

12 October 2011

ZIRCON PRICING OUTCOMES – FOURTH QUARTER 2011

Iluka Resources Limited (Iluka) advises that discussions with zircon customers in relation to proposed fourth quarter zircon prices have progressed satisfactorily, such that Iluka can advise that it expects to achieve an increase in weighted average price for zircon of approximately 10 per cent for the December quarter (commencing 1 October), relative to a weighted average price in the third quarter of approximately US\$2,200/tonne.

This increase is consistent with Iluka's commentary, at the time of its half year results announcement, that following the large zircon price increase in the third quarter, quarterly contract price increases may moderate.

While Iluka normally would not make a release on a price change of this nature (given its lack of materiality for the financial performance of the business), in the context of current global economic concerns and volatile business and investor confidence levels, the company considers it appropriate, in this instance, to provide this pricing outcome information.

Iluka's approach to production, marketing and financial decisions will continue to take heed of market specific economic conditions while being consistent with the company's objective of creating and delivering value for shareholders over time. The price increase achieved for zircon reflects current market dynamics and competitive conditions, which may vary from period to period.

Iluka intends to engage with titanium ore customers over the course of the balance of 2011 in relation to first half 2012 titanium dioxide volumes and pricing.

Iluka emphasises that its disclosures in relation to changes in the business, including product price changes, will be in line with its ASX disclosure obligations and in the ordinary course pricing commentary will be restricted to its half and full year financial statements. Iluka also emphasises that it does not provide price forecasts.

Iluka will provide further commentary on market conditions in its September Quarterly Production Report, scheduled for release tomorrow.

Investment market and media inquiries

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