2010 Full Year Results
Iluka Resources Limited

25 February 2011

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Disclaimer – Forward Looking Statements

This presentation contains information that is based on projected and/or estimated expectations, assumptions and outcomes.

These forward-looking statements are subject to a range of risk factors associated, but not exclusive, with 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.

All currency referred to is Australian denominated unless otherwise indicated.

Full Year Overview

- Completion and ramp up of two new operations
  - substantial contribution from 2^{nd} half of 2010
- Positive pricing dynamics for zircon
  - favourable market conditions continuing in 2011
- Last year of price constrained titanium dioxide contracts
  - step change in high grade titanium dioxide prices achieved for 1^{st} half 2011
- Production cash costs higher than initial guidance
  - 2010 restructure, extended kiln operation and higher rehabilitation provision costs
- Markedly stronger EBITDA
- Net debt at year end at $312.6 million
  - $260.1 million at 31 January 2011
- Dividends reinstated
  - 8 cents full year dividend unfranked

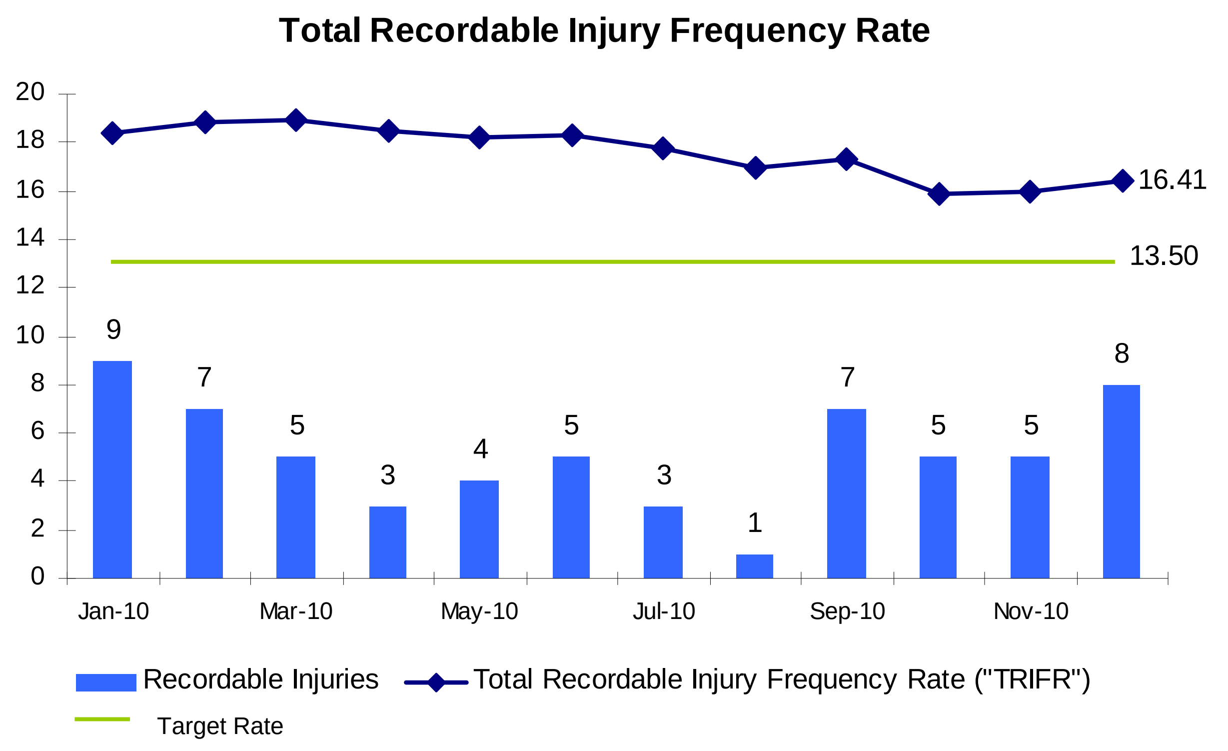
Main Features of Full Year Results

Comparison with 2009

Mineral Sands Sales Volumes	↑	28.3% - all high value product sales volumes up, post GEC
USD Product Pricing	↑	Zircon prices up 30%; contract $TiO_{2,}$ pricing higher but still constrained Higher pricing offset higher AUD/USD
Mineral Sands Revenue (pre hedging)	↑	51.8% to $874.4 million
Cash Production Costs	↓	19.9% - $543.8 million versus $453.6 million Higher production and new operations ramped up
Unit Cash Production Costs	↓	3.9% to $538/tonne (Z/R/SR)
EBITDA	↑	205.9% to $304.7 million
D&A	↑	24.0% to $219.0 million
Reported Earnings	↑	$36.1 million NPAT versus $82.4 million loss
Capital Expenditure (cash)	↓	77.5% to $117.2 million
Operating Cash Flow	↑	$163.6 million
Net Debt	↓	18.2% to $312.6 million
Gearing	↓	21.8% versus 25.9%
Dividend		8 cents per share (unfranked)

