ILUKA

# ANNUAL REPORT

DELIVER SUSTAINABLE VALUE

2023

# ABOUT ILUKA RESOURCES

Iluka Resources Limited (Iluka or the company) is a global critical minerals company with expertise in exploration, project development, mining, processing, marketing and rehabilitation.

The company's objective is to deliver sustainable value.

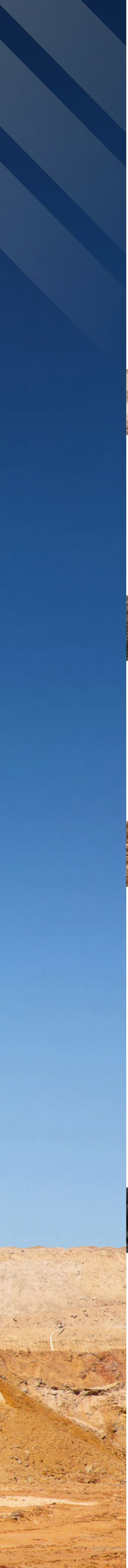
With more than 70 years' industry experience, Iluka is a leading producer of zircon and high-grade titanium feedstocks (rutile and synthetic rutile). Via the company's development of Australia's first fully-integrated rare earths refinery at Eneabba in Western Australia, Iluka is set to become a globally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

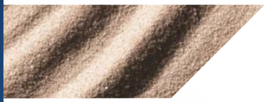
As the world moves towards a more sustainable future, Iluka's high-quality, Australian critical minerals products are in increasing demand.

Alongside the company's Australian production base and development pipeline, Iluka has a globally integrated marketing network. Exploration activities are conducted both within Australia and 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.



# Our products



## ZIRCON

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

## TITANIUM DIOXIDE

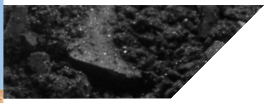
Iluka is a leading producer of synthetic rutile, which is an upgraded, value-added form of the mineral ilmenite. The company also produces natural rutile. Collectively, these products are referred to as high-grade titanium dioxide feedstocks, owing to their high titanium content. Primary uses include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

## 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 that will be produced at 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 its 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 180.

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 38.

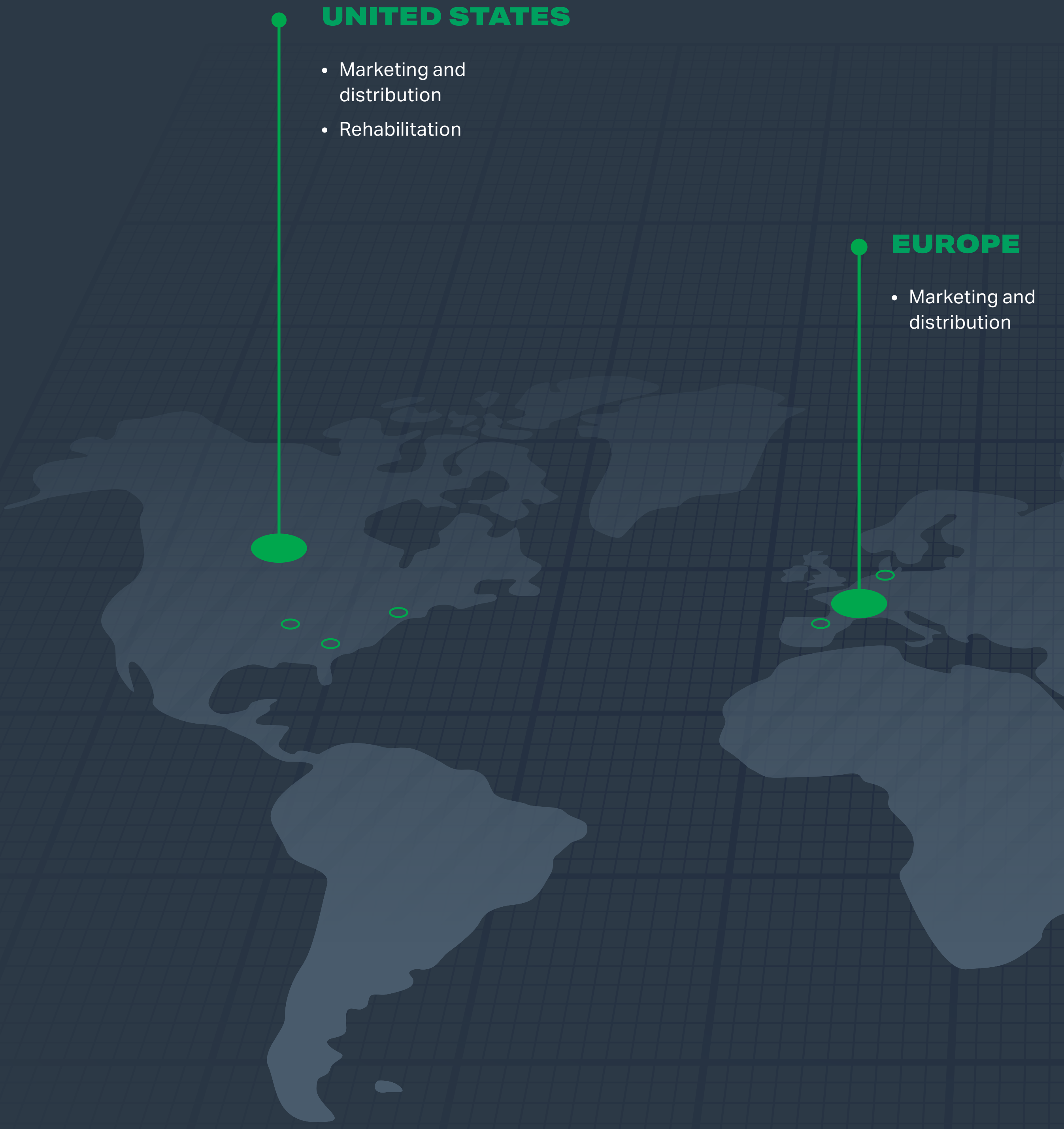
# ABOUT THIS REPORT

This Annual Report is a summary of Iluka Resources' and its subsidiaries' operations, activities and financial position as at 31 December 2023. Currency is expressed in Australian dollars (AUD) unless otherwise stated.

This Report includes Iluka's Sustainability reporting, in accordance with the Global Reporting Initiative Framework. 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.

# Our locations



**UNITED STATES**

- Marketing and distribution
- Rehabilitation

**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 (Tutunup)
- Corporate support centre
- Rehabilitation

### SOUTH AUSTRALIA

- Jacinth-Ambrosia mining and concentrating
- Atacama project
- Rehabilitation

### NEW SOUTH WALES

- Balranald project
- Euston project

### VICTORIA

- Wimmera project
- Rehabilitation
- Hamilton processing (idle)

# Our process

## 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 and managed.

## 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 financial metrics.

## 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 technology, which will be deployed at the company's Balranald development.

Iluka has a dedicated metallurgical test facility, analytical laboratories, and an open innovation approach collaborating with industry bodies and universities.

## EDUCATION

Partnerships with researchers across a number of tertiary institutions within Australia and the United States deliver research-led outcomes aimed at 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 programs.

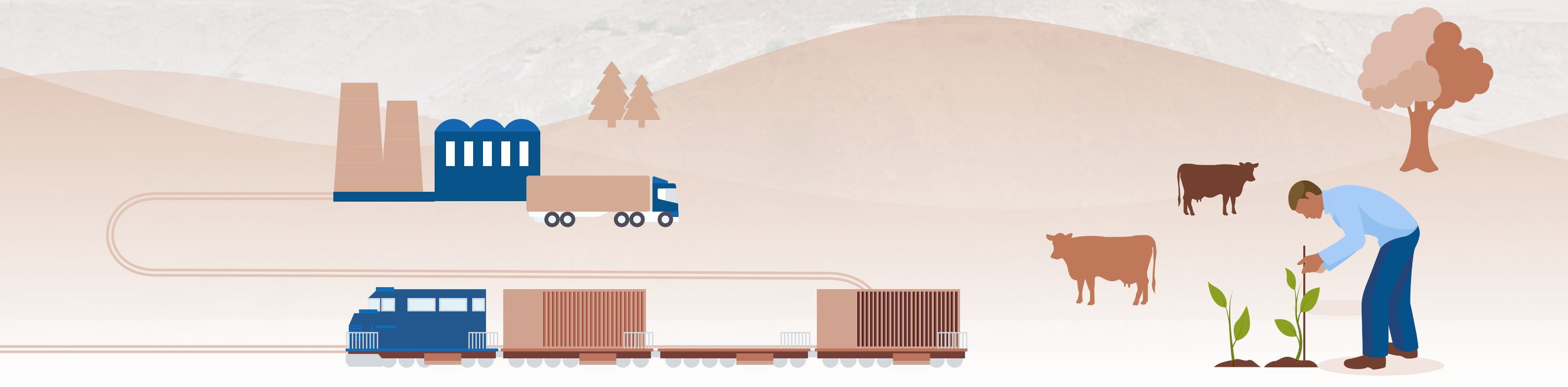
## MINERAL SANDS MINING

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 community investment initiatives. The company reports on its economic contributions through the Annual Report and Tax Transparency Report.



## 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.

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% to 94%.

## RARE EARTHS REFINING

Iluka's rare earths refinery at Eneabba will be 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.

Iluka is evaluating the economic and technical viability of commercial-scale rare earth metallisation, the next stage of value addition after the production of rare earth oxides.

## A GLOBAL NETWORK

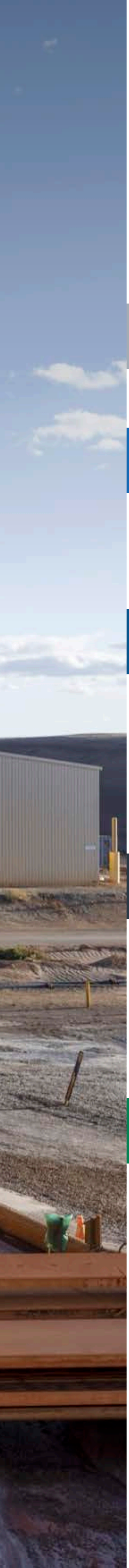
An extensive marketing and logistical network enables Iluka to supply critical minerals to customers in more than 40 countries. Iluka's significant experience working across a wide range of supply chains enables marketing and product development teams to deliver sustainable pricing and volumes of market-specific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

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

## PROGRESSIVE REHABILITATION

Rehabilitation commences during the operational phase of the mine life cycle. This minimises Iluka's mining footprint and assists with understanding and evaluating closure risks, including by informing research and development programs as well as 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.



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## FINANCIAL REPORT

## PHYSICAL, FINANCIAL AND CORPORATE INFORMATION

# BUSINESS REVIEW

## 2023 year in review

**FINANCIALS**

**$1,238m**
Mineral Sands revenue

**47%**
Mineral Sands EBITDA margin

**$225m**
Net cash (as at 31 December 2023)

**$609m**
Underlying group EBITDA

## MARKETS AND OPERATIONS

**639kt**
Z/R/SR produced

**494kt**
Z/R/SR sold

## SAFETY

**17%**
Reduction in SPIs (15 in 2023, 18 in 2022)

**65%**
Reduction in TRIFR to 2.4 (6.9 in 2022)

## OUR PEOPLE

**24%**
Female representation across total workforce

**4.2%**
Aboriginal and Torres Strait Islander peoples in total Australian workforce (including 19% at Jacinth-Ambrosia)

# 2023 timeline

- Final investment decision announced for the Balranald critical minerals development. Secondary environmental approvals work commenced
- Detailed Feasibility Study (DFS) announced for Wimmera project; $30 million DFS funding approved
- Iluka declares Ore Reserve for Wimmera project's WIM100 deposit

**JAN • FEB • MAR**

## Q1

- Worley awarded contract to provide Engineering, Procurement and Construction Management (EPCM) services to the Balranald project and contracts for fabrication and supply of mining units
- DFS commenced for Tutunup mineral sands project; $12 million DFS funding approved
- Iluka introduces Indigenous Peoples Policy to strengthen relationships with host communities and create opportunities for Indigenous employment

**APR • MAY • JUN**

## Q2

- Construction commences at Balranald; all secondary environmental approvals achieved
- Pre-Feasibility Study (PFS) announced for commercial scale rare earth metallisation facility; $15 million PFS funding approved

**JUL • AUG • SEP**

# Q3

- Iluka finalises agreement with PWR Hybrid to build 9MW solar facility to help power Cataby operations
- New mining unit commissioned at Cataby to optimise production and maximise value derived from Iluka's processing operations
- Iluka recognises more than 25 employees who achieved 30 years of service in 2023

**OCT • NOV • DEC**

# Q4

# Chairman's and Managing Director's review

Dear Shareholders,

In 2023 Iluka encountered several external challenges, like many companies, in the form of persistent inflation, subdued demand and geopolitical volatility.

While this inevitably impacted financial performance relative to recent years, the results we delivered despite the challenging environment are testament to the underlying strengths of our business and our focus on delivering sustainable value.

Over an extended period, your company has maintained a healthy balance sheet, which provides us flexibility to adapt to the economic conditions we are presented with. As demand slowed over the course of the past year, Iluka pursued a disciplined approach in the marketplace, prioritising the value of our products and calibrating production settings and inventory levels accordingly. Prices remained relatively strong and stable, mitigating to some extent the influence of higher costs on our margins; and we are well placed to respond when demand recovers.

Geopolitical and industry developments continue to reinforce the strategic rationale driving Iluka's investment pipeline – both our diversification into rare earths and technical work to unlock Australian critical mineral resources. 2023 saw growing emphasis by allied and like-minded governments on the establishment of sovereign capability and new supply chains for commodities critical to national security and the energy transition. This included myriad legislation, policy initiatives, investment incentives and international cooperation agreements that are increasingly relevant to Iluka's activities and markets.

The company's safety performance was a particular highlight, with a 65% reduction in our total recordable injury frequency rate (TRIFR) to 2.4 and a 17% reduction in serious potential incidents (to 15). We rehabilitated 353 hectares of land across the portfolio; and notably achieved relinquishment of 252 hectares of rehabilitated land in the United States. This occurred alongside the appropriate, measured steps we are taking to reduce carbon emissions from our operations, such as finalising an agreement for the construction of a solar facility that will help power the Cataby mine from 2025.

More broadly, Iluka continues to build momentum in its approach to climate change. Work over the last two years to develop a decarbonisation roadmap has delivered a clear path forward to scope, evaluate and execute a range of initiatives that have the potential to reduce emissions, while balancing both technical and commercial viability. Our work to develop a sustainable Australian rare earths business represents Iluka's primary contribution to the global energy transition.

Iluka's titanium feedstock business continued to benefit from the take-or-pay contracts we have in place to underpin production from our principal synthetic rutile asset, SR2. Renewed at the start of 2023 for a period of four years at approximately 200ktpa, these contracts provide important revenue certainty and contribute to overall industry stability. Throughout a lengthy phase of destocking on the part of Western pigment manufacturers, Iluka's customers have demonstrated strong production discipline and, more recently, have reported improving sales volumes and inventories of pigment at minimal levels.

SR2 underwent a planned major maintenance outage from October, restarting on schedule in late January 2024. Contracted sales were serviced from inventory during this time, which coincided with an operational pause at SR1 (our smaller, swing production asset, capable of delivering a further 110ktpa). While SR1 is expected to remain offline in 2024, until demand for additional synthetic rutile is supported by market conditions, Iluka retains the ability to restart this asset quickly in the event of industry supply constraints.

In zircon, cautious buying behaviour was driven by macroeconomic uncertainty and subdued demand in key markets, especially China, where the recovery anticipated by many is yet to materialise. Parallel to Iluka's focus on pricing for our premium zircon sand, we achieved increased sales of zircon in-concentrate, a lower quality, high margin product suitable for select customers. Higher ore grades at Jacinth-Ambrosia drove increased production

of heavy mineral concentrate, with this material processed to finished goods at the Narngulu mineral separation plant. Stocks of heavy mineral concentrate remain low.

The development of Iluka's rare earths business progressed during the year, including bulk earthworks, camp construction and front-end engineering design (FEED) for the Eneabba refinery. Inflation has affected nearly all major resources projects in Western Australia in recent times and Eneabba has not been immune. In December, the company announced a revised capital range of $1.5-1.8 billion, with the finalisation of FEED expected in Q1 2024. Refinery commissioning is now scheduled for 2026.

As we've conveyed previously, the Eneabba refinery is the first facility of its type in Australia and one of very few outside China. It is an infrastructure asset of global significance; being developed in strategic partnership with the Australian Government, and holds the prospect of furnishing considerable value for Iluka over the long term. Realising that value and longevity for our shareholders and stakeholders more broadly is the company's priority. Project delivery, market development and operational readiness are the primary means through which we will achieve this, as well as further maturing feedstock options that will sustain the refinery beyond the life of our unique rare earths stockpile.

Market development initiatives span a focus on both the products we will produce and how those products will be priced. In August, Iluka announced the commencement of a feasibility study for metallisation – the next stage of value addition after the production of rare earth oxides. If developed, a commercial scale metallisation facility in a Western jurisdiction would remove the need for customers to process oxides through third party tolling facilities, as is often the case today. This capability would broaden Iluka's potential customer base and further enhance our value as a sustainable producer of light and heavy rare earths with traceable product provenance.

Achieving recognition of that provenance is central to our offtake strategy; and Iluka is working to promote reliability and transparency in establishing new supply chains and pricing approaches independent of traditional indices, such as the Asian Metals Index.

Headway on other major projects included Balranald in New South Wales, which is currently under construction and where the company will deploy its novel, remotely-operated underground mining technology at commercial scale for the first time. At Wimmera in Western Victoria, Iluka is undertaking a definitive feasibility study (DFS) and has declared an Ore Reserve for the project's rare earth minerals. Work to address technical challenges associated with Wimmera's zircon continues. The potential development at Tutunup in Western Australia was gated to DFS in May as an important future source of ilmenite for our synthetic rutile operations. Earlier stage studies on the Euston and Atacama projects were also progressed.

This pipeline is vital to Iluka's future and underscores the mutually reinforcing nature of the company's mineral sands and rare earths businesses. To varying degrees, each of our mining developments will contribute feedstock to the Eneabba refinery, promoting the longevity of that asset, while simultaneously benefitting from the value uplift associated with their rare earth minerals being refined in Australia.

Thank you for your ongoing support and interest.

**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, Perth Airport, Beach Energy

**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

**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

**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 Limited

**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, Angelo American, Oz Minerals

**ANDREA SUTTON**
BEng Chemical (Hons), GradDipEcon, GAICD

**Independent Non-Executive Director**

Joined Iluka 2021

Rio Tinto, Energy Resources Australia, Infrastructure WA, ANSTO, National Association of Women in Operations, Red 5 Limited, DDH1 Limited, Perenti, Australian Naval Infrastructure, Water Corporation

## 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

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.

### 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)

**Head of Rare Earths**

Joined Iluka 1993

### SHANE TILKA

BCom

**General Manager, Australian Operations**

Joined Iluka 2004

### KERRIE MATTHEWS

BAppSc, Grad CertRiskMgmt, GAICD

**Project Director, Eneabba Project (Parental Leave)**

Joined Iluka 2022

BHP, Maca Ltd, Rio Tinto

### CRAIG RENNER

BEng (Chem) (Hons), MBA

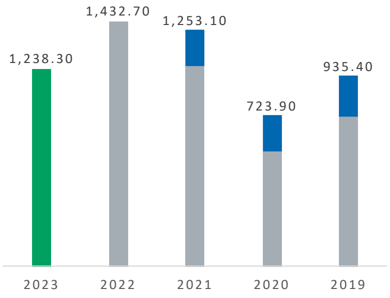
**Acting Project Director, Eneabba Project**

Joined Iluka 2020

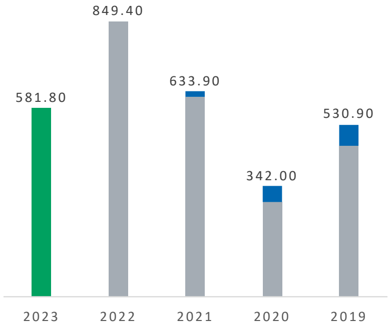
BHP, BlueScope, Boston Consulting Group

# Financial summary

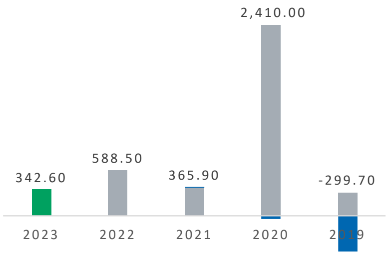
**MINERAL SANDS REVENUE**
**$1,238m**



**UNDERLYING MINERAL SANDS EBITDA**
**$582m**



**UNDERLYING NPAT**
**$343m**



**Note:** 2019-2021 results include Sierra Rutile Limited, which was demerged from the Group in August 2022.

## MINERAL SANDS REVENUE

Iluka's mineral sands revenue from current operations in 2023 was $1,238 million.

Zircon sales of 235 thousand tonnes, including 87 thousand tonnes of zircon-in-concentrate, were made during the year. Despite subdued market conditions, including softness in the Chinese real estate sector and general economic weakness in Europe, Iluka continued to focus on delivering sustainable value, with the company's full year weighted average zircon premium and standard price up 6% on 2022.

Full year synthetic rutile sales volumes of 211 thousand tonnes were 14% lower in 2023 driven by lower pigment demand. Iluka has in place 'take or pay' offtake contracts for approximately 200 thousand tonnes of synthetic rutile per year over a four-year period from 2023 through to 2026, which provides a degree of revenue certainty. Rutile sales of 48 thousand tonnes were largely in line with production in the year.

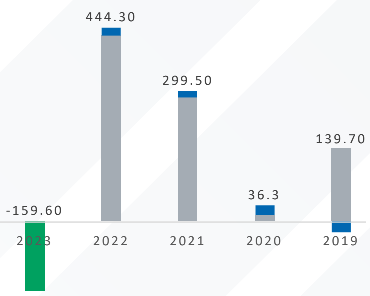
## UNDERLYING MINERAL SANDS EBITDA

Underlying mineral sands EBITDA was $582 million. This reflects lower sales volumes, though prices remained steady across the product suite supporting healthy but reduced mineral sands EBITDA margins of 47% (2022: 55%).

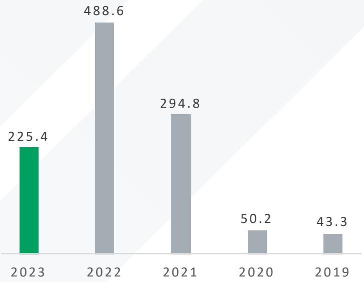
## NET PROFIT AFTER TAX

Iluka reported NPAT of $343 million. NPAT included an earnings contribution of $27 million from Iluka's 20% interest in Deterra Royalties.

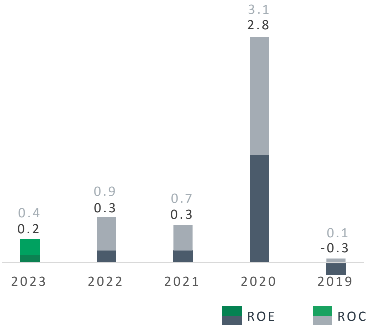
**FREE CASH FLOW**
**$(160m)**



**NET CASH (DEBT)**
**$225m**



**ROE AND ROC**
**ROE 17%**
**ROC 42%**



## FREE CASH FLOW

The company generated operating cash flow of $347 million in 2023, despite building Z/R/SR finished goods inventory by 145 thousand tonnes during the year. Iluka remains focused on delivering sustainable value and demonstrating supply discipline during periods of subdued market conditions is important to delivering on that objective. Iluka idled synthetic rutile production from SR1 kiln in October 2023 in response to the weaker market conditions experienced in H2 2023.

Iluka's 20% stake in Deterra Royalties generated $31 million of cash flow, which was subsequently fully distributed to Iluka's shareholders in accordance with Iluka's Dividend Framework.

Capital expenditure was $281 million. This included ~$120 million spent on the Eneabba rare earths refinery and ~$40 million on Balranald; ~$25 million was spent on feasibility studies including Wimmera, Euston, South West, and Atacama deposits; $19 million on Cataby mining unit improvements; $24 million on the SR2 major maintenance work; and the remainder on sustaining capital expenditure. During 2023, $5 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 cash flows.

Total tax payments of $256 million include $127 million for 2022 final tax payments, paid in the first half of 2023. Iluka expects to make tax payments of $40 million in 2024, which relate to the 2023 financial results.

As a result of the capital investment and increasing working capital on the balance sheet, the company had a free cash outflow of $160 million during 2023. Iluka generated a free cash inflow of $444 million in 2022.

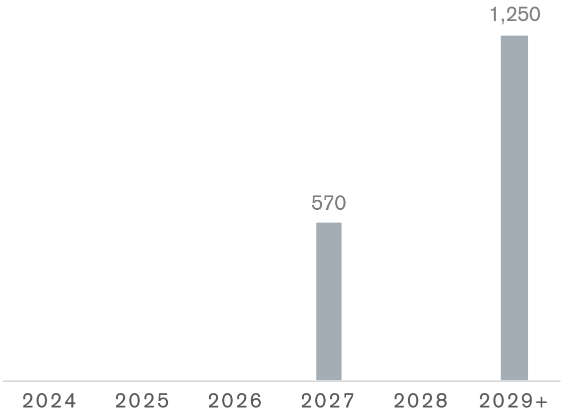
## NET CASH (DEBT)

As at 31 December 2023, Iluka reported a net cash position of $225 million, down from $489 million net cash as at 31 December 2022. Excluding the Eneabba rare earths refinery non-recourse loan, Iluka's mineral sands net cash position was $308 million.

## ROE AND ROC

Iluka reported return on equity of 17% and return on capital of 42%, reflecting positive operational performance in the year despite subdued markets and lower sales volume.

# DEBT FACILITIES MATURITY PROFILE



As at 31 December 2023, Iluka had total debt facilities of $1,820 million. This comprised:

- 1,250 million non-recourse loan facility from the Australian Government (administered by Export Finance Australia) to construct the Eneabba rare earths refinery, with a term of up to 16 years expiring in 2038, against which $146 million was drawn down at year-end; and
- $570 million Multi Option Facility Agreement (MOFA) of a series of committed five-year unsecured bilateral revolving facilities with several domestic and foreign institutions. The MOFA is denominated in AUD and matures in 2027. There were no debt drawings under the MOFA at year end. There was $39 million of the facility committed for bank guarantees under the facility.
- $130 million dedicated bank guarantee facility, of which $119 million was committed.

The mineral sands business unit had a net cash balance of $308 million and the rare earths business unit had a net debt position of $83 million, resulting in a Group net cash position of $225 million at 31 December 2023.

Note 15 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 three cents per share and has declared a full year dividend of 4 cents per share, fully franked, for 2023.

# 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 2023:

- US$335 million in foreign exchange collars consisting of US$335 million of bought AUD call options with weighted average strike prices of 72.1 cents and US$335 million of sold AUD put options with weighted average strike prices of 64.0 cents.

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

- US$329 million in foreign exchange collar contracts consisting of US$329 million of bought AUD call options with weighted average strike prices of 74.7 cents and US$329 million of sold AUD put options with weighted average strike prices of 65.3 cents.

Iluka has US$158 million in foreign exchange collar contracts in relation to expected USD revenue from contracted sales to 31 December 2024 which remain open as at 31 December 2023, 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.

## THE ILUKA PLAN

**OUR CORE**

We are a **GLOBAL CRITICAL MINERALS COMPANY** with expertise in exploration, development, mining, processing, marketing and rehabilitation.

**OUR VALUES**

Act with **INTEGRITY**

Demonstrate **RESPECT**

Show **COURAGE**

Take **ACCOUNTABILITY**

**COLLABORATE**

**ILUKA**

**OUR DIRECTION – NEAR TERM**

**DELIVER TO GROW OUR FUTURE**

**EXECUTE** our projects

**EXCEL** in our core

**MATURE** operations

**OUR DIRECTION – LONGER TERM**

**GROW WHERE WE CAN ADD VALUE**

Critical minerals opportunities and diversification

Iluka commenced the year well placed, with a strong balance sheet position and operations configured at maximum settings. Against a backdrop of challenging macroeconomic conditions and market instability across its product suite, Iluka delivered a solid performance in 2023.

The company's disciplined approach to markets and operations resulted in a net profit after tax of $343 million and operating cash flow of $347 million. Iluka ended the year with a net cash position of $225 million, reflecting the company's investment in key growth projects.

2023 saw significant improvements in the company's safety performance, with a 65% reduction in Iluka's total recordable injury frequency rate to 2.4 and a 17% reduction in serious potential incidents (15%). These results reflect the company's highest priority to protect the safety, health and wellbeing of its employees.

## EXECUTE OUR CORE

Iluka pursues operational excellence to optimise production output sustainably. Underpinned by a strong balance sheet, operational flexibility enables the company to adjust production settings to preserve the value of its products in response to variable market conditions.

Iluka continued to pursue value optimisation measures in 2023, with the execution of a new mining unit at Cataby, expected to deliver operational efficiencies, including an increase in ore processing rates.

While the Jacinth-Ambrosia and Narngulu operations ran at near capacity through 2023, Iluka exercised a disciplined approach to its synthetic rutile production. In response to subdued demand for high-grade titanium feedstocks, Iluka paused production at its SR1 kiln in October 2023, following a 10-month swing production campaign. The operational pause enabled the SR1 workforce to be deployed to support a planned major maintenance outage at the SR2 kiln, reducing operational costs.

The SR1 restart represented a low-risk, capital efficient opportunity to deliver additional tonnes into a supply constrained market. Iluka retains the ability to restart this asset quickly, when market conditions warrant. This demonstrated disciplined operation of a premium swing production asset.

## DELIVER TO GROW OUR FUTURE

2023 saw important progress against a number of developments in Iluka's project pipeline. This includes options to sustain and grow the business into the future – both through the diversification into rare earths and technical work to unlock economically challenging mineral sands deposits.

Iluka continued to progress the Eneabba rare earths refinery during the year. Significant progress was made on the Front End Engineering Design, with a focus on identifying value optimisation and operational efficiency improvements. In August, Iluka announced the commencement of a feasibility study for metallisation – the next stage of value addition after the production of rare earth oxides and the essential precursor to the production of rare earth permanent magnets. Technical development work is underway and expected to be complete in 2025.

The execution of the Balranald project will see Iluka deploy a novel, internally-developed, underground mining technology for the first time at commercial scale. This milestone follows several years of technical development and demonstration work, reflecting Iluka's commitment to unlocking high-grade resources previously regarded as uneconomic.

The gating of the Wimmera project to definitive feasibility study and the declaration of an Ore Reserve for the project's rare earth minerals marks further important progress in Iluka's project pipeline. Wimmera is a potentially significant source of supplementary rare earth feedstock for Iluka's Eneabba refinery; and could unlock a multi-decade source of zircon to address increasing depletion of global supply. Work to validate a zircon processing solution continues to progress.

## GROW WHERE WE CAN ADD VALUE

Geopolitical and industry dynamics continue to reinforce the need to establish sovereign capability and diverse supply chains for commodities critical to the energy transition and national security. In strategic partnership with the Australian Government, Iluka is catalysing the development of an Australian rare earths industry and facilitating junior rare earth miners into the market.

Important to the sustainability and longevity of that industry will be the alignment of commercial and policy objectives. Iluka continued to be an active participant in critical minerals policy dircussions with governments during the year.

