Iluka to Partner with IFC in Sierra Leone

Iluka Resources Limited (Iluka) and International Finance Corporation (IFC) have signed agreements to commence a strategic partnership in relation to Iluka’s Sierra Rutile operation. Under the terms agreed, IFC will subscribe to new shares equivalent to a 10% stake in Sierra Rutile for US$60 million. IFC is a member of the World Bank Group.

IFC will initially invest US$20 million for a 3.57% stake, with a further investment of US$40 million to increase its stake to 10% to occur if or when Iluka approves the construction of early works for the Sembehun project and upon completion and disclosure of the related Area 5 Environmental and Social Impact Assessment. The first subscription is expected to occur later this month. The Sembehun deposits comprise more than 70% of Sierra Rutile’s remaining ore reserves and development of Sembehun has the potential to extend the life of Sierra Rutile’s operations significantly.

Key terms of the agreements are as follows:

- IFC will be issued new shares in Iluka Investments (BVI) Limited, the holding company of Sierra Rutile Limited;
- IFC intends to invest for the long-term, with a commercial put option (i.e. at fair market value) exercisable only after 7 years (or 3 years if Sembehun is not yet approved by then);
- If early works for development of Sembehun are not approved within 18 months the second subscription tranche becomes optional for IFC;
- Sierra Rutile commits to meeting IFC performance standards over time. Sierra Rutile was already in the process of aligning with these standards prior to the agreement;
- IFC will have a representative on both the Sierra Rutile Limited and Iluka Investments (BVI) Limited Boards;
- All funds invested by IFC will be used by Sierra Rutile in Sierra Leone; and
- Other deal terms, including representations and warranties, customary for an investment by IFC of this nature.

Iluka’s Managing Director, Tom O’Leary said, “This partnership provides mutual benefit to Sierra Rutile, Iluka, IFC and the people of Sierra Leone by promoting the continued, sustainable development of the Sierra Rutile operation.”

About Iluka

Iluka is an international mineral sands company with expertise in exploration, development, mining, processing, marketing and rehabilitation. The company has over 60 years’ experience in the mineral sands industry and is the largest producer of zircon and rutile globally. Iluka’s portfolio includes operations and projects in Australia and Sierra Leone and a globally integrated marketing and distribution network. The company is headquartered in Perth, Western Australia.

About Sierra Rutile

Sierra Rutile, a wholly owned subsidiary of Iluka, operates world-class mineral sands assets in Sierra Leone. The company produces high quality rutile and ilmenite from the world’s largest natural rutile deposit, located in the Bonthe and Moyamba districts of Southern Province. With an operating history spanning more than 50 years, Sierra Rutile is one of Sierra Leone’s oldest and largest resources companies.
About IFC

IFC – a sister organisation of the World Bank and member of the World Bank Group – is the largest global development institution focused exclusively on the private sector in developing countries. IFC work with more than 2,000 businesses worldwide. In fiscal year 2018, IFC delivered more than US$23 billion in long-term financing for emerging markets, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org. The World Bank Group has set two goals for the world to achieve by 2030: end extreme poverty and promote shared prosperity in every country.

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