

TO Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By ASX Online

8 APRIL 2024

Dear Sir or Madam

Sierra Rutile Holdings Limited - target's statement

We act for Sierra Rutile Holdings Limited ACN 613 822 165 (ASX: SRX) (**Sierra Rutile**), in relation to the on-market takeover offer by PRM Services LLC (**PRM**) to acquire all of the Sierra Rutile shares it does not own at a price of A\$0.095 cash per share as announced on 20 March 2024 (the **Offer**).

We enclose in accordance with section 635(1) item 10 of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC relief), a copy of our client's target's statement dated 8 April 2024 (**Target's Statement**). The Target's Statement will be sent to PRM, lodged with the Australian Securities & Investments Commission and sent to Sierra Rutile shareholders today in accordance with the Corporations Act.

Yours sincerely



King & Wood Mallesons

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Sierra Rutile

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to its contents, you should contact your financial, tax or other professional adviser immediately

Target's Statement

This Target's Statement has been issued by Sierra Rutile Holdings Limited (ACN 613 822 165) in response to the unsolicited on-market takeover bid made by PRM Services LLC (a Puerto Rican registered company with Registration Number 387071)

REJECT the Offer

Your Sierra Rutile Directors unanimously recommend that you **REJECT** the Offer and **DO NOTHING** in relation to any documents received from PRM Services LLC

IF YOU HAVE ANY QUESTIONS IN RELATION TO THE OFFER YOU CAN CONTACT THE SIERRA RUTILE SHAREHOLDER INFORMATION LINE ON 1300 850 505 (WITHIN AUSTRALIA) OR +61 3 9415 4000 (OUTSIDE AUSTRALIA) WHICH IS AVAILABLE BETWEEN 8:30AM AND 5:00PM (MELBOURNE TIME), MONDAY TO FRIDAY EXCLUDING NATIONAL PUBLIC HOLIDAYS.

Financial adviser

GRESHAM

Legal adviser

**KING & WOOD
MALLESONS**
金杜律师事务所

Important notices

This document is the Target's Statement dated 8 April 2024 given by Sierra Rutile under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the on-market takeover bid announced on 20 March 2024 by PRM to acquire all of your Sierra Rutile Shares. The purpose of this Target's Statement is to provide you, as a Sierra Rutile Shareholder, with information in response to the Bidder's Statement to assist you in your decision as to whether or not to accept the Offer.

You should read this Target's Statement in its entirety before making a decision as to whether or not to accept the Offer for your Sierra Rutile Shares.

Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Target's Statement have the meanings set out in the glossary in Section 9.1. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

Section 9.2 sets out some rules of interpretation which apply to this Target's Statement.

Unless otherwise specified, all references to \$, US\$ and USD are references to the currency of the United States of America and references to A\$ and AUD are references to Australian currency.

All references to times in this Target's Statement are references to time in Perth, Western Australia, unless otherwise stated.

No account of personal circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice and should not be taken as personal financial or tax advice, as each Sierra

Rutile Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

Your Sierra Rutile Directors encourage you to seek independent financial and tax advice before making a decision as to whether or not to accept the Offer for your Sierra Rutile Shares.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. Forward looking statements generally relate to future events or future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "aim", "may", "might", "will", "likely", "shall", "should", "expects", "foresee", "plans", "anticipates", "could", "is confident", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these words or other similar terms or expressions that convey expectations, strategy, plans or intentions.

You should be aware that such statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Sierra Rutile and the Sierra Rutile Group to be materially different from future results, performance or achievements expressed or implied by those statements. Those risks and uncertainties include factors and risks specific to the industry in which Sierra Rutile operates as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Sierra Rutile, Sierra

Rutile Group, nor any of its officers or employees, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation, warranty, assurance or guarantee (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Sierra Rutile and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 8 April 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Disclaimer as to information on PRM

The information in this Target's Statement about PRM has been compiled from or is otherwise based on information obtained from publicly available sources (including information contained in the Bidder's Statement) and has not been independently audited or verified by Sierra Rutile or its advisers. Accordingly, Sierra Rutile does not, subject to the Corporations Act, make any representation or warranty (either express or implied), as to the accuracy or completeness of such information. If the information

obtained or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

Risk Factors

Sierra Rutile Shareholders should note that there are a number of risk factors attached to their investment in Sierra Rutile and other risks which apply in the event the Offer is accepted.

In particular, the viability and profitability of Sierra Rutile may be affected by any future material adverse changes in government policies or legislation in Sierra Leone that impacts on the applicable taxation, foreign ownership, Government of Sierra Leone ownership of or equity participation in mining projects or mining activities, including in particular the outcome of the current negotiations with the Government of Sierra Leone.

Section 7 of this Target's Statement sets out further information regarding those risks.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Charts, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. A number of amounts, percentages, prices, estimates and other figures in this Target's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this Target's Statement.

Websites

The content of Sierra Rutile's website does not form part of this Target's Statement and Sierra Rutile Shareholders should not rely on website content.

Any website links in this Target's Statement are textual references only. Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

Privacy

Sierra Rutile has collected your information from the Sierra Rutile Share Registry for the purpose of providing you with this Target's Statement. The type of information Sierra Rutile has collected about you includes your name, contact details and information on your shareholding in Sierra Rutile. Without this information, Sierra Rutile would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Sierra Rutile's Related Bodies Corporate and external service providers (such as the Sierra Rutile Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Sierra Rutile, please contact Sierra Rutile at

info@srx.group. Sierra Rutile's privacy policy is available at <https://sierra-rutile.com/our-company/corporate-governance/>. The registered address of Sierra Rutile is Level 8, 225 St Georges Terrace, Perth WA 6000.

Sierra Rutile Shareholder Information Line

Sierra Rutile has established a Sierra Rutile Shareholder Information Line which Sierra Rutile Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Sierra Rutile Shareholder Information Line is:

- 1300 850 505 (within Australia); or
- +61 3 9415 4000 (outside Australia),

which is available between 8:30am and 5:00pm (Melbourne time), Monday to Friday excluding national public holidays.

Further information relating to the Offer can be obtained from Sierra Rutile's website at www.sierra-rutile.com.

Key dates

Announcement of the Offer	20 March 2024
Bidder's Statement lodged with ASIC and given to Sierra Rutile and released on ASX	20 March 2024
Earliest date from which Sierra Rutile Shareholders are able to sell their Sierra Rutile Shares to PRM via Canaccord Genuity (Australia) Limited	20 March 2024
First Supplementary Bidder's Statement and Replacement Bidder's Statement lodged with ASIC and given to Sierra Rutile and released on ASX	26 March 2024
Offer Period opens	10:00am (Melbourne time) on 4 April 2024
Date of this Target's Statement	8 April 2024
Scheduled close of Offer Period (unless withdrawn or extended)	4:00pm (Melbourne time) on 5 May 2024

Note: the closing date for the Offer may change as permitted by the Corporations Act.

Table of contents

Chairman’s letter	1
How to REJECT the Offer	3
Key Reasons to REJECT the Offer	4
Sierra Rutile Directors’ recommendation and intention to REJECT the Offer	5
1 Reasons to REJECT the Offer	6
2 Reasons why you may not choose to reject the Offer	12
3 Frequently asked questions	13
4 Your choices as a Sierra Rutile Shareholder	22
5 Information about PRM, the Offer and other important information	24
6 Information about Sierra Rutile	35
7 Risk factors	49
8 Additional information	59
9 Glossary	67
Annexure A	72

Chairman's letter

Dear Sierra Rutile Shareholder

TAKE NO ACTION AND REJECT PRM'S TAKEOVER OFFER

I am writing to you in response to the recent unsolicited, on-market takeover Offer announced by PRM Services LLC on 20 March 2024.

Your Board has carefully considered the Offer and believes that the Offer Price of A\$0.095 per Sierra Rutile Share is inadequate and fails to recognise the inherent value in Sierra Rutile's established rutile operations, robust balance sheet and significant value opportunity in the world class Sembehun Project. Accordingly, your Board unanimously recommends that you **REJECT THE OFFER**.

We urge Sierra Rutile Shareholders to retain your shareholding in Sierra Rutile and not to surrender and transfer the value of that investment to PRM at a price that does not reflect the underlying value of Sierra Rutile.

The Board recommends that you **REJECT THE OFFER** for the reasons set out below:

- the Offer is opportunistically timed ahead of key value catalysts such as the Sembehun DFS and does not reflect Sierra Rutile's significant strategic value;
- PRM's Offer and associated actions demonstrate PRM is seeking control without offering an adequate premium;
- Sierra Rutile's Area 1 operations provide optionality underpinned by its robust balance sheet;
- Sembehun DFS expected to be released by 12 April 2024 is anticipated to demonstrate significant value associated with the Sembehun Project;
- the mineral sands market cycle is showing signs of improvement; and
- as the Offer is undertaken by way of an on-market takeover bid, it does not require a shareholder vote, and if shareholders accept the Offer, they will be unable to participate in any increase in the PRM Offer Price or accept a superior proposal should one emerge.

It is worth also noting that, as at the date of this Target's Statement, the share price of Sierra Rutile has consistently traded well above the PRM Offer Price since the Offer was announced. This suggests that a number of Sierra Rutile Shareholders also believe the Offer fundamentally undervalues Sierra Rutile.

As a Sierra Rutile Shareholder, you have supported the company as it has been progressing the next stage of the Sembehun Project development through the preparation of the Definitive Feasibility Study (**DFS**). The DFS is a thorough, professionally prepared study that will clearly outline the potential returns to Sierra Rutile Shareholders from the future development or a partial or full sale of Sembehun. Now that the DFS results are expected to be released in the very near future, it is the Sierra Rutile Directors' view that PRM has timed its inadequate offer to acquire Sierra Rutile Shares prior to the publication of the DFS, taking advantage of the potential value of the project without offering an adequate premium when that potential return should belong to existing shareholders.

While the Board recommends Shareholders **REJECT THE OFFER**, it recognises that there are risks associated with continued ownership of Sierra Rutile Shares, as Sierra Rutile and its shareholders have endured in the last 12 months, such as risks relating to

ongoing negotiations with the Government of Sierra Leone on the fiscal regime for Sierra Rutile, or the market downturn in mineral sands products. Section 7 of this Target's Statement sets out further information regarding those risks.

Your Board recommends that you read this Target's Statement in its entirety and consider the Offer, having regard to your own personal risk profile, investment strategy and tax circumstances. You should also seek independent financial, legal, taxation or other professional advice that you require prior to deciding what action you should take in respect of the PRM Offer.

For the reasons outlined above and elsewhere in this Target's Statement, we unanimously recommend that you **REJECT THE OFFER**. Each of your Sierra Rutile Directors who, as at the date of this Target's Statement, holds or controls Sierra Rutile Shares intends to **REJECT** the Offer under its current terms in relation to those Sierra Rutile Shares.

To **REJECT THE OFFER** you should simply **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by PRM.

We will continue to keep you informed of all material developments in relation to Sierra Rutile and the Offer.

On behalf of all Directors of Sierra Rutile, I thank you for your support to date and seek your continued support as the Board explores value enhancing options for Sierra Rutile.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'G. Martin', with a small flourish at the end.

Greg Martin
Chairman

How to REJECT the Offer

1. To **REJECT** the Offer, **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by PRM.
2. You should read this Target's Statement which contains your Sierra Rutile Directors' recommendation to **REJECT** the Offer and the reasons for this recommendation.
3. If you have any queries in relation to the Offer, please contact the Sierra Rutile Shareholder Information Line on 1300 850 505 (inside Australia) or +61 3 9415 4000 (outside Australia) which is available between 8:30am and 5:00pm (Melbourne time), Monday to Friday excluding national public holidays.

Key Reasons to REJECT the Offer

1.	The Offer is opportunistically timed ahead of key value catalysts such as the Sembehun DFS and does not reflect Sierra Rutile's significant strategic value.
2.	PRM's Offer and associated actions demonstrate PRM is seeking control without offering an adequate premium.
3.	Sierra Rutile's Area 1 operations provide optionality, underpinned by its robust balance sheet.
4.	Sembehun DFS expected to be released by 12 April 2024 is anticipated to demonstrate significant value associated with the Sembehun Project.
5.	The mineral sands market cycle is showing signs of improvement.
6.	As the Offer is undertaken by way of an on-market takeover bid, it does not require a shareholder vote, and if Sierra Rutile Shareholders accept the Offer, they will cease to be shareholders of Sierra Rutile and consequently will be unable to participate in any increase in the PRM Offer Price or accept a superior proposal should one emerge.

Sierra Rutile Directors' recommendation and intention to REJECT the Offer

Directors of Sierra Rutile

The Sierra Rutile Directors as at the date of this Target's Statement are:

- Greg Martin, Chairman and Non-Executive Director;
- Theuns de Bruyn, Managing Director and Chief Executive Officer;
- Martin Alciaturi, Finance Director;
- Graham Davidson, Non-Executive Director;
- Joanne Palmer, Non-Executive Director; and
- Patrick O'Connor, Non-Executive Director.

Recommendations and intentions

In assessing the Offer, your Sierra Rutile Directors have had regard to a number of considerations, including the information set out in this Target's Statement and the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1), **each of your Sierra Rutile Directors recommends that you REJECT the Offer.**

Each of your Sierra Rutile Directors who, as at the date of this Target's Statement, holds or controls Sierra Rutile Shares intends to **REJECT** the Offer under its current terms in relation to those Sierra Rutile Shares (refer to Section 8.1 for more information on the respective Sierra Rutile shareholdings of your Sierra Rutile Directors).

To **REJECT** the Offer you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by PRM.

Target's Statement

1 Reasons to REJECT the Offer

1.1 The Offer is opportunistically timed ahead of key value catalysts such as the Sembehun DFS and does not reflect Sierra Rutile's significant strategic value

Sierra Rutile's recent share price performance has been adversely impacted by:

- a downturn in the mineral sands markets; and
- uncertainty relating to its Area 1 operations, given the recent suspension of operations and the ongoing discussions with the Government of Sierra Leone regarding the terms of the Third Amendment Agreement, which governs the fiscal regime applying to remaining production from the existing Area 1 operations and the consequential impact of that uncertainty on Sierra Rutile's ability to commit to necessary key long-term contracts in relation to its Area 1 operations.

These factors resulted in Sierra Rutile's share price trading at year-low levels, down 66% year-on-year immediately prior to the PRM Offer. Sierra Rutile's 1-month VWAP (to last close 19 March 2024, being the date before the announcement of the Offer) of A\$0.075 per share is significantly lower than its 12-month VWAP of A\$0.154 per share and 12-month high of A\$0.300 per share.

The Board is of the opinion that Sierra Rutile's current share price trading is not reflective of the company's true underlying value.

PRM has opportunistically timed the Offer shortly after Sierra Rutile announced it had suspended operations at Area 1, and while discussions between Sierra Rutile and the Government of Sierra Leone on any amendment to the Third Amendment Agreement remain ongoing, the outcome of which will be critical to resuming operations at Area 1.

PRM's Offer has also been lodged shortly in advance of the announced timing for the release of Sierra Rutile's DFS for the globally significant Sembehun Project. The Sembehun DFS is expected to be released by 12 April 2024. This is anticipated to confirm the strong economics and global significance of the Sembehun Project. The Board considers that the Offer implies no value at all for the Sembehun Project, as detailed below.

1.2 PRM's Offer and associated actions demonstrate PRM is seeking control without offering an adequate premium

The Offer Price of A\$0.095 per share implies:

- a significant discount of 38.28% to the 12-month VWAP of A\$0.154 per share;
- a premium of 8.46% to the 6-month VWAP of A\$0.088 per share;
- a premium of 24.71% to the 3-month VWAP of A\$0.076 per share; and
- a premium of only 21.79% to Sierra Rutile's last close price of A\$0.078 per share,

prior to the announcement of the Offer.

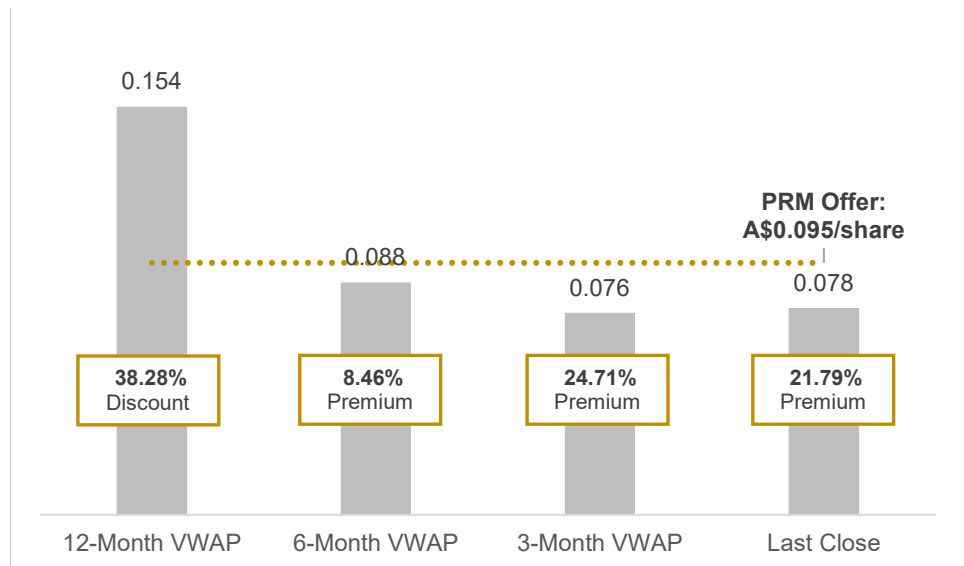


Figure 1: Sierra Rutile's historical share price performance (A\$ per share) relative to the Offer

The Directors believe PRM is seeking to create the impression of an offer premium and distract shareholders from understanding the true underlying value of the company. This is consistent with the 249D Notice issued by PRM on 20 March 2024 (see further information in relation to the 249D Notice in Section 5.7), approximately 3 weeks after it lodged its first substantial shareholder notice on 29 February 2024. Sierra Rutile believes this action demonstrates PRM is seeking to control who is on the Sierra Rutile Board without acquiring more than 50% of Sierra Rutile and paying a premium to Sierra Rutile Shareholders.

