

# Iluka Resources Limited



Iluka – Getting Set In The Cycle  
TZMI Congress 2016

Matt Blackwell - Head of Marketing  
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# Disclaimers

Forward Looking Statements – Slide 24

Important Notice Regarding the acquisition of Sierra Rutile Limited – Slide 25

# Iluka – Getting Set In The Cycle



1. Iluka's approach to the market
2. Iluka's outlook for minerals sands and what will drive growth
3. Overview of Iluka's projects preparing for the future



Approach to Market



**ILUKA**

# Some Lessons For Iluka



- Iluka's quality and reliability
- Recognize and reward loyalty
- Desire for stability



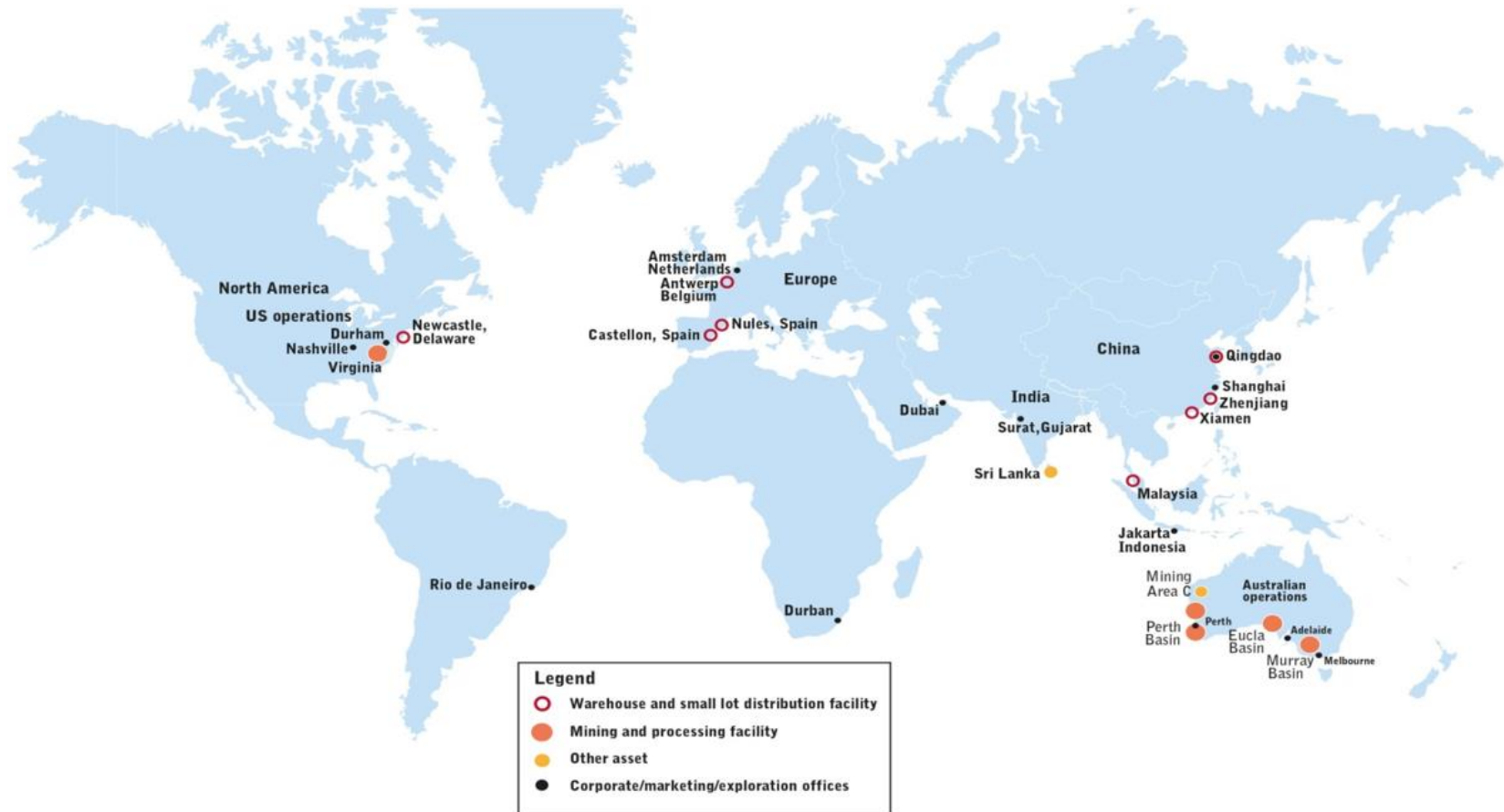
- Zircon reference price



