

9 March 2018

The Manager
Company Announcements Office
Australian Securities Exchange ("ASX")

PUBLIC ANNOUNCEMENT 2018 – ILUKA RESOURCES LIMITED

Please find attached the following documents in relation to Iluka Resources Limited's 2018 Annual General Meeting, to be held at 9.30am (WST) on Tuesday, 24 April 2018 in River View Room 5 on Level 2 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia:

1. Notice of Annual General Meeting; and
2. Proxy Form.

The 2017 Annual Report, Notice of Annual General Meeting and Proxy Form will be shortly mailed to shareholders who have elected to receive printed copies of these documents. Copies of the documents have been lodged with the ASX today and are available on the company's website: www.iluka.com.

Yours sincerely



Sue Wilson
Company Secretary



ILUKA

2018

**Notice of Annual
General Meeting**

**Tuesday 24 April 2018, commencing 9.30am (WST)
Perth Convention and Exhibition Centre**

For personal use only

Notice of Annual General Meeting

Iluka Resources Limited
Annual General Meeting
Tuesday 24 April 2018, commencing 9.30am (WST)
Perth Convention and Exhibition Centre



Dear Shareholder

I am pleased to invite you to Iluka Resources Limited's 2018 Annual General Meeting. The Meeting will be held on Tuesday 24 April 2018 at the Perth Convention and Exhibition Centre. Details of the business of the Meeting are contained from page 7. The following pages include a summary of the key attributes of the 2017 year; a financial summary, including information on the balance sheet; and your Company's dividend framework. Detailed information is available in the Annual Report accessible at www.iluka.com.

Your participation in the Annual General Meeting is important to Iluka and a valuable opportunity for the Board to consider with shareholders the performance of the Company.

2017 marked a year of transition for Iluka following the appointment of Tom O'Leary as Managing Director in September 2016. Key developments included:

- the integration of the Sierra Rutile operation, which was acquired in December 2016;
- a substantial improvement in mineral sands market conditions;
- changes in operational settings – reflecting both improved markets and a detailed review of Iluka's production portfolio and projects following the Sierra Rutile acquisition; and
- project approval of Cataby.

Despite reporting an unsatisfactory financial loss for the year, Iluka's underlying performance in the midst of this transition was strong with the company ending 2017 in sound shape from a financial, operational and governance perspective.

In last year's Annual Report I conveyed the Board's cautious optimism in relation to mineral sands markets, which at that time had experienced an extended period of subdued conditions. As such, it was pleasing to witness these markets continue to recover over the course of 2017. Looking ahead, it is the Board's view that the approach adopted by the company in recent times has positioned Iluka to benefit from improving demand and prices for its products, leading to the creation of value for shareholders in the process.

Iluka's full year financial result was an after tax loss of \$171.6 million. The higher mineral sands revenues achieved – driven by increased volumes and prices and a higher contribution from the Mining Area C iron ore royalty, resulted in a strong underlying performance. Free cash flow was \$322 million with Iluka ending 2017 with net debt of \$183 million, down from \$506 million at the beginning of the year.



**THE COMPANY ENDED 2017 IN SOUND
SHAPE FROM A FINANCIAL, OPERATIONAL
AND GOVERNANCE PERSPECTIVE**

The Board declared a final dividend of 25 cents per share, fully franked. This is consistent with Iluka's dividend framework to return to shareholders a minimum of 40 per cent of free cash flow not required for investment purposes or balance sheet activity. Adding Iluka's interim dividend for 2017 of 6 cents per share, fully franked translates to a total dividend for 2017 of 31 cents per share, fully franked.

Protecting the safety and wellbeing of Iluka's people lies at the heart of the business and is an area of continuing emphasis for the Board and Executive. The company's total recordable injury frequency rate increased from 4.4 to 4.8 in 2017, with one less injury offset by a slight reduction in hours worked. The lost time injury frequency rate increased from 0.4 to 0.9. As 2017 was a baseline year for data collection at Sierra Rutile following the implementation of Iluka's safety incident reporting framework, these frequency rates and comparisons to 2016 performance exclude that operation. Sierra Rutile ended 2017 with a total recordable injury frequency rate of 2.2 and a lost time injury frequency rate of 1.0. At 31 December 2017, the combined Group (Iluka Resources including Sierra Rutile) total recordable injury frequency rate was 2.8 and lost time injury frequency rate was 1.0. This will be used for 2018 comparisons.

Environmental incident reporting was also introduced at Sierra Rutile in 2017, with 20 incidents reported for the year. Excluding Sierra Rutile, Iluka recorded a reduction in environmental incidents from 11 in 2016 to 7 in 2017. As reported in December, the company completed detailed rehabilitation planning for its closed Virginia operation in the United States and identified potential additional obligations relating to past rehabilitation activity. This resulted in a US\$90 million increase to the rehabilitation provision, which is a disappointing outcome and one that has received close examination by the Board and Executive.

As part of the commitment made to align Iluka's sustainability practices with the International Council on Mining and Metals (ICMM) Framework for Sustainable Development, the company prepared a separate, detailed sustainability report in April 2017 for the 2016 reporting year. This improvement in transparency and reporting was recognised through Iluka's first listing on the Dow Jones Sustainability Index (DJSI) Australia as a leading sustainability performer. Standalone sustainability reports will remain an annual feature of Iluka's communication with shareholders and external stakeholders more broadly.

The Board has reviewed the current remuneration structures for the Managing Director and senior management and determined to implement a new Executive Incentive Plan (EIP) in 2018. Under the new arrangements, the current Short and Long Term Incentive plans will be combined and rewards largely delivered in Iluka shares with deferred vesting. The EIP is designed to support the delivery of Iluka's strategic objectives and further align management's interests with those of shareholders. Further details can be found in the Remuneration Report.

