



ILUKA

2019 Ruidow Zirconium Conference

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All figures are expressed in Australian dollars unless stated otherwise.



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- **Zircon Global Market**
- **Chinese Zircon Market**
- **Supply Situation**
- **Iluka's Market Approach**
- **Iluka's Assets**
- **Support to Chinese Industry**

Iluka sees the zircon market as being broadly balanced during 2019...

Global Supply

- Significant inventory depletion in recent years
- Existing producers' mines are mature and grade decline is progressively affecting all sites
- 2019 market expected to remain stable
 - Indonesia (swing producer)
 - minor new supply (concentrate)
 - Iluka balancing the market with ZIC
 - a number of smaller operations coming offline
- Global supply remains tight for Premium zircon, although Standard zircon is now well supplied

Global Demand

- H2 2018 saw softer apparent demand
- Global trade environment affecting business sentiment
- Some slowness in ceramic plant restarts in China following CNY
- India adjusting after high growth period, expected to resume after elections
- Cautious buying in European markets and drawing down of inventories
- Continued strong demand in North America
- Progressive pick-up of consumption seen in Q2 2019 and expected to continue throughout rest of 2019



... structural deficit continues to emerge in years ahead





Ceramics

Soft real estate and influencing domestic consumption, slower exports

Fused Zirconia

Stable demand

Foundry

Signs of slowing down in 2Q

Refractory

Robust level of orders throughout all of 2019

Zirconium Chemicals

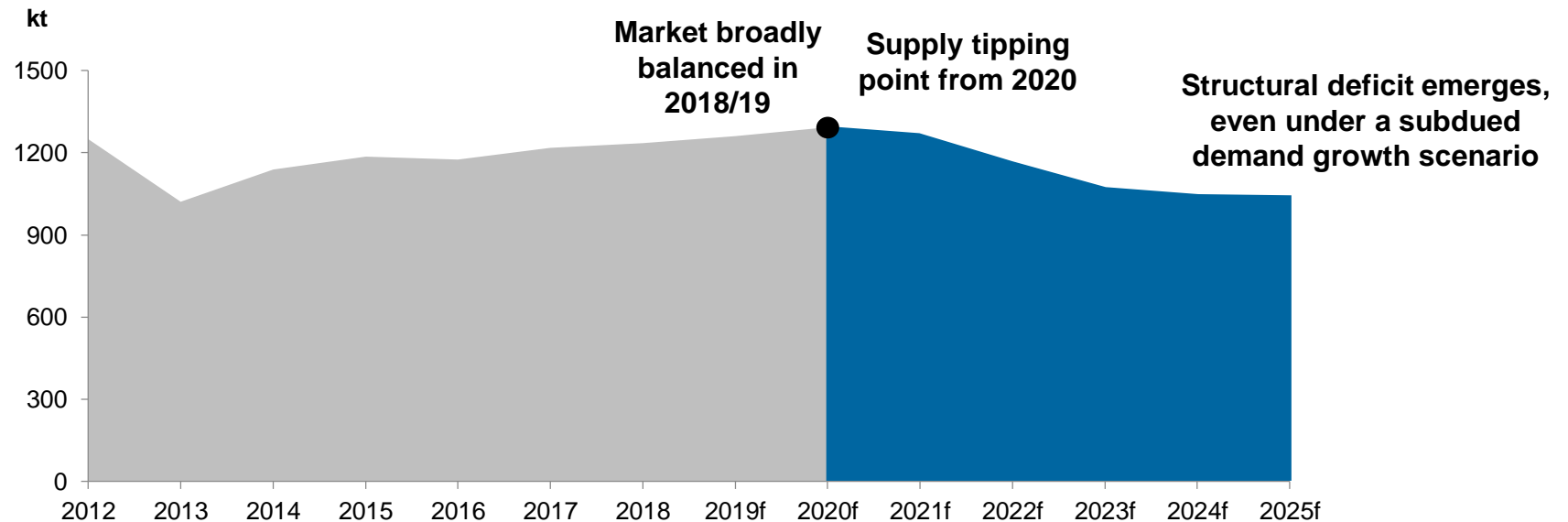
Stable demand, production affected by environmental scrutiny

