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Acacia papyrocarpa Western Myall tree
Eucla Basin, South Australia ▶



Sustainable development - Eucla Basin, South Australia

The Western Myall grows to 10 metres, has dark grey bark and a dense crown. The species does not regenerate easily and growth is slow, taking approximately 75 years to reach maturity and with a lifespan of over 250 years. The tree is a keystone species across the Yellabinna Regional Reserve, South Australia, through its ability to modify establishment conditions that influence plant communities beneath its canopy.

One aspect of Iluka's environmental management credentials and sustainable development commitment relates to progressive land rehabilitation activities occurring at the Company's Jacinth-Ambrosia mining operation, Eucla Basin, South Australia. The operation, the largest zircon producing mine globally, is located on the edge of the Nullarbor Desert, an arid environment with long term average rainfall of 174 millimetres and with a terrain dominated by chenopod shrubland plains and open Myall woodlands, including the Western Myall tree.

The mine operates in the Yellabinna Regional Reserve – currently managed for the conservation of wildlife and natural features, while permitting use of the natural resources. It is the first mining activity in a mixed use regional reserve in South Australia.

Consistent with the Iluka's high standards and its approach to "proactivity" - where practicable exceeding regulatory requirements - the Company and its personnel have committed to ensure the highest scientific and environmental management standards are applied to rehabilitation activities at Jacinth-Ambrosia.

As part of the progressive rehabilitation of areas mined since 2009, Iluka has completed scientific research projects in association with the University of Adelaide, Botanic Gardens of South Australia, the University of Queensland and the University of New South Wales. With the University of Adelaide, and as part of an Australian Research Council Linkage Project, research is focused on root distribution and salinity and soil water dynamics in Myall woodlands, with particular reference to the Western Myall tree.

Scientific information on the ecosystem, including the characteristics of the Western Myall tree, in this arid part of South Australia, is limited. The work Iluka is conducting with arid zone ecologists, plant eco-physiologists, soil and soil seed bank scientists as well as eco-hydrologists is making an important contribution to the scientific understanding for the progressive rehabilitation of areas disturbed at Jacinth-Ambrosia, including the potential replanting and re-establishment of Western Myall trees.

The work in South Australia complements Iluka's environmental and biodiversity management and land form re-establishment practices in other parts of its operations, which also includes support for the inaugural Chair in Vegetation Science and Biogeography at The University of Western Australia and longstanding partnerships with the Virginia Polytechnic Institute and the State University in Blacksburg, Virginia.



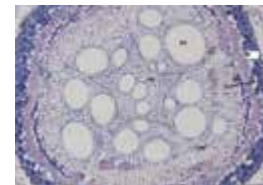
Part of a rehabilitated area at Jacinth-Ambrosia – to date 23 hectares have been replanted. Refer pages 44 to 51 for more examples of Iluka's sustainability and environmental management practices.



Excavating Western Myall surface and lateral roots – part of the initial scientific investigation with the University of Adelaide and Adelaide Botanic Gardens.



An airspade tool is used to enable excavation of the roots without damaging the tree, with Myall tree roots shown here.



Root microscopy and diagnostic research is used to map root architecture and soil properties associated with the Western Myall tree.



Sap flow measurement is used to investigate whether hydraulic distribution is used to redistribute water via root system into deeper soil layers during dry seasons.



Soil preparation and initial planting shown here: plants are protected by fencing from rabbits and kangaroos until established.



Iluka Review – 2015

CREATE AND DELIVER VALUE FOR SHAREHOLDERS

The Iluka Review provides shareholders with an overview of the main features of the 2015 year.

Iluka's statutory 2015 full year reporting can be sourced from the Iluka Annual Report 2015 (available on www.iluka.com). This document includes the Directors' Report, audited financials and notes to accounts, the remuneration report, as well as detailed Ore Reserves and Mineral Resources.

Iluka is a leading mineral sands company involved in exploration, project development, operations and marketing. Iluka is the largest global producer of zircon and has a major position in the high grade titanium dioxide products of rutile and synthetic rutile, as well as being a major producer of chloride ilmenite.

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

Business Focus

- Flex operations in line with market demand
- Continue market development through the cycle
- Preserve/advance mineral sands growth opportunities
- Act counter-cyclically where appropriate

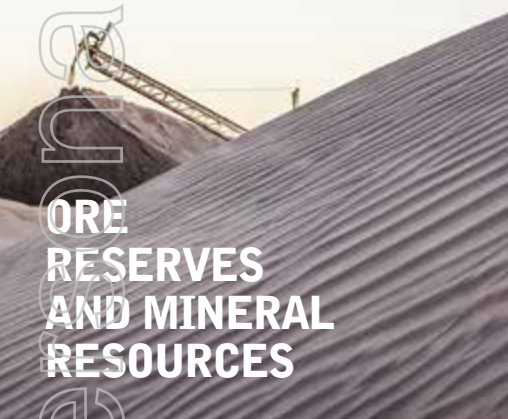
Sustainable Development Focus

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

Customer Focus

- Focus on customer benefits
- Offer wide range of titanium dioxide feedstock and zircon products 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

Key Elements of Iluka's Approach - 2015



■ Safety

- Continued organisational and cultural focus on maintaining a safe work environment
- Total recordable injury frequency rate of 6.7, compared with 3.6 in 2014; higher year-on-year, but still a material improvement on levels before the Company's Safe Production Leadership initiative in 2011
- Stable lost time injury frequency rate of 0.9

■ Environment

- No major environmental incidents, with 88% of incidents level one (lowest severity)
- Continued focus on high standards of environmental management
- 3rd consecutive year of reducing "open" area via land rehabilitation activities

■ People

- Continued focus on organisational diversity
- Awarded 2015 AIM WA, West Business Pinnacle Award for Workplace Diversity Excellence

■ Ore Reserves and Mineral Resources

- Ore Reserves decreased by 1.8 million tonnes to 23.0 million tonnes, mainly reflecting depletions and adjustments
- Approximately 12 years reserve cover at 2015 depletion rate
- Mineral Resources of 173 million tonnes (inclusive of Ore Reserves)

■ Financial performance

- Mineral sands revenue of \$820 million, a 13% increase from 2014
- Mining Area C iron ore royalty EBIT of \$61.2 million, an 8% decrease
- Net earnings after tax of \$53.5 million
- Mineral sands EBITDA margin of 33%
- Free cash flow of \$155 million
- Net cash of \$6 million, compared with net debt of \$59 million as at 31 December 2014

■ Operational flexibility

- Combined 2015 zircon, rutile and synthetic rutile production of 690 thousand tonnes, up 29%
- Woorack, Rownack, Pirro operation, Murray Basin, Victoria – mining ceased as planned
- Synthetic rutile kiln 2, Western Australia – successfully recommenced
- Tutunup South mine, Western Australia – successfully reactivated as ilmenite feedsource for synthetic rutile kiln 2
- Virginia operation, USA idled at year end
- Iluka's three mineral separation plants continued to operate at reduced utilisation rates
- Suspension of mining and concentrating activities at Jacinth-Ambrosia from 16 April 2016, announced 16 February 2016

■ Shareholder returns

- Total dividend of 25 cents per share fully franked 6 cents interim dividend 19 cents final dividend, fully franked
- Share price performance – 3.0% increase for the year vs 19.5% decrease for S&P/ASX 200 Materials Index
- 3 year total return of -32.0% vs S&P/ASX 200 Materials Index of -33.7%

■ Mineral sands projects

- Balranald, New South Wales – 1st stage definitive feasibility study near completion; Stage 2 commencing in 2016
- Cataby, Western Australia – definitive feasibility study completed
- Sonoran, Eucla Basin – pre-feasibility study completed
- Puttalam, Sri Lanka – scoping study completed; pre-feasibility study planned for 2016
- Hickory and Aurelian Springs, USA – studies suspended given idling of Virginia operation

■ Growth options

- 28.8% interest in Metalysis – UK based technology company seeking to commercialise titanium powder production
- Phase 1 evaluation of large Tapira deposit, Brazil, in combination with Vale S.A.
- Detailed evaluation, due diligence related to potential acquisition of Kenmare Resources Plc.

Mineral Sands Value Chain

Iluka maintains an investment in all of the main stages of the mineral sands process, from resource development through to delivery of customer benefits. It does this aligned to its principle objective – to create and deliver shareholder value, while conducting its operations to the highest standards in terms of governance, environmental, health and safety management and a commitment to the communities in which it operates.



- Focus on return on capital as proxy for return on shareholders' equity
- Pay as dividends a minimum of 40% of free cash flow, not required for investing or balance sheet activity
- Distribute maximum practicable level of available franking credits
- Maintain a strong, effective and efficient balance sheet
- Investments assessed in terms of market supply/demand as well as financial characteristics

Resource identification, delineation and resource-reserve conversion focus

Exploration – mineral sands

- Consistent investment
- Internal geological and geophysical expertise
- Australian presence, expanding international activities

Exploration – other minerals

- Specialist team – initial focus on minerals on Iluka tenements
- Farm in and farm out arrangements

Innovation and technology

- Commercialisation of non-conventional resources
- New mining approaches – resource conversion potential; production efficiencies

- Integrated mining and processing operations
- Flex production in light of market demand
- Mining, concentrating and processing experience across multiple ore bodies over 60 years
- Land rehabilitation and environmental management – key considerations in mine planning/operation
- Capability to reactivate idled capacity (particularly synthetic rutile kilns)

- Options at advanced evaluation
 - Balranald, Cataby, Hickory, Aurelian Springs
- Earlier stage evaluation
 - Jacinth-Ambrosia satellite deposits; Puttalam (Sri Lanka)
- Joint ventures
 - Tapira mineralisation (Brazil with Vale S.A.)
- Adjacent investments
 - Metalysis Limited, UK 28.8% interest
 - Potentially disruptive new technology
 - Focus on titanium powder production from high grade feedstocks (rutile and synthetic rutile)

Mergers and acquisitions

- Assessment of mineral sands deposits/companies
- Willingness to invest counter-cyclically where strategic rationale and financial merit exist



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SUSTAINABLE DEVELOPMENT

- Governance – highest standards with established codes, policies and practices
- Integrating economic, environmental and social considerations into business practices
- Ensuring safe and responsible conduct underpins everything the Company does
- Environment – water, biodiversity, land rehabilitation and closure focus
- Health and safety – occupational hygiene and health, safety, leadership and training
- Communities – stakeholder engagement, indigenous employment and training

CUSTOMER BENEFIT FOCUS

Wide range of quality products

- 48 products, with different technical specifications
- 18 specifications of zircon
- Range of TiO₂ grade products
- Product development focus

People and product closer to customers

- 14 global points of distribution
- Logistics flexibility – small lot/ container/cargo
- Marketing offices in 10 locations

Dedicated product sales teams

- TiO₂ and zircon sales teams
- Technical experts who understand customer businesses
- Trading arm

MINERAL SANDS – PART OF EVERYDAY LIFE

From everyday applications in the home and workplace, to medical, lifestyle and industrial applications, the unique properties of titanium dioxide and zircon are utilised in a vast and increasing array of products and applications.

Mineral Sands

Roof/building/construction



Solar panels, electrical insulators, bricks/cement, fibre optics, exterior and interior paint, tiles/ anti-pollution coatings

Home/office



Mobile phones, plastic, printer inks, paper, packaging

Bathroom/lifestyle



Ceramics, sanitary and toilet basins, glass, faucets for taps, cosmetics, pharmaceutical products, toothpaste, anti perspirants, sunscreens

Aircraft/industry



Titanium metal, desalination plants, zirconia-nuclear medicine, zirconium metal, corrosion resistant coatings

Automotive



Brake linings/pads, car parking sensors, automotive paint, catalytic converters, automotive electrics, rubber products

Sporting goods/recreation

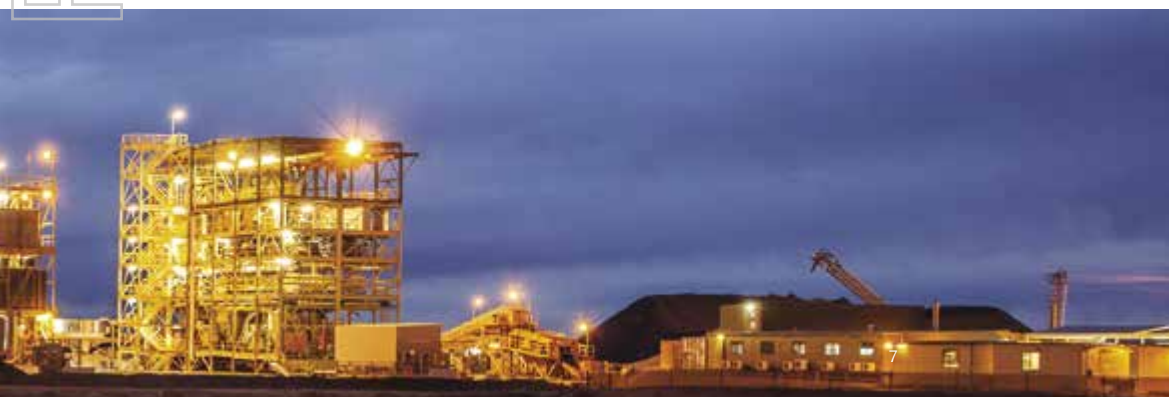


Golf clubs, tennis racquets, bicycle frames (titanium)

Healthcare/medicine



Dental implants, hip and bone replacements, heart pacemakers, kidney dialysis





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Dear Shareholders

Iluka's balance sheet and capacity has been strengthened...the Company generated free cash flow, maintained solid margins and increased dividend payments.



The mineral sands industry experienced the challenges of another year of lower and variable demand and flat to eroding product prices which impacted Iluka's financial performance for the year.

While the Board is less than satisfied with the current financial performance of the Company, your Directors are pleased that Iluka's balance sheet and capacity has been further strengthened over recent years; the Company continued to generate free cash flow, maintained solid margins and was able to pay an increased dividend of 25 cents per share for the full year. As importantly, the Company continued to invest in and retain internal production and other growth options, as well as evaluating and advancing other inorganic investment options. In 2015, the latter was evidenced by the proposed offer for Kenmare Resources Plc; ultimately not progressed due to the inability of the Kenmare Board to deliver a necessary pre-condition in the form of shareholder irrevocable undertakings.

The activities just described are characteristic of the approach Iluka adopts: to seek to harvest the rewards for shareholders through periods of high cycle conditions and ensure the Company has the capability, through its balance sheet management and judicious investments, to be able to play the long game patiently – and with discipline – including taking advantage of appropriate organic and inorganic opportunities. In this manner, the Board believes the Company will be best positioned for the inevitable upswing in demand and the mineral sands price cycle. The Company retains its bias towards the deployment of capital in these continuing bottom of the cycle market conditions.

Return on capital and return on equity were below target, but sales volumes increased, unit cash costs of production declined and margins were preserved at a time of low demand. These are positive indicators of future performance.

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In facing another year which may have similar characteristics to 2015, various options to enhance performance are under consideration, including continuing cost performance improvement across the business.

The health and safety of Iluka's people remains a key focus of the Company and the Board. Safety performance has improved markedly in recent years as a result of a company-wide "Safe Production Leadership Program" implemented in 2011. The increase in total recordable injuries in 2015 is a reminder of the need for constant vigilance and the re-doubling of efforts in this all important aspect of the Company's performance.

As part of Iluka's broader sustainability commitment, the Company's land management and rehabilitation credentials are a widely recognised area of strength and capability. The work undertaken in the rehabilitation of former or currently mined areas, as exemplified at Jacinth-Ambrosia in South Australia, in the Murray Basin in Victoria and also at Green Cove Springs in Virginia, USA, involving multi-faceted elements of environmental management and rehabilitation, are all good examples of Iluka's commitment to the highest standards of sustainable mining practices. A similar commitment is evident in other areas of environmental management including biodiversity.

The composition and capability of your Board remained an area of focus during the year. In December 2015 the Board was pleased to announce the appointment of Dr Xiaoling Liu as an independent non-executive director, effective from 19 February 2016. With an impressive executive background, including serving as President and CEO of Rio Tinto Minerals, Xiaoling's extensive experience and knowledge of the industrial minerals sector will complement the existing skill set around the Iluka Board table.

On behalf of the Board, I would like to thank Wayne Osborn for his contribution to the Iluka Board over the past six years, including serving as Chairman of the People and Performance Committee. Wayne's extensive and detailed experience in mineral processing has added a valuable technical contribution to Board deliberations. Wayne announced in December his intention to retire as a director at the 2016 Annual General Meeting.

On behalf of my fellow directors, I would like to acknowledge the contribution and efforts of David Robb and his executive team and the broader contribution of Iluka's people under challenging market conditions. And, of course, I would like to thank shareholders for their continuing interest and support.

Greg Martin
Chairman

Dear Shareholders

Mineral sands markets remained challenging during 2015, so Iluka was managed to achieve a balance between positioning the Company conservatively and robustly against prevailing volatility in global economic conditions, while being prepared to invest in options which position the Company for demand recovery and future growth.



Iluka's 2015 financial results can be viewed in the context of subdued industry demand overall which in turn reflected relatively low global growth and volatile market conditions. Despite this difficult backdrop, the company ended the year with no debt, having run the business efficiently to generate free cash flow and to be able to return funds to shareholders, via dividends. Production increased significantly in line with demand for the company's high grade titanium dioxide feedstocks and further unit cash cost efficiencies were achieved. Sales also grew and, unlike many other commodity sectors, unit revenues increased in Australian dollar terms while margins were protected.

Reported revenues benefited from a lower Australian dollar exchange rate against the US dollar in which most mineral sands products are sold.

In fact Iluka's weighted average unit revenue per tonne for zircon, rutile and synthetic rutile increased by 10 per cent in Australian dollar terms, overall sales volumes for these products increased by 6 per cent, unit cash cost of production for these products declined by 16 per cent and the Company's EBITDA margin was steady at around 31 per cent.

All in all, Iluka is in good shape, with a strong balance sheet, excellent operating performance and a disciplined approach to capital expenditure combining to enable the company to continue to pursue investment opportunities at a time when many other companies in the resources sector are struggling to survive.

Iluka was also able to re-activate part of its idled capacity – with the Tutunup South mine and synthetic rutile kiln 2 in the South West of Western Australia safely and efficiently recommencing production at the end of the first quarter of 2015. Both outcomes were achieved from a core of skilled personnel retained in the organisation during the idle period and by employment of new personnel. The recruitment outcomes were in line with Iluka's diversity objectives, with pleasing representation of females and indigenous people in the new hires.

Net profit after tax was \$54 million, which included an \$18 million after tax non-cash accounting adjustment related to an increase in rehabilitation arising from the use of a lower discount rate. Profitability and financial returns were not at the level we seek, but the Company generated free cash flow of \$155 million; was able to distribute 25 cents per share in dividends; held net cash at year end; maintained a significant funding capacity of approximately \$1,010 million for appropriate investment opportunities; and was able to sustain its investment in project evaluation, exploration, market development and a series of targeted innovation and technology initiatives.

In 2016, demand may remain subdued and Iluka will continue to flex production consistent with demand. Iluka's decision to suspend mining and concentrating activity at Jacinth-Ambrosia in South Australia, while regrettable from local and employee perspectives, is consistent with Iluka's shareholder focused objective in that it will improve cash flow available for shareholders at a time of subdued market demand while also contributing to an improvement in zircon market dynamics as demand recovers.

Overall, in my view, the mineral sands industry remains characterised by the challenges of declining major ore bodies; precious little new high quality supply; cash flow and balance sheet pressures for some participants; and the need for substantial investment to sustain existing industry production at a time when prevailing prices might suggest that such investment may be further deferred. As such, Iluka continues to believe that this is an attractive industry for Iluka shareholders with demand driven by rising living standards, urbanisation and consumerism; the potential for short term supply shocks in some products; and challenges of medium to longer term supply, which may only be addressed by a combination of new investment, exploration success or technology breakthrough. Iluka remains well positioned to capitalise on these favourable industry characteristics.

In this context, the Company recognises the value that arises from the addition of ore resources and the conversion of resources to reserves over time and both are key areas of activity through conventional and unconventional, organic and inorganic means.

