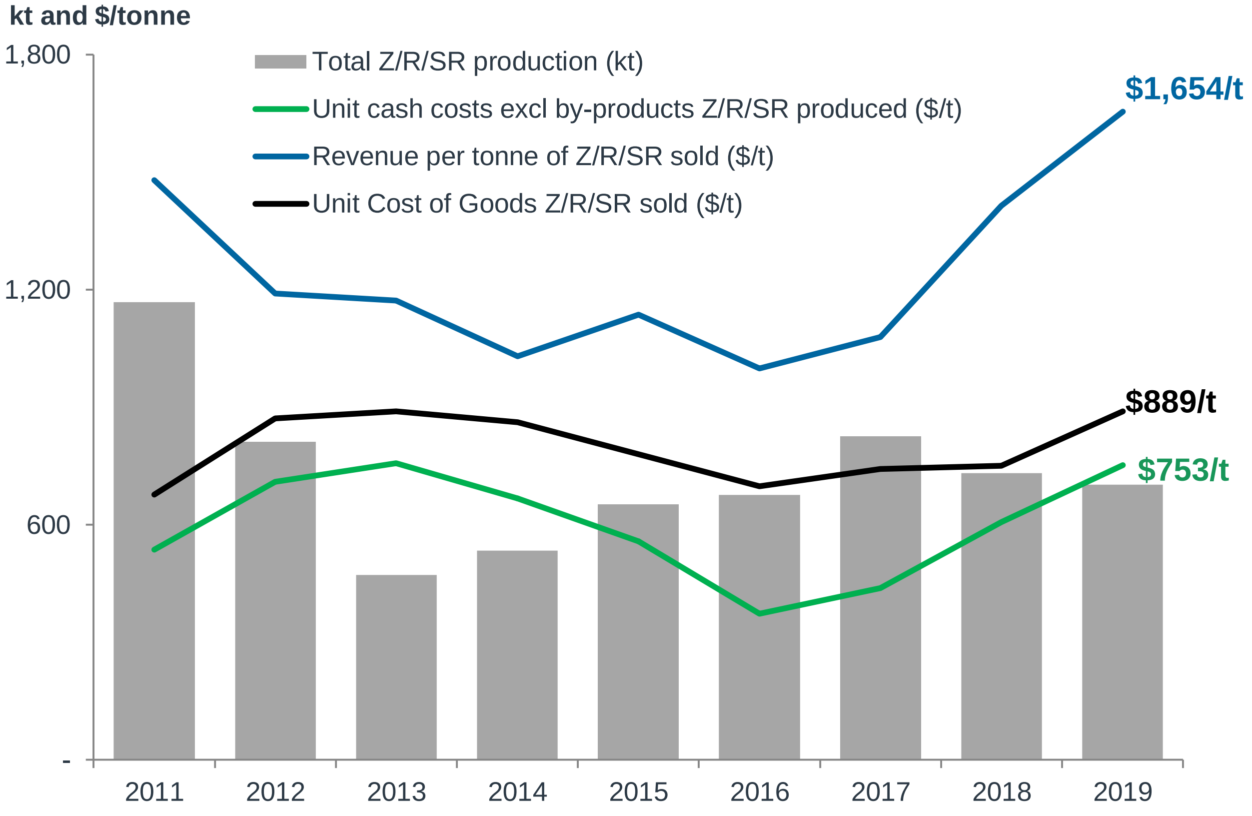
Product (kt)	Operation	2019	2018	%
Zircon	Jacinth-Ambrosia / Mid West	260.2	312.0	(16.6)
	Cataby / South West	53.5	15.9	236.5
	Sierra Leone	8.5	11.4	(25.4)
	Idle Operations*	-	9.3	n/a
	Zircon total	**322.1**	**348.6**	**(7.6)**
Rutile	Jacinth-Ambrosia / Mid West	31.2	38.0	(17.9)
	Cataby / South West	15.6	3.7	321.6
	Sierra Leone	137.2	121.5	12.9
	Rutile total	**184.1**	**163.2**	**12.8**
Synthetic rutile	**Australia**	**196.2**	**219.9**	**(10.8)**
Total	**Z/R/SR**	**702.4**	**731.7**	**(4.0)**

*US operations closed. 2018 production relates to contained zircon in concentrate recorded upon sale.

