

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Sheffield Resources Limited

ACN/ARSN 125 811 083

1. Details of substantial holder (1)

Name YGH Australia Investment Pty Ltd (YGH)

ACN/ARSN (if applicable) 642 889 067

The holder became a substantial holder on 12 August 2020

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully Paid Ordinary Shares	34,259,421	34,259,421	9.9%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
See Annexure A.		

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
YGH	YGH	YGH	34,259,421 Fully Paid Ordinary Shares
YGH Australia Holdings Pty Ltd ACN 642 888 542 (YGH Holdings)	YGH	YGH	34,259,421 Fully Paid Ordinary Shares
Yangang (Hong Kong) Co., Ltd (Yangang)	YGH	YGH	34,259,421 Fully Paid Ordinary Shares
Tangshan Yanshan Iron & Steel Co., Ltd (Tangshan)	YGH	YGH	34,259,421 Fully Paid Ordinary Shares
Wang Shuli	YGH	YGH	34,259,421 Fully Paid Ordinary Shares
Zhang Hai	YGH	YGH	34,259,421 Fully Paid Ordinary Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
YGH	12 August 2020	\$12,881,711	N/A	34,259,421 Fully Paid Ordinary Shares
YGH Holdings	12 August 2020	N/A	N/A	34,259,421 Fully Paid Ordinary Shares
Yangang	12 August 2020	N/A	N/A	34,259,421 Fully Paid Ordinary Shares
Tangshan	12 August 2020	N/A	N/A	34,259,421 Fully Paid Ordinary Shares
Wang Shuli	12 August 2020	N/A	N/A	34,259,421 Fully Paid Ordinary Shares
Zhang Hai	12 August 2020	N/A	N/A	34,259,421 Fully Paid Ordinary Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

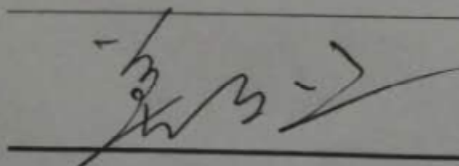
Name	Address
YGH	21/175 Hay Street, East Perth, WA 6004
YGH Holdings	21/175 Hay Street, East Perth, WA 6004
Yangang	Room 210, 2/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
Tangshan	West side, Qian'an Railway Station, Tangshan City, Hebei Province, China
Wang Shuli	c/- West side, Qian'an Railway Station, Tangshan City, Hebei Province, China
Zhang Hai	c/- West side, Qian'an Railway Station, Tangshan City, Hebei Province, China

Signature

print name Wencong Mo

capacity Director

sign here



date 14 August 2020

Annexure A

Holder of relevant interest	Nature of relevant interest	Class and number of securities
YGH	Relevant interest under section 608(1) of the <i>Corporations Act 2001</i> (Cth) (Corporations Act), being the holder of the securities.	34,259,421 Fully Paid Ordinary Shares
YGH Holdings	Relevant interest in securities which YGH holds, under section 608(3) of the Corporations Act as YGH Holdings has voting power of 100% in YGH.	34,259,421 Fully Paid Ordinary Shares
Yangang	Relevant interest in the securities which YGH Holdings has a relevant interest, under section 608(3) of the Corporations Act as Yangang has voting power of 100% in YGH Holdings Pty Ltd.	34,259,421 Fully Paid Ordinary Shares
Tangshan	Relevant interest in the securities which Yangang has a relevant interest, under section 608(3) of the Corporations Act as Tangshan has a voting power of 100% in Yangang.	34,259,421 Fully Paid Ordinary Shares
Wang Shuli	Relevant interest in the securities which Tangshan has a relevant interest, under section 608(3) of the Corporations Act as Wang Shuli has a voting power of 51% in Tangshan.	34,259,421 Fully Paid Ordinary Shares
Zhang Hai	Relevant interest in the securities which Tangshan has a relevant interest, under section 608(3)(a) of the Corporations Act as Zhang Hai has a voting power of 34% in Tangshan.	34,259,421 Fully Paid Ordinary Shares



Execution Version

Share Subscription Agreement

Sheffield Resources Limited

YGH Australia Investment Pty Ltd

Jones Day
Riverside Centre, Level 31
123 Eagle Street
Brisbane QLD 4000, Australia
Tel: 61 7 3085 7000
Fax: 61 7 3085 7099
www.jonesday.com

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Subscription Agreement

Date 8 August 2020

Parties

Sheffield Sheffield Resources Limited ACN 125 811 083
of Level 2, 41-47 Colin Street, West Perth WA 6005

Subscriber YGH Australia Investment Pty Ltd ACN 642 889 067
of 21/175 Hay Street, East Perth WA 6004

Recitals

- A. Sheffield is an Australian public company limited by shares, whose ordinary shares are listed on ASX.
- B. The Subscriber has agreed to subscribe for, and Sheffield has agreed to issue and allot, the Subscription Shares on the terms and conditions set out in this agreement.

It is **agreed** as follows.

1. Definitions and interpretation

1.1 Definitions

In this agreement, unless the context requires otherwise, the following words and phrases have the meaning given below.

