

2023

Annual Report



Sierra Rutile



CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Sue Wilson

Registered and Principal Office

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Country of Incorporation

Sierra Rutile Holdings Limited is domiciled and incorporated in Australia

PwC Australia

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Share Registry

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Securities Exchange

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ASX Code

SRX

2023 Annual Report

CONTENTS

4	CHAIRMAN'S LETTER
6	COMPANY OVERVIEW
7	2023 KEY POINTS
8	OPERATING AND FINANCIAL REVIEW
9	FINANCIAL PERFORMANCE
11	OPERATING PERFORMANCE
12	OUTLOOK AND STRATEGY
14	AREA 1
16	SEMBEHUN
20	MINERAL RESOURCES AND ORE RESERVE STATEMENTS
32	SUSTAINABILITY
50	PRINCIPAL RISKS AFFECTING THE GROUP
54	DIRECTORS' REPORT
55	DIRECTORS
68	REMUNERATION REPORT
80	AUDITOR'S INDEPENDENCE DECLARATION
81	FINANCIAL STATEMENTS AND NOTES
118	INDEPENDENT AUDITOR'S REPORT
124	SHAREHOLDER AND CORPORATE INFORMATION

Chairman's Letter

Dear Shareholders,
As Chair of Sierra Rutile, and on behalf of my fellow Directors, I am pleased to present the 2023 Annual Report.

Perseverance and diligence are two words that encapsulate our first full financial year as a standalone listed company. Despite challenging market conditions and uncertain government relations, our management team and Board remained dedicated to delivering value from existing operations at Area 1 and advancing the Sembehun project in our first full year as a standalone listed company.

We've continued to supply over 20% of the world's natural rutile, and optimised operational processes at Area 1 with a view to reducing ongoing costs.

However, macroeconomic factors with reduced pigment demand, and challenges such as power supply disruptions at Area 1, as a consequence of aging equipment, impacted our revenue, resulting in revenue of \$176 million and a Net Loss After Tax of \$20.1 million (2022 profit: \$75.6 million), including asset impairments of \$35.3 million.

Substantial progress was made in the year advancing Sembehun's Definitive Feasibility Study (DFS) scheduled to complete in H1 2024. Sembehun represents one of the largest and highest quality known rutile deposits in the world, offering a long mine life and additional exploration potential adjacent to Area 1.

Encouragingly, post-period end, the Environmental Protection Agency of Sierra Leone (EPA) approved the Environmental, Social and

Health Impact Assessment (ESHIA) associated Environmental, Social and Health Management Plan (ESHMP) and Public Disclosure Report for Sembehun. This is an important milestone in the process required to develop the asset.

However, as previously disclosed, the Government of Sierra Leone (GoSL) informed Sierra Rutile of its intention to renegotiate the Third Amendment Agreement, which outlines tax concessions for remaining production at Area 1. Despite ongoing discussions with GoSL, on 22 January 2024, the GoSL stated its intention to proceed on the basis that the fiscal regime set out in the Third Amendment Agreement would revert to the fiscal regime contemplated under the SR Act dated 20 November 2001.

Our firm position is that the Third Amendment Agreement cannot be modified without mutual agreement, and reverting to the prior fiscal regime would make operations at Area 1 economically unviable. Sierra Rutile has initiated the dispute process with the GoSL and, in addition, issued a suspension notice for operations at Area 1 effective 11 March 2024. The GoSL has raised issues with the validity of the suspension notice and whether the suspension is in breach of the applicable laws and regulations. Although we do not agree with this, Sierra Rutile is seeking to resolve the issue in conjunction with the broader overall negotiations with the GoSL.

The Board will assess a restart if an agreement can be reached with the GoSL for a supportive fiscal regime under favorable market conditions. The Board will keep shareholders updated throughout the negotiation process.

Despite these ongoing negotiations with the GoSL, Sierra Rutile is committed to realising the potential of the Sembehun project. Sembehun is intended to be a major supplier of rutile, and given the limited substitution and recycling of titanium, we foresee long-term sustained demand for natural rutile.



We've continued to supply over 20% of the world's natural rutile.

As one of the largest private sector employers in Sierra Leone, the health and safety of all employees and contractors is paramount. At the end of 2023, our Lost Time Injury Frequency Rate (LTIFR) was 0.33 and our Total Recordable Injury Frequency Rate (TRIFR) was 0.55. With a focus on improved contractor management and onboarding process, our safety performance is now country-leading.

ESG remains a priority for Sierra Rutile. We are committed to promoting and supporting community projects that fall under our social investment support pillars of water, health, sanitation and education. In 2023 this included conducting a Rapid Appraisal Assessment to provide livelihood support to five communities impacted by mining activities at the Gangama North

Deposit. The initiative was marked by commencing the payment of scholarship funds to students and the distribution of food to community stakeholders in five communities.

As a significant participant in the Sierra Leone economy, we are committed to being at the forefront of environmental management in the local mining industry. As part of this, a total of 285ha of previously disturbed land was rehabilitated in 2023, against the regulatory requirement of 150ha. Other significant sustainability initiatives

are outlined in the Sustainability section of this Annual Report.

While short-term market headwinds remain, a longer-term trend of global natural rutile supply deficit is emerging. Sierra Rutile's ability to capitalise on this situation is unclear in light of recent developments with the GoSL. Sierra Rutile's objective is to obtain resolution for the Third Amendment Agreement as promptly as possible, to restart Area 1 operations and advance Sembehun but continued operation at Area 1 can only take place on an economic basis.

On 20 March 2024, PRM Services LLC announced an on-market takeover bid (*Bid*) for all of the shares in Sierra Rutile. The Board has advised shareholders to take no action in relation to the Bid ahead of Sierra Rutile issuing its target's statement

in response to the Bid. There have also been proposals put forward for changes to be made to the Board. These proposals will be put to shareholders in compliance with the applicable legal requirements.

Finally, on behalf of the Board, I would like to thank our executive team and all of our staff in Sierra Leone, Australia, and elsewhere for their dedication throughout a very challenging year. I would also like to extend our thanks to our shareholders for their continued support and patience as we continue to negotiate with the GoSL and for your continued belief in our Company.

Greg Martin
Independent Non-Executive Chair
28 March 2024



Company 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 and the Company is 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 TiO₂ 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 has an established operating history of more than 50 years and, if the proposed Sembehun Project proceeds, the deposit will add many years of additional mine life as well as lowering the Company's cost base. The Company is one of the largest private employers in Sierra Leone.

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.

Values

Safety

The safety of our workforce is paramount, and we operate based on zero harm to our employees.

Diversity

We value diversity and operate on the principle of equality of opportunity for everyone regardless of gender, age, religion, race or disability.

Respect

We treat everyone with courtesy, politeness and dignity.

Agility

We pride ourselves on our ability to adapt and respond in a timely and positive manner to changes in our business environment.

Accountability

At Sierra Rutile, we hold ourselves accountable for our actions and deliver on our commitments.

Sustainability

We are committed to using sustainable mining practices and we respect our environment.

2023 Key Points

First full financial year as a standalone company.

113kt of rutile produced during the year.

Remained profitable before asset impairments despite downturn in commodity price environment.

Continued substantial (over US\$15 million) investments into projects aimed at extending Area 1 mine life.

Unresolved discussion with GoSL regarding continued application of Third Amendment Agreement tax concessions throughout second half of 2023 (and ongoing).

Significant cost-reduction program commenced early 2024 to "right size" business for current market settings.

Sierra Rutile remains the most globally significant natural rutile producer.

Building value with Sembehun DFS, due to complete in mid H1 2024.

285 hectares of previously disturbed land rehabilitated during 2023 against the regulatory requirement of 150 hectares.

Ongoing substantial contributions to local communities including through education and healthcare.

Operating & Financial Review

Financial Performance

Sierra Rutile reported revenue of \$176 million, 31% lower over the prior year, primarily due to the deterioration in demand seen in the pigment market during the year. The average rutile price received in 2023 was \$1,371/t, 9% lower than the 2022 average but prices for the second half averaged only \$1,263/t.

Reported Net Loss After Tax was \$20.1 million (2022: profit \$75.6 million) equating to a loss of 4.7 cents per share.

	2023	2022
Rutile Sold	102	142
Ave. Rutile Price (\$/t)	1,371	1,502
Revenue (US\$'000)	176,301	254,484
Cost of Sales (US\$'000)	(147,281)	(188,600)
Gross Profit (US\$'000)	29,020	65,884

Gross profit remained positive at \$29.0 million, but was substantially down (56%) on 2022 reflecting the lower volumes and pricing enjoyed during the year.

Uncertainty regarding the continuation of the Third Amendment Agreement (TAA) tax concessions combined with challenging market conditions led to the decision to delay execution of the Mogbwemo Tails project and resulted in the Company impairing its Area 1 property, plant and equipment during the year. This resulted in non-cash charges totalling \$35.3 million.

Operating activities failed to generate positive cashflow with losses incurred and inventories built in the second half. Notwithstanding this, substantial investments continued to be made in both the extension of Area 1 potential mine life as well as progressing the Sembahun DFS towards finalisation.

	2023 \$'000	2022 \$'000
Cash (outflow)/generated from operating activities	(7,248)	44,253
Investments in PP&E and exploration/studies	(24,604)	(19,846)
(Repayment of) borrowings	-	(11,632)
Other items	1,987	(909)
Net increase in cash and cash equivalents	(29,865)	11,866

The Company closed the year with no debt and cash of \$7.8 million. The lower volume of sales led to the value of finished goods inventories more than doubling (up 115%) over the year. Adding in stockpiles of ore and heavy mineral concentrates together with trade and other receivables net of trade and other payables resulted in net working capital at year end of \$66.1 million.

As at 31 December 2023, the Company's total audited net assets were \$115.5 million, equivalent to A\$0.40 cents per share.



Going Concern

The consolidated financial statements have been prepared on a going concern basis which assumes that the group will be able to realise its assets and meet its debts as and when they become due and payable.

For the year ended 31 December 2023, the Group incurred a net loss after tax attributable to owners of Sierra Rutile Holdings Limited of \$(20,107,000) [2022: \$73,398,000 profit] and a net operating and investing cash outflow of \$(29,865,000) [2022: \$(21,502,000)].

During 2023, the Government of Sierra Leone (GoSL) advised Sierra Rutile Limited (Sierra Rutile), a wholly owned subsidiary of the Company and the operating entity of the Area 1 mine, that they were seeking to renegotiate the terms of the Third Amendment Agreement (TAA) between Sierra Rutile and the GoSL. The TAA was ratified by the parliament of Sierra Leone in December 2021 and provides a number of concessions to Sierra Rutile including reduced royalty and minimum corporate tax rates. Subsequent to 31 December 2023, Sierra Rutile received further correspondence from the GoSL clarifying the nature of their desired changes to fiscal arrangements that might underpin a potential Fourth Amendment Agreement. The proposed arrangements, in the opinion of the Company, would render Area 1 uneconomic.

In response, Sierra Rutile issued a suspension notice to the GoSL for operations at Area 1 under the relevant mining licence and mining act, which will take effect from 11 March 2024. The current uncertainty concerning the fiscal regime does not provide a stable platform upon which Sierra Rutile 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.

As a result of the factors above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon a number of factors, including:

- Successful and timely resolution of negotiations with GoSL resulting in only a limited suspension in operations;
- No or limited interruption of power supply to Area 1 operations during the next 12-month period;
- Achieving production volumes and costs in line with current budgets; and
- No further decline in market prices or conditions impacting the Group's ability to achieve forecast sales volumes and prices.

The Directors have reviewed the business outlook, cashflow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate and that the Group will have sufficient cash available to continue as a going concern for the 12 months from the date of this report.

- In forming this view, the Directors have taken into consideration the following:
 - The cash and working capital position of the Group as at the date of this report;
 - The Group's cashflow forecasts which indicate positive projected cash balances throughout the year;
 - The sensitivity of the expected returns to changes in commodity prices (both mineral sands products as well as fuel input costs);
 - Ongoing programs directed at reducing fixed costs;
 - Options to enhance available power supply at site on a short-term rental basis; and
 - Legal avenues available to the Group, if required, to enforce the provisions of the TAA.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

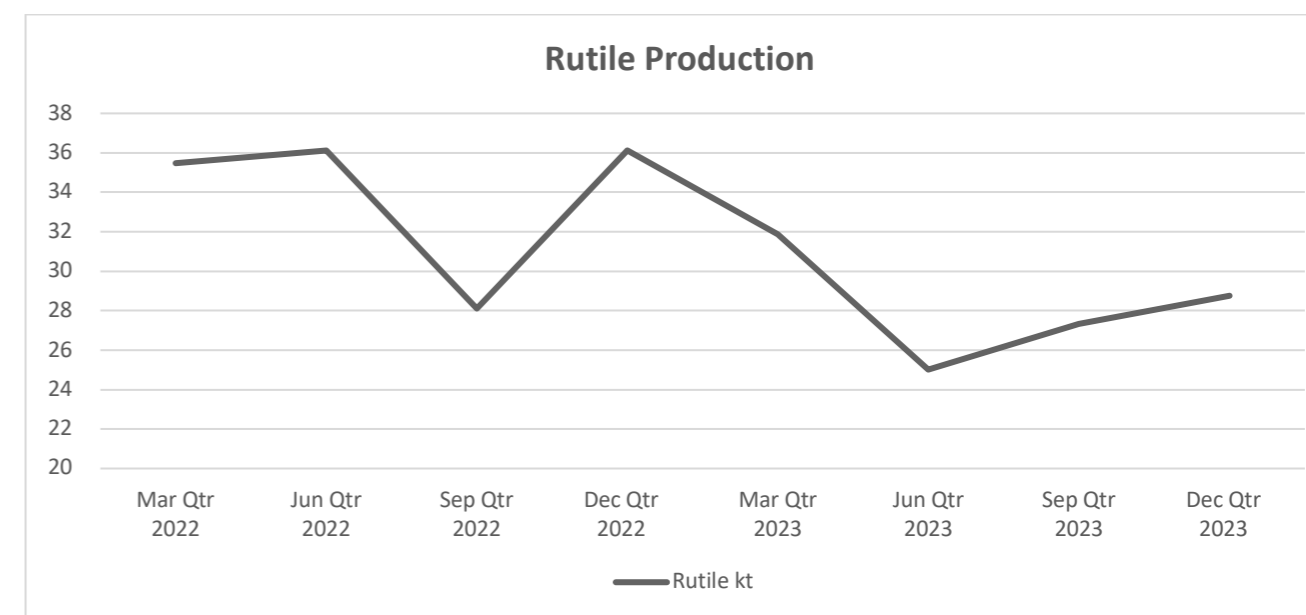
The audit report includes a section on a material uncertainty in respect of going concern.

Operating Performance

Rutile production for the year was 113kt, a decrease of 17% on the prior year of 136kt. Whilst a number of challenges were encountered in respect to power supply, production was also deliberately constrained due to soft demand conditions.

Optimisation at Area 1 continued during 2023 with the relocation of the DM1/DM4 scrubbers and sizers. Work also commenced on the Gangama North tidal bund to allow access to 3.7Mt of high-grade ore to mine for the DM2 operation in 2024.

Heavy minerals concentrate (HMC) production from the Wet Concentrator Plants was in line with expectations. Production levels, which originally declined in Q2 due to power constraints, were maintained at lower levels whilst softer market demand conditions persist.



Safety remains an ongoing commitment, with Sierra Rutile holding country-leading safety performance. In H2 overall, Sierra Rutile reported 0 Lost Time Injuries (LTIs), and excellent safety numbers. The Company remains committed to maintaining and improving safety performance.

As one of the largest private sector employers in Sierra Leone, Sierra Rutile has a long-standing commitment to environmental, social and governance (ESG) practices and contributing to the country's growth and employment. The Company conducted a number of initiatives during the year in support of education and healthcare. This included commencing the payment of scholarship funds to primary, secondary and university students from five mining chiefdoms. In 2023, Sierra Leone achieved the milestone rehabilitation of 285ha against the regulatory requirement of 150ha, planting over 305,000 seedlings.

As anticipated, the building of ore stockpiles during H1 ahead of the wet season, had a positive impact on efficiencies and, therefore, operating costs. The full outsourcing of all mining to contractors enabled a larger proportion of the Company's cost base to be classed as "variable" rather than "fixed" but, taken as a whole, costs did not decline in line with production volumes.

Outlook and Strategy

The Company's revenues and cashflows are all derived from the sale of mineral sands products and, in particular, natural rutile. The largest market for the Company's products is the pigment industry which is experiencing challenging market conditions, especially in Europe and China, due to increased energy input costs and reduced end-user demand in an inflationary environment. Sierra Rutile believes the prevailing pigment market conditions reflect a cyclical decline in demand rather than a longer-term trend.

The welding market is likely to face similar challenges, with strong sectors, including the US and LNG shipbuilding in India, unable to fully offset broader economic softness in Europe and the broader infrastructure and construction activity. Fortunately, demand for aerospace-grade titanium remains strong.

The Company has recognised the importance of resetting its cost base to match prevailing market conditions and in addition to the notice to suspend operations from 11 March, has given GoSL notice of a redundancy programme anticipated to impact 25-30% of the workforce.

While short-term market headwinds remain, a longer-term trend of global natural rutile supply deficit is emerging. Sierra Rutile's ability to capitalise on this situation is unclear in light of recent developments with GoSL despite the Company's strong relationships with major chloride pigment manufacturers and the world's top aircraft-grade titanium sponge producers.

The Company's strategy is to:

- Obtain resolution of Third Amendment Agreement dispute with GoSL;
- Restart Area 1 operations following the suspension in operations due to commence in March 2024, and maximise cashflows from the remaining Area 1 operations through the pursuit of efficiency gains and mine life extensions; and
- Complete Sembehun DFS, obtain funding for construction and develop the project to materially extend the overall life of operations and improve long-term cost competitiveness.



PROJECT SUMMARY

Area 1

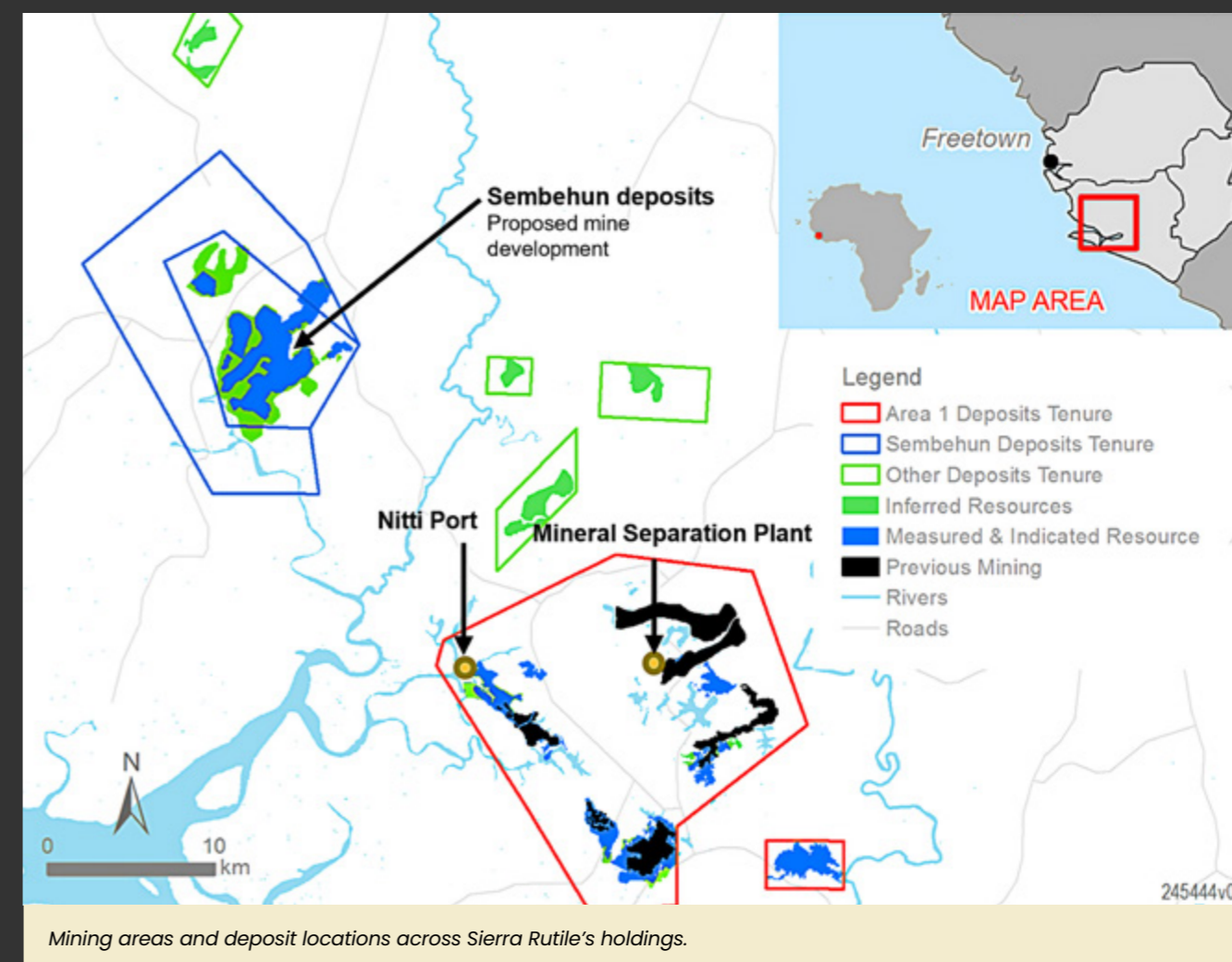
Sierra Rutile's current mining and mineral processing operations extract and process ore from the Gangama, Taninahun, Gbeni, Lanti deposits, and most recently the Company undertook a mine life extension program at the Pejebu and Ndendemoia deposits.

Operations include four wet concentrator plants (WCPs); a mineral separation plant (MSP) and associated infrastructure; residential camps for senior and management staff; and a dedicated port facility. These deposits and operations are collectively referred to as Area 1.

The Company has investigated two main options to further grow resources to increase operational flexibility for the remaining life at Area 1:

Drilling at Ndendemoia and Pejebu with a view to add further Resources and Reserves;

Investigating the possibility of draining the Mogbweno pond (the site of historic dredge mining adjacent to the MSP) and retreating tailings as a feed supplement to the MSP. 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 continuation of appropriate fiscal arrangements.



Mining areas and deposit locations across Sierra Rutile's holdings.

Area 1 Operations to Be Suspended

Area 1 Operations are to be suspended following notification of the Government of Sierra Leone's (GoSL) intention to change the previously agreed Third Amendment Agreement fiscal regime.

By way of background, the GoSL entered the Third Amendment Agreement with Sierra Rutile in late 2021, providing significant concessions for Area 1 mine life to support continuity of operations.

The position of the Company is that the Third Amendment Agreement cannot be amended without the mutual agreement of Sierra Rutile. Reverting to the previous fiscal arrangements would make continuing operations in Area 1 uneconomic.

The dispute resolution provisions under the Third Amendment Agreement contemplate that the parties will attempt to resolve any dispute in good faith through negotiation following which there is provision for arbitration in the United Kingdom.

The current fiscal uncertainty, which has persisted since May 2023, does not provide a stable platform upon which Sierra Rutile 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.

Consequently, Sierra Rutile has issued a suspension notice to GoSL for operations at Area 1 under

the relevant mining licence and mining act, which is expected to take effect from 11 March 2024.

Sierra Rutile continues to proactively engage GoSL to reach an agreement 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.

PROJECT SUMMARY

Sembehun

Sierra Rutile made substantial progress on the development of Sembehun during 2023. Sembehun represents one of the world's largest and highest-grade natural rutile deposits, and \$9.4 million was invested during the year advancing the DFS, which is due to complete by mid-H1 2024.

Encouragingly, the DFS capex is expected to be in line with the PFS, and capex and opex are being optimised through seeking in-country earth moving, civil engineering, mining and product hauling contractors.

Product samples were also sent to a number of customers, confirming the high-quality of the product.

Discussions are underway with major development partners to potentially fund key infrastructure, while strategic equity opportunities are also being explored.

Post year end, 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.



Sembehun is expected to significantly extend the Company's mine life, materially lower cost its structure and leverage existing infrastructure.



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Throughout the year, our management team and Board have consistently worked towards optimising the value from our operations at Area 1 while driving forward the Sembehun project.

As one of Sierra Leone's largest private sector employers, we take great pride in our industry-leading safety performance, setting the standard within our sector and country. The improvement of our safety performance during the year is a testament to our commitment to the well-being of our workforce.

I extend my gratitude to our staff in Sierra Leone, Australia, and beyond for their efforts, particularly amid the challenges we've faced.

