ILUKA

Notice to the Australian Stock Exchange

15 February 2005

ILUKA RESOURCES 2004 FULL YEAR RESULTS

Iluka Resources Limited today announced a net profit (after tax and outside equity interests) of A$89.3 million for the 2004 full year, an increase of 4.8% compared with the 2003 net profit result of A$85.2 million. Earnings per share were 38.3 cents, an increase of 1.7 cents compared with 2003. Return on equity was substantially unchanged at 9.7%. (See attached chart and explanatory note which outlines the year-on-year significant movements in net profit after tax and outside equity interests).

The Company will pay a final 2004 dividend of 12 cents per share (franked to 6 cents) on 12 April 2005 to all shareholders registered at 31 March 2005. This together with the interim dividend of 10 cents per share makes a 2004 total dividend of 22 cents per share (franked to 14.7 cents).

Iluka's Managing Director, Mike Folwell said "the Company's underlying performance has improved considerably over the past 12 months as evidenced by a $27.2 million (30%) increase in pre-tax profit to A$118 million. Excluding the profit impact from the revaluation of the 2003 US private placement borrowings (A$14.1 million gain in 2003 and a A$9.1 million loss in 2004), pre-tax profit increased by A$50.4 million (66%) compared with 2003".

He said "the key drivers of the Company's improved performance were further cost reductions and efficiency improvements and increased selling prices for the majority of products, most notably in respect of zircon where conditions of global undersupply continue to prevail. It was particularly pleasing to note that the USA operations not only made a larger contribution to Group production levels in 2004 but they also achieved a significant improvement in profitability".

"In turn these benefits were partially offset by three factors, namely the appreciation of the Australian dollar which impacted US dollar denominated sales, a book loss on the exchange revaluation of un-hedged US dollar denominated borrowings and a planned period of low grade and high-cost remnant mining at the Capel operations in Western Australia" he added.

Mr Folwell said "the Company's cashflow performance improved significantly in 2004 as evidenced by operating cashflow increasing by A$53.3 million to A$231.5 million due mainly to higher sales receipts".

"The Company also achieved considerable progress in other key areas during 2004, including a significant improvement in safety performance as evidenced by a lost time injury frequency rate (LTIFR) of 1.4 compared with a LTIFR of 4.7 in 2003. Other highlights include achieving steady-state operations at the new Lulaton operation in Georgia, USA and construction of the A$270 million Douglas project in the Murray Basin, being approximately one third complete at year-end. In addition, exploration success during the year delivered an increase in heavy mineral reserves and resources at year-end as well as two new zircon-rich deposits in the Eucla Basin in South Australia" he added.

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Group sales revenue in 2004 was A$819.6 million, an increase of 4.3% compared with 2003. Sales revenue consists of A$785.4 million from titanium minerals and zircon sales (an increase of A$32.5 million) and coal sales of A$34.2 million (an increase of A$1.1 million). On a regional basis, minerals sands sales revenues from the Western Australian operations decreased by A$9.9 million to A$574.4 million, USA sales revenues increased by A$23.7 million to A$130.1 million and CRL's sales revenues (100% level) increased by A$18.7 million to A$80.9 million.

The Company's 2004 performance against other key measures is summarised below:

- tax expenses increased by A$13.5 million to A$17 million in 2004. This reflects the recognition of previously unbooked historical tax credits in 2003 and the lack of comparable historical tax credits in 2004. The tax expense in 2004 would have been higher had it not been for a one-off A$14.5 million tax gain (relating to future tax benefits in respect of the uplift in asset values for taxation purposes upon transition to the tax consolidation regime) which arose in Iluka's 51% owned subsidiary CRL;
- capital expenditure was A$204.6 million, an increase of A$67.8 million compared with 2003. The increase was primarily due to expenditure on the Murray Basin development project;
- net debt increased by A$25.5 million to A$404.4 million at year-end; and
- gearing marginally increased to 29% compared with 28.7% at the end of 2003.

2005 Full Year Outlook

Mr Folwell said "Iluka's operations in 2005 will benefit from the underlying efficiency gains in the existing business resulting from the business improvement program over the past two years as well as additional production and sales opportunities from recently completed projects and new projects (including the Douglas, Wagerup and Gingin projects) coming on-stream during 2005".

"The Company is also fully sold for all mineral sands products in 2005 and is well placed to capitalise on a strong market for very high TiO_2 content products (such as synthetic rutile and rutile) and zircon. The US dollar price outlook for these products in 2005 is also very positive" he added.

