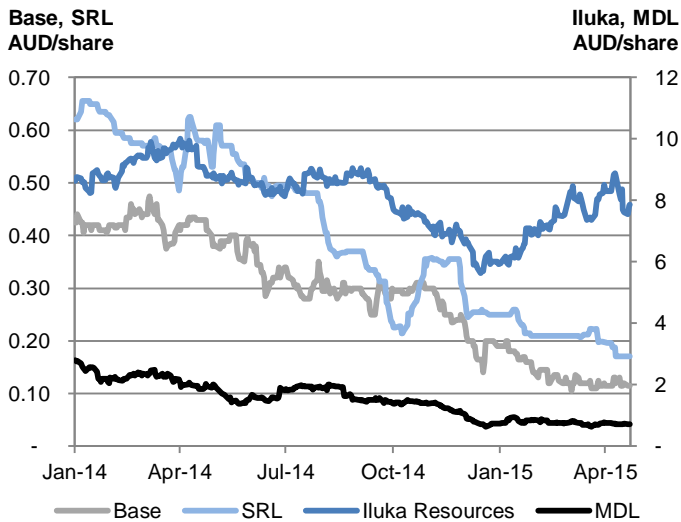


RECENT MINERAL SANDS RESULTS

This document provides a partial compilation of some recent quarterly and full year reports released by other listed mineral sands producers. In addition, context is provided on Iluka's recent results and commentary.

SHARE PRICE

Share price of selected mineral sands producers



Source: CIQ

MARKET COMMENTARY AND PRICES

- Producer commentary of stable high grade titanium dioxide feedstock prices.

Iluka commented in its first quarter production report that weighted average prices displayed no material change from the end of 2014.

- Others have noted the sulphate ilmenite market is experiencing weak market conditions and prices are currently under pressure.

This is consistent with Iluka's commentary in its first quarter results (lower ilmenite and by-product revenues), although sulphate ilmenite represents only minor volumes sold by Iluka, given it is predominantly a chloride feedstock producer.

- Some commentary points to expectation of seasonal upswing over the June and September quarters from the northern hemisphere painting season to lead to improved conditions in the titanium feedstock market and provide some support for pigment prices.

Iluka stated in its first quarter commentary that high grade titanium dioxide feedstocks markets continue to display indications of a recovery in demand. The northern hemisphere season is a prime demand factor for paint and, in turn, pigment.

PRODUCTION UPDATE

- Several companies, including a major producer, commented that production will continue to be optimised to align with market demand. Consistent with this, a major producer reduced full year titanium feedstock production guidance through the idling of capacity.

Iluka's approach is to flex production in line with market demand. This is reflected in the company's current lower than 'normal' cycle production settings. However, demand recovery in high grade feedstocks has led to the restart of a synthetic rutile kiln supported by appropriate commercial arrangements.

- Several new projects are struggling to meet recoveries targets and/or experiencing other production issues. As such, finished product levels are below capacity and less than production levels mooted at the projects' outset.

Iluka has noted previously that stated mineral sands production outcomes can be challenging to achieve. Iluka restarted its previously idle synthetic rutile kiln 2 and Tutunup South mine, both in Western Australia. The kiln restart was achieved with minimal capital and pre-expenditure and utilising skills and expertise retained by the company. The Tutunup South mine reached full production in 12 hours.

FINANCIAL PERFORMANCE

- Several new operations have reported high debt/gearing levels and negative cash at the operating line.

As at 31 December 2014, Iluka reported a gearing ratio (net debt/net debt + equity) of 3.9% and net debt level of \$59.0m. The company also had undrawn facilities and cash at bank of \$809m.

- Low production rates at new projects are contributing to higher than unit costs.

Iluka's 2014 unit cash production costs were \$714/tonne or zircon/rutile/synthetic rutile (down 10.5% relative to 2013). In its 2015 guidance, the company noted unit costs are expected to be lower, reflecting higher Z/R/SR production. The company reported an EBITDA margin structure of 32.5%.

The above was compiled based on reports from Rio Tinto, Mineral Deposits Ltd, TiZir, Base Resources, World Titanium Resources and Sierra Rutile Limited.

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