Theuns de Bruyn

Managing Director and Chief Executive Officer

Mineral Resources and Ore Reserves Statement

The Mineral Resources and Ore Reserves estimates for Sierra Rutile Holdings Limited as at 31 December 2023 are summarised in the following tables:

Table 1 – Mineral Resources for Sierra Rutile as at 31 December 2023

Area	Deposit	Mineral Resource Classification	Material	Rutile	Heavy Minerals	Ilmenite Grade	Zircon Grade	Rutile Grade	Cut Off	
			Mt	Mt	%	%	%	%	% Rutile	
Area 1	Gangama	Measured	14.53	0.17	3.42	0.83	0.10	1.19	0.30	
		Indicated	3.08	0.03	3.00	0.78	0.10	1.09	0.30	
		Inferred	24.20	0.23	5.10	0.98	0.12	0.94	0.30	
	Lanti	Measured	16.54	0.14	2.12	0.29	0.05	0.87	0.30	
		Indicated	32.54	0.34	3.65	0.35	0.06	1.05	0.30	
		Inferred	17.93	0.10	3.55	0.18	0.03	0.55	0.30	
	Gbeni	Measured	10.78	0.10	2.48	0.30	0.06	0.89	0.30	
		Indicated	8.02	0.07	2.59	0.28	0.06	0.84	0.30	
		Inferred	4.14	0.03	2.46	0.22	0.05	0.65	0.30	
	Mogbwemo	Measured	-	-	-	-	-	-	0.30	
		Indicated	14.95	0.12	2.13	0.48	0.04	0.78	0.30	
		Inferred	9.94	0.11	2.48	0.41	0.07	1.07	0.30	
	Ndendemoia East	Measured	-	-	-	-	-	-	0.30	
		Indicated	14.81	0.13	3.60	0.73	0.13	0.90	0.30	
		Inferred	4.36	0.03	3.37	0.65	0.11	0.66	0.30	
	Ndendemoia West	Measured	-	-	-	-	-	-	0.30	
		Indicated	2.34	0.02	2.77	0.43	0.08	0.65	0.30	
		Inferred	2.72	0.02	2.93	0.32	0.07	0.58	0.30	
	Pejebu	Measured	-	-	-	-	-	-	0.30	
		Indicated	27.79	0.23	3.36	0.86	0.10	0.84	0.30	
		Inferred	60.03	0.38	3.16	0.67	0.07	0.63	0.30	
	Total	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	
	Gbangbama	Gambia	Inferred	27.87	0.28	-	-	-	1.00	0.25
		Jagbahun	Inferred	2.10	0.02	-	-	-	1.00	0.25
		Nyandahun	Inferred	5.63	0.11	-	-	-	1.90	0.25
		Taninahun Boka	Inferred	3.35	0.06	-	-	-	1.70	0.25
		Total	Inferred	38.95	0.46	-	-	-	1.19	0.25
	Sembahun	Benduma	Measured	20.99	0.23	3.40	0.90	0.10	1.10	0.25
Indicated			84.72	0.93	3.30	0.80	0.10	1.10	0.25	
Inferred			112.77	0.90	3.20	0.70	0.10	0.80	0.25	
Dodo		Measured	53.76	0.75	3.10	0.80	0.10	1.40	0.25	
		Indicated	19.62	0.22	3.20	0.80	0.10	1.10	0.25	
Inferred		Measured	21.21	0.28	3.30	0.90	0.10	1.30	0.25	
		Indicated	-	-	-	-	-	-	0.25	
Gpap		Measured	16.78	0.20	2.50	0.40	0.10	1.20	0.25	
		Inferred	45.00	0.45	1.90	0.40	0.10	1.00	0.25	
Kamatipa		Measured	36.36	0.58	3.80	1.10	0.20	1.60	0.25	
		Indicated	23.51	0.21	3.00	0.80	0.10	0.90	0.25	
Inferred		Measured	1.37	0.02	3.30	0.90	0.10	1.30	0.25	
		Indicated	18.65	0.24	2.80	0.60	0.10	1.30	0.25	
Kibi		Measured	16.54	0.17	2.50	0.60	0.10	1.00	0.25	
		Inferred	24.96	0.27	2.60	0.60	0.10	1.10	0.25	
Komende	Measured	4.01	0.04	5.10	1.40	0.10	1.00	0.25		
	Indicated	5.65	0.03	4.70	1.00	0.10	0.50	0.25		
	Inferred	1.89	0.01	4.50	1.10	0.10	0.50	0.25		
Total	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		
Grand Total	Measured	175.62	2.26	3.19	0.79	0.11	1.29			
	Indicated	270.35	2.69	3.17	0.68	0.09	1.00			
	Inferred	369.47	3.27	2.78	0.57	0.08	0.89			
	Total	815.44	8.23	3.00	0.65	0.09	1.01			

Notes:

- 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 Sembahun and Gbangbama project areas.
- Totals may not add up due to rounding.
- 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.



Table 5 – Ore Reserve Category Estimation for Sembahun Project as at 31 December 2023

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:

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

Table 6 – Ore Reserve Estimation by Deposit for Sembahun Project as at 31 December 2023

Ore Reserve Category	Diluted Ore Tonnes	Rutile Grade	Rutile Content	Ilmenite Grade	Ilmenite Content	Zircon Grade	Zircon Content
	kt	%	kt	%	kt	%	kt
Benduma							
Proved	12,858	1.31	168	0.89	114	0.08	10
Probable	39,686	1.49	591	1.00	397	0.08	32
Total	52,544	1.44	759	0.97	511	0.08	42
Dodo							
Proved	47,674	1.44	687	0.86	410	0.11	52
Probable	6,368	1.32	84	0.81	52	0.10	6
Total	54,042	1.43	771	0.85	462	0.11	58
Kamatipa							
Proved	33,816	1.66	561	1.07	362	0.15	51
Probable	8,626	1.32	114	0.88	76	0.13	11
Total	42,442	1.59	675	1.03	438	0.15	62
Kibi							
Proved	14,885	1.42	211	0.61	91	0.08	12
Probable	8,147	1.26	103	0.69	56	0.08	7
Total	23,032	1.36	314	0.64	147	0.08	19
Komende							
Proved	1,307	1.33	17	1.69	22	0.17	2
Probable	294	1.21	4	1.80	5	0.15	-
Total	1,601	1.31	21	1.69	27	0.12	2
Total							
Proved	110,540	1.49	1,644	0.90	999	0.12	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:

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

Table 7 – Ore Reserve Reconciliation by Mining Area for Sierra Rutile Area 1

Ore Reserve Category	2023 Ore Reserve Estimate							2022 Ore Reserve Estimate			
	Diluted Ore Tonnes	Rutile Grade	Rutile Content	Ilmenite Grade	Ilmenite Content	Zircon Grade	Zircon Content	Diluted Ore Tonnes	Rutile Content	Difference Ore Tonnes	Difference In Situ Rutile
	kt	%	kt	%	kt	%	kt	kt	kt	kt	
Gangama											
Proved	3,879	1.71	66	1.14	44	0.13	5	10,628	148	-6,749	-82
Probable	287	1.50	4	1.40	4	0.12	0	9,103	128	-8,816	-124
Total	4,166	1.70	71	1.16	48	0.13	5	19,731	276	-15,565	-205
Taninahun											
Proved	-	-	-	-	-	-	-	442	6	-442	-6
Probable	-	-	-	-	-	-	-	706	6	-706	-6
Total	-	-	-	-	-	-	-	1,148	12	-1,148	-12
Gbeni											
Proved	1,502	1.26	19	0.41	6	0.06	1	5,731	69	-4,229	-50
Probable	833	1.41	12	0.47	4	0.08	1	1,884	22	-1,051	-11
Total	2,335	1.31	31	0.43	10	0.07	2	7,615	91	-5,280	-61
Lanti											
Proved	67	1.16	1	0.51	0	0.07	0	-	-	67	1
Probable	2,126	1.76	37	0.63	13	0.10	2	3,097	51	-971	-13
Total	2,193	1.74	38	0.63	14	0.10	2	3,097	51	-904	-13
Pejebu											
Proved	-	-	-	-	-	-	-	-	-	-	-
Probable	6,519	1.37	89	0.99	65	0.14	9	5,629	73	890	16
Total	6,519	1.37	89	0.99	65	0.14	9	5,629	73	890	16
Ndendemonia											
Proved	-	-	-	-	-	-	-	-	-	-	-
Probable	5,342	1.13	60	0.87	46	0.17	9	3,520	45	1,822	15
Total	5,342	1.13	60	0.87	46	0.17	9	3,520	45	1,822	15
Mogbwemo											
Proved	-	-	-	-	-	-	-	-	-	-	-
Probable	9,509	1.04	99	0.71	67	0.06	5	-	-	9,509	99
Total	9,509	1.04	99	0.71	67	0.06	5	-	-	9,509	99
Total											
Proved	5,448	1.58	86	0.93	51	0.11	6	16,801	223	-11,353	-137
Probable	24,616	1.22	302	0.81	200	0.11	27	23,938	325	678	-23
Grand Total	30,064	1.29	388	0.83	251	0.11	33	40,739	548	-10,675	-160

Notes:

- The 2022 Ore Reserve estimate figures have been extracted from the 2023 Independent Competent Person's Report entitled "An Independent Competent Person's Report for Sierra Rutile Limited" dated 3 March 2023.
- No Ore Reserve reconciliation for the Sembahun Project is presented due to no mining having taken place at Sembahun and the definitive feasibility study having been in progress at the time of this report.
- For the year ending 2023, the Area 1 Ore Reserves decreased by 10.7 Mt from 40.7 Mt to 30.1 Mt which is attributed to:
 - Depletion of active mining areas (- 9.7 Mt);
 - Re-modelling and updating of the Gangama, Ndendemonia and Pejebu Mineral Resource models;
 - Updated pit optimisation input parameters reflecting the 2023 economic parameters;
 - Application of the updated declared bed and write-off zones;
 - The exclusion of Taninahun from the Ore Reserve estimate which was proved to be uneconomical to mine by SRL and was subsequently handed over for rehabilitation.
 - The combined effect of items b through e resulted in an overall decrease of 9.3 Mt in the Ore Reserve estimate;
 - The inclusion of a maiden Ore Reserve estimate for the Mogbwemo (+ 9.5 Mt) deposit in the 2023 Ore Reserve estimate.

Table 8 – Ore Reserve Reconciliation for Sierra Rutile by Ore Reserve Category

Ore Reserve Category	2023 Ore Reserve Estimate							2022 Ore Reserve Estimate						
	Diluted Ore Tonnes	Rutile Grade	Rutile Content	Ilmenite Grade	Ilmenite Content	Zircon Grade	Zircon Content	Diluted Ore Tonnes	Rutile Grade	Rutile Content	Ilmenite Grade	Ilmenite Content	Zircon Grade	Zircon Content
	Mt	%	Mt	%	Mt	%	Mt	Mt	%	Mt	%	Mt	%	Mt
Area 1														
Proved	5	1.58	0.1	0.93	0.1	0.11	0.0	17	1.3	0.2	0.7	0.1	0.1	0
Probable	25	1.22	0.3	0.81	0.2	0.11	0.0	24	1.4	0.3	0.8	0.2	0.1	0
Area 1 Subtotal	30	1.29	0.4	0.8	0.3	0.11	0.0	41	1.3	0.5	0.7	0.3	0.1	0.1
Sembehun														
Proved	111	1.5	1.6	0.9	1	0.1	0.1	111	1.5	1.6	0.9	1	0.1	0.1
Probable	63	1.4	0.9	0.9	0.6	0.1	0.1	63	1.4	0.9	0.9	0.6	0.1	0.1
Sembehun Subtotal	174	1.5	2.5	0.9	1.6	0.1	0.2	174	1.5	2.5	0.9	1.6	0.1	0.2
Grand Total														
Proved	116	1.4	2	0.9	1	0.1	0.1	127	1.5	1.9	0.9	1.1	0.1	0.1
Probable	88	1.4	1	0.9	1	0.1	0.1	87	1.4	1.2	0.9	0.8	0.1	0.1
Grand Total	204	1.4	3	0.9	2	0.1	0.2	214	1.4	3.1	0.9	1.9	0.1	0.2

Notes:

- The 2022 Ore Reserve estimate figures have been extracted from the 2023 Independent Competent Person's Report entitled "An Independent Competent Person's Report for Sierra Rutile Limited" dated 3 March 2023.
- No Ore Reserve reconciliation for the Sembehun Project is presented due to no mining having taken place at Sembehun and the definitive feasibility study having been in progress at the time of this report.
- For the year ending 2023, the Area 1 Ore Reserves decreased by 10.7 Mt from 40.7 Mt to 30.1 Mt which is attributed to:
 - Depletion of active mining areas (- 9.7 Mt);
 - Re-modelling and updating of the Gangama, Ndendemoia and Pejebu Mineral Resource models;
 - Updated pit optimisation input parameters reflecting the 2023 economic parameters;
 - Application of the updated declared bed and write-off zones;
 - The exclusion of Taninahun from the Ore Reserve estimate which was proved to be uneconomical to mine by SRL and was subsequently handed over for rehabilitation.
 - The combined effect of items b through e resulted in an overall decrease of 9.3 Mt in the Ore Reserve estimate;
 - The inclusion of a maiden Ore Reserve estimate for the Mogbwemo (+ 9.5 Mt) deposit in the 2023 Ore Reserve estimate.

Mineral Resources and Ore Reserves

This information comprises the Annual Statement of Mineral Resources and Ore Reserves for Area 1 and the Sembehun Projects as at 31 December 2023 (the Statement). The Statement has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the JORC Code 2012) and the ASX listing Rules. Sierra Rutile is not aware of any new information or data that materially affects the information included in the Statement and confirms that all material assumptions and technical parameters underpinning the estimates in the Statement continue to apply and have not materially changed.

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. The Sembehun project definitive feasibility study was in progress at the time of this report and the results thereof may or may not materially impact on the Mineral Resource and Ore Reserve estimate as detailed in this report.

All of the Mineral Resource and Ore Reserve figures in this report represent estimates as at 31 December 2023 for Area 1 and for the Sembehun Project, for which a definitive feasibility study was in progress at the time of this report. All tonnes and grade information has been rounded, hence small differences may be present in the totals. All of the Mineral Resource information is inclusive of Ore Reserves (i.e. Mineral Resources are not additional to Ore Reserves).

Competent Persons Statement

The information in this report that relates to Mineral Resources of Sierra Rutile (other than Mineral Resources in respect of the Sembahun Project) is based on, and fairly represents, information and supporting documentation prepared by Mr Paul Obermeyer who is a Member of the South African Council for Natural Scientific Professions (SACNASP). Mr Obermeyer has 27 years of experience as a professional geologist, including 10 years in consulting. He holds a BSc (Hons) and an MSc in Geology focusing on sedimentology and syn-sedimentary tectonics.

The information in this report that relates to Ore Reserves of Sierra Rutile is based on, and fairly represents, information and supporting documentation prepared by Mr George Olivier who is a Member of the Southern African Institute of Mining and Metallurgy (SAIMM). Mr Olivier has 23 years of experience as a professional engineer including 18 years in consulting. He holds a B.Eng. (Mining), is a registered Professional Engineer at the Engineering Council of South Africa. In addition, Mr Olivier holds an MBA (GIBS).

The information in this report relating to Ore Reserves and Mineral Resource estimates for the Sembahun Project is extracted from the Iluka announcement released on the Australian Securities Exchange on 24 February 2022, titled "Sembahun Ore Reserves and Mineral Resources Update, Sierra Leone" (Sembahun Announcement), available at 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 Sembahun Announcement and that all material assumptions and technical parameters underpinning the estimates in the Sembahun Announcement continue to apply and have not materially changed.

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. The Sembahun project definitive feasibility study was in progress at the time of this report and the results thereof may or may not materially impact on the Mineral Resource and Ore Reserve estimate as detailed in this report.

Neither of Mr Obermeyer and Mr Olivier are employed by Sierra Rutile, and both are full time employees of VBKOM (Pty) Ltd (VBKOM). VBKOM was commissioned by Sierra Rutile to complete an independent Competent Person's Report (the Report) on Sierra Rutile's Area 1 operations and projects and Sembahun (Area 5) projects located in southwest Sierra Leone, West Africa. The Report was compiled in accordance with the reporting requirements as stipulated in the JORC Code 2012.

Mr Obermeyer and Mr Olivier each have sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Obermeyer and Mr Olivier: (i) have approved the information in this report that relates to Mineral Resources and Ore Reserves (as applicable) as a whole; and (ii) consent to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Mineral Resources and Ore Reserves Corporate Governance

Sierra Rutile has an established governance process supporting the preparation and publication of Mineral Resources and Ore Reserves which includes a series of structures and processes independent of the operational reporting through business units and product groups, and is designed to ensure reasonable and reliable estimates are produced in accordance with industry practice and our regulatory reporting requirements.

The Audit and Risk Committee has in its remit the governance of Mineral Resources and Ore Reserves. This includes an annual review of Mineral Resources and Ore Reserves at a group level, as well as review of findings and progress from the Group Resources and Reserves internal audit program with a regular meeting schedule.

Mineral Resources and Ore Reserves are estimated by suitably qualified independent personnel using industry standard techniques and supported by internal guidelines for the estimation and reporting of Mineral Resources and Ore Reserves. Sierra Rutile's internal guidelines are regularly reviewed and updated to align with industry practice and reporting regulations.



We have continued to advance our world-class natural rutile asset, Sembehun, during the year and the results from the Definitive Feasibility Study will soon be released.

Sierra Rutile remains committed to realising the potential of the Sembehun project. Sembehun will be a significant supplier of rutile, and given the limited substitution and recycling of titanium products, we foresee long-term sustained demand for natural rutile.



Sustainability

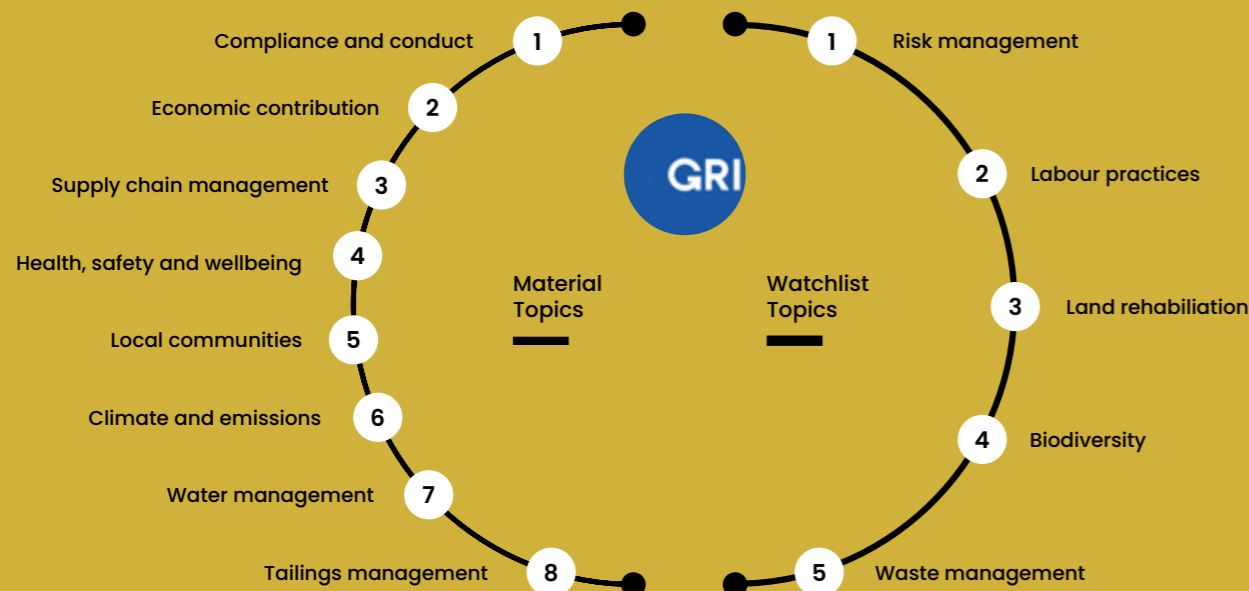
At Sierra Rutile, we have an established history of implementing good environmental, social and governance (ESG) practices. We continually create shared value for all our stakeholders and in particular, for our host communities, through provision of employment, healthcare, education, agriculture, social investment and development, and responsible environmental management.

Our ESG approach is governed and overseen by our Board of Directors, who act in the interests of all of our stakeholders.

Material Assessment

In October 2023, we held a materiality workshop with representatives of key areas of our company. This activity was prepared following the guidelines prepared by Global Reporting Initiative (GRI 2021).

As a result of reviewing the impacts and contributions of our operations across our value chain, we identified eight material topics and an additional five watchlist topics.



Governance

Good Governance

Sierra Rutile is committed to transparent, ethical conduct, in accordance with the highest standards of corporate governance.

The Board of Directors of the Company (Board) is responsible for the oversight of operational and financial performance of the Company, including our ESG strategy. The Board works in the best interest of our stakeholders and our governance policies set out Sierra Rutile’s expected behaviours for all employees and contractors.

The Board has established sub-committees to assist in carrying out its responsibilities. The Board has established the following committees:

- Audit and Risk Committee
- People and Nomination Committee
- Sustainability and Social Accountability Committee

To ensure effective management of ESG issues, Sierra Rutile has established a dedicated Sustainability and Social Accountability Committee to ensure effective management of ESG issues, and to support the Board in its decision-making processes.

Compliance and Conduct

The Sierra Rutile Code of Conduct enforces the standards of behaviour for all our directors, employees, and contractors, allowing us to strengthen our reputation as a company of integrity and to ensure that our company culture is supported, and all our values are upheld.

Along with creating and updating policies and procedures, we conduct awareness training programs, workshops and assessments for our employees, contractors, and suppliers. This ensures all personnel are aware, understand and are upholding the expectations of our company.

Sierra Rutile also evidences its commitment to good governance and transparency in the mining sector in Sierra Leone by actively participating in the Extractive Industries Transparency Initiative (EITI). The EITI, is the global standard for good governance in the resource industry and extractive sectors. As a member, we are committed to disclosing information along our value chain from the point of extraction, to how revenues make their way through the government, and how they benefit the public. This ensures we act in a transparent manner with responsible governance practices that hold our actions to account.

Our Corporate Governance framework is underpinned by the ASX Corporate Governance Principles and Recommendations. Our application of these Principles is disclosed in our annual Corporate Governance Statement available on our website.

Supply Chain Management

We screen, select and monitor our suppliers to ensure regulatory compliance and responsible sourcing. Risks relating to supply chain management are included in the enterprise risk register.

Our suppliers are screened prior to confirmation of any engagement. The following areas are examined during the screening process:

- Anti-bribery and corruption
- Modern slavery
- Local content classification
- Sanction laws
- Human rights and environmental obligation

We support the Sierra Leone Government’s drive to promote local content, which involves placing a preference on locally owned and operated businesses. This leads to an increase in their access to our procurement opportunities. Promoting local content is extremely important to ensure that the benefits from Sierra Rutile’s mining operations are shared with our local population. This commitment to local procurement is formalised in our Local Content Plan. In addition, we have also reviewed our general terms and conditions to capture this commitment.

Our Supplier Code of Conduct, Risk Register, and Vendor Form, protect the integrity of our business by promoting ethical and trustworthy relationships with our providers.

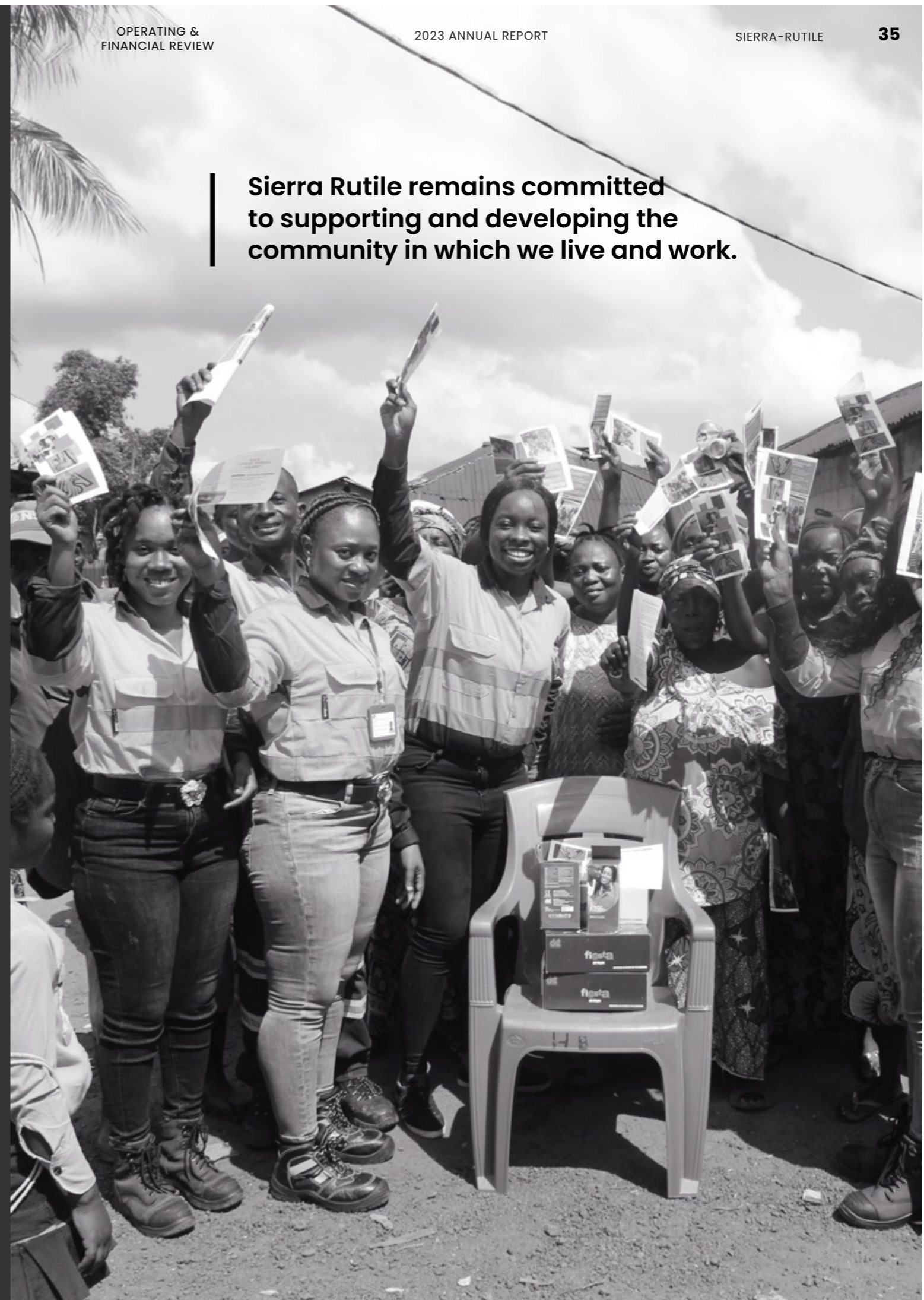
Proportion of Total Spend 2023

74% of total spend in 2023 was spent in Sierra Leone.

