

13 March 2019

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

### **PUBLIC ANNOUNCEMENT 2019 – ILUKA RESOURCES LIMITED**

Please find attached the following documents in relation to Iluka Resources Limited's 2019 Annual General Meeting, to be held at 9.30am (WST) on Tuesday, 16 April 2019 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 2018 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](http://www.iluka.com).

Yours sincerely



**Sue Wilson**  
**Company Secretary**



For personal use only



**ILUKA**

**2019**

**NOTICE OF ANNUAL  
GENERAL MEETING**

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**Tuesday 16 April 2019, commencing 9.30am (WST)  
Perth Convention and Exhibition Centre**



# NOTICE OF ANNUAL GENERAL MEETING

**Iluka Resources Limited**  
**Annual General Meeting**  
**Tuesday 16 April 2019, commencing 9.30am (WST)**  
**Perth Convention and Exhibition Centre**



## Dear Shareholder

I am pleased to invite you to Iluka Resources Limited's 2019 Annual General Meeting. The Meeting will be held on Tuesday 16 April 2019 at the Perth Convention and Exhibition Centre. Details of the business of the Meeting are contained from page 8. The following pages include a summary of the key attributes of the 2018 year; a financial summary, including information on the balance sheet; and your Company's dividend framework. Detailed information is available in the 2018 Annual Report accessible at [www.iluka.com](http://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.

My letter to you this year is written amidst a challenging and complex external environment for business. 2018 saw rising geopolitical tensions, the resurrection of international trade barriers and policy settings dominated by the continued rise of populism. In Australia, these global factors are finding expression in what appears to be ever diminishing trust in institutions, including in the wake of the Hayne Royal Commission into financial services, with associated reputational implications for the business community as a whole.

No company is immune from these challenges. Success demands increased vigilance across all business activities and a sharp focus on core objectives. Iluka's focus, determined by the Managing Director and with the full support of the Board, is on the delivery of sustainable value. The Board's role is to support the Executive in pursuing this objective and to hold it to account. It is also to set a business culture that prioritises the key pillars of value – the sustainability of our profits, our people and our communities; the latter encompassing not only those in Iluka's operating regions, but the company's customers, suppliers and other external stakeholders as well.

These pillars are, of course, mutually reinforcing. To deliver sustainable profits and returns to shareholders necessitates a workforce that is skilled, engaged, diverse and empowered. It is also dependent on the ongoing trust of our communities. That trust is derived primarily from delivering on our commitments – doing what we say we will do operationally, commercially and with respect to health and safety, environmental management and corporate governance in particular. Finally, Iluka's ability to invest in its people and its communities relies on sustainable financial performance and the trust of our shareholders to grow the business over the long term. These are the broad criteria against which directors assess Iluka's performance; on which we expect scrutiny; and should ourselves be held to account.

## STRONG PERFORMANCE WAS DELIVERED ON THE BACK OF CONTINUING POSITIVE MARKET CONDITIONS

Notwithstanding the challenges in the external environment, your company delivered a pleasing financial result in 2018. Key features included:

- net profit after tax of \$304 million;
- free cash flow of \$304 million; and
- a return to a modest net cash position of \$2 million, two years after the acquisition of Sierra Rutile (when net debt was \$506 million).

This strong performance was delivered on the back of continuing positive market conditions, the realignment of Iluka's business strategy and the repositioning of the company's portfolio over the previous two years. The result enabled the Board to declare a final dividend of 19 cents per share, fully franked. Iluka's interim dividend for 2018 was 10 cents per share, producing a total dividend for the year of 29 cents per share, fully franked. This is in line with Iluka's dividend framework to return to shareholders a minimum of 40% of free cash flow not required for investment purposes or balance sheet activity.

One clear area of disappointment in 2018 was the performance of the Sierra Rutile operation, which endured something of an *annus horribilis* following an encouraging first year of operations post acquisition. This performance is unacceptable and attributable to a range of technical, industrial and external factors. Addressing the long-term stability of Sierra Rutile's operating environment is a key priority for the Board. The Executive has substantive measures and planning in place to improve the operation's performance. Directors are receiving regular updates as to progress in this regard and visited Sierra Leone in November. We will continue to keep shareholders abreast of developments.

