



Iluka Resources Limited

2018 Full Year Results Presentation

Tom O'Leary, Managing Director
Adele Stratton, Chief Financial Officer
Matthew Blackwell, Head of Marketing and Procurement

Jacinth-Ambrosia, South Australia, Australia



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This document contains non-IFRS financial measures including cash production costs, non production costs, Mineral Sands EBITDA, Underlying Group EBITDA, EBIT, free cash flow, and net debt amongst others. 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.





741
Hectares
rehabilitated
in 2018

2019
Sustainability
Report to be
released in April

3.5 2.8
Group Group
TRIFR TRIFR
2018 2017

Female
representation
40% 29%
Exec. Board
Mgt.



South Australian Premier's Awards

- Excellence in Diversity
- Excellence in Innovation - Environmental Management

Proud constituents of
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Financials	Underlying Group EBITDA of \$600 million, up 67% year-on-year (2017: \$361 million) NPAT of \$304 million (2017: loss of \$172 million)
Strong cash flow	Operating cash flow of \$594 million Free cash flow of \$304 million
Net cash position	Achieved net cash position of \$2 million (31 December 2017: net debt \$183 million)
Dividend	Final dividend of 19 cents per share, fully franked Total full year 2018 dividend of 29 cents per share (40% of free cash flow)
Mining Area C royalty	Mining Area C royalty income of \$56 million BHP's South Flank project 21% complete, with first ore expected 2021
Operational performance	Key projects progressing on time and within budget Strong production performance from Australian Operations Operational challenges experienced in Sierra Leone – plans being implemented to drive improvement
Mineral sands revenue	Mineral sands revenue of \$1,244 million, up 22% year-on-year (2017: \$1,018 million) Mineral sands EBITDA of \$545 million, up 81% year-on-year (2017: \$301 million)
Zircon Market	Zircon ¹ prices up 41% year-on-year Maintained high levels of zircon sales of 379kt (2017: 380kt)
High Grade Titanium Feedstock Market	Rutile ² prices up 21% on 2017 SR2 kiln achieved highest annual synthetic rutile production of 220kt

1. Premium and Standard
2. Excludes HYTI

DELIVER SUSTAINABLE VALUE

Disciplined capital allocation	Preserve and advance growth opportunities	Creation of a sustainable operating environment
<p>Iluka's capital allocation framework prioritises funds for investment where financial criteria and strategic rationale are met</p> <p>Return to net cash in two years since debt financing acquisition of Sierra Rutile</p> <p>Paid 40% of free cash flow in dividends in 2018.</p>	<p>Iluka's position within the industry and the wider community requires a holistic view to project development and execution</p> <p>Cataby project development</p> <ul style="list-style-type: none"> • advanced when new SR feed source required • offtakes secured underpinning return on investment <p>Ambrosia mine move</p> <ul style="list-style-type: none"> • accelerated move to Ambrosia deposit, smoothing production profile as zircon supply deficit emerges <p>Sierra Rutile expansion projects</p> <ul style="list-style-type: none"> • increasing rutile production <p>Other growth projects including:</p> <ul style="list-style-type: none"> • Fine Minerals project • Sri Lanka (PQ) • Balranald • SR1 kiln 	<p>Exhibit leadership and discipline to support a transparent, stable and sustainable operating environment for:</p> <ul style="list-style-type: none"> • the industry • our customers • our stakeholders • our people <p>while optimising returns for our shareholders</p>

Financial Management

Adele Stratton, Chief Financial Officer

Jacinth-Ambrosia, South Australia, Australia



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Key Financial Metrics

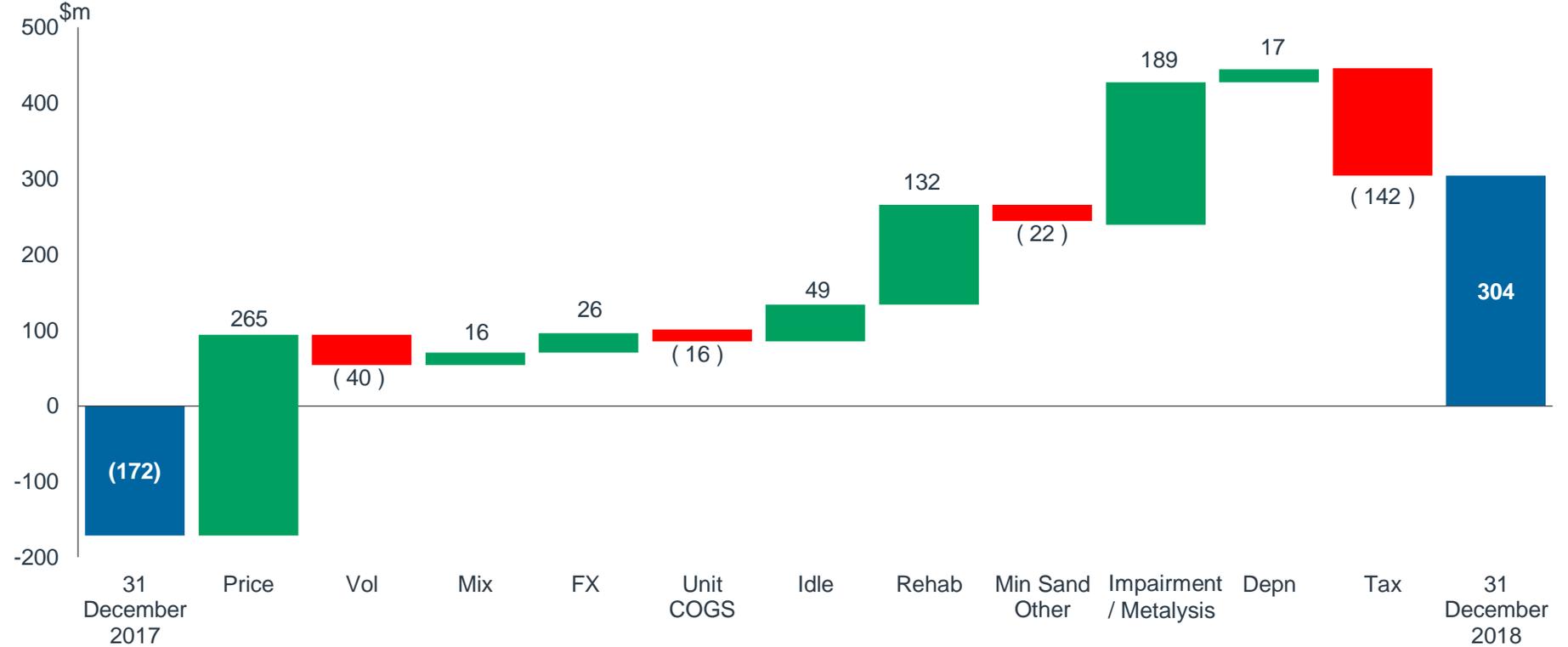


	Units	2018	2017	% Change	
Z/R/SR Production	kt	731.7	825.2	(11.3)	▼
Z/R/SR Sales	kt	827.1	889.1	(7.0)	▼
Mineral sands revenue	\$m	1,244.1	1,017.5	22.3	▲
Mineral sands EBITDA	\$m	544.5	300.9	81.0	▲
Underlying Group EBITDA ¹	\$m	600.1	360.5	66.5	▲
Profit (loss) for the period (NPAT)	\$m	303.9	(171.6)	n/a	▲
Operating cash flow	\$m	594.2	391.7	51.7	▲
Free cash flow ²	\$m	304.4	321.9	(5.4)	▼
Dividend	cps	29	31	(6.5)	▼
		At 31 Dec 2018	At 31 Dec 2017		
Net (debt) cash	\$m	1.8	(182.5)	n/a	▼
Gearing ratio ³	%	n/a	17.1	n/a	▼