1.3 Sierra Rutile's Area 1 operations provide optionality, underpinned by its robust balance sheet

As at 31 December 2023, Area 1 had remaining Ore Reserves of 388 thousand tonnes of rutile.

Sierra Rutile is actively progressing discussions with the Government of Sierra Leone to reach an agreement on an appropriate fiscal regime under the Third Amendment Agreement that would support resumed production at Area 1, alongside supportive rutile market conditions.

As at 31 December 2023, Sierra Rutile had audited net assets of US\$115.5 million.

Sierra Rutile remains debt-free with a net working capital position of US\$59.9 million as at 31 March 2024 (unaudited, refer below). Total working capital reduced in the month of March largely as a result of one-off payments relating to redundancies totalling US\$3.7 million.¹

Sierra Rutile sold 30 thousand tonnes of rutile during the March 2024 quarter (11 thousand tonnes more than production) with total product sales amounting to US\$44.4 million. The standby costs of remaining in suspension are estimated to be approximately US\$3.5 million per month. At the date of this Target Statement, Sierra Rutile's cash balances are approximately US\$8.5 million and are expected to exceed US\$10 million at the end of April.

¹ This figure comprises of redundancy costs of US\$2.0 million, together with end of service benefits of US\$1.7 million (previously provided for).

SRX Net Working Capital Position	31 December 2023 (audited) US\$m	31 March 2024 (unaudited) US\$m
Cash	7.8	4.7
Receivables and prepayments	54.4	59.0
Finished goods inventories	31.7	16.0
Other inventories (excl consumables)	6.7	8.3
Trade and other payables	(34.5)	(28.1)
Net working capital	66.1	59.9

Total cash operating costs for the March 2024 quarter were US\$32.4 million of which US\$2.3 million related to site labour costs, contractor standby costs, and power and accommodation costs post the 11 March 2024 suspension of operations and have been removed from operating costs in the table below. In addition to operating costs, one-off redundancy costs of US\$2.0 million were incurred in the March 2024 quarter.

SRX Quarterly Physical and Financial	Units	Mar Qtr 2023	Dec Qtr 2023	Mar Qtr 2024
Mining				
Ore Mined	mt	3.8	1.6	2.1
HMC Grade	%	2.5	2.4	2.6
Rutile Grade	%	1.4	1.3	1.4
Production				
Rutile	kt	32	29	19
Ilmenite	kt	12	12	8
ZIC/GIC	kt	8	7	4
Sales				
Rutile	kt	30	34	30
Ilmenite	kt	11	-	24
ZIC/GIC	kt	7	11	-
Revenue & Cash Costs				
Revenue - Rutile	US\$m	42	43	34
Unit price - Rutile	US\$/t	1,427	1,258	1,129
Revenue - Ilmenite/ZIC/GIC	US\$m	5	4	10
Operating Costs	US\$m	43	41	30
Net Operating Cash Costs - Rutile	US\$m	37	36	20
Unit Operating Cash Costs - Rutile	US\$/t	1,339	1,421	1,570
Net Unit Operating Cash Costs - Rutile	US\$/t	1,166	1,268	1,042

A range of options for Area 1 are being assessed by the Board, including the potential for a re-start through to a closure case that would look to maximise the cash flows from this working capital balance. The optimal option will depend on various factors including the outcome of negotiations with Government of Sierra Leone and market dynamics. The Board is focussed on maximising value for all Sierra Rutile Shareholders and will ultimately take the option that demonstrably does this.

1.4 Sembehun DFS expected to be released by 12 April 2024 is anticipated to demonstrate significant value associated with the Sembehun Project

The Sembehun Project is a globally significant development project and is one of the largest and highest-grade natural rutile deposits in the world. As detailed in the pre-feasibility study completed in June 2022,² the project is expected to deliver steady state production of 176 thousand tonnes per annum of high-quality natural rutile over a mine life of more than 13 years.³ The project net present value (8%, ungeared, post tax, real) was estimated to be US\$318 million.⁴

Through leveraging existing Area 1 infrastructure and long-standing customer relationships, Sembehun presents a brownfields development option with significantly reduced risk relative to other typical greenfields development projects. In particular, if reproducing Sierra Rutile's mineral separation plant were required, it would materially add to the capital cost of a development such as Sembehun.

As announced on 28 March 2024, the Sembehun capex estimate developed by Sierra Rutile 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.

- This 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 a 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 Bidder's Statement highlights the significant strategic value which Sierra Rutile would provide to PRM given the scarcity of high-grade, large-scale natural rutile deposits globally.

The Sierra Rutile Directors believe that given the optionality and upside potential that Area 1 presents and Sierra Rutile's net working capital position, PRM's Offer of A\$0.095 per share, implying an equity value of approximately A\$40.3 million (or US\$26.6 million),⁵ clearly implies no value at all for the Sembehun Project.

The Directors expect when the Sembehun DFS outputs are announced, which is expected to be by 12 April 2024, these outputs will demonstrate strong economics and an attractive net present value for the Sembehun Project. Sierra Rutile has now received and is assessing and considering the DFS, and it is yet to be presented to Board for any final feedback before it is finalised and adopted by Sierra Rutile.

Sierra Rutile will release a Supplementary Target's Statement once the results of the DFS have been announced. The DFS will provide comprehensive information in relation to the Sembehun Project, which the Directors believe is a key

² Refer to the Information Memorandum prepared by Sierra Rutile in connection with its application for admission to the ASX, Section 3.12, lodged on the ASX 25 July 2022, via <https://www.asx.com.au/>.

³ Refer to Sierra Rutile ASX announcements 'Interim Financial Report for the half year ended 30 June 2023' dated 24 August 2023 and 'Information Memorandum and Demerger Booklet' dated 25 July 2022, via <https://www.asx.com.au/>.

⁴ Refer to the Information Memorandum prepared by Sierra Rutile in connection with its application for admission to the ASX, Section 3.12, lodged on the ASX 25 July 2022, via <https://www.asx.com.au/>.

⁵ Based on the Offer Price of A\$0.095 cash per share, implying an equity value for Sierra Rutile of approximately A\$40,302,462.47 at an AUD / USD exchange rate of 0.66.

component to considering the value of Sierra Rutile in the short, medium and longer term (even taking into account development and other relevant risks). The Directors consider Sierra Rutile Shareholders should take into account the DFS outputs before deciding what action, if any, they wish to take in relation to their Sierra Rutile Shares. Sierra Rutile is working to announce the results of the DFS as soon as possible, and as noted above, expects to do so by 12 April 2024.

1.5 Mineral sands market cycle showing signs of improvement

Sierra Rutile's recent performance has been negatively impacted by weak market conditions in the mineral sands sector, including weakened demand for titanium dioxides and consequent soft pricing.

Sierra Rutile's realised rutile price in the March 2024 quarter was 10% lower than the company's realised price in the December 2023 quarter as a result of a concerted effort to clear rutile inventories built up during the second half of 2023.

Sierra Rutile believes other key players in the titanium feedstock market have also observed soft demand in the second half of 2023, negatively impacting sales volumes.

The titanium dioxide market showed signs of improvement in late 2023, with pigment customers expected to replenish stocks in early 2024, supporting a return of demand to normalised patterns.⁶ This is consistent with the fact that whilst the March 2024 quarter reflected an overall realised rutile price averaging US\$1,129 per tonne, individual bulk rutile sales within the quarter demonstrated progressively improving prices.

Natural rutile's high purity, value-in-use, and environmental benefits mean it is a critical component in many chloride pigment producer's feedstock blend. Natural rutile's benefits are particularly valuable at pigment plants operating in jurisdictions under tight environmental regulations, and subject to high cost environment (chlorine and energy) or producing high quality pigment for the most demanding applications.

1.6 As the Offer is undertaken by way of an on-market takeover bid, it does not require a shareholder vote, and if you accept the Offer, you will be unable to participate in any increase in the PRM Offer Price or accept a superior proposal should one emerge

As the Offer is undertaken by way of an on-market takeover bid, it does not require a shareholder vote, and if Sierra Rutile shareholders accept the Offer now and sell their shares to PRM, they will cease to be shareholders of Sierra Rutile and consequently will not be able to participate in any increase by PRM to the Offer Price or any superior proposal should there be such an increase or any superior proposal is forthcoming.⁷

The Offer must remain open until at least 4.00pm (Melbourne time) on 5 May 2024 unless withdrawn or extended in accordance with the Corporations Act.

Since the announcement of the Offer, the Sierra Rutile Board has received a number of queries from interested parties and is the process of exploring the possibility of a potential competing proposal or other value enhancing transactions for Sierra Rutile (although there is no guarantee that any of these

⁶ Refer to Iluka Resources Limited ASX announcement 'Quarterly Review to 31 December 2023' dated 23 January 2024 via <https://www.asx.com.au/>.

⁷ As at the date of this Target's Statement, no superior proposal has emerged.

queries may result in a superior proposal). The Sierra Rutile Board will inform Sierra Rutile Shareholders if a superior proposal emerges.

2 Reasons why you may choose not to reject the Offer

2.1 PRM's potential influence over Sierra Rutile

Even if PRM is not successful in acquiring all of the Sierra Rutile Shares it does not own, PRM may have the capacity to exert greater influence over the manner in which Sierra Rutile's business is conducted. For example:

- PRM's disclosure indicates that, as at the Last Practicable Date, it held an 11.46% interest in Sierra Rutile shares. PRM has issued notices pursuant to sections 203D and 249D requesting to remove 3 directors and appoint 4 nominee directors (see Section 5.7 for further information). If PRM is successful at appointing a majority of directors on the Sierra Rutile Board, it will be able to exercise control over Sierra Rutile Board decisions, such as on matters pertaining to company strategy and capital allocation policy;
- if PRM acquires a majority interest in Sierra Rutile shares, PRM will have the power to ensure it can appoint a majority of directors to the Sierra Rutile Board; and
- if PRM were to acquire a Relevant Interest in 75% or more of Sierra Rutile Shares, it would be in a position to cast the votes required to determine the outcome of a special resolution. The ability to pass a special resolution would enable PRM to, among other things, amend Sierra Rutile's Constitution without the need for support from other Sierra Rutile Shareholders.

2.2 Ongoing risks with Sierra Rutile business

The ongoing uncertainty regarding Sierra Rutile's Area 1 operations, ability to negotiate an acceptable outcome on the Third Amendment Agreement with the Government of Sierra Leone, ability to progress the development and funding of Sembahun and continued exposure to mineral sands markets may not align to the risk appetite of Sierra Rutile shareholders.

2.3 Impact on Sierra Rutile share price and liquidity

Sierra Rutile's share price may fall if no superior proposal emerges and the Offer does not succeed or if PRM does not acquire 100% ownership of Sierra Rutile.

Trading in Sierra Rutile Shares may become less liquid should PRM achieve a much greater shareholding than PRM currently holds, which may adversely affect the value at which you are able to dispose of your Sierra Rutile Shares in the future.

2.4 You may not agree with the Directors' recommendation

Despite the recommendation provided by the Sierra Rutile Board in this Target's Statement to **REJECT** the Offer, you may take a different view and believe that notwithstanding the recent trading in Sierra Rutile Shares being at a premium to the consideration under the Offer, the consideration represents fair value.

3 Frequently asked questions

This Section answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for Sierra Rutile Shareholders. This Section should be read together with the rest of this Target's Statement.

#	Question	Answer	Further information
3.1 Information about the Offer			
(a)	What is this Target's Statement?	This Target's Statement has been prepared by Sierra Rutile and provides Sierra Rutile's response to the Offer to help you decide whether to accept or reject the Offer, including the recommendation of your Sierra Rutile Directors to REJECT the Offer.	N/A
(b)	What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of the Offer. PRM lodged the Bidder's Statement with ASIC and released on the ASX on 20 March 2024 and served it on Sierra Rutile on the same date. On 26 March 2024, PRM lodged its First Supplementary Bidder's Statement and Replacement Bidder's Statement with ASIC, released it on the ASX and served it on Sierra Rutile on the same date. You should also receive a copy of the Bidder's Statement on or about 4 April 2024.	N/A
(c)	Who is making the Offer?	The Offer is made by PRM. PRM is a Puerto Rican registered company which currently has a Relevant Interest in 48,627,357 Sierra Rutile Shares, giving it approximately 11.46% of the total Voting Power in Sierra Rutile.	Section 5.1
(d)	What is the Offer?	PRM is offering to acquire all of your Sierra Rutile Shares for A\$0.095 cash per Sierra Rutile Share by way of an on-market takeover bid on the terms and conditions set out in the Bidder's Statement.	Section 5.2
(e)	Will there be a shareholder vote on the Offer?	No. As the Offer is undertaken by way of an on-market takeover bid, it does not require a shareholder vote.	N/A
(f)	When does the Offer close?	The Offer is currently scheduled to close at 4:00pm (Melbourne time) on 5 May 2024, unless withdrawn or	Section 5.2(b)

#	Question	Answer	Further information
		<p>extended in accordance with the Corporations Act.</p> <p>Your Sierra Rutile Directors will keep you informed if there are any material developments in relation to the Offer.</p> <p>If you wish to follow the Sierra Rutile Directors' recommendation and REJECT the Offer, you do not need to do anything.</p>	
(g)	Can PRM extend the closing date of the Offer?	<p>Yes. PRM can extend the Offer in accordance with the Corporations Act.</p> <p>In addition, the Offer Period may be extended automatically in certain circumstances.</p> <p>PRM cannot extend the Offer Period during the last 5 trading days the Offer Period, other than in limited circumstances.</p> <p>The Offer Period cannot exceed 12 months.</p>	Section 5.2(c)
3.2 The recommendation of your Sierra Rutile Directors			
(a)	What is the recommendation of your Sierra Rutile Directors?	<p>Your Sierra Rutile Directors unanimously recommend that you REJECT the Offer. To follow your Sierra Rutile Directors' recommendation, you should DO NOTHING. If there is a change in this recommendation or any material developments in relation to the Offer, Sierra Rutile will lodge a supplementary target's statement.</p>	Page 5 and Section 1
(b)	Why do your Sierra Rutile Directors recommend you REJECT the Offer?	<p>The key reasons why your Sierra Rutile Directors recommend you REJECT the Offer are:</p> <ul style="list-style-type: none"> the Offer is opportunistically timed ahead of key value catalysts such as the Sembehun DFS and does not reflect Sierra Rutile's significant strategic value; PRM's Offer and associated actions demonstrates PRM is seeking control without offering an adequate premium; 	Section 1

#	Question	Answer	Further information
		<ul style="list-style-type: none"> Sierra Rutile's Area 1 operations provide optionality, underpinned by its robust balance sheet; Sembehun DFS expected by 12 April 2024 is anticipated to demonstrate significant value associated with the Sembehun Project; the mineral sands market cycle is showing signs of improvement; and as the Offer is undertaken by way of an on-market takeover bid, it does not require a shareholder vote, and if you accept the Offer, you will be unable to participate in any increase in the Offer Price or accept a superior proposal should one emerge. 	
(c)	What do your Sierra Rutile Directors intend to do with their own Sierra Rutile Shares?	Each Sierra Rutile Director who holds or controls Sierra Rutile Shares intends to REJECT the Offer under its current terms in respect of those Sierra Rutile Shares.	Section 8.1
(d)	What happens if the Offer Price is improved?	<p>If PRM improves the Offer Price, your Sierra Rutile Directors will carefully consider the revised Offer and advise you accordingly.</p> <p>If PRM improves the Offer Price, and you have already accepted the Offer, you will not be entitled to the benefit of that increased consideration.</p>	Section 5.3
(e)	What will happen if a superior proposal emerges?	<p>Your Sierra Rutile Directors will carefully consider any competing or superior proposal and will advise Sierra Rutile Shareholders if a superior proposal emerges.</p> <p>If a superior proposal emerges and you have already accepted the Offer, you will not be able to accept the superior proposal.</p>	Section 7.2(b)
(f)	Will I receive further advice from Sierra Rutile Directors during the Offer Period?	The Sierra Rutile Directors will be closely monitoring the progress of the Offer.	N/A

#	Question	Answer	Further information
		<p>If circumstances change, or if matters arise which should be drawn to the attention of Sierra Rutile Shareholders, or which cause any change or variation to the advice of your Sierra Rutile Directors in this Target's Statement, the Sierra Rutile Directors will ensure that Sierra Rutile Shareholders are promptly and appropriately advised.</p>	
3.3 Your choices as a Sierra Rutile Shareholder			
(a)	What choices do I have as a Sierra Rutile Shareholder?	<p>As a Sierra Rutile Shareholder, you have 3 choices available:</p> <ol style="list-style-type: none"> 1. REJECT the Offer and DO NOTHING and remain a Sierra Rutile Shareholder (unless your Sierra Rutile Shares are Compulsorily Acquired). If you agree with the Sierra Rutile Directors' recommendation to REJECT the Offer then do not fill in or return any of the Offer documentation. Ignore all correspondence, documents and communications received from PRM. You are not required to do anything. 2. Sell your Sierra Rutile Shares on ASX. If you sell your Sierra Rutile Shares on ASX, you: <ul style="list-style-type: none"> • will lose the ability to accept any superior proposal for your Sierra Rutile Shares, if one emerges; • may incur a tax liability on the sale of those Sierra Rutile Shares; • may incur a brokerage charge; and • will lose the opportunity to receive future returns from Sierra Rutile in relation to those Sierra Rutile Shares (although there is no certainty as to whether such events will occur). 3. Accept the Offer for all or some of your Sierra Rutile 	Section 4

