ILUKA

DELIVER **SUSTAINABLE VALUE.**

2022 ANNUAL REPORT

ABOUT ILUKA RESOURCES

Iluka Resources Limited (Iluka) is an international critical minerals company with expertise in exploration, project development, mining, processing, marketing and rehabilitation.

The company's objective is to deliver sustainable value.

With over 70 years' industry experience, Iluka is a leading producer of zircon and high-grade titanium feedstocks (rutile and synthetic rutile). Via the company's development of Australia's first fully integrated rare earths refinery at Eneabba in Western Australia, Iluka is set to become a globally material supplier of separated rare earth oxides.

Iluka's products are used in an array of applications including technology, construction, medical, lifestyle, defence and industrial uses.

As the world moves towards a smarter, safer and sustainable future, Iluka's high quality, Australian critical minerals products are in increasing demand.

Alongside the company's Australian production base and development pipeline, Iluka has a globally integrated marketing network. Exploration activities are conducted internationally; and Iluka is actively engaged in the rehabilitation of previous activities in the United States and Australia.

Headquartered in Perth, Western Australia, Iluka is listed on the Australian Securities Exchange (ASX). Iluka holds a 20% stake in Deterra Royalties, the largest ASX-listed resources focused royalty company.

PRODUCTS

TITANIUM DIOXIDE TiO_2

Iluka is a leading producer of synthetic rutile, which is an upgraded, value added form of ilmenite. The company also produces natural rutile. Collectively, these products are referred to as high-grade titanium dioxide feedstocks, owing to their high titanium content. Primary uses include pigment (paints), titanium metal and welding.

ZIRCON

Iluka is the largest global producer of zircon. From premium grade zircon to zircon-in-concentrate, Iluka can efficiently deliver quality products to a wide range of customers around the world utilising our well-developed logistics and distribution capabilities. Applications for Iluka's zircon include ceramics, refractory and foundry applications and zirconium chemicals.

RARE EARTHS

Iluka has established a significant position in rare earths elements. Rare earths are among the key building blocks of an electrified economy – essential in a wide range of applications including high performance permanent magnets in electric vehicles, wind turbines and other renewable energy technologies.

The strong outlook for these applications is expected to drive growing market demand for Iluka's rare earth oxides, particularly neodymium, praseodymium, dysprosium and terbium.

Other rare earths minerals produced from Iluka's refinery, such as lanthanum and cerium, are necessary in the manufacture of catalytic converters for vehicle emission control of hybrid and petrol-fuelled cars, in modern rechargeable batteries, and as an alloying agent to create high-strength metals in aircraft engines.

OTHER

Iluka recovers and markets products produced as part of processing activities, including activated carbon, gypsum and iron concentrate.

Forward looking statement

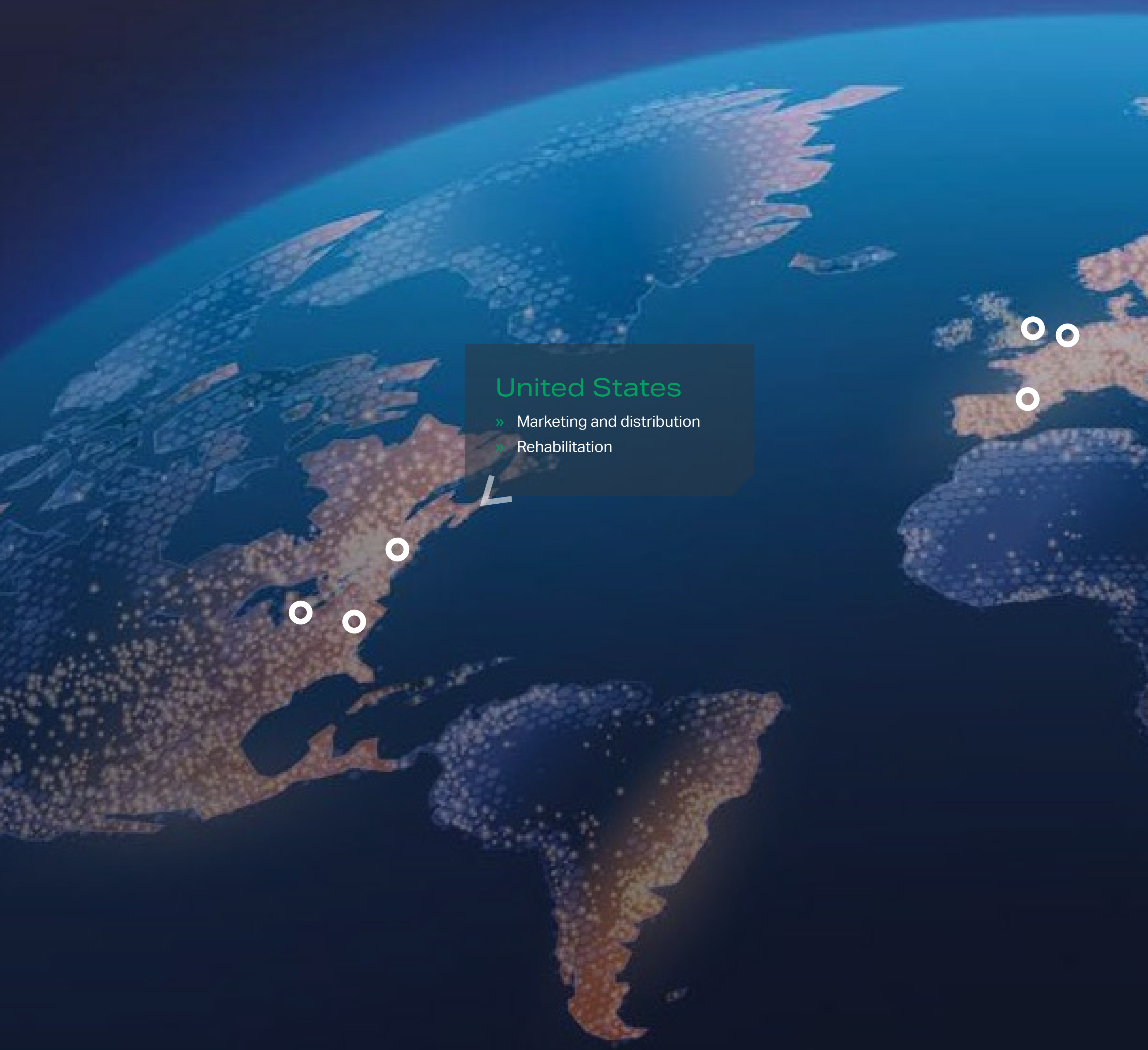
This document contains certain statements which constitute "forward-looking statements". While these forward-looking statements reflect Iluka's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact and readers are cautioned against relying on them.

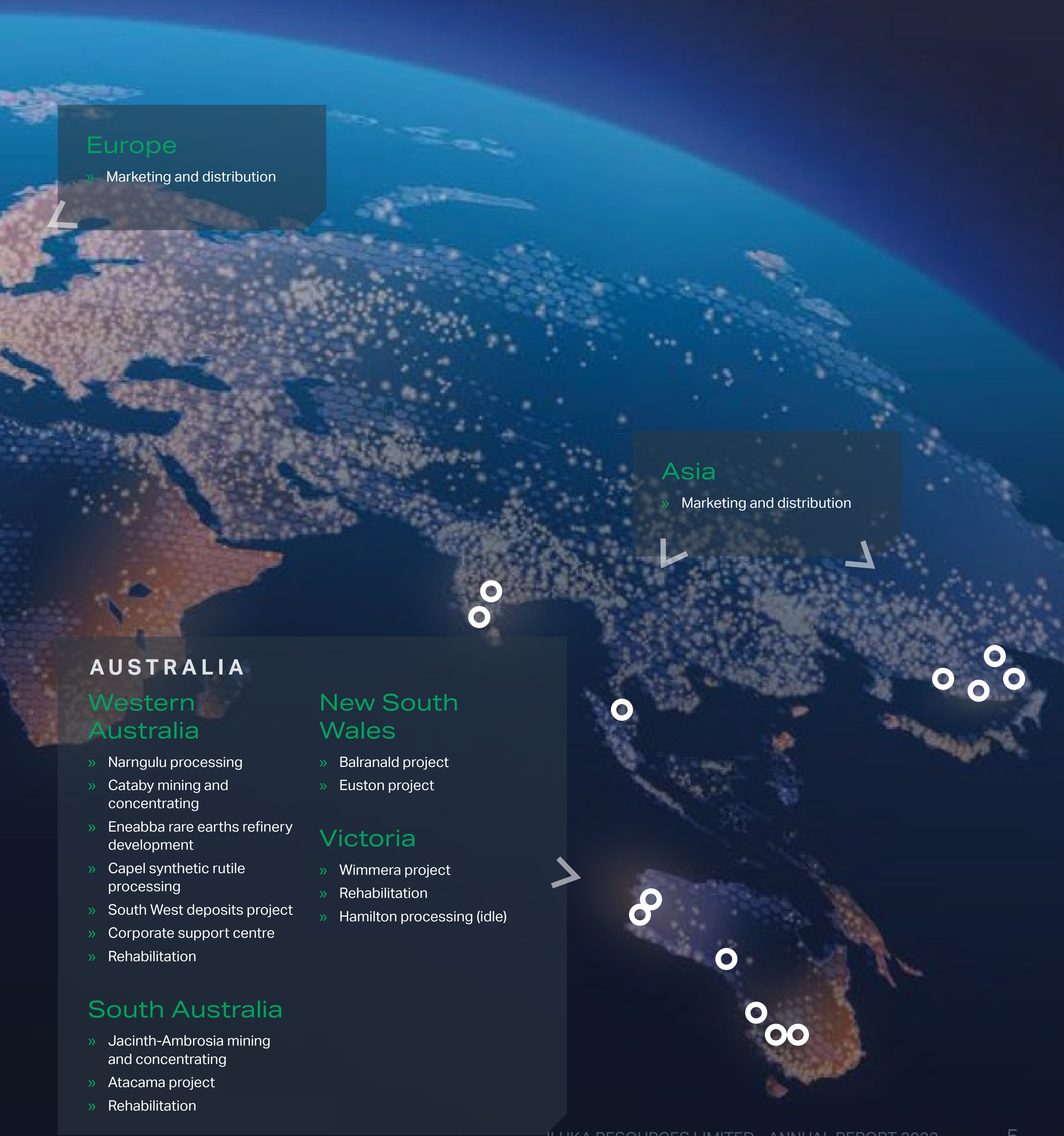
Further information regarding forward-looking statements in this Annual Report is provided on page 178.

This document contains non-IFRS financial measures including cash production costs, non-production costs, mineral sands EBITDA, Underlying Group EBITDA, EBIT, free cash flow, and net debt amongst others. These non-IFRS measures are not subject to audit or review, however, a reconciliation of the measures to Iluka's statutory accounts is provided on page 36.

OUR LOCATIONS

Operations, resource development, marketing and rehabilitation activities




Europe
» Marketing and distribution
Asia
» Marketing and distribution
AUSTRALIA
Western Australia
» Narngulu processing
» Cataby mining and concentrating
» Eneabba rare earths refinery development
» Capel synthetic rutile processing
» South West deposits project
» Corporate support centre
» Rehabilitation
New South Wales
» Balranald project
» Euston project
Victoria
» Wimmera project
» Rehabilitation
» Hamilton processing (idle)
South Australia
» Jacinth-Ambrosia mining and concentrating
» Atacama project
» Rehabilitation

OUR PROCESS

EXPLORATION & PROJECT DEVELOPMENT

Exploration

Iluka's exploration teams seek to identify the highest quality mineral deposits and are a key component of Iluka's growth platform. Consistent with Iluka's strategy to continue to grow and develop the company's diverse project pipeline, teams use innovative practices to explore greenfield and brownfield opportunities globally.

Throughout all stages of project work Iluka ensures cultural, heritage, community and environmental impacts are respectfully considered.

Project Development

Iluka progresses developments through its project pipeline to deliver sustainable value now and into the future. The company takes a gated approach to project evaluation, completing scoping, preliminary and detailed feasibility studies to determine the operational feasibility and commercial returns of prospective investments. Consideration is given to a wide range of factors in proceeding with developments, including industry dynamics, portfolio optimisation and a range of financial metrics.

RESEARCH & ANALYSIS

Industry Development

Iluka identifies, researches and develops solutions that address operational, customer and industry challenges. This is achieved through continued investment into innovative processing, mining and technological opportunities. A prime example is Iluka's unmanned, remotely operated underground mining (UGM) technology, which will be deployed at the company's Balranald development (see page 40).

Iluka has a dedicated Metallurgical Test Facility (MTF), analytical laboratories, and an open innovation approach collaborating with industry bodies and universities.

Education

Iluka's partnerships with researchers across a number of tertiary institutions within Australia and the United States deliver research-led outcomes geared towards improving future rehabilitation outcomes. Iluka also supports scholarships for students in industry-related fields; and offers work experience, graduate programs and apprenticeships through a series of education partnerships and programmes.

MINING

Mineral Sands Mining

Mineral sands mining involves both dry mining and wet (dredge) operations. All of Iluka's current operations use a dry mining approach. Mining units and wet concentrator plants separate ore from waste material and concentrate the heavy mineral sands.

The company pursues operational excellence to optimise production output sustainably. Operational flexibility enables Iluka to preserve margins across the company's core product suite throughout periods of market instability, and to maximise production throughput during periods of high demand.

Economic Contribution

Direct and indirect benefits to local economies are provided by Iluka's operations and activities through the payment of taxes and royalties; employment and procurement opportunities; and through community investment initiatives. The company reports on its economic contributions through the Annual Report and Tax Transparency Report.

PROCESSING

Processing

Heavy mineral concentrate is transported from Iluka's mines to its mineral separation plant(s) for final product processing. The plant separates the heavy minerals zircon, rutile, ilmenite, monazite and xenotime in multiple stages using magnetic, electrostatic and gravity separation.

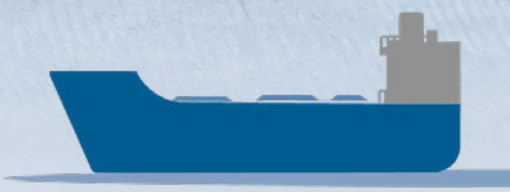
Synthetic Rutile Kiln

Iluka produces synthetic rutile from ilmenite that is upgraded in kilns by high temperature chemical processes. The upgraded, high quality product has a titanium dioxide content of 89-94 per cent.

Rare Earths Refinery

On 4 April 2022, Iluka approved the final investment decision for a fully integrated rare earths refinery at Eneabba in Western Australia. The refinery is the first of its type in Australia and one of few globally. It will produce light and heavy separated rare earth oxides and establish Western Australia as a strategic hub for the downstream processing of rare earth resources.

MARKETING & LOGISTICS



A Global Network

An extensive marketing and logistical network enables Iluka to supply critical minerals to customers in over 40 countries. Iluka's significant experience working across a wide range of supply chains enables marketing and product development teams to deliver sustainable pricing and volumes of market-specific products to customers. The recovery and sale of by-products produced through Iluka's processing activities, including activated carbon and iron concentrate, maximise the value of products and reduces waste at source.

Iluka is committed to the reliable delivery of consistent and high quality products.

REHABILITATION & CLOSURE

Progressive Rehabilitation

Rehabilitation commences during the operational phase of the mine lifecycle. This minimises Iluka's mining footprint and assists with understanding and evaluating closure risks, including through informing research and development programmes, and refining closure provision estimates. Ongoing environmental monitoring is performed at all rehabilitated mine sites.

Iluka has a demonstrated track record and strong credentials in environmental management of mining, processing, product handling, waste management and rehabilitation.

Iluka's intent is to be a safe, responsible and sustainable supplier of critical minerals.

CONTENTS

Business review

Financial report

Physical, financial and corporate information

About this report

This Annual Report is a summary of Iluka Resources' and its subsidiaries' operations, activities and financial position as at 31 December 2022. Currency is expressed in Australian dollars (AUD) unless otherwise stated.

This Report includes Iluka's Sustainability report. Current and previous reports are available on the company's website at www.iluka.com.

Iluka is committed to reducing the environmental footprint associated with the production of the Annual Report, and printed copies are only posted to shareholders who have elected to receive a printed copy.

2022 YEAR IN REVIEW

Financials

$1,727m
mineral sands revenue

$946m
underlying group EBITDA

53%
mineral sands EBITDA margin

$489m
net cash
(as at 31 December 2022)

Markets and Operations

Key synthetic rutile contracts renewed

710kt
Z/R/SR sold

679kt
Z/R/SR produced

People

18%
reduction in serious potential incidents (18 in 2022, 22 in 2021*)

6.9
TRIFR (up from 5.1 in 2021)

24%
female representation across total workforce

4.6%
Aboriginal and Torres Strait Islander peoples in total Australian workforce (including 21% at Jacinth-Ambrosia operations)

**data excludes SRL*

TIMELINE

JAN - FEB - MAR

Q1

- Completed feasibility study for Eneabba Rare Earths Refinery
- Rob Cole announced as the next Chairman of Iluka

APR - MAY - JUN

Q2

- Final Investment Decision announced for Eneabba Rare Earths Refinery following agreement of strategic partnership between Iluka and the Australian Government
- Iluka announced intention to demerge Sierra Rutile
- Fluor Australia awarded contract to complete the Front End Engineering Design (FEED) and provide Engineering, Procurement and Construction Management (EPCM) services to the Eneabba project

- 410ha rehabilitated across Iluka portfolio, up from 305ha at H1 2021
- Sierra Rutile demerged
- Mining operations move from Jacinth North deposit to Ambrosia deposit
- All primary environmental approvals achieved for Eneabba Rare Earths Refinery

JUL - AUG - SEP

Q3

- Iluka announces strategic partnership with Northern Minerals for rare earths concentrate supply
- Iluka's innovative rehabilitation equipment, Flora Restorer, receives Golden Gecko Award for Environmental Excellence by WA Department of Mines, Industry Regulation and Safety
- SR1 kiln restarts at Capel
- Record synthetic rutile production achieved from SR2 kiln

OCT - NOV - DEC

Q4

CHAIRMAN'S AND MANAGING DIRECTOR'S REVIEW

Dear Shareholders,

Iluka has a proud, 70-year history of mining, processing and marketing critical minerals.

In 2022, we built on this legacy to deliver a number of significant opportunities that are calibrated to global trends and central to our bright future.

It has been an extraordinary year for our company – most notable for our diversification into rare earths, which will occur in the first instance through the development of Australia's first fully integrated rare earths refinery at Eneabba. The refinery will be fed initially by Iluka's unique stockpile of rare earths, which we have built progressively over the past 30 years on the basis that these critical minerals would one day be valuable.

Building a globally significant rare earths business; catalysing an Australian downstream industry

In April, Iluka concluded a $1.25 billion strategic risk sharing agreement with the Australian Government to establish a domestic rare earths industry. This marked the culmination of several years of discussions with the Commonwealth to create what is a historic partnership. It also marked the beginning of the development of a substantial new business for the company; one that will be a significant global business in its own right.

Key rare earths – neodymium, praseodymium, dysprosium and terbium – are essential inputs for permanent magnets, which are in turn essential for the electric motors used in electric vehicles and the generators used in wind turbines. They are also essential for a range of defence applications.

In this context, Eneabba is a once in a generation opportunity.

As one of few facilities in the world that will produce both light (neodymium and praseodymium) and heavy (dysprosium and terbium) separated rare earth oxides, it positions Iluka and Australia at the forefront of two key structural shifts taking place globally: the accelerating transition to a lower carbon economy via electrification; and the growing priority assigned to sovereign capabilities and diversified supply chains, particularly for the procurement of strategic materials.

Iluka will become a material producer of refined rare earths. And with all industry forecasters predicting significant price increases over coming years, we expect Eneabba to commence operations at a time when our products will be highly sought after, including for their provenance and credentials. This has been confirmed through the company's engagement with a range of potential customers.

The refinery represents a long term critical infrastructure asset that is catalysing the development of an Australian rare earths industry. Previously, concentrates produced in Australia would have to be exported overseas to be refined into rare earth oxides. Following our final investment decision, this is no longer the case. We have the opportunity not only to refine Iluka's own feedstocks but to be a customer for the feedstocks produced by others. To illustrate, in October, we concluded an agreement with Northern Minerals – an emerging rare earths company – for the future supply of concentrate from its planned mine at Browns Range in the Eastern Kimberley.

Eneabba marks an order of magnitude step change for domestic value addition to the country's rare earth resources; and a foundation for potential further steps along the rare earths value chain in future, such as rare earth metallisation. Iluka continues to evaluate the production of rare earth metals, which would increase our reach and value to consumers in key and emerging markets.

Rob Cole
Chairman

Tom O'Leary
Managing Director & CEO

In addition, Iluka's downstream position in Australia – a stable jurisdiction and one respected for its high standards on safety, environmental management and sustainability – positions the company well for advancing value addition opportunities beyond metallisation. These future opportunities lie in the magnetisation of rare earth metals and alloys, as well as in the recycling of rare earth materials.

While we will consider these possibilities in time, for the present we are focused firmly on delivering the Eneabba refinery – the first step in what we regard as a company-defining transformation.

Rare earths are also highly complementary to Iluka's longstanding mineral sands business. Across our operational and major project suite, rare earth minerals occur naturally alongside the company's traditional zircon and titanium dioxide products. These minerals will now be refined by Iluka in Australia, with the value captured for our shareholders and stakeholders more broadly.

Unlocking Australian critical minerals

2022 saw further considerable advancement throughout Iluka's minerals sands growth pipeline. These advancements facilitated our final investment decision for the Balranald development and the approval of a definitive feasibility study (DFS) for the Wimmera development, both occurring in February 2023.

For several years, Iluka has been investing substantially in new technologies targeted at unlocking Australian resources previously regarded as uneconomic. Balranald is a primary example of this investment focus. The remotely operated, underground mining (UGM) technology we have developed and will utilise at Balranald is akin to keyhole surgery for the mining of critical minerals. It enables commercial access to a rich deposit which, at 60 metres below surface, would not be viable through traditional extraction techniques. Furthermore, UGM's sustainability benefits include a substantially reduced disturbance footprint and carbon intensity.

Balranald will deliver approximately 250 jobs during construction and approximately 270 jobs during operation including contractors, with capital investment of approximately $480 million. As an important source of rutile, zircon, ilmenite (for upgrading to synthetic rutile) and rare earths, this development enhances Iluka's portfolio offering of high grade, high quality critical minerals products produced in Australia.

Wimmera is a potential multi-decade source of rare earths and zircon. Alongside the approval of a DFS, Iluka has declared an Ore Reserve for Wimmera based on the value of its refined rare earths. This has been made possible as a result of the Eneabba refinery, which enables Iluka to capture additional value from the rare earth minerals in the Wimmera region that is not available to others. Again, this demonstrates the mutually reinforcing nature of our mineral sands and rare earths businesses.

One characteristic shared by deposits in the Wimmera region is higher levels of impurities in their zircon. Absent a processing solution to remove these impurities, the zircon is ineligible for sale into key markets, including the ceramics market, which accounts for approximately 60% of total zircon demand. Iluka has proven the technical viability of a zircon purification process at lab scale. We continue to conduct pilot scale testing, with the goal of then demonstrating the commercial viability of zircon purification via a demonstration plant, which will be progressed alongside the DFS.

Additional progress on major projects included the Atacama, Euston and Tutunup developments, with the preliminary feasibility study for Atacama scheduled for completion in early 2023.

Given our strategic and capital allocation priorities in Australia, in 2022 Iluka determined to demerge its business in Sierra Leone. This was executed in August, with Sierra Rutile listing independently on the ASX.

Our purpose: deliver sustainable value

Iluka's evolution – diversifying into rare earths, investing in new technologies and consolidating and unlocking production in Australia – has taken place amid ongoing macroeconomic and geopolitical uncertainty. The global economy continues to be impacted, directly and indirectly, by the after-effects of the COVID 19 pandemic, including inflation and the return to more balanced monetary policy settings by central banks after years of stimulatory low interest rates. This has been coupled with further instability resulting from Russia's invasion of Ukraine and the ensuing energy crisis occurring in Europe in particular.

Confronted with this instability and uncertainty, Iluka's financial results once again exhibited the resilience and cash generation capability of our company. Your Board is pleased at the extent to which the successful implementation of Iluka's approach to operations, markets and project development has contributed to building this resilience.

We delivered record revenue of $1.73 billion, $589 million in NPAT, $444 million in free cash flow and total dividends of 45 cents per share. Our balance sheet strength is highlighted by a net cash position of $489 million, our 20% equity interest in Deterra, undrawn commercial bank facilities of $570m and a $1.25 billion loan facility from the Commonwealth Government.

These results were underpinned by a strong sales and operational performance. Iluka effectively sold out of all our products in 2022, with zircon sales of 334 thousand tonnes and high grade titanium (rutile and synthetic rutile) sales of 386 thousand tonnes. The company's zircon inventory is at a historically low level and Iluka remains focused on sustainable pricing for its high grade products. At the industry level, zircon and high grade titanium supply chains remained tight throughout 2022, reflecting supply disruptions from other major producers and as a result of the war in Ukraine.

With scarcity, security and reliability of supply increasingly prominent considerations for many downstream customers, Iluka's portfolio offering of high grade, high quality critical minerals products produced in Australia sees the company well placed. In January, we concluded key offtake agreements for our synthetic rutile. New and existing customer commitments increased to approximately 200 thousand tonnes per year for the next four years, contracted under the 'take or pay' arrangements we first put in place to underpin the Cataby development in 2017.

All Iluka operations were at full capacity over the year. Mining at Cataby produced 501 thousand tonnes of heavy mineral concentrate (HMC), including 419 thousand tonnes of ilmenite for use as synthetic rutile kiln feed. Our Jacinth-Ambrosia mining operation moved from the depleted Jacinth North deposit to Ambrosia in August and produced a total of 351 thousand tonnes of HMC. The Narngulu mineral separation plant processed both Cataby and Jacinth Ambrosia feed, producing a total of 299 thousand tonnes of zircon and 55 thousand tonnes of rutile. Synthetic rutile kiln 2 (SR2) at Capel had a record year of production, delivering 231 thousand tonnes. And our adjacent kiln, SR1, was successfully restarted in December 2022, providing an additional source of high grade titanium feedstocks. Production volumes from SR1 will be available for sale on a spot basis as planned.

Sustainability is central to everything we do at Iluka. Given the globally significant work we have embarked upon and the trust invested in us to deliver it, this has never been more important.

Our first and foremost responsibility is the safety of our people. In 2022, we achieved a 18% decrease in our Serious Potential Injury Frequency Rate, which has been an area of specific attention for some time. Our Total Recordable Injury Frequency Rate was 6.9 – a focus for improvement.

Iluka's commitment and performance in relation to environmental management was recognised by the Government of Western Australia in October, with the company receiving the Golden Gecko award for environmental excellence. This recognised the commissioning of our internally developed bespoke seeding machine, 'Flora Restorer', which has more than doubled the annual area rehabilitated to native vegetation at Eneabba and improved plant growth and diversity in the Kwongan ecosystem.

In closing, the past year has been perhaps the most momentous in our company's proud history. As we look to a bright future and the opportunities within our reach, Iluka remains, as ever, committed to delivering for our shareholders.

Thank you for your support.

Rob Cole
Chairman

Tom O'Leary
Managing Director and CEO

BOARD OF DIRECTORS AND COMMITTEES

Rob Cole

LLB (Hons), BSc
Chairman
Independent Non-Executive Director
Joined Iluka 2018

Perenti, GLX Group, Synergy, Southern Ports, Woodside Petroleum, King & Wood Mallesons, Landgate, Curtin University

Susie Corlett

BSc (Geo, Hons), FAusIMM, GAICD
Independent Non-Executive Director
Joined Iluka 2019

Aurelia Metals, The Foundation for National Parks & Wildlife, Standard Bank, Macquarie Bank, Pacific Road Capital Management, Mineral Resources

Tom O'Leary

LLB, BJuris
Managing Director and Chief Executive Officer
Joined Iluka 2016

Wesfarmers Chemicals, Energy & Fertilisers, Wesfarmers, Nikko, Nomura, Allen & Overy, Clayton Utz, Clontarf Foundation, Edith Cowan University

Marcelo Bastos

BEng Mechanical (Hons, UFMG), MBA (FDC-MG), MAICD
Independent Non-Executive Director
Joined Iluka 2014

Vale, BHP, MMG, Aurizon Holdings, Golder Associates, Golding Contractors, Anglo American, Oz Minerals

Lynne Saint

BCom, GradDip Ed Studies, FCPA, FAICD, Cert Business Administration
Independent Non-Executive Director
Joined Iluka 2019

Bechtel Group, Fluor Daniel, Placer Dome, NuFarm, Ventia Services

Andrea Sutton

BEng Chemical (Hons), GradDipEcon, GAICD,
Independent Non-Executive Director
Joined Iluka 2021

Rio Tinto, Energy Resources Australia, Infrastructure W.A, ANSTO, Red 5 Limited, DDH1

Committees

The Board of Directors comprises five non-executive Directors and one executive Director (the Managing Director).

- Audit and Risk Committee Chair – **Lynne Saint**
- Sustainability Committee Chair – **Marcelo Bastos**
- People and Performance Committee Chair – **Andrea Sutton**
- Nominations and Governance Committee Chair – **Rob Cole**

Executive

Tom O'Leary

LLB, BJuris
Managing Director and Chief Executive Officer
Joined Iluka 2016

Wesfarmers Chemicals, Energy & Fertilisers, Wesfarmers, Nikko, Nomura, Allen & Overy, Clayton Utz

Adele Stratton

BA (Hons), FCA, GAICD
Chief Financial Officer and Head of Development
Joined Iluka 2011

KPMG, Rio Tinto Iron Ore

Matthew Blackwell

BEng (Mech), Grad Dip (Tech Mgt), MBA, MAICD, MIEAust
Head of Major Projects and Marketing
Joined Iluka 2004

Asia Pacific Resources, WMC Resources, Normandy Poseidon

Sarah Hodgson

LLB, GAICD
General Manager People and Sustainability
Joined Iluka 2013

KPMG, Westpac, Mercer

Colin Nexhip

PhD Chemical Engineering, BSc (Hons), BEd
Chief Technology Officer
Joined Iluka 2023

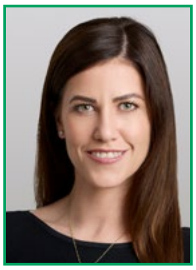
Newmont Corporation, MP Materials, Rio Tinto, CSIRO

Daniel McGrath

BSc (Math)
Chief Technology Officer and Head of Rare Earths
Joined Iluka 1993

Shane Tilka

BCom
General Manager, Australian Operations
Joined Iluka 2004



Kerrie Matthews

BAppSc, GradCertRiskMgmt, GAICD
Project Director, Eneabba Project
Joined Iluka 2022

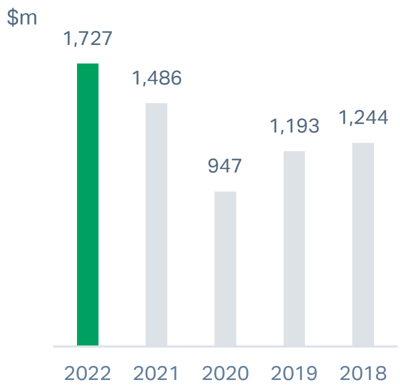
BHP, Maca Ltd, Rio Tinto

The Executive responsibilities include achieving defined business and financial outcomes; capital deployment; business planning; identification and pursuit of appropriate growth opportunities; sustainability performance; promotion of diversity objectives; strategic workforce planning and capability; leadership of required culture and behaviours; and succession planning.

FINANCIAL SUMMARY

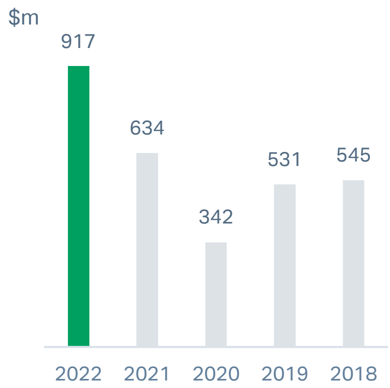
MINERAL SANDS REVENUE

$1,727m



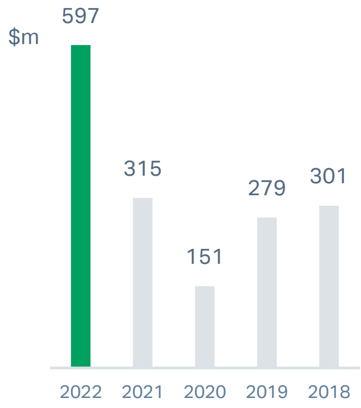
UNDERLYING MINERAL SANDS EBITDA

$917m



UNDERLYING NPAT

$597m



Mineral Sands Revenue

Iluka achieved record mineral sands revenue in 2022 of $1,727 million. The company was effectively sold out of Z/R/SR, with inventory levels at historic lows.

Zircon sales of 334 thousand tonnes (including 100 thousand tonnes of zircon in concentrate) exceeded production and zircon inventory is now at record lows. The zircon market was affected by a number of global economic headwinds in 2022 including softness in the Chinese construction sector and energy price increases in Europe. Nevertheless, the zircon industry continued to be characterised by supply tightness with a number of major producers experiencing disruptions and logistical challenges. Iluka is focused on being a disciplined and reliable supplier of zircon.

Rutile sales of 140 thousand tonnes were in line with production in the year. Sales volumes reduced from 2021 following the demerger of Sierra Rutile Limited in August 2022, which was Iluka's dominant producer of natural rutile. Synthetic rutile sales exceeded production at 246 thousand tonnes.

Demand remained strong during the year for Iluka's high grade feedstock despite slowing pigment demand especially in Europe and China.

In Europe, pigment demand is estimated to have declined 20-25% compared to the same period to Q4 2021. Pigment producers responded by idling or severely restricting production at all European sulphate pigment plants; and cutting back rates at chloride facilities, thereby reducing production to match demand.

While titanium dioxide demand in North America has begun to be affected by higher interest rates and reduced housing demand, domestic pigment production remains in line with seasonal norms. Chlorine prices remain at elevated levels, incentivising chloride pigment plants to run higher head grades, utilising high grade ores such as synthetic rutile and natural rutile.

Underlying Mineral Sands EBITDA

Underlying mineral sands EBITDA was $917 million. This reflects the strong sales result as prices increased across the product suite while supply constraints continued to impact the market.

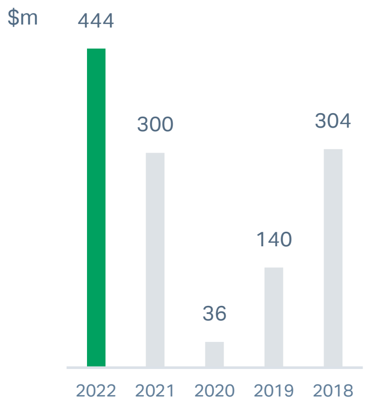
The mineral sands business delivered excellent margins at 53% (2021: 42%)

Net Profit After Tax

Iluka reported a strong Underlying NPAT of $597 million, up from $315 million in 2021. Underlying NPAT included an earnings contribution of $30 million from Iluka's 20% interest in Deterra Royalties.

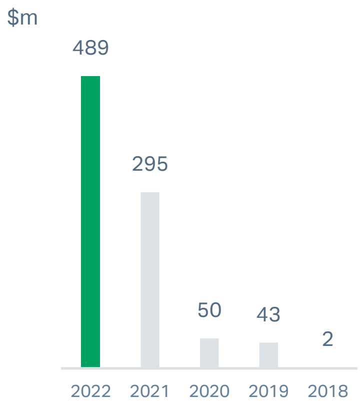
FREE CASH FLOW

$444m



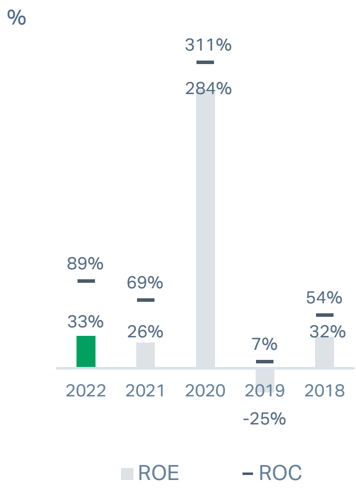
NET CASH (DEBT)

$489m



ROE & ROC

ROE 33%
ROC 89%



Free Cash Flow

Free cash flow was $444 million, up from $300 million in 2021.

Operations continued to generate very strong cashflows, with operating cash flow of $711 million in 2022, an increase over the $514 million generated in 2021.

Iluka's 20% stake in Deterra Royalties generated $36 million of cash flow, which was subsequently fully distributed to Iluka's shareholders in accordance with Iluka's Dividend Framework.

Capital expenditure was $153 million. This included: $42 million spent on the Eneabba Rare Earths development; ~$33 million on feasibility studies including Balranald, Euston, South West and Atacama deposits; $33 million on the SR1 restart, which commenced production in December; and the remainder on sustaining capital expenditure. The capital expenditure for 2022 also included $11 million spent on Sembehun while Sierra Rutile remained part of the Group. During 2022, $12 million was spent on advancing critical growth studies and research, including Wimmera and other rare earths and mineral sands opportunities that do not yet qualify as capital expenditure and are captured within operating cashflows.

Total tax payments of $104 million include $31 million for 2021 final tax payments paid in the first half of 2022. Iluka expects to make tax payments of $135 million in 2023 which relate to the 2022 financial results.

Net Cash (Debt)

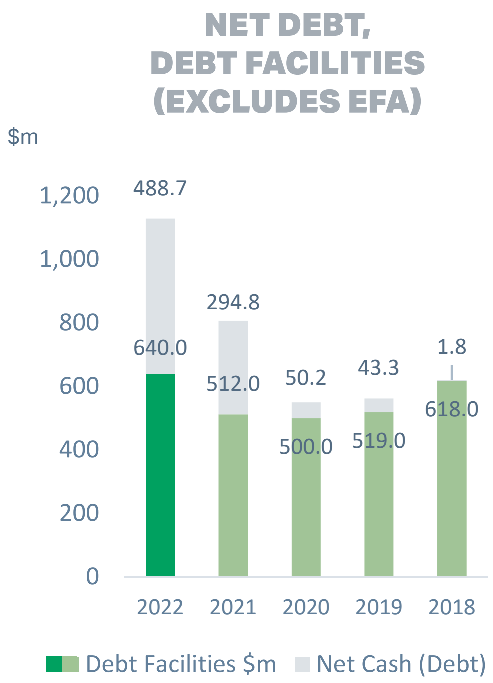
As at 31 December 2022, Iluka reported a net cash position of $489 million, up from $295 million net cash as at 31 December 2021. Iluka continues to prioritise maintaining a strong balance sheet in the face of continued uncertainty due to global inflation and recessionary pressures driven by continued impacts of the global pandemic and the Russian invasion of Ukraine.

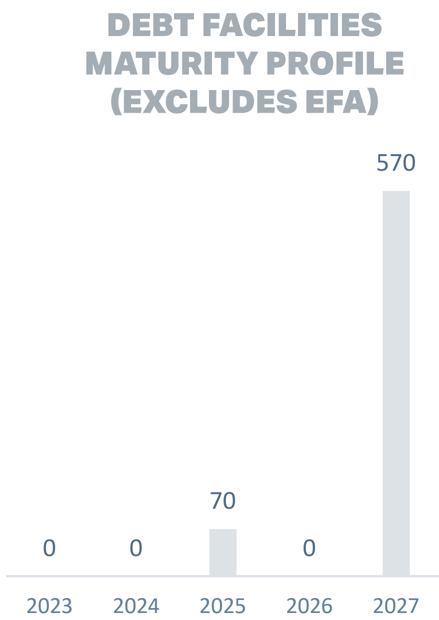
Iluka made the first drawdown of $41 million from the $1.25 billion loan from Export Finance Australia, underpinning the risk-sharing strategic partnership with the Australian Government to establish the first fully integrated rare earths refinery in the Western world.

ROE and ROC

Iluka reported return on equity of 33% and return on capital of 89%, reflecting another strong operational performance in the year.

Balance Sheet





As at 31 December 2022, Iluka had total debt facilities of $1,890 million. This comprised:

» $1,250 million non-recourse loan facility from the Government of Australia (administered by Export Finance Australia) to construct the Eneabba Rare Earths Refinery, with a term of up to 16 years expiring in 2038; and

» $640 million Multi Option Facility Agreement (MOFA) of a series of committed five-year unsecured bilateral revolving credit facilities with several domestic and foreign institutions. The MOFA, which was reduced to $570 million in January 2023, is denominated in AUD and matures in 2027. No funds were drawn from the MOFA as at 31 December 2022 (2021: $ nil). The Group also had $130 million of bank guarantee facilities utilised at 31 December 2022.

The Group had $489 million net cash at 31 December 2022.

Note 21 of Iluka's Financial Report provides details of the maturity profile and interest rate exposure.

Dividend Framework

Iluka's dividend framework is to pay 100% of dividends received from Deterra Royalties and pay a minimum of 40% of free cash flow from the mineral sands business not required for investing or balance sheet activity. The company also seeks to distribute the maximum franking credits available.

During the year, Iluka paid a fully franked interim dividend of 25 cents per share and has declared a final dividend of 20 cents per share, fully franked, for 2022.

Hedging

Iluka manages a portion of its foreign exchange risk via a foreign exchange hedging program.

The Group entered into the following hedging contracts in 2022:

» US$47.1 million in forward exchange contracts in 2022 with an average rate of 73.1 cents, which matured during the year; and

» US$319.6 million in foreign exchange collars consisting of US$319.6 million of bought AUD call options with weighted average strike prices of 77.1 cents and US$319.6 million of sold AUD put options with weighted average strike prices of 65.4 cents.

In addition, the following hedging contract matured during the year:

» US$270.3 million in foreign exchange collar contracts consisting of US$270.3 million of bought AUD call options with weighted average strike prices of 79.1 cents and US$270.3 million of sold AUD put options with weighted average strike prices of 64.8 cents.

Iluka has US$151.6 million in foreign exchange collar contracts in relation to expected USD revenue from contracted sales to 31 December 2023 which remain open as at 31 December 2022, which are detailed in Note 21 of Iluka's Financial Report.

STRATEGY AND BUSINESS MODEL

Our Values

- INTEGRITY
- RESPECT
- COURAGE
- ACCOUNTABILITY
- COLLABORATION

Our Purpose

Iluka's purpose is to deliver sustainable value. The company aims to achieve this by:

» ensuring the safety, health and wellbeing of our employees;

» optimising shareholder returns through prudent capital management and allocation;

» developing a robust business that can maintain and grow returns over time;

» providing a competitive offering to our customers;

» managing our impact on the environment;

» supporting the communities in which we operate; and

» building and maintaining an engaged, diverse and capable workforce.

OUR PURPOSE

DELIVER SUSTAINABLE VALUE

Deliver to Grow Our Future

In a macroeconomic environment characterised by inflation, uncertainty and global supply chain challenges, Iluka delivered strong outcomes in 2022, both in the context of financial performance and progress against its strategic priorities.

Iluka's purpose is to deliver sustainable value. In 2022, net profit after tax was $589 million, free cash flow was $444 million. The company maintained its strong balance sheet position, ending 2022 with net cash of $489 million.

Iluka's operational portfolio remained configured at maximum settings throughout the year. Customers sought high quality zircon and very high grade titanium feedstocks produced by Iluka in Australia, with sales constrained by production.

The company's SR1 kiln restart was commissioned in December. This development represents a capital efficient, incremental increase in synthetic rutile production. With production from the SR2 kiln effectively contracted, and given the favourable outlook for synthetic rutile as a feedstock, SR1 volumes will be available for sale on a spot basis as planned.

Iluka further progressed a number of developments in its project pipeline during 2022 that provide options to sustain, grow and potentially transform the business.

Most notably, following the agreement of a strategic partnership with the Australian Government, Iluka has undertaken a substantial diversification into rare earths. In April, the company approved the final investment decision to develop Australia's first fully integrated rare earths refinery at Eneabba in Western Australia. Earthworks commenced in November.

Iluka's risk sharing partnership with the Australian Government includes a $1.25 billion non-recourse loan under the Critical Minerals Facility administered by Export Finance Australia.

Importantly, the refinery has been designed with the size and capability to process a broad range of rare earth feedstocks. This includes Iluka's own feedstocks at Eneabba, Wimmera and elsewhere. It also extends to a wide range of potential third-party feedstocks located in various parts of Australia and overseas.

In October, Iluka concluded an agreement with Northern Minerals for the supply of rare earths concentrate from Northern's Browns Range development. Whereas previously intermediate rare earth products such as these would require export overseas prior to refining, this agreement ensures that value addition will now occur in Australia.

