

**ILUKA**

Australian Securities Exchange Notice

9 December 2016

ILUKA AND SIERRA RUTILE LIMITED PRESENTATION

Iluka Resources Limited today lodges an investment slide pack associated with the statutory merger between Sierra Rutile Limited and Iluka Investments (BVI) Limited.

The statutory merger was announced to the ASX on 8 December 2016.

Iluka is holding a teleconference on today's date at 8.00am Australian Western Standard Time (11.00am Australian Eastern Daylight Time) and provides these slides for public disclosure.

Nigel Tinley
Joint Company Secretary

Iluka Resources Limited



Overview

Tom O'Leary, Managing Director and CEO



Important Notices



This presentation contains information regarding Sierra Rutile Limited (**SRL**) and its business, assets and operations (**SRL Information**) which SRL has provided to Iluka. Whilst steps have been taken to review that information, no warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. This presentation should be read in conjunction with the announcement made by Iluka in relation to the acquisition of SRL by Iluka dated 7 and 8 December 2016. A copy of the announcement is available on the Iluka website www.iluka.com

This presentation is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to the Announcement or otherwise. The distribution of the presentation in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession the presentation comes should inform themselves about, and observe such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

As previously announced, by completing the transaction Iluka has assumed a number of risks to which it has not previously been subject. This includes the fact that this is a material investment in Africa (with associated political and other risks). Whilst Iluka has undertaken due diligence on the assets and associated risks and has taken and will continue to take steps which it considers appropriate to manage and mitigate such risks, they cannot be eliminated entirely.

Forward Looking Statements

This presentation contains certain statements which constitute "forward-looking statements". These statements include, without limitation, estimates of future production and production potential; estimates of future capital expenditure and cash costs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

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.

Forward-looking statements are only predictions and are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks and factors include, but are not limited to:

- changes in exchange rate assumptions;
- 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
- environmental or social factors which may affect a licence to operate.

In respect of certain forward looking statements associated with EPS accretion, such outcomes are dependent on, inter alia, the final audited purchase price allocation, relative 2017 product pricing outcomes and the USD:AUD exchange rate.

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Iluka does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Overview



Sierra Rutile Limited Acquisition



- Final consideration for SRL equity of A\$375 million (£215 million)
- Iluka assumed SRL's net debt of A\$80 million (US\$59 million)
- Transaction costs of A\$18 million, including foreign exchange forward¹
- Combined pro-forma gearing ~32 per cent (net debt / net debt + equity) as at 30 June 2016²
- Iluka took control of SRL on 7 December

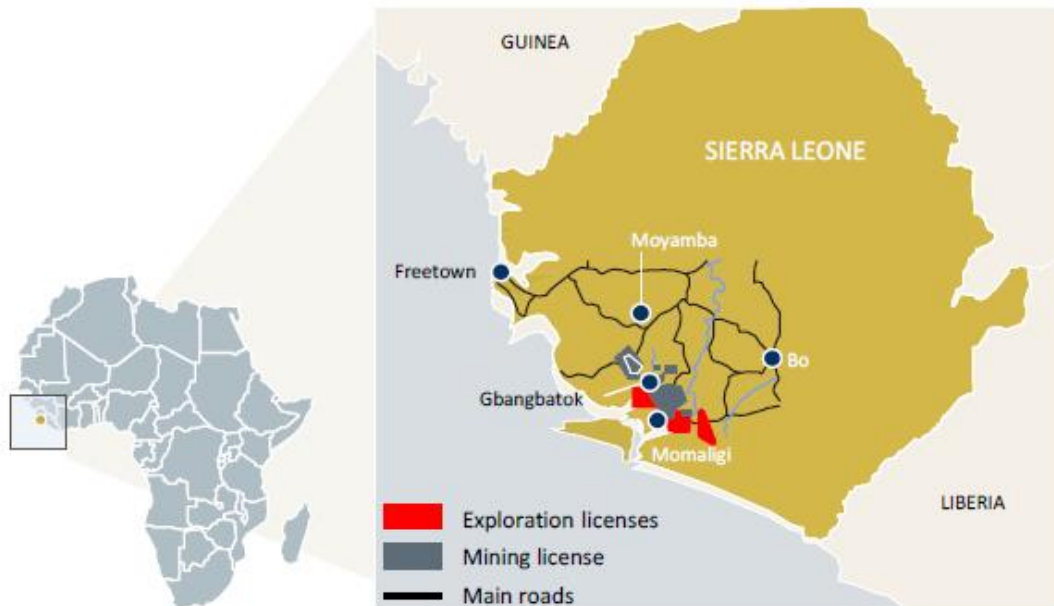
1. Transaction costs include deal contingent forward hedge cost of A\$8 million. Transaction costs will be included in Iluka's 2016 Income Statement.