Health, Safety and the Environment

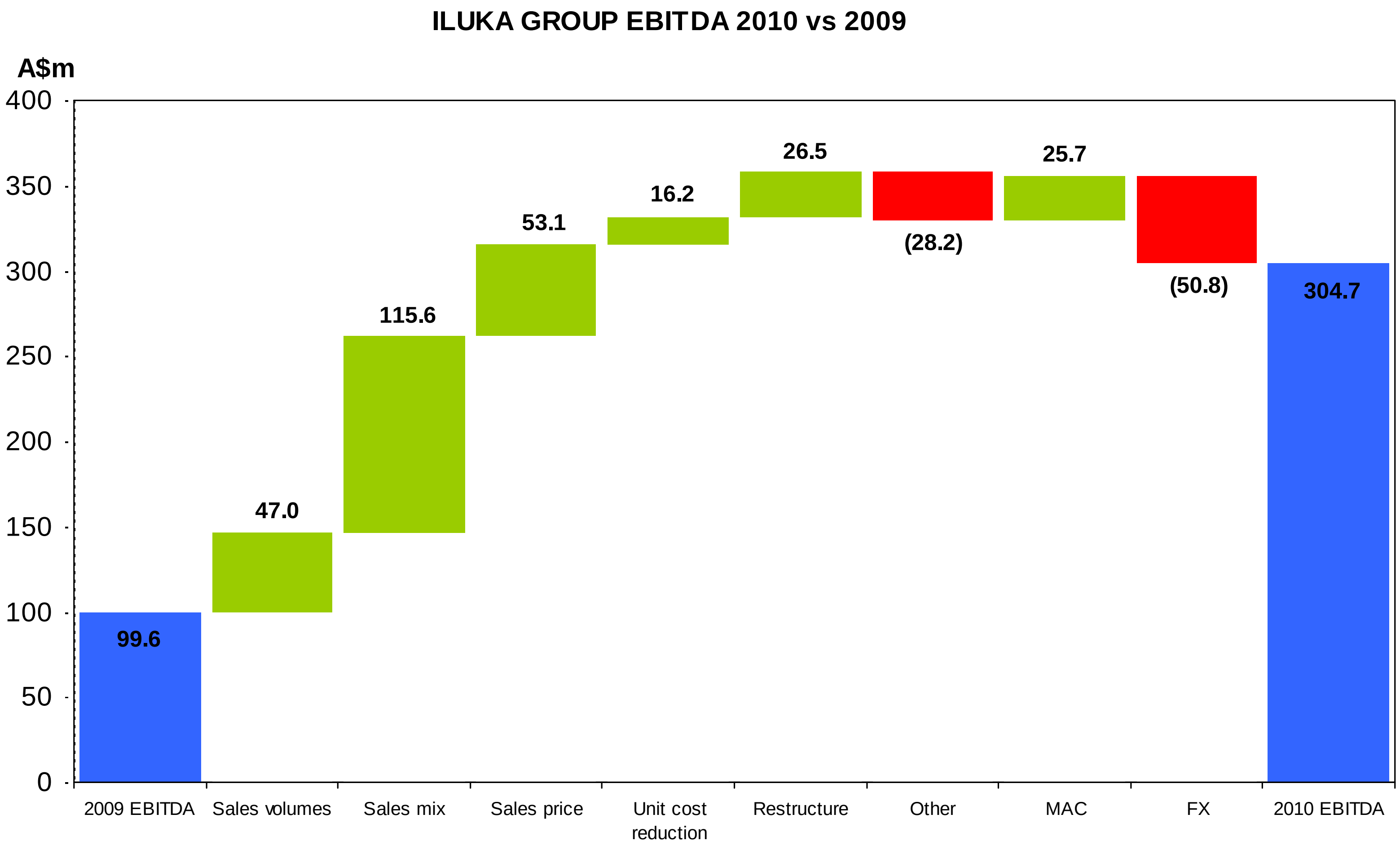
Iluka's No. 1 Priority



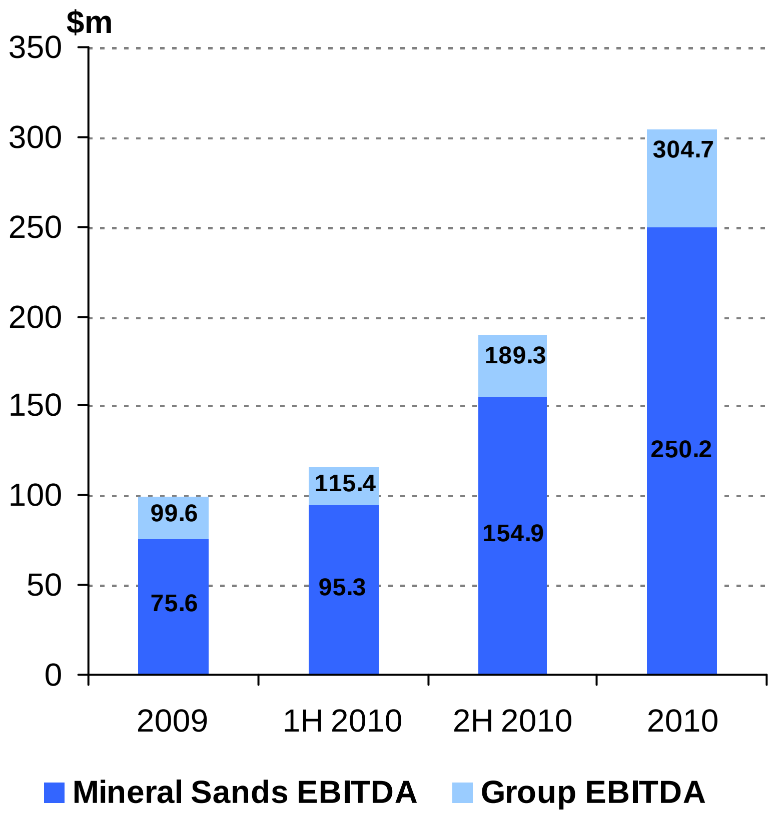
Summary Group Results

$m	1H 2010	2H 2010	2010	2009	% change pcp
Mineral Sands Revenue (pre hedging)	**378.6**	**495.8**	**874.4**	**576.0**	**51.8**
EBITDA	**115.4**	**189.3**	**304.7**	**99.6**	**205.9**
Depreciation and amortisation	(101.7)	(117.3)	(219.0)	(176.6)	**24.0**
EBIT	**13.9**	**72.2**	**86.1**	**(144.1)**	**n/a**
Net interest and financing costs	(25.6)	(20.6)	(46.2)	(22.7)	**(103.5)**
Significant non-cash items	-	-	-	(67.6)	n/a
Profit / (Loss) before tax	**(11.7)**	**51.6**	**39.9**	**(166.8)**	**n/a**
Tax Benefit / (Expense)	5.1	(8.9)	(3.8)	61.5	n/a
Profit / (Loss) from continuing operations	(6.6)	42.7	36.1	(105.3)	n/a
Profit / (Loss) from discontinued operations	-	-	-	22.9	n/a
Net Profit / (Loss) after tax	**(6.6)**	**42.7**	**36.1**	**(82.4)**	**n/a**
Net Debt	**(439.0)**	**(312.6)**	**(312.6)**	**(382.1)**	**18.2**
Average A$:US$ exchange rate	89.39	94.47	92.00	79.34	**(16.0)**
Financial Ratios					
EPS cents per share	(1.6)	10.2	8.6	(20.2)	n/a
Return on equity % (annualised)	(0.6)	3.8	3.2	(7.5)	n/a
Interest cover (EBITDA / net interest expense) times	6.3	5.4	11.7	5.8	101.7
Gearing / net debt (net debt + equity)%	28.8	21.8	21.8	25.9	15.8

