Australian Securities Exchange Notice

30 January 2017

QUARTERLY PRODUCTION REPORT
31 DECEMBER 2016

OVERVIEW[1]

- Annual production of zircon, rutile, synthetic rutile (Z/R/SR) was 667 thousand tonnes (kt) (2015: 690 kt). Iluka guided total Z/R/SR production of ~660 kt as part of its February 2016 guidance.
- Sales volumes of Z/R/SR increased 4.4 per cent to 680 kt (2015: 651 kt). Higher sales mainly reflect the 11.8 per cent increase in combined rutile and synthetic rutile volumes.
- Rutile sales year-on-year increased 15.3 per cent to 154 kt (2015: 134 kt) while synthetic rutile sales increased 9.1 per cent to 187 kt (2015: 171 kt).
- Zircon sales decreased by 7 kt or 2 per cent to 339 kt (2015: 346 kt).
- Z/R/SR sales revenue decreased 8.2 per cent to $679 million (2015: $740 million). The lower Z/R/SR revenue is mainly due to lower received zircon prices over the year. Mineral sands sales revenue, including ilmenite and by-product revenues, decreased 13.6 per cent to $709 million (2015: $820 million), with ilmenite and by-product revenues of $30 million (2015: $80 million). Ilmenite revenues for the year were $47 million lower reflecting higher internal usage of ilmenite for synthetic rutile production and lower sales of remaining ilmenite inventory from the Virginia operations (idled December 2015).
- Revenue per tonne of Z/R/SR sold decreased by 12.1 per cent to $999/tonne (2015: $1,136/tonne), as a result of lower weighted average received USD prices for zircon, and a higher proportion of standard grade zircon and zircon in concentrate sales. Rutile prices were stable year-on-year, with a slight increase in the weighted average received price in the fourth quarter. The AUD:USD exchange rate averaged 74.4 cents (2015: 75.2 cents).
- Total cash cost of production, excluding ilmenite and by-product costs, decreased by 36.9 per cent to $243 million (2015: $385 million), reflecting lower mining costs, following the suspension of mining and concentrating activities at Jacinth-Ambrosia, South Australia in May 2016. The only mining activity occurred at Tutunup South, with ilmenite used as feedstock for SR kiln 2 which was in operation for the full year.
- Unit cash cost of Z/R/SR produced, excluding by-product costs, decreased by 34.7 per cent to $364/tonne, compared with $558/tonne in 2015.
- Unit costs of goods sold per tonne of Z/R/SR decreased by 11.4 per cent to $691/tonne, compared with $780/tonne in 2015.
- Iluka's separate announcement, ASX Release, Iluka Business Review Outcomes, 30 January 2017 contains other financial information related to the 2016 year-end.
- The company has advised its customers that it will be increasing zircon prices by US$50/tonne from 15 February 2017 and has secured volumes in the first quarter at the higher prices.
- For rutile, Iluka has advised customers of contracted volume price increases of up to 4 per cent, depending on product and product quantity, in the first half of 2017.

[1] The data conveyed in the Quarterly Production Report excludes the contribution from Sierra Rutile Limited, which Iluka acquired, effective 7 December 2016. Production, sales and revenue data relating to the period under Iluka's ownership, 7 December – 31 December 2016 is shown on page 3. In future Quarterly Production Reports, Iluka will provide information on Sierra Rutile production. Sales volumes and revenues will be aggregated with other Iluka Group data.

SUMMARY OF PHYSICAL AND FINANCIAL DATA

	Dec-15 Quarter	Dec-16 Quarter	12 mth to Dec-15	12 mth to Dec-16	12 mth Dec-16 vs 12 mth Dec-15
Production	kt	Kt	Kt	kt	%
Zircon	117.3	65.2	388.6	347.0	(10.7)
Rutile	45.1	23.1	136.5	108.8	(20.3)
Synthetic Rutile	52.6	52.0	164.9	210.9	27.9
Total Z/R/SR Production	**215.0**	**140.3**	**690.0**	**666.7**	**(3.4)**
Ilmenite	149.2	65.1	466.1	326.2	(30.0)
Total Mineral Sands Production	**364.2**	**205.4**	**1,156.1**	**992.9**	**(14.1)**

	6 mth to Jun-16	6 mth to Dec-16	12 mth to Dec-15	12 mth to Dec-16	12 mth Dec-16 vs 12 mth Dec-15
Sales	kt	Kt	Kt	kt	%
Zircon	154.5	184.3	346.2	338.8	(2.1)
Rutile	57.4	96.6	133.6	154.0	15.3
Synthetic Rutile	104.5	82.3	171.2	186.8	9.1
Total Z/R/SR Sales	**316.4**	**363.2**	**651.0**	**679.6**	**4.4**
Ilmenite	17.7	-	299.8	17.7	(94.1)
Total Mineral Sands Sales	**334.1**	**363.2**	**950.8**	**697.3**	**(26.7)**

	Dec-15 Quarter	Dec-16 Quarter	12 mth to Dec-15	12 mth to Dec-16	12 mth Dec-16 vs 12 mth Dec-15
					%
Z/R/SR Revenue A$ million	259.0	226.3	739.7	678.9	(8.2)
Ilmenite and Other Revenue[2] A$ million	25.2	9.6	80.1	29.6	(63.2)
Mineral Sands Revenue A$ million	**284.2**	**235.9**	**819.8**	**708.5**	**(13.6)**
Production Cash Costs Z/R/SR - $ million (excluding ilmenite & by-products)			384.9	242.9	(36.9)
Ilmenite concentrate & by-product costs $ million			7.6	8.5	11.8
Total Cash Cost of Production $ million			**392.5**	**251.4**	**(35.9)**
Unit Cash Prod Costs per Tonne of Z/R/SR Produced $ (excluding ilmenite & by-products)			**558**	**364**	**(34.7)**
Unit Cash Prod Cost per Tonne of Z/R/SR Produced – A$ (including ilmenite & by-products)			**569**	**377**	**(33.7)**
Unit Cost of Goods Sold per tonne of Z/R/SR Sold $			**780**	**691**	**(11.4)**
Revenue per Tonne of Z/R/SR Sold - A$	**1,098**	**992**	**1,136**	**999**	**(12.1)**
Average AUD:USD cents	**72.0**	**75.1**	**75.2**	**74.4**	**(1.1)**

Note regarding sales volumes

In 2016 zircon sales constituted ~47% per cent premium product, ~33 per cent standard product and ~20 per cent zircon in concentrate.
Rutile sales include some lower titanium dioxide product, referred to as Hyti. In 2016, ~91 per cent of sales volumes was rutile and ~9 per cent Hyti.