#	Question	Answer	Further information
		<p>Shares. If you choose to accept the Offer you should follow the instructions in the Bidder's Statement. However, you should note that the Sierra Rutile Directors' unanimous recommendation is that you REJECT the Offer. Once you accept the Offer, you will not be able to withdraw your acceptance.</p> <p>If you are in any doubt as to what to do, your Sierra Rutile Directors recommend that you seek independent financial and tax advice from your professional advisers. Sierra Rutile Shareholders should carefully consider the Sierra Rutile Directors' recommendation and other important information set out in this Target's Statement.</p>	
(b)	What happens if I do nothing?	<p>You will remain a Sierra Rutile Shareholder.</p> <p>However, if PRM acquires 90% or more of Sierra Rutile Shares, PRM has stated that it intends to Compulsorily Acquire your Sierra Rutile Shares.</p> <p>If PRM acquires between 50% and 90% of Sierra Rutile Shares under the Offer you will become a minority shareholder of Sierra Rutile.</p>	Sections 5.5 and 5.6
(c)	How do I REJECT the Offer?	To REJECT the Offer, you should DO NOTHING . You should TAKE NO ACTION in relation to all documents from PRM regarding the Offer.	Section 4
(d)	How do I accept the Offer?	To accept the Offer, you should refer to section 2 of the Bidder's Statement for instructions on how to do so. However, the Sierra Rutile Directors unanimously recommend that you REJECT the Offer.	Section 4
(e)	What are the risks of rejecting the Offer?	If you REJECT the Offer you will continue to hold Sierra Rutile Shares and your investment will remain subject to the risks associated with Sierra Rutile.	Section 7.3

#	Question	Answer	Further information
(f)	What are the risks of accepting the Offer?	If PRM improves the Offer Price or if a superior proposal emerges, and you have already accepted the Offer, you will not be entitled to the benefit of that increased consideration or superior proposal.	Section 7.2
(g)	What are the consequences of accepting the Offer now?	If you accept the Offer, you will <ul style="list-style-type: none"> • have sold your Sierra Rutile Shares to PRM; • not be able to withdraw your acceptance; • receive payment of the Offer Price for that Sierra Rutile Shares on a T+2 basis; and • if PRM improves the Offer Price or if a superior proposal emerges, you are not entitled to the improved Offer Price or be able to accept the superior proposal. 	Section 5.3
(h)	Can I accept the Offer for only some of my Sierra Rutile Shares?	Yes, you can accept the Offer with respect to some or all of your Sierra Rutile Shares.	Section 5.2
(i)	If I accept, can I later change my decision and revoke or withdraw my acceptance?	No, once the Offer is accepted, you cannot withdraw that acceptance.	Section 5.4
(j)	If I choose to accept the Offer, when will I receive the Offer Price?	If you accept the Offer, you will receive the Offer Price on a T+2 basis.	Section 5.2(a)
(k)	Can I be forced to sell my Sierra Rutile Shares?	You cannot be forced to sell your Sierra Rutile Shares unless PRM is legally entitled to proceed to Compulsory Acquisition of the Sierra Rutile Shares. If PRM obtains more than 90% Voting Power in Sierra Rutile, then (subject to satisfaction of various legal requirements) PRM will be entitled to proceed to Compulsory Acquisition of Sierra Rutile Shares held by Sierra Rutile Shareholders who did not accept the Offer, in which case you will receive the same consideration as the Offer Price, but it will take longer for you to receive	Section 5.5

#	Question	Answer	Further information
		your Offer Price. PRM has stated that it intends to Compulsorily Acquire your Sierra Rutile Shares if it acquires 90% or more of Sierra Rutile Shares.	
(l)	During the period of the Offer, can I sell my Sierra Rutile Shares on ASX?	Yes, unless you have accepted the Offer in respect of those Sierra Rutile Shares.	Section 4
3.4	Other		
(a)	Are there any tax consequences of accepting the Offer?	<p>A general outline of the tax consequences for certain Sierra Rutile Shareholders of accepting the Offer is set out in section 8 of the Bidder's Statement and Section 5.8.</p> <p>You should not rely on the outline in the Bidder's Statement (or this FAQ 3.4(a) or Section 5.8) as advice on your own tax affairs. It does not deal with the position of certain Sierra Rutile Shareholders. Your Sierra Rutile Directors encourage you to seek your own professional financial and tax advice before making a decision whether or not to accept the Offer.</p>	Section 5.8
(b)	Will I need to pay brokerage or stamp duty if I accept the Offer?	As the Offer is by way of an on-market takeover bid, brokerage, fees or other charges may be payable by you upon acceptance of the Offer. No stamp duty however will be payable by you if you accept the Offer.	Section 5.8(f) regarding stamp duty
(c)	Can PRM withdraw its Offer?	<p>PRM may only withdraw the Offer in respect of any Offers that are unaccepted:</p> <ul style="list-style-type: none"> with the written consent of ASIC in accordance with the requirements of the Corporations Act and subject to the conditions (if any) specified in such consent; or where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence PRM's Voting Power in Sierra Rutile is at or below 50%; or 	Section 5.2(d)

#	Question	Answer	Further information
		<ul style="list-style-type: none"> upon the occurrence of an Insolvency Event in relation to Sierra Rutile. <p>Notice of withdrawal of the Offer must be given by PRM to ASX.</p>	
(d)	Is the Offer open to exercised Sierra Rutile Performance Rights and/or Sierra Rutile Restricted Rights?	The Offer will not extend to the acquisition of any Sierra Rutile Performance Rights or Sierra Rutile Restricted Rights currently on issue. However, the Offer will extend to any Sierra Rutile Shares that are issued between 20 March 2024 and the end of the Offer Period as a result of the vesting and exercise of Sierra Rutile Performance Rights or Sierra Rutile Restricted Rights.	Section 5.2(e)
(e)	Will Sierra Rutile remain listed on ASX?	<p>That depends on the outcome of the Offer.</p> <p>If PRM Compulsorily Acquires the Sierra Rutile Shares (as is its stated intention if it becomes entitled to do so), then Sierra Rutile will be delisted from ASX following the completion of the Compulsory Acquisition process. In addition, PRM has stated that if it were to acquire a Relevant Interest of more than 50% but less than 90% of Sierra Rutile Shares, PRM will consider the removal of Sierra Rutile from the official list of ASX. Further information on PRM's intentions on delisting Sierra Rutile is set out at section 6.4(d) and 6.5(c) of the Bidder's Statement.</p> <p>Any proposal to delist Sierra Rutile from ASX will require ASX's consent and may be subject to conditions imposed by ASX.</p>	Section 5.9
(f)	How can I get updates on the Sierra Rutile Share price?	You can receive updates by visiting the ASX website at www.asx.com.au using the code 'SRX'.	Section 8.10
(g)	If I have any questions who can I contact?	<p>You can contact the Sierra Rutile Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (Melbourne time), Monday to Friday excluding national public holidays.</p> <p>Announcements made to ASX by Sierra Rutile and other information</p>	N/A

#	Question	Answer	Further information
		relating to the Offer can be obtained from Sierra Rutile's website at https://sierra-rutile.com/ .	

4 Your choices as a Sierra Rutile Shareholder

The Sierra Rutile Directors unanimously recommend that you **REJECT** the Offer

However, as a Sierra Rutile Shareholder you have 3 choices currently available to you.

Your Sierra Rutile Directors encourage you to consider your personal risk profile, investment objectives and financial and tax circumstances before making a decision as to whether or not to accept the Offer for your Sierra Rutile Shares.

<p>Option 1</p> <p>REJECT the Offer</p>	<p>If you do not wish to accept the Offer and wish to retain your Sierra Rutile Shares, you should DO NOTHING. Simply disregard the documents sent to you by PRM. In particular, you should not respond to any documentation sent to you by PRM or any other communication from PRM (including telephone solicitation or canvassing by PRM or its representatives).</p> <p>This is the approach recommended by your Sierra Rutile Directors.</p> <p>You should note that:</p> <ul style="list-style-type: none">• if you choose not to accept the Offer, you will not receive any Offer Price unless PRM holds 90% of the Sierra Rutile Shares at the end of the Offer Period. In this event (subject to satisfaction of various legal requirements), PRM will become entitled to Compulsorily Acquire all those Sierra Rutile Shares that it does not already own (see Section 5.5 for further information regarding Compulsory Acquisition); and• if PRM acquires more than 50% but less than 90% of the Sierra Rutile Shares and you continue to hold Sierra Rutile Shares, you will be exposed to the risks associated with being a minority shareholder of Sierra Rutile. Some of these risks are explained in Section 5.6.
<p>Option 2</p> <p>Sell your Sierra Rutile Shares on market</p>	<p>During the Offer Period, you may sell your Sierra Rutile Shares on market through ASX at the prevailing market price for cash (less any brokerage), provided you have not accepted the Offer.</p> <p>As at the Last Practicable Date, the closing price of Sierra Rutile Shares was A\$0.115, being higher than the Offer Price of A\$0.095 per Sierra Rutile Share offered under the Offer.</p> <p>If you sell your Sierra Rutile Shares on the ASX, you:</p> <ul style="list-style-type: none">• will lose the ability to accept any superior proposal for your Sierra Rutile Shares if one emerges;• may incur a tax liability on the sale of those Sierra Rutile Shares;• may incur a brokerage charge; and• will lose the opportunity to receive future returns from Sierra Rutile in relation to those Sierra Rutile Shares

	<p>(although there is no certainty as to the future returns from Sierra Rutile and there are a range of risks in relation to an ongoing investment in Sierra Rutile – see Section 7).</p> <p>You should contact your broker for information on how to sell your Sierra Rutile Shares on ASX and your tax adviser to determine your tax implications from such a sale.</p>
<p>Option 3</p> <p>Accept the Offer</p>	<p>The Sierra Rutile Directors unanimously recommend that you REJECT the Offer.</p> <p>However, if you choose to accept the Offer in respect of a Sierra Rutile Share, you:</p> <ul style="list-style-type: none"> • will have sold that Sierra Rutile Share to PRM; • will not be able to revoke or withdraw your acceptance; • will not be able to sell your Sierra Rutile Shares on market or accept a higher price as part of a superior proposal if one emerges; • may incur a brokerage charge; and • you may be liable for tax on the disposal of your Sierra Rutile Shares as a result of your acceptance. An overview of the tax consequences for certain Australian resident Sierra Rutile Shareholders of selling Sierra Rutile Shares is provided in section 8 of the Bidder’s Statement. See also Section 5.8 for further information on the tax consequences of the Offer. <p>If PRM increases the Offer Price, all Sierra Rutile Shareholders who have already accepted the Offer before then, will not be entitled to receive the increased Offer Price.</p> <p>Further information on the consequences of accepting the Offer is discussed in Section 5.3. See section 2 of the Bidder’s Statement for instructions on how to accept the Offer.</p>

5 Information about PRM, the Offer and other important information

5.1 Information about PRM⁸

(a) Overview

PRM is a holding and investment company of various entities which trade business globally and in Africa in the commodity space, but more specifically critical metals and minerals. Craig Dean is the Chairman and controlling shareholder of PRM. No specific information about the entities in respect of which PRM is the holding and investment company is set out in the Bidder's Statement.

(b) Overview of PRM's interest in Sierra Rutile

According to section 5.8(a) of the Bidder's Statement and its most recent substantial holding notice, PRM held 48,627,357 Sierra Rutile Shares representing an interest and voting power of approximately 11.46% of Sierra Rutile Shares as at the Last Practicable Date.

5.2 Summary of the Offer

PRM lodged with ASIC, released to ASX and served on Sierra Rutile a copy of the Bidder's Statement on 20 March 2024, which contains the Offer to Sierra Rutile Shareholders to acquire all of your Sierra Rutile Shares. On 26 March 2024, PRM lodged with ASIC, released to ASX and served on Sierra Rutile a copy of the First Supplementary Bidder's Statement and Replacement Bidder's Statement.

You may accept the Offer with respect to some or all of your Sierra Rutile Shares.

(a) Offer Price

PRM is offering A\$0.095 in cash for every Sierra Rutile Share that you hold.

If you accept the Offer, you will receive the Offer Price 2 Trading Days after your acceptance.

(b) Offer Period

The Offer period officially commenced at 10:00am (Melbourne time) on 4 April 2024 but Sierra Rutile Shareholders could sell their Sierra Rutile Shares on-market to PRM from 10:00am (Melbourne time) from the date of the Bidder's Statement, being 20 March 2024. The Offer Period closes at 4.00pm (Melbourne time) on 5 May 2024 unless the Offer is withdrawn or the Offer Period is extended in accordance with the Corporations Act.

Instructions on how to accept the Offer are set out in the Bidder's Statement in section 2. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid. Once you accept the Offer, you may not revoke or withdraw your acceptance (see Section 5.4).

⁸ This information regarding PRM has been collated from public sources, including the Bidder's Statement and has not been independently verified. The information included should not be considered comprehensive.

(c) **Extension of the Offer Period**

The Offer Period may be extended at any time prior to the last 5 trading days of the Offer Period, or in limited circumstances, at any time prior to the end of the Offer Period (in accordance with the Corporations Act).

In addition, there will be automatic extension of the Offer Period if PRM's Voting Power in Sierra Rutile increases to more than 50% during the last 7 days of the Offer Period. In this case, the Offer Period will end on the 14th day after PRM's Voting Power in Sierra Rutile increases to more than 50%.

The maximum duration of the Offer Period is 12 months.

(d) **Withdrawal of the Offer**

PRM may withdraw the Offer with respect to any unaccepted Offers if:

- (i) it obtains the written consent of ASIC and subject to the conditions (if any) specified in such consent.
- (ii) where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence PRM's Voting Power in Sierra Rutile is at or below 50%; or
- (iii) where Sierra Rutile experiences an Insolvency Event.

(e) **Performance Rights and Restricted Rights**

The Offer does not extend to the acquisition of any Sierra Rutile Performance Rights or Sierra Rutile Restricted Rights currently on issue.

However, the Offer extends to any Sierra Rutile Shares that are issued between 20 March 2024 and the end of the Offer Period as a result of the vesting and exercise of Sierra Rutile Performance Rights or Sierra Rutile Restricted Rights.

(f) **Conditions of the Offer**

The Offer is unconditional.

5.3 **Effect of acceptance**

If you have accepted the Offer:

- (a) **you will have sold your Sierra Rutile Shares to PRM;**
- (b) **you will be paid the Offer Price on a T+2 basis;**
- (c) **you will not be able to accept any superior proposal** that may be made or any alternative superior transaction that may be recommended by the Sierra Rutile Board⁹. Since the announcement of the Offer, the Sierra Rutile Board has received a number of queries from interested parties and is the process of exploring the possibility of a potential competing proposal or other value enhancing transaction for Sierra Rutile (although there is no guarantee that any of these queries may result in a superior proposal). The Sierra Rutile Board will inform Sierra Rutile Shareholders immediately if a superior proposal emerges;

⁹ As at the date of this Target's Statement, no superior proposal has emerged.

- (d) **you will not be able to sell** or otherwise deal with your Sierra Rutile Shares on market;
- (e) **you will not be entitled to the benefit of any improved consideration** if PRM improves the Offer Price; and
- (f) **you may be liable to pay tax** on the disposal of your Sierra Rutile Shares which may have financial consequences (as discussed in Section 5.8).

5.4 Revocation and withdrawal rights

If you accept the Offer in respect of a Sierra Rutile Share, you will not be able to revoke or withdraw your acceptance.

5.5 Compulsory Acquisition

(a) Post-bid Compulsory Acquisition

PRM will be entitled to Compulsorily Acquire any outstanding Sierra Rutile Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, PRM (taken together with its Associates):

- (i) has a Relevant Interest in at least 90% (by number) of the Sierra Rutile Shares on issue at the relevant time; and
- (ii) has acquired at least 75% (by number) of Sierra Rutile Shares for which it has made an Offer.

PRM has indicated in section 6.5(a) of its Bidder's Statement that if it becomes entitled to proceed to Compulsorily Acquire outstanding Sierra Rutile Shares, it intends to do so.

If the Compulsory Acquisition thresholds above are met, PRM will have one month from the end of the Offer Period within which to give Compulsory Acquisition notices to Sierra Rutile Shareholders who have not accepted the Offer, but it may choose to commence Compulsory Acquisition as soon as the relevant thresholds are satisfied. The consideration payable by PRM will be the Offer Price last offered under the Offer. A Sierra Rutile Shareholder has statutory rights to challenge the Compulsory Acquisition, but this will require the relevant Sierra Rutile Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for their Sierra Rutile Shares.

In addition, PRM must also offer to buy out the remaining holders of any outstanding securities that are convertible into Sierra Rutile Shares. In such circumstances, PRM must give notice of the terms of the acquisition along with an expert's report to holders of those convertible securities of their right to be bought out, during, or within one month after the end of, the Offer Period. A copy of the notice must be lodged with ASX and ASIC. Within one month after the notice is given by PRM, the relevant holders of those convertible securities may choose to give PRM notice requiring PRM to acquire their securities. If the parties do not agree to the terms of the sale, then the issue may be resolved by a court.

(b) General Compulsory Acquisition

If PRM does not become entitled to Compulsorily Acquire Sierra Rutile Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general Compulsory Acquisition rights in relation to the Sierra Rutile

Shares and any securities that are convertible to Sierra Rutile Shares under Part 6A.2 Division 1 of the Corporations Act.

Broadly, PRM will be entitled to Compulsorily Acquire:

- (i) all outstanding Sierra Rutile Shares, if PRM (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by number) of Sierra Rutile Shares; and
- (ii) any outstanding securities that are convertible into Sierra Rutile Shares, if PRM's Voting Power in Sierra Rutile is at least 90% and PRM (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by value) of all securities in Sierra Rutile that are Sierra Rutile Shares or convertible into Sierra Rutile Shares.

If this threshold is met, PRM will have 6 months after PRM becomes a 90% holder within which to give Compulsory Acquisition notices to the relevant holders. The Compulsory Acquisition notices sent must be accompanied by an expert's report and an objection form.

The expert's report must consider whether PRM's price for Compulsory Acquisition under this procedure gives "fair value" for the Sierra Rutile securities concerned and the expert's reasons for forming that opinion.

Sierra Rutile securityholders with at least 10% of the securities covered by the Compulsory Acquisition notice may challenge any Compulsory Acquisition relating to their securities and object to the acquisition before the end of the objection period (which must be at least one month). If this occurs, PRM may apply to the court for approval of the acquisition of the securities covered by the notice. The court must approve the acquisition if PRM establishes that the terms offered give fair value for the securities being acquired. The costs incurred by any securityholder who objects in legal proceedings in relation to the Compulsory Acquisition must be borne by PRM, unless the court is satisfied that the securityholder acted improperly, vexatiously or otherwise unreasonably.