EBITDA
2010 versus 2009

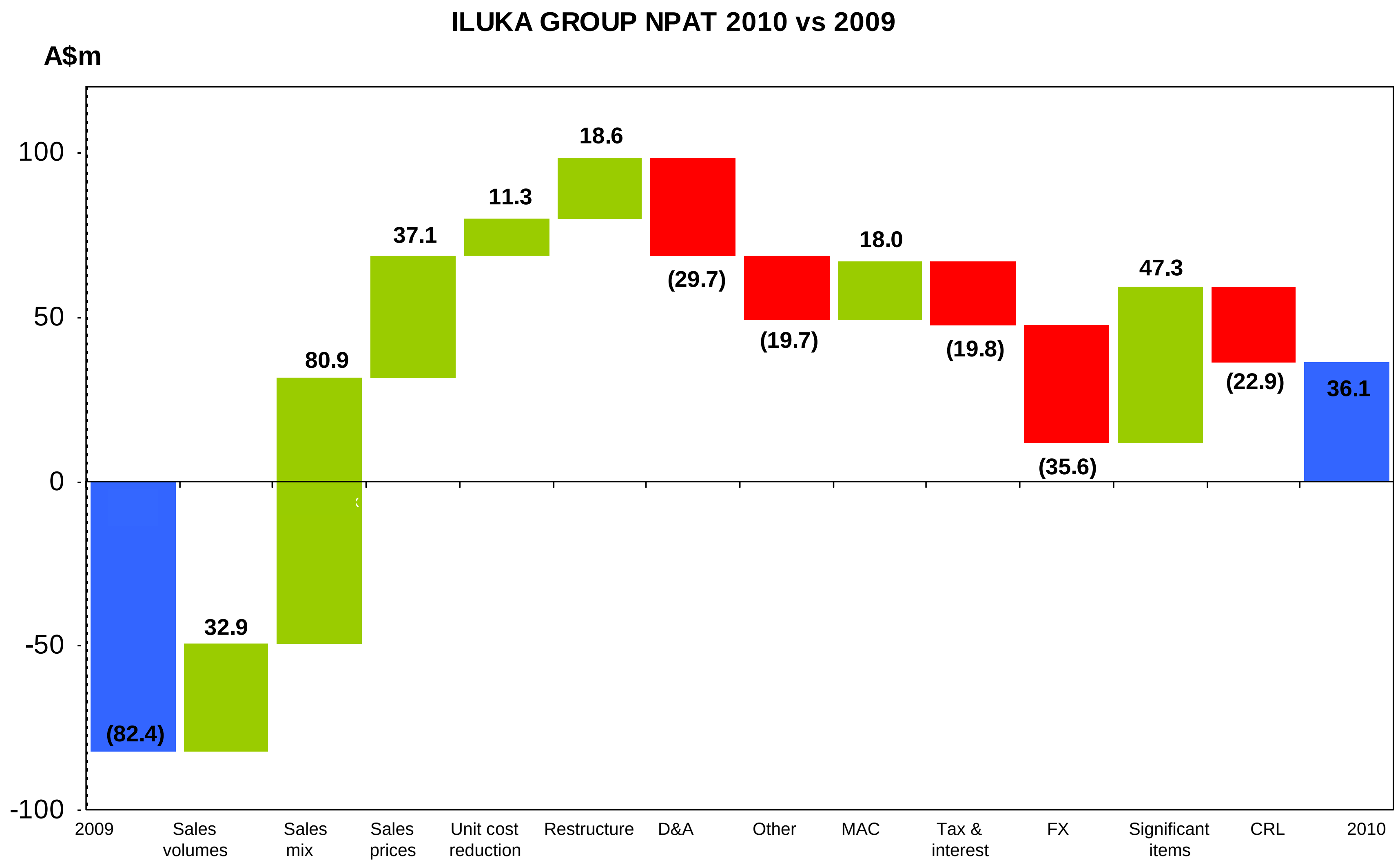


Mineral Sands and Group EBITDA



- Strong 2nd half mineral sands EBITDA
  - up 64%
- Higher margin J-A and MB production
- Higher 2nd half zircon sales price

Net Profit After Tax
2010 versus 2009

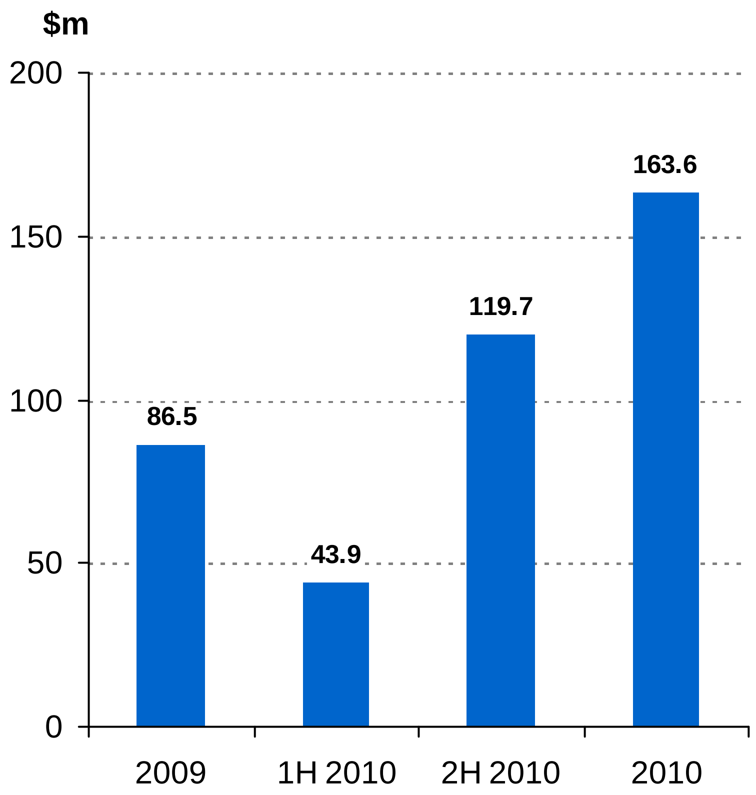


Mining Area C Royalty
2010 vs 2009

	2010	2009	% change
Annual Production to 30 Jun MDMT	42.5	37.8	12.4
Sales Volume to 31 Dec MDMT	43.2	40.3	7.2
Royalty Income $m	71.3	42.6	67.4
Capacity Payments $m	5.0	8.0	(37.5)
Iluka EBIT $m	**75.9**	**50.2**	**51.2**

- Higher iron ore sales volumes
- Average AUD realised price increased by 56% from pcp
  - 60 per cent higher Q2 2010 versus Q1 2010
  - reflects greater proportion of spot sales
- Royalty income: 1st half - $30.7 million; 2nd half $40.6 million
- $5.0 million of annual capacity payments to 30 June 2010 (2009: $8.0 million)

