24 February 2022

FULL YEAR RESULTS PRESENTATION UPDATE

On 24 February 2022 Iluka Resources released its 2021 Full Year results presentation.

Slide 10 of that presentation previously referred to a ‘Full Year’ dividend in reference to the company’s ‘Final’ (second half) dividend. This reference has been updated. In 2021 Iluka paid a 12 cps interim dividend and a 12 cps final dividend. Full year dividends are 24 cps.

This document was approved and authorised for release to the market by Iluka’s Managing Director.

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Iluka Resources

2021 Full Year Results Presentation

Tom O’Leary, Managing Director

Adele Stratton, Chief Financial Officer and Head of Development

Matthew Blackwell, Head of Major Projects and Marketing

Capel, Western Australia

Disclaimer and compliance statement

This presentation has been prepared by Iluka Resources Limited (Iluka). By accessing this presentation you acknowledge that you have read and understood the following statement.

This document provides an indicative outlook for the Iluka business in the 2022 financial year. The information is provided to assist sophisticated investors with the modelling of the company, but should not be relied upon as a predictor of future performance. The current outlook parameters supersede all previous key physical and financial parameters.

Forward Looking Statements

This presentation contains certain statements which constitute “forward-looking statements”. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “plan”, “believes”, “estimate”, “anticipate”, “outlook” and “guidance”, or similar expressions, and may include, without limitation, statements regarding plans; strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; estimates of future product supply, demand and consumption; statements regarding future product prices; statements regarding climate change and other environmental and energy transition scenarios and statements regarding the expectation of future Mineral Resources and Ore Reserves.

While these forward-looking statements reflect Iluka’s expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. Where Iluka expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and on a reasonable basis. No representation or warranty, express or implied, is made by Iluka that the matters stated in this presentation will in fact be achieved or prove to be correct.

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Capital estimates include contingency and risk allowances commensurate with international estimating classification systems.

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Iluka cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with COVID-19.

Non-IFRS Financial Information

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.

Mineral Resources and Ore Reserves Estimates

Mineral Resources and Ore Reserves Estimates

As an Australian company with securities listed on the Australian Securities Exchange (ASX), Iluka is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”) and that the Ore Reserve and Mineral Resource estimates underpinning the production targets in this presentation have been prepared by a Competent Person in accordance with the JORC Code 2012.

The Mineral Resource estimate for Iluka’s Wimmera Deposits was presented in an announcement released by the ASX on 30 November 2021 “Wimmera Mineral Resource Estimate” which is available to view at www.iluka.com/investors-media/asx-disclosures.

The Mineral Resource estimate for Iluka’s MSP By-products Stockpile is extracted from the announcement dated 24 July 2019 "Eneabba Mineral Sands Recovery Project Update" which is available to view at www.iluka.com/investors-media/asx-disclosures. Updates to the Mineral Resource estimates for MSP By-products Stockpile, Iluka's Annual Report for 2020, released 25 February 2021 and Iluka's Annual Report for 2021, released 24 February 2022 which are available to view at www.iluka.com/investors-media/asx-disclosures.

Iluka confirms that it is not aware of any new information or data that materially affects the information included the original market announcements and updates in the Annual Reports and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements and updates in the Annual Reports continue to apply and have not materially changed.

Production outlook

Production outlook and the basis thereof are noted within the relevant disclosure. The outlook included in this presentation is indicative only and should not be construed as guidance. The information is subject to changes in market and operating conditions; political risk; and any significant unplanned operational issues.

Chairman succession

- Greg Martin to retire from Board at Annual General Meeting (13 April 2022)
  - joined Board January 2013; appointed Chairman December 2013
- Rob Cole to be appointed Chairman following Annual General Meeting
  - joined Board 2018; Chair of People and Performance Committee since 2021

Greg Martin
Joined Iluka 2013
Chairman;
Chair of Nominations and Governance Committee;
Chair of Sustainability Committee

Rob Cole
Joined Iluka 2018
Chair of People and Performance Committee

Iluka Board

Tom O'Leary
Joined Iluka 2016
Managing Director and Chief Executive Officer

Marcelo Bastos
Joined Iluka 2014

Susie Corlett
Joined Iluka 2019

Lynne Saint
Joined Iluka 2019
Chair of Audit and Risk Committee

Andrea Sutton
Joined Iluka 2021

Industry backdrop – mineral sands

Long term supply outlook for zircon and high-grade titanium feedstocks is declining – limited new supply expected to come online in the near term

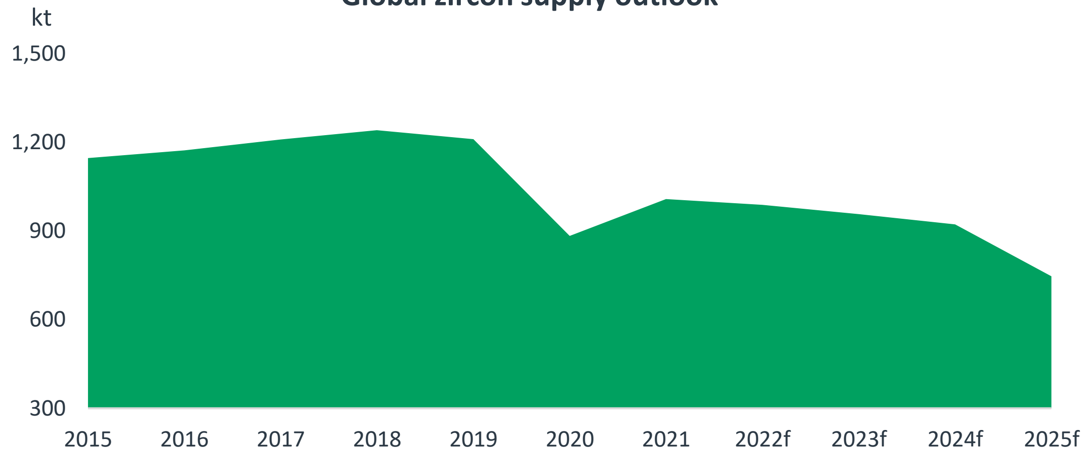
Zircon

- Global zircon production declining as mine depletions continue
- Supply of premium zircon is materially impacted
  - currently >95% of zircon supply is <500ppm uranium (U) + thorium (Th)
  - <45% of potential new projects with zircon <500ppm U+Th
  - High U+Th zircon is ineligible for the sale into most markets, including ceramics
- No meaningful new capacity in the near term

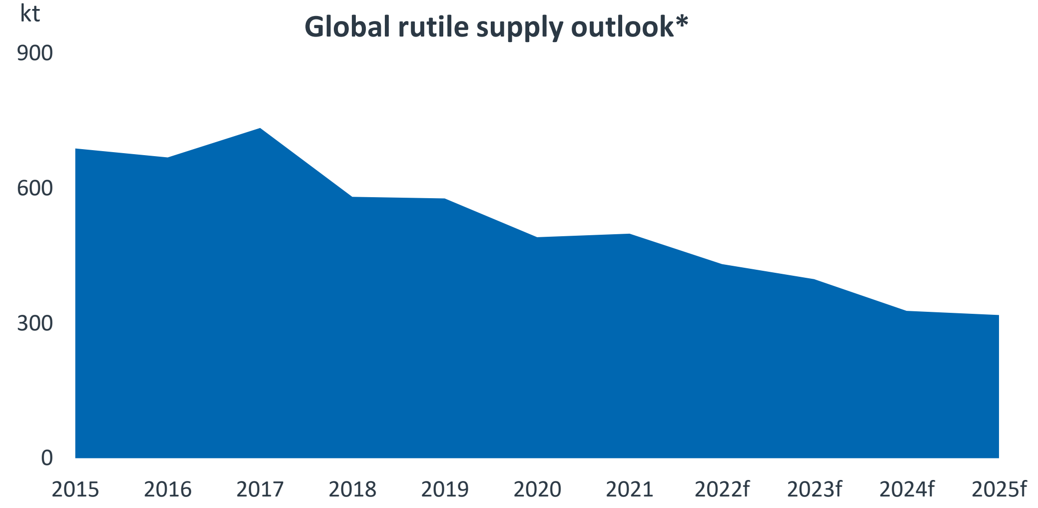
High-grade titanium feedstocks

- High grade feedstocks essential to pigment and welding industries
  - enable increased capacity utilisation of pigment plants
  - essential to the blend of feedstocks used in the pigment industry
  - less chlorine consumption per unit of pigment output and less waste
- Growing Chinese chloride pigment sector; increasing emphasis on sustainable processing
- Limited new rutile supply coming online
  - low rutile assemblage of new projects
  - increasing jurisdictional risk considerations

Global zircon supply outlook*



Global rutile supply outlook*



Notes: *Current producers only - no new projects.
Source: Iluka, TZMI

Market backdrop – mineral sands

Iluka is focused on fostering a sustainable pricing environment for its products despite ongoing tightness of supply across key mineral sands markets

Solid demand fundamentals

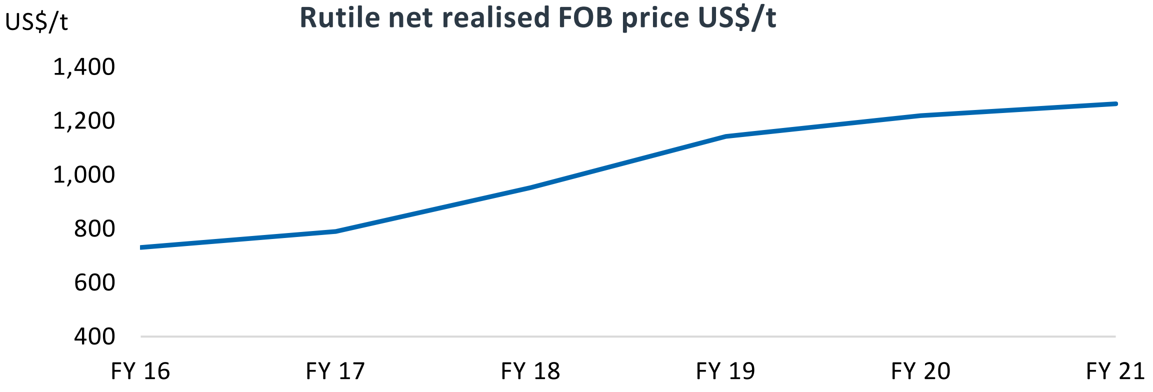
Zircon

- Ceramics industry experienced sustained growth in sales in 2021
- Price of substitutes increasing, including for
  - calcined alumina, feldspar, kaolin and white clays

