Iluka Resources Limited

Bank of America Merrill Lynch Global Metals, Mining and Steel Conference

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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. Non-IFRS measures have not been subject to audit or review.

2011 – Key Features

- Group EBITDA ~$1.0bn, NPAT and FCF > $0.5bn, ROE > 40%
- Balance sheet = net cash
- 55 cents final dividend (fully franked); 75 cents for full year
  - pay out 53% of FCF vs target minimum of 40%
- 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

Zircon: Attributes and Applications

Opacity (whiteness)
high refractive index (zircon refracts/reflects white light well)

Resistant
water, chemical & abrasion resistance of glazes due to hardness of zircon

Opacifier in ceramics

floor & wall tiles | sanitary ware
table ware

Temperature stable
low thermal expansion coefficient, high thermal conductivity, high melting point

Non-wetability
against molten metals

Refractory and foundry

steel / glass production
casting of jet turbine engines

Low thermal neutron absorption
increases nuclear reactor efficiency

Inert
corrosion resistant

Zirconium and metal

nuclear reactor cores / rods
heat exchangers

Unique properties
compound derivatives of zircon suitable for diverse industrial and chemical applications

Zirconia & zirconium-based chemicals

refractories | pigments | abrasives
electronics | catalysts | fibre optics

Titanium Dioxide: Attributes and Applications

Opaque, white and bright
high refractive index (refracts & reflects white light)

UV protection
absorbs UV light energy (transfers to heat) – prevents fading, peeling,

Non toxic
safe for use in foods, cosmetics and pharmaceuticals

Pigment
paints & coatings
plastics | paper

High strength-to-weight ratio
strong as steel but 45% lighter, twice the strength of aluminium
important fuel efficiency benefit in aerospace applications

Corrosion resistant
forms an inert protective oxide coating
self repairs when mechanically damaged

Titanium metal
aircraft engines & airframes
military | chemical processing &
desalination plants |
medical sporting equipment

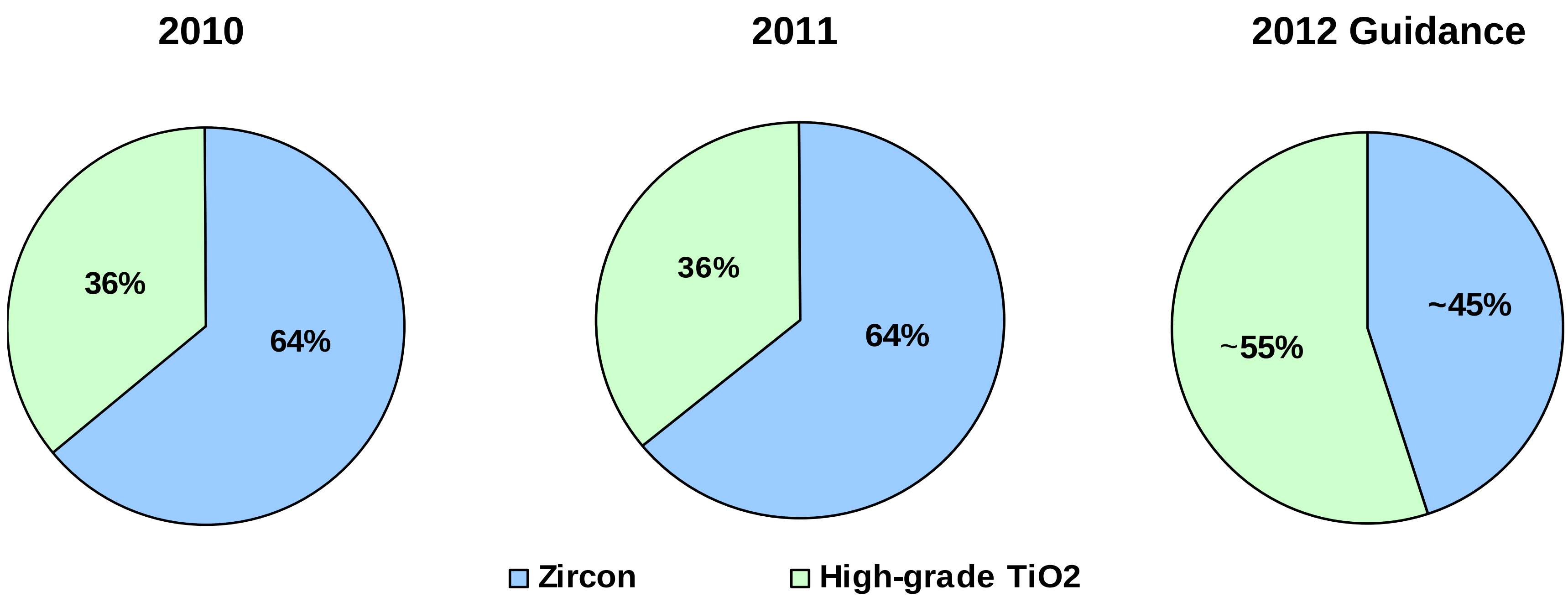
Slag formation
important constituent of welding to shape, hold and protect the weld pool from atmospheric conditions

Welding flux agent
ship building | fabrication

Nanoparticles
significant research into nanotechnology shows promising new applications for titanium dioxide

Nano materials
dye-sensitised solar cells
Arsenic removal in water treatment
cancer treatments | noise absorption

Balanced Product Revenue Mix



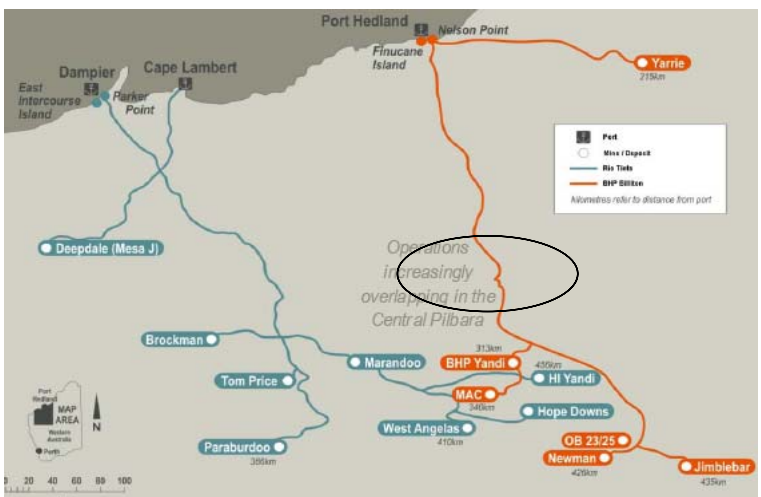
- Based on received 2010 and 2011 prices, 2012 sales guidance
- Assumes 2012 beginning prices for full year 2012
- Excludes revenue from ilmenite, by-products and Mining Area C

MAC Iron Ore Royalty

Background

- Mining Area C (MAC) covers part of BHP BIlliton's iron ore mining operations in WA's Pilbara region, operated by BHP (85%) under a JV with Itochu and Mistui
- In perpetuity royalty stream
- $88.5 million EBIT contribution in 2011

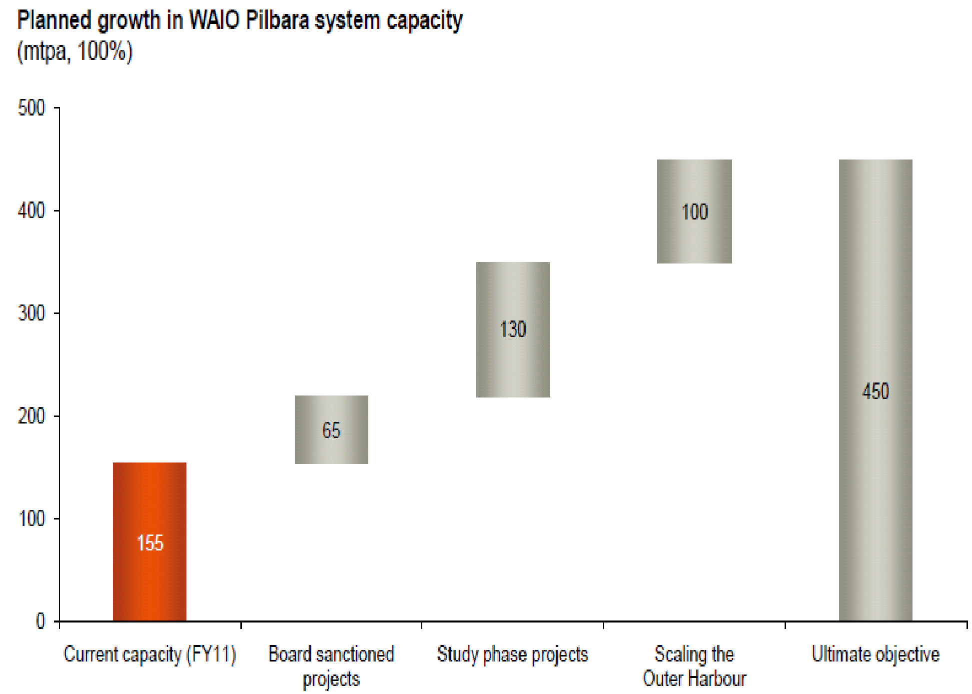
BHP and Rio Tinto Pilbara Iron Ore Operations



Source: BHP Billiton (May 2011)

Outlook

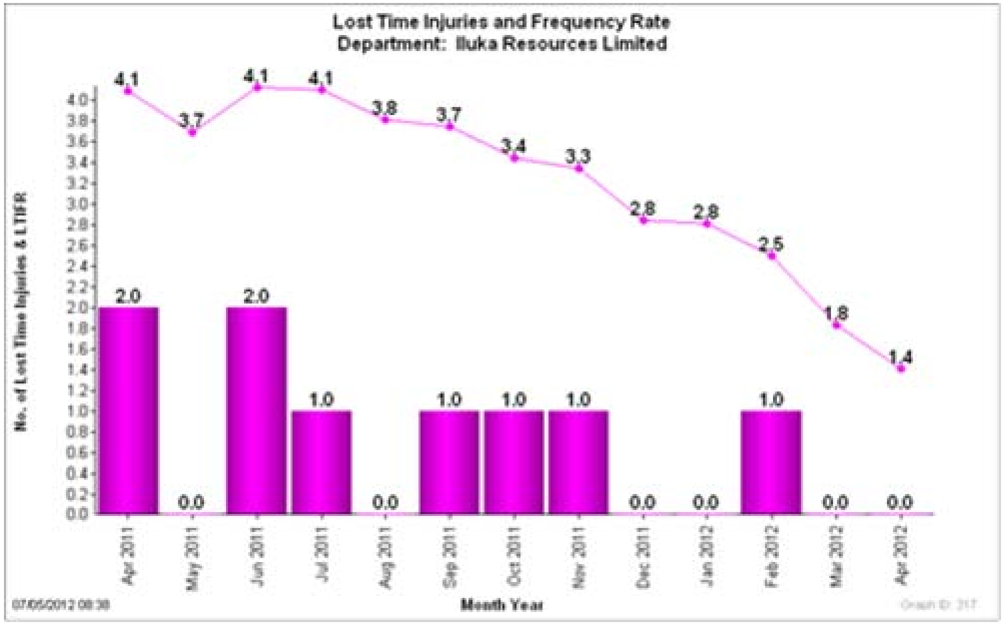
- BHP has stated intentions to increase total iron ore output from its WA Iron Ore Pilbara system to 450mtpa
- MAC is expected to be a significant proportion of this total increase

