

## Iluka Resources Ltd 2024 AGM report

ASX code	ILU
Meeting date	Tuesday, 7 May 2024
Type of meeting	Hybrid using Computershare
Monitor	John Campbell assisted by Leanne Harrison
Pre AGM-meeting	With Andrea Sutton, Chair of People and Performance Committee

### Meeting Statistics

Number of holdings represented by ASA	99
Number of shares represented by ASA	443,718
Value of shares represented by ASA	\$3.545m
Total number attending meeting	38 share/proxyholders and 73 guests
Market capitalisation	\$3.42 billion
ASA open proxies voted	On a poll, voted in favour of all resolutions

The addresses (<https://iluka.com/media/3lik4ory/7may24-2024-agm-chairmans-and-managing-directors-addresses.pdf>) summarised the company's path through the challenges of 2023 of inflation, subdued demand, and increased geo-political tension. This was achieved through the overall reduction of production and use of stockpiles to match demand, while maintaining the production and price of quality zircon, as well as the use of long-term contracts to provide certainty for synthetic rutile during the period. Demand and prices are slowly improving with the second quarter 2024 an improvement on the first.

Tom O'Leary spoke of focusing on the long-term rather than short-term returns through investing in energy transition. He said that rare earth elements are essential to security and defence. China has a pervasive influence in the RE market, built up over a 40-year period to supply 90% of the world's RE oxides and 100% of its heavy RE. Iluka is committed to building a rare earth facility at Eneabba to process their unique stockpile, and it is continuing to negotiate with the government to cover the funding shortfall, due to cost inflation. He said that no company is making a profit out of RE extraction and processing at the current prices, but demand for rare earth is expected to increase by many multiples and the company is convinced of the rare earth refinery's long-term viability. The company had no plans to divest its stake in Deterra to help fund the RE refinery's inflated cost.

We asked about the impact of the government's 'safeguard mechanism' requiring carbon emitters to reduce emissions by 2030 and its impact on synthetic rutile production, which requires the use of coal as a reductant. Work is at hand to establish an emission baseline and then applications will need to be made for exemptions to the reduction targets based on the RE refinery's projected contribution to global emissions.

We also obtained clarification of the dividend policy, which we feared would be constrained by rare earth refinery capex but were advised that the deduction from operating cash flow would be

limited to Iluka's contribution to the capex, excluding the portion covered by a non-recourse government loan.

Several online questions came from an ASA member. The answers revealed that one proxy advisor had recommended against the remuneration report (92% in favour), that the chair intended to serve his full term if re-elected, that the change in auditor arose because of PWC's long 33-year tenure rather than its ATO scandal, and that Iluka had no intention of making a takeover offer for Sierra Rutile despite its low share price.

All resolutions other than the remuneration report passed by 97% or better.

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