



ILUKA

**Notice to the
Australian Stock Exchange**

19 April 2007

**MARCH QUARTER 2007
PRODUCTION & EXPLORATION REPORT**

Overview

- Total mineral sand production during the March quarter of 2007 was higher overall than the immediately preceding December quarter, with the exception of synthetic rutile production which was marginally lower due to maintenance activities.
- Commercial production commenced from Iluka's Murray Basin operations in Victoria during the quarter. The first sales of zircon also occurred. The commencement of production provides Iluka with a valuable source of high quality zircon and rutile to largely offset, over time, the impact of zircon and rutile assemblage decline in Western Australia, and the cessation of rutile and most zircon production from the Florida/Georgia operations.
- Iluka's overall rutile production increased by 4.3 per cent to 43.6 thousand (K) tonnes in the March 2007 quarter, relative to the December 2006 quarter, largely attributable to Murray Basin production.
- Synthetic rutile production decreased by 9.6 per cent in the March 2007 quarter relative to the December 2006 quarter, mainly associated with maintenance activities on the two South West kilns.
- Ilmenite production (part of which is used in synthetic rutile production) increased by 1.2 per cent to 424.0K tonnes.
- Zircon production increased by 3.0 per cent to 116.4K tonnes, with the initial Murray Basin production, as well as marginally higher production at Consolidated Rutile Limited (CRL) and tailings retreatment activity at the Florida/Georgia operations, able to offset the impact of zircon assemblage decline in Western Australia and lower secondary recovery of zircon from stockpiles the Mid West.
- Total mineral sands sales volumes for the March 2007 quarter, compared with the corresponding quarter in 2006, were higher across all products, with the exception of leucosene and zircon. Lower zircon shipments in the March 2007 quarter reflected a delay in planned sales into the second quarter due to the late arrival of vessels, mainly in the Mid West of Western Australia.
- Coal sales from the Narama Coal joint venture (New South Wales) were down 35.6 per cent for the quarter.
- The Murray Basin Mineral Separation Plant at Hamilton has been commissioned successfully and is well advanced to achieve its production ramp up by mid year. Since February, the plant has produced 19.5K tonnes of product. Full year production targets of 110K tonnes of zircon and 70K tonnes of rutile are still expected to be achieved.

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Section 1: Group Production and Sales – 31 March

Product (tonnes)	Quarter-ended			12 months ending			% Change		
	Mar 06	Dec 06	Mar 07	Mar 05	Mar 06	Mar 07	Mar Qtr 07 vs Dec Qtr 06	Mar Qtr 07 vs Mar Qtr 06	12 mths - Mar 07 vs 12 mths - Mar 06
Rutile									
Production	41,428	41,843	43,635	156,219	174,783	174,967	4.3%	5.3%	0.1%
Sales	30,960	61,384	40,081	160,249	166,409	179,328	(34.7%)	29.5%	7.8%
Synthetic Rutile									
Production	129,404	136,541	123,497	515,919	529,018	500,667	(9.6%)	(4.6%)	(5.4%)
Sales	107,039	155,751	108,570	516,057	520,672	504,150	(30.3%)	1.4%	(3.2%)
Ilmenite									
Production ¹	407,224	419,040	424,001	1,481,172	1,601,009	1,704,219	1.2%	4.1%	6.4%
Sales	84,584	313,324	223,672	803,260	667,337	1,060,808	(28.6%)	164.4%	59.0%
Leucoxene/Hyil²									
Production	9,946	6,037	6,457	63,496	53,419	37,413	7.0%	(35.1%)	(30.0%)
Sales	6,351	11,890	1,764	54,496	64,537	40,095	(85.2%)	(72.2%)	(37.9%)
Zircon									
Production	109,317	113,082	116,439	421,734	431,050	452,804	3.0%	6.5%	5.0%
Sales	106,072	119,279	75,324	430,701	438,173	407,415	(36.9%)	(29.0%)	(7.0%)
Total Mineral Sands Sales	335,006	661,628	449,411	1,964,763	1,857,128	2,191,796	(32.1%)	34.2%	18.0%
Coal									
Production – Iluka 50%	432,211	353,752	220,065	1,078,277	1,401,598	1,032,889	(37.8%)	(49.1%)	(26.3%)
Sales – Iluka 50%	432,211	348,632	224,453	1,082,642	1,401,653	1,237,535	(35.6%)	(48.1%)	(11.7%)

Notes
 Includes CRL production and sales volumes on a 100 per cent basis
 1 Includes Ilmenite used to manufacture synthetic rutile.
 2 Includes leucoxene, Hyil 91 and Hyil 70. In reports prior to 1 January 2006, leucoxene production from the US and Hyil 70 production from Western Australia had been included in Ilmenite production. These have now been reclassified to better reflect production and sales by product.

