Iluka Resources Limited

2015 Full Year Results

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Forward Looking Statements

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The information in this presentation that relates to Mineral Resources estimates on the Tapira and Puttalam Projects has been previously announced to ASX (see relevant slides for details). Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed. Iluka confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Industry Dynamics

- Subdued market demand
- Growth exists, but not in all segments/geographies
- Industry cash flow and balance sheet pressures
  - some distressed selling
  - debt/equity restructuring
- New project underperformance
- Significant capacity and production reductions
- Industry sustaining capex requirement large (~$1.6bn) and imminent
- Current industry profitability insufficient to support that investment
- Medium term demand growth will challenge supply, particularly for zircon

Iluka Position

- Strong balance sheet (zero debt)
- Business running efficiently, safely, sustainably
- Year on year production and sales volume growth
- Margins stable and healthy, positive cash flow
- Costs reducing
- Maintaining a balance in use of cash flow between
  - investing to secure options for the future
  - distributing funds to shareholders

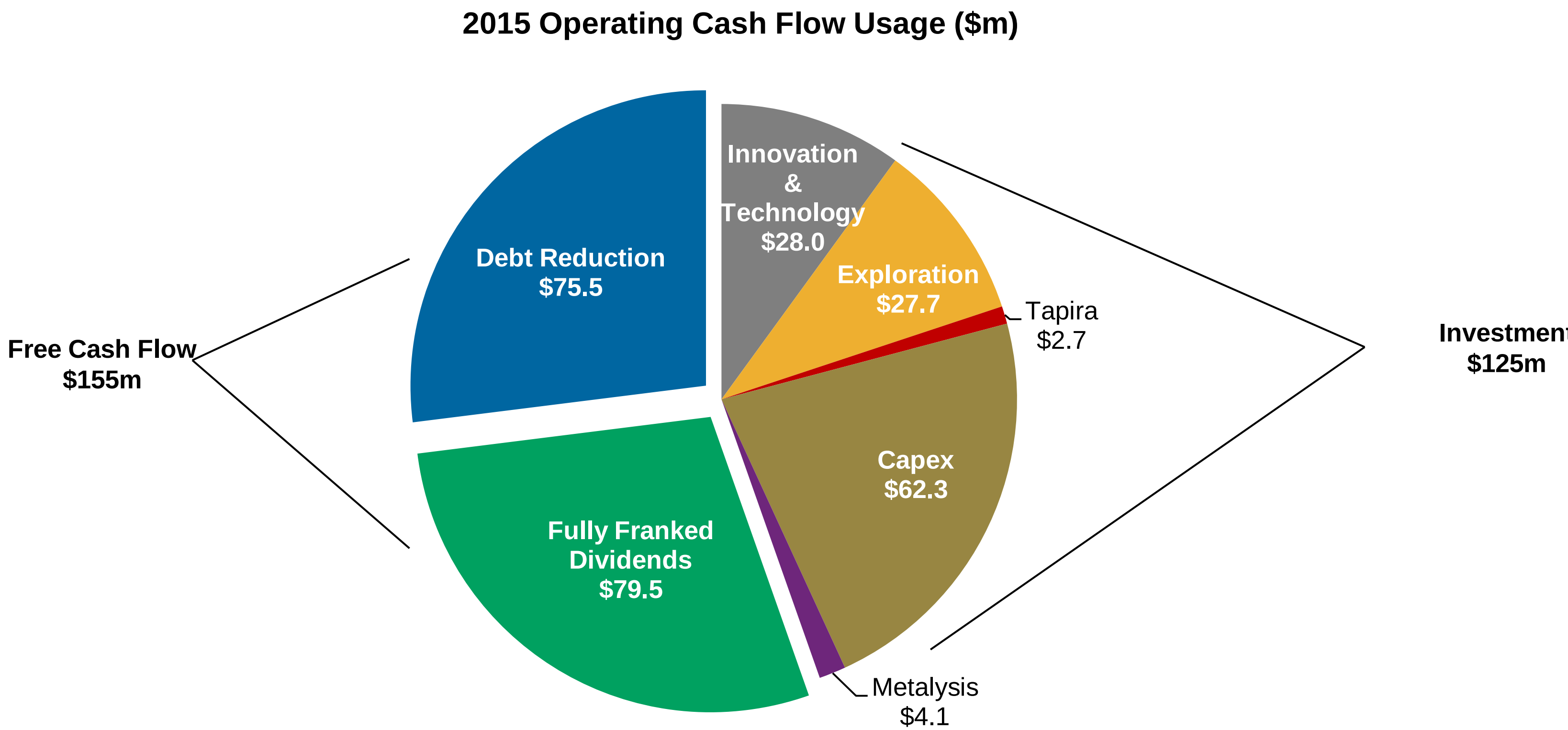
Key Features – Capital Management

- Iluka's approach:
  - maintain a strong balance sheet
- Iluka's distribution framework:
  - pay a minimum 40% of FCF not required for investing or balance sheet activity
  - distribute maximum practicable level of available franking credits
- Balance sheet 2015 year end:
  - zero net debt
  - facilities available $1,010 million
  - average tenor 4 years
- Distributions (incl 2015 final dividend of 19 cents)
  - 2010 – 2015 cumulative FCF returned to shareholders $715 million
  - franking account balance available for future years $103m (equal to FF divs of 57 cps)

Key Features - 2015

- Production up 29%
- Zircon/rutile/synthetic rutile (Z/R/SR) sales volumes up 6%
- High grade titanium feedstock sales volumes up 15%
- Mineral sands revenue up 13%
- Unit revenue per tonne of Z/R/SR sold up 10%
- Unit cash cost of production for Z/R/SR, excluding by-products, down 16%
- Unit cost of goods sold (cash and non cash) down 10%
- Group EBITDA $275 million, NPAT $54 million
- Mineral sands EBITDA margin of 33%
- Capex reduced, but future options preserved
- Free cash flow generation of $155 million
- Already strong balance sheet enhanced

Balanced Apportionment of Cash Flow

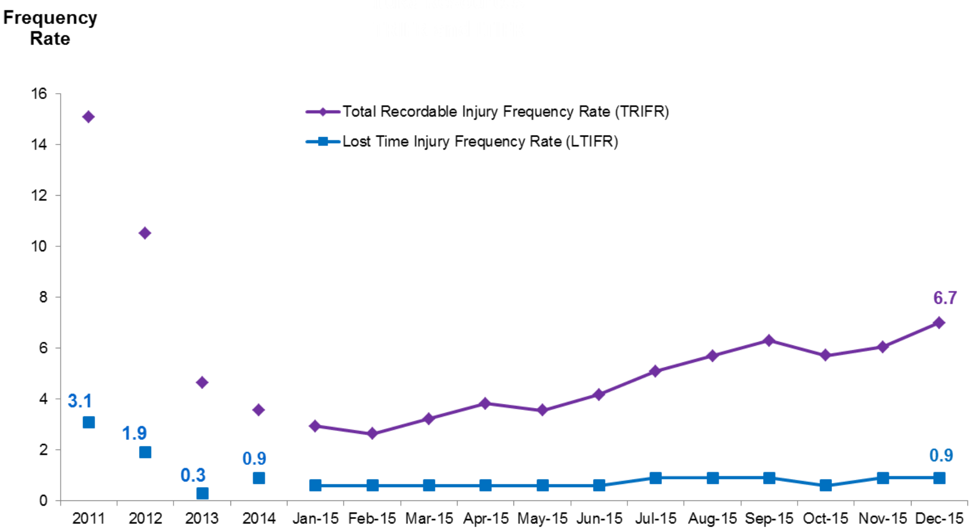


Net cash inflow from operating activities in the 2015 Financial Statements of $229.5m includes expenditure for innovation & technology ($28.0m), exploration ($27.7m) and Tapira ($2.7m). Free cash flow includes a net outflow of $8.1m comprised of purchase of Treasury Shares ($9.0m) and asset sales income ($0.9m).

Net debt decreased $65.0m compared to the previous corresponding period due to free cash flow for the year of $155.0m, payments of $79.5m in respect of the 13c 2014 final dividend in March 2015 and the 6c 2015 interim dividend in October 2015, currency translation impacts of $8.1m on the USD component of net debt and amortisation of deferred borrowing costs of $2.4m.

- Pre-investing cash flows of $279.8 million used to fund $124.8m of future growth opportunities
- Remaining $155.0 million of free cash flow used to
  - pay down debt ($75.5 million)
  - pay dividends ($79.5 million)

Sustainable Development



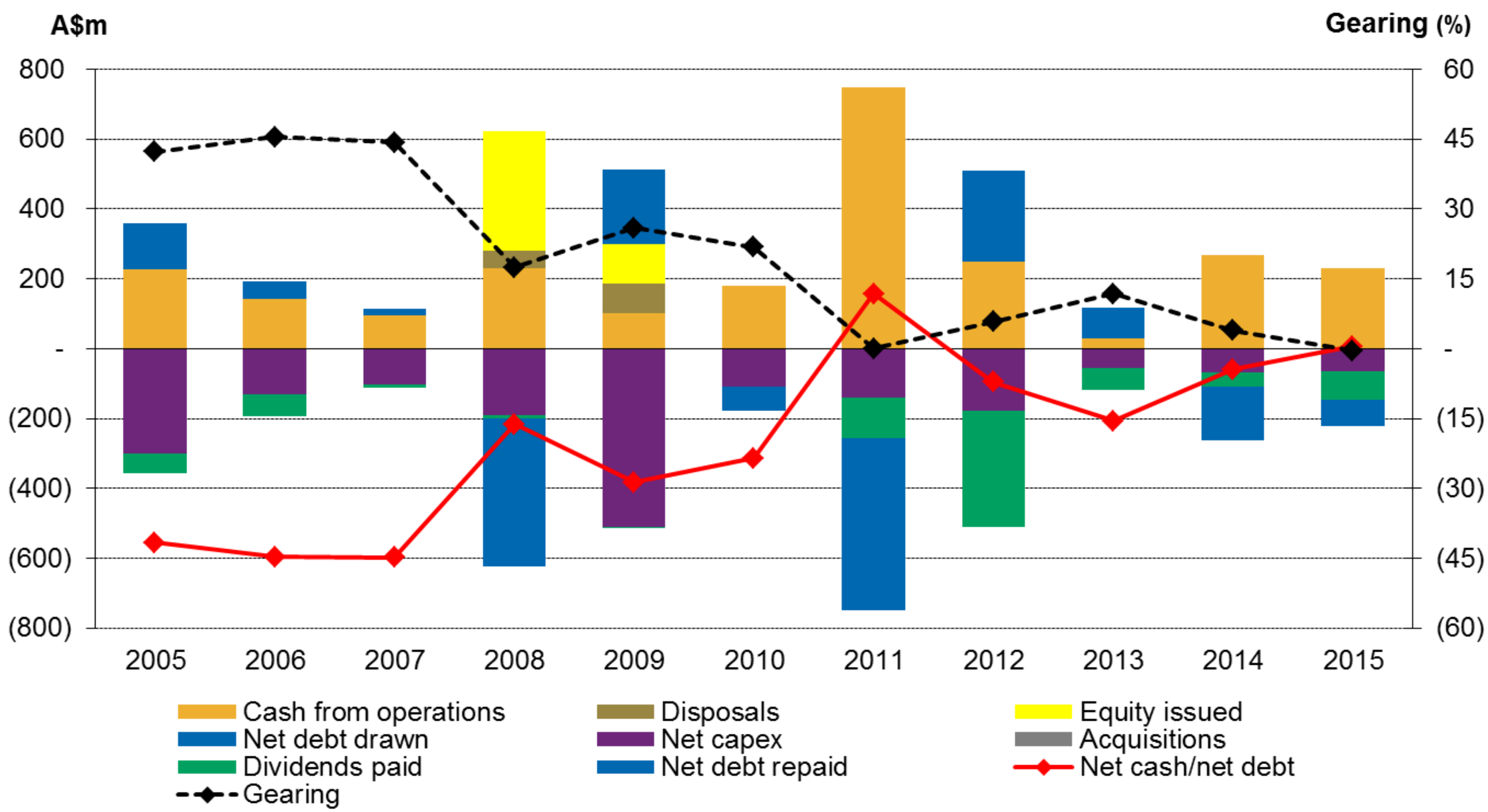

Land Rehabilitation Jacinth-Ambrosia

- Increase in TRIFR – higher occurrence of minor injuries/first aid – redoubled focus
- Strong safety culture/performance evidenced by safe synthetic rutile kiln restart
- Excellent land rehabilitation progress – 3rd consecutive year of net closure