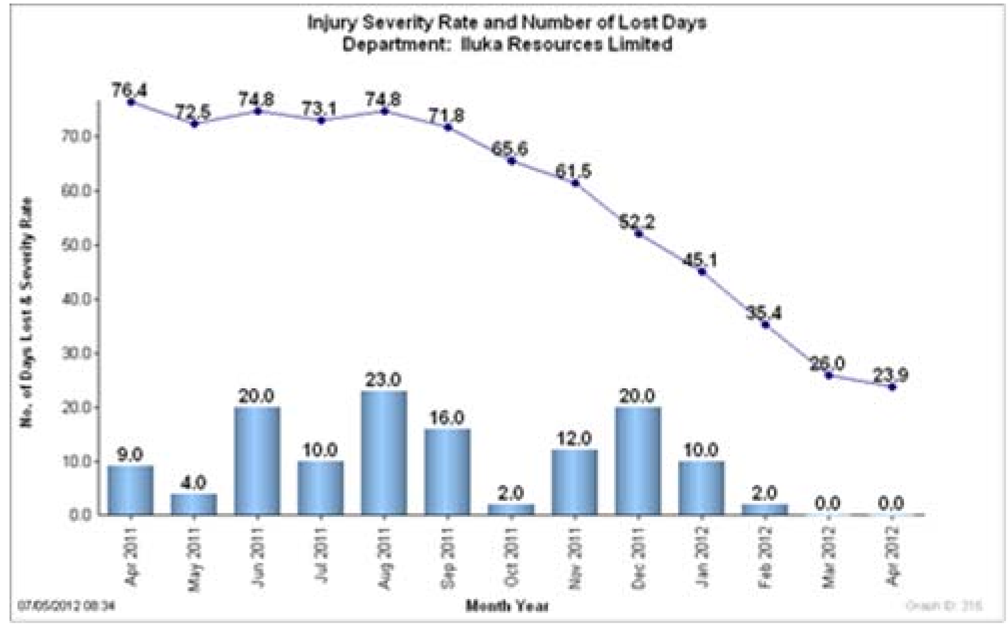


BHP forecasts demand for seaborne iron ore to rise to over 1200mt by 2015 and over 1800mt by 2025

Iluka Game Plan

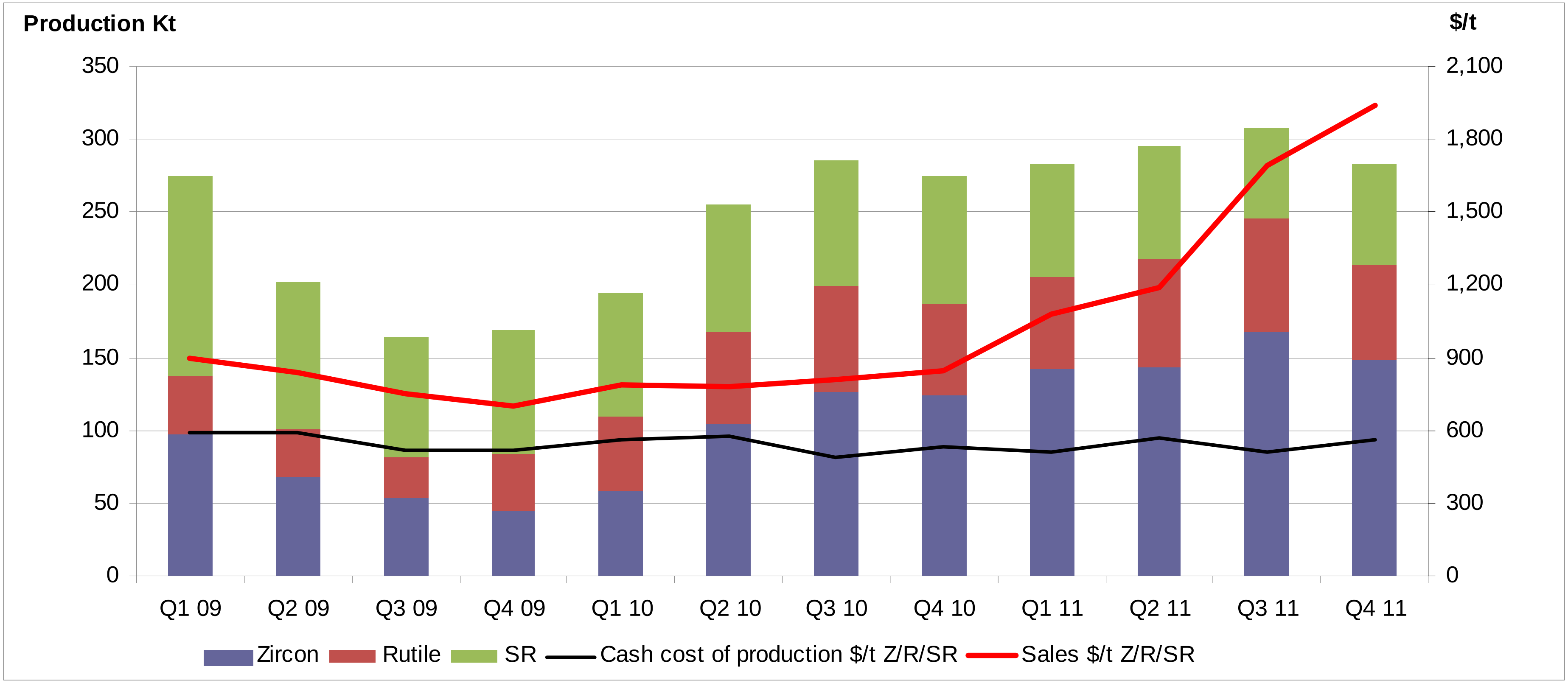
Sustainability
Safety





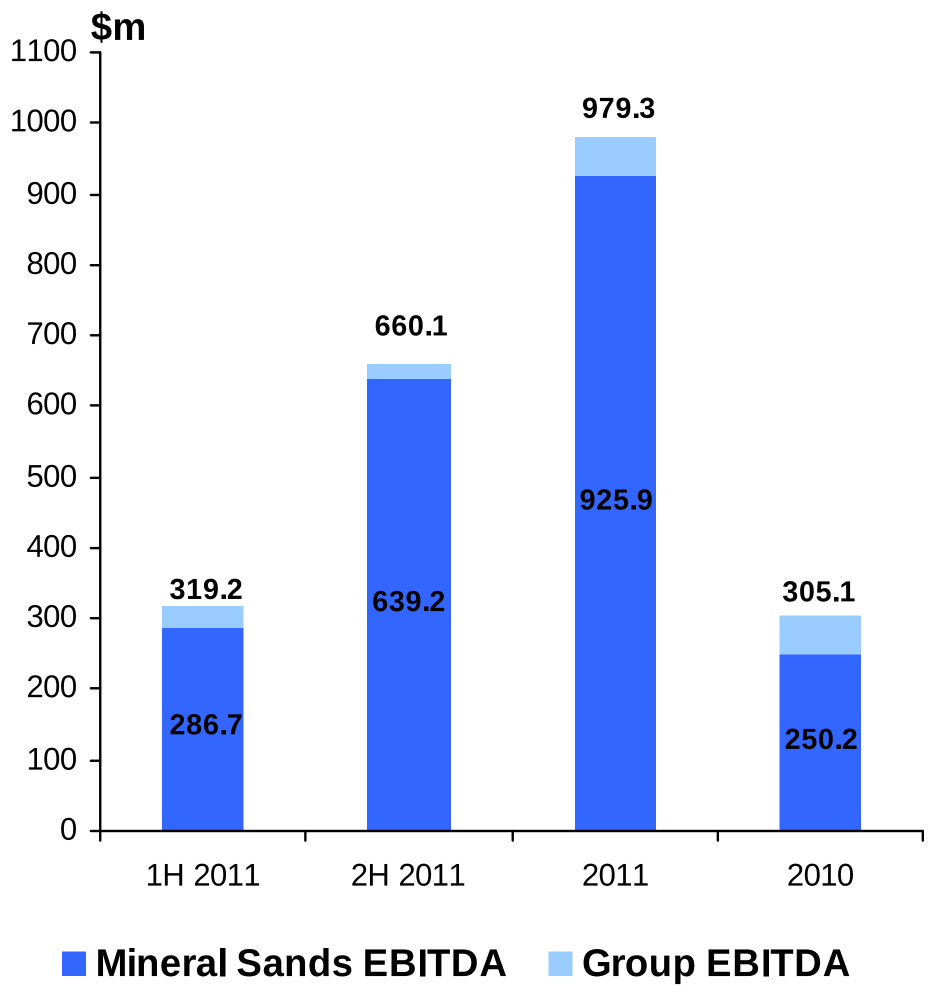
- LTIFR reduced by ~65%
- Severity reduced by ~70%

Volume and Margin Trend



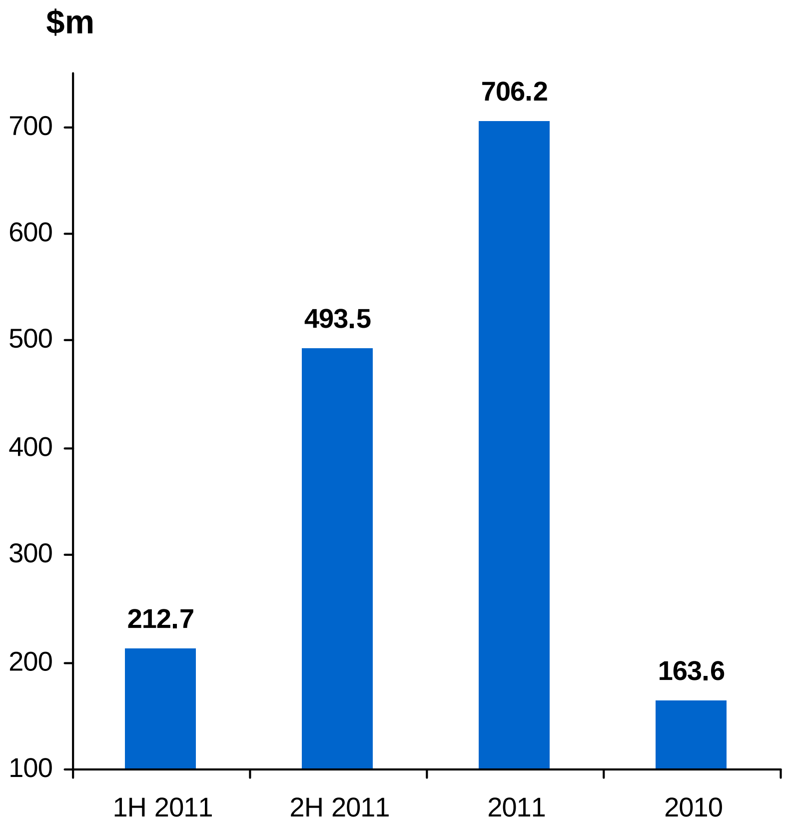
- 2011 EBITDA margin 65%
- 2011 unit revenue of $1,537/t Z/R/SR
- 2012 guidance
  - revenue ~$2300/t Z/R/SR
  - unit cash costs $700/t Z/R/SR

Mineral Sands and Group EBITDA



- Higher-margin Jacinth-Ambrosia and Murray Basin production
- Higher zircon and high-grade titanium dioxide prices
- Second half weighted

