2013 Half Year Results

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21 August 2013

Disclaimer – Forward Looking Statements

Forward Looking Statements

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Non-IFRS Financial Information

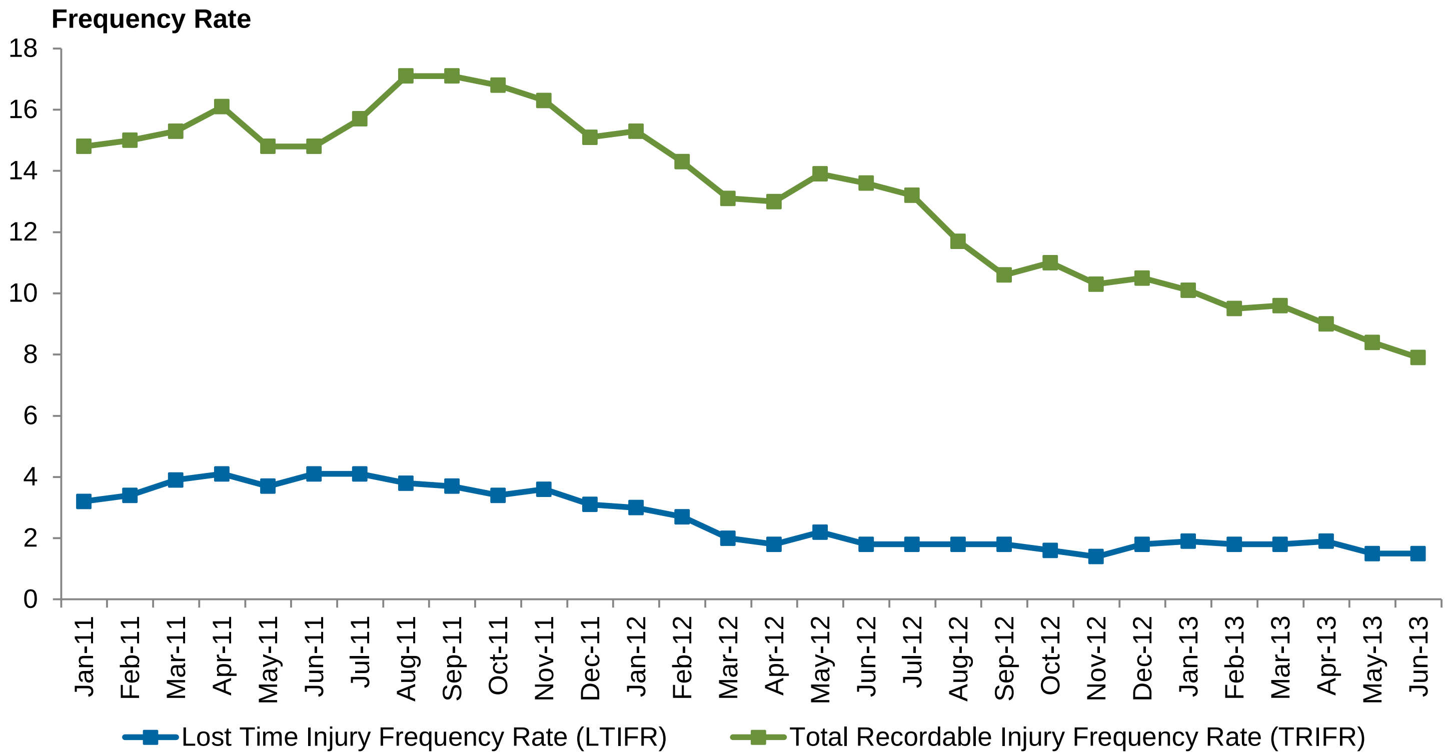
This presentation uses non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT, Group EBITDA and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the supplementary slides. Non-IFRS measures have not been subject to audit or review.

2013 Half Year – Key Features

- Significant improvement in zircon demand
- High grade titanium feedstock market remained unusually subdued
- Pigment market recovery pre-conditions emerging
- In low cycle period, approach has been consistent with stated intentions:
  - production and costs reduced
  - inventory built where necessary
  - goal of shortening time spent in low cycle supply/demand conditions
  - preserved, pursued and secured growth options
- Maintained strong balance sheet
- 1H net cash outflow of $44.5m ($118 m related to 2012 tax payment)
- Interim dividend of 5 cents fully franked

Sustainability

- Safety performance continued to improve despite major operational changes



Main Features of 1H 2013 versus 1H 2012

ILUKA

Mineral Sands Sales Volumes	↑	Z/R/SR sales up 4.9% - zircon sales up 141.3%
Mineral Sands Revenue	↓	42.4% - higher zircon sales volumes offset by lower rutile and SR volumes and lower prices
Cash Costs of Production	↓	35.8% to $201.9 million – major reduction in production capacity and workforce
Unit Cash Costs of Production	↑	$848/tonne (Z/R/SR) compared to $709/tonne – reflecting 46.3% lower Z/R/SR production
Revenue per Tonne	↓	47.8% to $1,178/tonne (Z/R/SR) – lower pricing across products
Mineral Sands EBITDA	↓	71.6% to $136.6 million
Mineral Sands EBITDA Margin	↓	35.8% vs 72.4% - reasonable margins in low cycle conditions
Mining Area C EBIT	↑	$45.4 million vs $41.6 million – higher sales and capacity payments, partially offset by lower prices
Group EBITDA	↓	68.3% to $160.2 million
Reported Earnings (NPAT)	↓	87.5% to $34.3 million
Return on Capital (annualised)	↓	6.9% vs 47.1%
Return on Equity (annualised)	↓	4.5% vs 36.9%
Capital Expenditure	↓	$31.5 million vs $122.5 million - 2013 guidance of $100 million.
Free Cash Flow	–	($44.5) million vs ($44.7) million
Free Cash Flow per Share (cents)	–	(10.6) cents vs (10.7) cents
Net Debt	–	$197.0 million vs $117.2 million; gearing (net debt/net debt + equity) of 11.2%
Earnings per Share	↓	8.2 cents vs 66.1 cents
Dividend	↓	5 cents (fully franked) vs 25 cents (fully franked)

