



ILUKA

Media Release

28 March 2017

ILUKA TO SUSPEND OPERATIONS AT HAMILTON MINERAL SEPARATION PLANT

Iluka Resources Limited (Iluka) advises that operations will be suspended at the company's Hamilton mineral separation plant in October 2017. By this time, Iluka expects to have processed its remaining heavy mineral concentrate from Victorian Murray Basin mining operations, which concluded in March 2015.

The suspension will result in up to 60 positions at the Hamilton plant being made redundant from October 2017.

Operations at Hamilton will be suspended until concentrate becomes available from Iluka's next planned mining development in the Murray Basin – at Balranald, New South Wales. Iluka is undertaking detailed evaluative work for Balranald and it is not expected that concentrate will be available from any such development before 2019.

Iluka concluded mining operations in Victoria in March 2015. Since that time, the Hamilton plant has processed concentrate sourced predominantly from Victorian stockpiles, supplemented with concentrate transported by road, rail and sea from the company's Jacinth-Ambrosia mine in South Australia. Under this arrangement, Victorian stockpiles were scheduled to be exhausted in June 2018. To reduce transport, storage and handling costs; and to increase the overall efficiency of Iluka's two Australian mineral separation plants (Hamilton and Narngulu, Western Australia); the company has taken the decision to process the Victorian stockpile only at Hamilton, without supplementing it with concentrate imported from Jacinth-Ambrosia in South Australia. As a result, the Victorian stockpiles will now be exhausted in October 2017.

Announcing the suspension, Iluka's Chief Operating Officer, Steve Wickham said

"This decision reflects the pending exhaustion of stockpiles of concentrate sourced from Iluka's concluded Victorian Murray Basin mining operations; as well as the optimal operating settings for the company's two Australian mineral separation plants.

Iluka's intention is to recommence processing operations at Hamilton in line with concentrate becoming available from the Balranald development. In light of the timing for that development, the decision to suspend operations at Hamilton once the Victorian stockpile has been exhausted is the most cost efficient configuration of the company's assets.

This is a commercial decision by Iluka and not the result of any policy settings or perceived prevailing economic conditions in Victoria. The company regularly evaluates its operational settings to ensure sustainable financial outcomes. Since 2012, both the Hamilton and Narngulu plants have been running at low utilisation levels of between 50 and 60 per cent.

The company acknowledges that this will be a difficult time for affected employees and will provide whatever assistance it can, including counselling, redeployment and employment placement support.

Iluka has strong and longstanding ties to the Hamilton community and will deliver regular updates to stakeholders both during the suspension period and in advance of operations recommencing.

The company's rehabilitation of former mine sites in Victoria is not affected by the suspension of operations at Hamilton; and will continue in line with long-term planning arrangements."

Iluka Resources

Iluka Resources (ASX: ILU) is involved in mineral sands exploration, project development, operations and marketing. The company has operations in Australia (Western Australia, Victoria and South Australia) and in Sierra Leone. Iluka is the largest producer of zircon and rutile globally; and is also a major producer of synthetic rutile.

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