- Bigger discounts – but just for them



# Service Proposition



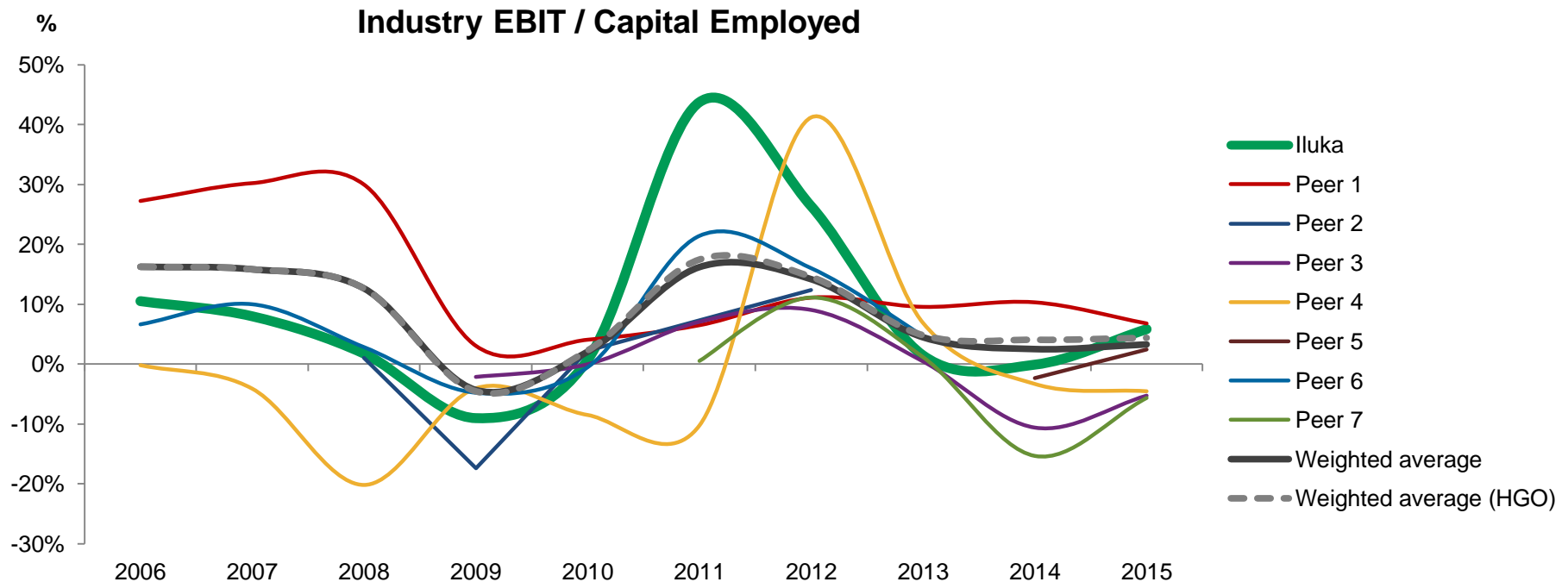


# Technical Marketing Approach

- Regular technical visits to customer production facilities – deepen collaboration
- Leverage Iluka's resources and expertise in collaboration with customers to improve value proposition
- Utilise state of the art equipment to optimize Iluka's products in customer formulae
- Provide quality testing capabilities



# Industry Needs better Returns and Stability



Source: S&P Capital IQ, company announcements, Iluka. 2016 competitor forecasts sourced from S&P Capital IQ broker consensus

\* Weightings based on capital employed / operating assets  
Capital employed calculated as Net Debt + Equity where possible.

