



From CRO To CIO

30 May 2018



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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, Group EBITDA, . 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.

Compliance Statement



Mineral Resources and Ore Reserves Estimates

As an Australian company with securities listed on the Australian Securities Exchange (ASX), Iluka is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and that the Ore Reserve and Mineral Resource estimates underpinning the production targets in this presentation have been prepared by a Competent Person in accordance with the JORC Code 2012.

Information that relates to Mineral Resources estimates has been previously announced to ASX on 21 February 2017 in a release titled "Updated Mineral Resource and Ore Reserve Statement" and is available at www.iluka.com/investors-media/asx-disclosures. 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.

Production targets

Production targets and the basis thereof are noted within the relevant disclosure.

The outlook included in this presentation is indicative only and should not be construed as guidance. The information is subject to further study, investment approval from the Board and is subject to changes in market and operating conditions; political risk; and any significant unplanned operational issues.

Revenue Factors

Commodity price assumptions are established internally based on monitoring supply and demand on an ongoing basis. Price assumptions are benchmarked against commercially available price forecasts by industry observers. Revenue factors are used to establish pit sensitivities and to test for robustness of the Ore Reserve. Detailed price assumptions are deemed to be commercially sensitive and are not disclosed.

Costs

Cataby

Capital assumptions are based on budget pricing for the majority of the work packages, other than site buildings and camp construction and demolition for which a design and construct tender was received. Pricing for the contractors direct and indirect works has been derived from a combination of the following sources: tendered quotations procured from suppliers and contractors; purchase quotation from suppliers and contractors; budget quotations procured from suppliers and contractors; historical data sourced from previously tendered or estimated projects of a similar nature and location. Where necessary items have been factored to allow for different size/capacity, etc; estimated, factored or built-up rates; and provisional or lump sum allowances where the use of the afore mentioned methods are not possible.

Pricing for the operating cost estimate has been derived from a combination of the following sources: budget quotations procured from suppliers and contractors; estimated, factored or built-up rates; historical data sourced from other Iluka mine sites; and provisional or lump sum allowances where the use of the aforementioned methods are not possible. Cost and recovery penalties have been applied to deleterious elements.

Transportation charges have been procured from contractors. Treatment costs are based on actual Iluka operational costs, including overheads. Actual operating costs are used to benchmark the operating cost estimates.

Allowances have been made for royalties payable to Government and private stakeholders.

Sierra Rutile

Capital assumptions for the Sembahun development were determined during the PFS. Existing infrastructure will be utilized for mineral separation. Other costs were based on previous recent experience of SRL mine developments and industry estimates. Operating costs are based on historical performance and updated for current economic conditions. Cost and recovery penalties have been applied to deleterious elements in the optimisation and subsequent cost estimate.

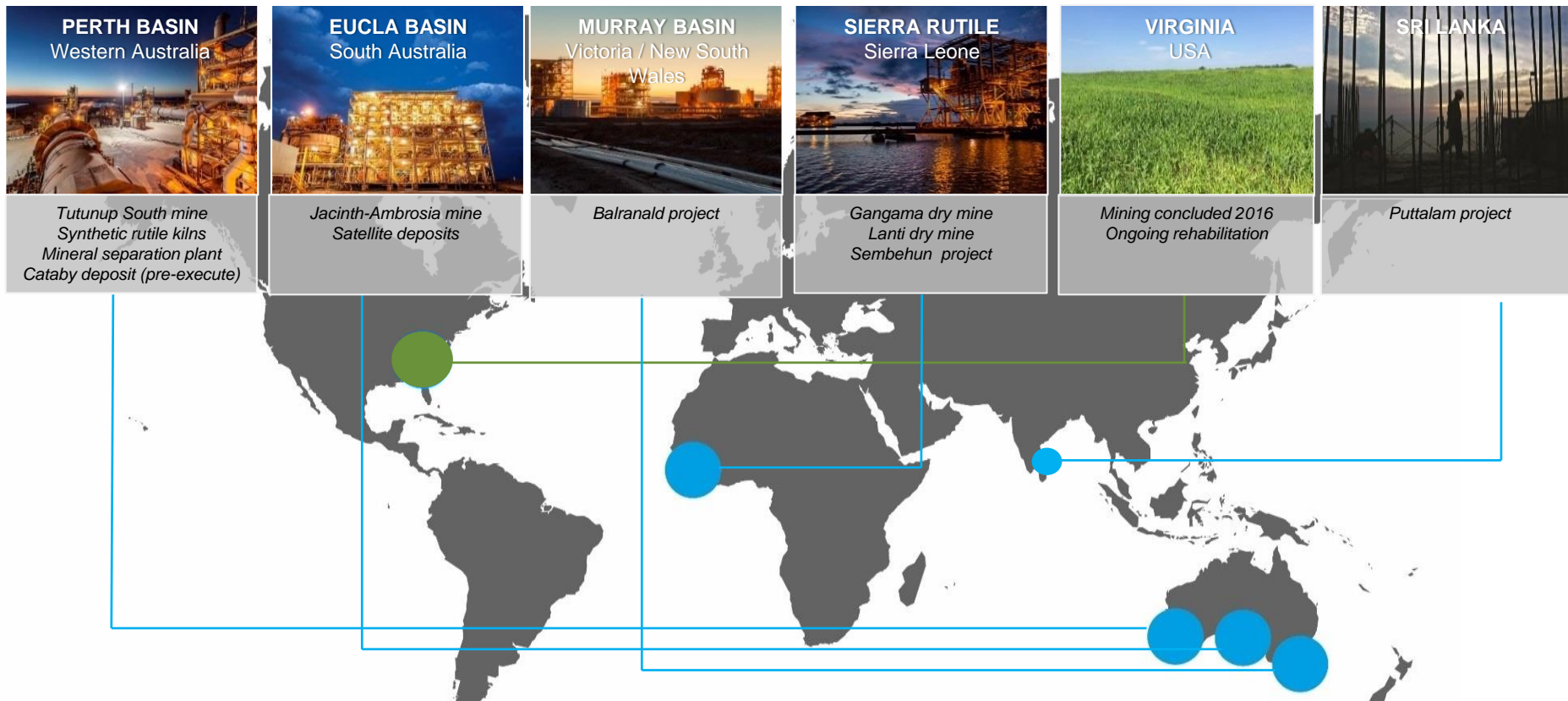
All costs are calculated in \$US.

