
SHEFFIELD COMPLETES JOINT VENTURE WITH YANSTEEL AND RESTRUCTURES BOARD

- Kimberley Mineral Sands Pty Ltd (KMS) jointly owned by Sheffield and Yansteel
- Payment of A\$130 million by Yansteel to acquire their 50% interest received by KMS
- Confirms long term strategic partnership to develop and operate the Thunderbird Mineral Sands Project (Thunderbird) with a large private steel company, underpinning Yansteel's entry into titanium dioxide production
- Sheffield Board restructured, with independent Non-Executive Director Mr Gordon Cowe appointed and founding directors Mr Will Burbury and Mr David Archer stepping down.

Sheffield Resources Limited ("Sheffield" or "the Company") (ASX: SFX) is pleased to advise that it has closed its transaction with YGH Australia Investment Pty Ltd ("Yansteel") under the Share Subscription Agreement and Shareholders Agreement entered into on 6 January 2021.

With lender agreement in support of the transaction, and subsequent receipt of Yansteel's A\$130m investment to acquire 50% of Kimberley Mineral Sands Pty Ltd ("KMS"), KMS is now jointly owned by Sheffield and Yansteel.

KMS will complete a final bankable feasibility study for Thunderbird ahead of concluding project finance arrangements over the coming months, with an expected final investment decision ("FID") during 2021. KMS is working with Taurus Funds Management Pty Limited ("Taurus") and the Northern Australia Infrastructure Facility ("NAIF") in relation to the financing arrangements.

Sheffield Managing Director Bruce McFadzean said the completion of the transaction was a defining moment for Sheffield and a major milestone for the Thunderbird Minerals Sands Project. "Our partnership with Yansteel is a great moment for Thunderbird, the people of the Kimberley, and for Sheffield Resources' investors and stakeholders," Mr McFadzean said.

"We welcome our newly formed partnership with Sheffield and very much look forward to developing the Thunderbird Mineral Sands Project which will provide benefits for all stakeholders," expressed by Mr Wencong Mo, director of Yansteel.

Sheffield Board Restructure

As Sheffield moves towards the project execution stage, the Company has appointed Mr Gordon Cowe to the Board as an independent Non-Executive Director. A qualified mechanical engineer with over 30 years' experience leading and managing major resource construction projects globally, Mr Cowe has enjoyed an extensive career with leading contractors (including Bechtel and Worley Parsons) and project owners on a wide range of projects.

As foreshadowed in late 2020, following formation of the joint venture founding directors Mr Will Burbury and Mr David Archer have stepped down from the Sheffield Board. The Board wishes to extend its sincere thanks and gratitude to Mr Burbury, the Company's former Chair, and Mr Archer, the former Technical Director, for their valued contributions in guiding and positioning the Company to take advantage of this next exciting stage in its evolution.

Commenting on the Board restructure, Sheffield Chair Mr John Richards said: "On behalf of the Board, I extend a warm welcome to Gordon, whose skills complement the next phase of Sheffield's growth through the development of the Thunderbird Mineral Sands Project. At the same time, I sincerely thank Will and

Dave for their achievements in discovering and establishing Thunderbird as a world class project. Sheffield's Board and management wish them continued success in their future endeavours".

Following the Board restructure, the Board has resolved to reshape the following Board committees with representation as per below:

Audit & Risk Committee: Mr Ian Macliver (chair); Mr John Richards; Mr Gordon Cowe

Remuneration & Nomination Committee: Mr John Richards (chair); Mr Ian Macliver; Mr Gordon Cowe

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

ENDS

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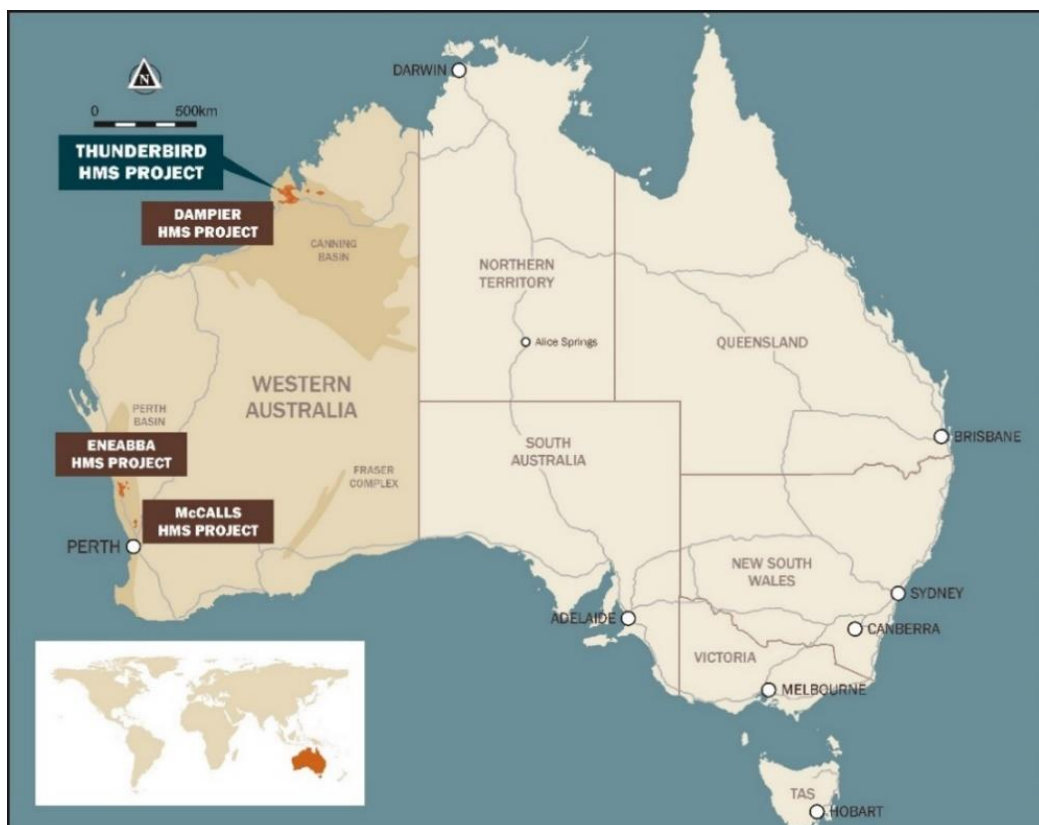


Figure 1: Location of Thunderbird Mineral Sands Project

ABOUT SHEFFIELD RESOURCES

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

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.

Construction of a 500ktpa integrated titanium dioxide processing facility including a titanium slag smelter has commenced by the company. This complex will consume the Low Temperature Roast (“LTR”) ilmenite offtake from Stage 1 of the Thunderbird Mineral Sands Project.

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 products 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.

KIMBERLY MINERAL SANDS

In January 2021, Sheffield and Yansteel executed binding agreements for the formation of a 50:50 Joint Venture (Kimberly Mineral Sands Pty Ltd, KMS) 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 subscribed for a 50% interest in KMS and provided A\$130.1m in project equity funding. Sheffield shall fund any project equity shortfall between A\$130.1m and A\$143m, less Project costs incurred prior to a Final Investment Decision (“FID”). KMS 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 in KMS, 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.

KMS is governed by a four person Board of Directors with Sheffield and Yansteel each nominating two directors. Key Joint Venture decisions require unanimous approval of both shareholders. KMS operates as a standalone entity with its own management and employees.

YANSTEEL OFFTAKE AGREEMENT

Yansteel and KMS 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.