



Sierra Rutile

ASX ANNOUNCEMENT

14 March 2023

Update on Legal Proceedings with Transcend in Sierra Leone

Sierra Rutile Holdings Limited (ASX:SRX) has disclosed previously (including in the demerger booklet and SRX's annual financial results) that its operating subsidiary, Sierra Rutile Limited (**SRL**), has been involved in legal proceedings in Sierra Leone with Transcend International Resources Limited (**Transcend**). Transcend alleged that SRL had handled its equipment illegally or wrongfully and damaged the equipment.

On 19 August 2021, the High Court of Sierra Leone delivered judgement in favour of Transcend for approximately US\$3.2m, plus interest at the rate of 25% per annum until full payment. SRL appealed against the judgement and the appeal is still to be heard. The amount in issue is now US\$4.3m inclusive of interest and costs of which US\$3.2m was provided in the 2021 accounts.

The High Court has already allowed partial enforcement of the judgement and an amount of US\$1.6m, which was held in a joint account as security pending the outcome of the appeal, has previously been paid to Transcend. These funds were not recognised as assets of SRX subsequent to the demerger.

More recently, by way of further enforcement of the judgement, SRL understands that the High Court has granted a garnishee order over SRL's bank accounts in Sierra Leone. Further, SRL understands that the effect of this is to freeze those accounts and allow funds in SRL's accounts to be released to Transcend to meet the balance of the judgement debt of US\$2.7m.

SRL has made numerous representations to the High Court and to the Government of Sierra Leone to avoid the garnishee order being made until such time as the appeal has been heard but these representations appear to have been unsuccessful.

As Transcend is a Chinese entity with no substantial assets in Sierra Leone, recovery of any funds paid to Transcend if the appeal is ultimately successful may prove very difficult although SRL would take all reasonable steps to recover the amount in that event.

The SRX Board will consider the implications of these developments and will keep the market informed of material developments in accordance with its continuous disclosure requirements.

Ends

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

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