Almost 30 years of TiO_2 pigment manufacturing experience
- growing fast and investing in the future

www.lomonbillions.com

Lomon Billions

Bruce Griffin

Senior Vice President Strategic Development

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Agenda

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- ► Lomon Billions
- ► Chloride Pigment Expansion
- ► Feedstock Integration
- ► Response to Enhanced Environmental Regulation

Lomon Billions

Integrated pigment producer

- 1 chloride and 3 sulfate pigment plants
- Ilmenite mine
- Slag smelter and synthetic rutile plant

4 global pigment producer

#1 in pigment producer in China

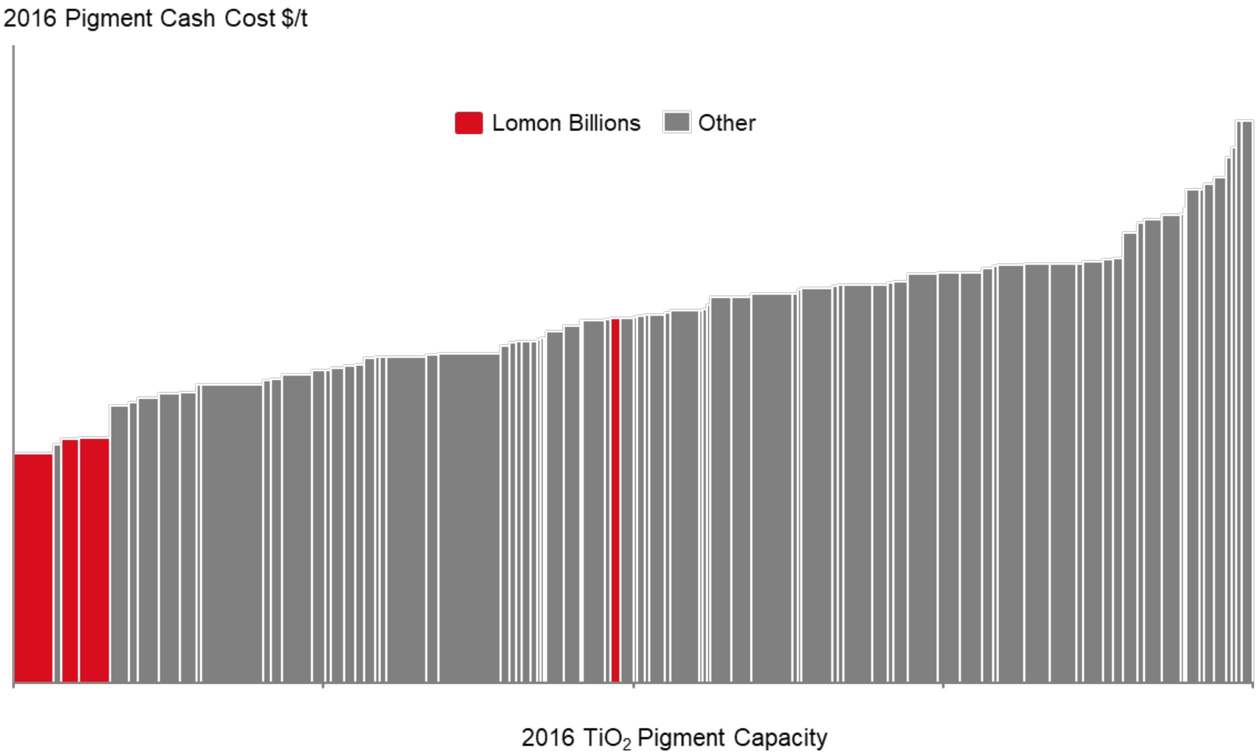
  #1 Sulfate pigment producer

  #1 Chloride pigment producer

  #1 Pigment exporter

  #3 Ilmenite producer

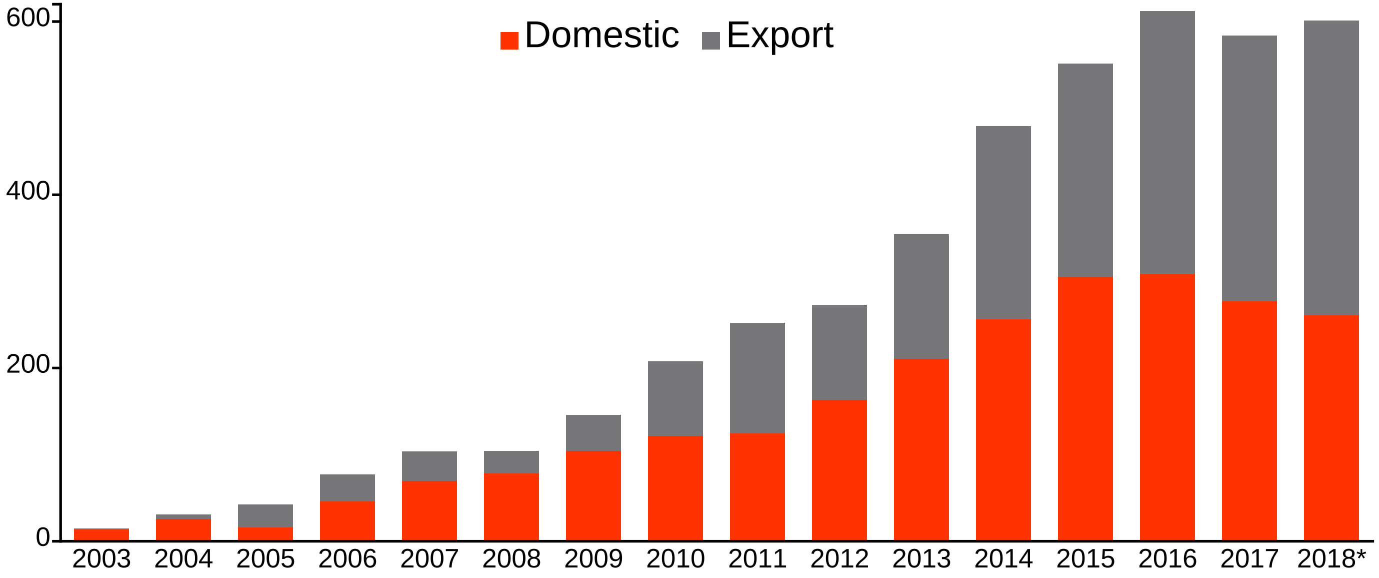
Industry leading cost position



Source: TZMI

Exports a key part of our business

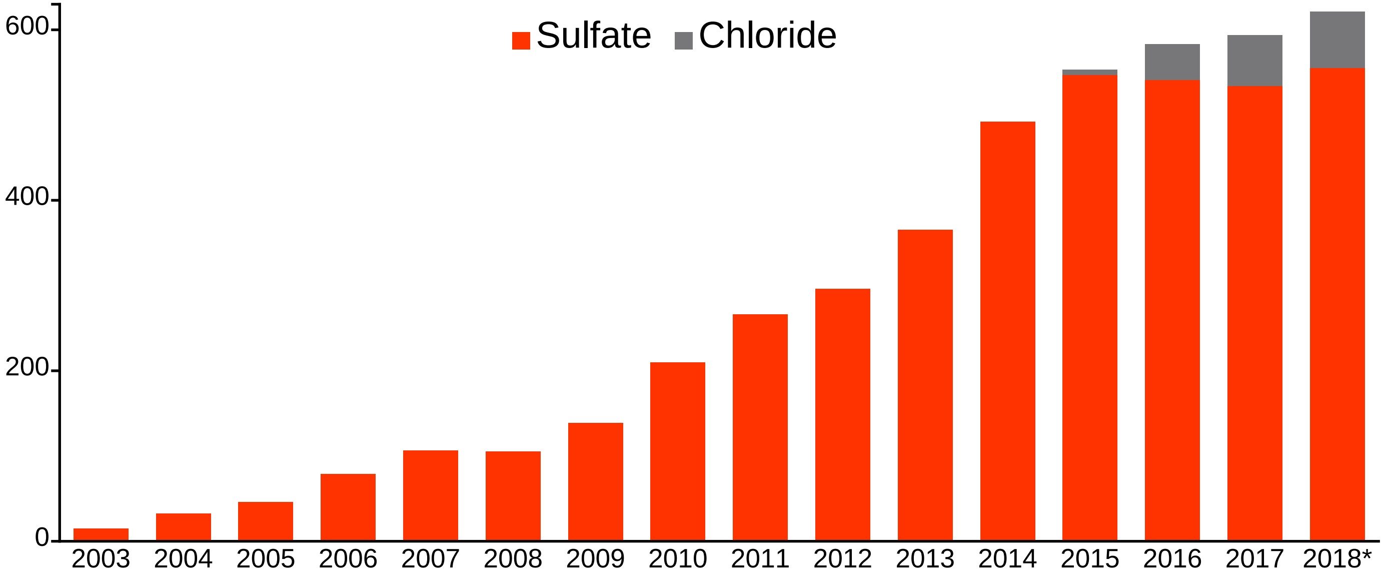
Pigment Sales tpa



* 1H 2018 annualised

Growth shifting to chloride

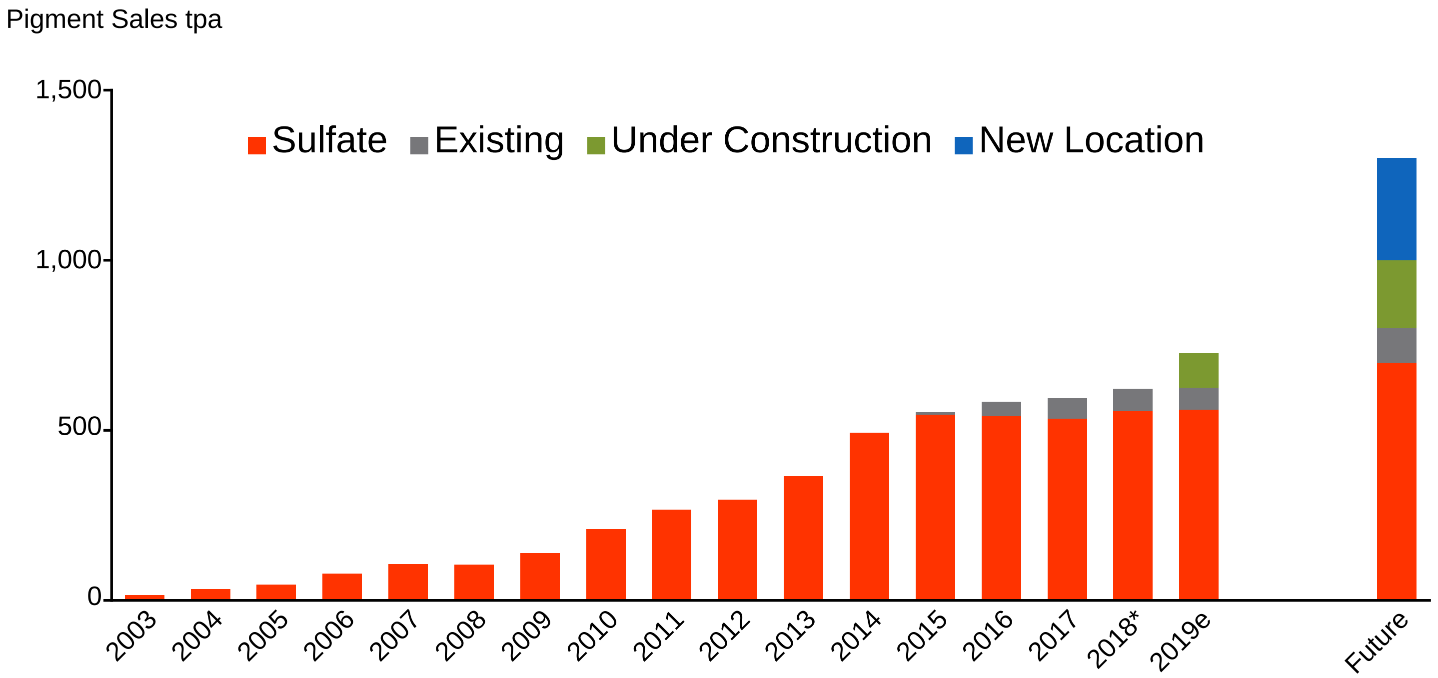
Pigment Sales tpa



* 1H 2018 annualised

Chloride pigment expansion

Strategy to grow pigment production to 1,300 ktpa



* 1H 2018 annualised

Chloride Pigment Expansion

- Existing 100,000 tonne capacity line will produce around 65,000 tonnes in 2018
- 200,000 tonne chloride pigment expansion
- Two new 100,000 tpa chloride pigment lines
- Total investment 1.812 billion RMB (~US$285 million at approval – Feb 2018)
- Expected start up timing
  - Commissioning in Q4 2018
  - First line to start in Q1 2019 and reach capacity in Q2 or Q3 2019
  - Second line to start in Q3 or Q4 2019
  - Incremental chloride pigment production in 2019 of 100,000 tonnes
  - Total chloride pigment production of 150,000 to 200,000 tonnes in 2019

