



ILUKA

Australian Securities Exchange Notice

21 January 2016

QUARTERLY PRODUCTION REPORT 31 DECEMBER 2015

OVERVIEW

- Annual production of zircon, rutile, synthetic rutile (Z/R/SR) was 690 thousand tonnes (kt) (2014: 535 kt).
- Sales volumes of Z/R/SR increased 6 per cent to 651 kt (2014: 616 kt). The sales outcome is consistent with Iluka's commentary on 16 December 2015.
- Z/R/SR sales revenue increased 17 per cent to \$740 million (2014: \$635 million). Mineral sands sales revenue, including ilmenite and by-product revenues, increased 13 per cent to \$820 million (2014: \$725 million), with ilmenite and by-product revenues of \$80 million (2014: \$90 million).
- Revenue per tonne of Z/R/SR sold increased by 10 per cent to \$1,136 (2014: \$1,030/t), despite lower weighted average received USD prices and a higher proportion of standard grade zircon and zircon in concentrate sales. The higher revenue per tonne therefore mainly reflects currency translation benefits associated with the lower AUD: USD (2015 average of 75.2 cents compared with 90.3 cents in 2014).
- Zircon sales were 2 per cent lower at 346 kt (2014: 352 kt). Sales in China were stable, with higher demand in Europe, the Middle East and India, offset by weaker sales in North America, associated with the idling of the Virginia operations and reduced activity in some end sectors.
- Combined rutile and synthetic rutile sales increased by 16 per cent to 305 kt (2014: 264 kt).
- Rutile sales were 134 kt (2014: 182 kt), with 2015 the first year of rutile allocation following completion of mining at Woorack, Rownack, Pirro (WRP), Murray Basin, Victoria.
- SR sales were 171 kt (2014: 82 kt), the majority underpinned by commercial arrangements which continue beyond 2016.
- Ilmenite sales were 300 kt (2014: 317 kt), reflecting higher utilisation of internal ilmenite as a feed source for SR production and lower sales of ilmenite from Virginia.
- Total cash cost of production, excluding ilmenite and by-product costs, increased by 8 per cent to \$385 million (2014: \$357 million), reflecting reactivation of mining at Tutunup South and SR kiln 2 production, offset by completion of mining at WRP.
- Unit cash cost of Z/R/SR produced, excluding by-product costs, decreased by 17 per cent to \$558/tonne, compared with \$668/tonne in 2014.
- Unit costs of goods sold per tonne of Z/R/SR decreased by 10 per cent at \$780/tonne, compared with \$862/tonne.
- Iluka's Group EBITDA margin structure remained above 30 per cent which, together with low capital expenditure for the year of \$66 million, resulted in positive free cash flow.
- Iluka recorded a net cash position at year end versus net debt of \$59.0 million at 31 December 2014. (Details to be provided as part of Iluka's Full Year Results on 19 February 2016).

SUMMARY OF PHYSICAL AND FINANCIAL DATA

	Dec-14 Quarter	Dec-15 Quarter	12 mth to Dec-14	12 mth to Dec-15	12 mth Dec-15 vs 12 mth Dec-14
Production	kt	kt	kt	kt	%
Zircon	84.2	117.3	357.6	388.6	8.7
Rutile	58.0	45.1	177.2	136.5	(23.0)
Synthetic Rutile	-	52.6	-	164.9	-
Total Z/R/SR Production	142.2	215.0	534.8	690.0	29.0
Ilmenite	64.8	149.2	365.4	466.1	27.6
Total Mineral Sands Production¹	207.0	364.2	900.2	1,156.1	28.4
	6 mth to Jun-15	6 mth to Dec-15	12 mth to Dec-14	12 mth to Dec-15	12 mth Dec-15 vs 12 mth Dec-14
Sales	kt	kt	kt	kt	%
Zircon	153.4	192.8	352.2	346.2	(1.7)
Rutile	59.1	74.5	182.0	133.6	(26.6)
Synthetic Rutile	63.4	107.8	82.0	171.2	108.8
Total Z/R/SR Sales	275.9	375.1	616.2	651.0	5.6
Ilmenite	159.5	140.3	316.6	299.8	(5.3)
Total Mineral Sands Sales	435.4	515.4	932.8	950.8	1.9
	Dec-14 Quarter	Dec-15 Quarter	12 mth to Dec-14	12 mth to Dec-15	12 mth Dec-15 vs 12 mth Dec-14
Z/R/SR Revenue A\$ million	219.1	259.0	634.8	739.7	16.5
Ilmenite and Other Revenue ² A\$ million	14.8	25.2	90.1	80.1	(11.1)
Mineral Sands Revenue A\$ million	233.9	284.2	724.9	819.8	13.1
Production Cash Costs Z/R/SR - \$ million (excluding ilmenite & by-products)			356.9	384.9	7.8
Ilmenite concentrate & by-product costs \$ million			25.0	7.6	(69.6)
Total Cash Cost of Production \$ million			381.9	392.5	2.8
Unit Cash Prod Costs per Tonne of Z/R/SR Produced \$ (excluding ilmenite & by-products)			668	558	(16.5)
Unit Cash Prod Cost per Tonne of Z/R/SR Produced – A\$ (including ilmenite & by products)			714	569	(20.3)
Unit Cost of Goods Sold per tonne of Z/R/SR Sold \$			862	780	(9.5)
Revenue per Tonne of Z/R/SR Sold - A\$	1,044		1,030	1,136	10.3
Average AUD:USD cents	85.7	72.0	90.3	75.2	(16.7)

¹ Total mineral sands production includes ilmenite available for upgrading to synthetic rutile and ilmenite that is available for sale. For both commercial reasons and given the company's increased flexibility in utilising ilmenite production from multiple sources for upgrading to synthetic rutile, the company does not separate ilmenite production into saleable and upgradeable components.

² Ilmenite and other revenue include revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate. Iluka receives a royalty payment from its Mining Area C iron ore royalty. This is not reported as part of quarterly reports but is disclosed in the financial statements.

MARKET CONDITIONS

Market conditions for Iluka's mineral sands products remain subdued overall, in line with lower global growth, persistent low inflation and capacity adjustments in parts of the mineral sands value chain. For some customers, weak business profitability and cash flow impacted purchasing capability and product delivery timings.

Overall Iluka's zircon/rutile/synthetic rutile sales increased year-on-year, with high grade feedstocks higher (up 16 per cent), in large part associated with recommencement of synthetic rutile kiln 2, but with zircon marginally lower (down 2 per cent). US dollar denominated price outcomes eroded marginally over the course of the year although as conveyed on page 2, Australian dollar unit revenue per tonne of zircon/rutile/synthetic rutile benefited from a lower AUD:USD exchange rate and increased 10 per cent year-on-year. Summary price information is displayed in the table on page 4.