Transportation charges are based on recent rates procured from SRL. Treatment costs are based on actual operational costs including deleterious elements. Actual operating costs are used to benchmark the operating cost estimates. Appropriate allowance has been made for Sierra Leone Government and other private stakeholder royalties.

Environment

Studies and approvals for the Sembahun project are currently in progress and there is a reasonable expectation that these will be in place before the project is executed.

Iluka's Mineral Sands Portfolio



Iluka's Product Suite

Zircon

Used in ceramics, refractories and other specialty applications

Opaque, hard wearing, heat resistant



Titanium Dioxide (TiO₂) Feedstock

TiO₂ pigment used in paints, plastics, paper

Opaque, UV resistant

Strong and light metal, corrosion resistant



Deliver sustainable value

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 delivering sustainable value to shareholders



Preserve and advance growth opportunities

Cataby project under construction

Sierra Rutile expansion projects at various stages of development

Balranald staged development approach

Puttalam project early stages of evaluation



Flex assets in line with market conditions

Operational settings reflect market conditions to deliver value and reduce costs where appropriate, including:

- Jacinth-Ambrosia mine idling in April 2016 and subsequent restart in December 2017
- idling Hamilton mineral separation plant, full utilisation of Narngulu plant



Sustaining and Growing Iluka's Business



1. Delivery of projects

Jacinth-Ambrosia restart,
expansion and production options
Sierra Rutile improvements and
expansions
Cataby development

Over next 1-3 years

2. Organic growth options

Balranald unconventional mining
Fine minerals processing
increasing resource to reserve
conversion
Puttalam, Sri Lanka project
Exploration in Sierra Leone,
Kazakhstan, Canada

2-5 years

3. M&A

Key criterion: Create and deliver
value for shareholders
Counter cyclical or opportunistic
investment in mineral sands
Need to demonstrate an
advantage
Industrial minerals opportunities
potential fit – must bring more
than capital

3-6 years

2018 Delivery of Projects

Cataby mine development

- Board approved Dec 2017
- Capex \$250-275 million
- First production H1 2019



Jacynth-Ambrosia expansion

- Increased throughput to offset grade decline
- DFS completion and Board consideration scheduled for mid 2018
- Planned commissioning 2019



Lanti Dry and Gangama expansions

- Doubling of mine capacities
- Board approved Dec 2017
- Planned commissioning 2019



Sembehun mine development

- New mine development
- Definitive feasibility study underway
- Planned commissioning 2021