Northern's deposit is significant globally for its high assemblage of heavy rare earths dysprosium and terbium, used in a number of defence applications. Just as the company's leading position in zircon has underpinned its competitive advantage in mineral sands over the past decade, the production of high value heavy rare earths in Australia will be an important differentiator for its rare earths business in the decades to come.

The Eneabba refinery is critical infrastructure which builds sovereign industry capability, onshores value addition, facilitates third party mining developments and supports both national security and renewable energy technology manufacturing.

The gating of the Balranald and Wimmera projects respectively marks further important progress throughout Iluka's development pipeline.

These projects reflect the company's emphasis on research and development to unlock Australian resources previously regarded as uneconomic. Each of their associated technologies are potentially applicable beyond those deposits on which they are currently focussed, holding the prospect of significant mining and processing evolutions for the critical minerals industry.

At the corporate level, Iluka successfully completed its demerger of its Sierra Leone business in August. The demerger reflects Iluka's evolution since it acquired Sierra Rutile in 2016; and enables the company's strategic and capital allocation priorities to be focussed on key Australian critical minerals operations and development projects.

FINANCIAL AND OPERATIONAL REVIEW

In this section:

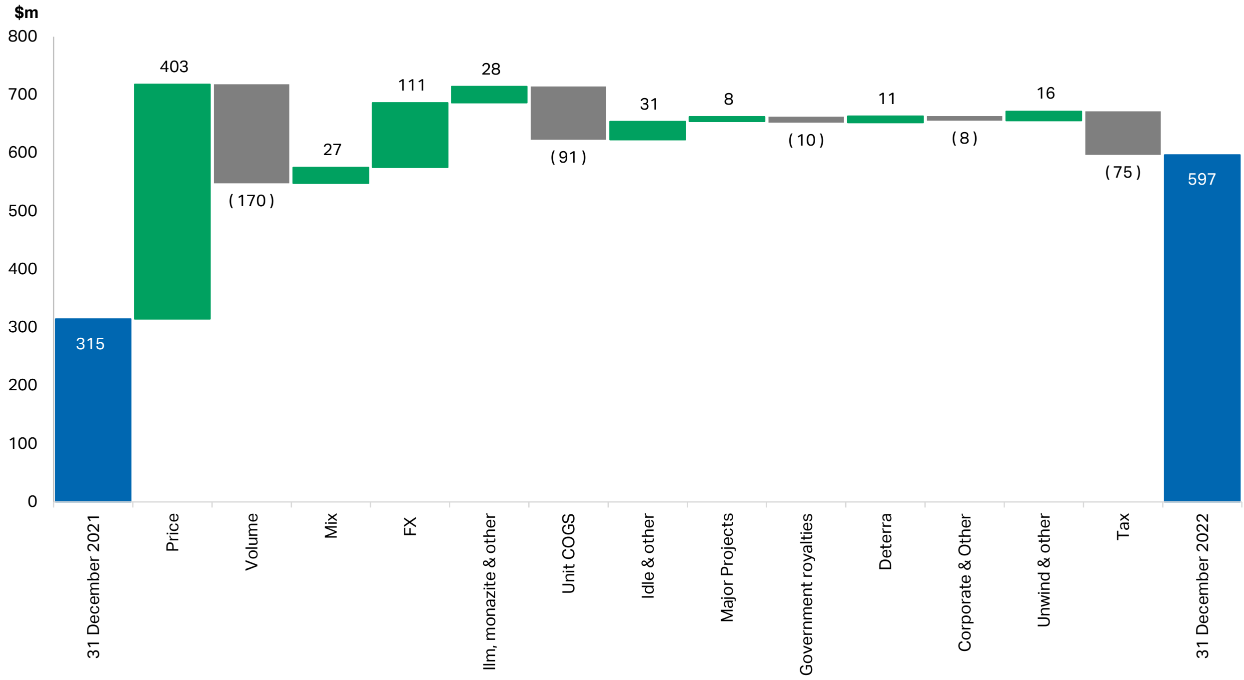
Financial Results

Income Statement Analysis

$ million	2022	2021	% change
Z/R/SR revenue	1,594.5	1,381.9	15.4%
Ilmenite and other revenue	132.9	103.9	27.9%
Mineral sands revenue	**1,727.4**	**1,485.8**	**16.3%**
Cash costs of production	(650.1)	(579.2)	(12.3%)
Inventory movement - cash	27.0	(67.0)	n/a
Idle capacity, restructure, and other non-production	(14.9)	(33.4)	55.4%
Government royalties	(48.2)	(38.0)	(26.8%)
Marketing and selling costs	(31.5)	(34.4)	8.4%
Asset sales and other income	0.9	2.0	(55.0%)
Major projects, exploration and innovation	(37.0)	(45.2)	18.1%
Corporate and other costs	(71.2)	(64.3)	(10.7%)
Foreign exchange	14.4	7.6	89.5%
Underlying mineral sands EBITDA	**916.8**	**633.9**	**44.6%**
Share of profit in associate - Deterra	29.6	18.4	60.9%
Underlying Group EBITDA	**946.4**	**652.3**	**45.1%**
Depreciation and amortisation	(145.4)	(171.2)	15.2%
Inventory movement - non-cash	9.3	(12.6)	n/a
Rehabilitation costs for closed sites	(11.2)	60.8	n/a
Loss on remeasurement of put option	-	(3.4)	n/a
Loss on Demerger	(23.6)	-	n/a
Impairment	26.3	(6.3)	n/a
Group EBIT	**801.8**	**519.6**	**54.3%**
Net interest and bank charges	(6.7)	(5.7)	(17.5%)
Rehabilitation unwind and other finance costs	6.2	(8.9)	n/a
Profit before tax	**801.3**	**505.0**	**58.9%**
Tax expense	(212.8)	(139.1)	(52.9%)
Profit for the period (NPAT)	**588.5**	**365.9**	**61.2%**
Average AUD/USD rate for the period (cents)	**69.5**	**75.2**	

Movement In Underlying NPAT

$ million	2022	2021	% change
NPAT	588.5	365.9	60.9%
Non-recurring adjustments:			
Rehabilitation for closed sites - Total (post tax)	(11.2)	60.8	n/a
Loss on revaluation of put option	-	(3.4)	n/a
Impairments	26.3	(6.3)	n/a
SRL demerger loss (net of transaction costs)	(23.6)	-	n/a
Underlying NPAT	**597.0**	**314.8**	**89.7%**



Continuing Operations	2022	2021
Underlying Group EBITDA	880.0	631.4
EBIT	711.2	502.5
Profit before tax	706.5	488.9

Discontinued Operations	2022	2021
Underlying Group EBITDA	66.4	20.9
EBIT	90.6	17.1
Profit before tax	94.8	16.1

Sales commentary is contained on page 28. Exchange rate variances relate to AUD:USD translation of sales, which are predominantly sold in USD currency. The Australian dollar depreciated deeply for the first three quarters of 2022 before recovering slightly in Q4, with Iluka ending the year with an average exchange rate of 69.5 cents compared to 75.2 cents in 2021. The Group hedges a portion of its US dollar sales to assist in managing exchange rate exposure, which is detailed on page 21 of this report. Foreign exchange impacts on operating costs—mainly related to Sierra Rutile operations for the portion of the year that it was in the Group—are included in the overall movement in unit cost of goods sold.

Cash costs of production increased by $71 million as persistent global inflation impacted labour, consumables, fuel, and transport costs at all operations, as well as higher mining and concentrating costs on increased Jacinth-Ambrosia HMC production and higher synthetic rutile production as the SR2 kiln operated for all of 2022 and SR1 commenced operation in December.

Unit cost of goods sold increased to $1,031 per tonne compared to $916 per tonne in 2021. This reflected inflationary pressure on production costs in Australia, conclusion of lower grade mining in the Jacinth North deposit, as well as shifts in product mix to maximise zircon production to satisfy demand. Australian operations unit cost of goods sold increased 26% to $978 per tonne.

Idle, restructure, and other non-production costs decreased as the SR2 kiln operated for all of 2022 and a change in accounting treatment for Sembehun study costs which were capitalised in 2022 compared to being expensed in 2021. Costs for ongoing maintenance and land management of idle plant and operations at Tutunup South, Murray Basin, and the United States were in line with 2021 costs.

Corporate cost reflects expenses to operate, govern and grow the business. Increased costs reflect activity associated with growth projects, including rare earths development and transaction costs for finalising the non-recourse loan facility with the Government of Australia, as well as increased labour costs, including payment of incentives.

Major projects, exploration, and innovation costs included $11 million for exploration and $4 million on research and studies including for Wimmera. Overall costs decreased as Iluka completed early phase studies in rare earths and commenced capitalisation of the Eneabba Rare Earths Refinery project.

Government royalties increased on higher revenue.

Tax expense represented an effective tax rate of 28% in 2022. The equity-accounted profit for the Group's investment in Deterra Royalties is not assessable and the dividends received were fully franked, resulting in an effective tax rate lower than the corporate tax rate. The tax rate applicable in Australia remained at 30%.

SALES AND MARKETS

Iluka has observed a shift to a 'value over volume' approach in a number of the downstream market segments for zircon and titanium feedstocks. This is evidenced by many opacifier producers resisting efforts from end consumers to discount year-end inventory; and the unprecedented downward adjustment of pigment production in response to slowing demand, which, as at the end of 2022, appears to have prevented any unseasonal build of inventory.

These disciplined responses are an encouraging evolution for the mineral sands and downstream opacifier and pigment industries and should reduce volatility, with positive implications for many through the supply chain. Furthermore, security and reliability of supply are increasingly prominent considerations for many downstream consumers in light of continuing production interruptions at some facilities.

Zircon

Iluka's total zircon sales of 334 thousand tonnes in 2022 exceeded production for the year. Sales included 100 thousand tonnes of zircon-in-concentrate. This result was achieved despite a number of global economic headwinds affecting key markets and highlights the ongoing supply tightness, especially in the premium zircon market. Iluka ended 2022 with historically low levels of zircon sand inventory through the company's supply chain and over the course of the year drew down significantly on previously stockpiled volumes of zircon-in-concentrate. Supply disruptions to competitors' supply and logistical challenges have also been characteristics of 2022; Iluka views supply tightness as a major factor in near-term market dynamics.

In China, demand for zircon started solidly but softened over the course of the year with the cumulative impact of ongoing COVID restrictions and real estate market softness affecting ceramics markets. Fused zirconia and zirconium chemicals markets were more robust but also showed some easing in the latter half of 2022.

European ceramic markets were impacted by high energy costs resulting from the war in Ukraine. Some smaller ceramic manufacturers have ceased production. Production of lower value tiles, with lower zircon loading, declined. Production of large ceramic slabs, containing higher zircon loadings, continued to outperform other sectors of the industry over the year.

Zircon demand in other key markets including India, Brazil and Mexico was solid over the year with some tile production shifting to these regions characterised by relatively lower energy costs.

Given the macroeconomic uncertainty over 2022, Iluka prioritised sustainable, stable pricing to customers while also delivering value for shareholders. The weighted average zircon sand price was US$1,943 per tonne, reflecting steady price growth over recent years, with sand prices ending the year at US$2,054 per tonne (Q4 2022).

High Grade Titanium Feedstocks

2022 sales of high grade titanium feedstock products rutile and synthetic rutile totalled 386 thousand tonnes. The titanium market experienced mixed conditions over the year, impacted by a number of global events including the war in Ukraine and monetary policy tightening in Western economies. Iluka continued to offer a stable source of supply and experienced strong demand for its products. Year-end stocks of high-grade feedstocks were also at historic lows.

Titanium pigment accounts for approximately 90% of titanium feedstock demand. The pigment market started the year strongly with a backlog in construction and renovation projects following several years of COVID effected demand. High chlorine input costs, particularly in the US, further contributed to strong demand for higher grade titanium feedstocks which require less consumption of process chemicals. Pigment inventories which have been cyclical in the past remained low.

The war in Ukraine had a significant impact on European titanium markets. Ukraine is a major source of ilmenite and rutile as used in pigment and welding. Iluka saw increased demand for its products as a secure, alternative source of feedstock supply. The related increase in energy costs in Europe resulted in a number of pigment plants, particularly more energy intensive sulphate process plants, being idled or output severely reduced.

In the latter part of the year, pigment demand softened in the US and Europe as the cumulative impact of interest rate rises reduced economic activity, especially in the construction industry. In Europe, the impact of monetary policy tightening has been exacerbated by the energy price shock with a sharper decline in construction activity evident. The pigment industry broadly responded with a focus on inventory management and maintaining margins.

Interest in Iluka's premium synthetic rutile offering continues to be strong. This reflects the relative economic value of synthetic rutile compared with other high grade feedstocks; and Iluka's reputation as a consistent supplier of quality products from a reliable jurisdiction. Offtake commitments increased to an average of ~200ktpa of synthetic rutile contracted under 'take or pay' arrangements for the next four years. With production from the SR2 kiln effectively contracted, and given the favourable outlook for synthetic rutile as a feedstock, SR1 spot volumes are available on a spot basis as planned.

Iluka's average rutile price over the year was US$1,550 per tonne, the highest in a decade and indicative of the strength in high grade feedstock markets.

PRODUCTION & OPERATIONS

Australia

Iluka's mining and processing operations are located in South Australia and Western Australia. The company is focussed on operating in a safe and sustainable manner and strives to optimise production volumes in line with market demand while also delivering operational efficiency improvements.

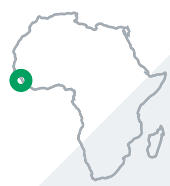
Iluka's Australian based operations operated at full capacity over 2022 delivering 299 thousand tonnes of zircon, 55 thousand tonnes of rutile and 238 thousand tonnes of synthetic rutile.

The Cataby mine in Western Australia produced 501 thousand tonnes of heavy mineral concentrate. Two new mining units to assist with debottlenecking the operation by increasing the ore processing rates and exploiting available current wet concentrator capacity, will be commissioned in 2023.

Mining and concentrating at Jacinth-Ambrosia in South Australia continued throughout the year. The planned mine move from the fully depleted Jacinth North deposit to Ambrosia was completed in September. Ore grades mined at Ambrosia are initially higher and, in 2022, the operation produced a total of 351 thousand tonnes of heavy mineral concentrate. Iluka has had a strong focus on indigenous employment at Jacinth-Ambrosia and in 2022 the company and its mining contractor, Piacentini & Son, achieved 20% employment of Far West Coast Peoples.

The Narngulu mineral separation plant in Western Australia processed 1,024 thousand tonnes for heavy mineral concentrate from Cataby and Jacinth-Ambrosia over the year.

The synthetic rutile kiln (SR2) in Capel operated at full capacity over the year and achieved record annual production of 231 thousand tonnes. The previously idled SR1 kiln was restarted as planned in December and produced 7 thousand tonnes of product in the last month of the year. Capacity of SR1 is 110 thousand tonnes per annum.



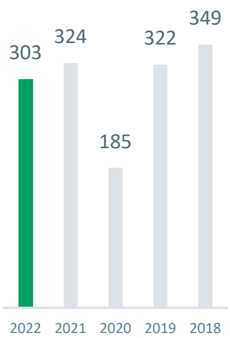
Sierra Leone

Iluka demerged Sierra Rutile on 4 August 2022.

Prior to the demerger, Sierra Rutile produced 197 thousand tonnes of heavy mineral concentrate for 84 thousand tonnes of rutile final product from the Area 1 mining operations.

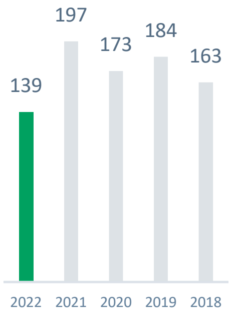
ZIRCON

Production volumes (kt)



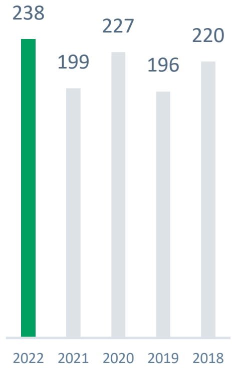
RUTILE

Production volumes (kt)



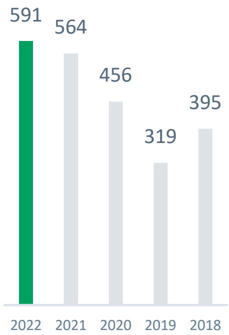
SYNTHETIC RUTILE

Production volumes (kt)



ILMENITE

Production volumes (kt)



CASH COSTS

		2022	2021	% change
Cash costs of production	$m	650.1	579.2	12.3%
Unit cash production cost per tonne Z/R/SR produced	$/t	938	777	20.8%
Unit cost of goods sold per tonne Z/R/SR sold	$/t			
Jacinth-Ambrosia / Mid-West		915	631	(45.0%)
Cataby / South West		1,041	909	(14.5%)
Australia Total		978	774	(26.4%)
Sierra Rutile		1,444	1,678	13.9%
Total		1,031	916	(12.5%)

MINERAL SANDS OPERATIONS RESULTS

	Revenue		EBITDA		EBIT	
$ million	2022	2021	2022	2021	2022	2021
Jacinth-Ambrosia / Mid-West	778.9	599.6	512.4	383.1	465.9	335.0
Cataby / South West	753.4	639.1	452.9	339.7	366.7	241.1
Rare Earths	-	-	-	-	-	-
SRL	203.6	232.7	66.4	20.9	90.6	17.1
Idle Ops	0.4	14.4	(7.7)	3.2	(17.8)	33.7
Support and corporate	-	-	(98.3)	(113.0)	(94.7)	(107.3)
Elimination - interco sales	(8.9)	-	(8.9)	-	(8.9)	-
Total	1,727.4	1,485.8	916.8	633.9	801.8	519.6

Jacinth-Ambrosia/Mid West

Production volumes		2022	2021	change %
Zircon	kt	243.7	271.2	(10.1%)
Rutile	kt	20.7	30.3	(31.7%)
Total Z/R production		**264.4**	**301.5**	**(12.3%)**
Ilmenite	kt	137.1	127.7	7.4%
Monazite concentrate	kt	-	57.7	n/a
Total saleable production	**kt**	**401.5**	**486.9**	**(17.5%)**
HMC Produced	kt	351	264	33.1%
HMC Processed	kt	458	453	1.1%
Unit cash cost of production - zircon/rutile/SR	S/t	727	563	29.1%
Mineral Sands revenue	**$m**	**778.9**	**599.6**	**29.9%**
Cash costs of production	$m	(192.3)	(169.6)	(13.4%)
Inventory movement - cash	$m	(32.6)	(7.1)	(359.2%)
Restructure, idle capacity and other non-production costs	$m	(2.1)	(2.9)	27.6%
Government royalties	$m	(29.0)	(21.6)	(34.3%)
Marketing and selling costs	$m	(10.5)	(15.2)	30.9%
Asset sales and other income/(expenses)	$m	-	(0.1)	n/a
EBITDA	**$m**	**512.4**	**383.1**	**33.8%**
Depreciation and amortisation	$m	(49.3)	(43.8)	(12.6%)
Inventory movement - non-cash	$m	(0.3)	5.4	n/a
Rehabilitation costs for closed sites	$m	3.0	(9.7)	n/a
EBIT	**$m**	**465.8**	**335.0**	**39.0%**

While the Narngulu MSP continued to run near capacity through 2022, zircon and rutile **production** was lower than the previous comparative period as lower zircon assemblage in the Jacinth North deposit affected final product separation, though more ilmenite was recovered.

Mineral sands revenue increased 30% to $779 million (2021: $600 million) as prices increased throughout the year in response to tight global supply, especially in the zircon market.

Cash costs of production were 13% higher as increased fuel, consumables, and labour costs impacted mining and concentration costs.

The **inventory movement** reflects continued drawdown of HMC stocks. Total inventory balances (WIP and finished goods) decreased by $26 million to $236 million at 31 December 2022, reflecting lower inventory levels offset by higher unit costs.

Depreciation and amortisation charges increased 13% from the previous corresponding period due to increased amortisation of rehabilitation assets.

Marketing and selling costs were 31% lower as global shipping costs normalised through 2022 following the disruptions caused by the global pandemic and recoveries for shipping costs from customers were adjusted.

Government royalties rose to $29 million as HMC haulage volumes increased, continuing to draw down inventory at Jacinth-Ambrosia, with the royalty being charged when HMC leaves the mine gate, regardless of timing of sale.

Cataby/South West

Production volumes		2022	2021	change %
Zircon	kt	55.0	48.9	12.5%
Rutile	kt	34.4	37.0	(7.0%)
Synthetic rutile	kt	237.6	198.7	19.6%
Total Z/R/SR production		**327.0**	**284.6**	**14.9%**
Ilmenite - saleable and upgradeable	kt	419.0	383.9	9.1%
Total saleable production	**kt**	**746.0**	**668.5**	**11.6%**
HMC Produced	kt	501	541	(7.4%)
HMC Processed	kt	566	470	20.3%
Unit cash cost of production - zircon/rutile/SR	S/t	985	747	24.6%
Mineral Sands revenue	**$m**	**753.4**	**639.1**	**17.9%**
Cash costs of production	$m	(322.1)	(212.5)	(51.6%)
Inventory movement - cash	$m	47.5	(59.5)	n/a
Restructure, idle capacity and other non-production costs	$m	(3.1)	(7.7)	59.7%
Government royalties	$m	(16.5)	(11.2)	(47.3%)
Marketing and selling costs	$m	(6.7)	(8.9)	24.7%
Asset sales and other income	$m	0.4	0.4	-
EBITDA	**$m**	**452.9**	**339.7**	**33.3%**
Depreciation and amortisation	$m	(91.4)	(81.0)	(12.8%)
Inventory movement - non-cash	$m	10.1	(16.6)	n/a
Rehabilitation costs for closed sites	$m	(4.9)	(1.0)	(390.0%)
EBIT	**$m**	**366.7**	**241.1**	**52.1%**

The SR2 kiln operated throughout the year, achieving record annual production, and the SR1 kiln commenced operation in December, resulting in a total of 238 kt synthetic rutile production. Cataby mine produced 469 kt HMC.

Mineral sands revenue increased 18% from higher prices across all products, largely driven by increased demand for high grade titanium feedstocks for the pigment market.

Cash costs of production increased to $322 million reflecting both the higher synthetic rutile production in the year and also higher costs for labour, consumables, transportation, and fuel.

A return of ilmenite feed and work-in-progress stockpiles to more sustainable levels for future production impacted inventory movement following major drawdowns in 2021.

Higher **government royalties** were driven from higher sales revenue.

Marketing and selling costs dropped commensurate with the lower average sea freight costs through 2022.

The return of the SR2 kiln to full production following the 2021 maintenance shutdown resulted in a drop in idle costs and an increase in depreciation, which was also higher with the commissioning and commencement of operation of the SR1 kiln.

Sierra Rutile

Production volumes		2022	2021	change %
Zircon	kt	4.0	4.1	(2.4%)
Rutile	kt	84.0	129.3	(35.0%)
Total Z/R/SR production		**88.0**	**133.4**	**(34.0%)**
Ilmenite	kt	34.8	52.1	(33.2%)
Total production	kt	122.8	185.5	(33.8%)
HMC Produced	kt	197	301	(34.5%)
HMC Processed	kt	200	312	(35.7%)
Unit cash cost of production	$/t	1,467	1,402	4.7%
Mineral Sands revenue	**$m**	**203.6**	**232.7**	**(12.5%)**
Cash costs of production	$m	(129.1)	(187.0)	31.0%
Inventory movement - cash	$m	(2.2)	(4.0)	45.0%
Restructure, idle capacity and other non-production costs	$m	(2.4)	(15.1)	84.1%
Government royalties	$m	(1.0)	(4.7)	78.7%
Marketing and selling costs	$m	(2.5)	(1.0)	(150.0%)
Asset sales and other income/(expenses)	$m	-	-	n/a
EBITDA	**$m**	**66.4**	**20.9**	**217.7%**
Depreciation and amortisation	$m	(0.9)	(43.2)	97.9%
Inventory movement - non-cash	$m	(0.5)	(1.0)	50.0%
Rehabilitation and holding costs for closed sites	$m	-	40.4	n/a
Impairment	$m	25.6	-	n/a
EBIT	**$m**	**90.6**	**17.1**	**429.8%**

Sierra Rutile was demerged on 4 August 2022 and its shares were distributed to Iluka shareholders. The results above reflect operations for 7 months of 2022.

Idle Operations

		2022	2021
Mineral Sands revenue	**$m**	**0.4**	**14.4**
Cash costs of production	$m	(6.6)	(10.0)
Inventory movement - cash	$m	7.2	3.6
Restructure, idle capacity and other non-production costs	$m	(7.3)	(7.7)
Government royalties	$m	(1.7)	(0.5)
Marketing and selling costs	$m	(0.2)	1.5
Asset sales and other income	$m	0.5	1.9
EBITDA	**$m**	**(7.7)**	**3.2**
Depreciation & amortisation	$m	(0.8)	(0.2)
Inventory movement - non-cash	$m	-	(0.4)
Rehabilitation and holding costs for closed sites	$m	(9.3)	31.1
EBIT	**$m**	**(17.8)**	**33.7**

Discontinued and idle operations reflect rehabilitation obligations in the United States (Florida and Virginia) and certain idle assets in Australia (Murray Basin). Revenue in 2022 represented sale of remnant HyTi and ilmenite in the United States as warehouses are cleaned out.

Cash costs of production were largely driven by activities associated with product transportation and processing costs for Murray Basin inventory transfers to the synthetic rutile kiln.

In 2021, **rehabilitation costs** reflected a significant decrease in the United States rehabilitation provision, with changes for closed sites taken directly to profit and loss. The reduction came as Virginia operation discussions with the regulator reached a successful conclusion and agreements were reached with landholders.

Movement in Net Cash

Movement in net debt ($million)	H1 2022	H2 2022	H1 2021	H2 2021
Opening net cash (debt)	**294.8**	**600.3**	**50.2**	**220.1**
Operating cash flow	481.0	230.2	306.6	221.1
Exploration	(4.4)	(5.9)	(3.8)	(4.2)
Interest (net)	(0.1)	4.8	(0.8)	(0.3)
Tax	(52.4)	(51.7)	(84.7)	(65.2)
Capital expenditure	(71.4)	(81.2)	(16.7)	(36.9)
Dividends received - Deterra	12.3	23.3	2.6	12.2
Government grants	-	-	(13.9)	-
Settlement of IFC put option	(11.5)	-	-	-
Investment in Northern Minerals	-	(20.0)	-	-
Principal element of lease payments AASB 16	(3.9)	(4.9)	(3.8)	(2.8)
Asset sales	-	-	0.1	1.9
Share purchases	-	-	(6.3)	(5.6)
Free cash flow	**349.6**	**94.5**	**179.3**	**120.2**
Dividends	(47.7)	(99.1)	(7.9)	(47.4)
Net cash flow	**301.9**	**(4.6)**	**171.4**	**72.8**
SRL cash demerged	-	(105.6)	-	-
Exchange revaluation of USD net debt	3.8	(1.5)	(1.2)	2.3
Amortisation of deferred borrowing costs	(0.4)	-	(0.3)	(0.3)
Increase in net cash/(debt)	**305.3**	**(111.8)**	**169.9**	**74.8**
Closing net cash/(debt)	**600.1**	**488.6**	**220.1**	**297.9**

Non-IFRS Financial Information

	JA/MW	C/SW	US/MB	SRL	RE	Expl & Oth	Mineral Sands	Corp	Group
Mineral sands revenue	778.9	753.4	0.4	203.6	-	(8.9)	1,727.4	-	1,727.4
AASB 15 freight revenue	58.6	28.9	-	-	-	-	87.5	-	87.5
Expenses	(325.1)	(329.4)	(8.1)	(137.2)	-	(41.5)	(841.3)	-	(841.3)
Share of profit in associate	-	-	-	-	-	-	-	29.6	29.6
FX	-	-	-	-	-	-	-	14.4	14.4
Corporate costs	-	-	-	-	-	-	-	(71.2)	(71.2)
EBITDA	**512.4**	**452.9**	**(7.7)**	**66.4**	**-**	**(50.4)**	**973.6**	**(27.2)**	**946.4**
Depn & Amort	(49.2)	(91.4)	(0.8)	(0.9)	-	(0.2)	(142.5)	(2.9)	(145.4)
Inventory movement - non-cash	(0.3)	10.1	-	(0.5)	-	-	9.3	-	9.3
Rehabilitation for closed sites	3.0	(4.9)	(9.3)	-	-	-	(11.2)	-	(11.2)
Demerger gain	-	-	-	-	-	-	-	(23.6)	(23.6)
Impairment	-	-	-	25.6	-	0.1	25.7	0.6	26.3
EBIT	**465.9**	**366.7**	**(17.8)**	**90.6**	**-**	**(50.5)**	**854.9**	**(53.1)**	**801.8**
Net interest costs	(0.6)	(0.7)	(0.1)	(0.2)	-	-	(1.6)	1.0	(0.6)
Rehab unwind and other finance costs	(2.7)	(3.2)	0.9	5.1	-	-	0.1	-	0.1
Profit Before tax	**462.6**	**362.8**	**(17.0)**	**95.5**	**-**	**(50.5)**	**853.4**	**(52.1)**	**801.3**
Segment result	**462.6**	**362.8**	**(17.0)**	**95.5**	**-**	**n/a**	**903.9**	**n/a**	**903.9**

Exploration

Exploration is managed through a structured, stage-gated process considering a risk weighted analysis of technical and economic factors. Near mine exploration seeks to add value in areas adjacent to Iluka's existing assets, where synergies can deliver additional value through mine life extension or progressive development. New mine exploration focusses on identifying new high quality mineralisation that can deliver a new operation and longer term growth.

Please refer to the Ore Reserves and Mineral Resources Statement section on page 168-173.

Generation and External Opportunities

Iluka is focused on identifying opportunities within Australian and North American jurisdictions to augment the existing project pipeline. The past year has seen Iluka continuing to focus on traditional mineral sands prospects while expanding into rare earth exploration search spaces.

Australia

During 2022 activity primarily centred around increasing geological definition of Resources associated with operations and feasibility programmes in South Australia, Victoria, New South Wales and Western Australia.

At Atacama in South Australia, a total of 49,884 metres were drilled in 1,145 holes focused on the geological and metallurgical assessment programs aligned to the project's preliminary feasibility study. Drilling and sampling activities were carried out in support of the preliminary feasibility study at Wimmera in Victoria and Tutunup in Western Australia, and the definitive feasibility study at Balranald in New South Wales. Additionally, various other programmes were focused on the evaluation of historic magnetic and non-magnetic by-products for potential monazite and ilmenite feedstocks from the Murray Basin, the Mid West and South West of the Perth Basin.

At the Cataby operations in Western Australia, drilling was undertaken as part of normal life of mine and future-pit definition activities. A total of 247 holes were completed for a total of 9,678 metres.

Regional exploration drilling was completed at the Hughenden (Queensland) and Sherwood (New South Wales) greenfield exploration projects. Both programs were designed to advance the geological understanding of the regions to assess regional prospectivity and suitability to host economic critical minerals deposits. The next steps for Hughenden will be determined when all assays are returned. Drilling will recommence at Sherwood in 2023 pending additional land access and drill rig availability.

Iluka successfully progressed a number of access agreements with Traditional Owner groups across Western Australia and South Australia. The signing of these agreements has allowed progression of these tenements to grant, providing access to two new, large conceptual target testing. Field activities are planned to commence H2 2023 when all necessary approvals and clearances have been received.

United States

On ground exploration activity within the United States has centred primarily on identifying and testing new search spaces on the eastern seaboard. Following a review of geological settings a number of new search spaces were identified that were either poorly tested or previously overlooked due to limited geological understanding. Drilling has focused on building the understanding of the regional geological settings and their capacity to host significant critical mineral deposits. A total of 137 holes were drilled for a total of 4,241 metres during the second half of 2022. It is expected that additional drilling will be undertaken in 2023.

Rare Earth Exploration

As part of the diversification into rare earths, Iluka has commenced a review of potential exploration targets within both Australia and the United States. The review has included both internal and external opportunities hosted within all types of geological settings. Iluka will continue to assess as and when they arise. Four new tenement applications were submitted in Australia with a view to securing rights to explore for rare earth elements (REEs).

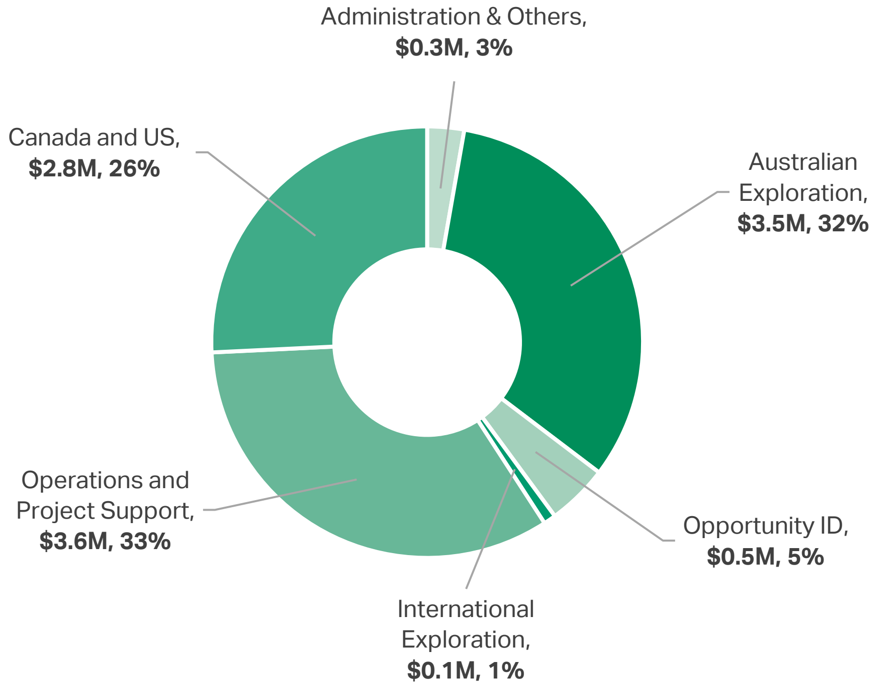
GRANTED TENEMENT POSITION AS AT 31 DECEMBER 2022

Region	Approx. square kilometres
Eucla Basin (SA & WA)	15,782.60
Murray Basin (NSW & VIC)	3,525.60
Perth Basin (WA)	740.00
Other - Australia (QLD)	1,790.70
Other - International	0.00
Total	**21,838.90**

TENEMENT APPLICATIONS AS AT 31 DECEMBER 2022

Region	Approx. square kilometres
Eucla Basin (SA & WA)	725.78
Murray Basin (NSW & VIC)	2,095.78
Perth Basin (WA)	501.64
Gippsland (VIC)	357.30
Other - Australia (QLD)	0.00
Other - International	0.00
Total	**3,680.50**

EXPLORATION AND GEOLOGY 2022 YTD AND DEC 2022 EXPENDITURE



PROJECTS

Iluka develops and gates projects in a disciplined manner towards execution subject to acceptable progress in the following areas: (i) confidence in satisfactory project risk-return attributes, (ii) high level of strategic alignment, and (iii) sequenced to take advantage of the economic and market outlook.

Iluka routinely produces the rare earth bearing minerals monazite and xenotime as by-products of mineral sands processing activities. Since the early 1990s the company has stockpiled these minerals at a former mining void at Eneabba, Western Australia. Since 2020 Iluka has taken an incremental phased approach to both developing Eneabba and the company's rare earth diversification opportunity.

Phase 1 of the development commenced operating in 2020 and produces a mixed monazite-zircon concentrate. Phase 2 further processes this product to produce a 90% monazite concentrate – a direct feed to a rare earths refinery; and a separate zircon-ilmenite concentrate. Phase 2 was completed in June 2022.

Phase 3, a fully integrated rare earths refinery for the production of separated rare earths, received final investment approval from the Iluka Board in April 2022. The decision was made following the completion of the feasibility study for the refinery and agreement of a strategic partnership with the Australian Government, including a $1.25 billion non-recourse loan under the Critical Minerals Facility administered by Export Finance Australia (EFA).

The refinery will have a total rare earth oxide capacity of 17.5-23 thousand tonnes per year and be fed initially by Iluka's Eneabba stockpile. Importantly, it will be capable of processing rare earth feedstocks sourced from both Iluka's portfolio and from a range of potential third party concentrate suppliers. Separated rare earth oxide production will include the high value rare earth oxides neodymium, praseodymium, dysprosium and terbium.

In June 2022 Iluka awarded Fluor Australia (Fluor) the contract to complete the Front End Engineering Design (FEED) and undertake Engineering, Procurement and Construction Management (EPCM) services for the Eneabba rare earths refinery.

All primary environmental approvals have been secured and bulk earthworks commenced at site in November. Commissioning is scheduled for 2025.

The Balranald development is located in the Riverina district of south western New South Wales. It is focussed on the rutile and zircon rich West Balranald deposit. Owing to its relative depth (approximately 60 metres below surface), Iluka has over several years assessed the potential to develop West Balranald via a novel, unmanned, remotely operated underground mining (UGM) technology.

This technology enables access to ore bodies previously thought uneconomic, with marked reductions in both environmental disturbance and carbon intensity relative to traditional extraction techniques.

The definitive feasibility study for Balranald was completed in late 2022. This has confirmed the technical and commercial viability of Iluka's UGM technology; and the company's Board approved the final investment decision for Balranald in February 2023.

Representing a capital investment of $480 million, Balranald will deliver approximately 250 jobs during construction and approximately 270 jobs during operation including contractors.

This development enhances Iluka's portfolio offering of high grade, high quality critical minerals products produced in Australia. This includes rutile, zircon, synthetic rutile and rare earths.

Furthermore, the technology has the potential to unlock other development opportunities that, owing to the depth, would be otherwise unavailable via conventional mining techniques. These opportunities include Iluka's existing critical minerals products (mineral sands and rare earths) and other commodities. Further evaluation of these opportunities will be undertaken post implementation of UGM technology at Balranald.

Located in Western Victoria, Wimmera is a potential multi decade source of both zircon and rare earths, including heavy rare earths.

The project's rare earth minerals are not technically challenging, with concentrate produced at Wimmera an attractive, long-term source of supplementary feed to Iluka's Eneabba refinery.

Since 2014, Iluka has invested substantially in resolving a range of technical challenges associated with Wimmera's zircon. This has included the challenge of physical separation (given the fineness of the Wimmera deposits), which the company resolved in 2018. More recently, Iluka's focus has centred on a purification process to address higher levels of uranium and thorium. Unaddressed, these impurities would render Wimmera's zircon ineligible for most key markets.

Absent a technical solution for the zircon purification, projects of this nature are generally economically challenged. Iluka benefits from the ability to generate returns from not only the rare earth concentrate but also the further processing to produce a rare earth oxide through the company's Eneabba refinery. As a result, Iluka has been able to declare a Mineral Reserve for Wimmera's rare earths as part of the commencement of the definitive feasibility study.

Iluka has proven the technical viability of a zircon purification process at lab scale and more recently at larger pilot scale. The next step is to demonstrate the viability of purification at a still larger scale. Iluka will continue to conduct pilot scale testing, with the goal of then demonstrating the commercial viability of zircon purification via a demonstration plant. This will be progressed alongside the DFS. The company considers this a prudent and appropriate step given the nature of the purification technology.

Wimmera's DFS is scheduled for completion by the end of 2025, at a cost of $30 million.

SYNTHETIC RUTILE KILN 1 (SR1) RESTART
WESTERN AUSTRALIA

SR1 is located at Capel, Western Australia, on the same site as SR2. SR1 was placed on care and maintenance in 2009. The restart of SR1 represents a low capital expenditure, low risk opportunity to produce an additional 110ktpa of synthetic rutile, in light of industry supply constraints. Iluka announced the execution of SR1's restart in August 2021.

Site and kiln refurbishment work was completed over 2022 and the kiln was restarted successfully in December.

ATACAMA
SOUTH AUSTRALIA

Atacama is a satellite deposit located approximately five kilometres from Iluka's existing operation at Jacinth-Ambrosia. The project is a logical extension for the operation and a potential source of zircon and synthetic rutile kiln feeds.

The project is currently the subject of a pre-feasibility study. Work in 2022 continued to focus on validating a processing solution to remove ilmenite contaminants. The study is scheduled for completion in early 2023; it is expected that a DFS would include a test pit to confirm trafficability of material.

EUSTON
NEW SOUTH WALES

The Euston deposit is a traditional mineral sands deposit. Located in western New South Wales, the deposit has significant zircon and rutile assemblages, with ilmenite feedstock as a possible supplement for Iluka's synthetic rutile kilns.

The development would be a traditional open cut, dry mine and provides Iluka optionality in its future developments. Preliminary feasibility study work was progressed in 2022.

2022 PROJECT PIPELINE

	EUCLA BASIN	MURRAY BASIN	PERTH BASIN
Select **Preliminary Feasibility Study** *Determine what it should be*	ACATAMA	EUSTON	SOUTH WEST DEPOSITS
Develop **Definitive Feasibility Study** *Determine what it will be*		WIMMERA	
Execute **Project execution** *Deliver the project*		BALRANALD	ENEABBA REFINERY
Producing **Operate and maximise** *Grow and improve*	JACINTH AMBROSIA		SR1 KILN SR2 KILN CATABY

RESOURCE

RESERVE

OTHER

SUSTAINABILITY REPORT

Message from the Sustainability Committee Chair

At the end of 2021, Iluka's Board determined to form a Sustainability Committee. This reflected the company's evolution and the priority we place on the integration of sustainable development throughout the business. I am most pleased to lead this committee, particularly in the context of the globally significant opportunities that are within Iluka's reach.

Trusted by our people and communities

The lifting of COVID-19 restrictions during 2022 enabled the Board to visit the company's operations in the South West – our first site visit since November 2019. We spent time engaging with employees on the criticality of safety and gained first-hand experience of our Critical Control Management programme. This programme has facilitated a reduction in Iluka's Serious Potential Incident frequency rate over the past year. In parallel, our TRIFR has increased, mainly due to soft tissue injuries and minor lacerations. We value the safety of our employees and contractors, first and foremost. The Board is focussed on supporting senior management to enhance our field leadership and implement strategies to improve our performance.

Of equal importance to physical safety is the creation of a psychosocially safe environment for our workforce. We have placed a priority on transparent and open conversations with our employees on these issues, the importance of speaking up and the avenues available to seek help and support. Implementation of training programmes relating to cultural awareness, mental health and expected behaviours are a key component in building workforce capability to achieve a safe, diverse and inclusive workplace.

Responsible for the environment

We are proud of our rehabilitation legacy and Iluka's rehabilitation team; in 2022 the team was recognised for its performance and innovation, achieving the prestigious Golden Gecko award for environmental excellence. We continued to demonstrate strong outcomes in this area, including the rehabilitation of 574 hectares in 2022 and the relinquishment of environmental obligations at our Wagerup mineral sands mine in Western Australia.

Operate in and provide products for a lower carbon world

As the Chairman and Managing Director have noted, rare earths are among the essential building blocks of the transition to an electrified, lower carbon economy. We cannot decarbonise without them. Iluka's diversification into rare earths – to occur via the development of Australia's first fully integrated rare earths refinery at Eneabba – provides a unique opportunity to support this transition through the company's critical minerals product suite.

Iluka is also focussed on carbon reduction in its operations. In 2022 we focused on identifying potential decarbonisation pathways in the period to 2030 and over the longer term to 2050. The solutions we require to decarbonise our business are technically complex and require significant development before they become commercially viable. To support this process, the Board is pleased to welcome Colin Nexhip, who joined Iluka as Chief Technical Officer in January 2023. Colin will lead Iluka's climate change programme, including the investigation and development of potential decarbonisation opportunities.

I look forward to keeping you updated as Iluka continues to improve its sustainability performance.

Thank you for your interest.

Marcelo Bastos
Independent Non-Executive Director

Sustainability at Iluka

Iluka's sustainability priorities are defined in its three-year sustainability strategy.

Iluka's goal is to be a safe, responsible and sustainable supplier of critical minerals. To achieve this, the strategy is structured around three pillars:

- **Trusted by our people and communities**: To engage and build the capability of Iluka's workforce, prioritising health, safety and wellbeing, and embed a consistent and open approach to relationships with the communities where Iluka operates.
- **Responsible for our environment**: To be cognisant of the impact of Iluka's operations on the environment and maximise the efficiency in how the company operates.
- **Operate in and provide products for a lower carbon world**: To recognise that the manner in which Iluka operates and evolves its business can reduce the company's carbon footprint and provide opportunities to support the transition to a lower carbon economy.

Iluka's approach to sustainability is aligned with recognised principles and frameworks; and contributes to the advancement of the United Nations Sustainable Development Goals. Iluka is committed to integrating sustainability into everyday business practices and to the continuous improvement of the company's sustainability performance.