Health, safety, environment

Iluka's safety performance is an area of continued focus. Despite material improvements from performance levels evident in 2011, the fact that the Total Recordable Injury Frequency Rate increased in 2015, has resulted in a redoubling of the Company's focus on safety identification and preventative risk measures, which include increased efforts in areas such as safety visits, work place inspections and employee awareness programs.

2015 saw a consolidation of the gains of recent years in environmental performance, with a substantial decrease in significant environmental incidents. In relation to rehabilitation of land mined and its restoration back to original usages, 2015 has seen a reduction in total open area achieved for the third consecutive year, with 479 hectares rehabilitated in Australia and the United States. Iluka's rehabilitation teams are continually looking for opportunities to enhance closure and rehabilitation practices across sites, including through investing in new technology, trialling innovative practices and partnering with key research institutions, such as the association with the Chair in Vegetation Science and Biogeography at the School of Plant Biology, The University of Western Australia.

Kenmare Resources

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 northern Mozambique. The proposed transaction was consistent with Iluka's objective: to create and deliver value for shareholders and, as a major investment, passed the twin tests of strategic rationale and financial merit. Iluka believed that the offer was an attractive one for Kenmare shareholders and would have provided the application of Iluka's industry-specific technical competence, together with its market knowledge, access and reach, and balance sheet capacity, to enable the Moma operation to achieve its financial potential.

The process of determining pre-conditions and the final offer reflected Iluka's disciplined, diligent and patient approach. In the end, 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.

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Mineral sands projects

Iluka evaluated and progressed six internal mineral sands projects during 2015 and the details are provided on pages 26 and 27 of this Review. The definitive feasibility study for Balranald progressed through its first stage, with successful geometallurgical and water handling work completed and a conventional mining method determined. The Company completed the Environmental Impact Statement (EIS) stage with the New South Wales Government. Stage 2 of the study involves detailed engineering for a conventional mine development.

The Cataby project in Western Australia represents a major source of chloride ilmenite, as well as associated zircon and rutile production. Cataby is an important feed source for the reactivation of a second synthetic rutile kiln, if market conditions warrant, or as a supply to synthetic rutile kiln 2 after its initial campaign to 2018. The definitive feasibility study was successfully completed and a project execute decision for Cataby will be subject to either of the factors referred to above being satisfied.

A scoping study for the large sulphate based ilmenite deposits in Sri Lanka was completed. The Company has continued discussions with the Sri Lankan Government and Iluka will conduct a pre-feasibility study in 2016 such that development pathways and indicative capital costs are determined.

The Company is also investing in innovative technical work which has the potential to increase the commercialisation of Iluka's mineral resource base.

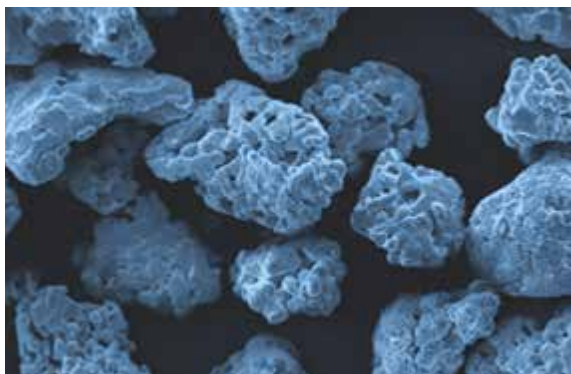


Customers and market development

Iluka's investment in its marketing capability continued in 2015 and I am of the view that the Company has the most comprehensive and capable marketing resource in the mineral sands industry. An extensive presence, with logistics capabilities to match, is an important component of our customer offer and Iluka will continue to invest in its international marketing capability and in the development of new products.

An important element of Iluka's 2015 marketing approach was the development and implementation of an Iluka Pricing and Payments Framework, which includes an Iluka Rewards, or customer loyalty component, for the supply of zircon. As the industry leader in zircon, we see it as our role to pursue initiatives which provide greater transparency and certainty to our customers in relation to price arrangements, while also recognising the importance of the development and maintenance of enduring mutually beneficial supply arrangements with larger customers.





Growth options

The Company continues to invest in its future and believes now, in particular, is a favourable time to secure and develop growth options consistent with its objective – what is referred to as a willingness to act counter-cyclically where appropriate.

Current focus areas include: technological research and innovation, including approaches to the potential commercialisation of challenging and/or non-conventional mineral sands deposits; international exploration, primarily for mineral sands but also with a targeted non-mineral sands component; continued technical work with Metalysis Ltd in the UK for the potential development of a disruptive commercial titanium powder technology; as well as advancing technical development options, in conjunction with Vale S.A., in relation to the large Tapira titanium and rare earth mineralisation in Brazil. Aspects of these activities are discussed elsewhere in the Review.



2016 characteristics

Iluka is well placed for current global and industry circumstances. The Company has a strong balance sheet, good margins and significant value to be liberated from existing inventory.

The Company believes in acting counter-cyclically in a heavily pro-cyclical industry and so has a prudent bias towards deploying capital now, at a time when others will not or cannot.

Aspects of the 2016 year for Iluka are likely to include:

- little change in market conditions, despite some encouraging trends in relation to supply/demand balance and some examples of project commissioning and balance sheet challenges which threaten expected supply;
- a drawdown in inventory, particularly Jacinth-Ambrosia zircon-rich and Murray Basin rutile-rich concentrates;
- materially lower total cash costs and unit cash cost of production, with other non-production cash costs expected to be stable year-on-year despite higher idle capacity and restructure costs, as well as investment expenditures related to the innovative technical work I referred to previously;
- low organic capital expenditure; and
- expected free cash flow generation.

I thank the Directors for their support and counsel in 2015. I appreciate and acknowledge the dedication, creativity and diligence of all Iluka's employees and I thank shareholders for their continuing interest in and support of the Company.

David Robb
Managing Director

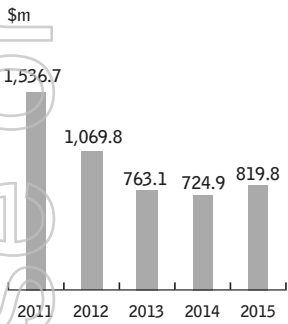
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MINERAL SANDS REVENUE

\$820 million

▲ 13%

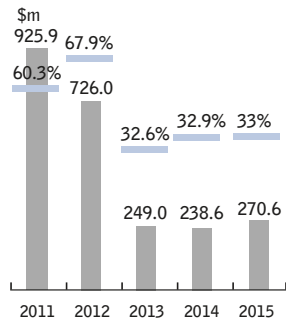


Minerals sands revenue increased by 13.1% reflecting higher zircon/rutile/synthetic rutile (Z/R/SR) sales volume (up 5.6%), offset in part by lower ilmenite and by-product sales. Despite lower weighted average received USD prices, Iluka recorded a higher revenue per tonne of \$1,136 (2014: \$1,030/tonne), mainly reflecting currency translation benefits associated with the lower AUD: USD (2015 average of 75.2 cents compared with 90.3 cents in 2014).

MINERAL SANDS EBITDA

\$271 million

▲ 13%



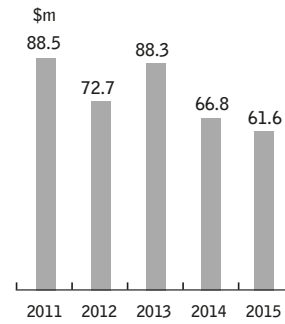
Mineral sands EBITDA was 13.4% higher year-on-year.
Iluka continues to demonstrate a solid Mineral sands EBITDA margin.

EBITDA ■
EBITDA Margin ■

MINING AREA C EBITDA

\$62 million

▼ 8%



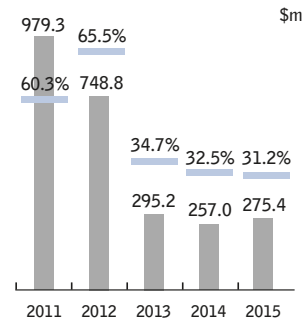
Iluka's Mining Area C iron ore royalty contributed \$61.6 million, lower than 2014 reflecting lower prevailing USD iron ore prices, higher capacity payments, (\$3.0 million) and a one-off receipt of US\$8.0 million (A\$10.4 million) following the modification to the royalty arrangement.

GROUP EBITDA

\$275 million

(including Mining Area C)

▲ 7%



Higher Group EBITDA reflects factors referred to previously.

EBITDA ■
EBITDA Margin ■

BALANCE SHEET AND CAPITAL MANAGEMENT

Debt, Gearing and Debt Facilities Profile

As at 31 December 2015 Iluka had total facilities of ~A\$1,010 million

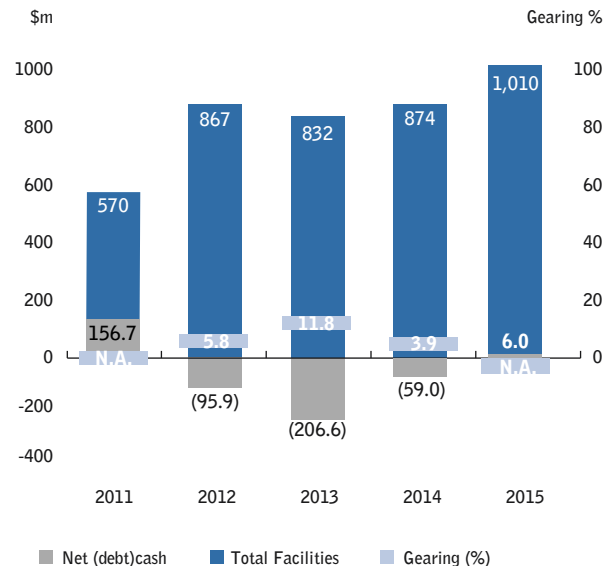
Iluka recorded a net cash position of \$6.0 million.

Iluka has a Multi Optional Facility Agreement (MOFA) which comprises a series of unsecured bilateral revolving credit facilities with several domestic and foreign institutions, totalling A\$1,010 million.

Iluka increased the size of its 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 expansion of the existing facilities.

Note 16 of Iluka's Annual Report provides details of the maturity profile and interest rate exposure.

DEBT, GEARING AND FACILITIES PROFILE



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NET PROFIT AFTER TAX	CASH FLOW (Operating & FCF)	NET CASH (DEBT)	ROC AND ROE																																																																		
\$54 million	\$222 million	\$6 million	3.8% ROE 6.8% ROC																																																																		
▲	▼ 13% Operating ▼ 21% FCF	▼ Lower net debt	▲																																																																		
<p>\$m</p> <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>NPAT (\$m)</th><td>541.8</td><td>363.2</td><td>18.5</td><td>(62.5)</td><td>53.5</td></tr> </table>	Year	2011	2012	2013	2014	2015	NPAT (\$m)	541.8	363.2	18.5	(62.5)	53.5	<p>\$m</p> <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>Operating Cash Flow (\$m)</th><td>706.2</td><td>368.7</td><td>124.0</td><td>254.8</td><td>222.2</td></tr> <tr><th>Free Cash Flow (\$m)</th><td>589.6</td><td>81.2</td><td>(27.5)</td><td>196.3</td><td>155.0</td></tr> </table>	Year	2011	2012	2013	2014	2015	Operating Cash Flow (\$m)	706.2	368.7	124.0	254.8	222.2	Free Cash Flow (\$m)	589.6	81.2	(27.5)	196.3	155.0	<p>\$m</p> <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>Net Debt (\$m)</th><td>156.7</td><td>(95.9)</td><td>(206.6)</td><td>(59.0)</td><td>n/a</td></tr> <tr><th>Gearing %</th><td>n/a</td><td>5.8%</td><td>11.8%</td><td>3.9%</td><td>n/a</td></tr> </table>	Year	2011	2012	2013	2014	2015	Net Debt (\$m)	156.7	(95.9)	(206.6)	(59.0)	n/a	Gearing %	n/a	5.8%	11.8%	3.9%	n/a	<p>%</p> <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>Return on Equity (%)</th><td>54.9</td><td>31.3</td><td>2.2</td><td>(4.1)</td><td>6.8</td></tr> <tr><th>Return on Capital (%)</th><td>42.5</td><td>23.2</td><td>1.2</td><td>(2.0)</td><td>3.8</td></tr> </table>	Year	2011	2012	2013	2014	2015	Return on Equity (%)	54.9	31.3	2.2	(4.1)	6.8	Return on Capital (%)	42.5	23.2	1.2	(2.0)	3.8
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<p>Iluka's NPAT is inclusive of a \$25.3 million pre-tax non-cash accounting adjustment (\$17.7 million after tax) related to an increase in rehabilitation provisions associated with a sustained decline in the 15 year Australian Government Bond rate, which is used in determining the Australian rehabilitation provision. Iluka's effective tax rate in 2015 was 38.2%, higher due to minimal tax benefits recognised for the US losses of \$34.5 million incurred during the year. 2014 NPAT was inclusive of a non-cash impairment charge of \$86.5 million after tax, relating to the decision to cease mining and processing operations in the United States.</p>	<p>Operating cash flow in 2015 was \$222.2 million, with a full year free cash flow of \$155.0 million.</p> <p>Operating cash flow in 2015 was lower reflecting the timing of cash collections with receipts from customers down \$9 million, despite higher revenues.</p>	<p>Iluka had net cash as at 31 December 2015 of \$6.0 million. This compares with net debt of \$59.0 million as at 31 December 2014.</p>	<p>Return on shareholders' equity was 3.8% and return on capital was 6.8%.</p>																																																																		
<p>Operating Cash Flow ■</p> <p>Free Cash Flow ■</p>	<p>Net Debt ■</p> <p>Gearing % ■</p>	<p>Return on Equity ■</p> <p>Return on Capital ■</p>																																																																			

Dividend framework and approach

Iluka's dividend framework is to pay a minimum of 40 per cent of free cash flow, not required for investing or balance sheet activity. The Company also seeks to distribute the maximum franking credits practicable.

From the end of 2010 and inclusive of the 2015 dividend, Iluka has paid out a cumulative 68 per cent of free cash flow. In the same period, Iluka's gearing (net debt/net debt + book equity) has reduced from 21.8 per cent to a net cash position at 31 December 2015.

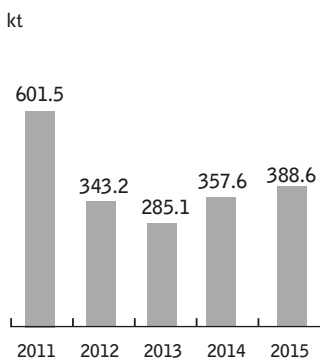
	2014	2015
Payout Ratio % FCF	40	68
Cumulative dividend payout ratio (from 2010)%	68	68

Production volumes

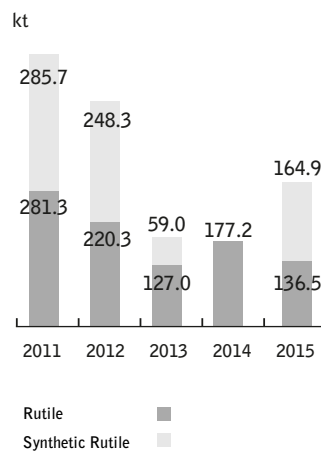
Higher year-on-year production mainly reflects the reactivation of synthetic rutile kiln 2 in the South West of Western Australia in April, with marginally higher zircon production, offset by lower rutile production reflecting feedstock blending strategies at the Hamilton mineral separation plant, Victoria, to manage supply of rutile following the completion of mining at Woorneck, Rownack, Pirro (WRP) and before the next planned mine in the Murray Basin.

Refer page 22 for details of 2015 production settings across Iluka's operations.

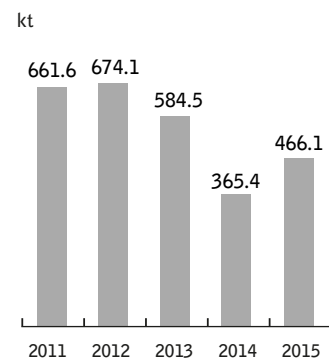
ZIRCON



RUTILE AND SYNTHETIC RUTILE



ILMENITE*



* Includes chloride ilmenite and sulphate ilmenite for external sales and for internal synthetic rutile production

Sales volumes

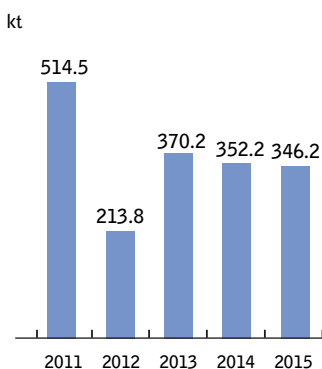
Sales volumes of Z/R/SR increased 6 per cent to 651 thousand tonnes (2014: 616 thousand tonnes).

Zircon sales were 2 per cent lower at 346 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.

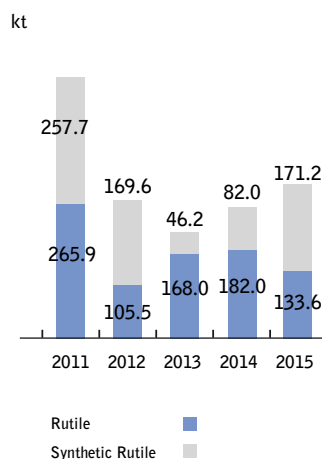
Combined rutile and synthetic rutile sales increased by 16 per cent to 305 thousand tonnes. Rutile sales were 134 thousand tonnes, the first partial year of rutile sales following completion of mining at Woorneck, Rownack, Pirro (WRP), Murray Basin, Victoria. Synthetic rutile sales were 171 thousand tonnes (2014: 82 thousand tonnes), the majority underpinned by commercial arrangements which continue beyond 2016.

Ilmenite sales were 300 thousand tonnes (2014: 317 thousand tonnes), reflecting higher utilisation of internal ilmenite as a feed source for synthetic rutile production and lower sales of ilmenite from Virginia.

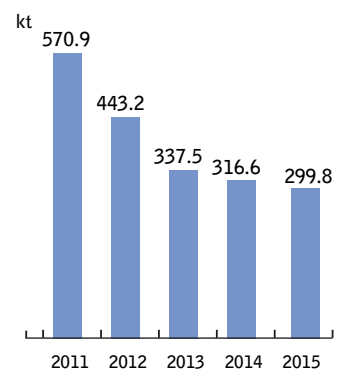
ZIRCON



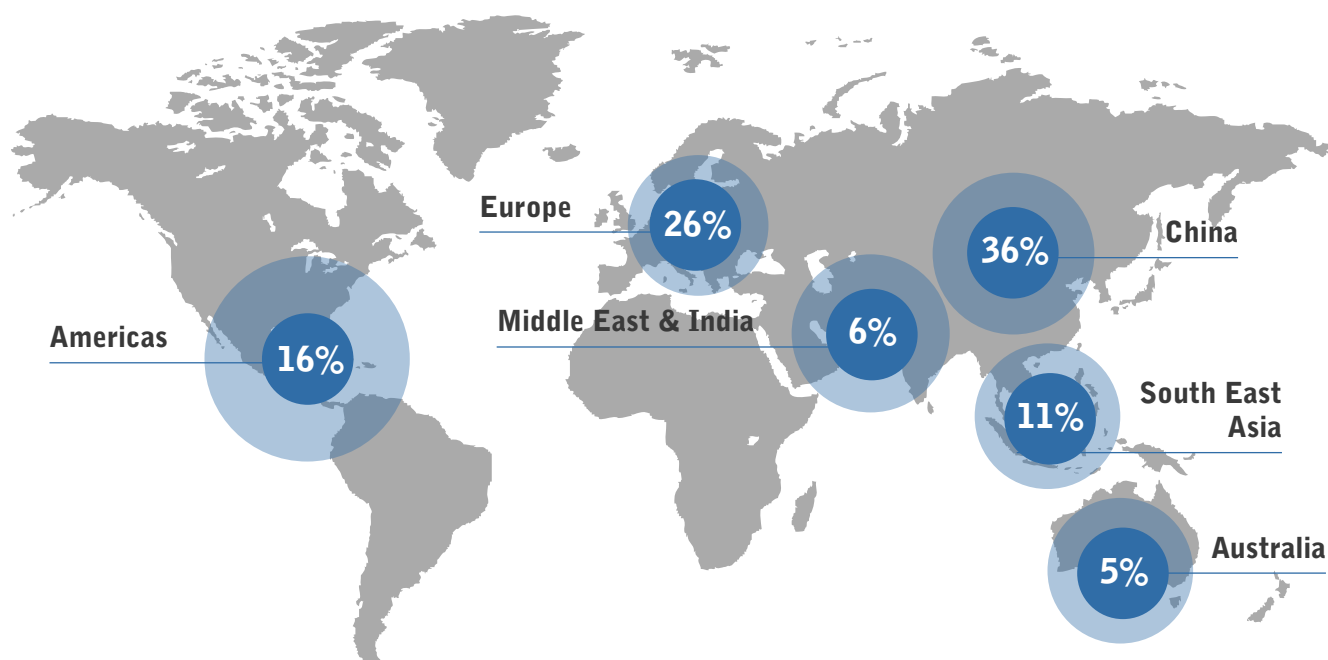
RUTILE AND SYNTHETIC RUTILE



ILMENITE



Total mineral sales revenue by geography



Iluka Weighted Average Prices - US\$/t FOB

Iluka weighted average prices US\$/tonne FOB	2011	2012	2013	2014	2015
Zircon	1,886	2,080	1,150	1,033	986
Rutile	1,174	2,464	1,069	777	721
Synthetic rutile	878	1,771	1,150	750	Refer Notes
A\$/tonne					
Iluka revenue per tonne of Z/R/SR sold	1,480	1,191	1,173	1,030	1,136

Notes:

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. Synthetic rutile, due to its lower titanium dioxide content than rutile, typically is priced lower than natural rutile.

