

2023 TAX TRANSPARENCY REPORT

DELIVER SUSTAINABLE VALUE



CONTENTS

About Iluka 3

Boundary 4

2023 Contribution 6

Message from the Chief Financial Officer 7

Principles of Tax Risk Governance and Management..... 8

Our Approach to Tax 9

Glossary of Terms..... 15

ABOUT THIS REPORT

The 2023 Tax Transparency Report is published on a voluntary basis in line with the Company’s Corporate Governance framework as part of Iluka’s ongoing commitment to high standards of corporate governance and transparency. The disclosures in this report are consistent with those recommended for a ‘large’ taxpayer under the Australian Voluntary Tax Transparency Code, which Iluka has adopted since 2016.

As a significant global entity, Iluka also complies with country-by-country reporting, which is reported to the Australian Tax Office (ATO) in accordance with the ATO’s notification requirements.

The Report should be read together with Iluka’s 2023 Annual Report, which is available on the company’s website: www.iluka.com.

A description of technical terms used in this Report and information regarding the approach adopted in compiling the data presented can be found in the Basis of Preparation and the Glossary of Terms.

All dollar figures in this Report are in Australian dollars (A\$), unless otherwise stated.

In this Report, the collective expressions ‘we’, ‘us’, ‘our’, ‘ourselves’, ‘the company’, ‘the Group’, ‘Iluka’ and ‘the Iluka Group’ are used where reference is made, in general, to Iluka Resources Limited and its respective subsidiaries. The use of those terms is for convenience only and used where no useful purpose is served by identifying any particular company or companies.

Iluka’s Executive team and Board of Directors review this Report.

ABOUT ILUKA

Iluka Resources Limited (Iluka) 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.



