Economic Development and Infrastructure Committee
Inquiry into Greenfields Mineral Exploration and Project Development in Victoria
Parliament of Victoria
Spring Street
East Melbourne VIC 3002.

Dear Sir / Madam

Iluka Resources Limited welcomes the opportunity to make a submission to the Economic Development and Infrastructure Committee into Greenfields Exploration and Project Development in Victoria.

Iluka Resources Limited (Iluka) currently has two operating mine sites in Victoria one in central Victoria (Douglas) and the other in the North West of the state near Ouyen (Kulwin). The company also owns and operates a mineral processing facility in the south west of the state in the township of Hamilton. Iluka is an employer of in excess of 400 people in Victoria which includes full time staff and contractors.

Iluka’s exploration strategy in Victoria involves both Greenfield and Brownfield activities and is designed to both identify new coarse grained Heavy Mineral (HM) resources and extend the economic life of existing operations.

In response to each point in the submission:

a) Victoria’s mineral endowment

Iluka holds significant mineral resources and ore reserves throughout the Murray Basin including Victoria. Of the total mineral resources reported in the Murray Basin ~43% are located in Victoria, while ~74% of the reported ore reserves are located within Victoria.
### Table 1  Iluka Minerals Resources in Murray Basin.

<table>
<thead>
<tr>
<th>Region</th>
<th>Mineral Resource Category</th>
<th>Material Tonnes Millions</th>
<th>In Situ HM Tonnes Millions</th>
<th>HM Grade (%)</th>
<th>Ilmenite Grade (%)</th>
<th>Zircon Grade (%)</th>
<th>Rutile Grade (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray Basin</td>
<td>Measured</td>
<td>31.8</td>
<td>5.89</td>
<td>18.5</td>
<td>51</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Indicated</td>
<td>118.2</td>
<td>21.64</td>
<td>18.3</td>
<td>55</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Inferred</td>
<td>90.2</td>
<td>12.71</td>
<td>14.1</td>
<td>51</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total Murray Basin</strong></td>
<td></td>
<td><strong>240.2</strong></td>
<td><strong>40.23</strong></td>
<td><strong>16.8</strong></td>
<td><strong>53</strong></td>
<td><strong>10</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

**Notes:**
(1) Competent Person - Mineral Resources
Murray Basin: V O'Brien (MAusIMM)
(2) Mineral Resources are inclusive of Ore Reserves.
(3) Rounding may generate differences in last decimal place.
(4) Mineral assemblage is reported as a percentage of in situ HM content.


### Table 2  Iluka Ore Reserves in the Murray Basin.

<table>
<thead>
<tr>
<th>Region</th>
<th>Ore Reserve Category</th>
<th>Ore Tonnes Millions</th>
<th>In Situ HM Tonnes Millions</th>
<th>HM Grade (%)</th>
<th>Ilmenite Grade (%)</th>
<th>Zircon Grade (%)</th>
<th>Rutile Grade (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray Basin</td>
<td>Proved</td>
<td>15.9</td>
<td>3.97</td>
<td>25.0</td>
<td>51</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Probable</td>
<td>14.0</td>
<td>2.53</td>
<td>18.1</td>
<td>50</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total Murray Basin</strong></td>
<td></td>
<td><strong>29.8</strong></td>
<td><strong>6.50</strong></td>
<td><strong>21.8</strong></td>
<td><strong>51</strong></td>
<td><strong>12</strong></td>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>

**Notes:**
(1) Competent Persons - Ore Reserves
Murray Basin: C Lee (MAusIMM)
(2) Ore Reserves are a sub-set of Mineral Resources.
(3) Rounding may generate differences in last decimal place.
(4) Mineral assemblage is reported as a percentage of in situ HM content.
(5) Ilmenite currently has had no value ascribed in the reserve optimisation process for the Murray Basin. Metallurgical testwork and marketing studies are presently underway; the outcomes of which may see a revision of the Ore Reserves.


The nature of coarse grained HM deposits in the Murray Basin is typically high grade, narrow, long discrete deposits. Of the HM deposits discovered to date, the majority are currently considered marginal to uneconomic to exploit.
Iluka holds tenure over several fine grained WIM style deposits however, none of these are currently included in the companies resource inventory.

b) Regulatory environment

Proposed amendments to the Mineral Resources (Sustainable Development) Act 1990 to introduce a retention licence to Victoria is seen as a positive move by Iluka. Explorers will be able to secure tenure over a mineral resource that has been identified but is not currently economic to mine. The introduction of the retention licence system will allow for research and other development activities required to demonstrate the economic viability of mining.