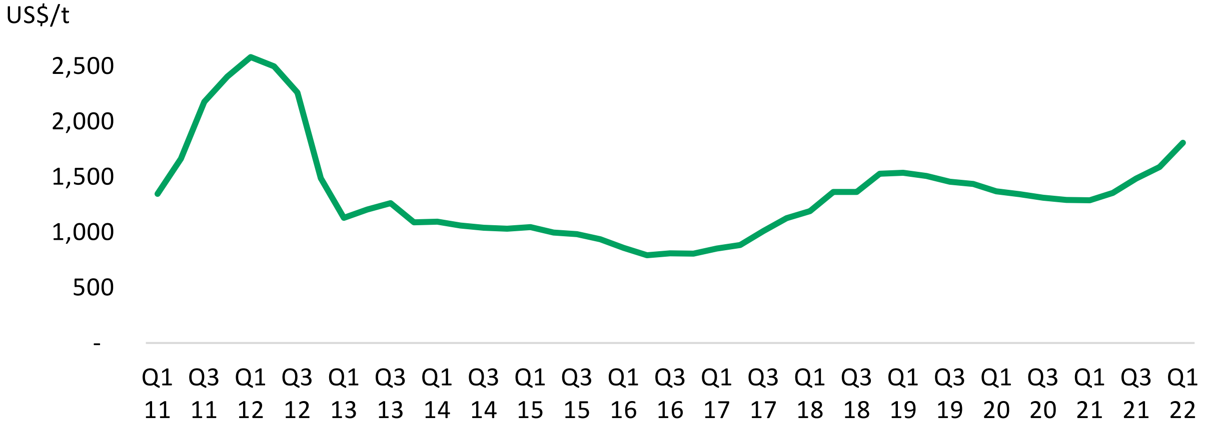
High-grade titanium feedstocks

- Pigment inventories are low with demand continuing to outstrip supply
- Growing Chinese chloride pigment sector
  - increasing emphasis on environmental factors

Rutile net realised FOB price US$/t



Zircon (premium and standard) net realised FOB price US$/t



Increasing emphasis on security of supply

- Customers focused on origin of production
  - unreliable supply from some jurisdictions
- Observable supply chain challenges
  - near term (including those associated with COVID-19)
  - longer term (ESG)
- Iluka core products increasingly categorised as ‘critical minerals’
  - customers and governments

Source: Iluka

Iluka's Approach

Iluka is positioned to lead in the response to mineral sands industry and market conditions, both near and longer term, through the company's operations, development pipeline, financial strength, marketing approach and product suite

Sustainability pillars

Iluka's purpose is to deliver sustainable value

Our goal is to be a safe, responsible and sustainable supplier of critical minerals

Trusted by our people and communities

To build the capability of Iluka's workforce and embed a consistent and open approach to the relationships Iluka has with the communities in which it operates

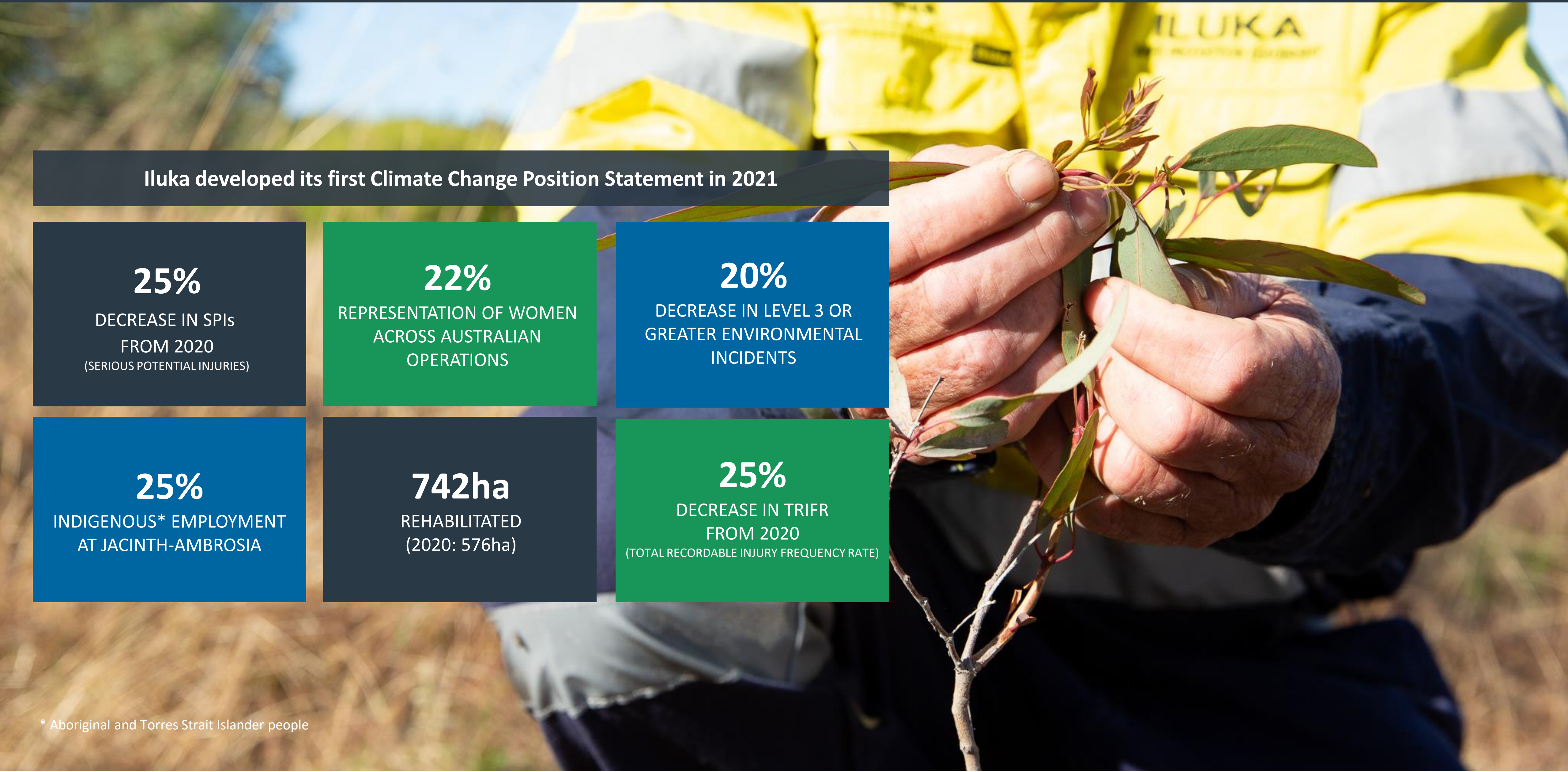
Responsible for our environment

To be cognisant of the impact of Iluka's operations on the environment and maximise the efficiency in how the company operates

Operate in and provide products for a low carbon world

To recognise that the manner in which Iluka operates and evolves its business can reduce the company's carbon footprint and provide opportunities to support the transition to a low carbon economy

Sustainability outcomes



Iluka developed its first Climate Change Position Statement in 2021

25%
DECREASE IN SPIs
FROM 2020
(SERIOUS POTENTIAL INJURIES)

22%
REPRESENTATION OF WOMEN ACROSS AUSTRALIAN OPERATIONS

20%
DECREASE IN LEVEL 3 OR GREATER ENVIRONMENTAL INCIDENTS

25%
INDIGENOUS* EMPLOYMENT AT JACINTH-AMBROSIA

742ha
REHABILITATED
(2020: 576ha)

25%
DECREASE IN TRIFR
FROM 2020
(TOTAL RECORDABLE INJURY FREQUENCY RATE)

* Aboriginal and Torres Strait Islander people

Operations

Iluka adjusts the operating settings of its portfolio to optimise production in response to market conditions, optimise costs and improve cash flow. In 2021, the company maintained maximum operating settings, improved recoveries and delivered continuous improvement across its operations

Cataby / South West

Large chloride ilmenite mine, commissioned in 2019. Ilmenite feeds synthetic rutile kilns, located in the South West of WA. Cataby also produces material zircon and rutile.

Jacinth-Ambrosia / Mid West

Jacinth-Ambrosia in South Australia is one of the world's largest zircon mines; operating since 2009. Located in the Mid West of WA, the Narngulu mineral separation plant processes Jacinth-Ambrosia and Cataby zircon and rutile products.

Eneabba

Highest grade rare earths operation globally. Processing of strategic stockpile of monazite, with residual zircon and ilmenite.

Sierra Leone

One of the world's largest rutile mines; operating since 1960s. Acquired by Iluka in 2016, with expansion projects completed in 2019.