Iluka's group sustainability performance was recognised in 2018 through the company's continued listing on the Dow Jones Sustainability Index as a leading sustainability performer. Disappointingly, our total recordable injury frequency rate for the year increased from 2.8 to 3.5, with eight additional injuries. Many of these recordable injuries for the year were minor in nature; there has been a material reduction in the number of injuries classified as having serious potential in comparison to 2017. The lost time injury frequency rate remained constant at 1.0 and we recorded 20 reportable environmental incidents compared to 27 during the previous year.

Significant progress was made by the business in aligning with the International Council on Mining and Metals (ICMM) Framework for Sustainable Development. This included the adoption of a Human Rights Policy, which is important in the context of our operations and activities globally. In an excellent acknowledgment of Iluka's commitment to sustainable development and the quality of work undertaken by our people, the Jacinth-Ambrosia operation received two separate South Australian Premier's Awards for rehabilitation and diversity.

A review of our climate change approach was undertaken in 2018, which considered the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). We have developed steps to understand our climate risks and opportunities, including those related to emissions reduction, in line with the TCFD's recommendations.

As foreshadowed in last year's Annual Report, the Board has implemented a new Executive Incentive Plan (EIP) for Iluka's senior executives. The EIP is structured to align senior executives' interests with your interests as shareholders. In 2018, directors balanced the company's strong financial result; mixed operational performance; sustainability outcomes; and the progression of strategic measures to determine overall incentive outcomes above target. Full details of reward outcomes, which under the terms of the EIP will be delivered predominantly in equity, are set out in the Remuneration Report of the 2018 Annual Report.

Board development continued with the appointment of Rob Cole as a non-executive director in March 2018. Rob has brought an important and valuable perspective to the Board's deliberations during what was a year of significant activity for the company. I would also like to pay tribute to the contribution of my other fellow directors; the performance of Iluka's people, led by Tom O'Leary; and, as ever, the ongoing support of our shareholders.

Xiaoling Liu will retire from the Board at the 2019 Annual General Meeting. Iluka has evolved substantially since Xiaoling's commencement as a director in February 2016, with major developments since that time including the appointment of a new Managing Director, the acquisition of Sierra Rutile and approval for a new mine at Cataby in Western Australia. Xiaoling's thoughtful contributions to the Board's consideration of these and other matters during her tenure have been valued. On behalf of the company, I thank Xiaoling for her efforts and wish her well in her future endeavours.

The coming year promises further challenges, with Iluka progressing its programme of capital investments against the backdrop of what is an unpredictable external environment for business. Your Board believes the company is positioned strategically, financially and culturally to meet these challenges and deliver on its objective.

**Greg Martin**  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING

## Strategy and business model

### OUR PURPOSE

**DELIVER  
SUSTAINABLE  
VALUE**



### The Iluka Plan

In 2018 Iluka developed the Iluka Plan, which outlines the company's values, purpose, core and direction. It is the strategic reference point that guides business decisions.

### Our Values

**INTEGRITY**

**RESPECT**

**COURAGE**

**ACCOUNTABILITY**

**COLLABORATION**

### Our Core

Iluka is an international mineral sands company with expertise in exploration, development, mining, processing, marketing and rehabilitation.

### Our Purpose

Iluka's purpose is to deliver sustainable value. The company aims to achieve this by:

- protecting the safety, health and wellbeing of our employees;
- optimising shareholder returns through prudent capital management and allocation;
- developing a robust business that can maintain and grow returns over time;
- providing a competitive offering to our customers;
- managing our impact on the environment;
- supporting the communities in which we operate; and
- building and maintaining an engaged, diverse and capable workforce.

### Our Direction

During the three years 2018-20, Iluka's focus is on delivery, particularly with respect to:

- executing the company's capital projects;
- achieving a sustainable price environment for mineral sands products;
- operational excellence and continuing to excel in core areas of expertise; and
- maturing longer-term growth options in the company's portfolio.

Beyond this period, Iluka aims to continue to grow where it can add value in mineral sands and potentially in other mineral diversification.

An overview of the purpose and status of the company's near-term and longer-term capital projects is detailed on pages 36-39 of the 2018 Annual Report.

Iluka's approach to capital management seeks to balance the impact of commodity pricing and investment factors. Central aspects of the company's methodology in this area include:

- maintaining credit metrics that are broadly consistent with an investment grade credit profile – generally corresponding to a leverage ratio of 1.0 to 1.5 times net debt to EBITDA;
- Iluka's dividend framework, which stipulates returns to shareholders of a minimum of 40% of free cash flow not required for investment purposes or balance sheet activity; and
- disciplined capital allocation, meaning Iluka will commit funds to new projects only when it is sufficiently confident of achieving satisfactory returns for shareholders.

