Iluka Resources Limited

2014 Full Year Results

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17 February 2015

Disclaimer – Forward Looking Statements

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.

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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.

This presentation constitutes a summary of Iluka’s financial performance and should be read in conjunction with the Iluka Resources Limited ASX Preliminary Final Report – 31 December 2014, which contains financial statements and consolidated financial statements of the group.

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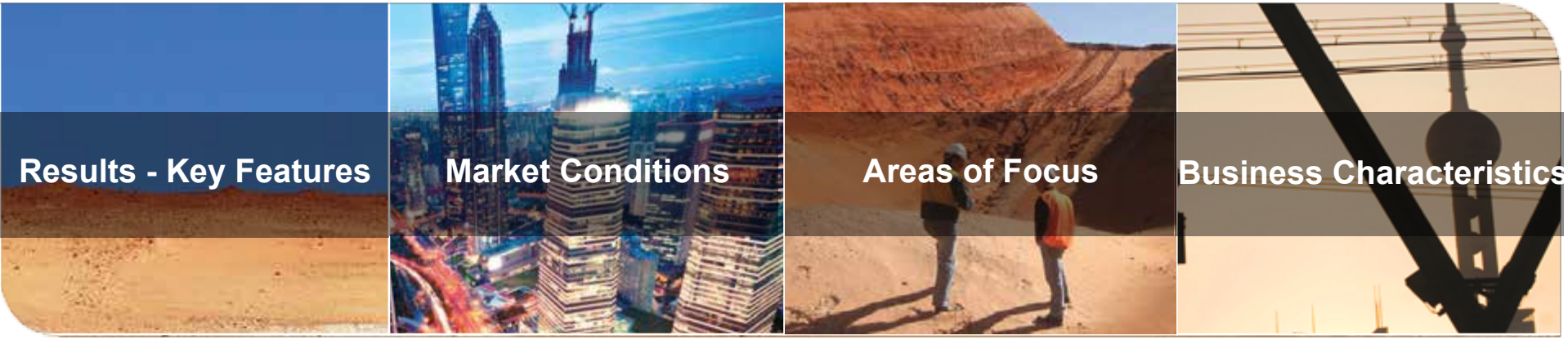

Results - Key Features
Market Conditions
Areas of Focus
Business Characteristics

2014 Key Features

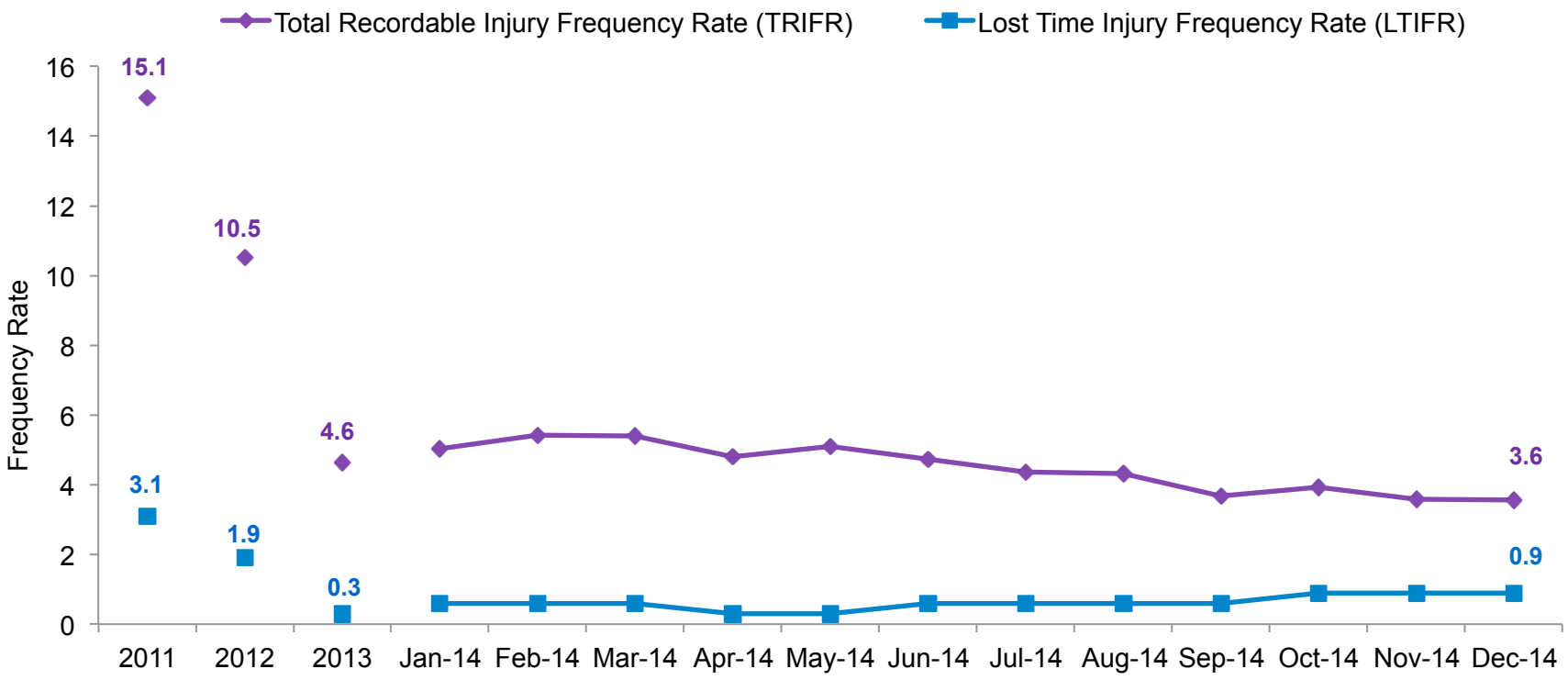
- Net loss of $62.5 million
  - non-cash adjustment of A$86.5 million (after tax)
  - related to wind down of US operations
- Free cash flow generation of $196 million[1]
- 2014 dividends of 19 cents, fully franked (2013: 9.0 cents)
  - 40% payout of free cash flow
- Disciplined cash cost performance
  - unit cash costs down 10%
  - total cash production costs up 1.5%
- Low capital expenditure while still advancing development options
- Balance sheet strength
  - gearing of 3.9% (funding 'headroom' of $809 million)

[1] 2014 FCF benefited from new receivables monetisation facilities.

2014 Key Features

- Zircon - variable demand across markets
- Titanium dioxide feedstocks – clear indications of recovery
- Solid margins maintained (Group EBITDA margin 32.5%)
  - reduction in high grade titanium dioxide prices, but mainly in 1H
  - stable zircon prices
- Operations managed in line with market conditions
  - increase in Z/R/SR production and sales volumes
  - Z/R/SR finished product inventories drawn down
  - build of rutile-rich concentrate in advance of cessation of mining at WRP
- 2015 Key Physical and Financial Parameters
  - to be issued in due course

Safety and Environmental Performance



- 76% reduction in TRIFR since 2011 (commencement of Safe Production Leadership)
- 71% reduction in LTIFR since 2011
- Level 3 – 5 environmental incidents decreased in 2014 relative to 2013 (zero Level 5)
- South Australian Premier's Award for Environmental Excellence
  - Jacinth-Ambrosia rehabilitation

Main Features of Full Year Results

Versus 2013

Mineral Sands Sales Volumes	↑	Z/R/SR sales up 5.4%
Mineral Sands Revenue	↓	5.0% - higher sales volumes offset by lower TiO_2 prices
Cash Production Costs	—	1.5% to $381.9 million vs $376.1 million in 2013
Unit Cost of Goods Sold	↓	$862/tonne of Z/R/SR vs $890/tonne in 2013
Revenue per Tonne	↓	12.2% to $1,030/tonne (Z/R/SR) vs $1,173/tonne in 2013
Mining Area C EBIT	↓	$66.4 million vs $87.9 million
Mineral Sands EBITDA	↓	4.2% to $238.6 million
Group EBITDA Margin	—	32.5% vs 34.7%
Group EBITDA	↓	13.0% to $257.0 million
Reported Earnings	↓	$62.5 million loss after tax vs $18.5 million NPAT, $86.5 million accounting adjustments impact
Return on Capital	↓	(2.0)% vs 2.2%
Return on Equity	↓	(4.1)% vs 1.2%
Capital Expenditure	↑	$66.9 million cash expenditure vs. $52.5 million
Free Cash Flow	↑	$196.3 million inflow vs $27.5 million outflow
Free Cash Flow per Share (cents)	↑	46.9 cents vs (6.6) cents 2013
Net Debt	↓	$59.0 million vs $206.6 million
Gearing	↓	3.9% vs 11.8%
Earnings per Share	↓	(15.0) cents vs 4.4 cents
Dividends declared in year	↑	19 cents fully franked vs 9 cents (100% franked)

Iluka Dividend Payments

- 13 cents final dividend, fully franked payable 31 March 2015
- 19 cents for full year, fully franked
- 40% of FY FCF
- Cumulative 68% free cash flow payout ratio since end of 2010
  - $597 million returned to shareholders, 146 cents per share

Distribution Metrics	FCF	NPAT
Full year pay out ratio (%)	40	n/a
Cumulative dividend payout ratio (2010 – 2014) (%)	68	68
Cumulative retained free cash flow (2010 – 2014) ($m)	290	n/a

- Dividend payment consistent with Iluka's framework:
  - minimum 40% of FCF not required for investing or balance sheet activity
  - distribute maximum practicable level of available franking credits