BOUNDARY

THIS REPORT COVERS ILUKA'S OPERATIONS GLOBALLY

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

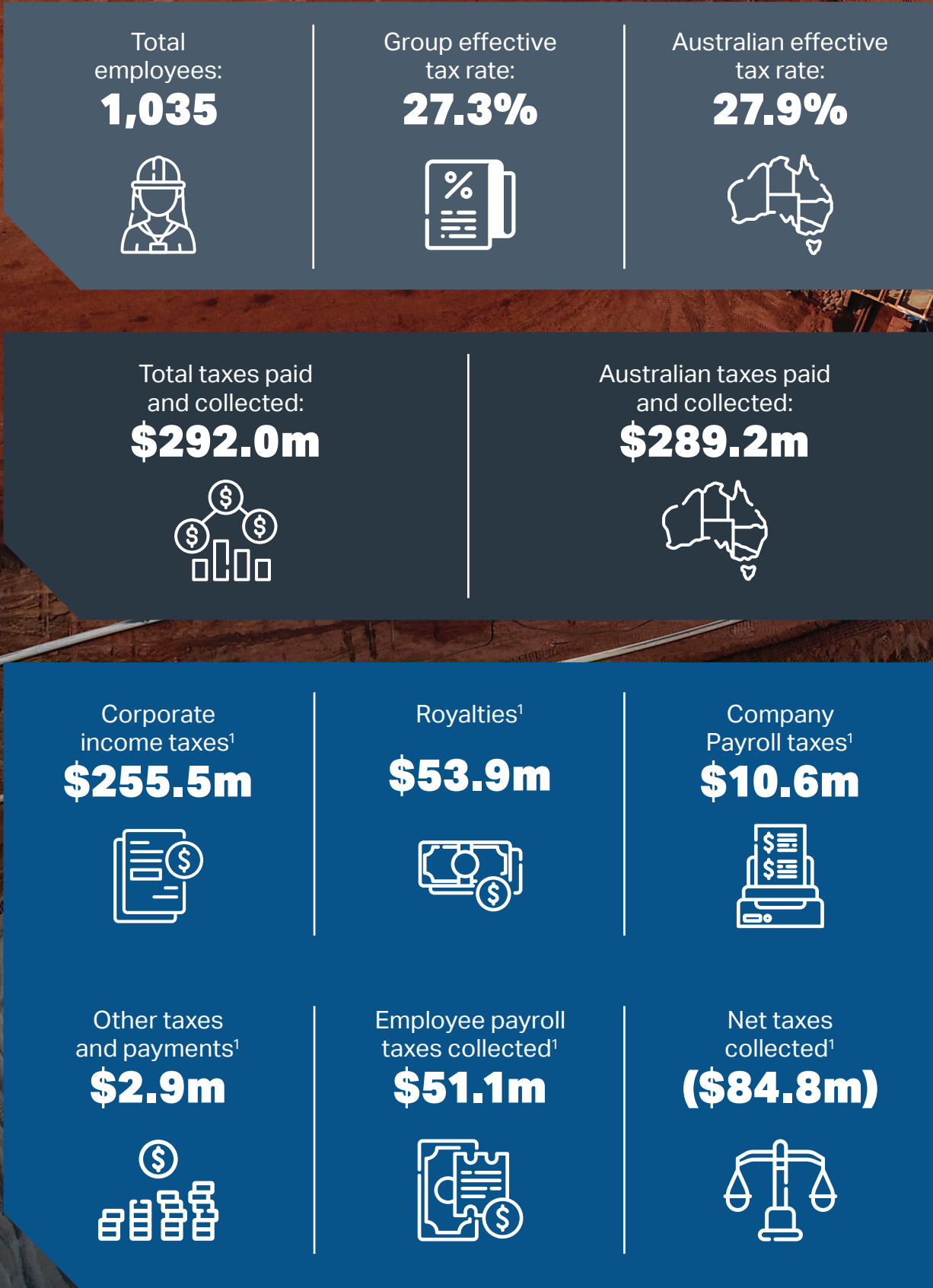
NEW SOUTH WALES

- Balranald project
- Euston project

VICTORIA

- Wimmera project
- Rehabilitation
- Hamilton processing (idle)

2023 CONTRIBUTION



1. Represents taxes paid and refunded in Australia only.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Iluka's financial result in 2023 was delivered against a backdrop of subdued demand and persistent inflation.

Iluka has maintained a healthy balance sheet built over an extended period and this has enabled the company to adapt and respond to the macroeconomic and industry conditions we were confronted with in 2023. Highlights of the financial results in 2023 include earnings before interest and tax of \$492 million, operating cash flow of \$347 million and \$281 million invested in a pipeline of mineral sands and rare earths capital projects critical to Iluka's long-term sustainability.

In 2023, Iluka contributed and collected a total of \$292 million (net) in taxes globally, alongside \$4.2 million in fees such as mining tenement rental fees and land taxes. In the previous year, Iluka achieved record mineral sands revenue of \$1,727 million, underpinned by a strong operational performance, and so in 2023, a significant component of the corporate tax paid related to the previous year's results.

Our Group underlying effective tax rate was 27.3%. Iluka's equity-accounted profit for our investment in Deterra Royalties is not assessable and the assessable dividends received were fully franked, resulting in an effective tax rate lower than the corporate tax rate. Details of our broader economic contribution can be found within our 2023 Annual Report.

I am pleased to present our annual Tax Transparency Report. Tax governance and tax risk management play a key role in how Iluka operates, and we are committed to meeting all compliance obligations and being ethical, responsible and transparent in our tax affairs, in alignment with our company values.

Adele Stratton
Chief Financial Officer and
Head of Development



PRINCIPLES OF TAX RISK GOVERNANCE AND MANAGEMENT

The management of Iluka's tax risks takes place in adherence to the following principles adopted by the Group and aligned to the Group's Values and Code of Conduct:



Act with **INTEGRITY**

- Iluka will act with integrity and engage with regulatory authorities in an open and respectful manner and seek to build sustainable relationships with such authorities;
- Iluka will assess its tax positions taking into account, inter alia, the potential impact to Iluka's reputation and objective of delivering sustainable value;
- Iluka will maintain documented policies and procedures, supported by appropriate internal and external controls, with respect to managing its tax risks; and
- Iluka is transparent about the ownership of group entities worldwide.



