



<b>Company Name/ASX Code</b>	Iluka Resources Limited (ILU)
<b>AGM date</b>	Tuesday 16 April 2019
<b>Time and location</b>	9.30 WST Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth.
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes, at <a href="http://www.iluka.com">www.iluka.com</a>
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Geoff Read assisted by Geoff Field
<b>Pre AGM Meeting?</b>	Yes, with Chair Greg Martin and other company representatives

<b>Item 0</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

### Financial performance

Financial performance was variable this year. Return on equity (ROE) and return on capital (ROC) were both high at 32% and 54% respectively. Net profit after tax (NPAT) was a \$304m due to high commodity prices and no surprise significant expenses or losses. In fact this is ILU's highest profit since 2012. Total dividend of 29 cents per share was respectable and was fully franked leaving only a prudent reserve of franking credits. The dividend could have been higher but the company chose to use the available cash to pay off the outstanding debt which fell from \$183m to zero. In fact the company was marginally net cash positive at balance date. They have retained significant banking facilities but at present these are undrawn. Unfortunately there were operational issues and illegal strike action in Sierra Rutile which reduced production volumes. The share price fell to \$7.62 at year end which created a poor total shareholder return (TSR) result of -22% at balance date. The TSR loss halved when the result was reported to the ASX, with the share price reacting to close the day at \$9.44.

Sierra Rutile was purchased in 2016 for about \$600m. The return was negative again this year with earnings before interest tax (EBIT) of -\$12.5m. We will ask the company about this.

Capex of \$312m was invested including \$104m in Sierra Rutile and \$189m on the new Cataby mine development in WA.

The income from the Mining Area C province royalty was down 8% this year due to lower iron ore production. The company is optimistic that mine expansion (BHP) at South Flank will lead to future increases.

## Structure Changes

The company is in discussions with the International Finance Corporation (IFC), which is an affiliate of the World Bank, to commence a strategic partnership which would include purchasing a 10% stake in Sierra Rutile for up to US\$60m. The World Bank and IFC have been active in Sierra Leone for a long time.

## Board and senior management changes

At the coming AGM Ms Xiaoling Liu will retire from the board. She has been a director since 2016. Ms Adele Stratton was appointed as the new CFO; she was promoted from within the company.

## Shareholdings

All directors and executives have meaningful shareholdings, and all have increased their stakes this year. Whilst the fall in the share price towards year end reduced the total value we consider that at a more usual share price they comply with ASA guidelines. In 2017 the company increased its minimum shareholding policy for directors to 12,000 shares after 3 years tenure. The board has a clear majority of independent directors. Two directors out of a total of seven are female. Take home pay is disclosed in addition to the statutory remuneration tables.

## Summary

(As at FYE)	2018	2017	2016	2015
NPAT (\$m)	304	(171.6)	(224)	53.5
UPAT (\$m)	301	13.8	(23)	53.5
Share price (\$)	7.62	10.17	7.27	6.13
Dividend (cents)	29	31	3	25
TSR (%)	-22	41	22.6	5.4
EPS (cents)	72.2	(41)	(53.6)	12.8
CEO total remuneration, actual (\$m)	3.386	3.544	6.147*	3.131*

\*Prior CEO, now retired

For 2018, the CEO's total actual remuneration was **39 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2018 data from the Australian Bureau of Statistics).

<b>Item 1</b>	<b>Re-election of Greg Martin as a Director</b>
<b>ASA Vote</b>	<b>FOR</b>

### Summary of ASA Position

Greg Martin is the chairman and he joined the board in 2013. He is a very experienced director. His other ASX-listed directorship is Spark Infrastructure. He is also Chair of Sydney Desalination Plant and Deputy Chairman of Western Power. He is an independent director. We will vote any undirected proxies for his re-election.

<b>Item 2</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>FOR</b>

### Summary of ASA Position

This is the first year of operation for the new executive incentive plan (EIP). It combines the short-term incentive (STI) and (long-term incentive) LTI plans into one. The objective is to reward executives with more shares and less cash and to release the shares over a longer period, up to 4 years. Executives will have more skin in the game and 33% of the EIP is measured against gateway measure of relative TSR over a four-year period thus aligning the outcome with shareholders. It is proposed to reduce the cash component each year.

In 2018 there was strong financial performance, mixed operational performance, reduced safety performance, and satisfactory progression of long term strategic measures. The resulting EIP outcome for the CEO was 116% of target (maximum 150%). This equated to \$2.157m which was allocated as restricted shares (52%) delivered in 3 equal tranches over three years, cash (15%) and performance rights (33%) which are tested against relative TSR in 4 years time.

The fixed remuneration of the executives was not changed this year and the non-executive director (NED) fees increased slightly. They had been constant since 2011.

The report is easy to read and specific measures and outcomes are disclosed. A table of actual remuneration is included as is a 5-year summary of key performance indicators (KPI's). There is a legacy LTI plan which only vested 25% of total target for the average achievement of the relative TSR target.

The CEO and one other executive have some long term development rights available to them. The measures and outcomes for these are fully disclosed.

There are no loans to NED's or KMP.

<b>Item 3</b>	<b>Approval of a grant of securities to the Managing Director T O’Leary.</b>
<b>ASA Vote</b>	<b>FOR</b>

### Summary of ASA Position

This resolution provides for the issue of securities to the MD to satisfy the newly introduced EIP. The EIP has been discussed in some detail above.

The company’s practice is to purchase the required securities on market so they will probably not be issuing new securities. The grant covers share rights and performance rights to a total value of \$2.1m which is the maximum available at maximum performance overachievement. They are valued at market value.

Share rights vest in 3 equal tranches over three years and performance rights are available after four years if the relative TSR targets are achieved.

The law does not oblige the company to put this matter to a vote if the shares are bought on market. We applaud them for the courtesy of giving shareholders an opportunity to discuss and consider it.

We will vote undirected proxies in favour this resolution.

One of the individuals involved in the preparation of this voting intention has a shareholding in this company.

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