Australian Securities Exchange Notice

5 August 2013

ACQUISITION OF SRI LANKAN TENEMENT AND HEAVY MINERAL RESOURCE BASE

Iluka Resources Limited (Iluka) announces that it has been granted four exploration tenements and has agreed to acquire, pursuant to conditional binding term sheets, all the issued capital of PKD Resources (Pvt) Ltd (PKD) the holder of an additional exploration tenement, all of which are located near the city of Puttalam in the North Western Province of Sri Lanka and cover an aggregate area of 146 square kilometres (Figure 1).

The tenements contain large, mineral sand resources of 689 million tonnes of material at an average Heavy Mineral (HM) grade of 8.2 per cent for 56 million tonnes of HM, using a lower cut-off of 3 per cent HM. The quoted resources include 37 million tonnes of ilmenite (predominantly sulphate), 2.0 million tonnes of rutile and 1.9 million tonnes of zircon (Appendix 1, Mineral Resource Statement). This compares with Iluka's total resource inventory at the end of 2012 of 1.9 billion tonnes of material at an average HM grade of 6.5 per cent for 122 million tonnes of HM (refer Iluka Review 2012). It should be noted that the Sri Lanka resource estimates are based on a 100 per cent ownership basis which applies to the exploration stage. The Sri Lankan Exchange Control Act currently limits the percentage holding of a foreign entity in a Sri Lankan mining company to 40 per cent, although approval for up to 100 per cent may be granted. In addition, current Sri Lankan Government policy also requires some form of downstream processing before a mining licence will be granted. The nature of this requirement will be clarified with the Sri Lankan Government in due course.

Iluka intends to undertake feasibility work towards developing these resources.

Rationale for Acquisition

The tenement and associated resource base to be acquired by Iluka, upon satisfaction of certain conditions, is being pursued for the following reasons:

- the acquisition of a large, long life sulphate ilmenite deposit advances Iluka's strategy to augment its traditional chloride titanium dioxide business model - of supplying high grade feedstocks to the chloride pigment market - with the capability to also serve the sulphate pigment market, including sulphate pigment making capacity in China. Provisional indications suggest there is potential for the ilmenite to be upgraded to high grade feedstock for both the sulphate and chloride markets through the titanium slag process. The company's research and development work on Acid Soluble Synthetic Rutile - a potential high grade feedstock to the sulphate pigment sector - and its recent sales of part of the primary ilmenite stream from the Murray Basin operations into the sulphate pigment market, are other components of this strategy; and
- this resource will represent the single largest HM resource in Iluka's inventory, and it is considered highly competitive in terms of scale and grade. This provides the opportunity for a long life, material production base with mining extensions and/or expansions possible.

While subject to feasibility study work and all necessary Sri Lankan regulatory and Iluka approvals, it is expected that the deposit located on this tenement may in due course deliver a capital-efficient, financially attractive investment opportunity for shareholders.

Description of Tenements and Resources

Exploration Licences 233, 234, 235 and 245 were recently awarded to Iluka following application in 2012.

Exploration Licence 170 is to be acquired by Iluka, pursuant to conditional binding term sheets with each of the shareholders of PKD (Term Sheets). Pursuant to the Term Sheets, Iluka will be acquiring all of the shares in PKD which is a Sri Lankan domiciled company and is the registered holder of EL170. The Term Sheets are subject to a number of conditions precedent including the completion of due diligence enquiries to the satisfaction of Iluka and any necessary consents required. The key terms of the Term Sheets are set out in Appendix 4.

In total, the five exploration licences are host to at least six mineralised zones of which two (EL170 and EL233) have been drilled, sampled and resource estimations prepared under the JORC 2012 guidelines (Appendix 2). Measured, Indicated and Inferred resources for these two resources combined, are estimated to hold a total of 689 million tonnes of material at an average HM grade of 8.2 per cent. The resources were drilled by Iluka's predecessor company, RGC Limited (RGC) and by Consolidated Rutile Limited (CRL) in the 1990s prior to relinquishment.

The Exploration Licences cover portions of a coastal plain which hosts mineralised Pliocene and Pleistocene age, fossil, beach barrier sediments and associated dunal sands. The mineralised sediments comprise red-orange sand and clayey sand which form a 2 to 60 metre thick sequence which overlays Miocene limestone or Precambrian charnokite of the Wanni Complex. The sand accumulations are typically lobate with strike lengths of 2 to 5 kilometres and widths of 2 to 5 kilometres. Some lateritisation is noted in the lower portions of the mineralised sequence especially in what are thought to be the older deposits located further inland from the present coastline.

The mineralisation with in the red–orange sands is typically moderate to high grade (5 to 15 percent HM), moderate grain size and evenly distributed.

Exploration over the mineralisation was carried out by Iluka and precursor companies (RGC and CRL) over the period from 1997 to 2001. The exploration drilling was done by contract and company owned drill rigs using Reverse Circulation Air Core (RCAC) drilling techniques employing BQ or NQ diameter drill strings. Sub samples weighing 1 to 1.5 kilograms were taken at two metre intervals from a rotary splitter mounted below a sample return cyclone. The drill samples were analysed using industry standard methods for HM determination at laboratories in either Sri Lanka or Australia. In both cases the laboratories were supervised by Iluka personnel. Results reported include fines (either <53 or <75um before the year 2000), sand (53 to 710 um) coarse sand (710 to 2000um) and oversize (>2000um). The HM component is determined from densimetric separation carried out on a portion of the sand fraction and used tetra-bromo ethane prior to 2000 and lithium-sodium-tungsten for samples analysed after the year 2000.

The mineralogy and metallurgy of the Puttalam deposits is well understood, based on the 1990s drilling programme and more recent work.

The mineral assemblage and quality information was determined from either composited sand residues or composited HM fractions from the exploration samples. The composite analysis procedure used a combination of wet tabling, magnetic and densimetric separation, and XRF analysis of various fractions to estimate the portion of valuable and trash minerals and indicative mineral quality. The assemblage determination was carried out at Iluka's laboratories in Capel and Narngulu in Western Australia. The typical valuable mineral species determined include primary and secondary ilmenite, leucoxene, rutile and zircon.

Resource estimation was done by Iluka employees under the supervision of the Competent Persons. The resource modelling was done using Datamine Studio Software with the grade interpolation using Inverse Distance Cubed (ID3) which is an Iluka standard for estimating mineral sand resources. The grade interpolation was controlled by geological domains applied to the resource models.

Given the resources are typical of mineralised beach placer deposits and carry no overburden they are ideally suited to low cost open cut mining operations. In addition, the grade distribution shows a natural cut off at around 3 per cent HM with virtually all the red-orange sand material containing >3 per cent HM. As a result only red-orange sand has been considered in the resource estimates and a lower cut-off of 3 per cent HM has been applied.

Following a review of the data, supporting assemblage and modelling by Iluka's Competent Persons the mineralisation has been allocated to Measured, Indicated or Inferred status. A Measured Resource status has been allocated to resource material defined by close spaced sampling (100x50x2 metres) with good supporting assemblage data. An Indicated Resource class has been allocated to areas defined by sampling with a spacing of around 200x50x2 metres and good supporting assemblage data. Areas with a wider drill spacing but less than 1000x100x2 metres, and low levels of supporting assemblage information have been classed as Inferred.

Further work is planned for the mineralised areas outside of the quoted resources, to establish reliable estimates of their potential. Further exploration for new deposits is also planned. The quoted resources include 37 million tonnes of ilmenite, 2.0 million tonnes of rutile and 1.9 million tonnes of zircon, using a lower cut-off grade of 3 percent HM (Appendix 1, Mineral Resource Statement). All the deposits are mineralised to surface and are mostly above the water table.

The resources are close to infrastructure, with power, water, road and rail all within fifty kilometres of the identified resources.

Development Risks

Despite acquiring and being granted the exploration tenements, a number of risks and uncertainties associated with pursuing the development of the tenements remain. These include: securing surface access rights, ministerial and other governmental approvals for any subsequent mining licence, reaching agreement with the Sri Lanka Government regarding the extent of in-country upgrading and Iluka's ultimate percentage holding in subsequent mining operations. These development risks are expected to be addressed as Iluka proceeds with further evaluation of the resources and associated development options.

Competent Persons' Statement

The description of the resource estimation is based on information compiled by Iluka staff under the review of David Sleigh who is a member of The Australasian Institute of Mining and Metallurgy and Brett Gibson who is a member of the Australian Institute of Geoscientists, both of whom are full time employees of Iluka. David Sleigh and Brett Gibson have sufficient experience relevant to this style of mineralisation to qualify as a Competent Persons as defined in the 2012 Edition of the JORC Code. David Sleigh and Brett Gibson consent to the inclusion in the report of the matters based on information in the form and context in which it appears.

Forward Looking Statements

Some statements in this announcement regarding estimates or future events are forward looking statements. They involve risks and uncertainties that could cause actual results to differ from estimated results. Forward looking statements include, but are not limited to, statements concerning the company's exploration programme, outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "expected", "planned", "target", "scheduled", "intends", "potential", prospective", "strategy" and similar expressions.

