



ILUKA

Iluka Resources

Shareholder Focused Through the Cycle



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This presentation uses non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT, Group EBITDA and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the supplementary slides. Non-IFRS measures have not been subject to audit or review.

Zircon Attributes and Applications

Ceramics

Opacity (whiteness)

Water, chemical & abrasion resistant



Floor and wall tiles

Sanitary ware

Table ware

Refractory and Foundry

Heat resistant

Non-reactive



Steel & glass manufacturing

Precision metal casting

Zirconium Metal

Low thermal neutron absorption

Corrosion resistant

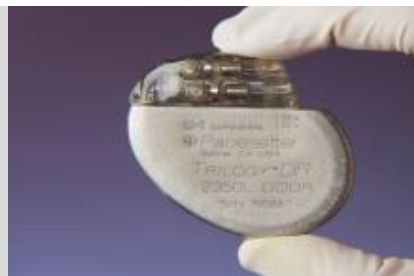


Nuclear reactor cores & fuel rods

Heat exchangers

Zirconia & Zirconium Chemicals

Many unique properties



Electronics

Catalysts

Fibre optics

Catalytic converters

Titanium Dioxide Attributes and Applications

Pigment

Opacity (whiteness)
UV resistant
Non-toxic and inert



Paints and coatings
Paper
Inks
Packaging

Titanium Metal

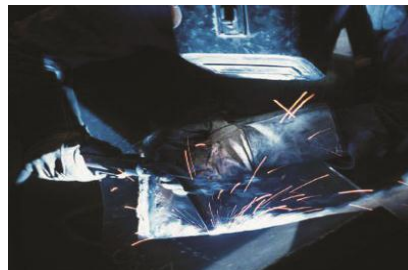
High strength to weight ratio
Corrosion resistant



Aircraft engines and frames
Defence armourments
Chemical & desalination plants
Medical applications
Sporting equipment

Welding Flux Agent

Corrosion resistant



Steel construction
Ship building

Nanomaterials

Many unique properties



Dye-sensitised solar cells
Water purification
Cancer treatments
Noise absorption

Robust Longer Term Demand Growth

Urbanisation



**Consumption based
growth in developing
economies**



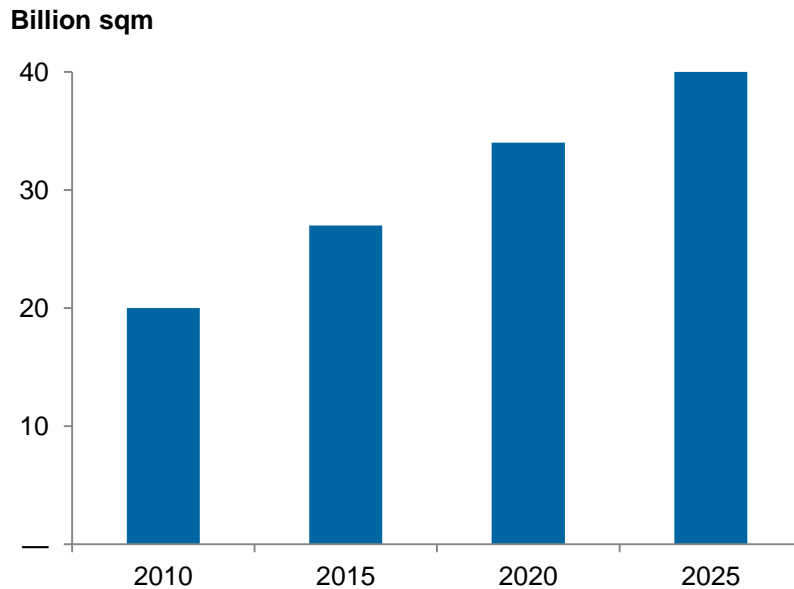
**Increasing array of
applications**



Urbanisation and Tiles

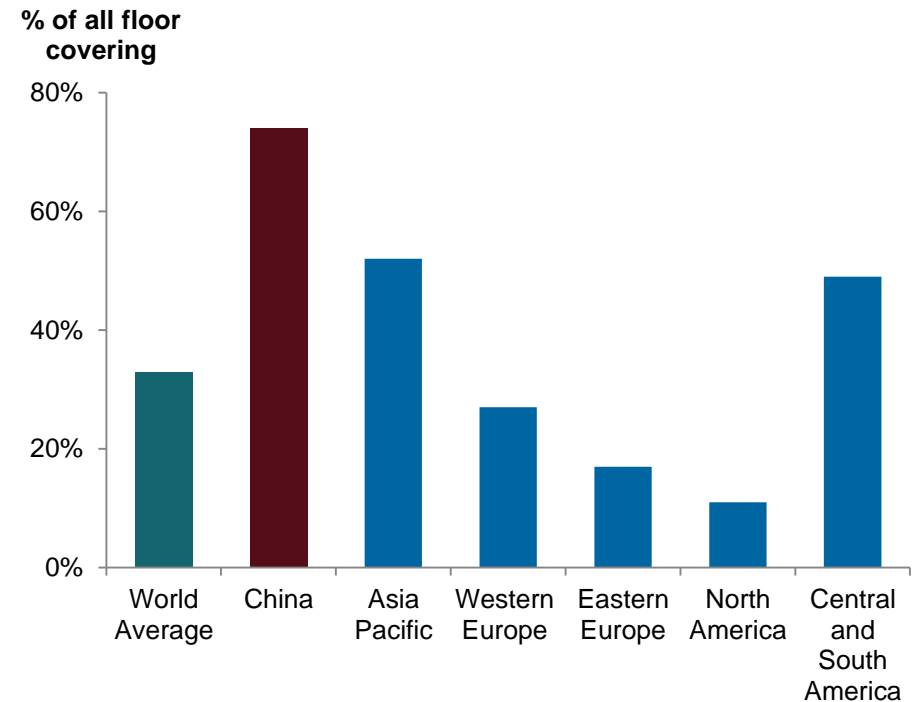
- Large urban population and floor space increases in developing countries
- Growth regions have preference for tiles as floor covering

