

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

By ASX Online

15 APRIL 2024

Dear Sir or Madam

**Sierra Rutile Holdings Limited - supplementary 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 647 the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of our client's supplementary target's statement dated 15 April 2024 in relation to the Offer (**Supplementary Target's Statement**). The Supplementary Target's Statement will be sent to PRM and lodged with the Australian Securities & Investments Commission 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

# Supplementary Target's Statement

This Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement dated 8 April 2024 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 continue to 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 TO 5:00PM (MELBOURNE TIME), MONDAY TO FRIDAY EXCLUDING NATIONAL PUBLIC HOLIDAYS.

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## Important notices

This document is given by Sierra Rutile Holdings Limited (ACN 613 822 165) under Part 6.5 Division 4 of the Corporations Act and is the first supplementary target's statement (**Supplementary Target's Statement**) to the Target's Statement dated 8 April 2024 (**Target's Statement**) issued by Sierra Rutile and given to the ASX and lodged with the Australian Securities and Investments Commission (**ASIC**) on 8 April 2024, in relation to the on-market takeover bid by PRM Services LLC (a Puerto Rican registered company with Registration Number 387071) (**Offer**). This Supplementary Target's Statement supplements, and is to be read together with the Target's Statement. You should read both the Supplementary Target's Statement and the Target's Statement in their entirety before deciding as to whether or not to accept the Offer for your Sierra Rutile Shares.

This Supplementary Target's Statement is dated, and was given to the ASX and lodged with ASIC on 15 April 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Supplementary Target's Statement.

Unless the context otherwise requires, capitalised terms and certain abbreviations used in this Supplementary Target's Statement have the meanings given to them in Section 9.1 of the Target's Statement. The interpretation rules set out in Section 9.2 of the Target's Statement also apply to this Supplementary Target's Statement.

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

This Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

If you have recently sold all of your Sierra Rutile Shares, please disregard this document.

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## 1 Sierra Rutile Directors continue to recommend that you **REJECT** the Offer

Your Sierra Rutile Directors continue to recommend that you **REJECT** the Offer.

The recent announcement of the results of the Sembehun definitive feasibility study (**Sembehun DFS** or **DFS**)<sup>1</sup> reinforces a number of the reasons to reject set out in Section 1 of the Target's Statement. In addition to the other reasons set out in Section 1 of the Target's Statement, in particular, the Board reiterates the following reasons to **REJECT** the Offer:

- the Offer was opportunistically timed ahead of key value catalysts such as the Sembehun DFS and does not reflect Sierra Rutile's significant strategic value; and
- Sembehun DFS demonstrates significant value associated with the Sembehun Project.

Sembehun represents one of the largest and highest-grade natural rutile deposits globally, and the DFS has confirmed the Sembehun Project, once funded and constructed, will significantly extend Sierra Rutile's mine life, materially lower its cost structure, leverage existing infrastructure, and generate significant long term value both to its shareholders and the people of Sierra Leone.

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<sup>1</sup> See Sierra Rutile's ASX announcement dated 12 April 2024 "Sembehun DFS Reinforces Strategic Value of Significant Project" via <https://www.asx.com.au/>.

Key highlights of the Sembehun DFS include:

- long term production profile, which significantly extends Sierra Rutile's mine life, with:
  - expected mine life of 14 years;
  - no change to previous Sembehun Ore Reserve of 173.7 Mt @ 1.46% rutile (Proved 110.6 Mt @ 1.49%, Probable 63.1 Mt @ 1.42%);
  - annual production rate target of ~14.4 Mtpa ore mined, total Sembehun life of mine plan of 173.8 Mt of ore treated; and
  - an average of 175ktpa of rutile production projected from 2028 to 2038 with 2,155kt of rutile produced over life of mine (**LOM**); and
- financial metrics confirm potential to deliver significant incremental value, as the:
  - capex estimate (as at September 2023) is reduced by 11% to \$301 million, a \$36 million reduction on the 2022 PFS;
  - expected payback is within 55 months from project commencement;
  - long term rutile price assumed at \$1,391/t with steady state cash production costs of \$600/t (net of credits);
  - Sembehun Project net present value (**NPV**)<sub>8</sub> (post-tax, real) is \$408 million;
  - internal rate of return is 27.8% (post-tax, real); and
  - the LOM EBITDA is \$1.7 billion.