# FINANCIAL AND OPERATIONAL REVIEW

## In this section:

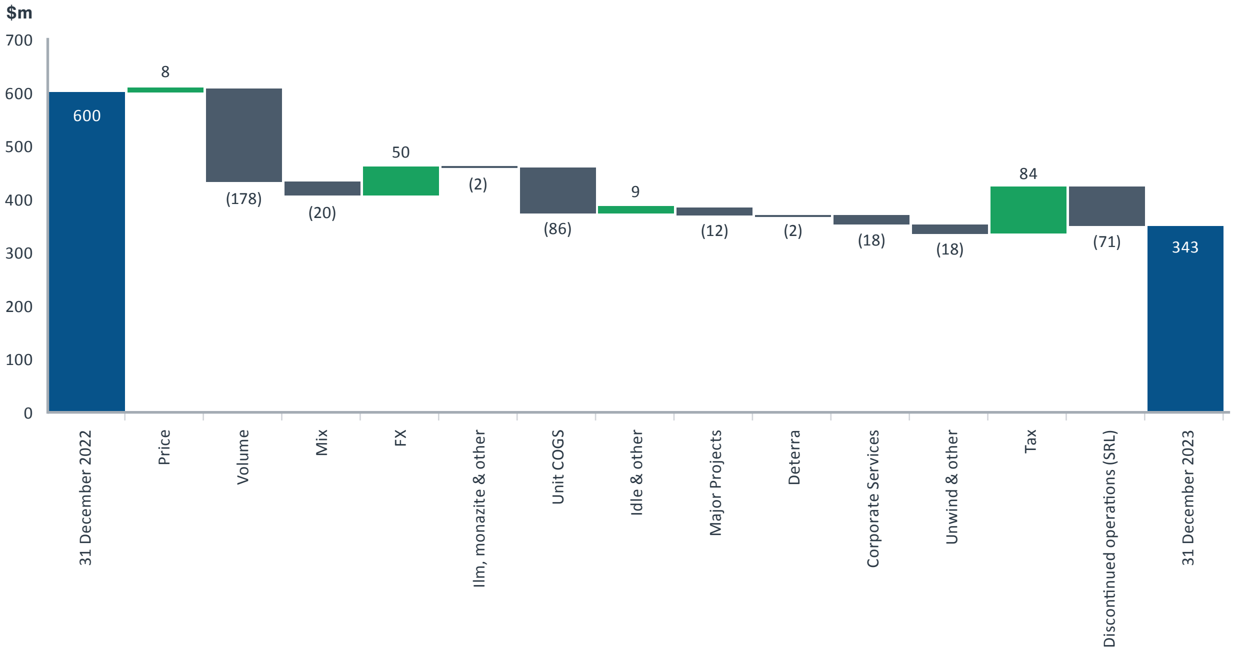
# Financial results

## INCOME STATEMENT ANALYSIS

| $ MILLION | FULL YEAR 2023 | FULL YEAR 2022 | % CHANGE |
|---|---|---|---|
| Z/R/SR revenue | 1,143.2 | 1,416.3 | (19.3) |
| Ilmenite and other revenue | 95.1 | 107.5 | (11.5) |
| **Mineral sands revenue** | **1,238.3** | **1,523.8** | **(18.7)** |
| Cash costs of production | (605.2) | (508.3) | (19.1) |
| By-product costs | (11.2) | (12.7) | 11.8 |
| Inventory movement - cash | 173.6 | 29.1 | 496.6 |
| Idle capacity, restructure, and other non-production | (20.1) | (12.5) | (60.8) |
| Government royalties | (47.1) | (47.2) | 0.2 |
| Marketing and selling costs | (27.4) | (29.0) | 5.5 |
| Asset sales and other income | 23.9 | 0.9 | 2,555.6 |
| Major projects, exploration and innovation | (61.2) | (49.1) | (24.6) |
| Corporate and other costs | (79.7) | (61.4) | (29.8) |
| Foreign exchange | (2.1) | 15.8 | n/a |
| **Underlying mineral sands EBITDA** | **581.8** | **849.4** | **(31.5)** |
| Share of profit in associate | 27.3 | 29.6 | (7.8) |
| **Underlying Group EBITDA** | **609.1** | **879.0** | **(30.7)** |
| Depreciation and amortisation | (167.8) | (144.6) | (16.0) |
| Inventory movement - non-cash | 51.7 | 9.9 | 422.2 |
| Rehabilitation costs for closed sites | 4.3 | (11.1) | n/a |
| Revaluation on investments | (5.0) | - | n/a |
| **Group EBIT** | **492.3** | **733.4** | **(32.9)** |
| Net interest and bank charges | 12.3 | 3.1 | 296.8 |
| Rehabilitation unwind and other finance costs | (33.1) | (6.3) | (425.4) |
| **Profit before tax - continuing** | **471.5** | **730.2** | **(35.4)** |
| Tax expense | (128.9) | (212.8) | 39.4 |
| **Profit after tax - continuing** | 342.6 | **517.3** | (33.8) |
| Profit after tax from discontinued operations | - | 71.2 | n/a |
| **Profit for the period (NPAT)** | **342.6** | **588.5** | **(41.8)** |
| **Average AUD/USD rate for the period (cents)** | **66.5** | **69.5** | **(2.7)** |

## MOVEMENT IN UNDERLYING NPAT

| $ MILLION | FULL YEAR 2023 | FULL YEAR 2022 | % CHANGE |
|---|---|---|---|
| NPAT | 342.6 | 588.5 | (41.8) |
| **Non-recurring adjustments:** | | | |
| Rehabilitation for closed sites - Total (post tax) | (4.3) | 11.1 | n/a |
| Revaluation of Northern Minerals | 5.0 | - | n/a |
| **Underlying NPAT** | **343.3** | **599.6** | **(42.7)** |



**Sales** commentary is contained on pages 30-31.

**Exchange rate** variances relate to AUD:USD translation of sales, which are predominantly sold in USD currency. The Australian dollar was highly volatile during the year, with a range from 71.5 cents to 62.9 cents. On average, the exchange rate was 66.5 cents for 2023, which benefitted the Group's Australian dollar revenue compared to the average 2022 exchange rate of 69.5 cents. The Group hedges a portion of its USD sales to assist in managing exchange rate exposure, which is detailed on page 23 of this report.

**Cash costs of production** increased by 19%, led by a combination of higher production following the restart of SR1 in December 2022, higher ore mined and overburden movements, combined with persistent global inflation impacting labour, consumables, and fuel at operations.

**Unit cost of goods sold** increased to $1,040 per tonne compared to $968 per tonne in 2022. This predominantly reflected inflationary pressure on production costs, as well as higher mining costs at Cataby due to increased overburden movement and higher maintenance costs across the operations.

**Idle, restructure, disposals, and other amounts** included a $27 million gain on the sale of US fixed assets to Atlantic Strategic Minerals. This was offset by increased idle costs and depreciation for the SR1 and SR2 kilns. In Q4, Iluka commenced a planned pause to production at SR1 kiln to assist the company to manage production and continue to optimise value for shareholders. The production pause coincided with a planned major maintenance outage at SR2 kiln, which enabled Iluka to leverage the expertise of its SR1 workforce to conduct SR2 maintenance. This strategic scheduling reduced external costs by some $4 million.

**Corporate cost** reflects expenses to operate, govern and grow the business. Increased costs were primarily driven by the impacts of increased head count to support the major growth projects, combined with inflation on labour costs.

**Major projects, exploration, and innovation** costs increased as Iluka finished establishing the teams to advance growth projects as well as IT and innovation initiatives, such as climate change, rare earths, and mineral sands extraction.

**Tax expense** had an effective tax rate of 27% in 2023. 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, as well as recognition of prior year losses in the US. The tax rate applicable in Australia remained at 30%.

**Rehabilitation unwind** costs increased due to the higher discount rates in 2023 compared to the prior year as bond yields increased on rate tightening to combat inflation.

# Sales and markets

Global macroeconomic uncertainty persisted in 2023 and, while there were pockets of optimism and strong activity, the zircon and titanium dioxide markets experienced softer demand overall. Downstream customers were unwilling to hold or build inventory of zircon and titanium dioxide products.

Iluka continued to prioritise the value of its high-grade products, with prices remaining resilient, and practiced production discipline.

## ZIRCON

Iluka's total zircon sales of 235 thousand tonnes for the year were down 37% from 2022. Sales included 87 thousand tonnes of zircon-in-concentrate.

In China, the expected recovery in housing demand did not materialise, with ongoing softness in the real estate market throughout the year impacting the ceramic market. A slowdown in industrial activity contributed to uncertainty in other zircon segments. Although the Chinese Government eased pandemic restrictions and lowered interest rates to support the domestic economy, the recovery was muted. The weakness in the Chinese property market continued throughout the year, providing headwinds for the global zircon market.

In Europe, an initial uptick in production activity in early 2023 and stable demand slowed with the advent of the traditionally slower summer period. Conditions remained subdued through to year end.

The Indian real estate sector grew strongly throughout the year, recovering from setbacks experienced during the pandemic. This helped spur production of tiles and foundry products with the ceramic industry continuing to outperform this year in spite of a production hiatus caused by Cyclone Biparjoy mid-year. This market continues to be a key growth prospect for zircon sales with a strong outlook for the ceramics sector.

Elsewhere in Asia, factory activity started to contract mid-year off the back of China's subdued recovery, with softer demand continuing into the second half of the year reflecting weak export markets.

Demand remained stable in the United States as construction spending and manufacturing activity grew during the year. However, the broader macroeconomic uncertainty impacted confidence, with customers of zircon and zircon-based products unwilling to hold or build inventory.

Iluka continued to balance sustainable pricing for customers with shareholder value in 2023. The company's weighted average price for zircon sand in 2023 was US$2,066 per tonne.

## HIGH-GRADE TITANIUM FEEDSTOCKS

Iluka's total sales of high-grade titanium feedstocks totalled 260 thousand tonnes, down ~14% from 2022. This included total rutile sales of 48 thousand tonnes and total synthetic rutile sales of 211 thousand tonnes.

Conditions in 2023 were mixed, with the softness that emerged in H2 2022 for titanium dioxide pigment continuing while demand was consistent from the welding and strong from titanium metal segments.

The subdued demand for paint and pigment in 2023 followed a two-year period of elevated levels of do-it-yourself projects and home building in North America and Europe. Despite lower levels of demand in 2023, pigment prices remained resilient in North America as pigment producers reduced operating rates to meet demand. In China, three consecutive pigment price rises were announced in the second half of the year, with inflation pushing producers to seek higher prices in a bid to offset rising input costs. Chlorine prices started the year at historically high levels, supporting demand for Iluka's high-grade products of rutile and synthetic rutile as these products minimise chlorine consumption. Chloride pigment capacity continued to grow in China during the year and production at idled chloride plants in Europe restarted in the September quarter, albeit operating at below seasonal norms.

Demand for rutile from the welding market continued throughout the year amid ongoing global investment in infrastructure, particularly in India. The titanium metal segment performed strongly and many producers operated at maximum settings to meet growing demand from the aviation industry amid restricted supply from Russia.

With overall demand subdued, Iluka took steps to optimise the value of its high-grade products and continue its deliberate approach to reinforcing positive supply-side fundamentals. In Q4, Iluka commenced a planned pause to production at SR1 kiln to assist the company to manage production and continue to optimise value for shareholders.

The production pause coincided with a planned major maintenance outage at SR2 kiln, which enabled Iluka to leverage the expertise of its SR1 workforce to conduct SR2 maintenance. This reduced external costs by some $4 million.

Iluka's average rutile and synthetic rutile prices over the year were US$1,887 and US$1,258 per tonne respectively.

# Production and operations

Iluka's mining and processing operations are located in South Australia and Western Australia. The company is focused 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.

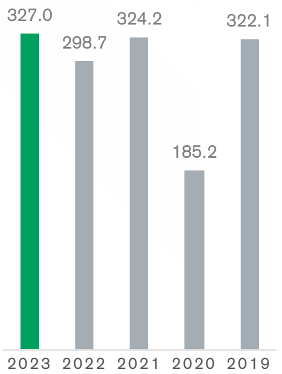
Iluka's Australian-based operations delivered a solid performance in 2023, producing 327 thousand tonnes of zircon, 53 thousand tonnes of rutile, and 260 thousand tonnes of synthetic rutile.

The Cataby mine in Western Australia produced 552 thousand tonnes of heavy mineral concentrate. Iluka executed the upgrade of two mining units at Cataby, with one of the new mining units installed and commissioned in the month of December, with the second additional mining unit due for delivery in Q1 2024. These units are expected to increase ore processing rates and deliver an associated increase in material fed to Cataby's wet concentrator plant.

Mining and concentrating at Jacinth-Ambrosia in South Australia continued throughout the year. The operation produced a total of 346 thousand tonnes of heavy mineral concentrate. The planned mine move to the Ambrosia deposit in Q3 2022 resulted in higher volumes of heavy mineral concentrate during 2023 due to the higher mined ore grade.

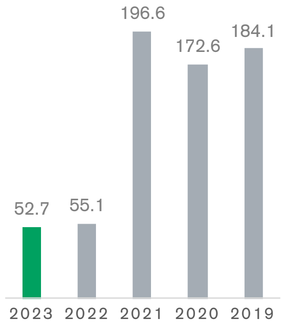
The Narngulu mineral separation plant in Western Australia processed 909 thousand tonnes of heavy mineral concentrate from Cataby and Jacinth-Ambrosia.

The synthetic rutile kilns – SR1 and SR2 – in Capel delivered 260 thousand tonnes of production in 2023. SR2 underwent its planned major maintenance outage from Q4 2023 and restarted production in late January 2024. The major maintenance outages are required approximately every four years to reline the kiln refractory. SR1 production was idled in October 2023 in response to weaker market conditions, in line with the operating rationale for this asset as a swing producer in the high-grade feedstock market.



**ZIRCON**

Production volumes (kt)



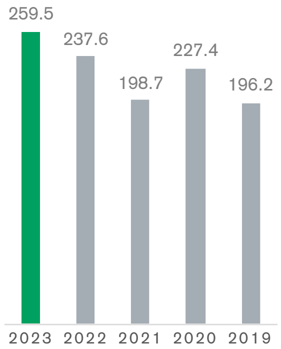
**RUTILE**

Production volumes (kt)

**Note:** 2019-2021 volumes include Sierra Rutile Limited, which was demerged from the Group in August 2022.

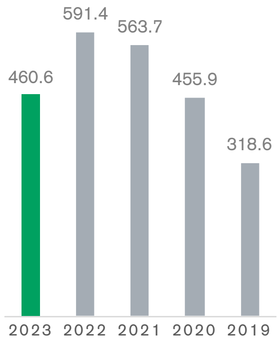
### SYNTHETIC RUTILE

Production volumes (kt)



### ILMENITE

Production volumes (kt)



## CASH COSTS

| | | 2023 | 2022 | % CHANGE |
|---|---|---|---|---|
| Cash costs of production | $m | 605.2 | 508.3 | (19.1) |
| Unit cash production cost per tonne Z/R/SR produced | $/t | 947 | 860 | (10.1) |
| Unit cost of goods sold per tonne Z/R/SR sold | **$/t** | | | |
| Jacinth-Ambrosia / Mid West | | 857 | 915 | 6.3 |
| Cataby / South West | | 1,185 | 1,041 | (13.8) |
| **Total** | | **1,040** | **964** | **(7.9)** |

## MINERAL SANDS OPERATIONS RESULTS

| | REVENUE | | EBITDA | | EBIT | |
|---|---|---|---|---|---|---|
| **$ MILLION** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Jacinth-Ambrosia / Mid West | 611.8 | 778.9 | 408.7 | 512.4 | 381.0 | 465.9 |
| Cataby / South West | 626.5 | 753.4 | 314.4 | 446.4 | 236.6 | 360.2 |
| Rare earths | - | - | - | - | - | - |
| US/MB | - | 0.4 | 13.0 | (7.7) | 9.7 | (18.0) |
| Support and corporate | - | - | (154.3) | (101.5) | (135.0) | (74.7) |
| Elimination - interco sales | - | (0.2) | | | | |
| **Total** | **1,238.3** | **1,523.8** | **581.8** | **849.4** | **492.3** | **733.4** |

## JACINTH-AMBROSIA/MID WEST

| PRODUCTION VOLUMES | | 2023 | 2022 | % CHANGE |
|---|---|---|---|---|
| Zircon | kt | 276.8 | 243.7 | 13.6 |
| Rutile | kt | 21.1 | 20.7 | 1.9 |
| Synthetic rutile | | - | - | n/a |
| **Total Z/R/SR production** | **kt** | **297.9** | **264.4** | **12.7** |
| Ilmenite | kt | 99.0 | 137.1 | (27.8) |
| **Total production volume** | **kt** | **396.9** | **401.5** | **(1.1)** |
| HMC Produced | kt | 346 | 351 | (1.6) |
| HMC Processed | kt | 450 | 458 | (1.7) |
| Unit cash cost of production - zircon/rutile/SR | $/t | 716 | 727 | (1.5) |
| **Mineral Sands revenue** | **$m** | **611.8** | **778.9** | **(21.5)** |
| Cash costs of production | $m | (213.4) | (192.2) | (11.0) |
| By-product costs | $m | (1.2) | (9.8) | 87.8 |
| Inventory movements - cash costs of production | $m | 50.7 | (22.8) | n/a |
| Restructure and idle capacity charges | $m | (1.0) | (2.2) | 54.5 |
| Government royalties | $m | (31.8) | (28.9) | (10.0) |
| Marketing and selling costs | $m | (6.6) | (10.6) | 37.7 |
| Net impairment | $m | - | 0.1 | n/a |
| Asset sales and other income | $m | 0.2 | (0.1) | n/a |
| **EBITDA** | **$m** | **408.7** | **512.4** | **(20.2)** |
| Depreciation and amortisation | $m | (52.2) | (49.3) | (5.9) |
| Inventory movement - non-cash | $m | 16.6 | (0.2) | n/a |
| Rehabilitation costs for closed sites | $m | 7.9 | 3.0 | 163.3 |
| **EBIT** | **$m** | **381.0** | **465.9** | **(18.2)** |
| **Total scope 1 and scope 2 emissions** | **kt** | **87.5** | **88.2** | **0.9** |

The Narngulu mineral separation plant continued to run near capacity through 2023 with zircon and rutile production higher than the comparative period as favourable zircon assemblage in the Jacinth North deposit benefitted final product separation, though less ilmenite was recovered.

**Mineral sands revenue** decreased by 21% to $612 million ($779 million in 2022) as sales volumes were pressured by lower demand in key markets, though zircon prices increased 6%, maintaining margin.

**Cash costs of production** were 11% higher as inflation pressure on fuel, consumables, and labour costs impacted mining and concentration costs, as well as higher planned regular maintenance costs than the prior year.

**Inventory movement** reflects a build of both work in progress and finished goods inventories to $289 million at 31 December 2023, reflecting both higher inventory levels and higher unit costs.

**Rehabilitation costs for closed sites** were favourably impacted by scope changes to rehabilitation works at Eneabba and Narngulu.

**Marketing and selling costs** were 38% lower on reduced sales volumes as well as more favourable shipping costs through 2023.

**Government royalties** rose to $32 million as HMC shipped from site increased with high zircon assemblage in Ambrosia HMC combined with 6% stronger zircon prices.

# CATABY/SOUTH WEST

| PRODUCTION VOLUMES | | 2023 | 2022 | % CHANGE |
|---|---|---|---|---|
| Zircon | kt | 50.2 | 55.0 | (8.7) |
| Rutile | kt | 31.6 | 34.4 | (8.1) |
| Synthetic rutile | kt | 259.5 | 237.6 | 9.2 |
| **Total Z/R/SR production** | **kt** | **341.3** | **327.0** | **4.4** |
| Ilmenite | kt | 361.7 | 419.0 | (13.7) |
| **Total production volume** | **kt** | **703.0** | **746.0** | **(5.8)** |
| HMC Produced | kt | 552 | 501 | 10.2 |
| HMC Processed | kt | 459 | 566 | (18.9) |
| Unit cash cost of production - zircon/rutile/SR | $/t | 1,124 | 985 | 14.1 |
| **Mineral Sands revenue** | **$m** | **626.5** | **753.4** | **(16.8)** |
| Cash costs of production | $m | (383.7) | (322.1) | (19.1) |
| By-product costs | $m | (11.5) | (6.5) | (76.9) |
| Inventory movements - cash costs of production | $m | 113.9 | 47.5 | 139.8 |
| Restructure and idle capacity charges | $m | (8.8) | (3.1) | (183.9) |
| Government royalties | $m | (14.4) | (16.5) | 12.7 |
| Marketing and selling costs | $m | (7.5) | (6.7) | (11.9) |
| Asset sales and other income | $m | (0.1) | 0.4 | n/a |
| **EBITDA** | **$m** | **314.4** | **446.4** | **(29.6)** |
| Depreciation and amortisation | $m | (111.7) | (91.4) | (22.2) |
| Inventory movement - non-cash | $m | 35.1 | 10.1 | 247.5 |
| Rehabilitation costs for closed sites | $m | (1.2) | (4.9) | 75.5 |
| **EBIT** | **$m** | **236.6** | **360.2** | **(34.3)** |
| **Total scope 1 and scope 2 emissions** | **kt** | **451.6** | **400.5** | **(12.6)** |

The main synthetic rutile kiln, SR2, operated for 10 months of 2023 before closing for a planned major maintenance event, which occurs every four years, with the kiln back online in February 2024.

The smaller kiln, SR1, restarted production in December 2022 after being placed on care and maintenance back in 2009. The restart represented a low capital expenditure, low risk opportunity to produce an additional 110 thousand tonnes per annum of synthetic rutile, in light of industry supply constraints. The asset was always intended to be 'swing' production, only operating to meet market needs. Production was paused from SR1 in October 2023 and will remain offline until market conditions warrant.

Total synthetic rutile production in 2023 was 260 thousand tonnes.

Cataby mine produced 487 thousand tonnes of HMC.

**Mineral sands revenue** decreased by 17% driven by decreased demand for high-grade titanium feedstocks, though 'take or pay' contracts for synthetic rutile maintained a stable sales channel for the product in 2023.

**Cash costs of production** increased to $384 million reflecting both the higher synthetic rutile production in the year and also higher costs for contract mining labour, consumables, and fuel.

Higher production and lower sales volume of synthetic rutile impacted **inventory movement** as stockpiles of Z/R/SR finished product increased to $212 million at 31 December 2023.

The idling of both kilns for November and December of 2023 to focus on the SR2 maintenance outage resulted in an increase in **restructure and idle capacity charges**.

Lower **government royalties** were driven by lower sales revenue.

**Depreciation and amortisation** charges increased as a result of the restart of SR1 synthetic rutile kiln (~$11 million), combined with increased asset carrying values, mainly associated with rehabilitation and restoration requirements.

## UNITED STATES/MURRAY BASIN

Discontinued and idle operations reflect rehabilitation obligations in the United States (Florida and Virginia) and certain idle assets in Australia (Murray Basin). Iluka completed the sale of some US idle plant and the associated rehabilitation obligations to Atlantic Strategic Minerals in 2023.

**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.

| | | 2023 | 2022 | % CHANGE |
|---|---|---|---|---|
| **Mineral Sands revenue** | **$m** | **-** | **0.4** | **n/a** |
| Cash costs of production | $m | (8.1) | (6.6) | (22.7) |
| By-product costs | $m | (0.3) | (0.2) | (50.0) |
| Inventory movements - cash costs of production | $m | 9.0 | 7.2 | 25.0 |
| Restructure and idle capacity charges | $m | (10.3) | (7.3) | (41.1) |
| Government royalties | $m | (0.9) | (1.7) | 47.1 |
| Marketing and selling costs | $m | (0.2) | (0.2) | n/a |
| Asset sales and other income | $m | 23.8 | 0.5 | n/a |
| **EBITDA** | **$m** | **8.4** | **(7.9)** | **n/a** |
| Depreciation and amortisation | $m | (0.9) | (0.8) | (12.5) |
| Rehabilitation costs for closed sites | $m | (2.4) | (9.3) | 74.2 |
| **EBIT** | **$m** | **5.1** | **(18.0)** | **n/a** |
| **Total scope 1 and scope 2 emissions** | **kt** | **5.3** | **13.0** | **34.6** |

# MOVEMENT IN NET (DEBT) CASH

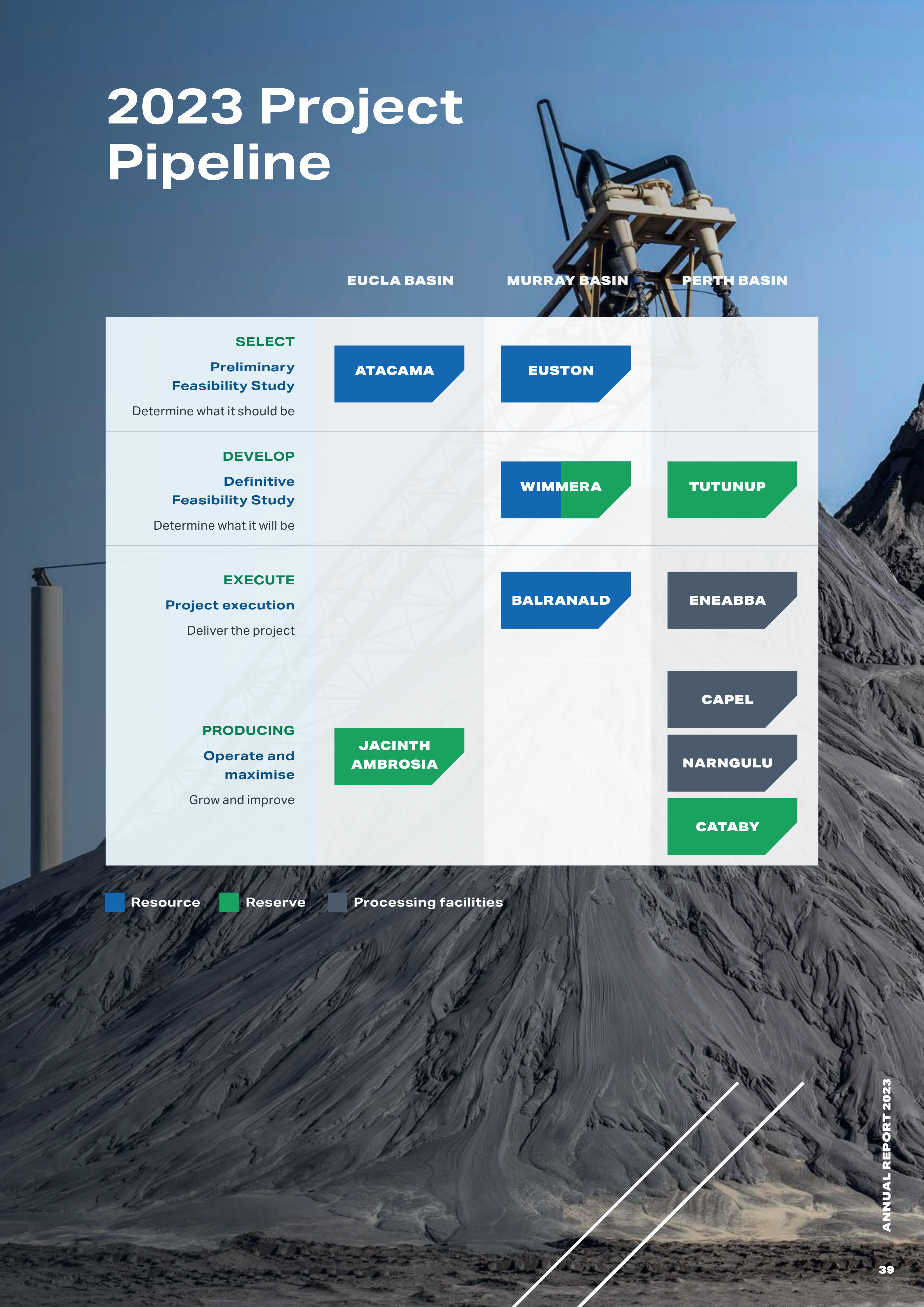
| | FY 2023 | H1 2023 | H2 2023 | FY 2022 | H1 2022 | H2 2022 |
|---|---|---|---|---|---|---|
| **Opening net cash** | **488.7** | **488.7** | **342.9** | **295.0** | **295.0** | **600.3** |
| Operating cash flow | 346.7 | 227.6 | 119.1 | 711.2 | 481.0 | 230.2 |
| Exploration | (18.8) | (9.8) | (9.0) | (10.3) | (4.4) | (5.9) |
| Interest (net) | 17.2 | 9.0 | 8.2 | 4.7 | (0.1) | 4.8 |
| Tax | (255.5) | (183.2) | (72.3) | (104.1) | (52.4) | (51.7) |
| Capital expenditure | (160.7) | (55.4) | (105.3) | (139.5) | (71.4) | (68.1) |
| Settlement of IFC put option | - | - | - | (11.5) | (11.5) | - |
| Investment in Northern Minerals | - | - | - | (20.0) | | (20.0) |
| Principal element of lease payments | (8.4) | (4.3) | (4.1) | (8.8) | (3.9) | (4.9) |
| Asset sales | 10.1 | 0.6 | 9.5 | - | - | - |
| **Free cash flow - Mineral Sands** | **(69.4)** | **(15.5)** | **(53.9)** | **421.7** | **337.3** | **84.4** |
| Dividends received - Deterra | 30.5 | 12.7 | 17.8 | 35.6 | 12.3 | 23.3 |
| Eneabba rare earths - capital expenditure | (120.7) | (52.6) | (68.1) | (13.1) | - | (13.1) |
| **Free cash flow - Group** | **(159.6)** | **(55.4)** | **(104.2)** | **444.2** | **349.6** | **94.6** |
| Dividends | (97.0) | (84.4) | (12.6) | (146.8) | (47.7) | (99.1) |
| **Net cash flow** | **(256.6)** | **(139.8)** | **(116.8)** | **297.4** | **301.9** | **(4.5)** |
| SRL cash demerged | - | - | - | (105.6) | - | (105.6) |
| Exchange revaluation of USD net debt | (0.6) | 0.2 | (0.8) | 2.3 | 3.8 | (1.5) |
| EFA interest capitalised to refinery | (5.3) | (1.8) | (3.5) | - | - | - |
| Amortisation of deferred borrowing costs | (0.9) | (0.4) | (0.5) | (0.4) | (0.4) | - |
| **Increase in net cash/(debt)** | **(263.3)** | **(145.8)** | **(117.5)** | **193.7** | **305.3** | **(111.6)** |
| **Closing net cash/(debt)** | **225.4** | **342.9** | **225.4** | **488.7** | **600.3** | **488.7** |

**Note:** Movements in net cash in FY22 include cash flows from Sierra Rutile Limited, which was demerged from the Group in August 2022.

# NON-IFRS FINANCIAL INFORMATION

| | JA/MW | C/SW | RE | US/MB | EXPL & OTH | MINERAL SANDS | CORP | GROUP |
|---|---|---|---|---|---|---|---|---|
| Mineral sands revenue | 611.8 | 626.5 | - | - | - | 1,238.3 | - | 1,238.3 |
| Freight revenue | 31.1 | 21.6 | - | - | - | 52.7 | - | 52.7 |
| Expenses | (234.2) | (333.7) | - | 13.0 | (13.0) | (567.9) | (59.5) | (627.4) |
| Share of profit in associate | | | | | | - | 27.3 | 27.3 |
| FX | | | | | | - | (2.1) | (2.1) |
| Corporate costs | | | | | | - | (79.7) | (79.7) |
| **EBITDA** | **408.7** | **314.4** | **-** | **8.4** | **(8.4)** | **723.1** | **(114.0)** | **609.1** |
| Depreciation and amortisation | (52.2) | (111.7) | - | (0.9) | (0.2) | (165.0) | (2.8) | (167.8) |
| Inventory movement - non-cash | 16.6 | 35.1 | - | - | - | 51.7 | - | 51.7 |
| Rehabilitation for closed sites | 7.9 | (1.2) | - | (2.4) | - | 4.3 | - | 4.3 |
| Revaluation on investments | | | | | | | (5.0) | (5.0) |
| **EBIT** | **381.0** | **236.6** | **-** | **5.1** | **(8.6)** | **614.1** | **(121.8)** | **492.3** |
| Net interest costs | (0.4) | (0.8) | - | (0.1) | - | (1.3) | 13.6 | 12.3 |
| Rehab unwind and other finance costs | (12.5) | (14.2) | - | (4.8) | (0.1) | (31.6) | (1.5) | (33.1) |
| **Profit before tax** | **368.1** | **221.6** | **-** | **0.2** | **(8.7)** | **581.2** | **(109.7)** | **471.5** |
| **Segment result** | **368.1** | **221.6** | **-** | **4.8** | **n/a** | **594.5** | **n/a** | **594.5** |

# 2023 Project Pipeline



| | EUCLA BASIN | MURRAY BASIN | PERTH BASIN |
|---|---|---|---|
| **SELECT**<br>**Preliminary Feasibility Study**<br>Determine what it should be | 🟦 ATACAMA | 🟦 EUSTON | |
| **DEVELOP**<br>**Definitive Feasibility Study**<br>Determine what it will be | | 🟦🟩 WIMMERA | 🟩 TUTUNUP |
| **EXECUTE**<br>**Project execution**<br>Deliver the project | | 🟦 BALRANALD | ⬛ ENEABBA |
| **PRODUCING**<br>**Operate and maximise**<br>Grow and improve | 🟩 JACINTH AMBROSIA | | ⬛ CAPEL<br>⬛ NARNGULU<br>🟩 CATABY |

🟦 Resource 🟩 Reserve ⬛ Processing facilities

# 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.

## Western Australia

### ENEABBA

Iluka is building Australia's first fully-integrated refinery for the production of separated rare earth oxides at Eneabba, Western Australia. Final products will be separated rare earth oxides, including neodymium, praseodymium, dysprosium and terbium.

This is taking place via a strategic partnership between Iluka and the Australian Government, including a $1.25 billion non-recourse loan to Iluka under the Critical Minerals Facility administered by Export Finance Australia.

Iluka's Engineering, Procurement and Construction Management (EPCM) contractor, Fluor Australia, undertook Front End Engineering Design (FEED) activities throughout 2023, with completion scheduled in early 2024. Iluka and Fluor continue to review value optimisation measures and operational efficiency improvements.

Bulk earthworks and ground improvement activities were completed. Tendering is underway for detailed earthworks (e.g. trenching, ponds and tailing storage facilities) and concrete supply and installation. Construction of the operational camp is underway with completion expected in early 2024. Major engineering package procurement activity is well advanced. Commissioning of the refinery is scheduled for 2026.

In August 2023, Iluka commenced a pre-feasibility study to evaluate the economic and technical viability of a commercial scale rare earth metallisation facility. Iluka's Board approved funding of $15 million to undertake the study. Metallisation is the next stage in the rare earth permanent magnet value chain following the production of rare earth oxides and is the essential precursor to the production of permanent magnets.

Iluka's Eneabba refinery will produce the separated light and heavy rare earth oxides, the requisite feedstock for the production of rare earth metals. If commissioned, the metallisation facility would be one of few globally outside of China and Southeast Asia, enabling Iluka to service a broader range of downstream rare earth customers. Iluka has appointed a technology partner to assist with feasibility work, scheduled for completion in 2025.

**New South Wales**

## BALRANALD

Iluka's Balranald development is located in the Riverina district of south western New South Wales. The project focuses on the rutile-rich West Balranald deposit, which contains significant quantities of rutile and zircon, as well as smaller but material quantities of rare earths.

Owing to its relative depth – located approximately 60 metres below the surface – Iluka has invested significantly over more than a decade to develop a novel remotely-operated underground mining (UGM) technology to enable access to the ore body.

In February 2023, the Board approved a final investment decision to execute the $480 million Balranald development, following successful demonstration outcomes to prove technical and commercial viability of the UGM technology. Since then, Iluka has progressed engineering and procurement activities; this includes the appointment of Worley as the EPCM contractor for the project. Consistent with Iluka's disciplined approach to production throughout its operational and project portfolio, the company will calibrate Balranald's commissioning schedule in line with market conditions.

Iluka expects Balranald to deliver approximately 250 jobs during construction and a further 250 jobs during operation, including contractors.

The Balranald development enhances Iluka's portfolio offering of high-grade, high-quality critical minerals products produced in Australia, particularly rutile and zircon. Rare earth minerals from Balranald will be transported to Eneabba and serve as incremental feed for the refinery.

The UGM technology delivers significant sustainability benefits, including reduced environmental footprint and carbon intensity, relative to traditional open cut extraction techniques. It may have potential application to other deep mineral sands deposits, including those nearby the Balranald project. Iluka will evaluate further development opportunities as the UGM technology is deployed at Balranald.