Agreed Announcement means the announcement to be made by Sheffield on the market announcements platform of the ASX in respect of the Subscription as set out in Schedule 1.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act as if section 12 includes a reference to this agreement.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Business Day means a day on which the ASX is open for trading in securities and excludes a Saturday, Sunday or public holiday in Perth, Australia.

Cleansing Notice means a notice to be given to ASX under section 708A(5)(e) of the Corporations Act in relation to the Subscription Shares.

Competing Transaction means an expression of interest, proposal, transaction or arrangement which, if completed, would mean a Third Party (alone or together with the Third Party's Associates) would acquire an interest in, become the holder of, or have the right to acquire an interest in:

- (a) all or any of the tenements that form part of the Project;
- (b) more than 20% of the securities of any Subsidiary of Sheffield which has a direct or indirect interest in the Project; or
- (c) any direct or indirect interest in the Project,

excluding:

- (d) an acquisition of Shares; and
- (e) any restructure by Sheffield and its Subsidiaries in preparation for, or in connection with, the Transaction.

Completion means the completion of the subscription of the Subscription Shares, in accordance with clause 3.3.

Completion Date means the date that is 2 Business Days after the date of satisfaction or waiver of the last of the conditions precedent in clause 2.1 to be satisfied or waived being satisfied or waived, or another date agreed between the parties in writing.

Corporations Act means the *Corporations Act 2001* (Cth).

Encumbrance means any interest or power:

- (a) reserved in or over any interest in any asset including any retention of title (including any "security interest" as defined in the Corporations Act); or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to, any agreement to grant or create any of the above.

Exclusivity Period means the period beginning on the date of this agreement and ending on the earlier of:

- (a) the date that is 6 months after Completion; and
- (b) the receipt of FIRB approval in connection with the Joint Venture (or 31 October 2020 if such FIRB approval is received before 31 October 2020),

provided that the Exclusivity Period can be extended by written agreement between the parties.

FIRB means the Foreign Investment Review Board.

Immediately Available Funds means payment by bank cheque or electronic funds transfer into an account nominated in writing prior to Completion by Sheffield.

Insolvency Event means, in respect of a person, any of the following events occurring in respect of that person:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has had a controller (as defined in the Corporations Act) appointed or is in liquidation or provisional liquidation, under administration or wound up or has had a receiver or receiver and manager appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement);
- (d) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any event or circumstance referred to in paragraph (a), (b) or (c) of this definition occurring;
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject);
- (g) it is otherwise unable to pay its debts as and when they fall due; or
- (h) something having a substantially similar effect to any event or circumstance referred to in paragraphs (a) to (g) of this definition happens in connection with that person under any law.

Joint Venture means the Subscriber and Sheffield entering into an incorporated joint venture for the development and operation of the Project, whereby each of them will hold a 50% interest in the joint venture company, as part of which the Subscriber will invest approximately \$130 million into the joint venture company.

Matching Offer has the meaning given to that term in clause 7.5(c).

Offtake Agreement means a binding offtake agreement in respect of 100% of the ilmenite product produced by the Project, to be entered into between Yansteel and TOPL on or around the date of this agreement.

Project means the Thunderbird mineral sands project.

Related Body Corporate has the meaning as given by section 50 of the Corporations Act.

Representative means, in relation to a party:

- (a) a Related Body Corporate of the party; or
- (b) a director of the party or any of the party's Related Bodies Corporate; or
- (c) an adviser, consultant, agent or representative of the party or any of the party's Related Bodies Corporate, when acting in that capacity.

Share means a fully paid ordinary share in Sheffield.

Subscription means the subscription by the Subscriber of the Subscription Shares.

Subscription Consideration means \$12,881,711 in aggregate, at an issue price of approximately \$0.376005 per Share.

Subscription Shares means 34,259,421 Shares.

Subsidiary has the meaning given in the Corporations Act.

Sunset Date means the date which is 30 days from the date of this agreement.

Superior Proposal means a Competing Transaction received by Sheffield, which the board of directors of Sheffield determines, acting in good faith and in order to satisfy what the Sheffield directors consider to be their fiduciary or statutory duties (and after consulting with Sheffield's financial and legal advisers) would, if consummated substantially in accordance with its terms:

- (a) be reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) constitute a transaction more favourable to Sheffield or its shareholders than the Transaction.

Third Party means a person other than Yansteel, the Subscriber and their Associates.

TOPL means Thunderbird Operations Pty Ltd ACN 611 321 743.

Transaction means:

- (a) the Joint Venture; and
- (b) Yansteel or its nominee entering into the Offtake Agreement.

Yansteel means Yangang (Hong Kong) Co., Ltd.