5.6 Implications of PRM acquiring more than 50% but less than 90% of Sierra Rutile Shares

If PRM acquires a Relevant Interest of more than 50%, but less than 90% of Sierra Rutile Shares, Sierra Rutile Shareholders who do not accept the Offer will become minority shareholders in Sierra Rutile. This has a number of possible implications, including:

- (a) the number of Sierra Rutile Shares traded on ASX could be significantly reduced, thereby potentially lessening the value of the shareholdings of Sierra Rutile Shareholders who do not accept the Offer (i.e., these Sierra Rutile Shareholders run the risk of being minority shareholders in a company with reduced share trading liquidity). Sierra Rutile Shares could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value or be at a lower price should Sierra Rutile Shareholders wish to sell them in the future;
- (b) subject to satisfying the relevant ASX requirements, PRM has stated its intention to seek to remove Sierra Rutile from the official list of ASX (see Section 5.9 for more information on the implications of a potential delisting). If this occurs, Sierra Rutile Shares will not be able to be traded on ASX;

- (c) PRM will be in a position to cast the majority of votes at a general meeting of Sierra Rutile Shareholders. This will enable it to control the composition of the Sierra Rutile Board and senior management and control the strategic direction of Sierra Rutile and its Subsidiaries;
- (d) PRM has stated in section 6.4(a) of its Bidder's Statement that, PRM intends to change the Sierra Rutile Board by removing each of Gregory Martin, Graham Davidson and Joanne Palmer and replacing them with Craig Dean, Wara Serry Kamal, Stephen Palmer and Zhuoying Jing. This will allow PRM's nominees on the Sierra Rutile Board to determine the strategic direction of the business and capital management. There is a risk that Sierra Rutile Shareholders may be dissatisfied with the altered strategic direction or the altered Board composition or that such alterations may adversely impact the Sierra Rutile business;
- (e) if PRM acquires 75% or more of Sierra Rutile Shares, it will be able to pass special resolutions at meetings of Sierra Rutile Shareholders. This will enable PRM to, among other things, change the Sierra Rutile Constitution; and
- (f) it is possible that even if PRM is not entitled to proceed to Compulsory Acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general Compulsory Acquisition under Part 6A.2 of the Corporations Act. For example, as a result of acquisitions of Sierra Rutile Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, it may exercise those rights.

5.7 Implications of PRM acquiring 50% or less of Sierra Rutile Shares and proposed Board changes

PRM has indicated at section 6.3 of the Bidder's Statement that if it acquires 50% or less of the Sierra Rutile Shares, its intentions are to change the Sierra Rutile Board, with PRM's nominees in the same manner as noted above under Section 5.6(d).

On 20 March 2024, PRM issued notices on Sierra Rutile pursuant to sections 203D and 249D of the Corporations Act, requisitioning a meeting and proposing resolutions to change the Sierra Rutile Board¹⁰ by (one of the resolutions originally proposed by PRM was subsequently withdrawn on 26 March 2024):¹¹

- removing each of Gregory Martin, Graham Davidson and Joanne Palmer as Directors; and
- appointing Craig Dean, Wara Serry Kamal, Stephen Palmer and Zhuoying Jing as Directors.

Sierra Rutile intends to consider the resolutions put forward by PRM at its Annual General Meeting, to be held on 16 May 2024.

Also, on 22 March 2024, Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Fund (**STAM**) gave notice to Sierra Rutile pursuant to section 249N of the Corporations Act, that it proposes to move resolutions to appoint David Birrell as a director of Sierra Rutile and to remove Gregory Martin as a director of Sierra Rutile, at Sierra Rutile's next general

¹⁰ See Sierra Rutile's ASX announcement dated 21 March 2024 "Notice received under section 249D of the Corporations Act" via <https://www.asx.com.au/>.

¹¹ See Sierra Rutile's ASX announcement dated 27 March 2024 "Update on section 249D Notice and Director Nomination" via <https://www.asx.com.au/>.

meeting.¹² STAM's proposed resolutions will be put forward at Sierra Rutile's Annual General Meeting.

In addition, Mano Mining and Logistics Limited and Rockbridge Overseas Limited have nominated Jan Joubert as a candidate for election to the office of a director of Sierra Rutile at Sierra Rutile's Annual General Meeting.¹³ This resolution will be put forward at Sierra Rutile's Annual General Meeting.

There are a number of potential outcomes and implications for Sierra Rutile depending on which resolutions to change the Sierra Rutile Board are passed.

There is a risk however, in the event that all or some of the resolutions proposed by PRM to change the Sierra Rutile Board are passed, that PRM ends up controlling a majority of the Board, so that:

- (a) PRM will gain effective control of Sierra Rutile, even if it holds less than 50% of the Sierra Rutile Shares;
- (b) the Board will no longer be comprised of a majority of independent directors (which is inconsistent with the recommendations set out in ASX Corporate Governance Principles and Recommendations, 4th edition); and
- (c) there is a risk that Sierra Rutile Shareholders may be dissatisfied with the altered strategic direction of the Board and that such alterations may adversely impact the Sierra Rutile business.

5.8 Tax consequences

(a) Introduction

The following is a brief outline of the certain Australian tax consequences generally applicable to a Sierra Rutile Shareholder who disposes of Sierra Rutile Shares by accepting the Offer.

It is also relevant to those Sierra Rutile Shareholders who do not accept the Offer, if those Sierra Rutile Shares are Compulsorily Acquired following PRM acquiring a Relevant Interest in at least 90% of the Sierra Rutile Shares at any time during the Offer Period.

This summary does not consider the Australian tax considerations that may be relevant for:

- (i) Sierra Rutile Shareholders who:
 - (A) hold (or will hold) their Sierra Rutile Shares as trading stock or on revenue account,
 - (B) are exempt from Australian tax,
 - (C) acquired (or are deemed to have acquired) their Sierra Rutile Shares prior to 20 September 1985 or have an indexed cost base for their Sierra Rutile Shares;
 - (D) are subject to the Taxation of Financial Arrangements provisions in Division 230 of the Tax Act or the

¹² See Sierra Rutile's ASX announcement dated 22 March 2024 "Notice received under section 249N of the Corporations Act" via <https://www.asx.com.au/>.

¹³ See Sierra Rutile's ASX announcement dated 27 March 2024 "Update on section 249D Notice and Director Nomination" via <https://www.asx.com.au/>.

Investment Manager Regime under Subdivision 842-I of the Tax Act;

- (E) acquired their Sierra Rutile Shares pursuant to an employee share, option or rights plan;
 - (F) are under a legal disability;
 - (G) are partnerships or are partners of such partnerships;
 - (H) hold their share as trustee or nominee for another entity; or
 - (I) have changed, or change, their tax residence while holding Sierra Rutile Shares;
- (ii) financial institutions, insurance/life insurance companies, partnerships or partners in a partnership, trusts or beneficiaries under trusts, sovereign entities, superannuation/pension funds or temporary residents; or
 - (iii) Australian residents who hold their Shares as part of a business carried on at or through a permanent establishment in a foreign country.

This Section is general in nature and based on current Australian law and takes into account Sierra Rutile's understanding of the current administrative practices of Australian revenue authorities as at the date of this Target's Statement. It is not advice to any particular Sierra Rutile Shareholder and does not set out all the Australian tax considerations that may be applicable. This outline does not take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation or regulatory policies of countries apart from Australia.

You should seek your own tax advice that takes into account your personal circumstances. Sierra Rutile Shareholders who are tax resident of a country other than Australia should also take into account the tax consequences of the Offer under the laws of their country of residence.

(b) Taxation on the disposal of Sierra Rutile Shares

If you accept the Offer, or if PRM proceeds to Compulsorily Acquire your Sierra Rutile Shares, the disposal of your Sierra Rutile Shares will be a capital gains tax (CGT) event.

For Sierra Rutile Shareholders who accept the Offer, the date of the CGT event will be the date the contract to dispose of your Sierra Rutile Shares is formed, being the date the Offer is accepted.

For Sierra Rutile Shareholders whose Sierra Rutile Shares are Compulsorily Acquired, the date of the CGT event will be the date when PRM becomes the owner of your Sierra Rutile Shares.

(c) Australian resident Sierra Rutile Shareholders

You may make a capital gain or loss on the disposal of your Sierra Rutile Shares. You will make a capital gain to the extent that your capital proceeds from the disposal of a Sierra Rutile Share are more than your cost base for that Sierra Rutile Share. You will make a capital loss to the extent that your capital proceeds from the disposal of the Sierra Rutile Share are less than your reduced cost base for that Sierra Rutile Share. Your cost base for a Sierra Rutile Share generally

includes your cost of acquisition of the Sierra Rutile Share and certain incidental costs of acquisition and disposal in respect of that Sierra Rutile Share that are not deductible to you. The reduced cost base of a Sierra Rutile Share is determined in a similar (but not identical) manner. There may be circumstances where the cost base or reduced cost base is determined differently. We recommend that you seek tax advice to confirm the cost base or the reduced cost base of your Sierra Rutile Shares.

The capital proceeds should generally be the total cash consideration you receive for your Sierra Rutile Shares.

Any net capital gain in respect of an income year should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year is calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. The amount may be further reduced by other concessions, such as under the discount CGT rules (see below).

Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to the satisfaction of any applicable loss utilisation rules).

Individuals may be eligible for discount capital gains treatment in respect of a Sierra Rutile Share that has been held for at least 12 months at the time of the disposal of the Sierra Rutile Share, meaning the capital gain (after taking into account capital losses) will be reduced by 50%. Different rates apply for certain complying superannuation funds. Companies are not eligible for discount CGT treatment. You should seek specific tax advice on the availability of the CGT discount in your own circumstances.

(d) Non-resident Sierra Rutile Shareholders

If you are not a resident of Australia for tax purposes, you will generally not be subject to Australian tax on any capital gain you make on the disposal of your Sierra Rutile Shares, unless:

- (i) the Sierra Rutile Shares have been used at any time in carrying on business in Australia through an Australian permanent establishment; or
- (ii) at the time of the disposal of your Sierra Rutile Shares, you Sierra Rutile Shares are “indirect Australian real property interests”, meaning:
 - (A) you, together with your Associates, have held an interest of 10% or more in Sierra Rutile at the time of disposal or for at least 12 months during the 2 years preceding the disposal; and
 - (B) more than 50% of the market value of Sierra Rutile’s assets are attributable to direct or indirect interests in “taxable Australian real property” (as defined in the Tax Act) (being direct and indirect interests in real property, including leases of land situated in Australia and mining, quarrying or prospecting rights in respect of material situated in Australia).

The Sierra Rutile Shares should not be indirect Australian real property interests as their underlying value is not principally derived from Australian real property.

You should contact your tax adviser to determine if any capital gain on the disposal of your Sierra Rutile Shares may be subject to tax in Australia.

(e) Non-resident CGT withholding tax

PRM may have an obligation to pay the Commissioner of Taxation an amount equal to 12.5% of the consideration payable for the Sierra Rutile Shares under the “foreign resident capital gains withholding tax” (**FRCGWT**) rules if those shares constitute “indirect Australian real property interests”, subject to certain exceptions.

Relevantly, there is an exception to the rules where the transaction occurs on an approved stock exchange. On the basis that the Offer is an “on-market” offer, the FRCGWT rules should not apply in respect of any disposal of Sierra Rutile Shares to PRM under the Offer.

(f) Stamp duty

No stamp duty should be payable by Sierra Rutile Shareholders on the disposal of their Sierra Rutile Shares to PRM under the Offer.

(g) GST

No GST should be payable by Sierra Rutile Shareholders on the disposal of their Sierra Rutile Shares to PRM under the Offer.

GST may be payable on any fees or charges that a Broker, Controlling Participant (in respect of a CHESS Holding) or other similar entity may charge in connection with acceptance of the Offer (such as brokerage and adviser fees).

You should contact your tax adviser to determine the impact of GST in relation to your individual circumstances.

5.9 Potential delisting

PRM states in its Bidder’s Statement that it intends to proceed with Compulsory Acquisition if it becomes entitled to Compulsorily Acquire your Sierra Rutile Shares, which will result in the delisting of Sierra Rutile from ASX. Alternatively, if PRM obtains a Relevant Interest of more than 50% but less than 90% of Sierra Rutile Shares, PRM will consider removal of Sierra Rutile from the official list of the ASX. If Sierra Rutile is delisted, Sierra Rutile Shares will not be able to be bought or sold on ASX. Further information on PRM’ intentions on delisting Sierra Rutile are set out at section 6.4(d) and section 6.5(c) of the Bidder’s Statement.

(a) Important legal protections concerning a delisting of Sierra Rutile

Sierra Rutile Shareholders should note the following important legal protections regarding any potential delisting of Sierra Rutile:

- (i) any decision to apply to ASX to delist Sierra Rutile would need to be made by the Sierra Rutile Board;
- (ii) the Sierra Rutile Board, including nominee directors appointed by PRM, could only decide to seek a delisting if the Board concludes that this action is in the best interests of Sierra Rutile and Sierra Rutile Shareholders as a whole at the relevant time;

- (iii) ASX states¹⁴ that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from ASX that is primarily or solely aimed at denying minority securityholders a market for their securities, in order to coerce them into accepting an offer from a controlling securityholder to buy their securities at an undervalue, would be an unacceptable reason for requesting removal from the official list of ASX;
- (iv) ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting;
- (v) a key ASX guideline provides that the approval of minority Sierra Rutile Shareholders would most likely be needed for ASX to allow delisting following a takeover bid unless each of the following 4 conditions are met:
 - (A) PRM has attained ownership or control of at least 75% of Sierra Rutile Shares;
 - (B) there are fewer than 150 Sierra Rutile Shareholders (excluding PRM and its Related Bodies Corporate) whose shareholding is worth at least A\$500. As at 4 April 2024, there were approximately 2,237 Sierra Rutile Shareholders with a shareholding of at least A\$500;
 - (C) the Offer remains open for at least an additional 2 weeks after PRM has attained ownership or control of at least 75% of Sierra Rutile Shares; and
 - (D) Sierra Rutile has applied for removal from the official list of ASX no later than one month after the close of the Offer.

(b) Disadvantages to Sierra Rutile Shareholders on delisting

If, despite the above procedural protections, Sierra Rutile is ultimately delisted at some point in the future, any remaining Sierra Rutile Shareholders (i.e., those who did not accept the Offer) would be holders of unquoted shares. A delisting could result in a number of disadvantages for those Sierra Rutile Shareholders, such as:

- (i) the absence of an orderly, transparent and timely mechanism for share trading;
- (ii) restricted information compared to that currently provided as Sierra Rutile would no longer be subject to the continuous disclosure requirements of the Listing Rules. If Sierra Rutile remains a public company after delisting and has at least 100 members, Sierra Rutile would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and

¹⁴ See ASX Guidance Note 33, which sets out ASX's policy in relation to delisting of entities from the ASX official list.

- (iii) the ceasing of various requirements and protections for minority shareholders under the Listing Rules. Examples of provisions that would cease to apply include:
 - (A) restrictions on the issue of new securities;
 - (B) a governance framework for related party transactions;
and
 - (C) requirements to seek shareholder approval for significant changes in the nature or scale of Sierra Rutile's activities.

6 Information about Sierra Rutile

6.1 Overview

Sierra Rutile is an Australian company listed on the Australian Securities Exchange (ASX: SRX). Sierra Rutile's principal activities are the operation and ongoing development of a multi-deposit mineral sands mining operation in southern Sierra Leone. Sierra Rutile is currently the largest producer of natural rutile in the world, supplying over 20% of the world's natural rutile.

Rutile is the highest-grade naturally occurring titanium dioxide feedstock used in the manufacture of pigment used in paints, laminates, plastic pipes and packaging, inks, clothing, sunscreen, toothpaste and in the cosmetic industry. Rutile is also used as welding electrode and to manufacture titanium metal, which is a critical mineral and has the highest strength-to-weight ratio of all commercial metals. Titanium is used across a diverse range of applications including aeronautics, medical implants, defence and sporting goods.

Sierra Rutile's high quality products include:

- Standard Grade Rutile (SGR). Considered an industry leading high quality product and is consumed primarily in the manufacture of titanium dioxide pigment and titanium sponge. Accounts for 85-90% of Sierra Rutile's annual rutile production.
- Industrial Grade Rutile (IGR). Well suited to high quality flux core wire applications due to its excellent packing density and low contaminant level. Trades at a premium to competing rutile products.
- High-grade chloride ilmenite. Suitable for direct chlorination into titanium dioxide pigment and transformation into titanium slag.
- Zircon In Concentrate (ZIC). ZIC is a by-product stream typically containing around 20-25% zircon as well as other heavy minerals. The zircon is extracted and consumed in applications such as ceramic tiles, sanitary ware, foundry coatings, refractories, and in the chemical industry.

Sierra Rutile's strategy is to:

- obtain resolution of the Third Amendment Agreement dispute with the Government of Sierra Leone, part of which may involve continuing the arrangements under the Third Amendment Agreement or reaching a compromise with the Government of Sierra Leone on the fiscal arrangements and/or the Government of Sierra Leone taking an agreed equity interest;¹⁵
- if resolution of the Third Amendment Agreement dispute is achieved on acceptable terms with the Government of Sierra Leone and subject to appropriate market conditions, restart Area 1 operations following the suspension of operations on 11 March 2024, and maximise cashflows from the remaining Area 1 operations through pursuit of efficiency gains and mine life extensions; and
- progress the development of Sembehun in line with the proposed DFS, obtain funding for construction and develop the project to materially extend the overall life of operations and improve long-term cost competitiveness. Sierra Rutile will consider other options, such as a sale

¹⁵ Sierra Rutile is aware that the Government of Sierra Leone has an equity interest of 10% in certain major projects in Sierra Leone. This is consistent with the *Mines and Minerals Developments Act 2022*.

of part or all of the Sembahun Project and will pursue the option which the Board considers will maximise value for Sierra Rutile Shareholders.

6.2 Projects and operations

(a) Overview of assets

Sierra Rutile has an established operating history of over 50 years. If the development of Sembahun proceeds, a future mine life of greater than 13 years post completion of steady state operations at Area 1 can be expected based on the Sembahun PFS.

(b) Area 1 operations

Overview

Sierra Rutile's current mining and mineral processing operations extract and process ore from the Gangama, Taninahun, Gbeni, Lanti deposits, and most recently the Sierra Rutile undertook a mine life extension program at the Pejebu and Ndendemoia deposits.

