Australian Securities Exchange Notice

ILUKA

11 February 2014

YEAR END ACCOUNTING (NON-CASH) ADJUSTMENTS IMPACT PROFIT

Following a number of year-end accounting adjustments, Iluka Resources Limited (Iluka) advises that it expects to report a 2013 net profit after tax (unaudited) of approximately $18 million.

The adjustments are all non-cash in nature, but the impact on reported net profit after tax of idled asset write-downs is $28 million and of increased rehabilitation provisions for closed sites is $13 million.

The company's assessment is that, in light of continued idling of some assets, as well as changes to mine plans and successful technical developments, the carrying value of a number of idled Western Australian assets will be written down.

The idle asset value adjustments relate to old equipment: three wet concentrator plants; two mining unit plants; and capitalised expenditure associated with restarting synthetic rutile kiln 3 (SR kiln 3) which was subsequently idled in the first half of 2013. Iluka's expected ability to produce synthetic rutile from the Balranald (New South Wales) deposit ilmenites, as well as successful trials using Virginia (USA) ilmenite to produce high quality synthetic rutile in the South West of Western Australia, means that previously planned mining operations in the South West at Tutunup and Yoganup and, in the Mid West, the reactivation of Eneabba as an ilmenite feedsource (including for SR kiln 3), have been deferred.

The assessment of rehabilitation provisions typically requires a judgment as to the rate at which to discount future rehabilitation-related cash flows. Considerations include the likely timing of those cash flows and prevailing market related risk free rates.

Iluka's assessment is that lower discount rates should be applied in assessing provisions for rehabilitation across the group, with a resultant increase in provisions for rehabilitation in Australia and the United States. Without this macro assumption change, on a like-for-like year to year basis, Iluka's rehabilitation provisions would have declined.

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