ILUKA

ANNUAL REPORT 2015

DIRECTORS' AND STATUTORY INFORMATION

CREATE AND DELIVER VALUE FOR SHAREHOLDERS

Iluka Resources Limited
ABN: 34 008 675 018

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 2015 (the 'financial year') compared with the year ended 31 December 2014 ('comparative year').

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

Revenue from ordinary activities	Up 11.3% to $882.2m
Profit from ordinary activities after tax attributable to members	Up 185.6% to profit of $53.5m
Net profit for the period attributable to members	Up 185.6% to profit of $53.5m

Dividends
2015 final: 19 cents per ordinary share (100% franked), payable in April 2016
2015 interim: 6 cents per ordinary share (100% franked), paid in September 2015
2014 final: 13 cents per ordinary share (100% franked), paid in March 2015
2014 interim: 6 cents per share (100% franked), paid in October 2014

Key ratios	**2015**	**2014**
Basic earnings per share (cents)	12.8	(15.0)
Free cash flow per share[1](cents)	37.0	46.9
Return on Equity[2]	3.8	(4.1)
Net tangible assets per share ($)	3.31	3.38

[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 / (Loss) after Tax (NPAT) for the year as a percentage of average monthly shareholders equity over the year.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

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

Independent auditor's report

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

Contents

Directors' Report

The directors present their report on the Group consisting of Iluka Resources Limited and the entities it controlled at the end of, or during, the year ended 31 December 2015.

OPERATING AND FINANCIAL REVIEW

ABOUT ILUKA

Iluka is a leading mineral sands Company involved in mineral sands exploration, project development, operations and marketing. Iluka is the largest global producer of zircon and the second largest producer of titanium dioxide products, with a major position in the high grade products of rutile and synthetic rutile. These products are used in a diverse range of applications from consumer, industrial and manufacturing applications. The Company also has a royalty associated with a tier one iron ore operation - BHP Billiton's Mining Area C province in Western Australia.

Iluka's objective is to create and deliver value for shareholders supported by values centred on Commitment, Integrity and Responsibility. To facilitate this, a focus on environment, health and safety performance is paramount, while the Company must continue to attract high quality people, provide training and growth opportunities for existing employees, and maintain a commitment to diversity and sustainability principles.

Features of the Company's business approach include the following:

Operations

- Globally integrated operations located in lower risk jurisdictions
- Over 60 years mineral sands exploration, mining, processing and metallurgy operational experience
- Highly skilled operators and extensive technical knowledge base in an industry with limited external technical consulting resources
- Flexible and integrated operating base
- Approach to match production to sales through the cycle, with ability to quickly adapt to changing market conditions
- Approximately 12 years Reserve cover based on 2015 depletion rates and 23.0 million tonnes of Ore Reserves. In addition the Company has 172.9 million tonnes of Mineral Resources which includes the aforementioned Ore Reserves

Financial Focus

- Focus on shareholder returns through the cycle
- Return on capital as an internal proxy for return on equity
- Track record of returning excess cash flow to shareholders
- Maintenance of a strong balance sheet
- Capital-efficient project development and growth

Sustainable Development Focus

- High standards in health, safety and environmental matters
- Sound planning, control and risk management systems
- Stakeholder relationships which, over time, are mutually beneficial

Customer Focus

- Focus on customer benefits
- Full range of titanium dioxide feedstock grades and zircon for all applications
- Global distribution network and logistics capabilities
- Reliable supplier with a strong balance sheet
- Consistent product quality and track record of delivering on promises

Growth

- Technically experienced in-house exploration team with a domestic and international programme
- Suite of internal growth options - several under advanced evaluation
- New developments subject to strict financial return criteria and assessed against industry supply-demand dynamics
- Focus on product development and innovation and technology activities

Further information regarding Iluka's operations can be found in the Iluka Review 2015.

BUSINESS STRATEGIES AND FUTURE PROSPECTS

Iluka maintains its commitment to a range of activities designed to generate future growth and deliver value for shareholders. Its business approach has the following key elements:

- flex operations in line with market demand;
- continue market development through the cycle;
- preserve/advance mineral sands growth opportunities;
- maintain a strong balance sheet;
- continue to evaluate/pursue corporate growth opportunities; and
- act counter-cyclically where appropriate.

The future prospects of the Company are dependent on the execution of the Company's business strategies and operating and market demand/supply conditions for its principal products.

In 2015, specific areas of strategy implementation included:

- strengthening of Iluka's position as a high grade TiO2 supplier by restarting idled assets progressively, in line with market demand and on a commercially prudent basis;
- enhancement of the Company's zircon market presence and leadership position via new products; increased market representation and technical collaboration with customers; and introduction of a new zircon pricing model;
- optimisation of internal mineral sands production options through project timing flexibility and market-related production profiles together with capital and operating expenditure improvements;
- development, acquisition and implementation of new mineral sands mining and processing technologies, including those with the potential to transform the Company's resource base;
- exploration activities; ranging from first stage evaluative studies in new jurisdictions to exploration and resource delineation drilling in multiple jurisdictions in Australia and internationally;
- evaluation and progression of merger and acquisition opportunities where financial merit and strategic rationale can be demonstrated; and
- proactive advancement of the Company's sustainability and social responsibility performance and reputation, including workforce capability and diversity, sustainable development practices and alignment to international reporting frameworks.

Further detail surrounding the future prospects for Iluka are detailed in the Mineral Sands Projects and Other Growth Options section in the Iluka Review 2015.

Innovation and technology

Iluka considers investment in mineral sands innovation and technology as important to: maximising the value created from existing operations through production and recovery improvements; enabling the potential commercialisation of non-conventional mineral sands deposits; introducing new products to enhance customers' production processes; as well as supporting technical and commercialisation activities related to Metalysis and the Tapira project in Brazil. The Company has a dedicated team of industry and technical experts to further work in these areas, and operates a Metallurgical Test Facility at Capel, Western Australia, as well as various laboratories at its operations.

A number of projects were progressed during the year with research continuing in the areas of mining technology, process and product development.

A number of projects are being undertaken to improve both the effectiveness of synthetic rutile production as well as provide a high grade feedstock for the sulphate pigment process. Project scoping work on the processing of fine grained minerals was undertaken during the year with further technological development work planned in 2016. Work associated with Metalysis and the potential commercialisation of the Tapira deposit in Brazil also formed part of Iluka's activities in this area.

BUSINESS RISKS AND MITIGATIONS

The identification and management of risk is fundamental to achieving Iluka's objective. We are, therefore, committed to managing risk in a proactive and effective manner.

Iluka's Risk Management Policy is supported by a risk management framework which is aligned to the International Standard for risk management, ISO 31000:2009. The framework provides a whole of business approach to the management of risks and sets out the process for the identification, management and reporting of risk to the achievement of our plans and objectives.

The Board, through the Board Charter, delegates responsibility for identifying and managing risks to management. Management is required to report to the Board on those risks which could have a material impact on the Company's business. The Audit and Risk Committee assists the Board with regard to oversight of the Company's risk management practices.

Through its risk management framework Iluka seeks to:

- embed a culture of risk awareness and decision making;
- identify, assess and manage risks in a structured and systematic manner;
- enable prudent risk taking in line with business objectives and strategies;
- establish and monitor appropriate controls in line with business objectives and strategies;
- ensure material business risks are effectively identified, communicated and appropriately elevated throughout all levels of management to the Board; and
- continue to fulfil governance requirements for risk management.

Iluka applied a structured and systematic approach to assess the consequence of risk in areas such as environment; injury; illness; reputation; stakeholder; compliance; financial and Company objectives. Company risks and how they are being managed, are reviewed by the Executive team regularly and reported to the Audit and Risk Committee on a twice yearly basis.

Set out below are the key risk areas that could have a material impact on the Company. The nature and potential impact of risks changes over time. The risks described below are not the only risks that Iluka faces, and whilst every effort is made to identify and manage material risks, additional risks not currently known or detailed below may also adversely affect future performance.

Sustaining operations risks

Maintaining a pipeline of mineral resources, mineral reserves and projects in order to sustain operations and maintain business is a key focus for Iluka. The success of exploration activity and project delivery are critical to sustain operations in a timely manner.

Product demand risks

The resources sector typically exhibits cyclicality. In 2015, Iluka operated in business conditions of lower than typical demand for its products, with the Company's approach in such conditions to adjust production in the context of market demand and inventory levels.

Financial risks

Iluka faces risks relating to the cost of and access to funds, movement in interest rates and foreign exchange rates (refer note 17). Iluka maintains policies which define appropriate financial controls and governance which seek to ensure financial risks are fully recognised, managed and recorded in a manner consistent with:

- the financial risk appetite and delegations as set by Iluka's Board;
- generally accepted industry practice and corporate governance standards; and
- shareholder expectations of a mineral sands producer.

Any changes to, or material breaches of, Iluka's financial policies are reported to the Board.

Project development risks

Iluka regularly assesses its ability to enhance its production profile, or extend the economic life of deposits, by the development of new deposits within its portfolio. A failure to develop and operate projects in accordance with expectations could negatively impact results of operations and the Company's financial position. A structured capital process and project delivery framework is utilised to facilitate successful project development and manage risks in bringing new projects into operation.

Growth risks

To ensure a sustainable business going forward, Iluka attempts to generate growth options through exploration, innovation and appropriate external growth opportunities. The ability of Iluka to create and deliver value for shareholders is to some extent dependent on successful growth strategies.

Evaluating growth opportunities requires prudent risk taking as part of a disciplined process of project selection and interrogation to maximise the opportunity, achieve the desired outcomes, and manage the associated risks to the Company. This includes applying the Company's established disciplines and systems to evaluate growth opportunities and assess their potential value and impact considering a range of modifying factors and assumptions.

Country risk

Increasing international activities have increased Iluka's exposure to country risks. The potential development of international opportunities can be jeopardised by changes in fiscal or regulatory regimes, difficulties in interpreting or complying with local laws, material differences in sustainability standards and practices, or reversal of current political, judicial or administrative policies.

Business interruption risks

Circumstances may arise which preclude sites from operating including natural disaster, material disruption to our logistics, critical plant failure or industrial action. Iluka undertakes regular reviews for mitigation of property and business continuity risks. Iluka also conducts planning and preparedness activities to ensure rapid and effective response in the event of a crisis. Appropriate business plans, policies and training provides support to Iluka's risk mitigation activities.

Social licence to operate risks

An integral part of Iluka's activities is maintaining a social licence to operate. Iluka's safety, health, environmental, people and stakeholder performance expectations are clearly articulated by our policies and is overseen by the Board.

The Iluka Review 2015 contains further information on the Company's 2015 operating conditions, as well as elements of the business strategy. This document, as well as other Company information is available on Iluka's website www.iluka.com

OVERVIEW OF RESULTS

Iluka recorded a profit after tax for the year of $53.5 million, compared with a loss of $62.5 million for the previous corresponding period. The 2014 loss included a non-cash impairment charge of $86.5 million after tax in relation to the United States operations.

Mineral sands markets remained challenging during 2015. Iluka's 2015 financial results can be viewed in the context of continuing weak to variable demand in a number of end markets, and margin pressures on some customers from declining prices in their industry sectors.

Sales volumes of zircon, rutile and synthetic rutile (Z/R/SR) increased 5.6 per cent to 651.0 thousand tonnes compared to 616.2 thousand tonnes in 2014. Mineral sands sales revenue for the year ended 31 December 2015 was $819.8 million (2014: $724.9 million). Revenue per tonne of Z/R/SR sold increased by 10.3 per cent to $1,136 (2014: $1,030/t), despite lower weighted average received USD prices and a higher proportion of standard grade zircon and zircon in concentrate sales. The higher revenue per tonne therefore mainly reflected currency translation benefits associated with the lower AUD:USD (2015 average of 75.2 cents compared with 90.3 cents in 2014).

Total cash production costs in 2015, excluding ilmenite concentrate and by-product costs, increased by 7.8 per cent to $384.9 million (2014: $356.9 million), reflecting reactivation of mining at Tutunup South and SR kiln 2 production in the South West of Western Australia, offset by completion of mining at Woornack, Rownack, Pirro (WRP) in Murray Basin, Victoria. Ilmenite concentrate and by-products costs reduced 69.6 per cent to $7.6 million from $25.0 million in 2014. This reflected Iluka's decision to market less iron concentrate as a result of the reduction in iron ore prices and decreased volumes of ilmenite concentrate transported for sale associated with prevailing low prices for this product.

On a unit basis, cash cost of production were $569 per tonne of Z/R/SR, a 20.3 per cent decrease compared with the prior year mainly reflecting 29.0 per cent higher production of Z/R/SR. Excluding the costs for ilmenite concentrate and by-products, the underlying unit cash cost of production reduced 16.5 per cent to $558 per tonne of Z/R/SR, compared with $668 per tonne in 2014.

Unit cost of goods sold has reduced 9.5 per cent to $780 per tonne of Z/R/SR sold compared to $862 per tonne in the previous corresponding period.

Mineral sands EBITDA for 2015 was $270.6 million, a 13.4 per cent increase compared with the previous corresponding period. Mineral sands EBIT increased by $173.3 million to a profit of $138.6 million (2014: loss $34.7 million). As noted above, the 2014 loss included a non-cash impairment charge in relation to the United States operations.

Mining Area C iron ore royalty earnings (MAC) decreased 7.8 per cent to $61.2 million (2014: $66.4 million), including capacity payments of $3.0 million (2014: $1.0 million). The decrease was due to lower royalty receipts associated with the reduction in iron ore prices. This was largely offset by higher capacity payments and a one-off receipt of US$8.0 million (A$10.4 million) following the modification to the royalty agreement with BHP Billiton and its joint venture partners, as announced to the ASX on 21 July 2015.

Profit before tax was $86.6 million (2014: loss $48.5 million). A net tax expense of $33.1 million (2014: $14.0 million) was recognised in respect of the profit for the year. The tax expense relates mainly to the Group's Australian profits, with minimal benefits recognised for overseas losses.

Iluka's NPAT is inclusive of a $25.3 million pre-tax and $17.7 million post tax non-cash accounting adjustment related to an increase in rehabilitation provisions at closed sites associated with a sustained decline in the 15 year Australian Government Bond rate, which is used in determining the Australian rehabilitation provision. This adjustment was announced by the Company to the ASX on 16 December 2015.

Earnings per share for the period were 12.8 cents compared to (15.0) cents in the previous corresponding period. The number of fully paid ordinary shares on issue at 31 December 2015 of 418.7 million was unchanged during the year.

Free cash flow of $155.0 million was $41.4 million lower than the previous corresponding period (2014: $196.4 million) largely reflecting $11.2 million lower receipts from MAC royalty as a result of lower iron ore prices and lower operating cash flow (2015: $222.2 million compared to 2014: $254.8 million).

Capital expenditure of $66.4 million in the year (2014: $66.9 million) related to various major projects, including Balranald (New South Wales) and Cataby (Western Australia), combined with land acquisitions and an increased equity stake in Metalysis Limited.

Net cash at 31 December 2015 was $6.0 million, with a corresponding gearing ratio (net debt/ net debt + equity) of -0.4 per cent. This compares with net debt at 31 December 2014 of $59.0 million and a gearing ratio of 4.0 per cent. Undrawn facilities at 31 December 2015 were $955 million (2014: $708 million) and cash at bank was $55 million (2014: $101 million).

During the year Iluka has increased the size of the Multi Option Facility Agreement (MOFA) facilities by $160 million to $1,010 million and extended a portion of the maturity profiles through to 2020. Further information on this facility can be found in Note 16 of the Financial Report.

OTHER MATTERS

During 2015 Iluka made substantial progress in addressing and finalising the majority of the pre-conditions related to its offer to acquire UK listed Kenmare Resources Plc and its Moma mineral sands operation in north Mozambique. The proposed transaction passed the twin tests of strategic rationale and financial merit. While Iluka viewed this as a compelling offer for both Kenmare and Iluka shareholders, information from Kenmare that its largest shareholder would not support the transaction resulted in Iluka terminating discussions with the Board of Kenmare.

On 16 February 2016, Iluka announced that it would suspend mining and concentrate production activities at its Jacinth-Ambrosia operation in the Eucla Basin, South Australia. Jacinth-Ambrosia is a globally significant source of zircon and, at peak production, has the ability to supply 25 to 30 per cent of global zircon demand. The suspension of these activities will be from 16 April 2016 for a period of 18 to 24 months, depending on market conditions. The suspension will increase net cash flow due to a reduction in Iluka's production costs, offset partially by a continued commitment to progressive rehabilitation and by restructure and idle costs. In 2016 a net cash cost benefit of approximately $30 million is expected after $16 million in idle, restructure and rehabilitation costs.

On 18 February 2016, Iluka announced that it has committed an additional £6 million (approximately A$12.2 million) to its investment in the private, UK based, Metalysis Limited with an undertaking to commit a further £4 million (approximately A$8.1 million) before 15 July 2016. The additional £10 million in total is expected to take Iluka's interest from 20.8 per cent to 28.8 per cent. This will result in Iluka obtaining significant influence over this investment and will commence equity accounting effective from 18 February 2016.

On 24 March 2014 Iluka became aware that a litigation funder proposed to fund claims that current or former shareholders may have against the Company in respect of continuous disclosure obligations in 2012. As advised to ASX on 24 March 2014, Iluka is of the view that it has at all times fulfilled its disclosure obligations and on receipt of any such claims, Iluka will vigorously defend its position. There has been no legal proceedings commenced, other than a pre action discovery application filed with the Tasmanian Registry of the Federal Court of Australia pursuant to which the applicant was seeking disclosure from Iluka of non-public documents. Iluka opposed the pre action discovery application. In July 2015 the Federal Court dismissed the pre action discovery application and awarded costs to Iluka. The applicant has appealed the Federal Court's decision. The appeal is scheduled to be heard by the Full Federal Court on 25 February 2016.

DIVIDEND

Directors have determined a fully franked dividend of 19 cents per share, payable on 1 April 2016 with a record date of 10 March 2016.

OVERVIEW OF SALES AND PRODUCTION

	2015	2014	% change
Sales (kt)			
Zircon	346.2	352.2	(1.7)
Rutile	133.6	182.0	(26.6)
Synthetic rutile	171.2	82.0	108.8
Total Z/R/SR sales	**651.0**	**616.2**	**5.6**
Ilmenite - saleable	299.8	316.6	(5.3)
Total sales volumes	**950.8**	**932.8**	**1.9**
Z/R/SR revenue ($m)	739.7	634.8	16.5
Ilmenite and other revenue ($m)	80.1	90.1	(11.1)
Total mineral sands revenue[1] ($m)	**819.8**	**724.9**	**13.1**
Revenue per tonne of Z/R/SR sold[2] ($/t)	1,136	1,030	10.3
Production (kt)			
Zircon	388.6	357.6	8.7
Rutile	136.5	177.2	(23.0)
Synthetic rutile	164.9	-	n/a
Total Z/R/SR production	**690.0**	**534.8**	**29.0**
Ilmenite	466.1	365.4	27.6
Total saleable production volume	**1,156.1**	**900.2**	**28.4**
HMC produced	1,137	1,305	(12.9)
HMC processed	1,206	968	24.6
Cash costs of production ($m)	392.5	381.9	(2.8)
Unit cash cost per tonne of Z/R/SR produced ($/t)	569	714	20.3
Unit cash cost per tonne of Z/R/SR produced excluding by-products ($/t)	558	668	16.5
Unit costs of goods sold per tonne of Z/R/SR sold ($/t)	780	862	9.5

[1] Mineral sands revenues include revenues derived from other materials not included in production volumes, including activated carbon products and iron concentrate.

[2] Revenue from the sale of zircon, rutile and synthetic rutile products.

Mineral sands sales volumes

Overall Iluka's Z/R/SR sales increased year-on-year, with high grade feedstocks higher (up 15.5 per cent), in large part associated with recommencement of SR kiln 2, but with zircon marginally lower (down 1.7 per cent).

Zircon demand year-on-year was broadly stable for the first three quarters, before slowing in the latter part of the year. Iluka's 2015 sales of 346.2 thousand tonnes were essentially in line with 2014 (2014: 352.2 thousand tonnes). Sales in China were stable, with higher demand in Europe, the Middle East and India, offset by weaker sales in North America, associated with the idling of the Virginia operations and reduced activity in some end sectors.

Combined sales volumes for the high grade titanium dioxide products of rutile and synthetic rutile for the full year were up 15.5 per cent to 304.8 thousand tonnes (2014: 264.0 thousand tonnes). Rutile sales were 133.6 thousand tonnes (2014: 182.0 thousand tonnes), with 2015 the first year of rutile allocation following completion of mining at WRP in Murray Basin, Victoria. SR sales were 171.2 thousand tonnes (2014: 82.0 thousand tonnes), the majority underpinned by commercial arrangements which continue beyond 2016.

Iluka sold 299.8 thousand tonnes of ilmenite in 2015 (2014: 316.6 thousand tonnes), reflecting higher utilisation of internal ilmenite as a feed source for SR production and lower sales of ilmenite from Virginia.

Mineral sands production

Total Z/R/SR production was 690.0 thousand tonnes, representing a 29.0 per cent increase from the previous corresponding period (2014: 534.8 thousand tonnes). Higher year-on-year production mainly reflects an increase in SR production associated with the reactivation of SR kiln 2 in the South West of Western Australia in April; marginally higher zircon production; offset by lower rutile production reflecting feedstock blending strategies at the Hamilton mineral separation plant (MSP) to manage supply of rutile following the completion of mining at WRP and before the next planned mine in the Murray Basin.

The Jacinth-Ambrosia mining and concentrating operation continued at full utilisation rates through to the end of the year.

Mining at Tutunup South, Western Australia, recommenced in March as an ilmenite feed source for SR kiln 2 located nearby. Mining in the Murray Basin was completed at the WRP deposits in April following the end of the economic life of these deposits. Rehabilitation work has commenced and Murray Basin rutile and zircon production will be derived from the progressive drawdown and processing of heavy mineral concentrate stocks before the next planned mine development at Balranald, New South Wales.

During 2015, the Hamilton MSP operated at approximately 78 per cent capacity and processed a blend of both Murray Basin and Jacinth-Ambrosia concentrate. The Narngulu MSP operated at approximately 60 per cent capacity in 2015.

SR kiln 2, which was re-activated in April 2015 produced 164.9 thousand tonnes of SR to the end of 2015 with higher than planned production associated with better than expected operating performance.

In Virginia, the Company's mining and concentrating operations at Concord and Brink, as well as the MSP, were idled in December 2015, as the Company previously indicated (refer ASX Release 12 December 2014).

INCOME STATEMENT ANALYSIS

$ million	**2015**	**2014**	**% change**
Z/R/SR revenue	739.7	634.8	16.5
Ilmenite and other revenue	80.1	90.1	(11.1)
Mineral sands revenue	**819.8**	**724.9**	**13.1**
Cash costs of production	(392.5)	(381.9)	(2.8)
Inventory movement	(5.7)	14.7	n/a
Restructure and idle capacity charges	(38.3)	(40.1)	4.5
Rehabilitation and holding costs for closed sites	(2.7)	1.0	n/a
Government royalties	(21.0)	(10.6)	(98.1)
Marketing and selling costs	(32.0)	(30.1)	(6.3)
Asset sales and other income	1.4	6.0	(76.7)
Resource development	(58.4)	(45.3)	(28.9)
Mineral sands EBITDA	**270.6**	**238.6**	**13.4**
Depreciation and amortisation	(132.0)	(191.3)	31.0
Impairment of US assets	-	(82.0)	n/a
Mineral sands EBIT	**138.6**	**(34.7)**	**n/a**
Mining Area C	61.2	66.4	(7.8)
Corporate other costs	(52.7)	(48.4)	(8.9)
Foreign exchange loss	(4.1)	-	n/a
Group EBIT	**143.0**	**(16.7)**	**n/a**
Net interest and bank charges	(11.0)	(13.9)	20.9
Rehabilitation unwind, discount rate change and other finance costs	(45.4)	(17.9)	(153.6)
Profit (loss) before tax	**86.6**	**(48.5)**	**n/a**
Tax expense	(33.1)	(14.0)	(136.4)
Profit (loss) for the period (NPAT)	**53.5**	**(62.5)**	**n/a**
Average AUD/USD (cents)	**75.2**	**90.3**	**16.7**

Mineral sands operational results

	Revenue		**EBITDA**		**EBIT**	
$ million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Australia	770.5	640.6	376.5	290.7	246.8	117.3
United States	49.3	84.3	(34.5)	1.4	(34.5)	(96.4)
Resource development and other	-	-	(71.4)	(53.5)	(73.7)	(55.6)
Total	**819.8**	**724.9**	**270.6**	**238.6**	**138.6**	**(34.7)**

An overview of performance for Australian operations and United States operations is provided later in this report.

Commentary in respect of the income statement analysis is provided below:

Mineral sands revenue

Mineral sands sales revenue for the year was $819.8 million representing an increase of 13.1 per cent compared with the previous corresponding period (2014: $724.9 million).

As noted, Z/R/SR sales volumes increased 5.6 per cent to 651.0 thousand tonnes (2014: 616.2 thousand tonnes). Revenue per tonne of Z/R/SR sold increased by 10.3 per cent to $1,136 (2014: $1,030/t), despite lower weighted average received USD prices and a higher proportion of standard grade zircon and zircon in concentrate sales. The higher revenue per tonne therefore mainly reflected currency translation benefits associated with the lower AUD: USD (2015 average of 75.2 cents compared with 90.3 cents in 2014).

Cash costs of production

Cash costs of production were $392.5 million, a 2.8 per cent increase relative to the previous corresponding period (2014: $381.9 million) despite a 29.0 per cent increase in Z/R/SR production. Production costs include costs associated with the production of ilmenite concentrate and other by-product streams, including iron concentrate. In 2015, the costs associated with these by-products was $7.6 million (2014: $25.0 million).

The increase in cash costs of production reflects the reactivation of SR kiln 2 in April, the recommencement of mining at Tutunup South, Western Australia in February as an ilmenite feed source for the kiln, and the restart of the Concord mining operation in Virginia, US in July which was concluded in December 2015. This was partially offset by the conclusion of mining at the WRP deposits in Murray Basin in April following the end of the economic life of these deposits.

Unit cash costs of Z/R/SR produced, excluding by-product costs, was $558 per tonne compared with $668 per tonne in 2014. Unit cash costs of Z/R/SR produced, including by-product costs, was $569 per tonne of Z/R/SR (2014: $714 per tonne).

Inventory movement

Work in progress (WIP) inventory has decreased by $42.9 million as heavy mineral concentrate processed of 1,206 thousand tonnes exceeded heavy mineral concentrate produced of 1,137 thousand tonnes. Mining in the Murray Basin was completed at the WRP deposits in April 2015 and production will be derived from the progressive drawdown and processing of heavy mineral concentrate stocks before the next planned mine development at Balranald, New South Wales.

Inventory of finished product increased by $43.3 million to $377.0 million due to production of Z/R/SR exceeding sales by 39.0 thousand tonnes during the year. Inventory movements in the balance sheet include the impacts of foreign currency translation for the US operations, which are accounted for within a foreign currency translation reserve and not through the profit and loss account.

