Iluka Resources Limited (ABN: 34 008 675 018)
ASX Half-year information - 30 June 2011

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjuction with the
31 December 2010 Annual report.

Contents

Results for announcement to the market

All currencies shown in this report are Australian dollars unless otherwise indicated.

Revenue from ordinary activities		Up 45.3% to $616.3m
Profit from ordinary activities after tax attributable to members		Up to $145.9m
Net profit for the period attributable to members		Up to $145.9m
Interim dividend of 20 cents per ordinary share (unfranked), no dividend in previous corresponding period.		
Key ratios	**2011**	**2010**
Basic and diluted earnings per share (cents)	35.0	(1.6)
Free cash flow per share (cents)	40.0	(11.3)
Return on Equity (% annualised)	25.3	(0.6)
Net tangible assets per share ($)	2.91	2.57

Overview of results

Iluka recorded a profit after tax for the half year ended 30 June 2011 of $145.9 million, compared with a net loss after tax of $6.6 million for the previous corresponding period reflecting higher sales volumes, higher product pricing and a full-half contribution from its new, higher margin operations commissioned in the previous corresponding period.

Mineral sands EBITDA was $286.7 million, a 201 per cent increase compared with the previous corresponding period. Mineral sands EBIT increased to $192.1 million (2010: loss $6.2 million).

Mining Area C iron ore royalty earnings ("MAC") increased by 24.8 per cent to $44.3 million as a result of a 6.9 per cent increase in sales volumes and a 32 per cent increase in the average realised AUD iron ore price, offset partially by capacity payments being $4.0 million lower than the previous corresponding period.

Group EBIT was $224.6 million, compared to $13.9 million in the previous corresponding period.

Profit before tax was $206.3 million (2009 loss: $11.7 million). A net tax expense of $60.4 million was recognised in respect of the profit for the period, an effective tax rate of 29.3 per cent.

Earnings per share for the period were 35.0 cents compared to (1.6) cents in the previous corresponding period. The number of shares on issue at 30 June 2011 of 418.7 million was unchanged during the period.

Net debt at 30 June 2011 was $171.0 million, with a gearing ratio (net debt/net debt + equity) of 12.2 per cent. This compares with net debt at 31 December 2010 of $312.6 million and a gearing ratio of 21.8 per cent.

Net debt reduced by $141.6 million during the period with free cash flow of $167.7 million. The free cash flow generation reflects a combination of higher operating cash flows and lower capital expenditure compared to the previous corresponding period. Operating cash flows increased to $212.7 million from $43.9 million in the first half of 2010 due to the significant increase in realised prices for all major products. Undrawn facilities at 30 June 2011 were approximately $395 million and cash at bank was $29.0 million.

Dividend

Directors have determined an interim unfranked dividend of 20 cents per share will be payable on 5 October 2011, with a record date of 9 September 2011. There are no franking credits available for distribution to shareholders.

Income statement analysis

$ million	**1st Half 2011**	**1st Half 2010**	**% change**
Mineral sands revenue	**570.2**	**378.6**	**50.6**
Cash costs of production	(311.8)	(262.5)	(18.8)
Inventory movement	65.6	10.5	524.8
Restructure and idle capacity cash charges	-	(9.3)	n/a
Rehabilitation and holding costs for closed sites	(1.3)	-	n/a
Government royalties	(7.9)	(6.9)	(14.5)
Marketing and selling	(15.0)	(9.0)	(66.7)
Asset sales and other income	1.7	1.6	6.2
Product, technical development & major projects	(6.2)	(2.1)	(195.2)
Exploration	(8.6)	(5.6)	(53.6)
Mineral sands EBITDA	**286.7**	**95.3**	**200.8**
Depreciation and amortisation	(94.6)	(101.5)	6.8
Mineral sands EBIT	**192.1**	**(6.2)**	**n/a**
Mining Area C	44.3	35.5	24.8
Currency hedging and foreign exchange	3.2	(1.4)	n/a
Corporate and other	(15.0)	(14.0)	(7.1)
Group EBIT	**224.6**	**13.9**	**1,515.8**
Net interest costs	(7.5)	(18.0)	58.3
Rehabilitation unwind and other finance costs	(10.8)	(7.6)	(42.1)
Profit (loss) before tax	**206.3**	**(11.7)**	**n/a**
Tax expense	(60.4)	5.1	n/a
Profit (loss) for the period	**145.9**	**(6.6)**	**n/a**
Average AUD/USD (cents)	**103.3**	**89.4**	**(15.5)**

Mineral sands operational results

$ million	**Revenue**		**EBITDA**		**EBIT**	
	1st Half 2011	**1st Half 2010**	**1st Half 2011**	**1st Half 2010**	**1st Half 2011**	**1st Half 2010**
Eucla/Perth Basin	319.1	204.2	151.6	46.2	123.0	3.2
Murray Basin	193.5	100.9	118.9	39.0	59.7	(8.5)
United States	57.6	73.5	34.2	20.2	29.0	10.8
Exploration & other	-	-	(18.0)	(10.1)	(19.6)	(11.7)
Total	**570.2**	**378.6**	**286.7**	**95.3**	**192.1**	**(6.2)**