- Sierra Leone Company
National Level
- Sierra Leone Company
District and Provincial Level
- Nationally Registered Company
- Foreign Companies



Sierra Rutile remains committed to supporting and developing the community in which we live and work.



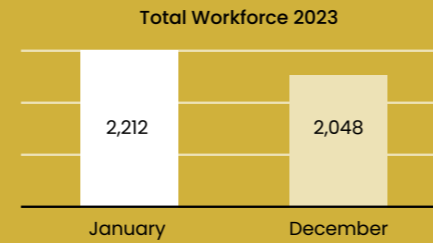
Our Workforce

We Are Sierra Rutile

With a total of 2,048 employees, we are committed to foster a diverse and safe work environment. In 2023 we saw a decrease in our workforce of 7.4% from the beginning of January to the end of December. During this time, we welcomed two new members to our senior staff.

During this reporting year, 97% of our workforce are Sierra Leonian nationals, as well as 53% of the professionals in senior management positions. As at 31 December 2023, we employed 68 people on casual basis and 10 on fixed term contracts.

Additionally, 1,382 were employed by 16 different contractors, during this period.



Diversity and Inclusion

Gender equality is pivotal to Sierra Rutile’s operations and an indelible part of our corporate ethos. The Gender Task Force was established with the objective to advance diversity and inclusivity within our workforce and in the mining industry at large. We further ensure that our recruitment process and advertising is gender-neutral or gender inclusive.

Currently, 11.4% of our workforce is female, and we are actively endeavouring to increase this percentage. Training is provided to all our employees on equal opportunities and sexual harassment in the workplace. We extend gender equality or diversity awareness beyond our staff, to also involve local communities and our sub-contractors.



11.4% of our workforce are women

Diversity In Our Leadership

In 2022, we employed 40% women in our Executive Committee and 20% on our Board. In 2023, 33% of the Executive Committee and 17% of the Board were represented by women.



Executive Committee

Board



Hawanatu Dumbuya Mining Superintendent

As a woman in a traditionally male-dominated field, Hawanatu’s story aligns with Sierra Rutile’s broader commitment to fostering diversity and inclusivity. In 2023, Hawanatu successfully attained a Mine Manager Certificate awarded by the National Minerals Agency.

The certificate is a pivotal professional qualification, attesting to the competence and expertise of individuals in overseeing mining operations. Her success serves as an inspiration for other women aspiring to thrive in the mining industry, emphasizing the importance of creating a workplace where talent is recognized, irrespective of gender.

With the Mine Manager Certificate in hand, Hawanatu is poised to continue making significant contributions to the company’s success, proving that excellence knows no gender.

Operational Safety

Our Safety Management Plan identifies and manage risks and promote a safety-first culture across our organisation. Technical guidance is provided to all employees and contractors on actual and potential hazards, risks and dangers present in our operations.

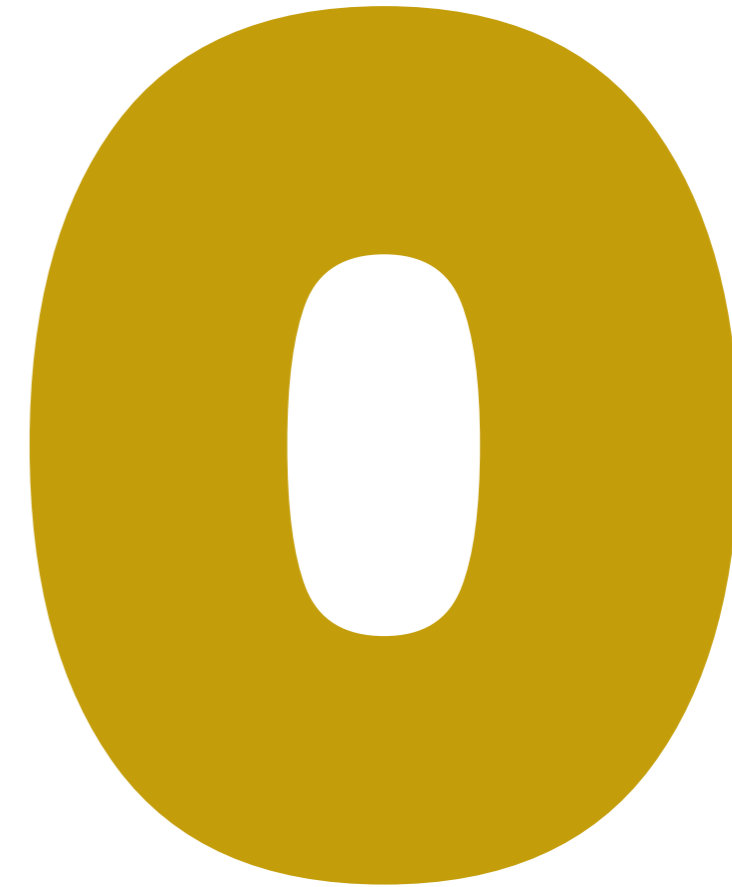
Regular Toolbox talks, Risk Assessments (Job Hazard Analyses), Planned Task Observations, safety walks, site inspections and site notices are used to create awareness and understanding of potential hazards in the workplace as well as how to develop mitigation actions to reduce the likelihood of these occurring.



Continuous Training

Sustainable Responsible Leadership training for staff is delivered on a quarterly basis. Training addresses topics such as working at heights, hot work and critical control management, and incident investigation.

All staff, contractors and visitors are required to attend. Mine Wide Health Safety Environment and Community inductions which are site-specific and communicates the hazards and risks of working on a mine site.



FATALITY RATE 8 YEARS RUNNING

Our Performance

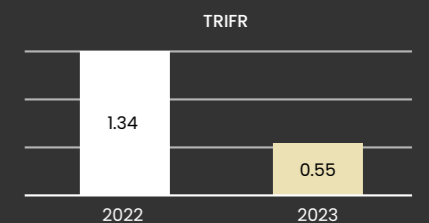
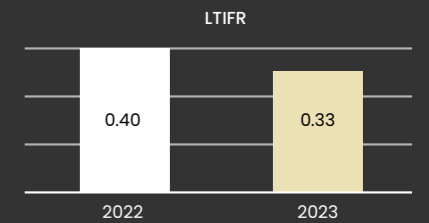
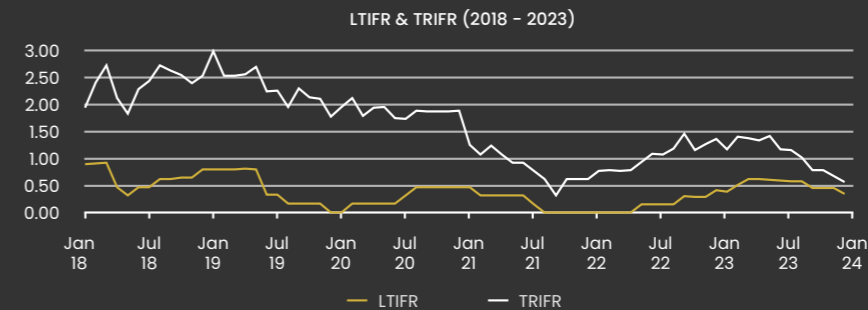
In 2023, we recorded a significant milestone in our reportable injury performance, with a Total Recordable Injury Frequency Rate (TRIFR) of 0.55, earned over a collective 9,000,000-man hours.

We have also achieved a commendable Lost Time Injury Frequency Rate (LTIFR) of 0.33. The site metrics was updated to reflect the 1,000,000 hours multiplier, versus the previous metrics of 200,000 hours.

We are proud to report a fatality rate of zero for the eighth year running. This remarkable achievement is a testament to the collective dedication and adherence to stringent safety protocols exhibited by the entire workforce. We are committed to constantly improving our safety performance and it remains an operational priority for our company and all our staff and contractors.

We experienced one serious injury during the year and we continue to provide ongoing support to the individual impacted, who we wish the best in recovery.

The table the the right showcases our safety performance over the past five years. Our metrics continue to trend lower since 2021, reflecting the improvement in safety performance.



Health and Wellbeing

Sierra Rutile Health Clinic

Our mine site medical team routinely provides comprehensive primary care and emergency medical services to our employees, their families and contractors.

Non-company patients or community members also access our medical services once they meet select requirements for management of HIV/AIDS and Malaria.

The primary health care services provided by our resident medical doctors and clinical support teams includes routine outpatient and inpatient care for medical, surgical, pediatric and maternity cases.

These efforts are complimented by ancillary staff who deliver laboratory diagnostic and pharmaceutical services.

One of the clinic's main priorities is to conduct trend analysis of HIV/AIDS transmission amongst the workforce and the associated impact on surrounding communities. Quarterly data on incidence, prevalence, and cumulative frequency rates of infection amongst staff and contractors are captured and utilised to inform mitigation strategies.

Training and Development

During 2023, Sierra Rutile initiated the training of four artisans each in Industrial Electrical Maintenance, Mechanical Fitting Principles and Procedures, and Fabrication Principles and Procedures. The Advanced Diplomas were awarded from the Imperial College of Mines and Safety in Ghana, following the successful completion of a three-month course.

We invested US\$37,769 for training, reflecting our dedication to fostering a skilled workforce.

Participants in the program expressed their gratitude to management for continually enhancing the skills and capacity of employees and communities in operational areas, emphasising the value gained from the training.

We aim to extend training opportunities to other employees within the company and continue to foster a culture of continuous learning and development.

In 2023 we invested US\$37,769 in upskilling our workforce.

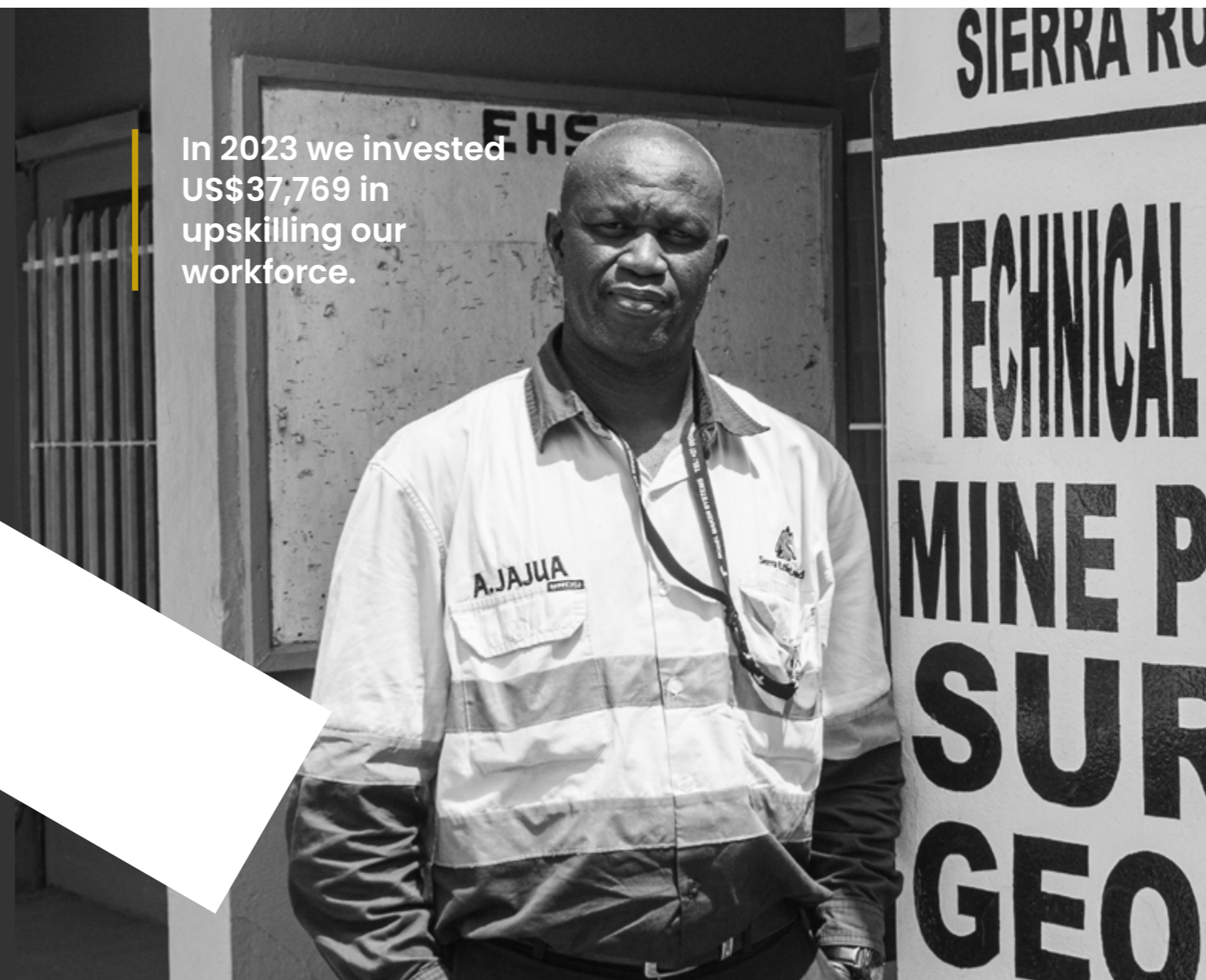
We have achieved a consistent decline in HIV/AIDS infection transmission amongst employees and contractors. This is attributable to strategic public health measures adopted by the medical team including:

Awareness campaigns on risks and preventative measures

Cultural destigmatisation

Increased screening, testing and diagnosis

Provision of preventative equipment



Generating Community Value Stakeholder Engagement Program

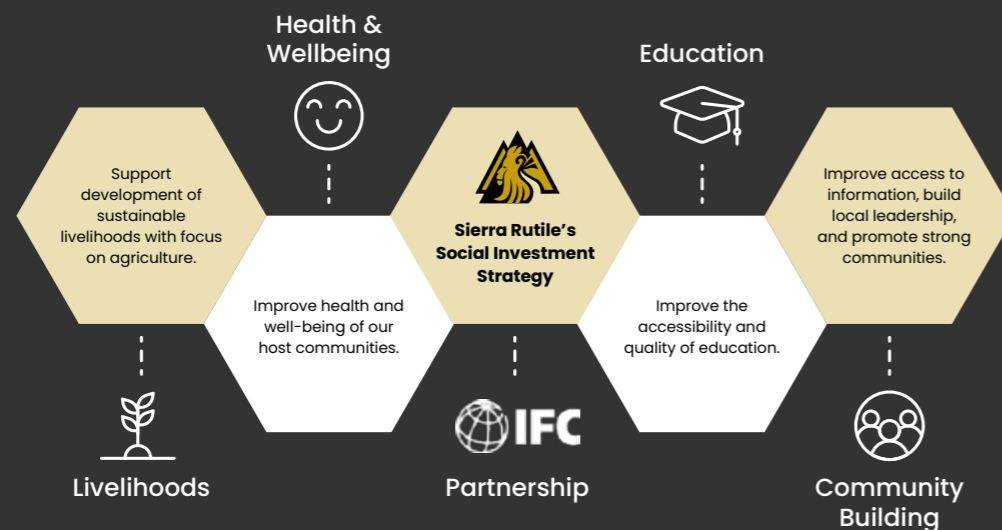
Our Stakeholder Engagement Plan (SEP) guides our interaction with local communities. It outlines the recommended practices and procedures to ensure inclusive, effective, and valuable engagement with all categories of stakeholders.

Sierra Rutile, along with its Primary Host Community, are signatories to a Community Development Agreement (CDA), which provides a framework for the implementation of statutory community development obligations in accordance with the Mines and Minerals Development Act and the Sierra Rutile Agreement (Ratification) Act.

Developed in collaboration with the International Finance Corporation (IFC), Sierra Rutile's Social Investment Strategy (SIS) provides strategic direction for both our mandatory and voluntary contributions to host communities. Our Community Relations and Social Development (CRSD) team works with local community stakeholders for the implementation of all approved community projects, and to build and maintain trust between Sierra Rutile and our primary host communities.



Our strategy is articulated in four areas:



Livelihoods Program

We work with the local communities to reduce economic dependency from mining and strengthen their capabilities by promoting sustainable livelihoods. Although most local community members are engaged in agricultural activities, many of them have smallholdings and operate on basic subsistence food production units.

To alleviate that, in 2023, we provided funding of US\$40,206 to support purchasing agricultural inputs such as seeds, tools, and food-for-work programs.

Community Building Program

This program aims to promote community cohesion, local leadership, and youth empowerment. We have supported the construction of infrastructure such as Youth Resource Centres, Community Townhalls, water wells and football fields, making it possible to organise recreational activities.

During 2023 we funded the construction of a two-room gender office at Mogbwemo Town and the construction of Gangama Barry in Gangama Village for a total cost of US\$26,750. In addition, we funded the construction of two community market buildings at Mogbwewa II and Nyorkorvulahun villages, as well as two handpump water wells in Fobu Village and Gbangbatok Town.

The estimated investment in 2023 for community infrastructure was US\$82,212.

Crop Assessment & Compensation Procedure

Land clearing for exploration, mining and/or construction activities can lead to the disturbance of previously planted crops and related assets.

The Crop Assessment and Compensation Procedure ensures a consistent crop and property assessment and compensation based on approved entitlements and processes, so that the affected people and communities are treated fairly and consistently, in accordance with the requirements from the Government of Sierra Leone.

In 2023 a total of US\$824,152 was paid as crop compensation to 4,897 farmers whose crops were disturbed during our mining operations.

Workers and Community Health Services

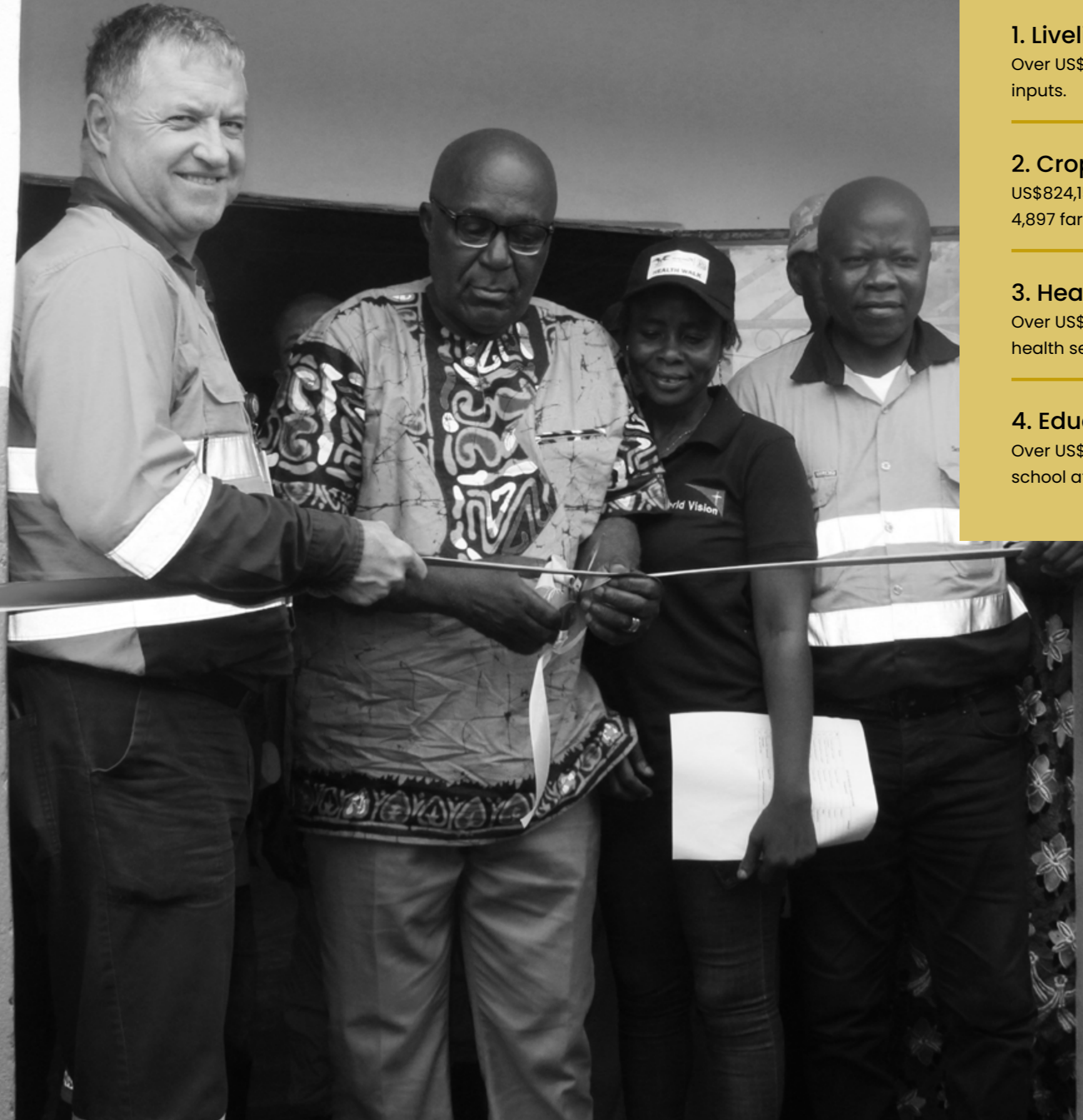
Our health and well-being support aims to improve access to better quality medical services. The Sierra Rutile health clinic employs trained doctors, nurses and paramedics that cater for staff and their family members. Our initiatives and resources have allowed an effective early warning surveillance and intervention system for responding to outbreaks of infectious diseases.

In 2023 we constructed two health centres at Mogbwewa and Mokepai villages and rehabilitated an existing clinic at Mogbwemo Town with an estimated total cost of US\$64,455.

Education Support

Many of the communities we operate in lack the infrastructure to provide adequate education to their members. We have developed community assistance programs that aim to improve student attendance and retention. Our programs include the Education Scholarship Program, School Bus Service and construction of school buildings.

In 2023 we contributed US\$150,820 in educational support to five education service providers and projects across all mining chiefdoms.



2023 Social Investment Strategy

We invested over US\$1,000,000 in community development activities supporting agriculture, health and education.

1. Livelihood Program

Over US\$40,000 invested in agricultural inputs.

2. Crop Compensation

US\$824,152 invested in compensating 4,897 farmers.

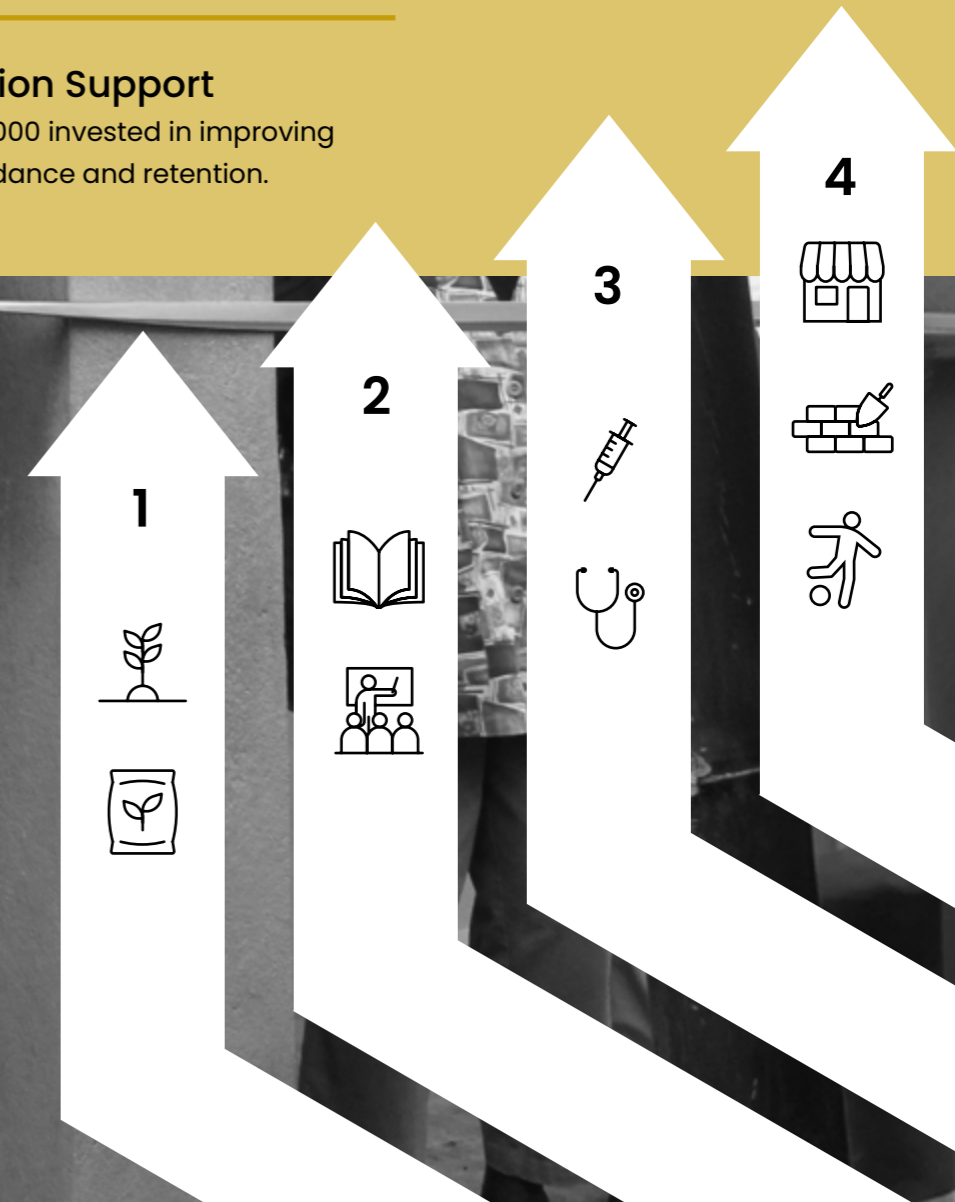
3. Health Services

Over US\$30,000 invested in developing health services infrastructure.