- Waste emissions: stringent requirements and continued inspections
- Customs implementing stewardship on dangerous material
- Stronger voice for the Industry
- Iluka supports positive changes in China



Lack of quality mineral sands projects, particularly with high zircon assemblage, and depletion of current operations (which includes Iluka)

Global Zircon Supply Outlook



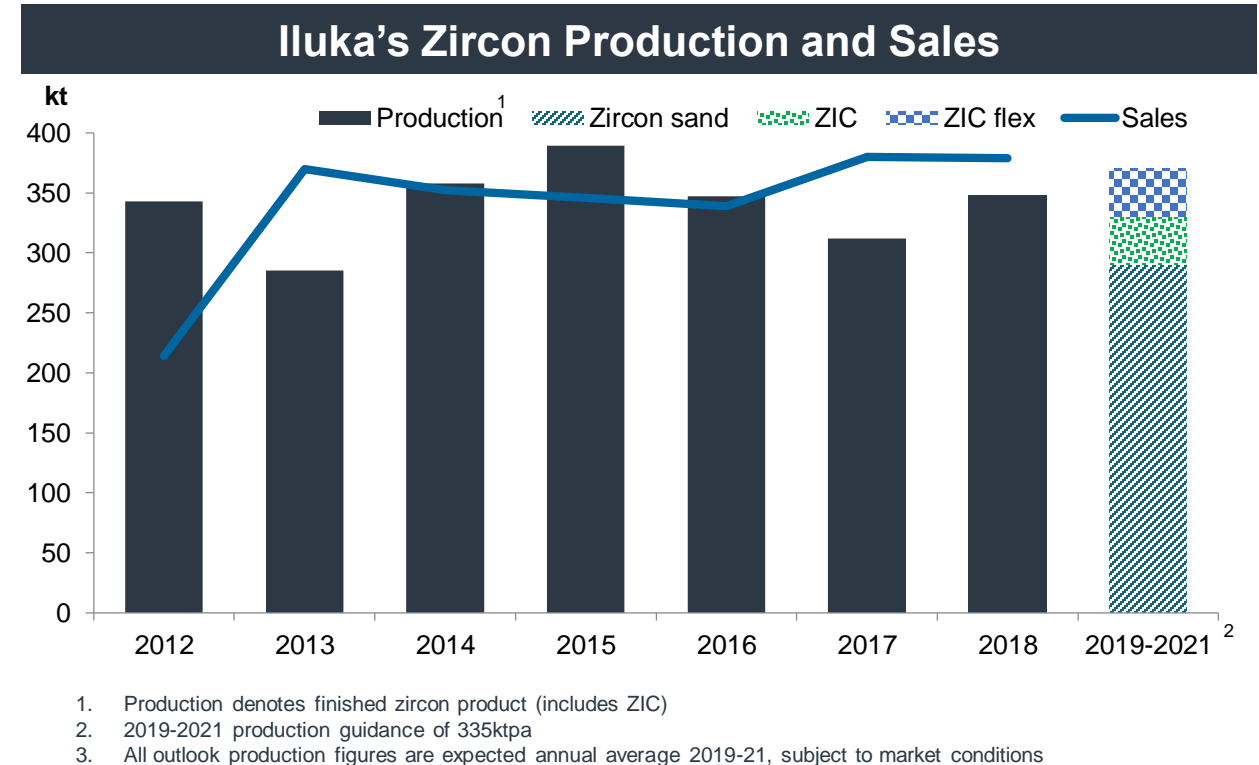
Production outlook only includes new projects with funding approval.

