



ILUKA

TAX TRANSPARENCY REPORT

2024

**DELIVER
SUSTAINABLE
VALUE**

ABOUT THIS REPORT

Iluka is publishing its annual Tax Transparency Report for the financial year ended 31 December 2024. The 2024 Tax Transparency Report is delivered on a voluntary basis in line with the Company's Corporate Governance framework as part of Iluka's ongoing commitment to high standards of corporate governance and transparency.

The Voluntary Tax Transparency Code is a set of principles and minimum standards developed by the Australian Board of Taxation to guide businesses in relation to the public disclosure of tax information. The disclosures in this report are consistent with those recommended for a 'large' taxpayer under the Voluntary Tax Transparency Code, which Iluka has adopted since 2016.

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

ABOUT ILUKA

Iluka Resources Limited (**Iluka**) is a global critical minerals company with expertise in exploration, project development, mining, processing, marketing and rehabilitation. With more than 70 years' industry experience, Iluka is a leading producer of zircon and high-grade titanium feedstocks (rutile and synthetic rutile).

Via the company's development of Australia's first fully-integrated rare earths refinery at Eneabba in Western Australia, Iluka is set to become a globally material supplier of separated rare earth oxides.

For more information, please visit www.iluka.com.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

It is pleasing to introduce Iluka's annual Tax Transparency Report, which offers additional context to the financial statements and notes to the company's 2024 Annual Report.

Iluka's financial performance in 2024 demonstrated the company's resilience, prudent management and commitment to delivering sustainable value.

In challenging economic conditions, including persistent inflation, subdued markets and ongoing geopolitical volatility, Iluka delivered a net profit of \$231 million and underlying group earnings before interest and tax of \$477 million. Against the rising costs of doing business in Australia, Iluka's disciplined approach to operations and pricing preserved sound margins at 42%. Operating cash flow generated by the mineral sands business was \$252 million, which funded the majority of Iluka's mineral sands growth capital expenditure.

Our economic contribution creates value in the communities in which we operate, and this includes taxes and payments to governments. In the year ended 31 December 2024, Iluka contributed and collected a total of \$155 million in taxes globally (2023: \$292 million), with total government payments borne of \$185 million (2023: \$328 million). The Group's underlying effective tax rate was 29% (2023: 27%).

The company strives to conduct business ethically, transparently and sustainably in line with its core values and high standards of corporate governance and is proud to be a signatory to the Australian Board of Taxation's voluntary Tax Transparency Code. Iluka complies with relevant laws, recognising that meeting its compliance obligations is integral to being a responsible corporate citizen. Tax governance and tax risk management are an important part in building and maintaining trust with our stakeholders.

Adele Stratton

Chief Financial Officer and Head of Development

Approach to Tax Strategy and Governance

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

Tax Risk Framework and Governance

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

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

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

Relationship with Tax Authorities

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

International Related Party Dealings

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

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

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

International Tax Reform – Pillar Two Model Rules

The Base Erosion and Profit Shifting (BEPS) Pillar Two legislation has been substantively enacted in Australia and applies to the Group for the income year commencing 1 January 2024. BEPS Pillar Two establishes a global minimum tax rate of 15% for multinational enterprise groups with consolidated global revenues over €750 million. This initiative, part of the OECD/G20 Inclusive Framework, seeks to curb profit-shifting and create uniform tax regulations across different jurisdictions.

As noted on Page 105 of the 2024 Annual Report, Iluka has applied the mandatory exception for recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes and has qualified for safe harbor relief, so there is no Pillar Two current tax expense for the Group in 2024.

Payments Made to Government by Country

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

Country and level of government (AU\$ millions)	Corporate income tax	Government royalties	Fees ¹	Employer payroll taxes ²	Other taxes and payments ³	Total government payments borne	Employee payroll taxes (not borne) ⁴	Net taxes collected/(refunded) ⁵
Australia total	128.8	38.5	3.7	12.0	1.0	184.0	58.8	(91.0)
United States total				0.4	0.2	0.6	1.7	0.0
Other total	0.1	0.0	0.0	0.0	0.0	0.1	0.3	0.0
Total payments to government	128.9	38.5	3.7	12.4	1.2	184.7	60.8	(91.0)

¹ Payments to governments in the form of fees typically levied on the initial or ongoing right to use a geographical area for exploration, development and/or production. This includes licence fees, rental fees, entry fees and other payments for licences and/or concessions

² Payments to governments in relation to Iluka's capacity as an employer. These taxes are calculated as a percentage of salary, wages and on-costs

³ This comprises of fringe benefits tax, property tax, stamp duty, customs, import and excise duties, and other levies/charges

⁴ This comprises payroll and employee taxes withheld from employee remuneration and paid to governments on behalf of employees

⁵ These are net amounts refunded from governments that a company has paid to suppliers for in-country purchases of goods, services and eligible fuel and collected in respect of certain sales. For example, Goods and Services Tax (GST), Value Added Tax (VAT), and fuel tax credits

Reconciliation of Income Tax Expense to Corporate Income Tax Paid

Income tax expense represents corporate income tax payable on accounting profits adjusted for non-temporary differences. Non-temporary differences reflect amounts where the tax treatment will always be different to accounting and not just in the timing of when tax should be paid/refunded.