Section 2: Regional Production – 31 March

Production (tonnes)	Quarter Ended			12 months ending			% Change		12 mths - Mar 07 vs 12 mths- Mar 06
	Mar 06	Dec 06	Mar 07	Mar 05	Mar 06	Mar 07	Mar Qtr 07 vs Dec Qtr 06	Mar Qtr 07 vs Mar Qtr 06	
Location									
Western Australia – Mid West									
Rutile	17,602	25,515	20,873	68,982	74,268	93,187	(18.2%)	18.6%	25.5%
Synthetic Rutile	59,054	64,034	52,987	216,277	254,120	211,813	(17.3%)	(10.3%)	(16.6%)
Ilmenite	123,210	142,749	156,067	464,437	470,503	610,745	9.3%	26.7%	29.8%
Zircon	57,592	64,381	53,876	223,608	214,057	241,390	(16.3%)	(6.5%)	12.8%
Total	267,458	296,679	283,803	973,304	1,012,948	1,157,135	(4.3%)	10.2%	14.2%
Western Australia – South West									
Synthetic Rutile	70,350	72,507	70,510	299,642	274,898	288,854	(2.8%)	0.2%	5.1%
Ilmenite	173,828	174,533	173,663	578,734	670,158	676,708	(0.5%)	(0.1%)	1.0%
Hyt	5,015	5,947	6,075	31,064	21,839	24,597	2.2%	21.1%	12.6%
Zircon	14,866	17,531	16,163	48,295	64,921	65,856	(7.8%)	8.7%	1.4%
Total	264,059	270,518	266,411	957,735	1,031,816	1,056,015	(1.5%)	0.9%	2.3%
Murray Basin									
Rutile	-	-	5,854	-	-	5,854	n/a	n/a	n/a
Leucoxene	-	-	382	-	-	382	n/a	n/a	n/a
Zircon	-	-	13,242	-	-	13,242	n/a	n/a	n/a
Total	-	-	19,478	-	-	19,478	n/a	n/a	n/a
CRL Queensland									
Rutile	18,883	16,218	16,908	61,440	74,471	70,242	4.3%	(10.5%)	(5.7%)
Ilmenite	38,188	43,457	39,293	129,266	161,692	177,907	(9.6%)	2.9%	10.0%
Zircon	13,483	12,906	13,421	44,924	55,230	52,901	4.0%	(0.5%)	(4.2%)
Total	70,554	72,581	69,622	235,630	291,393	301,050	(4.1%)	(1.3%)	3.3%
USA – Virginia									
Ilmenite	64,263	57,979	54,978	272,639	264,116	235,846	(5.2%)	(14.4%)	(10.7%)
Zircon	17,842	15,205	15,583	74,356	69,564	65,376	2.5%	(12.7%)	(6.0%)
Total	82,105	73,184	70,561	346,995	333,680	301,222	(3.5%)	(14.1%)	(9.7%)
USA – Florida/Georgia									
Rutile	4,943	110	-	25,797	26,044	5,684	n/a	n/a	(78.2%)
Ilmenite	7,735	322	-	36,096	34,540	3,013	n/a	n/a	(91.3%)
Leucoxene	4,931	90	-	32,432	31,580	12,434	n/a	n/a	(60.6%)
Zircon	5,534	3,059	4,154	30,551	27,278	14,039	35.8%	(24.9%)	(48.5%)
Total	23,143	3,581	4,154	124,876	119,442	35,170	16.0%	(82.1%)	(70.6%)
COAL – Iluka 50%									
Narrama, NSW	432,211	353,752	220,065	1,078,277	1,401,598	1,032,889	(37.8%)	(49.1%)	(26.3%)

Note – Western Australian Ilmenite production includes Ilmenite used to manufacture synthetic rutile.

Regional Commentary

Western Australian Operations (100 per cent)

Mid West

- Rutile production decreased compared to the preceding December quarter, while on a year-on-year basis was higher. Higher throughputs at the Narngulu Mineral Separation Plant (MSP) at Geraldton offset lower rutile assemblages from South Tails (Eneabba) in the March quarter compared with December.
- Synthetic rutile production decreased on both a preceding quarter and year-on-year basis due to the major maintenance outage on synthetic rutile kiln number 4 at Narngulu, which was completed towards the end of the quarter.
- Increased ilmenite production on both a preceding quarter and year-on-year basis was a result of increased ilmenite assemblages (relative to lower rutile and zircon assemblages), together with higher throughput at the Narngulu MSP.
- Zircon production decreased on both a preceding quarter and year-on-year basis. The lower production was mainly due to a lower level of secondary recovery of zircon from tailings stockpiles at the Narngulu MSP.
- A number of planned shipments, predominantly of zircon and synthetic rutile, were delayed beyond the end of the quarter due to delays by customers in securing appropriate vessels given the tight shipping market.