Zircon prices reflect the weighted average price for zircon premium and zircon standard. Iluka also sells zircon in concentrate and zircon tailings. The weighted average price for zircon premium, standard zircon, in concentrate and tailing in 2015 was US\$961/tonne (2014: US\$1,024/tonne). The prices for each product vary considerably, as does the mix of such products sold period to period. For example, Iluka sold more zircon standard and zircon in concentrate in the second half of 2015 compared with the first half of 2015 and more in 2015 than 2014.

In the case of rutile, Iluka's sales also include a lower titanium dioxide product, HyTi. Sales volume for this product was more second half weighted in 2015 and, as such, influenced weighted average price dynamics.

The following table provides a summary of Iluka's Ore Reserves and Mineral Resources as at 31 December 2015. Iluka's complete Ore Reserves and Mineral Resources statement, reported in accordance with the JORC Code 2012 Edition, is available on pages 69 and 72 of the Iluka Review and on the website www.iluka.com.

Summary Ore Reserves

In Situ Heavy Mineral	Tonnes (millions)
Opening Reserves 2015	24.9
Production/Depletions	(1.2)
New Ore Reserves/Adjustments	(0.7)
Closing Ore Reserves 2015	23.0
Ore Reserves Net Change	(1.8)

Summary Mineral Resources

In Situ Heavy Mineral	Tonnes (millions)
Opening Mineral Resources 2015	176.4
Production/Depletions	(1.2)
New Mineral Resources/Adjustments	(2.4)
Closing Mineral Resources 2015	172.9
Mineral Resources Net Change	(3.5)

Ore Reserves decreased by 1.8 million tonnes of heavy mineral following mining depletion and adjustments.

Mineral resources decreased by 3.5 million tonnes following mining depletion and adjustments (sale, relinquishment, exploration discovery and development and write-downs).

Ore Reserves cover (Ore Reserves divided by annual depletion) is approximately 12 years at 2015 depletion rates (a lower than usual year of depletions), while the amount of Mineral Resources (which is inclusive of Ore Reserves) is approximately 7.5 times the Ore Reserve level. The main movements in Ore Reserves and Mineral Resources are described on the following page.

The movements in Ore Reserves and Mineral Resources are described below.

Eucla Basin, South Australia

Eucla Basin Ore reserves decreased by 0.7 million tonnes of heavy mineral, principally associated with mining depletion from the Jacinth deposit and write-offs.

Eucla Basin Mineral Resources decreased by 1.7 million tonnes of heavy mineral due to mining depletion from the Jacinth deposit (0.7 million tonnes) and a decrease in the Atacama deposit as a result of additional exploration and updated resource estimation (1.2 million tonnes).

Murray Basin, Victoria / New South Wales

Ore Reserves decreased by 0.2 million tonnes of heavy mineral due to mining depletion and write-downs at the Woorneck, Rownack, Pirro deposits.

Mineral Resources decreased by 0.9 million tonnes as a result of mining depletion and write-downs at the Woorneck, Rownack, Pirro deposits (0.3 million tonnes), and updated resource estimation for the Manley, Barbary and Dunkirk deposits (0.6 million tonnes).

Perth Basin, Western Australia

Ore Reserves in the Perth Basin decreased by 0.8 million tonnes of heavy mineral due to mining depletion at the Tutunup South deposit (0.2 million tonnes) and a decrease associated with updated optimisation at the Cataby deposit (0.6 million tonnes).

Mineral Resources decreased by 0.6 million tonnes of heavy mineral principally associated with mining depletion and write-downs at the Tutunup South deposit (0.2 million tonnes) and additional exploration and resource estimation resulting in an increase at the Gilmore deposit (0.1 million tonnes) and a decrease at the Depot Hill North deposit (0.5 million tonnes).

Atlantic Seaboard, Virginia / North Carolina, United States

Ore reserves in the United States decreased by 0.2 million tonnes of heavy mineral principally associated with mining depletion and write-downs (0.3 million tonnes at the Brink and Old Hickory deposits) which were partially offset by a 0.1 million tonne Ore Reserve increase at the Brink operation.

Mineral Resources decreased by 0.3 million tonnes of heavy mineral principally associated with mining depletion and write-downs at the Brink and Old Hickory deposits (0.4 million tonnes). This was partially offset by an increase of 0.1 million tonnes at Brink.

Sri Lanka

There were no changes to the total Mineral Resources for Sri Lanka, although 2.0 million tonnes of heavy mineral was reassigned from an Indicated to an Inferred resource classification.

Production settings

The following chart conveys Iluka's production settings in 2015, along with expected production settings in 2016. Iluka's approach is to flex production in light of market demand. As such these settings are potentially subject to change during the year dependent on market demand and to the optimisation of production and cash cost considerations. The Company has been operating at lower than maximum operating rates since 2012.

	2013	2014	2015	2016
Jacinth-Ambrosia mining South Australia	100% utilisation	100% utilisation	100% utilisation	Mining suspended; concentrate to be processed at Australian MSPs
Murray Basin mining Victoria	100% utilisation	100% utilisation	WRP mine idled March	Concentrate continues to be processed
Tutunup South mining Western Australia	Idled June	Idled	Recommended March	100% utilisation
Hamilton mineral separation plant (MSP) Victoria	~50% utilisation	~80% utilisation	~78% utilisation	~60% utilisation Murray Basin & Jacinth-Ambrosia concentrate
Narngulu MSP Western Australia	~40% utilisation	~50% utilisation	~60% utilisation	~50% utilisation
SR kiln 2	Idled June	Idle	Recommended April	100% utilisation
3 other SR kilns	Idled previous years			Idle
US mining Virginia, USA	Near full utilisation	Concord mine idled end February Brink mine active	Concord recommenced Brink ended December	Idle
Stony Creek MSP Virginia	~80% utilisation	Feed dependent ~50% utilisation	~70% utilisation	Idle

2016 operating regimes dependent on market conditions and may be subject to change.

Iluka operations – 2015 and 2014 production levels

Production	2014	2015
	kt	kt
Australian operations		
Eucla / Perth Basins		
Zircon	240	297
Rutile	30	40
Synthetic rutile (Western Australia)	0	165
Ilmenite	103	231
Murray Basin		
Zircon	93	54
Rutile	148	97
Ilmenite	168	90
United States Operation		
Zircon	25	37
Ilmenite	95	145
Total Iluka operations		
Zircon	358	389
Rutile	177	136
Synthetic rutile	0	165
Total Z/R/SR	535	690
Ilmenite	365	466
Total Mineral Sands Production	900	1,156

Commentary

Mining at Tutunup South, Western Australia, recommenced in February 2015 as an ilmenite feed source for synthetic rutile kiln 2 located nearby. Mining in the Murray Basin was completed at the Woorneck, Rownack, Pirro (WRP) deposits in March 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. The Jacinth-Ambrosia mining and concentrating operation continued at full utilisation rates through to the end of the year, reflecting the most efficient operating method, although this did result in a small concentrate build at site. In December, both the Hamilton mineral separation plant in Victoria and the Narngulu mineral separation plant in Western Australia were idled over the Christmas period and recommenced processing of concentrate in January and February respectively.

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

Synthetic rutile kiln 2, which was re-activated in April, produced 165 thousand tonnes of synthetic rutile 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 mineral separation operations, were idled in December, as the Company previously indicated (refer ASX Release 12 December 2014).

Subsequent to year end, Iluka announced that mining and concentrating operations at Jacinth-Ambrosia will be suspended for at least 18 to 24 months, depending on market demand. This action will enable large zircon-rich concentrate stockpiles at this operation to be progressively drawdown in light of market demand. Concentrate will continue to be transported for processing at both the Narngulu and Hamilton mineral separation plants.

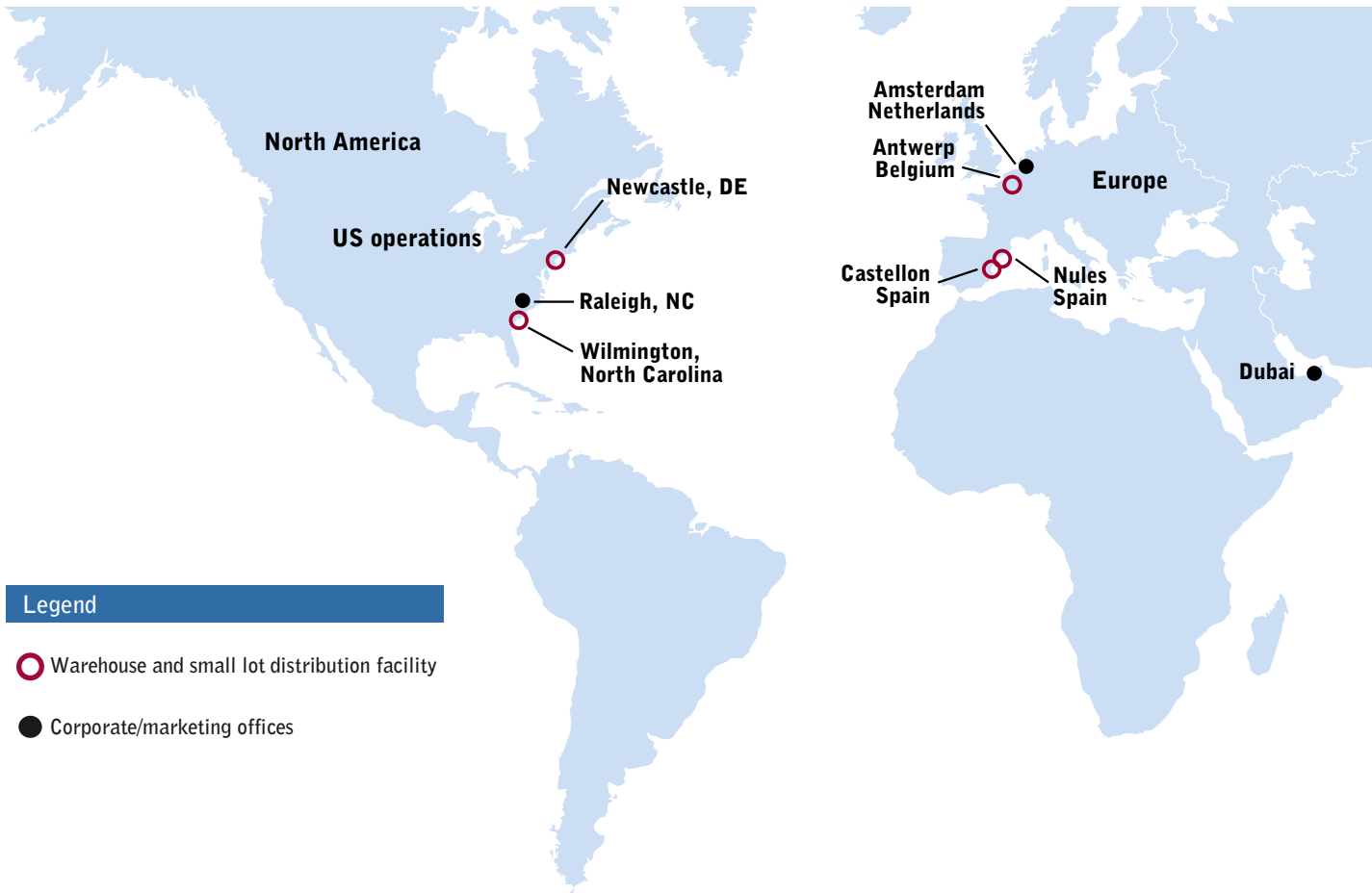
Cash costs of production

Iluka has significantly reduced unit cash costs of production associated with its approach to flexing production in light of lower market demand conditions. Unit cash cost of production in 2015 for Z/R/SR (excluding ilmenite and by-products) decreased by 17 per cent to A\$558/tonne. In 2016, unit cash costs of production are expected to trend lower and be below \$500/tonne of Z/R/SR, associated with completion of mining and concentrating in the United States and WRP in the Murray Basin, and suspension of mining at Jacinth-Ambrosia, partially offset with a full year of mining at Tutunup South and synthetic rutile production.

		2011	2012	2013	2014	2015
Total Z/R/SR production	kt	1168.5	811.8	471.1	534.8	690.0
Total cash costs of production, excluding by-products	\$m	628.9	583.5	376.1	381.9	384.9
Unit cash costs per tonne of Z/R/SR produced including ilmenite and by-products	\$/tonne	538	719	798	714	569
Unit cash costs excluding by-products	\$/tonne	536	709	757	668	558
Unit Revenue per tonne of Z/R/SR sold	\$/tonne	1480	1191	1173	1030	1,136

* Iluka incurs cost, and generates revenue, from the production and sale of ilmenite concentrate and the by-products of activated carbon and iron oxide. Unit cash costs are shown above for zircon/rutile/synthetic rutile inclusive of these costs.

A focus of Iluka's marketing approach is to have people and product close to customers. The Company has marketing and sales offices in 10 locations, staffed by a skilled, multi lingual team. The marketing offices, personnel representation and warehouse and logistics facilities are represented on the following map.



Legend

- Warehouse and small lot distribution facility
- Corporate/marketing offices

Iluka's marketing attributes include the following features:



EXTENSIVE RANGE OF QUALITY PRODUCTS

Iluka provides an extensive range of titanium dioxide grade feedstocks as well as zircon products for all applications.

In total the Company has 48 products with different technical specifications. This includes 18 specifications of zircon products. During the last 12 months, the Company launched further new products, designed to meet customer end market applications, including a standard grade zircon product for emerging markets and a zircon based additive for direct consumption in the foundry market.



TRACK RECORD OF DELIVERING ON PROMISES

Iluka seeks to be a dependable partner for its customers and the long term growth of their businesses. This is reflected in a variety of ways, including the shipment of all products in 2015 to defined specifications, as well as the Company's longer term commitment through exploration, innovation, research and project development to the continuation of reliable, high quality supply.

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DEDICATED PRODUCT SALES TEAMS

Iluka operates separate, dedicated titanium dioxide and zircon sales teams, comprising industry experts, able to cater for the specific requirements of these two markets and their various end market applications.

In the case of titanium dioxide feedstock marketing, this approach to focusing on customer needs includes expanded technical collaboration with customers to:

- deepen the understanding of Iluka’s feedstock performance characteristics;
- generate a greater understanding of end use markets and mineral sands expertise; and
- progress the establishment of a China Technical Centre as a platform for positioning Iluka as a feedstock supplier to chloride/sulphate pigment markets (planned establishment during 2016).

Iluka also has a mineral sands trading arm which participates in markets and sells a number of by-products, including iron concentrate, activated carbon and gypsum.



INDUSTRY AND MARKET ANALYSIS

Iluka conducts detailed industry analysis of both the titanium dioxide and zircon markets. In zircon, this has included the completion of a comprehensive annual ceramic tile analysis survey. Iluka’s third such survey was undertaken in late 2015, with findings expected in the first part of 2016. The Company also collaborates with research institutes and industry associations on end use developments and mineral sands chemical and technical properties.



TECHNICAL MARKETING APPROACH

Iluka’s marketing approach, led by experts from the pigment and zircon refining industries, has a strong technical component which includes:

- regular technical visits to customer production facilities to deepen collaboration; and
- utilisation of state of the art equipment to optimise Iluka’s products in customer formulas.

Mineral Sands Projects

Iluka has several mineral sands projects which are at advanced stages of evaluation, and some at earlier stage evaluative work, such as the Puttalam sulphate ilmenite deposit in Sri Lanka. The projects provide the potential for a combination of replacement production as existing operations mature, as well as growth in production. Iluka's approach is to determine the phasing of projects based on market demand and, in some cases, securing appropriate commercial arrangements to underpin all or part of the revenue stream, as well as the completion of appropriate technical and commercial evaluation.

Criteria Iluka adopts in assessing the financial merit of projects includes the following:

- investments must generate returns above a risk weighted hurdle rate;
- investment decision making covers scenarios, not single point views of the future;
- risk assessment plays a major part in the project process;
- a range of measures are assessed (IRR, NPV, payback, margins, return on capital);
- assumptions are conservative and include line by line contingencies;
- product prices used for project economics are consistent with Iluka's industry analysis, including inducement economics;
- projects are expected to be execute ready as definitive feasibility studies are concluded;
- project timing or phasing is flexible; and
- consideration of sustainability aspects of projects, including environmental and social impact assessments.



Balranald and Nepean are two rutile-rich mineral sands deposits in the northern Murray Basin, New South Wales. The Balranald development, if approved by the Iluka Board, will provide the potential for approximately eight years of substantial rutile, zircon and associated ilmenite production. It is proposed that the Balranald development will utilise the existing Hamilton mineral separation plant and other existing infrastructure.



Balranald Stage 1 definitive feasibility study (DFS) is nearing completion. DFS work has included validating mining and material movement optimisation findings and site infrastructure assessments. These works are to be followed by the detailed engineering required for project pre-execution activities. Additional test work to better assess the proportion of the ilmenite from Balranald which is suitable for various downstream processing technologies, including synthetic rutile, has largely been concluded and supports preliminary assessments. As part of the statutory planning process, Iluka has submitted a response to a State Government agency and community submissions on the New South Wales Environmental Impact Statement (EIS). In addition, Iluka has finalised a separate response after the Federal Government reviewed the draft EIS. Associated with both EIS processes, Iluka continues to communicate regularly to Government bodies to ensure clarity and certainty in relation to the regulatory process.

The timing of the Balranald project remains subject to the final results of the DFS, environmental and other approvals and market conditions.

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Cataby, Western Australia

The Cataby mineral sands deposit, located north of Perth, is a deposit that is expected to produce ilmenite suitable for sale, or as a quality ilmenite feed source for synthetic rutile production, as well as material volumes of zircon and rutile. Cataby is expected to have an economic life of approximately 8.5 years.



All definitive feasibility study work has been completed and the project is at pre-execute stage, with timing dependent on market conditions.

Preparations for an execute decision have continued with finalisation of infrastructure designs and with a number of environmental management plans being approved. Amendments have been obtained to Iluka's lease conditions which will allow mining closer to the Brand Highway, thereby increasing the potential level of reserve recovery.

Iluka has increased execution timing flexibility by obtaining a substantial extension of the State Government approval validity period and by securing an external source of chloride ilmenite. Work also continues to reduce the period between an execute decision and first production.



Hickory, Auerlian Springs, United States

During 2015, the Company completed definitive feasibility studies on the Hickory (Virginia) and Aurelian Springs (North Carolina) mineral sands deposits. Both deposits have the capability to utilise existing infrastructure in Virginia, including the existing Stony Creek mineral separation plant. Iluka has suspended the projects indefinitely, due to the inability to secure appropriate commercial offtake arrangements to warrant their progression and with the subsequent idling of the Virginia operations at the end of 2015.