Features – 2021

Cataby / South West

- SR2 kiln returned to full production in April
- Rutile production up 33%; and Ilmenite production up 12%
- SR1 restart approved in August
  - commissioning in Q4 2022

Jacinth-Ambrosia / Mid West

- Maintained maximum operating settings while managing
  - Tropical Cyclone Seroja (Narngulu)
  - December COVID-19 outage (JA)
- Zircon-in-concentrate (ZIC) stockpile an important near-term supply response to ongoing tightness in the zircon market

Eneabba

- Phase 1 - offtake obligations met in full
- Phase 2 - on track for completion H1 2022
- Phase 3 - feasibility study on track for completion in Q1 2022
  - discussions with Australian Government on risk sharing ongoing

Sierra Leone

- Adjustments to Sierra Rutile's fiscal regime ratified by the Parliament of Sierra Leone
- Continued improvements in operating performance throughout H2 2021
- Notice of intention to suspend operations withdrawn (January 2022)
- Third party investment process ongoing
  - broadened to include consideration of potential demerger

Results overview

$634m
Mineral Sands EBITDA
($342m FY 2020)

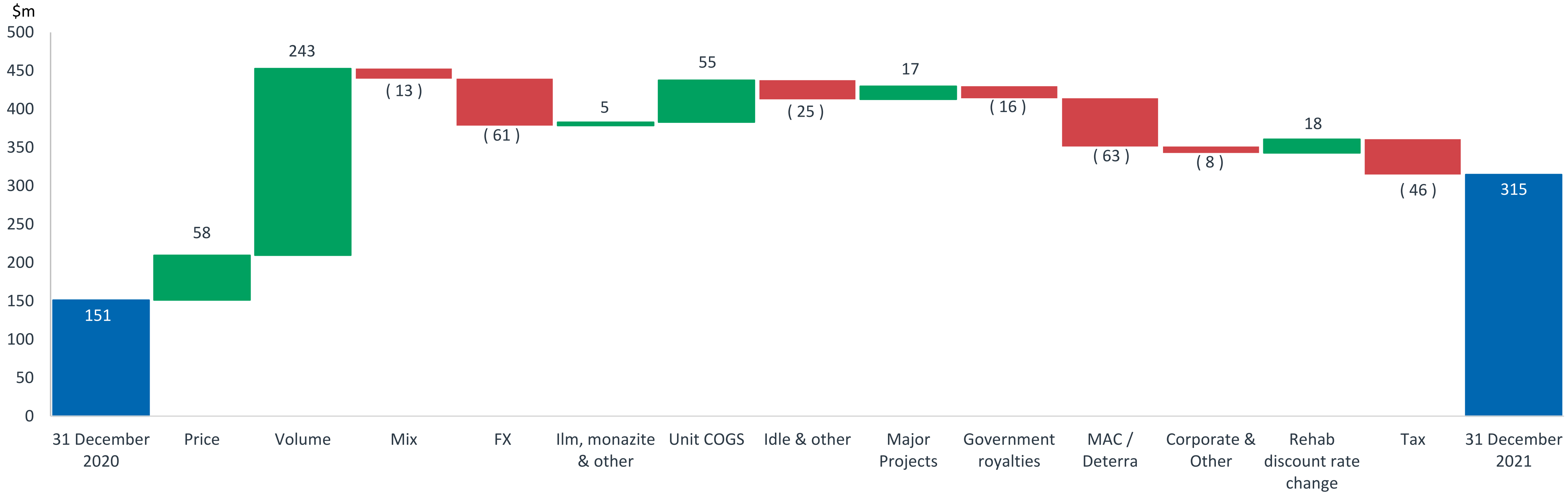
$366m
NPAT
($2,410m[5] FY 2020)

24 cps
Full Year Dividend fully franked

	Units	2021	2020	% Change	
Z/R/SR Production	kt	720	585	*23*	▲
Z/R/SR Sales	kt	868	518	*68*	▲
Mineral sands revenue	$m	1,486	947	*57*	▲
Mineral sands EBITDA	$m	634	342	*85*	▲
Mineral sands EBITDA margin	%	43	36	*19*	▲
MAC EBITDA/share of profit in associate	$m	18	81	*n/a*	
Underlying Group EBITDA[1]	$m	652	423	*54*	▲
Unit cash costs of production[2]	$/t Z/R/SR	777	918	*(15)*	▼
Unit cost of goods sold	$/t Z/R/SR	916	1,032	*(11)*	▼
Profit for the period (NPAT) - Underlying	$m	315	151	*108*	▲
Profit for the period (NPAT) - Reported	$m	366	2,410	*n/a*	
Operating cash flow	$m	528	183	*189*	▲
Free cash flow[3]	$m	300	36	*733*	▲
Final dividend – fully franked	cps	12	2	*500*	▲
Full year dividend – fully franked	cps	24	2	*1,100*	▲
		As at 31 Dec 2021	**As at 31 Dec 2020**		
Net (debt) cash	$m	295	50	*490*	▲
Gearing ratio[4]	%	n/a	n/a	*n/a*	

1. Underlying group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites which are non-cash in nature.
2. Excluding by-products
3. Free Cash Flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year. Free cash flow includes the proceeds received from IFC for their stake in Sierra Rutile.
4. Gearing ratio = Net debt / net debt + equity
5. 2020 NPAT includes a gain of $2,247m on demerger of Deterra Royalties Ltd

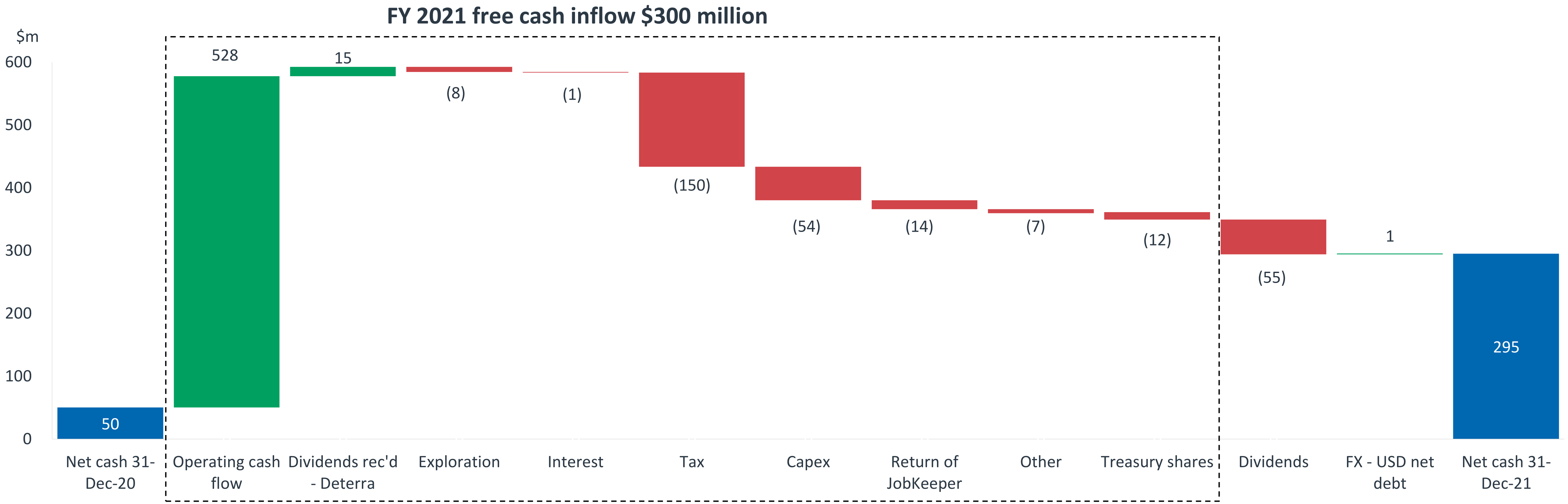
Underlying NPAT – 2021 versus 2020



Features

- Increased sales volumes reflect sustained demand for Iluka's products across all markets
- Higher US$ exchange rate (75.2 cents versus 69.1 cents in FY20) impacted revenue negatively
- Lower unit cost of goods sold reflecting sales mix to lower cost products
- Lower earnings contribution from MAC royalty following the demerger in H2 2020 – Iluka retains a 20% stake in Deterra Royalties

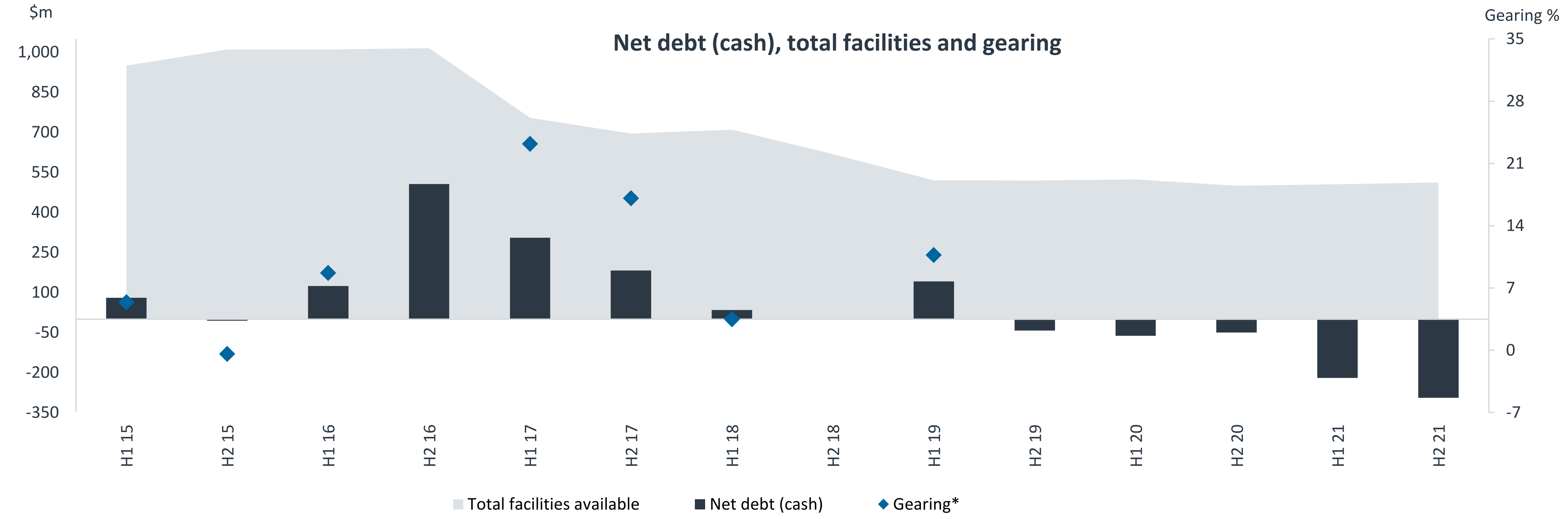
Net Cash – 31 December 2020 to 31 December 2021



