



Sierra Rutile Holdings Limited

Demerger Briefing

June 2022



Sierra Rutile Limited

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Sierra Rutile Limited

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Theuns de Bruyn
Managing Director and
Chief Executive Officer



Martin Alciaturi
Finance Director

Demerger Overview



The demerger will result in two separate ASX-listed companies – Iluka will be a global critical minerals company (mineral sands and rare earths), while Sierra Rutile will be one of the world’s largest natural rutile producers.

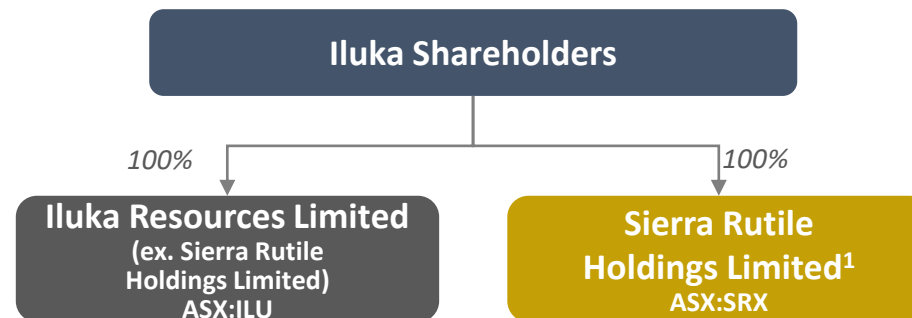
Overview

- The demerger will result in two independent ASX-listed companies, Iluka and Sierra Rutile, each with a management team focused on pursuing its own growth strategy.
- Iluka shareholders will have the opportunity to vote on the Demerger at the Extraordinary General Meeting on 22 July 2022.
 - Iluka Directors unanimously recommend that Iluka shareholders vote in favour of the Demerger Resolution
 - The Independent Expert has concluded that the Demerger is in the best interests of Iluka shareholders
- Iluka shareholders will be entitled to receive 1 share in Sierra Rutile for each share held in Iluka as at the Record Date.

Demerger Benefits

- The demerger of Sierra Rutile is **the optimal pathway** to reach its potential and maximise value for Shareholders:
 - focussed on **maximising value** from the remaining producing deposits at Area 1 and continue to progress the **globally significant Sembehun Project**.
 - established with a **dedicated high quality Board and management** team.
- The demerger will **simplify Iluka’s structure** and ensure management focus is on its **core Australian assets** and **diversification into rare earths**.
- A demerger from Iluka **provides investors with a choice** to select the level of their intended investment exposure to each business.

Post-demerger Structure



Note: (1) Post-demerger, Sierra Rutile will have approximately 424.2 million shares on issue.

Subject to a shareholder vote on 22 July 2022, Sierra Rutile will commence trading on the ASX as a separately listed entity on 27 July 2022 on a deferred settlement basis.

Event	Date
Last time and date for determining eligibility to vote at the Extraordinary General Meeting	5:00pm (AWST) Wednesday, 20 July 2022
Extraordinary General Meeting	9:30am (AWST) Friday, 22 July 2022
Last time and date by which Sale Facility Forms must be received by Iluka Share Registry	3:00pm (AWST) Monday, 25 July 2022
Last date Iluka shares trade on ASX cum-entitlements under the Demerger	Tuesday, 26 July 2022
ASX listing of Sierra Rutile Limited (ASX:SRX)	Wednesday, 27 July 2022
Sierra Rutile Shares to be distributed to Iluka Shareholders and commence trading on ASX on a deferred settlement basis	Wednesday, 27 July 2022
Time and date for determining entitlement to Sierra Rutile Shares under the Demerger (the Record Date)	5:00pm (AWST) Thursday, 28 July 2022
Implementation Date and transfer of Sierra Rutile Shares to Eligible Shareholders (other than Selling Shareholders) and Sale Agent	Thursday, 4 August 2022
Normal trading of Sierra Rutile Shares on ASX commences	Friday, 5 August 2022
Completion of sale of Sierra Rutile Shares under Sale Facility	Monday, 5 September 2022
Dispatch of payment to Ineligible Overseas Shareholders and Selling Shareholders	Expected to occur on or before Wednesday, 21 September 2022

All dates in the above timetable are indicative only and are subject to change. A more detailed indicative timetable is included in the Demerger Booklet.

Introduction to Sierra Rutile



Experienced Board and Senior Management



Sierra Rutile Limited

Sierra Rutile will be established with a strong Board and management team that have the requisite skills and experience to deliver sustainable value for shareholders.

Board of Directors



Greg Martin
Independent Chair

- 40 years' experience in the mining, utilities, financial services, energy and energy related infrastructure sectors in Australia, New Zealand and internationally. Immediate past Chair of Iluka.
- BEc, LLB, FAIM, MAICD
- Sydney, Australia



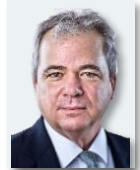
Theuns de Bruyn
Managing Director and Chief Executive Officer

- Over 25 years' experience in the African mining sector, starting his career with BHP where he worked in Operations and Business Development across various commodities. Joined Sierra Rutile in 2019 as COO and was appointed CEO in January 2021.
- BEng (Chemical Engineering), MBA
- Site, Sierra Leone



Martin Alciaturi
Finance Director

- Over 40 years in corporate finance (as a Partner of EY and a Director of Macquarie) and as a mining executive with Aquila Resources.
- BSc (Eng) (Hons), GradDipAppFin, FCA, MAICD
- Perth, Australia



Graham Davidson
Independent Non-Executive Director

- Over 30 years' professional experience of executive and board positions with a track record of leading large multicultural teams on natural resource projects, including at Rio Tinto.
- BEng, GradDip in Maintenance Management, MIOd (UK)
- London, United Kingdom



Joanne Palmer
Independent Non-Executive Director

- Over 25 years' of industry experience providing audit and assurance services on company listings, M&A and takeovers and significant experience with international mining companies.
- BSc (Hons), FCA (ANZ and England & Wales), GradDip AICD, Registered Company Auditor ASIC
- Perth, Australia

Senior Management Team



Theuns de Bruyn
Managing Director and Chief Executive Officer

- See left hand side.



Martin Alciaturi
Finance Director

- See left hand side.



Eben Lombard
Chief Operating Officer

- 22 years' experience in the African mining sector, across various commodities including steel, chrome, platinum, copper, cobalt and lead.
- BSc (Eng), MBA, Cert (Fundamentals of Fin Mgmt)
- Site, Sierra Leone



Maurice Cole
Chief Financial Officer

- Over 30 years' experience in the Accounting and Auditing including 5 years at Sierra Rutile.
- Qualifications from ACCA and AAT, FCA (England & Wales and Sierra Leone)
- Freetown, Sierra Leone



Derek Folmer
General Manager Marketing

- Over 25 years' commercial experience in the mineral sands sector, including 9 years of active involvement with Sierra Rutile.
- BEng, MBA, Member of OIQ
- London, United Kingdom



Sue Wilson
General Counsel & Company Secretary

- Over 40 years' leadership experience in the governance, education, mining and banking sectors including 5 years at Iluka.
- BJuris, LLB, FAICD, FGIA
- Perth, Australia

One of the world's largest natural rutile producers positioned to significantly extend its mine life and deliver value through development of Sembehun.

Investment Highlights

Attractive market fundamentals driven by **depleting global supply** and **strong demand** for titanium as a critical mineral¹

Established **Area 1 mine operations**, underpinned by favourable fiscal regime reset, positioned to generate **strong operating cash flows** to **supplement the funding requirement of Sembehun**

Attractive growth profile in **Sembehun project** with **strong PFS economics** leveraging existing facilities and infrastructure

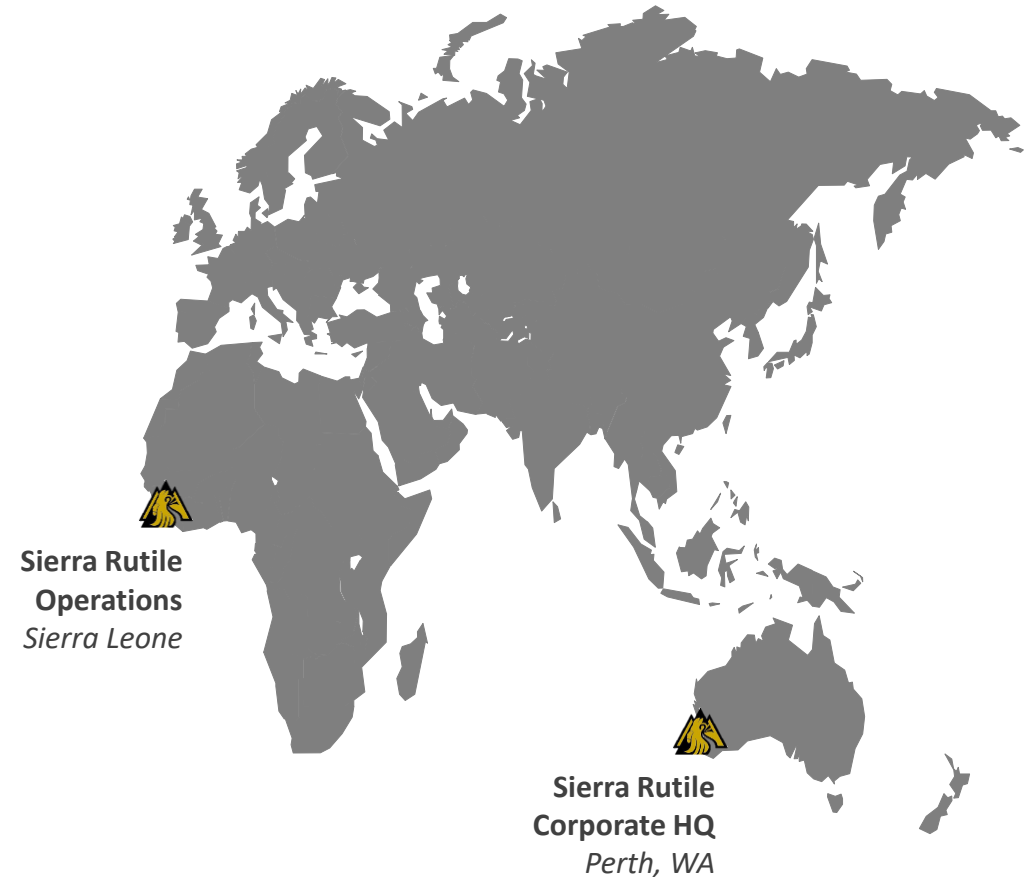
Long-term, established customer relationships with strong demand for **premium natural rutile product**¹

