



ILUKA

**Notice to the
Australian Stock Exchange**

8 December 2005

**Amended Release - Iluka Announces Staged
Closure of Florida/Georgia Operations**

- This amended release is issued to correct some factual inaccuracies in the previous release dated 7 December 2005 -

Iluka Resources Limited announced its decision to conduct a staged closure of its Florida/Georgia mineral sands operations, located in the south-east of the United States.

The company expects to cease mining and processing operations during the second half of 2006. Following closure of the Florida/Georgia operations, Iluka's presence in the United States will be focussed in Virginia, where operations continue to perform profitably, and an exploration presence will be maintained.

This decision reflects the poor financial performance of Florida/Georgia which is currently loss-making and cash flow negative. Florida/Georgia is estimated to make an EBIT loss of approximately US\$25 million in the 2005 financial year. The Virginia operations are estimated to contribute EBIT of approximately US\$23 million in 2005.

The closure will result in a one-off charge of approximately US\$60 million (approximately A\$80 million) in the 2005 financial year, inclusive of asset write-downs and other closure provisions. This charge is largely of a non-cash nature (approximately three quarters of the pre-tax charge is of a non-cash nature). The closure will enable Iluka to dispose of land holdings and other assets which can be expected to generate a profit on sale in 2006 of approximately US\$7 million to US\$10 million.

Mr Mike Folwell, Managing Director and Chief Executive Officer said: "The decision to close the Florida/Georgia operations was made as a result of a recent detailed review. As the company indicated at the half year, the financial performance of the Florida/Georgia operations has been unsatisfactory. This has mainly been associated with continuing high costs of exploiting the small, thin and disparate low grade nature of the ore bodies, compounded by higher costs for power, fuel and other inputs."

ILUKA RESOURCES LIMITED

ABN 34 008 675 018

Level 23, 140 St Georges Terrace, Perth WA 6000 GPO Box U1988, Perth WA 6845

Telephone : +61 8 9360 4700 Facsimile : +61 8 9360 4777

"Our detailed review has determined that reduced exploration prospectivity and a significantly lessened likelihood of being able to access land containing higher value and higher grade deposits, in combination with the likelihood of only marginal improvements in the cost base, have seriously affected the business case for retention of the Florida/Georgia operations."

"Iluka has a number of major development opportunities, including the Murray Basin and Eucla Basin in Australia. In the context of a portfolio approach and the most efficient deployment of future capital, it is clear that the investment of further significant financial and management resources in the Florida/Georgia operations is not justified," Mr Folwell said.

The closure will be managed in an orderly and staged manner consistent with stakeholder requirements, including and most appropriate arrangements to meet outstanding customer contractual arrangements and fulfil all environmental rehabilitation obligations.

During the staged exit in 2006, Florida/Georgia is estimated to have an EBIT loss of approximately US\$11 million (excluding property sales), with Virginia contributing an EBIT of approximately US\$20 million. The decision to close the Florida/Georgia operations will result in a downward adjustment at the end of the 2005 financial year of approximately 14 million tonnes of insitu Heavy Mineralisation resources (of which approximately 4 million tonnes is classed as reserves).

2005 Earning Guidance

Iluka's previous guidance to the market in relation to 2005 full year earnings (net profit after tax) was a result between \$130 million – \$140 million (including asset sales – totalling approximately A\$40 million for the full year). This guidance is retained, with the full year result likely to be at the lower end of this range, prior to the impact of the one-off charge associated with the Florida/Georgia business.

Investment market & media inquiries:

Dr Robert Porter

General Manager, Investor Relations

Phone: + 61 (0) 8 9360 4751

Mobile: + 61 (0) 407 391 829

Email: robert.porter@iluka.com



ILUKA

BACKGROUND INFORMATION

Florida/Georgia Mineral Sands Operations

- Iluka's Florida and Georgia operations have been producing titanium minerals and zircon since 1972. Operations have focussed mainly upon the Green Cove Springs ore body, south of Jacksonville in Florida. Since 2004, deposits have also been mined in the neighbouring state of Georgia.
- The operations have two mineral concentrators (MC1 and MC2) located in Florida and Lutaton, Georgia and a Dry Separation Mill Facility in Florida.
- Florida/Georgia total proved and probable insitu Heavy Mineralisation (HM) reserves as at 31 December 2004 were 4.45 million tonnes, with an average HM grade of 2.6%.
- In 2004, Florida/Georgia produced 114,476 tonnes of product, of which 27,000 tonnes was zircon, 63,000 tonnes was ilmenite and 23,000 tonnes of rutile.
- Florida/Georgia 2004 production constituted approximately 4.5% of total Iluka mineral sands (titanium dioxide products and zircon) production. Florida/Georgia represented 6.5% of total Iluka zircon production and 4% of total mineral sands production (rutile, ilmenite, synthetic rutile and leucoxene/Hyti).

ILUKA RESOURCES LIMITED

ABN 34 008 675 018

Level 23, 140 St Georges Terrace, Perth WA 6000 GPO Box U1988, Perth WA 6845

Telephone : +61 8 9360 4700 Facsimile : +61 8 9360 4777