Interim Dividend

- 5 cents final dividend fully franked payable 2 October 2013

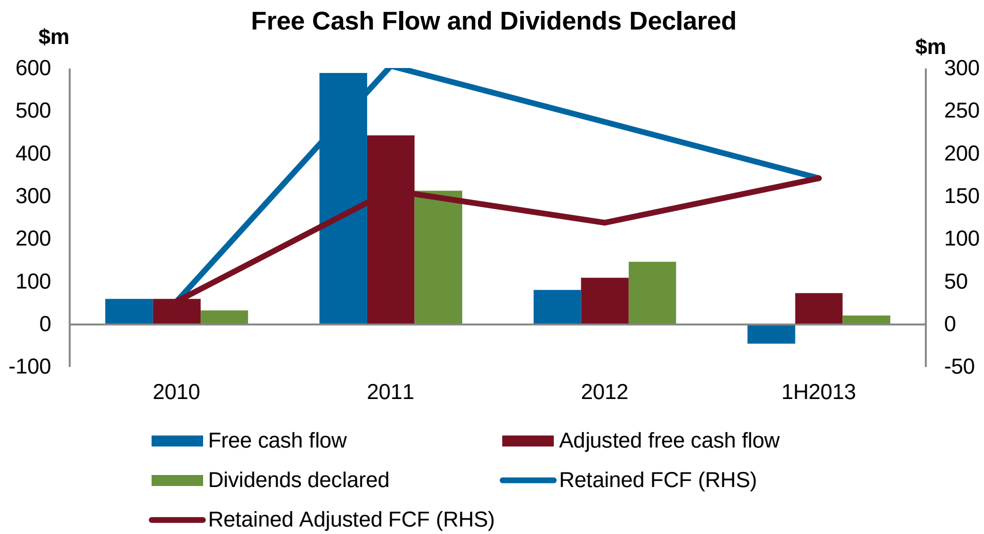
Distribution Metrics

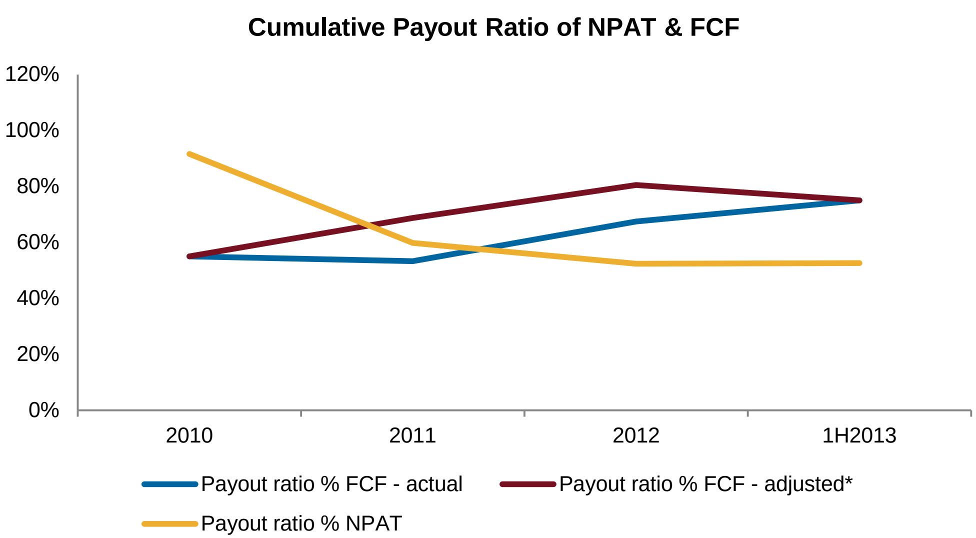
	FCF	Adjusted FCF (1)	NPAT
First half 2013 pay out ratio (%)	n/a	29	61
Cumulative dividend payout ratio (2010 – 30 June 2013) (%)	75	75	53
Cumulative retained free cash flow (2010 – 30 June 2013) ($m)	171	171	n/a

(1) Free cash flow adjusted to align cash tax payments with corresponding earnings period.

- Dividend payment consistent with Iluka's stated framework:
  - consider performance and capacity over more than a single period
  - pay a minimum 40% of FCF not required for investing or balance sheet activity
  - distribute available franking credits

Dividend History

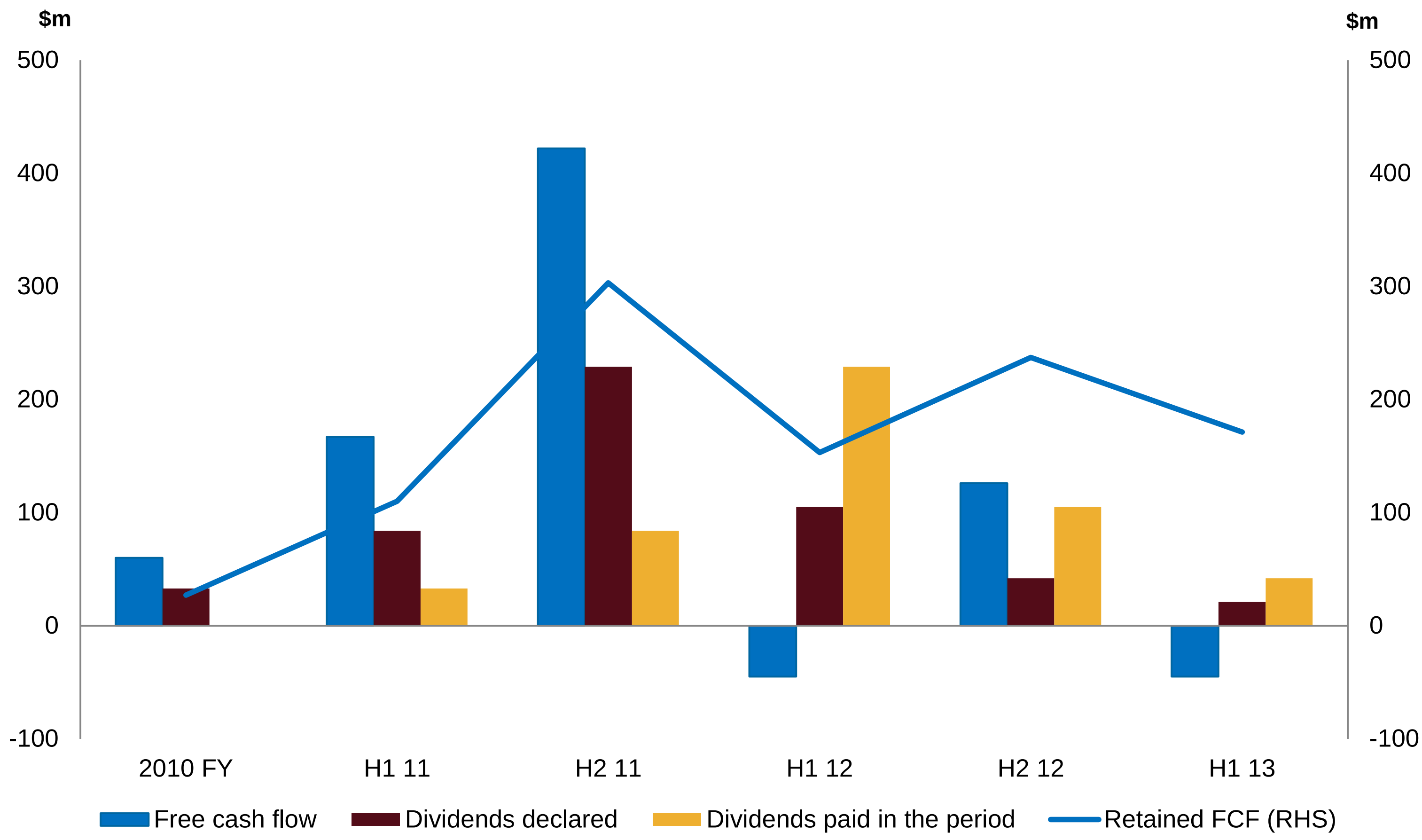




- Retained free cash flow $171m
- Cumulative free cash flow payout ratio of 75% to 1H 2013

* Free cash flow adjusted to align cash tax payments with corresponding earnings period.

