ILUKA

ENHANCED PRODUCTION PROJECT

SEPTEMBER 2012

OVERVIEW OF ILUKA'S ENHANCED PRODUCTION APPROACH

Iluka commenced an exercise in 2011, referred to as the Enhanced Production Project (EPP), with the objective to evaluate internal mineral sands production opportunities, capable of providing the company with additional zircon, rutile and (mainly) chloride ilmenite production, including ilmenite suitable for upgrading to synthetic rutile.

The EPP involved the initial optimisation of all known deposits within Iluka's existing JORC Mineral Resource base, based primarily on higher long term pricing assumptions for the company's key products of zircon, rutile and synthetic rutile ilmenite feed.

Aspects of the initial analysis included:

- the ranking and choice of optimum project development and production profiles; and
- the overlay of economic development options by the utilisation, or expansion, of existing Iluka infrastructure, including mineral separation plant capacities.

The outcome was 30 net present value (NPV) positive development opportunities. These were subsequently reduced to a smaller, although still material number of development options (currently 16, including four at feasibility assessment stage), considered to display suitable financial and risk characteristics to warrant further evaluation, potentially in some cases to feasibility study stage.

CHARACTERISTICS OF ILUKA'S PRODUCTION OPTIONS

Of the production options, all are based in Australia, with the exception of two in the United States (Virginia and North Carolina). Most also represent near field tie-in opportunities, expected to be capable of utilising either existing concentrating facilities and one of the company's three mineral separation plants (two in Australia and one in Virginia).

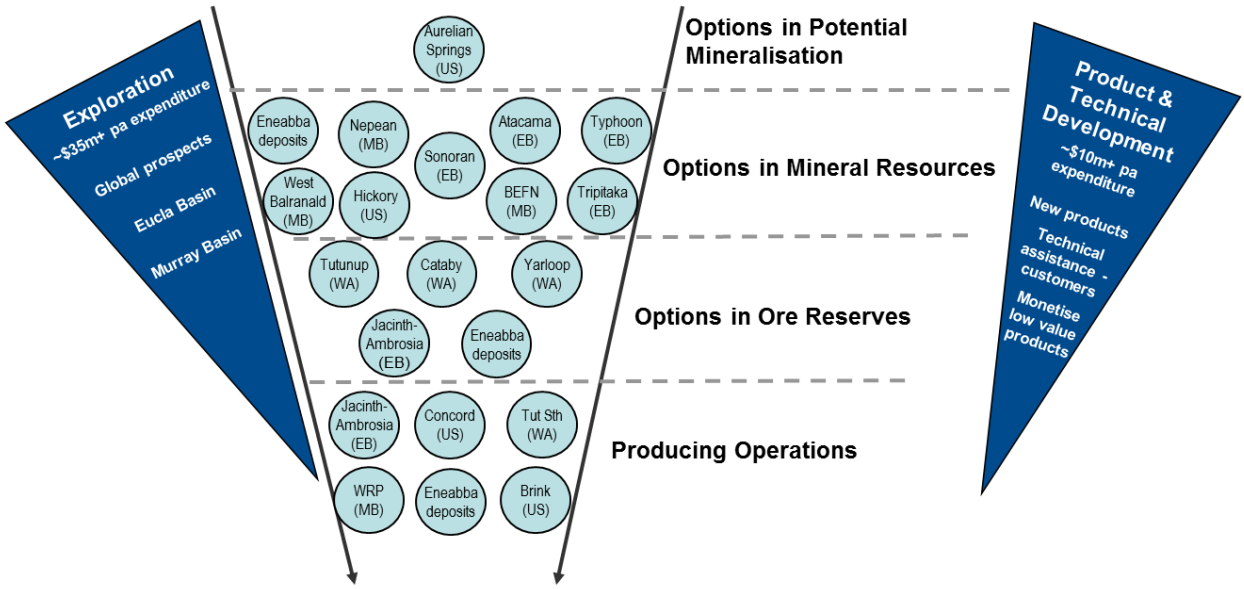
Accordingly, the production options are on the whole expected to be capital-efficient, relatively quick to execute and bring to market, and display low jurisdictional and generally lower technical risk. Regulatory approvals risk, in terms of environmental approvals and associated time frames, constitutes a key part of project evaluation and assessment.

Work initially completed provided key physical and financial metrics for individual and sequenced deposits. Since the beginning of 2012, all production opportunities have had project management, planning and evaluation resources committed to enable them to proceed through evaluative stages

from scoping to, in a number of cases, commencement of feasibility studies. The expectation is that the projects ultimately assessed as warranting development, based on market supply and demand conditions and appropriate financial characteristics, should be capable of being executed within a period of five years.