Production Costs

Increase in production costs due to operational challenges at Sierra Rutile, however revenue per tonne increased 17% to $1,654/tonne

Production, Unit Costs and Unit Revenue



- Higher unit cash costs of production in 2019 due to:
  - commencement of mining operations at Cataby;
  - AUD:USD exchange rate effect on costs at Sierra Rutile; and
  - operational challenges at Sierra Rutile resulting in lower run time and throughput.
- Group unit cost of goods sold increased 19% on the prior year to $889/t (2018: $750/t)
- Margin maintained with growth in average revenue per tonne reflecting higher average received prices of major products

Jacinth-Ambrosia

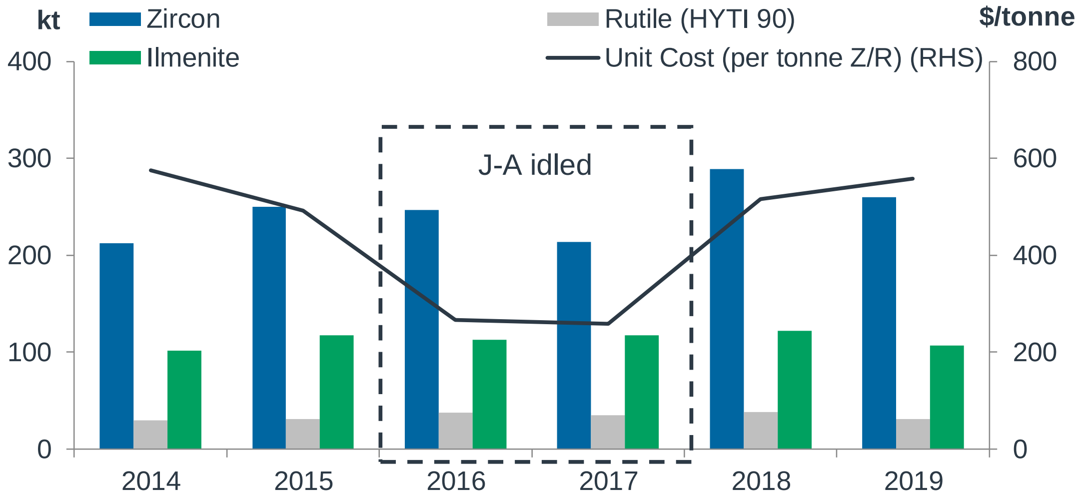
In 2019 the move to the Ambrosia deposit was completed on schedule and under budget

- Mining and concentrating activities ongoing as planned
- Improved grades and recoveries in-line with historical levels

Move from Jacinth North to Ambrosia completed in August 2019

- Move to Ambrosia deposit completed ahead of schedule and under budget
- Capital expenditure $22 million
- Major works included earthworks, site establishment and infrastructure
- Mining unit relocated and production commenced within 3 days of outage (planned 7 days)
- Minimal disturbance to HMC production - first HMC produced two months ahead of schedule