China Urban Residential Floor Space



Source: Global Insight (2011), BHP (2011), RBS (2012)

Tile Use as Floor Covering

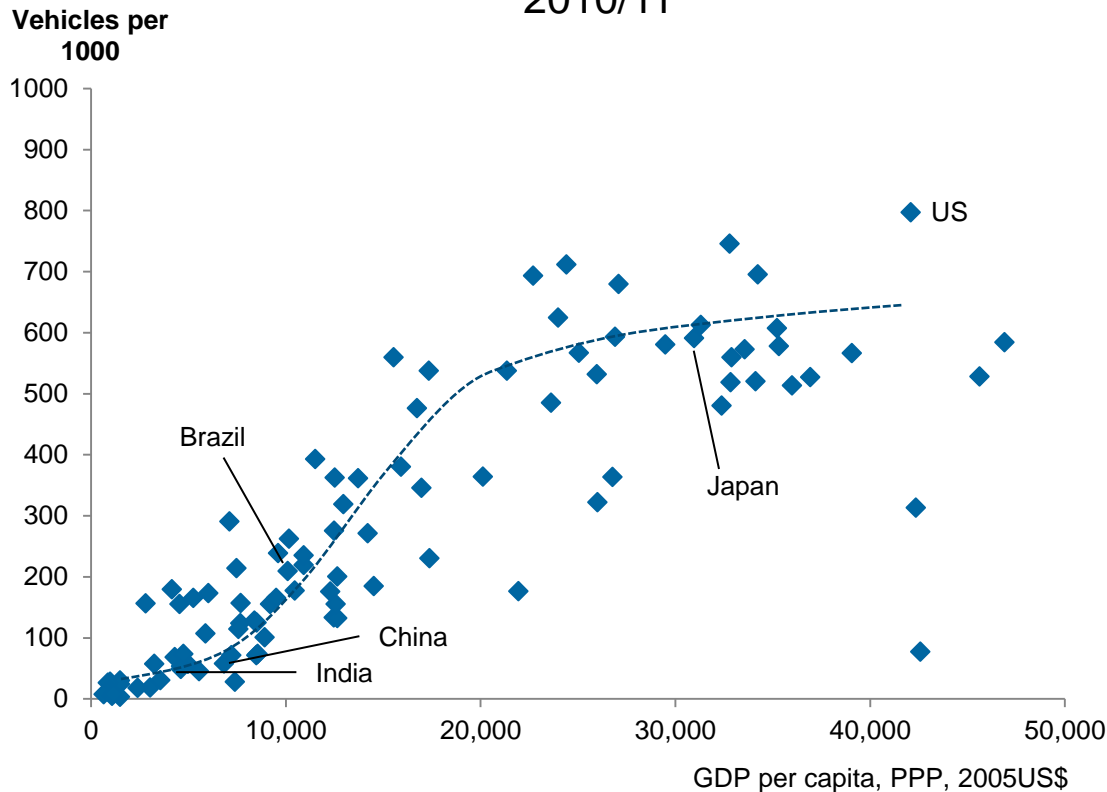


Source: Ceramic World Review (2000-11)

Consumption Based Growth

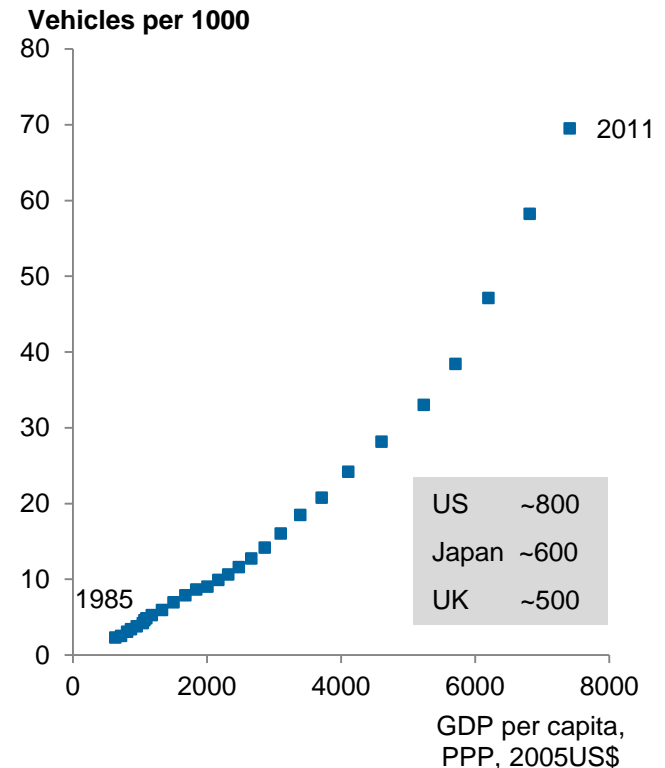
- Developing economies moving from investment to consumption based economic growth
- Rising incomes and living standards create S-curve demand trend