2. Based on Iluka's balance sheet position as at 30 June 2016 and adjusted for SRL total transaction value upon acquisition

Strategic and Financial Rationale

- Counter cyclical investment
- Large, long life asset
 - 20 year mine life modelled
- Enhances high grade titanium feedstock position, complements existing zircon position
- Operational improvement and production expansion options are expected to materially improve unit cash costs
- Enhanced Iluka portfolio flexibility

Sierra Leone



Capital	Freetown
Population	6.4 million
Government	Presidential republic
Politics	Two main political parties. Free democratic elections. Next election early 2018.
Language	English (official), Krio (lingua franca)
Economy	GDP US\$4.5 billion (2015) GDP per capita US\$696 (2015)
Main Industries	Agriculture (rice, coffee, cocoa) Mining (diamonds, iron ore, rutile, bauxite)
Recent Events	1991 - 2002 Civil war • Successfully reconciled • Ranked one of most peaceful African countries 2014 – 2015 Ebola outbreak • Economic growth significantly affected • Sierra Rutile mine continued operations

- Sierra Rutile is a significant employer, source of GDP, private investment on country
- Iluka has undertaken extensive due diligence and country risk considered manageable
- Operation located in Bonthe and Moyamba Districts of Southern Province

SRL Resources, as at September 2015

Mineral Resource Category ²	Material Tonnes (mt) ³	In-situ Grade (% of material)			Contained Tonnes ¹ (kt)		
		Rutile (%)	Ilmenite ¹ (%)	Zircon ¹ (%)	Rutile (kt)	Ilmenite ¹ (kt)	Zircon ¹ (kt)
Measured	64.8	1.00	0.23	0.07	646.9	95.5	46.6
Indicated	668.1	0.92	0.24	0.08	6,166.2	1,022.3	290.2
Inferred	134.0	1.01	0.02	0.07	1,349.5	0.6	17.8
Total Resources	866.9	0.94	0.20	0.08	8,162.6	1,118.4	354.6

- ~80 per cent increase in rutile resource (based on Iluka's resource as at 31 December 2015).
 - Reserve and resource position subject to normal year end review under JORC Code.

1. The estimates for ilmenite and zircon are included for tabulation purposes under the Measured and Indicated Mineral Resource Categories. The confidence in the estimates for grade and tonnages for ilmenite and zircon are however at an Inferred level of confidence and should not be used in the estimation of Ore Reserves.

2. The Mineral Resources for SRL are reported inclusive of Ore Reserves.

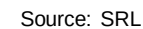
3. In-situ (dry) metric tonnes.

4. Rounding may result in minor differences in the last decimal place.

Note: SRL reports rutile grade as in-situ, i.e. as a percentage of material, whereas Iluka reports grade as a percentage of heavy mineral (HM). This does not impact reported resource tonnes. The information in this presentation regarding SRL's Mineral Resources and/or Ore Reserves has been extracted from SRL's 2015 Annual Report, issued to AIM on 28 April 2016 and available (along with other SRL announcements) on the SRL website at <http://www.sierra-rutile.com>.

While SRL states that its Mineral Resources are reported in accordance with the guidelines of the JORC Code (2012 ed.), Iluka will carry out evaluation and appropriate studies as soon as reasonably possible to enable reporting of the SRL Mineral resources in accordance with the ASX Listing Rules and in full compliance of the guidelines of the JORC Code (2012 ed). The Competent Person's statement for the SRL Information is set out on slide 28 of this presentation.

