
FIRB ENABLES \$130M THUNDERBIRD INVESTMENT BY YANSTEEL

Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to advise that proposed joint venture partner YGH Australia Investment Pty Ltd (“Yansteel”) has been advised by the Foreign Investment Review Board (“FIRB”) that the Commonwealth does not object to Yansteel’s planned \$130m investment to acquire 50% of the Thunderbird Mineral Sands Project (“Joint Venture” or “Thunderbird”). The positive FIRB decision was subject to minor and customary conditions, agreed between the parties.

The favourable outcome from the FIRB process represents a critical milestone for the formation of the Joint Venture and ultimately for the development of Thunderbird. The parties are targeting finalisation of the formal joint venture agreements over the coming weeks after which a final bankable feasibility study will be completed ahead of concluding project finance arrangements before an expected final investment decision (FID) during 2021.

“The advice from FIRB is a positive step forward for Yansteel, Sheffield and the development of the Thunderbird Mineral Sands Project. It is a significant event for shareholders and the Kimberley community, demonstrating State and Federal Governments’ support for continued investment in the local resources sector”, said Bruce McFadzean Sheffield Resources’ Managing Director.

This announcement was authorised for release by the Company’s Board of Directors.

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ABOUT SHEFFIELD RESOURCES

Sheffield Resources Limited is focused on developing its 100% owned, world class Thunderbird Mineral Sands Project, located in north-west Western Australia. Sheffield continues to assess other regional exploration opportunities.

THUNDERBIRD MINERAL SANDS

Thunderbird is one of the largest and highest grade mineral sands discoveries in the last 30 years. Sheffield's 2019 Bankable Feasibility Study Update shows Thunderbird is a technically low risk, modest capex project that generates strong cash margins from globally significant levels of production over an exceptionally long mine-life spanning multiple decades.

Thunderbird will generate a high-quality suite of mineral sands products with specifications suited to market requirements. These products include a zircon rich non-magnetic concentrate and ilmenite suitable for manufacturing titanium dioxide pigment or smelting into chloride slag.

Thunderbird is located in one of the world's most attractive mining investment jurisdictions and is well placed to deliver long term, secure supply of high quality products to a range of potential customers.

THUNDERBIRD JOINT VENTURE

In August 2020 Sheffield and Yansteel executed a Non-Binding Term Sheet for the formation of a 50:50 Joint Venture to own and develop the Thunderbird Mineral Sands Project and adjacent tenements on the Dampier Peninsula. The parties have agreed that the development concept for Stage 1 of the Project will be a 10.4mt per annum mine and process plant producing a zircon rich non-magnetic concentrate and LTR ilmenite.

Yansteel will subscribe for a 50% interest in the Joint Venture and provide A\$130.1m in project equity funding. Sheffield will fund any project equity shortfall between A\$130.1m and A\$143m, less Project costs incurred prior to a Final Investment Decision ("FID"). The Joint Venture will secure project finance and, if required, project equity in excess of A\$143m will be funded 50:50 by Yansteel and Sheffield.

The Yansteel A\$130.1m project equity investment via the Joint Venture transaction, together with the A\$12.9m funding under the Yansteel Share Placement completed on 12 August 2020 and combined with existing project financing is expected to deliver a fully funded project.

The Joint Venture will be governed by a four person Board of Directors with Sheffield and Yansteel each nominating two directors. Key Joint Venture decisions will require unanimous approval of both shareholders. The Joint Venture will be operated as a standalone entity with its own management and employees, with selected Sheffield personnel to be appointed as part of the key management persons upon the formation of the Joint Venture.

The Joint Venture agreements will include customary dispute resolution, default, dilution and pre-emption terms and these have been defined in-principle within a Non-Binding Term Sheet.

The formation of the Joint Venture is subject to final negotiation, agreement and execution of formal agreements. The FIRB process was completed on 15 December 2020 and no other regulatory approvals are required.

YANSTEEL OFFTAKE AGREEMENT

Yansteel and Sheffield have entered into a binding life of mine take or pay offtake agreement for 100% of the LTR ilmenite from Stage 1 at market price. Yansteel has a first right of refusal to purchase ilmenite from later stages.

In the unlikely event that the Joint Venture cannot be formed for any reason, the offtake will convert automatically to a minimum 7 + 3 year take or pay offtake agreement for 100% of the ilmenite produced from Stage 1 of the Project.