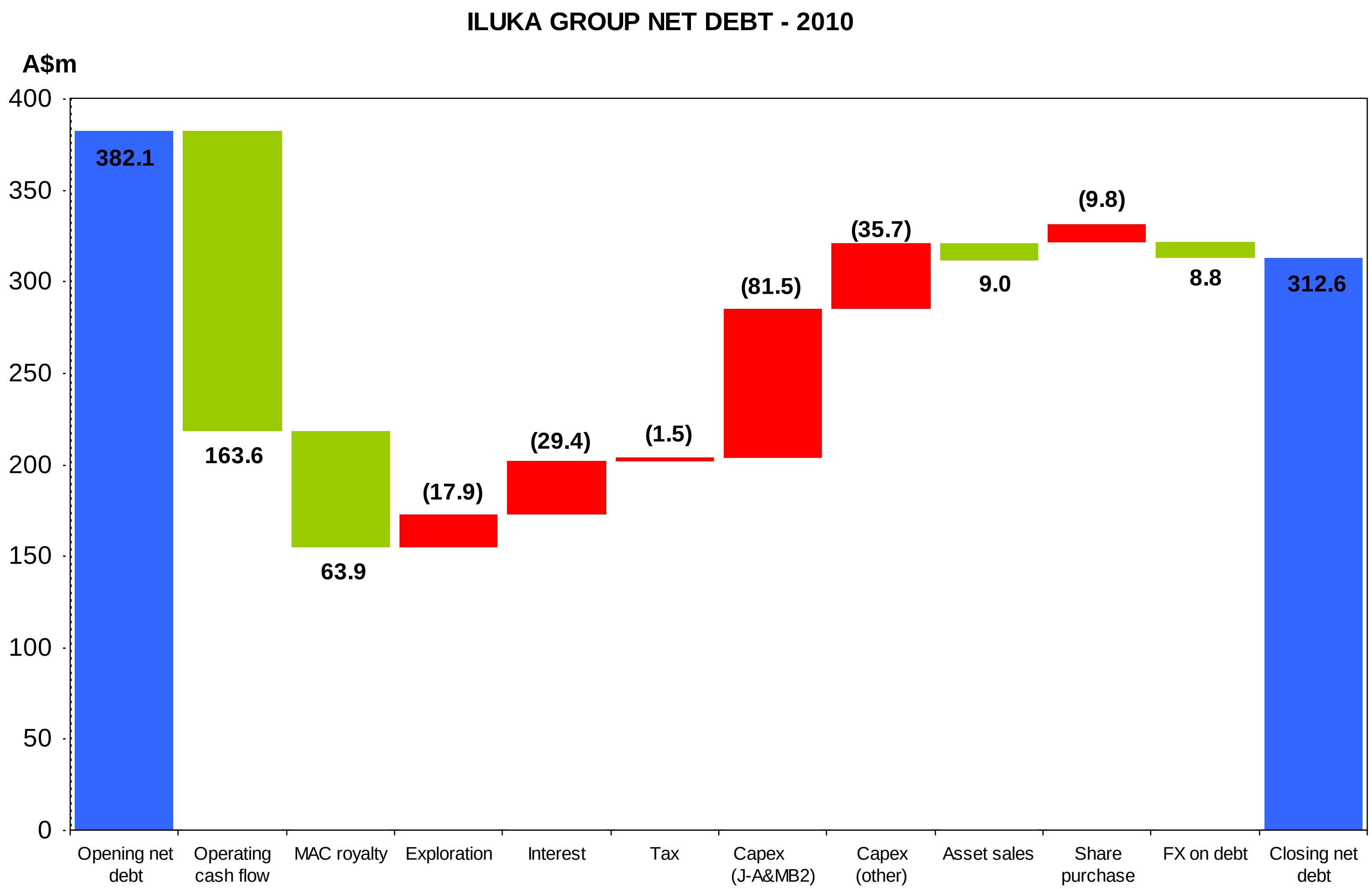
Mineral Sands Operating Cash Flow



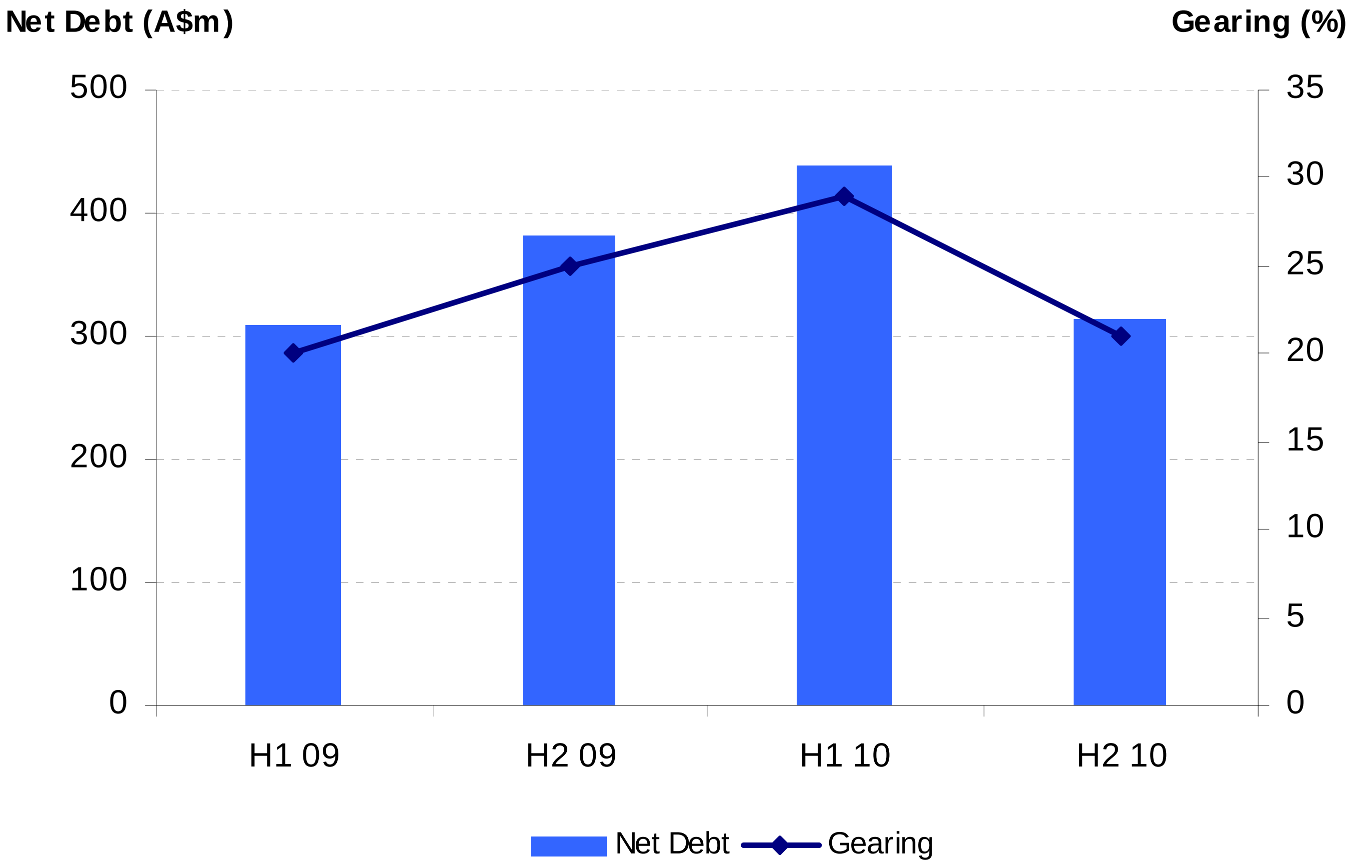
- Stronger operating cash flow
  - up 89.1%
- 1st half 2010 operating cash flow reflects:
  - increase in J-A concentrate stocks
  - increased debtors (shipment timing)
- 2nd half 2010 operating cash flow reflects:
  - increased Z and R sales volumes
  - further increase in working capital