4. Education Support

Over US\$150,000 invested in improving school attendance and retention.

In addition to the activities developed as part of SIS, we have in place a Donations Committee responsible for evaluating development project requests from communities that align with the SIS in strict adherence to our Anti-bribery and Corruption Policy. In 2023, we donated gifts worth US\$20,767 to paramount chiefs, religious leaders, youth and women leaders and vulnerable groups during Ramadan and Christmas periods.



Environmental Care

GHD Emissions

Our most significant emissions impact occurs through our mining and processing of natural rutile and associated minerals, and the electricity used across Sierra Rutile’s operational sites.

In 2023, we introduced an air quality monitoring station to monitor air quality and GHG emissions in real time for our Area 1 operations.

In the future, Sierra Rutile will complete a greenhouse gas emissions assessment to understand the most effective options to reduce our emissions from all onsite operations.

2023 Performance



91,487 MWh
Total Energy Consumption



14,179 tonne CO₂e
Total GHG Emissions Generated*



Air quality monitoring station (OIZOM Polludrone)

**Note: GHG emissions only includes Scope 1 GHG emissions. We do not have Scope 2 GHG emissions as we do not purchase electricity from national grids. The calculations of GHG emissions are based on the guidance from GHG Protocol.*

Waste & Tailings Management

Waste segregation and disposal are collected from 175 waste bin locations. These bins are used for the temporary storage of hazardous and non-hazardous waste before they are transported to the Sierra Rutile’s dedicated landfill site for further sorting and disposal.

Tailings are managed through tailing dams and containment ponds that are based on the required volumes of ore to be processed for a given period. Active dam walls or bunds are assessed twice weekly for stability and potential leak etc, and legacy ponds once a month through visual inspections and piezometer levels. External consultants perform a six-monthly audit on all dam walls and embankment structures on site.

2023 Performance



175+ Waste Bin Locations On-Site
Across the Operations for Waste Segregation and Disposal.

Managing Hazardous Waste Materials

We are committed to storing hazardous waste on site until a suitable in country EPA licenced and approved recycling company is recommended. We make use of an engineered landfill facility to dispose biodegradable and non-biodegradable waste and hazardous waste materials are stored in suitable under roof and bunded facilities under controlled conditions.

During 2023, Sierra Rutile reached out to the EPA of Sierra Leone to assist the mine in finding a suitable recycling partner. A contractual agreement with two Sierra Leonian waste oil recycling companies was concluded. These companies are licensed and registered with the EPA for the reprocessing of waste oil and other redundant hydrocarbon materials. A total of 529,522 litres of waste oil was collected for delivery to these companies for recycling purposes.

Community Waste Management Initiative

Our mining communities in Mogbwemo Town and Moriba Town, located in Bonthe and Moyamba Districts respectively, received a US\$40,000 grant from the Australian High Commission in Ghana for a waste management project.

This initiative is implemented through the Direct Aid Program (DAP) with the primary goal of supporting sustainable economic growth and reducing poverty in vulnerable communities. This six-month initiative aims to improve sanitation levels and waste management infrastructure in our immediate mining communities.



529,522 Litres
Waste Oil Collected For Repurpose



US\$40,000 Australian High Commission Grant
To Invest in Community Sanitation and Waste Management

Water Management

We have constructed various catchment dams that provide process water to the various plants. At the wet concentrator plants, the water is used in a closed loop system, and only make up water is provided from the catchment dams.

No underground water is extracted or used. All the possible contaminated water outflows and discharges to the environment is managed with silt traps and the outflow water is sampled and monitored on a weekly basis. At the mining areas, diversion drains were constructed to divert any upstream fresh water or rain runoff water around the mining areas to minimise contamination.

Biodiversity Management

Sierra Rutile's Biodiversity Action Plan (BAP) provides direction on the technical aspects of on-ground activities, including the progressive land rehabilitation activities designed to prevent or minimise adverse long-term impacts on local fauna and flora.

No areas of international or national significance were identified in Area 1, however the Mobimbi Hills Forest range is of local significance, due to the presence of several chimpanzee species in that area. We are collaborating with the National Protected Area Authority (NPAA) to support the protection of this area.

A total of 75 chimpanzee genetic samples were collected in Area 1 during 2023. Sierra Rutile have also installed 11 surveillance cameras in areas of significance and conducts in field surveys documenting chimp habitats, chimp movements and their estimated population.

Camera evidence has indicated the birth of 4 new chimp babies in the Mobimbi areas and surrounds during the last 18 months. This evidence suggests that mining, community activities and conservation can co-exist in the same area if management properly. The size of the chimps is therefore increasing in these areas.

SRL has also contracted the Tacugama Chimp Conservancy company from Freetown, that conducted in field training and delivered awareness programs to local schools, women and youth groups and local officials (e.g. teachers, local councillors, etc.)

Camera evidence has indicated the birth of 4 new chimp babies in the Mobimbi areas and surrounds during the last 18 months.



Mobimbi Chimpanzee group captured on camera.

Mine Closure Plans

In compliance with the Sierra Leonian Law, a Mine Closure Plan (MCP) was developed and is being implemented statewide. These plans are being updated every two years, with a comprehensive annual Rehabilitation Plan.

During 2023, Sierra Rutile exceeded the annual regulatory rehabilitation requirement of 150h of land and had our own self-imposed target for 2023 of 275ha. Rehabilitation earthworks commenced in March 2023 and were completed by October 2023, with a total of 250 casual workers appointed from 8 mining communities to participate in the rehabilitation and re-vegetation activities. These appointees received training in nursery management as well as tree planting and propagation during this period.

We are pleased to disclose that we exceeded our target and rehabilitated 285 hectares in 2023. A total of 343,748 seedlings were propagated and the trees planted in designated areas to achieve this goal with an impressive initial survival rate of 96%.

2023 Performance



285 Hectares
Land rehabilitated



Taninahun Rehabilitation Area tree nursery.

Principal Risks Affecting the Group

Sierra Rutile recognises that the identification and management of risk is an integral part of its business and decision-making processes. Sierra Rutile is, therefore, committed to managing risk in a proactive manner.

Sierra Rutile has a dedicated risk management function in Sierra Leone, which supports the Audit and Risk Committee and management in facilitating consistent risk management practices, and centralised reporting of risks to management and the Board. Support for Sustainability risks (including health and safety) is provided by the Sustainability, Health, Environment and Rehabilitation team subject to oversight from Sierra Rutile's Sustainability and Social Accountability Committee. Sierra Rutile also has an internal audit function based in Sierra Leone.

Set out below are the key risks that could have a material impact on Sierra Rutile and the Sierra Rutile group. They are in no particular order and do not include generic risks affecting businesses, like Sierra Rutile or other entities operating in Sierra Leone. If any of Sierra Rutile's operations are affected by one or more of these risks, it could have a material adverse effect on its assets, as well, as Sierra Rutile's overall operating results, financial position, and future prospects. There may be other risks and uncertainties that Sierra Rutile is not aware of, or which are currently considered to be unlikely to have a material impact.

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, GoSL ownership of or equity participation in mining projects, mineral exploration, development or mining activities, may affect the viability and profitability of Sierra Rutile. One such example was correspondence received from the GoSL in January 2024 stating its intention to proceed on the basis that the fiscal regime set out in the Third Amendment Agreement (which sets out the fiscal regime for Area 1 operations) would no longer apply to 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.

Commodity Price Risk

Sierra Rutile's revenue is dependent on market prices for the products that the Company 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.

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.

Future Capital Requirements

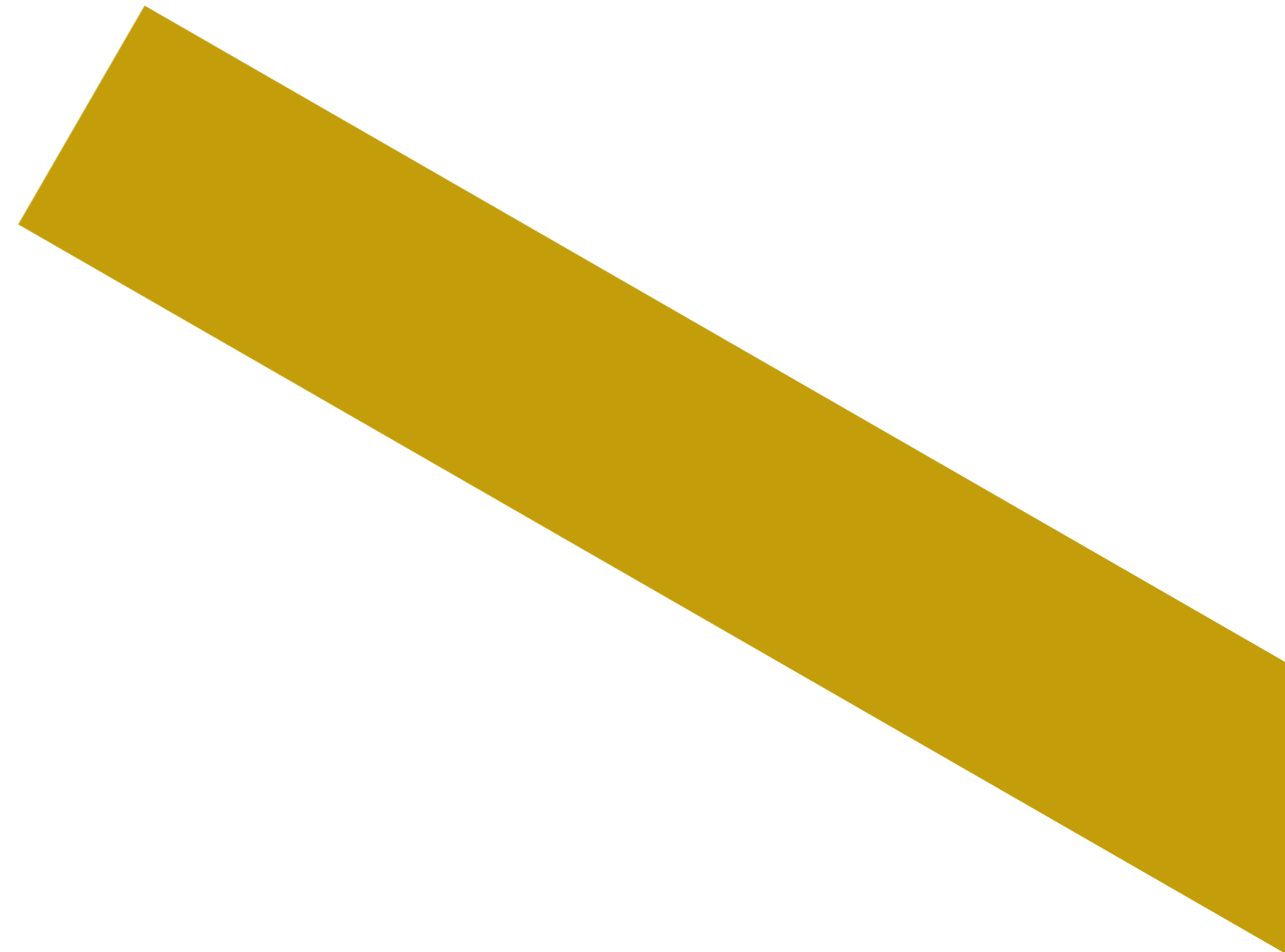
The development of Sembahun will be dependent on Sierra Rutile's ability to obtain finance on acceptable terms. Discussions with potential financiers and major development partners to fund key infrastructure have commenced. Strategic equity opportunities are also being investigated in advance of any Final Investment Decision. The Sembahun Definitive Feasibility Study is expected to be completed by the middle of H1 2024.

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 which materialised in June 2023 was the lack of power-generating capacity in June 2023 caused by mechanical failures related to ageing infrastructure. Sierra Rutile undertakes regular reviews for the mitigation of property and business continuity risks. Sierra Rutile also conducts planning and preparedness activities to ensure a 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.

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.



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 Sembehun 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 Sembehun 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 GoSL.

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 Sembehun was completed during Q3 2023 and was approved by the Environmental Protection Agency of Sierra Leone in January 2024.

Reliance on Key Personnel

The success of Sierra Rutile and its business is highly 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.

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 the Company's Anti-bribery and Corruption Policy is available on the Sierra Rutile website at <https://sierra-rutile.com/our-company/corporate-governance/>.



Directors' Report

The directors present their report on the Group consisting of Sierra Rutile Holdings Limited (Sierra Rutile or the Company) and the entities it controlled (the Group) for the financial year ended 31 December 2023 (2023).

The overview of Sierra Rutile's operations including key aspects of operations and financial performance are contained on pages 8 to 52 which forms part of the Director's Report for the financial year ended 31 December 2023 and is to be read in conjunction with the following information.

Figures are in US Dollars unless otherwise stated.

Directors

The names and particulars of the directors of the Company during the financial year are:

Current Directors

- Greg Martin (Chairman) (appointed 14 April 2022)
- Theuns de Bruyn (Managing Director and Chief Executive Officer) (appointed 26 July 2022)
- Martin Alciaturi (Finance Director) (appointed 26 July 2022)
- Joanne Palmer (Non-Executive Director) (appointed 1 May 2022)
- Graham Davidson (Non-Executive Director) (appointed 1 May 2022)
- Patrick O'Connor (Non-Executive Director) (appointed 1 September 2023)

Directors' Profiles

Name:	Greg Martin
Qualifications:	BEC, LLB, MAICD
Age:	64
Appointed:	14 April 2022
Role:	Non-Executive Director, Chairman
Independent:	Yes
Committee Membership:	<ul style="list-style-type: none"> • People and Nominations Committee (Chair) • Audit and Risk Committee • Sustainability and Social Accountability Committee
Relevant skills and experience	<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 Hunter Water Corporation, 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>
Other Directorships and Offices (current and recent)	<ul style="list-style-type: none"> • Provaris Energy Ltd - Non-Executive Chairman (appointed February 2022) • Iluka Resources Limited- Non-Executive Chairman (retired April 2022) • Spark Infrastructure - Non-Executive Director (retired December 2021)

Name:	Theuns de Bruyn
Qualifications:	BEng (Chemical), MBA
Age:	55
Appointed:	26 July 2022
Role:	Managing Director and Chief Executive Officer
Independent:	No
Committee Membership:	<ul style="list-style-type: none"> Sustainability and Social Accountability Committee
Relevant skills and experience	<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>
Other Directorships and Offices (current and recent)	None

Name:	Martin Alciaturi
Qualifications:	BSc (Eng) (Hons), Grad Dip (Applied Finance), FCA (Aus & NZ), MAICD
Age:	62
Appointed:	26 July 2022
Role:	Finance Director
Independent:	No
Committee Membership:	<ul style="list-style-type: none"> Sustainability and Social Accountability Committee
Relevant skills and experience	<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> <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>
Other Directorships and Offices (current and recent)	<ul style="list-style-type: none"> 29Metals Limited - Non-Executive Director (appointed 27 May 2021)



Sustainable practices remain extremely important for Sierra Rutile. The Board is committed to upholding the principles of Environmental, Social, and Governance responsibility.

In line with this commitment, we have prioritised investments in critical areas such as water, health, sanitation, and education, recognising these as fundamental pillars for community development in Sierra Leone. By actively supporting initiatives in these areas, we aim to enhance the well-being of the communities in which we operate and create lasting positive change.

Name:	Joanne Palmer
Qualifications:	BSc Mathematics & Statistics (Hons), FCA (Aus & NZ), GAICD
Age:	48
Appointed:	1 May 2022
Role:	Non-Executive Director
Independent:	Yes
Committee Membership:	<ul style="list-style-type: none"> • People and Nominations Committee • Audit and Risk Committee (Chair) • Sustainability and Social Accountability Committee
Relevant skills and experience	<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 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>
Other Directorships and Offices (current and recent)	<ul style="list-style-type: none"> • Paladin Energy Limited – Non-Executive Director (appointed 13 May 2021) • NextOre Limited – Non-Executive Director (appointed 15 October 2021) • St Barbara Limited – Non-Executive Director (appointed 7 September 2023)

Name:	Graham Davidson
Qualifications:	BEng (Mechanical), Dip Maintenance Management, MIOD (UK), MAICD, MEng Aus
Age:	65
Appointed:	1 May 2022
Role:	Non-Executive Director
Independent:	Yes
Committee Membership:	<ul style="list-style-type: none"> • People and Nominations Committee • Audit and Risk Committee • Sustainability and Social Accountability Committee (Chair)
Relevant skills and experience	<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>
Other Directorships and Offices (current and recent)	None

Name:	Patrick O'Connor
Qualifications:	B Comm (Accounting), FAICD
Age:	60
Appointed:	1 September 2023
Role:	Non-Executive Director
Independent:	Yes
Committee Membership:	<ul style="list-style-type: none"> • People and Nominations Committee • Audit and Risk Committee • Sustainability and Social Accountability Committee
Relevant skills and experience	<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>
Other Directorships and Offices (current and recent)	<ul style="list-style-type: none"> • FAR Limited – Non-Executive Chairman (appointed 1 July 2021) • Metals X Limited – Non-Executive Director (appointed 24 October 2019) • Red River Resources Limited (in Liquidation) (appointed 9 August 2022, resigned 23 August 2023)

Meetings of Directors

In 2023 the Board formally met on 12 occasions. The Non-Executive Directors periodically met independent of management to discuss relevant issues. Directors' attendance at Board and Committee meetings during 2023 is detailed below.

Director	Board		Audit and Risk Committee		People and Nominations Committee		Sustainability and Social Accountability Committee	
	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²
Executive								
T de Bruyn	12	12	5	5 ³	3	3 ³	3	3
M Alciaturi	12	12	5	5 ³	3	3 ³	3	3
Non-Executive								
G Martin	12	12	5	5	3	3	3	3
J Palmer	12	12	5	5	3	3	3	2
G Davidson	12	12	5	5	3	3	3	3
P O'Connor	3	3	2	2	1	1	2	2
Total Meetings	12		5		3		3	

 Chairman  Member

1 "Held" indicates the number of meetings held during the period of each director's tenure.

2 "Attended" indicates the number of meetings attended by each director.

3 Attended meeting as an invitee.

Directors' Relevant Interest in Securities

Directors' relevant interests in shares and other securities of the Company are set out in the Remuneration Report under "Executive KMP – Shareholder" and "Non-Executive Directors Shareholdings".

Executive Team Profiles

Name:	Theuns de Bruyn
Qualifications:	BEng (Chemical) (University of Pretoria), MBA (Heriot-Watt)
Role:	Managing Director and Chief Executive Officer
Relevant skills and experience	Mr de Bruyn is Managing Director and Chief Executive Officer for Sierra Rutile. See his profile in the Directors Profile section.
Name:	Martin Alciaturi
Qualifications:	BSc (Eng) (Hons), Grad Dip (Applied Finance), FCA MAICD
Role:	Finance Director
Relevant skills and experience	Mr Alciaturi is Finance Director for Sierra Rutile. See his profile in the Directors Profile section.

Name:	Eben Lombard
Qualifications:	BSc (Metallurgy) (University of Pretoria), MBA (University of Free State), Cert in Fundamentals of Financial Management (Stellenbosch Business School)
Role:	Chief Operating Officer
Relevant skills and experience	<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>

Name:	Maurice Cole
Qualifications:	FCCA
Role:	Chief Financial Officer
Relevant skills and experience	<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>

Name:	Derek Folmer
Qualifications:	BEng (Mining) (McGill), MBA Finance (McGill), Member of Quebec Order of Engineers
Role:	General Manager Marketing
Relevant skills and experience	<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 General Manager Sales and Marketing for Rutile and Zircon at Rio Tinto.</p>

Name:	Sue Wilson
Qualifications:	Hon DUniv (Curtin), LLB (UWA), BJuris (UWA), FAICD, FGIA, FCG
Role:	General Counsel and Company Secretary
Relevant skills and experience	<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>

Name:	Barry Honnah
Qualifications:	BA Politics and Sociology (Hons) (University of York), MSC, Industrial Relations and Personnel Management (London School of Economics)
Role:	Human Resources Manager
Relevant skills and experience	<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>

Name:	Osman Lahai
Qualifications:	BSc (Geography) (University of Sierra Leone), Grad Dip (Humanitarian Law) (University of Helsinki)
Role:	Community Relations and Social Development Manager
Relevant skills and experience	<p>Mr Lahai joined Sierra Rutile Limited in May 2017, as the Community Relations and Social Development 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>

Name:	Hussine Yilla
Qualifications:	LLB Law (Hons) (University of Liverpool), MBA International Business (Coventry University)
Role:	Corporate Affairs and Government Relations Manager
Relevant skills and experience	<p>Ms Yilla joined Sierra Rutile Limited 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) from the University of Liverpool and a Master of Business Administration in International Business from Coventry University.</p>

Company Secretary

Ms Sue Wilson is the Company Secretary for Sierra Rutile. See her profile in the Executive Team Profiles section.

Indemnification and Insurance of Directors and Officers

Sierra Rutile indemnifies all directors of Sierra Rutile named in this report and other officers of the Group against all liabilities to persons (other than Sierra Rutile or related body corporates) which arise out of the performance of their normal duties as director or executive officer unless the liability relates to conduct involving bad faith. Sierra Rutile also indemnifies the directors and officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the year Sierra Rutile has paid a premium in respect of directors' and officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

Environmental Regulation

The Group is not subject to environmental regulation under either any Commonwealth or State or territory legislation.

Sierra Rutile's operating subsidiary, Sierra Rutile Limited is subject to environmental regulation in Sierra Leone.

External Auditors

Sierra Rutile's auditor is PricewaterhouseCoopers (PwC). The terms of engagement of PwC includes an indemnity in favour of the external auditor. This indemnity is in accordance with PwC's standard terms of business and is conditional upon PwC acting as external auditor. No payment has been made to PwC by Sierra Rutile pursuant to this indemnity, either during or since the end of the financial year. Sierra Rutile has not otherwise indemnified or agreed to indemnify PwC at any time during the financial year.

Non-Audit Services

The Group has a Non-audit Services Policy which contemplates the Group may, from time to time, employ the external auditor, PwC, on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. There was one non-audit service provided during the financial year.

A copy of PwC's independence declaration as required under section 307C of the Corporations Act is set out on page 82.

Other Matters

Group Licences

So far as the directors are aware, there have been no material breaches of the Group's licences and all mining and exploration activities have been undertaken materially in compliance with the relevant environmental regulations.

Sierra Leone environmental class action

On 22 January 2019, Sierra Rutile Limited (**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 (**Representatives**) who allege that they suffered loss as a result of SRL's mining operations. The claims primarily relate to environmental matters. The 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 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

On 3 April 2018, Transcend International Resources Limited (**Transcend**) initiated proceedings in the High Court of Sierra Leone against SRL. 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 \$3,200,000 plus interest at the rate of 25% until full payment. During the year to 31 December 2023, an amount of \$2,743,000 was paid to Transcend, being the balance of the full satisfaction of the judgement debt (\$1,585,000 was paid in 2022).

Separately on 17 April 2018, Transcend initiated proceedings in the High Court of Sierra Leone against SRL. Transcend's claim is for \$815,500 in relation to the supply and delivering delivery of zircon middling to Transcend, plus general damages, interest and costs. The judge ruled in favour of Transcend and awarded the full judgement claim plus \$350,000 in general damages plus costs and interest at 25% from January 2018 to date of payment. On application to the court, the judgement sum was reduced to \$776,500 and interest also reduced to 7.5% from January 2018 to the date of judgement. This is a total of \$1,622,160 plus costs. SRL has appealed against the judgement and has also made application to the court for the judgement debt to be paid in instalments over a twelve month period.

In 2017 proceedings were instituted against SRL and African Lion Agriculture Ltd by a group of land owners 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.

Matters Subsequent to the End of the Financial Year

Subsequent to the reporting date, in January 2024, Sierra Rutile received correspondence from the Government of Sierra Leone (GoSL) stating GoSL's 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 at 20 November 2001 between Sierra Rutile and the GoSL (or similar).

The position of the Group is that the Third Amendment Agreement cannot be amended without the agreement of Sierra Rutile. The dispute resolution provisions under the Third Amendment Agreement contemplate that the parties will attempt to resolve any dispute in good faith through negotiation. If the dispute is not settled by negotiation, the dispute can be referred to arbitration in the United Kingdom. Sierra Rutile has initiated this dispute process with GoSL, which starts with an obligation to seek to negotiate an agreed outcome.

The arising uncertainty concerning the fiscal regime does not provide a stable platform upon which Sierra Rutile 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. As a result, Sierra Rutile also issued a suspension notice to GoSL for operations at Area 1 under the relevant mining licence and mining act, which will take effect from 11 March 2024.

Sierra Rutile has also issued a notice, as required under The Employment Act 2023, notifying GoSL of a redundancy program anticipated to impact 25-30% of the workforce as a pre-requisite to potentially restarting operations following the forthcoming suspension of operations. In addition to end-of-service benefits provided for in these financial statements, Sierra Rutile estimates it will incur redundancy costs in 2024 (as at the date of this report estimated at approximately \$2 million) as a result of these terminations.

