



Sierra Rutile

ASX ANNOUNCEMENT

2 September 2022

Definitive Feasibility Study for Sembehun Project commences

HIGHLIGHTS:

- Definitive Feasibility Study commences for the Sembehun Project, with the appointment of consulting engineers Hatch Limited
- Sembehun is one of the largest and highest grade natural rutile deposits in the world, and its development would extend Sierra Rutile's mine life by at least 13 years
- DFS to be fully funded from cash reserves and operating cashflow
- Targeting DFS completion during Q3 2023 ahead of a final investment decision late 2023

Sierra Rutile Holdings Limited (ASX: SRX) (**Sierra Rutile** or the **Company**) is pleased to announce commencement of the Definitive Feasibility Study (**DFS**) for the proposed development of its 100% owned Sembehun project (**Sembehun**). Sembehun is located in Sierra Leone in close proximity to the Company's existing mining operations, and is one of the largest and highest grade natural rutile deposits in the world (see figure 1).

The Preliminary Feasibility Study in relation to Sembehun contemplated mining the rutile, ilmenite and zircon mineral sands hosted within the five deposits in Mine Lease Area 5 (MLA 5), i.e. (Kamatipa, Komende, Benduma, Dodo, and Kibi). Expansion into MLA 5 would contribute approximately 13.6 million tonnes (Mt) of ore per annum and expand Sierra Rutile's operating Life of Mine (LOM) by approximately 13 years.¹

The DFS is expected to take approximately 12 months to complete which would allow Sierra Rutile to reach a final investment decision for Sembehun in late 2023. The DFS and associated works will be funded from existing cash reserves and operating cashflow. The 2022 capital expenditure guidance of US\$41m contained in the demerger booklet included costs allocated for undertaking the DFS.

¹ Details extracted from the ASX release by Sierra Rutile entitled "Information Memorandum and Demerger Booklet" dated 25 July 2022, available at <https://sierra-rutile.com/> and www.asx.com



Sierra Rutile

ASX ANNOUNCEMENT

Sierra Rutile Managing Director and CEO, Theuns de Bruyn, commented: “We are pleased to commence the Sembehun DFS on schedule following our recent demerger and ASX listing. Sierra Rutile is already one of the largest natural rutile producers in the world, and Sembehun is one of the largest and highest grade natural rutile deposits in the world. So we are very well positioned to significantly extend our mine life and continue to deliver value to our shareholders through the development Sembehun.”