Note: excludes MAC royalty, exploration, net interest and tax

Net Debt Movement

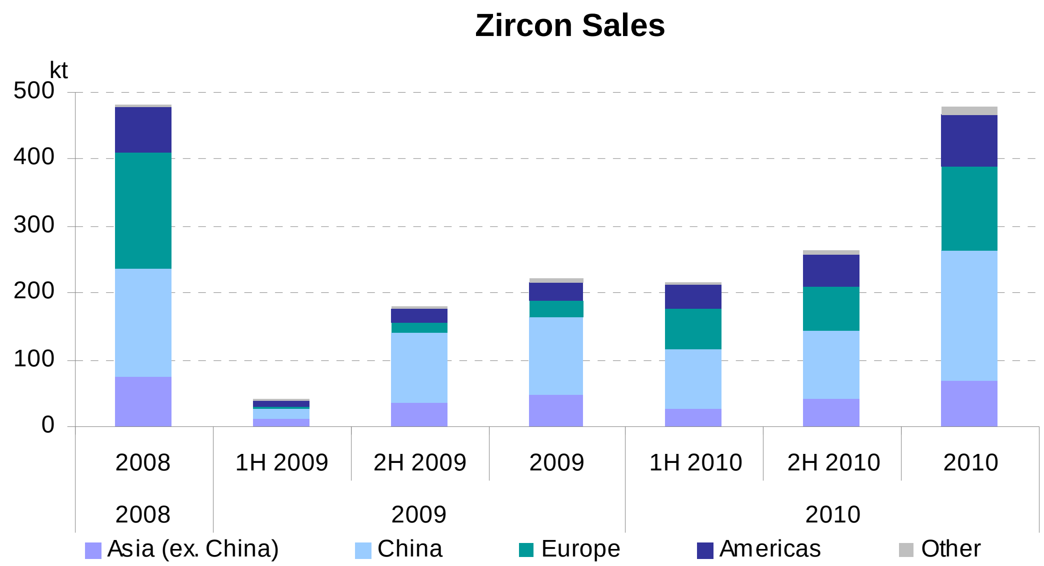


Net Debt and Gearing



Iluka Sales – Zircon

- Sales back to 2008 levels
- China above 2008 levels
  - 47% of Iluka's 2010 sales
- Recovery in Europe and North America
- Customer requirements exceed supply



Sales Volumes kt	2008	1H 2009	2H 2009	2009	1H 2010	2H 2010	2010
Asia (ex. China)	73	11	36	47	27	41	68
China	163	15	104	119	91	103	194
Europe	173	5	17	21	60	66	126
Americas	71	9	20	29	34	47	80
Other	1	2	4	6	5	6	10
Total	481	42	181	223	216	263	479

Excludes CRL

Zircon
Market Conditions

- Strong recovery in demand in all main markets
- Global consumption estimated at 1.3 million tonnes
  - unmet demand
- China imports running at above pre GEC levels
  - estimated 2010 imports of ~595k tonnes
- Since Q2, Iluka unable to satisfy customers' full demand
  - allocating volumes
- Global ceramics and zirconium chemicals capacity not fully utilised
- Industry inventories through the supply chain at historically low levels

Zircon
Constrained Market Supply

- Inner Mongolia zirconia chemical plant which could not commission due to lack of zircon
- Similar examples elsewhere in China
- New milling capacity unable to be fully utilised

Zircon
Price and Supply Trends

- Iluka actions:
  - 3 price increases in 2010 – year end exit price above US$1,000/tonne (FOB)
  - 1 January price increase of ~20%

- Iluka working with customers in tight supply situation:
  - supply point and logistics flexibility
  - semi-processed material made available
  - debottlenecking and tailings retreatment opportunities

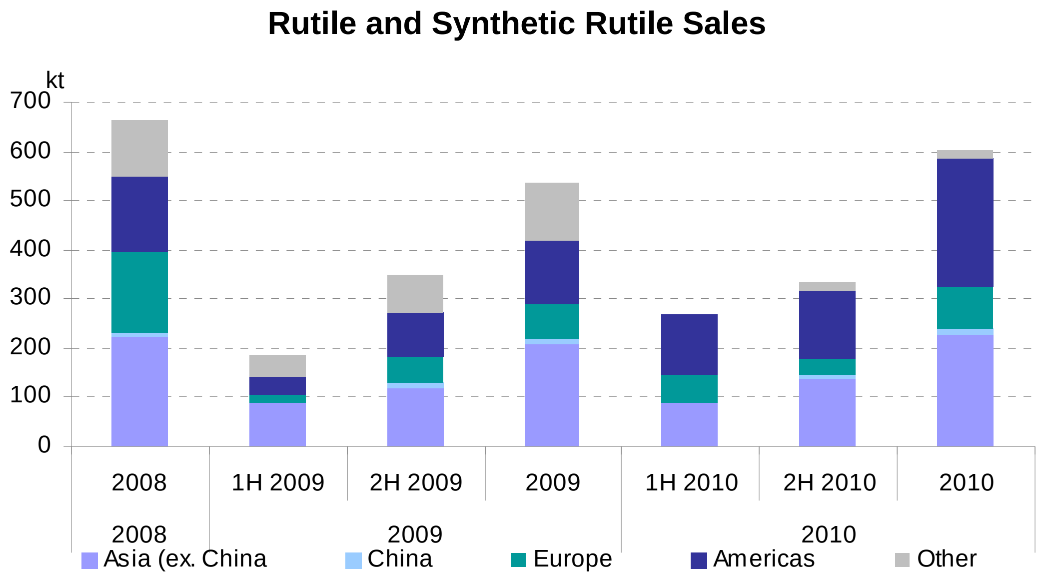
- Market deficit will moderate but tight conditions expected to persist for some years

- 2011 likely to be impacted by low raw material inventories despite some higher production

- Market conditions support further price increases

Iluka Sales – Rutile and Synthetic Rutile

- Strong recovery in North American pigment demand
- Minimal sales of high grade titanium dioxide to China, given sulphate-orientated nature of pigment market



Sales Volumes kt	2008	1H 2009	2H 2009	2009	1H 2010	2H 2010	2010
Asia (ex. China)	223	89	118	207	89	138	228
China	11	1	12	14	2	9	11
Europe	159	16	54	70	56	33	88
Americas	158	38	89	127	121	138	259
Other	112	42	76	118	0	17	17
Total	663	186	349	535	268	335	603

Excludes CRL

High Grade Titanium Dioxide
Market Dynamics

- Demand recovery for high grade titanium dioxide feedstocks

- Most chloride pigment producers restored operations to full or near full capacity
  - demand for high grade feedstocks as replacement for lower grade feedstocks
  - hence increased demand for rutile and synthetic rutile

- Evidence of industry insufficient high quality supply

- Major pigment producers increased their pricing by an average of 10% in 2010
  - one indication this month of a further ~10% price increase (~ US$200/t)

- Iluka ended 2010 with minimal rutile and SR inventories

Recent TiO_2 Industry Comments

"…provided global demand for TiO_2 products remains strong, we expect the low level of worldwide TiO_2 inventories to continue for several years and anticipate further implementation of TiO_2 selling price increases."

