



Iluka to demerge the Royalty business.

Company/ASX Code	Iluka Resources Limited/ILU
EGM date	Friday 16 October 2020
Time and location	A virtual Meeting using Lumi technology.
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items. Early online voting is required.
Monitor	Geoff Read
Pre AGM Meeting?	Yes with Chair Greg Martin, Deterra Chair Jenny Seabrook and others.

The individual involved in the preparation of this voting intention does not have a shareholding in this company.

Item 1	To approve a reduction in the capital of Iluka as an equal capital reduction.
ASA Vote	The ASA strongly encourages shareholders to read the information provided by the company and to decide how to vote based on individual finances and preferences. An ASA company monitor will attend the virtual meeting. If we receive any undirected proxies then we will vote them in accordance with the recommendation of the independent expert and the board, i.e. FOR the resolution.

Summary of ASA Position

Despite the convoluted wording of this resolution it is really about approving the demerger of the Iluka royalty business into a new company named Deterra. The royalty stream, particularly the iron ore royalty, is growing rapidly. There are 4 other minor royalties also being demerged.

The characteristics of a royalty business and a mining business are very different. It is expected that these differences will be recognised by the share market and will lead to differing valuation methods.

Deterra may invest in other royalty streams if suitable opportunities arise in the future.

Offsetting these factors, it will cost approximately \$7.0M per annum to run Deterra as a stand-alone business.

The board of Deterra intend to run the company with the lowest possible cost structure. At commencement it will have a 5-person board and only 6 fulltime equivalent employees.

The cost to Iluka of the de-merger is in the order of \$18M.

Shareholders will receive one Deterra share for each share they own in ILU.

Iluka has undertaken to retain a long-term ownership of 20 % of Deterra.

ILU has provided shareholders with comprehensive tax information including de-merger tax relief.

Information on the cost base of the Deterra shares will be available soon after they begin trading.

This will be provided on the Iluka website. www.iluka.com

Iluka is also providing a no-cost share sale facility for small shareholders who receive less than 500 Deterra shares. Shareholders need to opt-in for this facility.

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