1. Underlying Group EBITDA excludes adjustments including impairments and changes to rehabilitation provisions for closed sites.
 2. Free Cash Flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year.
 3. Net debt / net debt + equity



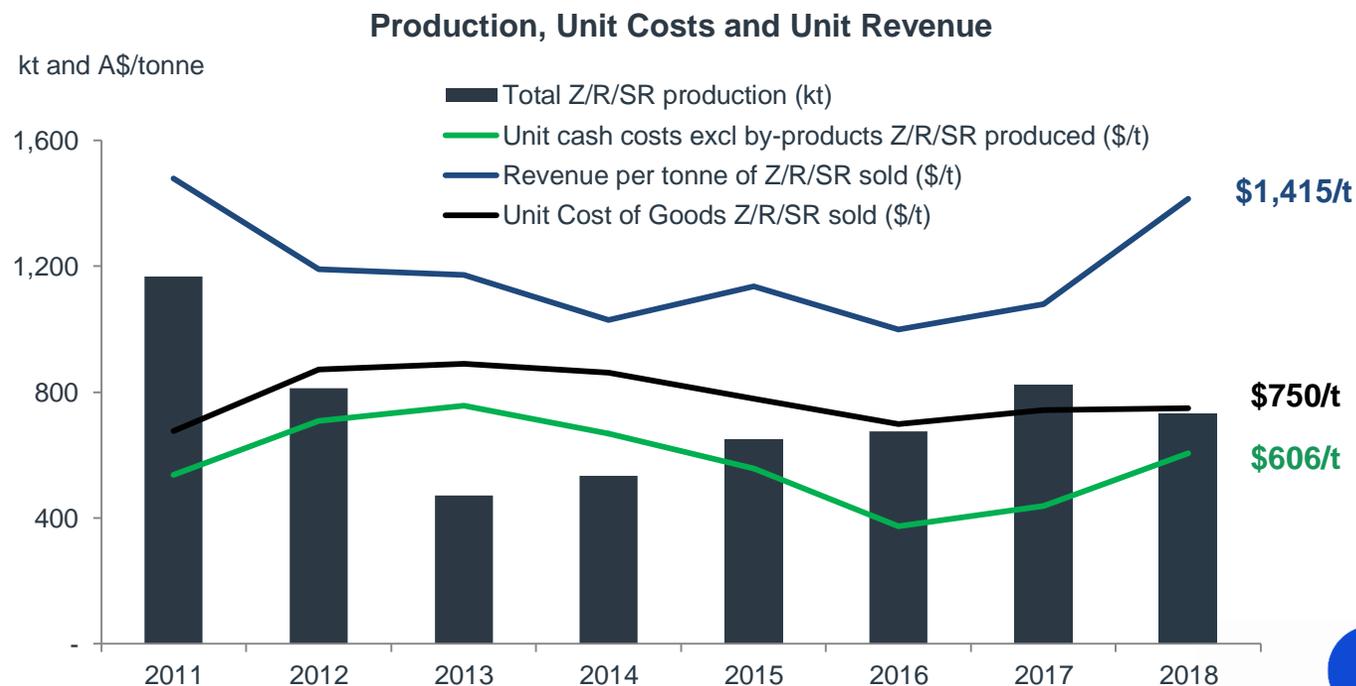
FY 2018 versus FY 2017



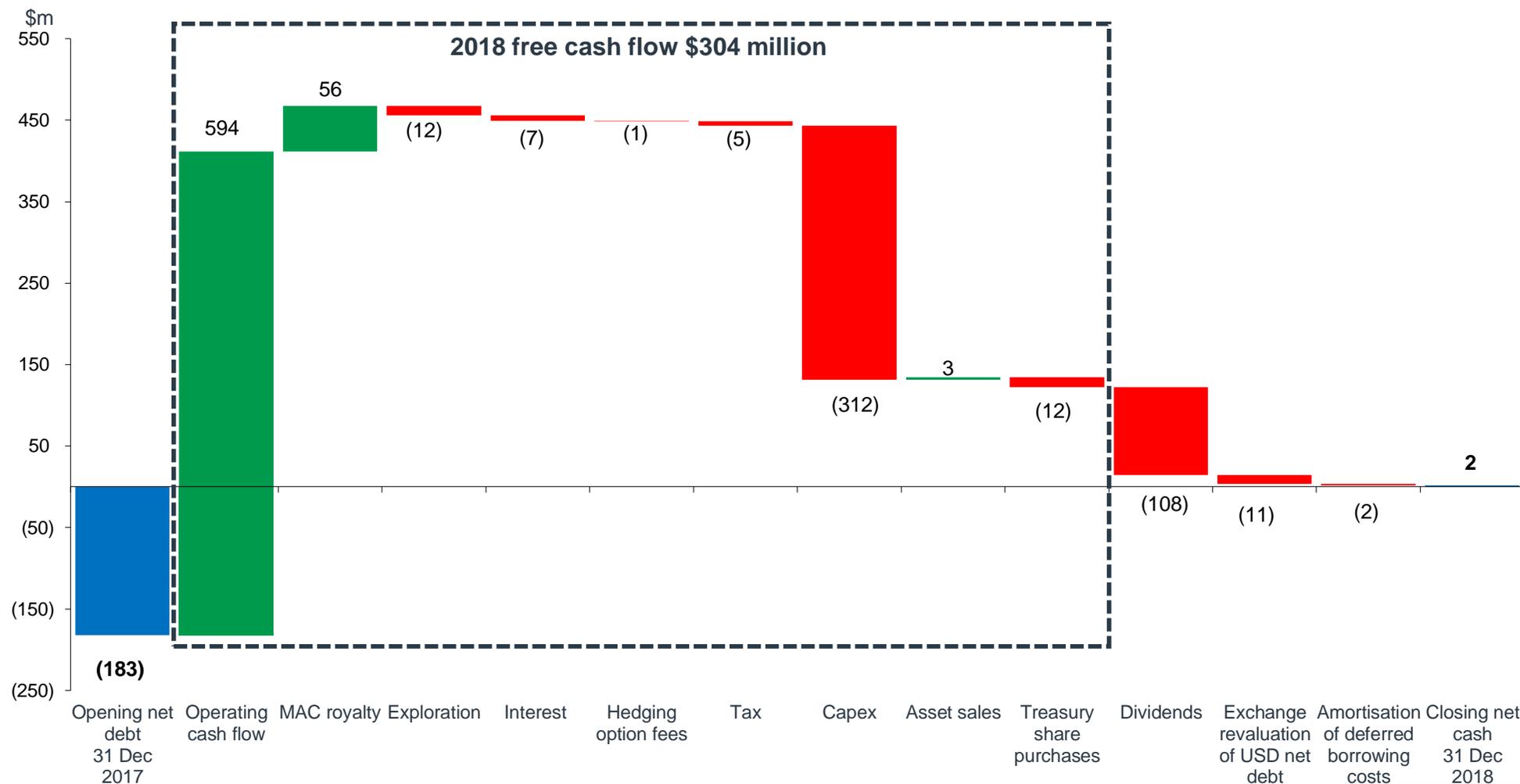
- Main contributors to strong performance versus 2017:
 - Achievement of higher prices for mineral sands products in 2018
 - No adjustment for US rehabilitation (2017: \$127.4m charged for closed sites)
 - No impairment charges in 2018 (2017: \$185.4m relating to Hamilton MSP and Metalysis)
- A higher income tax expense in 2018 due to increased earnings