Evident as the year-end approached were industry examples of cash flow generation and inventory monetisation 'imperative selling' practices which resulted in some erosion of prices and Iluka customer deferral of purchases at year end, mainly for zircon. Sales of Iluka's high grade titanium dioxide products, which are more typically subject to longer term contractual obligations, remained in line with company expectations and the company is well advanced in terms of commercial arrangements for the sale of the majority of its high grade titanium dioxide volumes in 2016.

Iluka's approach to sales volume versus sales price trade-offs remains centred on following demand and in doing so effectively prioritises margins ahead of additional tonnes, that might be secured via lower prices, where practicable from a competitive and customer relationship perspective.

Zircon

Zircon demand year-on-year was broadly stable for the first three quarters, before slowing in the latter part of the year. Iluka's 2015 sales of 346 thousand tonnes were essentially in line with 2014. Implementation of Iluka's new Pricing and Payments Framework has created greater reliability in terms of sales volume outcomes and, in some cases, enabled Iluka to achieve sales increases to its preferred customers for whom quality and continuity of supply from a reliable and financially strong industry participant are of value.

2015 saw stable overall demand in China, the largest market, similar to 2014 levels, with ceramics demand steady for the year, although with some earlier than usual plant closures and destocking in the fourth quarter in advance of winter and the Chinese New Year. Demand in the smaller but still significant zirconium oxy chloride chemicals market continued to be low and towards the end of the year a number of large producers idled production lines or undertook maintenance outages. The fused zirconia market in China has been variable in terms of its performance, although Iluka's largest customers in this segment have performed solidly.

In Europe, the second largest market, Iluka achieved increased sales in 2015, with a recovery in demand in the ceramics and opacifier sectors, although still at lower than historical run rates. The Middle East market has shown signs of strengthened demand off a low base. Asia (excluding China) and India were variable: ceramics demand in Asia was stable, while the Indian ceramics market after a solid first half, was affected by a slowdown in exports and by a period in which domestic demand was satisfied by imports of mainly Chinese tiles.

The market which displayed the most marked reduction in sales for Iluka was the Americas. It was the sales results in this market which curtailed the expected increase in Iluka's 2015 zircon sales relative to 2014. Iluka's sales in the United States were affected by several factors, but primarily by the imminent idling of the Virginia operation and lower availability of the company's premium Virginia zircon, which saw some customers seek alternative sources of supply in advance of the operational wind down, as well as a marked demand reduction in sectors such as oil and steel, which adversely affected demand for zircon used in fused zirconia and refractory applications.

As was indicated in the half year results materials, the company had a higher proportion of both standard grade and zircon in concentrate sales in the second half, associated with Iluka's specific market sector targeting activities and end customer product requirements.

Titanium Dioxide Feedstocks

As Iluka indicated previously, the majority of its high grade titanium feedstock sales were contracted for the second half of the year and were delivered as planned.

Western chloride pigment producers, an important market for Iluka's high grade feedstocks, remained under pressure in 2015, with excess global pigment capacity leading to an erosion of pigment prices. Despite this, Iluka's combined synthetic rutile and rutile sales in 2015 increased by 16 per cent relative to 2014, with synthetic rutile production and sales largely underpinned by commercial off take arrangements. Iluka is well positioned for 2016 with the majority of its high grade feedstocks contracted for the year and with the opportunity for additional spot sales.

The titanium sponge market in China remained depressed, as did the welding electrode market. This is in contrast to the rest of Asia where sponge and welding were stable. In the United States, weakness in the oil sector and a reduction in large infrastructure projects, has reduced demand in these sectors of the market.

Iluka Mineral Sands Weighted Average Received Prices – US\$/tonne FOB

	2014	1 st Half 2015	2 nd Half 2015	2015 Full Year
Weighted Average Price US\$/tonne FOB				
Zircon Premium and Standard	1,033	1,019	962	986
Zircon (all products including concentrate and tailings material)	1,024	1,000	928	961
Rutile (includes all rutile products, including HyTi)	777	758	708	721
Synthetic rutile	750	Refer Note1	Refer Note 1	Refer Note 1
Revenue per Tonne of Z/R/SR Sold - A\$	1,030	1,130	1,141	1,136

Note 1: Iluka's synthetic rutile sales are, in large part, underpinned by commercial off take arrangements. The terms of these arrangements, including the pricing arrangements are commercial in confidence and as such not disclosed by Iluka. Synthetic rutile, due to its lower titanium dioxide content than rutile, typically is priced lower than natural rutile.

Zircon prices reflect the weighted average price for zircon premium and zircon standard, also with a weighted average price for all zircon materials, including zircon in concentrate and zircon tailings. The prices for each product vary considerably, as does the mix of such products sold period to period. For example, Iluka sold more zircon standard and zircon in concentrate in the second half of 2015 compared with the first half of 2015 and more in 2015 than 2014. In the case of rutile, Iluka sells a lower titanium dioxide product, HyTi. Sales volume for this product was more second half weighted in 2016 and, as such, influenced weighted average price dynamics.

PRODUCTION

Higher year-on-year production mainly reflects an increase in synthetic rutile (SR) production associated with the reactivation of SR kiln 2 in the South West of Western Australia in April, with marginally higher zircon production, offset by lower rutile production reflecting feedstock blending strategies at the Hamilton mineral separation plant to manage supply of rutile following the completion of mining at Woornack, Rownack, Pirro (WRP) and before the next planned mine in the Murray Basin.

The Jacinth-Ambrosia mining and concentrating operation continued at full utilisation rates through to the end of the year, reflecting the most efficient operating method, although this did result in a marginal further concentrate build at site. In December, both the Hamilton mineral separation plant in Victoria and the Narngulu mineral separation plant in Western Australia were idled over the Christmas period and will recommence processing of concentrate in January and February respectively. Mining at Tutunup South, Western Australia, recommenced in March as an ilmenite feed source for SR kiln 2 located nearby. Mining in the Murray Basin was completed at the WRP deposits in April following the end of the economic life of these deposits. Rehabilitation work has commenced and Murray Basin rutile and zircon production will be derived from the progressive drawdown and processing of heavy mineral concentrate stocks before the next planned mine development at Balranald, New South Wales.

During 2015, the Hamilton mineral separation plant operated at approximately 78 per cent capacity and processed a blend of both Murray Basin and Jacinth-Ambrosia concentrate. The Narngulu mineral separation plant operated at approximately 60 per cent capacity in 2015.

SR kiln 2, which was re-activated in April 2015 produced 165 kt of synthetic rutile to the end of 2015 with higher than planned production associated with better than expected operating performance.