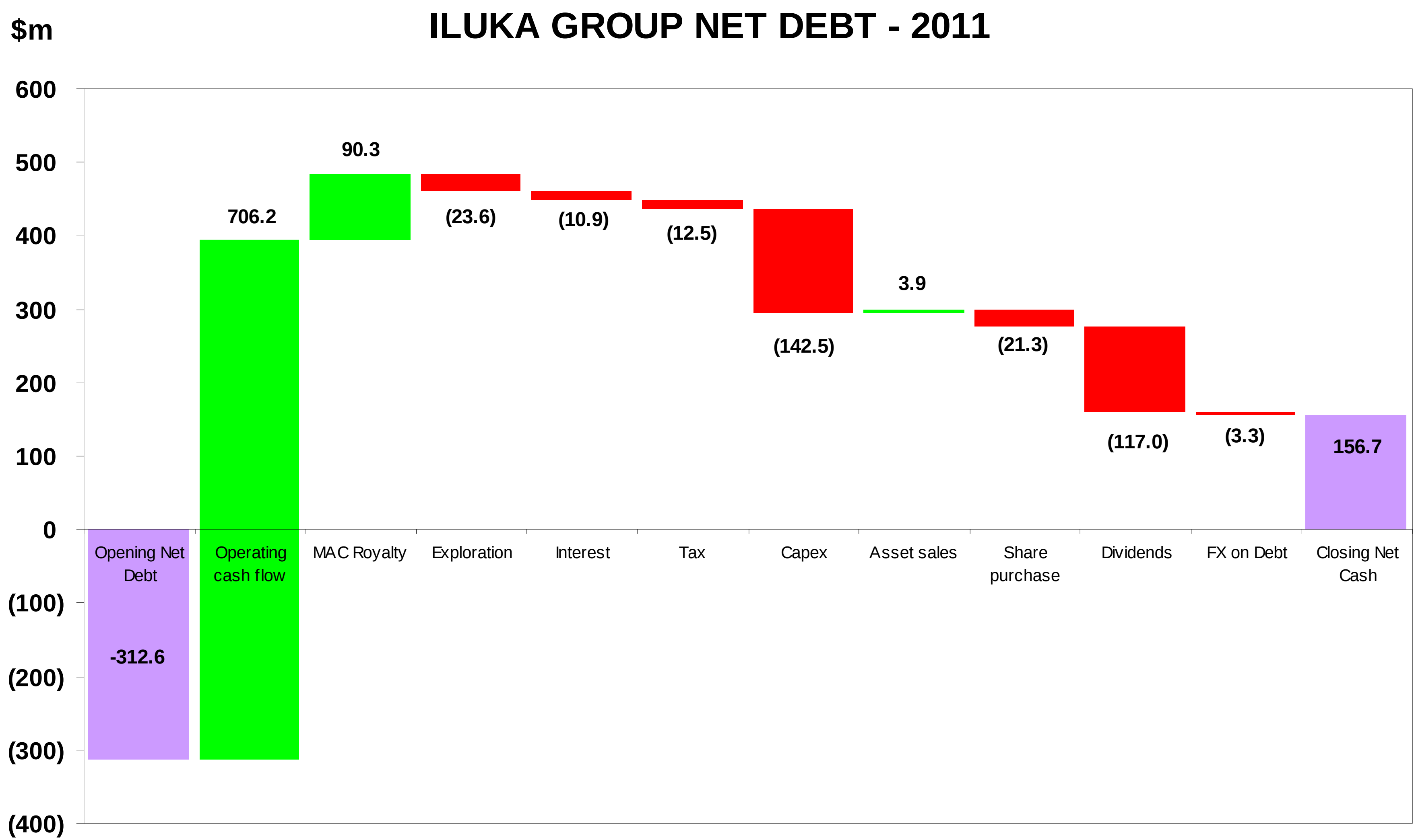
Operating Cash Flow



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 2010
  - higher receivables due to higher prices
  - higher inventory levels
  - just-in-time supply strategy

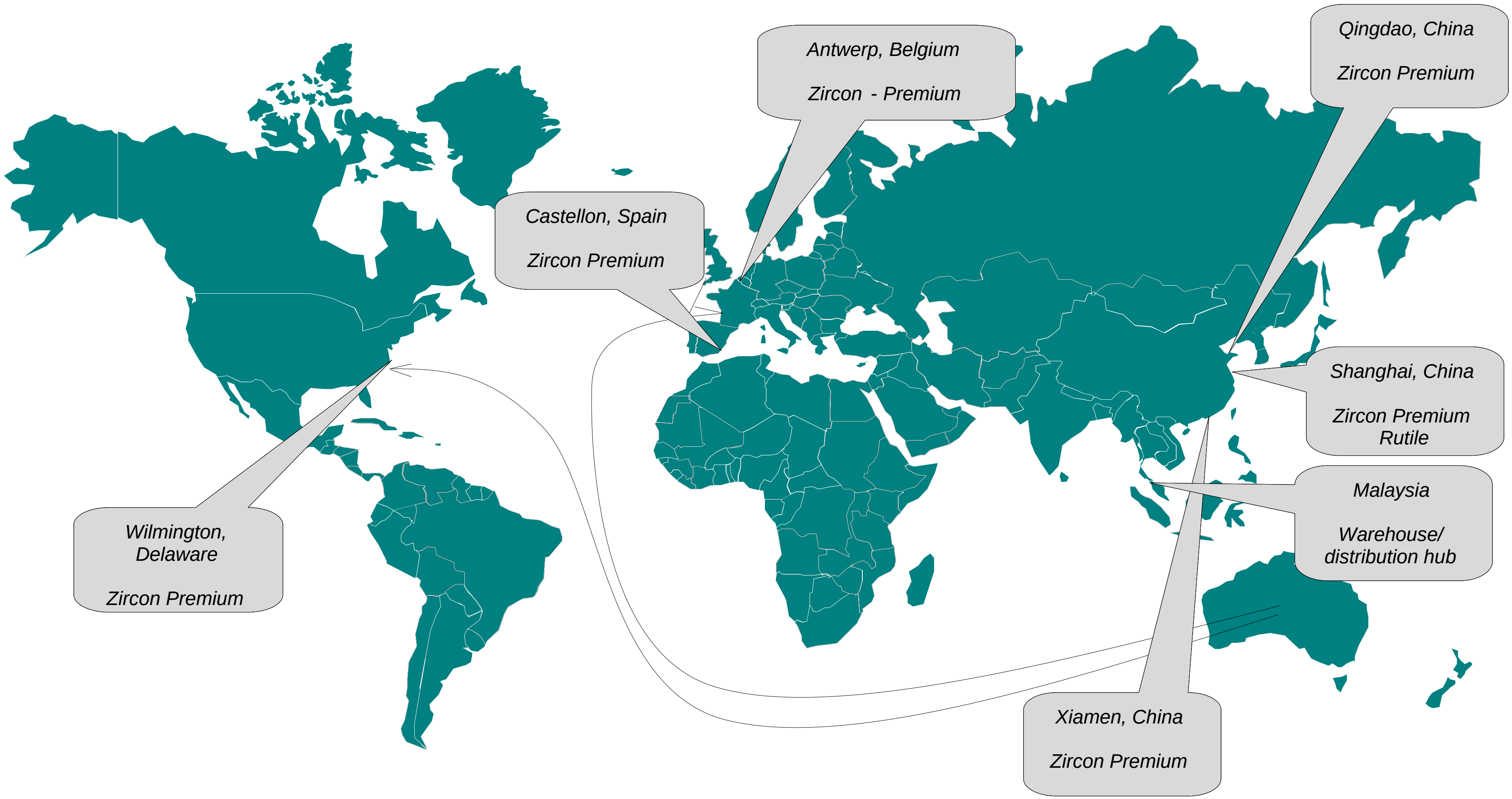
Net Debt to Net Cash Movement



Mineral Sands Market Characteristics

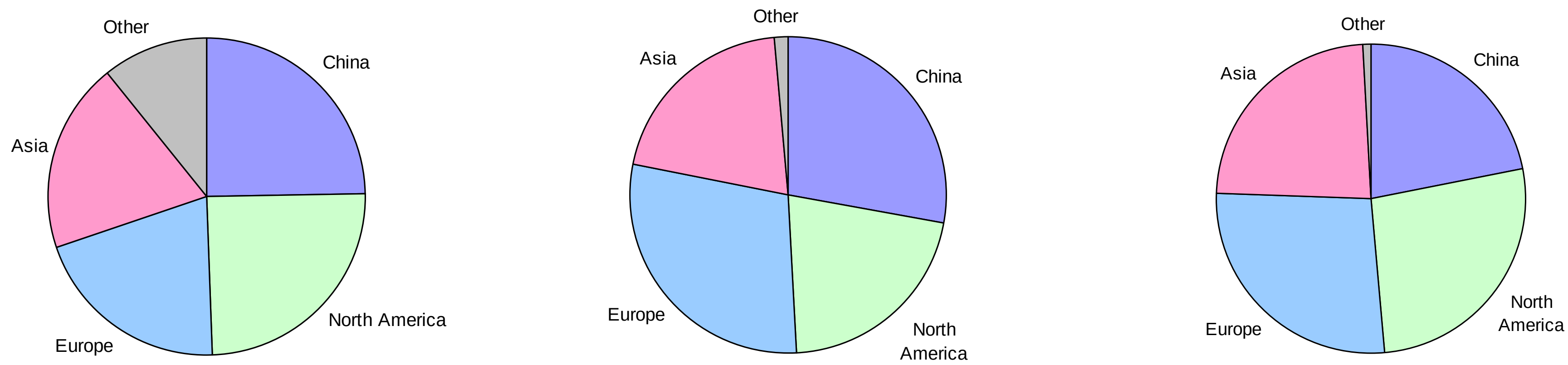
- Favourable medium-term supply/demand characteristics for both zircon and high-grade TiO_2
- Market characteristics not immune to global macro-economic factors
  - economic growth, consumer spending, business confidence, credit availability
- Physically small, volatile, direct supplied markets – inventory effects vs underlying demand
- Global supply flows – logistics and supply reliability/security are important
- No significant discoveries since 2004, no equivalent replacements for industry mainstays
- Few high-quality, capital-efficient, quick-response industry supply options
  - most projects in early feasibility phase rather than commitment stage
  - typically long lead times, increasing resource nationalism risks
  - technical risk in project execution, commissioning, ramp-up and product acceptability

