

12 January 2012

QUARTERLY PRODUCTION REPORT 31 DECEMBER 2011

SUMMARY DATA

	Dec-10 Quarter	Dec-11 Quarter	12 mth to Dec- 10	12 mth to Dec- 11	12 mth Dec-10 vs 12 mth Dec-11
Production	kt	kt	kt	kt	%
Zircon ¹	123.5	148.4	412.9	601.5	45.7
Rutile	63.8	65.9	250.1	281.3	12.5
Synthetic rutile	87.3	68.7	347.5	285.7	(17.8)
Saleable ilmenite	141.9	111.8	469.0	459.7	(2.0)
Upgradeable ilmenite	29.0	60.5	215.9	201.9	(6.5)
Total Mineral Sands Production²	416.5	394.8	1,479.5	1,628.2	10.1
Sales					
Zircon ¹			478.7	514.5	7.5
Rutile			240.0	265.9	10.8
Synthetic rutile			362.5	257.7	(28.9)
Ilmenite			373.7	570.9	52.8
Total Mineral Sands Sales			1,454.9	1,609.0	10.6
Mineral Sands Revenue A\$ million	283.4	434.0	874.4	1,536.7	75.7
Average AUD:USD cents	98.8	101.1	92.0	103.2	12.2
Cash Costs per tonne of Z/R/SR produced- A\$			539	537	-
Revenue per tonne of Z/R/SR sold – A\$			809	1,480	83

Production

Iluka had an excellent year from a production perspective, with all operations performing well and with full year production figures significantly exceeding initial estimates (as detailed in February 2011), as well as revised and higher guidance figures issued in July 2011.³

Zircon production on a full year basis was 601.5 thousand tonnes, compared with 412.9 thousand tonnes in 2010. December quarter zircon production was 148.4 thousand tonnes.

¹ Iluka's zircon production and sales figures include small volumes of zircon attributable to external processing arrangements. This equates to 24 thousand tonnes of production during 2011, and 4 thousand tonnes in the December quarter. Given the increasing level of this material and its expected continued contribution to Iluka product available for sale, it is now categorised in production and sales volumes.

² Total mineral sands production excludes upgradeable ilmenite as this is used in the manufacture of synthetic rutile.

³ Refer Iluka ASX Release, Key Physical and Financial Parameters, Iluka 2011 (July Update), 14 July 2011. Full year zircon production guidance was 550 thousand tonnes; rutile 275 thousand tonnes and synthetic rutile 260 thousand tonnes.

Rutile production on a full year basis was 281.3 thousand tonnes, compared with 250.1 thousand tonnes in 2010. December quarter production was 65.9 thousand tonnes. Higher rutile volumes reflect a full year of operation at Kulwin and improved recoveries and throughputs.

Synthetic rutile production on a full year basis was 285.7 thousand tonnes (2010: 347.5 thousand tonnes). While Iluka successfully extended production from its SR3 kiln, a major part of this kiln's operation was devoted to new product test work. In addition, a major maintenance outage for this kiln was conducted from the end of August until the end of October. In addition to SR3, Iluka operated its SR kiln 2 throughout the year. This kiln has a major maintenance outage scheduled in the first half of 2012.

Sales Volumes

Zircon sales volumes for the 12 months to 31 December 2011 were 514.5 thousand tonnes (2010: 478.7 thousand tonnes). This represents a 7.5 per cent annual increase.

Rutile sales volumes were 265.9 thousand tonnes (2010: 240.0 thousand tonnes), a 10.8 per cent year-on-year increase. Iluka maintains, as planned, a holding of both semi-finished and finished product inventory given the planned mine move in the Murray Basin from Kulwin to Wornack, Rownack, Pirro deposits in the first quarter of 2012.

Year-on-year sales increases of 7.5 per cent and 10.8 per cent for zircon and rutile respectively exceed Iluka's "high demand" global demand scenario for zircon and high grade titanium dioxide.

Synthetic rutile sales volumes for the 12 months were 257.7 thousand tonnes (2010: 362.5 thousand tonnes), a 28.9 per cent decrease and reflecting lower annual production associated with the decision to utilise synthetic rutile kiln 3 (SR3) kiln for product development purposes, associated with the testing of ilmenites in new product development trials.

Mineral Sands Sales Revenue

Mineral sands sales revenue for the 12 months to 31 December 2011 increased by 75.7 per cent to \$1,536.7 million (2010: \$874.4 million), reflecting higher average received zircon and high grade titanium dioxide prices and higher zircon and rutile sales volumes, partially offset by lower synthetic rutile volumes. Australian dollar revenue was influenced adversely by a higher Australian/United States dollar exchange rate (2011 average of 103.2 cents compared with 2010 average of 92.0 cents).

December quarter mineral sands sales revenue was \$434.0 million (December 2010 quarter: \$283.4 million).

Full year 2011 sales revenue per tonne of zircon/rutile and synthetic rutile (Z/R/SR) was A\$1,480/tonne compared with A\$809/ tonne in 2010, an 83 per cent increase.

Cash Production Costs

Full year cash costs of production are estimated at \$537/tonne of Z/R/SR. This compares with July 2011 guidance of A\$560/tonne of Z/R/SR and reflects strong operating performance across the business. Unit cash costs of production in 2010 were A\$539/tonne of Z/R/SR. Second half 2011 cash costs of production were approximately A\$534/tonne of Z/R/SR. The 12 month unit cash cost of production figure may be compared with unit revenues of A\$1480/tonne of Z/R/SR sold, highlighting the improved cash margin structure in the business.