In Virginia, the company's mining and concentrating operations at Concord and Brink, as well as mineral separation operations, were idled in December, as the company previously indicated (refer ASX Release 12 December 2014).

Appendix 1 shows physical movements on a year-to-date basis, and compared to 2014. In relation to heavy mineral concentrate (HMC) produced and that processed, the figures indicate a net HMC draw down of 69 kt, mainly in the Murray Basin (105 kt), in line with company's intention to process this material following completion of current mining operations at WRP. HMC stocks at Jacinth-Ambrosia increased marginally over 2014 (by 67 kt) due to mineral separation plants continuing to operate at reduced utilisation rates.

MINERAL SANDS PRODUCTION

The following table details Iluka's total production by product group, with the source of that production attributed to the regional operating mines and basins. Processing of final product occurs in Australia at one of two mineral separation plants - at Hamilton, Victoria and Narngulu, Western Australia. Iluka's mineral separation plant in Virginia is now idled. A similar table showing a 12 month comparison is on page 7. Given the integrated nature of Iluka's Australian operations, heavy mineral concentrate is capable of being processed into final product at either of the Australian mineral processing facilities. Appendix 1 provides details of the physical flows from mining operations to mineral processing facilities.

Physical Production

	Dec-14 Quarter	Mar-15 Quarter	Jun-15 Quarter	Sep-15 Quarter	Dec-15 Quarter	Dec-15 Qtr vs Sep 15 Qtr	Dec-15 Qtr vs Dec 14 Qtr
	kt	kt	kt	kt	kt	%	%
Zircon¹							
Eucla/Perth Basin (SA/WA)	47.9	49.0	74.7	85.1	88.2	3.6	84.1
Murray Basin (VIC)	32.2	7.6	15.1	12.3	19.3	56.9	(40.1)
Australia	80.1	56.6	89.8	97.4	107.5	10.4	34.2
Virginia (USA)	4.1	9.1	7.8	10.6	9.8	(7.5)	139.0
Total Zircon Production	84.2	65.7	97.6	108.0	117.3	8.6	39.3
Rutile							
Eucla/Perth Basin (SA/WA)	7.3	7.3	9.0	11.2	12.4	10.7	69.9
Murray Basin (VIC)	50.7	13.0	26.9	24.0	32.7	36.3	(35.5)
Total Rutile Production	58.0	20.3	35.9	35.2	45.1	28.1	(22.2)
Synthetic Rutile (WA)	-	1.6	55.8	54.9	52.6	(4.2)	n/a
TOTAL Z/R/SR PRODUCTION	142.2	87.6	189.3	198.1	215.0	8.5	51.2
Ilmenite							
Eucla/Perth Basin (SA/WA)	23.6	35.2	67.9	66.5	61.4	(7.7)	160.2
Murray Basin (VIC)	24.6	9.2	16.6	13.4	50.8	279.1	106.5
Australia	48.2	44.4	84.5	79.9	112.2	40.4	132.8
Virginia (USA)	16.6	35.2	31.0	41.9	37.0	(11.7)	122.9
Total Ilmenite	64.8	79.6	115.5	121.8	149.2	22.5	130.2
TOTAL MINERAL SANDS PRODUCTION	207.0	167.2	304.8	319.9	364.2	13.8	75.9

¹ Iluka's zircon production figures include small volumes of zircon attributable to external processing arrangements.

Physical Production – 12 Month Comparison

	12 mths to Dec-14	12 mths to Dec-15	12 mths Dec-15 vs 12 mths Dec-14
	kt	kt	%
Zircon			
Eucla/Perth Basin (SA/WA)	239.5	297.0	24.0
Murray Basin (VIC)	93.0	54.3	(41.6)
Australia	332.5	351.3	5.7
Virginia (USA)	25.1	37.3	48.6
Total Zircon Production	357.6	388.6	8.7
Rutile			
Eucla/Perth Basin (SA/WA)	29.7	39.9	34.3
Murray Basin (VIC)	147.5	96.6	(34.5)
Total Rutile Production	177.2	136.5	(23.0)
Synthetic Rutile (WA)	-	164.9	n/a
TOTAL Z/R/SR PRODUCTION	534.8	690.0	29.0
Ilmenite			
Eucla/Perth Basin (SA/WA)	102.6	231.0	125.1
Murray Basin (VIC)	168.0	90.0	(46.4)
Australia	270.6	321.0	18.6
Virginia (USA)	94.8	145.1	53.1
Total Ilmenite	365.4	466.1	27.6
TOTAL MINERAL SANDS PRODUCTION	900.2	1,156.1	28.4

PLANNED NEW PRODUCTION

Balranald, Murray Basin, New South Wales

Balranald and Nepean are two rutile-rich mineral sands deposits in the northern Murray Basin, New South Wales. The Balranald development, if approved, will provide the potential for approximately eight years of substantial rutile, zircon and associated ilmenite production. It is proposed that the Balranald development will utilise the existing Hamilton mineral separation plant.

Balranald Stage 1 definitive feasibility study (DFS) is nearing completion.

During the quarter, activities associated with the DFS included validating mining and material movement optimisation findings, and site infrastructure assessments. These works are to be followed by the detailed engineering required for project pre-execution activities. Additional test work to better assess the proportion of the ilmenite from Balranald which is suitable for various downstream processing technologies, including synthetic rutile, has largely been concluded and supports preliminary assessments. As part of the statutory planning process, Iluka has submitted a response to a State Government agency and community submissions on the New South Wales Environmental Impact Statement (EIS). In addition, Iluka has finalised a separate response after the Federal Government reviewed the draft EIS. Associated with both EIS processes, Iluka continues to communicate regularly to the Government bodies to ensure clarity and certainty in relation to the regulatory process. Iluka continues to inform the community of the assessments and proposed management of the development.

The timing of the Balranald project remains subject to the final results of the DFS, environmental and other approvals and economic and market conditions.

Cataby, Western Australia

The Cataby mineral sands deposit, located north of Perth, is a deposit that is expected to produce ilmenite suitable for sale, or as a quality ilmenite feed source for synthetic rutile production, as well material volumes of zircon and rutile. Cataby is expected to have an economic life of approximately 8.5 years.

All definitive feasibility study work has been completed and the project is at pre-execute stage, with timing dependent on market demand conditions.

Preparations for an execute decision continued with finalisation of infrastructure designs and with a number of environmental management plans being approved. Amendments have been obtained to Iluka's lease conditions which will allow mining closer to the Brand Highway, thereby increasing the potential level of reserve recovery.

Iluka has increased execution timing flexibility by obtaining a substantial extension of the State Government approval validity period and by securing an external source of chloride ilmenite. Work also continues to reduce the period between an execute decision and first production.