Marketing and Supply Evolution



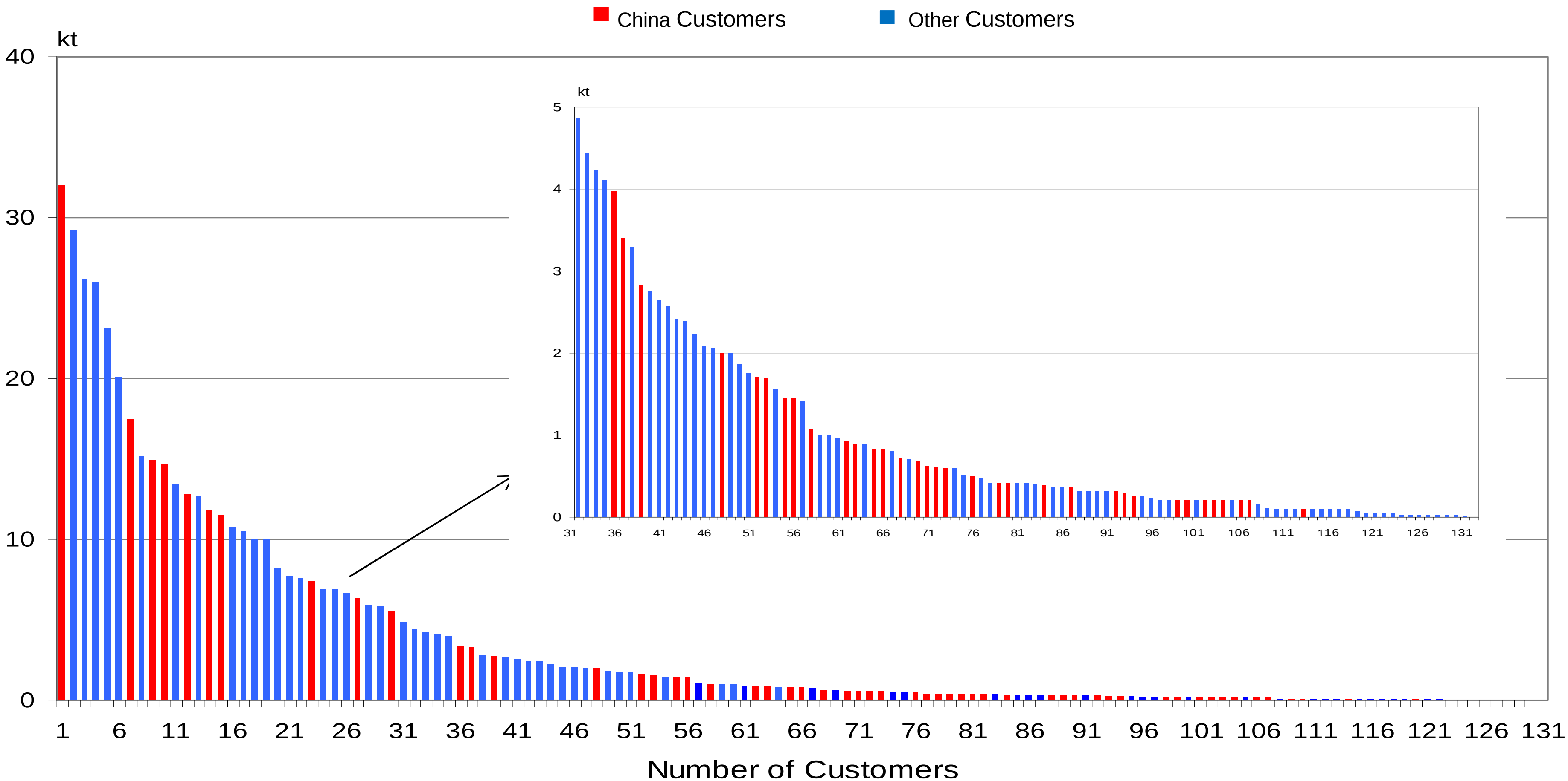
Balanced Geographic Revenue Mix

2010 **2011** **2012 (Guidance)**

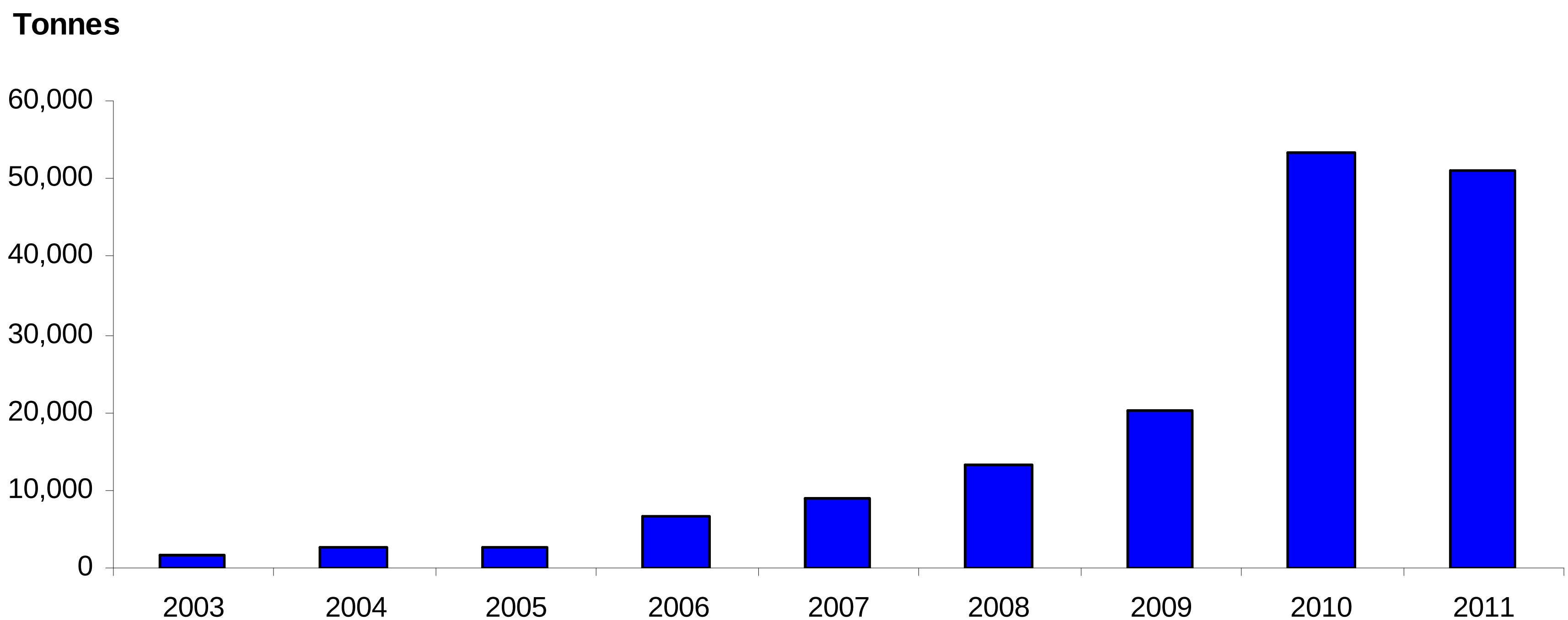


Regional %	2010	2011	2012 Guidance
China	25	28	22
North America	25	21	27
Europe	20	29	27
Asia (other)	19	21	23
Other	11	1	1

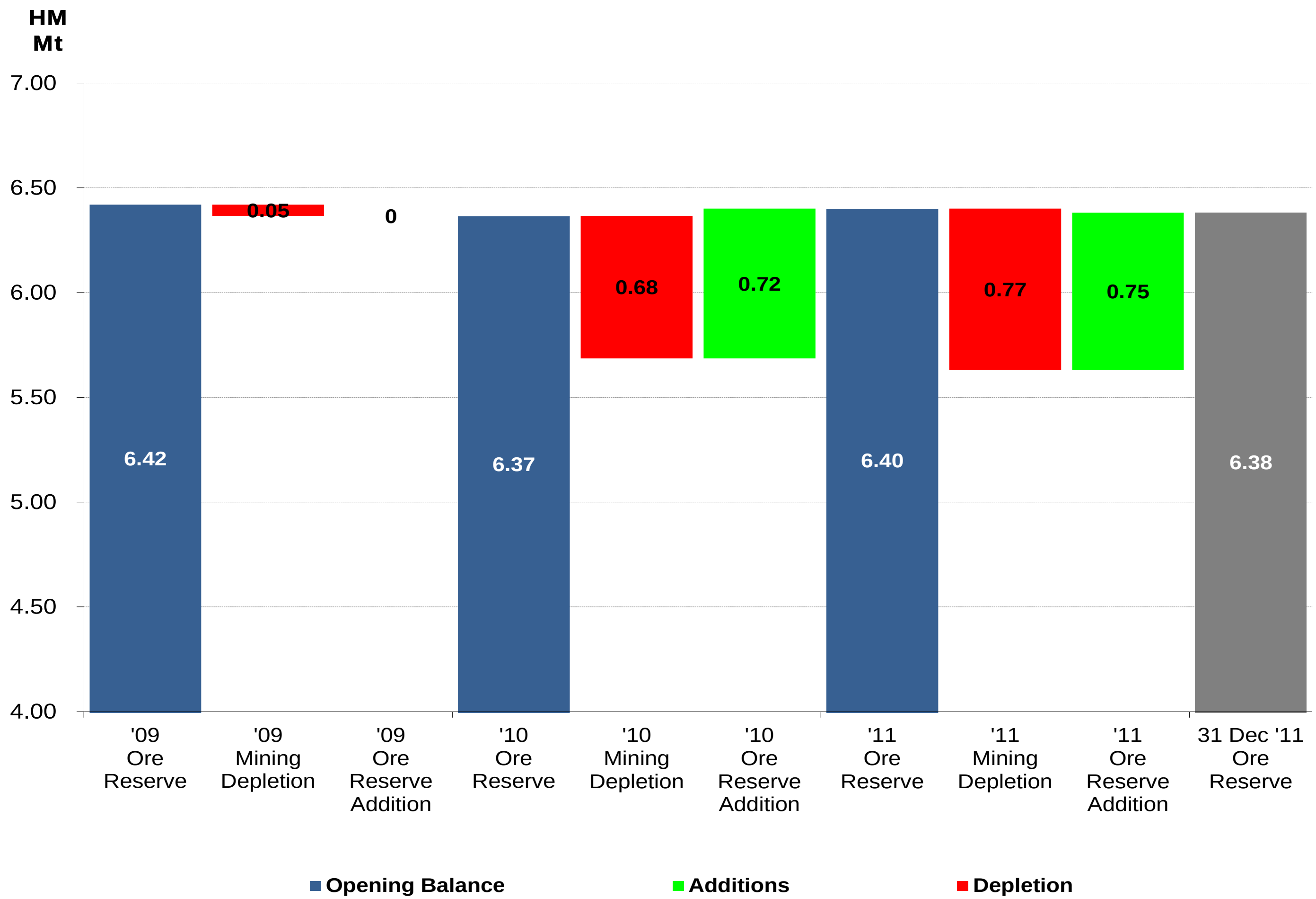
Iluka Zircon Customers - 2011



India and Middle East Zircon Sales



Jacinth-Ambrosia Ore Reserve Changes



Refer to Iluka Resources Limited, Iluka Review 2011, page 43-45

Zircon Market Conditions

- Soft demand period
  - evidence of demand recovery across markets
  - Europe remains subdued but customer sand stocks almost exhausted

- Iluka has flexed production in line with demand and will hold inventory as needed
  - inventory held close to customers

- Prices holding
  - end 2011 prices ~US$2400/tonne
  - 1Q12 prices up ~US$100/tonne
  - 2Q12 prices rolled over
  - minor supplier/spot prices have moved up

- Major customers supportive of Iluka's approach
  - direct customers now holding low inventory levels of opacifier
  - bulk order interest resuming

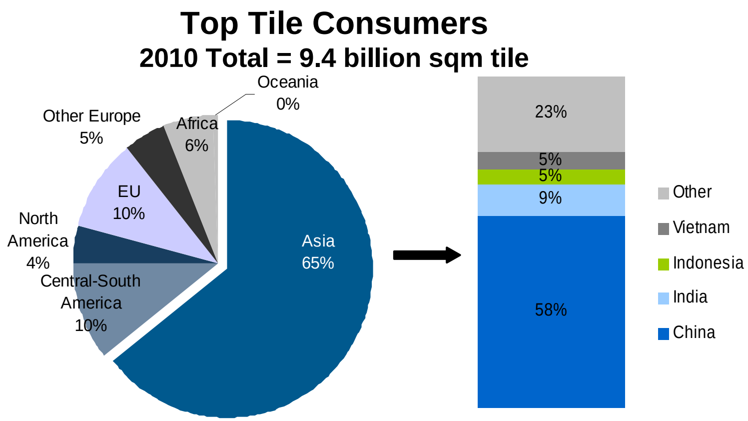
- Tile producers under inventory and margin pressure --> technology, thrifting

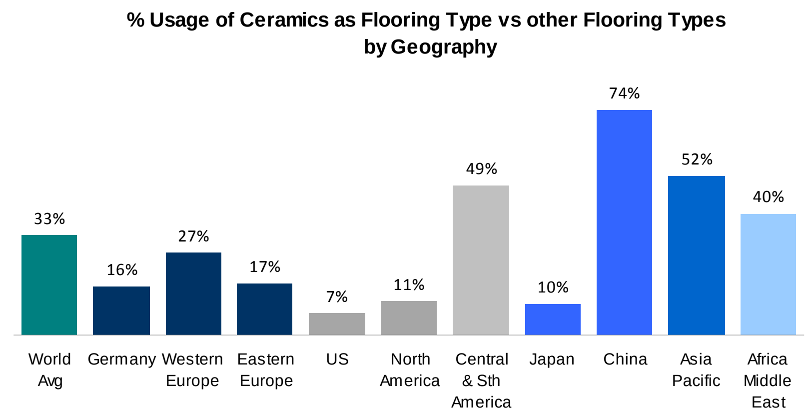
- Iluka remains confident about medium term demand fundamentals