Insofar as inorganic growth options are concerned, Iluka considers merger and acquisition opportunities that demonstrate both a clear business advantage and value for shareholders.

Risks to the achievement of the Iluka Plan, and their associated mitigation measures, are outlined on pages 44-45 of the 2018 Annual Report.

## 2018 Year in review

### Global supply tightness in key markets

- Global zircon supply tightness, with inventory and zircon in concentrate release supporting consumption in 2018
- Solid demand for high-grade titanium feedstocks
- Significant price growth achieved for zircon and rutile products
- Existing producers' mines are mature, entering decline in coming years

### Pleasant financial performance

- Two years of strong mineral sands revenue growth, up 22% in 2018 to \$1,244 million, following 40% growth in 2017
- Mining Area C royalty income contribution \$56 million
- Net profit after tax of \$304 million
- Strong free cash flow of \$304 million
- Achieved net cash position of \$2 million, a significant improvement from net debt of \$506 million in 2016 following the Sierra Rutile acquisition
- Return on capital of 54%
- Full year dividend payment of 29 cents per share

### Mixed operational results

- After restarting Jacinth-Ambrosia mining in December 2017, zircon production increased, reflecting higher than anticipated ore grades and improved recoveries
- Superior run time achieved at synthetic rutile kiln in south west Western Australia, with record synthetic rutile production achieved in 2018 from this asset
- Operational issues and strike actions at Sierra Rutile resulted in disappointing rutile production

### Cataby project on track for early 2019 commissioning

- Approved by Iluka Board in December 2017 with total capital expenditure of \$250-275 million
- Investment returns underpinned by favourable offtake agreements for 85% of synthetic rutile production for at least four years
- 8.5 year mine life producing ilmenite feedstock for synthetic rutile production, zircon and rutile with potential to extend life for a further four years
- First production planned for first half of 2019

### Projects sustain production and provide future growth options

- Ambrosia early mine move approved at capital cost of \$55 million to smooth zircon production at Jacinth-Ambrosia operations in South Australia
- Sierra Rutile expansions to double production at both Lanti and Gangama mines on track for commissioning in mid-2019
- Value optimisation work on other Sierra Leonean projects
- Fine Minerals deposit in western Victoria could provide long-term zircon product stream and entry to growing rare earths market

### High levels of sustainability performance

- Material reduction in the number of injuries classified as having serious potential
- However, Iluka's total recordable injury frequency rate increased from 2.8 to 3.5 with eight more injuries than 2017
- Proactive measures introduced to reduce malaria and typhoid cases
- Demolition of redundant assets and clean-up of sites as part of ongoing closure and land management activities
- Human Rights Policy released in October 2018
- Inclusion within 2018 Australian Dow Jones Sustainability Indices for leading sustainability performance
- Developed steps to understand climate risks and opportunities, including those related to emissions reduction, in line with the recommendations of the Taskforce on Climate-related Financial Disclosure

# NOTICE OF ANNUAL GENERAL MEETING

## Financial summary

	2018	2017	2016	2015	2014
1. Mineral sands revenue	1,244.1	1,017.5	726.3	819.8	724.9
2. Underlying mineral sands EBITDA <sup>1</sup>	544.5	300.9	103.0	231.8	189.2
3. Mining Area C EBITDA	55.6	59.6	47.5	61.6	66.8
4. Underlying Group EBITDA <sup>1</sup>	600.1	360.5	150.5	293.4	256.0
5. Net profit (loss) after tax	303.9	(171.6)	(224.0)	53.5	(62.5)
6. Operating cash flow	594.2	391.7	137.3	222.2	254.8
Free cash flow	304.4	321.9	47.3	155.0	196.3
7. Net (debt) cash	1.8	(182.5)	(506.3)	6.0	(59.0)
Gearing %	n/a	17.1	31.5	n/a	3.9
8. Return on equity	31.8	(20.1)	(17.1)	3.8	(4.1)
Return on capital	54.0	(11.6)	(18.3)	6.8	(2.0)

<sup>1</sup> Underlying minerals sands and Group EBITDA excludes adjustments including impairments 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 22% to \$1,244 million, following strong revenue growth in 2017. Contributing to the 2018 result were significant increases in zircon and rutile prices, offset by small declines in sales volumes. Weighted average zircon and rutile prices increased 41% and 21% respectively. The pricing result reflects tight conditions in both markets owing to solid demand and constrained supply. Iluka's Zircon Reference Price was raised twice in the year to finish at US\$1,580 per tonne. High-grade titanium feedstock prices were supported by demand from the pigment market. Z/R/SR sales volumes were down 7%. Rutile sales were constrained by operational issues at Sierra Rutile and the exhaustion of inventory drawn downs. Zircon sales were broadly flat relative to 2017, and included the release of zircon in concentrate given favourable market conditions.

