

SHEFFIELD SIGNS BINDING PRIMARY ILMENITE OFFTAKE AGREEMENT

- Cornerstone 7 year binding offtake agreement for 650,000 tonnes per year of unroasted primary ilmenite supporting project capital reductions from deferral of the LTR ilmenite circuit
- BFS update focuses on increased zircon production and improved project economics
- The Agreement accounts for 100% of Stage 1 ilmenite production and secures additional project revenue

Sheffield Resources Limited (“Sheffield”, “the Company”) (ASX: SFX) is pleased to advise that it has secured a binding cornerstone offtake agreement (Agreement) for the sale of unroasted **primary ilmenite** from its Thunderbird Mineral Sands Project (Thunderbird) in the north west of Western Australia.

This Agreement enhances Thunderbird’s economics by generating additional revenue from primary ilmenite sales and complements the strategy identified in the BFS update announcement (11 June 2019). The BFS update strategy targets a material reduction in project capital by deferring the low temperature roast (LTR) ilmenite circuit, whilst maintaining overall revenue by **replacing LTR ilmenite** revenue with **increased zircon** production. This approach targets significant reductions to the project equity funding requirement.

The Agreement with Bengbu Zhongheng New Materials S&T Co., Ltd (Bengbu), is based on an annual supply contract of 650,000 tonnes of primary ilmenite. This represents all of the estimated volume of primary ilmenite to be produced during Thunderbird Stage 1.

Sheffield Resources Managing Director Bruce McFadzean said the binding offtake agreement with Bengbu for 100% of Stage 1 ilmenite was transformational for the Thunderbird project.

“This is the first of several exciting outcomes emerging from the updated BFS, which is running in parallel with the strategic partner process.”

*“The BFS update is targeting deferral of the LTR ilmenite circuit and focusing on increased zircon production to deliver lower capital and operating costs, lower construction risk and a financially stronger project. Essentially, we are seeking to replace LTR ilmenite revenue with revenue from additional zircon production. The revenue from the **primary ilmenite sales** is an added benefit, which will further enhance project economics.”*

“Emerging global growth in the chloride slag market has enabled the financial benefit from the sale of the primary ilmenite. Thunderbird is a Tier one project, in a Tier one jurisdiction, and one of the largest undeveloped zircon rich mineral sands deposits in the world,”

“We value the important relationship that we have with Bengbu and welcome their strong and ongoing support in the development of Thunderbird as a world class mineral sands asset.” Mr McFadzean said.

About Bengbu Zhongheng New Materials S&T Co., Ltd

Bengbu is a globally significant mineral sands research, development and production company. Bengbu is the world’s largest producer of fused zirconia, supplying state-of-the-art products globally and has targeted chloride pigment production as part of its future growth plans. Sheffield’s primary ilmenite is suited to the production of chloride slag, which is in demand in a growing market for chloride pigment production.

Under the Agreement Sheffield and Bengbu have formed a **long-term strategic alliance** that will include the sharing of ilmenite processing technology, samples and data that will be mutually beneficial to the future production of chloride grade slag.

This Agreement supersedes the previous binding LTR ilmenite agreement with Bengbu as disclosed on 21 June 2018.

BFS update

Mr McFadzean said Sheffield was continuing to develop the updated BFS to enable Thunderbird to become one of the world's leading zircon producers for decades to come.

"We are pleased with the progress of our marketing activities as we work to complete offtake agreements for the additional zircon products estimated to be produced from the updated BFS. Consensus supports the view that the zircon sector will remain in structural supply deficit for many years to come. We look forward to providing the community and our shareholders with updates in the near future."

Key terms of the Agreement include:

Contracted Volume:	650,000 tonnes per annum
Term:	7 years (subject to annual contract extensions thereafter)
Take or Pay Provisions:	Applicable
Pricing:	Thunderbird primary ilmenite pricing linked to a market reference ilmenite and its prevailing \$USD market price, negotiated quarterly and based on agreed specifications of the delivered product;
Conditions Precedent:	Positive final investment decision (FID) in respect of Thunderbird
Incoterms:	CIF
Other:	<ul style="list-style-type: none">- Force Majeure and other customary commercial arrangements included- Customary payment and product logistics terms included- Agreed product quality and specifications within defined parameters

ENDS

For further information please contact:

Bruce McFadzean
Managing Director
Tel: 08 6555 8777

info@sheffieldresources.com.au

Website: www.sheffieldresources.com.au

Follow us:

 [@Sheffield_ASX](https://twitter.com/Sheffield_ASX)  [LinkedIn](https://www.linkedin.com/company/Sheffield-Resources)

Media: Paul Ryan / Henry Downing

Citadel-MAGNUS

Tel: 08 6160 4900

pryan@citadelmagnus.com

hdowning@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 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 of 42 years.

Thunderbird will generate a high-quality suite of mineral sands products with specifications suited to market requirements. These products include Premium Zircon suitable for the ceramic sector, zircon concentrate and TiO₂ feedstocks.

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 customers.

The Company is targeting initial production in 2021. The initial planned production profile is aligned with consensus emerging supply deficit in global zircon markets.

ASX Code:	SFX	Market Capitalisation:	A\$94m
Issued shares:	260.6m	Cash (unaudited, 31 Mar 2019):	A\$5.8m