The Board of the Company will consider a restart of Area 1 operations if agreement can be reached with GoSL on an appropriate fiscal regime that would again support production, alongside supportive rutile market conditions. However, if Sierra Rutile is unable to re-start its operations following suspension, then Sierra Rutile will be required to take steps to close its mining operations in Area 1. Detailed planning in relation to any potential closure of Area 1 is ongoing but such a closure would eventually require the redundancy program to extend to most of its workforce and would also likely trigger termination payments on various major supply contracts. Sierra Rutile will continue to provide updates to the Australian Stock Exchange (ticker code: SRX) in accordance with its continuous disclosure obligations.

Dividend

No dividend was declared for the financial year ended 31 December 2023.

Changes in State of Affairs

There has been no relevant changes during the financial year.

Likely Developments and Expected Results

In the opinion of the directors, likely developments in and expected results of the operations of the Group have been disclosed in the Operating and Financial Review section pages 9 to 50 of the Director's Report. Disclosure of any further material relating to those matters could result in unreasonable prejudice to the interests of the Group.

Corporate Governance Statement

The ASX Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures (ASX Recommendations). In accordance with ASX Listing Rule 4.7 and 4.10.3, Sierra Rutile has disclosed a copy of its corporate governance statement and a completed Appendix 4G disclosing the extent to which Sierra Rutile has complied with the ASX Recommendations and any reasons for not following them, on the same date as this report.

Sierra Rutile's Corporate Governance Statement is available on its website at: <http://www.sierra-rutile.com/our-company/corporate-governance/>

Rounding of Amounts

The Company is of a kind referred to in "ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191", issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and accompanying Financial Report. Amounts in the Directors' Report have been rounded off in accordance with that Rounding Instrument to the nearest hundred thousand dollars, or in certain cases, to the nearest dollar, unless otherwise indicated.

Approval of Directors' Report

This Directors' Report is made in accordance with a resolution of the Board of Directors pursuant to section 298(2) of the Corporations Act 2001 (Cth).



Greg Martin

Chairman

27 February 2024

Remuneration Report

The directors present the remuneration report for the financial year ended 31 December 2023, which details the remuneration arrangements for the Group's key management personnel, including non-executive directors and executive directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration report forms part of the directors' report and has been prepared and audited in accordance with the requirements of the Corporations Act 2001 (Cth).

The significant uncertainties that arose during 2023, including the ongoing issues surrounding the Third Amendment Agreement tax concessions, and subsequent decisions to delay execution of the Mogbwemo Tails project, which led to decisions to fully impair Area 1 property, plant and equipment at the end of December 2023, led the Board to exercise its discretion in determining outcomes for the 2023 short term incentives for the Key Management Personnel participants. Further the Board determined to defer consideration of all short term incentives and the long term incentive plan for all executives for 2024 until further business clarity is achieved.

Key Management Personnel

The names and details of the key management personnel covered by the remuneration report are as follows:

Non-executive directors

Name	Position held	Term as KMP
G Martin	Independent Non-Executive Chair	Full year
G Davidson	Independent Non-Executive Director	Full year
J Palmer	Independent Non-Executive Director	Full year
P O'Connor	Independent Non-Executive Director	Appointed 1 September 2023

Executive directors

Name	Position held	Term as KMP
T de Bruyn	Managing Director and Chief Executive Officer	Full year
M Alciaturi	Finance Director	Full year

The People and Nominations Committee conducted an assessment of the roles of the Executive Management Team to determine which roles and individuals would be considered to be KMP. It was determined that there were no other individuals other than those listed above who meet the criteria of being KMP.

Remuneration Governance

People and Nominations Committee

The People and Nominations Committee ("PNC" or "the Committee") provides advice and recommendations to the Board regarding remuneration matters. All four non-executive directors were members of the Committee during the financial year ended 31 December 2023, with P O'Connor joining the Committee from 1 September 2023.

A copy of the charter of the Committee is available on Sierra Rutile's website in the Corporate Governance section <https://www.sierra-rutile.com/our-company/corporate-governance>.

Mr G Martin is the Chair of the People and Nominations Committee.

At the Committee's invitation, the Managing Director, the Finance Director and other relevant managers attend

meetings in an advisory capacity and coordinate the work of external, independent advisors as requested. During 2023 remuneration benchmarking data related to executive and non-executive directors was obtained from external consultants Guerdon Associates. The consultants did not provide remuneration advice. All executives are excluded from any discussions impacting their personal remuneration.

Under its charter, which was adopted by the Board with effect from 27 July 2022, the Committee meets at least twice each year. During the financial year ended 31 December 2023, the Committee formally met twice.

Securities Dealing Policy

The Company's Securities Dealing Policy applies to all Non-executive Directors and Executives. The policy prohibits employees from dealing in Sierra Rutile securities while in possession of material non-public information relevant to the Company.

A copy of the Securities Dealing Policy is available on Sierra Rutile's website in the Corporate Governance section <https://www.sierra-rutile.com/our-company/corporate-governance>.

Executives must not enter into any hedging arrangements over Company securities acquired under the Company's equity incentive plans. Breach of this policy may lead to disciplinary action and potential dismissal.

Remuneration Strategy

The principles and objectives of Sierra Rutile's approach to remuneration are to:

- Attract, retain and motivate the talented people with the necessary skills to create value for shareholders;
- Reward executives and other employees fairly and responsibly, having regard for the performance of Sierra Rutile, the competitive environment and the individual performance of each employee;
- Ensure alignment of executive interests with shareholders;
- Provide a clear link between company performance and remuneration outcomes;
- Ensure remuneration outcomes are consistent with Sierra Rutile's short-term and long-term strategic objectives and the delivery of long-term shareholder wealth creation; and
- Comply with all relevant legal and regulatory provisions.

Executive Remuneration

Fixed Remuneration	Variable, at risk, pay
<p>Fixed Remuneration (FR) comprises cash salary, cash allowances, and employer contributions to superannuation (as applicable).</p> <p>Approach: FR is reviewed annually by the Board to ensure it remains competitive in the market for which the Company seeks executives. In setting the FR, the Board has regard for the size and complexity of the position, the skills and experience required for success, and individual qualifications.</p> <p>No change in FR was made in 2023 with FR remaining at the level set for the demerger of Sierra Rutile in 2022.</p>	<p>Short Term Incentive (STI)</p> <p>Purpose: To reward Executive KMP for achievement of strategic objectives over an annual performance period that will contribute to increasing shareholder value.</p> <p>Approach: The annual STI reflects the variable remuneration awarded to Executive KMP based on performance against an annual scorecard of financial and other measures and individual strategic objectives. The Board assesses scorecard and individual performance at the end of the year with the resulting award paid in cash.</p> <p>Long Term Incentive (LTI)</p> <p>Purpose: To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.</p> <p>Approach: The LTI is provided in the form of performance rights and is subject to a three-year performance period.</p>

Initial Equity Grant (IEG)

A once-off transitional award was made to each of the Managing Director & Chief Executive Officer and the Finance Director to align the executive incentives with the long-term interests of shareholders. The IEG was awarded in December 2022 in the form of performance rights in three tranches subject to performance conditions. The details of the IEG are outlined below under the heading "Initial Equity Grant".

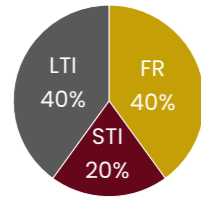
Executive remuneration structure and mix

As outlined above, the standard elements of the remuneration structure for the Executive KMP are:

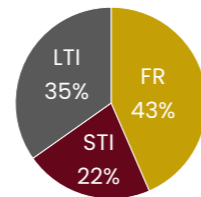
- Fixed Remuneration (FR);
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

The following diagram sets out the mix for FR and "at risk" remuneration including STI and LTI, assuming at target outcomes for Executive KMP:

MD & CEO
Remuneration Mix



Finance Director
Remuneration Mix



The one-off Initial Equity Grant has not been included in the above depiction of the standard remuneration package applicable to the executive KMP.

Short-term incentive (STI)

Purpose	To reward Executive KMP for achievement of strategic objectives over an annual performance period that contribute to increasing shareholder value.
Participants	<ul style="list-style-type: none"> • Managing Director & Chief Executive Officer (MD & CEO) • Finance Director
Delivery	The STI award is paid in cash.
Maximum opportunity	<ul style="list-style-type: none"> • 100% of FR for the MD & CEO • 100% of FR for the Finance Director
Performance period	1 January 2023 to 31 December 2023
Performance measurement date	Following finalisation of the 2023 financial results.
Performance conditions	<p>Annual Executive KMP performance conditions are set and assessed by the Board through a balanced scorecard and assessment of individual strategic objectives.</p> <p>The scorecard includes a range of key financial and non financial measures that directly affect shareholder value. Each scorecard measure is weighted according to its importance, is measurable and is assessed quantitatively and qualitatively. The scorecard is weighted at 70% of the total STI opportunity.</p> <p>Assessment of each individual's performance is also conducted against individual strategic objectives. The individual strategic objectives are weighted at 30% of the total STI opportunity.</p>

Scorecard operation	<p>The scorecard outcomes, for executive KMP, are calculated based on the following schedule. Awards from 25% to 100% of the maximum opportunity are on a linear basis consistent with the level of performance attained.</p> <table border="1"> <thead> <tr> <th>Performance Level</th> <th>STI outcome (of maximum STI opportunity)</th> </tr> </thead> <tbody> <tr> <td>Threshold (minimum expectations)</td> <td>25%</td> </tr> <tr> <td>Target (meets expectations)</td> <td>50%</td> </tr> <tr> <td>Exceed expectations</td> <td>51% to 100%</td> </tr> </tbody> </table>	Performance Level	STI outcome (of maximum STI opportunity)	Threshold (minimum expectations)	25%	Target (meets expectations)	50%	Exceed expectations	51% to 100%
Performance Level	STI outcome (of maximum STI opportunity)								
Threshold (minimum expectations)	25%								
Target (meets expectations)	50%								
Exceed expectations	51% to 100%								
Award timing	The cash payment is made as soon as practicable after the end of the performance period and no later than three months after that date.								
Malus and/or clawback	<p>The Sierra Rutile Board may apply malus to incentives that have yet to vest and even clawback incentives that have already vested where:</p> <ul style="list-style-type: none"> • The executive acts fraudulently or dishonestly; or • There is material misstatement or omission in the accounts of Sierra Rutile; or • The award has resulted in an inappropriate benefit being awarded. 								
Treatment on termination	<p>Unless the Sierra Rutile Board determines otherwise, where a participant resigns (other than by mutual agreement) or is terminated for cause, their unpaid STI will lapse.</p> <p>If a participant ceases employment for other reasons (including by mutual agreement) unless the Sierra Rutile Board determines otherwise, their unpaid STI will generally remain on foot and vest on a pro-rata basis subject to the original terms and performance hurdles in the ordinary course.</p>								
Board discretion	The Board has discretion to vary STI outcomes having regard for the circumstances at the time (including in the event the STI outcome would result in an inappropriate outcome). In 2023 the Board exercised its discretion in determining the final STI outcomes, as outlined in "Remuneration Outcomes 2023".								
Change of control	The Board has discretion, taking into account performance to the date of change in control.								

Long-term incentives (LTI)

Purpose	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.
Participants	<ul style="list-style-type: none"> • Managing Director & Chief Executive Officer (MD & CEO) • Finance Director
Date of grant	6 March 2023.
Delivery	Performance rights ("PRs") which are rights to acquire ordinary shares in the Company for nil consideration (or, at the Sierra Rutile Board's discretion, a cash equivalent payment), conditional on the achievement of specified performance and vesting conditions. No consideration is payable upon grant or vesting of the PRs under the LTI.
Maximum opportunity	<ul style="list-style-type: none"> • 100% of FR for the MD & CEO • 80% of FR for the Finance Director
Quantum	PRs were allocated at face value using the five-day VWAP of Sierra Rutile shares commencing on 3 January 2023, which was A\$0.22.
Performance period	1 January 2023 to 31 December 2025.
Performance measurement date	Following completion of the performance period.
Vesting of PRs	As soon as practicable after testing at the end of the performance period.
Performance conditions	The PRs are subject to Sierra Rutile relative total shareholder return ("RTSR") performance compared to a peer group of other companies as determined by the Sierra Rutile Board (Comparator Group). The Comparator Group determined for the LTI is: Astron Corporation; Base Resources; Diatreme Resources; Image Resources; Mineral Commodities Limited; Sheffield Resources; Strandline Resources; and Sovereign Metals.

	<p>RTSR was selected as the performance metric as an appropriate measure of Sierra Rutile's relative performance as a stand-alone entity. The Comparator Group was selected from Australian listed companies operating in the mineral sands sector who represent peers of Sierra Rutile with similar complexity and challenges.</p> <p>Vesting will be determined based on Sierra Rutile's performance compared to the Comparator Group with the following vesting schedule:</p> <table border="1"> <thead> <tr> <th>Performance level to be achieved</th> <th>Percentage vesting</th> </tr> </thead> <tbody> <tr> <td>Below 50th percentile</td> <td>0%</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>Sliding scale vesting</td> </tr> <tr> <td>75th percentile and above</td> <td>100%</td> </tr> </tbody> </table>	Performance level to be achieved	Percentage vesting	Below 50th percentile	0%	50th percentile	50%	Between 50th and 75th percentile	Sliding scale vesting	75th percentile and above	100%
Performance level to be achieved	Percentage vesting										
Below 50th percentile	0%										
50th percentile	50%										
Between 50th and 75th percentile	Sliding scale vesting										
75th percentile and above	100%										
Voting and dividend entitlements	<p>No voting rights attach to, and no dividends will be paid on PRs.</p> <p>Shares allocated to participants on vesting of awards carry the same voting and dividend rights as other Sierra Rutile Shares.</p>										
Disposal restrictions	<p>Any dealing (transfer, sale, disposal or hedging) of a PR is prohibited. Following vesting of PRs, no disposal restrictions will apply to the resulting Sierra Rutile Shares (except for Sierra Rutile's Securities Dealing Policy).</p>										
Acquisition of PRs and shares	<p>PRs are granted by the Company and held by the participant subject to the satisfaction of the vesting conditions. The number of rights held may be adjusted pro rata, consistent with ASX adjustment factors for any capital restructure.</p> <p>Shares to satisfy the exercise of vested PRs may be issued by the Company or acquired on market.</p>										
Cessation of employment	<p>Unless the Sierra Rutile Board determines otherwise, where a participant resigns (other than by retirement or mutual agreement) or is terminated for cause, their unvested PRs will lapse.</p> <p>If a participant ceases employment for other reasons (including retirement or by mutual agreement) unless the Sierra Rutile Board determines otherwise, their unvested PRs will generally remain on foot subject to the original terms of the grant and be performance tested in the ordinary course.</p>										
Change of control	<p>The Sierra Rutile Board has discretion to determine the level of vesting (if any) on a change of control, having regard to shareholder outcomes realised, performance to date against any of the applicable performance conditions, the portion of the performance period elapsed and any other factors it considers appropriate.</p>										
Clawback and preventing inappropriate benefits	<p>Under the LTI the Sierra Rutile Board can lapse or clawback incentives (including incentives that have vested) in certain circumstances, including:</p> <p>Where the participant acts fraudulently or dishonestly; or</p> <p>If there is a material misstatement or omission in the accounts of the Sierra Rutile Group company.</p>										

Initial Equity Grant (IEG)

Purpose	To align executives with the interests of shareholders by rewarding the achievement of key strategic outcomes in the initial years of Sierra Rutile's operations.
Eligibility	Managing Director & Chief Executive Officer and Finance Director.
Date of grant	5 December 2022.
Delivery	The Equity Offer is a grant of performance rights (PRs), each being a conditional right to acquire one fully paid ordinary share in Sierra Rutile (or at the Sierra Rutile Board's discretion, a cash equivalent payment), subject to meeting the specified performance and vesting conditions. No consideration is payable upon grant or vesting of the PRs under the Equity Offer.

Quantum of grants	<ul style="list-style-type: none"> MD & CEO A\$1,800,000 Finance Director A\$960,000 <p>PRs are allocated at face value using the five-day VWAP of Sierra Rutile shares immediately following listing. The MD & CEO was granted 5,294,118 PRs and the Finance Director was granted 2,823,529 PRs.</p>
Performance conditions and vesting schedule	<p>The PRs were awarded in three tranches, with specific performance objectives set for each tranche.</p> <ul style="list-style-type: none"> Tranche 1 (25% of the total award): Vesting to occur upon Sierra Rutile Board approval and market disclosure of a final investment decision for the development of Sembehun. Tranche 2 (25% of the total award): Vesting subject to completion of a plan for ongoing operations at Area 1 through to 2027 underpinned by JORC compliant Ore Reserves signed by a competent person. Tranche 3 (50% of the total award): Vesting will occur upon successful commissioning of Sembehun Project (as defined in the final investment decision) which is planned to be completed by the end of November 2025. <p>The performance measures were selected as they are critical delivery milestones in the strategic development of Sierra Rutile. During 2023 SRX announced that it was adopting a full development approach for its proposed Sembehun project to maximise project value and debt funding capacity. As a result, discretions under the plan were exercised to adjust the performance conditions to reflect the move away from a two-phased development plan.</p>
Additional terms	<p>The Equity Offer is subject to the same restrictions on dealing, treatment on cessation of employment, treatment on change of control of Sierra Rutile and clawback provisions as the LTI Offer outlined above.</p> <p>PRs and Sierra Rutile Shares allocated to participants under the Equity Offer will also carry the same voting, dividend entitlements as the LTI Offer outlined above.</p> <p>Any unvested PRs will lapse after five years from the date of the award grant.</p>

Iluka Legacy Award Replacement Awards for the Managing Director and Chief Executive Officer

The Sierra Rutile Managing Director and Chief Executive Officer was eligible to receive a number of 'replacement' awards in the form of Sierra Rutile restricted rights or performance rights ("Replacement Awards") following the demerger of Sierra Rutile. The Replacement Awards were granted to replace Iluka awards or entitlements under the Executive Incentive Plan ("EIP") held by Mr de Bruyn prior to the demerger of Sierra Rutile.

The Replacement Awards comprise:

- Performance Rights ("PRs") which are rights to acquire ordinary shares in the Company for nil consideration (or at the Sierra Rutile Board's discretion, a cash equivalent payment), conditional on the achievement of specific performance conditions as described in regard to the LTI award performance conditions; and
- Restricted Rights ("RRs") which are rights to acquire ordinary shares in the Company (or at the Sierra Rutile Board's discretion, a cash equivalent payment), subject to continued service.

The number of PRs and RRs to be awarded was calculated using the following formula:

$$\text{Number of Iluka Rights held before demerger} \times (\text{Sierra Rutile five-day VWAP} + \text{Iluka five-day VWAP}) / \text{Sierra Rutile five-day VWAP}$$

The Replacement Awards were granted on 6 March 2023.

Replacement Award for the 2020 Iluka Resources EIP

	Performance Rights	Restricted Rights
Maximum value of equity granted	A\$55,088. The MD & CEO will be granted 162,023 PRs.	A\$48,975. The MD & CEO will be granted 144,043 RRs.
Performance period	PRs: will vest based on RTSR performance measured in the same manner and against the same comparator group as detailed in regard to the LTI award performance conditions. over the performance period from the grant date to 31 December 2024.	Restricted rights will vest, subject to continued employment in the following tranches: <ul style="list-style-type: none"> Tranche 1 (72,007) on 1 March 2024; and Tranche 2 (72,036) on 1 March 2025.

Replacement Award for the 2021 Iluka Resources EIP

	Performance Rights	Restricted Rights
Maximum value of equity granted	\$203,155. The MD & CEO will be granted 597,516 PRs.	\$148,354. The MD & CEO will be granted 436,334 RRs.
Performance period	Vesting is based on RTSR performance measured in the same manner and against the same comparator group as detailed in regard to the LTI award performance conditions over the performance period from 27 July 2022 to 31 December 2025.	Restricted rights will vest, subject to continued employment, in the following tranches: <ul style="list-style-type: none"> Tranche 1 (145,464) on 1 March 2024; Tranche 2 (145,435) on 1 March 2025; and Tranche 3 (145,435) on 1 March 2026.

Remuneration Outcomes for 2023

The table below summarises key indicators of the performance of Sierra Rutile and relevant shareholder returns over 2023.

As Sierra Rutile only listed on the ASX on 27 July 2022, it is not possible to address the statutory requirement that Sierra Rutile provides a five-year discussion of the link between performance and remuneration. This table will be expanded in future years to provide comparative metrics for the financial years in which Sierra Rutile is listed.

2023 Company Performance

KPI'S	2023	2022
Revenue	US\$176.3M	US\$254.5M
Net (loss)/profit after tax	(US\$20.1M)	US\$75.6M
(Loss)/earnings per share	(US\$0.047)	US\$0.1740
Closing share price (31 December) ¹	A\$0.096	A\$0.225

1. The opening share price on listing on the ASX on 27 July 2022 was A\$0.43.

2023 Short Term Incentive (STI)

The Board exercised discretion under the terms of the STI for 2023 for Key Management Personnel, given the material impact of external factors during the year, which significantly shifted the focus of the key executives. The Board considered the performance of the key executives during this challenging period warranted recognition as the Group continued to pursue its development and funding objectives while seeking to manage the uncertainty arising from government communications, ultimately resulting in such objectives being deferred. In determining an outcome for the 2023 STI for the KMP participants, the Board took into account how each addressed these issues during 2023. The Board also considered the STI outcomes received by other executive and managerial employees, the Company's capacity to pay, and shareholder 2023 returns in deciding to set a fixed dollar STI outcome for each of the two KMP participants.

The following table presents the outcomes of the STI award attributed to the performance period commencing 1 January 2023, and ended at 31 December 2023:

Executive KMP	Maximum STI opportunity ¹	% of maximum STI earned	% of maximum STI forfeited	STI cash outcome ¹
T de Bruyn	A\$600,000	32%	68%	A\$190,000
M Alciaturi	A\$400,000	35%	65%	A\$140,000

¹The Board determined a specific dollar outcome for each participant respectively taking into account each individual's performance throughout 2023 and the terms of the participant's employment agreements and the 2023 STI offer letters. STI criteria were set in the normal way for 2023, but due to the change in circumstances in the second half of 2023 the Board used its discretion in determining the 2023 STI outcomes.

Executive KMP Statutory Remuneration Disclosures

Details of the remuneration of the KMP, prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and the relevant Australian Accounting Standards, are set out in the following tables.

Name	Year	Short-term benefits				Post-employment benefits	Long-term benefits	Share based payments US\$ ^{8,9}	Termination US\$	Total US\$	Performance related %
		Base salary/fees US\$	Annual cash incentive US\$ ⁴	Non-monetary benefits US\$ ⁵	Other benefits US\$ ⁶						
T de Bruyn ^{1,2}	2023	397,456	126,287	-	293,044	-	(3,743)	363,138	-	1,176,182	38%
	2022	170,262	82,243	-	156,190	-	16,214	154,652	-	579,562	38%
M Alciaturi ^{1,3}	2023	248,357	93,054	8,691	-	17,511	8,551	151,178	-	527,342	46%
	2022	102,818	54,829	3,542	-	8,442	3,688	67,549	-	240,868	51%
Total	2023	645,813	219,341	8,691	293,044	17,511	4,808	514,317	-	1,703,524	40%
	2022	273,080	137,072	3,542	156,190	8,442	19,902	222,201	-	820,430	44%

1 Mr de Bruyn and Mr Alciaturi became KMP on 26 July 2022. The reported remuneration package for 2022 relates to the proportion of the financial year they were KMP, and therefore is lower than their full year reported remuneration in 2023..

2 For Mr de Bruyn the total remuneration is denominated in Australian dollars (A\$) and paid monthly in South African Rand (ZAR) and converted to US dollars (US\$) for reporting purposes using the average exchange rate for the period from 1 August 2022 to 31 December 2022 of ZAR1=US\$0.058. For 2023 the average exchange rate for the period from 1 January 2023 to 31 December 2023 of ZAR1=US\$0.054 was used.

3 For Mr Alciaturi the total remuneration is denominated in Australian dollars (A\$) and converted to US dollars (US\$) for reporting purposes using the average exchange rate for the period from 1 August 2022 to 31 December 2022 of A\$1=US\$0.668, and for the period 1 January 2023 to 31 December 2023 of A\$1=US\$0.6647.

4 Current year STI awards are accrued in the financial year to which the performance relates for the period 1 January 2023 to 31 December 2023. Payments will be made in March 2024.

5 Non-monetary benefits for Mr Alciaturi include car parking.

6 Other benefits for Mr de Bruyn are non-pensionable and include international assignment benefits comprising tax equalisation and related compliance services and international assignment payments.

7 Represents the movement in the annual and long-service leave provisions during the year. In 2022 a one-off cash payment of US\$151,733 was paid to Mr de Bruyn for accrued annual leave. In 2023 a one-off cash payment of US\$26,066 was paid to Mr de Bruyn for accrued annual leave.

8 The fair value of performance rights is calculated at the date of grant using a Monte Carlo simulation model, the fair value of the restricted rights is calculated at the date of grant using a Black Scholes model, and the respective values are recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The value disclosed is the portion of the fair value of the performance rights and restricted rights recognised in the reporting period in respect of the Initial Equity Grant and Long Term Incentive Plan and for Mr de Bruyn the Replacement Awards. The amount included as remuneration is not necessarily the benefit (if any) that the individual may ultimately receive. During FY 2023, no equity based remuneration vested.

9 The grant date of the Performance Rights under the Initial Equity Grant to Mr de Bruyn and Mr Alciaturi was 4 December 2022. The grant date for the Replacement Awards to Mr de Bruyn was 6 March 2023. The grant date for the Long Term Incentive Plan Awards to Mr de Bruyn and Mr Alciaturi was 6 March 2023. The ASX requirement to obtain Shareholder approval for the grant of Performance Rights and Restricted Rights and any shares to be issued at the time of vesting under ASX Listing Rule 10.14 was waived on the basis that details were disclosed in the Demerger Book, which was approved by Iluka shareholders on 27 July 2022.