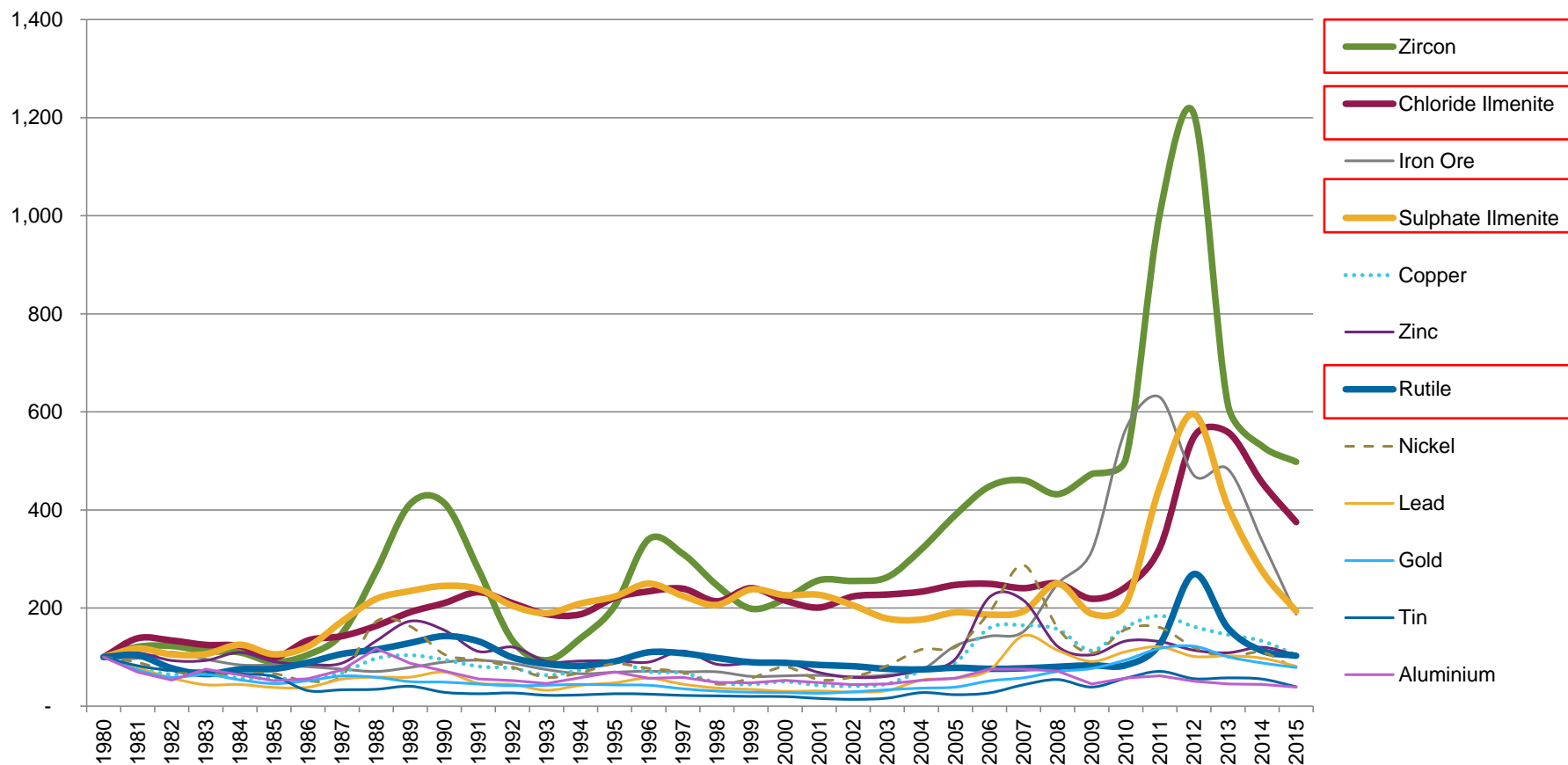




# Prices Are Better Today

1980=100

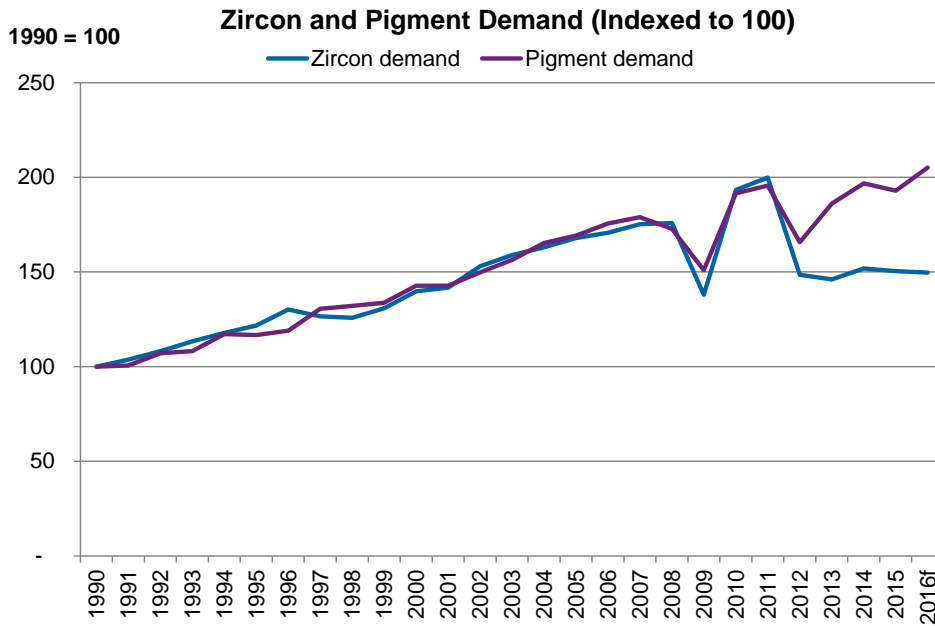
Commodity Price History (real, indexed, 1980=100)