1.2 Interpretation

In this agreement, the following rules of interpretation apply unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa;
- (c) a gender includes other genders;
- (d) another grammatical form of a defined word or expression has a corresponding meaning;
- (e) a reference to a person includes a natural person, a body corporate, a corporation, a trust, a partnership, an unincorporated association or any other entity;
- (f) a reference to a person includes a reference to the person's successors, administrators, executors, and permitted assigns and substitutes;
- (g) a reference to legislation includes regulations and other instruments issued under it and consolidations, amendments, modifications, re-enactments or replacements of any of them;
- (h) a reference to a clause, schedule or annexure is to a clause of, or schedule or annexure to, this agreement;

- (i) a reference to a document (including this agreement) includes any amendment, variation, replacement or novation of it;
- (j) the meaning of general words is not limited by using the words "including", "for example" or similar expressions;
- (k) a reference to dollars, AUD, \$ or A\$ is a reference to the lawful currency of Australia;
- (l) a reference to time is a reference to time in Perth, Australia;
- (m) nothing in this agreement is to be construed to the disadvantage of a party because that party prepared it or any part of it;
- (n) a reference to a day (including a Business Day) means a period of time commencing at midnight and ending 24 hours later; and
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2. Conditions precedent

2.1 Conditional subscription

The obligations of the Subscriber to subscribe for, and the obligations of Sheffield to allot and issue, the Subscription Shares under clause 3 are conditional upon satisfaction of each of the following conditions precedent:

- (a) **(Offtake Agreement)** Yansteel and TOPL have entered into the Offtake Agreement; and
- (b) **(termination of other offtakes)** termination by TOPL of any ilmenite offtake agreements currently in place in relation to the Project and TOPL providing evidence of such termination to the Subscriber or its Representatives.

2.2 Best endeavours

Each party must use its best endeavours to procure that the conditions precedent in clause 2.1 are satisfied by the Sunset Date.

2.3 Conditions not satisfied

Either party may, by written notice to the other party, terminate this agreement at any time before the Completion Date if:

- (a) any of the conditions in clause 2.1 are not satisfied, or waived in accordance with clause 2.4, on or before the Sunset Date; or
- (b) the parties agree in writing that any of the conditions in clause 2.1 cannot be satisfied.

2.4 Benefit of conditions

- (a) The conditions precedent in clause 2.1 are for the benefit of the Subscriber and may only be waived by the Subscriber in writing (at its sole discretion).
- (b) A waiver of a condition:
 - (i) will not be effective unless it is given in writing in relation to a particular condition;

- (ii) may be given unconditionally or on the conditions the Subscriber considers fit; and
- (iii) will only apply to the obligations in relation to which it is expressed to be given unless the Subscriber states otherwise in writing.

3. Subscription

3.1 Subscription of Subscription Shares

The Subscriber agrees to subscribe for, and Sheffield agrees to allot and issue, the Subscription Shares for the Subscription Consideration on the terms of this agreement.

3.2 Rights and ranking

Sheffield must ensure that all Subscription Shares issued to the Subscriber:

- (a) are issued as fully paid;
- (b) are free of Encumbrances; and
- (c) rank pari passu with all other Shares on issue as at the Completion Date.

3.3 Completion

- (a) Settlement, allotment and issuance of the Subscription Shares will occur on the Completion Date.
- (b) On or before the Completion Date:
 - (i) the Subscriber must pay to Sheffield the Subscription Consideration in Immediately Available Funds; and
 - (ii) Sheffield must:
 - (A) allot and issue the Subscription Shares to the Subscriber;
 - (B) give to ASX a Cleansing Notice;
 - (C) give to ASX an Appendix 3B and all other documents or notices required to be given to the ASX, and apply for the Subscription Shares to be admitted to official quotation; and
 - (D) register the Subscriber as the holder of the Subscription Shares.
- (c) On Completion, the Subscriber will become a member of Sheffield and be bound by Sheffield's constitution in respect of the Subscription Shares.
- (d) If any obligation in clause 3.3(b) is not performed on or before 5.00pm on the Completion Date then, without limiting any other rights of the parties, Completion is taken not to have occurred and any document or other item delivered, or payment made, under those clauses must be returned to the party that delivered it or paid it (as applicable).

3.4 Offer personal

- (a) The allocation and offer of Subscription Shares under this agreement is personal to the Subscriber and does not constitute an offer to any other person.

- (b) The Subscriber may not assign, transfer, or in any other manner, deal with the allocation of Subscription Shares prior to their allotment, other than with the written consent of Sheffield.

3.5 Simultaneous Completion obligations

All actions required to be performed by the parties on the Completion Date are interdependent and are taken to have occurred simultaneously on the Completion Date.

4. Warranties

4.1 Mutual warranties

Each of Sheffield and the Subscriber represents to the other that the following statements are true as at the date of this agreement and as at the Completion Date:

- (a) it is a company limited by shares under the laws of its jurisdiction;
- (b) it has full legal capacity and power to enter into this agreement and to carry out the transactions that it contemplates;
- (c) it has taken all corporate action that is necessary or desirable to authorise its entry into this agreement and to carry out the transaction contemplated;
- (d) it holds each authorisation (and is complying with any conditions to which any authorisation is subject) that is necessary or desirable to:
 - (i) enable it to properly execute this agreement and to carry out the transactions that it contemplates; and
 - (ii) ensure that this agreement is legal, valid and binding;
- (e) this agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) neither its execution of this agreement nor the carrying out by it of the transactions that this agreement contemplates, does or will contravene any:
 - (i) applicable law;
 - (ii) authorisation binding on or applicable to it; or
 - (iii) agreement binding on it or any of its property; and
- (g) it is not entering into this agreement as trustee of any trust or settlement; and
- (h) no Insolvency Event has occurred to it.