Sonoram, Atacama and Typhoon, Eucla Basin, South Australia

Sonoram, Atacama and Typhoon are satellite deposits in proximity to the Jacinth-Ambrosia operation in the Eucla Basin, South Australia. The Sonoran deposit is located approximately 9 kilometres from Jacinth-Ambrosia. The deposits have a more typical mineral sands assemblage, relative to the zircon-rich characteristics of Jacinth-Ambrosia.



Chloride ilmenite from these deposits is expected to be suitable as a feed source to Iluka's synthetic rutile kilns or for direct sales. The deposits would also produce zircon. The potential development of one or more of these deposits would represent a brownfield extension, utilising existing wet concentration capacity, other existing infrastructure and transportation logistics.

A pre-feasibility study was completed for Sonoran in 2015. The Atacama pre-feasibility study has been deferred based on mine scheduling considerations related to likely demand for ilmenite from these deposits.



Puttalam, Sri Lanka

Iluka possesses defined mineral sands resources located in the Puttalam District in North Western Sri Lanka, near the town of Puttalam.



The Company completed an initial scoping study for the potential development of a large conventional sulphate ilmenite mining and processing operation. Iluka plans to conduct a pre-feasibility study on the Puttalam deposit in 2016.

Exploration

Iluka continued its exploration program in 2015, with a total expenditure of \$28 million for the testing, establishment and evaluation of mineral sands geological plays in Australia and other jurisdictions. Non-mineral sands exploration continued.

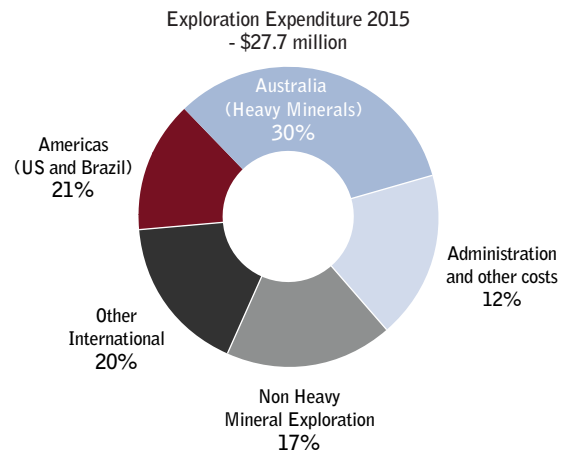
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Iluka continued its targeted non mineral sands exploration activities in Australia which has involved several farm in and joint venture arrangements. The table shows Iluka's tenement position. The pie diagram shows Iluka's exploration expenditure in 2015.

Iluka tenement position (mineral sand exploration) at the end of 2015

Region	Approx Sq Kms
Eucla Basin, South Australia	26,160
Murray Basin (SA, NSW, VIC)	4,310
Perth Basin (WA)	550
Other (Australia)	8,655
Brazil	660
Sri Lanka	245
Total	40,580



Mineral Sands

Australia

During 2015, Iluka increasingly explored greenfields areas outside of its large tenement holdings within the Eucla and Murray Basin.

Eucla Basin, South Australia

In the last quarter, Iluka commenced greenfields drilling to the south of Jacinth-Ambrosia in the Eucla Basin. Twenty eight holes were drilled for 2,438 metres. Drilling was completed on four traverses and has intercepted the host Pleistocene Bridgewater Formation. The drilling has confirmed that the sediments are largely unconsolidated and consist of fine grained well sorted sands with zones of less than one per cent heavy mineral (HM) mineralisation. Further greenfields drilling is planned for 2016.

Murray Basin, New South Wales / Victoria

Drilling in the Murray Basin during 2015 concentrated on targets adjacent to Iluka's Balranald project in New South Wales and resource drilling of fine-grained, WIM style targets on existing Iluka tenements within Victoria. The latter drilling also collected bulk samples used for metallurgical testing of fine grained HM.

Canning Basin, Western Australia

Iluka completed greenfields drilling in the Canning Basin. Drilling on the easternmost tenements has intercepted the host Cretaceous Broome Sandstone in most holes. The drilling has established that this sediment is largely unconsolidated and consists of fine to medium grained well sorted sands with zones of low grade (less than 0.5 per cent) mineralisation. Drilling has also been completed on the westernmost tenements where drill holes targeted Pleistocene sediments and underlying Cretaceous Broome Sandstone. The drilling intersected scattered low grade (0.5 per cent) mineralisation. Further drilling on the most prospective areas is planned in 2016.

Other Basins, Western Australia

Iluka completed first phase exploration drilling on the Scott River Plain under the terms of the Farm-In and Exploration Joint Venture Agreement between Iluka and Governor Broome Sands Pty Ltd. Drilling intersected the target Pleistocene Warren Sands in most holes and has confirmed the presence of heavy mineral mineralisation (around five per cent) on each traverse. Further drilling on the tenement will be undertaken in 2016, pending the outcome of resource modelling from the first phase drilling.

Iluka has completed greenfields exploration drilling in the Bremer Basin, Western Australia. A total of 104 holes were drilled for 3,163 metres. The drilling was targeting the Plantagenet Group which is Eocene in age, however the majority of the drill holes intersected non marine sands overlying basement rocks.

International

Iluka's international activities during 2015 included the following.

Kazakhstan

Kazakhstan represented a new country entry in 2015. Following discussion with the Kazakhstan Government since 2013, Iluka established an entity within country and appointed a country manager, along with establishing a small on ground exploration presence. Work during 2015 included an aerial geophysical program to collect data for a potential drilling program in 2016.

Brazil

Iluka commenced drilling in 2015 on its SQP prospect in northern Brazil. Discontinuous packages of beach sand were encountered with little HM mineralisation present. Further drilling struck HM bearing sand although at depths considered too great for potential commercialisation.

Denmark

Iluka established an on-ground presence in Denmark and in the early part of the year and identified magnetic anomalies which were subsequently drilled. No major presence of HM bearing sands were identified and the evaluation of further in-country activity is being reviewed.

New Commodities

Iluka has established a small team to assess non-mineral sands prospectivity on its tenements and also to evaluate other proximate opportunities. Recent activities included the completion of ground electromagnetic and gravity surveys and air core drilling at the Fowler nickel sulphide mineralisation prospect, located approximately 60 kilometres north east of Jacinth-Ambrosia in South Australia. This exploration work is aimed at prioritising targets to discover significant nickel sulphide mineralisation.

A ground gravity survey was also completed on tenements near Coober Pedy, South Australia, as part of an Iluka Farm In Agreement with Monax Mining Limited. Three diamond drill holes tested gravity targets with favourable regional stratigraphy intersected. Further technical analysis and review will continue in 2016. This exploration work is aimed at the discovery of iron oxide copper gold mineralisation.

Doray Minerals Ltd and Iluka have entered into a Gold Farm In Agreement covering gold rights at the West Gawler Project, which commenced in February 2015. In September, Doray announced the presence of a number of large coincident geochemical and structural targets indicating the potential for the project area to host significant gold mineralisation.

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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 undertake 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.

Work continued to improve both the effectiveness of synthetic rutile production as well as provide a high grade feedstock for the sulphate pigment process. Iluka continued the technical evaluation of the Acid Soluble Synthetic Rutile (ASSR) product and in 2016 plans trial work in its synthetic rutile kiln to enable material volumes to be produced to make available to customers for testing.

Project scoping work on the processing of fine grained minerals was undertaken during the year with further technical work planned in 2016. Work associated with Metalysis and the potential commercialisation of the Tapira deposit in Brazil (referenced elsewhere in the Iluka Review) also formed part of Iluka's activities in this area.

Other Growth Options

Metalysis – New Titanium Powder Production Technology

In 2014 Iluka established an Investment Agreement with the private, UK based, Metalysis Limited for an interest of 20.8 per cent of the company (approximately A\$22.7 million).

This investment forms a part of Iluka's alliancing and new ventures approach. Metalysis is seeking to develop a single stage process for the transformation of various metals into powder form.

If Metalysis can commercially produce titanium metal powder direct from rutile and synthetic rutile, material reductions in the cost of titanium metal and titanium metal alloys could follow. Significantly lower prices for titanium metal could dramatically expand the applications of titanium metal, for example, replacing stainless steels and high performance steel alloys in some sectors and opening up demand in other markets such as the manufacture of automobiles. The application of titanium powder in 3D printing also presents potentially significant opportunities in rapidly expanding markets. Such a development would be positive for high grade titanium feedstock demand.

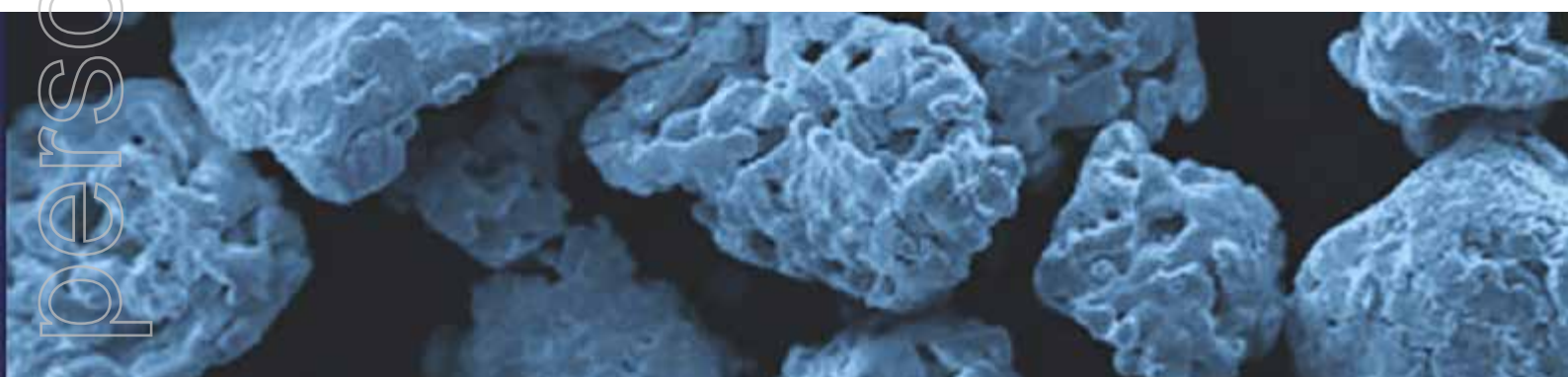
Iluka has one Board seat, a non-executive director of Iluka and also had one observer (an executive) during 2015.

Iluka is encouraged with the progress by Metalysis in proceeding towards potential commercialisation, despite the decision not to proceed with an initial public offering during 2015.

Iluka remains highly supportive of Metalysis' commercialisation activities, including the development of a business plan and budget, which focuses on routes to the development of a titanium alloy business. Iluka has committed an additional investment of £10 million (A\$20.3 million) to increase its shareholding to 28.8 per cent.

Iluka's support for Metalysis during 2015 has been in the form of the provision of technical support, including the secondment of a principal metallurgist, to assist with the development of pre and post cell processes for the production of titanium metal powder, as well as test work involving the addition of other elements to synthetic rutile which allow composite or customised titanium metal alloys to be produced.

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Tapira, Brazil – Large Titanium Mineralisation

Iluka established in July 2014 a Joint Development Agreement and Intellectual Property Agreement with Vale S.A. for the staged evaluation and potential development of a major titanium mineral bearing deposits located at Tapira in Minas Gerais State, Brazil.

The deposit contains titanium dioxide ores (anatase, ilmenite), rare earth elements and magnetite, located in a region with infrastructure and logistics and associated with Vale's phosphate rock mine. The deposit has the potential to accommodate a world class titanium feedstock and rare earth elements operations.

Iluka's involvement is through a series of stages which ultimately could result in the company having a 49 per cent interest in the project. During 2015, initial activities included evaluation of potential pigment feedstock production routes, which was completed in July. Metallurgical test work now involves development of front end and back end flow sheet for a potential pilot plant.

In addition, geological work on trial resource modelling commenced, which involves sampling historical and currently drilled samples from distinct areas of the ore body as a possible precursor to the resource after estimation in accordance with JORC Code guidelines. A rare earth element study was also completed during the year.



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SUSTAINABILITY

Sustainability at Iluka means integrating economic, environmental and social considerations into business practice, and ensuring safe and responsible conduct underpins everything the Company does.

Both a cultural and a systematic approach are adopted to ensure sustainability issues are identified, addressed and monitored and that legal obligations are met.

Reporting approach

The Sustainability section of the Iluka Review details the Company's sustainability approach, 2015 focus areas and performance relating to Iluka exploration activities, projects, operations, rehabilitation sites, facilities and offices globally.

Iluka is seeking to progressively align its reporting with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4, as they relate to its business, its key risks and the stakeholders with which the Company engages. In accordance with these guidelines, this section concentrates on those sustainability aspects of the business considered material for 2015.



Report boundary and scope

All of Iluka's current operations, comprising mining, processing and rehabilitation activities are in Australia and the United States, both OECD (Organisation for Economic Co-operation and Development) member countries. Further information on these operations is provided on pages 22 to 23.

Iluka also operates warehouse facilities, marketing offices, and conducts exploration in other jurisdictions, as shown on page 35. While some early stage activities are being undertaken in non-OECD countries, based on the current operating profile, sustainability aspects in OECD countries were assessed as most relevant.

As the Company advances projects and examines growth opportunities in new locations - through exploration, acquisitions, and joint ventures - risk assessments are undertaken to identify location-specific issues and risks. This process is described in the new country entry process on page 39.

In 2015 Iluka employed 917 people, with 900 of these working in Australia and the US.



Materiality

Iluka employs a number of processes for identifying material sustainability aspects, including a review of current and emerging sustainability issues impacting the industry, risk assessments, peer benchmarking and stakeholder engagement. Aspects are prioritised according to their potential to impact the Company's ability to achieve business objectives or are of material concern to stakeholders.

The material sustainability aspects identified for 2015 are illustrated below. Further information on Iluka's management approach and performance in these areas can be found in the following sections.

Material aspects

Governance and Risk Pages 37 to 39	Health and Safety Pages 40 to 43	Environment Pages 44 to 51	Our People Pages 52 to 57	Communities Pages 58 to 64
Code of conduct	Safety	Environmental incidents	Diversity	Stakeholder engagement
Bribery and corruption	Health and Safety performance	Biodiversity	Talent management	Grievance management
Sustainability governance	Occupational health and hygiene	Land rehabilitation and closure	Employee volunteering	Indigenous relations and cultural heritage
Identifying and managing risk	Radiation	Water use		Employment and economic contribution
New country entry		Waste management		Partnering and community investment
Emergency preparedness		Energy efficiency and carbon emissions		

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Iluka's Approach to Managing Sustainability

Iluka's environmental, social and economic performance is overseen by the Board and executive management is accountable for delivering sustainability objectives.

Both a cultural and a systematic approach are adopted to ensure sustainability issues are identified, addressed and monitored and legal obligations are met.

The Iluka Game Plan provides the cultural and behavioural alignment and all employees, through annual performance and development reviews, are aware of the contribution they are expected to make in the areas of financial performance, sustainability and organisational growth. Further information on the Game Plan is provided on Iluka's website.

A series of policies govern Iluka's sustainability approach. These include Code of Conduct, People Policy, Environment, Health and Safety Policy, Stakeholder Relations Policy, Risk Management Policy and an Anti-bribery and Corruption Policy.

Management systems define how the Company will meet sustainability objectives and provide the framework within which its employees and contractors are expected to work. This includes the Environment, Health, Safety Management System (EHSMS) and its suite of standards governing Environment, Health, Safety and Stakeholder Relations.

Iluka's people management practices are governed by the People Management System. Supported by leadership commitment, it establishes the Company's approach to recruiting, developing and retaining a high performing workforce to achieve Iluka's objectives.

The EHSMS, Stakeholder and People management frameworks provide auditable criteria against which compliance, risk and best practice can be measured. These frameworks are implemented, maintained and communicated to employees and other relevant stakeholders.

Sustainable development review

To advance Iluka's sustainability framework, a detailed assessment of current approaches to managing sustainability was undertaken in 2015. To support both the current operating profile and provide a foundation for growth opportunities, a commitment was made to progressively align Iluka's sustainability practices with the International Council on Mining and Metals (ICMM) Framework for Sustainable Development. These principles are adopted by the Minerals Council of Australia "Enduring Value – the Australian Mining Industry Framework for Sustainable Development", of which Iluka is a member.

This process will be formally initiated with a materiality assessment to prioritise the alignment plan and set objectives and targets in 2016.

To demonstrate an alignment with the main principles of the "Enduring Value" framework, Iluka has committed to:

- progressive alignment with the ICMM principles with a defined three year action plan;
- public sustainability reporting in accordance with the GRI guidelines; and
- transitioning to external assurance of the Company's sustainability management approach, performance and reporting.

Governance

Iluka is committed to conducting its business in accordance with the highest standards of corporate governance to create and deliver value for shareholders.

The Board - comprised of six independent non-executive directors and one executive director, who is the Managing Director - has established a corporate governance framework which complies with the ASX Corporate Governance Council Principles and Recommendations. This encompasses policies, procedures and charters that support this commitment. The Board has three established committees: Audit and Risk Committee; Nominations Committee; and People and Performance Committee.

The Nominations Committee comprises all of the independent non-executive directors. Both the People and Performance Committee and Audit and Risk Committee comprise independent, non-executive directors, although the Managing Director participates in his capacity as Chief Executive Officer. The committees function under specific charters approved by the Board.

The Audit and Risk Committee oversees the integrity of financial reporting, the adequacy of risk management processes, internal and external audit functions, treasury and taxation practices and compliance with regulatory requirements and internal codes of conduct.

The Nominations Committee assists the Board by overseeing the selection and succession of non-executive directors and the appointment, performance evaluation and succession of the Managing Director and direct reports.

The People and Performance Committee assists the Board in overseeing the overall remuneration strategy of Iluka and its specific application to the Managing Director and direct reports, and the remuneration of non-executive directors. This Committee also oversees the diversity strategy, policy and practices of Iluka. Further details about the remuneration structure and the remuneration paid to the Directors and Key Management Personnel during the reporting period can be found in the Iluka Annual Report.

As an Australian listed entity, Iluka complies with the Corporations Act 2001(Cth) and the Australian Securities Exchange (ASX) Listing Rules and reports against the ASX Corporate Governance Council's Principles and Recommendations. For Iluka's full Corporate Governance Statement, refer to the Company's website.

Code of conduct

Iluka is committed to high standards of conduct and has adopted a Code of Conduct, underpinned by Iluka's values of Commitment, Integrity and Responsibility, that identifies the standard of behaviour and business practice expected of all Iluka employees and contractors. In addition, the Board has adopted a Directors' Code of Conduct which establishes standards for the professional conduct for Directors.

Iluka treats actual or suspected breaches of its Code of Conduct and policies seriously and has mechanisms to ensure that suspected breaches are reported and acted upon fairly and effectively. The Whistleblower Procedure, updated in August 2014, supports the Code of Conduct and is in place to enable the reporting of suspected misconduct confidentially (including via an independent hotline) without fear of discriminatory treatment, recrimination or reprisal.

Matters are investigated without bias and anyone using the Whistleblower Procedure in good faith will be protected from reprisals and discrimination and their identity will be protected (if desired by them or otherwise required by law). Copies of the Code of Conduct, Directors' Code of Conduct and the Whistleblower Procedure can be found in the Governance section of the Company's website.

Bribery and corruption

Iluka has zero tolerance for bribery or corruption in its business.

The Company expects that its Directors, officers, employees, agents, contractors and any other party representing Iluka, wherever they are in the world, will act fairly, honestly, with integrity and in compliance with the law.

This commitment is detailed in the Company's Code of Conduct, as well as specific bribery and corruption aspects, in the Anti-bribery and Corruption Policy (Policy) and Anti-bribery and Corruption Procedure (Procedure). The Policy and the Procedure are made available to all employees and contractors. The Policy can be found in the Governance section of the Company's website.

The Policy and Procedure have been communicated to key personnel via individual training. These will continue to be communicated to Iluka employees, contractors and suppliers by appropriate methods depending on their assessed risk exposure. Compliance with the Policy is monitored and any breaches or incidents are reported to management and the Board's Audit and Risk Committee. In 2014, Iluka engaged a third party to review its Anti-bribery and Corruption Compliance Program. Recommendations made to enhance the program were implemented, initially in 2014, with the remainder implemented in 2015. An audit against the proposed recommendations is to be carried out in 2016.