Zircon - Favourable Long Term Dynamics

Developing Economies >80% of Tile Market

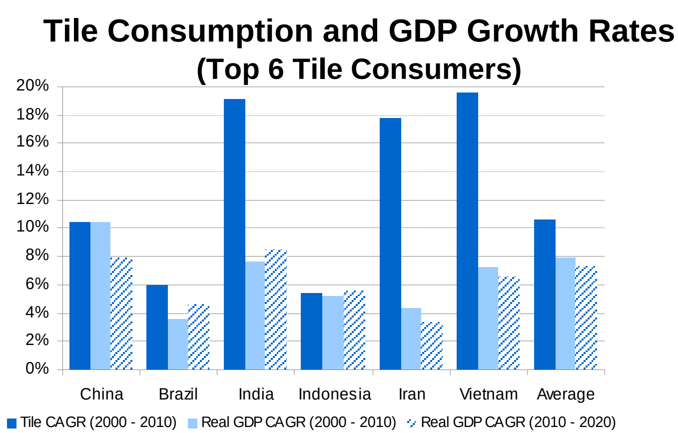
Developing Economies Higher Usage (Intensity) of Tiles

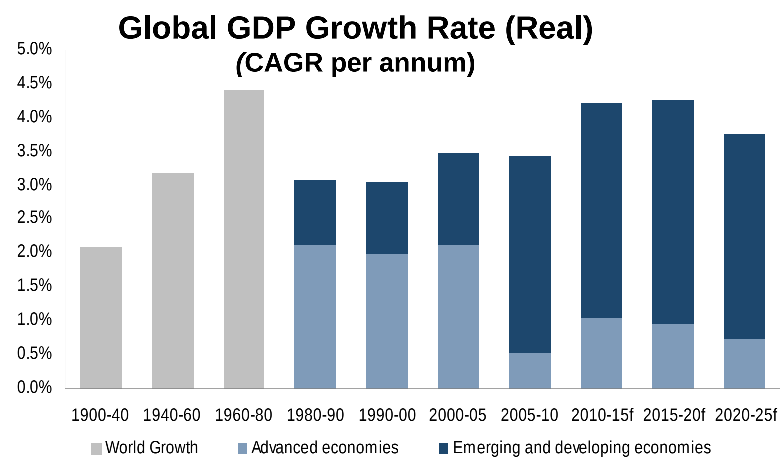




Developing Economies Higher GDP Growth

Developing Economies ↑ Proportion of Global GDP Growth

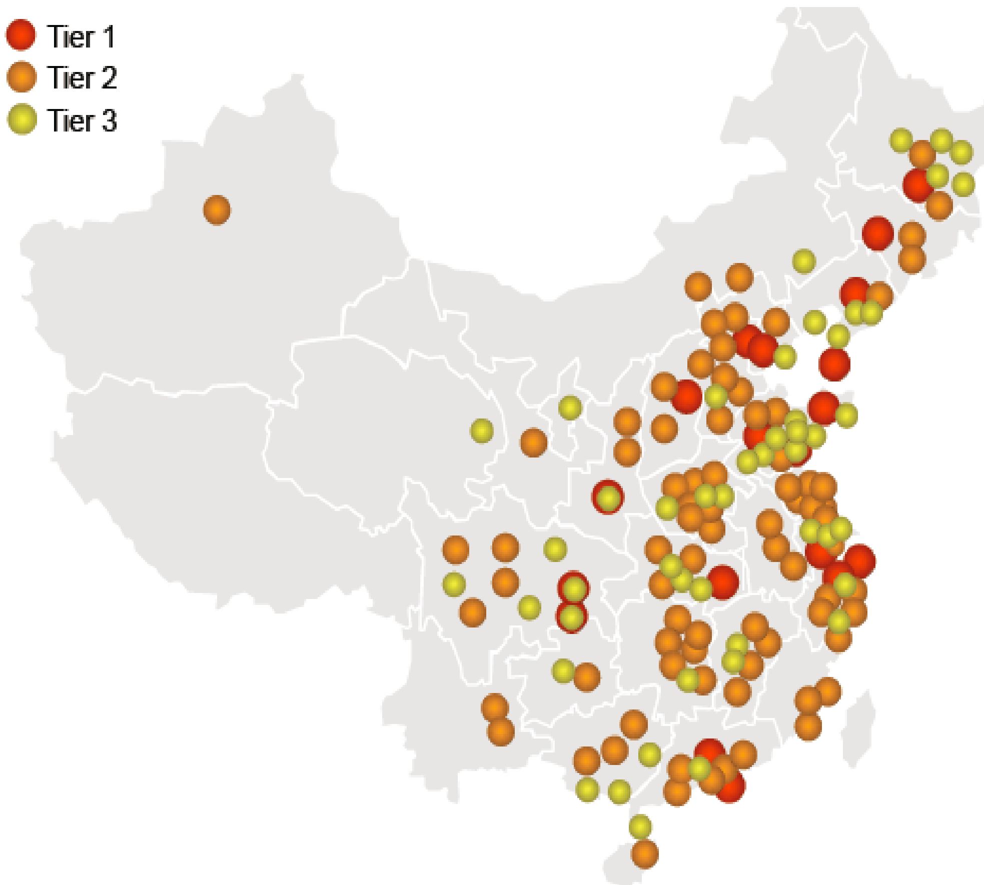




Source: Data for charts sourced from Maddison, IMF, Ceramic World Review, Global Insight

China Urbanisation

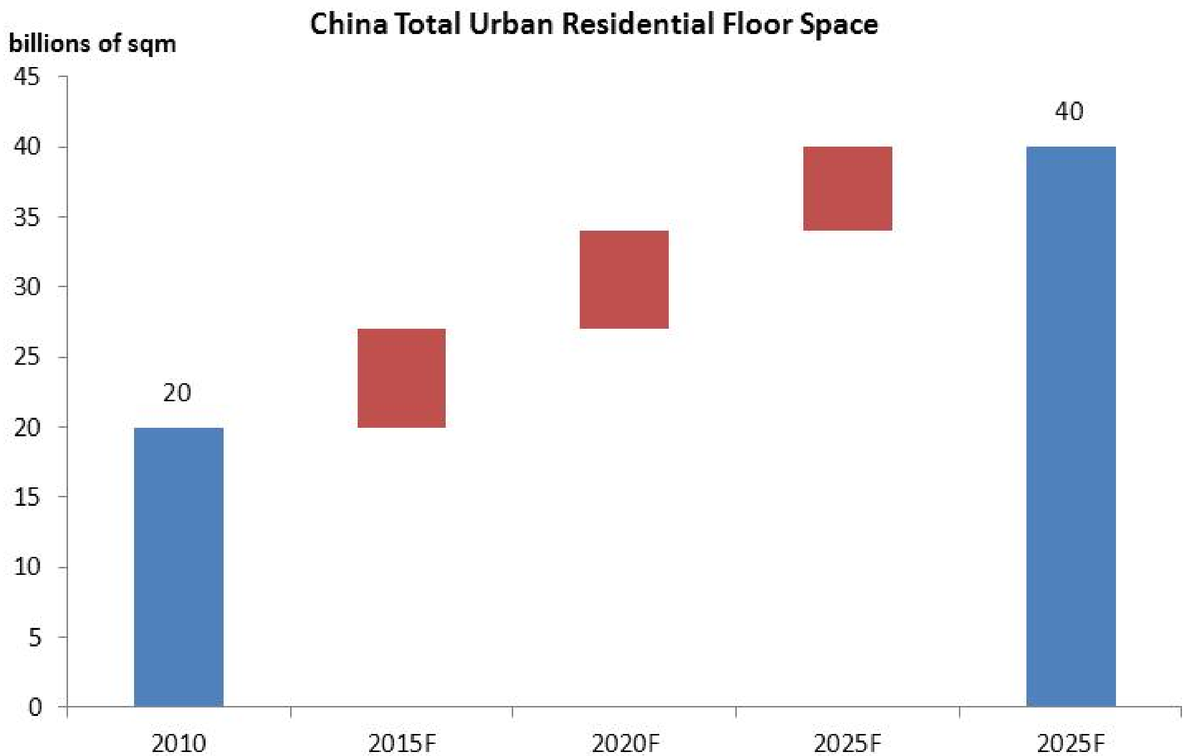
China's tiered City Structure: 2005 - 2025



- 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

Source: McKinsey & Company (2010), and CIA (2011)

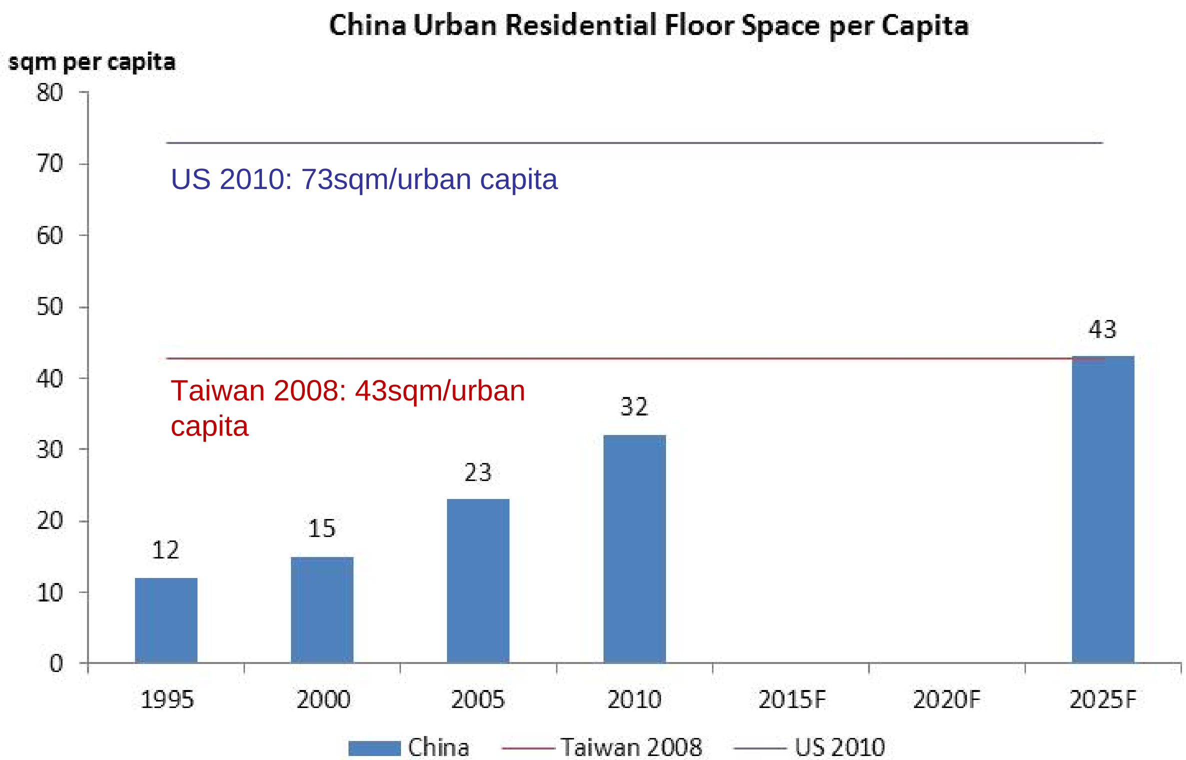
China Total Floor Space



- 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

Source: Global Insight (2011), BHP (2011), RBS (2012)