Summary Group Results

$m	2014	2013	2012	2013 vs 2014 % change
Mineral sands revenue	**724.9**	**763.1**	**1,069.8**	**(5.0)**
Mineral sands EBITDA	**238.6**	**249.0**	**726.0**	**(4.2)**
Mining Area C royalty income	66.8	88.3	72.7	(24.3)
Group EBITDA	**257.0**	**295.2**	**748.8**	**(13.0)**
Group EBITDA margin %	32.5	34.7	65.5	(2.2)
Depreciation and amortisation	(191.7)	(181.7)	(203.1)	(5.5)
US impairment/ idle asset write downs	(82.0)	(40.0)	-	(105.0)
Group EBIT	**(16.7)**	**73.5**	**545.7**	**n/a**
Net interest and financing	(31.8)	(49.5)	(33.5)	35.8
(Loss) profit before tax	**(48.5)**	**24.0**	**512.2**	**n/a**
Tax expense	(14.0)	(5.5)	(149.0)	(154.5)
(Loss) profit after tax	**(62.5)**	**18.5**	**363.2**	**n/a**
EPS (cents per share)	(15.0)	4.4	87.1	n/a
Free cash inflow/(outflow)	196.3	(27.5)	81.2	n/a
Free cash inflow/(outflow) (cents per share)	**46.9**	**(6.6)**	**19.4**	**n/a**
Dividend (cents per share)	19.0	9.0	35.0	111.1
(Net debt)	**(59.0)**	**(206.6)**	**(95.9)**	**71.4**
Gearing (net debt /net debt + equity) %	3.9	11.8	5.8	(7.9)
Return on capital %	(2.0)	2.2	27.3	n/a
Return on equity %	**(4.1)**	**1.2**	**32.3**	**n/a**
Average A$/US$ exchange rate	90.3	96.8	103.6	(6.7)

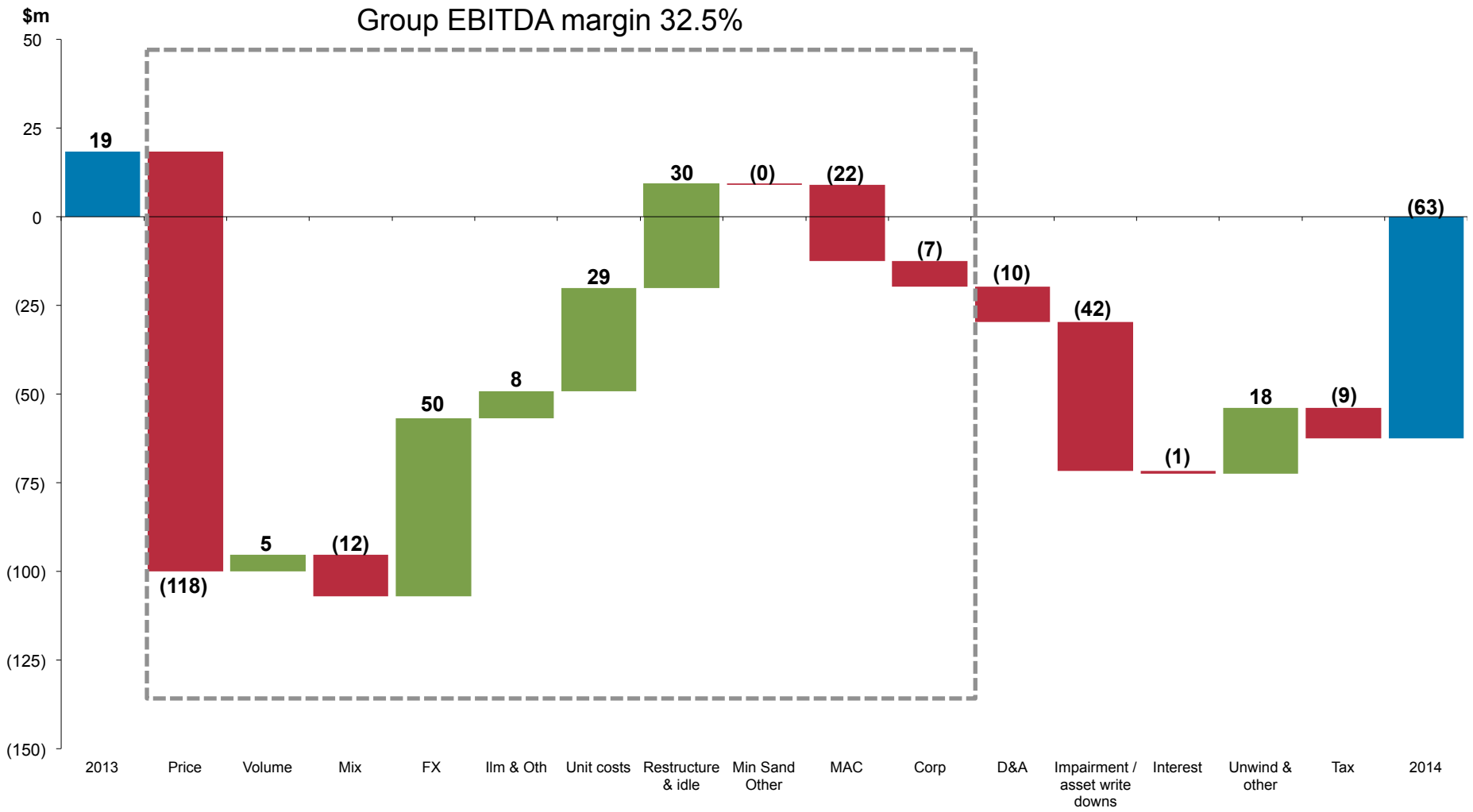
Mining Area C Royalty

		2014	2013	% change
Annual production to 30 June	mdmt	51.7	50.5	2.4
Sales volumes	mdmt	53.4	52.5	1.7
Implied price	A$/t	98.7	128.5	(23.2)
Royalty income	$m	65.8	84.3	(21.9)
Annual capacity payments	$m	1.0	4.0	(75.0)
Iluka EBIT	$m	66.4	87.9	(24.5)

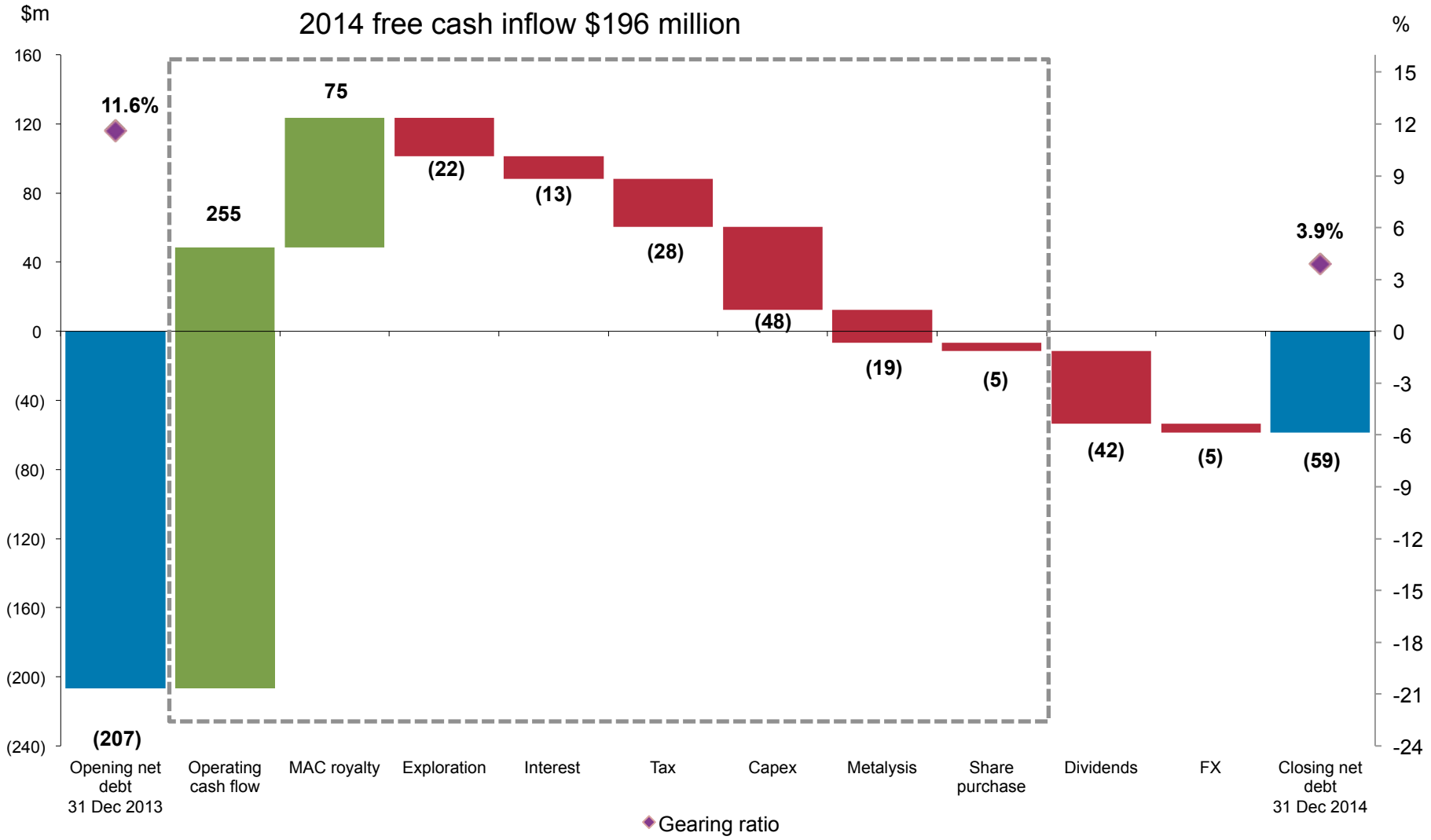
(mdmt = million dry metric tonnes)