Long Term Incentive Plan – Performance Rights

During the financial year ended 31 December 2023 Mr de Bruyn and Mr Alciaturi were granted performance rights under the Long Term Incentive Plan (“LTIP”) as detailed above. The details are shown in the following table:

Executive	Number of Rights granted during the year ¹	Grant date	Fair value per Right (at grant date) A\$ ²	Total value of Rights granted during the year A\$	Maximum value yet to vest A\$ ³	Vesting date	Exercise price per Right	Expiry date	Number of Rights vested during the year	Number of Rights lapsed during the year
T de Bruyn										
2023 LTIP	2,727,273	6/3/23	0.238	649,091	649,091	1/3/26	Nil	1/3/26	-	-
M Alciaturi										
2023 LTIP	1,454,545	6/3/23	0.238	346,182	346,182	1/3/26	Nil	1/3/26	-	-

- The number of LTIP rights held at the start of the reporting period by each of Mr de Bruyn and Mr Alciaturi was nil
- The fair value is calculated in accordance with the measurement criteria of the Accounting Standard AASB 2 Share Based Payments.
- The minimum amount yet to vest will be nil if the performance objectives are not achieved.

Movement during the year:

Executive	Instrument	Held at 1 January 2023	Granted during 2023	Received on exercise of Rights	Other	Vested at end of the year	Held at 31 Dec 2023
T de Bruyn	LTIP	Nil	2,727,273	Nil	Nil	Nil	2,727,273
M Alciaturi	LTIP	Nil	1,454,545	Nil	Nil	Nil	1,454,545

No LTIP Performance Rights held by either Mr de Bruyn or Mr Alciaturi vested or are exercisable at the end of 2023.

Initial Equity Grant – Performance Rights

During the financial year ended 31 December 2022 Mr de Bruyn and Mr Alciaturi were granted performance rights under the Initial Equity Grant (“IEG”) as detailed above. The details are shown in the following table:

Executive	Grant Date	Balance at 1 January 2023	Total value of Rights A\$ ¹	Maximum value yet to vest A\$	Vesting Date ²	Exercise price per Right	Expiry Date	Number of Rights Granted during the year	Number of Rights vested during the year	Number of Rights lapsed during the year
T de Bruyn										
IEG T1	5/12/22	1,323,529	251,471	251,471	Q3 2024	Nil	4/12/27	-	-	-
IEG T2	5/12/22	1,323,530	251,471	251,471	30/9/2024	Nil	4/12/27	-	-	-
IEG T3	5/12/22	2,647,059	502,941	502,941	30/11/2025	Nil	4/12/27	-	-	-
M Alciaturi										
IEG T1	5/12/22	705,882	134,118	134,118	Q3 2024	Nil	4/12/27	-	-	-
IEG T2	5/12/22	705,882	134,118	134,118	30/9/2024	Nil	4/12/27	-	-	-
IEG T3	5/12/22	1,411,765	268,235	268,235	30/11/2025	Nil	4/12/27	-	-	-

- The fair value is calculated in accordance with the measurement criteria of the Accounting Standard AASB 2 Share Based Payments. The fair value for each performance right awarded under the IEG was A\$0.19.
- Vesting of each tranche of the IEG is subject to achievement of specific objectives as outlined above under Initial Equity Grant. There are not specific vesting dates set for each tranche of the IEG. Timing shown, was used to account for the awards and is indicative of the current plan and progress toward achievement of the performance objectives.

Movement during the year:

Executive	Instrument	Held at 1 January 2023	Granted during 2023	Received on exercise of Rights	Other	Vested at end of the year	Held at 31 Dec 2023
T de Bruyn	IEG Performance Rights	5,294,118	Nil	Nil	Nil	Nil	5,294,118
M Alciaturi	IEG Performance Rights	2,823,529	Nil	Nil	Nil	Nil	2,823,529

No IEG Performance Rights held by either Mr de Bruyn or Mr Alciaturi vested or are exercisable at the end of the performance period.

Replacement Awards

Mr de Bruyn was eligible to receive a number of ‘replacement’ awards in the form of Sierra Rutile restricted rights or performance rights. The rights were granted on 6 March 2023. The details are shown in the following table.

Replacement awards	Number of Rights granted during the year ¹	Grant date ²	Fair value per Right A\$	Total value of Rights A\$	Maximum value yet to vest A\$	Vesting date	Exercise price per Right	Expiry date	Number of Rights vested during the year	Number of Rights lapsed during the year
2020 EIP PRs	162,023	6/3/23	0.17	27,544	27,544	1/3/2025	Nil	1/3/2025	-	-
2020 EIP RRs	144,043	6/3/23	0.265	38,171	38,171	1/3/2024, 1/3/2025	Nil	1/3/2024, 1/3/2025	-	-
2021 EIP PRs	597,516	6/3/23	0.192	114,723	114,723	1/3/2026	Nil	1/3/2026	-	-
2021 EIP RRs	436,334	6/3/23	0.265	115,629	115,629	1/3/2024, 1/3/2025, 1/3/2026	Nil	1/3/2024, 1/3/2025, 1/3/2026	-	-

- The number of rights granted was determined by the following calculation: Number of Iluka rights held before demerger x (Sierra Rutile five-day VWAP + Iluka five-day VWAP)/Sierra Rutile five-day VWAP.
- The minimum amount yet to vest will be nil if the performance or service objectives are not achieved.

Executive KMP – Shareholding

The following table details the shareholdings of the executive KMP (personally and through their related parties):

Executive	Number of ordinary shares held at 1 January 2023	Number of ordinary shares granted as remuneration during the year	Number of ordinary shares received on the exercise of rights during the year	Net other changes during the year	Number of ordinary shares held at 31 Dec 2023
T de Bruyn	-	-	-	-	-
M Alciaturi	100,000 ¹	-	-	-	100,000

- Mr Alciaturi indirectly holds ordinary shares in Sierra Rutile (M Alciaturi Personal SF A/C, Mr Martin Nicolas Alciaturi and Mrs Linda Ann Alciaturi).

Key Terms of Executive KMP Employment Contracts

Notice and termination payments:

Executive	Position	Contract type	Notice period for Company	Notice period for Employee	Termination payment ¹
T de Bruyn	MD & CEO	Permanent	6 months'	6 months'	6 months'
M Alciaturi	Finance Director	Permanent	3 months'	3 months'	3 months'

- Termination payments are calculated based upon fixed remuneration at the date of termination. No payment is made for termination due to gross misconduct.

Sierra Rutile did not engage in any transactions with Executive KMP or their related parties during the reporting period. No Executive KMP or their related parties held any loans with the Group during the reporting period.

Non-Executive Director Remuneration

2023 Non-Executive Director Fee Policy

Remuneration for Non-executive Directors is determined by reference to relevant external market data and takes into consideration the level of fees paid to directors of other Australian corporations of similar size and complexity to Sierra Rutile.

Non-executive Director fees are paid from an aggregate fee pool of A\$850,000. The total amount paid to Non-executive Directors in 2023 (including superannuation) was A\$383,334.

Non-executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive Directors do not participate in share or bonus schemes related to performance designed for Executive KMP or employees to preserve their independence and impartiality.

The fee structure for the Non-executive Directors is:

- Chair fees: A\$150,000
- Member fees: A\$100,000

Fees are inclusive of statutory superannuation.

No additional or separate fees are paid for service on committees.

In addition to Board and Committee fees, Non-executive Directors are entitled to be reimbursed for all reasonable travel, accommodation, and other expenses in attending meetings of the Board, Committees or shareholders or while engaged on Sierra Rutile business.

There are no share or performance based plans for Sierra Rutile Non-executive Directors. The following table details the statutory remuneration for the Non-executive Directors.

Name	Year	Base fees US\$ (cash) ⁵	Superannuation US\$	Non-monetary benefits US\$	Total statutory remuneration US\$
G Martin ¹	2023	90,024	9,677	-	99,701
	2022	66,095	6,841	-	72,936
G Davidson ²	2023	60,016	6,451	-	66,467
	2022	40,949	4,248	-	45,197
J Palmer ³	2023	60,016	6,451	-	66,467
	2022	40,949	4,248	-	45,197
P O'Connor ⁴	2023	19,467	2,141	-	21,608
TOTAL	2023	229,523	24,720	-	254,243
	2022	147,993	15,337	-	163,330

1 G Martin commenced as Chair on 14 April 2022.

2 G Davidson commenced as director on 1 May 2022.

3 J Palmer commenced as director on 1 May 2022.

4 P O'Connor commenced as director on 1 September 2023

5. The base fees are denominated in Australian dollars (A\$) and converted to US dollars (US\$) for reporting purposes using for 2022 the average exchange rate for the period from 14 April to 31 December of 1A\$ = US\$0.681 in the case of Mr Martin and from 1 May to 31 December for Ms Palmer and Mr Davidson of 1A\$ = US\$0.678. For 2023 the average exchange rate for the period from 1 January 2023 to 31 December 2023 of A\$1=US\$0.665 in the case of Mr Martin, Mr Davidson and Ms Palmer and from 1 September 2023 to 31 December 2023 of A\$1=US\$0.648 in the case of Mr O'Connor.

Non-Executive Director Shareholdings

Executive	Number of ordinary shares held at 1 January 2023	Number of ordinary shares granted as remuneration during the year	Number of ordinary shares received on the exercise of rights during the year	Other	Number of ordinary shares held at 31 Dec 2023
G Martin ¹	30,000	-	-	-	30,000
G Davidson	Nil	-	-	29,900	29,900
J Palmer ²	Nil	-	-	21,250	21,250
P O'Connor	-	-	-	-	Nil

1 Navigator Australia Ltd (MLC Investment Sett A/c) holds 30,000 fully paid ordinary shares in Sierra Rutile Holdings Limited on behalf of Mr Martin.

2 KISII Super Fund A/C holds 21,250 fully paid ordinary shares in Sierra Rutile Holdings Limited on behalf of Ms Palmer.

End of Remuneration Report



Auditor's Independence Declaration

As lead auditor for the audit of Sierra Rutile Holdings Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sierra Rutile Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ian Campbell'.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
27 February 2024

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 US\$'000	2022 US\$'000
Revenue from contracts with customers	3	176,301	254,484
Cost of sales	4	(147,281)	(188,600)
Gross profit		29,020	65,884
(Impairment expense)/reversal of impairment expense	10	(35,312)	23,445
Other expenses	4	(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	4	(2,258)	(1,810)
Remeasurement (loss)/gain – financial instruments		2,141	(787)
(Loss)/profit before income tax		(19,225)	76,886
Income tax expense	5	(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	6	(0.0473 cents)	0.1740 cents
Diluted (loss)/earnings per share for profit attributable to owners of Sierra Rutile Holdings Limited	6	(0.0473 cents)	0.1737 cents

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 US\$'000	2022 US\$'000
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	13	(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

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 US\$'000	2022 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	7,845	37,714
Trade and other receivables	8	53,082	53,936
Inventories	9	61,752	35,032
Current tax assets		764	-
Other financial assets	16	3,409	2,500
Total current assets		126,852	129,182
Non-current assets			
Other receivables	8	936	-
Property, plant and equipment	10	2,275	23,964
Intangible assets		-	720
Exploration and evaluation assets	11	39,481	29,434
Right of use asset		107	172
Deferred tax assets		6	19
Other financial assets	16	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	12	32,800	28,973
Right of use lease liability		116	177
Current tax liabilities		-	364
Provisions	13	6,775	5,737
Total current liabilities		39,691	35,251
Non-current liabilities			
Provisions	13	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	14	546,515	546,515
Other reserves	15	(1,515)	(2,096)
Accumulated losses		(429,490)	(409,383)
Total equity attributable to equity holders		115,510	135,036

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

As at 31 December 2023

	Notes	2023 US\$'000	2022 US\$'000
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	(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

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Equity contribution US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2022		492,502	(22,759)	(466,032)	1,050	4,761
Profit for the year		-	-	73,398	2,201	75,599
Other comprehensive loss		-	411	-	-	411
Total comprehensive income for the year		-	411	73,395	2,201	76,010
Transactions with owners in capacity as owners						
Capital contribution		54,013	-	-	-	54,013
Transfer from option revaluation reserve on extinguishment of instrument		-	20,000	(20,000)	-	-
Acquisition of non-controlling interests		-	-	3,251	(3,251)	-
Share-based payments	20	-	252	-	-	252
At 31 December 2022		546,515	(2,096)	(409,383)	-	135,036
At 1 January 2023		546,515	(2,096)	(409,383)	-	135,036
Loss for the year		-	-	(20,107)	-	(20,107)
Other comprehensive loss		-	43	-	-	43
Total comprehensive income for the year		-	43	(20,107)	-	(20,064)
Transactions with owners in capacity as owners:						
Share-based payments	20	-	538	-	-	538
At 31 December 2023		546,515	(1,515)	(429,490)	-	115,510

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1	CORPORATE INFORMATION AND BASIS OF PREPARATION	88
NOTE 2	SEGMENT INFORMATION	90
NOTE 3	REVENUE	90
NOTE 4	EXPENSES	91
NOTE 5	INCOME TAXES	92
NOTE 6	EARNINGS PER SHARE	93
NOTE 7	CASH AND CASH EQUIVALENTS	93
NOTE 8	TRADE AND OTHER RECEIVABLES	94
NOTE 9	INVENTORIES	94
NOTE 10	PROPERTY, PLANT AND EQUIPMENT	95
NOTE 11	EXPLORATION AND EVALUATION ASSETS	96
NOTE 12	TRADE AND OTHER PAYABLES	97
NOTE 13	PROVISIONS	97
NOTE 14	ISSUED CAPITAL	99
NOTE 15	RESERVES	99
NOTE 16	OTHER FINANCIAL ASSETS	100
NOTE 17	FINANCIAL RISK MANAGEMENT	101
NOTE 18	CONTROLLED ENTITIES	103
NOTE 19	RELATED PARTY TRANSACTIONS AND BALANCES	104
NOTE 20	SHARE-BASED PAYMENTS	105
NOTE 21	PARENT ENTITY INFORMATION	105
NOTE 22	REMUNERATION OF AUDITORS	106
NOTE 23	COMMITMENTS AND CONTINGENT LIABILITIES	106
NOTE 24	EVENTS THAT OCCURRED AFTER THE END OF THE FINANCIAL YEAR	107
NOTE 25	SUMMARY OF MATERIAL ACCOUNTING POLICIES	108

1. Corporate Information and Basis of Preparation

Sierra Rutile Holdings Limited (the "Company") is incorporated and domiciled in Australia. The address of its registered office is Level 8, 225 St Georges Terrace, Perth, Western Australia 6000. The consolidated financial statements comprise the Company and its controlled entities (together referred to as the "Group" or "Sierra Rutile"). The Group's principal activities are in the operations of a multi-deposit mineral sands mining operation in southern Sierra Leone.

Basis of preparation

The consolidated financial statements for the year ended 31 December 2023 are general purpose financial statements prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). They also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared under the historical cost convention, as modified by measurement at fair value for certain assets and liabilities as required by the accounting standards.

The amounts in the consolidated financial statements are presented in United States Dollars reflecting the functional currency of the Group's largest subsidiary, Sierra Rutile Limited, which owns and operates the Group's only operating mine. All values are rounded to the nearest thousand dollars (US\$000s), except as indicated, in accordance with ASIC Corporations Instrument 2016/191. The functional currency of the Company is Australian Dollars.

The consolidated financial statements were approved by the directors on 27 February 2024.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which assumes that the group will be able to realise its assets and meet its debts as and when they become due and payable.

For the year ended 31 December 2023, the Group incurred a net loss after tax attributable to owners of Sierra Rutile Holdings Limited of \$(20,107,000) [2022: \$73,398,000 profit] and a net operating and investing cash outflow of \$(29,865,000) [2022: \$(21,502,000)].

During 2023, the Government of Sierra Leone (GoSL) advised Sierra Rutile Limited (Sierra Rutile), a wholly owned subsidiary of the Company and the operating entity of the Area 1 mine, that they were seeking to renegotiate the terms of the Third Amendment Agreement (TAA) between Sierra Rutile and the GoSL. The TAA was ratified by the parliament of Sierra Leone in December 2021 and provides a number of concessions to Sierra Rutile including reduced royalty and minimum corporate tax rates. Subsequent to 31 December 2023, Sierra Rutile received further correspondence from the GoSL clarifying the nature of their desired changes to fiscal arrangements that might underpin a potential Fourth Amendment Agreement. The proposed arrangements, in the opinion of the Company, would render Area 1 uneconomic.

In response, Sierra Rutile issued a suspension notice to the GoSL for operations at Area 1 under the relevant mining license and mining act, which will take effect from 11 March 2024. The current uncertainty concerning the fiscal regime does not provide a stable platform upon which Sierra Rutile 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.

As a result of the factors above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon a number of factors, including:

1. Corporate Information and Basis of Preparation (continued)

- Successful and timely resolution of negotiations with GoSL resulting in only a limited suspension in operations;
- No or limited interruption of power supply to Area 1 operations during next 12 month period;
- Achieving production volumes and costs in line with current budgets; and
- No further decline in market prices or conditions impacting the Group's ability to achieve forecast sales volumes and prices.

The Directors have reviewed the business outlook, cashflow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate and that the Group will have sufficient cash available to continue as a going concern for the 12 months from the date of this report.

In forming this view, the Directors have taken into consideration the following:

- The cash and working capital position of the Group as at the date of this report;
- The Group's cashflow forecasts which indicate positive projected cash balances throughout the year;
- The sensitivity of the expected returns to changes in commodity prices (both mineral sands products as well as fuel input costs);
- Ongoing programs directed at reduced fixed costs;
- Options to enhance available power supply at site on a short-term rental basis; and
- Legal avenues available to the Group, if required, to enforce the provisions of the TAA.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Significant accounting estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions. The application of judgements and estimates can have significant impact on the carrying amounts of the Group's assets and liabilities and financial results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future period affected.

Areas of significant estimation and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are outlined and discussed in the notes indicated below:

- Recognition of deferred taxes (note 5)
- Net realisable value of inventory (note 9)
- Impairment testing of exploration and evaluation assets (note 11)
- Restoration, rehabilitation and mine closure provision (note 13)

2. Segment information

The Group has only one operating location and one primary mining product being rutile, with ilmenite, zircon and other concentrates also being produced as part of the integrated mineral sand production process. Accordingly, the Group has one operating segment: the production, refining and sale of mineral sands.

Segment revenue by location of customer facilities

	2023 US\$'000	2022 US\$'000
Asia	101,511	55,484
Europe	68,715	126,785
America	5,550	69,360
Africa/Middle East	525	2,855
Total segment revenue	176,301	254,484

Revenue of \$91,958,000 were derived from three customers of the group, which individually accounted for more than 10% of total segment revenue during the year (2022: revenue of US\$126,345,000 from one customer).

Reconciliation of segment assets to total assets

	2023 US\$'000	2022 US\$'000
Mineral Sands	162,482	178,402
Rehabilitation Trust	43,460	42,370
Corporate	3,828	2,685
Total assets	209,770	223,457

3. Revenue

	2023 US\$'000	2022 US\$'000
Revenue from contracts with customers		
Rutile revenue	140,577	212,735
Ilmenite, zircon and other concentrates revenue	29,011	32,289
Freight revenue	6,713	9,460
Total revenue from contracts with customers	176,301	254,484

The group recognises revenue from sale of mineral sands when effective control of the products has been transferred to the customer, typically that is when the products are loaded onto a shipping vessel.

4. Expenses

Cost of sales

	2023 US\$'000	2022 US\$'000
Labour	28,808	35,283
Repair and maintenance	28,551	31,253
Fuel	34,740	48,363
Contracted services	62,167	47,966
Other costs	6,668	3,088
Production cash costs	160,934	165,953
Change in inventory	(20,741)	12,636
Depreciation and amortisation	3,515	2,521
Other costs	3,573	7,490
Total cost of sales	147,281	188,600

Other expenses

	2023 US\$'000	2022 US\$'000
Selling and distribution	2,361	2,730
General and administrative expenses	12,646	8,195
Total other expenses	15,007	10,925

Employee benefits expenses

	2023 US\$'000	2022 US\$'000
Wages and salaries	24,053	27,815
Post employment benefits	4,917	4,009
Other personnel related expenses	4,844	5,442
Share-based payments	617	98
Total employee benefits expenses	34,431	37,364

Employee benefit expense are included in Cost of Sales (\$28,808,000) and Other Expenses (\$5,681,000).

Net finance costs

	2023 US\$'000	2022 US\$'000
Unwinding of discount on rehabilitation and mine closure provision	1,809	473
Interest expense on retirement benefit obligation	347	1,313
Other finance charges	102	24
Net finance costs	2,258	1,810

5. Income taxes

Income tax expense

	2023 US\$'000	2022 US\$'000
Current tax expense	882	1,287
Income tax expense	882	1,287

The Group's primary operating subsidiary, Sierra Rutile Limited ("SRL") is taxed under the provisions of the *Sierra Rutile Agreement (Ratification) Act 2001*. SRL is, prima facie, subject to corporation tax at the rate of 25% of taxable profits. The Act stipulates that the income tax payable by SRL is subject to a minimum amount based on a percentage of turnover. The percentage applicable to minimum turnover tax was reduced to 0.5% in August 2021 (from 3.5%) due to implementation of the Third Amendment to the *Sierra Rutile Agreement (Ratification) Act 2001*.

During the years ended 31 December 2023 and 31 December 2022, SRL's income tax payable was determined with respect to the applicable minimum turnover tax rates.

Reconciliation of income tax expense to prima facie tax payable

	2023 US\$'000	2022 US\$'000
(Loss)/profit before income tax expense	(19,225)	76,886
Tax (benefit)/expense at Sierra Leone tax corporate tax rate (25%) ⁽ⁱ⁾	(4,806)	19,222
- Other permanent differences	(394)	(347)
- Previously unrecognised tax losses now recouped to reduce current tax expense	-	(18,875)
- Tax losses and movements in deferred tax not brought to account	5,200	-
- Minimum turnover tax	882	1,287
Income tax expense	882	1,287

(i) SRL is, prima facie, subject to corporation tax of the rate of 25%, but is subject to alternative minimum turnover tax. Consequently, the alternative minimum turnover tax is applied as stipulated in the Sierra Rutile Act as outlined above.

Deferred tax

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets were recognised as at 31 December 2023 (2022: nil). As at 31 December 2023, deferred tax assets of \$107,754,000 are unrecognised (2022: \$102,074,000) in relation to carried forward losses and deferred tax assets of \$56,061,000 are unrecognised (2022: \$34,573,000) in relation to other temporary differences.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group has a history of tax losses in Sierra Leone. In addition, the Group's forecasts are sensitive to changes in market demand, commodity prices and production volumes. Pending the results of the Area 1 life of mine extension program and any FID for Sembahun, Sierra Rutile has concluded that there is not yet convincing evidence that future taxable profit would arise against which existing deferred tax assets could be utilised. As required by accounting standards, no deferred tax assets have therefore been recognised at 31 December 2023. (2022: nil)

6. Earnings per share

	2023 US\$'000	2022 US\$'000
(Loss)/earnings used in calculating basic and diluted earnings per share	(20,064)	73,809
	2023 US\$'000	2022 US\$'000
Weighted average number of ordinary shares used in calculating basic earnings per share	424,236,447	1
Adjustment for capitalisation ⁽ⁱ⁾	-	424,236,446
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	424,236,447	424,236,447
Adjustment for effects of dilutive potential ordinary shares:		
- Performance rights	31,866,452	600,483
Weighted average number of ordinary shares used in calculating diluted earnings per share	456,102,899	424,836,930

i. Earnings per share has been adjusted in the prior year for the impact as a result of the issue of shares for no consideration to existing shareholders of Iluka as part of the demerger of the Group.

7. Cash and cash equivalents

	2023 US\$'000	2022 US\$'000
Cash and cash equivalents	7,845	37,714

Reconciliation of profit before income tax to net cash inflow from operating activities

	2023 US\$'000	2022 US\$'000
Profit before taxation adjusted for:	(19,225)	76,886
- Income tax paid	(1,597)	(1,573)
- Depreciation and amortisation	3,515	2,521
- Impairment expense / (reversal of impairment)	35,312	(23,445)
- Inventory and other write-offs	2,704	5,652
- Remeasurement (gain)/loss of financial instruments	(2,141)	787
- Other income	(5,029)	(3,846)
- Other non-cash items	(700)	3,716
Working capital adjustments		
- (Increase)/decrease in inventories	(26,720)	5,424
- (Increase) in trade and other receivables	(82)	(10,495)
- Increase/(decrease) in trade and other payables	3,766	(11,073)
- Increase/(decrease) in provisions	2,437	(1,210)
Net cash (outflow)/inflow from operating activities	(7,760)	43,344

8. Trade and other receivables

	2023 US\$'000	2022 US\$'000
Current		
Trade receivables	40,909	37,776
Prepayments	6,483	11,207
Other receivables	5,690	4,953
	53,082	53,936
Non-Current		
Prepayments	936	-
	936	-
	54,018	53,936

9. Inventories

	2023 US\$'000	2022 US\$'000
Ore stockpiles – at cost	3,999	1,237
Heavy mineral concentrate stockpiles – at cost	2,245	696
Finished goods stockpiles – at lower of cost or net realisable value	31,716	14,730
Consumables – at lower of cost or net realisable value	23,792	18,369
	61,752	35,032

Standard grade rutile and Zircon in concentrate finished goods (total \$13,050,000) are held at net realisable value and other product inventories (Ore, heavy mineral concentrates and other finished goods products) are at cost.