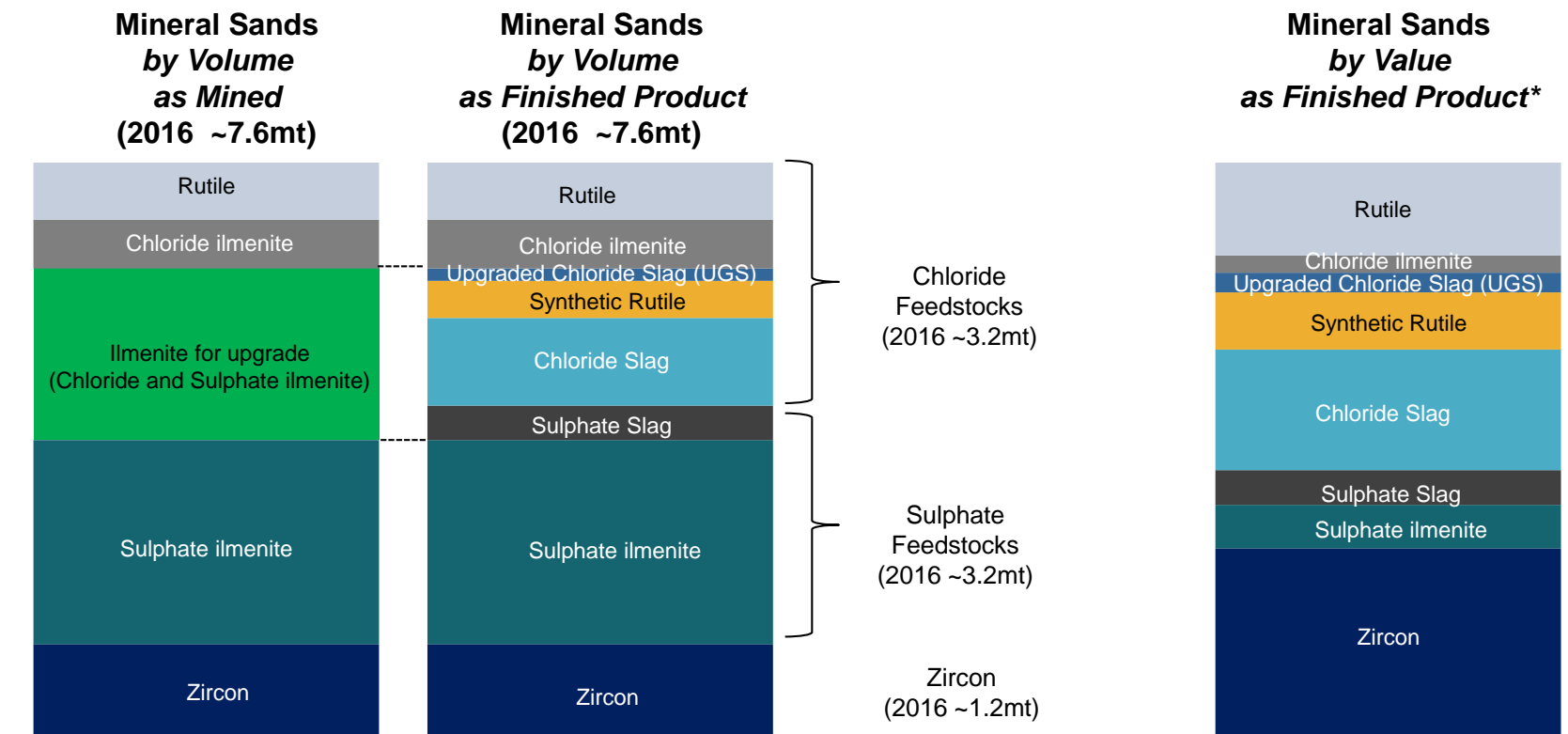


Industry Dynamics

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Global Mineral Sands Production

