

REGISTERED NUMBER: 08900334 (England and Wales)

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
ILUKA TECHNOLOGY (UK) LTD**

**Fuller & Roper Limited
Chartered Accountants and Statutory Auditors
The Counting House
Church Farm Business Park
Corston
Bath
BA2 9AP**



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for the Year Ended 31 DECEMBER 2016

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ILUKA TECHNOLOGY (UK) LTD
COMPANY INFORMATION
for the Year Ended 31 DECEMBER 2016

DIRECTORS:

Nigel Tinley
Derek Folmer

SECRETARIES:

Nigel Tinley
Jordan Company Secretaries Limited

REGISTERED OFFICE:

Suite 1, 3rd Floor
11-12 St James's Square
London
SW1Y 4LB

REGISTERED NUMBER:

08900334 (England and Wales)

AUDITORS:

Fuller & Roper Limited
Chartered Accountants and Statutory Auditors
The Counting House
Church Farm Business Park
Corston
Bath
BA2 9AP

STRATEGIC REPORT
for the Year Ended 31 DECEMBER 2016

The directors present their strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

The principal activity of the company was to hold a non-exclusive licence for the titanium metal powder production technology with Metalysis Ltd in return for a royalty over use and a right of first offer in relation to further licences of such technology. The technology is still in development. During the year, the company incurred administration costs of £451,254 (2015: £4,173).


PRINCIPAL RISKS AND UNCERTAINTIES

The ultimate holdings company Iluka Resources Limited maintains a whole of business approach to the management of risks for the group. This approach allows both opportunities and threats to be identified and managed effectively. Iluka has adopted a risk management framework which sets out the processes for the identification and management of threats across the group, for which Iluka Technology (UK) Limited is a wholly owned subsidiary.

The principal risks for Iluka Technology (UK) Limited arise from the licence it holds with Metalysis Limited. If this company cannot successfully develop and commercialise the disruptive technology that it is developing then the future operations are at risk.

Compliance with regulation, legal and ethical standards is a high priority for the company and the Board take on an important oversight role in this regard.

ON BEHALF OF THE BOARD:



.....
Nigel Tinley - Director

Derek Palmer

Date: 8/6/17

REPORT OF THE DIRECTORS
for the Year Ended 31 DECEMBER 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016. (2015: £Nil).

DIRECTORS

Gavin Rezos - resigned 14 December 2016

Nigel Tinley and Derek Folmer were appointed as directors after 31 December 2016 but prior to the date of this report.

Cameron Wilson ceased to be a director after 31 December 2016 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

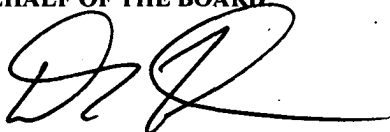
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Fuller & Roper Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Nigel Tinley - Director

~~Derek Folmer~~

Date: 08 JUNE 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ILUKA TECHNOLOGY (UK) LTD**

We have audited the financial statements of Iluka Technology (UK) Ltd for the year ended 31 December 2016 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

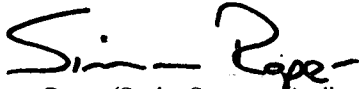
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ILUKA TECHNOLOGY (UK) LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Simon Roper (Senior Statutory Auditor)
for and on behalf of Fuller & Roper Limited
Chartered Accountants and Statutory Auditors
The Counting House
Church Farm Business Park
Corston
Bath
BA2 9AP

Date: 8/6/17

INCOME STATEMENT
for the Year Ended 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER		-	-
Administrative expenses		<u>(451,254)</u>	<u>(4,173)</u>
OPERATING LOSS and LOSS BEFORE TAXATION	4	(451,254)	(4,173)
Tax on loss	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(451,254)</u></u>	<u><u>(4,173)</u></u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
for the Year Ended 31 DECEMBER 2016


	Notes	2016 £	2015 £
LOSS FOR THE YEAR		(451,254)	(4,173)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(451,254)</u>	<u>(4,173)</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2016

	Notes	2016 £	2015 £
CURRENT ASSETS			
Cash at bank		21,453	5,581
CREDITORS			
Amounts falling due within one year	6	(450,144)	(3,018)
NET CURRENT (LIABILITIES)/ASSETS		<u>(428,691)</u>	<u>2,563</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(428,691)</u>	<u>2,563</u>
CAPITAL AND RESERVES			
Called up share capital	7	30,000	10,000
Retained earnings	8	(458,691)	(7,437)
SHAREHOLDERS' FUNDS		<u>(428,691)</u>	<u>2,563</u>