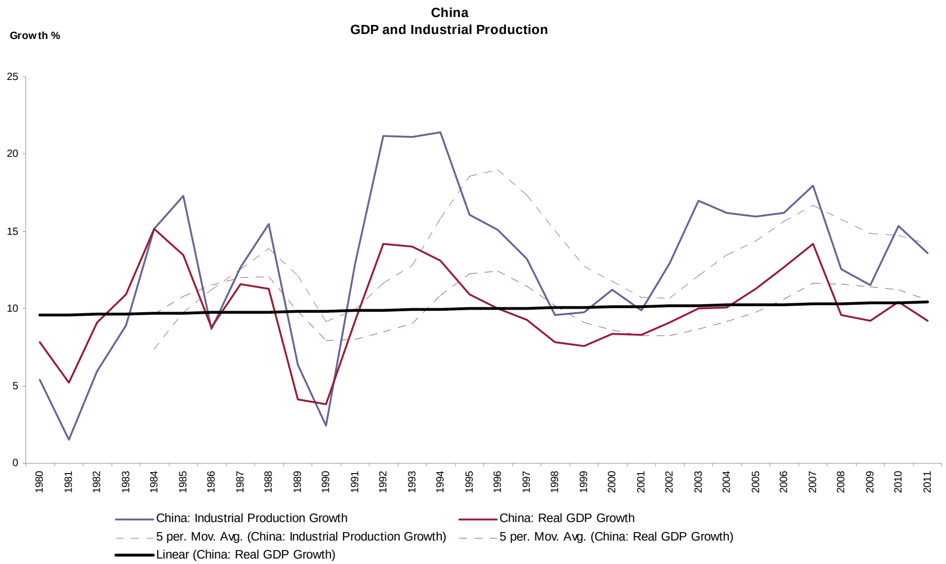
China Urban Floor Space per Capita

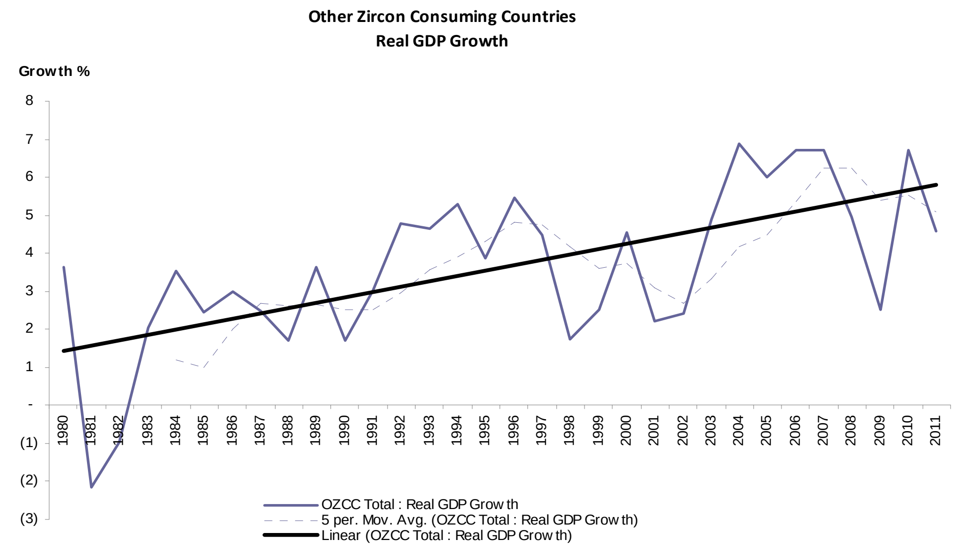


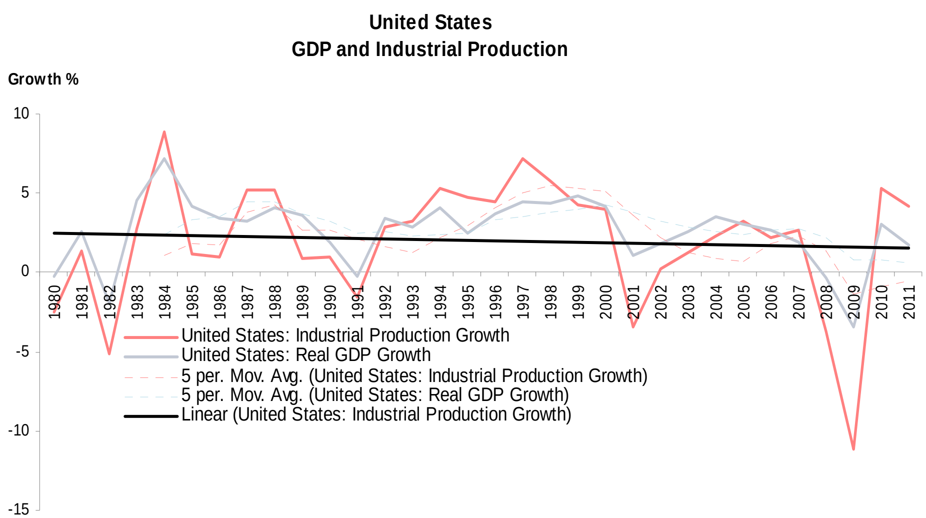
- Although total urban residential floor space may double by 2025, China urban residential floor space per capita will still be low
- By 2025, China urban residential floor space per capita will be equivalent to:
  - Taiwan in 2008
  - 60% of US in 2010

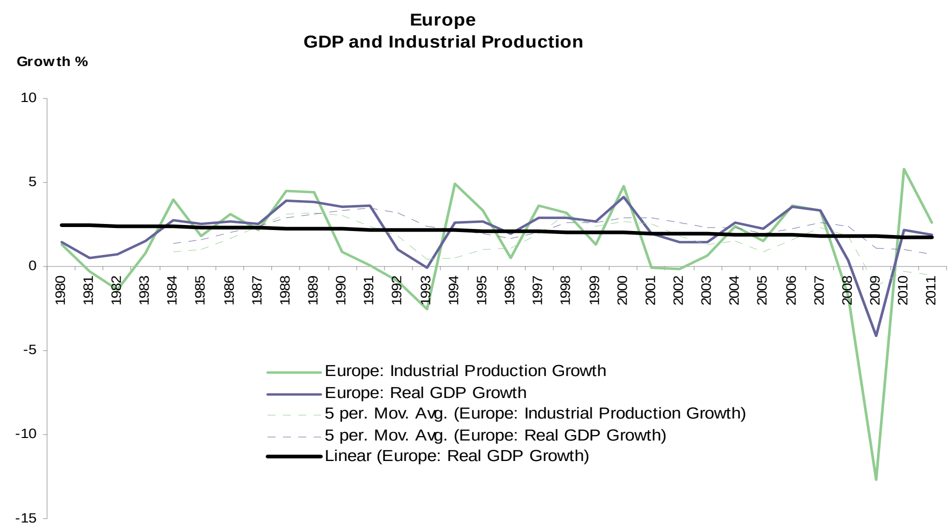
Source: McKinsey & Company(2010), NBS (2011), BHP (2011)