Source: Iluka and TZMI

... Leading to **structural deficit**

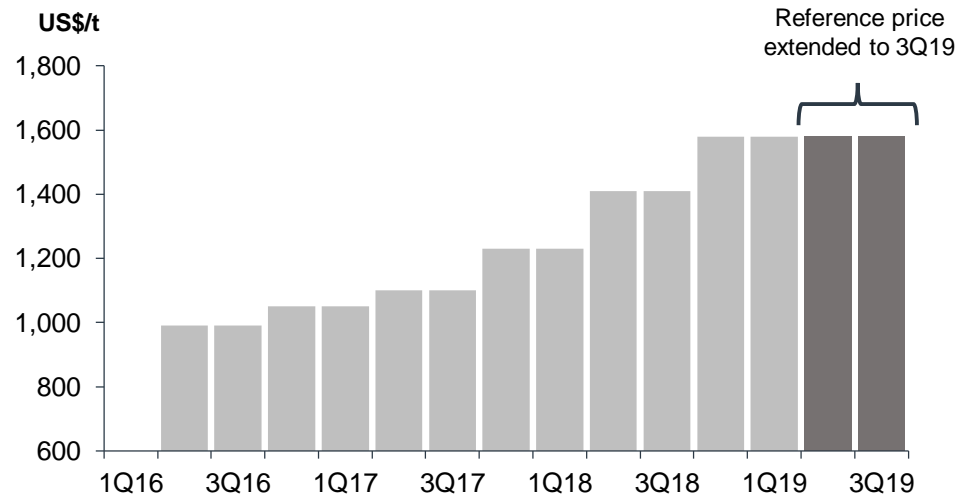
Iluka's response to market conditions³

- Gap filled by inventory release in 2017 and 2018
- Inventories at normal levels in 2019
- Guided 2019-2021 zircon production of ~335ktpa
 - Cataby project tonnes available in 2019
 - early Ambrosia mine move (smoothing production)
 - Incl. zircon in concentrate (ZIC) from multiple sources
- Potential for additional ZIC production when required



Sustainable pricing based on value-in-use

Iluka's Zircon Reference Price has delivered sustainable price growth



Notes: Zircon Reference Price is based on a 2 tonne bag of Zircon Premium, DAT, ex-China warehouse. Price differential between Zircon (Premium and Standard) and Zircon (all products) varies based on the price of each product and the mix of products sold in each period.