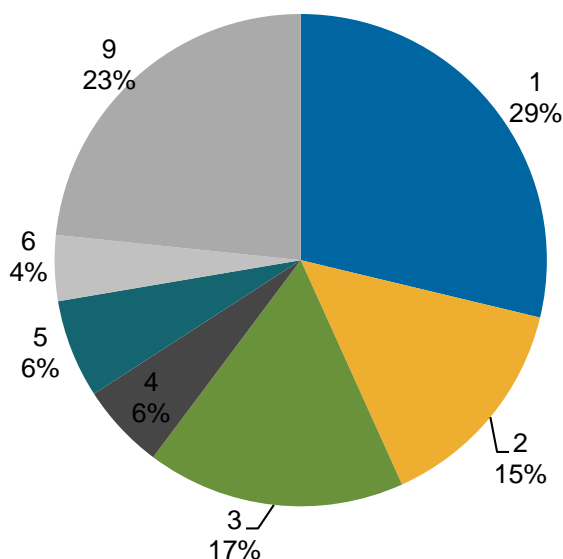


* 2016 product volumes and 2016 industry average prices

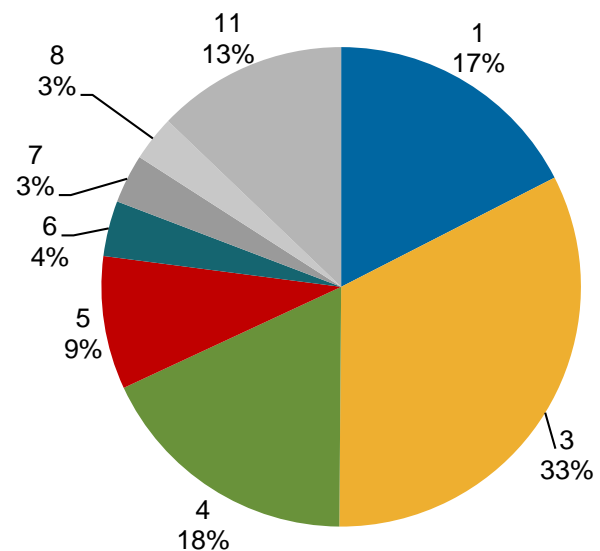
All titanium feedstock volumes in TiO₂ units
Source: Iluka and TZMI

Global Mineral Sands Producers

Global Zircon Producers
(2016 Total Production ~1.2mt)



High Grade Chloride Titanium Feedstock¹
(2016 Total Production ~2.5mt TiO₂)



Note Tronox and Cristal feedstock volumes are largely captive to vertically integrated pigment plants, reducing size of merchant market.



Zircon Market

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Zircon Applications

Ceramics ~50% of demand

Zircon is opaque, water, chemical and abrasion resistant
Increases pre and post fired strength of tiles



Refractory and Foundry ~30% of demand

Zircon is heat/abrasion/chemical resistant and non-reactive
Uses include steel and glass manufacturing and metal casting

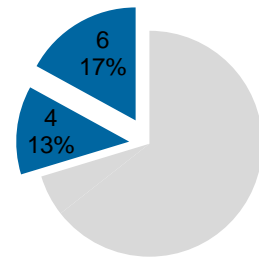
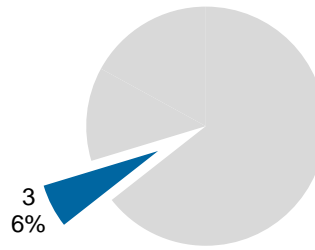
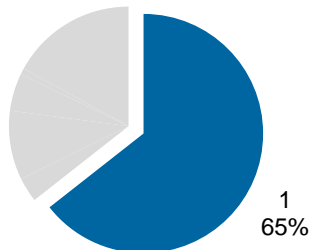


Zirconia, Zirconium Chemicals and Metal ~20% of demand

Zircon does not absorb neutrons; and is non-conductive, with many other unique properties
Uses include fibre optics, electronics, catalytic converters, nuclear fuel rods, cosmetics



