ILUKA

14 July 2011

QUARTERLY PRODUCTION REPORT
30 JUNE 2011

SUMMARY DATA

	Mar-11 Quarter	Jun-11 Quarter	Jun-11 YTD	Jun-10 YTD	Jun-11 YTD vs Jun-10 YTD
	kt	kt	kt	kt	%
Production					
Zircon	135.5	141.1	276.6	163.2	69.5
Rutile	63.0	73.8	136.8	113.2	20.8
Synthetic rutile	78.5	74.5	153.0	173.9	(12.0)
Upgradeable ilmenite	38.3	49.6	87.9	118.1	(25.6)
Saleable ilmenite	109.5	119.4	228.9	231.0	(0.9)
Total Mineral Sands Production[1]	**386.5**	**408.8**	**795.3**	**681.3**	**16.7**
Sales					
Zircon			243.4	216.0	12.7
Rutile			107.8	101.6	6.1
Synthetic rutile			138.3	166.4	(16.9)
Ilmenite			261.1	187.4	39.3
Total Mineral Sands Sales			**750.6**	**671.4**	**11.8**
Mineral Sands Revenue[2] A$ million	**226.3**	**343.9**	**570.2**	**378.6**	**50.6**
Average AUD:USD cents	**100.5**	**106.2**	**103.3**	**89.4**	**(15.5)**
Cash Costs of Production - A$ million			**311.0**	**262.5**	**18.5**
Cash Costs per tonne of Z/R/SR produced- A$			**549.0**	**583.0**	**(5.8)**
Revenue per tonne of Z/R/SR sold - A$			**1,164**	**782**	**48.8**

Production

Zircon production for the three months to 30 June 2011 was 141.1 thousand tonnes and for the six months to 30 June was 276.6 thousand tonnes (first six month of 2010: 163.2 thousand tonnes). Zircon production for the half year is proportionately higher than Iluka's full year 2011 guidance of approximately 500 thousand tonnes.

Rutile production for the three months to 30 June was 73.8 thousand tonnes and for the six months to 30 June was 136.8 thousand tonnes (first six months of 2010: 113.2 thousand tonnes).

For both zircon and rutile a combination of higher levels of ore mined, higher grades and favourable assemblages and higher processing throughputs and recoveries have generated improved

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

[2] Mineral sands revenues include revenues derived from other materials not included in production volumes, including zircon rich tailings, activated carbon products and iron oxide.

production outcomes, enhancing Iluka's position as a key supplier of zircon and high grade titanium dioxide in markets that are undersupplied. The higher production outcomes have been achieved while maintaining Iluka's unit cash cost of production of $549/tonne for zircon, rutile and synthetic rutile ("Z/R/SR") in line with the initial full year guidance of $560/tonne.

Synthetic rutile production for the three months to 30 June was 74.5 thousand tonnes and for the six months to 30 June was 153.0 thousand tonnes (first six months of 2010: 173.9 thousand tonnes). Production was drawn mainly from Iluka's largest synthetic rutile kiln (SR2), located in the South West of Western Australia, while the other operational kiln (SR3) in the Mid West was utilised predominantly for ilmenite blending and new product development trials. It is now Iluka's intention to continue to run the SR3 kiln during the third quarter, with the potential for commercial sale of some of the production associated with this extension.

Sales Volumes

Iluka's current practice is to report sales volumes on a half yearly basis.

Scheduled shipments from at least two bulk ships, standing off the company's main export port, the Port of Geraldton, and ready to take delivery of product, were delayed beyond 30 June by adverse weather conditions, including a storm surge and port closure for several days. This, and delays at other ports, including a shipment at the Port of Portland in Victoria, affected the recognition of the sale in the quarter of committed volumes, as detailed below. All volume has been subsequently shipped to customers in July, at second quarter pricing, as agreed with customers.

Sales volumes for zircon in the first half were 243.4 thousand tonnes. Approximately 12.5 thousand tonnes of zircon was impacted by port loading delays in the June quarter.

Sales volumes for rutile in the first half were 107.8 thousand tonnes. Approximately 12 thousand tonnes of product, planned to be shipped in the June quarter,, was impacted by port delays in the June quarter.

Sales volumes for synthetic rutile were 138.3 thousand tonnes in the first half, with approximately 10 thousand tonnes impacted by shipment delays in the June quarter.