Free Cash Flow and Dividends

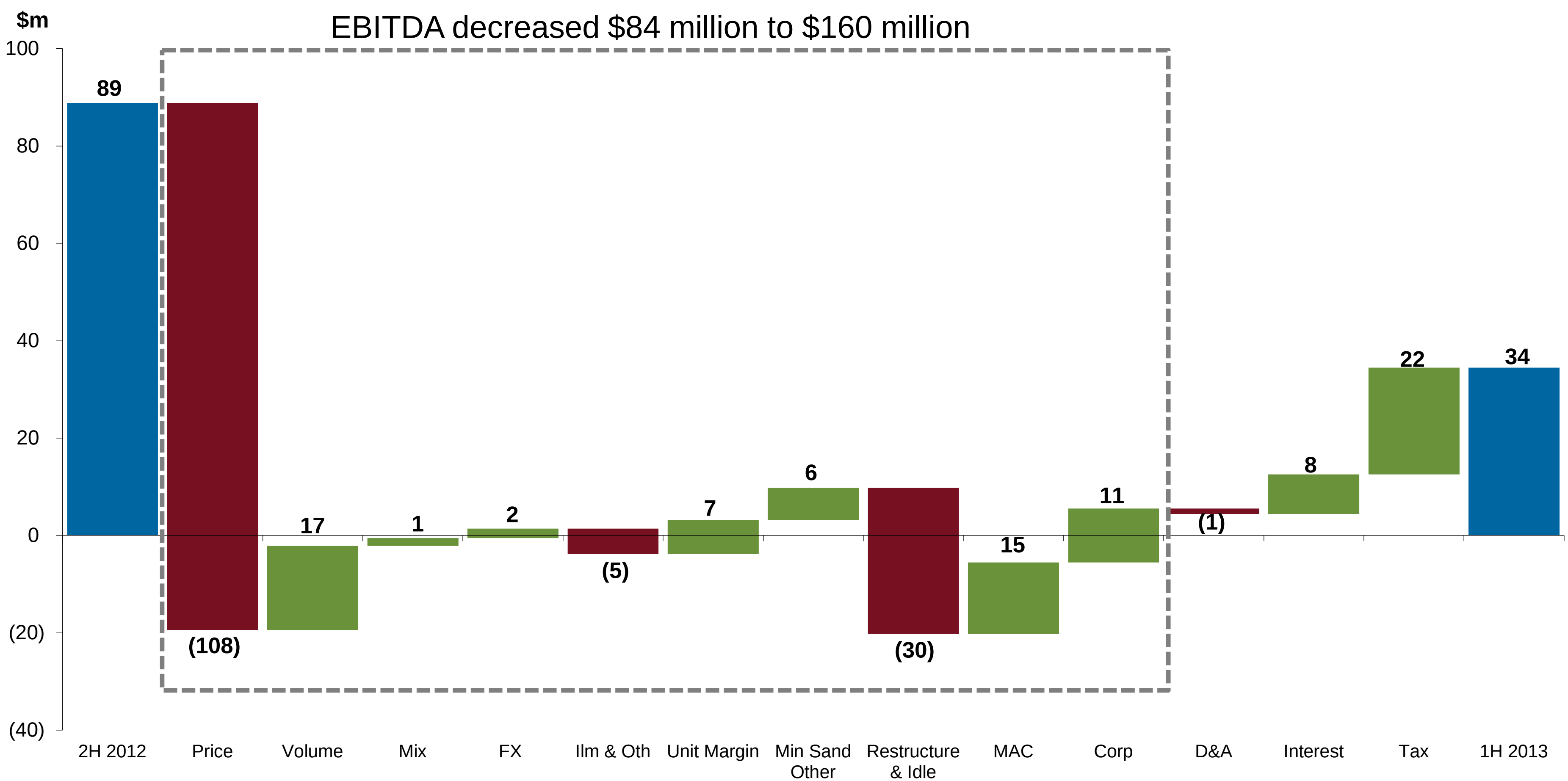


Summary Group Results

$m	1H 2013	2H 2012	1H 2012	1H 2013 vs 2H 2012 % change
Mineral sands revenue	**381.7**	**407.0**	**662.8**	**(6.2)**
Mineral sands EBITDA	**136.6**	**245.8**	**480.2**	**(44.4)**
Mining Area C royalty	45.6	30.9	41.8	47.6
Group EBITDA	**160.2**	**243.6**	**505.5**	**(34.2)**
Depreciation and amortisation	(99.0)	(97.9)	(105.2)	(1.1)
Group EBIT	**61.2**	**145.7**	**400.0**	**(58.0)**
Net interest, financing and rehabilitation unwind	(14.0)	(22.1)	(11.4)	36.7
Profit before tax	**47.2**	**123.6**	**388.6**	**(61.8)**
Tax expense	(12.9)	(34.8)	(114.2)	62.9
Profit after tax	**34.3**	**88.8**	**274.4**	**(61.4)**
EPS (cents per share)	8.2	21.4	66.1	(61.7)
Free cash flow	(44.5)	125.9	(44.7)	(135.3)
Free cash flow (cents per share)	**(10.6)**	**30.1**	**(10.7)**	**(135.2)**
Dividend – fully franked (cents per share)	5.0	10.0	25.0	(50.0)
Net debt	**(197.0)**	**(95.9)**	**(117.2)**	**(105.4)**
Gearing (net debt /net debt + equity) %	11.2	5.8	6.9	(93.1)
Return on capital % (annualised)	6.9	16.0	47.2	(56.9)
Return on equity % (annualised)	**4.5**	**11.3**	**36.9**	**(60.2)**
Average A$/US$ exchange rate	101.5	103.8	103.3	2.2

Net Profit after Tax

1H 2013 versus 2H 2012



Mining Area C Royalty

1H 2013 versus 2H 2012

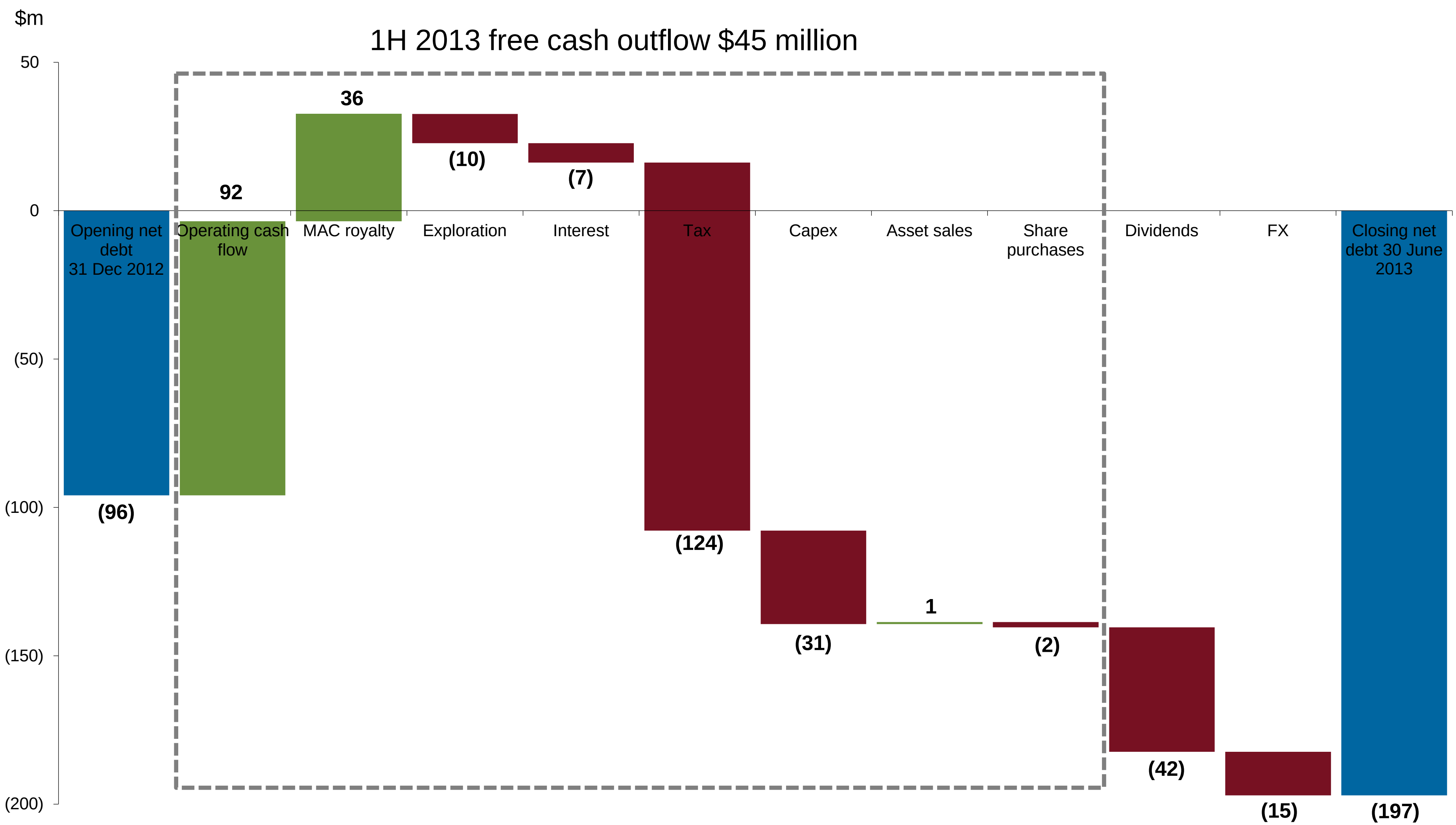
		1H 2013	2H 2012	1H 2012	1H 2013 vs 2H 2012 % change
Annual production to 30 June	mdmt	51.1	n/a	47.1	n/a
Sales volumes	mdmt	26.6	23.8	23.6	11.8
Royalty income	$m	41.6	30.9	38.8	34.6
Annual capacity payments	$m	4.0	n/a	3.0	n/a
Iluka EBIT	$m	45.4	30.7	41.6	47.9