- Iron ore sales volumes up 1.7%
- Average AUD realised price of $99/tonne decreased by 23.2% from pcp (2013: $128/tonne)
- $1.0 million of annual capacity payments to 31 December (2013: $4.0 million)

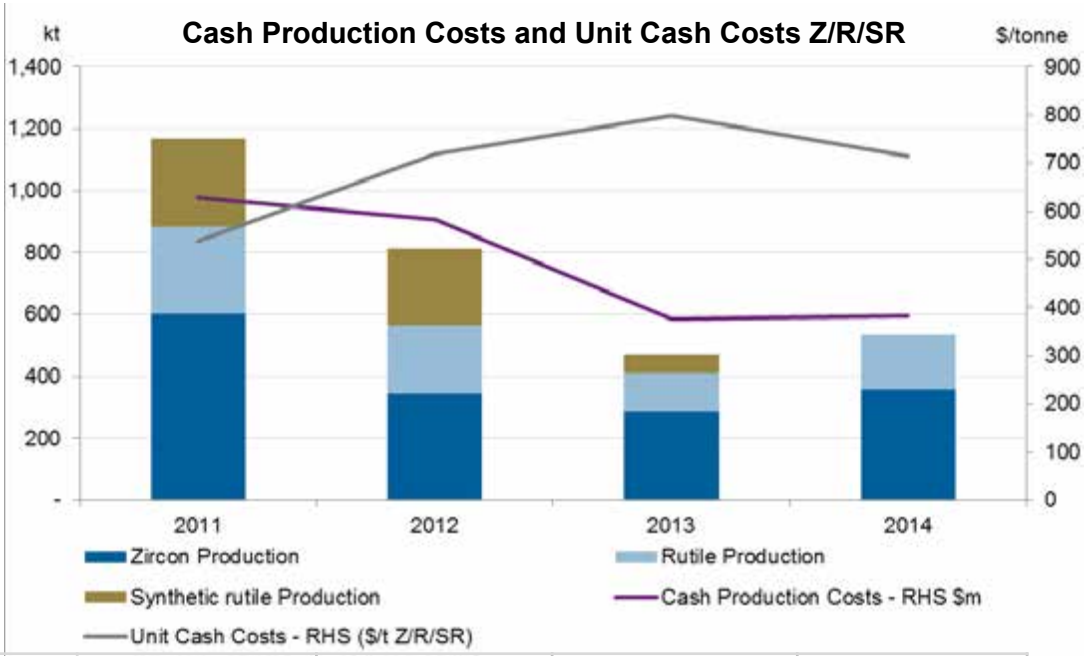
Net Profit after Tax



Net Debt Movement 2014



Unit Cash Cost Trend



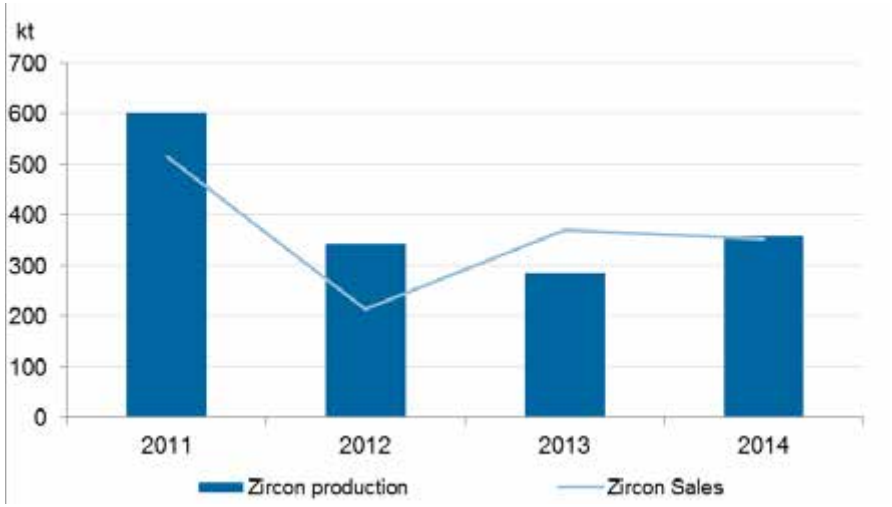
	2011	2012	2013	2014
Mineral sands EBITDA/revenue margin %	60.3	67.9	32.6	32.9

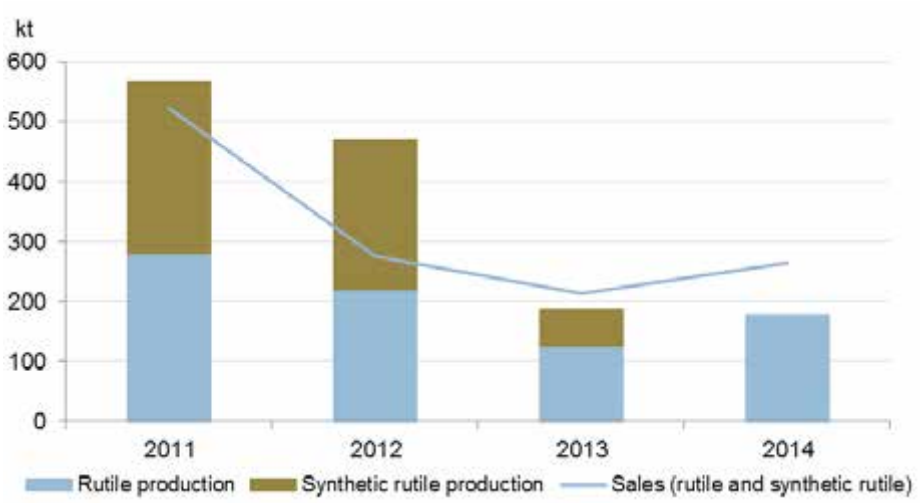
- Total Z/R/SR production increased 13.5% year-on-year
- Total cash production costs marginally higher - $381.9 million (2013: $376.1 million)
- Lower Z/R/SR cash cost - $668/tonne (2013: $757/tonne)[1]

Iluka is not in a position to issue 2015 Key Physical and Financial Guidance Parameters at this time, but will do so in due course. This decision is not related to any M&A activity.

[1] Excludes by-product costs. Unit cash costs in 2014 including by-product costs: $714/tonne vs $798/tonne in 2013.

Production Reflects Market Conditions





- Total Z/R/SR production 535 thousand tonnes (lower than “high cycle” levels)
- Total sales Z/R/SR increased 5% to 616 thousand tonnes
- Higher Z/R/SR production expected in 2015
  - rutile supply may be constrained
  - subject to reactivation of SR kiln