Main Features of Full Year Results

Mineral Sands Sales Volumes	↑	Z/R/SR sales up 5.6%, higher SR sales offset by lower rutile and zircon sales
Mineral Sands Revenue	↑	13.1% - increased A$ revenue per tonne reflecting the lower AUD:USD exchange rate
Cash Costs of Production	↑	2.8% to $392.5m – reactivation of Tutunup Sth and SR2, partially offset by cessation of WRP
Cost of Goods Sold	↓	$780/tonne of Z/R/SR vs $862/tonne
Unit Cash Costs of Production	↓	$569/tonne (Z/R/SR) compared to $714/tonne – reflecting 29.0% higher Z/R/SR production
Unit Cash Costs (excl. by products)	↓	$558/tonne (Z/R/SR) compared to $668/tonne
Revenue per Tonne	↑	10.3% to $1,136/tonne (Z/R/SR) – lower AUD:USD exchange rate
Mining Area C EBIT	↓	$61.2 million vs $66.4million – one-off receipt, higher capacity payments, offset by lower iron ore prices
Mineral Sands EBITDA	↑	13.4% to $270.6 million
Group EBITDA Margin	–	31.2% vs 32.5%
Group EBITDA	↑	$275.4 million vs $257.0 million
Reported Earnings (NPAT)	↑	$53.5 million vs $(62.5) million
Return on Capital	↑	6.8% vs (2.0)%
Return on Equity	↑	3.8% vs (4.1)%
Capital Expenditure	–	$66.4 million vs $66.9 million (Metalysis investment: 2014 included $18.6m; 2015 included $4.1m)
Free Cash Flow	↓	$155.0 million vs $196.4 million; 37.0 cents per share vs 46.9 cents per share
Net Cash/(Debt)	↓	$6.0 million vs $(59.0) million
Gearing (net debt/net debt + equity)	↓	-0.4% vs 4.0%
Earnings per Share	↑	12.8 cents vs (15.0) cents
Full Year Dividend	↑	25 cents (fully franked) vs 19 cents (fully franked)

Efficient Capital Management



- Efficient capital management approach evident since 2007 continued
- Balance sheet strength enhanced in 2015 – additional facilities, longer tenor
- Cash returned to shareholders
- Significant funding headroom – ability to act counter-cyclically

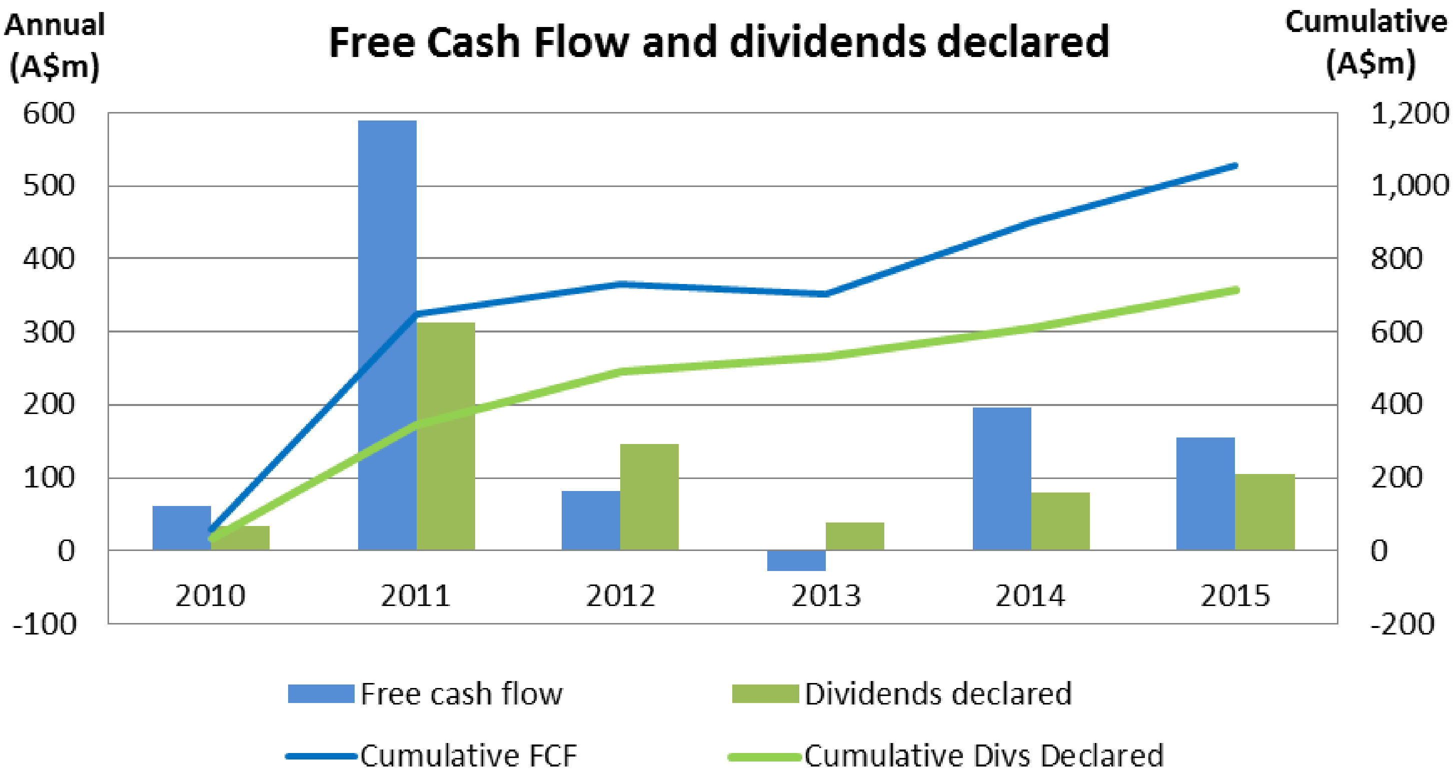
Iluka Dividend Payments

- 19 cents final dividend fully franked payable 1 April 2016
- Equals 68 per cent of 2015 FY free cash flow
- Cumulative 68 per cent of free cash flow since recommencement of dividends at end 2010
- Cumulative 171 cents per share returned to shareholders

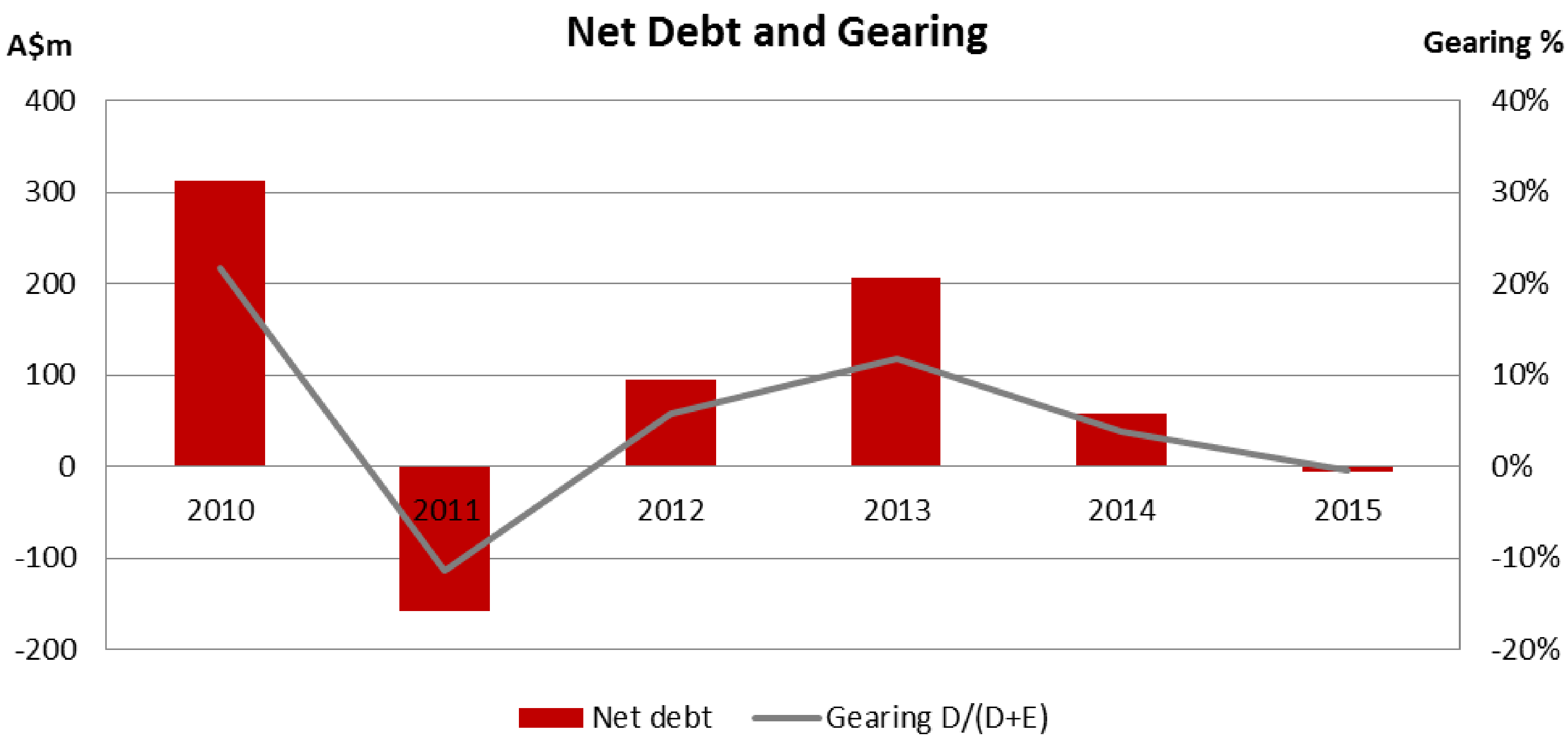
Distribution Metrics	
Full year free cash flow pay out ratio (%)	68
2010 – 2015 cumulative dividend payout ratio (%)	68
2010 – 2015 cumulative free cash flow returned to shareholders ($m)	715
2010 – 2015 cumulative retained free cash flow ($m)	340

- Dividend payment consistent with Iluka's stated framework:
  - pay a minimum 40 per cent of FCF not required for investing or balance sheet activity
  - distribute maximum practicable available franking credits
- Franking credits available for future years is $103 million – sufficient for FF dividend of 57 cps