Iluka sold 261.1 thousand tonnes of chloride ilmenite in the first half. The majority of this material was sourced from Virginia, although Iluka is also selling its Jacinth-Ambrosia ilmenite production and this represented approximately 40 per cent of ilmenite sales in the half.

Sales Revenue and Cash Cost/Revenue Per Tonne Information

	June-10 Quarter	Mar -11 Quarter	June -11 Quarter	June-10 YTD	June-11 YTD	June-11 Qtr vs June-10 Qtr	June-11 YTD vs June-10 YTD
						%	%
Mineral Sands Revenue $m	229.0	226.3	343.9	378.6	570.2	50.1	50.6
Cash costs per tonne – Z/R/SR produced - $A				583	549		
Revenue per tonne of Z/R/SR sold - $A				782	1,164		
Average A$/US$ spot rate (cents)	88.3	100.5	106.2	89.4	103.3	20.3	15.5

Mineral sands sales revenue for the June 2011 quarter was $343.9 million. Sales revenue for the first half of 2011 was $570.2 million, compared with the first half of 2010 of $378.6 million. As indicated above, sales revenue in the half was affected by delays in committed volumes due to port conditions. Sales revenue translation to Australian dollars was adversely affected by the higher

AUD:USD exchange rate of 103.3 cents compared with 89.4 cents in 2010, although this was more than offset by higher product pricing.

Iluka's revenue per tonne of the high value products of zircon/rutile/synthetic rutile increased from $782/t in the first half of 2010 to $1,164/tonne in 2011.

Cash Costs of Production

Iluka's unit cash costs of production for the first half of 2011 were $549/t for Z/R/SR. This compares with Iluka's guidance at the beginning of the year of $560/t. Notwithstanding a number of factors which could be expected to increase costs, including higher levels of ore mined in Jacinth-Ambrosia associated with the trialling of a new mining method and some higher than anticipated costs for overburden removal, heavy mineral concentration and plant maintenance, together with the costs for the construction of a second water infiltration basin at the Kulwin mine in the Murray Basin, unit cash production costs were in line with guidance.

Total cash costs of production for the half were $311 million, relative to the February full year guidance of $540 million. This reflects the markedly higher production outcome s expected, relative to the guidance provided in February (refer Iluka's ASX Release, Key Physical and Financial Parameters, Iluka 2011 (July Update), released on 14 July 2011.

Market Conditions

Notwithstanding volatility in global confidence levels regarding macro-economic issues, the supply/demand fundamental and pricing outcomes for zircon and high grade titanium products remained favourable during the quarter.

Zircon

Zircon market supply remained in deficit, when assessed against overall customer demand. Demand for zircon has continued to be strong in China, associated with both ceramic manufacturing applications and the zirconium chemical industry. Demand remains strong in other developing economies, including India and parts of the Middle East, Asia and South America.

After commencing the year with a weighted average zircon price of above US$1,000/tonne, Iluka achieved a weighted average price of approximately US$1,600/tonne in the second quarter. As previously announced, third quarter weighted average zircon prices are expected to increase by 35 to 40 per cent from second quarter levels.

Titanium Products

The high grade titanium feed stock market remained extremely tight, with continuing strong demand from chloride pigment customers, supplemented by very strong demand from the flux cored wire market (used in welding electrodes, especially for the ship building industry in Asia), as well as the titanium sponge market. The latter two markets, in particular, have a predominant requirement for rutile as feedstock.

As previously announced, Iluka has achieved a 70 to 75 per cent weighted average price increase for rutile and synthetic rutile for the second half of 2011, relative to a weighted average price in the first half of approximately US$770/tonne for rutile and approximately US$640/tonne for synthetic rutile.

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 4. 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. Appendix 1 provides details of the physical data for operating mines.