Restructure and idle capacity cash charges

Restructure and idle capacity charges of $38.3 million (2014: $40.1 million) reflect costs incurred during periods of no or restricted production. Idle costs of $34.7 million are lower than the prior year (2014: $40.1 million) reflecting the change in operations with reactivation of the SR 2 at Tutunup South in South West of Western Australia at the end of the first quarter 2015 whilst mining at WRP in Murray Basin concluded. Restructure costs of $3.6 million (2014: $nil) were incurred in association with the cessation of mining at WRP in April 2015 and the idling of the US operations in December 2015.

Rehabilitation and holding costs for closed sites

Rehabilitation and holding costs of $2.7 million (2014: $1.0 million credit) include costs incurred relating to ongoing maintenance work completed on closed sites and changes in cost estimates for rehabilitation work associated with closed sites, with US operations rehabilitation up $27.7 million and Australian operations down $25.0 million.

Government royalties

Government royalties were higher than the previous corresponding period at $21.0 million (2014: $10.6 million) reflecting increased revenue and an increase in the royalty rate applied to production from the Jacinth-Ambrosia mine in South Australia. The Jacinth-Ambrosia mine was granted 'new mine' status from the State Government, which included a reduced royalty rate of 1.5 per cent for the first five years. This rate increased to 5 per cent in the first quarter of 2015 and will remain at that level for the remainder of the mine life.

Marketing and selling costs

Marketing and selling costs of $32.0 million are comparable with the previous corresponding period (2014: $30.1 million) and reflect a global marketing presence.

Resource development

Resource developments costs have increased 28.9 per cent to $58.4 million (2014: $45.3 million), reflecting a desire to discover additional Mineral Resources and support the definition of additional Ore Reserves. Exploration expenditure increased $8.0 million to $27.0 million reflecting an international exploration program, primarily for mineral sands but also with a targeted non mineral sands commodity focus. Expenditure also increased on assessing other growth options, including Tapira, Brazil and mining and processing technical evaluation work.

Depreciation and amortisation

The decrease of $59.3 million to $132.0 million compared to the previous corresponding period (2014: $191.3 million) reflects no depreciation charge on the US assets following the impairment charge taken in December 2014 combined with no depreciation at WRP following cessation of mining in the first quarter of 2015. Depreciation has recommenced on mine specific equipment and mine reserves associated with the restart of mining operations at Tutunup South and the restart of the SR 2 kiln during the first half of 2015. No depreciation was incurred on mine specific equipment at these locations during 2014.

US impairment

There have been no impairments during 2015. An impairment charge of $82.0 million before tax was recognised in relation to the US operations property, plant and equipment fixed assets in Virginia in 2014.

Mining Area C

Iron ore sales volumes were comparable with the previous corresponding period at 53.5 million dry metric tonnes (DMT) (2014: 53.4 DMT). The average AUD realised price upon which the royalty is payable decreased by 27.4 per cent from the previous corresponding period. The EBIT contribution of $61.2 million (2014: $66.4 million) includes $3.0 million of annual capacity payments for production increases in the year to 30 June (2014: $1.0 million) and a one-off receipt of US$8.0 million (A$10.4 million) following the modification to the royalty agreement with BHP Billiton and its joint venture partners, as announced to the ASX on 21 July 2015.

Corporate and other

Corporate and other costs of $52.7 million are $4.3 million higher than the previous corresponding period (2014: $48.4 million), reflecting increased costs associated with the evaluation of a potential acquisition of Kenmare Resources Plc.

Foreign exchange

Foreign exchange translation losses were $4.1 million compared to a net gain of $3.7 million in 2014 which was shown in other income.

Rehabilitation unwind

Rehabilitation unwind and other expense of $45.4 million includes a $25.3 million charge due to a reduction in the risk free discount rate used in the calculation of the net present value of the rehabilitation provisions in respect of closed sites in Australia. The 15 year Australian Government Bond rate (bond rate) is used as the discount rate in calculating the Australian rehabilitation provision. Due to a sustained decline in the bond rate to around 3 per cent (from around 4.7 per cent in 2013), the present value of the Australian rehabilitation provision has increased by $46.6 million, which comprises a $25.3 million non-cash pre-tax charge to the profit and loss for closed sites in 2015 and a $21.3 million increase to the balance sheet for open sites.

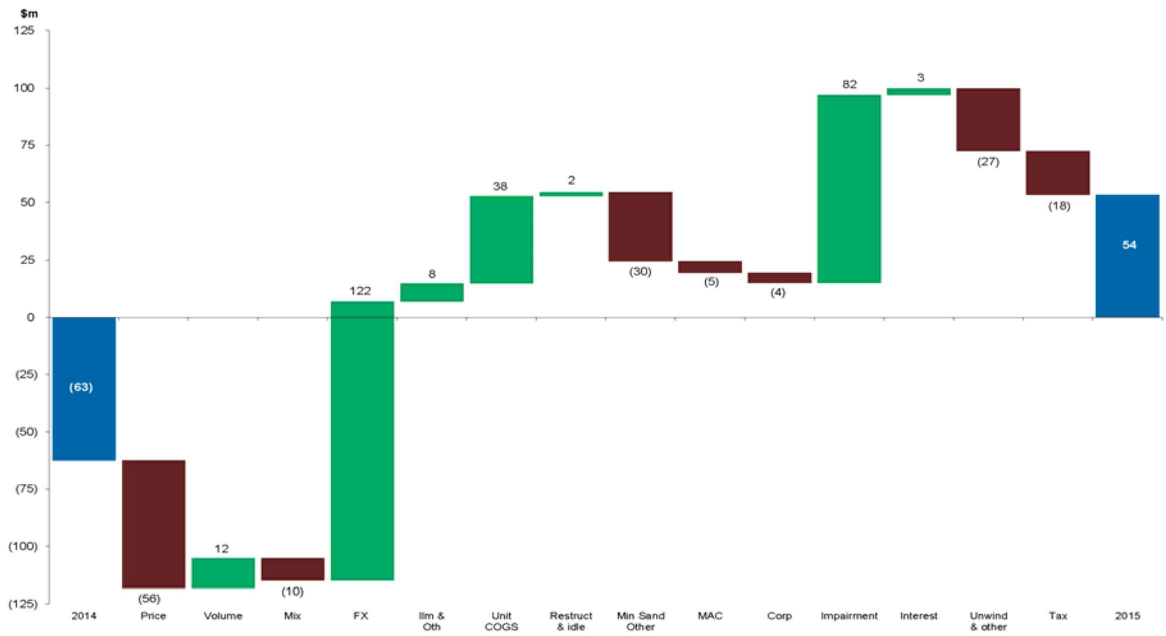
Net interest and bank charges

The interest charge of $11.0 million is 20.9 per cent lower than the previous corresponding period. Net debt started the year at $59.0 million and has reduced to a net cash position of $6.0 million at 31 December 2015 due to strong cash flows. The interest charge includes commitment fees in relation to the Multi Option Facility Agreement (MOFA) which are payable on undrawn funds under the facility.

Tax expense

The income tax expense of $33.1 million is at an effective tax rate of 38.2 per cent. This is above the Australian corporate tax rate of 30 per cent due to minimal tax benefits recognised for US losses of $35.5 million incurred during the year, combined with an increase in non-deductible expenses, specifically in relation to overseas exploration and Kenmare Resources Plc transaction costs.

MOVEMENT IN NPAT



Commentary in respect of each bar in the NPAT waterfall above is provided below:

Z/R/SR sales price (-ve $56 million)

Lower average USD prices for all products compared to the previous corresponding period.

Rutile prices achieved an average US$721 per tonne, 7 per cent lower year-on-year (2014: US$777/t). Weighted average prices reflect market conditions, as well as a higher proportion of lower titanium dioxide content, HyTi product sold in 2015 relative to 2014. Iluka's synthetic rutile sales are, in large part, underpinned by commercial off take arrangements. The terms of these arrangements, including the pricing arrangements are commercial in confidence and as such not disclosed by Iluka.

Average annual zircon prices were US$961 per tonne, a reduction of 6 per cent from the average achieved in 2014 (2014: US$1,024/t). Zircon prices reflect the weighted average price for zircon premium, zircon standard, zircon in concentrate and zircon tailings. The prices for each product vary considerably, as does the mix of such products sold period to period. 2015 included a higher proportion of standard grade zircon and zircon in concentrate sales than the previous corresponding period.

Z/R/SR sales volumes (+ve $12 million)

The amount reflects the impact of higher Z/R/SR sales volumes, up 5.6 per cent from the previous corresponding period, using the average margin achieved for Z/R/SR product sales in the current period.

Z/R/SR sales mix (-ve $10 million)

Z/R/SR sales volumes for the period include a lower proportion of higher priced zircon and a higher proportion of lower priced high grade titanium dioxide products than in the previous corresponding period.

Z/R/SR foreign exchange (+ve $122 million)

The impact of a lower weighted average spot exchange rate of 74.2 cents applicable to Z/R/SR revenue compared with the rate achieved in the previous corresponding period of 89.3 cents. Foreign exchange impacts on operating costs, mainly those relating to the US operations, are included in the overall movement in unit cost of goods sold. The variance also includes a foreign exchange translation loss of $4.1 million as opposed to a translation gain of $3.7 million in 2014.

Ilmenite concentrate and other products (+ve $8 million)

Ilmenite concentrate and by-products costs reduced $17.4 million from 2014 to $7.6 million, reflecting Iluka's decision to market less iron concentrate as a result of the reduction in iron ore prices and due to decreased volumes of ilmenite concentrate transported for sale associated with prevailing low prices for this product. This reduction in costs has been partially offset by reduced revenue of $10.0 million for ilmenite and by-products.

Z/R/SR unit cost of goods sold (+ve $38 million)

Lower unit costs of sales for Z/R/SR sold during the period reflects reducing unit cash costs of production combined with a change in sales mix to include lower cost material.

Restructure and idle capacity (+ve $2 million)

The reduction in costs predominantly reflects recommencement of SR2 kiln and mining at Tutunup South in Western Australia partially offset by $3.6 million of restructure costs incurred during the year on conclusion of mining at WRP in Murray Basin and idling the US operations.

Mineral sands other costs (-ve $30 million)

The higher costs were due mainly to increased government royalties and resource development costs.

Mining Area C (-ve $5 million)

Underlying iron ore royalties decreased compared to the previous corresponding period due to a 27.4 per cent decrease in realised AUD iron ore prices whilst sales volumes were comparable at 53.5 million dry metric tonnes (2014: 53.4 dry metric tonnes). MAC capacity payments of $3.0 million, before tax, were $2.0 million higher than in the previous corresponding period. Royalty and capacity payments are payable on dry metric tonnes. Included in MAC income in 2015 is a one-off receipt of US$8 million as referenced previously.

Corporate (-ve $4 million)

The higher corporate costs related mainly to transaction costs associated with the potential acquisition of Kenmare Resources Plc.

Impairments and idle asset write downs (+ve $82 million)

The prior year included an impairment charge of $82.0 million recorded against the US operations reflecting a complete write-off of all property, plant and equipment fixed assets in Virginia. No impairment charges have occurred in 2015.

Interest and bank charges (+ve $3 million)

Interest costs decreased due to lower average borrowing levels than in the previous corresponding period.

Rehabilitation unwind and other finance charges (-ve $28 million)

The increase from the previous corresponding period largely reflects a $25.3 million charge due to a reduction in the risk free discount rate used in the calculation of the net present value of the rehabilitation provisions in respect of closed sites in Australia.

Tax (-ve $18 million)

A higher tax expense is mainly the result of higher earnings than the previous corresponding period, combined with minimal tax benefits recognised for US losses of $35.5 million.

BALANCE SHEET, CASH FLOW AND NET DEBT

Balance sheet by operation - $ million

31 December 2015	AUS	US	MAC	Corp	Group	31 Dec 2014
Receivables	78.5	13.9	10.2	6.3	**108.9**	98.8
Inventories	741.2	70.6	-	-	**811.8**	810.2
Payables and accruals	(58.8)	(17.5)	-	(17.3)	**(93.6)**	(80.1)
Employee and other provisions	(10.6)	(13.8)	-	(14.8)	**(39.2)**	(34.5)
Rehabilitation provisions	(406.8)	(80.2)	-	-	**(487.0)**	(457.0)
Investment in Metalysis Limited	-	-	-	22.7	**22.7**	18.6
Property, plant & equipment	1,018.1	34.5	-	17.2	**1,069.8**	1,117.2
Intangibles	-	-	5.1	-	**5.1**	5.5
Capital employed	**1,361.6**	**7.5**	**15.3**	**14.1**	**1,398.5**	**1,478.1**
Net tax asset					**(4.1)**	(15.5)
Net debt					**(6.0)**	59.0
Total equity					**1,408.6**	1,434.6
Net funding					**1,398.5**	**1,478.1**

Receivables are marginally higher than the previous corresponding period. Iluka has continued to utilise two trade receivables purchase facilities entered into in late 2014 which enabled the earlier collection of $75.0 million of receivables at 31 December 2015 (31 December 2014: $84.4 million).

Inventory values are comparable with the previous corresponding period. The composition of inventory has changed, with an increase in finished goods of $43.3 million from the previous corresponding period to $377.0 million, offset by a reduction of $42.9 million in work in progress (WIP) to $401.2 million. Lower WIP values reflect heavy mineral concentrate processed through the mineral separation plants of 1,206 thousand tonnes exceeding heavy mineral concentrate produced of 1,137 thousand tonnes. Mining in the Murray Basin was completed at the WRP deposits in April following the end of the economic life of these deposits and production will be derived from the progressive drawdown and processing of heavy mineral concentrate stocks before the next planned mine development at Balranald, New South Wales. The progressive drawdown of WIP is expected to continue in the coming years. The increase in finished goods is due mainly to production of Z/R/SR exceeding sales by 39.0 thousand tonnes. Inventories include $317.9 million of predominantly concentrate material classified as non-current (2014: $353.7 million) and $33.6 million of consumable stores (2014: $32.4 million).

Rehabilitation provisions have increased from the previous corresponding period despite active rehabilitation throughout the year. The increase is due to the reduction in the risk free discount rate used for the Australian sites leading to an increase of $46.6 million in the provision.

During the year, Iluka increased its equity stake in Metalysis Limited to 20.8 per cent (17.2 per cent diluted). Metalysis Limited is a private UK based entity that is developing a new technology for titanium metal powder production. The investment cost to date is $22.7 million.

Lower property, plant and equipment values reflect the depreciation charge for the period of $132.0 million being higher than capital expenditure of $62.3 million, offset partially by increases related to rehabilitation obligations.

Net debt decreased $65.0 million compared to the previous corresponding period due to free cash inflow for the year of $155.0 million, payments of $79.5 million in respect of the 13 cent 2014 final dividend in March 2015 and the 6 cent 2015 interim dividend in October 2015 and currency translation impacts of $8.1 million on the USD component of net debt. Since the start of the year, Iluka has increased the size of the Multi Option Facility Agreement (MOFA) facilities by $160 million to $1,010 million through the addition of a new bilateral facility to May 2020 and the expansion of three existing facilities. Iluka also extended a portion of the maturity profiles within the MOFA. As a result, Iluka has facilities of $175 million maturing in April 2017, $260 million maturing in April 2019 and $575 million maturing throughout 2020. Iluka repaid the final tranche of the US Private Placement Notes in June 2015 (US$20 million). Undrawn facilities at 31 December 2015 were $955 million and cash and cash equivalents were $55 million.

Movement in net (debt) cash

$ million	Full Year 2014	1st Half 2015	2nd Half 2015	Full Year 2015
Opening net debt	**(206.6)**	**(59.0)**	**(80.2)**	**(59.0)**
Operating cash flow	254.8	92.1	130.1	222.2
MAC royalty	75.2	26.7	37.3	64.0
Exploration	(22.1)	(11.5)	(16.2)	(27.7)
Interest (net)	(12.8)	(5.6)	(4.9)	(10.5)
Tax	(27.5)	(14.3)	(4.2)	(18.5)
Capital expenditure	(48.3)	(35.5)	(26.8)	(62.3)
Purchase of investment in Metalysis Limited	(18.6)	(4.1)	-	(4.1)
Asset sales	0.3	0.2	0.7	0.9
Share purchases for employee share schemes	(4.7)	(9.0)	-	(9.0)
Free cash flow	**196.3**	**39.0**	**116.0**	**155.0**
Dividends	(41.8)	(54.4)	(25.1)	(79.5)
Net cash flow	**154.5**	**(15.4)**	**90.9**	**75.5**
Exchange revaluation of USD net debt	(4.7)	(4.6)	(3.5)	(8.1)
Amortisation of deferred borrowing costs	(2.2)	(1.2)	(1.2)	(2.4)
Decrease (increase) in net debt	**147.6**	**(21.2)**	**86.2**	**65.0**
Closing net cash (debt)	**(59.0)**	**(80.2)**	**6.0**	**6.0**

Operating cash flow in the year of $222.2 million is lower than the previous corresponding period, reflecting the timing of cash collections with receipts from customers down $9.3 million despite higher revenue.

MAC cash flows were $11.2 million lower than the previous corresponding period reflecting lower MAC royalty income.

Iluka continued monthly tax instalments in Australia during the year. Iluka's tax expense in the year was $33.1 million in comparison to net tax payments of $18.5 million.

Capital expenditure of $62.3 million in the year related to various major projects, including Cataby (Western Australia) and Balranald (New South Wales) as well as land acquisitions. In addition, Iluka increased its equity interest in Metalysis Limited for a cost of $4.1 million in the year taking the equity holding to 20.8 per cent (17.2 per cent diluted).

Share purchases are on-market purchases associated with the Group's equity based incentive plans. The increase in share purchases reflects the Board's objective of holding a balance of shares based on the amount of unvested share rights.

A 2014 final dividend of 13 cents per share was paid in March 2015 and a 2015 interim dividend of 6 cents per share was paid in October 2015. The prior year cash flows included a 4 cents per share 2013 final dividend, paid in April 2014 and a 6 cents per share 2014 interim dividend, paid in October 2014.

The exchange revaluation of net debt in the year predominantly reflects the re-translation of US dollar denominated debt from an exchange rate of 81.9 cents at 31 December 2014 to 72.8 cents at 31 December 2015.

REVIEW OF AUSTRALIAN OPERATIONS

		2015	2014	% change
Production volumes				
Zircon	kt	351.3	332.5	5.7
Rutile	kt	136.5	177.2	(23.0)
Synthetic rutile	kt	164.9	-	n/a
Total Z/R/SR production	**kt**	**652.7**	**509.7**	**28.1**
Ilmenite	kt	320.9	270.6	18.6
Total production volume	**kt**	**973.6**	**780.3**	**24.8**
HMC produced	kt	890	1135	(21.6)
HMC processed	kt	949	796	19.2
Unit cash cost of production - zircon/rutile/SR *	$/t	466	629	25.9
Mineral sands revenue	**$m**	**770.5**	**640.6**	**20.3**
Cash costs of production	$m	(304.3)	(320.8)	5.1
Inventory movements	$m	(46.7)	32.9	n/a
Restructure and idle capacity charges	$m	(29.3)	(36.5)	19.7
Rehabilitation and holding costs for closed sites	$m	25.0	1.0	(2,400.0)
Government royalties	$m	(21.0)	(10.6)	(98.1)
Marketing and selling costs	$m	(16.4)	(16.2)	(1.2)
Asset sales and other income	$m	(1.3)	0.3	n/a
EBITDA	**$m**	**376.5**	**290.7**	**29.5**
Depreciation & amortisation	$m	(129.7)	(173.4)	25.2
EBIT	**$m**	**246.8**	**117.3**	**110.4**

* Calculated as cash costs of production, including by-product costs divided by Z/R/SR production.

Higher year-on-year production mainly reflects an increase in SR production associated with the reactivation of SR kiln 2 in the South West of Western Australia in April, with marginally higher zircon production, offset by lower rutile production reflecting feedstock blending strategies at the Hamilton MSP to manage supply of rutile following the completion of mining at WRP and before the next planned mine in the Murray Basin.

Cash costs of production are lower than the previous corresponding period due to the conclusion of mining at WRP combined with lower costs associated with iron concentrate and ilmenite concentrate. This was partially offset by higher costs relating to the restart of mining at Tutunup South and reactivation of SR kiln 2.

Higher mineral sands revenue reflects both increased sales volumes and a higher achieved AUD sales price driven by favourable exchange movements.

Unit cash costs of production per tonne of Z/R/SR declined due to the conclusion of mining at WRP and lower costs associated with iron concentrate and ilmenite concentrate. This was partially offset by costs associated with reactivated mining operations at Tutunup South and the SR kiln 2.

The inventory movement reflects both a draw down in WIP and finished goods, as a result of sales of Z/R/SR exceeding production during the year whilst HMC processed exceeded HMC produced following the conclusion of mining at WRP.

Restructure and idle capacity charges have declined compared to the prior year and consist predominantly of idle capacity charges related to the idled synthetic rutile kilns in the South West in the first quarter of the year and care and maintenance activities at other idle sites. Restructure costs of $2.6 million are included in the current year related mainly to the closure of WRP (2014: $nil).

Iluka undertook an annual assessment of the scope of work required for rehabilitation. This review has identified opportunities to improve techniques applied to rehabilitation and has resulted in a reduction in the obligation for closed sites of $25.0 million.

Government royalties were higher than the previous corresponding period reflecting increased revenue and an increase in the royalty rate applied to production from the Jacinth-Ambrosia mine in South Australia. The Jacinth-Ambrosia mine was granted new mine status and qualified for a reduced royalty rate of 1.5 per cent for the first five years. This rate increased to 5 per cent in the first quarter of 2015.

Lower depreciation and amortisation charges mainly reflect the conclusion of mining at WRP in the first quarter of the year partially offset by the restart of mining operations at Tutunup South and the SR 2 kiln.

REVIEW OF UNITED STATES OPERATIONS

		2015	2014	% change
Production volumes				
Zircon	kt	37.3	25.1	48.6
Ilmenite	kt	145.1	94.8	53.1
Total saleable production volume	**kt**	**182.4**	**119.9**	**52.1**
HMC produced	kt	247	170	45.3
HMC processed	kt	257	172	49.4
Unit cash cost of production - saleable product *	$/t	484	510	5.1
Mineral sands revenue	**$m**	**49.3**	**84.3**	**(41.5)**
Cash cost of production	$m	(88.2)	(61.1)	(44.4)
Inventory movements	$m	41.0	(18.2)	n/a
Restructure and idle capacity charges	$m	(9.0)	(3.6)	(150.0)
Rehabilitation costs for closed sites	$m	(27.6)	-	n/a
EBITDA	**$m**	**(34.5)**	**1.4**	**n/a**
Depreciation & amortisation	$m	-	(15.8)	n/a
Impairment	$m	-	(82.0)	n/a
EBIT	**$m**	**(34.5)**	**(96.4)**	**n/a**

* Calculated as cash costs of production, including by-product costs divided by zircon and ilmenite production.

Zircon production was 48.6 per cent higher than the previous corresponding period and ilmenite production was 53.1 per cent higher. The increase reflecting the continued operation of mining at Brink and the reactivation of the second mining operation at Concord from July 2015. In December 2015 both Virginia mines, plus the Stony Creek MSP, were idled.

Cash costs of production were higher than the previous corresponding period due to the reactivation of mining at Concord and higher MSP utilisation reflected in the increase in zircon and ilmenite production.

Unit cash cost of production per tonne of finished product decreased from the previous corresponding period due to higher production volumes, partially offset by foreign exchange currency translation impacts.

The inventory movement reflects an increase in finished goods on hand compared to the previous corresponding period with production exceeding sales.

Costs for restructure and idle capacity increased due to costs associated with the re-start of the Concord mining operations during the first half of 2015. Also included are restructure costs of $1.0 million associated with the idling of operations in December 2015.

Iluka undertook an annual assessment of the scope of work required for rehabilitation. This review resulted in an increase in the provision associated with a change in the scope of work, the cost of undertaking this work and a revision to the timing of when the work would be undertaken. This resulted in an increase in the obligation for closed sites of $27.6 million.

An impairment charge of $82.0 million was recorded in 2014 to reduce the carrying value of the property, plant and equipment in Virginia, United States to $nil at 31 December 2014. No depreciation charge is included in the current year as a result of the impairment of US assets in December 2014.

NON-IFRS FINANCIAL INFORMATION

This Annual Report uses non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT, Group EBITDA and Group EBIT, which are used to measure both Group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is provided below. Non-IFRS measures have not been subject to audit.

31 December 2015

	AUS	US	Exploration & Other[1]	**Mineral sands**	MAC	Corp	**Group**
Mineral sands revenue	770.5	49.3		**819.8**			**819.8**
Mineral sands expenses	(394.0)	(83.8)	(71.4)	**(549.2)**			**(549.2)**
Mining Area C					61.6		**61.6**
Foreign exchange						(4.1)	**(4.1)**
Corporate costs						(52.7)	**(52.7)**
EBITDA	**376.5**	**(34.5)**	**(71.4)**	**270.6**	**61.6**	**(56.8)**	**275.4**
Depreciation & amortisation	(129.7)		(2.3)	**(132.0)**	(0.4)		**(132.4)**
EBIT	**246.8**	**(34.5)**	**(73.7)**	**138.6**	**61.2**	**(56.8)**	**143.0**
Net interest costs						(11.0)	**(11.0)**
Rehabilitation unwind & other	(42.0)	(1.0)		**(43.0)**		(2.4)	**(45.4)**
Profit (loss) before tax	**204.8**	**(35.5)**	**(73.7)**	**95.6**	**61.2**	**(70.2)**	**86.6**
Segment result	***204.8***	***(35.5)***		***169.3***	***61.2***		***230.5***

[1]Comprises resource development costs ($58.4m), marketing and selling costs ($15.7m), offset by asset sales and other income $2.7m.

31 December 2014

	AUS	US	Exploration & Other[1]	**Mineral sands**	MAC	Corp	**Group**
Mineral sands revenue	640.6	84.3		**724.9**			**724.9**
Mineral sands expenses	(349.9)	(82.9)	(53.5)	**(486.3)**			**(486.3)**
Mining Area C					66.8		**66.8**
Corporate costs						(48.4)	**(48.4)**
EBITDA	**290.7**	**1.4**	**(53.5)**	**238.6**	**66.8**	**(48.4)**	**257.0**
Depreciation & amortisation	(173.4)	(15.8)	(2.1)	**(191.3)**	(0.4)		**(191.7)**
Impairment of US assets		(82.0)		**(82.0)**			**(82.0)**
EBIT	**117.3**	**(96.4)**	**(55.6)**	**(34.7)**	**66.4**	**(48.4)**	**(16.7)**
Net interest costs						(13.9)	**(13.9)**
Rehabilitation unwind & other	(14.9)	(0.8)		**(15.7)**		(2.2)	**(17.9)**
Profit (loss) before tax	**102.4**	**(97.2)**	**(55.6)**	**(50.4)**	**66.4**	**(64.5)**	**(48.5)**
Segment result	***102.4***	***(97.2)***		***5.2***	***66.4***		***71.6***

[1]Comprises resource development costs ($45.3m), marketing and selling costs ($13.9m), offset by asset sales and other income $5.7m.

REMUNERATION REPORT

CONTENTS

The directors of Iluka Resources Limited present this Remuneration Report (Report) for the consolidated entity for the year ended 31 December 2015. The information provided in this Report, other than Section 2 which presents non-IFRS financial information, has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth) and forms part of the Directors' Report.

