

26 February 2018

ASX: ILU

ILUKA DIVIDEND REINVESTMENT PLAN

Dear Shareholder

We are pleased to announce the introduction of a new Dividend Reinvestment Plan (**DRP**) allowing all eligible shareholders to reinvest either all or part of your dividend payments into additional fully paid Iluka shares.

Key features of the DRP

- The DRP is a convenient way to increase your holding of Iluka shares.
- Shares acquired by shareholders under the DRP are free of brokerage, commission or other transaction costs.
- DRP participation does not affect your eligibility for any franking credits.
- Participation in the DRP is optional and available to shareholders with registered addresses in Australia.
- You may apply the DRP to part or all of your total shareholding and there is no minimum or maximum limit on the number of your shares that may participate.
- You may join, vary your participation in, or withdraw from, the DRP at any time, subject to adequate notice being given.
- Shares allocated to you under the DRP rank equally with existing shares.
- Once you elect to participate, the DRP will continue to apply for future dividend payments, unless you advise otherwise or unless the DRP is suspended or terminated by the Board.

The DRP will be available for the 2017 final dividend, payable on 23 April 2018.

Iluka expects shares allocated to participants in the DRP for the 2017 final dividend to be by way of an issue of new shares to participating shareholders. A discount of 1.5% will apply to the allocation price for the 2017 final dividend under the DRP. The issue price will be the arithmetic average of the daily volume-weighted average price of Iluka shares over the 10 trading days commencing on 3 April 2018, calculated in accordance with the DRP Rules.

For further information on the DRP including the Rules of the DRP, please visit our website <http://www.iluka.com/investors-media/shares-dividends>. Answers to some frequently asked questions are also provided in the accompanying Shareholder Information Booklet.

Iluka recommends you seek financial advice and read the full terms and conditions set out in the DRP Rules before deciding whether to participate.

In order to participate in the DRP for the 2017 final dividend, you will need to ensure your DRP participation form is received, or your online election is made, by no later than 5pm (AEDT) on 29 March 2018.

Any elections made under the previous Dividend Reinvestment Plan will be invalid and a new election will be required.

You can make your election online by visiting www.computershare.com.au/easyupdate/ilu. Alternatively, a DRP participation form accompanies this letter.

For more information please visit <http://www.iluka.com/investors-media/shares-dividends> or contact the Company's share registry, Computershare, by phone on 1300 733 043 (within Australia) or +61 3 9415 4801 (outside Australia).

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Martin', with a horizontal line underneath the name.

Greg Martin
Chairman
Iluka Resources Limited