Notwithstanding the significant value demonstrated by the Sembehun DFS, Sierra Rutile Directors recognise the inherent risks of progressing Sembehun to production,<sup>2</sup> and in this regard accept that it is appropriate to value Sierra Rutile at a suitable discount to the NPV outlined in the Sembehun DFS. However, PRM's Offer of A\$0.095 per share implies a discount of 94%<sup>3</sup> to the NPV of the Sembehun Project, disregarding Area 1 and exploration potential. The Board reiterates its view that the Offer is inadequate and opportunistic and continue to recommend that you **REJECT** the Offer.

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## 2 Summary of Sembehun DFS

On 12 April 2024, Sierra Rutile announced the results of the Sembehun DFS.<sup>4</sup> The DFS confirms that the Sembehun Project is a globally significant Tier 1

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<sup>2</sup> See Section 3 of this Supplementary Target's Statement for more information in relation to these risks.

<sup>3</sup> Based on an NPV of US\$408m as disclosed in the ASX announcement dated 12 April 2024 "Sembehun DFS Reinforces Strategic Value of Significant Project" via <https://www.asx.com.au/>, and assuming an exchange rate of AUD/USD 0.65.

<sup>4</sup> See Sierra Rutile's ASX announcement dated 12 April 2024 "Sembehun DFS Reinforces Strategic Value of Significant Project" via <https://www.asx.com.au/>.

natural rutile deposit and presents a commercially attractive development opportunity with significant incremental value potential for Sierra Rutile.

A summary of the initial physical and financial evaluation of the Sembehun Project as provided for in the DFS is set out in this Section 2 of this Supplementary Target's Statement.

The production target referred to in this section 2 is based only on Mineral Resource estimates which are classified as Measured (56%), Indicated (28%) and Inferred (16%). The Mineral Resource Estimate and Ore Reserves underpinning the DFS have been prepared by Competent Persons in accordance with the 2012 JORC Code. There is a low level of geological confidence associated with Inferred mineral resources, and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised.

<b>Key production outcomes</b>	<b>Unit</b>	<b>Sembehun</b>
Life of mine	Years	14
LOM ore treated	Mt	173.8
Ore grade	%	1.45
Ore recovery - rutile	%	91.4
Production – total rutile	kt	2,155
Production – total ilmenite	kt	1,242
Production – total zircon in concentrate	kt	107
Annual average production rate	ktpa	175
<b>Key financial outcomes</b>		
LOM total revenue	\$m	3,724
LOM cash production costs	\$m	1,874
Capex	\$m real	301
Sustaining capex	\$m	120
Closure costs	\$m	30.6
Free cash flow	\$m	935
Long term Rutile price assumption (real)	\$/t	1,391
Cash production costs, net of credits	\$/t rutile	622
Cash production costs, net of credits (steady state)	\$/t rutile	600
LOM EBITDA	\$m	1,705
Payback period	# months	55
NPV <sub>8</sub> (post-tax, real)	\$m	408
IRR	%	27.8

Table 1: Production and Financial Outcomes and Economic Assumptions – Sembehun.

Note: Contribution from Sembehun is calculated from the difference between Area 1 continuing alone, versus a combined Area 1 and Sembehun operation.

## 2.1 Production Profile

Sembehun has an expected mine life of 14 years including ramp-up and tail periods. The DFS assumes an annual production rate of ~14.4 Mtpa ore mined to support an average of 175 ktpa Rutile production at steady state.