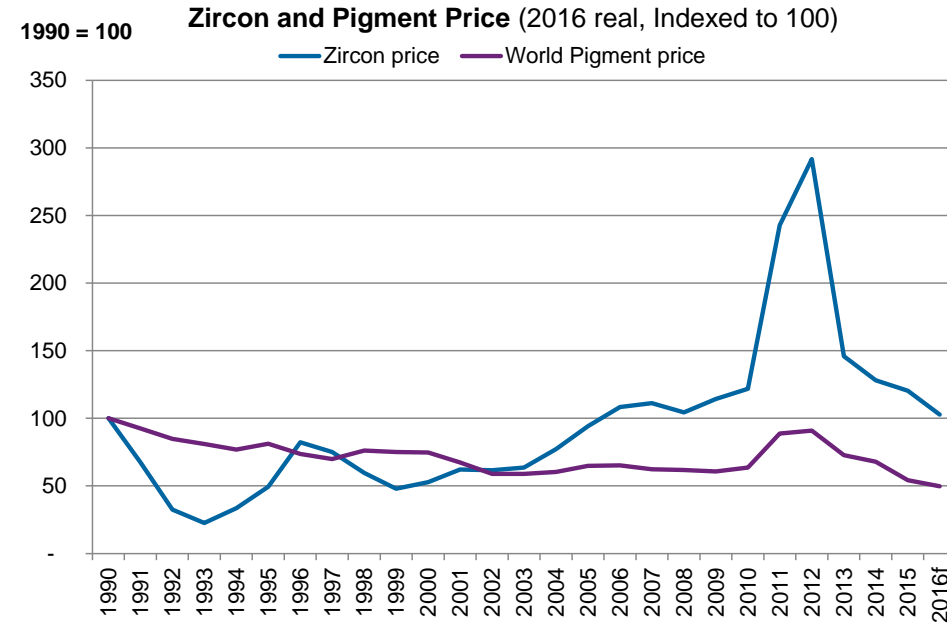
Source: TZMI, S&P Capital IQ, CEIC.



# Downstream Response



Source: TZMI, Iluka



Source: TZMI, Iluka

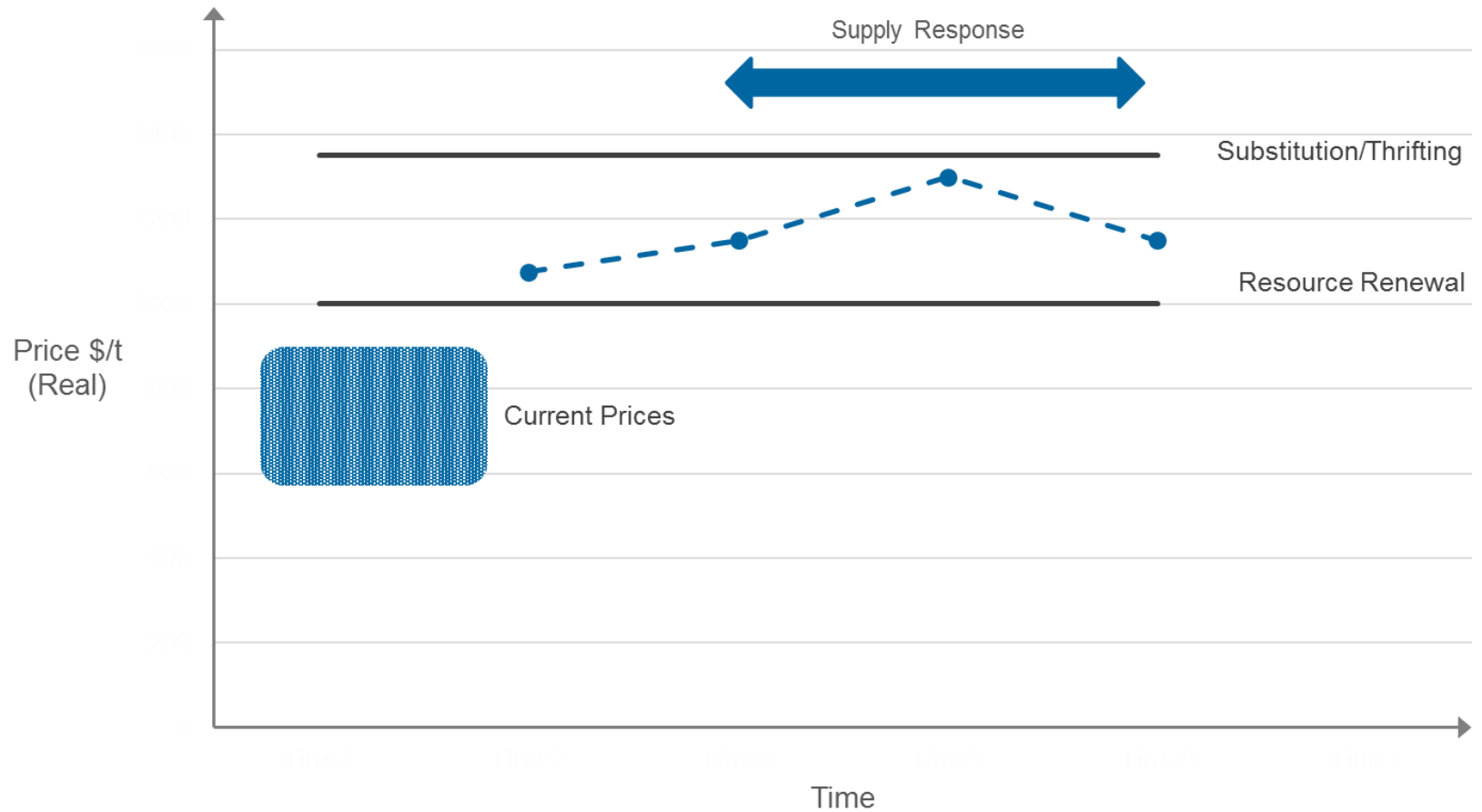
- Pigment demand recovered from 2012 levels, zircon demand subdued
- Iluka calculates demand growth higher than TZMI – higher than this chart suggests