- ## Lanti Containments and Dams



Integration Priorities

- Engagement of SRL employees
- Smooth transition of control with continuation of current operations
- Introduce Iluka's safety and risk mitigation frameworks and code of conduct
- Maintain constructive relationships with Government of Sierra Leone and local communities
- Key Iluka management personnel located in Sierra Leone on ongoing basis
 - Rob Hattingh – Chief Executive Officer, Sierra Rutile
 - Shane Tilka – Chief Operating Officer, Sierra Rutile
- Realise corporate, marketing and other synergies
- Implement initial operational and safety improvements measures

Key Financials

Doug Warden, Chief Financial Officer, Head of Strategy and Planning

Key Financials

- Expected earnings per share accretive in 2017
- Total transaction value of A\$455 million, comprised of:
 - SRL equity A\$375 million (£215 million)
 - assumed debt of A\$80 million (US\$59 million)
- In addition, transaction costs of A\$18 million¹ - to be expensed in 2016
- Combined pro-forma gearing ~32 per cent (net debt / net debt + equity) as at 30 June 2016²
- Iluka has total facilities of A\$1,010 million
- Existing SRL debt to be repaid from Iluka's facilities
 - interest rate of various SRL facilities was LIBOR plus 4.5 to 6.5 per cent³
 - average interest rate on Iluka facilities lower

1. Transaction costs include deal contingent forward hedge cost of A\$8 million.

2. Based on Iluka's balance sheet position as at 30 June 2016 and adjusted for SRL total transaction value upon acquisition

3. Source: SRL announcement 3 November 2016

Sierra Rutile Capital Expenditure

- Safety and operational improvements (detailed on slide 20)
 - ~US\$60 million over next 2 years
 - ~US\$20 million associated with mining and concentrating
 - ~US\$40 million on mineral separation plant and general site works
- 3 expansion projects to progress to detailed feasibility studies (detailed on slide 21)
 - ~US\$160 million over 3 to 5 years
- Commitment (timing and amount) subject to outcome of feasibility studies, regulatory approval, market conditions and Iluka portfolio considerations

Physical & Financial Parameters¹

	2014	2015	2016 (SRL Guidance)	2017-2020 Iluka Commentary
Production Cash Costs (total)² (US\$m)	73	77	n.a.	Total production costs in 2017-2019 expected to average ~US\$75 – \$85m p.a. Post Sembehun, cash costs expected to be ~US\$110 – \$120m. Refer capex requirements below.
Unit Production Cash Costs² (US\$/t rutile)	643	614	540-590	Unit production costs (before any co-product credits) expected to decline by ~10-20% from 2016 mid point guidance and by ~15-25% from 2015 actual levels.
Rutile Production (kt)	114	126	135-145	Rutile production 2017-2019 is expected to average ~160 -175 kt pa with production in 2020 potentially >240 ktpa with Sembehun production.
Synergies (net of integration costs) (US\$m)	n.a.	n.a.	n.a.	Net synergy savings after integration costs. Annual net synergies modest (~US\$2m p.a.) and relate mainly to duplicated “overhead” costs.
Capital expenditure (US\$m)	17	31	n.a.	Average capex is estimated at ~US\$75m per annum and includes: safety and operational efficiency measures ~US\$60m, production expansion capital ~US\$160m, sustaining and other capital expenditure The phasing of capital will be subject to feasibility studies, market demand and wider Iluka portfolio considerations. Capital is likely to be weighted to 2018 associated with operational efficiency measures and production expansions to offset the expected closure of Lanti Dredge.

Note: All Iluka forecast numbers are in 2015 real dollars

1. Initial guidance to assist equity market participants. The numbers are indicative and subject to modification following conclusion of the transaction and initial review/confirmatory activities.
2. Production Cash Cost defined as the direct costs of production divided by tonnes of rutile produced. The direct costs of production include mining, processing, support and infrastructure services at the mine site which are utilised in order to produce finished rutile in readiness for shipment to the customer at SRL's port facility. It does not include royalties, selling and distribution expenses, G&A/overheads, sustaining capital expenditure or co-product credits.

