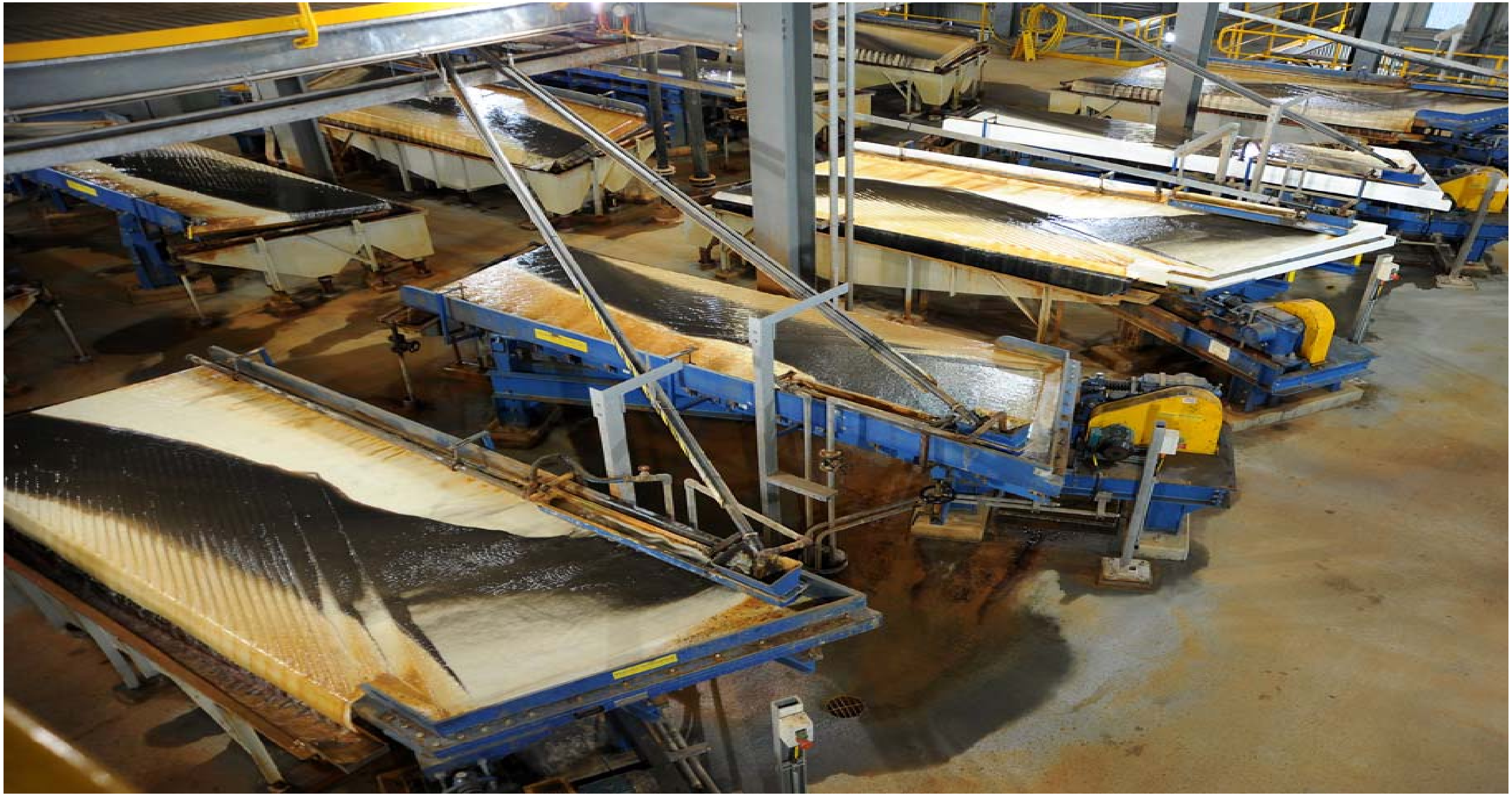
ILUKA

2017 Half Year Results

Tom O'Leary, Managing Director
Doug Warden, Chief Financial Officer and Head of Strategy and Planning

16 August 2017



Disclaimer – Forward Looking Statements

Forward Looking Statements

This presentation contains certain statements which constitute “forward-looking statements”. These statements include, without limitation, estimates of future production and production potential; estimates of future capital expenditure and cash costs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

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- changes in product pricing assumptions;
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- changes in equipment life or capability;
- emergence of previously underestimated technical challenges; and
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Non-IFRS Financial Information

This document uses non-IFRS financial information including mineral sands EBITDA, Underlying Group EBITDA and Group EBIT which are used to measure both group and operational performance. Non-IFRS measures have not been subject to audit or review.

Mineral Resources Estimates

Information that relates to Mineral Resources estimates on the Puttalam Project has been previously announced to ASX. Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates 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 announcements.

Safety and Sustainability

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2016 Sustainability Report released April 2017

Ongoing integration of Iluka's **safety and risk mitigation framework** to strengthen Sierra Rutile's sustainability performance

Sierra Rutile Limited

Total Recordable Injury Frequency Rate* decreased

4.4 to 3.4

Public sustainability targets set for 2017 and 2018 to track and improve performance across material issues

Senior female representation

27%	33%
Executives & General Managers	Board

Awarded the South Australian **Premier's Community Excellence Award** for Social Inclusion

Continued **relinquishment** of mining tenement obligations in the South West of Western Australia

* excludes Sierra Rutile, which had a TRIFR of 2.5 for the 7 months since acquisition in December 2016

First Half 2017 Key Features

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Sales volume growth	Strengthening market conditions Zircon / Rutile / Synthetic Rutile sales volumes up 43%
Zircon and rutile price rises	Zircon (premium and standard) prices up 7% and rutile prices up 4% on H1 2016 Mineral sands revenue up 49%
Strong free cash flow	Free cash flow of $180 million Inventory drawdown of $116 million
Net debt reduction	Net debt reduced by $202 million in six months to $305 million Gearing ratio down to 23% (Dec 2016: 32%)
Optimal operational settings	Idling of Hamilton mineral separation plant, impairment of $151 million (pre-tax) Preparation for Jacinth-Ambrosia mine restart in December 2017
Underlying improvement Reported loss	Underlying EBITDA up 147% to $155 million Reported loss for the period of $82 million, post impairment
Reduced support costs	Lower costs in support functions following Sustainable Business Review Non production costs down $31 million (31%)
Sierra Rutile progress	Implementation of mining and processing improvements delivering higher mining rates, concentrate grades and product recoveries
Mining Area C royalty income	Mining Area C royalty income up 50% to $31 million Iron ore price and volume growth
Dividend	6 cents per share fully franked

Zircon Market

Iluka result

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

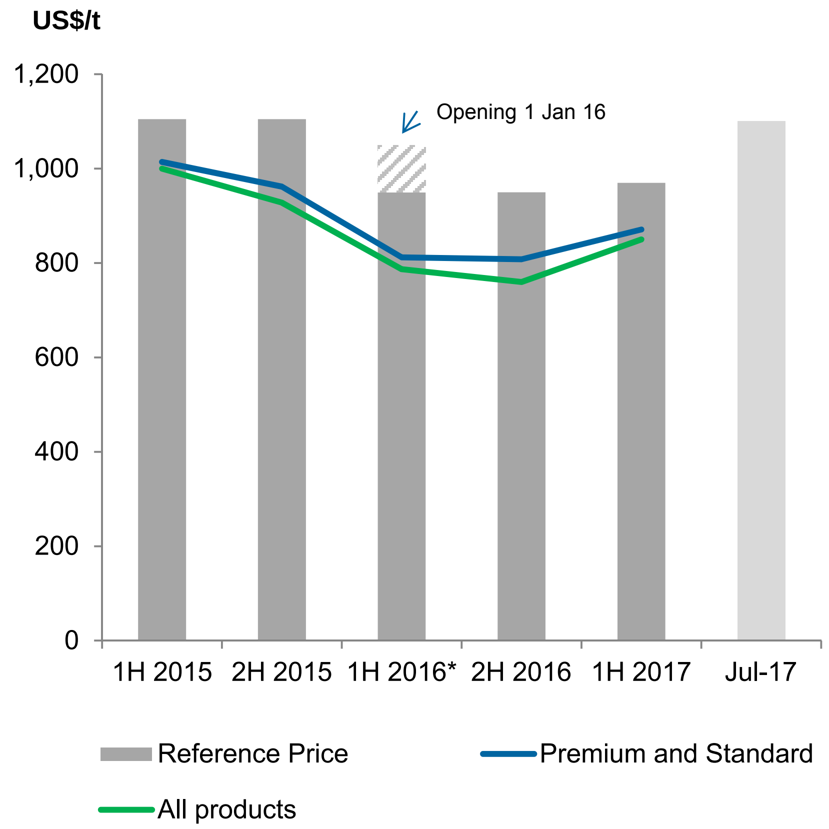
Pricing

- Limited global zircon inventories outside Iluka
- Weighted average premium and standard received price up 7% relative to H1 2016
- Increase to Reference Price of US$130/t to US$1,130/t from 1 July 2017 announced