[2] Ilmenite and other revenue include revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate. Iluka receives a royalty payment from its Mining Area C iron ore royalty. This is not reported as part of quarterly reports but is disclosed in the financial statements.

Sierra Rutile

On 7 December 2016, Iluka advised that it had completed the acquisition of Sierra Rutile Limited (SRL) by means of a statutory merger of SRL with Iluka Investments Limited (BVI), a wholly owned Iluka subsidiary. Details of production and revenue attributable to Iluka for the period of ownership are as follows:

- rutile production of 8.8 thousand tonnes;
- ilmenite production of 3.2 thousand tonnes;
- zircon production of 0.1 thousand tonnes; and
- mineral sands revenue of US$12.7 million.

These figures are not included within the data provided elsewhere in this report.

Annual rutile production at Sierra Rutile in 2016 was 149 thousand tonnes (126 thousand tonnes in 2015).

Iluka has begun to implement improvements outlined at the time of acquisition. The dry mining method is planned, subject to Board expenditure approval, to be modified to in-pit mining units and slurry pumping, to the wet concentrator plant to reduce fuel costs associated with haulage and a large earth moving fleet. Other operational areas of focus are to increase throughput at Lanti, revise plant designs for the current mining units, and improve in mine pit de-watering in order for easier access to lower ore zones. Improvements to the mineral separation plant are also in train. Iluka also continues to monitor dam levels and ensure safety requirements in this regard are met.

An experienced integration team was deployed to the Sierra Rutile site. This includes Rob Hattingh as Chief Executive Officer and Shane Tilka as Chief Operating Officer. In the early stages of the integration a main priority has been to engage with all Sierra Rutile employees to ensure the continuity of the operation and maintain the production performance enhancements that have already been made. Iluka's safety and risk mitigation frameworks and code of conduct have been introduced across the operation to ensure alignment and integration of group level safety procedures and processes. Further, reporting structures have been modified to align with Iluka group, and the incoming Chief Operating Officer assumed direct control over the safety team.

MINERAL SANDS MARKETS

Zircon

The zircon market entered 2016 with demand characteristics similar to 2015. 2016 was the fourth consecutive year Iluka's sales volumes have averaged around 350 thousand tonnes, relative to higher sales levels in the immediately preceding years. This steady sales profile was achieved in the context of new entrants bringing approximately 150 thousand tonnes (net) into the market over the same period. A result has been some diminution of Iluka's market share as it has sought to exercise production flexibility and supply discipline. An appropriate approach in Iluka's view compared to pursuing volume or market share outcomes with the likely consequence of eroding price and margin outcomes further.

End demand in 2016 remained variable across sectors and geographical markets. Elevated inventories of zircon sand were held by producers at the commencement of the year and during the first half 2016. However, inventory of zircon sand and opacifier held at the direct customer level was minimal as customers sought to benefit from declining prices. In Iluka's assessment, there was a material destocking of the producer supply chain over the course of 2016, with market information that some zircon suppliers had fully committed their volumes or were having difficulties in filling some customer orders.

Iluka's weighted average zircon price received was approximately 18 per cent lower in 2016 compared with 2015 (refer table below), with the majority of the price decline influenced by competitor pricing actions in the first and second quarter during which the zircon price declined in total by ~US$160/tonne. Observing apparent supply interruptions, Iluka recognised an opportunity to stabilise its prices and, as such, announced a US$60/tonne increase across its zircon portfolio for the third quarter. The intended price outcome was partially achieved and was the first increase in zircon prices for Iluka in several years.

Market conditions in the latter part of the year provided encouraging indications for 2017 in terms of the potential for demand and/or price recovery. The company has advised its customers that it will be increasing prices from 15 February 2017 and has secured volumes in the first quarter at the higher prices. Iluka expects that the announced price increase may lift the weighted average received price for zircon by US$50/tonne with the full effect potentially recorded in the second quarter of 2017.

Iluka is of the view that, subject to global economic settings and restoration of confidence in some downstream sectors, the demand outlook for zircon in 2017 and 2018 is for moderate growth. In Iluka's estimation, inventories of finished goods (mainly held by Iluka) will be drawn down over this period. This will also be a period during which industry participants will be required to make critical decisions on the commitment of significant capital necessary to maintain and replenish existing supply.

High Grade Titanium Feedstocks

Market conditions for pigment, the main end sector for the high grade feedstocks of rutile, synthetic rutile and slag, improved dramatically towards the end of 2015 and continued to improve through 2016. Three key attributes of the pigment sector in 2016 appear to continue to be relevant into 2017 which is favourable for feedstock; especially for high grade feedstocks such as rutile and synthetic rutile.

Firstly, pigment inventories have been drawn down, and in many geographies, remain below seasonal norms. Continued focus on working capital levels within the pigment production sector of the value chain has resulted in producers holding uncharacteristically low levels of feedstock, particularly in the case of high grade ores, exposing producers to minor perturbations in the supply chain. Iluka estimates that 2017 demand for pigment, and hence feedstock, will continue to reflect re-stocking of the supply chain resulting in demand for feedstocks exceeding normal end-user growth.

Secondly, pigment industry plant capacity utilisation levels have moved back to levels more typical of balanced market conditions, with capacity utilisation in 2016 at elevated levels. All major Western chloride producers have reported at times during 2016 operating rates at above 90 per cent capacity utilisation. In China, reductions in sulphate capacity have also seen some larger sulphate pigment producers running at above 90 per cent levels.

Thirdly, the Western chloride pigment producers have had success in achieving pricing increases for their products, with pigment prices rising in the order of 10 per cent during 2016 and with major pigment producers having announced further price increases for first quarter of 2017.

It is normal for Western chloride pigment producers to increase the head grade of feedstocks being fed into their plants as a means of increasing plant outputs. If the industry follows past practices, this will be positive for high grade ores.

Most of Iluka's rutile and synthetic rutile volumes in 2016 were contracted (volume and price). The weighted average rutile price Iluka received over 2016 remained relatively stable compared with the 2015 average, although the company achieved price increases in the order of US$50/tonne for smaller lot supply into speciality markets, such as welding and titanium sponge. Iluka has advised customers of contracted volume price increases of up to 4 per cent, depending on product and product quantity, for rutile in the first half of 2017. Unlike 2017, most rutile contracts have been structured on a six month or lesser period. In the case of the majority of Iluka's synthetic rutile sales volumes, these are under contracts extending over the 2017 year with some extending into 2018.