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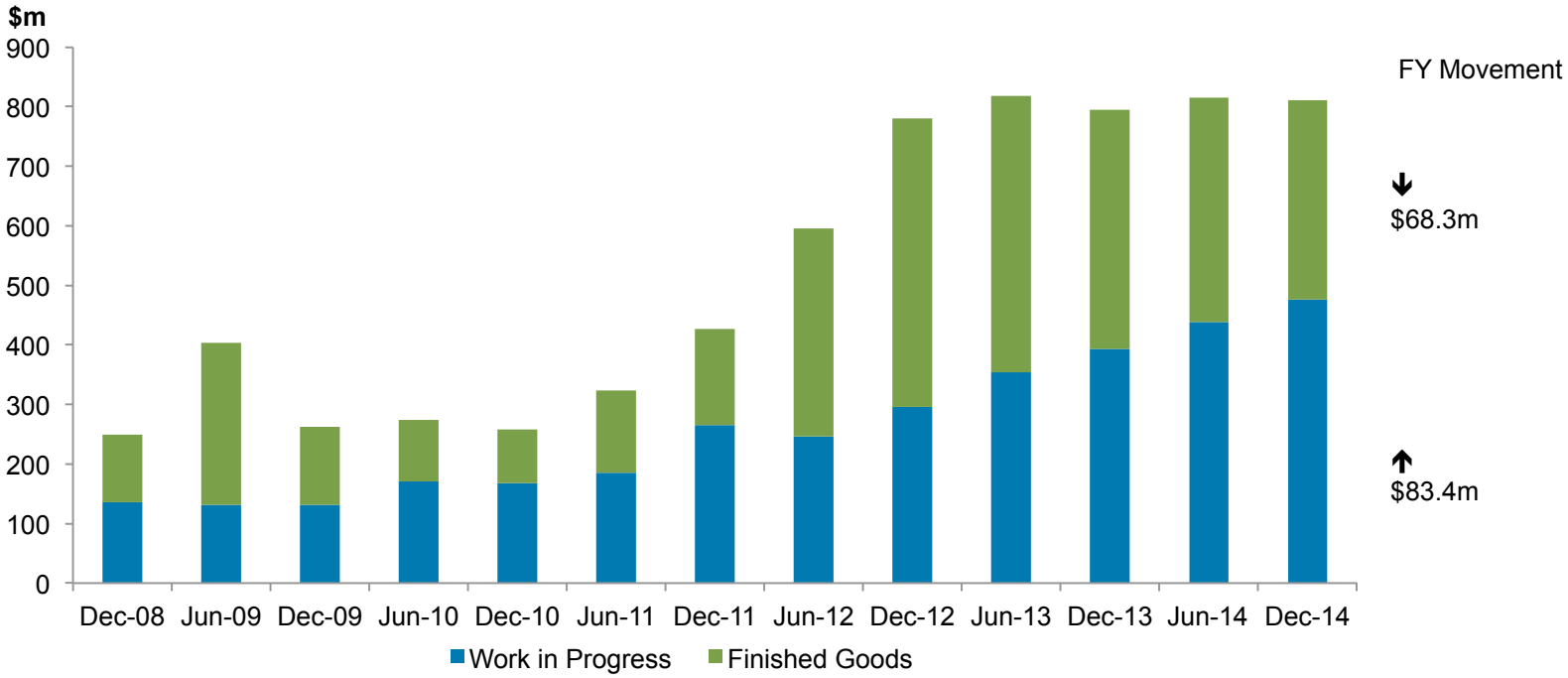
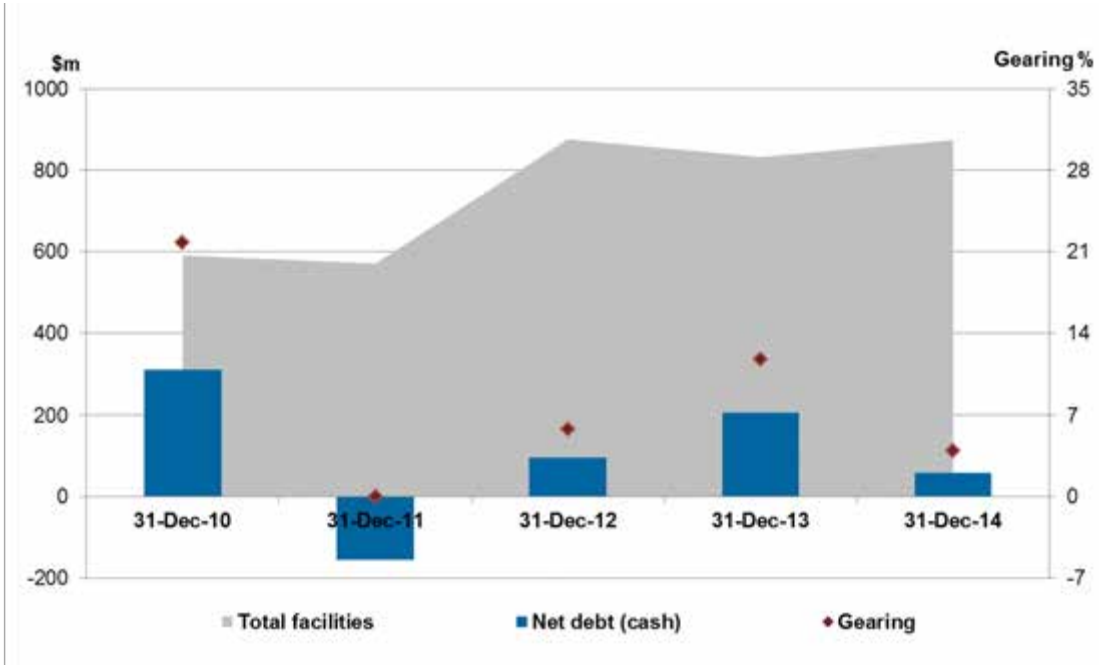
Inventory



- Finished goods inventory drawn down $68.3 million due to R/SR inventory draw down
- Work in progress and other inventory[1] increased by $83.4 million
  - Consistent with planned build of rutile rich HMC in Murray Basin
- Net inventory increase for 2014 of $15.1 million

[1] Heavy mineral concentrate, work in progress, ilmenite and consumables

Balance Sheet Strength



- Gearing of 3.9% (31 December 2014)
- Total facilities A$850 million + US$20 million US Private Placement (USPP)
  - A$175 million matures April 2017
  - A$675 million matures April 2019
  - US$20 million USPP matures June 2015
- Net debt at 31 December 2014 of A$59 million

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Results - Key Features

Market Conditions

Areas of Focus

Business Characteristics

Market Conditions - Zircon

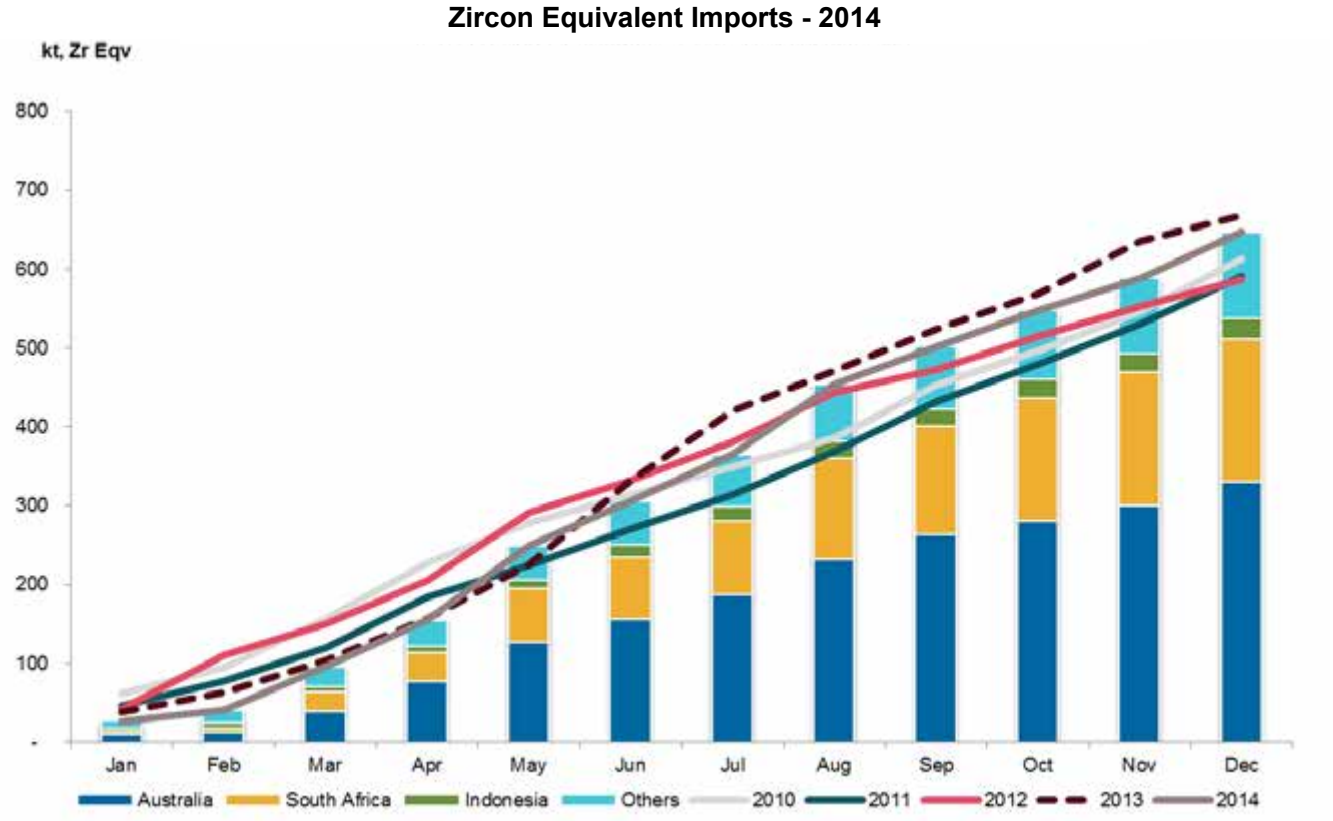
Demand

- Varying demand across regions
  - China and the US markets most robust
  - weak demand in Europe, Middle East and India
  - decision to step away from some potential European volumes during the year
- Stable demand overall - similar to 2013 levels
- Some softening in the China ceramics market in latter part of the year – not unexpected
- Recovery in zirconium chemical sector evident in second half
- Encouraging end 2014 / start 2015 sales

Supply

- Significant supply adjustment by major producers
- Indonesian supply significantly lower than pre-2013 levels
- Minimal new supply, new project shortfalls

China Zircon Imports



Notes:

Includes concentrates / tailings converted to zircon-sand equivalent

- 2014 zircon imports of ~647kt
- In line with the 2011-2013 average

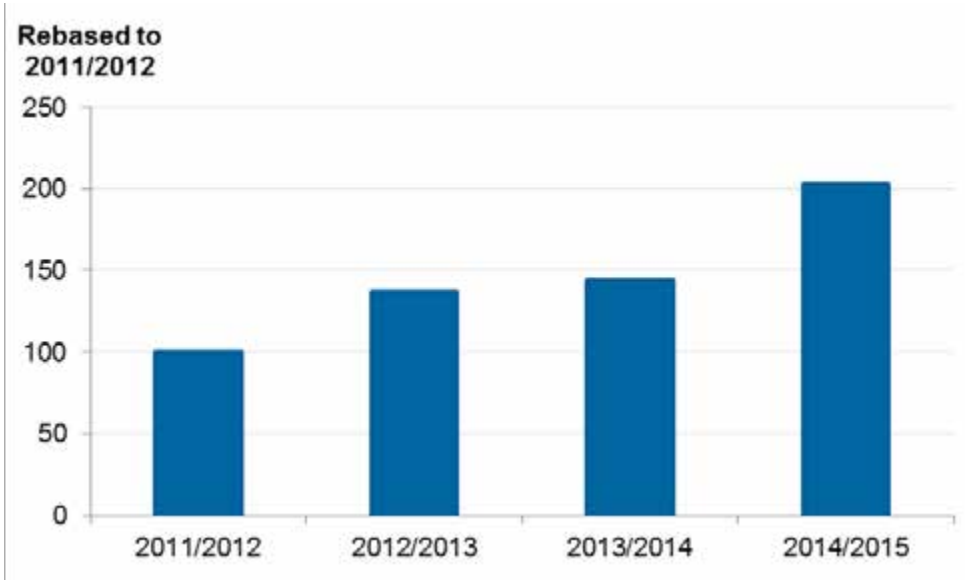
Zircon

- Progressive quarterly sales volumes increases through 2014
- Some mix variability - more standard grade sales in second half
- Premium zircon price and weighted average received price stable
- December 2014 / January 2015 represent highest level of zircon sales since 2011 / 2012