Features

- Increase in net cash to $295 million with free cash flow of $300 million
- Disciplined capital allocation to progress development studies, including modest capital expenditure of $54 million
- Received fully franked dividend of $15 million from Deterra Royalties (Deterra), with Deterra distributing 100% of NPAT
- Repaid Australian Government JobKeeper subsidy in H1 2021

Balance sheet and funding capacity



Features

- Significant cash flow and strong balance sheet
- FY21 operating cash flow of $528 million
- FY21 free cash flow of $300 million
- Improved net cash position of $295 million
- Multi Option Facility Agreement (MOFA) provides funding headroom
- Total facilities $512 million
- Maturity July 2024

* Net debt / net debt + equity

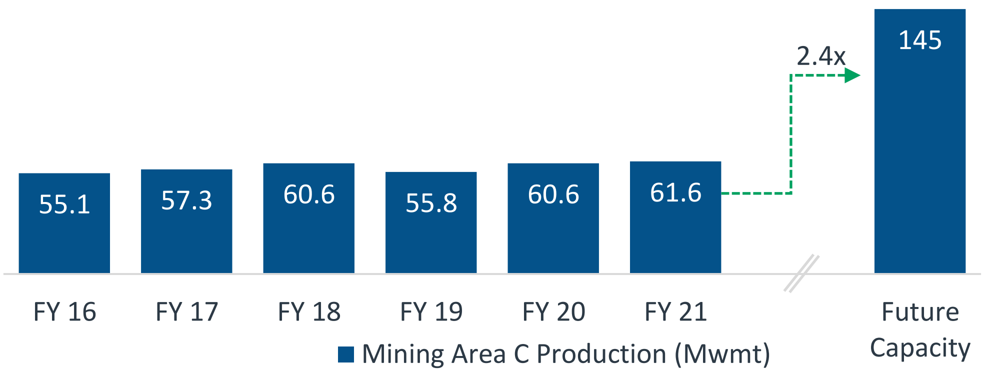
Deterra Royalties – delivering strong financial outcomes

Iluka holds a 20% interest in Deterra Royalties (ASX: DRR), an ASX-listed resources royalty portfolio manager. This provides a significant source of long-term financial strength. Deterra's cornerstone asset is BHP's Mining Area C (MAC) royalty, including the South Flank development

DRR Results CY 2021[1]

Company		Deterra Royalties	Iluka
Underlying EBITDA	$m	176.2	35.2
Dividends paid[2]	cps	13.97	3.50
Dividends declared[2]	cps	23.20	5.81
Market capitalisation[3]	$m	2,363	473

Mining Area C Production (Mwmt)[4]

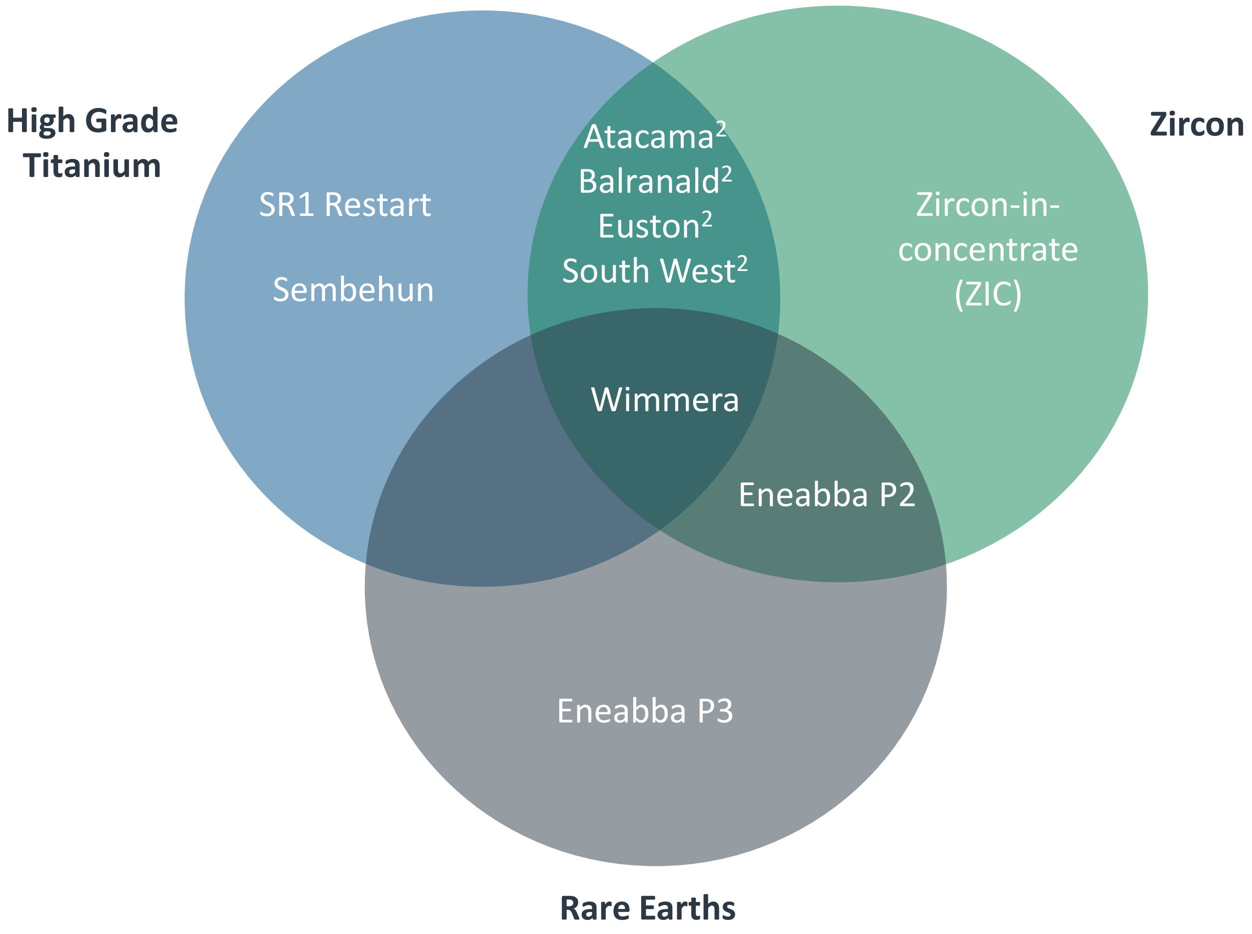


Features

- Deterra's MAC royalty revenue is determined by BHP's realised iron ore prices, sales volumes and foreign exchange rates
  - provides Iluka with low risk exposure to a large, low cost iron ore mining complex
  - significant near-term growth through South Flank expansion
  - resource upside in a low-risk jurisdiction
- Deterra dividend policy is to return all surplus cash, franked to the maximum extent possible[5]

Note: 1. Refers to Deterra Royalties (DRR) results for the Calendar Year (CY) 1 January 2021 to 31 December 2021. 2.Dividend cps for Iluka are based on Iluka shares on issue (i.e. dividends attributable to Iluka shareholders on a per share basis). 3. Based on Deterra's market capitalisation at close of business 18 February 2022. Source: Nasdaq. 4.BHP reported MAC production volumes on a wet metric tonne basis. Source: BHP Operational Review for the year ended 30-Jun-21 (20-Jul-21) and similar prior Operational Reviews, available at www.asx.com.au; BHP delivers first production from South Flank (20-May-21), available at www.BHP.com 5.Deterra's approach to dividends will be determined by the Deterra Board at its discretion and may change over time

Project pipeline



Resource estimate · Reserve estimate · Other

REGION AND MINERAL RESOURCE[1]	EUCLA BASIN 342Mt @ 4.8% HM for 16Mt In Situ HM	MURRAY BASIN 1,570Mt @ 6.4% HM for 101Mt In Situ HM	PERTH BASIN 967Mt @ 5.5% HM for 54Mt In Situ HM	SIERRA LEONE 752Mt @ 1.1% Rutile for 8.1Mt In Situ Rutile	ESTIMATE ACCURACY RANGE (AT END OF PHASE)
ASSESS Scoping Study *Determine what it could be*					*-30% to +60%*
SELECT Preliminary Feasibility Study *Determine what it should be*	ATACAMA	EUSTON WIMMERA	SOUTH WEST DEPOSITS	SEMBEHUN	*-15% to +30%*
DEVELOP Definitive Feasibility Study *Determine what it will be*		BALRANALD	ENEABBA (PHASE 3)		*-10% to +15%*
EXECUTE Project execution *Deliver the project*			SR1 KILN RESTART ENEABBA (PHASE 2)		*n/a*
PRODUCING Operate and maximise *Grow and improve*	JACINTH AMBROSIA		CATABY ENEABBA (PHASE 1)	LANTI GANGAMA	*n/a*

Notes: 1. Refer to the 2021 Annual Report for additional information. The Mineral Resource (MR) information on this indicative growth pipeline summary is extracted from the company's previously published MR statements and are available at: www.iluka.com.au . Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Iluka confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. All Mineral Resource figures are estimates. This slide should be read in conjunction with disclaimers and compliance statement on slide 2. These potential deposits will contribute, to a greater or lesser extent, monazite and xenotime to the rare earths business (please refer the relevant resource estimates for further details).