Underpinning the company's approach is Iluka's commitment to transparency, behaving ethically and conducting business in accordance with high standards of corporate governance through comprehensive systems and processes.

The Iluka Board Sustainability Committee assists the Board in reviewing progress made against the sustainability strategy. Responsibilities include oversight of performance and compliance with legislation, and management of health, safety, environmental, social and governance risks and impacts. The Committee also monitors the effectiveness of company strategies, policies and standards as they relate to sustainability.

This Report summarises Iluka's approach and performance for priority topics determined by the 2022 sustainability materiality assessment. Case studies and a separate Sustainability Data Book outlining key performance information for 2022 and historical reporting periods, are available at **www.iluka.com**.

Iluka reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. GRI 1: Foundation 2021 has been applied, in addition to the G4 Sector Disclosures for Mining and Metals 2013. Refer to the GRI content index in the 2022 Sustainability Data Book.

Trusted by Our People and Communities

18%	decrease in SPIs from 2021 (18 in 2022, 22 in 2021*) **data excludes SRL*
6.9	TRIFR up from 5.1 TRIFR in 2021
24%	total women representation across workforce
4.6%	Aboriginal and Torres Strait Islander peoples in total Australian workforce, including 21% at Jacinth-Ambrosia
1st	Iluka Supplier Code of Conduct launched

Health, Safety and Wellbeing

Protecting the safety, health and wellbeing of Iluka's people is its highest priority.

APPROACH

Iluka's focus on health, safety and wellbeing is centred on creating a culture where all employees are leaders in promoting a safe working environment. This includes work to identify, assess and control risks, reduce the potential for occurrences of occupational illness and injury, and promote healthy lifestyles.

This approach is supported by Iluka's Health, Safety, Environment and Community Management System, comprising Group Standards that define minimum performance requirements across 14 key areas: risk and hazard management; contractor management; leadership and training; emergency and crisis preparedness; and audit and assurance.

Group Standards require Iluka's workforce to be proficient in the requirements for a safe and healthy workplace for employees and contract partners. Employees are empowered to actively identify and control hazards in the workplace by task based risk assessments and critical control checks. Frontline leaders utilise risk management tools to verify that hazards are effectively controlled. Contract partners are selected, engaged and managed to ensure they meet Iluka's performance requirements through prequalification and ongoing support during their contract period.

Iluka's health, safety and wellbeing programmes include the:

» **Safe Production Leadership programme**, a back-to-basics initiative which equips frontline leaders with the skills and knowledge of Iluka systems and requirements through classroom based education and competency assessments.

» **Safety Visit Programme**, a positive leadership tool focused on behaviours and risk for specific tasks. It aims to increase visibility of frontline leaders through thematic discussions between the Iluka Leadership Team and those undertaking the task, generating opportunities to engage with all levels of the workforce to identify safety improvements.

» **Critical Control Management (CCM) programme** engages employees in the identification, elimination, control and mitigation of fatality risk. CCM provides confidence that health and safety material risks are being effectively managed, through a combination of programme assurance, good governance and improved frontline knowledge of critical risks and controls.

» **Occupational Hygiene Programme** monitors potential workplace exposures which may impact health. In line with Iluka standards and guidelines, monitoring programmes are based on qualitative and quantitative risk assessments. Through the operational risk profile, programmes typically focus on monitoring exposure to airborne contaminants including respirable dust, respirable crystalline silica, inhalable dust, noise and radiation.

Iluka prioritises the mental health and physical wellbeing of employees through a number of initiatives including a dedicated wellbeing portal on the Iluka intranet for resources, tools and techniques to enhance wellbeing; the provision of mental health first aid training for employees and supervisors; and participation in awareness and fund raising events. An Employee Assistance Programme is available as a confidential support service that can help employees and their immediate families address a wide range of work and life challenges.

Iluka has introduced its Mental Health Awareness eLearning module, which was developed in partnership with The Mental Health Project and designed to align to the Western Australia Department of Mines, Industry Regulation and Safety Mentally Healthy Workplaces guidelines. LifeLine WA's mental health first aid training is also in place for appointed employees throughout the business.

To ensure business continuity, Iluka maintains its emergency preparedness for managing the impacts of the COVID-19 coronavirus. Across Iluka's business, changes in government directives and outbreaks are monitored. Specific COVID-19 management controls are maintained for each operation and corporate support offices as required.

PSYCHOSOCIAL SAFETY AND WELLBEING

Iluka's internal cross-functional psychosocial safety and wellbeing working group was established in response to the Australian Human Rights Commission *Respect@Work Report 2020*. Previously focused on sexual harassment, the working group's objectives have expanded to cover leadership and culture; risk assessment and transparency; safety and amenity of accommodation villages; measurement; knowledge and training; employee support; and victim reporting and external developments.

Iluka is a member of the Western Australian Chamber of Commerce and Industry's safe and respectful behaviours industry working group, which helps the company to align its actions to the recommendations of the Western Australian Government *Inquiry into Sexual Harassment Against Women in the FIFO Mining Industry 2021*.

2022 HIGHLIGHTS

- Developed a company-wide action plan to support safe and respectful behaviours at Iluka incorporating internal focus groups, engagement surveys and risk assessments.
- Awarded the Virginia Mineral Mine Safety Award for Open Pit Operations in the category of 10,000 to 30,000 hours worked, recognising the safety performance of Iluka's U.S. operations in 2020.
- Focused efforts to reduce the frequency and repetitive nature of soft tissue injuries and lacerations, including:
    - Increased visible presence of senior leaders at operational sites.
    - Early physiotherapy intervention and treatment on-site to minimise musculoskeletal injuries and severity.
- Iluka's CCM programme was embedded across all Australian operating sites, with 338 employees and 145 contractors completing CCM training during 2022. The decrease in serious potential incidents (SPIs) can partly be attributed to the maturity of this programme.
- 65 Safe Production Leadership training sessions were conducted during the year, with 569 employees and 144 contractors participating.

Read more about safety, health and wellbeing at Iluka on **www.iluka.com**.

Our People

Iluka is focused on building and maintaining an engaged, diverse and capable workforce.

APPROACH

Over 950 people globally are employed by Iluka and its subsidiaries, including 914 personnel in Australia[1]. Iluka's business is supported by a contractor workforce of over 800 people.

The Executive and Board recognise the importance of driving positive outcomes through the company's culture, as well as enabling a workplace where employees want to make a difference. Iluka's desired culture is one that aligns with the company's values and reflects openness, integrated working, collective accountability and operating with a sense of urgency.

Iluka recognises the need for a strong employee offering in order to attract a broad range of talent and build robust future pipelines. To support this, several internal working groups have been established to actively drive initiatives covering workplace behaviours and conduct, culture, diversity and inclusion across the business.

Iluka's People Policy and Diversity and Inclusion Policy guide the company's approach to recruiting, developing and retaining an engaged, diverse and inclusive workforce. Senior leaders promote diversity and inclusion; and integrate these principles into company activities such as recruitment, training talent and succession management.

Iluka respects and encourages workplace diversity and inclusion. Iluka aims to have a workplace that is representative of the wider communities in which the company operates. In Australia, Aboriginal and Torres Strait Islander workforce participation is just under 5%, which is reflective of good participation at Iluka's Jacinth-Ambrosia and Narngulu operations.

[1] This represents a substantial change in Iluka's workforce following the demerger of Sierra Rutile Limited in 2022. At the time of the demerger there were over 2,100 Sierra Rutile employees.

CAPABILITY AND DEVELOPMENT

Employee development is a priority at Iluka. Through annual strategic workforce, talent management and succession planning processes, Iluka identifies critical skills required and invests in building capabilities throughout the organisation. A key priority is the progression of workforce planning for the Eneabba refinery.

The Australian resources industry continues to face challenges in workforce availability, particularly in critical skills disciplines. In response, Iluka focuses on the development of its people and invests in building talent pipelines at early career stages.

Iluka's formal development initiatives include a two-year graduate programme; vacation internships; student scholarships; bespoke leadership programmes; and support for employees to pursue formal education through courses and degrees.

To facilitate employment pathway opportunities for Aboriginal and Torres Strait Islander employees, Iluka offers traineeship opportunities for students through education partnerships including the Clontarf Foundation and SHINE Academy. In the Mid West region Iluka currently has three alumni from the Clontarf Foundation and SHINE Academy permanently employed.

EMPLOYEE ENGAGEMENT

Iluka's objective is to meaningfully engage with all its employees. Information obtained through continuous engagement enables Executive and senior leaders to understand employee concerns, identify and manage risk and material issues, and seek opportunities for improvement.

Employee engagement surveys are conducted regularly to gather feedback on employees' experiences and identify areas for focus and business improvement. The 2022 survey focused on the five key themes: safety and wellbeing; diversity and inclusion; Speaking Up and harassment; culture; and employee engagement. A strong overall employee engagement score was achieved, with 77% of employees participating. Employee engagement is measured by the benchmark question of *'I would recommend Iluka as a great place to work'* with a score of 72/100 achieved.

2022 HIGHLIGHTS

» Refreshed Iluka's diversity and inclusion strategy to focus on building a diverse, high performing workforce that is representative of the communities in which the company operates. A series of employee focus groups and conversations were conducted to support the diversity and inclusion review.

» Launched Iluka's Leadership Skills Series, formerly the company's Emerging Leader programme, redesigned to provide a flexible and modular way of reaching a wider group of frontline leaders in operational and corporate roles.

» 13 frontline leaders completed their Certificate IV in Leadership and Management.

» 82 apprentices and trainees are working across the Australian operations, representing a 70% increase from 2021.

» Awarded three scholarships in Metallurgy and Chemical Engineering in partnership with the Western Australian Mining Club and two Playford Trust scholarships in Mining Engineering in South Australia.

Radiation Management

Iluka seeks to be recognised and trusted as an industry leader on radiation management.

APPROACH

Mineral sands, as with other mineral ores, contain some level of naturally occurring radioactive material (NORM). This is associated with low level, naturally occurring potassium, uranium and thorium contained within the grains of the minerals: monazite, xenotime, zircon and some ilmenites. Any activity in which material containing radiation is extracted from the earth and processed, can potentially concentrate NORM in the final products, co-products and residue materials.

Iluka identifies, assesses and controls risks associated with exposure to radiation from NORM and man-made sealed sources. Radiation exposure sources can be found within Iluka's processing plants and laboratories, instrumentation and through all phases of activities, from exploration, project development, operations, rehabilitation and closure.

Radiation management practices are aligned with international best practice, including the International Commission on Radiological Protection (ICRP), International Atomic Energy Agency (IAEA) and applicable jurisdiction legislation. These practices include the responsible and safe management of waste, ensuring it is disposed of in accordance with relevant legislation as documented in site-specific radioactive waste management plans. These practices are regularly reviewed to capture updates, changes and revisions to international, national and state level requirements.

In line with Iluka's Radiation Management Standard and site-specific radiation management plans, the company ensures exposure to radiation meets prescribed statutory limits and is as low as is reasonably achievable (ALARA), taking economic and societal factors into account. All Iluka radiation management plans are reviewed by the relevant national, state or territory government regulator against defined requirements before any approval to operate is granted. Once approved, these become licence conditions and obligatory standards which must be complied with to maintain a regulatory licence to operate.

Iluka recognises the importance of maintaining and enhancing the technical skills of its radiation specialists, and ensuring the basic literacy in radiation management is broadly understood across the workforce. Iluka's radiation specialists maintain their technical competencies through regular training and development.

Iluka collaborates with leading associations, such as the Radiation Services division of the Australian Nuclear Science and Technology Organisation (ANSTO). Specialists hold individual memberships to the *Australasian Radiation Protection Society* (ARPS), in addition to several current positions on the *Australasian Radiation Protection Accreditation Board* (ARPAB).

2022 HIGHLIGHTS

» Developed a radiation safety development programme for radiation technicians and safety officers. In collaboration with the Radiation Services division of ANSTO, the radiation safety training component was developed and delivered to operational line managers, Executive team and the Iluka Board.

Communities and Indigenous Relations

Iluka seeks to establish and maintain open relationships with communities for mutual benefit; and share the value its business creates.

APPROACH

Iluka values the relationships it has with the communities associated with its operations and activities, and works in accordance with Iluka's Social Performance Standard and related procedures, which provide a framework for mandatory social performance requirements. Annual assessments and internal reviews are conducted to ensure compliance against this framework and to pursue improvements in Iluka's social performance practices.

Potential impacts on communities and social risks to the business are managed using an evidence-based approach to understand community needs and expectations. As part of an integrated project engagement process Iluka completes and reviews social baseline studies, socio-economic and environmental impact assessments and collects community sentiment data.

Iluka's community and stakeholder engagement is consistent across the company's operating regions, adapting to the specific circumstances of each region. Engagement programmes are implemented to support project development and formal government approvals processes. Iluka has an online information and feedback mechanisms for communities and stakeholders which can be found at **www.iluka.com/engage**.

All Iluka sites have a locally-appropriate grievance mechanism, as described in Iluka's Grievance Management Procedure, which aligns to the United Nations Guiding Principles on Business and Human Rights.

Recognising and respecting people's human rights and cultural heritage are embedded in the company's values, policies and standards. Iluka acknowledges the important connection that Indigenous people have with country and seeks to work together to build constructive and respectful relationships.

Iluka's Aboriginal Cultural Awareness programme aims to develop the capability of employees to build and maintain strong, effective relationships with Aboriginal and Torres Strait Islander people in Australia. These relationships extend from Board level through to day-to-day relationships at Iluka's operational sites. In consultation with Traditional Owners, Cultural Heritage Management Plans are developed and implemented where sites of cultural heritage significance are identified.

Iluka has two agreements in place with Traditional Owners. In South Australia, Iluka's Native Title Mining Agreement with the Far West Coast (FWC) Native Title holders has been in place since 2007 at Iluka's Jacinth-Ambrosia operations. In Western Australia, Iluka has a voluntary agreement with the Yued Noongar People for the company's Cataby operations. A formal relationship between Iluka and the Yamatji Nation of Western Australia's Mid-West regions is being pursued with a focus on jobs and training in the region.

CREATING VALUE

Direct and indirect economic benefits are created in the communities in which Iluka operates. This includes employment and local procurement opportunities; investment in community infrastructure and services; taxes and payments to governments; payments to landowners and community groups; and sponsorships and partnerships.

Contractors and suppliers form an integral part of Iluka's value chain. Australian operations collectively engage over 1,800 suppliers, of which approximately 95% are located within Australia.

Guided by the Iluka Procurement Policy and supporting processes, Iluka aims to engage with businesses local to operations where possible, while ensuring the ethical and responsible sourcing of goods and services.

Iluka supports the transparent disclosure of taxes, royalties and fees to government, and publicly reports contributions annually in the Iluka Tax Transparency Report available online at **www.iluka.com/investors-media/financial-results**.

2022 HIGHLIGHTS

» Contributed $1.0 million in community investments in agriculture development, education, sponsorships and donations.

» Engagement with local communities and continued support community events such as Nati Frinj Festival at Wimmera, Five Rivers Festival at Balranald, Oysterfest at Ceduna and the Eneabba Merry Markets.

» Partnered with the Police and Community Youth Centre in Moora Western Australia to help young people obtain their driver's licence through the Drive to the Future programme.

» Introduced mandatory Cultural Competency e-learning modules for all Australian employees, which was developed in partnership with Arrilla, a Supply Nation-certified and majority Aboriginal owned and operated business. The Executive also participated in a Cultural Competency workshop to develop a better understanding of histories and cultures shared by Indigenous peoples.

» Introduced a Cultural Leave Policy to support Aboriginal and Torres Strait Islander employees to uphold any community or obligations they may have outside the workplace.

» Launched Iluka's Supplier Code of Conduct that specifies Iluka's procurement and respect for human rights expectations.

» Launched Iluka's new vendor portal to modernise and streamline the vendor onboarding management process for suppliers, including pre-qualification, requalification, data management and communication.

Read more on Iluka's work with Traditional Owners in the Sustainability Data Book and on **www.iluka.com/sustainability/case-studies-and-insights**.

Read more on Iluka's economic contributions in the **Sustainability Data Book**.

Human Rights

Iluka is committed to respecting human rights within its business and supply chain; and treating all people with dignity and respect.

APPROACH

Iluka's approach to respecting human rights is guided by the Code of Conduct and Human Rights Policy. Embedded in the People Policy and Health, Safety, Environment and Community Policy, the approach aligns with the United Nations Guiding Principles on Business and Human Rights.

Iluka seeks to identify potential human rights issues associated with the company's activities including instances of modern slavery in Iluka's supply chain. Human rights due diligence is embedded in Iluka's procurement processes, including new supplier selection and screening procedures. The company continues to mature its approach to modern slavery risk management through its procurement processes, with a framework for the ongoing management of modern slavery risk currently in development.

Stakeholders are consulted on human rights issues to identify and manage risks and provide an easily accessible complaints mechanism to resolve grievances in accordance with Iluka's Grievance Management Procedure. Employees gain awareness of human rights implications for the business by completing Iluka's mandatory human rights and modern slavery training module. Personnel are engaged by Iluka to provide security services in line with the Voluntary Principles on Security and Human Rights.

Iluka actively participates in the Australia-based Human Rights Resource and Energy Collaborative to develop industry-specific human rights remediation protocols and audit programmes. This group provides a forum for the resources and energy sectors to network and share knowledge on respect for human rights, including implementation of the *Australian Modern Slavery Act* 2018.

Progress on managing modern slavery risks is published in Iluka's annual Modern Slavery Statement available online at **www.iluka.com/about-iluka/governance**.

2022 HIGHLIGHTS

- Completed a third-party risk review of Iluka suppliers to assess the likelihood of modern slavery practices within these businesses, based on key risk factors.
- Introduced the requirement for new suppliers to complete a modern slavery questionnaire ahead of working with Iluka.

Responsible for our Environment

11	Level 3 or greater environmental incidents compared to 7 in 2021[2]
574ha	Land rehabilitated
	Winner Golden Gecko Awards for Environmental Excellence 2022

Biodiversity

Iluka seeks to protect biodiversity and ecosystem value, and prevent or limit adverse impacts through exploration, development, operational and rehabilitation phases.

APPROACH

Iluka owns, leases, manages and accesses a number of operational, rehabilitation and future project sites that contain areas of high biodiversity value in Australia. Iluka works to protect the biodiversity of sensitive environments and contribute to regional biodiversity through ecological and conservation efforts.

Guided by the Iluka Environmental Management Standard, the company's biodiversity management considers regional and local biodiversity needs and regulatory requirements. Biodiversity is managed at all Iluka sites through the implementation of environmental, rehabilitation and closure management plans.

The mitigation hierarchy of avoid, minimise, rehabilitate and offset is applied across all projects and operations. This incorporates a hierarchy of controls to address specific potential impacts identified during pre-mining biodiversity assessments and baseline studies. In particular, the Eneabba refinery is being developed on a brownfield site to avoid adverse impacts on the high biodiversity value of the Eneabba area. The Eneabba sandplain is part of the world-renowned biodiversity hotspot, supporting native vegetation known as Kwongan - an Aboriginal word for low, hard scrub and heathland. Kwongan vegetation of the Eneabba region is extremely diverse and includes many species, a large percentage of which are endemic to the region.

[2] In 2022 eleven Level 3 and above environmental incidents were recorded and relate to the release of turbid or saline water; minor spills of mineral containing NORM; and a recurring incident at Level 2 and below classification.

2022 HIGHLIGHTS

- Research continues on the movement ecology of Carnaby's Cockatoos *(Calyptorhynchus latirostris)* in the Cataby region as part of Iluka's partnership with Murdoch University's Harry Butler Institute. Significantly, the recording of a female bird at Cataby was confirmed to have been born approximately 70 kilometres north of Cataby. This indicates mixing and breeding between bird populations, and was the first recording since monitoring began 20 years ago.
- Contributing research to the global macroecology network DarkDivNet, the Iluka Chair in Vegetation Science and Biogeography at the Harry Butler Institute commenced a project looking at dark diversity of plant communities in undisturbed natural and rehabilitated areas at the Eneabba and Jacinth-Ambrosia mine sites.

Read more about biodiversity at Iluka on **www.iluka.com/sustainability/case-studies-and-insights**.

Water Stewardship

Water is a valuable and essential resource for Iluka's mining and processing activities. The company's practices balance environmental and social requirements within Iluka's operations catchments.

APPROACH

Water is used in all parts of Iluka's business, including exploration drilling, mining, processing, dust suppression, rehabilitation and for drinking and domestic use in accommodation camps.

All Iluka operations maintain a site-specific water management plan to guide responsible water use throughout the mine lifecycle and in the context of the local catchments. The Jacinth-Ambrosia and Cataby operations also have site-wide water balances in place. The company's water-related activities are regulated by relevant legislation in each jurisdiction and are subject to set quality and quantity thresholds.

Understanding the importance of the physical risks of climate change on water availability in the regions in which Iluka operates, the company has put in place suitable management and mitigation measures to ensure sustainable use and project longevity.

Water used in Iluka's operations can impact the surrounding water table and its quality. Water is predominately sourced from nearby groundwater aquifers and, in some instances, long-term use can potentially result in groundwater drawdown. Additionally, due to the reliance on groundwater for processing activities, water quality can also be altered. To minimise these impacts and reduce the amount of groundwater consumed, Iluka works to maximise the volume of water recycled within mining and processing operations.

Iluka has established group-wide metrics for measuring water consumption at all of its current operations. This will enhance our understanding of water consumed per tonne of product and identify opportunities to maximise water efficiency.

2022 HIGHLIGHTS

- Established an internal water accounting framework for all operational sites, allowing for automated real-time water consumption reporting. This is to develop a better understanding of water use and availability, and identify water resource efficiency initiatives.
- Improved surface water infrastructure at the Cataby operations to manage flows during high rainfall events. This was based on revised surface water flow modelling to improve the site's understanding of surface water.

Tailings Management

Iluka manages tailings storage facilities in a safe and responsible manner in line with best practice.

APPROACH

Iluka utilises engineered tailings storage facilities (TSFs) situated within mine voids or externally located to mine pits to manage process waste. This process waste comprises of clay, silt and sand-sized tailings. With exception to one TSF, embankments for Iluka's TSFs were constructed using downstream methods to final height.

Iluka applies a risk-based approach to actively mitigate potential impacts from TSFs on employees, local communities and the environment. Existing management systems are reviewed to facilitate alignment with the industry-recognised Australian National Committee on Large Dams (ANCOLD, 2019) guidelines, and the company continues to look at how the Global Industry Standard on Tailings Management may inform our future practices.

Iluka uses external, independent geotechnical specialists to support the assessment of the company's compliance with TSF guidelines and inform improvements in their management.

Iluka places importance on ongoing consultation with landholders adjacent to the company's mining operations and transparently discloses TSF information via the Global Tailings Portal.

Read more on Iluka's tailings management approach and register of TSFs in the **2022 Sustainability Data Book**.

Rehabilitation and Closure

Iluka's business, social and environmental objectives are to leave beneficial closure outcomes by planning and executing the rehabilitation and closure of assets in a manner aligned with leading practice.

APPROACH

Iluka is proud of the company's strong track record in mine rehabilitation and closure, spanning several decades. This performance is driven by the requirements set out in Iluka's Closure Standard and Social Performance Standard.

Successful mine closure requires an integrated approach, with planning commencing at the feasibility phase and continuing throughout the life of the asset. Closure planning processes include determining post mining land use; assessing closure risks and determining relevant closure objectives; undertaking research programmes necessary to address knowledge gaps; and developing rehabilitation management and engineering prescriptions. Planning is appropriate to the project or operational phase and is continually updated to reflect changes in operational activities and mining methods, and new information.

Given Iluka's 70 year history, land contamination may exist by virtue of the standards of the day, as opposed to any regulatory non-compliance. In addition to the ongoing environmental management of operating sites, any historical land contamination issues are addressed through a rigorous programme of assessment and management.

2022 HIGHLIGHTS

- Total rehabilitation expenditure exceeding $61 million.
- 257 hectares was rehabilitated across Iluka's Australian sites and 317 hectares across Iluka's sites in Virginia.
- Achieved relinquishment of environmental obligations of the Wagerup mineral sands mine following the completion of land rehabilitation that met Western Australian government requirements.
- Iluka was recognised for technological innovation in rehabilitation, with the bespoke Flora Restorer tractor-drawn machine named as a winner in the Western Australian Department of Mines, Industry Regulation and Safety's Golden Gecko Awards for Environmental Excellence 2022.

Read more about Iluka's legacy projects on **https://www.iluka.com/sustainability/case-studies-and-insights**.

Operate In and Provide Products for a Lower Carbon World

31	group training sessions conducted for Iluka's continuous improvement programme, CORE
✓	Approved a 9MW solar installation for the Cataby operation

Growth and Innovation

Iluka's ability to innovate and apply new technologies is vital in advancing the company's strategy, overcoming technical challenges and creating growth opportunities.

APPROACH

As Iluka's evolution continues, the company aims to generate growth options through exploration, innovation, project development and external growth opportunities.

Supported by a comprehensive approach to risk management, growth opportunities are validated as part of a disciplined process of project selection and evaluation to maximise the opportunity, achieve the desired outcomes and manage risk.

Iluka pursues innovation and applies new technologies to advance the company's business strategy and overcome technical challenges. Iluka maintains a strong technical capability in mineral sands development, mining and processing and has testing facilities that continually improves processing efficiencies and advances product development. This has driven the development of non-traditional mineral sands ore bodies and technology projects potentially transformative for Iluka and the industry. This includes projects at Balranald, Wimmera, Atacama and Eneabba; more information on these projects is available on pages 39-41.

Iluka recognises that a mindset of continuous improvement enables the company to improve and generate new opportunities. CORE, Iluka's continuous improvement programme, provides a framework and support for employees to identify, evaluate and implement improvements; and has been rolled out across all Australian operations.

Since its launch in 2021, CORE has reviewed over 400 improvement opportunities and implemented over 90 initiatives. Examples of improvement initiatives include relocating local control stations to eliminate confined spaces; streamlining contractor inductions; and installation of permanent tool boxes adjacent to frequently maintained equipment to reduce handling.

2022 HIGHLIGHTS

» Announced the final investment decision for the development of a fully integrated rare earths refinery at Eneabba. The refinery is a first of its type in Australia and will produce separated rare earth oxides from the highly valuable mineral sands co-product. More information about the Eneabba refinery and Iluka's strategic partnership with the Australian Government is on page 12.

» Integrated the ability to capture climate change-related business improvement opportunities in CORE to enable employees to contribute to Iluka's climate change effort. This included company-wide workshops to identify and capture emissions reduction opportunities across 100% of Iluka's business functions.

» The Iluka Board approved the final investment decision for Balranald. Iluka has over several years assessed the potential to develop Balranald via a novel, remotely operated, underground mining (UGM) technology.

Product Stewardship

Sustainable delivery of Iluka's products and minerals requires responsible business practices throughout Iluka's value chain.

APPROACH

Iluka's commitment to sustainability extends beyond delivery with the company working collaboratively with customers and stakeholders to identify, support and promote sustainable management and opportunities for responsible product use.

Product stewardship is integrated throughout the business and is guided by Iluka's Code of Conduct, Health, Safety, Environment and Community Policy, Procurement Policy and Human Rights Policy.

Innovative processing and technology under development by Iluka, aims to remove contaminants contained within zircon minerals at the company's Wimmera project. Removing the contaminants will ensure products continue to meet increasing regulatory requirements for transportation and for use in end markets. This technology could be applicable to other mineral sands deposits with similar contaminant issues.

Iluka's research and development work extends to identifying market opportunities for co-products produced as a necessary part of mineral sands mining and upgrading, as well as product reuse and recycling initiatives. Iluka has numerous co-products that generate revenue and limit waste production, handling and storage. These products include activated carbon; zircon-in-concentrate (ZIC); iron ore fines and iron man gypsum; and the aluminosilicate staurolite.

Rare earth bearing minerals produced as a co-product of Iluka's mineral sands processing activities are stockpiled at Iluka's Eneabba operation. To further upgrade the stockpiled rare earths, Iluka has constructed a screening plant and a beneficiation plant that will produce a suitable direct feed for the company's rare earths refinery, currently under construction. The refinery has been designed with a closed circuit system to enable the re-use and recycling of the water and reagents required for processing; and for the collection of by-products that can be sold to market.

Iluka's rare earths include the highly valuable light and heavy rare earths, essential for the manufacture of a range of clean energy and high-end technology solutions. Other rare earths minerals produced from Iluka's refinery, such as lanthanum and cerium, are necessary in the manufacture of catalytic converters for vehicle emission control of hybrid and petrol-fuelled cars, and in modern rechargeable batteries.

Iluka actively supports students in industry-related fields, providing scholarships, work experience opportunities and apprenticeships through a series of education partnerships and programmes. The company also actively supports research and participation in industry stewardship initiatives, such as the Zircon Industry Association and the Rare Earths Industry Association.

2022 HIGHLIGHTS

- » Commissioned Iluka's Eneabba beneficiation plant that will further upgrade stockpiled rare earth bearing minerals.
- » Completed a life cycle analysis of Iluka's titanium dioxide products process to better understand the greenhouse gas emissions profile of synthetic rutile and commenced planning for similar analyses on Iluka's rare earths and zircon products.
- » Joined the Rare Earths Industry Association to support Iluka's collaboration with other rare earths companies and downstream producers, and to contribute to the development of a diversified and critical supply chain.

Life Cycle Analysis of Titanium Dioxide

In 2022 Iluka commissioned an external Life Cycle Analysis (LCA) of the company's synthetic rutile production process to better understand the carbon footprint generated from synthetic rutile. The analysis included upstream mining and downstream pigment production processes, as well as emissions associated with chloride pigment produced using others' feedstocks and sulphate pigment production. Data was sourced from Iluka's own synthetic rutile production data for the 2021 calendar year and publicly available information on mining, processing and pigment production. Eight chloride pigment plants and five sulphate pigment plants were assessed for all the key feedstock types, including slags and natural ores, as proxies for all global pigment production. Iluka proposes to update the analysis over time as further data becomes publicly available.

An aspect of the carbon footprint analysis of Iluka's synthetic rutile production system was to compare it against other titanium feedstocks used within both sulphate and chloride pigment production processes. Preliminary results suggest the emissions intensity of Iluka's synthetic rutile (considering pigment production) is placed in the lowest quartile when compared to other titanium feedstocks.

From cradle to grave, the carbon emissions within both the sulphate and chloride pigment processes are driven by the upstream mining, beneficiation and potential processing undertaken by feedstock suppliers; and the intensity of processing requirements undertaken by pigment producers.

One of the main drivers of greenhouse gas emissions in the pigment supply chain is associated with the feedstock used, representing a large fraction of the emissions associated with the supply chain or influence the degree of processing required due to the average grade of the feedstock used. There is a trade-off between using high grade feedstocks (of which Iluka's synthetic rutile is one), which require significant processing prior to reaching the pigment plant; and using lower grade as-mined feedstocks, which require significant chemical input to produce finished pigment.

The analysis was conducted following the International Organization for Standardization, *Environmental management life cycle assessment principles and framework* ISO 14040:2006 and *Environmental management life cycle assessment requirements and guidelines*, ISO 14044:2006. The analysis is currently undergoing third party review in accordance with these standards.

Climate Change Response

Iluka recognises that the physical and transitional impacts of climate change may affect its assets, productivity, supply chains and markets. Iluka is committed to pursuing the reduction of its carbon footprint and to helping facilitate the transition to a lower carbon economy through the production of critical minerals.

APPROACH

Iluka accepts the Intergovernmental Panel on Climate Change (IPCC) assessment of climate change science and that climate change impacts are widely recognised. In 2021 Iluka published its first Climate Change Position Statement, which confirmed the company's aim to make a positive contribution to global decarbonisation goals.

The company's approach is disclosed in this Annual Report and Sustainability Data Book. Iluka's disclosure using the Taskforce on Climate-related Financial Disclosures (TCFD) framework is also presented in the Sustainability Data Book.

Iluka's approach is centred on three priorities:

MANAGING OUR EMISSIONS FOOTPRINT

Iluka reports Scope 1 and Scope 2 greenhouse gas (GHG) emissions annually, with data presented in the Sustainability Data Book. Guided by the Iluka Carbon and Energy Standard, all Iluka operations monitor their energy use and GHG emissions, and consider ways to reduce emissions and improve efficiency.

Iluka's own carbon emissions arise largely from the use of coal as a reductant in the production of synthetic rutile, a high-grade titanium feedstock; and through diesel use in mining operations. These emissions are challenging to abate. There is currently no proven commercially feasible alternative to the use of coal as a reductant in the synthetic rutile production process.

During 2022 potential decarbonisation opportunities to reduce Iluka's carbon footprint were identified and assessed. Specialist consultants supported Iluka in assessing short to medium term abatement options, as well undertaking a technology horizon scan to identify longer-term global technologies required for the transition toward net zero by 2050.

All identified abatement opportunities were initially assessed on their abatement potential, then ranked and prioritised on a marginal abatement cost curve. Abatement technologies were also considered against Iluka's current and future operations to determine potential decarbonisation pathways. Abatement opportunities for existing operations are at varying levels of maturity in relation to their current development phase, ranging from initial identification and evaluation through to detailed design.

To achieve Iluka's objectives and set emissions targets, further work is required to provide confidence in the feasibility of options available, as well as progress development on the range of abatement projects identified.

Iluka joined the Electric Mine Consortium in 2022 to further the company's efforts in finding longer term technology solutions, especially around the deployment of more energy efficient and lower carbon mining fleets. Iluka is actively involved in Consortium initiatives such as energy storage, mine design, light and auxiliary infrastructure, electrical infrastructure, and surface and long haulage.

CONTRIBUTING TO A LOWER CARBON ECONOMY THROUGH OUR PRODUCTS

Iluka's primary contribution is underpinned by the company's product suite producing critical minerals that are among the building blocks of a lower carbon economy. In addition, the high grade and high-quality products produced by Iluka have lower emissions impacts in use compared to alternatives and help to enhance the sustainability of various end-use applications as explained below.

Iluka's rare earths business puts the company at the forefront of global decarbonisation efforts, through the supply of its products. When complete, the Eneabba refinery has the potential to be a strategic hub for downstream processing of Australia's rare earth resources, producing separated rare earth oxides including high value neodymium, praseodymium, dysprosium and terbium. These rare earths are the building blocks of electrification – essential for the permanent magnets used in wind turbines and electric cars.

Zircon's opacity, thermal stability, resistance to corrosion and non-reactive properties are beneficial in a wide range of applications. Zircon has approximately a 16% lower Global Warming Potential than calcined alumina, the main alternative product, when used as ceramic whitener and opacifier in porcelain stoneware tile production. Using zircon generates lower overall environmental impacts in production versus calcined alumina, over a range of environmental indicators.

Titanium dioxide's resistance to heat, light and weathering assists in maintaining the quality of products for longer. Pigments containing titanium dioxide are used in approximately 95% of paints and are the main end-use of Iluka's rutile and synthetic rutile products. Titanium pigment in paint protects against UV and is heat and weather resistant, reducing maintenance and prolonging the life of structures. High grade titanium feedstocks, such as synthetic rutile, enable Iluka's pigment customers to operate their plants more efficiently, generate less waste and have lower impact on the environment.

BUILDING RESILIENCE TO CLIMATE-RELATED RISK

Iluka acknowledges the importance of increasing resilience to a variable and changing climate. The company takes steps to understand, assess and manage the risks and opportunities to the business and stakeholders, incorporating these into business strategy and investment decisions.

Iluka utilises scenario analysis to evaluate climate-related risks and opportunities. In 2022 Iluka conducted a review of transitional risks across its business and commenced the assessment of physical risks for its future growth projects (operating assets were assessed in 2019). For physical risks, 2°C and 4°C scenarios were applied for both 2030 and 2050 time horizons. The International Energy Agency (IEA) Sustainable Development Scenario (SDS) and Net Zero Emissions by 2050 (NZE2050) scenarios were applied for transition risks.

2022 HIGHLIGHTS

- Investigated alternative technologies to improve the carbon footprint of the synthetic rutile production process, identified potential shorter-term opportunities and scoped for a study of long-term options for reductant use including hydrogen technology development. Analysis of Scope 3 emissions associated with the production of synthetic rutile was also completed.
- Approved the development of a solar installation at the Cataby operation and entered into a power purchase agreement with a third party to install a 9 megawatt solar farm that is projected to abate approximately 10,700 tonnes of carbon dioxide per annum once fully operational.
- Introduced a hybrid solar diesel electricity facility at the Jacinth-Ambrosia operation, expected to reduce the site's Scope 1 emissions by up to 10% or 5,500 tonnes of carbon dioxide equivalent per annum. The solar farm is running at approximately 85% capacity at present.
- Implemented an internal shadow carbon price to be applied when evaluating the feasibility of future Iluka projects.
- Completed assessments for carbon sequestration opportunities on Iluka-owned land.

Read more about Iluka's Climate Change Position Statement online at **www.iluka.com/sustainability/transparency-hub**.

Iluka's TCFD response is detailed further in the **2022 Sustainability Data Book**.

Hybrid power solution at the Jacinth-Ambrosia operation online at **www.iluka.com/sustainability/case-studies-and-insights**.

Iluka's climate change ambitions

<table>
<tr><th>Iluka's objective</th><th>How it will be achieved</th><th>Decarbonisation activities</th></tr>
<tr><td>Over the short to medium term[a] identify and realise GHG emission abatement opportunities.</td><td>Identify, assess and deliver abatement opportunities to reduce Iluka's Scope 1 and Scope 2 emissions intensity where technically and commercially viable. This could include:

» Maximising the proportion of renewable energy supply available to current and future operations without reliance on storage technologies.
» Realising energy efficiency gains across mining and processing operations.
» Accessing the continued decarbonisation of grid-based electricity systems across Iluka's operations in Australia.
» Investigating avenues to reduce reliance on coal as a thermal energy source in the synthetic rutile production process.
» Considering the introduction of more efficient heavy vehicle mining fleets.
» Developing carbon offset projects on Iluka-owned land.</td><td rowspan="2">During 2023 Iluka aims to undertake the following activities aimed at decarbonisation:

» Install a 9 megawatt solar farm at the Cataby operation.
» Complete a detailed assessment of short-term efficiency and emissions intensity measures within the synthetic rutile production process.
» Progress a concept study of long-term alternatives to coal as a reductant in the synthetic rutile production process.
» Complete the detailed design of a pilot carbon farming project on Iluka-owned land at North Capel, which is projected to sequester approximately 30,000 tonnes of carbon dioxide equivalent over a 25-year period.</td></tr>
<tr><td>Achieve net zero Scope 1 and Scope 2 GHG emissions by 2050 where technology is viable, available and commercially feasible.</td><td>Potential pathways that have been identified to decarbonise Iluka's operations to net zero require delivery of electrification and/or hydrogen transformation projects that are not technically or commercially feasible at present or in the short term.

Iluka will continue to monitor and investigate the emergence of transitional technologies in the context of its longer-term emissions roadmap. Potential opportunities will be pursued as they become available and are commercially and technically viable.

Outside of this, Iluka's objective is to continue to identify and realise Scope 1 and Scope 2 GHG abatement opportunities, as set out above.</td></tr>
</table>

(a) Iluka defines short term as the period up to 2030 and medium term as 2050.

BUSINESS RISK AND MITIGATIONS

The delivery of Iluka's strategy and purpose of delivering sustainable value requires comprehensive risk management practices. This enables Iluka's Board and management to make strategic choices on where to take risks to realise opportunities while enhancing and preserving business value.

Iluka's Risk Management Policy is operationalised through its Risk Management Framework which is aligned to the International Standard for Risk Management, ISO 31000. The Framework provides a whole of business approach to the management of risks; and sets out the process for the identification, evaluation, monitoring, review and reporting of risk to facilitate the achievement of the company's plans and objectives.

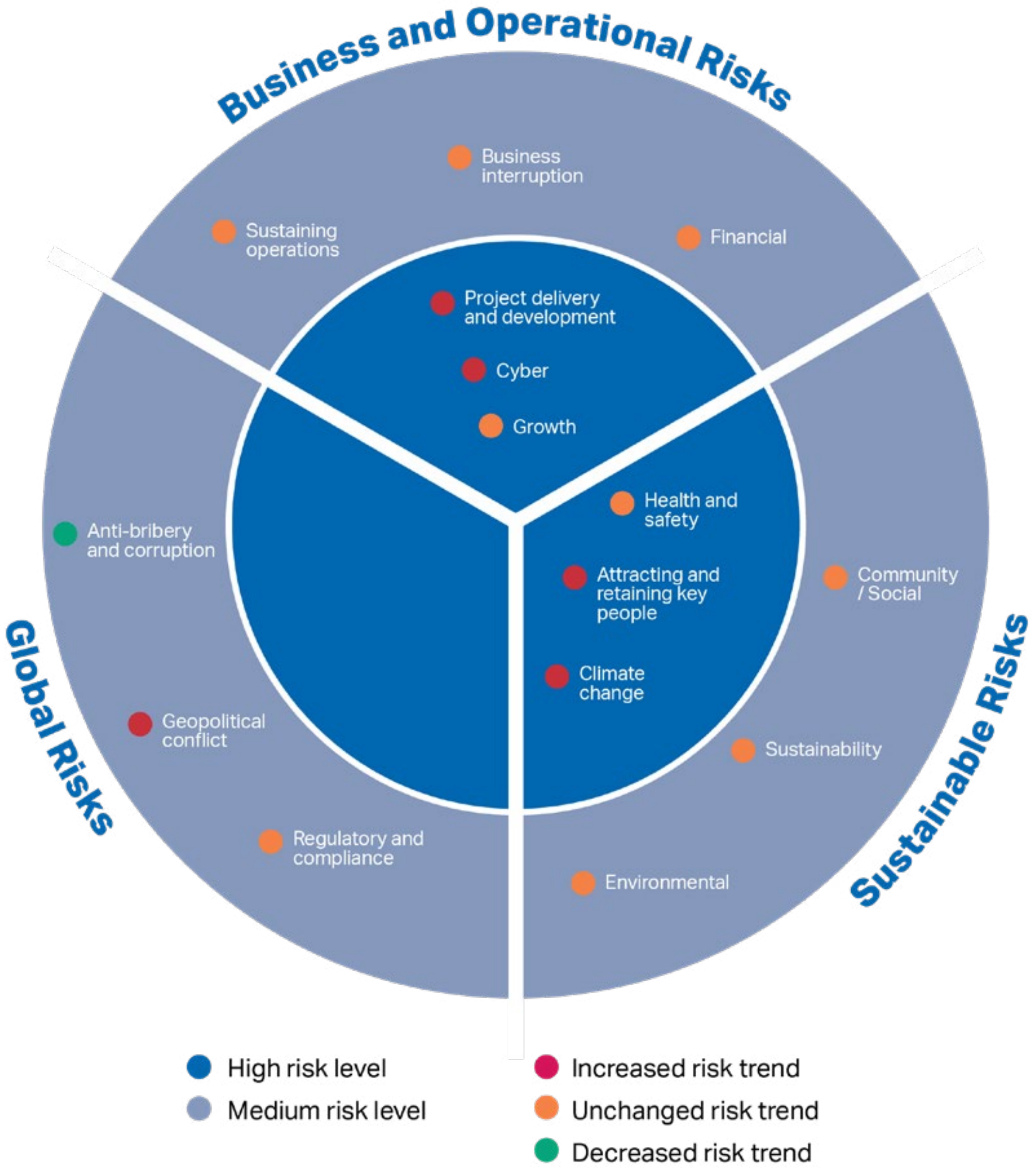
Risks are managed within the context of the Board approved Risk Appetite Statement, including risk tolerances and reporting guidance across a range of business and strategic priority areas. Management reports to the Board those risks which could have a material impact on the business and / or could result in a breach of approved risk tolerance thresholds twice yearly. The Audit and Risk Committee assists the Board with oversight of the company's risk management practices and undertakes an annual review of its Risk Management Framework considering business priorities and industry practices.

Iluka has a dedicated Business Risk function that supports the Audit and Risk Committee and management in facilitating consistent risk management practices, and centralised reporting of risks to management and the Board.

Support for Health and Safety and Sustainability risks is provided by the corporate health and safety and sustainability teams, subject to oversight of Iluka's Sustainability Committee. Iluka has a cross functional Modern Slavery Working Group to develop and embed good practices through collaborating with peer resources sector industries and external specialist experts. Compliance with the Declaration of Human Rights is a high priority for the company.

Set out below are the key risk areas that could have a material impact on Iluka. These risks are not the only risks that the company faces and whilst reasonable effort is made to identify and manage material risks, additional risks not currently known or detailed below may adversely affect future business performance. Emerging risk is a standing Board agenda item.