Victoria

## WIMMERA

Located in Western Victoria, the Wimmera project is a potential multi-decade source of both zircon and rare earths, including the heavy rare earths dysprosium and terbium. The project involves the mining and beneficiation of the fine-grained WIM100 deposit.

In February 2023, the Board approved the gating of the Wimmera project to a definitive feasibility study (DFS) and the declaration of an Ore Reserve. This marked important progress, with $30 million approved in DFS funding.

The declaration was based on the value of the refined rare earth minerals and made possible as a result of Iluka's parallel development of the Eneabba refinery. It is planned that Wimmera's rare earths will be transported to Eneabba to be refined into separated rare earth oxides.

Iluka continues to work to resolve technical challenges associated with Wimmera's zircon, specifically the higher levels of impurities in the zircon crystal – a characteristic shared by deposits throughout the Wimmera region.

Throughout 2023, Iluka continued pilot scale testing and planning for commercial scale testing via a demonstration plant to be constructed at Narngulu, in Western Australia. This will be progressed alongside the DFS for the Wimmera project. As zircon revenue has not been accounted for in Wimmera's Ore Reserve estimation at this stage, it represents potentially substantial future upside to the development's economics.

Technical studies to inform the Environmental Effects Statement and subsequent regulatory approvals are progressing alongside process engineering and mine design. Wimmera's DFS is expected to be completed by Q4 2025.

## Western Australia

### TUTUNUP

Tutunup is a mineral sands deposit with significant ilmenite assemblage, as well as some zircon and rutile. The ilmenite at Tutunup is suitable as a feedstock for Iluka's synthetic rutile production and may unlock additional value across Iluka's portfolio if blended with other ilmenites with quality constraints.

Tutunup is planned to be developed as a dredge mining operation. Iluka's portfolio includes other deposits in the South West region that represent potential extensions to the Tutunup deposit.

In May 2023, Iluka completed a pre-feasibility study and the Board approved $12 million in funding for a definitive feasibility study, which will be finalised in 2025.

## New South Wales

### EUSTON

Euston is a traditional mineral sands deposit in south western New South Wales. The deposit has significant zircon, rutile and ilmenite assemblage. The ilmenite may be a suitable feedstock for Iluka's synthetic rutile production.

Euston is planned to be developed as an open cut, dry-mining operation. Preliminary feasibility study work continued to progress throughout 2023 and is scheduled for completion in 2025.

## South Australia

### ATACAMA

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.

# Exploration

Iluka's exploration portfolio is managed through a structured process that considers a range 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 focuses on identifying high-quality mineralisation that can deliver a new operation and longer-term growth.

Please refer to the Ore Reserves and Mineral Resources Statement on page 169.

## GENERATION AND EXTERNAL OPPORTUNITIES

Iluka identifies opportunities within Australian and North American jurisdictions to complement and enhance the company's existing project pipeline. Iluka continues to focus on traditional mineral sands prospects while also expanding into rare earth exploration search spaces.

## AUSTRALIA

In Australia, activity primarily centred around increasing geological definition of mineral resources associated with operations and feasibility studies in South Australia, Victoria, New South Wales and Western Australia. Regional exploration was also completed in Queensland as part of the Hughenden greenfields project. Across Australia, a total of 1,774 holes for 71,790 metres were drilled.

In South Australia, drilling to improve resource definition was completed at Atacama, the geological and metallurgical assessment programs aligned to the project's preliminary feasibility study. A total of 544 holes for 27,341 metres were completed during the year. At Ambrosia, drilling was completed to support mine optimisation studies, with a total of 207 holes for 5,986 metres drilled.

Drilling and sampling activities were carried out across the five deposits that comprise the Euston project in New South Wales. In support of the preliminary feasibility study, 536 holes for a total of 21,553 metres were drilled.

Drilling and sampling activities were also carried out in support of the feasibility studies at Wimmera in Victoria, Tutunup in Western Australia, and Balranald in New South Wales.

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 175 holes were completed for 7,095 metres.

Regional exploration drilling was completed at the Hughenden greenfield exploration project. The program was designed to advance the geological understanding of the area to assess regional prospectivity and suitability to host critical minerals deposits. The next steps for Hughenden will be determined when all assays are returned. Site reconnaissance visits were also completed to other regional exploration areas to improve geological understanding ahead of planned field work in 2024.

## UNITED STATES

In the United States, exploration activity focused on drill testing targets within the Atlantic basin and the development of new, untested search spaces to be targeted for drilling in 2024. Additional focus was placed on assessing rare earths opportunities across North America. In total 6,422 metres in 249 holes were drilled.

# RARE EARTH EXPLORATION

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

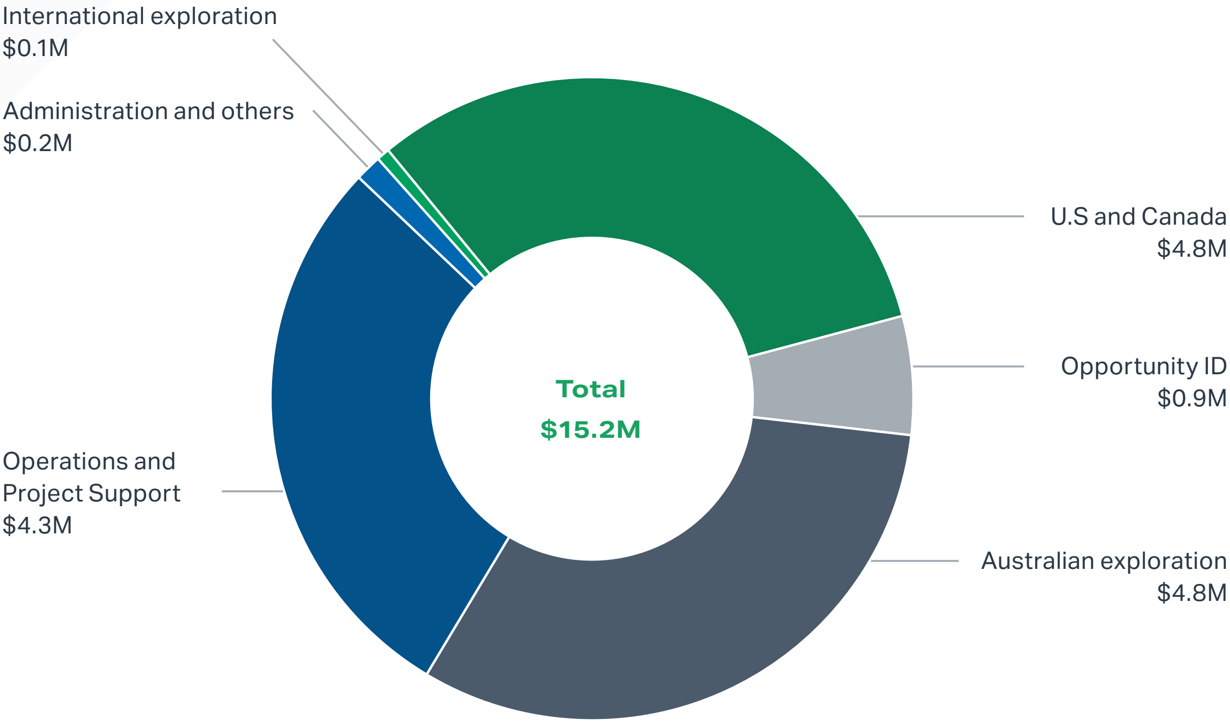
### GRANTED TENEMENT POSITION AS AT 31 DECEMBER 2023

| REGION | APPROX. SQUARE KILOMETRES |
|---|---|
| Eucla Basin, (SA & WA) | 25,841 |
| Murray Basin (NSW & VIC) | 4,388 |
| Perth Basin (WA) | 2,325 |
| Other - Australia (QLD) | 3,335 |
| Other - International | 0 |
| **Total** | **35,889** |

### TENEMENT APPLICATIONS AS AT 31 DECEMBER 2023

| REGION | APPROX. SQUARE KILOMETRES |
|---|---|
| Eucla Basin (SA & WA) | 0 |
| Murray Basin (NSW & VIC) | 0 |
| Perth Basin (WA) | 509 |
| Gippsland (VIC) | 940 |
| Other - Australia (QLD, WA & NT) | 4,474 |
| Other - International | 2,139 |
| **Total** | **8,062** |

### EXPLORATION AND GEOLOGY EXPENDITURE 2023



# Sustainability Report

## MESSAGE FROM THE SUSTAINABILITY COMMITTEE CHAIR

In 2023, Iluka continued to deliver on its strategy to be a safe, responsible and sustainable supplier of critical minerals through the dedication and talent of our people.

### Trusted by our people and communities

We value the safety of our employees and contractors, first and foremost, and I am pleased to report that Iluka's total recordable injury frequency rate reduced by 65% to 2.4 at the end of 2023. We have also continued to see a trend down in the serious potential incident frequency rate. During the Board site visit to the company's Cataby, Eneabba and Narngulu operations we completed visible safety leadership activities with our employees. We witnessed how our programs, particularly Critical Control Management, are ensuring that we prioritise, and assist us in managing, our most critical safety risks.

Iluka is committed to making a positive difference for our Indigenous workforce and the communities local to our operations. The launch of the Iluka Indigenous Peoples Policy is another step forward in demonstrating our respect for Indigenous culture and ensuring we foster a culturally safe and supportive work environment.

### Responsible for our environment

As a company we are proud of our track record of achieving positive rehabilitation outcomes. Iluka's rehabilitation team continually seeks innovative ways to improve our rehabilitation techniques. This year, our team at the Jacinth-Ambrosia operation trialled a new seeding method using sphere drone technology. The technique achieved a record area of land rehabilitated in a short period of time and has the potential to  be applied across all of Iluka's open areas requiring rehabilitation.

### Operate in and provide products for a lower carbon world

Iluka is taking concrete steps to reduce its carbon footprint. To significantly abate its emissions, the company needs to find a technically and commercially feasible solution to reduce the amount of coal used as a reductant in the production of synthetic rutile.  Like many in our sector, we must also tackle emissions from diesel use in our mining operations.

We believe the best opportunity to materially reduce our emissions in the medium-to-long term is through the development of the next generation of synthetic rutile production technology. NewGenSR is an example of a process technology, utilising fluid bed technology and hydrogen as a reductant to replace coal.  Iluka has a long history with the development of NewGenSR, and it is a technology on which we are refocusing our efforts, given the potential to significantly reduce our hardest to abate emissions. I look forward to reporting on the progress of our further test work to be undertaken in 2024.

Over the last two years, we have completed a thorough analysis of potential decarbonisation opportunities in the short- to medium-term, against the backdrop of our long-term ambition to achieve net zero scope 1 and scope 2 emissions where technology is viable, available, and commercially feasible. This work underpins the focus of our effort in 2024. In addition to our work on NewGenSR, we will increase the proportion of renewable energy sources at our operations through the construction a solar farm at our Cataby operation. Evaluation of renewable energy solutions for our Narngulu operations, Balranald project, and other operations through grid-connected solutions and power purchase agreement will also be undertaken in 2024.

We will undertake test work of alternative fuels that could be substituted for coal, including tyre derived fuels, and continue to evaluate the potential for natural gas to be used as a transition fuel to provide process heat in our synthetic rutile production. Evaluation of diesel additives to reduce our overall diesel use through more efficient fuel burn in our mobile fleet and broader energy efficiency initiatives will continue.

Thank you for your interest and I look forward to keeping you updated on our progress.

**Marcelo Bastos**

Chair – Sustainability Committee

# SUSTAINABILITY AT ILUKA

Iluka's goal is to be a safe, responsible and sustainable supplier of critical minerals. To achieve this, Iluka's sustainability strategy prioritises 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.

## Governance and assurance

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 year, KPMG Australia was engaged to provide the Directors of Iluka with assurance on select sustainability subject matter. KPMG's limited assurance statement is provided below.

## Reporting our performance

This report summarises Iluka's performance for priority topics determined by the 2023 sustainability materiality assessment, as outlined in the separate 2023 Sustainability Data Book.

The company's approach to managing the priority topics, case studies, and the Sustainability Data Book outlining key performance information for 2023 and historical reporting periods are available at www.iluka.com.

Iluka reported using guidance from the GRI Standards for the period 1 January 2023 to 31 December 2023. Refer to the GRI content index in the 2023 Sustainability Data Book.

# KPMG independent limited assurance statement

## Scope of Information Subject to Assurance

KPMG was engaged by Iluka Resources to undertake limited assurance over Selected Data Claims and narrative referencing those data claims presented in Iluka's Annual Report and Data Book for the year ended 31 December 2023.

**KPMG's limited assurance opinion outlining the information subject to assurance and the procedures performed is available at www.iluka.com**

## Trusted by our people and communities

| | |
|---|---|
| **65%** | decrease in TRIFR to 2.4 (6.9 in 2022) |
| **17%** | decrease in SPIs (15 in 2023, 18 in 2022) |
| **24.2%** | total women representation across workforce |
| **50%** | women representation on the Board of Directors |
| **4.2%** | Aboriginal and Torres Strait Islander peoples in total Australian workforce, including 19% at Jacinth-Ambrosia |
| ✓ | Iluka Indigenous Peoples Policy launched |

## HEALTH, SAFETY AND WELLBEING

**Protecting the safety, health and wellbeing of Iluka's people will always be the company's highest priority.**

Iluka is focused 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. The results of the 2023 employee engagement survey confirmed that employees agree Iluka is a safe place to work, reporting they feel comfortable to stop work if they identify anything unsafe (93% of employees who responded).

As a result of Iluka's efforts throughout 2023, the company achieved a significant improvement in its total recordable injury frequency rate (TRIFR), from 6.9 in 2022 to 2.4 in 2023. This reflects visible leadership at operational sites and a program of preventative measures to reduce the frequency and repetitive nature of soft tissue and hand and finger injuries.

As part of Iluka's Musculoskeletal Injury Management program, the company increased its engagement of physiotherapists on-site and with contract partners to provide proactive health support and timely intervention. Iluka also introduced on-site physical fitness activities after work and conducted educational health and wellbeing sessions.

Planning and the safe execution of major works and maintenance have been a focus across all  operations and projects. In October, Iluka safely took the SR2 kiln offline for a four-month planned major maintenance outage, with no recordable injuries.

The company continued to embed its Critical Control Management (CCM) program to mitigate fatality risk across all Australian operating sites and in everyday work practices. More than 100 employees and 1,800 contractors completed CCM training, while operational and project teams completed more than 10,000 Critical Control Checks and 5,000 Critical Control Verifications.

Iluka continued to mature its Psychosocial Safety and Wellbeing program, updating procedures to define what Iluka considers unacceptable behaviour and inappropriate conduct including sexual harassment, bullying and discrimination in all forms. Iluka's mandatory Behavioural Expectations Training was also refreshed to include the role of the upstander to help reduce workplace bullying and harassment. Iluka continues to be transparent with employees about psychosocial incidents occurring in the workplace at all employee townhall events.

A company-wide responsible alcohol consumption limit was introduced to support a safer workplace and reinforce Iluka's expectations on behaviours, also aligning with broader mining industry guidelines.

Iluka also implemented mental health first aid across its operational sites, offering essential resources and assistance to its workforce, including contractors, further demonstrating the company's commitment to the wellbeing of its workforce.

# OUR PEOPLE

**Iluka continues to build an engaged, diverse and capable workforce.**

Iluka and its subsidiaries employ more than 1,075 people globally, including 1,035 employees in Australia. Iluka's business is supported by a contractor workforce of 1,000 people.

Working for Iluka presents the opportunity to develop a career with an experienced critical minerals company at the forefront of global decarbonisation efforts. Iluka prioritises care for employees' wellbeing by providing support and tools to assist them both in and outside the workplace.

Iluka seeks to have a workplace that is representative of the wider communities in which it operates. In Australia, Iluka's Aboriginal and Torres Strait Islander workforce participation is 4.2%, which is reflective of strong Indigenous participation at Iluka's Jacinth-Ambrosia and Narngulu operations.

Iluka offers traineeship opportunities for students through education partnerships, including the Clontarf Foundation and SHINE Academy. Iluka currently employs four alumni from the Clontarf Foundation in the Mid West and one alumni in the South West.

Iluka will facilitate stronger pathways to employment for Aboriginal and Torres Strait Islander women through its new partnership with the Stars Foundation, providing support and encouragement to Aboriginal and Torres Strait Islander women and girls in their academic endeavours.

In 2023, Iluka reviewed its approach to diversity and inclusion to focus on increasing diversity of social identity (gender, age, cultural background, diverse abilities and LGBTIQ+) and diversity of professional identity (diversity of thought, experience and education). Iluka is committed to enabling an inclusive work environment and equitable recruitment and development practices so that everyone can meaningfully contribute to the company's success.

Throughout the year, activities aligned to the diversity and inclusion roadmap included the launch of the company's internal Women@Iluka network, designed to support women in the workplace and encourage connection across the business. Sponsored by the Executive, the network has 259 active members representing 98.5% of the Iluka's total women workforce. Iluka also increased its gender-neutral paid parental leave entitlement and held events to recognise Pride, and International Women's Day.

Iluka's focus on building talent pipelines at early career stages saw 101 apprentices and trainees working across the company's Australian operations in 2023, representing a 23% increase from 2022. Iluka's graduate program grew with 14 new graduates representing a range of disciplines, joining the existing cohort of six. Iluka continued its partnership with the WA Mining Club, offering scholarships to support two metallurgy and chemical engineering students and one mechanical engineering student in their final years of study. Iluka joined the Future Female Leaders program to mentor female high school students in Western Australia, providing essential knowledge and skills to enable effective leadership and future success.

The company continued to invest in developing its workforce, with 120 leaders commencing Iluka's Leadership Skills Series and 18 senior leaders completing the Senior Leadership Development Program.

Iluka seeks to meaningfully engage with all employees to understand concerns and opportunities for improvement. The 2023 Employee Engagement 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 84% of employees participating, representing an increase in participation compared to 77% in 2022. 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 for 2023, consistent with the 2022 score.

The commitment of Iluka's employees was evident through the recognition of 26 employees with more than 30-years of service at the unveiling of the company's new 30 Year Service wall in the Perth corporate office. Iluka also announced the launch of Iluka Star, a reward program that recognises the central role employees play in the company's success.

## RADIATION MANAGEMENT

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

Iluka recognises the importance of maintaining and enhancing the technical competencies of its radiation specialists. Throughout the year, formal mentoring of Iluka's radiation safety officers continued in accordance with Western Australian Government requirements. The 12-month mentoring program includes significant support and knowledge transfer, practical field experience, and preparing annual radiation management plans and reports for the Government regulator's review.

To ensure the company's practices are aligned with international best practice, Iluka reviewed its Group Radiation Procedures relating to any event of a lost Iluka radioactive source. This was in response to the lost non-Iluka radioactive source recorded in Western Australia in February 2023.

## COMMUNITY AND INDIGENOUS RELATIONS

**Iluka is proud of its long-established and respectful relationships with communities; and shares the value its business creates.**

Recognising and respecting people's human rights and cultural heritage are embedded in the company's values, policies and standards.

In 2023, Iluka introduced an Indigenous Peoples Policy, which outlines the company's commitment to building strong and collaborative relationships with Indigenous people through cultural heritage management, providing equal employment and procurement opportunities, and engaging in partnerships that empower Indigenous communities.

Iluka continued to strengthen relationships with Traditional Owners and Indigenous corporations through cultural heritage activities, participation in community NAIDOC and National Reconciliation Week events, and site visits at a number of Iluka operations.

During NAIDOC Week, Iluka hosted various events across its operations, including a yarn about the South West Boojarah region at Capel and a Cook on Country at Narngulu. The Cataby team arranged a barbeque with homemade damper and the painting of a mural of the camp with local Aboriginal artists. A Welcome to Country and smoking ceremony and an immersive cultural awareness session was held at the Perth corporate office.

Throughout the year, Iluka spent more than $5.7 million with 43 Indigenous businesses across Australia for cultural heritage, logistic, civil and consulting services. This was in addition to the company's contribution of ~$1 million in community investments in education, sponsorships and donations. This includes a $100,000 contribution as part of Iluka's ongoing partnership with the Clontarf Foundation and $25,000 for the creation of a film to capture the Indigenous Yued history and culture through storytelling.

More broadly, Iluka's engagement with the communities in which it operates continued throughout 2023. Iluka supported community events such as the Natimuk Show at Wimmera, Homebush Rodeo at Balranald, Salami Festival at Euston, Oysterfest at Ceduna and the Mingenew Midwest Expo.

Iluka's Cataby operation held an inaugural community open day in April, which attracted more than 300 local residents who wanted to learn more about mineral sands mining, connection with the community, and employment pathways.

Iluka's support for the Drive to the Future program continued throughout 2023, providing disadvantaged and vulnerable young people and adults living in Moora and surrounding areas assistance to gain their driver's license. In addition to funding support, the Cataby team volunteered their time to deliver driving lessons.

In June 2023, Iluka announced its support for the Balranald community by providing $100,000 to the Balranald Football and Netball Club to update its facilities over the next four years.

Iluka has supported Foodbank WA over two years through a sponsorship of $200,000 in total. During November and December 2023, 30 Iluka employees volunteered at Foodbank's kitchen and warehouse facilities providing support in the lead up to Christmas.

## Responsible for our environment

| | |
|---|---|
| **27%** | decrease in Level 3 or greater environmental incidents (8 in 2023, down from 11 in 2022) |
| **353ha** | land rehabilitated |
| **$42m** | million spent on rehabilitation |

## BIODIVERSITY

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

Iluka is proud to contribute to regional biodiversity through ecological and conservation efforts. Iluka's research on plant biodiversity, ecology and recovery of vegetation on rehabilitated mines sites continued during 2023. Monitoring of the breeding population of Carnaby's Cockatoos (*Calyptorhynchus latirostris*) in the Cataby region continued as part of Iluka's partnership with Murdoch University and the Museum of Western Australia. Significantly, 15 nestlings were recorded, the largest number at this site in a single breeding season. One of these female cockatoos was first recorded as a nestling 19 years ago.

Iluka conducted the largest vegetation data collection to date of undisturbed natural and rehabilitated areas at Jacinth-Ambrosia. More than 183 plots were surveyed to support the dark diversity project, which is looking for the absence of species.

Read more on Iluka's biodiversity work in the 2023 Sustainability Data Book and in Case Studies and Insights.

## WATER

**Iluka values water as an important resource that requires sustainable management to ensure all users and the environment are protected.**

Essential to Iluka's operations, water is used in mining and processing activities and for drinking and domestic use in accommodation camps. Water-related activities are regulated by relevant legislation in each jurisdiction and are subject to set quality and quantity thresholds.

Regular monitoring ensures Iluka complies with licence requirements and that the risk of unintended spills or discharges to the environment is minimised. During 2023, Iluka's monitoring regime identified five incidents relating to the release of turbid or saline water. These incidents were reported to relevant regulatory agencies and rectified by Iluka.

Total water consumption increased in 2023 compared to previous years, coinciding with the restart of the SR1 kiln at Capel and commencement of construction of the refinery at Eneabba.

Read more on Iluka's water performance in the 2023 Sustainability Data Book.

## TAILINGS MANAGEMENT

**Iluka is committed to managing its tailings storage facilities in a safe and responsible manner.**

Iluka applies a risk-based approach to minimise or mitigate any potential impacts on its workforce, local communities and the environment. Tailings management practices and management systems are regularly reviewed to ensure applicable standards are met and improvement actions completed.

In 2023, Iluka formalised its Standard for Tailings Management, outlining Executive accountability and mandatory requirements for management of tailings at Iluka owned or operated sites. The Standard applies to all Iluka employees, contractors and service providers. Iluka also refreshed its company-wide internal Tailings Management Portal to standardise the company's approach to managing and recording tailings-related risks.

A register of Iluka's tailings storage facilities can be found in the 2023 Sustainability Data Book.

## REHABILITATION AND CLOSURE

**Iluka's business objective is to achieve beneficial closure outcomes by planning and executing the rehabilitation and closure of assets in a manner aligned with leading practice.**

Iluka is proud of the company's strong track record in mine rehabilitation and closure, spanning more than 50 years.

353 hectares were rehabilitated across Iluka's global footprint in 2023. This includes 223 hectares across the company's Australian sites and 130 hectares across sites in Virginia, United States. This resulted in an overall reduction in Iluka's open area, considering the ongoing mining activity at the Cataby and Jacinth-Ambrosia operations.

Iluka achieved relinquishment of 252 hectares of rehabilitated land to the Virginia Department of Energy. As part of the sale of a portion of Iluka's United States assets, 335 hectares of rehabilitated and open area landholdings in Virginia were transferred to a third party.

A new method of seeding was trialled at Jacinth-Ambrosia using a sphere drone that was modified for native vegetation areas. The drone was able to seed 56 hectares over three days, compared to up to 14 days using the method of seeding by hand. This contributed to record high rehabilitation in a year being achieved at Jacinth-Ambrosia.

Long-term research trials continued at the Eneabba site on the suitability of locally and regionally collected native seed for rehabilitation.

Read more about Iluka's approach to rehabilitation and closure in the 2023 Sustainability Data Book.

# Operate in and provide products for a lower carbon world

- ✓ Finalised power purchasing agreements for 9MW solar installation at the Cataby operation
- ✓ Approved a pilot carbon farming project on 100ha of Iluka-owned land at North Capel
- ✓ Approved $2.2 million to continue the evaluation of NewGenSR technology to displace the use of coal through the use of hydrogen as a reductant in production of synthetic rutile

## CLIMATE CHANGE RESPONSE

Iluka supports the Paris Agreement objectives and is committed to pursuing the reduction of its carbon footprint and supporting the transition to a lower carbon economy through the production of critical minerals. The company's ambition is to be net zero by 2050 where technology is viable, available and commercially feasible for Iluka.

Iluka accepts the Intergovernmental Panel on Climate Change (IPCC) assessment of climate change science and potential climate change impacts. Iluka's position is detailed in its Climate Change Position Statement.

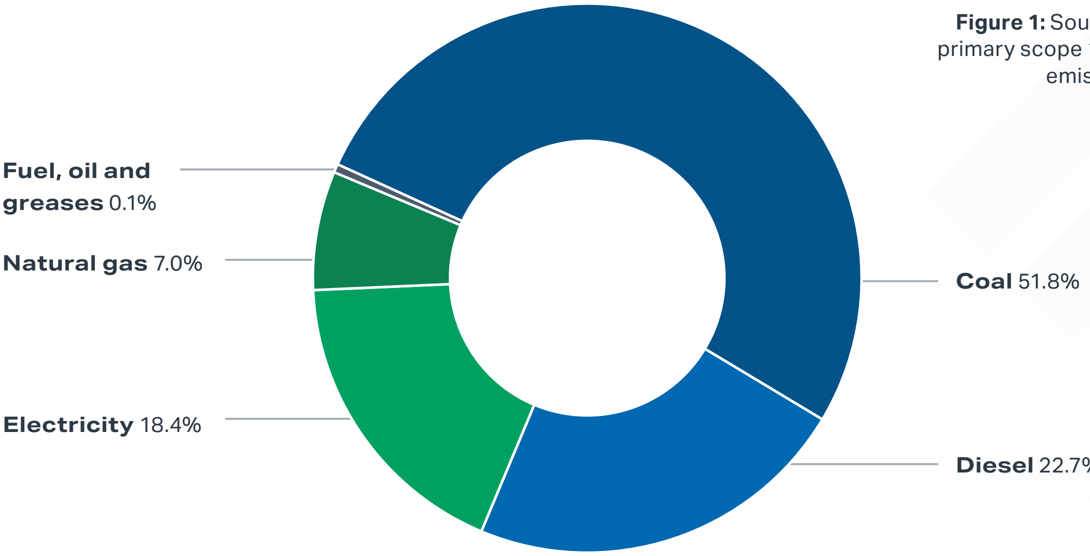
Iluka recognises that physical and transitional risks associated with climate change may affect its business and assets, including through changing climate hazards, changed regulation, supply chains and markets. It has approached climate-related disclosures using the framework recommended by the Taskforce on Climate-related Financial Disclosures (TCFD). The company will continue to progressively integrate its climate-related disclosures into Iluka's Annual Report, with additional supporting information and the TCFD Index provided in the Sustainability Data Book.

Iluka's carbon emissions arise largely from the use of coal in the production of synthetic rutile, a high-grade titanium feedstock, which represents more than 50% of current scope 1 emissions. Coal is used in this process as both a thermal heat source and as a reductant. These emissions are challenging to abate and there is currently no proven and commercially feasible alternative to the use of coal as a reductant in this process.  Iluka has completed a life cycle assessment for its synthetic rutile product; more information is available under Product Stewardship on page 59.

The second largest source of scope 1 emissions is the use of diesel for power generation and in mobile fleet and equipment across Iluka's mining operations.

The challenge in abating the emissions associated with use of coal and diesel is a key driver of climate-related risk for Iluka.

**Figure 1:** Sources of Iluka's primary scope 1 and scope 2 emissions in 2023



## CLIMATE RISK

In 2023, Iluka continued to identify and assess its transitional climate-related risks, as well as physical climate risks for current operations and project pipeline.

To inform the identification of climate-related risks, Iluka considered the:

- International Energy Agency (IEA) Announced Pledges (APS) and Net Zero Emissions by 2050 (NZE2050) scenarios for transition risks; and
- Representative concentration pathways (RCPs) aligned with two degrees Celsius and four degrees Celsius of global warming for physical risks.

Transition and physical risks are considered over 2030 (short-term), 2040 (medium-term) and 2050 (long-term) horizons, aligning with Iluka's internal planning processes and corporate outlook. These risks are intended to be managed through Iluka's enterprise Risk Management Framework.

Iluka's key transition risks currently relate to:

- The impact of climate change on project pipeline and future growth
- Availability, cost and supply of coal, diesel, natural gas, and electricity in context of energy transition
- Pace of changing stakeholder expectations in the context of climate change, including the ability to demonstrate progress towards net zero by 2050 commitment
- Carbon pricing impacts on short-term costs and relative competitiveness
- Customer demands for lower carbon products
- The introduction of mandatory climate-related disclosure requirements
- Opportunities for product market expansion and diversification driven by the global transition to a lower carbon future economy
- Growing availability of technology to reduce emissions and maintain competitiveness

Iluka's key physical risks relate to changes in climate hazards, including decreased and less frequent but more intense rainfall, reduced water availability, prolonged drought, increased number of very hot days and heatwaves, and associated disruption impacting upstream and downstream supply chains.

## CLIMATE STRATEGY

Iluka's understanding of climate-related risks informs its approach to addressing climate-related challenges and pursuing opportunities. Central to that approach is Iluka's ability to innovate and apply new technologies where technically and commercially viable.

Iluka applies a mitigation hierarchy to evaluate its decarbonisation options. The company explores and implements opportunities to eliminate, reduce and substitute its scope 1 and scope 2 greenhouse gas emissions, prioritising energy efficiency, renewable energy, alternative fuels and technology step change.

In 2023, Iluka met targets in its annual climate change work program focusing on the decarbonisation of the company's operations. The company progressed its Cataby solar farm towards execution, and made good progress on its technical evaluation of the kiln gas burner project and NewGenSR technology. Progress was also made in the development of its decarbonisation roadmap.

The table on page 55 presents the roadmap of initiatives Iluka will actively pursue in 2024 and options to further evaluate towards our ambition to achieve net zero by 2050. This roadmap will change over time as initiatives are implemented or effort is refocused following technical and business evaluation, and as new initiatives are included.

## Contributing to a lower carbon economy through our products

Iluka's primary contribution is underpinned by the company's production of critical minerals that are essential to electrification. Iluka's rare earths business puts the company at the forefront of global decarbonisation efforts, through the supply of its products. It reflects a significant investment by Iluka and the Australian Government in seizing the opportunity presented in the global transition towards net zero by 2050 to diversify and serve new markets for products.

When complete, Iluka's refinery will produce the key rare earths – neodymium, praseodymium, dysprosium and terbium. These rare earths are the building blocks of a lower carbon economy – essential for the permanent magnets used in electric vehicles and wind turbines. These renewable applications will support the substitution of traditional internal combustion engines and energy generation using fossil fuels.

## Emissions reduction

Iluka's objective is to progressively implement greenhouse gas emissions abatement opportunities to reduce the company's scope 1 and scope 2 emissions as these opportunities become available and are technically and commercially viable.

In 2022, work was undertaken to identify and assess potential decarbonisation opportunities to reduce Iluka's carbon footprint over the short- to long-terms. Opportunities were ranked and prioritised on a marginal abatement cost curve, with consideration given to both current and future operations.

In 2023, this work progressed to provide greater confidence in the feasibility of available options and to inform the development of a decarbonisation roadmap. Assessments took into consideration technology and commercial readiness, ease of implementation, and deployment timeframes.

The work resulted in the identification of four key decarbonisation levers applicable between now and 2050, along with corresponding options, as shown in the table below. Iluka intends to pursue these options, refining them over time, as new initiatives are identified, and as each are further evaluated, implemented or focus is redirected.

| 2024 | Energy efficiency | Renewable energy | Alternative lower-emissions fuels | Technology step-change |
|---|---|---|---|---|
| **Scoping**<br>Assess/determine what it should be | | • 5MW SW Solar | • Biochar | |
| **Evaluation**<br>Technical studies and commercial viability | • Co-generation of electricy from process waste heat<br>• Diesel additives for mobile fleet fuel efficiency<br>• Kiln heat recovery* | • 5MW Narngulu Solar<br>• Up to 10MW Balranald Solar | • Tyre derived fuels as substitute for coal in SR kiln<br>• SR kiln natural gas*<br>• Biodiesel for mobile fleet* | • NewGenSR technology to displace use of coal through use of hydrogen as a reductant in production of synthetic rutile* |
| **Ongoing**<br>Continual improvement | • Process and vehicle fuel burn optimisation<br>• Electrical efficiency of plant equipment | • Power purchase agreements with offsite renewable generation | | |
| **Execute**<br>Deliver the project | | • 9MW Cataby Solar | | |

*Will continue to be evaluated but will not be executed until technically and commercially feasible.