Technical development focus

Iluka's project pipeline includes a focus on technical development in Australian jurisdictions

Balranald

- Rutile-rich deposit in the northern Murray Basin, New South Wales
- Owing to its relative depth, Iluka is assessing the potential to develop this deposit via a novel, internally developed underground mining technology
- Effectiveness of underground mining technology confirmed; definitive feasibility study underway, with FID scheduled for Q4 2022

Wimmera

- Potential multi-decade source of critical minerals, in particular zircon and rare earths
- All fine grained mineral sands deposits in Western Victoria have impurities in their zircon (U+Th)
- Absent a processing solution, the zircon is ineligible for sale into most markets, including ceramics
- Study work for Wimmera is focussed on validating Iluka's zircon processing solution
- Larger scale piloting was commissioned in Q4 2021. Purified zircon has been recovered, with favourable ceramic properties and low uranium and thorium. Test work to inform economic feasibility is underway and will continue through 2022

Atacama

- Located approximately 5-10km north-east of the Ambrosia deposit. Atacama has a high zircon and ilmenite assemblage
- Technical focus associated with Atacama involves removing contaminants in the ilmenite fraction of the deposit
- Preliminary feasibility study (PFS) resumed in August 2021
- PFS is focused on increasing technical and commercial confidence and advancing project approvals

Markets – zircon

Ongoing tightness of supply, with strong demand continuing despite tile manufacturers in multiple regions experiencing challenges

Result

- FY 2021 sales 355kt (FY 2020: 240kt)
  - Q4 sales of 89kt in line with Q3 sales
- Iluka's Q1 2022 zircon sales are fully contracted, reflecting ongoing tightness of supply

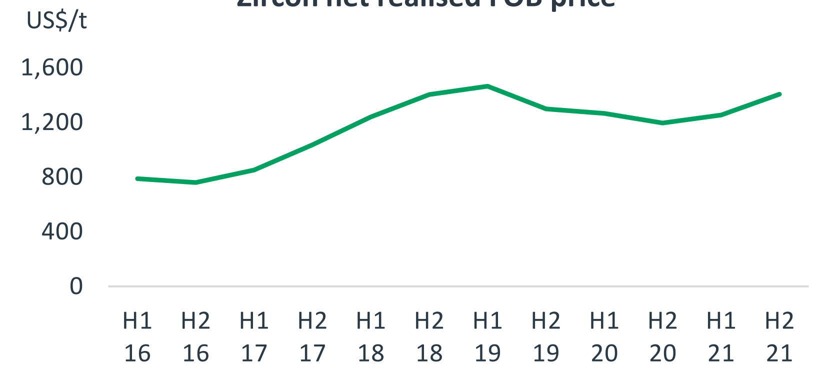
Pricing

- Q4 2021 weighted average received zircon (premium and standard) price US$1,590/t, up 23% from Q4 2020
- US$220/t delivered increase2 effective 1 January
  - continued focus on delivering sustainable pricing

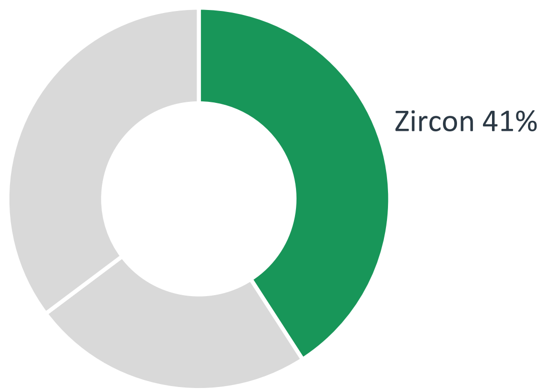
Supply/ Demand

- European tile production continues to outperform, despite increases in energy and raw material costs
- Demand from China remains strong despite supply chain disruptions, raw material cost inflation and higher utility costs impacting tile manufacturers profitability
- Deleveraging in the Chinese property market impacting business sentiment
- Refractory and foundry sectors contributing to robust demand for zirconia and zirconium chemicals
- Customer inventories remain low, with industry supply constrained

Zircon net realised FOB price[1]



FY 2021 Z/R/SR Sales Revenue



Note: 1. Zircon prices reflect the weighted average price for zircon premium, zircon standard and zircon in concentrate. The prices for each product vary considerably, as does the mix of such products sold period to period. In 2021 the split of zircon sand and concentrate by zircon sand-equivalent was approximately 76%:24% (2020 full year: 78%:22%). 2. Zircon price increase may be impacted by increased freight costs, Iluka expects to receive US$200/t FOB

Markets – high-grade titanium feedstocks

Tight supply, with all of Iluka's synthetic rutile and natural rutile either contracted or allocated for H1 2022

Result

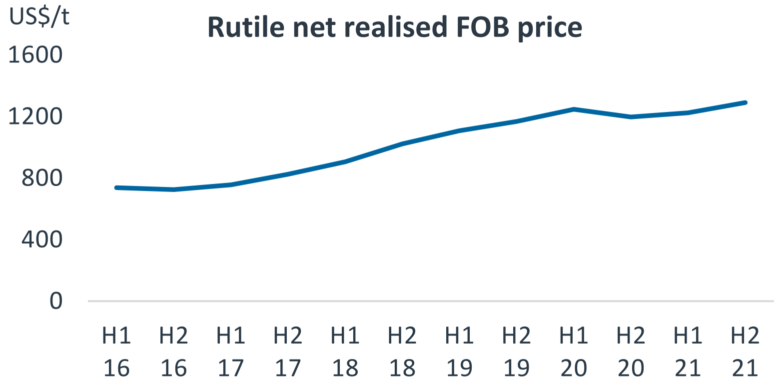
- FY 2021 sales 513kt (FY 2020: 278kt)
  - strong rebound in global demand following pandemic downturn in 2020
  - demand in all regions continuing to outstrip supply, price increases vary by region

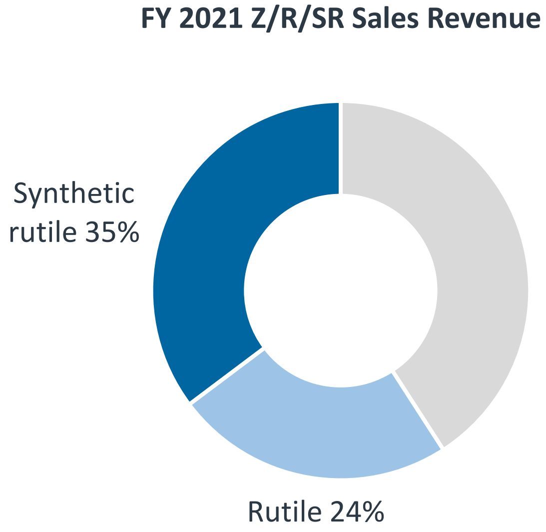
Pricing

- FY 2021 rutile price of US$1,264/t, up 4% from FY 2020
  - all rutile and synthetic rutile either contracted or allocated for H1 2022
- Low double digit price increases received for rutile sales to pigment customers
- ~25% increase in prices received for rutile sales to welding customers

Supply/ Demand

- Pigment inventories below seasonal norms as pigment producers opt to maintain high utilisation rates through seasonally slower northern hemisphere winter months
- Pigment producers running high head grades and consuming more high-grade ore (HGO) to increase throughput
- Pigment prices at 10-year highs, with European pigment pricing now at record levels as producers attempt to cover increased energy and raw material costs
- Ongoing disruptions in South Africa continue to impact titanium feedstock supply
- The high-value welding market remains strong, with record sales achieved in FY 2021





Note: 1. Excluded from sales prices is a lower value titanium dioxide product, HYTI, that typically has a titanium dioxide content of 70-90%. This product sells at a lower price than rutile, which typically has a titanium dioxide content of 95%

Iluka’s Approach

Rare earths diversification

Rare earths overview

Iluka is advancing its position in rare earths, based on world class assets at Eneabba, Western Australia and Wimmera, Victoria. The company is progressing the Eneabba development in a phased approach, reducing risk and gaining market understanding. The current focus is completing construction of Phase 2; and delivering the Phase 3 feasibility study for a fully integrated rare earth refinery

Market Opportunity

- Rare earths are a critical input to permanent magnets, as used in a range of sustainable energy technologies including electric vehicles (EVs) and wind turbines
- Forecast ~30.5 million new EVs requiring ~30kt of NdPr by 2030 (equivalent to ~50% of 2020 global demand)
- Strong market fundamentals

Refinery Opportunity

- Domestic production of rare earth oxides
- Advantaged position utilising Iluka's existing Eneabba monazite stockpile, the highest grade rare earths operation globally
- Wimmera development would provide long life rare earth concentrate feed source

Risk Sharing Opportunity

- Based on potential for alignment between Iluka's commercial objectives and government policy objectives for critical minerals
- Discussions with Australian Government on potential risk sharing options to deliver Eneabba Phase 3 are ongoing

Eneabba, Western Australia

The Eneabba development involves the reclaiming, processing and sale of a strategic stockpile rich in monazite (a mineral containing rare earth elements) and mineral sands

Phase 1 – 20% zircon-monazite concentrate

Simple reclamation process with offtake agreement for concentrate for two years

Offtake completed in 2021

Phase 2 – 90% monazite concentrate

Concentration and flotation processing to separate mineral sands and monazite components. 90% monazite concentrate is suitable as direct feed for rare earths refinery

