ILUKA

26 June 2008

Mr Matthew Foy
Adviser, Issuers (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000
By Facsimile: (08) 9221 2020

Dear Matthew

Re: Price Query

I refer to your facsimile dated 26 June and respond as follows:

1. Iluka Resources Limited ("Iluka") is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in Iluka securities. Further, I confirm that Iluka is, and continues to be, in compliance with Listing Rule 3.1.

2. There are, however, a number of possible explanations for the recent increase in Iluka's share price. These include the following:

   2.1 On 18 June, Iluka issued to the ASX a presentation made to the UBS Australian Resources and Energy conference in Sydney. The presentation and associated release made reference to more favourable supply/demand characteristics in relation to mineral sands products and also conveyed Iluka's expectations of more favourable pricing outcomes across its suite of products. Industry consultants have also recently issued revised, higher product price forecasts.

   2.2 Iluka is aware of recent public statements by BHPB in relation to its mine expansion plans for its Pilbara iron ore assets. These assets include Mining Area C ("MAC"). Iluka has a royalty and capacity payment arrangement in respect to certain tenements within the MAC tenements.

   2.3 Rio Tinto has made recent public statements in relation to iron ore prices. If these or similar prices are achieved by BHPB, this should flow through to revenue payments for Iluka's MAC royalty arrangement.

Regards

pp Jude Turton

Cameron Wilson
Company Secretary

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FAXED
26 June 2008

Cameron Wilson
Company Secretary
Iluka Resources Limited
Level 23, 140 St George's Tce
PERTH WA 6000

By Facsimile: 9360 4777

Dear Cameron,

Iluka Resources Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from $3.65 on 19 June 2008 to $4.60 today, 26 June 2008.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile on **facsimile number (08) 9221 2020.** It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **12:00pm WST today, Thursday, 26 June 2008.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

M Foy

Matthew Foy
Adviser, Issuers (Perth)
Direct Line: (08) 9224 0014