In 2015, there were no reports of breaches of the Anti-bribery and Corruption Policy.

Iluka also maintains a Gift Register which management are required to complete and retain as a record for the receipt of entertainment or gifts.

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Sustainability governance

Iluka's Board maintains oversight of sustainability management and performance. Monthly Sustainability Performance Reports are provided to the Board and sustainability is a standing agenda item for all meetings. In addition, a detailed annual Sustainability Risk and Performance Analysis report is prepared.

Iluka maintains an Executive Risk and EHS Committee chaired by the Manager Sustainability. Three meetings were held in 2015. Group health, safety, environment and community performance is also reviewed monthly by the Executive team.

Short term incentive payments for the Managing Director and eligible employees are linked to sustainability related measures. These measures include targets for reductions in total recordable injury frequency rate (TRIFR) and Level 3 and above environmental incidents.

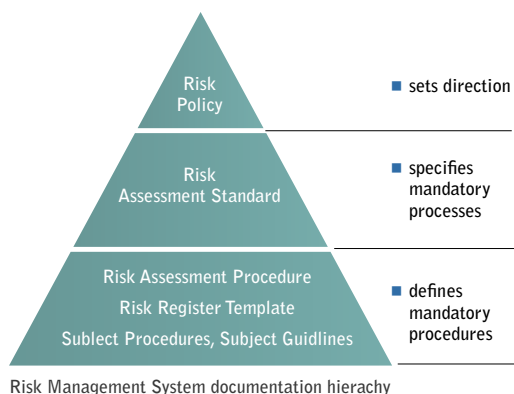
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Risk

Iluka maintains a whole of business approach to the management of risks to allow both opportunities and threats to be identified and managed effectively.

Identifying and managing risk



Iluka’s risk management framework is aligned with the International Standard for risk management ISO 31000 and sets out the structured process for the identification and management of risk, and is applicable to every aspect of Iluka’s business including environment, injury, illness, reputation, stakeholder relations, compliance, financial and company objectives.

Sustainability risks are identified and recorded in risk registers. They are reviewed regularly as part of ongoing operational activities. Additional risks and the escalation/de-escalation of risk ratings are also identified during audits, incident investigations or issue-specific risk reviews.

Iluka conducts an annual review of the risk management framework and report the results to the Executive and the Board Audit and Risk Committee. The results of this and other reviews are used to identify and implement opportunities for improving the design and implementation of the framework. In 2015, the Audit and Risk Committee reviewed Iluka’s framework and is satisfied that it continues to be sound.

New country entry

Iluka has refined the Company’s new country entry procedure, initially developed in 2014, which outlines the process and supporting analysis required prior to entering new jurisdictions. It ensures an appropriate risk analysis is undertaken to identify and manage risks whilst supporting Iluka’s growth opportunities in new jurisdictions. Beyond the risk assessment, the process includes staff training, governance reporting and supports all other Iluka Policies and Standards.

Dependent on the risk profile, specific procedures and programs to support new country entry will be developed, addressing issues such as human rights and affected communities.

Iluka is currently at an early stage of its presence in several new jurisdictions including:

- Vietnam – expanding sales and marketing activity;
- Sri Lanka – scoping and pre-feasibility studies ongoing;
- Kazakhstan – entity established in 2015 with initial exploration activities; and
- Denmark – evaluation of exploration opportunities.

Emergency preparedness

Iluka maintains appropriate site-based Emergency Plans along with a Crisis Management Plan. These are supported by Iluka’s Emergency and Crisis Management System (ECMS), an online platform to ensure a consistent and professional response to managing any emergency or crisis situation. The system captures and manages information to ensure clarity of the overall response, that all the relevant people are provided with timely and relevant information and actions are coordinated and communications tracked through a single point.

Iluka applies a risk approach to identifying and mitigating potential emergency and crisis risks at each of its operating sites. ‘Prevent and prepare’ are critical components of this approach. This includes identifying potential emergency or crisis risks, conducting crisis preparedness training and awareness sessions at a corporate and site level and integrating these reviews with engineering risk analysis as provided by insurance providers.



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Health and Safety

Iluka is committed to providing a healthy and safe workplace. Iluka's health and safety approach focuses on leadership, capability and creating a culture which promotes proactivity. This is supported by Group standards, targeted programs, facilitated training, risk management and incident reporting and investigation.

Regular communication about health and safety at all levels of the business is an integral part of the strategy. Health and safety meetings are held at a departmental level by representatives and employees and between management and contractors, to identify improvement areas and ensure that concerns are addressed. Safety visits are regularly performed to ensure operational activities are meeting standard requirements and to communicate improvements. Planned workplace inspections are carried out in a scheduled manner as part of maintaining a safe work environment. Investigations are undertaken after more serious incidents to ensure the causes of incidents are identified, learnings shared and the risk of repeating incidents is reduced.

The health and wellbeing of employees and contractors is as important as protecting their safety. Iluka is committed to identifying and managing occupational exposure risks, minimising occurrences of occupational illness and promoting healthy lifestyles.

2015 focus areas

Health and safety focus areas in 2015 included:

- enhancement of the Safe Production Leadership program to include "Fatality Free" - a specific program around elimination of fatalities;
- embedding occupational exposure risk management across Australian operational sites, including ongoing monitoring programs;
- design and implementation of a hygiene records data management system;
- increase in process safety awareness by developing incident metrics and a system for capturing the data at a trial site;
- increase in health awareness via training and competency assessments, general awareness sessions and revision of company health standards and procedures;
- weekly management review of all incidents, regardless of severity, to validate the classification and categorisation ensuring serious potential incidents are identified and investigated; and
- improvement in training compliance across the organisation, measured as successful completion of training requirements against mandatory position risk profiles.



Performance of material aspects

Safety

Iluka aspires to achieve a culture where incidents are rare events, aiming for an overall minimisation in the severity and frequency of safety incidents. To monitor safety performance, a series of indicators are monitored, such as the number of safety visits, planned workplace inspections and the identification of near hits and hazards, as detailed in the below table.

Iluka's primary safety measures, in accordance with industry practice, include the lost time injury frequency rate (LTIFR) and the total recordable injury frequency rate (TRIFR). These measures include both employees and contractors.

During 2015, there was an increased focus on Serious Potential Incidents (SPIs) as a part of the "Fatality Free" program.

In 2015, the TRIFR increased from 3.6 in 2014 to 6.7, while the severity rate decreased from 21.9 to 2.4. This reflected a higher occurrence of medical treatment injuries. The LTIFR has remained steady at 0.9. Longer term comparisons demonstrate a significant improvement in LTIFR, down from 3.8 in 2010.

Health and Safety Performance 2011 - 2015

Metric	2011	2012	2013	2014	2015	Trend ¹
Pro-active or leading metrics						
Safety visits (number)	12,991	21,698	24,572	24,564	25,252	n/a
Safety visits per employee per month	1.09	1.65	2.26	2.37	2.27	●
Planned workplace inspections	1,438	3,871	3,434	3,508	4,108	n/a
Planned workplace inspections per employee per month	0.12	0.30	0.32	0.34	0.37	●
Hazard cards	2,157	2,941	3,773	6,564	4,657	●
Training compliance	-	-	-	60%	84%	●
Reactive or trailing metrics						
Lost time injuries (LTI)	14	9	1	3	3	●
Lost time injury frequency rate (LTIFR)	3.1	1.9	0.3	0.9	0.9	●
Medical treatment injuries (MTI)	29	24	10	6	17	●
Medical treatment injury frequency rate (MTIFR)	6.3	4.9	3.1	1.8	5.2	●
First aid (FA) and minor injuries upgraded to restricted work case (RWC) injuries	26	18	4	3	2	●
Total recordable injuries	69	51	15	12	22	●
Total recordable injury frequency rate (TRIFR)	15.1	10.5	4.6	3.6	6.7	●
Percentage of recordable injuries assigned to employees (as opposed to contractors)	30%	33%	33%	33%	36%	n/a
Severity – number of days lost	239	227	109	74	8	●
Severity rate	52.2	46.7	33.7	21.9	2.4	●
All Injury Frequency Rate (AIFR)	32.8	29.2	14.9	9.5	14.8	●
Duration rate (days)	17.1	25.2	1.0	25.0	2.7	●
Serious Potential Incidents ²	12	11	2	11	21	n/a

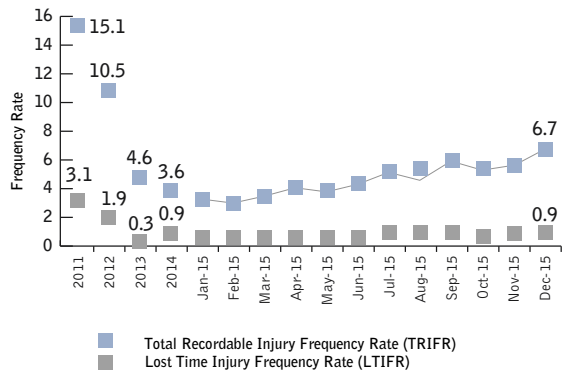
TRIFR, LTIFR and Severity Rate expressed per million hours worked (includes both permanent and contractor hours).

TRIFR = (sum of lost time injuries + medical treatment injuries + first aid and minors assessed as restricted work cases) x 1 million divided by the actual hours worked.

¹ Compared to 2014 statistics.

² The definition of a Serious Potential Incident was changed in October 2014.

Injury frequency rates



Occupational health and hygiene

Iluka is committed to providing a healthy work environment for all employees and contractors. The Company's occupational health and hygiene management framework ensures risks and hazards are detected, controlled and minimised.

In 2015, Iluka continued to enhance its understanding and management of occupational exposure risks within the Company. Whilst eliminating health hazards using physical controls is a priority, efforts also focused on education of the workforce including:

- training and competency assessment on occupational hygiene principles; and
- awareness sessions on administrative and personal protection equipment controls.

In order to prevent occupational illness and injury, Iluka is committed to ensuring workplaces and activities do not impact the health of the workforce. Operations are required to develop and implement fatigue management plans and risk-based drug and alcohol programs. In 2015, 88.5 per cent of new hires completed a risk-based pre-employment medical assessment prior to engagement.

During 2015, Company health standards and procedures were revised in order to provide a consistent framework for managing risks across the Company. Occupational Exposure Limits (OELs) were reviewed to ensure alignment to current scientific evidence and leading practice. These procedures will be implemented in 2016 and aim to encourage improved responsibility throughout Iluka's operations.

In 2015, a 10 per cent decrease was recorded in the number of Australian based employees potentially exposed to noise above the OEL (if not for the use of personal protective equipment), as compared to the 2014 baseline. This reduction is primarily attributed to completion of mining operations at the Woorneck, Rownack, Pirro (WRP) mine, Murray Basin, Victoria, as well as increased noise exposure awareness training.

Efforts continued to reduce potential occupational exposure of contractors with the delivery of education and awareness sessions. Monitoring programs have identified improvements across several operational sites.

Operations are required to establish risk treatment registers taking into account changes to operational status and process change. In addition, periodic health surveillance is required if potential exposure to a harmful contaminant exceeds 50 per cent of the OEL.

Commencing in 2014 and continuing throughout 2015, Iluka participated in a project to co-develop a new data management system for occupational exposure risks, monitoring programs, sample collection and analysis of results. The system aims to support consistent data quality and better facilitate the proactive and comprehensive management of occupational health within the Company. It is planned to be implemented across Iluka during 2016.

In August 2015 the Iluka Executive Risk, Environment, Health and Safety Committee endorsed the establishment of a working group to complete a review of mental health management within the Company. In addition, Iluka maintains health promotion and wellness programs throughout the year including influenza vaccinations, skin checks and education programs on nutrition, drugs and alcohol use, diet, stress and physical activity.

Radiation

Deposits of mineral sands, as with some other minerals such as clay, soils, rocks and many ores, contain levels of naturally-occurring radioactive material (NORM). For this reason, Iluka adopts stringent and internationally accepted radiation management standards to minimise potential risk to human health or the environment from such concentrations occurring.

In Australia, for example, prior to the commencement of a mineral sands operation to which radiation regulations apply, Iluka must obtain approval for Radiation Management Plans appropriate to the proposed activities at that stage. These are reviewed by Commonwealth and/or State regulators in accordance with defined requirements before the granting of an approval to operate. Once approved, these become licence conditions. Compliance with a Radiation Management Plan ensures that actual exposure to radiation for all employees and contractors does not exceed the prescribed statutory limits.

The International Commission on Radiological Protection sets two limits for radiation exposure above that received from natural background or medical exposure, to distinguish between members of the public and workers. These limits are 1 milliSievert (mSv) per year (for general public), and 20 mSv (for radiation workers). Radiation awareness training packages are provided to all relevant staff and contractors in relation to radiation management, in conjunction with broader organisational training programs. The objective is to ensure no Iluka employee or contractor exceeds statutory allowable limits.

In 2015, monitoring results and dose assessments for the workforce did not record any employees or contractors above the regulatory annual limit.

CASE STUDIES

SAFE PRODUCTION LEADERSHIP PROGRAM – “FATALITY FREE”

Iluka established the “Safe Production Leadership” (SPL) program in 2011 with the aim of improving the Company’s safety culture and performance. Since its inception, the majority of employees and key contractors have completed Iluka’s SPL leadership skills package training, with participation in the development of Safe Production Plans on an annual basis.

During 2015, the program was enhanced to include a “Fatality Free” component. This concentrated on the elimination of potential fatalities through:

- increased focus on serious potential incidents (SPIs);
- changed emphasis in safety visits upon fatality prevention;
- increased awareness through training; and
- management system updates to group procedures.



SUSTAINABILITY IMPROVEMENT PROJECTS – SOUTH WEST, WESTERN AUSTRALIA

Iluka’s South West operation team in Western Australia continued with the program of monthly awards for sustainability improvement projects (SIPs) throughout the year. SIPs support Iluka’s proactivity initiative, going beyond compliance and fostering a culture that empowers workers to make a positive impact on health, safety, environment and the community.

Successful projects for 2015 included:

- replacement of radio telemetry antenna to eliminate the risk of fall from height and interactions with mobile plant;
- improved accessibility of manual air valves for isolation, reducing awkward body positioning that could potentially result in sprain/strain, slips, trips or falls; and
- elimination of the potential for a crush injury through fabricating an adjustable locking device on a vibrating screen.

INTEGRATED OPERATIONAL IMPROVEMENT AND EXPOSURE REDUCTION PROGRAM

In 2015, the mineral separation plant in Hamilton, Victoria introduced a continual improvement program. Specific challenges were set to target opportunities for improvement and work crews collaborated to find solutions. Ideas that were successfully implemented and proved effective were then recognised and the responsible person rewarded. One of the key challenges set to improve operations was to reduce mineral spillage.

The program, whilst having positive outcomes in reducing spillage, also reduced the potential for occupational dust exposure. A decrease in dust build-up within the mineral separation plant lowers the likelihood of exposure from disturbance, as well as reducing the amount of time spent in mineral clean-up activities, thereby reducing potential exposure at the source.

Following the success of the operational improvement program, its scope has been expanded to include other sources of potential occupational exposure such as noise.

Engagement and collaboration have proven effective at identifying exposure sources and providing practical solutions, thereby reducing the risk of exposure to employees and contractors.



Environment

Iluka's approach to environmental management is based on understanding and minimising the potential impacts of its operations on the environment. It also includes developing plans for the effective use of resources and for the closure and rehabilitation of disturbed areas.

The Company's Environment, Health, Safety Management System (EHSMS) ensures that potential environmental impacts are identified and governs how impacts are managed from exploration through to closure. Each site has individual requirements that are considered and site specific procedures and work instructions are developed in compliance with the management system.

Iluka recognises that compliance with legislative requirements is the minimum standard that it should achieve while performing at, or beyond legal requirements ("proactivity") as a means of achieving operational efficiency, competitive advantage and industry leadership.

Rehabilitation of areas subject to mining is a major focus of Iluka's environmental management activities. In most cases, Iluka is required to rehabilitate disturbed areas to land uses similar to those that existed prior to mining. Iluka manages a diverse range of land uses including native vegetation across a range of climate zones and agricultural sites.

Rehabilitation objectives are determined in consultation with landowners, regulatory authorities and technical experts. Plans are developed for reconstruction of soil profiles, landform shapes and re-establishment of agreed vegetation. Where practicable, rehabilitation occurs progressively with mining activity.

Iluka has a team of multi-disciplinary technical experts who work to integrate best closure and rehabilitation practice across all phases of mine planning and development. There are 35 rehabilitation specialists based at all of Iluka's operational sites, including mineral separation plants, project and mining sites.

2015 focus areas

In 2015, key focus areas included:

- reducing environmental incidents;
- pursuing research partnerships to enhance biodiversity practice;
- continuing to ensure that, over a five year period, rehabilitation rates exceed the rate of new land disturbance;
- seeking to reduce water use;
- reviewing tailings management processes; and
- improving energy efficiency.

Performance of Material aspects

Environmental incidents

Iluka uses an event management system to record environmental incidents, which are then classified according to the severity of the potential impact to the environment. Level 1 incidents have no or minimal impact and Level 5 incidents have the greatest potential cumulative impact over time.

In 2015, the number of incidents classified Level 3 and above was 14, a 59 per cent decrease from 2014. Investigations determined poor risk assessment, equipment design factors and inadequate procedures as the main contributing factors to Level 3 and above incidents.

The decrease in Level 3 and above environmental incidents for the second year running (from 34 to 14) is due to a combination of factors, including improvement of transport practices and sharing of lessons learned from incident investigations as well as a reduction in the number of operating sites.

Environmental incidents over the period 2011 to 2015

Metric	2011	2012	2013	2014	2015	Trend ¹
Level 1 environmental incidents	481	796	769	1002	777	●
Level 2 environmental incidents	180	187	145	154	96	●
Level 3 environmental incidents	82	43	45	30	11	●
Level 4 environmental incidents	3	16	12	4	3	●
Level 5 environmental incidents	0	0	0	0	0	●
Total environmental incidents	746	1042	971	1190	887	●

¹ Compared to 2014 statistics.

Biodiversity

Biodiversity is an integral consideration for planning, operational and rehabilitation activities at Iluka.

The protection and enhancement of biodiversity is formalised in a range of management documents to ensure the protection and enhancement of biodiversity at Iluka's sites. During mine planning these include: pre-mine flora and fauna surveys; vegetation mapping; assessment of groundwater extraction impacts on groundwater dependent ecosystems; and mitigation plans to address any residual impacts on biodiversity.

In the operational phase of mining, management plans are developed to address specific biodiversity aspects such as fauna; native vegetation; pest/weed species; plant disease; and soil management. Areas disturbed through mining are progressively restored to a land use that is agreed with government agencies and landholders at the cessation of mining activities. In most cases, areas of native vegetation are restored to an equivalent ecosystem, with monitoring of the flora and fauna by both internal and external professionals.

Mine closure plans determine landscape restoration targets and rehabilitation management plans identify issues, such as soil profile reconstruction and definition of local provenance for seed collection, to maintain genetic function and distinctiveness of re-established populations. Monitoring methods, validated and approved by regulatory authorities, are undertaken by external professionals to measure the performance of the rehabilitated landscape and to ensure continuous improvement.

Development of leading practice in protecting and enhancing biodiversity is addressed through scientific research and its implementation. Where insufficient knowledge is available to inform this practice, Iluka supports fundamental scientific enquiry through partnerships with research institutions. Such enquiry can have practical importance to Iluka's rehabilitation and environmental management activities, for example, to inform the optimal choice of plant species in rehabilitation after mining to achieve functional and resilient ecosystems that allow biodiversity to increase naturally.

Key initiatives addressing biodiversity in 2015 included:

- research into restoration of kwongan heathland near Eneabba, Western Australia, as part of the Chair in Vegetation Science and Biogeography at the The University of Western Australia and Australian Research Council Linkage Project;
- an ongoing research partnership with the University of Adelaide through a joint Iluka and Australian Research Council Linkage Project at Jacinth-Ambrosia; and
- support for the Western Australian Botanic Gardens and Park Authority for biodiversity research and application at Iluka's Eneabba operations.