Ilmenite sales in 2016 were down from 2015 reflecting the idling of the US operations and utilisation of Australian ilmenites as feedstock for SR production. Iluka anticipates a small increase in ilmenite sales in 2017 as ilmenite production from Sierra Rutile is sold under pre-existing arrangements.

Iluka Mineral Sands Weighted Average Received Prices – US$/tonne FOB

	2015 Full Year	1st Half 2016	2nd Half 2016	2016 Full Year
Weighted Average Price US$/tonne FOB				
Zircon Premium and Standard	986	812	808	810
Zircon (all products including concentrate and tailings material – refer Note 1)	961	787	760	773
Rutile (all rutile products, including HyTi – refer Note 2)	721	712	719	716
Synthetic rutile	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 3
Revenue per Tonne of Z/R/SR Sold – A$	1,136	1,015	985	999

Note 1: Zircon prices reflect the weighted average price for zircon premium and zircon standard, also with a weighted average price for all zircon materials, including zircon-in-concentrate and zircon tailings. The prices for each product vary considerably, as does the mix of such products sold period to period. In 2016 the split of premium, standard and concentrate by zircon sand-equivalent was approximately: 47%;33%;20%.

Note 2: Included in rutile sales is a lower titanium dioxide product, HyTi, that typically has a titanium dioxide content of ~91 per cent. This product sells at a lower price than rutile, which typically has a titanium dioxide content of 95%. In 2016, ~9 per cent of total sales in this category were of the lower grade HyTi material.

Note 3: Iluka's synthetic rutile sales are, in large part, underpinned by commercial off take arrangements. The terms of these arrangements, including the pricing arrangements are commercial in confidence and as such not disclosed by Iluka. Synthetic rutile, due to its lower titanium dioxide content than rutile, typically is priced lower than natural rutile.

PRODUCTION

Total Z/R/SR production for the year was 667 thousand tonnes (2015: 690 thousand tonnes) and in line with Iluka's guidance. Lower production of zircon reflects the company's intent to draw down finished goods and concentrate inventories over the year, which was mitigated in some respects by lower demand and also a decision to ensure that supply of product in the latter part of the year reflected underlying demand, as far as practicable. This approach was to attempt to ensure Iluka did not contribute to typical year-end stock builds, which can suppress demand recovery patterns at the beginning of the following year.

Rutile production was 109 thousand tonnes (excluding Sierra Rutile volumes), or 20.3 per cent lower year-on-year, reflecting the company's continued approach to allocate rutile volumes in the context of the completion of mining activities in the Murray Basin – the company's prime source of rutile – following the cessation of mining at the Woornack, Rownack and Pirro deposits in Victoria in early 2015. Synthetic rutile production, at 211 thousand tonnes, was 27.9 per cent higher than the previous year, reflecting a full year of production from synthetic rutile kiln 2 in the South West of Western Australia. This kiln re-commenced production in April 2015, fed by ilmenite predominantly from the Tutunup South mine in Western Australia.

For the 12 months to 31 December, Iluka produced 371 thousand tonnes of heavy mineral concentrate and processed 942 thousand tonnes. This reflects the company's approach to draw-down concentrate held in inventory. At Jacinth-Ambrosia in South Australia, 144 thousand tonnes of heavy mineral concentrate was produced, before mining and concentrating was idled in April 2016, with 470 thousand tonnes processed. In the Murray Basin, given the completion of mining at Woornack, Rownack and Pirro in 2015, there was no concentrate production and 166 thousand tonnes processed.

During the December quarter, the only mining operation being conducted was at Tutunup South. Iluka suspended mining and concentrating activities at Jacinth-Ambrosia in April 2016. This action was designed to drawn down concentrate inventory held at site. Iluka suspended production from its Narngulu mineral separation plant in October while the Hamilton mineral separation plant was idled for approximately two weeks over the Christmas period. Both plants re-commenced in January 2017.

MINERAL SANDS PRODUCTION

The following table details Iluka's total production by product group, with the source of that production attributed to the regional operating mines and basins. Processing of final product occurs in Australia at one of two mineral separation plants - at Hamilton, Victoria and Narngulu, Western Australia. Iluka's mineral separation plant in Virginia is now idled. A similar table showing a 12 month comparison is on page 8. Given the integrated nature of Iluka's Australian operations, heavy mineral concentrate is capable of being processed into final product at either of the Australian mineral processing facilities. Appendix 1 provides details of the physical flows from mining operations to mineral processing facilities.

Mineral Sands Production

	Dec-15 Quarter	Mar-16 Quarter	Jun-16 Quarter	Sep-16 Quarter	Dec-16 Quarter	Dec-16 Qtr vs Sep 16 Qtr	Dec-16 Qtr vs Dec 15 Qtr
	Kt	kt	kt	kt	kt	%	%
Zircon[1]							
Eucla/Perth Basin (SA/WA)	88.2	64.4	90.6	95.9	56.8	(40.8)	(35.6)
Murray Basin (VIC)	19.3	9.8	10.7	10.4	8.4	(19.2)	(56.5)
Australia	**107.5**	**74.2**	**101.3**	**106.3**	**65.2**	**(38.7)**	**(39.3)**
Virginia (USA)	**9.8**	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Total Zircon Production	**117.3**	**74.2**	**101.3**	**106.3**	**65.2**	**(38.7)**	**(44.4)**
Rutile							
Eucla/Perth Basin (SA/WA)	12.4	8.5	15.4	12.0	10.6	(11.7)	(14.5)
Murray Basin (VIC)	32.7	16.8	16.0	17.0	12.5	(26.5)	(61.8)
Total Rutile Production	**45.1**	**25.3**	**31.4**	**29.0**	**23.1**	**(20.3)**	**(48.8)**
Synthetic Rutile (WA)	**52.6**	**52.4**	**49.8**	**56.7**	**52.0**	**(8.3)**	**(1.1)**
TOTAL Z/R/SR PRODUCTION	**215.0**	**151.9**	**182.5**	**192.0**	**140.3**	**(26.9)**	**(34.7)**
Ilmenite							
Eucla/Perth Basin (SA/WA)	61.4	72.1	72.2	86.6	57.5	(33.6)	(6.4)
Murray Basin (VIC)	50.8	9.2	10.6	10.5	7.6	(27.6)	(85.0)
Australia	**112.2**	**81.3**	**82.8**	**97.1**	**65.1**	**(33.0)**	**(42.0)**
Virginia (USA)	**37.0**	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Total Ilmenite	**149.2**	**81.3**	**82.8**	**97.1**	**65.1**	**(33.0)**	**(56.4)**
TOTAL MINERAL SANDS PRODUCTION	**364.2**	**233.2**	**265.3**	**289.1**	**205.4**	**(29.0)**	**(43.6)**

[1] Iluka's zircon production figures include volumes of zircon attributable to external processing arrangements.

