



Sierra Rutile

## ASX ANNOUNCEMENT

14 DECEMBER 2023

### Sierra Rutile Business Update

Sierra Rutile Holdings Limited (ASX: SRX) (**Sierra Rutile or the Company**) provides a business update to the market.

#### Business Update:

- Market demand remains soft, and this is reflected in no contracted bulk rutile sales for Q1 2024 at this time.
- Sierra Rutile continues to actively engage with customers to identify sales opportunities and is also reviewing operational settings to align with existing market circumstances.
- Q4 production has been lower than anticipated due to in-country disruptions expected to result in increased unit costs. These are expected to be partially offset by sales of ZIC concentrate in Q4.
- **2023 Guidance revised:** Full-year production now expected between 111kt-113kt of rutile.
- **Sembehun:** DFS timeline revised to complete by the end of Q1 2024. Timing for FID to be revisited following DFS completion.
- **Third Amendment Agreement:** Negotiations continue with the Government of Sierra Leone. The Company is hopeful that an outcome will be agreed in the coming months.

#### Business Update

Market demand remains soft, and this is reflected in there being no contracted bulk rutile sales for Q1 2024 at this stage. Sierra Rutile continues to actively engage with its customers to identify sales opportunities and is also reviewing operational settings to align with market circumstances.

Production in Q4 is lower than previously anticipated due to in-country disruptions including fuel shortages arising following a period of civil unrest. This is likely to result in increased unit costs. Increased unit costs are expected to be partially offset by sales of ZIC concentrate in Q4. 2023 production guidance has been revised and is now expected between 111kt- 113kt of rutile (previously 115-120kt). Q4 sales are expected to be broadly in line with production.

In the near term, sustained pressure on feedstock prices is anticipated in the pigment industry<sup>1</sup>, influenced by factors such as subdued global housing activity, materially increased interest rates, and persistent inflation. However, the Company believes the prevailing market conditions predominantly reflect a cyclical decline in demand rather than a longer-term trend.

<sup>1</sup> TZMI Mineral Sands Report



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Given Sierra Rutile's significant contribution of over 20% to the global natural rutile supply, the Company is strategically positioned for a longer term recovery in the market, particularly as global deficit in the supply of natural rutile continues to emerge.

Discussions are also progressing with the Government of Sierra Leone in relation to the Third Amendment Agreement for Area 1 operations, and the Company is hopeful an agreed outcome will be reached in coming months.

Full operational and other details for the fourth quarter will be released to the market at the end of January 2024 in the Quarterly Activities Report.

### **Sembehun**

The Sembehun Definitive Feasibility Study (DFS) continues to progress. Sierra Rutile now expects the DFS to be completed by the end of Q1 2024 (previously end of January 2024). The timing of any final investment decision (FID) will be confirmed once the DFS has been completed.

Discussions are currently underway with major development partners to potentially fund key infrastructure, and strategic equity opportunities are also being investigated.

Ends

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

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### **About Sierra Rutile**

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

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

Sierra Rutile is listed on the Australian Securities Exchange. Further details about Sierra Rutile are available at [www.sierra-rutile.com](http://www.sierra-rutile.com)



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### Forward looking statements

Certain statements in or in connection with this announcement contain or comprise forward looking statements. Such statements may include, but are not limited to, statements with regard to future production and grades, capital cost, capacity, sales projections and financial performance and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Sierra Rutile’s control. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management. Subject to any continuing obligations under applicable law or relevant securities exchange listing rules, Sierra Rutile undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.