Motor Vehicles Per Capita 2010/11



Source: World Bank (2013)

China Motor Vehicles Per Capita 1985-2011



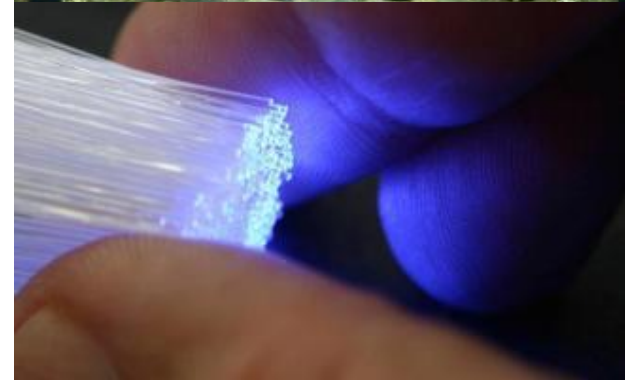
Increasing Array of Uses

Zircon Chemicals Applications

- Catalytic converters
- Nuclear fuel rods
- Oxygen and pressure sensors
- Fibre optic connectors
- Electrical motherboards and capacitors

Titanium Metal Applications

- Desalinations plants
- Offshore oil and gas components
- Power plant cooling systems
- Aerospace
- Nanotechnologies



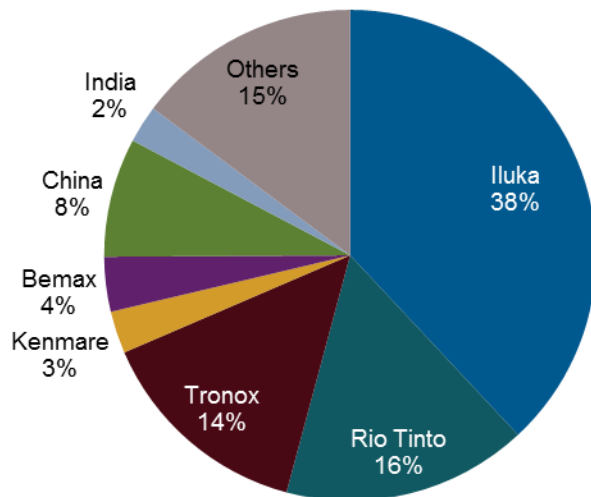


Iluka's Position in Mineral Sands

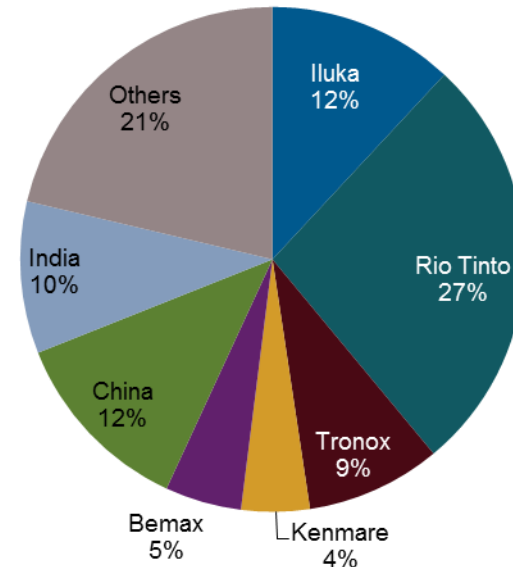
- #1 global producer of zircon
- Significant producer of titanium dioxide – particularly high value products