The majority of project expenditure is expected to occur in the latter stages of an individual project, which is after the completion of pre-feasibility studies. As such, up-front expenditures and commitments are not significant, allowing the capital flexibility in terms of capital deployment decisions. Iluka's internal development options are assessed relative to the modelled economic characteristics of non Iluka mineral sands projects or opportunities.

Enhanced Production Options, Exploration and Product & Technical Development Optionality



PRODUCTION OPPORTUNITIES

The production opportunities which are being assessed include the following listed below for each of the main Basins in which Iluka operates. The Balranald and Nepean deposits in New South Wales and the Cataby deposit in Western Australia are currently at pre-feasibility study stage, as are the two United States deposits of Hickory and Auerlian Springs. The production response options outlined below exclude the potential to re-activate Iluka's two idled synthetic rutile kilns (with a notional additional synthetic rutile production capacity of 200 to 250 thousand tonnes combined).

Eucla Basin, South Australia

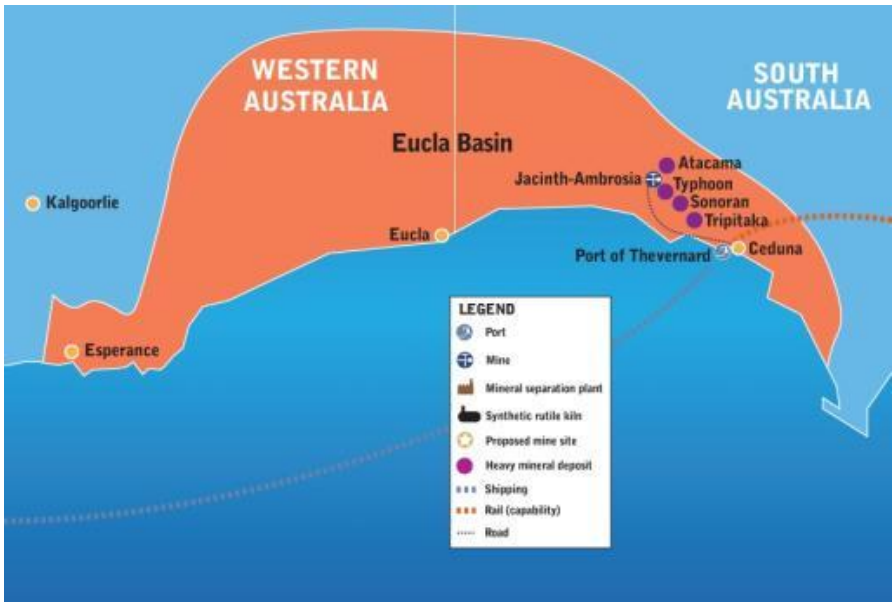
Production opportunities being considered in the Eucla Basin relate to the following:

- the potential upgrade to the Jacinth-Ambrosia wet concentration plant, with the ability to increase the capacity from 1,000 tonnes per hour (tph) to 2,000 tph. This will enable the processing of additional ore from Jacinth-Ambrosia (as grade declines) and also the potential to concentrate ore from one or more of the satellite deposits of Typhoon, Atacama and Sonoran, as well as the more remote Tripitaka deposit. The need to pursue the upgrade at Jacinth-Ambrosia is in large part dependent on the nature of the HM ore grade mined at any period. The current mining from a lower grade section of the ore body, to reduce production in light of market conditions, may defer the need for this upgrade (and the associated capital expenditure);
- potential tie-in of the Typhoon, Sonoran and Atacama mineral sands deposits. These deposits are within 10 kilometres of Jacinth-Ambrosia infrastructure, and are predominantly ilmenite deposits. This provides the opportunity to enable Jacinth-Ambrosia zircon production to be "flexed"

depending on market conditions, by allowing a higher level of titanium dioxide production as required; and

- Tripitaka - the potential pre-concentration of the high zircon assemblage Tripitaka deposit (approximately 200 kilometres from Jacinth-Ambrosia) with concentration occurring at Jacinth-Ambrosia.

Eucla Basin, South Australian Deposits



Iluka has existing wet concentration facilities at the Jacinth-Ambrosia mining operation, plus an established logistics system for heavy mineral concentrate to be transported to the company's Hamilton (Victoria) or Narngulu (Western Australia) mineral separation facilities.