Mineral sands production and sales volumes

	1st Half 2011	1st Half 2010	% change
Production (kt)			
Zircon	276.6	163.2	69.5
Rutile	136.8	113.2	20.8
Synthetic rutile	153.0	173.9	(12.0)
Total Z/R/SR production	**566.4**	**450.3**	**25.8**
Ilmenite – saleable	228.9	231.0	(0.9)
Ilmenite – upgraded to synthetic rutile	87.9	118.1	(25.6)
Total saleable production volume	**795.3**	**681.3**	**16.7**
Cash costs of production ($m)	311.8	262.5	(18.8)
Unit cash cost per tonne of Z/R/SR produced ($/t)	550	583	5.7
Sales (kt)			
Zircon	243.4	216.0	12.7
Rutile	107.8	101.6	6.1
Synthetic rutile	138.3	166.4	(16.9)
Total Z/R/SR sales	**489.5**	**484.0**	**1.1**
Ilmenite – saleable	261.1	187.4	39.3
Total sales volume	**750.6**	**671.4**	**11.8**
Revenue ($m)	570.2	378.6	50.6
Unit revenue per tonne of Z/R/SR sold ($/t)	1,165	782	49.0

Mineral sands production

Overall production volumes of zircon, rutile synthetic rutile (“Z/R/SR”) were 116.1 thousand tonnes (25.8 per cent) higher than in the previous corresponding period. In addition to higher Z/R/SR overall tonnes, the increased proportion of zircon (49 per cent compared to 36 per cent in the previous corresponding period) reflects the transition to new production sources during 2010.

Mineral sands revenue

Mineral sands revenue increased by $191.6 million (50.6 per cent) compared with the previous corresponding period due to significantly higher prices for all Z/R/SR products, together with an increase in the proportion of zircon in the Z/R/SR sales mix. The higher product prices more than offset the effects of an increase in the average AUD:USD exchange rate to 103.3 cents from 89.4 cents in previous corresponding period.

Mineral sands revenue includes sales of ilmenite and other material, such as zircon rich tailings concentrate, of $45.2 million compared to $31.1 million in the previous corresponding period.

Cash costs of production

Cash costs of production of $311.8 million were 18.8 per cent higher than the previous corresponding period, however, the increase in cash costs has been more than offset by increased production of Z/R/SR resulting in the unit cash cost of production per tonne of Z/R/SR being lower by $33 per tonne at $550 per tonne, compared to $583 per tonne in the previous corresponding period.

Inventory movement

Inventory has increased due to a scheduled build of concentrate stockpiles in the Murray Basin prior to the planned transition to the Woornack, Rownack and Pirro ("WRP") deposits in the first half of 2012 and an increase of finished goods stocks of $46.0 million including the effect of shipment delays in June 2011. As advised in the June 2011 Quarterly Production Report, approximately 12.5 thousand tonnes of zircon, 12 thousand tonnes of rutile and 10 thousand tonnes of synthetic rutile due to be shipped in June were not sold until July due to port congestion.

Restructure and idle capacity cash charges

The prior period charges relate mainly to redundancy and other costs associated with the idling of the mining operations at Eneabba in Western Australia at the end of the previous corresponding period.

Rehabilitation and holding costs for closed sites

The charge relates to maintenance and other costs for closed sites in Western Australia.

Government royalties and marketing costs

Government royalties increased with higher sales volumes and prices. Marketing and selling costs, including fixed port charges, reflect higher sales volumes, increased marketing administration and transport costs for material in overseas warehouses which forms part of the inventory balance.

Product, technical development and exploration

The increased costs reflect the commitment to new product development, including research and development activity in respect of new synthetic rutile products, and an increase in exploration activity in Australia and overseas.

Depreciation and amortisation

The reduction of $6.9 million reflects the completion of production at some sites in the previous corresponding period, offset partially by a full period charge for the Jacinth-Ambrosia and Kulwin operations that were both commissioned during the previous corresponding period.

Mining Area C

Iron ore sales volumes increased 6.9 per cent to 21.8 million dry metric tonnes. The average AUD realised price upon which the royalty is payable increased by 32 per cent from the previous corresponding period. The EBIT contribution of $44.3 million includes $1.0 million of annual capacity payments for production increases in the year to 30 June (2010: $5.0 million) as production was stable following the expansion of the Area C operation by BHP Billiton in early 2009.

Corporate and other

Corporate costs were $1.0 million higher than the previous corresponding period, due mainly to increases in remuneration incentive costs reflecting improved business performance.