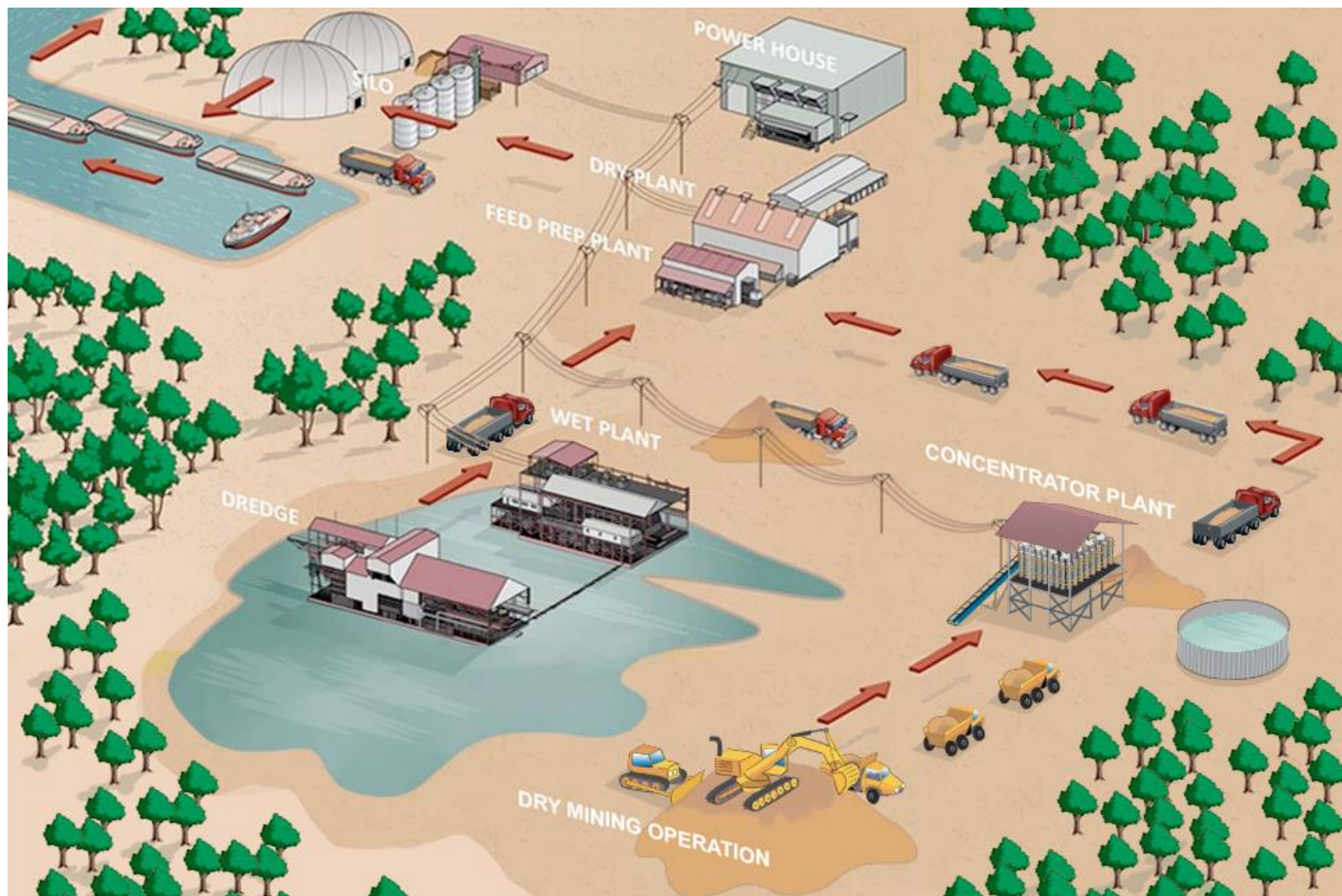
- Main features of fiscal regime:
 - 4 per cent royalty on export sales
 - Corporate income tax is payable at the higher of 3.5 per cent of turnover and the prevailing corporate income tax rate on taxable profits post utilisation of tax losses
 - Prevailing corporate income tax rate is 30 per cent but Sierra Rutile Act caps any increase to the corporate income tax rate to 37.5 per cent
- SRL had, as at 31 December 2015, unused tax losses available for offset against future profits¹

1. As at 31 December 2015, SRL had unused tax losses of \$464.3 million available for offset against future profits, of which \$63.2 million were recognised as a deferred tax asset. Source: SRL 2015 Annual Report

Operational Performance & Expansions

Dan McGrath, General Manager, Eastern Operations

Sierra Rutile Operations



Sierra Rutile Operations

Dredge mining – Lanti

- Floating electric bucket line dredge (effective capacity of 780 tonnes per hour of ore or 5.5 million tonnes per annum) feeding floating wet concentrator plant.
- Front-end loaders and 30-tonne dump trucks move the heavy mineral concentrate from the dredge to the feed preparation plant.



