ILUKA

2012 PHYSICAL & FINANCIAL PARAMETERS

SEPTEMBER 2012

2012 KEY PHYSICAL AND FINANCIAL PARAMETERS

This document summarises guidance parameters provided for Iluka in 2012. As such, it consolidates various disclosures including the following:

- Iluka Key Physical and Financial Parameters 2012 , May Update 2012; and
- Iluka Sales Volume Guidance – Update, 9 July 2012.

The information contained within this document is derived from Iluka's management forecasts and other estimates. It is, as with all such information, developed in the context of: uncertain economic conditions globally; potential changes to supply and demand dynamics; and potential modifications to the company's plans and should be treated as a guide only.

Iluka does not undertake to update this information regularly in part or whole, but can be expected to comment on any material variations. Iluka does not provide pricing forecasts.

The information is provided to assist sophisticated investors with the modelling of the company, but it should not be relied upon as a predictor of future performance. Refer to the Disclaimer at the end of this Briefing Paper.

First Half Actuals and Full Year Guidance

The following table shows first half 2012 actuals, as well as full year guidance ranges, with implied second half characteristics.

This summary excludes the Mining Area C iron ore royalty, as well as several Income Statement line items. Refer to ASX releases of Iluka's 2012 4D Financial Commentary (page 2 for an income statement analysis) and Iluka's Half Year Results to 30 June 2012.

2012 First Half Actuals and Full Year Guidance

	1H (actual)		2H (estimate)		Full Year (estimate)	
kt	**Production**	**Sales**	**Production**	**Sales**	**Production**	**Sales**
Zircon	209	87	120	110-215	330	200-300
Rutile	104	85	120	55-115	225[1]	140-200
Synthetic rutile	131	101	180	70-120	310[2]	170-220
Saleable ilmenite	215	219	135	180	350	350

Cash Costs $m	**1H (actual)**	**2H (estimate)**	**Full Year (estimate)**
Production costs	315	~300	~615
Z/R/SR unit costs A$/tonne	709	~790	~750
Revenue A$/t Z/R/SR	2,255	n.g[3]	n.g
Other cash costs[4]	59	~106	~165
Rehabilitation & idle capacity costs	10		
Inventory movement[5]	(181)	n.g	n.g
Depreciation & amortisation	105	~85	~190
Rehab unwind[6]	13	~12	~25
Capital expenditure	123	~62	~185

Notes to Table:

[1] There is the potential that second half rutile production may be slightly lower than the advised level.
[2] Iluka expects that the deferral of the restart of SR kiln 1 and running of SR kiln 2 at lower run rates may reduce second half production below the levels advised.
[3] This parameter is not guided.
[4] This includes government royalties; marketing and selling costs; product and technical development and major project costs; expensed exploration expenditure; corporate and foreign exchange and other costs.
[5] Inventory movement represents the change in balance sheet inventory for mineral sands ores, concentrates and finished products in the period. Inventory is valued at the lower of cost (cash and non-cash) and net realisable value. Production costs are held in inventory until product is sold, with sales being made from material on hand, for example from Iluka's warehouses in China. Where production exceeds sales in a period (as was the case in the first half of 2012) this can be expected to result in lower reported cost of goods sold than cash and non-cash production costs incurred in the period, subject to differences in the cost of material produced versus the cost of material sold in the period. In the first half of 2012 production of Z/R/SR was 444 kt vs sales of 274 kt and finished goods inventory increased by $188 million. Concentrate production was lower than the amounts processed to separate finished products and ore and concentrate inventory reduced by $7 million. For a more detailed explanation of the inventory accounting methodology, please refer to the following link on the Iluka website
http://iluka.com/docs/financial-results/teleconference-transcript---accounting-treatment-for-inventory.pdf
[6] This is a non-cash item reported as part of finance costs.

Mining Area C Iron Ore Royalty

The guidance above relates to Iluka's mineral sands business and corporate activities. It does not include the royalty from Iluka's ownership of BHP Billiton's Mining Area C iron ore royalty. This royalty contributed $41.6 million EBIT in the first half of 2012.

The key elements of this "in perpetuity" royalty include:

- quarterly royalty payment as the greater of (1) 1.25% of free-on-board sales revenue from the MAC royalty area in that quarter (less all export duties and export taxes), or (2) A$0.25 per tonne of all ore produced from the MAC royalty area in that quarter;

- when applicable, a one-off capacity payment of A$1 million for each million dry metric tonne increase in the annual production level from the MAC royalty area for a year ending 30 June above the previous highest annual production level; and

- royalty and capacity payments are received in the month after the end of the respective royalty quarter or capacity year.

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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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