

## SHEFFIELD FORMS JOINT VENTURE WITH INDEPENDENCE GROUP IN FRASER RANGE

### HIGHLIGHTS

- Sheffield and IGO form JV to explore Sheffield's Fraser Range tenements
- Sheffield to receive up-front \$500,000 payment for sale of 51% project interest
- IGO may spend \$5 million over 5 years to take its interest to 70%
- JV allows Sheffield to retain leverage to exploration success in the Fraser Range as it advances the Thunderbird mineral sands project towards development

Sheffield Resources Limited ("Sheffield" "the Company") (ASX: SFX) is pleased to announce it has entered into a joint venture agreement with Independence Group NL ("IGO") (ASX: IGO) in the Fraser Range region of Western Australia. The agreement encompasses four granted tenements E69/3052 & E69/3033 (Red Bull), E39/1733 (Big Bullocks), E28/2374-I (Bindii) and one tenement application, ELA69/2563 (Similkameen) as shown in Figure 1.

IGO owns the Nova nickel mine and has substantial exploration interests in the Fraser Range.

Sheffield's Managing Director Bruce McFadzean said the joint venture was a positive outcome for Sheffield's shareholders.

"We are very pleased to have formed the Fraser Range joint venture with IGO. They are a well-funded, dedicated nickel explorer and their ownership of the Nova mine underpins a long-term commitment to the region."

"The joint venture allows Sheffield to retain significant exposure to exploration success in the Fraser Range, should the Company contribute to its 30% interest beyond the initial earn-in phase. The up-front cash payment of \$500,000 is a welcome addition to our cash reserves, and follows the \$17.1 million capital raising completed last quarter."

"It is pleasing to have a high quality partner in IGO carry the project forward, enabling us to focus on the Thunderbird mineral sands project. The Company is due to deliver the Thunderbird BFS in Q1 2017, and has commenced offtake and financing negotiations as a part of the development of this tier 1 mineral sands asset."

Key terms of the joint venture are:

- IGO will earn a 51% interest in the project by making an up-front cash payment of \$500,000
- IGO may earn an additional 19% interest by spending \$5 million within 5 years of commencement of the joint venture
- At any time after commencement of the joint venture and up until completion of the Pre-feasibility Study, IGO has an option to purchase an additional 5% interest for \$10 million or the equivalent in IGO shares
- Standard dilution clauses apply. Should Sheffield's interest dilute to 5% or less, it shall automatically convert to a 1% net smelter return royalty.

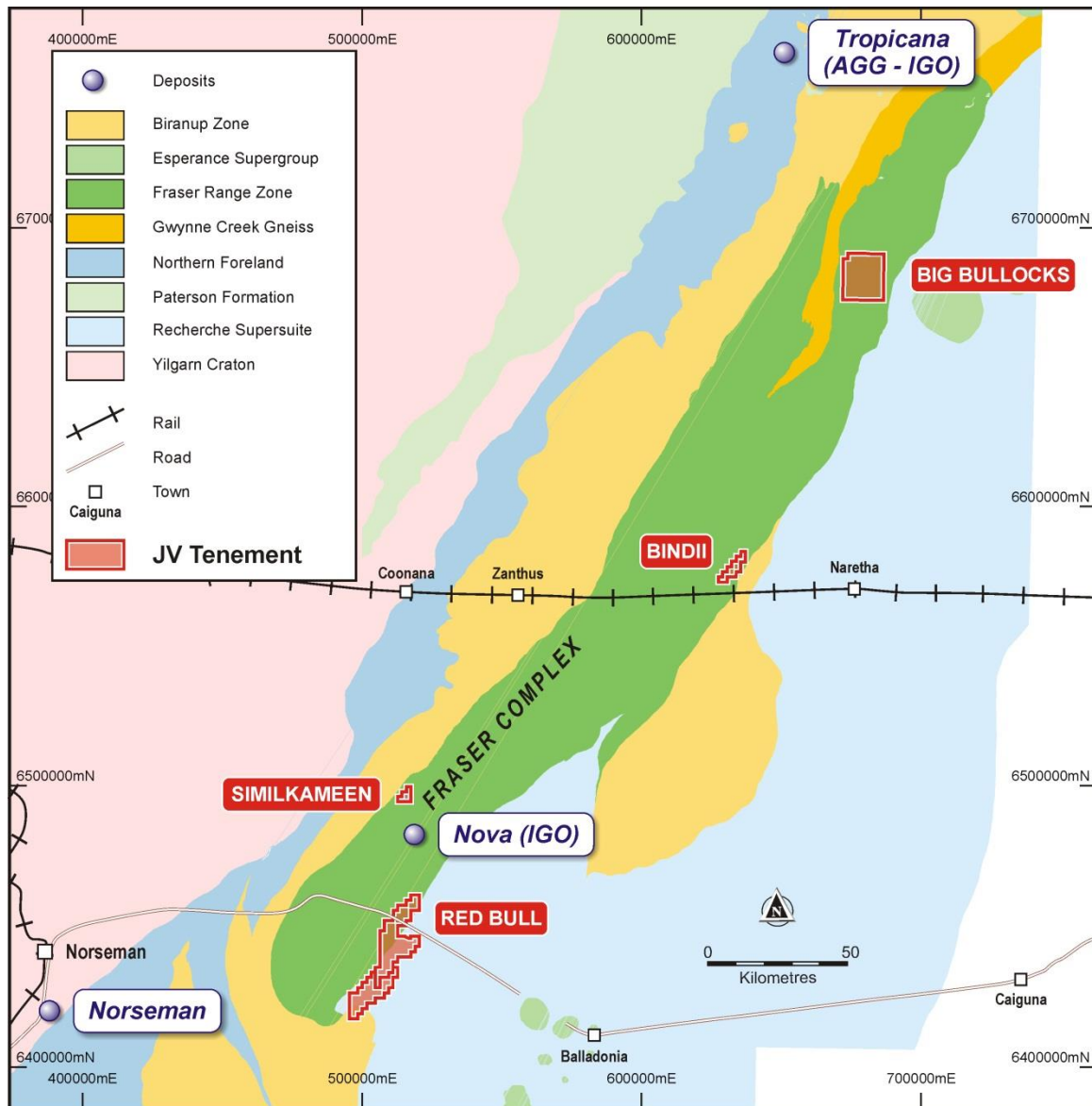


Figure 1: Location of Sheffield - IGO JV tenements in the Fraser Range

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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 explore the Dampier Project for other mineral sands targets identified within the region.

Sheffield is also exploring the Eneabba and McCalls regions north of Perth, Western Australia for mineral sands deposits. As an exploration company, 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.

The deposit is rich in zircon, which sets it apart from many of the world's operating and undeveloped mineral sands projects which are dominated by lower value ilmenite.

Sheffield's Pre-Feasibility study shows Thunderbird is a modest capex project that generates strong cash margins from globally significant levels of production over a 40 year mine life.

The Company is targeting project construction commencing in 2017 with initial production in 2019. The initial planned production profile is aligned with expected emerging supply gaps in global mineral sands markets.

Sheffield has issued final product specifications and samples to potential customers for product review. Following product assessment, engagement with parties toward off take agreements for supply of zircon and  $\text{TiO}_2$  products are underway and progressing well. Formalisation of offtake arrangements will be the focus for marketing activities over the coming months.