Puttalam, Sri Lanka

The Puttalam project focus remained on government negotiations with respect to the legal and investment terms for the development and on a scoping study on the PQ deposit, which is now complete. Next phase project planning activities include a preliminary feasibility study scheduled to commence in early 2016.

Refer Iluka's website (www.iluka.com) – Section: Company Overview, Projects, for more detail on these projects.

EXPLORATION

Perth Basin, Western Australia

Iluka continued exploration drilling on E7002464 (refer Figure 1) with 46 holes drilled for 552 metres in the December quarter on two traverses. Assaying of the samples has been completed and confirm the target Pleistocene Warren Sands in most holes and the presence of heavy mineral (HM) mineralisation (around three per cent) on each traverse. The exploration drilling is being undertaken under the terms of the Farm-In and Exploration Joint Venture Agreement between Iluka Resources and Governor Broome Sands Pty Ltd.

Ten mineralogical bulk HM samples have been prepared and submitted to the Iluka laboratory in Capel, Western Australia, for mineral assemblage and abundance studies. These results are expected in the first quarter of 2016.

Under the Farm-In and Exploration Joint Venture Agreement between Iluka Resources and Governor Broome Sands Pty Ltd, Iluka has met the initial expenditure requirement under the terms of the agreement and is now the registered holder of 51 per cent of E7002464 and a formal joint venture has been established.

Bremer Basin, Western Australia

Iluka has completed greenfields exploration drilling on E7004064, E7004084, E7004603, E7004703 and E7004731 (Figure 1). During the quarter a total of 104 holes were drilled for 3,163 metres. The drilling was targeting the Plantagenet Group which is Eocene in age, however the majority of the drill holes intersected non marine sands overlying basement rocks.

Eucla Basin, South Australia

Iluka commenced greenfields drilling on EL 5452, EL 5477 and EL 5506 in the Eucla Basin (Figure 2). To the end of the quarter 28 holes were drilled for 2,438 metres. Drilling was completed on four traverses and has intercepted the host Pleistocene Bridgewater Formation. The drilling has confirmed that the sediments are largely unconsolidated and consist of fine grained well sorted sands with zones of low grade (less than one per cent HM) mineralisation. Further greenfields drilling is planned for 2016.

Murray Basin, Victoria / New South Wales

Iluka completed a short drilling programme in the Murray Basin on tenement EL 4282 (Figure 3). For the quarter 116 holes were drilled for 3,473 metres. The drilling on EL 4282 targeted a portion of the WIM100 heavy mineral prospect which is within the Loxton Parilla sands which are host to HM accumulations. The drilling was completed to collect a bulk HM sample from WIM100 for further test work by Iluka as part of ongoing technical assessment of the WIM100 prospect.

Figure 1 Perth Basin and Bremer Basin, Western Australia

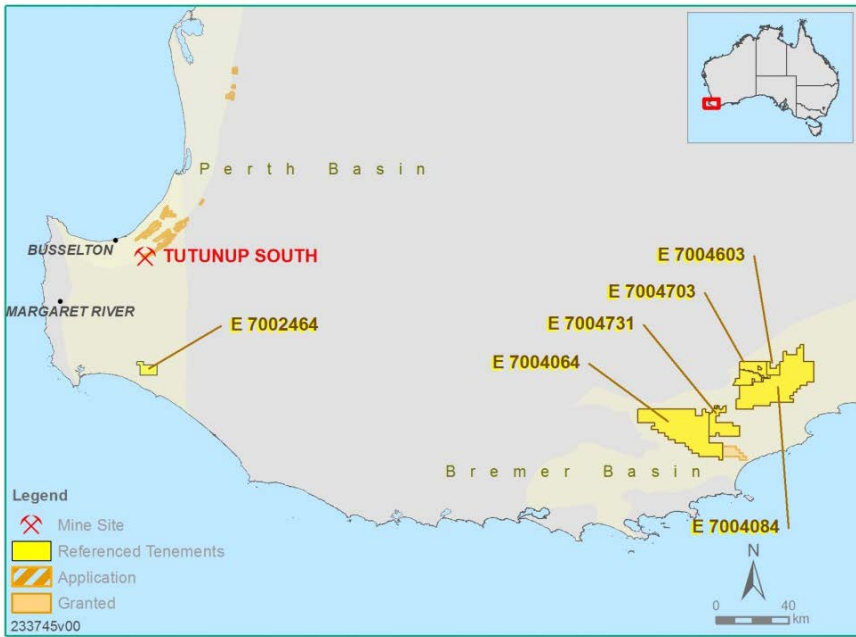


Figure 2 Eucla Basin Tenements

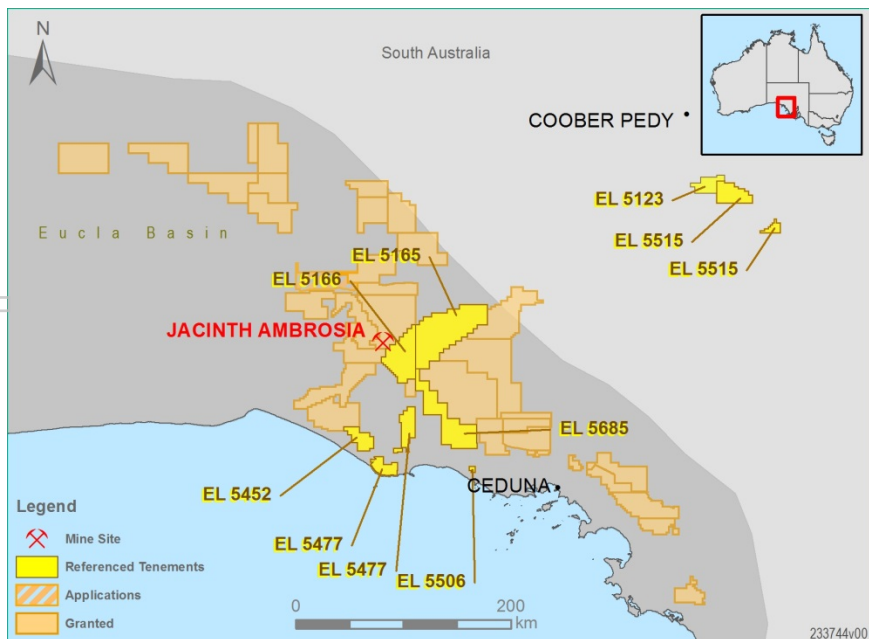
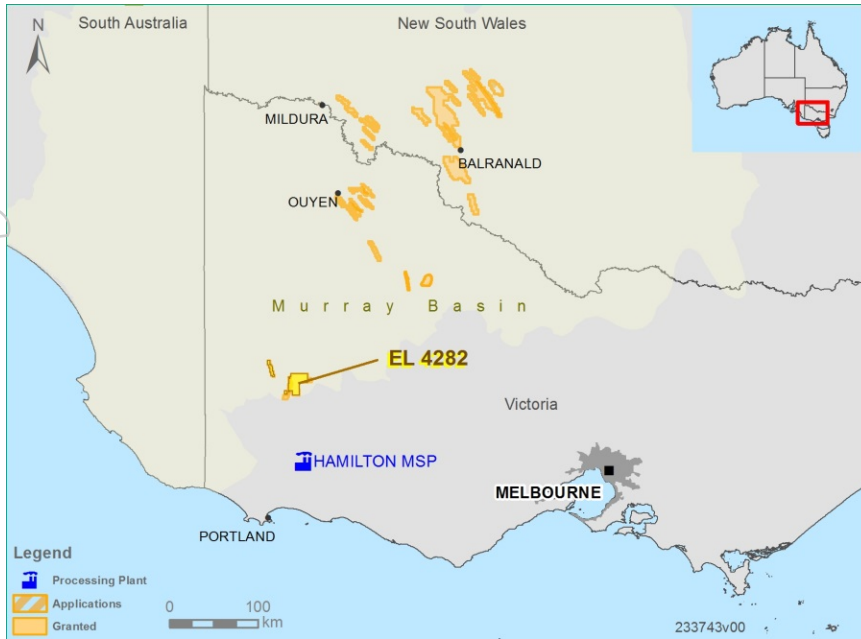