(mdmt = million dry metric tonnes)

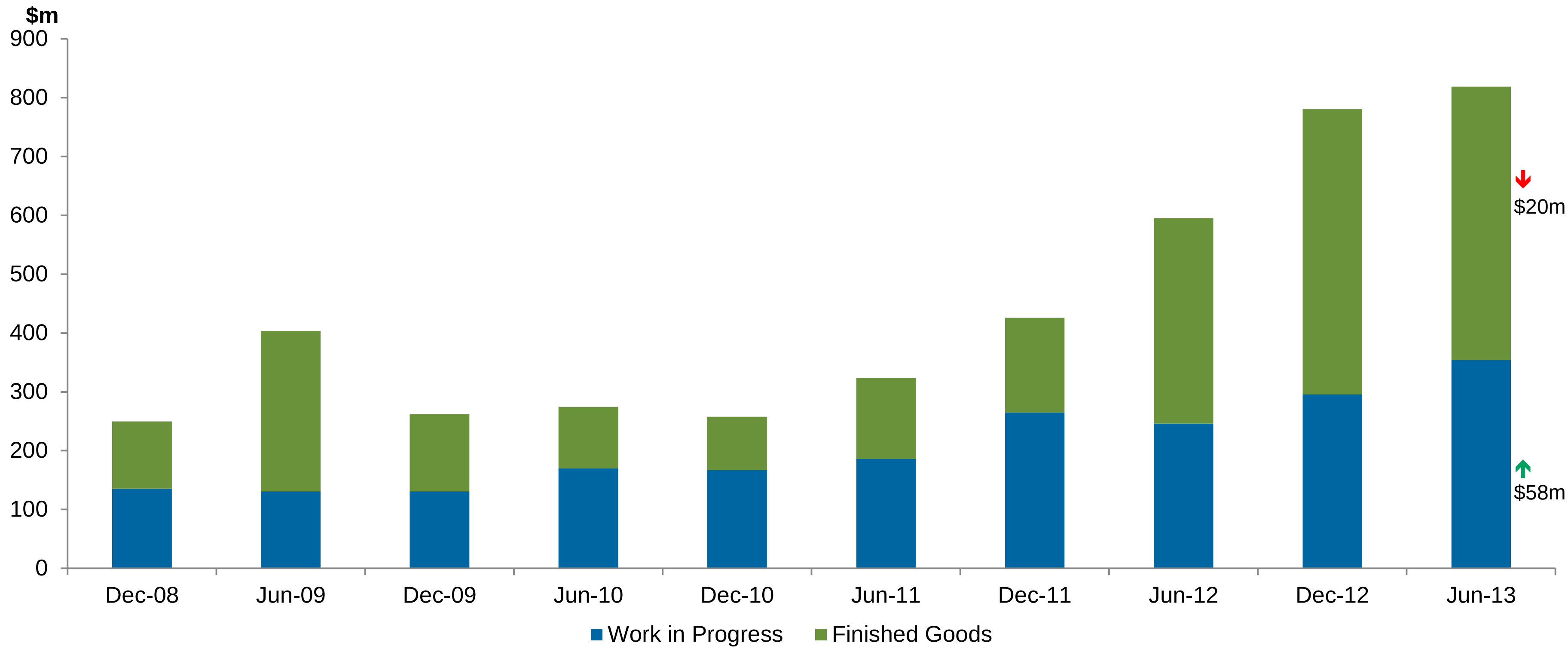
- Iron ore sales volumes up 11.8%
- $4.0 m of annual capacity payments to 30 June (2012: $3.0 m)
- Average AUD realised price increased by 20.2%