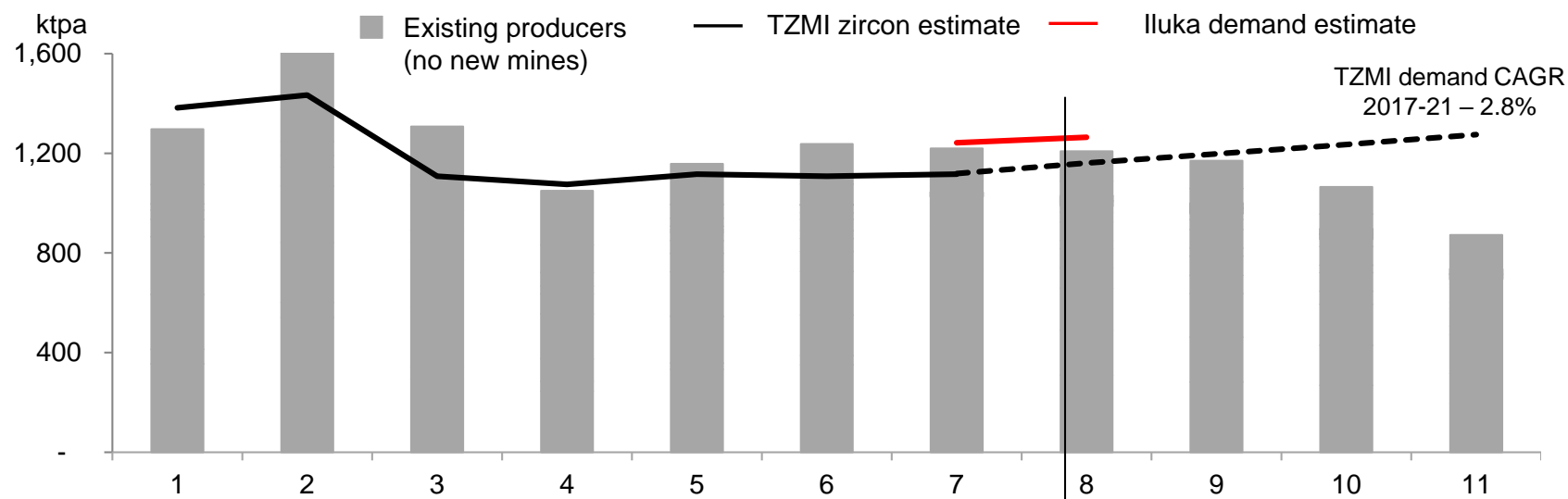
Iluka's 2016 zircon sales



Global Zircon Supply - Demand

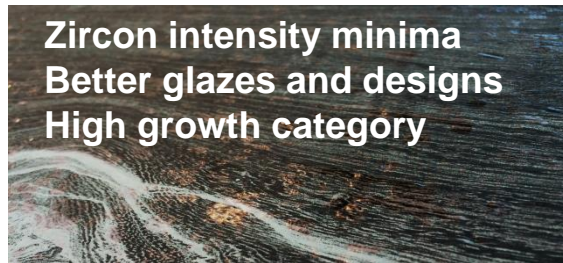
- Zircon from existing producers declining due to depletion and grade/assemblage decline
- Inventory largely depleted
- Supply projections include Iluka's Cataby development and recently funded Image Resources development
- Structural deficit could be mitigated by a combination Ambrosia mine move acceleration from 2022 to 2019 and likely supply response from artisanal miners in Kalimantan, Indonesia

Zircon Supply and Demand – Existing producers, no new production

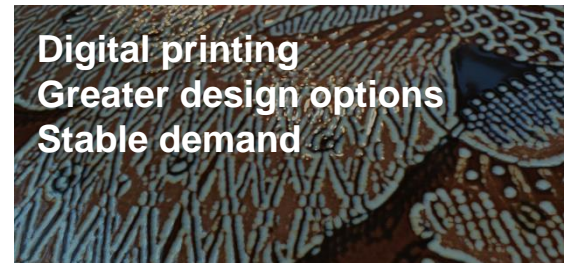


Tile Category Trends

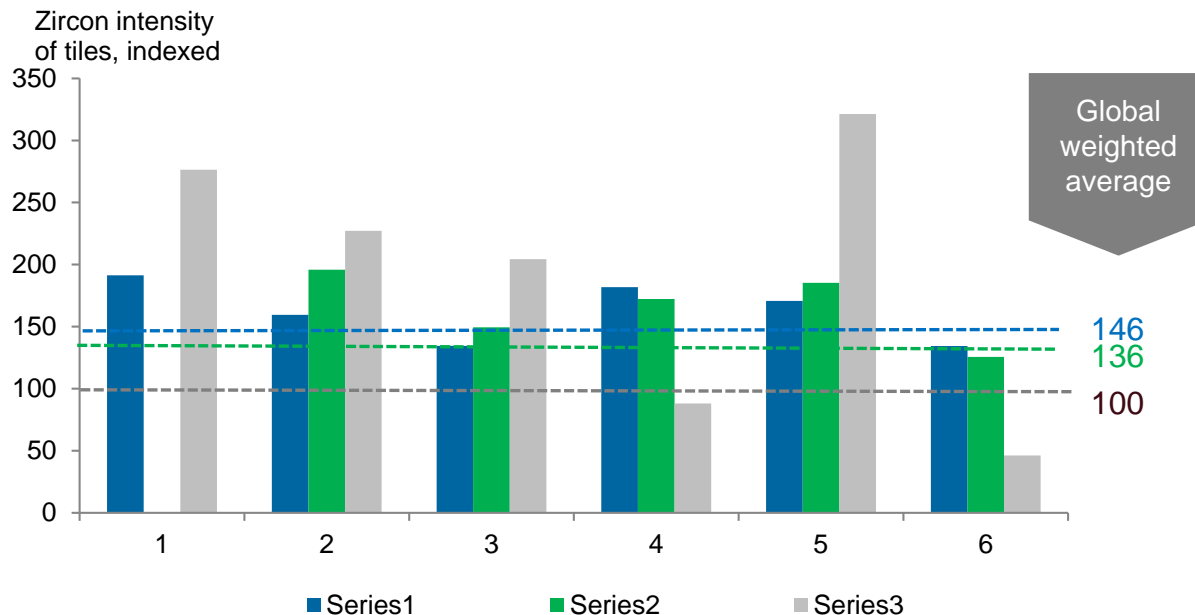
Digital Glazed Porcelain



Glazed Ceramic



Gres Porcelain



Latest Tile Formats





Titanium Market

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Titanium Applications

Pigment ~90% of demand

Titanium dioxide pigment is opaque, UV resistant and inert
Uses include paints, plastics, paper and inks



