

10 August 2016

SIERRA RUTILE LIMITED SHAREHOLDER CIRCULAR

On 1 August 2016, Iluka Resources Limited (Iluka) made a joint announcement with Sierra Rutile Limited (SRL), issued on the London Stock Exchange and the Australian Securities Exchange, in relation to an all-cash offer by Iluka to acquire the entire issued and to be issued shares of SRL (the "Merger").

The offer is 36 pence cash for each SRL share which values the entire issued and to be issued shares of SRL at approximately £215 million (A\$375 million¹). Iluka also assumes SRL's debt of approximately US\$60 million (A\$80 million).

As a matter of record, Iluka advises that SRL has, on 9 August 2016, issued a shareholder circular to SRL shareholders, containing a notice of a General Meeting – to be held on 1 September 2016 in London – to consider and vote on the Merger. As further described in the Circular, the Merger is conditional upon approval by SRL shareholders representing a simple majority (that is, more than 50 per cent) of the votes of the SRL Shares present at the general meeting which are voted and not abstained.

Iluka shareholders are required to take no action as only SRL shareholders are required to consider and vote on the Merger.

Subject to the approval of the Merger by SRL shareholders and timely satisfaction or waiver of the other conditions set out in Appendix I of the LSE and ASX announcement of 1 August (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 defined in the Merger Implementation Agreement) having occurred), the Merger is expected to become effective on 9 September 2016.

Refer [Sierra Rutile announcement 9 August](#). The Circular for the General Meeting is accessible from the [SRL website](#).

Investor and media enquiries

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¹ Based on an AUDGBP exchange rate of 0.575 as of 29 July 2016.