### 2 Underlying mineral sands EBITDA<sup>1</sup>

Iluka's underlying mineral sands EBITDA increased by 81% to \$545 million. This result reflects the strong growth in mineral sands revenue. Slightly offsetting this, cash costs of production increased by 22% due to higher costs at Sierra Rutile, and the restart of mining and concentrating at Jacinth-Ambrosia, generating mineral sands EBITDA margin of 44%.

Since 2016 Iluka has been reducing inventory levels to a normalised level. This process was completed in 2018. Restructure and idle capacity charges were down 66% with the restart of Jacinth-Ambrosia while government royalties were up 51% due to payments on a higher revenue base.

### 3 Mining Area C EBITDA

Income from Iluka's Mining Area C royalty was \$56 million in 2018, down 8% from 2017 due to lower sales volumes from the royalty area. A\$1 million capacity payment was part of the income received in the year.

### 4 Underlying Group EBITDA<sup>1</sup>

2018 underlying Group EBITDA of \$600 million was 66% higher than 2017, largely reflecting the strong mineral sands revenue growth over the period.

### 5 Net Profit after tax

Iluka achieved a net profit after tax of \$304 million in 2018. This is a significant turnaround on the \$172 million loss recorded in 2017, which was impacted by the inclusion of a \$185 million impairment expense and a \$127 million rehabilitation provision increase. The strong profit achieved in 2018 is the highest since 2012 and is a reflection of the increased zircon and rutile prices received in the period.

### 6 Free cash flow

2018 free cash flow was \$304 million. This is the second consecutive year of strong cash flows, reflecting the favourable market conditions over this period.

Operating cash flow contributed \$594 million and Mining Area C royalty contributed \$56 million.

Capital expenditure in 2018 was \$312 million, including \$189 million on the Cataby mine development and \$104 million at Sierra Rutile.

### 7 Net cash (debt)

Strong free cash flow in 2017 and 2018 has enabled Iluka to return to a net cash position. Recently, net debt peaked at \$506 million in 2016, largely due to the \$455 million acquisition of Sierra Rutile in that year.

The return to net cash has also occurred over a time of significant capital expenditure (\$312 million), where Iluka is delivering projects to sustain future operations.

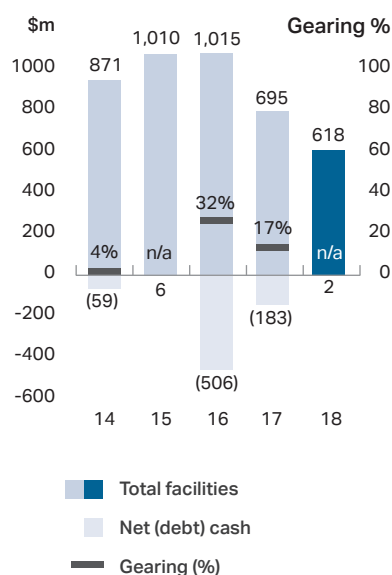
### 8 ROE and ROC

Iluka's strong financial performance in 2018 has generated a return on shareholders' equity (ROE) of 32% and return on capital (ROC) of 54%.

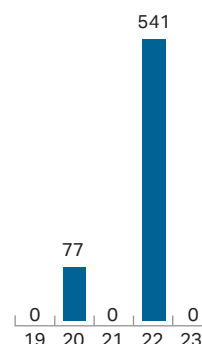
## Balance sheet

As at 31 December 2018, Iluka had total debt facilities of \$618 million and net cash of \$2 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 2018 were \$50 million (2017: \$239 million). Undrawn MOFA facilities at 31 December 2018 were \$568 million (2017: \$456 million). Of the above interest-bearing liabilities, \$50.4 million is subject to an effective weighted average floating interest rate of 4.2% (2017: 3.1%). Note 14 of Iluka's Financial Report provides details of the maturity profile and interest rate exposure.