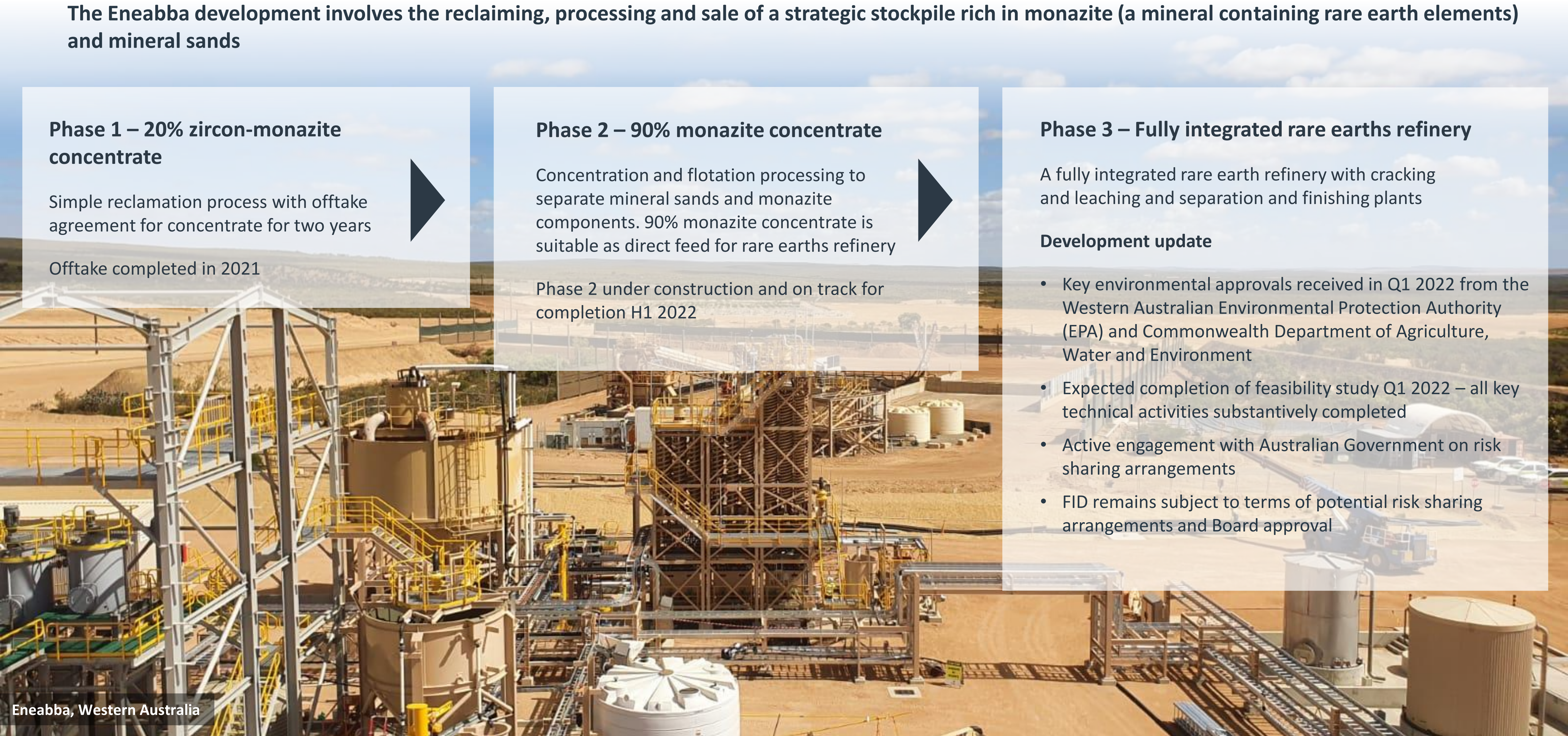
Phase 2 under construction and on track for completion H1 2022

Phase 3 – Fully integrated rare earths refinery

A fully integrated rare earth refinery with cracking and leaching and separation and finishing plants

Development update

- Key environmental approvals received in Q1 2022 from the Western Australian Environmental Protection Authority (EPA) and Commonwealth Department of Agriculture, Water and Environment
- Expected completion of feasibility study Q1 2022 – all key technical activities substantively completed
- Active engagement with Australian Government on risk sharing arrangements
- FID remains subject to terms of potential risk sharing arrangements and Board approval

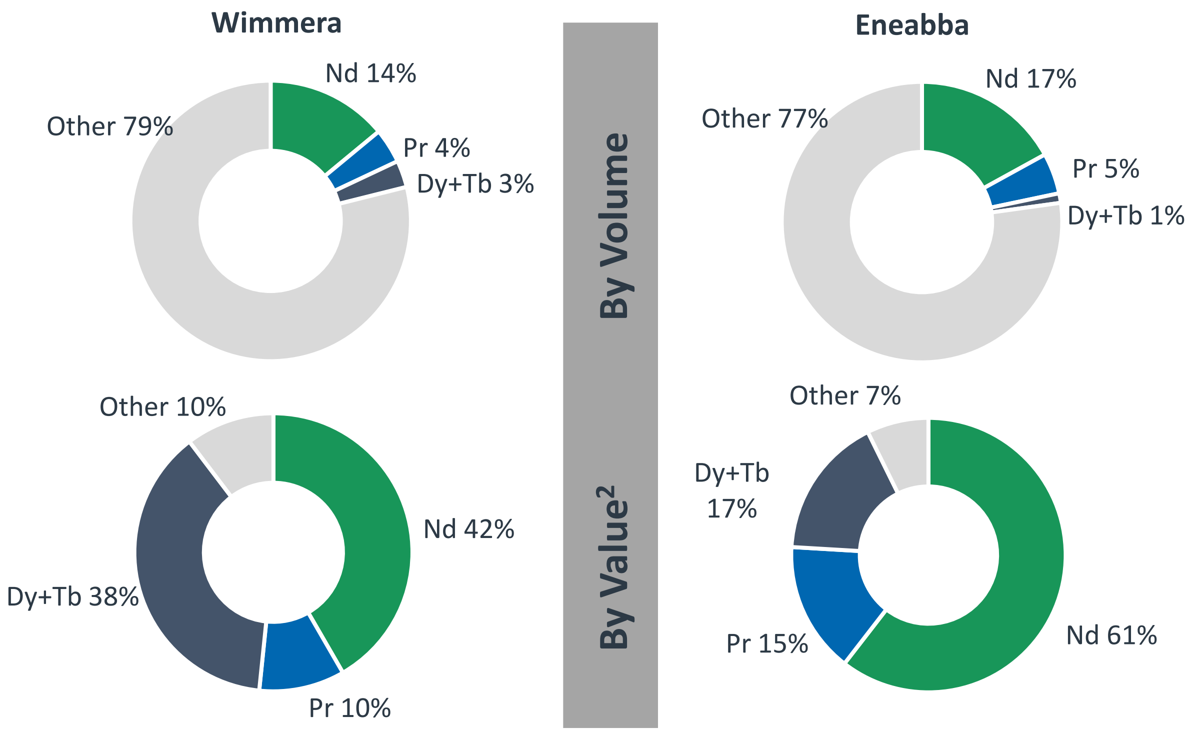


Eneabba, Western Australia

Iluka's Wimmera resource[1] is a large-scale deposit located in the Murray Basin, Western Victoria. The development is a potential source of both mineral sands and rare earth bearing minerals (monazite and xenotime). The Wimmera project is currently the subject of a preliminary feasibility study (PFS)

Rare Earths Assemblage in Wimmera and Eneabba Monazite and Xenotime

Wimmera's rare earth minerals are similar to those stockpiled at Eneabba, with a higher proportion of the high value, heavier elements, dysprosium and terbium



Wimmera minerals as feed source for Eneabba rare earth refinery

The proposed Eneabba refinery has the potential to be a multi-decade facility capable of processing feedstock from multiple sources. The refinery design incorporates the ability to process Eneabba, Wimmera and potential third party feed sources.

The metallurgical similarities of Eneabba and Wimmera rare earth minerals make Wimmera an ideal source of supplementary feed for the proposed refinery.

1. Refer to statement on Mineral Resources and Ore Reserves Estimates on slide 2.
2. Prices as at January 2022. Source Argus Media

Summary and outlook


Narngulu, Western Australia

Iluka is positioned to lead in the response to mineral sands industry and market conditions, both near and longer term, through the company's operations, development pipeline, financial strength, marketing approach and product suite

2021 key features

- Strong demand for all of Iluka's products driving increased prices and growth in earnings and NPAT
- Australian operations at maximum productions settings
- Strong free cash flow and net cash position, with significant funding headroom
- Development pipeline – pleasing progress across mineral sands and rare earths projects
- Full Year 2021 dividend of 24 cps, fully franked, including final dividend of 12 cps
- Revised dividend framework:
  - 100% of dividends received from Deterra Royalties; and
  - a minimum of 40% of mineral sands free cash flow not required for investing or balance sheet activity

2022 areas of focus

- **Mineral sands markets**
  - security of supply to key accounts and balancing sustainable pricing outcomes with reinvestment
- **Mineral sands projects**
  - SR1 first production Q4 2022
  - Balranald FID Q4 2022
  - finalise Wimmera processing solution and scale-up to inform economic feasibility
- **Rare earths**
  - Feasibility study finalisation for Eneabba Phase 3 Q1 2022
  - FID subject to terms of potential risk sharing arrangements and Board approval

Supplementary information

Cataby, Western Australia

ILUKA

Outlook for 2022 – Australian Operations

Key Parameters		2020	2021	2022[1]	Comments
Annual production					
Zircon	kt	174	320	280	Includes 75kt of ZIC
Rutile[2]	kt	52	67	65	
Synthetic Rutile	kt	227	199	230	
Total Z/R/SR	**kt**	**453**	**586**	**575**	
Average annual unit costs					
Cash costs of production (Z/R/SR)	$m	353	373	475	Includes an additional $25m for SR1 restart and SR2 kiln operating for 12 months (2021: 10 months)
Unit cash costs of production	$/t Z/R/SR	779	636	820	
Unit cost of goods sold	$/t Z/R/SR	730	774	930	
Capital investment					
Capital expenditure	$m	37	54	220	Significant capital investments include: Balranald DFS $20m; EP2 $20m; Cataby mining units $27m; SR1 restart $35m; Wimmera $30m; PFS studies for Euston, Atacama and South West Deposits $30m