Zircon Sales Tonnes by Region (2014 vs 2013)

	2013 '000 tonnes	2014 '000 tonnes
China	213	218
Americas	44	47
Europe	56	47
Middle East - India	23	6
South East Asia	33	36
Total tonnes	**370**	**354**

Historical December / January Zircon Sales Tonnes (Rebased)



Market Conditions - Zircon

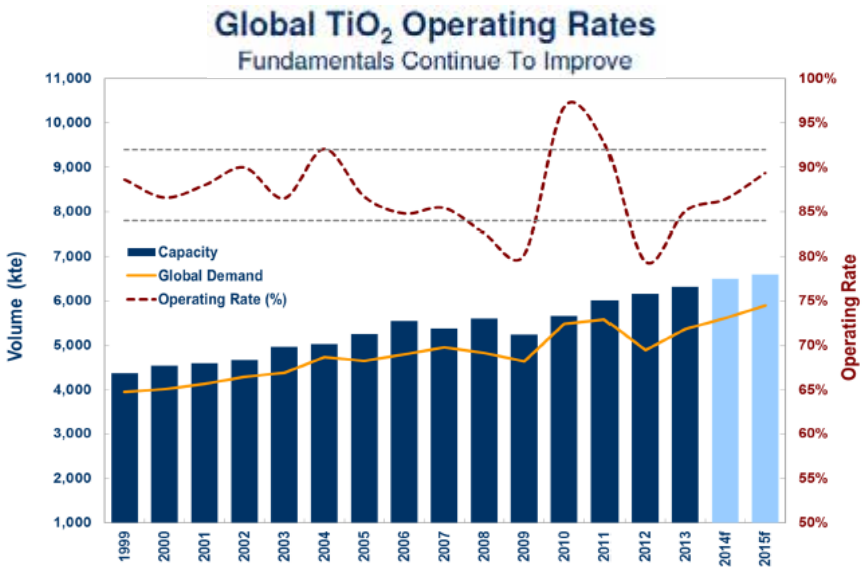
Outlook

- Gradual demand recovery, dependent on global economic conditions
- ‘Balanced’ market due to production restraint, and capacity limits
- China, North American demand expected to remain firm
- Recovery in Asia, India markets expected
- Europe demand dependent on export markets
- Sales sufficient to achieve inventory reduction

Market Conditions - Titanium Dioxide

Demand - high grade feedstocks

- Main underpinnings:
  - pigment inventories drawn down to ‘normal’ levels
  - chloride pigment producer capacity utilisation rates increased
- Positive engagement with pigment customers for supply arrangements
  - evident in SR kiln reactivation progress



Source: Huntsman, 2014

Market Conditions - Titanium Dioxide

Supply

- Industry supply restraint contributed to draw down of global feedstock inventories
- Limited new supply of high grade titanium dioxide feedstocks, new project shortfalls

High Grade Titanium Dioxide

- Iluka weighted average price outcomes[1] in 2H reflected:
  - mix factors – higher HyTi sales (90 per cent titanium dioxide content)
  - specific customer product requirements
- Build of rutile-rich HMC inventory in Murray Basin:
  - cessation of WRP mining, first quarter 2015
  - progressive draw down of HMC in advance of next development
  - synthetic rutile kiln preparation – SR 2 – largest Iluka kiln
- Virginia idling:
  - life of operations previously typically foreseen as ~2015
  - life extending projects not able to be underpinned by appropriate commercial terms
  - Hickory / Aurelian Springs' studies suspended
  - tenements maintained

[1] Refer Iluka ASX Release, 17 February 2015, Iluka Full Year Results to 31 December 2014, for weighted average price outcomes for 2014

Market Conditions - Titanium Dioxide

Outlook

- 2015 demand trend influenced by lead into northern hemisphere summer painting season
- Recovery trends in niche markets
- Rutile supply may be constrained
  - Iluka supplying from concentrate draw down
- ‘Legacy’ industry contracts expected to have ended

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Results - Key Features | Market Conditions | Areas of Focus | Business Characteristics

Areas of Focus

Growth Options / Focus Areas

Potential Acquisitions, Mergers and Joint Ventures

Which demonstrate financial and strategic merit.

Market Development

- Continued focus on improving customer service
- Expanding global market presence and logistics flexibility
  - 3 new points of representation in 2014
  - 9 marketing offices globally
- Product development - 8 new products launched
- All products in 2014 delivered to defined specifications (zero non-conformances)
- China focus (chloride and sulphate pigment, zircon)
  - China Technical Centre to open in 2015

Artist's impression

Market Development – Customer Focus

- Dedicated zircon and titanium dioxide sales teams
- Recruited experts from industry – milling, tile design, pigment
- Multilingual sales and support team – 10 nationalities and 17 languages
- Analysts dedicated to understanding industry and customer trends

Internal Production Options

- Range of potential production sources at different stages of life or evaluation
- Utilisation of existing infrastructure in most cases
  - basin longevity
- Phasing dependent on DFS outcomes, economics and market conditions

BASIN	DEPOSIT	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15+
Eucla Basin	Jacinth Ambrosia (J-A)																
	[1] Atacama, Sonoran and Typhoon (AST)																
Murray Basin	Woornack, Rownack and Pirro (WRP)																
	[2] Balranald - including Nepean																
	Euston																
Perth Basin	Tutunup South																
	[3] Cataby																
	Tutunup																
	Eneabba - including IPL North																
United States	Brink																
	Concord																
	Hickory																
	Aurelian Springs (ASN)																
Sri Lanka	Puttalam																

Current operating mines

Other deposits - varying stages of evaluation

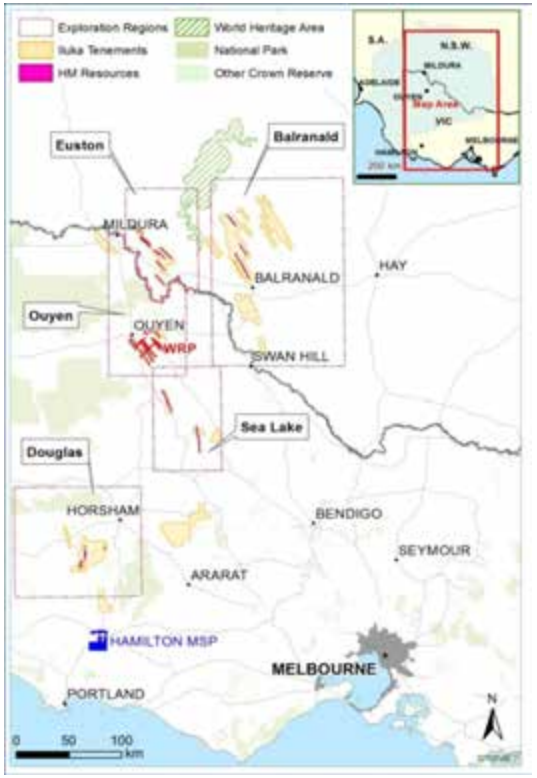
Notes:

[1,2,3] Development at pre or definitive feasibility stage – update on following slides

Project Development

Balranald, Murray Basin

- High grade / rich assemblage
- Material source of global supply, especially rutile
  - ~ 170 ktpa rutile
  - ~ 130 ktpa zircon
  - ~ 700 ktpa ilmenite (including synthetic rutile feed source)
- Technical challenges defined and being addressed through DFS
  - water – successfully dewatered to ore and re-injected
  - detailed mining simulation conducted
  - cross pit stacker under evaluation
- Current technical and financial analyses
  - support view that financial returns likely to be above risk weighted hurdle rate
  - support continued investment in feasibility studies and approval processes
- Execute decision dependent on DFS outcome and market trends