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APPENDIX 1

Table 1 – Reportable Mineral Sand Resources – EL 170

PQ Resource Estimate- HM>3%								
Mineral Resource Category	Material	HM in Sand	HM (%)	Clay (%)	HM Assemblage			
	Tonnes (Million)	Tonnes (Million)			Ilmenite	Zircon	Rutile	Leucoxene*
					(%)	(%)	(%)	(%)
Measured	214	22	10.4	20	69	3	3	4
Indicated	70	6	8.6	22	67	3	3	4
Inferred	66	4	6.3	27	67	3	3	4
TOTAL	**350**	**32**	**9.3**	**22**	**69**	**3**	**3**	**3**
*Includes Magnetic Leucoxene and Non-Magnetic Leucoxene								

Table 2 – Reportable Mineral Sand Resources EL 233

Coco Resource Estimate- HM>3%								
Mineral Resource Category	Material	HM in Sand	HM (%)	Clay (%)	HM Assemblage			
	Tonnes (Million)	Tonnes (Million)			Ilmenite	Zircon	Rutile	Leucoxene*
					(%)	(%)	(%)	(%)
Inferred	**339**	**23.8**	**7.0**	**31**	**65**	**4**	**5**	**4**
*Includes Magnetic Leucoxene and Non-Magnetic Leucoxene								

Table 3 – Total Reportable Mineral Sand Resources Puttalam

Puttalam Total (Coco plus PQ only)								
Mineral Resource Category	Material	HM in Sand	HM (%)	Clay (%)	HM Assemblage			
	Tonnes (Million)	Tonnes (Million)			Ilmenite	Zircon	Rutile	Leucoxene*
					(%)	(%)	(%)	(%)
Measured	214	22	10.4	20.2	69.4	3.3	3.4	3.6
Indicated	70	6	8.6	22.5	67.0	3.2	2.9	3.9
Inferred	405	28	6.9	30.4	64.9	3.6	3.8	4.1
TOTAL	**689**	**56**	**8.2**	**26.4**	**66.9**	**3.4**	**3.6**	**3.9**
*Includes Magnetic Leucoxene and Non-Magnetic Leucoxene								

Figure 1 – Location Map Sri Lanka Exploration Licences

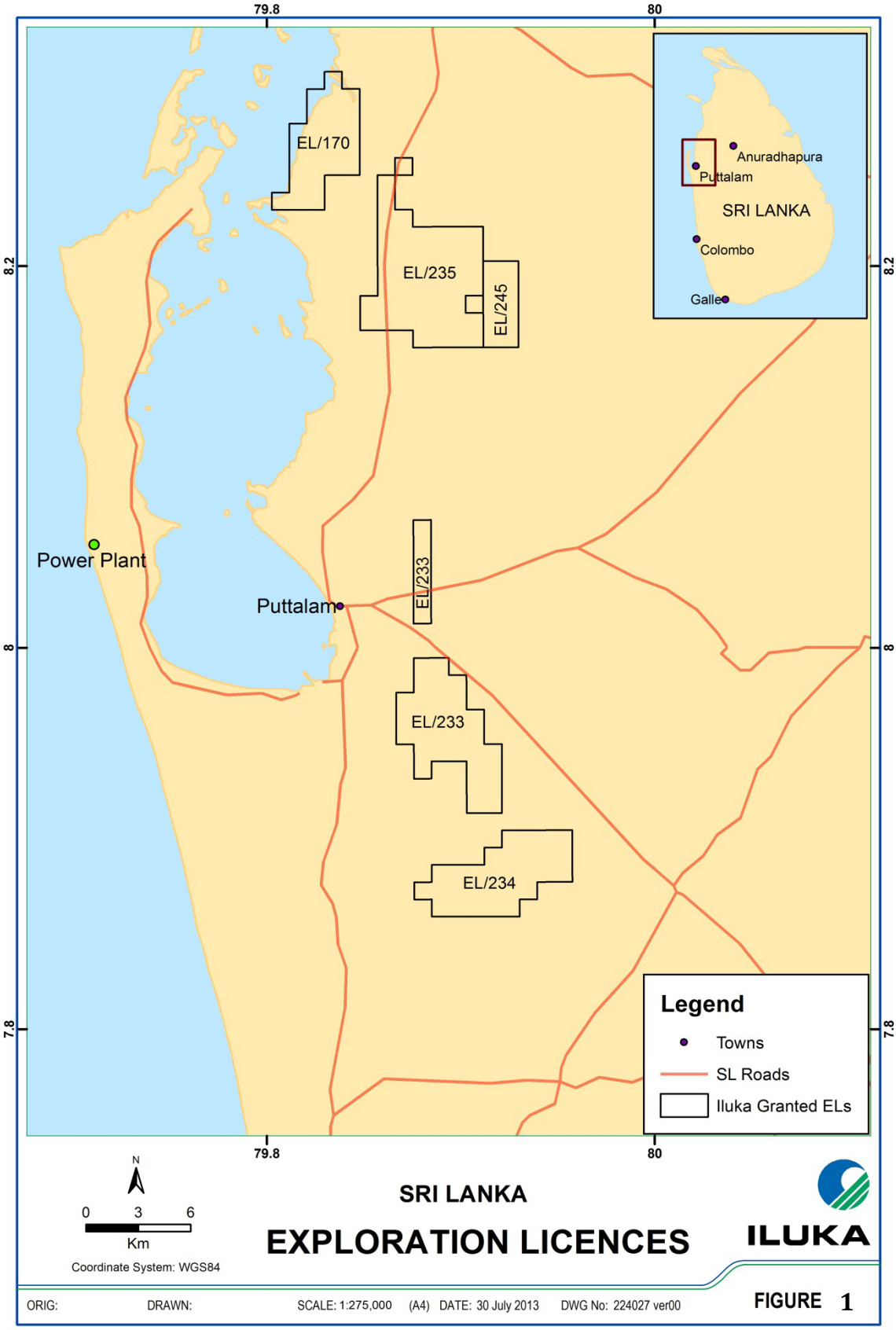

Figure 2a – PQ Resource - Drill hole collars & resource outlines

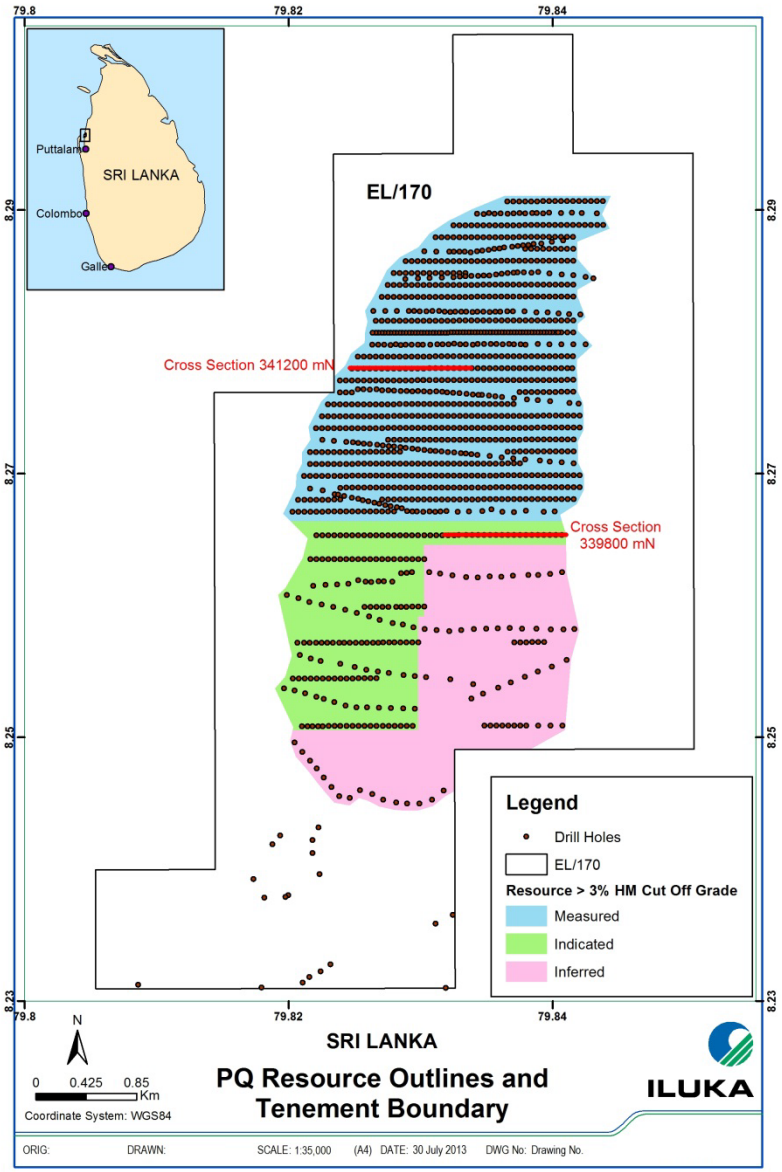

Figure 2b – Coco Resource – Drill collars & resource outline

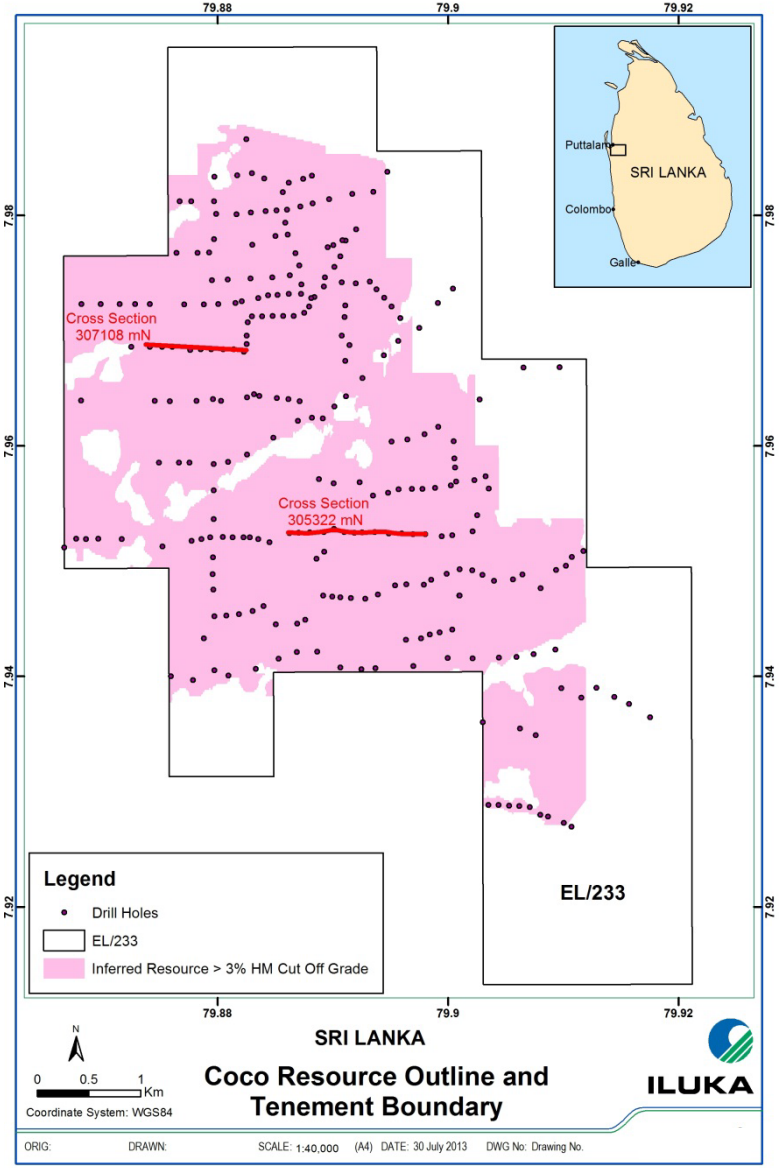

Figure 3 – EL/170 - PQ resource section 341200N showing drill holes, intersections and principal stratigraphic units