Physical Production

	Jun-10 Quarter	Mar-11 Quarter	Jun-11 Quarter	Jun-11 Qtr vs Mar-11 Qtr	Jun-11 Qtr vs Jun-10 Qtr
	kt	kt	kt	%	%
Zircon					
Jacinth-Ambrosia, Eucla Basin	36.2	71.1	70.9	(0.3)	95.9
Perth Basin, Western Australia	14.2	2.7	3.3	22.2	(76.8)
Eucla/Perth Basin (SA/WA)	**50.4**	**73.8**	**74.2**	**0.5**	**47.2**
Murray Basin (VIC)	**37.9**	**47.9**	**53.3**	**11.3**	**40.6**
Virginia (USA)	**16.4**	**13.8**	**13.6**	**(1.4)**	**(17.1)**
Total Zircon Production	**104.7**	**135.5**	**141.1**	**4.1**	**34.8**
Rutile					
Jacinth-Ambrosia, Eucla Basin	5.0	6.4	15.1	135.9	202.0
Perth Basin, Western Australia	11.9	-	-	N/A	N/A
Eucla/Perth Basin (SA/WA)	**16.9**	**6.4**	**15.1**	**135.9**	**(10.7)**
Murray Basin (VIC)	**40.0**	**56.6**	**58.7**	**3.7**	**46.8**
Total Rutile Production	**56.9**	**63.0**	**73.8**	**17.1**	**29.7**
Ilmenite – Saleable					
Jacinth-Ambrosia, Eucla Basin	25.2	36.1	46.4	28.5	84.1
Perth Basin, Western Australia	26.3	-	-	N/A	N/A
Eucla/Perth Basin (SA/WA)	**51.5**	**36.1**	**46.4**	**28.5**	**(9.9)**
Murray Basin (VIC)	**1.7**	**-**	**-**	**N/A**	**N/A**
Virginia (USA)	**68.6**	**73.4**	**73.0**	**(0.5)**	**6.4**
Total Ilmenite – Saleable	**121.8**	**109.5**	**119.4**	**9.0**	**(2.0)**
Ilmenite – Upgradeable					
Jacinth-Ambrosia, Eucla Basin	4.3	2.7	-	N/A	N/A
Perth Basin, Western Australia	42.2	9.7	23.3	140.2	(44.8)
Eucla/Perth Basin (SA/WA)	**46.5**	**12.4**	**23.3**	**87.9**	**(49.9)**
Murray Basin (VIC)	**-**	**25.9**	**26.3**	**1.5**	**N/A**
Total Ilmenite – Upgradeable	**46.5**	**38.3**	**49.6**	**29.5**	**6.7**
Synthetic rutile (WA)	**88.3**	**78.5**	**74.5**	**(5.1)**	**(15.6)**
Total Mineral Sands Production	**371.7**	**386.5**	**408.8**	**5.8**	**10.0**

Physical Production – 12 Month Comparison

	12 mth to June-10	12 mth to June-11	12 mth Jun-11 vs 12 mth Jun-10
	kt	kt	%
Zircon			
Jacinth-Ambrosia, Eucla Basin	43.5	249.4	473.3
Perth Basin, Western Australia	77.5	21.9	(71.7)
Eucla/Perth Basin (SA/WA)	**121.0**	**271.3**	**124.2**
Murray Basin (VIC)	**91.4**	**196.9**	**115.4**
Virginia (USA)	**48.9**	**57.9**	**18.4**
Total Zircon Production	**261.3**	**526.1**	**101.3**
Rutile			
Jacinth-Ambrosia, Eucla Basin	5.2	26.5	409.6
Perth Basin, Western Australia	58.9	11.9	(79.8)
Eucla/Perth Basin (SA/WA)	**64.1**	**38.4**	**(40.1)**
Murray Basin (VIC)	**101.6**	**198.2**	**95.1**
Total Rutile Production	**165.7**	**236.6**	**42.8**
Ilmenite - Saleable			
Jacinth-Ambrosia, Eucla Basin	28.6	132.7	364.0
Perth Basin, Western Australia	136.4	19.0	(86.1)
Eucla/Perth Basin (SA/WA)	**165.0**	**151.7**	**(8.1)**
Murray Basin (VIC)	**27.3**	**35.2**	**28.9**
Virginia (USA)	**217.9**	**280.1**	**28.5**
Total Ilmenite -Saleable	**410.2**	**467.0**	**13.8**
Ilmenite – Upgradeable			
Jacinth-Ambrosia, Eucla Basin	4.3	40.4	839.5
Perth Basin, Western Australia[1]	291.0	93.0	(68.0)
Eucla/Perth Basin (SA/WA)	**295.3**	**133.4**	**(54.8)**
Murray Basin (VIC)	**-**	**52.2**	**N/A**
Total Ilmenite – Upgradeable	**295.3**	**185.6**	**(37.1)**
Synthetic rutile (WA)	**340.1**	**326.5**	**(4.0)**
Total Mineral Sands Production	**1,177.3**	**1,556.2**	**32.2**

June Quarter Production commentary:

- The Jacinth-Ambrosia operation contributed 70.9 thousand tonnes of zircon production in the June quarter.
- The Murray Basin operations contributed rutile production of 58.7 thousand tonnes and zircon production of 53.3 thousand tonnes during the quarter. Mining operations in the Murray Basin are occurring currently at Douglas, Echo and Kulwin, with heavy mineral concentrate transported for processing at the mineral separation plant at Hamilton. The June quarter saw the first heavy mineral concentrate produced at the Kulwin mining operation moved by rail from the town of Hopetoun. Iluka has engaged with the Victorian Government, and committed capital, for the upgrading of existing sidings and construction of its own rail sidings at Hamilton, to reduce truck traffic for safety considerations and also reduce transportation costs on a unit of material moved basis. Iluka also successfully processed Jacinth-Ambrosia concentrate at

[1] 12 months to June 2011 includes a small volume related to Tutunup South in the South West of Western Australia.

Hamilton, providing the company with further flexibility in terms of processing and capacity utilisation.

- Iluka's synthetic rutile production for the quarter of 74.5 thousand tonnes was predominantly derived from SR2 kiln in the South West, with the SR3 kiln in the Mid West, Western Australia, being utilised for research and development purposes, including the testing of potential ilmenite feed sources and the efficacy of varying operating regimes using different coal feeds and reduction periods. Iluka intends to continue to run the SR3 kiln through the third quarter.
- Iluka progressed ilmenite feed testing during the quarter, utilising Murray Basin ilmenite not previously considered to be suitable as a synthetic rutile feedstock. Plant trials were successfully completed during the quarter using Iluka's SR3 kiln. A synthetic rutile product, which may find acceptance within the chloride feedstock market, was produced from 100 per cent Murray Basin ilmenite. Samples of the product were dispatched to customers during the quarter and trial parcels are planned to major customers in the third quarter. Feedback to date from customers on the quality of this product, has been favourable. Testing of Murray Basin ilmenite to produce a potential high grade sulphate pigment feedstock is planned to commence in July.
- Ilmenite production overall was 169.0 thousand tonnes for the quarter, with 49.6 thousand tonnes of ilmenite available for upgrading to synthetic rutile and 119.4 thousand tonnes available for sale. Ilmenite is Iluka's lowest value product and the company would typically seek to allocate volume for upgrading, with the main exception being Virginia chloride ilmenite which is sold into the US domestic market. Virginia ilmenite production increased from both the previous corresponding quarter and the December quarter. Jacinth-Ambrosia ilmenite also continued to be sold.
- During the quarter, Iluka supplemented its ilmenite feed sources for its synthetic rutile kilns by the commencement of the Tutunup South mine in the South West of Western Australia. Tutunup South was commissioned one month ahead of schedule in June, with production ramp up occurring during the month. Tutunup South is expected to have an economic life of five years and produce approximately 110 thousand tonnes of ilmenite in 2011 and approximately 170 thousand tonnes in 2012. All heavy mineral concentrate will be processed through the North Capel separation plant with the ilmenite stream utilised as feed for SR2 kiln and the non-magnetic stream, which includes zircon, available to be processed at the Narngulu mineral separation plant when plant capacity allows. Initial zircon from Tutunup South was processed during the June quarter.
- The Virginia operation produced 13.6 thousand tonnes of zircon in the quarter and 73 thousand tonnes of ilmenite.

Planned New Production

Woornack, Rownack, Pirro - Murray Basin, Victoria

Woornack, 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:

- site works at the WRP site commenced, with the access road to the Calder Highway completed and soil pre-stripping well advanced; and
- during the remainder of this calendar year WRP site civil works and infrastructure will be completed in readiness to accept the processing plant being relocated from Kulwin.

Balranald Deposits

Balranald and Nepean are two rutile-dominated deposits in the northern Murray Basin, New South Wales and constitute a potential large source of production.

A pre-feasibility study is progressing to schedule and includes the evaluation of alternate mining methods.