All these risks are considered against a backdrop of a myriad of changes and ongoing uncertainties in the external environment in which Iluka operates including COVID-19, evolving global climate change policy, supply chain disruptions, inflationary/recessionary environment and geopolitical conflicts. These present both opportunities and challenges. During 2022 Iluka continued to improve the integration of strategic risk management and corporate planning and maturing the Risk Appetite framework and tolerance reporting. These continue to support the company to navigate through this landscape to achieve its purpose of delivering sustainable value.



Risk level: Low, Medium, High

Risk trend compared to 2021: Unchanged (stable), Increased, Decreased

Health and Safety Risks

Iluka places significant emphasis on ensuring strong systems, processes and culture to protect the health and safety of its workforce.

Throughout 2022, Iluka has continued to manage both fatality risk through critical control management as well as the risk that COVID-19 posed to the health and safety of the workforce across all jurisdictions.

Environmental Risks

Iluka is committed to leading practice in environmental management as outlined in the Iluka Health, Safety, Environment and Community Policy. Leading practice is based upon current community expectations, applicable legislation and regulatory standards, all of which change over time.

Community/Social Risk

Iluka operates in different jurisdictions with varying community, heritage and social laws and cultural practices. Community expectations are continually evolving and are managed through the development of robust strategies, maintaining strong relationships with communities and delivering on its commitments.

Climate Change Risk

Iluka recognises that the physical and transitional impacts of climate change may affect its assets, productivity, supply chains and markets. This provides an opportunity for Iluka to support the transition to a lower carbon economy through the production of critical minerals and to pursue the reduction of the company's carbon footprint.

Read Iluka's response to climate change on page 55 and TCFD response in the 2022 Sustainability Data Book.

Sustaining Operations Risks

Maintaining a pipeline of Ore Reserves and projects is a key focus for Iluka. Tailings dam management is an ongoing Executive and Board focus at Iluka across all of its operations. Iluka has a dedicated geotechnical resources team that draws on external tailings and dam management experts. Extensive annual reviews are conducted of the company's resources and reserves, asset integrity, short and long term planning, geotechnical and hydrogeological modelling.

Attracting and Retaining Talent

Attracting and retaining key personnel continues to be a high priority and has been increasingly challenged in 2022 as a result of the changing external environment including tight employment markets. Despite the challenging external environment, Iluka has continued to successfully attract talent.

Cyber Risks

Iluka takes a risk-based approach to manage cyber security with a focus on ensuring good practices across standard processes and controls. Iluka leverages leading frameworks such as NIST and guidance from Australian Government's Cyber Security Centre.

Cyber risk, if materialised within Iluka or if a key Iluka vendor suffers a cyber event, may cause disruption to our business processes, operations, and/or result in data breaches.

Iluka maintains a heightened focus on managing its cyber risks noting the increasing threats and trends in the external environment.

Financial Risks

Iluka recognises the importance of maintaining a strong balance sheet that enables flexibility to pursue strategic objectives. Iluka faces risks relating to the cost and access to funds, movement in interest rates and foreign exchange rates (refer Note 20 in financial statements).

Iluka maintains policies which define appropriate financial controls and governance which seek to ensure financial risks are recognised, managed and recorded in a manner consistent with generally accepted industry practice and governance standards.

Growth Risks

Iluka regularly assesses its ability to enhance its production profile or extend the economic life of deposits through the development of new projects within its portfolio. Iluka seeks to generate growth options through exploration, innovation, project development and appropriate external growth opportunities.

Evaluating growth opportunities requires prudent risk taking as part of a disciplined process of project selection and evaluation to maximise the opportunity, achieve the desired outcomes, and manage the associated risks to the company.

Risks to major development projects include the ability to acquire and/or obtain appropriate access to property, regulatory approvals, supply chain risks, inflationary environment, construction and commissioning risks. Cost escalation, especially labour intensive work in Western Australia, is being experienced across the industry.

Regulatory and Compliance Risk

New or evolving regulations and standards are outside the company's control and are often complex and difficult to predict. The potential development of opportunities can be jeopardised by changes to fiscal or regulatory regimes, adverse changes to tax or other laws, material differences in sustainability standards and practices, or changes to existing political, judicial or administrative policies and changing community expectations.

Anti-Bribery and Corruption Risk

Iluka has a clear policy and internal controls and procedures to protect against risks relating to Anti-bribery and Corruption. These include training and compliance programmes for employees, agents and distributors. These cover a range of risks and related scenarios including unauthorised payments or offers of payments to or by employees, agents or distributors that could be in violation of applicable anti-corruption laws.

Although this is a continual focus including regular reviews, there is no assurance that such controls, policies, procedures or programmes will protect Iluka from potentially improper or criminal acts.

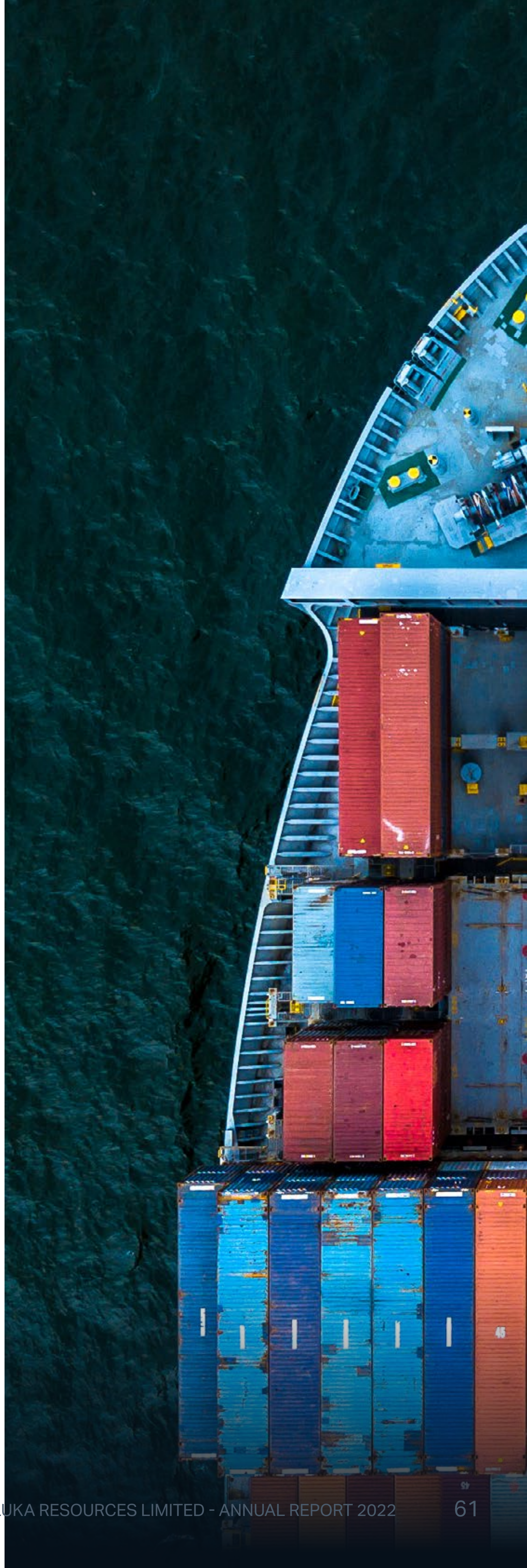
Business Interruption Risk

Circumstances may arise which preclude sites from operating including natural disaster, material disruption to Iluka's logistics chain, critical plant failure, industrial action or future pandemic related issues.

The company undertakes regular reviews for mitigation of property and business continuity risks.

Iluka utilises the company's Crisis and Emergency Management Processes to manage these risks. A Crisis and Emergency Management expert conducts training and exercises at Iluka's sites on an annual cycle.

Iluka maintains a global insurance programme that may offset a portion of the financial impact of a major business interruption event.



FINANCIAL REPORT

In this section:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4E for the consolidated entity Iluka Resources Limited and its controlled entities for the year ended 31 December 2022 (the 'financial year') compared with the year ended 31 December 2021 (the 'comparative year').

All currencies shown in this report are Australian dollars unless otherwise indicated.

Revenue from ordinary activities - continuing operations	Up 22.4% to $1611.3m	
Net profit after tax for the period from ordinary activities - continuing operations	Up 46.0% to $517.3m	
Net profit after tax for the period attributable to equity holders of the parent	Up 60.2% to $584.5m	

Dividends
2022 final: 20 cents per ordinary share (100% franked), to be paid in March 2023
2022 interim: 25 cents per ordinary share (100% franked), paid in September 2022
2022 SRL demerger distribution: $145.8 million, distributed in August 2022
2021 final: 12 cents per ordinary share (100% franked), paid in April 2022
2021 interim: 12 cents per ordinary share (100% franked), paid in October 2021

Key ratios	**2022**	**2021**
Basic profit per share (cents) - continuing operations	116.9	86.7
Diluted profit per share (cents) - continuing operations	115.9	86.0
Free cash flow per share (cents)[1]	104.7	71.0
Return on Equity[2]	33.0	25.9
Net tangible assets per share ($)	3.27	2.60

[1]Free cash flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year.

[2]Calculated as net profit after tax (NPAT) for the year as a percentage of average monthly shareholder's equity over the year.

Commentary on the consolidated results and outlook are set out in the Operating and Financial Review section of the Directors' Report.

Dividend Reinvestment Plan (DRP)

The current Dividend Reinvestment Plan (DRP) was approved by the Board of Directors, effective for all dividends from the 2017 final dividend onwards. Under the plan, eligible shareholders can reinvest either all or part of their dividend payments into additional fully paid Iluka shares. The DRP remains active for the 2022 final dividend.

The Directors have determined that no discount will apply for the DRP in respect of the 2022 final dividend. Shares allocated to shareholders under the DRP for the 2022 final dividend will be allocated at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 10 trading days commencing on 10 March 2023. The last date for receipt of election notices for the DRP is 8 March 2023.

Independent auditor's report

The Consolidated Financial Statements upon which this Appendix 4E is based have been audited.

DIRECTORS' REPORT

The directors present their report on the Group consisting of Iluka Resources Limited (the 'Company') and the entities it controlled at the end of, or during, the year ended 31 December 2022.

The overview of Iluka's operations, including key aspects of operating and financial performance are contained on pages 18 to 61 which forms part of the Directors' Report for the financial year ended 31 December 2022 and is to be read in conjunction with the following information:

DIRECTORS

The following individuals were directors of Iluka Resources Limited during the whole of the financial year and up to the date of the report, unless otherwise stated:

- R Cole (Chairman)
- T O'Leary (Managing Director and CEO)
- M Bastos
- L Saint
- S Corlett
- A Sutton

Directors' Profiles

Name: **Rob Cole**

Qualifications: LLB (Hons), BSc
Age: 60
Appointed: 1 March 2018
Role: Non-executive Director, Chairman
Independent: Yes

COMMITTEE MEMBERSHIP:

- Nominations & Governance Committee (Chair)
- People & Performance Committee
- Sustainability Committee

RELEVANT SKILLS AND EXPERIENCE:

Rob has over 35 years of commercial, business strategy and planning experience in the energy and resources sectors.

Rob was previously Managing Director of oil and gas production and exploration company, Beach Energy. Rob also spent over eight years at Woodside Petroleum Limited across a number of senior positions in commercial, corporate and legal areas, including Executive Director, Executive Vice President (Corporate and Commercial) and General Counsel. Prior to his time at Woodside, Rob was a Partner at the law firm King & Wood Mallesons. Rob is currently a Non-executive Director of various public, government-owned and not-for-profit companies and an external member of the Regulation & Market Operations subcommittee of the Power and Water Corporation of the Northern Territory.

OTHER DIRECTORSHIPS AND OFFICES (CURRENT AND RECENT):

- Southern Ports Authority - Non-executive Chair (retired February 2020)
- GLX Group - Non-executive Chair (retired April 2020)
- St Bartholomew's House Inc. - Non-executive Director (retired October 2022)
- Synergy - Non-executive Chair (appointed November 2017)
- Perenti Global Limited - Non-executive Chair (appointed July 2018)
- Power & Water Corporation (Northern Territory) – external member of the Regulation & Market Operations subcommittee (appointed June 2020)
- Landgate - Non-executive Chair (appointed August 2020)
- Council of Curtin University – Member (appointed June 2022)

Name: **Tom O'Leary**

Qualifications: LLB, BJuris
Age: 59
Appointed: 13 October 2016
Role: Managing Director
Independent: No

RELEVANT SKILLS AND EXPERIENCE:

Tom has over 30 years of commercial, investment banking, business development and executive management experience in a range of sectors including energy, chemicals and mining.

Tom was previously Managing Director of Wesfarmers Chemicals, Energy & Fertilisers having been appointed to the role in 2010. Tom joined Wesfarmers in 2000 in a business development role and was then appointed Managing Director, Wesfarmers Energy, in 2009. Prior to joining Wesfarmers, Tom worked in London for 10 years in finance law, investment banking and private equity. Tom holds a law degree from The University of Western Australia and has completed the Advanced Management Program at Harvard Business School.

OTHER DIRECTORSHIPS AND OFFICES (CURRENT AND RECENT):

- Clontarf Foundation - Non-executive Director (appointed June 2006)

Name: **Marcelo Bastos**

Qualifications: BEng Mechanical (Hons, UFMG), MBA (FDC-MG), MAICD
Age: 59
Appointed: 20 February 2014
Role: Non-executive Director
Independent: Yes

COMMITTEE MEMBERSHIP:

- Audit & Risk Committee
- Nominations & Governance Committee
- Sustainability Committee (Chair)

RELEVANT SKILLS AND EXPERIENCE:

Marcelo has over 35 years of operational and project experience in the mining industry across numerous commodities and geographies, particularly in Australia, Africa and South America.

Marcelo has extensive experience in major projects development and operation, and company management in the metals and mining industry. Marcelo was formerly the Chief Operating Officer of the global resources company, MMG Limited, with responsibility for its global operations.

Prior to MMG, Marcelo held senior executive positions with BHP and Vale, including CEO BHP Billiton Mitsubishi Alliance (BMA), President of BHP's Nickel West, President of Cerro Matoso and Nickel Americas, and Vale Director of Copper Operations. Marcelo is a former Non-executive Director of Golder Associates and Oz Minerals Ltd, a former Member of the Western Australia Chamber of Mines and Energy and served as Vice President of the Queensland Resources Council.

OTHER DIRECTORSHIPS AND OFFICES (CURRENT AND RECENT):

- OZ Minerals Limited - Non-executive Director (retired April 2019)
- Golder Associates - Non-executive Director (retired in April 2021)
- Aurizon Holdings Limited - Non-executive Director (appointed November 2017)
- Anglo American PLC - Non-executive Director (appointed April 2019)

Name: **Lynne Saint**

Qualifications: BCom, GradDip Ed Studies, FCPA, FAICD, Cert Business Administration
Age: 60
Appointed: 24 October 2019
Role: Non-executive Director
Independent: Yes

COMMITTEE MEMBERSHIP:

- Audit & Risk Committee (Chair)
- Nominations & Governance Committee
- People & Performance Committee

RELEVANT SKILLS AND EXPERIENCE:

Lynne has over 30 years of financial, auditing, corporate governance, enterprise risk, supply chain management, project management, and commercial experience both within Australia and internationally.

Lynne's career spans more than 19 years in executive leadership at Bechtel Group, having served as Chief Audit Executive and Chief Financial Officer of Bechtel's Mining and Metals Global Business Unit. In Lynne's early career, she held consulting and auditing roles with KMPG and PwC, financial and commercial roles in financial services and assurance, mining, and the engineering and construction industry in Australia and Papua New Guinea. In 2003, Lynne was recognised as the Telstra Queensland Business Woman of the Year.

OTHER DIRECTORSHIPS AND OFFICES (CURRENT AND RECENT):

- NuFarm Ltd – Non-executive Director (appointed December 2020)
- Ventia Services Group Limited – Non-executive Director (appointed October 2021)

Name: **Susie Corlett**

Qualifications: BSc (Geo, Hons), FAusIMM, GAICD
Age: 52
Appointed: 1 June 2019
Role: Non-executive Director
Independent: Yes

COMMITTEE MEMBERSHIP:

- Audit & Risk Committee
- Nominations & Governance Committee
- Sustainability Committee

RELEVANT SKILLS AND EXPERIENCE:

Susie has over 25 years' experience in exploration, mining operations, mining finance and investment.

Susie is a professional non-executive director following an executive career spanning mine operations, investment banking and private equity. A geologist, Susie's background is in mining operations and exploration for RGC Ltd and Goldfields Ltd. Susie was most recently an Investment Director for Pacific Road Capital Ltd (a global mining private equity fund), following a career in mining project finance and credit risk management for Standard Bank Limited, Deutsche Bank and Macquarie Bank.

OTHER DIRECTORSHIPS AND OFFICES (CURRENT AND RECENT):

- Australian Institute of Mining & Metallurgy (AusIMM) Education Endowment Fund - Trustee (appointed June 2018)
- Foundation for National Parks and Wildlife - Non-executive Director (retired December 2022)
- Aurelia Metals Ltd - Non-executive Director (appointed October 2018)
- The David Burgess Foundation - Non-executive Director (retired June 2019)
- Mineral Resources Limited - Non-executive Director (appointed January 2021)

Name: **Andrea Sutton**

Qualifications: BEng Chemical (Hons), GradDipEcon, GAICD
Age: 51
Appointed: 11 March 2021
Role: Non-executive Director
Independent: Yes

COMMITTEE MEMBERSHIP:

- People & Performance Committee (Chair)
- Nominations & Governance Committee
- Sustainability Committee

RELEVANT SKILLS AND EXPERIENCE

Andrea has over 25 years' experience across a range of operational and corporate functions, having held a number of executive roles in health, safety, and environment; human resources; and infrastructure management, within the resources sector.

Andrea's 25-year career with Rio Tinto included: a secondment as CEO and Managing Director of Energy Resources of Australia (ERA) from 2013 to 2017; Head of Health, Safety, Environment and Security; Managing Director Support Strategy Review - Human Resources; General Manager of Operations at the Bengalla Mine; and General Manager of Infrastructure, Iron Ore.

Andrea is a member of Engineers Australia, Australasian Institute of Mining and Metallurgy, Chief Executive Women, and the Australian Institute of Company Directors.

OTHER DIRECTORSHIPS AND OFFICES (CURRENT AND RECENT):

- Energy Resources Australia Limited - Non-executive Director of (retired May 2020)
- Infrastructure WA - Board member (retired December 2022)
- Australian Nuclear Science and Technology Organisation (ANSTO) - Board member (appointed April 2020)
- National Association of Women in Operations (NAWO) - Board member (appointed August 2020)
- Red 5 Limited - Non-executive Director (appointed November 2020)
- DDH1 Limited - Non-executive Director (appointed February 2021)

Meetings of Directors

In 2022 the Board formally met on 12 occasions, of which 8 meetings were scheduled. In addition to these meetings, the Board spent a day primarily focused on strategic planning. The chairman chaired all the meetings. The non-executive directors periodically met independent of management to discuss relevant issues. Directors' attendance at Board and committee meetings during 2022 is detailed below.

Director	Board		Audit and Risk Committee		Nominations and Governance Committee		People and Performance Committee		Sustainability Committee[3]	
[1] [2]	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Total meetings	12		4		3		4		4	
Executive										
T O'Leary [3]	12	12		4		3		4	1	4
Non-executive										
R Cole [4]	12	12		4	3	3	4	4	4	4
M Bastos [5]	12	12	4	4	2	2		4	4	4
S Corlett	12	12	4	4	3	3		2	4	4
G Martin [6]	5	5		1	2	2	2	2	1	1
L Saint [7]	12	10	4	4	3	3	2	4	1	4
A Sutton [8]	12	12		4	3	3	4	4	1	4

Chairman Member Prior Member Prior Chairman

(1) *"Held" indicates the number of meetings held during the period of each director's tenure. Where a director is not a member but attended meetings during the period, only the number of meetings attended is shown.*

(2) *"Attended" indicates the number of meetings attended by each director.*

(3) *Tom O'Leary ceased being a member of the Sustainability Committee on 13 April 2022.*

(4) *Rob Cole ceased being Chair of the People and Performance Committee on 13 April 2022 but remains a member of this Committee. He became Chairman of the Board and Chair of the Nominations and Governance Committee on 14 April 2022.*

(5) *Marcelo Bastos became Chair of the Sustainability Committee on 14 April 2022.*

(6) *Greg Martin served as a Non-executive Director from 1 January 2013 until his retirement from the Board on 13 April 2022.*

(7) *Lynne Saint ceased being a member of the Sustainability Committee on 13 April 2022.*

(8) *Andrea Sutton ceased being a member of the Sustainability Committee on 13 April 2022.*

Directors Shareholding

Directors' shareholding is set out in the Remuneration Report, section 6.

Executive Team Profiles

Matthew Blackwell, BEng (Mech), Grad Dip (Tech Mgt), MBA, MAICD, MIEAust

Head of Projects and Sales & Marketing

Mr Blackwell joined Iluka in 2004 as President of US Operations. He had responsibilities for Land Management and as General Manager, USA, before being appointed Head of Marketing, Mineral Sands in February 2014. In 2019, Mr Blackwell was made Head of Major Projects, Engineering & Innovation. In late 2020, Mr Blackwell reassumed responsibility for Sales and Marketing. Prior to joining Iluka, he was Executive Vice President of TSX listed Asia Pacific Resources, based in Thailand. Mr Blackwell's background in the mining industry includes varied roles spanning multiple commodities.

Sarah Hodgson, LLB, GAICD

General Manager, People and Sustainability

Ms Hodgson has 25 years professional experience spanning HR, tax and sustainability. Ms Hodgson joined the People team at Iluka Resources in 2013 and was appointed to her current role in March 2018. Her career started at PricewaterhouseCoopers in London providing advice on UK and US tax, employment and international mobility before relocating to Australia with KPMG in 2002. Prior to joining Iluka Ms Hodgson held senior roles, both as a consultant and in-house, at Mercer, Westpac and KPMG advising on executive remuneration, HR and governance matters.

Kerrie Matthews, BAppSc, GradCertRiskMgmt, GAICD

Project Director, Eneabba Project

Ms Matthews joined Iluka in 2022 as the Project Director, Eneabba Project. She is leading Iluka's delivery of a fully integrated rare earth refinery, the first of its type in Australia and one of few globally.

Ms Matthews most recent previous roles include Deputy Project Director for BHP's South Flank Iron Ore Project and Project Manager for the Ministers North Project. She also has senior experience in global exploration and social value roles, as well as blue collar contracting organisations. Ms Matthews began her career in environment, health and safety and is also a Non-Executive director for the Construction Training Fund (CTF), a statutory authority.

Daniel McGrath, B.Sc (Math)

Chief Technology Officer and Head of Rare Earths

Mr McGrath joined Iluka in 1993 and has held technical and operations management roles throughout Iluka for many years. Mr McGrath is now focused on developing Iluka's rare earths business as well as serving as chief technology officer. His most recent appointment was as General Manager - Cataby and Southwest Operations where he oversaw mining and synthetic rutile operations along with the technical development and metallurgy functions. Prior to this Mr McGrath has held senior operational positions at Iluka's Western Australian, Eastern Australian, and USA operations while also having held metallurgy and process engineering roles in Australia, Indonesia and Sierra Leone.

Colin Nexhip, PhD (Chem Eng), BSc (Hons), B Ed

Chief Technology Officer

Mr Nexhip joined Iluka in 2023 as the Chief Technology Officer. Prior to joining Iluka Mr Nexhip was at Newmont and has been based in the US for the last 15 years where he most recently held the role of Vice President – Assets & Energy Management. Mr Nexhip has over 25 years' experience in the mining industry, including 15 years with Rio Tinto.

Adele Stratton, BA (Hons), FCA, GAICD

Chief Financial Officer and Head of Development

Ms Stratton joined Iluka in 2011, was appointed Chief Financial Officer in August 2018 and assumed accountabilities for Head of Development in October 2020. She is a qualified chartered accountant with over 20 years' experience working in both professional practice and public listed companies. Ms Stratton commenced her career with KPMG, spending 7 years in the assurance practice both in the UK, where she qualified as a chartered accountant, and Australia. Prior to joining Iluka, she worked in a number of finance roles at Rio Tinto Iron Ore in Perth. Ms Stratton is the Iluka nominee Board member on Deterra Royalties Ltd, since its listing on the ASX in 2020.

Shane Tilka, BCom

General Manager, Australian Operations

Mr Tilka joined Iluka in November 2004 and has held operations management roles throughout Iluka. His most recent appointment was General Manager - Jacinth Ambrosia and Midwest. Prior to this Mr Tilka was the Chief Operating Officer for Sierra Rutile Ltd, General Manager for Iluka's US Operations and has held other senior roles at Iluka's Western Australian and South Australian operations.

COMPANY SECRETARY

Mr Ben Martin BMSc LLB MAICD is the Company Secretary of the Company. Mr Martin was appointed to the position of General Counsel and Company Secretary in September 2021 and prior to that, he held positions in Iluka's in-house legal and land management teams. Before joining Iluka in 2014, Mr Martin was a solicitor at global law firm King & Wood Mallesons where he advised resources companies on a range of project development, approvals, land access and regulatory compliance matters.

Mr Nigel Tinley BBus FCPA FGIA FCG (CS, CGP) GAICD also acts as Company Secretary for the Company. Mr Tinley was appointed to the position of Joint Company Secretary in 2013 and prior to that, he held senior positions in Finance and Sales and Marketing. Before joining Iluka in 2006, Mr Tinley held a range of accounting, financial and commercial roles over his 18 years with BHP Limited both in Australia and internationally.

DIRECTORS AND OTHER OFFICERS' REMUNERATION

Discussion of the Board's policy for determining the nature and amount of remuneration for directors and senior executives and the relationship between such policy and company performance are contained in the remuneration report on pages 72 to 97 of this Annual Report.

PRINCIPAL ACTIVITIES

The principal activities and operations of the Group during the financial year were the exploration, project development, mining operations, processing and marketing of mineral sands and rare earths, and rehabilitation. Iluka holds a 20% stake in Deterra Royalties Limited (Deterra), the largest ASX-listed resources focused royalty company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company indemnifies all directors of the Company named in this report and current and former executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or the related body corporate) which arise out of the performance of their normal duties as director or executive officer unless the liability relates to conduct involving bad faith. The Company also has a policy to indemnify the directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the year the Company has paid a premium in respect of directors' and executive officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

INDEMNIFICATION OF AUDITORS

The Company's auditor is PricewaterhouseCoopers. The terms of engagement of Iluka's external auditor includes an indemnity in favour of the external auditor. This indemnity is in accordance with PricewaterhouseCoopers' standard Terms of Business and is conditional upon PricewaterhouseCoopers acting as external auditor. Iluka has not otherwise indemnified or agreed to indemnify the external auditors of Iluka at any time during the financial year.

NON-AUDIT SERVICES

The Group has, from time to time, employed the external auditor, PricewaterhouseCoopers, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Fees that were paid or payable during the year for non-audit services provided by the auditor of the parent entity, its network firms and non-related audit firms is set out in note 28 of the financial report.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services were provided in accordance with Iluka's Non-Audit Services Policy and External Auditor Guidelines; and
- all non-audit services were subject to the corporate governance processes adopted by the company and have been reviewed by the Audit & Risk Committee to ensure that they do not affect the integrity or objectivity of the auditor.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2011 is set out on page 98.

ENVIRONMENTAL REGULATIONS

So far as the directors are aware, there have been no material breaches of the Group's licences and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or Financial Statements that has or may significantly affect the operations of the entity, the results of its operations or the state of affairs of the entity in the current or subsequent financial years.

DIVIDEND

The directors have declared a fully franked final dividend of 20 cents per ordinary share payable on 30 March 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the directors, likely developments in and expected results of the operations of the Group have been disclosed in the Financial and Operational review on pages 24 to 42. Disclosure of any further material relating to those matters could result in unreasonable prejudice to the interests of the Group.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 31 December 2022 may be accessed from the Company's website at **http://www.iluka.com/about-iluka/governance**.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in "ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191", issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and accompanying Financial Report. Amounts in the Directors' Report have been rounded off in accordance with that Rounding Instrument to the nearest hundred thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

R Cole
Chairman

T O'Leary
Managing Director

21 February 2023

REMUNERATION REPORT

MESSAGE FROM THE CHAIRMAN OF THE PEOPLE & PERFORMANCE COMMITTEE

Dear Shareholders

On behalf of the Board, I am pleased to present Iluka's Remuneration Report (**Report**) for the financial year to 31 December 2022 (**2022**).

2022 PERFORMANCE HIGHLIGHTS

As outlined by our Chairman and Managing Director, 2022 was a significant year in Iluka's evolution and the positioning of the business as a global critical minerals company. Key company highlights in 2022 included:

- **Iluka's significant diversification into rare earths.** In 2022, Iluka's Board approved the final investment decision on Australia's first fully integrated rare earths refinery at Eneabba in Western Australia. This coincided with Iluka concluding a $1.25 billion strategic risk sharing agreement with the Australian Government to establish a domestic rare earths industry;
- **Iluka's continued investment in unlocking technically challenging Australian resources through technology.** The company has continued to internally develop innovative underground mining technology (which is planned to be employed at the Balranald project) which are potential game changers for the industry; and
- **The demerger of Sierra Rutile (SRL),** which was approved by shareholders in July. Iluka has evolved significantly since it acquired SRL in 2016, with strategic and capital allocation priorities now focussed on key Australian critical minerals operations and development projects.

Further details are set out in the Annual Report.

CHANGES TO 2022 REMUNERATION APPROACH

Executives continued to be rewarded through fixed remuneration and the Executive Incentive Plan (**EIP**) in 2022, with no significant change to the remuneration structure.

Fixed remuneration is regularly reviewed for Executives to ensure it is reflective of role responsibilities and to ensure it remains market competitive. During 2022, fixed remuneration increases were received by the Chief Financial Officer and Head of Development, the Head of Projects and Sales and Marketing and the General Manager, Australian Operations. Refer to section 3 for more detail.

Additionally, as disclosed in last year's Report, new sustainability measures relating to the company's climate change work programme, energy efficiency in our operations and continuous improvement in the diversity and inclusiveness of our workplaces were incorporated into the 2022 EIP scorecard. Measures will be updated in 2023 to build on the progress made in 2022.

These measures align with the focus and direction of Iluka's sustainability strategy which is underpinned by three pillars – "trusted by our people and our communities", "responsible for the environment" and "operating in and providing products for a low carbon world" (refer to Section 3 for more detail).

2022 REMUNERATION OUTCOMES

Iluka's approach to executive remuneration is designed to operate through changing circumstances and environments.

In determining 2022 remuneration outcomes, the Board has carefully considered factors encompassing company performance, individual achievements and alignment with stakeholder expectations. The following summarises the outcomes by component:

- **2022 EIP:** the Board has determined an EIP outcome of 84% of maximum (126.5% target) for the Managing Director, based on 121% achievement against target under the annual group scorecard and 143% achieved against individual strategic objectives. As in prior years, the Managing Director's award will be delivered in equity, with no cash incentive paid. Executive Key Management Personnel (**KMP**) outcomes were between 78 - 84% of maximum (depending on the individual executive). Refer Section 3 for further details.
- **2019 EIP performance rights:** for performance rights granted under the 2019 EIP, the Board determined a vesting of 100% of the rights based on the Total Shareholder Return (**TSR**) achievement of 152% percent (72nd percentile) measured against Iluka's peer group over the performance period. Refer Section 3 for further details.
- **Board fee movement:** Sustainability Committee fees were introduced in 2022. No other changes to Non-executive Director fees or fee pool were made during 2022. Refer Section 4 for further details.

The Board believes these outcomes fairly recognise the performance of the business and the disciplined performance of management.

CHANGES TO 2023 REMUNERATION APPROACH

During 2022 the Board conducted a remuneration review to ensure that Iluka has the most appropriate remuneration framework in place to attract and retain key talent and to drive Iluka's long-term business strategy. As a result of this extensive review, the Board made the decision to transition away from the current EIP framework in favour of a more traditional STI and LTI arrangement. We believe this approach will be supported by our stakeholders, including executives, and align more closely with broader market practice. This framework will come into effect in 2023 and more information will be provided in the 2023 Remuneration Report.

On behalf of the Board, I invite you to review our Remuneration Report. We look forward to your ongoing feedback and continuing discussions with our shareholders and their proxy advisers on our remuneration approach. Thank you for your ongoing support.

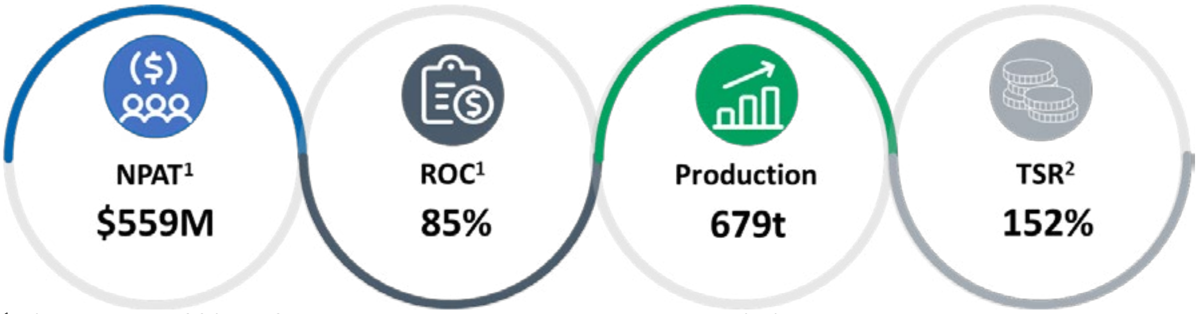
Yours sincerely

A. Sutton

Andrea Sutton
Chair of the People and Performance Committee

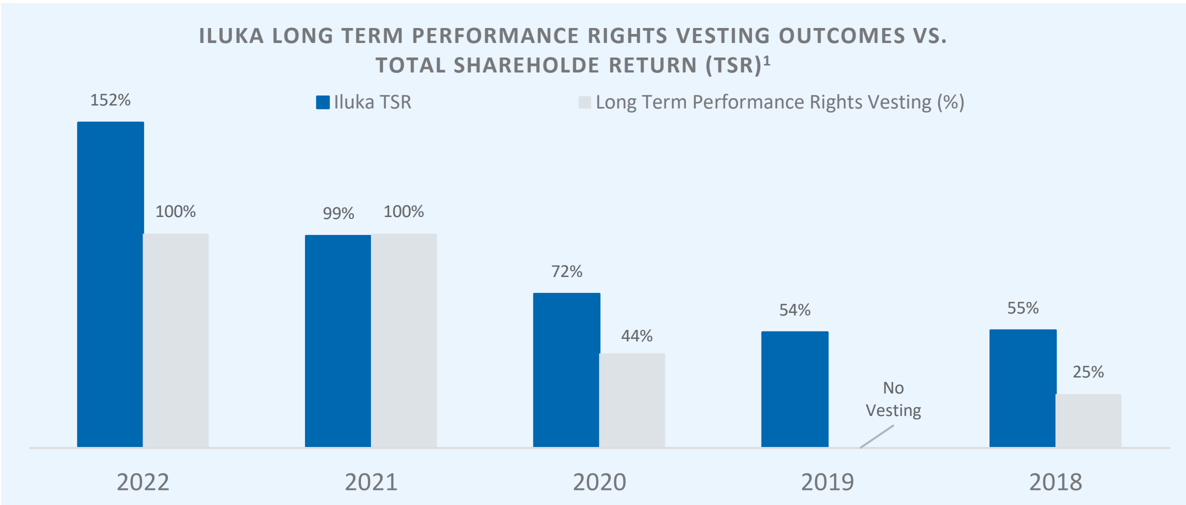
2022 AT A GLANCE

2022 Key Achievements:



[1]Reflects NPAT and ROC for the Group incentive scorecard and is adjusted to remove profits from Deterra. .
[2]Relates to Iluka's TSR over the 4 year performance period for the 2019 EIP from 1 January 2019 to 31 December 2022.

How executive remuneration outcomes are aligned with company performance:



[1]Reported TSR for each year relates to the TSR calculated for to corresponding EIP performance period.

How this year's performance compares to previous years:

The following table outlines historic business performance outcomes:

KPI	2022	2021	2020[1]	2019[1]	2018
Net profit/(loss) after tax ($m) – Reported	588.5	365.9	2,410	(299.7)	303.9
Net profit/(loss) after tax ($m) – Underlying[2,3]	597.0	314.8	151.2	278.7	300.7
Underlying EBITDA (Mineral Sands) ($m)[2]	916.8	633.9	342.0	530.9	544.5
EBITDA (Mineral Sands) margin (%)	53.1	42.7	36.1	44.5	43.8
Free cash flow ($ million)	444.3	299.5	36.3	139.7	304.4
Earnings per share (cents)	138.6	86.7	570.4	(71.0)	72.2
Return on equity (%)	33	25.9	283.7	(24.5)	31.8
Closing share price ($)[4]	9.53	9.73	6.49	4.73	3.87
Dividends paid (cents)[5]	45	24	2	13	29
Franking credit level (%)	100	100	100	100	100
Average AUD: USD spot exchange rate (cents)	69.5	75.1	69.1	69.5	74.8
Revenue per tonne Z/R/SR sold ($/t)	2214.7	1,593	1,625	1,654	1,426

1 Reported earnings in 2019 and 2020 were impacted by significant impairments and write-downs; profit on demerger of Deterra Royalties and/or changes to rehabilitation provisions for closed sites.

2 Underlying Net profit/(loss) after tax and EBITDA (Mineral Sands) excludes adjustments relating to impairments and write-downs; profit on demerger; and changes to rehabilitation provisions for closed sites.

3 The reconciliation for the 2022 Underlying Net profit/(loss) after tax can be found on page 26 of the 2022 Annual Report.

4 2018 and 2019 represent the historical closing share price adjusted for the demerger of Deterra Royalties (effective October 2020) and Sierra Rutile limited (SRL) (effective July 2022). 2020 and 2021 represent the historical closing share price adjusted for the demerger of Sierra Rutile Limited. Source: NASDAQ

5 Dividends declared in relation to the year.

TABLE OF CONTENTS

This Remuneration Report contains the following Sections.

1. WHO IS COVERED BY THIS REPORT?

This Report details the remuneration arrangements for Iluka's KMP. KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling activities of the company. The KMP members over the 2022 year comprised the following executives (**Executive KMP**) and Non-executive Directors.

Name	Position	Term as KMP
Executive KMP		
Current Members		
T O'Leary	Managing Director and Chief Executive Officer (**Managing Director**)	Full year
A Stratton	Chief Financial Officer and Head of Development	Full year
M Blackwell	Head of Projects and Sales & Marketing	Full year
S Tilka	General Manager, Australian Operations	Full year
Non-executive Directors		
Current Members		
R Cole[1]	Chairman, Independent Non-executive Director	Full year
M Bastos	Independent Non-executive Director	Full year
S Corlett	Independent Non-executive Director	Full year
L Saint	Independent Non-executive Director	Full year
A Sutton	Independent Non-executive Director	Full year
Former Members		
G Martin[2]	Former Chairman, Independent Non-executive Director	Ceased 13 April 2022

1. R Cole was appointed as Chairman on 13 April 2022.
2. G Martin retired as Chairman on 13 April 2022.

2. EXECUTIVE REMUNERATION FRAMEWORK – OVERVIEW

2.1 SNAPSHOT

REMUNERATION PRINCIPLES

Iluka's Remuneration Principles (outlined below) provide the foundations for how remuneration is structured and awarded to achieve our purpose of delivering sustainable value to our shareholders.

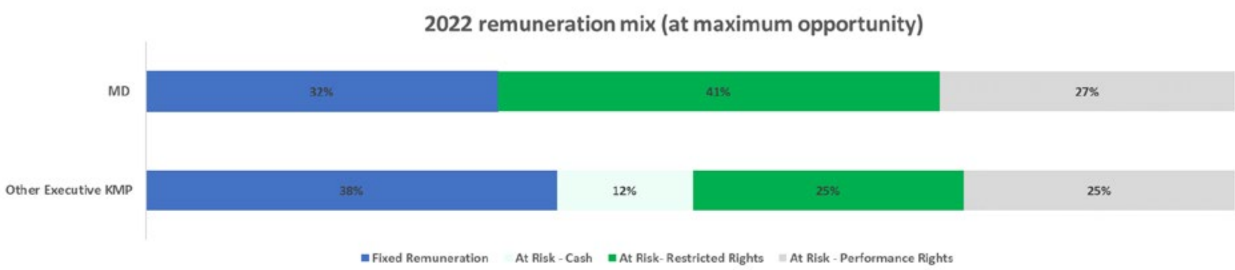
EXECUTIVE FRAMEWORK AND COMPONENTS

Executive KMP remuneration at Iluka is comprised of a mix of fixed and at-risk components to attract, retain and motivate executives. The table below provides an overview of the different remuneration components within the Iluka Remuneration framework. Further detail on the EIP is outlined on the following page.

Element	Purpose	2022 approach
Fixed remuneration	Provide remuneration that is reflective of the knowledge, skills, and experience of executives.	Includes base salary and superannuation and is set after considering: ■ Trajectory of the company's growth and key strategic objectives ■ Relevant market comparators and scarcity of talent ■ Executive KMP's experience and performance ■ Executive KMP's role responsibilities
EIP	Ensure remuneration received by Executive KMP is closely linked to the company's performance, aligning it with the returns generated for our shareholders over the long term.	Reflects the variable remuneration awarded to Executive KMP based on the performance against an annual scorecard of financial and strategic measures. The Board assesses scorecard performance at the end of the year with the resulting award normally split into three components: ■ Cash – comprises a relatively small portion of the "at risk" component for all Executive KMP other than the Managing Director (who, from 2020, has not received a cash component). ■ Restricted rights – vest in equally weighted tranches on the first, second, third and fourth anniversary of the grant. ■ Performance rights – subject to performance testing at two stages. The initial scorecard performance determines the amount of the grant. A further performance test relating to Iluka's relative TSR performance is undertaken at the end of five years (including the annual scorecard year) with vesting based on a sliding scale.
Minimum shareholding requirement: 200% of fixed remuneration (CEO), 100% of fixed remuneration (other Executive KMP)		

PAY MIX FOR PERFORMANCE

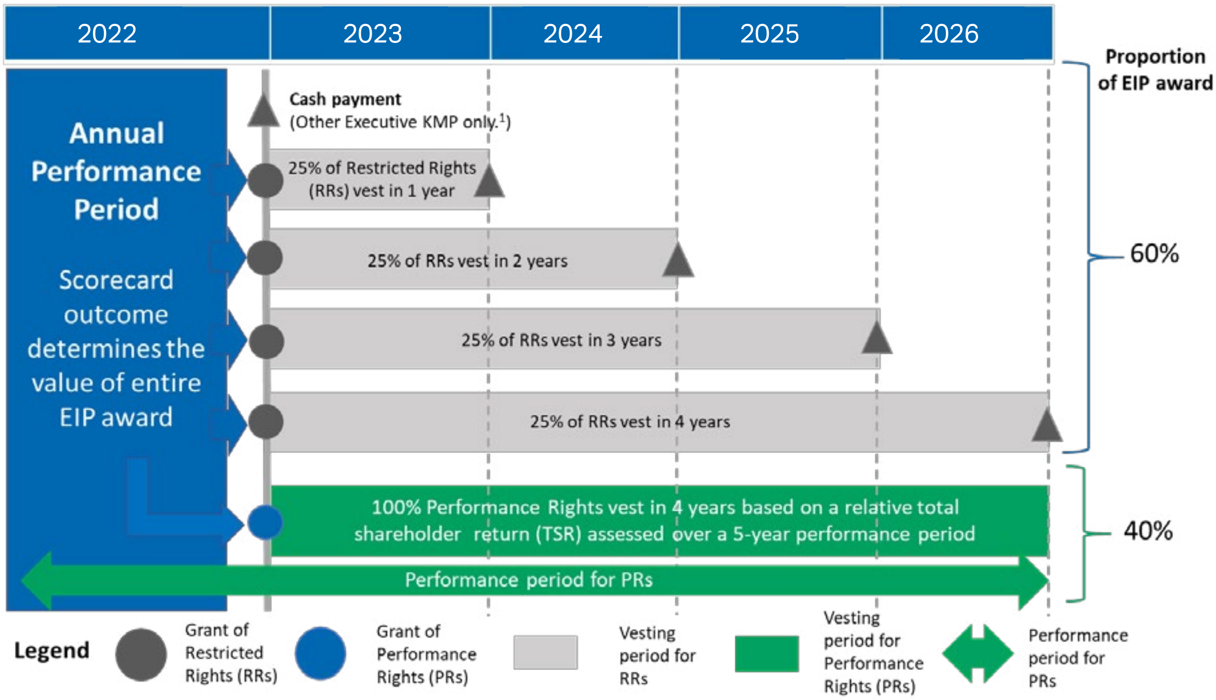
The following diagram sets out the mix for fixed and at-risk remuneration for Executive KMP during 2022. Remuneration packages for Executive KMP are weighted towards at-risk remuneration to drive performance for our shareholders.