This Report sets out remuneration information for the non-executive directors, Managing Director and other senior executives, including the Key Management Personnel (KMP) who have authority for planning, directing and controlling the activities of the Company (as defined in AASB 124 *Related Party Disclosures*).

SECTION 1 2015 OVERVIEW

Iluka's financial and business performance, and the business and operating conditions which influence these outcomes, are described in detail elsewhere in the Annual Report (refer pages 2 to 17). Iluka's 2015 remuneration and incentive outcomes reflect these business conditions, as well as the returns available to shareholders.

The Board recognises the importance of delivering sustainable growth for the long-term performance of the Company. As such, growth objectives supplementing the delivering of annual financial and sustainability outcomes, are a key element of the objective setting and remuneration incentive arrangements for the Managing Director and his executive team.

At the commencement of each financial year, challenging individual targets are set for the Managing Director and his executive team. These objectives focus on the achievement of Iluka's Corporate Plan and implementation of associated strategies.

In 2015, objectives were consistent with Iluka's approach which, while centred on shareholder returns through industry cycles, also involves acting counter-cyclically where appropriate. So objectives for the year therefore focused on achieving a complex balance of positioning the Company conservatively and robustly against prevailing volatility in global economic conditions while concurrently and conversely electing to invest to secure, advance, and enhance options which position the business for demand recovery and future growth.

2015 objectives were, notwithstanding challenging industry conditions, framed with specific deliverables that required stretch levels of performance. Objectives included the following:

- strengthening of Iluka's position as a high grade TiO_2 supplier by restarting idled assets progressively, in line with market demand and on a commercially prudent basis;
- enhancement of the Company's zircon market presence and leadership position via new products; increased market representation and technical collaboration with customers; and introduction of a new zircon pricing model;
- optimisation of the risk/return balance in internal mineral sands production options through project timing flexibility and market-related production profiles together with capital and operating expenditure improvements. Major projects included the globally significant rutile deposit, Balranald in New South Wales and the Cataby deposit in Western Australia;
- development, acquisition and implementation of new mineral sands mining and processing technologies, including those with the potential to transform the Company's resource base via innovative solutions to major technical challenges facing the industry. Examples include commercialisation of the potentially disruptive Metalysis titanium powder production technology and the large Tapira mineralisation in Brazil;
- exploration activities; ranging from first stage evaluative studies in new jurisdictions to exploration and resource delineation drilling in multiple jurisdictions in Australia and internationally, to the scoping study and associated government negotiations regarding the Puttalam deposit in Sri Lanka;

- evaluation and progression of merger and acquisition opportunities where financial merit and strategic rationale can be demonstrated; and
- proactive advancement of the Company's sustainability and social responsibility performance and reputation, including workforce capability and diversity, sustainable development practices and alignment to international reporting frameworks.

Director's base fees and key management personnel salaries have not been increased since 2011 and 2013 respectively.

A comprehensive review of Iluka's incentive plans continued in 2015. Both the short-term and long-term incentive plans have been reviewed to ensure outcomes continue to be appropriate in the context of Company performance and are aligned with market practice.

Based on the findings of this review, the Board has determined to extend the long-term incentive performance period from three years to four years for future grants. This change will ensure management is focused on long term strategic objectives that are fundamental to Iluka's growth and delivery of shareholder returns. No further changes will be made to the short-term incentive plan in 2016, following minor changes to performance measure weightings in 2015.

The following provides an overview of Iluka's remuneration and incentive outcomes in 2015.

Total Fixed Remuneration (TFR) *(Section 5.2)*	In 2015, all executives and senior managers were excluded from the annual salary review process. During the year, a restructure of executive roles resulted in a change to the TFR of Doug Warden on appointment to the CFO role to reflect promotion and change in accountabilities. No other changes were made during 2015. As market conditions remain challenging, the Board has determined that a freeze will remain in place for all KMP salaries for the 2016 financial year. Accordingly for a third consecutive year, there will be no increase to TFR levels for KMP. Exceptions may be made for those executives with changed duties.
Short Term Incentive Plan (STIP) *(Section 5.3)*	The 2015 STIP outcome equated to an average payment of 39 per cent of maximum opportunity for all executive KMP (including the Managing Director). Thresholds for the Profitability component of the STIP award were not met, reflecting the ongoing low cycle mineral sands industry conditions and resulting financial outcomes. Above-target performance was achieved for the Sustainability component due to strong environmental performance however threshold safety performance was not achieved. Executives achieved above-target outcomes for their individual objectives relating to achievement of strategic growth opportunities for the Company. There is mandatory deferral of 50 per cent of the STIP award for executives into restricted shares. The deferred portion vests over a two-year period, and is subject to clawback during deferral.
Long Term Incentive Plan (LTIP) *(Section 5.4)*	32 per cent vesting of the 2013 LTIP (performance period 1 January 2013 to 31 December 2015) reflected: • Return on Equity (ROE) performance of 0.3 per cent against a threshold of 10 per cent, resulting in nil vesting of the ROE component; and • Total Shareholder Return (TSR) of (27.8) per cent that ranked at the 57.5th percentile of the S&P/ASX 200 Materials Index comparator group on a relative basis.
Managing Director's Long Term Incentive Deferral (LTID) Plan *(Section 6)*	The Managing Director's LTID plan assessed performance over the three-year period from March 2011 to March 2014. Of the 750,000 share rights offered, 250,000 vested in March 2015 based on the Company's financial performance over the three-year performance period. The Board and the Managing Director have agreed that a replacement for the expired Managing Director's LTID plan is not appropriate at this time. The Managing Director continues to participate in the LTIP.

Total Remuneration *(Section 2.1 and Section 9.2)*	In 2015, total remuneration for the Managing Director and other executive KMP decreased by 21 per cent on a statutory basis (see Section 9.2). On a realised or 'take-home' basis (non-IFRS) (see Section 2.1) total remuneration increased by 6 per cent compared with 2014 total remuneration levels.
Employee Share Plan	The Company continues to offer the A$1,000 employee share plan in line with the Company's focus on share ownership for all employees. In 2015, 497 employees (out of 498 eligible employees) accepted the offer to participate in the plan for which a total of 59,143 shares were awarded.
Non–Executive Directors Remuneration *(Section 9.1)*	No changes were made to non-executive director board and committee fees in 2015. Base fees have not been increased since 2011. At the 2015 AGM, shareholders approved an increase in the fee cap to $1.8 million per annum to allow for Board succession planning. The Board determined that non-executive director fees will remain frozen for the 2016 financial year.
Incentive Plan Review Outcomes and Changes for 2016	As highlighted in the 2014 Remuneration Report, the following changes were made in 2015: • The LTIP target for KMP in 2015 was increased from 30 per cent to 60 per cent of TFR for the purpose of rebalancing the total target remuneration mix with an increased weighting toward long-term performance. This outcome was based on independent benchmarking and feedback from key stakeholders that the structure of remuneration packages required a longer-term focus. • Discretionary one-off LTIP grants were introduced to provide Iluka with flexibility to reward senior executives on promotion to key roles; and/or with skills and experience critical to the execution of the Corporate Plan; and/or who are a retention risk due to the specialist nature of their skills and experience. • The percentage weightings of performance measures under the STIP were aligned for all participants to 50 per cent weighting for Profitability, 10 per cent weighting for Sustainability and 40 per cent weighting for Individual Growth. In addition to the above changes, the Board has also resolved to extend the LTIP performance period from three years to four years to increase alignment with longer-term strategic outcomes. This change in policy will apply for LTIP offers made in 2016. To ensure no major disruption to participants' vesting profile, and the delivery of the same grant quantum in each year of vesting, two LTIP awards will be granted in the 2016 transitional year. The performance periods for the two awards will be three and four years respectively. No further changes will be made to the STIP in 2016.

SECTION 2 2015 TOTAL REALISED EARNINGS (NON-IFRS FINANCIAL INFORMATION)

The tables in this section use non-IFRS financial information which is used to detail 'actual' pay received by the Managing Director and other executive KMP during the 2015 financial year and 2014 financial year. This is a voluntary disclosure and is supplemental information to the statutory remuneration disclosure prepared in accordance with statutory requirements and accounting standards as detailed in Section 9 of this Remuneration Report. A description of how to calculate the non-IFRS financial information is set out below and in the footnotes to the tables. Non-IFRS financial information has not been subject to audit.

2.1 Executive Total Realised Earnings in 2015 (non-IFRS)

The total realised earnings include cash salary and fees, superannuation, non-cash benefits received during the year and the full value of incentive payments earned during the performance period ended 31 December 2015. The table does not include the accounting value of share based payments consisting of share rights granted in the current and prior years. The table also does not include LTIP grants in 2015 because those share-based payments are dependent on the achievement of performance hurdles and consequently may or may not be realised. Remuneration details for the full 2015 year are shown.

Name	Base $	Super $	Other[1] $	2015 STIP[2] $		2013 LTIP[3] $	2015 Total Earnings $
				Cash	Restricted Shares	Shares	
D Robb Managing Director	1,974,907	19,046	20,677	499,500	499,500	116,998	3,130,628
D Warden[4] Chief Financial Officer and Head of Strategy and Planning	615,903	19,046	-	103,950	103,950	35,334	878,183
M Blackwell[5] Head of Marketing, Mineral Sands	710,012	-	70,855	118,217	118,217	28,431	1,045,732
S Wickham Chief Operating Officer, Mineral Sands	709,396	19,046	5,978	141,836	141,836	39,956	1,058,048
A Tate[6] Head of Alliances, New Ventures and Royalties	655,954	19,046	-	136,688	136,688	39,490	987,866

[1] Includes non-monetary benefits which consist of car parking and spouse travel and US expenses relating to relocation and social security payments.

[2] Represents the value of the 2015 STIP which will be awarded partly in cash and partly in deferred equity in March 2016. Restricted shares remain subject to continued service and are released in equal tranches after 12 months and 24 months. The number of restricted shares will be determined by dividing the dollar value of the deferred component by the 5 day Volume Weighted Average Price (VWAP) following the release of 2015 full year financial results (See Section 5.3 for more details).

[3] Represents the estimated value of the 2013-2015 LTIP award for which the performance period concluded on 31 December 2015. The estimate was calculated using the closing share price of $6.13 at 1 January 2016. The actual value will be calculated using the closing share price at the date of vesting (1 March 2016).

[4] D Warden was appointed to his current role on 1 June 2015.

[5] M Blackwell is based in the US and received a USD denominated salary. There has been no change to his salary in the 2015 financial year. The change from 2014 is the result of the change in foreign exchange rates. M Blackwell's earnings have been converted from USD to AUD using the 2015 YTD average foreign exchange rate of 0.7521.

[6] A Tate ceased to be a KMP on 1 June 2015. Remuneration details for the full 2015 year are shown.

2.2 Executive Total Realised Earnings in 2014 (non-IFRS)

Name	Base $	Super $	Other[1] $	2014 STIP[2] $		2012 LTIP[3] $	2014 Total Earnings $
				Cash	Restricted Shares	Shares	
D Robb Managing Director	1,981,515	18,335	57,756	503,700	503,700	80,791	3,145,797
D Warden Head of Resource Development, Mineral Sands	585,721	18,279	-	84,258	84,258	20,175	792,691
M Blackwell[4 5] Head of Marketing, Mineral Sands	589,998	2,962	32,336	82,495	82,495	20,222	810,508
S Wickham[6] Chief Operating Officer, Mineral Sands	693,888	18,963	27,865	112,149	112,149	30,147	995,161
A Tate Chief Financial Officer and Head of Strategy and Planning	655,157	19,843	38,857	116,944	116,944	30,008	977,753

[1] Includes non-monetary benefits.

[2] Represents the value of the 2014 STIP which was awarded partly in cash and partly in deferred equity on 1 March 2015. Restricted shares remain subject to continued service and are released in equal tranches after 12 months and 24 months. The number of restricted shares was determined by dividing the dollar value of the deferred component by the 5 day Volume Weighted Average Price (VWAP) following the release of 2014 full year financial results.

[3] Represents the value of the 2012-2014 LTIP award for which the performance period concluded 31 December 2014 calculated at the closing share price of $8.28 at the date of vesting (1 March 2015).

[4] M Blackwell was appointed to his current role and became a KMP on 1 February 2014. Remuneration details for the full 2014 year are shown.

[5] M Blackwell's earnings have been converted from USD to AUD using the 2014 YTD average foreign exchange rate of 0.9030.

[6] S Wickham was appointed to his current role on 1 June 2014.

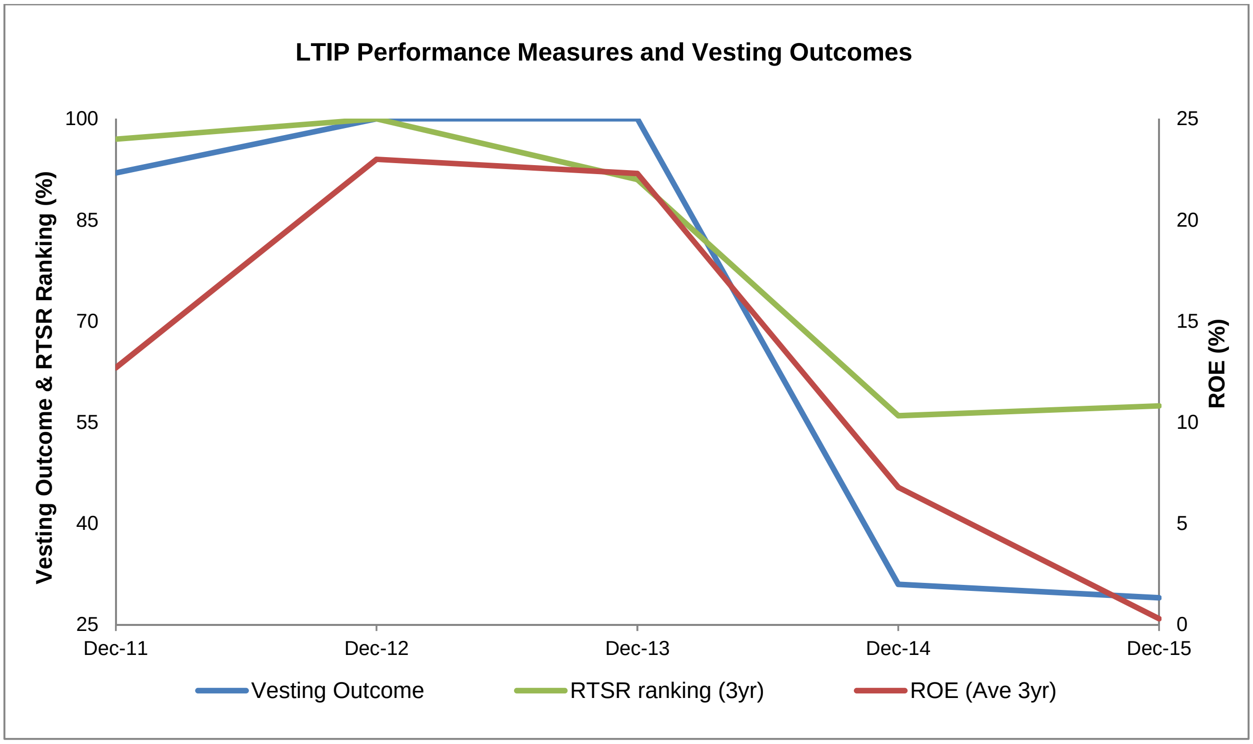
SECTION 3 LINK BETWEEN PERFORMANCE AND REWARD

The following section sets out details of Iluka's financial performance and how performance has translated to incentive outcomes for executive KMP demonstrating clear alignment between Company performance and executive reward.

3.1 Shareholder Alignment – LTIP Outcomes

LTIP Performance Measures and Vesting Outcomes

The graph below shows Iluka's performance against the LTIP performance measures relative to the vesting outcome executives have experienced over the five-year period. The incentive outcomes are consistent with Company performance and shareholder outcomes over the period.



Shareholder Returns

The table below illustrates shareholder returns over the one, three and five year periods to 31 December 2015.

	5 years to 31 Dec 2015	3 years to 31 Dec 2015	1 year to 31 Dec 2015
Initial Investment of 1 share ($)	9.14	9.02	5.95
Closing Share Price ($)	6.13	6.13	6.13
Share Price Change	(33%)	(32%)	3%
Aggregate Dividends[1] ($)	1.52	0.44	0.19
Dividend (ROI)	17%	5%	3%
Total Return	**(16%)**	**(27%)**	**6%**

[1] Dividends over the five-year period to 31 December 2015 comprised of 2010 final dividend (8 cps unfranked), 2011 interim dividend (20 cps unfranked), 2011 final dividend (55 cps franked), 2012 interim dividend (25 cps franked), 2012 final dividend (10 cps franked), 2013 interim dividend (5 cps franked), 2013 final dividend (4 cps franked), 2014 interim dividend (6 cps franked), 2014 final dividend (13 cps franked) and 2015 interim dividend (6 cps franked).

Earnings and free cash flow over the five-year period are set out in the table below:

	2011	2012	2013	2014	2015
Net profit/(loss) after tax ($ million)	541.8	363.2	18.5	(62.5)	53.5
EBITDA margin (per cent)	60.3	65.5	34.7	32.5	31.2
Free Cash Flow ($ million)	589.6	81.2	(27.5)	196.3	155.0
Earnings per share (cents)	130.1	87.1	4.4	(15.0)	12.8
Closing share price ($)[1]	15.50	9.02	8.63	5.95	6.13
Dividends paid (cents)	28	80	15	10	19
Franking credit level (per cent)	73.3	100	100	100	100
Average AUD:USD spot exchange rate (cents)	103.2	103.6	96.8	90.3	75.2
Revenue per tonne Z/R/SR sold ($/t)	1,480	1,191	1,173	1,030	1,136

[1] Starting share price on 1 January 2011 was $9.14.

Over the five years to 31 December 2015, a period in which capital expenditure and free cash flow have varied markedly year to year, 68 per cent of the Company's Free Cash Flow (FCF) in total has been paid to shareholders in dividends. Total incentives awarded under the STIP and LTIP over the corresponding period is 3.3 per cent of FCF.

2013 LTIP Outcome

At the end of 2015, the 2013 LTIP grant completed its performance period (1 January 2013 to 31 December 2015). Performance was measured against both the ROE and relative TSR hurdles. Performance and vesting outcomes were as follows:

Component	Performance target	Actual performance	Implication for vesting
ROE (50%)	50% vesting for Threshold of 10% with full vesting at target of 14%	0.3 per cent	Nil vesting of the ROE component
Relative TSR (50%) (S&P/ASX 200 Materials Index)	50% vesting for 50th percentile and full vesting for 75th percentile	57.5th percentile	64.9 per cent vesting of the TSR component

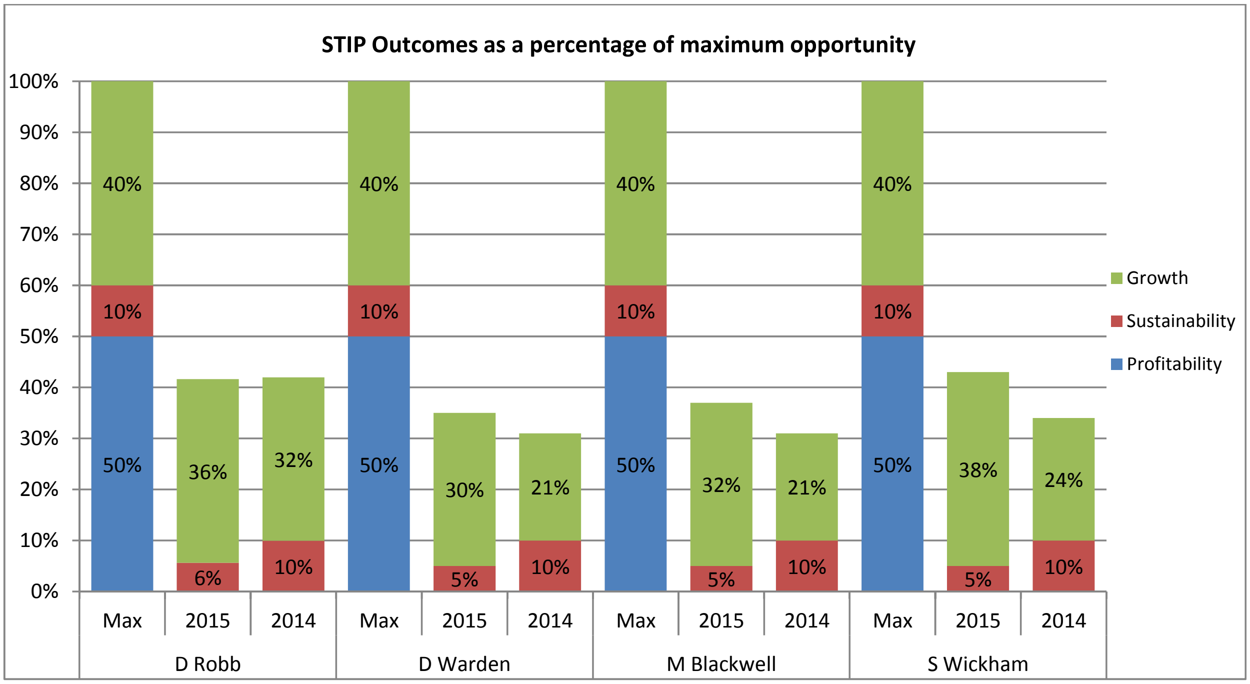
118,745 shares in total, having been purchased on market, will be awarded to participants under the 2013 LTIP.

The 2013 LTIP outcome reflects both absolute and relative performance and the Board considers it to be an appropriate balance between reward for executive efforts and shareholder outcomes over this time.

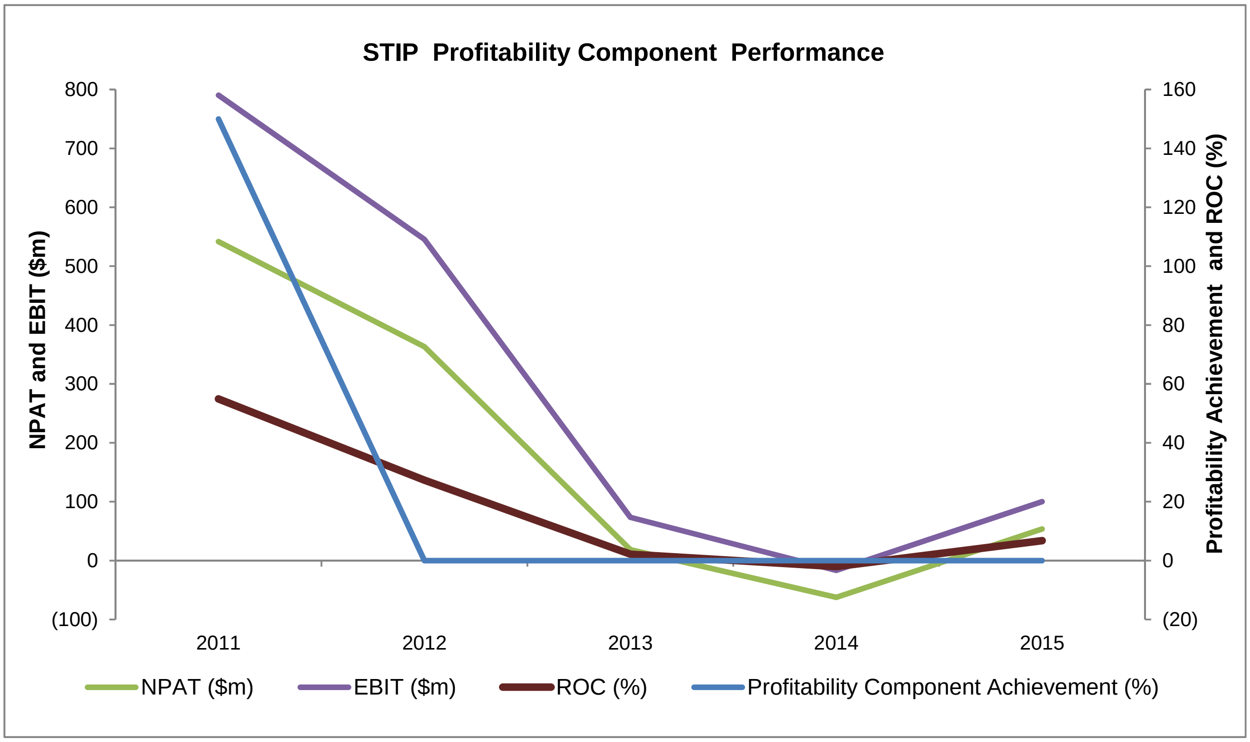
3.2 STIP outcomes

2015 STIP Performance

The following chart provides a comparison between the maximum STIP opportunity for the Managing Director and other executive KMP and the actual amounts which were awarded in 2015 and 2014.



The graph below shows Iluka's performance against the STIP profitability measures relative to the profitability component outcome over the five-year period. Incentive outcomes reflect the financial performance with a zero profitability outcome for executive KMP for the last three years.



Commentary on the performance outcome for each STIP component is detailed below.

2015 Performance against 2015 STIP Targets

Strategic Driver	STIP Measures	Rationale for inclusion	Performance outcome and commentary
Profitability (50% weighting)	Return on Capital (ROC)	Reflects how efficiently Iluka utilises capital to generate earnings and is the 'internal surrogate' for ROE.	**Below threshold performance** The result for the year of 6.8 per cent (2014: negative 2.0 per cent) was an improvement on the prior year but is still considered unsatisfactory. Capital employed, which includes non-current inventory and property, plant and equipment associated with idled operations which do not contribute to earnings, has remained relatively stable during the year.
	Net Profit After Tax (NPAT)	Reflects the profit made by Iluka and the resulting impact on returns generated for shareholders.	**Below threshold performance** Iluka recorded a profit after tax for the year of $53.5 million, compared with a loss of $62.5 million for the previous corresponding period. Mineral sands markets remained challenging during 2015. Iluka's 2015 financial results can be viewed in the context of continuing weak to variable demand in a number of end markets, and margin pressures on some customers from declining prices in their industry sectors. Iluka's NPAT is inclusive of a $17.7 million post tax non-cash accounting adjustment related to an increase in rehabilitation provisions for closed sites associated with a sustained decline in the 15 year Australian Government Bond rate, which is used in determining the Australian rehabilitation provision.
	Earnings Before Interest and Tax (EBIT)[1]	Reflects the quality of Iluka's earnings and operational performance.	**Below threshold performance** The result for the year of $143.0 million (2014: negative $16.7 million) has improved from the prior year. The prior year included an $82.0 million pre-tax charge in respect of US assets. No impairment charges have been recorded in 2015. As noted above, the 2015 result reflects continued challenging market conditions.
Sustainability (10% weighting)	Total Recordable Injury Frequency Rate (TRIFR)	Providing a safe workplace for all employees is an integral part of Iluka's corporate objective and values.	**Below threshold performance** In 2015 TRIFR of 6.7 (rolling 12-month average to 31 December 2015) fell below the threshold performance level. The higher occurrence was largely attributable to first aid and minor injuries. Iluka has retained a safety focus and other indicators such as safety visits, planned workplace inspections, training, serious potential incidents, near hits and hazards are trending satisfactorily. The 2015 severity rate decreased from 21.9 in 2014 to 2.4.