ILUKA

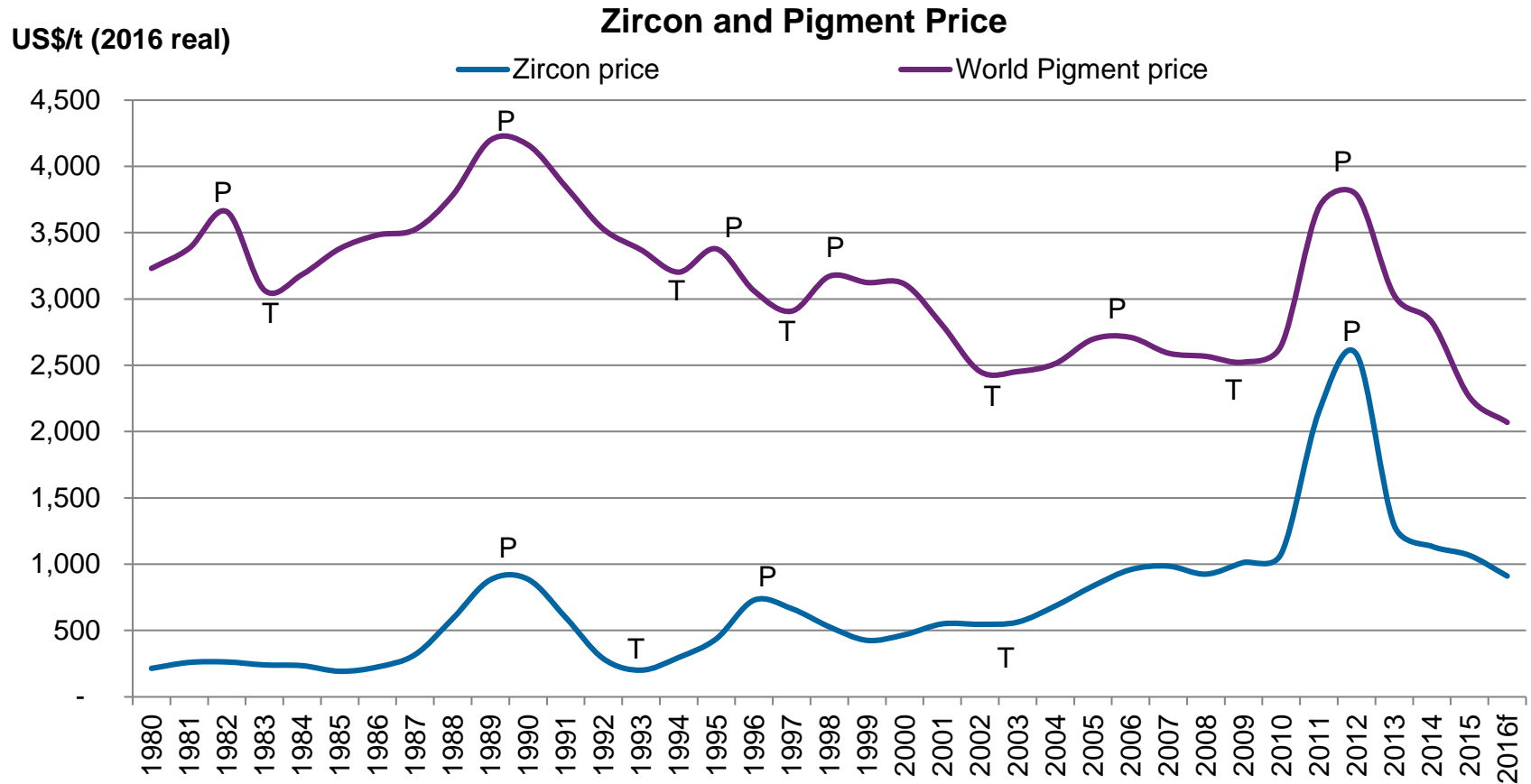
# Imbalance in Drivers of Revenue




















Market Outlook










# Materials Are Cyclical



Source: TZMI, Iluka

# Macro View

Zircon Consumption	% of total consumption	Short term outlook	Medium term outlook	Long term outlook
Ceramic tiles & sanitaryware	50%			
Refractories	16%			