2.2 EXECUTIVE INCENTIVE PLAN – MORE DETAIL

OVERVIEW

The following diagram outlines the structure of EIP. As outlined previously, the Board intends to revert to a more traditional STI and LTI framework from FY23. Further details on the design of the EIP is outlined in the table below.



1 The Managing Director does not receive cash. 20% of the EIP award for other Executive KMP is paid in cash.

EIP – KEY QUESTIONS AND ANSWERS

Question	Answer
How is it paid?	For the Managing Director, EIP awards are delivered 100% in deferred equity consisting of 60% restricted rights and 40% performance rights (with no cash component). For the Executive KMP, EIP awards are paid 20% cash, 40% restricted rights and 40% performance rights.
How much can participants earn under EIP?	The EIP opportunity is expressed as a percentage of fixed remuneration. | | Target (% of fixed remuneration) | Maximum (% of fixed remuneration) | Managing Director: Target 140%, Maximum 210% Other Executive KMP: Target 110%, Maximum 165%
What performance measures will inform the EIP awards?	The Board sets an annual scorecard to focus our Executive KMP on financial and strategic imperatives they can influence and are critical to Iluka's long-term sustainability. In 2022, objectives for Executive KMP covered: ■ Financial performance (50%); ■ Production (10%); ■ Sustainability focusing on our people and communities, our environment and operating in, and providing products for, a lower carbon world (15%); and ■ Individual strategic measures (25%). In setting objectives, the Board aims to ensure that targets are quantifiable and drive the right commercial and strategic outcomes for Iluka. Section 3 provides a detailed explanation of the specific targets set in 2022, how they were measured and our assessment of performance.

Opportunity detail (from the table above):

	Target (% of fixed remuneration)	Maximum (% of fixed remuneration)
Managing Director	140%	210%
Other Executive KMP	110%	165%

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>How EIP awards are determined?</td><td>EIP scorecard outcomes are calculated based on the following schedule, with a sliding scale operating between threshold and target, and between target and stretch:
<table>
<tr><th>Performance Level</th><th>EIP Outcome (% Target)</th></tr>
<tr><td>Threshold</td><td>50%</td></tr>
<tr><td>Target</td><td>100%</td></tr>
<tr><td>Stretch (maximum)</td><td>150%</td></tr>
</table></td></tr>
<tr><td>Who assesses the EIP performance?</td><td>EIP outcomes are determined by the Board following an assessment of performance measures at the end of the 2022 performance period.</td></tr>
<tr><td>How is the number of rights to be granted to participants determined?</td><td>The number of restricted rights and performance rights awarded to each participant is based on a face value methodology. This is determined by dividing the dollar value of the deferred equity component by the Volume Weighted Average Price (VWAP) of Iluka shares traded on the ASX over the five trading days following the release of the company's full year results.</td></tr>
<tr><td>What vesting or performance condition apply to the equity awards?</td><td>Granted EIP equity is subject to vesting conditions including continued service and/or performance:
<table>
<tr><th>Equity</th><th>Conditions</th></tr>
<tr><td>Restricted rights</td><td>Restricted rights will be granted following the end of the relevant vesting periods and vest in 4 equally weighted tranches on the first, second, third and fourth anniversary of the grant, subject to continued service.</td></tr>
<tr><td>Performance rights</td><td>Performance rights will be subject to an additional performance test prior to vesting.

Iluka's relative TSR performance will be measured over a five-year period commencing on 1 January 2022 against the S&P / ASX 200 Resources Index constituents (excluding companies primarily engaged in the oil and gas sector and non-mining activities). Vesting is subject to the sliding scale below:
<table>
<tr><th>Performance level to be achieved</th><th>Percentage vesting</th></tr>
<tr><td>Below 50th percentile</td><td>0%</td></tr>
<tr><td>50th percentile</td><td>50%</td></tr>
<tr><td>Between 50th and 75th percentile</td><td>Sliding scale vesting</td></tr>
<tr><td>75th percentile or above</td><td>100%</td></tr>
</table></td></tr>
</table></td></tr>
<tr><td>Are participants entitled to voting rights and dividends?</td><td>No dividends are paid on restricted rights or performance rights prior to vesting. For any restricted rights or performance rights that ultimately vest, a cash payment equivalent to dividends paid by Iluka during the period between grant of the awards and vesting will be made in respect of the awards that vest. That is, no cash payment will be made in respect of dividends on awards which do not vest.</td></tr>
<tr><td>What happens if participants leave before the vesting date?</td><td>Unless the Board determines otherwise, in the event of an Executive KMP ceasing employment for cause: all restricted rights and performance rights will lapse.

Any other circumstances (including death, total and permanent disability, retirement or redundancy): unvested restricted rights and performance rights will remain on foot and be subject to the original terms of the award.</td></tr>
<tr><td>What happens on a change of control?</td><td>The Board has discretion to determine that vesting of some or all of the equity awards be accelerated, in the event of a takeover or other transaction that in the Board's opinion should be treated as a change of control event.</td></tr>
<tr><td>Do any clawback or malus provisions apply?</td><td>The Board may clawback incentives that have vested and that have been paid or awarded to participants in certain circumstances. For example, restricted rights and performance rights may be lapsed if a participant acts fraudulently or dishonestly or if there is a material misstatement or omission in the accounts of a Group company.</td></tr>
</table>

Question	Answer
What does the Board take into account when considering whether to exercise discretion?	In determining whether to exercise discretion, the Board will have regard to all relevant factors at the time, which may include the performance of the Company and participant over the performance period and the proportion of the performance or deferral period that has elapsed.

3. 2022 EXECUTIVE KMP REMUNERATION OUTCOMES

3.1 2022 FIXED REMUNERATION OUTCOMES

The Board regularly reviews executive remuneration levels against market comparators (based on a number of factors including revenue, industry and operational factors including international scope and complexity) to ensure fixed remuneration is set at market competitive levels.

Following a benchmarking review in 2022, the significant changes that took place in the business, and having regard to the fact that competition for talent within the resources industry remains strong (particularly in Western Australia), the Board determined to increase the fixed remuneration of Executive KMP excluding the Managing Director during 2022 (as set out in the table below). The Board considered that an increase to the fixed remuneration was appropriate for the:

- Chief Financial Officer and Head of Development (A Stratton) and Head of Projects and Sales and Marketing (M Blackwell) reflecting that the scope of their roles increased substantially in October 2020 but no adjustment was made to their fixed remuneration at that time due to the uncertainty created by COVID-19. Both executives are critical to the business and the increases reflect the additional scope of the roles; and
- General Manager, Australian Operations (S Tilka) reflecting his criticality to the business (given his experience at all of Iluka's domestic and international operational locations). It is recognised that the fixed remuneration and overall remuneration package was positioned well below the median of the market with the increase now positioning the role closer to the expected market for this role.

The Board will continue to monitor remuneration levels based on the factors set out in the Executive Remuneration Framework (see Section 2 for more detail).

Executive KMP	2022 Fixed Remuneration[1]	2021 Fixed Remuneration
T O'Leary	$1,400,000	$1,400,000
A Stratton	$730,000	$630,000
M Blackwell	$730,000	$655,000
S Tilka	$650,000	$550,000

1 Fixed remuneration increases were effective from 1 March 2022

3.2 2022 EIP SCORECARD AND OUTCOMES ACHIEVED

The EIP Scorecard is approved by the Board at the commencement of the financial year and focuses executives on business priorities that support the delivery of Iluka's Corporate five-year plan. Outlined below are the targets that were set for 2022, and the level of performance achieved.

Iluka 2022 performance

Scorecard measure and target	Weight	Performance and outcome	Threshold – Target – Stretch
FINANCIALS	**50%**	**Outcome – 127% of target; 85% of maximum achieved**	
Group ROC (%)[1]	20%	STRETCH Group ROC is included in the EIP scorecard to ensure that Iluka is achieving earnings growth in a manner that adds value for shareholders. Iluka generated a significant return on capital of 84.9% adjusted during the year, demonstrating the delivery of Iluka's pursuit of sustainable pricing within the industry and being recognised as a reliable supplier of critical minerals. The assets performed well, with record production achieved at SR2 synthetic rutile kiln.	
Group NPAT[1]	15%	STRETCH Group NPAT is included in the EIP scorecard to support the required focus on profitability. Adjusted NPAT of $558.8M was above stretch. 2022 saw market demand for zircon and high grade titanium feedstocks exceed supply, with energy prices and competitor issues challenging market dynamics. The cost base of operations was impacted by the inflationary environment, but this was offset by an ability to increase profit margins across the product suite and drive productivity improvements for synthetic rutile production.	
Unit Cash Costs of Production $/t Z/R/SR Target $907/t	15%	BELOW TARGET Unit Cash Costs of Production is included in the EIP scorecard to support the required focus on costs within the business. The Group's Unit Cash Costs of Production of $957/t, was between threshold and target. Inflationary pressures on labour, consumables, fuel, power, and transport increased costs in the year, which had a direct impact on unit costs.	

[1]Disclosure of financial targets. No specific targets are disclosed in relation to the financial earnings measures due to commercial sensitivity. Iluka's approach to the marketing and pricing of its products is key to achievement of the company's objective to deliver sustainable value. We believe maintaining confidentiality on financial earnings targets, even on a retrospective basis, is critical to our competitive advantage and is in the best interests of shareholders. The targets and outcomes are adjusted to exclude the income derived from Iluka's investment in Deterra Royalties and the impact of the SRL demerger.

PRODUCTION	**10%**	**Outcome – 129% of target; 86% of maximum achieved**	
Group Z/R/SR kt Target 660kt	10%	ABOVE TARGET Optimising production is key to delivering value to shareholders. Overall production of 679kt was above target performance, driven by record synthetic rutile production from SR2 kiln and higher than planned zircon in concentrate production.	

Scorecard measure and target	Weight	Performance and outcome	Threshold – Target – Stretch
SUSTAINABILITY	**15%**	**Outcome – 96% of target; 64% of maximum achieved**	
Trusted by our People & Communities			
Group Total Recordable Injury Frequency Rate (TRIFR) Reduction to 2.3	2.5%	BELOW THRESHOLD Our first and fundamental responsibility remains the same – the safety of our people. Reducing serious potential injuries has been a specific safety focus for Iluka. Threshold performance was not achieved in 2022 as the Group's TRIFR exceeded threshold performance of 2.5. This was attributable to an increase in injuries (predominately musculoskeletal injuries and minor lacerations).	
Critical Control Management Programme Implementation	2.5%	STRETCH This measure was introduced in 2022 to support the imbedding of the Critical Control Management (CCM) programme across operations and projects targeting critical control field verifications. The CCM programme engages employees in the identification, elimination, control and mitigation of fatal risk. This metric is assessed as the ratio of Supervisor/Manager Critical Control Verifications (CCV) to Critical Control Checks (CCC) in field checks by employees. Stretch performance was achieved in respect of this measure. Iluka's CCM programme was embedded across all Australian operating sites, with 228 employees and 145 contractors completing CCM training in 2022. Serious potential injuries (SPIs) decreased to 46 in 2022 compared to 61 in 2021, partly attributable to the CCM programme and increasing the visible presence of the Iluka Leadership Team at operational sites.	
Diversity & Inclusion	2.5%	STRETCH Iluka is focussed on building and maintaining an engaged, diverse and capable workforce. Reflecting this, a new "Diversity & Inclusion" metric was introduced for 2022 to build employee capability in this area. Stretch performance against this metric was achieved following the development and rollout of training relating to cultural awareness, mental health awareness and focus on behaviour expectations (including modules relating to sexual harassment).	
Responsible for the environment			
Group Closure Index (%) Reduction of rehabilitation liability through closure index target of 104%	2.5%	STRETCH A key focus for Iluka is effectively rehabilitating closed sites. Stretch performance was achieved, primarily as a result of reduced clearing at our operating mines, supported by increased rehabilitation at our close sites. A total of 574 hectares were rehabilitated during 2022.	
Group environmental level 3 and above incidents Target of 8 or less	2.5%	BELOW THRESHOLD In line with our responsibility for the environment, Iluka is committed to reducing environmental incidents. The Group had 14 level 3 and above environmental incidents in 2022, resulting in below threshold performance against this measure. The most common cause of these incidents were spills of mineral containing NORM, most of which were small volumes and all of which were contained and cleaned up. The remaining incidents were associated with hydrocarbon spills, releases of non-toxic sediment-laden or saline water, and one incident was raised for recurrent lower level incidents (Level 1 or 2).	
Operating in and providing products for a low carbon world			
Climate Change Work Programme	2.5%	ABOVE TARGET This was a new metric introduced for 2022 in line with Iluka's commitment to reduce its carbon footprint. Above target performance was achieved in 2022 due to the progression of key initiatives of the Work Programme including100% of sites (including operations or rehabilitation sites) and functions undertaking an exercise, through the CORE program, to identify high impact energy efficiency opportunities.	
GROUP SCORECARD[2]	**Outcome –121% of target; 81 % of maximum achieved**		

[2] Financials, Production, Sustainability

3.3 MANAGING DIRECTOR INDIVIDUAL OBJECTIVES

Individual strategic objectives were set based on individual KMP accountabilities. Outlined below is the assessment of the Managing Director (MD)'s performance against the Individual Strategy scorecard measure and corresponding EIP outcome:

Scorecard measure (weight)	Performance	Threshold – Target - Stretch
INDIVIDUAL STRATEGY (25%)	**Outcome – 143% of target; 95% of maximum**	
Advance staged diversification of portfolio into rare earths in a prudent manner	• Entered into risk sharing partnership with the Australian Government by way of a non-recourse loan with Export Finance Australia (EFA Loan) • Final Investment Decision (FID) taken to proceed with execution of Eneabba Refinery in April 2022 • Eneabba Phase 2 commissioned on time • All environmental and other approvals required to commence construction of the Eneabba Refinery have been obtained and remain in place. • Entered into strategic partnership with Northern Minerals Limited (NTU) for the supply of rare earths concentrate (future feedstock for the Eneabba Refinery), along with an equity and convertible loan investment in NTU	
Pursue value accretive opportunities in mineral sands to deliver sustainable value over the long term with a view to extending reserve life	• Restart of SR1: the restart of synthetic rutile kiln 1 at Capel (following idling in 2009) was commissioned ahead of time and on budget and with a strong safety record and no lost time injuries • Balranald: Substantial progress made on Definitive Feasibility Study (DFS) to facilitate FID taken in February 2023 • Wimmera: PFS completed to facilitate project 'gating' to DFS in February 2023. The technical confidence around the production of rare earth concentrate (as feed for the Eneabba Refinery) is high; the selected technology for zircon purification (to reduce contaminants in the zircon) is to be the subject of a demonstration plant • Material advancements were made in PFS work in relation to other deposits in Western Australia (Tutunup), South Australia (Atacama) and New South Wales (Euston)	
Optimise sustainable value from investment in Sierra Rutile and the Sembehun opportunity	• The successful demerger of Sierra Rutile from Iluka to create Sierra Rutile Holdings Limited (SRX) as a separate listed entity on the ASX was completed in August 2022 • Through the demerger, Iluka has been successfully repositioned to focus on technology advancements in mineral sands in Australia (eg, Balranald and Wimmera) as well as the rare earths diversification	
Optimise price and volume settings	• The security and reliability of supply from Iluka, together with moderate demand and constrained industry supply, provided Iluka opportunities to achieve positive product pricing while maintaining focus on sustainable pricing outcomes across the product portfolio and diversity of end markets • Offtake commitments for premium synthetic rutile increase to ~200ktpa under 'take or pay' arrangement for the next four years • Iluka has successfully rebalanced its geographical exposure across our portfolio of customers	

The Individual strategy scorecard area outcomes for other Executive KMP ranged from 78 – 84% of target.

3.4 OVERALL EIP SCORECARD OUTCOME FOR THE MD

Scorecard measure	Weight	Outcome	Weighted Outcome	Threshold – Target – Stretch
Group Scorecard	75%	121%	91.0%	
Individual Strategy MD Outcome	25%	143%	35.5%	
OVERALL MD RESULT			**126.5%**	

3.5 EIP AWARDS FROM 2022 SCORECARD OUTCOMES

The following table presents the outcomes of the EIP award attributed to the 2022 performance year. The face value of EIP restricted rights and performance rights has been presented, as the fair value will not be determined until the grant is made in March 2023.

Executive KMP	Maximum EIP opportunity	% of target EIP earned	% of maximum EIP earned	% of maximum EIP forfeited	EIP Cash	EIP Restricted Rights	EIP Performance Rights	Total
T O'Leary	$2,940,000	126.5%	84%	16%	N/A	$1,487,640	$991,760	$2,479,400
A Stratton	$1,204,500	126.5%	84%	16%	$203,098	$406,195	$406,194	$1,015,487
M Blackwell	$1,204,500	123.7%	82%	18%	$198,681	$397,362	$397,361	$993,404
S Tilka	$1,072,500	117.5%	78%	22%	$167,971	$335,940	$335,940	$839,851

3.6 VESTING OF 2019 EIP PERFORMANCE RIGHTS

33% of Executive KMPs' total 2019 EIP award was granted as performance rights.

These performance rights were tested and assessed again by the Board based on the Iluka's TSR performance in relation to the S&P / ASX 200 Resources Index (excluding companies primarily engaged in the oil and gas sector and non-mining activities) over the 4 years to 31 December 2022 (as per the vesting schedule below).

The Board determined a vesting of 100% of the performance rights based on the relative TSR achievement of the 72nd percentile against Iluka's peer group over the performance period.

The 2019 EIP Performance Rights were assessed as follows:

Relative TSR	
Weighting:	100%
Actual score:	TSR of (152%) 72nd percentile of comparator group.
Calculation[1]:	100% vesting where Iluka's TSR is above the 50th percentile of peer group (as per the terms of the 2019 EIP Performance Rights).

[1] From 2020, a sliding scale in respect of relative TSR was adopted (see Section 2.2 for more detail).

3.7 SUMMARY OF REALISED REMUNERATION PAID TO EXECUTIVE KMP IN 2022

This Section uses non-IFRS information to show the "realised remuneration" received by Executive KMP for 2022. This is a voluntary disclosure intended to demonstrate the link between the remuneration received by Executive KMP and the performance of Iluka over 2022. Refer to following Section 3.8 for statutory remuneration disclosure.

Executive KMP	Fixed Remuneration	Other[1]	EIP			Total
			Cash[2]	Restricted Rights[2]	2019 EIP Performance Rights vesting[3]	
T O'Leary	$1,400,000	$58,117	$0	$1,487,640	$814,299	$3,760,056
A Stratton	$730,000	$26,733	$203,098	$406,195	$280,289	$1,646,315
M Blackwell	$730,000	$26,411	$198,681	$397,362	$286,459	$1,638,913
S Tilka	$650,000	$10,638	$167,971	$335,940	$134,111	$1,298,660

1 Represents car parking for T O'Leary, A Stratton and M Blackwell, FBT value of car benefit for S Tilka and dividend equivalent payments in relation to vesting of 2019 EIP Tranche 3, 2020 EIP Tranche 2 and 2021 EIP Tranche 1 payable in March 2023.

2 Relates to outcome from 2022 EIP. Restricted rights vest in 4 tranches in March 2024, 2025, 2026 and 2027. This represents the face value of the grant being made.

3 The estimated value of the 2019 EIP Performance Rights vesting in March 2023 was calculated using the closing share price of $9.53 at 30 December 2022. The actual value will be calculated using the closing price at the date of vesting (1 March 2023). Value also includes a dividend equivalent payment payable in March 2023, with respect to vested rights under the plan.

3.8 EXECUTIVE KMP STATUTORY REMUNERATION DISCLOSURES

Details of the remuneration of the KMP, prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and the relevant Australian Accounting Standards, are set out in the following tables.

Name	Year	Short-term Benefits			Post Employment Benefits		Other long-term benefits			
		Base Salary	EIP Cash[1]	Non-Monetary Benefits[2]	Superannuation Benefits	Termination Benefits	Accrued AL and LSL[3,5]	Share Based Payments[4]	Statutory Total	% Performance based Remuneration
T O'Leary	2022	$1,384,087	N/A	$12,656	$24,430	$0	$87,030	$1,874,375	$3,382,578	55%
	2021	$1,377,369	N/A	$12,426	$22,631	$0	$103,490	$1,428,147	$2,944,063	48%
A Stratton	2022	$708,666	$203,098	$13,222	$24,430	$0	$24,726	$495,207	$1,469,349	47%
	2021	$607,369	$188,982	$12,426	$22,631	$0	$28,981	$388,293	$1,248,682	46%
M Blackwell	2022	$713,680	$198,681	$12,656	$24,430	$0	$5,039	$498,400	$1,452,886	48%
	2021	$632,369	$194,319	$12,426	$22,631	$0	$7,796	$410,327	$1,279,868	47%
S Tilka	2022	$625,252	$167,971	$2,886	$24,430	$0	$142,128	$394,234	$1,356,901	41%
	2021	$527,369	$167,101	$5,897	$22,631	$0	$30,399	$311,026	$1,064,423	45%
Total	2022	$3,431,685	$569,750	$41,420	$97,720	$0	$258,923	$3,262,216	$7,661,714	50%
	2021	$3,144,476	$550,402	$43,175	$90,524	$0	$170,666	$2,537,793	$6,537,036	47%

1 EIP cash payments for 2022 will be made in March 2023. EIP cash payments for 2021 were made during the reporting period in March 2022. No cash payments were made to the CEO for 2022.

2 Represents car parking for Executive KMP based in Perth, FBT value of car benefit for S Tilka and 10-year service award for A Stratton.

3 Represents the movement in the annual and long-service leave provisions during the year. Any reduction in accrued annual leave reflects more leave taken that which accrued in the period.

4 Amounts relate to the fair value of awards made under various incentive plans attributable to the year measured in accordance with AASB 2 Share Based Payments.

5 The 2021 comparative disclosures for accrued annual leave and long service leave amounts have been restated due to a prior year calculation error.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

4.1 2022 NON-EXECUTIVE DIRECTOR FEE POLICY

The Board sets the fees for its Non-executive Directors in line with the key objectives of Iluka's Non-Executive Director remuneration policy set out below. Fees are reviewed annually and are set at a level that is sufficient to attract and retain high calibre Directors with the skills and experience required to oversee a business of Iluka's similar size and complexity.

Market competitive	The Board's policy is to remunerate Non-executive Directors at market-competitive rates to attract and retain Non-executive Directors of the requisite expertise having regard to: • market data; • the size and complexity Iluka's operations; and • the workload and time commitment of Directors.
Preserve and safeguard independence and impartiality	• Non-executive Director remuneration consists of base fees, and additional fees for the Chair and members of any Board Committee (with the exception of the Nomination Committee). • No element of Non-executive Director remuneration is 'at-risk' (i.e. Directors are not entitled to any performance-related pay such as share or bonus schemes designed for Executive KMP or employees) to preserve their independence and impartiality.
Alignment with shareholders	• Non-executive Directors are required to hold securities in Iluka to create alignment between the interests of Non-executive Directors and shareholders. • Non-executive Directors are subject to a minimum shareholding requirement equal to 1 times their annual Board base member fee (exclusive of superannuation). Refer to section 5.2 for further detail.

The current annual aggregate fee pool for Non-executive Directors is capped at $1.8 million (including statutory contributions), as approved by shareholders at Iluka's AGM in May 2015.

4.3 2022 FEES & OTHER BENEFITS

Non-executive Director fees for 2022 are outlined in the table below. After considering the relevant market data for Non-executive Directors, the Board determined that there would be no change to the Non-executive Director fees in 2022 from 2021 levels. However Committee Fees for the Sustainability Committee were introduced on 14 April 2022.

2022 Board and Committee Fees (excl. of superannuation)	Chair		Member	
	2021	2022	2021	2022
Board	$321,400	$321,400	$128,800	$128,800
Audit and Risk Committee	$36,100	$36,100	$18,100	$18,100
People and Performance Committee	$30,600	$30,600	$15,350	$15,350
Nomination and Governance Committee	Nil	Nil	Nil	Nil
Sustainability Committee	Nil	$30,600	Nil	$15,350

The minimum required employer superannuation contribution up to the statutory maximum is paid into each Non-executive Director's nominated eligible fund and is in addition to the above fees. The statutory value for superannuation increased in 2022. Non-executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

4.4 STATUTORY REMUNERATION TABLE

The fees paid to Non-executive Directors in 2022 are outlined below, prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and the relevant Australian Accounting Standards.

Name	Year	Board and Committee Fees	Non-Monetary Benefits	Superannuation	Statutory Total
Current Non-executive Directors					
R Cole	2022	$275,757	$0	$22,523	$298,280
	2021	$154,432	$0	$15,070	$169,502
M Bastos	2022	$168,757	$0	$17,319	$186,076
	2021	$146,900	$0	$14,323	$161,223
S Corlett	2022	$157,864	$0	$16,192	$174,056
	2021	$146,900	$0	$14,323	$161,223
L Saint	2022	$175,864	$0	$18,037	$193,901
	2021	$164,900	$0	$16,078	$180,978
A Sutton	2022	$155,043	$0	$15,903	$170,946
	2021	$115,947	$0	$11,375	$127,322
Former Non-executive Directors					
G Martin[1]	2022	$91,829	$0	$7,040	$98,869
	2021	$321,400	$0	$22,631	$344,031
H Ranck[2]	2022	N/A	N/A	N/A	N/A
	2021	$53,133	$0	$5,048	$58,181
Total fees	2022	$1,025,114	$0	$97,014	$1,122,128
	2021	$1,103,612	$0	$98,848	$1,202,460

1 As noted above, G Martin retired as Chairman on 13 April 2022. Remuneration disclosures reflect the period he was a KMP.

2 H Ranck ceased on 9 March 2021. The remuneration disclosures for 2021 reflect the period he was a director.

5. REMUNERATION GOVERNANCE

5.1 REMUNERATION GOVERNANCE FRAMEWORK

KMP remuneration decision making is governed by the Iluka remuneration governance framework. The Iluka People and Performance Committee Charter can be found at www.iluka.com/about-iluka/governance.

BOARD

Delegation and oversight of remuneration decisions to People and Performance Committee (PPC)

WITH ADVICE FROM:

PPC

Reports on, and recommends people and remuneration strategy, frameworks and outcomes to the Board to support the Company's purpose to deliver sustainable value. Operating in accordance with the Charter as approved by the Board, responsibilities include:

- Overall remuneration strategy of the Company
- Incentive plan offers and outcomes including all equity offers to employees
- Workforce planning, capability and engagement strategy and succession planning for key roles
- Performance and remuneration for the Managing Director and Executives, and remuneration of Non-executive Directors
- Diversity strategy, policies and practices of the Company

MANAGEMENT

Propose appointments, succession plans, policies, remuneration structures and remuneration outcomes to PPC for review and recommendation to the Board.

INDEPENDENT EXTERNAL ADVISORS

Engaged by the Company to provide information on remuneration related issues including current market practice, remuneration benchmarking and market data.

BASED ON:

REMUNERATION PRINCIPLES

Aligned with Iluka's People Policy and form the basis of Iluka's remuneration framework

5.2 MINIMUM SHAREHOLDING REQUIREMENT (MSR)

KMP are required to acquire and hold a personally significant shareholding in Iluka to align to the interests of shareholders over a reasonable time frame taking into account vesting and taxation obligations. See Section 6.3 and 6.4 for details of current KMP shareholdings.

Executive KMP

The MSR policy for Executive KMP is as below:

MSR policy	% of Fixed Remuneration (year-end)
Managing Director	200%
Other Executives	100%

As of 31 December 2022, all members of the Executive KMP meet the MSR.

Non-executive Directors

The Board is committed to Non-executive Directors acquiring and holding a shareholding within three years of appointment. In January 2022, the Board approved a change to the Policy, requiring the Chairman and other Non-executive Directors to hold such a number that the aggregate value is at least equal to 100% of their annual Board base member fee (exclusive of superannuation)[1]. As at 31 December 2022, all Non-executive Directors meet the MSR.

See Section 6 for details of current KMP shareholdings.

[1] Excludes committee fees and superannuation

5.3 SECURITIES TRADING POLICY

Security Trading Policy	Directors and employees (including Executive KMP) are prohibited from trading in financial products issued or created over the company's securities created by third parties, and from trading in associated products and entering into transactions which operate to limit the economic risk of holdings of unvested Iluka securities or vested Iluka securities which are subject to a holding lock. The Security Trading Policy is available on the company's website at www.iluka.com.

5.4 EXECUTIVE EMPLOYMENT AGREEMENTS

Iluka's Executive KMP are employed on terms set out in individual employment agreements which do not contain a fixed term. Key terms of the agreements are as follows:

Executive KMP	Position	Termination Notice Period by Iluka or Employee	Termination Benefit
T O'Leary	Managing Director	6 months	6 months
A Stratton	Chief Financial Officer and Head of Development	6 months	6 months
M Blackwell	Head of Projects and Sales & Marketing	3 months	6 months
S Tilka	General Manager, Australian Operations	3 months	6 months

If the Executive KMP's employment is terminated by Iluka (other than for gross misconduct or on other grounds for summary dismissal), the executive may be eligible to receive a termination payment to a maximum of 6 months fixed remuneration (inclusive of any payment made in lieu of notice).

Iluka may terminate Executive KMP's employment agreements without notice and without providing payment in lieu of notice where there is gross misconduct or other grounds for summary dismissal.

5.5 ENGAGEMENT OF EXTERNAL REMUNERATION CONSULTANTS

External remuneration consultants were engaged by the PPC in 2022 to provide advice and market insights in relation to executive remuneration arrangements. The remuneration consultants did not provide a 'Remuneration Recommendation' as defined in the *Corporations Act 2011* during the 2022 financial year.

6. ADDITIONAL REMUNERATION DISCLOSURES

6.1 EXECUTIVE KMP SHARE–BASED REMUNERATION

RESTRICTED RIGHTS/SHARES

The table below shows the number of restricted rights/shares (RRs) that were granted, vested and forfeited during the 2022 year. The table also includes additional rights granted to keep participants "whole" in relation to the demergers of Deterra Royalties in 2020 and Sierra Rutile Ltd in 2022. The terms and conditions of previous years' incentive awards are outlined in the relevant year's Remuneration Report, available at www.iluka.com.

Award	Grant date	Balance at 1 January 2022 KMP start date	Granted during 2022[1]	Vested / exercised into shares in 2022		Lapsed during 2021		Balance at 31 Dec 2022	Granted in 2022[2]	Value vested / exercised into shares in 2022[3]
			Number of restricted rights						Value of restricted rights	
				#	%	#	%	#	$	$
T O'Leary										
2018 EIP RRs (shares)	1 March 2019	39,997	-	(39,997)	33%	-	-	-	-	$411,969
2019 EIP RRs[4,8]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	82,032	1,481	(41,016)	33%	-	-	42,497	$14,973	$422,465
2020 EIP RRs[5]	1 March 2021 and18 Aug 2022	70,827	1,918	(17,707)	25%	-	-	55,038	$19,391	-
2021 EIP RRs[6]	13 April 2022 and 18 Aug 2022	-	157,545	-	-	-	-	157,545	$1,962,276	-
A Stratton										
2018 EIP RRs (shares)	1 March 2019	11,116	-	(11,116)	33%	-	-	-	-	$114,495
2019 EIP RRs[4,8]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	25,520	461	(12,760)	33%	-	-	13,221	$4,661	$131,428
2020 EIP RRs[5]	1 March 2021 and 18 Aug 2022	24,904	675	(6,226)	25%	-	-	19,353	$6,824	-
2021 EIP RRs[6]	23 Feb 2022 and 18 Aug 2022	-	36,600	-	-	-	-	36,600	$401,111	-
M Blackwell										
2018 EIP RRs (shares)	1 March 2019	12,882	-	(12,882)	33%	-	-	-	-	$132,685
2019 EIP RRs[4]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	26,080	471	(13,040)	33%	-	-	13,511	$4,762	$134,312
2020 EIP RRs[5]	1 March 2021 and 18 Aug 2022	24,879	674	(6,220)	25%	-	-	19,333	$6,814	-
2021 EIP RRs[6]	23 Feb 2022 and 18 Aug 2022	-	37,634	-	-	-	-	37,634	$412,443	-
S Tilka										
2018 EIP RRs (shares)	1 March 2019	4,183	-	(4,183)	33%	-	-	-	-	$43,085
2019 SRL Restricted Share[7]	1 March 2019	12,718	-	(12,718)	100%	-	-	-	-	$130,995
2019 EIP RRs[4,8]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	10,240	185	(5,120)	33%	-	-	5,305	$1,870	$52,736
2020 EIP RRs[5]	1 March 2021 and 18 Aug 2022	15,900	431	(3,975)	25%	-	-	12,356	$4,357	-
2021 EIP RRs[6]	23 Feb 2022 and 18 Aug 2022	-	32,362	-	-	-	-	32,362	$354,666	-

1 Restricted rights granted in respect to the 2021 EIP, which form part of the share based payments for 2021 to 2025 inclusive. It includes top-up of Rights for the 2019 EIP, 2020 EIP and 2021 EIP following the demerger for Sierra Rutile Ltd in September 2022.
2 Value at point of grant, was $10.99 for KMP and $12.54 for MD's grant.
3 Value at point of vest. Share price at 1 March 2022 was $10.30.
4 The initial grant date reflects the original date Restricted Rights were allocated in relation to the 2019 EIP award. "Top up" rights were granted in Dec 2020 as a result of the Deterra Royalties demerger, in order to keep participants "whole". Further details can be found in the 2020 Remuneration Report. Additional "Top up" rights were granted as a result of the Sierra Rutile Ltd demerger, in order to keep participants "whole" and further details can be found in section 7 of this report.
5 The initial grant date reflects the original Restricted Right were allocated in relation to the 2020 EIP award. "Top up" rights were granted in Aug 2022 as a result of the Sierra Rutile Ltd demerger, in order to keep participants "whole".
6 The initial grant date reflects the original Restricted Right were allocated in relation to the 2021 EIP award. "Top up" rights were granted in Aug 2022 as a result of the Sierra Rutile Ltd demerger, in order to keep participants "whole".
7 S Tilka became a KMP on the 27 October 2020. The opening balance reflects the remainder of his previously awarded 2019 Restricted Share Plan award granted to Mr Tilka in March 2019, (which were released to him in March 2022).
8 Starting balance corrected by one (1) Right for T O'Leary, A Stratton and S Tilka due to incorrect reporting of vested/exercised in 2021 report.

PERFORMANCE RIGHTS

The table below shows the number of performance rights (PRs) that were granted, vested and forfeited during the 2022 year:

Award	Grant date	Number of performance rights							Value of performance rights	
		Balance at 1 January 2022 KMP start date	Granted during 2022[1]	Vested / exercised into shares in 2022		Lapsed during 2022		Balance at 31 Dec 2022	Granted in 2022[2]	Value vested / exercised into shares in 2022[3]
				#	%	#	%	#	$	$
T O'Leary										
2018 EIP PRs[4]	1 March 2019 and 30 Dec 2020	138,682	-	(138,682)	100%	-	-	-	-	$1,428,425
2019 EIP PRs[5]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	78,088	2,819	-	-	-	-	80,907	$28,500	-
2020 EIP PRs[6]	1 March 2021 and 18 Aug 2022	47,218	1,705	-	-	-	-	48,923	$17,238	-
2021 EIP PRs[7]	13 April 2022 and 18 Aug 2022	-	105,031	-	-	-	-	105,031	$1,197,701	-
A Stratton										
2018 EIP PRs[4]	1 March 2019 and Dec 2020	42,642	-	(42,642)	100%	-	-	-	-	$439,213
2019 EIP PRs[5]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	26,878	971	-	-	-	-	27,849	$9,817	-
2020 EIP PRs[6]	1 March 2021 and 18 Aug 2022	16,603	600	-	-	-	-	17,203	$6,066	-
2021 EIP PRs[7]	23 Feb 2022 and 18 Aug 2022	-	36,600	-	-	-	-	36,600	$372,852	-
M Blackwell										
2018 EIP PRs[4]	1 March 2019 and Dec 2020	49,417	-	(49,417)	100%	-	-	-	-	$508,995
2019 EIP PRs[5]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	27,470	992	-	-	-	-	28,462	$10,029	-
2020 EIP PRs[6]	1 March 2021 and 23 Sep 2022	16,586	599	-	-	-	-	17,185	$6,066	-
2021 EIP PRs[7]	23 Feb 2022 and 18 Aug 2022	-	37,634	-	-	-	-	37,634	$362,852	-
S Tilka										
2018 EIP PRs[4]	1 March 2019 and Dec 2020	19,848	-	(19,848)	100%	-	-	-	-	$204,434
2019 EIP PRs[5]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	12,860	465	-	-	-	-	13,325	$4,701	-
2020 EIP PRs[6]	1 March 2021 and 18 Aug 2022	9,947	360	-	-	-	-	10,307	$3,640	-

Award	Grant date	Balance at 1 January 2022 KMP start date	Number of performance rights						Value of performance rights	
			Granted during 2022[1]	Vested / exercised into shares in 2022		Lapsed during 2022		Balance at 31 Dec 2022	Granted in 2022[2] $	Value vested / exercised into shares in 2022[3]
				#	%	#	%	#		$
2021 EIP PRs[7]	23 Feb 2022 and 18 Aug 2022	-	32,362	-	-	-	-	32,362	$320,621	-

1 Performance rights granted in respect of the 2021 EIP, which form part of the share based payments for 2021 to 2025 inclusive.
2 Fair Value of $9.90 at point of grant for A Stratton, M Blackwell & S Tilka. FV for MD's grant is $11.45.
3 Value at point of vest. Share price at 1 March 2022 was $10.30. SRL Top-Up value based on Share price on date of board approval for the 17 August 2022 which was $10.11.
4 The initial grant date reflects the original date performance rights were allocated in relation to the 2018 EIP awards. "Top up" rights were granted in Dec 2020 as a result of the Deterra Royalties demerger, in order to keep participants "whole". Further detail can be found in the 2020 Remuneration Report.
5 The initial grant date reflects the original date performance rights were allocated in relation to the 2019 EIP awards. "Top up" rights were granted in Dec 2020 as a result of the Deterra Royalties demerger, in order to keep participants "whole". Further detail can be found in the 2020 Remuneration Report. Additional "Top up" rights were granted as a result of the Sierra Rutile Ltd demerger, in order to keep participants "whole" and further details can be found in section 7 of this report.
6 The initial grant date reflects the original performance were allocated in relation to the 2020 EIP award. "Top up" rights were granted in Aug 2022 as a result of the Sierra Rutile Ltd demerger, in order to keep participants "whole".
7 The initial grant date reflects the original performance were allocated in relation to the 2021 EIP award. "Top up" rights were granted in Aug 2022 as a result of the Sierra Rutile Ltd demerger, in order to keep participants "whole".

6.2 FAIR VALUE OF EQUITY GRANTS

The fair value of each restricted right or performance right and the vesting year for each incentive plan is set out below. The maximum value of restricted rights and/or performance rights yet to vest is not able to be determined as it is dependent on satisfaction of service and performance conditions and Iluka's future share price. The minimum value of unvested restricted rights and/or performance rights is nil.

Incentive Plan	Grant Date	Grant Type	Fair Value per Right at Grant Date $[1]	Vesting Date	Expiry Date
2018 EIP[2]	1 March 2020 and 30 Dec 2020	Restricted rights	9.35	1 March 2020, 1 March 2021, 1 March 2022	1 March 2020, 1 March 2021, 1 March 2022
		Performance rights	5.67	1 March 2022	1 March 2022
2019 EIP[3]	1 March 2020, 30 Dec 2020 and 18 Aug 2022	Restricted rights	9.19	1 March 2021, 1 March 2022, 1 March 2023	1 March 2021, 1 March 2022, 1 March 2023
		Performance rights	6.83	1 March 2023	1 March 2023
2020 EIP[4]	1 March 2021 and 23 Sep 2022	Restricted rights	7.47	1 March 2022, 1 March 2023, 1 March 2024, 1 March 2025	1 March 2022, 1 March 2023, 1 March 2024, 1 March 2025
		Performance rights	6.15/6.36	1 March 2025	1 March 2025
2021 EIP[5]	23 February 2022	Restricted rights	10.99	1 March 2023, 1 March 2024,1 March 2025,1 March 2026	1 March 2023, 1 March 2024, 1 March 2025, 1 March 2026
	23 February 2022	Performance rights	9.90	1 March 2026	1 March 2026
2021 EIP (MD)[6]	13 April 2022	Restricted rights	12.54	1 March 2023, 1 March 2024, 1 March 2025, 1 March 2026	1 March 2023, 1 March 2024, 1 March 2025, 1 March 2026
	13 April 2022	Performance rights	11.45	1 March 2026	1 March 2026
2022 EIP[7]	March 2023	Restricted rights	$9.53	1 March 2024, 1 March 2025, 1 March 2026, 1 March 2027	1 March 2024, 1 March 2025, 1 March 2026, 1 March 2027
		Performance rights		1 March 2027	1 March 2027

1 The fair value is calculated in accordance with the measurement criteria of Accounting Standard AASB 2 Share Based Payments.

2 Represents the fair value on the grant date of restricted rights, and fair value of performance rights awarded under the 2018 EIP for which the performance period concluded on 31 December 2018.

3 Represents the fair value on the grant date of restricted rights, and fair value of performance rights to be awarded under the 2019 EIP for which the performance period concluded on 31 December 2019 .

4 Represents the fair value on the grant date of restricted rights, and fair value of $6.15 for performance rights awarded to Executive KMP, other than the MD and fair value of $6.36 for the Managing Director's award under the 2020 EIP for which the performance period concluded on 31 December 2020. Shareholder approval for the grant of restricted rights and performance rights to the Managing Director was obtained under ASX Listing Rule 10.14 at the 2020 Annual General Meeting.

5 Represents the share price on the grant date of restricted rights, and fair value of $9.90 for performance rights awarded to Executive KMP.

6 Represents the share price on the grant date of restricted rights and fair value of $11.45 for the Managing Director's award under the 2021 EIP for which the performance period concluded on 31 December 2021. Shareholder approval for the grant of restricted rights and performance rights to the Managing Director was obtained under ASX Listing Rule 10.14 at the 2021 Annual General Meeting

7 Represents the estimated fair value of restricted rights and performance rights to be awarded under the 2022 EIP for which the performance period concluded on 31 December 2022, calculated using the closing share price of $9.53 at 31 December 2022. The fair value will be determined in 2023 following the release of the company's 2022 annual results.

6.3 SHAREHOLDINGS OF EXECUTIVE KMP AND THEIR RELATED PARTIES

Name	Number of shares					Minimum shareholding met?[3]
	Balance held at 1 January 2022[1]	Vesting/ exercise of share rights pursuant to EIP	Awarded as Restricted Shares pursuant to EIP	Other changes[2]	Balance held at 31 December 2022[1]	
T O'Leary	900,311	138,682	160,944	-	1,199,937	Yes
A Stratton	106,220	42,642	37,736	(18,122)	168,476	Yes
M Blackwell	89,765	49,417	38,779	(68,677)	109,284	Yes
S Tilka	43,041	19,848	32,978	-	95,867	Yes

1 Includes shares held directly or through a nominee or agent (e.g. family trust).
2 Other changes may include changes due to personal trades and forfeited shares.
3 As at 31 December 2022 with share price of $9.53.

6.4 SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS AND THEIR RELATED PARTIES

Name	Number of shares[1]			Minimum shareholding met?[2]
	Balance held at 1 January 2022	Net movement	Balance held at 31 December 2022	
R Cole[3]	22,000	15,000	37,000	Yes
M Bastos[3]	22,822	842	23,664	Yes
S Corlett	9,993	6,047	16,040	Yes
L Saint[4]	18,233	208	18,441	Yes
A Sutton	22,000	-	22,000	Yes
Former Non-executive Directors				
G Martin[3,5]	30,000	-	30,000	No

1 Non-Executive directors do not receive share based remuneration and movements in their shareholdings reflect on-market trades.
2 Minimum shareholding requirements changed in January 2022 and this assessment reflects these changes.
3 Includes shares held indirectly through a nominee or agent (e.g. family trust).
4 Adjustment to 2021 closing balance of 233 shares from Dividend Reinvestment Plan (DRP) not previously advised to ASX as a result of an administrative issue relating to Ms Saint's custodial account.
5 G Martin retired as Chairman on 13 April 2022.

6.5 OTHER DISCLOSURES

On-market share purchases

Iluka issued 730,000 shares to satisfy employee incentive schemes in 2022, at an average price of $11.04 per share.

Transactions with key management personnel

During the financial year there were no product or services purchases by Executive KMP from the Group (2021: nil) and there are no amounts payable at 31 December 2022 (2021: nil).

Loans with KMPs

There have been no loans to Executive KMP during the financial year (2021: nil).