EXPLORATION

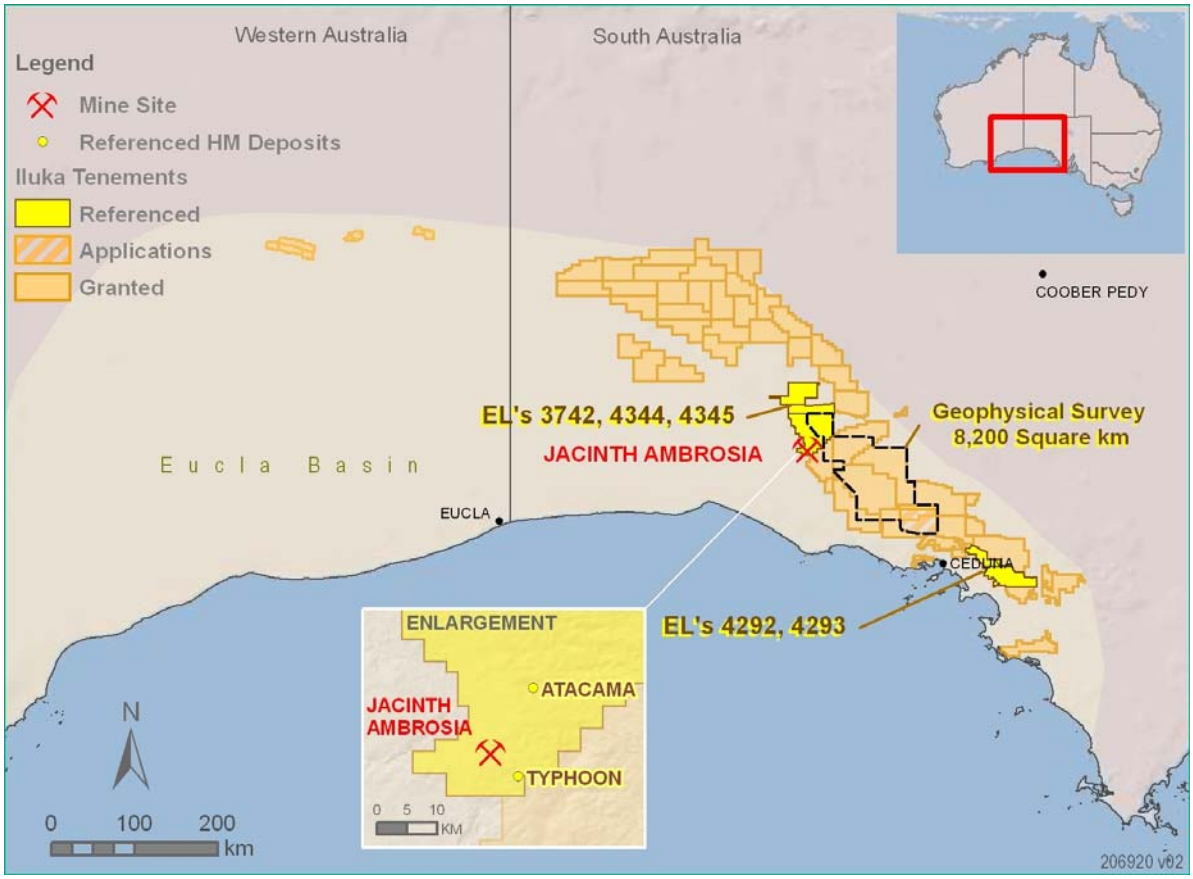
Eucla Basin, South Australia/Western Australia

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

- exploration drilling which tested areas up to 100 kilometres north-west of the Jacinth-Ambrosia mine near the Immarna deposit on tenements EL4344 and 4345. Drilling intersected encouraging (visual) mineral sands mineralisation which was interpreted as strand style and follow up exploration is planned. Late in the quarter drilling commenced on tenement EL4343 on the Barton Range to follow up areas of prospective marine sands. Drilling in this area will continue into the third quarter moving north; and
- completion of the data acquisition phase and the commencement of modelling and interpretation associated with a 8,200 square kilometre radiometric/aeromagnetic survey, designed to provide high quality data to assist in the identification of prospective areas of mineralisation.

Brownfield exploration activities included continued extension and infill drilling in the vicinity of the Atacama deposit (located approximately 9 kilometres north east of the Jacinth-Ambrosia mining and concentrating operation), as a basis for evaluating the potential tie-in development of this satellite deposit to Jacinth-Ambrosia. Strand and dunal style (visual) mineral sands mineralisation continues to the north of Atacama and assays and interpretation are awaited. Some encouraging mineralisation was also intersected south of Atacama and east of the Typhoon deposits and geological interpretation is in progress.