Sierra Rutile's mining and mineral processing operations at Area 1 include four wet concentrator plants, a mineral separation plant and associated infrastructure, residential camps for senior and management staff and a dedicated port facility (collectively referred to as Area 1).

Sierra Rutile has investigated two main options to further extend the production life at Area 1:

- drilling at Ndendemoia and Pejebu with a view to add further Resources and Reserves; and
- investigating the possibility of draining the Mogbwemo pond (the site of historic dredge mining adjacent to the mineral separation plant) and retreating tailings as a feed supplement to the mineral separation plant. Mogbwemo offers the potential to reduce operating costs and increase mine life at Area 1. Timing of any investment is contingent on improved market conditions and the continuation of appropriate fiscal arrangements.

Current suspension and negotiations with Government of Sierra Leone

Since May 2023, following the Government of Sierra Leone's advice to Sierra Rutile that it was seeking to renegotiate the terms of the Third Amendment Agreement,¹⁶ Sierra Rutile has been engaging with the Government of Sierra Leone with regards to the terms of the Third Amendment Agreement. The Third Amendment Agreement governs the fiscal regime applying to the remaining production from the existing Area 1 operations and was ratified by the parliament of Sierra Leone in December 2021 and provided a number of concessions to Sierra Rutile including reduced royalty and minimum corporate tax rates.

On 22 January 2024, Sierra Rutile received correspondence from the Government of Sierra Leone stating their intention to proceed on the basis that the fiscal regime set out in the Third Amendment Agreement would no longer apply to Sierra Rutile, and that Sierra Rutile would revert to the fiscal regime in place as of 20 November 2001 between Sierra Rutile and the Government of Sierra Leone. In the opinion of the Sierra Rutile, these revised arrangements would render Area 1 uneconomic.

¹⁶ See ASX announcement dated 4 May 2023 "Area 1 Fiscal Arrangements" via <https://www.asx.com.au/>.

On 29 January 2024, Sierra Rutile announced that it had issued a suspension notice to the Government of Sierra Leone for a suspension on technical and operational grounds of all mining and processing activities at its Area 1 operations from 11 March 2024.¹⁷

This fiscal uncertainty did not provide a stable platform upon which Sierra Rutile could make ongoing strategic, capital or investment decisions or enter into the required major contracts necessary to continue production for the remainder of Area 1's mine life, including contracts to provide and operate replacement generators so that the current powerhouse can be retired.

Sierra Rutile has also initiated a dispute process with the Government of Sierra Leone, which started with an obligation to seek to negotiate an agreed outcome, following which there is provision for arbitration in the UK.

On 21 March 2024, Sierra Rutile provided an update on the discussions with the Government of Sierra Leone.¹⁸ As detailed in the update, the Government of Sierra Leone advised that the notice of suspension did not comply with the relevant requirements under the applicable law and regulations, and therefore the suspension was in breach of those laws and regulations. Although Sierra Rutile does not agree with the Government of Sierra Leone's position, Sierra Rutile is engaging with the Government of Sierra Leone to seek to resolve the issue in conjunction with the broader overall negotiations with the Government of Sierra Leone. In the update, Sierra Rutile also confirmed that it will consider a restart of Area 1 operations if agreement can be reached with the Government of Sierra Leone on an appropriate fiscal regime that would again support production, alongside supportive market conditions.

As part of ongoing efforts to engage the government, Sierra Rutile has also met with and provided regular updates to the Australian High Commissioner based in Accra, Ghana, and the diplomatic community in Sierra Leone including the UK High Commission, the US and EU Ambassadors as well as the Country Heads of the World Bank and IMF.

Reserves and Resources

See below for Area 1 Ore Reserve Estimate and Mineral Resource Estimate as at 31 Dec 2023.¹⁹

Ore Reserve Estimate

Ore Reserve Category	Diluted Ore Tonnes	Rutile Grade	Rutile Content	Ilmenite Grade	Ilmenite Content	Zircon Grade	Zircon Content
	kt	%	kt	%	kt	%	kt
Proved	5,448	1.58	86	0.93	51	0.11	6
Probable	24,616	1.22	302	0.81	200	0.11	27
Total	30,064	1.29	388	0.83	251	0.11	33

Notes:

1. The Ore Reserve estimation considers diluted Measured and Indicated Mineral Resources only.
2. No Inferred Mineral Resources have been included in the Ore Reserve estimation.
3. Ore Reserve stated at a Mineral Resource cut-off of 0.3% rutile.

¹⁷ This was for an initial period not expected to exceed 100 days from the date of suspension, which period can be extended under the *Mines and Minerals Development Act 2022*.

¹⁸ See Sierra Rutile's ASX announcement dated 21 March 2024 "Update on discussions with Government of Sierra Leone" via <https://www.asx.com.au/>.

¹⁹ For further information on the Reserves and Resources of Area 1 operations, see Sierra Rutile's 2023 Annual Report dated 28 March 2024, via <https://www.asx.com.au/>.

4. The Ore Reserve estimation was completed using an average real rutile price of US\$1,438/t over the life of mine.
5. The Ore Reserve estimation is stated at a variable rutile cut-off grade as determined by the economic pit limit analysis results.
6. The Ore Reserve estimation is at 100% attributable to SRL.
7. Numbers in columns may not add up due to rounding.

Mineral Resource Estimate

Mineral Resource Classification	Material	Rutile	Heavy Minerals	Ilmenite Grade	Zircon Grade	Rutile Grade	Cut-off
	Mt	Mt	%	%	%	%	% Rutile
Measured	41.85	0.41	2.67	0.48	0.07	0.99	0.30
Indicated	103.53	0.94	3.22	0.57	0.08	0.91	0.30
Inferred	123.32	0.88	3.52	0.61	0.07	0.71	0.30

Notes:

1. A calculated cut-off grade of 0.3% Rutile was applied to the new 2023 Mineral Resource estimates for all the Area 1 project areas, together with mining depletions (for Gangama), while the Gbeni 2022 model was only depleted to account for the remaining Mineral Resources. A grade cut-off of 0.3% Rutile was applied for all Area 1 Projects, while a 0.25% Rutile cut-off was applied to the Sembehun and Gbangbama project areas.
2. Totals may not add up due to rounding.
3. Geological losses of 2.5%, 5.0% and 7.5% for Measured, Indicated and Inferred Mineral Resource Classification have been applied respectively to the calculated tonnages

(c) Sembehun Project

Overview

The Sembehun Project is one of the largest and highest quality known natural rutile deposits in the world. Located approximately 30 kilometres from the current Area 1 operations, Sembehun presents an attractive development opportunity with long mine life, good grades, contiguous deposits, and additional exploration potential that can leverage the extensive Area 1 processing and infrastructure investment.

The development of Sembehun will be dependent on Sierra Rutile's ability to obtain finance on acceptable terms. Preliminary discussions with potential financiers and major development partners to fund key infrastructure have been held. Strategic equity opportunities will also be investigated in advance of any Final Investment Decision.

Product samples were also sent to a number of customers, confirming the high-quality of the product. In January 2024, the Environmental Protection Agency (EPA) in Sierra Leone provided formal approval for the Sembehun Environmental, Social and Health Impact Assessment and Environmental, Social and Health Management Plan.

As announced on 28 March 2024, the Sembehun capex estimate developed by Sierra Rutile 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.²⁰

- This 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.

²⁰ See also Sierra Rutile's ASX announcement dated 4 April 2024, titled "ASX Listing Rule 5.19.2 Confirmation" via <https://www.asx.com.au/>.

- 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.

Full details of the DFS are expected to be completed and announced by 12 April 2024.

Sierra Rutile will release a Supplementary Target's Statement once the results of the DFS are announced updating Sierra Rutile Shareholders on the results of the DFS and its implications in relation to the Offer.

Reserves and Resources

See below for Sembehun Ore Reserve Estimate and Mineral Resource Estimate as at 31 Dec 2023.²¹

Ore Reserve Estimate

Ore Reserve Category	Diluted Ore Tonnes	Rutile Grade	Rutile Content	Ilmenite Grade	Ilmenite Content	Zircon Grade	Zircon Content
	kt	%	kt	%	kt	%	kt
Proved	110,540	1.49	1,644	0.90	999	0.11	127
Probable	63,121	1.42	896	0.93	586	0.09	56
Total	173,661	1.46	2,540	0.91	1,585	0.11	183

Notes:

1. The Ore Reserve estimation considers diluted Measured and Indicated Mineral Resources only.
2. No Inferred Mineral Resources have been included in the Ore Reserve estimation.
3. Ore Reserve stated at a Mineral Resource cut-off of 0.25% rutile.
4. The Ore Reserve estimation was completed using an average real rutile price of US\$1,438/t over the life of mine.
5. The Ore Reserve estimation is stated at a variable rutile cut-off grade as determined by the economic pit limit analysis.
6. The 2023 Ore Reserve estimate is based on the 2022 Preliminary Feasibility Study.
7. The Ore Reserve estimation is at 100% attributable to SRL.
8. Numbers in columns may not add up due to rounding.

Mineral Resource Estimate

Mineral Resource Classification	Material	Rutile	Heavy Minerals	Ilmenite Grade	Zircon Grade	Rutile Grade	Cut-off
	Mt	Mt	%	%	%	%	% Rutile
Measured	133.77	1.85	3.36	0.89	0.13	1.38	0.25
Indicated	166.82	1.75	3.13	0.75	0.10	1.05	0.25
Inferred	207.20	1.93	2.87	0.65	0.10	0.93	0.25

Notes:

1. A calculated cut-off grade of 0.3% Rutile was applied to the new 2023 Mineral Resource estimates for all the Area 1 Project areas, together with mining depletions (for Gangama), while the Gbeni 2022 model was only depleted to account for the remaining Mineral Resources. A grade cut-off of 0.3% Rutile was applied for all Area 1 Projects, while a 0.25% Rutile cut-off was applied to the Sembehun and Gbangbama project areas.
2. Totals may not add up due to rounding.
3. Geological losses of 2.5%, 5.0% and 7.5% for Measured, Indicated and Inferred Mineral Resource Classification have been applied respectively to the calculated tonnages

²¹ For further information on the Reserves and Resources of the Sembehun Project, see Sierra Rutile's 2023 Annual Reported dated 28 March 2024, via <https://www.asx.com.au/>.

6.3 Financial information

The historical financial information in this Section 6.3 for Sierra Rutile has been taken from the audited consolidated financial statements for Sierra Rutile for the years ended 31 December 2023 and 31 December 2022. The full consolidated financial statements for the financial periods ended 31 December 2023 and 31 December 2022, including notes to those financial statements, can be found in the corresponding annual reports that are available <https://sierra-rutile.com/> or from the ASX website.

The historical financial information has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

(a) Historical consolidated statement of profit or loss

US\$'000	31-Dec-23	31-Dec-22
Revenue from contracts with customers	176,301	254,484
Cost of sales	(147,281)	(188,600)
Gross profit	29,020	65,884
(Impairment expense)/reversal of impairment expense	(35,312)	23,445
Other expenses	(15,007)	(10,925)
Operating (loss)/profit	(21,299)	78,404
Other income	2,392	243
Net foreign exchange gains/(losses)	(201)	836
Interest and finance charges	(2,258)	(1,810)
Remeasurement (loss)/gain – financial instruments	2,141	(787)
(Loss)/profit before income tax	(19,225)	76,886
Income tax expense	(882)	(1,287)
Net (loss)/profit for the year	(20,107)	75,599
Attributable to:		
Owners of Sierra Rutile Holdings Limited	(20,107)	73,398
Non-controlling interests	-	2,201
Basic (loss)/earnings per share for profit attributable to owners of Sierra Rutile Holdings Limited	(0.0473 cents)	0.1740 cents
Diluted (loss)/earnings per share for profit attributable to owners of Sierra Rutile Holdings Limited	(0.0473 cents)	0.1737 cents

(b) Historical consolidated statement of other comprehensive income

US\$'000	31-Dec-23	31-Dec-22
Net (loss)/profit for the year	(20,107)	75,599
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	(362)	2,432
Items that may be reclassified subsequently to profit or loss		
Net exchange differences on translation of foreign operations	405	(2,021)
Other comprehensive income for the year, net of tax	43	411
Total comprehensive income for the year	(20,064)	76,010
Attributable to:		
Owners of Sierra Rutile Holdings Limited	(20,064)	73,809
Non-controlling interests	-	2,201

(c) **Historical consolidated statement of financial position**

US\$'000	31-Dec-23	31-Dec-22
Assets		
Current assets		
Cash and cash equivalents	7,845	37,714
Trade and other receivables	53,082	53,936
Inventories	61,752	35,032
Current tax assets	764	-
Other financial assets	3,409	2,500
Total current assets	126,852	129,182
Non-current assets		
Other receivables	936	-
Property, plant and equipment	2,275	23,964
Intangible assets	-	720
Exploration and evaluation assets	39,481	29,434
Right of use asset	107	172
Deferred tax assets	6	19
Other financial assets	40,113	39,966
Total non-current assets	82,918	94,275
Total Assets	209,770	223,457
Liabilities		
Current liabilities		
Trade and other payables	32,800	28,973
Right of use lease liability	116	177
Current tax liabilities	-	364
Provisions	6,775	5,737
Total current liabilities	39,691	35,251
Non-current liabilities		
Provisions	54,569	53,170
Total non-current liabilities	54,569	53,170
Total Liabilities	94,260	88,421
Net Assets	115,510	135,036
Equity		
Share capital	546,515	546,515
Other reserves	(1,515)	(2,096)
Accumulated losses	(429,490)	(409,383)
Total equity attributable to equity holders	115,510	135,036

(d) **Historical consolidated statement of cash flows**

US\$'000	31-Dec-23	31-Dec-22
Cash flows from operating activities		
Receipts from customers	174,152	248,333
Payments to suppliers and employees	(181,400)	(204,080)
Cash generated from operating activities	(7,248)	44,253
Interest received	1,085	664
Income taxes paid	(1,597)	(1,573)
Net cash (outflow)/inflow from operating activities	(7,760)	43,344
Cash flows from investing activities		
Distribution from rehabilitation trust	2,500	-
Payments for property, plant and equipment	(15,233)	(17,325)
Payments for exploration activities -Sembehun Project	(9,372)	(2,521)
Investments in rehabilitation trust	-	(45,000)
Net cash outflow from investing activities	(22,105)	(64,846)

Cash flows from financing activities		
(Repayment) of borrowings to former parent entity	-	(11,632)
Proceeds from equity contribution from former parent entity	-	45,000
Net cash inflow from financing activities	-	33,368
Net (decrease)/increase in cash and cash equivalents		
	(29,865)	11,866
Cash and cash equivalents at the beginning of the financial year	37,714	25,995
Effects of exchange rate changes on cash and cash equivalents	(4)	(147)
Cash and cash equivalents at end of the year	7,845	37,714

(e) **Subsequent material changes to historical financial information**

In January 2024, Sierra Rutile received the US\$3.4 million budgeted to be spent on 2024 rehabilitation activities from the Sierra Rutile Rehabilitation Trust.

As foreshadowed in the Sierra Rutile's Annual Financial Report and as subsequently announced,²² approximately 25% of Sierra Rutile's staff were made redundant in March 2024 which resulted in payment of US\$1.7 million in previously provided for "end-of-service" benefits and US\$2.0 million in unprovided redundancy benefits being made to affected staff.

6.4 Issued capital

As at the date the Last Practicable Date, Sierra Rutile's issued capital comprises:

Class	Number
Sierra Rutile Shares	424,453,918
Sierra Rutile Performance Rights	14,109,004
Sierra Rutile Restricted Rights	362,906

6.5 Substantial Shareholders

Based on substantial shareholder notices provided to Sierra Rutile, the Bidder's Statement and other publicly available information as at the Last Practicable Date, the substantial shareholders of Sierra Rutile are:

Name of Holder	Relevant number of Sierra Rutile Shares	Disclosed Voting Power
PRM Services LLC and Craig Dean	48,617,497	11.46%
Ecsson Investments Limited (EIL), Assaad Yazbeck, Joseph Yazbeck, Rockbridge Overseas Limited and Mano Mining and Logistics Limited	45,390,899	10.70%
Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Fund (ABN 25 726 649 409)	88,930,100	20.96%

²² See Sierra Rutile's ASX announcement dated 11 March 2024 "Area 1 Operations Suspended and Redundancy Program commenced" via <https://www.asx.com.au/>.