7. IMPACT OF THE SRL DEMERGER ON EXECUTIVE KMP INCENTIVES

7.1 OVERVIEW

As outlined above, during 2022, Iluka undertook a demerger of SRL by way of a capital reduction and an in-specie dividend to existing Iluka shareholders. This transaction impacted Iluka incentive awards on foot at the time of demerger, including those held by Executive KMP.

Executive KMP did not hold any restricted share awards which would participate in the demerger. Restricted rights and performance rights under the EIP were not able to participate in the demerger and, as a result of the transaction, the value of Iluka shares underlying each restricted right or performance right was reduced. To address the reduction in value, the Board determined that additional allocations of rights (**Additional Rights**) would need to be made, in order to preserve the overall value of the incentives following the SRL demerger, and to ensure that participants were no better or worse off as a result of the demerger. A summary of the additional rights granted to Executive KMP during 2022 is outlined below.

Detailed information on the treatment of Iluka incentive awards on the SRL Demerger is set out in Section 5.6 of the Sierra Rutile Demerger Booklet. The demerger scheme booklet and other details relating to the demerger are available in Iluka's demerger suite: https://iluka.com/investors-media/sierra-rutile.

7.2 APPROACH TO ADDITIONAL RIGHTS ALLOCATIONS

The Additional Rights were granted in August 2022 on substantially the same terms and conditions as the original awards. The terms and conditions of the original awards are set out in the relevant Remuneration Reports[1,2].

The calculation method used to determine the number of additional rights to be granted (rounded down to the nearest whole right) was as follows:

$$\left(\text{No. of applicable Restricted/Performance Rights under the Award held before the Demerger} \times \frac{\text{Iluka 5-day post-Demerger VWAP} + \text{SRL 5-day post-Demerger VWAP}}{\text{Iluka 5-day post-Demerger VWAP}} \right) - \text{No. of applicable Restricted/Performance Rights under the Award held before the Demerger}$$

1 The terms and conditions of the relevant plans are set out as follows: 2019 EIP (2019 Remuneration Report); 2020 EIP (2020 Remuneration Report); and 2021 EIP (2021 Remuneration Report).

2 For the performance rights under the top-up to the 2019 EIP award, the TSR performance condition will capture the performance of both Iluka and Sierra Rutile for the remainder of the performance period post-demerger. For the performance rights under the top-up to the 2020 and 2021 EIP awards, the TSR performance condition will exclude the performance for Sierra Rutile for the post-demerger period.

7.3 SUMMARY OF TOP UP ALLOCATIONS

The table below sets out Additional Rights granted to Executive KMP in 2022 as outlined in the SRL demerger documentation in order to preserve the overall value of the incentives following the SRL demerger, and to ensure that participants were no better or worse off as a result of the demerger in relation to their existing awards.

Name	Plan	Number of original rights		Number of Additional Rights	
		Restricted Rights	Performance Rights	Restricted Rights	Performance Rights
T O'Leary	2019 EIP	41,016	78,088	1,481	2,819
	2020 EIP	53,120	47,218	1,918	1,705
	2021 EIP	152,056	101,371	5,489	3,660
A Stratton	2019 EIP	12,760	26,878	461	971
	2020 EIP	18,678	16,603	675	600
	2021 EIP	35,324	35,324	1,276	1,276
M Blackwell	2019 EIP	13,040	27,470	471	992
	2020 EIP	18,659	16,586	674	599
	2021 EIP	36,322	36,322	1,312	1,312
S Tilka	2019 EIP	5,120	12,860	185	465
	2020 EIP	11,925	9,947	431	360
	2021 EIP	31,234	31,234	1,128	1,128

Auditor's Independence Declaration

As lead auditor for the audit of Iluka Resources Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Iluka Resources Limited and the entities it controlled during the period.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
21 February 2023

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ILUKA RESOURCES LIMITED ABN 34 008 675 018
FINANCIAL REPORT - 31 DECEMBER 2022

ABOUT THIS REPORT

These financial statements are the consolidated financial statements of the Group consisting of Iluka Resources Limited and its subsidiaries (the Group). The financial statements are presented in Australian dollars.

Iluka Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Iluka Resources Limited
Level 17
240 St Georges Terrace
Perth WA 6000

A description of the nature of the Group's operations and its principal activities is included in the operating and financial review section of the Directors' Report, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 21 February 2023. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All ASX releases, financial reports and other relevant information are available at www.iluka.com.

ILUKA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022 $m**	2021 $m
CONTINUING OPERATIONS			
Revenue	5	**1,611.3**	1,316.1
Other income		**22.9**	9.3
Expenses	6	**(922.7)**	(841.9)
Equity accounted share of profit - Deterra	24	**29.6**	18.4
Interest and finance charges		**(6.0)**	(5.2)
Rehabilitation and mine closure provision discount unwind and rate changes		**(5.0)**	(7.8)
Total finance costs	15	**(11.0)**	(13.0)
Profit before income tax		**730.1**	488.9
Income tax expense	11	**(212.8)**	(134.6)
Profit after income tax from continuing operations		**517.3**	354.3
DISCONTINUED OPERATIONS			
Profit after tax from discontinued operations	23	**71.2**	11.6
Profit for the period, attributable to:		**588.5**	365.9
Equity holders of Iluka Resources Limited		**584.5**	364.9
Non-controlling interest[1]	23	**4.0**	1.0

	Cents	Cents
Earnings per share from continuing operations attributable to the ordinary equity holders of the parent		
Basic earnings per share	**116.9**	83.9
Diluted earnings per share	**115.9**	83.2
Earnings per share attributable to ordinary equity holders of the parent		
Basic earnings per share	**139.3**	86.7
Diluted earnings per share	**138.1**	86.0

[1] Profit for the period attributable to non-controlling interest comprises profit from Sierra Rutile attributable to the International Finance Corporation prior to demerger - refer to note 23.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

ILUKA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $m	2021 $m
Profit for the period		**588.5**	365.9
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Currency translation of foreign operations	17	**(17.5)**	(9.2)
Movements in foreign exchange cash flow hedges, net of tax	17	**(2.5)**	(1.9)
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	17	**11.0**	3.8
Total other comprehensive loss for the year, net of tax		**(9.0)**	(7.3)
Total comprehensive income for the year, attributable to:		**579.5**	358.6
Equity holders of Iluka Resources Limited		**575.5**	357.6
Non-controlling interest		**4.0**	1.0
Total comprehensive income for the year attributable to the equity holders of the parent arises from:			
Continuing operations		**504.3**	346.0
Discontinued operations		**71.2**	11.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

ILUKA RESOURCES LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 $m	2021 $m
ASSETS			
Current assets			
Cash and cash equivalents	15	**521.7**	294.8
Receivables	13	**275.1**	253.7
Inventories	14	**543.3**	489.7
Total current assets		**1,340.1**	1,038.2
Non-current assets			
Investments accounted for using the equity method	24	**449.5**	455.7
Financial assets at fair value through profit or loss	25	**20.0**	-
Property, plant and equipment	9	**1,116.0**	1,009.5
Deferred tax assets	12	**35.0**	39.1
Inventories	14	**18.3**	65.0
Right of use assets	10	**22.9**	28.7
Total non-current assets		**1,661.7**	1,598.0
Total assets		**3,001.8**	2,636.2
LIABILITIES			
Current liabilities			
Payables		**143.7**	174.8
Derivative financial instruments	21	**4.4**	0.5
Current tax payable		**135.3**	28.5
Provisions	8	**81.5**	100.1
Lease liabilities	10	**8.9**	8.7
Total current liabilities		**373.8**	312.6
Non-current liabilities			
Interest-bearing liabilities	15	**33.0**	-
Provisions	8	**679.6**	690.8
Financial liabilities at fair value through profit or loss	23	**-**	11.0
Lease liabilities	10	**20.6**	27.2
Total non-current liabilities		**733.2**	729.0
Total liabilities		**1,107.0**	1,041.6
Net assets		**1,894.8**	1,594.6
EQUITY			
Contributed equity	16	**1,129.6**	1,148.3
Reserves	17	**16.6**	31.0
Retained earnings	17	**748.6**	413.9
Non-controlling interests	22	**-**	1.4
Total equity		**1,894.8**	1,594.6

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

ILUKA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Attributable to owners of Iluka Resources Limited					
		Share capital $m	Other reserves $m	Retained earnings $m	Total $m	NCI $m	Total equity $m
Balance at 1 January 2021		**1,150.5**	**37.1**	**104.3**	**1,291.9**	**0.4**	**1,292.3**
Profit for the year	17	-	-	364.9	364.9	1.0	365.9
Other comprehensive income (loss)	17	-	(11.1)	3.8	(7.3)	-	(7.3)
Total comprehensive income		**-**	**(11.1)**	**368.7**	**357.6**	**1.0**	**358.6**
Transfer of asset revaluation reserve		-	(0.1)	0.1	-	-	-
Transactions with owners in their capacity as owners:							
Transfer of shares to employees, net of tax		3.0	(3.0)	-	-	-	-
Share-based payments, net of tax		-	8.1	-	8.1	-	8.1
Dividends paid	18	3.8	-	(59.2)	(55.4)	-	(55.4)
Purchase of treasury shares, net of tax		(9.0)	-	-	(9.0)	-	(9.0)
		(2.2)	5.1	(59.2)	(56.3)	-	(56.3)
Balance at 31 December 2021		**1,148.3**	**31.0**	**413.9**	**1,593.2**	**1.4**	**1,594.6**

	Notes	Attributable to owners of Iluka Resources Limited					
		Share capital $m	Other reserves $m	Retained earnings $m	Total $m	NCI $m	Total equity $m
Balance at 1 January 2022		**1,148.3**	**31.0**	**413.9**	**1,593.2**	**1.4**	**1,594.6**
Profit for the year	17	-	-	584.5	584.5	4.0	588.5
Other comprehensive income (loss)	17	-	(20.0)	11.0	(9.0)	-	(9.0)
Total comprehensive income		**-**	**(20.0)**	**595.5**	**575.5**	**4.0**	**579.5**
Transfer of FCTR on demerger	17	-	(17.5)	17.5	-	-	-
Transactions with owners in their capacity as owners:							
Shares issued	16	8.1	-	-	8.1	-	8.1
Purchase of treasury shares, net of tax		(5.8)	-	-	(5.8)	-	(5.8)
Transfer of shares to employees, net of tax		10.0	(10.0)	-	-	-	-
Share-based payments, net of tax		-	11.0	-	11.0	-	11.0
Dividends paid	18	10.0	-	(261.6)	(251.6)	-	(251.6)
Transactions with non-controlling interests	23	-	5.4	-	5.4	(5.4)	-
Transfer of loss in ownership changes	23	-	16.7	(16.7)	-	-	-
Return of capital - SRL demerger	23	(41.0)	-	-	(41.0)	-	(41.0)
		(18.7)	23.1	(278.3)	(273.9)	(5.4)	(279.3)
Balance at 31 December 2022		**1,129.6**	**16.6**	**748.6**	**1,894.8**	**-**	**1,894.8**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ILUKA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $m	2021 $m
Cash flows from operating activities			
Receipts from customers		**1,674.7**	1,386.1
Repayments of government assistance - JobKeeper		**-**	(13.9)
Payments to suppliers and employees		**(963.5)**	(858.3)
Operating cash flow		**711.2**	513.9
Interest received		**6.2**	0.6
Interest paid		**(1.5)**	(1.7)
Income taxes paid		**(104.1)**	(149.9)
Exploration expenditure		**(10.3)**	(8.0)
Net cash inflow from operating activities	31	**601.5**	354.9
Cash flows from investing activities			
Payments for property, plant and equipment		**(152.6)**	(53.6)
Sale of property, plant and equipment		**0.1**	2.0
Payments for options contracts		**-**	(0.1)
Payment for investment in listed securities	25	**(20.0)**	-
Dividends received - Deterra	24	**35.7**	14.8
Net cash outflow from investing activities		**(136.8)**	(36.9)
Cash flows from financing activities			
Repayment of borrowings		**-**	(117.2)
Proceeds from borrowings		**40.7**	78.2
Purchase of treasury shares		**-**	(11.9)
Dividends paid		**(146.8)**	(55.4)
Debt refinance costs		**(7.7)**	-
Settlement of put option	23	**(11.5)**	-
Principal element of lease payments		**(8.8)**	(6.6)
Net cash outflow from financing activities		**(134.1)**	(112.9)
Net increase in cash and cash equivalents		**330.6**	205.1
Cash and cash equivalents at 1 January		**294.8**	87.1
Cash associated with SRL - demerged	23	**(105.6)**	-
Effects of exchange rate changes on cash and cash equivalents		**1.9**	2.6
Cash and cash equivalents at end of period	15	**521.7**	294.8

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

Iluka Resources Limited and its subsidiaries together are referred to as the Group in this financial report.

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Iluka Group. Information is considered relevant and material if:

- The amount is significant due to its size or nature;
- The amount is important in understanding the results of the Group;
- It helps to explain the impact of significant changes in the Group's business; or
- It relates to an aspect of the Group's operations that is important to its future performance.

BASIS OF PREPARATION

This section of the financial report sets out the Group's accounting policies that relate to the financial statements as a whole. This section also sets out information related to critical accounting estimates and judgements applied to these financial statements.

1 REPORTING ENTITY

Iluka Resources Limited (Company or parent entity) is domiciled in Australia. The financial statements are for the Group consisting of Iluka Resources Limited and its subsidiaries.

2 BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Iluka Resources Limited is a for-profit entity and is primarily involved in mineral sands and rare earths exploration, project development, mining operations, processing and marketing.

The consolidated financial statements of Iluka Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are required to be measured at fair value.

New and amended standards adopted by the Group, and their related impacts on the financial statements (if any), are detailed in note 35.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Iluka Resources Limited as at 31 December 2022 and the results of all subsidiaries for the year then ended. A list of controlled entities (subsidiaries) at year-end is contained in note 22(a).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

During the year, Iluka demerged its subsidiary, Sierra Rutile Limited (refer to note 23).

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting from the date on which the investee becomes an associate. Deterra Royalties Limited is accounted for as an associate.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 7.

(iii) Employee Share Trust

The Group's Employee Share Schemes are administered through the Iluka Resources Limited Employee Share Plan Trust (the trust). This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares in the Company held by the trust are disclosed as treasury shares in the consolidated financial statements and deducted from contributed equity, net of tax.

(b) Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Where Group companies based in Australia transact in foreign currencies, these transactions are translated into Australian dollars using the exchange rate on that day. Foreign currency monetary assets and liabilities are translated to Australian dollars at each reporting date exchange rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to Australian dollars at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not re-translated.

The financial position of foreign operations is translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at average exchange rates each month. Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(c) Rounding of amounts

The Company is of a kind referred to in Rounding Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the financial statements. In accordance with that Rounding Instrument, amounts in the financial statements have been rounded to the nearest hundred thousand dollars, or in certain cases, the nearest thousand dollars or nearest dollar.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates will, by definition, seldom equal related actual results. This note provides an overview of areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted if estimates or assumptions significantly differ from actual outcomes. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

	Note
Rehabilitation and mine closure provisions	8
Net realisable value and classification of product inventory	14

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and future periods affected.

The Group recognises the physical and transitional impacts of climate change may affect its assets, productivity, the markets in which it sells its products, and the jurisdictions in which it operates. The Group continues to develop its assessment of the potential impacts of climate change and the transition to a lower carbon economy and, where possible, the potential financial impacts have been considered in the preparation of these financial statements.

The Group's physical and transition risk assessment process is ongoing. Changes in the Group's climate strategy or global decarbonisation initiatives may impact the Group's significant judgements and key estimates and materially impact financial results and the carrying values of certain assets and liabilities in future reporting periods.

KEY NUMBERS

4 SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision-makers) in assessing performance and in determining the allocation of resources.

During the current reporting period, the Group changed the internal reporting basis of its operations to match changes in the operational structure of the business, with the resulting new operating segments of the Group being as follows:

Jacinth-Ambrosia/Mid West (JA/MW) comprises the mining operations at Jacinth-Ambrosia located in South Australia, and associated processing operations at the Narngulu mineral separation plant in mid-west Western Australia.

Cataby/South West (C/SW) comprises mining activities at Cataby and processing of ilmenite at Synthetic Rutile Kilns 1 and 2, located in Western Australia.

Rare Earths (RE) comprises the Eneabba Rare Earths Refinery currently being constructed in Western Australia and associated feasibility studies alongside Phase 1 and 2 of the Eneabba development, and the Group's investment in Northern Minerals Limited.

United States/Murray Basin (US/MB) comprises rehabilitation obligations in the United States (Florida and Virginia), where mining and processing activities were substantially completed in December 2015, and certain idle assets located in Australia (Murray Basin).

Sierra Rutile (SRL) is no longer an operating segment of the group. This operating segment comprised the mineral sands mining and processing operations in Sierra Leone, which were demerged during the current reporting period. The financial position and performance of SRL are reflected as a discontinued operation as outlined in note 23. Rare Earths (RE) became an operating segment during the reporting period. Comparative information for new or changed segments has been restated.

Cash, debt and tax balances are managed at a group level, together with exploration and other corporate activities, and are not allocated to segments.

Where finished product capable of sale to a third party is transferred between operating segments, the transfers are made at arm's length prices. Any transfers of intermediate products between operating segments are made at cost. No such transfers took place between segments during the year ended 31 December 2022 (2021: $nil).

(b) Segment information

2022	**JA/MW** $m	**C/SW** $m	**RE** $m	**US/MB** $m	**Total** $m
Total segment sales of critical minerals	778.9	753.5	-	0.4	1,532.8
Total segment freight revenue	58.6	28.9	-	-	87.5
Depreciation and amortisation expense	(49.3)	(91.4)	-	(0.8)	(141.5)
Changes in rehabilitation recognised in profit or loss	3.0	(4.9)	-	(9.2)	(11.1)
Total segment result	462.6	363.0	-	(17.1)	808.5
Segment assets	661.3	1,025.1	113.6	172.0	1,972.0
Segment liabilities	344.9	359.3	81.1	139.0	924.3
Segment capital expenditure	15.8	60.7	42.2	20.0	138.7
Additions to non-current segment assets	33.8	97.6	93.3	20.0	244.7

2021	JA/MW $m	C/SW $m	RE $m	US/MB $m	Total $m
Total segment sales of critical minerals	599.6	639.1	-	14.4	1,253.1
Total segment freight revenue	39.5	19.5	-	3.9	62.9
Depreciation and amortisation expense	(43.8)	(81.0)	-	(0.2)	(125.0)
Changes in rehabilitation recognised in profit or loss	(9.7)	(1.0)	-	31.1	20.4
Total segment result	331.6	237.3	-	32.0	600.9
Segment assets	685.5	852.2	-	149.1	1,686.8
Segment liabilities	323.5	315.2	-	177.5	816.2
Segment capital expenditure	36.7	17.5	-	7.5	61.7
Additions to non-current segment assets	36.7	66.6	-	7.5	110.8

Mineral sands revenue is derived from sales to external customers domiciled in various geographical regions. Details of segment revenue by location of customers are as follows:

	2022 $m	2021 $m
China	**524.3**	490.4
Asia excluding China	**253.5**	214.5
Europe	**343.9**	229.8
Americas	**337.8**	256.8
Other countries	**73.3**	61.6
Sale of goods	**1,532.8**	1,253.1

Revenue of $294.1 million and $150.8 million was derived from two external customers of the mineral sands segments, which individually account for greater than 10% of the total segment revenue (2021: revenues of $265.3 million and $183.9 million from two external customers).

Segment result is reconciled to profit before income tax as follows:

	2022 $m	2021 $m
Segment result	**808.5**	600.9
Interest income	**7.4**	0.5
Asset sales and other income	**-**	(0.2)
Marketing and selling	**(11.6)**	(9.1)
Corporate and other costs	**(73.9)**	(66.2)
Major Projects, Engineering and Innovation	**(37.0)**	(45.2)
Depreciation	**(2.9)**	(3.0)
Interest and finance charges	**(4.5)**	(5.3)
Net foreign exchange gains	**14.5**	7.8
Equity accounted profit - Deterra	**29.6**	18.4
Gain on remeasurement of put option	**-**	(3.4)
Impairment - exploration assets	**-**	(6.3)
Profit before income tax from continuing operations	**730.1**	488.9

Total segment assets and total segment liabilities are reconciled to the balance sheet as follows:

Segment assets	**1,972.0**	1,800.1
Corporate assets	**23.6**	46.6
Cash and cash equivalents	**521.7**	294.8
Deferred tax assets	**35.0**	39.0
Investment in Deterra Resources Limited	**449.5**	455.7
Total assets as per the balance sheet	**3,001.8**	2,636.2

Segment liabilities	**924.3**	938.1
Corporate liabilities	**47.4**	75.0
Current tax payable	**135.3**	28.5
Total liabilities as per the balance sheet	**1,107.0**	1,041.6

5 REVENUE

	Notes	2022 $m	2021 $m
Continuing operations			
Sales revenue			
Sale of goods	5(a)	**1,523.8**	1,253.2
Freight revenue	5(b)	**87.5**	62.9
		1,611.3	**1,316.1**

(a) Sale of mineral sands

The Group earns revenue by mining, processing, and subsequently selling mineral sands (including zircon, rutile, synthetic rutile and ilmenite) by export to customers based in the Americas, Europe, China, the rest of Asia, and other countries under a range of commercial terms.

Revenue from the sale of product is recognised when control has been transferred to the customer, generally being when the product has been dispatched and is no longer under the physical control of the Group. In cases where control of product is transferred to the customer before dispatch takes place, revenue is recognised when the customer has formally acknowledged their legal ownership of the product, which includes all inherent risks associated with control of the product. In these cases, product is clearly identified and immediately available to the customer.

Sales to customers are generally denominated in US Dollars, which are translated into the functional currency of the Group using the spot exchange rate applicable on the transaction date. The effect of variable consideration arising from rebates, discounts and other similar arrangements with customers is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognised when any pricing uncertainty is resolved. Revenue is recognised net of duties and other taxes.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Accordingly, the group does not adjust transaction prices for the time value of money.

(b) Freight revenue

The Group also earns revenue from freighting its products to customers in accordance with the Incoterms in each particular sales contract. Freight revenue is recognised to the extent that the freight service has been delivered, specifically with reference to the proportion of completed freight distance to total freight distance, which is determined by the Group at each reporting date.

Freight revenue is allocated from the overall contract price at its standalone selling price (where observable) or otherwise at its estimated cost plus margin.

Freight revenue includes $3.8 million relating to contracts in place at the end of the prior year (2021: $0.7 million). No freight revenue has been deferred at the end of the current year in relation to unfulfilled shipping obligations.

6 EXPENSES

	Notes	2022 $m	2021 $m
Continuing operations			
Expenses			
Cash costs of production	6(a)	**508.3**	373.7
Depreciation/amortisation		**141.1**	119.0
Inventory movement - cash costs of production		**(29.1)**	63.0
Inventory movement - non-cash production costs		**(9.9)**	11.6
Cost of goods sold	6(b)	**610.4**	567.3
Ilmenite concentrate and by-product costs	6(c)	**12.7**	20.1
Depreciation (idle, corporate and other)		**3.3**	9.0
Idle capacity charges	6(d)	**12.5**	18.3
Changes in rehabilitation costs for closed sites	6(e)	**11.1**	(20.4)
Government royalties		**47.2**	33.3
Marketing and selling costs		**116.5**	96.3
Corporate and other costs	6(f)	**72.0**	62.8
Major projects, exploration and innovation	6(g)	**37.0**	45.2
Put option remeasurement loss		**-**	3.4
Net loss on disposal of property, plant and equipment		**-**	0.3
Impairment - exploration assets		**-**	6.3
		922.7	841.9

(a) Cash costs of production

Cash costs of production include costs for mining and concentrating, transport of heavy mineral concentrate, mineral separation, synthetic rutile production, externally purchased ilmenite, and production overheads; but exclude Australian state royalties which are reported separately.

(b) Cost of goods sold

Cost of goods sold is the inventory value of each tonne of finished product sold. All production is added to inventory at cost, which includes direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortisation, allocated on the basis of relative sales value. The inventory value recognised as cost of goods sold for each tonne of finished product sold is the weighted average value per tonne for the stockpile from which the product is sold.

Inventory movement represents the movement in balance sheet inventory of work in progress and finished goods, including the non-cash depreciation and amortisation components and movement in the net realisable value adjustments.

(c) Ilmenite concentrate and by-product costs

Ilmenite and by-product costs include by-product costs such as for iron concentrate processing, activated carbon, monazite treatment, and wet high intensity magnetic separation (WHIMS) ilmenite transport costs.

(d) Idle capacity charges

Idle capacity charges reflect ongoing costs incurred during periods of no or restricted production.

(e) Rehabilitation costs for closed sites

These costs relate to adjustments to the rehabilitation provision for closed sites arising from the annual review of rehabilitation programmes and estimate, and are recognised in profit or loss. Details regarding the annual review for the current reporting period, together with the applicable accounting policy details, are outlined in note 8.

(f) Corporate and other costs

Corporate and other costs reflect expenses required to operate, govern, and grow the business and operations, including employee expenses, office costs, and other overheads for finance, legal, human resources, and senior management. Also included are $25.1 million (2021: $24.3 million) of centralised support costs to serve the operations, including resource development and mine planning, procurement and logistics, information technology, human resources support, and insurance premiums.

(g) Major projects, exploration and innovation

These costs relate to activities associated with developing our resources, including exploration and mine planning.

(h) Other required disclosures

Expenses also include the following:

	2022 $m	2021 $m
Employee benefits (excluding share-based payments)	**194.1**	161.4
Share-based payments	**15.7**	10.6
Exploration expenditure	**10.9**	9.3
Operating leases	**0.7**	3.9
Inventory NRV write-downs/(reversals) - finished goods and WIP	**0.9**	(1.2)

7 IMPAIRMENT OF ASSETS

Assets are assessed for the presence of impairment indicators whenever events or changes in circumstances suggest that their carrying amounts may not be recoverable. For the purposes of impairment indicator assessments (and, if required, impairment testing) operating assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGUs).

If an impairment indicator is found to be present for a CGU, then the Group estimates its recoverable amount and compares it to its carrying amount. The recoverable amount of each CGU is determined as the higher of value-in-use and fair value less costs of disposal (FVLCD) estimated based on the discounted present value of future cash flows (a level 3 fair value estimation method) and other adjustments. Assets that are not currently in use and not scheduled to be brought back into use (idle assets) are considered on a standalone basis. If necessary, an impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Group assessed CGUs and assets for the presence of impairment indicators, including those which may have arisen due to the continuing global economic impact of the ongoing COVID-19 pandemic.

No impairment indicators were found to be present in respect of any CGU at 31 December 2022, accordingly no impairment testing was required.

8 PROVISIONS

	Notes	**2022 $m**	2021 $m
Current			
Rehabilitation and mine closure	8(a)	**66.8**	81.2
Employee benefits - long service leave	8(b)	**13.4**	12.0
Workers compensation and other provisions		**1.3**	6.9
		81.5	100.1
Non-current			
Rehabilitation and mine closure	8(a)	**668.6**	660.5
Employee benefits - long service leave	8(b)	**3.4**	3.7
Retirement benefit obligations	30	**7.6**	26.6
		679.6	690.8

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that resources will be expended to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(a) Rehabilitation and mine closure

The movements in the rehabilitation and mine closure provision are set out below:

	Notes	$m
Movements in rehabilitation and mine closure provisions		
Balance at 1 January		**741.7**
Change in provisions - reassessment of provision for closed sites		**10.1**
Change in provisions - additions to property, plant and equipment		**122.2**
Rehabilitation and mine closure provision discount unwind	15(d)	**15.3**
Foreign exchange rate movements		**10.2**
Amounts spent during the year		**(58.3)**
Rehabilitation discount rate changes - for open sites		**(25.4)**
Rehabilitation discount rate changes - for closed sites - continuing operations		**(10.3)**
Rehabilitation discount rate changes - for closed sites - discontinued operation	23	**(7.7)**
SRL provision derecognised on demerger	23	**(62.4)**
Balance at 31 December		**735.4**

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is raised for the estimated cost of performing the rehabilitation and restoration obligations existing at balance date, discounted to present value using an appropriate pre-tax discount rate.

Where the obligation is related to an item of property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset, and restoring and rehabilitating the site on which it is located. Costs that relate to obligations arising from waste created by the production process are recognised as production costs in the period in which they arise.

The increase in the provision associated with unwinding of the discount rate is recognised as a finance cost - refer to note 15(d).

Increases in the expected rehabilitation liability that relate to closed sites are expensed to profit or loss. Changes to profit or loss are reported within the expense item rehabilitation costs for closed sites in note 6.

The total rehabilitation and mine closure provision of $735.4 million (2021: $741.7 million) includes $253.1 million (2021: $299.8 million) for assets no longer in use.

Open site rehabilitation liabilities increased by $122.2 million (2021: increased by $49.3 million). The increase in the current period is due to an increase in disturbed area, and higher earth moving rates at Jacinth-Ambrosia ($49.0 million) and at Cataby ($48.0 million); and increased mining footprint at Eneabba Rare Earths due to progress on construction of the Eneabba Rare Earths Refinery ($15.1 million). Jacinth-Ambrosia and Cataby comprise $196.4 million and $199.8 million of the rehabilitation provision balance, respectively.

Key estimate: Rehabilitation and mine closure provisions

The Group's assessment of the present value of the rehabilitation and mine closure provisions requires the use of significant estimates and judgements, including the future cost of performing the work required, timing of the cash flows, discount rates, final remediation strategy, and future land use requirements. The provision can also be impacted prospectively by changes to legislation or regulations.

The provisions are reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision. In the case of provisions for assets which remain in use, adjustments to the provision are offset by a change in the carrying value of the related asset. Where the provisions are for assets no longer in use, such as mines and processing sites that have been closed, any adjustment is reflected directly in profit or loss.

Key estimate: Discount rate for provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability to the extent they are not included in the cash flows.

Rehabilitation and mine closure provisions for Australia and the US are remeasured at each reporting date by discounting risk adjusted cash flows at discount rates representing the risk-free rates of applicable government bonds for the currencies in which each respective provision is recognised.

A one percent increase in only the discount rate used to calculate rehabilitation and mine closure provisions would result in a decrease to their closing balance of $65.3 million. Of this amount, $53.9 million would be recognised as a decrease in rehabilitation assets for open sites, and $11.4 million would be recognised as a credit in profit or loss for closed or previously impaired sites.

(b) Employee benefits

The employee benefits provision relates to long service leave entitlements measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Liabilities for annual leave are included in payables.

The current provision represents amounts for vested long service leave for which the Group does not have an unconditional right to defer settlement, regardless of when the actual settlement is expected to occur. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

9 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings $m	Plant, machinery & equipment $m	Mine reserves & development $m	Exploration & evaluation $m	Total $m
At 1 January 2021					
Cost	301.1	2,450.0	1,215.8	35.0	4,001.9
Accumulated depreciation[1]	(156.5)	(2,050.6)	(703.6)	(24.4)	(2,935.1)
Opening written down value	144.6	399.4	512.2	10.6	1,066.8
Additions	0.1	51.8	58.9	-	110.8
Disposals	-	(0.4)	-	-	(0.4)
Depreciation	(10.8)	(85.5)	(69.1)	-	(165.4)
Exchange differences[2]	2.9	1.1	(0.1)	0.2	4.0
Impairments	-	-	(6.3)	-	(6.3)
Transfers	(0.2)	0.2	-	-	-
Closing written down value	136.6	366.5	495.6	10.8	1,009.5
At 31 December 2021					
Cost	311.8	2,482.7	1,288.9	35.5	4,118.9
Accumulated depreciation[1]	(175.2)	(2,116.2)	(793.3)	(24.7)	(3,109.4)
Closing written down value	**136.6**	**366.5**	**495.6**	**10.8**	**1,009.5**
Year ended 31 December 2022					
Additions	3.6	100.7	150.1	0.1	254.5
Disposals	-	-	-	-	-
Depreciation	(1.8)	(65.7)	(70.5)	-	(138.0)
Exchange differences[2]	3.3	0.2	0.2	0.2	3.9
Impairment reversal - SRL	-	-	24.6	8.7	33.3
Demerger of SRL	(1.1)	(2.8)	(34.6)	(8.7)	(47.2)
Closing written down value	**140.6**	**398.9**	**565.4**	**11.1**	**1,116.0**
At 31 December 2022					
Cost	196.8	2,120.4	1,122.9	27.2	3,467.3
Accumulated depreciation[1]	(56.2)	(1,721.5)	(557.5)	(16.1)	(2,351.3)
Closing written down value	**140.6**	**398.9**	**565.4**	**11.1**	**1,116.0**

[1]Accumulated depreciation includes cumulative impairment charges.

[2]Exchange differences arising on translation of the gross cost and accumulated depreciation of items of property, plant and equipment held by foreign operations are reflected net.

(a) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment charges. Cost includes:

- expenditure that is directly attributable to the acquisition of the items;
- direct costs associated with the commissioning of plant and equipment, including pre-commissioning costs in testing the processing plant;
- if the asset is constructed by the Group, the cost of all materials used in construction, direct labour on the project, project management costs and unavoidable borrowing costs incurred during construction of assets with a construction period greater than 12 months and an appropriate proportion of variable and fixed overheads; and
- the present value of the estimated costs of dismantling and removing the asset, and restoring and rehabilitating the site on which it is located.

As set out in note 8, in the case of rehabilitation provisions for assets which remain in use, adjustments to the carrying value of the provision are offset by a change in the carrying value of the related asset. Total additions in the year include $96.8 million (2021: $49.3 million) relating to rehabilitation.

(b) Maintenance and repairs

Certain items of plant used in the primary extraction, separation and secondary processing of extracted minerals are subject to a major overhaul on a cyclical basis. Costs incurred during such overhauls are characterised as either capital in nature or repairs and maintenance. Work performed may involve:

(i) the replacement of a discrete sub-component asset, in which case an asset addition is recognised and the book value of the replaced item is written off; and
(ii) demonstrably extending the useful life or functionality of an existing asset, in which case the relevant cost is added to the capitalised cost of the asset in question.

Costs incurred during a major cyclical overhaul which do not constitute (i) or (ii) above, are written off as repairs and maintenance as incurred. General repairs and maintenance which are not characterised as part of a major cyclical overhaul are expensed as incurred.

(c) Depreciation and amortisation

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of buildings is the shorter of applicable mine life or 25 years; plant and equipment is between 2 and 20 years. Land is not depreciated.

Expenditure on mine reserves and development is amortised over the life of mine, based on the rate of depletion of the economically recoverable reserves (units of production methodology). If production has not yet commenced, or the mine is idle, amortisation is not charged.

(d) Assets not being depreciated

Included in plant, machinery and equipment, mine reserves and development, and land and buildings are amounts totalling $60.5 million, $48.5 million and $0.9 million, respectively, relating to assets under construction which are currently not being depreciated (including those related to the Rare Earths operating segment) as the assets are not ready for use (2021: $41.7 million, $10.4 million and $nil, respectively).

In addition, within property, plant and equipment, excluding exploration and land assets, are amounts totalling $99.1 million which have not been depreciated in the year as mining of the related area of interest has not yet commenced (2021: $63.2 million).

(e) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure. Expenditure is carried forward when incurred in areas for which the Group has rights of tenure and where economic mineralisation is indicated, but activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable ore reserves, and active and significant operations in relation to the area are continuing. Each such project is regularly reviewed. If the project is abandoned or if it is considered unlikely the project will proceed to development, accumulated costs to that point are written off immediately.

Each area of interest is limited to a size related to a known mineral resource capable of supporting a mining operation. Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition.

Projects are advanced to development status when it is expected that accumulated and future expenditure on development can be recouped through project development or sale. Capitalised exploration is transferred to Mine Reserves once the related ore body achieves JORC reserve status (reported in accordance with JORC, 2012) and has been included in the life of mine plan.

All of the above expenditure is carried forward up to commencement of operations at which time it is amortised in accordance with the reserves and development depreciation policy noted in (c) above.

(f) Impairment of PPE

Refer to note 7 for details on impairment testing.

10 LEASES

(a) Amounts recognised in the statement of financial position

	2022 $m	2021 $m
Right-of-use assets		
Buildings	**7.2**	8.2
Plant, machinery and equipment	**15.7**	20.5
	22.9	28.7
Lease liabilities		
Current	**8.9**	8.7
Non-current	**20.6**	27.2
	29.5	35.9

Additions to the right-of-use assets during the reporting period were $1.7 million (2021: $21.1 million). Right-of-use assets are reflected net of incentives received. The maturity analysis of lease liabilities is included in note 20(d).

(b) Amounts recognised in the statement of profit or loss

	2022 $m	2021 $m
Amortisation charge of right-of-use assets		
Buildings	**1.0**	1.0
Plant, machinery and equipment	**6.3**	5.0
	7.3	6.0
Borrowing costs	**1.0**	0.9
Expense relating to short term leases, low value leases and leases with variable payments	**0.8**	4.0

Payments for the principal element of leases of $8.8 million (2021: $6.6 million) are included in the statement of cash flows.

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis by discounting the following lease payments to their present value:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted average borrowing rate used for the year was 4.2% (2021: 3.1%).

Subsequent to initial recognition, lease liabilities are carried at amortised cost. Payments are allocated between repayment of principal and borrowing costs, which are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are initially recognised at cost, comprising:
• The amount of the lease liability
• Any lease payments made at or before the commencement date, less any incentives received
• Initial direct costs, and
• Restoration costs.

Subsequently, right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Where the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short term leases, leases of low value assets and leases containing variable payments

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

11 INCOME TAX

Income tax expense comprises current and deferred tax and is recognised in profit or loss, as disclosed in (a) below, except to the extent that it relates to items recognised directly in equity or other comprehensive income as disclosed in (c) below.

(a) Income tax expense

	2022 $m	2021 $m
Current tax	**202.0**	146.6
Deferred tax	**10.7**	(5.4)
(Over)/under provided in prior years	**0.1**	(2.1)
	212.8	139.1
Income tax expense is attributable to:		
Profit from continuing operations	**212.8**	134.6
Profit from discontinued operation	**-**	4.5
Aggregate income tax expense	**212.8**	139.1

(b) Reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense	**730.1**	488.9
Profit from discontinued operations before income tax expense	**71.2**	16.1
	801.3	**505.0**
Tax at the Australian tax rate of 30% (2021: 30%)	**240.4**	151.5
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
Equity accounted share of profit - Deterra	**(8.9)**	(5.4)
Non-assessable income	**(0.5)**	(23.6)
SRL minimum tax	**-**	5.4
Non-deductible expenses	**1.8**	3.7
Other items	**(25.8)**	0.5
Losses not recognised by overseas operations	**1.2**	10.0
Demerger distribution	**4.5**	-
	212.7	**142.1**
Difference in overseas tax rates	**-**	(0.9)
(Over)/under provision in prior years	**0.1**	(2.1)
Income tax expense	**212.8**	**139.1**

No tax benefits have been recognised in respect of exploration activities of overseas operations as their recovery is not currently considered probable.

The idling of the US operations at the end of 2015 means that the recovery of US state tax losses are not considered probable. Unrecognised US state tax losses for which no deferred tax asset has been recognised are US$250.8 million (equivalent to $370.7 million) at 31 December 2022 (2021: US$251.0 million, equivalent to $346.3 million).

Unused capital losses for which no deferred tax asset has been recognised are approximately $81.1 million (2021: $80.5 million) (tax at the Australian rate of 30%: $24.3 million (2021: $24.1 million)). The benefit of these unused capital losses will only be obtained if sufficient future capital gains are made and the losses remain available under tax legislation.

(c) Tax expense relating to items of other comprehensive income

	2022 $m	2021 $m
Changes in fair value of foreign exchange cash flow hedges	**0.7**	0.6
Actuarial gains (losses) on retirement benefit obligation	**(3.3)**	(1.1)
	(2.6)	(0.5)

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current tax charge is calculated using the tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

12 DEFERRED TAX

	2022 $m	2021 $m
Deferred tax asset:		
The balance comprises temporary differences attributable to:		
Employee provisions	**9.0**	8.2
Provisions	**204.8**	178.4
Lease liabilities	**8.9**	10.7
Other	**9.3**	5.7
Gross deferred tax assets	**232.0**	203.0
Amount offset from deferred tax liabilities pursuant to set-off provision	**(197.0)**	(163.9)
Net deferred tax assets	**35.0**	39.1
Deferred tax liability:		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**(168.9)**	(134.5)
Inventory	**(17.4)**	(15.3)
Treasury shares	**(1.6)**	(3.1)
Right-of-use assets	**(8.3)**	(10.3)
Receivables	**(0.5)**	(0.3)
Other	**(0.3)**	(0.4)
Gross deferred tax liabilities	**(197.0)**	(163.9)
Amount offset to deferred tax assets pursuant to set-off provision	**197.0**	163.9
Net deferred tax liabilities	**-**	-
Movements in net deferred tax balance:		
Balance at 1 January	**39.1**	28.4
(Charged)/credited to the income statement	**(10.7)**	5.4
Over provision in prior years	**3.4**	1.0
Charged directly to equity	**3.5**	4.4
Transfers	**(0.3)**	(0.1)
Balance at 31 December	**35.0**	39.1

Deferred tax policy

Deferred income tax is provided on all temporary differences at the balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities.

Deferred income tax liabilities are recognised for all taxable temporary differences, other than for the exemptions permitted under accounting standards.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise these deductible temporary differences, other than for the exemptions permitted under accounting standards. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are also recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

13 RECEIVABLES

	2022 $m	2021 $m
Trade receivables	**248.0**	213.8
Other receivables	**8.0**	16.5
Prepayments	**19.1**	23.4
	275.1	253.7

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amount considered recoverable, translated using the spot exchange rate at balance date with translation differences accounted for in line with the Group's accounting policy (refer note 2). Recognition occurs at the earlier of dispatch or formal acknowledgement of legal ownership by a customer, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due. Trade receivables are generally due within 53 days of the invoice being issued (2021: 47 days).

The Group has applied the simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected loss allowance for all trade receivables. Based on the payment profiles of sales over the past three years and historical credit losses experienced within this period, the Group concluded that the lifetime ECL would be negligible and therefore no loss allowance was required at 31 December 2022 (2021: nil). The amount of any impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and subsequent recoveries of amounts previously written off are recognised within other expenses.

There was $18.8 million overdue at balance date (2021: $3.4 million), of which $nil million is more than 28 days overdue (2021: $nil million). This overdue amount was fully settled subsequent to the reporting date. Due to the short-term nature of the Group’s receivables, their carrying value is considered to approximate fair value.

(a) Trade receivables purchase facility

Iluka has a purchase facility for the sale of eligible trade receivables. Sold trade receivables are not derecognised because the majority of the risks and rewards of ownership, including credit risk, are retained by the Group. Instead, the amount of sold receivables is reflected as a continuing involvement asset (included in other receivables) with a corresponding continuing involvement liability (included in payables) for the same amount.

Trade receivables include $nil of sold trade receivables at the reporting date (2021: $18.9 million - a corresponding liability is included under payables in the comparative period for the same amount, representing the Group’s risk associated with sold trade receivables).

(b) Credit risk

At 31 December 2022 the trade receivables balance was $248.0 million, with $39.0 million by letters of credit. As a result, the Group had $209.0 million of uninsured receivables at the reporting date (2021: $183.5 million uninsured receivables). Further details regarding the Group's approach to managing customer credit risk are outlined in note 20(b).

14 INVENTORIES

	2022 $m	2021 $m
Current		
Work in progress	**304.8**	224.6
Finished goods	**205.6**	220.9
Consumable stores	**32.9**	44.2
Total current inventories	**543.3**	489.7
Non-current		
Work in progress	**18.3**	65.0
Total non-current inventories	**18.3**	65.0
Total inventories	**561.6**	**554.7**

Inventories are valued at the lower of weighted average cost and estimated net realisable value. The net realisable value is the estimated selling price in the normal course of business, less any anticipated costs of completion and the estimated costs to sell, including royalties.

There are separate inventory stockpile values for each product, including Heavy Mineral Concentrate (HMC) and other intermediate products, at each inventory location.

Weighted average cost includes direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortisation. As a result of mineral sands being co-products from the same mineral separation process, costs are allocated to inventory on the basis of the relative sales value of the finished goods produced. No cost is attributed to by-products, except direct costs.

Finished goods inventory of $1.2 million (2021: $36.1 million) is carried at net realisable value, with all other product inventory carried at cost.

Consumable stores include ilmenite acquired from third parties, flocculant, coal, diesel and warehouse stores. A regular and ongoing review is undertaken to establish the extent of surplus, obsolete or damaged stores, which are then valued at estimated net realisable value.

Inventories expected to be sold (or consumed in the case of stores) within 12 months after the balance sheet date are classified as current assets; all other inventories are classified as non-current assets.

