

25 August 2016

## SIERRA RUTILE LIMITED MERGER UPDATE

Iluka Resources Limited (Iluka) has become aware that the Sierra Leone Government has written to Sierra Rutile Limited (SRL) and outlined its concerns in relation to the timing, liability for and payment of, any capital gains tax (CGT) that may be payable in Sierra Leone by certain shareholders of SRL in connection with the proposed merger by Iluka with SRL (Merger).

Iluka has previously received advice to the effect that Sierra Leone CGT may apply to the Merger and, to the extent that CGT is payable, it is a liability which rests personally with the relevant SRL shareholders. At this time, it is not possible to confirm the extent to which these Sierra Leone Government concerns in relation to any CGT that may be payable by certain shareholders of SRL may affect SRL, the proposed timetable for the merger or the likelihood of the merger proceeding.

Iluka will update the market in due course as appropriate.

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