**Table:** Iluka's decarbonisation options to be actively pursued in 2024

- **Energy efficiency**

  Guided by the Iluka Carbon and Energy Standard, all Iluka operations monitor energy use and greenhouse gas emissions and consider ways to reduce emissions and improve efficiency. This includes through CORE, Iluka's continuous improvement program, which provides a framework and support for employees to identify, evaluate and implement improvements, including those relating to emissions reduction opportunities. Energy efficiency opportunities identified are progressively implemented to help reduce Iluka's emissions intensity, where technically and commercially viable.

  In 2024, this will include evaluating opportunities to optimise process and vehicle fuel burn, trialling the use of diesel additives to improve the efficiency of Iluka's mobile fleet and equipment, and considering how variable speed drives and pump optimisation may contribute to improved electrical efficiency of plant equipment.

- **Renewable energy**

  Iluka's scope 2 emissions associated with electricity use represent approximately 18% of Iluka's current emissions. The company continues to focus on initiatives to increase the use of renewable energy as this is expected to be an opportunity to emission reductions in the short- to long-terms.

  Iluka has taken steps to reduce emissions associated with on-site electricity generation at Jacinth-Ambrosia. A hybrid solar diesel electricity facility was built in 2022 and in 2023 this resulted in a 13% reduction in emissions associated with electricity generation at this operation. Development of the 9-megawatt solar facility at Cataby progressed in 2023, with finalisation of a power purchase agreement, completion of 80% of the design work, and orders placed for major equipment. This solar facility is expected to abate ~10,700 tonnes of carbon dioxide per annum once fully operational.

  All of Iluka's new mining and processing projects include a review of renewable energy options as part of project evaluation. This work, coupled with the ongoing assessment of renewable energy options at existing operations, has allowed Iluka to develop a pipeline of renewable energy facilities which are expected to be implemented in the coming years.

  In 2024, in addition to the execution of the Cataby solar farm, Iluka will evaluate renewable options at Narngulu, Balranald and in the South West.

- **Alternative fuels**

  In 2023, Iluka investigated alternative technologies to reduce the carbon footprint of the synthetic rutile production process. This work considers short- and medium-term efficiency and emissions intensity measures including coal alternatives to be used as a reductant and/or for process heat.

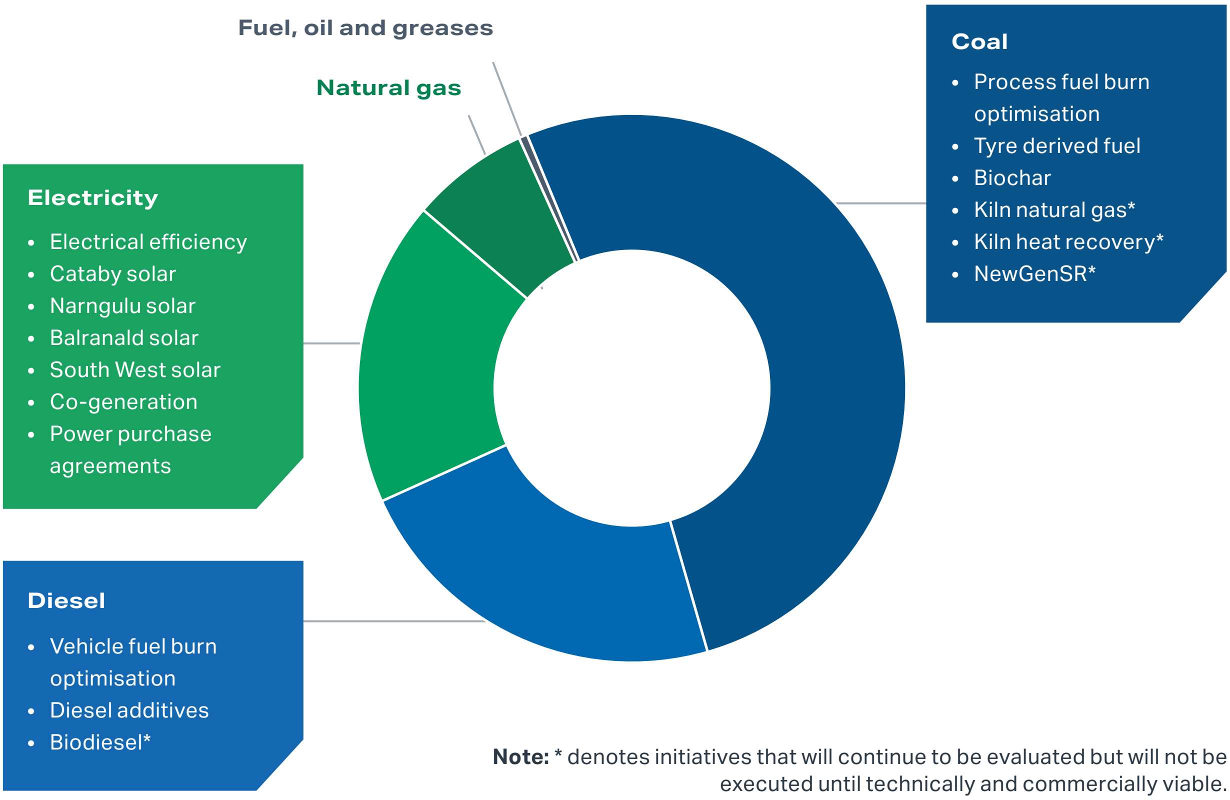
  In 2024, Iluka will evaluate the potential use of natural gas in its synthetic rutile kilns, and undertake trials for emerging technologies to replace some coal in this process, including tyre derived fuels. For Iluka's mining operations, the company will continue to evaluate the potential for augmentation of diesel to provide a reduction in overall use and emissions, including use of bio- and renewable diesel.

- **Technology step-change**

  Iluka is exploring long-term alternatives to coal as a reductant in the synthetic rutile production process. This includes ongoing evaluation of the next generation of synthetic rutile production technology (NewGenSR), for example, utilising fluid bed technology and hydrogen as a reductant to replace coal. This presents a potential step-change opportunity to reduce emissions.

  Iluka invented NewGenSR technology more than 20 years ago and has recently renewed its commitment to evaluating the technology as a key focus of the climate change work program. The technology could be applied beyond 2030 to substantially reduce emissions from the North Capel synthetic rutile operation. In 2024, Iluka has set aside $2.2 million to continue the evaluation of NewGenSR technology, which includes a hydrogen supply study.

  Iluka will continue to monitor and investigate the emergence of transitional technologies in the context of its decarbonisation roadmap.



**Note:** * denotes initiatives that will continue to be evaluated but will not be executed until technically and commercially viable.

**Figure 2:** Iluka's decarbonisation initiatives to address primary sources of scope 1 and scope 2 emissions

## Carbon offset strategy

Iluka recognises the role of carbon offsets in addressing long-term, hard-to-abate emissions, as well as meeting compliance requirements under the Australian Government Safeguard Mechanism Reform.

In 2023, Iluka entered into an agreement with a conservation not-for-profit organisation to implement a pilot carbon farming project to generate Australian Carbon Credit Units on 100 hectares of Iluka-owned land at North Capel. Ground work commenced in December 2023 with first plantings expected during 2024.

Work continued to develop Iluka's carbon offsets strategy to help guide decisions around development of carbon offset projects on land as well as the purchase of actual carbon offsets.

- ### Use of carbon pricing

  Iluka applies a shadow carbon price when evaluating the feasibility of future projects to better manage climate-related risks and support the adoption of lower emissions options as part of new project design. The company monitors changes in carbon policy in key jurisdictions of interest and assesses implications for its internal carbon price.

  Iluka completed a review of carbon regulation and direction of carbon pricing to better understand carbon price risk in 2022. During 2023, this was further evaluated in the context of further work to understand transition risks and in response to the reform of the Safeguard Mechanism.

## Building resilience to the physical impacts of climate change

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.

## Measuring greenhouse gas emissions

Iluka's scope 1 and scope 2 emissions, along with additional emissions and energy data, is included in the 2023 Sustainability Data Book. Emissions are based on Iluka's reporting year (1 January to 31 December) and are reported for Iluka's group-wide businesses, which includes all exploration, construction, operations, rehabilitation and corporate activities.

Continual improvement in its carbon accounting helps the company to better understand its emissions profile. While the focus is on eliminating and reducing scope 1 and 2 emissions produced by the company's operations, work is underway that will support the development of Iluka's scope 3 emissions inventory.

Iluka reports greenhouse gas emissions for its Australian operations under the *National Greenhouse and Emissions Reporting (NGER) Act 2007*. The company's North Capel operation is covered under the Australian Safeguard Mechanism.

Approximately 80% of Iluka's total greenhouse gas emissions are derived from two operations – North Capel and Cataby. 2023 saw an increase of 9% in total scope 1 and scope 2 emissions compared to 2022. This was largely due to the restart of SR1 at North Capel in December 2022.

## Governance

Iluka's Board Sustainability Committee supports the Board in considering Iluka's climate-related risks and approach to climate change. The Committee monitors the effectiveness, performance and reporting of Iluka's climate response and progress made against objectives in the annual climate change work program.

The Board Sustainability Committee is informed by an Executive-level Sustainability Committee. At a working level, alignment across business functions on climate-related work is carried out through a climate change working group, led out of the Technology function within the company.

# PRODUCT STEWARDSHIP

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

Iluka works collaboratively with its business partners to uphold responsible practices throughout its value chain and to support opportunities for responsible product use.

Iluka's mining and processing activities produce a range of by-products and co-products that generate revenue and limit waste production, handling and storage. Rare earths are one such co-product that are separated during processing of Iluka's mineral sands.

In 2023, Iluka commenced study work to evaluate the viability of commercial-scale production of rare earth metals. Metallisation is the next stage of value addition following the production of rare earth oxides. Subject to positive study outcomes, metallisation would further enhance Iluka's marketability as a sustainable producer of light and heavy rare earths, with traceable product provenance. Read more information on Iluka's Eneabba refinery and metallisation work on page 40.

In 2022, Iluka completed a life cycle analysis for the company's synthetic rutile production process to better understand the carbon footprint generated from synthetic rutile. Analysis found that one of the main determiners of greenhouse gas emissions in the pigment supply chain is the grade of the feedstock used.

There is a trade-off between using a high-grade feedstock, such as Iluka's synthetic rutile, which undergoes significant processing prior to reaching the pigment plant; and using a lower-grade as-mined feedstock, which requires pigment manufacturers to use significant chemical inputs to produce finished pigment, thereby capturing a larger proportion of carbon emissions.

To capture this trade-off, Iluka's life cycle analysis compared the carbon footprint of Iluka's synthetic rutile production system against other titanium feedstocks used within both sulphate and chloride pigment production processes in the context of pigment manufacture from a single-feedstock. In that context, results suggest the emissions intensity of Iluka's synthetic rutile is placed in the lowest quartile when compared to other titanium feedstocks.

In 2023, Iluka commenced similar analyses on the company's zircon and future rare earth oxide products. The findings from this work will be a key input to the scope 3 greenhouse gas emission inventory currently under development.

# Business risk management

Risk management is fundamental to informing strategic choices and achieving the company's purpose of delivering sustainable value. Effectively identifying, understanding and managing exposure to risk enables Iluka's Board and management team to make informed choices on where to take risks to realise opportunities and where to manage risks to enhance and preserve 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 Risk Management Policy and Framework set out the accountabilities for risk management at respective levels of the organisation and its risk management approach, the top level being the Board's Risk Appetite Statement. This approach is operationalised and embedded through internal standards and guidance, training and support.

Risks are managed according to the Board-approved Risk Appetite Statement which includes risk tolerance and reporting guidance across a range of business and strategic priority areas. This is reported to Iluka's Audit and Risk Committee biannually. Further, risks which could have a material impact on the company are reported to the Board and a review of Iluka's strategic risk profile is undertaken annually to inform planning and strategy. 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 Policy and Management Framework in context of business priorities and industry practices. Focused oversight and monitoring of the Group's sustainability-related risks, including those related to health, safety, environment and climate, is undertaken by Iluka's Sustainability Committee.

Adequacy of Iluka's risk management practices is monitored and enhanced through an internal audit program taking into account Iluka's risk profile, strategic priorities and the Board's risk appetite.

Iluka has a dedicated Business Risk and Internal Audit function that is accountable to the Audit and Risk Committee and supports management to centrally coordinate reporting and review of the Board's risk appetite and strategic risks, provide training and support, and drive continuous uplift of risk management practices including through design and delivery of an internal audit program. Business Risk, Internal Audit and dedicated Group support functions (including health and safety, environment, community and climate) work together to support holistic risk management in Iluka's frontline operations and project delivery.

**Board of Directors**

Governance and oversight

**Audit and Risk Committee**

- Monitoring management team's performance against the risk management framework including whether management is operating within the Board's risk appetite
- Review and monitor adequacy of Iluka's Risk Policy and Management Framework

**Executive Team**

- Implementation and embedding of Risk Policy and Management Framework
- Review and manage strategic and risks material to business outcomes
- Recommend to Board tolerance measures against Board's risk appetite

**Management and Employees**

Identify, treat and report business risks in accordance with Risk Policy and Management Framework

**Group Risk**

- Training and support to implement Risk Policy and Management Framework
- Drive continuous uplift of risk management capabilities aligned to business needs
- Design and delivery of an internal audit program to evaluate effectiveness of risk management control environment and adequacy of risk management practices

**Figure 3**: Iluka's risk management accountabilities

# KEY RISK AREAS

Set out below are the key risk areas that could have a material impact on Iluka. The risks described are not an exhaustive list of risks for Iluka. Risks will inevitably evolve and new risks will emerge as Iluka implements its strategies in a continuously evolving global environment.

These risks are considered against a backdrop of a myriad of changes and ongoing uncertainties in the environment in which Iluka operates, including global climate change policy and adaption responses, macro-economic environment, geopolitical conflicts, and changing regulatory landscape, including that for cybersecurity, climate reporting and positive duties to address sexual harassment.

Iluka continues to monitor the adequacy of its risk appetite framework to ensure it continues to support the company to navigate a continuously evolving landscape and achieve its purpose of delivering sustainable value.

## Attracting and Retaining Talent

Attracting and retaining talent remains a priority due to the continuation of the challenging external environment including tight employment markets in 2023. Due to a concentrated focus and development of specific programs, Iluka has continued to successfully attract and retain talent. This includes improvements to the management of its contractor workforce for Iluka's mining operations.

## Health and Safety Risks

Iluka's strong systems, processes and culture help protect the health and safety of its workforce. Health and safety risks are managed through a number of programs such as the Critical Control Management program, which aims to eliminate the risk of fatalities. Management of psychosocial risks, including those associated with sexual harassment, has also been a priority focus for management and the Board in 2023.

## Climate Change Risk

Iluka acknowledges that the effects of climate change may have an impact on its assets, productivity, supply chains, and markets. Areas of risk management for Iluka include managing its decarbonisation pathway and its approach to physical risks. Iluka will continue its ongoing process of identification, assessment and management of climate-related risks.

## Cyber Risks

Cyber risk, if materialised within Iluka or its key vendors, may cause disruption to our business processes, operations, and/or result in data breaches.

Iluka recognises that the threat from cyber-attacks causing business disruption is ongoing and driven by external factors outside of the company's control. The risk is increasing given reliance on technology and increased reliance on third parties to keep data secure. Accordingly, Iluka prioritises robust cybersecurity through a comprehensive risk-aligned strategy that directly maps to the Australian Signals Directorate's (ASD) Essential Eight and adapts to the evolving cyber threat landscape. This strategy leverages the widely recognised and industry-standard National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) to fortify Iluka's security controls, establish measurable objectives, and proactively manage cyber.

Iluka further enhances its focus on vital controls such as multi-factor authentication, restricted administrative privileges, and rigorous patch management by leveraging guidance from the Australian Cyber Security Centre. This proactive approach ensures the highest level of security for both Iluka and its key vendors.

## Financial Risks

Iluka recognises the importance of maintaining a strong balance sheet that allows the company to pursue its strategic objectives. The company is exposed to risks related to the cost and availability of funds, fluctuations in interest rates, and foreign exchange rates (see Note 20 in the financial statements). Iluka has established policies that outline appropriate financial controls and governance to ensure that financial risks are identified, managed and recorded in a manner consistent with generally accepted industry practice, accounting standards and governance standards.

## Growth Risks

Iluka regularly evaluates its potential to enhance its production profile or extend the economic life of deposits by developing new projects within its portfolio. The company aims to generate and deliver on 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 are a current focus due to the execution of the Eneabba rare earths refinery and Balranald projects. These risks 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 due to the challenging project environment in Australia continues to be experienced across the industry.

## Business Interruption Risk

Iluka conducts regular reviews to mitigate property and business continuity risks that may arise due to natural disasters, material disruptions to logistics chains, critical plant failures, industrial action or future pandemic-related issues. The company manages these risks by utilising its crisis and emergency management processes and conducts crisis and emergency management training and exercises at Iluka's sites annually. Iluka also maintains a global insurance program that may offset a portion of the financial impact of a major business interruption event.

## Environmental Risks

Iluka is focused on pursuing the highest standards of environmental management as stated in the Iluka Health, Safety, Environment and Community Policy. These standards are based on current community expectations, applicable legislation and regulatory standards, which are subject to change over time.

## Sustaining Operations Risks

Iluka prioritises the maintenance of a pipeline of Ore Reserves and projects. The company's Executive and Board have an ongoing focus on tailings dam management across all operations. Iluka has a dedicated geotechnical resources team that leverages external tailings and dam management experts. The company conducts extensive annual reviews of its resources and reserves, asset integrity, short- and long-term planning, and geotechnical and hydrogeological modelling.

## Community/Social Risk

Iluka operates in various regions with diverse community, heritage and social laws and cultural practices. The company manages the evolving community expectations by developing strong strategies, maintaining healthy relationships with communities, and fulfilling its commitments.

# 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 2023 (the 'financial year') compared with the year ended 31 December 2022 (the 'comparative year').

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

| | |
|---|---|
| Revenue from ordinary activities | Down 20% to $1291.0m |
| Net profit after tax for the period from ordinary activities - continuing operations | Down 34% to $342.6m |
| Net profit after tax for the period attributable to equity holders of the parent | Down 41% to $342.6m |

**Dividends**
2023 final: 4 cents per ordinary share (100% franked), to be paid in March 2024
2023 interim: 3 cents per ordinary share (100% franked), paid in September 2023
2022 final: 20 cents per ordinary share (100% franked), paid in March 2022
2022 interim: 25 cents per ordinary share (100% franked), paid in September 2022
2022 SRL demerger distribution: $145.8 million, distributed in August 2022

| **Key ratios** | **2023** | **2022** |
|---|---|---|
| Basic profit per share (cents) - continuing operations | 80.5 | 116.9 |
| Diluted profit per share (cents) - continuing operations | 79.8 | 115.9 |
| Free cash flow per share (cents)[1] | (37.5) | 104.7 |
| Return on equity[2] | 17.1 | 33.0 |
| Net tangible assets per share ($) | 3.84 | 3.27 |

[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 2023 final dividend.

The Directors have determined that no discount will apply for the DRP in respect of the 2023 final dividend. Shares allocated to shareholders under the DRP for the 2023 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 11 March 2024. The last date for receipt of election notices for the DRP is 7 March 2024.

## 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 2023.

The overview of Iluka's operations, including key aspects of operating and financial performance are contained on pages 20 to 65 which forms part of the Directors' Report for the year ended 31 December 2023 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** | **Appointed:** | **1 March 2018** |
|---|---|---|---|
| **Qualifications:** | LLB (Hons), BSc | **Role:** | Non-executive Director, Chairman |
| **Age:** | 61 | **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 joining Woodside, Rob spent more than 21 years in corporate, energy and resources law, including three years as partner-in-charge of the Perth-based national law firm Mallesons. Rob is a former Non-executive Chair of Southern Ports Authority and GLX Group.

### Other Directorships and Offices (current and recent):

- St Bartholomew's House Inc. - Non-executive Director (retired October 2022)
- Synergy - Non-executive Chair (retired April 2023)
- Perenti Global Limited - Non-executive Chair (appointed July 2018)
- Landgate - Non-executive Chair (retired February 2023)
- Council of Curtin University – Non-executive Member (appointed June 2022)
- Perth Airport – Non-executive Chair (appointed January 2023)

| **Name:** | **Tom O'Leary** | **Appointed:** | **13 October 2016** |
|---|---|---|---|
| **Qualifications:** | LLB, BJuris | **Role:** | Managing Director |
| **Age:** | 60 | **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); Chairman (appointed April 2023)

| **Name:** | **Marcelo Bastos** | **Appointed:** | **20 February 2014** |
|---|---|---|---|
| **Qualifications:** | BEng Mechanical (Hons, UFMG), MBA (FDC-MG), MAICD | **Role:** | Non-executive Director |
| **Age:** | 60 | **Independent:** | Yes |

### Committee membership:

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

### Relevant skills and experience:

Marcelo has over 37 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, operations, 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, projects and marketing. 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):

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

| **Name:** | **Lynne Saint** | **Appointed:** | **24 October 2019** |
|---|---|---|---|
| **Qualifications:** | BCom, GradDip Ed Studies, FCPA, FAICD, Cert Business Administration | **Role:** | Non-executive Director |
| **Age:** | 61 | **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, and 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** | **Appointed:** | **1 June 2019** |
|---|---|---|---|
| **Qualifications:** | BSc (Geo, Hons),<br>FAusIMM, GAICD | **Role:** | Non-executive Director |
| **Age:** | 53 | **Independent:** | Yes |

### Committee membership:

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

### Relevant skills and experience:

Susie has over 25 years of 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. Susie is currently an Advisory Board member for the Foundation of National Parks and Wildlife, a member of Chief Executive Women, and is a former Non-executive Director of the David Burgess Foundation.

### 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)
- Mineral Resources Limited - Non-executive Director (appointed January 2021)

| **Name:** | **Andrea Sutton** | **Appointed:** | **11 March 2021** |
|---|---|---|---|
| **Qualifications:** | BEng Chemical (Hons), GradDipEcon, GAICD | **Role:** | Non-executive Director |
| **Age:** | 52 | **Independent:** | Yes |

### Committee membership:

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

### Relevant skills and experience

Andrea has over 25 years of 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 former Non-executive Director of Energy Resources Australia Limited. 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):

- 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 (retired September 2023)
- Australian Naval Infrastructure (ANI) – Non-executive Director (appointed September 2023)
- Perenti Limited – Non-executive Director (appointed October 2023)
- Water Corporation – Non-executive Chair (effective January 2024)

# MEETINGS OF DIRECTORS

In 2023 the Board formally met on 11 occasions, of which eight meetings were scheduled. In addition to these meetings, the Board spent a day primarily focused on strategic planning and a day touring the Mid West operations.

The non-executive directors periodically met independent of management to discuss relevant issues. Directors' attendance at Board and committee meetings during 2023 is detailed below:

| Director | Board | | Audit & Risk Committee | | Nominations & Governance Committee | | People & Performance Committee | | Sustainability Committee | |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) (2) | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| **Total Meetings** | **11** | | **4** | | **6** | | **4** | | **3** | |
| **Executive** | | | | | | | | | | |
| T O'Leary | 11 | 11 | | 4 | | 6 | | 4 | | 3 |
| **Non-executive** | | | | | | | | | | |
| R Cole | 11 | 11 | | 4 | 6 | 6 | 4 | 4 | 3 | 3 |
| M Bastos | 11 | 10 | 4 | 4 | 6 | 6 | | 4 | 3 | 3 |
| S Corlett | 11 | 11 | 4 | 4 | 6 | 6 | | 4 | 3 | 3 |
| L Saint | 11 | 11 | 4 | 4 | 6 | 6 | 4 | 4 | | 3 |
| A Sutton | 11 | 11 | | 4 | 6 | 6 | 4 | 4 | | 3 |

🟩 Chairman 🟦 Member

(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.

# DIRECTORS' SHAREHOLDING

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

# EXECUTIVE TEAM PROFILES

## 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 2018 and assumed accountabilities for Head of Development in 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 seven 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.

## Colin Nexhip, PhD (Chem Eng), BSc (Hons), BEd

### 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.

## Craig Renner, B Eng Chem & Process (Hons); Exec MBA

### Acting Project Director, Eneabba Project

Mr Renner joined Iluka in 2020 with his most recent prior role as GM of Strategy, Planning & Commercial functions including procurement and warehousing. Starting as a chemical engineer, Craig's career expanded into strategy/management consulting and senior corporate strategy roles with significant exposure to a range of industries including oil and gas, coal, iron ore and steel. Prior to Iluka he held the position of Head of Strategy, Planning, Studies and Technology, for BHP's WA Iron Ore business.

## Daniel McGrath, BSc (Math)

### 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. His most recent appointment was as Chief Technology Officer and prior to that General Manager - Cataby and South West 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.

## Matthew Blackwell, BEng (Mech), GradDip (Tech Mgt), MBA, MAICD, MIEAust

### Head of Projects and Sales and 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 30 years of experience in the mining industry has involved varied technical and leadership 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.

**Shane Tilka, BCom**
**General Manager, Australian Operations**

Mr Tilka joined Iluka in November 2004 and has held operations management roles throughout the company. His most recent appointment was General Manager, Jacinth-Ambrosia and Mid West. Prior to this Mr Tilka was the Chief Operating Officer for Sierra Rutile Ltd, and General Manager for Iluka's US Operations and he 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, Commercial, 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 68 to 77 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

Iluka'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 are set out in Note 26 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 2001* is set out on page 104.

## 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 4 cents per ordinary share payable on 28 March 2024.

## 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 26 to 45. 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 2023 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 nearestdollar.

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

22 February 2024

**Rob Cole**
Chairman

**Tom O'Leary**
Managing Director and CEO

# Remuneration Report

## MESSAGE FROM THE PEOPLE AND PERFORMANCE COMMITTEE CHAIR

Dear Shareholders,

On behalf of the Board, I am pleased to present Iluka's Remuneration Report (Report) for the financial year to 31 December 2023 (2023).

As noted by our Chairman and Managing Director, the macro environment during 2023 has created challenging conditions for many companies. In this environment, Iluka has delivered a positive financial performance and strong sustainability outcomes across safety, environment and rehabilitation.

### 2023 Performance highlights

- **Strong safety performance:** During 2023, there was a significant and pleasing reduction in the total recordable injury frequency rate, reducing from 6.9 at the beginning of 2023, to 2.4 at the end of the year. Strong leadership presence in the field was a core focus in the year, as was the implementation of critical control management.
- **Disciplined approach delivering positive returns:** The Company has continued to demonstrate market discipline in responding to the challenging conditions of 2023, with a focus on prioritising the value of our products and managing production and inventory settings.
- **Development of Iluka's Rare Earth business and progression of growth project pipeline:** Progress has been made in 2023 on the Rare Earths Refinery FEED, with a key focus on value optimisation measures and operational efficiency improvements. Iluka continues to progress on its other growth projects, which include the construction of Balranald, a rutile-rich critical minerals development utilising internally developed, remotely operated, underground mining technology, as well as a feasibility study for a rare earth metallisation facility.

Further details are set out in the Annual Report.

### Remuneration

As indicated in the 2022 Remuneration Report, the Board completed a review of Executive Remuneration arrangements to ensure that they continued to be the most effective arrangements to incentivise and retain key talent, as well as driving Iluka's long term business strategy.

The review considered shareholder feedback, industry market practice, and the optimal way to continue to reward and incentivise the Managing Director and Executive Key Management Personnel (KMP) to deliver the Company's strategy. The outcome was the adoption of a new remuneration structure effective from the financial year that commenced on 1 January 2023. A separate Short Term Incentive plan (STIP) and Long Term Incentive plan (LTIP) have been implemented, de-coupling the previous Executive Incentive Plan (EIP).

Key highlights of the STI and LTI plans include:

- STIP and LTIP performance hurdles mirror the short and long term performance hurdles previously used for determining the awards opportunity under the EIP.
- STIP and LTIP performance hurdles assessed independently removing the 'double test' on the performance rights awarded under the EIP.
- STIP awards are delivered as 50% cash and 50% restricted shares deferred in two equal tranches over one and two years.
- LTIP performance period decreasing from five to four years, which is more reflective of market practice and a market competitive remuneration structure.
- No dividends or equivalent payments are made in relation to the LTIP award.
- A modest increase to maximum award opportunities, following detailed benchmarking against Iluka's peers and key competitors for Executive talent.

Refer to Section 2 for further details.

## 2023 Remuneration outcomes

In determining the 2023 remuneration outcomes, the Board has carefully considered factors encompassing company performance, individual achievements and alignment with stakeholder expectations. In determining the financial outcome, in particular the Return on Capital measure, the Board exercised its discretion to reduce the achieved outcome, reflecting the delayed capital spend on the Eneabba Refinery. The Board also notes that no adjustment was made to the production scorecard measure, resulting in a below threshold outcome, despite the production discipline demonstrated by pausing SR1 being in the long term interest of stakeholders. The following summarises the outcomes by component:

- **Fixed Remuneration Increase:** No fixed remuneration increases were awarded to Executive KMP in 2023.
- **2023 STIP:** the Board has determined a STIP outcome of 69.3% of maximum (104% target) for the Managing Director, based on 99% achievement against target under the annual group scorecard and 118.8% achieved against individual strategic objectives. With the introduction of the STIP for 2023, 50% of the Managing Director's award will be delivered in cash and 50% will be delivered in restricted shares. KMP outcomes were between 68 - 70% of maximum (depending on the individual executive). Refer Section 3 for further details.
- **2020 EIP Performance Rights:** In 2019 the performance period for the performance rights component of the EIP increased from four to five years. As a result, the performance rights awarded under the 2020 EIP are not due to be tested until 31 December 2024, creating a gap year in vesting. Therefore, no long term performance rights are due to vest in 2023.
- **Board fee movement:** No changes to the Non-executive Director fees were made during 2023.

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

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

# 2023 AT A GLANCE

## 2023 Key Highlights:

**TRIFR**
**2.4%**

**NPAT[1]**
**$315M**

**ROC[1]**
**39%**

**Production[2]**
**553kt**

[1] Reflects NPAT and ROC for the Group Incentive Scorecard and is adjusted to remove the income from Deterra.
[2] Reflects Production for the Group Incentive Scorecard, which excludes Zircon in Concentrate.

## How this year's performance compares to previous years:

The following table outlines historic business performance outcomes:

| KPI | 2023 | 2022 | 2021 | 2020[3] | 2019[3] |
|---|---|---|---|---|---|
| Net profit/(loss) after tax ($m) – Reported | 342.6 | 588.5 | 365.9 | 2,410 | (299.7) |
| Net profit/(loss) after tax ($m) – Underlying[4,5] | 343.3 | 597.0 | 314.8 | 151.2 | 278.7 |
| Net profit/(loss) after tax ($m) – Underlying, excluding Deterra[6] | 315.4 | 558.8 | 296.4 | 151.1 | 278.7 |
| Underlying EBITDA (Group) ($m)[4] | 581.8 | 946.4 | 652.3 | 423.1 | 616.0 |
| EBITDA margin (%) | 47.0 | 54.8 | 43.9 | 41.2 | 51.6 |
| Free cash flow ($ million) | (159.6) | 444.3 | 299.5 | 36.3 | 139.7 |
| Earnings per share (cents) | 80.5 | 138.6 | 86.7 | 570.4 | (71.0) |
| Return on equity (%) | 17.1 | 33 | 25.9 | 283.7 | (26.6) |
| Closing share price ($)[7] | 6.60 | 9.53 | 9.89 | 6.36 | 4.79 |
| Dividends paid (cents)[8] | 7 | 45 | 24 | 2 | 13 |
| Franking credit level (%) | 100 | 100 | 100 | 100 | 100 |
| Average AUD: USD spot exchange rate (cents) | 66.5 | 69.5 | 75.1 | 69.1 | 69.5 |
| Revenue per tonne Z/R/SR sold ($/t) | 2,314 | 2,214.7 | 1,593 | 1,625 | 1,654 |

[3] 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.

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

[5] The reconciliation for the 2023 Underlying Net profit/(loss) after tax can be found on page 28 of the 2023 Annual Report.

[6] Underlying Net profit/(loss), excluding the income derived from Deterra Royalties is used as a financial measure in the Group incentive Scorecard. Deterra Royalties demerged from the Group in November 2020.

[7] 2019 represents 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. Data sourced from ASX www2.asx.com.au/markets/company/ilu. Starting price on 2 January 2019 was $7.48.

[8] Dividends declared in relation to the year.

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This Remuneration Report contains the following Sections.

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| **SECTION 1**<br>Who is covered by this Report? | Section 1 defines the KMP at Iluka covered in this Remuneration Report. | Page 82 |
| **SECTION 2**<br>Executive remuneration framework – overview | Section 2 describes Iluka's remuneration philosophy and the 2023 remuneration structure for Executive KMP (including further detail on the new STIP and LTIP and former EIP). | Page 83 |
| **SECTION 3**<br>2023 Executive KMP Remuneration Outcomes | Section 3 details 2023 remuneration outcomes for Executive KMP including fixed remuneration, STIP outcomes and long term EIP performance rights vesting outcomes where relevant. | Page 89 |
| **SECTION 4**<br>Non-executive Director Remuneration | Section 4 details policy fee and benefits for the company's Non-executive Directors including relevant statutory remuneration disclosure. | Page 95 |
| **SECTION 5**<br>Remuneration Governance | Section 5 provides an overview of key elements of the company's remuneration governance framework and other governance disclosures for 2023. | Page 97 |
| **SECTION 6**<br>Additional Remuneration Disclosures | Section 6 provides an update for all relevant statutory remuneration disclosures as required by the Corporations Act 2001 (if not disclosed elsewhere in the Report). | Page 99 |

# 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 2023 year comprised the following 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 | 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 |

# 2. EXECUTIVE REMUNERATION FRAMEWORK – OVERVIEW

## 2.1 Changes to the Executive Incentive Plan

In 2022, the Board conducted an extensive remuneration review to ensure the Company has the most appropriate remuneration framework in place to attract and retain key talent. As a result of this review, a new remuneration structure was adopted for 2023 consisting of a STIP and LTIP. The primary change in the STIP and LTIP from the EIP is the de-coupling of the long term component from the annual scorecard. As part of this review, the Board also engaged with external stakeholders to communicate key changes and understand their views.