Show **COURAGE**

- Iluka will consider availing itself of tax benefits, incentives and concessions as long as they are justified in law and contribute to the creation of business value;
- Iluka will defend itself and avail itself of all remedies available in respect of tax positions that are enshrined in the law recognising, however, that resolution of any disputes by way of litigation is the least preferred option; and
- Iluka will not pay taxes that have no basis in law or that are claimed on an unjustified basis.



Demonstrate **RESPECT**

- Iluka will comply with prevailing tax law and, where appropriate, seek independent professional advice on interpretation of the law;
- Iluka will meet its tax compliance and payment obligations on time; and
- Iluka will price transactions in its global value chain according to the arm's length principle and in compliance with the OECD guidelines.



Take **ACCOUNTABILITY**

- Iluka will only consider transactions that are commercially sound and are supported by economic substance on both a pre- and post- tax basis;
- Iluka will not knowingly participate in or facilitate tax evasion;
- Iluka will not enter into artificial transactions without business purpose; and
- Iluka will not adopt tax positions that are not defensible under full disclosure.



COLLABORATE

- Iluka builds mutual trust through transparent, open and honest communications with tax authorities and other external stakeholders; and
- Where appropriate to do so, Iluka engages with external stakeholders in public policy advocacy on tax to responsibly contribute to the development of relevant tax policies, laws, and disclosures.

OUR APPROACH TO TAX

Our Approach to Tax, a public statement communicating Iluka's global tax strategy, is subject to review and approval by Iluka's Board of Directors. This strategy, which is aligned to Iluka's Purpose, Values and Code of Conduct, is implemented in accordance with our Principles of Tax Risk Governance and Management. Iluka's Approach to Tax Statement is published on our website at www.iluka.com.

TAX RISK FRAMEWORK AND GOVERNANCE

Iluka's Tax Risk Policy ('the Policy'), is the primary governance and control framework applicable across the entire Group by which the Group's tax risks are managed and is aligned to the Group's Risk Management Policy and Framework. The Policy establishes the accountability, reporting and escalation framework for managing Iluka's tax risks and is reviewed by the Board on a biennial basis (or as required in case of significant changes in Iluka's circumstances) to ensure that it remains fit for purpose and aligns to the Group's strategic direction and values.

The Iluka Board retains ultimate responsibility for Iluka's tax governance, with oversight and management of tax risks delegated to the Iluka Audit and Risk Committee. The Audit and Risk Committee is updated on matters pertaining to tax at least twice a year.

Iluka has a low risk appetite for tax risk, being a low tolerance for non-compliance with tax obligations and unnecessary disputes with tax authorities. Tax is also included in Iluka's internal audit plan.

RELATIONSHIP WITH TAX AUTHORITIES

Iluka interacts with tax authorities on an ongoing basis in the countries in which we operate. Iluka believes that such dealings should be based on full disclosure of the facts, mutual trust, and respect.

Iluka is currently part of the ATO's Top 1000 Combined Assurance Review program, having completed the last review in 2021. We are committed to maintaining an open and transparent relationship with the ATO and other relevant tax authorities.

INTERNATIONAL RELATED PARTY DEALINGS

Iluka's principal activities are exploration, project development, mining, processing, marketing of critical minerals (mineral sands and rare earths), and rehabilitation. Iluka's operations are currently Australian-focused.

The limited activities undertaken in select countries across the globe through companies and branches are considered international related parties in relation to other entities within the Group. The Group is currently comprised of 58 legal entities. None of these entities are in jurisdictions that are considered to be 'no or only nominal tax jurisdictions' per OECD guidelines.

All international related party transactions take place in accordance with the arm's length principles contained in the OECD guidelines and local laws, with appropriate supporting documentation, as required by the tax laws of each respective jurisdiction. We disclose international related party transactions through the lodgement of tax returns and detailed country-by-country reports.