On other governance matters, the Board participated in an externally facilitated review of its effectiveness, skills and competency inventory. I am pleased to report that this review identified a number of strengths including a clear, shared sense of the Board's role; an excellent relationship between the Chair, Board and Managing Director; sound governance policies and processes; and a good mix of experience, skills and knowledge among Directors.

As always, the challenge for the Board is continuous improvement in building a governance framework and capability in line with the evolution of Iluka's operations and strategic priorities for the future. This will be an area of ongoing focus and consideration.

I would like to conclude my letter by acknowledging the leadership of Tom O'Leary and the performance of his Executive team. Eighteen months into his tenure, Tom is focused on delivering on commitments made and ensuring Iluka does what it says it will do in a methodical, transparent and commercial manner. He is supported by an experienced and capable Executive that has adapted well to Iluka's transition and I thank them, and the broader Iluka workforce, for their collective contribution and dedication over the past year.

I would also like to record my appreciation for the contribution and wise counsel of my fellow Directors throughout 2017. In February 2018 it was announced that Rob Cole would join Iluka's Board from 1 March. Rob brings with him extensive extractive industry experience in Australia and abroad, including in West Africa, as well as a strong and successful record in executive and non-executive roles. His broad business experience, especially in project management and marketing, combined with the business insights he will bring, further strengthens the Board as Iluka moves to its next phase of development.

Finally, I extend my thanks to Iluka's shareholders for their continued support and interest in the progress and development of the business.

Greg Martin
Chairman

Notice of Annual General Meeting

2017 Year in review

Recovery in mineral sands markets

- Combined zircon/rutile/synthetic rutile sales of 889 thousand tonnes, up 27% from 2016.
- Moderate underlying demand growth in zircon markets combined with supply constraints.
- Pigment supply issues in China and Europe increasing average utilisation across other plants. High-grade feedstocks used to increase plant yield, leading to strong demand for rutile and synthetic rutile.
- Price improvement across all products from the start of the year: zircon average price up 40% to US\$1,128 per tonne in Q4; rutile average price up 13% to US\$825 per tonne in H2.

Strong underlying financial result

- Mineral sands revenue increased 40% to \$1,017.5 million with growth in sales volumes and prices.
- Mining Area C royalty income contributed \$59.6 million.
- Underlying Group EBITDA increased 140% to \$360.5 million, reflecting strong revenue and non-production cost reductions.
- Impairment expense (\$185.4 million) and rehabilitation provision increase for closed sites (\$127.4 million) resulted in net loss after tax of \$171.6 million.
- Strong free cash flow of \$321.9 million.
- Significant debt reduction with closing net debt of \$182.5 million (2016: \$506.3 million).
- A fully franked final dividend of 25 CPS was declared, which together with the interim dividend of 6 CPS brings the total 2017 dividend to 31 CPS representing 40% of free cash flow.

Sustainable business focus continued

- Achieved \$61.5 million reduction in non-production costs.
- Detailed review of existing production portfolio and projects.
- Consolidated Australian mineral processing plant capacity by idling Hamilton plant with Narngulu plant considered sufficient to process future Australian production.

Cataby project execute and Jacinth-Ambrosia restart

- Cataby project approved in December.
- \$250-275 million capital spend for initial 8.5 year mine life. Production to sustain Iluka's synthetic rutile production.
- Project underpinned by favourable offtake agreements for 85% of synthetic rutile production for at least four years.
- Jacinth-Ambrosia successfully restarted in December.

Sierra Rutile improvements achieved and expansion projects progressing

- First full year of ownership and operations fully integrated into Iluka Group.
- Iluka expertise delivered significant operational improvements, including increasing valuable heavy mineral recovery and increasing heavy mineral concentrate grades.
- Delivery of in-pit mining project.
- Expansion projects progressed and on track.

Resource development projects

- Rutile-rich Balranald project full-scale wear test successfully completed in 2017. Planning advanced to progress to production trial in 2018. Continue in staged development approach.
- Sri Lanka Puttalam project sulphate ilmenite deposit work ongoing, including technical aspects and local engagement.
- WIM deposit options and exploration in Kazakhstan and Canada provide longer term pipeline of potential developments.

Committed to sustainable development

- Incorporated into 2017 Australian Dow Jones Sustainability Indices for leading sustainability performance.
- 2017 total recordable injury frequency rate for Iluka, excluding Sierra Rutile, increased from 4.4 to 4.8 with one less injury but fewer overall hours worked than 2016.
- Sierra Rutile total recordable injury frequency rate was 2.2 in 2017.
- Continued integration of Iluka's safety and risk mitigation framework to strengthen Sierra Rutile's sustainability performance.
- Sustainability targets set and communicated externally to track and improve performance across material issues.
- Further detailed rehabilitation planning and analysis at closed US operations leading to increase in provision by US\$90 million. Reduction in Australian operations rehabilitation provision through completion of 212 hectares.
- Awarded the South Australian Premier's Community Excellence Award for Social Inclusion.