Supply and demand

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

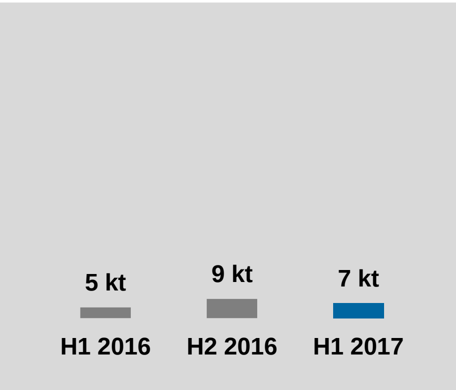
Zircon Prices*



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

Zircon Market

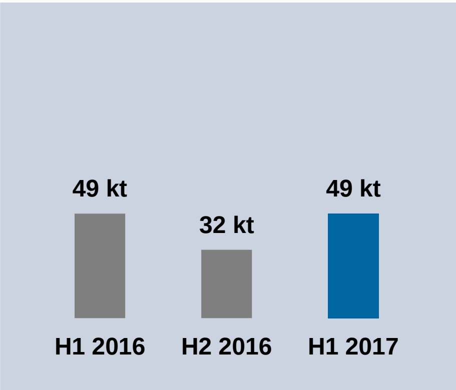
Americas



Stable demand overall, with improvements in some segments of the foundry market.

Continued focus on specialty markets (including additive manufacturing).

EMEAI
(Europe, Middle East, Africa, India)

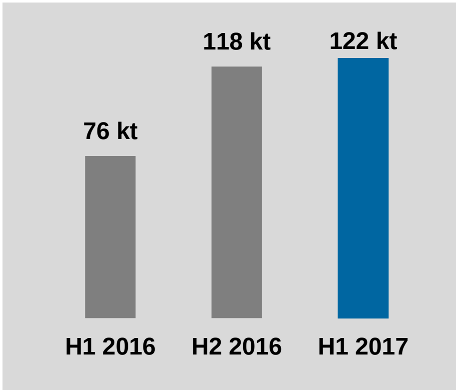


In line with European seasonal trend.

Spanish and Italian ceramic markets experiencing strengthening domestic and export markets.

Indian demand for zircon higher with new tile designs and underlying market growth.

China

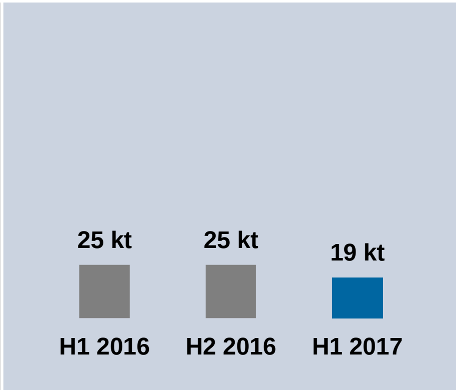


Strong sales performance during a traditionally weak H1 period.

Iluka supported re-stocking of the depleted supply chain as competitors were unable to meet demand.

End user demand stable despite chemical and foundry markets affected by environmental closures.

East Asia
(excl. China)



Consistent with other sectors of Japanese economy, confidence is subdued impacting overall demand.

Activity in rest of Asia remains stable.

High Grade Feedstock Market

Iluka result

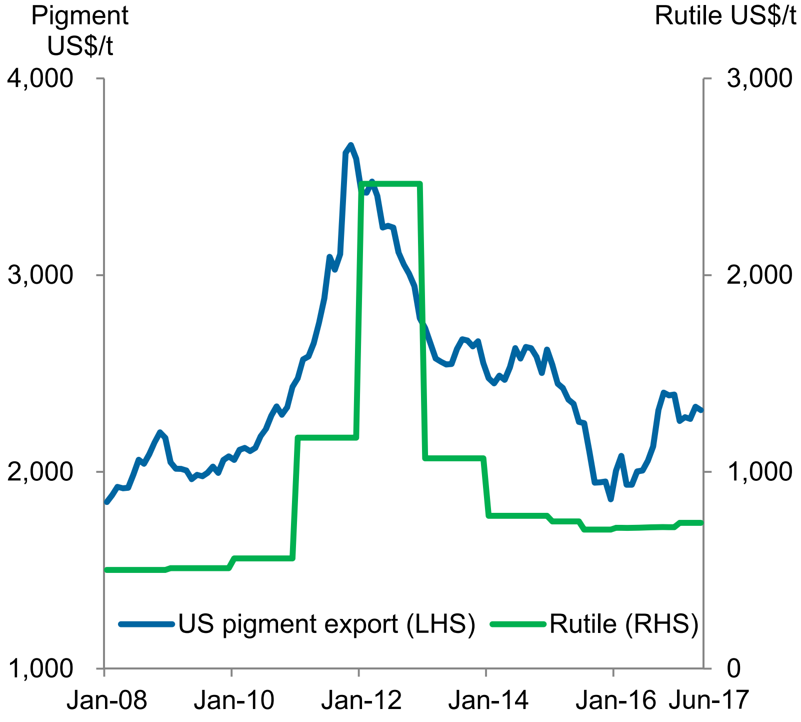
- Rutile and SR sales volumes, excluding Sierra Rutile, are 20% higher than H1 2016
  - including Sierra Rutile (H1 2017: 62kt) sales are up 58%

Pricing

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

Supply and demand

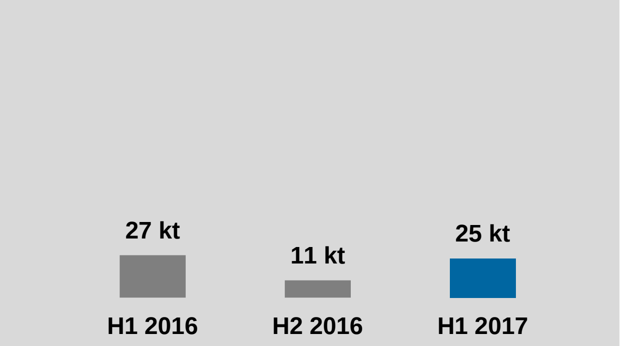
- Broad-based, continuing improvement in chloride pigment market (90% of feedstock end use)
  - pigment industry commentary of above trend demand
- Continued restocking of depleted pigment inventories
  - feedstock demand expected to exceed underlying market conditions
- Potential for pigment plants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



Source: TZMI and Iluka

High Grade Feedstock Market

Americas

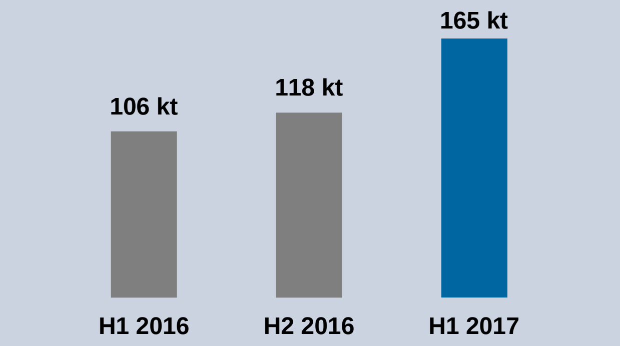


Americas demand steady with H1 2016.

Shift in customer requirements to higher grade feedstocks ongoing.

EMEAI

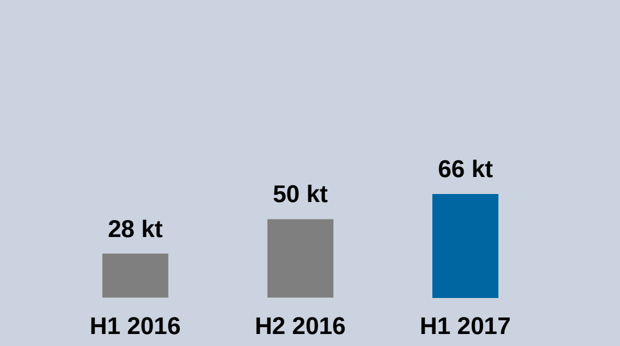
(Europe, Middle East, Africa, India)



Sales to European customers up in H1 2017 due to strong pigment market conditions across region coupled with supply disruptions.

European market expected to remain strong heading into 2018.