Mineral Sands Production – 12 Month Comparison

	12 mths to Dec-15	12 mths to Dec-16	12 mths Dec-16 vs 12 mths Dec-15
	kt	kt	%
Zircon			
Eucla/Perth Basin (SA/WA)	297.0	307.7	3.6
Murray Basin (VIC)	54.3	39.3	(27.6)
Australia	**351.3**	**347.0**	**(1.2)**
Virginia (USA)	**37.3**	**-**	**n/a**
Total Zircon Production	**388.6**	**347.0**	**(10.7)**
Rutile			
Eucla/Perth Basin (SA/WA)	39.9	46.5	16.5
Murray Basin (VIC)	96.6	62.3	(35.5)
Total Rutile Production	**136.5**	**108.8**	**(20.3)**
Synthetic Rutile (WA)	**164.9**	**210.9**	**27.9**
TOTAL Z/R/SR PRODUCTION	**690.0**	**666.7**	**(3.4)**
Ilmenite			
Eucla/Perth Basin (SA/WA)	231.0	288.4	24.8
Murray Basin (VIC)	90.0	37.8	(58.0)
Australia	**321.0**	**326.2**	**1.6**
Virginia (USA)	**145.1**	**-**	**n/a**
Total Ilmenite	**466.1**	**326.2**	**(30.0)**
TOTAL MINERAL SANDS PRODUCTION	**1,156.1**	**992.9**	**(14.1)**

PLANNED NEW PRODUCTION

Balranald, Murray Basin, New South Wales

Balranald and Nepean are two rutile-rich mineral sands deposits in the northern Murray Basin, New South Wales. The Balranald development, subject to regulatory approvals and the approval of the Iluka Board, will provide the potential for approximately eight years of substantial rutile, zircon and associated ilmenite production, dependent on production settings.

The company completed a full scale field trial on an unconventional mining method and preliminary analysis of the results, combined with the knowledge gained from the previous definitive feasibility study, indicate a favourable development approach, with further evaluative work planned in 2017.

Activities have commenced on the development, operational and financial planning for the next phase. It is anticipated that detailed engineering and communication with Government and community on approvals for this development approach will commence in early 2017. The key potential benefits of this unconventional mining approach include a lower capital-intensive development option, and the potential for phased development with associated flexibility in operational settings, along with lower expected environmental impacts.

Cataby, Western Australia

The Cataby mineral sands deposit, located north of Perth, is a deposit that is planned to produce ilmenite suitable for sale, or as a feed source for synthetic rutile production, as well as material volumes of zircon and rutile. Cataby is expected to have an economic life of approximately 8.5 years.

The definitive feasibility study has been completed and various pre-execute activities including environmental approvals and amenity agreements continue on schedule, along with work to further refine and optimise the project configuration. A development decision on Cataby is linked to planning for the continuation of Iluka's SR 2 kiln and execution of appropriate commercial arrangements.

Puttalam (PQ), Sri Lanka

The potential for the development of the mineral sands deposit known as the Puttalam Quarry (PQ) is currently being assessed. The PQ deposit is a large sulphate ilmenite deposit, located approximately 30 kilometres north of the town of Puttalam in the North Western Province of Sri Lanka, approximately 170 kilometres from the capital Colombo. PQ project work is focussed on legal and investment terms for the development and includes securing surface access rights, ministerial and other governmental approvals for any subsequent mining licence, reaching agreement with the Sri Lanka Government regarding the extent of in-country upgrading and Iluka's ultimate percentage holding in subsequent mining operations.

A pre-feasibility study is being undertaken on a limited number of work packages relating to pre-mining or baseline conditions of the PQ deposit.

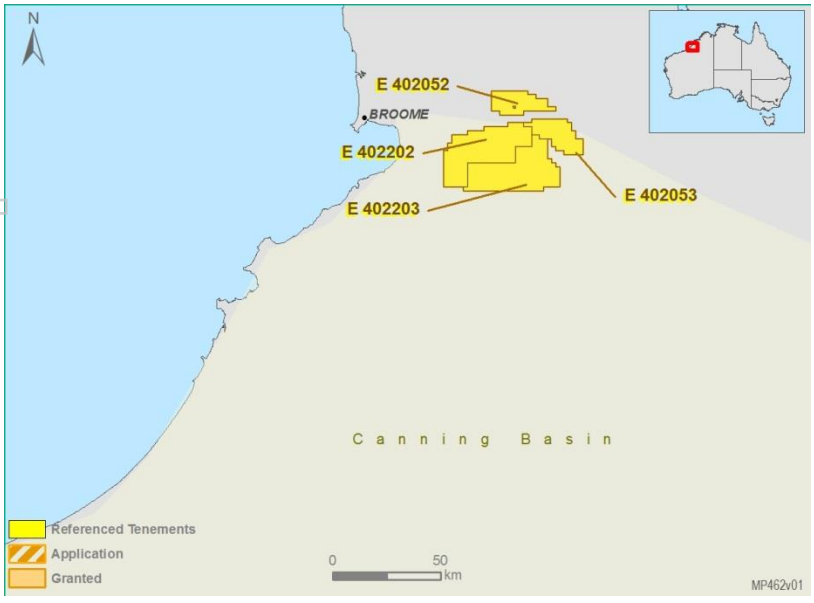
Refer Iluka's website (www.iluka.com) – Section: Company Overview, Projects, for more detail on these projects.

EXPLORATION

Canning Basin, Western Australia

Activity was focussed on compilation and interpretation of drilling data acquired during the September quarter. The geological environment was interpreted as low energy with limited potential to develop a Tier 1 heavy mineral deposit, resulting in rationalisation of Iluka's tenement holding in this region. With the exception of four exploration leases, all other granted and pending leases have been relinquished.

