



# 2011 Full Year Results Iluka Resources Limited

David Robb, Managing Director  
Alan Tate, Chief Financial Officer  
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# Disclaimer



## Forward-looking Statements

This presentation contains information that is based on projected and/or estimated expectations, assumptions and outcomes.

These forward-looking statements are subject to a range of risk factors associated, but not exclusive, with potential changes in:

- exchange rate assumptions
- product pricing assumptions
- mine plans and/or resources
- equipment life or capability
- current or new technical challenges
- market conditions
- management decisions

While Iluka has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. Iluka shall not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and furthermore reserves the right to change its projections from time to time.

All currency referred to is Australian denominated unless otherwise indicated.

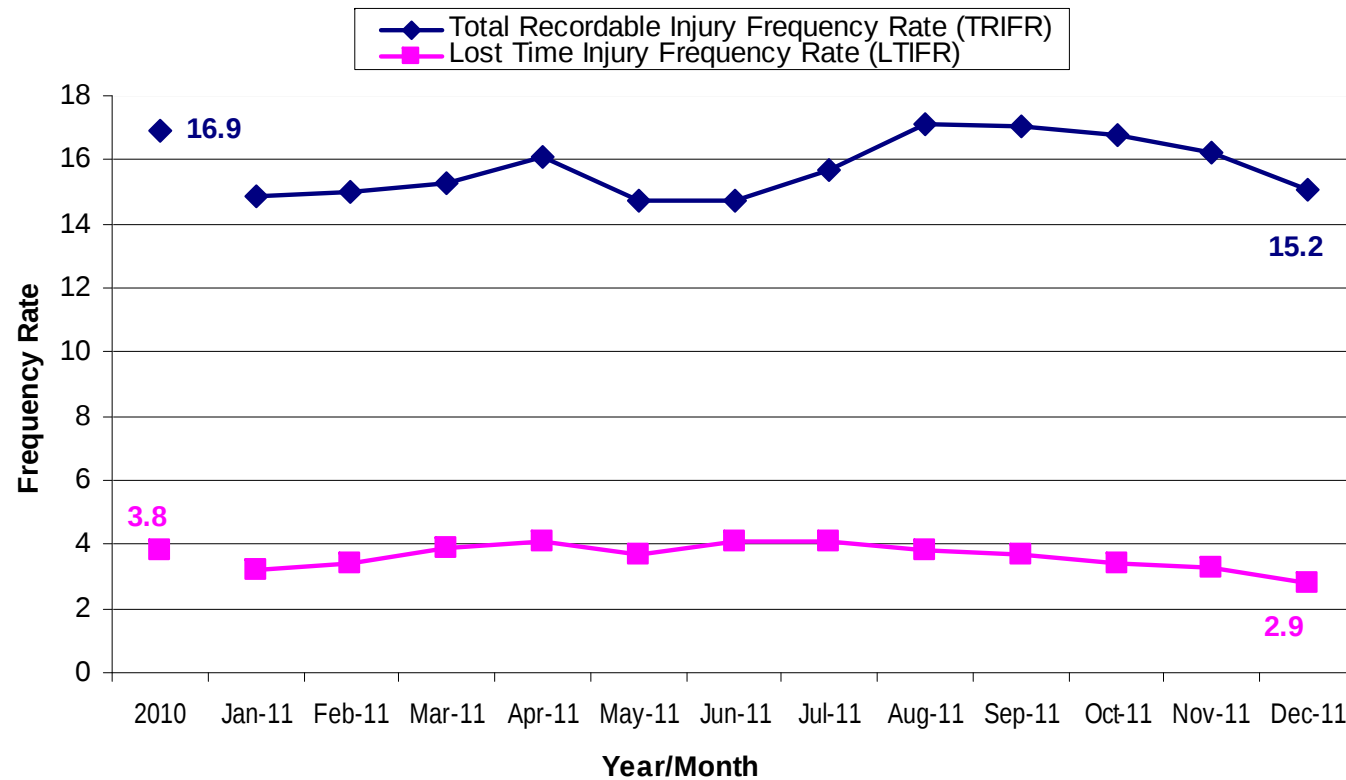
## Non-IFRS Financial Information

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.

# 2011 – Key Features



- New Iluka = Group EBITDA ~\$1.0bn, NPAT and FCF > \$0.5bn, ROE > 40%
- Balance sheet = net cash
- Demonstration of total shareholder return focus via 55 cents final dividend (fully franked)
- Excellent production performance within cash cost guidance
  - integrated and flexible production base
- Transformational marketing outcomes
  - step change in zircon and high-grade titanium dioxide prices
  - change passed through next layer in value chain
- Net increase in Ore Reserves and Mineral Resources
- Production enhancement options within portfolio evaluated
- Product and technical development advances
- Higher commitment of funds and resources to global exploration effort



- TRIFR rate decreased by 10%
- LTIFR rate declined by 24%

# Main Features of Full Year Results



|                             |   |                                                                                              |
|-----------------------------|---|----------------------------------------------------------------------------------------------|
| Mineral Sands Sales Volumes | ↓ | Z/R/SR sales down 4.0%; zircon sales up 7.5%, rutile sales up 10.8% SR sales down 28.9%      |
| Mineral Sands Revenue       | ↑ | 75.7% - higher prices, higher Z/R volumes partially offset by higher AUD (103.2 vs 92 cents) |
| Unit Cash Production Costs  | → | Flat at \$538/tonne (Z/R/SR)                                                                 |
| Revenue per Tonne           | ↑ | 83% to \$1,480 (Z/R/SR) – reflecting pricing outcomes                                        |
| Mining Area C EBIT          | ↑ | \$88.1 million vs \$75.9 million                                                             |
| Mineral Sands EBITDA        | ↑ | 270.1% to \$925.9 million                                                                    |
| Mineral Sands EBITDA Margin | ↑ | 60.3% vs 28.6%                                                                               |
| Group EBITDA                | ↑ | 221.0% to \$979.3 million                                                                    |
| Reported Earnings           | ↑ | \$541.8 million NPAT vs \$36.1million                                                        |
| Return on Capital           | ↑ | 54.9% vs 5.0%                                                                                |
| Return on Equity            | ↑ | 42.5% vs 3.2%                                                                                |
| Capital Expenditure         | ↑ | \$142.5 million cash (2010 \$117.2 million)                                                  |
| Free Cash Flow              | ↑ | \$589.6 million vs \$60.7 million                                                            |
| Cash Flow per Share (cents) | ↑ | 140.6 cents vs 14.5 cents                                                                    |
| Net Cash/Net Debt           | ↓ | Net cash of \$156.7 million vs net debt of \$312.6 million                                   |
| Dividend                    | ↑ | 75 cents per share (73.3% franked – final dividend of 55 cents, 100% franked)                |

# Iluka Dividend Payment



- 55 cents franked final dividend
- Represents:
  - \$230 million payment for final dividend
  - \$314 million for full year
- Full year dividend of 75 cents
  - 73.3% franked
  - full year payout ratio of 53% of free cash flow
- Plan to pay out at least 40% of free cash flow
  - assuming reasonably predictable business outlook
  - after mineral sands investment opportunities
  - where cash not better utilised for specific growth opportunities

# Summary Group Results

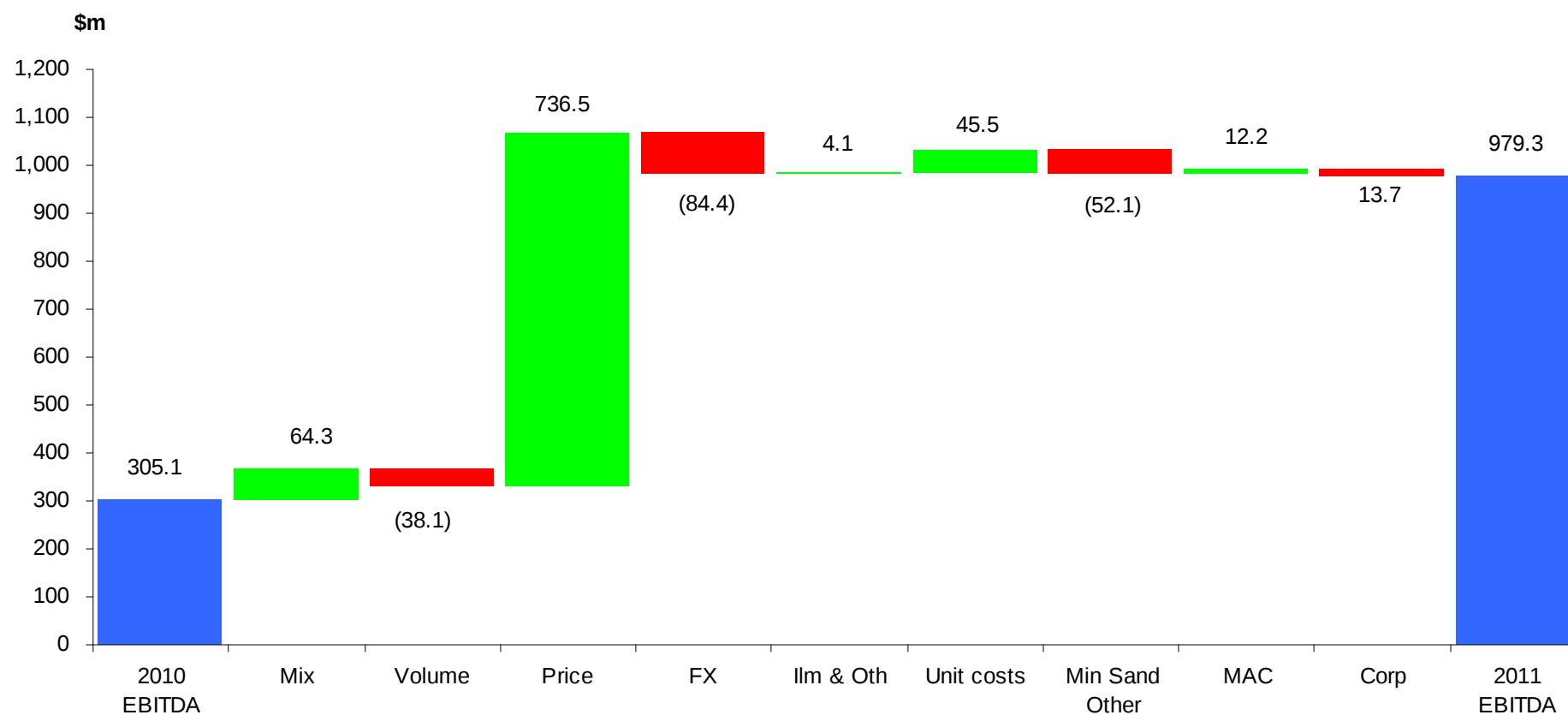
| \$m                                   | 1H 2011        | 2H 2011      | 2011           | 2010           | % change       |
|---------------------------------------|----------------|--------------|----------------|----------------|----------------|
| <b>Mineral sands revenue</b>          | <b>570.2</b>   | <b>966.5</b> | <b>1,536.7</b> | <b>874.4</b>   | <b>75.7</b>    |
| Mining Area C royalty                 | 44.5           | 44.0         | 88.5           | 76.3           | 16.0           |
| <b>Group EBITDA</b>                   | <b>319.2</b>   | <b>660.1</b> | <b>979.3</b>   | <b>305.1</b>   | <b>221.0</b>   |
| Depreciation and amortisation         | (94.6)         | (130.0)      | (224.6)        | (219.0)        | (2.6)          |
| <b>Group EBIT</b>                     | <b>224.6</b>   | <b>565.7</b> | <b>790.3</b>   | <b>86.1</b>    | <b>817.9</b>   |
| Net interest & financing              | (18.3)         | (11.3)       | (29.6)         | (46.2)         | 35.9           |
| Profit before tax                     | 206.3          | 554.4        | 760.7          | 39.9           | 1,806.5        |
| Tax expense                           | (60.4)         | (158.5)      | (218.9)        | (3.8)          | (5,660.5)      |
| <b>Profit after tax</b>               | <b>145.9</b>   | <b>395.9</b> | <b>541.8</b>   | <b>36.1</b>    | <b>1,400.8</b> |
| Free cash flow                        | 167.7          | 421.9        | 589.6          | 60.7           | 871.3          |
| <b>Net cash/(Net debt)</b>            | <b>(171.0)</b> | <b>327.7</b> | <b>156.7</b>   | <b>(312.6)</b> | <b>150.1</b>   |
| Average A\$/US\$ exchange rate        | 103.3          | 103.1        | 103.2          | 92.0           | 12.2           |
| EPS cents per share                   | 35.0           | 95.4         | 130.1          | 8.6            | 1,412.8        |
| <b>Free cash flow cents per share</b> | <b>40.0</b>    | <b>100.8</b> | <b>140.6</b>   | <b>14.5</b>    | <b>869.7</b>   |
| Return on capital %                   | 32.4           | 48.6         | 54.9           | 5.0            | n/a            |
| <b>Return on equity %</b>             | <b>25.3</b>    | <b>60.9</b>  | <b>42.5</b>    | <b>3.2</b>     | <b>n/a</b>     |
| Gearing/net debt (net debt+equity) %  | 12.2           | n/a          | n/a            | 21.8           | n/a            |