Foundries	12%			
Specialty chemicals and materials	20%			
Other	2%			

TiO <sub>2</sub> Feedstock Consumption	% of total consumption	Short term outlook	Medium term outlook	Long term outlook
Pigment	90%			
Ti metal	5%			
Welding & other	5%			

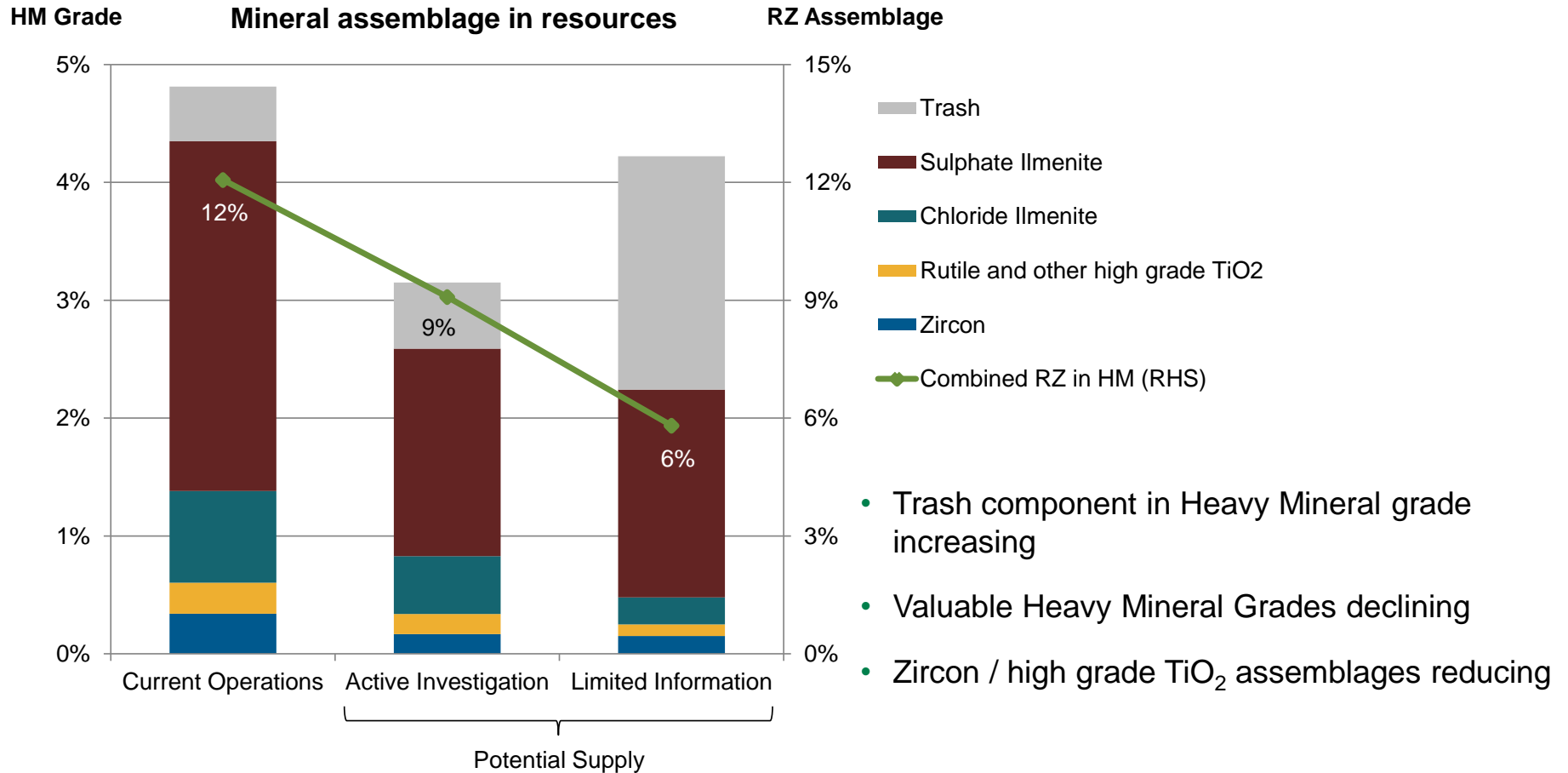
Source: Iluka: Red CAGR < -1%, Orange CAGR -1% to 3%, Green CAGR >3%