Free Cash Flow and Dividend Trend

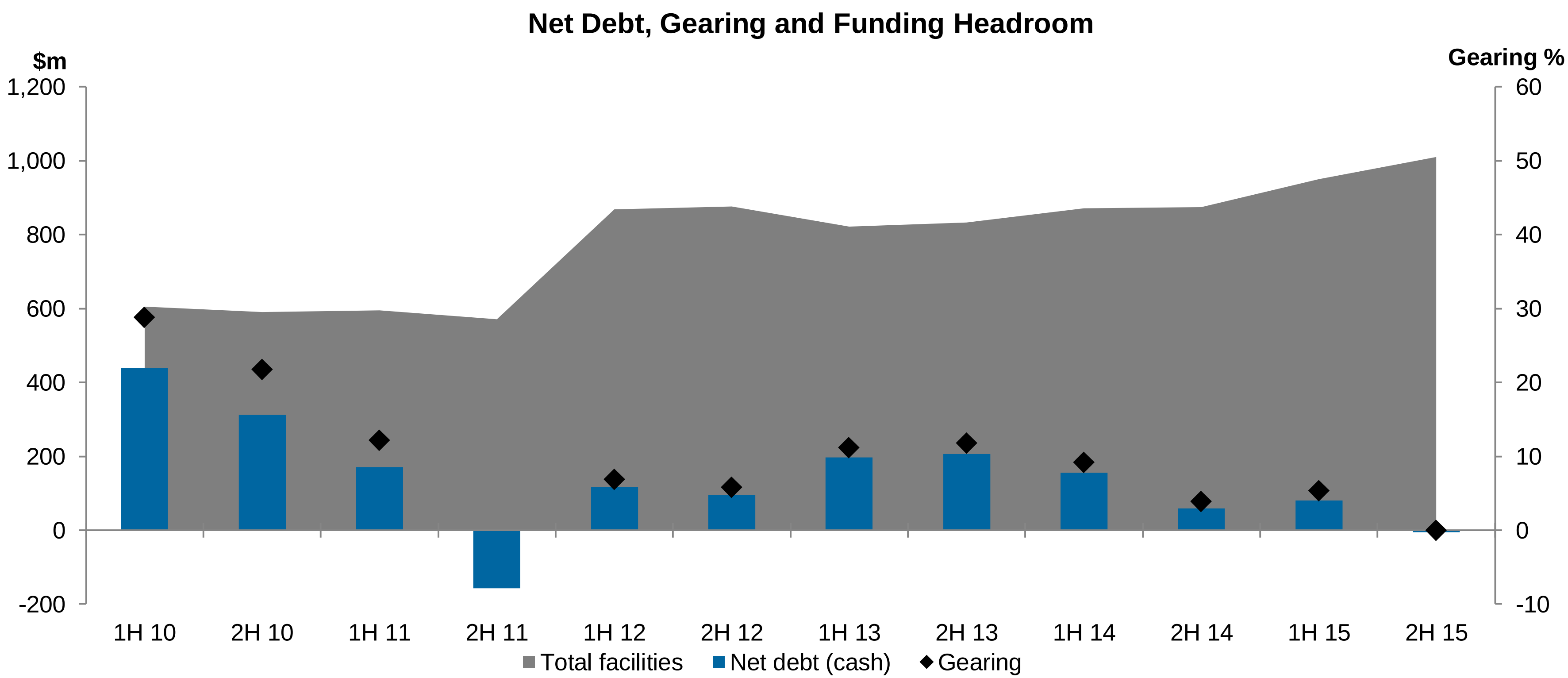


Net Debt and Gearing Trend



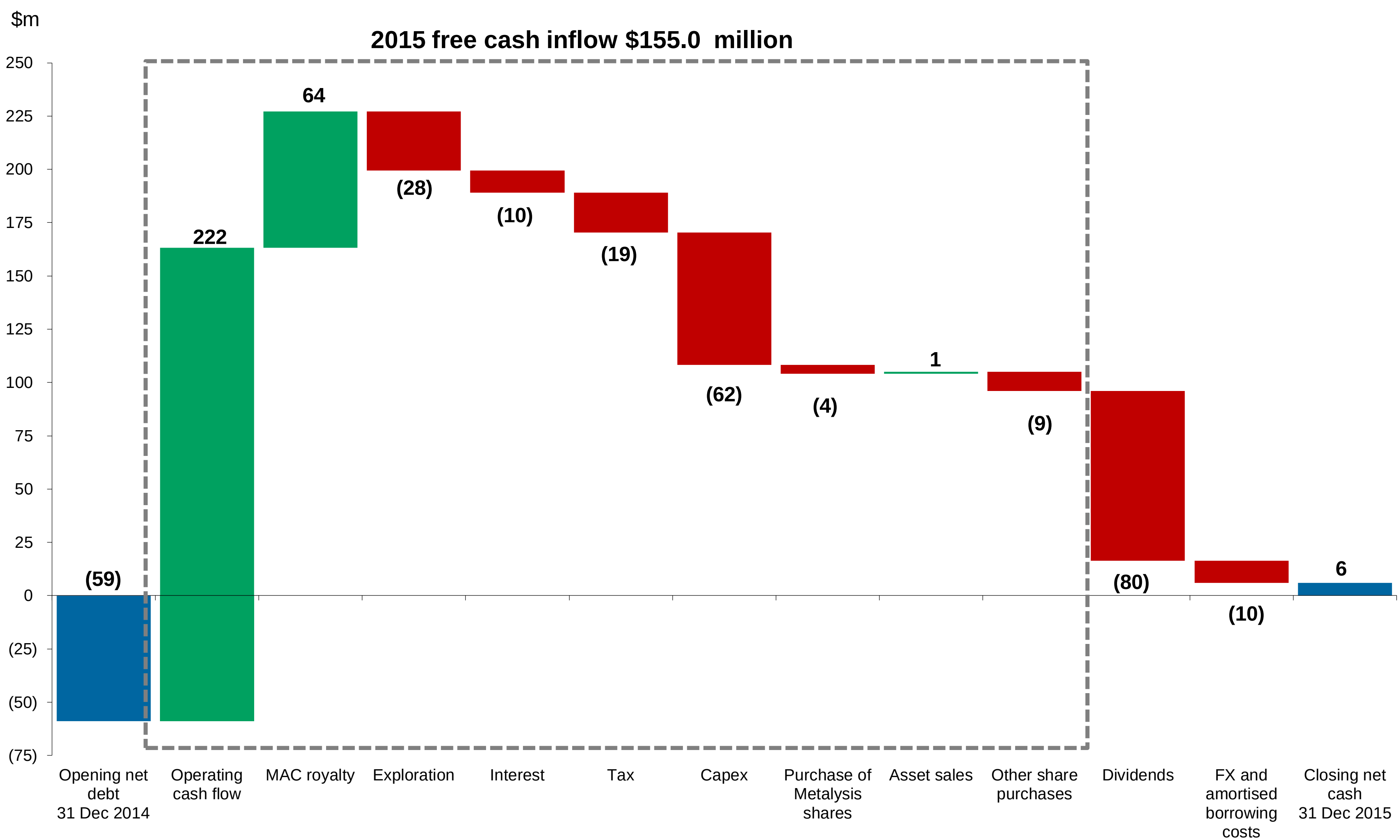
- 2010 – 2015 debt reduced to nil whilst paying $715 million of dividends
- Debt facilities increased from $950 million to $1,010 million during 2015

Balance Sheet



- Balance sheet strength at 31 December 2015
  - net cash of $6 million (debt of $55 million less borrowing costs $6 million, cash of $55 million)
  - undrawn facilities of $955 million with total facilities of $1,010 million
- Adjusting net debt for 19 cps final dividend increases gearing from -0.4% to ~5.2%

Net Debt Movement 2015



Summary Group Results

$m	2015	2014	2014 vs 2015 % change
Mineral sands revenue	**819.8**	**724.9**	**13.1**
Mineral sands EBITDA	**270.6**	**238.6**	**13.4**
Mining Area C royalty	61.2	66.4	(7.8)
Group EBITDA	**275.4**	**257.0**	**7.2**
Group EBITDA margin %	31.2	32.5	(1.3)
Depreciation and amortisation	(132.0)	(191.3)	31.0
Impairment expense	-	(82.0)	n/a
Group EBIT	**143.0**	**(16.7)**	**n/a**
Net interest and financing costs	(11.0)	(13.9)	20.9
Profit (loss) before tax	**86.6**	**(48.5)**	**n/a**
Tax (expense) benefit	(33.1)	(14.0)	(136.4)
Profit (loss) after tax	**53.5**	**(62.5)**	**n/a**
EPS (cents per share)	12.8	(15.0)	n/a
Free cash inflow (outflow)	155.0	196.4	(21.1)
Free cash inflow (outflow) (cents per share)	**37.0**	**46.9**	**(21.1)**
Dividends – fully franked (cents per share)	25.0	19.0	31.6
Net cash (debt)	**6.0**	**(59.0)**	**n/a**
Gearing (net debt /net debt + equity) %	n/a	3.9	n/a
Return on capital % (annualised)	6.8	(2.0)	n/a
Return on equity % (annualised)	**3.8**	**(4.1)**	**n/a**
Average A$/US$ exchange rate	75.2	90.3	16.7

Mining Area C Royalty
2015 versus 2014

		2015	2014	2015 2014 % change
Sales volumes	mdmt	53.5	53.4	0.2
Implied price	A$/t	71.6	98.7	(27.4)
Net Royalty income	$m	48.2	65.8	(26.7)
Annual capacity payments[1]	$m	3.0	1.0	200.0
Agreement modification one-off receipt[1]	$m	10.4	-	n/a
Iluka EBIT	$m	61.2	66.4	(7.8)

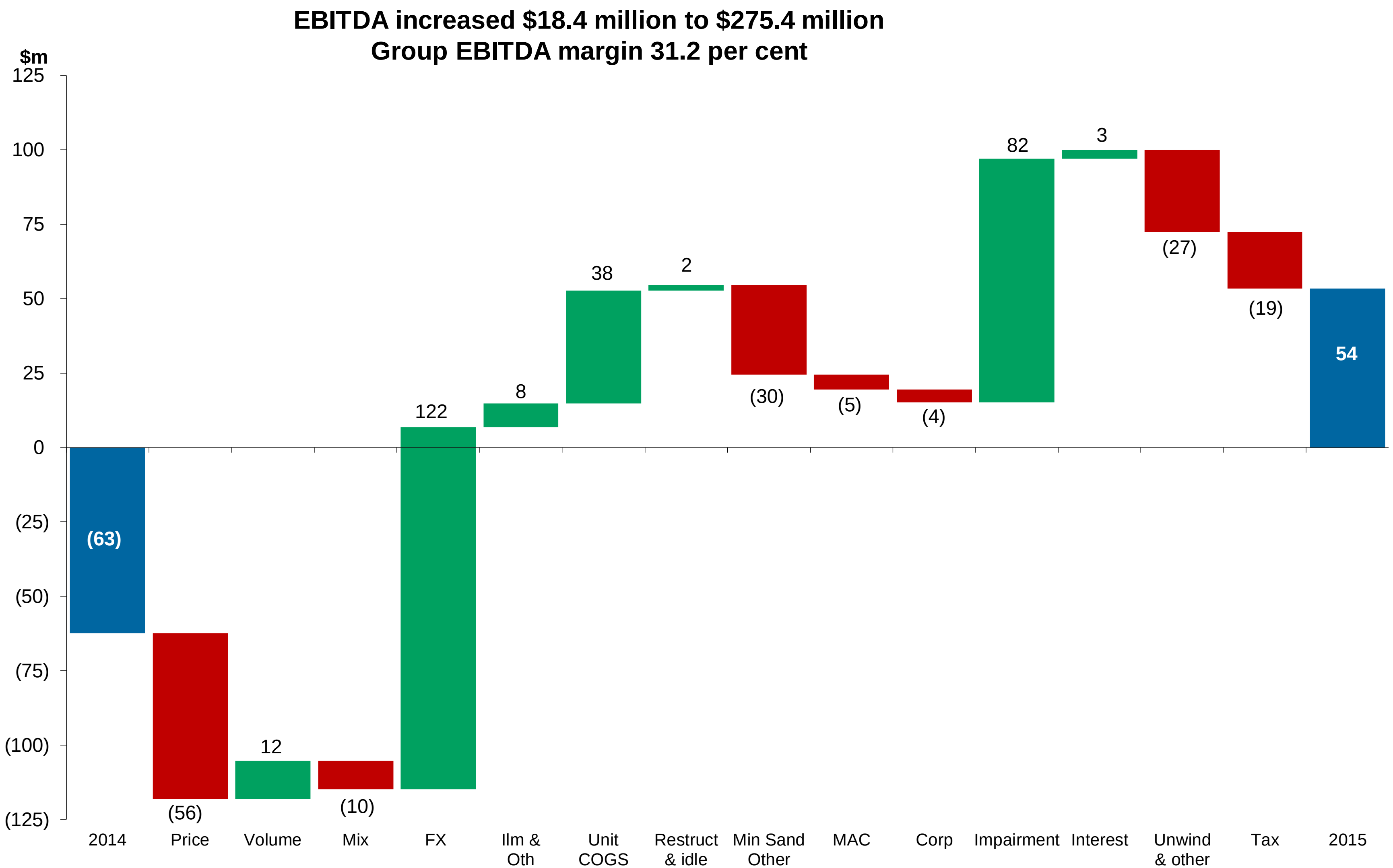
(mdmt = million dry metric tonnes)