A **robust financial position** with net cash of US\$20.7m² (as well as the **US\$45m rehabilitation trust funds** to be established to support existing rehabilitation obligations³)

Well established **ESG practices and credentials**

Experienced, established team positioned to **deliver value for shareholders**

Location



Area 1 Operations



Area 1 Operations



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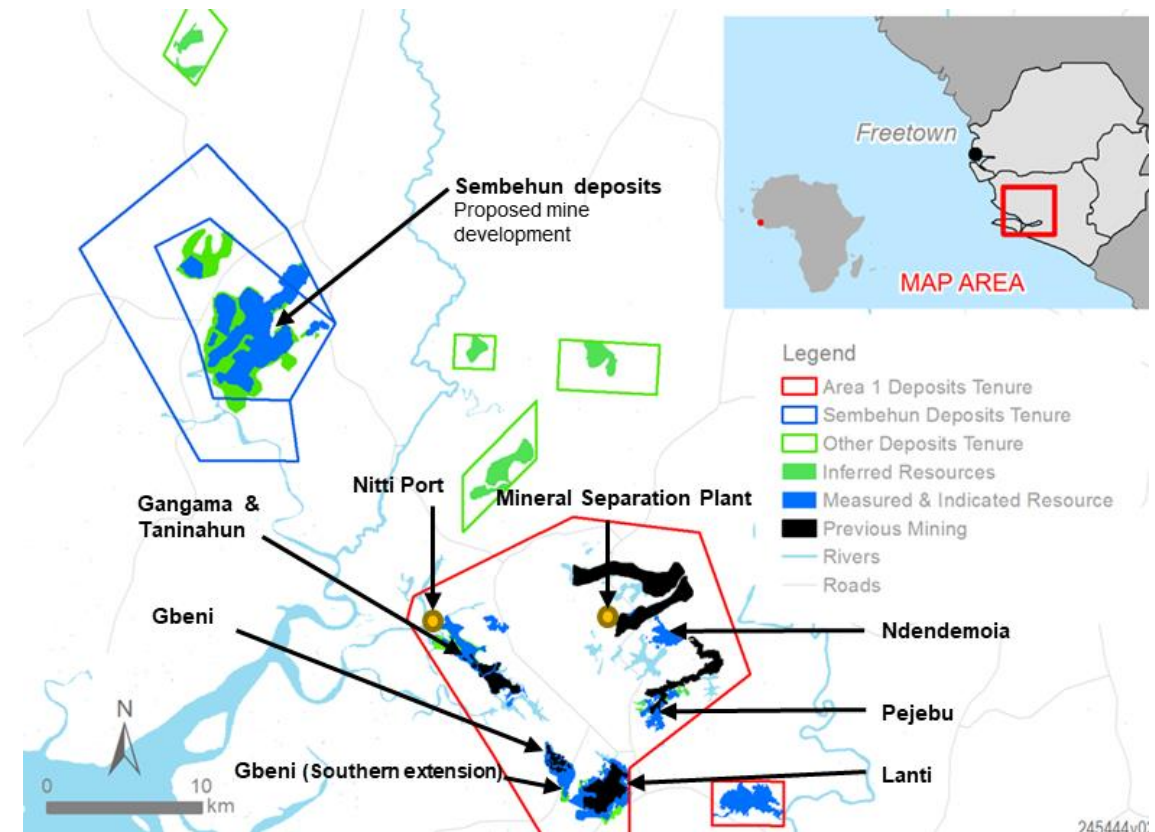
Area 1 represents an established well understood operation that is positioned to deliver value and support the transition to Sembehun.

Overview

541Kt Contained Rutile Ore Reserve ¹	2.1Mt Contained Rutile Mineral Resource ¹
144kt FY22 Rutile Production Guidance ²	US\$892/t of rutile FY22 Unit Cost Guidance (net of co-products) ³
Work program to extend the Area 1 LOM Plan is underway	

Products	<ul style="list-style-type: none"> Standard Grade Rutile (SGR) Industrial Grade Rutile (IGR) High-grade ilmenite Zircon-in-concentrate (ZIC)
Mining method	<ul style="list-style-type: none"> Dry mining: truck and excavator with dozer support.
Processing⁴	<ul style="list-style-type: none"> Four wet concentrator plants (WCPs) producing mineral concentrate with feed capacity of 500-600tph. Mineral concentrate from Area 1 is processed in the mineral separation plant (MSP), which includes a feed preparation plant and dry plant. The MSP has capacity to produce 175ktpa of rutile.
Other assets	<ul style="list-style-type: none"> Products are exported through the Nitti Port facilities situated in the Area 1 mining lease. The mine also maintains an extensive network of water supply ponds, power generation facilities, accommodation for senior and management staff, offices, extensive workshops, laboratory, a clinic and roads.

Location & Size



Note: (1) Ore Reserve and Mineral Resource estimate as at 31 December 2021. Please see Appendices F and G for more information. (2) Inclusive of TiO₂ in concentrate (TIC). Please see Appendices D and E for more information. (3) Unit cash costs (net of co-products) represent the total cash costs of production less the revenue earned from co-products (ZIC and ilmenite), divided by the total tonnes of rutile produced (inclusive of TIC). (4) Please see Appendix B for more detail.

Sierra Rutile is currently undertaking a work program to convert Mineral Resources to Ore Reserves in order to extend the Area 1 life of mine plan.

Area 1 – Mine Life Extension Program Overview

- Pejebu and Ndendemoia deposits are located less than 5km south of the MSP within the Area 1 Mining Lease.
- Subject to completing the technical and operational planning activities required to convert Indicated Mineral Resources to Ore Reserves, mining at Pejebu and Ndendemoia will be considered following completion of mining activities at Gbeni and Lanti.
- A mine life extension work program has commenced at both deposits, including:
 - additional geological drilling program and resource model update;
 - pit and civil infrastructure design;
 - operational planning including mine sequencing; and
 - financial modelling.
- The work program is scheduled to be complete by mid 2023.

Area 1 – FY22 Extension Drilling

- The 2022 drill program is focussed on collecting metallurgical and geo-metallurgical data and improving Mineral Resource confidence as part of the ongoing LOM program.

Deposit	Current JORC Status	Drill metres planned	Expected JORC status after drilling
Pejebu	Indicated	1,239m	Measured
	Inferred		Indicated
Ndendemoia	Indicated	871m	Measured
			Indicated

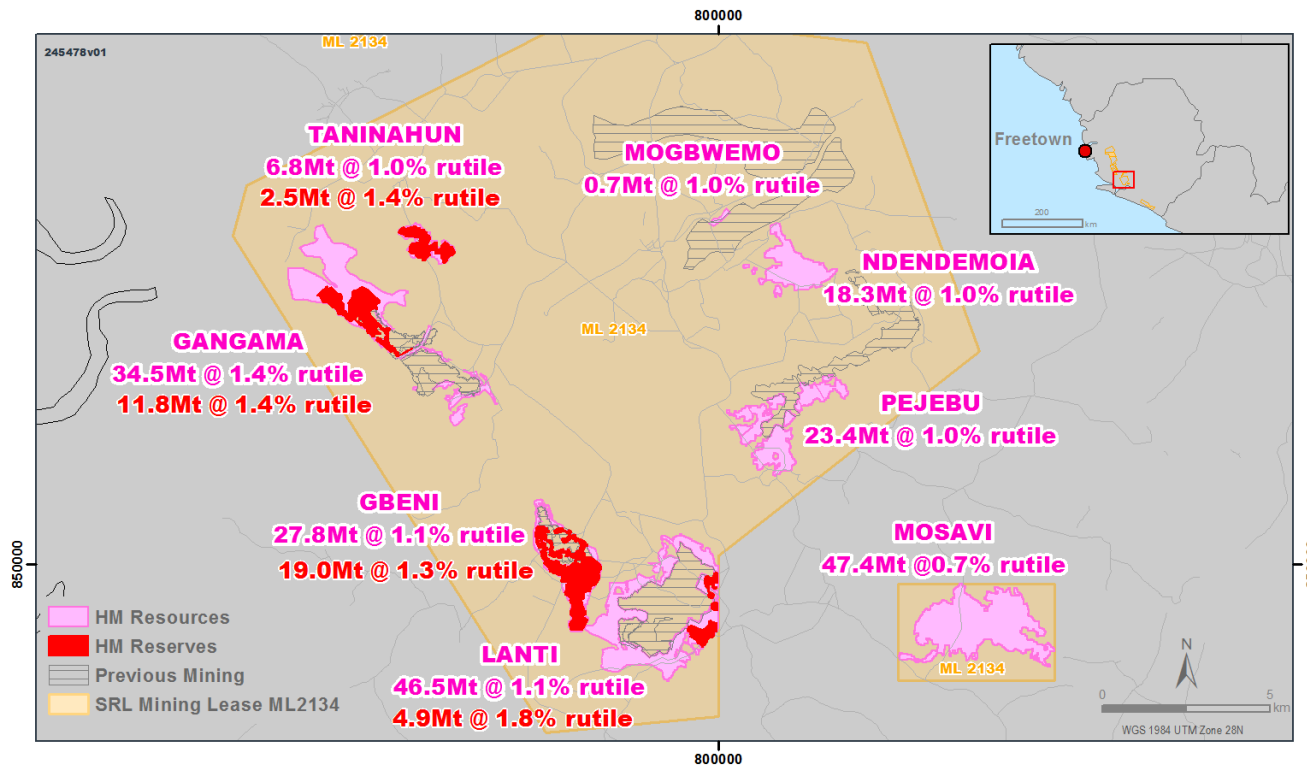
Area 1 – Mine Life Extension Program (cont.)



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While the mine life extension work program underway is focussed on the Pejebu and Ndendemoia deposits, Area 1 holds Mineral Resources across a number of deposits that will be investigated for conversion to Ore Reserves over time.

Area 1 Deposits



Area 1 – Current Reserve by Deposit¹

Deposit	Material Tonnes (Mt)	In Situ Rutile (%)	In Situ Rutile (Mt)
Gangama (inc ROM)	11.8	1.4	0.17
Gbeni North	19.0	1.3	0.25
Lanti	4.9	1.8	0.09
Taninahun	2.5	1.4	0.04
TOTAL	38.2	1.4	0.54

Area 1 – Target Resources in Mine Life Extension Program¹

Deposit	Material Tonnes (Mt)	In Situ Rutile (%)	In Situ Rutile (Mt)
Pejebu			
Indicated	18.6	1.0	0.18
Inferred	4.8	1.0	0.05
Ndendemoia East			
Indicated	14.3	1.1	0.16
Ndendemoia West			
Indicated	4.0	0.6	0.03
TOTAL	41.7	1.0	0.40

Note: (1) Ore Reserve and Mineral Resource estimate as at 31 December 2021. Please see Appendices F and G for more information.

