Disclaimer

Forward-Looking Information
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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.
1. Investment Highlights
Investment Highlights

> A paradigm shift in rutile feedstock pricing, driven by significant supply / demand imbalances, is set to continue over the medium term
  - Strong cash generation from existing operations
  - Premium natural rutile product
  - Full leverage to spot pricing (vs. long term contract pricing) provides the opportunity to benefit from continued rutile price rises

> One of the largest primary rutile mines in the world
  - JORC Resource in excess of 600 million tonnes at 1.3% rutile
  - High grade, high value premium natural rutile product
  - Fully licensed and permitted with significant opportunity to expand resource and production

> Positioned to deliver on production growth from c.80,000 tonnes per annum 2012F to >200,000 tonnes per annum
  - Significant infrastructure already in place to process this higher output
  - Dry mining operation, currently in construction, due to commence production in Q4 2012
  - Mogbwemo tailings operation, currently in pre-construction, due to commence production in 2013
  - New, large dredge, currently in feasibility (due Q3 2012), targeted to commence production in 2014
  - Expansions to be funded from internally generated cashflows

> Strong and experienced management

> Supported by blue-chip institutional investors (including Pala Investments, M&G, JPMorgan)
2. Exceptional Market Fundamentals
Market Overview

Sierra Rutile’s production of rutile feedstock is sold to the Titanium Dioxide (TiO\textsubscript{2}) industry.

Titanium dioxide pigment is a fine white powder used in paints, plastics and paper products which imparts whiteness, brightness and opacity on products.

Titanium dioxide pigments are produced from titanium feedstocks. The principle feedstock products are:
- natural rutile (95-96% TiO\textsubscript{2})
- synthetic rutile (90-93% TiO\textsubscript{2})
- leucoxene (<90% TiO\textsubscript{2})
- titanium slag (75-85% TiO\textsubscript{2})
- ilmenite (30-63% TiO\textsubscript{2})

Titanium pigments are produced using the chloride process (55%) or the sulphate process (45%).

The chloride process requires higher-grade feedstocks (>90% TiO\textsubscript{2}) and is favoured for its more efficient, cleaner and lower-cost process.

The sulphate process can utilise lower-grade (usually ilmenite) feedstocks.

90% of titanium feedstocks are used for the manufacture of TiO\textsubscript{2} pigment.

Overall TiO\textsubscript{2} End Markets

Overall TiO\textsubscript{2} market: 6.8 million tonnes

Titanium Feedstock Consumption in Pigment Process

Source: Credit Suisse
Why TiO$_2$ is in Demand

> There are no commercially viable substitutes for titanium dioxide

> Technical characteristics: The brightness and opacity of TiO$_2$ is significantly higher and more effective than any known substitutes

> Reduction in intensity of use: The technological benefits of using TiO$_2$ outweighs the cost savings of using other potential materials

> No ability to recycle material: The end-use nature of TiO$_2$ in paints, plastics and paper make recycling inefficient and cost prohibitive

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Refractive Indices for Pigments Used in Paint

<table>
<thead>
<tr>
<th>Pigment</th>
<th>Refractive Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>TiO$_2$ (rutile)</td>
<td>2.73</td>
</tr>
<tr>
<td>TiO$_2$ (anatase)</td>
<td>2.55</td>
</tr>
<tr>
<td>Zinc Oxide</td>
<td>2.02</td>
</tr>
<tr>
<td>Clay</td>
<td>1.65</td>
</tr>
<tr>
<td>Calcium Carbonate</td>
<td>1.63</td>
</tr>
<tr>
<td>Vacuum</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Source: MDL, DuPont

Effects of the Refractive Index on Opacity

Source: DuPont
Increasing Demand for Quality Rutile

Increasing Move Towards Chloride Processing

> **Chloride processing:** Generally lower cost and more efficient as well as more environmentally friendly

> **Sulphate processing:** Dominated by Chinese production, however, the 12th Five-Year Plan stipulates the move to chloride-based production

> **Increasing demand for natural rutile:** Chloride processing both in pigment manufacture and the growing titanium metal sector require high-grade TiO₂ such as natural rutile

Revision of Legacy Pricing Contracts

> Legacy contracts nearing expiration

> New contracts entered into on a 6-monthly basis, providing more fluid price pricing dynamics

> Long-term pricing to reflect prices required to incentivise development

> Rising input costs, particularly energy inflation for operators in South Africa and Australia, also a factor pushing up prices