Market Conditions – 2011

As indicated previously, Iluka achieved excellent sales outcomes in 2011 for zircon and high grade titanium dioxide products. Overall sales volumes were in line with the company's expectations, as conveyed in sales commentary issued earlier in the year.¹ Iluka was also able to secure material price increases for both suites of products during 2011.²

A strong first nine months of zircon sales volumes was partially mitigated by a weaker fourth quarter. Fourth quarter zircon volumes were influenced by the impact of global economic conditions on customer confidence and on the availability of credit, together with the effect of measures by the Chinese central Government to control inflation and temper speculative activity in some parts of the Chinese property market. High grade titanium dioxide volumes remained robust through 2011, with only a slight moderation in fourth quarter demand.

Zircon

The impact of the above factors became more marked from late October through to year end. In China, in addition to these factors, the erosion of business confidence downstream of Iluka's customers (with "downstream customers" including, for example, ceramic tile producers) and a tendency for many Chinese customers to reduce finished product inventory to settle year-end debts, have served to induce a particularly cautious approach in terms of ordering new zircon raw material supplies in the fourth quarter, despite prevailing low inventories of zircon sand. In Europe, firm demand in the early part of the fourth quarter weakened as the quarter progressed in line with reduced demand for ceramics products supplied into North Africa and the Middle East.

As a result of these volatile conditions and Iluka's marketing response to those conditions, fourth quarter zircon sales totalled 97 thousand tonnes and - as stated previously - Iluka expects a soft sales period ahead, with a clear view on overall 2012 zircon demand and the phasing of that demand taking time to emerge.

High Grade Titanium Dioxide

Demand for high grade titanium dioxide products was robust throughout 2011, but moderated slightly in the fourth quarter reflecting, as indicated by pigment producers, seasonal factors, weaker China demand for imported pigment, and also some flow on of weaker global economic conditions in other sectors, such as the welding market. Iluka has contracted the majority of its 2012 high grade titanium dioxide production at the materially higher first half prices announced on 8 December 2011 (refer ASX Release, High Grade Titanium Dioxide Pricing).

Market Outlook

Iluka is well positioned from an operational, balance sheet and margin position to continue to respond appropriately to market conditions for its products by flexing production, sales and inventory.

¹ Iluka ASX Release, Key Physical and Financial Parameters, Iluka 2011 (July Update), 14 July 2011.

² Refer Iluka ASX Releases – High Grade Titanium Dioxide Pricing, 8 December; Zircon Pricing Outcomes – Fourth Quarter 2011, 12 October 2011.

With product price and sales volume levels now similar, Iluka is now more evenly balanced from a revenue perspective across zircon and high grade titanium dioxide products than it has been for some years.

While lower production and sales levels may occur for zircon for a period in 2012, revenue impacts will be mitigated by contracted volumes of high grade titanium dioxide which, in the first half of 2012, will be at a weighted average price of between 110 per cent to 145 per cent above 2011 weighted average pricing. Further mitigation is provided by zircon prices which will end the 2011 year over 30 per cent higher than weighted average price for the year as a whole, and over 270 per cent higher than the weighted average zircon price for 2010.

Given some evidence of a softening in the near term zircon demand outlook, as commented upon by Iluka in its September Quarterly Report and at its November Mineral Sands Briefing Session, Iluka has the ability to moderate zircon production to better match demand over the next quarter or two, while still retaining the company's ability to respond quickly to demand recovery. This approach highlights Iluka's intention to manage its production, sales and inventory levels in the context of both global macro economic factors (for example, economic growth, consumer spending, business confidence and credit availability) and favourable medium to longer term supply/demand characteristics of zircon and high grade titanium dioxide.

For example, Iluka has flexibility to adjust zircon production sourced from Jacinth-Ambrosia without impacting the production of higher grade titanium dioxide products sourced principally from the Murray Basin operations and from synthetic rutile production in Western Australia. Specifically, Iluka is able to adjust its mine path at the Jacinth-Ambrosia deposit and thereby determine the grade of ore mined and resultant heavy mineral concentrate production level. This could result in lower zircon production from the Narngulu mineral processing plant in Western Australia, while preserving the option for a rapid transition back to higher grade areas as demand returns.

Iluka does not envisage any substantive changes to its operational plans for the Murray Basin, given this is predominantly a high grade titanium dioxide production base serving customers whose demand profile is reasonably stable.

Iluka's Eneabba mining operations have commenced as planned and will serve as an ilmenite feed source for the production of synthetic rutile from SR3 kiln. A significant proportion of the production from SR3 is underpinned by commercial arrangements entered into during 2011.

Iluka will continue to evaluate and progress its multiple medium term production response options, as part of its Enhanced Production Project, given the company's confidence in favourable medium term supply and demand characteristics for both zircon and high grade titanium dioxide.