### Debt, gearing and debt facilities profile



### Debt facilities maturity 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 available. Iluka's 2018 full year dividend payment of 29 cents per share (19 cents per share final and 10 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 2018 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	2017	2018
Payout ratio % of free cash flow	40	40



# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 64th 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, 16 April 2019** 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 the events section of the Iluka website - [www.iluka.com](http://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 2018.

### Ordinary Resolutions

#### 1. Re-election of Director – Greg Martin

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

*That Greg Martin, who retires in accordance with Article 17.1 of the Company's Constitution, be re-elected as a Director.*

#### 2. 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 2018 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 2:

- by or on behalf of either a member of the Key Management Personnel whose remuneration details are included in the 2018 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 2 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.

### 3. 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 Share Rights 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 3 that are cast:

- in favour of the Resolution by or on behalf of Tom O'Leary or his associates (in any capacity); or
- 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 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.

## 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 14, 240 St Georges Terrace, Perth, Western Australia, 6000, facsimile number +61 (8) 9360 4777, by no later than **9.30am (WST), Sunday, 14 April 2019** (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](http://www.investorvote.com.au) or on your mobile device by scanning the QR code on the Proxy Form by **9.30am (WST), Sunday, 14 April 2019**. For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://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 2 and 3, the Key Management Personnel and their closely related parties, and with respect to Resolution 3 only, associates of the Managing Director, will generally not be able to vote your proxy on Resolutions 2 and 3 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.

# NOTICE OF ANNUAL GENERAL MEETING

## 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](http://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, 14 April 2019**. 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 2018 (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, 9 April 2019**:

**In person:** 14<sup>th</sup> Floor, 240 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, 9 April 2019** 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 2018. 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: 13 March 2019



# 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 2018 (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 2018 Annual Report (which includes the annual financial report, Directors' report and auditor's report) has been sent to those Shareholders who requested it. The 2018 Annual Report can also be found on the Company's website ([www.iluka.com/investors-media/results-and-presentations](http://www.iluka.com/investors-media/results-and-presentations)).

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 – Re-election of Director – Greg Martin

#### Greg Martin, BEc, LLB, FAIM, MAICD

Greg Martin 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 Martin was appointed to the Board in January 2013 and appointed Chairman of the Board in December 2013. Mr Martin has over 35 years' experience in the energy, utility and infrastructure sectors, having spent 25 years with the Australian Gas Light Company Ltd (AGL), including five years as CEO and Managing Director. After leaving AGL, Mr Martin was CEO of the infrastructure division of Challenger Financial Services Group and, subsequently, Managing Director of Murchison Metals Limited.

Mr Martin is currently Chairman of Sydney Desalination Plant Pty Limited, Deputy Board Chair of Western Power and a non-executive director of Spark Infrastructure. He was previously Chairman of Coronado Global Resources Inc and a non-executive director of Santos Limited and Prostar Investments (Australia) Pty Ltd.

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

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

### 2. Resolution 2 – 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 2 is advisory only and does not bind the Directors or the Company.

A voting exclusion applies to Resolution 2 as set out in the Notice of Meeting.

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

# EXPLANATORY MEMORANDUM

## 3. Resolution 3 – Grant of securities to the Managing Director

The Company's Executive Incentive Plan (the **EIP**) was adopted in 2018 and combines the Company's previous short-term and long-term incentive arrangements into a simplified annual incentive award that drives performance against strategic, financial, production and sustainability metrics supporting the delivery of long-term sustainable value. Further information regarding the EIP can be found in Iluka's Remuneration Report on pages 58 to 79 of our 2018 Annual Report.

For 2019, the EIP award will continue to be provided as a mix of cash and equity instruments in the same proportions as last year, with the equity component this year granted as Share Rights and Performance Rights (rather than Restricted Shares and Performance Rights). Shareholder approval is sought for the grant of Share Rights and Performance Rights to the Managing Director, Tom O'Leary, under the EIP for the performance year commencing 1 January 2019 (the **2019 EIP offer**).

It is Iluka's practice to satisfy the vesting of EIP awards with Shares purchased on-market, however, Shareholder approval is being sought in the interests of good governance and to preserve future flexibility if, for any reason, it is considered appropriate to issue Shares rather than source them on-market.

### (a) Terms of the 2019 EIP offer

Under the 2019 EIP offer, the Managing Director has the opportunity to earn an award of cash, Share Rights and Performance Rights, with the total value of any award determined at the end of a 12 month performance period (1 January 2019 – 31 December 2019) based on the Company's and his performance against annual performance scorecard measures (outlined below).