Major Zircon and Titanium Dioxide Feedstock Producers

**Zircon
(2011- 1.4mt)**



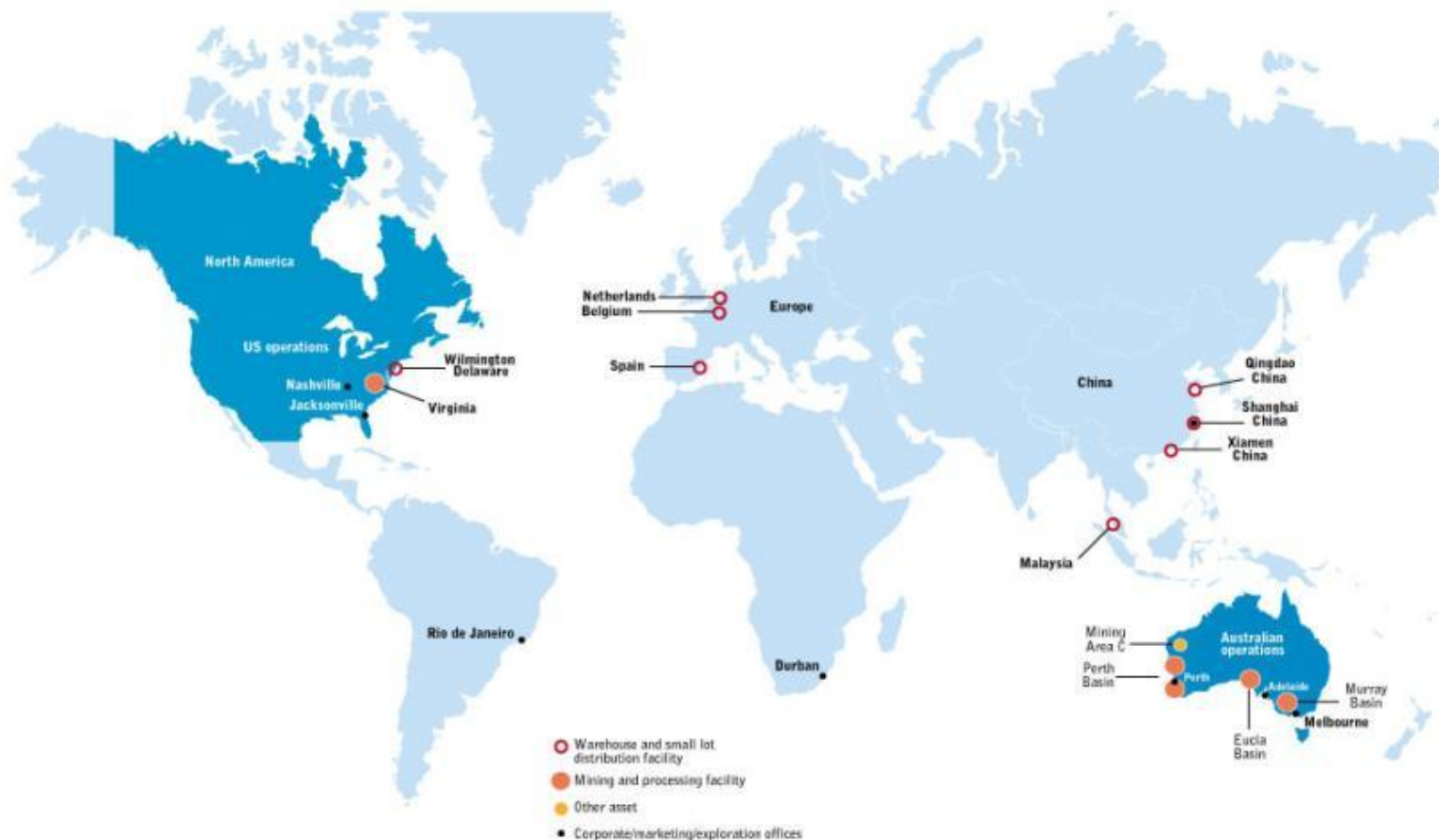
**Total Titanium Feedstock
(2011- 6.5mt)**



Source: Iluka, TZMI

Note: Rio Tinto includes 100% of Richards Bay Minerals

Iluka Operating and Marketing Locations



- Mining and processing operations in Australia and USA
- Distribution warehouses in major markets
- Zircon and titanium dioxide products supplied to more than 35 countries

Investment Proposition

- Objective: create and deliver value for shareholders
- Key performance metric: return on capital, internal proxy for return on equity
- Focus on margins and shareholder returns through the cycle
- Production flexibility approach in downturns and recoveries
 - reduce production and costs
 - build inventories and cede market share
 - leverage response to demand recovery via rapid response capability (>500kt Z/R/SR)
 - protect long term growth options