- Royalty EBIT to 31 December decreased 7.8 per cent to $61.2 million
  - higher capacity payments of $3.0 million (2014: $1.0 million)
  - one-off payment of US$8.0 million (A$10.4 million) as part of revised royalty arrangements
  - largely offset by reduction in iron ore prices

[1] Revenue recognised in 1H 2015, cash payment received 2H 2015.

Net Profit after Tax

2015 versus 2014



2015 Results Relative to Guidance

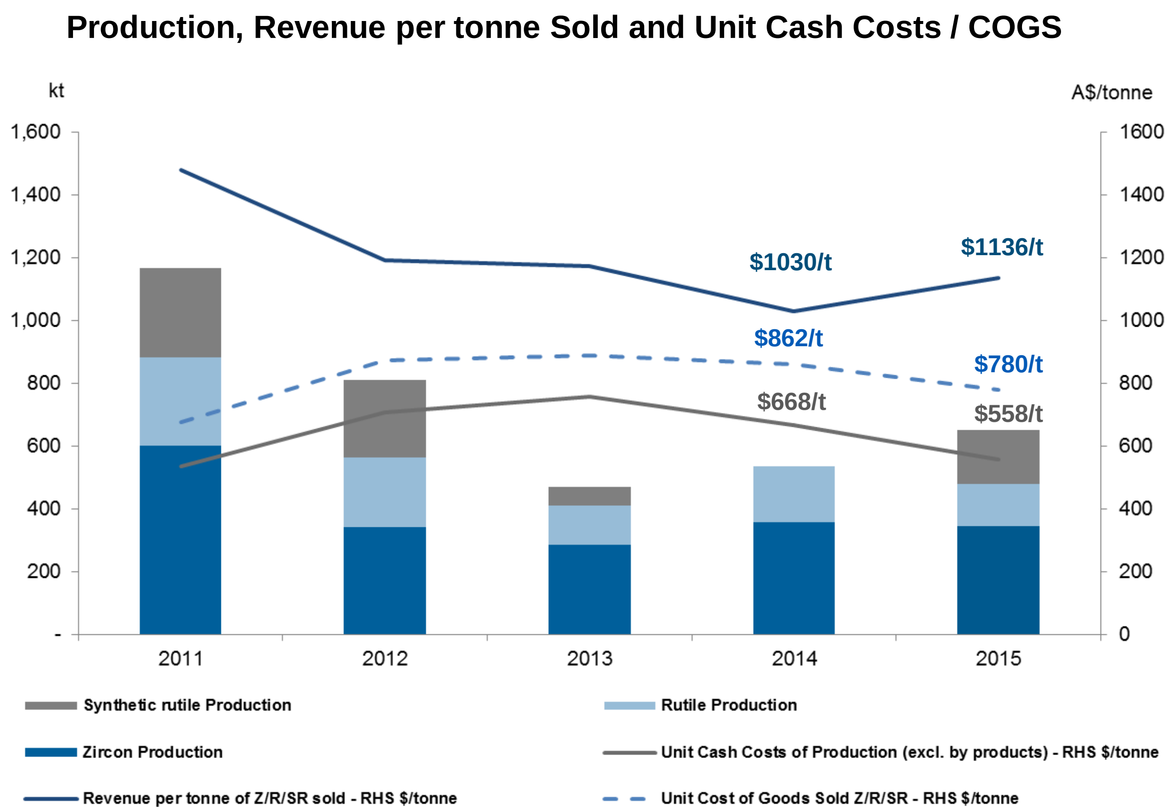
		Feb 2015 Guidance	Dec 2015 Update	2015 FY Actual	Commentary
Z/R/SR production	kt	680	no change	690	Higher SR production than budgeted
Z/R/SR sales > 2015 production	kt	-	~645	651	
> 2014 total Z/R/SR sales	Kt	-		651 vs 616	2015 sales > 2014 sales by 6%
Total cash production costs (including ilmenite and by product costs)	$m	~430	~390	392	Production efficiencies Lower by-product costs
Other cash costs	$m	~160	no change	164	In line
Restructure idle capacity, rehab	$m	~ 40	no change	41	In line
Total cash costs	**$m**	**~630**		**597**	
Depreciation and amortisation	$m	~130	no change	132	In line
Rehab provision discount	$m	~ 20	+25	45	Additional $25m advised 16 Dec 2015, related to long term bond rate
Capital expenditure	$m	~120	~75	66	Reduction and deferral of some capex, incl rescheduling of Metalysis investment

Accounting Aspects Impacting 2015 Profit

- NPAT included $17.7 million post tax non-cash accounting charge for increased rehabilitation provision for closed sites in Australia due to reduced discount rate, as noted in ASX release on 16 December 2015.

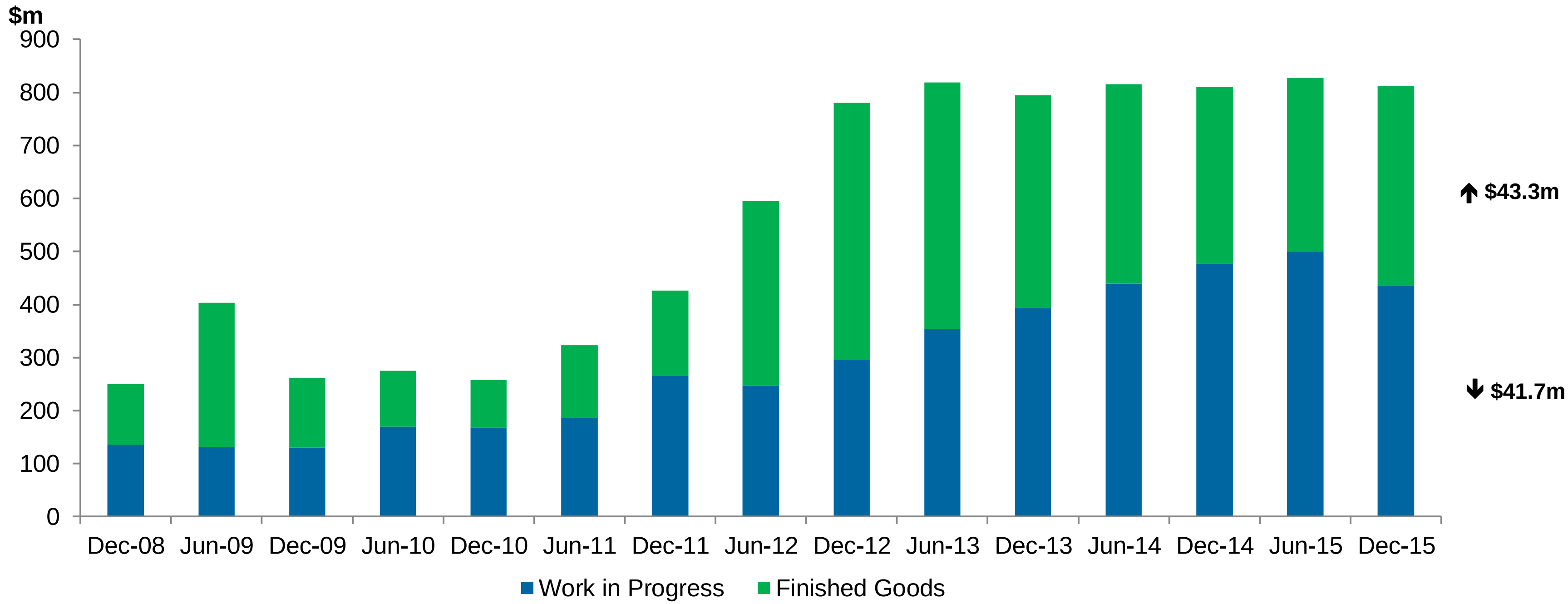
- Effective 2015 tax rate of 38.2 per cent due to minimal tax benefits recognised for the US losses of $35.5 million incurred during the year combined with an increase in non-deductible expenses, specifically in relation to overseas exploration and costs associated with the potential Kenmare transaction.

Unit Costs and Unit Revenue



- Unit cash costs of production (excluding by-products) decreased 16.5% to $558/tonne
- Cost of goods sold (cash and non cash cost) also trended downwards in 2015
  - reflects cost attributed to product sold in the year (including product in inventory)
- Higher average A$ revenue per tonne sold (2015: $1,136/tonne) - mainly AUD:USD related
- Mineral Sands EBITDA margin 33% (Group EBITDA margin 31%)

