



Sierra Rutile

ASX ANNOUNCEMENT

18 May 2023

Full development approach adopted for Sembehun project

Sierra Rutile Holdings Limited (ASX: SRX) (Sierra Rutile or the Company) is pleased to advise it has adopted a full development approach for its proposed Sembehun project to maximise project value and debt funding capacity, without impacting the DFS timetable.

Sembehun represents one of the largest and highest grade natural rutile resources in the world, offering an attractive incremental development opportunity for Sierra Rutile. The project aims to substantially extend the life, and reduce the costs of the Company's operations.

Key Features:

- **DFS Basis** changed from phased approach to a full development to maximise project value and debt funding capacity whilst reducing potential risks.
- **DFS Timing** confirmed with completion anticipated by end of 2023, and a Final Investment Decision expected in early 2024.
- **Financial Advisers** Cutfield Freeman & Co appointed to assist with securing of debt funding for Sembehun development.

DFS Update

On 2 September 2022, Sierra Rutile announced the appointment of globally recognised consulting engineers Hatch Limited and commencement of the Sembehun Definitive Feasibility Study (DFS). The DFS, the scope of which includes mine plans, design of plant and infrastructure, operational readiness planning and an Environmental, Social and Health Impact Assessment (ESHIA), was initially planned as a continuation of the phased development approach originally considered in the 2022 pre-feasibility study (PFS).

After looking at a range of factors, the Board has decided to adjust the basis of DFS preparation to assume full development rather than the phased approach contemplated in the PFS. Factors considered in reaching this decision included:

- Project execution efficiencies;
- Minimising the risk of any uneconomic production prior to full Sembehun production;
- Fiscal uncertainty relating to Area 1 operations;
- Maximising project valuation; and
- Simplifying and maximising funding availability.

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Importantly, the more efficient project execution and faster ramp-up to production limited only by mineral separation plant capacity are expected to result in a material improvement in project NPV. In addition, the improved early cashflows projected from full development (and therefore full production) mean that debt capacity is expected to improve by more than the modest increase in peak funding required.

The change in basis of the DFS is not expected to materially impact the timetable for the DFS, which is still expected to complete by the end of 2023, and with a Final Investment Decision on the project anticipated for early 2024.

Financing Update

With completion of the DFS now little more than 6 months away, and following strong interest from various potential financiers, the Company has appointed global mining finance advisers, Cutfield Freeman & Co, to assist in arranging debt funding for the development of Sembehun. Cutfield Freeman have advised on numerous debt raisings for mineral sands miners and, more generally, West African mining companies including Sierra Rutile on its previous (2013) debt financing. www.cfandco.com/en/

Sierra Rutile Finance Director, Martin Alciaturi, commented:

“Sembehun studies continue to progress well, with the DFS on schedule to complete by the end of this year. As a part of this process, we have decided to develop Sembehun as a single development, replacing the originally planned phased approach for the project. This provides a number of advantages to maximise project value and debt capacity.

With the DFS well underway, we are pleased to have appointed global mining finance advisers, Cutfield Freeman & Co, as debt advisers for Sembehun. We are very focused on retaining our major role in global rutile supply and adding significant long term shareholder value through the development of Sembehun.”

Ends

This ASX Release was authorised for release to the ASX by the Board.

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About Sierra Rutile

Sierra Rutile is the world's largest natural rutile producer, with an established operating history of more than 50 years from its operations in Sierra Leone.

The Company is well positioned to extend its operations through the proposed development of the nearby Sembehun deposits. Sembehun represents one of the largest and highest grade natural rutile resources in the world, and its development would extend Sierra Rutile's mine life by at least 13 years.

Sierra Rutile is listed on the Australian Securities Exchange. Further details about Sierra Rutile are available at www.sierra-rutile.com