PAYMENTS MADE TO GOVERNMENT BY COUNTRY

This information has been prepared on the basis set out in the Basis of Report preparation section of this Report. The majority of taxes paid are attributable to Australia, followed by the US. All other jurisdictions are grouped together.

Country and level of government (AU\$ millions)	Corporate Income Tax	Royalties	Fees	Employer Payroll Taxes	Other Taxes and payments	Total Government payments borne	Employee payroll taxes (not borne)	Net Taxes collected / (refunded)
Australia								
Government of Australia	255.5	0.0	0.0	0.0	0.3	255.8	51.1	(84.8)
State of Queensland	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0
State of South Australia	0.0	29.4	1.2	1.0	0.0	31.6	0.0	0.0
State of New South Wales	0.0	0.0	0.5	0.0	1.6	2.1	0.0	0.0
State of Victoria	0.0	1.2	0.4	0.2	0.2	2.0	0.0	0.0
State of Western Australia	0.0	23.3	1.9	9.4	0.8	35.4	0.0	0.0
Australia Total	255.5	53.9	4.2	10.6	2.9	327.1	51.1	(84.8)
United States of America								
Government of United States of America	0.0	0.0	0.0	0.4	0.0	0.4	1.8	0.0
State of Virginia	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
State of Florida	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0
United States Total	0.0	0.0	0.0	0.4	0.3	0.7	1.8	0.0
Other Countries								
Other	0.0	0.0	0.0	0.0	0.1	0.1	0.2	(0.0)
Other Total	0.0	0.0	0.0	0.0	0.1	0.1	0.2	(0.0)
Total Payments to Governments	255.5	53.9	4.2	11.0	3.3	327.9	53.1	(84.8)

RECONCILIATION OF INCOME TAX EXPENSE TO CORPORATE INCOME TAX PAID

Income tax expense represents accounting profits at the corporate tax rate adjusted for non-temporary differences. Non-temporary differences reflect amounts where the tax treatment will always be different to accounting and not just in the timing of when tax should be paid/refunded. The difference between income tax expense and corporate income tax paid is attributable to a combination of temporary differences and the timing of cash tax payments pursuant to the tax administration laws of the respective jurisdiction. Temporary differences represent amounts that are assessable/deductible for tax purposes but the timing of which is different to what is recognised for accounting purposes. For example, the tax depreciation rate in Australia pursuant to the Australian tax rules is different to the accounting depreciation rate.

Iluka's effective tax rate is provided on page 12.

	Total group	Australia	USA	Other
Profit/(loss) before Taxation	471.6	461.8	9.8	(0.1)
Australian corporate tax rate	30%			
Tax @30%	141.5	138.5	3.0	(0.0)
Non-Temporary Adjustments				
Equity accounted share of profit - Deterra	(8.2)	(8.2)	0.0	0.0
Northern Minerals - Remeasurement loss	1.5	1.5	0.0	0.0
(Gains)/losses not recognised by overseas operations	(3.0)	0.0	(3.0)	0.0
Other Items	(2.9)	(2.9)	0.0	0.0
Total Non-Temporary Adjustments	(12.6)	(9.7)	(3.0)	0.0
Income Tax (Benefit)/Expense	128.9	128.9	0.0	0.0
Temporary Adjustments				
Fixed assets	(0.9)	(0.9)	0.0	0.0
Mining rehabilitation	15.1	15.1	0.0	0.0
Consumables & trading stock	1.0	1.0	0.0	0.0
Accrued income/expenses	7.7	7.7	0.0	0.0
Provisions	2.6	2.6	0.0	0.0
Other Items	4.4	4.4	0.0	0.0
2023 Income Tax Payable	158.8	158.8	0.0	0.0
Less: Amounts Payable in 2024 (Current Tax Payable)	(39.6)	(39.6)	0.0	0.0
Current Tax Paid in 2023	119.2	119.2	0.0	0.0
Add: Tax payments/(refunds) in 2023 relating to prior years	(0.8)	(0.8)	0.0	0.0
Add: Tax payments/(refunds) in 2023 relating to 2022 Year	137.1	137.1 ²	0.0	(0.0)
Corporate Tax Paid/(Refunded)	255.5	255.5	0.0	0.0

² Refer to page 12 for reconciliation to ATO tax transparency disclosure.