A loss of \$3,624,000 has been recognised during the reporting period due to a decrease in the net realisable value of the finished goods inventory. (2022 \$nil)

In 2022, there was a fire incident at SRL's main warehouse on the mine site which caused structural damage and loss of consumable stock. The resulting loss was recognised both against the consumables reserve and inventory write-off in profit and loss. Insurance settlement of \$7,900,000 was received for this incident. \$3,300,000 received during 2023 and \$4,600,000 during 2022.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Recoverability of consumables inventory

Consumables includes a range of spare parts and consumables needed to enable the efficient operation of the Area 1 operations, with the quantities held reflective of the remote location. These inventories are carried at cost where usage rates indicate they will be needed to support the current expected mine life. Where amounts on hand are estimated to be in excess of current estimated requirements, they are carried at realisable value reflective of expected recoverable amounts through resale or scrap.

Consistent with the requirements of accounting standards, these estimates were made using expectations of future mining at 31 December 2023. The events disclosed in note 24 could change these estimates leading to an increase in provisions and a decrease in the carrying value of consumables inventory.

10. Property, plant and equipment

	Infrastructure US\$'000	Plant, machinery and equipment US\$'000	Mine development US\$'000	Asset under construction US\$'000	Total US\$'000
Cost	89,377	346,734	95,325	19,453	550,889
Accumulated depreciation	(88,882)	(340,883)	(83,993)	-	(513,758)
Impairment charge	(495)	(3,576)	(11,332)	(19,453)	(34,856)
Net carrying amount at 31 December 2023	-	2,275	-	-	2,275

Reconciliation of the carrying amount

At 1 January 2023	627	4,951	5,035	13,351	23,964
Additions	-	-	691	16,285	16,976
Disposals/write offs	-	(532)	-	-	(532)
Transfers	-	2,763	7,420	(10,183)	-
Depreciation charges	(132)	(1,332)	(1,814)	-	(3,278)
Impairment charge	(495)	(3,576)	(11,332)	(19,453)	(34,856)
At 31 December 2023	-	2,275	-	-	2,275

	Infrastructure US\$'000	Plant, machinery and equipment US\$'000	Mine development US\$'000	Asset under construction US\$'000	Total US\$'000
Disposals	-	-	-	-	-
Cost	89,376	344,504	87,214	13,351	534,445
Accumulated depreciation	(88,749)	(339,553)	(82,179)	-	(510,481)
Net carrying amount at 31 December 2022	627	4,951	5,035	13,351	23,964

Reconciliation of the carrying amount

At 1 January 2022	890	2,397	184	-	3,471
Additions	-	-	1,107	22,545	23,652
Transfers	-	3,696	4,700	(9,194)	(798)
Disposals/write offs	-	-	-	-	-
Depreciation charges	(263)	(1,142)	(956)	-	(2,361)
At 31 December 2022	627	4,951	5,035	13,351	23,964

10. Property, plant and equipment (continued)

Impairment

An impairment indicator was identified at half year ended 30 June 2023 as the carrying amount of Group's net assets exceeded its market capitalisation, combined with challenging market conditions and uncertainty in relation to the fiscal regime applying to Area 1 operations. The Group's property, plant and equipment (PPE) are assessed as belonging to the Area 1 (Cash Generating Unit) CGU. The Group undertook an impairment test as at 30 June 2023 which determined that the recoverable amount was below the CGU's carrying amount. Accordingly, a full write-down of Area 1's fixed assets (\$28,369,000) was recognised during the period ended 30 June 2023.

At 31 December 2023, the circumstances that led to the impairment have not reversed, with market conditions continuing to be challenging and no resolution to the uncertainty over the fiscal regime.

A further impairment of \$6,943,000 has been recognised relating to capital expenditure in the second half of the year ended 2023, reflecting the fact that these assets are not expected to be recoverable through use or sale in these circumstances. The remaining carrying value of the PPE as of 31 December 2023 is \$2,274,000, being the fair value of certain items of PPE such as motor vehicles and barges belonging to the Area 1 CGU which could be individually recovered through their sale, less cost of disposal. The fair value of these items has been determined based on their depreciated replacement cost.

Total impairment expense of \$35,312,000 has been recognised during the period ended 31 December 2023, \$34,856,000 against PPE, including rehabilitation assets and \$456,000 against intangible assets. (2022: nil)

As described further in Note 24, subsequent to the reporting date, Sierra Rutile received correspondence from the GoSL clarifying the nature of their desired changes to fiscal arrangements that apply to Area 1 operations. Consequently, Sierra Rutile has issued a suspension notice to the Government of Sierra Leone for operations at Area 1, which will take effect from 11 March 2024.

11. Exploration and evaluation assets – Sembehun Project

	2023 US\$'000	2022 US\$'000
Carrying amount at 1 January	29,434	-
Impairment expense	-	-
Reversal of impairment expense ⁽ⁱ⁾	-	23,445
Additions	10,047	5,989
Carrying amount at 31 December	39,481	29,434

i. Reversal of historical impairment

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group assesses exploration and evaluation assets for impairment if facts or circumstances suggest the carrying amount exceeds the recoverable amount.

No impairment indicators were identified for Sembehun Project as the definitive feasibility study continued to progress at 31 December 2023. The future recovery of these costs is dependent on the outcome of this study and success in securing the required funding for the project.

12. Trade and other payables

	2023 US\$'000	2022 US\$'000
Trade and other payables	16,951	13,056
Accrued expenses	15,849	15,874
Other taxes payable	-	43
	32,800	28,973

13. Provisions

	2023 US\$'000	2022 US\$'000
Current		
Rehabilitation and mine closure	5,140	4,127
Other provisions	1,635	1,610
	6,775	5,737
Non-current		
Defined benefit liability	10,914	9,243
Rehabilitation and mine closure	43,656	43,927
	54,569	53,170
	61,345	58,907

Movement in provisions

Defined benefit liability

	2023 US\$'000	2022 US\$'000
At 1 January	9,243	9,623
Current service cost – included in cost of sales	2,400	1,498
Interest expense/(income) – included in finance costs	347	1,313
Employers' contributions	(300)	-
Payments from plan	(1,138)	(759)
Actuarial gains/(losses) recognised in other comprehensive income	362	(2,432)
At 31 December	10,914	9,243

13. Provisions (continued)

Rehabilitation and mine closure

	2023 US\$'000	2022 US\$'000
At 1 January	48,054	47,275
Change in cashflow estimates	1,076	5,446
Change in discount	-	(4,339)
Unwinding of discount	1,809	473
Amounts used	(2,143)	(801)
At 31 December	48,796	48,054

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company has an obligation under the *Sierra Rutile Agreement (Ratification) Act 2002, Mines and Minerals Act 2009*, its Environmental Impact Assessment License and its mining concession lease to rehabilitate the areas that are disturbed during mining operations.

Restoration and mine closure costs are estimated using the work of external consultants as well as internal experts. Significant estimates and assumptions are made in determining the provision for mine rehabilitation and closure as there are numerous factors that will affect the ultimate amount payable over the life of the mine.

Restoration and mine closure costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices over the assumed life of the mine. The provision at the reporting date represents the Sierra Rutile's best estimate of the present value of the future rehabilitation costs required based on comprehensive rehabilitation plans detailing rehabilitation methodology, earthwork volumes, tender rates, headcounts of rehabilitation team, salary rates, footprint disturbances, infrastructure demolition, vegetation rate, and surface rent.

The present value of the restoration and mine closure provision is calculated based on a risk-free rate of US government bond at the end of the reporting period. A 0.5% change in discount rate would increase/decrease the provision by \$1,165,000.

Other provisions

On 3 April 2018, Transcend International Resources Limited (Transcend) initiated proceedings in the High Court of Sierra Leone against SRL. 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 \$3,200,000 plus interest at the rate of 25% until full payment. During the year to 31 December 2023, an amount of \$2,743,000 was paid to Transcend, being the balance of the full satisfaction of the judgement debt (\$1,585,000 was paid in 2022).

Separately on 17 April 2018, Transcend initiated proceedings in the High Court of Sierra Leone against SRL. Transcend's claim is for \$815,500 in relation to the supply and delivering delivery of zircon middling to Transcend, plus general damages, interest and costs. The judge ruled in favour of Transcend and awarded the full judgement claim plus \$350,000 in general damages plus costs and interest at 25% from January 2018 to date of payment. On application to the court, the judgement sum was reduced to \$776,500 and interest also reduced to 7.5% from January 2018 to the date of judgement. This is a total of \$1,622,160 plus costs. SRL has appealed against the judgement and has also made application to the court for the judgement debt to be paid in instalments over a twelve-month period. A provision of \$1,635,000 has been recognised at 31 December 2023.

14. Issued capital

424,236,447 fully paid ordinary shares (2022: 424,236,447 fully paid ordinary share).

Movements in share capital

	Number of shares	Paid in capital US\$'000	Capital contribution US\$'000	Total US\$'000
At 1 January 2022	1	-	492,502	492,502
Movement during the year				
- Contributed capital	-	-	54,013	54,013
- Issue of shares ahead of demerger from Iluka Resources Limited	424,236,446	-	-	-
At 31 December 2022	424,236,447	-	546,515	546,515
Movement during the year:	-	-	-	-
At 31 December 2023	424,236,447	-	546,515	546,515

15. Reserves

	2023 US\$'000	2022 US\$'000
Defined benefits liability reserve	(689)	(327)
Share-based payment reserve	790	252
Foreign currency translation reserve	(1,616)	(2,021)
	(1,515)	(2,096)

Movement in reserves

Defined benefits liability reserve

The defined benefits liability reserve is used to recognise the effect of remeasurement of the defined benefit liability owing by the Group.

	2023 US\$'000	2022 US\$'000
At 1 January	(327)	(2,759)
Remeasurement of post-employment benefit obligations	(362)	2,432
At 31 December	(689)	(327)

15. Reserves (continued)

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of performance rights and other equity instruments as issued under the Groups Equity Incentive Plan.

	2023 US\$'000	2022 US\$'000
At 1 January	252	-
Equity settled share based payments during the period	538	252
At 31 December	790	252

Foreign currency translation reserve

The foreign currency translation reserve is used to record historical exchange differences arising from the translation of the financial statements in the functional currency to the reporting currency for the periods when the functional and presentation currencies were different.

	2023 US\$'000	2022 US\$'000
At 1 January	(2,021)	-
Net exchange differences on translation of foreign operations	405	(2,021)
At 31 December	(1,616)	(2,021)

16. Other financial assets

	2023 US\$'000	2022 US\$'000
Current		
Security deposits and restricted cash	3,409	2,500
	3,409	2,500
Non-current		
Security deposits and restricted cash	1,262	7,025
Managed investment funds – at fair value through profit or loss	38,851	32,941
	40,113	39,966
	43,522	42,466

In 2022, following the demerger from Iluka, the Group received \$45,000,000 for the purposes of funding the Group's rehabilitation obligations. These funds have been invested via a "Rehabilitation Trust" (the "Sierra Rutile Rehabilitation Discretionary Trust"). These funds are managed by Perpetual Trustees and are subject to restrictions and therefore not available for general use by the Group. The trustee administers the trust funds and distributes capital and income from time to time (generally on an annual basis) in order to fund the Group's rehabilitation and mine closure activities.

Trust funds are invested in accordance with the Investment Policy set out in the Trust Deed, and a more detailed five-year Investment Plan agreed with Sierra Rutile. These documents have regard to the Trust Objects. More than 50% of the trust funds are ultimately held in cash or investment-grade bonds.

Current portion represents approved funds to be disbursed from the Rehabilitation Trust to SRL to support 2024 rehabilitation activities.

17. Financial risk management

Categories of financial assets and liabilities

	2023 US\$'000	2022 US\$'000
Financial assets		
Cash and cash equivalents	7,845	37,714
Trade and other receivables	46,599	39,042
Other financial assets	43,522	42,466
	97,966	119,222
Financial liabilities		
Trade and other payables	32,800	13,099
Lease liability	116	178
	32,916	13,277

The main risks arising from the Group's financial instruments are:

- Credit risk;
- Foreign currency risk;
- Liquidity risk; and
- Equity price risk

These risks arise from exposures that occur in the normal course of business and are managed by the Group's Finance department under the direction of the Finance Director.

The Group's Board provides certain specific guidance in managing such risks, particularly as related to credit, liquidity and commodity risk. Any form of borrowings requires approval from the Board. In periods of significant market volatility or uncertainty, the Group may use derivative instruments as a means of reducing volatility and any negative impact on its operating cash flow. Limits on the size and type of any derivative hedge transactions are laid down by the Board and subject to strict internal controls.

The key financial risks and the Group's major exposures are set out below.

Credit risk

In relation to cash and cash equivalents, the Group limits its credit risk with regard to its surplus cash balances by only depositing funds with reputable banks. At reporting date, the Group's cash is primarily held in Ecobank in France and ANZ bank in Australia. In relation to trade receivables, the Group's credit risk is managed by only trading with established customers and use of letters of credit where necessary. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

The Group manages customer credit risk subject to established policies, procedures and controls. Credit limits are established for all customers. The Group trades primarily with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating (if available), financial position, past experience, and industry reputation.

Credit risk management practices include reviews of trade receivables aging by days past due, the timely follow-up of past due amounts, and the use of letters of credit. The expected credit loss on trade receivables is not significant.

17. Financial risk management (continued)

Credit risk (continued)

	2023 US\$'000	2022 US\$'000
Trade receivables		
Not past due	40,827	38,933
0-30 days past due	82	109
30-60 days past due	-	-
More than 60 days past due	-	-
	40,909	39,042

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Australian dollar (AUD), Leone (SLL), South African Rand (ZAR), Euro and UK Sterling. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Almost all Group's financial assets and liabilities are held in their respective functional currencies. Therefore, the Group's exposure to other foreign exchange movements is not material.

Equity price risk

The Group is exposed to equity price risk, which arises from investments in managed equity funds in the Rehab Trust. This risk is principally managed by Perpetual Trustees, as discussed further in Note 16.

At the reporting date, the exposure to listed equity funds at fair values was \$18,447,000 (2022: \$19,026,000). The Group estimates that with all other variables held constant, a 10% increase/(decrease) on the share prices of the listed equity funds would increase/(decrease) the fair value and profit and loss by \$1,845,000.

Fair value of financial instruments

The Group classifies financial assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The table below analyses financial assets carried at fair value by valuation method. The different levels in the hierarchy have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

The Group's Level 1 financial assets represent listed securities within the managed equity funds in the Rehab trust, the fair value of which are based on their quoted market prices at the end of the reporting period. The investments in other unlisted unit trusts are classified as Level 2 financial assets and are recorded at the redemption value per unit as reported by the investment managers of such funds.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2023				
Financial asset - Managed investments in rehab trust	18,447	20,404	-	38,851
31 December 2022				
Financial asset - Managed investments in rehab trust	19,026	13,915	-	32,941

17. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk of a shortage of funds using a combination of regular cash flow forecasts, annual budgets, longer term plans and monitoring of ongoing operational performance.

Figures in the table below represent the gross, contractual, undiscounted amount payable in relation to the Group's financial liabilities, and include both interest and principal cash flows:

	<1 year US\$'000	1-2 years US\$'000	2-5 years US\$'000	>5 years US\$'000	Total US\$'000
At 31 December 2023					
Trade and other payables	32,800	-	-	-	32,800
Lease liability	178	-	-	-	178
Total	32,978	-	-	-	32,978
At 31 December 2022					
Trade and other payables	28,973	-	-	-	28,973
Lease liability	178	-	-	-	178
Total	29,151	-	-	-	29,151

18. Controlled Entities

The Group includes the following subsidiaries:

Subsidiary	Place of business/ country of incorporation	Principal activities	Ownership interest held by the Group	
			2023 %	2022 %
Sierra Rutile International UK Limited	United Kingdom	Non-operating holding entity	100%	100%
Sierra Rutile Investments (BVI) Limited	British Virgin Islands	Non-operating holding entity	100%	100%
Sierra Rutile International South Africa (Pty) Ltd	South Africa	Non-operating holding entity	100%	100%
SRL Acquisition No.3 Limited	British Virgin Islands	Non-operating holding entity	100%	100%
Sierra Rutile (UK) Limited	United Kingdom	Non-operating holding entity	100%	100%
Sierra Rutile Investments 1 Limited	British Virgin Islands	Non-operating holding entity	100%	100%
Sierra Rutile Limited	Sierra Leone	Exploring, producing and marketing natural rutile and related by-products from its assets in Sierra Leone	100%	100%

19. Related Party Transactions and Balances

Balances and transactions between the Group and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed.

Key Management Personnel compensation

	2023 US\$'000	2022 US\$'000
Short-term employee benefits	1,396,412	717,878
Post-employment benefits	42,231	23,779
Long-term employment benefits	4,808	19,902
Share-based payments	514,316	222,201
	1,957,767	983,760

Detailed remuneration disclosures are provided in the remuneration report on pages 68 to 77.

20. Share-Based Payments

Share-based compensation benefits are provided to certain executives and senior management. Performances Rights (PRs) and Restricted Rights (RRs) are issued under various incentive plan. Full details of these incentive plan are set out in the remuneration report.

Total expense arising from share-based payments during the year was \$617,000 (2022: \$253,000)

Movements in Performances Rights (PRs) and Restricted Rights (RRs) during the reporting period are summaries in the table below:

Awards	Grant date	Vesting Date	Expiry Date	As at 1 January 2023	Granted during the period	Forfeited during the period	As at 31 December 2023	Vested and exercisable at 31 December 2023
IEG	05-Dec-22	Performance condition	04-Dec-27	8,117,647	-	-	8,117,647	-
STIP	16-Dec-22	01-Mar-24	01-Mar-24	454,198	-	192,763	261,435	-
EIP-RRs 2020	06-Mar-23	01-Mar-24	01-Mar-24/25	-	229,883	-	229,883	-
EIP-RRs 2021	06-Mar-23	01-Mar-24	01-Mar-24/25/26	-	614,945	-	614,945	-
EIP-PRs 2020	06-Mar-23	01-Mar-25	01-Mar-25	-	486,069	-	486,069	-
EIP-PRs 2021	06-Mar-23	01-Mar-26	01-Mar-26	-	597,516	-	597,516	-
LTIP 2023	06-Mar-23	01-Mar-26	01-Mar-26	-	7,219,450	-	7,219,450	-
				8,571,845	9,147,863	192,763	17,526,945	-

Initial Equity Grant (IEG)

The fair value of the IEG at grant date took into account the excise price of \$nil, the share price at grant date, the expected price volatility of the share prices, the expected dividend yield and the risk-free rate of return.

Iluka Legacy Award Replacement Awards

Short Term Incentive Plan (STIP)

The fair value of STIP at grant date took into account the excise price of \$nil, the share price at grant date, the expected price volatility of the share prices, the expected dividend yield and the risk-free rate of return.

20. Share-Based Payments (continued)

Executive Incentive Plan (EIP)

Restricted Rights (RRs)

No RRs issued at reporting date. The fair value of RRs at valuation date took into account the excise price of \$nil, the share price at valuation date, the expected price volatility of the share prices, the expected dividend yield and the risk-free rate of return.

Performance Rights (PRs)

No PRs issued at reporting date. The fair value of PRs at valuation date took into account the excise price of \$nil, the share price at valuation date, the expected price volatility of the share prices, the expected dividend yield, the risk-free of return and the Company's predicted share price against the comparator group performance at vesting date.

Long Term Incentive Plan (LTIP)

The fair value of the LTIP rights at grant date took into account the excise price of \$nil, the share price at valuation date, the expected price volatility of the share prices, the expected dividend yield, the risk-free of return and the Company's predicted share price against the comparator group performance at vesting date.

Summary of fair value inputs are outlined below:

	IEG	STIP	EIP-RRs	EIP-PRs	EIP-PRs	LTIP
Fair value model	Black-Scholes	Black-Scholes	Black-Scholes	Monte Carlo	Monte Carlo	Monte Carlo
Grant date	05-Dec-22	16-Dec-22	06-Mar-23	06-Mar-23	06-Mar-23	06-Mar-23
Expiry date	04-Dec-27	01-Mar-24	01-Mar-24/25/26	01-Mar-25	01-Mar-26	01-Mar-26
Exercise price	-	-	-	-	-	-
Fair value price (AUD\$)	0.190	0.225	0.265	0.17	0.192	0.238
Forecast volatility	70%	70%	70%	70%	70%	70%
Risk free rate	3.12	3.41	3.41	3.51	3.51	3.51

21. Parent Entity Information

Summarised financial information of the parent entity of the Group (Sierra Rutile Holdings Limited):

	2023 US\$'000	2022 US\$'000
Assets		
Current assets	4,518	1,265
Non-current assets	111,585	137,222
Total assets	116,103	138,487
Liabilities		
Current liabilities	484	3,451
Non-current liabilities	110	-
Total liabilities	593	3,451
NET ASSETS	115,510	135,036
Equity		
Share capital	546,515	546,515
Reserves	790	252
Retained earnings	(431,795)	(411,731)
Total equity	115,510	135,036
Loss for the year	(35,086)	(17,195)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(35,086)	(17,195)

22. Remuneration of auditors

	2023 US\$'000	2022 US\$'000
Fees paid and payable to PwC		
Audit of the consolidated financial statements of the Group	268,643	219,948
Non-audit services	14,642	-
	283,285	219,948
Fees paid and payable to other auditors of group entities		
Audit or review of the local statutory accounts	40,000	40,000
Non-audit services	-	-
	40,000	40,000
Total remuneration of auditors	323,285	259,948

23. Commitments and contingent liabilities

Capital expenditure commitments

Capital expenditure contracted for and payable, but not recognised as liabilities is \$9,568,000 (2022: \$19,114,000). All of the commitments related to sustaining capital expenditure for Area 1 mining operation (\$8,232,000) and development of Sembahun project (\$1,336,000). The total amount is expected to be paid within one year of the reporting date.

Contingent liabilities

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 were brought by a group of landowner representatives ("Representatives") who allege that they suffered loss as a result of SRL's mining operations. The claims primarily relate to environmental matters. The Representatives alleged, 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 intends to defend the claims.

Given the stage of proceedings, it is not practicable for the Group to estimate the quantum of liability, if any that the Group may incur in respect of the class action and accordingly, no provision has been recognised as at 31 December 2023.

Other claims

In 2017 proceedings were instituted against SRL and African Lion Agriculture Ltd by a group of land owners 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. Accordingly, no provision has been recognised as at 31 December 2023.

24. Events that occurred after the end of the financial year

Subsequent to the reporting date, in January 2024, Sierra Rutile received correspondence from the Government of Sierra Leone (GoSL) stating GoSL's 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 at 20 November 2001 between Sierra Rutile and the GoSL (or similar).

The position of the Group is that the Third Amendment Agreement cannot be amended without the agreement of Sierra Rutile. The dispute resolution provisions under the Third Amendment Agreement contemplate that the parties will attempt to resolve any dispute in good faith through negotiation. If the dispute is not settled by negotiation, the dispute can be referred to arbitration in the United Kingdom. Sierra Rutile has initiated this dispute process with GoSL, which starts with an obligation to seek to negotiate an agreed outcome.

The arising uncertainty concerning the fiscal regime does not provide a stable platform upon which Sierra Rutile 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. As a result, Sierra Rutile also issued a suspension notice to GoSL for operations at Area 1 under the relevant mining licence and mining act, which will take effect from 11 March 2024.

Sierra Rutile has also issued a notice, as required under The Employment Act 2023, notifying GoSL of a redundancy program anticipated to impact 25-30% of the workforce as a pre-requisite to potentially restarting operations following the forthcoming suspension of operations. In addition to end-of-service benefits provided for in these financial statements, Sierra Rutile estimates it will incur redundancy costs in 2024 (as at the date of this report estimated at approximately \$2 million) as a result of these terminations.

The Board of the Company will consider a restart of Area 1 operations if agreement can be reached with GoSL on an appropriate fiscal regime that would again support production, alongside supportive rutile market conditions. However, if Sierra Rutile is unable to re-start its operations following suspension, then Sierra Rutile will be required to take steps to close its mining operations in Area 1. Detailed planning in relation to any potential closure of Area 1 is ongoing but such a closure would eventually require the redundancy program to extend to most of its workforce and would also likely trigger termination payments on various major supply contracts. Sierra Rutile will continue to provide updates to the Australian Stock Exchange (ticker code: SRX) in accordance with its continuous disclosure obligations.

25. Summary of material accounting policies

The material accounting policies applied in the preparation of this financial report, which are consistent with the previous financial period unless otherwise stated, are as follows:

a. Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-group balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de-recognised from the date that control ceases.

b. Rehabilitation Trust

The Group has established an externally managed rehabilitation trust, cash funded on a one-off basis to support the Group's rehabilitation activities in Sierra Leone. The trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group through control of the Investment Plan. The assets held in the rehabilitation trust are disclosed as Other Financial Assets. The functional currency of the rehabilitation trust is Australian Dollars.

c. Foreign currency transactions and balances

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. Non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Other Comprehensive Income.

Foreign subsidiaries

The assets and liabilities of foreign subsidiaries are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated to United States dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the Consolidated Statement of Other Comprehensive Income and presented in the foreign currency translation reserve in equity

d. Segment information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors that makes strategic decisions.

25. Summary of material accounting policies (continued)

e. Revenue

Revenue from the sale of product is recognised when control of the product has been transferred to the customer and the performance obligations of transferring control have been met. The point at which control has transferred to the customer is typically when the mineral sands from a contracted sale are loaded onto a shipping vessel. The amount of revenue recognised reflects the contracted price received or receivable by the Group, and are net of returns, trade allowances and amounts collected on behalf of third parties.