Area 1 – Recent Operating Performance



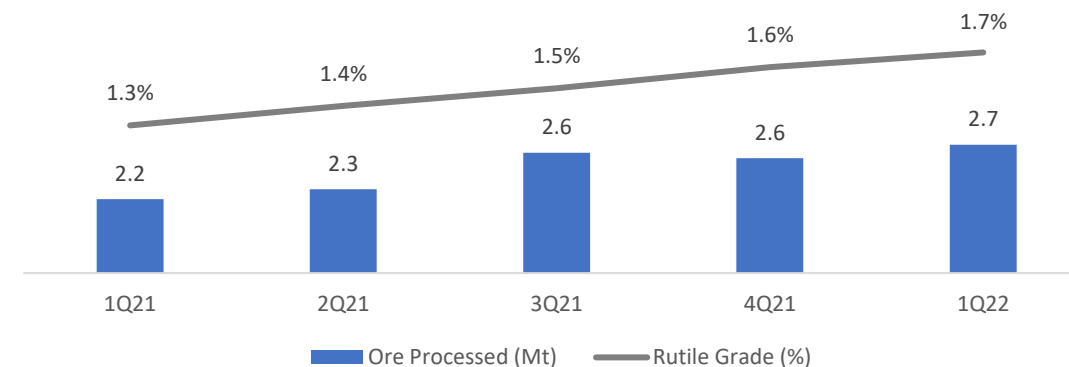
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Following significant operational improvements in the second half of 2021 and the reset of the fiscal regime for Area 1 operations, Sierra Rutile has performed strongly since June 2021.

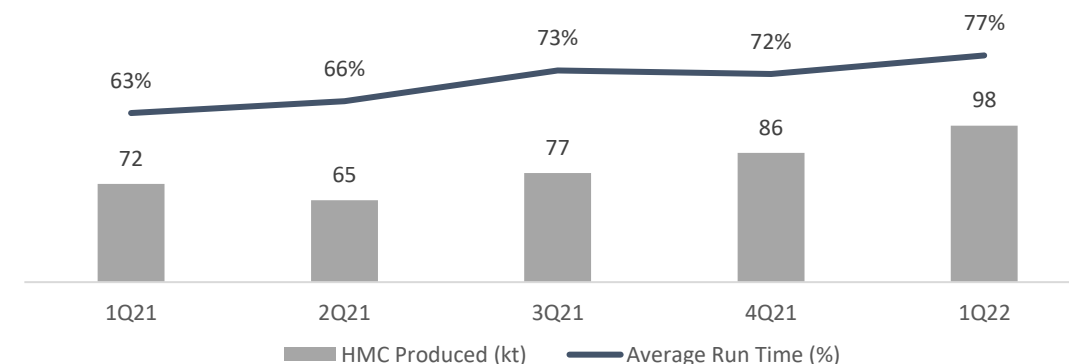
Recent Operational Improvements

- Poor operational performance and disruptions from COVID-19 in 2020 and H1 2021.
- Sierra Rutile identified and implemented a number of initiatives targeting cost reductions and productivity improvements from H2 2021, including:
 - mine plan optimisation;
 - improved mining, stockpile management, processing and tailings management practices;
 - improved maintenance practices targeting increased run time and plant availability; and
 - reduced operating costs driven by optimised staff rosters, reduced operating footprint and third party contract terms.
- Favourable fiscal regime adjustments for Area 1 were ratified by the Parliament of Sierra Leone in December 2021.
- Resulting operational improvements support the targeted Mine Life Extension Program for Area 1 operations.

Ore Processed & Rutile Grade



HMC Produced & WCP Run Time¹



Note: (1) The average run time of 4 wet concentrator plants (DM1, DM4, DM2-1 and DM2-2).

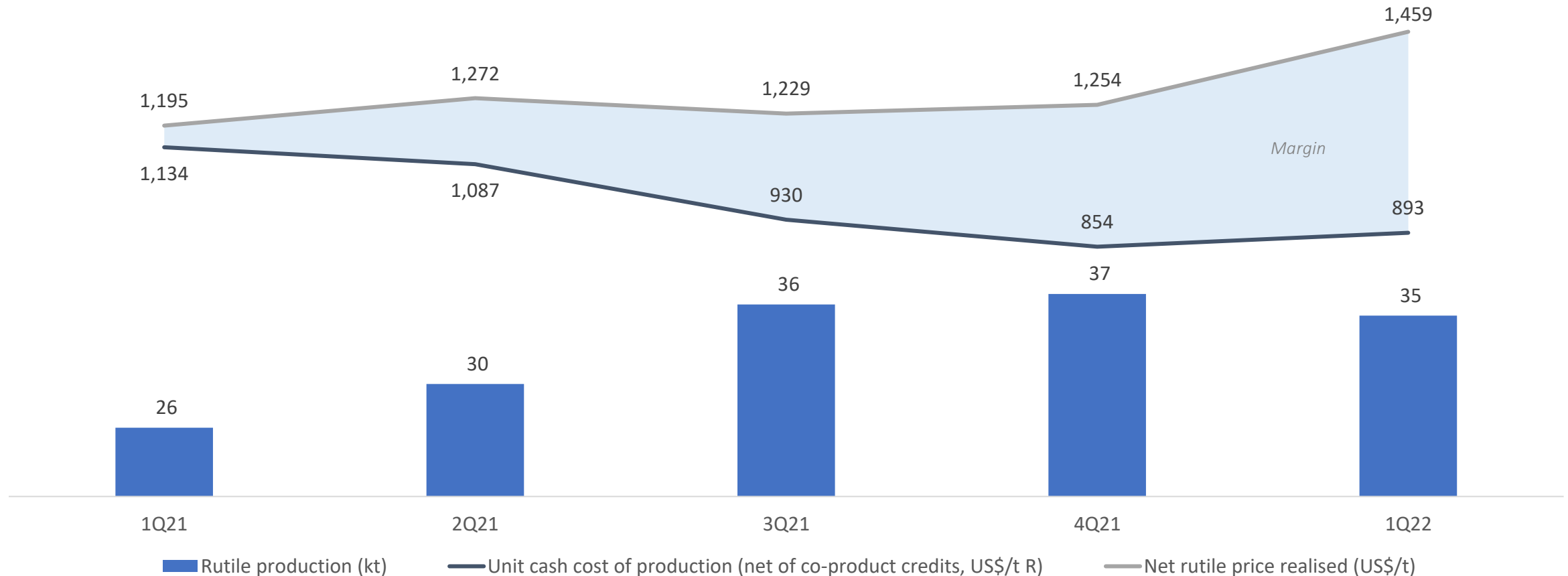
Area 1 – Recent Operating Performance (cont.)



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The implementation of these initiatives and improved commodity prices has resulted in significantly improved operational and financial performance at Sierra Rutile since 30 June 2021.

Area 1 rutile production, unit cash cost of production (net of co-credits), net rutile price realised



Note: (1) Rutile production is inclusive of TIC. (2) Unit cash costs (net of co-products) represent the total cash costs of production less the revenue earned from co-products (ZIC and ilmenite), divided by the total tonnes of rutile produced (inclusive of TIC).

Sierra Rutile has a long and established market presence, including relationships with all of the primary chloride-based titanium pigment manufacturers as well as the world's largest producers of high-specification aircraft-quality titanium metal.

Overview

Sierra Rutile's products are highly sought after in several end-use markets and applications. Associated sales arrangements are custom-tailored, varying by end-use application and ranging from spot to six-month duration.

Sierra Rutile currently produces three primary products for sale:

- **Standard Grade Rutile (SGR)**, which is considered to be an industry leading high quality product and is consumed primarily in the manufacture of titanium dioxide pigment and titanium sponge.
- **Industrial Grade Rutile (IGR)**, which is well suited to high quality flux core wire applications due to its high packing density and low contaminant level, ensuring that the product generally trades at a premium to competing rutile products.
- **High-grade ilmenite**, which is sold mainly for pigment production.

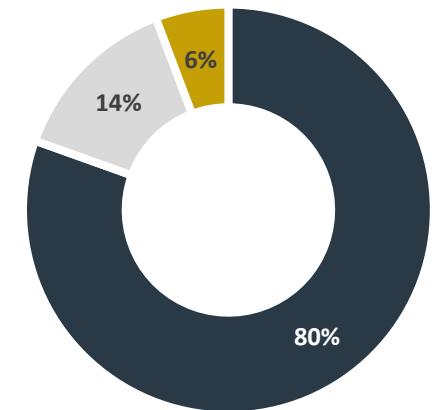
In addition to the three primary products above, Sierra Rutile also produces **Zircon-in-concentrate (ZIC)**, used in ceramics, chemicals, refractory and foundry.

Sierra Rutile has no committed off-take volumes post December 2022 and expects that future arrangements will be entered into on market terms.

Sierra Rutile End-Uses of Titanium Dioxide Feedstocks (FY19-21)¹

Sierra Rutile's primary products serve the following end-use applications:

- ◆ **Pigment**
Paint, plastics, inks, speciality coatings
- ◆ **Metal**
Aircraft frames and engines, medical items, sporting goods
- ◆ **Welding**
Steel fabrication, ship building



Key Customers

Sierra Rutile's key customers include some of the world's largest producers of pigment, the world's leading welding consumable manufacturers and discerning titanium sponge producers serving the high quality aeronautical applications.

KRONOS®

TRONOX 

VENATOR

 **Chemours™**

Note: (1) Sierra Rutile's historical sales (in tonnes) by end-used application.

