



# Australian Securities Exchange Notice

12 December 2014

## YEAR END ACCOUNTING (NON-CASH) ADJUSTMENT

Iluka Resources Limited (Iluka) announces an expected year end accounting non-cash impairment of approximately A\$86 million after tax associated with its United States operations.

Iluka has mining and processing operations in Virginia at two mine sites - Brink and Concord (the latter idled in February 2014) - and a mineral separation plant nearby at Stony Creek. Iluka's US operations produce chloride ilmenite as well as a premium zircon, both sold predominantly into the domestic market. In the first half of 2014, these contributed EBIT of A\$(0.1) million.

The company's Corporate Plans over the past eight years have contemplated cessation of US operations across a period ranging from 2012 to 2027, with the most common assumption being around 2015. The wide range reflects changing assumptions regarding: project development and operating costs; ilmenite and zircon production, sales volumes and prices; and other factors which drive ore body optimisations and project economics.

Recent plans have included evaluation of two Iluka mineral sands deposits able to utilise the Stony Creek mineral separation plant, namely Aurelian Springs (North Carolina) and Hickory (Virginia). Although both projects are, on Iluka's assessment, potentially cash flow positive, in the context of current capital expenditure priorities, Iluka has reviewed its options for the US operations. A decision has been taken to maximise cash flow from the Virginia ore bodies and minimise commitment of further development capital to this part of the business at this time. This option entails mining out the Brink and Concord deposits in the most effective manner, which is expected to lead to the completion of mining and processing activities in the US at the end of 2015.

Iluka will continue to hold mineral leases over the land upon which the Aurelian Springs and Hickory resources are based.

As a result the company has determined that a non-cash impairment in carrying values in the US is required, related to the estimated net discounted cash flows from the mine plan outlined above being lower than the carrying value of the US operating assets.

David Robb, Iluka's Managing Director stated: "Iluka's approach to project evaluation and development is based on keeping various internal options available for commitment, yet ensuring development occurs only if and when an appropriate risk/return balance can be achieved to create and deliver value for shareholders.

We are, naturally, disappointed that we are unable, at this time, to confirm the extension of our US operations beyond their original planned life to our employees, customers and other stakeholders.

Iluka continues to progress other internal production options within its portfolio, as well as evaluate suitable external growth opportunities."

### Investment market and media inquiries:

Dr Robert Porter  
General Manager, Investor Relations  
Mobile: +61 (0) 407 391 829  
Email: [robert.porter@iluka.com](mailto:robert.porter@iluka.com)