6.6 Sierra Rutile Directors and management

(a) Board of Directors

Name and position	Expertise, experience and qualifications
<p>Mr Greg Martin, Chairman and Non-Executive Director</p>	<p>Mr Martin contributes 40 years' experience in the mining, utilities, financial services, energy and energy related infrastructure sectors in Australia, New Zealand and internationally.</p> <p>Mr Martin is currently the Non-Executive Chair of SafetyIQ, ASX listed Provaris Energy Ltd and Nasdaq listed Mawson Infrastructure Group Inc.. He is Deputy Chair of The Electricity Networks Corporation, (trading as Western Power), and a Non-Executive Director of Power & Water Corporation.</p> <p>Mr Martin holds a Bachelor of Economics degree from the University of Sydney and a Bachelor of Laws degree from the University of Technology, Sydney. He is also a Member of the Australian Institute of Company Directors. As well as chairing the Board, Mr Martin chairs the Company's People and Nominations Committee.</p>
<p>Mr Theuns de Bruyn, Managing Director and Chief Executive Officer</p>	<p>Mr de Bruyn joined Sierra Rutile in August 2019 as the Chief Operating Officer and was appointed Chief Executive Officer in January 2021. He has over 25 years' experience in the African mineral sector, starting his career with BHP where he worked across various commodities and departments including Operations and Business Development.</p> <p>Mr de Bruyn has held a range of senior positions including Executive Vice President of Processing with Lonmin Platinum and as Chief Operating Officer for Metorex.</p> <p>Mr de Bruyn holds a Bachelor of Engineering in Chemical Engineering from the University of Pretoria and a Master of Business Administration from Heriot Watt University.</p>
<p>Mr Martin Alciaturi, Finance Director</p>	<p>Mr Alciaturi has more than 40 years' experience across investment banking, corporate finance, and as a mining executive. Prior to his current role, Mr Alciaturi was Finance Director of Aquila Resources a major ASX listed iron ore and coal producer/developer which was taken over in 2014. His responsibilities included business development, investor relations, finance and administration. Mr Alciaturi's previous roles included Partner in Charge of Corporate Finance at Ernst & Young Perth for 10 years and 4 years as Head of Corporate Finance (Perth) at Macquarie Capital.</p>

Name and position	Expertise, experience and qualifications
	<p>Mr Alciaturi is currently a Non-Executive Director of 29Metals Limited.</p> <p>Mr Alciaturi holds a Bachelor of Science (with honours) in Mechanical Engineering from University College London, and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia. He is a Fellow of Chartered Accountants Australia and New Zealand, and a member of the Australian Institute of Company Directors.</p>
<p>Mr Graham Davidson, Non-Executive Director</p>	<p>Mr Davidson has over 30 years' professional experience of executive and board positions with a track record of leading large multicultural teams on natural resource projects across the African, Australian, and Asian continents, having held senior executive positions in Australia, Borneo Indonesia, Namibia, Guinea and various consulting assignments in South Africa.</p> <p>Mr Davidson has held a range of senior positions including Managing Director of Rio Tinto's Simandou project, Chief Executive Officer of Port Waratah Coal Services (as appointed by Rio Tinto) and General Manager of Operations at Rio Tinto's Uranium project in Namibia. Mr Davidson has also served on several non-profit and governing boards.</p> <p>Mr Davidson holds a Bachelor of Engineering in Mechanical Engineering from Newcastle University and a Diploma of Maintenance Management from Central Queensland University. He is also a member of the UK Institute of Directors, member of the Australian Institute of Company Directors and the Institute of Engineers Australia and various associations within. Mr Davidson chairs the Company's Sustainability & Social Accountability Committee.</p>
<p>Ms Joanne Palmer, Non-Executive Director</p>	<p>Ms Palmer has over 27 years' of industry experience providing audit and assurance services on company listings, mergers, acquisitions and takeovers and significant experience in auditing international resource companies. Her African experience spans over 26 years as former external auditor and advisor to UK and Australian companies operating in Mali, Mauritania, Burkina Faso, Tanzania, Zambia, Senegal, Malawi and Guinea, during her time in both EY's London and Perth offices.</p> <p>Ms Palmer is currently a Non-Executive Director of Paladin Energy, restarting the Langer Heinrich mine in Namibia in 1Q24, a Non-Executive Director of NextOre, a company operating in the mining technology field, a Non-Executive Director of St Barbara Limited, a gold mining company</p>

Name and position	Expertise, experience and qualifications
	<p>operating in PNG and a Councillor and Treasurer of the Association of Australian Mining and Exploration Companies (AMEC). Prior to her existing roles, Ms Palmer was an Executive Director at Pitcher Partners and an equity Partner at EY in the Assurance Practice. She led EY's Financial Accounting Advisory Services team in Perth for three years prior to her departure.</p> <p>Ms Palmer holds a Bachelor of Science (with honours) in Mathematics and Statistics from the University of Birmingham. She is a fellow of both the Chartered Accountants Australia and New Zealand and Institute of Chartered Accountants in England & Wales. She also holds a graduate diploma from the Australian Institute of Company Directors and was formerly a Registered Company Auditor with the Australian Securities and Investments Commission for over 14 years. Ms Palmer chairs the Company's Audit & Risk Committee.</p>
<p>Mr Patrick O'Connor, Non-Executive Director</p>	<p>Mr O'Connor is an experienced non-executive director and resources senior executive across a wide range of industries, including mining (gold, copper, lead, zinc, tin and coal), oil & gas exploration, biotechnology and government utilities.</p> <p>He is currently the Non-Executive Chairman of FAR Limited and a Non-Executive Director of Metals X Limited. Mr O'Connor spent nine years as a director of the Water Corporation in WA, including four years as its chairman. Mr O'Connor was also the Chief Executive Officer for OceanaGold Corporation at the time of its listing on the ASX and served for a period as a Non-Executive Director. Prior to OceanaGold, Mr O'Connor was Managing Director of Macraes Mining Co Ltd for nine years.</p> <p>Mr O'Connor is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Commerce (Accounting).</p>

Mr Theuns de Bruyn and Mr Martin Alciaturi have indicated their intention to resign as Executives and Directors in the event that PRM obtains control of SRX.

(b) **Key management**

Name and position	Expertise, experience and qualifications
<p>Mr Theuns de Bruyn, Managing Director and Chief Executive Officer</p>	<p>See Section 6.6(a) above.</p>

Name and position	Expertise, experience and qualifications
<p>Mr Martin Alciaturi, Finance Director</p>	<p>See Section 6.6(a) above.</p>
<p>Mr Eden Lombard, Chief Operating Officer</p>	<p>Mr Lombard joined Sierra Rutile in August 2020 and served as the General Manager Services. He was appointed as Chief Operating Officer in December 2021. He has 28 years' experience in metals and minerals processing in various commodities including steel, chrome, platinum, copper, cobalt and lead and worked for Arcelor Mittal Steel in his early career.</p> <p>Mr Lombard held senior positions including Head of Processing/Production in Arcelor Mittal Steel, Samancor Chrome, Lonmin Platinum, Metorex and ERG Africa as well as General Manager in the ZIMCO and the Welding Alloys Groups.</p> <p>Mr Lombard holds a Bachelor of Science (Metallurgy), a Master of Business Administration and Certificate in Fundamentals of Financial Management.</p>
<p>Mr Maurice Cole Chief Financial Officer</p>	<p>Mr Cole joined Sierra Rutile in October 2017 as Finance Manager and was promoted in September 2019 to the position of Chief Finance Officer. He has over 30 years' experience in the Accounting and Auditing. He started his career with KPMG and has worked in various sectors including energy, banking, petroleum and mining.</p> <p>Mr Cole previously held a number of senior positions including Financial Controller, Chief Finance Officer and Managing Director of the biggest Petroleum Company in Sierra Leone (NP (SL) LTD) before joining Sierra Rutile.</p> <p>Mr Cole holds qualifications from the Association of Chartered Certified Accountants of England and Wales and the Association of Accounting Technicians of England. He is also a Fellow of the Association of Chartered Accountants of England and Wales and a Fellow of the Association of Chartered Accountants of Sierra Leone.</p>
<p>Mr Derek Folmer, General Manager Marketing</p>	<p>Mr Folmer joined Sierra Rutile in April 2013 and transitioned to be Vice President TiO2 Sales for the Americas and Europe for Iluka in 2017. He was reappointed as General Manager Marketing by Sierra Rutile post Demerger.</p> <p>Mr Folmer has over 25 years of commercial experience in the mineral sands sector, including 9 years of active involvement with Sierra Rutile, where he was Chief Marketing Officer and also a director of the company's in-country board. He has also held previous senior positions including</p>

Name and position	Expertise, experience and qualifications
<p>Ms Sue Wilson, General Counsel and Company Secretary</p>	<p>General Manager Sales and Marketing for Rutile and Zircon at Rio Tinto.</p> <p>Mr Folmer holds a Bachelor of Engineering (Mining), a Master of Business Administration (Finance) and is a Member of Quebec Order of Engineers.</p> <p>Ms Wilson is an experienced General Counsel and senior executive. She was previously General Counsel and Company Secretary of Iluka until September 2021 and before that the Head of Company Secretariat at South32 following the demerger from BHP Billiton. She was also General Counsel and Company Secretary and a member of the executive team at Bankwest and HBOS Australia. Prior to joining Bankwest, Ms Wilson was a partner of law firm Parker & Parker (now part of Herbert Smith Freehills).</p> <p>Ms Wilson is currently the Chair of aged care provider, Amana Living and a member of the WA Council of the Australian Institute of Company Directors. She was previously the Pro Chancellor and a member of the Council at Curtin University, Chair of the WA State Council of the Governance Institute of Australia and is a former non-executive director of Western Power.</p> <p>Ms Wilson has been awarded the Honorary degree of Doctor of the University by Curtin University, holds a Bachelor of Laws and Bachelor of Jurisprudence, and is a Fellow of the Australian Institute of Company Directors.</p>
<p>Mr Barry Honnah Human Resources Manager</p>	<p>Mr Honnah joined Sierra Rutile in August 2019 as the Human Resources Manager. He has over 20 years' experience in Human Resource Management having worked in various positions in both the UK and Sierra Leone. Prior to his appointment at Sierra Rutile, he served as the General Manager of Human Resources for African Minerals Limited. He has also held roles as the General Manager for Human Resources and Community Relations at London Mining and as Director of Human Resources and Rebranding at Orange Sierra Leone.</p> <p>Prior to working in Sierra Leone, Mr Honnah also held various consultancy roles providing recruitment and human resource solutions to public sector organisations in the UK.</p> <p>Mr Honnah holds a Bachelor of Arts (Politics and Sociology, with Honours) and a Master of Science (Industrial Relations and Personnel Management).</p>
<p>Mr Osman Lahai Community Relations</p>	<p>Mr Lahai joined SRL in May 2017, as the Community Relations and Social Development</p>

Name and position	Expertise, experience and qualifications
and Social Development Manager	<p>Manager. He has over 20 years of experience in community relations and public affairs, and started his career at the United Nations Department of Peacekeeping Operations (DPKO) in Sierra Leone, Liberia, Ethiopia, Eritrea and Sudan, where he worked across various departments including Civil Affairs, Human Rights and Public Information.</p> <p>Mr Lahai has also held a range of senior positions including Head of Media Relations and Communications with London Mining Company and as Editor for The Democrat Newspaper in Sierra Leone.</p> <p>Mr Lahai holds a Bachelor of Science (Geography) and a Graduate Diploma (Humanitarian Law).</p>
Ms Hussine Yilla Corporate Affairs and Government Relations Manager	<p>Ms Yilla joined SRL in August 2023 as Corporate Affairs and Government Relations Manager responsible for government, stakeholder and public relations, corporate communications, reputational and issues management, and overseeing implementation of the company's Corporate Social Responsibility and Sustainability objectives.</p> <p>Ms Yilla comes with a wealth of knowledge and experience in the mining industry having worked at a large-scale iron ore mining company also operating in Sierra Leone and, previously, the World Bank as an Extractives Sector Specialist before taking on the role of Country Operations Officer for the World Bank country Office in Sierra Leone. She spent the earlier part of her career in Aberdeen, Scotland providing business development support to UK Oil & Gas companies venturing and operating in key hydrocarbon markets in Sub-Saharan Africa.</p> <p>Ms Yilla holds a Bachelor of Laws (with honours) and a Master of Business Administration in International Business.</p>

7 Risk factors

7.1 Introduction

In considering the Offer, Sierra Rutile Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold Sierra Rutile Shares.

In deciding whether to accept the Offer, Sierra Rutile Shareholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks. While some of these risks can be mitigated, some are outside the control of Sierra Rutile and the Sierra Rutile Board and cannot be mitigated.

The risks set out in this Section 7 do not take into account the individual investment objectives, financial situation, position or particular needs of Sierra Rutile Shareholders. You should consult your investment, financial, tax or other professional adviser.

In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Sierra Rutile now or in the future.

7.2 Risks associated with accepting the Offer

The Sierra Rutile Board unanimously recommends that Sierra Rutile Shareholders should **REJECT** the Offer for the reasons set out in Section 1.

Sierra Rutile Shareholders should also be aware of the following risks associated with accepting the Offer:

(a) Possible appreciation of Sierra Rutile Shares in the future

As at the Last Practicable Date, it was possible to sell your Sierra Rutile Shares at a price higher than the Offer Price. Further, by accepting the Offer, you may forego any ability to sell your Sierra Rutile Shares in the future for more valuable consideration than the Offer Price (although the Sierra Rutile Board can give no assurances and make no forecast of whether this will occur).

(b) Possibility of superior proposal emerging

A potential superior proposal may emerge.²³ Since the announcement of the Offer, the Sierra Rutile Board has received a number of queries from interested parties and is the process of exploring the possibility of a potential competing proposal or other value enhancing transactions for Sierra Rutile (although there is no guarantee that any of these queries may result in a superior proposal). The Sierra Rutile Board will inform Sierra Rutile Shareholders immediately if a superior proposal emerges.

By accepting the Offer, you will not be able to accept any superior proposal that may be made. As such, you may not be able to obtain any potential benefit associated with any such superior proposal.

(c) Possibility of PRM increasing the Offer Price

PRM has not declared the Offer Price of A\$0.095 cash per Sierra Rutile share as its best and final offer. PRM may choose to increase the Offer Price (although the Sierra Rutile Board can give no assurances that this will occur).

²³ As at the date of this Target's Statement, no superior proposal has emerged.

By accepting the current Offer, you will not be able to accept a revised offer from PRM. As such, you will not be able to obtain any potential benefit associated with any such increase to the Offer Price.

(d) No withdrawal rights

Once you accept the Offer and sell your Sierra Rutile Shares to PRM, you will not be able to withdraw your acceptance.

(e) Taxation consequences of accepting the Offer

The taxation consequences of disposing of your Sierra Rutile Shares pursuant to the Offer depend on a number of factors and your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in Section 5.8. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

7.3 Risks associated with an investment in Sierra Rutile

This Section describes the material risks to which Sierra Rutile Shareholders will continue to be exposed if they reject the Offer and retain their current investment in Sierra Rutile Shares. The risks described in this Section are not the only risks that Sierra Rutile faces. Other risks may not be known to Sierra Rutile and some that the Sierra Rutile Directors currently believe to be immaterial may subsequently turn out to be material. One or more or a combination of these risks could materially impact Sierra Rutile's businesses, its operating and financial performance, the price or value of Sierra Rutile Shares or the dividends paid in respect of Sierra Rutile Shares.

(a) Risk that the proposed development of Sembehun may not proceed as contemplated in the PFS or at all

Whilst the Sembehun DFS is near final with results expected to be announced by 12 April 2024, there is no guarantee that Sierra Rutile will proceed to develop Sembehun or that development (if it proceeds) will be successful or that Sierra Rutile will otherwise be able to realise any value from the Sembehun Project, whether by way of development, partial or full sale or otherwise.

A positive final investment decision in relation to Sembehun will be dependent on the results of the DFS.

The development of Sembehun, as contemplated by the DFS, will be based on certain assumptions with respect to the method and timing of operations. By their nature, these estimates and assumptions are subject to significant uncertainties and the timeframe for and actual costs of developing Sembehun may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the indicative timeline for development and the cost estimates and underlying assumptions will be realised in practice, which may materially adversely affect the development of Sembehun and, in turn, Sierra Rutile's viability.

The development of Sembehun will also be dependent on Sierra Rutile's ability to obtain finance for the development of Sembehun on acceptable terms. It is intended that the development of Sembehun will be integrated with the remaining operations at Area 1 in order to optimise Sembehun pre-production capital expenditure.

The extent to which it will be possible to integrate the remaining operations at Area 1 with the development of Sembehun will depend on Sierra Rutile's ability to develop a robust business case to support the recommencement of operations at Area 1.

If the development of Sembehun does not proceed, or is not successful, Sierra Rutile's activities will be limited to the potential restart and remaining mine life at Area 1 and the potential monetisation of Sembehun.

(b) Negotiation of Third Amendment Agreement

Sierra Rutile has disclosed previously²⁴ that the Government of Sierra Leone had advised SRL, the operating subsidiary of Sierra Rutile, that they are seeking to renegotiate the terms of the Third Amendment Agreement between SRL and the Government of Sierra Leone.

SRL has also advised of the temporary suspension of mining and processing activities in Area 1²⁵.

SRL is continuing to negotiate with the Government of Sierra Leone with a view to reaching agreement on the fiscal regime that will apply under the Third Amendment Agreement for the remaining production from the existing Area 1 operations, and negotiations on potential amendments have been ongoing since May 2023.

The notice of suspension was given due to technical and operational issues and the uncertainty concerning the fiscal regime. This uncertainty does not provide a stable platform upon which SRL can make ongoing strategic, capital or investment decisions or enter into the required major contracts necessary to continue production for the remainder of Area 1's mine life.

Sierra Rutile's position remains that the Third Amendment Agreement cannot be amended without the mutual agreement of SRL. Reverting to the previous fiscal arrangements would make any remaining operations in Area 1 uneconomic.

Sierra Rutile confirms its previously stated position that it will consider a restart of Area 1 operations if agreement can be reached with the Government of Sierra Leone on an appropriate fiscal regime that would again support production, alongside supportive market conditions.

(c) Potential closure of Area 1 and impact to Ore Reserves

As outlined in Section 7.3(b), Sierra Rutile has disclosed previously²⁶ that the Government of Sierra Leone had advised SRL, the operating subsidiary of Sierra Rutile, that they are seeking to renegotiate the terms of the Third Amendment Agreement between SRL and the Government of Sierra Leone.

SRL has also advised of the temporary suspension of mining and processing activities in Area 1.²⁷

Sierra Rutile is hopeful that the suspension of operations will be brief and that agreement can be reached with the Government of Sierra Leone on an appropriate fiscal regime that would again support production alongside supportive rutile market conditions.

²⁴ See ASX Announcement 4 May 2023 "Area 1 Fiscal Arrangements" and ASX Announcement 29 January 2024 "Area 1 Operations to be suspended following Government of Sierra Leone Decision" via <https://www.asx.com.au/>.

²⁵ See ASX Announcement 11 March 2024 "Area 1 Operations Suspended and Redundancy program commenced" via <https://www.asx.com.au/>.

²⁶ See ASX Announcement 4 May 2023 "Area 1 Fiscal Arrangements" and ASX Announcement 29 January 2024 "Area 1 Operations to be suspended following Government of Sierra Leone Decision" via <https://www.asx.com.au/>.

²⁷ See ASX Announcement 11 March 2024 "Area 1 Operations Suspended and Redundancy program commenced" via <https://www.asx.com.au/>.

Should this not be achieved in the coming weeks, Sierra Rutile will need to consider the full closure of mining operations at Area 1 which would impact the great majority of the remaining workforce as well as, potentially, a large number of personnel employed by various contractors.