- Full year 2018 Group unit costs higher versus 2017 due to:
 - restart of Jacinth-Ambrosia operations in December 2017, with no mining and concentrating costs incurred in 2017; and
 - lower production combined with additional maintenance costs at Sierra Rutile due to operational issues at the Lanti dry mine and dredge.
- Revenue per tonne of Z/R/SR sold up 31% to \$1,415/t reflective of;
 - higher prices achieved through 2018; and
 - effects of foreign exchange.

Unit cost of goods sold by operation (A\$/t Z/R/SR sold)			
	2018	2017	% change
Australian operations	602	588	2%
Sierra Rutile	1,376	1,059	30%
Iluka Group	750	743	1%



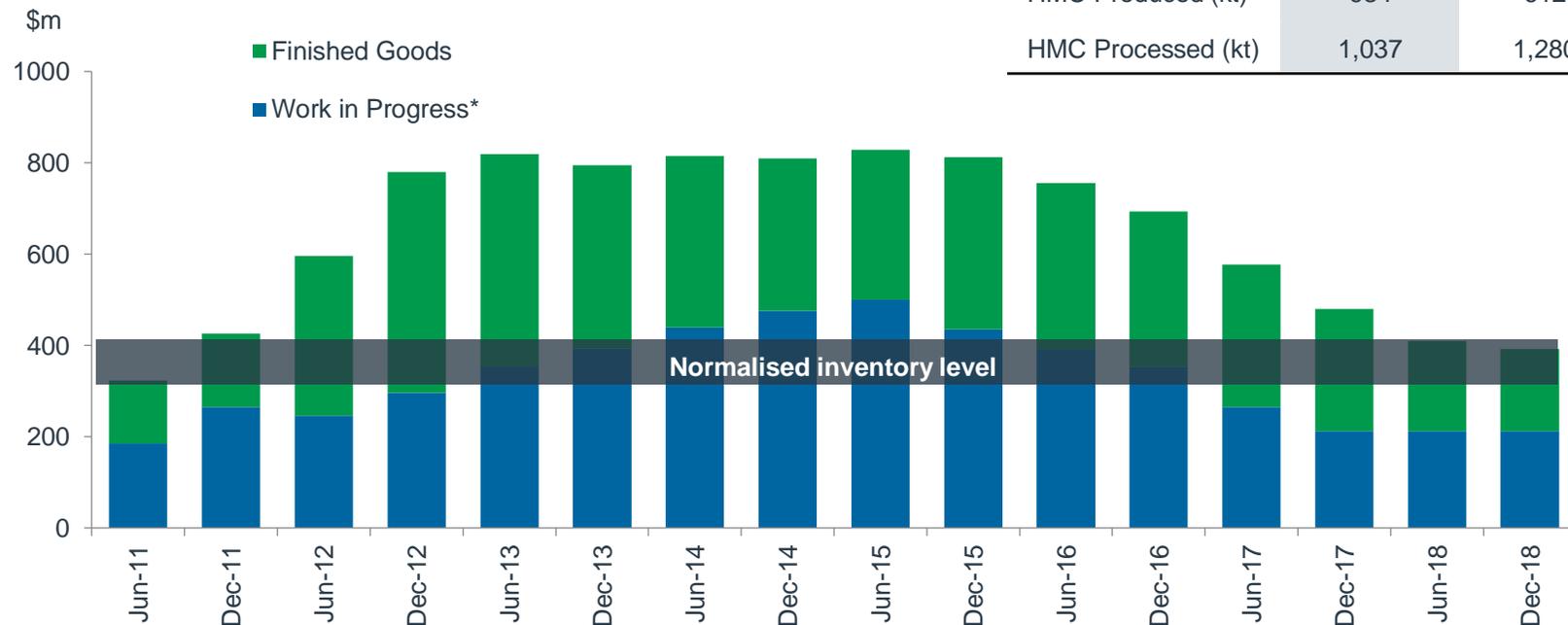
Net Cash Position Achieved





- Continued drawdown of finished goods inventory, particularly from the Murray Basin
- Jacinth-Ambrosia HMC production benefited from good grades and recoveries, resulting in increased HMC inventories
- Inventory levels now considered to be within normal range

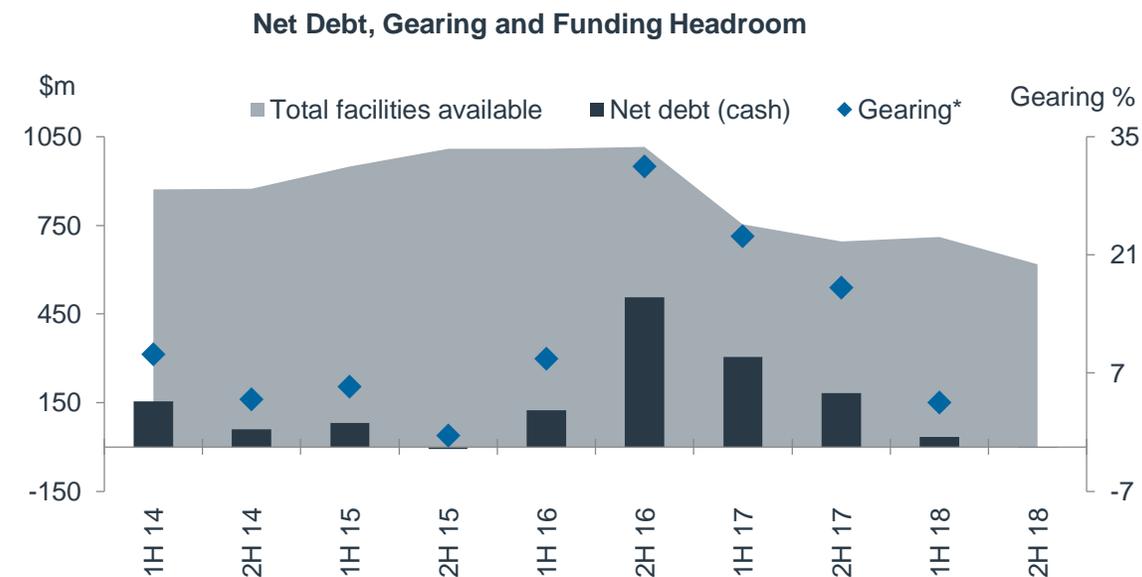
Total Inventory



	2018	2017	% change
HMC Produced (kt)	934	612	52.5
HMC Processed (kt)	1,037	1,280	(19.0)