Inventory and Inventory Monetisation

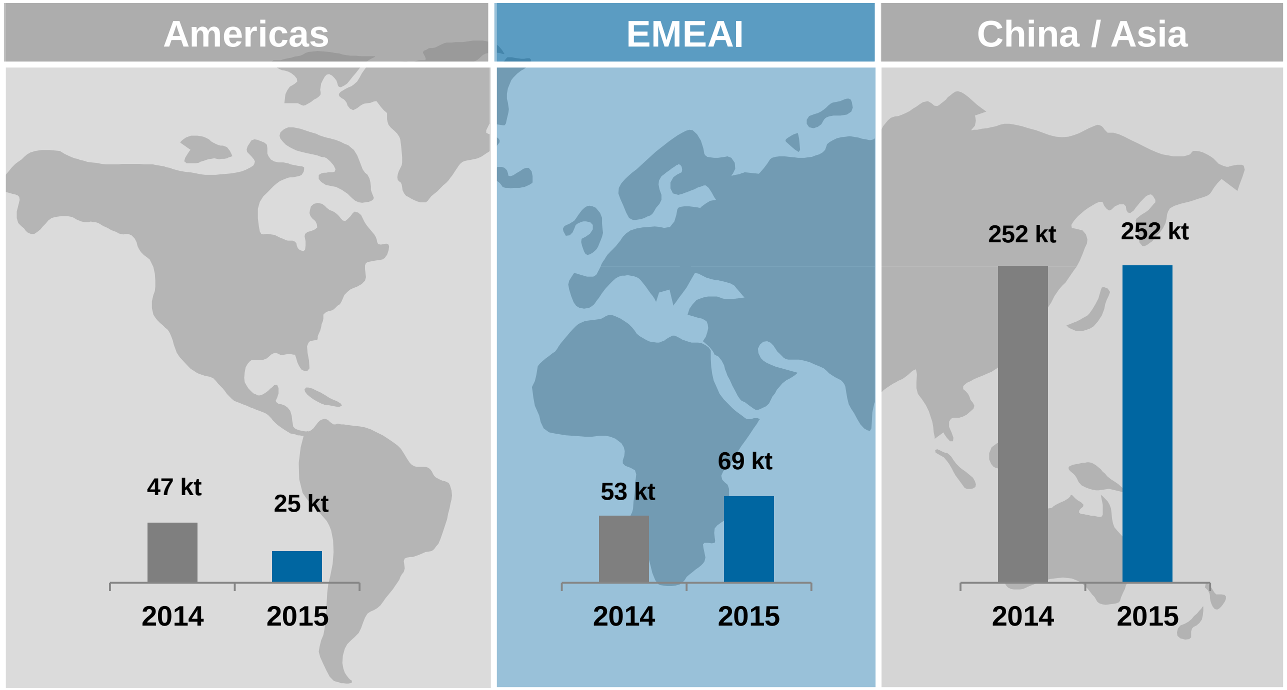


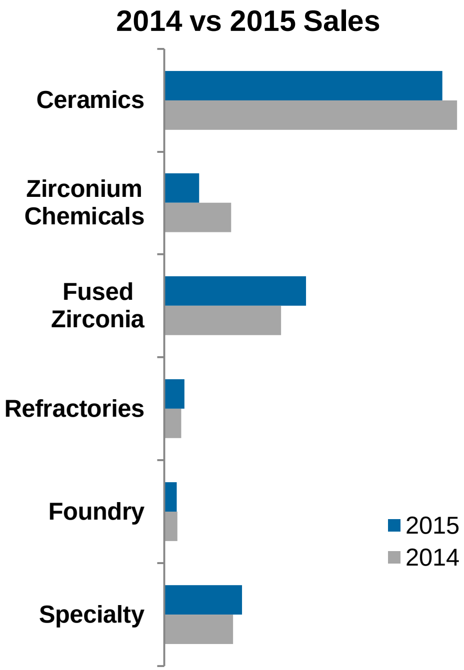
- Total inventory at 31 December 2015 of $812 million (2014: $810 million)
- Net inventory increase of $1.6 million; higher finished product (up $43.3 million); lower WIP[1] (down $41.7 million)
- Of heavy mineral concentrate inventory (volume)
  - ~30% relates to Murray Basin; 65% to Jacinth-Ambrosia
  - will be progressively processed before next planned mines developed with volume on "allocation."
- Jacinth-Ambrosia mining and concentrating suspension will see HMC stockpiles drawn down over 18 – 24 months

[1] Heavy mineral concentrate, work in progress, ilmenite and consumables

Zircon Market Update

- Total zircon sales flat
- 2015: 346 thousand tonnes (2014: 352 thousand tonnes)
- 2015 sales 2nd Half weighted per usual seasonal patterns





- Americas sales lower as Iluka's customers adjusted to idling of Virginia operations
- Weakness in US offset by higher European sales in both ceramic and non-ceramic sectors
- Sales into China and Asia stable year-on-year

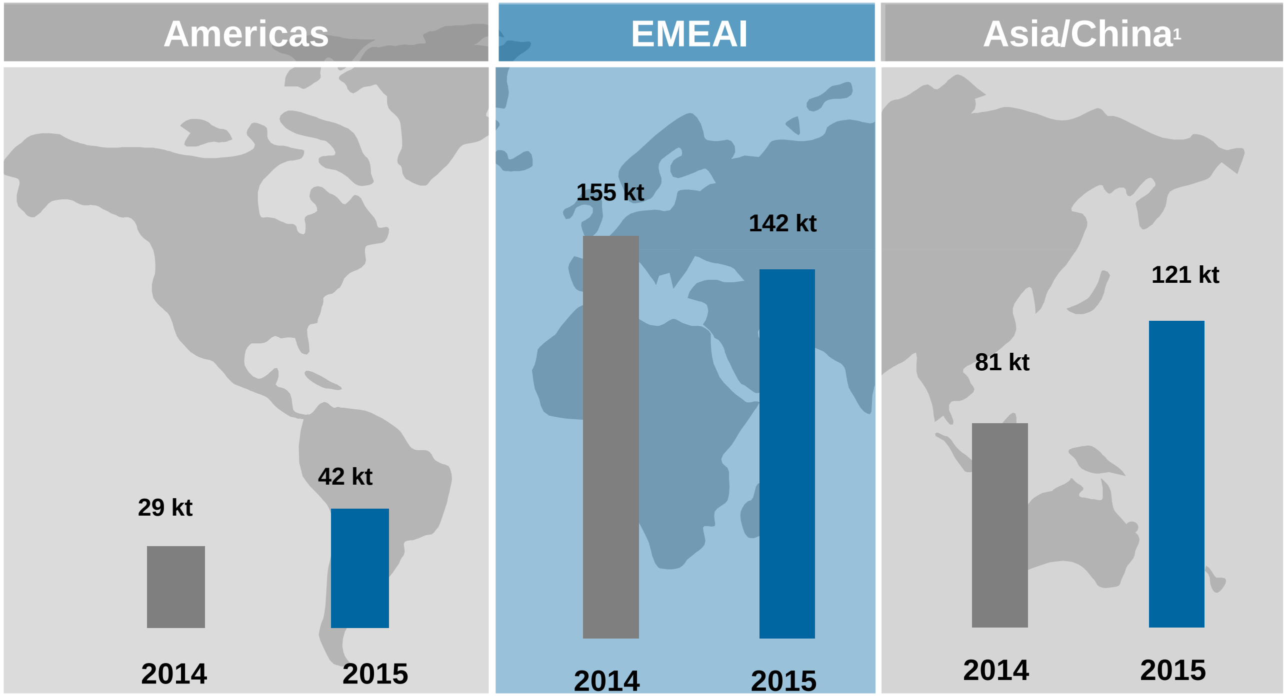
NOTE: EMEAI – Europe, Middle East, Africa, India

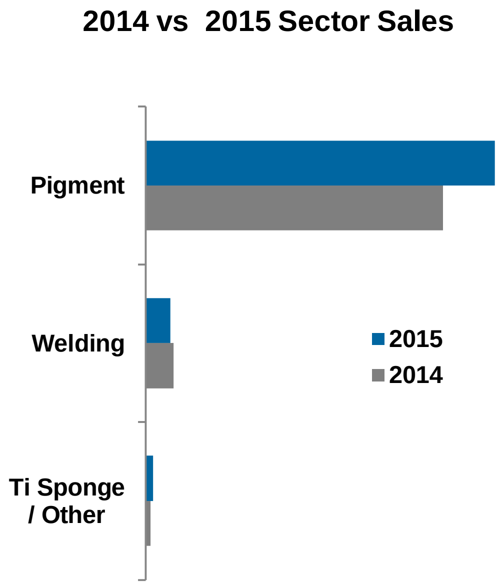
Zircon Market Update

REGION	
Americas	• Lost market share to new entrants in face of idling of Virginia operations • Underlying demand down on lower industrial consumption (foundries, oil and gas)
Europe / Middle East / Africa / India	• Weaker Euro continued to benefit European based exporters • Demand up on increased domestic consumption and exports (from a low base and still below pre-GFC peak)
China / Asia	• Sentiment remains subdued on mixed messages from housing and industry • Despite increasing customer caution in 4Q, demand for zircon remained stable year on year
SEGMENT	
Ceramics	• Slight softening in ceramics sector in China (most notably 4Q), elsewhere ceramics sector remains stable • Iluka launched new products targeting consumption by emerging producers
Fused Zirconia	• Moderate growth in demand – predominately destined for ceramics markets • US demand weaker as mining/oil and gas slowdowns impacted steel, refractory and heavy equipment end-markets
Chemicals	• Continued weakness in China particularly impacted Iluka's competitors, with some re-positioning of product evident • Medium to long term outlook remains positive
Refractory and Casting	• Steel refractory based demand weak due slowdown in heavy equipment manufacture and oil and gas materials • Demand for glass refractory up on catch up of building backlog in some western markets
Specialty	• Increased demand for zircon grades targeted for specialty applications

High Grade Feedstocks Market

- Rutile / synthetic rutile sales up
- 2015: 305 thousand tonnes (2014: 264 thousand tonnes)
- Increased sales of HGO[1] in Americas and Asia partially offsetting declines in EMEAI





Note: HGO (high grade ore) refers to titanium feedstocks with greater than 80 per cent TiO_2 content. Iluka's HGO products include rutile, HyTi and synthetic rutile and are sold for use in chloride pigment process. EMEAI – Europe, Middle East, Africa, India.

[1] It should be noted that Iluka sales of HGO (rutile/synthetic rutile) to China are low (less than 10kt; most of the sales reflected here are to Asia and Australia.