Short Term Cycles versus Long Term Trend



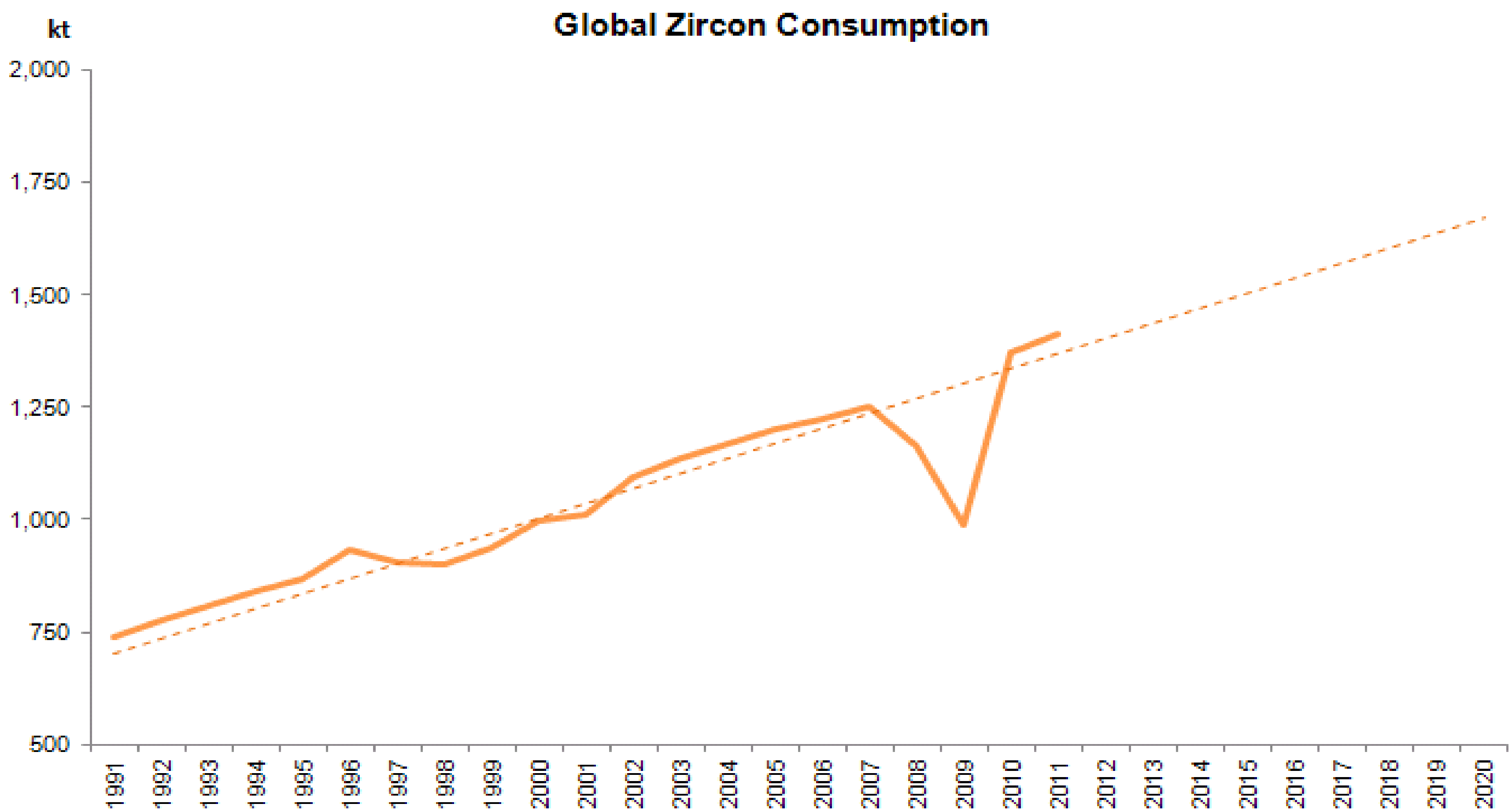






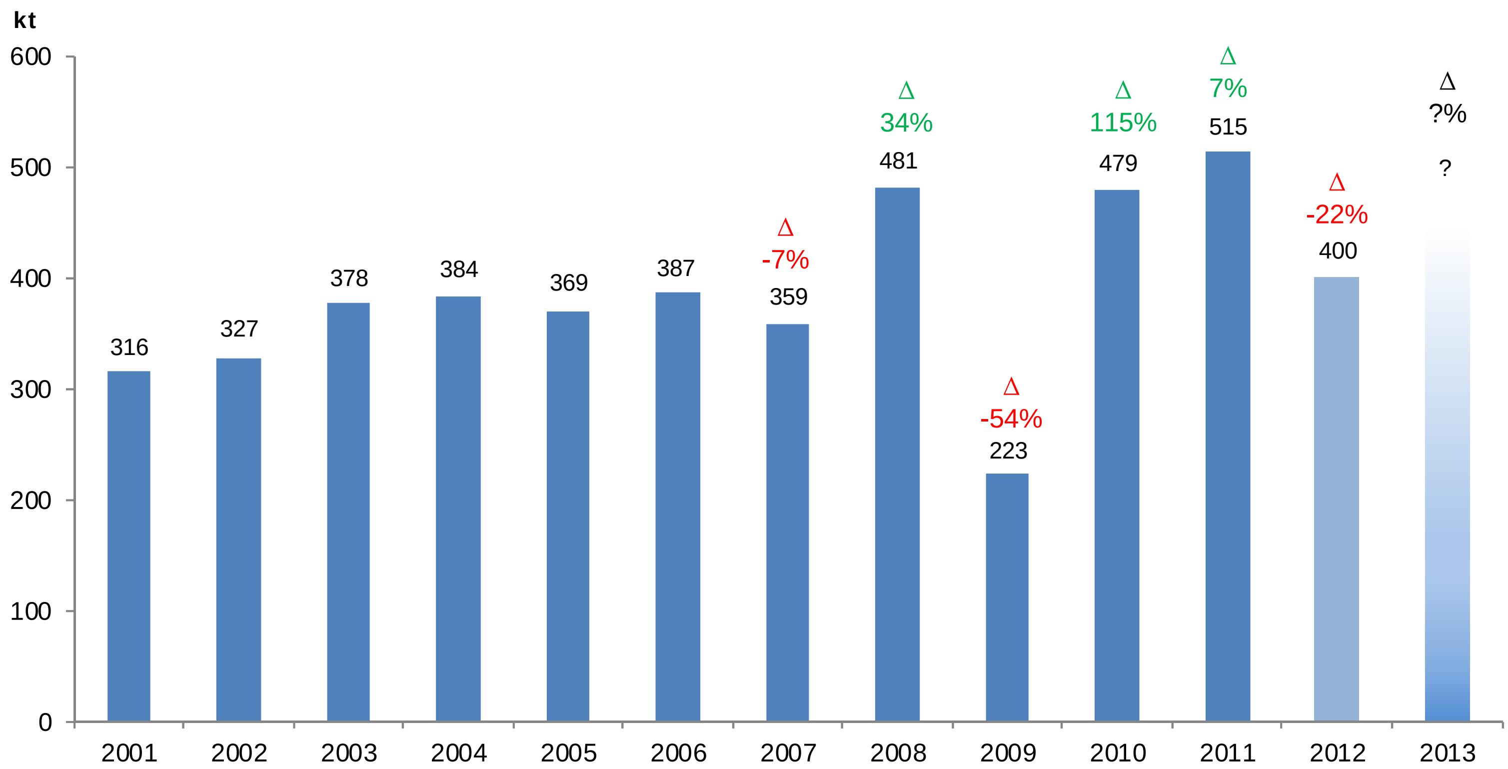
Source: Global Insight

Global Zircon Consumption



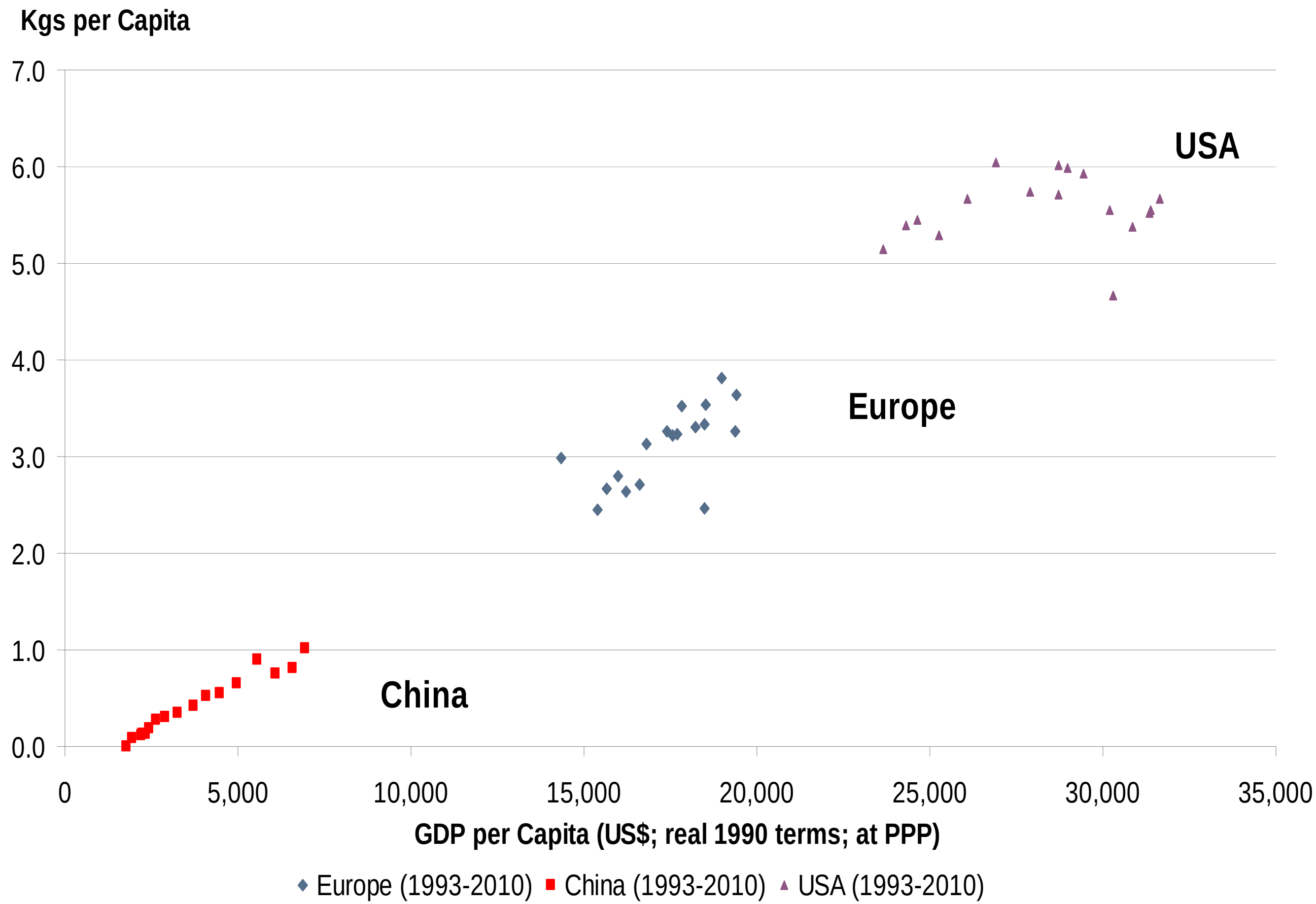
Source: TZMI, Iluka

Zircon Sales



Source: TZMI, Iluka. Iluka sales exclude CRL.

Pigment Demand Intensity - Linked to GDP Growth



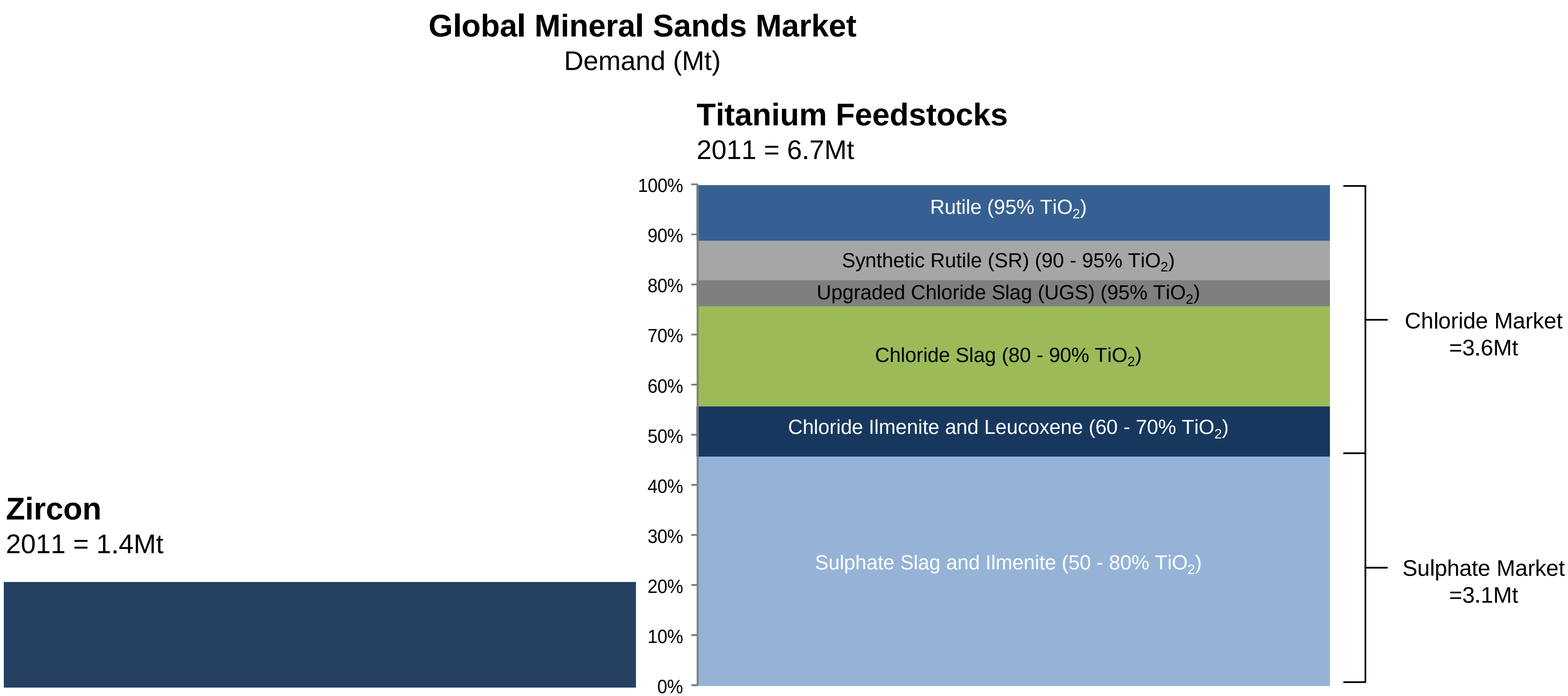
- Developing countries' intensity of pigment use (pigment per person) is expected to grow with rising living standards (GDP/capita)
- Developed countries show an intensity of pigment use ~1.5 – 4kg per person. This level of pigment use in China would be a significant increase from current levels – less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

Source: Goldman Sachs Research estimates

Titanium Dioxide Market Conditions

- Evidence of sustained feedstock cost flow through
  - next challenge further downstream (e.g. paint manufacturers/retailers)
  - painting season impact in 2Q/3Q 2012
- First half prices ~US$2400/tonne for rutile, ~US$2050/tonne for synthetic rutile
  - spot prices above these levels in niche markets
  - many competitor legacy/emergent contracts below these levels still
- Chloride vs sulphate margins shifting, dependent on supply position
  - strong ilmenite prices
  - new Iluka SR products + more on way = processing + marketing flexibility
  - balance between contract flexibility and supply/offtake security
- 2nd synthetic rutile kiln re-activated, 3rd planned for Q4 2012
  - options for 4th kiln reactivation under consideration