* Includes ilmenite and consumables

- Strong free cash flow of \$304 million (2017: \$322 million)
 - reduction in net debt over 2018 to net cash position
- Total debt facilities reduced to \$618 million (\$568 million undrawn)
- Iluka maintains a balance sheet with sufficient funding headroom as required
 - while reducing costs of holding unused facilities



Balance Sheet Framework

- Iluka targets credit metrics broadly consistent with investment grade credit profile including
 - net debt to EBITDA ratio of 1.0-1.5 times;
 - whilst balancing impacts of commodity pricing; and
 - investment factors through the cycle

* Net debt / net debt + equity



- 19 cents per share final dividend fully franked
- Full year dividend 29 cents per share (19 cps final + 10 cps interim)
 - 40% of full year free cash flow
 - consistent with stated dividend framework
 - reflects strong underlying result
- \$27.9 million franking credit balance as at 31 December 2018 (2017: \$89.3 million)
- Dividend reinvestment plan offered to eligible shareholders*

Iluka's Dividend Framework

- Pay a minimum 40% of free cash flow not required for investing or balance sheet activity
- Distribute maximum practicable available franking credits

* The dividend reinvestment plan will not be underwritten

Operations and Projects



Jacinth-Ambrosia, South Australia, Australia



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Operations Summary - 2018

Australian Operations

- Jacinth-Ambrosia operated continuously following its restart in December 2017
 - Board approved early move to Ambrosia deposit, smoothing the production profile and supporting average annual zircon production of ~335kt
- SR2 kiln operated at full capacity during the year and produced a record 220kt of synthetic rutile, ahead of major maintenance outage planned Q1 2019
- Narngulu (Western Australia) mineral separation plant processed stockpiled Jacinth-Ambrosia heavy mineral concentrate, with Mobile Processing Unit producing zircon in concentrate during H2

Sierra Rutile

- Expansion projects at Lanti Dry and Gangama underway, on schedule and budget
- 2018 rutile production of 122kt, affected by operational issues and industrial actions

Product	Operation	2018	2017	% change
Zircon (kt)	Australia	328	294	
	US*	9	16	
	Sierra Rutile	11	3	
Zircon Total		349	312	12%
Rutile (kt)	Australia	42	135	
	Sierra Rutile	122	168	
Rutile Total		163	302	(46%)
Synthetic Rutile (kt)	Australia	220	211	4%
Total	Z/R/SR	732	825	(11%)

* US operations closed. 2017/2018 production relates to contained zircon in concentrate which is recorded upon sale.



Assisting Iluka to meet Group zircon production targets of ~335 thousand tonnes per annum over the next three years

- Mining and concentrating restarted in December 2017, and operated at full capacity during 2018
- Ore grades were higher than anticipated and improved recoveries delivered an increase in HMC, producing:
 - 674kt of heavy mineral concentrate (HMC) of which;
 - 530kt HMC processed at Narngulu MSP, equating to;
 - 289kt of zircon
 - 38kt of rutile; and
 - 122kt of ilmenite
- Mining at Jacinth North is now underway following cessation at the southern deposit at the end of 2018
- Capital works at Ambrosia have been approved and are in progress, with mining planned to start H2 2019



Ambrosia Preparatory Works

- Haul road complete and pre-strip has commenced
- Construction workforce mobilised in January 2019
- Project is tracking well on schedule and budget

Jacinth-Ambrosia, South Australia, Australia



Project enters commissioning

- Core construction activities complete
- Wet commissioning commenced late Q4 2018
- Ore is stockpiled in front of the plant in preparation for commissioning
- Production of HMC expected in Q1

Summary

- 8.5 year mine life, with potential to extend a further 4 years³
- Offtake agreements secured for 85% of SR production, minimum 4 years
 - Underpinning financial returns of the project
- Expect production at annualised rates from mid year



Production Outlook		2019-2022 ¹
Zircon	ktpa	60
Rutile	ktpa	35
Synthetic Rutile ²	ktpa	200
Total Z/R/SR	ktpa	295
Ilmenite	ktpa	440

1. Average production
2. Synthetic rutile produced at SR2 kiln, fed by Cataby
3. Subject to approvals and land access grants



Production

- FY18 rutile production of 122kt, versus 168kt in 2017
- Full year production affected by a combination of maintenance issues, mechanical failures and unlawful strike actions
- Plans are being implemented to drive operational improvement and stability



Taskforce update

- A Government initiated taskforce was established to investigate the industrial actions during the fourth quarter, finding
 - the strike actions were illegal; and
 - Iluka had taken appropriate steps to protect its people and assets
- Iluka is working closely with the Government as an initial step toward achieving long-term stability



Floating Concentrator, Sierra Rutile, Sierra Leone

Sierra Rutile Limited – Projects

Lanti dry and Gangama - Expansion Projects

- Project to double capacity to 1,000-1,200 tonnes per hour underway at Lanti dry and Gangama
- Construction of second concentrator at Gangama 40% complete with earth-moving fleet delivered with commissioning scheduled mid 2019
- Lanti dry mining unit fabrication is complete and will be shipped to site late Q1 2019
- Lanti concentrator, commissioning scheduled Q3 2019



Mineral separation plant upgrade and Sembehun development

- MSP upgrade required to meet additional capacity from Sembehun development and provide additional benefits from improvements to safety, operational and metallurgical efficiencies
- Value optimisation studies underway to consider optimum Sembehun development approach and MSP configuration. Scheduled to conclude alongside DFS in H2 2019

Production Outlook		2019
Zircon	kt	5
Rutile	kt	150
Total Z/R	kt	155
Ilmenite	kt	65



Floating Concentrator, Sierra Rutile, Sierra Leone



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Potential IFC Involvement in Sierra Leone



- International Finance Corporation (IFC) mobilises funding for private enterprises in developing countries as part of World Bank's aim to aid economic development and reduce poverty
- The World Bank and IFC are active in Sierra Leone
- IFC partners with companies that demonstrate strong corporate governance and sustainability credentials
- Iluka and IFC are in discussions to commence a strategic partnership in Sierra Leone
- IFC has commenced 60 day disclosure period required prior to any investment
- The potential investment remains subject to due diligence, finalisation of documentation on commercially acceptable terms and Board approvals of both Iluka and IFC