Figure 3 Murray Basin Tenements



Project Generation

Iluka is continuing exploration activities, from initial prospecting and tenement acquisition to drilling activity for mineral sands in several other areas in both Australia and at early stages in six international jurisdictions.

During the December quarter, Iluka conducted first phase aerial geophysics in Kazakhstan for mineral sands targets within the country. Further aerial geophysics is planned in early 2016 and, if suitable anomalies are found, this will be followed up with drilling during the first half of 2016.

Exploration – New Commodities

Iluka continues to assess non mineral sands prospectivity on its tenements, and also to evaluate other proximate opportunities. Iluka completed air-core exploration drilling at the nickel sulphide focussed Fowler Project (EL 5165, EL5166, EL5685), located south east of Jacinth-Ambrosia (Figure 2). A total of 123 holes for 5,782 metres of drilling were completed with several interpreted mafic and ultramafic intrusions intersected. The air-core drilling and further targeted geophysical surveys will continue in 2016.

At the Phar Lap Project (EL 5123) Iluka completed three diamond drill holes for 1,394 metres. This is an Iluka Farm-In Agreement with Monax Mining Limited (Monax) and EL 5515 (100 per cent Iluka) near Coober Pedy, South Australia (Figure 2). All holes intersected the targeted stratigraphic sequence with typical regional hematitic alteration evident. Further geological and geophysical interpretation will be conducted in the first quarter 2016 following receipt of assay results.

Summary of Farm-In and Joint Exploration Activities

Partner	Tenement(s)	Key Terms
Royal Resources Limited Located approximately 250km NNE of Adelaide, South Australia	EL 4842	Iron Ore Rights Agreement <ul style="list-style-type: none"> Royal has a minimum expenditure within the first 12 months. If the project reaches the stage where the Royal Board makes a decision to mine on EL 4842, then Royal has agreed to pay Iluka \$1.5 million. Royal will also pay a 4% gross revenue royalty.
Monax Mining Limited Located approximately 50km from Prominent Hill, South Australia	EL 5123	Farm-In and Exploration JV Agreement Iron-Oxide Copper-Gold Iluka can earn 80% of the project by funding exploration over 4 years.
Doray Minerals Limited Located within the Central and Western Gawler Craton, Eucla Basin, South Australia	Numerous	Gold Farm-In Agreement Doray will have the right to earn up to 80% of any Gold Resources discovered within the project area with Iluka retaining rights to discoveries of other commodities made by the company.
Doray Minerals Limited (Meehan Minerals Pty Ltd) Located near Carnarvon, Western Australia	E09/2034	Farm-in and Exploration Joint Venture Iluka can earn 51% of the tenement by funding exploration. If Iluka incurs expenditure in excess of a defined amount in addition to the Initial Farm-in Expenditure before 15 June 2019 Iluka acquires an additional 29%.
Astro Resources NL (Governor Broome Sands Pty Ltd) Located in the Nannup region of southern Western Australia	E70/2464	Farm-in and Exploration Joint Venture Agreement Mineral Sands Iluka can earn 80% of the tenement by defined exploration funding.

Investment market and media enquiries:

Dr Robert Porter
 General Manager, Investor Relations
 Phone: + 61 (0) 3 9225 5008
 Mobile: +61 (0) 407 391 829
 Email: robert.porter@iluka.com

APPENDIX 1 - OPERATING MINES – PHYSICAL DATA
12 Months to 31 December 2015

	Jacinth-Ambrosia	Murray Basin	Western Australia	Australia Total	Virginia	Group Total 2015	Group Total 2014
Mining							
Overburden Moved kbcm	1,197	2,171	262	3,630	-	3,630	16,306
Ore Mined kt	7,933	567	1,815	10,315	3,500	13,815	14,689
Ore Grade HM %	7.5	38.9	11.2	9.9	6.7	9.1	13.5
VHM Grade %	6.7	32.2	10.1	8.7	5.6	7.9	12.1
Concentrating							
HMC Produced kt	563	145	182	890	247	1,137	1,305
VHM Produced kt	501	127	166	794	184	978	1,135
VHM in HMC Assemblage %	89.0	87.9	91.1	89.3	74.3	86.0	87.0
Zircon	59.1	22.9	16.7	44.5	15.6	38.2	36.7
Rutile	6.2	40.3	5.3	11.6	0.0	9.0	21.6
Ilmenite	23.7	24.7	69	33.2	58.7	38.7	28.6
Processing (HMC to finished product at a mineral separation plant)							
HMC Processed kt	496	250	203	949	257	1,206	968
Finished Product ¹ kt							
Zircon	249.7	54.3	47.3	351.3	37.3	388.6	357.6
Rutile	31.1	96.6	8.8	136.5	-	136.5	177.2
Ilmenite (saleable/upgradeable)	117.5	90.0	113.5	321.0	145.1	466.1	365.4
Synthetic Rutile Produced kt			164.9	164.9		164.9	-

The Basin data shown above relates to the 2015 year; Group totals for the 2014 year are shown. An explanation of Iluka's physical flow information can be obtained from Iluka's Briefing Paper - Iluka Physical Flow Information on the company's website www.iluka.com, under Investor Relations, Mineral Sands Briefing Material, 2010. The nature of the Iluka operations base means that HMC from various mining locations can be processed at various mineral separation plants.