Financial summary

	2017	2016	2015	2014	2013
1. Mineral sands revenue	1,017.5	726.3	819.8	724.9	763.1
2. Underlying mineral sands EBITDA ¹	300.9	103.0	231.8	189.2	204.1
3. Mining Area C EBITDA	59.6	47.5	61.6	66.8	88.3
4. Underlying Group EBITDA ¹	360.5	150.5	293.4	256.0	292.4
5. Net profit (loss) after tax	(171.6)	(224.0)	53.5	(62.5)	18.5
6. Operating cash flow	391.7	137.3	222.2	254.8	124.0
Free cash flow	321.9	47.3	155.0	196.3	(27.5)
7. Net (debt) cash	(182.5)	(506.3)	6.0	(59.0)	(206.6)
Gearing %	17.1	31.5	n/a	3.9	11.8
8. Return on equity	(20.1)	(17.1)	3.8	(4.1)	1.2
Return on capital	(11.6)	(18.3)	6.8	(2.0)	2.2

¹ Underlying minerals sands and Group EBITDA excludes adjustments including impairments, Sierra Rutile transaction costs and changes to rehabilitation provisions for closed sites. Iluka's share of Metalysis Ltd's losses, which are non-cash in nature, are also excluded.

1 Mineral sands revenue

Mineral sands revenue increased by 40% to \$1,017.5 million. Zircon/rutile/synthetic rutile (Z/R/SR) revenue increased by 38% to \$959.1 million, its highest level in five years. This result reflects improved conditions in mineral sands markets increasing Iluka's sales prices and volumes, combined with higher volumes following the acquisition of Sierra Rutile in December 2016. Iluka's Zircon Reference Price increased in three consecutive quarters achieving a realised zircon standard and premium price of US\$1,128 per tonne in Q4, a 40% increase from the start of the year. Rutile prices closed 13% higher, with approximately 40% of Sierra Rutile sales volume on fixed price contracts. Z/R/SR sales volumes grew strongly, up 27%, reflecting increases across all products.

2 Underlying mineral sands EBITDA¹

Iluka's underlying mineral sands EBITDA almost tripled relative to 2016, increasing to \$300.9 million. This result reflects the combination of strong revenue growth and reduced non-production costs (exploration, resource development and corporate costs), down \$61.5 million, following Iluka's sustainable business review. Cash production costs increased in 2017 with the inclusion of Sierra Rutile operating costs, and inventory was drawn down in line with Iluka's planned reduction in inventory levels. Restructure and idle capacity charges of \$73.1 million were again significant in 2017, reflecting the operational setting changes with respect to the Hamilton mineral separation plant and having Jacinth-Ambrosia mining and concentrating activities suspended for the full year.

3 Mining Area C EBITDA

Iluka's royalty income from Mining Area C increased by 25% to \$59.6 million. Iron ore prices rose 16% and sales volumes from the royalty area increased 8%. No capacity payments were received in 2017 or 2016.

4 Underlying Group EBITDA¹

The 2017 underlying Group EBITDA was \$360.5 million, up from 2016, reflecting the combination of increased revenue, non-production cost reductions and increased Mining Area C royalty payments.

5 Net loss after tax

Iluka recorded a net loss after tax of \$171.6 million in 2017 which included the following:

- \$185.4 million pre-tax impairment expense. Iluka's decision to idle the Hamilton mineral separation plant from October 2017 resulted in \$151.4 million impairment recorded at the half year; and \$30 million impairment of Iluka's investment in UK-based, titanium technology company, Metalysis Ltd.
- An increase of \$127.4 million in relation to the rehabilitation provision for closed sites. This increase relates to Iluka's closed US operations in Virginia and Florida and follows detailed rehabilitation planning that has identified potential additional obligations relating to past rehabilitation activities.

6 Free cash flow

2017 free cash flow was \$321.9 million, reflecting the strong underlying EBITDA result.

Operating cash flows contributed \$391.7 million and Mining Area C contributed \$59.9 million.

Capital expenditure in 2017 was \$93.1 million. Early works activities and execute capital of \$35 million was incurred for Cataby during the year, with remaining expenditure focused on Sierra Rutile projects and Balranald (New South Wales).

7 Net (debt)

Net debt was reduced by 64% in 2017. As at 31 December 2017, net debt was \$182.5 million, down from \$506.3 million at the end of 2016. Gearing (net debt / net debt + equity) was reduced to 17.1% at the end of 2017 (2016: 31.5%).

8 ROE and ROC

Return on shareholders' equity was (20.1)% and return on capital was (11.6)%, reflecting the company's reported loss for the year.

Notice of Annual General Meeting

Balance sheet

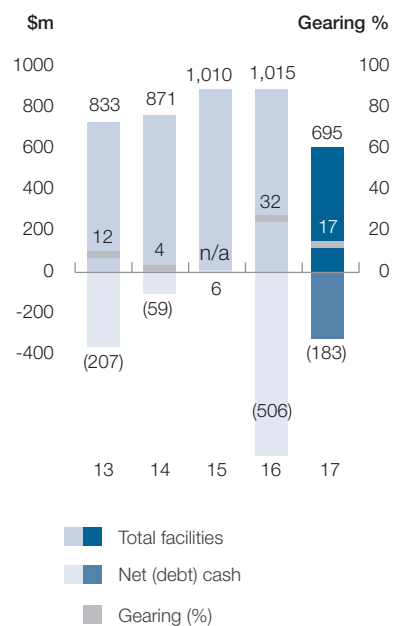
As at 31 December 2017, Iluka had total debt facilities of \$695.1 million and net debt of \$182.5 million.

Iluka has a Multi Optional Facility Agreement (MOFA) which comprises a series of five year unsecured bilateral revolving credit facilities with several domestic and foreign institutions. Drawings under the MOFA at 31 December 2017 were \$238.6 million (2016: \$611.2 million). Undrawn MOFA facilities at 31 December 2017 were \$456.5 million (2016: \$404.2 million).

Of the above interest-bearing liabilities, \$238.6 million is subject to an effective weighted average floating interest rate of 3.1% (2016: interest-bearing liabilities of \$611.2 million at 2.7%).