# Group EBITDA

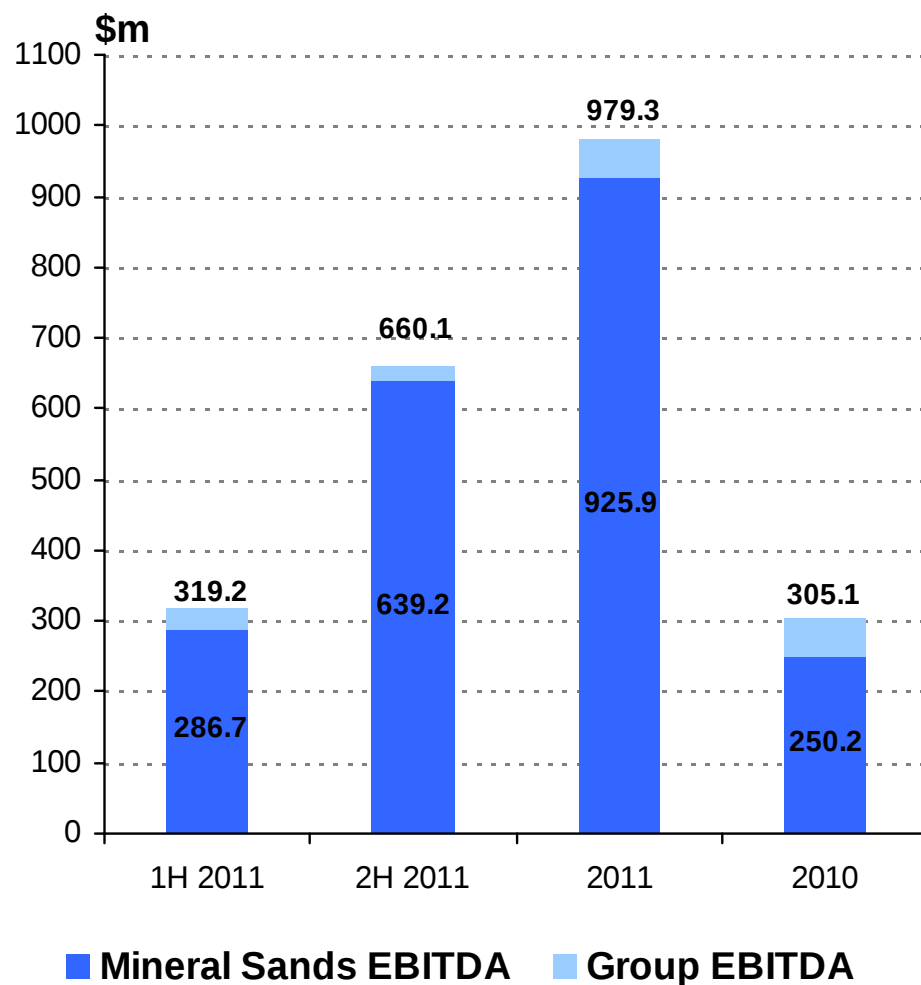
## 2011 versus 2010



ILUKA EBITDA 2011 vs 2010



# Mineral Sands and Group EBITDA



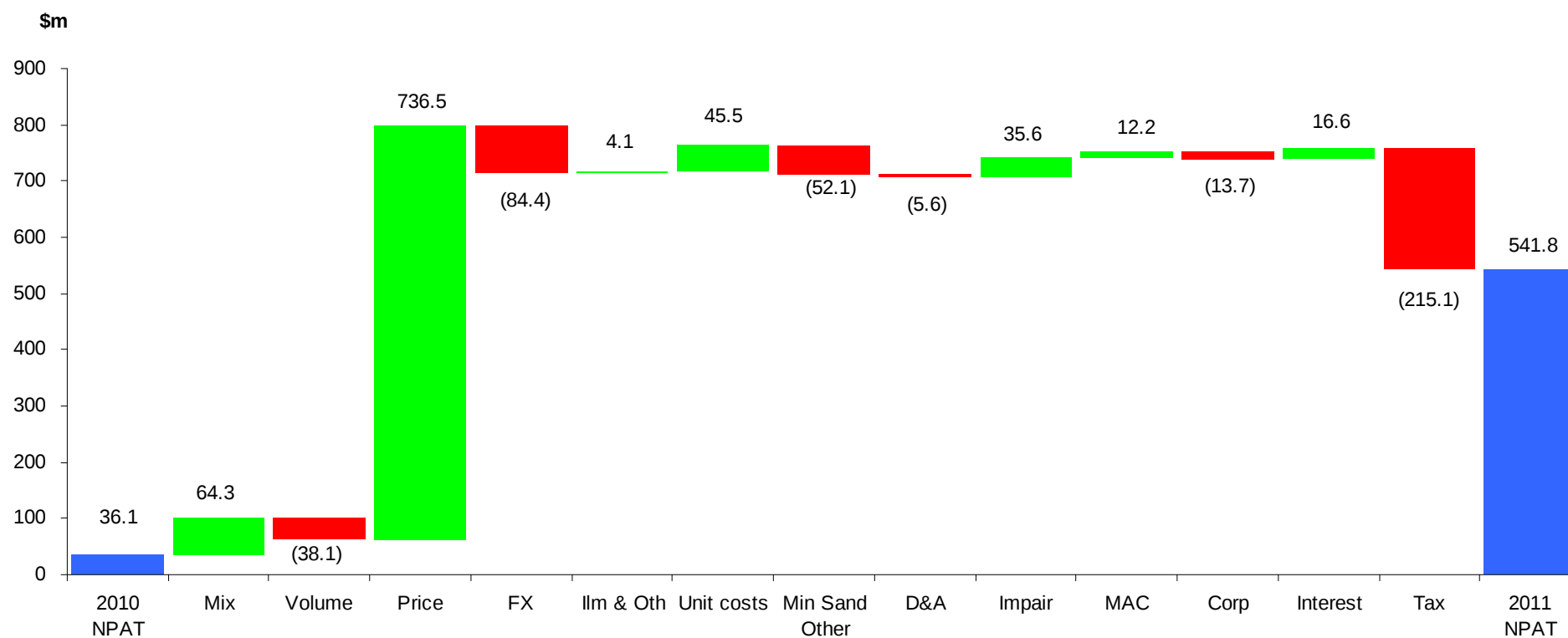
- Mineral sands EBITDA up 270%
- Higher-margin Jacinth-Ambrosia and Murray Basin production
- Higher zircon and high-grade titanium dioxide prices

# Net Profit After Tax

## 2011 versus 2010



ILUKA NPAT 2011 vs 2010



# Mining Area C Royalty

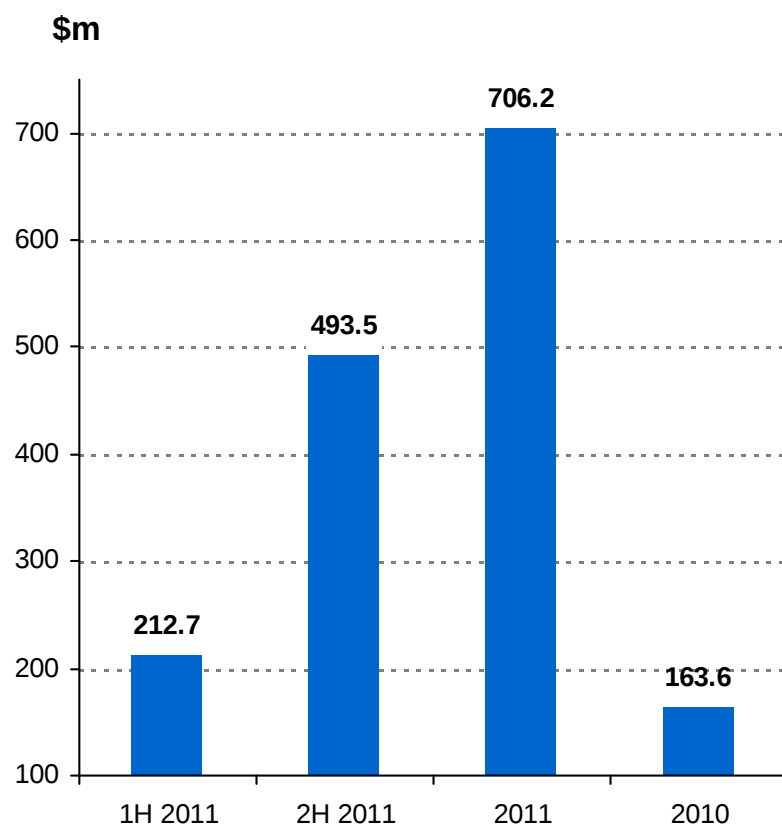
## 2011 versus 2010



|                                     | 2011        | 2010        | % change    |
|-------------------------------------|-------------|-------------|-------------|
| Annual production to 30 June (mdmt) | 43.1        | 42.5        | 1.4         |
| Sales volumes to 31 December (mdmt) | 44.6        | 43.2        | 3.2         |
| Royalty income (\$m)                | 87.5        | 71.3        | 22.7        |
| Capacity payments (\$m)             | 1.0         | 5.0         | (80.0)      |
| <b>Iluka EBIT \$m</b>               | <b>88.1</b> | <b>75.9</b> | <b>16.1</b> |

- Iron ore sales volumes up 3.2%
- Average AUD realised price increased by 18.9% from pcg
- \$1.0 million of annual capacity payments to 31 December (2010: \$5.0 million)