Historical Production and Unit Cost



Unit costs in-line with levels prior to idling of J-A in 2016

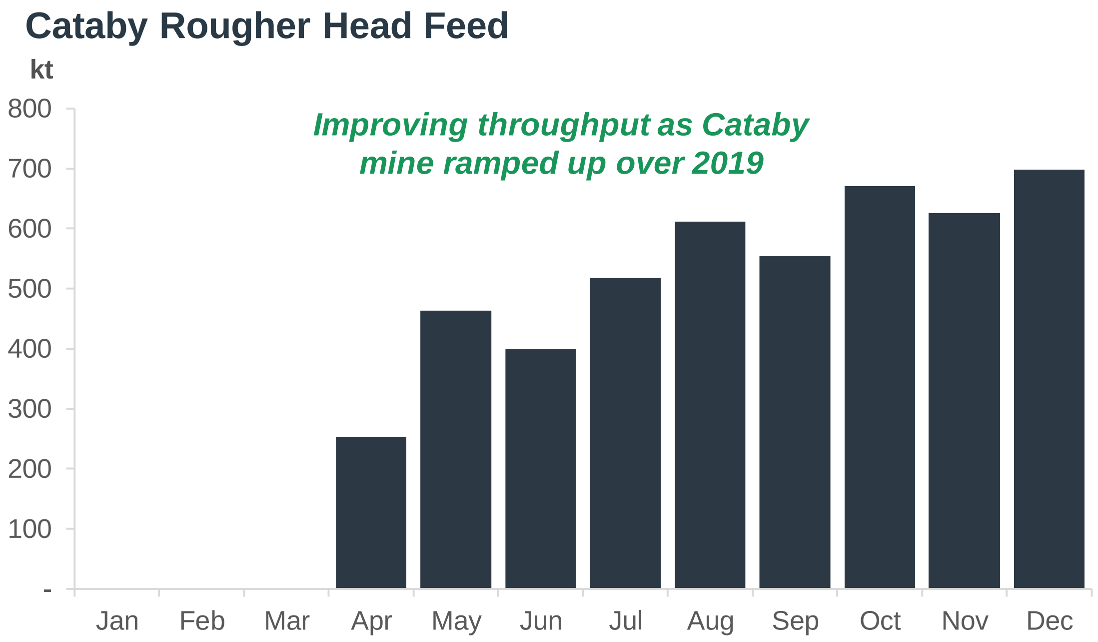
Cataby

Ramp-up completed and full feed maintained to sustain synthetic rutile production at SR2 kiln

- $270 million development, delivered on schedule and on budget
  - re-use of refurbished equipment required re-configuration
- Full feed maintained to SR2 kiln and synthetic rutile production ahead of expectations
- Production levels approaching capacity and reliability of plant improved quarter on quarter

Current Focus Areas

- Building throughput capacity beyond current nameplate
- Optimising cost base in stable operations



Sierra Rutile

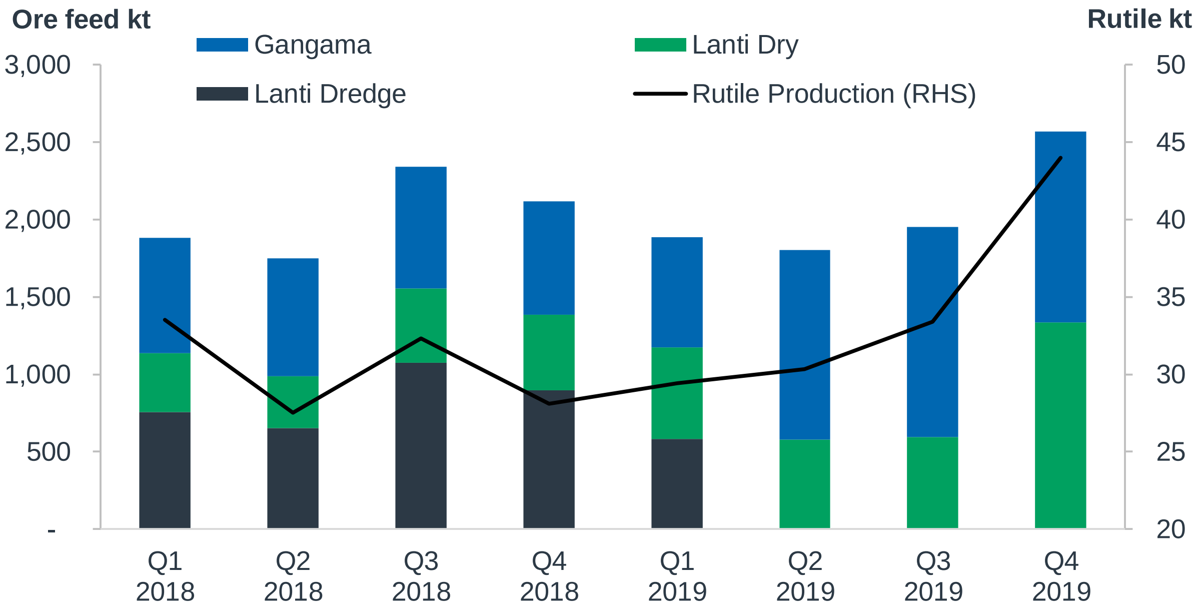
Improvement initiatives implemented, focus on efficiency

- Operational challenges in 2019 impacting runtime and throughput
- Improvement initiatives implemented throughout year
  - expert maintenance team on site
  - system and plant design improvements
  - simplified flowsheet
  - upskilling of workers
- Lanti and Gangama expansions completed on schedule and budget
- By end of 2019 four mining units operational and productivity improvements evident
- Q4 2019 rutile production of 44kt, with mineral separation plant at capacity

Focus for 2020

- Continue to focus on productivity improvements
- Building consistency and reliability in operations

