



Sierra Rutile

## ASX ANNOUNCEMENT

28 March 2024

### Sembehun capex estimate reduced from PFS estimate

Sierra Rutile Holdings Limited (ASX: SRX) (**Sierra Rutile** or the **Company**) is pleased to announce a US\$36 million reduction in the capex estimate for Sembehun. The capex estimate developed by the Company together with independent third-party consultants for the DFS is US\$301 million, a significant reduction on the 2022 PFS figure of US\$337 million. The reduction is greater when also considering real, inflation adjusted figures with the PFS estimate being as at July 2022 versus October 2023 figures for the current estimate.

#### Highlights:

- Final Sembehun capex estimate ahead of inclusion in the Definitive Feasibility Study (DFS) is US\$301 million.
- DFS capex estimate was reduced by US\$36 million from the 2022 Preliminary Feasibility Study (PFS) figure of US\$337 million.
  - Capex estimate reduction is driven by changed approach post demerger with a dedicated management team implementing efficiencies, including seeking in-country earth-moving, civil engineering, mining and product-hauling contractors.
  - Further reductions driven by elimination of two phase startup.
  - Up to US\$10.6 million in potential additional capex reduction identified through third party participation in public infrastructure including roads and bridges and other scope modifications.
- The PFS capex estimate was calculated during early 2022 and would be higher today if taking into account inflation to an October 2023 equivalent (when the DFS capex estimate was calculated).
- Full details of the DFS are expected to be announced in mid-April 2024.

#### Sierra Rutile Managing Director and CEO, Theuns de Bruyn, commented:

“We are delighted to report a significant reduction in the estimated capex requirement to bring the Sembehun project into production. This reduction was driven by Sierra Rutile’s dedicated management team and in house expertise implementing a range of efficiencies to the project, with a cost-effective, “fit-for-purpose” approach suited to our dedicated ownership and approach to Sembehun.

Sembehun represents one of the largest and highest-quality known rutile deposits in the world, offering a long mine life and additional exploration potential adjacent to Area 1. We look forward to delivering the full DFS in April 2024.”



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### **Sembehun DFS capex estimate:**

The Sembehun PFS originally consisted of two pre-production stages estimating a total of US\$337 million to bring the Sembehun project to production. However, as previously disclosed, the decision was made to develop Sembehun as a single-phase development to maximise project value and debt funding capacity, whilst reducing potential risks. The single-phase approach also eliminates a duplicated set of mobilisation costs.

The reduction is especially significant when considering the PFS capex estimate was calculated in early 2022 and is withstanding adjustments to account for a high inflationary environment experienced since the release of the Company's PFS.

Sembehun is one of the world's largest and highest-quality known natural rutile deposits. Located approximately 30 kilometres from The Company's current Area 1 operations, Sembehun is expected to significantly extend the Company's mine life, materially lower cost structure and leverage existing Area 1 infrastructure.

Further scope for capex reduction exists through partial or full third-party funding of public infrastructure associated with the development, including roads and bridges. Sierra Rutile is in active discussions with the Government of Sierra Leone and international development organisations with an interest in funding public infrastructure in Sierra Leone. Currently in the order of US\$10.6 million of capex reduction through third party contributions to public infrastructure and other infrastructure scope reductions has been identified, subject to successful discussions and further investigations.

The target accuracy of the capital estimate is in the ranges of -20% and +20% after contingency is considered, which represents an AACE (The Association for the Advancement of Cost Engineering) Class 3. This accuracy has been verified in a Quantitative Risk Analysis and the results are between +14% and -13%.'

Sierra Rutile's full DFS is expected to be delivered to shareholders in mid-April 2024 containing further information. However, any decisions concerning Sembehun will be dependent on the position reached with the GoSL and achieving sustainable arrangements on which to proceed.

Ends

This ASX Release was authorised for release to the ASX by the Managing Director and CEO.

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