
SOUTH ATLANTIC PROJECT - REVISED OPTION AGREEMENT

Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to advise that it has entered into a variation agreement (**Variation**) with Rio Grande Mineração S/A (**RGM**), extending the initial option term from August 2024 to August 2025.

On 28 February 2023, the Company executed a binding investment agreement (**Agreement**) with Mineração Santa Elina Indústria e Comércio S/A. and Kromus Xi Fundo De Investimento Em Participações, current owners of Rio Grande Mineração S/A (**RGM**), providing Sheffield with an option to acquire a 20% interest in RGM, the 100% owner of the South Atlantic Project in Brazil, via an initial option contribution of US\$2.5m, with further staged payments totalling US\$12.5m based upon the achievement of key milestones (*refer ASX announcement dated 28 February 2023*).

Under the terms of the Variation, in addition to the US\$2.5m investment during 2023 and 2024, Sheffield shall provide RGM with a further investment contribution of up to US\$1.5m to fund project related activities and assist Sheffield with further project related due diligence. The investment is payable in equal instalments of US\$0.5m each, with the first scheduled payment to occur in mid-2025.

The total contribution of US\$4m grants Sheffield the option to acquire an interest of up to 20% in RGM, which may be exercised via the further investment totaling US\$11m (US\$15.0m in total). Under revised Variation terms, the option of acquire a 20% interest in RGM is exercisable within a 30 month period of the Agreement (i.e., August 2025), subject to the satisfaction or waiver of various conditions precedent under certain circumstances, including the execution of a formal shareholders agreement and framework agreement for the resultant joint venture. The total cost to acquire 20% of RGM, should Sheffield exercise its option, remains US\$15m however the expected timing of investment has been extended over a longer time period.

Sheffield expects to fund the US\$1.5m investment contribution scheduled from mid-2025 from existing cash reserves.

This ASX announcement has been authorised for release by the Company’s Board of Directors.

ENDS

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SHEFFIELD RESOURCES

Sheffield Resources Limited is focused on assembling a portfolio of global mineral sands development and production assets to generate cash returns and growth.

Our core asset is our 50% investment in Kimberley Mineral Sands Pty Ltd (KMS), the owner of the world class Thunderbird Mineral Sands Project under development in north-west Western Australia.

Additionally, Sheffield executed a binding agreement in February 2023, providing the Company with an option to acquire up to an initial 20% interest in the South Atlantic Mineral Sands Project in Brazil.

KIMBERLEY MINERAL SANDS

Kimberley Mineral Sands Pty Ltd, (KMS) is a 50:50 Joint Venture between Sheffield and Yansteel. The joint venture owns and is developing the Thunderbird Mineral Sands Project and adjacent tenements on the Dampier Peninsula.

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.

THUNDERBIRD MINERAL SANDS

The Thunderbird Mineral Sands Project ("Thunderbird") is one of the largest and highest grade mineral sands discoveries in the last 30 years. The 2022 KMS Bankable Feasibility Study shows Thunderbird is a technically low risk Project, that generates strong cash margins from globally significant levels of production over a decades long mine-life.

With operations commencing October 2023, Thunderbird is expected to generate a high-quality suite of mineral sands concentrate products suited to market requirements. These products include a zircon concentrate and a magnetic concentrate that contains a high quality ilmenite suitable smelting into chloride slag or for manufacturing titanium dioxide pigment.

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.

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.

Yansteel's 500ktpa integrated titanium dioxide processing facility, which includes a titanium slag smelter, will consume the magnetic concentrate from Stage 1 of the Thunderbird Mineral Sands Project under a take or pay offtake agreement.

SOUTH ATLANTIC PROJECT

The South Atlantic Project is located in south east Brazil. Four main deposits have been identified within the project area: Retiro, Estreito, Capao do Meio and Bujuru with Exploration Targets developed for the Retiro and Bujuru deposits. The combined Exploration Target for Retiro and Bojuru is estimated between 500 and 720 Mt of material at an average grade of 4.0% to 3.2% HM.

The tenements are held by RGM. Sheffield entered into an option agreement with RGM in February 2023 with Sheffield to provide US\$4.0m to fund project related activities over a 30 month period and earn an option to acquire up to 20% of RGM with the payment of a further US\$11.0m (US\$15.0m in total) to acquire a 20% interest. Should Sheffield elect to exercise the option, subject to various conditions being satisfied, including project financing being obtained and all funds required for project construction being secured, Sheffield may exercise a further options to increase its interest in RGM up to 80%.