Project Development

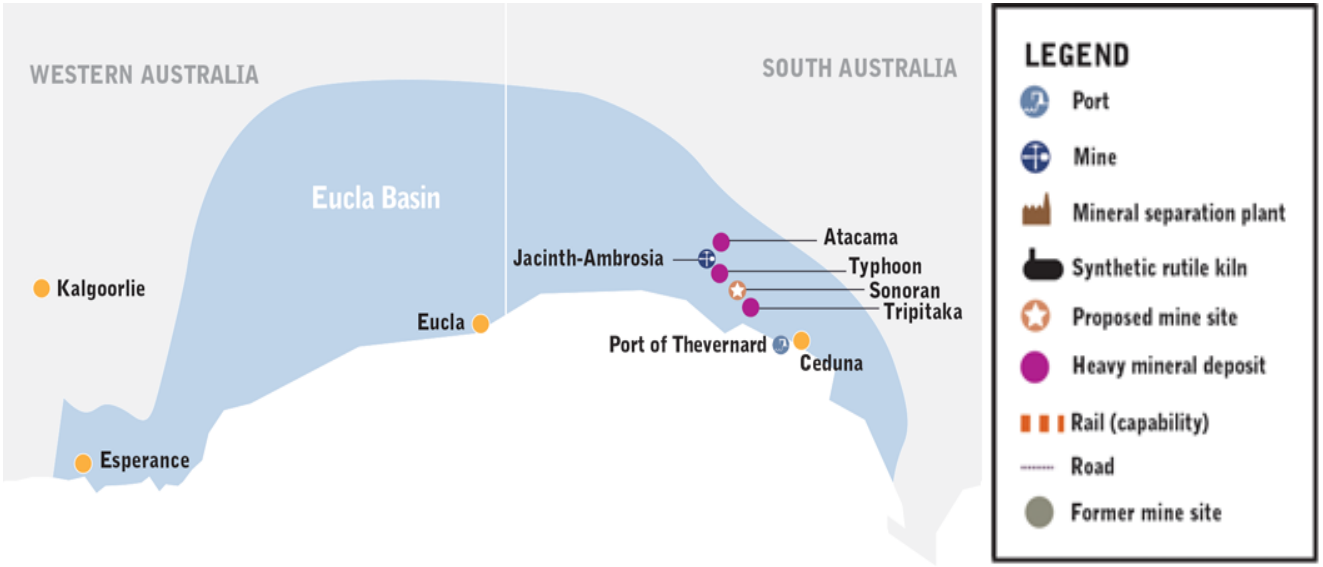
Cataby, Western Australia

- High quality chloride ilmenite (suitable synthetic rutile feed source)
  - ~ 350 ktpa ilmenite
  - ~ 50 ktpa zircon
  - ~ 30 ktpa rutile
- DFS effectively complete; pre-execute planning underway
- Start date flexibility
- Current technical and financial analyses
  - support view that financial returns likely to be above risk weighted hurdle rate
  - support continued investment in feasibility studies and approval processes
- Execute decision dependent on DFS outcome and market trends

Project Development

Eucla Basin Satellite Deposits

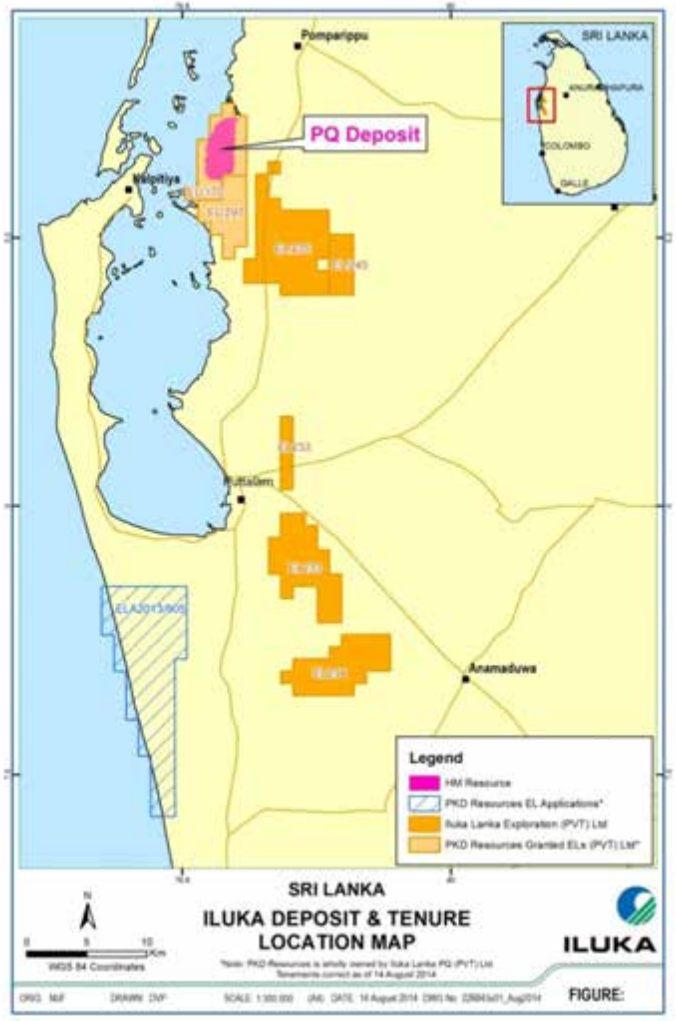
- Large chloride ilmenite deposits
- Significant associated zircon production stream
- Estimated 10+ year economic life
- Close proximity to Jacinth-Ambrosia infrastructure
- Further development drilling of resource and metallurgical work
- Pre-feasibility stage



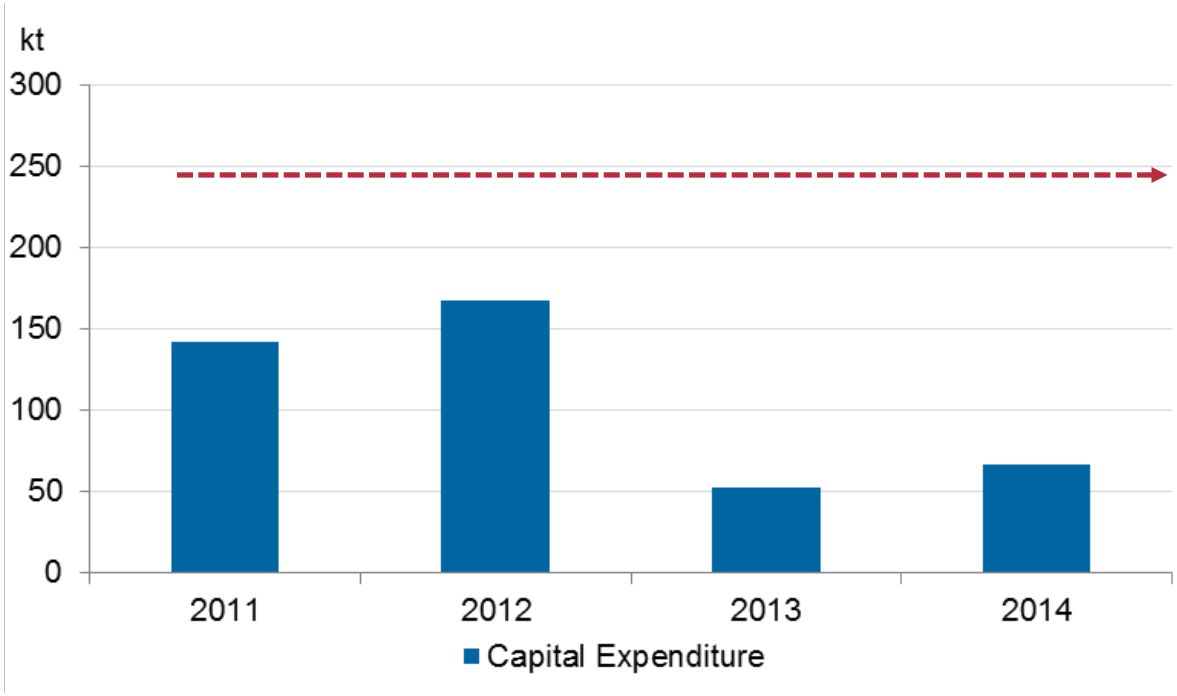
Project Development

Puttalam, Sri Lanka

- Large, long life, scaleable sulphate ilmenite deposit
- High HM grade for style of deposit
- JORC compliant resource
- Homogenous, minimal overburden
  - hydraulic mining an option
- Scoping study to commence in 2015
- Focus on new government engagement



Capital Expenditure



Relates to ~$250m average p.a. sustaining and growth capital expenditure, which is both an historical average and expectation for the company's corporate planning cycle.

- Capital expenditure of $66.9 million in 2014 related to major projects and Metalysis
- Some Plan years > $250 million per annum, dependent on project timing

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Exploration

New Resources and Resource to Reserve Conversion

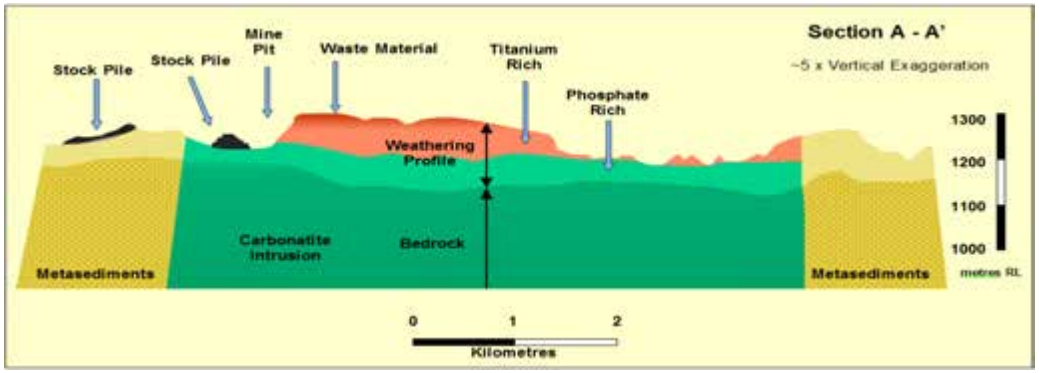
- Capitalise on internal geological and exploration expertise
- Consistent investment through cycle ~ $20 million p.a.
- Predominantly greenfield
- Increasing international focus
  - specific countries in Americas, Central Asia and Europe
- Targeted ‘adjacent’ non-mineral sands commodity opportunities pursued