Note 15 of Iluka's Financial Report provides details of the maturity profile and interest rate exposure.

Debt, gearing and debt facilities profile



Dividend framework

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

Iluka's 2017 full year dividend payment of 31 cents per share (25 cents per share final and 6 cents per share interim dividend), fully franked, represents 40% of free cash flow for the year. This is consistent with Iluka's framework and reflects the underlying strength in the 2017 result. Iluka continues to target credit metrics broadly consistent with investment grade credit metrics and future dividend decisions will take into account balance sheet position and capital expenditure requirements.

Distribution metrics	2016	2017
Payout ratio % of free cash flow	27	40
Cumulative dividend payout ratio (from 2010) %	66	60

Notice of Annual General Meeting

Notice is given that the 63rd Annual General Meeting of Shareholders of Iluka Resources Limited ABN 34 008 675 018 (**Iluka or Company**) will be held in River View Room 5 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on **Tuesday, 24 April 2018** commencing at 9.30am (WST).

A map and transport instructions are included with this Notice of Meeting.

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. This Notice of Meeting should be read in conjunction with the Explanatory Memorandum which provides further information on each of the proposed items of business.

To view a livestream of this event go to the events section of the Iluka website - www.iluka.com

Agenda

Financial Reports

To receive and consider the annual financial report, Directors' report and auditor's report for the Company and its controlled entities for the year ended 31 December 2017.

Ordinary Resolutions

1. Election of Director – Robert Cole

To consider and, if thought fit, to pass the following **ordinary resolution**:

That Robert Cole, having been appointed by the Board as an additional Director of the Company effective 1 March 2018, and who retires in accordance with Article 16.4(b)(ii) of the Company's Constitution, be elected as a Director.

2. Re-election of Director – James (Hutch) Ranck

To consider and, if thought fit, to pass the following **ordinary resolution**:

That James (Hutch) Ranck, who retires in accordance with Article 17.1 of the Company's Constitution, be re-elected as a Director.

3. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following **ordinary resolution**:

That the Remuneration Report for the year ended 31 December 2017 be adopted by the Company.

In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion: the Company will disregard any votes cast on Resolution 3:

- by or on behalf of either a member of the Key Management Personnel whose remuneration details are included in the 2017 Remuneration Report or their closely related parties (in any capacity); or
- as a proxy by a person who is a member of the Key Management Personnel at the date of the Meeting or their closely related parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 3 in accordance with their directions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation in the Proxy Form to exercise the proxy even though the Resolution is connected with the remuneration of the Company's Key Management Personnel.

Notice of Annual General Meeting

4. Grant of securities to Managing Director

To consider and, if thought fit, to pass the following **ordinary resolution**:

That approval be given, for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the grant of Restricted Shares and Performance Rights to the Managing Director, Tom O'Leary, under the Company's Executive Incentive Plan, on the terms summarised in the Explanatory Memorandum.

Voting exclusion: the Company will disregard any votes on Resolution 4:

- that are cast in favour of the Resolution by or on behalf of Tom O'Leary or his associates (in any capacity); or
- that are cast as proxy by a person who is a member of the Key Management Personnel at the date of the Meeting or their closely related parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 4 in accordance with their directions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation in the Proxy Form to exercise the proxy even though the Resolution is connected with the remuneration of the Company's Key Management Personnel.

Proxy And Voting Entitlement Instructions

Proxy instructions

A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint an individual to act as proxy to attend and vote on that Shareholder's behalf. A Shareholder entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of the Shareholder's votes each proxy is entitled to exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The Proxy Form (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and a certified copy of the power of attorney or other authority) must be delivered to or sent by facsimile transmission to the Company's share registry, **Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia, facsimile number 1800 783 447 and outside Australia +61 (3) 9473 2555** or to the Company's registered office at Level 23, 140 St Georges Terrace, Perth, Western Australia, 6000, facsimile number +61 (8) 9360 4777, by no later than **9.30am (WST), Sunday, 22 April 2018** (i.e. at least 48 hours prior to the Meeting).

Alternatively, you may register your proxy instructions electronically at the share registry website www.investorvote.com.au or on your mobile device by scanning the QR code on the Proxy Form by **9.30am (WST), Sunday, 22 April 2018**. For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act. The proxy may, but need not, be a Shareholder.

In the case of Shares jointly held by 2 or more persons, any one holder may sign the Proxy Form.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolutions in the Proxy Form. All your Shareholding will be voted in accordance with such a direction unless you indicate only a proportion of voting rights are to be voted on the Resolutions by inserting the proportion or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes with respect to a Resolution, your proxy may vote as he or she chooses with respect to that Resolution, subject to any voting exclusions that apply to your appointed proxy. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Voting restrictions that may affect your proxy appointment

Due to the voting exclusions that may apply to Resolutions 3 and 4, the Key Management Personnel and their closely related parties and, with respect to Resolution 4 only, associates of the Managing Director, will generally not be able to vote your proxy on Resolutions 3 and 4 unless you have directed them how to vote or, in the case of the Chairman, if you expressly authorise him to exercise the proxy even though the Resolutions are connected with the remuneration of the Company's Key Management Personnel.

Chairman's voting intentions

The Chairman intends to vote all available proxies in favour of the proposed Resolutions set out in this Notice of Meeting.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry, Computershare Investor Services, before the Meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representative are available at www.investorcentre.com or on request by contacting Computershare Investor Services on telephone number 1300 733 043 or +61 3 9415 4801 (outside Australia).