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

Outlook for 2022 – Sierra Rutile

Key Parameters		2020	2021	2022	Comments
Annual production					
Rutile	kt	120	129	144	
Zircon	kt	7	4	5	Represents ZIC production
Total Z/R	**kt**	**127**	**133**	**149**	
Ilmenite	kt	46	52	55	
Annual unit costs & capital expenditure					
Cash costs of production	US$m	127	140	145	
Unit cash costs of production	US$/t Z/R	1,002	1,047	970	
Capital expenditure	US$m	14	-	30	

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

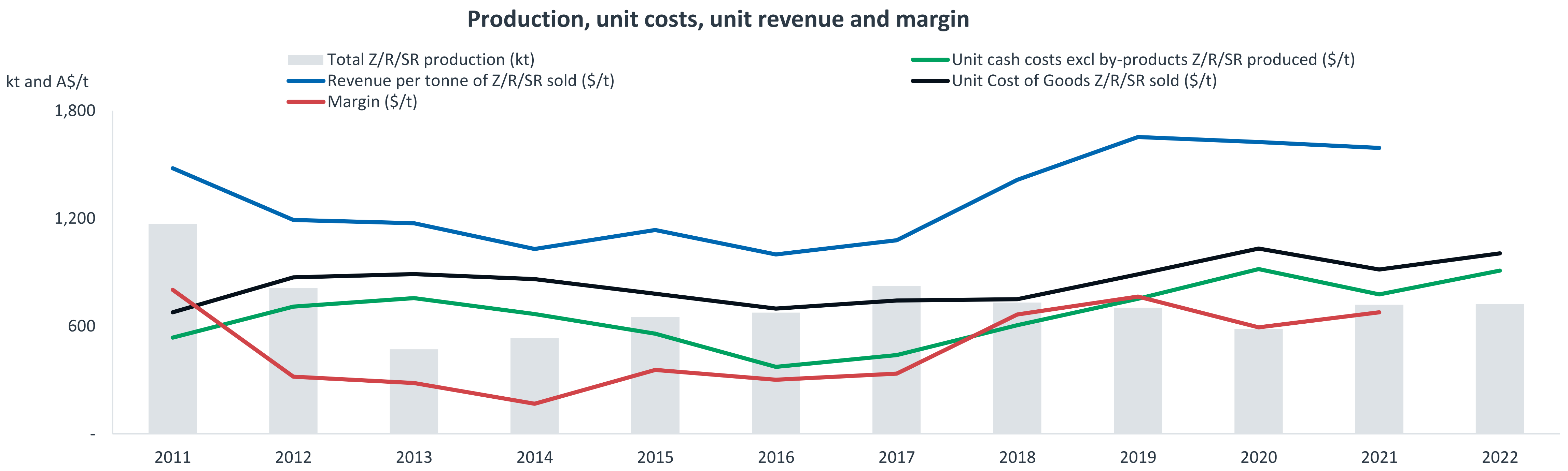
Outlook for 2022 – Group

Key Parameters	2020	2021	2022	Comments
Cash costs ($m)				
Cash costs of production (Z/R/SR)	537	559	660	
Ilmenite concentrate and by-product costs	22	20	15	
Restructure, idle costs and other non-production	21	33	20	
Major projects, exploration and innovation	62	45	40	Includes $5m on feasibility studies associated with EP3
Corporate	55	64	60	
Marketing and selling costs	28	34	28	
Royalty costs	22	38	-	Not disclosed
Total cash costs	**747**	**793**		
Non-cash costs ($m)				
Depreciation and amortisation	185	171	155	
Rehabilitation for closed sites	7	61	-	
Rehabilitation unwind	15	9	11	
Total non-cash costs	**207**	**241**	**166**	

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.

Production costs and margin

Margin improvement since 2017 with sustainable pricing outcomes aligned with the introduction of higher cost mining operations



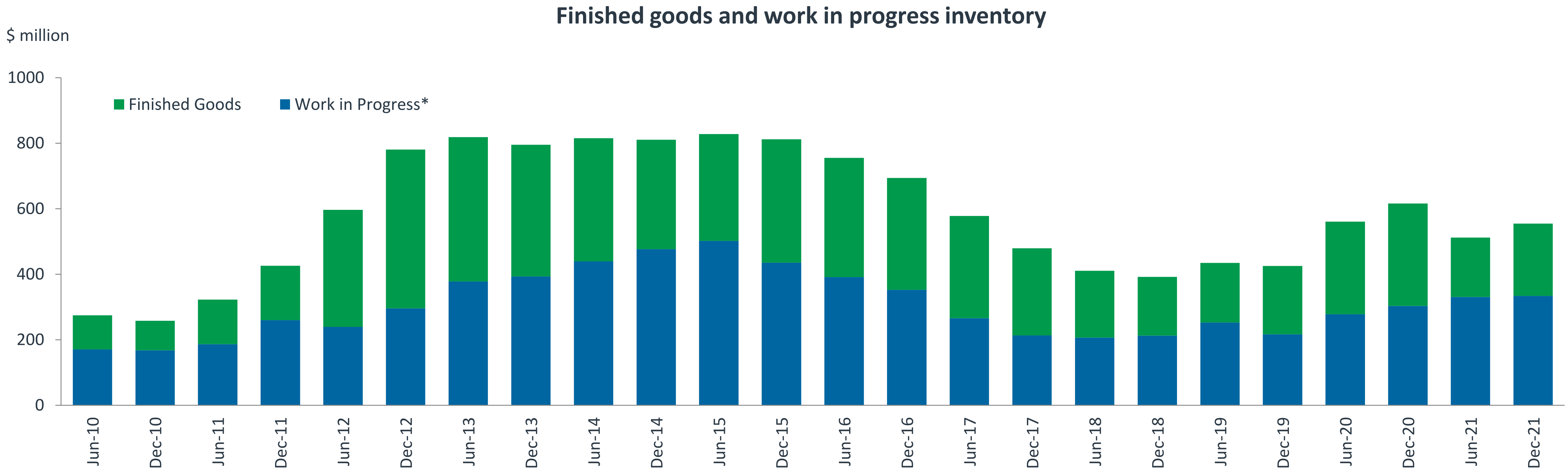
Iluka's production mix has changed over the past decade

- Cataby mining commenced in 2019, introducing a higher cost mining operation; with financial feasibility secured by take-or-pay off-take contracts
- JA mine depletion, progressively mining lower grades
- Sierra Rutile operational challenges negatively impacted financial performance in 2020 and H1 2021

Inventory position

Inventory levels remain within normal range, with higher finished goods inventory compared to H1 2021

- Ongoing tightness of supply with demand outstripping supply across all of Iluka's products
- Balance sheet well positioned to support inventory position



* Includes ilmenite and consumables

Supplementary Information – Production, Sales, Costs, Revenue

	2021	2020	% change
Production			
Zircon kt	324.2	185.2	75.1
Rutile kt	196.6	172.6	13.9
Synthetic rutile kt	198.7	227.4	(12.6)
Total Z/R/SR production kt	**719.5**	**585.2**	**22.9**
Ilmenite – saleable and upgradeable kt	563.7	455.9	23.6
Monazite concentrate	57.7	44.4	30.0
Total production volume kt	**1,340.9**	**1,085.5**	**23.5**
Heavy mineral concentrate produced kt	1,106	1,182	(6.4)
Heavy mineral concentrate processed kt	1,235	1,008	22.5
Sales			
Zircon kt	354.7	239.6	48.0
Rutile kt	207.2	162.1	27.8
Synthetic rutile kt	305.9	115.8	164.2
Total Z/R/SR kt	**867.8**	**517.5**	**67.7**
Ilmenite kt	189.6	256.1	(26.0)
Monazite concentrate	62.4	44.4	40.5
Total sales volumes kt	**1,119.8**	**818.0**	**36.9**
Revenue and Cash Costs			
Mineral sands revenue[1] $m	1,485.8	947.0	56.9
Total cash cost of production $m	579.2	558.7	3.7
Unit cash production cost per tonne of Z/R/SR produced[2] $/t	777	918	(15.4)
Unit cost of goods sold per tonne of Z/R/SR sold $/t	916	1,032	(11.2)
Revenue per tonne of Z/R/SR sold $/t	1,593	1,625	(2.0)

1. Includes revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate.
2. Excludes ilmenite and by-products.

Supplementary Information – Summary Group Results

$ million	2021	2020	% change
Mineral sands revenue	1,485.8	947.0	56.9
Mineral sands EBITDA	**633.9**	**342.0**	**85.4**
Mineral sands EBITDA margin %	*42.7%*	*36.1%*	*18.1*
Mining Area C royalty EBITDA / Share of profit from associate	18.4	81.1	*n/a*
Underlying group EBITDA[1]	**652.3**	**423.1**	**54.2**
Underlying group EBITDA margin %	*43.9%*	*41.2%*	*6.7%*
Depreciation and amortisation	(171.2)	(184.8)	(7.4)
Gain on sale of MAC Demerger	n/a	1,808.1	n/a
Gain on change of ownership of MAC Demerger	n/a	452.0	n/a
Sierra Rutile write-down expense	n/a	n/a	n/a
Group EBIT	**519.6**	**2,539.2**	**(79.5)**
Profit (loss) before tax	**505.0**	**2,505.5**	**(79.8)**
Tax expense	(139.1)	(95.5)	45.7
Profit (loss) after tax - reported	**365.9**	**2,410.0**	**n/a**
EPS (cents per share)	*86.7*	*570.1*	*(84.8)*
Profit (loss) after tax - underlying	**314.8**	**151.2**	**108.0**
Free cash inflow (outflow)	299.5	36.3	725.1
Free cash inflow (outflow) (cents per share)	**71.0**	**5.2**	**1,265.4**
Dividend – fully franked (cents per share)	12.0	2.0	500
Net (debt) cash	**294.8**	**50.2**	**487.3**
Gearing (net debt / net debt + equity) %	n/a	n/a	n/a
Return on capital % (annualised)	69.1	311.3	(77.8)
Return on equity % (annualised)	**25.9**	**283.7**	**(90.9)**
Average A$/US$ exchange rate	75.2	69.1	8.8

1. Underlying Group EBITDA excludes non-recurring adjustments including write-downs, the gain on the demerger of Deterra Royalties, and changes to rehabilitation provisions for closed sites.

