

16 October 2020

ASX: ILU

ILUKA RESOURCES 2020 EXTRAORDINARY GENERAL MEETING SPEECHES

Iluka Resources Limited (**Iluka**) is holding an Extraordinary General Meeting (**EGM**) today via webcast. A transcript of the addresses to be delivered by the Iluka Chairman and Deterra Royalties Limited Chair is attached.

The meeting will be webcast at: <https://web.lumiagm.com/?fromUrl=366095163>.

This document was approved and authorised for release to the market by Iluka's Managing Director.



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Iluka Resources Limited Extraordinary General Meeting:
Speeches by Greg Martin, Chairman, Iluka Resources Limited
and
Jenny Seabrook, Chair, Deterra Royalties Limited
16 October 2020

Greg Martin, Chairman, Iluka Resources Limited

Good morning Ladies and Gentlemen. I am pleased to be presiding over this Extraordinary General Meeting; and on behalf of the Board I would like to welcome you.

In response to Government restrictions and the potential health risks arising from the ongoing COVID-19 pandemic, the Board determined to hold this meeting virtually. We very much appreciate your understanding at this challenging time..

Before we commence formal proceedings, I would like to acknowledge the traditional custodians of the land we are broadcasting from our main office in Perth, the Whadjuk people. I am appearing from Sydney and I wish to also acknowledge the traditional custodians of the land I am broadcasting from, the Gadigal people. I wish to acknowledge and respect their continuing cultures and the contributions they make to the life of their respective cities and regions.

The Notice of Meeting was distributed to shareholders in September and I propose that it be taken as read. As outlined in the Notice, we are here today to consider one item of business – the demerger of Deterra Royalties from Iluka.

This is an important milestone for our company; and while it is once again disappointing that we cannot meet in person, I extend a warm welcome to everyone joining online, as we come together to vote on the proposed demerger..

As shareholders you will have received a notice of meeting and the demerger booklet, which outline in detail the rationale for the demerger; the advantages and disadvantages of the proposal; and the pro forma financial position of Iluka and Deterra should the demerger be approved this morning. These documents contain important information to help inform your vote.

Before proceeding with the item of business, I will say a few brief words, as will Jenny Seabrook, Chair of Deterra.

The position of the royalty business – and more specifically the Mining Area C royalty – within Iluka's portfolio has been subject to ongoing consideration by the Board for many years. Iluka is first and foremost a mineral sands business with over 60 years industry experience. Our objective is to deliver sustainable value.

Given the expected increase in materiality and cash flows from the MAC Royalty associated with BHP's South Flank development, which is now nearing completion, we decided in October last year to undertake a comprehensive review of both businesses and the optimal corporate and capital structure for Iluka.

At the heart of that review was an examination of all our operations and assets to determine what is in the best interests of shareholders. Iluka has always been disciplined in pursuing its objective; and the decision to demerge the royalty business is a further expression of that discipline. We believe this will, over time, deliver greater value to Iluka shareholders than the current structure.

Following the review, in February we announced our demerger plans. And although the world has changed markedly since that announcement, the Board's view remains the same – that the demerger is in the best interests of shareholders.

As part of the process the Board commissioned a report from an Independent Expert, Deloitte, to examine the demerger and assist shareholders in considering the proposal. This report can be found in Section 7 of the booklet.

Deloitte has also concluded that the demerger is in the best interests of shareholders. It determined that separating the two different businesses will facilitate greater strategic focus for each; and provide shareholders greater flexibility based on their investment objectives.

As I stated in my letter contained in the booklet, the demerger will liberate two fundamentally different businesses – each with high quality assets and a promising future – and unlock long term value.

If approved by shareholders, on 23 October Iluka and Deterra will start trading independently on the ASX as standalone companies on a deferred settlement basis; and shareholders will retain equity in both. Formal separation of the companies will follow on 2 November.

For Iluka, we will continue to be a global leader in the mineral sands industry. The demerger enables our management team, led by Managing Director Tom O’Leary, to focus on delivery from our world class assets and on developing a pipeline that includes mineral sands projects and an emerging position in rare earth elements.

I am confident in Iluka’s ability to continue to drive operational and financial performance. 2020 has been trying for all businesses with the economic damage wrought by COVID-19. Tom and his team have demonstrated steadfast resilience in adapting quickly to the external environment – protecting the safety and well-being of our people; achieving solid financial results; and positioning the business for the future.

Despite a difficult external environment, Iluka has achieved significant milestones this year, today’s vote being one of them, with others including the first stage of our re-entry into the rare earths market at Eneabba in Western Australia; and commencement of our key underground mining technology trial at Balranald in New South Wales.

If the demerger is approved by shareholders, Deterra will be the first royalty business of scale to list on the ASX. The company will have its own dedicated Board and management team, led by Jenny as Chair and Julian Andrews as Managing Director and CEO. Both Jenny and Julian have provided exceptional service to Iluka and we wish them well as they assume the leadership of Deterra in the company’s formative phase.

It may be of interest to shareholders to know that Deterra’s name is derived from the Latin, meaning ‘of the earth’. This is symbolic of the company’s business model and foundational asset in the MAC iron ore province.

Iluka and Deterra will be well capitalised post demerger, each with the financial flexibility to pursue opportunities and deliver on their respective strategies. As shareholders would expect, we regarded as an imperative that both companies be set up for success. I am satisfied we have got those settings right – and notwithstanding the external tumult of 2020, we can look to the future with some confidence.

I will now hand over to Jenny to say a few words.

Jenny Seabrook, Chair, Deterra Royalties Limited

Thank you Greg.

I am also very pleased to be here with everyone today. On behalf of the Deterra Board and management team I look forward to shareholders ongoing interest and support for our activities.

Deterra is a royalty business focussed on resources investments. While the business model is well established in other jurisdictions, Deterra will be the first listed royalty business of scale here in Australia.

I trust you found the information in the demerger booklet about our business and strategy useful. In summary, the MAC Royalty will be the cornerstone asset of our portfolio and our simple business model will provide investors with a new resources exposed investment alternative. Our plan is to provide investors with visibility on our earnings, cashflows and dividends. Our growth strategy is focused on increasing earnings through our existing assets and disciplined, value accretive investments in new royalty interests over time.

We will have a lean business, led by Julian; and we will be headquartered here in Perth. We also have been most fortunate to recruit some outstanding people to Deterra’s Board – Joanne Warner, Graeme Devlin and Iluka’s Representative, Adele Stratton. Suffice to say, we are all eager to get on with the business of delivering.

We also look forward to continuing to engage with shareholders and our stakeholders.

I will now hand back to Greg to conduct the business of the meeting.