Explanatory Comments on Terminology

Overburden moved (bank cubic metres) refers to material moved to enable mining of an ore body.

Ore mined (thousands of tonnes) refers to material moved containing heavy mineral ore.

Ore Grade HM % refers to percentage of heavy mineral (HM) found in a deposit.

VHM Grade % refers to percentage of valuable heavy mineral (VHM) - titanium dioxide (rutile and ilmenite), and zircon found in a deposit.

Concentrating refers to the production of heavy mineral concentrate (HMC) through a wet concentrating process at the mine site, which is then transported for final processing into finished product at one of the company's two Australian mineral processing plants, or the Virginia mineral processing plant.

HMC produced refers to HMC, which includes the valuable heavy mineral concentrate (zircon, rutile, ilmenite) as well as other non-valuable heavy minerals (gangue).

VHM produced refers to an estimate of valuable heavy mineral in heavy mineral concentrate expected to be processed.

VHM produced and the VHM assemblage - provided to enable an indication of the valuable heavy mineral component in HMC.

HMC processed provides an indication of material emanating from each mining operation to be processed.

Finished product is provided as an indication of the finished production (zircon, rutile, ilmenite – both saleable and upgradeable) attributable to the VHM in HMC production streams from the various mining operations. Finished product levels are subject to recovery factors which can vary. The difference between the VHM produced and finished product reflects the recovery level by operation, as well as processing of finished material/concentrate in inventory. Ultimate finished product production (rutile, ilmenite, and zircon) is subject to recovery loss at the processing stage – this may be in the order of 10 per cent.

Ilmenite is produced for sale or as a feedstock for synthetic rutile production.

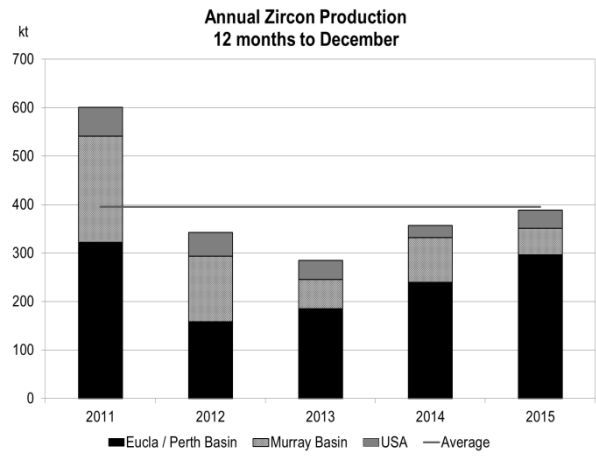
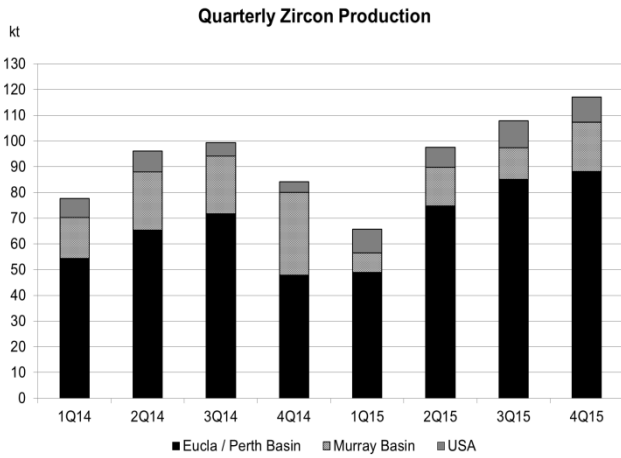
Typically, 1 tonne of upgradeable ilmenite will produce between 0.56 to 0.60 tonnes of SR. Iluka also purchases external ilmenite for its synthetic rutile production process.

Refer Iluka's website www.iluka.com – Mineral Sands Technical Information for more detailed information on the mineral sands mining and production process.

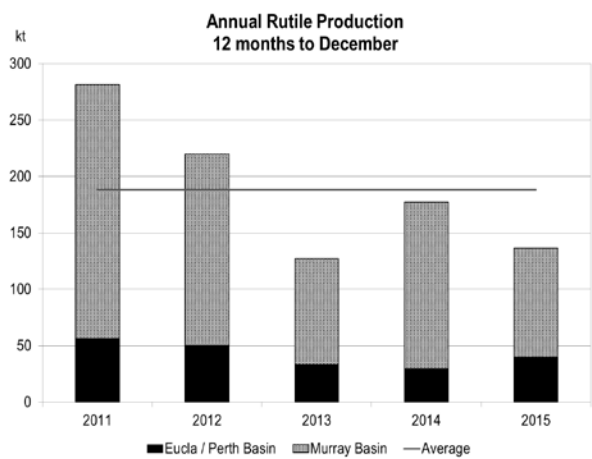
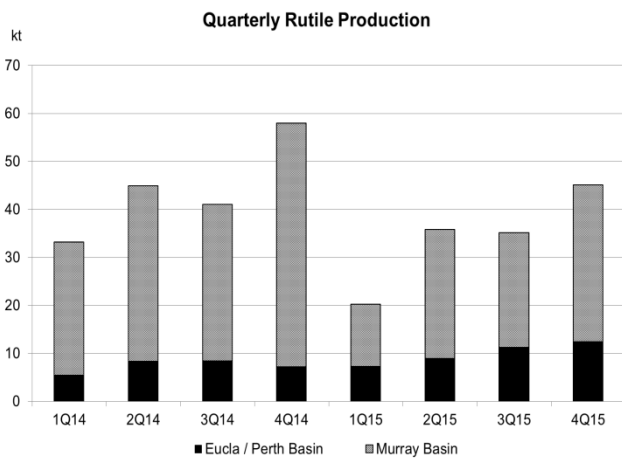
¹ Finished product includes material from heavy mineral concentrate (HMC) initially processed in prior periods.