Asia



Sales higher with new pigment customers including 15kt in China.

Pigment market conditions consistent with other regions.

Welding market conditions remains positive.

Financial Management

Doug Warden, CFO and Head of Strategy & Planning

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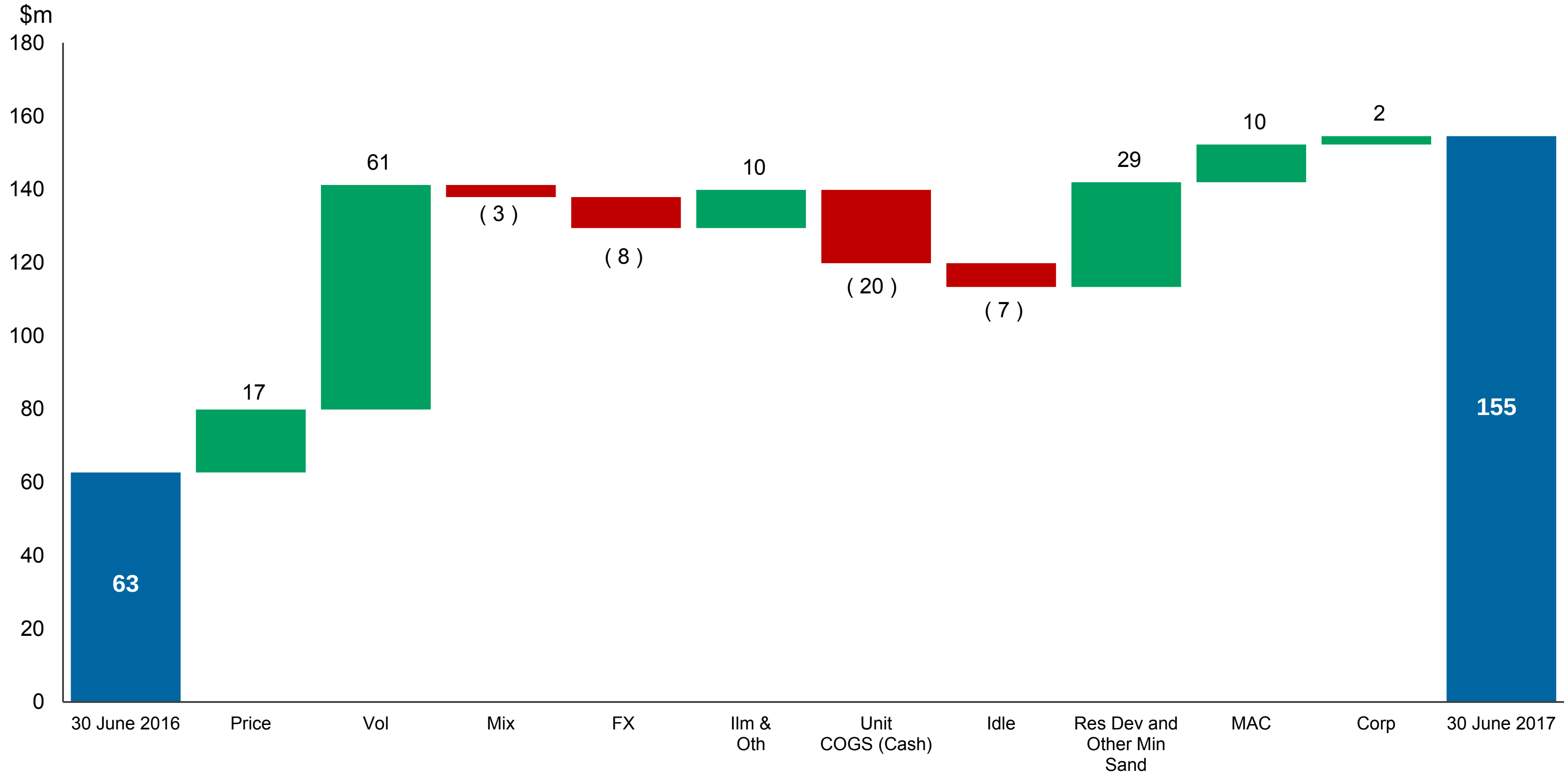
Key Financial Metrics
H1 2017 versus H1 2016

	Units	H1 2017	H1 2016	Change
Z/R/SR Production	kt	453.1	334.4	+35%
Z/R/SR Sales	kt	453.8	316.4	+43%
Mineral sands revenue	$m	503.6	338.4	+49%
Underlying mineral sands EBITDA[1]	$m	123.5	41.9	+195%
MAC EBITDA	$m	31.1	20.8	+50%
Underlying Group EBITDA[1]	$m	154.6	62.7	+147%
(Loss) profit for the period (NPAT)	$m	(81.5)	(20.9)	-290%
Operating Cash Flow	$m	193.9	(15.5)	n/a
Free Cash Flow[2]	$m	180.2	(50.6)	n/a
Dividend – interim	cps	6	3	+100%
		At 30 Jun 2017	At 31 Dec 2016	
Net debt	$m	304.6	506.3	-40%
Gearing ratio[3]	%	23%	32%	n/a

1. Underlying Group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites. Underlying EBITDA also excludes Iluka's share of Metalysis Ltd's losses.
2. Free Cash Flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year.
3. Net debt / net debt + equity

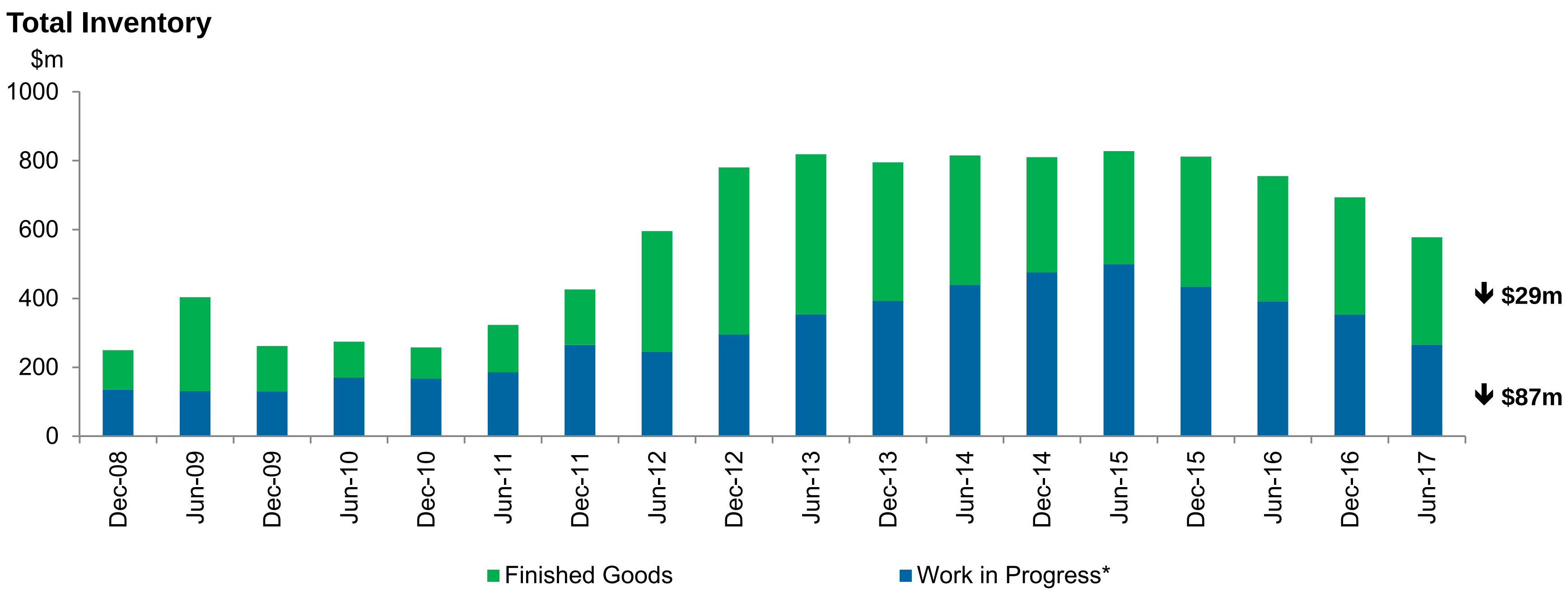
Underlying Group EBITDA

H1 2017 versus H1 2016



- Improved revenue (price and volume)
- Higher unit costs (reflecting inclusion of higher Sierra Rutile cost base)
- Reduced spend on Resource Development
  - lower Balranald project costs, which are now capitalised
  - lower other costs (including exploration) following sustainable business review in 2016

