



Sierra Rutile

ASX ANNOUNCEMENT

27 FEBRUARY 2024

Sierra Rutile Delivers 2023 Full Year Result

Sierra Rutile Holdings Limited (ASX: SRX) (**Sierra Rutile** or the **Company**) presents its results for the full year ended 31 December 2023 (2023). All figures are in US Dollars unless otherwise stated.

Financial Highlights

- **Revenue** decreased to \$176.3 million (2022: \$254.5 million) due to reduced global pigment demand and power supply disruptions at Area 1.
- **EBITDA** of \$22.1 million (2022: \$57 million), impacted by decreased revenue and lower production levels.
- **Net cash** of \$7.8 million at 31 December 2023 with reduced cash largely attributed to inventory build-up. No debt.
- **Net Loss After Tax** of \$20.7 million (2022 profit of \$75.6 million).

Operational Highlights

- **Rutile production** of 112.6 kt, a decrease on the prior corresponding period (2022 136kt) as a result of weakening pigment demand.
- **Rutile sales** of 103 kt, down 27.5% on prior year.
- **Realised rutile price** of \$1,371/t (2022: \$1,502/t).
- **Net unit cash production costs** of \$1,166/t compared to \$963/t in 2022 on the back of higher actual production costs but positive inventory movement contribution.
- **Third Amendment Agreement:** Discussions with the Government of Sierra Leone (GoSL) continued regarding amendments to the applicable fiscal regime, the Third Amendment Agreement.
- **Area 1 Operations:** Operations will be suspended as of 11 March 2024 until a resolution is negotiated with the GoSL.
- **Sembehun:** Definitive Feasibility Study (DFS) is expected by middle of H1 2024. Sembehun ESHIA and ESHMP approved by Sierra Leone EPA.
- **Improved Safety:** Country-leading safety performance with a Lost Time Injury Frequency Rate (LTIFR) of 0.33 and a Total Reportable Injury Frequency Rate (TRIFR) of 0.55.
- **2024 Outlook and Guidance:** The combination of weak market conditions and uncertainties regarding Area 1 fiscal terms and power availability means, for the time being, no guidance will be given for 2024.



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Sierra Rutile Managing Director and CEO, Theuns de Bruyn, commented:

“Despite challenging market conditions, our management team and Board have consistently worked towards maximising value from our operations at Area 1 and advancing the Sembehun project. We have continued to leverage our market-leading presence as the world’s largest natural rutile supplier, optimising operations to extend the mine life at Area 1.

However, global reductions in pigment demand and internal challenges, such as power supply disruptions at Area 1, have impacted our revenue. This has resulted in revenue of \$176.3 million and a Net Loss After Tax of \$20.7 million. EBITDA declined to \$22.1 million, largely impacted by a decrease in revenue and lower production levels over the year.

While operating cash flow decreased due to inventory build-up, Sierra Rutile closed the year with no debt, and \$7.8 million in cash.

We take pride in our industry and country-leading safety performance, which has significantly improved throughout the year. As a major private sector employer in Sierra Leone, training, employing local staff and safety is paramount. This achievement can be largely attributed to improved contractor management and onboarding processes.

The recent correspondence received from the GoSL on the Area 1 fiscal regime was extremely disappointing, and we are engaging with the GoSL on the matter as a priority. In the meantime, our operations at Area 1 will be suspended as of 11 March 2024. We will keep shareholders updated as discussions progress.

Sembehun continues to advance, with the DFS expected to be delivered during 1H 2024. A key milestone was achieved post-period end with the approval of the ESHIA and ESHMP for Sembehun.

Looking at the macroeconomic outlook, demand for pigment continues to face pressure in Europe and China. Despite being weaker than in previous years, the US market appears to be in a relatively better condition. However, we believe that market conditions primarily reflect a cyclical decline in demand rather than indicating a long-term trend.”

Outlook

The combination of weak market conditions and uncertainties regarding Area 1 fiscal terms and power availability means, no guidance will be given for 2024.

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.

The Company will keep investors updated on negotiations with the GoSL, decisions regarding operations at Area 1 and the outcome of the Sembehun DFS which is expected during 1H 2024.

Ends

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



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Contact Information:

Investors:

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

Media:

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

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



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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.

Mineral Resources, Ore Reserves Estimates and Production Guidance

This announcement contains production guidance based on estimates of Sierra Rutile’s ore reserves and mineral resources. The estimates in this announcement that relate to the ore reserves and mineral resources of Sierra Rutile have been extracted from the ASX release by Sierra Rutile entitled “Sierra Rutile Annual Statement of Resources and Reserves” dated 24 March 2023, available at <https://sierrarutile.com/> and www.asx.com.au (**Announcement**). For the purposes of ASX Listing Rule 5.19, Sierra Rutile confirms that it is not aware of any new information or data that materially affects the information regarding Sierra Rutile’s ore reserves and mineral resources included in the Announcement and that all material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed. Sierra Rutile confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the Announcement.

Non-IFRS financial information

This announcement includes certain information and data, such as *Operating Costs*, *Net Operating Cash Costs* and *Unit Operating Cash Costs*, that are not recognised under Australian Accounting Standards and are classified as ‘non-IFRS financial information’ under ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). Sierra Rutile uses these non-IFRS financial information metrics to assess business performance and provide additional insights into the underlying performance of its operations. The non-IFRS financial information metrics in this announcement do not have standardised meaning under the Australian Accounting Standards and, as a result, may not be comparable to the corresponding metrics reported by other entities. Non-IFRS financial information should be considered in addition to, and not as a substitute for, financial information prepared in accordance with Australian Accounting Standards. Readers are cautioned not to place undue reliance on non-IFRS financial information cited in this announcement.