

10 September 2020

Dear Shareholder,

DEMERGER OF DETERRA ROYALTIES LIMITED BY ILUKA RESOURCES LIMITED

On behalf of the Iluka Board, I am pleased to present the Demerger Booklet containing important information regarding the proposed demerger from Iluka Resources of our royalty business, including the Mining Area C royalty, as a separately listed company, Deterra Royalties Limited.

Iluka's mineral sands business is a global leader in the zircon and high grade titanium dioxide feedstock markets, and a demerger will therefore liberate two fundamentally distinct businesses – each with quality assets and a promising future – into two standalone ASX-listed companies. The Demerger Booklet can be viewed and downloaded at <https://iluka.com/investors-media/asx-releases>.

The demerger will be voted on by Iluka shareholders at an Extraordinary General Meeting to be held at 9.30am (AWST) on Friday, 16 October 2020. Given physical distancing requirements arising from COVID-19, the Federal Treasurer has issued a determination that permits companies to hold shareholder meetings online. To protect the health and safety of our shareholders, staff and the broader community, Iluka will be holding the Extraordinary General Meeting virtually.

Your vote is important and your Board strongly encourage you to support the demerger by voting in favour of the Demerger Resolution. Detailed information regarding the proposed demerger and attending the Extraordinary General Meeting is contained in the Demerger Booklet which incorporates the Notice of Meeting.

Your Board has concluded that the demerger is in the best interests of Iluka shareholders and has potential to unlock shareholder value over time.

If the demerger is approved by shareholders and proceeds, eligible Iluka shareholders will be entitled to receive one Deterra share for each Iluka share they hold on the Record Date, which is expected to be 4.00pm (AWST) on Monday, 26 October 2020. Iluka shareholders will also retain their existing Iluka shares.

What do you need to do?

There are three important documents which require your immediate attention.

- 1. the Demerger Booklet;**
- 2. a Proxy Form for the Extraordinary General Meeting; and**
- 3. a Sale Facility Form for the Sale Facility (if applicable).**

These documents will enable you to make an informed decision on the demerger and explain how to vote on the Demerger Resolution.

How to vote

You can vote online by attending the virtual Extraordinary General Meeting at 9.30am (AWST) on Friday, 16 October 2020 using a web browser or mobile device at this web address: <https://web.lumiagm.com>.

If you are unable to attend the virtual Extraordinary General Meeting, but wish to vote on the Demerger Resolution, the Proxy Form will enable you to appoint a proxy to vote on your behalf at the meeting. For your proxy to be valid, the Proxy Form must be received by 9.30am (AWST) on Wednesday, 14 October 2020.

Sale Facility

If you are eligible to receive Deterra shares under the demerger and you individually hold 500 Iluka shares or less as at the Record Date, you may elect to have all the Deterra shares that you would otherwise receive under the demerger sold by the sale agent and the proceeds remitted to you, free of any brokerage costs or stamp duty. To make this election, the Sale Facility Form must be received by 2.00pm (AWST) on Thursday, 22 October 2020.

For shareholders who have not elected to receive electronic communications, a copy of your personalised Proxy Form and Sale Facility Form is enclosed for your convenience.

Further detailed information on all these matters is included in the Demerger Booklet which I again encourage you to read fully.

Whom should you contact if you have any questions?

If you have any questions in relation to these materials or the demerger, please contact your financial, legal, taxation or other relevant professional advisers.

You can also contact the Shareholder Information Line on 1300 352 915 (within Australia) or +61 3 9415 4303 (international) on weekdays between 6.30am and 5.00pm (AWST) or visit www.iluka.com.

Yours sincerely,

Greg Martin

Chairman, Iluka Resources Limited