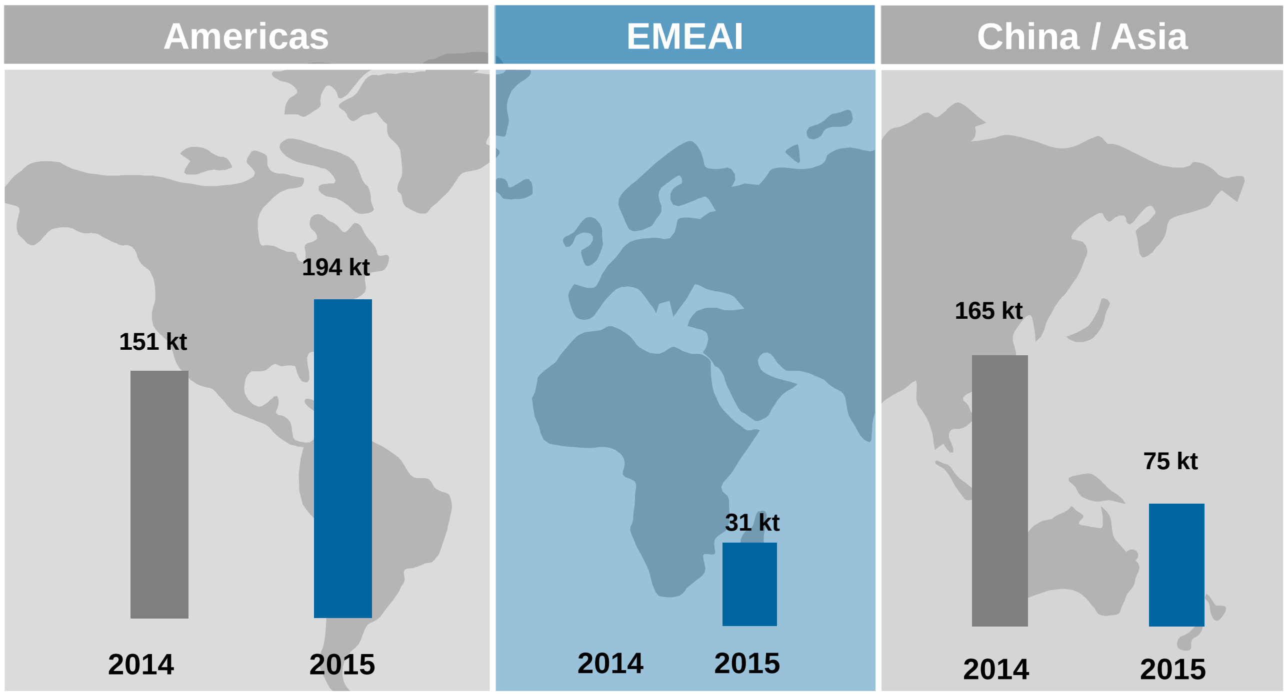
Titanium Feedstock Market

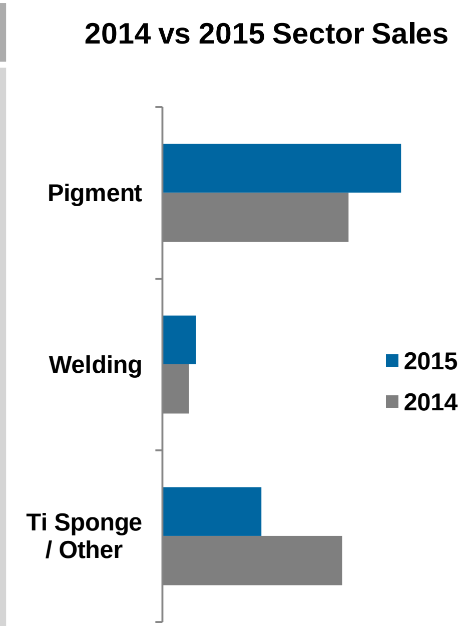
REGION	
Americas	• Fundamentals intact for continued growth in pigment demand • Net increase in low cost capacity expected to increase demand for feedstocks
Europe / Middle East / Africa / India	• Capacity utilisation remains high as some producers maximise fixed-cost absorption • Iluka's sales remain solid on back on weaker local currencies enabling competitive pricing of customers' exports
China/Asia	• Oversupply of low-grade feedstocks and excess pigment capacity continues to put downward pressure on prices • Consolidation in sector a positive for China and broader markets
SEGMENT	
Pigment	• Demand for pigment likely to increase in 2016 which could increase demand for HGO • Producers taking action to address weakness in sector (pricing, capacity rationalisation, potential M&A)
Welding	• Outside of China, demand for rutile into shipbuilding and construction was solid • Signs of slowing demand in 4Q likely to continue into 1st Half 2016
Ti Metal	• Favorable demand scenario on back of increased aircraft orders combined with low scrap sponge inventory • Partially offsetting demand slowdown in demand for industrial applications (e.g. chemical piping)

Low Grade Feedstocks

Chloride and sulphate ilmenites

- Sales down 5 per cent
- 2015: 300 thousand tonnes (2014: 317 thousand tonnes)





- Sales to new customers in Western Europe offsetting weakness in China
- Chinese market disrupted by domestic overcapacity and discounting by distressed producers

Note: Low grade feedstocks generally refers to feedstocks with 50 – 65 per cent TiO_2 content. Iluka's products include chloride ilmenite, sulphate ilmenite and ilmenite in concentrate which is sold for use in the chloride process, sulphate pigment process and for further processing respectively.

Marketing Initiatives

- Zircon Pricing and Payments Framework and Iluka Rewards established, benefits include:
  - more stable and predictable buying behaviour from customers
  - enhancement of customer relationships
  - better line of sight in terms of volumes
- Zircon market share held despite new entrants and flat demand
- Two new zircon products launched in 2015 targeting emerging markets
- Logistics optimisation study completed
- China Technical Centre progressed
- 3rd ceramic tile study completed with following key findings:
  - substitution/thrifting focus now minimal
  - zircon loadings up in China, stable in Europe, down in India from higher base
  - digital printing neutral to positive impact on zircon consumption

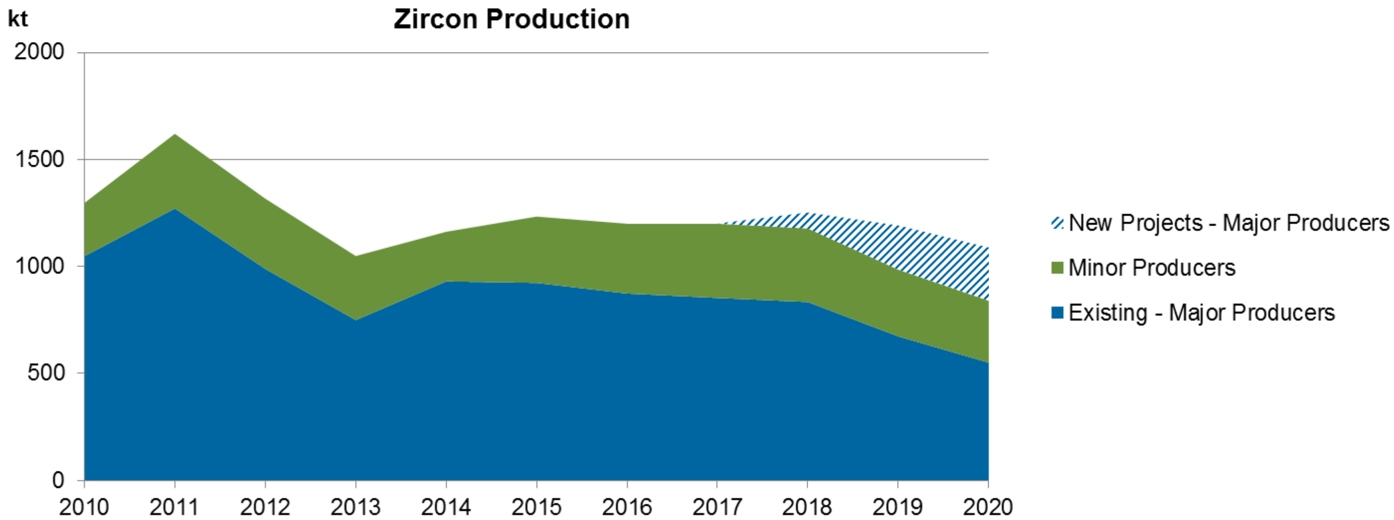
Jacinth-Ambrosia, Eucla Basin

- Mining and concentrating suspended for 18 - 24 months, from 16 April
- Improves cash flow and potential positive for zircon market dynamics
- Enables finished goods and HMC to be drawn down to “normal” levels
- Production/sales capacity unchanged – dependent on market demand conditions
- HMC to be processed via Hamilton and Narngulu mineral separation plants
- Net cash cost benefits:
  - 2016 – estimated ~$30 million, after ~$16 million restructure/rehab expenses
  - 2017 – estimated ~$45 million, after ~$25 million expenses
  - expenses will impact EBIT negatively
- SA Government royalties continue – based on HMC transported from mine

Industry Supply Considerations

- Short term factors
  - large inventories and surplus capacity in hands of major producers
  - distressed selling by small number of highly leveraged companies
- Supply/demand forecasts need to allow for:
  - assemblage decline impacting high value components (R/Z)
  - project commissioning issues (multiple examples in recent years)
  - supply decisions by major producers – e.g. Jacinth-Ambrosia mining suspension
- For medium term HGO/Z supply to be available, substantial capital required near term
  - requires confidence in availability of appropriate shareholder returns
  - prevailing prices (titanium feedstocks and zircon) unlikely to induce such supply
  - debt/equity market appetite low given recent producer balance sheet issues
- Iluka returns to minimal inventory position in 18 - 24 months
- Absent new investment there is a zircon supply challenge within 3 years

Zircon Market Supply Characteristics

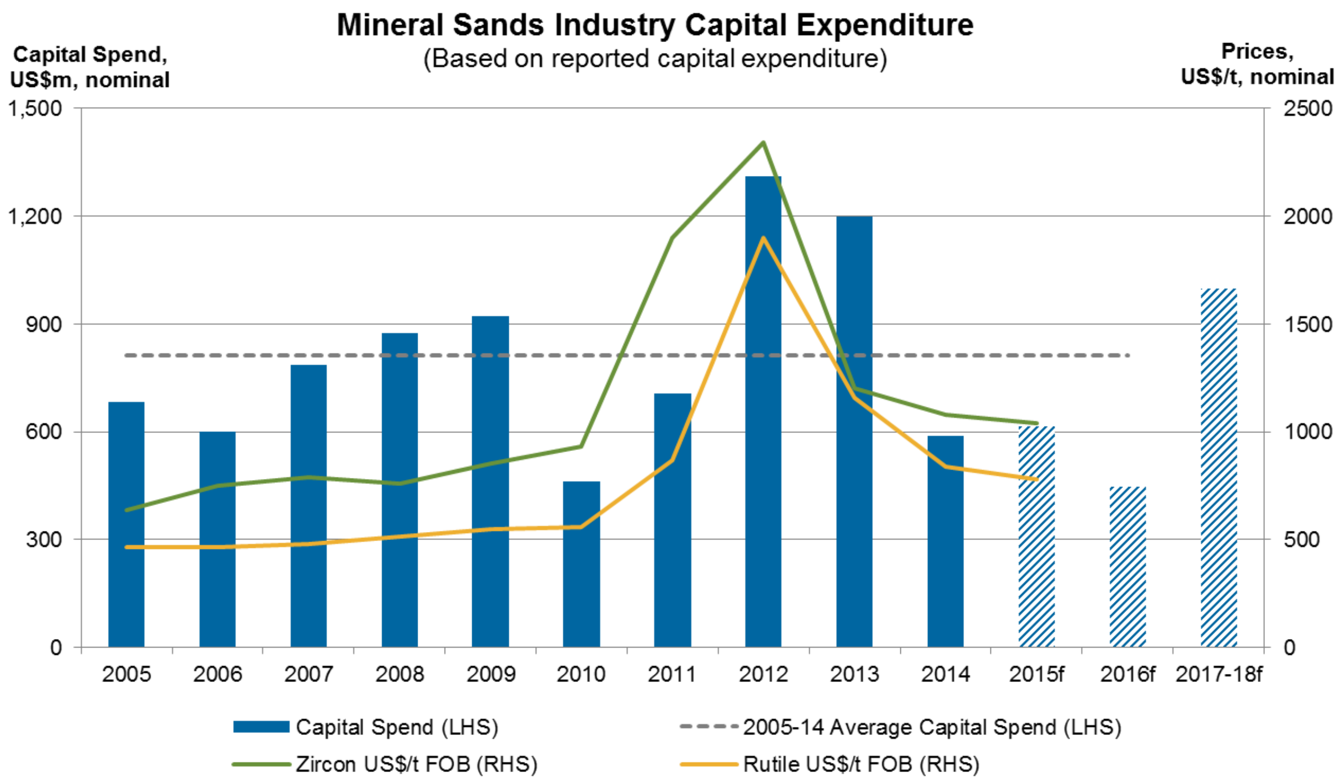


Source: Iluka

* Zircon production from 2016 onwards excludes any finished goods inventory held at 31 December 2015, but includes zircon processed from concentrate stockpiles held by Iluka at the end of 2015.