The Group also earns revenue from freighting its products to customers in accordance with each particular sales contract. Freight revenue is recognised to the extent that the freight service has been delivered, specifically with reference to the proportion of completed freight distance to total freight distance, which is determined by the Group at each reporting date. Freight revenue is allocated from the overall contract price at its standalone selling price (where observable) or otherwise at its estimated cost-plus margin.

f. Other revenue and other income

Interest revenue is measured in accordance with the effective interest method. Other income is recognised when the right to receive such an amount has been established.

g. Income tax

Current income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities. Deferred income tax liabilities are recognised for all taxable temporary differences, other than for the exemptions permitted under accounting standards.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Royalties and revenue-based taxes

In addition to corporate income taxes, the Company's financial statements also include, and recognise as taxes on income, other types of taxes on net income.

Revenue-based taxes are accounted for under AASB 12 *Income Taxes* when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income, rather than on physical quantities produced or as a percentage of revenue. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation.

Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised in operating expenditures as appropriate.

25. Summary of material accounting policies (continued)

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

i. Inventories

Ore stockpiles, work in progress and finished goods are physically measured and estimated and valued at the lower of cost and net realisable value. Weighted average cost comprises all direct costs and an appropriate portion of fixed and variable overhead expenditure relating to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of consumable inventories is based on the weighted average cost method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. A provision is made for obsolete, redundant and slow-moving consumable stocks.

j. Financial instruments

Financial assets and financial liabilities in respect of financial instruments are recognised on the Group's balance sheet when the Group becomes party to a contract relating to such instrument.

Financial assets

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost.

Financial assets held at amortised cost

The Group classifies its financial assets as held at amortised cost only if the asset is held within a business model with the objective to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. The classification of financial assets held at amortised cost applies to Group's receivables that are initially measured at fair value and subsequently carried at amortised cost. They are included in current assets.

Financial assets held at fair value through profit or loss (FVPL)

This category comprises equity investments made by the Rehabilitation Trust. They are carried on the consolidated statement of financial position as non-current financial assets at fair value with changes in fair value recognised directly in consolidated statement of profit or loss. They are classified as current or non-current based on the forecast cash redemptions from the Trust.

Financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

Trade payables are initially measured at fair value plus transaction costs directly attributable to the payables, and are subsequently measured at amortised cost, using the effective interest rate method.

25. Summary of material accounting policies (continued)

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair values:

- Initial fair value of interest-bearing borrowings is normally the transaction price;
- Cash and short-term deposits, trade and other receivables, trade and other payables and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.
- Financial assets held in Rehabilitation Trust are measured at fair value based on quoted and unquoted market price at the reporting date.

k. Trade receivables

Trade receivables are initially recognised at the fair value of the invoice sent to the customer, and subsequently at the amortised cost using the effective interest method, less loss allowance. Recognition occurs at the earlier of dispatch or formal acknowledgement of legal ownership by a customer, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The Group applies the simplified approach to measuring expected credit losses (ECLs), which uses a lifetime expected loss allowance for all trade receivables. Based on the payment profiles of sales over the last three years and historical credit losses experienced within this period.

Trade receivables are written off when there is no reasonable expectation of recovery. Such indicators include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

l. Property, plant and equipment

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Amortisation and depreciation

The depreciable amount of buildings, plant and equipment is calculated on a straight-line basis over their estimated useful lives commencing from the time the asset is held available for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Estimated useful life

Amortisation of deferred project expenditure is based on the estimated useful life of the asset to which the expenditure relates.

Depreciation is provided on a straight-line basis at rates calculated to write off the cost of fixed assets to their residual value over their estimated useful lives as follows:

- Infrastructure – based on estimated life of project or mine operation that the infrastructure supports.
- Plant, machinery and equipment – 3 to 20 years.
- Mine development – based on the estimated life proven and probable reserves on a unit of production basis.

25. Summary of material accounting policies (continued)

m. Intangible assets

Intangible assets are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

n. Exploration and evaluation expenditure

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure incurred is accumulated and capitalised in respect of each identifiable area of interest. Capitalised costs are only carried forward to the extent that the rights to tenure of that area of interest are current and where the following conditions are satisfied:

- the costs are expected to be recouped through successful development and exploration of the area, or alternatively, by its sale; or
- where activities in the areas of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active significant operations in, or in relation to the area of interest are continuing.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable, the asset is written down to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

When a decision is made to proceed with a mine development on an area of interest, the capitalised exploration and evaluation expenditure relating to that area of interest is transferred to mine development assets within property, plant and equipment.

o. Mine development assets

Mine development cost includes costs relating to the acquisition and costs incurred to access a mineral resource. It represents costs incurred after the technical feasibility and commercial viability of extracting the mineral resource has been demonstrated. Capitalisation of mine development expenditure ceases once the mining property is capable of commercial production, at which point it is transferred to mine properties and depreciated in accordance with the Group's accounting policy in relation to depreciation and amortisation.

p. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

25. Summary of material accounting policies (continued)

Provision for restoration and rehabilitation and mine closure

Land is disturbed during the Group's mining. SRL has an obligation in Sierra Leone under the Sierra Rutile Act, Mines and Minerals Act 2009 and other relevant legislation to rehabilitate these disturbed areas.

Rehabilitation, restoration and mine closure provision is provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices over the assumed life of the mine.

The provisions are reassessed at each reporting date for any new disturbance, updated costs estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies, and revised discount rates.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to one or more of the assumptions used to calculate the rehabilitation and mine closure provision is likely to result in a change to the carrying value of the provision and the related asset or a change to profit and loss.

Provision for retirement benefit obligation

The Group provides for end-of-term benefits for employees in Sierra Leone based on the provisions contained in the collective bargaining agreements negotiated with the trade unions representing the relevant employees. These benefits are paid to employees falling under this category when they leave the Group. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation in relation to this agreement.

q. Impairment of non-financial assets

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income, to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

25. Summary of material accounting policies (continued)**r. Finance costs**

Finance costs comprise interest expense on borrowings, the unwinding of interest cost on provisions and foreign exchange losses. Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time as the assets are considered substantially ready for their intended use, i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred using the effective interest rate method.

s. Employee benefits

Short-term employee benefits

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

Other long-term employee benefits

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before 12 months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

Share-based payments

Share-based remuneration benefits are provided to eligible employees and executive as set out in the Remuneration Report and in note 20.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term, the share price at grant date and expected price volatility of the underlying share, the effect of additional market conditions, the expected dividend yield and the risk-free interest rate for the term of the right and expected market vesting conditions.

t. Goods and service tax (GST) and other taxes on consumption

Revenues, expenses and purchased assets are recognised net of the amount of associated consumption tax, except where the amount of consumptive tax incurred is not recoverable from the Tax Office. In these circumstances the consumptive tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of consumptive tax.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the consumptive tax component of investing and financing activities, which are disclosed as operating cash flows.

25. Summary of material accounting policies (continued)**u. Comparatives**

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

v. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year after income tax attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated by dividing profit for the year after income tax attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the financial year, after adjusting for the effects of all potential dilutive ordinary shares that were outstanding during the financial year.

w. New accounting standards and interpretations

The Group has reviewed all of the new and revised Accountings Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the reporting period beginning on or after 1 January 2023. The Group has determined that there is no material impact of the Accounting Standards and Interpretations issued on the Group, therefore, no change is necessary to the Group's accounting policies.

New standards and interpretations not yet adopted

The Group has also reviewed all of the new and revised Accountings Standards and Interpretations in issue not yet adopted for the year ended 31 December 2023. The Group has determined that there is no material impact of the Accounting Standards and Interpretations on issue not yet adopted on the Group, and therefore, no change is necessary to the Group's accounting policies.

The directors declare that:

1. In the directors' opinion, the consolidated financial statements and notes thereto, as set out on pages 84 to 115, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) as stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards; and
 - (c) giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that Sierra Rutile Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Managing Director and Chief Executive Officer and the Finance Director to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 31 December 2023.

This declaration is made in accordance with a resolution of the directors.



Joanne Palmer
Director

27 February 2024





Independent auditor's report

To the members of Sierra Rutile Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Sierra Rutile Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Liability limited by a scheme approved under Professional Standards Legislation.



Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which comments on the potential impact of the Government of Sierra Leone's desired changes to the fiscal arrangements to the Group's Area 1 mining operations. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Component auditors, operating under our instructions, performed audit procedures over the financial information of the Group's Sierra Leone operations. These procedures, combined with those performed by the Group engagement team that included reviewing the component auditors' work, provided sufficient appropriate audit evidence for our opinion on the Group financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.



Key audit matter

Rehabilitation and mine closure provision (Refer to note 13)

As a result of its mining and processing operations, the Group is obliged to restore and rehabilitate the environment disturbed by these operations and remove related infrastructure. Rehabilitation activities are governed by a combination of legislative requirements and Group policies. The Group recognised provisions for rehabilitation and closure obligations of US\$48,796,000 as at 31 December 2023, which represents the Group's best estimate of the Group's liability for the future rehabilitation costs required.

This was a key audit matter given the determination of these provisions required significant judgement by the Group in the assessment of the nature and extent of the rehabilitation work to be performed, the future cost of performing the work and economic assumptions such as the discount rate applied to future liabilities.

Carrying value of property, plant and equipment (Refer to note 10)

During the year, the Group identified indicators of impairment in its Area 1 Cash Generating Unit (CGU). Accordingly, an impairment assessment was completed which resulted in an impairment expense of US\$35,312,000 being recognised for the year ended 31 December 2023, of which US\$28,808,000 was recognised in the half year ended 30 June 2023.

The recoverable amount of the CGU was determined using the higher of value in use (being the net present value of expected future cash flows of the CGU in its

How our audit addressed the key audit matter

We performed the following procedures to assess the Group's closure and rehabilitation provision, amongst others:

- Developed an understanding of how the Group identified the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate for developing the rehabilitation provision in the context of the Australian Accounting Standards.
- Developed an understanding of the relevant control activities associated with developing the closure plans and associated cost estimates.
- Assessed provision movements in the year relating to selected closure and rehabilitation obligations to determine whether they were consistent with our understanding of the Group's operations and associated rehabilitation plans.
- Compared significant assumptions used in the closure plans and associated cost estimates to other similar costs in the business or external data where appropriate.
- Assessed whether the discount rate used in the rehabilitation calculations was appropriate by comparing it to market data.
- Evaluated the reasonableness of the disclosures made in note 13, including those regarding the significant assumptions, in light of the requirements of Australian Accounting Standards.

We performed the following procedures, amongst others, in relation to the Group's value in use assessment:

- Evaluated whether the Group's determination of CGUs was consistent with our understanding of the nature of the Group's operations.
- Compared the forecast cash flows used in the 30 June 2023 impairment model to the most up-to-date budgets and business plans formally approved by the Board
- Evaluated whether significant assumptions and judgements were consistent with each other and



Key audit matter

current condition) and the fair value less cost of disposal ('Fair Value'). The Group has used value in use methodology to determine the recoverable value of the CGU as a whole and the cost approach valuation technique to determine the recoverable value of certain items of PPE such as motor vehicles and barges belonging to the Area 1 CGU which could be individually recovered through their sale.

This was a key audit matter due to the financial significance of the impairment expense recognised relative to the consolidated statement of profit or loss and the judgement exercised by the Group in calculating the recoverable amount of the CGU.

How our audit addressed the key audit matter

with those used in the Group's other accounting estimates, based on knowledge obtained during the audit.

- Evaluated whether the principal conditions leading to the impairment expense recognised in the half year ended 30 June 2023, being challenging market conditions and the uncertainty in relation to the fiscal regime applying to Area 1 operations, had changed favourably or unfavourably in the second half of the year ended 31 December 2023. Procedures performed included analysis of selling prices close to 31 December 2023 and obtaining recent communications between the Group and the Government of Sierra Leone.
- Evaluated the reasonableness of the disclosures made in note 10, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.

We performed the following procedures, amongst others, in relation to the Group's fair value assessment:

- Developed an understanding of the process undertaken by the Group to determine the items that could be recovered through individual sale.
- Tested the mathematical accuracy, on a sample basis, of the calculations of Fair Value and assessed whether they had been performed in a manner consistent with the cost approach valuation technique.
- Evaluated the reasonableness of the disclosures made in note 10, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report and Corporate Directory. We expect the remaining other information to be made available to us after the date of this auditor's report.



Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of Sierra Rutile Holdings Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Ian Campbell
Partner

Perth
27 February 2024

Shareholder & Corporate Information

For the year ended 31 December 2023

The following information is provided in accordance with ASX Listing Rule 4.10 and is as at 29 February 2024

Australian Securities Exchange Listing

Sierra Rutile's shares are listed on the Australian Securities Exchange (ASX) Limited with an ASX code of SRX. Sierra Rutile is not currently in the market conducting an on market buy-back of its shares.

Shares on Issue

Sierra Rutile had 424,236,447 shares as at 29 February 2024.

Shareholdings

There were 17,271 shareholders. Voting rights, on a show of hands, are one vote for every registered holder and on a poll, are one vote for each share held by registered holders.

Distribution of Shareholders – Ordinary Shares

Range	Number of shareholders	Shares	% of shares
1 – 1,000	10,416	3,621,143	0.85
1,001 – 5,000	4,839	11,211,565	2.64
5,001 – 10,000	835	6,213,301	1.46
10,001 – 100,000	972	32,161,036	7.58
100,001 and over	209	371,029,402	87.46
Rounding Total	17,271	424,236,447	100.00

There were 14,904 holders of less than a marketable parcel of 4,348 shares (\$500 worth) based on the closing market price Sierra Rutile shares on 29 February 2024.

Top 20 Shareholders (Nominee Company Holdings)

Name of Registered Shareholder	Number of shareholders	% of shares
J P Morgan Nominees Australia Pty Limited	89,134,208	21.01
BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient>	56,208,991	13.25
HSBC Custody Nominees (Australia) Limited	33,092,666	7.80
BNP Paribas Noms Pty Ltd <Global Markets>	19,850,492	4.68
Mano Mining and Logistics Limited	14,115,026	3.33
Citicorp Nominees Pty Limited	13,888,722	3.27
UBS Nominees Pty Ltd	13,407,400	3.16
HSBC Custody Nominees (Australia) Limited – A/C 2	10,924,878	2.58
Ajava Holdings Pty Ltd	8,000,000	1.89
Miningnut Pty Ltd <Cloud Thirty SF A/C>	7,500,000	1.77
BNP Paribas Noms Pty Ltd	7,354,570	1.73
Palm Beach Nominees Pty Ltd	6,787,196	1.60
Kaluki Pty Ltd, The Pinczewski Super A/C.	4,337,437	1.02
Mr Nyan Win + Mrs Aye Aye Kyaw <Win Super Fund A/C>	3,771,742	0.89
Esselmont Pty Limited <Esselmont A/C>	3,608,203	0.85
Briar Place Pty Limited <MJ Family A/C>	3,600,000	0.85
Miningnut Pty Ltd	3,300,000	0.78
KTAP Pty Ltd	2,613,495	0.62
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	2,063,734	0.49
Asia Union Investments Pty Ltd	2,000,000	0.47
Vivien Enterprises Pte Ltd	2,000,000	0.47
Total	307,558,760	72.50

Substantial Shareholders

(As provided in disclosed substantial shareholders notices to the Company)

Substantial shareholders of the Company are as follows and information is as at the date the relevant substantial shareholders notices were provided to the Company.

Shareholder	Number of shares held	% of shares on issue
Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Fund	82,177,177	19.37
PRM Services LLC	34,761,283	8.19
Rockbridge Overseas Limited, Ecsson Investments Limited, Assaad Yazbeck and Joseph Yazbeck*	33,600,987	7.92
Perpetual Limited and its related bodies corporate	22,228,818	5.24

*Note: According to the Form 604 notice of change of interests of substantial holder given to the Company on 29 February 2024 and released to the ASX on 1 March 2024 (Notice), Rockbridge Overseas Limited's (ROL) relevant interest arises because it is the registered holder of 14,527,509 shares in the Company (Shares). According to the Notice, Mano Mining and Logistics Limited (MMLL) is the registered holder of 19,073,478 Shares. Ecsson Investments Limited (EIL) has a relevant interest in these Shares by virtue of its 50% interest in MMLL. ROL is jointly controlled by associates, Assaad Yazbeck (50% interest) and Joseph Yazbeck (50% interest). Assaad Yazbeck and Joseph Yazbeck have a relevant interest in the Shares in which ROL has a relevant interest by virtue of Assaad Yazbeck and Joseph Yazbeck jointly (in the capacity of associates) controlling ROL. As noted above and in the Notice, EIL has a relevant interest in the Shares held by MMLL. Assaad Yazbeck and Joseph Yazbeck have a relevant interest in the Shares in which EIL has a relevant interest, by virtue of Assaad Yazbeck and Joseph Yazbeck jointly (in the capacity of associates) controlling EIL.

Unquoted Securities on Issue

Securities	Number of shareholders	Number of Securities
Rights issued under SRX Incentive Plan	2	14,689,381

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

- a. Ordinary Shares: every member present as a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- b. Performance Rights: no voting rights.

Compliance Statement Under ASX LR 4.10.19

Sierra Rutile confirms that it used cash and assets in a form readily convertible to cash, at the time it was admitted to the ASX (being 26 July 2022) to 31 December 2023, in a way that was consistent with its business objectives as stated in its Information Memorandum and Demerger Booklet dated 20 June 2022, and the Demerger Booklet released by Iluka Resources Limited (ASX:ILU) dated 20 June 2022..

Company Secretary

Sue Wilson.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ending 31 December 2023 may be accessed from the Company's website at <http://www.sierra-rutile.com/our-company/corporate-governance/>

Registered and Principal Office

Level 8, 225 St Georges Terrace
Perth Western Australia 6000
Tel: +61 8 6251 5555
Email: info@srx.group

Calendar of Key Events

27 February 2024	Announcement of financial results
18 March 2024 at 5.30pm (WST)	Closing Date for receipt of Director nominations
14 May 2024 at 2:00pm (WST)	Closure of acceptances of proxies for AGM
16 May 2024 at 2:00pm (WST)	Annual General Meeting
22 August 2024	Announcement of half year financial results
31 December 2024	Financial year end

All dates are indicative and subject to change. Shareholders are advised to check with the Company to confirm timings.

Shareholder and New Investor Information

Key shareholder information – Sierra Rutile's website: www.sierra-rutile.com

To assist those considering an investment in the company, the investors and media section of the Sierra Rutile website contains key shareholder information, which includes the calendar of events. This site contains information on Sierra Rutile's products, marketing, operations, ASX releases and financial and quarterly activities reports. It also contains links to other sites, including the share registry.

Dividends

Sierra Rutile's Board of Directors typically makes a determination on dividend payments twice each year. Given Sierra Rutile's focus on developing the Sembahun Project and the pre-production capital required to bring Sembahun into production, as at 29 February 2024, Sierra Rutile does not have a dividend policy and does not currently plan to have an active dividend policy for some time.

Share Registry Services

Receiving Shareholder Communications

Recent legislative changes to the Corporations Act 2001 (Cth) means there are new options available to Sierra Rutile shareholders as to how you receive communications from Sierra Rutile.

Sierra Rutile will no longer be sending physical meeting documents unless you request a copy to be posted.

Receiving your shareholder communications electronically is the best way to stay informed and will assist Sierra Rutile with its commitment to minimising paper usage. If you haven't already, we encourage you to make the switch to paperless communications and provide us with your email address.

To make the change, go to www.computershare.com.au/easyupdate/SRX and follow the prompts.

You can make an election as to how you would like to receive certain documents including Annual Reports and documents related to members' meetings (for example notices of meeting and proxy/voting forms) as follows:

- You can make a standing election to receive the documents in physical or electronic form;
- You can make a one-off request to receive a document in physical or electronic form; or
- You can tell us if you do not want to receive a hard copy of the Annual Report.

You will always be able to access and read our Annual Report, Notice of Meeting and other shareholder documents when they are published on our website and the ASX platform. on a poll, are one vote for each share held by registered holders.

Corporate Information

Notice of Annual General Meeting

Sierra Rutile's 2024 Annual General Meeting of Shareholders (AGM) will be held as a virtual meeting on Thursday, 16 May 2024 commencing at 2:00 pm (WST).

Shareholders and proxyholders can participate in the live webcast of the meeting through the Computershare online platform and will have the ability to ask questions (written or oral) and vote online during the meeting.

Shareholders are also encouraged to lodge proxy votes in advance of the meeting to ensure that their voting instructions will be received and votes cast, and to monitor the Company's website and ASX platform in case any alternative arrangements for the meeting become necessary.

Forward-Looking Statements

This document contains certain statements which constitute "forward-looking statements".

Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "plan", "believes", "estimate", "anticipate", "outlook" and "guidance", or similar expressions, and may include, without limitation, statements regarding plans; strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

While these forward-looking statements reflect Sierra Rutile's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. The information is based on Sierra Rutile forecasts and as such is subject to variation related to, but not restricted to, economic, market demand/supply and competitive factors.

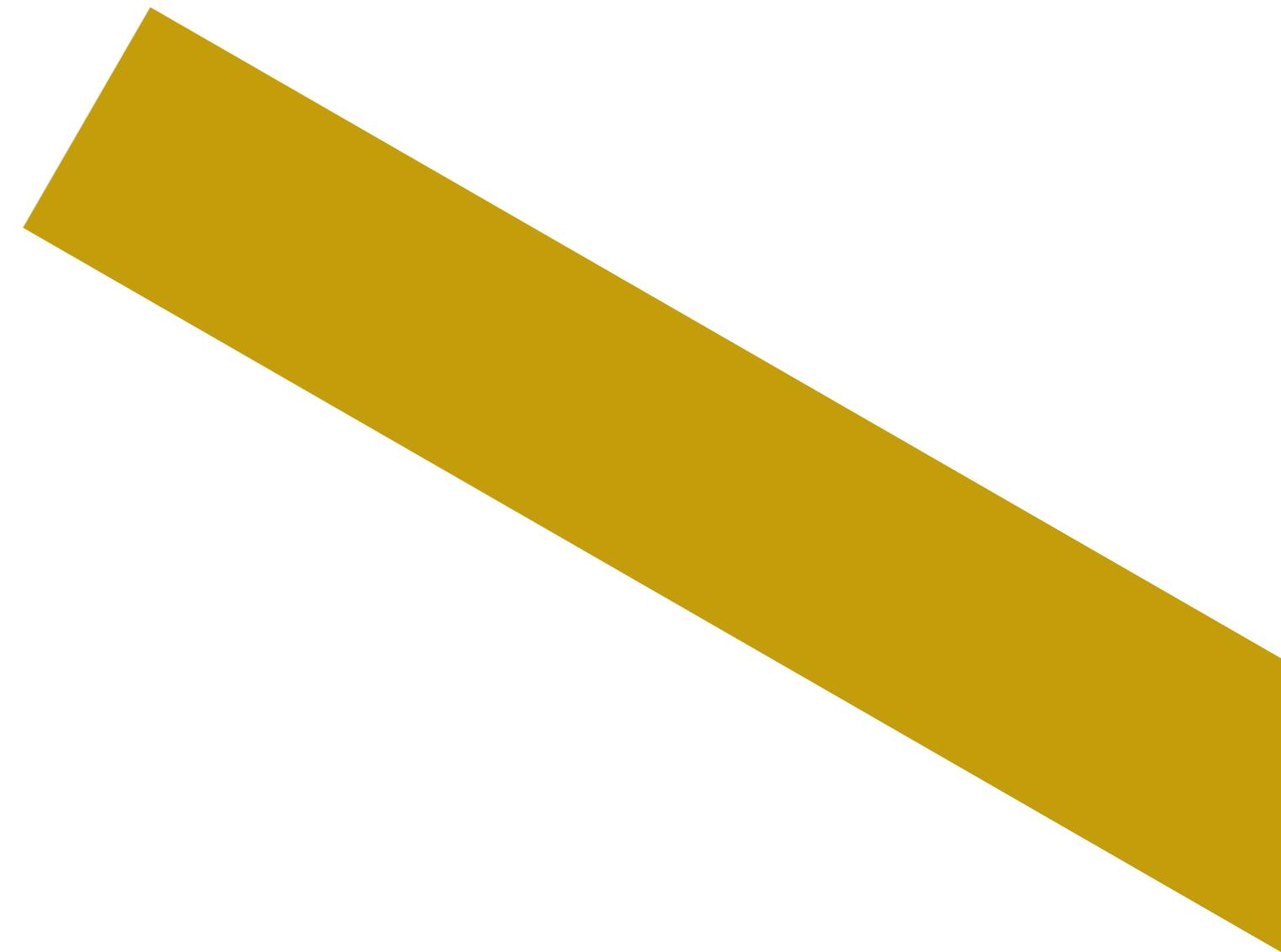
Forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of Sierra Rutile to differ materially from future results, performances or achievements expressed, projected or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof.

Except as required by applicable laws or regulations, Sierra Rutile does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Sierra Rutile cautions against reliance on any forward-looking statements or guidance.

Information on likely developments in the Group's business strategies, prospects and operations for future financial years and the expected results that could result in unreasonable prejudice to the Group (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included below in this report. The categories of information omitted include forward-looking estimates and projections prepared for internal management purposes, information regarding Sierra Rutile's operations and projects, which are developing and susceptible to change, and information relating to commercial contracts.

Non-IFRS Financial Information

This document contains non-IFRS financial measures including cash production costs, non-production costs, mineral sands EBITDA, Underlying Group EBITDA, EBIT, free cash flow, and net debt amongst others. Sierra Rutile management considers these to be key financial performance indicators of the business and they are defined and/or reconciled in Sierra Rutile's annual results materials and/or Annual Report. Non-IFRS measures have not been subject to audit or review. All figures are expressed in US dollars unless stated otherwise.





Sierra Rutile

Corporate Office

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