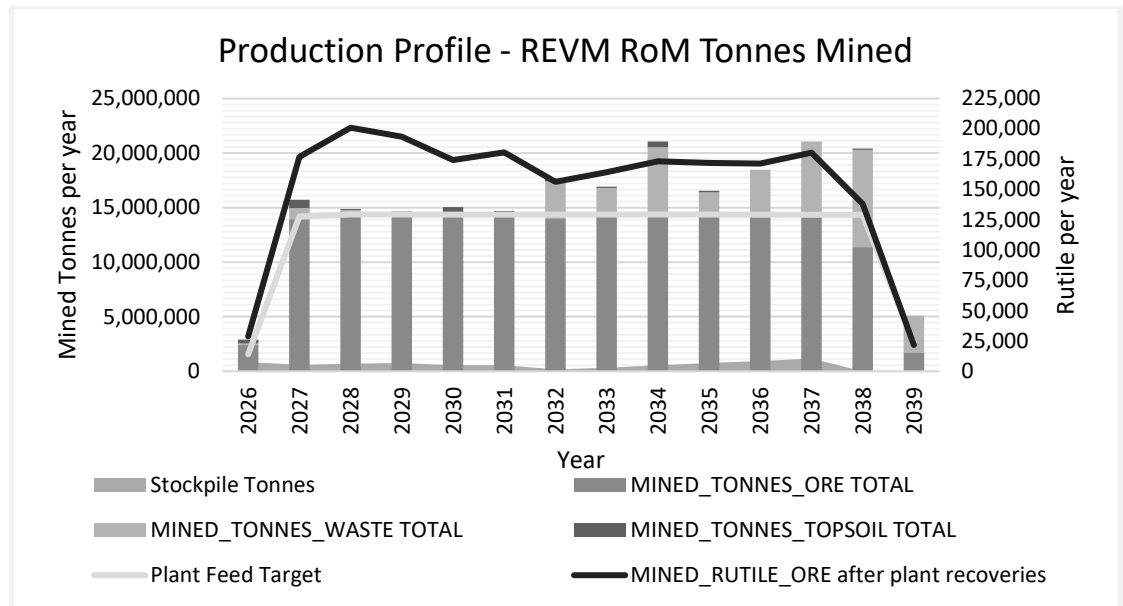


Figure 1: Annual Production Projection Sembahun

## 2.2 Financial Metrics

The Sembahun Project value was determined by calculating the difference in the value of Sierra Rutile with Sembahun versus the value of Sierra Rutile without Sembahun.

The scenario without Sembahun assumed a mine plan that continues operations at Area 1 until Sembahun could be ready for commissioning, but in fact that Sembahun does not proceed. This Area 1 mine plan is the same as for the with Sembahun scenario to ensure the incremental NPV represents the impact of the Sembahun Project only.<sup>5</sup>

The scenario with Sembahun assumed that, following the DFS, a decision is made to progress with the execution of the Sembahun Project. Existing operations at Area 1 would continue until Sembahun is commissioned, at which time mining operations feeding the Area 1 concentrators would cease.

The capital cost estimate has been compiled using The Association for the Advancement of Cost Engineering guidelines targeting a Class 3 level of accuracy of -20% and +20% after the contingency. The overall capital cost estimate of the Sembahun Project is \$301 million which includes a contingency of \$41 million (16% of the base estimate) and excludes forward escalation.

The capex estimate of \$301 million (as at September 2023) is a significant reduction on the 2022 PFS figure of \$337 million. The reduction was driven by a changed approach with Sierra Rutile's management team implementing efficiencies, including seeking in-country earth-moving, civil engineering and product-hauling contractors. For financial analysis purposes, the Sembahun execution capex of \$301 million has been escalated to \$308 million.

<sup>5</sup> The Area 1 mine plan considered in the DFS does not necessarily reflect the current intentions of Sierra Rutile, and will be dependent on the outcome of discussion with the Government of Sierra Leone, as further detailed under the Key Assumptions heading.

The capital cost estimate is summarised in table 2 below.