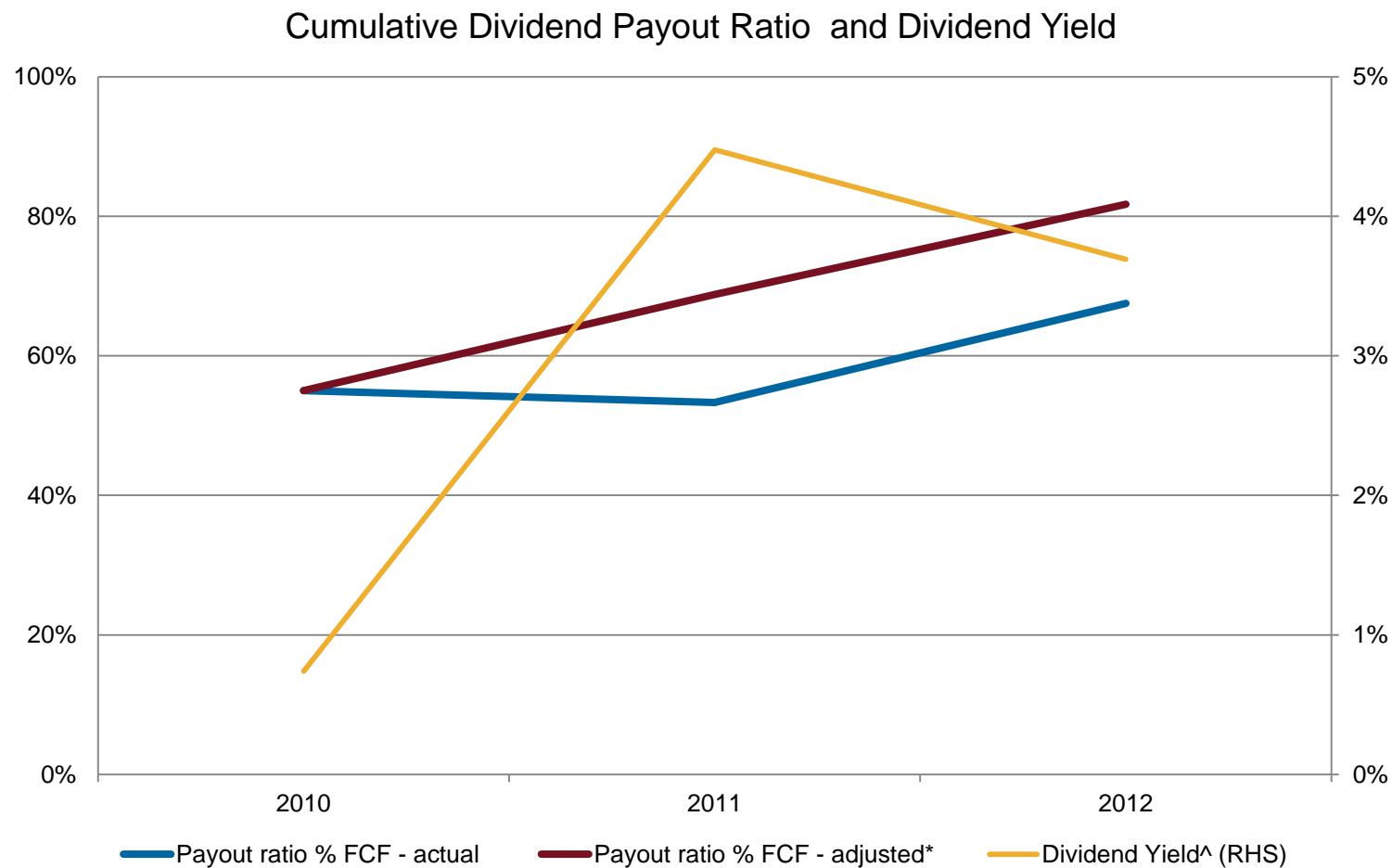
Key Financial Metrics

Recent Financial Performance	2012	2011
EPS (cents)	87.1	130.1
Free Cash Flow (\$m)	81.2	589.6
Cash Flow per share (cents)	19.4	140.6
Return on Capital (%)	32.8	54.9
Return on Equity (%)	23.2	42.5
Net Debt (\$m)	95.9	(156.7)
Gearing (net debt / debt + equity)	5.8	N/A