Further Inventory Draw Down

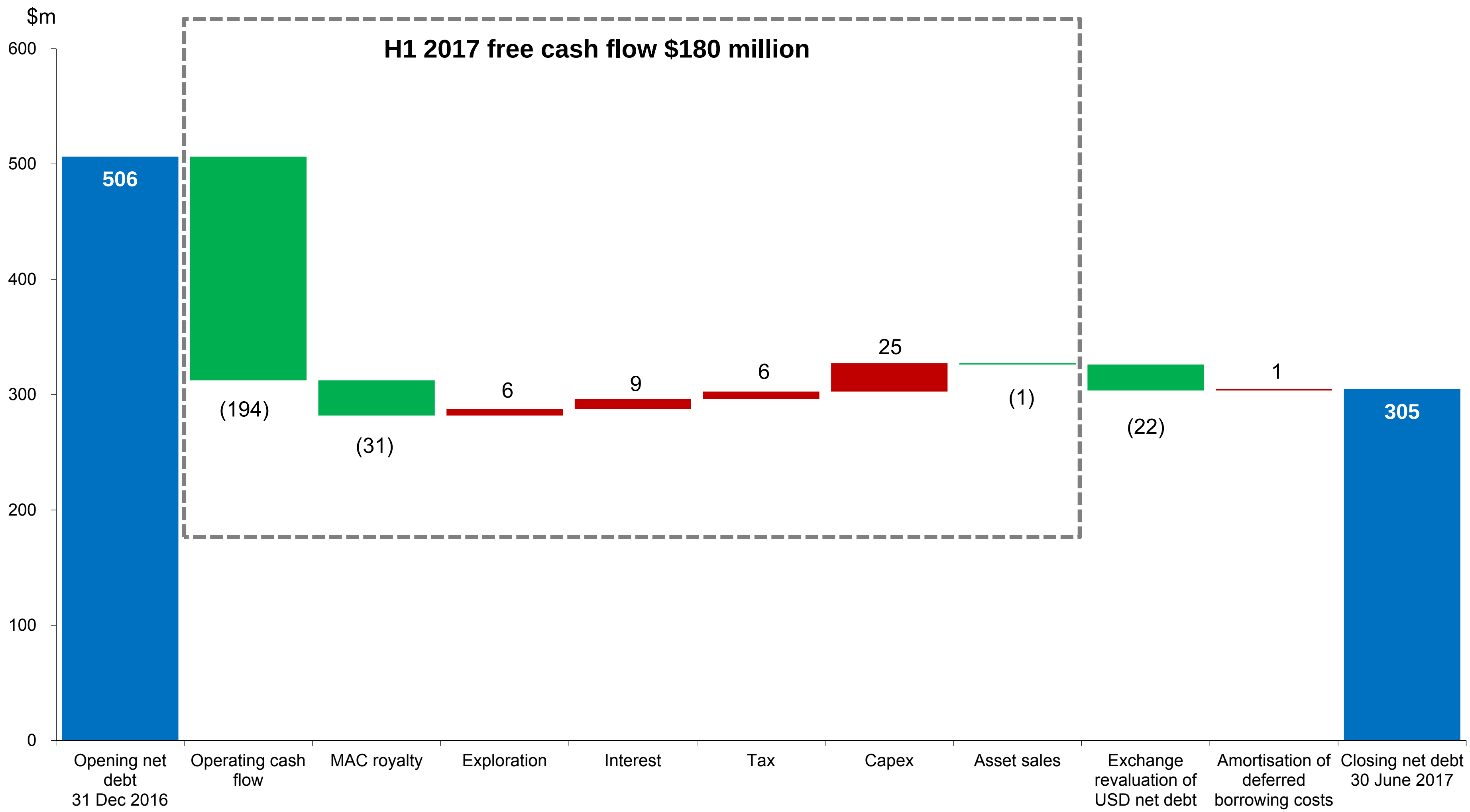


- Planned inventory reduction to pre-2012 levels within 12 months
- Sierra Rutile inventory $52 million at June 2017 (Dec 2016: $34 million)
  - Sierra Rutile inventory included from December 2016 acquisition
- Total inventory reduced by $116 million in H1 2017 to $578 million (31 Dec 2016: $694 million)
  - heavy mineral concentrate (HMC) processed of 713kt exceeded HMC produced of 314kt
  - finished goods inventory sold down further

* Includes ilmenite and consumables

Net Debt Reduction

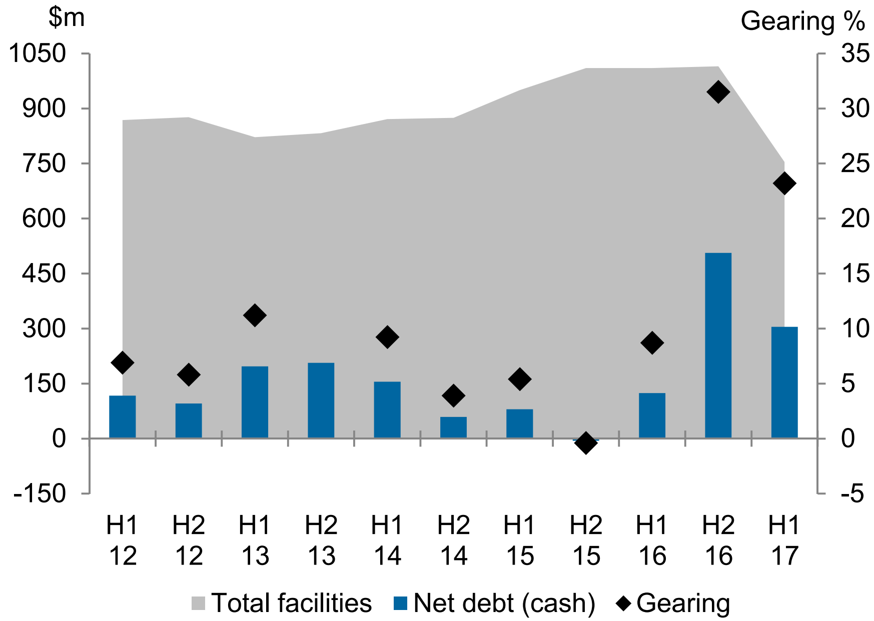
H1 2017



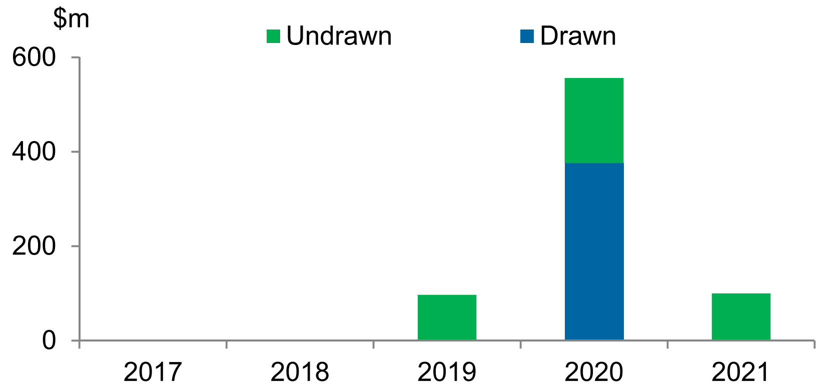
Balance Sheet Capacity

- Sierra Rutile acquisition cost of $469 million funded by debt in December 2016
- Strong free cash flow of $180 million (H1 2016: negative $51 million) used to strengthen balance sheet
- 40% net debt reduction in H1 by $202 million to $305 million
  - H1 2017 gearing* at 23.2%
  - Net debt at 31 July 2017 $222 million
- Total debt facilities reduced to $754 million
  - reduced costs of holding unused facilities
- Significant funding headroom remains
- Target credit metrics broadly consistent with investment grade credit profile, whilst balancing impacts of commodity pricing and investment factors through the cycle

Net Debt, Gearing and Funding Headroom



Debt Maturity Profile



* Net debt / net debt + equity

Interim Dividend

- 6 cents interim dividend fully franked payable 27 September 2017
- Represents 14% of H1 free cash flow, reflecting:
  - elevated near term capital expenditure in 2017/2018 associated with Cataby and the Sierra Rutile expansions
  - a desire to strengthen the balance sheet as market conditions improve
- Cumulative 59 per cent of free cash flow paid in dividends since dividends recommenced at end 2010

Distribution Metrics	
H1 2017 free cash flow pay out ratio	14%
2010 – 30 June 2017 cumulative dividend payout ratio	59%
Cumulative free cash flow returned to shareholders	$752 million
Cumulative cents per share returned to shareholders	180 cents
Cumulative retained free cash flow	$529 million

Iluka's stated distribution framework:

- Pay a minimum 40 per cent of FCF not required for investing or balance sheet activity
- Distribute maximum practicable available franking credits

Cost Focus Maintained

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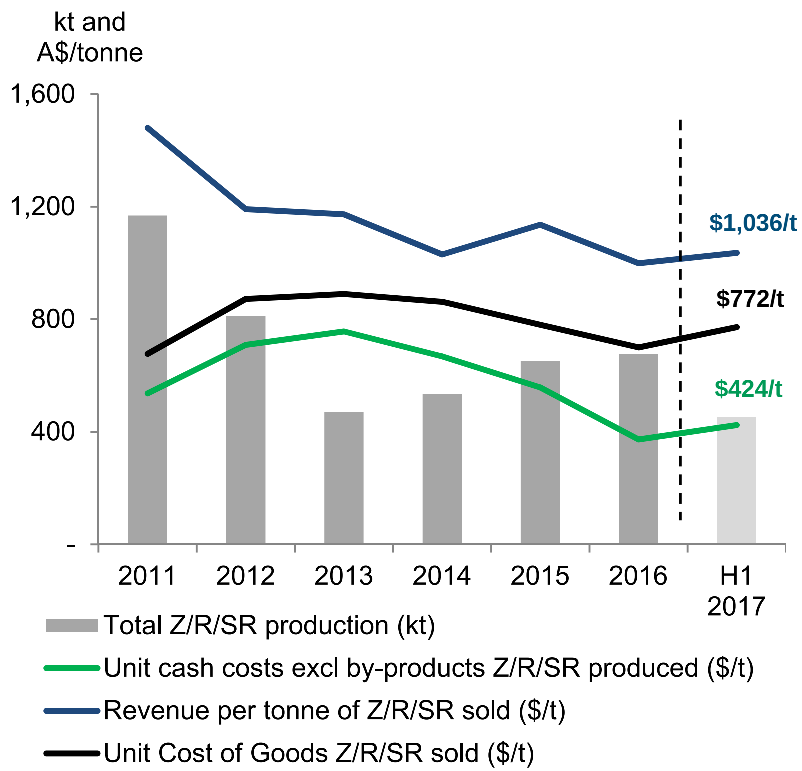
- Increase in unit cost of production reflects inclusion of higher Sierra Rutile operations cost structure
  - operational improvements and expansions expected to reduce Sierra Rutile costs
- Significant inventory movement in period
- Increase in unit cost of goods sold reflects product mix and higher unit costs of Sierra Rutile product

Unit cost of goods sold by operation (A$/t Z/R/SR sold)

	H1 2017	H1 2016	% chg
Australian operations	718	688	4%
Sierra Rutile	1,065	-	-
Iluka Group	772	717	8%

Production, Unit Costs and Unit Revenue



Sierra Rutile Cash Cost Performance

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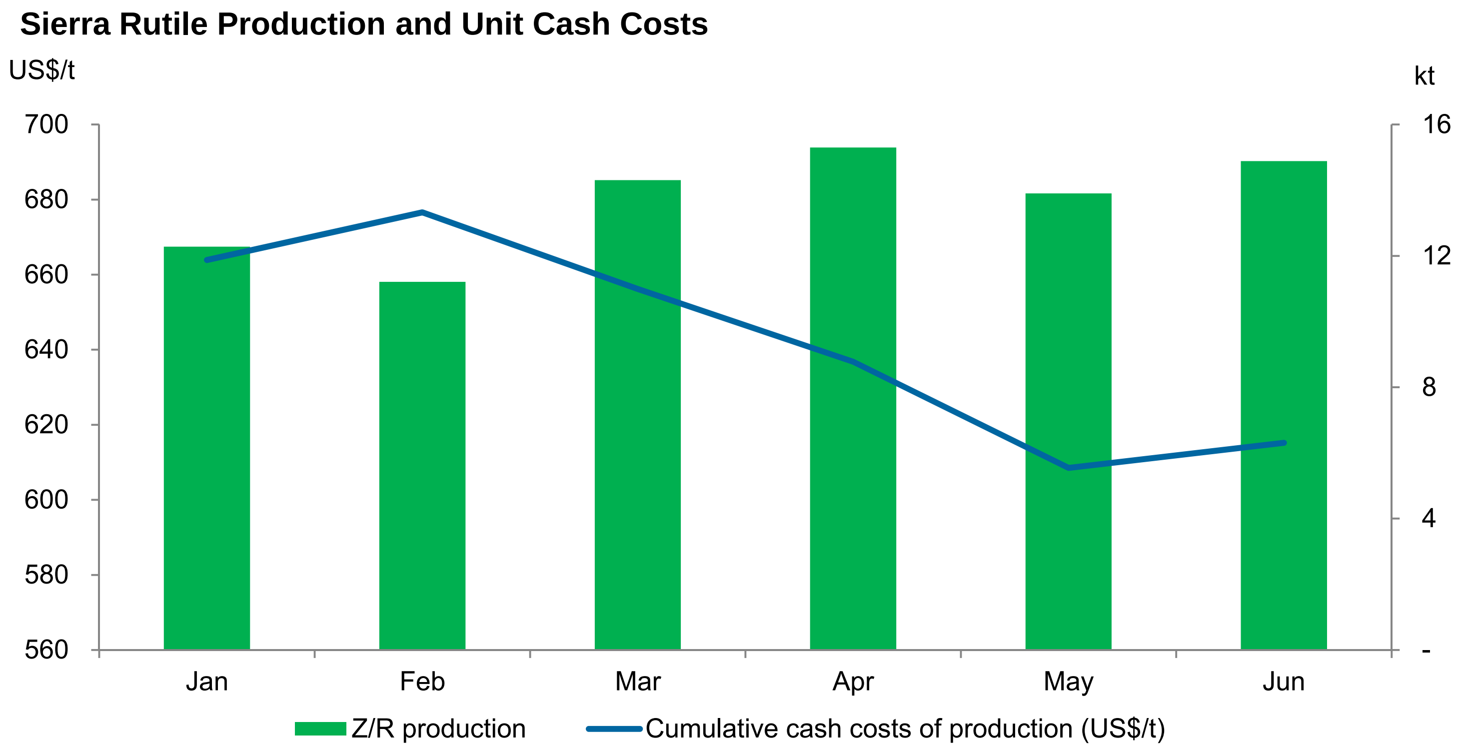


- Improving unit cash cost of production over H1 driven by improved production
- H2 includes wet season and unit costs are expected to remain in line with YTD
- Focus on increasing production, with in-pit mining on track for completion at the end of 2017
- Dredge life may be extended to end of 2018, but remains a production risk given aging equipment

Mining Area C Royalty

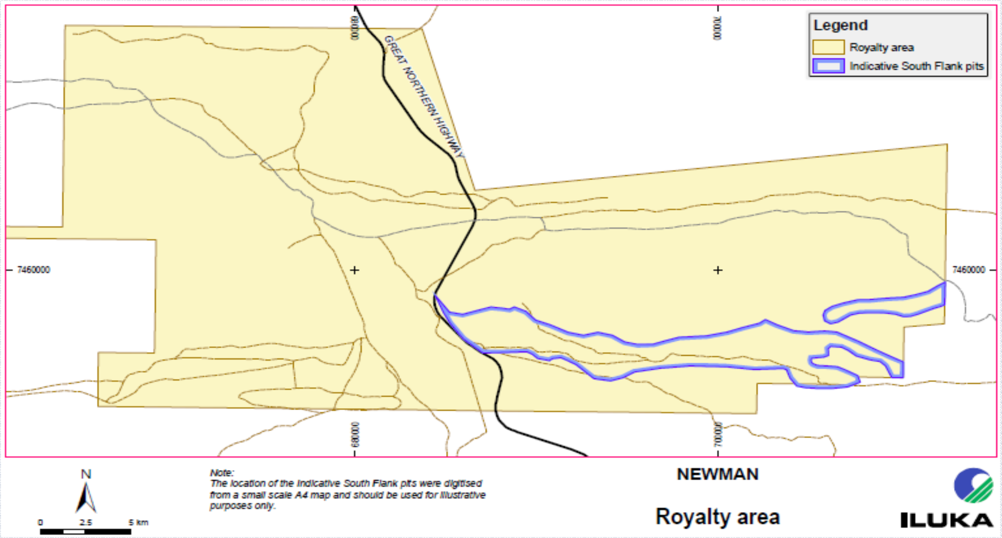
- Iluka holds a royalty over iron ore produced from specific tenements of BHP Billiton's Mining Area C (MAC) mine in Western Australia
- Royalty EBITDA increased by 50% to $31 million:
  - iron ore prices (in AUD terms) up 39%
  - iron ore sales volumes up 6%

