

MIRA INFORM REPORT

Report No. :	545715
Report Date :	21.12.2018

IDENTIFICATION DETAILS

Name :	ILUKA RESOURCES LIMITED
Registered Office :	Level 23, 240 St Georges Terrace, Perth Wa 6000
Country :	Australia
Financials (as on) :	31.12.2017
Date of Incorporation :	21.07.1954
Legal Form :	Australian Public Listed Corporation
Line of Business :	The subject is a leading mineral sands company involved in mineral sands exploration, project development, operations and marketing
No. of Employees :	2,500

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Australia	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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AUSTRALIA - ECONOMIC OVERVIEW

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the WTO, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand, and India.

Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas Project, will significantly expand the resources sector.

For nearly two decades up till 2017, Australia had benefited from a dramatic surge in its terms of trade. As export prices increased faster than import prices, the economy experienced continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system. Australia entered 2018 facing a range of growth constraints, principally driven by the sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China is growing at a slower pace and sharp drops in export prices have impacted growth.

Source : CIA

COMPANY NAME

ILUKA RESOURCES LIMITED

ACN: 008 675 018

ABN: 34 008 675 018

SUMMARY

Established	1954
Incorporated	1998
Line of Business	Exploration, mining and marketing of mineral sands
Status	Trading
Chief Executive Officer	O'LEARY, THOMAS JOSEPH
Adverse Listings	Nil

EXECUTIVE SUMMARY

Iluka Resources Ltd - consolidated

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$1,077,800,000.00	\$774,400,000.00	39.18%
Profit b/tax	(\$165,600,000.00)	(\$277,700,000.00)	-40.37%
Profit a/tax	(\$171,600,000.00)	(\$224,000,000.00)	-23.39%
Net Profit Margin	-15.92%	-28.93%	13.00%

Underlying group EBITDA increased 140% to \$360.5 million. Impairment expense of \$185.4 million and rehabilitation provision increase for closed sites of \$127.4 million resulted in a net loss after tax of \$171.6 million.

As at 31 December 2017 the subject recorded consolidated Working Capital of \$509,600,000 and a current ratio of 3.5 to 1 indicating strong liquidity levels.

Consolidated Net Assets totalled \$885,500,000 as at 31 December 2017.

For the six months ended 30 June 2018 the subject recorded consolidated revenue of \$662.3 million resulting in an operating profit after tax of \$126.1 million.

CORPORATE SEARCH

Company Type Australian Public Listed Corporation

Incorporation State: WA

Incorporation Date: 21 JUL 1954

Registered Office
LEVEL 23,
240 ST GEORGES TERRACE,
PERTH WA 6000

Current Directors Total: 7

COLE, ROBERT JAMES
35 VIKING RD DALKEITH WA 6009

O'LEARY, THOMAS JOSEPH
Appointment Date 13.10.2016
Date of Birth 21.11.1963
117 GRANT ST COTTESLOE, WA 6011

Director Name LIU, XIAOLING
Appointment Date 19 Feb 2016
Date of Birth 03 Oct 1956
Place of Birth YAAN CHINA
Gender FEMALE
Resident Overseas N
Address 12 CHRISTOWEL ST, CAMBERWELL VIC 3124

Director Name BASTOS, MARCELO HUBMEYER
Appointment Date 20 Feb 2014
Date of Birth 22 Feb 1963
Place of Birth BELO HORIZONTE BRAZIL
Gender MALE
Resident Overseas N
Address 8 MARGARET ST, BRIGHTON EAST VIC 3187

Director Name RANCK, JAMES HUTCHISON
Appointment Date 01 Jan 2013
Date of Birth 07 Apr 1948
Place of Birth BRYN MAWR PA UNITED STATES
Gender MALE
Resident Overseas N
Address 43B RAGLAN ST, MOSMAN NSW 2088

Director Name MARTIN, GREGORY JOHN
Appointment Date 01 Jan 2013
Date of Birth 08 Sep 1959
Place of Birth CHRISTCHURCH NEW ZEALAND
Gender MALE
Resident Overseas N
Address 65 NEERIM RD, CASTLE COVE NSW 2069