Key Differences Between Chloride vs. Sulphate Processing

<table>
<thead>
<tr>
<th>Feedstock (Quality)</th>
<th>Chloride (High Grade) Rutile</th>
<th>Sulphate (Low Grade) Ilmenite</th>
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</thead>
<tbody>
<tr>
<td>Process</td>
<td>Continuous Chloride Slag</td>
<td>Batch Sulphate Slag</td>
</tr>
<tr>
<td>Production Costs</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Environmental Impact</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Location of Producers</td>
<td>USA, Europe, ME</td>
<td>Principally China</td>
</tr>
<tr>
<td>% Global Output</td>
<td>55%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Feedstock Performance in Manufacturing of TiCl₄

- **Waste Index:** 17 times less waste than ilmenite
- **Ore Consumption:** 38% less ore required

Source: TZMI, Company Estimates; TiCl₄ production is key stage in the production of pigment (chloride process) and Titanium metal
> **Limited supply response:** Greenfield supply response is muted by long project development times and financing requirements

> **Limited near-term expansion potential:** Sierra Rutile is one of few producing assets capable of significant, near-term expansion

> **Significant challenges facing other projects:** Should further prolong strong supply side fundamentals

### Natural Rutile Supply Additions

<table>
<thead>
<tr>
<th>Project</th>
<th>Company</th>
<th>Country</th>
<th>Existing Production ktpa</th>
<th>Expansion production ktpa</th>
<th>Potential Production ktpa</th>
<th>Total Production ktpa</th>
<th>Earliest Possible Production</th>
<th>Status</th>
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<tbody>
<tr>
<td>Sierra Rutile</td>
<td>Sierra Rutile</td>
<td>Sierra Leone</td>
<td>80</td>
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<td>80</td>
<td>220</td>
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<td>Construction</td>
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<td>Kenmare Resources</td>
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<td>Mozambique</td>
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<td>10</td>
<td>10</td>
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<td>Base Resources Ltd*</td>
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<td>Kenya</td>
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<td>-</td>
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<td>10</td>
<td>0</td>
<td>10</td>
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<td>Trimex*</td>
<td>Trimex Group</td>
<td>India</td>
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<td>0</td>
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<td>8</td>
<td>2013</td>
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<td>Tronox</td>
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<td>S.Africa</td>
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<td>Construction</td>
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<td>Cerro Blanco</td>
<td>Chile</td>
<td>0</td>
<td>95</td>
<td>95</td>
<td>-</td>
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<td>Astron Ltd</td>
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<td>60</td>
<td>2015</td>
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<td>Diatreme &amp; Image Resources</td>
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<td>6</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>Investigation</td>
</tr>
</tbody>
</table>

**Total Potential Production**: 206, 246, 201, 653

Source: Sierra Rutile, * IBMA, Credit Suisse
The Result: Strong Under-Supply

- **Increasing pigment demand growth** in developing economies
- **Substantial growth** in the premium titanium metal and specialist welding sectors
- **Trend towards chloride production**, due to its more environmentally friendly and cost efficient process, driving increasing natural rutile demand
- **Rising rutile prices** due to both the expiration of legacy long-term contracts and an increase in demand growth
- **Limited ability for a supply response** due to long project lead times and capital requirements restrict near-term supply additions to existing producers capable of brownfield expansions

### TiO₂ Supply and Demand Balance

![Graph showing TiO₂ supply and demand balance.](image)

**Source:** Goldman Sachs

### Pricing Dynamic Favours Rutile

![Graph showing price variation on 2011 estimates.](image)

**Source:** RBC Equity Research
3. Established Operation, Exceptional Growth
A Unique World-Class Deposit

Well Positioned to Take Advantage of The Positive Market Fundamentals for Rutile

> **The largest primary rutile asset in the world**
  - JORC Mineral Resource in excess of 600 million tonnes at 1.3% rutile

> **Exceptional, high value assemblage**
  - 85% of payable heavy mineral\(^1\) is rutile
  - 12% of payable heavy mineral\(^1\) is zircon

Source: Company announcements, IBMA, Credit Suisse, Sierra Rutile estimates

\(^1\)Pricing Assumptions: Zircon 2,200 US$/t, Ilmenite: 250 US$/t, Rutile 2,700 US$/t, Leucoxene 1,800 US$/t
Established Infrastructure and Skilled Workforce

> **Significant infrastructure already in place**
> - Mineral separation plant expandable to >200,000 tonnes of rutile per annum
> - Established port and shipping fleet with capacity to ship >200,000 tonnes per annum of rutile
> - A modern MFO\(^1\) power plant capable of producing 23MW of power (current utilisation under 9MW)
> - Over 80km of established haulage roads
> - Modern engineering and camp facilities in place

