Value For Customers – Value For Investors

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All figures are expressed in Australian dollars unless stated otherwise.
Deliver Sustainable Value

**Strong Market Fundamentals**
Mineral sands demand linked to urbanisation, rising living standards, increasing array of applications

**Quality Mineral Sands Assets**
Australia and Sierra Leone operations
Product mix weighted to premium zircon and high grade titanium dioxide

**Project Pipeline**
Sustaining and growth projects in Australia, Sierra Leone and Sri Lanka

**Value Driven Marketing Model**
Direct customer relationships
Price driven by value in use
Focussed on sustainable pricing

**Capital Discipline Framework**
Strong balance sheet, disciplined capital allocation
Focus on shareholder returns via dividend framework

**World-class Iron Ore Royalty**
Royalty stream from BHP’s Mining Area C hub in Western Australia
Growth from BHP’s South Flank development
Iluka’s Asset Portfolio

60 years experience in mineral sands exploration, project development, mining, processing and marketing
Quality Mineral Sands Operations

**Cataby, Western Australia**
- Large chloride ilmenite rich deposit
- 150km north of Perth
- Ilmenite to feed synthetic rutile kiln
- Synthetic rutile offtake contracts underpin returns
- Significant zircon and rutile production
- 8.5 year mine life, with potential 4 year extension

**Jacinth-Ambrosia, South Australia**
- World’s largest zircon mine
- Discovered in 2004, mining commenced 2010
- Iluka’s major source of zircon production
- Mining completing at Jacinth deposit in 2H19
- Move to Ambrosia deposit accelerated to smooth production
- Studies commenced for potential satellite mine at Atacama

**Sierra Rutil, Sierra Leone**
- Began operations 1960s
- Acquired by Iluka in December 2016
- World’s largest rutile mine
- Large, long life operations (~20 years)
- Two mining areas: Lanti and Gangama
- Planned closure of dredge operation completed Q1 2019
Iluka’s Marketing Model of Value Creation

**Direct marketing and customer relationships**
- Zircon and titanium products are not exchange traded commodities
- Direct channels to market

**Value in use pricing**
- Sustainable approach
- Focus on delivering sustainable prices
- Prices negotiated with customers based on value in use and other factors

**Global logistics network**
- Hub and spoke distribution model
- Warehouses positioned close to key markets
- Multilingual / multinational salesforce

**Product innovation and technical support**
- Focus on understanding markets and customers
- Industry knowledge and analysis creates competitive advantage

**Industry monitoring and analysis**
- Well recognised brand
- Highly regarded with quality products and service

**Reputation for quality, consistency and delivery**
- Product specifications important to customers and drive value
- Products developed to meet evolving industry demands

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High Grade Titanium Feedstock Advantage

- Natural rutile and synthetic rutile have a higher titanium grade than other feedstocks
- Iluka’s high grade products considered to have high ‘value in use’ for pigment producers

High grade feedstock advantages in pigment production:

- Lower ore tonnes required
- Lower chlorine input
- Lower waste generation

Environmental and cost benefits

Input and outputs based on feedstock of pigment plant, per tonne of pigment
Valuable Heavy Mineral Decline

The mineral sands industry challenge:

1. Need technical solutions for unconventional ore bodies and product specifications
2. Exploration to find better ore bodies
3. Achieving prices that generate sufficient return on investment but not so high as to incentivise substitution and thrifting

Assemblage of Global Mineral Sands Resources

- Trash
- Sulphate Ilmenite
- Chloride Ilmenite
- Rutile (and other high grade TiO2)
- Zircon
- Combined RZ in HM (RHS)

Potential Supply

Source: Iluka and company reports, 2016
Lack of quality mineral sands projects, particularly with high zircon assemblage, and depletion of current operations (which includes Iluka)

Production outlook only includes new projects with funding approval.

Source: Iluka and TZMI
Absent a supply side response, High Grade Chloride feedstock production starts to decrease from 2019....

