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FOR IMMEDIATE RELEASE

9 August 2016

**Recommended proposal for the £215 million merger
of**

Sierra Rutile Limited

with

Iluka Investments (BVI) Limited

**Despatch of Notice of General Meeting of Shareholders to vote on Recommended Offer from
Iluka Investments (BVI) Limited**

On 1 August 2016, the boards of Sierra Rutile Limited ("**SRL**") and Iluka Resources Limited ("**Iluka**") announced (the "**Announcement**") a recommended cash offer (the "**Acquisition**") to be made by Iluka for the entire issued and to be issued share capital of SRL. The Acquisition will be implemented by merging SRL with Iluka Investments (BVI) Limited ("**Iluka Newco**"), a wholly-owned BVI incorporated subsidiary of Iluka International (West Africa) Pty Ltd., which is an entity within the Iluka Group. The Acquisition will be implemented by means of a statutory merger between SRL and Iluka Newco under section 170 of the BVI Business Companies Act (the "**Merger**").

The boards of SRL and Iluka are pleased to announce that a shareholder circular containing a notice of general meeting to consider and vote on the Merger (the "**General Meeting**"), information relating to the proposed Merger and details of the General Meeting will be despatched to SRL shareholders today, 9 August 2016 (the "**Circular**"). The General Meeting in relation to the Merger will be held on 1 September 2016 at 3 pm (London time) at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG.

As further described in the Circular, the Merger is conditional upon the approval of SRL's shareholders at the General Meeting.

Subject to the approval of the Merger by SRL shareholders and timely satisfaction or waiver of the other conditions set out in the Merger Implementation Agreement, as described in Appendix I of the Announcement (including securing the required regulatory approval from the German Antitrust Authority, or all applicable waiting periods with respect thereto having expired or been terminated, and no material adverse changes nor certain prescribed events (as set out in the Merger Implementation Agreement and further described in the Circular) having occurred), the Acquisition is expected to become effective on or around 9 September 2016. The expected timetable of principal events is set out in the Appendix to this announcement.

De-listing

If the Merger is approved by SRL Shareholders at the General Meeting, SRL intends to seek to cancel the admission of SRL Shares to trading on AIM ("**Cancellation**") on, or immediately following, the date on which the Merger becomes Effective, without seeking the separate approval of SRL Shareholders under AIM Rule 41.

In accordance with AIM Rule 41, SRL hereby gives notice of the intended Cancellation which, subject to the Merger being approved by Shareholders, will take place at least 5 business days

after the General Meeting and no earlier than 7.00 a.m. on 9 September 2016. SRL will announce further details of the Cancellation timetable in due course.

Upon the Merger becoming effective, all SRL Shares will be cancelled and any share certificates in respect of the Depositary Interests will cease to be valid and the Depositary Interests held in CREST will be cancelled.

If the Merger is not approved or the other Conditions are not satisfied or waived, the Merger will not become Effective and Shareholders will not receive any payment for SRL Shares pursuant to the Merger. Instead, the SRL Shares will continue to be admitted to trading on AIM, provided that SRL continues to meet the rules and requirements of AIM.

Defined terms used but not defined in this announcement have the meanings set out in the Circular.

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Herbert Smith Freehills is retained as legal advisers to SRL.

Ogier is retained as BVI legal advisers to SRL.

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Conyers Dill & Pearman is retained as BVI legal advisers to Iluka.

Further information

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of SRL in any jurisdiction in contravention of applicable law.

Any vote in respect of the Acquisition should only be made on the basis of the information contained in the Circular, which will contain the full terms and conditions of the Acquisition (including details of how to vote). SRL Shareholders are advised to read the formal documentation in relation to the Acquisition carefully.

Please be aware that addresses, electronic addresses and certain other information provided by SRL Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from SRL may be provided to Iluka during the period until implementation of the Merger.

Investec Bank plc ("Investec"), which is authorised by Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom, is acting for SRL and no-one else in connection with the Acquisition and will not be responsible to anyone other than SRL for providing the protections afforded to clients of Investec nor for providing advice in relation to the Acquisition. Neither Investec nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Investec in connection with this announcement, any statement contained herein or otherwise.

RBC Europe Limited (trading as "RBC Capital Markets"), which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, is acting for SRL and no one else in connection with the Acquisition and will not be responsible to anyone other than SRL for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with the Acquisition.

Goldman Sachs Australia Pty Ltd ("Goldman Sachs") is acting for Iluka and no-one else in connection with the Acquisition and will not be responsible to anyone other than Iluka for providing the protections afforded to clients of Goldman Sachs nor for providing advice in relation to the Acquisition. Neither Goldman Sachs nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs in connection with this announcement, any statement contained herein or otherwise.