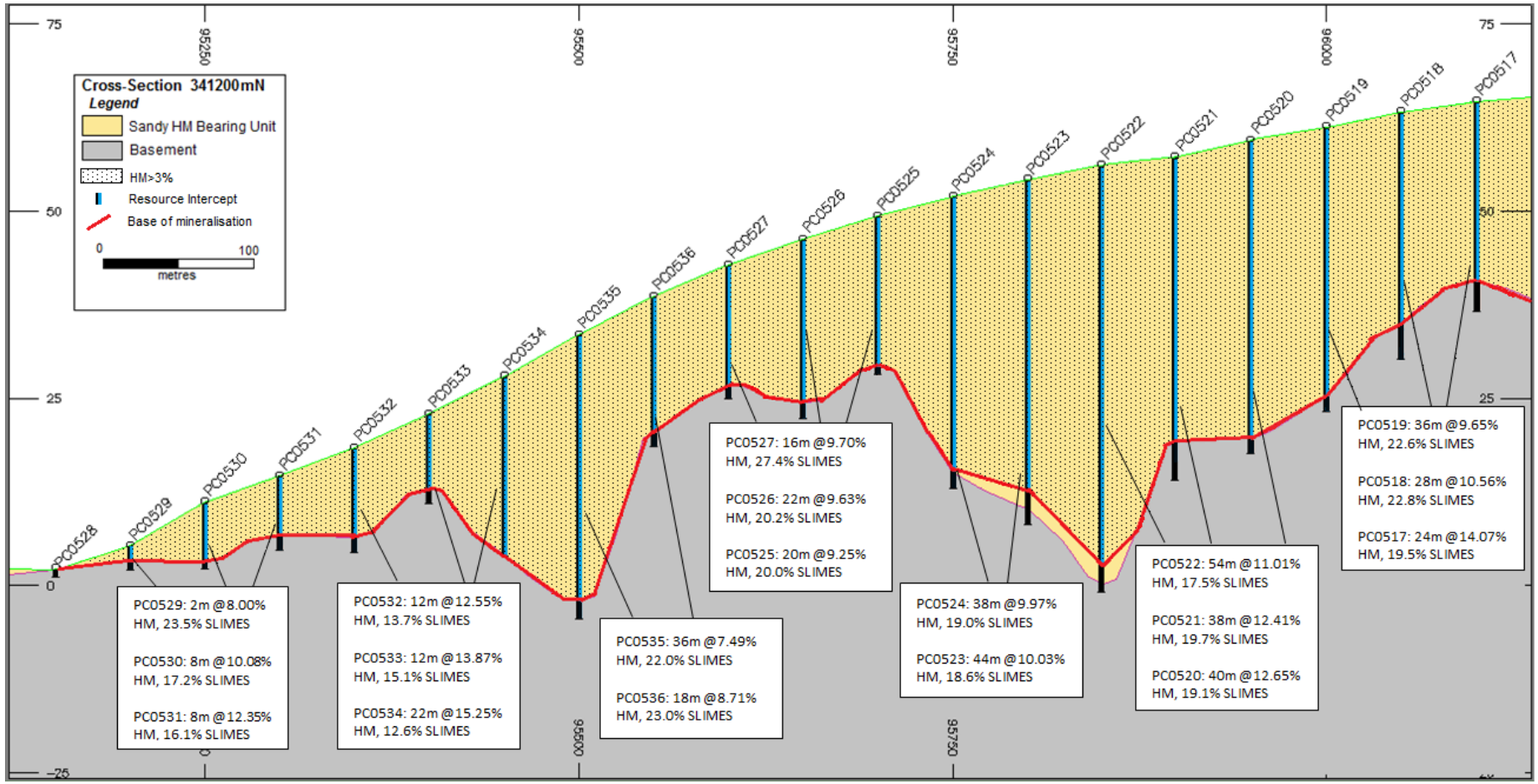

Figure 4 – EL/170 PQ resource section 339800N showing drill holes, intersections and principal stratigraphic units (note: irregular limestone basement surface)

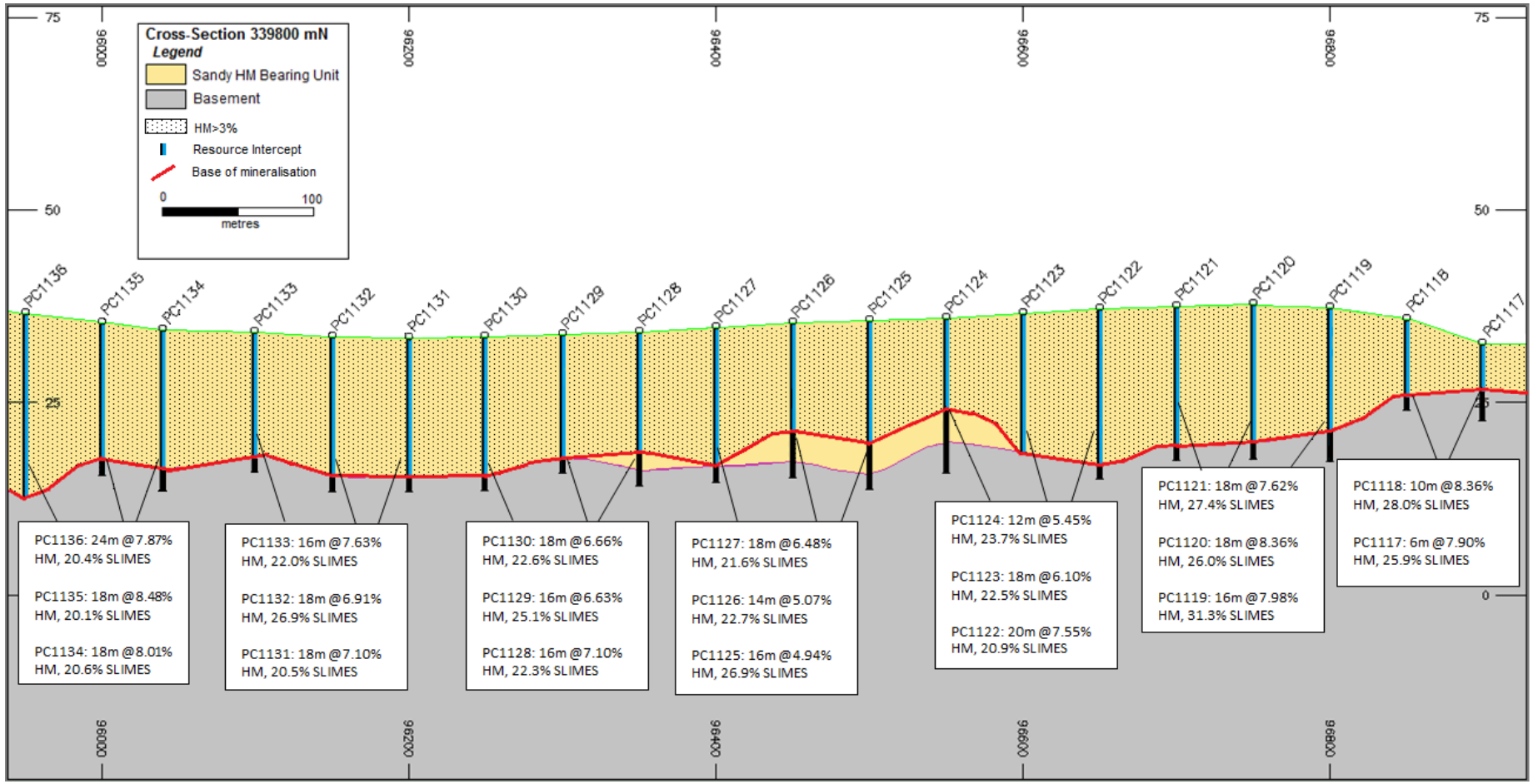

Table 4 - PQ Drill Intersection Summary cross section 341200N

BHID	Northing	Easting	RL	FROM	TO	TD	HM	SLIMES	SAND	SANDC	OS
PC0517	341200	96100	64.7	0	24	24	14.07	19.5	78.9	1.4	0.2
PC0518	341200	96050	63.3	0	28	28	10.56	22.8	75.7	1.2	0.2
PC0519	341200	96000	61.3	0	36	36	9.65	22.6	74.3	1.3	1.8
PC0520	341200	95950	59.6	0	40	40	12.65	19.1	79.4	1.3	0.1
PC0521	341200	95900	57.3	0	38	38	12.41	19.7	79.0	1.2	0.2
PC0522	341200	95850	56.2	0	54	54	11.01	17.5	81.1	1.4	0.1
PC0523	341200	95800	54.2	0	44	44	10.03	18.6	79.9	1.2	0.3
PC0524	341200	95750	52.0	0	38	38	9.97	19.0	77.7	1.5	1.8
PC0525	341200	95700	49.4	0	20	20	9.25	20.0	78.5	1.4	0.2
PC0526	341200	95650	46.4	0	22	22	9.63	20.2	77.8	1.6	0.4
PC0527	341200	95600	42.9	0	16	16	9.70	27.4	70.6	1.7	0.2
PC0528	341200	95150	2.1	0	0	0	0.00	0.0	1.0	2.0	3.0
PC0529	341200	95200	5.3	0	2	2	8.00	23.5	63.8	8.8	3.9
PC0530	341200	95250	11.2	0	8	8	10.08	17.2	73.9	5.7	3.1
PC0531	341200	95300	14.7	0	8	8	12.35	16.1	80.6	3.0	0.3
PC0532	341200	95350	18.5	0	12	12	12.55	13.7	78.6	5.2	2.6
PC0533	341200	95400	23.0	0	12	12	13.87	15.1	82.1	2.3	0.4
PC0534	341200	95450	28.0	0	22	22	15.25	12.6	85.2	2.1	0.1
PC0535	341200	95500	33.6	0	36	36	7.49	22.0	74.7	3.0	0.2
PC0536	341200	95550	38.7	0	18	18	8.71	23.0	74.9	1.8	0.2