Sembahun Project

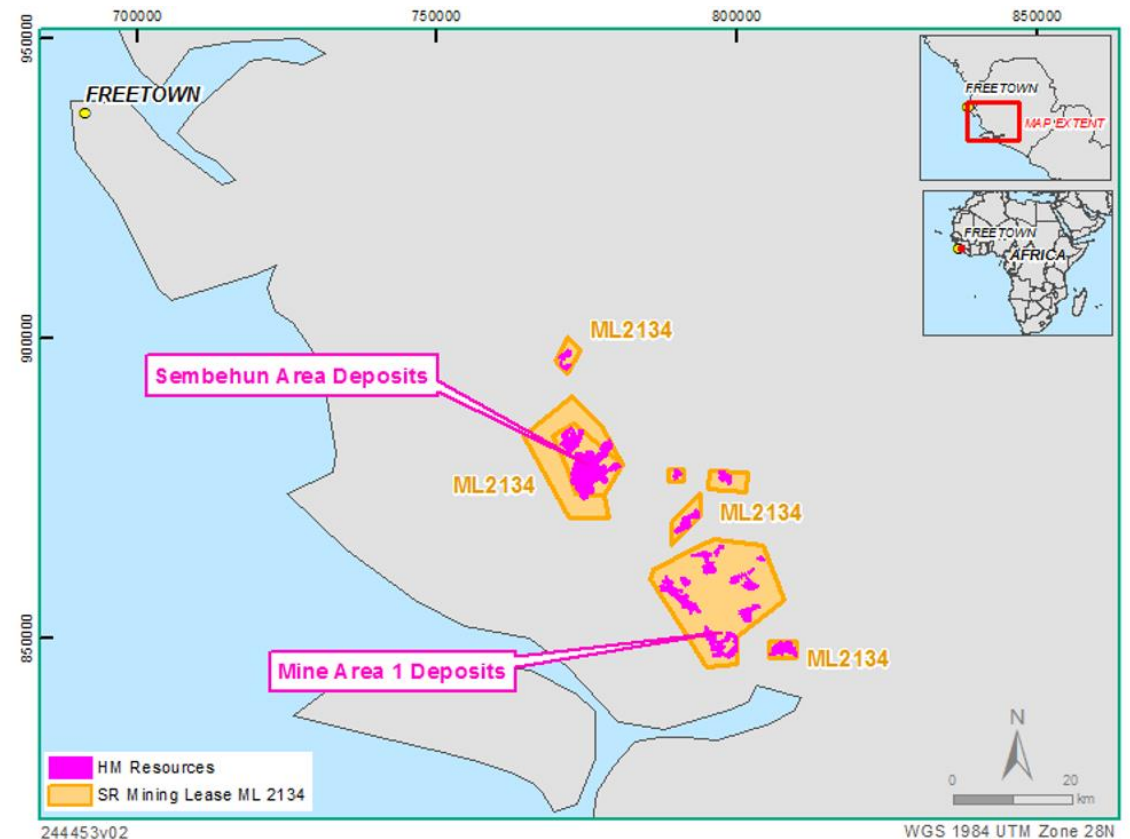


Sierra Rutile will be focused on advancing its Sembehun Project, representing one of the largest and highest grade natural rutile deposits in the world.

Sembehun

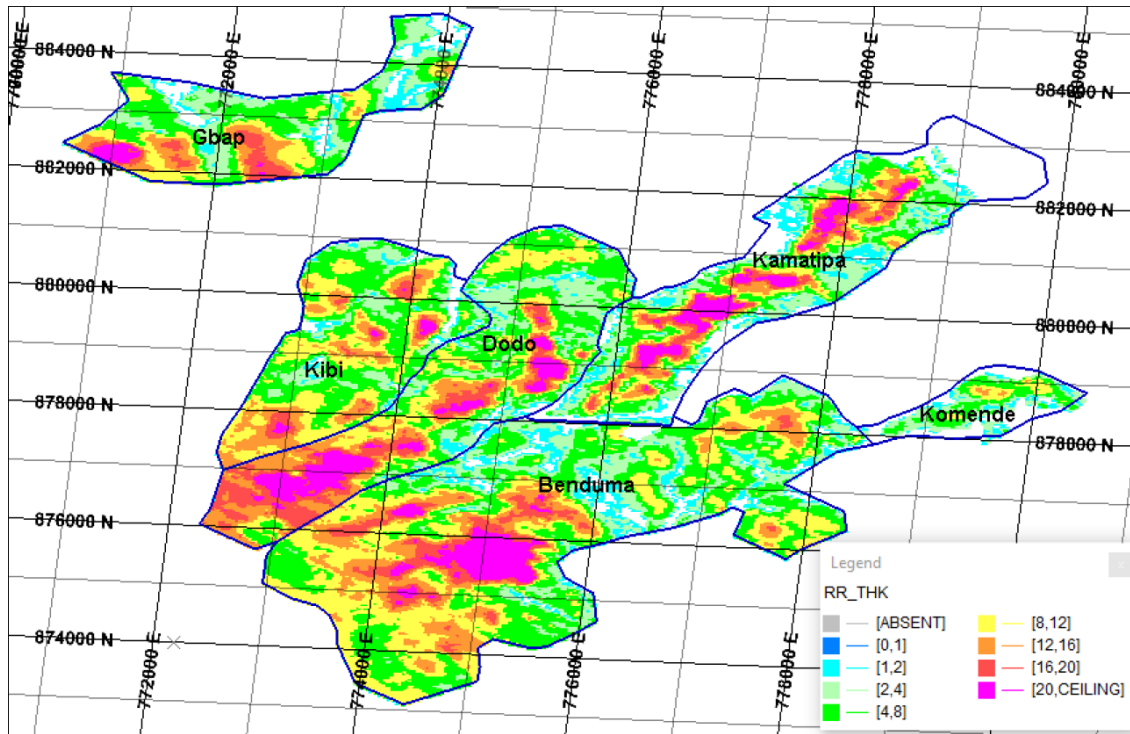
- One of the **largest and highest-grade natural rutile deposits in the world.**
- Phased development approach to:
 - **leverage the significant Area 1 existing infrastructure in place; and**
 - **integrate the development of Sembehun with the remainder of operations at Area 1.**
- This approach contemplates Sembehun to be developed in two phases, **minimising Sembehun pre-production capital expenditure and maximising Sierra Rutile's ability to utilise cash flows generated from Area 1** to assist in funding the development of Sembehun.
- The Sembehun June 2022 PFS completed with the assistance of specialist consultant, Hatch, **recommends that a DFS commence by Q3 of 2022.**
- The DFS is expected to take approximately 12 months to complete which would allow Sierra Rutile to reach a final investment decision for Sembehun in late 2023.

Location & Size

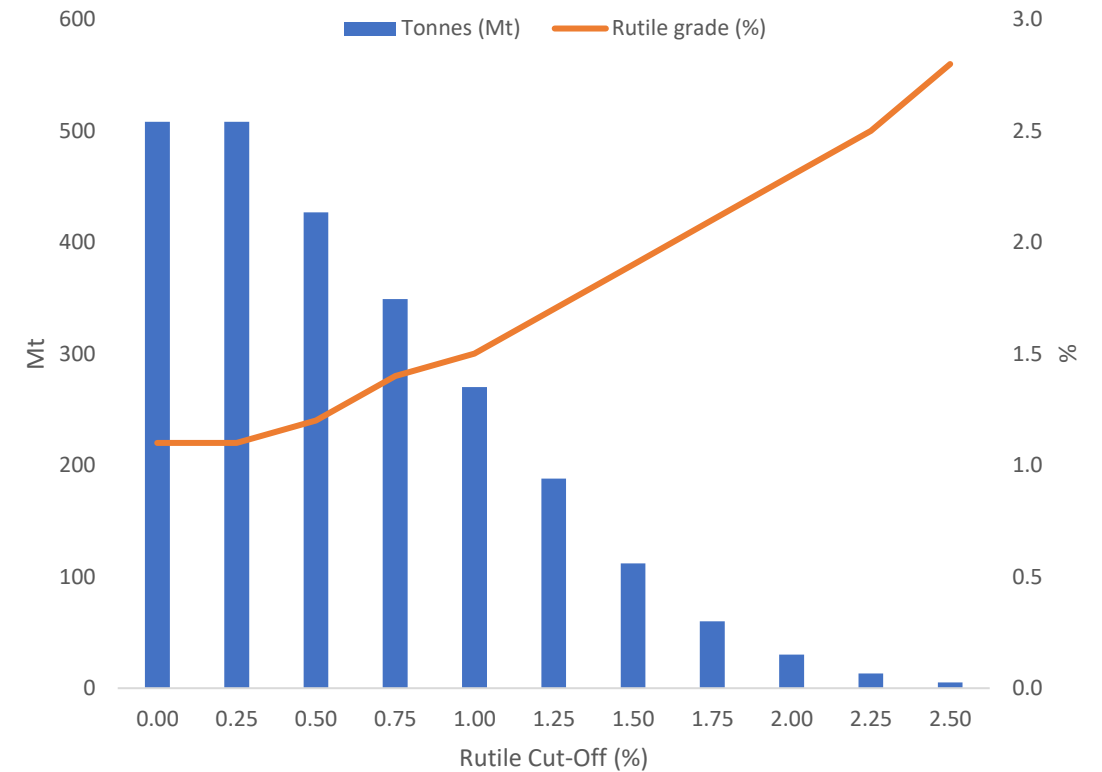


Sembehun's rutile grade and resource thickness endowment and rutile grade tonnage curve highlight the high grade areas within the Sembehun Ore Reserve and Mineral Resource estimate.

Sembehun Rutile Grade * Resource Thickness Endowment



Sembehun Rutile Grade Tonnage Curve



Note: The above charts were presented in an announcement released by Iluka on the ASX on 24 February 2022 "Sembehun Ore Reserve and Mineral Resource Update, Sierra Leone" and is available to view at www.iluka.com/investors-media/asx-disclosures.

Sembehun PFS Summary



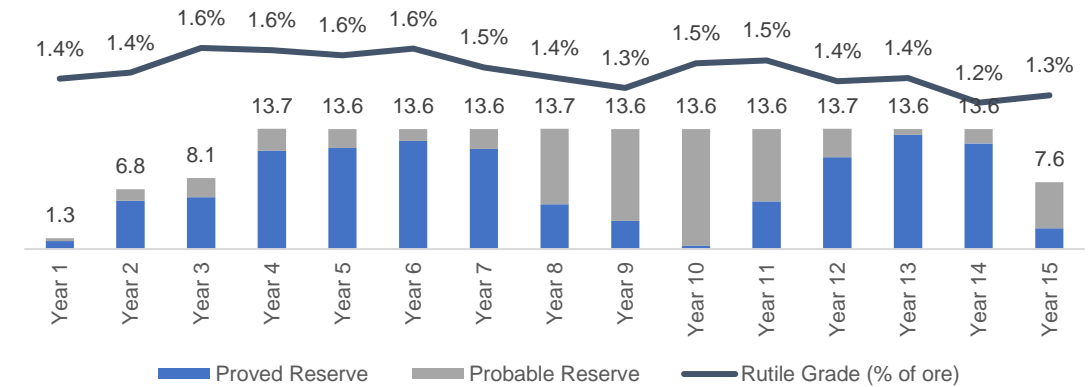
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The PFS sets out an attractive project and pathway to developing Sembehun, leveraging the significant Area 1 infrastructure in place, remaining Area 1 Ore Reserves and Mineral Resources and forecast Area 1 cash flows to develop Sembehun in a two phased approach.