Overseas jurisdictions

The release, publication or distribution of this announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about and observe any applicable restrictions. SRL Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement has been prepared for the purposes of complying with the AIM Rules and the relevant procedural requirements of the articles of association of SRL and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom and the British Virgin Islands.

Additional information for US investors in SRL

These materials are not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States.

Shareholders and holders of Depositary Interests in the United States should note that the Acquisition relates to the shares of a BVI company and is proposed to be made by means of a merger provided for under, and governed by, BVI law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended (the "US Exchange Act"), will apply to the Merger. Moreover the Merger will be subject to the disclosure requirements, rules and practices applicable in the BVI to statutory mergers, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this Circular has been or will be prepared in accordance with International Financial Reporting Standards adopted for use by the European Union and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

SRL is incorporated under the laws of the BVI, Iluka under the laws of Australia and Newco under the laws of the BVI. The vast majority of the officers and directors of SRL and Iluka are residents of countries other than the United States. It may not be possible to sue SRL, Iluka, Newco or their respective officers or directors in a non-US court for violations of US securities laws. It may be difficult to compel SRL, Iluka or Newco or their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The Acquisition is expected to be made in accordance with, and in reliance on, certain applicable laws of the United States, including section 14(e) of the US Exchange Act and Regulation 14E thereunder, as exempted thereunder by Rule 14d-1(c). The Acquisition is not expected to be subject to the requirements of Regulation 14D of the US Exchange Act and as such, is not expected to be submitted to, nor reviewed by, the US Securities and Exchange Commission.

To the extent permitted by applicable law, and to the extent permitted by normal UK practice and Rule 14e-5 under the US Exchange Act, Iluka or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, SRL Shares outside of the United States, other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase are made they will be made outside the United States and will comply with applicable law, including the US Exchange Act.

Forward-looking statements

This announcement may contain certain forward-looking statements, including statements regarding Iluka, Iluka Newco and SRL's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including among others, the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the mining industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; and war and terrorism. These forward-looking statements speak only as at the date of this announcement.

Application of the Code

SRL is a company incorporated and registered in the BVI and, as such, is not subject to the jurisdiction of the UK Takeover Panel or the Code.

Shareholders are reminded that SRL's articles of association require certain offers to be made on terms that would be required by the Code, save to the extent that the SRL Board otherwise

determines. The Panel on Takeovers and Mergers does not, however, have responsibility for ensuring compliance with the Code in respect of the Acquisition and is not able to answer shareholders' queries in relation to SRL, Iluka, Iluka Newco or the Acquisition. However, the SRL Board intends to take into account guidance issued by the Panel on Takeovers and Mergers in connection with the exercise of its discretion.

In particular, the SRL Board has confirmed to Iluka and Iluka Newco that it does not intend to require announcements pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer and announcements pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer (as referred to in the Code) to be made by shareholders in accordance with Rule 8 of the Code. Shareholders are reminded that public disclosures consistent with the provision of Rule 8.3 of the Code should not be e-mailed to the Panel on Takeovers and Mergers.

Publication of this announcement

A copy of this announcement will be available, subject to restrictions relating to persons resident in certain restricted jurisdictions on <http://www.sierra-rutile.com>.

The contents of SRL's website are not incorporated into and do not form part of this announcement.

TIMETABLE OF PRINCIPAL EVENTS

All references in this document to times are to London time unless otherwise stated.

Event	Time/date
Latest time for the form of instruction from the Depositary Interest holders to arrive with the Depositary	3pm on 26 August 2016
Latest time for Depositary Interest holders to provide voting instructions via the CREST system for the General Meeting	3pm on 26 August 2016
Latest time for Forms of Proxy to arrive with the SRL's registrar for the General Meeting	3pm on 30 August 2016 (<i>SRL's Articles of Association state that the form of proxy must arrive at least 48 hours prior to the General Meeting</i>)
Voting Record Time for General Meeting	6pm on 31 August 2016 (<i>the Business Day preceding the General Meeting</i>)
General Meeting	3pm on 1 September 2016
Cut-off time for the exercise of Options	Three hours prior to the Merger Record Time
Merger Record Time (which is the latest time for dealings in, and registrations of, transfers of and disablement in CREST of SRL Shares and Depositary Interests)	6pm on 8 September 2016 (<i>Business day preceding Closing Date</i>)
Closing Date* (which is the date of filing of the Articles of Merger and the Plan of Merger with the Registrar of Corporate Affairs)	9 September 2016 (<i>See assumptions below</i>)
Date of the Cancellation of the admission of SRL's AIM securities	9 September 2016 (<i>At least 20 clear business days after the notification to the RIS is given and at least 5 clear business days after the General Meeting</i>)

* The Closing Date is currently expected to be on or around 9 September 2016, however the exact date will be determined by reference to the date of satisfaction (or, where applicable, waiver) of the Conditions.