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **9:30am (WST) on Sunday, 22 April 2018**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders at Meeting

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

Mr Justin Carroll of PricewaterhouseCoopers, as the auditor responsible for preparing the auditor's report for the year ended 31 December 2017 (or his representative), will attend the Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

Written questions to the auditor

Shareholders may submit a written question to the auditor regarding:

- (a) the content of the auditor's report; or
- (b) the conduct of the audit of the annual financial report.

Please submit any questions you may have in writing no later than **9.30am (WST), Tuesday, 17 April 2018**:

In person: 23rd Floor, 140 St Georges Terrace, Perth WA 6000

By mail: Company Secretary, Iluka Resources Limited
GPO Box U1988, Perth WA 6845

By fax: (08) 9360 4777 (within Australia)
+61 8 9360 4777 (outside Australia)

At the Meeting, the Company will make available copies of a list setting out the questions directed to the auditor received in writing by **9.30am (WST), Tuesday, 17 April 2018** and which are questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the financial report for the year ended 31 December 2017. The Chairman will allow reasonable opportunity at the Meeting to respond to the questions set out on this list. The auditor is not required to provide written answers to questions.

BY ORDER OF THE BOARD



Sue Wilson
Company Secretary

Dated: 9 March 2018

Explanatory Memorandum

This Explanatory Memorandum has been prepared to provide Shareholders with information in relation to the business to be conducted at the Company's Annual General Meeting. This Explanatory Memorandum should be read in conjunction with, and forms part of, the Notice of Meeting.

Unless the context otherwise requires, capitalised terms used in this Explanatory Memorandum or the Notice of Meeting have the same meaning given to them in the Glossary to this Explanatory Memorandum.

Financial Reports

The Corporations Act requires the annual financial report of the Company for the year ended 31 December 2017 (comprising the financial statements, notes to the financial statements and Directors' declaration), as well as the Directors' report and auditor's report to be tabled at the Annual General Meeting.

Iluka's 2017 Annual Report (which includes the annual financial report, Directors' report and auditor's report) has been sent to those Shareholders who requested it. The 2017 Annual Report can also be found on the Company's website (www.iluka.com/investors-media/asx-disclosures/annual-reports).

Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or financial statements.

During this item, there will be an opportunity for Shareholders to ask questions about, or comment on, the reports and the management and performance of the Company.

Ordinary Resolutions

1. Resolution 1 – Election of Director – Robert Cole

Robert (Rob) Cole, LLB (Hons), BSc

Rob Cole was appointed to the Board on 1 March 2018. Pursuant to Article 16.4(b)(ii) of the Constitution, a Director appointed as an addition to the Board must not hold office without re-election past the next Annual General Meeting. In accordance with that Article, Mr Cole retires and, being eligible, offers himself for election as a Director.

Mr Cole is an experienced business leader and has worked for over 30 years in the energy and resources industry. He has held a diverse range of senior positions in commercial, corporate, marketing and business strategy and planning functions. Mr Cole is currently Chairman of global online-liquefied natural gas trading platform company, GLX Group, and has worked closely in all aspects of the company's development and marketing.

Mr Cole was previously Managing Director of oil and gas production and exploration company, Beach Energy where he led a whole of business review and successfully implemented a new strategic direction for the company. Mr Cole also spent over eight years at Woodside Petroleum Limited across a number of senior positions in commercial, corporate and legal areas, including Executive Director, Executive Vice President (Corporate and Commercial) and General Counsel. Prior to his time at Woodside, Mr Cole was a Partner at the law firm King & Wood Mallesons.

Mr Cole is currently Chairman of the Western Australian electricity utility, Electricity Generation and Retail Corporation (trading as Synergy) and is Chairman of Southern Ports Authority (a West Australian state owned authority and operator of Bunbury, Albany and Esperance ports).

Mr Cole is an independent non-executive Director, and a member of the Nominations and Governance Committee and the People and Performance Committee.

The Board (with Mr Cole abstaining) recommends that Shareholders vote in favour of the Resolution.

2. Resolution 2 – Re-election of Director – James (Hutch) Ranck

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

James (Hutch) Ranck retires under the director rotation provisions of Article 17.1 of the Company's Constitution and, being eligible, has offered himself for re-election as a Director.

Mr Ranck was appointed to the Board in January 2013, and has been Chairman of the People and Performance Committee since May 2016. For over 30 years, Mr Ranck held senior management positions with DuPont, both in Australia and internationally in finance, chemicals, pharmaceuticals and agriculture. Mr Ranck also served as a Director of DuPont's Hong Kong based subsidiary, Titanium Technologies, for seven years. Mr Ranck retired as Managing Director of DuPont Australia and New Zealand and Group Managing Director of DuPont ASEAN in May 2010. Mr Ranck is also Chairman of Elders Limited and a non-executive Member of the CSIRO Board.

Mr Ranck is an independent non-executive Director, Chairman of the People and Performance Committee, member of the Audit and Risk Committee and the Nominations and Governance Committee.

The Board (with Mr Ranck abstaining) recommends that Shareholders vote in favour of the Resolution.

3. Resolution 3 – Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' report in the Company's Annual Report.

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of Key Management Personnel and the Company's performance; and
- sets out the remuneration arrangements in place for each Director and for the Managing Director and other Key Management Personnel.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 3 is advisory only and does not bind the Directors or the Company.

A voting exclusion applies to Resolution 3 as set out in the Notice of Meeting.

The Board recommends that Shareholders vote in favour of the Resolution.