The Managing Director's "at target" opportunity under the 2019 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%);
- Share Rights (52%), subject to vesting in 3 equal tranches over a 3 year period; and
- Performance Rights (33%), subject to a further relative total shareholder return (**TSR**) gateway test measured over a 4 year period.

The maximum equity component of the award that would be granted is \$2,100,000 which is 85% of the maximum opportunity (the remaining 15% will be provided as cash). The number of Share Rights and Performance Rights to be granted to the Managing Director will be determined following testing of performance against the annual performance scorecard measures following the conclusion of the performance period and is therefore unknown at this time. The equity allocation methodology is set out below. The outcome awarded under the 2019 EIP offer will be disclosed retrospectively in the 2019 Remuneration Report. The 2018 Remuneration Report provides full details of how the 2018 EIP equity award was determined.

If approved at the Meeting, any grant of Share Rights 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 2019 results in February 2020 (and in any event, no later than 3 years after the date of the Meeting).

Any cash component will be paid at the end of the 12 month performance period on or around March 2020.

#### *Vesting of securities*

Each Share Right is a right to acquire one fully paid ordinary Share in the Company on vesting. Under the 2019 EIP offer, the Share Rights granted to the Managing Director will vest in equal tranches annually over 3 years. That is, one third of the Share Rights will vest following the completion of each of the financial years ending:

- 31 December 2020;
- 31 December 2021; and
- 31 December 2022.

Each Performance Right is a right to acquire one fully paid ordinary Share in the Company on satisfaction of a performance condition. Under the 2019 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 2019 – 31 December 2022). 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 2019 EIP offer are set out below:

<b>Annual performance scorecard measures and weightings</b>	<ul style="list-style-type: none"><li>• <b>Financial measures</b> 35%: earnings per Share; return on equity and all in unit cash costs of production.</li><li>• <b>Strategic measures</b> 35%: a combination of Group and individual strategic objectives, linked to major business opportunities, priorities and risks for the year from the corporate plan and directed at positioning Iluka to deliver sustainable value over the longer term.</li><li>• <b>Sustainability measures</b> 15%: targets related to safety, environmental and rehabilitation objectives based on a combination of industry best practice and continual improvement.</li><li>• <b>Production measures</b> 15%: production targets across the Group's operating mines.</li></ul>
<b>Performance periods</b>	<ul style="list-style-type: none"><li>• 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 2019 – 31 December 2019).</li><li>• Any cash component of the EIP outcome will be paid at the end of the 12 month performance period.</li><li>• Any Share Rights component of the EIP outcome will be granted at the end of the 12 month performance period and will vest in equal tranches annually over 3 years.</li><li>• 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 2019 – 31 December 2022).</li></ul>
<b>Equity allocation methodology</b>	The number of Share Rights and Performance Rights to be granted to the Managing Director will be based on the relative proportion of the EIP outcome for that component, divided by the volume-weighted average price of Shares traded over the 5 trading days following the release of the Company's 2019 results announcement.
<b>Gateway Test for vesting of Performance Rights</b>	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.
<b>Dividend rights</b>	No dividends will be paid on Share Rights or Performance Rights. For Share Rights or Performance Rights that vest, a cash payment equivalent to dividends paid by Iluka during the period between grant of the Share Rights or Performance Rights (as applicable) and vesting, will be made at or around the time of vesting.
<b>Cessation of employment</b>	In the event the Managing Director ceases employment for reasons of resignation or termination for cause, all of his Share Rights and Performance Rights will lapse. In the event of retirement or where the Managing Director ceases employment for any other reason, the Share Rights and Performance Rights will remain on foot and subject to the original terms of the award.
<b>Clawback</b>	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, Share Rights and Performance Rights may be lapsed if the Managing Director acts fraudulently or dishonestly or if there is a material misstatement or omission in the accounts of a Group company.
<b>Change of control</b>	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 Share Rights and Performance Rights.



# EXPLANATORY MEMORANDUM

## (b) Information required under the Listing Rules

In relation to the 2019 EIP offer:

- the Managing Director is the only Director (or associate of a Director) entitled to participate in the 2019 EIP offer;
- the Managing Director received 119,992 Restricted Shares and 76,149 Performance Rights for nil consideration pursuant to the 2018 EIP offer approved by Shareholders at the Company's 2018 Annual General Meeting on 24 April 2018;
- there is no loan scheme in relation to the 2019 EIP offer;
- details of any securities granted to the Managing Director under the 2019 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 2019 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 grant or vesting of Share Rights or Performance Rights, as they form part of the Managing Director's remuneration package. A voting exclusion applies to Resolution 3 as set out in the Notice of Meeting.