Dry mining – Lanti and Gangama

- Conventional excavate, load and haul methods of surface mining deliver ore from Gbeni and Gangama deposits into two beneficiation and wet concentrating plants, known as Lanti and Gangama plants.
- Ore from Gbeni is reclaimed and fed from an ore stockpile into Lanti plant, and Gangama ore is mostly direct fed from an ore bin above Gangama plant.
- The capacity of each plant is ~500 tonnes per hour of ore.
- Heavy mineral concentrate trucked to feed preparation plant.



Mineral separation plant

- Mineral separation plant, including feed preparation plant and dry plant.
- Capacity of 175 thousand tonnes of rutile per annum.



Sierra Rutile Workforce and Infrastructure

Site Access

- Mine located on the south west coast. Access via 190km bituminised and 80km gravel road from Freetown.

Workforce

- More than 1,600 employees (~40-45 expatriate employees, more than 95 per cent of workforce is Sierra Leonean).

Port

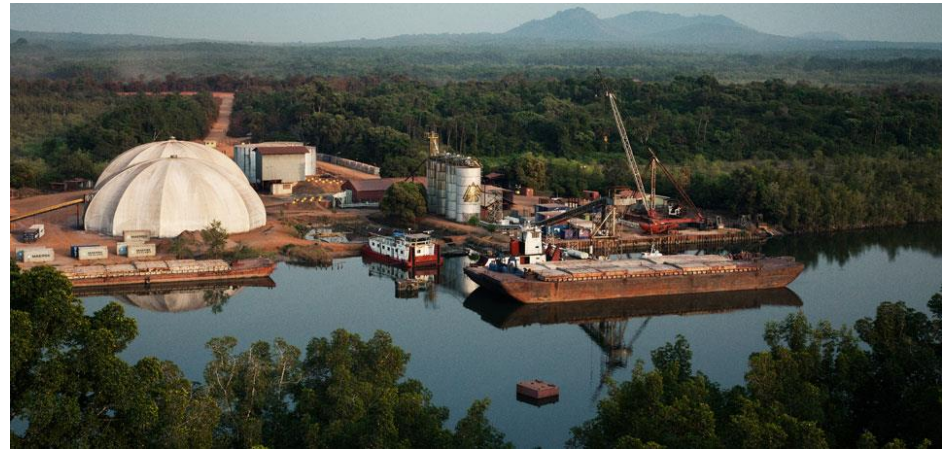
- Bulk shipment via Nitti Port, ~15km from MSP.
- Port facilities include heavy fuel oil and diesel storage facilities, two 15 thousand tonne dome sheds for bulk dry product and three 1,700 tonne capacity dumb barges, with a tugboat.

Accommodation

- On-site accommodation village can accommodate 420 people.
- Facilities include kitchen, mess, pool, gym, tennis and squash courts.

Power

- 28MW capacity (4x7MW generators) run on heavy fuel oil.
- Site consumption ~12.5MW, availability exceeds 99 per cent.



Safety and Operational Improvements

- Mining and concentrating:
 - revised mining method to reduce haulage, stockpiling and reclaim involving in-pit mining units and slurry pumping to the wet concentrator plant
 - increase throughput at Lanti dry mining
 - revised beneficiation plant design for current and future mines, de-constraining throughput and improving mining recovery
 - improvement in mine pit de-watering to access lower ore zones, improve tailings management and enable earlier tails backfill
 - capital cost estimate of ~US\$20 million over two years
- Mineral separation plant and general site works
 - higher mineral separation plant throughputs and recoveries through equipment upgrades
 - general mineral separation plant safety upgrades and site works
 - capital cost estimate of ~US\$40 million over two years