Dividend History 2010 - 2012



- Cumulative payout ratio (% FCF adjusted*) of 82%

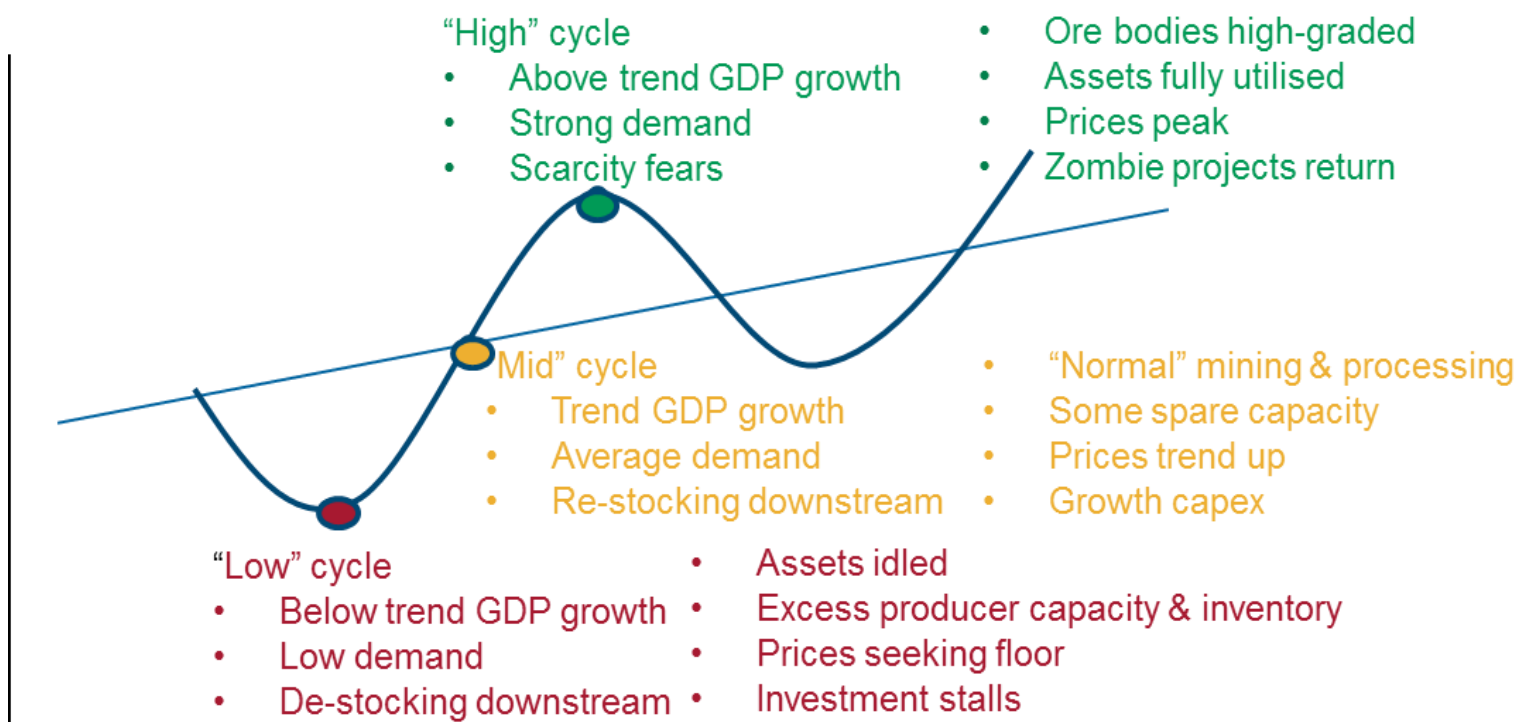


* Free cash flow adjusted to align cash tax payments with corresponding earnings period.

^ Annual dividend payment relative to share price on results announcement (VWAP)