Top 5 Pigment producer, February 2011

"…we do have pricing momentum in this industry. We've also got raw material pressures in this industry as well."

Top 5 Pigment producer, February 2011

"*TiO_2 pricing actions announced in the past few days include a $300/m.t., or 10%, price increase in Asia, effective April 1 (DuPont), and a EUR175/m.t., or 8%, increase in Europe, also effective April 1(Huntsman). TiO_2 buyers are becoming less resistant to sharp price increases as they are increasingly concerned about product availability amid sold-out conditions, particularly for high quality TiO_2 grades."*

North America Equity Research, February 2011

Robust TiO_2 demand….Tight markets….Raw material costs trending up offset with price

Top 5 Pigment producer, January 2011

High Grade Titanium Dioxide
Trends

- 2011 1st year of unconstrained contract price negotiations
  - small proportion of SR volume still affected by residual “cap and collar” contract
  - unable to fully meet all customer requirements
  - rutile and SR pricing set for 6 months period only
  - volume arrangements for 12 months, subject to 2H price agreement
  - weighted average rutile and SR pricing up ~30% to 40% in 1st half (versus 2010)

- Iluka working with customers in constrained market conditions
  - supply point and product quality flexibility

- Expectations of improved profitability for raw material suppliers and customers downstream

- Potential to reactivate idled capacity (SR)
  - 2011 assumes SR2 kiln operating for full year and SR3 for part year (R&D)
  - kiln feedstock optimisation
  - timing linked to feedstock decisions and pricing environment

2011 Areas of Focus

- Operate the business safely and in a sustainable manner
- Maximise high margin production from existing operations
- Determine best means to cost-effectively increase production
- Support pricing momentum as market conditions allow
- Invest in product and technical development
- Increase investment in exploration in existing and new provinces
- Continue market and business development activities
- Balance sheet
  - debt expected to reduce rapidly
  - capital management
  - flexibility to pursue opportunities

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Supplementary Slides

Key Physical & Financial Parameters
2011 Physical Trends

	2010	2011 Guidance	2012 Commentary
Production (kt)			
Zircon	413	~500	Expected to be ~500kt
Rutile[1]	250	~250	Expected lower production (~200kt) due to transition to new deposits at WRP, following completion of mining at Douglas and Echo in early 2012
Synthetic rutile	347	~220	Assuming 2nd kiln activated in early 2012, then ~320kt expected in that year
Ilmenite – saleable	469	~430	Impacted by internal requirements for synthetic rutile production; expected to be no higher than 2011
Total	1,479	1,400	

1 Rutile production volumes predominantly comprise a rutile product with a titanium content of 92 – 96 per cent together with a proportion of material with a titanium dioxide content below 92 per cent

Refer Iluka ASX Release 25 February 2011 for further detail in relation to key physical and financial parameters

Key Physical & Financial Parameters
2011 Financial Trends

	2010	2011 Guidance	2012 Commentary
Cash Costs A$m			
Production costs	544	~540	Expected to be lower, but dependent on mine move and kiln operation, and cost inflation
Z/R/SR unit costs A$/tonne	538	~560	Expected to be lower, dependent on production cost factors above but offset by higher total Z/R/SR production
Other cash costs	92	~115	Expected to be flat – refer explanatory comments over page
Restructure, rehab & idle costs	24	~5	2010 costs related to idling of mining operations and kilns
Non cash costs			
Depreciation & amortisation	219	~195	Expected to reduce to ~$150m
Other	15	~15	Expected to be at a similar level
Capital Expenditure	117	~100	Expected to be at a similar level, dependent on project cost inflation, expansion decisions and investment opportunities
Operating Cash Flow	164	↑	
Net Debt	313	↓	
Gearing (nd/nd+e)%	22	↓	

Refer Iluka ASX Release 25 February 2011 for further detail in relation to key physical and financial parameters

Mineral Sands Results

$m	1H 2010	2H 2010	2010	2009	% change pcp
Mineral Sands Revenue (pre hedging)	**378.6**	**495.8**	**874.4**	**576.0**	**51.8**
EBITDA					
Eucla / Perth Basins	46.2	73.7	119.9	47.9	**150.3**
Murray Basin	39.0	74.9	113.9	13.2	**762.9**
US Operations	20.2	20.0	40.2	30.7	**30.9**
Exploration and Other	(10.1)	(13.6)	(23.7)	(16.2)	**(46.3)**
Total Mineral Sands EBITDA (pre hedging)	**95.3**	**154.9**	250.2	75.6	**231.0**
Depreciation and Amortisation	(101.5)	(117.1)	(218.6)	(176.6)	23.8
Mineral Sands EBIT (pre hedging)	**(6.2)**	**37.8**	**31.6**	**(100.6)**	**n/a**

1st and 2nd Half 2010 EBITDA

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$m	**1H 2010**	**2H 2010**	**2010**
Mineral Sands Revenue (pre hedging)	**378.6**	**495.8**	**874.4**
EBITDA			
Mineral Sands	95.3	154.9	250.2
Currency Hedging and Foreign Exchange	(1.4)	10.3	8.9
Mining Area C	35.5	40.4	75.9
Corporate and Other	(14.0)	(16.3)	(30.3)
Total EBITDA	**115.4**	**189.3**	**304.7**
Depreciation and Amortisation	(101.5)	(117.5)	(219.0)
Total EBIT (before significant items)	**13.9**	**72.2**	**86.1**
Mineral Sands EBITDA / Revenue Margin	25.2	31.2	28.6
Capital Employed	1,460.7	1,382.0	1,382.0

2010 Cash Flow and Net Debt

$m	1H 2010	2H 2010	2010	2009	% change pcp
Opening Net Debt	**(382.1)**	**(439.0)**	**(382.1)**	**(215.7)**	**(77.1)**
Operating Cash Flow	43.9	119.7	163.6	86.5	89.1
MAC Royalty	19.8	44.1	63.9	55.2	15.8
Exploration	(7.6)	(10.3)	(17.9)	(20.0)	10.5
Net Interest	(12.3)	(17.1)	(29.4)	(12.5)	(135.2)
Tax	(1.5)	-	(1.5)	(4.4)	65.9
Capital Expenditure	(94.9)	(22.3)	(117.2)	(521.6)	77.5
Asset Sales	5.3	3.7	9.0	94.1	(90.4)
Share Issues Net of Costs	-	-	-	113.5	n/a
Share Purchases	-	(9.8)	(9.8)	-	n/a
Dividends Paid to CRL Minorities	-	-	-	(1.8)	n/a
CRL Net Debt Eliminated on Sale	-	-	-	9.4	n/a
Exchange Revaluation of Net US Debt	(9.6)	18.4	8.8	35.8	75.4
(Increase) / Decrease in Net Debt	**(56.9)**	**126.4**	**69.5**	**(166.4)**	**n/a**
Closing Net Debt	**(439.0)**	**(312.6)**	**(312.6)**	**(382.1)**	**18.2**