Production Expansion Options

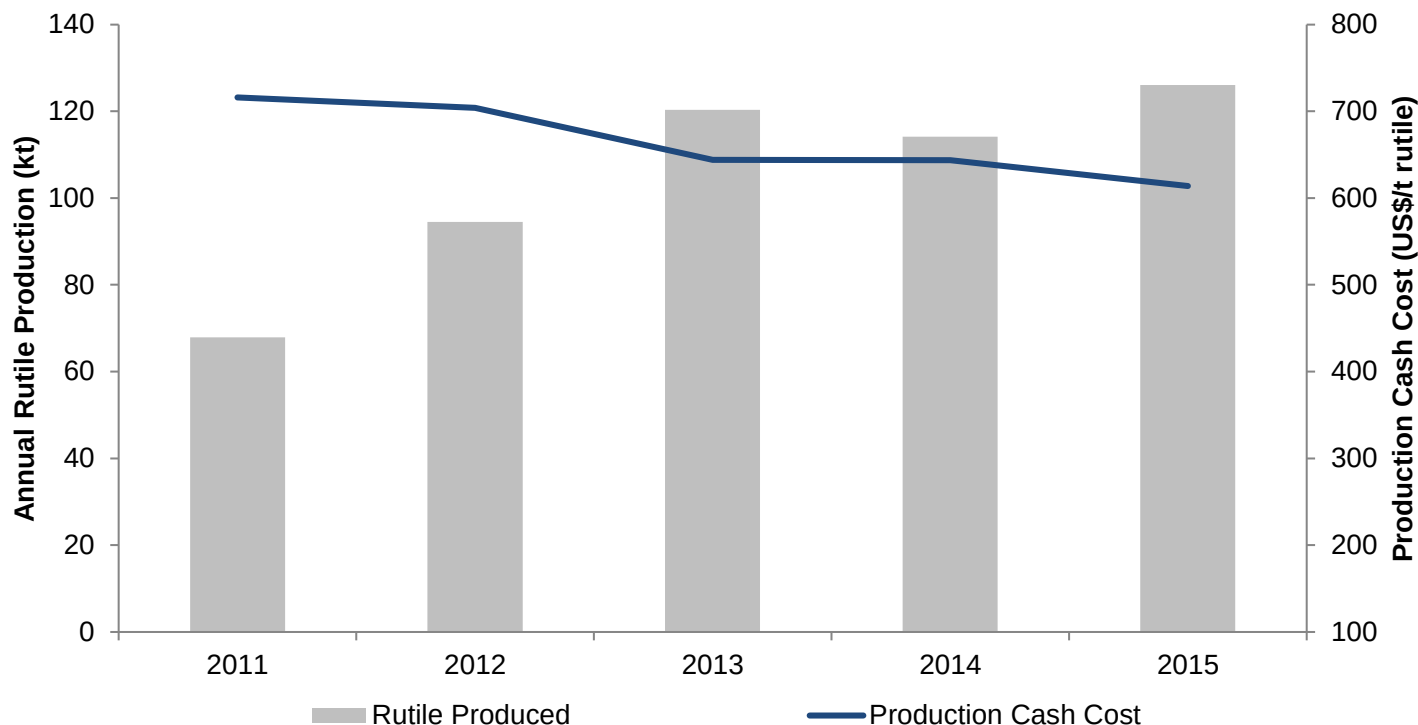
	Current Capacity	Planned Expansion
Lanti dry mine	Nameplate: 500 tph	• SRL planned for additional 250 tph • Iluka considering additional 500 tph
Gangama dry mine	Nameplate: 500 tph	• SRL planned for additional 250 tph • Iluka considering additional 500 tph
Sembehun mine	New project	• New proposed 1000 tph project

Note: SRL planned decommissioning of Lanti dredge (effective capacity of 780 tph) in 2018.

- Iluka capex estimate for above three projects ~US\$160 million over 3 to 5 years
 - to be reviewed as part of detailed feasibility studies

Rutile Production and Cash Costs

- In the period 2011 - 2015, rutile production has grown at average rate of 17% per annum
- Unit production cash costs downward trend expected to continue with improvements and expansions



Source: SRL

1. Production Cash Cost defined as the direct costs of production divided by tonnes of rutile produced. The direct costs of production include mining, processing, support and infrastructure services at the mine site which are utilised in order to produce finished rutile in readiness for shipment to the customer at SRL's port facility. It does not include royalties, selling and distribution expenses, G&A/overheads, sustaining capital expenditure or co-product credits.

