10 March 2017

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

PUBLIC ANNOUNCEMENT 2017 – ILUKA RESOURCES LIMITED

Please find attached the following documents in relation to Iluka Resources Limited’s 2017 Annual General Meeting to be held at 9.30am (WST) on Friday, 28 April 2017 in Meeting Room 8 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 2016 Annual Report, Iluka Review 2016, 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

[Signature]

Sue Wilson
Company Secretary
Dear Shareholder,

I am pleased to invite you to Iluka Resources Limited's 2017 Annual General Meeting. The Meeting will be held on Friday 28 April 2017 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 2016 year; a financial summary, including information on the balance sheet; and your Company’s dividend framework and approach. Detailed information is available in the Iluka Annual Report and the Iluka Review 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.

During 2016, a number of matters which will be of interest to you include:

■ the impact of continued subdued zircon market conditions on the financial performance of the business, as reflected by lower zircon sales and zircon prices. Your Board is cautiously optimistic that market conditions for the Company’s products may be beginning to improve after an extended period of bottom-of-cycle market conditions;
■ the appointment in September 2016 of Tom O'Leary as Iluka’s new Managing Director and CEO;
■ consistent with previously announced strategy, securing of a new long-life, high quality reserve and resource base for the Company, through the acquisition of Sierra Rutile Limited in December 2016;
■ the review by the new Managing Director of the Company’s current project set, exploration activities and associated resourcing levels and cost base resulting in a refocus on fewer, high quality, near-term value accretive opportunities, resulting in an approximate $20 million reduction in non-production cash costs expected in 2017, relative to 2016 on a like-for-like basis;
■ as a consequence of the Managing Director’s business review and priorities, $201 million pre-tax of non-cash impairments in relation to idled property, plant and equipment, project development costs and evaluation expenditure;
■ an increase in rehabilitation provisions of $45 million (pre-tax), mainly related to the now permanently closed United States’ operations and projects;
■ a review of Ore Reserves in the context of the acquisition of the Sierra Rutile operation as well as the Company’s current 10 year mine plan. This review led to a reclassification of approximately 27 per cent of Iluka’s (non-Sierra Rutile) Reserves to Mineral Resources; and
■ the continued commitment to the highest standards of business sustainability, with a focus in the areas of health, personal and process safety, community engagement, environmental performance, land management and remediation.

Financial performance

Iluka’s full year financial result was a loss of $224 million after tax. The loss included non-recurring items of $244 million pre-tax or $183 million after tax, as detailed on page 5. The underlying result before adjustments was also influenced by lower mineral sands revenues, mainly attributable to lower received product prices and a lower contribution from the Mining Area C iron ore royalty. Iluka generated modest free cash flow of $47 million. After the assumption of Sierra Rutile net debt of $80 million, Iluka ended the year with net debt of $506 million.

In the context of the Company’s potential investment opportunities, including Cataby and the Sierra Rutile expansion opportunities, the Directors have determined no final dividend will be declared for 2016. Iluka’s interim dividend was 3.0 cents per share, fully franked. On a cumulative basis since 2010, the payout ratio has been 66 per cent.
New Managing Director

Tom O’Leary commenced as Iluka’s Chief Executive Officer on 5 September 2016 and was invited to join the Board as Managing Director in October 2016. Tom succeeded David Robb, who served as Managing Director from October 2006 until September 2016. Tom has a depth of business development, major transactional and capital deployment experience and has also led complex operating businesses. Importantly, Tom has committed to providing continuity in terms of the capital disciplines and capital allocation decisions that have been a distinguishing feature of Iluka.

Tom has pursued the completion of the Sierra Rutile acquisition with professionalism and he is focussed on ensuring that the integration and operational performance objectives are delivered. Tom has taken early and valuable steps to focus the business and reduce costs, to review asset configurations and operating regimes for the Company, and has evaluated the timing and nature of the organic project options the Company has available to it.

Sierra Rutile acquisition

Iluka acquired Sierra Rutile Limited in 2016. Sierra Rutile is a large, long life rutile deposit and provides Iluka with a significant addition to its strong position in high grade titanium dioxide products.

Your Directors are cognisant that acquiring an operating mine in West Africa represents a change in the Company’s risk profile. During due diligence, careful attention was given to the risks identified with such an acquisition and to the risk mitigation plans and arrangements that were required to ensure an effective integration process, involving senior Iluka management and drawing on the skilled and experienced local Sierra Rutile workforce. Efforts continue to focus on integration, safety and operational improvements and on developing dependable and enduring relationships with both the local community, as well as with government.

Business sustainability

The safety of our people and the integrity of Iluka’s operations, including the newly acquired Sierra Rutile operation, remain the priority focus of the Company from Board level to mine face. In 2015 Iluka committed to progressively aligning its sustainability practices with the International Council on Mining and Metals (ICMM) Framework for Sustainable Development. This is particularly relevant to Iluka’s increasing international activities. Iluka has separated the sustainability content from the 2016 Iluka Review into a more detailed sustainability report to be released in April. This report will demonstrate Iluka’s progressive alignment with ICMM and be in accordance with the Global Reporting Initiative public reporting guidelines.

Board and governance

On Board and governance matters, the Company’s governance and risk management practices have been reviewed and, where necessary, enhanced. Several areas, such as anti-bribery and corruption, have been enhanced through an external professional review.

Board evolution continued during the year with the retirement in December 2016 of Gavin Rezos, who had served as a non-executive Director since 2006 and since 2014 as an Iluka-appointed Director to the Board of Metalysis Ltd, the UK based titanium technology Company in which Iluka has a significant shareholding. On behalf of the Directors, I’d like to acknowledge and thank Gavin for his contributions to Board decision-making and effectiveness over his time on the Board.

Finally, on behalf of my fellow Directors, I would like to acknowledge the valuable contribution David Robb made as Managing Director of Iluka in nearly a decade of service. In what was yet another tough year for the Company, the sustained commitment and contribution of Iluka’s people is both acknowledged and greatly appreciated. And by no means least, I would like to thank our shareholders for their continuing interest and support for the business.

Greg Martin
Chairman
Key Attributes 2016

Disappointing financial performance

- Mineral sands revenues declined by 11.4 per cent to $726.3 million
- Total reported loss of $224.0 million after tax including non-recurring adjustments of $182.8 million after tax in relation to impairment and rehabilitation provisions
- Lower Mining Area C royalty earnings of $47.1 million (2015: $61.2 million), due to 2015 agreement modification one-off receipt of $10.4 million and no annual capacity payments in 2016
- Modest free cash flow of $47.3 million
- Net debt of $506.3 million and a gearing ratio (net debt/net debt + equity) of 31.5 per cent, associated with Sierra Rutile acquisition (equity and transaction costs of $389.5 million and assumption of Sierra Rutile net debt of $79.7 million)
- In the context of the Company's potential investment opportunities, including Cataby and the Sierra Rutile expansion options, the Directors have determined that no final dividend will be declared for 2016

Continuation of low-cycle market conditions in 2016

- Total zircon/rutile/synthetic rutile sales volumes increased by 7.2 per cent to 697.7 thousand tonnes (kt) (2015: 651.0 kt)
- Average revenue per tonne of Z/R/SR sold declined 12.1 per cent to $999/tonne (2015: $1,136/tonne)
- Weighted average received zircon price declined 19.6 per cent to US$773/tonne, reflecting both lower received prices and mix factors
- Weighted average received rutile price was stable at US$716/tonne

Signs of market recovery evident

- Downstream chloride pigment market conditions most favourable since 2012 – positive demand and pricing dynamics for high grade chloride feedstocks (including rutile and synthetic rutile)
- Iluka contracted rutile volumes in first half 2017 with prices up to 4 per cent higher than 2016 weighted average received prices
- Zircon market inventory position of competitors believed to have reduced materially – Iluka partially achieved announced US$60/tonne price increase in third quarter 2016; US$50/tonne price increase announced from 15 February 2017

Quality projects

- Cataby project – major potential source of ilmenite to sustain synthetic rutile production from synthetic rutile kiln 2 for over eight years
- Sierra Rutile acquisition provides major, long life rutile resource base with three expansion opportunities, subject to evaluation
- Balranald development in the Murray Basin – continued, phased evaluation of rutile-rich deposit, with associated zircon and ilmenite production
- Pre-feasibility study for large Sri Lankan sulphate ilmenite deposit underway
- Iluka has a number of high quality opportunities and has reviewed its Ore Reserves in context of Sierra Rutile acquisition and 10 year mine plan
- Iluka announced an inaugural Sierra Rutile rutile Ore Reserve of 3.9 million tonnes

Sustainable cost base

- Sustainable business review commenced to ensure suitable cost structure and focus for efficient growth
- Approximately 90 roles redundant out of 440 functional support positions
- Reduction in expenditures in a number of areas including exploration and resource development, marketing and procurement
- Production adjustments contributed to 10.2 per cent lower unit cost of goods sold to $700/tonne of zircon/rutile/synthetic rutile (2015: $780/tonne)

Sustainability

- Lost Time Injury Frequency Rate decreased from 0.9 to 0.4
- Total Recordable Injury Frequency Rate decreased from 6.7 to 4.4
- Defined product stewardship and commenced product risk assessments
- Fourth consecutive year of reducing "open" area via land rehabilitation activities
- Voluntary Tax Transparency Report published, which supports the principles of the Extractive Industries Transparency Initiative
Summary financial results

1. Mineral sands revenue
Mineral sands revenue declined by 11.4 per cent to $726.3 million. Zircon/rutile/synthetic rutile (Z/R/SR) revenue was 5.8 per cent lower at $696.8 million, primarily reflecting lower zircon prices, with sales volumes also slightly lower. Rutile and synthetic rutile sales volumes increased in 2016 and prices were relatively stable. Ilmenite and by-product revenue declined 63.2 per cent to $29.5 million as Iluka increased its internal use of mined ilmenite for synthetic rutile production.

2. Underlying mineral sands EBITDA1
Underlying mineral sands EBITDA declined 55.5 per cent to $103.0 million. This result reflects the combination of lower zircon revenue and increased costs across several business areas including restructure and idle capacity charges (relating to operational settings at Jacinth-Ambrosia and the United States) and resource development costs (associated with Balranald development evaluation). Cash production costs were lower in 2016, reflecting lower operational settings, in line with market conditions.

3. Mining Area C EBITDA
Royalty income from Mining Area C declined 22.9 per cent to $47.5 million. 2015 royalty income included a one-off payment of $10.4 million associated with modification of the royalty agreement with BHP Billiton. In 2015 capacity payments of $3.0 million were received; nil in 2016. Net royalty income in 2016, excluding the one-off payment, was slightly lower due to lower iron ore sales volumes.

4. Underlying Group EBITDA1
Underlying Group EBITDA decreased 48.7 per cent to $150.5 million, reflecting factors referred to above.

5. Net loss after tax
The 2016 net loss includes the impact of impairment charges and increased rehabilitation provisions. These are detailed as follows.
Non-recurring items - asset impairments
Non-cash impairments of $201.0 million pre-tax ($140.7 million after-tax).

The impairments relate to the following assets:
- idle and surplus equipment in the Murray Basin of $156.0 million;
- $20.4 million of capitalised costs associated with feasibility work for the previous conventional development approach for the Balranald deposit in New South Wales; and
- $24.6 million related to exploration and evaluation assets previously capitalised and mine reserves in the Perth and Murray Basins.

Rehabilitation provision increase
Provisioning for rehabilitation and mine closure activities increased by $44.8 million to $528.1 million. For Iluka’s discontinued United States’ operations, now undergoing rehabilitation, the provision has been increased by US$30.2 million or $40.9 million. Of the $44.8 million increase, $42.6 million relates to closed sites, which is charged against the profit and loss statement, and $2.2 million relates to open sites, which is reflected on the balance sheet.

An income tax benefit of $53.7 million on a pre-tax loss of $277.7 million reflects no tax benefit in respect of United States operating loss, nor for international exploration.

6. Cash flow
Operating cash flow of $137.3 million and full year free cash flow of $47.3 million.

Lower 2016 operating cash flow reflects lower mineral sands EBITDA.
Higher capital expenditure in 2016, including $19.0 million for increased equity in Metalysis Ltd (Iluka’s equity stake is now 28.1 per cent), contributed to reduced free cash flow.

Changes to cash flow over recent years also reflect the utilisation of trade purchase facilities, entered into late 2014, affecting the timing of cash collections from customers.

7. Net (debt) cash
Net debt increased to $506.3 million following the acquisition of Sierra Rutile in December 2016. Iluka assumed Sierra Rutile’s net debt of $79.7 million. Total acquisition and transaction costs were $389.5 million.

8. Return on capital and return on equity
Return on capital was (18.3) per cent and return on shareholders’ equity was (17.1) per cent, reflecting a reported loss inclusive of non-recurring items.

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

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<tbody>
<tr>
<td>1. Mineral sands revenue</td>
<td>726.3</td>
<td>819.8</td>
<td>724.9</td>
<td>763.1</td>
<td>1,069.8</td>
</tr>
<tr>
<td>2. Underlying mineral sands EBITDA¹</td>
<td>103.0</td>
<td>231.8</td>
<td>189.2</td>
<td>204.1</td>
<td>603.7</td>
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<tr>
<td>EBITDA margin %</td>
<td>14.2</td>
<td>28.3</td>
<td>32.9</td>
<td>32.6</td>
<td>67.9</td>
</tr>
<tr>
<td>3. Mining Area C EBITDA</td>
<td>47.5</td>
<td>61.6</td>
<td>66.8</td>
<td>88.3</td>
<td>72.7</td>
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<tr>
<td>4. Underlying Group EBITDA¹</td>
<td>150.5</td>
<td>293.4</td>
<td>256.0</td>
<td>292.4</td>
<td>676.4</td>
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<tr>
<td>5. Net profit (loss) after tax</td>
<td>(224.0)</td>
<td>53.5</td>
<td>(62.5)</td>
<td>18.5</td>
<td>363.2</td>
</tr>
<tr>
<td>6. Operating cash flow</td>
<td>137.3</td>
<td>222.2</td>
<td>254.8</td>
<td>124.0</td>
<td>368.7</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>47.3</td>
<td>155.0</td>
<td>196.3</td>
<td>(27.5)</td>
<td>81.2</td>
</tr>
<tr>
<td>7. Net (debt) cash</td>
<td>(506.3)</td>
<td>6.0</td>
<td>(59.0)</td>
<td>(206.6)</td>
<td>(95.9)</td>
</tr>
<tr>
<td>Gearing %</td>
<td>31.5</td>
<td>n.a</td>
<td>3.9</td>
<td>11.8</td>
<td>5.8</td>
</tr>
<tr>
<td>8. Return on equity</td>
<td>(17.1)</td>
<td>3.8</td>
<td>(4.1)</td>
<td>1.2</td>
<td>23.2</td>
</tr>
<tr>
<td>Return on capital</td>
<td>(18.3)</td>
<td>6.8</td>
<td>(2.0)</td>
<td>2.2</td>
<td>31.3</td>
</tr>
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</table>

¹ Underlying Group EBITDA excludes non-recurring adjustments including impairments, Sierra Rutile Limited transaction costs, changes to rehabilitation provisions for closed sites. Underlying EBITDA also excludes Iluka’s share of Metalysis Ltd’s losses, which are non-cash in nature.
Balance sheet and dividend framework

As at 31 December 2016 Iluka had total facilities of $1,015.4 million.

Iluka recorded a net debt of $506.3 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 2016 were $611.2 million (2015: $54.9 million). Undrawn MOFA facilities at 31 December 2016 were $404.2 million (2015: $955.0 million).

Of the above interest-bearing liabilities, $611.2 million is subject to an effective weighted average floating interest rate of 2.7 per cent (2015: interest-bearing liabilities of $54.9 million at 2.0 per cent).

Note 18 of Iluka’s Annual Report provides details of the maturity profile and interest rate exposure.

Iluka assumed Sierra Rutile net debt of $79.7 million in 2016, following the acquisition.

Dividend framework and approach

Iluka’s dividend framework is to pay a minimum of 40 per cent of free cash flow, after investing and not required for balance sheet activity. The Company also seeks to distribute the maximum franking credits practicable.

Directors have determined no final dividend will be declared for 2016. Iluka’s interim dividend was 3.0 cents per share, fully franked. The dividend payment in 2016 represents 27 per cent of free cash flow generated. This is lower than the Iluka framework of a minimum of 40 per cent reflecting the Company’s potential investment opportunities, including Cataby and the Sierra Rutile expansion options.

From the end of 2010 and inclusive of the 2016 dividend, Iluka has paid out a cumulative 66 per cent of free cash flow.

<table>
<thead>
<tr>
<th>Year</th>
<th>Payout ratio % free cash flow</th>
<th>Cumulative dividend payout ratio (from 2010)%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>2016</td>
<td>27</td>
<td>66</td>
</tr>
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</table>
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 62nd Annual General Meeting of Shareholders of Iluka Resources Limited ABN 34 008 675 018 (Iluka or Company) will be held in Meeting Room 8 on Level 2 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 28 April 2017 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.

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 2016.

ORDINARY RESOLUTIONS

1. Re-election of Director – Jenny Seabrook
   To consider and, if thought fit, to pass the following ordinary resolution:
   That Jenny Seabrook, who retires in accordance with Article 17.1 of the Company’s Constitution, be re-elected as a Director.

2. Re-election of Director – Marcelo Bastos
   To consider and, if thought fit, to pass the following ordinary resolution:
   That Marcelo Bastos, 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 2016 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:
- (in any capacity) by or on behalf of either a member of the Key Management Personnel whose remuneration details are included in the 2016 Remuneration Report or their closely related parties; 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.
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 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), Wednesday, 26 April 2017 (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), Wednesday, 26 April 2017. 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 two or more persons, all joint holders must 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. 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 Resolution 3, the Key Management Personnel and their closely related parties will not be able to vote your proxy on Resolution 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 Resolution is 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 5pm (WST) on Wednesday, 26 April 2017. 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 and the Remuneration Report.

Mr Justin Carroll of PricewaterhouseCoopers, as the auditor responsible for preparing the auditor’s report for the year ended 31 December 2016 (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), Thursday, 20 April 2017:

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), Thursday, 20 April 2017 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 2016. 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: 10 March 2017
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 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 2016 (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 2016 Annual Report (which includes the annual financial report, Directors’ report and auditor’s report) has been sent to those Shareholders who requested it. The 2016 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 – Re-election of Director – Jenny Seabrook

Jenny Seabrook, BCom, FCA, FAICD

Jenny Seabrook retires under Article 17.1 of the Company’s Constitution and, being eligible, has offered herself for re-election as a Director.

Ms Seabrook was appointed to the Board in May 2008 and has been Chairman of the Audit and Risk Committee since May 2011. In Jenny's executive career, she worked at senior levels in chartered accounting, capital markets and investment banking businesses. Jenny is currently a Special Advisor to Gresham Partners Limited. She was formerly a member of the Takeovers Panel (2000 – 2012) and her previous non-executive directorships include: Export Finance and Insurance Corporation; Amcor Limited; Bank of Western Australia Ltd; West Australian Newspapers Holdings Limited; Australian Postal Corporation; AlintaGas; and Western Power Corporation.

Ms Seabrook is currently a non-executive director of: MMG Limited; IRESS Limited; Western Australian Treasury Corporation; and Australian Rail Track Corporation.

Ms Seabrook is an independent non-executive Director, is Chairman of the Audit and Risk Committee, and a member of the Nominations Committee and the People and Performance Committee.

The Board (with Ms Seabrook abstaining) recommends that Shareholders vote in favour of the Resolution to re-elect Ms Seabrook.

2. Resolution 2 – Re-election of Director – Marcelo Bastos

Marcelo Bastos, Mechanical Engineering (UFMG), MBA (FDC-MG), MAICD

Marcelo Bastos retires under Article 17.1 of the Company’s Constitution and, being eligible, has offered himself for re-election as a Director.

Mr Bastos was appointed to the Board in February 2014. Marcelo is the Chief Operating Officer of the global resources company, MMG Limited, with responsibility for operations in three continents. He has extensive experience in major projects development and operation, and company management in the metals and mining industry (iron ore, gold, copper, nickel and coal sectors). Marcelo has served as the Chief Executive Officer of BHP Billiton Mitsubishi Alliance (BMA), as President of Nickel West of BHP Billiton Limited, President and Chief Operating Officer of Cerro Matoso and Nickel Americas of BHP Billiton, and also had a 19-year career with Vale (CVRD) in senior management and operational positions, the last of those as Director of Non Ferrous operations. Marcelo is a former non-executive director of Golding Contractors Pty Ltd. He is also a former member of the Chamber of Minerals and Energy of Western Australia and served as Vice President of the Queensland Resources Council.

Mr Bastos is an independent non-executive Director and a member of the Audit and Risk Committee and the Nominations Committee.

The Board (with Mr Bastos abstaining) recommends that Shareholders vote in favour of the Resolution to re-elect Mr Bastos.
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 CEO 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 to adopt the Remuneration Report.

4. Glossary

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

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual General Meeting or Meeting</td>
<td>The Annual General Meeting of Shareholders or any meeting adjourned thereof, convened by the Notice.</td>
</tr>
<tr>
<td>Annual Report</td>
<td>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 2016, which can be downloaded from the Company’s website at <a href="http://www.iluka.com/investors-media/asx-disclosures/annual-reports">www.iluka.com/investors-media/asx-disclosures/annual-reports</a>.</td>
</tr>
<tr>
<td>Board</td>
<td>The Board of Directors of the Company.</td>
</tr>
<tr>
<td>Chairman</td>
<td>The Chairman of the Board, Mr Greg Martin, or such other Director who chairs the Meeting from time to time.</td>
</tr>
<tr>
<td>Company or Iluka</td>
<td>Iluka Resources Limited ACN 008 675 018.</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>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.</td>
</tr>
<tr>
<td>Constitution</td>
<td>The Company’s constitution.</td>
</tr>
<tr>
<td>Director</td>
<td>A director of the Company.</td>
</tr>
<tr>
<td>Explanatory Memorandum</td>
<td>This explanatory memorandum which accompanies and forms part of the Notice of Meeting.</td>
</tr>
<tr>
<td>Key Management Personnel</td>
<td>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).</td>
</tr>
<tr>
<td>Managing Director and CEO</td>
<td>The Managing Director and CEO of the Company, Mr Tom O’Leary.</td>
</tr>
<tr>
<td>Notice and Notice of Meeting</td>
<td>The notice of Annual General Meeting which accompanies this Explanatory Memorandum.</td>
</tr>
<tr>
<td>Proxy Form</td>
<td>The proxy form accompanying this Notice.</td>
</tr>
<tr>
<td>Resolution</td>
<td>A resolution referred to in the Notice of Meeting.</td>
</tr>
<tr>
<td>Share</td>
<td>A share in the Company.</td>
</tr>
<tr>
<td>Shareholder</td>
<td>A registered holder of a Share.</td>
</tr>
<tr>
<td>WST</td>
<td>Western Standard Time, being the time in Perth, Western Australia.</td>
</tr>
</tbody>
</table>
Proxy Form

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: 999999
SRN/HIN: I99999999999 PIN: 99999

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

For your vote to be effective it must be received by 9:30am (WST) Wednesday, 26 April 2017

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 Resolution 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 Resolution 3, then by completing and returning this form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy on Resolution 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, all of the securityholders should sign.
Power of Attorney: If you sign this form under Power of Attorney and have not already lodged the Power of Attorney with Computershare, 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 corporate 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”.

For personal use only
Proxy Form

STEP 1

Appoint a Proxy to Vote on Your Behalf

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

☐ the Chairman of the Meeting OR

☐ [Name]

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 Meeting Room 8 on Level 2 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 28 April 2017 at 9:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: 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 Resolution 3 (except where I/we have indicated a different voting intention below), even though Resolution 3 is 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 Resolution 3 by marking the appropriate boxes in Step 2 below.

STEP 2

Items of Business

☐ For ☐ Against ☐ Abstain

Resolution 1  Re-election of Director – Jenny Seabrook

Resolution 2  Re-election of Director – Marcelo Bastos

Resolution 3  Adoption of Remuneration Report

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.

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

Individual or Securityholder 1  Securityholder 2  Securityholder 3

Sole Director and Sole Company Secretary  Director  Director/Company Secretary

Contact Name
Contact Daytime Telephone

Date / /