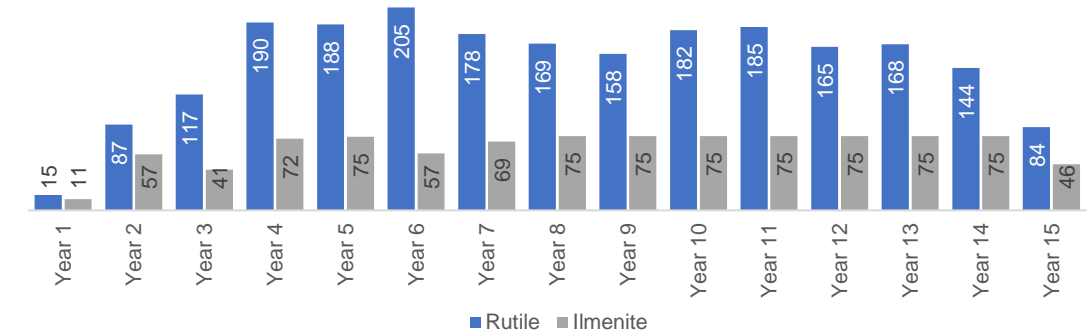
Sembehun PFS Highlights

Ore Reserves¹	<ul style="list-style-type: none"> 174Mt @ 1.45% Rutile
Mineral Resources¹	<ul style="list-style-type: none"> 508Mt @ 1.10% Rutile
Mine Life	<ul style="list-style-type: none"> >13 years
Mining Method	<ul style="list-style-type: none"> Dry mining (truck & excavator)
Processing	<ul style="list-style-type: none"> Mineral concentrate from Sembehun will be processed in a magnetic separation circuit (to be constructed) and proceed to the company's existing mineral separation plant, which includes a feed preparation plant and dry plant
Project Net Present Value (8%, post tax real)²	<ul style="list-style-type: none"> US\$318m
Project Internal rate of return (post tax real)²	<ul style="list-style-type: none"> 24%
Capital cost (US\$m real)	<ul style="list-style-type: none"> Total: US\$337m – Phase 1: US\$284m Phase 2: US\$52m
Steady state average unit cash costs of production (US\$/t Z/R, real)	<ul style="list-style-type: none"> US\$726/t rutile and zircon produced (excluding royalties and rehabilitation)
Steady state average unit cash costs of production, net of co-product credits (US\$/t R, real)³	<ul style="list-style-type: none"> US\$535/t rutile produced (excluding royalties and rehabilitation)

Production Tonnes (Mt) vs Grade (% rutile)⁴



Annual Rutile and Ilmenite Production (kt)⁴



Note: (1) Ore Reserve and Mineral Resource estimate as at 31 December 2021. Please see Appendices F and G for more information. (2) Excludes head office corporate costs. (3) Unit cash costs (net of co-products) represent the total cash costs of production less the revenue earned from co-products (ZIC, TIC and ilmenite), divided by the total tonnes of rutile produced (exclusive of TIC). (4) Please see Appendix G for more information on Production Targets. Production Targets are based on current Ore Reserves only.

Sembehun PFS Summary – Capex & Opex Estimate



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The Sembehun PFS operating expenditure and capital expenditure estimates for Phase 1 and Phase 2 are outlined below.

Operating Expenditure Estimate

(real, US\$/t rutile)	Phase 1	Phase 2
Mining	191	250
WCP	218	176
Logistics to MSP	35	35
MSP	108	100
Logistics to Port	10	10
Port	22	12
Overheads	456	228
Selling Costs	6	6
Total operating costs per tonne³	1,048	818

- The operating cost estimate was developed with the assistance of Hatch using a combination of bottom-up factored estimates and current rates from Area 1 operations on which the Sembehun process is based.
- Operating costs per tonne are expected to improve in Phase 2 as a result of ramp-up costs normalising and economies of scale being achieved across the integrated Sembehun operation.

Capital Expenditure Estimate

(real, US\$m)	Phase 1	Phase 2	Total
Direct			
Mine development	4	-	4
Wet concentrator plant	83	21	104
Mineral separation plant	-	4	4
Non-process infrastructure	46	1	46
Indirect			
Indirects ²	90	16	106
Contingency ³	63	11	73
Project total costs⁴	284	52	337

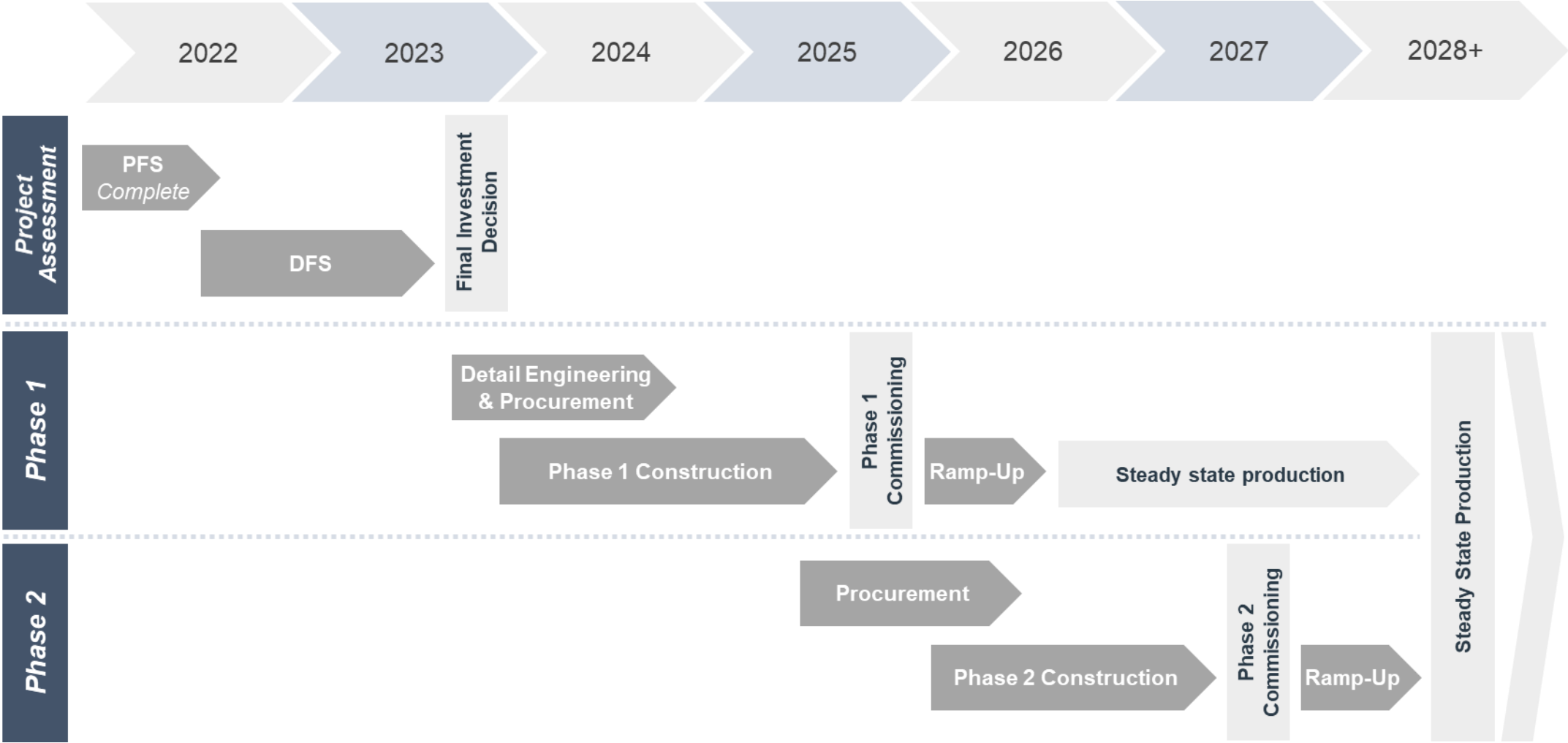
- A phased development approach has been designed to optimise the upfront capital required and maximise the ability to utilise Area 1 cash flows to support the development of Sembehun.
- The majority of development costs will be incurred during Phase 1, with a second wet concentrator plant and supporting capital representing the majority of costs to be incurred during Phase 2.

Notes: (1) Please see Appendix H for information on future capital requirement risk. (2) Indirect costs include project management, technical services, EPCM, sub consultants, temporary construction facilities, site wide capitalised costs, commissioning, start-up inventories, spares, insurance, land acquisition and freight costs. (3) Contingency costs represent 28% of the base capital expenditure estimate. (4) Numbers may not sum due to rounding.

Indicative Timeline



Sierra Rutile’s approach is expected to see the development of Sembehun integrated with the remaining operations at Area 1. The below timeline is based on the recently completed Sembehun PFS



Note: Sierra Rutile is working towards being in a position to make a final investment decision in 2023 which would allow Sierra Rutile to target the commencement of Phase 1 Sembehun production within 24 months. This timeline is indicative and may be subject to change including due to matters outside Sierra Rutile’s control. Refer to Appendix H for information on key risks.

ESG Commitment



The health and safety of all employees, contractors and visitors is of fundamental importance to Sierra Rutile.

Health & Safety

Health

The Sierra Rutile Clinic, established in the 1970s, comprises a dedicated team of doctors, nurses, intensive care paramedics, laboratory specialists and support staff to provide medical support to employees and their families.