4.2 Sheffield warranties

Sheffield represents to the Subscriber that as at the date of this agreement and the Completion Date, the following statements are true and correct:

- (a) Sheffield's capital structure is as set out in Schedule 2 and it has not issued or granted (or agreed to issue or grant) any other securities, including options, warrants, performance rights or other instruments convertible into Shares other than as set out in Schedule 2;

- (b) on their allotment and issue, the Subscription Shares will rank pari passu in all respects with all other Shares on issue;
- (c) on allotment and issue of the Subscription Shares, the Subscriber will be the holder of the Subscription Shares free and clear of all Encumbrances;
- (d) the issue of the Subscription Shares in the manner contemplated by this agreement will not breach any applicable law relating to Sheffield (including the ASX Listing Rules); and
- (e) to the extent required, Sheffield has obtained, or undertakes to obtain, all approvals required under any contracts which Sheffield or any of its Subsidiaries (including TOPL) are bound to, for TOPL to enter into the Offtake Agreement.

4.3 Subscriber warranties

- (a) The Subscriber represents to Sheffield as at the date of this agreement and the Completion Date that:
 - (i) for the purposes of section 708(8)(a) of the Corporations Act, the amount payable for the Subscription Shares exceeds \$500,000; and
 - (ii) it is aware that publicly available information about Sheffield and its securities can be obtained from ASIC and ASX (including ASX's website at <http://www.asx.com.au>).
- (b) The Subscriber acknowledges that Sheffield is not providing any formal offering memorandum, prospectus or other disclosure document has been or will be prepared, lodged with ASIC or delivered to the Subscriber in connection with the issue of Subscription Shares under the Corporations Act or any other law or regulation of any jurisdiction.

4.4 Reliance on representations and warranties

Each party acknowledges and confirms that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) neither the offer of Subscription Shares nor this agreement constitutes a securities recommendation or financial product advice with respect to securities and Sheffield has not had regard to the Subscriber's particular objectives, financial situation or needs.

4.5 Notification

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this clause 4.

5. Confidentiality

A party may not disclose the contents or terms of this agreement or any information or documents received by it in connection with the negotiation of this agreement or pursuant to

the provisions of this agreement without the prior written consent of the other party except to the extent that:

- (a) the disclosure is to Related Bodies Corporate and their respective employees and officers on a need to know basis;
- (b) the disclosure is made on a confidential basis to its professional advisers for the purpose of obtaining professional advice;
- (c) the disclosure is permitted by the express terms of this agreement or with the written consent of the other party;
- (d) the information is available to the public generally prior to disclosure (except as a result of a breach of this clause); or
- (e) disclosure is required by law, court order or the listing rules of a recognised stock exchange (including the ASX), in which case the party required to make the disclosure must:
 - (i) only disclose the minimum amount of information required; and
 - (ii) to the extent reasonably practicable and permitted by law, before disclosing any information give reasonable notice to, and consult with, the other party and take reasonable steps to ensure that such information remains confidential.

This clause 5 survives termination of this agreement.

6. Announcement

6.1 Agreed Announcement

Promptly after the execution of this agreement, Sheffield must make the Agreed Announcement.

6.2 Other public announcements

- (a) Subject to clause 6.2(b), neither party may make any public announcement or disclosure in relation to the subject matter of this agreement other than in a form agreed between the parties.
- (b) Where a party is required by law or the listing rules of a recognised stock exchange (including the ASX) to make any disclosure in relation to this agreement, it may do so provided that it complies with clause 5(e).

7. Exclusivity

7.1 Existing discussions

Sheffield represents and warrants that, as at the time of execution of this agreement, it is not in any negotiations or discussions, and that it has ceased any existing negotiations or discussions, in respect of any Competing Transaction (or which could reasonably be expected to lead to a Competing Transaction) with any person.

7.2 No-shop

Subject to clauses 7.6 and 7.7, during the Exclusivity Period, Sheffield must not and must ensure that each of its Representatives does not:

- (a) directly or indirectly solicit, invite or encourage; or
- (b) initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining,

any offer, expression of interest or proposal from any person that is, or could reasonably be expected to lead to, a Competing Transaction.

7.3 No talk obligation and no due diligence

Subject to clauses 7.6 and 7.7, during the Exclusivity Period, Sheffield must not and must ensure that each of its Representatives do not:

- (a) enter into or participate in negotiations or discussions with any person regarding, or that could reasonably be expected to lead to, a Competing Transaction;
- (b) provide to any Third Party any non-public information about the Project, or otherwise grant any Third Party any right or access to conduct due diligence investigations in respect of the Project for the purpose of a Third Party formulating or making, or assisting a Third Party to formulate or make, a proposal for a Competing Transaction; or
- (c) enter into any agreement, arrangement or understanding in relation to, or which might reasonably be considered to be, a Competing Transaction,

even if a proposal for a Competing Transaction was not directly solicited, invited, encouraged, or initiated by Sheffield or any of its Representatives.