EFFECTIVE TAX RATE

The effective tax rate is calculated as income tax expense/(benefit) divided by profit/(loss) before income tax.

Income tax expense/(benefit) captures income tax on profits and excludes all other taxes such as transactional taxes in connection with supplies, taxes on property and taxes borne as an employer. The effective tax rate will differ from the corporate tax rate due to non-temporary differences, explained previously.

	Total group	Australia	USA	Other
Australian Corporate tax rate	30%			
Profit/(loss) before income tax	471.6	461.8	9.8	(0.1)
Income tax expense/(benefit)	128.9	128.9	0.0	0.0
Effective tax rate	27.3% ³	27.9%	0.0%	(39.8%)

³ The underlying effective tax rate is the same as the effective tax rate as there are no non-recurring material accounting adjustments for the 2023 Year.

AUSTRALIAN CORPORATE TAX TRANSPARENCY DISCLOSURE

The ATO publishes certain tax information about large taxpayers annually. The latest data published by the ATO relates to Iluka’s 2021 year (being the year ended 31 December 2021). The information for the 2021 year was also reported in the 2022 Tax Transparency Report.

Iluka filed its 2022 income year Australian income tax return in July 2023. The 2022 income year corporate tax transparency disclosure will be released by the ATO late in calendar year 2024. To provide additional context to this Report, we have disclosed the tax information reported under the current ATO corporate tax transparency disclosure, taken from our 2022 Australian income tax return and reconciled this to our 2022 and 2023 tax transparency reporting suite.

	2022 A\$ million
Group Profit/(Loss) before income tax – per Iluka 2022 Annual Report	801.3
Foreign subsidiaries	(87.1)
Consolidation eliminations	331.8
Profit/(Loss) before income tax – Australia	1,046.1
Total income	1,938.3
Total expenses	(892.2)
Profit/(Loss) before income tax – Australia	1,046.1
Non-temporary adjustments	310.9
Temporary adjustments	(583.8)
Total Taxable income	773.2
Tax on Taxable income	232.0
Less Tax offsets	21.8
Tax Payable	210.2
Net 2022 corporate income tax paid in 2022	73.1
Net 2022 corporate income tax paid in 2023	137.1

BASIS OF PREPARATION

The payments made to government has been prepared on the following basis:

- the Report gives its readers an overview of the total payments made by Iluka to governments worldwide;
- Iluka includes Iluka Resources Limited and subsidiaries (hereafter and above – ‘Iluka’, ‘Iluka Group’ or ‘the Group’) for the period they form part of the Iluka Resources Limited accounting consolidated group; and
- the scope of reporting is described further below.

The basis of preparation supports the following data for Iluka included in the Report:

- total payments to governments borne;
- employee payroll taxes; and
- net taxes refunded.

All data, unless otherwise stated, is prepared for the financial year 1 January 2023 to 31 December 2023. The payments made by country and level of government are presented in this Report on a cash paid and cash received basis for the year ended 31 December 2023 for the period they form part of the Iluka Resources Limited accounting consolidated group.

SCOPE AND METHODOLOGY OF REPORTING

Reporting Currency

All payments to governments have been reported in A\$ in line with the Iluka functional currency for consolidated accounting purposes. Payments denominated in currencies other than A\$ are translated for this Report at the average exchange rate for the year 1 January 2023 to 31 December 2023.

Organisational Reporting Boundaries

The ‘Payments made to government by country’ section of the Report sets out taxes paid by Iluka to governments in the countries in which they operate, organised by material jurisdictions and named level of government. Payments are not reported where taxes paid to a government body are less than \$0.1 million.