- Zircon from existing producers declining due to depletion and decline in grade and assemblage
- Minor producers not sufficient to fill structural supply gap
- Inventory largely held in the hands of major suppliers (including Iluka)
- New zircon production dependent on co-product zircon from yet to be built TiO_2 mines
- ~US$1.6b to be spent on major mineral sands projects over the next few years to sustain production (Iluka estimate)

Industry Re-investment Activity



Source: TZMI, S&P Capital IQ, company announcements

- Iluka estimates ~US$1.6b to be spent on major projects during the next few years to sustain production
  - this estimate excludes maintenance capital
  - relates to major existing producers, not potential new players

Iluka Production Settings

	2015	2016
Jacinth-Ambrosia mining **South Australia**	100% utilisation	Mining and Concentrating suspended from 16 April Concentrate to be processed at Hamilton and Narngulu mineral separation plants
Murray Basin mining **Victoria**	WRP mine idled March at end of commercial life	Concentrate continues to be processed and rutile product allocated before next planned mine development at Balranald
Tutunup South mining **Western Australia**	Recommenced March after being idled in June 2013	100% utilisation
Hamilton mineral separation plant (MSP) Victoria	~ 78% utilisation	~60% utilisation Murray Basin & Jacinth-Ambrosia concentrate being processed
Narngulu MSP **Western Australia**	~60% utilisation	~50% utilisation Jacinth-Ambrosia concentrate
SR kiln 2	Recommenced April after being idled in June 2013	100% utilisation Ilmenite feed source from Tutunup South, Jacinth-Ambrosia, Murray Basin and an external source
3 other SR kilns	Idled in previous periods	Idle. SR1 located in the South West likely to be the next kiln recommissioned, dependent on market conditions.
US Mining (Virginia)	Iluka announced decision to idle given inability to secure appropriate commercial terms for development of new deposit/s Concord recommenced & Brink to end December	Idle. Iluka has two well evaluated mineral sands deposits in the US. Mining and processing can be re-activated dependent on appropriate commercial arrangements.
Stony Creek MSP, Virginia	~70% utilisation	Idle – able to be re-activated.
Cash Cost of Production	$393 million	~$300 million

Business Characteristics - 2016

- Iluka well placed for current global circumstances
  - strong balance sheet, good margins, value realisable from inventory
- Bias to act counter-cyclically and deploy capital now
- 2016 expectations:
  - Z/R/SR sales volumes higher than 2015 and higher than 2016 production
  - work in progress inventory drawdown
  - materially lower total cash costs and unit cash cost of production
  - low organic capital expenditure
  - free cash flow generation, strongly 2H weighted

Supplementary Slides

Reconciliation of Non-IFRS Financial Information to Profit before Tax

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

$m	AUS	US	Exploration & Other[1]	Mineral Sands	MAC	Corp	Group
Mineral sands revenue	**770.5**	**49.3**		**819.8**			**819.8**
Mineral sands expenses	(394.0)	(83.8)	(71.4)	(549.2)			(549.2)
Mining Area C					61.6		61.6
Corporate and other costs						(52.7)	(52.7)
Foreign exchange						(4.1)	(4.1)
EBITDA	**376.5**	**(34.5)**	**(71.4)**	**270.6**	**61.6**	**(56.8)**	**275.4**
Depreciation and amortisation	(129.7)		(2.3)	(132.0)	(0.4)		(132.4)
EBIT	**246.8**	**(34.5)**	**(73.7)**	**138.6**	**61.2**	**(56.8)**	**143.0**
Net interest expense						(11.0)	(11.0)
Rehab unwind/other finance costs	(42.0)	(1.0)		(43.0)		(2.4)	(45.4)
Profit before tax	**204.8**	**(35.5)**	**(73.7)**	**95.6**	**61.2**	**(70.2)**	**86.6**
Segment result	*204.8*	*(35.5)*		*169.3*	*61.2*		*230.5*

[1] Comprises exploration and resources development costs $58.4m and marketing and selling costs $15.7m, offset by other income $2.7m

Production Volumes

kt	2015	2014	% change
Zircon	388.6	357.6	8.7
Rutile	136.5	177.2	(23.0)
Synthetic rutile	164.9	-	n/a
Total Z/R/SR production	690.0	534.8	29.0
Ilmenite – saleable and upgradeable	466.1	365.4	27.6
Total production volume	**1,156.1**	**900.2**	**28.4**
Heavy mineral concentrate produced	1,137	1,305	(12.9)
Heavy mineral concentrate processed	1,206	968	24.6

2015 Production Highlight – SR 2 Kiln Restart

ILUKA

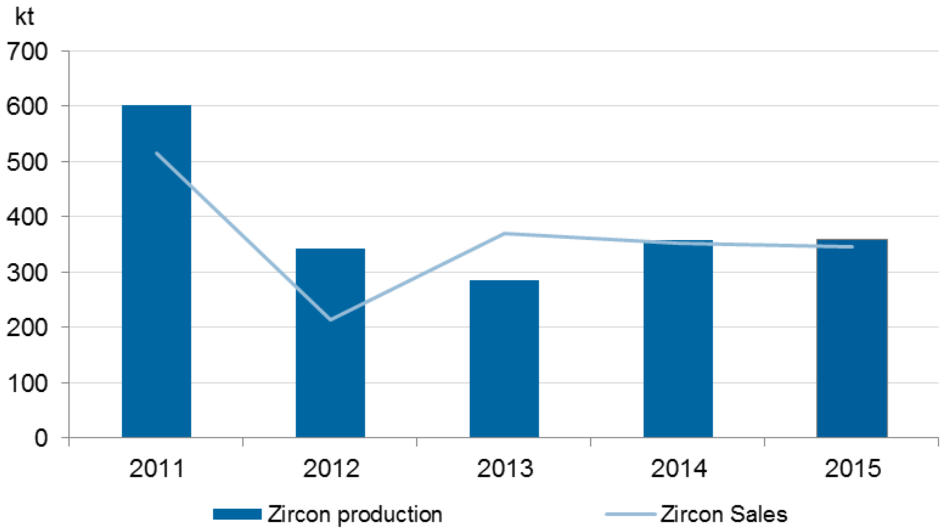
- SR2 kiln reactivated March 2015 after concluding suitable commercial arrangements
  - 11 week refurbish and commissioning campaign ~ $3.5 million
  - key technical resources retained to support fast track restart
  - recruitment of ~ 80 additional personnel
  - favourable gender and indigenous diversity outcomes (17.9% female and 5.2% indigenous)
  - kiln production exceeded budget by 13% underpinned by >98% utilisation
- Tutunup South mine reactivated with name plate production reached in 12 hours
  - other internal ilmenites and external sources utilised
- Further progress in commercialisation of main by-product – activated carbon
  - now sold in material tonnes to range of domestic and international customers
  - increasingly important co-product and offset to SR production costs

Sales Volumes

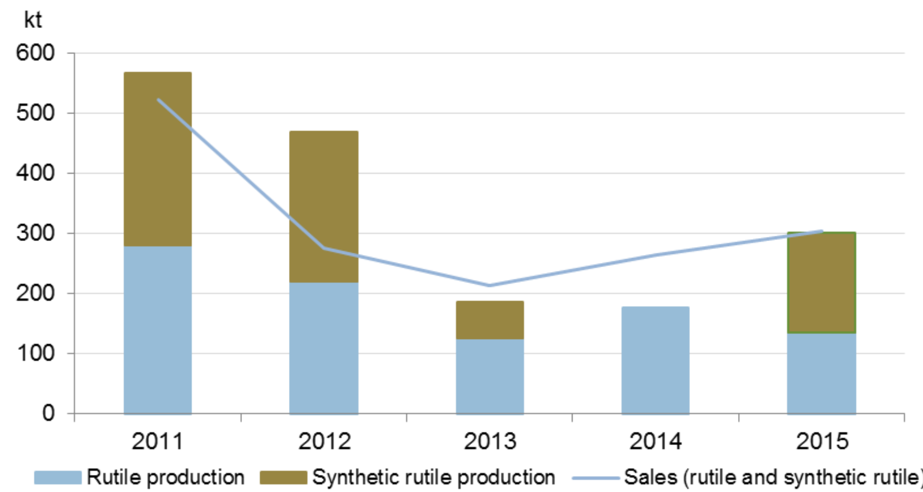
kt	2015	2014	% change
Zircon	346.2	352.2	(1.7)
Rutile	133.6	182.0	(26.6)
Synthetic rutile	171.2	82.0	108.8
Total Z/R/SR	**651.0**	**616.2**	**5.6**
Ilmenite	299.8	316.6	(5.3)
Total sales volumes	**950.8**	**932.8**	**1.9**

Historical Production and Sales

Historical Zircon Production and Sales



Historical Rutile and Synthetic rutile Production and Sales



2011 - 2015	
Cumulative zircon production	1,976kt
Cumulative zircon sales	1,797kt

Iluka's zircon logistics chain and nature of sales arrangements means that a 3 to 6 month inventory holding of finished goods is not atypical.

2011 - 2015	
Cumulative rutile and synthetic rutile production	1,700kt
Cumulative rutile and synthetic rutile Sales	1,582kt

Iluka will typically hold finished goods inventory to maintain supply flexibility.

Mineral Sands Results

$m	2015	2014	% change
Mineral sands revenue	819.8	724.9	13.1
Australia EBITDA	376.5	290.7	29.5
United States EBITDA	(34.5)	1.4	n/a
Exploration and other EBITDA	(71.4)	(53.5)	(33.5)
Total mineral sands EBITDA	**270.6**	**238.6**	**13.4**
Depreciation and amortisation	(132.0)	(191.3)	31.0
Impairment	-	(82.0)	n/a
Mineral sands EBIT	**138.6**	**(34.7)**	**n/a**

Summary Group Operations

		2015	2014	% change
Production volumes				
Zircon	kt	388.6	357.6	8.7
Rutile	kt	136.5	177.2	(23.0)
Synthetic rutile	kt	164.9	-	n/a
Total Z/R/SR production	**kt**	**690.0**	**534.8**	**29.0**
Ilmenite	kt	466.1	365.4	27.6
Heavy mineral concentrate produced	kt	1,137	1,305	(12.9)
Heavy mineral concentrate processed	kt	1,206	968	24.6
Unit cash cost of production – Z/R/SR	$/t	569	714	20.3
Z/R/SR revenue	$m	739.7	634.8	16.5
Ilmenite and other revenue	$m	80.1	90.1	(11.1)
Mineral sands revenue	**$m**	**819.8**	**724.9**	**13.1**
Cash cost of production	$m	(392.5)	(381.9)	(2.8)
Inventory movements	$m	(5.7)	14.7	n/a
Restructure and idle capacity charges	$m	(38.3)	(40.1)	4.5
Rehabilitation and holding costs for closed sites	$m	(2.7)	1.0	n/a
Government royalties	$m	(21.0)	(10.6)	(98.1)
Marketing and selling costs	$m	(32.0)	(30.1)	(6.3)
Asset sales and other income	$m	1.4	6.0	(76.7)
Resource development	$m	(58.4)	(45.3)	(28.9)
Mineral sands EBITDA	**$m**	**270.6**	**238.6**	**13.4**
Mineral sands depreciation and amortisation	$m	(132.0)	(191.3)	31.0
Impairment of US assets	$m	-	(82.0)	n/a
Mineral sands EBIT	**$m**	**138.6**	**(34.7)**	**n/a**

Unit Cash Costs and Revenue per tonne

		2015	2014	% change
Total Z/R/SR production	kt	690.0	534.8	29.0
Ilmenite – saleable and upgradeable	kt	466.1	365.4	27.6
Total production	kt	1,156.1	900.2	28.4
Total cash costs of production, incl. by-products	$m	392.5	381.9	(2.8)
Unit cash costs per tonne of Z/R/SR produced[1]	$/t	569	714	20.3
Cost of goods sold per tonne of Z/R/SR sold[2]	$/t	780	862	9.5
Z/R/SR revenue	$m	739.7	634.8	16.5
Ilmenite and other revenue	$m	80.1	90.1	(11.1)
Revenue per tonne of Z/R/SR sold[3]	$/t	1,136	1,030	10.3

[1] Unit cash cost per tonne of Z/R/SR produced is determined as cash costs of production divided by total Z/R/SR production volumes.
[2] Cost of goods sold per tonne of Z/R/SR sold is determined as cost of goods sold divided by total Z/R/SR sales volumes.
[3] Revenue per tonne of Z/R/SR sold is determined as total Z/R/SR revenue divided by total Z/R/SR sales volumes.