	Level 3 & above environmental incidents	Iluka has a strong commitment to ensuring that its activities do not have an adverse impact on the environment.	**Above stretch performance** Above stretch performance level maintained with a significant improvement on 2014 levels (14 incidents in 2015 compared with 34 incidents in 2014).
Growth (40% weighting)	Individual objectives	Individual objectives that advance the Company's longer term prospects – which 'make a difference' – are referred to as 'Growth objectives' and are set at a stretch level. Objectives reflect individual roles and are linked to major business opportunities and the management of key risks as identified in Iluka's five-year Corporate Plan, as well as the priorities for the relevant year.	**Above target performance** In 2015, the Managing Director and the Executive achieved targeted progress against, and/or satisfactory completion of, specific objectives and associated detailed deliverables set at an industry and at a Company level in the following areas: • enhancement of the Company's zircon market presence and leadership position; • optimisation of the risk/return balance in internal mineral sands production options; • development, acquisition and implementation of potentially transformational new mineral sands mining and processing technologies; • evaluation and progression of merger and acquisition opportunities; • environmental, health and safety leadership, awareness and performance, including rehabilitation and site closure; and • business sustainability, including stakeholder relationships, licence to operate and workforce development. Areas in which progress was less than targeted against specific deliverables included: • strengthening of Iluka's position as a high grade TiO2 supplier, particularly to China; and in • discovery of major new mineral sands ore bodies.

SECTION 4 REMUNERATION GOVERNANCE

4.1 Board Oversight

In February 2015 the Board approved for the former Remuneration and Nomination Committee to be replaced by two Committees; The People and Performance Committee and The Nominations Committee.

The People and Performance Committee (Committee) operates in accordance with its charter as approved by the Board. The Committee is comprised of the following independent non-executive directors:

W Osborn (Committee Chairman)
G Martin
J Seabrook
G Rezos
J Ranck (until 16 February 2015)

The Committee's responsibility is to provide assistance and recommendations to the Board in support of the Company's objective of creating and delivering value for shareholders and in fulfilling its corporate governance responsibilities relating to the following:

- overall remuneration strategy of the Company;
- remuneration of non-executive directors;
- performance and remuneration of the Managing Director and Executives;
- STIP and LTIP offers and outcomes, including all equity offers to employees;
- succession planning for key roles; and
- diversity strategy, policies and practices of the Company.

The Committee also make decisions on behalf of the Board where such authority has been expressly delegated.

Responsibility for the selection and appointment of, and succession planning for, non-executive directors and the Managing Director now sits with the Nominations Committee which comprises all non-executive members of the Board.

4.2 Use of Remuneration Consultants

The Committee has the appropriate resources and authority to discharge its duties and responsibilities, including the authority to engage external professionals on terms it determines to be appropriate.

From time to time during the 2015 financial year, the Committee engaged independent remuneration consultants to provide insights on remuneration trends, regulatory updates and market data in relation to the remuneration of the Managing Director, other KMP and non-executive directors. No remuneration recommendations were obtained as defined under the Corporations Act 2011.

4.3 Securities Trading and Hedging Policy

Iluka's policy in relation to employees holding Iluka securities is set out in the Company's Securities Trading Policy, which can be found on the Company's website at www.iluka.com. The policy sets out the circumstances in which employees may trade in Company securities.

Directors, executives and certain employees are prohibited from trading in financial products issued or created over the Company's securities by third parties, and from trading in associated products and entering into transactions which operate to limit the economic risk of their security holdings in the Company. This prohibition extends to directors and executives taking out margin loans on their holdings of Iluka securities.

4.4 On-market Share Purchases

During 2015, shares were acquired on-market to satisfy vesting of equity grants and the subsequent allocation of shares to participants under the STIP, LTIP and Employee Share Plan. Two on-market purchases of shares were made in May 2015 (59,143 shares at a share price of $8.59 and 985,212 shares at a share price $8.56). The purchases were disclosed to the ASX within five days of the purchase.

4.5 People Policy and Remuneration Principles

The Iluka People Policy seeks to:

- attract and retain the best people while building and maintaining a diverse, sustainable and high achieving workforce;
- recognise that leadership at all levels is required to create alignment of purpose, which together with the right resources, is crucial to the achievement of extraordinary performance; and
- provide a workplace in which our employees gain a sense of achievement based on the principles of accountability, commerciality and engagement.

To achieve these objectives, the following principles form the basis of Iluka's remuneration framework:

Market Competitive	- Fixed remuneration reflecting skills, experience and performance and which is comparable and competitive within the resources sector. - An appropriate balance between fixed and variable (at risk) components of remuneration. - Remuneration practice is reasonable and effective through cyclical market conditions.
Performance Based	- Variable component focused on both short- and long-term business performance. - Reward for achievement of corporate and individual objectives. - Targets set reflect both prevailing business performance expectations and minimum requirements over time.
Aligned to Shareholder Returns	- Performance objectives support business profitability, sustainability and growth and result in improved shareholder returns. - Share ownership for all employees with significant trailing exposure to Company performance for executives through deferred share plans and minimum shareholding requirements.
Fair and Transparent	- Fair remuneration and reward based on performance. - Clear and concise disclosure. - Compliant with relevant legislative frameworks.

4.6 Minimum Shareholding Requirements

The Company places strong emphasis on promoting employee share ownership, as it increases the incentive for employees to drive continual shareholder wealth. In line with this goal, a minimum shareholding requirement for executives was introduced in 2011 to continue to align the interests of executives and shareholders.

Executive KMP are required to achieve the following minimum levels of shareholdings within a reasonable time period:

- the Managing Director is required to achieve a shareholding equivalent to 100 per cent of TFR; and
- executive KMP are required to achieve a shareholding equivalent to 75 per cent of TFR.

Minimum shareholding guidelines for non-executive directors were introduced for the 2014 financial year. Non-executive directors are also required to acquire a shareholding of approximately 50 per cent of the value of annual gross base fees within three years of appointment.

A summary of executive KMP and non-executive directors' current shareholdings is provided below.

Executive KMP Shareholdings

	Number of shares				
Name	Balance held at 1 January 2015	Vesting of share rights pursuant to LTID and LTIP	Awarded as Restricted Shares pursuant to STIP	Other changes	Balance held at 31 December 2015[4]
Executive director					
D Robb	746,699	259,758	65,745	(160,000)	912,202
Executives					
D Warden	26,333	2,437	10,998	(4,000)	35,768
M Blackwell	68,492	2,443	12,441	(30,658)	52,718
S Wickham	108,206	3,642	14,639	(18,507)	107,980
A Tate[4]	66,487	3,625	15,264	(10,475)	74,901

[4] A Tate ceased to be a KMP on 1 June 2015.

Non-executive director Shareholdings

	Number of shares		
Name	Balance held at 1 January 2015	Net movement	Balance held at 31 December 2015[2]
Non-executive directors			
G Martin	20,000	-	20,000
M Bastos	-	6,000	6,000
W Osborn	12,800	6,200	19,000
J Ranck	4,500	2,600	7,100
G Rezos	75,000	-	75,000
J Seabrook	19,314	-	19,314

[1] Shares may be held directly or through a nominee or agent (e.g. family trust).
[2] No shares were forfeited during the year.

SECTION 5 EXECUTIVE REMUNERATION

The remuneration of executive KMP is linked to both annual business and individual performance outcomes and to the Company's ability to create and deliver competitive levels of shareholder value, as defined by total shareholder return (TSR) and return on equity (ROE), on a longer term basis. Managing Director Remuneration is detailed separately in Section 6.

5.1 Components of Executive Remuneration

Executive remuneration is made up of fixed (TFR) and at risk (STIP and LTIP) components. A significant portion of total remuneration is at risk. The components of executive remuneration are as follows:

Total Fixed Remuneration (TFR)	Set at a level that reflects the scope and responsibility of the role, experience and performance. TFR levels are benchmarked against the median level of the resources sector.
Short Term Incentive Plan (STIP)[1]	Strong link to financial performance and delivery of results. Satisfactory individual performance against Growth objectives and above-threshold performance against Group Profitability and Sustainability targets is required before any award is payable on the relevant component. Equity exposure is achieved through STIP deferral, with 50 per cent of the total STIP award deferred in restricted shares for executives and senior managers and 25 per cent deferred for all other participants. Half of the restricted shares vest one year after the end of the performance period, while the remaining half vests two years after the end of the performance period.
Long Term Incentive Plan (LTIP)[1]	Alignment with shareholder interests with the vesting of the award subject to ROE and TSR over a three-year period.

[1] Restricted shares and share rights were issued to employees under the Directors, Executives and Employees Share Acquisition Plan (DEESAP).

The following table sets out the relative mix of remuneration components as a percentage of total remuneration for executive KMP for the 2015 Financial Year.

	Fixed Remuneration	At Risk Remuneration		
		Maximum STIP Opportunity[1]		LTIP Opportunity[2]
		STIP Cash	STIP Equity	
D Robb	40%	24%	24%	12%
D Warden[3]	32%	15%	15%	38%
M Blackwell	40%	18%	18%	24%
S Wickham	40%	18%	18%	24%
A Tate	40%	18%	18%	24%

[1] Subject to achievement of all objectives at stretch
[2] Subject to achievement of TSR and ROE hurdles set
[3] Includes the 2015 Strategic LTIP Equity Grant made on D Warden's appointment to the CFO role (see Section 5.4)

5.2 Total Fixed Remuneration

Total Fixed Remuneration (TFR) consists of base salary, superannuation and any salary sacrifice items. TFR levels are assessed against the median level of the resources sector through independent data provided by Hay Group. Individual TFR is determined within an appropriate range around the market median by referencing job evaluation data, individual experience and performance. Allowance may also be made for the demand and resulting competition for certain skills within the resources sector.

The Company conducts a review of the remuneration of all employees and executives on an annual basis or as required. Review guidelines and budgets, approved by the People and Performance Committee, are based upon the outcomes of direct and related market review data and external advice from the Company's remuneration advisers. Annual assessments of performance against individual objectives are used in conjunction with market data to determine appropriate remuneration recommendations.

A one-up approval process applies to all remuneration adjustments with final Managing Director approval prior to any remuneration review being implemented. Remuneration adjustments for direct reports to the Managing Director are subject to Board approval.

5.3 Short Term Incentive Plan (STIP)

The STIP aims to provide an incentive to participants whilst driving shareholder value creation and promoting equity ownership by providing awards partly in cash and partly in deferred equity. The structure of Iluka's STIP is as follows:

Eligibility	All executives and other nominated senior employees are eligible to participate in the STIP.
Entitlement	The level of award opportunity (based on a percentage range of each participant's TFR) is determined by an individual's role within the business and capacity to impact the results of the Company. Executive KMP targets are 60 per cent of TFR (Stretch is set at 90 per cent of TFR).
Performance measures and targets	STIP performance measures and targets are set on an annual basis under the categories of Profitability, Sustainability and Growth. The process for setting all targets is a rigorous one, and measures and targets are subject to the approval of the People and Performance Committee. STIP performance measures are linked to Iluka's corporate plan and prevailing industry dynamics to ensure that maximum shareholder returns are being provided to investors. *Profitability* Profitability measures typically consist of return on capital and net profit after tax metrics with the third element varying from time to time between an earnings measure and a cash flow measure depending on the current stage of the cycle and the required focus for the business at the time. The inclusion of Earnings Before Interest and Tax (EBIT) for 2015 maintains the focus on earnings and the efficiency with which capital is used to generate those returns. Profitability targets are set taking into account the budget agreed by the Board, assessed adequacy of challenge, minimum expected levels of return to shareholders, and business objectives. Targets reflect business expectations at that time and may vary from prior year performance depending on economic and market conditions. What are deemed to be challenging targets are set each year. No adjustments are made to profitability performance measure targets and outcomes for uncontrollable items such as foreign exchange movements or commodity pricing changes. The Board, in all years, may exercise discretion (up or down) if circumstances eventuate that are different enough to expectations at the start of the year to warrant such discretion. *Sustainability* Sustainability targets relate to safety and environmental objectives and are set based on a combination of industry best practice and continual improvement versus the prior year performance. *Growth* Individual objectives that advance the Company's longer term prospects – which 'make a difference' – are referred to as 'Growth objectives' and are set at a stretch level. Individual Growth objectives are linked to major business opportunities and risks from the Corporate Plan and business priorities for the year ahead. Executive Growth objectives are set in conjunction with the Managing Director and are reviewed and approved by the People and Performance Committee. Managing Director Growth objectives are reviewed and approved by the Board.

Performance levels

For the Profitability and Sustainability STIP performance measures, a threshold, target and stretch goal is set at the start of the performance year. The STIP outcome for each performance measure is calculated according to the following schedule:

Performance Level	STI Outcome (% Target)
Threshold [1]	0%
Target	100%
Stretch	150% (maximum)

No payment is made in relation to Profitability and Sustainability objectives until above-threshold levels of performance are achieved.

Achievement of the Threshold level of performance exactly results in a zero payout.

Thereafter, a sliding scale operates between threshold and target, and between target and stretch.

Individual Growth objectives are set at a stretch level of performance.

Performance assessment

STIP outcomes are determined after the performance year end, but are accrued in the financial results for the performance year.

Individual progress against Growth objectives is reviewed throughout the performance year with a formal assessment of the extent to which objectives have been achieved at the conclusion of the performance year. Outcomes are subject to rigorous one up assessment and, for the Managing Director and his direct reports, assessment by the Board.

STIP award outcomes, on the recommendation of the Managing Director, are approved by the People and Performance Committee in February following the end of the performance year (ending 31 December).

Payment timing

Payments are made in March following the performance year.

STI deferral

The company operates a mandatory deferral for all STIP participants. Fifty per cent of the award (for executives and senior managers) is deferred in the form of ordinary restricted shares (25 per cent is deferred for lower level employees). The Board has discretion to make offers with an increased deferred proportion (thereby reducing the cash component). Restricted shares are granted for nil consideration.

Half of the restricted shares vest one year after the end of the performance period, while the remaining half vest two years after the end of the performance period.

The process for determining the number of restricted shares to be awarded to each participant is determined by dividing the dollar value of the deferred component by the Volume Weighted Average Price (VWAP) of Iluka shares traded on the ASX over the five trading days following release of the Company's full year results.

Executives must remain employed with the Company and continue to perform satisfactorily for the shares to vest. As a consequence, executives may have a significant trailing exposure to their own and Company performance subsequent to the award. The deferred amount supports executive focus on both annual and multi-year performance, as well as providing a retention element.

Voting rights and dividends

While restricted shares are unvested, participants receive dividends and are entitled to exercise voting rights attaching to the restricted shares.

Termination/forfeiture

Employees who resign or are dismissed for cause will forfeit the right to any unvested deferred STIP awards. Employees who leave due to circumstances such as redundancy, retirement, total or permanent disablement or death, at the Board's discretion, still retain the right to any unvested deferred STIP awards.

Change of control

In the event of a takeover or other transaction that in the Board's opinion is likely to result in a change of control or if an actual change of control event occurs, the Board has a discretion to determine that vesting of some or all of the restricted shares be accelerated.

[1] Typically set at 90 per cent of budget for Profitability measures

Clawback	All STIP incentive offers and final outcomes are subject to the full discretion of the Board. Under the STIP offer terms and conditions and the plan rules, the Board has discretion to determine forfeiture of deferred equity awards in certain circumstances (e.g. unlawful, fraudulent, dishonest behaviour or serious breach of obligations to the Company).

5.4 Long Term Incentive Plan (LTIP)

Iluka's LTIP is designed to focus executives' attention on sustainable long-term growth and align the interests of executives with those of shareholders.

Key details of the LTIP are set out in the table below:

Eligibility	All executives and nominated senior managers are eligible to participate in the LTIP. Grants are generally restricted to employees who are most able to influence shareholder value.
Instrument	Awards are made in the form of share rights for Iluka shares that vest three years after the performance period subject to meeting performance hurdles over a three-year vesting period. Share rights entitle the recipient to acquire fully-paid ordinary shares in the Company. No amount is payable by a recipient for the grant of any share rights. Until awards vest, executives have no legal or beneficial interest in Iluka shares, no entitlement to receive dividends and no voting rights in relation to any securities granted under the LTIP.
Grant Value	The level of the grant is determined by an individual's role within the business and capacity to impact the results of the Company. In 2015, the maximum LTIP opportunity for the executive KMP was set at 60 per cent of TFR.
2015 Strategic LTIP Equity Grant	The Board retains the flexibility to make one-off strategic equity grants in recognition of executive position changes and the impact these new and other specific roles will have on delivering Iluka's future strategic plan. In 2015, the strategic equity grants were made under the same terms and conditions as the LTIP awards.
Performance hurdles	The grant is split equally into two components: • one component (50 per cent) is assessed based on ROE relative to an internal target; and • the other component (50 per cent) is assessed based on TSR performance relative to a comparator group of companies.
ROE	The ROE component of the LTIP grant vests based on a prospective three-year average ROE performance measure. Vesting occurs on a straight line basis for performance between Threshold and Target. Targets are set giving consideration to: • the Company's ROE performance history; • planned strategic and business plan activity throughout the performance period; and • the performance of comparable companies in the ASX 200 Materials Index. Targets are reviewed annually and set for a forward three-year period. Targets reflect expectations of the Company's position within the mineral sands industry, the industry business cycle, corporate plan and budget business performance expectations. Where sustainable performance improves, it can be expected that targets will be increased – within the bounds of feasible achievement – creating a 'staircase' effect over time. Similarly, because performance is measured over the three years as an average, a failure to achieve targeted levels of performance in any one year increases the hurdle in the remaining years. In the interest of transparent reporting, Iluka discloses its ROE target range measure which forms part of the LTIP. ROE targets for the 2015, 2014 and 2013 LTIP are shown in the table below:

LTIP grant	Threshold	Target
2015 – 2017	10%	14%
2014 – 2016	10%	14%
2013 – 2015	10%	14%

TSR

The TSR component of the LTIP grant may vest based on TSR relative to a comparator group of companies. The S&P/ASX 200 Materials Index is used as the comparator group, since it reflects the companies that operate within the same industry as Iluka and with which Iluka competes for investment and talent.

A relative TSR hurdle is used as opposed to an absolute TSR hurdle, in recognition of the fact that Iluka and many of its peers operate in cyclical markets. This still allows awards to be made where Iluka is out-performing its peers, even if the market is in a cyclical low, and creates incentives for executives to continue to grow the business and look to the future at all points in the cycle.

Vesting Schedule

The LTIP vesting schedule below details the portion of the grant which will vest after the three-year performance period subject to the ROE and TSR hurdles.

Measure	Performance level to be achieved	Percentage of total grant that will vest	Maximum percentage of total grant
ROE	Below threshold	0%	50%
	Threshold	25%	
	Target or above	50%	
TSR	Below 50th percentile	0%	50%
	50th percentile	25%	
	75th percentile or above	50%	
Total Grant (Maximum award)			**100%**

Vesting occurs on a straight-line basis for performance between threshold and target (ROE measure) and 50th percentile and 75th percentile (TSR measure).
If at the end of the performance period the performance criteria have not been met, there will be no entitlement to the share rights and they will lapse.

Termination/ forfeiture

When employment with Iluka ceases, all unvested share rights are forfeited.

Change of control

In the event of a takeover or other transaction that in the Board's opinion is likely to result in a change of control or if an actual change of control event occurs, the Board has a discretion to determine that vesting of some or all of the share rights be accelerated.

Clawback

Under the Company's LTIP offer terms and conditions and the plan rules, the Board has discretion to determine forfeiture of unvested equity awards in certain circumstances (e.g. unlawful, fraudulent, dishonest behaviour or serious breach of obligations owed to the Company). All incentive offers and final outcomes are subject to the full discretion of the Board and, through the performance period, executives have an ongoing exposure to Company performance.

All LTIP offers and details of the maximum allocation for the Managing Director and executive KMP are shown in Section 9.3.

SECTION 6 MANAGING DIRECTOR REMUNERATION

The employment terms and conditions for the Managing Director, David Robb, are set out below:

Total Fixed Remuneration (TFR)	$2,000,000 for the year ended 31 December 2015. TFR is subject to annual review by the Board in December each year. The Managing Director did not receive an increase in 2014 or 2015 and the Board has determined that his TFR will remain unchanged in 2016.
2015 Short Term Incentive Plan (STIP)	90 per cent of TFR at target with up to 120 per cent of TFR for stretch performance awarded 50 per cent as cash and 50 per cent as deferred equity. **Measure** — **Weighting** Profitability (ROC, NPAT, EBIT) — 50 per cent Sustainability (TRIFR and environmental incidents) — 10 per cent Growth (individual objectives) — 40 per cent Growth objectives are set for the Managing Director each year by the Board at the stretch level of performance. These objectives typically vary from year to year in line with the Company's objective of creating and delivering value for shareholders.
2015 Long Term Incentive Plan (LTIP)	A grant of equity in the form of share rights valued at up to 30 per cent of TFR measured over a three-year performance period. **Measure** — **Weighting** ROE — 50 per cent TSR — 50 per cent
Long Term Incentive Deferred Plan (2011 to 2013) – Plan Details	At the 2011 AGM, shareholders approved the retention arrangements for Mr Robb (referred to as the Long Term Incentive Deferred Plan or LTID Plan). The 2011 – 2013 LTID Plan has now expired with vesting of shares occurring in 2015.
Long Term Incentive Deferred Plan (2011 to 2013) – Plan Outcomes	The table below sets out the vesting outcome of the LTID Plan against performance hurdles over the three performance periods and the subsequent share rights that vested in 2015. A total of 250,000 shares vested in February 2015 versus a maximum possible vesting of 750,000 shares.

Performance Hurdles	ROE gateway (12%)	Tranche 1	Tranche 2	Tranche 3
		TSR (12.5%)	**TSR (15%)**	**TSR (17.5%)**
Year 1 Performance Period[1]	Achieved	Achieved	Achieved	Achieved
Year 2 Performance Period[2]	Achieved	Not Achieved	Not Achieved	Not Achieved
Year 3 Performance Period[3]	Not Achieved	Not Achieved	Not Achieved	Not Achieved
Maximum Share Rights		450,000	150,000	150,000
Total Share Rights Vested		**150,000**	**50,000**	**50,000**

[1] 2011 Financial Year – performance measured from 4 March 2011 to the date 5 business days after announcement of the 2011 annual financial results.
[2] 2012 Financial Year – performance measured from the end of the Year 1 Performance Period to the date 5 business days after announcement of the 2012 annual financial results.
[3] 2013 Financial Year – performance measured from the end of the Year 2 Performance Period to the date 5 business days after announcement of the 2013 annual financial results.

Termination Arrangements

At the 2011 AGM, shareholders approved the following termination payments which may become payable to Mr Robb under the terms of the Executive Employment Agreement entered into between Mr Robb and the Company on 11 April 2011.

With Notice	Employment can be terminated by the Company during the contract period by giving 12 months' notice or pay in lieu of notice, plus the total incentive for performance at target under the STIP and LTIP, pro-rata up to the end of the 12-month notice period. All shares to which Mr Robb is entitled under the DEESAP will vest within three months of termination.
Without Notice	In the case of misconduct and in certain other circumstances, employment can be terminated without notice and with no entitlement to pro-rata long service leave or any payment under any relevant incentive plan.
Voluntary Termination	Employment may be terminated by giving six months' notice. Any pro-rata award under any relevant incentive plan will be at the discretion of the Board.
Termination for other reasons	• By Iluka on the grounds of redundancy or by Mr Robb if, at the instigation of the Board he suffers a material diminution in his status as Managing Director, by giving 12 months' notice or shall pay an equivalent amount of TFR in lieu of notice. • By Iluka if Mr Robb suffers illness, accident or other cause which renders him unable to perform his duties, by giving Mr Robb 12 months' notice or pay an equivalent amount of TFR in lieu of notice. • In the circumstances described above, Mr Robb will receive the total incentive for performance at target under the STIP and LTIP, pro-rata up to the end of the 12-month notice period. All shares to which Mr Robb is entitled under the DEESAP will vest within three months of termination.
Protection of Interests	Mr Robb is restrained from engaging in certain activities during his employment, and for a period of one year following termination of his employment, in order to protect Iluka's interests. The Executive Employment Agreement contains provisions relating to the protection of confidential information and intellectual property.

SECTION 7 EXECUTIVE EMPLOYMENT AGREEMENTS

Remuneration and other terms of employment for the executive KMP are formalised in service agreements. Executive KMP are employed on a rolling basis with no specified fixed terms. Executive KMP are remunerated on a TFR basis, inclusive of superannuation (for the Australian-based KMPs).

7.1 Executive KMP Service Agreements

Major provisions of the agreements relating to executive KMP (excluding the Managing Director) are set out below.

Executive	Position	Termination Notice Period by Iluka	Termination Notice Period by Employee	Termination Payments[1]
D Warden	Chief Financial Officer and Head of Strategy and Planning	3 months	3 months	6 months[2]
M Blackwell	Head of Marketing, Mineral Sands	3 months	3 months	9 months
S Wickham	Chief Operating Officer, Mineral Sands	3 months	3 months	9 months
A Tate	Head of Alliances, New Ventures and Royalties	3 months	3 months	6 months[2]

[1] Termination payments (other than for gross misconduct) are calculated on current TFR at date of termination and are inclusive of the notice period.
[2] Termination payments reduced from 9 months to 6 months on change of role in 2015.

SECTION 8 NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of the non-executive directors is determined by the Board on recommendation from the People and Performance Committee within a maximum aggregate amount approved by shareholders at an Annual General Meeting. The current cap on non-executive directors' fees (including superannuation) as approved by shareholders in May 2015 is $1.8 million. The total amount paid to non-executive directors in 2015 (including superannuation) was $1,253,809.

Recognising the additional workload and duties associated with Gavin Rezos' appointment to the Board of Metalysis Ltd, the Board has approved fees of GBP45,000 per annum to be paid to Mr Rezos in addition to his Iluka Resources Board member and Committee fees. There has been no other adjustment to non-executive director fees since March 2011. Details of non-executive director fees in 2015 are as follows:

Non-executive director fees	
Board Chairman (inclusive of Committee fees)	$312,000
Board Member	$125,000
Board Member Committee fees	
Audit and Risk Committee Chair	$35,000
People and Performance Committee Chair	$25,000
Audit and Risk Committee Member	$17,500
People and Performance Committee Member	$12,500
Other related entity Board fees	
Metalysis Board member	GBP45,000

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.

SECTION 9 STATUTORY REMUNERATION DISCLOSURES

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

9.1 Non-executive director Statutory Remuneration Disclosures

2015

Name	Board, Committee fees $	Non-Monetary Benefits $	Superannuation $	2015 Statutory Total $
Non-executive directors				
G Martin	312,000	-	19,229	331,229
M Bastos	142,500	-	13,538	156,038
W Osborn	150,000	-	14,250	164,250
J Ranck	141,875	-	13,478	155,353
G Rezos[1]	243,603	-	14,448	258,051
J Seabrook	172,500	-	16,388	188,888
Total	**1,162,478**	**-**	**91,331**	**1,253,809**

[1] G Rezos' fees include fees paid in relation to Metalysis Ltd and have been converted from GBP to AUD using the 2015 YTD average foreign exchange rate of 0.4917.