APPENDIX 1 – PRODUCTION SUMMARIES

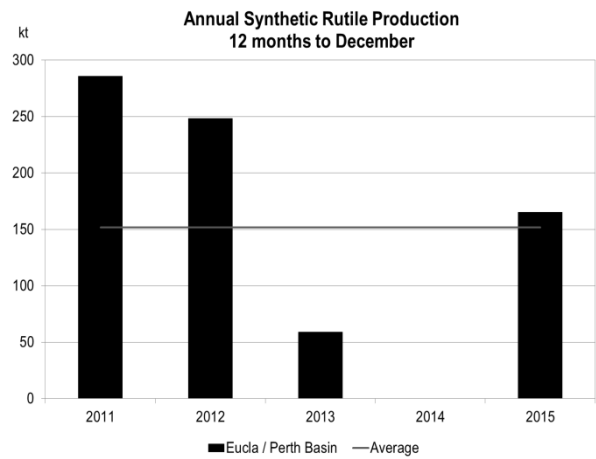
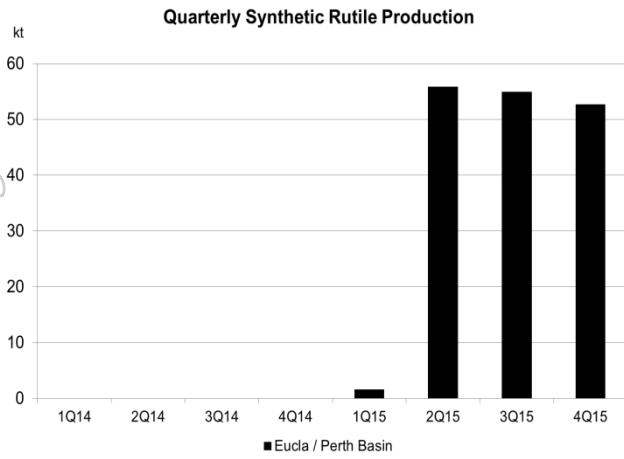
Zircon



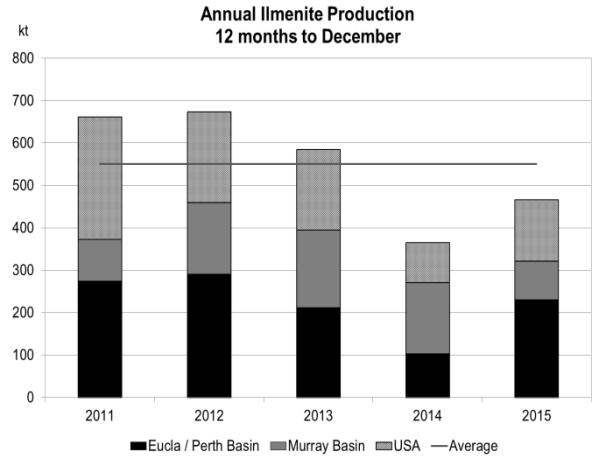
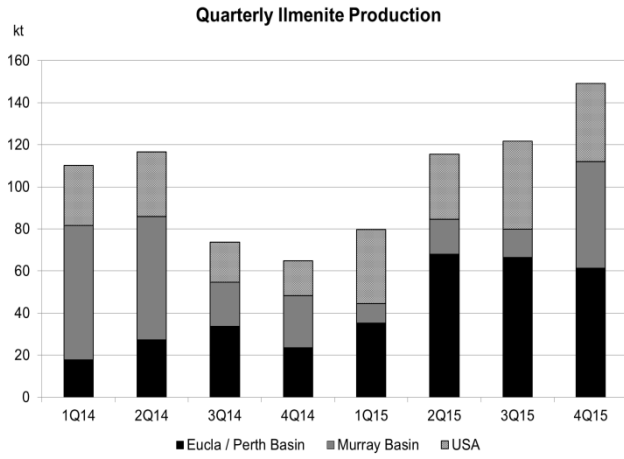
Rutile