Key estimate: Net realisable value and classification of product inventory

The Group's assessment of the net realisable value and classification of its inventory holdings requires the use of estimates, including the estimation of the relevant future product price and the likely timing of the sale of the inventory.

During the year, inventory write-downs of $0.9 million occurred for work in progress or finished goods (2021: $1.2 million write down reversal). If finished goods future selling prices were 5% lower than expected, an inventory write-down of $0.1 million would be required at 31 December 2022 (2021: $1.6 million).

Inventory of $18.3 million (2021: $65.0 million) was classified as non-current as it is not expected to be processed and sold within 12 months of the balance sheet date.

CAPITAL

15 NET CASH AND FINANCE COSTS

	2022 $m	2021 $m
Cash and cash equivalents		
Cash at bank and in hand	**116.7**	92.6
Deposits at call	**405.0**	202.2
Total cash and cash equivalents	**521.7**	294.8
Non-current interest-bearing liabilities (unsecured)		
EFA loan facility	**(40.7)**	-
Deferred borrowing costs	**7.7**	-
Total interest-bearing liabilities	**(33.0)**	-
Net cash	**488.7**	**294.8**

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions with original maturities of three months or less.

Cash and deposits are at floating interest rates between 0.1% and 4.4% (2021: 0.1% and 3.3%) on Australian and foreign currency denominated deposits.

(b) Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Under the amortised cost method the difference between the amount initially recognised and the redemption amount is recognised in profit or loss over the period of the borrowings on an effective interest basis.

Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The Group has access to the following facilities at the reporting date:

(i) Multi Optional Facility Agreement (MOFA)

The Multi Optional Facility Agreement comprises a series of unsecured committed five year bilateral revolving credit facilities with several domestic and foreign institutions. The Group renegotiated the terms of the MOFA during the reporting period, resulting in the facility increasing to A$640.0 million (denominated in AUD) from A$512.0 million at the end of the comparative period (denominated in AUD and USD).

The table below details the facility expiries:

	Total		**Facility Expiry**			
A$million	**facility**	**2023**	**2024**	**2025**	**2026**	**2027**
At 31 December 2022	**640.0**	**-**	**70.0**		**-**	**570.0**
At 31 December 2021	512.0	-	512.0	-	-	-

Undrawn MOFA facilities at 31 December 2022 were A$640.0 million (2021: A$512.0 million).

Subsequent to the reporting date, the Group cancelled $70 million of the MOFA due to expire in 2024.

(ii) Export Finance Australia (EFA) facility

The Group announced approval of the Eneabba Rare Earths Refinery (ERER) project on 3 April 2022 (as outlined in the ASX notice released on that date), following completion of the related feasibility studies and finalisation of a risk sharing agreement with the Australian Government.

Amongst other terms, the risk sharing agreement stipulates that Iluka Eneabba Pty Ltd (a newly formed special purpose entity of the Group) has access to a loan to fund the construction and commissioning of ERER under the Australian Government's Critical Minerals Facility, administered by Export Finance Australia (EFA).

Total available funds under the EFA facility amount to $1,250 million, is non-recourse to Iluka and has a variable interest rate equal to the BBSY + 3% with a term of up to 16 years expiring in 2038. At 31 December 2022, $40.7 million was drawn against the facility, leaving $1,209.3 million undrawn.

(c) Interest rate exposure

As at the reporting date, $40.7 million was drawn down on the EFA facility and is subject to an effective weighted average floating interest rate of 6.3%. No amount remained drawn down on the MOFA facility as at the current or prior reporting date. The contractual repricing date of all floating rate interest-bearing liabilities at the balance date is within one year.

(d) Finance costs

	2022 $m	2021 $m
Interest charges on interest-bearing liabilities	**0.5**	0.8
Bank fees and similar charges	**4.1**	3.9
Amortisation of deferred borrowing costs	**0.4**	0.7
Lease borrowing costs	**1.0**	0.9
Rehabilitation and mine closure provision discount unwind	**15.3**	6.7
Rehabilitation provision discount rate changes	**(10.3)**	-
Total finance costs	**11.0**	13.0

(i) Amortisation of deferred borrowing costs

Fees paid on establishment of borrowing facilities are recognised as transaction costs and amortised over the shorter of the loan term or expected repayment (or modification) date.

(ii) Rehabilitation and mine closure provision discount unwind

Rehabilitation and mine closure unwind represents the cost associated with the passage of time. Rehabilitation provisions are recognised as the discounted value of the present obligation to restore, dismantle and rehabilitate with the increase in the provision due to passage of time being recognised as a finance cost in accordance with the policy described in note 8(a).

(iii) Rehabilitation provision discount rate changes

Changes to the discount rate for closed sites is recorded as a finance cost. Iluka re-set the risk free discount rates used in calculating rehabilitation provisions in the current reporting period to match the 15-year Australian Government Bond and 5-year US Treasury Bond rates at the reporting date, which are used as proxies for risk-free discount rates - refer to note 8.

16 CONTRIBUTED EQUITY

	2022 Shares	2021 Shares	**2022 $m**	2021 $m
Balance on 1 January, comprising				
Ordinary shares - fully paid	**423,202,342**	422,769,681	**1,155.5**	1,151.7
Treasury shares - net of tax	**(1,211,152)**	(199,929)	**(7.2)**	(1.2)
	421,991,190	422,569,752	**1,148.3**	1,150.5
Movements in ordinary share capital				
2022 Interim Dividend - DRP	**695,704**	-	**6.9**	-
2021 Final Dividend - DRP	**304,105**	-	**3.1**	-
2021 Interim Dividend - DRP	**-**	351,254	**-**	3.3
2020 Final Dividend - DRP	**-**	81,407	**-**	0.5
Share issue	**730,000**	-	**8.1**	-
Capital return - SRL Demerger	**-**	-	**(41.0)**	-
Movements in treasury shares, net of tax				
Employee share allocations	**1,473,617**	572,970	**10.0**	3.0
Treasury share purchases	**(730,000)**	(1,584,193)	**(5.8)**	(9.0)
Balance on 31 December, comprising	**424,464,616**	**421,991,190**	**1,129.6**	**1,148.3**
Ordinary shares - fully paid	**424,932,151**	423,202,342	**1,132.5**	1,155.5
Treasury shares - net of tax	**(467,535)**	(1,211,152)	**(2.9)**	(7.2)

(a) Ordinary share capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Group issues ordinary shares to shareholders who elect to receive shares instead of cash dividends as part of the Dividend Reinvestment Plan (DRP), the terms of which are detailed in the ASX announcement dated 27 February 2018. During the year, the Group issued the following shares under the DRP:

	Date issued	**Price per share**	**Number of ordinary shares issued**
2021 final	7 April 2022	10.49	304,105
2022 interim	30 September 2022	9.94	695,704

(b) Treasury shares

Treasury shares are shares in Iluka Resources Limited acquired on market and held for the purpose of issuing shares under the Directors, Executives and Employees Share Acquisition Plan and the Employee Share Plan.

(c) Capital return - SRL Demerger

All of the issued Sierra Rutile shares were transferred to eligible shareholders on a one-for-one basis under the demerger (refer to note 23), as outlined in the ASX release on 30 September 2022. The Australian Tax Office published the final class ruling regarding the tax treatment of the demerger on 28 September 2022. Under the ruling, the cost base of Iluka shares is to be apportioned between Iluka and Sierra Rutile shares, resulting in a reduction in the capital of the Group amounting to $41.0 million, which is reflected as a reduction in the share capital of the Group. There was no change to the number of issued ordinary shares as a result of this capital reduction.

17 RESERVES AND RETAINED EARNINGS

	Notes	**2022 $m**	2021 $m
Asset revaluation reserve			
Balance at 1 January		**10.7**	10.8
Transfer to retained earnings on disposal		**-**	(0.1)
Balance at 31 December	17(a)	**10.7**	10.7
Hedge reserve			
Balance at 1 January		**(1.0)**	0.9
Changes in the fair value of hedging instruments recognised in equity		**(8.8)**	(5.0)
Reclassified to profit or loss		**5.2**	2.4
Deferred tax		**1.1**	0.7
Balance 31 December	17(b)	**(3.5)**	(1.0)
Share-based payments reserve			
Balance at 1 January		**7.3**	2.2
Share-based payments, net of tax		**11.0**	8.1
Transfer of shares to employees, net of tax		**(10.0)**	(3.0)
Balance at 31 December	17(c)	**8.3**	7.3
Foreign currency translation			
Balance at 1 January		**36.2**	45.3
Currency translation of US operation		**(8.4)**	(9.2)
Currency translation of SRL up to demerger		**(13.6)**	(1.8)
Transfer of FCTR on demerger of SRL		**(17.5)**	-
Translation differences on other foreign operations		**4.4**	1.9
Balance at 31 December	17(d)	**1.1**	36.2

	Notes	2022 $m	2021 $m
Other reserves			
Balance at 1 January		**(22.1)**	(22.1)
Transactions with non-controlling interests		**5.4**	-
Transfer of loss in ownership changes		**16.7**	-
Balance at 31 December	17(e)	**-**	(22.1)
Total reserves		**16.6**	31.1
Retained earnings			
Balance at 1 January		**413.9**	104.3
Net profit for the year attributable to the equity holders of the parent		**584.5**	364.9
Dividends paid		**(261.6)**	(59.2)
Transfer from asset revaluation reserve		**-**	0.1
Transfer of FCTR on demerger of SRL		**17.5**	-
Actuarial gains on retirement benefit obligation, net of tax		**11.0**	3.8
Transactions with non-controlling interest		**(16.7)**	-
Balance at 31 December		**748.6**	413.9

(a) Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets prior to the adoption of AIFRS. Transfers are made to retained earnings on disposal of previously revalued assets.

(b) Hedge reserve

Iluka uses foreign currency instruments as part of its foreign currency risk management strategy associated with its US dollar denominated sales, as described in note 21. The foreign currency instruments are designated to cash flow hedge relationships. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve.

(c) Share-based payments reserve

The employee share-based payments reserve is used to recognise the fair value of equity instruments granted but not yet issued to employees under the Group's various equity-based incentive schemes. Shares issued to employees are acquired on-market prior to the issue. Shares not yet issued to employees are shown as treasury shares. When shares are issued to employees the cost of the on-market acquisition, net of tax, is transferred from treasury shares (refer note 16) to the share-based payment reserve.

(d) Foreign currency translation reserve

Exchange differences arising on translation of the net investment in foreign operations are recognised in the foreign currency translation reserve net of applicable income tax, as described in note 2(b)and reclassified to retained earnings when the net investment is disposed of.

(e) Other reserves

The impact on equity of transactions related to changes in the structure of the Group are accumulated in other reserves. In the current reporting period, the reserve was reduced by $5.4 million and $16.7 million in relation to derecognition of the non-controlling interest previously held by the International Finance Corporation (IFC) and the transfer of the remaining reserve balance to retained earnings when the Group lost control of Sierra Rutile on demerger, respectively. Refer to note 23.

18 DIVIDENDS

		2022 $m	2021 $m
Final dividend			
for 2021 of12 cents per share, fully franked		**50.7**	-
for 2020 of 2 cents per share, fully franked		**-**	8.6
Interim dividend			
for 2022 of 25 cents per share, fully franked		**106.1**	-
for 2021 of 12 cents per share, fully franked		**-**	50.6
Distributions			
SRL demerger dividend	23	**104.8**	-
Total dividends		**261.6**	59.2

Of the total $106.1 million interim dividend declared for 2022 and the total $50.6 million final dividend declared for 2021, shareholders respectively took up $6.9 million and $3.1 million as ordinary shares as part of the Dividend Reinvestment Plan. Refer to note 16(a).

Iluka transferred all of the shares it held in Sierra Rutile Limited to shareholders as a non-cash dividend as part of the demerger outlined in note 23. The total value of the distribution was measured at the fair value of Sierra Rutile shares on demerger date ($145.8 million), of which $104.8 million is reflected as a dividend and $41.0 million is reflected as a capital reduction - refer to note 16(c).

Since balance date the directors have determined a final dividend for 2022 of 20 cents per share, fully franked. The dividend is payable on 30 March 2023 for shareholders on the register as at 7 March 2023. The aggregate amount of the proposed dividend is $84.9 million, which has not been included in provisions at balance sheet date as it was not declared on or before the end of the financial year.

Franking credits

The balance of franking credits available as at 31 December 2022 is $458.8 million (2021: $406.6 million). This balance is based on a tax rate of 30% (2021: 30%).

19 EARNINGS PER SHARE

Basic earnings per share	2022 Cents	2021 Cents
From continuing operations	**116.9**	83.9
From discontinued operations	**22.4**	2.8
Total basic earnings per share	**139.3**	86.7

Diluted earnings per share		
From continuing operations	**115.9**	83.2
From discontinued operations	**22.2**	2.8
Total diluted earnings per share	**138.1**	86.0

Total earnings per share (EPS) is the amount of post-tax earnings attributable to each share. Total basic and diluted EPS comprises EPS from continuing operations and discontinued operations. Discontinued operations represent Sierra Rutile Limited, which was demerged in the current reporting period - refer to note 23.

Total basic EPS is calculated on the profit for the period of $585.7 million (2021: profit of $365.9 million) divided by the weighted average number of shares on issue during the year, excluding treasury shares, being 422,342,323 shares (2021: 422,267,055 shares).

Total diluted EPS takes into account the dilutive effect of all outstanding share rights vesting as ordinary shares.

RISK

20 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is managed by a central treasury department under policies approved by the Board.

(a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising predominantly from the US dollar, which is the currency the Group's sales are generally denominated in.

Foreign exchange risk is also managed through entering into forward foreign exchange contracts and collar contracts detailed in note 21.

The treasury function of the Group manages foreign currency risk centrally. The Group hedges foreign exchange exposures for firm commitments relating to a portion of sales, where the hedging instrument must be in the same currency as the hedged item.

The Group's exposure to USD foreign currency risk (by entities which have an Australian dollar functional currency) at the end of the reporting period, expressed in Australian dollars, was as follows:

	2022 $m	2021 $m
Cash and cash equivalents	**35.6**	6.3
Receivables	**218.8**	189.3
Payables	**(63.5)**	(51.4)
Derivative financial instruments	**(4.4)**	(11.6)
	186.5	132.6

The Group's balance sheet exposure to other foreign currency risk is not significant.

The objective of Iluka's policy on foreign exchange hedging is to protect the Group from adverse currency fluctuations.

(ii) Group sensitivity

The average US dollar exchange rate during the year was 0.6950 (2021: 0.7515). The US dollar spot rate at 31 December 2022 was 0.6766 (31 December 2021: 0.7248). Based on the Group's net financial assets at 31 December 2022, the following table demonstrates the estimated sensitivity to a -/+ 10% movement in the US dollar spot exchange rate, with all other variables held constant, on the Group's post-tax profit for the year and equity:

	-10% Strengthen		+10% Weaken	
	Profit (loss) $m	Equity $m	Profit (loss) $m	Equity $m
31 December 2022	**14.8**	**16.8**	**(12.1)**	**(9.9)**
31 December 2021	10.4	4.9	(8.4)	(3.3)

(iii) Interest rate risk

Interest rate risk arises from the Group's borrowings and cash deposits. During 2022 and 2021, the Group's borrowings at variable rates were denominated in Australian dollars and US dollars. At 31 December 2022, if variable interest rates for the full year were -/+ 1% from the year-end rate with all other variables held constant, pre-tax profit for the year would have moved as per the table below.

	-1% $m	+1% $m
31 December 2022	**0.1**	**(0.1)**
31 December 2021	0.3	(0.3)

The sensitivity is calculated using the average month end debt position for the year ended 31 December 2022. The interest charges in note 15(d) of $0.5 million (2021: $0.8 million) reflect interest-bearing liabilities in 2022 that range between $nil and $40.7 million (2021: $nil and $60.5 million).

(b) Credit risk

Credit risk arises from cash and cash equivalents and hedging instruments held with financial institutions, as well as credit exposure to customers.

The Group's policy is to ensure that cash deposits are held by financial institutions with a minimum A-/A3 credit rating. Exposure limits are approved by the Board based on credit ratings from external ratings agencies.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions and policies limit the amount of credit exposure to any one financial institution.

The Group manages customer credit risk subject to established policies, procedures and controls. Credit limits are established for all customers. The Group trades primarily with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating (if available), financial position, past experience, and industry reputation.

Credit risk management practices include reviews of trade receivables aging by days past due, the timely follow-up of past due amounts, and the use of letters of credit.

The expected credit loss on trade receivables is not significant.

(c) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. Liquidity risk management involves maintaining sufficient cash on hand or undrawn credit facilities to meet the operating requirements of the business. This is managed through committed undrawn facilities under the MOFA facility of $640.0 million and EFA facility of $1,209.3 million at balance date (refer note 15(b)(i)), cash and cash equivalents of $521.7 million, and prudent cash flow management.

(d) Maturities of financial liabilities

The tables below analyse the Group's interest-bearing liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For the MOFA facility, the contractual maturity dates and contractual cash flows are until the next contractual re-pricing dates in 2024 and 2027. For the EFA facility, the contractual maturity dates and contractual cash flows are until the facility expires in 2038. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. All other non-derivative financial liabilities are due within 12 months. Derivative cash flows include the net amounts expected to be paid for foreign exchange forward contracts and net amounts expected to be received for foreign exchange collar contracts.

At 31 December 2022	Weighted average rate %	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Total contractual cash flows $m	Carrying amount liabilities $m
Non-derivatives							
Payables		143.7	-	-	-	143.7	143.7
Lease liabilities	4.2	7.9	7.9	12.8	0.9	29.5	29.5
Interest-bearing variable rate	6.3	-	-	-	33.0	40.7	33.0
Total non-derivatives		151.6	7.9	12.8	33.9	213.9	206.2
Derivatives							
Foreign exchange collar contracts		4.4	-	-	-	4.4	4.4

At 31 December 2021	Weighted average rate	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years	Total contractual cash flows $m	Carrying amount liabilities $m
Non-derivatives							
Payables		174.8	-	-	-	174.8	174.8
Lease liabilities	3.1	8.7	8.1	14.1	5.0	35.9	35.9
Interest-bearing variable rate	1.5	-	-	-	-	-	-
Total non-derivatives		183.5	8.1	14.1	5.0	210.7	210.7
Derivatives							
Foreign exchange collar contracts		0.5	-	-	-	0.5	0.5
Put option		11.0	-	-	-	11.0	11.0
Total derivatives		11.5	-	-	-	11.5	11.5

Refer to note 21 for detail on derivative instruments.

21 HEDGING

	2022 $m	2021 $m
Current liabilities		
Foreign exchange collar hedges	**4.4**	0.5

The Group is exposed to risk from movements in foreign exchange in relation to its forecast US dollar denominated sales and as part of the risk management strategy has entered into foreign exchange forward contracts and foreign exchange collar contracts.

(a) Recognition

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged and the type of hedge relationship designated.

(b) Fair value of derivatives

The fair value of hedging instruments is determined using valuation techniques with inputs that are observable market data (a level 2 measurement). The valuation of the options making up the collars is determined using forward foreign exchange rates, volatilities and interest rates at the balance date. The only unobservable input used in the calculations is the credit default rate, movements in which would not have a material effect on the valuation.

(c) Hedge accounting

At the start of a hedge relationship, the Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness. Hedge accounting is only applied where effective tests are met on a prospective basis.

Iluka will discontinue hedge accounting prospectively only when the hedging relationship, or part of the hedging relationship, no longer qualifies for hedge accounting. This includes where there has been a change to the risk management objective and strategy for undertaking the hedge and instances when the hedging instrument expires or is sold, terminated or exercised. The replacement or rollover of a hedging instrument into another hedging instrument is not treated as an expiration or termination if such a replacement or rollover is consistent with our documented risk management objective.

The foreign exchange collars Iluka holds are classified as cash flow hedges. Hedges are classified as cash flow hedges when they hedge a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

Cash flow hedges

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The ineffective portion was immaterial in the current and prior periods. The maturity profile of these hedges is shown in note 20(d). The recognition of the future gain or loss is expected to be consistent with this timing.

Foreign exchange collar contracts in relation to expected USD revenue, predominantly from contracted sales to 31 December 2023, remain open at the reporting date. The foreign exchange collar hedges cover US$151.6 million of expected USD revenue to 31 December 2023 and comprise US$151.6 million worth of purchased AUD call options with a weighted average strike price of 75.5 cents and US$151.6 million of AUD put options with a weighted average strike price of 66.7 cents.

US$270.3 million in foreign exchange collar contracts consisting of US$270.3 million of bought AUD call options with weighted average strike prices of 79.1 cents and US$270.3 million of sold AUD put options with weighted average strike prices of 64.8 cents matured during the year. Additionally, US$47.1 million of foreign exchange forward contracts with a weighted average rate of 73.1 cents matured during the year.

Amounts recognised in equity are transferred to the income statement when the hedged sale occurs or when the hedging instrument is exercised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

GROUP STRUCTURE

22 CONTROLLED ENTITIES AND DEED OF CROSS GUARANTEE

(a) Subsidiaries

The consolidated financial statements incorporate the following subsidiaries:

	Note	Place of business/ country of incorporation	Ownership interest held by the group 2022 %	2021 %
Iluka Resources Limited (Parent Company)	**(i)**	**Australia**		
Associated Minerals Consolidated Ltd	(i)	Australia	**100**	100
Basin Minerals Holdings Pty Ltd	(i)	Australia	**100**	100
Basin Minerals Limited	(i)	Australia	**100**	100
Basin Properties Pty Ltd	(i)	Australia	**100**	100
Glendell Coal Ltd	(i)	Australia	**100**	100
Gold Fields Asia Ltd	(i)	Australia	**100**	100
Ilmenite Proprietary Limited	(i)	Australia	**100**	100
Iluka (Eucla Basin) Pty Ltd	(i)	Australia	**100**	100
Iluka Consolidated Pty Limited	(i)	Australia	**100**	100
Iluka Corporation Limited	(i)	Australia	**100**	100
Iluka Eneabba Pty Ltd		Australia	**100**	100
Iluka Exploration Pty Limited	(i)	Australia	**100**	100
Iluka Finance Limited	(i)	Australia	**100**	100
Iluka International (Brazil) Pty Ltd	(i)	Australia	**100**	100
Iluka International (China) Pty Ltd	(i)	Australia	**100**	100
Iluka International (ERO) Pty Ltd	(i)	Australia	**100**	100
Iluka International (Lanka) Pty Ltd	(i)	Australia	**100**	100
Iluka International (Netherlands) Pty Ltd	(i)	Australia	**100**	100
Iluka International (South Africa) Pty Ltd	(i)	Australia	**100**	100
Sierra Rutile Holdings Limited	(vi)	Australia	**-**	100
Iluka International Limited	(i)	Australia	**100**	100
Iluka Midwest Limited	(i)	Australia	**100**	100
Iluka Rare Earths Pty Ltd		Australia	**100**	100
Iluka RE Investments Pty Ltd		Australia	**100**	100
Iluka Royalties (Australia) Pty Ltd	(i)	Australia	**100**	100
Iluka Share Plan Holdings Pty Ltd	(i)	Australia	**100**	100
Iluka WA Investments Pty Ltd	(i),(viii)	Australia	**100**	-
Lion Properties Pty Limited	(i)	Australia	**100**	100
NGG Holdings Ltd	(i)	Australia	**100**	100
Renison Limited	(i)	Australia	**100**	100
Southwest Properties Pty Ltd	(i)	Australia	**100**	100
Swansands Pty Ltd	(i)	Australia	**100**	100
The Mount Lyell Mining and Railway Company Limited	(i)	Australia	**100**	100
The Nardell Colliery Pty Ltd	(i)	Australia	**100**	100
Western Mineral Sands Proprietary Limited	(i)	Australia	**100**	100
Western Titanium Limited	(i)	Australia	**100**	100
Westlime (WA) Limited	(i)	Australia	**100**	100
Yoganup Pty Ltd	(i)	Australia	**100**	100
Ashton Coal Interests Pty Limited		Australia	**96**	96
Iluka Brasil Mineração Ltda	(x)	Brazil	**-**	100
Sierra Rutile Investments (BVI) Limited	(iv),(vii)	British Virgin Islands	**-**	90

	Note	Place of business/ country of incorporation	Ownership interest held by the group 2022 %	2021 %
Sierra Rutile Investments 1 Limited	(v),(vii)	British Virgin Islands	**-**	90
SRL Acquisition No. 3 Limited	(vii)	British Virgin Islands	**-**	90
Iluka Exploration (Canada) Limited		Canada	**100**	100
Iluka Trading (Shanghai) Co., Ltd		China	**100**	100
Sierra Rutile Limited	(vii)	Sierra Leone	**-**	90
Iluka International (Eurasia) Pte. Ltd		Singapore	**100**	100
Sierra Rutile International South Africa (Pty) Limited	(ii),(vii)	South Africa	**-**	100
Iluka Lanka P.Q. (Private) Limited		Sri Lanka	**100**	100
Iluka Lanka Resources (Private) Limited		Sri Lanka	**100**	100
ERO (Tanzania) Limited		Tanzania	**100**	100
Iluka International Coöperatief U.A.		The Netherlands	**100**	100
Iluka Investments 1 B.V.		The Netherlands	**100**	100
Iluka Trading (Europe) B.V.	(ix)	The Netherlands	**-**	100
Iluka (UK) Ltd		United Kingdom	**100**	100
Sierra Rutile International UK Limited	(iii),(vii)	United Kingdom	**-**	100
Iluka Technology (UK) Ltd		United Kingdom	**100**	100
Sierra Rutile (UK) Limited	(vii)	United Kingdom	**-**	90
Associated Minerals Consolidated Investments		USA	**100**	100
Iluka (USA) Investments Inc.		USA	**100**	100
Iluka Atlantic LLC		USA	**100**	100
Iluka Resources (NC) LLC		USA	**100**	100
Iluka Resources (TN) LLC		USA	**100**	100
Iluka Resources Inc.		USA	**100**	100
IR RE Holdings LLC		USA	**100**	100

(i) Deed of cross guarantee

These companies are parties to a Deed of Cross Guarantee (the Deed) under which each company guarantees the debts of the others. By entering into the Deed, the wholly-owned entities represent a closed group and have been relieved from the requirements to prepare a Financial Report and Directors' Report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The closed group is also the extended closed group.

(ii) Formerly Iluka South Africa (Pty) Ltd

(iii) Formerly Iluka International (UK) Limited

(iv) Formerly Iluka Investments (BVI) Limited

(v) Formerly Sierra Rutile Holdings Limited

(vi) Formerly Iluka International (West Africa) Pty Ltd

Converted to a public company in March 2022, removed from the Deed, was demerged from the Iluka group and was admitted to the Australian Securities Exchange (ASX: SRX) on 25 July 2022.

(vii) Demerged from the Iluka group as part of the Sierra Rutile Holdings Limited demerger.

(viii) Incorporated in September 2022

(ix) Deregistered in January 2022.

(x) Deregistered in August 2022.

(b) Condensed financial statements of the extended closed group

Condensed statement of profit or loss and other comprehensive income	2022 $m	2021 $m
CONTINUING OPERATIONS		
Revenue from ordinary activities	**1,609.7**	1,313.1
Expenses from ordinary activities	**(889.4)**	(863.1)
Finance costs	**(13.0)**	(13.5)
Equity accounted share of profit - Deterra	**29.6**	18.1
Income tax expense	**(214.0)**	(134.8)
Profit for the period	**522.9**	319.8
DISCONTINUED OPERATIONS		
Profit after tax from discontinued operations	**(23.6)**	-
Net profit after tax for the period	**499.3**	**319.8**
Other comprehensive income		
Changes in the fair value of cash flow hedges	**2.6**	1.9
Total comprehensive income for the period	**501.9**	321.7

Summary of movements in consolidated retained earnings	2022 $m	2021 $m
Retained earnings at the beginning of the financial year	**571.7**	311.1
Net profit after tax for the year	**499.3**	319.8
Dividends provided for or paid	**(261.6)**	(59.2)
Retained earnings at the end of the financial year	**809.4**	571.7

Condensed balance sheet	2022 $m	2021 $m
Current assets		
Cash and cash equivalents	**463.8**	243.9
Receivables	**274.2**	279.3
Inventories	**543.3**	432.0
Financial assets at fair value through profit or loss	**20.0**	-
Total current assets	**1,301.3**	955.2
Non-current assets		
Property, plant and equipment	**1,005.7**	947.7
Deferred tax assets	**34.1**	36.5
Inventories	**18.3**	65.0
Other financial assets - investments in non-closed group entities	**120.5**	124.8
Investments accounted for using the equity method	**449.5**	455.5
Right of use assets	**22.9**	28.6
Total non-current assets	**1,651.0**	1,658.1
Total assets	**2,952.3**	2,613.3

Condensed balance sheet	2022 $m	2021 $m
Current liabilities		
Payables	**132.4**	220.4
Derivative financial instruments	**4.4**	0.5
Current tax payable	**135.3**	27.6
Provisions	**46.6**	50.0
Lease liabilities	**8.9**	7.5
Total current liabilities	**327.6**	306.0
Non-current liabilities		
Provisions	**636.1**	549.2
Lease liabilities	**20.6**	28.3
Total non-current liabilities	**656.7**	577.5
Total liabilities	**984.3**	883.5
Net assets	**1,968.0**	1,729.8
Equity		
Contributed equity	**1,129.6**	1,148.3
Reserves	**29.0**	9.8
Retained earnings	**809.4**	571.7
Total equity	**1,968.0**	1,729.8

Amounts in the comparative period have been restated to reflect changes to the entities in the extended closed group.

23 DEMERGER OF SIERRA RUTILE LIMITED

On 13 April 2022, the Group announced its intention to demerge Sierra Rutile Limited (SRL) subject to certain prerequisites, including shareholder approval, which were met on 22 July 2022. SRL was demerged on 4 August 2022 in accordance with the details outlined in the demerger booklet released on the ASX on 19 June 2022.

In preparation for SRL's demerger, Iluka renamed Iluka International West Africa to Sierra Rutile Holdings (SRX), which became the listed parent company of the subsidiaries that form the SRL group. SRX listed on the ASX as part of the demerger, and the shares held by the Group in this company were declared as a dividend distribution to existing Iluka shareholders as outlined in (c), below.

Profit after tax from discontinued operation comprises:

	2022 $m	2021 $m
Profit from discontinued operation	**94.8**	11.6
Net loss on distribution	**(23.6)**	-
Profit after tax from discontinued operations	**71.2**	11.6

(a) International Finance Corporation (IFC) - put option settlement and non-controlling interest

The Group entered a strategic partnership with the IFC in 2019. The partnership arrangement resulted in the Group reflecting a non-controlling interest (NCI comprising the IFC's 10% interest in SRL), and a put option liability (reflecting the Group's obligation to acquire the IFC's interest under certain circumstances) at 31 December 2021.

The IFC exercised their put option on 13 May 2022 in anticipation of SRL's demerger, and accordingly the Group paid $11.5 million in cash and derecognised the NCI balance of $5.4 million as a gain against other reserves in equity.

During the current reporting period up until the date the IFC exercised their put option, $4.0 million of SRL's profits were attributed to the NCI and a foreign exchange loss of $0.5 million was recognised in relation to the put option. The carrying amounts of the NCI and put option immediately before settlement were $5.4 million and $11.5 million, respectively.

Related cumulative losses of $16.7 million were reclassified to retained earnings from other equity reserves on the same date.

(b) Profit after tax from discontinued operation

Profit or loss associated with SRL in the current (up to demerger) and the comparative reporting periods are shown as profit after tax from discontinued operations, comprising:

	2022 $m	2021 $m
Revenue	**203.9**	242.9
Impairment reversal[1]	**33.3**	1.0
Expenses	**(146.4)**	(225.7)
Interest and finance charges	**(1.1)**	(1.2)
Rehabilitation and mine closure provision discount unwind	**5.1**	(0.9)
Total finance costs	**4.0**	(2.1)
Profit before tax	**94.8**	**16.1**
Income tax expense	**-**	(4.5)
Profit from discontinued operation	**94.8**	**11.6**

[1]*Impairment reversal - 2019 write-down of Sierra Rutile Limited (SRL)*

The Group recognises impairment reversals when the conditions that led to previous impairments or write downs have changed to the extent that an impairment reversal may be necessary. Impairment reversals are recognised to the extent that previously impaired assets (or CGUs) are reflected at the lower of their recoverable amount or what their carrying amount would have been had no impairment been recognised.

In 2019, the Group recognised an impairment loss against assets in the SRL CGU due to the operational performance at Mining Area 1 being below expectations and uncertainty surrounding the future of the Sembehun project. Prior to demerger, management withdrew the notice of intention to suspend Mining Area 1 operations and completed a pre-feasibility study (PFS) for Sembehun indicating an increasing level of confidence in the project.

As the conditions that resulted in the 2019 write-down of SRL had changed, the Group estimated the recoverable amount of the SRL CGU based on valuations prepared in anticipation of demerger. The recoverable amount exceeded the net carrying value of SRL assets at the time, and accordingly the Group recognised an impairment reversal of $33.3 million (US$23.4 million) related to previously impaired Sembehun property, plant and equipment that was not subject to depreciation.

(c) Cash flow information

Cash flows associated with SRL in the current (up to demerger) and the comparative reporting periods are as follows:

	2022 $m	2021 $m
Net cash inflow from operating activities	**16.5**	14.4
Net cash (outflow) from financing activities	**(11.5)**	-
Net increase in cash and cash equivalents	**5.0**	**14.4**
Cash at the beginning of the period	**35.6**	21.5
Effects of exchange rate changes on cash and cash equivalents	**(0.4)**	(0.3)
Cash and cash equivalents at the end of the period	**40.2**	**35.6**

Total cash and cash equivalents derecognised on demerger of $105.6 million comprised $40.2 million in cash and $65.4 million in restricted cash. Iluka contributed the latter amount to a rehabilitation trust for Sierra Rutile prior to demerger.

(d) Net loss on distribution

The Group lost control of SRL on the demerger date, and accordingly derecognised the carrying amounts of SRL's assets and liabilities, which were as follows:

	Demerger date $m
Cash and cash equivalents	40.2
Restricted cash - rehabilitation provision trust	65.4
Inventories	57.8
Receivables	67.9
Mine Reserves & Development	26.8
Property, plant and equipment	20.5
Total assets	**278.6**
Payables	35.3
Provisions	81.1
Current tax payable	1.0
Royalties	0.3
Total liabilities	**117.7**

The Group subsequently distributed all of its shares held in SRX to Iluka shareholders, which is reflected as a distribution dividend in the statement of changes in equity. The distribution was effected by a capital redemption of $41 million, with the balance distributed in the form of SRX shares.

The net loss on distribution is included in profit after tax from discontinued operations, and comprises:

	2022 $m
Net asset value of SRX on demerger	160.9
Less: fair value of distribution	(145.8)
Fair value loss on distribution	**(15.1)**
Transaction costs	(8.5)
Net loss on distribution	**(23.6)**

The fair value of SRX on demerger, being $145.8 million, was calculated using the volume weighted average price (VWAP) of SRX shares as traded on the ASX over the first five trading days after demerger (34.36 cents per share) multiplied by the number of SRX shares (424,236,447 shares). Determining the fair value of SRX on this basis was deemed as the most appropriate and practical way of reliably estimating the fair value of SRX since it maximises the use of observable, externally available information.

None of SRL's assets or liabilities were classified as held for distribution at 31 December 2021, as the conditions to be classified as such were only met during the reporting period.

24 EQUITY ACCOUNTED ASSOCIATE - DETERRA ROYALTIES LIMITED (DETERRA)

Deterra Royalties Limited was formed on 2 November 2020 when it was demerged from the Group. Deterra is the largest resource-focused royalty company listed on the ASX. Since demerger, the Group has held a 20% equity ownership interest in Deterra. Refer to note 23 to the 2020 Annual Report for further details of demerger transactions. The Group accounts for its investment in Deterra as an equity accounted associate.

(a) Investment carrying amount

Movements in the carrying value of the Group's investment in Deterra are as follows:

	2022 $'m	2021 $'m
Balance at the beginning of the year	**455.7**	452.1
Gross equity accounted profit	**35.9**	24.6
Depreciation	**(6.4)**	(6.2)
Dividends received	**(35.7)**	(14.8)
Balance at the end of the year	**449.5**	455.7

The Group recognises its share of the profits of Deterra, being 20% of its net profit after tax, as income in each reporting period. The Group adjusts its share of the profit of Deterra by depreciating the value attributed to the Mining Area C (MAC) Royalty right (materially all of its initial value) over a period of 50 years on a straight-line basis, which aligns with the estimated life of mine of the mining operations in the MAC Royalty area. At the reporting date, the expected remaining life of mine was 48 years.

The Group initially recognised its investment at its cost to the Group, which was equal to the carrying value of the net assets of Deterra immediately prior to demerger in 2020. The retained interest was immediately remeasured to its fair value on the demerger date. This fair value was allocated to the assets acquired on a notional basis, with the value uplift attributed to MAC Royalty rights held by Deterra.

(b) Summarised financial information of Deterra

The following is a summary of the financial information presented in the financial statements of Deterra, amended to include adjustments made by the Group in applying the equity method:

Summarised balance sheet of Deterra Royalties Limited at 31 December

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	**21,485**	29,431
Trade and other receivables	**45,883**	33,229
Income tax receivable	**698**	-
Prepayments	**1,322**	1,445
Total current assets	**69,388**	64,105
Non-current assets		
Royalty and other intangible assets	**8,445**	8,753
Property, plant and equipment	**24**	33
Right of use assets	**204**	261
Prepayments	**1,408**	33
Total non-current assets	**10,081**	9,080

(b) Summarised financial information of Deterra (continued)

	2022 $'000	2021 $'000
Current liabilities		
Trade and other payables	**368**	590
Provisions	**175**	69
Lease liability	**70**	68
Income tax payable	**-**	104
Total current liabilities	**613**	831
Non-current liabilities		
Lease liability	**154**	211
Deferred tax	**12,814**	9,039
Total non-current liabilities	**12,968**	9,250
Net assets	**65,888**	63,104

The Group's share of Deterra's net assets is reconciled to its carrying value as follows:

	2022 $'000	2021 $'000
Opening net assets	**63,104**	13,063
Profit for the period	**179,339**	122,621
Movements in other reserves	**1,759**	1,251
Dividends	**(178,430)**	(73,831)
Dividend paid prior to demerger	**-**	-
Closing net assets	**65,772**	63,104
Group's share percentage	**20%**	20%
Group's share of net assets	**13,154**	12,621
Iluka's gain on demerger, net of accumulated depreciation	**436,346**	443,106
Carrying value of investment in Deterra	**449,500**	455,727

Deterra is a listed ASX royalty company. The market value of Iluka's interest at 31 December 2022 was $484.1 million (2021: $455.5 million).

25 ACQUISITION OF INTEREST IN NORTHERN MINERALS LIMITED

Iluka entered into a strategic partnership with Northern Minerals to secure possible future rare earths concentrate supply feedstock, as outlined in the ASX Notice released on 26 October 2022.

Amongst other aspects, the agreements that underpin the strategic partnership resulted in the Group making an initial cash contribution to Northern Minerals, and simultaneously becoming a party to option contracts.

(a) Investment in Northern Minerals

The Group made an initial investment of $20 million in Northern Minerals via a convertible note ($15 million) and a share placement ($5 million). The investment is carried at fair value with changes in the fair value of the investment recognised in other income in profit or loss.

The fair value of the investment is determined with reference to the closing share price of Northern Minerals on each reporting date (a level 1 input). Since the value of the investment on the reporting date is the same as it was on initial investment, no fair value remeasurements have been recognised.

The $15 million 7% convertible note matures on 31 December 2024, with a conversion price at a 20% premium to the share placement, being $0.048 per share, subject to customary adjustments.

(b) Option contracts

Simultaneously to its initial cash contribution, the Group became a party to option contracts with Northern Minerals resulting in a call option in favour of the Group and a put option in favour of Northern Minerals, which becomes exercisable by either party depending on the completion status of Northern Minerals' Browns Range project:

- Iluka may elect to exercise its call option at any stage of completion, allowing it to purchase additional equity in Northern Minerals at a strike price of $0.06 per share, such that the total equity held by Iluka does not exceed 19.9%.
- After completion, Northern Minerals may exercise its put option which will obligate that Iluka purchase additional Northern Mineral shares, subject to satisfactory due diligence.

The option contracts are financial instruments which have been classified as at fair value through profit or loss, initially recognised at $nil, with fair values determined with reference to the closing share price of Northern Minerals on each reporting date (a level 1 input). As at the reporting date, the option contracts have a fair value of $nil, as the strike price exceeds the closing share price. The value of the option contracts on the reporting date is the same as they were on initial recognition, therefore no fair value remeasurements have been recognised.

OTHER NOTES

26 CONTINGENT LIABILITIES

(a) Bank guarantees

The Group has a number of bank guarantees in favour of various government authorities and service providers to meet its obligations under exploration and mining tenements. At 31 December 2022, the total value of performance commitments and guarantees was $153.7 million (2021: $153.4 million).

(b) Native title

There is some risk that native title, as established by the High Court of Australia's decision in the Mabo case, exists over some of the land over which the Group holds tenements or over land required for access purposes. It is impossible at this stage to quantify the impact, if any, which these developments may have on the operations of the Group.

(c) Other claims

In the course of its normal business, the Group occasionally receives claims arising from its operating or historic activities. In the opinion of the directors, all such matters are covered by insurance or, if not covered, are without merit or are of such a kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if settled unfavourably.

27 COMMITMENTS

(a) Exploration and mining lease commitments	**2022 $m**	2021 $m
Commitments in relation to leases contracted for at reporting date but not recognised as liabilities payable:		
Within one year	**10.7**	11.0
Later than one year but not later than five years	**47.3**	25.9
Later than five years	**22.1**	44.9
	80.1	81.8

These costs are discretionary. If the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

(b) Capital commitments

Capital expenditure contracted for and payable, but not recognised as liabilities is $174.6 million (2021: $21.4 million). All of the commitments relate to the purchase of property, plant and equipment of which $122.2 million is payable within one year and $52.4 million is payable between one to five years of the reporting date.

28 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the parent entity, Iluka Resources Limited, by PwC's related network firms and by non-related audit firms:

(a) Auditors of the Group - PwC and related network firms	**2022 $000**	2021 $000
Audit and review of financial reports		
Group	**650**	587
Controlled entities	**-**	114
	650	701
Other assurance services		
Investigating Accountants' report for demerger of Sierra Rutile	**352**	-
Other assurance services	**149**	67
	501	67
Other services		
Tax compliance and advisory services	**52**	10
Other advisory services	**67**	30
	119	40
Total services provided by PwC	**1,270**	808

(b) Other auditors and their related network firms		
Audit and review of financial statements	**294**	377
Other compliance and advisory services	**16**	5
	310	382

29 SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to employees via the Equity Incentive Plan (specifically, the Executive Incentive Plan, Long Term Incentive Plan and Short Term Incentive Plan). Information relating to this scheme is set out in the Remuneration Report.

The fair value of shares granted is determined based on market prices at grant date, taking into account the terms and conditions upon which those shares were granted. The fair value is recognised as an expense through profit or loss on a straight-line basis over the vesting period for each respective plan.

The fair value of share rights is independently determined using a Monte Carlo simulation that takes into account the exercise price, the term of the share right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate of the term of the share right. The fair value of the Long Term Incentive Plan (LTIP - TSR tranche) and Executive Incentive Plan also take into account the Company's predicted share prices against the comparator group performance at vesting date.

A credit to the share-based payments expense arises where unvested entitlements lapse on resignation or the non-fulfilment of the vesting conditions that do not relate to market performance. Payroll tax payable on the grant of restricted shares or share rights is recognised as a component of the share-based payments expense when paid.

The share-based payment expense recognised in profit or loss of $15.7 million (2021: $11.1 million) results from several schemes summarised below.

Schemes	Grant date	Vesting date	Fair value $	**Shares / rights at 31 Dec 22**	**Expense 2022 $m**	Shares / rights at 31 Dec 21	Expense 2021 $m
STIP (i)							
2022	Mar-23	Mar-24/25	9.53	**-**	**2.2**	-	-
2021	Mar-22	Mar-23/24	10.10	**-**	**1.8**	-	2.0
2020	Mar-21	Mar-22/23	6.62	**-**	**0.2**	-	0.7
2019	Mar-20	Mar-21/22/23	9.30	**-**	**-**	-	0.4
2018	Mar-19	Mar-20/21	7.62	**-**	**-**	-	0.1
EIP (ii)	Mar-18/19/20/21/22	Mar-23/24/25/26	7.62	**2,563,333**	**6.0**	3,212,070	5.2
Restricted Share Plan (iii)					**5.5**	-	2.7
					15.7		11.1

(i) Short Term Incentive Plan (STIP)

The fair value of the STIP is determined as the volume weighted average price of ordinary shares over the five trading days following the release of the Company’s annual results.