7.4 Notification of approaches

During the Exclusivity Period, Sheffield must as soon as practicable following receipt, notify the Subscriber in writing of:

- (a) any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with Sheffield or, so far as Sheffield is aware, any of its Representatives, in relation to a Competing Transaction; or
- (b) any request for non-public information relating to the Project that is received by Sheffield or, so far as Sheffield is aware, any of its Representatives, if Sheffield has reasonable grounds to suspect that the request is for the purposes of formulating or making a proposal for a Competing Transaction,

and any information given under this clause must give comprehensive details of the relevant event, including the identity of the person or persons (and who they are representing) taking any action referred to above and the terms and conditions of the relevant Competing Transaction (to the extent known).

7.5 Matching offer

- (a) During the Exclusivity Period, Sheffield must notify the Subscriber within one Business Day if a Competing Transaction is or becomes a Superior Proposal.
- (b) Sheffield must not enter into or publicly announce an intention to enter into an agreement in relation to a Competing Transaction and Sheffield must not make, and must procure that no member of Sheffield's board makes, any public announcement recommending that Superior Proposal, in each case without having given the Subscriber five clear Business Days' notice (such notice to be in writing) of such intention, and having provided to the Subscriber the identity of the person who made the Superior Proposal and all material terms of the Superior Proposal, including

details of the proposed price (and details of the consideration if not simply cash), conditions, timing and fees (if any).

- (c) During the period of five clear Business Days referred to in clause 7.5(b), the Subscriber will have the right to propose an amendment to the terms of any part of the Transaction or propose any other transaction (a **Matching Offer**) so that the Matching Offer would provide at least the same value to Sheffield or any of its Subsidiaries (as applicable) as the Superior Proposal.
- (d) If a Matching Offer is made which complies with clause 7.5(c), the board of Sheffield must consider the Matching Offer and if the board of Sheffield, acting reasonably and in good faith, determines that the Matching Offer would provide an outcome which is not less favourable than the Superior Proposal, Sheffield and the Subscriber must use their best endeavours to agree the amendments to the terms of any aspect of the Transaction to reflect the Matching Offer, and enter into the appropriate amended agreement or agreements to give effect to those amendments and to implement the Matching Offer, in each case as soon as reasonably practicable.
- (e) Clauses 7.5(b) and 7.5(c) have repeat application so that if any further proposal is made after the Subscriber has made a Matching Offer, the Subscriber will again have the right to match the further proposal.
- (f) If any part of the consideration proposed under the Competing Transaction is non-cash, then that consideration proposed will be valued for the purposes of this clause 7.5 at its prevailing market value at the close of business of the date that such Competing Transaction is first notified to the Subscriber.

7.6 Fiduciary carve out

- (a) Notwithstanding any other provision of this agreement, including clause 7.2 or 7.3, nothing in this agreement prevents or requires any action by or on behalf of Sheffield in relation to a Competing Transaction if, after consultation with Sheffield's financial and legal advisers, the board of directors of Sheffield has determined that:
 - (i) the Competing Transaction is, or if it is proposed, is reasonably capable of becoming a Superior Proposal; and
 - (ii) failure to take such action (where such action would otherwise be prevented by this agreement) is reasonably likely to constitute a breach of the fiduciary or statutory duties of the directors of Sheffield or a contravention of law.
- (b) Any action permitted by clause 7.6(a) will not be regarded as a breach of clause 7.2 or 7.3.

7.7 Normal provision of information

Nothing in this clause 7 prevents Sheffield from:

- (a) providing information to rating agencies or any government agency in response to a request;
- (b) providing information to its auditors, advisers, financiers, customers, business partners, contractors and suppliers acting in that capacity in the ordinary course of business (including in the ordinary course of developing and progressing the Project);
- (c) making presentations to brokers, portfolio investors and analysts in the ordinary course of business; or
- (d) complying with its lawful disclosure obligations.

8. Restricted Share issue

- (a) Subject to clause 8(b), during the Exclusivity Period, Sheffield must not issue Shares (or securities convertible into Shares) that represent more than 10% of its issued share capital as at Completion, without the prior written consent of the Subscriber.
- (b) The prohibition under clause 8(a) does not apply to:
 - (i) an issue of Shares that is made to the Subscriber or its Associates (including the issue of Subscription Shares pursuant to this agreement, which are not included in the calculation of the 10% limit under clause 8(a));
 - (ii) Shares issued on exercise of any options or vesting of any performance rights which are on issue as at the date of this agreement and are properly disclosed in Schedule 2;
 - (iii) an issue of Shares or securities convertible into Shares that occurs after the Subscriber ceases to hold at least 5% of Sheffield's issued Shares, other than due to a dilution caused by Sheffield breaching its obligations under clause 8(a).