Proposed partnership terms

- IFC to acquire up to 10% equity stake in Iluka's Sierra Rutile operation for \$US60 million.
- Potential investment to be split into two stages
- First potential investment made to support efficiency improvements in the existing brownfield operations
- Second potential investment subject to commencement of early works of Sembehun development



Floating Concentrator, Sierra Rutile, Sierra Leone



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Fine Minerals Project
Murray Basin,
Victoria

- Zircon and rare earths project
- PFS commenced in August 2018 with completion of test pit ahead of schedule
- Ore transported for testing and preparation of customer samples
- Industry, competitor and market analysis underway

Balranald
Murray Basin,
New South Wales

- A drilling programme to provide more detailed understanding of the deposit mineralisation has been completed and the results are being assessed
- Final trial designed to determine whether the underground mining and backfilling technology is effective in a continuous mining and processing environment
- Decision on timing of trial to be made later this year

Puttalam (PQ)
Sri Lanka

- Large sulphate ilmenite deposit, 170km from Colombo
- PFS largely complete
- Recent political uncertainty will delay progress on achieving certainty on fiscal arrangements

SR1 Restart
Capel,
Western Australia

- Scoping study commenced on restart of SR1 synthetic rutile kiln
- Potential to add ~120ktpa of synthetic rutile production
- Subject to relevant approvals



Progressing positive rehabilitation and closure outcomes

- 741 hectares of land was rehabilitated in 2018
- 544 hectares of mined areas revegetated at Australian mine sites
- Continued research partnerships with universities in Western Australia, South Australia and Virginia (USA), as well as the Botanic Gardens and Parks Authority (WA)
- Invested over \$53m in rehabilitation and closure of mined lands in 2018
- Iluka 2019 group rehabilitation expenditure expected to be ~\$70 million

Iluka's tailings storage facilities and approach to management

- Iluka currently operates active tailings storage facilities (TSFs) at Jacinth (Australia), and at SRL Lanti and SRL Gangama (Sierra Leone)
- There are no upstream raised tailings containments at any of Iluka's operations
- TSFs at Iluka are constructed to full height or with the downstream method
- Iluka's TSFs are audited annually and inspected regularly by operational teams
- Iluka takes a risk based approach to tailings management in accordance with ANCOLD guidelines



Mining Area C royalty terms

- 1.232% of Australian denominated revenue from royalty area; and
- one-off payment of A\$1 million per million tonne increase in annual capacity

Mining Area C, Western Australia, Australia

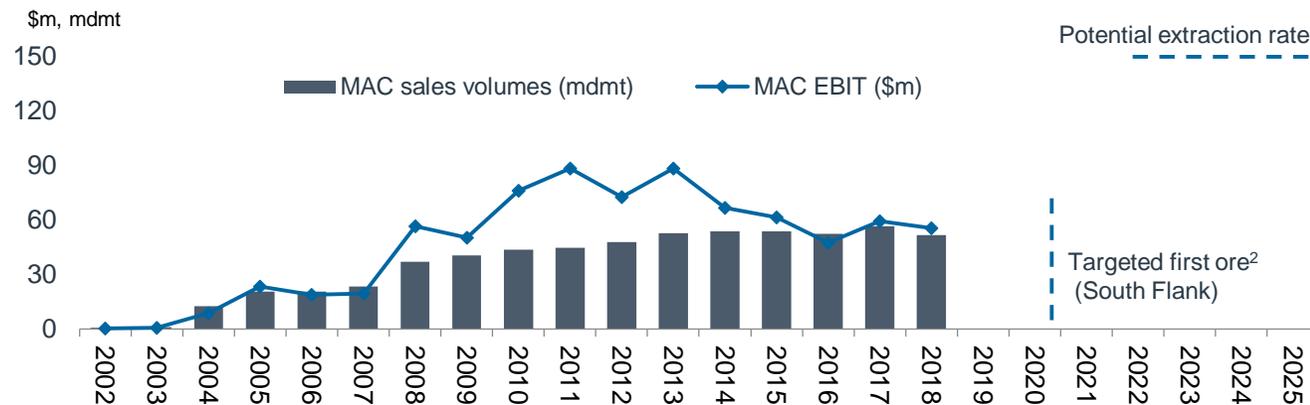
Iluka holds a royalty in perpetuity over iron ore revenue from BHP’s Mining Area C (MAC) hub in WA

- Over \$810 million EBITDA contributed to Iluka since mining commenced
- Current MAC production ~55Mtpa

BHP’s US\$3.4bn South Flank development received BHP Board approval in June 2018

- South Flank to replace iron ore production from Yandi mine (depleted in 5-10 years)
- Expansion sits within the MAC royalty area
- Potential for ~150Mtpa from MAC hub (current MAC production ~55Mtpa)
- BHP stated South Flank expansion project ~20% complete¹
- BHP expects first ore from South Flank in 2021²

Mining Area C Sales Volumes and Iluka EBIT Royalty Contribution



1. BHP H1 2019 Operational Review 22 January 2019
 2. BHP ASX Announcement 14 June 2018



Mineral Sands Markets



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Result

- Full year zircon sales of 379kt, in line with prior year (2017: 380kt)
- Q4 2018 sales seasonally slower as expected
- Full year zircon production of 349kt up 12% year on year (2017: 312kt)