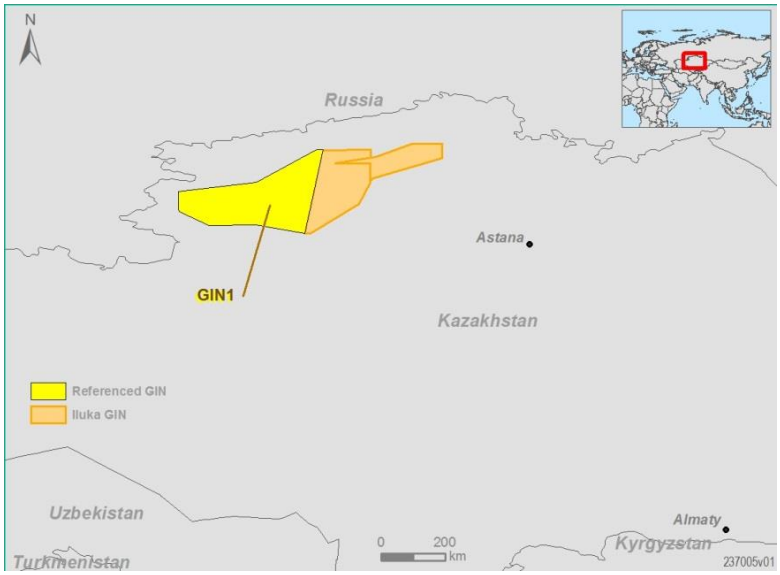
Figure 1 Canning Basin, Western Australia



Kazakhstan

During the quarter, a total of 44 conventional auger holes were drilled for 725 meters in the GIN 1 area. Drilling work was suspended on 23 October owing to the onset of winter. 470 samples have been prepared from the drill holes and permissions has been sought to have these samples assayed in Australia. Processed data from the aeromagnetic surveys flown in the September quarter was received in October, with interpretation of this data ongoing.

Figure 2 Northern Kazakhstan

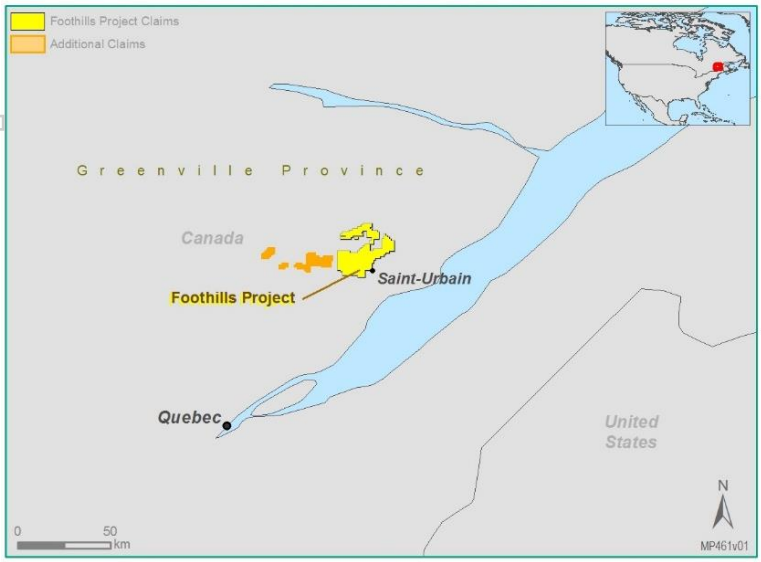


Note: Within Kazakhstan, a GIN is a geological investigation licence. Iluka has the exclusive rights (in conjunction with Kazgeology) to explore for titanium minerals, zircon and tin within these licences for a period of two years.

Canada

Iluka continued to fund exploration activity at the Foothills Project in Quebec, Canada. Work for the quarter included ground reconnaissance, sampling of glacial sediments and laboratory analysis aimed at identifying a rutile-ilmenite deposit. Results are expected in the March quarter. Iluka has met the minimum expenditure commitment to acquire 51 per cent equity in the project, but has reserved this option until completion of the 2017 work programme.

Figure 3 Foothills Project, Quebec, Canada



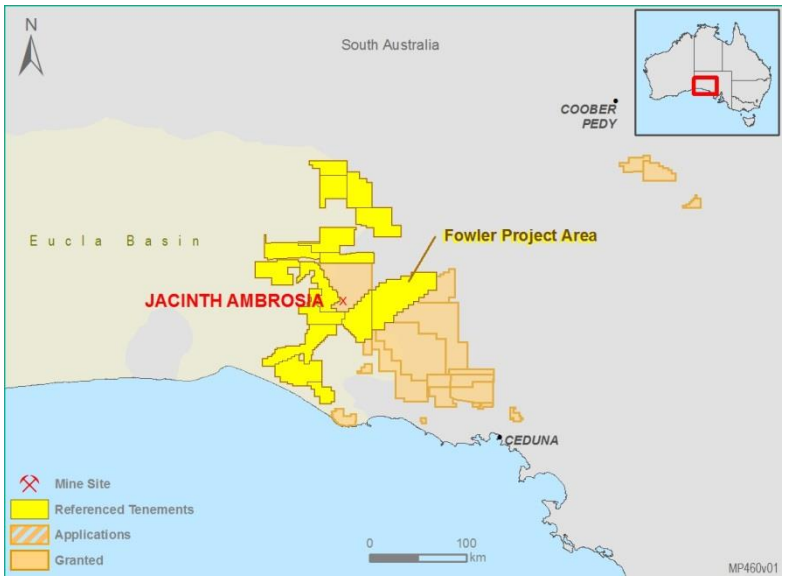
Project Generation

Iluka is continuing generative exploration activities, from initial prospecting and tenement acquisition to drilling activity for mineral sands in Australia and internationally.

Exploration – New Commodities

Iluka's programme to explore for non-mineral sand commodities on its tenements and evaluate proximate opportunities will be progressively closed out in 2017. The decision has been made to divest nickel and copper rights at the Fowler Project, located south east of Jacinth-Ambrosia (Figure 4).

Figure 4 Fowler Project, Eucla Basin, South Australia



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APPENDIX 1 - OPERATING MINES – PHYSICAL DATA
12 Months to 31 December 2016

	Jacinth-Ambrosia	Murray Basin	Western Australia	Australia Total	Virginia	Group Total 2016	Group Total 2015
Mining							
Overburden Moved kbcm	429	-	390	819	-	819	**3,630**
Ore Mined kt	2,497	-	1,851	4,348	-	4,348	**13,815**
Ore Grade HM %	6.2	-	12.4	8.8	-	8.8	**9.1**
VHM Grade %	5.5	-	11.0	7.8	-	7.8	**7.9**
Concentrating							
HMC Produced kt	144	-	227	371	-	371	**1,137**
VHM Produced kt	127	-	198	325	-	325	**978**
VHM in HMC Assemblage %	88.2	-	87.2	87.6	-	87.6	**86.0**
Zircon	57.9	-	14.6	31.4	-	31.4	**38.2**
Rutile	6.4	-	5.3	5.7	-	5.7	**9.0**
Ilmenite	23.9	-	67.3	50.5	-	50.5	**38.7**
Processing (HMC to finished product at a mineral separation plant)							
HMC Processed kt	470	166	306	942	-	942	**1,206**
Finished Product[1] kt							
Zircon	247.0	39.3	60.7	347.0	-	347.0	**388.6**
Rutile	37.6	62.3	8.9	108.8	-	108.8	**136.5**
Ilmenite (saleable/upgradeable)	113.0	37.8	175.4	326.2	-	326.2	**466.1**
Synthetic Rutile Produced kt			210.9	210.9		210.9	**164.9**

The Basin data shown above relates to the 2016 year; Group totals for the 2015 year are shown. An explanation of Iluka's physical flow information can be obtained from Iluka's Briefing Paper - Iluka Physical Flow Information on the company's website www.iluka.com, under Investor Relations, Mineral Sands Briefing Material, 2010. The nature of the Iluka operations base means that HMC from various mining locations can be processed at various mineral separation plants.