		H1 2017	H1 2016	% change
Sales volumes	mdmt	27.0	25.4	6%
Implied price	A$/t	93.8	67.3	39%
Net Royalty income	$m	31.2	21.0	49%
Annual capacity payments	$m	-	-	-
Iluka EBITDA	$m	31.1	20.8	50%

(mdmt = million dry metric tonnes)

BHP South Flank Development

- South Flank is BHP's stated preferred replacement for Yandi production (depleted in 5-10 years)
- Preliminary assessment indicates South Flank contained in Mining Area C royalty area
- Potential for up to ~150mtpa from MAC hub
- BHP targeting first ore ~2021
- Board approval decision expected H1 2018

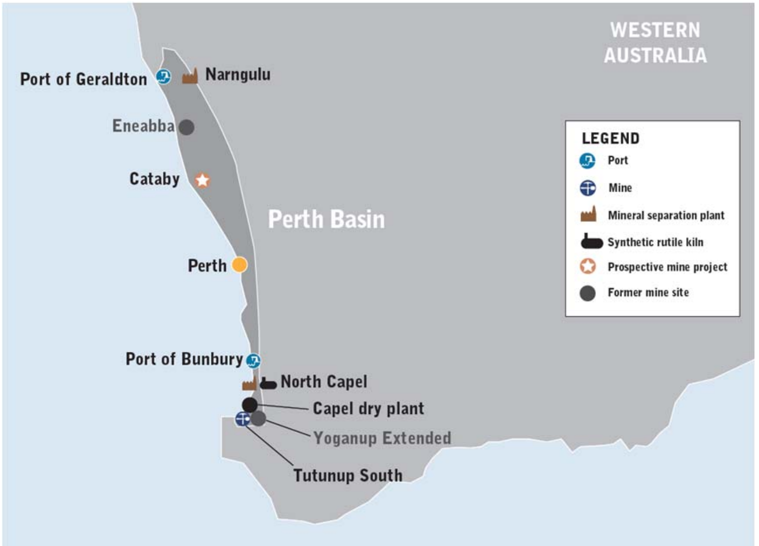


Operations and Projects


Jacinth-Ambrosia, South Australia

Operations Update

- Total Z/R/SR production up 35% to 453kt
  - Australian operations up 9% to 364kt
  - 82kt of Z/R from Sierra Rutile



Australian Operations

- Tutunup South mine continued to produce feed for SR kiln (North Capel)
  - mining expected to complete in Q1 2018
  - processing of material completed 2018
  - future SR kiln ilmenite feed from proposed Cataby mine (150km north of Perth), subject to Board approval
- SR kiln production at full capacity in H1 2017
- Narngulu (Western Australia) and Hamilton (Murray Basin) mineral separation plants continued to draw down heavy mineral concentrate inventory from idle or depleted mines
- Hamilton plant scheduled to complete processing activities in October 2017

Jacinth-Ambrosia (J-A) Restart

- Mining and concentrating suspended at J-A in April 2016 for 18-24 months
- Iluka announced on 21 June 2017 that HMC production will recommence from December 2017
- Restart decision reflects:
  - continued tightening zircon market
  - substantial drawdown of heavy mineral concentrate (HMC) inventory
- Restart costs of ~$7 million in 2017
- 40 employees and 60 contractors recruited for restart
- Group zircon production of ~300kt expected in 2018

Sierra Rutile - Operational Improvements

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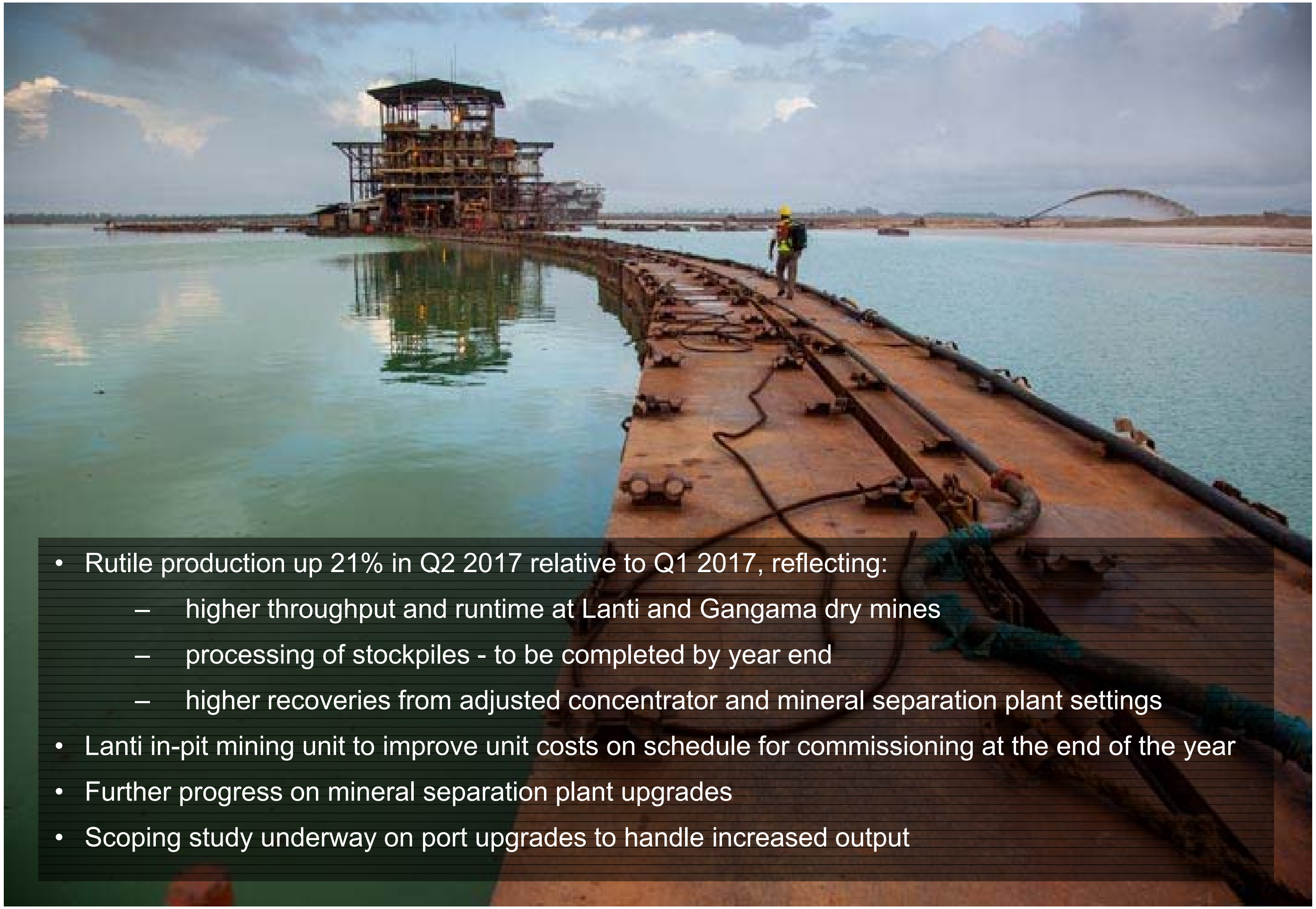


- Rutile production up 21% in Q2 2017 relative to Q1 2017, reflecting:
  - higher throughput and runtime at Lanti and Gangama dry mines
  - processing of stockpiles - to be completed by year end
  - higher recoveries from adjusted concentrator and mineral separation plant settings
- Lanti in-pit mining unit to improve unit costs on schedule for commissioning at the end of the year
- Further progress on mineral separation plant upgrades
- Scoping study underway on port upgrades to handle increased output

Sierra Rutile – Expansion Projects

Lanti dry and Gangama mine expansions

Project to double the capacity of both Lanti dry and Gangama mines to 1,000 tonnes per hour