The difference between income tax expense and corporate income tax paid is attributable to a combination of temporary differences and the timing of cash tax payments pursuant to the tax administration laws of the respective jurisdiction. Temporary differences represent amounts that are assessable/deductible for tax purposes but the timing of which is different to what is recognised for accounting purposes. For example, the tax depreciation rate in Australia pursuant to the Australian tax rules is different to accounting.

Iluka prepares a consolidated set of financial statements that discloses the accounting profit before tax and income tax expense.⁶

	Total Group	Australia	USA	Other
Profit/(loss) before taxation	325.3	332.8	(7.4)	(0.1)
Australian corporate tax rate				
Tax @30%	97.6	99.8	(2.2)	(0.0)
Non-temporary adjustments				
Equity accounted share of profit – Deterra	(6.6)	(6.6)	0.0	0.0
Northern Minerals – remeasurement loss	1.4	1.4	0.0	0.0
(Gains)/losses not recognised by overseas operations	2.2	0.0	2.2	0.0
Other items	(0.6)	(0.6)	0.0	0.0
Total non-temporary adjustments	(3.6)	(5.8)	2.2	0.0
Income tax expense/(benefit)	94.0	94.0	0.0	0.0
Temporary adjustments				
Fixed assets	16.7	16.7	0.0	0.0
Mining rehabilitation	17.9	17.9	0.0	0.0
Consumables & trading stock	(0.7)	(0.7)	0.0	0.0
Accrued income/expenses	1.1	1.1	0.0	0.0
Provisions	3.3	3.3	0.0	0.0
Other items	(10.3)	(10.3)	0.0	0.0
2024 income tax payable	122.0	122.0	0.0	0.0
Less: amounts payable in 2025 (current tax payable)	(26.8)	(26.8)	0.0	0.0
Less: amounts payable in 2025 relating to prior years	(0.2)	(0.2)	0.0	0.0
Current tax paid in 2024	95.0	95.0		
Add: tax payments/(refunds) in 2024 relating to 2023 year	33.8	33.8 ⁷	0.0	0.0
Corporate tax paid/(refunded)	128.8	128.8	0.0	0.0

⁶ Further information can be found at Note 11 on page 104 and 105 of the Iluka 2024 Annual Report: Iluka Annual Report - Note 11 Income Tax

⁷ Refer to page 7 for reconciliation to ATO tax transparency disclosure.

Effective Tax Rate

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

The effective tax rate will differ from the corporate tax rate due to non- temporary differences, explained previously.

	Total Group	Australia	USA	Other
Australian corporate tax rate	30%			
Profit/(loss) before taxation	325.3	332.8	(7.4)	(0.1)
Income tax expense/(benefit)	94.0	94.0	0.0	0.0
Effective tax rate	28.9%⁸	28.2%	0.0%	(0.0%)

⁸ The underlying effective tax rate is the same as the effective tax rate as there are no non-recurring material accounting adjustments for the 2024 year

Australian Corporate Tax Transparency Disclosure

The ATO publishes certain tax information of large taxpayers annually. The latest data published by the ATO relates to Iluka’s 2022 tax year (being the year ended 31 December 2022). The information for the 2022 tax year was also reported in the 2023 Tax Transparency Report.

Iluka filed its 2023-year Australian income tax return in July 2024. The 2023-year corporate tax transparency disclosure will be released by the ATO late in calendar year 2025. To provide additional context to this Report, Iluka has disclosed the tax information reported under the current ATO corporate tax transparency disclosure and taken from the company’s 2023 Australian income tax return and reconciled this to its 2023 and 2024 tax transparency reporting suite.

	2023 A\$ million
Group profit/(loss) before income tax – per Iluka 2023 Annual Report	471.6
Foreign subsidiaries	(9.8)
Consolidation eliminations	(2.6)
Profit/(loss) before income tax – Australia	459.2
Total income	1,303.3
Total expenses	(844.1)
Profit/(loss) before income tax – Australia	459.2
Non-temporary adjustments	38.0
Temporary adjustments	81.1
Total taxable income	578.3
Tax on taxable income	173.5
Less tax offsets	20.2
Tax payable	153.3
Net 2023 corporate income tax paid in 2025	0.3
Net 2023 corporate income tax paid in 2024	119.2
Net 2023 corporate income tax paid in 2023	33.8

Basis of Preparation

This report has been prepared in accordance with the Board of Taxation Tax Transparency Code guidelines.

i. Entities

- the report gives its readers an overview of the total payments made by Iluka to governments worldwide;
- Iluka includes Iluka Resources Limited and subsidiaries (hereafter and above – “Iluka”, “Iluka Group” or “the Group”) for the period they form part of the Iluka Resources Limited accounting consolidated group

ii. Reporting Currency

All payments are reported in Australian dollars unless otherwise stated. Payments denominated in currencies other than A\$ are translated for this Report at the average exchange rate for the year 1 January 2024 to 31 December 2024.

iii. Source of Information

Information has been sourced from submitted tax returns and audited financial statements.

iv. Approach to Materiality

Materiality for disclosures has been set at the nearest million dollars.

v. AASB Guidance

The Group prepares General Purpose Financial Statements (‘GPFS’) and follows Australian Accounting Standards Board (‘AASB’). KPMG are the auditors of Iluka.

vi. Reporting Period

The report has been prepared for Iluka’s financial year from 1 January 2024 to 31 December 2024. The “Payments made by country and level of government” section of the report sets out taxes paid by Iluka to governments in the countries in which it operates, organised by material jurisdictions and named level of government. Payments are not reported where taxes paid to a government body are less than \$0.1 million.