The financial statements were approved by the Board of Directors on 08 June 2017 and were signed on its behalf by:


.....
Nigel Tinley - Director
DEREK FOLMER

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 DECEMBER 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	1,000	(3,264)	(2,264)
Changes in equity			
Issue of share capital	9,000	-	9,000
Total comprehensive income	-	(4,173)	(4,173)
Balance at 31 December 2015	<u>10,000</u>	<u>(7,437)</u>	<u>2,563</u>
Changes in equity			
Issue of share capital	20,000	-	20,000
Total comprehensive income	-	(451,254)	(451,254)
Balance at 31 December 2016	<u><u>30,000</u></u>	<u><u>(458,691)</u></u>	<u><u>(428,691)</u></u>

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	(451,194)	(4,173)
Net cash from operating activities		<u>(451,194)</u>	<u>(4,173)</u>
Cash flows from financing activities			
Share issue		20,000	9,000
Intercompany loan		<u>447,066</u>	<u>-</u>
Net cash from financing activities		<u>467,066</u>	<u>9,000</u>
Increase in cash and cash equivalents		<u>15,872</u>	<u>4,827</u>
Cash and cash equivalents at beginning of year	2	5,581	754
Cash and cash equivalents at end of year	2	<u><u>21,453</u></u>	<u><u>5,581</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 DECEMBER 2016

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2016	2015
	£	£
Loss before taxation	(451,254)	(4,173)
Increase in trade and other creditors	60	-
Cash generated from operations	(451,194)	(4,173)

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	21,453	5,581

Year ended 31 December 2015

	31/12/15	1/1/15
	£	£
Cash and cash equivalents	5,581	754

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 DECEMBER 2016

1. **STATUTORY INFORMATION**

Iluka Technology (UK) Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional currency of the company is that of pounds sterling.

The figures enclosed in the accounts are rounded to the nearest pound.

Related party exemption

The Company has taken advantage of the exemption under FRS 102 section 33.1A as a qualifying entity from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned be a member of that group.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Intercompany loans

Intercompany loans are repayable on demand and interest free. As such they are recorded at amortised cost as a basic financial instrument under FRS 102.

Going concern

The financial statements have been prepared on a going concern basis. The Company has net current liabilities of £428,691 (2015 - net current assets of £2,563).

The Company's ability to operate as a going concern is assessed in conjunction with Iluka Resources Limited (the Group) as its viability is dependent upon the ability of the Group to settle their intercompany balances with the Company and to provide further funds for working capital needs. Iluka Resources Limited, a company incorporated in Australia, has confirmed that it will continue to provide such funding as the Company may need to meet its financial obligations for the foreseeable future, and for a period of at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Iluka Resources Limited.

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 December 2016 nor for the year ended 31 December 2015.

	2016	2015
	£	£
Directors' remuneration	-	-
	<u> </u>	<u> </u>

4. **OPERATING LOSS**

The operating loss is stated after charging:

	2016	2015
	£	£
Auditors' remuneration	1,800	1,800
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 DECEMBER 2016

5. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

No deferred tax asset has been recognised in respect of carried forward tax losses. A deferred tax asset related to those losses will only be obtained if:

- The company derives future taxable income of a nature or amount sufficient to enable the benefit from deductions for that loss to be utilised;
- The company satisfies the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the company in realising the benefits from deductions for the loss.

6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Amounts owed to group undertakings	447,066	-
Accruals	3,078	3,018
	<u>450,144</u>	<u>3,018</u>

7. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
30,000	Ordinary	£1	<u>30,000</u>	<u>10,000</u>

20,000 Ordinary shares of £1 each were allotted and fully paid for cash at par during the year.

8. **RESERVES**

	Retained earnings
	£
At 1 January 2016	(7,437)
Deficit for the year	<u>(451,254)</u>
At 31 December 2016	<u>(458,691)</u>

9. **ULTIMATE CONTROLLING PARTY**

The parent company is Iluka (UK) Limited and the ultimate controlling party is Iluka Resources Limited, a company which is registered in Australia and listed on the Australian Securities Exchange (ASX).

10. **FIRST YEAR ADOPTION**

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31/12/2015 and the date of transition to FRS 102 was therefore 01/01/2015. As a consequence of adopting FRS 102 no transitional adjustments were identified.