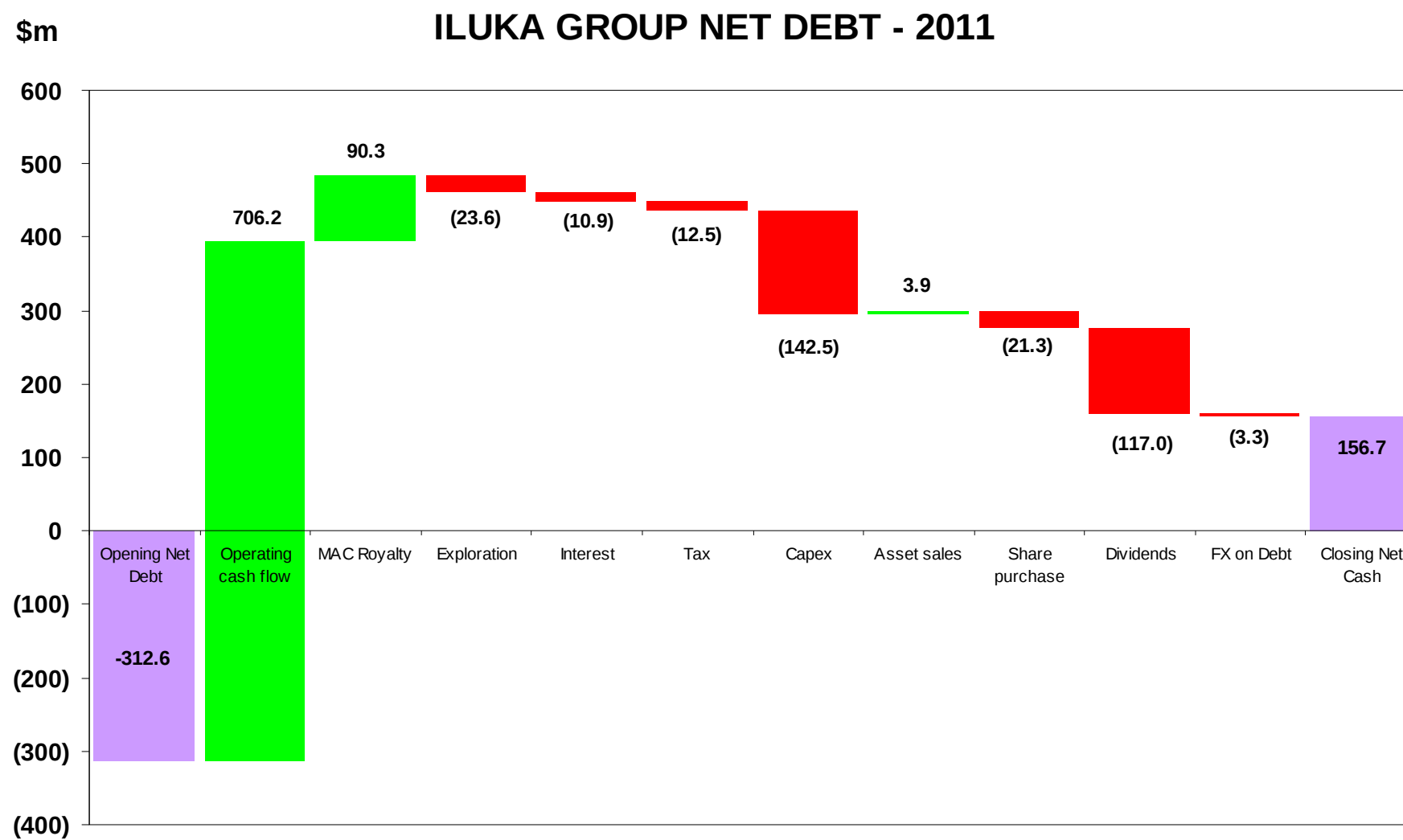
# Operating Cash Flow



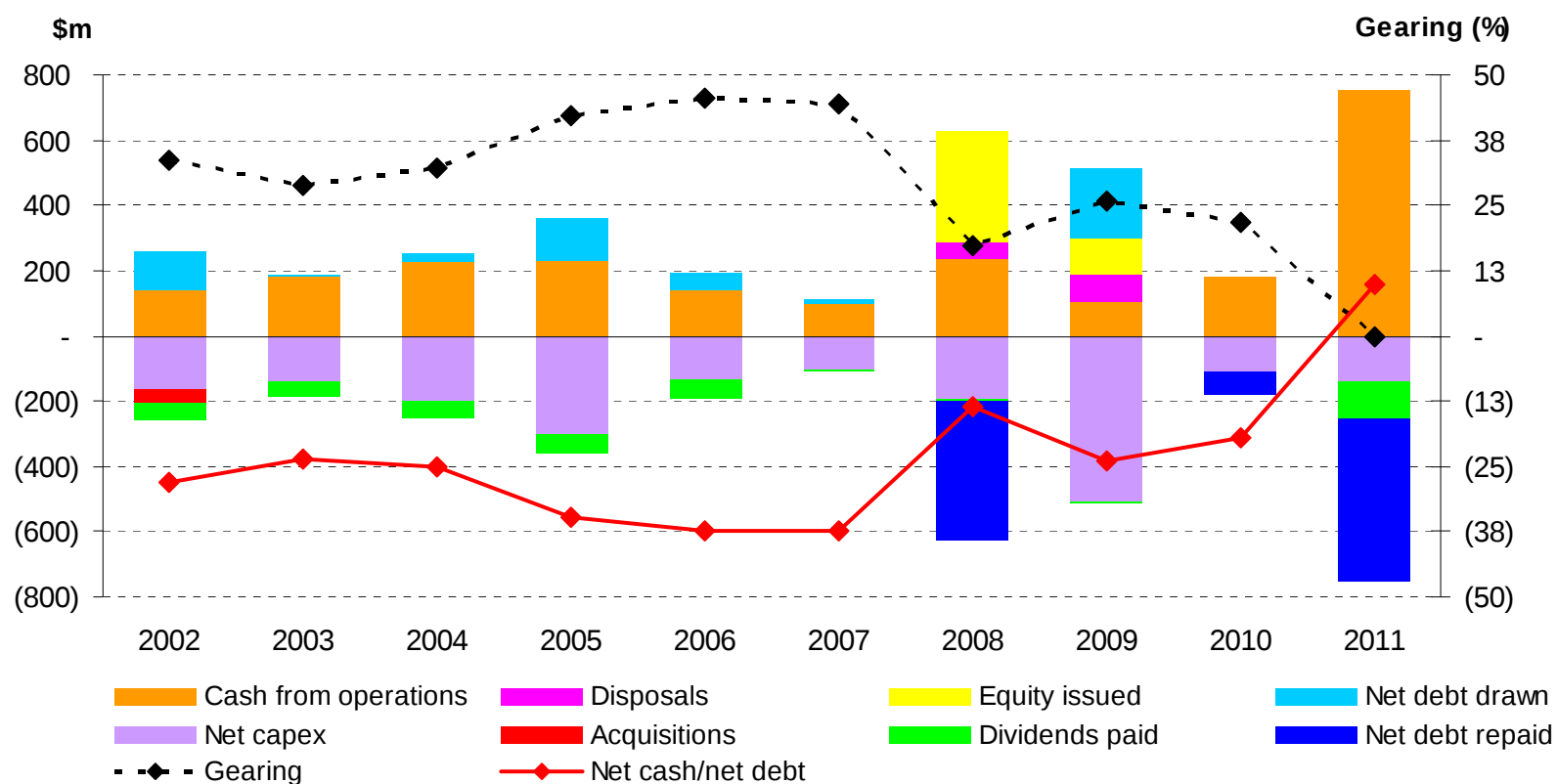
Note: excludes MAC royalty, exploration, net interest and tax

- Strengthening cash flow trend
  - increase in realised prices
- \$217 million increase in working capital vs Dec 2011
  - higher receivables due to higher prices
  - higher inventory levels due to concentrate build re WRP move and lower Q4 zircon sales

# Net Debt to Net Cash Movement

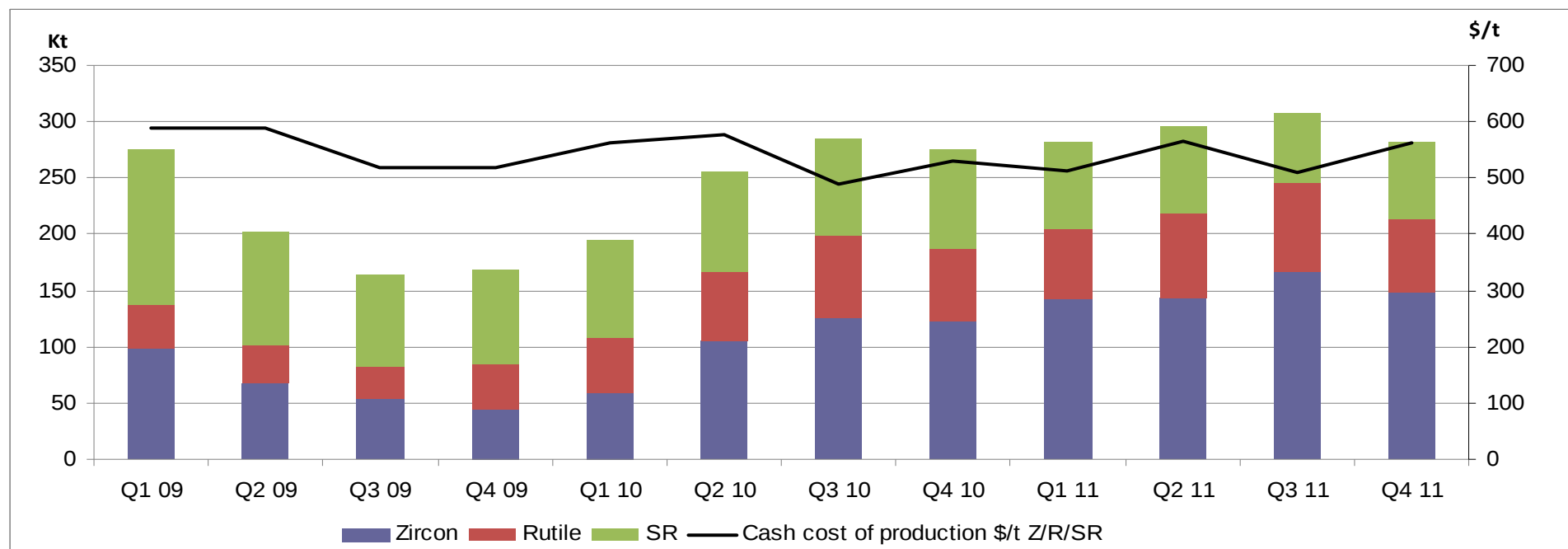


# Sources and Uses of Funds 2002 - 2011



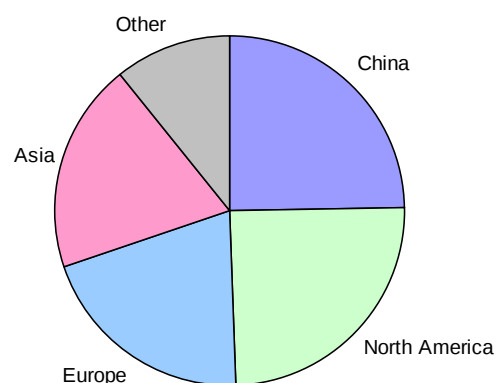
# Z/R/SR Production

## Physicals and Unit Cash Cost of Production

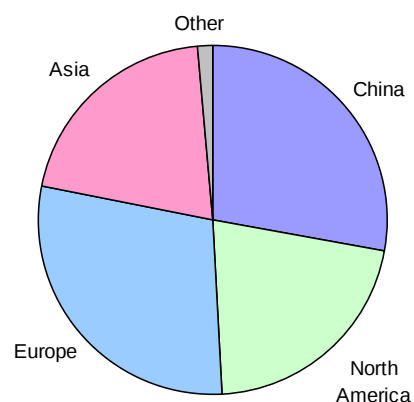


# Mineral Sands Revenue by Location of Customers

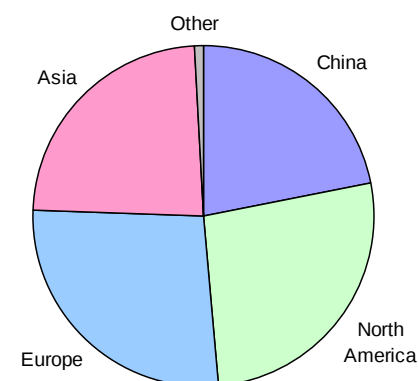
**2010**



**2011**



**2012 (budget)**



| Regional % | 2010 | 2011 | 2012 (budget) |
|------------|------|------|---------------|
|------------|------|------|---------------|

|               |    |    |    |
|---------------|----|----|----|
| China         | 25 | 28 | 22 |
| North America | 25 | 21 | 27 |
| Europe        | 20 | 29 | 27 |
| Asia          | 19 | 21 | 23 |
| Other         | 11 | 1  | 1  |