Mineral Sands – Principal Product Streams



Source: TZMI

Enhanced Production Project

ILUKA

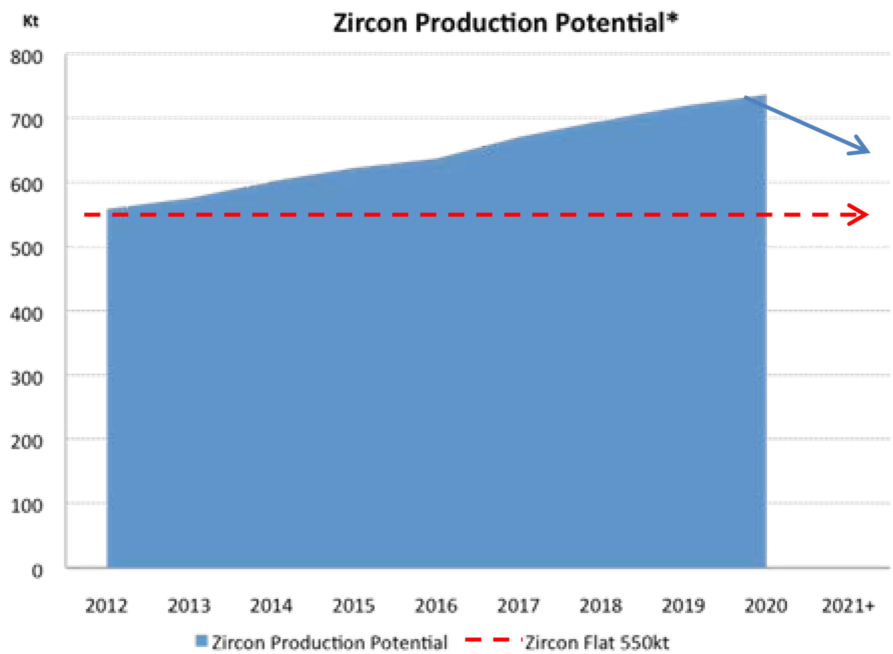
- Multiple organic production enhancement options
  - extensive and, in aggregate, significant
  - predominantly brownfield opportunities
  - all located in Australia or United States

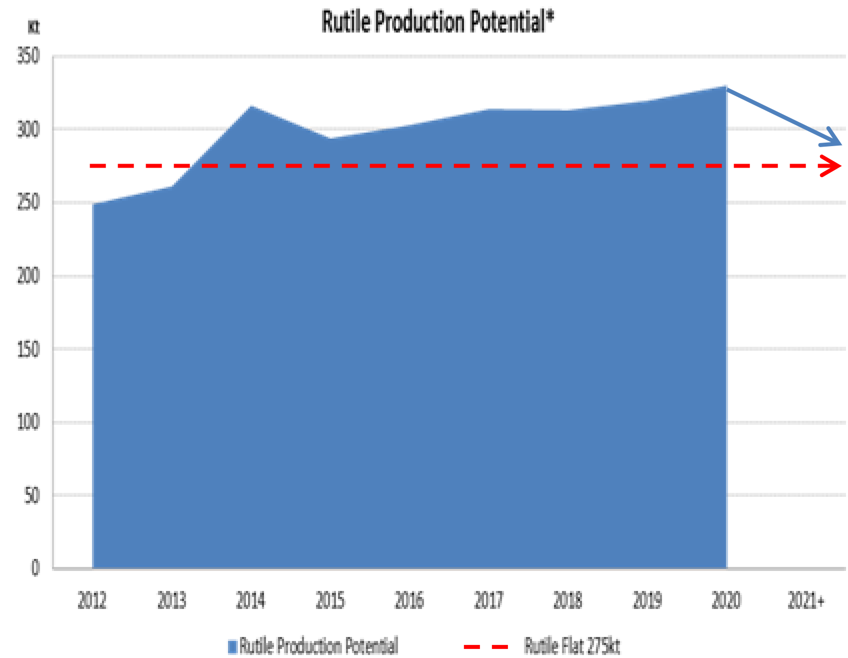
- Several large projects in PFS/DFS progressing well
  - Balranald, Cataby, Aurelian

- Scoping studies for Eucla Basin "hub" deposits
  - Atacama, Typhoon, Tripitaka (and now potentially Sonoran)
  - project to investigate the expansion of concentrator capacity for Eucla Basin

- Aurelian Springs project, near Virginia operations, in fast track PFS
  - chloride ilmenite project
  - potential economic life of ~10 years

Enhanced Production Potential





- Potential to increase production and/or extend current production levels significantly

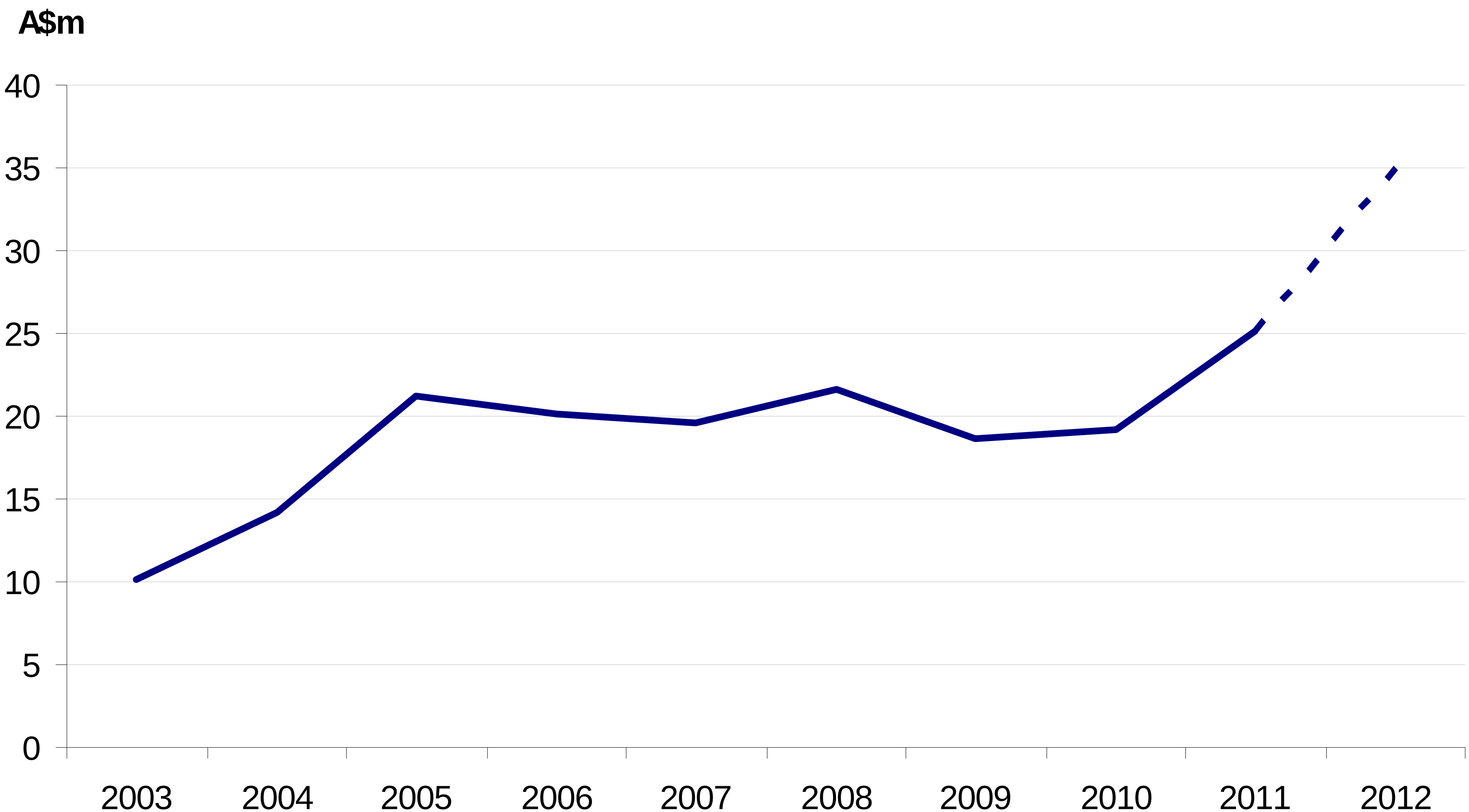
Subject to caveats and disclaimers detailed on slide 2 and in November 2011 Mineral Sands presentation

* 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.

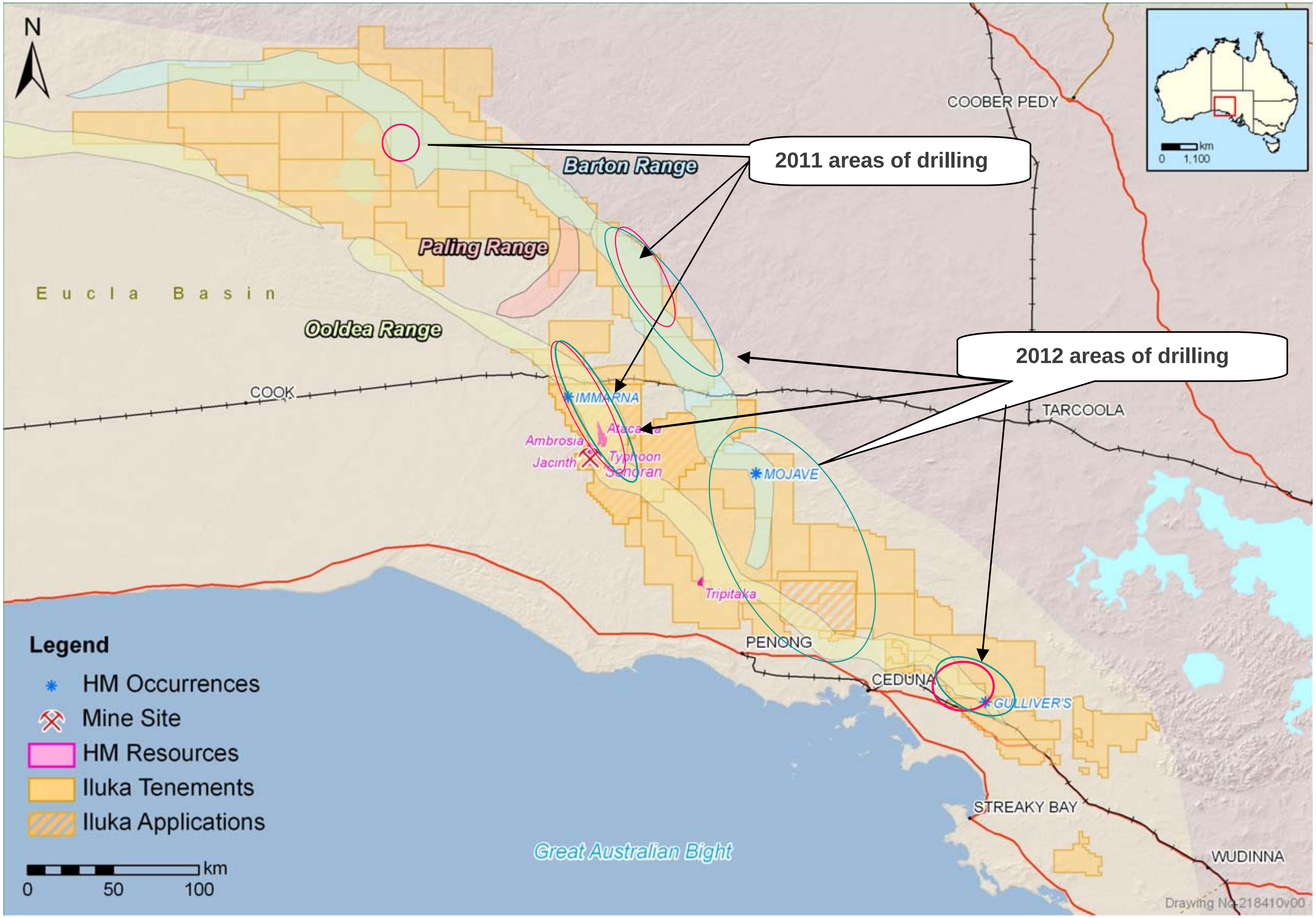
Murray Basin Mine Move

- Concentrate produced ahead of schedule, cost in line with budget
- Rutile dominant deposit; ilmenite stream expected to be commercialised

Exploration Expenditure



Exploration Focus Areas – South Australia



2012 Areas of Focus

ILUKA

- Operate safely and in a sustainable manner
- Navigate short-term market volatility
  - defend margins, capture opportunities
- 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
  - security, consistency, fast response
  - 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


Iluka Resources Limited

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