Chloride Pigment Expansion

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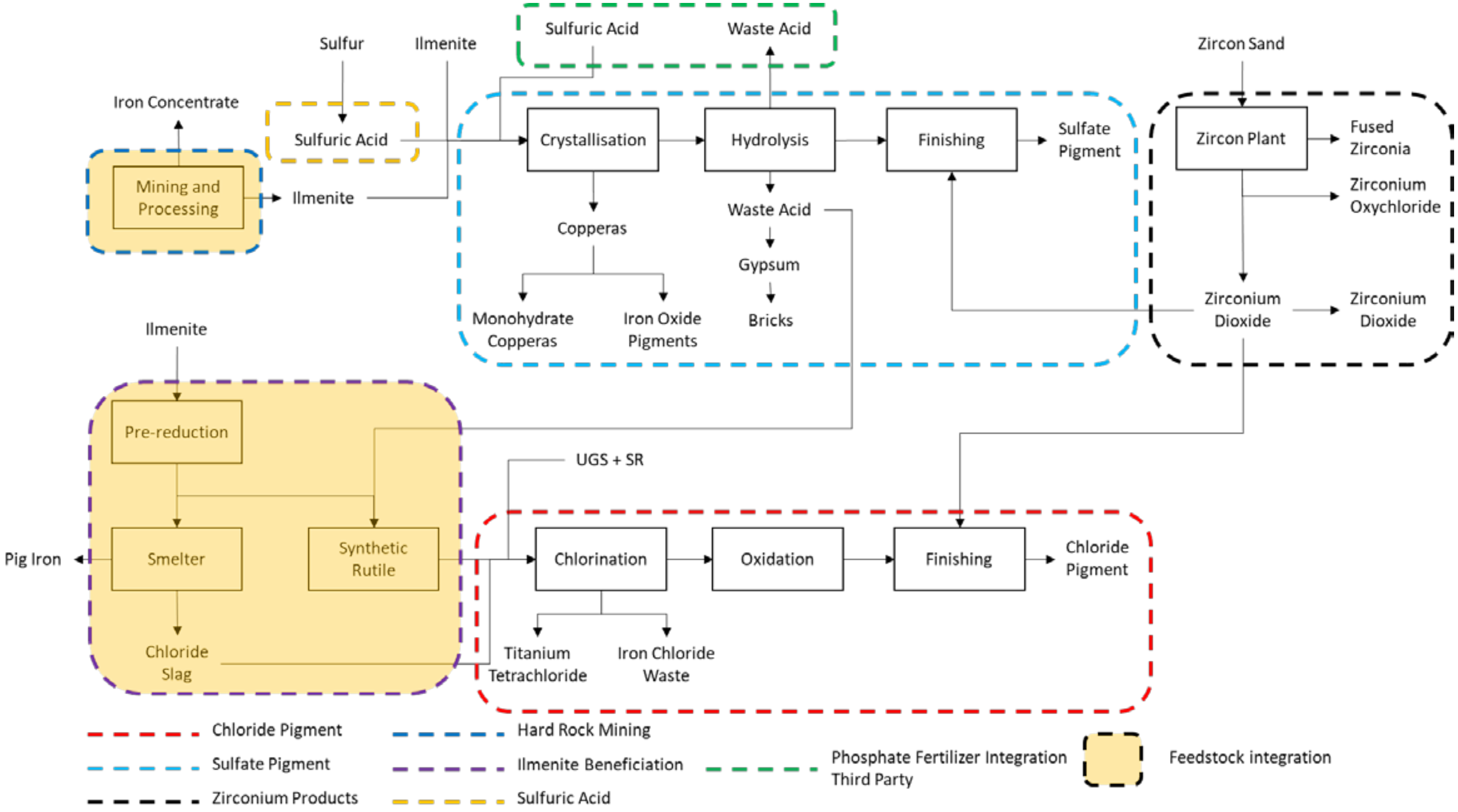
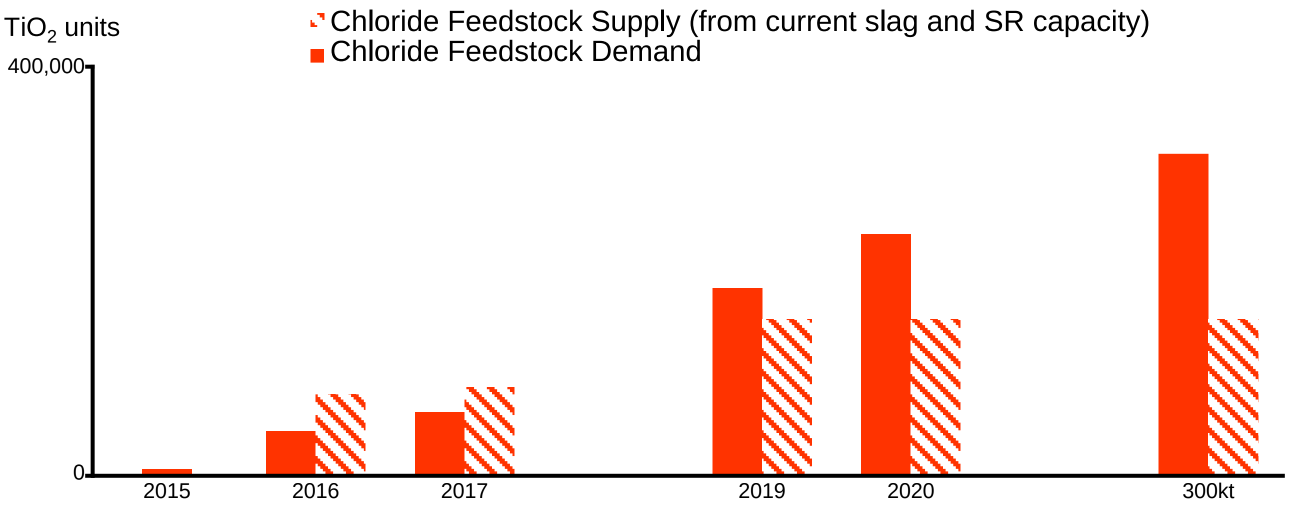
Chloride Pigment Expansion