Supplementary Information – Income Statement

A$ million	2021	2020	% change
Z/R/SR revenue	1381.9	841.0	64.3
Ilmenite and other revenue	103.9	106.0	(2.0)
Mineral Sands Revenue	**1,485.8**	**947.0**	**56.9**
Cash costs of production	(579.2)	(558.7)	3.7
Inventory movement - cash	(67.0)	142.3	(147.1)
Restructure and idle capacity charges	(33.4)	(20.9)	(59.8)
Government royalties	(38.0)	(22.3)	70. 4
Marketing and selling costs[1]	(34.4)	(27.7)	24.2
Asset sales and other income	2.0	(1.5)	(233.3)
Exploration and resource development	(45.2)	(62.3)	(27.4)
Corporate and other costs	(64.3)	(54.6)	17.8
Foreign exchange	7.6	0.7	985.7
Mineral sands EBITDA	**633.9**	**342.0**	**85.4**
Mining Area C EBITDA	-	81.0	n/a
Share of profit in associate	18.4	0.1	n/a
Underlying Group EBITDA[2]	**652.3**	**423.1**	**54.2**
Depreciation and amortisation	(171.2)	(184.8)	(7.4)
Inventory movement - non-cash	(12.6)	39.9	(131.6)
Rehabilitation for closed sites	60.8	7.2	744.4
Demerger transaction costs	-	(13.3)	n/a
Gain on sale of MAC Demerger	-	1,808.1	n/a
Gain on change of ownership of MAC Demerger	-	452.0	n/a
Gain/(Loss) on remeasurement of Put Option	(3.4)	19.4	(117.5)
Impairment of Sri Lanka interests	(6.3)	(12.4)	(49.2)
Sierra Rutile write-down expense	-	-	-
Group EBIT	**519.6**	**2,539.2**	**(79.5)**
Net interest costs and bank charges	(5.7)	(7.1)	(19.7)
Rehabilitation unwind and other finance costs	(8.9)	(26.6)	(66.5)
Profit (loss) before tax	**505.0**	**2,505.5**	**(79.8)**
Tax expense	(139.1)	(95.5)	45.7
Profit (loss) for the period (NPAT)	**365.9**	**2,410.0**	**(84.8)**

1. Freight revenue and expenses are included as a net number in marketing and selling costs.
2. Underlying Group EBITDA excludes non-recurring adjustments including write-downs, the gain on the demerger of Deterra Royalties, and changes to rehabilitation provisions for closed sites.

Supplementary Information – Reconciliation of non-IFRS information

Reconciliation of non-IFRS financial information to profit before tax

	JA/MW	C/SW	US/MB	SRL	Expl & Oth	Corp	Group
Mineral sands revenue	599.6	639.1	14.4	232.7	-	-	**1,485.8**
AASB 15 freight revenue	39.5	19.5	3.9	10.2	-	-	**73.1**
Expenses	(256.0)	(318.9)	(15.1)	(222.0)	(55.9)	(0.4)	**(868.3)**
Share of profit in associate	-	-	-	-	-	18.4	**18.4**
FX	-	-	-	-	-	7.6	**7.6**
Corporate costs	-	-	-	-	-	(64.3)	**(64.3)**
EBITDA	383.1	339.7	3.2	20.9	(55.9)	**(38.7)**	**652.3**
Depn & Amort	(43.8)	(81.0)	(0.2)	(43.2)	(0.2)	(2.8)	**(171.2)**
Inventory movement - non-cash	5.4	(16.6)	(0.4)	(1.0)	-	-	**(12.6)**
Rehabilitation for closed sites	(9.7)	(1.0)	31.1	40.4	-	-	**60.8**
Gain on re-measurement of Put Option						(3.4)	**(3.4)**
Impairment	-	-	-	-	(6.3)	-	**(6.3)**
EBIT	335.0	241.1	33.7	17.1	(62.4)	**(44.9)**	**519.6**
Net interest costs	(0.3)	(0.5)	-	(0.1)	-	(4.8)	**(5.7)**
Rehab unwind and other finance costs	(3.1)	(3.3)	(1.6)	(0.9)	-	-	**(8.9)**
Profit Before tax	**331.6**	**237.3**	**32.0**	**16.1**	**(62.4)**	**(49.7)**	**505.0**
Segment result	**331.6**	**237.3**	**32.0**	**16.1**	**n/a**	**n/a**	**617.0**

Supplementary Information - Prices

Weighted Average Price US$/tonne FOB	FY 2020	H1 2021	Q3 2021	Q4 2021	H2 2021	FY 2021
Zircon Premium and Standard	1,319	1,321	1,487	1,590	1,531	1,414
Zircon (all products including zircon in concentrate)[1]	1,217	1,254	1,369	1,442	1,406	1,330
Rutile (excluding HYTI and TIC)[2]	1,220	1,224	1,242	1,351	1,291	1,264
Synthetic rutile[3]	-	-	-	-	-	-

Notes:

1: Zircon prices reflect the weighted average price for zircon premium, zircon standard and zircon-in-concentrate. The prices for each product vary considerably, as does the mix of such products sold period to period. In 2020, the split of zircon sand and concentrate by zircon sand-equivalent is approximately: 76%:24%. (2020: 78%:22%).

2: Included in rutile sales volumes reported elsewhere in this Quarterly Review are lower titanium dioxide products, HYTI and titanium-in-concentrate (TIC). HYTI that typically has a titanium dioxide content of 70 to 91%. This product sells at a lower price than rutile, which typically has a titanium dioxide content of 95%. 2020 full year sales of the lower grade HYTI material were 29% of rutile sales (2019: 23%).

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.

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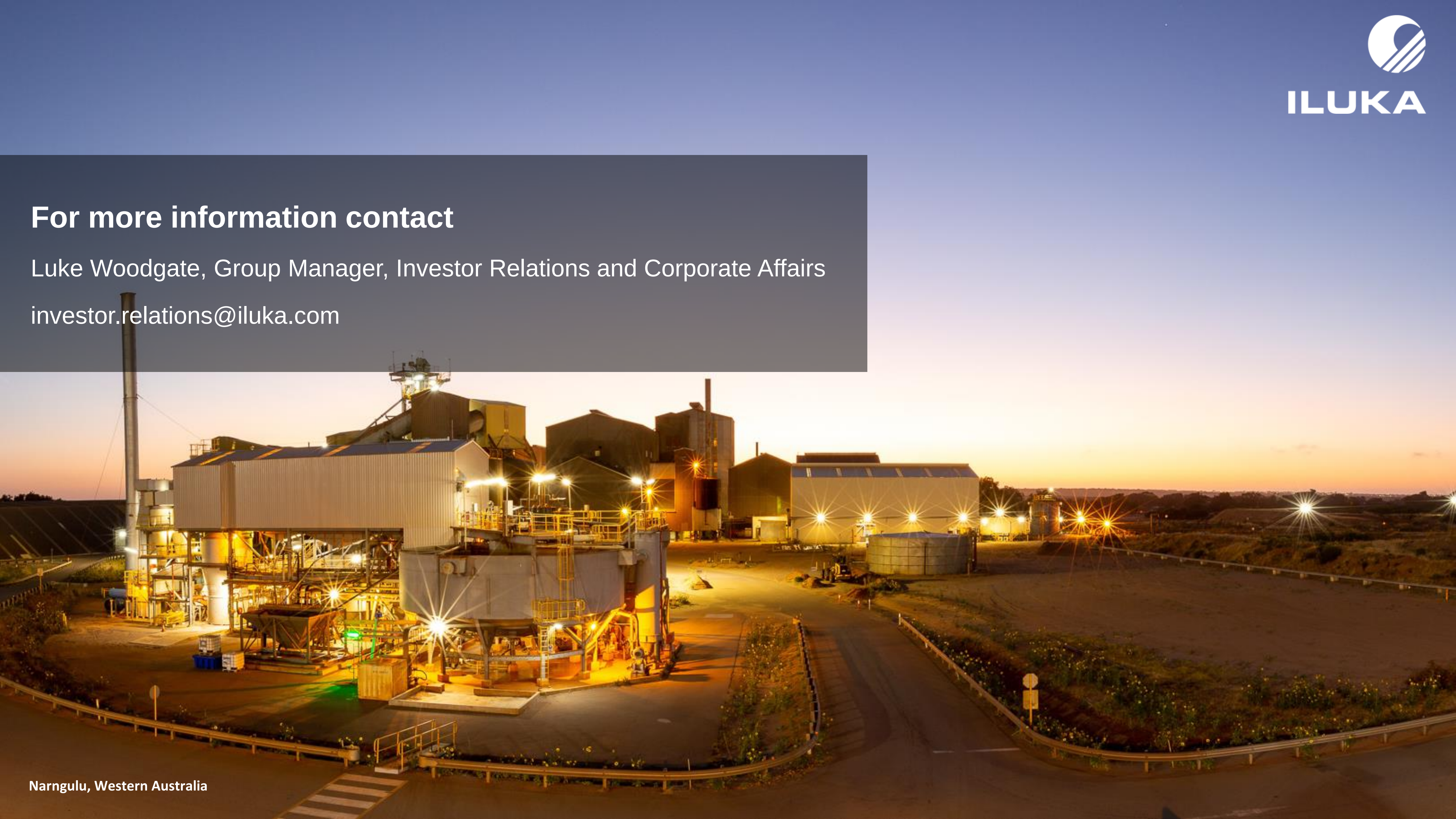

Narngulu, Western Australia