Table 5 – PQ Drill Intersection Summary cross section 339800N

BHID	Northing	Easting	RL	FROM	TO	TD	HM	SLIMES	SAND	SANDC	OS
PC1117	339800	96900	32.7	0	6	6	7.90	25.9	57.6	6.8	9.6
PC1118	339800	96850	36.0	0	10	10	8.36	28.0	63.1	4.5	4.4
PC1119	339800	96800	37.3	0	16	16	7.98	31.3	60.6	5.4	2.7
PC1120	339800	96750	37.7	0	18	18	8.36	26.0	66.8	5.1	2.0
PC1121	339800	96700	37.5	0	18	18	7.62	27.4	66.1	5.3	1.2
PC1122	339800	96650	37.1	0	20	20	7.55	20.9	68.3	8.5	2.3
PC1123	339800	96600	36.6	0	18	18	6.10	22.5	67.0	8.1	2.5
PC1124	339800	96550	35.9	0	12	12	5.45	23.7	69.7	6.5	0.1
PC1125	339800	96500	35.7	0	16	16	4.94	26.9	64.4	7.7	1.0
PC1126	339800	96450	35.3	0	14	14	5.07	22.7	67.1	10.1	0.2
PC1127	339800	96400	34.7	0	18	18	6.48	21.6	69.0	7.9	1.4
PC1128	339800	96350	34.2	0	16	16	7.10	22.3	68.4	7.5	1.9
PC1129	339800	96300	33.8	0	16	16	6.63	25.1	66.9	7.7	0.3
PC1130	339800	96250	33.6	0	18	18	6.66	22.6	68.8	7.9	0.7
PC1131	339800	96200	33.4	0	18	18	7.10	20.5	72.3	6.7	0.5
PC1132	339800	96150	33.5	0	18	18	6.91	26.9	66.9	6.0	0.2
PC1133	339800	96100	34.2	0	16	16	7.63	22.0	71.9	5.8	0.2
PC1134	339800	96040	34.5	0	18	18	8.01	20.6	73.0	6.0	0.3
PC1135	339800	96000	35.6	0	18	18	8.48	20.1	76.2	3.6	0.1
PC1136	339800	95950	36.6	0	24	24	7.87	20.4	74.4	4.2	1.0

Figure 5 – EL/233 Coco resource section 307108N showing drill holes, intersections and principal stratigraphic units

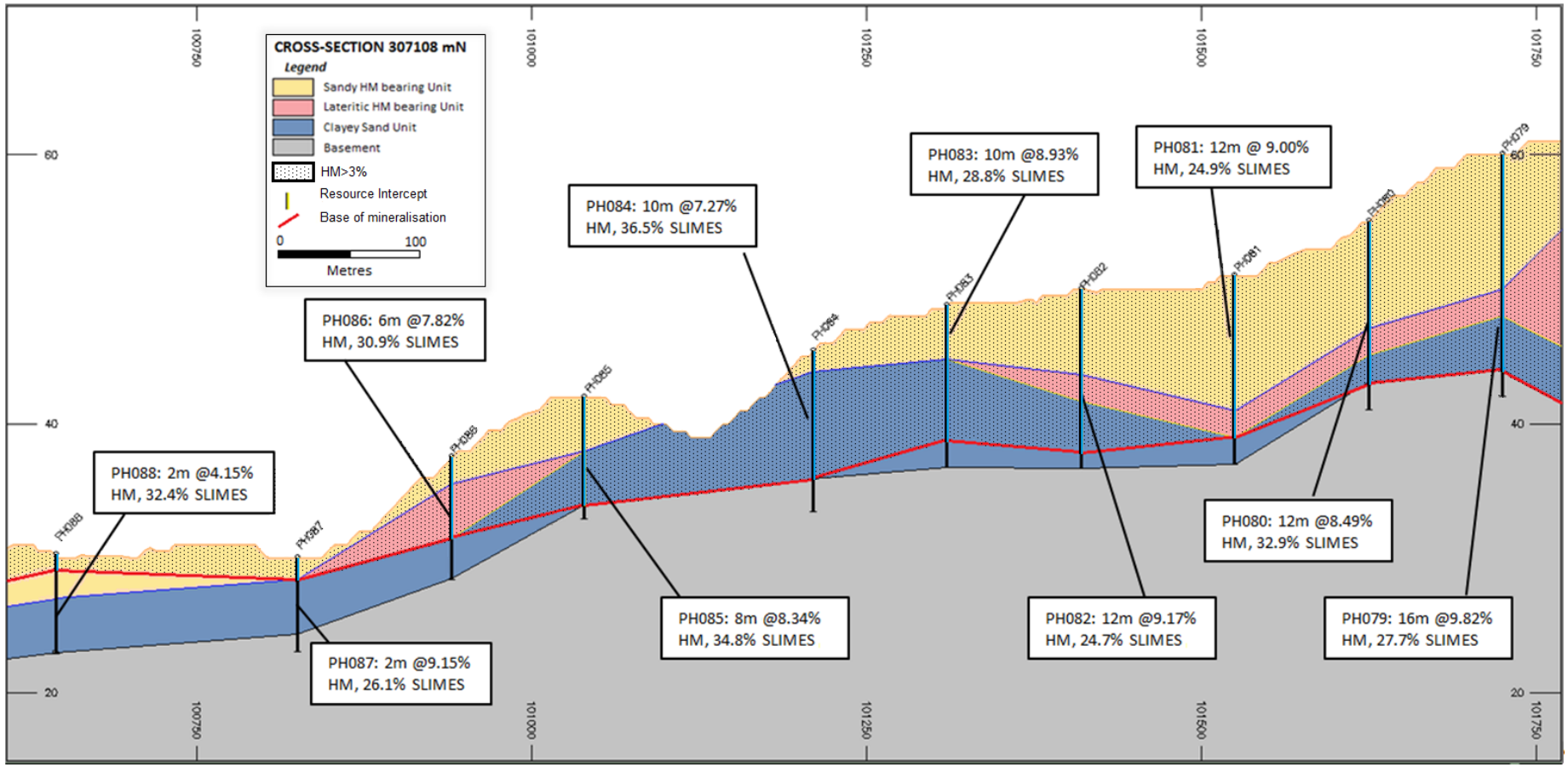

Figure 6 – EL/233 Coco resource section 305322N showing drill holes, intersections and principal stratigraphic units

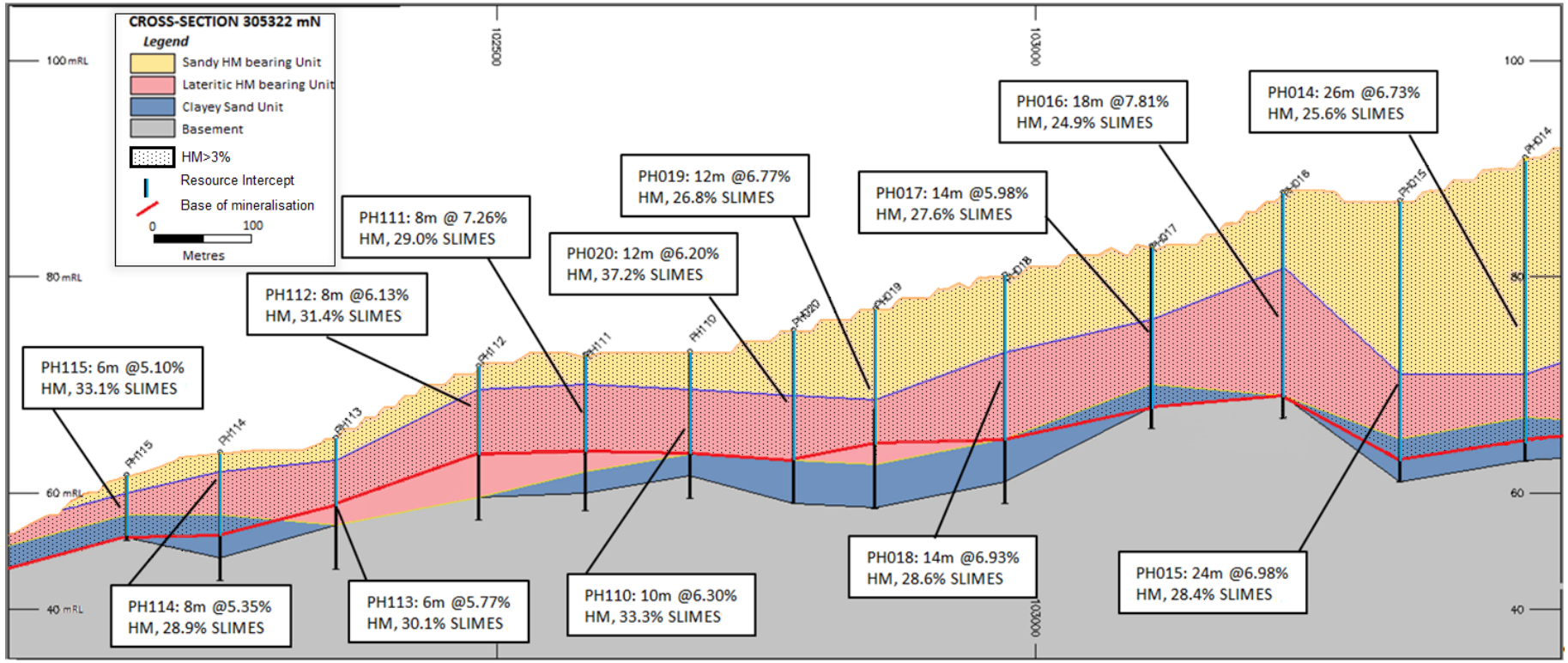

Table 6 - Coco Drill Intersection Summary Cross Section 307108N

BHID	Northing	Easting	RL	FROM	TO	TD	HM	SLIMES	SAND	SANDC	OS
PH079	101725	307075	60.0	0	16	18	9.82	27.7	59.9	3.9	8.6
PH080	101625	307100	55.1	0	12	14	8.49	32.9	57.6	5.2	4.3
PH081	101525	307100	51.0	0	12	14	9.00	24.9	66.2	6.8	2.2
PH082	101410	307100	49.7	0	12	13	9.17	24.7	69.7	4.8	0.8
PH083	101310	307100	48.8	0	10	12	8.93	28.8	65.4	3.3	2.5
PH084	101210	307095	45.9	0	10	12	7.27	36.5	55.3	4.6	3.7
PH085	101040	307125	42.0	0	8	9	8.34	34.8	60.1	3.9	1.2
PH086	100940	307125	37.5	0	6	9	7.82	30.8	58.0	4.5	6.7
PH087	100825	307125	30.4	0	2	7	9.15	26.1	71.0	2.8	0.0
PH088	100645	307125	31.0	0	2	8	4.15	32.4	61.8	4.7	1.0

