

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

By ASX Online

11 SEPTEMBER 2024

Dear Sir or Madam

**Sierra Rutile Holdings Limited - Second Supplementary Target's Statement**

We act for Sierra Rutile Holdings Limited ACN 613 822 165 (ASX: SRX) (**Sierra Rutile**), in relation to the off-market takeover offer by Leonoil Company Limited (**Leonoil**) to acquire all of the Sierra Rutile shares it does not own at a price of A\$0.18 cash per share as announced on 22 July 2024 (**Offer**).

We enclose in accordance with section 647 the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of our client's supplementary target's statement dated 11 September 2024 in relation to the Offer (**Second Supplementary Target's Statement**). The Second Supplementary Target's Statement will be sent to Leonoil and lodged with the Australian Securities & Investments Commission in accordance with the Corporations Act.

Yours sincerely



King & Wood Mallesons

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Sierra Rutile

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to its contents, you should contact your financial, tax or other professional adviser immediately

# Second Supplementary Target's Statement

This Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement dated 9 August 2024 and the First Supplementary Target's Statement dated 30 August 2024 issued by Sierra Rutile Holdings Limited (ACN 613 822 165) in response to the off-market takeover bid made by Leonoil Company Limited (incorporated in Sierra Leone with company number SLE291216LEONO1600739)

**ACCEPT** the Offer

Your Sierra Rutile Directors now unanimously recommend that you  
**ACCEPT THE OFFER WITHOUT DELAY**

IF YOU HAVE ANY QUESTIONS IN RELATION TO THE OFFER YOU CAN CONTACT THE SIERRA RUTILE SHAREHOLDER INFORMATION LINE ON 1300 850 505 (WITHIN AUSTRALIA) OR +61 3 9415 4000 (OUTSIDE AUSTRALIA) WHICH IS AVAILABLE BETWEEN 8:30AM AND 5:00PM (MELBOURNE TIME), MONDAY TO FRIDAY EXCLUDING NATIONAL PUBLIC HOLIDAYS.

# Second Supplementary Target's Statement

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## Important notices

This document is given by Sierra Rutile Holdings Limited (ACN 613 822 165) under Part 6.5 Division 4 of the Corporations Act and is the second supplementary target's statement (**Second Supplementary Target's Statement**) to the Target's Statement dated 9 August 2024 (**Target's Statement**) issued by Sierra Rutile and given to the ASX and lodged with the Australian Securities and Investments Commission (**ASIC**) on 9 August 2024, in relation to the off-market takeover bid made by Leonoil Company Limited (incorporated in Sierra Leone with company number SLE 291216LEONO1600739) (**Offer**). This Second Supplementary Target's Statement supplements, and is to be read together with the Target's Statement and Sierra Rutile's supplementary target's statement dated 30 August 2024 (**First Supplementary Target's Statement**). You should read the Second Supplementary Target's Statement, the First Supplementary Target's Statement and the Target's Statement in their entirety before deciding whether or not to accept the Offer for your Sierra Rutile Shares.

This Second Supplementary Target's Statement is dated, and was given to the ASX and lodged with ASIC on 11 September 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Second Supplementary Target's Statement.

Unless the context otherwise requires, capitalised terms and certain abbreviations used in this Second Supplementary Target's Statement have the meanings given to them in Section 10.1 of the Target's Statement. The interpretation rules set out in Section 10.2 of the Target's Statement also apply to this Second Supplementary Target's Statement.

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

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

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## 1 Directors' recommendation and reasons

### 1.1 Sierra Rutile Directors' Recommendation

In the Target's Statement and First Supplementary Target's Statement, your Sierra Rutile Directors unanimously recommended that you accept the Offer (in the absence of a Superior Proposal).

