



ILUKA

Dividend Reinvestment Plan Shareholder Information Booklet

26 February 2018

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Dividend Reinvestment Plan (DRP)

What is the DRP?

The DRP enables you, as a shareholder in Iluka Resources Limited (**Iluka**), to reinvest all or part of any dividend paid on your shares in additional Iluka shares instead of receiving that dividend in cash.

Your participation in the DRP is entirely optional.

If you elect to reinvest your dividends, additional shares will be allocated to you on the date for payment of that dividend. You will receive a dividend notice setting out the number of shares allocated to you, the price per share and other information relevant to the dividend.

Who can participate?

All shareholders of fully paid Iluka ordinary shares who are resident in, and whose address on the register of shareholders at the relevant dividend record date is in Australia may participate in the DRP, subject to certain limits set out in the DRP Rules.

How do I participate in the DRP?

If you wish to participate in the DRP, we encourage you to make your election online at www.computershare.com.au/easyupdate/ilu.

Alternatively, please complete and sign the DRP participation form and return it to the Company's share registry at the address below. If a DRP participation form does not accompany this booklet, please contact the Company's share registry:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
(Within Australia) 1300 733 043
(Outside Australia) +61 3 9415 4801

DRP participation forms must be received, or online elections made, by 5:00pm (AEDT) on the first business day following the record date for a dividend.

Can I participate in the DRP for some of my shares?

Yes, you can nominate all of your shares or a specific number of your shares to participate in the DRP.

Full participation: If you elect full participation, dividends on all of your shares will be reinvested in acquiring new shares. Dividends on any shares you may acquire in the future will also be reinvested in this way (including dividends on any additional shares you acquire under the DRP).

Partial Participation: If you elect partial participation, you nominate a number of your shares which participate in the DRP. Only the dividends paid on those shares that you nominate will be reinvested. For shares not participating in the DRP, dividends will be paid in the usual way.

If your DRP participation form or online election does not clearly indicate the level of participation in the DRP, it will be deemed to be an application for full participation.

Is there a minimum or maximum participation level?

Iluka has the discretion under the DRP Rules to introduce a minimum or maximum participation level. For the 2017 final dividend there is no maximum or minimum participation level.

When will my participation begin?

Your participation in the DRP will begin with the first dividend payment after receipt of your online election or participation form. Your election must be received by 5.00pm (AEDT) on the first business day following the relevant record date to be effective for that dividend.

For elections received after the DRP election date for a particular dividend, your participation will begin from the first dividend record date after receipt of your online election or participation form.

What happens if I have more than one shareholding?

You must make a separate election for each shareholding registered under different names or holding numbers by either making an online election or submitting a separate participation form for each shareholding.

Can I change my participation at any time?

Yes. Simply notify the share registry online or submit a new participation form. The change will be effective for the next dividend payment, provided that the election is received by 5.00pm (AEDT) on the business day following the relevant dividend record date for that dividend. If your change is received after that date, the change will not be effective until the following dividend.

Iluka will announce the relevant dividend record date and DRP election cut-off date for each dividend to the ASX and on the Iluka website at the time it announces the dividend.

Can I withdraw from the DRP?

Yes. Simply notify the share registry online or submit a termination form. The termination will be effective from the next dividend payment, provided that the notice is received by 5.00pm (AEDT) on the business day following the relevant dividend record date for that dividend. If your termination form notice is received after that date, the change will not be effective until the next dividend.

If you do wish to terminate from the DRP, we encourage you to make your termination election online at www.computershare.com.au/easyupdate/ilu, or contact Computershare.

At what price will the shares be allocated?

Shares will be allocated at the arithmetic average of the daily volume-weighted average price of Iluka shares over a period of at least 10 trading days (**Allocation Price**) following the election cut-off date, in accordance with the DRP Rules. The Allocation Price may be reduced by a discount, which the Board may determine from time to time and announce to the ASX. For the 2017 final dividend, Iluka intends to offer a discount of 1.5% to the Allocation Price.

Will the shares allocated under the DRP be new or existing shares?

Under the DRP Rules, the Company can choose to issue new shares or acquire existing shares on market (or a combination of these two options) to satisfy its obligation to allocate shares to shareholders participating in the DRP.

How will my DRP shares be treated for subsequent dividend payments?

Full participation: If you elect for all of your shares to participate in the DRP, all shares held by you at each dividend record date will be treated as participating in the DRP, including any shares previously acquired under the DRP.

Partial participation: If you elect for only some of your shares to participate in the DRP, only the number of shares you have specified will be treated as participating in the DRP. If you hold less shares than the number of shares you have specified in the participation form/election, then the dividends on the shares that you actually hold will be reinvested.

The number of shares that will be treated as participating in the DRP may be limited if Iluka elects to introduce a minimum or maximum participation limit.

What will it cost me to participate?

Nothing. No brokerage fees, commission or other transaction costs will be payable for any shares allocated under the DRP.

Can I sell my shares when I choose?

Yes. You can sell any or all of your shares at any time. However, if you sell all of your shares, your participation in the DRP will cease with effect from the date Iluka registers a transfer or instrument of disposal of your holding.

If you elect for full participation and then sell some of your shares, the dividends on your remaining shares will continue to be reinvested under the DRP. If you elect for partial participation and then sell some of your shares, the number of shares sold will be deemed to the full extent possible to be non-participating shares and the balance, if any, will be deemed to be participating shares under the DRP.

Will I still receive franking credits on my dividends?

Yes. Participation in the DRP does not affect your eligibility for any franking credits.

What about taxation?

For Australian shareholders, the Australian Taxation Office currently treats dividends reinvested under the DRP in the same way as cash dividends received on shares which are not participating in the DRP. These comments are general in nature only. You should seek professional taxation advice in relation to your individual circumstances.

Will I receive a dividend statement?

After each allocation of shares under the DRP, a dividend statement will be provided to you in accordance with the manner you ordinarily receive notices from Iluka showing full details of shares allocated to you under the DRP. This statement should be kept for your taxation purposes.

Can the DRP be modified, suspended or cancelled?

Iluka may vary the rules, alter, suspend or terminate the DRP at any time by notification on the Company's website and by notifying the ASX.

What happens to any residual value after each dividend?

The application of the dividend reinvestment formula normally results in a residual amount. This is because your dividend amount will be used to acquire a whole number of shares, usually leaving a residual amount which is less than the price of one Iluka share.

For each dividend, if there is a residual amount, then the residual amount on each dividend will be carried forward, without interest, and added to your next dividend.

What happens if I leave the DRP?

If you cease to participate in the DRP for any reason, or the DRP is suspended or terminated by Iluka, any positive residual balance in your DRP account will be paid to you.

How do I find out about Iluka's historic dividend amounts?

Historic information about Iluka's declared dividends and DRP prices are available on the dividend page of the website at <http://www.iluka.com/investors-media/shares-dividends>.

Need more information?

If you have further questions (other than on taxation) about how the DRP operates and how you can participate, please contact Computershare on 1300 733 043 (within Australia) or +61 3 9415 4801 (outside Australia).



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www.iluka.com

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