GROUP MINERAL SANDS PRODUCTION

The following table details total Iluka production by product group, with the source of that production attributed to the regional operating mines and basins. Processing of final product occurs, in Australia, at one of two mineral separation plants, Hamilton in Victoria and Narngulu in Western Australia. All United States material is processed at the Stony Creek mineral separation plant in Virginia. A similar table showing a 12 month comparison is on page 6. Given the integrated nature of Iluka's Australian operations, heavy mineral concentrate is capable of being processed into final product at one or both of the Australian mineral processing facilities. Following successful trial work in 2011 to treat Jacinth-Ambrosia heavy mineral concentrate (HMC) at Hamilton in order to maximise production efficiencies, Iluka expects to process some Jacinth-Ambrosia HMC in Victoria on an ongoing basis. Appendix 1 provides details of the physical data for operating mines.

Physical Production – Quarterly Comparison

	Dec-10 Quarter	Sep-11 Quarter	Dec-11 Quarter	Dec-11 Qtr vs Sep-11 Qtr	Dec-11 Qtr vs Dec-10 Qtr
	kt	kt	kt	%	%
Zircon					
Jacinth-Ambrosia, Eucla Basin	54.4	93.2	69.4	(25.5)	27.6
Perth Basin, Western Australia	6.4	-	3.3	N/A	(48.4)
Eucla/Perth Basins (SA/WA)	60.8	93.2	72.7	(22.0)	19.6
Murray Basin (VIC)	47.3	57.8	59.2	2.4	25.2
Virginia (USA)	15.4	16.3	16.5	1.2	7.1
Total Zircon Production	123.5	167.3	148.4	(11.3)	20.2
Rutile					
Jacinth-Ambrosia, Eucla Basin	3.2	18.7	16.2	(13.4)	406.3
Perth Basin, Western Australia	3.1	-	-	N/A	N/A
Eucla/Perth Basins (SA/WA)	6.3	18.7	16.2	(13.4)	157.1
Murray Basin (VIC)	57.5	59.9	49.7	(17.0)	(13.6)
Total Rutile Production	63.8	78.6	65.9	(16.2)	3.3
Ilmenite – Saleable					
Jacinth-Ambrosia, Eucla Basin	25.6	46.3	42.8	(7.6)	67.2
Perth Basin, Western Australia	19.0	-	-	N/A	N/A
Eucla/Perth Basins (SA/WA)	44.6	46.3	42.8	(7.6)	(4.0)
Murray Basin (VIC)	26.2	-	-	N/A	N/A
Virginia (USA)	71.1	72.6	69.0	(5.0)	(3.0)
Total Ilmenite – Saleable	141.9	118.9	111.8	(6.0)	(21.2)
Ilmenite – Upgradeable					
Jacinth-Ambrosia, Eucla Basin	16.0	-	-	N/A	N/A
Perth Basin, Western Australia	13.0	28.0	38.8	38.6	198.5
Eucla/Perth Basins (SA/WA)	29.0	28.0	38.8	38.6	33.8
Murray Basin (VIC)	-	25.6	21.7	(15.2)	N/A
Total Ilmenite – Upgradeable	29.0	53.6	60.5	12.9	108.6
Synthetic rutile (WA)	87.3	64.0	68.7	7.3	(21.3)
Total Mineral Sands Production¹	416.5	428.8	394.8	(7.9)	(5.2)

¹ Total mineral sands production excludes upgradeable ilmenite as this is used in the manufacture of synthetic rutile.

Physical Production – 12 Month Comparison

	12 mth to Dec-10	12 mth to Dec-11	12 mth Dec-10 vs 12 mth Dec-11 %
	kt	kt	%
Zircon			
Jacinth-Ambrosia, Eucla Basin	150.9	313.7	107.9
Perth Basin, Western Australia	46.2	9.3	(79.9)
Eucla/Perth Basins (SA/WA)	197.1	323.0	63.9
Murray Basin (VIC)	157.6	218.2	38.5
Virginia (USA)	58.2	60.3	3.6
Total Zircon Production	412.9	601.5	45.7
Rutile			
Jacinth-Ambrosia, Eucla Basin	10.2	56.4	452.9
Perth Basin, Western Australia	41.5	-	N/A
Eucla/Perth Basins (SA/WA)	51.7	56.4	9.1
Murray Basin (VIC)	198.4	224.9	13.4
Total Rutile Production	250.1	281.3	12.5
Ilmenite - Saleable			
Jacinth-Ambrosia, Eucla Basin	78.8	171.6	117.8
Perth Basin, Western Australia	81.9	-	N/A
Eucla/Perth Basins (SA/WA)	160.7	171.6	6.8
Murray Basin (VIC)	56.8	-	N/A
Virginia (USA)	251.5	288.1	14.6
Total Ilmenite -Saleable	469.0	459.7	(2.0)
Ilmenite - Upgradeable			
Jacinth-Ambrosia, Eucla Basin	42.0	2.7	(93.6)
Perth Basin, Western Australia	173.9	99.7	(42.7)
Eucla/Perth Basins (SA/WA)	215.9	102.4	(52.6)
Murray Basin (VIC)	-	99.5	N/A
Total Ilmenite – Upgradeable	215.9	201.9	(6.5)
Synthetic rutile (WA)	347.5	285.7	(17.8)
Total Mineral Sands Production¹	1,479.5	1,628.2	10.1

¹ Total mineral sands production excludes upgradeable ilmenite as this is used in the manufacture of synthetic rutile.