Murray Basin, Victoria and New South Wales

Development opportunities within the Murray Basin include the following:

- the Balranald and Nepean deposits which are currently at pre-feasibility study stage. The combined contain valuable heavy minerals, including rutile, zircon and ilmenite. The purpose of the pre-feasibility study is to determine the most appropriate method for the commercial development of the two deposits. The ore removed from eventual mining operations will be concentrated on site, using gravity separation methods, with the heavy mineral concentrate transported to Iluka's mineral processing facilities at Hamilton, Victoria. The Balranald deposit, if proceeded with, will form a part of Iluka's overall Murray Basin operations, which has involved the mining of multiple deposits in Victoria. Balranald is indicatively planned to follow the completion of mining at the Woornack, Rownack and Pirro group of deposits, and form a major part of Iluka's rutile production stream. The expected mine life is at least ten years;

- Euston deposits – a series of four deposits which are capable of development post the planned Balranald development. Based on current assessment, these deposits may have an economic mine life of approximately seven years. The deposits display similar assemblage characteristics to the northern Murray Basin deposits accessed by Iluka (that is, a high rutile assemblage); and

- Bondi East Far North deposit – potential heavy mineral ore feed source to existing infrastructure.

Murray Basin Mineral Sands Operations and Deposits

Perth Basin, Western Australia

Development opportunities within the Perth Basin include the following:

- Cataby deposit which is currently at pre-feasibility study stage. Cataby is predominantly a chloride ilmenite deposit, with zircon and rutile credits, located in Western Australia, 150 kilometres north of Perth. The pre-feasibility study is expected to be complete in 2013 and, subject to successful completion and a decision to proceed, production is expected from around 2014/15. The proposed ore mining method involves excavating the ore which is processed into heavy mineral concentrate (HMC) by wet gravity and magnetic concentration at the mine site. The HMC will be a feedsource to Iluka's Narngulu and Capel mineral separation plants where it will then be processed into final products of rutile, zircon and ilmenite. The ilmenite is likely to be a major feedsource for Iluka's synthetic rutile operations. The expected mine life, based on the initial development approach, is at least six years;

- Yarloop deposit located in the south west of the state. Yarloop could potentially be sequenced after the Tutunup mine (see below);
- Yoganup extended deposit in the south west of the State. This deposit is an extension of a deposit previously mined and rehabilitated by Iluka and is capable of utilising an existing wet concentrator plant from Iluka's Australian operations;
- Tutunup deposit, subsequent to the completion of the Tutunup South deposit around 2016; and
- additional Eneabba deposits, following the reactivation of mining at Eneabba in late 2011, with the deposits of IPLN, South Tails and Allied Tails being evaluated. Combined, these deposits could provide approximately ten years of production.

Perth Basin, Western Australian Mineral Sands Operations and Deposits

Iluka operates mining activities at Tutunup and Eneabba. The company has a mineral separation plant ay Narngulu, as well as dry processing capacity at Capel. The company's four synthetic kilns (two active) are located in Western Australia. It is expected that ilmenite feed from EPP projects may be capable of underpinning production from all four kilns, dependent on market conditions.

United States

The United States operation is evaluating two deposits which represent economic life extensions of the existing Virginia operations. Currently permitted mines will reach the end of their economic lives in 2018.

The two new deposits are:

- Hickory deposit, Virginia; and
- Aurelian Springs, North Carolina.

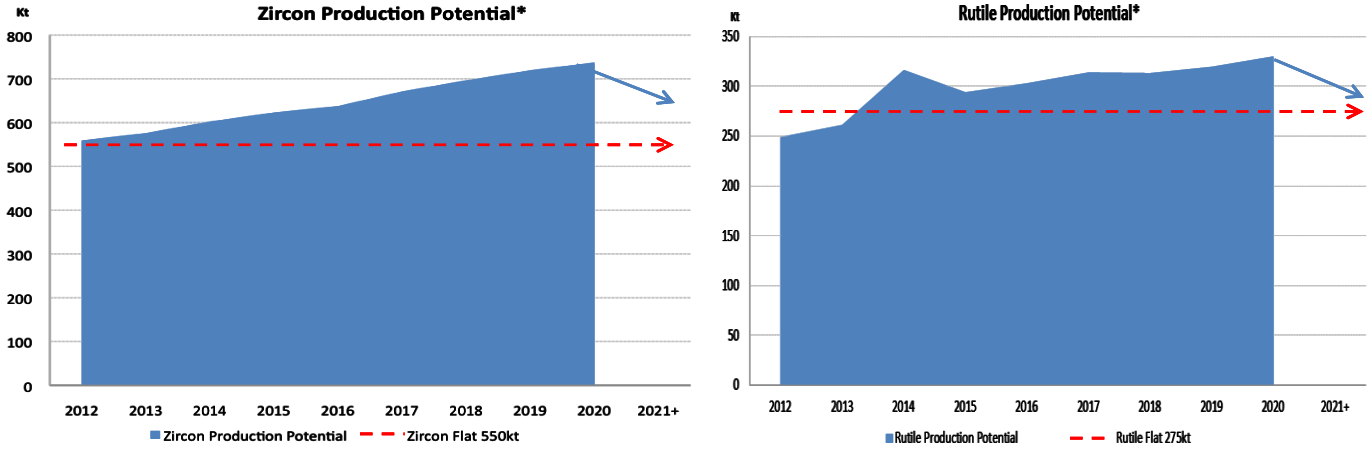
The Hickory deposit is located adjacent to the area mined in 1987. Re-optimisation of remnant ore and the addition of significant new resources made possible through recent landowner approvals, are estimated to support a ten year mine life. This third, new mining and concentrating facility will operate in parallel to Iluka's two other mines. Both new mines will provide a chloride ilmenite and zircon production stream. The ilmenite will be available for sale or as a feed source to Iluka's synthetic rutile kilns in Australia, capable of producing a high grade titanium dioxide product, tested to date and referred to as Ultra SR.