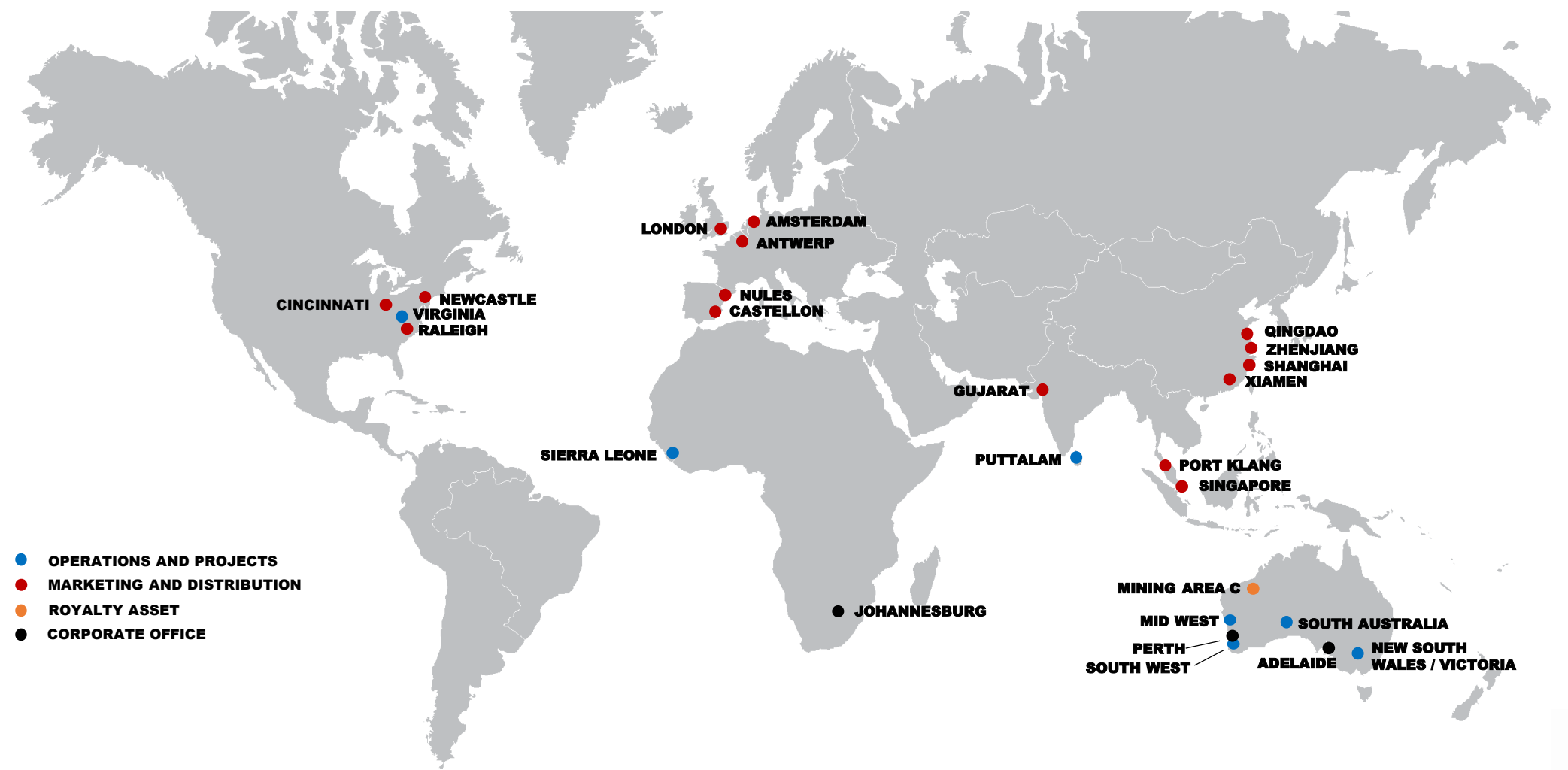
Zircon Pricing Model

Iluka Reference Price introduced in 2016

- Provides transparency for customers
- Actual price paid function of location, quantity, quality, purchase history etc.
- Assessment of end market capacity to absorb variations
- Cadence of pricing decisions aimed to support stability

Iluka's Assets – Current Portfolio

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



Cataby, Western Australia



Major works:

2 in-pit mining units
Wet concentrator
Power, water, roads, camp
Highway upgrade
Processing plant upgrades

Utilising existing assets

Concentrator relocation to mine
Mineral processing plant
SR2 kiln

\$265-275m Capex

Completed on budget and
on schedule

600+ people on site

900,000 hours worked
(Jan 18 – Mar 19)