In July 2015, the Iluka Chair in Vegetation Science and Biogeography at the School of Plant Biology, The University Western Australia, was awarded \$354,000 (over three years) from the Commonwealth Government to continue research on rehabilitation of the kwongan vegetation in the Eneabba region. The Australian Research Council Linkage Project "Functional Trait Approach to Restoration of Species Rich Shrublands" is an international collaboration between Iluka, The University of Western Australia, Tronox, Hungarian Academy of Sciences, University of Waikato and Université de Montréal.

Iluka is an active participant in the international mine closure community and is the Principal Sponsor for the International Mine Closure Conference 2016. Additionally, Iluka's Principal Rehabilitation Scientist presented at the annual Mine Closure Conference 2015 held in Canada in June 2015 and at the 3rd Australian Mine Rehabilitation conference on Innovation in Planning and Rehabilitation, held in Adelaide in 2015.

Land rehabilitation and closure

Land management and rehabilitation constitute a significant, ongoing part of the Company's activities.

Iluka's closure practices are guided by standards and procedures within its Environment, Health, Safety Management System (EHSMS). Rehabilitation efforts are aligned with leading practice and undertaken in a socially and environmentally responsible manner.

The Company's overarching rehabilitation strategy is to ensure, over a five year period, that rehabilitation rates exceed the rate of new land disturbance.

During 2015, Iluka rehabilitated 479 hectares of land in Australia and the United States. Overall land disturbance for the year of 166 hectares occurred, with an overall reduction of 313 hectares of open land being achieved.

As at the end of 2015, 14 sites (74 per cent) had completed closure plans, with the remaining 5 sites (26 per cent) having partially completed closure plans. This includes mining and processing sites which are active and those under care and maintenance (care and maintenance sites are those that still have open areas). Mine sites where rehabilitation operations are complete (primary rehabilitation program is complete) are excluded.

Core components of Iluka's closure planning process are the development of post operational land use or uses; closure objectives; identification of risks in achieving these objectives; and completion criteria to measure progress towards achieving objectives. Additionally, detailed plans are developed to define the closure scope of works and financial provisions required to support these works.

Closure risk assessments are updated annually and precede the annual review of closure provisioning. The Company undertakes research projects, where necessary, to support rehabilitation planning and activities. Examples include studies into numerous ecosystems and methods, such as rehabilitation of kwongan heath ecosystems (Eneabba, Western Australia), rehabilitation of Western Myall ecosystems (Jacinth-Ambrosia, South Australia) and investigation of methods to consolidate geo-technically unstable tailings.

Historically, annual disturbance and rehabilitated areas were determined based on site observations and plans and as such, reported disturbance areas may have been based on a plan that was not fully implemented. Recently an integrated Australian operations Geographic Information System (GIS) data set was developed to achieve Iluka's target of mitigating closure liability by ensuring that the rehabilitation exceeds disturbance. This approach uses a combination of spatial information technologies such as surveys, GIS and aerial imagery, enabling the adoption of a consistent standard, as well as the ability to independently verify data via aerial photography. Ultimately, it has improved the integrity of data. Additionally, exploration disturbance of vegetation, with limited soil disturbance, is now considered to be outside of the definition of 'land disturbance' and as such not reported upon.

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Land use by region – land disturbed (hectares)

Area / Location	2011	2012	2013	2014	2015
Murray Basin (Victoria)	447 ¹	461	212	167	0
Eucla Basin (South Australia)	77	53	1	27	40
Perth Basin (Western Australia)	194	109	0	0	38
Virginia, Florida (United States)	66	124	102	50	88
Total	784	747	315	244	166

Land use by region – land rehabilitated (hectares)

Area / Location	2011	2012	2013	2014	2015
Murray Basin (Victoria)	60	177	316	145	135
Eucla Basin (South Australia)	0	0	11	12	2
Perth Basin (Western Australia)	79	317	349	302	312
Virginia, Florida (United States)	77	83	128	60	30
Total	216	577	804	519	479

Land use by region – total area of land open (hectares)

Area / Location	2011	2012	2013	2014	2015
Murray Basin (Victoria)	1,999 ¹	2,283	2,179	2,201	2,066
Eucla Basin (South Australia)	840	911	902	918	956
Perth Basin (Western Australia)	4,074	3,867	3,517	3,215	2,941
Virginia, Florida (United States)	513	554	528	518	576
Total	7,426	7,615	7,126	6,852	6,539

¹ Historically, annual disturbance and rehabilitated areas for the report has been determined based on site observations and plans and as such, reported disturbance areas may have been based on a plan that was not fully implemented. Recently an integrated Australian operations Geographic Information System (GIS) data set was developed to achieve Iluka's target of mitigating closure liability by ensuring that the rehabilitation exceeds disturbance. This approach uses a combination of spatial information technologies such as surveys, GIS and aerial imagery, enabling the adoption of a consistent standard, as well as the ability to independently verify data via aerial photography. Ultimately, it has improved the integrity of data. Additionally, exploration disturbance of vegetation, with limited soil disturbance, is now considered to be outside the definition of 'land disturbance' and as such not further reported upon.

REHABILITATION
CASE STUDIES

ENEABBA – VEGETATION DIRECT TRANSFER

The rehabilitation practice of transferring intact topsoil and native vegetation is known as vegetation direct transfer (VDT). While a typical approach entails disturbance of the area and subsequent seeding and replanting, Iluka's environmental and rehabilitation personnel initiated a proactive approach to assist with the challenges of soil stabilisation, preserving seed resources and propagating hard to establish species (termed recalcitrant species). With this practice, native vegetation and 30 – 40 cm of the intact topsoil profile is excavated and placed onto a ripped subsoil surface.

Approximately two hectares of kwongan heath vegetation were transferred from the mine path to a prepared area. Direct transfer of the heath vegetation occurred in 2012. The diversity of plant species has increased every year since the translocation, as indicated by botanical monitoring. Soil stabilisation, soil quality and ecological niche provision have also greatly improved in comparison to the traditional soil handling methods. Many recalcitrant species have survived translocation and are flourishing in the direct vegetation transfer area, including *Mesomelaena pseudostygia* from the Cyperaceae (sedge) family and *Desmocladus parthenicus* from the Restionaceae (rush) family.

TUTUNUP SOUTH –
WETLAND TRANSPLANTATION

Iluka is involved in an innovative approach to native vegetation rehabilitation at its Tutunup South mine in Western Australia, through the transplantation of two hectares of paluslope wetland community from the mine path to a nursery. This has been pursued, rather than disturbance of the area and subsequent replanting.

Transplanting occurred in November and December 2010 and will be returned back to its original location around 2017. A number of recalcitrant species, that are difficult to propagate, occur in the wetlands and since removal they are surviving and flourishing after five years in the nursery environment. Some of the species include *Leucopogon australis* from the Ericaceae family and *Cyathochaeta teretifolia* from the Cyperaceae family.

SOUTH WEST, WESTERN AUSTRALIA –
NATIVE VEGETATION OFFSETS

As part of approvals to mine the Tutunup South mineral sands deposit near Capel, Western Australia, Iluka and the State and Federal Governments reached agreement for native vegetation offsets.

The agreed offsets include the restoration of native vegetation on an area previously mined at the Company's Yoganup mine site. This area was initially planned to be returned to pasture and is now referred to as North Yoganup Vegetation Corridor. It is located south east of Capel on the Whicher Scarp.

A revegetation implementation plan was developed for the 13 hectare offsets area and revegetated in 2014. The revegetated area complements existing vegetation communities and provides a native vegetation corridor between a State Forest and an undisturbed wetland area. The area also provides habitat to establish four separate communities: Jarrah on laterite; Marri/Haemo on clay; Cartis on sand; and Paluslope/wetland species.

A long term research strategy for native vegetation restoration has been developed and is consistent with Iluka's approach to rehabilitation in other sensitive areas, such as Eneabba in the Mid West of Western Australia and Jacinth-Ambrosia in South Australia.



Water use

Iluka maintains a focus on the efficient use of water and recycling wherever possible.

The approach to water supply and sourcing depends on the nature and location of the operations. For example, at the Jacinth-Ambrosia operation in South Australia the ore is located above groundwater level and hyper saline water is sourced from borefield in a paleochannel for use in processing activities. At Tutunup South, Western Australia, mining intersects the superficial aquifer in the sandy beds in the Yoganup Formation, requiring dewatering. All water removed from the pits ultimately becomes process water and is preferentially utilised over abstracted groundwater. Groundwater is also abstracted from the deeper Yarragadee Aquifer to supplement the process water supply.

Fresh water discharge may occur when seasonal imbalances in water supply and demand exist. In such instances, the discharges are licenced and the strict conditions imposed by such licences are followed. Groundwater resources are further protected by means of monitoring programs and regular interpretation of monitoring data is performed during aquifer reviews.

At the Company's United States' operations in Virginia, process water was recycled using a polymer to assist the release of water from tails materials back into circulation in a shorter period. In turn, this reduced the need of water withdrawal from surface and groundwater.

The table below shows water use and discharge by region, water withdrawn by source, and water discharge by quality and destination between 2011 to 2015. The decrease in the Murray Basin is linked to the completion of mining activities at Wornack, Rownack, Pirro and thus not requiring any further dewatering activities. Increase in water use in the United States is due to the restart of the Concord mine, the utilisation of the Meherrin River source at the Brink concentrator and the higher levels of clays in the ore resulting in more water retention in tailings. Increase in water usage for the Perth Basin is due to the restart of synthetic rutile kiln 2 at Capel, Western Australia.

Water use by region (megalitres)

Area / Location	2011	2012	2013	2014	2015
Murray Basin (Victoria)	3,925	2,742	1,977	2,352	1,039
Eucla Basin (South Australia)	6,867	7,763	3,384	1,882	2,018
Perth Basin (Western Australia)	5,040	11,623	4,175	2,373	3,780
Virginia, Florida (United States)	1,589	2,034	1,287	615	1,098
Total water discharged	17,421	24,162	10,823	7,222	7,935

Water discharged by region (megalitres)

Area / Location	2011	2012	2013	2014	2015
Murray Basin (Victoria)	123	114	52	152	55
Eucla Basin (South Australia)	0	0	0	0	0
Perth Basin (Western Australia)	1,603	1,457	1,601	3,653	1,737
Virginia, Florida (United States)	509	264	768	518	1,734
Total water discharged	2,235	1,835	2,421	4,239	3,526

Total water withdrawn by source for 2015 (megalitres)

Area / Location	2014	2015
Surface water	258	464
Ground water	6,036	6,414
Rainwater	483	409
Municipal water supplies or other water utilities	598	647

The above table displays water withdrawn, defined under the GRI requirements as all water drawn into the boundaries of the organisation from all sources for any use.



The water discharge table on the previous page shows discharge via a metred flow to either surface drainage, or groundwater infiltration basins. Groundwater extracted for dewatering purposes and discharged via on-site infiltration basin or reinjection wells has been excluded. The higher levels of water discharged in the US Operations is the result of increased rainfall which resulted in higher discharge amounts through the stormwater outfalls at the Brink mineral separation plant, purging the site of process water in preparation of idling of the Concord mine and new dewatering operations. The lower level of discharge in the Perth Basin is due to decreased rainfall, changes to mine pit configuration and storage plan at Tutunup South mine and no discharges associated with Iluka's Mid West operations.

Waste management

Iluka is committed to responsible management of waste products generated from its activities. Sites develop and implement waste management plans relevant to their location addressing management of general waste, hazardous materials, sewage, hydrocarbons and process tailings.

During mining, gravity separation is used to remove gangue minerals such as quartz, which is backfilled into the mine void or dedicated tailings storage facilities. Fine materials are dispersed in sand tails, buried in mine voids after drying out in temporary solar drying dams or co-disposed with sand in tailings storage facilities. Saline oversized material is generally disposed of in the mine void beneath the water table. Waste materials from mineral separation plants are, in most cases, returned to mine voids, and include gypsum, material from dust collection systems and residual fines removed from heavy mineral concentrate. Iluka is currently seeking approvals for the continued regulated disposal of by-products in a mine void at the former Douglas mine site in the Murray Basin, Victoria. Further information on this process is available in the Communities section and on Iluka's website. By-products from the synthetic rutile plants are disposed in dedicated tailings storage facilities while Iluka has successfully commercialised other by-products, such as activated carbon and iron oxides.

Site specific tailings management plans are prepared in accordance with the Australian National Committee of Large Dams Guidelines prior to commencement of tailings deposition. The plans are reviewed and updated throughout the life of the tailings storage facility. Annual external audits are conducted by geotechnical specialists to confirm structural integrity and to assess that the design is relevant for current use.

During 2015, a tailings risk review was completed and presented to the Board. This included a summary of tailings storage facility locations, size and nature of material, potential risks and management controls.

Naturally occurring radioactive material is present in most heavy mineral sands deposits. The minerals that give rise to low levels of radiation are usually concentrated in process waste streams which are returned to mine voids. Specific programs ensure that localised concentrations of radioactivity in disposal areas are kept within legally defined requirements. Additional information on radiation management can be found in the Health and Safety section of this section and on Iluka's website.

Iluka recycles waste material where possible. Oversize ore is often recycled for on-site road construction or other activities. A recycling program was also implemented at the Virginia operation, in the United States, focussing on the use of vegetable based hydraulic fluid in lieu of petroleum based hydraulic fluid in some of the surface mobile equipment. The Company continues to recycle light bulbs and batteries in this operation, reducing hazardous waste streams.

During 2015, there were five minor spill incidents concerning turbid water discharges reported to regulators. The total volume of these spills is not available as it was not possible to accurately quantify the spill volume in many of the cases. These incidents resulted in negligible environmental impact.

Energy efficiency and carbon emissions

Energy use and carbon emissions are recognised for their economic, social, environmental and regulatory impacts on the the Company and on the community within which it operates. Consequently Iluka aims to use energy efficiently, measure outputs, monitor impacts and plan for current and future regulatory requirements.

Iluka's management approach is set out in an Energy and Carbon Group Standard, contained within the Environment, Health, Safety Management System (EHSMS). The objective of the Standard is to maintain and report complete, accurate and transparent energy use and carbon dioxide equivalent emissions data and identify, assess and prioritise emissions minimisation opportunities, including improved efficiency in energy use.

Energy consumption for 2015 has increased following the restart of synthetic rutile operations. As a result, both direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions were higher than 2014.

Reduction in energy use in the Murray Basin was due to the completion of the Woonack, Rownack, Pirro mine in March 2015.

The Australian regulatory carbon compliance requirements for 2015 included the 2014/2015 National Greenhouse and Energy Report which was submitted in October 2015.

As reported in 2014, Iluka conducted an Energy Efficiency Opportunities (EEO) assessment of the synthetic rutile operation, South West, Western Australia. Although the legislation underpinning EEO was to be repealed in 2014, the assessment was completed with 12 energy efficiency opportunities evaluated. Since the restart of the synthetic rutile 2 kiln in March 2015, four of the energy efficiency opportunities evaluated have been implemented.

Quantification of the benefits of these projects will be pursued during 2016.

Energy Resources Used (%) 2011 - 2015

	2011	2012	2013	2014	2015
Coal	53.4	45.7	28.7	0.0	45.7
Electricity	10.2	14.8	19.5	24.7	14.3
Natural Gas	11.9	19.3	16.4	24.2	21.4
LPG	4.9	0.0	0.1	0.1	0.0
Diesel	19.2	20.0	35.0	50.3	18.0
Petrol	0.1	0.2	0.3	0.5	0.5
Fuel, Oil & Greases	0.3	0.1	0.0	0.2	0.1
Total	100.0	100.0	100.0	100.0	100.0

Energy use by region (terajoules)

Type	2011	2012	2013	2014	2015
Murray Basin	1,352	903	677	955	506
Eucla Basin	547	670	563	535	577
Perth Basin	6,591	6,393	1,987	553	3,109
United States	997	485	470	284	339
Exploration	8	8	4	2	5
Corporate	1	2	1	1	1
Iluka Total	9,496	8,461	3,702	2,330	4,537

Scope 1 and 2 greenhouse gas emissions (kt CO₂-e)

Region	2011	2012	2013	2014	2015
Murray Basin	161	105	81	105	56
Eucla Basin	38	38	32	31	33
Perth Basin	588	549	147	54	289
United States	72	73	73	54	58
Exploration	1	<1	<1	<1	<1
Corporate	1	<1	<1	<1	<1
Iluka	861	765	333	244	436

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Our People

Iluka seeks to build and maintain a diverse, sustainable and high performing workforce which reflects the communities where the Company operates.



The Company encourages employee achievement through the principles of Accountability, Commerciality and Engagement, and strives to maintain a work culture that reflects its values of Commitment, Integrity and Responsibility. This includes a high standard of health and safety behaviour and the development of individuals, leaders and teams to achieve extraordinary performance.

Iluka's People Management System, aligned to the Iluka People Policy, establishes the Company's approach to recruiting, developing and retaining a high performing workforce to achieve Iluka's objectives. Iluka also maintains fair work policies, including an Equal Employment Opportunity and Bullying and Harassment Policy.

Iluka's organisational structure is designed to facilitate the achievement of the key deliverables of the Company's corporate planning process and its prime objective: to create and deliver value for shareholders.

2015 workforce profile

>900 direct employees globally, predominantly in Australia

During the course of the year, Iluka has increased its workforce by approximately, 75 positions. The shutdown of Wornack, Rownack, Pirro mining operation resulted in a reduction in employees by 54. The restarting of the synthetic rutile 2 kiln in Western Australia resulted in 64 new positions.

Annual average contractors reduced by approximately 100 to 760

29% female / 71% male

5% Australian workforce is indigenous¹

<1% recognised disability¹

10% of employees have flexible work arrangements

4.5% employee initiated turnover

¹ Iluka respects employee privacy, data is identified employees only.

2015 focus areas

Focus areas during 2015 included:

- promoting awareness of diversity;
- integration of workplace diversity principles into Company activities;
- attracting, developing and retaining more employees across various ages ranges, people with a disability, women and indigenous people;
- creating a flexible workplace culture which assists employees to balance their responsibilities;
- talent management; and
- continuation of the employee volunteering initiative.

Performance of material aspects

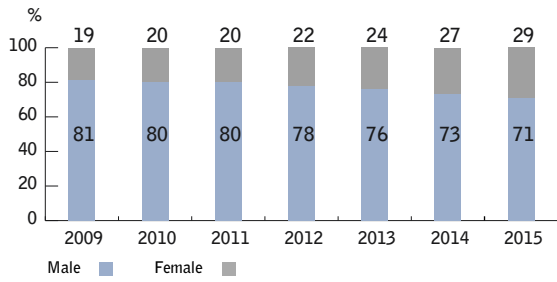
Diversity

Iluka's People Policy underpins the Company's approach to diversity. The Company respects and encourages workplace diversity and strives to create a flexible and inclusive workplace environment which assists employees to balance their responsibilities. A Diversity Committee, chaired by the Managing Director, continued in 2015 to promote awareness of diversity and integrate workplace diversity principles into company activities, including recruitment, training and employment policies.

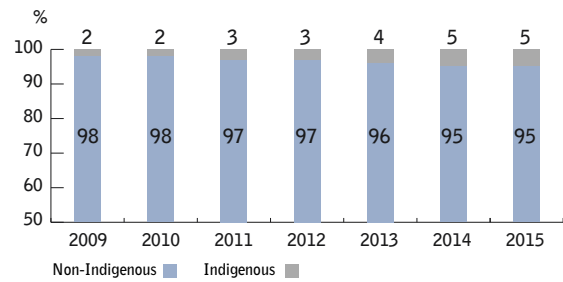
During 2015, Iluka's People and Performance Committee upheld measurable objectives for Iluka's workforce diversity of 30 per cent female and 8 per cent indigenous employee participation to be achieved by 2018. In 2015, the Company increased its female employment participation in Australia to 29 per cent, up from 27 per cent in 2014.

The number of indigenous employees remained steady at 5 per cent with the majority of indigenous employees based at the Jacinth-Ambrosia operation. During the year one indigenous trainee in the Mid West, Western Australia, was promoted to a shift operator. Three traineeship positions were filled by students from the indigenous youth programs of the Clontarf Foundation and SHINE. The mentor program was continued during the year to support both the students and the supervisors.