Bill description	Excl Growth Amount \$
Mine site wide	17,951,561
Concentrator	155,530,870
TSF infrastructure	15,217,801
Process water infrastructure	12,979,310
Mineral separation plant	5,225,306
Power plant infrastructure	154,819
Access road - Nitti	24,645,521
Bridge B6116	7,510,075
Stockpile access road	209,774
Water treatment	943,191
Camp	4,715,794
Solar plant - infrastructure	3,325,179
Resettlement costs	4,491,800
Escalation to base date	945,791
Taxes and duties - withholding tax	6,427,169
Contingency (16.1%)	41,000,000
<b>Sembehun Rev 2 - base line VE</b>	<b>301,273,960</b>

Table 2: Summary of capital costs

A critical aspect of the capital cost estimate, and a factor that influences Sembehun's attractive financial returns, is the reliance on the existing mineral separation plant (**MSP**) and facilities at Nitti Port, neither of which need to be replaced.

Table 3 below captures the key financial metrics for the Sembehun Project with the incremental value of the Sembehun Project determined by deducting the "without Sembehun" case detailed in the DFS from the "with Sembehun" case. Steady state average reflects full operating years.

Measure	Unit	Sembehun
EBITDA	\$m	1,705
Free cash flow	\$m	935
Sembehun capex*	\$m	308
Sustaining capex	\$m	120
Closure	\$m	30.6
Cash production costs (rutile basis)	\$/t rutile	858
Cash cost net of credits	\$/t rutile	622
Cash cost net of credits (steady state)	\$/t rutile	600
NPV (post-tax, real)	\$m	408
Payback	# months	55
IRR (post-tax, teal, pre gearing)	%	27.8%
NPV / Total capex (post-tax, real)	Ratio	133%

Table 3: Summary of key financial metrics

Note: For financial modelling purposes, the Sembehun execute capex is \$301 million incurred in 2024-2027 and escalated to \$308 million in mid-2024 to model inflation.

## 2.3 Key Assumptions

Criteria	Assumption
<b>Long-Term Pricing</b>	Pricing is the largest risk to Sembehun economics and is assumed at \$1,391/t, based on market data.
<b>Ore Grades</b>	174 Mt at 1.45% rutile, 0.91% ilmenite, and 0.11% zircon, of which 111 Mt is classified as proved and 63 Mt as probable, as announced by Iluka Resources Ltd on 24 February 2022 which was re-stated and released by Sierra Rutile on 24 March 2023 in the ASX Release "Sierra Rutile Annual Statement of Resources and Reserves".
<b>Area 1</b>	The DFS models some continued production from Area 1 prior to and during ramp up of Sembehun. Such production would be contingent on the outcome of negotiations with the Government of Sierra Leone with respect to a restart of Area 1, 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.
<b>Processing Recoveries</b>	In relation to wet concentrator plant ( <b>WCP</b> ) recoveries, 94% rutile, 92% ilmenite and 97% zircon are assumed to be recovered from heavy minerals concentrate ( <b>HMC</b> ). As for the MSP recoveries, 91.4% rutile, 85% ilmenite and 65% zircon recovered to final products. MSP rutile recovery has been reduced by expected losses of 0.4% to the wet high intensity magnetic separators ( <b>WHIMS</b> ) and 0.24% to the low intensity magnetic separators ( <b>LIMS</b> ).
<b>Operating Costs</b>	Sembehun mining (\$4.0/t ore), Sembehun WCP (\$2.3/t ore) and haulage to Area 1 (\$14.3/t HMC) is based on the DFS estimates, the balance of SRL operating cost was derived from current cost structures at Area 1. Overhead costs are \$38.5 million pa and are included for Sembehun, which include Perth-based corporate overheads of ~\$4.1 million. Overhead or support cost for Sembehun has been developed by SRL following zero-based approach to reflect the reduced footprint of operations from 2027 onwards.
<b>Fiscal Regime</b>	Tax assumptions are based on the <i>Sierra Rutile Agreement (Ratification) Act, 2002</i> , including the application of the Third Amendment Agreement tax concessions to Area 1 volumes.
<b>Timelines</b>	The DFS assumes a timeline for execution as detailed in Table 5, key project milestones. Delay to earlier key project milestones set out in the table, may lead to additional delay to later key milestones. The current critical path is commencement of detailed engineering work by May 2024.
<b>Exchange Rate</b>	The estimate base date is October 2023 (Q4,2023). No provision has been made for escalation beyond this date. The exchange rate used is 18.9389 South African Rand (ZAR) to 1 United States Dollar (USD).