Production Commentary:

Murray Basin, Victoria

Iluka operates mining operations at Douglas and at Kulwin in Victoria. Heavy mineral concentrate production is currently expected to be completed at the Douglas mining and concentrating operation in mid March, approximately three months beyond the original completion schedule. Processing of Douglas HMC will continue throughout the first half of 2012.

Iluka's use of rail infrastructure in Victoria to transport HMC from the northern deposits to the Hamilton separation plant involved a successful five day trial period in November. Further work on associated siding infrastructure is continuing with the plan to commence permanent raiing activities later in the first quarter of 2012.

Mining and ore processing operations at the Kulwin mine in the northern Murray Basin are scheduled to complete in mid February 2012, some two months beyond the original completion schedule as additional economic ore has been extracted. Processing equipment will then be relocated to Woorack, Rownack and Pirro (WRP) for expected commissioning at the end of May. Initial mining operations have commenced at WRP.

Perth Basin, Western Australia

Mining operations continued at the Tutunup South mine in the South West of Western Australia.

Iluka has scheduled a major maintenance outage (MMO) for the SR2 kiln to commence in February 2012. The MMO for SR3 kiln in the Mid West was completed during the quarter. Following the processing of Eneabba heavy mineral concentrate through the Narngulu mineral separation plant (MSP) in the first quarter of 2012, production ramp up of SR3 is planned. SR3 is capable of using a combination of Eneabba and Murray Basin ilmenite feed sources.

Eucla Basin, South Australia

Higher recoveries and higher throughput resulted in strong annual production. Adjustment of mining plans led to a moderation in December quarter output.

Virginia, United States

Mining progressed in accordance with plans at both sites in Virginia. Processing of heavy mineral concentrate was also in line with plans, enabling a year-on-year increase in both chloride ilmenite and zircon production.

Sales Volumes

	6 mth to Jun-11	6 mth to Dec-11	12 mth to Dec-10	12 mth to Dec-11	12 mth to Dec-10 vs 12 mth to Dec-11
	kt	kt	kt	kt	%
Zircon	252.5	261.9	478.7	514.5	7.5
Rutile	107.8	158.1	240.0	265.9	10.8
Synthetic Rutile	138.3	119.4	362.5	257.7	(28.9)
Ilmenite	261.1	309.8	373.7	570.9	52.8
Total Sales	759.7	849.2	1,454.9	1,609.0	10.6

Product and Technical Development

During the quarter and after reactivation of the SR3 kiln, Iluka continued to trial the use of Murray Basin wet high intensity magnetic separation (WHIMS) ilmenite to produce synthetic rutile products. This ilmenite has previously been considered of no value and was disposed of back into the mine. The trials indicated that Iluka can produce a synthetic rutile product suitable for the chloride market from this ilmenite. Further use of this ilmenite is scheduled in the first half of 2012.

Small scale samples of an Acid Soluble Synthetic Rutile (ASSR), a new feedstock suitable for the sulphate pigment process, were sent to select customers for evaluation during the quarter. Feedback from customers is expected in the first half of 2012. If successful for commercial production, this would represent a significant new market penetration opportunity for Iluka.

Planned New Production

The following includes formal work on new production sources at an either approved or at feasibility stage. In addition to the following, Iluka's Enhanced Production Project (EPP), as outlined at the company's November 2011 Mineral Sands Briefing session, is investigating a range of other production response options within the Iluka portfolio in Australia and in Virginia. These are not reported here.

Eneabba Re-Start, Western Australia

As Iluka announced on 26 July 2011, mining operations at Eneabba were planned to recommence for an initial period of three years. Production may be extended beyond this period, subject to environmental and regulatory approvals, and further technical and financial assessments. The work of Iluka's EPP suggests that a considerable extension of mining should be economically feasible. Iluka announced on 16 November 2011, a 300 per cent increase in Eneabba Ore Reserves associated with its EPP work.

The Eneabba Restart project involves restarting mining operations at the Twin Hills and Depot Hill North ore reserves. Mining Units 2 and 9 as well the Newman and South Secondary Concentrators have been restarted to produce approximately 140 thousand tonnes per annum of ilmenite suitable as a feed source for the production of premium synthetic rutile, 25 thousand tonnes per annum of zircon and 25 thousand tonnes per annum of rutile from the Narngulu MSP. In addition, the Narngulu MSP has been upgraded to accommodate an additional 300 thousand tonnes of Eneabba HMC.

Mining at Eneabba recommenced on 15 December 2011, with processing operations at the Narngulu MSP commencing from the first quarter of 2012.

This project, delivering a significant level of incremental production in a highly capital-efficient and low risk manner, will be completed in less than six months and with a capital expenditure of less than \$35 million, including the MMO for SR3 kiln.

Woorneck, Rownack, Pirro - Murray Basin, Victoria

Woorneck, Rownack and Pirro (WRP) represent the next mineral sands deposits to be mined in the Murray Basin, following completion of mining activity at Kulwin in the first quarter of 2012. During the quarter:

- civil works at the WRP site continued and are near completion, with minor concreting being undertaken in January, and with tailing dam construction near completion;
- detailed engineering of structural, mechanical and piping design has been completed;
- the temporary camp accommodation upgrade for the construction workforce was completed; and
- electrical engineering has progressed to 90 per cent completion.