Cash Costs of Final Products Produced

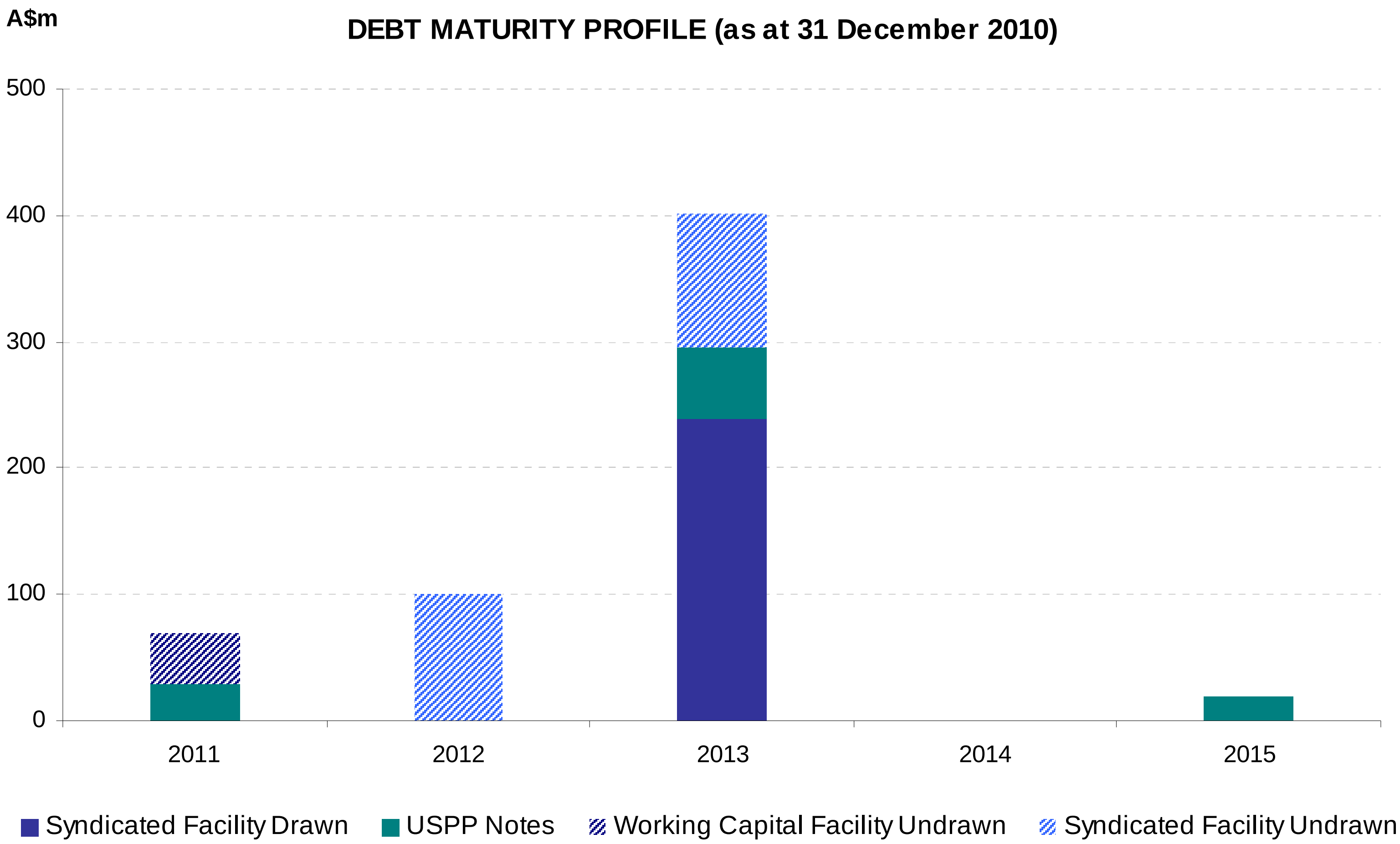
2010 vs 2009

	2010	2009	% change
Z/R/SR[1] Production (kt)	1,010.5	809.5	24.8
Saleable Ilmenite (kt)	469.0	342.1	37.1
Final Product Produced (kt)	1,479.5	1,151.6	28.5
Total Cash Cost (A$m)	543.8	453.6	(19.9)
Cash Cost / tonne of High Value Core Products[1] (A$/t)	538.0	560.0	3.9
Cash Cost / tonne of Saleable Product[2] (A$/t)	367.0	394.0	6.9

[1] zircon / rutile / synthetic rutile and other minor by-products

[2] includes saleable ilmenite

Debt Maturity Profile



Capital and Exploration Expenditure (Cash)

A$m	2010	2009	% change
Capital Expenditure	(117.2)	(521.6)	77.5
Exploration	(17.9)	(20.0)	10.5
Total	**(135.1)**	**(541.6)**	**75.1**

2010 Production Volumes

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(kt)	**2010**	**2009**	**% change**
Zircon	412.9	263.1	56.9
Rutile	250.1	141.4	76.9
Synthetic Rutile	347.5	405.0	(14.2)
Ilmenite - Saleable	469.0	342.1	37.1
Ilmenite - Upgradeable	215.9	496.7	(56.5)

Eucla / Perth Basins

2010 vs 2009

Financials

		2010	2009	% change
Sales Revenue	$m	468.7	385.6	21.6
Total Cash Production Costs	$m	(306.6)	(316.9)	3.2
Depreciation and Amortisation	$m	(86.1)	(127.2)	32.3
Inventory Movements	$m	(9.5)	23.6	n/a
Cost of Goods Sold	$m	(402.2)	(420.5)	4.3
Other Costs[1]	$m	(32.7)	(44.4)	26.3
EBIT	$m	33.8	(79.3)	n/a
EBITDA	$m	119.9	47.9	150.3
EBITDA / Sales	%	25.6	12.4	106.4

[1] Restructuring costs, Government royalties, marketing costs and asset sales

Key Operational Parameters

	2010	2009	% change
Production (kt)			
Zircon	197.1	145.7	35.3
Rutile	51.7	66.9	(22.7)
Synthetic Rutile	347.5	405.0	(14.2)
Ilmenite	160.7	146.6	9.6
Cash Production Costs $m	306.6	316.9	3.2

Includes Western Australian production, as well as Jacinth-Ambrosia production from 1st half 2010