Titanium Metal ~6% of demand

Titanium metal has high strength to weight ratio, biocompatible and is corrosion resistant
Uses include aviation, sporting goods, defense and medical applications

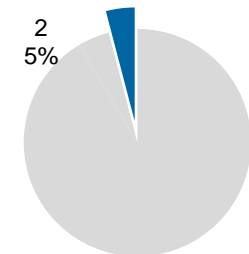
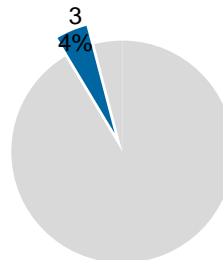
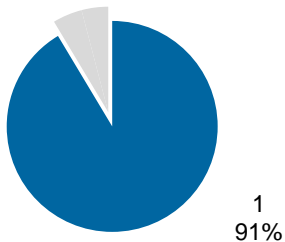


Welding (flux) ~4% of demand

Facilitates arc ignition, good slag removal and reduces splatter



Iluka's 2016 high grade TiO_2 feedstock sales

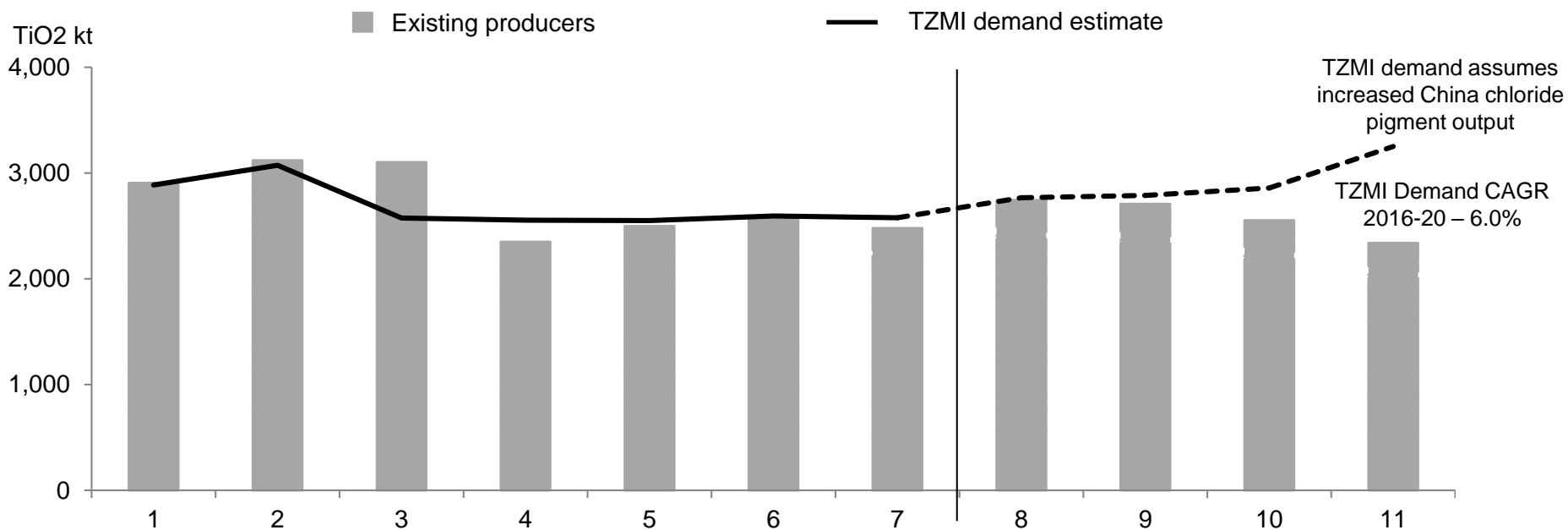


High Grade Titanium Dioxide Supply/Demand



- Market broadly balanced in 2017/18 based on Iluka estimates
- Other major industry producers have demonstrated supply discipline in recent years