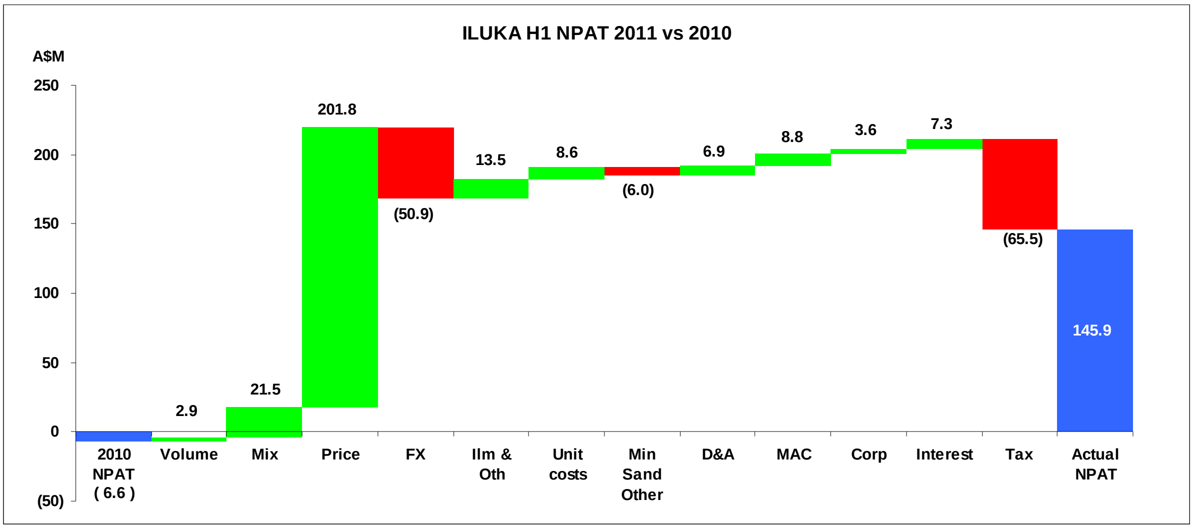
Interest

The decrease in net interest costs reflects lower net debt than the previous corresponding period and lower margins payable on variable rate debt. Higher rehabilitation unwind costs reflect changes in the timing of rehabilitation expenditure in future years.

Tax expense

An income tax expense of $60.4 million, at an effective tax rate of 29.3 per cent, compares to a benefit in 2010 of $5.1 million due to the pre-tax loss for the previous corresponding period.

Movement in NPAT



Z/R/SR sales volumes (+ve $2.9 million)

The amount reflects the impact of the higher Z/R/SR sales volumes using the average margin achieved for all product sales in the previous corresponding period.

Z/R/SR sales mix (+ve $21.5 million)

Z/R/SR sales volumes for the period include a higher proportion of zircon and lower proportion of synthetic rutile than in the previous corresponding period.

Z/R/SR sales price (+ve $201.8 million)

Significantly higher average prices than the previous corresponding period for all products.

Z/R/SR foreign exchange (-ve $50.9 million)

The impact of higher spot exchange rates than in the previous corresponding period on Z/R/SR revenue. Foreign exchange impacts on operating costs are included in the overall movement in unit costs.

Ilmenite and other products (+ve $9.4 million)

Increased volume of ilmenite sales and an increase in zircon rich concentrate sales.

Z/R/SR unit cost of sales (+ve $8.6 million)

Lower unit cash costs of production for those products sold during the period, reflecting production efficiencies following the ramp up of Jacinth-Ambrosia and Murray Basin Stage 2 to full operating capacity.

Mineral sands other costs (-ve $6.0 million)

The higher costs are due mainly to higher government royalties and marketing costs associated with higher sales volumes, offset partially by lower costs for restructure and closed sites.

Depreciation and amortisation (+ve $6.9 million)

The decreased charges compared to the previous corresponding period are due mainly to the removal of charges for the Eneabba mining operation which was idled at the end of the previous corresponding period, partially offset by a full period of depreciation for Murray Basin Stage 2 and Jacinth-Ambrosia. .

MAC (+ve $8.8 million)

Iron ore royalties increased due to a 6.9 per cent increase in sales volumes to 21.8 million DMT and a 32 per cent increase in realised AUD iron ore prices. MAC capacity payments before tax were $4.0 million lower than in the previous corresponding period

Corporate (+ve $4.9 million)

The higher costs are due mainly to higher government royalties and marketing costs associated with higher sales volumes, offset partially by lower costs for restructure and closed sites.

Interest (+ve $7.3 million)

Net interest expenses reduced due to lower average net debt levels and lower average interest rates than in the previous corresponding period, offset partially by higher rehabilitation unwind costs.

Tax (-ve $65.5 million)

The variance reflects the tax effect of the improved earnings compared to the previous corresponding period.

