

## SUPPLEMENTARY COST INFORMATION TO KEY PHYSICAL & FINANCIAL PARAMETERS - 2017

16 March 2017

This document provides additional detail on Other Cash Costs guided in the *Key Physical and Financial Parameters 2017*, 30 January 2017, link here: [Key Physical and Financial Parameters 2017](#).

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#### **Non-IFRS Financial Information**

This document uses non-IFRS financial information including mineral sands EBITDA, Group EBITDA and Group EBIT which are used to measure both group and operational performance. Non-IFRS measures have not been subject to audit or review.

## Other Cash Costs

### Iluka Group Financial Parameters (excerpt from 30 January 2017 paper)

	2016	2017 Guidance Iluka only	2017 Guidance Sierra Rutile only	2017 Guidance Iluka group	2017 Commentary
Other cash costs <sup>1</sup> Includes: royalties, marketing and selling, exploration, resource development and corporate support	190	~120	~20	~140	Costs expected to be lower than 2016 levels with reduced expenditure following the sustainable business review in corporate, resource development, exploration, marketing areas.  Balranald project costs to be capitalised in 2017 (expensed in 2016).

### Additional detail to 2017 Other Cash Cost Parameters

	2016 costs \$m	2016 and 2017 Commentary
Government royalties	20	Royalties related to sale of goods and dependent on volume of sales.  Royalties are levied as per cent of revenues generated from the sale of mineral sands products, and in the case of South Australia, with Jacinth-Ambrosia HMC (which is not processed in South Australia), by a determination arrived at with the South Australian Government.  The royalty rates for Western Australia and Victoria (Murray Basin operations) are 5.0 per cent and 2.75 per cent, respectively. However, revenues derived from synthetic rutile production are not subject to Western Australian State Government royalty as this is classed as a value adding beneficiation process.
Marketing and selling costs	36	In 2016, \$20.3m related to port and other marketing selling fees related to sale of product.  The remainder of this item is marketing administration costs which are expected to reduce by ~20 per cent in 2017 as a result of the Sustainable Business Review.
Resource development (includes exploration)	79	In 2016, \$36.0m related to the unconventional mining approach at the Balranald project. 2017 costs associated with this project are to be capitalised. Exploration costs in 2016 were \$24.3m and are expected to approximately halve in 2017.  Other components of this item are other major projects and Innovation, Technology and Sustainability. 2017 expenditure in both of these is expected to be at a similar level to 2016.
Corporate and other	54	Costs expected to reduce by ~20 per cent in 2017 following the Sustainable Business Review.
<b>Total</b>	<b>190</b>	

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<sup>1</sup> 2016 non-production costs of **\$190 million were guided**, including a guided non-recurring ~\$35 million item for research expenditure on the Balranald unconventional mining method. Other cash costs do not include an actual \$14 million for Sierra Rutile transaction costs (previously \$18 million of which \$2 million re-classified as interest expense in relation to a deal contingent forward, with the balance mainly a SRL management payment made prior to change of control).