Key highlights of the STI and LTI plans include:

- STIP and LTIP performance hurdles mirror the short and long term performance hurdles previously used for determining the awards opportunity under the EIP.
- STIP and LTIP performance hurdles assessed independently removing the 'double test' on the performance rights awarded under the EIP.
- STIP awards are delivered as 50% cash and 50% restricted shares deferred in two equal tranches over one and two years.
- LTIP performance period decreasing from five to four years, which is more reflective of market practice and a market competitive remuneration structure.
- No dividends or equivalent payments are made in relation to the LTIP award.
- A modest increase to maximum award opportunities, following detailed benchmarking against Iluka's peers and key competitors for executive talent.

Further details on the changes are outlined below.

| 2022 approach | 2023 approach |
|---|---|
| The 2022 EIP framework included the following components:<br>■ **Cash:** comprises a relatively small portion of the "at-risk" component for all Executive KMP other than the Managing Director (who, from 2020, had not received a cash component).<br>■ **Restricted rights:** vest in equally weighted tranches on the first, second, third and fourth anniversary of the grant.<br>■ **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 Total Shareholder Return (TSR) performance is undertaken at the end of five years (including the annual scorecard year) with vesting based on a sliding scale.<br>All components and awards were dependent on the outcomes of Iluka's annual scorecard (with the performance rights being subject to further testing as outlined above). | The 2023 executive remuneration framework includes the following components:<br>**Short term incentive (STIP):** with awards based on the outcome of the Iluka's annual scorecard delivered as:<br>■ 50% cash, and<br>■ 50% restricted shares delivered in two equal tranches, which are subject to disposal restrictions over one year (first tranche) and two years (second tranche).<br>**Long term incentive (LTIP):** with a maximum opportunity based on a percentage of each participant's fixed remuneration, delivered as performance rights and measured over four years against Iluka's relative TSR performance.<br>The LTIP (which is equivalent to the performance rights under the 2022 EIP) is no longer linked to Iluka's annual scorecard which is consistent with market practice. |

## 2.2 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.

**Purpose:** To Deliver Sustainable Value

**Competitiveness** – Remuneration should be competitive in relation to relevant market

**Balanced** – Ensure an appropriate balance between fixed and 'at risk' remuneration

**Performance-based** – Remuneration should be awarded based on achieving stretch business targets

**Shareholder alignment** – Remuneration outcomes should be aligned with desired shareholder return

**Fairness** – Provides a fair level of reward, commensurate with performance

**Transparency** – Remuneration disclosure is compliant with legislated frameworks and is clear

## 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 executive remuneration framework is outlined on the following page.

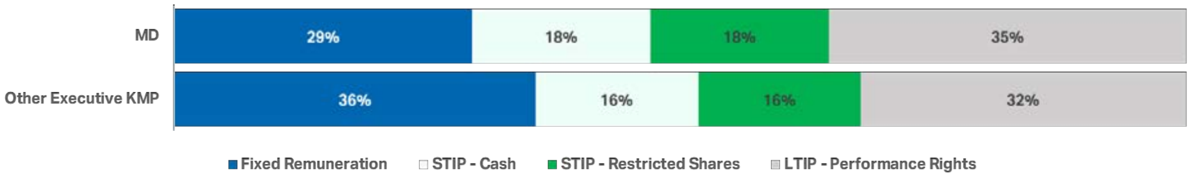
| Element | Purpose | 2023 approach |
|---|---|---|
| **Fixed remuneration** | Provide remuneration that is reflective of the knowledge, skills, and experience of executives. | Includes base salary and superannuation and is set after considering:<br>■ Trajectory of the company's growth and key strategic objectives<br>■ Relevant market comparators and scarcity of talent<br>■ Executive KMP's experience and performance<br>■ Executive KMP's role responsibilities |
| **Short term incentives (STIP)** | Ensure remuneration received by Executive KMP is closely linked to the company's annual performance objectives and short term strategy. | 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 split into two components:<br>■ **Cash (50% of the award) –** paid following release of the audited financial statements<br>■ **Restricted shares (50% of the award)** – with 50% of the restricted shares (25% of the STIP award) subject to a disposal restriction of one year from the grant date (first tranche), with the remaining 50% (25% of the STIP award) subject to a disposal restriction of two years from the grant date (second tranche). |
| **Long term incentives (LTIP)** | Ensure remuneration received by Executive KMP is closely linked to the company's long term performance, as well as creating alignment with returns generated for our shareholders over the long term. | ■ **Performance rights** – subject to performance testing over a four-year performance period, measured by Iluka's TSR performance relative to constituents of the S&P / ASX 200 Resources Index (excluding companies primarily engaged in the oil and gas sector and non-mining activities) 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 2023. Remuneration packages for Executive KMP are weighted towards at-risk remuneration to drive performance for our shareholders.

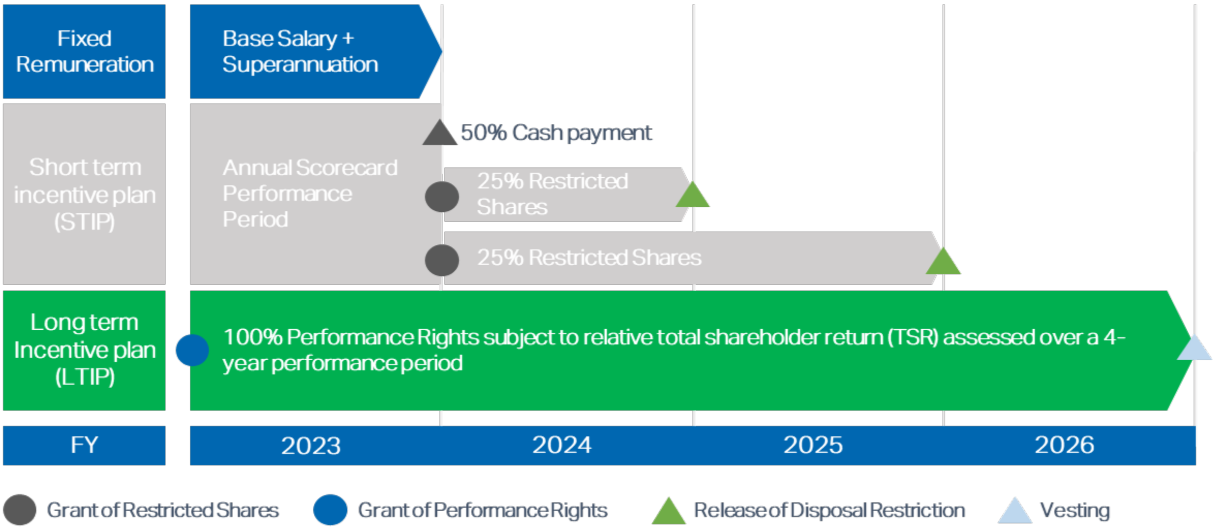
2023 remuneration mix (at maximum opportunity)



## 2.3 Equity incentive plans – more detail

### Overview

The following diagram outlines Iluka's executive remuneration framework for FY23.



### STIP – key questions and answers

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>How is it paid?</td><td>For all Executive KMP, STIP awards are delivered as 50% cash and 50% restricted shares which are released from disposal restrictions in equal tranches 1 year following the grant date (first tranche) and 2 years following the grant date (second tranche). Restricted shares are granted at no cost to participants because they are awarded as remuneration.</td></tr>
<tr><td>How much can participants earn under the STIP?</td><td>STIP opportunities are expressed as a percentage of fixed remuneration.<br><table><tr><th></th><th>STIP Target<br>(% of fixed remuneration)</th><th>STIP Maximum<br>(% of fixed remuneration)</th></tr><tr><td>Managing Director</td><td>80%</td><td>120%</td></tr><tr><td>Other Executive KMP</td><td>60%</td><td>90%</td></tr></table></td></tr>
<tr><td>What performance measures will inform the STIP awards?</td><td>The Board sets an annual scorecard to focus Iluka's Executive KMP on financial and strategic imperatives they can influence and are critical to the company's long term sustainability. Performance objectives for Executive KMP under the 2023 STIP mirrored the previous annual scorecard under the EIP. These objectives cover:<br>■ Financial performance (50%);<br>■ Production (10%);<br>■ Sustainability focusing on people and communities, environment and operating in, and providing products for, a lower carbon world (15%); and<br>■ Individual strategic measures (25%).<br>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 2023, how they were measured and our assessment of performance.</td></tr>
<tr><td>How are STIP awards are determined?</td><td>STIP outcomes are calculated based on the following schedule, with a sliding scale operating between threshold and target, and between target and stretch:<br><table><tr><th>Performance Level</th><th>STIP 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>
</table>

| Question | Answer |
|---|---|
| Who assesses STIP performance? | STIP outcomes are determined by the Board following an assessment of performance measures at the end of the 2023 performance period and with regard to financial metrics, Iluka's performance and broader market factors |
| How is the number of restricted shares to be granted to participants determined? | The number of restricted shares awarded to each participant is based on a face value methodology. This is determined by dividing the dollar value of the STIP award for FY23 to be deferred 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 FY23 full year results. |
| What are the restrictions on the restricted shares that are granted under the STIP? | Under the STIP, restricted shares are granted in two equal tranches. Each tranche is subject to a disposal restriction period, which means that participants are not permitted to deal with the shares. For the first tranche, the disposal restriction is for one year following the grant date, and for the second tranche, the disposal restriction is for two years following the grant date. |
| What happens on vesting of restricted shares? | On the vesting date for each tranche, the disposal restrictions are lifted and the participants are permitted to deal with the shares. There is no re-testing of the performance measures. |
| What happens if participants leave before the vesting date? | Unless the Board determines otherwise, in the event of an Executive KMP resigning or ceasing employment for cause (e.g. serious or wilful misconduct, negligence etc): all unvested restricted shares will lapse.<br>If an Executive KMP ceases employment for any other reason or circumstances (including death, total and permanent disability, retirement or redundancy): unvested restricted shares will remain on foot and be subject to the original terms of the award. |
| What happens on a change of control? | The Board has discretion to determine that some or all of the equity restrictions be lifted, in the event of a takeover or other transaction that in the Board's opinion should be treated as a change of control event. |
| Do any clawback or malus provisions apply? | The Board may clawback incentives that have vested and that have been paid or awarded to participants in certain circumstances. In addition, restricted shares may be forfeited in certain circumstances during the disposal restricted period. For example, restricted shares may be forfeited if a participant acts fraudulently or dishonestly or if there is a material misstatement or omission in the accounts of a Group company. |
| 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 the participant over the performance period and the proportion of the performance period that has elapsed. |
| Do restricted shares have any dividend and voting rights? | Restricted shares carry voting rights and participants are entitled to dividends paid during the disposal restriction period. |

## LTIP – key questions and answers

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td><b>How is it paid?</b></td><td>LTIP awards are granted in the form of performance rights which vest at the end of a 4-year performance period, subject to performance testing of the relative TSR performance measure. Performance rights are granted at no cost to participants because they are awarded as remuneration.</td></tr>
<tr><td><b>How much can participants earn under the LTIP?</b></td><td>LTIP opportunities are expressed as a percentage of fixed remuneration.
<table>
<tr><th></th><th>LTIP face value (Maximum)<br>(% of fixed remuneration)</th></tr>
<tr><td>Managing Director</td><td>120%</td></tr>
<tr><td>Other Executive KMP</td><td>90%</td></tr>
</table></td></tr>
<tr><td><b>What performance measures will inform the LTIP awards?</b></td><td>Performance rights are subject a relative TSR performance measure which will be measured over a 4-year period commencing on 1 January 2023 against the S&P / ASX 200 Resources Index constituents (excluding companies primarily engaged in the oil and gas sector and non-mining activities). Relative TSR was selected as the performance measure for the LTIP award because it aligns the interests of KMP with that of Iluka's shareholders.<br>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>
<tr><td><b>How is the number of rights to be granted to participants determined?</b></td><td>The number of performance rights awarded to each participant is based on a face value methodology. This is determined by dividing the dollar value of the LTIP maximum opportunity for FY23 by the VWAP of Iluka shares traded on the ASX over the five trading days following the release of the company's FY23 full year results.</td></tr>
<tr><td><b>Who assesses the LTIP performance?</b></td><td>Incentive outcomes are determined by the Board following an assessment of the performance measure at the end of the 4-year performance period. The assessment of the relative TSR performance measures involves calculation of the relative TSR results by an external remuneration advisor as soon as practicable after the end of the relevant performance period.</td></tr>
<tr><td><b>What happens on vesting of the LTIP?</b></td><td>On vesting, participants are generally entitled to one Iluka share for each performance right that vests. No amount is payable on vesting of performance rights. Any performance rights that do not vest automatically lapse. There is no re-testing of performance rights.</td></tr>
<tr><td><b>What happens if participants leave before the vesting date?</b></td><td>Unless the Board determines otherwise, in the event of an Executive KMP resigning or ceasing employment for cause (e.g. serious or wilful misconduct, negligence etc): all unvested performance rights will lapse.<br>If an Executive KMP ceases employment for any other reason or circumstances (including death, total and permanent disability, retirement or redundancy): unvested performance rights will remain on foot and be subject to the original terms of the award.</td></tr>
<tr><td><b>What happens on a change of control?</b></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><b>Do any clawback or malus provisions apply?</b></td><td>The Board may clawback incentives that have vested and that have been paid or awarded to participants in certain circumstances. In addition, performance rights may lapse in certain circumstances during the performance period. For example, performance rights may lapse 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 the participant over the performance period and the proportion of the performance period that has elapsed. |
| **Are participants entitled to voting rights and dividends?** | No dividends are paid on performance rights prior to vesting. Performance rights do not carry voting entitlements. |

# 3. 2023 EXECUTIVE KMP REMUNERATION OUTCOMES

## 3.1 2023 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. No changes were made to executive KMP fixed remuneration in 2023 and there has been no change to the Managing Director's fixed remuneration since he commenced in 2016.

| Executive KMP | 2023 Fixed Remuneration | 2022 Fixed Remuneration | Year-on-Year % Change |
|---|---|---|---|
| T O'Leary | $1,400,000 | $1,400,000 | 0% |
| A Stratton | $730,000 | $730,000 | 0% |
| M Blackwell | $730,000 | $730,000 | 0% |
| S Tilka | $650,000 | $650,000 | 0% |

## 3.2 2023 STIP scorecard and outcomes achieved

The STIP Scorecard is approved by the Board at the commencement of the financial year and focuses executives on business priorities over the 1-year performance period. Outlined below are the targets that were set for 2023, and the level of performance achieved.

No specific targets are disclosed in relation to the financial earnings measures of NPAT and ROC 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.

● Iluka 2023 performance

| Scorecard measure and target | Weight | Performance and outcome | Threshold – Target – Stretch |
|---|---|---|---|
| **FINANCIALS** | **50%** | **Outcome – 116% of target; 77% of maximum achieved** |  |
| Group ROC (%)[1] | 20% | BETWEEN TARGET AND STRETCH<br>Iluka generated a strong return on capital of 39.5%. Despite this positive outcome, the outcome has been assessed as between target and stretch (rather than stretch) to recognise the impact of the delayed spend on the Eneabba Refinery. | |
| Group NPAT[1] | 15% | STRETCH<br>Adjusted NPAT of $315 million was above stretch. 2023 saw strong market demand in H1 followed by a swift decline in market outlook in H2, driven by the uncertain macro conditions with China failing to stimulate its property sector and an extended downturn in the global pigment market. Management focused on the prioritisation of the value of our products and managing production and inventory; and delivered product prices that achieved positive returns, despite being disciplined regarding market supply. | |
| Unit Cash Costs of Production $/t[2]<br>**Target** $1,045/t | 15% | ABOVE THRESHOLD<br>The Group Unit cash cost of production was $1,110/t. The outcome was between threshold and target, driven by inflationary pressures on labour, fuel, consumables, power and transport. | |
| **PRODUCTION** | **10%** | **Outcome – 0% of target; 0% of maximum achieved** |  |
| Group Kt Z/R/SR[2]<br>**Target** 610kt | 10% | BELOW THRESHOLD<br>Overall production of 553kt was below threshold. Operating performance has been strong across the active mines of Cataby and Jacinth-Ambrosia. Management made the disciplined decision to pause production at SR1 kiln to coincide with the planned major maintenance outage at SR2 kiln in response to market conditions. This action resulted in production performance below threshold. No adjustment has been made to the outcome as a result of this change to production settings. | |

[1] The targets and outcomes are adjusted to exclude the income derived from Iluka's investment in Deterra Royalties.

[2] Production and Unit Cosh Costs of Production targets and outcomes exclude production related to Zircon in Concentrate.

| Scorecard measure and target | Weight | Performance and outcome | Threshold – Target – Stretch |
|---|---|---|---|
| **SUSTAINABILITY** | **15%** | **Outcome – 110% of target; 73% of maximum achieved** | ■——■●—■ |
| *Trusted by our People & Communities* | | | |
| Group Total Recordable Injury Frequency Rate (**TRIFR)**<br>**Target** Reduction to 4.5 | 2.5% | STRETCH<br>TRIFR of 2.4 was above stretch.<br>This outcome reflects a 65% reduction in TRIFR from 6.9 in 2022. Management focused on strong leadership presence in the field, the implementation of preventative measures including early injury management and critical control management. | |
| Critical Control Management Programme Implementation | 2.5% | ABOVE TARGET<br>A total of 10,279 critical control checklists were completed in 2023, with 5,093 field verifications, reflecting a ratio of 2.01 : 1. This underscores the integration of the critical control management program into daily work practices. The number of Serious Potential Incidents (SPIs) decreased to 15 in 2023, down from 18 (Iluka Group, excluding SRL) in 2022. | |
| Diversity & Inclusion | 2.5% | ABOVE THRESHOLD<br>Diversity & inclusion metrics measured year-on-year improvement in our employees' perception of workplace inclusion and workforce participation for Indigenous and Gender Diversity. Overall performance was accessed as above threshold. Indigenous participation decreased throughout 2023, whilst female participation marginally increased. Employee's perception of inclusiveness slightly increased, with an average of 74% of employees perceiving that Iluka offers an inclusive work environment. | |
| *Responsible for the environment* | | | |
| Mine Closure Risk (ha) Reduction of open mining area against plan<br>**Target** 216ha of open mining area | 2.5% | STRETCH<br>The stretch outcome achieved reflects progress made on our operating mine sites to optimise their rehabilitation and disturbance activity throughout the year. A total disturbance of 67ha was achieved across Jacinth Ambrosia and Cataby in 2023, with a total of 88 ha was rehabilitated at these sites (part of 353 ha rehabilitated across all sites including Balranald and Eneabba). | |
| Group environmental level 3 and above incidents<br>**Target** of 7 or less | 2.5% | BELOW TARGET<br>There were 8 environmental incidents classified as Level 3 or above in 2023  This is down from 11 in 2022. Five of the incidents involved the unauthorised release of turbid (sediment laden) water. The remaining incidents related to: vegetation clearing, the spread of weeds, and one incident was recorded for recurring lower-level incidents (Level 2). | |
| *Operating in and providing products for a lower carbon world* | | | |
| Climate Change Work Programme | 2.5% | TARGET<br>The 2023 Climate Change Work Program was set against qualitative metrics relevant for the five initiatives tracked throughout the year.  On average, Iluka met its target. Whilst there were  challenges in executing its Cataby solar farm (now resolved), evaluation of energy efficiency and decarbonisation initiatives, the concept study for long term alternatives to coal as a reductant in the SR production process, and commencement of a pilot carbon farming project progressed in line with expectations. | |
| **GROUP SCORECARD[1]** | **Outcome – 99% of target; 66% of maximum achieved** | | ■——●——■ |

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[1] 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 – 118.8% of target; 79.2% of maximum** |  |
| Advance diversification of portfolio into rare earths in a prudent manner | • Progressed Front End Engineering and Design (FEED) for the Eneabba rare earths refinery. The challenging project environment in Western Australia has resulted in increased capital costs. Significant effort to manage the inflationary environment to ensure the project delivers a value accretive diversification as well as a platform for Iluka to add further value to Iluka's mineral sands projects.<br>• Iluka's marketing team has engaged extensively with potential customers and has built awareness of sustainable and reliable supply from Eneabba, leading to high level of confidence regarding offtake.<br>• Commenced a formal feasibility study to develop and demonstrate rare earth metallisation capability at a global scale. | |
| Pursue value accretive opportunities in mineral sands to deliver sustainable value over the long term with a view to extending reserve life | • Final Investment Decision (FID) taken for Balranald in February 2023.<br>• Given inflationary environment and weaker near-term feedstock demand, capital cost control has been prioritised over schedule.<br>• Optimising resources within Iluka's portfolio to extend current production profile, including optimising ilmenite feed blends for the synthetic rutile kilns to extend life.<br>• Multiple projects within Iluka's development pipeline provide confidence in sustainable production outlook. | |
| Optimise price and Volume Settings | • Strategy to underpin a 200ktpa base level of synthetic rutile offtake over the 4 year period commencing 2023 has been appropriate in an uncertain demand environment .<br>• Disciplined approach to production and supply ensures optimised price settings; discipline demonstrated by responding quickly to market conditions and idling SR1 kiln, and by respecting the investment rationale (that this asset was to be deployed to satisfy swing demand). The SR1 kiln has already repaid its capital investment within 12 months of restarting. | |
| Eliminate carbon emissions where practicable, advance environmental, sustainability and governance credentials of rare earths business and maintain lowest quartile carbon competitiveness of mineral sands business | • In October 2023, Iluka reached an agreement for the supply of 9MW, from a solar power facility to be built at Cataby, providing ~30% of Cataby's power requirements through a 10 year purchase agreement.<br>• Completed a detailed assessment and prioritised the top 15 decarbonisation near-term initiatives for the synthetic rutile production through to 2030.<br>• Pilot test work program for using an alternative to coal as a reductant in the synthetic rutile production process has been scoped, with the work program to be executed in 2024.<br>• In September 2023, Iluka entered into a service agreement to implement a carbon offset credit project at North Capel, projected to create up to 29,400 ACCUs over a 25 year period, with planting of trees to commence in April 2024. | |

The Individual strategy scorecard area outcomes for other Executive KMP ranged from 115 – 122% of target.

## 3.4 Overall STIP scorecard outcome for the MD

| Scorecard measure | Weight | Outcome | Weighted Outcome | Threshold – Target – Stretch |
|---|---|---|---|---|
| Group Scorecard | 75% | 99.0% | 74.3% |  |
| Individual Strategy MD Outcome | 25% | 118.8% | 29.7% |  |
| **OVERALL MD RESULT** | | | **104.0%** |  |

## 3.5 STIP awards from 2023 scorecard outcomes

The following table presents the outcomes of the STIP awards attributed to the 2023 performance year. The face value of restricted shares has been presented, as the fair value will not be determined until the grant is made in March 2024.

| Executive KMP | Maximum STIP opportunity | % of target STIP earned | % of maximum STIP earned | % of maximum STIP forfeited | STIP Cash | STIP Restricted Shares | Total |
|---|---|---|---|---|---|---|---|
| T O'Leary | $1,680,000 | 104.0% | 69.3% | 30.7% | $582,400 | $582,400 | $1,164,800 |
| A Stratton | $657,000 | 103.1% | 68.7% | 31.3% | $225,760 | $225,760 | $451,520 |
| M Blackwell | $657,000 | 103.1% | 68.7% | 31.3% | $225,760 | $225,760 | $451,520 |
| S Tilka | $585,000 | 104.8% | 69.8% | 30.1% | $204,432 | $204,432 | $408,864 |

## 3.6 Grant of 2022 EIP restricted rights and performance rights

As outlined in Iluka's 2022 Remuneration Report, EIP restricted rights and performance rights were granted to Executive KMP in 2023 in respect of their 2022 EIP outcome.

Details of the number and value of EIP awards granted to Executive KMP are included in section 6.1 of this Report. The terms of the EIP awards, including their performance conditions and relevant outcomes were previously disclosed in Iluka's 2022 Remuneration Report.

## 3.7 Vesting of 2020 EIP performance rights

The performance rights component of the 2020 EIP award has a 5 year performance period ending 31 December 2024 and will be tested in early 2025. The award will vest on a sliding scale as per the terms of the 2020 EIP (Please see the 2020 Remuneration Report for further details). As a result, this award is not due to be tested until after the performance period ends on 31 December 2024 and vesting, if any, will be reported in the 2024 Remuneration Report. There are no performance rights awards due to vest in 2023 due to the change to a five year performance period for the 2020 EIP award creating a 'gap year' in vesting.

## 3.8 Summary of realised remuneration paid to executive KMP in 2023

This Section uses non-IFRS information to show the "realised remuneration" received by Executive KMP for 2023. This is a voluntary disclosure intended to demonstrate the link between the remuneration received by Executive KMP and the performance of Iluka over 2023. Refer to following Section 3.9 for statutory remuneration disclosure.

| Executive KMP | Fixed Remuneration | Other[1] | STIP | | EIP Performance Rights[3] | TOTAL |
|---|---|---|---|---|---|---|
| | | | Cash[2] | Restricted Shares[2] | | |
| T O'Leary | $1,400,000 | $57,675 | $582,400 | $582,400 | $0 | $2,622,475 |
| A Stratton | $730,000 | $25,727 | $225,760 | $225,760 | $0 | $1,207,247 |
| M Blackwell | $730,000 | $25,826 | $225,760 | $225,760 | $0 | $1,207,346 |
| S Tilka | $650,000 | $12,248 | $204,432 | $204,432 | $0 | $1,071,112 |

[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 2020 EIP Tranche 3, 2021 EIP Tranche 2 and 2022 EIP Tranche 1 payable in March 2024 for all KMP.

[2] Relates to outcome from 2023 STIP. Restricted shares vest in 2 tranches in March 2025 and 2026. This represents the face value of the grant being made.

[3] No performance rights were due to vest in 2023. The performance period for the 2020 EIP Performance rights end on 31 December 2024 and will be tested early 2025.

## 3.9 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 | Share Based Payments[5] | | | Statutory Total | % Performance based Remuneration |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Salary | STIP Cash[1] | EIP Cash[2] | Non-Monetary Benefits[3] | Superannuation Benefits | Termination Benefits | Accrued AL and LSL[4] | STIP Restricted shares | LTIP Performance Rights | EIP Rights | | |
| T O'Leary | 2023 | $1,382,084 | $582,400 | N/A | $13,459 | $26,346 | $0 | $108,709 | $226,358 | $339,108 | $1,396,614 | $4,075,078 | 62% |
| | 2022 | $1,384,087 | N/A | N/A | $12,656 | $24,430 | $0 | $87,030 | $0 | $0 | $1,874,375 | $3,382,578 | 55% |
| A Stratton | 2023 | $725,652 | $225,760 | N/A | $13,459 | $26,346 | $0 | -$14,942 | $87,745 | $127,633 | $373,930 | $1,565,583 | 52% |
| | 2022 | $708,666 | N/A | $203,098 | $13,222 | $24,430 | $0 | $24,726 | $0 | $0 | $495,207 | $1,469,349 | 47% |
| M Blackwell | 2023 | $725,287 | $225,760 | N/A | $13,459 | $26,346 | $0 | $8,726 | $87,745 | $127,633 | $374,362 | $1,589,318 | 51% |
| | 2022 | $713,680 | N/A | $198,681 | $12,656 | $24,430 | $0 | $5,039 | $0 | $0 | $498,400 | $1,452,886 | 48% |
| S Tilka | 2023 | $641,029 | $204,432 | N/A | $2,673 | $26,346 | $0 | $21,719 | $79,456 | $113,646 | $306,436 | $1,395,737 | 50% |
| | 2022 | $625,252 | N/A | $167,971 | $2,886 | $24,430 | $0 | $142,128 | $0 | $0 | $394,234 | $1,356,901 | 41% |
| **Total** | 2023 | $3,474,052 | $1,238,352 | N/A | $43,050 | $105,384 | $0 | $124,212 | $481,304 | $708,020 | $2,451,342 | $8,625,716 | 56% |
| | 2022 | $3,431,685 | N/A | $569,750 | $41,420 | $97,720 | $0 | $258,923 | $0 | $0 | $3,262,216 | $7,661,714 | 50% |

[1] STIP Cash payment for 2023 will be made in March 2024. STIP Cash payment reflects the change in Executive incentives noted in the last annual report from an EIP to Executive STIP.

[2] EIP Cash payments for 2022 were made during the reporting period in March 2023. No cash payments were made to the CEO for 2023.

[3] Represents car parking for Executive KMP based in Perth and FBT value of car benefit for S Tilka.

[4] Represents the movement in the annual and long-service leave provisions during the year. Any reduction in accrued annual leave reflects more leave taken than which accrued in the period.

[5] 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.

# 4. NON-EXECUTIVE DIRECTOR REMUNERATION

## 4.1 2023 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:<br>• market data;<br>• the size and complexity Iluka's operations; and<br>• 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).<br>• 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.<br>• 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. |

## 4.2 Aggregate fee

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 2023 fees & other benefits

Non-executive Director fees for 2023 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 2023 from 2022 levels.

| 2023 Board and Committee Fees (excl. of superannuation) | Chair | | Member | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| **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** | $30,600 | $30,600 | $15,350 | $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 2023. 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 2023 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 | 2023 | $321,400 | $0 | $26,346 | $347,746 |
| | 2022 | $275,757 | $0 | $22,523 | $298,280 |
| M Bastos | 2023 | $177,500 | $0 | $19,081 | $196,581 |
| | 2022 | $168,757 | $0 | $17,319 | $186,076 |
| S Corlett | 2023 | $162,250 | $0 | $17,442 | $179,692 |
| | 2022 | $157,864 | $0 | $16,192 | $174,056 |
| L Saint | 2023 | $180,250 | $0 | $19,377 | $199,627 |
| | 2022 | $175,864 | $0 | $18,037 | $193,901 |
| A Sutton | 2023 | $159,400 | $0 | $17,136 | $176,536 |
| | 2022 | $155,043 | $0 | $15,903 | $170,946 |
| *Former Non-executive Directors* | | | | | |
| G Martin[1] | 2023 | N/A | N/A | N/A | N/A |
| | 2022 | $91,829 | $0 | $7,040 | $98,869 |
| **Total fees** | 2023 | $1,000,800 | $0 | $99,382 | $1,100,182 |
| | 2022 | $1,025,114 | $0 | $97,014 | $1,122,128 |

[1] G Martin retired as Chairman on 13 April 2022. Remuneration disclosures for 2022 reflect the period he was a Non-executive 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 2023, 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. The Chairman and other Non-executive Directors are required 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 2023, four of the five 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.<br>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 2023 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 2023 financial year.

# 6. ADDITIONAL REMUNERATION DISCLOSURES

## 6.1 Executive KMP share–based remuneration

### Restricted rights

The table below shows the number of restricted rights (**RRs**) that were granted, vested and forfeited during the 2023 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](http://www.Iluka.com).

| | | | Number of restricted rights | | | | | | Value of restricted rights | |
|---|---|---|---|---|---|---|---|---|---|---|
| Award | Grant date | Balance at 1 January 2023 KMP start date | Granted during 2023 | Vested / exercised into shares in 2023 | | Lapsed during 2023 | | Balance at 31 Dec 2023 | Granted in 2023[1] $ | Value vested / exercised into shares in 2023[2] |
| | | | | # | % | # | % | # | | $ |
| **T O'Leary** | | | | | | | | | | |
| 2019 EIP RRs[3] | 1 March 2020<br>30 Dec 2020<br>and 18 Aug 2022 | 42,497 | - | (42,497) | 33% | - | - | - | - | 457,693 |
| 2020 EIP RRs[4,6] | 1 March 2021<br>and18 Aug 2022 | 55,038 | - | (18,347) | 25% | - | - | 36,691 | - | 197,597 |
| 2021 EIP RRs[5,6] | 13 April 2022<br>and 18 Aug 2022 | 157,545 | - | (39,394) | 25% | - | - | 118,151 | - | 424,273 |
| 2022 EIP RRs | 10 May 2023 | - | 142,502 | - | - | - | - | 142,502 | 1,610,273 | - |
| **A Stratton** | | | | | | | | | | |
| 2019 EIP RRs[3] | 1 March 2020<br>30 Dec 2020<br>and 18 Aug 2022 | 13,221 | - | (13,221) | 33% | - | - | - | - | 142,390 |
| 2020 EIP RRs[4,6] | 1 March 2021<br>and 18 Aug 2022 | 19,353 | - | (6,451) | 25% | - | - | 12,902 | - | 69,477 |
| 2021 EIP RRs[5,6] | 23 Feb 2022<br>and 18 Aug 2022 | 36,600 | - | (9,150) | 25% | - | - | 27,450 | - | 98,546 |
| 2022 EIP RRs | 16 Feb 2023 | - | 38,910 | - | - | - | - | 38,910 | 424,897 | - |
| **M Blackwell** | | | | | | | | | | |
| 2019 EIP RRs[3] | 1 March 2020<br>30 Dec 2020<br>and 18 Aug 2022 | 13,511 | - | (13,511) | 33% | - | - | - | - | 145,513 |
| 2020 EIP RRs[4,6] | 1 March 2021<br>and 18 Aug 2022 | 19,333 | - | (6,445) | 25% | - | - | 12,888 | - | 69,413 |
| 2021 EIP RRs[5,6] | 23 Feb 2022<br>and 18 Aug 2022 | 37,634 | - | (9,409) | 25% | - | - | 28,225 | - | 101,335 |
| 2022 EIP RRs | 16 Feb 2023 | - | 38,064 | - | - | - | - | 38,064 | 415,659 | - |
| **S Tilka** | | | | | | | | | | |
| 2019 EIP RRs[3] | 1 March 2020<br>30 Dec 2020<br>and 18 Aug 2022 | 5,305 | - | (5,305) | 33% | - | - | - | - | 57,135 |
| 2020 EIP RRs[4,6] | 1 March 2021<br>and 18 Aug 2022 | 12,356 | - | (4,119) | 25% | - | - | 8,237 | - | 44,362 |
| 2021 EIP RRs[5,6] | 23 Feb 2022<br>and 18 Aug 2022 | 32,362 | - | (8,091) | 25% | - | - | 24,271 | - | 87,140 |
| 2022 EIP RRs | 16 Feb 2023 | - | 32,180 | - | - | - | - | 32,180 | 351,406 | - |

[1] Value at point of grant, was $10.92 for KMP and $11.30 for MD's grant.