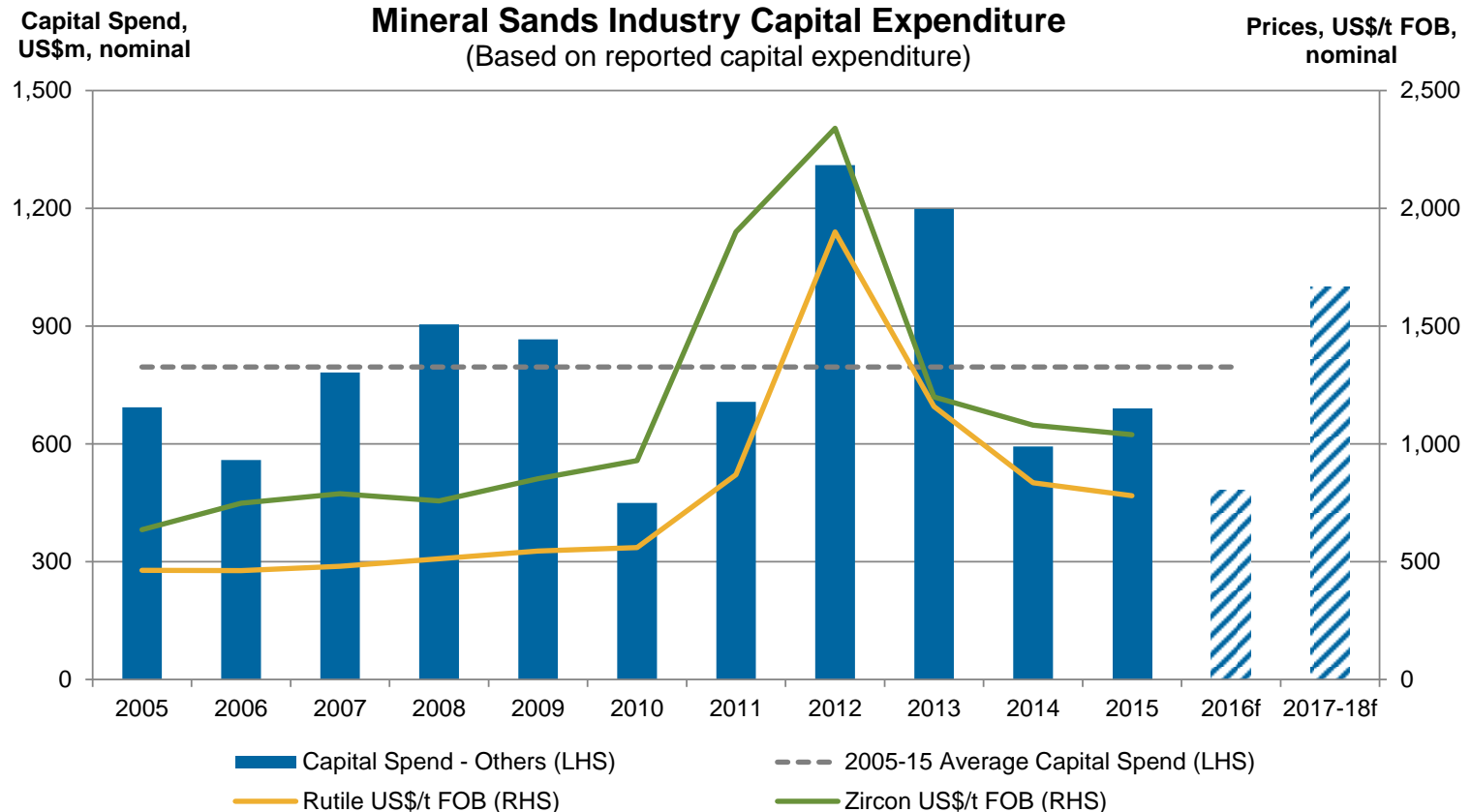
# Mega Trends Support Our Industry



# Grade and Assemblage Challenges Ahead



# Significant Industry Re-investment Required



- Iluka estimates ~US\$1.6b to be spent on major projects during the next few years to sustain production
  - this estimate excludes maintenance capital
  - relates to major existing producers, not potential new players