9. Notices

9.1 How to give a Notice

Any notice, demand, consent, waiver, approval or other communication (a **Notice**) given or made under or in connection with this agreement:

- (a) must be in legible writing and in English;
- (b) must be signed by the sender or a person duly authorised by the sender; and
- (c) must be delivered to the intended recipient by hand, email or prepaid post (airmail if applicable) to the address or email address below or the address or email address last notified in writing by the intended recipient to the sender:

Sheffield	Address:	Level 2, 41 – 47 Colin Street, West Perth WA 6005
	Email:	MDiSilvio@sheffieldresources.com.au
	Attention:	Mark Di Silvio
Subscriber	Address:	21/175 Hay Street, East Perth WA 6004
	Email:	mowencong@yanshansteel.com
	Attention:	Wencong Mo

9.2 When effective

A Notice will be effective upon receipt and will be taken to be received:

- (a) in the case of delivery by hand, when delivered;
- (b) in the case of delivery by post, two Business Days after the date of posting (or seven Business Days after the date of posting if sent from one country to another); and
- (c) in the case of email, the earlier of:

- (i) at the time the sender receives an automated message confirming delivery;
- (ii) at the time the intended recipient confirms delivery by reply email; and
- (iii) one hour after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated delivery failure notification indicating that the email has not been delivered,

but if the result is that a Notice is received or taken to be received outside the period between 9:00 am and 5:00 pm on a Business Day in the place of the addressee's postal address for Notices, then the Notice will be taken to be received at 9:00 am on the following Business Day in that place.

10. General

10.1 Costs

Each party will be responsible for meeting its own costs in relation to the preparation, negotiation, execution and performance of this agreement and the transactions contemplated by it.

10.2 Entire agreement

This agreement contains the entire agreement between the parties with respect to its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

10.3 Counterparts

This agreement may be executed in any number of counterparts and all counterparts taken together will constitute one document.

10.4 No merger

The provisions of this agreement will not merge on completion of any transaction contemplated in this agreement and, to the extent any provision has not been fulfilled, will remain in force.

10.5 Amendment

This agreement may not be amended or varied unless the amendment or variation is in writing signed by all parties.

10.6 Assignment

No party may assign, transfer or otherwise deal with this agreement or any right or obligation under this agreement without the prior written consent of each other party.

10.7 Severability

If it is held by a court of competent jurisdiction that:

- (a) any part of this agreement is void, voidable, illegal or unenforceable; or
- (b) this agreement would be void, voidable, illegal or unenforceable unless a part of this agreement were severed from this agreement,

that part is to be severed from and does not affect the continued operation of the remaining provisions of this agreement.

10.8 Waiver

- (a) No failure, delay, relaxation or indulgence on the part of any party exercising any power or right conferred upon such party in terms of this agreement operates as a waiver of such power or right nor does any single or partial exercise of any such power or right nor any single failure to do so preclude any other or future exercise of it or the exercise of any other power or rights under this agreement.
- (b) Waiver of any power or right under this agreement:
 - (i) must be in writing signed by the party entitled to the benefit of that power or right; and
 - (ii) is effective only to the extent set out in that written waiver.

10.9 Further assurances

Each party must do or cause to be done all things necessary or reasonably desirable to give full effect to this agreement and the transactions contemplated by it (including, but not limited to, the execution of documents).

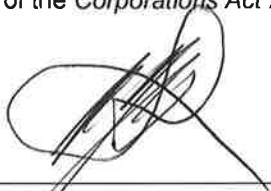
10.10 Governing law and jurisdiction

The law of Western Australia governs this agreement. Each party submits to the non-exclusive jurisdiction of the courts of that State and any federal courts exercising jurisdiction in Western Australia in connection with matters contained in this agreement.

Signing page

Executed as an agreement.

**Executed by Sheffield Resources Limited
ACN 125 811 083** in accordance with section
127 of the *Corporations Act 2001* (Cth);



Signature of Director

BRUCE MCFADZEAN

Name of Director

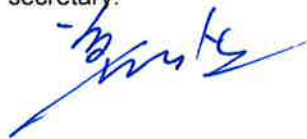


Signature of Director/Secretary

MARK DI SILVIO

Name of Director/Secretary

**Executed by YGH Australia Investment Pty
Ltd ACN 642 889 067** in accordance with section
127 of the *Corporations Act 2001* (Cth) by its
sole director and company secretary:



Signature of sole Director and company
secretary

Wencong Mo
2020/8/8

Name of sole Director and company secretary

Signing page

Executed as an agreement.

Executed by Sheffield Resources Limited
ACN 125 811 083 in accordance with section
127 of the *Corporations Act 2001* (Cth):



Signature of Director

Bruce McFadzean

Name of Director

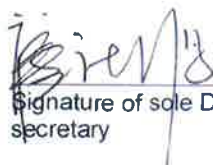


Signature of ~~Director~~/Secretary

Mark Di Silvio

Name of ~~Director~~/Secretary

Executed by YGH Australia Investment Pty
Ltd ACN 642 889 067 in accordance with section
127 of the *Corporations Act 2001* (Cth) by its
sole director and company secretary:



Signature of sole Director and company
secretary

Dingyuan Cui

Name of sole Director and company secretary

Schedule 1

Agreed Announcement

TRANSFORMATIONAL THUNDERBIRD JOINT VENTURE

- Sheffield Resources and Yansteel execute a non-binding term sheet to form a 50:50 Joint Venture on the Thunderbird Mineral Sands Project and associated tenements (Project)
- Yansteel to invest A\$130.1 million to acquire 50% of the Project
- Sheffield completes a 9.9% placement to Yansteel for approximately A\$12.9 million at approximately A\$0.376 per share, a 123% premium to the Sheffield 10-day VWAP¹
- Yansteel to take or pay offtake for 100% of the Stage 1 ilmenite
- Establishes a long term strategic partnership with a large private steel company that underpins their entry into titanium dioxide production
- Demonstrates a credible path to construction and production for Thunderbird, bringing hundreds of jobs and economic opportunities for the Kimberley and the rest of Australia

Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to announce that it has entered into a Non-Binding Term Sheet with Yangang (Hong Kong) Co., Ltd’s wholly owned subsidiary YGH Australia Investment Pty Ltd (“Yansteel”) to form a Joint Venture to develop the Thunderbird Mineral Sands Project. Yansteel will invest A\$130.1m in equity to acquire a 50% interest in the Project. Formation of the Yansteel and Sheffield Joint Venture (“Joint Venture”) is subject to final negotiation, agreement and execution of formal agreements, Foreign Investment Review Board (“FIRB”) process completion and where required, any other applicable regulatory or shareholder approval.

Sheffield is also pleased to welcome Yansteel as a significant shareholder after the Board approved the issue of 34,259,421 fully paid ordinary shares (comprising 9.9% of the post-issue share capital) in Sheffield to Yansteel for a total consideration of approximately A\$12.9m (“Share Placement”). The Share Placement will occur on 11 August 2020 and is not conditional upon the completion of the Joint Venture transaction or FIRB process completion.

Yansteel and Sheffield have also executed a take or pay offtake agreement for 100% of the ilmenite produced from Stage 1 of the Project.

Sheffield is engaging with its project financing partners Taurus and NAIF to finalise the overall funding package for the Thunderbird Project.

Additional information on the Joint Venture, Share Placement and offtake agreement is set out below.

“The Joint Venture with Yansteel, if completed, will provide the project equity presently estimated to fund Stage 1 of the Thunderbird Project. The transaction with Yansteel also secures offtake for all of the ilmenite. We welcome Yansteel as a shareholder and look forward to working with them to develop Thunderbird. To attract such a strong partner is testimony to the quality of the Thunderbird Mineral Sands Project. This outcome achieves all of the objectives of the strategic partner process undertaken by Sheffield over the past 18 months and, if completed, will provide the means by which Sheffield shareholders can realise the underlying value of the Project”, said Bruce McFadzean Sheffield Resources’ Managing Director.

¹ Based on the volume weighted average price of Sheffield shares traded on ASX between 24 July - 6 August 2020 inclusive.

“Following our extensive technical, legal and financial due diligence, Yansteel is pleased to enter this partnership with Sheffield. We share the same strong commitment as Sheffield to protecting the environment and creating employment and business opportunities for local and indigenous communities to benefit from the Project development. We are supportive of the strong social licence and stakeholder engagement undertaken by Sheffield through the study, approvals and project financing processes,” expressed the Board of Tangshan Yanshan Iron & Steel Co., Ltd the ultimate owner of Yansteel.

Mr McFadzean added that “Whilst the Joint Venture would now progress a Bankable Feasibility Study based on a flowsheet to produce a zircon rich non-magnetic concentrate and a high quality LTR Ilmenite product, the 2019 Bankable Feasibility Study Update (“BFSU”) estimated an after-tax NPV₈ of A\$980m (refer ASX announcement dated 31 July 2019 “BFS Update Materially Improves Project Economics”) and the Joint Venture transaction commences the journey of realising this value for Sheffield shareholders”.

Yangang (Hong Kong) Co., Ltd

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

Tangshan has commenced the 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.

Thunderbird: Project Benefits

Thunderbird is expected to be a major development for the Kimberley and regional Western Australia, providing approximately 400 construction jobs and 200 Kimberley-based operational jobs for 37 years.

For Australia, Thunderbird is estimated to generate A\$750m in royalties and A\$2B in taxes over its project life. At a global level, the introduction of a new supplier of ilmenite and zircon, as well as Yansteel’s new downstream processing operation, will provide a new source of competitive supply into mineral sands and downstream product markets that are facing an emerging structural decline in supplies.

Thunderbird Joint Venture

Sheffield and Yansteel will form a 50:50 Joint Venture to own and develop the Thunderbird Mineral Sands Project and adjacent tenements in 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. The Board of the Joint Venture will agree the final Project scope, complete the Bankable Feasibility Study and secure project finance.

Sheffield has always believed that the LTR process produced the best ilmenite product from Thunderbird. It was removed from the BFSU flowsheet in 2019 to reduce capital intensity. The current flowsheet reintroduces the LTR and removes the Mineral Separation Plant (MSP) components related to producing a final zircon product with the non-magnetic concentrate product now containing all of the premium zircon and zircon-in-concentrate materials. This scenario was modelled via a pre-feasibility standard study with the net effect being a reduction in the project capital compared to the BFSU. The Yansteel A\$130.1m project equity investment via the Joint Venture transaction, together with the A\$12.9m funding under the Share Placement and combined with existing project financing is expected to deliver a fully funded project.