Table 7 – Coco Drill Intersection Summary Cross Section 305322N

BHID	Northing	Easting	RL	FROM	TO	TD	HM	SLIMES	SAND	SANDC	OS
PH014	103455	305322	91.0	0	26	28	6.73	25.6	70.5	2.7	1.3
PH015	103338	305324	87.0	0	24	26	6.98	28.4	67.2	3.1	1.3
PH016	103230	305331	87.0	0	16	20	7.81	26.7	70.2	1.9	1.1
PH017	103107	305331	82.0	0	14	16	5.98	27.6	62.5	4.2	5.7
PH018	102972	305344	79.0	0	14	20	6.93	28.6	65.5	3.1	2.8
PH019	102851	305340	76.6	0	16	18	6.77	29.4	66.7	4.6	2.0
PH020	102775	305337	75.0	0	12	16	6.20	27.5	64.8	3.8	3.9
PH110	102679.3	305344.9	73.6	0	10	14	6.30	33.3	56.0	5.2	3.5
PH111	102582.2	305373	72.0	0	8	14	7.26	29.0	61.7	3.6	5.7
PH112	102483.5	305343.4	71.6	0	8	14	6.13	31.4	56.6	3.0	9.0
PH113	102350.6	305341.3	65.0	0	6	12	5.77	30.1	45.4	5.4	19.1
PH114	102243.2	305338.7	64.0	0	8	8	5.35	36.3	44.2	4.0	22.9
PH115	102156.3	305334.2	61.9	0	6	6	5.10.	33.1	35.5	6.8	24.6

APPENDIX 2

Table 1 JORC 2012 – PQ Deposit

It is a requirement under new JORC reporting arrangements for Iluka to disclose this information

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	*The deposit was sampled using Reverse Circulation Air-Core (RC-AC) drill holes. A total of 27,258.4metres was drilled with 2 metre samples collected from a rotary splitter chute. All holes were drilled vertically which is essentially perpendicular to the mineralisation.*
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	*Initial field reconnaissance identified the target and RC-AC drilling, completed in 1997, was used to delineate the resource. Further delineation drilling was completed in 2001 using RC-AC. QA/QC was not completed at the time of drilling due to this aspect of drilling procedure being absent from the RGC/Iluka drilling and sampling procedure at this time.*
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	*Two phases of drilling (each with slightly different analysis methods) were completed. The initial drilling was completed in 1997 with an infill drilling program completed in 2001.*
		The 1997 drilling used RC-AC to obtain a 2m sample from which approximately 1.2-1.6kg was collected using a rotary splitter. The sample was dried, de-slimed (material <75µm removed) and then had oversize (material +2mm) removed. 100g of the sample then had a Heavy Mineral (HM) sink performed on it using Tetra-Bromo Ethane (SG=2.95). The resulting HM concentrate was then dried and weighed. HM concentrates from similar geological domains were grouped together to form Bulk Samples. These Bulk Samples then underwent a magnetic separation using an induced roll magnetic separator set up. The magnetic and non-magnetic fractions (that come out of the magnetic separator) are then subjected to various SG separation using Thallium Malonate Solution (TMF). This separation identifies the metallurgical assemblage of the HM.
		The 2001 drilling used RC-AC to obtain a 2m sample from which approximately 1.2-1.6kg was collected using a rotary splitter. The sample was dried, de-slimed (material <53µm removed) and then had oversize (material +2mm) removed. 100g of the sample then had a Heavy Mineral (HM) sink performed on it using Lithium-Sodium-Tungsten (SG=2.85). The resulting HM concentrate was then dried and weighed. HM concentrate from similar geological domains were grouped together to form Bulk Samples. These Bulk Samples underwent a magnetic separation using a permanent magnetic roll separator set up. The magnetic and non-magnetic fractions (that come out of the magnetic separator) are then subjected analysis using XRF. A small portion (10grams) is sent for SG separation using Thallium Malonate Solution (TMF). This separation technique is used to determine grain size and indicative chemistry for Zircon and Rutile.
Drilling Techniques	*Drill type (e.g. core, reverse circulation, open---hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face---sampling bit or other type, whether core is oriented and if so, by what method, etc).*	*RC-AC drilling accounts for 100% of the total drilling. The 1997 drilling comprises 76mm diameter air-core drilling while the 2001 drilling comprises 56mm diameter air-core drilling. Hole depths range from 0.5m to 63m.*
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	*The 1997 RC-AC recoveries were logged onto an HP 200 LX palm computer and were later transferred into a Microsoft Access Database. The 2001 RC-AC recoveries were logged onto a Husky Hunter tablet. This data was then transferred to Iluka Mineral Deposits Oracle database. Overall recoveries were good however some minor sample loss did occur in the lateritic unit and*

Criteria	JORC Code explanation	Commentary
		also in the clay unit.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	*RC-AC samples were visually checked for recovery, moisture and contamination.*
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	*Some sample bias may have occurred through the clayey areas and the basement.*
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation mining studies and metallurgical studies.*	*Geological logging was carried out on all RC-AC drill holes. Metallurgical testing was completed on 72 composite (bulk) samples from the 1997 drilling and 61 bulk samples from the 2001 drilling. Due to the quality of information, only the 2001 bulk samples were used in the most recent resource estimation for PQ.*
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	*All samples were panned. Logging of RC-AC samples recorded estimated slimes, washing, colour, lithology, dominant grainsize, coarsest grainsize, sorting, induration type, hardness, estimated rock and estimated HM.*
	The total length and percentage of the relevant intersection logged	*All drill holes were logged in full however 57 samples did not have lithology logged. All other required fields were logged.*
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	*No core samples have been collected at PQ as there is no perceived value in conducting diamond drilling in HM deposits.*
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	*Samples were rotary split. It is unknown whether the samples were logged dry or wet however any artesian water that was intersected was noted and the hole was grouted to seal hole and stop water flow as per licence conditions. No such notes were found in the database however it is not known if this is due to these notes being separate from the logging or if it is because no artesian water was intersected.*
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	*Sample preparation is consistent with industry best practice for HM determination.*
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	*No QA/QC was conducted during the drilling in the PQ Deposit. At the time of drilling, QA/QC was not part of the Iluka/RGC standard drilling and sampling procedure and was therefore not completed.*
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	*No field duplicates or twinned samples or standards are present in the dataset. This aspect of drilling protocol was absent at the time of drilling.*
	Whether sample sizes are appropriate to the grain size of the material being sampled.	*The sample size taken is appropriate given the typical grainsize for beach placer hosted HM mineralisation*
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	*At the time of drilling and assaying the process's employed (HM sink using Tetra Bromo Ethane-TBE and the mineralogical separation using Thallium Malonate Solution- TMF for the 1997 drill samples and HM sink using Lithium-Sodium-Tungsten- LST and mineralogical grain size analysis using Thallium Malonate Solution- TMF for the 2001 drill samples) was appropriate. The 1997 technique is considered partial due to the absence of Ilmenite quality data and grain size analysis. At the time of drilling (1997) this technique was chosen for exploration HM analysis as a time and cost saving method.*
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	*No geophysics was done over the PQ Deposit. No perceived value in conducting geophysics.*
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicate, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	*No QA/QC was conducted during the drilling in the PQ Deposit. At the time of drilling, QA/QC was not part of the Iluka/RGC standard drilling and sampling procedure and was therefore not completed. While accuracy and precision cannot be confirmed the sampling and assaying was*

Criteria	JORC Code explanation	Commentary
		done utilising state of the art procedures and the PQ data appears to be on high quality.
Verification of sampling & assaying	*The verification of significant intersections by either independent or alternative company personnel.*	*Significant mineral intersections have been verified by alternative Iluka Competent Persons.*
	The use of twinned holes.	*No twinned holes were drilled within the PQ Deposit. This aspect of drilling protocol was absent at the time of drilling.*
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	*1997 primary data was input directly into a HP 200 LX palmtop computer. This was then transferred to a laptop computer. The data was initially stored in a Microsoft Access Database. 2001 primary data was input into a Husky Hunter tablet. Data was then uploaded into Iluka's Mineral Deposits database (Oracle).*
	Discuss any adjustment to assay data.	*Data appears to be in good order and no adjustments have been made.*
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	*The surveyed RLs from the 1997 drilling were incorrect. A surveyed topography was taken during the 2001 drilling and all the 1997 drilling was projected to this surface.*
	Specification of the grid system used.	*Sri Lankan Metric Grid Coordinates using Kanadwala datum.*
	Quality and adequacy of topographic control.	*The topography Digital Terrain Model (DTM) used in the modelling was based on a 2001 survey carried out by Iluka Resources Limited. This survey appears accurate and correct.*
Data spacing & distribution	*Data spacing for reporting of Exploration Results.*	*3 main drill patterns are present within the PQ Deposit. The drill pattern in the northern half of the deposit is 100m*50m*2m. The south western corner of the deposit has a drill pattern of 200m*50m*2m and the south eastern corner of the deposit has a drill pattern of 400m*100m*2m. (All drill patterns are X*Y*Z)*
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	*The mineralised domain has demonstrated that the degree of geological and grade continuity is appropriate for the Mineral Resource estimation procedure and classifications applied.*
	Whether sample compositing has been applied.	*No sample compositing has been done. All samples were taken from the drilling at 2 metre intervals*
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known considering the deposit type.*	*No bias is anticipated due to the drilling being perpendicular to the mineralisation.*
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	*No orientation based sampling bias has been identified within the data at this point.*
Sample security	*The measures taken to ensure sample security*	*Samples were taken from the exploration site and transported to the respective laboratories under the supervision of RGC/Iluka personnel. A system employing sample tracking despatches has been used to track samples. The respective laboratories were supervised by RGC/Iluka personnel overseeing company or contract staff. 34 composite bulk samples are currently stored in plastic bags in drums. These drums are stored in a secure compound at an Iluka site.*
Audits or reviews	*The results of any audits or reviews of sampling techniques and data*	*No audits of the sampling techniques adopted in this program are known however the procedures used are considered industry standard or better. The same assay procedure supports Iluka's current mining operations.*