Iluka's existing concentrating assets at Concord and Brink will be relocated to the Aurelian Springs deposit. The new mines are within the economic haul radius of the Stony Creek mineral separation plant, located 64 kilometres to the north, allowing utilisation of existing infrastructure. Together with concentrate from the new Hickory mine, Iluka expects to be able to continue to produce chloride ilmenite and zircon in the United States beyond 2025.

United States Mineral Sands Operations and Deposits

PRODUCTION IMPLICATIONS

Based on proceeding with all projects, the following are indicative production profiles for zircon and rutile. The indicative profiles suggest that zircon and rutile production can be grown appreciably and/or production maintained at recent levels well beyond 2021. (Note – the charts below show a notional 550kt and 250kt of zircon and rutile production capacity in 2012 – this is indicative current capacity but does not represent targeted production for this year, as this will be dependent on market conditions. Iluka advised its expected 2012 production profile in ASX Releases – 8 May 2012 and 23 August – Production Response section of Iluka Half Year Results announcement).



*Subject to caveats and disclaimers detailed in November 2011 Mineral Sands presentation. Refer pages 2, 3 and 4 of presentation)

IMPLICATIONS FOR ILMENITE PRODUCTION AND SYNTHETIC RUTILE KILN OPERATION

Subject to the economics of the zircon and rutile expansion options available to Iluka, the company has the potential to produce sufficient ilmenite to support a four kiln synthetic rutile operation. The internal options, including the two United States planned operations, are also capable of providing sufficient chloride or sulphate ilmenite to support the potential expansion of upgrading capacity, that is the construction of an additional kiln, or for material to be available for sale into the market (refer Synthetic Rutile Briefing Paper, June 2012).

CAPITAL, CASH COST AND MARGIN IMPLICATIONS

Potential capital expenditure estimates for the development options, while still largely at scoping study stage, are expected to be within Iluka's ability to fund through operating cash flow, based on current assessment. As indicated previously, most are essentially "brownfield" development in nature, with many expected to be able to utilise existing spare equipment (for example concentrators) available within the company. Technological advancements are being pursued in relation to development options for some of the opportunities, with the intent of providing lower capital solutions than would be associated with conventional development approaches

The cash cost and margin implications associated with the potential production opportunities have not as yet been determined with a sufficient level of confidence for disclosure purposes. Cash cost determination will be subject to detailed technical and economic assessment by project. As would be expected, based on some of the deposits being marginal at historical pricing assumptions, cash costs per tonne of the new production sources is expected to be higher than Iluka's existing production base.

Capital expenditure and operating cost determination will flow from more detailed evaluation through PFS and DFS work.

Further details are expected to be provided in association with formal project capital approval and commencement decisions.

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Competent Person's Statement

Production potential is predominantly based on a combination of Proved and Probable Ore Reserves and Measured and Indicated Mineral Resources that have been subjected to project studies (Enhanced Production Project) using Iluka's long-term cost and pricing estimates and an assessment of risk, including access, approval and development timing. A very small portion of the production potential is based on Inferred Mineral Resources totalling approximately zero to four per cent of the production potential.

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Greg Jones and Chris Lee who are Members of the Australasian Institute of Mining and Metallurgy. Each of Messrs Jones and Lee is a full time employee of Iluka and has sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Messrs Jones and Lee consent to the inclusion in this documentation of the matters based on their information in the form and context in which it appears.

Disclaimer

This briefing paper 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

Iluka makes no representation that any or all of the production options referred to in this briefing paper will occur nor that the indicative cash and capital costs will apply, being subject as indicated to further evaluation and ultimate investment decision making. 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. Except for statutory liability which cannot be excluded, Iluka, its officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the material contained in this presentation and exclude all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission there from.

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