South West

- Total production declined slightly in comparison to the preceding December quarter, reflecting downtime associated with the two synthetic rutile kilns, as well as lower zircon assemblages. Total South West minerals sands production increased marginally on a year-on-year basis.
- Synthetic rutile production declined compared with the December quarter. Improvements in the maintenance and operation of the synthetic rutile kiln 1 have allowed a major maintenance outage planned for 2007 to be deferred until 2008. During the quarter, shutdown and maintenance activities on the waste heat recovery plant for synthetic rutile kiln 2 were also undertaken.
- Ilmenite production was maintained at similar levels to both the preceding quarter and on a year-on-year basis.
- South West mining activities benefited during the quarter from higher ore tonnages at Yoganup West and higher ore grades associated with remnant mining at Yoganup Extended. Mining activities at Yoganup are expected to be completed in the first half of 2007 with mining at Wagerup continuing through 2008. Initial processing of ore from Waroona (80 kilometres from the Capel processing facilities) is expected to commence at the end of April. This mine has an estimated economic life of approximately 42 months. Approvals for the Cloverdale mining operation were recently achieved. Processing of ore from this mine, located adjacent to the facilities at Yoganup West, is expected to commence during the second quarter. Cloverdale has an estimated economic life of 13 months. Waroona and Cloverdale will provide ilmenite feedstock for the South West synthetic rutile kilns. The mine moves to Waroona and Cloverdale during the second quarter are likely to restrict feed to the MSP, lowering ilmenite production during the second quarter.
- Hyti production levels increased relative to the preceding quarter. This was a result of the current mining areas containing more Hyti as well as improved recoveries.
- Lower zircon production for the March quarter reflected lower assemblages.

Murray Basin (100 per cent)

- In November 2006, Iluka issued a certificate of practical completion to Roche Mining Pty Ltd and took over commissioning activities at the Hamilton Mineral Separation Plant (MSP). Following successful plant commissioning activities, commercial production commenced in February and reached approximately 50 per cent of plant capacity in March.
- The first bulk shipment from the Murray Basin operations was loaded at the Port of Portland in late March.
- Zircon and rutile production are expected to continue to ramp up in April and reach capacity by the middle of the year. Both zircon and rutile production are meeting quality specifications.

- 52K tonnes of HMC was produced at Douglas for the quarter, with approximately 186K tonnes of HMC stockpiled at Douglas at the end of March ready for processing at the MSP. Mining operations continued in Bondi Main South and Bondi West.

CRL Queensland (Iluka 51.04 per cent)

- Rutile and zircon production increased in March relative to the December quarter, as the commissioning of the upgraded rutile circuit at the Pinkenba processing facilities was completed in the quarter.
- A shutdown for renewal of the ilmenite dryer refractory and installation of dust extraction and baghouse equipment resulted in lower ilmenite production in the quarter.

United States (100 per cent)

Virginia

- Virginia ilmenite production was below the previous quarter due to lower concentrate recoveries and feed grades.
- Zircon production compared with the previous quarter was relatively stable. On a year-on-year basis, zircon production was lower reflecting lower zircon VHM content.

Florida/Georgia

- As a result of the closure of mining and processing operations in Florida/Georgia, there will be no future contribution of rutile, ilmenite or leucoxene production. The retreatment of stockpiled tailings contributed 4.1K tonnes of zircon in the March quarter. It is expected that this level of quarterly zircon production will continue throughout 2007.

Narama Coal, New South Wales (Iluka 50 per cent)

- Narama production was lower than the immediately preceding quarter and on a year-on-year basis. Iluka expects full year production to be in line with previous full year reporting periods.

Section 3: Capital and Exploration Expenditure

A\$m	Quarter ended			% Change Mar Qtr 07 vs Mar Qtr 06
	Mar 06	Dec 06	Mar 07	
Capital Expenditure	46.7	36.8	39.3	(15.8%)
Exploration	4.5	5.3	4.7	4.4%

Capital Expenditure

Capital expenditure for the March quarter of 2007 was \$39.3 million. The main components of this expenditure were as follows:

- Expenditure in Western Australia related to the Waroona and Cloverdale mineral sand developments in the South West, and
- Final project expenditure for the first phase of the Murray Basin project, and initial expenditure for the pre-feasibility and definitive feasibility study stages for Murray Basin Phase 2.