Balance sheet, cash flow and net debt

Balance sheet by operation - $ million

30 June 2011	E/PB	MB	US	Group	31 Dec 2010
Receivables	85.6	41.8	12.4	**139.8**	**140.9**
Inventories	189.7	122.9	10.1	**322.7**	**257.5**
Payables and accruals	(34.0)	(45.6)	(10.1)	**(89.7)**	**(81.4)**
Employee benefits and other provisions	(15.8)	(3.1)	(5.5)	**(24.4)**	**(22.5)**
Rehabilitation & restoration provisions	(287.8)	(45.4)	(21.6)	**(354.8)**	**(347.5)**
Property, plant & equipment	723.8	613.1	39.0	**1375.9**	**1,417.2**
Operational funds employed	**661.5**	**683.7**	**24.3**	**1,369.5**	**1,364.2**
Mining Area C (including receivables)				**29.2**	**27.7**
Corporate				**(5.0)**	**(10.0)**
Capital employed				**1,393.7**	**1,381.9**
Net tax asset				**(4.5)**	**(55.3)**
Net debt				**171.0**	**312.6**
Total equity				**1,227.2**	**1,124.6**
Net funding				**1,393.7**	**1,381.9**

Key points:

- Higher inventories reflect an increase in stores and concentrate stocks (up $18.8 million to $186.1 million) and finished product stocks (up $46.4 million to $136.5 million). The higher concentrate value is associated with increased production in Murray Basin and the stockpile of material to maintain production during the planned transfer of operations to the Woornack, Rownack, Pirro deposits in the Murray Basin, Victoria in the first half of 2012. Higher finished product stocks include the impact of shipment deferrals from June to July due to port congestion.
- Lower property, plant and equipment due to the start of operations and depreciation of the Jacinth-Ambrosia and Murray Basin Stage 2 projects.
- The reduction in the net tax asset reflects the offset of taxable profits in the first half against brought forward tax revenue losses. No significant tax losses remain at 30 June 2011 and tax payments in Australia will be due in 2012, in respect of the year ended 31 December 2011, in addition to those in the US which resumed in the first half of 2011.

Movement in net debt - $ million

	1st Half 2010	2nd Half 2010	1st Half 2011
Opening net debt	**(382.1)**	**(439.0)**	**(312.6)**
Operating cash flow	43.9	119.7	212.7
MAC royalty	19.8	44.1	42.8
Exploration	(7.6)	(10.3)	(8.9)
Interest (net)	(12.3)	(17.1)	(10.4)
Tax	(1.5)	-	(5.0)
Capital expenditure	(94.9)	(22.3)	(48.7)
Asset sales	5.3	3.7	1.5
Share purchases	-	(9.8)	(16.3)
Free cash flow	**(47.3)**	**108.0**	**167.7**
Dividends	-	-	(33.5)
Net cash flow	**(47.3)**	**108.0**	**134.2**
Exchange revaluation of USD net debt	(9.6)	18.4	7.4
(Increase)/decrease in net debt	**(56.9)**	**126.4**	**141.6**
Closing net debt	**(439.0)**	**(312.6)**	**(171.0)**

Operating cash flow

Operating cash flow in the first half of 2011 reflect the significant increase in realised prices of all major products in the period offset partially by a $58 million increase in working capital due mainly to higher inventory levels, as a result of higher concentrate production in the Murray Basin in advance of the move to Woornack, Rownack, Pirro deposits and sales deferrals from June to July following port congestion in June.

MAC royalty

MAC cash flows in the first half of 2011 were higher than the previous corresponding period due to higher realised prices for iron ore.

Capital expenditure

Capital expenditure in the period was mainly for the development of the Tutunup South mine in Western Australia, commissioned in June 2011 and the Woornack, Rownack, Pirro development in Murray Basin. Payments for the first half of 2010 included $81.5 million associated with the completion of construction and commissioning of the Kulwin and Jacinth-Ambrosia projects.

Share purchases

These are for on-market purchases associated with the group's equity remuneration incentive plans.

Dividends

A final dividend of 8 cents per share, unfranked, was paid to shareholders on 6 April 2011.

Eucla/Perth Basin operations (South Australia/Western Australia)

		1st Half 2011	1st Half 2010	% change
Production volumes				
Zircon	kt	148.0	73.8	100.5
Rutile	kt	21.5	34.8	(38.2)
Synthetic rutile	kt	153.0	173.9	(12.0)
Ilmenite – saleable	kt	82.5	91.5	(9.8)
Ilmenite – upgradeable to synthetic rutile	kt	35.7	118.1	(69.8)
Total saleable production	**kt**	**405.0**	**374.0**	**8.3**
Unit cash cost of production – saleable product	$/t	421	432	2.5
Unit cash cost of production – zircon/rutile/SR	$/t	529	572	7.5
Mineral Sands revenue	**$m**	**319.1**	**204.2**	**56.3**
Cash cost of production	$m	(170.9)	(161.5)	(5.8)
Inventory movements	$m	13.0	18.0	(27.8)
Restructure, idle capacity and closed sites	$m	(1.1)	(8.4)	86.9
Government royalties	$m	(2.9)	(4.6)	36.9
Marketing and technical costs	$m	(7.1)	(3.0)	(136.7)
Asset sales and other income	$m	1.5	1.5	-
EBITDA	**$m**	**151.6**	**46.2**	**228.1**
Depreciation & amortisation	$m	(28.6)	(43.0)	33.5
EBIT	**$m**	**123.0**	**3.2**	**n/a**

Key points:

- The operations include mining at Jacinth-Ambrosia (South Australia), processing at the Narngulu mineral separation plant and synthetic rutile production at Narngulu and Capel (Western Australia). Mining at Jacinth-Ambrosia ramped up to full capacity over the course of the previous corresponding period and there was also mining activity at Eneabba in the Mid West of Western Australia which was idled during 2010.
- Lower unit cash costs of production reflect the transition of mining from Eneabba to Jacinth-Ambrosia which is also evident in the increased higher value zircon volumes and the greater reduction in unit cash cost per tonne of Z/R/SR.
- Restructure, idle capacity and closed sites costs include holding and maintenance costs for idled sites such as Eneabba. In the previous corresponding period these were mainly redundancy costs associated with the idling of the remaining mining operations at Eneabba during 2010.
- Higher marketing and technical costs include research and development activities associated with synthetic rutile production.
- Lower depreciation and amortisation charges follow the idling of production at Eneabba at the end of the previous corresponding period, offset partially by a full period of depreciation and amortisation for the Jacinth-Ambrosia operation.

Murray Basin operations (Victoria)

		1st Half 2011	1st Half 2010	% change
Production volumes				
Zircon	kt	101.2	61.8	63.7
Rutile	kt	115.3	78.4	47.1
Ilmenite – saleable	kt	-	21.7	n/a
Ilmenite – upgradeable to synthetic rutile	kt	52.2	-	n/a
Total saleable production	**kt**	**216.5**	**161.9**	**33.7**
Unit cash cost of production – saleable product	$/t	528	476	(10.9)
Unit cash cost of production – zircon/rutile	$/t	696	549	(26.8)
Mineral Sands revenue	**$m**	**193.5**	**100.9**	**91.8**
Cash cost of production	$m	(114.3)	(77.0)	(48.4)
Inventory movements	$m	49.2	21.6	127.8
Restructure and idle capacity	$m	(0.2)	(0.9)	77.8
Government royalties	$m	(5.0)	(2.3)	117.4
Marketing and technical costs	$m	(4.5)	(3.4)	32.3
Asset sales and other income	$m	0.2	0.1	100.0
EBITDA	**$m**	**118.9**	**39.0**	**204.9**
Depreciation & amortisation	$m	(59.2)	(47.5)	24.6
EBIT	**$m**	**59.7**	**(8.5)**	**n/a**

Key points:

- Production increased from the previous corresponding period due to the commissioning of the Kulwin mine in the previous corresponding period.
- Cash costs of production increased, as expected, with a full period of operations at Kulwin. Unit cash costs of production increased by 10.9 per cent from the previous corresponding period (26.8 per cent per tonne of zircon and rutile) due mainly to the increase in concentrate inventory and higher mining costs at both mines due to inclement weather and additional scheduled overburden movements.
- Inventory increased due to a build up of concentrate stocks in advance of the planned transition of operations to the Woornack, Rownack, Pirro deposits in the first half of 2012 and higher zircon and rutile stocks due to shipment deferrals into July 2011.
- The increase in depreciation and amortisation reflects a full period of operation at the Kulwin and Echo operations, both of which commenced in the previous corresponding period.

United States operations (Virginia)

		1st Half 2011	1st Half 2010	% change
Production volumes				
Zircon	kt	27.4	27.6	(0.7)
Ilmenite – saleable	kt	146.4	117.8	24.3
Total saleable production	**kt**	**173.8**	**145.4**	**28.4**
Unit cash cost of production – saleable product	$/t	153	177	13.5
Mineral Sands revenue	**$m**	**57.6**	**73.5**	**(21.6)**
Cash cost of production	$m	(26.6)	(24.0)	(10.8)
Inventory movements	$m	3.4	(29.1)	n/a
Marketing and technical costs	$m	(0.2)	(0.2)	-
EBITDA	**$m**	**34.2**	**20.2**	**69.3**
Depreciation & amortisation	$m	(5.2)	(9.4)	44.7
EBIT	**$m**	**29.0**	**10.8**	**168.5**

Key points:

- Lower unit cash costs of production reflect the operation running at capacity during the period, whereas in the previous corresponding period the mineral separation plant resumed full operations in the first quarter and mining operations resumed full production in July 2010, following decisions to reduce production during the global economic crisis.
- Lower sales revenue relates mainly to a significant draw down in finished product inventory during the previous corresponding period, offset partially by higher sales prices in the period. Inventory levels since mid 2010 have been minimal with sales matching production.
- The movement in cash production costs and unit costs of production includes exchange rate differences.
- Lower depreciation and amortisation results from an increase in mine lives.

Directors' Report

The Directors present their report on the consolidated entity consisting of Iluka Resources Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2011.

Directors

The following individuals were Directors of Iluka Resources Limited during the whole of the half-year and up to the date of this report:

George John Pizzey (Chairman)
Gavin John Rezos
David Alexander Robb
Jennifer Anne Seabrook
Wayne Geoffrey Osborn
Stephen John Turner

Donald Marshall Morley was a Director until his resignation on 25 May 2011.

Review of operations

Revenue for the half-year ended 30 June 2011 from operations was $616.3 million (2010: $424.1 million).

Profit before income tax expense for the half-year ended 30 June 2011 from operations was $206.3 million (2010: loss $11.7 million).

