

Iluka Resources Limited



Ruidow Conference 2018

Pedro Liberal, VP Zircon Sales APAC, Iluka Resources Ltd
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Disclaimer, Forward Looking Statements

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This presentation constitutes a summary of Iluka’s financial performance and should be read in conjunction with the Iluka Resources Limited ASX Preliminary Final Report – 31 December 2014, which contains financial statements and consolidated financial statements of the group.

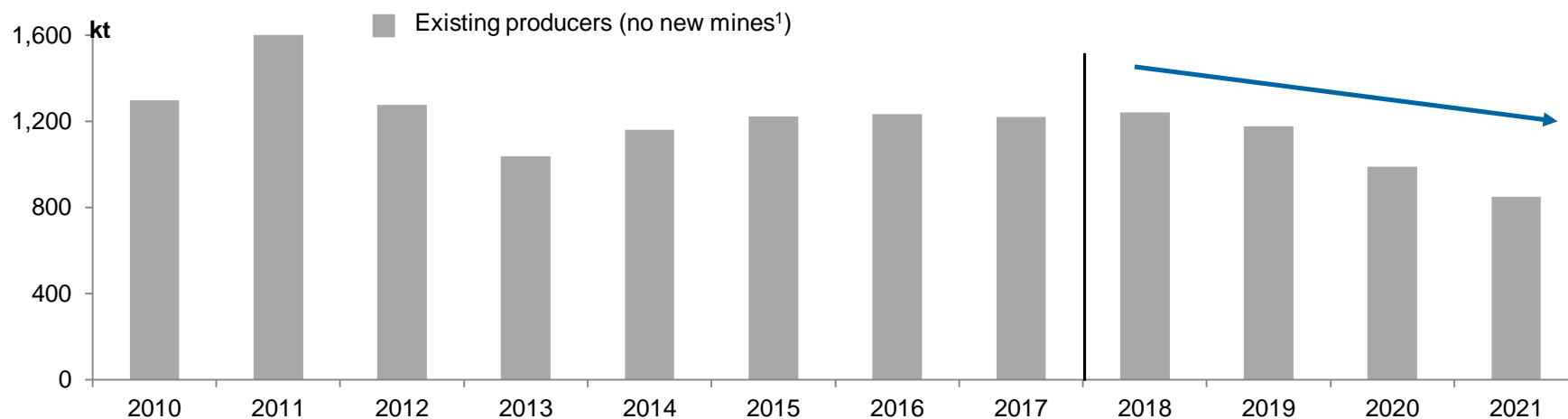
- **Current Environment**
- **Risks and Opportunities**
- **Iluka Approach**

Current Zircon Environment – Supply

SUPPLY FROM EXISTING MINES

- Declining grades
- Limited re-investment due to low profitability
- Inventory largely depleted
- Higher production costs