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

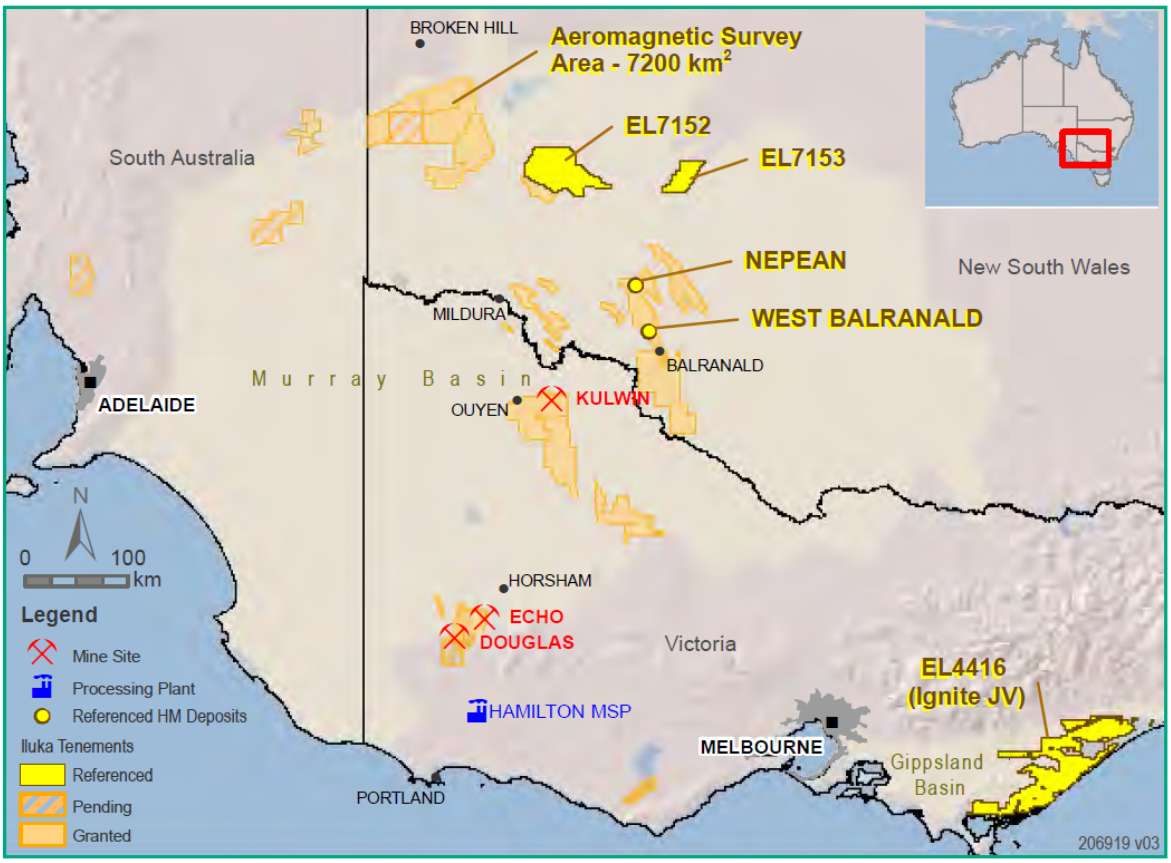


Murray Basin, Victoria/New South Wales

Greenfield exploration activities during the quarter included:

- completion of the data acquisition phase of the 7,200 square kilometres aeromagnetic survey over the north-western portion of Iluka's Murray Basin tenement holdings, to determine prospective areas of mineralisation for follow up exploration activity;
- resource delineation and project sampling drilling was completed at Nepean and planning for the West Balranald deposit continues, as part of the Balranald pre-feasibility study;
- the first pass, regional stratigraphic exploration drilling programme in the Gippsland Basin was completed for 4,976 metres. Further exploration work will await assays and geological interpretation; and
- first pass, regional stratigraphic exploration drilling programmes in New South Wales exploration licences EL7152 and 7153 were also completed. A total of 5,633 metres were drilled. Further exploration work will await assays and geological interpretation.