The formation of the Joint Venture is subject to final negotiation, agreement and execution of formal agreements, FIRB process completion and where required, any other applicable regulatory or shareholder approval. Yansteel expects to submit its FIRB application during August 2020 and Sheffield is working

with Yansteel to complete the application process in a timely manner. Sheffield and Yansteel expect to secure a favourable outcome to the FIRB process and the early completion of the Share Placement reflects this view.

Based on the Non-Binding Term Sheet, it is expected that 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 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 Sheffield personnel to be appointed as the initial 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 the Non-Binding Term Sheet.

Negotiation, agreement and execution of formal agreements are expected to complete within the likely timeframe for FIRB process completion.

Sheffield has agreed an exclusivity period ending at the earlier of six months following the Share Placement or completion of the FIRB process. If FIRB process completion occurs prior to 31 October 2020, the exclusivity period will continue until 31 October 2020 to allow for finalisation of the definitive Joint Venture documentation.

Yansteel Share Placement

Sheffield has agreed to issue 34,259,421 fully paid ordinary shares (comprising 9.9% of the total share capital) in Sheffield to Yansteel for a total consideration of approximately A\$12.9m. The share price of approximately A\$0.376 paid for these shares represents a 123% premium to the Sheffield 10-day VWAP ending 6 August 2020.

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. The offtake agreement is independent from formation of the Joint Venture. 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.

Project Advancement

Funds from the Share Placement will be utilised to advance the Bankable Feasibility Study (“BFS”) and includes metallurgical test work and other activities necessary to finalise the project flowsheet and updating capital and operating costs. The study work will benefit from detailed engineering work completed during the 2017 BFS and the 2019 BFSU and is expected to enable project financing to be completed within a similar timeframe to the Joint Venture transaction. The costs associated with the BFS will be reimbursed from the Joint Venture upon completion of the transaction.

The Board of Directors of Sheffield has authorised this announcement for release to the market.

ENDS

For further information please contact:

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www.sheffieldresources.com.au

Media: Paul Ryan
Citadel-MAGNUS
Tel: +61 409 296 511
pryan@citadelmagnus.com

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 also 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 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 will contain zircon suitable for the ceramic sector and ilmenite suitable for the paint pigment industry.

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.

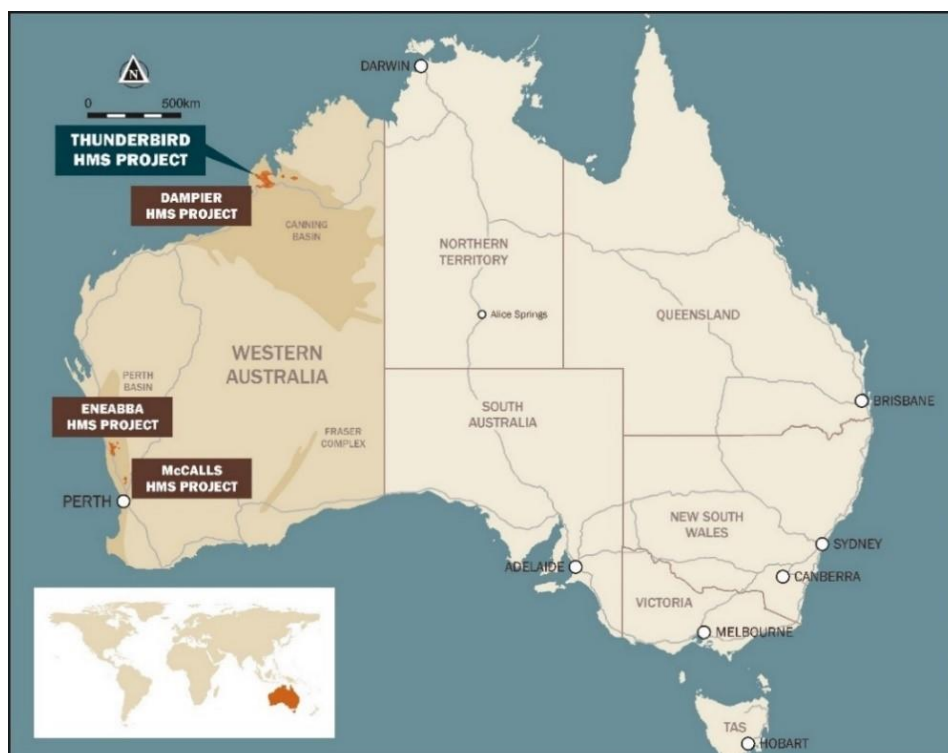


Figure 1: Location of Thunderbird Mineral Sands Project

Schedule 2

Sheffield Capital Structure

Securities	Number
Ordinary fully paid shares	311,795,340 (including 2,836,120 ordinary shares subject to voluntary escrow until 9 September 2020)
Unlisted options (at varying exercise prices and expiry dates)	4,517,037
Unlisted performance rights (at varying expiry dates)	8,191,318