# Zircon

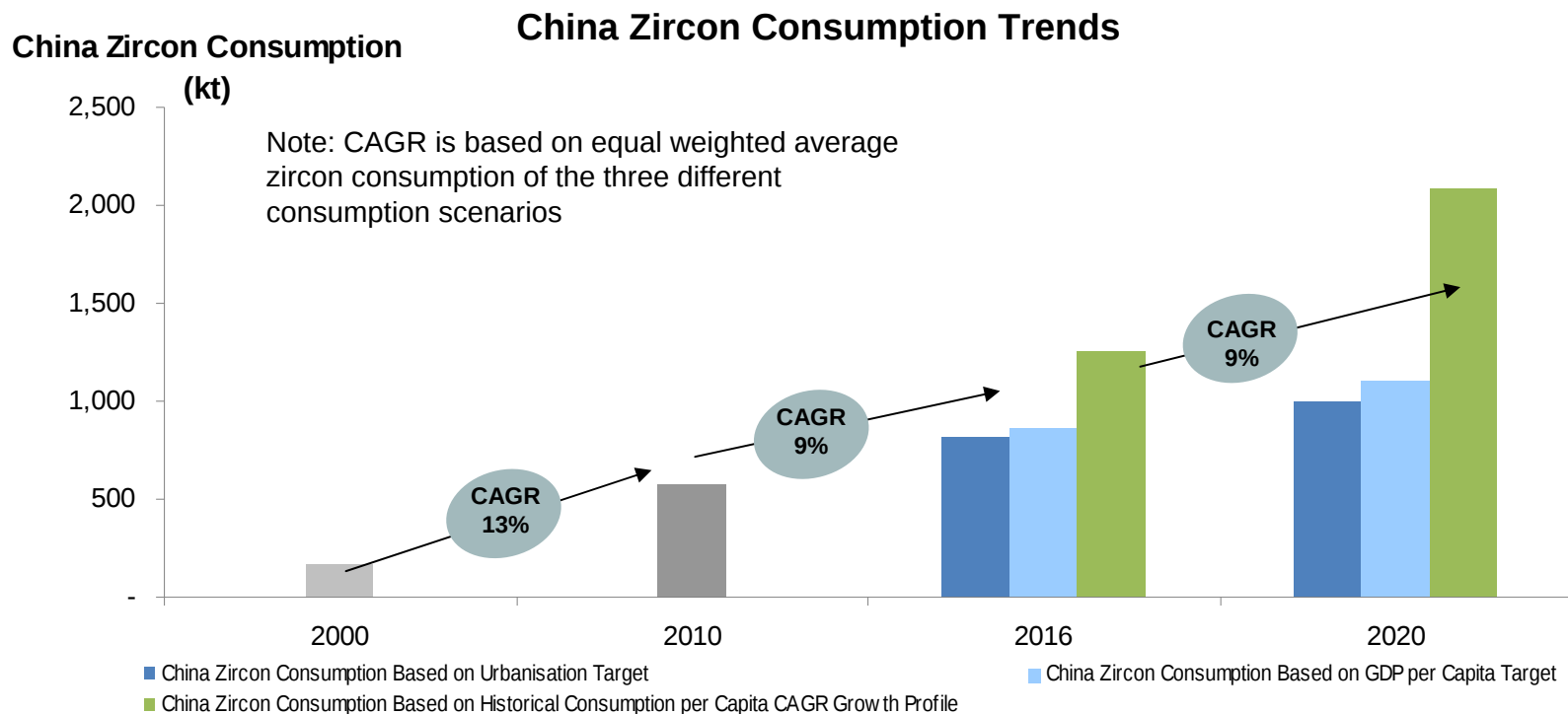
## Market Conditions



- Strong first nine-months of zircon sales, but lower Q4 demand due to
  - global economic conditions and low confidence levels
  - credit availability issues
  - Chinese government policies (impact in sentiment-driven market)
- Average zircon prices increased year-on-year from US\$880/tonne to US\$1850/tonne
  - end 2011 prices ~US\$2400/tonne
  - 1Q12 prices up ~US\$100/tonne
- Customers concerned about risk of profitability retraction
  - direct customers holding low to 'normal' inventory levels of zircon sand/opacifier
  - tile producers holding higher levels of inventory versus current demand
  - working capital and inventory challenges for downstream customers particularly
- Soft demand period anticipated in Q1 and potentially into Q2
  - clear view on overall 2012 zircon demand and phasing to take time to emerge
- Iluka confident about demand recovery as sentiment improves
  - planning to flex production in line with demand and to hold inventory as needed

# Zircon Demand - Linked to GDP Growth and Urbanisation

*“The goal of the Chinese regulators is for China to become a moderately prosperous country by 2020. Its goal is to achieve a \$US10,000 per capita GDP by the year 2020...Urbanization rate will reach 51.5% by 2015” – China’s 12<sup>th</sup> 5 Year Plan*



**Urbanisation (%)**

36

47

52.5

57

**GDP per Capita (US\$)**

950

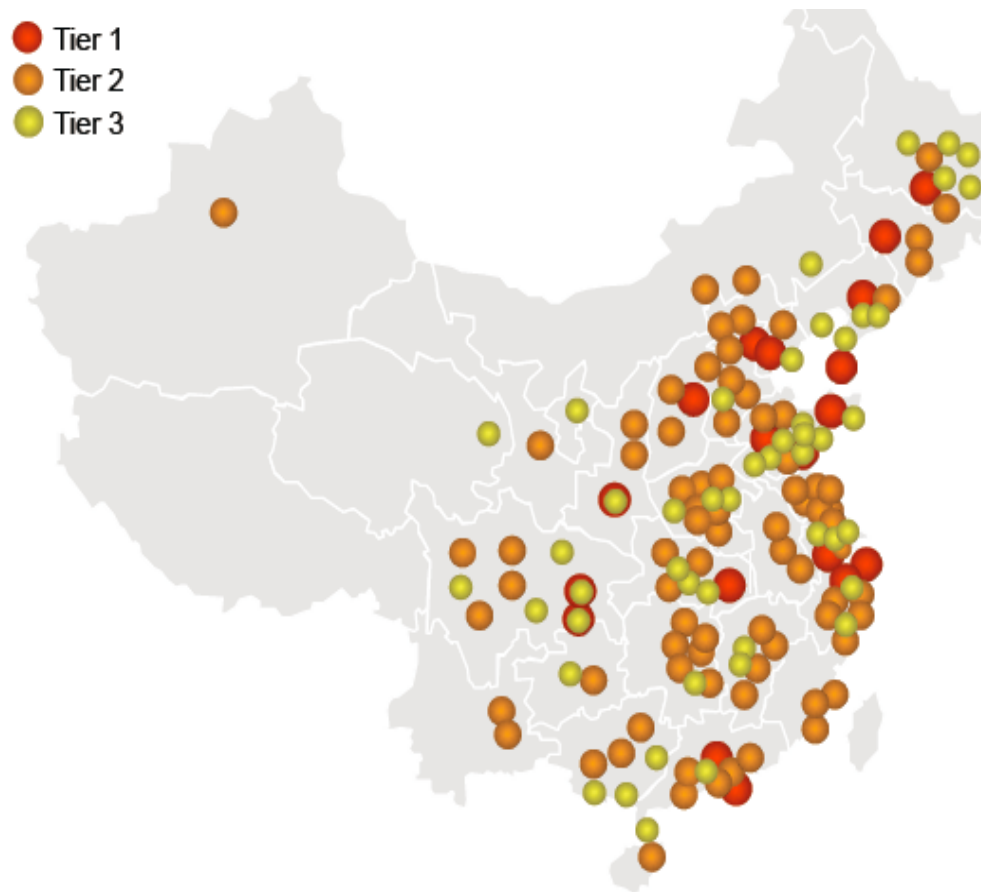
4,392

7,165

10,000

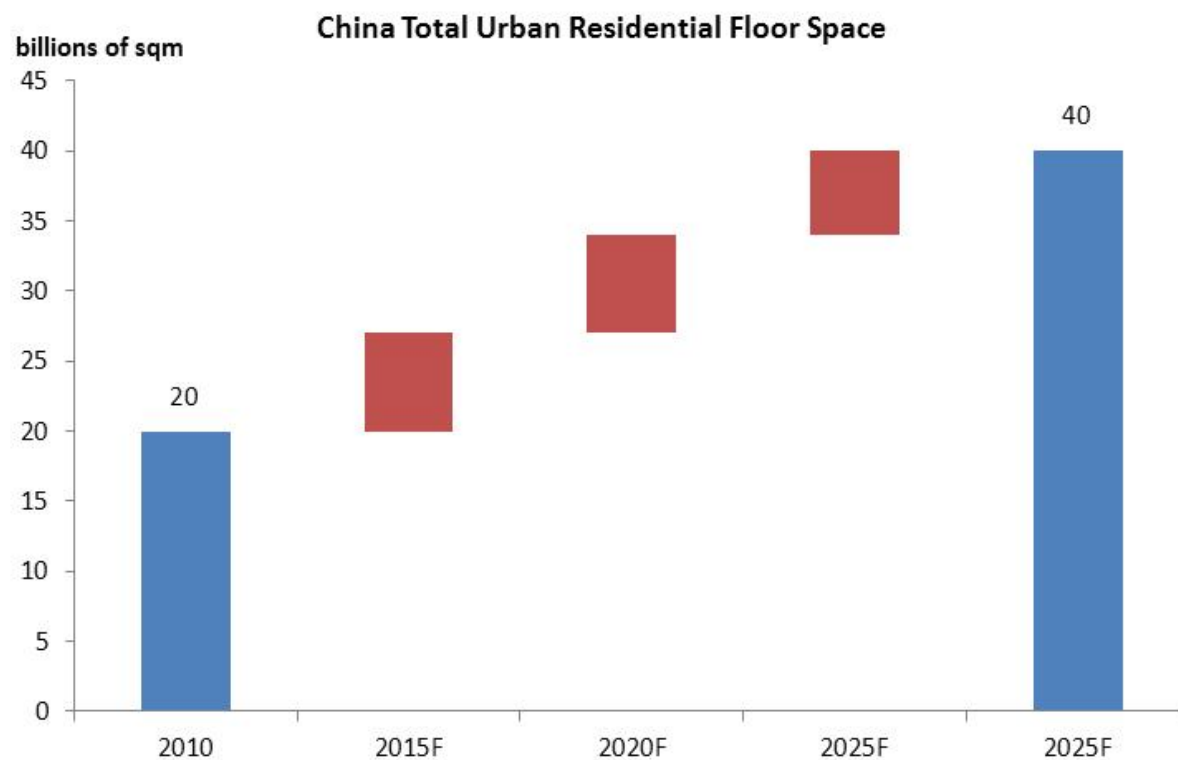
# China Urbanisation

## China's tiered City Structure: 2005 - 2025



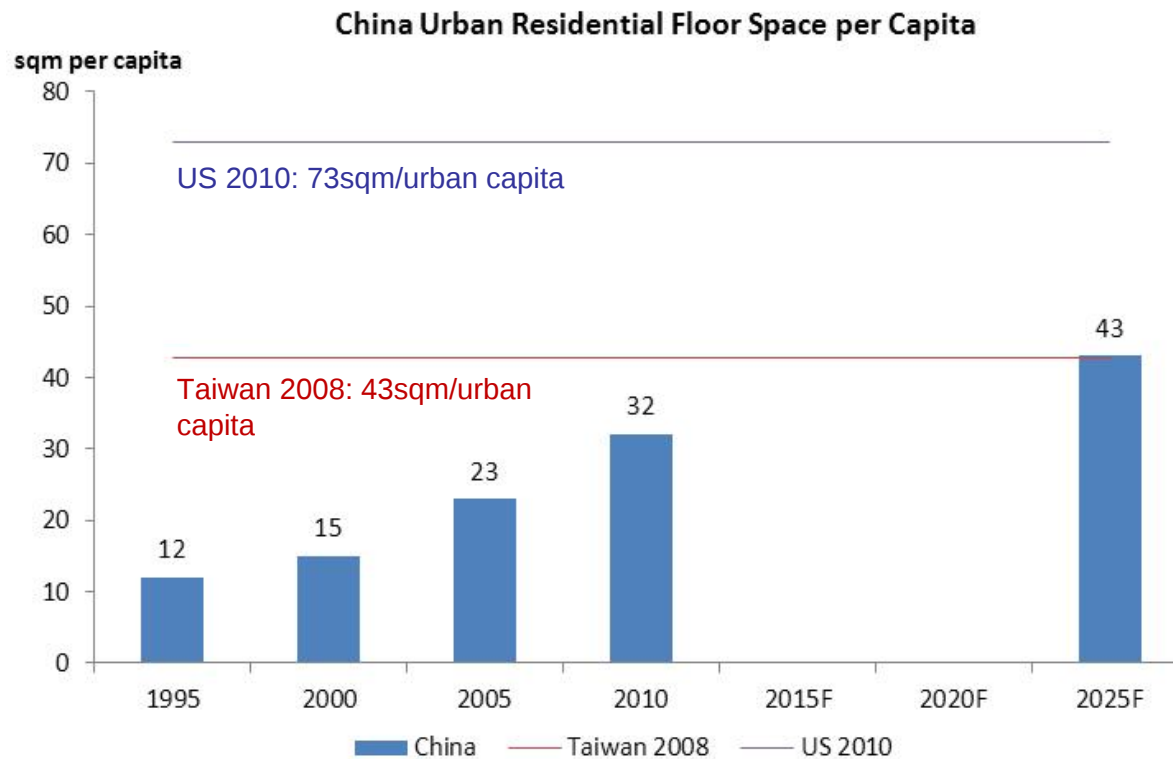
- Number of tier 1 – 3 cities increase from 45 to 147
- 352 million people relocate to urban areas
- Equivalent to the total population of:
  - Australia x 16 times
  - UK x 6 times
  - US

# China Total Floor Space



- By 2025, total urban residential floor space may be double that of 2010 level
- Social housing is expected to account for 32% of the total floor space completed between 2011 to 2015