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



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

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APPENDIX 1 - OPERATING MINES – PHYSICAL DATA
Year to date 30 June 2011

	Jacinth-Ambrosia	Murray Basin[1]	Perth Basin	Australia Total	Virginia	Group Total
Mining						
Overburden Moved bcm	1,066.8	9,381.3	81.4	10,529.5	-	**10,529.5**
Ore Mined kt	4,628.0	3,888.5	109.0	8,625.5	2,410.9	**11,036.4**
Ore Grade HM %	9.4	24.3	-	16.2	10.6	**15.0**
VHM Grade %	7.7	6.0	-	6.9	9.2	**7.5**
Concentrating						
HMC Produced kt	382.0	384.5	4.3	770.8	253.5	**1,024.3**
VHM Produced kt	305.2	270.1	0.1	575.4	209.9	**785.3**
VHM in HMC Assemblage %	79.9	70.2	-	74.6	82.8	**76.7**
Zircon	57.8	32.8	-	45.3	14.1	**37.4**
Rutile	6.7	35.4	-	21.1	-	**15.8**
Ilmenite Saleable	17.0	10.0	-	13.5	68.7	**27.1**
Processing (HMC to finished product at a mineral separation plant)						
HMC Processed kt	352.0	332.7	50.0	734.7	217.0	**951.7**
Finished Product kt						
Zircon	142.0	101.2	6.0	249.2	27.4	**276.6**
Rutile	21.5	115.3	-	136.8	-	**136.8**
Ilmenite Saleable	82.5	-	-	82.5	146.4	**228.9**
Ilmenite Upgradeable	2.7	52.2	33.0	87.9	-	**87.9**
Synthetic Rutile Produced kt			153.0	153.0		**153.0**

Note: a small amount of Jacinth-Ambrosia heavy mineral concentrate was processed in the Murray Basin during the quarter; Western Australia includes initial volumes from the Tutunup South mine in the South West. Perth Basin physical information relates to commencement of mining at the Tutunup South deposit.

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.

[1] Murray Basin VHM excludes ilmenite

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%.

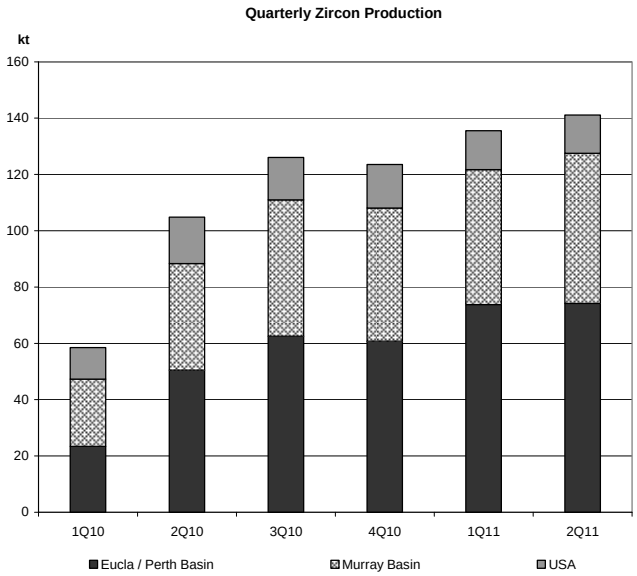
Ilmenite saleable is ilmenite produced for sale rather than as a synthetic rutile feedstock.

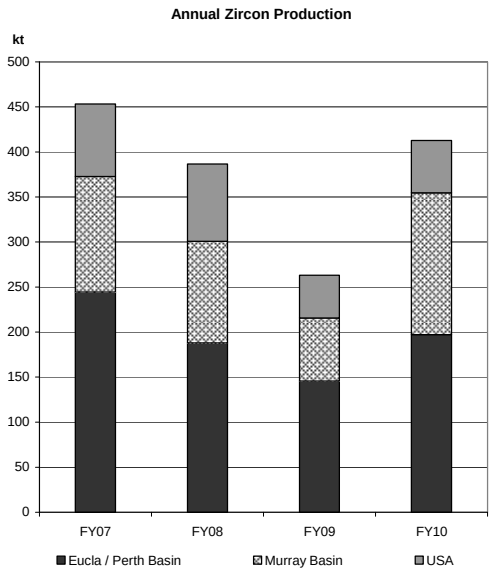
Ilmenite upgradeable is that which is used in the manufacture of synthetic rutile. Typically 1 tonne of upgradeable ilmenite will produce between 0.58 to 0.62 tonnes of SR. Iluka also purchases external ilmenite for its synthetic rutile production process.