Preferred method of development selected

Detailed engineering and construction planning underway

Planned commissioning 2019

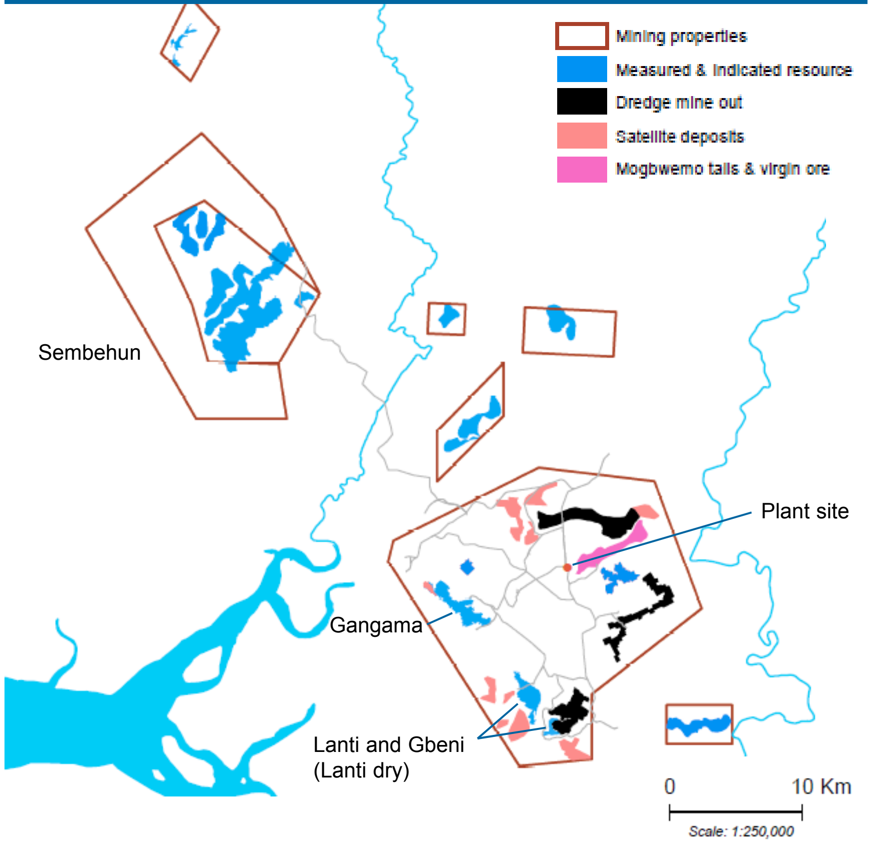
Sembehun dry mine development

New 1,000 tonnes per hour mine at group of deposits northwest of the existing operations

Pre-feasibility engineering study commenced

Planned commissioning 2020

Sierra Rutile deposits



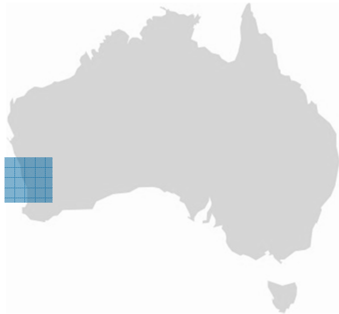
Expected average rutile production ~160-175ktpa 2017-2019

With Sembehun development, post-2020 production potentially >240ktpa

Cataby Project - Overview

Project Overview

- Located 150km north of Perth, Western Australia
- Estimated life of ~8.5 years
- Sustains ~200 ktpa of synthetic rutile (SR) production for at least 8.5 yrs
- Average annual production (ktpa, thousand tonnes per annum):
  - ~370 ktpa chloride ilmenite, equivalent to ~200 ktpa SR
  - ~50 ktpa zircon
  - ~30 ktpa rutile
- Ilmenite and Z/R production one third higher in first 3 years due to grade
- Conventional mine development and method
  - re-use of existing Iluka wet concentrator and other equipment
  - open cut mine, dozer push and truck and shovel
- Execute ready, with DFS completed early 2015
- Construction period of ~18 months
- Capital estimate of $250-275 million
- Ore reserve of 120 mt of ore for 6.9 mt of Heavy Mineral (HM)
- Mine life of 8.5 years based on proved ore reserve of 88 mt of ore
- Total ore reserve of 120 mt of ore for 6.9 mt of Heavy Mineral (HM)



Cataby Project - Update

Latest Developments

- Capital expenditure for the 6 months to 30 June 2017 of $11 million
- Encouraged by off-take discussions
- Up to an additional $30-35 million expected to be spent by end of 2017 in order to maintain schedule, subject to satisfactory progress being made on contractual off-take arrangements
- First commercial production scheduled for H1 2019
- Final Board approval dependent on finalising appropriate off-take arrangements

Balranald Project

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Project Overview

- Large, deep, high grade rutile-rich deposit
- Industry significant source of rutile, ilmenite and zircon
- Definitive feasibility study based on conventional mining method completed
- Progressing separate DFS using unconventional, underground mining method

Latest Developments

- Staged approach preferred to address technical challenges cost effectively
- Current work testing improved mining head
  - concluding late Q3 followed by analysis of results in Q4
- Expenditure of $6 million in H1 2017, full year expected ~$9 million
- Possible final field trial of all mining and materials handling aspects at full scale in 2018 costing $20-25 million, subject to 2017 outcomes and Board approval
- Commercial quantities of HMC not expected to be produced before 2021

Underground Mineral Sands Mining

Use of directional drilling technology, Iluka patented equipment and internal expertise

Significant advantages to approach:

- access to deep deposits (Balranald ~60m underground)
- minimal environmental footprint versus conventional mining
- potentially less capital intensive
- scalable operations
- portfolio flexibility

Summary & Outlook

Iluka's Approach

Create and deliver value for shareholders

Flex assets in line with market conditions

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

Preserve and advance growth opportunities

Cataby project execute ready

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

Balranald staged development approach

Puttalam project early stages of evaluation

Act counter cyclically where appropriate

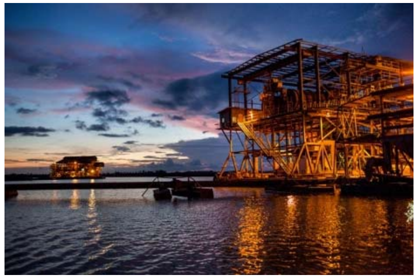
Sierra Rutile acquisition completed during subdued market conditions

Disciplined capital allocation

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

Iluka is focused on shareholder returns through the cycle






2017 Guidance Update

	Unit	Guidance Jan 17	Updated Guidance Aug 17
Production			
Zircon	kt	275	310
Rutile	kt	240	280
Synthetic rutile	kt	205	205
Total Z/R/SR	**kt**	**720**	**795**
Cash costs of production (excl. ilmenite and by-products) [1]	A$m	330	360
Restructure, idle capacity, rehabilitation & holding costs [2]	A$m	60	70
Other cash costs [1]	A$m	140	140
Depreciation and amortisation	A$m	120	110
Unit cost of goods sold	A$/t Z/R/SR sold	775	755
Unit cash costs of production	A$/t Z/R/SR produced	460	455
Capital expenditure	A$m	260	135

[1] As previously announced, cash production costs increased $14 million to reflect the re-start of J-A mining. Increase also reflects a transfer from non-production costs to production costs, compared to January 17 guidance, in relation to site activities for Sierra Rutile of $10 million.
[2] As previously announced, higher restructure costs reflect Hamilton MSP being placed on care and maintenance from October 2017.

- Production revisions to full year guidance following revisions to mineral separation plant settings
- Lower capital expenditure predominantly relates to delays to Cataby execute approval
- Total Z/R/SR sales are expected to be evenly weighted across H1 and H2

2017 Sierra Rutile Guidance Update

	Unit	Guidance Jan 17[2]	H1 17 Actual	Updated Guidance Aug 17
Production				
Rutile	kt	150	79.0	155
Zircon	kt	-	2.9	4
Total Z/R	**kt**	**150**	**81.9**	**159**
Ilmenite	kt	40	26.6	45
Cash costs of production[1]	US$m	94	50.4	97
Other cash costs[1]	US$m	7	5.4	10
Total Cash Costs	**US$m**	**101**	**55.8**	**107**
Depreciation and amortisation	US$m	30	13.7	26
Unit cost of goods sold[1]	US$/t Z/R	780	805	780
Unit cash cost of production[1]	US$/t Z/R	625	615	615
Capital expenditure	US$m	53	5	45

[1] Cash production costs include a transfer from non-production costs of US$8 million (A$10 million) compared to January 17 guidance in relation to site activities for Sierra Rutile.
[2] January 2017 guidance provided total costs of A$135 million for Sierra Rutile and has been converted at 75 cents exchange rate.