Profit for the half-year ended 30 June 2011 was $145.9 million (2010: loss $6.6 million).

Dividends

Directors have determined an interim unfranked dividend of 20 cents per share will be payable on 5 October 2011, with a record date of 9 September 2011. There are no franking credits available for distribution to shareholders.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.

George John Pizzey
Chairman

David Alexander Robb
Director

Perth
25 August 2011

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Auditor's Independence Declaration

As lead auditor for the audit of Iluka Resources Limited for the half year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Iluka Resources Limited and the entities it controlled during the period.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
25 August 2011

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	Notes	Half-year 2011 $M	2010 $M
Revenue	3	**616.3**	424.1
Other income	4	**7.5**	2.0
Expenses	5	**(398.0)**	(411.7)
Interest and finance charges		**(9.2)**	(19.0)
Rehabilitation and restoration unwind		**(10.3)**	(7.1)
Total finance costs	5	**(19.5)**	(26.1)
Profit (loss) before income tax		**206.3**	(11.7)
Income tax (expense) benefit	6	**(60.4)**	5.1
Profit (loss) for the half-year		**145.9**	(6.6)
		Cents	Cents
Basic and diluted earnings per share			
Earnings per share attributable to owners		**35.0**	(1.6)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Iluka Resources Limited
Consolidated statement of comprehensive income
For the half-year ended 30 June 2011

	Half-year 2011 $M	2010 $M
Profit (loss) for the half-year	**145.9**	(6.6)
Other comprehensive income		
Changes in fair value of effective foreign exchange cash flow hedges, net of tax	**-**	(4.9)
Currency translation of US operation	**(1.9)**	4.8
Hedge of net investment in US operation, net of tax	**1.9**	(5.1)
Actuarial losses on defined benefit plans, net of tax	**(1.1)**	-
Other comprehensive income for the half	**(1.1)**	(5.2)
Total comprehensive income (loss) for the half-year	**144.8**	(11.8)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Iluka Resources Limited
Consolidated balance sheet
As at 30 June 2011

	Notes	**30 June 2011 $M**	31 Dec 2010 $M
ASSETS			
Current assets			
Cash and cash equivalents		**29.0**	30.1
Receivables		**172.4**	164.8
Inventories		**270.6**	200.9
Total current assets		**472.0**	395.8
Non-current assets			
Inventories		**52.1**	56.6
Other financial assets		**0.6**	-
Property, plant and equipment		**1,383.4**	1,425.1
Deferred tax assets		**5.7**	55.3
Intangible assets		**6.9**	7.1
Total non-current assets		**1,448.7**	1,544.1
Total assets		**1,920.7**	1,939.9
LIABILITIES			
Current liabilities			
Payables		**112.8**	103.8
Interest-bearing liabilities		**42.0**	29.5
Provisions		**56.3**	54.9
Total current liabilities		**211.1**	188.2
Non-current liabilities			
Interest-bearing liabilities		**158.0**	313.2
Deferred tax liabilities		**1.2**	-
Provisions		**323.2**	313.9
Total non-current liabilities		**482.4**	627.1
Total liabilities		**693.5**	815.3
Net assets		**1,227.2**	1,124.6
EQUITY			
Contributed equity	7	**1,105.2**	1,108.3
Reserves		**14.7**	20.4
Retained profits (losses)		**107.3**	(4.1)
Total equity		**1,227.2**	1,124.6

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Iluka Resources Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2011