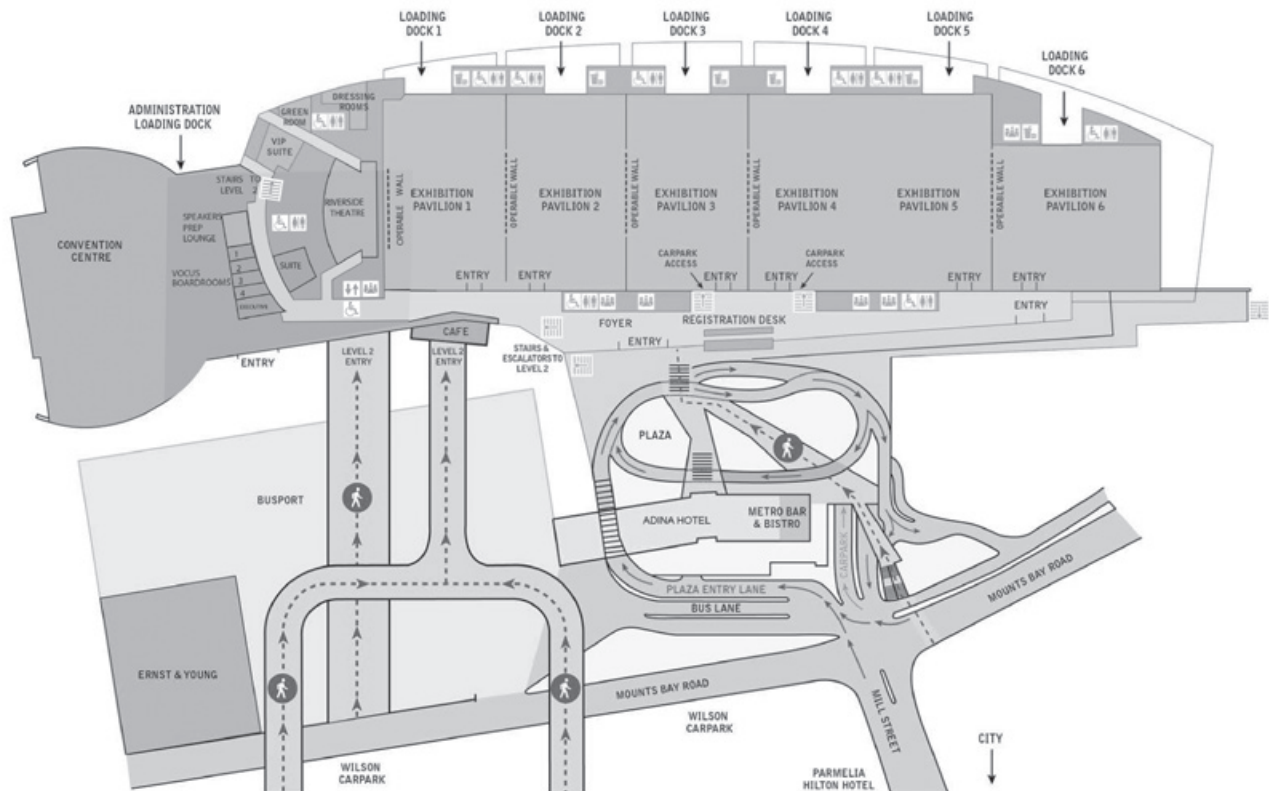
The Board (with Mr O'Leary abstaining) recommends that Shareholders vote in favour of the Resolution.