Mining Unit Ore Feed and Rutile Production



Lanti, Sierra Leone

Mineral Sands Operational Outlook

Cataby / South West

Cataby commissioned and near nameplate capacity

Kiln refurbished for next 4 year campaign

2020 Production Outlook

~70kt zircon (incl ZIC)

~25kt rutile

~225kt synthetic rutile

Jacinth-Ambrosia / Mid West

Mining moved to Ambrosia deposit

2020 Production Outlook

~200kt zircon (incl ZIC)

~30kt rutile (HyTi)

~105kt ilmenite (for sale or upgrade)

Sierra Leone

Lanti and Gangama expansions completed

Four mining units operational

2020 Production Outlook

~170kt rutile

~5kt zircon (ZIC)

Portfolio of operations weighted towards premium zircon and high-grade titanium products

Overview of Growth Projects

Iluka is progressing initiatives across its growth projects to extend and expand its existing asset base

Zr

Atacama, South Australia

Satellite deposit located 5km from JA operation

Potential to add material zircon production utilising existing infrastructure

Resource of 73Mt @ 12.0% HM for 8.7Mt of in situ Heavy Minerals

Pre-feasibility study due mid-2020

First production possible as early as 2022-23

Wimmera, Victoria

Significant zircon and rare earth project which is located in the Murray Basin, Victoria

Pre-feasibility study progressing with further enhancements to processing flow-sheet

Test pit product samples with customers

Strategic project given diversification into the rapidly growing rare earths market

Other

Eneabba Mineral Sands Recovery, Western Australia

Monetise rare earth minerals contained in monazite-rich stockpile from historic mining

Simple process with low capital expenditure

Modular expansion project with construction of Phase 1 underway (first sales Q3 2020)

Phase 2 pre-feasibility study underway

Ti

Sembehun, Sierra Leone

Re-scoping development options following SRL learnings and to optimise risk-return

The deposits associated with Sembehun are the world's largest rutile deposit globally

Sembehun is the next expansion deposit for SRL

Targeting decision on preferred pathway in 2020

SR1 restart, Western Australia

Refurbishing SR1 kiln is a low risk and low capex growth opportunity ($30–50m capex)

Plan to add 110–120ktpa of synthetic rutile

Engineering for restart is now complete with long lead time items ordered

Subject to securing ilmenite feed source and appropriate commercial arrangements, potential first production within twelve months

Balranald, New South Wales

Large, deep and high grade rutile rich deposit

Mined through innovative underground mining method via directional drilling

Trial underground mining to be completed by mid-2020 at a cost of $35m

Execution planning to commence H2 2020

Growth Pipeline Summary

Region	Mineral Resource[1]	ASSESS Scoping Study	SELECT Preliminary Feasibility Study	DEVELOP Definitive Feasibility Study	EXECUTE Project execution	OPERATE Operate and maximise
Eucla Basin	361Mt @ 4.8% HM for 17.4Mt In Situ HM		Atacama			Jacinth-Ambrosia
Murray Basin	195Mt @ 17.2% HM for 33.4Mt In Situ HM		Wimmera; Balranald			
Mid West / South West WA	994Mt @ 5.6% HM for 55.6Mt In Situ HM	South West Deposits	Eneabba (Phase 2)	SR1 Kiln Restart	Eneabba (Phase 1)	Cataby
Sierra Leone	739Mt @ 1.1% Rutile for 8.2Mt In Situ Rutile	Sembehun				Lanti; Gangama
Sri Lanka	673Mt @ 8.1% HM for 54.6Mt In Situ HM		Puttalam			

No Resource estimate (Wimmera) | Resource estimate (Atacama, Balranald, South West Deposits, Puttalam) | Reserve estimate (Jacinth-Ambrosia, Eneabba (Phase 2), Eneabba (Phase 1), Cataby, Sembehun, Lanti, Gangama) | Other (SR1 Kiln Restart)

1. Refer to the 2019 Annual Report for additional information.

The Mineral Resource (MR) information on this indicative growth pipeline summary is extracted from the company's previously published MR statements and are available at: www.iluka.com.au . Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement 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 announcement. All Mineral Resource figures are estimates.

