Notice to the Australian Stock Exchange

23 June 2004

ILUKA RESOURCES COMMITS A$270 MILLION TO DEVELOP THE MURRAY BASIN

The Board of Iluka Resources Limited has approved a much larger Douglas mineral sands project than previously foreseen to provide additional production in the short-to-medium term, expansion opportunities in the longer term and to maximise the potential returns from the Company's entire suite of rutile and zircon resources in the Murray Basin.

The Company will make an initial investment of A$270 million to construct and commission the Douglas mine and mineral concentrating facilities near Balmoral, a mineral separation plant located near Hamilton and associated regional project infrastructure.

The investment includes the costs of almost doubling the initial capacity of the mineral separation plant (up from 30 tonnes to 55 tonnes per hour) and expanded infrastructure and costs associated with project implementation and contingency allowances. It also includes A$43 million already committed in advance of the final investment decision to enable the early construction of a water pipeline, access roads, road up grades and site works.

Iluka expects to be mining in the Douglas region for around ten years based on exploration success to date which has already identified 18 million tonnes of in-situ heavy mineral resources in the immediate area. This includes three deposits adjacent to the Douglas mine which have the potential to increase reserves in the near-term. However, the initial production from the Douglas project will be based on in-situ heavy mineral reserves of 3.25 million tonnes. This is lower than originally envisaged and reflects a combination of updated cost information from the detailed feasibility study, mine planning studies and the reclassification of some rutile reserves to leucoxene reserves.

The Company's confidence in the Douglas region is supported by its exploration success elsewhere in the Murray Basin. In the past 12 months the Company's heavy mineral resource portfolio has increased by 12 million tonnes to a total of 49 million tonnes of in-situ heavy mineral. As a consequence Iluka is confident that the start up of Douglas in 2005 will be the first of two or three Iluka rutile and zircon projects developed in the Murray Basin before the end of this decade. These projects will be funded from Iluka's cash flow and existing debt facilities.

The evaluation of follow-on projects such as KWR is progressing as planned and a commitment is expected during 2006 for a second mining and concentrating operation, commencing production in 2007. While the final investment estimate for KWR remains subject to the completion of detailed feasibility studies, it is expected to be in the order A$150 to $200 million. The Company is also carrying out technical studies on a new project focus area around Euston in the New South Wales sector of the Murray Basin which contains multiple high grade mineral strands with low clay content and an attractive rutile and zircon assemblage.

Iluka's Managing Director Mike Folwell said that "Iluka's delivery on its commitment to develop the Douglas project heralds an exciting period for the Company as it provides the opportunity to develop the Murray Basin as a new world-class mineral sands province".

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"Developing these large-scale resources in Australia with new fit-for-purpose mining, concentrating and mineral processing facilities and dedicated infrastructure without the additional challenges of logistics, cultural issues and sovereign risk issues associated with international projects, provides a competitive advantage and represents a fantastic opportunity for the Company and its shareholders".

"One example of this advantage has been the Victorian Government's support and willingness to work with Iluka over the past two years and to assist with the planning and provision of infrastructure and essential services. This in turn has enabled the Company to effectively resolve a number of significant challenges and to provide the level of confidence necessary to underpin a large capital investment in the Murray Basin" he added.

Mr Folwell said "Iluka's Murray Basin development plans are unique as they are based on high-value rutile and zircon projects. The expansion plans of Iluka's major international competitors and some aspiring junior producers are generally based on the production of relatively low-value ilmenite (which requires further processing to improve quality or additional upgrading into titanium slag products) with relatively small amounts of zircon and rutile co-products. Based on current market estimates we expect the Murray Basin will account for approximately 10% of global zircon supply from 2006 onwards and 10% of global rutile supply in 2006 and around 20% in 2008".

"This provides the Company with significant value capture opportunity as the global supply of both products is expected to remain relatively tight with a positive price outlook (very positive in the case of zircon) in the foreseeable future. It will enable Iluka to pursue its strategy to grow its global market share profitably in high TiO_2 content feed stocks and to at least maintain, if not grow its global zircon market share, whilst targeting high margin premium sectors. Additional zircon will also enable Iluka to target the market opportunity gap in the future as suppliers struggle to keep up with predicted demand".

Mr Folwell said "Iluka expects the Murray Basin will be a major mineral sands province for a considerable period in the future. Exploration success over the past few years has identified substantial additional rutile and zircon resources in the KWR and Euston regions which together with existing Douglas reserves were easily capable of underpinning more than 20 years of production. In addition, the region remains highly prospective and under explored compared with mature mineral sands provinces elsewhere in Australia and internationally.