The Sierra Rutile Directors now recommend that Sierra Rutile Shareholders **ACCEPT THE OFFER WITHOUT DELAY.**

### 1.2 Reasons for the change in recommendation

#### (a) Leonoil Voting Power in Sierra Rutile exceeds 75%

Since the release of the Target's Statement, there have been a number of acceptances to the Offer, resulting in an increase in Leonoil's Voting Power to well over 75%.<sup>1</sup>

Sierra Rutile understands that all other substantial shareholders (including Gemcorp Commodities Assets Holdings Limited, Mano Mining and Logistics Limited and PRM Services LLC) have already accepted the Offer or sold on-market.

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<sup>1</sup> As at the date of this Second Supplementary Target's Statement, Leonoil's Voting Power in Sierra Rutile is 80.77%.

The Sierra Rutile Directors now consider it is very unlikely that any Superior Proposal will emerge.

(b) **The Offer is now unconditional with accelerated payment**

As disclosed in Leonoil's second supplementary bidder's statement dated 2 September 2024 (**Second Supplementary Bidder's Statement**), Leonoil has freed the Offer from all Conditions set out in section 13.7 of the Bidder's Statement. This means that if you accept the Offer, you are assured of receiving the Offer Price of \$0.18 for each Sierra Rutile Share you hold.

As disclosed in the Second Supplementary Bidder's Statement, Leonoil has accelerated payment under the Offer and is now providing Sierra Rutile Shareholders who validly accept the Offer the consideration they are due within 7 Business Days of receiving their acceptance.

(c) **Risks of remaining a Sierra Rutile Shareholder**

In the Target's Statement, Sierra Rutile disclosed a number of risks associated with being a minority shareholder in a company which has a large shareholder able to exert significant influence.<sup>2</sup> Now that Leonoil's Voting Power in Sierra Rutile Shares is over 75%, several of these risks are becoming increasingly likely to come to fruition.

In particular, the Board reiterates the following risks and implications associated with being a minority shareholder in Sierra Rutile in the present circumstances:

(i) Liquidity of Sierra Rutile Shares

Due to the level of acceptances Leonoil has received, the number of Sierra Rutile Shares to be traded on ASX (should the entity remain listed – see section (ii) below) is significantly reduced.

This potentially lessens the value of the shareholdings of Sierra Rutile Shareholders who do not accept the Offer (i.e., these Sierra Rutile Shareholders run the risk of being minority shareholders in a company with reduced share trading liquidity). Sierra Rutile Shares could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value or be at a lower price should Sierra Rutile Shareholders wish to sell them in the future.

(ii) Removal from ASX

Leonoil has stated in section 10.4 of its Bidder's Statement that its intention is to procure that the Sierra Rutile Board apply to the ASX to have Sierra Rutile removed from the official list of ASX, in accordance with ASX guidance. If this occurs, Sierra Rutile Shares will not be able to be traded on ASX. This could result in a number of disadvantages for Sierra Rutile Shareholders who have not accepted the Offer, including a significant reduction in the marketability of Sierra Rutile Shares.

See Section 5.11 of the Target's Statement for more information on the implications of a potential delisting of Sierra Rutile.

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<sup>2</sup> Refer to Sections 1.8 and 5.8 of the Target's Statement.

(iii) Leonoil is able to determine the outcome of ordinary and special resolutions

Since Leonoil has acquired a Relevant Interest in more than 75% of all Sierra Rutile Shares, it is able to determine alone the outcome of a special resolution (in respect of which it is entitled to vote). This would enable it to pass resolutions, for example, to amend the Sierra Rutile Constitution.

(iv) Compulsory acquisition

Sierra Rutile Shareholders should also note that if Leonoil acquires a Relevant Interest in 90% or more of all Sierra Rutile Shares, and the compulsory acquisition provisions of the Corporations Act are satisfied, Leonoil intends to Compulsorily Acquire the Sierra Rutile Shares that it does not already own.

Even if Leonoil does not become entitled to Compulsorily Acquire Sierra Rutile Shares during the Offer Period, it may become entitled to do so under the Corporations Act after completion of the Offer Period (and minority shareholders may have rights to compel Leonoil to acquire Sierra Rutile Shares if the compulsory buy-out provisions of the Corporations Act are triggered).

