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## Mineral sands producer Sierra Rutile confirms £215m sale to Iluka



Iluka, which mines mineral sands in Australia, is buying Sierra Rutile

by **Jon Yeomans**

9 AUGUST 2016 • 10:41AM

**T**akeover activity in the mining sector is showing signs of life with an Aim-listed mineral sands producer agreeing to be bought by an Australian rival.

Shareholders in Sierra Leone-based Sierra Rutile will have the chance to vote on its £215m sale to Iluka on September 1, the companies announced today. Should the acquisition be approved, Sierra Rutile will de-list from Aim next month.

Iluka, listed in Sydney, is the world's largest producer of zircon, a mineral used in ceramics production. It is buying Sierra Rutile to expand its portfolio of products. The London-listed company digs up rutile, used in white pigment.

The Australian company made its approach last month, and on August 1 the Sierra Rutile board announced it would recommend shareholders approve Iluka's offer of 36p a share, a 32pc premium to the stock's average price over the month prior to the offer being made.

Sierra Rutile, with a market cap of £208m, has suffered three years of contracting revenues as the prices for mineral sands have collapsed amid over supply. Announcing its bid, Iluka said its offer "provides Sierra Rutile shareholders with certain value at a time of heightened market volatility and uncertainty, while at the same time meeting Iluka's strategic rationale and financial merit criteria".

Robert Edwards, chairman of Sierra Rutile, told shareholders earlier this month: "Iluka has an established track record in the mineral sands sector and will be able to support Sierra Rutile's longer term growth and optimisation ambitions. We believe that the acquisition provides attractive certainty and liquidity for SRL and its shareholders as a whole."



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