Pricing

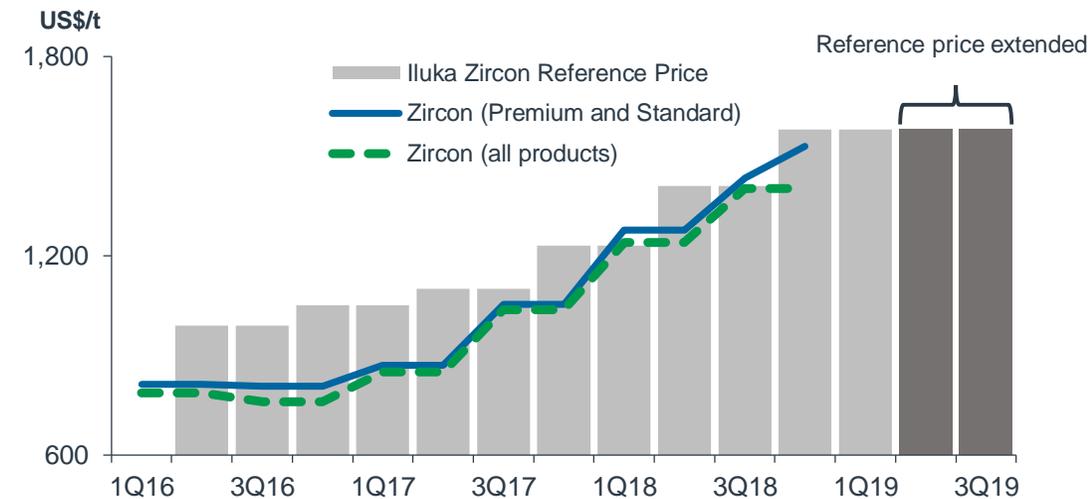
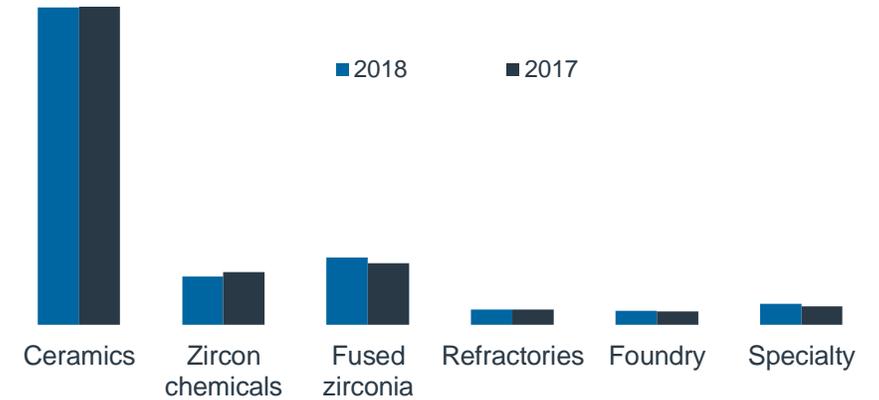
- Full year weighted average price received for zircon¹ up 41% to US\$1,351/t (2017: US\$958/t)
- Q4 2018 Zircon Reference Price² increased to US\$1,580/t
- Q4 2018 weighted average price received for zircon¹ of US\$1,530/t
- Zircon Reference Price unchanged for Q2 and Q3 in 2019
- Continued focus on sustainable pricing with predictability for customers

Supply / Demand

- Q4 2018 demand lower as foreshadowed with seasonally low Q1 2019 in line with expectations
- Customer inventories have reduced which will necessitate restocking
- Demand recovery expected during H1 2019
- Ability to produce additional ZIC³ to meet any additional customer demand

1. Zircon products excluding zircon in concentrate (ZIC).
 2. Price effective as at 1 October 2018, valid for 6 months. 'Zircon Reference Price' is based on a 2 tonne bag of Zircon Premium, DAT, ex-China warehouse.
 3. Zircon in concentrate

Iluka Zircon Sales by Industry (kt)



China

- Ceramic producers adjusting to stringent environmental regulations, with industry expecting larger manufacturers to gain market share at the expense of those unable to adjust.
- The negative effect of trade tensions has been felt less in the zircon chemical sector compared with other segments due to consumption dynamics.
- Following a forecast softening during Q4 2018, Chinese demand for zircon is expected to pick up following the Lunar New Year holidays.



EMEAI

(Europe, Middle East, Africa, India)

- Demand from Europe slowed slightly more than expected. In India, demand softened as expected with main players reducing inventories and likely to return to normal buying behaviour after April elections. Consumption in the Middle East is affected by low oil prices and US sanctions on Iran.
- Industry commentators see these markets as being among major contributors to demand growth in the ceramics sector in the medium term.



East Asia

- Sales were slightly elevated in the second half of 2018, though comparatively lower than the previous corresponding period.
- As previously mentioned Lunar New Year holidays are seasonally slower in the region.



Americas

- Demand in the US remains solid in all the refractory and foundry applications, with sentiment becoming more conservative than the previous year, while in South America, political issues are affecting the ceramics market.



Result

- 2018 combined rutile/synthetic rutile sales of 448kt, down 12% YoY (2017:509kt)
- Reflective of production constraints and Iluka having limited inventory to draw from, post cessation of mining at Murray Basin
- Combined rutile/synthetic rutile production 383kt, with SR2 kiln achieving record production 220kt SR

Pricing

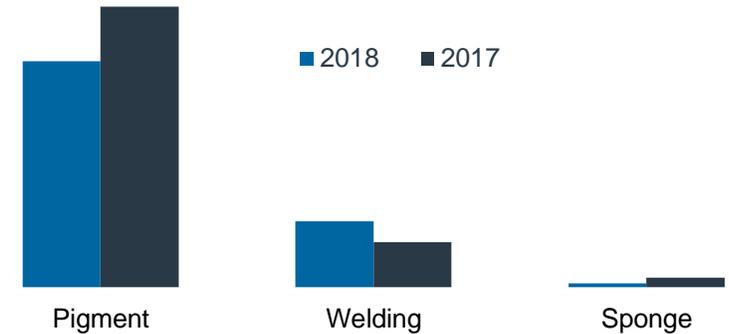
- Weighted average price for rutile¹ products up 21% to US\$952/t (2017:US\$790/t)
- H1 2019 pricing for contract volumes negotiated, resulting in increase of 8-11% for R/SR
- Contract prices for rutile exceed US\$1,100/t to pigment manufacturers and up to US\$1,300/t² to small lot customers, a year-on-year increase of ~23%

Supply / Demand

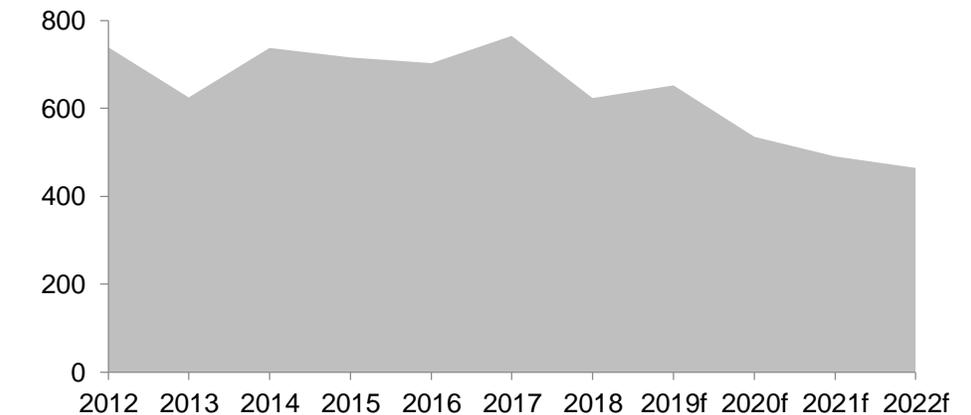
- Supply of high grade feedstocks affected by production interruptions throughout 2018
- Demand for high grade feedstocks remains elevated and supply tightness continues
- Q4 2018 seasonal demand for pigment weak with producers bringing forward planned maintenance
- Pigment demand recovery expected mid 2019, with minimal inventory build witnessed during Q4 2018

1. Excludes HYTI
2. Delivered Price / CFR
3. FOB

Iluka High Grade Titanium Sales by Industry (kt)



Global Rutile Supply Outlook



Production outlook excludes Iluka's rutile projects: Sembehun and Balranald.