He said that "whilst Iluka has made considerable progress in improving the performance and quality of earnings from its core business, the extent to which these improvements are reflected in 2005 full year earnings and profitability will be partially determined by Australian-US dollar exchange rate during the year. The Company will benefit from higher royalty payments from Mining Area C (as iron ore production and sales progressively expand) which together with the currency hedging in place at the beginning of 2005, will mitigate some of the adverse impact of higher Australian–US dollar exchange rates and an expected deterioration in grades at the Eneabba operations in Western Australia. However, as the majority of Australian product sales are denominated in US dollars, Iluka will continue to be exposed to movements in the Australian–US dollar exchange rates during 2005. Assuming an average exchange rate similar to 2004 (73 – 74 cents), Iluka is targeting at least 10% growth in 2005".

Mr Folwell said "Iluka remains committed to the minerals sands industry, its customer base and to improving shareholder returns. It plans to grow its core business by making a significant investment over the next two-to-three years to expand operations in the Murray Basin, Western Australia and the USA. This will require an initial investment in the order of A$375 million in 2005, with just over 70% of this amount required for the completion of both the Douglas project in the Murray Basin and the establishment of new mining operations at Gingin and Wagerup in Western Australia.

"In addition, exploration success in the Eucla Basin in late 2004 has provided the Company with an exciting new zircon and rutile production opportunity based on the Jacinth and Ambrosia discoveries. Whilst additional exploration and technical work is still required to understand the full potential of the region, the initial discoveries indicate that there are significant quantities of zircon and rutile present which are likely to be able to sustain a new long-life mining and concentrating operation. The Inferred Resource for the two deposits contains more than 4 million tonnes of zircon which equates to nearly four years of global zircon consumption" he added.

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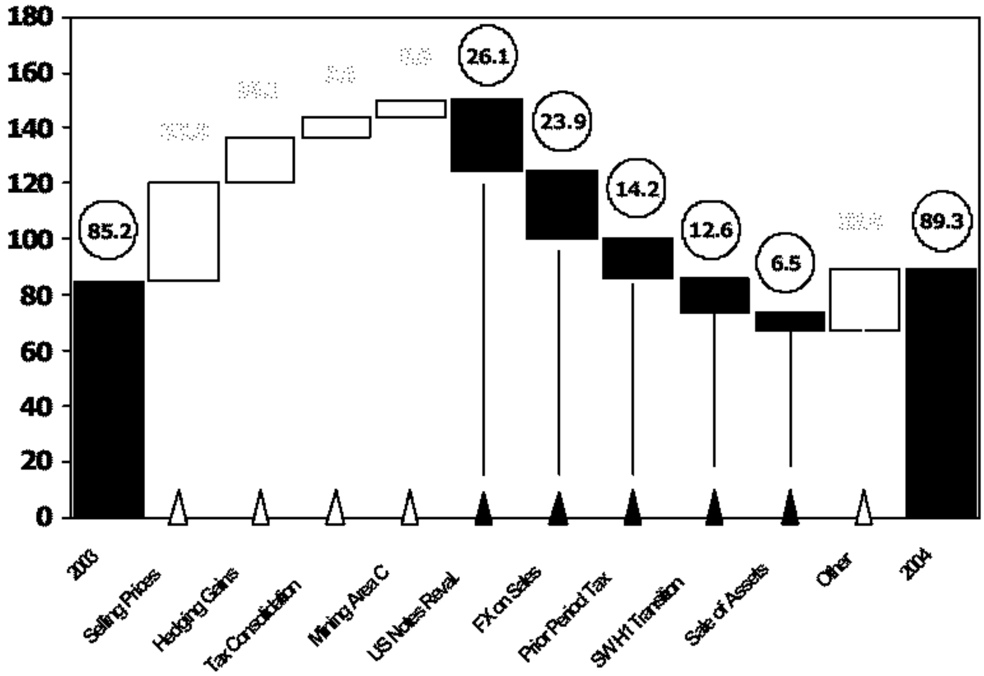
Attachment -1

2004 Net Profit after Tax and Outside Equity Interests versus 2003 (A$M)



Explanatory notes

1. **Selling Price Increases (+ve $35.5 million)**
   Iluka achieved US dollar selling price rises across the majority of its products compared with the previous year. In particular zircon pricing improved significantly as a result of the prevailing conditions of global undersupply.