"Iluka's long-term commitment to the Murray Basin will also provide significant substantial benefits to both the Australian and regional economies in the form of upgraded regional water, power, road and port infrastructure, new regional employment opportunities, export sales through the port of Portland of more than A$1.5 billion and royalty payments to Government of more than A$100 million over the life of the Douglas and KWR projects" he concluded.

****Murray Basin fact sheet attached for information**

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ILUKA

MURRAY BASIN FACT SHEET

1. Committed Capital Investment - Douglas Project - total A$270 million

Key elements:

- upgraded mineral separation plant (MSP) - A$130 million;
- wet concentrator and mining unit - A$37 million; and
- infrastructure, project management costs and contingency - A$103 million

Planned Additional Capital Investment - KWR Project - A$150 - $200 million

Key elements, subject to completion of Pre-feasibility (PFS) and Detailed feasibility (DFS) studies:

- wet concentrator, dredge and mining unit; and
- infrastructure items, land purchases, project management costs and contingency

2. Douglas Project Schedule

- Completion of initial road works and site earthworks - Q3, 2004
- Completion of the 20km water pipeline from Rocklands reservoir - Q4, 2004
- Commencement of mining operations - Q4, 2004
- Commence commissioning of wet concentrator - Q1, 2005
- Commence commissioning of upgraded MSP - Q3, 2005
- Finished product available from MSP - Q4, 2005

3. KWR Project Schedule

- KWR environment effects statement (EES) - underway
- KWR test pit construction - Q3, 2004
- Completion of PFS - Q3, 2005
- Completion of DFS - Q2, 2006
- Final investment decision - Q2, 2006
- Finished product available - Q3, 2007

4. Direct Employment

- Douglas/MSP construction phase (Iluka personnel/contractors) - 250
- Douglas/MSP steady-state (Iluka personnel/contractors) - 150

5. Water Usage Strategy

- Infrastructure investment
  - i. A$7 million pipeline from Rocklands reservoir to mine site
  - ii. A$2 million waste water treatment plant adjacent to the MSP
- Strategies to minimise water usage
  - i. pipeline delivers a 52% saving on water from elimination of seepage and evaporation losses compared with existing open channels
  - ii. use of waste water via water treatment plant
  - iii. onsite water storage facilities
  - iv. improved water recovery technology at the Douglas mine site

6. Australian Content

- Douglas procurement and construction phase - approximately 98%
- Douglas steady-state operations - more than 90% of annual operating expenditure of between A$70 to A$80 million per year

7. Rutile and Zircon Production Profile from Upgraded MSP

- Douglas (2005 - 2006 cumulative)
    - i. Rutile - 98,000 tonnes
    - ii. Zircon - 135,000 tonnes
- Douglas and KWR combined (2007 - 2015)
    - i. Rutile - 135,000 tonnes per year
    - ii. Zircon - 102,000 tonnes per year

8. Ilmenite Production

- Murray Basin ilmenite is not currently included in the production profile as it requires secondary processing
- It does have the potential to become a valuable upgraded product in the future, subject to further progress with the development of Iluka's new high-grade synthetic rutile technology

9. Expected Mine Life (Douglas region plus KWR)

- 20 plus years

10. Douglas and KWR Export Revenue

- More than A$1.5 billion over 20 years

11. Estimated Victorian Government Revenue (combined Douglas and KWR)

- Rates - approximately A$13,000 per year (based on unimproved land)
- Payroll tax - up to approximately A$575,000 per year from 2007
- Land tax - A$250,000 per year (based on unimproved land)
- Royalties - A$100 million (over the life of the two projects)

12. Douglas Project Physicals

- Earthworks bulk fill - 350,000 cubic metres
- Concrete - 6,800 cubic metres
- Structural steel - 2,700 tonnes
- Steel plate work - 1,500 tonnes
- Water pipeline - 20 kilometres
- Pipe work - 61 kilometres
- Process equipment items - 355 items

13. Key Contractors Selected to Date

- Earthworks - Roche Mining/Abigroup
- Rocklands-Douglas pipeline installation - Catcon
- Rocklands pump station - Guidera O'Connor
- Road works - Southern Grampians Shire Council, Moyne Shire Council/Mintern Civil
- Concrete works - Roche Mining/Fitzgerald

14. Key Contracts to be Finalised in the Near-term

- Construction (structural, mechanical etc)
- Project management
- Mining operations and road transport

15. Iluka's Murray Basin Land Interests

- Freehold 2,410 hectares (Douglas mining operations 2,169 hectares and MSP 241 hectares)
- Douglas mining licence - (MIN 5367) 5,195 hectares
- Exploration tenements (granted) - Victoria 12,939 square kilometres and NSW 7,031 square kilometres

16. Iluka's Murray Basin Investments pre-Douglas Project

- Exploration & evaluation - A$8 million
- Basin Minerals acquisition - A$139 million