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

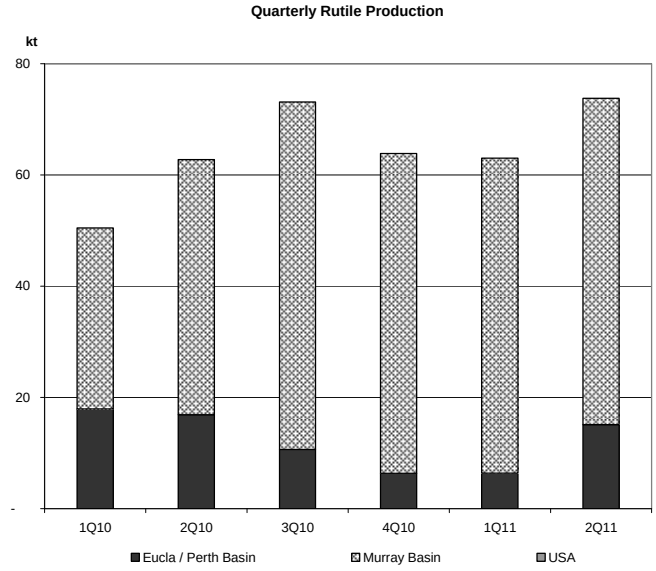
Zircon

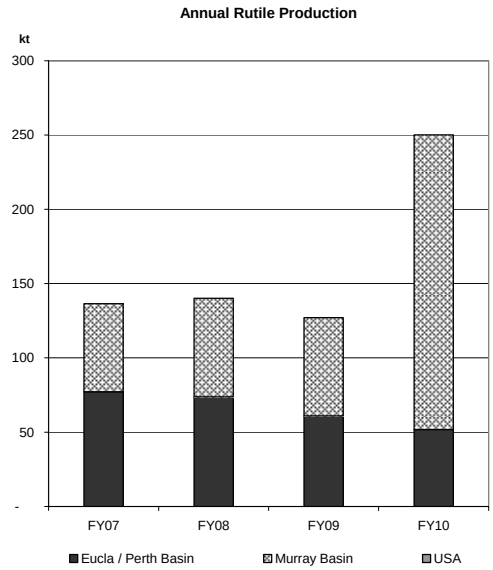




Zircon volumes excludes CRL attributed volumes during 2007-2009, during which Iluka had a 51.04% interest in CRL.

Rutile





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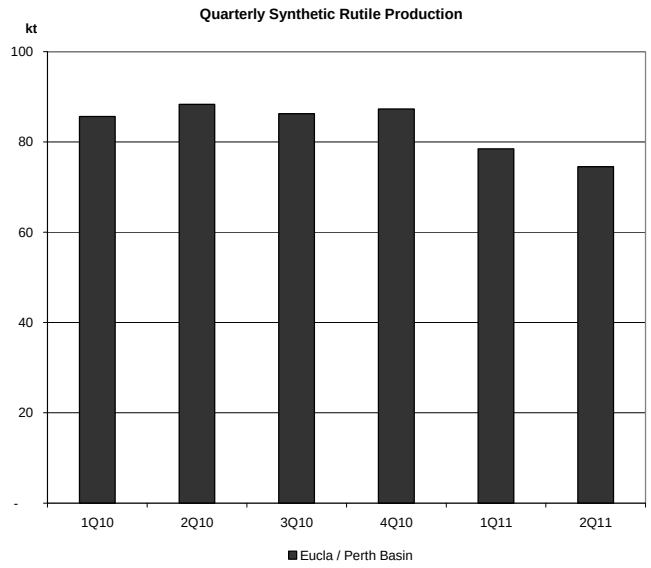
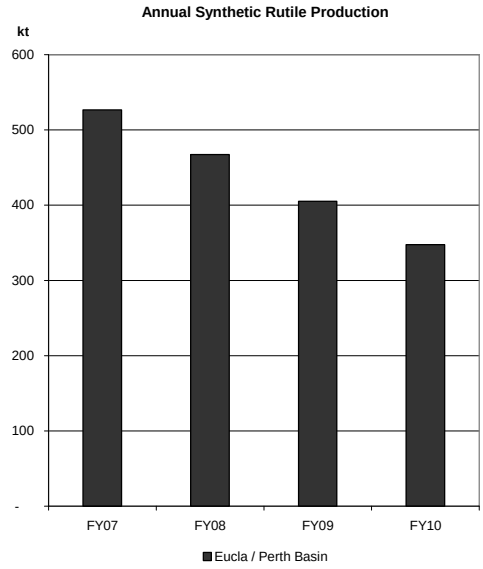
Synthetic Rutile





Ilmenite