Concluding Remarks

Tom O'Leary, Managing Director and CEO



Next Steps

- Safety of current and new (ex-SRL) Iluka employees is a key focus
- Early integration priorities:
 - move key Iluka personnel to minesite to lead operations (complete)
 - implement safety and operational improvements (commenced)
 - maintain positive relationships with government and communities (commenced)
- Further information and guidance parameters to be provided as part of usual Key Physical and Financial Parameters
- Update on commencement of integration at 2016 Full Year results, update on progress at 2017 Half Year results

Iluka Business Priorities



- Completion of the SRL merger and commencement of an effective integration process
- Completion of the five year corporate planning and 2017 budgetary process
- Detailed review of the existing production portfolio and projects, including assets, configurations and operating regimes
- An assessment of the feasibility, attraction and timing of the expansion projects available to the company
- Review of all non-production costs of the business to ensure a sustainable cost structure

Iluka Resources Limited



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Appendix - SRL Physicals and Financials

<i>Physicals kt</i>	CY12A	CY13A	CY14A	CY15A
Rutile production	94	120	114	126
Rutile sales volume	81	111	130	118
<i>Financial Performance US\$m</i>	CY12A	CY13A	CY14A	CY15A
Total revenue	179	123	118	106
Operating costs	(71)	(88)	(103)	(90)
EBITDA	108	35	15	16
EBIT	92	17	(6)	(5)
NPAT	84	10	(9)	(13)
EBITDA margin	60%	28%	13%	15%
Average rutile price ¹	2,041	1,044	799	775
<i>US\$m</i>	CY12A	CY13A	CY14A	CY15A
Cash flow from operations	66	41	9	19
Cash flow from investing activities	(60)	(40)	(20)	(31)
Free cash flow	5	1	(11)	(12)
Production cash cost (US\$/t)	704	644	643	614

Source: SRL CY13 -15 audited financial statements.

1. 2014-2015 average rutile prices on an ex-Sierra Leone basis i.e. Free Along Ship basis. 2012-2013 average rutile prices on a CIF basis.

Important Information – Resources

JORC Reserves and Resources Statements

Iluka Reserves and Resources

The information in this document relating to Iluka's Ore Reserves and Mineral Resources is extracted from Iluka's 2015 Annual Report (the Report), issued to ASX on 19 February 2016, and is available at www.iluka.com. The Company confirms it is not aware of any new information or data that materially affects the information included in the Report and that all material assumptions and technical parameters underpinning the estimates in the Report continue to apply and have not materially changed. The Company confirms the form and context in which the Competent Persons' findings are presented have not been materially modified from the Report.

SRL Reserves and Resources

SRL's Mineral Resources are stated to have been estimated by a Competent Person as defined by the guidelines of the JORC Code. The Competent Person has consented to the inclusion of the SRL Ore Reserves and Mineral Resources information in this presentation (refer to the Competent Person's Statement below). The supporting "Table 1" commentary has not been included with this presentation. The "Table 1" commentary will be included with the next Iluka announcement which includes the SRL Ore Reserves and Mineral Resources as part of the Iluka Ore Reserves and Mineral Resources, in accordance with the ASX Listing Rules.

SRL Competent Person's Statement

The information in this presentation regarding SRL's Mineral Resources and/or Ore Reserves has been extracted from SRL's 2015 Annual Report, issued to AIM on 28 April 2016 and available (along with other SRL announcements) on the SRL website at <http://www.sierra-rutile.com>. The information is based on information compiled by MTG Button.

MTG Button is an Independent Mineral Resource Professional and was engaged by SRL as a consultant. MTG Button is a member of The South African Council for Natural Scientific Professions, (accreditation number 400088/01) which is included on the list of 'Recognised Professional Organisations' for the purpose of reporting Mineral Resources in accordance with the JORC Code (2012 ed.). MTG Button has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify him as a "Competent Person" as defined in the JORC Code. MTG Button consents to the inclusion of information in this announcement in the form and context in which it appears.

Iluka is not aware of any new information that materially affects the information included in this announcement as far as Iluka is aware all material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.