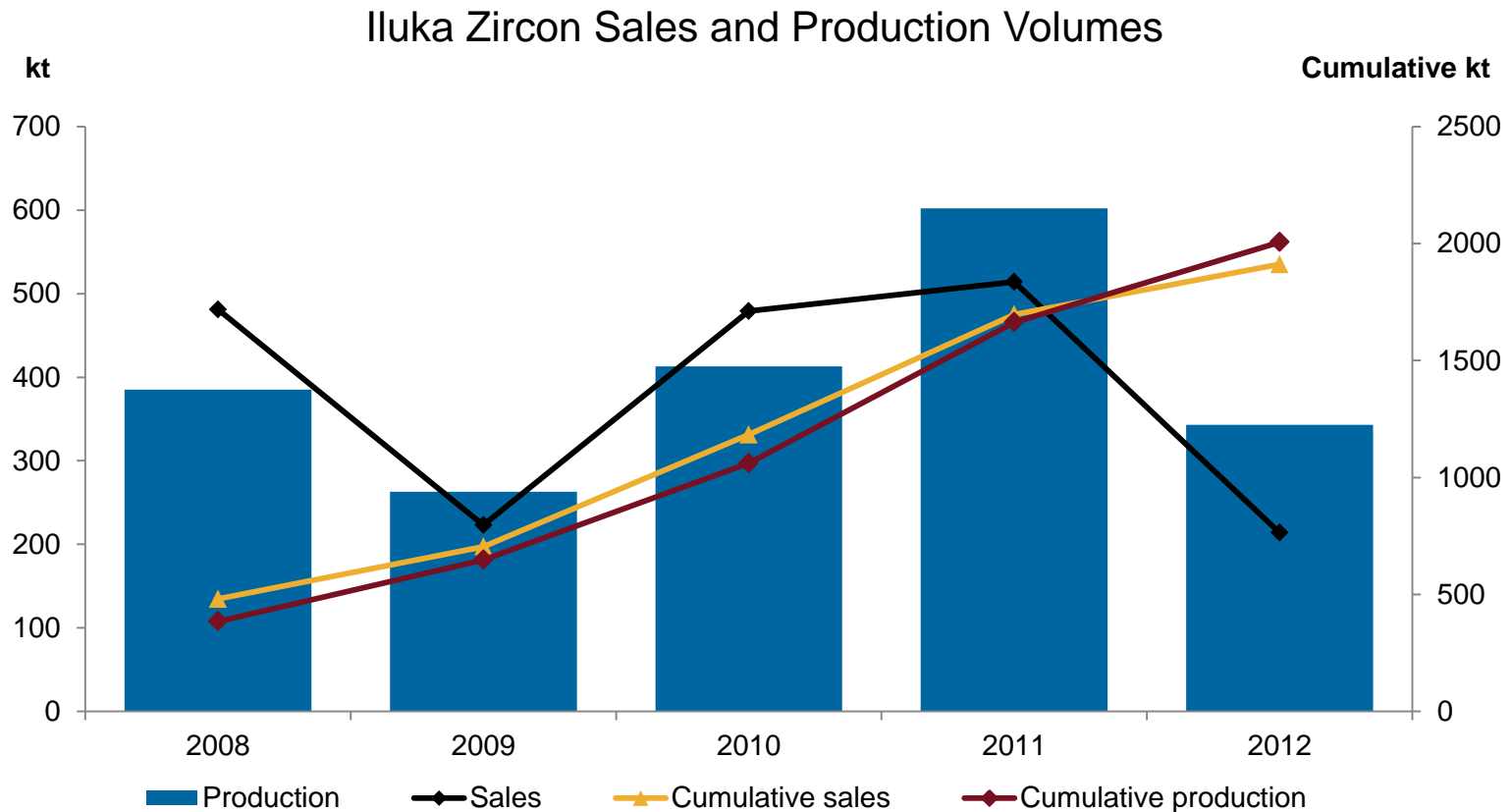
Business Cycles in Mineral Sands

Illustrative Mineral Sands Business Cycle



Iluka's Production Approach

- Annual variations, but production = sales over time



Iluka's Production Approach

- Inventory build and initial production response in 2012
- Further production response implemented in 2013
 - 2013 zircon/high grade TiO₂ production guidance ~ 30-40% of capacity
- Reduction in 2013 operational cash costs versus 2012
 - workforce reduced by ~30%
 - cash production costs down ~35%, total cash costs down ~20%
- Reduction in capital spend to ~\$100m while preserving growth options
- Focus on maintaining robust balance sheet
- Focus on returning maximum cash practicable to shareholders through cycle

Recent Market Factors

- Global and regional economic conditions and policy settings
- Coincident reduction in zircon and high grade titanium feedstock demand
- Inventory levels and destocking in downstream industries (ceramics and pigment)
- ‘Legacy’ contracts roll off leading to multi-tiered pricing for high grade feedstocks
- Historically low pigment plant yields
- High grade feedstock demand linked to pigment plant utilisation and yields
- China pigment capacity and export/import balance

Zircon

- Major producer production response: ~35% production capacity idled vs 2011
- Strengthening in demand for zircon during Q1 2013
 - marked increase in inquiries with follow through to ordering
 - across most major markets, Europe the exception
- China zircon market showing broad based improvement
 - re-emergence of demand in housing and commercial sectors
 - recovery in foundry and refractory demand
- Zircon price stabilised

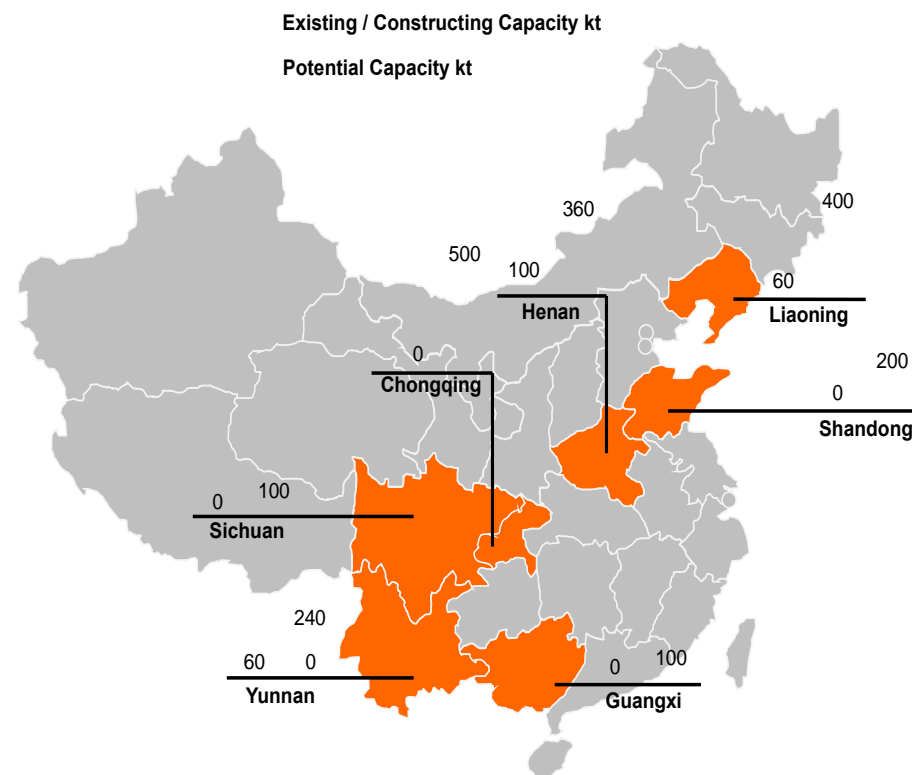
High Grade Titanium Dioxide

- High grade titanium market subdued
 - pigment plant utilisation levels low
 - legacy contract material preferred
- Major producer production response: ~20% production capacity idled vs 2011
- Pigment industry expecting stronger second half of 2013
 - positive US housing data
 - excess inventory being addressed

Chloride Process Pigment in China

- Chloride pigment rapidly evolving in China
 - one chloride pigment plant operating
 - two under construction
 - three in planning stage
- MIIT* anticipates 300ktpa chloride process capacity by 2014
- Chinese government policy encouraging use of high grade titanium dioxide feedstocks