Zircon Supply – Existing producers



Source: Iluka production and TZMI supply for remaining producers

Current zircon environment – Supply



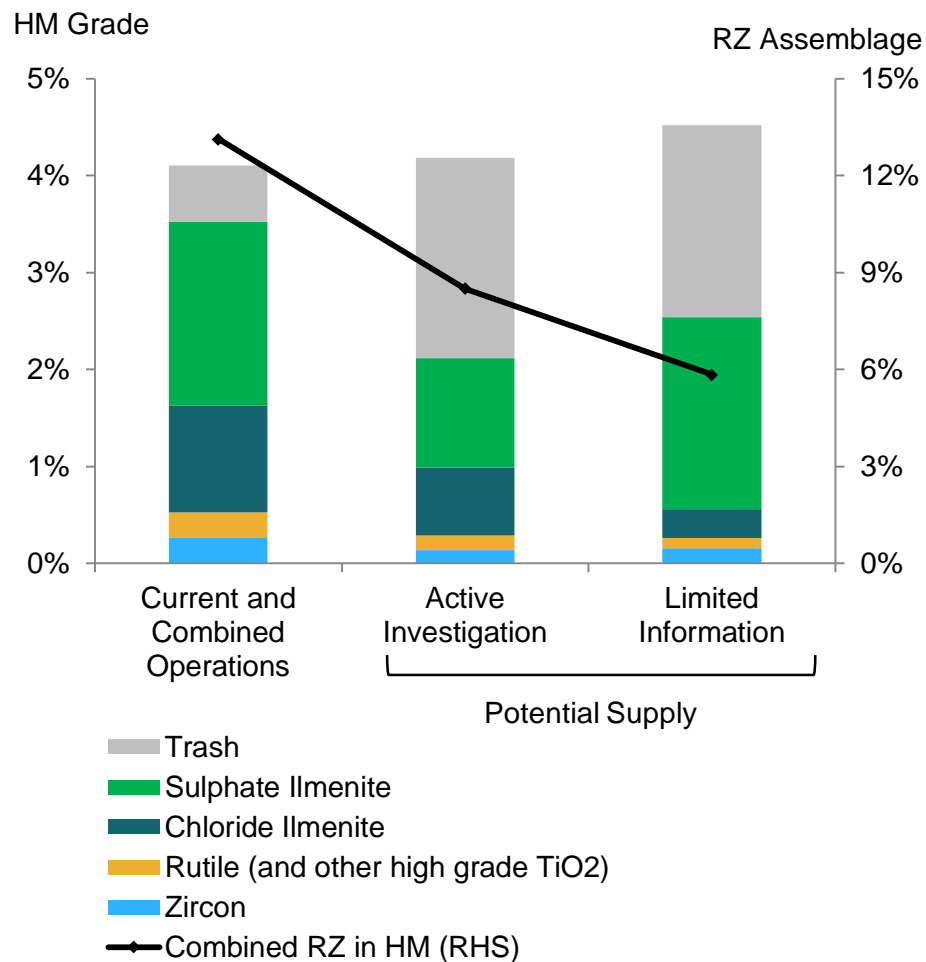
NEW DEPOSITS ARE MORE CHALLENGING

- Lower grades
- Lower quality
- Expensive to operate
- Higher risks

Iluka's assessment of industry ore bodies

- Trash component in heavy mineral suite increasing
- Rutile and zircon assemblage falling

Global Mineral Sands Resources Assemblage



Source: Iluka and company reports, 2016

Current Zircon Environment - Demand



POSITIVE IN ALL REGIONS

DEMAND			
North America	Europe	India	Rest of Asia
Improved foundry market	Growth in construction	High GDP growth	Positive conditions overall
Steel refractories	Positive ceramic industry	Strong tile and sanitary ware production	Growth in construction
Positive tile segment		Growth in casting	

Current Zircon Environment - Demand

CHINA EVOLVING

- Positive growth
- Environment
- Factory closures
- Consolidation
- Structural reforms

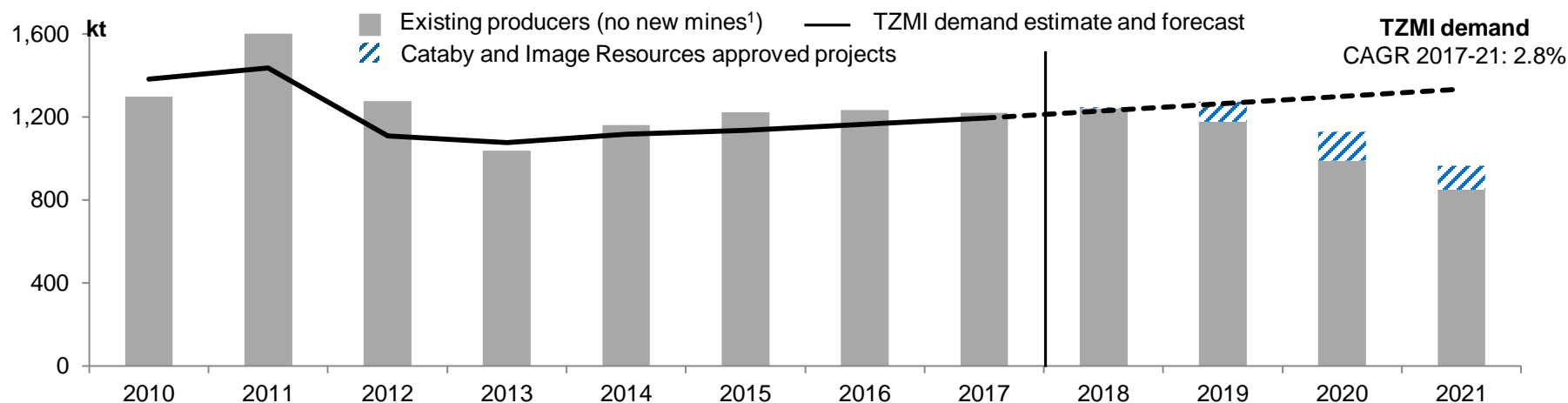


Current Zircon Environment

ZIRCON MARKET

- Imbalance: tightness continues - Expected to remain... for how long?
- 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 and approved new mines



Note: In 2012, zircon demand fell by 200-250kt due to modernisation, substitution and thrifting, predominantly in the ceramics sector
 Source: Iluka production, Image Resources outlook (May 2018) and TZMI supply for remaining producers; and TZMI demand February 2018

- Current Environment
- **Risks and Opportunities**
- Iluka Approach

Industry Risks and Opportunities

NEED FOR NEW SUPPLY

Opportunities

- + Swing capacity
- + Best projects
- + Technical development
- + Concentrates

Risks

- Legal and ethical
- Future glut
- Over expenditure
- Environmental footprint

Industry Risks and Opportunities

BETTER PRICES

Opportunities

- + Better profitability
- + Current price level
- + Thrifting is already happening
- + Raw materials price increase

Risks

- New projects profitability
- Short term vs long term
- Substitution
- Demand destruction

- **Current Environment**
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Iluka's Approach

PRODUCTION

**Additional stock
release**

2017 and 2018

JA expansion

Jacinth-Ambrosia
restart
and
expansion

Cataby

Commissioning
2019

Other

Balranald
Puttalam

New technologies
been developed



PRICING

Stability

6-monthly pricing
since Oct-2017

Give time for end users
to absorb price increases

Communication

Reference Price

Market situation

Rationale

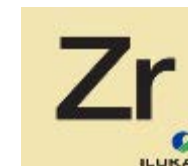
Sustainability

Avoid excesses
which destroys value
along the chain

Long term focus



Summary



**Current
Environment**

Positive Dynamics in the Zircon Market

**Risks &
Opportunities**

For the Industry to Manage

Iluka's Approach

Ensure Sustainability



Jacinth-Ambrosia, Eucla Basin

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