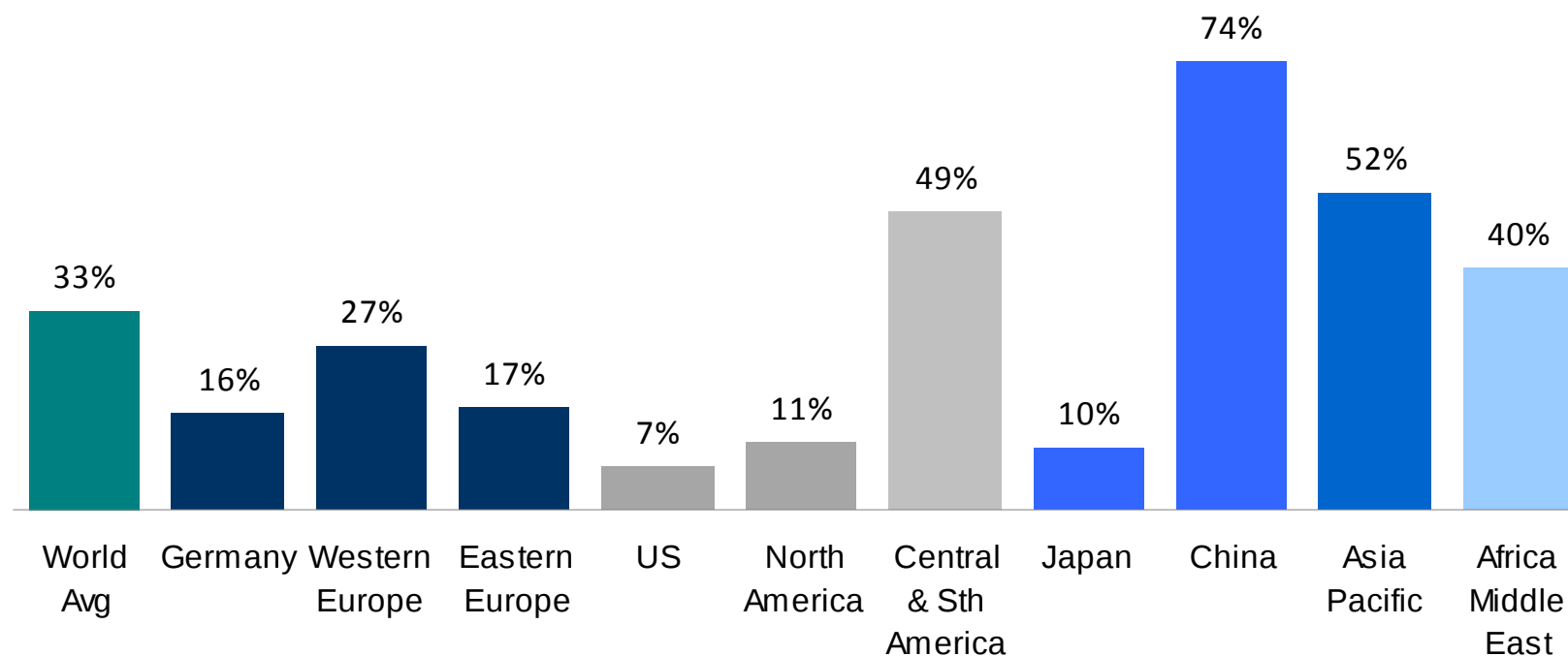
# China Urban Floor Space per Capita



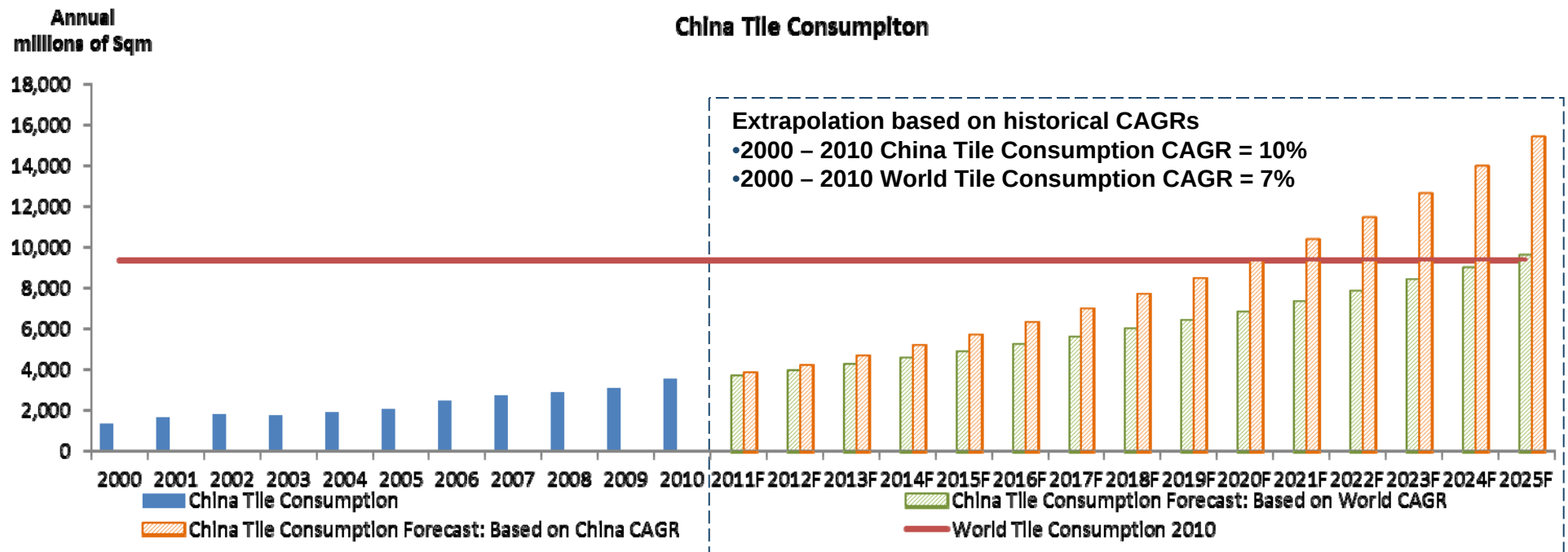
- Although total urban residential floor space may double by 2025, China urban residential floor space per capita will still be low
- By 2025, China urban residential floor space per capita will be equivalent to:
  - Taiwan in 2008
  - half of US in 2010

# Ceramic Floor Tile Share of Floor Coverings

**% Usage of Ceramics as Flooring Type vs other Flooring Types  
by Geography**



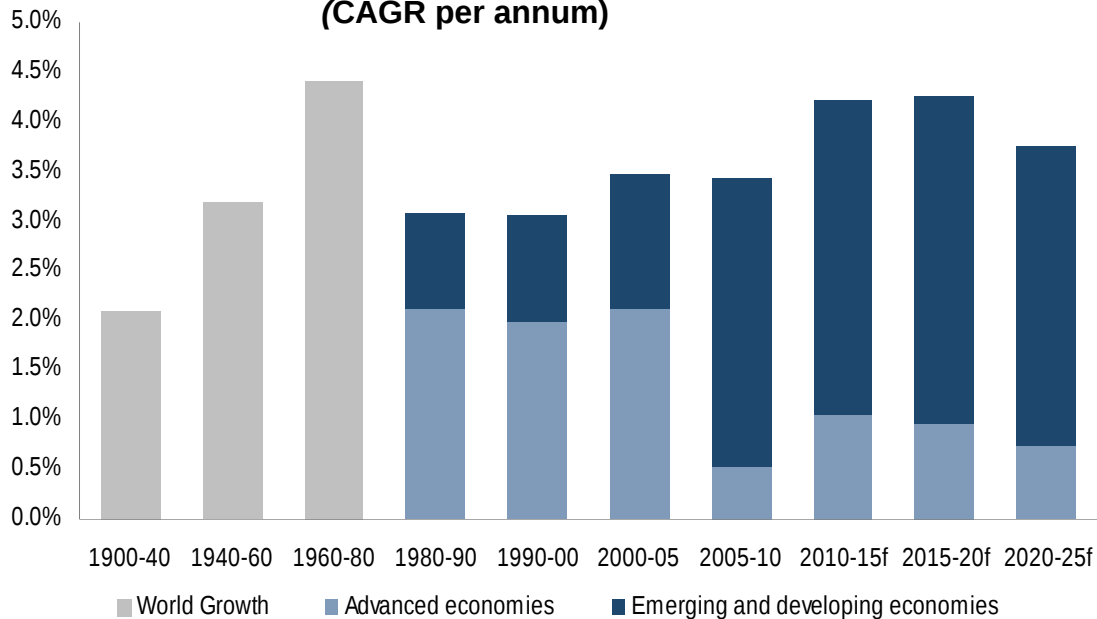
# China Tile Consumption



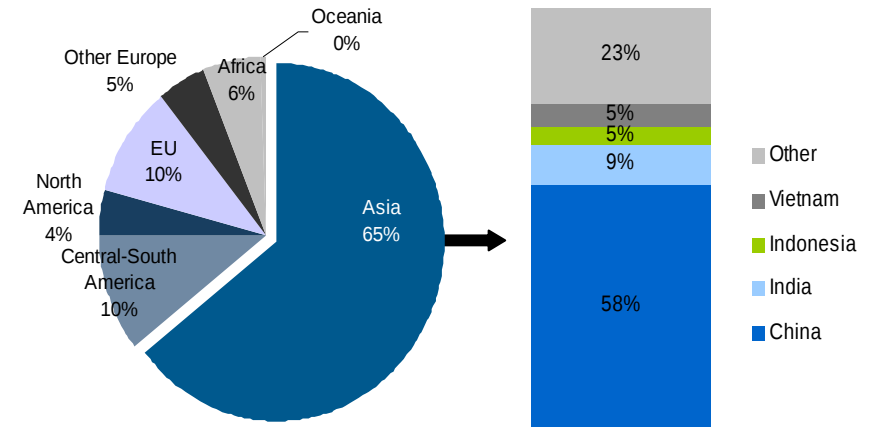
- China's tile consumption has grown at a CAGR of 10% in the past decade, from 27% of global consumption in 2000 to 37% in 2010

# Tile Consumption - Dominated by Developing Economies

**Global GDP Growth Rate (Real)  
(CAGR per annum)**

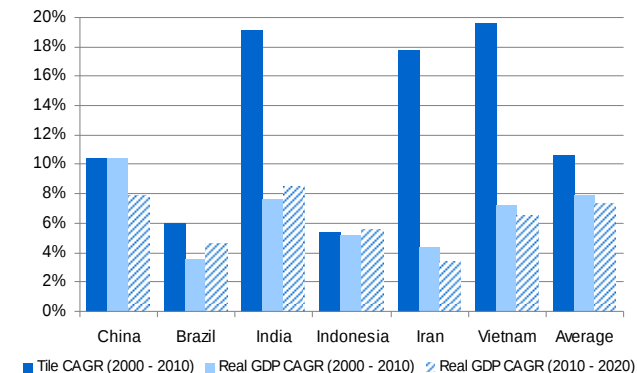


**Top Tile Consumers  
2010 Total = 9.4 billion sqm tile**



- China, Brazil, India, Indonesia and Vietnam consume over half of the world's tiles
- These economies were relatively immune from 2009 GEC impacts
- Resilient demand likely even if global economic slowdown
- Italy and Spain represent 48% of the ceramics manufactured in Europe – but export > 70% of tiles manufactured, mainly to developing economies