2014

Name	Board, Committee fees $	Non-Monetary Benefits $	Superannuation $	2014 Statutory Total $
Non-executive directors				
G Martin	312,000	-	18,279	330,279
M Bastos[1]	122,906	-	11,547	134,453
W Osborn	150,000	-	14,063	164,063
J Ranck	137,500	-	12,891	150,391
G Rezos[2]	229,222	-	14,531	243,753
J Seabrook	172,500	-	16,172	188,672
S Turner[3]	58,295	-	5,392	63,687
Total	**1,182,423**	**-**	**92,875**	**1,275,298**

[1] M Bastos was appointed on 20 February 2014.
[2] G Rezos' fees include fees paid in relation to Metalysis Ltd and have been converted from GBP to AUD using the 2014 YTD average foreign exchange rate of 0.4922.
[3] S Turner retired on 28 May 2014.

9.2 Executive KMP Statutory Remuneration Disclosures

2015

Name	Base, Committee, Cash, Salary & Fees $	STIP Cash[1,2] $	Non-Monetary Benefits[6] $	Other[7] $	Superannuation $	Share Based Payments[1,3] $	2015 Statutory Total $
Executive director							
D Robb	1,974,907	499,500	20,677	-	19,046	936,627	3,450,757
Executives							
D Warden	615,903	103,950	-	-	19,046	263,708	1,002,607
M Blackwell[4]	710,012	118,217	-	70,855	-	238,432	1,137,516
S Wickham	709,396	141,836	5,978	-	19,046	248,483	1,124,739
A Tate[5]	273,314	56,953	-	-	7,936	86,818	425,021
Total	**2,308,625**	**420,956**	**5,978**	**70,855**	**46,028**	**837,441**	**3,689,883**

[1] STIP Cash and Share Based Payments for 2015 will be made in March 2016.
[2] Amounts in the STIP Cash column are dependent on the satisfaction of performance conditions as set out in Section 5.3.
[3] Amounts in the Share Based Payments column relate to the component of the fair value of awards from prior years made under the various incentive plans attributable to the year measured in accordance with AASB 2 Share Based Payments.
[4] M Blackwell's earnings have been converted from USD to AUD using the 2015 YTD average foreign exchange rate of 0.7521.
[5] A Tate was appointed to his current role and ceased to be a KMP on 1 June 2015. Remuneration disclosures reflect the period he was a KMP.
[6] Includes non-monetary benefits which consist of car parking and spouse travel.
[7] Other consists of relocation and US social security expenses for M Blackwell.

2014

Name	Base, Committee, Cash, Salary & Fees $	STIP Cash[1,2] $	Non-Monetary Benefits[8] $	Other[9] $	Superannuation $	Share Based Payments[1,3] $	2014 Statutory Total $
Executive director							
D Robb	1,981,515	503,700	57,756	-	18,335	2,525,789	5,087,095
Executives							
D Warden	585,721	84,258	-	-	18,279	166,590	854,848
M Blackwell[4,7]	545,418	75,621	-	-	-	139,751	760,790
C Cobb[5]	55,435	8,751	-	27,152	1,481	22,450	115,269
S Wickham[6]	693,888	112,149	27,865	-	18,963	286,221	1,139,086
A Tate	655,157	116,944	-	38,857	19,843	196,696	1,027,497
Total	**2,535,619**	**397,723**	**27,865**	**66,009**	**58,566**	**811,708**	**3,897,490**

[1] STIP Cash and Share Based Payments for 2014 were made on 1 March 2015.
[2] Amounts in the STIP Cash column are dependent on the satisfaction of performance conditions as set out in Section 5.3.
[3] Amounts in the Share Based Payments column relate to the component of the fair value of awards from prior years made under the various incentive plans attributable to the year measured in accordance with AASB 2 Share Based Payments.
[4] M Blackwell was appointed to his current role and became a KMP on 1 February 2014. Remuneration disclosures reflect the period he was a KMP.
[5] C Cobb was appointed to his current role and ceased to be a KMP on 1 February 2014. Remuneration disclosures reflect the period he was a KMP.
[6] S Wickham was appointed to his current role on 1 June 2014.
[7] M Blackwell's earnings have been converted from USD to AUD using the 2014 YTD average foreign exchange rate of 0.9030.
[8] Includes non-monetary benefits which consist of car parking, spouse travel and accommodation.
[9] Other consists of an underpayment of salary in prior years for C Cobb and A Tate.

9.3 Share–based Compensation

STIP Restricted Shares awarded to the Managing Director and executive KMP yet to vest

Name	2013 STIP[1]	2014 STIP[1]	2015 STIP[1,2]	Awarded %[3]		
				2013	2014	2015
D Robb	20,156	65,745	81,485	32	42	42
D Warden	3,492	10,998	16,958	24	31	35
M Blackwell	3,621	12,441	19,285	31	31	37
S Wickham	8,272	14,639	23,138	30	34	43

[1] STIP restricted share fair value 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. STIP restricted shares are awarded in March of the following year (e.g. 2015 STIP awards will be made in March 2016).
[2] Represents the estimated number of restricted shares to be awarded under the 2015 STIP calculated using the closing share price of $6.13 at 1 January 2016.
[3] The percentage achieved of the STIP maximum incentive opportunity awarded for the financial year.
[4] A Tate ceased to be a KMP on 1 June 2015 so his details are not included.

Share Rights

	Number of share rights					
Name	Balance held at 1 January 2015	Granted during 2015[1]	Vested as shares during 2015	Lapsed during 2015[2]	Balance held at 31 December 2015	Fair Value of Share Rights Granted in 2015 $
Executive director						
D Robb	403,833	78,319	(259,758)	(21,717)	200,677	460,516
Executives						
D Warden	44,813	94,610	(2,437)	(5,423)	131,563	556,307
M Blackwell	41,172	51,082	(2,443)	(5,435)	84,376	300,362
S Wickham	53,530	57,408	(3,642)	(8,103)	99,193	337,559
A Tate[3]	52,987	52,866	(3,625)	(8,066)	94,162	310,852

[1] Share rights granted in respect of the 2015 LTIP which forms part of share based payments for 2015 to 2017 inclusive. Includes 2015 strategic LTIP equity grant to D Warden.
[2] Share rights which lapsed during 2015 relate to the LTIP award granted in 2012.
[3] A Tate ceased to be a KMP on 1 June 2015.

Maximum value of unvested restricted shares and share rights

The maximum value of restricted shares and/or share rights that will be recognised as share-based payments in future years is set out below. The maximum value of those restricted shares and/or share rights yet to vest has been determined as the amount of the grant date fair value of the shares and/or shares rights that is yet to be expensed. No share and/or share rights will vest if the conditions are not satisfied, hence the minimum value of the unvested shares and/or share rights is nil.

	Maximum Value ($)		
Name	**Vesting Year**		
	2016	**2017**	**2018**
D Robb	960,319	953,916	710,264
D Warden	231,596	230,717	608,277
M Blackwell	207,765	242,037	359,468
S Wickham	311,134	281,470	408,477

Fair Value

The fair value of each restricted share or share right and the vesting year for each incentive plan is set out below.

Incentive Plan	**Grant Date**	**Fair Value per Share or Right at Grant Date[2] $**	**Vesting Year**
2013 LTIP	February 2013	8.81	2016
2013 STIP[1]	March 2014	9.44	2015 & 2016
2014 LTIP	January 2015	7.12	2017
2014 STIP[1]	March 2015	7.66	2016 & 2017
2015 LTIP	March 2015	5.88	2018
2015 STIP[1,3]	March 2016	6.13	2017 & 2018

[1] Awards under these plans are restricted shares; all other plans grant share rights.
[2] The fair value is calculated in accordance with the measurement criteria of Accounting Standard AASB 2 Share Based Payments.
[3] Represents the estimated fair value of the 2015 STIP award for which the performance period concluded on 31 December 2015 calculated using the closing share price of $6.13 at 1 January 2016. The actual value will be calculated as the volume weighted average price of ordinary shares over the five trading days following the release of the Company's 2015 annual results.

9.4 Transactions with Key Management Personnel

During the financial year there were no product or services purchases by KMP from the Group (2014: nil) and there are no amounts payable at 31 December 2015 (2014: nil).

There have been no loans to KMP during the financial year (2014: nil).

A number of directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. There have been no transactions with those entities and no amounts were owed by the Group to personally related entities (2014: nil).

DIRECTORS

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

G Martin
M Bastos
W Osborn
J Ranck
G Rezos
D Robb
J Seabrook

There were no changes to the board members during the year ended 31 December 2015.

DIRECTORS' PROFILES

Gregory Martin, BEc, LLB, FAIM, MAICD, Chairman of the Board, Chairman of the Nominations Committee

Mr Martin was appointed to the Board in January 2013 and as Chairman in December 2013. He has over 35 years' experience in the energy, utility and infrastructure sectors, having spent 25 years with The Australian Gas Light Company Ltd (AGL), including five years as CEO and Managing Director. After leaving AGL, Mr Martin was CEO of the infrastructure division of Challenger Financial Services Group and, subsequently, Managing Director of Murchison Metals Limited. He is currently Chairman of Prostar Investments (Australia) Pty Ltd, Chairman of Sydney Desalination Plant Pty Limited, Deputy Board Chair of Western Power and a Non-executive Director of Santos Ltd.

Mr Martin is an Independent Non-executive Director and is Chairman of the Board and the Nominations Committee. He is also a member of the Audit and Risk Committee and the People and Performance Committee.

Directorships of Listed Entities (last 3 years):
Santos Limited (appointed October 2009)
Energy Developments Limited (appointed May 2006, resigned October 2015)

Marcelo Bastos, Mechanical Engineering (UFMG), MBA (FDC-MG), MAICD

Mr Bastos was appointed to the Board in February 2014. He is the Chief Operating Officer of the global resources company, MMG Limited, with responsibility for operations in three continents. He has extensive experience in major projects development and operation, and company management in the metals and mining industry (iron ore, gold, copper, nickel, and coal sectors). Mr Bastos has served as the Chief Executive Officer of BHP Billiton Mitsubishi Alliance (BMA), as President of Nickel West of BHP Billiton Limited, President and Chief Operating Officer of Cerro Matoso and Nickel Americas of BHP Billiton, and also had a 19 year career with Vale (CVRD) in senior management and operational positions, the last of those as Director of Non Ferrous operations. He is a former Non-executive Director of Golding Contractors Pty Ltd. He is also a former Member of the Western Australia Chamber of Mines and Energy and served as Vice President of the Queensland Resources Council.

Mr Bastos is an Independent Non-executive Director and is a member of the Audit and Risk Committee and the Nominations Committee.

Wayne Osborn, DipEng, MBA, FTSE, FAICD, Chairman of the People and Performance Committee

Mr Osborn was appointed to the Board in March 2010. He is a former Managing Director of Alcoa of Australia Limited. He is a Non-executive Director of Wesfarmers Limited, Alinta Holdings and South32 Limited.

Mr Osborn is an Independent Non-executive Director and is Chairman of the People and Performance Committee. He is also a member of the Nominations Committee.

Directorships of Listed Entities (last 3 years):
South32 Limited (appointed May 2015)
Wesfarmers Limited (appointed March 2010)
Leighton Holdings Limited (appointed November 2008, resigned March 2013)

James (Hutch) Ranck, BSE (Econ), FAICD

Mr Ranck was appointed to the Board in January 2013. He has held senior management positions with DuPont, both in Australia and internationally in finance, chemicals, pharmaceuticals and agriculture for over 30 years. He also served as a Director of DuPont's Hong Kong based subsidiary, Titanium Technologies, for seven years. Mr Ranck retired as Managing Director of DuPont Australia and New Zealand and Group Managing Director of DuPont ASEAN in May 2010. He is currently Chairman of Elders Limited and a director of CSIRO.
Mr Ranck is an Independent Non-executive Director and is a member of the Audit and Risk Committee and the Nominations Committee.

Directorships of Listed Entities (last 3 years):
Elders Limited (appointed 2008)

Gavin Rezos, BA, LLB, B.Juris, MAICD

Mr Rezos was appointed to the Board in June 2006. Mr Rezos has extensive Australian and international investment banking experience and is a former Investment Banking Director of the HSBC Group with regional roles during his HSBC career based in London, Sydney and Dubai. Mr Rezos has held chief executive positions and executive directorships of companies in the technology, energy and resources areas in the UK, US and Singapore and was formerly a Director of Amity Oil NL (Antares). He is Chairman of Alexium International Group Limited, Non-executive Director of Department 13 International Limited, Principal of Viaticus Capital Pty Ltd and Iluka's representative on the Board of Metalysis Limited.
Mr Rezos is an Independent Non-executive Director and is a member of the Nominations Committee and the People and Performance Committee.

Directorships of Listed Entities (last 3 years):
Department 13 International Limited (appointed November 2015)
Alexium International Group Limited (appointed March 2010)

David Robb, BSc, GradDip (Personnel Administration), FAIM, FAICD, Managing Director

Mr Robb joined the Board in October 2006 after his appointment as Managing Director and CEO of Iluka Resources. He is also currently a Director of the Centre for Independent Studies, a Director of the Melbourne Football Club and Chair of the Faculty of Engineering, Computing and Mathematics at the University of Western Australia. He worked in the downstream oil industry with BP in Australia, the UK, the USA and Asia, before joining Wesfarmers in Perth in 1995. In 2004 he was appointed an Executive Director of Wesfarmers Limited, a role relinquished in 2006 on joining Iluka. Other previous roles include Chairman of Consolidated Rutile Limited and Deputy Chair of Methodist Ladies College, Perth.

Jennifer Seabrook, BCom, FCA, FAICD, Chairman of the Audit and Risk Committee

Ms Seabrook was appointed to the Board in May 2008. She is a Special Advisor to Gresham Partners Limited and also a Non-executive Director of IRESS Ltd, MMG Limited and Western Australian Treasury Corporation. Ms Seabrook was formerly a member of the Takeovers Panel (2000 to 2012), and previous directorships include being a Non-executive Director of Export Finance and Insurance Corporation, Amcor Limited, Bank of Western Australia Limited, West Australian Newspapers Holdings Limited, Australian Postal Corporation, AlintaGas and Western Power. In her executive career Ms Seabrook worked at senior levels in chartered accounting, capital markets and investment banking businesses.
Ms Seabrook is an Independent Non-executive Director and is Chairman of the Audit and Risk Committee. She is also a member of the People and Performance Committee and the Nominations Committee.

Directorships of Listed Entities (last 3 years):
MMG Limited (appointed July 2015)
IRESS Limited (appointed August 2008)

MEETINGS OF DIRECTORS

In 2015, the Board met on 13 occasions, of which eight meetings were scheduled. In addition to these meetings, the Board spent a day primarily focused on strategic planning. The Chairman chaired all the meetings. The non-executive directors periodically meet independent of management to discuss relevant issues. Directors' attendance at Board and committee meetings during 2015 is detailed below:

Director	Board of Directors' meetings		Audit and Risk Committee meetings		Nominations Commttee meetings (3)		People and Performance Committee meetings (3)	
(1)(2)	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Total	13	-	6	-	7	-	4	-
Executive								
D Robb	13	13	-	6	-	1	-	4
Non-executive								
G Martin	13	13	6	6	7	7	4	4
M Bastos	13	13	6	6	7	7	-	4
W Osborn	13	13	-	3	7	5	4	4
J Ranck(4)(5)	13	13	5	6	7	7	1	3
G Rezos	13	12	-	3	7	7	4	4
J Seabrook	13	13	6	6	7	7	4	4

Legend:

Current Chairman

Current member

Prior 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, rather than held is shown.

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

(3) The Remuneration and Nominations Committee was separated into the Nominations Committee and People and Performance Committee on 16 February 2015. The "Held" and "Attended" numbers include one meeting of the Remuneration and Nomination Committee held on 10 February 2015.

(4) Mr Ranck attended one Audit and Risk Committee meeting as an observer before joining the committee on 16 February 2015.

(5) Mr Ranck attended one meeting of the Remuneration and Nominations Committee as a member on 10 February 2015 (before the committee was disbanded) and two meetings of the People and Performance Committee as an observer.

DIRECTORS SHAREHOLDING

Directors shareholding is set out in the Remuneration Report, section 4.6.

EXECUTIVE TEAM PROFILES

Matthew Blackwell, B Eng (Mech), Grad Dip (Tech Mgt), MBA, MAICD, MIEAust
Head of Marketing, Mineral Sands

Mr Blackwell joined Iluka in 2004 as President of US Operations. He has had responsibilities for Land Management and as General Manager, USA, before being appointed Head of Marketing, Mineral Sands in February 2014. Prior to joining Iluka, Mr Blackwell was Executive Vice President of TSX listed Asia Pacific Resources and based in Thailand. He also held positions with WMC Resources and Normandy Poseidon. Mr Blackwell has more than 20 years' experience in the resources industry including senior positions in project management, maintenance, production and business development.

Christopher Cobb, Dip CSM, FIQ, MAICD
Head of Special Projects

Mr Cobb joined Iluka in 2009 and has held a number of roles including, Head of Alliances, New Ventures and Royalties and General Manager, Sales and Marketing. He was appointed to his current role in June 2015. Mr Cobb has 35 years of resource and manufacturing experience in Africa, Europe, Asia and Australia. Previous roles include five years as Managing Director of Consolidated Rutile Ltd, an ASX listed Queensland mineral sands company, 12 years in copper/cobalt mining with Zambia Consolidated Copper Mines in Zambia, and four years as Chief Executive Officer of Pioneer Sunway Bhd, the largest construction materials company in Malaysia.

Alan Tate, BCom, FCA, FAICD
Head of Alliances, New Ventures and Royalties

Mr Tate joined Iluka in May 2008 and was Chief Financial Officer and Head of Strategy and Planning until June 2015 when he was appointed to his current role. Prior to joining Mr Tate held various senior planning, finance and commercial roles with BHP Billiton and WMC Resources. He commenced his finance career with KPMG.

Douglas Warden, BCom, CA, MBA, GAICD
Chief Financial Officer and Head of Strategy and Planning

Mr Warden joined Iluka in 2003 and held a number of senior financial and commercial roles before leaving the Company in 2007. Since returning to Iluka in 2009, Mr Warden has held a number of roles including, Head of Resource Development, General Manager Business Development and General Manager Exploration. He was appointed to his current role as Chief Financial Officer and Head of Strategy and Planning in June 2015. Mr Warden has previously been CFO at Summit Resources Limited and Jabiru Metals Limited and began his career in corporate finance and insolvency with Ernst & Young and KPMG.

Steven Wickham, Assoc Dip in Mechanical Engineering
Chief Operating Officer, Mineral Sands

Mr Wickham is a mechanical engineer with extensive experience in senior and executive roles in Australia and South Africa in the manufacturing and mining sectors. Prior to joining Iluka in 2007, he was Chief Executive Officer of Ticor South Africa and Managing Director of Australian Zircon.

Cameron Wilson, LLB, GAICD
Chief Legal Counsel and Head of Corporate Acquisitions

Mr Wilson joined Iluka in 2004. He has specialised in mining, corporate and general commercial law for most of his professional career. Prior to joining Iluka, Mr Wilson worked in a range of legal and commercial roles with WMC Resources.

COMPANY SECRETARY

Mr Cameron Wilson is the Company Secretary of the Company. Mr Wilson was appointed to the position of Company Secretary in 2004. Refer to the previous section for his profile.

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

INDEMNIFICATION AND INSURANCE OF 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.

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.

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.

ENVIRONMENTAL REGULATIONS

The Group's Australian operations are subject to various Commonwealth and State laws governing the protection of the environment in areas such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation and access to, and use of, ground water. In particular, some operations are required to be licensed to conduct certain activities under the environmental protection legislation of the state in which they operate and such licenses include requirements specific to the subject site.

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.

NON-AUDIT SERVICES

The Group may decide to employ the external auditor, PricewaterhouseCoopers on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

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*. The directors are satisfied that the provision of non-audit services by the external auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- fees paid to external auditors for non-audit services for the 2015 year were within the Group policy; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2011* is set out on page 49.

Fees that were paid or payable during the year for non-audit services provided by the auditor of the parent entity, its network firms and non-related audit firms is set out in note 21 on page 77 of the financial report.

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 that has or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years.

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 Operating and Financial Review on page 2. Disclosure of 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 2015 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 Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars.

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

G Martin
Chairman
Perth
18 February 2016

Auditor's Independence Declaration

As lead auditor for the audit of Iluka Resources Limited for the year ended 31 December 2015, 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.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
18 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Iluka Resources Limited ABN 34 008 675 018
Financial Report - 31 December 2015

Contents

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 the Australian currency.

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 23
140 St George's 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 18 February 2016. 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

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2015

	Notes	2015 $m	2014 $m
Revenue	5	**882.2**	792.3
Other income	19	**2.7**	6.1
Expenses	6	**(741.1)**	(814.4)
Interest and finance charges		**(14.2)**	(16.7)
Rehabilitation and mine closure provision discount unwind		**(43.0)**	(15.8)
Total finance costs	16(d)	**(57.2)**	(32.5)
Profit (loss) before income tax		**86.6**	(48.5)
Income tax expense	8	**(33.1)**	(14.0)
Profit (loss) for the year attributable to owners		**53.5**	(62.5)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation of foreign operations	23	**2.0**	7.3
Hedge of net investment in US operation, net of tax	23	**(1.4)**	(2.0)
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) on defined benefit plans, net of tax	23	**0.8**	(5.3)
Total other comprehensive income for the year, net of tax		**1.4**	-
Total comprehensive income (loss) for the year attributable to owners		**54.9**	(62.5)
		Cents	Cents
Earnings per share attributable to ordinary equity holders			
Basic earnings per share	7	**12.8**	(15.0)
Diluted earnings per share	7	**12.8**	(15.0)

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

Consolidated balance sheet
As at 31 December 2015

	Notes	2015 $m	2014 $m
ASSETS			
Current assets			
Cash and cash equivalents	16	**55.0**	101.3
Receivables	11	**108.9**	98.8
Inventories	12	**493.9**	456.5
Current tax receivable		**12.2**	8.5
Total current assets		**670.0**	665.1
Non-current assets			
Inventories	12	**317.9**	353.7
Property, plant and equipment	13	**1,069.8**	1,117.2
Intangible asset - MAC Royalty	5(b)	**5.1**	5.5
Deferred tax assets	22	**17.8**	13.3
Available-for-sale financial assets	20	**22.7**	18.6
Total non-current assets		**1,433.3**	1,508.3
Total assets		**2,103.3**	2,173.4
LIABILITIES			
Current liabilities			
Payables	14	**103.5**	89.7
Interest-bearing liabilities	16	**-**	24.4
Provisions	15	**57.4**	63.8
Current tax payable		**25.9**	6.3
Total current liabilities		**186.8**	184.2
Non-current liabilities			
Interest-bearing liabilities	16	**49.0**	135.9
Provisions	15	**458.9**	418.7
Total non-current liabilities		**507.9**	554.6
Total liabilities		**694.7**	738.8
Net assets		**1,408.6**	1,434.6
EQUITY			
Contributed equity	18	**1,112.7**	1,114.4
Reserves	23	**23.1**	22.8
Retained profits	23	**272.8**	297.4
Total equity		**1,408.6**	1,434.6

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

Consolidated statement of changes in equity

For the year ended 31 December 2015

		Attributable to owners of Iluka Resources Limited			
		Contributed equity $m	**Other reserves $m**	**Retained earnings $m**	**Total equity $m**
	Notes				
Balance at 1 January 2014		**1,112.1**	**19.0**	**407.0**	**1,538.1**
Loss for the year	23	-	-	(62.5)	(62.5)
Other comprehensive income	23	-	5.3	(5.3)	-
Total comprehensive income		**-**	**5.3**	**(67.8)**	**(62.5)**
Transactions with owners in their capacity as owners:					
Transfer of shares to employees, net of tax	18(b)	5.3	(5.3)	-	-
Purchase of treasury shares, net of tax	18(b)	(3.3)	-	-	(3.3)
Share-based payments, net of tax	23	0.3	3.8	-	4.1
Dividends paid	23	-	-	(41.8)	(41.8)
		2.3	(1.5)	(41.8)	(41.0)
Balance at 31 December 2014		**1,114.4**	**22.8**	**297.4**	**1,434.6**
Profit for the year	23	-	-	53.5	53.5
Other comprehensive income	23	-	-	1.4	1.4
Total comprehensive income		**-**	**-**	**54.9**	**54.9**
Transactions with owners in their capacity as owners:					
Transfer of shares to employees, net of tax	18(b)	4.3	(4.3)	-	-
Purchase of treasury shares, net of tax	18(b)	(6.3)	-	-	(6.3)
Share-based payments, net of tax	23	0.3	4.6	-	4.9
Dividends paid	23	-	-	(79.5)	(79.5)
		(1.7)	0.3	(79.5)	(80.9)
Balance at 31 December 2015		**1,112.7**	**23.1**	**272.8**	**1,408.6**

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

Consolidated statement of cash flows
For the year ended 31 December 2015

	Notes	2015 $m	2014 $m
Cash flows from operating activities			
Receipts from customers		**814.2**	823.5
Payments to suppliers and employees		**(592.0)**	(568.7)
Operating cash flow		**222.2**	254.8
Interest received		**0.8**	0.6
Interest paid		**(11.3)**	(13.4)
Income taxes paid		**(18.5)**	(27.5)
Exploration expenditure		**(27.7)**	(22.1)
Mining Area C royalty receipts		**64.0**	75.2
Net cash inflow from operating activities	10	**229.5**	267.6
Cash flows from investing activities			
Payments for property, plant and equipment		**(62.3)**	(48.3)
Sale of property, plant and equipment		**0.9**	0.3
Purchase of shares in Metalysis Limited	20	**(4.1)**	(18.6)
Net cash outflow from investing activities		**(65.5)**	(66.6)
Cash flows from financing activities			
Repayment of borrowings		**(253.3)**	(139.7)
Proceeds from borrowings		**131.9**	41.0
Purchase of treasury shares		**(9.0)**	(4.7)
Dividends paid	9	**(79.5)**	(41.8)
Debt refinance costs		**(2.0)**	(2.5)
Net cash outflow from financing activities		**(211.9)**	(147.7)
Net decrease in cash and cash equivalents		**(47.9)**	53.3
Cash and cash equivalents at 1 January		**101.3**	46.4
Effects of exchange rate changes on cash and cash equivalents		**1.6**	1.6
Cash and cash equivalents at 31 December	16	**55.0**	101.3

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

Contents of the notes to the financial statements

Notes to the financial statements

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

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

The notes are organised into the following sections:

• Basis of preparation;
• Performance for the year;
• Operating assets and liabilities;
• Capital structure and finance costs;
• Other notes.

A brief explanation of each section is included under each section.

Basis of preparation

This section of the financial report sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This section also sets out information related to critical accounting estimates and judgements applied to these financial statements.

1 Reporting entity

Iluka Resources Limited (Company or parent entity) is domiciled in Australia. The financial statements are for the Group consisting of Iluka Resources Limited and its subsidiaries. A list of the Group's subsidiaries is provided in note 28.

2 Basis of preparation

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

Iluka Resources Limited had to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 January 2015, which are detailed in note 32.

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.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Iluka Resources Limited as at 31 December 2015 and the results of all subsidiaries for the year then ended. Iluka Resources Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns through its power over the entity. 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 and 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.

(ii) Associates

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

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with AASB 136 *Impairment of Assets.*

(iii) Employee Share Trust

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

(iv) Hedge of net investment in foreign operations

The Group had US dollar denominated borrowings that were used to hedge against translation differences arising from assets held by the Group's US operations (see note 4 for more information about these assets). The US dollar denominated borrowings used to hedge the US operations were repaid in June 2015.