Outlook

Sierra Rutile, Sierra Leone

Outlook for 2020 – Group

Key Parameters		2018	2019	2020[1]	Comments
Annual production					
Zircon	kt	349	322	280[2]	Includes ~35kt of ZIC.
Rutile[3]	kt	163	184	230	Higher production outlook from Sierra Rutile and full year of operations at Cataby
Synthetic Rutile	kt	220	196	225	Full year of kiln operation
Total Z/R/SR	**kt**	**732**	**702**	**735**	
Average annual unit costs					
Unit cash costs of production	$/t Z/R/SR	606	753	790	Increase reflects full year of Cataby operations and Ambrosia
Unit cost of goods sold	$/t Z/R/SR	750	889	860	Increase weighting of Cataby and Ambrosia product in Z/R/SR sales
Capital investment					
Capital expenditure	$m	312	198	135	Spending includes: • Deferred mine development work at Cataby ($25m) and Ambrosia ($10m) • Sembehun project work ($30m) • Growth projects ($20m) • Eneabba project ($5m) • Other sustaining expenditure

Note: Cash flow outlook not provided but an estimated 2019 final tax payment of $94 million is to be paid in H1 2020

1. Indicative only. Production settings are able to be adjusted and are dependent on market demand conditions. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
2. As noted in the *2019 Full Year Results* ASX announcement, uncertainty created by the potential impact of the COVID-19 (and other factors) may impact global and in particular Chinese demand for zircon. Iluka will monitor the situation closely and adjust operational settings if appropriate over the course of the year.
3. Includes HYTI

Outlook for 2020 – Group

Key Parameters	2018	2019	2020[1, 2]	Comments
Cash costs ($m)				
Cash costs of production (Z/R/SR)	444	529	580	Increased costs associated with full year of Cataby operations, Ambrosia and full year of synthetic rutile kiln operation
Ilmenite concentrate and by-product costs	11	11	20	Includes cost of monazite concentrate
Restructure and idle costs	25	20	20	
Resource development	30	42	75	Includes cost of third Balranald mining trial ($35 million)
Corporate	48	48	60	
Marketing, selling and royalty costs	76	74	n/a	Dependent on sales price / volume and activity
Total cash costs	**634**	**724**	**n/a**	
Non cash costs ($m)				
Depreciation and amortisation	94	163	135	Lower depreciation of Sierra Rutile following write-down, increase at Cataby with commissioning and full year of operation
Rehabilitation for closed sites	(5)	3	-	
Rehabilitation unwind	17	39	15	2019 included adjustment to discount rate of $18 million
Total non-cash costs	**112**	**106**	**155**	

1. Indicative only. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
2. Costs exclude inventory movement; FX gains/losses; net interest and bank fees; and tax.

Outlook for 2020 – Sierra Rutile

Key Parameters		2018	2019	2020[1]	Comments
Annual production					
Rutile	kt	122	137	170	Outlook reflects full year of expanded operations and implementation of operational improvements
Zircon	kt	11	9	5	ZIC shipment
Total Z/R	**kt**	**133**	**146**	**175**	
Ilmenite	kt	54	59	70	
Annual unit costs & capital expenditure					
Cash costs of production	US$m	115	121	125	
Unit cash costs of production	US$/t Z/R	863	823	715	Increased production outlook reducing unit costs
Capital expenditure	US$m	76	71	30	Includes Sembehun project work, further operational improvement works and sustaining capital

1. Indicative only. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2

Outlook for 2020 – Summary

Market outlook	• Q1 zircon sales are typically a seasonal low • The impact on zircon demand of COVID-19 and macroeconomic factors remain uncertain • Tight conditions expected to continue in high grade titanium feedstocks • Potential for recovery in zircon market hastened given destocking has largely run its course in 2019
Operational outlook	• Projects completed in 2019 expected to deliver full year of production in 2020 • Focus on optimising production and operational efficiencies across all sites
Project pipeline	• Project work to be advanced across all major projects – including Sembehun, Balranald, Atacama • Employing innovative technology and processes to maximise returns from assets
Capital structure review and next steps	• Demerger subject to final Board approval, regulatory and shareholder approvals. If approved, the demerger is expected to be completed in 2020. • Iluka has engaged with the ATO on demerger tax relief and submitted a final ruling application – Iluka is confident of receiving a favourable ruling in due course • Further update to be provided at the AGM on 9 April 2020