Iluka advised at the time of the full year results that it has budgeted for capital expenditure of \$230 million in 2007.

Section 4: Exploration

Iluka's gross exploration expenditure for the first quarter totalled \$4.7 million compared with \$4.5 million for the first quarter of 2006, of which 27 per cent was committed to the Perth Basin, Western Australia, 20 per cent to the Eucla Basin, South Australia, 22 per cent to the Murray Basin, Victoria/New South Wales and 18 per cent to the USA, with the remainder spread across other geographical areas.

Perth Basin – Western Australia

Exploration in the Perth Basin continued to be directed towards the evaluation and delineation of resources required to sustain existing and proposed mining operations in the Mid West and South West. Exploration activities, principally drilling, have been directed at the following deposits: Adamson, Boonanarng, Brandy Flats (Mid West) Tutunup and Scotts (South West). Following successful infill exploration drilling at Cataby in the Mid West, the in situ Heavy Mineral (HM) resource for Cataby has been substantially from 8.7 million tonnes to 13.2 million tonnes of contained HM. The contained HM assemblage is 59 per cent ilmenite, 9 per cent zircon and 4 per cent rutile. The work has also significantly increased the resource confidence in the Measured category (as defined in the 2004 JORC Code). The resource estimate has been prepared by Mr Greg Jones who is a full time employee of Iluka Resources Limited and a Member of the AusIIMM. Mr Jones has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person under the 2004 JORC Code. Mr Jones consents to the inclusion of the resource estimate in this report and the form and context in which it appears. The details of the updated resource estimate are provided in the table below.

Cataby HM Resource Estimate*

Mineral Resource Category	Material Tonnes (Millions)	2006	2005	Net Change (Millions)	2006					
		In Situ HM Tonnes (Millions)	In Situ HM Tonnes (Millions)		In Situ HM Tonnes (Millions)	HM Grade (%)	Clay Grade (%)	HM Assemblage		
					Ilmenite Grade (%)	Zircon Grade (%)	Rutile Grade (%)			
Measured	119.3	7.28	2.44	4.84	6.1	10.8	59	9	4	
Indicated	86.7	3.69	5.20	(1.51)	4.3	10.7	61	9	4	
Inferred	53.4	2.17	1.04	1.13	4.1	10.8	54	7	4	
Total	259.3	13.14	8.68	4.46	5.1	10.8	59	9	4	

*Cut off based on HMRA (refer to notes below for definition) of 0.8

Notes on Table:

- HM represents Heavy Mineral (grains with a specific gravity > 2.9);
- Clay is material smaller than 53 microns in size;
- Zircon, rutile and ilmenite are estimates of the percentage levels within the total in situ Heavy Mineral tonnes based on laboratory results;
- Deeply buried mineralisation has been excluded through the application of a "Grade:depth of burial" ratio (referred to by Iluka as the HMRA);
- Indicative mineralisation within identified waste zones has been excluded; and
- Mineralisation showing in highly indurated areas, as a result of ironstone and laterite development, has been excluded.

Regional drilling at Boonanarring (M70/1194), continued to delineate additional resources capable of providing supplementary feed to the nearby Gingin processing operation.

Murray Basin – Victoria/New South Wales

Exploration drilling continued to test prospective areas in the Balranald region of New South Wales, following up on magnetic targets, and the strike extension of the large West Balranald deposit. Operationally, in near mine environs, drilling commenced to test extensions to the Bondi ore body located close to the Douglas wet concentrator plant.

As part of Iluka's activities to secure water resources to the Douglas operations, the drilling of eight monitoring wells and pump testing has commenced to provide additional bore water supplies.

Eucia Basin – South Australia

Exploration in the quarter focused on testing prospective areas some 150 kilometres east of Ceduna on the Eyre Peninsula. Low grade mineralisation was intersected. Logistical planning has commenced ahead of planned exploration on tenements EL 3283 and 3268, north of Ceduna. These activities were impeded early in April by an unauthorised blockade of an existing single lane access track to the drilling area. Iluka expects to resume this part of its regional exploration activities shortly. Further infill drilling on the Central Colona area (Colona JV, comprising Iluka 51 per cent and Adelaide Resources 49 per cent) is planned at Triptiaka to increase the status of the resource to indicated. During the quarter, pre-feasibility planning work commenced with Adelaide Resources for the Triptiaka deposit.

Atlantic Basin – USA

Exploration continues to test prospective areas capable of increasing the mine life at the Virginia operations.

Drilling Activity

- Perth Basin – 19,486 metres.
- Murray Basin – 23,437 metres.
- Eucla Basin – 5,425 metres.
- USA – 6,007 metres.

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