Table 4: Summary of Key Assumptions

## 2.4 Key project milestones

Description	Date
MSP engineering start	17-April-24
MS1 complete: approved for detail design	23-Aug-24
MS2 complete: design model complete	02-Jul-25
MS3 complete: approved for construction	16-Jul-25
Construction start	22-Nov-24



Commissioning start	05-Aug-26
Construction complete	26-Aug-26
Stream 1: commissioning complete	28-Oct-26
Stream 2: commissioning complete	08-Dec-26

Table 5: Key project milestones

Note: The above timeline has been assumed in preparing the DFS. Actual timeline may differ and subject to Sierra Rutile making a final investment decision.

## 2.5 Mineral Resources & Ore Reserves

The Sembehun Project represents one of the largest and highest-grade natural rutile deposits globally with combined Measured and Indicated Mineral Resources for the deposit being 301 Mt of grading 1.2% rutile. It also contains ilmenite (0.7%) and zircon (0.1%).

The total combined Mineral Resource of 508 Mt is at material grading 1.1% rutile, containing 5.5 Mt of recoverable rutile. The current Mineral Resources are limited to the extent of the supporting exploration and the potential for upside is considered good.

For the Ore Reserve a total of 111 Mt grading 1.49% rutile is classified as Proved representing 64% of the reported reserve tonnage and contained rutile tonnage.

Tables 6 and 7 below provides a summary of the Mineral Resource and Ore Reserve.

Mineral Resource Category	Mineral Resource	Rutile Grade	Rutile contained
Measured	134 Mt	1.4%	1.9 Mt
Indicated	167 Mt	1.0%	1.7Mt
Inferred	207 Mt	0.9%	1.9 Mt
<b>Total</b>	<b>508 Mt</b>	<b>1.1%</b>	<b>5.5Mt</b>

Table 6: Sembehun Mineral Resource Summary

Ore Reserve Category	Diluted Ore	Rutile Grade	Rutile Contained
Proved	110.6 Mt	1.49%	1,644 kt
Probable	63.1 Mt	1.42%	896 kt
<b>Total</b>	<b>173.6 Mt</b>	<b>1.46%</b>	<b>2,540 kt</b>

Table 7: Sembehun Ore Reserve Summary

Note: Neither the Mineral Resource or Ore Reserve have materially changed since previously announced on the ASX by Iluka Resources Ltd on the 24th of February 2022, titled: "Sembehun Ore Reserve and Mineral Resource Update, Sierra Leone" which was re-stated and released by Sierra Rutile in its ASX release on 24 March 2023 titled "Sierra Rutile Annual Statement of Resources and Reserves".