Global High Grade Chloride Titanium Feedstocks Supply Outlook*

* High Grade Chloride Feedstocks include Rutile, Synthetic Rutile, Chloride Slag and UGS. Production outlook only includes new projects with funding approval. Assumes capacity utilisation rates at upgrading facilities held constant.

Source: Iluka and TZMI
Absent a supply side response, High Grade Chloride feedstock production starts to decrease from 2019….

….Yet even if feedstock was available to restart today’s idled capacity, and Jazan ramped up, supply still fails to keep up with predicted demand.

**Global High Grade Chloride Titanium Feedstocks Supply Outlook**

TZMI forecasts high grade chloride feedstock demand growth of ~5% p.a. over next five years

Supply growth average ~1% p.a. over same period

Excludes Iluka’s high grade feedstock projects

* High Grade Chloride Feedstocks include Rutile, Synthetic Rutile, Chloride Slag and UGS. Production outlook only includes new projects with funding approval. Assumes capacity utilisation rates at idled slag upgrading facilities reach ~75%.

Source: Iluka and TZMI
Recent decoupling of rutile and pigment prices due to supply tightness in very high grade feedstock market

1. Pigment and rutile prices have historically moved together with lag of 6 to 12 months

2. Pigment price growth eased in 2018 while rutile price growth continued with further growth expected

3. Rutile market dynamics no longer mimic other titanium feedstocks - instead pricing driven by rutile supply tightness

**Rutile and US Pigment Prices, from 2008**

**Rutile and US Pigment Prices, from 2018**

**Global Rutile Supply Outlook**

Supply tipping point from 2017

Excludes Iluka’s Sembehun and Balranald projects

Source: Iluka and TZMI

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Sustainable Pricing Model

**Zircon Pricing Model**
Iluka introduced Zircon Reference Price in 2016
- Provides transparency for customers
- Actual price paid function of location, quantity, quality, purchase history etc

**Titanium Pricing Model**
Titanium feedstock prices negotiated with each customer
- Pricing based on specifications, relative economic value for receiving plant
- High grade feedstock has natural advantage in production processes and Iluka’s main products have high ‘value in use’
  - Lower transportation costs per Ti unit
  - Less waste creation = lower disposal costs
  - Less consumables = lower costs
Innovative contracting mechanisms to provide certainty for customers and protect Iluka’s margins

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.
### Pipeline of Growth Projects

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| **Ambrosia, South Australia** | Mine move to Ambrosia brought forward to 2019 to smooth zircon production  
Construction and earth works progressing |
| **Wimmera, Victoria** | Zircon and rare earth project  
Feasibility study commenced  
Test pit completed and customer samples prepared |
| **Atacama, South Australia** | Satellite deposit to existing J-A operation  
Feasibility study commenced  
Potential to add material zircon production |
| **SR1 restart, Western Australia** | Scoping study commenced  
Potential for ~120ktpa of synthetic rutile  
Subject to appropriate commercial arrangements |
| **Eneabba Mineral Sands Recovery, Western Australia** | Monazite-rich stockpile from historic mining  
Feasibility study commenced  
Simple process proposed with low capital expenditure |
| **Lanti and Gangama expansions, Sierra Leone** | Doubling of mining capacity at Lanti and Gangama operations  
Both scheduled for commissioning in 2019 |
| **Sembehun, Sierra Leone** | Expansion to new deposit  
Currently undergoing value optimisation work  
Optimisation studies completing H2 2019 |
| **Balranald, New South Wales** | Rutile and zircon rich deposits  
Development of innovative underground mining method via directional drilling  
Final field trial subject to Board decision in H2 2019 |

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Iluka’s Contracting Approach

Collaborating with our customers we have re-set the contracting landscape

- Moved away from the value-destructive ‘cap and collar’ agreements of the past
- Focused on mechanisms that move with the market
- Customer support for our new approach is yielding benefits for both contracting parties
  - Reduced volatility in pricing
  - Better line of sight to pricing for both Iluka and our customers
  - Fairness in pricing to ensure customers are not disadvantaged with Iluka’s products appropriately valued
  - Security of supply to customers with guarantees of offtake for Iluka
- Iluka now has higher confidence on project returns which supports our investment decisions
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