Explanatory Comments on Terminology

Overburden moved (bank cubic metres) refers to material moved to enable mining of an ore body.

Ore mined (thousands of tonnes) refers to material moved containing heavy mineral ore.

Ore Grade HM % refers to percentage of heavy mineral (HM) found in a deposit.

VHM Grade % refers to percentage of valuable heavy mineral (VHM) - titanium dioxide (rutile and ilmenite), and zircon found in a deposit.

Concentrating refers to the production of heavy mineral concentrate (HMC) through a wet concentrating process at the mine site, which is then transported for final processing into finished product at one of the company's two Australian mineral processing plants, or the Virginia mineral processing plant.

HMC produced refers to HMC, which includes the valuable heavy mineral concentrate (zircon, rutile, ilmenite) as well as other non-valuable heavy minerals (gangue).

VHM produced refers to an estimate of valuable heavy mineral in heavy mineral concentrate expected to be processed.

VHM produced and the VHM assemblage - provided to enable an indication of the valuable heavy mineral component in HMC.

HMC processed provides an indication of material emanating from each mining operation to be processed.

Finished product is provided as an indication of the finished production (zircon, rutile, ilmenite – both saleable and upgradeable) attributable to the VHM in HMC production streams from the various mining operations. Finished product levels are subject to recovery factors which can vary. The difference between the VHM produced and finished product reflects the recovery level by operation, as well as processing of finished material/concentrate in inventory. Ultimate finished product production (rutile, ilmenite, and zircon) is subject to recovery loss at the processing stage – this may be in the order of 10 per cent.

Ilmenite is produced for sale or as a feedstock for synthetic rutile production.

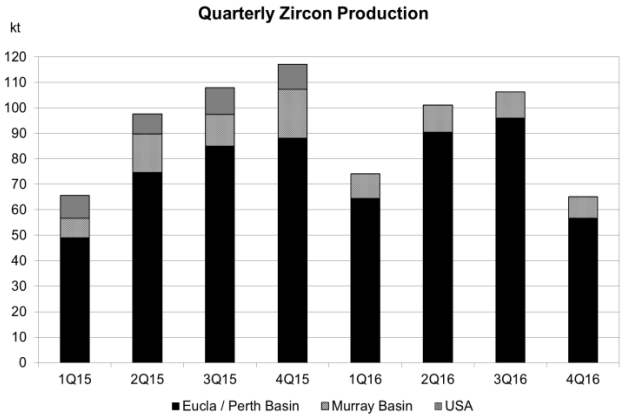
Typically, 1 tonne of upgradeable ilmenite will produce between 0.56 to 0.60 tonnes of SR. Iluka also purchases external ilmenite for its synthetic rutile production process.

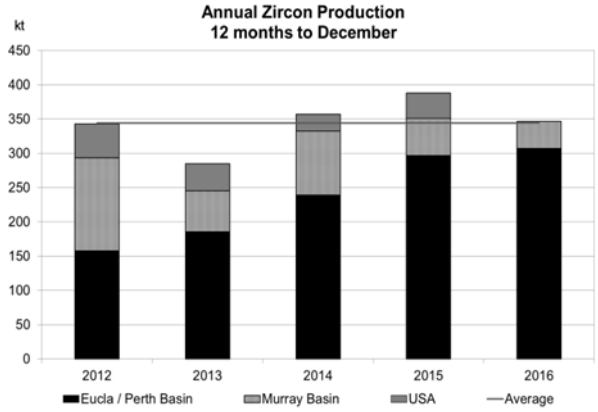
Refer Iluka's website www.iluka.com – Mineral Sands Technical Information for more detailed information on the mineral sands mining and production process.

[1] Finished product includes material from heavy mineral concentrate (HMC) initially processed in prior periods.