4. Resolution 4 – Grant of securities to the Managing Director

During 2017 the Board, together with the People and Performance Committee, undertook an extensive review of the effectiveness of the Company's existing reward framework in the context of the Company's strategy and business objectives. A particular focus was placed on whether the Company's current incentive structure supports Iluka's long-term strategy and the creation and delivery of value for Shareholders.

As a result of the review, the Company has adopted a new Executive Incentive Plan for implementation in 2018 (the **EIP**). The EIP combines the Company's existing short-term and long-term incentive arrangements into a simplified annual incentive award that drives performance against strategic and financial metrics supporting the creation of long-term Shareholder value. Further information regarding the EIP can be found in Iluka's Remuneration Report on pages 67 to 69 of our 2017 Annual Report.

Shareholder approval is sought for any inaugural grant of Restricted Shares and Performance Rights to the Managing Director, Tom O'Leary, under the EIP for the performance year commencing 1 January 2018 (the **2018 EIP offer**).

Explanatory Memorandum

(a) Terms of the 2018 EIP offer

Under the 2018 EIP offer, the Managing Director has the opportunity to earn an award of cash, Restricted Shares and Performance Rights, with the total value of any award determined at the end of a 12 month performance period (1 January 2018 – 31 December 2018) based on his performance against annual performance scorecard measures (outlined below).

The Managing Director's "at target" opportunity under the 2018 EIP offer is \$1,862,000, being 133% of his total fixed remuneration (TFR) and his maximum opportunity is \$2,800,000, being 200% of his TFR.

Delivery of award

At the end of the 12 month performance period, the Managing Director's performance will be tested and the value of any award will be determined (**EIP outcome**). Any award will be provided as a mix of:

- cash (15%);
- Restricted Shares (52%), subject to trading and disposal restrictions; and
- Performance Rights (33%), subject to a further relative total shareholder return (TSR) gateway test.

Any cash component will be paid at the end of the 12 month performance period on or around March 2019. If approved at the Meeting, any grant of Restricted Shares and Performance Rights will be made under the Iluka Equity Incentive Plan Rules at the end of the 12 month performance period following the release of the Company's 2018 results in February 2019 (and in any event, no later than 3 years after the date of the Meeting).

Vesting of securities

Each Restricted Share is a fully paid ordinary Share in the Company which is subject to trading and disposal restrictions. Under the 2018 EIP offer, the Restricted Shares granted to the Managing Director will be released in equal tranches annually over 3 years. That is, one third of the Restricted Shares will be released from restriction following the completion of each of the financial years ending:

- 31 December 2019;
- 31 December 2020; and
- 31 December 2021.

Each Performance Right is a right to acquire one fully paid ordinary Share in the Company on satisfaction of a performance condition. Under the 2018 EIP offer, the Performance Rights granted to the Managing Director will vest subject to a relative TSR gateway test, tested at the end of a 4 year period (1 January 2018 – 31 December 2021). If the TSR gateway measure is satisfied, all Performance Rights will vest. If the TSR gateway measure is not satisfied, all of the Performance Rights will lapse.

Additional terms

Additional terms of the 2018 EIP offer are set out below:

Annual performance scorecard measures and weightings	<ul style="list-style-type: none">• Financial measures 35%: earnings per Share; return on equity and all in unit cash costs of production.• Strategic measures 35%: a combination of Group and individual strategic objectives derived from the corporate long-term plan.• Sustainability measures 15%: targets related to safety and environmental objectives based on a combination of industry best practice and continual improvement.• Production measures 15%: production targets across the Group's operating mines.
Performance periods	<ul style="list-style-type: none">• The EIP outcome will be determined based on the Managing Director's annual performance scorecard outcome at the end of the 12 month performance period (1 January 2018 – 31 December 2018).• Any cash component of the EIP outcome will be paid at the end of the 12 month performance period.• Any Restricted Shares component of the EIP outcome will be allocated at the end of the 12 month performance period and released in equal tranches annually over 3 years.• Any Performance Rights component of the EIP outcome will be granted at the end of the 12 month performance period and may vest subject to meeting a further gateway test based on the Company's relative TSR over a 4 year period (1 January 2018 – 31 December 2021).
Equity allocation methodology	The number of Restricted Shares and Performance Rights to be allocated or granted to the Managing Director will be based on the relative proportion of the EIP outcome for that component, divided by the 5 day volume-weighted average price of Shares commencing on the day after the release of the Company's 2018 results announcement.
Gateway Test for vesting of Performance Rights	The Performance Rights granted to the Managing Director will only vest into Shares if Iluka's relative TSR over the 4 year TSR performance period ranks at the 50th percentile or greater against a comparator group comprising the ASX 200 Resources Index (excluding companies primarily engaged in the Oil and Gas sector and non-mining activities). If the relative TSR gateway test is not satisfied, all of the Performance Rights will lapse.
Dividend rights	<ul style="list-style-type: none">• Restricted Shares: the Managing Director will receive dividends on Restricted Shares.• Performance Rights: No dividends will be paid on Performance Rights. For Performance Rights that vest, a cash payment equivalent to dividends paid by Iluka during the period between grant of the Performance Rights and vesting, will be made at or around the time of vesting.
Cessation of employment	In the event the Managing Director ceases employment for reasons of resignation or termination for cause, all of his Restricted Shares and Performance Rights will be forfeited or lapse (as applicable). In the event of retirement or where the Managing Director ceases employment for any other reason, the Restricted Shares and Performance Rights will remain on foot and subject to the original terms of the award.
Clawback	The Board has power under the Iluka Equity Incentive Plan Rules to clawback incentives that have vested and that have been paid or awarded to the Managing Director in certain circumstances. For example, Restricted Shares and Performance Rights may be lapsed or forfeited (as appropriate) if the Managing Director acts fraudulently or dishonestly or if there is a material misstatement or omission in the accounts of a Group company.
Change of control	In the event of a takeover or other transaction that in the Board's opinion should be treated as a change of control event, the Board has a discretion to determine the vesting of some or all of the Restricted Shares and Performance Rights.