**Tile Consumption and GDP Growth Rates  
(Top 6 Tile Consumers)**



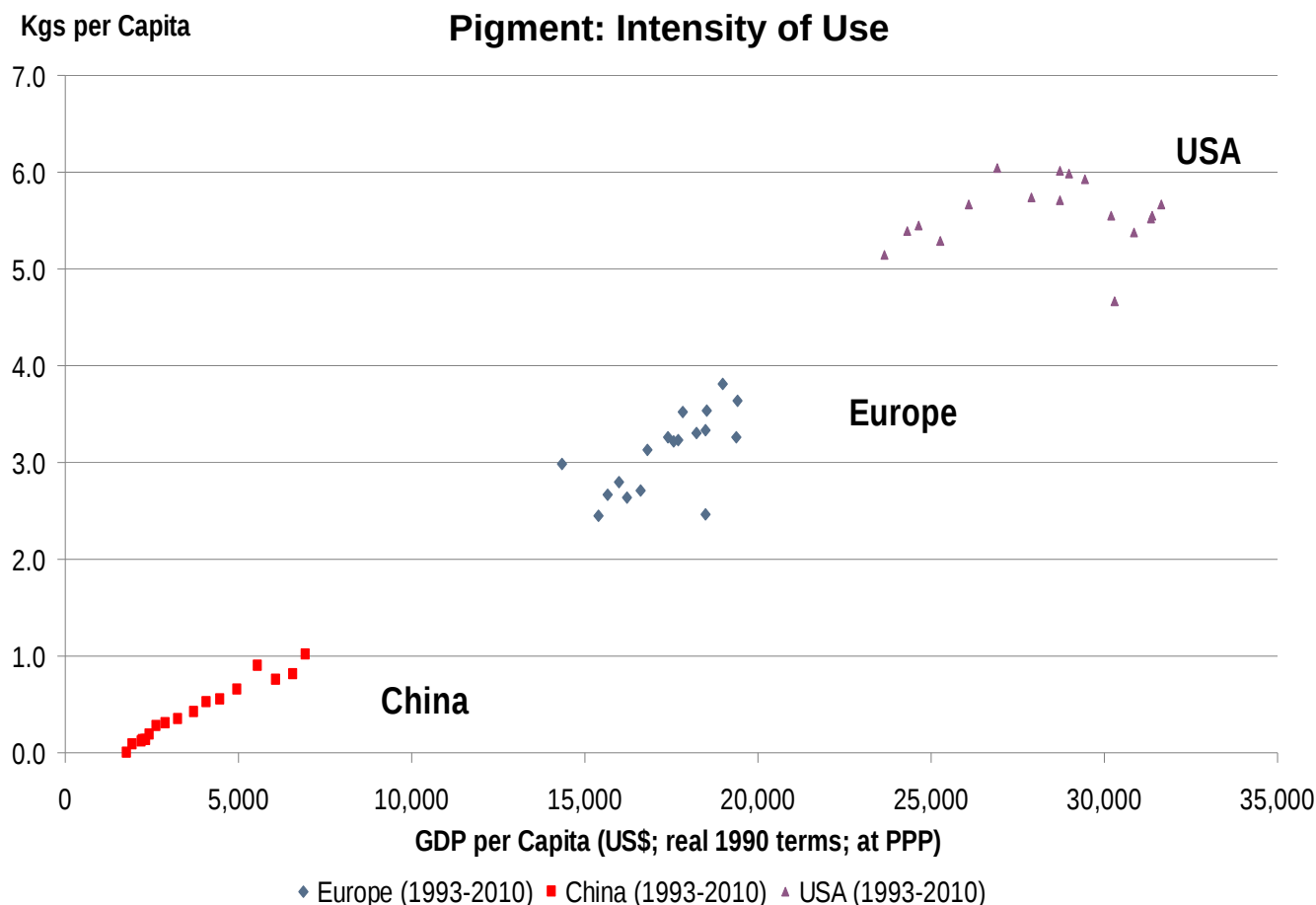
# High Grade Titanium Dioxide

## Market Conditions



- Demand for high-grade titanium dioxide feedstocks robust in 2011
  - slight seasonal moderation in Q4 and lower China demand for imported pigment
  - some slowing in welding sector at year end
- Iluka contracted majority of 2012 high-grade titanium dioxide production
  - first half prices of ~US\$2400/tonne for rutile, ~US\$2050/tonne for synthetic rutile
- Publicly disclosed pigment producer profitability improved in 2011
  - evidence of sustained feedstock cost flow through to pigment prices
  - indications of price increases further downstream (e.g. paint manufacturers)
- New synthetic rutile 85 product being sold into chloride market
- Synthetic rutile kiln no. 3 re-activated
- Re-commissioning of synthetic rutile kiln No. 1 planned in Q4 2012

# Pigment Demand Intensity - Linked to GDP Growth



- Developing countries' intensity of pigment use (pigment per person) is expected to grow with rising living standards (GDP/capita)
- Developed countries show an intensity of pigment use ~1.5 – 4kg per person. This level of pigment use in China would be a significant increase from current levels – less than 1kg per person

# Mineral Sands Market Approach



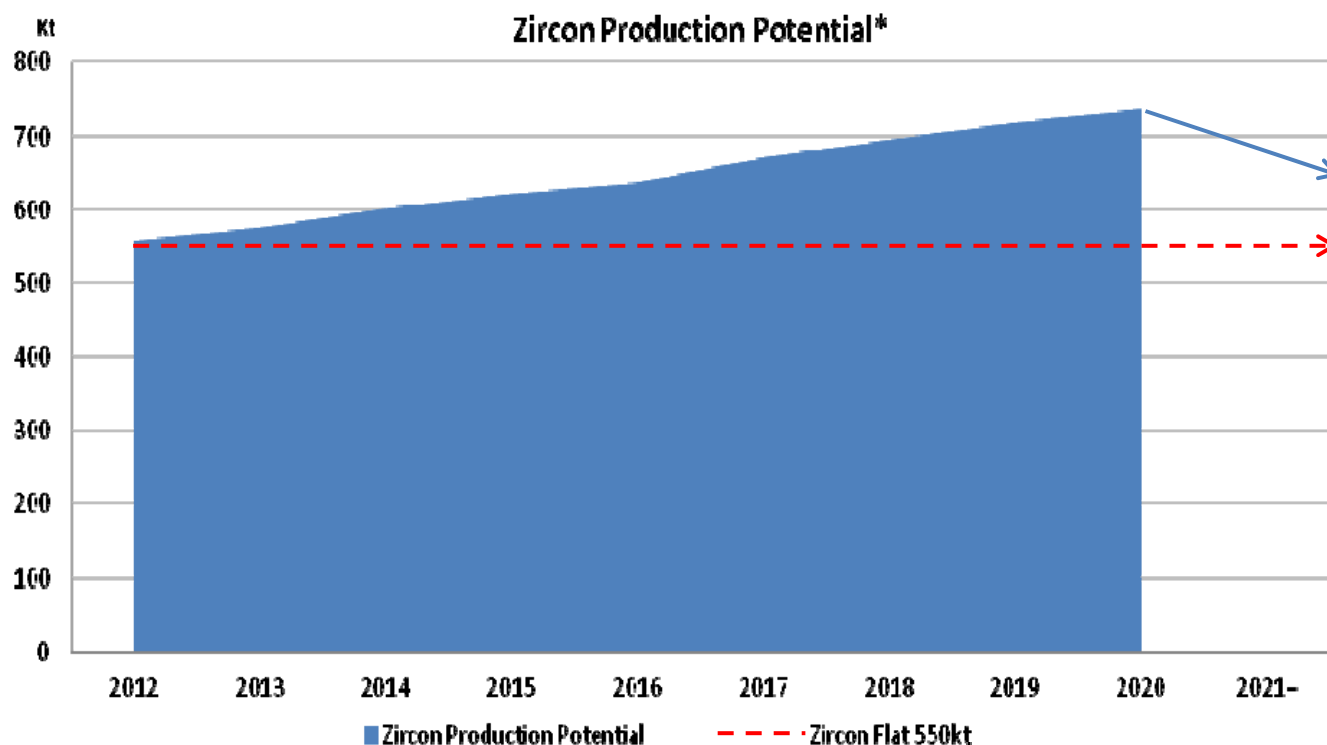
- Favourable medium-term supply/demand characteristics for both zircon and high-grade  $\text{TiO}_2$
- Few high-quality, capital-efficient, quick-response industry supply options
  - most projects in early feasibility phase rather than commitment stage
  - typically long lead times
  - technical risk in project execution, commissioning, ramp-up and product acceptability
- Favourable dynamics not immune to global macro-economic factors
  - economic growth, consumer spending, business confidence, credit availability
- Iluka will support direct customers by:
  - adjusting production and sales to maintain recent margin improvements
  - maintaining high product quality standards
  - awaiting global consumption of lower cost material supplied previously into industry
- Iluka will support downstream customers via demand-pull initiatives

# Enhanced Production Project



- Iluka's production enhancement options are extensive and, in aggregate, significant
  - 11 subject to detailed evaluation
- Production options subject to funding and internal evaluation
  - project management group resources increased
  - project management will plan and manage implementation of larger projects
  - operations management will implement other opportunities
  - several large projects have project teams in place and are well advanced
    - Balranald, Cataby
- Scoping studies for Eucla Basin deposits
  - Atacama, Typhoon, Tripitaka
  - project to investigate the expansion of WCP capacity for Eucla Basin
- Aurelian Springs project, near Virginia operations, moving to PFS study stage
  - chloride ilmenite project
  - potential economic life of ~10 years

# Zircon Production Scenarios

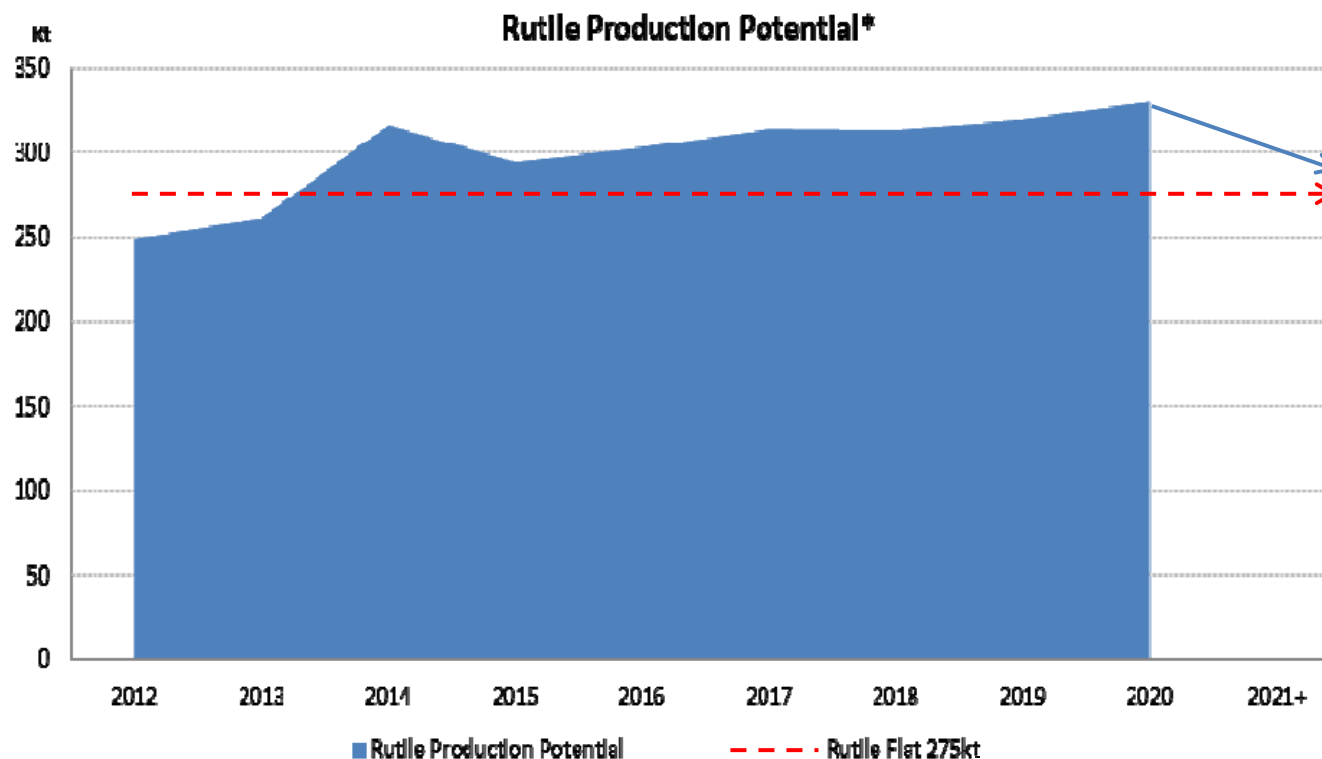


- Potential to increase production in response to demand growth, or
- Potential to extend current production levels significantly
- No account of enhancements due to utilisation of starting-period inventories, exploration success or technological improvements and breakthroughs, mineral resources or ore reserves acquisition

Subject to caveats and disclaimers detailed on slide 2 and in November 2011 Mineral Sands presentation

\* Production potential is predominantly based on a combination of Proved and Probable Ore Reserves and Measured and Indicated Mineral Resources that have been subjected to project studies (Enhanced Production Project) using Iluka's long-term cost and pricing estimates and an assessment of risk, including access, approval and development timing. A very small portion of the production potential is based on Inferred Mineral Resources totalling approximately zero to four percent of the production potential.

# Rutile Production Scenarios



- Potential to increase production in response to demand growth, or
- Potential to extend current production levels significantly
- No account of enhancements due to utilisation of starting period inventories, exploration success or technological improvements and breakthroughs, mineral resources or ore reserves acquisition

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# Key Physical & Financial Parameters

## 2012 Physical Trends



|                        | 2011 | 2012<br>Guidance | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------|------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Production (kt)</b> |      |                  |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Zircon                 | 601  | ~500             | Lower 2012 production reflects Iluka's decision to flex production in light of potentially lower short term demand. A rapid production increase capability exists as market conditions warrant. 2012 sales volumes, dependent on global demand levels and phasing, could be ~10% lower than production. 2011 sales volumes for zircon were 514k tonnes. 2010 sales volumes were 478k tonnes.                                |
| Rutile                 | 281  | ~225             | Lower 2012 production reflects the announced transition to new deposits in the Murray Basin, which will interrupt mining activities for a period of ~100 days. This is in line with guidance provided previously. Sales are expected to be in line with production in 2012. Rutile sales in 2011 were 265k tonnes.                                                                                                          |
| Synthetic rutile       | 285  | ~310             | 2012 production reflects a 2 kiln operation but with 1 kiln (SR2) undergoing a major maintenance outage (approximately two months) during the first quarter of the year. SR sales in 2012 are expected to be in line with production. SR sales in 2011 were 257k tonnes. While Iluka plans to reactivate a 3 <sup>rd</sup> SR kiln in 2012, this is not expected to make a material contribution to production in the year. |
| Ilmenite –<br>saleable | 459  | ~350             | Level of ilmenite available influenced by internal requirements for synthetic rutile production.                                                                                                                                                                                                                                                                                                                            |

Explanatory notes associated with the Physical and Financial Parameters can be found in a briefing paper on Iluka's website.