[2] Value at point of vest. Share price at 1 March 2023 was $10.77

[3] 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.

[4] 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" 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 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" and further details can be found in 2022 Remuneration Report.

[6] The 2020 and 2021 EIP Restricted Rights are subject to time based restrictions, vesting in 4 equal tranches over 4 years from grant date. The rights also attract dividend equivalent payments and are subject to cessation of employment, change of control and clawback provisions consistent with those set out in section 2. Further detail can be found in the relevant year's Remuneration Report.

## Performance rights

The table below shows the number of performance rights (**PRs**) that were granted, vested and forfeited during the 2023 year The terms and conditions of previous years' incentive awards are outlined in the relevant year's Remuneration Report, available at www.Iluka.com.:

| Award | | | Number of performance rights | | | | | | Value of performance rights | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant date | Balance at 1 January 2023 KMP start date | Granted during 2023[1] | Vested / exercised into shares in 2023 | | Lapsed during 2023 | | Balance at 31 Dec 2023 | Granted in 2023[2] $ | Value vested / exercised into shares in 2023[3] |
| | | | | # | % | # | % | # | | $ |
| **T O'Leary** | | | | | | | | | | |
| 2019 EIP PRs[4] | 1 March 2020, 30 Dec 2020 and 18 Aug 2022 | 80,907 | - | (80,907) | 100% | - | - | - | - | 871,368 |
| 2020 EIP PRs[5,7] | 1 March 2021 and 18 Aug 2022 | 48,923 | - | - | - | - | - | 48,923 | - | - |
| 2021 EIP PRs[6,7] | 13 April 2022 and 18 Aug 2022 | 105,031 | - | - | - | - | - | 105,031 | - | - |
| 2022 EIP PRs[7] | 10 May 2023 | - | 95,001 | - | - | - | - | 95,001 | 782,808 | - |
| 2023 LTIP | 10 May 2023 | - | 160,928 | - | - | - | - | 160,928 | 1,412,948 | - |
| **A Stratton** | | | | | | | | | | |
| 2019 EIP PRs[4] | 1 March 2020, 30 Dec 2020 and 18 Aug 2022 | 27,849 | - | (27,849) | 100% | - | - | - | - | 299,934 |
| 2020 EIP PRs[5,7] | 1 March 2021 and 18 Aug 2022 | 17,203 | - | - | - | - | - | 17,203 | - | - |
| 2021 EIP PRs[6,7] | 23 Feb 2022 and 18 Aug 2022 | 36,600 | - | - | - | - | - | 36,600 | - | - |
| 2022 EIP PRs[7] | 16 Feb 2023 | - | 38,910 | - | - | - | - | 38,910 | 313,615 | - |
| 2023 LTIP | 1 May 2023 | - | 62,935 | - | - | - | - | 62,935 | 531,801 | - |
| **M Blackwell** | | | | | | | | | | |
| 2019 EIP PRs[4] | 1 March 2020, 30 Dec 2020 and 18 Aug 2022 | 28,462 | - | (28,462) | 100% | - | - | - | - | 306,536 |
| 2020 EIP PRs[5,7] | 1 March 2021 and 23 Sep 2022 | 17,185 | - | - | - | - | - | 17,185 | - | - |
| 2021 EIP PRs[6,7] | 23 Feb 2022 and 18 Aug 2022 | 37,634 | - | - | - | - | - | 37,634 | - | - |
| 2022 EIP PRs[7] | 16 Feb 2023 | - | 38,064 | - | - | - | - | 38,064 | 306,796 | - |
| 2023 LTIP | 1 May 2023 | - | 62,935 | - | - | - | - | 62,935 | 531,801 | - |

| Award | | | Number of performance rights | | | | | | Value of performance rights | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant date | Balance at 1 January 2023 KMP start date | Granted during 2023[1] | Vested / exercised into shares in 2023 | | Lapsed during 2023 | | Balance at 31 Dec 2023 | Granted in 2023[2] $ | Value vested / exercised into shares in 2023[3] |
| | | | | # | % | # | % | # | | $ |
| **S Tilka** | | | | | | | | | | |
| 2019 EIP PRs[4] | 1 March 2020, 30 Dec 2020 and 18 Aug 2022 | 13,325 | - | (13,325) | 100% | - | - | - | - | 143,510 |
| 2020 EIP PRs[5,7] | 1 March 2021 and 18 Aug 2022 | 10,307 | - | - | - | - | - | 10,307 | - | - |
| 2021 EIP PRs[6,7] | 23 Feb 2022 and 18 Aug 2022 | 32,362 | - | - | - | - | - | 32,362 | - | - |
| 2022 EIP PRs[7] | 16 Feb 2023 | - | 32,180 | - | - | - | - | 32,180 | 259,371 | - |
| 2023 LTIP | 1 May 2023 | - | 56,038 | - | - | - | - | 56,038 | 473,521 | - |

[1] Performance rights granted in respect of the 2022 EIP, which form part of the share based payments for 2022 to 2026 inclusive and the 2023 LTIP, which form part of the share based payments for 2023 to 2026

[2] Fair Value of $8.06 at point of grant for KMP and for MD's grant is $8.24 for the 2022 EIP and a Fair Value of $8.45 at point of grant for KMP and $8.78 for MD's grant for the 2023 Executive LTIP

[3] Value at point of vest. Share price at 1 March 2023 was $10.77.

[4] 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.

[5] 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" 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 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" and further details can be found in the 2022 Remuneration Report.

[7] The 2020, 2021 and 2022 EIP Performance Rights are subject to a 5 year performance period, tested against a relative total shareholder return test against a comparator group consisting of constituents of the S&P / ASX 200 Resources Index (excluding companies primarily engaged in the oil and gas sector and non-mining activities) with vesting based on a sliding scale . The Performance Rights also attract dividend equivalent payments only on those rights that vest and are subject to cessation of employment, change of control and clawback provisions consistent with those set out in section 2.

## 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 (Expiry) Date |
|---|---|---|---|---|
| 2019 EIP[2] | 1 March 2020, 30 Dec 2020 and 18 Aug 2022 | Restricted rights | 9.19 | 1 March 2021, 1 March 2022, 1 March 2023 |
| | | Performance rights | 6.83 | 1 March 2023 |
| 2020 EIP[3] | 1 March 2021 and 23 Sep 2022 | Restricted rights | 7.47 | 1 March 2022, 1 March 2023, 1 March 2024, 1 March 2025 |
| | | Performance rights | 6.15/6.36 | 1 March 2025 |
| 2021 EIP[4] | 23 February 2022 | Restricted rights | 10.99 | 1 March 2023, 1 March 2024, 1 March 2025, 1 March 2026 |
| | 23 February 2022 | Performance rights | 9.90 | 1 March 2026 |
| 2021 EIP (MD)[5] | 13 April 2022 | Restricted rights | 12.54 | 1 March 2023, 1 March 2024, 1 March 2025,<br>1 March 2026 |
| | 13 April 2022 | Performance rights | 11.45 | 1 March 2026 |
| 2022 EIP[6] | 16 February 2023 | Restricted rights | 10.92 | 1 March 2024, 1 March 2025, 1 March 2026, 1 March 2027 |
| | | Performance rights | 8.06 | 1 March 2027 |
| 2022 EIP (MD)[7] | 10 May 2023 | Restricted rights | 11.30 | 1 March 2024, 1 March 2025, 1 March 2026, 1 March 2027 |
| | | Performance rights | 8.24 | 1 March 2027 |
| 2023 STIP[8] | March 2024 | Restricted shares | 6.60 | 1 March 2025 (Tranche 1), 1 March 2026 (Tranche 2) |
| 2023 LTIP[9] | 1 May 2023 | Performance rights | 8.45 | 1 March 2027 |
| 2023 LTIP (MD)[10] | 10 May 2023 | Performance rights | 8.78 | 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 to be awarded under the 2019 EIP for which the performance period concluded on 31 December 2019 .

[3] 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.

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

[5] 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

[6] Represents the share price on the grant date of restricted rights, and fair value of $8.06 for performance rights awarded to Executive KMP.

[7] Represents the share price on the grant date of restricted rights and fair value of $8.24 for the Managing Director's award under the 2022 EIP for which the performance period concluded on 31 December 2022. 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 2022 Annual General Meeting

[8] Represents the estimated fair value of restricted rights and performance rights to be awarded under the 2023 Executive STIP for which the performance period concluded on 31 December 2023, calculated using the closing share price of $6.60 at 31 December 2023. The fair value will be determined in 2024 following the release of the company's 2023 annual results.

[9] Represents the fair value of $8.45 for performance rights awarded to Executive KMP for the 2023 LTIP at 1 May 2023

[10] Represents the fair value of $8.78 for performance rights awarded to Managing Director for the 2023 LTIP at 10 May 2023. Shareholder approval for the grant of performance rights to the Managing Director was obtained under ASX Listing Rule 10.14 at the 2022 Annual General Meeting

## 6.3 Shareholdings of Executive KMP and their related parties

| Name | Number of shares | | | | | Minimum shareholding met?[3] |
|---|---|---|---|---|---|---|
| | Balance held at 1 January 2023[1] | Vesting/ exercise of share rights pursuant to EIP | Awarded as Restricted rights pursuant to EIP | Other changes[2] | Balance held at 31 December 2023[1] | |
| T O'Leary | 1,199,937 | 80,907 | 142,502 | - | 1,423,346 | Yes |
| A Stratton | 168,476 | 27,849 | 38,910 | -26,168 | 209,067 | Yes |
| M Blackwell | 109,284 | 28,462 | 38,064 | -38,646 | 137,164 | Yes |
| S Tilka | 95,867 | 13,325 | 32,180 | -20,901 | 120,471 | Yes |

[1] Includes shares held directly or through a nominee or agent (e.g. family trust).

[2] Other changes may include those due to personal trades..

[3] As at 31 December 2023 with share price of $6.60.

## 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 2023 | Net movement | Balance held at 31 December 2023 | |
| R Cole[3] | 37,000 | - | 37,000 | Yes |
| M Bastos[3] | 23,664 | 558 | 24,222 | Yes |
| S Corlett | 16,040 | - | 16,040 | No |
| L Saint | 18,441 | 1,296 | 19,737 | Yes |
| A Sutton | 22,000 | - | 22,000 | Yes |

[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).

## 6.5 Other disclosures

### On-market share purchases

Iluka issued 1,000,000 shares to satisfy employee incentive schemes in 2023, at an average price of $10.62 per share.

### Transactions with key management personnel

During the financial year there were no product or services purchased by Executive KMP from the Group (2023: nil) and there are no amounts payable at 31 December 2023 (2023: nil).

### Loans with KMPs

There have been no loans to Executive KMP during the financial year (2023: nil).

## END OF REMUNERATION REPORT

# Auditor's Independence Declaration

As lead auditor for the audit of Iluka Resources Limited for the year ended 31 December 2023, 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 2024

# Financial statements

**ILUKA RESOURCES LIMITED** ABN 34 0089 675 018

## FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

### 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 2024. 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 2023

| | Notes | 2023<br>$m | 2022<br>$m |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 4 | **1,291.0** | 1,611.3 |
| Other gains/(losses) | 5 | **43.2** | 22.9 |
| Expenses | 6 | **(850.8)** | (922.7) |
| Equity accounted share of profit - Deterra Resources | 23 | **27.3** | 29.6 |
| Interest and finance charges | | **(7.8)** | (6.0) |
| Rehabilitation and mine closure provision discount unwind and rate changes | 8 | **(31.4)** | (5.0) |
| **Total finance costs** | 15 | **(39.2)** | (11.0) |
| **Profit before income tax** | | **471.5** | 730.1 |
| Income tax expense | 11 | **(128.9)** | (212.8) |
| **Profit after income tax for the year from continuing operations** | | **342.6** | 517.3 |
| **DISCONTINUED OPERATIONS** | | | |
| Profit after tax from discontinued operations | 22 | **-** | 71.2 |
| **Profit for the year, attributable to:** | | **342.6** | 588.5 |
| Equity holders of Iluka Resources Limited | | **342.6** | 584.5 |
| Non-controlling interest | 22 | **-** | 4.0 |
| | | **Cents** | Cents |
| ***Earnings per share from continuing operations attributable to the ordinary equity holders of the parent*** | | | |
| Basic earnings per share | 19 | **80.5** | 116.9 |
| Diluted earnings per share | 19 | **79.8** | 115.9 |
| ***Earnings per share attributable to the ordinary equity holders of the parent*** | | | |
| Basic earnings per share | 19 | **80.5** | 139.3 |
| Diluted earnings per share | 19 | **79.8** | 138.1 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Notes | **2023<br>$m** | **2022**<br>$m |
|---|---|---|---|
| Profit for the year | | **342.6** | 588.5 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Currency translation of foreign entities | 17 | **(2.2)** | (17.5) |
| Movements in foreign exchange cash flow hedges, net of tax | 17 | **4.9** | (2.5) |
| | | **-** | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurements of post-employment benefit obligations | 17 | **0.5** | 11.0 |
| **Total other comprehensive profit/(loss) for the year, net of tax** | | **3.2** | (9.0) |
| **Total comprehensive income for the year attributable to:** | | **345.8** | 579.5 |
| Equity holders of Iluka Resources Limited | | **345.8** | 575.5 |
| Non-controlling interest | 22 | **-** | 4.0 |
| ***Total comprehensive income for the year attributable to the equity holders of the parent arises from:*** | | | |
| Continuing operations | | **345.8** | 504.3 |
| Discontinued operations | 22 | **-** | 71.2 |

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

**ILUKA RESOURCES LIMITED**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

| | Notes | 2023<br>$m | 2022<br>$m |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 15 | **364.9** | 521.7 |
| Receivables | 13 | **283.1** | 275.1 |
| Inventories | 14 | **662.7** | 543.3 |
| Derivative financial instruments | 21 | **2.6** | - |
| **Total current assets** | | **1,313.3** | 1,340.1 |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **1,333.7** | 1,116.0 |
| Right-of-use assets | 10 | **18.4** | 22.9 |
| Inventories | 14 | **142.0** | 18.3 |
| Investments accounted for using the equity method - Deterra | 23 | **446.3** | 449.5 |
| Financial assets at fair value through profit or loss - Northern Minerals | 22 | **15.0** | 20.0 |
| Deferred tax assets | 12 | **62.1** | 35.0 |
| **Total non-current assets** | | **2,017.5** | 1,661.7 |
| **Total assets** | | **3,330.8** | 3,001.8 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables | | **177.0** | 143.7 |
| Current tax payable | | **39.6** | 135.3 |
| Derivative financial instruments | 21 | **-** | 4.4 |
| Provisions | 8 | **62.7** | 81.5 |
| Lease liabilities | 10 | **8.4** | 8.9 |
| **Total current liabilities** | | **287.7** | 373.8 |
| **Non-current liabilities** | | | |
| Interest bearing liabilities | 15 | **139.5** | 33.0 |
| Provisions | 8 | **729.3** | 679.6 |
| Lease liabilities | 10 | **15.8** | 20.6 |
| **Total non-current liabilities** | | **884.6** | 733.2 |
| **Total liabilities** | | **1,172.3** | 1,107.0 |
| **Net assets** | | **2,158.5** | 1,894.8 |
| **EQUITY** | | | |
| Contributed equity | 16 | **1,143.2** | 1,129.6 |
| Reserves | 17 | **21.4** | 16.6 |
| Retained earnings | 17 | **993.9** | 748.6 |
| **Total equity** | | **2,158.5** | 1,894.8 |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**ILUKA RESOURCES LIMITED**

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2023

| | | Attributable to owners of Iluka Resources Limited | | | | | |
|---|---|---|---|---|---|---|---|
| | Notes: | 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 period | 17 | - | - | 584.5 | 584.5 | 4.0 | 588.5 |
| Other comprehensive 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 |
| Issue 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 | 17 | - | 5.4 | - | 5.4 | (5.4) | - |
| Transfer of loss in ownership changes | 17 | - | 16.7 | (16.7) | - | - | - |
| Return of capital - SRL demerger | 22 | (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** |

| | | Attributable to owners of Iluka Resources Limited | | | | | |
|---|---|---|---|---|---|---|---|
| | Notes: | Share capital $m | Other reserves $m | Retained earnings $m | Total $m | NCI $m | Total equity $m |
| **Balance at 1 January 2023** | | 1,129.6 | 16.6 | 748.6 | 1,894.8 | - | 1,894.8 |
| Profit for the period | 17 | - | - | 342.6 | 342.6 | - | 342.6 |
| Other comprehensive loss | 17 | - | 2.7 | 0.5 | 3.2 | - | 3.2 |
| **Total comprehensive income** | | - | 2.7 | 343.1 | 345.8 | - | 345.8 |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Shares issued | 16 | 10.6 | - | - | 10.6 | - | 10.6 |
| Issue of treasury shares, net of tax | | (7.8) | - | - | (7.8) | - | (7.8) |
| Transfer of shares to employees, net of tax | | 10.0 | (10.0) | - | - | - | - |
| Share-based payments, net of tax | | - | 12.1 | - | 12.1 | - | 12.1 |
| Dividends paid | 18 | 0.8 | | (97.8) | (97.0) | - | (97.0) |
| | | 13.6 | 2.1 | (97.8) | (82.1) | - | (82.1) |
| **Balance at 31 December 2023** | | **1,143.2** | **21.4** | **993.9** | **2,158.5** | **-** | **2,158.5** |

*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 2023

| | Notes | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **1,278.1** | 1,674.7 |
| Payments to suppliers and employees | | **(931.4)** | (963.5) |
| **Operating cash flow** | | **346.7** | 711.2 |
| | | | |
| Interest received | | **18.5** | 6.2 |
| Interest paid | | **(1.3)** | (1.5) |
| Income taxes paid | | **(255.5)** | (104.1) |
| Exploration expenditure | | **(18.8)** | (10.3) |
| **Net cash inflow from operating activities** | 29 | **89.6** | 601.5 |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(281.4)** | (152.6) |
| Sale of property, plant and equipment | | **10.1** | 0.1 |
| Payment for investment in listed securities - Northern Minerals | 22 | **-** | (20.0) |
| Dividends received - Deterra Royalties | 23 | **30.5** | 35.7 |
| **Net cash outflow from investing activities** | | **(240.8)** | (136.8) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 15 | **100.0** | 40.7 |
| Dividends paid | 18 | **(97.0)** | (146.8) |
| Debt refinance costs | | **-** | (7.7) |
| Principal element of lease payments | 10 | **(8.4)** | (8.8) |
| Settlement of put option - SRL demerger | 22 | **-** | (11.5) |
| **Net cash outflow inflow from financing activities** | | **(5.4)** | (134.1) |
| | | | |
| **Net increase (decrease) in cash and cash equivalents** | | **(156.6)** | 330.6 |
| | | | |
| Cash and cash equivalents at 1 January | | **521.7** | 294.8 |
| Effects of exchange rate changes on cash and cash equivalents | | **(0.2)** | 1.9 |
| Cash associated with SRL (demerged) | 22 | **-** | (105.6) |
| **Cash and cash equivalents at year-end** | 15 | **364.9** | 521.7 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR-ENDED 31 DECEMBER 2023

### BASIS OF PREPARATION

### KEY NUMBERS

### CAPITAL

### RISK

### GROUP STRUCTURE

### OTHER NOTES

# BASIS OF PREPARATION

## 1. REPORTING ENTITY

Iluka Resources Limited (Company or parent entity) is a for-profit public company listed on the Australian Securities Exchange Limited (ASX) incorporated in Australia and is primarily involved in mineral sands and rare earths exploration, project development, mining operations, processing and marketing.

The consolidated financial statements of the Company comprise the Company and its controlled entities (‘Consolidated Group’ or ‘Group’) and the Consolidated Entity’s interest in associates.

## 2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

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

New and amended standards adopted by the Group, and their related impacts on the financial statements (if any), are detailed in note 32.

### a) Principles of consolidation

#### Subsidiaries

Subsidiaries are all entities (including structured entities) controlled by the Company. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The consolidated financial statements are prepared by consolidating the financial statements of all entities within the Group as defined in *AASB 10 Consolidated Financial Statements*. 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.

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.

#### Associates

Associates are 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.

## 2. BASIS OF PREPARATION(CONTINUED)

### a) Principles of consolidation (continued)

### 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) 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, unless otherwise indicated.

### c) 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** |
|---|---|
| Impairment of assets | 7 |
| 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

## 3. 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. The operating segments of the Group are:

**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; the rutile-rich deposit at West Balranald (New South Wales), and certain idle assets located in Australia (Murray Basin).

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 2023 (2022: $nil).

### b) Segment results

| *2023* | **JA/MW**<br>$m | **C/SW**<br>$m | **RE**<br>$m | **US/MB**<br>$m | **Total**<br>$m |
|---|---|---|---|---|---|
| Total segment sales of critical minerals | 611.8 | 626.5 | - | - | 1,238.3 |
| Total segment freight revenue | 31.1 | 21.6 | - | - | 52.7 |
| Depreciation and amortisation expense | (52.2) | (111.7) | - | (0.9) | (164.8) |
| Changes in rehabilitation recognised in profit or loss | 7.9 | (1.2) | - | (2.4) | 4.3 |
| Total segment result | 368.1 | 221.6 | - | 4.8 | 594.5 |
| Segment assets | 734.9 | 1,236.3 | 212.0 | 243.0 | 2,426.2 |
| Segment liabilities | 323.3 | 432.8 | 221.7 | 107.9 | 1,085.7 |
| Segment capital expenditure | 15.8 | 90.9 | 139.1 | 69.0 | 314.8 |
| Additions to non-current segment assets | 16.0 | 149.3 | 148.3 | 69.0 | 382.7 |

## 3. SEGMENT INFORMATION (CONTINUED)

### b) Segment results (continued)

| *2022* | **JA/MW**<br>$m | **C/SW**<br>$m | **RE**<br>$m | **US/MB**<br>$m | **Total**<br>$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 |

Critical minerals revenue is derived from sales to external customers domiciled in various geographical regions. Details of Segment Revenue by location of customers are as follows:

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| China | **402.8** | 524.3 |
| Asia excluding China | **237.7** | 253.5 |
| Europe | **341.8** | 343.9 |
| Americas | **252.6** | 337.8 |
| Other countries | **3.4** | 73.3 |
| | **1,238.3** | 1,532.8 |

Revenue of $202.8 million and $105.2 million was derived from two external customers of the mineral sands segments, which individually account for greater than 10% of the total segment revenue (2022: revenues of $294.1 million and $150.8 million from two external customers).

## 3. SEGMENT INFORMATION (CONTINUED)

### b) Segment results (Continued)

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

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| **Segment result** | **594.5** | 808.5 |
| Interest income | **18.4** | 7.4 |
| Marketing and selling | **(13.1)** | (11.6) |
| Corporate and other costs | **(79.7)** | (73.9) |
| Revaluation loss on investment in Northern Minerals | **(5.0)** | - |
| Projects, innovation and exploration | **(61.2)** | (37.0) |
| Depreciation | **(3.0)** | (2.9) |
| Interest and finance charges | **(4.6)** | (4.5) |
| Net foreign exchange gain | **(2.1)** | 14.5 |
| Share of profits in associate | **27.3** | 29.6 |
| **Profit before income tax from continuing operations** | **471.5** | 730.1 |

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

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| Segment assets | **2,426.2** | 1,972.0 |
| Corporate assets | **31.3** | 23.6 |
| Cash and cash equivalents | **364.9** | 521.7 |
| Deferred tax assets | **62.1** | 35.0 |
| Investment in Deterra Resources Limited | **446.3** | 449.5 |
| **Total assets as per the balance sheet** | **3,330.8** | 3,001.8 |
| | | |
| Segment liabilities | **1,085.7** | 924.3 |
| Corporate liabilities | **47.0** | 47.4 |
| Current tax payable | **39.6** | 135.3 |
| **Total liabilities as per the balance sheet** | **1,172.3** | 1,107.0 |

## 4. REVENUE

| | Notes: | **2023<br>$m** | 2022<br>$m |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| *Sales revenue* | | | |
| Sale of goods | 4(a) | **1,238.3** | 1,523.8 |
| Freight revenue | 4(b) | **52.7** | 87.5 |
| | | **1,291.0** | 1,611.3 |

### 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 Australian Dollars 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 $nil million relating to contracts in place at the end of the prior year (2022: $3.8 million), and excludes $0.6 million which has been deferred at the end of the current year in relation to unfulfilled shipping obligations (2022: $nil million).

## 5. OTHER GAINS/(LOSSES)

|  | Notes: | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|---|
| Interest income | 5(a) | **18.4** | 7.4 |
| Foreign exchange (losses)/gains, net | 5(b) | **(2.1)** | 14.5 |
| Gain on sale of fixed assets | 5(c) | **26.9** | 1.0 |
|  |  | **43.2** | 22.9 |

### a) Interest income

Interest income is recognised in profit or loss using the effective interest method, net of capitalised borrowing costs.

### b) Foreign exchange (losses)/gains

Transactions in foreign currencies are translated into Australian dollars using the spot exchange rate when the transaction occurs. 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. Non-monetary items that are measured based on historical cost in a foreign currency are not re-translated.

Foreign currency differences are recognised in profit or loss (and included in other gains/(losses)) to the extent that they are not part of a designated hedging relationship or form part of the net investment in a foreign operation (notes 17 and 21, respectively).

### c) Gain on sale of fixed assets

Iluka previously operated mineral sands mining and processing facilities in the US, including those in Virginia, which ceased operations in 2015. Subsequent efforts have been focused on rehabilitation and reclamation.

During the current reporting period, the Group sold certain assets (with a $nil carrying value) together with related rehabilitation obligations in Virginia of $16.6 million for cash proceeds of $10.3 million.

## 6. EXPENSES

| | Notes: | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|---|
| **Expenses** | | | |
| Cash costs of production | 6(a) | **605.2** | 508.3 |
| Depreciation/amortisation | | **156.4** | 141.1 |
| Inventory movement - cash costs of production | | **(173.6)** | (29.1) |
| Inventory movement - non-cash production costs | | **(51.7)** | (9.9) |
| **Cost of goods sold** | 6(b) | **536.3** | 610.4 |
| | | | |
| By-product costs | 6(c) | **11.2** | 12.7 |
| Depreciation (idle, corporate and other) | | **11.4** | 3.3 |
| Idle capacity charges | 6(d) | **20.1** | 12.5 |
| Rehabilitation (credits) or costs for closed sites | 6(e) | **(4.3)** | 11.1 |
| Government royalties | | **47.1** | 47.2 |
| Marketing and selling costs | | **80.1** | 116.5 |
| Corporate and other costs | 6(f) | **79.7** | 72.0 |
| Projects, exploration and innovation | 6(g) | **61.2** | 37.0 |
| Revaluation on investments - Northern Minerals | | **5.0** | - |
| Net loss on sales of assets | | **3.0** | - |
| | | **850.8** | 922.7 |

### 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 zircon, rutile, synthetic rutile and ilmenite sold. All production is added to inventory at cost, which includes direct costs and a 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) By-product costs

By-product costs include the costs of processing iron concentrate, processing activated carbon, monazite treatment, wet high intensity magnetic separation (WHIMS), and other transport costs.

### d) Idle capacity charges

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

## 6. EXPENSES (CONTINUED)

### 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 $33.4 million (2022: $25.1 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) 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:

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| Employee benefits (excluding share-based payments) | **195.0** | 194.1 |
| Share-based payments | **16.8** | 15.7 |
| Exploration expenditure | **10.6** | 10.9 |
| Expenses for short term, low value leases and leases with variable payments | **2.0** | 0.8 |
| Inventory NRV write-downs/(reversals) - finished goods and WIP | **0.5** | 0.9 |

## 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.

### a) Impairment indicator assessments

The Group assessed all CGUs for the presence of impairment indicators at the reporting date, including those which may have arisen due to the economic impacts of ongoing conflicts, climate change, and the COVID-19 pandemic.

Impairment indicators were found to be present in the Cataby/South West CGU, predominantly due to uncertain market conditions resulting in the decision to idle the SR1 kiln through 2024, and increases in sustaining capital expenditure for the next phase of Cataby development.

The Group did not note any conditions that suggest previously recognised impairments can be reversed.

### b) Impairment testing – Cataby/South West CGU

The Cataby/South West CGU has a net asset carrying value of $802.9 million at 31 December 2023 (2022: $665.1 million), including $608.4 million of working capital and $373.4 million of rehabilitation provision liabilities.

In assessing impairment, the Group is required to determine the recoverable amount as the higher of the value in use, being the net present value of expected future cashflows of the CGU in its current condition, and the fair value less cost of disposal (FVLCD). The Group has used the FVLCD approach to assess the recoverable amount of the Cataby/South West CGU.

The Group estimated the recoverable amount of the Cataby/South West CGU, and determined that it exceeds its carrying amount. Accordingly, no impairment is required to be recognised in the current reporting period.

**Key estimate: recoverable amount calculations**

In determining the recoverable amount of the Cataby/South West CGU, estimates have been made regarding the present value of future cash flows in the absence of quoted market prices.

These estimates require significant levels of judgement and are subject to risk and uncertainty that may be beyond the control of the Group, including political risk, climate change risk, and other global uncertainty risks.

The estimates of discounted future cash flows used in determining the Cataby/South West CGU recoverable amount are based on significant assumptions including:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and ore resources;
- future production levels and the ability to sell that production;
- future product prices and exchange rates, determined using external market analyst forecasts,
- successful development and operation of new mining areas consistent with forecasts and life of mine plans;
- future cash costs of production (including those related to compliance with the safeguard mechanism associated with greenhouse gas emissions by the CGU's synthetic rutile kilns), sustaining capital expenditure, rehabilitation and mine closure; and
- an asset specific discount rate applicable to the CGU.

Given the nature of the Group's mining activities, changes in assumptions upon which these estimates are based may give rise to material adjustments. This could lead to recognition of new impairment charges in the future, or the reversal of impairment charges already recognised.

## 8. PROVISIONS

| | Notes: | **2023<br>$m** | 2022<br>$m |
|---|---|---|---|
| **Current** | | | |
| Rehabilitation and mine closure | 8(a) | **45.7** | 66.8 |
| Employee benefits - long service leave | 8(b) | **14.8** | 13.4 |
| Workers compensation and other provisions | | **2.2** | 1.3 |
| | | **62.7** | 81.5 |
| **Non-current** | | | |
| Rehabilitation and mine closure | 8(a) | **716.8** | 668.6 |
| Employee benefits - long service leave | 8(b) | **4.8** | 3.4 |
| Retirement benefit obligations | 28 | **7.7** | 7.6 |
| | | **729.3** | 679.6 |

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 expenses 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:

| **Movements in rehabilitation and mine closure provisions** | Notes: | **2023<br>$m** |
|---|---|---|
| Balance at 1 January | | **735.4** |
| Amounts spent during the year | | **(41.9)** |
| Rehabilitation and mine closure provision unwind | 15(d) | **31.4** |
| Change in provisions - additions to property, plant and equipment | | **57.4** |
| Change in provisions - profit or loss impact of closed sites - continuing operations | | **(4.3)** |
| Change in provisions - sale of assets | 5(c) | **(16.6)** |
| Foreign exchange rate movements | | **1.1** |
| **Balance at 31 December** | | **762.5** |

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 total rehabilitation and mine closure provision of $762.5 million (2022: $735 million) includes $233.3 million (2022: $253.1 million) for assets no longer in use. Changes in the expected rehabilitation liability that relate to closed sites are recognised as a credit to or expense in profit or loss (refer to note 6).

Open site rehabilitation liabilities increased by $57.4 million in the current reporting period (2022: increased by $122.2 million), predominantly due to an increase in disturbed area and higher earth moving rates at Cataby. An increased mining footprint at Eneabba Rare Earths also contributed, due to progress on construction of the Eneabba Rare Earths Refinery. Jacinth-Ambrosia and Cataby comprise $191.6 million and $268.8 million of the rehabilitation provision balance, respectively.

## 8. PROVISIONS (CONTINUED)

### a) Rehabilitation and mine closure (continued)

**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 change of one percent in only the discount rate used to calculate rehabilitation and mine closure provisions would result in a decrease to their closing balance of $71.2 million. Of this amount, $52.3 million would be recognised as a decrease in rehabilitation assets for open sites, and $18.9 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 | Plant, machinery & equipment | Mine reserves & development | Exploration & evaluation | Total |
|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m |
| **At 1 January 2022** | | | | | |
| 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) |
| Opening written down value | 136.6 | 366.5 | 495.6 | 10.8 | 1,009.5 |
| | | | | | |
| Additions | 3.6 | 100.7 | 150.1 | 0.1 | 254.5 |
| 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** |
| | | | | | |
| **Year ended 31 December 2023** | | | | | |
| Additions | 12.1 | 284.0 | 88.3 | - | 384.4 |
| Disposals | (4.6) | (0.6) | (0.1) | (0.1) | (5.4) |
| Depreciation | (1.8) | (78.4) | (80.9) | - | (161.1) |
| Exchange differences[2] | 0.1 | 0.3 | (0.3) | (0.3) | (0.2) |
| **Closing written down value** | **146.4** | **604.2** | **572.4** | **10.7** | **1,333.7** |
| | | | | | |
| **At 31 December 2023** | | | | | |
| Cost | 187.7 | 2,302.9 | 1,211.0 | 27.2 | 3,728.8 |
| Accumulated depreciation[1] | (41.3) | (1,698.7) | (638.6) | (16.5) | (2,395.1) |
| **Closing written down value** | **146.4** | **604.2** | **572.4** | **10.7** | **1,333.7** |

[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 $57.4 million (2022: $96.8 million) relating to rehabilitation.