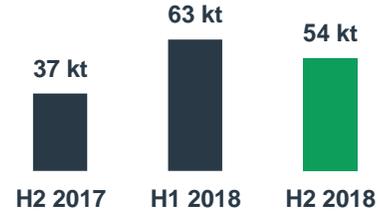
Source: Iluka and TZMI



Tight supply conditions unlikely to ease as future feedstock supply under pressure from pending mine closures and lower grades at existing mines

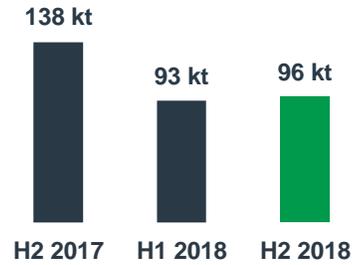
Americas

- Northern hemisphere winter is seasonally slower, and traditionally a period of inventory building among pigment producers.
- Production constraints throughout the year in the high grade feedstock industry has hampered ability to build inventories.



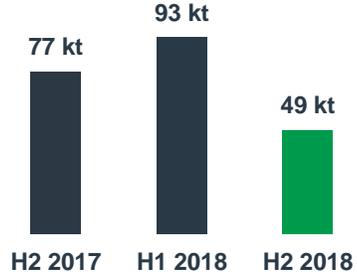
EMEAI (Europe, Middle East, Africa, India)

- Although demand in Europe weakened, H2 2018 sales exceeded the prior period.
- Overall, in spite of the Q4 2018 slowdown in the pigment market, demand for Iluka's high grade feedstocks remains strong due to tightness in the supply chain.



Asia (including China)

- Timing of shipments to pigment producers were weighted to H1 2018.
- Sales to welding market set new record in 2018, with strong demand across Asia.





Summary and Outlook

Balranald, New South Wales, Australia



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Market conditions	Focus on contributing to market stability through sustainable price outcomes
Sierra Rutile	Achieving operational stability at Sierra Rutile
Cataby commissioning	Final project delivery on time and budget
Expansion projects	Delivery of expansion projects at Lanti and Gangama
Sustaining operations	Successful execution of mine move from Jacinth to Ambrosia deposit Completion of major maintenance outage at SR2 kiln
New project progression	Balranald final field trial Progression of Fine Minerals Project Early works and ongoing value optimisation studies at Sembahun
Rehabilitation	Continued investment in revegetation best practice of mined land



Key Parameters		2017	2018	2019 ¹	Comments
Annual production					
Zircon	kt	312	349	330	Production includes 40kt of zircon in concentrate
Rutile ²	kt	302	163	210	Rutile production reflects changed operational settings at Sierra Rutile and processing of Cataby non-magnetic material during second half
Synthetic Rutile	kt	211	220	180	Synthetic rutile production lower due to planned major maintenance outage (~2 months) required before next four year campaign
Total Z/R/SR	kt	825	732	720	Sales are expected to be broadly in-line with production
Average annual unit costs					
Unit cash costs of production	A\$/t Z/R/SR	439	606	750	2019 reflective of commencement of Cataby mining, including some inventory build of heavy mineral concentrate. 2017 lower due to Jacinth-Ambrosia being idled.
Unit cost of goods sold	A\$/t Z/R/SR	743	750	765	
Capital investment					
Capital expenditure	A\$m	93	312	330	<ul style="list-style-type: none"> • Final capital to deliver Cataby • SR2 major maintenance outage • Expansions at Lanti and Gangama • Ambrosia mine move • Early works at Sembehun

1. Indicative only. Production settings are able to be adjusted and are dependent on market demand conditions. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
2. Includes HYTI



Key Cost Parameters	2017	2018	2019 ^{1, 2}	Comments
Cash costs (\$m)				
Cash costs of production (Z/R/SR)	362	444	540	Commencement of Cataby operations
Ilmenite concentrate and by-product costs	10	11	10	
Restructure and idle costs	73	25	25	Predominantly US and Murray Basin
Resource development	25	30	45	Increased spending on fine minerals project (~\$12m)
Corporate	47	48	50	2018 deducted non-payment of incentives (~\$4m)
Marketing, selling and royalty costs	59	76	n/a	Dependent on sales prices / volumes and activity
Total cash costs	575	634	n/a	
Non cash costs (\$m)				
Depreciation and amortisation	111	94	135	Cataby depreciation included with start of operations
Rehabilitation for closed sites	127	(5)	-	
Rehabilitation unwind	17	17	20	
Total non-cash costs	255	112	155	

1. Indicative only. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2.
 2. Costs exclude inventory movement; FX gains/losses; net interest and bank fees; and tax.



Key Parameters		2017	2018	2019 ¹	Comments
Annual production					
Rutile	kt	168	122	150	Lanti dredge decommissioning in early 2019, Lanti and Gangama expansions planned commissioning mid-2019.
Zircon	kt	3	11	5	Two ZIC shipments in 2018, only one planned in 2019.
Total Z/R	kt	171	133	155	
Ilmenite	kt	58	54	65	
Annual unit costs & capital expenditure					
Cash costs of production	US\$m	102	115	115	
Unit cash costs of production	US\$/t Z/R	597	863	740	Unit costs remain elevated due to production settings noted above (Lanti and Gangama expansions).
Capital expenditure	US\$m	30	76	80	<ul style="list-style-type: none"> • Expansions at Lanti and Gangama • Nitti Port Upgrade • Sembehun early works • Small sustaining projects

1. Indicative only. This slide should be read in conjunction with the disclaimer on forward looking statements on slide 2

Supplementary Information



ILUKA

Production and Sales Volumes, Revenue and Cash Costs

	2018	2017	% change
Production			
Zircon kt	348.6	312.3	11.6
Rutile kt	163.2	302.1	(46.0)
Synthetic rutile kt	219.9	210.8	4.3
Total Z/R/SR production kt	731.7	825.2	(11.3)
Ilmenite – saleable and upgradeable kt	395.1	448.1	(11.8)
Total production volume kt	1,126.8	1,273.3	(11.5)
Heavy mineral concentrate produced kt	934	612	52.5
Heavy mineral concentrate processed kt	1,037	1,280	(19.0)
Sales			
Zircon kt	379.3	380.4	(0.3)
Rutile kt	233.2	264.3	(11.8)
Synthetic rutile kt	214.6	244.4	(12.2)
Total Z/R/SR kt	827.1	889.1	(7.0)
Ilmenite kt	224.5	202.7	10.7
Total sales volumes kt	1,051.6	1,091.8	(3.7)
Revenue and Cash Costs			
Mineral sands revenue ¹ \$m	1,244.1	1,017.5	22.3
Total cash cost of production \$m	455.1	372.4	22.2
Unit cash production cost per tonne of Z/R/SR produced ² \$/t	606	439	38.1
Unit cost of goods sold per tonne of Z/R/SR sold \$/t	750	743	0.9
Revenue per tonne of Z/R/SR sold \$/t	1,415	1,079	31.2

1. Includes revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate. Iluka receives a royalty payment from its Mining Area C iron ore royalty. This is not reported as part of quarterly reports but is disclosed in the financial statements.