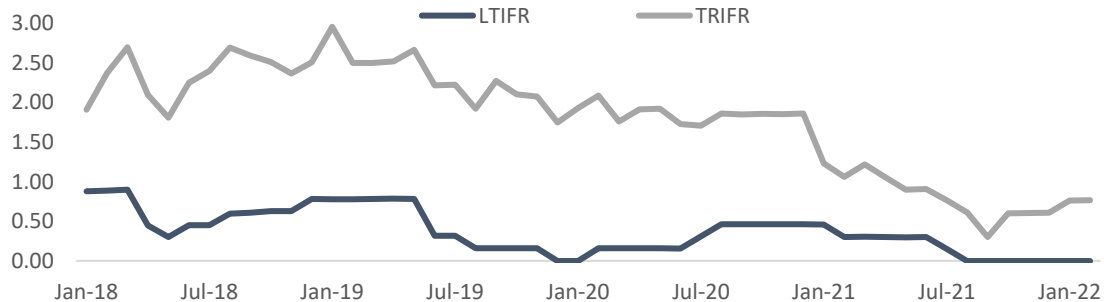
In 2021, the Clinic supported the delivery of 63 babies.

Safety

Sierra Rutile has recorded a strong safety performance in recent years, attributable to the implementation of training programs, risk assessment and enhanced hazard identification.

Sierra Rutile aims for continuous improvement in performance and the ultimate aim is to achieve zero workplace incidents.

LTIFR & TRIFR (2018 - 2022)



Note: (1) to 31 December 2021.

Environment

Committed to compliance with the Environmental Project Agency of Sierra Leone

...and is at the forefront of environmental management in the Sierra Leone mining industry.

Preparation of an Environmental, Social and Health Impact Assessment (ESHIA)

...and Management Plan to ensure compliance and management of obligations in regards to all aspects of environmental management including water, biodiversity, rehabilitation and waste management.

Community rehabilitation initiatives

...through engaging in progressive rehabilitation, which commences during the operational phase of the mine lifecycle. This minimises the mining footprint and assists with the development and risk assessment of mine closure plans. Sierra Rutile has rehabilitated approximately 665 hectares since 2016,¹ supported by the ongoing efforts of Sierra Rutile's nursery team.



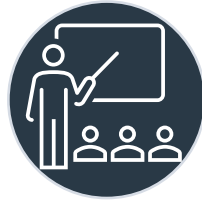
Sierra Rutile is proud of its social investments in Sierra Leone and its contributions to the development of a strong, healthy and vibrant local community.



Health

Sierra Rutile has actively invested in primary healthcare since 2018, leveraging existing infrastructure including water supply, power, land tenure and security, to provide healthcare to employees and their dependents as well as emergency care to members of the local community.

The Sierra Rutile Clinic, which was established in the 1970s, provides medical support to employees and their families.



Education

Sierra Rutile invests in education in Sierra Leone through its investment in a school bursary program, and its support of the Ruby Rose Educational Resource Centre, which provides educational facilities to children from nearby schools. The centre provides access to a library and internet facilities to young learners, outdoor play areas and a feeding program.

Sierra Rutile also established a school bus service for local children.



Workforce Security & Conduct

In 2020, Sierra Rutile entered into a Memorandum of Understanding (MoU) with the Sierra Leone Police in relation to mutual support, cooperation, coordination and collaboration in enhancing the security regime within the mining area.

Further, Sierra Rutile has established Anti-Bribery & Corruption and Whistleblower Policies.



Social Investment & Development

Sierra Rutile seeks to promote the development of its local communities through the following initiatives:

- establishment of a local sourcing initiative;
- implementation of community infrastructure projects;
- support of the Extractive Industries Transparency Initiative; and
- the Sierra Rutile Partnership Program, which is aimed at contributing to positive social, environmental and operational outcomes in the communities and regions in which the company operates.

Investment Highlights



Sierra Rutile Investment Highlight Summary



Sierra Rutile Limited

One of the world's largest natural rutile producers positioned to significantly extend its mine life and deliver value through development of Sembehun.

Sierra Rutile Investment Highlights

Attractive market fundamentals driven by **depleting global supply** and **strong demand** for **titanium as a critical mineral**

Established **Area 1 mine operations**, underpinned by favourable fiscal regime reset, positioned to generate **strong operating cash flows** to **supplement the funding requirement of Sembehun**

Attractive growth profile in **Sembehun project** with **strong PFS economics** leveraging existing facilities and infrastructure

Long-term, established customer relationships with strong demand for **premium natural rutile product**

A **robust financial position** with net cash of US\$20.7m¹ (as well as the **US\$45m rehabilitation trust funds** to be established to support existing rehabilitation obligations²)

Well established **ESG practices and credentials**

Experienced, established team positioned to **deliver value for shareholders**



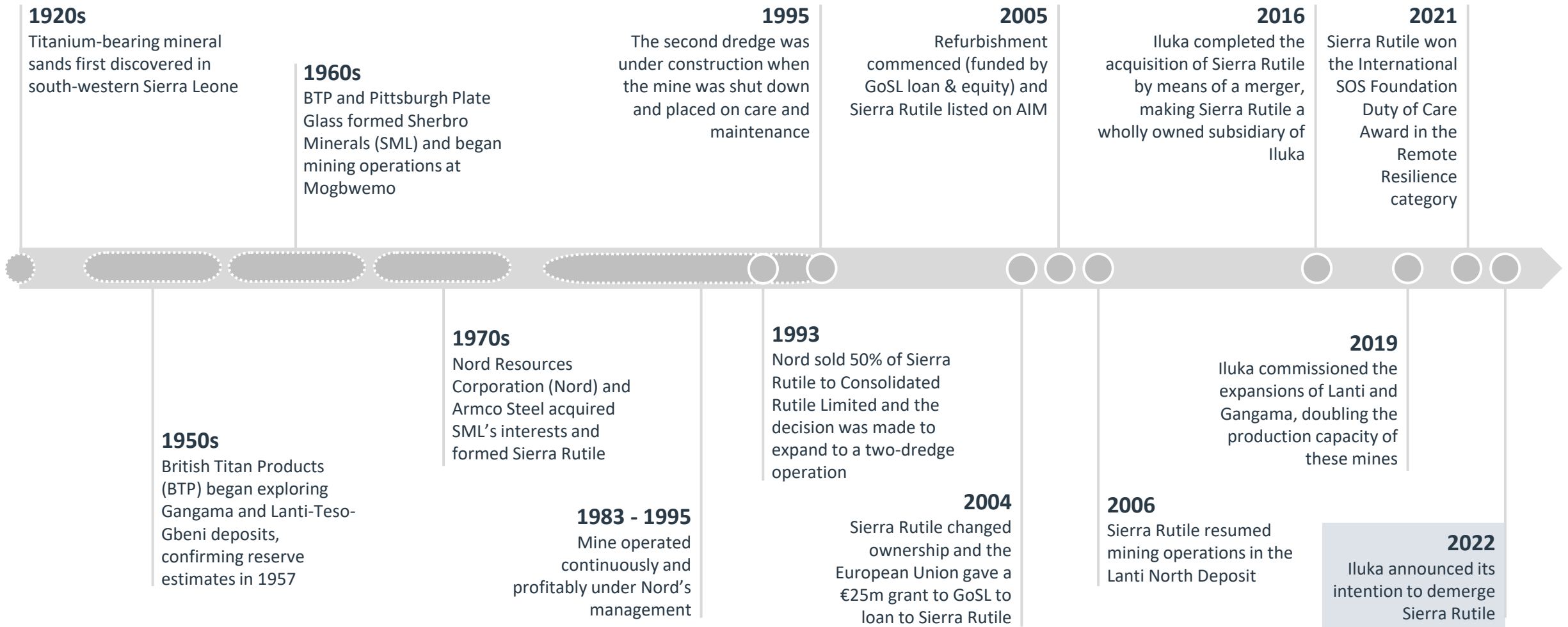


Appendices

Appendix A: History of Sierra Rutile



Sierra Rutile Limited



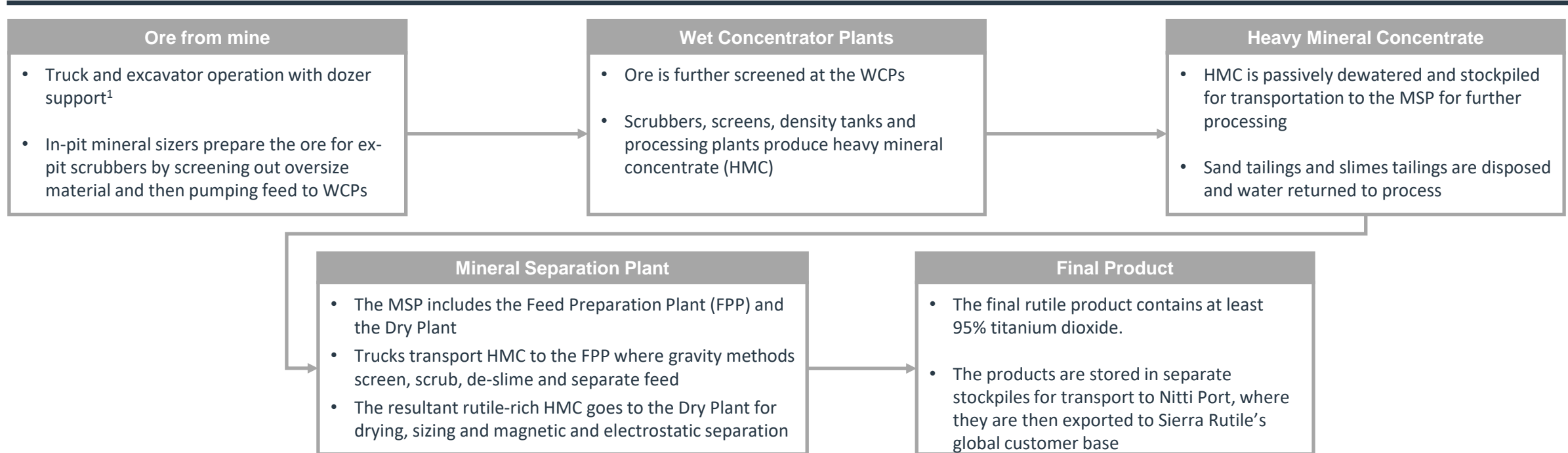
Note: More information is available in the Demerger Booklet dated 20 June 2022 relating to the proposed demerger of Sierra Rutile from Iluka, which is available at www.iluka.com.

Appendix B: A conventional mining and processing operation



The Area 1 operations and proposed Sembehun flowsheet presents a low risk, well understood mining operation.

Conventional Mining & Processing



- The Sembehun project will follow Sierra Rutile's well understood, low risk conventional mining and processing approaches.
- Significant existing infrastructure that is currently utilised for the mining and processing of Area 1 deposits, will be leveraged for future operations at Sembehun, including the MSP, Nitti Port, accommodation and other supporting infrastructure.
- Learnings from Area 1 have been used to inform incremental process enhancements and modifications to the Sembehun flowsheet.²

Note: (1) Both mobile mining units will be truck and excavator operations by the end of 2022, feeding ore to mineral sizers and scrubbers in fixed positions. (2) Please see Section 3.12.9 of the Demerger Booklet for more information.