Gender Diversity (Australia) 2009-2015



Indigenous Diversity (Australia) 2009-2015



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Diversity achievements

Area of Focus	Objectives	Progress
Promote awareness of diversity	Employees and stakeholders have access to meaningful diversity information	<ul style="list-style-type: none"> Iluka's People Policy and Diversity Standard is highly accessible to employees online and at Iluka locations. Three Diversity Committee meetings were held during 2015. Diversity initiatives and outcomes were reported to the Executive and the People and Performance Committee of the Board. A number of presentations were made by senior managers at external events. Iluka hosted Women in Mining Western Australia event and were Platinum sponsors of the Women in Mining Network, South Australia. Winner of the AIM WA West Business Pinnacle Awards in the "Workplace Diversity Excellence".
Integrate workplace diversity principles into company activities	People management practices implemented to reflect diversity and inclusion	<ul style="list-style-type: none"> Unconscious Bias and Values Based Recruitment training was undertaken by managers. Behavioural Expectation (Code of Conduct and Equal Employment Opportunities) training continued during the year including Board level. Gender pay equity review completed and anomalies corrected. WGEA Report submitted for 2014-2015. Gender neutral paid parental leave implemented and communicated.
Attract, develop and retain more employees across various age ranges, people with a disability, women and indigenous people	<p>Achieve 30% gender diversity by 2018*</p> <p>Achieve 8% indigenous diversity by 2018*</p> <p>Sustainable employment opportunities for people with disabilities*</p> <p>*Objectives and strategies are currently Australian based</p>	<ul style="list-style-type: none"> 29% gender diversity in Australia. Female diversity increased from 4% to 15% from 2014 to 2015 in the South West Operations. Four senior female managers were appointed during 2015. 37% of new employees recruited during 2015 were female. Sponsorship partnership with Clontarf Foundation and SHINE in Geraldton and Newton Moore Girls Academy in Bunbury Western Australia, resulted in three trainees. Hosted 2015 CoRE (Centre of Resources Excellence), aimed at educating Australia's youth about the broad career opportunities available in the resources sector. Indigenous employment remained steady at 5%. Overall <1% with a recognised disability.
Create a flexible workplace culture which assists employees to balance their responsibilities	Flexible employment arrangements supported	<ul style="list-style-type: none"> 10% employees on flexible work arrangements, including part-time, working from home, modified start and finish times and compressed working weeks.

Workforce Profile from the 2014-2015 Workplace Gender Equality Agency Report*

	Female			Male			Total	%	
	Full time	Part time	Casual	Full time	Part time	Casual		Female	Male
CEO	-	-	-	1	-	-	1	-	100
Key Management Personnel	-	-	-	3	-	-	3	-	100
Executives/General Managers	1	-	-	7	-	-	8	13	87
Senior managers	1	-	-	15	-	-	16	6	94
Other managers	9	2	-	39	-	-	50	22	78
Professionals	61	27	1	172	7	-	268	33	67
Technicians and trade	19	2	-	97	1	-	119	18	82
Clerical and administrative	40	12	2	3	2	1	60	90	10
Machinery operators and drivers	16	1	-	178	-	-	195	9	91
Other	-	-	-	-	-	-	-	-	-
Total	147	44	3	515	10	1	720	26	74

*Workplace Gender Equality Agency numbers as at 31 March 2015.





Talent management

Iluka considers employee development to be important and as such invests in skill development and building employees' capabilities for growth and leadership competency. The individual development of employees, improving team effectiveness and increasing the flexibility of the business to respond to changing conditions, are critical to an engaged and high achieving performance culture and Iluka's objective and values.

Programs include:

- apprenticeships and traineeships;
- vacation students and graduates;
- technical and professional development; and
- management and leadership development.

All employees participate in an annual performance review process. Objectives are set at the beginning of each year aligned to the Iluka corporate plan (relevant to the position). Regular conversations are held and feedback provided throughout the year and formal mid year and full year reviews are completed.

Employee performance plans include a development planning component and development and career discussions are the focus of the mid-year review. Training and professional development is planned accordingly for each individual.

In addition, internal mechanisms are adopted to identify high performing individuals and to facilitate succession planning across all levels of the Company. Succession planning is in place for leadership positions, including the Managing Director and his direct reports.

A number of development programs were run throughout 2015. These included:

- Achieving Extraordinary Performance programs. This program develops employees' workplace skills and self knowledge with a 2015 focus on innovation. 83 employees attended this program during 2015;
- Supervisor Development Programs, designed to provide leadership skills for supervisors and employees identified as supervisor successors or high potential employees for the future. These are 15-18 month programs; and
- a mentoring program, which has included matching high potential employees and successors with General Managers and senior leaders. The program aims to complement Iluka's business strategy largely by engaging, retaining and developing high potential employees, as well as creating an empowering and supportive culture.

Employee volunteering

Iluka's Volunteer Leave Program, introduced in 2012, supports and encourages employees to volunteer their time to community groups. Each employee is able to take two paid working days to make a contribution to an organisation that has direct meaning to them.

In 2015, the participation of employees in volunteer leave was 28 per cent. A total of 283 FTE days were recorded which equates to a community contribution of approximately \$120,000 (calculated at an average cost of \$53.20 per hour excluding on-costs).

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CASE STUDY

DIVERSITY – WORKPLACE DIVERSITY

Iluka was recognised for its commitment to diversity by being awarded the 2015 Australian Institute of Management, Western Australia WestBusiness Pinnacle Awards for Workplace Diversity Excellence.

For the past five years, Iluka has been working towards developing a workforce which better reflects the communities in which the Company operates, and building an inclusive culture where employees welcome and value diverse thinking from people with different backgrounds and experience.

During this period, female gender diversity has increased from 20 to 29 per cent and indigenous diversity has increased from 3 to 5 per cent.

ILUKA HOSTS CORE SUMMIT

As part of Iluka's ongoing commitment to diversity, innovation and talent development a CoRE (Centre of Resource Excellence) Summit was held in August 2015.

The CoRE Summit brought together people representing industry, education (including students) and government to discuss the importance of STEM (Science, Technology, Engineering and Maths) education for the mining and resources sector.

The STEM disciplines are essential to both Iluka's business and more broadly as a contributor to economic growth through innovation and technological development.



Communities

Iluka recognises that open and meaningful engagement with stakeholders is integral to the development, operation, rehabilitation and relinquishment of its mining and processing facilities.

Iluka's community engagement activities are sought to be conducted in a transparent, collaborative and consistent manner. Stakeholder rights, values, beliefs and cultural heritage aspects are acknowledged, respected and included in the Company's decision making processes in order to develop mutually beneficial relationships.

The Company works in partnership with its stakeholders, including landholders, communities, indigenous groups, non-government organisations and government representatives to minimise negative impacts and maximise value to the regions in which it operates.

Each of Iluka's sites, projects or functions has requirements (regulatory and/or identified through risk identification processes) that are considered, with specific management approaches developed in compliance with the Environment, Health, Safety Management System (EHSMS). Within the EHSMS, Iluka maintains a Stakeholder Relations Policy and a Stakeholder Relations Standard. The Policy and Standard outline the Company's principles for engagement and ensures business activities are conducted with consideration of internal and external stakeholders.

2015 focus areas

Key areas of stakeholder relations performance and risk management for 2015 were:

- maintaining open and meaningful engagement with stakeholders;
- minimising community complaints and grievances; and
- securing and maintaining Iluka's social licence to operate.

Iluka's stakeholder relations management approach and social performance was assessed as a component of Iluka's Sustainable Development Review Project, page 36. A key recommendation of the review was to strengthen social performance management systems through the creation of the Communities function within the corporate Sustainability group from 2016. The Communities function is responsible for governance of Iluka's community relations and social performance management, which includes:

- community engagement;
- social impact assessments;
- community development;
- indigenous relations; and
- human rights.

Performance of material aspects

Stakeholder Engagement

All operational sites, major projects and advanced exploration activities prepare a Stakeholder Engagement Plan to meet any regulatory requirements and the requirements of the Stakeholder Relations Standard. These plans are updated either annually or at the completion of an identified milestone (for example, receipt of approvals and commencement of construction activities). Comprehensive mapping and analysis is undertaken to identify stakeholders potentially or actually impacted by the Company's operations or who may have an influence upon it, and to determine the engagement requirements of each stakeholder group. Plans detail engagement activities, including the methods and frequency, key messages and regulatory requirements, to ensure stakeholders are provided with appropriate avenues to engage with the Company and receive appropriate information.

Examples of operational engagement activities include:

- Environmental Review Committee meetings;
- project information sessions;
- face-to-face meetings with landholders and community members;
- meetings with indigenous representatives;
- presenting and attendance at industry events (conferences and workshops);
- attendance at regional events;
- distribution of newsletters; and
- site tours.

In 2015, Iluka engaged with a number of governments in Australia and overseas in support of the Company's operational and business development activities. Engagement with various regulatory agencies was also undertaken.

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Rehabilitated mined area, South West, Western Australia.

Iluka is seeking approvals for the continued regulated disposal of by-products from the Company's Hamilton mineral separation plant at a dedicated location at the former Douglas mine site in Victoria. In the medium term, the plant is likely to be sourcing concentrate exclusively or predominantly from mines located outside of Victoria. This requires renewed approvals and is necessary to ensure the continued operation of the plant as the processing hub of Iluka's Murrumbidgee Basin operations. The Company considers the continuation of the current regulated, safe and standard industry practice to be the most appropriate environmental, commercial and technical arrangement. The approvals process has included extensive consultations with the State Government, Horsham Rural City Council and local community members during 2015. Decisions on Iluka's applications are expected in 2016.

Grievance management

Iluka maintains formal grievance mechanisms, allowing external stakeholders to formally raise issues of concerns with the Company. All complaints are recorded, investigated and responded to in line with Iluka's Stakeholder Complaint Reporting and Resolution Procedure. Those of a specific risk classification are reported through to the Executive and Board as part of the monthly sustainability report.

Iluka seeks to contribute to the communities and regions in which it operates, however, it recognises that at times, its activities can impact on the lives of its neighbours, community and interest groups. Actual and potential impacts on stakeholders are identified at each of Iluka's sites, projects and operations through planning and approval documents, as well as site-based risk assessments. Mitigation measures are included in site procedures. Iluka monitors its operations for potential issues or matters of concern to stakeholders. Each site, project or operation has site-based personnel able to respond to stakeholder concerns.

In 2015, Iluka received 28 complaints (a decrease from 77 in 2014). The nature of the complaints varied although most were related to operational matters, in particular noise from truck and site activity. Iluka received two complaints in 2015 relating to customary rights of local communities and indigenous people. The complaints related to the photography of termite mounds and wildflowers in close proximity to the exploration camp and the attendance of an Iluka representative on a tour of a rock hole in the Canning Basin, Western Australia. Iluka representatives worked with the local indigenous group, the Karajarri, to identify additional sensitive sites in the area of activity. Outcomes were included in Iluka's site induction. No disputes relating to land use were received in 2015.

Indigenous relations and cultural heritage

At sites where cultural heritage is identified, a Cultural Heritage Management Plan is prepared and maintained to meet regulatory requirements and ensure the protection of cultural heritage sites.

Where indigenous people have rights over, or special connections to the land where mining related activities are planned or located, specific engagement is undertaken.

Iluka's Native Title Mining Agreement with the Far West Coast (FWC) Native Title holders has been in place since the commencement of operations at Jacinth-Ambrosia.

As part of this, the Company has implemented an Employment, Education and Training Program aimed at achieving long term, positive outcomes for the FWC Aboriginal people. In 2015, recruitment and mentoring guidelines were updated to supplement existing procedures (recruitment, training and developing Aboriginal job seekers and existing employees) and provide guidance to recruitment processes across the Company to ensure best practice in recruiting and mentoring Aboriginal and non-Aboriginal people.

These procedures have also been adopted by several contractors employed by Iluka at Jacinth-Ambrosia and this operation has exceeded its initial target of 20 per cent indigenous employment with a workforce where over 22 per cent are drawn from the FWC Aboriginal community.

The FWC Aboriginal Corporation (administration body for the FWC Aboriginal People) has worked extensively for several years to build businesses to initially support the Jacinth-Ambrosia operations, with growth plans in place to ensure viable businesses post mining. The most established of these is FWC Mining and Civil, which leases eight assets to Iluka and its mining contractor, Exact Mining.

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CASE STUDY

ROAD SAFETY PROGRAM, SOUTH AUSTRALIA

In 2015, Iluka and its transport contractor in South Australia, Kalari received the South Australian Premier’s Award for Excellence in Supporting Communities for the Companies’ combined efforts in addressing road safety issues along the Eyre Highway. The award was recognition for efforts over six years between Iluka, Kalari and a number of organisations and community representatives to address the road safety concerns for all highway users and mitigate the risks of heavy vehicle traffic across the region.

Prior to the commencement of mining in 2009 Iluka and Kalari identified road safety as a key operational risk and worked with various community groups and representatives to address safety concerns. Kalari’s triple road trains transport heavy mineral concentrate from the Jacinth-Ambrosia mine 270 kilometres to the Port of Thevenard, through the townships of Penong and Ceduna and past several indigenous communities.

The road train safety program was first run in 2009. In partnership with Iluka, Kalari, the South Australian Police, the District Council and educational institutions, each school and indigenous community across the region has been visited by a Kalari triple road train with a driver simulator to raise awareness of heavy vehicle safety.

The program expanded to the broader community in 2011 with the inclusion of the driver simulator as part of the region’s premier community event, Oysterfest. The opportunity to "drive" a triple road train and speak with drivers enabled a broader understanding of stopping times, turning circles and the considerations required when sharing the road with heavy vehicles.

The road safety program has extended from community education to include several initiatives; including upgrading the driving lights on several Kalari road trains and the reinstatement of the Mobile Assistance Program bus service within the Ceduna township.



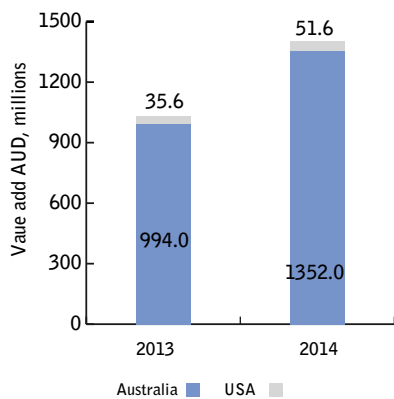
Employment and economic contribution

A study of the employment and economic contribution of Iluka's activities in Australia, the United States and China was conducted by Ernst & Young in 2015. Analysis included employment, contractor and procurement data for 2014, with direct and indirect contributions assessed.

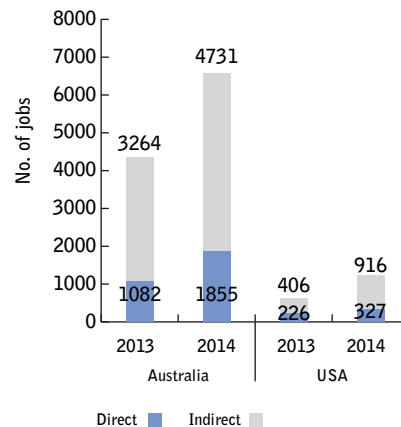
Findings for Australia indicated that Iluka contributed 1,855 direct jobs, 4,731 indirect positions and \$1.4 billion in economic value-add to the regions in which it operates. In the United States, Iluka directly employed 327 people and indirectly contributed to the employment of more than 916 people. \$51.6 million was contributed to the US economy.



Value added contribution from 2013 to 2014 (\$ million)



Employment contribution from 2013 to 2014



Note, US multipliers used for US indirect employment data



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Partnering and community investment

Iluka seeks to contribute to the communities in which it operates. Iluka engages in communities through volunteering and the provision of in-kind and financial support and aims to support initiatives that meet both the community's needs and support the Company's objectives, including employee diversity, regional capacity and rehabilitation and closure.

In 2015 Iluka's partnership program contributed \$850,000 to corporate and regional initiatives.

Iluka had five major corporate partners (sponsorships over \$25,000):

- Clontarf (indigenous education);
- SHINE (education support for young women);
- OCHRE (indigenous culture);
- The University of Western Australia (biodiversity, rehabilitation and closure); and
- Virginia Tech (land management and rehabilitation).

Iluka's sites made a range of contributions throughout 2015, including initiatives in sports, community safety, youth and education and the arts. Approximately 80 organisations received contributions, including:

- The Royal Flying Doctors Service;
- St Johns Ambulance;
- Western District Health Service;
- Standing Tall, Hamilton; and
- Women in Mining.

Iluka does not provide financial support to religious or political organisations, either in Australia or overseas.



CASE STUDY

STANDING TALL, VICTORIA, AUSTRALIA

The Standing Tall mentoring program is an award winning program that operates in collaboration with Baimbridge College, Hamilton to provide school-based mentoring to students between the ages of 11 and 18. The program is supported by many local and regional community groups, business and individuals to improve educational opportunities for students through harnessing the experience and goodwill of community members.

Iluka has been a supporter of the Standing Tall program and is a financial partner with the involvement of Hamilton based employees who mentor students through the program. Two Iluka employees serve on the Standing Tall Committee.

As part of the partnership, the following activities are available to mentees of the program:

- site tours of businesses around the region, including the mineral separation plant;
- weekly meetings with mentors, providing guidance, support, routine and encouragement;
- volunteering opportunities; and
- education and career advice.

Over 200 students have completed the program since its inception in 2004, with graduates having gone on to higher education or training, and several having won awards for community service in Hamilton.



CLONTARF PARTNERSHIP

Iluka's partnership with the Clontarf Foundation continued in 2015 with a number of activities taking place across Iluka's Australian Operations.

Clontarf aims to improve the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men and providing them with the skills to participate more meaningfully in society. The programs work towards addressing issues relating to long term disadvantage at the grass roots levels. In its third year, the partnership with Iluka offered the opportunity for Iluka employees to positively contribute to the individuals, families and communities that engage with the program through:

- participating in Clontarf site tours of Company facilities;
- attending and participating in Clontarf employment forums;
- volunteering opportunities at Clontarf events; and
- the "Clontarf Experience" – a three day trip for to the Northern Territory to visit remote Academies.

Clontarf students have been placed in traineeships, apprenticeships and work experience programs in Iluka's operations.