> **Skilled and experienced workforce**
> - Experienced management team
> - 30 years of experience operating at Sierra Rutile
> - c.95% Sierra Leonean nationals
> - Highly educated employees
> - Significant recruitment from premier universities of Sierra Leone, Fourah and Njala

\(^1\)Marine Fuel Oil
Significant number of brown-field expansion opportunities allow for a near-term step-change in Sierra Rutile’s production profile

Substantial operating cashflow generation ensures self-funding of all growth projects
Dry Mining: Near-term, High-Grade Dry Mining

> **The Project**

- Targeting high-grade pockets of resource, inaccessible to dredge mining
  - 28.1 million tonnes at 1.5% recoverable rutile
- Production of 30,000 to 35,000 tonnes per annum of rutile
- Mining operation due to commence in late 2012 at a total scoped capital cost of $20 million\(^1\)
- Competitive operating costs of $680 per tonne\(^2\)
- Seven year mine life, with significant opportunities for extension

> **Project Update**

- Project construction has begun
- Switch to owner-operated mining at a capital cost of $20.7m significantly improving project economics
- Orders for mobile equipment have been placed and first delivery is expected in Q3 2012
- Commissioning ore stockpile of 400,000 tonnes is 20% complete
- Concentrator plant fabrication is in progress and first components are already on site

*Dry mining accesses high-grade resource with a short lead time and low capital cost, enhancing Sierra Rutile’s leverage to strong prices*

\(^1\) Includes 20% contingency and exclude the cost of an owner-operated mining fleet

\(^2\) Operating costs vary with grade in the particular year of operation and include by-product credits for ilmenite only
Mogbwemo Tailings (D2): Low-Risk, Near-Term Production

> The Project
- 250,000 tonnes of contained rutile, made up of unconsolidated sand tailings, located adjacent to the existing land plants and nearby dry mining deposits
- Production of 20,000 to 25,000 tonnes per annum of rutile at operating costs of approximately $580 per tonne\(^1\) and a provisional scoped capital cost of $25 million\(^2\)
- Production will be via a small-scale dredge (500tph) and land-based concentrator plant. To be implemented in 2013 and ramping up to full production in 2014

> Project Update
- Lump Sum Turn Key concentrator plant construction in final negotiations, reducing Sierra Rutile’s cost and execution risk
- Project management in place on site
- Scope changed to allow the plant to treat dry mining feed once Mogbwemo tailings are exhausted extending the life by a further 4 years

Significant historic tailings in close proximity to the land plant provides low-risk, near-term, production expansion with future additional dry mining potential

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\(^1\) Operating costs vary with grade in the particular year of operation and include by-product credits from ilmenite only
\(^2\) Includes 20% contingency
New Large Dredge (D3): A Step Change in Production

> The Project

- A feasibility study has been commissioned into the construction of a second large dredge and wet plant concentrator unit to be completed during Q3 2012
- The dredge will have a design capacity of >1,000tph and will produce 60,000 to 90,000 tonnes per annum of natural rutile
- The scoping study, which preceded the feasibility study, envisaged a total project development cost of $125 million\(^1\) and an 18-month construction timeline

> Project Update

- Tenders received for the dredge are currently being adjudicated
- The floating treatment plant feasibility study is being conducted by CPG – Mineral Technologies, part of the EDI Downer group
- Final feasibility study due Q3 2012

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\(^1\) Includes dredge and wet plant construction, as estimated by Snowden; upgrade of the process and power plants; pre-mining development costs; and working capital
An Established Market Presence

Well established market for Sierra Rutile’s product:

> **Pigment**
  - Sierra Rutile supplies all top six TiO$_2$ pigment producers

> **Other end uses**
  - Global welding companies
    - Welding electrodes
    - Flux-cored wire
  - Approved for titanium sponge manufacturers including:
    - Japan
    - China

> **Network**
  - Long-standing relationships with customers and partners
  - Deep market expertise

> **Pricing**
  - Sierra Rutile has no existing long-term contracts and is fully exposed to the spot market

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**Natural Rutile Market Supply - 2010**

- Exarro: 12%
- Sierra Rutile: 11%
- Vilnogorsk: 9%
- CRL: 11%
- RBM: 11%
- Bemax: 12%
- Others: 4%

*Sierra Rutile is currently supplying 11% of the market*

Source: Sierra Rutile

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*Long-standing relationships with leading customers.*

*Deep understanding of the TiO$_2$ market dynamics*
4. Partnership with Sierra Leone
Sierra Leone – An Investment Friendly Destination