Appendix: Supplementary financial information

Eneabba, Western Australia

Supplementary Information

Production and Sales Volumes, Revenue and Cash Costs

	2019	2018	% change
Production			
Zircon kt	322.1	348.6	(7.6)
Rutile kt	184.1	163.2	12.8
Synthetic rutile kt	196.2	219.9	(10.8)
Total Z/R/SR production kt	**702.4**	**731.7**	**(4.0)**
Ilmenite – saleable and upgradeable kt	318.6	395.1	(19.4)
Total production volume kt	**1,021.0**	**1,126.8**	**(9.4)**
Heavy mineral concentrate produced kt	1,087	934	16.4
Heavy mineral concentrate processed kt	961	1,037	(7.3)
Sales			
Zircon kt	274.0	379.3	(27.8)
Rutile kt	200.1	233.2	(14.2)
Synthetic rutile kt	206.7	214.6	(3.7)
Total Z/R/SR kt	**680.8**	**827.1**	**(17.7)**
Ilmenite kt	170.8	224.5	(23.9)
Total sales volumes kt	**851.6**	**1,051.6**	**(19.0)**
Revenue and Cash Costs			
Mineral sands revenue[1] $m	1,193.1	1,244.1	(4.1)
Total cash cost of production $m	539.6	455.1	18.5
Unit cash production cost per tonne of Z/R/SR produced[2] $/t	753	606	24.1
Unit cost of goods sold per tonne of Z/R/SR sold $/t	889	750	18.5
Revenue per tonne of Z/R/SR sold $/t	1,654	1,415	16.9

1. Includes revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate. Iluka receives a royalty payment from its Mining Area C iron ore royalty. This is not reported as part of quarterly reports but is disclosed in the financial statements.
2. Excludes ilmenite and by-products.

Supplementary Information

Weighted Average Received Prices

US$/tonne FOB	H1 2019	H2 2019	Full year 2018	Full year 2019
Zircon Premium and Standard	1,522	1,446	1,351	1,487
Zircon (all products including zircon in concentrate)[1]	1,465	1,299	1,321	1,380
Rutile (excluding HYTI)[2]	1,108	1,167	952	1,142
Synthetic rutile	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3

Notes:
1: Zircon prices reflect the weighted average price for zircon premium, zircon standard and zircon-in-concentrate. The prices for each product vary considerably, as does the mix of such products sold period to period. In 2019, full year split of premium, standard and concentrate by zircon sand-equivalent was approximately: 42%:28%:30% (2018: 50%, 30%, 20%).

2: Included in rutile sales volumes reported elsewhere in this Quarterly Review is a lower titanium dioxide product, HYTI that typically has a titanium dioxide content of 70 to 91%. This product sells at a lower price than rutile, which typically has a titanium dioxide content of 95%. 2019 full year sales of the lower grade HYTI material were 23% of rutile sales (2018: 22%).

3: Iluka's synthetic rutile sales are, in large part, underpinned by commercial offtake arrangements. The terms of these arrangements, including the pricing arrangements are commercial in confidence and as such not disclosed by Iluka. Synthetic rutile, due to its lower titanium dioxide content than rutile, is priced lower than natural rutile.

Supplementary Information

Summary Group Results

$ million	2019	2018	% change
Mineral sands revenue	1,193.1	1,244.1	(4.3)
Mineral sands EBITDA	**530.9**	**544.5**	**(2.5)**
Mining Area C royalty EBITDA	85.1	55.6	53.1
Underlying group EBITDA	**616.0**	**600.1**	**2.6**
Underlying group EBITDA margin %	*51.6*	*48.2*	*7.1*
Depreciation and amortisation	(163.2)	(93.6)	74.4
Sierra Rutile write-down expense	(414.3)	-	n/a
Group EBIT	**50.8**	**482.8**	**(89.5)**
Profit (loss) before tax	**(1.0)**	**452.0**	**n/a**
Tax expense	(298.7)	(148.1)	101.7
Profit (loss) after tax	**(299.7)**	**303.9**	**n/a**
EPS (cents per share)	*n/a*	*72.2*	*n/a*
Free cash inflow (outflow)	139.7	304.4	(54.1)
Free cash inflow (outflow) (cents per share)	**33.0**	**72.1**	**(54.2)**
Dividend – fully franked (cents per share)	13.0	29.0	(55.2)
Net (debt) cash	**43.3**	**1.8**	n/a
Gearing (net debt / net debt + equity) %	n/a	n/a	n/a
Return on capital % (annualised)	4.6	54.0	(91.5)
Return on equity % (annualised)	**(26.6)**	**31.8**	**n/a**
Average A$/US$ exchange rate	69.5	74.8	(7.1)

*Underlying Group EBITDA excludes adjustments including write-downs and changes to rehabilitation provisions for closed sites.