- FY17 rutile production expected to be marginally higher
  - improved throughputs and recoveries partially offset by declining grade in H2
- Total cash costs increased due largely to ~US$2.5 million corporate recharge and higher marketing costs (US$2 million) reflecting opportunities to improve sales margins to niche markets and higher variable costs associated with higher production
- Unit cash cost of production US$10/t of Z/R below January 2017 guidance

Outlook – Second Half 2017

- J-A restart in December 2017
- Cataby development decision
- Sales evenly weighted across H1 and H2
- Zircon Reference Price increased 13% for Q3
- Rutile price increase of US$70-100/t in H2 on uncontracted rutile volumes
- Improving product markets with potential for further zircon and rutile price growth
- Sierra Rutile progress:
  - implement further operational improvements
  - advance expansion projects
- Progress on Balranald equipment trials

Supplementary Information

Production and Sales Volumes

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	H1 2017	H1 2016	% change
Sales (kt)			
Zircon	197.4	154.5	27.8
Rutile	118.4	57.4	106.3
Synthetic rutile	138.0	104.5	32.1
Total Z/R/SR sales	**453.8**	**316.4**	**43.4**
Ilmenite - saleable	95.1	17.7	437.3
Total sales volumes	**548.9**	**334.1**	**64.3**
Z/R/SR revenue ($m)	470.0	321.1	46.4
Ilmenite and other revenue($m)	33.6	17.3	94.2
Total mineral sands revenue[1]($m)	**503.6**	**338.4**	**48.8**
Revenue per tonne of Z/R/SR sold[2]($/t)	1,036	1,015	2.1
Production (kt)			
Zircon	203.7	175.5	16.1
Rutile	149.8	56.7	164.2
Synthetic rutile	99.6	102.2	(2.5)
Total Z/R/SR production	**453.1**	**334.4**	**35.5**
Ilmenite	228.1	164.1	39.0
Total Mineral Sands Production	**681.2**	**498.5**	**36.6**
HMC produced	314	244	28.7
HMC processed	713	497	43.5
Cash costs of production ($m)	200.1	140.7	42.2
Unit cash cost per tonne of Z/R/SR produced[3]($/t)	442	421	5.0
Unit cash cost per tonne of Z/R/SR produced excluding by-products ($/t)	424	402	5.5
Unit cost of goods sold per tonne of Z/R/SR sold ($/t)	772	717	7.7

1. Mineral sands revenues include revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate.
2. Calculated as revenue from the sale of zircon, rutile and synthetic rutile (Z/R/SR) products divided by Z/R/SR sales volumes.
3. Unit cash cost per tonne of Z/R/SR produced is determined as cash costs of production divided by total Z/R/SR production volumes.

Weighted Average Received Prices

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	H1 2016	H2 2016	H1 2017
US$/tonne FOB			
Zircon Premium and Standard	812	808	871
Zircon (all products, including zircon-in-concentrate)[1]	787	760	850
Rutile (includes all rutile products, including HyTi)[2]	712	719	741
Synthetic rutile	Refer Note 3	Refer Note 3	Refer Note 3
Revenue per tonne of Z/R/SR sold – A$/tonne	**1,015**	**985**	**1,036**

Notes:

1: Zircon prices reflect the weighted average price for zircon premium and zircon standard, also with a weighted average price for all zircon materials, including zircon-in-concentrate. The prices for each product vary considerably, as does the mix of such products sold period to period. In the first half of 2017 the split of premium, standard and concentrate by zircon sand-equivalent was approximately: 59%:30%:11% (2016 full year: 47%;33%;20%).

2: Included in rutile sales 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%. In 2017, ~7% of total sales in this category were of the lower grade HyTi material (2016 full year: 9%).

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.

Summary Group Results

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$m	H1 2017	H2 2016	H1 2016
Mineral sands revenue	**503.6**	**387.9**	**338.4**
Mineral sands EBITDA	**123.5**	**61.1**	**41.9**
Mining Area C royalty	31.1	26.7	20.8
Underlying Group EBITDA*	**154.6**	**87.8**	**62.7**
Underlying Group EBITDA margin %	30.7	22.6	18.5
Depreciation and amortisation	(58.5)	(35.8)	(44.1)
Impairment expense	(151.4)	(201.0)	-
Group EBIT	**(93.0)**	**(242.0)**	**(5.7)**
Profit (loss) before tax	**(108.7)**	**(259.2)**	**(18.5)**
Tax expense	27.2	56.1	(2.4)
Profit (loss) after tax	**(81.5)**	**(203.1)**	**(20.9)**
EPS (cents per share)	(19.5)	(48.4)	(5.2)
Free cash inflow (outflow)	180.2	97.9	(50.6)
Free cash inflow (outflow) (cents per share)	**43.0**	**23.4**	**(12.1)**
Dividend – fully franked (cents per share)	6.0	-	3.0
Net debt	**(304.6)**	**(506.3)**	**(124.1)**
Gearing (net debt /net debt + equity) %	23.2	31.5	8.7
Return on capital % (annualised)	(15.3)	(18.3)	(1.4)
Return on equity % (annualised)	**(7.7)**	**(17.1)**	**(3.2)**
Average A$/US$ exchange rate	75.4	75.5	73.4

* Excludes non-recurring adjustments including impairments, SRL transaction costs, changes to rehabilitation provisions for closed sites and Iluka's share of Metalysis Ltd losses, which are non-cash in nature.

Income Statement

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$ million	H1 2017	H1 2016	% change
Z/R/SR revenue	470.0	321.1	46.4
Ilmenite and other revenue	33.6	17.3	94.2
Mineral sands revenue	**503.6**	**338.4**	**48.8**
Cash costs of production	(200.1)	(140.7)	(42.2)
Inventory movement - cash costs of production	(78.6)	(30.4)	(158.6)
Restructure and idle capacity charges	(33.3)	(26.8)	(24.3)
Government royalties	(13.3)	(9.4)	(41.5)
Marketing and selling costs	(18.5)	(18.4)	(0.5)
Asset sales and other income	0.4	0.9	(55.6)
Resource development	(14.0)	(47.1)	70.3
Corporate and other costs	(23.2)	(25.5)	9.0
Foreign exchange gain (loss)	0.5	0.9	(44.4)
Underlying mineral sands EBITDA*	**123.5**	**41.9**	**194.7**
Mining Area C EBITDA	31.1	20.8	49.5
Underlying Group EBITDA	**154.6**	**62.7**	**146.6**
Depreciation and amortisation	(58.5)	(44.1)	(32.7)
Inventory movement - non-cash production costs	(30.6)	(21.3)	(43.7)
Rehabilitation costs for closed sites	(5.4)	(1.6)	(237.5)
Share of Metalysis Ltd's losses (associate)	(1.7)	(1.4)	(21.4)
Impairment of assets	(151.4)	-	n/a
Group EBIT	**(93.0)**	**(5.7)**	**(1,531.6)**
Net interest and bank charges	(9.2)	(5.5)	(67.3)
Rehabilitation unwind and other finance costs	(6.5)	(7.3)	11.0
Loss before tax	**(108.7)**	**(18.5)**	**(487.6)**
Tax benefit (expense)	27.2	(2.4)	1,233.3
Loss for the period (NPAT)	**(81.5)**	**(20.9)**	**(290.0)**
Average AUD/USD rate for the period (cents)	**75.4**	**73.4**	**2.7**

* Underlying Group EBITDA excludes non-recurring adjustments including impairments, SRL transaction costs, changes to rehabilitation provisions for closed sites. Underlying EBITDA also excludes Iluka's share of Metalysis Ltd's losses, which are non-cash in nature.

Reconciliation of Non-IFRS Financial Information to Profit before Tax

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	Aus	US	SRL	Exploration & Other	**Mineral Sands**	MAC	Corp	**Group**
Mineral Sands Revenue	413.9	22.8	66.9		**503.6**			**503.6**
Mineral Sands Expenses	(251.2)	(27.0)	(59.3)	(19.9)	(357.4)			(357.4)
Mining Area C						31.1		31.1
FX							0.5	0.5
Corporate costs							(23.2)	(23.2)
EBITDA	**162.7**	**(4.2)**	**7.6**	**(19.9)**	**146.2**	**31.1**	**(22.7)**	**154.6**
Depn & Amort	(38.5)	-	(18.2)	(1.6)	**(58.3)**	(0.2)		**(58.5)**
Inventory movement - non-cash	(33.8)	-	3.2		**(30.6)**			**(30.6)**
Rehabilitation for closed sites	(5.4)	-	-		**(5.4)**			**(5.4)**
Share of Metalysis Ltd's losses							(1.7)	**(1.7)**
Impairment	(151.4)	-	-		**(151.4)**			**(151.4)**
EBIT	**(66.4)**	**(4.2)**	**(7.4)**	**(21.5)**	**(99.5)**	**30.9**	**(24.4)**	**(93.0)**
Net interest costs							(9.2)	**(9.2)**
Rehab unwind and other finance costs	(5.2)	(0.3)	-	0.1	**(5.4)**		(1.1)	**(6.5)**
Profit Before tax	**(71.6)**	**(4.5)**	**(7.4)**	**(21.4)**	**(104.9)**	**30.9**	**(34.7)**	**(108.7)**
Segment result	***(71.6)***	***(4.5)***	***(7.4)***		***(83.5)***	***30.9***		***(52.6)***

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