The final processing of ore at Kulwin is expected to occur in mid February, following which plant and equipment at Kulwin, including the mining unit plant, pre and wet concentration facilities and other equipment, will be relocated to WRP, approximately 25 kilometres away. Commissioning at WRP is scheduled for late May 2012.

Cataby, Western Australia

Iluka is currently undertaking a pre-feasibility study (PFS) on the Cataby mineral sands deposit located approximately 150 kilometres north of Perth. Cataby is a large, long life and high quality chloride ilmenite deposit, suitable as a feedsource to Iluka's synthetic rutile facilities. It is also expected to produce material levels of zircon during its initial years.

The PFS is expected to be complete by mid 2012 and, subject to successful completion and a decision to proceed, first production is expected from 2014.

The proposed ore mining method involves excavating the heavy mineral which is processed into heavy mineral concentrate (HMC) by wet concentration at the mine site. The HMC will be a feedsource to Iluka's Narngulu and Capel mineral separation plants where it will be processed into final products of rutile, zircon and ilmenite.

During the quarter, work included the following:

- finalising process design criteria to conclude the PFS metallurgical testwork;
- assessment of the re-use of existing equipment for the project; and
- completion of a number of environmental studies.

Balranald Deposits

West Balranald and Nepean are two rutile-dominated deposits in the northern Murray Basin, New South Wales. Combined, these deposits represent the largest rutile resource in the Iluka Mineral Resource inventory.

During the quarter, site based hydrogeology drilling, pump testing and site geotechnical and metallurgical test works continued to plan. Transport logistics studies were completed.

This pre-feasibility is expected to be completed in the first quarter of 2013 and, subject to satisfactory technical progress; the evaluation of the main environmental management issues and engagement with key stakeholders, the company may then proceed to a definitive feasibility study. The company is progressing its planning and evaluation activities with a view that construction could commence during 2014 and production could start during the latter half of 2015.

EXPLORATION

Eucla Basin, South Australia

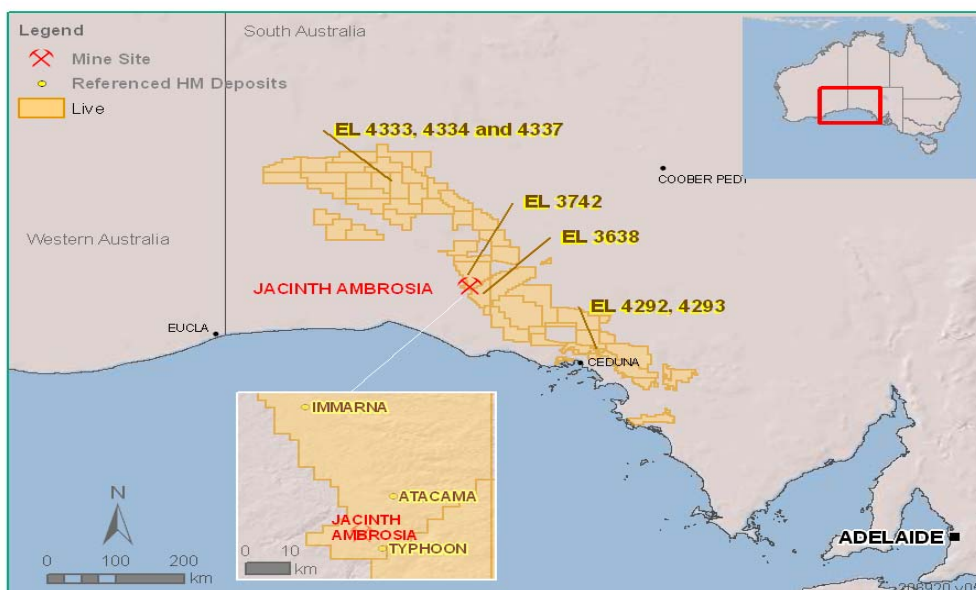
Greenfield exploration activity in the Eucla Basin in the December quarter of 2011 included:

- 5,830 metres of exploration drilling which tested the Group 4 Thar region on tenements EL4333, EL4334 and EL4337. The Thar region is located 200 kilometres to the north west of the Jacinth-Ambrosia mine. Drilling intersected some broad, deep, low grade zones of mineralisation that is concentrated against a scarp. Visual estimates indicated a noticeable zircon component. Results will be evaluated once assays have been received and geological interpretation has been finalised. Further work may be warranted;
- 3,317 metres of exploration drilling which tested the Group 3 Eyre Peninsula (Namib) region on tenements EL4292 and EL4293. The Namib region is located 50 kilometres to the east of Ceduna. The drilling failed to identify basement escarpments and no significant mineralisation was recorded. Further work will be assessed after completion of assays and geological interpretation; and
- Numerous soil and calcrete samples were collected to test potential Non HM target areas in Group 1 (EL3638, EL3742), based on the aeromagnetic survey that was completed in May. Results are pending.

Brownfield exploration activities included:

- an Inferred Resource estimate was completed for the Atacama Deposit, at a 3% cut off grade and will form part of Iluka's 2011 Ore reserves and Mineral Resources disclosure;
- an Inferred Resource estimate is in progress for the Typhoon Deposit extension, bulk sample tests are nearing completion. A resource estimate is expected during the first quarter of 2012; and
- 10,566 metres of Inferred Resource drilling at the Sonoran Deposit was completed during the quarter. Sonoran is located approximately 9 kilometres to the south east of the Jacinth-Ambrosia mining and concentrating operation. The mineralisation contains a high grade core and a broad low grade component. The drilling was conducted on a 400 metre by 100 metre drill pattern. Bulk sample tests are pending and a resource estimate is expected during the first quarter of 2012.