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement & land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environment settings.*	*The PQ Deposit is located on the historic Exploration Licences EL/R206 and EL 70/92R1. The tenements are located to the north of Puttalam in Sri Lanka. The area covered by the deposit contains bushland and can be accessed along a number of minor laterised tracks. Current tenement (ID EL/170) is held by PKD, negotiations are underway to gain access to the land.*
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	*Iluka has agreed to acquire pursuant to conditional binding term sheets, all the issued capital of PKD, the holder of EL170.*
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	*The data used for this estimate was drilled by RGC in 1997 and by Iluka Resources in 2001.*
Geology	*Deposit type, geological setting and style of mineralisation*	*The Puttalam Quarry deposit is a homogeneous dunal deposit. Drill holes show a thick intersection of Quaternary sediments which hosts the mineralisation. The Quaternary sediments rest unconformably on a limestone unit thought to be Miocene in age.*
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northings of the drill hole collar;* *elevation or RL (Reduced Level-elevation above sea level in metres of the drill hole collar);* *dip and azimuth of the hole;* *down hole length and interception depth; and* *hole length*	*A total of around 1500 drill holes are present within the tenements so it is impractical to present all the results. A summary of representative HM intersections from the drilling is presented in Tables in the main text and on the accompanying cross sections. Refer to Table in main text.*
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	*No top-cuts have been applied. A nominal 3 per cent HM lower cut-off is applied.*
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	*Sample interval lengths were typically 2 metres so arithmetic averaging is considered appropriate.*
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	*No metal equivalent values are used in this report.*
Relationship between mineralisation widths & intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	*The PQ Deposit is homogenous in nature and all drilling has been in a vertical direction. Therefore, reported down hole intersections approximate to the true width.*
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'.	
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of the drill collar locations and appropriate sectional views.*	*Figures in text*
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable,*	*Representative reporting of low and high grades has been employed within this report.*

Criteria	JORC Code explanation	Commentary
	representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	*61 composite samples were collated from drill sample residues to determine the mineral assemblage, recovery characteristics and mineral quality and sizing.*
Further work	*The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).*	*Due diligence style exploration over the identified HM resource incorporating intensive QA/QC is planned. Further exploration will be undertaken to support higher resource classification in a timely manner as deemed necessary.*
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	*Further exploratory drilling to be done if granted access to prospective tenure.*

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	*The 1997 logging was entered directly into a HP 200 LX palmtop computer then transferred into a Microsoft Access Database. The 2001 logging was entered directly into a Husky Hunter tablet and then transferred into Iluka Resource database at the time (Oracle). This data is currently stored in Iluka's SQL database. A comparison of data records in historical files and datasets corroborates current data. Assay data was also captured and entered into Iluka's CCLAS laboratory database at the time of analysis. The results were then transferred electronically to the Geology Database (Oracle database at the time).*
	Data validation procedures used.	*Comparison of 1997 drill section to 2001 drill sections and data in the current database, subjected to basic statistical analysis.*
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	*No site visit was done by the Competent Person due to remoteness of the site from the CP's base. However, other Iluka personnel undertook site visits during March 2013 confirming the presence of mineralisation.*
	If no site visits have been undertaken indicate why this is the case.	
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	*The confidence in the geological interpretation is high. The geological style of mineralisation (dunal) is generally regarded as fairly consistent. The deposit is similar in style to many other dunal HM deposits. The PQ Deposit comprises a single large dunal accumulation which is in part draped over an elevated limestone ridge running sub-parallel to the mineralisation.*
	Nature of the data used and of any assumptions made.	*The geological interpretations have been developed from over a period of time and as exploration has been carried out. A review of the historical interpretations created in 2001 subsequent to the latest drilling shows they are valid and suitable for Resource Estimation.*
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	*No other interpretations have been considered as the geology is well understood.*
	The use of geology in guiding and controlling Mineral Resource estimation.	*Appropriate geological domaining and corresponding flagging of drill data has been used to control mineralisation during Resource Estimation.*
	The factors affecting continuity both of grade and geology.	*No factors are known which might affect grade continuity. The basement is undulating in some areas but this is compensated for by an appropriate drill spacing which mitigates this risk.*

Criteria	JORC Code explanation	Commentary
Dimensions	*The extent and variability of the Mineral resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	*The PQ Deposit and resource occupies and area of 5km (north) by 2.5km (east). The mineralisation ranges in RL from near current sea level up to 70m above current sea level. Mineralisation varies from 2 to 30 metres thick and averages 14 m thick.*
Estimation & modelling techniques	*The nature and appropriateness of the estimation technique (s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	*The grade interpolation was carried out using the Estima Superprocess within Datamine Studio software. Grade estimation was completed using Inverse Distance Cubed which is an Iluka standard and is deemed appropriate for this style of mineralisation. Composite Identifier and Hardness values were interpolated using Nearest Neighbour (NN) method.*
		No HM top cut has been used or is deemed necessary for the PQ Deposit due to the style and consistency of the mineralisation.
		Drill hole sample data was flagged with domain (zone) codes corresponding to the geological structure of the deposit and the domains imprinted on the model from 3-dimensional surfaces generated from the historical geological interpretations.
		*A primary search dimension of 60*120*4 (X*Y*Z) was used for all assay data with the exception of the Composite Identifier which was assigned a primary search dimension of 120*240*6m (X*Y*Z). Successive search volume factors of 3 and 5 have been adopted to interpolate grade in areas of lower data density.*
		*A parent cell size of 25*50*2 m was used with 3*3*10 (X*Y*Z) cell splitting. The parent cell dimensions are half the predominant drill hole spacing for the portion of the deposit considered to be Measured. Parent cells are typically centred on the drill holes with a floating cell centred between drill holes along and across strike.*
		A search orientation of 32^0 east of north was used to emulate the trend of the mineralisation. No plunge is apparent in the mineralisation.
		The Octant search option was used with minimum of 1 and a maximum of 4 samples per octant and a minimum of 2 octants being estimated to calculate the grade for a block. If the insufficient data was found within the first search, secondary and tertiary searches were used based on the search volume factors. In addition a maximum of 2 samples were used from any particular drill hole.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	*A small limestone quarry is present at the southern end of the PQ Deposit. HM bearing sand is set aside as overburden and replaced during rehabilitation. It is estimated that about 5 Mt of material has been disturbed but this will have no impact on the HM overall Resource Estimate for the PQ Deposit.*
		No mining of the HM has taken place in this area. The current resource has increased the PQ resource by approximately 5Mt of HM over the resource estimated in 1997. This is mainly due to the 2001 drilling incorporating a larger area than the 1997 phase. The overall HM% and Clay% (Slimes) is consistent between the two models. This reinforces the homogeneous nature of the PQ Deposit
	The assumptions made regarding recovery of by-products.	*No by-products have been considered in this resource estimation.*
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	*No deleterious elements have been included in the resource estimation. No analysis for deleterious elements has been done at this time.*
	Any assumptions behind modelling of selective mining units.	*No consideration of mining units has been incorporated into the resource estimation. The deposit is large, with no overburden and amenable for open cut mining.*
	Any assumptions about correlation between variables.	*No correlation between variables has been considered. Heavy mineral is variant.*
	Description of how the geological interpretation was used to control the resource	*Mineralisation was constrained by wireframe surfaces. Drill intervals were given corresponding*

Criteria	JORC Code explanation	Commentary
	estimates.	*zone flagging to control interpolation of grade within zones.*
	Discussion of basis for using or not using grade cutting or capping.	*Grade cutting or capping was not required for this deposit. Distribution curves of the HM assay data indicate grade cutting is not required.*
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	*Validation of the model was done by comparing model statistics to drill data statistics, visual comparison of drill and model grades and comparison of ID cubed Resource Estimate to a NN Resource Estimate.*
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	*The tonnages are estimated on a dry basis using an Iluka proprietary density formula. The formula is considered appropriate and is used at other Iluka deposits which are geologically similar and currently being mined for HM.*
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	*A nominal grade cut-off of 3.0 per cent HM has been chosen. A 3.0 per cent HM cut-off is considered appropriate for an Ilmenite dominated deposit of this magnitude.*
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	*Mining at the PQ Deposit is likely to be by open cut mining using suitable excavation machinery. The geometry of the deposit makes it amenable to bulk open cut mining methods currently employed in other open cut mines operated by Iluka. No assumptions on mining methodology have been made. The unconsolidated nature of the sediments allow for a range of options to be considered including the use of scrapers or large scale truck and shovel, dredging, or dozer trap.*
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	*The nature and grain size of the mineralisation is geologically consistent with mineral sands deposits that are currently being mined. The assemblage is predominantly high FeO Ilmenite and is considered suitable for feedstock for pigment production via the Sulphate process. Further metallurgical testing is required to confirm the best methods for optimal mineral recovery.*
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	*No assumptions have been made about environmental factors. No environmental constraints are known of for the PQ Deposit.*
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	*This density calculation was determined by rigorous research at two of Iluka's sites in Western Australia (the Capel and Eneabba Mine sites). Due to the similarities between other Iluka dunal deposits and the PQ Deposit it was determined that the Iluka Standard Bulk Density would be appropriate. Further test work to confirm this assumption is required.*
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	*The Iluka Standard Bulk Density formula used accounts for void space and variable material composition. It is the same formula used at current Iluka mine sites which mine geologically identical material.*
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	*It is assumed that the material in the PQ Deposit has the same density relationship that is seen in Iluka deposits that are currently being mined. This assumption is considered valid as the deposit is geologically identical to other Iluka heavy mineral deposits.*