Net Debt Movement

1H 2013



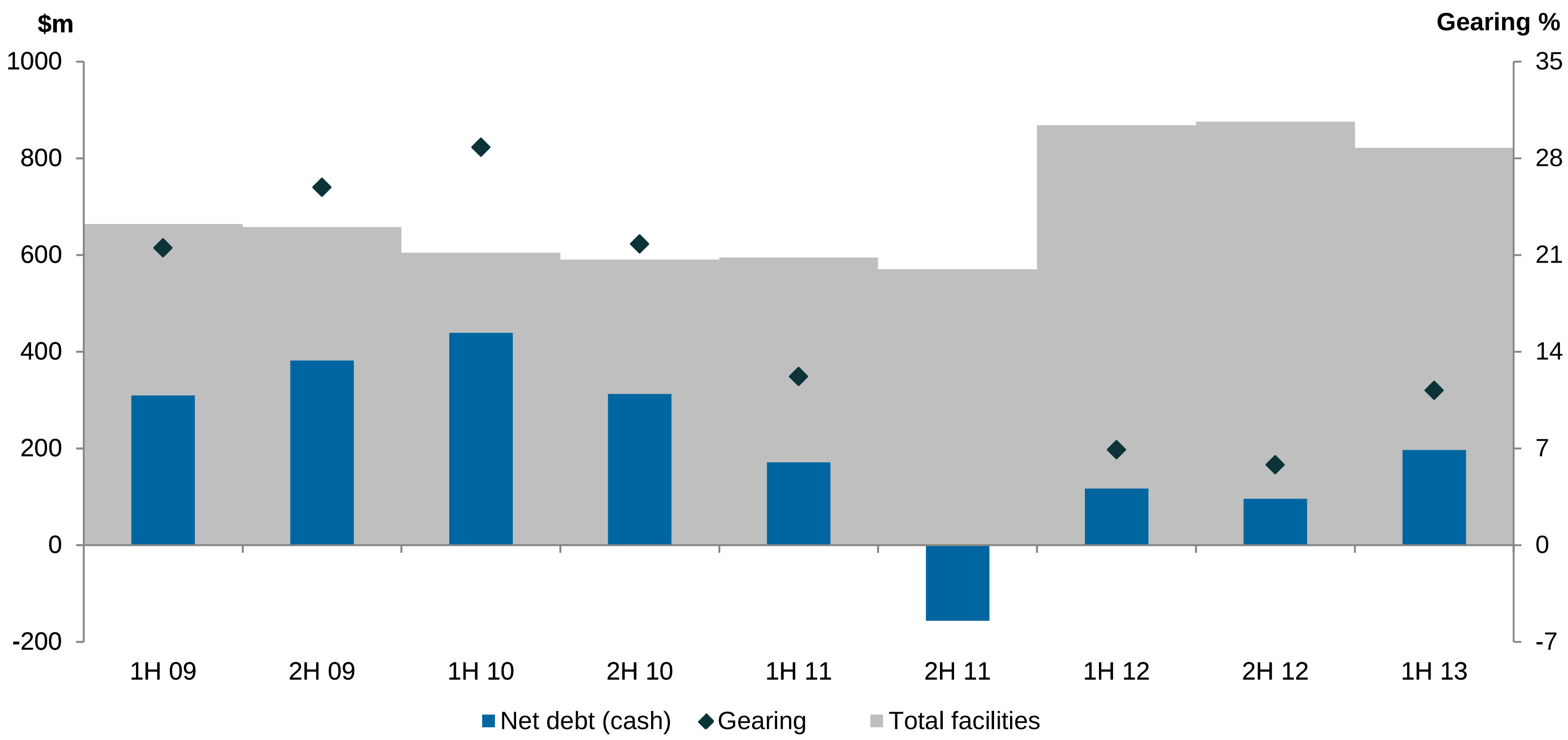
Inventory



- Z/R/SR inventory drawn down $20.2m due to zircon sales above production
- Other inventory* increased by $58.4m
- Net inventory increase for 1H 2013 of $38.2m

* Heavy mineral concentrate, work in progress and ilmenite

Balance Sheet Strength



- Modest gearing
- >$600 m of undrawn facilities (maturity April 2017) and cash at 30 June 2013

Zircon Market Conditions

- Significant demand recovery in 1H – although not uniform across markets
- Improved confidence, price stabilisation, some restocking
- Reversal of some substitution and thrifting activity
- Iluka 2013 production target increased
- Caution warranted re typical 2nd half weighting, but still expect:
  - Sales > production in 2013
- Recovery back to “trend” growth expected over 2013/2014

High Grade Titanium Dioxide Market Conditions

- Unusually subdued 1H high grade demand influenced by:
  - pigment inventory drawdown targets
  - historically low pigment plant yields
  - residual availability of lower priced legacy contract material
- Softening of high grade prices (rutile minus 40%) in 1H
- Major producer production response
- Near term bottoming/stabilisation of pigment market
  - a precondition for TiO_2 demand recovery
- Fundamentals will drive high grade feedstock demand overtime

Growth

- Marketing – Wave 2
- Exploration
- Innovation and Technology
- Major Projects
- Counter cyclical investment and options

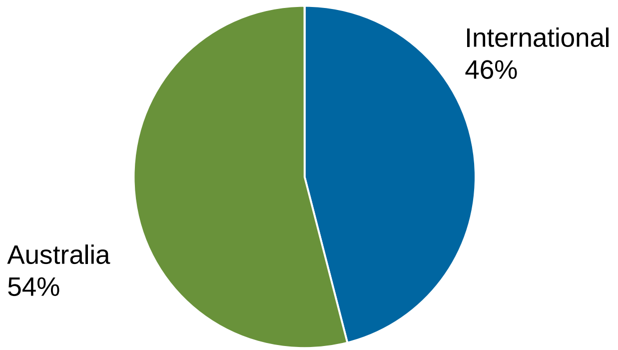
Marketing – Wave 2

- Expansion of local presence
  - New offices – Middle East and SE Asia
- Improved servicing of China market with new regional offices and distribution
- Strengthened in-country market/industry analysis
- Ease and cost of doing business – 24/7 operation
- Enhanced focus on product applications and development
- Founder/active participant in Zircon Industry Association

Exploration

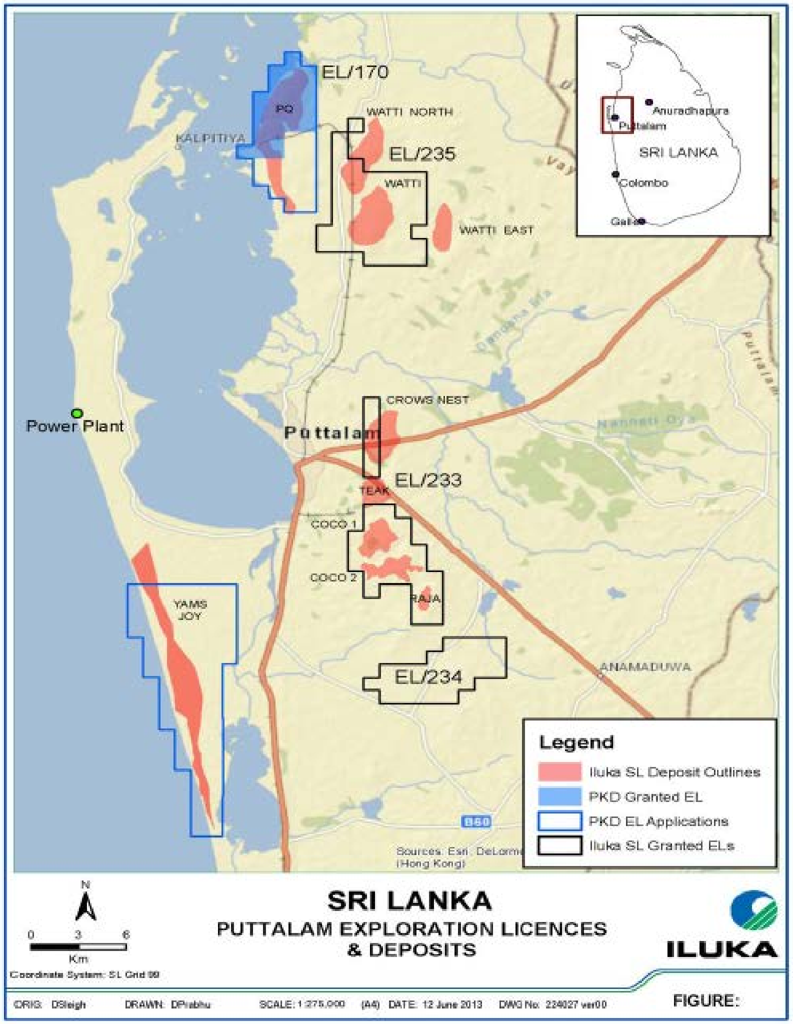
- Focus evolution towards greenfields exploration (> 80% expenditure in 2013)
- New search spaces in Australia - including tenement farm-ins
- Non mineral sands evaluation on existing tenements
- Increasing international focus
  - early reconnaissance, tenement acquisition, target evaluation in 13 countries
- Low cycle resource acquisition to increase options
  - Sri Lanka tenement grant and resource acquisition

Exploration Spend by Location (1H 2013)



Sri Lanka

- 4 exploration tenements granted
- Agreement to acquire additional tenements
  - US$5m upfront
  - additional payments if mined
- Discovered by RGC and CRL in 1990s
- Largest HM resource in Iluka's inventory
- 46% increase to 2012 Mineral Resources
- Resource upgrade potential via additional known mineralisation within tenements



Sri Lanka

Subject to feasibility studies and required approvals:

- Large, long life and predominantly sulphate ilmenite deposits
- Good grade, at surface $\rightarrow$ low cost mining anticipated
- Associated zircon and high grade TiO2
- Augments current chloride titanium dioxide resource base
- Positions Iluka for sulphate feedstock market and/or upgrade