		Attributable to owners of Iluka Resources Limited			
	Notes	Contributed equity $M	Reserves $M	Retained earnings $M	**Total equity $M**
Balance at 1 January 2010		1,114.4	22.0	(41.1)	**1,095.3**
Loss for the half-year		-	-	(6.6)	**(6.6)**
Changes in fair value of cash flow hedges, net of tax		-	(4.9)	-	**(4.9)**
Currency translation of US operation		-	4.8	-	**4.8**
Hedge of net investment in US operation, net of tax		-	(5.1)	-	**(5.1)**
Transfer of asset revaluation resrve		-	(0.2)	0.2	**-**
Total comprehensive income for the half-year		**-**	**(5.4)**	**(6.4)**	**(11.8)**
Transactions with owners in their capacity as owners:					
Transfer of shares to employees		1.0	(1.0)	-	**-**
Share based payments, net of tax		-	1.8	-	**1.8**
		1.0	0.8	-	**1.8**
Balance at 30 June 2010		**1,115.4**	**17.4**	**(47.5)**	**1,085.3**
Balance at 1 January 2011		1,108.3	20.4	(4.1)	**1,124.6**
Profit for the half-year		-	-	145.9	**145.9**
Currency translation of US operation		-	(1.9)	-	**(1.9)**
Hedge of net investment in US operation, net of tax		-	1.9	-	**1.9**
Actuarial losses on retirement benefit obligations, net of tax		-	-	(1.1)	**(1.1)**
Total comprehensive income for the half-year		**-**	**-**	**144.8**	**144.8**
Transactions with owners in their capacity as owners:					
Transfer of shares to employees	7	8.3	(8.3)	-	-
Share based payments, net of tax		-	2.6	-	**2.6**
Purchase of treasury shares, net of tax	7	(11.4)	-	-	**(11.4)**
Dividends paid		-	-	(33.4)	**(33.4)**
		(3.1)	(5.7)	(33.4)	**(42.2)**
Balance at 30 June 2011		**1,105.2**	**14.7**	**107.3**	**1,227.2**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Half-year 2011 $M	2010 $M
Cash flows from operating activities			
Receipts from customers		**598.3**	388.3
Payments to suppliers and employees		**(388.2)**	(345.7)
		210.1	42.6
Interest received		**1.2**	0.5
Interest paid		**(11.6)**	(12.8)
Income taxes paid		**(5.0)**	(1.5)
Exploration expenditure		**(8.9)**	(7.6)
Royalty receipts		**42.8**	19.8
Other		**2.5**	1.3
Net cash inflow from operating activities	9	**231.1**	42.3
Cash flows from investing activities			
Payments for property, plant and equipment		**(48.7)**	(94.9)
Sale of property, plant and equipment		**1.5**	5.3
Net cash (outflow) from investing activities		**(47.2)**	(89.6)
Cash flows from financing activities			
Proceeds from borrowings		**40.3**	44.8
Repayment of borrowings		**(175.0)**	(47.1)
Purchase of treasury shares		**(16.4)**	-
Dividends paid		**(33.4)**	-
Net cash (outflow) from financing activities		**(184.5)**	(2.3)
Net decrease in cash and cash equivalents		**(0.6)**	(49.6)
Cash and cash equivalents at the beginning of the half-year		**30.1**	86.3
Effects of exchange rate changes on cash and cash equivalents		**(0.5)**	0.5
Cash and cash equivalents at end of the half-year		**29.0**	37.2

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 30 June 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Iluka Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The same accounting policies and methods of computation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in the most recent annual financial report

2 Segment information

(a) Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Managing Director, who is considered the chief operating decision maker, for the purpose of making decisions regarding the allocation of resources and the monitoring of performance. The segments are unchanged from those at 31 December 2010.

Eucla/Perth Basin ("E/PB") comprises the integrated mineral sands mining and processing operations in Western Australia and South Australia. Material is mined from various deposits in the South West and Mid West of Western Australia (Perth Basin), together with the Jacinth-Ambrosia deposit in South Australia (Eucla Basin) which was commissioned in 2010. The mined material is processed at facilities in the South West and Mid West of Western Australia to produce saleable products.

Murray Basin ("MB") comprises the integrated mineral sands mining and processing operations in Victoria, including the Murray Basin Stage 2 development which was commissioned in 2010.

United States ("US") comprises the integrated mineral sands mining and processing operations in Virginia.

Mining Area C ("MAC") comprises a deferred consideration iron ore royalty interest over certain mining tenements operated by BHP Billiton Iron Ore.

Where finished product capable of sale to a third party is transferred between operating segments, the transfers are made at arms length prices. Any transfers of intermediate products between operating segments are made at cost.

(b) Segment information

Half-year 2011	**E/PB** $M	**MB** $M	**US** $M	**MAC** $M	**Total** $M
Total segment sales to external customers	319.1	193.5	57.6	-	570.2
Total segment result	113.9	59.5	28.1	44.3	245.8
Segment assets	1,003.1	780.5	61.5	29.2	1,874.3

Half-year 2010	**E/PB** $M	**MB** $M	**US** $M	**MAC** $M	**Total** $M
Total segment sales to external customers	204.2	100.9	73.5	-	378.6
Total segment result	(2.8)	(9.4)	10.5	35.5	33.8
Segment assets	1,029.2	792.9	81.8	31.4	1,935.3

2 Segment information (continued)

	Half-year 2011 $M	2010 $M
Segment sales to external customers is reconciled to total sale of goods as follows		
Segment sales to external customers	**570.2**	378.6
Realised gains on effective cash flow hedges	**-**	9.0
Sale of goods (note 3)	**570.2**	387.6
Segment result is reconciled to the profit (loss) before income tax from operations as follows:		
Segment result	**245.8**	33.8
Hedging	**-**	0.8
Interest income	**1.2**	0.5
Foreign exchange gains (losses)	**3.2**	(2.2)
Other income	**2.5**	0.8
Exploration and evaluation	**(8.6)**	(5.6)
Corporate and other costs	**(18.0)**	(14.7)
Depreciation	**(1.1)**	(1.6)
Product and technical development	**(6.2)**	(2.1)
Marketing and selling	**(3.3)**	(2.4)
Interest and finance charges	**(9.2)**	(19.0)
Profit (loss) before income tax from operations	**206.3**	(11.7)
Total segment assets are reconciled to the balance sheet as follows		
Segment assets	**1,874.3**	1,935.3
Derivatives	**-**	0.7
Corporate assets	**11.7**	12.7
Cash and cash equivalents	**29.0**	37.2
Deferred tax assets	**5.7**	61.2
Total assets as per the balance sheet	**1,920.7**	2,047.1