Supplementary Information

Income Statement Analysis

A$ million	2019	2018	% change
Z/R/SR revenue	1,128.7	1,179.0	(4.3)
Ilmenite and other revenue	64.4	65.1	(1.1)
Mineral Sands Revenue	**1,193.1**	**1,244.1**	**(4.1)**
Cash costs of production	(539.6)	(455.1)	18.6
Inventory movement - cash	63.4	(68.5)	n/a
Restructure and idle capacity charges	(19.7)	(24.7)	(20.2)
Government royalties	(39.4)	(38.1)	3.4
Marketing and selling costs	(35.0)	(38.1)	(8.1)
Asset sales and other income	(3.5)	1.8	n/a
Exploration and resource development	(42.2)	(30.1)	(40.2)
Corporate and other costs	(48.0)	(48.1)	(0.2)
Foreign exchange	1.8	1.3	38.5
Mineral sands EBITDA	**530.9**	**544.5**	**(2.5)**
Mining Area C EBITDA	85.1	55.6	53.1
Underlying Group EBITDA	**616.0**	**600.1**	**2.6**
Depreciation and amortisation	(163.2)	(93.6)	74.4
Inventory movement - non-cash	15.5	(28.3)	n/a
Rehabilitation for closed sites	(3.2)	4.6	n/a
Sierra Rutile write-down expense	(414.3)	-	n/a
Group EBIT	**50.8**	**482.8**	**(89.5)**
Net interest costs and bank charges	(13.8)	(14.1)	(2.3)
Rehabilitation unwind and other finance costs	(38.0)	(16.7)	127.5
Profit (loss) before tax	**(1.0)**	**452.0**	**n/a**
Tax expense	(298.7)	(148.1)	101.7
Profit (loss) for the period (NPAT)	**(299.7)**	**303.9**	**n/a**
Average AUD/USD (cents)	69.5	74.8	(7.1)

Supplementary Information

Reconciliation of non-IFRS financial information to profit before tax 2019

2019	JA/MW	C/SW	Idle	SRL	Expl & Oth	Mineral sands	MAC	Corp	Group
Mineral sands revenue	482.7	414.2	38.6	257.6	-	**1,193.1**	-	-	**1,193.1**
AASB 15 freight revenue	19.8	7.4	3.3	8.1	-	**38.6**	-	-	**38.6**
Expenses	(159.3)	(201.0)	(37.9)	(202.4)	(37.5)	**(638.1)**	-	(16.5)	**(654.6)**
Mining Area C	-	-	-	-	-	**-**	85.1	-	**85.1**
FX	-	-	-	-	-	**-**	**-**	1.8	**1.8**
Corporate costs	-	-	-	-	-	**-**	**-**	(48.0)	**(48.0)**
EBITDA	**343.2**	**220.6**	**4.0**	**63.3**	**(37.5)**	**593.6**	**85.1**	**(62.7)**	**616.0**
Depn & Amort	(28.9)	(54.0)	(0.6)	(74.6)	(4.6)	**(162.8)**	(0.4)	-	**(163.2)**
Inventory movement - non-cash	14.3	6.2	(3.0)	(2.0)	-	**15.5**	-	-	**15.5**
Rehabilitation for closed sites	(1.6)	(0.1)	(4.7)	-	-	**(3.2)**	-	-	**(3.2)**
Write-down of Sierra Rutile	-	-	-	(414.3)	-	**(414.3)**	-	-	**(414.3)**
EBIT	**330.2**	**172.7**	**(4.3)**	**(427.6)**	**(42.2)**	**28.8**	**84.7**	**(62.7)**	**50.8**
Net interest costs	(0.3)	(0.2)	-	(0.1)	-	**(0.6)**	-	(13.2)	**(13.8)**
Rehab unwind and other finance costs	(13.1)	(12.1)	(10.5)	(2.3)	-	**(38.0)**	-	-	**(38.0)**
Profit Before tax	**316.8**	**160.4**	**(14.8)**	**(430.0)**	**(42.2)**	**(9.8)**	**84.7**	**(75.9)**	**(1.0)**
Segment result	**316.8**	**160.4**	**(14.8)**	**(430.0)**	**n/a**	**32.4**	***84.7***	***n/a***	**117.1**