Rutile Economics

The outlook for a raw material critical to manufacturing high quality sponge
Disclaimer

Forward-Looking Information
This document may contain forward-looking statements. These forward-looking statements are made as of the date of this document and Sierra Rutile Limited (the “Company”) does not intend, and does not assume any obligation, to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and future performance and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual reports. These risks, uncertainties, assumptions and other factors could adversely affect the outcome and financial effects of the plans and events described herein.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.
Contents

• Mineral sands overview
• A strategic raw material
• Not all rutile is created equal
• Factors for success
Rutile Overview

- Commonly found with ilmenite, zircon, and other heavy minerals
- The highest quality TiO2 feedstock
- Affected by co-product economics
- Titanium dioxide pigment is largest end-use market
Industry trends affecting rutile

- Declining reserves and grades
- Increasing ore body complexity
- TiO2 pigment consumption growth outpacing rutile supply
- Aerospace growth
- Vertical integration
- Emerging Chinese chloride TiO2 sector
- New entrants operate at loss and struggle to repay debt
Sierra Rutile Operations

**Dredge Mine**
1,000 tph bucket line dredge and integrated processing plant

**Dry Mine**
Truck and shovel operation feeding a 500 tph processing plant

**Mineral Separation Plant**
Capacity in place to process 225 ktpa of rutile following upgrade

**Supporting Infrastructure**
Storage, port and fleet support product delivery to markets globally

---

October 4-7, 2014 • Rosen Shingle Creek Golf Resort • Orlando, FL, USA
Global rutile supply

• Only three companies able to produce over 100,000 tonnes per annum rutile
• Over 20% of supply held by vertically integrated companies
• Mine life of less than 15-years not uncommon

2014 Rutile Production
745 thousand metric tonnes

- Sierra Rutile: 49%
- Australia: 15%
- Africa: 22%
- Other: 15%
Historically a supply constrained market

Limited Growth in Rutile Supply Going Forward

000 tonnes rutile

(1) Includes likely new projects and mine expansions
Rutile as a strategic raw material

- Maintaining existing TiO2 feedstock output requires investment
- Security of supply
- Purchasing quality criteria
- Lowest environmental footprint
Critical components need quality raw materials

• Not all rutile is created equal
• Customers value:
  ✓ High TiO2
  ✓ Low tin
  ✓ Low alkalis
  ✓ Low metals content
  ✓ Low radioactivity
  ✓ Low level contaminants
Mining economics

Gangama expansion and its impact on annual production

Capacity declines without reinvestment

2015 2016 2017 2018
Rutile Production (kt)

- 40 80 120 160 200 240

Expansion Stage 1
Expansion Stage 2
Current Operations
Miners work to reduce capital costs

- Non-mining costs are significant:
  - Exceed inflation
  - Control scope
  - Project management
  - Engineering
  - Exploration
  - Community
  - Financing
- Experience mitigates risk
In situ characteristics can drive competitive advantage

• For example, Sierra Rutile benefits from:
  – Proximity to existing infrastructure
  – Underutilized capacity
  – Number of expansion opportunities
  – Low over burden (top soil)
  – Water & power
  – Ore grade and quality
Track record is key

- Low cost structure key to sustained competitiveness
- Cost management culture
- Retain ability to respond to demand

Sierra Rutile production performance

000s Tonnes

200 - 150 - 100 - 50 - 0


1 Assumes mid-point of the 2015 production guidance
Sierra Rutile experience suggests a combination of conditions required for long term success

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orebody</td>
<td>Long life, high grade geology that is well understood and can be mined in low cost manner</td>
</tr>
<tr>
<td>Financial</td>
<td>Able to fund required capital from cash flow with support by lenders who value publicly traded profile in combination with strong share holder base while carrying low debt load</td>
</tr>
<tr>
<td>Operational</td>
<td>Experienced team managing fully owned infrastructure – from power plant to port</td>
</tr>
<tr>
<td>Country Risk</td>
<td>Established player and leading exporter in stable, mining friendly jurisdiction</td>
</tr>
<tr>
<td>License to Operate</td>
<td>Proven track record results in strong employee, community, national, and international support</td>
</tr>
</tbody>
</table>
SRL committed to supplying world’s titanium sponge requirements

Strategic - access to supply

Critical components require high quality raw materials

Mining company performance and flexibility are important