Synthetic Rutile

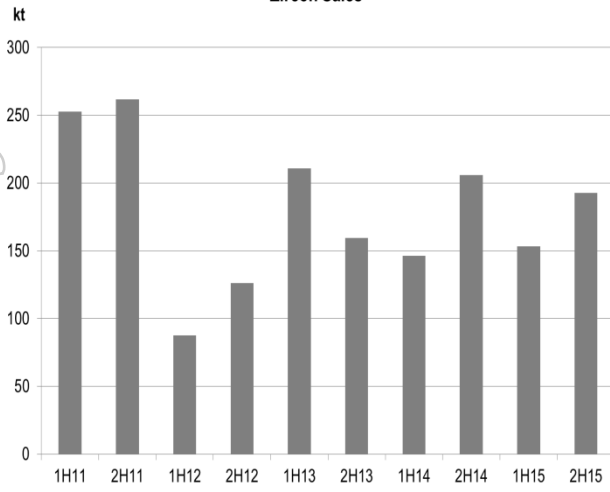


Ilmenite

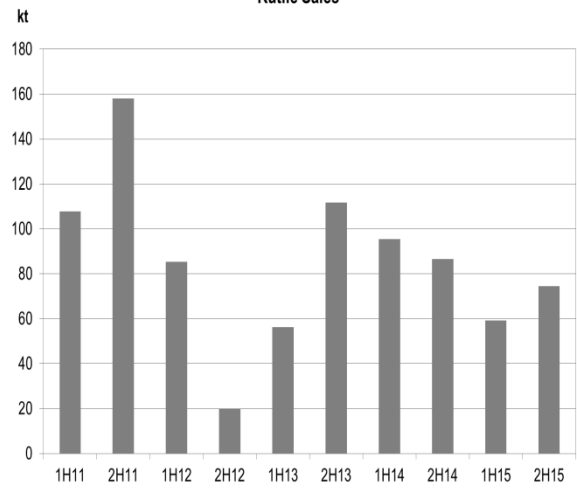


APPENDIX 2 – SIX MONTHLY SALES PROFILE

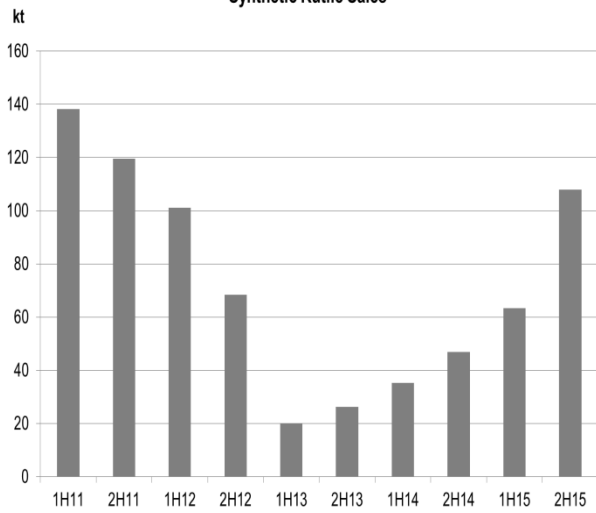
Zircon Sales



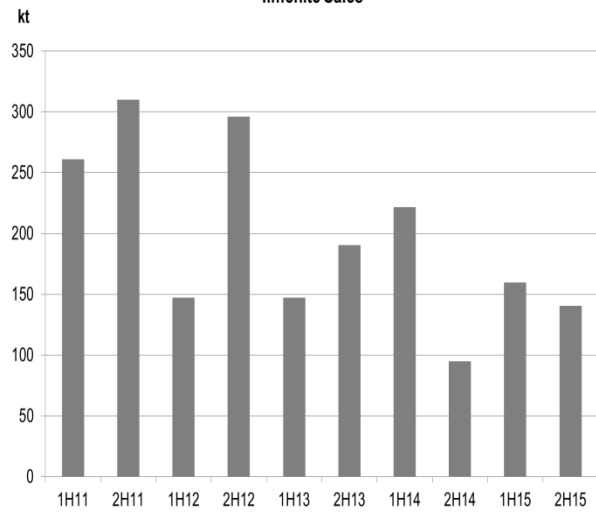
Rutile Sales



Synthetic Rutile Sales

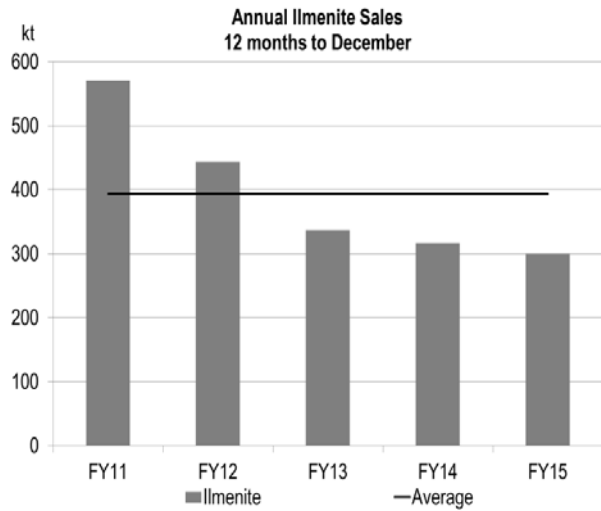
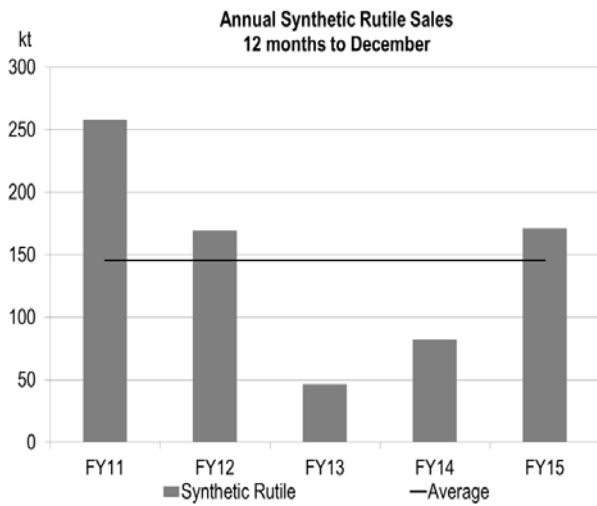
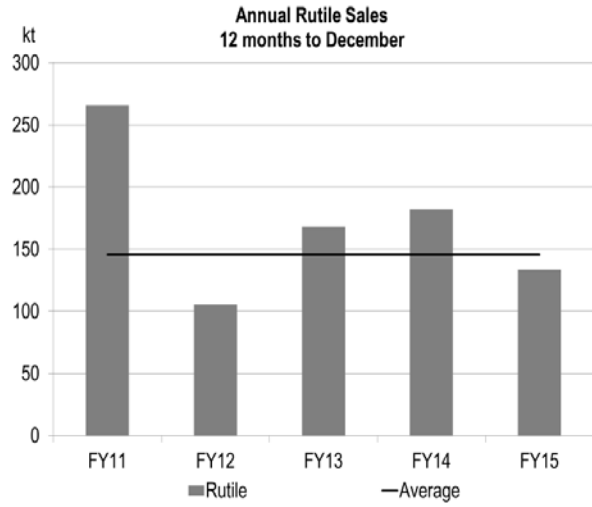
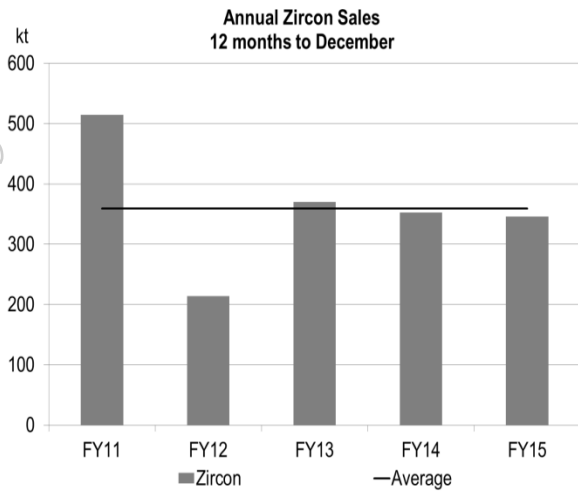


Ilmenite Sales



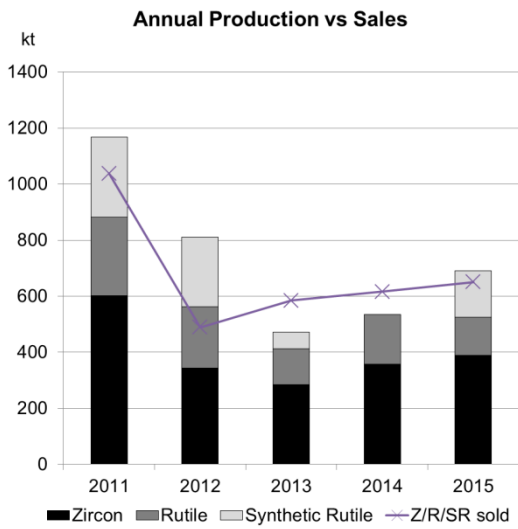
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APPENDIX 3 – ANNUAL SALES PROFILE



For personal use only

APPENDIX 4 – ANNUAL PRODUCTION VS SALES



5 Year Summary Data 2011 - 2015

	2011	2012	2013	2014	2015
	kt	kt	kt	kt	kt
<u>Annual Production</u>					
Zircon	601	343	285	358	389
Rutile	281	220	127	177	136
Synthetic Rutile	286	248	59	-	165
<u>Z/R/SR</u>	<u>1,168</u>	<u>811</u>	<u>471</u>	<u>535</u>	<u>690</u>
Ilmenite	662	674	585	365	466

	2011	2012	2013	2014	2015
	kt	kt	kt	kt	kt
<u>Annual Sales</u>					
Zircon	514	214	370	352	346
Rutile	266	105	168	182	134
Synthetic Rutile	258	170	46	82	171
<u>Z/R/SR</u>	<u>1,038</u>	<u>489</u>	<u>584</u>	<u>616</u>	<u>651</u>
Ilmenite	571	443	337	317	300