Major ongoing regional employer

Ambrosia, South Australia



Early mine move

Smooths production to partially offset grade decline

Utilises existing mining and concentrating assets

\$35m capex budgeted in 2019

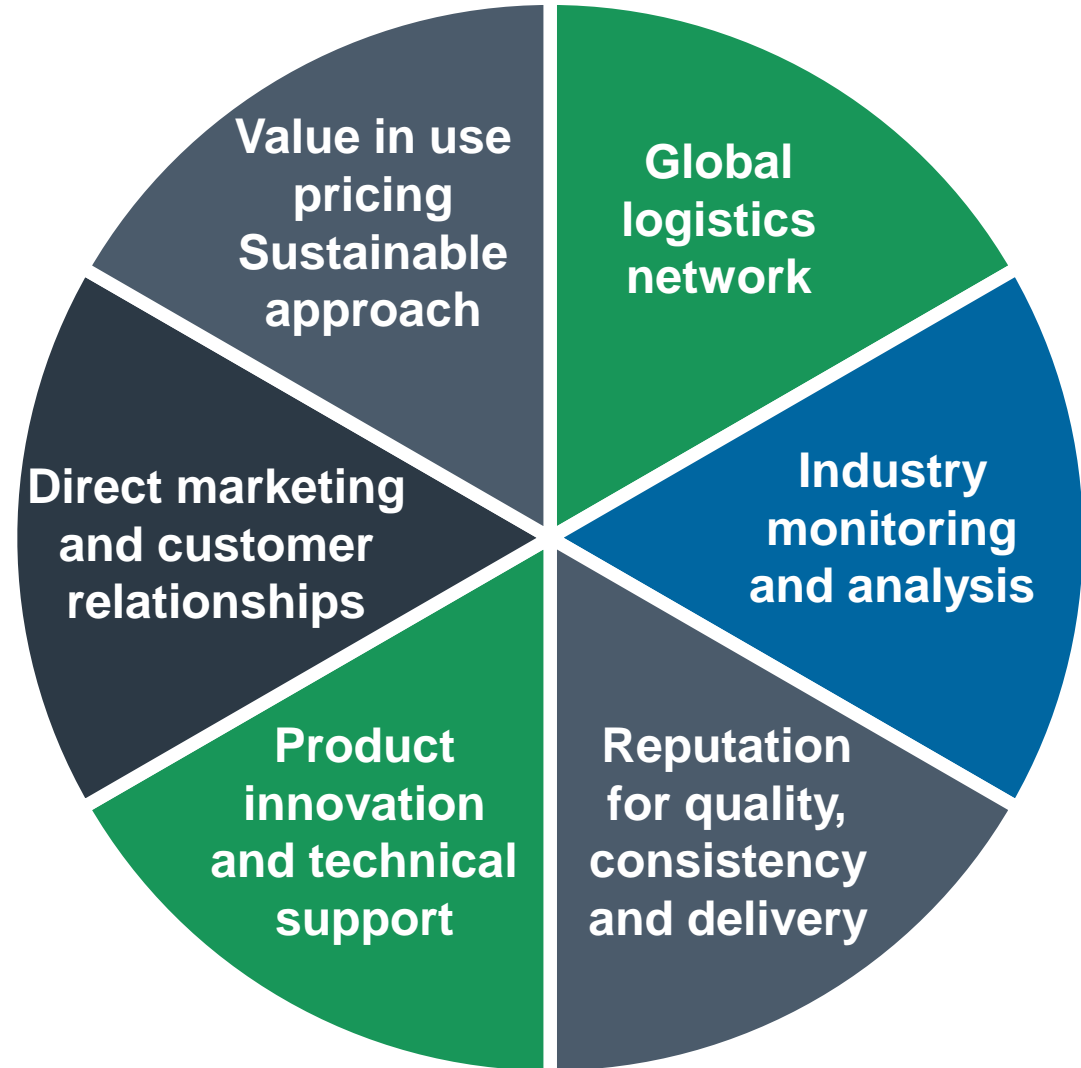
\$20m further capex in 2020/21 for tailings management

Progressing ahead of schedule

Move to Ambrosia planned for H2 2019



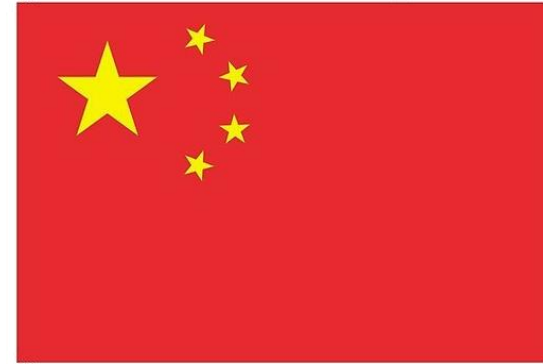
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