Explanatory Memorandum

(b) Information required under the Listing Rules

In relation to the 2018 EIP offer:

- the Managing Director is the only Director (or associate of a Director) entitled to participate in the 2018 EIP offer;
- there is no loan scheme in relation to the 2018 EIP offer;
- details of any securities granted to the Managing Director under the 2018 EIP offer will be provided in the Company's Annual Report for the year in which they are provided and approval for the issue of the securities was obtained under ASX Listing Rule 10.14;
- if approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1; and
- any additional Director (or associate of a Director) who becomes entitled to participate in the 2018 EIP offer after this Resolution is approved and who was not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

No amount is payable by the Managing Director on the allocation, grant or vesting of Restricted Shares or Performance Rights, as they form part of the Managing Director's remuneration package.

A voting exclusion applies to Resolution 4 as set out in the Notice of Meeting.

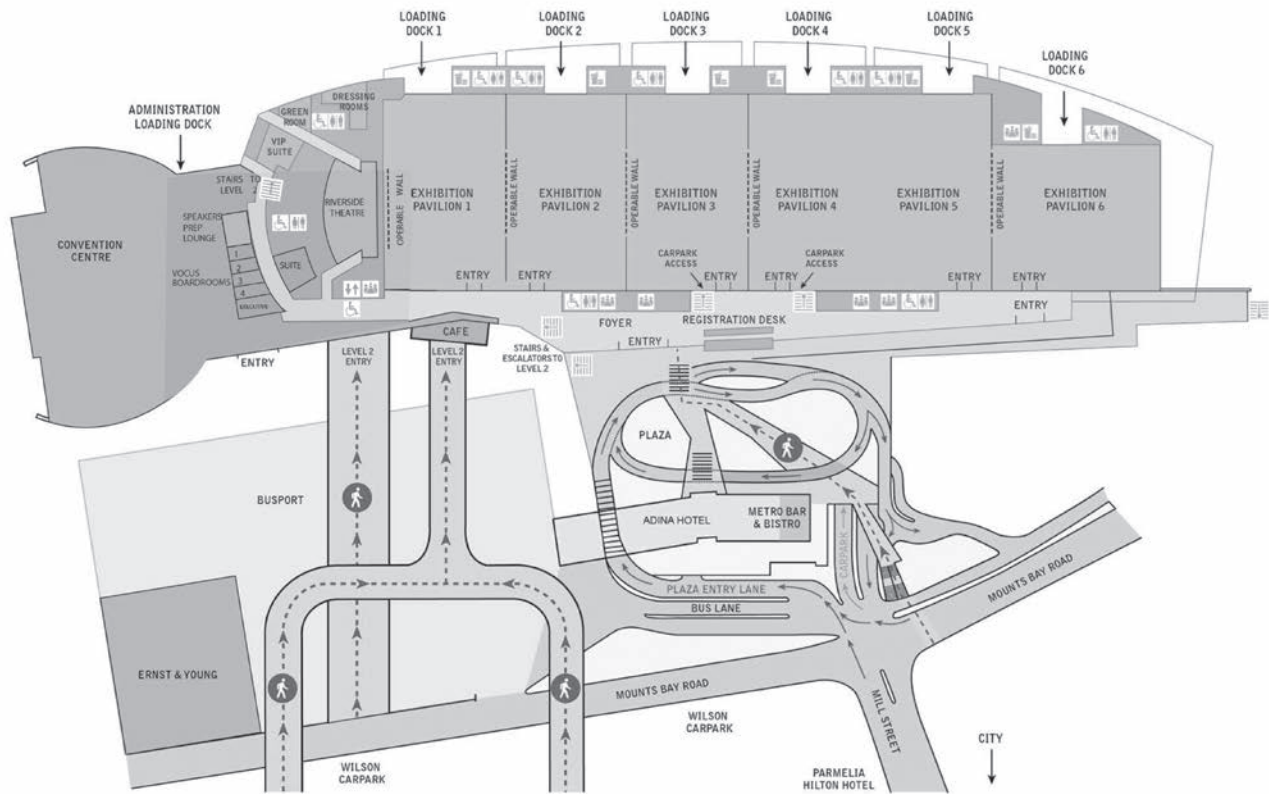
The Board (with Mr O'Leary abstaining) recommends that Shareholders vote in favour of the Resolution.

Glossary

In the Notice of Meeting and this Explanatory Memorandum, the following terms have the following meaning unless the context otherwise requires:

Annual General Meeting or Meeting	The Annual General Meeting of Shareholders or any meeting adjourned thereof, convened by the Notice.
Annual Report	The Company's annual report including the reports of the Directors and the auditor and the annual financial report of the Company for the year ended 31 December 2017, which can be downloaded from the Company's website at www.iluka.com/investors-media/asx-disclosures/annual-reports .
Board	The Board of Directors of the Company.
Chairman	The Chairman of the Board, Mr Greg Martin, or such other Director who chairs the Meeting from time to time.
Company or Iluka	Iluka Resources Limited ACN 008 675 018.
Company Secretary	Either or both of the Company Secretaries of the Company at the time of the Annual General Meeting, being Ms Sue Wilson and Mr Nigel Tinley.
Constitution	The Company's constitution.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Explanatory Memorandum	This explanatory memorandum which accompanies and forms part of the Notice of Meeting.
Key Management Personnel	Those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Managing Director	The Managing Director of the Company, Mr Tom O'Leary.
Notice and Notice of Meeting	The notice of Annual General Meeting which accompanies this Explanatory Memorandum.
Proxy Form	The proxy form accompanying this Notice.
Remuneration Report	The Remuneration Report appearing in the Annual Report.
Resolution	A resolution referred to in the Notice of Meeting.
Share	A share in the Company.
Shareholder	A registered holder of a Share.
WST	Western Standard Time, being the time in Perth, Western Australia.