(ii) Executive Incentive Plan (EIP)

Equity awarded under the Executive Incentive Plan is granted on 1 March each year. The number of restricted shares and performance rights to be awarded is determined based on a volume weighted average market price of Iluka shares for the five days following the release of the full year results.

The fair value at grant date for the Executive Incentive Plan (EIP) with market vesting conditions takes into account the exercise price of $nil (2021: $nil), the share price at grant date of $10.76 for KMP other than T O'Leary and $12.28 for T O'Leary (2021: $7.77), the expected share price volatility (based on historical volatility) of 38% (2021: 38%), the expected dividend yield of 0% (2021: 0%) the risk free rate of return of 1.89% for KMP other than T O'Leary and 2.64% for T O'Leary (2021: 0.6%), and vesting dates for a period of four years commencing one year after the grant date. The fair value of the TSR tranche also takes into account the Company's predicted share prices against the comparator group performance at vesting date. The fair value at grant date for the Executive Incentive Plan (EIP) with non-market vesting conditions is calculated as volume weighted average market price of Iluka shares for the five days following the end of performance year.

No expense has been recognised in respect of additional rights granted as part of the demerger of Sierra Rutile, because they did not increase the total fair value of the share-based payment arrangement and were not otherwise beneficial to recipients.

(iii) Restricted share plan

No restricted shares were issued to eligible employees (2021: no restricted shares issued to eligible employees) who participated in the plan.

30 POST-EMPLOYMENT BENEFIT OBLIGATIONS

(a) Superannuation plans

(i) USA

All employees of the United States (US) operations are entitled to benefits from the US operations' pension plans on retirement, disability or death. The US operations have one defined benefit plan and one defined contribution plan. The defined benefit plan provides a monthly benefit based on average salary and years of service. The defined contribution plan receives an employee's elected contribution and an employer's match-up to a fixed percentage. The entity's legal or constructive obligation is limited to these contributions.

(ii) Sierra Rutile Limited - demerged

Superannuation plans associated with SRL have been derecognised in the current reporting period as a result of the demerger of Sierra Rutile. Comparative post-employment benefit amounts in relation to the statement of financial position have not been restated, however profit or loss items have been reclassified to discontinued operations outlined in note 23.

(b) Financial position

A $7.6 million deficit (2021: $26.6 million deficit) for the Group's defined post employment benefit obligation, based on information supplied from the plans' actuarial advisors, is included in non-current provisions in note 8. The table below provides a summary of the net financial position at 31 December for the past five years:

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Defined benefit plan obligation	**(33.8)**	(57.5)	(51.8)	(46.7)	(39.4)
Plan assets	**26.2**	30.9	25.0	24.3	21.5
Deficit	**(7.6)**	(26.6)	(26.8)	(22.4)	(17.9)

(c) Defined benefits superannuation expense

In 2022, $1.1 million (2021: $1.1 million) was recognised in expenses for the year in respect of the defined benefit plans.

Other disclosures in respect of retirement benefit obligations required by AASB 119 are not included in the financial report as the directors do not consider them to be material to an understanding of the financial position and performance of the Group.

31 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Notes	**2022 $m**	2021 $m
Profit for the year		**588.5**	365.9
Depreciation and amortisation	9	**136.2**	165.4
Amortisation of right-of-use-assets	10	**7.3**	6.2
Net loss (gain) on disposal of property, plant and equipment		**-**	(1.6)
Doubtful debts/(reversed)		**-**	(1.5)
Net exchange differences and other		**(6.6)**	(1.8)
Rehabilitation and mine closure provision discount unwind	8	**(5.0)**	8.9
Non-cash share-based payments expense	29	**15.7**	11.1
Amortisation of deferred borrowing costs	15	**-**	0.7
Equity accounted share of profit	24	**(29.6)**	(18.4)
Impairment - exploration asset	7	**-**	6.3
Inventory NRV write-down	14	**0.9**	11.4
Changes in rehabilitation provisions for closed sites	8	**9.5**	(60.8)
Borrowing costs on leases		**1.0**	-
Demerger loss		**23.6**	-
Impairment reversal		**(33.3)**	-
Put option revaluation gain/(loss)	22	**-**	3.9
Change in operating assets and liabilities			
Decrease/(increase) in receivables		**13.5**	(153.9)
(Increase)/decrease in inventories		**(5.0)**	49.3
Increase/(decrease) in net current tax liability		**106.7**	(0.8)
(Increase) in net deferred tax		**(100.8)**	(9.9)
(Decrease) in payables		**(69.3)**	(19.7)
(Decrease) in provisions		**(51.8)**	(5.8)
Net cash inflow from operating activities		**601.5**	354.9

32 KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

Key Management Personnel of the Group comprise directors of Iluka Resources Limited as well as other specific employees of the Group who met the following criteria: "personnel who have authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly."

(i) Key Management Personnel compensation

Detailed information about the remuneration received by each Key Management Person is provided in the Remuneration Report on pages 72 to 97.

The below provides a summary:

	2022	2021
	$000	$000
Short-term benefits	**5,295**	4,962
Post-employment benefits	**195**	199
Termination benefits	**-**	49
Share-based payments	**3,262**	590
Total	**8,752**	5,800

(b) Transactions with Key Management Personnel

There were no transactions between the Group and Key Management Personnel that were outside of the nature described below:

(i) occurrence was within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those it is reasonable to expect the Group would have adopted if dealing at arms length with an unrelated individual;

(ii) information about these transactions does not have the potential to adversely affect the decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the Key Management Personnel; and

(iii) the transactions are trivial or domestic in nature.

33 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information for Iluka Resources Limited

	2022 $m	2021 $m
Balance sheet		
Current assets	**821.1**	461.4
Non-current assets	**1,529.3**	1,495.0
Total assets	**2,350.4**	1,956.4
Current liabilities	**221.8**	-
Non-current liabilities	**1,043.2**	814.0
Total liabilities	**1,265.0**	814.0
Net assets	**1,085.4**	1,142.4
Shareholders' equity		
Contributed equity	**1,132.5**	1,155.5
Other reserves	**21.4**	23.4
Profit reserve[1]	**594.9**	626.9
Accumulated loss	**(663.4)**	(663.4)
	1,085.4	1,142.4
Profit/(loss) for the year	**184.5**	(469.2)
Other comprehensive income		
Changes in the fair value of cash flow hedges, net of tax	**2.5**	2.4
Total comprehensive income	**187.0**	(466.8)

[1]Profits have been appropriated to a profits reserve for future dividend payments.

(b) Contingent liabilities of the parent entity

The parent had contingent liabilities for performance commitments and guarantees of $12.2 million as at 31 December 2022 (2021: $12.2 million).

(c) Contractual commitments for the acquisition of property, plant or equipment

As at 31 December 2022, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $24.3 million (2021: $3.1 million).

(d) Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost.

(ii) Tax consolidation legislation
Iluka Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004. On adoption of the tax consolidation legislation, the entities in the tax consolidation group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Iluka Resources Limited.

34 RELATED PARTY TRANSACTIONS

The only related party transactions are with Directors and Key Management Personnel (refer note 32). Details of material controlled entities are set out in note 22, and details of the Group's equity accounted associate are set out in note 24. The ultimate Australian controlling entity and the ultimate parent entity is Iluka Resources Limited.

35 NEW AND AMENDED STANDARDS

New standards and amendments adopted

The Group has applied AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018- 2020 and Other Amendments* (which amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141) for the first time for the current reporting period commencing 1 January 2022. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

Forthcoming standards and amendments not yet adopted

There are no forthcoming standards and amendments that are expected to have a material impact on the entity in the current or future reporting periods, or on foreseeable future transactions.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 99 to 156 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

R Cole
Chairman

T O'Leary
Managing Director

21 February 2023

Independent auditor's report

To the members of Iluka Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Iluka Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 31 December 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

For the purpose of our audit we used overall Group materiality of $35 million, which represents approximately 5% of the Group's profit before tax from continuing operations.

We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

We chose Group profit before tax from continuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.

We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

The Group's operational and financial processes are managed by a corporate function in Perth, where substantially all of our audit procedures were performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Mine Closure and Rehabilitation Provisions (Refer to note 8 to the financial statements) As a result of its mining and processing operations, the Group is obliged to restore and rehabilitate the environment disturbed by these operations and remove related infrastructure. Rehabilitation activities are governed by a combination of legislative requirements and Group policies. The Group recognised provisions for rehabilitation and closure obligations of $735.4 million as at 31 December 2022. This was a key audit matter given the determination of these provisions required judgement by the Group in the assessment of the nature and extent of the work to be performed, the future cost and timing of performing the work and economic assumptions such as the discount rate applied to future liabilities.	We performed the following procedures over the Group's closure and rehabilitation provision, amongst others: • Developed an understanding of how the Group identified the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate for developing the rehabilitation provision in the context of the Australian Accounting Standards. • Evaluated the competency and independence of the experts retained by the Group to assist with the assessment of its rehabilitation obligations. • We assessed provision movements in the year relating to closure and rehabilitation obligations to determine whether they were consistent with our understanding of the Group's operations and associated rehabilitation plans. • Compared the estimated future rehabilitation costs to actual costs being incurred at a sample of the Group's sites for similar activities to assess the extent to which rehabilitation estimates take into account current experience, and tested on a sample basis the costs to comparable data from external parties and management's experts. • Assessed the ability of the Group to make reliable estimates of the extent of future rehabilitation expenditure by comparing actual cash outflows in 2022, where applicable, to those forecast as part of the provision in previous years. • Assessed the appropriateness of the discount rates utilised in calculating the provision by comparing them to current market information.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 72 to 97 of the directors' report for the year ended 31 December 2022.

In our opinion, the remuneration report of Iluka Resources Limited for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
21 February 2023

PHYSICAL, FINANCIAL AND CORPORATE INFORMATION

In this section:

- 5 year summary
- Operating mines physical data
- Ore reserves & mineral resources statement
- Shareholder and investor information
- Corporate information

PHYSICAL, FINANCIAL AND CORPORATE INFORMATION

5 Year Summary

	2022	2021	2020	2019	2018
Production volumes (kt)					
- Zircon	302.7	324.2	185.2	322.1	348.6
- Rutile	139.1	196.6	172.6	184.1	163.2
- Synthetic rutile	237.6	198.7	227.4	196.2	219.9
Total Z/R/SR	**679.4**	**719.5**	**585.2**	**702.4**	**731.7**
- Ilmenite	590.9	563.7	455.9	318.6	395.1
- Monazite concentrate	0	57.7	44.4	0	0
Sales volumes (kt)					
- Zircon	302.7	324.2	185.2	322.1	348.6
- Rutile	139.1	196.6	172.6	184.1	163.2
- Synthetic rutile	237.6	198.7	227.4	196.2	219.9
Total Z/R/SR	**679.4**	**719.5**	**585.2**	**702.4**	**731.7**
- Ilmenite	590.9	563.7	455.9	318.6	395.1
- Monazite concentrate	0	57.7	44.4	0	0
Weighted average annual prices (US$/t)					
- Zircon (premium and standard)	1,943	1,414	1,319	1,487	1,351
- Zircon (all products)	1,850	1,330	1,217	1,380	1,321
- Rutile (excluding HYTI and TIC)	1,550	1,264	1,220	1,142	952
- Synthetic rutile	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Average AUD:USD spot exchange rate (cents)	**69.5**	**75.2**	**69.1**	**69.5**	**74.8**

Unit revenue and cash cost ($/t)	2022	2021	2020	2019	2018
Revenue per tonne Z/R/SR sold (A$/t)	2,215	1,593	1,625	1,654	1,415
Unit cash costs of production per tonne Z/R/SR produced excluding by-products	938	777	918	753	606
Unit cost of goods sold per tonne of Z/R/SR	1,031	916	1,032	889	750

Summary financials ($m)	2022	2021	2020	2019	2018
Z/R/SR revenue	1,594.5	1,381.9	841.0	1,128.7	1,179.0
Ilmenite and other revenue	132.9	103.9	106.0	64.4	65.1
Revenue from operations	1,727.4	1,485.8	947.0	1,193.1	1,244.1
Cash costs of production	(650.1)	(579.2)	(558.7)	(539.6)	(455.1)
Inventory movement – cash costs of production	27.0	(67.0)	142.3	63.4	(68.5)
Restructure and idle capacity charges	(14.9)	(33.4)	(20.9)	(19.7)	(24.7)
Government royalties	(48.2)	(38.0)	(22.3)	(39.4)	(38.1)
Marketing and selling costs	(31.5)	(34.4)	(27.7)	(35.0)	(38.1)
Asset sales and other income	0.9	2.0	(1.5)	(3.5)	1.8
Corporate and other costs	(71.2)	(64.3)	(54.6)	(64.5)	(48.1)
Major projects, exploration and innovation	(37.0)	(45.2)	(62.3)	(25.7)	(30.1)
Mineral sands EBITDA	916.8	633.9	342.0	530.9	544.5
Mining Area C EBITDA	-	-	81.1	85.1	55.6
Underlying Group EBITDA[1]	946.4	652.3	423.1	616.0	600.1
Rehabilitation and holding costs for closed sites	(11.2)	60.8	7.2	(3.2)	4.6
Demerger loss and transaction costs	(23.6)	-	(13.3)	-	-
Depreciation and amortisation	(145.4)	(171.2)	(184.8)	(163.2)	(93.6)
Inventory movement – non-cash production costs	9.3	(12.6)	39.9	15.5	(28.3)
Gain on demerger of Deterra Royalties	-	-	2,260.1	-	-
Significant non-cash items	-	-	-	(414.3)	-
Net interest and finance charges	0.6	(5.7)	(7.1)	(51.8)	(30.8)
Income tax (expense) benefit	(213.9)	(139.1)	(95.5)	(298.7)	(148.1)
Net profit (loss) after tax for the period (NPAT)	588.5	365.7	2,410.0	(275.8)	303.9
Operating cash flow	711.1	527.7	183.8	408.1	594.2
Capital expenditure (capex)	(152.6)	(53.6)	(71.2)	(197.5)	(311.5)
Free cash (outflow) inflow[2] ($m)	444.3	299.5	36.3	139.7	304.4
Net (debt) cash	488.6	294.8	50.2	43.3	1.8

Capital and dividends	2022	2021	2020	2019	2018
Ordinary shares on issue (millions)	424.5	422.0	422.8	422.6	422.4
Dividends per share in respect of the year (cents)	45	24	2	13	29
Franking level %	100	100	100	100	100
Opening year share price ($)[3]	9.76	6.58	4.7	3.8	5.09
Closing year share price ($)[3]	9.53	9.73	6.49	4.73	3.87

Financial ratios	2022	2021	2020	2019	2018
Underlying Group EBITDA/revenue margin %	54.8	43.9	41.2	51.6	48.2
Mineral sands EBITDA/revenue margin %	53.1	42.7	36.1	44.5	43.8
Basic earnings (loss) per share (cents)	138.6	86.7	570.4	-71	72.2
Free cash flow per share (cents)	104.7	71	9	33	72
Return on shareholders' equity[4] %	32.8	25.9	283.7	-24.5	31.8
Return on capital[5] %	88.8	69.1	311.3	6.8	54.0
Gearing (net debt/net debt + equity) %	n/a	n/a	n/a	n/a	n/a

Financial position as at 31 December ($m)	2022	2021	2020	2019	2018
Total assets	3,001.8	2,636.2	2,361.7	1,894.5	2,211.9
Total liabilities	(1,107.0)	(1,041.6)	(1,069.4)	(1,182.8)	(1,101.9)
Net assets	1,894.8	1,594.6	1,292.3	711.6	1,110.0
Shareholders' equity	1,894.6	1,594.6	1,292.3	711.6	1,110.0
Net tangible asset backing per share ($)	3.27	2.60	3.00	1.60	2.10

Employees, as at 31 December	2022	2021	2020	2019	2018
Full-time equivalent employees	950	3,252	3,354	3,427	3,421

Iluka Ore Reserves and Mineral Resources	2022	2021	2020	2019	2018
Mineral Resources In Situ HM million tonnes	176	185	119	165	168
Ore Reserves In Situ HM million tonnes	9.0	10.6	11.2	13	15.7
HM Grade (%) Ore Reserves	5.6	5.8	5.7	5.6	5.8
Assemblage[6] (%)					
Zircon	17	17	17	18	17
Rutile	3	3	3	3	4
Ilmenite	53	55	55	56	54
Monazite + xenotime	2	2	-	-	-

Notes:

(1) Underlying Group EBITDA excludes non-recurring adjustments including write-downs, Sierra Rutile Limited transaction costs, the gain on the demerger of Deterra Royalties, and changes to rehabilitation provisions for closed sites. Underlying EBITDA also excludes Iluka's share of Metalysis Ltd's losses, which are non-cash in nature.

(2) Free cash flow is determined as cash flow before any debt refinance costs, proceeds/repayment of borrowings and dividends paid in the year.

(3) Share prices prior to November 2020 have been adjusted by a factor of 0.51 for the capital reduction from the Deterra Royalties demerger.

(4) Calculated as NPAT for the year as a percentage of the average monthly shareholders' equity over the year.

(5) Calculated as EBIT for the year as a percentage of average monthly capital employed for the year.

(6) Mineral assemblage is reported as a percentage of the in situ heavy mineral content of the Ore Reserve.

Operating mines and data

12 MONTHS TO 31 DECEMBER 2022

	Jacinth-Ambrosia/ Mid-west	Cataby / South west	Australia Total	Sierra Leone	Idle Operations	Group Total 2022	Group Total 2021
Mining							
Overburden moved kbcm	2,946	9,543	12,489	860	-	13,349	11,103
Ore mined kt	10,614	7,890	18,504	6,016	-	24,520	27,676
Ore fed/treated kt	9,193	9,533	18,726	5,683	-	24,409	29,662
Ore treated grade HM %	4.2%	5.3%	4.8%	3.1%	-	4.4%	3.8%
VHM treated grade %	3.9%	4.6%	4.3%	2.5%	-	3.9%	3.4%
Concentrating							
HMC produced kt	351	501	852	197	-	1,049	1,106
VHM produced kt	320	415	734	138	-	872	920
VHM in HMC assemblage %	91.0%	82.8%	86.2%	69.8%	-	83.1%	83.2%
Zircon	52.7%	9.9%	27.5%	4.2%	-	23.1%	16.0%
Rutile	8.5%	6.5%	7.3%	45.2%	-	14.4%	17.5%
Ilmenite	29.8%	66.4%	51.3%	20.5%	-	45.6%	49.8%
HMC processed kt	458	566	1,024	200	-	1,224	1,235
Finished product[1] kt							
Zircon	244	55	299	4	-	303	324
Rutile	21	34	55	84	-	139	197
Ilmenite (saleable/ upgradeable)	137	419	556	35	-	591	564
Synthetic rutile produced	-	238	238	-	-	238	199
Monazite Concentrate	-	-	-	-	-	-	58

Notes:

(1) Finished product includes material from heavy mineral concentrate (HMC) initially processed in prior periods.

EXPLANATORY COMMENTS ON TERMINOLOGY

Overburden moved (bank cubic metres) refers to material moved to enable mining of an ore body.

Ore mined (thousands of tonnes) refers to material moved containing heavy mineral ore.

Ore treated grade HM % refers to percentage of heavy mineral (HM) in the ore processed through the mining unit.

VHM treated grade % refers to percentage of valuable heavy mineral (VHM) - titanium dioxide (rutile and ilmenite), and zircon in the ore processed through the mining unit.

Concentrating refers to the production of heavy mineral concentrate (HMC) through a wet concentrating process at the mine site, which is then transported for final processing into finished product at a mineral processing plant.

HMC produced refers to HMC, which includes the valuable heavy mineral concentrate (zircon, rutile, ilmenite) as well as other non-valuable heavy minerals (gangue).

VHM produced refers to an estimate of valuable heavy mineral in heavy mineral concentrate expected to be processed.

VHM produced and the VHM assemblage - provided to enable an indication of the valuable heavy mineral component in HMC.

HMC processed provides an indication of material emanating from each mining operation to be processed. Finished product is provided as an indication of the finished production (zircon, rutile, ilmenite – both saleable and upgradeable) attributable to the VHM in HMC production streams from the various mining operations. Finished product levels are subject to recovery factors which can vary. The difference between the VHM produced and finished product reflects the recovery level by operation, as well as processing of finished material/ concentrate in inventory. Ultimate finished product production (rutile, ilmenite, and zircon) is subject to recovery loss at the processing stage – this may be in the order of 10%.

Ilmenite is produced for sale or as a feedstock for synthetic rutile production. Typically, 1 tonne of upgradeable ilmenite will produce between 0.56 to 0.60 tonnes of synthetic rutile. Iluka also purchases external ilmenite for its synthetic rutile production process.

Ore reserves and Mineral resources statement

Rutile Ore Reserves & Resources (Sierra Leone)

The Ore Reserves and Mineral Resources for Sierra Leone have been removed from Iluka's Mineral Resource and Ore Reserve Statement following the demerger of Sierra Rutile Limited. Iluka has no remaining interest in the Sierra Leone Mineral Resources and Ore Reserves which are now wholly owned by the Sierra Rutile Holdings Limited (SRX) entity. The Sierra Rutile Limited demerger resulted in a reduction in Iluka's rutile Ore Reserves of 3.1 million tonnes (1.5% rutile grade) and Mineral Resources of 8.1 million tonnes (1.1% rutile grade) compared to Iluka's Ore Reserve and Mineral Resource holdings for the previous period (31 December 2021).

HM Ore Reserves

ILUKA HM ORE RESERVE BREAKDOWN BY COUNTRY, REGION AND JORC CATEGORY
AT 31 DECEMBER 2022

Summary of Ore Reserves for Iluka[1,2,3,6]						HM Assemblage[4]				
			Ore	In Situ HM	HM	Ilmenite	Zircon	Rutile	(M+X)[7]	Change HM
Country	Region	Ore Reserve Category	Tonnes	Tonnes	Grade	Grade	Grade	Grade	Grade	Tonnes
			Millions	Millions	(%)	(%)	(%)	(%)	(%)	Millions
Australia	Eucla Basin	Proved	49	1.4	2.9	23	51	5	0.4	
		Probable	2	0.0	2.3	18	56	3	0.6	
Total	**Eucla Basin**		**51**	**1.5**	**2.9**	**23**	**51**	**5**	**0.4**	**(0.2)**
	Perth Basin	Proved	75	5.0	6.7	57	11	4	3.0	
		Probable	36	2.5	7.0	63	11	2	1.9	
Total	Perth Basin[5]		111	7.6	6.8	59	11	3	2.6	(1.3)
Total	Proved		124	6.4	5.2	50	20	4	2.5	
Total	Probable		38	2.6	6.8	62	12	2	1.8	
	Grand Total		**162**	**9.0**	**5.6**	**53**	**17**	**3**	**2.3**	**(1.6)**

Notes:

(1) Competent Persons - Ore Reserves: A Walkenhorst (MAusIMM). The Ore Reserves were prepared in accordance with the JORC Code (2012 Edition), other than the Ore Reserves for the Perth Basin South West deposits, which have not materially changed and were estimated in accordance with the JORC Code (2004 Edition). Iluka Resources is undertaking further work in order to report these estimates in accordance with the JORC Code (2012 Edition).

(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) Rutile component in Perth Basin South West operations is sold as a leucoxene product.

(6) The quoted figures are stated as at 31 December 2022 and have been depleted for all production conducted to this date.

(7) M+X comprise rare earth element bearing minerals monazite + xenotime.

Ore Reserves are estimated using all available geological and relevant drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities. Reserve estimates are determined by the consideration of all of the "Modifying Factors" in accordance with the JORC Code 2012 guidelines, and for example, may include but are not limited to, product prices, mining costs, metallurgical recoveries, environmental consideration, access and approvals. These factors may vary significantly between deposits.

For the year ending 2022, HM Ore Reserves decreased by 1.6Mt HM associated with mining depletion and adjustments, down from 10.6Mt HM to 9.0Mt HM.

The main factors contributing to the movement in Iluka's HM Ore Reserves during 2022 (excluding the demerger of Sierra Rutile Limited) include the following:

» The Eucla Basin Ore Reserves decreased by 0.2Mt HM associated with mining depletion, pit optimisation and re-design at Jacinth (-0.2Mt) and Ambrosia (-0.1Mt).

» The Perth Basin Ore Reserves decreased by 1.3Mt HM as a result of mine depletion, pit optimisation and adjustment at Cataby (-0.5Mt) and MSP By-Product Stockpile (+0.05Mt) and the removal of Yarloop (-0.8Mt).

HM Ore Reserves Mined and Adjusted

Summary of Ore Reserve Depletion(1)									
Country	Region	Category	In Situ HM Tonnes Millions 2021	In Situ HM Grade (%) 2021	In Situ HM Tonnes Millions Mined 2022	In Situ HM Tonnes(2) Millions Adjusted 2022	In Situ HM Tonnes Millions 2022	In Situ HM Grade (%) 2022	In Situ HM Tonnes(3) Millions Net Change
Australia	Eucla Basin	Active Mines	1.7	3.2	(0.4)	0.1	1.5	2.9	(0.2)
Total	**Eucla Basin**		**1.7**	**3.2**	**(0.4)**	**0.1**	**1.5**	**2.9**	**(0.2)**
	Perth Basin	Active Mines	7.0	6.3	(0.5)	(0.8)	5.7	5.7	(1.3)
	Perth Basin	Non-Active Sites	1.9	11.4	-	(0.0)	1.9	17.8	(0.0)
Total	**Perth Basin**		**8.9**	**6.9**	**(0.5)**	**(0.8)**	**7.6**	**6.8**	**(1.3)**
Total	Active Mines		8.7	5.2	(0.9)	(0.7)	7.2	4.7	(1.5)
Total	Non-Active Sites		1.9	11.4	-	(0.0)	1.9	17.8	(0.0)
Total	**Ore Reserves**		**10.6**	**5.8**	**(0.9)**	**(0.7)**	**9.0**	**5.6**	**(1.6)**

Notes:

(1) Rounding may generate differences in last decimal place.

(2) Adjusted figure includes write-downs and modifications in mine design.

(3) Net change includes depletion by mining and adjustments.

HM Mineral Resources

ILUKA MINERAL RESOURCE BREAKDOWN BY COUNTRY, REGION AND JORC CATEGORY AT 31 DECEMBER 2022

Summary of Mineral Resources for Iluka[1,2,3]						HM Assemblage(4)				
Country	Region	Mineral Resource Category	Material Tonnes Millions	In Situ HM Tonnes Millions	In Situ HM Grade (%)	Ilmenite Grade (%)	Zircon Grade (%)	Rutile Grade (%)	(M+X)[8] Grade (%)	Change HM Tonnes Millions
Australia	Eucla Basin	Measured	184	5	2.6	33	41	3	0.3	
		Indicated	93	9	9.5	68	18	2	0.4	
		Inferred	48	2	5.1	61	19	2	0.3	
Total	**Eucla Basin**		**325**	**16**	**4.9**	**57**	**25**	**3**	**0.3**	**(0.4)**
	Murray Basin	Measured	10	3	32.1	62	12	11	1.1	
		Indicated	476	38	8.0	44	14	10	1.7	
		Inferred	1,090	61	5.6	35	14	7	2.0	
Total	**Murray Basin**		**1,576**	**102**	**6.5**	**39**	**14**	**8**	**1.9**	**1.5**
	Perth Basin	Measured	469	28	5.9	58	11	5	1.1	
		Indicated	306	16	5.4	53	10	5	0.9	
		Inferred	192	9	4.9	55	9	5	0.8	
Total	**Perth Basin[5]**		**966**	**54**	**5.5**	**56**	**10**	**5**	**1.0**	**(0.1)**
USA	Atlantic Seaboard	Measured	27	1	4.9	67	9	-	-	
		Indicated	47	3	5.3	64	11	-	-	
		Inferred	16	1	3.1	60	11	-	-	
Total	**Atlantic Seaboard[6]**		**91**	**4**	**4.8**	**64**	**10**	**-**	**-**	**-**
Sri Lanka	Sri Lanka	Inferred	-	-	-	-	-	-	-	
Total	**Sri Lanka[7]**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9.5)**
Total	Measured		690	37	5.4	55	14	5	1.0	
Total	Indicated		922	66	7.1	50	13	7	1.3	
Total	Inferred		1,346	73	5.5	38	14	6	1.8	
	Grand Total		**2,958**	**176**	**6.0**	**46**	**14**	**6**	**1.4**	**(8.6)**

Notes:

(1) Competent Persons - Mineral Resources: B Gibson (MAIG).

(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 the in situ HM component.

(5) Rutile component in Perth Basin South West operations is sold as a leucoxene product.

(6) Rutile is included in Ilmenite for the Atlantic Seaboard region.

(7) Coco Deposit removed due to inability to secure continuity of tenure.

(8) M+X comprise the rare earth element bearing minerals monazite + xenotime.

Mineral Resources are estimated using all available and relevant geological, drill hole and assay data, including mineralogical sampling and test work on mineral and final product qualities. Resource estimates are determined by consideration of geology, HM cut-off grades, mineralisation thickness vs. overburden ratios and consideration of the potential mining and extraction methodology and are prepared in accordance with the guidelines of the 2012 JORC Code. These factors may vary significantly between deposits.

For the year ended 31 December 2022, HM Mineral Resources (excluding the demerger of Sierra Rutile) decreased by 8.6Mt HM net of mining depletion and adjustments (exploration discovery, development and write-down) down from 185Mt HM to 176Mt HM. The change in Mineral Resources for 2022 was driven by the following:

- Eucla Basin Mineral Resources decreased by 0.4Mt HM as a result of mining depletion and adjustment at Ambrosia (-0.2Mt HM) and Jacinth (-0.4Mt HM) and remodelling and re-estimation at Atacama (+0.1Mt HM).
- Murray Basin Mineral Resources increased by 1.5Mt HM as a result of remodelling and re-estimation at West Balranald (+0.4Mt HM), Ki Downs (-0.2Mt HM) and WIM100 (+1.3Mt HM).
- Perth Basin Mineral Resources decreased by 0.1Mt HM as a result of re-estimation, mining depletion and write-down at Cataby and Cataby ROM (-0.2Mt HM) and additional tailings stockpiled at Eneabba (+0.05Mt HM).
- Sri Lanka Mineral Resources decreased by 9.5Mt HM resulting from write-off of the Coco Deposit due to the inability to secure tenement continuity.

HM Mineral Resources Mined and Adjusted

ILUKA MINERAL RESOURCES MINED AND ADJUSTED BY COUNTRY AND REGION AT 31 DECEMBER 2022

Summary of Mineral Resource Depletion[1]			In Situ						
Country	Region	Category	In Situ HM Tonnes Millions 2021	In Situ HM Grade (%) 2021	In Situ HM Tonnes Millions Mined 2022	In Situ HM Tonnes[2] Millions Adjusted 2022	In Situ HM Tonnes[4] Millions 2022	In Situ HM Grade (%) 2022	In Situ HM Tonnes[3] Millions Net Change
Australia	Eucla Basin	Active Mines	4	2.1	(0)	(0)	3	2.0	(1)
		Non-Active Sites	13	7.3	-	0	13	7.3	0
Total	**Eucla Basin**		**16**	**4.8**	**(0)**	**(0)**	**16**	**4.9**	**(0)**
	Murray Basin	Active Mines	-	-	-	-	-	-	-
		Non-Active Sites	101	6.4	-	1	102	6.5	1
Total	**Murray Basin**		**101**	**6.4**	**-**	**1**	**102**	**6.5**	**1**
	Perth Basin	Active Mines	13	4.6	(0)	(0)	12	4.3	(1)
		Non-Active Sites	40	5.9	-	1	41	6.1	1
Total	**Perth Basin**		**53**	**5.5**	**(0)**	**0**	**54**	**5.5**	**(0)**
USA	Atlantic Seaboard	Active Mines	-	-	-	-	-	-	-
		Non-Active Sites	4	4.8	-	-	4	4.8	-
Total	**Atlantic Seaboard**		**4**	**4.8**	**-**	**-**	**4**	**4.8**	**-**
Sri Lanka	Sri Lanka	Active Mines	-	-	-	-	-	-	-
		Non-Active Sites	10	7.0	-	(10)	-	-	(10)
Total	**Sri Lanka(4)**		**10**	**7.0**	**-**	**(10)**	**-**	**-**	**(10)**
Total	**Active Mines**		**17**	**3.7**	**(1)**	**(1)**	**15**	**3.5**	**(2)**
Total	**Non-Active Sites**		**168**	**6.3**	**-**	**(7)**	**161**	**6.4**	**(7)**
Total	**Mineral Resources**		**185**	**5.9**	**(1)**	**(8)**	**176**	**6.0**	**(9)**

Notes:

(1) Rounding may generate differences in last decimal place.

(2) Adjusted figure includes write-downs and modifications in mine design.

(3) Net difference includes depletion by mining and adjustments.

(4) Coco Deposit removed due to inability to secure continuity of tenure.

Annual Statement of Mineral Resources and Ore Reserves

The Annual Statement of Mineral Resources and Ore Reserves as at 31 December 2022 and presented in this Report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the JORC Code 2012) and ASX listing Rules and as disclosed in various public announcements released through the ASX. Information prepared and disclosed under the JORC Code 2004 Edition and which has not materially changed since last reported has not been updated. Iluka is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Brett Gibson who is a Member of the Australian Institute of Geoscientists (MAIG). The information in this report that relates to Ore Reserves is based on information compiled by Mr Andrew Walkenhorst who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Gibson and Mr Walkenhorst are full time employees of Iluka Resources.

Mr Gibson and Mr Walkenhorst each have sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', the JORC Code 2012 Edition. Mr Gibson and Mr Walkenhorst consent to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to specific Mineral Resources and Ore Reserves is based on and accurately reflects reports compiled by Competent Persons as defined in the JORC Code 2012 for each of the company regional business units. Each of these persons is a full-time employee of Iluka Resources Limited or its relevant subsidiaries, holds equity securities in Iluka Resources Limited and is entitled to participate in Iluka's executive equity incentive plan, details of which are included in Iluka's 2022 Remuneration report.

All the Competent Persons named are Members of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and/or the relevant jurisdiction ROPO (Recognised Overseas Professional Organisation) and have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the JORC Code 2012. At the reporting date, each Competent Person listed in this report is a full-time employee of Iluka Resources Limited or one of its subsidiaries. Each Competent Person consents to the inclusion of material in the form and context in which it appears.

All of the Mineral Resource and Ore Reserve figures reported represent estimates as at 31 December 2022. All tonnes and grade information has been rounded, hence small differences may be present in the totals. All of the Mineral Resource information is inclusive of Ore Reserves (i.e. Mineral Resources are not additional to Ore Reserves).

Mineral Resources and Ore Reserves Corporate Governance

Iluka has an established governance process supporting the preparation and publication of Mineral Resources and Ore Reserves which includes a series of structures and processes independent of the operational reporting through business units and product groups.

The Audit and Risk Committee has in its remit the governance of resources and reserves. This includes an annual review of Mineral Resources and Ore Reserves at a group level, as well as review of findings and progress from the Group Resources and Reserves internal audit programme within the regular meeting schedule.

Mineral Resources and Ore Reserves are estimated by Iluka Personnel or suitably qualified independent personnel using industry standard techniques and supported by internal guidelines for the estimation and reporting of Mineral Resources and Ore Reserves.

All Mineral Resource and Ore Reserve estimates and supporting documentation are reviewed by Competent Persons employed by Iluka. If there is a material change in the estimate of a Mineral Resource, the Modifying Factors for the preparation of Ore Reserves, or reporting an inaugural Mineral Resource or Ore Reserve and if it is considered prudent to have an external review, then the estimate and supporting documentation in question is reviewed by a suitably qualified independent Competent Person.

The Iluka Mineral Resource and Ore Reserve position is reviewed annually by a suitably qualified independent Competent Person prior to publication and the governance process is also audited by an independent body (PricewaterhouseCoopers).

Iluka has continued the development of internal systems and controls in order to meet JORC (2012) guidelines in all external reporting, including the preparation of all reported data by Competent Persons as members of The Australasian Institute of Mining and Metallurgy (The AusIMM), The Australian Institute of Geoscientists (AIG) or Recognised Overseas Professional Organisations (ROPOs).

The establishment of an enhanced governance process has also been supported by a number of process improvements and training initiatives over recent years, including a Web based group reporting and sign-off database, annual internal Competent Person reports and Competent Person development and training.

SHAREHOLDER AND INVESTOR INFORMATION

As at 31 January 2023

Australian Securities Exchange Listing

Iluka's shares are listed on the Australian Securities Exchange (ASX) Limited. The company is listed as Iluka Resources Limited with an ASX code of ILU.

Shares On Issue

The company had 424,932,151 shares on issue as at 31 January 2023. A total of 411,993 ordinary shares are restricted pursuant to the Directors, Executives and employees share acquisition plan, equity incentive plan and employee share plan.

Shareholdings

There were 22,509 shareholders. Voting rights, on a show of hands, are one vote for every registered holder and on a poll, are one vote for each share held by registered holders.

Distribution of Shareholdings

Range	Total holders	Units	% Units
1 - 1,000	13,589	5,106,441	1.20
1,001 - 5,000	7,088	16,502,273	3.88
5,001 - 10,000	1,093	7,923,514	1.86
10,001 - 100,000	693	14,898,963	3.51
100,001 - 1,000,000	34	11,159,425	2.63
1,000,001 Over	12	369,341,535	86.92
Rounding			**0.00**
Total	**22,509**	**424,932,151**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 10.8000 per unit	47	1,280	19,923

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	167,585,874	39.44
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	97,812,318	23.02
3	CITICORP NOMINEES PTY LIMITED	52,416,482	12.34
4	NATIONAL NOMINEES LIMITED	15,672,567	3.69
5	BNP PARIBAS NOMS PTY LTD <DRP>	11,230,433	2.64
6	UBS NOMINEES PTY LTD	6,962,367	1.64
7	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,614,140	1.56
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	5,253,179	1.24
9	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,062,371	0.49
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,511,184	0.36
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,110,620	0.26
12	R O HENDERSON (BEEHIVE) PTY LIMITED	1,110,000	0.26
13	MR THOMAS O'LEARY	944,857	0.22
14	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	775,419	0.18
15	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	754,098	0.18
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	751,063	0.18
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	692,223	0.16
18	BNP PARIBAS NOMS (NZ) LTD <DRP>	690,272	0.16
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	567,569	0.13
20	MR ANGUS MACKAY	481,250	0.11
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**374,998,286**	**88.25**
Total Remaining Holders Balance		**49,933,865**	**11.75**

Substantial Shareholders

Shareholder	Shareholding	% of issued capital
Perpetual Limited	36,418,246	8.6%
FIL Limited	25,474,982	6.0%
State Street Corporation and its subsidiaries	22,191,663	5.2%
Tyndall Equities Australia Limited	21,283,508	5.0%
Vanguard Group (The Vanguard Group, Inc. and its controlled entities)	21,230,425	5.0%

Calendar of Key Events

21 February	Announcement of financial results
17 March	Close of nominations
27 April	March quarterly review
8 May 9:30am (WST)	Closure of acceptances of proxies for AGM
10 May 9:30am (WST)	Annual General Meeting
20 July	June quarterly review
23 August	Announcement of half year financial results
26 October	September quarterly review
31 December	Financial year end

All dates are indicative and subject to change. Shareholders are advised to check with the company to confirm timings.

KEY SHAREHOLDER INFORMATION

Iluka website: www.iluka.com

To assist those considering an investment in the company, the investors and media section of the Iluka website contains key shareholder information, which includes the calendar of events. This site contains information on Iluka's products, marketing, operations, ASX releases and financial and quarterly reports. It also contains links to other sites, including the share registry.

Investor Relations Enquiries

Investor Relations

Level 17, 240 St Georges Terrace

Perth WA 6000

Telephone: +61 8 9360 4700

Email: investor.relations@iluka.com

Dividends

Iluka's Board of Directors typically makes a determination on dividend payments twice each year. Iluka introduced a dividend reinvestment plan (DRP) in 2018.

Share Registry Services

Shareholders who require information about their shareholdings, dividend payments or related administrative matters should contact the company's share registry:

Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace

Perth WA 6000

Telephone: 1300 733 043 (within Australia) or +61 3 9415 4801 (outside Australia)

Facsimile: +61 3 9473 2500

Postal address GPO Box 2975

Melbourne VIC 3001

Website: **www.investorcentre.com/au**

Annual Reports And Email Notification Of Major Accounts

Shareholders can elect to receive a printed copy of the Annual Report and/or receive an email notification related to major company events. Please contact Computershare. Each enquiry should refer to the shareholder number which is shown on holding statements and dividend statements.

CORPORATE INFORMATION

COMPANY DETAILS

Iluka Resources Limited

ABN: 34 008 675 018

COMPANY SECRETARY

Ben Martin, Company Secretary

Nigel Tinley, Joint Company Secretary

REGISTERED OFFICE

Level 17, 240 St Georges Terrace Perth Western Australia, 6000

POSTAL ADDRESS

GPO Box U1988 Perth,

Western Australia, 6845 Australia

Telephone: +61 8 9360 4700

Facsimile: +61 8 9360 4777

WEBSITE

www.iluka.com

The site contains information on Iluka's products, marketing, operations, ASX releases and financial and quarterly reports. It also contains links to other sites, including the share registry.

Notice of Annual General Meeting

Iluka's 68th Annual General Meeting of Shareholders (AGM) will be held as a hybrid meeting, online and in the Karri Room, at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia on Wednesday, 10 May 2023 commencing at 9:30 am (WST).

Shareholders and proxyholders who would prefer to attend the meeting remotely may do so through the Computershare online platform, which offers the ability to view a live webcast, ask questions (written or oral) and vote online during the meeting.

If it becomes necessary or appropriate to make alternative arrangements for the holding of the AGM, Iluka will ensure that Shareholders are given as much notice as possible via the ASX platform and **www.iluka.com**.

Shareholders are encouraged to lodge proxy votes in advance of the meeting to ensure that their voting instructions will be received and votes cast even if they cannot attend on the day, and to monitor the Company's website and ASX platform in case any alternative arrangements become necessary.

Close of Nominations

All nominations for election as a director at the 68th Annual General Meeting of Shareholders must be received in writing no later than Friday, 17 March 2023 in order to be valid under luka's constitution.

Forward-Looking Statements

This document contains certain statements which constitute "forward-looking statements".

Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "plan", "believe", "estimate", "anticipate", "outlook" "guidance", "target", "ambition", or similar expressions, and may include, without limitation, statements regarding the plans, strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; estimates of future product supply, demand and consumption; statements regarding future product prices; statements regarding climate change (including those relating to future demands and uses for Iluka's products, Iluka's targets and ambitions, technological developments and other external enablers, and climate, environmental and energy transition scenarios); and statements regarding the expectation of future Mineral Resources and Ore Reserves.

These forward-looking statements reflect Iluka's expectations at the date of this report and reflect judgements, assumptions, estimates and other information available as at the date of this document and/or the date of Iluka's planning processes. They are not guarantees or predictions of future performance or statements of fact. The information is based on Iluka's forecasts and as such is subject to variation related to, but not restricted to, economic, market demand/supply and competitive factors.

There are inherent limitations with scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenarios do not constitute definitive outcomes or probabilities, and scenario analysis relies on assumptions that may or may not be, or prove to be, correct and may or may not eventuate. Scenarios may also be impacted by additional factors to the assumptions disclosed.

Forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are beyond Iluka's control, that could cause the actual results, performances or achievements of Iluka to differ materially from future results, performances or achievements expressed, projected or implied by such forward-looking statements. The information contained in this report has not been prepared as financial or investment advice. Readers are cautioned not to place undue reliance on these forward-looking statements, particularly in light of the time horizons which this document discusses and the inherent uncertainty in possible policy, regulatory, market and technological developments in the future.

Except as required by applicable laws or regulations, Iluka does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Iluka cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with current global geopolitical tensions and the ongoing impacts of COVID-19.

Information on likely developments in the Group's business strategies, prospects, financial position and operations for future financial years and the expected results that could result in unreasonable prejudice to the Group (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included below in this report. The categories of information omitted include forward-looking estimates and projections prepared for internal management purposes, information regarding Iluka's operations and projects which are developing and susceptible to change, and information relating to commercial contracts.

Non-IFRS Financial Information

This document contains non-IFRS financial measures including cash production costs, non-production costs, mineral sands EBITDA, Underlying Group EBITDA, EBIT, free cash flow, and net debt amongst others. Iluka management considers these to be key financial performance indicators of the business and they are defined and/or reconciled in Iluka's annual results materials and/or Annual Report. Non-IFRS measures have not been subject to audit or review. All figures are expressed in Australian dollars unless stated otherwise.

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