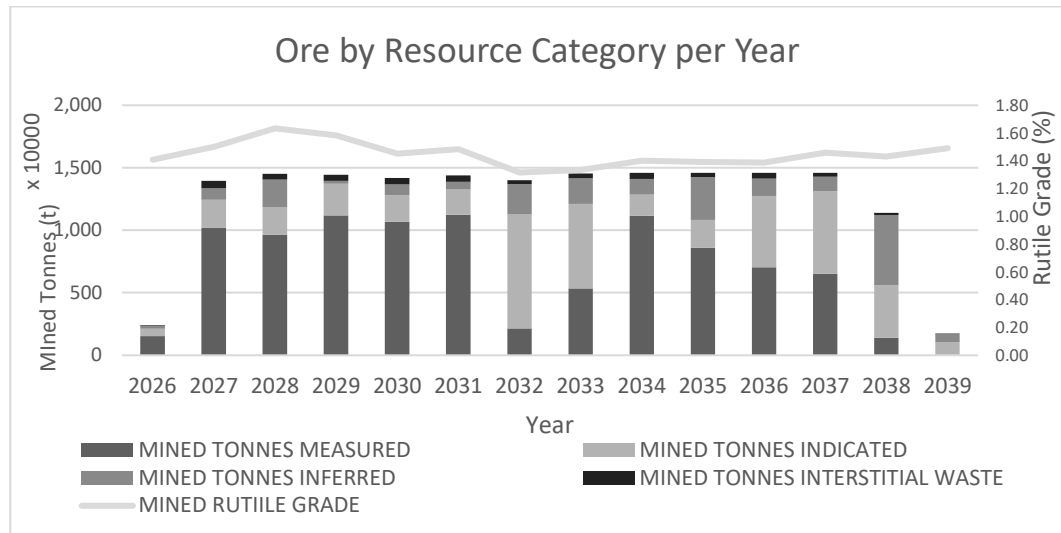


Figure 2: Resource category of target area over LOM

Note: Interstitial waste is material within the inferred part of the resource that must be removed during mining and has been conservatively treated as waste for modelling purposes (at 0% grade) due to a lower level of confidence and does not contribute any rutile to the production target. It does contribute to mining costs (~3% of mined tonnes), hence inclusion in the model. There is a low level of geological confidence associated with this material, and there is no certainty that further exploration work will result in the determination of reserves from this material.

## 2.6 Mining

The Sembehun deposit has a LOM of 14 years from startup including the ramp-up and tail periods. The average grade of the target area is 1.45% rutile, yielding an estimated 2.1 Mt of rutile after WCP and MSP recoveries.

A stockpile strategy was implemented to plan a buffer between ex-pit material and the WCP feed during the wet season, based on rainfall data from Gangama. The load and haul mining method is based on similar equipment to the current operations at Area 1. A fleet of 9 Volvo EC950 excavators and 22 Volvo A60D dump trucks is estimated for the primary equipment fleet to execute ore and waste activities.

Mining opex and capex estimates are based on quotes from contractors, using a competitive process from multiple contractors. Existing site-based contractors ultimately provided the most competitive detailed quoted cost estimate which was used in the DFS. The mining capex is \$17.3 million and a total opex of \$683.0 million is expected over the LOM. Opex is expected to significantly decrease from 2027 with savings from Area 1 when its mining operations cease.

## 2.7 Processing and Facilities

The process plant will consist of two identical streams from the run of mine (ROM) tip through to HMC stockpiling. A new magnetic separation section is included at the MSP to assist with chrome rejection to meet final product specifications and de-bottlenecking to accommodate the increase in ilmenite. A ratio of 2:1 rutile to ilmenite ratio for Sembehun (over the LOM) is targeted for the current operation.

The processing is designed based on annual ore mined of 14,440,324t (according to the PFS Mine Plan 2025-2038) and MSP Rutile Recovery Rate of 91.36 per cent.

Sembehun will be powered by a dedicated electrical power plant. The dedicated power producer will be responsible for the design, supply, installation, and operation of the plant.

## 2.8 Marketing

Since Sierra Rutile, its products, and its customer base are well established, sales are assumed to mirror production over the Sembehun Project life. Customer testing of Project samples indicates Sembehun's product is acceptable in all rutile end-uses, even the most demanding applications such as aerospace-grade titanium sponge and premium-quality welding consumables.

Sembehun is critical to meeting the world's rutile needs since existing reserves are nearing the end of their mine life and there are not enough first-tier resources coming into development to maintain rutile supply at historical levels.

Since supply from existing producers and approved projects is declining, Sierra Rutile's customers and consumers worldwide need supply from Sembehun to maintain consumption at the 500 ktpa titanium dioxide unit level seen in recent years.