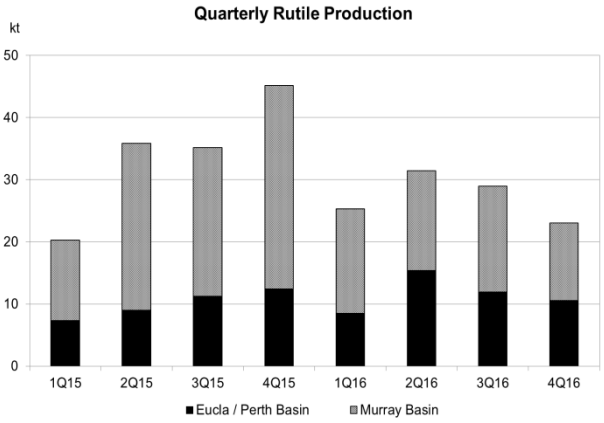
APPENDIX 1 – PRODUCTION SUMMARIES

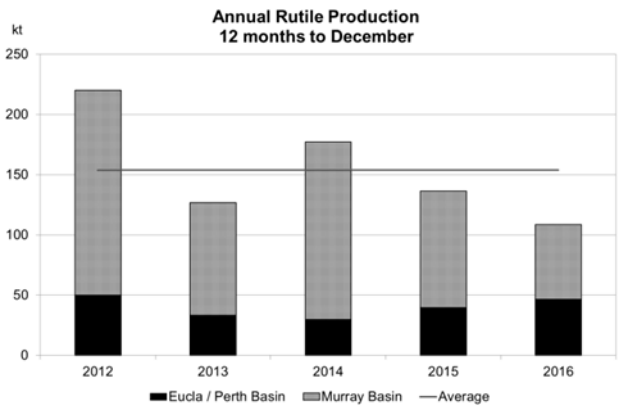
Zircon



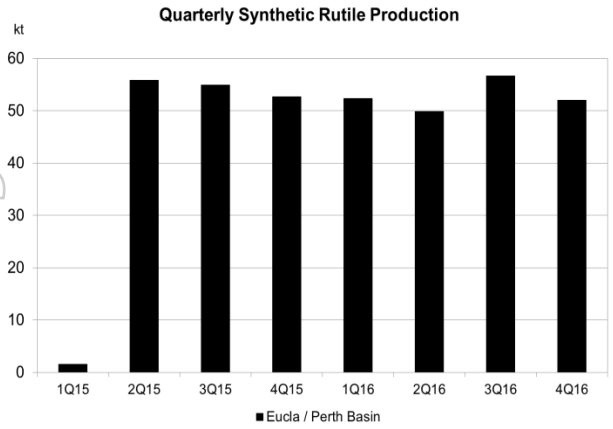


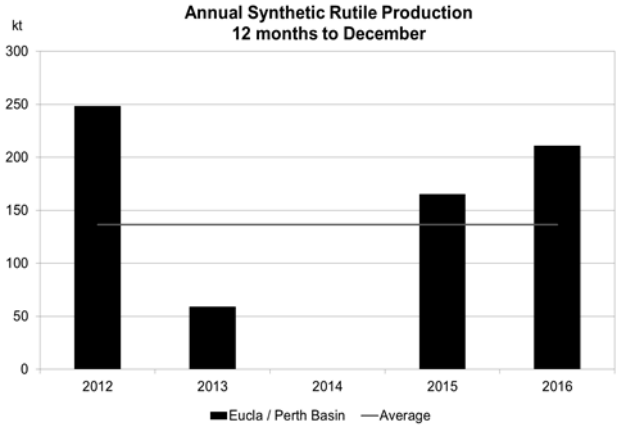
Rutile



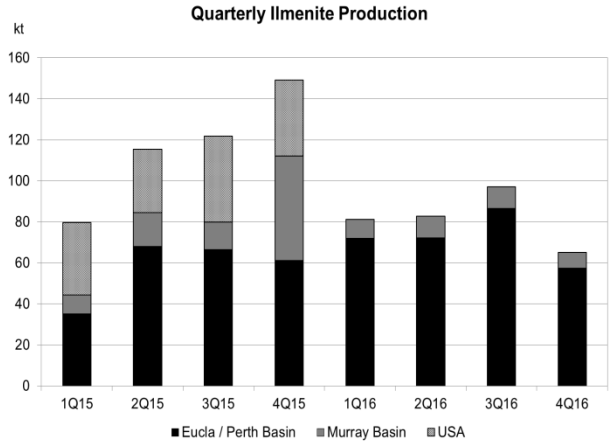


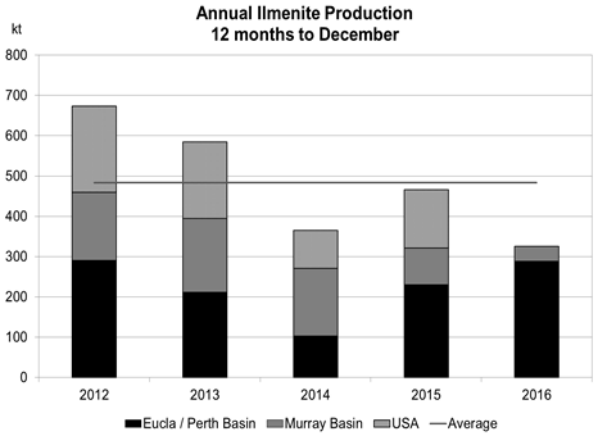
Synthetic Rutile



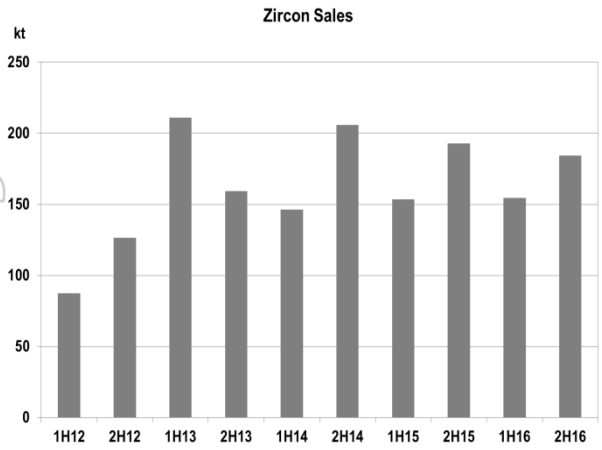


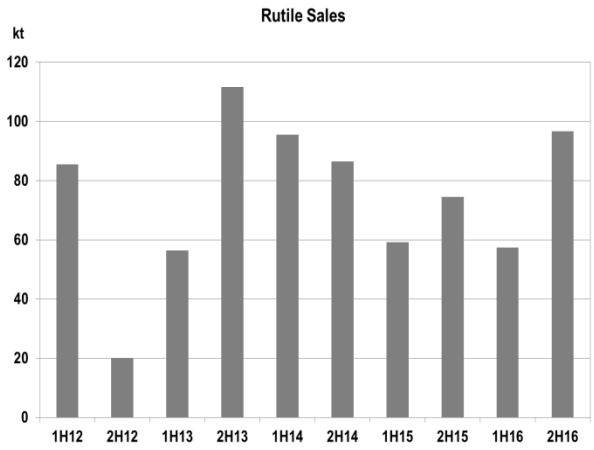
Ilmenite

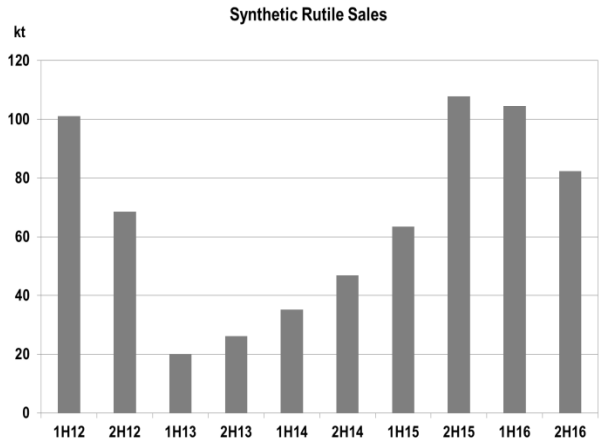


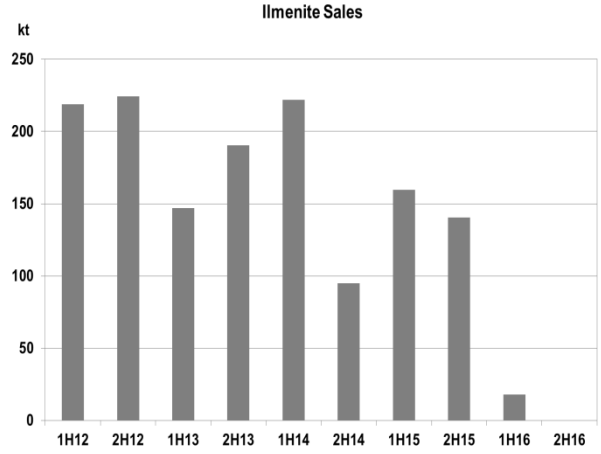


APPENDIX 2 – SIX MONTHLY SALES PROFILE

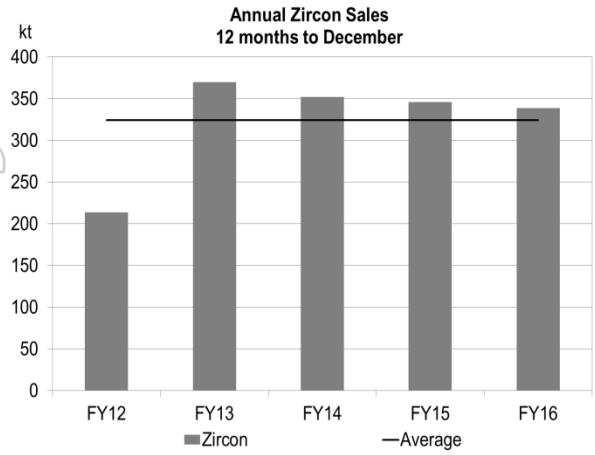


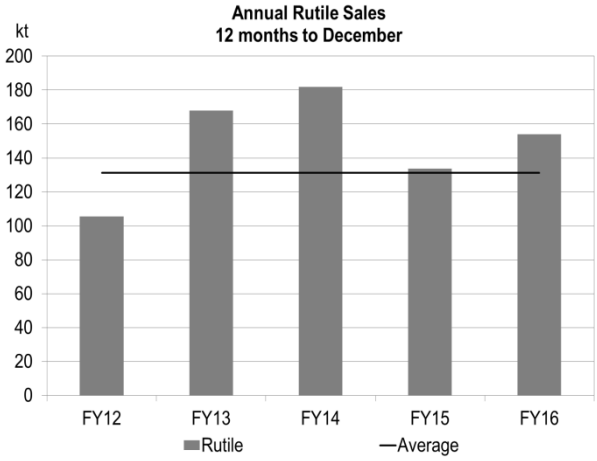


