



8 December 2016

## **SIERRA RUTILE JOINS WITH ILUKA TO ENTER NEXT PHASE OF GROWTH**

Sierra Rutile Limited and Iluka Resources (Iluka) are pleased to announce that the merger between the two companies was finalised on 7 December 2016. The merger represents an exciting phase of development for Sierra Rutile and for Iluka.

Sierra Rutile's strong market position and growth opportunities were recognised by Iluka's Managing Director and Chief Executive Officer, Tom O'Leary:

"Sierra Rutile is an operation within Sierra Leone that has a long and proud history; it is a major employer within the country and plays a major role in both national and regional economies. The resilience and growth of the company is testament to the dedication and capabilities of its employees.

The combination of the experience and skills of Sierra Rutile employees with Iluka's operational and technical experience gained across multiple ore bodies and processing facilities over many years, will enhance the operational performance of Sierra Rutile."

Tom O'Leary also thanked John Sisay, Chief Executive Officer and Executive Director of Sierra Rutile, who will vacate his role and assist with the transition:

"I recognise the role of John Sisay. He has had a formative influence on the development of the operation since 2001, including the company's continued operation and community aid through the Ebola crisis, record rutile production in 2015 and the successful commissioning of the Gangama Dry Mine in May 2016. Following completion of the merger, John has resigned from SRL and Iluka has appointed Rob Hattingh as Chief Executive Officer, Sierra Rutile. We are appreciative of John's preparedness to assist with the transition and commencement of the integration process."

John Sisay said:

"I believe the merger of Sierra Rutile and Iluka will ensure the operations in Sierra Leone will be realised to their fullest potential. Iluka is a financially strong and established operator in the mineral sands sector with a successful track record and is well placed to continue the development of Sierra Rutile's long life assets. Management and employees will benefit from Iluka's future investment in Sierra Rutile and wider career development opportunities. This merger demonstrates that Sierra Leone is open for business and able to attract investment from high profile multinational companies such as Iluka that are keen to participate in the development and growth of the country."

Rob Hattingh said:

"Iluka and Sierra Rutile will work closely together to continue to strengthen the company's position as a leading global rutile producer. One of my key areas of focus will be on ensuring the continuity of operations and building positive, mutually beneficial relationships with the Government of the Republic of Sierra Leone and its main agencies, with regional and community representatives and other key bodies within the country.

Iluka and Sierra Rutile management will focus initial priorities on operational, safety and other enhancements. The experience and skills of Sierra Rutile's employees will be a key factor in the success of the integration and operational growth."

Iluka expects to invest approximately US\$60 million over the next two years to expand on recent improvements to the Sierra Rutile operation.

The company also plans to progress detailed feasibility studies for a number of mine development and expansions options that would see a significant increase in rutile output. Expansion decisions will be dependent on the outcome of feasibility studies and market conditions, with consideration to other options within the Iluka portfolio. Expansion opportunities include:

- Lanti dry mining – current planned expansion of additional 250 tonnes per hour (tph) of ore throughput; Iluka is considering a larger expansion of 500 tph.
- Gangama dry mining – current planned expansion of additional 250 tph throughput; Iluka again considering a larger expansion of 500 tph.
- Sembehun dry mining – development of new group of deposits with 1,000 tph throughput.

The total transaction cost is A\$393 million<sup>1</sup>. Iluka has assumed SRL's net debt of approximately US\$59 million. Sierra Rutile will operate as a wholly owned subsidiary of Iluka Resources.

ENDS

Rob Hattingh, Chief Executive Officer  
**Sierra Rutile**

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### **About Sierra Rutile**

Sierra Rutile is a leading, multi-mine, mineral sands company, operating low cost assets and developing a portfolio of growth projects in the south west of Sierra Leone, with its primary commodity mined being rutile, a titanium feedstock. It has an established operating history spanning approximately 50 years and a projected mine life of at least 25 years, and is one of the largest rutile deposits in the world.

Sierra Rutile produced 126,000 tonnes of rutile in 2015. Sierra Rutile's rutile services a variety of end uses, and is, for example, used in the pigment, titanium sponge and welding industries. Sierra Rutile also produces ilmenite, which is used in pigment production.

[www.sierra-rutile.com](http://www.sierra-rutile.com)

### **About Iluka Resources**

Iluka is involved in mineral sands exploration, project development, operations, marketing and rehabilitation. Iluka and its predecessors have over 60 years' industry experience. The company is the world's largest producer of zircon and a major producer of the high-grade titanium dioxide products rutile and synthetic rutile. Iluka is listed on the Australian Securities Exchange, with a current market capitalisation of approximately A\$2.5 billion. It is headquartered in Perth, Western Australia.

Iluka has operations in the Murray Basin (Victoria, Australia), Eucla Basin (South Australia), Perth Basin (Western Australia), Virginia (United States, idled 2015) and Sierra Leone (acquired 2016). The company also has an iron ore royalty associated with BHP Billiton's Pilbara Mining Area C. Through its sales and marketing network, Iluka supplies over 50 products to more than 250 direct customers, with sales in more than 40 countries.

Iluka has significant, industry-specific technical expertise, including exploration, metallurgical, mining and processing capabilities. Iluka also dedicates substantive resources to industry analysis and the evaluation of corporate growth opportunities, subject to rigorous financial criteria and capital disciplines.

[www.iluka.com](http://www.iluka.com)

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<sup>1</sup> This includes the final consideration for Sierra Rutile equity of A\$375 million (£215 million) and A\$18 million of transaction costs.