# Key Physical & Financial Parameters

## 2012 Financial Trends



|                                    | 2011 | 2012<br>Guidance | Commentary                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------|------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cash Costs<br/>A\$m</b>         |      |                  |                                                                                                                                                                                                                                                                                                                                                                                                 |
| Production costs                   | 629  | ~670             | Reflects cost inflation, recommencement of mining at Eneabba), higher transportation costs for Murray Basin and expenditure associated with 3 <sup>rd</sup> kiln reactivation (with minimal sales volumes expected in 2012 for this kiln).                                                                                                                                                      |
| Z/R/SR unit costs<br>A\$/tonne     | 538  | ~650             | Higher unit cost reflects anticipated lower zircon and rutile production and the factors referred to above.                                                                                                                                                                                                                                                                                     |
| Revenue A\$/t<br>Z/R/SR            | 1480 | Not guided       | 2012 first half weighted average contracted high grade titanium dioxide pricing (rutile US\$2,400/t & SR US\$2,050/t) is 80-90% higher than 2011 year end pricing and 110-140% higher than 2011 weighted average prices.<br>End 2011 zircon price (US\$2,400/t) is ~33% higher than weighted average 2011 zircon price. Iluka advised a ~US\$100/t 1 <sup>st</sup> quarter 2012 price increase. |
| Other cash costs                   | 122  | ~165             | Higher in 2012 associated with higher exploration expenditure; increased project development costs (associated with evaluating new production options); higher product & technical development investment, and increased corporate costs associated with increased investment in people.                                                                                                        |
| Restructure, rehab<br>& idle costs | 45   | Not guided       | Refer to Iluka's 4E Financial commentary for the period to 31 December 2011, page 4. The level of 2011 costs in this area is not necessarily indicative of future year levels.                                                                                                                                                                                                                  |
| <b>Non cash costs</b>              |      |                  |                                                                                                                                                                                                                                                                                                                                                                                                 |
| Depreciation<br>& amortisation     | 224  | ~190             |                                                                                                                                                                                                                                                                                                                                                                                                 |
| Other                              | 22   | ~25              | Rehabilitation unwind and other finance costs can be expected to be at a similar level to 2011.                                                                                                                                                                                                                                                                                                 |
| <b>Capital<br/>Expenditure</b>     | 142  | ~220             | Includes expenditure rolled over from 2011 (approx \$30 million) and is dependent on project cost inflation, expansion decisions and investment opportunities.                                                                                                                                                                                                                                  |
| <b>Operating Cash<br/>Flow</b>     | 706  | ↑                |                                                                                                                                                                                                                                                                                                                                                                                                 |

## 2012 Areas of Focus

- Operate safely and in a sustainable manner
- Navigate short-term market volatility
- Pursue capital-efficient, cost-competitive and disciplined supply enhancement options
  - in the context of favourable medium-term market dynamics
- Continue to evolve marketing and logistics approach
  - in line with supply/demand dynamics
  - initiatives to enhance product recognition and consumer preference
- Create shareholder value from product and technical development
- Increase exploration activity in existing provinces and expand to new provinces
- Maintain prudent balance sheet
- Target both increased distributions and logical growth opportunities



## Supplementary Slides

# Reconciliation of Non-IFRS Financial Information to Profit before Tax



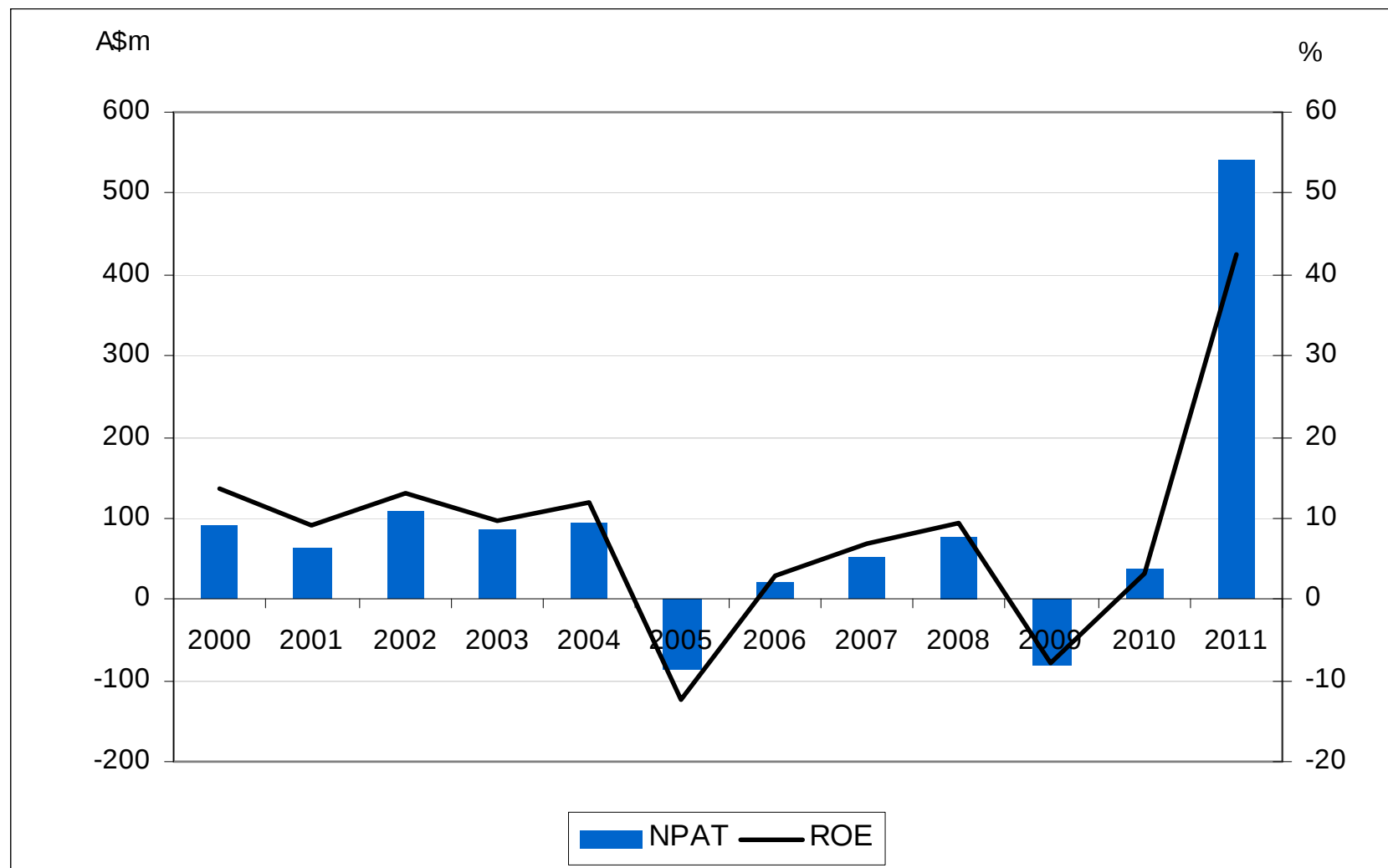
Non-IFRS financial measures of Mineral sands EBITDA, Mineral sands EBIT, Group EBITDA and Group EBIT are highlighted in the table below, together with profit before tax.

|                                    | E/PB<br>\$m  | MB<br>\$m    | US<br>\$m    | Exploration<br>& Other<br>\$m <sup>(1)</sup> | Mineral<br>Sands<br>\$m | MAC<br>\$m  | Corp<br>\$m   | Group<br>\$m   |
|------------------------------------|--------------|--------------|--------------|----------------------------------------------|-------------------------|-------------|---------------|----------------|
| <b>Mineral sands revenue</b>       | <b>829.2</b> | <b>571.6</b> | <b>135.9</b> |                                              | <b>1,536.7</b>          |             |               | <b>1,536.7</b> |
| Mineral sands expenses             | (329.5)      | (163.4)      | (84.0)       | (33.9)                                       | <b>(610.8)</b>          |             |               | <b>(610.8)</b> |
| Mining Area C                      |              |              |              |                                              |                         | 88.5        |               | <b>88.5</b>    |
| Foreign exchange gains             |              |              |              |                                              |                         |             | 0.4           | <b>0.4</b>     |
| Corporate costs                    |              |              |              |                                              |                         |             | (35.5)        | <b>(35.5)</b>  |
| Impairment reversal                |              |              |              |                                              |                         |             |               |                |
| <b>EBITDA</b>                      | <b>499.7</b> | <b>408.2</b> | <b>51.9</b>  | <b>(33.9)</b>                                | <b>925.9</b>            | <b>88.5</b> | <b>(35.1)</b> | <b>979.3</b>   |
| Depreciation and amortisation      | (64.0)       | (147.4)      | (10.4)       | (2.4)                                        | <b>(224.2)</b>          | (0.4)       |               | <b>(224.6)</b> |
| Impairment reversal                | 4.4          | 31.2         |              |                                              | <b>35.6</b>             |             |               | <b>35.6</b>    |
| <b>EBIT</b>                        | <b>440.1</b> | <b>292.0</b> | <b>41.5</b>  | <b>(36.3)</b>                                | <b>737.3</b>            | <b>88.1</b> | <b>(35.1)</b> | <b>790.3</b>   |
| Net interest costs                 |              |              |              |                                              |                         |             |               | <b>(8.0)</b>   |
| Rehab unwind & other finance costs | (19.1)       | (0.3)        | (1.2)        |                                              |                         |             | (1.0)         | <b>(21.6)</b>  |
| <b>Profit before tax</b>           |              |              |              |                                              |                         |             |               | <b>760.7</b>   |
| <i>Segment result</i>              | <i>421.0</i> | <i>291.7</i> | <i>40.3</i>  |                                              |                         | <i>88.1</i> |               |                |

<sup>(1)</sup>Comprises exploration expenses (\$19.0m), product and technical costs (\$11.9m) and marketing and selling costs (\$6.9m), offset by asset sales and other income (\$3.9m).

# NPAT and ROE

## Historical trend 2000 to 2011



# Mineral Sands Results



| \$m                               | 1H 2011      | 2H 2011      | 2011           | 2010         | % change       |
|-----------------------------------|--------------|--------------|----------------|--------------|----------------|
| <b>Mineral sands revenue</b>      | <b>570.2</b> | <b>966.5</b> | <b>1,536.7</b> | <b>874.4</b> | <b>75.7</b>    |
| Eucla / Perth Basin               | 151.6        | 348.1        | 499.7          | 119.8        | 317.1          |
| Murray Basin                      | 118.9        | 289.3        | 408.2          | 113.9        | 258.5          |
| US operation                      | 34.2         | 17.7         | 51.9           | 40.2         | 29.2           |
| Exploration and other             | (18.0)       | (15.9)       | (33.9)         | (23.7)       | 43.0           |
| <b>Total mineral sands EBITDA</b> | <b>286.7</b> | <b>639.2</b> | <b>925.9</b>   | <b>250.2</b> | <b>270.1</b>   |
| Impairment reversal               | -            | 35.6         | 35.6           | -            | N/A            |
| Depreciation and amortisation     | (94.6)       | (129.6)      | (224.2)        | (218.6)      | 2.6            |
| <b>Mineral sands EBIT</b>         | <b>192.1</b> | <b>545.2</b> | <b>737.3</b>   | <b>31.6</b>  | <b>2,233.2</b> |