Area 1 Ore Reserves and Mineral Resources are based on the JORC Code 2012 which sets out the parameters on which Ore Reserves and Mineral Resources can be publicly reported.

Under the JORC Code 2012, “modifying factors” are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Should Sierra Rutile not be able to reach agreement with the Government of Sierra Leone on the Third Amendment Agreement which governs the fiscal regime applying to Area 1, this will impact the modifying factors used to determine Area 1’s Ore Reserves, a portion of which could be rendered uneconomic and therefore no longer meet the requirements to be considered Ore Reserves under the JORC Code 2012.

(d) Sovereign and political risk

Sierra Rutile’s mining operations are located in Sierra Leone, and Sierra Rutile will be subject to the various political, economic, labour and other risks, and uncertainties associated with operating in that country. Any future material adverse changes in government policies or legislation in Sierra Leone that affects taxation, foreign ownership, Government of Sierra Leone ownership of or equity participation in mining projects, mineral exploration, development or mining activities, may affect the viability and profitability of Sierra Rutile. The legal system in Sierra Leone is less developed than in more established countries, which may result in difficulties in obtaining effective legal redress in the courts.

(e) Commodity price risk

Sierra Rutile’s revenue is dependent on market prices for the products that it produces from its mining operations. Market prices for rutile and by-products are subject to fluctuations due to a range of factors outside of Sierra Rutile’s control including changes in their current and forecast market supply and demand dynamics as well as the availability and cost of substitute products.

(f) Health and safety risks

Safety is a fundamental risk for any mining company, with respect to personal injury, damage to property and equipment and other losses. The health and safety of all employees, contractors and visitors is of critical importance to Sierra Rutile. As a result, Sierra Rutile places significant emphasis on ensuring strong systems, processes and culture to protect the health and safety of its workforce. Sierra Rutile continues to focus on safety performance of both the direct workforce and contractors through the implementation of training programs, risk assessment and enhanced hazard identification processes.

(g) Future capital requirements

The development of Sembahun will be dependent on Sierra Rutile’s ability to obtain finance on acceptable terms. Preliminary discussions with potential financiers and major development partners to fund key infrastructure have been held. Strategic equity opportunities will also be investigated in advance of any Final Investment Decision. The Sembahun Definitive Feasibility Study is expected to be completed and announced by 12 April 2024.

(h) **Operational risk**

Sierra Rutile's operations are, and continue to be, subject to numerous risks, many of which are beyond Sierra Rutile's control. These include natural disasters, material disruption to logistics, critical plant failure or industrial action. One such operational risk is the lack of power generating capacity which materialised in June 2023 and January 2024, caused by mechanical failures related to ageing infrastructure. Sierra Rutile undertakes regular reviews for mitigation of property and business continuity risks. Sierra Rutile also conducts planning and preparedness activities to ensure rapid and effective response in the event of a crisis. Sierra Rutile also maintains a prudent insurance program that may offset a portion of the financial impact of a major operational interruption.

(i) **Cost inflation**

Operating costs are subject to variations due to a number of factors including changing ore characteristics, haulage distances and the level of sustaining capital invested to maintain operations. In addition, operating and capital costs are impacted by external economic and inflationary conditions impacting the cost of commodity inputs consumed in mining and mineral processing activities.

(j) **Community and social risks**

Sierra Rutile's ability to operate and expand its mining activities will depend, in part, on its ability to maintain good relations with the local communities. Although Sierra Rutile believes that the local communities generally welcome its mining activities and perceive they will bring benefits to them, no assurance can be given that any negotiation with local communities about the benefit they will derive from the mining and associated activities, will be successful.

Sierra Rutile expects that the development of Sembahun will create significant social and economic benefits for the local communities, including employment opportunities, but acknowledges that some residents may be directly or indirectly affected by the development of Sembahun and / or subsequent mining operations.

Sierra Rutile engages with local communities in a structured and inclusive manner and is proud of its long association with those groups. Sierra Rutile makes a significant contribution to the communities through wages, local sourcing and suppliers, social investment and numerous other commitments in addition to the statutory rents and taxes it pays to the Government of Sierra Leone.

(k) **Environment**

Sierra Rutile is committed to managing its environmental performance to ensure compliance with its obligations under all environmental legislation and is at the forefront of environmental management in the Sierra Leone mining industry.

Sierra Rutile has an Environmental, Social and Health Impact Assessment (**ESHIA**) and management plan in place to both ensure compliance and manage its obligations regarding all aspects of environmental management, including: water, biodiversity, rehabilitation and waste management for Area 1. An ESHIA for Sembahun was completed during Q3 2023 and was approved by the Environmental Protection Agency of Sierra Leone in January 2024.

(l) **Reliance on key personnel**

The success of Sierra Rutile and its business is dependent on the expertise and experience of the Sierra Rutile executive leadership team. The loss of key

personnel could harm the business or cause delays in the implementation of Sierra Rutile's plans due to resourcing constraints, while management time is directed to finding suitable replacements.

Sierra Rutile believes the terms of employment including remuneration levels for its directors, executives, management and personnel are market competitive, fair and equitable so as to attract, motivate and retain high quality personnel.

See Section 6.6(a), in relation to the intentions of Messrs de Bruyn and Alciaturi in the event that PRM obtains control of Sierra Rutile.

(m) Anti-bribery and corruption risk

Sierra Rutile's business activities and operations are located in Sierra Leone, which has a relatively high bribery and corruption risk. This exposes Sierra Rutile to the risk of unauthorised payments or offers of payments to or by employees, agents or distributors in violation of applicable anti-corruption laws.

Sierra Rutile has a clear Anti-bribery and Corruption Policy combined with internal controls and procedures to protect against such risks. These include annual leadership team training and compliance programs for its employees, agents and distributors. There can be no assurance that such controls, policies, procedures and programs will protect Sierra Rutile from potentially improper or criminal acts. A copy of Sierra Rutile's Antibribery and Corruption Policy is available on the Sierra Rutile website at <https://sierra-rutile.com/ourcompany/corporate-governance/>.

(n) No geographic diversification of assets

Sierra Rutile's assets are located in Sierra Leone, the sovereign and political risks of which are discussed in Section 7.3(b) above. Any circumstance or event which negatively affects Sierra Leone could materially affect the financial performance of Sierra Rutile more significantly than if it had a geographically diversified asset base.

(o) Approvals, permits, licences and consents

Sierra Rutile currently holds all material authorisations required to undertake its current mining activities in respect of Area 1. However, certain of Sierra Rutile's authorisations require renewal on a regular basis (such as the Environmental Impact Assessment, which requires annual renewal) and Sierra Rutile is subject to the need for ongoing or new government approvals, licences and permits as the scope of its operations change. The granting and renewal of such approvals, licences and permits are, as a practical matter, subject to the discretion of applicable government agencies or officials.

If Sierra Rutile pursues development of the Sembahun deposit, it will, among other things, require various approvals, permits and licences before it will be able to develop and mine the deposit, and need to satisfy certain environmental approval processes. There is no guarantee that Sierra Rutile will be able to obtain, or obtain in a timely manner, all required approvals, licences or permits or satisfy all environmental approval processes. To the extent that required authorisations are not obtained or are delayed or are cancelled or forfeited after being obtained, Sierra Rutile's operations may be materially adversely impacted.

(p) Rehabilitation and mine closure provisions

It is possible that the actual costs to carry out Sierra Rutile's rehabilitation obligations will be more than that estimated or that the Government of Sierra Leone may seek additional financial support for Sierra Rutile's rehabilitation obligations under the relevant legislation, and that Sierra Rutile could be required

to meet those additional costs, or be required to provide additional or different financial support in respect of existing or future rehabilitation obligations, which could materially and adversely affect Sierra Rutile's viability. The majority of Sierra Rutile's rehabilitation liabilities will be met from the proceeds of the Sierra Rutile Rehabilitation Trust. This is managed by an external trustee in Australia. The amount of the liabilities which will be funded from the Sierra Rutile Rehabilitation Trust will depend on a number of factors, including the investment performance of the trust.

(q) Title risk

Sierra Rutile has a right to renew the Mining Lease for a minimum term of 15 years on expiry of the current term of the Mining Lease, which ends on 23 January 2039. The terms applying to the renewal are on equivalent terms and conditions of the current Mining Lease, except for payments by Sierra Rutile which are to be on such fair and equitable terms as to payment as Sierra Rutile and the Government of Sierra Leone may agree.

Sierra Rutile's right to renew the Mining Lease under the Sierra Rutile Agreement is subject to Sierra Rutile's compliance with the provisions of the Sierra Rutile Agreement and the Mining Lease, such as due and punctual payment of rents and meeting of expenditure commitments.

There are no guarantees that the Mining Lease will be capable of renewal on expiry of the current term, or on what terms the Government of Sierra Leone may require to renew the Mining Lease.

(r) Nature of sales and marketing arrangements and customer concentration

There can be no guarantee that Sierra Rutile's key customers will not reduce their production requirements or seek to source some or all of their mineral sands products from existing or future competitors in the future. In that case, Sierra Rutile would need to identify other customers and if it is unable to do so, or the terms are less favourable, then this could have a material adverse effect on Sierra Rutile's business, operational performance and financial results.

There is also the potential that Sierra Rutile will not receive payments for the supply of its mineral sands products if a customer becomes insolvent or fails to make a payment in accordance with its contract with Sierra Rutile.

(s) Dependence on external contractors

Sierra Rutile currently outsources, and may continue to outsource, substantial parts of its mining activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for Sierra Rutile, when required, or may only be willing to do so on terms that are not acceptable to Sierra Rutile. Once in contract, performance may be constrained or hampered by capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes, managerial failure and default or insolvency. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, Sierra Rutile may not be able to find a suitable replacement on satisfactory terms within time or at all.

These circumstances could have a material adverse effect on Sierra Rutile's production and operations.

(t) Counterparty risk

The ability of Sierra Rutile to achieve its business objectives will depend to an extent on the performance by Sierra Rutile and counterparties of their contractual obligations. If any party defaults in the performance of its obligations under a contract, it may be necessary for the other party to approach a court to seek a legal remedy, which could be costly for Sierra Rutile. The operations of Sierra Rutile also require the involvement of a number of third parties, including consultants, contractors and suppliers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on Sierra Rutile's operations and performance. It is not possible for Sierra Rutile to predict or protect itself against all such risks.

(u) Litigation, claims and disputes

Sierra Rutile is currently, and may continue to be, subject to litigation and other claims and disputes in the ordinary course of its business, including employment and collective bargaining disputes, contractual disputes, indemnity claims, occupational health and safety claims, or civil proceedings in the course of its business. Such litigation, claims and disputes, including the cost of settling claims or paying any fines, operational impacts and reputational damage, could materially adversely affect Sierra Rutile's business, operating and financial performance. See further discussion of material litigation in Section 8.2.

(v) Estimates of Ore Reserves and Mineral Resources

Ore Reserve and Mineral Resource estimates are expressions of judgment based on detailed geological and other technical and financial information, as well as knowledge, experience, market information and industry practice. Estimates which were valid when originally calculated may be altered when new information or techniques become available. In addition, by their very nature, Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, positively or adversely affect Sierra Rutile's operations.

There can be no assurance that Sierra Rutile will be able to convert its Mineral Resources to Ore Reserves or of the conversion rate that may be achieved.

(w) Climate change

Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, extreme storms, drought, fires, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on Sierra Rutile's ability to access and utilise its Mining Lease and/ or on Sierra Rutile's ability to transport or sell mineral commodities.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact Sierra Rutile's business strategy or the value of its assets (including its Mining Lease) or may result in less favourable pricing for mineral commodities, particularly in the event of a transition to a lower-carbon economy.

(x) Changing expectations with respect to ESG standards

Changing community attitudes towards and increasing regulation of ESG risks and disclosure may impact the operation of Sierra Rutile's mining assets in the future which may also have an impact on Sierra Rutile. Increased expectations with respect to ESG risk management may impact on the profitability or value of Sierra Rutile's operations, restrict Sierra Rutile's ability to attract financing or

investment, or result in heightened compliance costs associated with meeting prevailing regulatory and disclosure standards.

(y) **Competition**

The industry in which Sierra Rutile is involved is subject to global competition. While Sierra Rutile undertakes reasonable due diligence in its business decisions and operations, Sierra Rutile has no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of Sierra Rutile and its business.

(z) **Insurance**

Sierra Rutile insures its operations in accordance with industry practice and applicable laws. However, in certain circumstances Sierra Rutile's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Sierra Rutile.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

(aa) **Force majeure events**

Events may occur within or outside Sierra Leone and/or Australia that could impact upon the global, Sierra Leone and/or Australian economies, the operations of Sierra Rutile, or the price of Sierra Rutile Shares. These events include, but are not limited to, terrorism, outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on Sierra Rutile's activities and the demand for mineral sands.

7.4 **General risks**

Sierra Rutile is subject to a range of general economic and financial risks, including those set out below.

(a) **Economic conditions**

General economic conditions, movements in interest and inflation rates, and currency exchange rates may have an adverse effect on Sierra Rutile's activities as well as on its ability to fund those activities. General economic conditions may also affect the value of Sierra Rutile and its valuation regardless of its actual performance.

(b) **Taxation**

Tax laws, including tax laws in Sierra Leone, are complex and are subject to change periodically as is their interpretation by the relevant courts and the tax revenue authorities. Such changes in interpretation and application may impact the tax outcome of an action, agreement, payment, receipt, disposal, event or transaction (**Tax Events**).

In addition, tax revenue authorities may review the tax treatment of Tax Events. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of a Tax Event may increase tax liabilities or create exposure to legal, regulatory or other actions.

An interpretation of the taxation laws that is contrary to that of the tax revenue authority in Australia or Sierra Leone may give rise to additional tax payable.

(c) **Accounting**

The introduction of new or refined accounting or financial reporting standards may affect the future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing accounting or financial reporting standards, including those relating to the measurement and recognition of key income statement and balance sheet items, may differ. Changes to accounting or financial reporting standards or changes to commonly held views on the application of those standards could materially and adversely affect the financial performance and position reported in Sierra Rutile's financial statements.

(d) **Shareholder dilution**

In the future, Sierra Rutile may elect to issue shares to fund or raise proceeds for working capital, growth, acquisitions, to repay debt, or for any other reason.

While Sierra Rutile is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Sierra Rutile Shareholder interests may be diluted and Sierra Rutile Shareholders may experience a loss in value of their equity as a result of such issues of Sierra Rutile Shares and fundraisings.

(e) **Dividend risk**

Payments of dividends on Sierra Rutile Shares is within the discretion of the Sierra Rutile Board and will depend upon Sierra Rutile's future earnings, capital requirements, financial performance, and other relevant factors.

8 Additional information

8.1 Interests of Sierra Rutile Directors

(a) Interests of Sierra Rutile Directors in Sierra Rutile securities

The number and description of Sierra Rutile securities in which each of the Sierra Rutile Directors has a Relevant Interest is set out in the table below:

Sierra Rutile Director	Number of Sierra Rutile Shares held directly or indirectly	Number of Sierra Rutile Performance Rights held directly or indirectly	Number of Sierra Rutile Restricted Rights held directly or indirectly
Mr Greg Martin (Independent) , Chairman and Non-Executive Director	30,000	-	-
Mr Theuns de Bruyn , Managing Director and Chief Executive Officer	217,471	8,780,930	362,906
Mr Martin Alciaturi , Finance Director	100,000	4,278,074	-
Mr Graham Davidson (Independent) , Non-Executive Director	29,900	-	-
Ms Joanne Palmer (Independent) , Non-Executive Director	21,250	-	-
Mr Patrick O'Connor (Independent) , Non-Executive Director	-	-	-

As at the date of this Target's Statement, each Sierra Rutile Director intends to **REJECT** the Offer under its current terms in respect of the Sierra Rutile Shares they hold or control.

See Section 8.3 regarding the impact of the Offer on Sierra Rutile's incentive arrangements.

(b) Dealings by Sierra Rutile Directors in Sierra Rutile Shares or other securities

Except as set out below, there have been no acquisitions or disposals of Sierra Rutile Shares by any Sierra Rutile Director in the 4 months ending on the day preceding the date of this Target's Statement.

Sierra Rutile Director	Transaction type and date	Number of Sierra Rutile Shares	Price per security	Name of purchaser/seller
Theuns de Bruyn	Vesting and automatic vesting of 2020, 2021 Replacement Awards Restricted Rights, 14 March 2024	217,471	Nil	SRX Employee Share Trust

(c) Interests and dealings in PRM

As at the date of this Target's Statement, neither Sierra Rutile nor any of the Sierra Rutile Directors has a Relevant Interest in any securities of PRM or any Related Bodies Corporate of PRM.

(d) Benefits to Sierra Rutile Directors in connection with loss of, or resignation from, office as a result of the Offer

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any Sierra Rutile Director or secretary in connection with the loss of, or their resignation from, their office in Sierra Rutile or any Related Bodies Corporate of Sierra Rutile.

(e) Conditional agreements

Other than as set out below, no agreement has been made between any of the Sierra Rutile Directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a Sierra Rutile Shareholder or as a holder of Sierra Rutile Incentives (see Section 8.3 for more information).

Sierra Rutile has agreed that, by way of a retention arrangement, if PRM has acquired Control of Sierra Rutile, in the event of Mr Theuns de Bruyn or Mr Martin Alciaturi's employment being terminated either as a result of resignation or by Sierra Rutile giving notice, Sierra Rutile will exercise its discretion under the terms of their respective employment contracts so that Mr Theuns de Bruyn can be required to work up to one month of his six months' notice period and Mr Martin Alciaturi can be required to work up to two weeks of his three months' notice period, with the balance of the applicable notice period in each case to be paid by Sierra Rutile in cash in lieu of the balance of the notice period.

(f) Interests in contracts with PRM

No Sierra Rutile Director has any interest in any contract entered into by PRM.

8.2 Material litigation

Other than as set out below, Sierra Rutile is not aware of any litigation or disputes of a material nature being undertaken, commenced or threatened against any member of the Sierra Rutile Group.

Sierra Leone environmental class action

On 22 January 2019, SRL was served with a writ and statement of claim in respect of an action filed in the High Court of Sierra Leone Commercial and Admiralty Division against both SRL and The Environmental Protection Agency.