Total Reportable Mineral Sand Resources Puttalam (EL170 and EL233 only)

Mineral Resource	Ore (mt)	HM (mt)	HM Grade (%)	HM Assemblage		
				Ilmenite (%)	Zircon (%)	Rutile (%)
Measured	214	22	10.4	69.4	3.3	3.4
Indicated	70	6	8.6	67.0	3.2	2.9
Inferred	405	28	6.9	64.9	3.6	3.8
Total	**689**	**56**	**8.2**	**66.9**	**3.4**	**3.6**

For full details refer Iluka ASX release, Acquisition of Sri Lankan Tenement and Heavy Mineral Resource Base, 5 August 2013

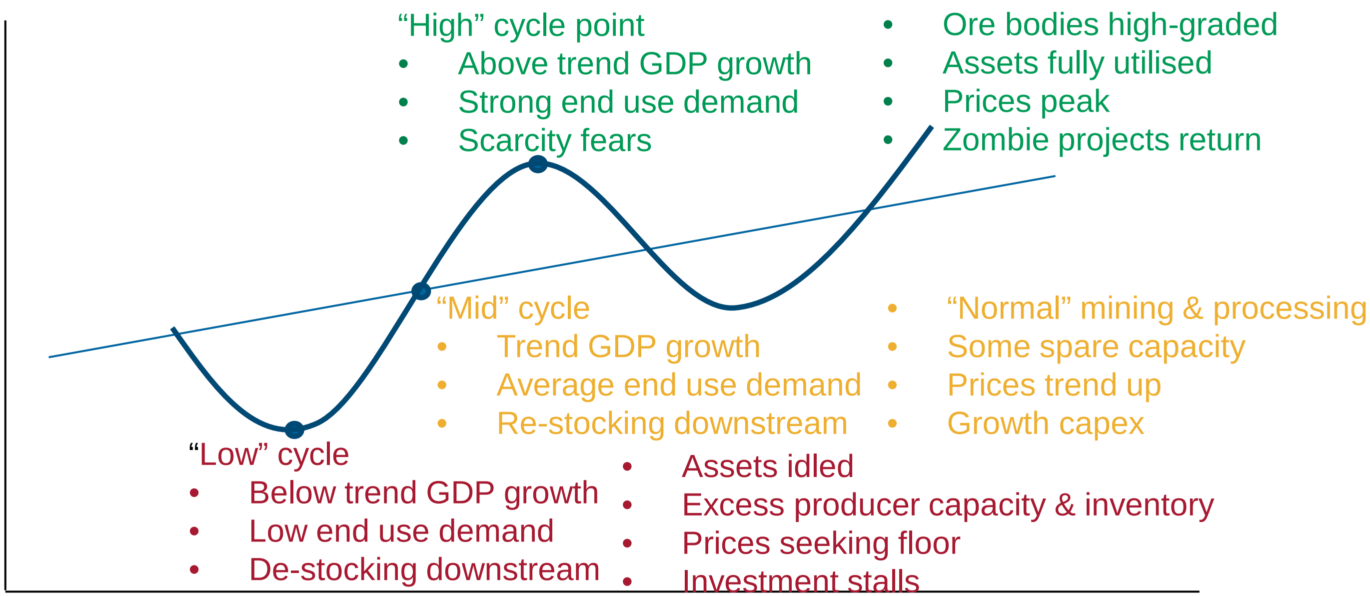
Innovation and Technology

- Dedicated resources, well funded activity
- Disciplined approach but exciting opportunities
- Internal programs plus association with industry and research organisations
- Focused approach in areas of:
  - operational enhancements, including innovative mining/processing techniques
  - new product development
  - industry transformational technologies
- Communication of progress will, by commercial necessity, be limited

Major Projects

- Investing for the future:
  - Cataby, Western Australia – proceeding to DFS (approved)
  - Balranald, Murray Basin – proceeding to DFS (approved)
  - Eucla Basin satellite deposits (Sonoran, Typhoon, Atacama) - PFS scheduled for completion 2014
  - Hickory, Virginia – in detailed design prior to Execute
  - Aurelian Springs North, North Carolina - proceeding to DFS (approved)
  - Sri Lanka (Puttalam) - expected move to PFS 2013/2014

Mineral Sands Cycle Characteristics



Iluka Approach

- Focus on shareholder returns through the cycle
- Flex asset operation in line with market demand
- Continue market development through the cycle
- Preserve/advance mineral sands growth opportunities
- Maintain strong balance sheet
- Continue to evaluate/pursue corporate growth opportunities
- Act counter-cyclically where appropriate

Supplementary Slides

Reconciliation of Non-IFRS Financial Information to Profit before Tax

Non-IFRS financial measures of Mineral sands EBITDA, Mineral sands EBIT, Group EBITDA and Group EBIT are highlighted in the table below, together with profit before tax.

$m	AUS	US	Exploration & Other[1]	Mineral Sands	MAC	Corp	Group
Mineral sands revenue	**340.3**	**41.4**		**381.7**			**381.7**
Mineral sands expenses	(194.2)	(26.3)	(24.6)	(245.1)			(245.1)
Mining Area C					45.6		45.6
Corporate and other costs						(21.6)	(21.6)
Foreign exchange						(0.4)	(0.4)
EBITDA	**146.1**	**15.1**	**(24.6)**	**136.6**	**45.6**	**(22.0)**	**160.2**
Depreciation and amortisation	(92.8)	(4.8)	(1.2)	(98.8)	(0.2)		(99.0)
EBIT	**53.3**	**10.3**	**(25.8)**	**37.8**	**45.4**	**(22.0)**	**61.2**
Net interest expense						(4.9)	(4.9)
Rehab unwind/other finance costs	(7.3)	(0.9)		(8.2)		(0.9)	(9.1)
Profit before tax	**46.0**	**9.4**	**(25.8)**	**29.6**	**45.4**	**(27.8)**	**47.2**
Segment result	*46.0*	*9.4*			*45.4*		*100.8*

[1]Comprises exploration and resources development costs ($18.5m) and marketing and selling costs ($7.1m), offset by asset sales and other income ($1.0m)

Cash Flow and Net Debt

$m	1H 2013	1H 2012	2H 2012	1H 2013 vs 1H 2012 % change
Opening net (debt) cash	**(95.9)**	**156.7**	**(117.2)**	**(161.2)**
Operating cash flow	92.4	207.2	161.5	(55.4)
MAC royalty	36.1	36.8	39.3	(1.9)
Exploration	(9.8)	(14.9)	(19.5)	34.2
Interest (net)	(6.6)	4.2	(4.9)	(257.1)
Tax	(124.0)	(156.1)	(3.0)	20.6
Capital expenditure	(31.5)	(122.5)	(44.8)	74.3
Asset sales	0.7	1.2	0.2	(41.7)
Share purchases	(1.8)	(0.6)	2.9	(200.0)
Free cash flow	**(44.5)**	**(44.7)**	**125.9**	**0.4**
Dividends	(41.9)	(229.3)	(104.4)	81.7
Net cash flow	**(86.4)**	**(274.0)**	**21.5**	**68.5**
Exchange revaluation of USD net debt	(13.8)	1.5	0.7	n/a
Amortisation of deferred borrowing costs	(0.9)	(1.4)	(0.9)	35.7
(Decrease)/increase in net cash (debt)	**(101.1)**	**(273.9)**	**21.3**	**63.1**
Closing net (debt) cash	**(197.0)**	**(117.2)**	**(95.9)**	**(68.1)**