## GLOSSARY

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

<b>Annual General Meeting or Meeting</b>	The Annual General Meeting of Shareholders or any meeting adjourned thereof, convened by the Notice.
<b>Annual Report</b>	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 2018, which can be downloaded from the Company's website at <a href="http://www.iluka.com/investors-media/results-and-presentations">www.iluka.com/investors-media/results-and-presentations</a> .
<b>Board</b>	The Board of Directors of the Company.
<b>Chairman</b>	The Chairman of the Board, Mr Greg Martin, or such other Director who chairs the Meeting from time to time.
<b>Company or Iluka</b>	Iluka Resources Limited ACN 008 675 018.
<b>Company Secretary</b>	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.
<b>Constitution</b>	The Company's constitution.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Explanatory Memorandum</b>	This explanatory memorandum which accompanies and forms part of the Notice of Meeting.
<b>Key Management Personnel</b>	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).
<b>Managing Director</b>	The Managing Director of the Company, Mr Tom O'Leary.
<b>Notice and Notice of Meeting</b>	The notice of Annual General Meeting which accompanies this Explanatory Memorandum.
<b>Proxy Form</b>	The proxy form accompanying this Notice.
<b>Remuneration Report</b>	The Remuneration Report appearing in the Annual Report.
<b>Resolution</b>	A resolution referred to in the Notice of Meeting.
<b>Share</b>	A share in the Company.
<b>Shareholder</b>	A registered holder of a Share.
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.

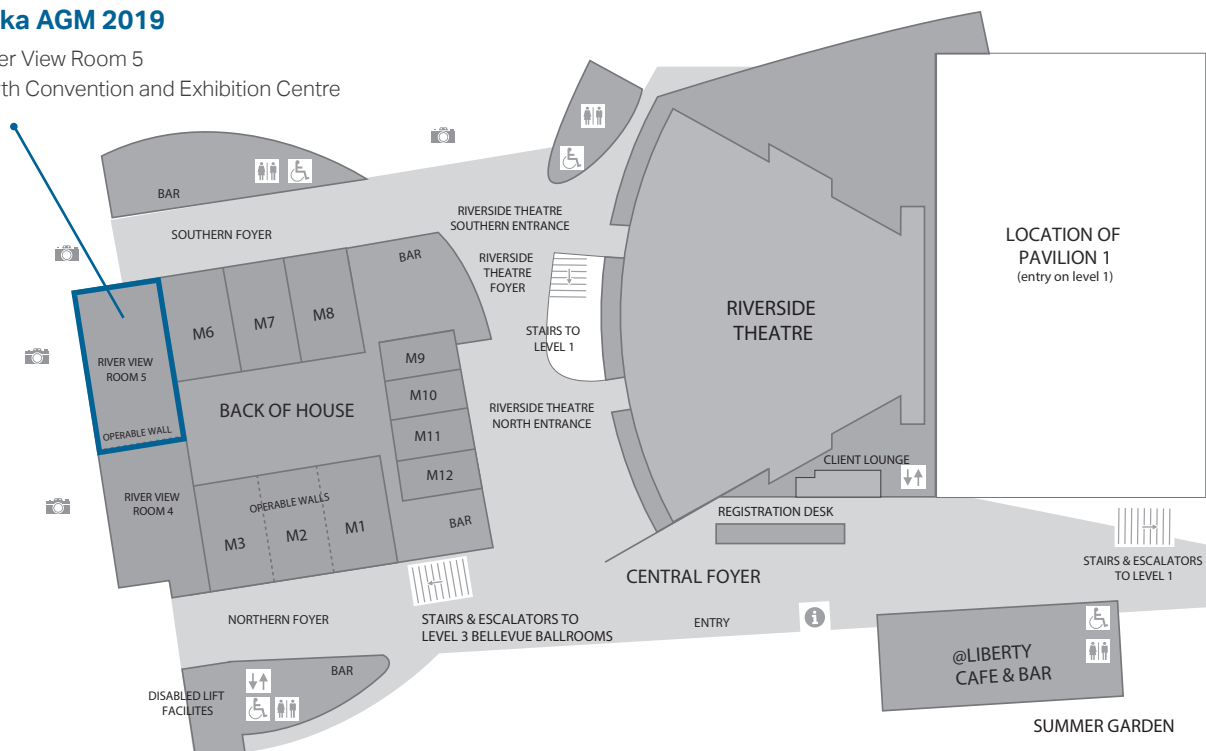
## Perth Convention and Exhibition Centre – Access



## Perth Convention and Exhibition Centre – Level 2

### Iluka AGM 2019

River View Room 5  
Perth Convention and Exhibition Centre



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**ILUKA**

[www.iluka.com](http://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](http://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](http://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](http://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: 132443**

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, 14 April 2019****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 2 and 3, 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 2 and 3, then by completing and returning this form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy on Resolutions 2 and 3 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, one securityholder may 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](http://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, 16 April 2019 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 2 and 3 (except where I/we have indicated a different voting intention below), even though Resolutions 2 and 3 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 2 and 3 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	Re-election of Director – Greg Martin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	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