To the extent that these borrowings did not exceed the net assets of the US operations, foreign currency differences arising on the translation of these borrowings were recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Any remaining differences were recognised in profit or loss. If the US operations were to be disposed of (in full or in part), the relevant amount in the foreign currency translation reserve would be transferred to profit or loss as part of the gain or loss on disposal.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(d) Determination of financial instrument fair values

For financial instruments measured and carried at fair value, the Group uses the following valuation methods:

Level 1 : the fair value is calculated using quoted prices in active markets.
Level 2 : the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 : the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The valuation technique used for the Group's financial instruments are detailed within the relevant note.

(e) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, the nearest thousand dollars and the nearest dollar.

3 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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.

(i) Impairment of assets

In accordance with the Group's accounting policy set out in note 13(e) non-current assets are assessed for impairment when there is an indication that their carrying amount may not be recoverable. The recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use and fair value less costs of disposal estimated on the basis of discounted present value of the future cash flows (a level 3 fair value estimation method).

The estimates of discounted future cash flows for each CGU 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 based on the Group's assessment of short and long term prices for each of the key products;
- future exchange rates for the Australian dollar compared to the US dollar using external forecasts by recognised economic forecasters;
- successful development and operation of new mines in Australia and the US, consistent with latest forecasts;
- future cash costs of production, sustaining capital expenditure, rehabilitation and mine closure; and
- the asset specific discount rate applicable to the CGU (2014: 9% for the impaired US CGU).

Given the nature of the Group's mining activities, future changes in assumptions upon which these estimates are based may give rise to material adjustments in future periods. This could lead to a reversal of part, or all, of impairment charges recorded in the current or prior years, or the recognition of new impairment charges in the future.

(ii) Rehabilitation and mine closure provisions

These provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment. The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of the cash flows and the discount rate. Changes to one or more of these assumptions is likely to result in a change to the carrying value of the provision and the related asset (for open sites), or a change to profit or loss (for closed sites) in accordance with the Group's accounting policy stated in note 15(a). In 2015, a reduction to the risk free discount rate in Australia resulted in an increase to the rehabilitation provision of $46.6 million, of which $25.3 million was charged to profit or loss account in respect of closed sites.

The total rehabilitation and mine closure provision of $487.0 million (2014: $457.0 million) includes $373.4 million (2014: $274.0 million) for assets no longer in use or for obligations arising from production process outputs. Changes to the provisions for assets or operations no longer in use (closed sites) are charged to profit or loss account. Changes to closed sites, excluding discounting changes, are reported within *rehabilitation and holding costs for closed sites* in note 6. The changes to the provisions for closed sites, excluding the aforementioned impact of the change in discount rates, was an increase of $2.7 million (2014: reduction of $5.2 million).

(iii) 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.

Total inventory at 31 December 2015 was $811.8 million (2014: $810.2 million). During the year, no inventory write downs occurred for work in progress or finished goods (2014: $12.0 million was expensed). If finished goods future selling prices were five per cent lower than expected, an inventory write down of $3.3 million would be required at 31 December 2015.

Inventory of $317.9 million (2014: $353.7 million) was classified as non-current as it is not expected to be sold within 12 months of the balance sheet date. See note 12 for further details.

Performance for the year

This section focuses on the results and performance of the Group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation and the return of cash to shareholders via dividends.

4 Segment information

(a) Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Managing Director. Cash, debt and tax balances are managed at a group level and, together with resource development and other corporate activities, are not allocated to segments. The segments are unchanged from those reported at 31 December 2014.

Australia (AUS) comprises the integrated mineral sands mining and processing operations in Victoria, Western Australia and South Australia. Material is mined from various deposits in Western Australia (Perth Basin), together with the Jacinth-Ambrosia deposit in South Australia (Eucla Basin) and several deposits in Victoria (Murray Basin). The mined material is processed predominantly at Mineral Separation Plants in the South West and Mid West of Western Australia and the Murray Basin to produce saleable products. The processing activities in Western Australia also include the Group's synthetic rutile kilns.

Mining and processing activities in the South West of Western Australia, mining activities in the Mid West of Western Australia and the Group's synthetic rutile operations were idled during 2013. Mining and processing activities combined with synthetic rutile operations in the South West of Western Australia were re-started during the first half of 2015.

United States (US) comprises the integrated mineral sands mining and processing operations in Virginia and rehabilitation obligations in Florida. Mining and processing activities were idled in Virginia in December 2015.

Mining Area C (MAC) comprises a deferred consideration iron ore royalty interest over certain mining tenements in Australia operated by BHP Billiton Iron Ore.

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. During 2015, no finished product was transferred from the US to Australia (2014: nil).

(b) Segment information

2015	AUS $m	US $m	MAC $m	Total $m
Total segment sales to external customers	770.5	49.3	-	819.8
Total segment result	204.8	(35.5)	61.2	230.5
Segment assets	1,837.8	119.0	15.3	1,972.1
Segment liabilities	476.2	111.5	-	587.7
Depreciation and amortisation expense	129.7	-	0.4	130.1
Additions to non-current segment assets	56.3	26.4	-	82.7

2014	AUS $m	US $m	MAC $m	Total $m
Total segment sales to external customers	640.6	84.3	-	724.9
Total segment result	102.4	(97.2)	66.4	71.6
Segment assets	1,942.7	48.1	18.2	2,009.0
Segment liabilities	455.6	84.2	-	539.8
Depreciation and amortisation expense	173.4	15.8	0.4	189.6
Impairment of US assets	-	82.0	-	82.0
Additions to non-current segment assets	128.4	19.9	-	148.3

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

	2015 $m	2014 $m
China	**291.4**	288.4
Asia excluding China	**102.3**	115.5
Europe	**215.4**	164.1
Americas	**135.9**	129.0
Other countries	**74.8**	27.9
Sale of goods	**819.8**	724.9

Revenue of $110.0 million, $98.0 million and $87.1 million was derived from three external customers of the mineral sands segments, which individually account for greater than 10 per cent of the total segment revenue (2014: revenues of $81.6 million and $78.3 million from two external customers).

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

	2015 $m	2014 $m
Segment result	**230.5**	71.6
Interest income	**0.8**	0.6
Other income	**2.7**	5.7
Marketing and selling	**(15.8)**	(13.9)
Corporate and other costs	**(52.7)**	(48.4)
Depreciation	**(2.3)**	(2.1)
Resource development	**(58.4)**	(45.3)
Interest and finance charges	**(14.1)**	(16.7)
Net foreign exchange losses	**(4.1)**	-
Profit (loss) before income tax	**86.6**	(48.5)

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

	2015 $m	2014 $m
Segment assets	**1,972.1**	2,009.0
Corporate assets	**46.2**	41.3
Cash and cash equivalents	**55.0**	101.3
Current tax receivable	**12.2**	8.5
Deferred tax assets	**17.8**	13.3
Total assets as per the balance sheet	**2,103.3**	2,173.4

Segment liabilities	**587.7**	539.8
Corporate liabilities	**32.1**	32.4
Current tax payable	**25.9**	6.3
Interest-bearing liabilities	**49.0**	160.3
Total liabilities as per the balance sheet	**694.7**	738.8

5 Revenue

	2015 $m	2014 $m
Sales revenue		
Sale of goods	**819.8**	724.9
Other revenue		
Mining Area C royalty income	**61.6**	66.8
Interest	**0.8**	0.6
	62.4	67.4
	882.2	792.3

(a) Sale of goods - Mineral sands

The Group sells mineral sands under a range of International Commercial Terms. Product sales are recognised as revenue when the Group has transferred both the significant risks and rewards of ownership and control of the products sold, and the amount of revenue can be measured reliably. The passing of risk to the customer occurs when the product has been dispatched to the customer and is no longer under the physical control of the Group, or when the customer has formally acknowledged its legal ownership of the product including all inherent risks. Where the sold product continues to be stored in facilities the Group controls, it is clearly identified and available to the buyer.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates, sales commissions, duties and other taxes.

(b) Mining Area C royalty income and amortisation of royalty asset

Royalty income is recognised on an accrual basis. Royalty income is received on a quarterly basis and any under or over accrual applicable to previously recognised royalty income is adjusted for based on the receipt of the royalty income entitlement.

Included in Mining Area C iron ore royalty earnings (MAC) was a one-off receipt of US$8.0 million (A$10.4 million) following the modification to the royalty agreement with BHP Billiton and its joint venture partners, as announced to the ASX on 21 July 2015.

The royalty entitlement asset is an intangible asset and is amortised on a straight-line basis ($0.4 million per year) over its estimated useful life of 25 years, of which 13 years is remaining (2014: 14 years remaining). The carrying value of the asset at the 31 December 2015 is $5.1 million (2014: $5.5 million).

(c) Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

6 Expenses

	Notes	2015 $m	2014 $m
Expenses			
Cash costs of production, excluding by-product costs	6(a)	**384.9**	356.9
Depreciation and amortisation		**132.4**	191.7
Inventory movement		**5.7**	(14.7)
Cost of goods sold	6(b)	**523.0**	533.9
Ilmenite concentrate and by-product costs	6(c)	**7.6**	25.0
Restructure and idle capacity charges	6(d)	**38.3**	40.1
Rehabilitation and holding costs for closed sites	6(e)	**2.7**	(1.0)
Impairment of US assets	6(f)	**-**	82.0
Government royalties		**21.0**	10.6
Marketing and selling costs		**32.0**	30.1
Corporate and other costs		**52.7**	48.4
Resource development		**58.4**	45.3
Foreign exchange losses		**4.1**	-
Net loss on disposal of property, plant and equipment		**1.3**	-
		741.1	814.4

(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. This category also includes landowner royalty payments, but excludes Australian State Government royalties which are reported separately.

(b) Cost of goods sold

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

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

(c) Ilmenite concentrate and by-product costs

Ilmenite and by-product costs include by-product costs such as for iron concentrate processing, activated carbon and wet high intensity magnetic separation (WHIMS) ilmenite transport costs of $7.6 million (2014: $25.0 million).

(d) Restructure and idle capacity charges

Idle capacity charges reflect ongoing costs incurred during periods of no or restricted production. During 2015, Iluka concluded mining at Woornack, Rownack, Pirro (WRP) deposit in Murray Basin, Victoria and also idled mining and processing activities in Virginia in December 2015 resulting in restructure costs of $3.6 million being recognised during the year. No restructure costs were incurred during 2014.

Liabilities for employee termination benefits associated with restructuring activities are recognised when the Group is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal and there is no further service required. Where further service is required to be eligible for the benefit, the liability is recognised over the relevant service period.

(e) Rehabilitation and holding costs for closed sites

These costs include adjustments to the rehabilitation provision for closed sites which are expensed in accordance with the policy described in note 15(a) arising from the annual review combined with ongoing holding costs for closed sites such as property rates and taxes. The US operations incurred a $27.7 million increase in rehabilitation estimates for closed sites following an annual assessment of the scope of work, the costs to undertake the work and when the work will be completed. Australian operations identified opportunities to improve techniques applied to rehabilitation and resulted in a reduction of $25.0 million in the obligation for closed sites.

(f) Impairment of US assets

In 2014, a pre tax impairment charge of $82.0 million was recognised in relation to the US operations. The recoverable amount was determined using the fair value less costs to sell approach. Iluka's US operations produce chloride ilmenite as well as premium zircon, both sold predominantly into the domestic market.

(g) Other required disclosures

Expenses also include the following:

	2015 $m	2014 $m
Defined contribution superannuation	**8.6**	8.1
Defined benefits superannuation	**0.6**	0.9
Employee benefits (excluding share-based payments)	**134.5**	128.1
Share-based payments	**5.7**	7.0
Exploration expenditure (included in Resource development expenses)	**27.0**	19.0
Operating leases	**11.4**	11.4
Inventory write downs - finished goods and WIP	**-**	12.0
Inventory write downs - consumable stores	**6.1**	2.5

Operating leases are leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

7 Earnings per share

	2015 Cents	2014 Cents
Basic earnings per share (cents)	**12.8**	(15.0)
Diluted earnings per share (cents)	**12.8**	(15.0)

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the profit for the period attributable to equity owners of $53.5 million (2014: loss of $62.5 million) divided by the weighted average number of shares on issue during the year, excluding treasury shares, being 417,769,922 shares (2014: 417,884,855 shares).

Diluted EPS takes into account the dilutive effect of all outstanding share rights vesting as ordinary shares. The weighted average share rights outstanding is 1,665,469 (2014: 1,284,900 share rights). In 2014 this would be anti-dilutive as the share rights would reduce the loss per share and therefore have not been included in the calculation of diluted EPS in the prior year.

8 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

	Notes	2015 $m	2014 $m
Current tax		**43.9**	21.2
Deferred tax	22	**(8.8)**	(7.5)
Under (over) provided in prior years		**(2.0)**	0.3
		33.1	14.0

The income tax expense or revenue 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. Deferred taxes are explained in more detail in note 22.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 $m	2014 $m
Profit (loss) before income tax expense	**86.6**	(48.5)
Tax at the Australian tax rate of 30% (2014: 30%)	**26.0**	(14.6)
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
Research and development credit	**(2.9)**	(2.5)
Tax losses not recognised by overseas operations	**8.5**	19.4
Derecognition of deferred tax assets / liabilities in relation to US state taxes	**-**	4.5
Non-assessable income	**(1.1)**	-
Non-deductible expenses	**3.3**	1.6
Other items	**(0.8)**	0.4
	33.0	8.8
Difference in overseas tax rates	**2.1**	4.9
(Over) under provision in prior years	**(2.0)**	0.3
Income tax expense	**33.1**	14.0

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

	2015 $m	2014 $m
Hedge of net investments in US operations	**(0.6)**	(1.6)
Actuarial gains (losses) on retirement benefit obligation	**0.2**	(0.8)
	(0.4)	(2.4)

(d) Tax losses

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 US state tax losses are not considered probable of recovery and the benefit of these losses was derecognised as part of the US asset impairment in 2014. Unrecognised US state tax losses for which no deferred tax asset has been recognised are US$173.0 million at 31 December 2015 (31 December 2014: US$151.8 million).

Unused capital losses for which no deferred tax asset has been recognised are approximately $92.7 million (2014: $88.8 million) (tax at the Australian rate of 30%: $27.9 million (2014: $26.6 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.

9 Dividends

	2015 $m	2014 $m
Final dividend		
for 2014 of 13 cents per share, fully franked	**54.4**	-
for 2013 of 4 cents per share, fully franked	**-**	16.7
	54.4	16.7
Interim dividend		
for 2015 of 6 cents per share, fully franked	**25.1**	-
for 2014 of 6 cents per share, fully franked	**-**	25.1
	25.1	25.1
	79.5	41.8

Since balance date the directors have determined a final dividend for 2015 of 19 cents per share, fully franked (2014: 13 cents, fully franked). The dividend is payable on 1 April 2016 for shareholders on the register as at 10 March 2016. The aggregate amount of the proposed dividend is $79.5 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.

The Company has a dividend reinvestment plan (DRP) which was suspended in 2010 until further notice.

(a) Franking Credits

The balance of franking credits available for future years is $103.0 million (2014: $109.4 million). This balance is based on a tax rate of 30 per cent (2014: 30 per cent). These amounts include franking credits of $25.9 million (2014: $6.2 million) that will arise from the payment of current income tax in Australia as provided for in these financial statements and the reduction of $34.1 million (2014: reduction of $23.3 million) that will arise on payment of the final dividend.

10 Reconciliation of profit (loss) after income tax to net cash inflow from operating activities

	2015 $m	2014 $m
Profit (loss) for the year	**53.5**	(62.5)
Depreciation and amortisation	**132.4**	191.7
Exploration capitalised	**(1.7)**	(4.3)
Net loss on disposal of property, plant and equipment	**1.3**	0.1
Exchange translation differences on USD denominated debt	**8.1**	4.3
Rehabilitation and mine closure provision discount unwind	**17.7**	15.8
Rehabilitation discount rate change	**25.3**	-
Non-cash share-based payments expense	**5.7**	7.0
Amortisation of deferred borrowing costs	**2.4**	2.2
Impairment of US assets	**-**	82.0
Non-cash rehabilitation for closed sites	**2.7**	(5.2)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	**(10.2)**	90.0
(Increase) / decrease in inventories	**3.1**	(13.1)
(Increase) / decrease in net current tax asset	**17.0**	(3.3)
Increase in net deferred tax	**(0.8)**	(10.4)
Decrease in payables	**(6.5)**	(10.1)
Decrease in provisions	**(20.5)**	(16.6)
Net cash inflow from operating activities	**229.5**	267.6

Operating assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the Capital structure and finance costs section on page 71.

11 Receivables

	2015 **$m**	2014 $m
Trade receivables	**79.5**	69.8
Mining Area C royalty receivable	**10.2**	12.7
Other receivables	**10.1**	9.3
Prepayments	**9.1**	7.0
	108.9	98.8

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amount considered recoverable. Trade receivables are generally due for settlement within 45 days of the invoice being issued. The Group sells mineral sands to substantially all its customers on credit terms. Sales are generally denominated in US dollars. Revenue is recognised using spot exchange rates on the date of sale, with trade receivables being translated at the spot exchange rate at balance date and translation differences accounted for in line with the Group's accounting policy (refer note 2(b)(ii)).

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is sufficient evidence that the Group will not be able to collect all amounts due.

At 31 December 2015, no trade receivables are impaired (2014: nil). There was $15.8 million overdue (2014: $2.2 million), of which $10.9 million were less than 28 days overdue (2014: $1.9 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 facilities

Iluka has two trade receivables purchase facilities for the sale of eligible trade receivables. Under the agreements Iluka transfers the majority of the risks and rewards of ownership, including both the credit risk (subject to a maximum first loss) and late payment risk.

Iluka maintains an insurance policy to assist in managing the credit risk of its customers. The credit insurance policy is a separate instrument to the receivables and is a hedge of credit risk. The trade receivables balance of $79.5 million excludes $75.0 million (2014: excludes $84.4 million) of receivables sold under the two trade receivables purchase facilities. Iluka has assigned a portion of the insurance policy to the supplier of the trade receivables purchase facility but retains credit risk up to a maximum first loss of $3.4 million per annum (2014: $3.1 million). An asset for the first loss amount has been recognised within other receivables offset by a corresponding continuing involvement liability in other payables (refer note 14).

12 Inventories

	2015 **$m**	2014 $m
Current		
Work in progress	**93.3**	98.6
Finished goods	**367.0**	325.5
Consumable stores	**33.6**	32.4
Total current inventories	**493.9**	456.5
Non-current		
Work in progress	**307.9**	345.5
Finished goods	**10.0**	8.2
Total non-current inventories	**317.9**	353.7

Inventories are valued at the lower of weighted average cost and estimated net realisable value. All work in progress and finished goods inventory is carried at cost (2014: $57.5 million of finished goods and US work in progress was carried at net realisable value).

There are separate inventory stockpile values for each product, including 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.

Net realisable value is the amount estimated to be obtained from sale in the normal course of business, less any anticipated costs of completion and the estimated costs necessary to make the sale, including royalties.

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. Consumables stores incurred a charge of $6.1 million during the year to record them at net realisable value (2014: $2.5 million).

Inventories expected to be sold (or consumed in the case of stores) within twelve months after the balance sheet date are classified as current assets, all other inventories are classified as non-current assets.

13 Property, plant and equipment

	Land & Buildings $m	Plant, Machinery & Equipment $m	Mine Reserves & Development $m	Exploration & Evaluation $m	Total $m
At 1 January 2014					
Cost	124.6	1,964.8	871.6	37.8	2,998.8
Accumulated depreciation *	(31.7)	(1,088.7)	(561.7)	(2.1)	(1,684.2)
Opening written down value	92.9	876.1	309.9	35.7	1,314.6
Additions	9.4	9.7	46.9	4.8	70.8
Disposals	(0.7)	(0.1)	-	(0.1)	(0.9)
Depreciation and amortisation	(3.3)	(91.3)	(96.7)	-	(191.3)
Foreign exchange translation	0.4	2.5	3.1	-	6.0
Impairment of US assets	(2.7)	(41.0)	(38.3)	-	(82.0)
Transfers/reclassifications	(3.3)	3.3	0.5	(0.5)	-
Closing written down value	92.7	759.2	225.4	39.9	1,117.2
At 31 December 2014					
Cost	129.5	1,993.7	925.7	42.0	3,090.9
Accumulated depreciation *	(36.8)	(1,234.5)	(700.3)	(2.1)	(1,973.7)
Closing written down value	92.7	759.2	225.4	39.9	1,117.2
Year ended 31 December 2015					
Opening written down value	92.7	759.2	225.4	39.9	1,117.2
Additions	30.9	18.7	33.8	1.9	85.3
Disposals	(0.8)	-	(1.1)	(0.2)	(2.1)
Depreciation and amortisation	(2.3)	(84.1)	(45.6)	-	(132.0)
Foreign exchange translation	1.3	-	-	0.1	1.4
Transfers/reclassifications	-	-	0.1	(0.1)	-
Closing written down value	121.8	693.8	212.6	41.6	1,069.8
At 31 December 2015					
Cost	162.5	2,001.2	961.0	43.6	3,168.3
Accumulated depreciation *	(40.7)	(1,307.4)	(748.4)	(2.0)	(2,098.5)
Closing written down value	121.8	693.8	212.6	41.6	1,069.8

* Accumulated depreciation includes cumulative impairment charges

(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 twelve 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 the site on which it is located.

As set out in note 15(a), 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 $24.2 million (2014: $13.5 million) related to changes in the rehabilitation provision (refer note 15(a)), including $21.3 million in relation to changes in the discount rate (2014: $nil).

(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 in the nature of capital or in the nature of 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

Depreciation is provided to expense the cost of property, plant and equipment over its estimated useful life on either a straight line or units of production basis. Units of production depreciation is calculated using the quantity of heavy mineral concentrate extracted from the applicable mine or processed through the mine specific plant as a percentage of the total quantity of heavy mineral concentrate planned to be extracted/processed in the current and future periods based on life of mine plans. The basis of depreciation of each asset is reviewed annually and changes to the basis of depreciation are made if the straight line or units of production basis is no longer considered to represent the expected pattern of consumption of economic benefits. The expected useful lives for the main categories of assets are as follows:

- Land	not depreciated
- Mine buildings	the shorter of applicable mine life and 25 years
- Mine specific machinery and equipment	the applicable mine life
- Mine specific plant	units of production
- Mine reserves and development	units of production
- Other non-mine specific plant and equipment	3-25 years

The reserves and life of each mine and the remaining useful life of each class of asset are reassessed at regular intervals and the depreciation rates adjusted accordingly on a prospective basis.

(d) Assets not being depreciated

Included in plant, machinery and equipment, mine reserves and development and land and buildings are amounts totalling $20.9 million, $1.0 million and $0.7 million respectively (2014: $26.7 million, $1.7 million and $nil respectively) relating to assets under construction which are currently not being depreciated as the assets are not ready for use.

In addition, within property, plant and equipment are amounts totalling $303.6 million (2014: $322.7 million) which have not been depreciated in the year as mining of the related area of interest has not yet commenced or the asset is currently idle.

(e) Recoverable amount of non-current assets

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, operating assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units). Assets that are not currently in use and not scheduled to be brought back in to use (idle assets) are considered on a standalone basis. Indicators of impairment may include significant changes in business performance or future operating plans along with changes in technology. Assets that have suffered an impairment charge are reviewed for possible reversal of the impairment at each reporting date.

(f) 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 achieved 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.

14 Payables

	2015 $m	2014 $m
Trade payables	**33.7**	28.4
Accrued expenses	**46.8**	45.0
Other payables	**3.8**	3.6
Annual leave payable	**9.8**	8.9
Government royalties payable	**9.4**	3.8
	103.5	89.7

Trade payables are recognised at the value of the invoice received from the supplier. The amounts are unsecured and are usually paid in accordance with vendor specific payment terms. Due to the short term nature of the Group’s trade payables, their carrying value is considered to approximate fair value.

15 Provisions

	Notes	2015 $m	2014 $m
Current			
Rehabilitation and mine closure		**42.5**	52.7
Employee benefits - long service leave		**12.1**	10.4
Workers compensation and other provisions		**2.8**	0.7
		57.4	63.8

	Notes	2015 $m	2014 $m
Non-current			
Rehabilitation and mine closure		**444.5**	404.3
Employee benefits - long service leave		**3.7**	4.2
Retirement benefit obligations	26	**10.7**	10.2
		458.9	418.7

The movements in each class of provision, other than employee related liabilities, is set out below:

	Notes	Rehabilitation and mine closure $m	Other provisions $m
Movements in provisions			
Balance at 1 January		**457.0**	**0.7**
Change in provisions - closed sites	6	**2.7**	**-**
Change in provision - additions to property plant and equipment	13	**2.9**	**-**
Rehabilitation and mine closure provision discount unwind	16(d)	**17.8**	**-**
Rehabilitation discount rate changes - for closed sites	16(d)	**25.3**	**-**
Rehabilitation discount rate changes - for open sites	13	**21.3**	**-**
Foreign exchange rate movements		**6.7**	**-**
Amounts spent during the year		**(46.7)**	**-**
Change in provision - other		**-**	**2.3**
Change in provision - unused amounts reversed		**-**	**(0.2)**
Balance at 31 December		**487.0**	**2.8**

(a) Rehabilitation and mine closure

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 settling 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 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 discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of the cash flows and the discount rate. The increase in the provision associated with discounting for closed sites is recognised as a finance cost in note 16(d).

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 carrying value of 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.

The total rehabilitation and mine closure provision of $487.0 million (2014: $457.0 million) includes $373.4 million (2014: $274.0 million) for assets no longer in use. Changes to the provisions for assets no longer in use are charged/credited directly to profit or loss. A review of cost estimates resulted in a charge of $2.7 million (2014: credit of $5.2 million) which is reported within the expense item *Rehabilitation and holding costs for closed sites* in note 6. The change in discount rate resulted in a charge of $25.3 million (2014: $nil) which is reported within the finance costs item *Rehabilitation discount rate changes* in note 16(d).

(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 in note 14.

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.

Capital structure and finance costs

This section outlines how the Group manages its capital and related financing costs.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an efficient capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the level of return on capital and also the level of net cash/debt and compliance with bank covenants, including the gearing ratio calculated as a net debt / (net debt + equity). The Group manages funds on a Group basis with all funds being drawn by the parent entity.

16 Net cash (debt) and finance costs

	2015 $m	2014 $m
Cash and cash equivalents		
Cash at bank and in hand	**55.0**	31.0
Deposits at call	**-**	70.3
Total cash and cash equivalents	**55.0**	101.3
Current interest-bearing liabilities (unsecured)		
Senior Notes 2003	**-**	24.4
Non-current interest-bearing liabilities (unsecured)		
Multi Optional Facility Agreement	**54.9**	142.2
Deferred borrowing costs	**(5.9)**	(6.3)
	49.0	135.9
Total interest-bearing liabilities	**49.0**	160.3
Net cash (debt)	**6.0**	(59.0)

(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 0.0 per cent and 2.95 per cent (2014: 0.0 per cent and 3.00 per cent) on Australian and foreign currency denominated deposits.

(b) Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Under the amortised cost method the difference between the amount initially recognised and the redemption amount is recognised in profit or loss over the period of the borrowings on an effective interest basis.

Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

A description of each of the facilities is provided below.

(i) US Private Placement Notes - 2003 Series

Iluka had a US$20 million tranche which was repaid in June 2015.