Figure 1 Iluka's Eucla Basin Tenements and Recent Areas of Exploration Activity



Murray Basin, Victoria/New South Wales

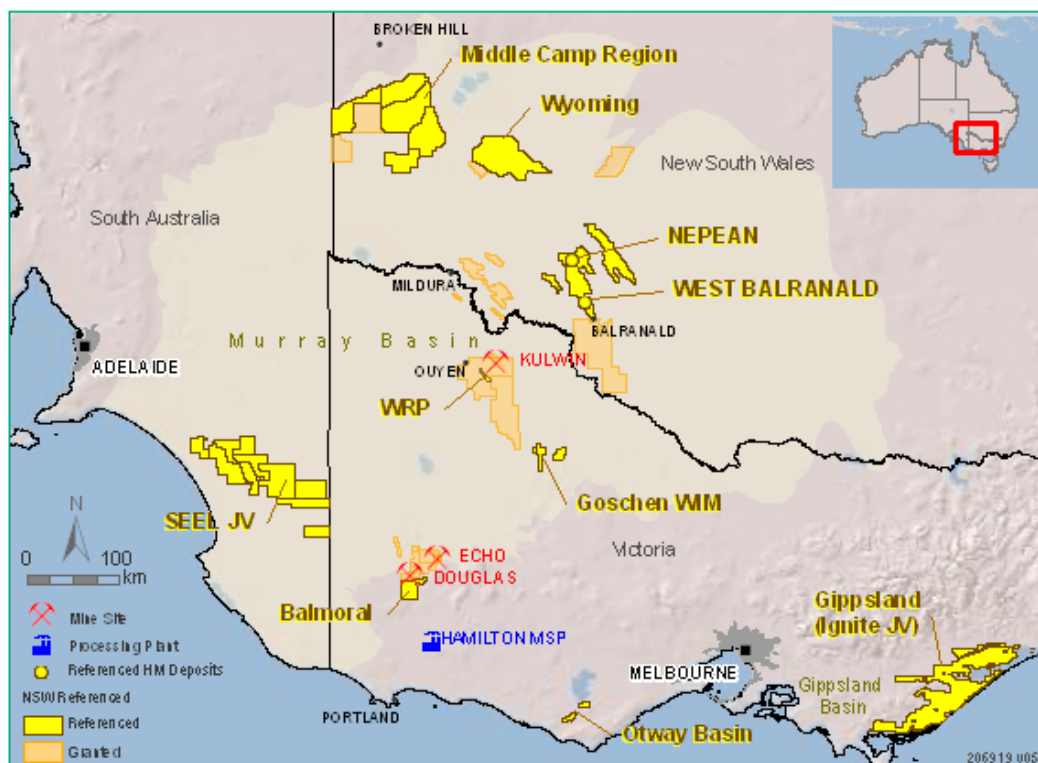
Of the 22,000 metres drilled during the December quarter, approximately half was dedicated to brownfield exploration activities, specifically:

- resource delineation drilling was completed at Nepean to upgrade the resource from indicated to measured;
- resource delineation drilling continued at West Balranald to upgrade the resource from indicated to measured;
- mine planning drilling at WRP continued with a view to re-optimising the pit to reflect higher prices, which may entail an extension of the planned economic life of this mining operation; and
- preparation for the Goschen WIM work programme with drilling to commence in the first quarter of 2012.

Greenfield exploration activities during the quarter included:

- preparation for the Gippsland, Balmoral and Middle Camp work programmes, with drilling to commence at these prospects in the first quarter of 2012;
- drilling was completed across two of the eight joint venture tenements with a subsidiary of ERO Mining Limited. Encouraging stratigraphy was intercepted. Several low grade intercepts will be followed up in early 2012;
- drilling was undertaken within the Otway Basin to test for the potential to host marine strands. Encouraging stratigraphy was intercepted which will be followed up in 2012;
- drilling was completed at the Balmoral prospect to test the potential for tin bearing mineralised strands. Stratigraphy similar to that seen at the Bondi suite of strands was intercepted. No significant mineralisation has been discovered. Further drilling is to be carried out in the first quarter of 2012; and
- drilling was completed at the Wyoming prospect to test the potential for coarse grained strands on the landward side of previously intersected mineralisation. No significant mineralisation has been discovered.

Figure 2 Iluka's Murray Basin Tenement and Recent Areas of Exploration Activity



Project Generation

Iluka is actively exploring for mineral sands outside of Australia, with early stage exploration (including drilling) underway in several countries.