High Grade Titanium Supply and Demand - Existing producers, no new production

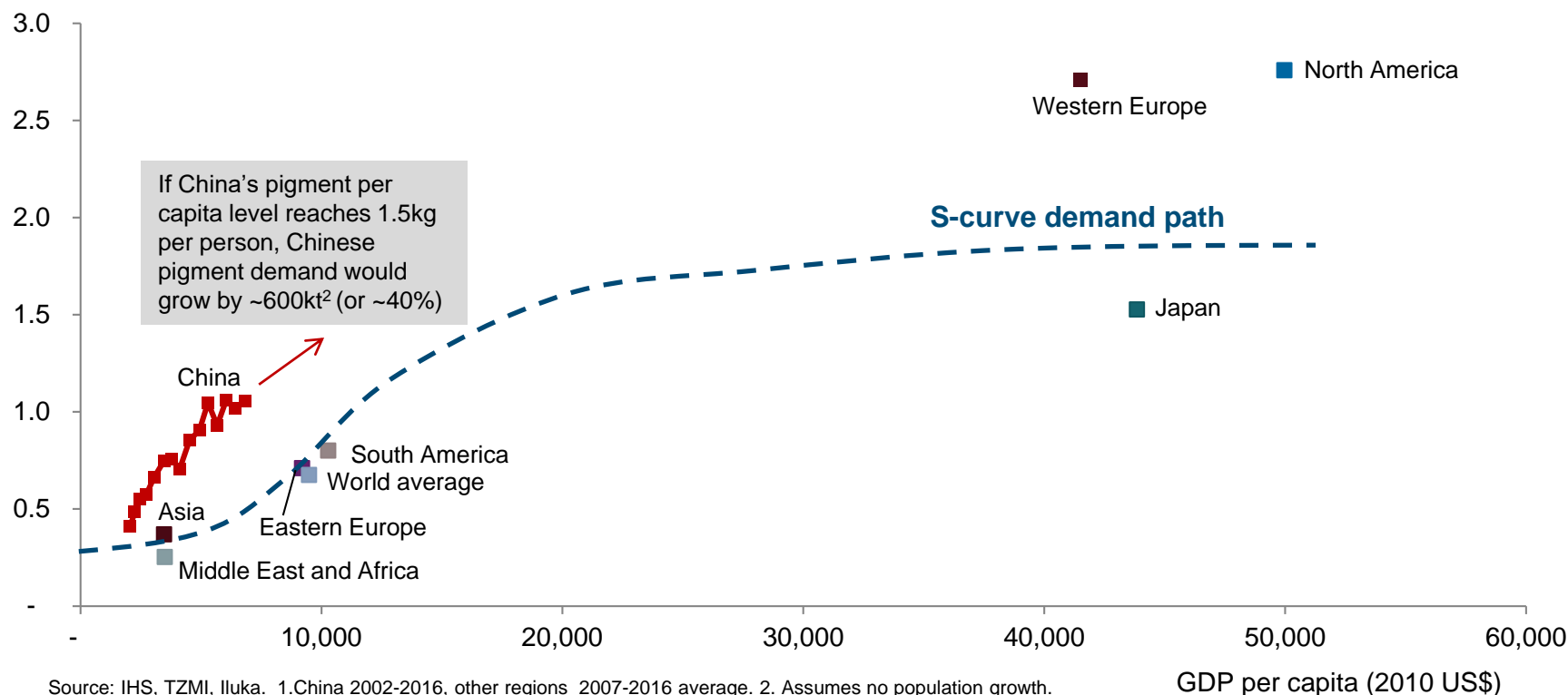


Pigment Use Grows with Income

- Pigment demand growth per capita follows typical 's-curve' pattern
- Further per capita growth to come in China and other developing economies

Pigment use per capita follows S-curve commodity demand path with GDP per capita¹

Pigment per capita (kg)





