KEY PHYSICAL & FINANCIAL PARAMETERS ILUKA 2013

21 February 2013

This document provides an indicative guide to key physical and financial parameters expected for the Iluka business in the 2013 financial year.

The information contained within this document is developed in the context of continuing uncertain market conditions, including the nature and pace of demand recovery in 2013 for the company's main products. As with 2012, many factors which may affect the business are outside of the company's direct control.

Iluka does not undertake to update this information regularly in part or whole, but can be expected to comment on any material variations. Iluka does not provide pricing forecasts.

The following excludes the Mining Area C iron ore royalty which contributed $72 million in EBIT in 2012.

The information is provided to assist sophisticated investors with the modelling of the company, but should not be relied upon as a predictor of future performance.

Disclaimer – Forward Looking Statements

This briefing paper contains information which is based on projected and/or estimated expectations, assumptions and outcomes.

These forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control, and which may cause actual results to differ from those expressed in the statements contained in this release. Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements include, but are not limited to potential changes in:

- exchange rate assumptions
- product pricing assumptions
- mine plans and/or resources
- equipment life or capability
- current or new technical challenges
- market conditions
- management decisions

While Iluka has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. Iluka shall not be liable for the correctness and/or accuracy of the information nor any differences between the information provided and actual outcomes, and furthermore reserves the right to change its projections from time to time. Iluka does not undertake to update the projections provided in this document on a regular basis.

All currency is in nominal Australian dollar terms unless stated differently.

Iluka Physical Trends

Production (kt)	2012	2013 Guidance	Commentary
Zircon	343	~220	Lower production reflects partial processing of concentrate produced from Jacinth-Ambrosia (SA) and Woornack, Rownack and Pirro (VIC), as well as reduced zircon production associated with the idling of Eneabba (WA). Production levels also reflect Iluka's intent to draw down on inventory of finished material before resuming more normal production.
Rutile and synthetic rutile	220 248	~200[1]	Reflects: • lower production as a result of reduced rutile output from the Woornack, Rownack and Pirro deposits, as well as reduced rutile production associated with the idling of the Eneabba mining operation. • an intention to keep SR3 kiln idled in 2013 and to idle SR2 until market demand warrants recommencement.
Saleable ilmenite	386	~330	The level of product available for sale is dependent on internal synthetic rutile feed requirements, and production settings during the year at various operations.

[1] Combined rutile and synthetic rutile.

Sales Volumes (kt)	2012	2013 Guidance	Commentary
Sales (kt)			**Sales are expected to be above production, but full year outcomes will be determined by the pace and strength of global demand recovery through 2013. Iluka will provide quarterly updates on sales trends with its quarterly production reports.**
Zircon	213	Not guided	Iluka expects zircon demand to build through 2013 and for zircon sales to exceed both 2013 production and last year's sales levels, with the difference in 2013 being met from inventory.
Rutile Synthetic rutile	105 170	Not guided	Iluka expects high grade titanium dioxide demand to build through 2013 and for total rutile and synthetic rutile sales to be similar to last year's sales level and exceed 2013 production, with the difference being met from inventory.
Saleable ilmenite	443	Not guided	

Historical Iluka Sales Volumes – Zircon, Rutile and Synthetic Rutile

Annual Volume	2009	2010	2011	2012
Zircon (kt)	223	479	514	213
Rutile (kt)	139	240	266	105
Synthetic rutile (kt)	397	363	258	170
Total Z/R/SR (kt)	**759**	**1,082**	**1,038**	**488**

Iluka Financial Trends

	2012	2013 Guidance	Commentary
Cash Costs A$m			
Production costs	583	~375	Materially lower cash production costs reflect the production and asset reconfiguration activities announced by the company. Refer below for one-off restructure costs.
Z/R/SR unit costs A$/tonne produced	719	Not guided	Higher unit costs reflect a ~50 per cent reduction in production year-on-year. More precise guidance not provided at this time for commercial reasons.
Revenue A$/t Z/R/SR sold	1,991	Not guided	
Other cash costs	133	~135	Includes government royalties, marketing, corporate, project product and technical development, exploration and other costs.
Restructure, idle capacity, rehabilitation & holding costs	25	~90[1]	This amount is an estimate based on planned asset reconfiguration activities, including redundancy costs and idling costs.
Total Cash Costs	**741**	**~600**	
Non Cash Costs			
Depreciation & amortisation	203	~175	
Other	28	~25	Rehabilitation unwind and other finance costs can be expected to be at a similar level to 2012.
Capital Expenditure	167	~100	

[1] ~$50 million of this estimate relates to restructure and redundancy costs associated with Iluka's production curtailment measures announced on 21 February 2013. Refer to Iluka's ASX release, 2013 Key Physical and Financial Parameters, 21 February 2013.

Business Commentary – Explanatory Notes

Mining Area C Iron Ore Royalty

The guidance above relates to Iluka's mineral sands business. It does not include the royalty from Iluka's ownership of BHP Billiton's Mining Area C iron ore royalty. This royalty contributed $72.3 million EBIT in 2012.

The key elements of this "in perpetuity" royalty include:

- the greater of (1) ongoing quarterly royalty payments of 1.25% of free-on-board sales revenue from the MAC royalty area (less all export duties and export taxes), or (2) A$0.25 per tonne of all ore produced from the MAC royalty area in that quarter; and
- when applicable, annual capacity payments of A$1 million per million tonne increase in the annual production level from the MAC royalty area during any 12 month period ending 30 June above the previous highest annual production level, paid within 30 days of the relevant amount of production being produced.

Cash costs of production include the following main components:

- mining and concentrating costs; transport of heavy mineral concentrate; mineral separation; synthetic rutile production and costs for externally purchased ilmenite and production overheads. This category also includes landowner royalty payments, but not Australian State Government royalties.

.

Other cash costs include:

- Australian State Government royalties ($19.6 million in 2012);
- marketing and selling costs (including marketing overhead costs and port costs - $30.2 million in 2012);
- product and technical and major development costs ($13.6 million in 2012);
- exploration expenditure expensed ($29.5 million in 2012); and
- corporate and overhead support costs ($45.7 million in 2012).

Restructure costs/plant idling costs will be incurred in 2013 associated with the intention to make further changes in asset configuration. While subject to finalisation, these costs are estimated at $90 million.

Rehabilitation and holding costs for closed sites - $9.8 million in 2012.

Other non-cash costs include the unwind of the discount on rehabilitation provisions which are recognised as a liability at net present value which is reported as a finance cost.

Other Matters (not part of guidance) – inventory movement represents movement in balance sheet inventory, including D&A component. Although Iluka does not guide on this component, it comprises the movement in work-in-progress and finished goods. http://www.iluka.com/docs/mineral-sands-briefing-papers/accounting-treatment-for-inventory-movements-november-2012.pdf?sfvrsn=4

For further information, please contact:

Dr Robert Porter
General Manager, Investor Relations
Phone: + 61 (0) 3 9225 5008
Please note in Perth on 21 February – please use mobile or 08 9360 4700
Mobile: +61 (0) 407 391 829
Email: robert.porter@iluka.com
www.iluka.com