Investment market and media inquiries

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APPENDIX 1 - OPERATING MINES – PHYSICAL DATA
12 Months to 31 December 2011

	Jacynth-Ambrosia	Murray Basin	Western Australia	Australia Total	Virginia	Group Total
Mining						
Overburden Moved bcm	2,655.0	16,630.6	235.4	19,521.0	-	19,521.0
Ore Mined kt	8,903.0	7,858.3	1,616.0	18,377.3	5027.1	23,404.4
Ore Grade HM %	10.2	21.2	10.2	14.9	8.8	13.6
VHM Grade %	9.2	5.3	8.3	7.5	7.6	7.5
Concentrating						
HMC Produced kt	815.3	714.2	154.3	1,683.8	437.8	2,121.6
VHM Produced kt	712.9	505.9	111.5	1,330.3	359.8	1,690.1
VHM in HMC Assemblage %	87.4	70.8	72.3	79.0	82.2	79.7
Zircon	57.9	34.8	11.3	43.8	15.6	38.0
Rutile	7.3	33.9	2.7	18.2	-	14.4
Ilmenite Saleable	21.8	-	57.1	15.8	66.6	26.3
Processing (HMC to finished product at a mineral separation plant)						
HMC Processed kt	681.1	672.9	146.1	1,500.1	437.5	1,937.6
Finished Product kt						
Zircon	313.7	218.3	9.3	541.3	60.3	601.5
Rutile	56.4	224.9	-	281.3	-	281.3
Ilmenite Saleable	171.6	-	-	171.6	288.1	459.7
Ilmenite Upgradeable	2.7	99.5	99.7	201.9	-	201.9
Synthetic Rutile Produced kt			285.7	285.7		285.7

An explanation of the Iluka's physical flow information for mineral sands, from overburden removal and mining to processing, can be obtained from Iluka's Briefing Paper - Iluka Physical Flow Information on the company's website www.iluka.com, under Investor Relations, Mineral Sands Briefing Material.

Explanatory Comments on Terminology

Overburden moved (bulk cubic metres) refers to material moved to enable mining of an ore body.

Ore mined (thousands of tonnes) refers to material moved containing heavy mineral ore.

Ore Grade HM % refers to percentage of heavy mineral (HM) found in a deposit. In the case of Murray Basin it excludes grade attributable to ilmenite.

VHM Grade % refers to percentage of valuable heavy mineral (VHM) - titanium dioxide (rutile and ilmenite), and zircon found in a deposit.

Concentrating refers to the production of heavy mineral concentrate (HMC) through a wet concentrating process at the mine site, which is then transported for final processing into finished product at one of the company's two Australian mineral processing plants, or the Virginia mineral processing plant.

HMC produced refers to heavy mineral concentrate (HMC), which includes the valuable heavy mineral concentrate (zircon, rutile, ilmenite) as well as other non valuable heavy minerals (gangue).

VHM produced refers to an estimate of valuable heavy mineral in heavy mineral concentrate expected to be processed.

VHM produced and the VHM assemblage - provided to enable an indication of the valuable heavy mineral component in HMC.

HMC processed provides an indication of material emanating from each mining operation to be processed.

Attributable finished product is provided as an indication of the finished production (zircon, rutile, ilmenite – both saleable and upgradeable) attributable to the VHM in HMC production streams from the various mining operations. Finished product levels are subject to recovery factors which can vary. The difference between the VHM produced and finished product reflects the recovery level by operation, as well as processing of finished material/concentrate in inventory. Ultimate finished product production (rutile, ilmenite, zircon) is subject to recovery loss at the processing stage – this may be in the order of 10%.

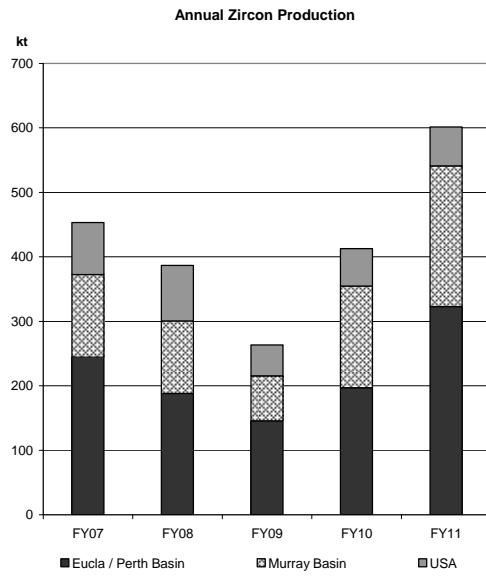
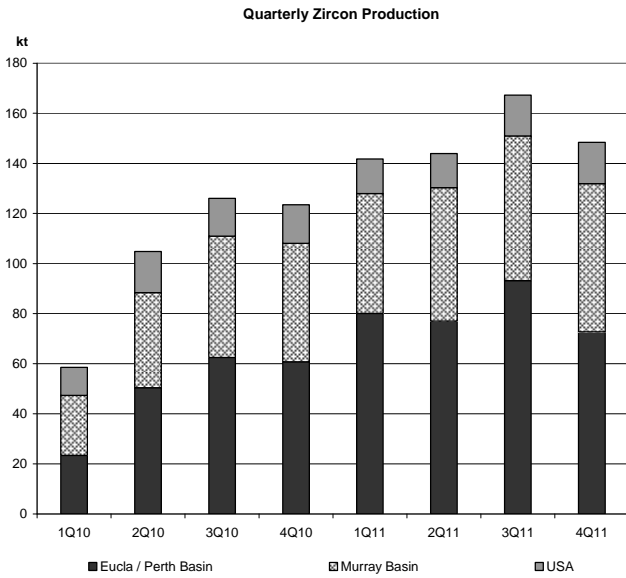
Ilmenite saleable is ilmenite produced for sale rather than as a synthetic rutile feedstock.