(ii) Multi Optional Facility Agreement

The Multi Optional Facility Agreement (MOFA) comprises a series of unsecured five year bilateral revolving credit facilities with several domestic and foreign institutions, totalling A$1,010 million (2014: A$850 million) of which A$175 million expires in 2017 (2014: A$175 million), A$260 million expires in 2019 (2014: $675 million) and A$575 million expires in 2020 (2014: $nil). Drawings under the MOFA at 31 December 2015 were A$54.9 million (US$40.0 million), as compared to A$142.2 million (A$75.0 million and US$55.0 million) in 2014. Undrawn MOFA facilities at 31 December 2015 were A$955 million.

(c) Interest rate exposure

Of the above interest-bearing liabilities, $54.9 million is subject to an effective weighted average floating interest rate of 2.0 per cent (2014: interest-bearing liabilities of $142.2 million at 3.1 per cent). The contractual repricing date of all of the floating rate interest-bearing liabilities at the balance date is within one year.

The only fixed interest rate borrowing related to the US$20.0 million Private Placement Senior Notes, which were repaid in June 2015.

(d) Finance costs

	2015 $m	2014 $m
Interest charges on interest-bearing liabilities	**11.2**	13.4
Bank fees and similar charges	**0.6**	1.1
Amortisation of deferred borrowing costs	**2.4**	2.2
Rehabilitation and mine closure provision discount unwind	**43.0**	15.8
Total finance costs	**57.2**	32.5

(i) Amortisation of deferred borrowing costs

Fees paid on establishment of borrowing facilities are recognised as transaction costs and amortised over the period to which the facility relates. Transaction costs of $2.0 million associated with the additional facility and extension of the MOFA were incurred and capitalised in 2015 (2014: $2.5 million).

(ii) Rehabilitation and mine closure provision discount unwind

Rehabilitation and mine closure unwind represents the cost associated with the passage of time. Rehabilitation provisions are recognised as the discounted value of the present obligation to restore, dismantle and rehabilitate the site; with changes associated with discounting for closed sites being recognised as a finance cost in accordance with the policy described in note 15(a).

17 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 Group's financial performance. 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

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising predominantly from the US dollar which is the currency in which the Group's sales are generally denominated. The Group's US dollar borrowings act as a 'natural' hedge against movements in US dollar receivables from Australian sales (translation differences are taken to profit or loss).

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:

	2015 $m	2014 $m
Cash and cash equivalents	**11.2**	4.8
Receivables	**74.7**	69.5
Payables	**(21.6)**	(9.3)
Interest-bearing liabilities	**(54.9)**	(91.6)
	9.4	(26.6)

The Group's balance sheet exposure to other foreign currency risk is not significant.

(ii) Group sensitivity

The average US dollar exchange rate during the year was 0.7521 (2014: 0.9030). The US dollar spot rate at 31 December 2015 was 0.7279 (31 December 2014: 0.8186). Based on the Group's net financial assets at 31 December 2015, the following table demonstrates the estimated sensitivity to a -/+ 10 per cent movement in the US dollar spot exchange rate, with all other variables held constant, on the Group's post-tax profit (loss) for the year and equity:

	-10% Strengthen		+10% Weaken	
	Profit (loss) $m	Equity $m	Profit (loss) $m	Equity $m
31 December 2015	**0.7**	**0.0**	**(0.7)**	**0.0**
31 December 2014	(0.1)	(1.9)	0.1	1.5

In 2014, the foreign currency sensitivity related to the US Private Placement Notes which impacted equity rather than profit as it was a hedge of the net investment in the US operations. The US Private Placement Notes were repaid in June 2015.

(iii) Interest rate risk

Interest rate risk arises from the Group's borrowings and cash deposits. During 2015 and 2014, the Group's borrowings at variable rates were denominated in Australian dollars and US dollars. At 31 December 2015, if variable interest rates for the full year were -/+ 1 per cent from the year-end rate with all other variables held constant, pre-tax profit for the year would have moved as per the table below.

	+1% $m	-1% $m
31 December 2015	**0.5**	**(0.5)**
31 December 2014	1.7	(1.7)

The sensitivity is calculated using the total debt position at 31 December 2015. The interest charges in note 16(d) of $11.2 million (2014: $13.4 million) reflect interest-bearing liabilities in 2015 that range between $49.0 million and $223.8 million (2014: $158.8 million and $253.1 million).

(b) Credit risk

Credit risk arises from cash and cash equivalents held with financial institutions, as well as credit exposure to customers.

The Group has policies in place to ensure that credit sales are only made to customers with an appropriate credit history. The Group also maintains an insurance policy to assist in managing the credit risk of its customers and therefore has no significant concentrations of credit risk. Of the total trade receivables balance of $79.5 million, $64.1 million is covered by an insurance policy and $15.2 million by letters of credit. The policy also covers receivables sold to financial institutions totalling $75.0 million, refer note 11(a). The insurance policies have a maximum claim amount of $78.3 million. All trade receivables are considered low risk. 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's policy is to ensure that cash deposits are held with counterparties with a minimum A-/A3 credit rating. Credit exposure limits are approved by the Board based on both credit and sovereign ratings.

(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 (refer note 16(b)(ii)) of $955 million at balance date as well as cash and cash equivalents of $55 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, the contractual maturity dates are dates which range from 2017 to 2020 and, contractual cash flows are until the next contractual re-pricing date which are all within one year. 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 financial liabilities are due within 12 months (refer note 14).

At 31 December 2015	Weighted average rate	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Total contractual cash flows $m	Carrying amount liabilities $m
	%					
Non-derivatives						
Payables		**103.5**	**-**	**-**	**103.5**	**103.5**
Interest-bearing variable rate	**2.0**	**0.2**	**-**	**54.9**	**55.1**	**54.9**
Total non-derivatives		**103.7**	**-**	**54.9**	**158.6**	**158.4**

At 31 December 2014	Weighted average rate	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Total contractual cash flows $m	Carrying amount liabilities $m
Non-derivatives						
Payables		89.7	-	-	89.7	89.7
Interest-bearing variable rate	3.1	0.6	-	142.2	142.8	142.2
Interest-bearing fixed rate	5.4	25.1	-	-	25.1	24.4
Total non-derivatives		115.4	-	142.2	257.6	256.3

18 Contributed equity

(a) Share capital

	2015 Shares	2014 Shares	**2015 $m**	2014 $m
Ordinary shares - fully paid	**418,701,360**	418,701,360	**1,120.0**	1,120.0
Treasury shares - net of tax	**(1,194,708)**	(825,110)	**(7.3)**	(5.6)
	417,506,652	417,876,250	**1,112.7**	1,114.4

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. There have been no movements in fully paid ordinary shares since 7 May 2009.

(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.

	Number of shares	**$m**
Opening balance at 1 January 2014	937,719	7.9
Acquisition of shares, net of tax	490,382	3.3
Employee share issues, net of tax	(602,991)	(5.6)
Balance at 31 December 2014	**825,110**	**5.6**
Acquisition of share net of tax	1,044,355	6.3
Employee share issues, net of tax	(674,757)	(4.6)
Balance at 31 December 2015	**1,194,708**	**7.3**

Other notes

19 Other income

	2015 $m	2014 $m
Commissions and other sundry income	**2.7**	2.4
Foreign exchange gains	**-**	3.7
	2.7	6.1

20 Available for sale financial assets

	2015 $m	2014 $m
Unlisted securities		
Available-for-sale financial assets	**22.7**	18.6
Total available for sale financial assets	**22.7**	18.6

During the year, Iluka increased its equity stake in Metalysis Limited to 20.8 per cent (17.2 per cent diluted). Metalysis Limited is a private UK based entity that is developing a new technology for titanium metal powder production.

Investments are designated as available for sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term. Available for sale assets are held at fair value, with any change in value taken to other comprehensive income. If decreases in value are significant or prolonged they are recognised as an impairment in the profit or loss. Otherwise, gains and losses on available for sale investments are recognised in the profit or loss on sale.

The fair value of the investment in Metalysis Limited is determined using a level 3 valuation method using as inputs the most recent transactions in shares of this unlisted investment being the purchases by Iluka. There is no other available information that suggests a change in fair value and so the investment is held at its original cost.

No dividends were received from Metalysis Limited during the year (2014: $nil).

This investment exposes Iluka to market risk associated with changes in the investments fair value.

21 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2015 $000	2014 $000
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**537**	575
Other assurance services	**13**	40
	550	615
Tax and other services		
Tax compliance and advisory services	**12**	4
Other compliance and advisory services	**5**	87
	17	91
Total remuneration	**567**	706
(b) Network firms of PricewaterhouseCoopers Australia		
Audit and review of financial statements	**24**	30
Other compliance and advisory services	**9**	-
	33	30

22 Deferred tax

	2015 $m	2014 $m
Deferred tax asset:		
Deferred tax asset amounts recognised in profit or loss		
Employee benefits	**7.4**	6.8
Rehabilitation provisions	**136.2**	131.5
Foreign currency exchange	**4.3**	-
Other	**5.9**	5.1
Gross deferred tax assets	**153.8**	143.4
Amount offset to deferred tax liabilities pursuant to set-off provision	**(136.0)**	(130.1)
Net deferred tax assets	**17.8**	13.3
Deferred tax asset amounts recognised directly in equity		
Nil	**-**	-
Deferred tax liability:		
Deferred tax liability amounts in profit or loss		
Depreciation and amortisation	**(98.7)**	(93.8)
Foreign currency exchange	**-**	(0.6)
Receivables	**(3.2)**	(4.0)
Inventory	**(33.8)**	(31.7)
Other	**(0.3)**	-
Gross deferred tax liabilities	**(136.0)**	(130.1)
Amount offset to deferred tax assets pursuant to set-off provision	**136.0**	130.1
Net deferred tax liabilities	**-**	-
Deferred tax liability amounts recognised directly in equity		
Treasury shares	**(3.1)**	(2.4)
	(3.1)	(2.4)
Movements in net deferred tax balance:		
Balance at 1 January	**13.3**	3.6
Credited to the income statement	**7.2**	12.0
Charged to the income statement - US	**1.6**	(4.5)
(Under) over provision in prior years	**(7.6)**	1.4
Charged directly to equity	**3.3**	0.8
Balance at 31 December	**17.8**	13.3

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.

The net deferred tax asset of $17.8 million includes a net deferred tax asset in relation to the US operations of $14.2 million, which is in respect of rehabilitation provisions where deductions for future payments can be carried back against US taxable income for 10 years.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets of $30.9 million (2014: $44.2 million) and deferred tax liabilities of $43.8 million (2014: $23.0 million) are expected to be recovered in less than 12 months of the balance sheet date.

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.

23 Reserves and retained earnings

	Notes	**2015 $m**	2014 $m
Asset revaluation reserve			
Balance at 1 January		**13.7**	13.7
Transfer to retained earnings on disposal		**(0.6)**	-
Balance at 31 December	23(a)	**13.1**	13.7
Share-based payments reserve			
Balance at 1 January		**(2.4)**	(0.9)
Transfer of shares to employees, net of tax		**(4.3)**	(5.3)
Share-based payments, net of tax		**4.6**	3.8
Balance at 31 December	23(b)	**(2.1)**	(2.4)
Foreign currency translation			
Balance at 1 January		**11.5**	6.2
Currency translation of US operation		**2.2**	7.0
Translation differences on other foreign operations		**(0.2)**	0.3
Hedge of net investment in US operation		**(2.0)**	(2.8)
Deferred tax		**0.6**	0.8
Balance at 31 December	23(c)	**12.1**	11.5
Total reserves		**23.1**	22.8
Retained earnings			
Balance at 1 January		**297.4**	407.0
Net profit (loss) for the year		**53.5**	(62.5)
Dividends paid		**(79.5)**	(41.8)
Transfer from asset revaluation reserve		**0.6**	-
Actuarial gains (losses) on retirement benefit obligation, net of tax		**0.8**	(5.3)
Balance at 31 December		**272.8**	297.4

(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) 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. On settlement of the share-based payment by the issue of equity instruments to employees, the cost of the on-market acquisition, net of tax, is transferred from treasury shares (refer note 18(b)) to the share based payment reserve.

(c) Foreign currency translation reserve

Exchange differences arising on translation of the net investment in foreign operations, including US dollar denominated debt used as a hedge of the net investment, are taken into the foreign currency translation reserve net of applicable income tax, as described in note 2(b)(iv). US$20.0 million of debt (2014: US$20.0 million) was designated as a hedge of the net investment in the US operations until repayment in June 2015. The reserve is recognised in profit or loss when the net investment is disposed of.

24 Share-based payments

Share-based compensation benefits are provided to employees via incentive plans, the directors', Executives and Employees Share Acquisition Plan and the Employee Share Plan. Information relating to these schemes 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 between the grant date and the vesting date 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) also takes 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 $5.7 million (2014: $7.0 million) results from several schemes summarised below.

Schemes	Grant date	Vesting date	Fair value $	**Shares / Rights at 31 Dec 15**	**Expense 2015 $m**	Shares / Rights at 31 Dec 14	Expense 2014 $m
STIP (i)							
2014	Mar-15	Mar-16/17	7.66	**296,670**	**1.6**	-	-
2013	Mar-14	Mar-15/16	9.44	**181,509**	**0.9**	299,034	1.7
2012	Mar-13	Mar-14/15	10.20	**-**	**0.1**	110,959	0.5
2011	Mar-12	Mar-13/14	16.68	**-**	**-**	-	0.2
LTIP - TSR (ii)							
2015	Feb-15	Mar-18	5.02	**466,308**	**0.7**	-	-
2014	Feb-14	Mar-17	5.74	**244,567**	**0.4**	237,658	0.4
2013	Feb-13	Mar-16	7.72	**185,909**	**0.4**	196,851	0.4
2012	Jan-12	Mar-15	11.07	**-**	**0.1**	97,775	0.3
LTIP - ROE (ii)							
2015	Feb-15	Mar-18	6.74	**446,308**	**1.3**	-	-
2014	Feb-14	Mar-17	8.49	**224,567**	**0.6**	237,658	0.6
2013	Feb-13	Mar-16	9.89	**185,909**	**(1.2)**	196,852	0.5
2012	Jan-12	Mar-15	14.66	**-**	**-**	97,775	-
MD LTID (iii)	Mar-11	Mar-15	11.62	**-**	**0.3**	750,000	1.8
Employee Share Plan (iv)					**0.5**		0.6
					5.7		7.0

(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) Long Term Incentive Plan (LTIP)

The fair value at grant date for the 2015 LTIP Plan takes into account the exercise price of $nil, the share price at grant date of $7.19, the expected price volatility of the share price (based on historical volatility), the expected dividend yield of 2.15% and the risk free rate of return of 2.01%. 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.

Rights that do not vest for the Return on Equity (ROE) tranche for prior periods are credited to the share-based payments expense.

(iii) Managing Director's Long Term Incentive Deferred (LTID) share rights

The LTID plan performance period ended on 1 March 2014. Of the 750,000 share rights offered, 250,000 vested in March 2015 based on the Company's financial performance over the three year period.

Full details of the LTID share rights granted in March 2011 and approved by shareholders at the 2011 AGM are set out in the Remuneration Report. The fair value of $11.62 per right is the weighted average for all share rights in the LTID.

(iv) Employee share plan

A total of 59,143 (2014: 61,016) shares were issued to eligible employees who participated in the plan. Each participant was issued with shares worth $1,000 based on a volume weighted average market price of $8.36 (2014: $8.59) for the five days prior to the start of the offer period.

25 Commitments

(a) Exploration and mining lease commitments	**2015 $m**	2014 $m
Commitments in relation to leases contracted for at reporting date but not recognised as liabilities payable:		
Within one year	**22.7**	27.9
Later than one year but not later than five years	**39.0**	53.7
Later than five years	**54.6**	59.8
	116.3	141.4

These costs are discretionary. If the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

(b) Lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**17.7**	18.2
Later than one year but not later than five years	**13.0**	18.5
Later than five years	**0.4**	0.4
	31.1	37.1

The Group leases various storage facilities, offices, mining equipment and motor vehicles under non-cancellable operating leases expiring within 1 to 11 years with varying terms.

(c) Capital commitments

Capital expenditure contracted for and payable within one year of the reporting date, but not recognised as liabilities are $6.1 million (2014: $20.4 million). All of the commitments relate to the purchase of property, plant and equipment.

26 Retirement benefit obligations

(a) Superannuation plan

(i) Australia

All employees of the Group who do not elect an alternate fund under the Superannuation Fund Choice Legislation have access to benefits on leaving service, retirement, disability or death from the Iluka Resources Superannuation Plan, a sub-plan of Plum Superannuation Fund. During the year the defined contribution (accumulation benefits only) plan administrators changed from OnePath Masterfund to Plum Superannuation Fund. Employees accumulation superannuation plans receive fixed contributions from Group companies. The Group's legal or constructive obligation is limited to these contributions.

During the year Iluka also provided defined lump sum and pension benefits based on years of service and final average salary for a small number of members (defined benefits plan). The two active members of the plan took up the option during the year to convert their defined benefits to accumulation. Iluka has closed the defined benefits plan to new members. There are currently only a few pensioners remaining in this plan. During the year the defined benefits plan administrators changed from OnePath Masterfund to ANZ Wealth.

(ii) USA

All employees of the United States (US) operations are entitled to benefits from the US operations' pension plans on retirement, disability or death. The US operations have one defined benefit plan and one defined contribution plan. The defined benefit plan provides a monthly benefit based on average salary and years of service. The defined contribution plan receives an employee's elected contribution and an employer's match-up to a fixed percentage. The entity's legal or constructive obligation is limited to these contributions.

The following sets out details in respect of the defined benefit sections only of the Australian and US plans. The expense recognised in relation to the defined contribution plans is disclosed in note 6(g).

(b) Financial position

The net financial position of the Group’s defined benefit plans based on information supplied from the plans' actuarial advisors are, for the Australian plan a surplus $0.4 million (2014: surplus $0.1 million) and for the US plan a deficit of $11.1 million (2014: deficit $10.3 million). A net deficit of $10.7 million (2014: deficit $10.2 million) is included in non-current provisions in note 15. The table below provides a summary of the net financial position at 31 December for the past five years.

	2015 $m	2014 $m	2013 $m	2012 $m	2011 $m
Defined benefit plan obligation	**(31.1)**	(29.5)	(20.5)	(22.8)	(22.6)
Plan assets	**20.4**	19.3	16.7	14.2	15.0
Deficit	**(10.7)**	(10.2)	(3.8)	(8.6)	(7.6)

(c) Defined benefits superannuation expense

In 2015, $0.6 million (2014: $0.9 million) was recognised in expenses for the year in respect of the defined benefit plans (refer note 6(g)).

Iluka idled operations in the US at the end of 2015, resulting in a curtailment event for the US defined benefit pension plan. Employees impacted by the restructure remain members of the plan. This resulted in a curtailment credit of A$1.1m, included in the above net expense.

Also included within the above defined benefits expense are settlement losses of $0.1 million (2014: $nil) in respect of the Australian plan where all the active members converted to accumulation benefits and some pensioners commuted their pension into a cash lump sum.

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.

27 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 in the Annual Report on pages 18 to 43.

The below provides a summary:

	2015 $000	2014 $000
Short term benefits	**6,464**	6,753
Post-employment benefits	**156**	170
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**1,774**	3,337
Total	**8,394**	**10,260**

(b) Transactions with Key Management Personnel

There were no transactions between the Group and Key Management Personnel that were outside of the nature described below:

(i) occurrence was within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those it is reasonable to expect the Group would have adopted if dealing at arms length with an unrelated individual;

(ii) information about these transactions does not have the potential to adversely affect the decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the Key Management personnel; and

(iii) the transactions are trivial or domestic in nature.

Therefore, specific details of other transactions with Key Management Personnel are not disclosed.

28 Controlled entities and deed of cross guarantee

The consolidated financial statements incorporate the following principal subsidiaries:

Controlled entities	Country of incorporation	Equity holding 2015 %	2014 %
* **Iluka Resources Limited (Parent Company)**	**Australia**		
* Westlime (WA) Limited	Australia	100.0	100.0
* Ilmenite Proprietary Limited	Australia	100.0	100.0
* Southwest Properties Pty Ltd	Australia	100.0	100.0
* Western Mineral Sands Proprietary Limited	Australia	100.0	100.0
* Yoganup Pty Ltd	Australia	100.0	100.0
* Iluka Corporation Limited	Australia	100.0	100.0
* Associated Minerals Consolidated Ltd	Australia	100.0	100.0
* Iluka Royalty Holdings Limited	Australia	100.0	100.0
* Iluka Consolidated Pty Limited	Australia	100.0	100.0
* Iluka Exploration Pty Limited	Australia	100.0	100.0
* Iluka (Eucla Basin) Pty Ltd	Australia	100.0	100.0
* Gold Fields Asia Ltd	Australia	100.0	100.0
* Iluka International Limited	Australia	100.0	100.0
* NGG Holdings Ltd	Australia	100.0	100.0
* Iluka Midwest Limited	Australia	100.0	100.0
* Western Titanium Limited	Australia	100.0	100.0
* The Mount Lyell Mining and Railway Company Limited	Australia	100.0	100.0
* Renison Limited	Australia	100.0	100.0
* Iluka Finance Limited	Australia	100.0	100.0
* The Nardell Colliery Pty Ltd	Australia	100.0	100.0
* Glendell Coal Ltd	Australia	100.0	100.0
* Lion Properties Pty Limited	Australia	100.0	100.0
* Basin Minerals Limited	Australia	100.0	100.0
* Basin Minerals Holdings Pty Ltd	Australia	100.0	100.0
* Basin Properties Pty Ltd	Australia	100.0	100.0
* Swansands Pty Ltd	Australia	100.0	100.0
* Iluka International (UAE) Pty Ltd	Australia	100.0	100.0
* Iluka International (Lanka) Pty Ltd	Australia	100.0	100.0
* Iluka International (China) Pty Ltd	Australia	100.0	100.0
* Iluka International (Brazil) Pty Ltd	Australia	100.0	100.0
* Iluka Share Plan Holdings Pty Ltd	Australia	100.0	100.0
* Iluka International (Netherlands) Pty Ltd	Australia	100.0	100.0
* Iluka Royalty (MAC) Pty Limited	Australia	100.0	100.0
Ashton Coal Interests Pty Limited	Australia	95.8	95.8
Iluka International Coöperatief U.A.	The Netherlands	100.0	100.0
Iluka Investments 1 B.V.	The Netherlands	100.0	100.0
Iluka Trading (Europe) B.V.	The Netherlands	100.0	100.0
Iluka Lanka P Q (Private) Limited	Sri Lanka	100.0	100.0
P.K.D. Resources (Private) Limited	Sri Lanka	100.0	100.0
Iluka Lanka Exploration (Private) Limited	Sri Lanka	100.0	100.0
Iluka Trading (Shanghai) Co., Ltd	China	100.0	100.0
Iluka Brasil Mineracao Ltda	Brazil	100.0	100.0
Iluka (UK) Ltd	United Kingdom	100.0	100.0
Iluka Technology (UK) Ltd	United Kingdom	100.0	100.0
Associated Minerals Consolidated Investments	USA	100.0	100.0
Iluka (USA) Investments Inc	USA	100.0	100.0
Iluka Resources Inc	USA	100.0	100.0
Iluka Resources (NC) LLC	USA	100.0	100.0
Iluka Resources (TN) LLC	USA	100.0	100.0
EGEnergy Resources LLC	USA	100.0	100.0
EGEnergy Resources United States LLC	USA	100.0	100.0
EGEnergy Resources Manufacturing LLC	USA	100.0	100.0
EGEnergy Resources NE Florida LLC	USA	100.0	100.0
IR RE Holdings LLC	USA	100.0	100.0
Iluka Atlantic LLC ***	USA	100.0	-
Iluka International (SE Asia) Pte. Ltd.	Singapore	100.0	100.0
Iluka Exploration (Kazakhstan) Limited Liability Partnership **	Kazakhstan	100.0	-

* The above 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 of Cross Guarantee, the wholly-owned entities represent a closed group and have been relieved from the requirements to prepare a Financial Report and Directors' Report under Class Order 98/1418 (as amended by Class Order 98/2017) issued by the Australian Securities and Investments Commission. The closed group is also the extended closed group.

** Iluka Exploration (Kazakhstan) Limited Liability Partnership was incorporated on 31 May 2015.

*** Iluka Atlantic LLC was incorporated on 30 December 2015.

(a) Condensed financial statements of the extended closed group

Condensed statement of profit or loss and other comprehensive income	**2015 $m**	2014 $m
Revenue from ordinary activities	**833.0**	708.5
Expenses from ordinary activities	**(723.9)**	(662.4)
Finance costs	**(56.2)**	(31.5)
Income tax expense	**(37.8)**	(16.5)
Profit (loss) for the year	**15.1**	(1.9)
Other comprehensive income		
Actuarial gains on defined benefit plans, net of tax	**0.2**	-
Total comprehensive income (loss) for the period	**15.3**	(1.9)
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**343.0**	386.7
Total comprehensive income for the year	**15.1**	(1.9)
Dividends paid	**(79.5)**	(41.8)
Retained earnings at the end of the financial year	**278.6**	343.0

Condensed balance sheet	2015 $m	2014 $m
Current assets		
Cash and cash equivalents	**39.2**	79.0
Receivables	**94.9**	84.0
Inventories	**423.3**	427.3
Total current assets	**557.4**	590.3
Non-current assets		
Inventories	**317.9**	353.7
Other financial assets - investments in non-closed group entities	**49.6**	38.1
Property, plant and equipment	**1,034.9**	1,111.1
Intangible assets	**5.1**	5.5
Deferred tax assets	**3.6**	2.1
Total non-current assets	**1,411.1**	1,510.5
Total assets	**1,968.5**	2,100.8
Current liabilities		
Payables	**68.3**	41.4
Interest-bearing liabilities	**-**	24.4
Provisions	**53.7**	60.5
Current tax payable	**25.9**	6.2
Total current liabilities	**147.9**	132.5
Non-current liabilities		
Interest-bearing liabilities	**49.0**	135.9
Provisions	**369.3**	364.1
Total non-current liabilities	**418.3**	500.0
Total liabilities	**566.2**	632.5
Net assets	**1,402.3**	1,468.3
Equity		
Contributed equity	**1,112.7**	1,114.4
Reserves	**11.0**	10.9
Retained profits	**278.6**	343.0
Total equity	**1,402.3**	1,468.3

29 Parent entity financial information

(a) Summary financial information for Iluka Resources Limited

	2015 $m	2014 $m
Balance sheet		
Current assets	**199.2**	177.4
Non-current assets	**1,304.4**	1,808.8
Total assets	**1,503.6**	1,986.2
Current liabilities	**73.3**	90.3
Non-current liabilities	**35.6**	538.5
Total liabilities	**108.9**	628.8
Net assets	**1,394.7**	1,357.4
Shareholders' equity		
Contributed equity	**1,120.0**	1,120.0
Reserves	**9.7**	8.4
Retained earnings	**265.0**	229.0
	1,394.7	1,357.4
Profit for the year	**114.9**	168.9
Total comprehensive profit	**114.9**	168.9

(b) Profit for the year

The profit for the year includes dividends received from controlled entities of $150.0 million (2014: $254.0 million) and $9.3 million of expenses for rehabilitation discount rate changes (2014: $nil).