Innovation and Technology

- Production efficiencies / recoveries / product quality / product development
- High grade sulphate pigment feed source
  - encouraging progress and further trials
- Non conventional resource conversion focus
- Metalysis
  - support through IPO process
  - feed source testing and development

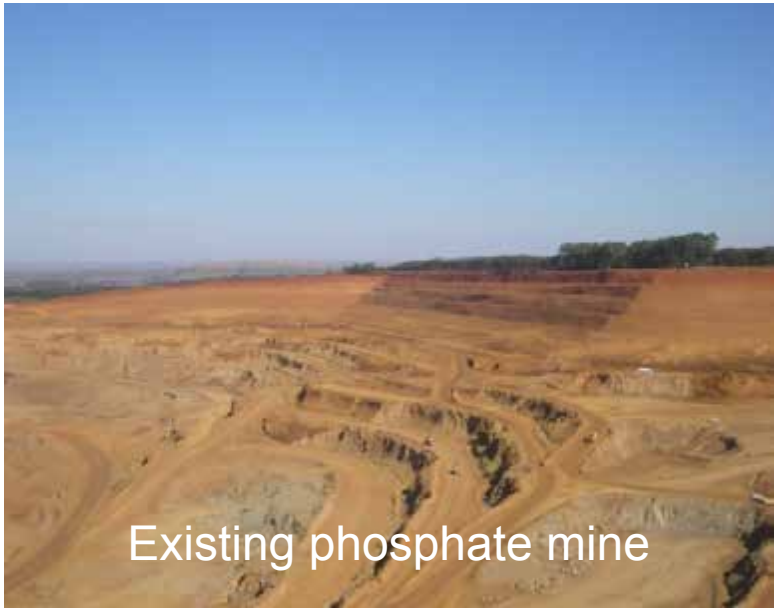
Tapira, Brazil

- Joint venture with Vale S.A.
- Large un-utilised mineralisation
  - existing phosphate mine
- Titanium dioxide ore (anatase, ilmenite), rare earth elements, magnetite
- Phase 1 of Agreement - 2015
  - geological, technical evaluations, market assessment and pilot plant design
  - subsequent phases include pilot plant, PFS, DFS, commercial plant



Tapira, Brazil

- Two Exploration Targets[1]
  - in situ material ~1 – 1.5 billion tonnes with est TiO_2 content of 12 - 15%
  - stockpiled material ~70 – 100 million tonnes with 12 - 15% TiO_2
- Iluka has potential to gain 49% interest



[1] Refer Iluka ASX Release 3 June 2014 and associated disclosure details. Not as yet at JORC reporting standard. Images courtesy of Vale

Metalysis, UK

- Iluka equity holding of 18.3%
  - right to increase up to 24.9% in event of IPO
- Technology capable of revolutionising metals processing
- Iluka shareholder value creation potential:
  - commercialisation – significant re-rating
  - right of first offer over titanium powder production licences
  - increased demand for Iluka titanium dioxide feedstocks
  - potential application to zirconium powder production
  - Iluka contribution to titanium feedstock blends

Metalysis, UK

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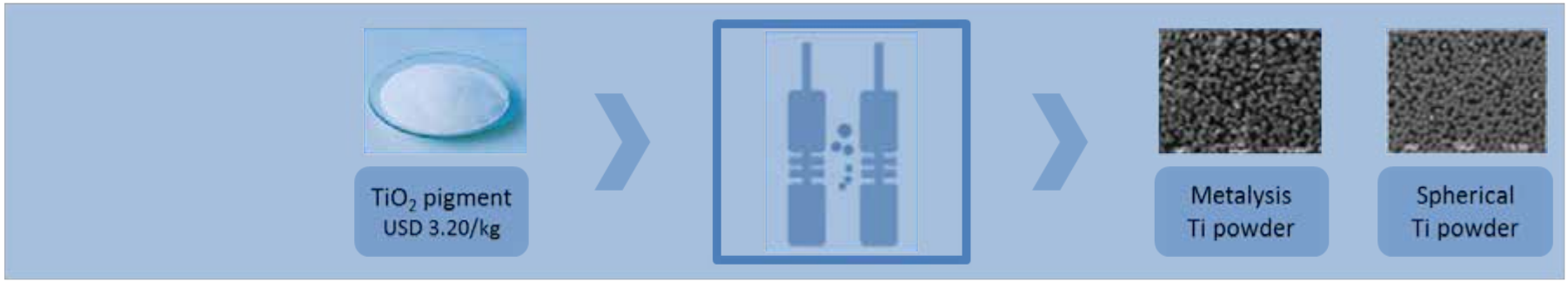
Conventional process (Ti – Kroll process)

Metalysis process



ILUKA

Results - Key Features | Market Conditions | Areas of Focus | Business Characteristics

2014 and 2015 Asset Utilisation

	2014	2015[1]
Murray Basin Mining (WRP)	100% utilisation	Mine idled March Concentrate continues to be processed
Hamilton MSP	~80% utilisation	~70% utilisation
Jacinth-Ambrosia Mining	Full utilisation – concentrate build	Full utilisation
Narngulu MSP	~50% utilisation	~50% utilisation
Tutunup South Mining	Idled previous year	Restart February
SR 2 Kiln	Idled previous year	Potential re-start
Other 3 Kilns	Idled previous years	Remain idled
US Mining (Virginia)	Idling of Concord mine end February; Brink mining to continue	Brink mining continues
Stony Creek MSP	Feed dependent ~50% utilisation	Feed dependent ~70% utilisation

[1] 2015 operating regimes dependent on market demand conditions and forecasts

2015 - Business Characteristics

- Z/R production higher than 2014
- Z/R sales may exceed 2015 production and 2014 Z/R sales
- Potential SR 2 production and sales
- Lower unit cash costs
- Potential FX and oil price benefits
- Inventory stabilisation / draw down
- Moderate organic capital expenditure before likely project increase, post 2015
- Mining Area C contribution linked to iron ore price, FX
- 1H vs 2H:
  - capex 1H weighted
  - sales revenue expected to be 2H weighted
  - FCF 2H weighted
- Lower depreciation and amortisation post US impairment
- Strong balance sheet – investment capacity

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 a 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	**640.6**	**84.3**		**724.9**			**724.9**
Mineral sands expenses	(349.9)	(82.9)	(53.5)	(486.3)			(486.3)
Mining Area C					66.8		66.8
Corporate and other costs						(48.4)	(48.4)
Foreign exchange						-	-
EBITDA	**290.7**	**1.4**	**(53.5)**	**238.6**	**66.8**	**(48.4)**	**257.0**
Depreciation and amortisation	(173.4)	(15.8)	(2.1)	(191.3)	(0.4)		(191.7)
Impairment of US assets		(82.0)		(82.0)			(82.0)
EBIT	**117.3**	**(96.4)**	**(55.6)**	**(34.7)**	**66.4**	**(48.4)**	**(16.7)**
Net interest expense						(13.9)	(13.9)
Rehab unwind/other finance costs	(14.9)	(0.8)		(15.7)		(2.2)	(17.9)
Profit before tax	**102.4**	**(97.2)**	**(55.6)**	**(50.4)**	**66.4**	**(64.5)**	**(48.5)**
Segment result	*102.4*	*(97.2)*		*5.2*	*66.4*		*71.6*

Notes:

[1] Comprises exploration and resources development costs ($45.3m), marketing and selling costs ($13.9m), offset by asset sales and other income ($5.7m).

Cash Flow and Net Debt: 2014 vs 2013

$m	1H 2014	2H 2014	2014	2013	% change
Opening net (debt) cash	**(206.6)**	**(155.2)**	**(206.6)**	**(95.9)**	**115.4**
Operating cash flow[1]	101.9	152.9	254.8	124.0	105.5
MAC royalty	40.9	34.3	75.2	82.7	(9.1)
Exploration	(8.6)	(13.5)	(22.1)	(23.1)	4.3
Interest (net)	(6.8)	(6.0)	(12.8)	(13.7)	6.6
Tax	(16.9)	(10.6)	(27.5)	(140.1)	80.4
Capital expenditure	(23.6)	(24.7)	(48.3)	(52.5)	8.0
Purchase of investment in Metalysis Ltd	(18.6)	-	(18.6)	-	n/a
Purchase of Sri Lanka deposits	-	-	-	(4.6)	n/a
Asset sales	0.3	-	0.3	2.0	(85.0)
Share purchases for employee share scheme	(4.7)	-	(4.7)	(2.2)	(113.6)
Free cash (outflow) inflow	**(63.9)**	**132.4**	**196.3**	**(27.5)**	**n/a**
Dividends	(16.7)	(25.1)	(41.8)	(62.8)	33.4
Net cash outflow	**47.2**	**107.3**	**154.5**	**(90.3)**	**n/a**
Exchange revaluation of USD net debt	5.2	(9.9)	(4.7)	(18.6)	74.2
Amortisation of deferred borrowing costs	(1.0)	(1.2)	(2.2)	(1.8)	(22.2)
Increase in net debt	**51.4**	**96.1**	**147.6**	**(110.7)**	**n/a**
Closing net debt	**(155.2)**	**(59.0)**	**(59.0)**	**(206.6)**	**71.4**

Notes:

[1] Refer to ASX Preliminary final report – 31 December 2014, - pg. 10, regarding utilisation of two trade receivables purchase facilities entered into in late 2014 which enabled the earlier collection of $84.4 million of receivables.