PHYSICAL, FINANCIAL AND CORPORATE INFORMATION



Five Year Physical and Financial Summary
Operating Mines – Physical Data
Ore Reserves and Mineral Resources Statement
Board of Directors and Executive Team
Shareholder and Investor Information
Corporate Information

Five Year Physical and Financial Summary 2011 – 2015

	2015	2014	2013	2012	2011
Production volumes (kt)					
- Zircon	388.6	357.6	285.1	343.2	601.5
- Rutile	136.5	177.2	127.0	220.3	281.3
- Synthetic rutile	164.9	–	59.0	248.3	285.7
Total Z/R/SR	690.0	534.8	471.1	811.8	1,168.5
- Ilmenite	466.1	365.4	584.5	674.1	661.6
Sales volumes (kt)					
- Zircon	346.2	352.2	370.2	213.8	514.5
- Rutile	133.6	182.0	168.0	105.5	265.9
- Synthetic rutile	171.2	82.0	46.2	169.6	257.7
Total Z/R/SR	651.0	616.2	584.4	488.9	1,038.1
- Ilmenite	299.8	316.6	337.5	443.2	570.9
Weighted average annual prices (US\$/t)					
- Zircon (premium and standard)	986	1,033	1,150	2,080	1,886
- Rutile	721	777	1,069	2,464	1,174
- Synthetic rutile	Not disclosed	750	1,150	1,771	878
Average AUD:USD spot exchange rate (cents)	75.2	90.3	96.8	103.6	103.2
AUD:USD range (cents)	69.2/82.3	81.1/94.9	88.5/105.9	96.8/108.1	95.3/110.3
Unit Revenue and Cash Cost					
Revenue per tonne Z/R/SR sold (A\$/t)	1,136	1,030	1,173	1,191	1,480
Unit cash costs of production per tonne Z/R/SR produced (\$/t) including by-product costs	569	714	798	719	538
Unit cash costs of production per tonne Z/R/SR produced (\$/t) excluding by-products	558	668	757	709	536
Unit cost of goods sold per tonne of Z/R/SR	780	862	896	872	677
Summary financials (\$m)					
Z/R/SR revenue	739.7	634.8	685.8	973.8	1,461.2
Ilmenite and other revenue	80.1	90.1	77.3	96.0	75.5
Revenue from operations	819.8	724.9	763.1	1,069.8	1,536.7
Cash costs of production	(392.5)	(381.9)	(376.1)	(583.5)	(628.9)
Inventory movement	(5.7)	14.7	14.0	346.9	147.7
Restructure and idle capacity charges	(38.3)	(40.1)	(69.6)	(14.8)	(8.5)
Rehabilitation and holding costs for closed sites	(2.7)	1.0	2.8	(9.8)	(36.2)
Government royalties	(21.0)	(10.6)	(15.2)	(19.6)	(25.2)
Marketing and selling costs	(32.0)	(30.1)	(28.2)	(30.2)	(34.5)
Asset sales and other income	1.4	6.0	3.1	10.3	7.5
Exploration and resources development	(58.4)	(45.3)	(44.9)	(43.1)	(32.7)
Corporate other costs	(52.7)	(48.4)	(41.2)	(45.7)	(35.5)
- Mineral sands EBITDA	270.6	238.6	249.0	726.0	925.9
- Mining Area C EBITDA	61.6	66.8	88.3	72.7	88.5
- Other EBITDA	(56.8)	(48.4)	(42.1)	(49.9)	(35.1)
- Group EBITDA	275.4	257.0	295.2	748.8	979.3
Significant non-cash items	–	(82.0)	(40.0)	–	35.6
Depreciation and amortisation	(132.4)	(191.7)	(181.7)	(203.1)	(224.6)
Net interest and finance charges	(56.4)	(31.8)	(49.5)	(33.5)	(29.6)
Income tax (expense) benefit	(33.1)	(14.0)	(5.5)	(149.0)	(218.9)
Net profit (loss) after tax for the period (NPAT)	53.5	(62.5)	18.5	363.2	541.8
Operating cash flow	222.2	254.8	124.0	368.7	706.2
Capital expenditure	(66.4)	(66.9)	(52.5)	(167.3)	(142.5)
Free cash (outflow) inflow ¹	155.0	196.3	(27.5)	81.2	589.6
Net cash (debt)	6.0	(59.0)	(206.6)	(95.9)	156.7

Five Year Physical and Financial Summary

	2015	2014	2013	2012	2011
Capital and dividends					
Ordinary shares on issue (millions)	418.7	418.7	418.7	418.7	418.7
Dividends per share in respect of the year (cents)	25.0	19.0	9.0	35.0	75.0
Franking level %	100.0	100.0	100.0	100.0	73.3
Opening year share price (\$)	5.95	8.63	9.02	15.50	9.14
Closing year share price (\$)	6.13	5.95	8.63	9.02	15.50
Financial ratios					
Group EBITDA/revenue margin %	31.2	32.4	34.7	65.5	60.3
Mineral sands EBITDA/revenue margin %	33.0	32.9	32.6	67.9	60.3
Basic earnings (loss) per share (cents)	12.8	(15.0)	4.4	87.1	130.1
Free cash flow per share (cents)	37.0	46.9	(6.6)	19.4	140.6
Return on shareholders' equity % ³	3.8	(4.1)	1.2	23.2	42.5
Return on capital % ²	6.8	(2.0)	2.2	31.3	54.9
Gearing (net debt/net debt + equity) %	n/a	3.9	11.8	5.8	n/a
Financial position as at 31 December (\$m)					
Total assets	2,103.3	2,173.4	2,368.7	2,426.6	2,453.8
Total liabilities	(694.7)	(738.8)	(830.6)	(859.5)	(919.1)
Net assets	1,408.6	1,434.6	1,538.1	1,567.1	1,534.7
Shareholders' equity	1,408.6	1,434.6	1,538.1	1,567.1	1,534.7
Net tangible asset backing per share (\$)	3.31	3.38	3.65	3.74	3.65

¹ Free cash flow is determined as cash flow before any debt refinance costs, proceeds/repayment of borrowings and dividends paid in the year.

² Calculated as EBIT for the year as a percentage of average monthly capital employed for the year.

³ Calculated as NPAT for the year as a percentage of the average monthly shareholders equity over the year.

	2015	2014	2013	2012	2011
Ore Reserves and Mineral Resources					
Mineral Resources In Situ HM tonnes	172.9	176.4	178.7	122.7	120.8
Ore Reserves In Situ HM tonnes	23.0	24.9	26.6	29.0	30.4
HM Grade (%) Ore Reserves	5.7	5.4	5.6	5.7	5.8
Assemblage ¹ (%)					
Zircon	18	18	19	19	19
Rutile	6	6	6	6	7
Ilmenite	53	52	52	52	52

¹ Mineral assemblage is reported as a percentage of the in situ HM content.

Refer pages 69 to 73 for Iluka's Ore Reserves and Mineral Resource Statement or refer Iluka's website www.iluka.com

Operating Mines – Physical Data

12 Months to 31 December 2015

	Jacinth-Ambrosia	Murray Basin	Western Australia	Australia Total	Virginia	2015 Group Total	2014 Group Total
Mining							
Overburden moved bcm	1,197	2,171	262	3,630	–	3,630	16,306
Ore mined kt	7,933	567	1,815	10,315	3,500	13,815	14,689
Ore grade HM %	7.5	38.9	11.2	9.9	6.7	9.1	13.5
VHM grade %	6.7	32.2	10.1	8.7	5.6	7.9	12.1
Concentrating							
HMC produced kt	563	145	182	890	247	1,137	1,305
VHM produced kt	501	127	166	794	184	978	1,135
VHM in HMC assemblage %	89.0	87.9	91.1	89.3	74.3	86.0	87.0
Zircon	59.1	22.9	16.7	44.5	15.6	38.2	36.7
Rutile	6.2	40.3	5.3	11.6	0.0	9.0	21.6
Ilmenite	23.7	24.7	69	33.2	58.7	38.7	28.6
HMC processed kt	496	250	203	949	257	1,206	968
Finished product kt							
Zircon	249.7	54.3	47.3	351.3	37.3	388.6	357.6
Rutile	31.1	96.6	8.8	136.5	–	136.5	177.2
Ilmenite	117.5	90.0	113.5	321.0	145.1	466.1	365.4
Synthetic rutile	–	–	164.9	164.9	–	164.9	–

An explanation of Iluka's physical flow information can be obtained from Iluka's Briefing Paper - Iluka Physical Flow Information on the company's website www.iluka.com, under Investor Relations, Mineral Sands Briefing Material, 2010. The nature of the Iluka operations base means that heavy mineral concentrate (HMC) from various mining locations can be processed at various mineral separation plants.

This table shows physical movements for 2015, compared to 2014. In relation to heavy mineral concentrate (HMC) produced and that processed, the figures indicate a net HMC draw down of 69 thousand tonnes, mainly in the Murray Basin (105 thousand tonnes), in line with company's intention to process this material following completion of current mining operations at WRP. HMC stocks at Jacinth-Ambrosia increased marginally over 2014 (by 67 thousand tonnes) due to mineral separation plants continuing to operate at reduced utilisation rates.

Explanatory comments on terminology

Overburden moved (bank cubic metres) refers to material moved to enable mining of an ore body.

Ore mined (thousands of tonnes) refers to material moved containing heavy mineral ore.

Ore Grade HM % refers to percentage of heavy mineral (HM) found in the ore mined.

VHM Grade % refers to percentage of valuable heavy mineral (VHM) - titanium dioxide (rutile and ilmenite), and zircon found in a deposit.

Concentrating refers to the production of heavy mineral concentrate (HMC) through a concentrating process at the mine site, which is then transported for final processing into finished product at one of the company's two Australian mineral processing plants, or the Virginia mineral processing plant.

HMC produced refers to HMC, which includes the valuable heavy mineral concentrate (zircon, rutile, ilmenite) as well as other non-valuable heavy minerals (gangue).

VHM produced refers to an estimate of valuable heavy mineral in heavy mineral concentrate produced.

VHM produced and the VHM assemblage - provided to enable an indication of the valuable heavy mineral component in HMC.

HMC processed provides an indication of material emanating from each mining operation.

Finished product provides an indication of the finished product (zircon, rutile, ilmenite) attributable to the various mining operations. The difference between VHM produced and finished product reflects differences in the amount of HMC produced and HMC processed in a given period and finished product recovery losses at the processing stage.

Ilmenite is produced for sale or as a feedstock for synthetic rutile production.

¹ Finished product includes material from heavy mineral concentrate (HMC) initially processed in prior periods.

Typically, 1 tonne of upgradeable ilmenite will produce between 0.56 to 0.60 tonnes of SR. Iluka also purchases external ilmenite for its synthetic rutile production process.

Refer Iluka's website www.iluka.com – Mineral Sands Technical Information for more detailed information on the mineral sands mining and production process

Ore Reserves and Mineral Resources Statement

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

Summary of Ore Reserves ^(1,2,3) for Iluka									
Country	Region	Ore Reserve Category	Ore Tonnes Millions	In Situ HM Tonnes Millions	HM Grade (%)	HM Assemblage ⁽⁴⁾			Change HM Tonnes Millions
						Ilmenite Grade (%)	Zircon Grade (%)	Rutile Grade (%)	
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) and 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 leucosene 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.

Ore Reserves and Mineral Resources Statement

Ore Reserves Mined and Adjusted

Iluka Ore Reserves Mined and Adjusted by Country, 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 ⁽²⁾ Millions Adjusted 2015	In Situ HM Tonnes Millions 2015	In Situ HM Grade 2015	In Situ HM Tonnes ⁽³⁾ Millions Net Change
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
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.

Ore Reserves and Mineral Resources Statement

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

Summary of Mineral Resources^(1,2,3) for Iluka

Country	Region	Mineral Resource Category	Material Tonnes Millions	In Situ HM Tonnes Millions	HM Grade (%)	HM Assemblage ⁽⁴⁾			Change HM Tonnes Millions	
						Ilmenite Grade (%)	Zircon Grade (%)	Rutile Grade (%)		
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		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 HM content.

(5) Rutile component in Perth Basin South-West operations is sold as a leucosene 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 mining depletion and adjustments (sale, relinquishment, exploration discovery and development and write-downs) down from 176.43Mt HM to 172.89Mt HM.

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 0.61 Mt HM and a decrease of 1.21 Mt HM for the Atacama deposit following additional exploration and updated resource estimation. There was a slight increase of 0.12 Mt 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 0.2 Mt HM and write downs for Depot Hill North (0.42Mt HM), Depot Hill Tails (0.05Mt HM) and O4 Tails (0.05Mt HM) and an increase in the resource for Gilmore (0.08Mt HM) following additional exploration and updated resource modelling).
- Murray Basin Mineral 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 (0.08 Mt 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).

Ore Reserves and Mineral Resources Statement

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 ⁽²⁾ Millions Adjusted 2015	In Situ HM Tonnes Millions 2015	In Situ HM Grade 2015	In Situ HM Tonnes ⁽³⁾ Millions Net Change
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 the 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, included in the Annual Report 2015.

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).

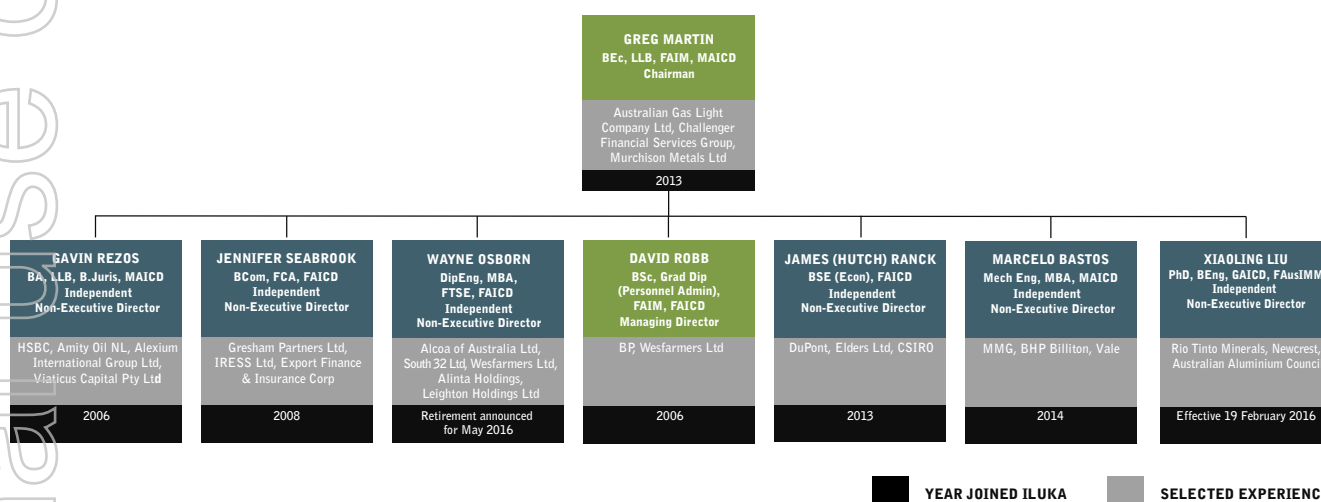
Iluka has continued the development of internal systems and controls in order to meet JORC (2012) guidelines in all external reporting including the preparation of all reported data by Competent Persons as members of The Australasian Institute of Mining and Metallurgy (The AusIMM), The Australian Institute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

Board of Directors



Greg Martin David Robb Gavin Rezos Jennifer Seabrook Wayne Osborn James (Hutch) Ranck Marcelo Bastos Xiaoling Liu



Profiles of Directors and Executives can be found in the Iluka Annual Report and on Iluka's website.

Committees:

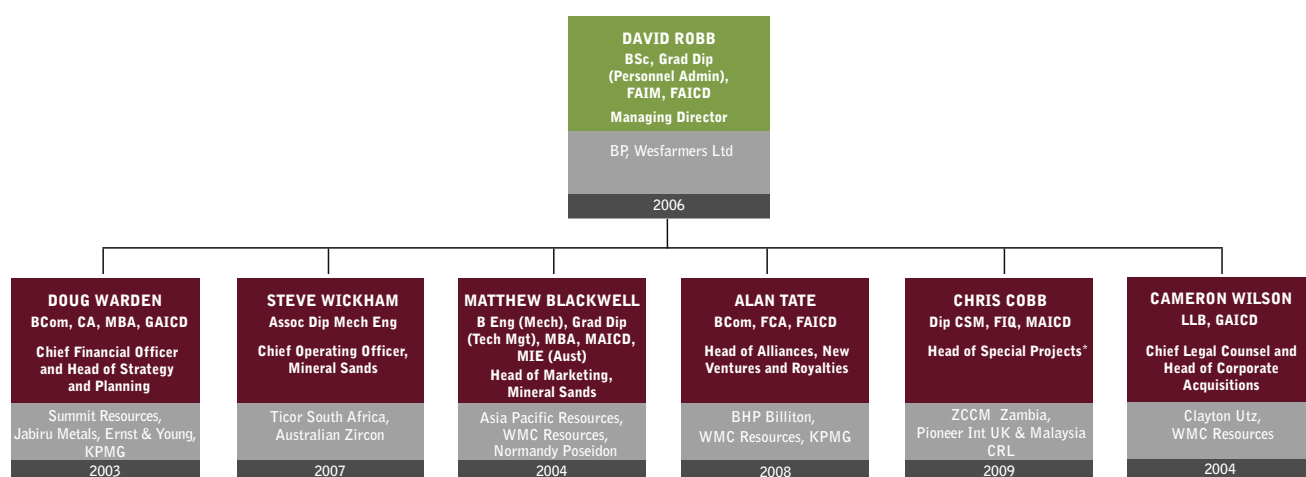
- Audit and Risk Committee – Chairman, Jenny Seabrook
- People and Performance Committee – Chairman, Wayne Osborn
- Nominations Committee – Chairman, Greg Martin

The Board of Directors comprise six non-executive Directors and one executive Director (the Managing Director and Chief Executive Officer).
 Dr Xiaoling Liu's non-executive Directorship is effective from 19 February 2016.
 Mr Wayne Osborn has announced his intention to retire from the Board at the conclusion of Iluka's 2016 AGM.

Executive Team



Doug Warden Steve Wickham Matthew Blackwell David Robb Alan Tate Chris Cobb Cameron Wilson



SELECTED EXPERIENCE
 YEAR JOINED ILUKA

In December 2015, Chris Cobb retired from Iluka.

The Executive team is structured to include six senior executives, reporting to the Managing Director. The responsibilities include achieving defined business and financial outcomes, capital deployment business planning, identification and pursuit of appropriate growth opportunities, sustainability performance, promotion of diversity objectives and succession planning.

*Position established for integration planning associated with potential Kenmare Resources Plc acquisition.

Iluka Planning Forum



The Iluka Planning Forum comprised 10 senior managers and also the Executives, drawn from various areas and geographical locations of the business.

The areas considered by the Iluka Planning Forum include:

- industry developments and Iluka competitive positioning;
- development of strategies and actions to address business opportunities and industry dynamics; and
- implementation of initiatives relating to sustainability, innovation and health and safety performance.

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.

Shares on issue

The Company had 418,701,360 shares on issue as at 1 February 2016. A total of 1,194,708 ordinary shares are restricted pursuant to the Directors, Executives and Employees 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
5,001 – 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 Paribas Noms Pty Ltd	16,017,424	3.83
BNP Paribas 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 Paribas 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

Calendar of key events

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.

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Shareholder and New Investor Information

Iluka Key Physical and Financial Parameters 2016

Please refer to Iluka's website for this document which provides guidance parameters for 2016.

Key Shareholder Information – Iluka website

To assist those considering an investment in the Company, the Investors and Media section of the Iluka website contains a Key Shareholder Information, which includes the calendar of events.

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.

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

The screenshot shows the Iluka website homepage. At the top left is the Iluka logo. A navigation menu includes: ABOUT ILUKA, COMPANY OVERVIEW, PRODUCTS, INVESTORS & MEDIA, SUSTAINABILITY, PEOPLE, CONTACT. A search bar is located in the top right. The main banner features a photograph of a person in a high-visibility vest walking with a child in a green field, with the text: "Environmental credentials. Proven and recognised track record of adhering to high standards of environment management." Below the banner is a paragraph: "The company is the major producer of zircon globally and largest producer of the high-grade titanium dioxide products of rutile and synthetic rutile, with operations in Australia and Virginia, USA. The company has a royalty associated with a tier one iron ore operation – BHP Billiton's Mining Area C province in Western Australia." The page is divided into several content tiles: "Investors & Media" (cityscape image), "Mineral Sands Briefing Session" (Marketing, Technology and Development Briefing Sessions held in Sydney, May 2015), "Sustainability" (person in field image), "Growth Projects" (Mineral sands projects and other growth options (including Metalysis and Tapira)), and "Products" (Information for existing and potential customers on products, supply arrangements and the Iluka sales and marketing team). A "Virtual Mine Site Tour" tile is also visible. On the right, a "SHARE PRICE" section shows "\$ 6.360" and "ASX:ILU". Below this is an "EMAIL ALERTS" section with a registration link, and an "EVENTS" calendar listing: 21 JAN 2016: December Quarter Production Report; 19 FEB 2016: Full Year Results Announcement; 18 MAY 2016: Annual General Meeting, Perth. A "VIEW CALENDAR" button is at the bottom of the events section. At the bottom of the page, there are two columns: "ANNOUNCEMENTS" and "BRIEFING PAPERS & PRESENTATIONS", each with a list of recent events and presentations.

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 Services

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

Computershare Investor Services Pty Limited

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 Accounts

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

Postal address:

GPO Box 2975

Melbourne, Victoria, 3000

Website: www.computershare.com

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

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Corporate Information

Company details

Iluka Resources Limited
ABN: 34 008 675 018

Registered office

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

Postal address

GPO Box U1988
Perth, Western Australia, 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

The 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 General 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 IRFS 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.

All currency shown in the Iluka Review is expressed in Australian dollars, unless otherwise indicated.

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