## 2011 Cash Flow and Net Debt



| \$m                                 | 1H 2011        | 2H 2011        | 2011           | 2010           | % change     |
|-------------------------------------|----------------|----------------|----------------|----------------|--------------|
| <b>Opening net debt</b>             | <b>(312.6)</b> | <b>(171.0)</b> | <b>(312.6)</b> | <b>(382.1)</b> | <b>18.2</b>  |
| Operating cash flow                 | 212.7          | 493.5          | 706.2          | 163.6          | 331.7        |
| MAC royalty                         | 42.8           | 47.5           | 90.3           | 63.9           | 41.3         |
| Exploration                         | (8.9)          | (14.7)         | (23.6)         | (17.9)         | (31.8)       |
| Net interest                        | (10.4)         | (0.5)          | (10.9)         | (29.4)         | 62.9         |
| Tax                                 | (5.0)          | (7.5)          | (12.5)         | (1.5)          | (733.3)      |
| Capital expenditure                 | (48.7)         | (93.8)         | (142.5)        | (117.2)        | (21.6)       |
| Asset sales                         | 1.5            | 2.4            | 3.9            | 9.0            | (56.7)       |
| Share purchases                     | (16.3)         | (5.0)          | (21.3)         | (9.8)          | (117.3)      |
| <b>Free cash flow</b>               | <b>167.7</b>   | <b>421.9</b>   | <b>589.6</b>   | <b>60.7</b>    | <b>871.3</b> |
| Dividends paid                      | (33.5)         | (83.5)         | (117.0)        | 0.0            | N/A          |
| Exchange revaluation of net US debt | 7.4            | (10.7)         | (3.3)          | 8.8            | (137.5)      |
| <b>Increase/(decrease) in cash</b>  | <b>141.6</b>   | <b>327.7</b>   | <b>469.3</b>   | <b>69.5</b>    | <b>575.3</b> |
| <b>Closing net cash/(net debt)</b>  | <b>(171.0)</b> | <b>156.7</b>   | <b>156.7</b>   | <b>(312.6)</b> | <b>150.1</b> |

## Capital and Exploration Expenditure (cash)

| <b>\$m</b>          | <b>2011</b>    | <b>2010</b>    | <b>% change</b> |
|---------------------|----------------|----------------|-----------------|
| Capital expenditure | (142.5)        | (117.2)        | (21.6)          |
| Exploration         | (23.6)         | (17.9)         | (31.8)          |
| <b>Total</b>        | <b>(166.1)</b> | <b>(135.1)</b> | <b>22.9</b>     |

# Ore Reserves 2011



## Summary Ore Reserves

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| In Situ Heavy Mineral                  | Tonnes (millions) |
|----------------------------------------|-------------------|
| <b>Opening reserves 2011</b>           | <b>27.00</b>      |
| Production/depletions                  | (3.40)            |
| New ore reserves/ddjustments           | 6.84              |
| <b>Closing ore reserves – end 2011</b> | <b>30.44</b>      |
| Ore reserves net change                | 3.44              |

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Refer Iluka ASX Release 23 February for detailed information on Iluka's Ore Reserves and Minerals Resources

# Mineral Resources 2011



## **Mineral Resources**

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| <b>In Situ Heavy Mineral</b>                | <b>Tonnes (millions)</b> |
|---------------------------------------------|--------------------------|
| <b>Opening resources 2011</b>               | <b>114.06</b>            |
| Production/depletions                       | (3.40)                   |
| New mineral resources/adjustments           | 10.14                    |
| <b>Closing mineral resources – end 2011</b> | <b>120.80</b>            |
| Mineral resources net change                | 6.74                     |

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Refer Iluka ASX Release 23 February for detailed information on Iluka's Ore Reserves and Minerals Resources

## 2011 Production Volumes



| (kt)                   | 2011  | 2010  | % change |
|------------------------|-------|-------|----------|
| Zircon                 | 601.5 | 412.9 | 45.7     |
| Rutile                 | 281.3 | 250.1 | 12.5     |
| Synthetic rutile       | 285.7 | 347.5 | (17.8)   |
| Ilmenite - saleable    | 459.7 | 469.0 | (2.0)    |
| Ilmenite - upgradeable | 201.9 | 215.9 | (6.5)    |

# Unit Cash Costs & Revenue/tonne

## 2011 versus 2010



|                                                                     | 2011    | 2010    | % change |
|---------------------------------------------------------------------|---------|---------|----------|
| Zircon / rutile / synthetic rutile production (kt)                  | 1,168.5 | 1,010.5 | 15.6     |
| Saleable ilmenite (kt)                                              | 459.7   | 469.0   | (2.0)    |
| Final product produced (kt)                                         | 1,628.2 | 1,479.5 | 10.1     |
| Total cash cost (\$m)                                               | 628.9   | 543.8   | 15.6     |
| Cash cost / tonne of zircon / rutile / synthetic rutile             | 538.0   | 538.0   | 0.0      |
| Cash cost / tonne of saleable product (\$/t)                        | 386.3   | 367.6   | 5.1      |
| Unit revenue per tonne of zircon / rutile / synthetic rutile (\$/t) | 1,480.0 | 809.0   | 82.9     |

# Eucla / Perth Basins

## 2011 versus 2010



| <b>\$m</b>                                      |      | <b>2011</b> | <b>2010</b> | <b>% change</b> |
|-------------------------------------------------|------|-------------|-------------|-----------------|
| Sales revenue                                   | \$m  | 829.2       | 468.6       | 76.9            |
| Total cash production costs                     | \$m  | (334.7)     | (306.6)     | (9.2)           |
| Depreciation and amortisation                   | \$m  | (64.0)      | (86.1)      | 25.7            |
| Inventory movements                             | \$m  | 27.7        | (9.5)       | 391.6           |
| Cost of goods sold                              | \$m  | (371.0)     | (402.2)     | 7.8             |
| Other costs <sup>1</sup>                        | \$m  | (22.5)      | (32.7)      | 31.2            |
| Impairment reversal (Cataby)                    | \$m  | 4.4         | -           | N/A             |
| EBIT                                            | \$m  | 440.1       | 33.7        | 1,205.9         |
| EBITDA                                          | \$m  | 499.7       | 119.8       | 317.1           |
| EBITDA/sales                                    | %    | 60.3        | 25.6        | 135.5           |
| Zircon                                          | kt   | 323.0       | 197.1       | 63.9            |
| Rutile                                          | kt   | 56.4        | 51.7        | 9.1             |
| Synthetic rutile                                | kt   | 285.7       | 347.5       | (17.8)          |
| Ilmenite                                        | kt   | 171.6       | 160.7       | 6.8             |
| Unit cash cost of production - zircon/rutile/SR | \$/t | 503         | 514         | 2.1             |

<sup>1</sup> Restructuring costs, Government royalties, marketing costs and asset sales  
Includes Western Australian production, as well as Jacinth-Ambrosia production from 1st half 2010

# Murray Basin

## 2011 versus 2010



|                                              |      | <b>2011</b> | <b>2010</b> | <b>% change</b> |
|----------------------------------------------|------|-------------|-------------|-----------------|
| Sales revenue                                | \$m  | 571.6       | 281.5       | 103.1           |
| Total cash production costs                  | \$m  | (239.8)     | (183.9)     | (30.4)          |
| Depreciation and amortisation                | \$m  | (147.4)     | (113.0)     | (30.4)          |
| Inventory movements                          | \$m  | 112.7       | 32.3        | 248.9           |
| Cost of goods sold                           | \$m  | (274.5)     | (264.6)     | (3.7)           |
| Other costs <sup>1</sup>                     | \$m  | (36.3)      | (16.0)      | (126.9)         |
| Impairment reversal                          | \$m  | 31.2        | -           | N/A             |
| EBIT                                         | \$m  | 292.0       | 0.9         | 32,344.4        |
| EBITDA                                       | \$m  | 408.2       | 113.9       | 258.5           |
| EBITDA/sales                                 | %    | 71.4        | 40.5        | 76.3            |
| Zircon                                       | kt   | 218.2       | 157.6       | 38.5            |
| Rutile                                       | kt   | 224.9       | 198.4       | 13.4            |
| Ilmenite                                     | kt   | 99.5        | 56.8        | 75.2            |
| Unit cash cost of production - zircon/rutile | \$/t | 541         | 517         | (4.8)           |

<sup>1</sup> Restructuring costs, Government royalties, marketing costs and asset sales

# US Operations

## 2011 versus 2010

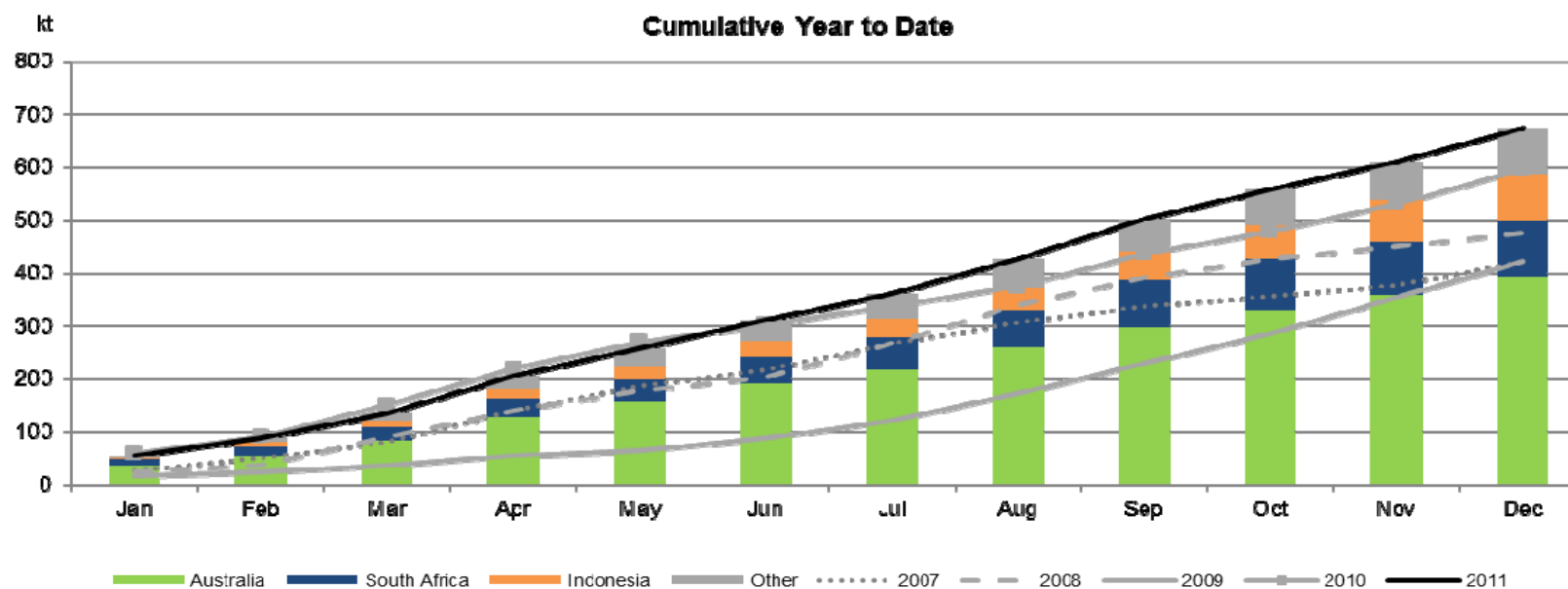


|                               |     | <b>2011</b> | <b>2010</b> | <b>% change</b> |
|-------------------------------|-----|-------------|-------------|-----------------|
| Sales revenue                 | \$m | 135.9       | 124.3       | 9.4             |
| Total cash production costs   | \$m | (54.4)      | (53.3)      | (2.1)           |
| Depreciation and amortisation | \$m | (10.4)      | (17.0)      | 38.8            |
| Inventory movements           | \$m | 7.3         | (25.7)      | 128.4           |
| Cost of goods sold            | \$m | (57.5)      | (96.0)      | 40.1            |
| Other costs <sup>1</sup>      | \$m | (36.9)      | (5.1)       | (623.5)         |
| EBIT                          | \$m | 41.5        | 23.2        | 79.1            |
| EBITDA                        | \$m | 51.9        | 40.2        | 29.2            |
| EBITDA/sales                  | %   | 38.2        | 32.3        | 18.3            |
| Zircon                        | kt  | 60.3        | 58.2        | 3.6             |
| Ilmenite                      | kt  | 288.1       | 251.5       | 14.6            |

<sup>1</sup> Restructuring costs, Government royalties, marketing costs and asset sales

# China Zircon Imports

Iluka Analysis of Chinese Import Data – to end December 2011



- Iluka estimates 2011 total China imports of zircon-sand equivalent material was
- ~ 673 thousand tonnes
- This compares with 2010 total imports estimated of 595 thousand tonnes (sand-equivalent).



# Iluka Resources Limited

**For further information, please contact:**

Robert Porter  
General Manager, Investor Relations  
[robert.porter@iluka.com](mailto:robert.porter@iluka.com)  
+61 3 9600 0807 / +61 (0) 407 391 829  
[www.iluka.com](http://www.iluka.com)