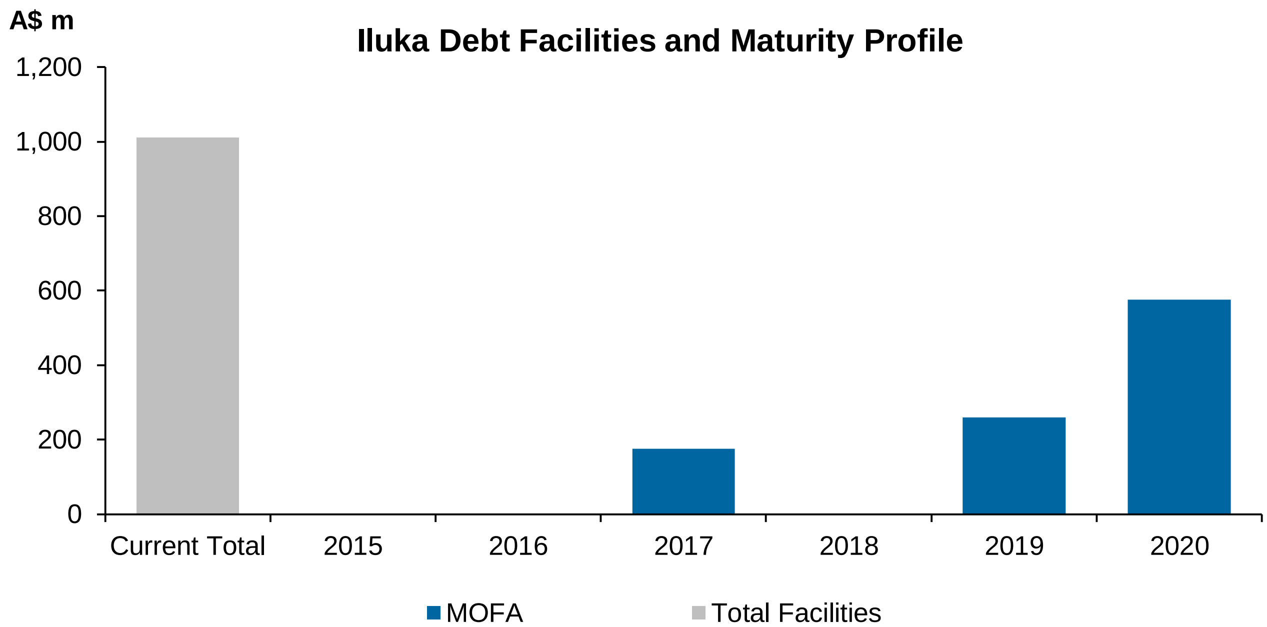
Cash Flow and Net Debt

$m	1H 2015	2H 2015	2015	2014	2015 vs 2014 % change
Opening debt	**(59.0)**	**(80.2)**	**(59.0)**	**(206.6)**	**71.4**
Operating cash flow	92.1	130.1	222.2	254.8	(12.8)
MAC royalty	26.7	37.3	64.0	75.2	(14.9)
Exploration	(11.5)	(16.2)	(27.7)	(22.1)	(25.3)
Interest (net)	(5.6)	(4.9)	(10.5)	(12.8)	18.0
Tax	(14.3)	(4.2)	(18.5)	(27.5)	32.7
Capital expenditure	(35.5)	(26.8)	(62.3)	(48.3)	(29.0)
Purchase of investment in Metalysis	(4.1)	-	(4.1)	(18.6)	78.0
Asset sales	0.2	0.7	0.9	0.3	200.0
Share purchases	(9.0)	-	(9.0)	(4.7)	(91.5)
Free cash flow	**39.0**	**116.0**	**155.0**	**196.3**	**(21.1)**
Dividends	(54.4)	(25.1)	(79.5)	(41.8)	(90.2)
Net cash flow	**(15.4)**	**90.9**	**75.5**	**154.5**	**(51.2)**
Exchange revaluation of USD net debt	(4.6)	(3.5)	(8.1)	(4.7)	(68.8)
Amortisation of deferred borrowing costs	(1.2)	(1.2)	(2.4)	(2.2)	(9.1)
(Decrease) / Increase in net cash	**(21.2)**	**86.2**	**65.0**	**147.6**	**(56.0)**
Closing net (debt) cash	**(80.2)**	**6.0**	**6.0**	**(59.0)**	**n/a**

Capital and Exploration Expenditure (cash)

$m	2014	2015	% change
Capital expenditure	48.3	62.3	29.0
Metalysis	18.6	4.1	(78.0)
Exploration	22.1	27.7	25.3
Total	**89.0**	**94.1**	**5.7**

Debt Facilities



- Significant funding headroom
  - undrawn facilities of A$955 million as at 31 December 2015
  - cash and cash equivalents of A$55 million
- Total facilities of A$1,010 million with majority not maturing until 2020
  - USPP facility of US$ 20 million repaid in June 2015
- Bilateral arrangements with 12 banks
  - common terms, flexibility, “caveat light”, low cost

Australian Operations

		2015	2014	% change
Production volumes				
Zircon	kt	351.3	332.5	5.7
Rutile	kt	136.5	177.2	(23.0)
Synthetic rutile	kt	164.9	-	n/a
Total Z/R/SR production	**kt**	**652.7**	**509.7**	**28.1**
Ilmenite	kt	320.9	270.6	18.6
Total production	kt	973.6	780.3	24.8
Heavy mineral concentrate produced	kt	890	1,135	(21.6)
Heavy mineral concentrate processed	kt	949	796	19.2
Unit cash cost of production – Z/R/SR	$/t	466	629	25.9
Mineral sands revenue	**$m**	**770.5**	**640.6**	**20.3**
Cash cost of production	$m	(304.3)	(320.8)	5.1
Inventory movements	$m	(46.7)	32.9	n/a
Restructure and holding costs for closed sites	$m	(29.3)	(36.5)	19.7
Rehab and holding costs for closed sites*	$m	25.0	1.0	(2,400)
Government royalties	$m	(21.0)	(10.6)	(98.1)
Marketing and selling costs	$m	(16.4)	(16.2)	(1.2)
Asset sales and other income	$m	(1.3)	0.3	n/a
EBITDA	**$m**	**376.5**	**290.7**	**29.5**
Depreciation and amortisation	$m	(129.7)	(173.4)	25.2
EBIT	**$m**	**246.8**	**117.3**	**110.4**

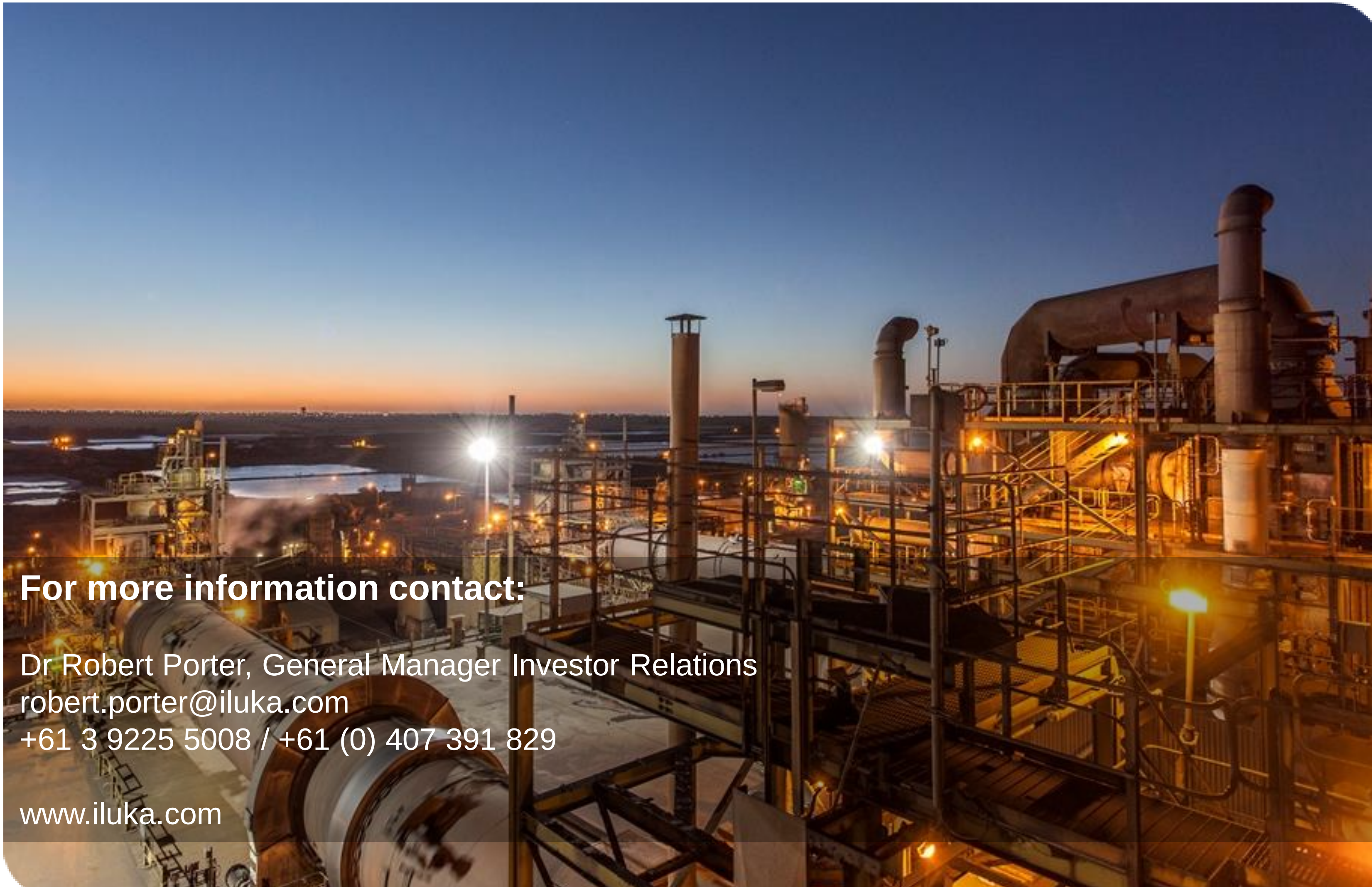
* Annual review identified opportunities to improve techniques applied to rehabilitation resulting in $25m decrease in provision

US Operations

		2015	2014	% change
Production volumes				
Zircon	kt	37.3	25.1	48.6
Ilmenite	kt	145.1	94.8	53.1
Total production	**kt**	**182.4**	**119.9**	**52.1**
Heavy mineral concentrate produced	kt	247	170	45.3
Heavy mineral concentrate processed	kt	258	172	50.0
Unit cash cost of production	$/t	484	510	5.2
Mineral sands revenue	**$m**	**49.3**	**84.3**	**(41.5)**
Cash cost of production	$m	(88.2)	(61.1)	(44.4)
Inventory movements	$m	41.0	(18.2)	n/a
Restructure and idle capacity charges	$m	(9.0)	(3.6)	(150.0)
Rehabilitation and idle capacity costs*	$m	(27.6)	-	n/a
EBITDA	**$m**	**(34.5)**	**1.4**	**n/a**
Depreciation & amortisation	$m	-	(15.8)	n/a
Impairment		-	(82.0)	n/a
EBIT	**$m**	**(34.5)**	**(96.4)**	**n/a**

* Annual assessment of scope, timing and cost or rehabilitation work increased provision by $27.6 million

Iluka Resources Limited



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