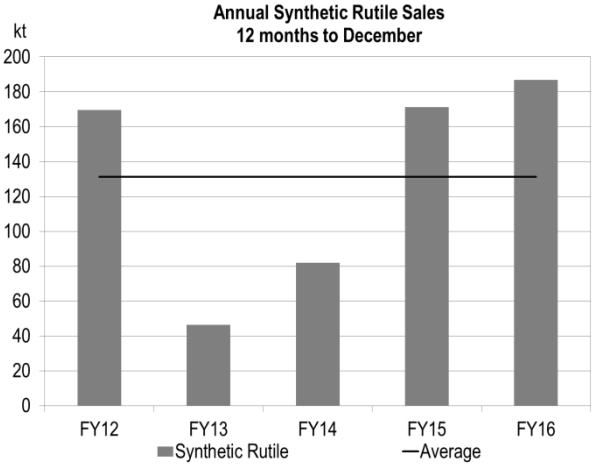


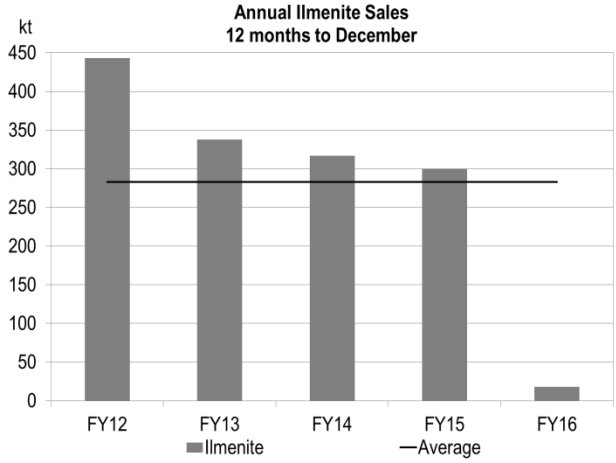


APPENDIX 3 – ANNUAL SALES PROFILE

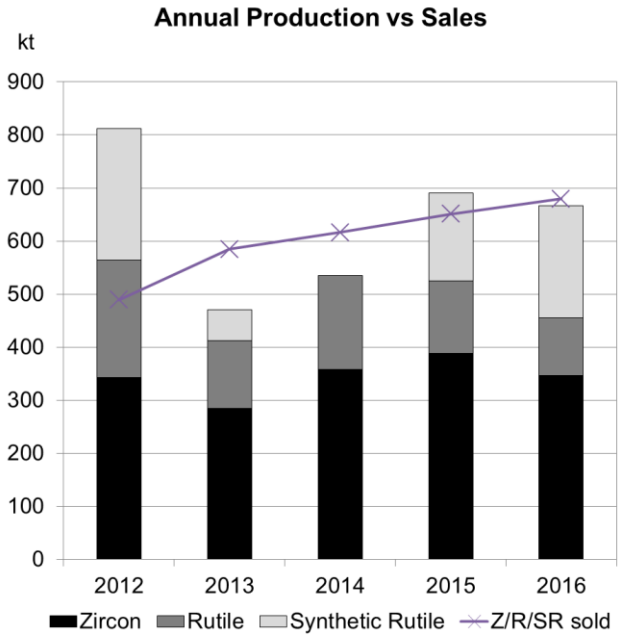








APPENDIX 4 – ANNUAL PRODUCTION VS SALES



5 Year Summary Data 2012 – 2016

	2012	2013	2014	2015	2016
	kt	kt	kt	kt	kt
Production					
Zircon	343	285	358	389	347
Rutile	220	127	177	136	109
Synthetic rutile	248	59	-	165	211
Z/R/SR	811	471	535	690	667
Ilmenite	674	585	365	466	326

	2012	2013	2014	2015	2016
	kt	kt	kt	kt	kt
Sales					
Zircon	214	370	352	346	339
Rutile	105	168	182	134	154
Synthetic Rutile	170	46	82	171	187
Z/R/SR	489	584	616	651	680
Ilmenite	443	337	317	300	18