2. Excludes ilmenite and by-products.

Weighted Average Received Prices

	H1 2018	H2 2018	Full year 2017	Full year 2018
Weighted Average Price US\$/tonne FOB				
Zircon Premium and Standard	1,278	1,434	958	1,351
Zircon (all products including zircon in concentrate) ¹	1,240	1,403	940	1,321
Rutile (excluding HYTI) ²	906	1,022	790	952
Synthetic rutile	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3

Note 1: Zircon prices reflect the weighted average price for zircon premium and zircon standard, also with a weighted average price for all zircon materials, including zircon-in-concentrate. The prices for each product vary, as does the mix of such products sold period to period. In 2018 the split of zircon sand and concentrate by zircon sand-equivalent was approximately: 79%;21% (full year 2017: 88%;12%).

Note 2: Excluded from rutile sales prices is a lower value titanium dioxide product, HYTI that typically has a titanium dioxide content of 70 to 90%. This product sells at a lower price than rutile, which typically has a titanium dioxide content of 95%.

Note 3: Iluka's synthetic rutile sales are, in large part, underpinned by commercial offtake arrangements. The terms of these arrangements, including the pricing arrangements are commercial in confidence and as such not disclosed by Iluka. Synthetic rutile, due to its lower titanium dioxide content than rutile, is priced lower than natural rutile.

Summary Group Results

\$m	2018	2017	% change
Mineral sands revenue	1,244.1	1,017.5	22.3
Mineral sands EBITDA	544.5	300.9	81.0
Mining Area C royalty EBITDA	55.6	59.6	(6.7)
Underlying group EBITDA*	600.1	360.5	66.5
<i>Underlying group EBITDA margin %</i>	48.2	35.4	12.8 pts
Depreciation and amortisation	(93.6)	(111.0)	(15.7)
Impairment expense	-	(185.4)	(100.0)
Group EBIT	482.8	(133.4)	n/a
Profit (loss) before tax	452.0	(165.6)	n/a
Tax expense	(148.1)	(6.0)	2,368.3
Profit (loss) after tax	303.9	(171.6)	n/a
<i>EPS (cents per share)</i>	72.2	(41.0)	n/a
Free cash inflow (outflow)	304.4	321.9	(5.4)
Free cash inflow (outflow) (cents per share)	72.1	76.9	(6.2)
Dividend – fully franked (cents per share)	29.0	31.0	(6.5)
Net (debt) cash	1.8	(182.5)	n/a
Gearing (net debt /net debt + equity) %	n/a	17.1	n/a
Return on capital % (annualised)	54.0	(12.0)	n/a
Return on equity % (annualised)	31.8	(20.1)	n/a
Average A\$/US\$ exchange rate	74.8	76.7	(2.5)

* Underlying Group EBITDA excludes adjustments including impairments and changes to rehabilitation provisions for closed sites.



Income Statement

\$ million	2018	2017	% change
Z/R/SR revenue	1,179.0	959.1	22.9
Ilmenite and other revenue	65.1	58.4	11.5
Mineral sands revenue	1,244.1	1,017.5	22.3
Cash costs of production	(455.1)	(372.4)	22.2
Inventory movement - cash	(68.5)	(141.5)	(51.6)
Restructure and idle capacity charges	(24.7)	(73.3)	(66.3)
Government royalties	(38.1)	(25.2)	51.2
Marketing and selling costs	(38.1)	(33.8)	12.7
Asset sales and other income	1.8	0.7	157.1
Resource development	(30.1)	(24.6)	22.4
Corporate and other costs	(48.1)	(47.1)	2.1
Foreign exchange gain (loss)	1.3	0.6	116.7
Underlying mineral sands EBITDA*	544.5	300.9	81.0
Mining Area C EBITDA	55.6	59.6	(6.7)
Underlying Group EBITDA	600.1	360.5	66.5
Depreciation and amortisation	(93.6)	(111.0)	(15.7)
Inventory movement - non-cash	(28.3)	(66.8)	(57.6)
Rehabilitation for closed sites	4.6	(127.4)	n/a
Share of Metalysis Ltd's losses (associate)	-	(3.3)	(100.0)
Impairment expense	-	(185.4)	(100.0)
Group EBIT	482.8	(133.4)	n/a
Net interest and bank charges	(14.1)	(15.5)	(9.0)
Rehabilitation unwind and other finance costs	(16.7)	(16.7)	-
Loss before tax	452.0	(165.6)	n/a
Tax benefit (expense)	(148.1)	(6.0)	2,368.3
Loss for the period (NPAT)	303.9	(171.6)	n/a
Average AUD/USD rate for the period (cents)	74.8	76.7	(2.5)

* Underlying Group EBITDA excludes adjustments including impairments, SRL transaction costs, changes to rehabilitation provisions for closed sites. Underlying EBITDA also excludes Iluka's share of Metalysis Ltd's losses, which are non-cash in nature.

Reconciliation of non-IFRS financial information to profit before tax 2018

	Aus	US	SRL	Expl & Oth	Mineral Sands	MAC	Corp	Group
Mineral sands revenue	1,011.4	39.3	205.7	(12.3)	1,244.1	-	-	1,244.1
AASB 15 freight revenue	39.4	3.9	7.0		50.3	-	-	50.3
Expenses	(447.3)	(41.7)	(182.5)	(31.6)	(703.1)	-	-	(703.1)
Mining Area C	-	-	-	-	-	55.6	-	55.6
FX	-	-	-	-	-	-	1.3	1.3
Corporate costs	-	-	-	-	-	-	(48.1)	(48.1)
EBITDA	603.5	1.5	30.2	(43.9)	591.3	55.6	(46.8)	600.1
Depn & Amort	(48.8)	-	(41.1)	(3.3)	(93.2)	(0.4)	-	(96.3)
Inventory movement - non-cash	(25.4)	-	(2.9)	-	(28.3)	-	-	(28.3)
Rehabilitation for closed sites	3.3	-	1.3	-	4.6	-	-	4.6
EBIT	532.6	1.4	(12.4)	(47.2)	474.4	55.2	(46.8)	482.8
Net interest costs	-	-	-	-	-	-	(14.1)	(14.1)
Rehab unwind and other finance costs	(10.3)	(4.4)	(2.0)	-	(16.7)	-	-	(16.7)
Profit before tax	522.3	(2.9)	(14.5)	(47.2)	457.7	55.2	(60.9)	452.0
Segment Result	522.3	(2.9)	(14.5)	n/a	504.9	55.2	n/a	560.1

For more information contact:

Melissa Roberts, General Manager – Investor Relations and Commercial Mineral Sands Operations

investor.relations@iluka.com

+61 (0) 450 398 431



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