Production Volumes

kt	1H 2013	1H 2012	% change
Zircon	118.5	209.0	(43.3)
Rutile	60.6	103.6	(41.5)
Synthetic rutile	59.0	131.2	(55.0)
Total Z/R/SR production	238.1	443.8	(46.3)
Ilmenite – saleable and upgradeable	333.9	362.9	(8.0)
Total production volume	**572.0**	**806.7**	**(29.1)**
HMC produced	880.4	710.7	23.9
HMC processed	534.8	789.2	(32.2)

Sales Volumes

kt	1H 2013	1H 2012	% change
Zircon	210.9	87.4	141.3
Rutile	56.3	85.4	(34.1)
Synthetic rutile	20.0	101.1	(80.2)
Total Z/R/SR	287.2	273.9	4.9
Ilmenite – saleable	147.0	218.9	(32.8)
Total sales volumes	**434.2**	**492.8**	**(11.9)**

Mineral Sands Results

$m	1H 2013	1H 2012	% change
Mineral sands revenue	381.7	662.8	(42.4)
Australia EBITDA	146.1	469.9	(68.9)
United States EBITDA	15.1	30.4	(50.3)
Exploration and other EBITDA	(24.6)	(20.1)	(22.4)
Total mineral sands EBITDA	**136.6**	**480.2**	**(71.6)**
Depreciation and amortisation	**(98.8)**	**(105.0)**	**5.9**
Mineral sands EBIT	**37.8**	**375.2**	**(89.9)**

Unit Cash Costs and Revenue/tonne

		1H 2013	1H 2012	% change
Total Z/R/SR production	kt	238.1	443.8	(46.3)
Ilmenite – saleable and upgradeable	kt	333.9	362.9	(8.0)
Total production	kt	572.0	806.7	(29.1)
Total cash costs of production	$m	201.9	314.7	35.8
Unit cash costs per tonne of Z/R/SR produced[1]	$/t	848	709	(19.6)
Z/R/SR revenue	$m	338.4	615.6	(45.0)
Ilmenite and other revenue	$m	43.3	47.2	(8.3)
Revenue per tonne of Z/R/SR sold	$/t	1,178	2,255	(47.8)

[1]Unit cash cost per tonne of Z/R/SR produced is determined as cash costs of production divided by total Z/R/SR production volumes.
[2]Revenue per tonne of Z/R/SR sold is determined as total Z/R/SR revenue divided by total Z/R/SR sales volumes.

Summary Group Results

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Mineral sands EBITDA	**136.6**	**245.8**	**480.2**	**(71.6)**
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Group EBITDA	**160.2**	**243.6**	**505.5**	**(68.3)**
Depreciation and amortisation	(99.0)	(97.9)	(105.2)	5.9
Group EBIT	**61.2**	**145.7**	**400.0**	**(84.7)**
Net interest, financing and rehabilitation unwind	(14.0)	(22.1)	(11.4)	(22.8)
Profit before tax	**47.2**	**123.6**	**388.6**	**(87.9)**
Tax expense	(12.9)	(34.8)	(114.2)	88.7
Profit after tax	**34.3**	**88.8**	**274.4**	**(87.5)**
EPS (cents per share)	8.2	21.4	66.1	(87.6)
Free cash flow	(44.5)	125.9	(44.7)	0.4
Free cash flow (cents per share)	**(10.6)**	**30.1**	**(10.7)**	**0.9**
Dividend – fully franked (cents per share)	5.0	10.0	25.0	(80.0)
(Net debt)/net cash	**(197.0)**	**(95.9)**	**(117.2)**	**(68.1)**
Gearing (net debt /net debt + equity) %	11.2	5.8	6.9	(62.3)
Return on capital % (annualised)	6.9	16.0	47.2	(85.4)
Return on equity % (annualised)	**4.5**	**11.3**	**36.9**	**(87.8)**
Average A$/US$ exchange rate	101.5	103.8	103.3	1.7

Mining Area C Royalty

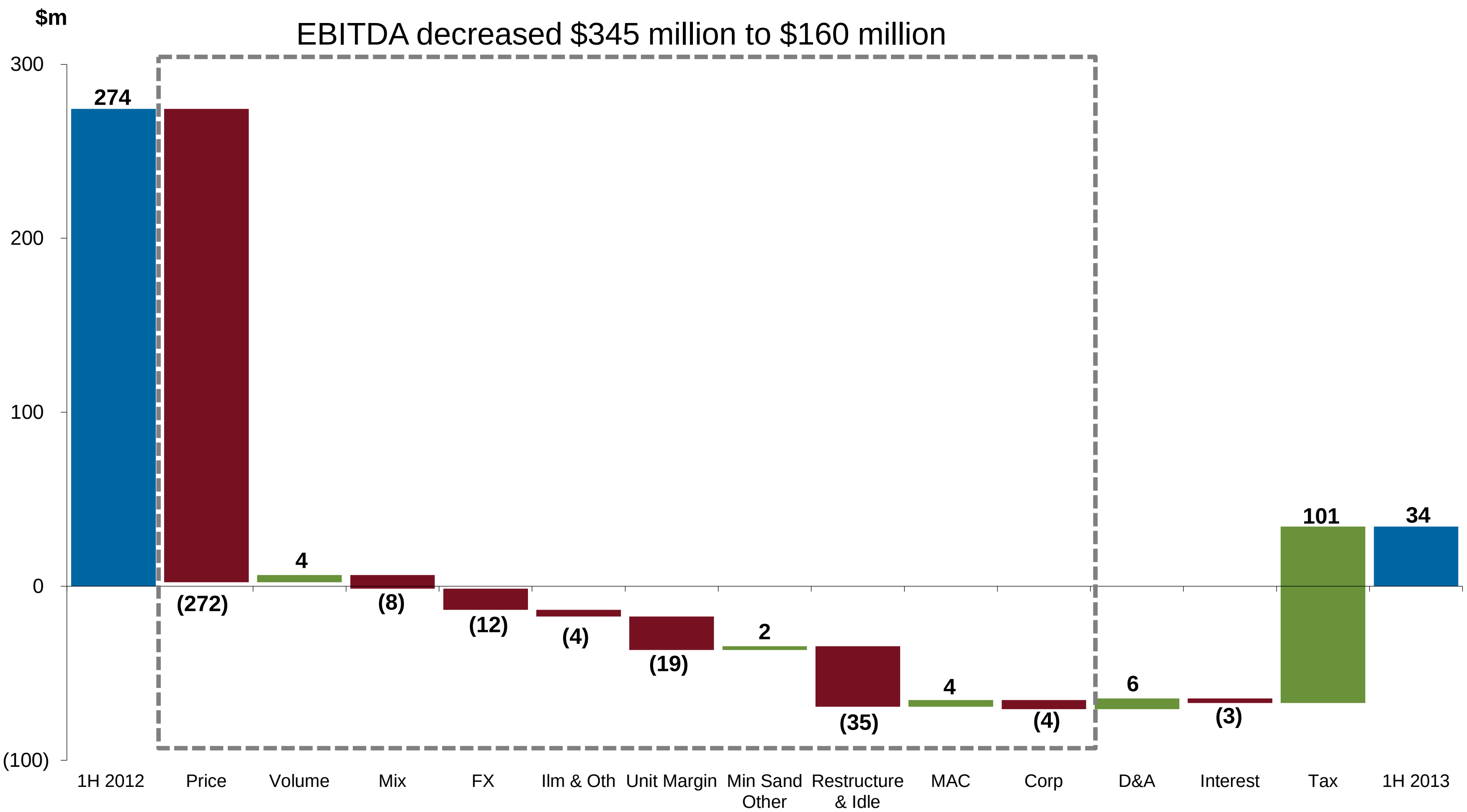
1 H 2013 versus 1 H 2012

		1H 2013	1H 2012	% change
Annual production 30 June	mdmt	51.1	47.1	8.5
Sales volumes	mdmt	26.6	23.6	12.9
Royalty income	$m	41.6	38.8	7.2
Capacity payments	$m	4.0	3.0	33.3
Iluka EBIT	$m	45.4	41.6	9.1