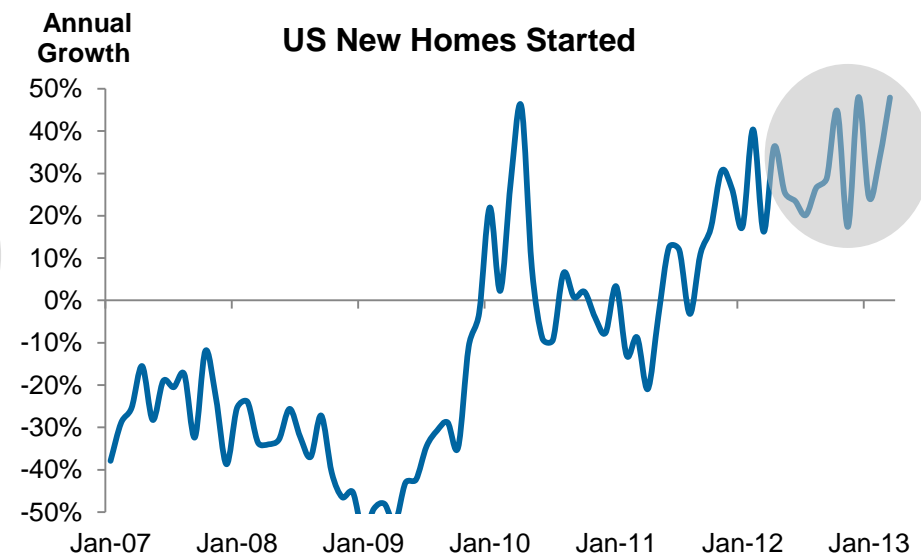
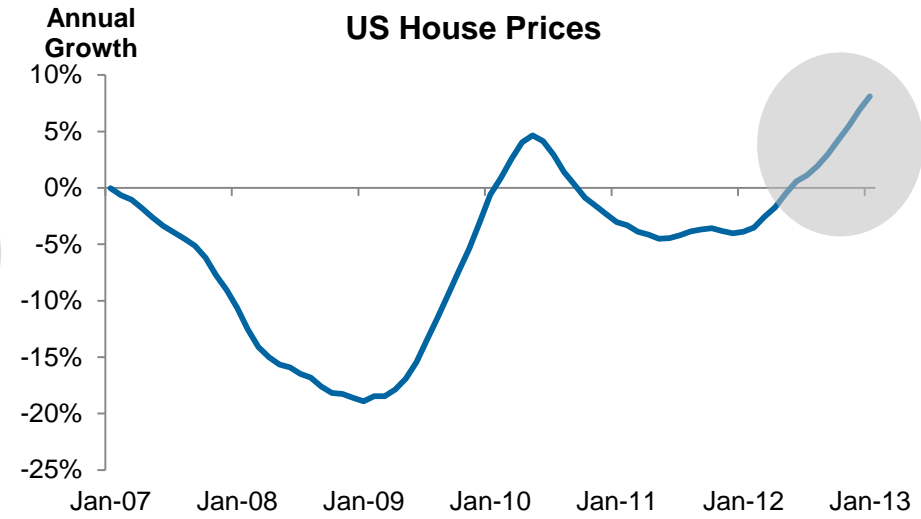
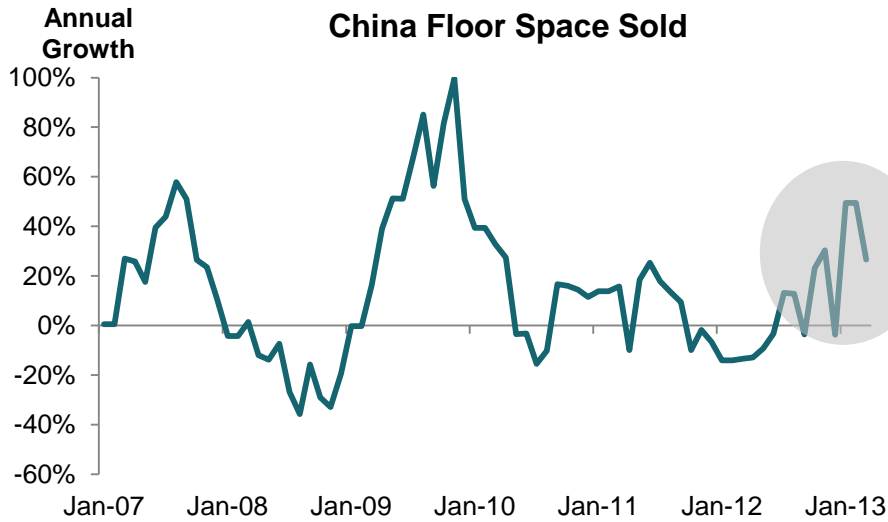
Chloride Process Projects in China



*MIIT: Ministry of Industry and Information Technology

Source : CMGroup, NDRC, MIIT

Encouraging Lead Indicators



Source: CEIC (2013), S&P/Case-Shiller (2013)

2013 Areas of Focus

- Maintain implementation of agreed strategies – “stay on course”
- Execute well in terms of market development, new product development
- Operate assets in line with market demand
- Preserve/advance mineral sands growth opportunities
- Maintain conservative balance sheet
- Continue to evaluate/pursue new corporate growth opportunities
- Focus on shareholder returns through cycle

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