Director Name SEABROOK, JENNIFER ANNE
Appointment Date 01 May 2008
Date of Birth 19 Jan 1957
Place of Birth KATANNING WA
Gender FEMALE
Resident Overseas N
Address 29 AIRLIE ST, CLAREMONT WA 6010

Current Secretaries Total: 2
Secretary Name TINLEY, NIGEL GEORGE
Appointment Date 12 Mar 2013
Date of Birth 13 Dec 1965
Place of Birth PERTH WA

Secretary Name WILSON, CAMERON
Place of Birth MELBOURNE VIC
Appointment Date 08 Dec 2004
Date of Birth 29 Aug 1966

Company Shares Total: 422395677 Amount: \$1,168,440,045
Class ORDINARY SHARES [ORD]

SECURITY INTERESTS

Effective 30 January 2012 the Personal Property Securities Register (PPSR) was introduced to give the different Commonwealth, State and Territory laws and registers regarding security interests in personal property under one national system.

As a result of PPS Reform a number of existing Commonwealth, State and Territory personal property security registers will close. Interests registered on existing security interest registers will be migrated to the national PPS Register. Subsequently Registered Charges are no longer lodged with the Australian Securities and Investments Commission (ASIC).

BUSINESS STRUCTURE

TRADING ADDRESS Level 23, 140 St Georges Tce
PERTH, WA 6000

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POSTAL ADDRESS	GPO Box U1988 Perth Western Australia 6845
TELEPHONE	(618) 9360 4700
FACSIMILE	(618) 9360 4777
WEBSITE	http://www.iluka.com
OFFICES	CAPEL, WA GERALDTON, WA HAMILTON, VIC KENT TOWN, SA
CONTROLLED ENTITIES	Westlime (WA) Limited Australia Ilmenite Proprietary Limited Australia Southwest Properties Pty Ltd Australia Western Mineral Sands Proprietary Limited Australia Yoganup Pty Ltd Australia Iluka Corporation Limited Australia Associated Minerals Consolidated Ltd Australia Iluka Royalty Holdings Limited Australia Iluka Consolidated Pty Limited Australia Iluka Exploration Pty Limited Australia Iluka (Eucla Basin) Pty Ltd Australia Gold Fields Asia Ltd Australia Iluka International Limited Australia NGG Holdings Ltd Australia Iluka Midwest Limited Australia Western Titanium Limited Australia The Mount Lyell Mining and Railway Company Limited Australia Renison Limited Australia Iluka Finance Limited Australia The Nardell Colliery Pty Ltd Australia Glendell Coal Ltd Australia Lion Properties Pty Limited Australia Basin Minerals Limited Australia Basin Minerals Holdings Pty Ltd Australia Basin Properties Pty Ltd Australia Swansands Pty Ltd Australia Iluka International (UAE) Pty Ltd Australia Iluka International (Lanka) Pty Ltd Australia Iluka International (China) Pty Ltd Australia Iluka International (Brazil) Pty Ltd Australia Iluka Share Plan Holdings Pty Ltd Australia Iluka International (Netherlands) Pty Ltd Australia Iluka Royalty (MAC) Pty Limited Australia Ashton Coal Interests Pty Limited Australia

Iluka International Coöperatief U.A. The Netherlands
Iluka Investments 1 B.V. The Netherlands
Iluka Trading (Europe) B.V. The Netherlands
Iluka Lanka P Q (Private) Limited Sri Lanka
P.K.D. Resources (Private) Limited Sri Lanka
Iluka Lanka Exploration (Private) Limited Sri Lanka
Iluka Trading (Shanghai) Co., Ltd China
Iluka Brasil Mineracao Ltda Brazil
Iluka (UK) Ltd United Kingdom
Iluka Technology (UK) Ltd United Kingdom
Associated Minerals Consolidated Investments USA
Iluka (USA) Investments Inc USA
Iluka Resources Inc USA
Iluka Resources (NC) LLC USA
Iluka Resources (TN) LLC USA
IR RE Holdings LLC USA
Iluka Atlantic LLC *** USA
Iluka International (SE Asia) Pte. Ltd. Singapore
Iluka Exploration (Kazakhstan) Limited Liability Partnership ** Kazakhstan
Iluka International (ERO) Pty Ltd
(ii) * Iluka International (West Africa) Pty Ltd
(vi) Iluka Exploration (Canada) Limited Canada
(vii) Iluka Investments (BVI) Limited British Virgin Islands -
(viii) SRL Acquisition No. 3 Limited British Virgin Islands
(viii) Sierra Rutile (UK) Limited United Kingdom
(viii) Sierra Rutile Holdings Limited British Virgin Islands -
(viii) Sierra Rutile Limited Sierra Leone
(viii) Sierra Rutile Marketing Limited United Kingdom

BANK Not determined

EMPLOYEES 2,500 including contractors

BACKGROUND

The subject was incorporated in Western Australia on 21 July 1954 as Westralian Sands Ltd before adopting the current style on 24 May 1999.

The subject was formed in July 1998 in a merger between Westralian Sands and the titanium mineral business of RGC (Renison Goldfields Consolidated).

Westralian Sands was established in 1954 but commenced operations in 1959 when it started mining and processing the Yoganup deposit near Capel in Western Australia.

On 27 May 2009 Iluka disposed of its shares in Consolidated Rutile Limited ("CRL") to Unimin Australia Limited for 45 cents per share and a consideration of \$84.2 million resulting in a profit from discontinued operations of \$22.9 million.

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On 18 February 2016, Iluka announced that it has committed an additional £6 million (approximately A\$12.2 million) to its investment in the private, UK based, Metalysis Limited with an undertaking to commit a further £4 million (approximately A\$8.1 million) before 15 July 2016.

On 7 December 2016, Iluka completed the acquisition of Sierra Rutile Limited ('SRL') by means of a statutory merger of SRL with Iluka Investments Limited (BVI), a wholly owned Iluka subsidiary. Iluka Investments (BVI) Limited acquired 100.0 per cent of the issued share capital of SRL for 36 British pence cash per share, totalling 215.3 million (A\$375.4 million). Iluka assumed SRL's net debt of US\$59.3 million (A\$79.7 million), and has since repaid this from its own facilities.

OPERATIONS

The subject is a leading mineral sands company involved in mineral sands exploration, project development, operations and marketing.

Iluka has mineral sands mining, concentrating and processing operations in Australia and more recently in Sierra Leone, following the acquisition of Sierra Rutile Limited ('SRL') in December 2016.

Iluka has conducted mining and processing operations in the United States of America for an extended period, most recently in Virginia. Iluka idled these operations at the end of 2015 and, in an ASX release dated 31 January 2017, announced the closure and transition to rehabilitation status for these operations.

Iluka is the largest global producer of zircon and the second largest producer of titanium dioxide feedstocks, with a major position in the high grade products of rutile and synthetic rutile. These products are used in a diverse range of applications from consumer, industrial and manufacturing applications. The Company also has a royalty associated with BHP Billiton's Mining Area C iron ore operations in Western Australia.

Activities are conducted from premises located at the above listed trading address.

ADVERSE

A search of on 18 December 2018 failed to trace any litigation listed against the subject at that date.

FINANCES

Below is a summary of the subject's consolidated income results for the past two financial years.

Iluka Resources Ltd - consolidated

As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
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Revenue	\$1,077,800,000.00	\$774,400,000.00	39.18%
Profit b/tax	(\$165,600,000.00)	(\$277,700,000.00)	-40.37%
Profit a/tax	(\$171,600,000.00)	(\$224,000,000.00)	-23.39%
Net Profit Margin	-15.92%	-28.93%	13.00%

Underlying group EBITDA increased 140% to \$360.5 million. Impairment expense of \$185.4 million and rehabilitation provision increase for closed sites of \$127.4 million resulted in a net loss after tax of \$171.6 million. During fiscal 2017, the subject recorded consolidated Net Cashflows from operating activities totalling \$413,700,000.

As 31 December 2017 the subject recorded consolidated total current assets of \$714,800,000. They included cash of \$53,600,000, receivables of \$171,400,000 and inventories of \$469,600,000.

Current liabilities at the same date totalled \$205,200,000 and included payables of \$114,200,000 and provisions of \$83,800,000.

As at 31 December 2017 the subject recorded consolidated Working Capital of \$509,600,000 and a current ratio of 3.5 to 1 indicating strong liquidity levels.

At 31 December 2017 the subject had total debt facilities of \$695.1 million and net debt of \$182.5 million.

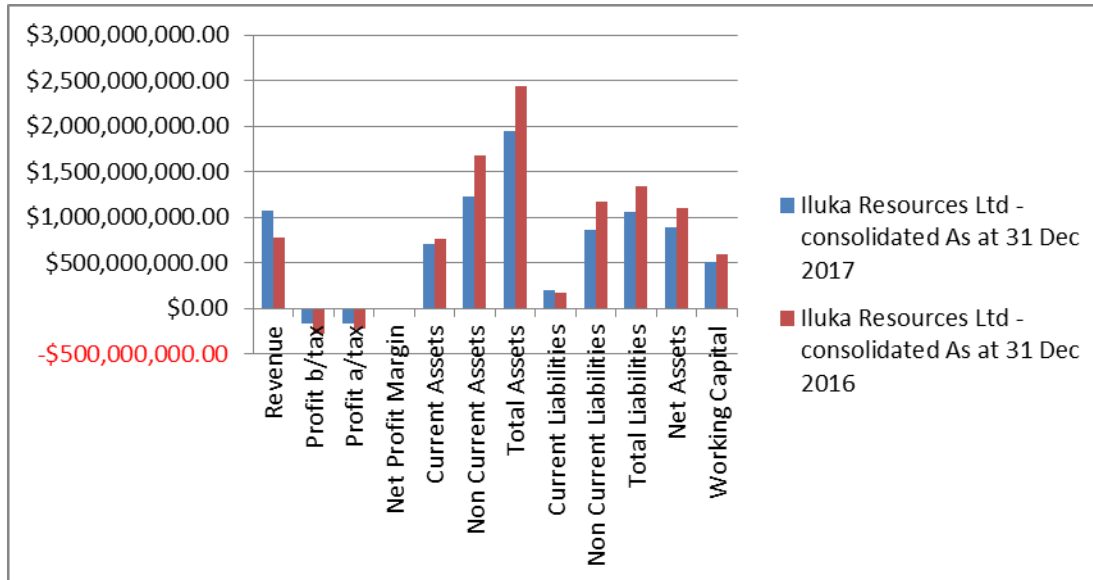
Consolidated Net Assets totalled \$885,500,000 as at 31 December 2017. At this date, the subject further recorded a Debt to Equity ratio of 1.2 to 1.

For the six months ended 30 June 2018 the subject recorded consolidated revenue of \$662.3 million resulting in an operating profit after tax of \$126.1 million.

Iluka Resources Ltd - consolidated

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$1,077,800,000.00	\$774,400,000.00	39.18%
Profit b/tax	(\$165,600,000.00)	(\$277,700,000.00)	-40.37%
Profit a/tax	(\$171,600,000.00)	(\$224,000,000.00)	-23.39%
Net Profit Margin	-15.92%	-28.93%	13.00%
Current Assets	\$714,800,000.00	\$757,600,000.00	-5.65%
Non Current Assets	\$1,232,200,000.00	\$1,684,700,000.00	-26.86%
Total Assets	\$1,947,000,000.00	\$2,442,300,000.00	-20.28%
Current Liabilities	\$205,200,000.00	\$168,100,000.00	22.07%
Non Current Liabilities	\$856,300,000.00	\$1,171,200,000.00	-26.89%
Total Liabilities	\$1,061,500,000.00	\$1,339,300,000.00	-20.74%
Net Assets	\$885,500,000.00	\$1,103,000,000.00	-19.72%
Working Capital	\$509,600,000.00	\$589,500,000.00	-13.55%
Current Ratio	3.48	4.51	-22.71%
Debt to Equity	1.20	1.21	-1.27%

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TRADE SURVEY

Trade payment records from further sources in the past 4 months have traced the following data for the subject.

Total Owing: \$70,384
 Total Past Due: \$2,976
 Average Late Payment Days: 2
 All Industries Late Payment Days: 9

Within terms: \$67,408
 1 – 30 days past due: \$2,007
 31 – 60 days past due: \$399
 61 – 90 days past due: \$0
 91+ days: \$569

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.28
UK Pound	1	INR 88.85
Euro	1	INR 80.05
AUD	1	INR 49.89

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	KET

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)