## 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 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 $318.5 million, $49.2 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 (2022: $60.5 million, $48.5 million and $0.9 million, 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 (2022: $99.1 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) Capitalised borrowing costs

Refer to note 15 for details on capitalised borrowing costs.

### g) Impairment of PPE

Refer to note 7 for details on impairment testing.

## 10. LEASES

### a) Amounts recognised in the statement of financial position

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| ***Right-of-use assets*** | | |
| Buildings | **7.0** | 7.2 |
| Plant, machinery and equipment | **11.4** | 15.7 |
| | **18.4** | 22.9 |
| ***Lease Liabilities*** | | |
| Current | **8.4** | 8.9 |
| Non-current | **15.8** | 20.6 |
| | **24.2** | 29.5 |

Additions to the right-of-use assets during the reporting period were $1.6 million (2022: $1.7million). Right-of-use assets are reflected net of incentives received. The maturity analysis of lease liabilities is included in note 19(d).

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

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| ***Amortisation charge of right-of-use assets*** | | |
| Buildings | **1.0** | 1.0 |
| Plant, machinery and equipment | **5.7** | 6.3 |
| | **6.7** | 7.3 |
| Borrowing costs | **0.8** | 1.0 |
| Expenses relating to short term leases, low value leases and leases with variable payments | **2.0** | 0.8 |

Payments for the principal element of leases of $8.4 million (2022: $8.8 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.

## 10. LEASES (CONTINUED)

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

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 4.8% (2022: 4.2%).

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

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| Current tax | **158.9** | 202.0 |
| Deferred tax | **(26.6)** | 10.7 |
| (Over)/under provided in previous years | **(3.4)** | 0.1 |
| | **128.9** | 212.8 |

## 11. INCOME TAX EXPENSE (CONTINUED)

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

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| Profit from continuing operations before income tax expense | **471.5** | 730.1 |
| Profit from discontinued operations before income tax expense | **-** | 71.2 |
| | **471.5** | 801.3 |
| Tax at the Australian tax rate of 30% (2022: 30%) | **141.5** | 240.4 |
| Tax effect of amounts not deductible (taxable) in calculating taxable income: | | |
| Equity accounted share of profit - Deterra | **(8.2)** | (8.9) |
| Non-assessable income | **-** | (0.5) |
| Remeasurement loss on Northern Minerals | **1.5** | - |
| Non-deductible expenses | **0.1** | 1.8 |
| Other items | **0.4** | (25.8) |
| (Gains)/losses not recognised by overseas operations | **(3.0)** | 1.2 |
| Demerger distribution | **-** | 4.5 |
| | **132.3** | 212.7 |
| Difference in overseas tax rates | **-** | - |
| (Over)/under provision in prior years | **(3.4)** | 0.1 |
| Income tax expense | **128.9** | 212.8 |

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 and federal tax losses are not considered probable. Unrecognised US state and federal tax losses for which no deferred tax asset has been recognised are US$679.4 million (equivalent to $995.2 million) at 31 December 2023 (2022: US$562.2 million, equivalent to $830.2 million).

Unused capital losses for which no deferred tax asset has been recognised are approximately $101.5 million (2022: $81.1 million) (tax at the Australian rate of 30%: $30.4 million (2022: $24.3 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

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| Changes in fair value of foreign exchange cash flow hedges | **(2.1)** | 0.7 |
| Actuarial gains (losses) on retirement benefit obligation | **(0.2)** | (3.3) |
| | **(2.3)** | (2.6) |

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

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| **Deferred tax asset:** | | |
| *The balance comprises temporary differences attributable to:* | | |
| Employee provisions | **11.2** | 9.0 |
| Rehabilitation provisions | **219.4** | 204.8 |
| Lease liabilities | **7.0** | 8.9 |
| Other | **17.0** | 9.3 |
| Gross deferred tax assets | **254.6** | 232.0 |
| | | |
| Amount offset from deferred tax liabilities pursuant to set-off provision | **(192.5)** | (197.0) |
| **Net deferred tax assets** | **62.1** | 35.0 |
| | | |
| **Deferred tax liability:** | | |
| *The balance comprises temporary differences attributable to:* | | |
| Property, plant and equipment | **(171.2)** | (168.9) |
| Inventory | **(14.0)** | (17.4) |
| Treasury shares | **(0.3)** | (1.6) |
| Right-of-use assets | **(5.3)** | (8.3) |
| Receivables | **(0.4)** | (0.5) |
| Other | **(1.3)** | (0.3) |
| Gross deferred tax liabilities | **(192.5)** | (197.0) |
| | | |
| Amount offset to deferred tax assets pursuant to set-off provision | **192.5** | 197.0 |
| **Net deferred tax liabilities** | **-** | - |
| | | |
| **Movements in net deferred tax balance:** | | |
| Balance at 1 January | **35.0** | 39.1 |
| Credited/(charged) to the income statement | **26.6** | (10.7) |
| Over provision in prior years | **4.5** | 3.4 |
| Charged directly to equity | **(4.0)** | 3.5 |
| Transfers | **-** | (0.3) |
| Balance at 31 December | **62.1** | 35.0 |

### 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

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| Trade receivables | **254.8** | 248.0 |
| Other receivables | **12.0** | 8.0 |
| Prepayments | **16.3** | 19.1 |
| | **283.1** | 275.1 |

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 1). 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 58 days of the invoice being issued (2022: 53 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 2023 (2022: 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 of $nil are included in other expenses (2022: $nil).

There was $4.0 million overdue at balance date (2022: $18.8 million), of which $nil million is more than 28 days overdue (2022: $nil million). 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 (2022: $nil million).

### b) Credit risk

At 31 December 2023 the trade receivables balance was $254.8 million, with $63.4 million secured by letters of credit. As a result, the Group had $191.4 million of uninsured receivables at the reporting date (2022: $209.0 million uninsured receivables). Further details regarding the Group's approach to managing customer credit risk are outlined in note 20(b).

## 14. INVENTORIES

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| *Current* | | |
| Work in progress | **194.0** | 304.8 |
| Finished goods | **412.7** | 205.6 |
| Consumables stores | **56.0** | 32.9 |
| Total current inventories | **662.7** | 543.3 |
| *Non-Current* | | |
| Finished goods | **16.9** | - |
| Work in progress | **125.1** | 18.3 |
| Total non-current inventories | **142.0** | 18.3 |
| **Total Inventories** | **804.7** | 561.6 |

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 $nil (2022: $1.2 million) is carried at net realisable value, with all other finished goods and 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 $0.5 million were reversed for work in progress or finished goods (2022: $0.9 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 2023 (2022: $0.1 million).

Inventory of $142.0 million (2022: $18.3 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

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| *Cash and cash equivalents* | | |
| Cash at bank and in hand | **129.7** | 116.7 |
| Deposits at call | **235.2** | 405.0 |
| **Total cash and cash equivalents** | **364.9** | 521.7 |
| *Non-current interest bearing liabilities (unsecured)* | | |
| EFA loan facility | **(145.9)** | (40.7) |
| Deferred borrowing costs | **6.4** | 7.7 |
| **Total interest-bearing liabilities** | **(139.5)** | (33.0) |
| **Net cash** | **225.4** | 488.7 |

### 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 5.3% (2022: 0.1% and 4.4%) on Australian and foreign currency denominated deposits.

### b) Interests-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 Option 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. No amounts were drawn down against the MOFA at the current or comparative reporting dates. The Group cancelled $70 million of the MOFA prior to its expiry during the current reporting period. Undrawn MOFA facilities at 31 December 2023 were $570.0 million (2022: $640.0 million). The table below details the facility expiries:

| | | **Facility Expiry** | | | |
|---|---|---|---|---|---|
| **$m** | **Total Facility** | **2024** | **2025** | **2026** | **2027** |
| **At 31 December 2023** | **570** | - | - | - | **570** |
| At 31 December 2022 | 640 | 70 | - | - | 570 |

## 15.NET CASH AND FINANCE COSTS (CONTINUED)

### b) Interests-bearing liabilities (continued)

*(ii) Export Finance Australia*

The Group (via Iluka Eneabba Pty Ltd, a special purpose entity) has access to funds for construction and commissioning of the Eneabba Rare Earths Refinery (ERER) under a risk sharing agreement with the Australian Government (as part of its Critical Minerals Facility initiative). The facility is administered by Export Finance Australia (EFA).

The total facility amounts to $1,250 million, is non-recourse to Iluka, is secured against the ERER asset, and has a variable interest rate equal to the BBSY + 3% with a total term of up to 16 years expiring in 2038. Facility repayments commence on project completion. In addition to the facility, the Group will contribute cash equity of $200 million (provided on a 1:3 ratio basis with initial loan drawdowns).

At 31 December 2023, $145.9 million was drawn against the facility, leaving $1,104.1 million undrawn (2022: $40.7 drawn, $1,209.3 million undrawn).

### c) Interest rate exposure

As at the reporting date, $145.9 million was drawn down (2022: $40.7 million) on the EFA facility and is subject to an effective weighted average floating interest rate of 7.2% (2022: 6.3%). The contractual repricing date of all floating rate interest-bearing liabilities at the balance date is within one year.

### d) Finance costs

| | **2023<br>$m** | 2022<br>$m |
|---|---|---|
| Interest charges on interest-bearing liabilities | **0.6** | 0.5 |
| Amortisation of deferred borrowing costs | **0.9** | 0.4 |
| Bank fees and similar charges | **5.5** | 4.1 |
| Lease borrowing costs | **0.8** | 1.0 |
| Rehabilitation and mine closure provision discount unwind | **31.4** | 15.3 |
| Rehabilitation provision discount rate changes | **-** | (10.3) |
| Total finance costs | **39.2** | 11.0 |

*(i) Capitalisation of borrowing costs*

The Group capitalises borrowing costs incurred on the EFA facility to the extent they are incurred for the construction of the Eneabba Rare Earths Refinery. Borrowing costs comprise interest and related amortisation of deferred borrowing costs on the EFA facility, net of interest income. The Group capitalised $4.4 million to the cost of the Eneabba Rare Earths Refinery during the current reporting period (2022: $0.1 million), which is included in additions to property, plant and equipment.

*(ii) 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 through profit or loss to the extent they are not capitalised to qualifying assets.

*(iii) 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).

*(iv) Rehabilitation provision discount rate changes*

Differences arising from changes to the discount rates used to calculate rehabilitation provisions are recognised in profit or loss as finance costs. There was no change to the risk free discount rates used in calculating rehabilitation provisions in the current reporting period. Refer to note 8.

## 16. CONTRIBUTED EQUITY

| | **2023 Shares** | 2022 Shares | **2023 $m** | 2022 $m |
|---|---|---|---|---|
| **Balance on 1 January, comprising** | | | | |
| 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) |
| | **424,464,616** | 421,991,190 | **1,129.6** | 1,148.3 |
| ***Movement in ordinary share capital*** | | | | |
| 2023 Interim Dividend - DRP | **19,496** | - | **0.6** | - |
| 2022 Final Dividend - DRP | **80,655** | - | **0.2** | - |
| 2022 Interim Dividend - DRP | **-** | 695,704 | **-** | 6.9 |
| 2021 Final Dividend - DRP | **-** | 304,105 | **-** | 3.1 |
| Share issue | **1,000,000** | 730,000 | **10.6** | 8.1 |
| Capital return - SRL demerger | **-** | - | **-** | (41.0) |
| ***Movements in treasury shares, net of tax*** | | | | |
| Employee share allocations | **1,367,892** | 1,473,617 | **10.0** | 10.0 |
| Treasury share purchases | **(1,000,000)** | (730,000) | **(7.8)** | (5.8) |
| **Balance on 31 December, comprising** | **425,932,659** | 424,464,616 | **1,143.2** | 1,129.6 |
| Ordinary shares - fully paid | **426,032,302** | 424,932,151 | **1,143.9** | 1,132.5 |
| Treasury shares - net of tax | **(99,643)** | (467,535) | **(0.7)** | (2.9) |

### 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** |
|---|---|---|---|
| 2022 final | 30 March 2023 | 10.09 | 80,655 |
| 2023 interim | 27 September 2023 | 8.11 | 19,496 |

### 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.

## 17. RESERVES AND RETAINED EARNINGS

| | Notes: | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|---|
| *Asset revaluation reserve* | | | |
| Balance at 1 January | | **10.7** | 10.7 |
| Transfer to retained earnings on disposal | | - | - |
| **Balance at 31 December** | 17(a) | **10.7** | 10.7 |
| | | | |
| *Hedge reserve* | | | |
| Balance at 1 January | | **(3.5)** | (1.0) |
| Changes in the fair value of hedging instruments recognised in equity | | **11.7** | (8.8) |
| Reclassified to profit or loss | | **(4.7)** | 5.2 |
| Deferred tax | | **(2.1)** | 1.1 |
| **Balance at 31 December** | 17(b) | **1.4** | (3.5) |
| | | | |
| *Share-based payments reserve* | | | |
| Balance at 1 January | | **8.3** | 7.3 |
| Share-based payments, net of tax | | **12.1** | 11.0 |
| Transfer of shares to employees, net of tax | | **(10.0)** | (10.0) |
| **Balance at 31 December** | 17(c) | **10.4** | 8.3 |
| | | | |
| *Foreign currency translation* | | | |
| Balance at 1 January | | **1.1** | 36.2 |
| Currency translation of US operation | | **(2.3)** | (8.4) |
| Currency translation of SRL up to demerger | | **-** | (13.6) |
| Transfer of FCTR on demerger of SRL | | **-** | (17.5) |
| Translation differences on other foreign operations | | **0.1** | 4.4 |
| **Balance at 31 December** | 17(d) | **(1.1)** | 1.1 |
| | | | |
| *Other reserves* | | | |
| Balance at 1 January | | **-** | (22.1) |
| Transactions with non-controlling interests | | **-** | 5.4 |
| Transfer of loss in ownership changes | | **-** | 16.7 |
| **Balance at 31 December** | 17(e) | **-** | - |
| | | | |
| **Total reserves** | | **21.4** | 16.6 |
| | | | |
| *Retained earnings* | | | |
| Balance at 1 January | | **748.6** | 413.9 |
| Net profit for the year attributable to the equity holders of the parent | | **342.6** | 584.5 |
| Dividends paid | | **(97.8)** | (261.6) |
| Transfer of FCTR on demerger of SRL | | **-** | 17.5 |
| Actuarial gains on retirement benefit obligation, net of tax | | **0.5** | 11.0 |
| Transactions with non-controlling interest | | **-** | (16.7) |
| **Balance at 31 December** | | **993.9** | 748.6 |

### 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.

## 17. RESERVES AND RETAINED EARNINGS (CONTINUED)

### 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 15) 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 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. There were no such transactions in the current reporting period.

## 18. DIVIDENDS

| | Notes | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|---|
| *Final dividend* | | | |
| for 2022 of 20 cents per share, fully franked | | **85.0** | - |
| for 2021 of 12 cents per share, fully franked | | **-** | 50.7 |
| | | | |
| Interim dividend | | | |
| for 2023 of 3 cents per share, fully franked | | **12.8** | - |
| for 2022 of 25 cents per share, fully franked | | **-** | 106.1 |
| | | | |
| *Distributions* | | | |
| SRL demerger dividend | 22 | **-** | 104.8 |
| | | | |
| **Total Dividends** | | **97.8** | 261.6 |

Of the total $12.8 million interim dividend declared for 2023 and the total $85 million final dividend declared for 2022, shareholders respectively took up $0.2 million and $0.6 million as ordinary shares as part of the Dividend Reinvestment Plan. Refer to note 16(a).

Since balance date the directors have determined a final dividend for 2023 of 4 cents per share, fully franked. The dividend is payable on 28 March 2024 for shareholders on the register as at 7 March 2024. The aggregate amount of the proposed dividend is $17.0 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 2023 is $685.5 million (2022: $458.8 million). This balance is based on a tax rate of 30% (2022: 30%).

## 19. EARNINGS PER SHARE

| | **2023**<br>**Cents** | 2022<br>Cents |
|---|---|---|
| **Basic earnings per share** | | |
| From continuing operations | **80.5** | 116.9 |
| From discontinued operations | **-** | 22.4 |
| **Total basic earnings per share** | **80.5** | 139.3 |
| | | |
| **Diluted earnings per share** | | |
| From continuing operations | **79.8** | 115.9 |
| From discontinued operations | **-** | 22.2 |
| **Total diluted earnings per share** | **79.8** | 138.1 |

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 comparative reporting period – refer to note 22(c).

Total basic EPS is calculated on the profit for the period of $342.6 million (2022: profit of $585.7 million) divided by the weighted average number of shares on issue during the year, excluding treasury shares, being 425,610,795 shares (2022: 422,342,323 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:

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| Cash and cash equivalents | **12.2** | 35.6 |
| Receivables | **251.9** | 218.8 |
| Payables | **(68.9)** | (63.5) |
| Derivative financial instruments | **2.6** | (4.4) |
| | **197.8** | 186.5 |

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. Derivative financial instruments amounts above reflect those recognised in the financial statements; gross foreign exchange exposure and notional amounts are outlined in note 21.

*(ii) Group sensitivity*

The average US dollar exchange rate during the year was 0.6647 (2022: 0.6950). The US dollar spot rate at 31 December 2023 was 0.6827 (31 December 2022: 0.6766). Based on the Group's net financial assets at 31 December 2023, 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%<br>Strengthen | | +10%<br>Weaken | |
|---|---|---|---|---|
| | Profit (loss)<br>$m | Equity<br>$m | Profit (loss)<br>$m | Equity<br>$m |
| **31 December 2023** | **15.2** | **(9.8)** | **(17.6)** | **10.2** |
| 31 December 2022 | 14.8 | 16.8 | (12.1) | (9.9) |

## 20.FINANCIAL RISK MANAGEMENT (CONTINUED)

### a) Market risk (Continued)

*(iii) Interest rate risk*

Interest rate risk arises from the Group's borrowings and cash deposits. During 2023 and 2022, the Group's borrowings at variable rates were denominated in Australian dollars and US dollars. At 31 December 2023, 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%<br>$m | +1%<br>$m |
|---|---|---|
| **31 December 2023** | **-** | **-** |
| 31 December 2022 | 0.1 | (0.1) |

The sensitivity is calculated using the average month end debt position for the year ended 31 December 2023. The interest charges in note 15(d) of $0.6 million (2022: $0.5 million) reflect interest-bearing liabilities in 2023 that range between $40.7 million and $145.9 million (2022: $nil and $40.7 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 $570.0 million and EFA facility of $1,104.1 million at balance date (refer note 14(b)), cash and cash equivalents of $364.9 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 date in 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 received for foreign exchange collar contracts.

## 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Maturities of financial liabilities (continued)

| | Weighted average rate | < 1 year | 1 < 2 years | 2 < 5 years | > 5 years | Total contractual cash flows | Carrying amount in liabilities |
|---|---|---|---|---|---|---|---|
| | % | $m | $m | $m | $m | $m | $m |
| **At 31 December 2023** | | | | | | | |
| **Non-derivatives** | | | | | | | |
| Payables | | **177.0** | **-** | **-** | **-** | **177.0** | **177.0** |
| Lease liabilities | **4.8** | **7.6** | **6.6** | **11.8** | **8.6** | **34.6** | **24.2** |
| Interest-bearing variable rate | **7.2** | **-** | **-** | **-** | **145.9** | **145.9** | **145.9** |
| Total non-derivatives | | **184.6** | **6.6** | **11.8** | **154.5** | **357.5** | **347.1** |
| **At 31 December 2022** | | | | | | | |
| **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 | 33.0 | 33.0 |
| Total non-derivatives | | 151.6 | 7.9 | 12.8 | 33.9 | 206.2 | 206.2 |
| **Derivatives** | | | | | | | |
| Foreign exchange collar contracts | | 4.4 | - | - | - | 4.4 | 4.4 |

Refer to note 21 for detail on derivative instruments.

## 21. HEDGING

| | 2023 | 2022 |
|---|---|---|
| | $m | $m |
| *Current assets* | | |
| Foreign exchange collar hedges | **2.6** | - |
| *Current liabilities* | | |
| Foreign exchange collar hedges | **-** | 4.4 |

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 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.

## 21. HEDGING (CONTINUED)

### 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 2024, remain open at the reporting date. The foreign exchange collar hedges cover US$157.9 million of expected USD revenue to 31 December 2024 and comprise US$157.9 million worth of purchased AUD call options with a weighted average strike price of 70.1 cents and US$157.9 million of AUD put options with a weighted average strike price of 63.7 cents.

The Group entered into US$334.9 million in foreign exchange collars consisting of US$334.9 million of bought AUD call options with weighted average strike prices of 72.1 cents and US$334.9 million of sold AUD put options with weighted average strike prices of 64.0 cents.

US$328.6 million in foreign exchange collar contracts consisting of US$328.6 million of bought AUD call options with weighted average strike prices of 74.7 cents and US$328.6 million of sold AUD put options with weighted average strike prices of 65.3 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 | |
|---|---|---|---|---|
| | | | **2023** % | 2022 % |
| **Iluka Resources Limited (Parent Company)** | **(i)** | **Australia** | | |
| Ashton Coal Interests Pty Limited | | Australia | **96** | 96 |
| 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 (MRO) Pty Ltd | (i),(iv) | Australia | **100** | 100 |
| Iluka International (Netherlands) Pty Ltd | (i) | Australia | **100** | 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) | Australia | **100** | 100 |
| Lion Properties Pty Limited | (i) | Australia | **100** | 100 |
| NGG Holdings Ltd | (i) | Australia | **100** | 100 |
| PURE Exploration Pty Ltd | (i),(ii) | Australia | **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 |
| Iluka Exploration (Canada) Limited | | Canada | **100** | 100 |

## 22.CONTROLLED ENTITIES AND DEED OF CROSS GUARANTEE (CONTINUED)

### a) Subsidiaries (continued)

| | **Note** | **Place of business/ country of incorporation** | **Ownership interest held by the group** | |
|---|---|---|---|---|
| | | | **2023 %** | 2022 % |
| Iluka Trading (Shanghai) Co., Ltd | | China | **100** | 100 |
| Iluka International (Eurasia) Pte. Ltd | | Singapore | **100** | 100 |
| Neurika Innovations SLU | (iii) | Spain | **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 (UK) Ltd | | United Kingdom | **100** | 100 |
| Iluka Technology (UK) Ltd | | United Kingdom | **100** | 100 |
| Associated Minerals Consolidated Investments | | USA | **100** | 100 |
| Iluka (USA) Investments Inc. | | USA | **100** | 100 |
| Iluka Atlantic LLC | | USA | **100** | 100 |
| Iluka Resources (NC) LLC | (v) | USA | **-** | 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) Incorporated in July 2023*

*(iii) Acquired in March 2023 (formerly Arundel ITG SL)*

*(iv) Formerly Iluka International (South Africa) Pty Ltd*

*(v) Sold in November 2023*

## 22.CONTROLLED ENTITIES AND DEED OF CROSS GUARANTEE (CONTINUED)

### b) Condensed financial statements of the extended closed group

| **Condensed statement of profit or loss and other comprehensive income** | **2023 $m** | 2022 $m |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| Revenue from ordinary activities | **1,261.0** | 1,609.7 |
| Expenses from ordinary activities | **(789.8)** | (889.4) |
| Finance costs | **(36.6)** | (13.0) |
| Equity accounted share of profit - Deterra | **27.3** | 29.6 |
| Income tax expense | **(128.9)** | (214.0) |
| **Profit for the period** | **333.0** | 522.9 |
| **DISCONTINUED OPERATIONS** | | |
| Profit after tax from discontinued operations | **-** | (23.6) |
| **Net profit after tax for the period** | **333.0** | 499.3 |
| *Other comprehensive income* | | |
| Changes in the fair value of cash flow hedges | **(4.9)** | 2.6 |
| **Total comprehensive income for the period** | **328.1** | 501.9 |

| **Summary of movements in consolidated retained earnings** | | |
|---|---|---|
| Retained earnings at the beginning of the year | **809.4** | 571.7 |
| Net profit after tax for the year | **332.9** | 499.3 |
| Dividends provided for or paid | **(97.8)** | (261.6) |
| Retained earnings at the end of the year | **1,044.5** | 809.4 |

| **Condensed balance sheet** | | |
|---|---|---|
| *Current assets* | | |
| Cash and cash equivalents | **286.5** | 463.8 |
| Receivables | **280.8** | 274.2 |
| Inventories | **662.7** | 543.3 |
| Derivative financial instruments | **2.6** | - |
| **Total current assets** | **1,232.6** | 1,281.3 |
| *Non-current assets* | | |
| Property, plant and equipment | **1,086.8** | 1,005.7 |
| Deferred tax assets | **62.2** | 34.1 |
| Inventories | **142.0** | 18.3 |
| Other financial assets - investments in non-closed group entities | **152.4** | 120.5 |
| Investments accounted for using the equity method | **446.3** | 449.5 |
| Financial assets at fair value through profit or loss | **15.0** | 20.0 |
| Right-of-use assets | **18.4** | 22.9 |
| **Total non-current assets** | **1,923.2** | 1,671.0 |
| **Total assets** | **3,155.7** | 2,952.3 |

## 22.CONTROLLED ENTITIES AND DEED OF CROSS GUARANTEE (CONTINUED)

### b) Condensed financial statements of the extended closed group (continued)

| | **2023 $m** | 2022 $m |
|---|---|---|
| **Condensed balance sheet** | | |
| *Current liabilities* | | |
| Payables | **146.7** | 132.4 |
| Derivative financial instruments | **-** | 4.4 |
| Current tax payable | **39.6** | 135.3 |
| Provisions | **51.0** | 46.6 |
| Lease liabilities | **8.4** | 8.9 |
| **Total current liabilities** | **245.7** | 327.6 |
| *Non-current liabilities* | | |
| Provisions | **685.7** | 636.1 |
| Lease liabilities | **15.8** | 20.6 |
| **Total non-current liabilities** | **701.5** | 656.7 |
| **Total liabilities** | **947.2** | 984.3 |
| **Net assets** | **2,208.6** | 1,968.0 |
| *Equity* | | |
| Contributed equity | **1,143.2** | 1,129.6 |
| Reserves | **20.9** | 29.0 |
| Retained earnings | **1,044.5** | 809.4 |
| **Total equity** | **2,208.6** | 1,968.0 |

### c) Demerger of Sierra Rutile (SRL) in the comparative period

The Group demerged a previously held subsidiary, SRL, in the comparative period as outlined in the demerger booklet released on the ASX on 19 June 2022.

SRL comprised mineral sands mining and processing operations in Sierra Leone. The financial position and performance of SRL are reflected as a discontinued operation in the prior year comparative figures within this financial report.

The impact of the demerger on the comparative period is outlined in note 23 to the 2022 Annual Report.

### d) Investment in Northern Minerals Limited – at fair value through profit or loss

The Group has a strategic partnership with Northern Minerals, in terms of which it holds an investment in that company (comprising a convertible note and share placement). The Group is also party to a number of call and put options in relation to Northern Minerals.

Details of the strategic partnership are outlined in the ASX announcement released on 26 October 2022, and details of the convertible note, share placement and options are outlined in note 25 to the 2022 Annual Report.

The fair value of the investment is determined with reference to the closing share price of Northern Minerals at each reporting date. The Group recognised a $5 million loss on remeasurement for the year ended 31 December 2023 (2022: No remeasurement gain or loss), which is included in expenses. Refer to note 6.

The option contracts are financial instruments which have been classified as held at fair value through profit or loss. The fair value of the options is determined with reference to the closing share price of Northern Minerals at each reporting date (a level 1 input). The fair value of the options was $nil at 31 December 2023, as their strike price exceeds the closing share price (2022: $nil, strike price exceeded closing price).

## 23. EQUITY ACCOUNTED ASSOCIATE – DETERRA ROYALTIES LIMITED (DETERRA)

Deterra 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. 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:

| | **2023<br>$'m** | 2022<br>$'m |
|---|---|---|
| Balance at the beginning of the year | **449.5** | 455.7 |
| Gross equity accounted profit | **33.7** | 35.9 |
| Depreciation | **(6.4)** | (6.4) |
| Dividends received | **(30.5)** | (35.7) |
| **Balance at the end of the year** | **446.3** | 449.5 |

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 46 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 (as at 31 December)

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:

| | **2023<br>$'000** | 2022<br>$'000 |
|---|---|---|
| *Current assets* | | |
| Cash and cash equivalents | **24,938** | 21,485 |
| Trade and other receivables | **62,888** | 45,883 |
| Income tax receivable | **1,771** | 698 |
| Prepayments | **1,714** | 1,322 |
| **Total current assets** | **91,311** | 69,388 |
| *Non-current assets* | | |
| Royalty and other intangible assets | **8,135** | 8,445 |
| Property, plant and equipment | **171** | 24 |
| Prepayments | **586** | 1,408 |
| Right-of-use assets | **522** | 204 |
| **Total non-current assets** | **9,414** | 10,081 |
| *Current liabilities* | | |
| Trade and other payables | **350** | 368 |
| Provisions | **159** | 175 |
| Lease liability | **87** | 70 |
| **Total current liabilities** | **596** | 613 |
| *Non-current liabilities* | | |
| Lease liability | **450** | 154 |
| Deferred tax | **17,363** | 12,814 |
| **Total non-current liabilities** | **17,813** | 12,968 |
| **Net assets** | **82,316** | 65,888 |

## 23. EQUITY ACCOUNTED ASSOCIATE – DETERRA ROYALTIES LIMITED (DETERRA) (CONTINUED)

### b) Summarised financial information of Deterra (continued)

| The Group's share of Deterra's net assets is reconciled to its carrying value as follows: | **2023 $'000** | 2022 $'000 |
|---|---|---|
| Opening net assets | **65,888** | 63,104 |
| Profit for the period | **167,493** | 179,339 |
| Movements in other reserves | **1,437** | 1,875 |
| Dividends | **(152,502)** | (178,430) |
| **Closing net assets** | **82,316** | 65,888 |
| Group's share percentage | **20%** | 20% |
| Group's share of net assets | **16,463** | 13,154 |
| Iluka's gain on demerger, net of accumulated depreciation | **429,837** | 436,346 |
| **Carrying value of investment in Deterra** | **446,300** | 449,500 |

Deterra is a listed ASX royalty company. The market value of Iluka's interest at 31 December 2023 was $557.0 million (2022: $484.1 million).

# OTHER NOTES

## 24. 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 2023, the total value of performance commitments and guarantees was $157.6 million (2022: $153.7 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.

## 25. COMMITMENTS

### a) Exploration and mining lease commitments

| | **2023**<br>$m | 2022<br>$m |
|---|---|---|
| *Commitments in relation to leases contracted for at reporting date but not recognised as liabilities payable:* | | |
| Within one year | **19.9** | 10.7 |
| Later than one year but not later than five years | **63.8** | 47.3 |
| Later than five years | **40.5** | 22.1 |
| | **124.2** | 80.1 |

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 $247.0 million (2022: $174.6 million). All of the commitments relate to the purchase of property, plant and equipment of which $180.5 million is payable within one year and $66.5 million is payable between one to five years of the reporting date.

## 26. 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

| | **2023<br>$'000** | 2022<br>$'000 |
|---|---|---|
| *Audit and review of financial reports* | | |
| Group | **680** | 650 |
| Controlled entities | **42** | - |
| | **722** | 650 |
| *Other assurance services* | | |
| Investigating Accountants' report for demerger of Sierra Rutile | **-** | 352 |
| Other assurance services | **25** | 149 |
| | **25** | 501 |
| *Other services* | | |
| Tax compliance and advisory services | **47** | 52 |
| Other advisory services | **167** | 67 |
| | **214** | 119 |
| **Total services provided by PwC** | **961** | 1,270 |

### b) Other auditors and their related network firms

| | | |
|---|---|---|
| Audit and review of financial statements | **318** | 294 |
| Other compliance and advisory services | **12** | 16 |
| | **330** | 310 |

## 27. 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 $16.8 million (2022: $15.7 million) results from several schemes summarised below

| Schemes | Grant date | Vesting date | Fair value | **Shares / rights at** | **Expense 2023** | Shares / rights at | Expense 2022 |
|---|---|---|---|---|---|---|---|
| | | | $ | **31 Dec 2023** | **$m** | 31 Dec 2022 | $m |
| **STIP (i)** | | | | | | | |
| 2023 | Mar-24 | Mar-25/26 | 6.60 | **-** | **0.4** | - | - |
| 2022 | Mar-23 | Mar-24/25 | 9.53 | **-** | **1.8** | - | 2.2 |
| 2021 | Mar-22 | Mar-23/24 | 10.10 | **-** | **0.6** | - | 1.8 |
| 2020 | Mar-21 | Mar-22/23 | 6.62 | **-** | **-** | - | 0.2 |
| **EIP (ii)** | Mar-19/20/21/22/23 | Mar-23/24/25/26 | 9.30 | **1,555,528** | **7.0** | 2,563,333 | 6.0 |
| **Restricted Share Plan (iii)** | | | | | **7.0** | | 5.5 |
| | | | | | **16.8** | | 15.7 |

*(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 (2022: $nil), the share price at grant date of $10.92 for KMP other than T O'Leary and $11.30 for T O'Leary (2022: $12.28), the expected share price volatility (based on historical volatility) of 40% (2022: 38%), the expected dividend yield of 0% (2022: 0%), the risk free rate of return of 3.51% for KMP other than T O'Leary and 3.16% for T O'Leary (2022: 2.64%), 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.

*(iii) Restricted share plan*

No restricted shares were issued to eligible employees (2022: no restricted shares issued to eligible employees) who participated in the plan.

## 28. POST-EMPLOYMENT BENEFIT OBLIGATIONS

### a) Superannuation plans

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 contribution plan receives an employee's elected contribution and an employer's match-up to a fixed percentage. Iluka's legal or constructive obligation is limited to these contributions.

The defined benefit plan provides a monthly benefit based on average salary and years of service. The Group is in the process of settling the defined benefit superannuation plan. Immediately prior to settlement, Iluka will remeasure plan assets to their fair values and plan liabilities to their updated carrying values (using applicable actuarial techniques) and any surplus or deficit that arises will be recognised as an employee cost in profit or loss.