Ilmenite upgradeable is that which is used in the manufacture of synthetic rutile. Typically 1 tonne of upgradeable ilmenite will produce between 0.58 to 0.62 tonnes of SR. Iluka also purchases external ilmenite for its synthetic rutile production process.

Refer Iluka's website www.iluka.com – Mineral Sands Technical Information for more detailed information on the mineral sands mining and production process.

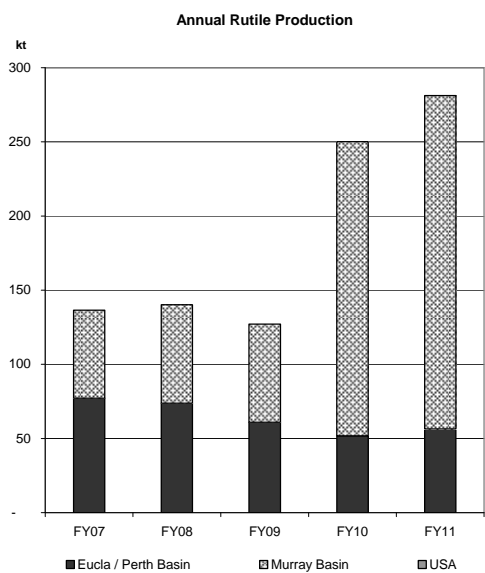
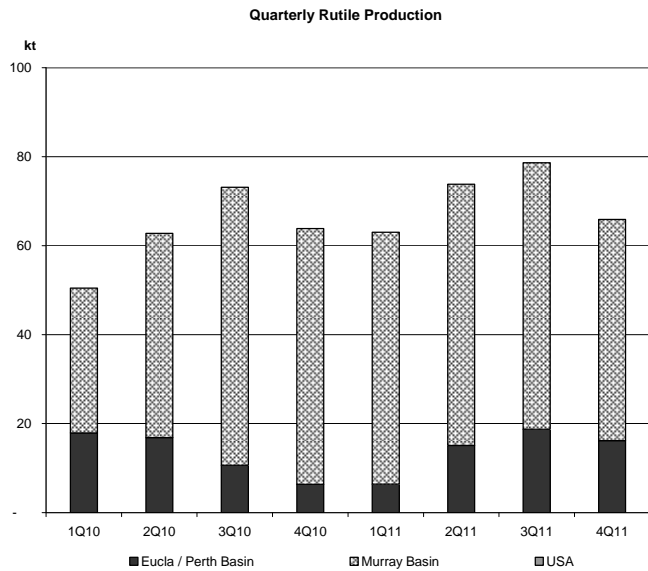
APPENDIX 2 – PRODUCTION SUMMARIES

Zircon



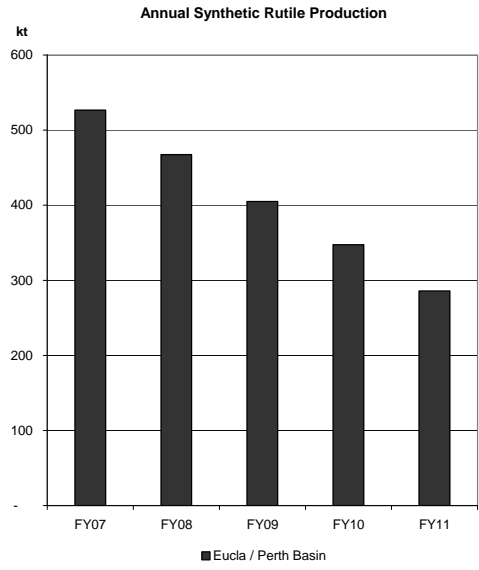
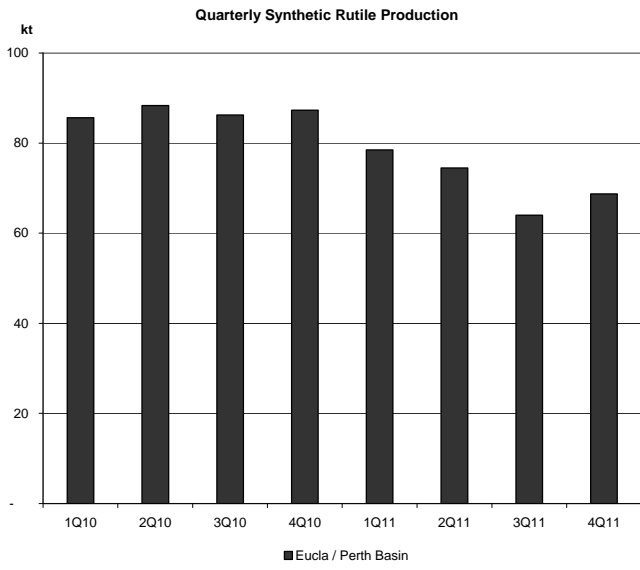
Zircon volumes excludes CRL attributed volumes during 2007-2009, during which Iluka had a 51.04% interest in CRL.

Rutile



Rutile volumes excludes CRL attributed volumes during 2007-2009, during which Iluka had a 51.04% interest in CRL.

Synthetic Rutile



Ilmenite