ABOUT YANSTEEL

Yansteel is a wholly-owned subsidiary of Tangshan Yanshan Iron & Steel Co., Ltd, a privately owned steel manufacturer headquartered in Hebei, China producing approximately 10mt per annum of steel products and has annual revenues of ~A\$6bn.

Tangshan Yanshan Iron & Steel Co., Ltd has commenced construction of a 500ktpa integrated titanium dioxide processing facility including a titanium slag smelter. This complex will consume the Low Temperature Roast (“LTR”) ilmenite offtake from Stage 1 of the Thunderbird Mineral Sands Project.

ASX Code:	SFX	Market Capitalisation:	A\$102m
Issued shares:	346.1m	Cash (unaudited, 30 Sep 2020):	A\$15.8m

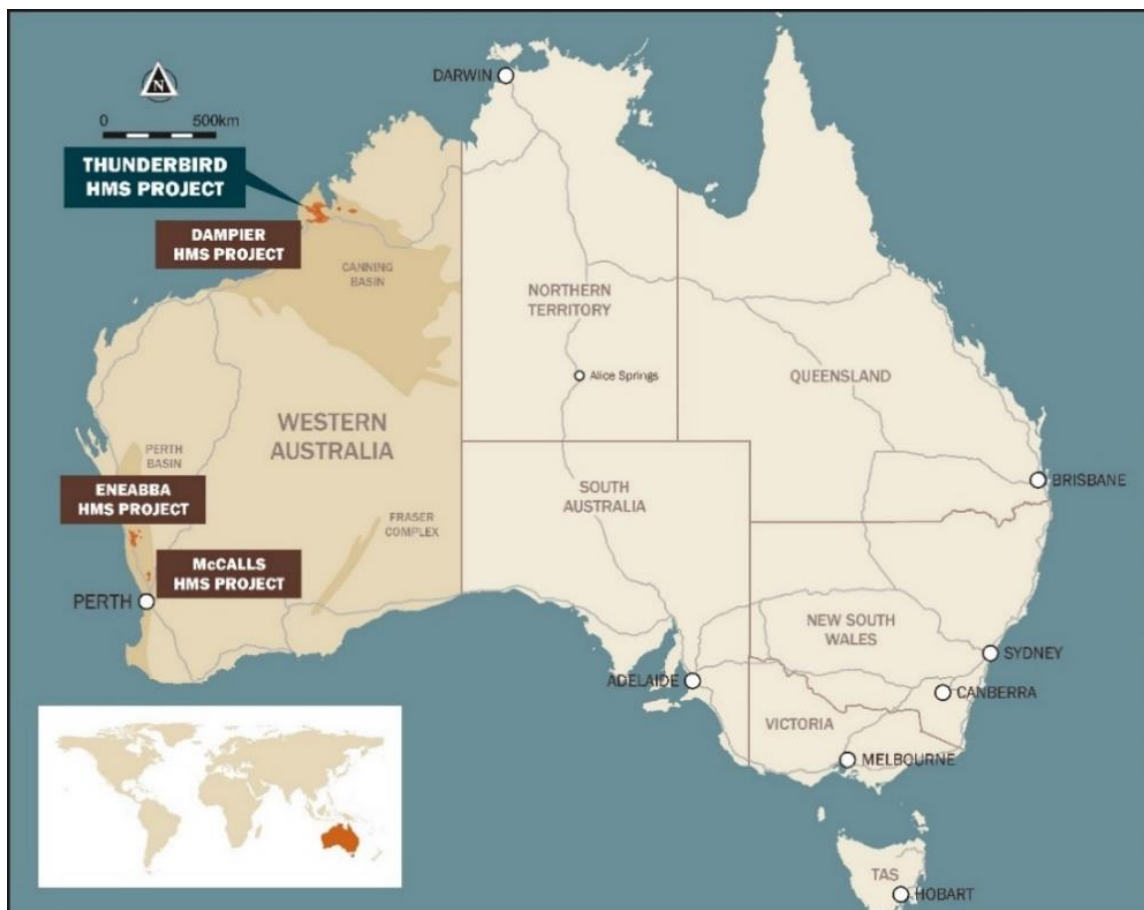


Figure 1: Location of Thunderbird Mineral Sands Project