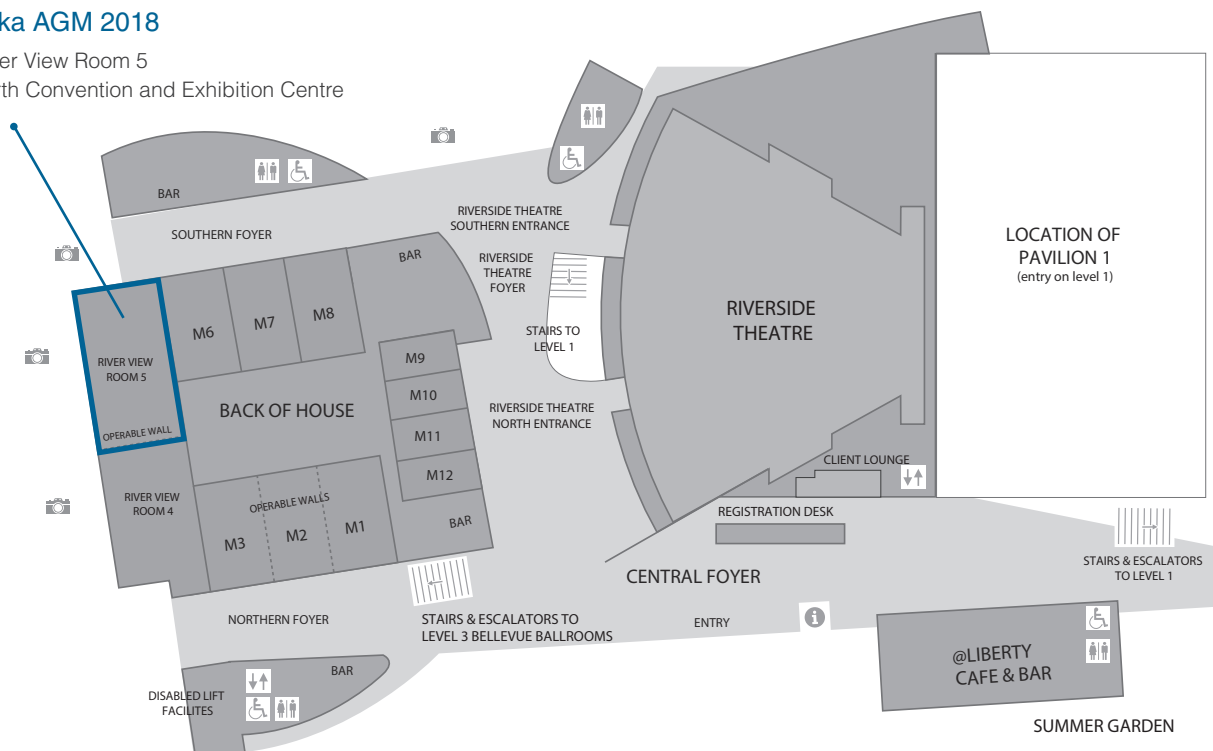
Perth Convention and Exhibition Centre – Access



Perth Convention and Exhibition Centre – Level 2

Iluka AGM 2018

River View Room 5
Perth Convention and Exhibition Centre



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ILUKA

www.iluka.com

ABN 34 008 675 018

**ILUKA****Iluka Resources Limited**

ABN 34 008 675 018

Lodge your vote:**Online:**www.investorvote.com.au**By Mail:**Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 AustraliaAlternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For all enquiries call:**(within Australia) 1300 733 043
(outside Australia) +61 3 9415 4801**Proxy Form****XX****Vote and view the annual report online**

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:**Control Number: 131413**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your Proxy Form to be effective it must be received by 9:30am (WST) Sunday, 22 April 2018****How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Appointing the Chairman of the Meeting as proxy: If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you leave Step 1 blank, or your named proxy does not attend the Meeting or does not vote on a poll in accordance with your instructions, the Chairman of the Meeting will be your proxy.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: If you are entitled to cast two or more votes you may appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the proportion of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the proportion of votes or number of securities for each in Step 1 overleaf.

Voting restrictions for members of the key management personnel (KMP): Please note that if you appoint a member of the KMP or one of their closely related parties as your proxy, they will not be able to vote your proxy on Resolutions 3 and 4, unless you direct them how to vote or you appoint the Chairman of the Meeting as your proxy. If the Chairman of the Meeting is or becomes your proxy, but you do not mark a voting box for Resolutions 3 and 4, then by completing and returning this form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy on Resolutions 3 and 4 as he thinks fit, even though the resolution is connected with the remuneration of the Company's KMP.

A proxy need not be a securityholder of the Company.**Signing Instructions for Postal Forms**

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Iluka Resources Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Iluka Resources Limited to be held in the River View Room 5 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Tuesday, 24 April 2018 at 9:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), by completing and returning this form, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy on Resolutions 3 and 4 (except where I/we have indicated a different voting intention below), even though Resolutions 3 and 4 are connected directly or indirectly with the remuneration of the Company's KMP.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 and 4 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Election of Director – Robert Cole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – James (Hutch) Ranck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of securities to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /
