

4 March 2011

## **MANAGING DIRECTOR – PERFORMANCE AND RETENTION PLAN**

At the 2008 AGM shareholders approved certain retention arrangements for Mr Robb, applying over a three year period. On 4 March 2011 the Total Shareholder Return performance hurdle for full award of the retention shares was met, with the Iluka share price increasing by 190 per cent over the period to \$10.66. As such, Mr Robb has become entitled to one million shares.

In the May 2009 Federal Budget, the Australian Government announced major changes to the way employee equity awards are taxed in Australia. Associated legislation was finalised in December 2009 and the new tax rules apply to all equity awards granted on or after 1 July 2009. Under the new tax rules Mr Robb is faced with a tax liability determined on vesting of the shares awarded - which cannot be deferred as was possible under previous rules - and which, prudently, is best managed via a concurrent sale of shares.

Mr Robb can therefore be expected to sell sufficient shares to meet the tax liability within 30 days of the shares being transferred to him.

**Cameron Wilson**  
**Company Secretary**