2. **Hedging Gains (+ve $16.1 million)**
   Iluka's hedging program delivered gains (pre tax and OEI) of $50.7 million in 2004 compared with $24.5 million in the previous year. This difference ($26.2 million at the EBIT line), represented a $16.1 million bottom line year-on-year impact after allowing for tax and outside equity interests. The main driver of this year on year increase is progressive weakening of the US dollar, with the average $A/$US rate prevailing in 2004 being 73.6c versus 65.2c in 2003.

3. **Tax Consolidation (+ve $7.4 million)**
The legislation governing the introduction of the tax consolidation regime provides for certain circumstances which facilitate an increase in asset values for taxation purposes. The future taxation benefit of this "uplift" generates a one off credit to the income tax expense line. The "uplift" available to CRL (51% owned by Iluka) in 2004 represented $14.5 million and a corresponding credit for this amount was recognised in the Income Tax Expense line. Allowing for the outside equity interest portion of this gain resulted in a NPAT impact of $7.4 million at the Iluka Group level.

4. **Mining Area C (+ve $5.8 million)**
Iluka holds a royalty interest in the "Mining Area C" iron ore mine in the Pilbara region of Western Australia which is operated by BHP Billiton. Iluka's interests include a royalty based on FOB iron ore sales revenue as well as a one-off capacity payment as production thresholds are exceeded. The combination of these entitlements generated income of $8.7 million in 2004 versus $0.4 million in 2003. This year on year variance of $8.3 million at the EBIT line represents $5.8 million on an after tax basis.

5. **US Notes Revaluation (-ve $26.1 million)**
In June 2003, Iluka borrowed US$100 million by issuing notes into the US private placement market. The spot revaluation of these notes into Australian dollars at balance date generated a $14.1 million profit in the 2003 year. This year, revaluation of these notes generated a $9.1 million loss until August 2004 when the loan principal was "swapped" back to Australian dollars. The swap-out also crystallised the recognition of a full tax charge on the net revaluation profit between issuance and the ultimate swap-out. The total year on year difference amounts to $26.1 million NPAT, being the grossed up impact of the 2003 profit, the 2004 loss and the 2004 tax catch-up.

6. **FX on Australian Revenue (-ve $23.9 million)**
The sales weighted average US$/A$ exchange rate applying to Iluka's Australian based US$ revenues in 2004 was 0.735 versus 0.677 in 2003. Before hedging, this weakening of the US dollar reduced the translated value of Australian based, US$ denominated net revenues by A$37 million, which equates to A$23.9 after tax and OEIs.

7. **Prior Period Tax (-ve $14.2 million)**
Tax benefits not previously brought to account together with over provisions in respect of prior years were $9.4 million in 2004 versus $22.4 million in 2003. Whilst the 2003 amount is dominated by the recognition of previously unbooked timing differences and tax losses, the 2004 amount consists primarily of upward revision to prior year research and development concessional tax entitlements. After allowance for outside equity interests, prior period tax adjustments represent a negative year-on-year difference of $14.2 million to the Iluka Group NPAT.

8. **South West Transition (-ve $12.6 million)**
In the first half of 2004, Iluka's Capel operations were affected by a period of high cost remnant mining at the Yoganup Extended ore body prior to transitioning to the Yoganup West ore body. Second half results recovered significantly as the improved grade of the Yoganup West ore body favourably impacted costs and output.

9. **Sale of Assets (-ve $6.5 million)**
The contribution that asset sales made to net profit in 2004 was significantly less than in 2003. 2003 included the sale of North Stradbroke Island properties (CRL) as well as the sale of various exploration tenements which generated a gross profit (pre-tax and OEI) of $14.9 million. The corresponding profit amount for 2004 asset sales was $1.2 million which primarily relates to the sale of Western Australian residential properties. The pre-tax, pre-OEI, year-on-year difference of $13.7 million reduces substantially to a NPAT impact of $6.5 million due to the large outside equity interest component in the 2003 CRL asset disposals.

10. Other (+ve $22.6 million)

This $22.6 million of year-on-year NPAT improvement equates to $31.2 million before tax and OEI. This largely reflects the contribution of Iluka's business improvement program which has resulted in value-adding initiatives across all facets of Iluka's operations. Areas of significant achievement have included separation technology improvements, kiln utilisation and through-put improvements, reduced frequency and cost of major maintenance outages and improved dry mining methods.

In addition to operational improvements during 2004, focus at the corporate level on securing collections in respect of long standing contingent receivables resulted in the following income items booked:

- compensation of $4.0 million received from the NSW Government in respect of coal tenements compulsorily acquired under the Coal Acquisition Act of 1981; and
- realisation of deferred settlement amounts and other entitlements in respect of the 2002 Koba Tin sale of $1.9 million.