Appendix C: Current Market Dynamics



A global supply deficit is emerging as growing demand levels outstrip depleting global resources, leading to increasing prices for natural rutile and zircon. Demand for natural rutile is supported by its high grade, low impurity characteristics and the configurations of chloride pigment manufacturing plants globally.

Natural Rutile Commentary

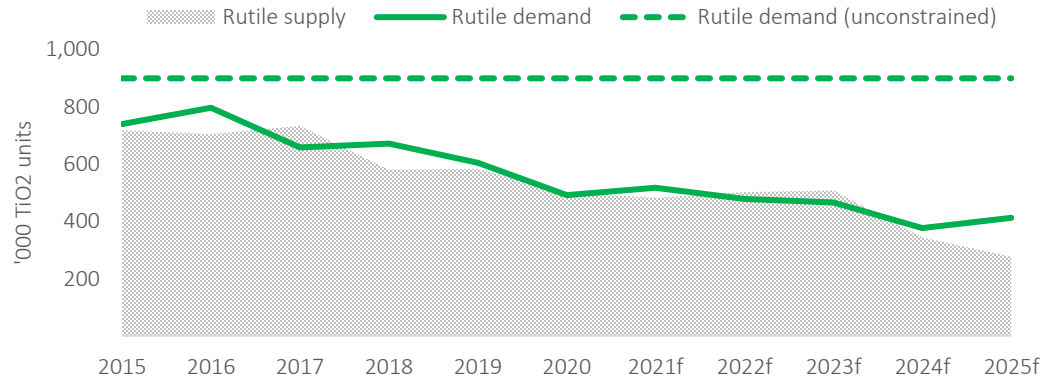
TZMI assumes that rutile consumption is currently supply constrained (that is, there is unmet demand due to insufficient production) and expects demand will match supply in the near term before entering a market deficit in the longer term.

If there is no constraint on rutile supply, TZMI expects demand for rutile to be much higher than what is projected in the base case assuming there is no significant pricing arbitrage among the high grade feedstocks.

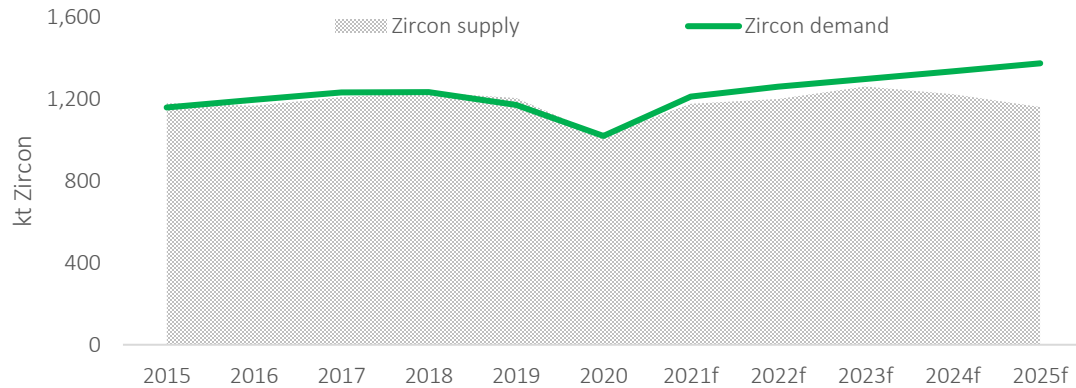
Zircon Commentary

TZMI forecasts the current supply deficit for zircon to have notably increased by the end of 2025. This is a result of divergent supply and demand growth forecasts, end of mine life at key existing operations and new supply contributions being insufficient to meet demand.

Natural Rutile Demand and Supply Outlook



Zircon Demand and Supply Outlook



Source: TZMI (February 2022).

Note: The unconstrained rutile estimate reflects TZMI guidance based on future growth in chloride feedstock demand and assuming historical consumption patterns of rutile, and displacement of other high-grade feedstocks.

Appendix D: Balance Sheet & Rehabilitation Support



Sierra Rutile Limited

Sierra Rutile has a strong balance sheet and sufficient liquidity to maximise the value of its existing Area 1 mining operations and continue to progress and invest in its flagship development project, Sembehun.

Pro-forma Balance Sheet

US\$m	Year ended 31 December
	2021
Cash and cash equivalents	9.4
Rehabilitation Trust deposit/ asset	0.7
Trade receivables	43.4
Inventories	40.5
Total current assets	94.0
Rehabilitation Trust deposit/ asset	44.3
PPE & Other	27.0
Total non-current assets	71.3
Total assets	165.3
Trade and other payables	22.8
Borrowings	-
Other	8.1
Total current liabilities	30.8
Non-current liabilities	53.9
Total non-current liabilities	53.9
Total liabilities	84.7
Net assets	80.6

Note: Please refer to Section 3.24 of the Demerger Booklet for more information.

Well Capitalised with Rehabilitation Support

Iluka has ensured that Sierra Rutile is established with a robust balance sheet and appropriate capital structure to implement strategies to maximise value for shareholders.

Sierra Rutile has a robust financial position from implementation of the Demerger, with a positive cash balance of \$20.7m (at 31 May 2022) and no debt.

In relation to existing rehabilitation obligations, Iluka will establish a US\$45 million rehabilitation trust cash funded on a one-off basis, to support Sierra Rutile's estimated rehabilitation obligations as at 31 December 2021.

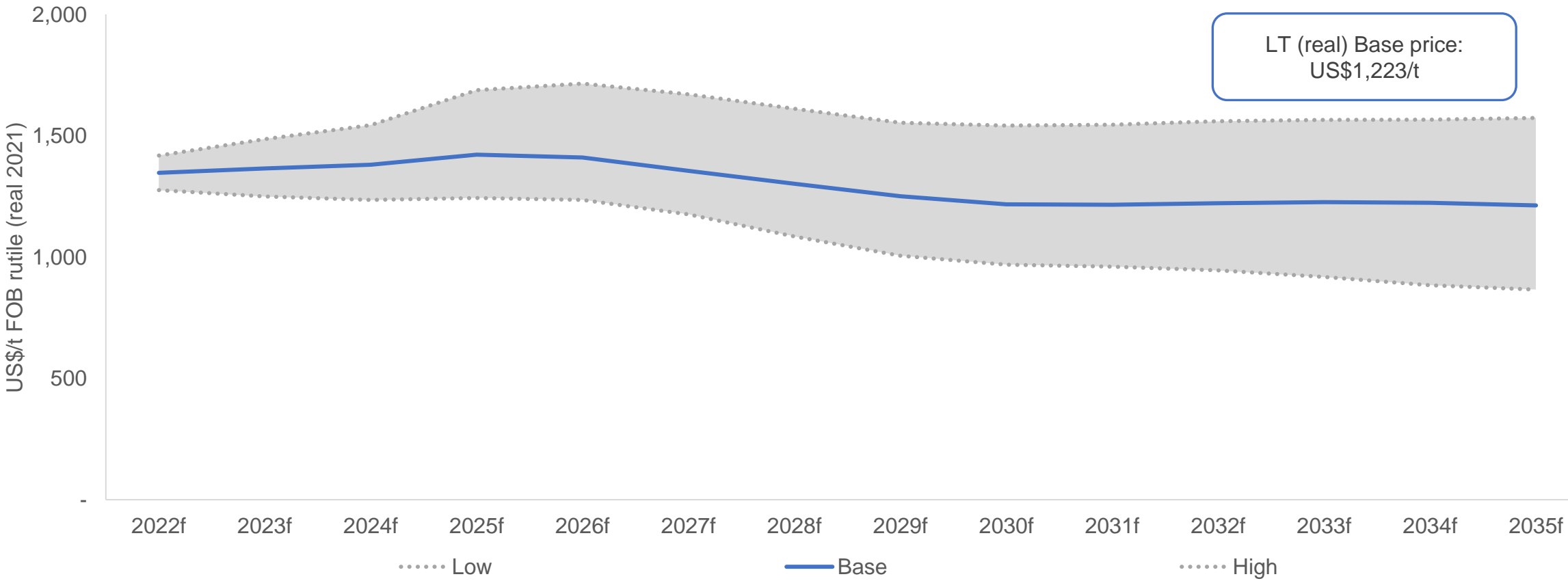
The trust deed for the rehabilitation trust will specify the mechanism by which Sierra Rutile can draw down on the trust funds for rehabilitation purposes.

Appendix E: TZMI Pricing – Sembehun PFS



The Sembehun PFS is based on TZMI Base price forecasts as set out below. Beyond 2035, TZMI's long term Base price of US\$1,223/t of rutile (2021 real) is assumed.

TZMI forecast rutile price (2022 to 2035)

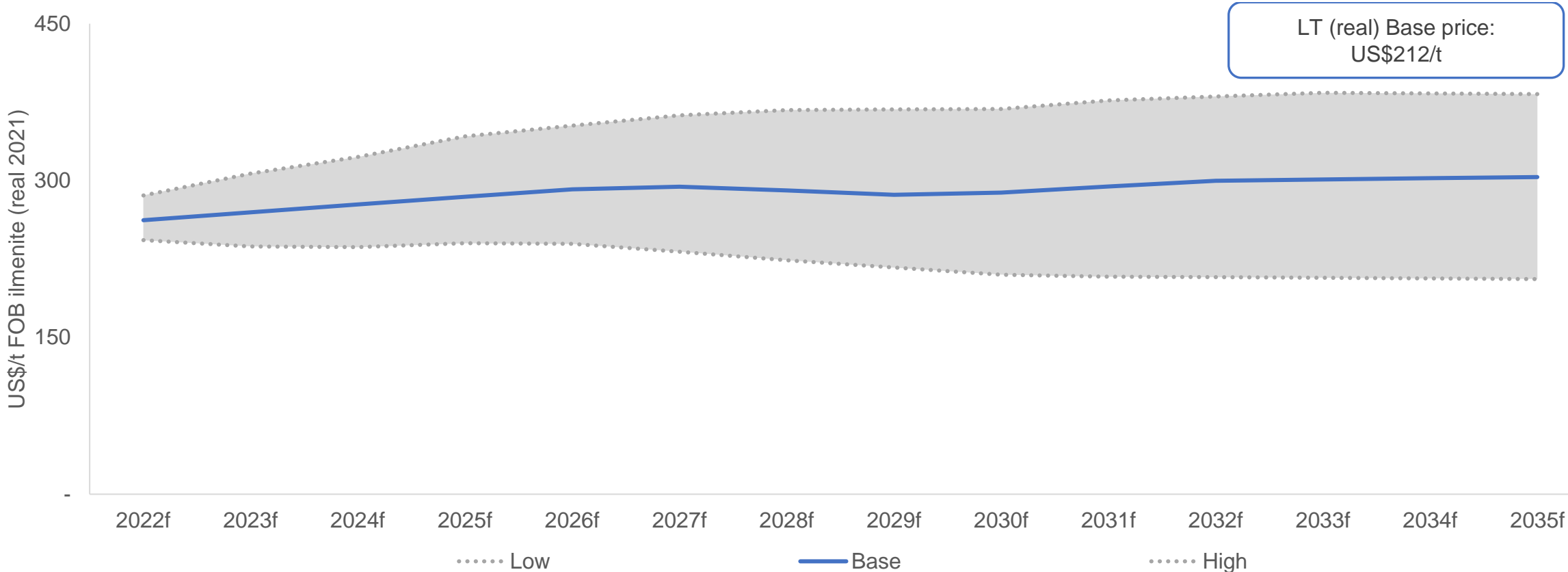


Appendix E: TZMI Pricing – Sembehun PFS (cont.)