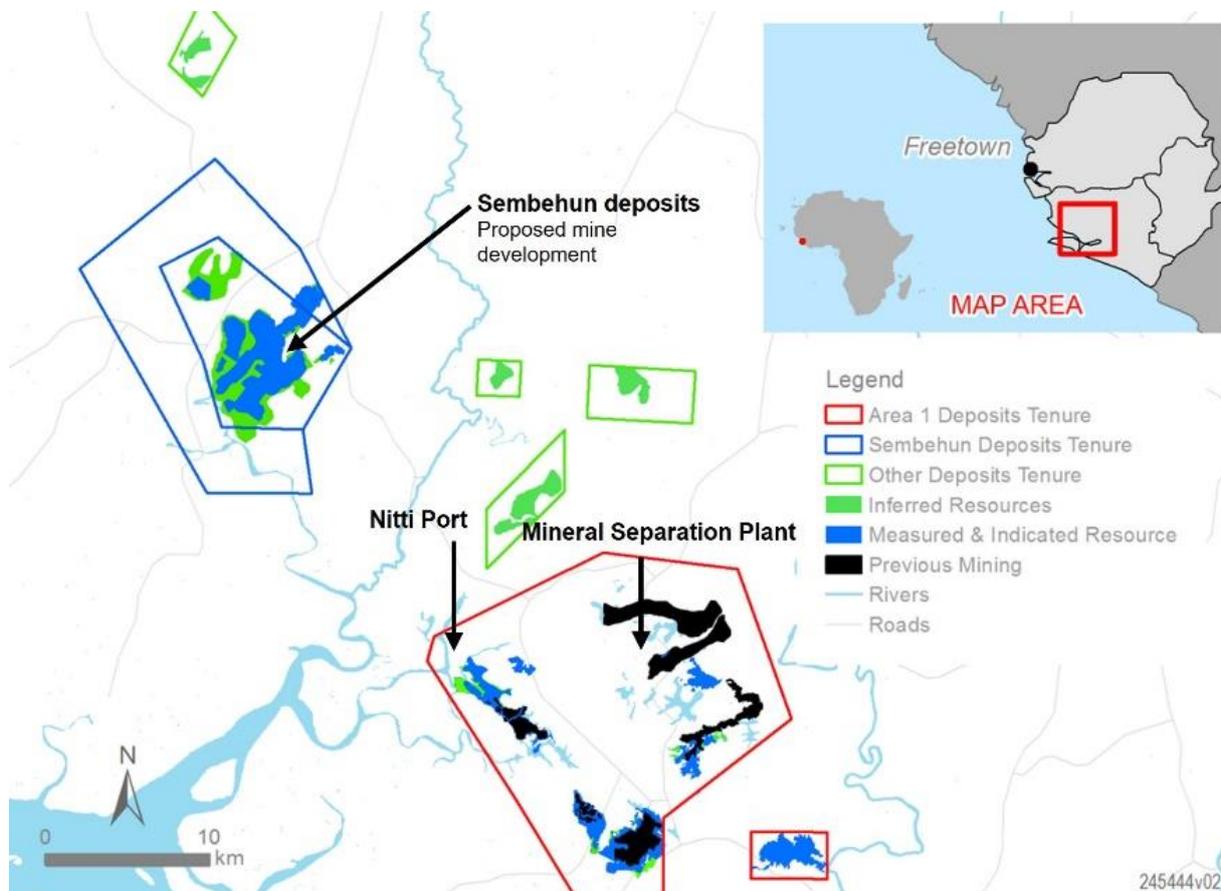


Figure 1 Sembehun deposits are in close proximity to existing operations

Sierra Rutile has appointed consulting engineers Hatch Limited to undertake the study work, which will build upon the Pre-Feasibility Study completed by Hatch earlier this year. Hatch’s scope of work will include updated designs for open pit mine, wet concentration plants and magnetic separation plant at the Mineral Separation Plant, Tailings Storage Facility and associated infrastructure, as well as including operational readiness planning.



Sierra Rutile

ASX ANNOUNCEMENT

Supporting study packages to inform the DFS include Resources and Reserve sign-off, hydrogeological modelling, hydrology & water balance, tailings modelling, process water dam designs, ecological reserve estimation, storm water management, sediment and geomorphology studies.

Other components of the DFS will include a Relocation Action Plan and Environmental Social and Health Impact Assessment as well as establishing a health clinic on site.

A phased development approach is planned to leverage the significant existing infrastructure in place at the Company's Area 1 operations, and integrate the potential development of Sembehun with the remainder of operations at Area 1. This approach aims to minimise Sembehun pre-production capital expenditure and maximise Sierra Rutile's ability to utilise cash flows generated from Area 1 to assist in funding the development of Sembehun.

Financial Reporting

Having demerged from Iluka Resources Limited on 4 August 2022, Sierra Rutile's first financial report as a separate listed company will be released in February 2023 and will relate to the year ending 31 December 2022 (Sierra Rutile's Financial Year end is 31 December). The financial performance of the Sierra Leone operations for the six months to 30 June 2022 was included (as discontinued operations) in the condensed consolidated financial statements of Iluka Resources released to ASX on 24 August 2022 and detailed at note 7 to those financial statements. This financial information was prepared by Iluka Resources applying their financial and accounting policies. The financial information reflects pre demerger operations only and so does not reflect the post demerger cost structure and overheads.

Ends

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

Contact Information:

Investors:

Martin Alciaturi
Finance Director, Sierra Rutile
Ph: 08 6251 5555
Email: martin.alciaturi@srx.group

Media:

Shane Murphy
FTI Consulting
Ph: 0420 945 291
Email: shane.murphy@fticonsulting.com



Sierra Rutile

ASX ANNOUNCEMENT

Mineral Resources, Ore Reserves Estimates and Production Guidance

This announcement contains production guidance based on estimates of Sierra Rutile's ore reserves and mineral resources. The estimates in this announcement that relate to the ore reserves and mineral resources of Sierra Rutile have been extracted from the ASX release by Sierra Rutile entitled "Information Memorandum and Demerger Booklet" dated 25 July 2022, available at <https://sierra-rutile.com/> and www.asx.com (**Announcement**).

For the purposes of ASX Listing Rule 5.19, Sierra Rutile confirms that it is not aware of any new information or data that materially affects the information regarding Sierra Rutile's ore reserves and mineral resources included in the Announcement and that all material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed. Sierra Rutile confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Announcement.