Sembehun's low unit costs ensure the mine is competitive regardless of what stage the economic cycle is in. Should the market find itself in an extended downturn, Sierra Rutile will be able to compete against competitors producing by/co-product produced rutile.

## 2.9 Permitting

An Environmental, Social and Health Impact Assessment (**ESHIA**) has been undertaken in compliance with Sierra Leonean legal requirements. As far as practicable, alignment to international best practice standards was achieved in the ESHIA and the subsequently developed Environmental, Social and Health Management Plan (**ESHMP**). The ESHIA and associated ESHMP have now been approved by the Environmental Protection Agency of Sierra Leone, and are the major required government approval to proceed with the project, as Sembehun sits within the already granted Mining Lease.

Other incidental permits or licences will be required to bring the project into production, such as power generation and fuel storage licences, and these permits or licences are expected to be achieved within the normal course of business.

## 2.10 Strategy

Sierra Rutile's strategy remains 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;<sup>6</sup>
- 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

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<sup>6</sup> 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*.

from the remaining Area 1 operations through pursuit of efficiency gains and mine life extensions; and

- concurrently progress the development of Sembehun in line with the 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 of part or all of the Sembehun Project and will pursue the option which the Board considers will maximise value for Sierra Rutile Shareholders.

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## **3 Risks**

In addition to the material risks associated with remaining a Sierra Rutile Shareholder set out in Section 7.3 of the Bidder's Statement, Sierra Rutile Shareholders should also be aware of the following risk factor if they reject the Offer and retain their current investment in Sierra Rutile Shares.

### **3.1 Risk that the proposed development of Sembehun may not proceed as contemplated in the DFS or at all**

Whilst the Sembehun DFS results announced on 12 April 2024 demonstrate the significant value Sembehun holds, and the ability of Sembehun to fundamentally change the cost base and economics of mineral sands production by Sierra Rutile, there is no guarantee that Sierra Rutile will proceed to develop Sembehun or that the 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.

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.

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## 4 Additional Information

### 4.1 JORC Reporting

The information in this Supplementary Target's Statement relating to Sierra Rutile's estimates of Mineral Resources and Ore Reserves statements for the Sembehun Project is extracted from the Sembehun announcement released on the ASX by Iluka Resources Ltd on the 24 February 2022, titled: "*Sembehun Ore Reserve and Mineral Resource Update, Sierra Leone*" which was re-stated and released by Sierra Rutile in its ASX announcement on 24 March 2023, titled "*Sierra Rutile Annual Statement of Resources and Reserves*" (**Sembehun Announcement**), available at [www.asx.com.au](http://www.asx.com.au).

Sierra Rutile confirms that it is not aware of any new information or data that materially affects the information included in the Sembehun Announcement and that all material assumptions and technical parameters underpinning the estimates of Mineral Resources and Ore Reserves Statements in the Sembehun Announcement 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 Sembehun Announcement.

The information contained in this Supplementary Target's Statement relating to a production target and forecast financial information derived from the production target set out in the DFS summary was announced to the ASX on 12 April 2024, under the heading "Sembehun DFS Reinforces Strategic Value of Significant Project" (**DFS Announcement**). Sierra Rutile confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target in DFS announcement continue to apply and have not materially changed.

### 4.2 Transaction expenses

As noted in section 8.6 of the Target's Statement, the Offer has resulted in Sierra Rutile incurring expenses that would not otherwise arise from its ordinary operations. These expenses include fees of legal and financial advisers and share registry 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. As at 8 April 2024, the transaction costs already incurred in responding to the Offer are estimated to be approximately A\$375,000 (excluding GST).

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.

### 4.3 Approval of Supplementary Target's Statement

This Supplementary Target's Statement has been approved by a resolution passed by the Sierra Rutile Directors on 14 April 2024.

Signed for and on behalf of  
Sierra Rutile Holdings Limited



**Theuns de Bruyn**  
Managing Director and Chief Executive Officer