The Sembehun PFS is based on TZMI Base price forecasts as set out below. Beyond 2035, TZMI’s long term Base price of US\$212/t of ilmenite (2021 real) is assumed.

TZMI forecast ilmenite price (2022 to 2035)



Appendix F: Mineral Resource & Ore Reserve Estimates



Sierra Rutile Limited

Set out below is a summary of the Sierra Rutile Group's Ore Reserve and Mineral Resource estimates as at 31 December 2021.

Mineral Resource Estimate

Mineral Resource Category	Material Tonnes	In Situ Rutile	In Situ Ilmenite	In Situ Zircon	In Situ Rutile Tonnes	In Situ Ilmenite Tonnes	In Situ Zircon Tonnes
	<i>Mt</i>	%	%	%	<i>Mt</i>	<i>Mt</i>	<i>Mt</i>
Area 1							
Measured	44	1.2	0.5	0.1	0.5	0.2	0.0
Indicated	143	1.0	0.5	0.1	1.4	0.7	0.2
Inferred	19	1.0	0.5	0.1	0.2	0.1	0.0
Area 1 Subtotal	205	1.0	0.5	0.1	2.1	1.1	0.2
Sembehun							
Measured	134	1.4	0.9	0.1	1.9	1.2	0.1
Indicated	167	1.0	0.7	0.1	1.7	1.2	0.1
Inferred	207	0.9	0.6	0.1	1.9	1.3	0.1
Sembehun Subtotal	508	1.1	0.7	0.1	5.5	3.7	0.4
Other							
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Inferred	39	1.2	-	-	0.5	-	-
Other Subtotal	39	1.2	-	-	0.5	-	-
Grand Total							
Measured	178	1.4	0.8	0.1	2.4	1.4	0.2
Indicated	309	1.0	0.6	0.1	3.1	2.0	0.3
Inferred	265	1.0	0.5	0.1	2.6	1.4	0.2
Grand Total	752	1.1	0.6	0.1	8.1	4.8	0.6

Notes:

1. Competent Person – Mineral Resources: Brett Gibson (MAIG).
2. In situ (dry) metric tonnage is reported.
3. Mineral Resources are inclusive of Ore Reserves.
4. Rounding may generate differences in last decimal place.
5. Rutile, ilmenite and zircon are reported as a percentage of in situ material.
6. The ilmenite and zircon grades are included for tabulation purposes under the Measured, Indicated and Inferred Resource category. The confidence in the estimate of the grade and tonnage for ilmenite and zircon are however only to be considered as Indicated where rutile is Measured. Otherwise the ilmenite and zircon are considered to be Inferred due to material factors influencing the confidence in the estimates for ilmenite and zircon.
7. "Other" refers to the Gambia, Jagbahun, Nyandahun & Taninahun Boka deposits outside the Area 1 & Sembehun operational areas.

Ore Reserve Estimate

Ore Reserve Category	Material Tonnes	In Situ Rutile	In Situ Ilmenite	In Situ Zircon	In Situ Rutile Tonnes	In Situ Ilmenite Tonnes	In Situ Zircon Tonnes
	<i>Mt</i>	%	%	%	<i>Mt</i>	<i>Mt</i>	<i>Mt</i>
Area 1							
Proven	24	1.4	0.7	0.1	0.3	0.2	0.0
Probable	14	1.4	0.5	0.1	0.2	0.1	0.0
Area 1 Subtotal	38	1.4	0.6	0.1	0.5	0.2	0.0
Sembehun							
Proven	111	1.5	0.9	0.1	1.6	1.0	0.1
Probable	63	1.4	0.9	0.1	0.9	0.6	0.1
Sembehun Subtotal	174	1.5	0.9	0.1	2.5	1.6	0.2
Grand Total							
Proven	134	1.5	0.9	0.1	2.0	1.2	0.2
Probable	78	1.4	0.8	0.1	1.1	0.7	0.1
Total Reserve	212	1.5	0.9	0.1	3.1	1.8	0.2

Notes:

1. Competent Person – Ore Reserves: Andrew Walkenhorst (MAusIMM).
2. Ore Reserves are a sub-set of Mineral Resources.
3. Rounding may generate differences in last decimal place.
4. Mineral assemblage is reported as a percentage in Ore.
5. The ilmenite and zircon grades are included for tabulation purposes under the Proved and Probable Reserve category. The confidence in the estimate of the grade and tonnage for ilmenite and zircon are however only to be considered as Probable where rutile is Proved. Otherwise the ilmenite and zircon are considered to be Inferred due to material factors influencing the confidence in the estimates for ilmenite and zircon.
6. The quoted figures for Area 1 and Sembehun are stated as at 31 December 2021 and have been depleted for all production conducted to this date.



Ore Reserve and Mineral Resource estimates and Production Target

The information in this presentation that relates to Mineral Resource estimates for Area 1 is based on information compiled by Mr Brett Gibson, who is a member of the Australian Institute of Geoscientists. The information in this report that relates to Ore Reserve estimates for Area 1 is based on information compiled by Mr Andrew Walkenhorst who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Gibson and Mr Walkenhorst are full time employees of Iluka Resources Limited. Mr Gibson and Mr Walkenhorst have sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Gibson and Mr Walkenhorst consent to the inclusion in this Demerger Booklet of the matters based on their information in the form and context in which it appears.

The Ore Reserve and Mineral Resource estimates for Sembehun were presented in an announcement released by Iluka on the ASX on 24 February 2022 "Sembehun Ore Reserve and Mineral Resource Update, Sierra Leone" and is available to view at www.iluka.com/investors-media/asx-disclosures. Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement for Sembehun and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement for Sembehun continue to apply and have not materially changed.

The Production Target and forecast financial information derived from the Production Target for Sembehun referred to in this presentation are based on 36% Probable Ore Reserves and 64% Proved Ore Reserves. The material assumptions used in the estimation of the Production Target and associated forecast financial information are set out in Section 3.12 of the Demerger Booklet. The Ore Reserve estimates underpinning the Production Target for Sembehun were prepared by Competent Persons in accordance with the JORC Code.

The Mineral Resource estimates for the Gambia, Jagbahun, Nyandahun and Taninahun Boka deposits separate to Area 1 and Sembehun were presented in an announcement released by Iluka on the ASX on 20 February 2017 "Updated Mineral Resource and Ore Reserve Statement" and is available to view at www.iluka.com/investors-media/asx-disclosures. Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement for Gambia, Jagbahun, Nyandahun and Taninahun Boka and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement for Gambia, Jagbahun, Nyandahun and Taninahun Boka continue to apply and have not materially changed.

For further information please see the Demerger Booklet dated 20 June 2022 relating to the proposed demerger of Sierra Rutile from Iluka, available at www.iluka.com.

Sembehun PFS key risks

This presentation and Section 3.12 of the Demerger Booklet summarises the outcomes of the recently completed Sembehun PFS and the material assumptions underpinning the PFS. The PFS was completed with the assistance of specialist consultant, Hatch. As discussed further in Section 3.12 of the Demerger Booklet, Sierra Rutile plans to undertake further work before commencing a DFS and to complete a DFS before a decision to develop Sembehun is made. As a result of the additional work that will be undertaken in order to increase the level of certainty and target accuracy associated with the PFS to a DFS level, it may be necessary to revise the assumptions underpinning the PFS. In addition, Sierra Rutile will also need to obtain funding in order to develop Sembehun. Accordingly, there can be no guarantee that the development of Sembehun will proceed as contemplated in the PFS or at all. The key risks associated with the development of Sembehun are set out in Sections 3.27 and 3.12.21 of the Demerger Booklet.

Sierra Rutile will be subject to risks which may adversely affect its future operating or financial performance, or the investment return or value of Sierra Rutile Shares. Many of these risks are existing business risks, to which Iluka Shareholders are already exposed, while others arise out of, or increase as a result of, the Demerger.

The key potential risks of an investment in Sierra Rutile include:

- the risk that the development of Sembehun may not proceed or may be adversely impacted. Whilst the Sembehun Preliminary Feasibility Study results are positive, Sierra Rutile plans to undertake a Definitive Feasibility Study (DFS) to support a final investment decision in relation to Sembehun and there can be no guarantee that the results of the DFS will be positive or that Sierra Rutile will be able to obtain finance for the development of Sembehun on acceptable terms;
- the risk that operational and technical difficulties may be encountered in development and operations;
- risks associated with operating in Sierra Leone, including, but not limited to, economic, social, labour or political instability and future material adverse changes in laws or their interpretation. If such risks eventuated, their adverse impact on Sierra Rutile would be increased as a result of Sierra Rutile not being geographically diversified;
- risks that Sierra Rutile's rehabilitation and mine closure costs will be greater than the estimated provision as at 31 December 2021;
- the need for ongoing government approvals, licences and permits as well as new approvals, licences and permits to pursue the development of Sembehun; and
- the potential for adverse movements in the prices of commodities produced or costs of production achieved by Sierra Rutile.

Further details of the risks associated with an investment in Sierra Rutile Shares are set out in Sections 3.12.21 and 3.27 of the Demerger Booklet.



For more information contact

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Sierra Rutile Limited