If you choose not to accept the Offer and Leonoil subsequently exercises compulsory acquisition rights, you are likely to be paid later than other Sierra Rutile Shareholders who accept the Offer.

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## 2 Sierra Rutile Director interests

As at the date of this Second Supplementary Target's Statement, each of the Sierra Rutile Directors have accepted the Offer in respect of all the Sierra Rutile Shares they hold or control (other than the Sierra Rutile Shares issued as a result of the vesting of Sierra Rutile Performance Rights and Sierra Rutile Restricted Rights).

As noted in Section 9.5 of the Target's Statement, under the terms of the Sierra Rutile Equity Incentive Plan, where "there is an actual change in the Control" of Sierra Rutile, then, unless the Board determines otherwise, all unvested Sierra Rutile Incentives will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis (having regard to the portion of the relevant vesting period that has elapsed up to the change of Control). "Control" in the Sierra Rutile Equity Incentive Plan is defined as having the meaning in section 50AA of the Corporations Act. Any unvested Sierra Rutile Incentives that do not vest as described above, will lapse.

An actual change in the Control of Sierra Rutile occurred on 4 September 2024. Having regard to the portion of the relevant vesting period that elapsed up to that date, an aggregate of 7,471,045 Sierra Rutile Performance Rights, 237,635 Sierra Rutile Restricted Rights and 1,056,198 Sierra Rutile Units have vested or ceased to be subject to restrictions (as applicable). As noted in Section 9.5 of the Target's Statement, each Sierra Rutile Performance Right and Sierra Rutile Restricted Right vests into one Sierra Rutile Share resulting in the issue of 7,708,680 new Sierra Rutile Shares.

Of these, 4,883,827 Sierra Rutile Shares have been issued to Theuns de Bruyn as a result of the vesting of Sierra Rutile Performance Rights and Sierra Rutile Restricted Rights.<sup>3</sup> Theuns de Bruyn intends to accept, or procure acceptance of, the Offer in respect of all of those Sierra Rutile Shares.

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<sup>3</sup> As set out in the Target's Statement, former Sierra Rutile Director Martin Alciaturi also held Sierra Rutile Performance Rights. Mr Alciaturi has been issued 2,237,045 Sierra Rutile Shares as a result of vesting of his Sierra Rutile Performance Rights. Mr Alciaturi intends to accept, or procure acceptance of, the Offer in respect of those Sierra Rutile Shares.

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### 3 Status of the Offer and how to ACCEPT

#### 3.1 The Offer Period has been extended

On 5 September 2024, Leonoil provided notice that the Offer Period has been automatically extended. The Offer will remain open for acceptance until 5:00pm (AWST) on 18 September 2024, unless further extended.

All references to the closing date of the Offers or the end of the Offer Period in the Bidder's Statement (including the Acceptance Forms), the Target's Statement and the First Supplementary Target's Statement are varied accordingly.

#### 3.2 Other updates to the Offer

As noted in Section 1 of this Second Supplementary Target's Statement:

- (a) **(Offer is unconditional)** The Offer is now unconditional. This means that if you accept the Offer, you are assured of receiving the Offer Price of \$0.18 for each Sierra Rutile Share you hold; and
- (b) **(Accelerated payment)** Leonoil has accelerated payment under the Offer and is now providing Sierra Rutile Shareholders who validly accept the Offer the consideration they are due within 7 Business Days of receiving their acceptance.

#### 3.3 How to ACCEPT the Offer

Sierra Rutile Shareholders should refer to section 4 of the Second Supplementary Bidder's Statement for instructions on how to accept the Offer.

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## 4 Additional Information

#### 4.1 Approval of Second Supplementary Target's Statement

This Second Supplementary Target's Statement has been approved by a resolution passed by the Sierra Rutile Directors on 11 September 2024.

Signed for and on behalf of  
Sierra Rutile Holdings Limited



**Greg Martin**  
Chairman  
Sierra Rutile Holdings Limited