The Realities of Rutile-Titanium 2014
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The Americas, Europe and Middle East
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Forward Looking Statements

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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.
Iluka’s International Presence
Sustainability

- Safety performance improvement maintained
- Strong safety culture, despite business reconfiguration
- First native revegetation in Yellabinna Nature Reserve
- 2014 SA Premier’s Award for Environmental Excellence
Mineral Sands Operations Integration
Iluka Historical Sales Volumes

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<th>Year</th>
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<th>Rutile</th>
<th>Synthetic Rutile</th>
<th>Total Z/R/SR</th>
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Notes:
Totals may not add due to rounding.
Global Rutile Production

2002-07 Average Rutile Production Market Share

- Others: 23%
- SRL: 6%
- CRL: 13%
- Cristal: 3%
- Tronox (combined): 16%
- RBM: 16%

2008-13 Average Rutile Production Market Share

- Others: 17%
- SRL: 12%
- CRL: 9%
- Cristal: 12%
- Tronox (combined): 11%
- RBM: 12%
- Iluka: 27%
Grade and Assemblage Challenges Ahead

- Trash component in Heavy Mineral grade increasing
- Valuable Heavy Mineral Grades declining
- Zircon / high grade TiO₂ assemblages reducing
Capital Expenditure and Projects Completed

- Average annual capex expenditure
  - 5 year average - $200m
  - 10 year average - $206m
# Industry Context and Dynamics

## VHM Grade / Assemblage decline
- Global decline in VHM/ assemblage characteristics
- Increasing trash – adverse to VHM component
- TiO$_2$ abundant but higher sulphate ilmenite assemblage
- Zircon and rutile credits critical to project economics
- Technical challenges of new supply

## Medium to longer term supply challenge
- Limited known high quality deposits
- Poorer resources, often in higher risk jurisdictions
- Supply issue in context of:
  - increased intensity of demand (e.g. pigment in China)
  - urbanisation
  - consumerism
  - new applications

## Maturing ore bodies / fresh capital required
- Major players operating within mature ore bodies
- Significant capital required to sustain production levels and bring on supply to meet market demand over medium term
- Shareholder return consideration

## Higher prices required to incentivise supply?
- Nature of declining grades and assemblages - challenging economics
- Costs increasing and jurisdictional challenges more pronounced

## Rise of China – sulphate and chloride pigment
- China's consumption of TiO$_2$ is expected to continue growing
- Production to date predominately sulphate
- China chloride pigment industry encouraged
- Requirement for imported feedstocks
- Higher grade feedstock imports/ilmenite for domestic upgrading
Increasing Supply Chain Risk and Cost

TiO₂ units produced (2020 Forecast)

Source: Iluka and TZMI (2011), IHS Control Risks (June 2013)
Mineral Sands Projects

Internal Mineral Sands Projects – 5 at advanced evaluation

2 in USA
Utilisation of existing infrastructure

3 in AUSTRALIA
Utilisation of existing infrastructure
Iluka Resources Limited

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