Murray Basin
2010 vs 2009

Financials

		2010	2009	% change
Sales Revenue	$m	281.5	124.8	125.6
Total Cash Production Costs	$m	(183.9)	(87.6)	(109.9)
Depreciation and Amortisation	$m	(113.0)	(31.7)	(256.5)
Inventory Movements	$m	32.3	(5.7)	n/a
Cost of Goods Sold	$m	(264.6)	(125.0)	(111.7)
Other Costs[1]	$m	(16.0)	(18.3)	12.6
EBIT	$m	0.9	(18.5)	n/a
EBITDA	$m	113.9	13.2	762.9
EBITDA / Sales	%	40.5	10.6	282.1

[1] Restructuring costs, Government royalties, marketing costs and asset sales

Key Operational Parameters

	2010	2009	% change
Production (kt)			
Zircon	157.6	69.9	125.5
Rutile	198.4	74.5	166.3
Ilmenite	56.8	12.5	354.4
Cash Production Costs $m	183.9	87.6	(109.9)

US Operations

2010 vs 2009

Financials

		2010	2009	% change
Sales Revenue	$m	124.3	65.6	89.5
Total Cash Production Costs	$m	(53.3)	(49.1)	(8.5)
Depreciation and Amortisation	$m	(17.0)	(17.3)	1.7
Inventory Movements	$m	(25.7)	15.5	n/a
Cost of Goods Sold	$m	(96.0)	(50.9)	(88.6)
Other Costs[1]	$m	(5.1)	(1.3)	(292.3)
EBIT	$m	23.2	13.4	73.1
EBITDA	$m	40.2	30.7	30.9
EBITDA / Sales	%	32.3	46.8	(30.9)

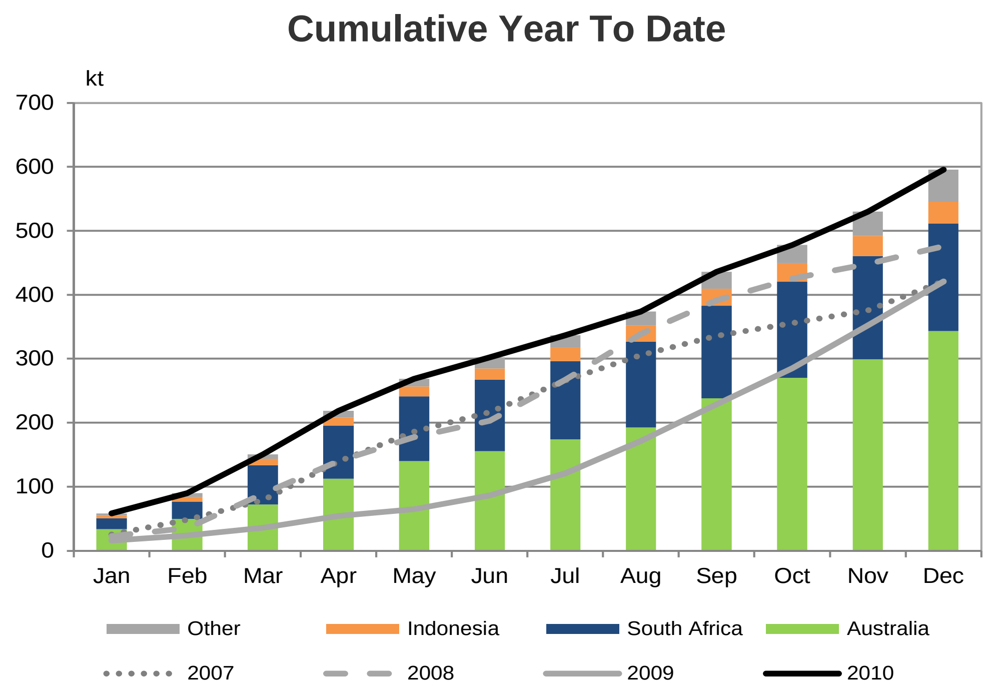
[1] Restructuring costs, Government royalties, marketing costs and asset sales

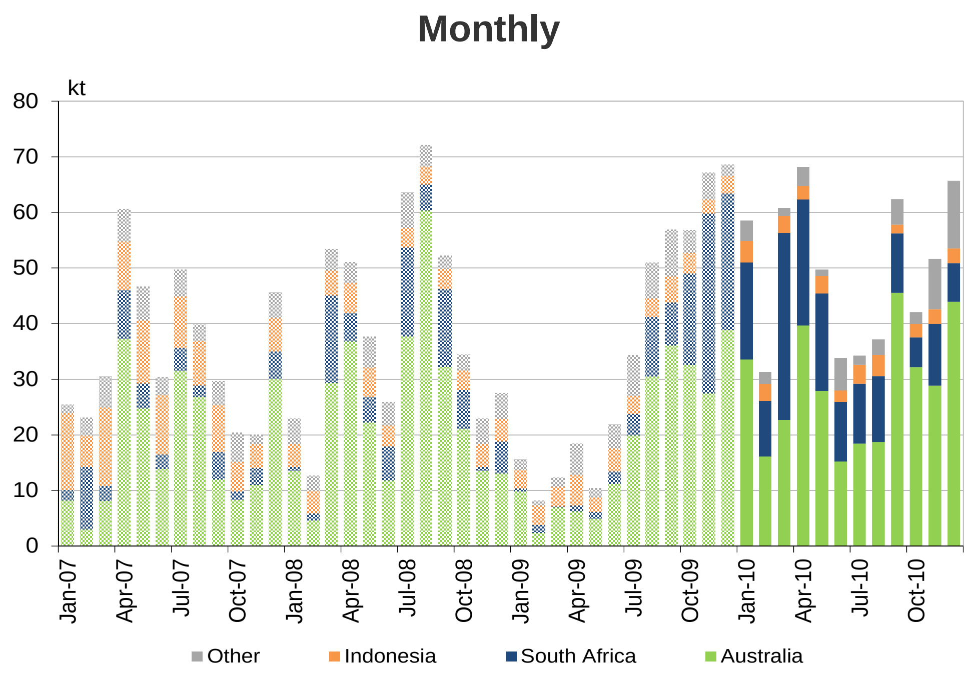
Key Operational Parameters

	2010	2009	% change
Production (kt)			
Zircon	58.2	47.5	22.5
Ilmenite	251.5	183.0	37.4
Cash Production Costs $m	53.3	49.1	(8.5)

China Zircon Imports

Iluka Analysis of Chinese Import Data – to end December 2010





- Iluka estimates China's total imports of zircon-sand equivalent material for 2010 was ~595 thousand tonnes
- Based on sales from bonded warehouses, including Iluka's own sales, consumption is estimated at closer to ~645 thousand tonnes
- Relative to previous years, including 2008, this is a very strong level of imports and consumption, particularly in a market that Iluka believes was supply constrained for most of the year

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