Criteria	JORC Code explanation	Commentary
Classification	*The basis for the classification of the Mineral Resource into varying confidence categories*	*The resource classification has been predominantly determined by the drill hole density and supporting composite data reflecting the geological confidence. Supporting data appears to be of good quality and suitable for Resource Estimation. Resource material defined by sampling with a approximate density of 50 mE by 100 mN by 2 mRL has been assigned a Measured Resource classification, resource material defined by sampling with an approximate density of 50 mE by 200 mN by 2 mRL has been assigned an Indicated Resource classification and material defined by sampling with a nominal spacing of 100 mE by 400 - 1000 mN by 2 mRL has been assigned an Inferred Resource classification. A total of 61% of the resource is classed as Measured, 20% is classed as Indicated and 19% is classed as Inferred.*
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	
	Whether the result appropriately reflects the Competent Person's view of the deposit.	*It is the view of the Competent Person that the frequency and integrity of data, and the Resource Estimation methodology are appropriate for this style of mineralisation and support the Resource Classification applied.*
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	*The current resource estimation is in effect a validation of the Resource Estimation work completed by Iluka Resources during 2001/2002. No additional exploration work has been done by Iluka or is known of. A review of the current Resource Estimation has been done by the Competent Person. No issues with the current PQ Resource Estimate have been noted. No external review of the current Resource Estimation has been done at this time, but is currently being instigated.*
Discussion of the relative accuracy/confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	*A Measured, Indicated or Inferred Resource Classification has been assigned to the deposit as per the guidelines set out in the 2012 JORC code. It is the view of the Competent Person that the frequency and integrity of data, and the Resource Estimation methodology are appropriate for this style of mineralisation and support the Resource Classification applied.*
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	*The statement relates to the global estimate of tonnes and grade.*
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	*No production data is available - not in production*

The description of the resource estimation is based on information compiled by Iluka staff under the review of David Sleigh who is a member of The Australasian Institute of Mining and Metallurgy and Brett Gibson who is a member of the Australian Institute of Geoscientists, both of whom are full time employees of Iluka. David Sleigh and Brett Gibson have sufficient experience relevant to this style of mineralisation to qualify as a Competent Persons as defined in the 2012 Edition of the JORC Code. David Sleigh and Brett Gibson consent to the inclusion in the report of the matters based on information in the form and context in which it appears.

APPENDIX 3

Table 1 JORC 2012 – Coco Deposit

It is a requirement under new JORC reporting arrangements for Iluka to disclose this information

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	*The deposit was sampled using Reverse Circulation Air-Core (RC-AC) drill holes. The drill hole locations are along laterised tracks and the rough grid pattern is 160m (east-west) by 550m (north-south. A total of 331 holes were drilled for a total of 4358.8 metres. No angled holes were drilled.*
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	*Initial field reconnaissance identified the target and RC-AC drilling was used to delineate the resource. Further delineation is required. QA/QC was not done due to the age of the drilling and this aspect of drilling not being present in Iluka Drilling Procedures at the time of drilling.*
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	*RC-AC drilling was used to obtain a 2m sample from which approximately 1.2-1.6kg was collected using a rotary splitter. The sample was dried, de-slimed (material <75µm removed) and then had oversize (material +2mm) removed. 100g of the sample then had a Heavy Mineral (HM) sink performed on it using Tetra-Bromo Ethane (SG=2.95). The resulting HM concentrate was then dried and weighed. Some of the HM concentrate samples were grouped together to form Bulk Samples. These Bulk Samples then undergo a magnetic separation using an induced roll magnetic separator set up. The magnetic and non-magnetic fractions (that come out of the magnetic separator) are then subjected to various SG separation using Thallium Malonate Solution (TMF). This separation identifies the metallurgical assemblage of the HM.*
Drilling Techniques	*Drill type (e.g. core, reverse circulation, open---hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face---sampling bit or other type, whether core is oriented and if so, by what method, etc).*	*RC-AC drilling accounts for 100 per cent of the total drilling and comprises 55mm diameter air-core drilling. Hole depths range from 4 m to 38 m.*
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	*The RC-AC recoveries were logged onto an HP 200 LX palm computer and were later transferred into a Microsoft Access Database. Overall recoveries were good however some minor sample loss did occur in the lateritic unit and also in the clay unit.*
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	*RC-AC samples were visually checked for recovery, moisture and contamination.*
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	*Some sample bias may have occurred through the clay unit and the lateritic unit. Laterite development is widespread through the deposit and there could be significant parts of the resource lost to induration.*

Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation mining studies and metallurgical studies.*	*Geological logging was carried out on all RC-AC drill holes. Further metallurgical testing was completed on 39 composite (bulk) samples. This further work was too determine the mineralogical assemblage of the HM.*
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	*Logging of RC-AC samples recorded estimated slimes, washing, colour, lithology, dominant grainsize, coarsest grainsize, sorting, induration type, hardness, estimated rock and estimated HM.*
	The total length and percentage of the relevant intersection logged	*All drill holes were logged in full however 100 samples (of which 97 are basement material, 2 are from the clay unit and 1 is from the lateritic unit) did not have lithology logged. All other required fields were logged.*
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	*No diamond core samples have been collected at Coco as there is no perceived value in conducting diamond drilling in HM deposits.*
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	*Samples were rotary split. It is unknown whether the samples were logged dry or wet however any artesian water that was intersected was noted and the hole was grouted to seal hole and stop water flow as per licence conditions. No such notes were found in the database however it is not known if this is due to these notes being separate from the logging or if it is because no artesian water was intersected.*
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	*Sample preparation is consistent with industry best practice.*
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	*No QA/QC was conducted during the drilling in the Coco Deposit. At the time of drilling, QA/QC was not part of the Iluka Standard Drilling Procedure and was therefore not completed.*
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	*No field duplicates or twinned samples or standards are present in the dataset. This aspect of drilling protocol was absent at the time of drilling.*
	Whether sample sizes are appropriate to the grain size of the material being sampled.	*The chosen mineralogical analysis technique (RGC Total Mineralogical Assemblage) does not analyse grain size or Ilmenite quality. Therefore, no definitive grain size analysis was completed. The only grain size analysis we have is from field logging. From this logging it can be said that the sample sizes appear reasonable for this stage and age of drilling.*
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	*At the time of drilling and assaying the process's employed (HM sink using Tetra Bromo Ethane- TBE and the mineralogical separation using Thallium Malonate Solution- TMF) was appropriate. This technique is considered partial due to the absence of Ilmenite quality data and grain size analysis. At the time of drilling this technique was chosen for exploration HM analysis as a time and cost saving method.*
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	*No geophysics was done over the Coco Deposit. No perceived value in conducting geophysics.*

	Nature of quality control procedures adopted (e.g. standards, blanks, duplicate , external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	*No QA/QC was conducted during the drilling in the Coco Deposit. At the time of drilling, QA/QC was not part of the Iluka Standard Drilling Procedure and was therefore not completed.*
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	*Significant mineral intersections have been verified by alternative Iluka Competent Persons.*
	The use of twinned holes.	*Not twinned holes were drilled within the Coco Deposit. This aspect of drilling protocol was absent at the time of drilling.*
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	*Primary data was input directly into a HP 200 LX palmtop computer. This was then transferred to a laptop computer. The data was initially stored in a Microsoft Access Database. Unfortunately, not much is known about what happened to the data after this however it is likely the data was moved from database to database over the years. It currently resides in the Iluka AcQuire Database.*
	Discuss any adjustment to assay data.	*139 assay results were moved up or down due to incorrect positioning within the holes. This change was accompanied with extensive research of the original hard-copy data. Original SAND fraction was SANDC+OS therefore SAND and SANDC results recalculated to obtain correct assay values (SAND=100-OS-SANDC-SLIMES then back calculate for correct SANDC percentage)*
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	*The survey results from the original file appeared incorrect. The incorrect spatial locations were remedied by applying a transformation to the XY co-ordinates to bring them visually in-line with known places of drilling. RL's also appeared to be incorrect so after examination it was decided to project all the drill holes to the topographic surface.*
	Specification of the grid system used.	*Sri Lankan Metric Grid Coordinates using Kanadwala datum.*
	Quality and adequacy of topographic control.	*The topographic surface was constructed by taking the satellite surface, SRTM90m, and resampling down to 9m point spacing's. This was completed by converting a raster image (SRTM90) to points and then adding XYZ co-ordinated to these points based on known co-ordinate locations.*
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	*The average drill spacing of 160m (east) by 550m (north) is appropriate for the reporting of Exploration Results.*
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	*The mineralised domains have demonstrated that the degree of geological and grade continuity is appropriate for the Mineral Resource estimation procedure and classifications applied.*
	Whether sample compositing has been applied.	*No sample compositing has been done.*
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known considering the deposit type.*	*No bias is anticipated due to the drilling being perpendicular to the mineralisation.*
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	*No orientation based sampling bias has been identified within the data at this point.*

Sample security	*The measures taken to ensure sample security*	*Due to the age of the drilling, no samples are known to still exist.*
Audits or reviews	*The results of any audits or reviews of sampling techniques and data*	*No audits of the sampling techniques adopted in this program are known however the procedures used are considered industry standard.*