> Investment Friendly Jurisdiction

– Sierra Leone is a stable and investor friendly country
– Sierra Leone has a pro-mining investment climate with the current development of multiple mining projects including African Minerals’ and London Mining’s iron ore projects
– Sierra Leone is a key part of Tony Blair’s African Governance Initiative which is working to develop the capacity of the Government to set and deliver on its priorities

> Strong relationship with Sierra Leone

– The Company has a positive and long-standing relationship with the Government
– Mining leases date back to the 1970’s and are valid through 2038 with the option to extend for a further (minimum) 15 years
– In March 2011, a special repayment of US$18.3m was made on the loan to Government of Sierra Leone. The monies repaid on this loan are used to fund local development projects such as roads and infrastructure. US$29.6m (€23.75m) is outstanding on the loan, which will be repaid in accordance with its terms over the next 4 years
– In April 2012, Sierra Rutile purchased the Government’s 7.1% effective interest in the local subsidiary and pre-paid 2 years of PAYE tax for US$17m

Over 40 years, Sierra Rutile has forged strong relationships with the people and Government of Sierra Leone

“We know that countries are more likely to prosper when they encourage entrepreneurship; when they invest in their infrastructure; and when they expand trade and welcome investment. So we will partner with countries like Sierra Leone to create business environments that attract investment, not scare it away.”

US President Barack Obama, Speech to the United Nations, September 2010
Sierra Rutile and the Community

> Considerable contribution to national and local economy
  - Sierra Rutile makes up a significant proportion of Sierra Leonean GDP and exports
  - The company is one of the largest private sector employers in Sierra Leone
  - Where possible, the company is committed to local procurement, spending over US$30m annually on in-country procurement and wages
  - Long standing and positive relations with local Mine Workers Union

> Contributions to the local community
  - Over US$1m invested annually in the local community
  - The Company’s medical facility treats over 20,000 people a year with free HIV testing, education and mosquito nets for Malaria prevention
  - Local technical college, sponsored by Sierra Rutile, provides education to over 300 students
  - Through the Sierra Rutile Foundation the company funds local projects such as schools, wells, grain stores, latrines, courts, bridges, clinics, a local radio station and more
  - Fish farms located in old mining ponds provide local villagers with work and a reliable source of food

*Sierra Rutile is a powerful force for development in the local community*
Environmental management

> Sierra Rutile is committed to rectifying the legacy disturbance of historical owners and to the continual rehabilitation of mined-out areas.

> In 2011, a full survey of disturbed land was conducted and a plan has been developed and is being implemented to rehabilitate all legacy disturbed areas over the next 6 years.

> Strong, positive relationships with the Sierra Leone Environmental Protection Agency and Ministries of Fisheries and Agriculture.

> Agricultural project initiated in 2010, aims to provide significant sustainable employment for the local people.
5. Conclusion
Conclusion

> **A paradigm shift in rutile feedstock pricing**, driven by significant supply / demand imbalances, is set to continue over the medium term
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> **Strong and experienced management**

> **Supported by blue-chip institutional investors** (including Pala Investments, M&G, JPMorgan)
Appendix A

> Corporate Overview
> Board and Management
Corporate Overview

Capital Structure
> Listing: LSE AIM: SRX
> Issued shares: 509.3 m
> Options: 26.9 m
> Current Share Price: 63p
> Market cap: £321 m (US$503m)
> Cash: US$30.3 m
> Gross Debt: €23.7m (US$29.6m)

Analyst Coverage
> Goldman Sachs
> Mirabaud Securities
> Royal Bank of Canada

Source: Bloomberg, Statutory Filings

3 19 June 2012
Board of Directors

Jan Castro  
Non-Executive Chairman  
> Chief Executive of Pala Investments, an investment company focused on the mining sector, and SRL’s cornerstone shareholder  
> Significant strategic advisory, management and investment experience  
> Serves on the boards of Alacer Gold, Nevada Copper, Asian Mineral Resources and Gemcom Software

John Bonoh Sisay  
Chief Executive Officer  
> Considerable experience in African mining sector, having worked in 10 African countries  
> Formerly De Beers, America Mineral Fields (now First Quantum)  
> Previously President of Chamber of Mines, Sierra Leone  
> Sierra Leone national

Michael Barton  
Non-Executive  
> Senior Vice President at Pala Investments  
> Significant strategy and transaction advisory experience  
> Serves on the boards of Peninsula Energy, Elemental Minerals and WDS Ltd

Michael Brown  
Non-Executive  
> Former Chief Operating Officer of De Beers  
> Deep industry expertise in strategy, operations, construction  
> Led restructuring of De Beers during GFC  
> Senior Vice President at Pala Investments  
> Serves on the board of Asian Mineral Resources

