



**ILUKA**

# Australian Securities Exchange Notice

21 July 2015

## REVISED MINING AREA C ROYALTY ARRANGEMENT

Iluka Resources Limited (Iluka) advises an amendment to its Mining Area C royalty arrangements has been agreed with BHP Billiton and its joint venture partners.

Since the royalty agreement was entered into in 1994 the basis upon which iron ore is marketed and sold has changed significantly, for example with volume sold primarily on a blended basis and incorporating appropriate freight and insurance adjustments. To reflect this change, an agreement has been reached for a revised basis for the determination of the royalty.

This modification has the effect of increasing the revenue base upon which the royalty is payable and decreasing the royalty rate from 1.25 per cent to 1.232 per cent, effective from 1 July 2014. As part of the changes, Iluka is to receive an immediate one-off payment of US\$8 million.

Royalty payments continue to be denominated in Australian dollars and there are no changes in respect of capacity payment provisions.

### Information on Mining Area C Iron Ore Royalty

Iluka holds an in-perpetuity royalty over iron ore produced from specific tenements of BHP Billiton's Mining Area C, in the Pilbara region of Western Australia.

Mining Area C is a core component of BHP Billiton's Western Australian Iron Ore assets, with the following characteristics:

- BHP Billiton describes its Western Australian iron ore assets as its "flagship iron ore asset";
- the assets comprise 4 substantial mining hubs (including Mining Area C), connected to an integrated supply chain;
- Mining Area C is an internationally low cost, long resource life, high Fe quality component of BHP Billiton's Western Australian iron ore assets;
- there is significant expansion potential for these operations; and
- the assets are expected to be sustained over at least 30 years.

### Investment market and media inquiries:

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