The proceedings have been brought by a group of landowner representatives who allege that they suffered loss as a result of SRL's mining operations. The claims primarily relate to environmental matters. The landowner representatives allege, in part, that SRL engaged in improper mining practices resulting in environmental degradation and contamination, did not meet certain rehabilitation obligations and violated local mining laws. SRL denies liability in respect of the allegations and is defending the claims. SRL filed its defence in March 2019 and also applied to the Court for an order requiring the landowner representatives to provide further detail on their claims.

As at 31 December 2023, the status of the proceedings has still not reached a stage where SRL is able to reliably estimate the quantum of liability, if any, that SRL may incur in respect of the class action.

Other Proceedings

In 2017 proceedings were instituted against SRL and African Lion Agriculture Ltd by a group of landowners including Lansana Kainchallay for crop compensation for an area over which third parties have exercised control for the relevant period. SRL is defending the claim and considers it has a good defence to the action. As at 31 December 2023, the status of the proceedings has not reached a stage where SRL is reliably able to estimate the amount of liability (if any) SRL may incur.

8.3 Impact of the Offer on incentives arrangements

Sierra Rutile has in place the Sierra Rutile Equity Incentive Plan (adopted by Sierra Rutile on 15 July 2022), under which Sierra Rutile Incentives may be issued. As at the Last Practical Date, there were 14,109,004 Sierra Rutile Performance Rights, 362,906 Sierra Rutile Restricted Rights and 2,473,643 Sierra Rutile Units on issue under the Sierra Rutile Equity Incentive Plan.

Under the terms of the Sierra Rutile Equity Incentive Plan, where "there is an actual change in the Control" of Sierra Rutile, then, unless the Board determines otherwise, all unvested Sierra Rutile Incentives will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis (having regard to the portion of the relevant vesting period that has elapsed up to the change of Control). "Control" in the Sierra Rutile Equity Incentive Plan is defined as having the meaning in section 50AA of the Corporations Act.

Any unvested Sierra Rutile Incentives that do not vest as described above, will lapse, unless the Sierra Rutile Board determines a different treatment.

Accordingly, if there is an actual change of Control of Sierra Rutile, in accordance with the terms of the Sierra Equity Incentive Plan the Sierra Rutile Incentives held by participants in the Sierra Equity Incentive Plan (including the executive directors, Theuns de Bruyn and Martin Alciaturi) will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis (having regard to the

portion of the relevant vesting period that has elapsed up to the change of Control).

By way of example, if an actual change of Control of Sierra Rutile were to occur on 5 May 2024, having regard to the portion of the relevant vesting period that would have elapsed up to that date, an aggregate of 6,042,251 Sierra Rutile Performance Rights, 183,416 Sierra Rutile Restricted Rights and 1,113,563 Sierra Rutile Units would vest or cease to be subject to restrictions (as applicable). As noted above, 8,066,753 Performance Rights, 179,490 Restricted Rights and 1,360,080 Sierra Rutile Units would lapse.

Each Sierra Rutile Performance Right and Sierra Rutile Restricted Right is exercisable once vested, into one Sierra Rutile Share. The Board may determine that the vesting and exercise of a Performance Right or a Restricted Right will be satisfied by Sierra Rutile making a cash payment in lieu of an allocation of Sierra Rutile Shares.

Following vesting of a Sierra Rutile Unit, Sierra Rutile must make cash payment equivalent to the number of the Sierra Rutile Units that have vested multiplied by the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all Sierra Rutile Shares traded on the ASX during the previous 5 trading days, or any other calculation as determined by the Board.

The Offer does not extend to Sierra Rutile Performance Rights and Sierra Rutile Restricted Rights, but the Offer extends to Sierra Rutile Shares that are issued on the vesting and exercise of the Sierra Rutile Performance Rights and Sierra Rutile Restricted Rights during the Offer Period. As a result, holders of such Incentives will be entitled to participate in the Offer in respect of the Sierra Rutile Shares issued in connection with the vesting and exercise of those Incentives.

Sierra Rutile also has in place a short term incentive arrangement. The Board has determined that if there is an actual change of Control of Sierra Rutile that Sierra Rutile will make a cash payment under the short term incentive arrangement to the executive directors and certain members of senior management based on target performance on a pro rata basis, having regard to the period that has elapsed from 1 January 2024 to the date of an actual change of Control of Sierra Rutile.

8.4 Reliance on ASIC relief generally

As permitted by *ASIC Corporations (Takeover Bids) Instrument 2023/683*, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any Sierra Rutile Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period, and within 2 Business Days of the request, by contacting the Sierra Rutile Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (Melbourne time), Monday to Friday excluding national public holidays.

As permitted by the *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication. Pursuant to this ASIC Instrument, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement. In addition, as permitted by this ASIC

Instrument, this Target's Statement contains share price trading and financial data sourced from IRESS, without its consent.

8.5 Regulatory relief

As announced to ASX on 2 April 2024, ASIC granted Sierra Rutile relief from the requirements of section 635(1) items 10 and 13 of the Corporations Act to allow Sierra Rutile to release the Target's Statement within 19 days after the Offer was announced.

8.6 Transaction expenses

The Offer has resulted in Sierra Rutile incurring expenses that would not otherwise arise from its ordinary operations. These expenses include fees of legal, financial and tax advisers engaged to assist in responding to the Offer and other transaction related expenses which will have a negative impact on Sierra Rutile's after tax earnings in FY24. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to Sierra Rutile. These costs will be reflected in Sierra Rutile's financial results for FY24.

8.7 JORC Reporting

The information in this Target's Statement relating to Sierra Rutile's estimates of Mineral Resources and Ore Reserves statements is extracted from the Sierra Rutile 2023 Annual Report dated 28 March 2024 which is available to view on Sierra Rutile's website <https://sierra-rutile.com/>.

Sierra Rutile confirms that it is not aware of any new information or data that materially affects the information included in the Sierra Rutile 2023 Annual Report (however noting that the Sembehun DFS is expected to be released by 12 April 2024 and the risk set out in Section 7.3(c)) and that all material assumptions and technical parameters underpinning the estimates of Mineral Resources and Ore Reserves Statements in the Sierra Rutile 2023 Annual Report continue to apply and have not materially changed. Sierra Rutile confirms that the form and context in which the relevant competent persons' findings are presented have not been materially modified from the Sierra Rutile 2023 Annual Report.

8.8 Consents

(a) Consents to inclusion of a statement

Each of the parties listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Target's Statement that are specified below in the form and context in which the statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included:

- (i) each Sierra Rutile Director specified in Section 6.6, to be named in this Target's Statement and to the inclusion of statements made by them in this Target's Statement;
- (ii) King & Wood Mallesons has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as legal adviser to Sierra Rutile;

- (iii) Gresham has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as financial adviser to Sierra Rutile; and
- (iv) Computershare has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as Sierra Rutile's Share Registry.

(b) **Disclaimer regarding statements made and responsibility**

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- (i) does not make, or purport to make, any statement or representation in this Target's Statement nor any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- (ii) to the maximum extent permitted by law, expressly disclaims and makes no representation regarding, and takes no responsibility for, any statements or material in or omissions from this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

8.9 Other material information

- (a) This Target's Statement is required to include all the information that Sierra Rutile Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether or not to accept the Offer, but:
 - (i) only to the extent to which it is reasonable for Sierra Rutile Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
 - (ii) only if the information is known to any Sierra Rutile Director.
- (b) The Sierra Rutile Directors are of the opinion that the information that Sierra Rutile Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether to accept the Offer is:
 - (i) the information contained in the Bidder's Statement;
 - (ii) the information contained in Sierra Rutile's announcements to ASX prior to the date of this Target's Statement; and
 - (iii) the information contained in this Target's Statement.
- (c) The Sierra Rutile Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Sierra Rutile Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be

taken to be endorsing, in any way, any or all of the statements contained in it. In deciding what information should be included in this Target's Statement, the Sierra Rutile Directors have had regard to:

- (i) the nature of Sierra Rutile Shares;
- (ii) the matters that Sierra Rutile Shareholders may reasonably be expected to know;
- (iii) the fact that certain matters may reasonably be expected to be known to Sierra Rutile Shareholders' professional advisers; and
- (iv) the time available to Sierra Rutile to prepare this Target's Statement.

8.10 Miscellaneous and publicly available information

Sierra Rutile is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Sierra Rutile is subject to the Listing Rules which require continuous disclosure of any information Sierra Rutile has concerning it that a reasonable person would expect to have a material effect on the price or value of Sierra Rutile Shares and other securities.

Sierra Rutile Shareholders should have regard to material announcements that have been lodged with ASX.

A list of announcements released by Sierra Rutile in the period from 20 March 2024 (being the Announcement Date) to the Last Practicable Date is set out in Annexure A.

This Target's Statement also contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by PRM or Sierra Rutile.

Any Sierra Rutile Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period, and within 2 Business Days, by calling the Sierra Rutile Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) which is available between 8:30am and 5:00pm (Melbourne time), Monday to Friday excluding national public holidays. Copies of ASX announcements by Sierra Rutile may also be obtained from Sierra Rutile's website at <https://sierra-rutile.com/investors/market-announcements/>.

8.11 Date of Target's Statement

This Target's Statement is dated 8 April 2024, which is the date on which it was given to ASX and lodged with ASIC.

8.12 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Sierra Rutile Directors on 5 April 2024.

Signed for and on behalf of Sierra Rutile Holdings Limited:

A handwritten signature in blue ink, appearing to read 'G. Martin', with a small horizontal line underneath.

Greg Martin
Chairman
Sierra Rutile Holdings Limited

9 Glossary

9.1 Definitions

Term	Meaning
ACN	Australian Company Number.
Announcement Date	the date of the announcement of the Offer by PRM, being 20 March 2024.
Area 1 Project or Area 1	Sierra Rutile's current mining and mineral processing operations at the Gangama, Taninahun, Gbeni, Lanti deposits, and the extension program at the Pejebu and Ndendemoia deposits.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given in section 12 of the Corporations Act.
ASX	as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	the operating rules of ASX Settlement which govern the administration of CHESS.
Bidder's Statement	the bidder's statement in relation to the Offer, prepared by PRM and dated 20 March 2024, as supplemented and replaced by the First Supplementary Bidder's Statement.
Business Day	a day on which banks are open for business in Perth, Western Australia, excluding a Saturday, Sunday or public holiday in that place.
CGT	capital gains tax.
CHESS	the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.
CHESS Holding	a number of Sierra Rutile Shares which are registered on Sierra Rutile's share register, being a register administered by ASX Settlement and which records uncertificated holdings of shares.
Commissioner of Taxation	has the meaning given in the <i>Taxation Administration Act 1953</i> (Cth).
Compulsory Acquisition or Compulsorily Acquire	the compulsory acquisition process in respect of the Sierra Rutile Shares held by Sierra Rutile Shareholders that do not accept the Offer under Part 6A.1 and/or Part 6A.2 of the Corporations Act that is expected to occur after successful completion of the Offer (as described in Section 5.5).
Computershare	Computershare Investor Services Pty Ltd (ACN 078 279 277).
Control	has the meaning given in section 50AA of the Corporations Act.

Term	Meaning
Controlling Participant	in relation to your Sierra Rutile Shares, has the same meaning as in the ASX Settlement Operating Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
FAQ	frequently asked questions set out in Section 3.
First Supplementary Bidder's Statement	means the first supplementary bidder's statement and the replacement bidder's statement issued by PRM dated 26 March 2024.
FY24	the financial year ending 31 December 2024.
GST	goods and services tax.
JORC Code	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.
Last Practicable Date	the last practicable trading date on ASX prior to the finalisation of this Target's Statement, being 5 April 2024.
Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
Mineral Resources	has the meaning given in the JORC Code.
Mining Lease	Mining Lease and Dredging Licence No. 2134 granted to SRL and extended over the Area 1 Project.
Non-Withholding Declaration	a declaration that either: (a) you are a resident of Australia for the purposes of the Tax Act; or (b) your Sierra Rutile Shares are not "indirect Australian real property interests" for the purposes of the Tax Act.
Offer	the unsolicited on-market takeover offer by PRM for all of the Sierra Rutile Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.
Offer Price	the consideration offered for Sierra Rutile Shares under the Offer, being A\$0.095 for each Sierra Rutile Share.
Offer Period	the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act, as set out in Section 5.2(b).
Ore Reserve	has the meaning given in the JORC Code.
PFS	the Pre-Feasibility Study for the Sembehun Project.
Prescribed Occurrence	has the meaning given in section 11.1 of the Bidder's Statement.
PRM	PRM Services LLC (a Puerto Rican registered company with Registration Number 387071).

Term	Meaning
PRM Board	the board of directors of PRM from time to time.
Related Bodies Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Sembehun or Sembehun Project	Sierra Rutile's development project over the large natural rutile deposit located 30 kilometres from the Area 1 Project.
Sembehun DFS or DFS	The definitive feasibility study for the Sembehun Project which is expected to be released by 12 April 2024.
Sembehun PFS or PFS	The preliminary feasibility study for the Sembehun Project dated June 2022 as referred to in the Information Memorandum prepared by Sierra Rutile in connection with its application for admission to the ASX, Section 3.12, lodged on the ASX 25 July 2022.
Sierra Rutile	Sierra Rutile Holdings Limited (ACN 613 822 165) or its business or operations or its relevant Subsidiaries (as the context requires).
Sierra Rutile Board or Board	the board of Directors of Sierra Rutile from time to time.
Sierra Rutile Constitution	the constitution of Sierra Rutile from time to time.
Sierra Rutile Directors or Directors	the directors of Sierra Rutile and Sierra Rutile Director or Director means any one of them.
Sierra Rutile Equity Incentive Plan	the incentive plan governed by the Equity Incentive Plan Rules adopted by the Board and associated rules.
Sierra Rutile Group or Group	Sierra Rutile and each of its Subsidiaries and Sierra Rutile Group Member means any one of them.
Sierra Rutile Incentive	a Sierra Rutile Performance Right, Sierra Rutile Restricted Right, Sierra Rutile Option, Sierra Rutile Restricted Share and/or Sierra Rutile Unit (as the case may be).
Sierra Rutile Option	an option to acquire a Sierra Rutile Share under the terms of the Sierra Rutile Equity Incentive Plan.
Sierra Rutile Performance Right	a performance right to acquire a Sierra Rutile Share under the terms of the Sierra Rutile Equity Incentive Plan.
Sierra Rutile Restricted Right	a restricted right to acquire a Sierra Rutile Share under the terms of the Sierra Rutile Equity Incentive Plan.
Sierra Rutile Restricted Share	a Sierra Rutile Share subject to restrictions on dealing and/or other restrictions or conditions under the terms of the Sierra Rutile Equity Incentive Plan.

Term	Meaning
Sierra Rutile Share	a fully paid ordinary share in the capital of Sierra Rutile.
Sierra Rutile Share Registry	Computershare.
Sierra Rutile Shareholder	a person who is registered as the holder of Sierra Rutile Shares in the Sierra Rutile share register.
Sierra Rutile Shareholder Information Line	the information line set up for the purposes of answering enquiries from Sierra Rutile Shareholders in relation to this Target's Statement. The information line numbers are 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia) which are available between 8:30am and 5:00pm (Melbourne time), Monday to Friday excluding national public holidays.
Sierra Rutile Unit	an entitlement to a cash payment subject to satisfaction of applicable conditions under the terms of the Sierra Rutile Equity Incentive Plan.
STAM	Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Fund.
SRL	Sierra Rutile Limited, Sierra Rutile's largest subsidiary incorporated under the laws of the Republic of Sierra Leone which owns and operates the Area 1 Project.
Subsidiary	<p>has the meaning given in section 9 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation:</p> <p>(a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</p> <p>(b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</p> <p>(c) an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.</p>
Takeovers Panel	the Australian Takeovers Panel.
Target's Statement	this document being the statement of Sierra Rutile under Part 6.5 of the Corporations Act in relation to the Offer.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth).
Third Amendment Agreement	the agreement entered into between Sierra Rutile Limited and the Government of Sierra Leone entitled the "Third amendment to that certain agreement of November 20, 2001 by and between the Government of Sierra Leone and Sierra Rutile Limited" dated 24 August 2021, which amended

Term	Meaning
	the agreement between SRL and the Government of Sierra Leone of November 20, 2001, as ratified and confirmed on 21 March 2002 by the <i>Sierra Rutile Agreement (Ratification) Act 2002</i> , as amended from time to time.
Voting Power	has the meaning given in section 610 of the Corporations Act.
VWAP	volume weighted average price.

9.2 Interpretation

Headings and labels used for definitions in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement. Unless the context otherwise requires in this Target's Statement:

- (a) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- (b) a reference to a Section is a reference to a Section of this Target's Statement;
- (c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) the singular includes the plural and vice versa;
- (e) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- (f) the meaning of general words is not limited by specified examples introduced by "including", "for example", "such as" or similar expressions.

Annexure A

ASX announcements

The table below contains a list of all material announcements released by Sierra Rutile in the period from 20 March 2024 (being the Announcement Date) to the Last Practicable Date:

No.	Description of announcement	Date of announcement
1	Unsolicited Takeover Offer - Take No Action	20 March 2024
2	Appendix 3Y – T de Bruyn	20 March 2024
3	Ceasing to be a substantial holder from PPT	20 March 2024
4	Notice received under Section 249D of the Corporations Act	21 March 2024
5	Update on discussions with Government of Sierra Leone	21 March 2024
6	Change in substantial holding	22 March 2024
7	Change in substantial holding	22 March 2024
8	Notice received under Section 249N of the Corporations Act	22 March 2024
9	Change in substantial holding	25 March 2024
10	Replacement Bidders Statement – Market Bid	26 March 2024
11	Update on Section 249D Notice and Director Nominations	27 March 2024
12	Sembehun capex estimate reduced from PFS estimate	28 March 2024
13	Take No Action on Inadequate Offer	28 March 2024
14	Sierra Rutile 2023 Annual Report	28 March 2024
15	2023 Corporate Governance Statement and Appendix 4G	28 March 2024
16	Extension of Time for Dispatch for Target's Statement	2 April 2024
17	ASX Listing Rule 5.19.2 Confirmation	4 April 2024