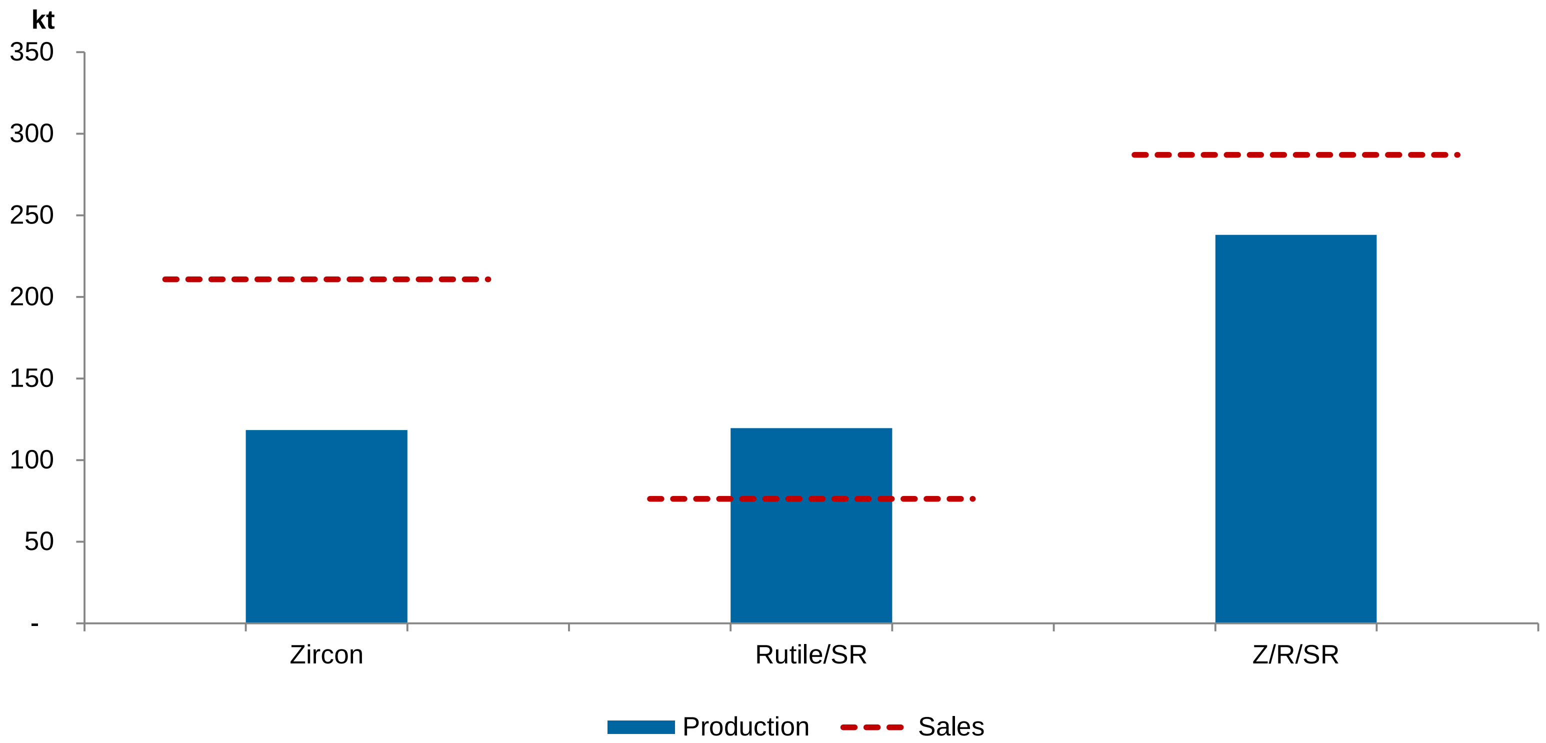
(mdmt = million dry metric tonnes)

- Iron ore sales volumes up 12.9%
- $4.0 m of annual capacity payments to 30 June (2012: $3.0 m)
- Average AUD realised price decreased by 4.3%

Net Profit after Tax



Inventory Movement – 1H 2013



- Z/R/SR inventory drawn down $20.2m due to zircon sales above production
- Other inventory* increased by $58.4m
- Net inventory increase for 1H 2013 of $38.2m

* Heavy mineral concentrate, work in progress and ilmenite

Capital and Exploration Expenditure (cash)

$m	1H 2013	1H 2012	% change
Capital expenditure	31.5	122.5	74.3
Exploration	9.8	14.9	34.2
Total	**41.3**	**137.4**	**69.9**

Australian Operations

		1H 2013	1H 2012	% change
Production volumes				
Zircon	kt	100.2	181.4	(44.8)
Rutile	kt	60.6	103.6	(41.5)
Synthetic rutile	kt	59.0	131.2	(55.0)
Total production – zircon/rutile/SR	**kt**	**219.8**	**416.2**	**(47.2)**
Ilmenite – saleable and upgradeable	kt	241.3	255.6	(5.6)
HMC produced	kt	716.7	554.6	29.2
Unit cash cost of production – zircon/rutile/SR	$/t	769	693	(11.0)
Mineral sands revenue	**$m**	**340.3**	**615.9**	**(44.7)**
Cash cost of production	$m	(169.0)	(288.4)	41.4
Inventory movements	$m	31.6	168.8	(81.3)
Restructure and idle capacity charges	$m	(43.6)	(5.4)	(707.4)
Rehabilitation and holding costs for closed sites		(1.1)	(2.0)	45.0
Government royalties	$m	(6.6)	(12.0)	45.0
Marketing and selling costs	$m	(5.8)	(8.1)	28.4
Asset sales and other income	$m	0.3	1.1	(72.7)
EBITDA	**$m**	**146.1**	**469.9**	**(68.9)**
Depreciation & amortisation	$m	(92.8)	(100.0)	7.2
EBIT	**$m**	**53.3**	**369.9**	**(85.6)**

Operating segments are reported in a manner that is consistent with the internal reporting. The mineral sands operations in Australia have become increasingly integrated and are now managed as a single operation. Accordingly, operational performance of the Eucla/Perth Basin and Murray Basin operations are reported as a combined Australia (AUS) segment.

US Operations

		1H 2013	1H 2012	% change
Production volumes				
Zircon	kt	18.3	27.6	(33.7)
Ilmenite	kt	92.6	107.3	(13.7)
Total saleable production	**kt**	**110.9**	**134.9**	**(17.8)**
HMC produced	kt	163.7	156.1	4.9
Unit cash cost of production – saleable	$/t	297	195	(52.2)
Mineral sands revenue	**$m**	**41.4**	**46.9**	**(11.7)**
Cash cost of production	$m	(32.9)	(26.3)	25.1
Inventory movements	$m	6.8	12.3	(44.7)
Rehabilitation and idle capacity costs	$m	-	(2.5)	(100.0)
Marketing and selling costs	$m	(0.2)	-	n/a
EBITDA	**$m**	**15.1**	**30.4**	**(50.3)**
Depreciation & amortisation	$m	(4.8)	(3.6)	33.3
EBIT	**$m**	**10.3**	**26.8**	**(61.6)**

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