Similar licence arrangements are in place in other states the Iluka operate in, fees and charges for the new retention licence systems will hopefully be in line with SA and WA which are significantly less than NSW.

Lengthy tenement approvals processing has the potential to limit opportunities for explorers. In August 2008 Iluka applied for two exploration licences in SW Victoria (EL5187 and 5191), the applications covered public and crown land. Because the tenements included crown land they were subject to Section 29 advertising under the Native Title act 1993 for a four month advertising period. The Victorian DPI took until April 2009 (7 months) to begin the advertising period for the tenements.
The time taken to process the tenement application meant that any deposits identified on the tenement could not be developed before mining operations ceased at Douglas. Therefore these tenements were withdrawn without any on ground exploration being undertaken.

c) Fees, charges and royalties

Iluka considers the fees and charges payable for exploration activities in Victoria to be of equivalent to those in other states.

d) National and international perception of Victoria’s prospectivity

Iluka can only comment on the prospectivity of Heavy Minerals and Iluka regards the Murray Basin as one of the most prospective regions for Heavy Minerals because of its high value assemblage (rutile and zircon) and high grades.

e) Success and failure of projects in Victoria’s mining and development pipeline

The length of time required to obtain approvals for new projects has in the past contributed to decisions to not develop projects. For example, a potential expansion of the Douglas mine was not progressed, in part because of the likelihood that the existing mine would finish operations before the Environmental Effects assessment process could be completed.

f) Approaches and programs in other states which fosters increased investment

Primary Industries Research South Australia (PIRSA) has initiated the Plan for Accelerating Exploration (PACE) scheme, which appears to have generated significant interest in greenfields exploration in that state. PIRSA has also
implemented PEPR (Program for Environmental Protection and Rehabilitation) for low impact exploration, which has the potential once established for the life of the tenement to enable 21 day turn around for approval to commence exploration.

Iluka believes that an approvals process such as PEPR which is an outcomes based assessment rather than the traditional prescriptive approach would be of benefit to explorers.

The online Victorian Geographic Information System (GeoVic) is viewed by Iluka as one of the best online Geographic Information Systems currently available.

g) The different roles of government

With regard to project development, Iluka believes that it is the cost and time required to obtain planning consent, either at State Government level (via an Environmental Effects Statement) or Local Government level (through a planning permit) that most hinders project development.

Iluka conducts exploration activities in three operations districts (South West, North West and Gippsland); issues arise when dealing with staff from different areas for example Iluka has an established relationship with Mines Inspectors from the SW District. When Iluka commenced exploration in Gippsland, the relationship with the Mines Inspector from this district had to be established from scratch.

Iluka deals with other government departments such as DSE and Parks Victoria as part of the approvals process. Many personnel within these departments are inexperienced with mining and exploration practises which results in inconsistencies and delays due to the time required to educate the regions officers.

The need to satisfy many departments and levels of Government individually, rather than one overarching regulatory authority can result in delays, duplication, and inconsistencies and potentially a delay in commencing exploration and projects.

For example, for a recent mining project which includes mining in Reserved Crown Land, the statutory consent required from the managing authority (under section 44 of the MR(SD) Act) was conditional on an operations plan being produced and approved. Similar information had previously been approved by the same managing authority through the DPI's work plan approval process.

h) Opportunities to increase the net benefits from Victoria's minerals and energy wealth

Exploration and development of projects has well documented benefits on local communities through employment opportunities to directly contributing to local economies. The Minerals and Petroleum Division Community Engagement Strategy provides an excellent framework of engagement principles for mineral explorers to use.
Partnerships between industry and government for example Iluka’s Memorandum of Understanding with Department of Transport to develop rail loading / unloading facilities at Hopetoun and at Hamilton serve to benefit both the mining industry and broader community.

i) Consideration of the costs and benefits of greenfields exploration and whether there are opportunities to improve the management

Access to land areas within Victoria remains a key issue for ongoing exploration success in Victoria. Access to private land for exploration activities has historically been a relatively easy process for Iluka with the Victorian Farmers Federation form (and Guide for Private Landowners used to establish access protocols.

Iluka has proven track record of successfully rehabilitating mined out areas which have been returned to their previous land use for example in the SW of WA. Exploration and mining can coexist with other land users.

Economic benefits flow to local communities where exploration activities are conducted, from sourcing local supplies to employing members of the local community.

Yours sincerely,

[Signature]

Peter Benjamin
General Manager Exploration and Geology