Charles Entrekin  
Non-Executive  
> 35 years of experience in the mining sector  
> As former President of Titanium Metals Corporation, brings significant industry specialism  
> Turnaround expertise  
> Serves on the board of Melior Resources

Alex Kamara  
Non-Executive  
> Head of Engineering at SRL from 1982-1995  
> Deep understanding of SRL’s operations  
> Chairman of Standard Chartered, Sierra Leone  
> Sierra Leone national

Richard Lister  
Non-Executive  
> 40 years of experience in the industrial minerals and mining sectors  
> Consultant to various mining companies  
> Significant commodity marketing experience  
> Formerly Chief Executive of Zemex Corporation, Vice-Chairman of Dundee Bancorp and Chief Executive of Campbell Resources  
> Serves on the board of Labrador Iron Mines Holdings

Francois Collette is currently on the board, but will be standing down at the next AGM

Working for a better Sierra Leone
Senior Management

John Bonoh Sisay
Chief Executive Officer

> Considerable experience in African mining sector, having worked in 10 African countries
> Formerly De Beers, America Mineral Fields (now First Quantum)
> Previously President of Chamber of Mines, Sierra Leone
> Sierra Leone national

Andrew Taylor
Chief Operating Officer

> 20 years of mining and processing expertise
> Significant experience of operating in Africa with De Beers and Anglo American
> Managed the construction and commissioning of the Voorspoed Mine in South Africa from 2005 to 2010

Joseph Connolly
Chief Financial Officer

> Previously Director, Business Development at Clipper WindPower
> Brings significant expertise in financial management, strategy, business risk and corporate governance

Neil Gawthorpe
Marketing & Logistics Director

> 17 years experience in international industrial minerals marketing
> Previous technical and marketing positions at Redland PLC, Frank & Schulte GmbH and Minelco Group

Mark Button
Director of Mineral Resource Development

> 22 years experience of working in Africa in a variety of mining and geological roles
> Formerly of Anglo American and Gold Fields

Desmond Williams
Operations Manager

> 10 years experience with SNC Lavelin and Worley Parsons
> 10 years with Sierra Rutile in 1980-90’s
> Senior management positions on numerous international projects, including Bald Mountain Gold (Barrick) and Kabanga Nickel
Appendix B

> Market Fundamentals
Not All TiO₂ Feedstocks are Created Equal

Natural rutile’s superior performance in pigment manufacturing

Natural rutile is more efficient than all other feedstocks in manufacturing TiCl₄. Superior performance yields premium prices

Source: TZMI, Company Estimates; TiCl₄ production is key stage in the production of pigment (chloride process) and Titanium metal
Increasing Competition for TiO$_2$ Feedstocks

- **Chloride plants operating at maximum capacity:** Any pigment production increase will require using higher-grade feedstock blends.

- **Legacy contracts coming to an end:** Feedstock prices will continue to re-rate upwards to reflect the supply/demand dynamics of the sector.

- **Increasing Chinese demand:** Demand for ilmenite has led to a significantly increased price.

- **Chinese development of chloride technology:** The 12th Five-Year Plan encourages chloride pigment technology and the use of natural rutile, synthetic rutile and slag.

*Increasing demand for higher-grade feedstocks from developing economies drives marginal demand*
Titanium Metal:

- **Increasing demand growth**: Driven by increasing use in new generation aircraft. Demand growth of over 7% CAGR expected between 2011-2015

- **Supply capacity expanding**: Significant recent capacity expansions in Japan and China

- **Increasing environmental pressure**: Continued environmental pressure to move to use of higher-grade feedstocks

Welding Applications:

- **Significant Chinese shipbuilding growth**: Significant growth in Chinese shipbuilding industry, overtaking South Korea as the world’s largest producer of shipping capacity

- **Increasing utilization of higher grade welding technology**: Increasing use of flux-cored wire technology to increase quality and productivity is increasing the demand for natural rutile

*Significant demand increase from non-traditional, premium markets*
Limited Value Chain Sensitivity to Feedstocks Prices

> **High price elasticity**: Minor price (2.34% increase) impact on paint consumers from a doubling in feedstock prices

> **High price tolerance of paint consumers**: Highly fragmented paint consumer market mean that they are less sensitive to price increases

> **Increasing pigment producer margins**: Pigment producers have been raising pigment prices well in excess of anticipated feedstock prices increases

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**Substantial expansion of margins in the downstream value chain ensures feedstock price increases are easily absorbed**
Contact Details

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