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environment settings.*	*The Coco Deposit is located on Exploration Licence EL/233. The tenement is located to the east of Puttalum in Sri Lanka. Most of the area covered by the deposit is occupied by coconut plantations and can only be accessed along a number of minor laterised tracks.*
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	*Iluka Resources wholly owns the Exploration Licence (EL233) covering the Coco Deposit.*
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	*The data used for this estimate was drilled by RGC in 1997 and 1998.*
Geology	*Deposit type, geological setting and style of mineralisation*	*The basement rocks of the Puttalam area comprise metamorphic gneisses and granites of Pre Cambrian age, assigned to the Wanni Complex,unconformably overlying the Pre Cambrian basement in most of the deposit is a cover of Quaternary to Recent aged sediments, in which the mineralisation occurs. The deposit is dunal in geological style.*
Drill Hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northings of the drill hole collar;* *elevation or RL (Reduced Level-elevation above sea level in metres of the drill hole collar);* *dip and azimuth of the hole;* *down hole length and interception depth;* *hole length;* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	*Refer to Table in main text*
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	*No top-cuts have been applied. A nominal 3 per cent HM lower cut-off is applied. 3 per cent HM is a typical HM cut-off grade adopted by Iluka for this style of mineralisation.*

	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	*Sample interval lengths were typically 2 metres. No aggregation of sample intervals was necessary or appropriate.*
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	*No metal equivalent values are used in this report.*
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'.*	*The Coco Deposit is flat-lying in nature and all drilling has been in a vertical direction. Therefore, reported downhole intersections approximate to the true width.*
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of the drill collar locations and appropriate sectional views.*	*Figures in text*
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	*Representative reporting of low and high grades has been employed within this report.*
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	*39 composite samples were collated from drill sample residues to determine the mineral assemblage.*
Further work	*The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).*	*Test for lateral extension and to reaffirm past assay results. More composite samples to be taken and QA/QC work to be undertaken.*
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	*Further drilling to be done. Time unknown.*

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	*Logging was entered directly into a HP 200 LX palmtop computer then transferred into a Microsoft Access Database. After a visual comparison of the database assay results to historic reports minor discrepancies were detected. Some transcription errors were detected and corrected in line with the data in historical reports.*
	Data validation procedures used.	*Comparison to historical drill sections, basic statistical analysis.*
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	*No site visit was done by the Competent Person due to remoteness of the site from the CP's base. However, other Iluka personnel undertook site visit during March 2013.*
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	*The confidence in the geological interpretation is good. The geological style of mineralisation (dunal) is generally regarded as fairly consistent. The deposit is similar in style to many of other dunal deposits.*
	Nature of the data used and of any assumptions made.	*Original interpretations (taken from historic reports) have been used for geological interpretation. It has been assumed that these original interpretations are correct.*
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	*No other interpretations have been considered due to the well understood geology.*
	The use of geology in guiding and controlling Mineral Resource estimation.	*Appropriate geological domaining and corresponding flagging of drill data has been used to control mineralisation during resource estimation.*
	The factors affecting continuity both of grade and geology.	*No factors are known which might affect grade continuity. The lateritic development is erratic and the mineralisation is deposited on an uneven granitic basement.*
Dimensions	*The extent and variability of the Mineral resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	*The Coco Deposit occupies and area of 5km by 5km and ranges from about 5 m to 90m above sea level. Mineralisation is from surface and ranges in thickness from 2 to 25 m.*
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique (s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	*Grade estimation was completed using Inverse Distance Cubed in Datamine's estimation process ESTIMA. The use of this process is an Iluka standard and is considered industry standard.* *Drillhole sample data was flagged using domain (zone) codes generated from three dimensional mineralisation domains, oxidation surfaces and historic interpretation.* *The search ellipse dimensions have been set to 250 mE by 1000 mN by 3 mRL which is consistent with the widely spaced nature of the drill holes and was the original search volume parameters used in the year 2000 resource estimate. Keeping the same search volume parameters allows the opportunity to compare the historic and current resource estimates.*

		Three search passes were employed in the updated 2013 resource estimate. The first pass used a minimum of 2 samples and a maximum or 16. The second search doubled the search ellipse while keeping the minimum and maximum samples at 2 and 16 respectively. The third search extended to 3 times the original search ellipse. The minimum and maximum number of samples did not change. *No extreme grade values were detected within the original drill data. The interpolation parameters were set to the same one used in the previous resource estimate. This was to allow a comparison between results.*
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	*No mining has taken place in this area. The previous model (completed in October 2000) showed a good correlation in assay data however an increase in tonnage is observed. Reasons for the increase are not well understood as the RGC year 2000 volume is not reported, there is some doubt regarding the location of the year 2000 resource boundary, and the original model to verify the RGC resource estimate cannot be located. It is suspected the use of the latest Iluka standard density formula accounts for a significant portion of the increase.*
	The assumptions made regarding recovery of by-products.	*No by-products have been considered in this resource estimation.*
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	*No deleterious elements have been included in the resource estimation. No analysis for deleterious elements has been done at this time.*
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	*The block model was constructed using a 25 mE by 100 mN by 2mRL parent block size with subcelling to 3 mE by 5 mN by 0.2mRL for domain volume resolution. All estimation was completed at the parent cell resolution. Inverse distance search with a radius of 250m (east) by 1000m (north) by 2m (elevation) was employed for interpolation.* *The model cell dimensions are approximately one quarter the drill grid spacing.* *Un-estimated blocks (i.e. blocks outside the third search pass), were assigned the estimated zone mean but were not included in the resource estimate.*
	Any assumptions behind modelling of selective mining units.	*No consideration of mining units has been incorporated into the resource estimation.*
	Any assumptions about correlation between variables.	*No correlation between variables has been considered. Heavy mineral is variant.*
	Description of how the geological interpretation was used to control the resource estimates.	*Mineralisation was constrained by wireframe surfaces. Drill intervals were given corresponding zone flagging to control interpolation of grade within zones.*
	Discussion of basis for using or not using grade cutting or capping.	*Grade cutting or capping was not required for this deposit. Grade cutting is not typically used in resource estimation for mineral sands. Distribution curves of the HM assay data shows grade cutting not required.*
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	*Visual validation of the block model was completed first. This stage checked the drill hole zone allocations and assay data matched or closely correlated. This was completed in an east-west and north-south direction. Statistical analysis was also completed to determine if any outlier numbers appeared. No mining has taken place; therefore no reconciliation data is available.*

Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	*The tonnages are estimated on a dry basis.*
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	*A nominal grade cut-off of 3.0 per cent HM has been chosen. A 3.0 per cent HM cut-off is considered consistent for a Ilmenite dominated deposit of this magnitude.*
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	*Mining at the Coco Deposit is likely to be the open cut mining using excavation machinery. The geometry of the deposit makes it amendable to mining bulk methods currently employed in other open cut mines within Iluka. No assumptions on mining methodology have been made.*
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	*Nature and grain size (from initial logging) of mineralisation is geologically consistent with mineral sands deposits that are currently being mined by Iluka. Further metallurgical testing is required to confirm the best methods for optimal mineral recovery.*
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	*No assumptions have been made about environmental factors. No environmental constraints are known of for the Coco Deposit.*
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	*This density calculation was determined by rigorous research at two of Iluka's sites in Western Australia (the Capel and Eneabba mine sites). Due to the similarities between other Iluka dunal deposits and the Coco Deposit it was determined that this bulk density would be appropriate. Further test work to confirm this assumption is required.*
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	*The bulk density formula used accounts for void space and variable material composition. It is the same formula used at current Iluka mine sites which mine geologically identical material.*

	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	*It is assumed that the material in the Coco Deposit has the same density relationship that is seen in Iluka deposits that are currently being mined. This assumption is considered valid as the deposit is geologically identical to other Iluka heavy mineral deposits.*
Classification	*The basis for the classification of the Mineral Resource into varying confidence categories* *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	*An inferred level of confidence has been applied to the resource due to:* *• The widely spaced drilling;* *• Lack of QA/QC support;* *• Apparent assay transcription errors;* *• Limited supporting assemblage and quality data;* *• Poor correlation with previous resource estimates and;* *• Uncertainty of the nature and degree of induration (laterite).* *The resource estimate appropriately reflects the Competent Person's impression of the deposit.*
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	*No review has been done at this time, will be instigated pending completion of reporting.*
	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	*An Inferred Resource classification has been assigned to the deposit as per the guidelines set out in the 2012 JORC code.*
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used	*The statement relates to the global estimate of tonnes and grade.*
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	*No production data is available.*

APPENDIX 4

Key terms of the Term Sheets

The key terms of the Term Sheets are as follows:

1. (**Conditions precedent**): completion of the proposed acquisition is subject to and conditional upon a number of conditions precedent, including:

    a. the completion of due diligence enquiries to the satisfaction of Iluka (in Iluka's absolute discretion);
    b. any necessary consents required under the Sri Lankan Exchange Controls Act, the Mines and Minerals Act and other applicable legislation;
    c. the termination of certain agreements with third parties in respect of the tenement; and
    d. an acknowledgement and release from the creditors of PKD upon the payment of certain agreed amounts.

    The above conditions precedent may be waived by Iluka by a notice in writing. If the above conditions precedent are not satisfied or waived by 31 August 2013, either party may terminate the Term Sheets and any other agreement contemplated in the Term Sheets by giving a notice in writing to the other parties. In certain circumstances, Iluka may extend the period to satisfy the above conditions precedent by 2 months.

2. (**Consideration**): The consideration for the acquisition of PKD comprises the following:

    a. payment of US$5,000,000 to the shareholders and creditors of PKD;
    b. payment of US$2,000,000 on the grant of a mining licence over EL 170;
    c. payment of US$8,000,000 on the Iluka Board approving a development on EL 170; and
    d. payment of an annual trailing payment calculated at 1 per cent of the gross sale proceeds received from the annual sale of all mineral products and sand clay produced from the tenement less the amount referred to in paragraph b. above which amount is being treated as an advance on the trailing payment.

3. (**Withdrawal**): Iluka can withdraw from the acquisition at any stage whereupon it may be required for no consideration to re-transfer the shares in PKD.
4. (**Nomination**): Iluka has yet to determine the corporate structure through which it is to make this investment and as such, it has the right to nominate a group company to be a party to the formal agreements.
5. (**Formal Agreements**): The parties are to enter into formal agreements to record the provisions of the Term Sheets.

The Term Sheets otherwise contain standard clauses typical of any agreement of this nature.