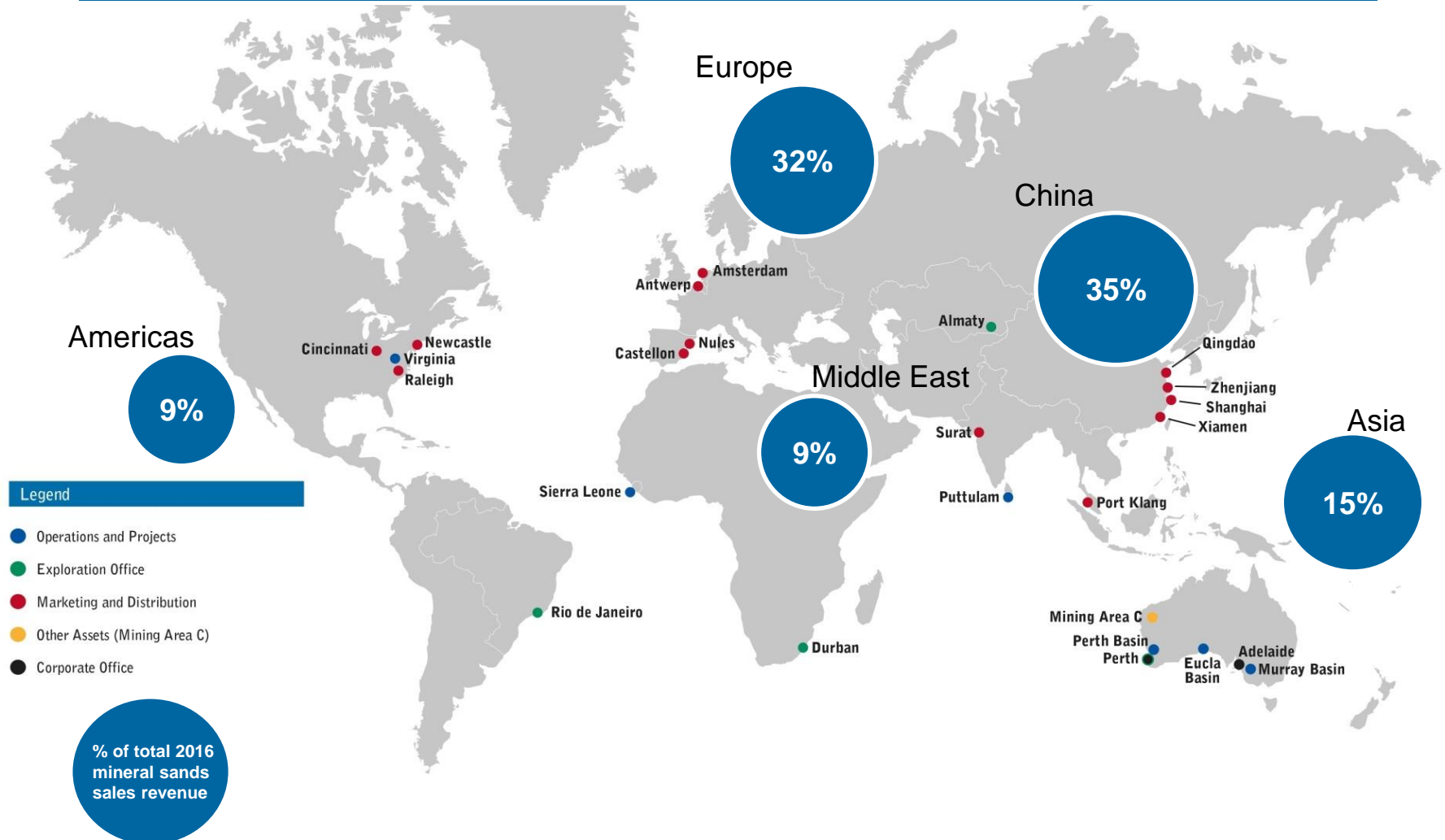
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Marketing Model for Value Creation



Footprint

People and products aligned with markets



Long Term Trends Support Our Industry





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Thoughts from a new CIO The Landscape ahead



OUR PURPOSE

**DELIVER
SUSTAINABLE
VALUE**



Focus on the team and talent

- Unlock amazing 'hidden' technical talents
- Address key person risks
- "Whole team" approach which includes are key vendors and suppliers
- Drive collaboration across the team & business

Leverage the business knowledge and relationships

- Supportive Board and Executive
- Good accountability model and culture
- Mandate for improvement clear, but specifics vary
- Many opportunities to continue a positive journey

From risk advisor to risk owner

- Use Bow-tie model for Cyber Risk conversations
- Translate incidents into training opportunities
- Clear technology strategy to help manage platform selection and project execution risks
- Measuring performance is important

Be highly organised

- Many competing demands
- Can't solve all issues all the time at the same time
- "Plan your work, and work your plan"
- Governance structures matter
- Outcomes focus delivers results with flexibility

Key focus areas (not the full list of course)

Cyber Security – Resilience

- Need a *digital* response to a *digital* risk
- Controls to scale at speed, respond at speed
- Layered view and targeted engagement
- Again, governance structures matter

“Cloud first” in every respect

- Infrastructure & Platforms
- Support models
- Commercial arrangements
- Application design principles

Communicate strategically Operate tactically

- Small things need to be done well
- Discipline in operations
- Think big – Think ahead
- Communicate themes but relate to tactical timelines, delivery, and commercial outcomes

Key trends can be met many ways

- Automation can be done many ways, not just RPA
- Analytics is a focus, however the “solution” is more than just a BI platform...
- What is possible in 2018 is demonstrably different than even 2 years ago



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Questions & Discussion