3 Revenue

Sales revenue		
Sale of goods	**570.2**	387.6
Other revenue		
Interest income	**1.2**	0.5
Royalty income	**44.5**	35.7
Other	**0.4**	0.3
	46.1	36.5
Total Revenue	**616.3**	424.1

4 Other income

	Half-year	
	2011	2010
	$M	$M
Net gain on sale of land	**0.8**	0.9
Net gain on disposal of property, plant and equipment	**0.2**	0.1
Sundry income	**3.3**	1.0
Foreign exchange gains	**3.2**	-
Other income	**7.5**	2.0

5 Expenses

Cost of production	**311.8**	262.5
Depreciation	**55.0**	70.8
Amortisation	**39.8**	30.9
Inventory movement	**(65.6)**	(10.5)
Cost of sales of goods	**341.0**	353.7
Restructure, idle capacity and other non-recurring cash costs	**-**	9.3
Rehabilitation and holding costs for closed sites	**1.3**	-
Government royalties	**7.9**	6.9
Marketing and selling	**15.0**	9.0
Corporate and other	**18.0**	14.7
Technical support, product development and major projects	**6.2**	2.1
Exploration and evaluation	**8.6**	5.6
Foreign exchange losses	**-**	2.2
Net ineffective losses from changes in fair value of cash flow hedges	**-**	8.2
Total expenses	**398.0**	411.7
Finance costs		
Interest and finance charges paid/payable	**8.7**	18.5
Rehabilitation and restoration unwind	**10.3**	7.1
Amortisation of deferred borrowing costs	**0.5**	0.5
Total finance costs	**19.5**	26.1

6 Income tax

	Half-year 2011 $M	Half-year 2010 $M
(a) Income tax		
Current tax	**4.7**	-
Deferred tax	**55.7**	(5.1)
	60.4	(5.1)

(b) Numerical reconciliation of income tax to prima facie tax payable

	Half-year 2011 $M	Half-year 2010 $M
Profit (loss) from operations before income tax expense	**206.3**	(11.7)
Tax at the Australian tax rate of 30% (2010: 30%)	**61.9**	(3.5)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Benefits of capital losses utilised	**-**	(0.1)
Research and development and investment allowance	**(0.3)**	(0.9)
Other items	**0.3**	0.3
	61.9	(4.2)
Difference in overseas tax rates	**(1.5)**	(0.9)
Income tax expense (benefit)	**60.4**	(5.1)

7 Contributed equity

(a) Movements in ordinary shares

No ordinary shares were issued during the half year.

(b) Movements in treasury shares

During the period 2,408,634 treasury shares were transferred to employees and 1,175,704 shares were purchased. Following the transfer and purchase the total number of treasury shares on hand is 1,987,219.

8 Dividends

	Half-year 2011 $M	Half-year 2010 $M
Ordinary shares		
Final dividend for the year ended 30 December 2010 of 8 cents per fully paid share paid on 6 April 2011, unfranked	**33.5**	-

Directors have determined an interim unfranked dividend of 20 cents per share will be payable on 5 October 2011, with a record date of 9 September 2011. There are no franking credits available for distribution to shareholders.

9 Reconciliation of profit (loss) after income tax to net cash flow from operating activities

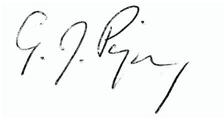
	Half-year	
	2011	2010
	$M	$M
Profit (loss) for the half-year	**145.9**	(6.6)
Depreciation and amortisation	**94.8**	101.7
Unrealised ineffective (gains) losses of changes in fair value of cash flow hedges	**-**	4.0
Exploration capitalised	**(1.5)**	(1.9)
Net gain on disposal of property, plant and equipment	**(1.0)**	(1.0)
Net exchange differences	**(7.8)**	4.4
Rehabilitation and restoration accretion expense	**10.3**	7.1
Non-cash share-based payments expense	**2.5**	2.3
Amortisation of deferred borrowing costs	**0.5**	0.5
Change in operating assets and liabilities		
Decrease (increase) in receivables	**(7.6)**	(42.7)
Decrease (increase) in inventories	**(65.5)**	(10.8)
Decrease (increase) in deferred tax	**53.9**	(4.7)
Decrease (increase) in other assets	**0.6**	-
Increase (decrease) in payables	**15.6**	(4.6)
Increase (decrease) in provisions	**(9.6)**	(5.4)
Net cash inflow from operating activities	**231.1**	42.3

In the Directors' opinion:

(a) the financial statements and notes set out on pages 14 to 23 are in accordance with the *Corporations Act 2001,* including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance on that date; and

(b) there are reasonable grounds to believe that Iluka Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



George John Pizzey
Chairman

David Alexander Robb
Director

Perth
25 August 2011

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Independent auditor's review report to the members of Iluka Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Iluka Resources Limited, which comprises the balance sheet as at 30 June 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Iluka Resources Limited Group (the consolidated entity). The consolidated entity comprises both Iluka Resources Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Iluka Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independent auditor's review report to the members of Iluka Resources Limited (cont'd)

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Iluka Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

N Henry

Nick Henry
Partner

Perth
25 August 2011