Production Volumes

kt	2014	2013	% change
Zircon	357.6	285.1	25.4
Rutile	177.2	127.0	39.5
Synthetic rutile	-	59.0	n/a
Total Z/R/SR production	**534.8**	**471.1**	**13.5**
Ilmenite	365.4	584.5	(37.5)
Total production volume	**900.2**	**1,055.6**	**(14.7)**
HMC produced	1,305.0	1,538.3	(15.2)
HMC processed	968.0	1,044.2	(7.3)

Sales Volumes

kt	2014	2013	% change
Zircon	352.2	370.2	(4.9)
Rutile	182.0	168.0	8.3
Synthetic rutile	82.0	46.2	77.5
Total Z/R/SR	**616.2**	**584.4**	**5.4**
Ilmenite	316.6	337.5	(6.2)
Total sales volumes	**932.8**	**921.9**	**1.2**

Mineral Sands Results: 2014 versus 2013

$m	1H 2014	2H 2014	2014	2013	% change
Mineral sands revenue	343.2	381.7	724.9	763.1	(5.0)
Australia EBITDA	121.4	169.3	290.7	274.6	5.9
United States EBITDA	9.8	(8.4)	1.4	30.2	(95.4)
Resource Development and other EBITDA	(23.3)	(30.2)	(53.5)	(55.8)	4.1
Total mineral sands EBITDA	107.9	130.7	238.6	249.0	(4.2)
US impairment	-	(82.0)	(82.0)	-	n/a
Idle assets write down	-	-	-	(40.0)	n/a
Depreciation and amortisation	(94.1)	(97.2)	(191.3)	(181.3)	(5.5)
Mineral sands EBIT	13.8	(48.5)	(34.7)	27.7	n/a

Unit Cash Costs and Revenue/tonne

2014 versus 2013

		2014	2013	% change
Total Z/R/SR production	kt	534.8	471.1	13.5
Ilmenite – saleable and upgradeable	kt	365.4	584.5	(37.5)
Total production	kt	900.2	1,055.6	(14.7)
Total cash costs of production	$m	381.9	376.1	1.5
Unit cash costs per tonne of Z/R/SR produced[1] (including by-product costs)	$/t	714	798	(10.5)
Unit cash costs per tonne of Z/R/SR produced[1] (excluding by-product costs)	$/t	668	757	(11.8)
Cost of goods sold per tonne of Z/R/SR sold[2]	$/t	862	890	(3.1)
Z/R/SR revenue	$m	634.8	685.8	(7.4)
Ilmenite and other revenue	$m	90.1	77.3	16.6
Revenue per tonne of Z/R/SR sold[3]	$/t	1,030	1,173	(12.2)

Notes:

[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] Cost of goods sold per tonne of Z/R/SR sold is determined as cost of goods sold divided by total Z/R/SR sales volumes.
[3] Revenue per tonne of Z/R/SR sold is determined as total Z/R/SR revenue divided by total Z/R/SR sales volumes.

Capital and Exploration Expenditure (cash)

$m	2014	2013	% change
Capital expenditure	48.3	52.5	(8.0)
Metalysis	18.6	-	n/a
Exploration	22.1	23.1	(4.3)
Total	**89.0**	**75.6**	**(6.9)**

Australian Operations

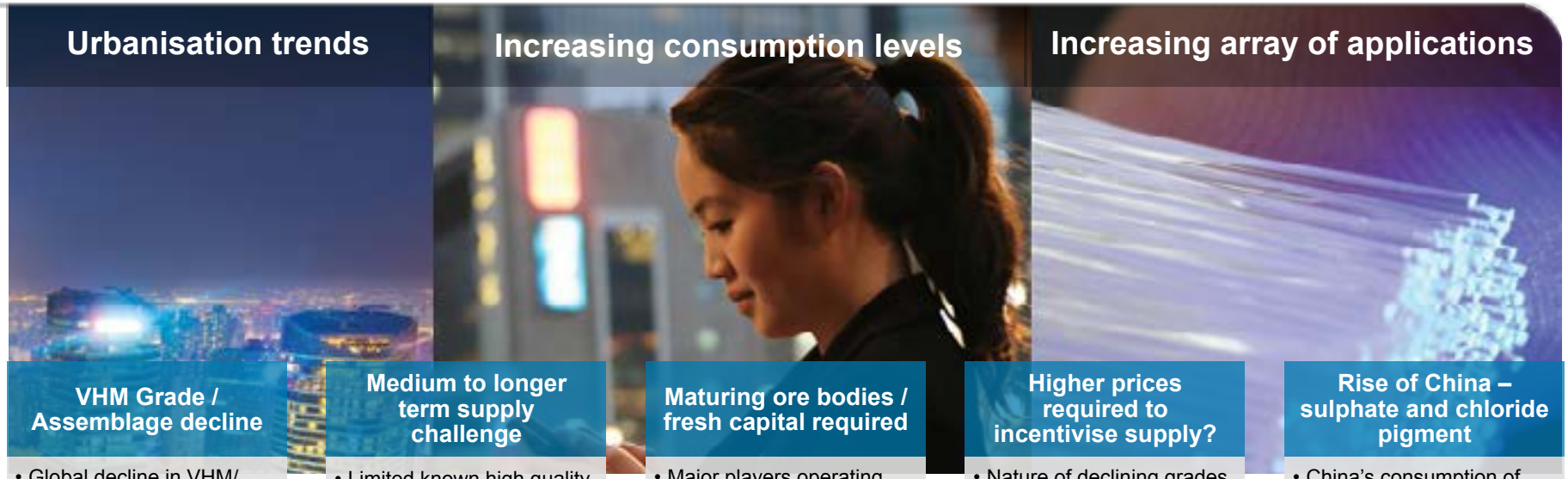
		2014	2013	% change
Production volumes				
Zircon	kt	332.5	245.5	35.4
Rutile	kt	177.2	127.0	39.5
Synthetic rutile	kt	-	59.0	n/a
Total Z/R/SR production	**kt**	**509.7**	**431.5**	**18.1**
Ilmenite	kt	270.6	394.9	(31.5)
Total production	**kt**	**780.3**	**826.4**	**(5.6)**
HMC produced	kt	1,135.0	1,223.5	(7.2)
HMC processed	kt	796.0	736.4	8.1
Unit cash cost of production – Z/R/SR	$/t	629	708	11.2
Mineral sands revenue	**$m**	**640.6**	**676.5**	**(5.3)**
Cash cost of production	$m	(320.8)	(305.4)	(5.0)
Inventory movements	$m	32.9	(0.6)	n/a
Restructure and idle capacity charges	$m	(36.5)	(69.6)	47.6
Rehabilitation and holding costs for closed sites	$m	1.0	3.2	68.8
Government royalties	$m	(10.6)	(15.2)	30.3
Marketing and selling costs	$m	(16.2)	(14.8)	(9.5)
Asset sales and other income	$m	0.3	0.5	(40.0)
EBITDA	**$m**	**290.7**	**274.6**	**5.9**
Depreciation and amortisation	$m	(173.4)	(166.9)	(3.9)
Idle asset write off	$m	-	(40.0)	n/a
EBIT	**$m**	**117.3**	**67.7**	**73.3**

US Operations

		2014	2013	% change
Production volumes				
Zircon	kt	25.1	39.6	(36.6)
Ilmenite	kt	94.8	189.6	(50.0)
Total production	**kt**	**119.9**	**229.2**	**(47.7)**
HMC produced	kt	170.0	314.8	(46.0)
HMC processed	kt	172.0	307.8	(44.1)
Unit cash cost of production	$/t	510	308	(65.6)
Mineral sands revenue	**$m**	**84.3**	**86.6**	**(2.7)**
Cash cost of production	$m	(61.1)	(70.7)	13.6
Inventory movements	$m	(18.2)	14.6	n/a
Restructure and idle capacity charges	$m	(3.6)	-	n/a
Rehabilitation and idle capacity costs	$m	-	(0.4)	n/a
EBITDA	**$m**	**1.4**	**30.1**	**(95.3)**
Depreciation and amortisation	$m	(15.8)	(11.0)	(43.6)
US impairment	$m	(82.0)	-	n/a
EBIT	**$m**	**(96.4)**	**19.1**	**n/a**

Industry Context and Dynamics

Outlook characterised by positive demand fundamentals



Urbanisation trends

VHM Grade / Assemblage decline

- Global decline in VHM/ assemblage characteristics
- Increasing trash – adverse to VHM component
- TiO_2 abundant but higher sulphate ilmenite assemblage
- Zircon and rutile credits critical to project economics
- Technical challenges of new supply

Increasing consumption levels

Medium to longer term supply challenge

- Limited known high quality deposits
- Poorer resources, often in higher risk jurisdictions
- Supply issue in context of:
  - increased intensity of demand (e.g. pigment in China)
  - urbanisation
  - consumerism
  - new applications

Maturing ore bodies / fresh capital required

- Major players operating mature ore bodies
- Significant capital required to sustain production levels and bring on supply to meet market demand over medium term
- Shareholder return consideration

Increasing array of applications

Higher prices required to incentivise supply?

- Nature of declining grades and assemblages - challenging economics
- Costs increasing and jurisdictional challenges more pronounced

Rise of China – sulphate and chloride pigment

- China's consumption of TiO_2 is expected to continue growing
- Production to date predominately sulphate
- China chloride pigment industry encouraged
- Requirement for imported feedstocks
- Higher grade feedstock imports/ilmenite for domestic upgrading

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