Preparing For The Future



# Sierra Rutile Acquisition

- Meets Iluka criteria of Strategic rationale and Financial merit
- Opportunity to build on SRL's strong operating history
- +80% increase in rutile resources
- Ensures rutile supply to customers for decades
- Transaction currently under review by German Antitrust Authority



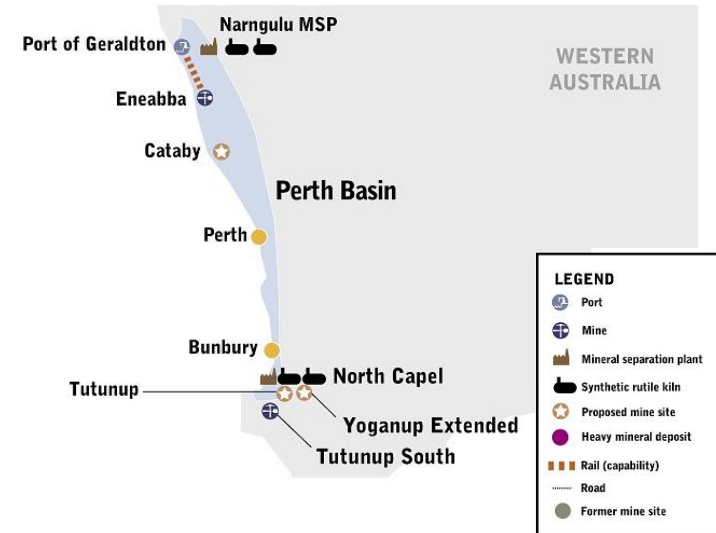
# Cataby

## Cataby Deposit

- Discovered in the 1970s
- 150km from Perth
- Conventional mine development with 2.1:1 strip ratio
- Re-use of existing wet concentrator to lower cost/risk
- HM grade ~7% (10% zircon, 4% rutile, 62% ilmenite)
  - Ilmenite sufficient to sustain 200ktpa SR production
  - Zircon/rutile production ~50ktpa & ~30ktpa respectively
- estimated economic life of 8.5 years

## Progress

- DFS completed in early 2015
- Pre-execute activities currently underway

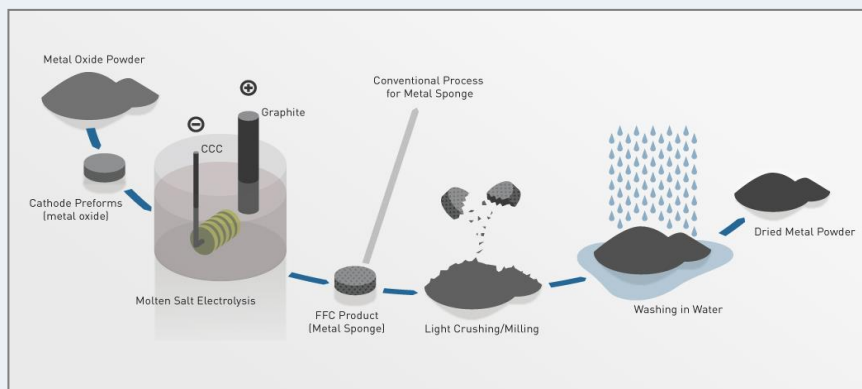




# Ti Metal Market and Metalysis

18  
Ar

CaCl<sub>2</sub>



H<sub>2</sub>O

> 50% Embodied Energy  
Saving for Titanium Production\*

Kroll Process 145-165 kWh/kg

Metalysis 66-90 kWh/kg

- Global titanium metal demand strong with estimated growth of 5.2% CAGR 2013-2018
- Disruption will come from broader adoption of lower quality Ti based metals
- Iluka's suite of high grade chloride feedstocks ideal for the titanium metal sponge market
  - Natural Rutile – high TiO<sub>2</sub> content and low impurities
  - Synthetic Rutile – high TiO<sub>2</sub> content and performance in molten salt reactors



Strong global Ti metal market

# Iluka – Getting Set In The Cycle

1. We will continue to evolve to serve our customers
2. We are positive for the future
3. We are focused on the activities that will deliver over the longer term



## Supplementary Slides

# Disclaimer – Forward Looking Statements

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- changes in product pricing assumptions;
- major changes in mine plans and/or resources;
- changes in equipment life or capability;
- emergence of previously underestimated technical challenges; and
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# Important Notice



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A copy of the announcement is available on the Iluka website [www.iluka.com](http://www.iluka.com)