(c) Contingent liabilities of the parent entity

The parent had contingent liabilities for performance commitments and guarantees of $15.3 million as at 31 December 2015 (2014: $35.0 million).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 31 December 2015, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $0.5 million (2014: $0.6 million).

(e) 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.

30 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 2015, the total value of performance commitments and guarantees was $122.9 million (2014: $121.2 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) Sri Lanka exploration deposits

In October 2013 the Group acquired all of the share capital in PKD Resources (Pvt) Ltd, a Sri Lankan domiciled company which owns an exploration tenement located near the city of Puttalam in the North Western Province of Sri Lanka. The consideration for the acquisition which remains contingent on future events includes:

- payment of US$2.0 million on the grant of a mining license over EL 170 or on expiry of the stage 2 period (being a period expiring in October 2016 which may be extended in certain circumstances by Iluka for 12 months or more, if agreed by both parties);
- payment of US$8.0 million on the Iluka Board approving a development of mining operations on EL 170 or on expiry of the stage 3 period (being a 12 month period commencing on the expiry of the stage 2 period which may be extended in certain circumstances by Iluka for 12 months or more, if agreed by both parties); and
- the payment of an annual trailing payment calculated at one per cent of the gross sale proceeds received from the annual sale of all mineral products and sand clay produced from the tenement, less the US$2.0 million paid on the grant of the mining license over EL 170, which is being treated as an advance on the trailing payment.

Iluka has a put option to transfer either the shares in PKD Resources (Pvt) Ltd or the tenements back to the vendor. If exercised, Iluka will not be required to make the payments referred to above.

(d) Other claims

In the course of its normal business, the Group occasionally receives claims arising from its operating 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.

31 Related party transactions

The only related party transactions are with directors and Key Management Personnel (refer note 27). Details of material controlled entities are set out in note 28. The ultimate Australian controlling entity and the ultimate parent entity is Iluka Resources Limited.

32 New accounting standards and interpretations

Iluka Resources Limited had to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 January 2015. The affected policies and standards are:

(i) AASB 2014-1 *Amendments to Australian Accounting Standards Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles*

The adoption of these amendments from the 2010-2012 annual improvements cycle did not have any impact on the current or prior period.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods. The Group's assessment of the impact of those new standards and interpretations considered relevant to the Group is set out below. The Group does not intend to early adopt any of the new standards or interpretations.

(i) AASB 9 *Financial Instruments* (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The changes to the standard do not have a material impact on the Group.

(ii) AASB 15 *Revenue from contracts with customers* (effective from 1 January 2018)

AASB 15 introduces a new framework for accounting for revenue and will replace AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programs. AASB 15 establishes principals for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new standard is based on the principal that revenue is recognised when control of a good or service transfers to a customer, therefore the notion of control replaces the exiting notion of risks and rewards. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

(iii) IFRS 16 *Leases* (effective from 1 January 2019)

One of the key changes to IFRS 16 *Leases* is that lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 will result in lessees recognising most leases on the balance sheet. The Group has not yet determined the extent of the impact of this standard, which is yet to be adopted by the AASB.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

33 Events occurring after the reporting period

On 16 February 2016, Iluka announced that it would suspend mining and concentrate production activities at its Jacinth-Ambrosia operation in the Eucla Basin, South Australia. Jacinth-Ambrosia is a globally significant source of zircon and, at peak production, has the ability to supply 25 to 30 per cent of global zircon demand. The suspension of these activities will be from 16 April 2016 for a period of 18 to 24 months, depending on market conditions. The suspension will increase net cash flow due to a reduction in Iluka's production costs, offset partially by a continued commitment to progressive rehabilitation and by restructure and idle costs.

On 18 February 2016, Iluka announced that it has committed an additional £6 million (approximately A$12.2 million) to its investment in the private, UK based, Metalysis Limited with an undertaking to commit a further £4 million (approximately A$8.1 million) before 15 July 2016. The additional £10 million in total is expected to take Iluka's interest from 20.8 per cent to 28.8 per cent. This will result in Iluka obtaining significant influence over this investment and will commence equity accounting effective from 18 February 2016.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 50 to 89 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 2015 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 28 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 28.

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

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

G Martin
Chairman

D Robb
Managing Director

Perth
18 February 2016

Independent auditor's report to the members of Iluka Resources Limited

Report on the financial report

We have audited the accompanying financial report of Iluka Resources Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Iluka Resources Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Independent auditor’s report to the members of Iluka Resources Limited (cont’d)

Auditor’s opinion

In our opinion:

(a) the financial report of Iluka Resources Limited is in accordance with the *Corporations Act 2001,* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 18 to 43 of the directors’ report for the year ended 31 December 2015. 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.

Auditor’s opinion

In our opinion, the remuneration report of Iluka Resources Limited for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Nick Henry
Partner

Perth
18 February 2016

Ore Reserves and Mineral Resources Statement

Iluka Ore Reserves Breakdown by Country, Region and JORC category at 31 December 2015

Summary of Ore Reserves for Iluka[1,2,3]

						HM Assemblage[4]			
Country	Region	Ore Reserve Category	Ore Tonnes Millions	In Situ HM Tonnes Millions	HM Grade (%)	Ilmenite Grade (%)	Zircon Grade (%)	Rutile Grade (%)	Change HM Tonnes Millions
Australia	Eucla Basin	Proved	101.1	3.91	3.9	27	50	5	
		Probable	2.9	0.06	2.2	21	49	5	
	Total Eucla Basin		**104.0**	**3.97**	**3.8**	**27**	**50**	**5**	**(0.69)**
	Murray Basin	Proved	-	-	-	-	-	-	
		Probable	11.1	1.70	15.2	46	14	19	
	Total Murray Basin[5]		**11.1**	**1.70**	**15.2**	**46**	**14**	**19**	**(0.23)**
	Perth Basin	Proved	95.6	6.24	6.5	60	10	4	
		Probable	179.9	10.27	5.7	60	10	5	
	Total Perth Basin[6]		**275.5**	**16.51**	**6.0**	**60**	**10**	**5**	**(0.75)**
USA	Atlantic Seaboard	Proved	4.3	0.19	4.5	68	14	-	
		Probable	12.4	0.66	5.3	56	19	-	
	Total Atlantic Seaboard[7]		**16.7**	**0.85**	**5.1**	**59**	**18**	**-**	**(0.17)**
	Total Proved		**201.0**	**10.34**	**5.1**	**48**	**25**	**4**	
	Total Probable		**206.3**	**12.69**	**6.2**	**57**	**11**	**7**	
	Grand Total		**407.3**	**23.03**	**5.7**	**53**	**18**	**6**	**(1.84)**

[1]Competent Persons - Ore Reserves
Eucla Basin (South Australia), Perth Basin (Western Australia), Murray Basin (Victoria/New South Wales), Atlantic Seaboard (Virginia, United States of America) : C Lee (MAusIMM (CP))

[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 heavy mineral (HM) content.

[5]Ilmenite currently has had no value ascribed in the reserve optimisation process for the Murray Basin. Metallurgical testwork and marketing studies are presently underway; the outcomes of which may see a revision of the Ore Reserves.

[6]Rutile component in Perth Basin South West operation is sold as a leucoxene product.

[7]Rutile is included in ilmenite for the Atlantic Seaboard region.

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. Reserve estimates are determined by the consideration of all of the “Modifying Factors” in accordance with the JORC Code 2004 and 2012, and for example, may include but are not limited to, product prices, mining costs, metallurgical recoveries, environmental consideration, access and approvals. These factors may vary significantly between deposits.

For the year ending 2015, Ore Reserves decreased by 1.84Mt HM associated with mining depletion and adjustments, down from 24.87Mt HM to 23.03Mt HM.
The main factors contributing to the movement in Iluka's Ore Reserves during 2015 include the following:

- The Eucla Basin Ore Reserves decreased by 0.69Mt HM associated with mining depletion of the Jacinth deposit.
- The Perth Basin Ore Reserves decreased by 0.75Mt HM as a result of mine depletion following recommencement of mining at Tutunup South (0.20Mt HM) and re-optimisation of the Cataby deposit (0.55Mt HM decrease).
- The Murray Basin Ore Reserves decreased by 0.23Mt HM due principally to mining depletion at WRP.
- There was a net decrease of 0.17Mt HM in Ore Reserves for the Atlantic Seaboard associated with mining depletion of the Brink and Old Hickory deposits.

Iluka Ore Reserves Mined and Adjusted by Country and Region at 31 December 2015
Summary of Ore Reserves Depletion[1]

Country	Region Category	In Situ HM Tonnes Millions 2014	In Situ HM Grade 2014	In Situ HM Tonnes Millions Mined 2015	In Situ HM Tonnes Millions Adjusted 2015[2]	In Situ HM Tonnes Millions 2015	In Situ HM Grade 2015	In Situ HM Tonnes Millions Net Change[3]
Australia	Eucla Basin							
	Active Mines	2.71	4.7	(0.53)	(0.16)	2.02	4.2	(0.69)
	Non-Active Sites	1.95	3.5	-	-	1.95	3.5	-
	Total Eucla Basin	**4.66**	**4.1**	**(0.53)**	**(0.16)**	**3.97**	**3.8**	**(0.69)**
	Murray Basin							
	Active Mines	0.23	25.8	(0.22)	(0.01)	-	-	(0.23)
	Non-Active Sites	1.70	15.2	-	-	1.70	15.2	-
	Total Murray Basin	**1.93**	**16.0**	**(0.22)**	**(0.01)**	**1.70**	**15.2**	**(0.23)**
	Perth Basin							
	Active Mines	-	-	(0.20)	0.69	0.49	12.8	0.49
	Non-Active Sites	17.26	5.5	-	(1.24)	16.02	5.9	(1.24)
	Total Perth Basin	**17.26**	**5.5**	**(0.20)**	**(0.55)**	**16.51**	**6.0**	**(0.75)**
USA	Atlantic Seaboard							
	Active Mines	1.02	5.2	(0.23)	0.06	0.85	5.1	(0.17)
	Non-Active Sites	-	-	-	-	-	-	-
	Total Atlantic Seaboard	**1.02**	**5.2**	**(0.23)**	**0.06**	**0.85**	**5.1**	**(0.17)**
	Total Active Mines	**3.96**	**5.0**	**(1.17)**	**0.58**	**3.36**	**4.9**	**(0.59)**
	Total Non-Active Sites	**20.91**	**5.5**	**-**	**(1.24)**	**19.67**	**5.8**	**(1.24)**
	Total Ore Reserves	**24.87**	**5.4**	**(1.17)**	**(0.66)**	**23.03**	**5.7**	**(1.84)**

[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.

Iluka Mineral Resource Breakdown by Country, Region and JORC Category at 31 December 2015

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	HM Grade (%)	Ilmenite Grade (%)	Zircon Grade (%)	Rutile Grade (%)	Change HM Tonnes Millions
Australia	Eucla Basin	Measured	236.2	7.50	3.2	32	44	4	
		Indicated	85.4	8.09	9.5	65	20	2	
		Inferred	67.1	3.57	5.3	62	19	2	
	Total Eucla Basin		**388.7**	**19.16**	**4.9**	**52**	**29**	**3**	**(1.73)**
	Murray Basin	Measured	15.9	4.38	27.6	62	11	11	
		Indicated	90.9	18.79	20.7	55	11	14	
		Inferred	91.9	10.64	11.6	48	9	14	
	Total Murray Basin		**198.7**	**33.81**	**17.0**	**54**	**11**	**14**	**(0.85)**
	Perth Basin	Measured	525.6	30.88	5.9	59	10	5	
		Indicated	297.2	15.93	5.4	54	10	5	
		Inferred	242.2	11.62	4.8	55	9	5	
	Total Perth Basin[5]		**1,065.0**	**58.43**	**5.5**	**57**	**10**	**5**	**(0.63)**
USA	Atlantic Seaboard	Measured	58.6	2.36	4.0	65	12	-	
		Indicated	43.2	2.42	5.6	65	10	-	
		Inferred	16.2	0.47	2.9	61	11	-	
	Total Atlantic Seaboard[6]		**118.1**	**5.24**	**4.4**	**65**	**11**	**-**	**(0.33)**
Sri Lanka	Sri Lanka	Measured	213.9	22.20	10.4	70	3	4	
		Indicated	47.2	4.10	8.7	69	4	3	
		Inferred	428.8	29.96	7.0	66	4	5	
	Total Sri Lanka[7]		**689.9**	**56.26**	**8.2**	**67**	**4**	**4**	**0.01**
	Total Measured		**1,050.1**	**67.32**	**6.4**	**60**	**12**	**5**	
	Total Indicated		**564.0**	**49.32**	**8.7**	**58**	**11**	**8**	
	Total Inferred		**846.2**	**56.24**	**6.6**	**60**	**7**	**6**	
	Grand Total		**2,460.4**	**172.89**	**7.0**	**59**	**10**	**6**	**(3.54)**

[1]Competent Persons - Mineral Resources
Eucla Basin, Perth Basin and Sri Lanka: B Gibson (MAIG)
Murray Basin: R Cobcroft (MAIG)
Atlantic Seaboard: A Karst (SME)

[2]Mineral Resources are inclusive of Ore Reserves.

[3]Rounding may generate differences in last decimal place.

[4]Mineral assemblage is reported as a percentage of in situ heavy mineral content.

[5]Rutile component in Perth Basin South West operations, Western Australia is sold as a leucoxene product.

[6]Rutile is included in ilmenite for the Atlantic Seaboard region.

[7]It should be noted that the Sri Lanka resource estimates are based on a 100 per cent ownership basis which applies to the exploration stage. The Sri Lankan Exchange Control Act currently limits the percentage holding of a foreign entity in a Sri Lankan mining company to 40 per cent, although approval for up to 100 per cent may be granted.

Mineral Resources

Mineral Resources are estimated using all available and relevant geological, drill hole and assay data, including mineralogical sampling and testwork on mineral and final product qualities. Resource estimates are determined by consideration of geology, HM cut-off grades, mineralisation thickness vs. overburden ratios and consideration of the potential mining and extraction methodology and are prepared in accordance with the 2012 JORC Code. These factors may vary significantly between deposits.

For the year ending 2015, Mineral Resources decreased by 3.54Mt HM net of depletion and adjustments (sale, relinquishment, exploration discovery and development and write-downs) down from 176.43Mt HM to 172.89Mt HM.

Iluka Mineral Resource Breakdown by Country, Region and JORC Category at 31 December 2015 (continued)

The change in Mineral Resources for 2015 was driven by the following:

- Eucla Basin Mineral Resources decreased by 1.73Mt HM Principally as a result of mining depletion at Jacinth of 0.61Mt HM and a decrease of 1.21Mt HM for the Atacama deposit following additional exploration and updated resource estimation. There was a slight increase of 0.12Mt of HM for Ambrosia as a result of a revised resource estimation.
- The Perth Basin Mineral Resources decreased by 0.63Mt HM Principally as a result of mining depletion at Tutunup South of 0.2Mt HM and write downs for Depot Hill North (0.42Mt HM), Depot Hill Tails (0.05Mt HM) and 04 Tails (0.05Mt HM) and an increase in the resource for Gilmore (0.08Mt HM) following additional exploration and updated resource modelling).
- Murray Basin Resources decreased by 0.85Mt HM as a result of mining depletion at WRP (0.3Mt HM) and decreases of the Mineral Resources for Barbary (0.34Mt HM), Dunkirk (0.13Mt HM) and Manly (0.08Mt HM) following remodelling and updated resource estimation.
- There was a decrease in Mineral Resources for the Atlantic Seaboard of 0.33Mt HM associated with mining depletion and write downs at Brink (0.26Mt HM) and Old Hickory (0.07Mt HM).

Iluka Mineral Resources Mined and Adjusted by Country and Region at 31 December 2015

Summary of Mineral Resources Depletion[1]

Country	Region Category	In Situ HM Tonnes Millions 2014	In Situ HM Grade 2014	In Situ HM Tonnes Millions Mined 2015	In Situ HM Tonnes Millions Adjusted 2015[2]	In Situ HM Tonnes Millions 2015	In Situ HM Grade 2015	In Situ HM Tonnes Millions Net Change[3]
Australia	Eucla Basin							
	Active Mines	3.11	4.3	(0.53)	(0.07)	2.51	4.0	(0.60)
	Non-Active Sites	17.78	4.9	-	(1.14)	16.64	5.7	(1.14)
	Total Eucla Basin	**20.89**	**4.8**	**(0.53)**	**(1.20)**	**19.16**	**5.4**	**(1.73)**
	Murray Basin							
	Active Mines	0.30	20.8	(0.22)	(0.08)	-	-	(0.30)
	Non-Active Sites	34.36	16.3	-	(0.55)	33.80	17.0	(0.55)
	Total Murray Basin	**34.66**	**16.4**	**(0.22)**	**(0.64)**	**33.80**	**17.0**	**(0.85)**
	Perth Basin							
	Active Mines	-	-	(0.20)	1.09	0.89	9.6	0.89
	Non-Active Sites	59.07	5.3	-	(1.53)	57.54	5.5	(1.53)
	Total Perth Basin	**59.07**	**5.3**	**(0.20)**	**(0.44)**	**58.43**	**5.5**	**(0.63)**
USA	Atlantic Seaboard							
	Active Mines	2.49	2.9	(0.23)	(0.10)	2.16	2.8	(0.32)
	Non-Active Sites	3.09	7.4	-	(0.01)	3.08	7.4	(0.01)
	Total Atlantic Seaboard	**5.57**	**4.4**	**(0.23)**	**(0.10)**	**5.24**	**4.4**	**(0.33)**
Sri Lanka	Sri Lanka							
	Active Mines	-	-	-	-	-	-	-
	Non-Active Sites	56.25	8.2	-	0.01	56.26	8.2	0.01
	Total Sri Lanka	**56.25**	**8.2**	**-**	**0.01**	**56.26**	**8.2**	**0.01**
	Total Active Mines	**5.90**	**3.7**	**(1.17)**	**0.84**	**5.57**	**3.8**	**(0.33)**
	Total Non-Active Sites	**170.54**	**7.1**	**-**	**(3.22)**	**167.32**	**7.4**	**(3.22)**
	Total Mineral Resources	**176.43**	**6.9**	**(1.17)**	**(2.37)**	**172.89**	**7.1**	**(3.55)**

[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.

Annual Statement of Mineral Resources and Ore Reserves

The Annual Statement of Mineral Resources and Ore Reserves as at the 31st of December 2015 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. Information prepared and disclosed under the JORC Code 2004 Edition and which has not materially changed since last reported has not been updated. Iluka is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Competent Persons Statement

The information relating to Mineral Resources and Ore Reserves is based on information compiled by Mr Brett Gibson who is a full time employee of Iluka Resources Limited. Mr Gibson is a Member of the Australian Institute of Geoscientists and has sufficient experience which 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 JORC Code 2012. Mr Gibson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears including sampling, analytical and test data underlying the results.

The information in this report that relates to specific Mineral Resources and Ore Reserves is based on and accurately reflects reports compiled by Competent Persons as defined in the JORC Code 2012 for each of the Company regional business units. Each of these persons is a full-time employee of Iluka Resources Limited or its relevant subsidiaries, holds shares in Iluka Resources Limited and is entitled to participate in Iluka's executive equity long term incentive plan, details of which are included in Iluka's 2015 Remuneration report.

All the Competent Persons named are Members of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and/or the relevant jurisdiction ROPO (Recognised Overseas Professional Organisation) and have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the JORC Code 2012. At the reporting date, each Competent Person listed in this Report is a full-time employee of Iluka Resources Limited or one of its subsidiaries. Each Competent Person consents to the inclusion of material in the form and context in which it appears.

All of the Mineral Resource and Ore Reserve figures reported represent estimates at 31 December 2015. All tonnes and grade information has been rounded, hence small differences may be present in the totals. All of the Mineral Resource information is inclusive of Ore Reserves (i.e. Mineral Resources are not additional to Ore Reserves).

Mineral Resources and Ore Reserves Corporate Governance

Iluka has an established governance process supporting the preparation and publication of Mineral Resources and Ore Reserves which includes a series of structures and processes independent of the operational reporting through business units and product groups.

The Audit and Risk Committee has in its remit the governance of resources and reserves. This includes an annual review of Mineral Resources and Ore Reserves at a Group level, as well as review of findings and progress from the Group Resources and Reserves internal audit programme within the regular meeting schedule.

Mineral Resources and Ore Reserves are estimated by Iluka Personnel or suitably qualified independent personnel using industry standard techniques and supported by internal guidelines for the estimation and reporting of Mineral Resources and Ore Reserves.

All Mineral Resource and Ore Reserve estimates and supporting documentation is 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, the estimate and supporting documentation in question is reviewed by a suitably qualified independent Competent Person.

All Mineral Resources and Ore Reserves are internally reviewed by Iluka Competent Persons.

The Iluka Mineral Resource and Ore Reserve position is reviewed annually by a suitably qualified independent Competent Person prior to publication and the governance process is also audited by an independent body (PricewaterhouseCoopers).

Iluka has continued the development of internal systems and controls in order to meet JORC (2012) guidelines in all external reporting including the preparation of all reported data by Competent Persons as members of The Australasian Institute of Mining and Metallurgy (The AusIMM), The Australian Institute of Geoscientists (AIG) or recognised overseas professional organisations (ROPOs).

The establishment of an enhanced governance process has also been supported by a number of process improvements and training initiatives over recent years, including a Web based group reporting and sign-off database, annual internal Competent Person reports and Competent Person development and training.

Shareholder Information
as at 1 February 2016

Australian Securities Exchange listing

Iluka's shares are listed on the Australian Securities Exchange (ASX) Limited. The Company is listed as "Iluka" with an ASX code of ILU.

Number of shares on issue

The Company had 418,701,360 shares on issue as at 31 December 2015. A total of 1,194,708 ordinary shares are restricted pursuant to the Directors', Executives and Employee Share Acquisition Plan and Employee Share Plan.

Shareholdings

There were 24,395 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

Size of shareholding	Number of holders
1 - 1,000	13,419
1,001 - 5,000	8,743
1,001 - 10,000	1,400
10,001 - 100,000	787
100,001 - 1,000,000	31
1,000,001 and over	15
Unmarketable parcel (less than $500)	1,930

Substantial Shareholders (as provided in disclosed Substantial Shareholder Notices to the Company)

Shareholder	Size of shareholding	% of issued capital
Schroder Investment Management Australia Limited	45,649,855	10.90
BlackRock Investment Management (Australia) Limited	44,321,759	10.58
SailingStone Capital Partners LLC	42,324,744	10.11
Northcape Capital Pty Ltd	25,929,369	6.19
Fidelity Investments Ltd	21,000,030	5.02

Top 20 Shareholders (Nominee Company Holdings)

Shareholder	Number of shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	137,300,287	32.79
J P Morgan Nominees Australia Limited	85,715,029	20.47
National Nominees Limited	66,876,854	15.97
Citicorp Nominees Pty Limited	32,592,188	7.78
BNP Paribus Noms Pty Ltd	16,017,424	3.83
BNP Paribus Nominees Pty Ltd	4,761,149	1.14
Australian Foundation Investment Company Limited	2,367,000	0.57
HSBC Custody Nominees (Australia) Limited	2,134,649	0.51
Argo Investments Limited	1,700,000	0.41
AMP Life Limited	1,270,173	0.30
Iluka Share Plan Holdings Pty Ltd	1,192,143	0.28
RBC Investor Services Australia Nominees Pty Limited	1,154,642	0.28
R O Henderson (Beehive) Pty Limited	1,135,000	0.27
Citicorp Nominees Pty Limited	1,104,002	0.26
UBS Wealth Management Australia Nominees Pty Ltd	1,058,157	0.25
Mr David Robb	912,202	0.22
BNP Paribus Noms (NZ) Ltd	861,152	0.21
UBS Nominees Pty Ltd	722,829	0.17
HSBC Custody Nominees (Australia) Limited	668,094	0.16
Mirrabooka Investments Limited	500,000	0.12

Share Registry Details

Dividends

Iluka's Board of Directors typically make a determination on dividend payments twice a year.

Iluka does not operate a dividend reinvestment plan (DRP).

Share registry inquiries

Shareholders who require information about their shareholdings, dividend payments or related administrative matters should contact the Company's share registry:

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia, 6000
Telephone: +61 3 9415 5000 (Head Office) +61 8 9323 2000 (Perth) or 1300 850 505
Facsimile: +61 8 9323 2033 (Perth) or +61 3 9473 2500 (Melbourne)

Annual Reports and email notification of major announcements

Shareholders can elect to receive a printed copy of the Annual Report and/or receive email notifications related to major Company announcements. Please contact Computershare.

Postal address

GPO Box 2975
Melbourne VIC 3000

Website: www.computershare.com

Each inquiry should refer to the shareholder number which is shown on issuer-sponsored holding statements and dividend statements.

Investor relations inquiries

Dr Robert Porter
General Manager, Investor Relations and Corporate Affairs
robert.porter@iluka.com
Melbourne, Victoria, Australia
+61 3 9225 5008
+61 (0) 407 391 829

2016 Calendar

21 January	December Quarter Production Report
19 February	Announcement of Full Year Financial Results
10 March	Record Date for Full Year Dividend
1 April	Full Year Dividend Payment
21 April	March Quarter Production Report
16 May 9:30am WST	Closure of acceptances of proxies for AGM
18 May 9:30am WST	Annual General Meeting – Perth
14 July	June Quarter Production Report
25 August	Announcement of Half Year Financial Results
13 October	September Quarter Production Report
31 December	Financial Year End

All dates are indicative and subject to change. Shareholders are advised to check with the Company to confirm timings.

Corporate Information

Company details

Iluka Resources Limited
ABN: 34 008 675 018

Registered office

Level 23, 140 St George's Terrace
Perth WA 6000 Australia

Postal address

GPO Box U1988
Perth WA 6845 Australia
Telephone: +61 8 9360 4700
Facsimile: +61 8 9360 4777

Company Secretary

Cameron Wilson, Company Secretary
Nigel Tinley, Joint Company Secretary

Website

www.iluka.com

This site contains information on Iluka's products, marketing, operations, ASX releases, financial and quarterly reports. It also contains links to other sites, including the share registry.

Notice of Annual General Meeting

Iluka's 61st Annual Genral Meeting of Shareholders will be held in the River View Room 5 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Wednesday 18 May 2016 commencing at 9:30am (WST).

Disclaimer - Forward Looking Statements

This Report may contain certain forward looking statements. These statements may include, without limitation, estimates of future production and production potential; estimates of future capital expenditure and cash costs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

Where Iluka expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and on a reasonable basis. No representation or warranty, express or implied, is made by Iluka that the matters stated in this presentation will in fact be achieved or prove to be correct.

Forward-looking statements are only predictions and are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks and factors include, but are not limited to:

- changes in exchange rate assumptions;
- changes in product pricing assumptions;
- major changes in mine plans and/or resources;
- changes in equipment life or capability;
- emergence of previously underestimated technical challenges; and
- environmental or social factors which may affect a licence to operate.

Iluka does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Non-IFRS Financial Information

This document uses non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT, Group EBITDA and Group EBIT which are used to measure both Group and operational performance. Non-IFRS measures are unaudited but derived from audited accounts. A reconciliation of non-IFRS financial information to the audited Profit before tax in the Consolidated statement of profit or loss and other comprehensive income is included on page 17.

www.iluka.com.au