Feedstock Integration



Feedstock Integration

- Around 2/3 integrated for sulfate feedstock
- Currently long chloride feedstock
- Buying ilmenite feed for smelter and synthetic rutile
- Current 200,000 tonne chloride expansion will reduce our self sufficiency to <50%



Chloride Feedstock Integration

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- Target capacity to feed 600,000 tpa of chloride pigment
- Expand smelter capacity in China and overseas
- Buy or build ilmenite resources suitable for making chloride slag

- Create the lowest net-cost supply chain from mine to chloride pigment
  - Lomon Billions have this for sulfate pigment
- Capture full supply chain margin irrespective of feedstock prices
  - Profitable throughout the price cycle
- Feedstock market efficient for dispatch but not for capacity
  - Integration removes market volume risk
- BUT feedstock integration
  - Is not a solution for high costs in either feedstock or pigment
  - Must combine low net cost feedstock with low cost pigment production

China Environmental Context

- Environmental inspections
  - Enforcement of existing regulations
  - Central teams applying rules consistently
  - Long term positive for sophisticated producers
- Enforcement focus shifts to target specific polluters not ‘areas’ or ‘industries’
  - For example 26+2 cities air quality restrictions last winter (2017/2018)
  - Some area and industry restrictions still expected this winter (2018/2019)

Lomon Billions Response

- Continuous investment to ensure compliance, examples from 2017/18 include
  - Waste gas desulphurisation and denitrification (calciner, digestion and boilers)
  - Waste gas dust collection (calciner, digestion)
  - Ultra-low emissions refit for reduction kiln
  - Replacement of conveyors and bag filters to reduce dust
  - Wastewater treatment upgrades at all pigment plants
- Minimises risk to Lomon Billions of specific inspection impacts
  - Ongoing risk of area or industry restrictions


Thank You