Total Payments to Governments Borne

These are the taxes that the Group is obliged to pay to a government on its own behalf, or taxes that the Group is obliged to pay to a third party and that cannot be recovered from a government. The main taxes we have included in this category are:

Corporate Income Taxes Paid/(Refunded)

Payments to governments and refunds from governments based on taxable profits under legislated income tax rules. This also includes payments made to revenue authorities in respect of withholding taxes paid on dividends, interest, or royalties. Generally, these taxes are reflected in the corporate income tax returns made to government and included as income taxes in the Consolidated Income Statement.

Royalties

Payment to governments in respect of revenue or production related to extraction of minerals or metals. Typically, these taxes tend to become payable, and are paid, in the year to which they relate. These form part of operating costs.

Fees

Payments to governments in the form of fees typically levied on the initial or ongoing right to use a geographical area for exploration, development and/or production. This includes licence fees, rental fees, entry fees and other payments for licences and/or concessions. Typically, these taxes tend to become payable, and are paid, in the year to which they relate; these form part of operating costs.

Employer Payroll Taxes

Payments to governments in relation to Iluka's capacity as an employer. These taxes are calculated as a percentage of salary, wages and on-costs and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return. These usually form part of operating costs.

Other Taxes and Payments

Payments to and refunds from governments under other legislated rules where no specific service is attached, including fringe benefits tax, property tax, stamp duty, customs, import and excise duties and other levies/charges.

Employee Payroll Taxes Collected

This comprises payroll and employee taxes withheld from employee remuneration and paid to governments on behalf of employees. Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return.

Net Taxes Collected/(Refunded)

This comprises:

Goods and Services Tax (GST), Value Added Tax (VAT) and Excise Duties

These are net amounts refunded from governments that a company has paid to suppliers for in-country purchases of goods, services and eligible fuel and collected in respect of certain sales, for example, Goods and Services Tax (GST), Value Added Tax (VAT) and fuel tax credits. Such a refund does not result in a net cost to governments. Typically, these taxes become repayable and are repaid by governments regularly (often quarterly) throughout the year, shortly after the submission of the sales tax returns.

Withholding Taxes Collected From Suppliers

This comprises taxes that are required to be withheld in advance on payments made to suppliers. Typically, these taxes would be reflected in income tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year or shortly after the submission of the return.

GLOSSARY OF TERMS

Corporate income taxes paid/(refunded)

Payments to governments and refunds from governments based on taxable profits under legislated income tax rules. This also includes payments made to revenue authorities in respect of withholding taxes paid on dividends, interest, or royalties. Generally, these taxes are reflected in the corporate income tax returns made to government and included as income taxes in the Consolidated Income Statement.

For the purposes of allocating corporate income taxes to a country in the 'Payments made to government by country' in this Report, withholding taxes are allocated to the country to which the withholding taxes are remitted.

Current tax

The corporate income tax due in respect of taxable profits of an accounting period, as defined in the International Financial Reporting Standard IAS 12.

Deferred tax

The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in the International Financial Reporting Standard IAS 12.

Effective tax rate

Income tax expense/(benefit) divided by profit/(loss) before income tax.

Government

Any national, regional, or local authority of a country and includes any department, agency or undertaking controlled by such an authority.

IFRS (International Financial Reporting Standards)

Accounting standards as issued by the IASB (International Accounting Standards Board).

Iluka or the Iluka Group or the Group

Iluka Resources Limited and its respective subsidiaries.

Income tax expense/(benefit)

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.

Non-temporary differences

Differences between taxable income or loss and profit/(loss) before income tax.

These differences arise as a result of particular expenses or revenue which under income tax legislation will never be included in the determination of taxable income or loss although they are recognised in the profit/(loss) before income tax.

Payment

An amount paid whether in money or in-kind.

Profit/(loss) before income tax

Accounting profit for a period before deducting a charge for corporate income taxes.

Report

The Report has been prepared for Iluka's financial year from 1 January 2023 to 31 December 2023.

Temporary differences

Differences between pre-tax statutory profit or loss and taxable income or loss for a given reporting period which arise because the reporting period in which some items of revenue and expense are included in the determination of the pre-tax statutory profit or loss does not coincide with the reporting period in which they are included in the determination of taxable income or loss.