### b) Financial position

At the reporting date, the deficit between the fair value of plan assets and the carrying value of liabilities is $7.7 million (2022: deficit of $7.6 million), determined with reference to information supplied from the plans' actuarial advisors, and 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:

| | **2023** | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| | **$m** | $m | $m | $m | $m |
| Defined benefit plan obligation | **(29.8)** | (33.8) | (57.5) | (51.8) | (46.7) |
| Plan assets | **22.1** | 26.2 | 30.9 | 25.0 | 24.3 |
| Deficit | **(7.7)** | (7.6) | (26.6) | (26.8) | (22.4) |

### c) Defined benefits superannuation expense

In 2023, $0.9 million (2022: $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.

## 29. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | Notes: | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|---|
| Profit for the year | | **342.6** | 588.5 |
| Depreciation and amortisation | 9 | **161.2** | 136.2 |
| Amortisation of right-of-use assets | 10 | **6.7** | 7.3 |
| Loss on disposal of property, plant and equipment | | **3.0** | - |
| Gain on disposal of property, plant and equipment - US | 5 | **(26.9)** | - |
| Net exchange differences and other | | **(4.6)** | (6.6) |
| Rehabilitation and mine closure provision discount unwind | 8 | **31.4** | (5.0) |
| Non-cash share-based payments expense | 27 | **16.8** | 15.7 |
| Amortisation of deferred borrowing costs | 15 | **-** | - |
| Equity accounted share of profit | 23 | **(27.3)** | (29.6) |
| Inventory NRV write-down | 14 | **0.5** | 0.9 |
| Changes in rehabilitation provisions for closed sites | 8 | **(4.3)** | 9.5 |
| Borrowing costs on leases | 10 | **0.8** | 1.0 |
| Demerger loss | 22 | **-** | 23.6 |
| Impairment reversal | 22 | **-** | (33.3) |
| *Change in operating assets and liabilities* | | | |
| (Increase)/decrease in receivables | | **(8.0)** | 13.5 |
| (Increase) in inventories | | **(243.1)** | (5.0) |
| (Decrease)/increase in net current tax liability | | **(27.1)** | 106.7 |
| (Increase) in net deferred tax | | **(67.3)** | (100.8) |
| Increase/(decrease) in payables | | **30.9** | (69.3) |
| (Decrease) in provisions | | **(95.7)** | (51.8) |
| **Net cash inflow from operating activities** | | **89.6** | 601.5 |

## 30. 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 78 to 103.

The below provides a summary:

| | **2023<br>$000** | 2022<br>$000 |
|---|---|---|
| Short-term benefits | **5,980** | 5,295 |
| Post-employment benefits | **105** | 195 |
| Share-based payments | **3,641** | 3,262 |
| Total | **9,726** | 8,752 |

### 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 arm’s 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.

## 31. PARENT ENTITY FINANCIAL INFORMATION

### a) Summary financial information for Iluka Resources Limited

| | **2023**<br>**$m** | 2022<br>$m |
|---|---|---|
| **Balance sheet** | | |
| Current assets | **664.2** | 821.1 |
| Non-current assets | **1,745.2** | 1,529.3 |
| Total assets | **2,409.4** | 2,350.4 |
| | | |
| Current liabilities | **442.5** | 221.8 |
| Non-current liabilities | **980.6** | 1,043.2 |
| Total liabilities | **1,423.1** | 1,265.0 |
| | | |
| Net assets | **986.3** | 1,085.4 |
| **Shareholders' equity** | | |
| Contributed equity | **1,143.9** | 1,132.5 |
| Other reserves | **23.5** | 21.4 |
| Profit reserve[1] | **482.3** | 594.9 |
| Accumulated loss | **(663.4)** | (663.4) |
| | **986.3** | 1,085.4 |
| | | |
| Profit/(loss) for the year | **149.7** | 184.5 |
| | | |
| *Other comprehensive income* | | |
| Changes in the fair value of cash flow hedges, net of tax | **5.0** | 2.5 |
| Total comprehensive income | **154.7** | 187.0 |

[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 $15.6 million as at 31 December 2023 (2022: $12.2 million).

### c) Contractual commitments for the acquisition of property, plant or equipment

As at 31 December 2023, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $33.7 million (2022: $24.3 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.

## 32. RELATED PARTY TRANSACTIONS

The only related party transactions are with Directors and Key Management Personnel (refer note 30). 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 23. The ultimate Australian controlling entity and the ultimate parent entity is Iluka Resources Limited.

## 33. NEW AND AMENDED STANDARDS

### New standards and amendments adopted

There are no new or amended accounting standards that required the Group to change its accounting policies in the current reporting period.

### 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 105 to 155 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 2023 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 22 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 22.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by 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

TO'leary

T O'Leary
Managing Director

21 February 2024

# 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 2023 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 statement of financial position as at 31 December 2023
- 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 consolidated financial statements, including material accounting policy information 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.

## 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.

### *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.

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## 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***<br>*(Refer to note 8 to the financial report)*<br>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 $762.5 million as at 31 December 2023.<br>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 provisions, amongst others:<br>• 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.<br>• 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.<br>• 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 provision to comparable data |

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| | from external parties and management's experts.<br>- Assessed the ability of the Group to make reliable estimates of the extent of future rehabilitation expenditure by comparing actual cash outflows in 2023, where applicable, to those forecast as part of the provision in previous years.<br>- Assessed the appropriateness of the discount rates utilised in calculating the provision by comparing them to current market information. |
| ***Impairment assessment of Cataby / Southwest Cash Generating Unit (CGU)***<br>*(Refer to note 7 to the financial report)*<br>During the year, the Group identified indicators of impairment in its Cataby/South-West CGU. Accordingly, an impairment assessment was completed which resulted in no impairment expense being recognised.<br>The recoverable amount of the CGU was determined using the higher of value in use (being the net present value of expected future cash flows of the CGU in its current condition) and the fair value less cost of disposal ('Fair Value'). The Group has used the Fair Value methodology.<br>The Group prepared a discounted cash flow model in determining the recoverable amount of the CGU which involved the estimation of several assumptions as described in note 7.<br>This was a key audit matter due to the financial significance of the carrying value of the CGU relative to the consolidated statement of financial position and the judgement exercised by the Group in calculating the recoverable amount of the CGU and whether an impairment is required. | We performed the following procedures over the impairment assessment of the Cataby/South-West CGU, amongst others:<br>- Developed an understanding of the process by which the cash flow forecasts were prepared to assess the recoverable amount of the CGU.<br>- Assessed the mathematical accuracy and logic of the discounted cash flow model and assessed whether the methodology utilised to determine the recoverable amount was consistent with Australian Accounting Standards.<br>- Assessed the reasonableness of the CGU by determining whether the included assets, liabilities and cash flows are directly attributable to the CGU, and in line with our knowledge of the Group's operations and in accordance with Australian Accounting Standards.<br>- Assessed the appropriateness of the significant assumptions used, including assessing:<br>○ The forecasted mineral sands product price assumptions, by comparing them to independent industry forecasts,<br>○ Forecast mineral sands production over the CGU's life of mine by comparing them to the Group's most recent reserves and resources |

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| | statement,<br>o Whether the operating cost forecasts are consistent with the most up-to-date budgets and life of mine model; and<br>o The discount rate used, by assessing the cost of capital for the Group, assisted by PwC valuations experts, and comparing the rate to market data and industry research.<br>• Assessed the reasonableness of the disclosures made in the financial report against the requirements of Australian Accounting Standards. |

## 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 2023, 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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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 the directors’ report for the year ended 31 December 2023.

In our opinion, the remuneration report of Iluka Resources Limited for the year ended 31 December 2023 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 | Perth |
| Partner | 21 February 2024 |

# PHYSICAL, FINANCIAL AND CORPORATE INFORMATION

## In this section

- Five year summary
- Operating mines data
- Ore Reserves and Mineral Resources statement
- Shareholder and investor information
- Corporate information

# Five year summary

| **Production volumes (kt)** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Production volumes (kt) | | | | | |
| - Zircon | 327.0 | 302.7 | 324.2 | 185.2 | 322.1 |
| - Rutile | 52.7 | 139.1 | 196.6 | 172.6 | 184.1 |
| - Synthetic rutile | 259.5 | 237.6 | 198.7 | 227.4 | 196.2 |
| **Total Z/R/SR** | **639.2** | **679.4** | **719.5** | **585.2** | **702.4** |
| - Ilmenite | 460.2 | 590.9 | 563.7 | 455.9 | 318.6 |
| - Monazite concentrate | 0 | 0 | 57.7 | 44.4 | 0 |
| Sales volumes (kt) | | | | | |
| - Zircon | 234.7 | 333.6 | 354.7 | 239.6 | 274 |
| - Rutile | 48.3 | 140.2 | 207.2 | 162.1 | 200.1 |
| - Synthetic rutile | 211.0 | 246.1 | 305.9 | 115.8 | 206.7 |
| **Total Z/R/SR** | **494.0** | **719.9** | **867.8** | **517.5** | **680.8** |
| - Ilmenite | 148.8 | 218.2 | 189.6 | 256.1 | 170.8 |
| - Monazite concentrate | 0 | 0 | 62.4 | 44.4 | 0 |
| Weighted average annual prices (US$/t) | | | | | |
| - Zircon (premium and standard) | 2,066 | 1,943 | 1,414 | 1,319 | 1,487 |
| - Zircon (all products) | 1,849 | 1,850 | 1,330 | 1,217 | 1,380 |
| - Rutile (excluding HYTI and TIC) | 1,887 | 1,550 | 1,264 | 1,220 | 1,142 |
| - Synthetic rutile | 1,258 | Not disclosed | Not disclosed | Not disclosed | Not disclosed |
| **Average AUD:USD spot exchange rate (cents)** | **66.5** | **69.5** | **75.2** | **69.1** | **69.5** |

| **Unit revenue and cash cost ($/t)** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Revenue per tonne Z/R/SR sold (A$/t) | 2,314 | 2,215 | 1,593 | 1,625 | 1,654 |
| Unit cash costs of production per tonne Z/R/SR produced excluding by-products | 947 | 938 | 777 | 918 | 753 |
| Unit cost of goods sold per tonne of Z/R/SR | 1,040 | 1,031 | 916 | 1,032 | 889 |

| **Summary financials ($m)** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Z/R/SR revenue | 1,143.2 | 1,416.3 | 1,381.9 | 841.0 | 1,128.7 |
| Ilmenite and other revenue | 95.1 | 107.5 | 103.9 | 106.0 | 64.4 |
| Revenue from operations | 1,238.3 | 1,523.8 | 1,485.8 | 947.0 | 1,193.1 |
| Cash costs of production | (605.2) | (508.3) | (579.2) | (558.7) | (539.6) |
| Inventory movement – cash costs of production | 173.6 | 29.1 | (67.0) | 142.3 | 63.4 |
| Restructure and idle capacity charges | (20.1) | (12.5) | (33.4) | (20.9) | (19.7) |
| Government royalties | (47.1) | (47.2) | (38.0) | (22.3) | (39.4) |
| Marketing and selling costs | (27.4) | (29.0) | (34.4) | (27.7) | (35.0) |
| Asset sales and other income | 23.9 | 0.9 | 2.0 | (1.5) | (3.5) |
| Corporate and other costs | (79.7) | (61.4) | (64.3) | (54.6) | (64.5) |
| Major projects, exploration and innovation | (61.2) | (49.1) | (45.2) | (62.3) | (25.7) |
| Mineral sands EBITDA | 581.8 | 549.4 | 633.9 | 342.0 | 530.9 |
| Mining Area C EBITDA | - | - | - | 81.1 | 85.1 |
| Underlying Group EBITDA[1] | 609.1 | 879.0 | 652.3 | 423.1 | 616.0 |
| Rehabilitation and holding costs for closed sites | 4.3 | (11.1) | 60.8 | 7.2 | (3.2) |
| Demerger loss and transaction costs | - | - | - | (13.3) | - |
| Depreciation and amortisation | (167.8) | (144.6) | (171.2) | (184.8) | (163.2) |
| Inventory movement – non-cash production costs | 51.7 | 9.9 | (12.6) | 39.9 | 15.5 |
| Gain on demerger of Deterra Royalties | - | - | - | 2,260.1 | - |
| Significant non-cash items | - | - | - | - | (414.3) |
| Net interest and finance charges | 12.3 | 3.1 | (5.7) | (7.1) | (51.8) |
| Income tax (expense) benefit | (128.9) | (212.8) | (139.1) | (95.5) | (298.7) |
| Net profit (loss) after tax for the period (NPAT) | 342.6 | 588.5 | 365.7 | 2,410.0 | (275.8) |
| Operating cash flow | 346.7 | 681.72 | 527.7 | 183.8 | 408.1 |
| Capital expenditure (capex) | (160.7) | (141.8) | (53.6) | (71.2) | (197.5) |
| Free cash (outflow) inflow[2] ($m) | (159.6) | 430.6 | 299.6 | 36.3 | 139.7 |
| Net (debt) cash | 225.4 | 488.6 | 294.8 | 50.2 | 43.3 |

| **Capital and dividends** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Ordinary shares on issue (millions) | 426.0 | 424.5 | 422.0 | 422.8 | 422.6 |
| Dividends per share in respect of the year (cents) | 4 | 20 | 24 | 2 | 13 |
| Franking level % | 100 | 100 | 100 | 100 | 100 |
| Opening year share price ($)[3] | 9.65 | 9.76 | 6.58 | 4.7 | 3.8 |
| Closing year share price ($)[3] | 6.60 | 9.53 | 9.73 | 6.49 | 4.73 |

| **Financial ratios** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Underlying Group EBITDA/revenue margin % | 49.2 | 57.4 | 43.9 | 41.2 | 51.6 |
| Mineral sands EBITDA/revenue margin % | 47.0 | 55.4 | 42.7 | 36.1 | 44.5 |
| Basic earnings (loss) per share (cents) | 80.5 | 138.6 | 86.7 | 570.4 | -71 |
| Free cash flow per share (cents) | (37.5) | 100.0 | 71 | 9 | 33 |
| Return on shareholders' equity[4] % | 17.1 | 32.8 | 25.9 | 283.7 | -24.5 |
| Return on capital[5] % | 41.8 | 88.8 | 69.1 | 311.3 | 6.8 |
| Gearing (net debt/net debt + equity) % | n/a | n/a | n/a | n/a | n/a |
| Financial position as at 31 December ($m) | | | | | |
| Total assets | 3,330.8 | 3,001.8 | 2,636.2 | 2,361.7 | 1,894.5 |
| Total liabilities | (1,172.3) | (1,107.0) | (1,041.6) | (1,069.4) | (1,182.8) |
| Net assets | 2,158.5 | 1,894.8 | 1,594.6 | 1,292.3 | 711.6 |
| Shareholders' equity | 2,158.5 | 1,894.6 | 1,594.6 | 1,292.3 | 711.6 |
| Net tangible asset backing per share ($) | 3.80 | 3.27 | 2.60 | 3.00 | 1.60 |

| **Employees, as at 31 December** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Full-time equivalent employees | 1035 | 950 | 3,252 | 3,354 | 3,427 |

| **Iluka Ore Reserves and Mineral Resources** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Mineral Resources In Situ HM million tonnes | 171 | 176 | 185 | 119 | 165 |
| Ore Reserves In Situ HM million tonnes | 18.4 | 9.0 | 10.6 | 11.2 | 13 |
| HM Grade (%) Ore Reserves | 5.5 | 5.6 | 5.8 | 5.7 | 5.6 |
| Assemblage[6] (%) | | | | | |
| Zircon | 17 | 17 | 17 | 17 | 18 |
| Rutile | 5 | 3 | 3 | 3 | 3 |
| Ilmenite | 41 | 53 | 55 | 55 | 56 |
| Monazite + xenotime | 2.6 | 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.

(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 data

| **Summary financials ($m)** | **Jacinth-Ambrosia/ Mid-West** | **Cataby/ South West** | **Group Total 2023** | **Group Total 2022 [1]** |
|---|---|---|---|---|
| **Mining** | | | | |
| Overburden moved kbcm | 4,238 | 15,539 | 19,777 | 13,349 |
| Ore mined kt | 9,919 | 12,302 | 22,221 | 24,520 |
| Ore fed/treated kt | 9,762 | 10,070 | 19,832 | 24,409 |
| Ore treated grade HM % | 3.9% | 5.2% | 4.5% | 4.4% |
| VHM treated grade % | 3.6% | 4.5% | 4.1% | 3.9% |
| **Concentrating** | | | | |
| HMC produced kt | 345.7 | 552.1 | 897.9 | 1,049 |
| VHM produced kt | 319.0 | 432.6 | 751.6 | 872 |
| VHM in HMC assemblage % | 92.2% | 78.4% | 83.7% | 83.1% |
| Zircon | 61.9% | 10.1% | 30.0% | 23.1% |
| Rutile | 8.3% | 5.9% | 6.8% | 14.4% |
| Ilmenite | 22.0% | 62.4% | 46.9% | 45.6% |
| HMC processed kt | 450.3 | 458.5 | 908.8 | 1,224 |
| **Finished product[2] kt** | | | | |
| Zircon | 276.7 | 50.2 | 326.9 | 303 |
| Rutile | 21.1 | 31.6 | 52.7 | 139 |
| Ilmenite (saleable/upgradeable) | 99.0 | 361.6 | 460.6 | 591 |
| Synthetic rutile produced | - | 259.5 | 259.5 | 238 |

Notes:
(1) 2022 Group Total includes Sierra Rutile Limited, which was demerged from the Group in August 2022
(2) 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

## HM ORE RESERVES

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. Ore 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.

### ILUKA HM ORE RESERVE BREAKDOWN BY COUNTRY, REGION AND JORC CATEGORY AT 31 DECEMBER 2023

| Summary of Ore Reserves for Iluka[1,2,3,6] | | | | | | HM Assemblage[4] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | Region | Ore Reserve Category | Ore | In Situ HM | HM | Ilmenite | Zircon | Rutile | (M+X)[7] | Change HM |
| | | | Tonnes Millions | Tonnes Millions | Grade % | Grade % | Grade % | Grade % | Grade % | Tonnes Millions |
| Australia | Eucla Basin | Proved | 42 | 1.1 | 2.6 | 22 | 51 | 5 | 0.4 | |
| | | Probable | 2 | 0.0 | 1.8 | 17 | 56 | 3 | 0.6 | |
| **Total** | **Eucla Basin** | | **44** | **1.1** | **2.6** | **22** | **51** | **5** | **0.4** | **(0.3)** |
| | Murray Basin | Proved | - | - | - | - | - | - | - | |
| | | Probable | 183 | 9.9 | 5.4 | 29 | 17 | 6 | 2.6 | |
| **Total** | **Murray Basin** | | **183** | **9.9** | **5.4** | **29** | **17** | **6** | **2.6** | **9.9** |
| | Perth Basin | Proved | 64 | 4.3 | 6.8 | 57 | 11 | 4 | 3.4 | |
| | | Probable | 43 | 3.1 | 7.2 | 62 | 11 | 2 | 2.1 | |
| **Total** | **Perth Basin[5]** | | **106** | **7.4** | **7.0** | **59** | **11** | **3** | **2.9** | **(0.1)** |
| **Total** | | **Proved** | **105** | **5.4** | **5.2** | **50** | **19** | **4** | **2.8** | |
| **Total** | | **Probable** | **228** | **13.0** | **5.7** | **37** | **15** | **5** | **2.5** | |
| | **Grand Total** | | **333** | **18.4** | **5.5** | **41** | **17** | **5** | **2.6** | **9.4** |

Notes:

(1) Competent Person - Ore Reserves: A Walkenhorst (MAusIMM).

(2) Ore Reserves are a sub-set of Mineral Resources.

(3) Rounding may generate differences in last decimal place.

(4) Mineral assemblage is reported as a percentage of in situ HM content.

(5) Rutile component in Perth Basin South West operations is sold as a leucoxene product.

(6) The quoted figures are stated as at 31 December 2023 and have been depleted for all production conducted to this date.

(7) M+X comprise rare earth element-bearing minerals monazite and xenotime.

For the year ending 2023, HM Ore Reserves increased by 9.4Mt HM associated with the additions of new deposits, mining depletion and adjustments, and are up from 9.0Mt HM to 18.4Mt HM.

The main factors contributing to the movement in Iluka's HM Ore Reserves during 2023 include:

- The Eucla Basin Ore Reserves decreased by 0.32Mt HM associated with mining depletion, pit optimisation and re-design at Jacinth (-0.03Mt) and Ambrosia (-0.29Mt)
- The Murray Basin Ore Reserves increased by 9.9Mt HM as a result of reporting the inaugural Ore Reserve estimate at WIM100 (+9.9Mt)
- The Perth Basin Ore Reserves decreased by 0.15Mt HM as a result of mine depletion, pit optimisation and adjustment at Cataby (-0.57Mt), additional tailings stockpiled at the MSP by-product stockpile deposit (+0.06Mt), and the updated Ore Reserve estimate at Tutunup (+0.36Mt)

## HM ORE RESERVES MINED AND ADJUSTED

### ILUKA HM ORE RESERVES MINED AND ADJUSTED BY COUNTRY AND REGION AT 31 DECEMBER 2023

Summary of Ore Reserve Depletion(1)

| Country | Region | Category | In Situ HM Tonnes Millions 2022 | In Situ HM Grade % 2022 | In Situ HM Tonnes Millions Mined 2023 | In Situ HM Tonnes(2) Millions Adjusted 2023 | In Situ HM Tonnes Millions 2023 | In Situ HM Grade % 2023 | In Situ HM Tonnes(3) Millions Net Change |
|---|---|---|---|---|---|---|---|---|---|
| Australia | Eucla Basin | Active Mines | 1.5 | 2.9 | (0.4) | (0.0) | 1.1 | 2.6 | (0.4) |
|  |  | Non-active Sites | - | - | - | 0.1 | 0.1 | 2.3 | 0.1 |
| **Total** | **Eucla Basin** |  | **1.5** | **2.9** | **(0.4)** | **0.0** | **1.1** | **2.6** | **(0.3)** |
|  | Murray Basin | Active Mines | - | - | - | - | - | - | - |
|  |  | Non-active Sites | - | - | - | 9.9 | 9.9 | 5.4 | 9.9 |
| **Total** | **Murray Basin** |  | **-** | **-** | **-** | **9.9** | **9.9** | **5.4** | **9.9** |
|  | Perth Basin | Active Mines | 5.7 | 5.7 | (0.5) | (0.1) | 5.1 | 5.6 | (0.6) |
|  |  | Non-active Sites | 1.9 | 17.8 | - | 0.4 | 2.3 | 15.0 | 0.4 |
| **Total** | **Perth Basin(5)** |  | **7.6** | **6.8** | **(0.5)** | **0.3** | **7.4** | **7.0** | **(0.1)** |
| **Total** | **Active Mines** |  | **7.2** | **4.7** | **(0.9)** | **(0.1)** | **6.2** | **4.7** | **(1.0)** |
| **Total** | **Non-active Sites** |  | **1.9** | **17.8** | **-** | **10.4** | **12.2** | **6.1** | **10.4** |
| **Total** | **Ore Reserves** |  | **9.0** | **5.6** | **(0.9)** | **10.3** | **18.4** | **5.5** | **9.4** |

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 2023

| 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)[7] Grade % | Change HM Tonnes Millions |
| Australia | Eucla Basin | Measured | 176 | 4 | 2.5 | 34 | 40 | 3 | 0.3 | |
| | | Indicated | 97 | 9 | 9.1 | 68 | 18 | 2 | 0.4 | |
| | | Inferred | 49 | 2 | 5.1 | 61 | 19 | 2 | 0.3 | |
| **Total** | **Eucla Basin** | | **322** | **16** | **4.9** | **57** | **24** | **2** | **0.3** | **(0.3)** |
| | Murray Basin | Measured | 235 | 15 | 6.4 | 40 | 16 | 7 | 2.3 | |
| | | Indicated | 252 | 26 | 10.4 | 51 | 12 | 12 | 1.3 | |
| | | Inferred | 1,083 | 61 | 5.6 | 35 | 14 | 6 | 1.9 | |
| **Total** | **Murray Basin** | | **1,569** | **102** | **6.5** | **40** | **14** | **8** | **1.8** | **0.2** |
| | Perth Basin | Measured | 454 | 27 | 5.9 | 58 | 11 | 5 | 1.1 | |
| | | Indicated | 304 | 16 | 5.4 | 53 | 10 | 5 | 0.9 | |
| | | Inferred | 193 | 9 | 4.9 | 55 | 9 | 5 | 0.8 | |
| **Total** | **Perth Basin[5]** | | **951** | **53** | **5.5** | **56** | **10** | **5** | **1.0** | **0.8** |
| USA | Atlantic Seaboard | Measured | - | - | - | - | - | - | - | |
| | | Indicated | - | - | - | - | - | - | - | |
| | | Inferred | - | - | - | - | - | - | - | |
| **Total** | **Atlantic Seaboard[6]** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(4.4)** |
| **Total** | **Measured** | | **864** | **46** | **5.4** | **50** | **15** | **5** | **1.4** | |
| **Total** | **Indicated** | | **653** | **51** | **7.9** | **55** | **13** | **8** | **1.0** | |
| **Total** | **Inferred** | | **1,325** | **73** | **5.5** | **38** | **14** | **6** | **1.7** | |
| | **Grand Total** | | **2,842** | **171** | **6.0** | **46** | **14** | **6** | **1.4** | **(5.2)** |

Notes:
(1) Competent Person - 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) Atlantic Seaboard assets sold as at 1 November 2023.
(7) M+X comprise the rare earth element-bearing minerals monazite and 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. Mineral Resource estimates are determined by consideration of geology, HM cut-off grades, mineralisation thickness versus 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 ending 31 December 2023, HM Mineral Resources decreased by 5.2Mt HM net of mining depletion and adjustments (exploration discovery, development and write-down) down from 176Mt HM to 171Mt HM. The change in Mineral Resources for 2023 was driven by:

- Eucla Basin Mineral Resources decreased by 0.3Mt HM as a result of mining depletion, adjustment and remodelling at Ambrosia (-0.3Mt HM)
- Murray Basin Mineral Resources increased by 0.2Mt HM as a result of re-estimation at WIM100 (+0.14Mt HM), Ki Downs (+0.05Mt HM) and Dunkirk (+0.01Mt HM)
- Perth Basin Mineral Resources decreased by 0.8Mt HM as a result of re-estimation, mining depletion and write-down at Cataby and Cataby ROM (-0.5Mt HM), additional tailings stockpiled at Eneabba (+0.07Mt HM) and write-downs at South Tails (-0.3Mt HM) and Yellow Dam (-0.03Mt HM) due to site works associated with the Eneabba rare earth refinery
- Atlantic Seaboard Resources decreased by 4.4Mt HM as a result of the sale of all assets within the Atlantic Seaboard region.

# HM MINERAL RESOURCES MINED AND ADJUSTED

## ILUKA MINERAL RESOURCES MINED AND ADJUSTED BY COUNTRY AND REGION AT 31 DECEMBER 2023

Summary of Mineral Resource Depletion(1)

| Country | Region | Category | In Situ HM Tonnes Millions 2022 | In Situ HM Grade % 2022 | In Situ HM Tonnes Millions Mined 2023 | In Situ HM Tonnes(2) Millions Adjusted 2023 | In Situ HM Tonnes Millions 2023 | In Situ HM Grade % 2023 | In Situ HM Tonnes(3) Millions Net Change |
|---|---|---|---|---|---|---|---|---|---|
| Australia | Eucla Basin | Active Mines | 3 | 2.0 | (0.4) | (0.1) | 2 | 1.8 | (0.5) |
| | | Non-active Sites | 13 | 7.3 | - | 0.2 | 13 | 7.2 | 0.2 |
| **Total** | **Eucla Basin** | | **16** | **4.9** | **(0.4)** | **0.1** | **16** | **4.9** | **(0.3)** |
| | Murray Basin | Active Mines | - | - | - | - | - | - | - |
| | | Non-active Sites | 102 | 6.5 | - | 0.2 | 102 | 6.5 | 0.2 |
| **Total** | **Murray Basin** | | **102** | **6.5** | **-** | **0.2** | **102** | **6.5** | **0.2** |
| | Perth Basin | Active Mines | 12 | 4.3 | (0.5) | (0.0) | 12 | 4.2 | (0.5) |
| | | Non-active Sites | 41 | 6.1 | - | (0.3) | 41 | 6.1 | (0.3) |
| **Total** | **Perth Basin** | | **54** | **5.5** | **(0.5)** | **(0.3)** | **53** | **5.5** | **(0.8)** |
| USA | Atlantic Seaboard(4) | Active Mines | - | - | - | - | - | - | - |
| | | Non-active Sites | 4 | 4.8 | - | (4.4) | - | - | (4.4) |
| **Total** | **Atlantic Seaboard(4)** | | **4** | **4.8** | **-** | **(4.4)** | **-** | **-** | **(4.4)** |
| **Total** | **Active Mines** | | **15** | **3.5** | **(0.9)** | **(0.2)** | **14** | **3.4** | **(1.0)** |
| **Total** | **Non-Active Sites** | | **161** | **6.4** | **-** | **(4.2)** | **157** | **6.4** | **(4.2)** |
| **Total** | **Mineral Resources** | | **176** | **6.0** | **(0.9)** | **(4.4)** | **171** | **6.0** | **(5.2)** |

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) Atlantic Seaboard assets sold as at 1 November 2023.

# ANNUAL STATEMENT OF MINERAL RESOURCES AND ORE RESERVES

The Annual Statement of Mineral Resources and Ore Reserves as at 31 December 2023 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.

## 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 Limited.

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. At the reporting date, 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 2023 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 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. 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 2023. 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 systems 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 Mineral Resources and Ore 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 program 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 registered as members of the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG).

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 2024**

## 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 426,032,302 shares on issue as at 31 January 2024. A total of 491,503 ordinary shares are restricted pursuant to the Directors, Executives and employees share acquisition plan, equity incentive plan, and employee share plan.

## Shareholdings

There were 25,849 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 | 15,358 | 5,814,904 | 1.36 |
| 1,001 – 5,000 | 8,202 | 19,406,583 | 4.56 |
| 5,001 – 10,000 | 1,351 | 9,883,811 | 2.32 |
| 10,001 – 100,000 | 884 | 19,130,666 | 4.49 |
| 100,001 – 1,000,000 | 40 | 10,752,659 | 2.52 |
| 1,000,001 + | 14 | 361,043,679 | 84.75 |
| **Rounding** | | | **0.00** |
| **Total** | **25,849** | **426,032,302** | **100.00** |

## Unmarketable parcels

| | MINIMUM PARCEL SIZE | HOLDERS | % UNITS |
|---|---:|---:|---:|
| Minimum $500.00 parcel at $7.2500 per unit | 69 | 2,099 | 65,275 |

## Top 20 Shareholders (Nominee Company Holdings)

| RANK | NAME | UNITS | % UNITS |
|---|---|---|---|
| 1 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 166,116,897 | 38.99 |
| 2 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 74,212,579 | 17.42 |
| 3 | CITICORP NOMINEES PTY LIMITED | 69,103,545 | 16.22 |
| 4 | NATIONAL NOMINEES LIMITED | 10,693,686 | 2.51 |
| 5 | BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C> | 10,366,125 | 2.43 |
| 6 | BNP PARIBAS NOMS PTY LTD | 7,252,581 | 1.70 |
| 7 | UBS NOMINEES PTY LTD | 6,761,865 | 1.59 |
| 8 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 4,716,143 | 1.11 |
| 9 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 4,233,966 | 0.99 |
| 10 | CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 1,971,330 | 0.46 |
| 11 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,885,824 | 0.44 |
| 12 | BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD | 1,483,136 | 0.35 |
| 13 | MR THOMAS O'LEARY | 1,126,002 | 0.26 |
| 14 | R O HENDERSON (BEEHIVE) PTY LIMITED | 1,120,000 | 0.26 |
| 15 | NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT> | 913,807 | 0.21 |
| 16 | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 882,732 | 0.21 |
| 17 | BNP PARIBAS NOMS (NZ) LTD | 716,372 | 0.17 |
| 18 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA | 525,775 | 0.12 |
| 19 | MR ANGUS MACKAY | 481,250 | 0.11 |
| 20 | WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C> | 458,353 | 0.11 |
| **Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)** | | **365,021,968** | **85.68** |
| **Total remaining holders balance** | | **61,010,334** | **14.32** |

## Substantial shareholders

(As provided in disclosed substantial shareholder notices to the company)

| SHAREHOLDER | SHAREHOLDING | % OF ISSUED CAPITAL |
|---|---:|---:|
| Yarra Capital Management | 40,919,987 | 9.60% |
| Perpetual Limited | 35,917,988 | 8.40% |
| BlackRock Group | 34,086,507 | 8.00% |
| State Street Corporation | 26,172,175 | 6.10% |
| Aware Super Pty Ltd | 21,425,529 | 5.00% |
| Vanguard Group | 21,230,425 | 5.00% |

## Calendar of key events

| | |
|---|---|
| **21 February** | Announcement of financial results |
| **14 March** | Close of nominations |
| **5 May 9:30am (WST)** | Close of acceptances of proxies for AGM |
| **7 May 9:30am (WST)** | Annual General Meeting |

*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, Western Australia, 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 17, 221 St Georges Terrace,

Perth, Western Australia, 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, Victoria, 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<br>ABN: 34 008 675 018 |
| **Company secretary** | Ben Martin, Company Secretary<br>Nigel Tinley, Joint Company Secretary |
| **Registered office** | Level 17<br>240 St Georges Terrace<br>Perth, Western Australia<br>6000 |
| **Postal address** | GPO Box U1988<br>Perth, Western Australia<br>6845 |
| **Phone** | +61 8 9360 4700 |
| **Facsimile** | +61 8 9360 4777 |
| **Website** | **www.iluka.com**<br>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 69th Annual General Meeting of Shareholders (AGM) will be held as a hybrid meeting, online and in the Perth Conference and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia, on Tuesday 7 May 2024, commencing at 9:30am (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 69th Annual General Meeting of Shareholders must be received in writing no later than Thursday 14 March 2024 in order to be valid under Iluka'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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