

Sheffield Resources closer to Thunderbird sands deal



[Peter Milne](#)The West Australian

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Bruce McFadzean says the ilmenite offtake is a boost. Picture: The West Australian

Sheffield Resources' Thunderbird mineral sands project in the Kimberley is closer to a final investment decision this year after it secured offtake for all the ilmenite production from its recently scaled-down first stage.

Last month, Sheffield dropped the production of low-temperature roast ilmenite, which contains titanium, from stage one of the project to increase zircon production and reduce the capital cost and equity funding required.

The original stage one was estimated to cost \$463 million.

Yesterday the Perth-based miner announced that China's Bengbu Zhongheng New Materials had signed a binding offtake agreement for all 650,000 tonnes a year of

unroasted ilmenite from stage one. The two companies also agreed a long-term alliance that included sharing ilmenite-processing technology.

Sheffield Resources managing director Bruce McFadzean said the switch to a zircon focus last month increased Thunderbird's expected revenue and the ilmenite offtake was a further boost.

He said a doubling of zircon output five years into production was planned and it would be decided later whether to upgrade the associated ilmenite with low temperature roasting.

Mr McFadzean said a bankable feasibility study into the scaled-down stage one to be completed early this quarter would show significant improvements to the project's economics.

"We're expecting the project to be funded fairly quickly after that," he said.

All required approvals and native title agreements are completed. After about 20 months of construction, first production is expected in late 2021.

Mr McFadzean said pricing for titanium feedstocks and zircon was driven by a lack of supply, not rising demand.

"There has been little investment in mineral sands projects globally," he said. "Iluka is bringing on Cataby, a really good project, and that was discovered over 30 years ago."

The reconfigured Thunderbird project, between Broome and Derby, will truck LNG from Karratha as agreed with Woodside Petroleum.

Sheffield Resources yesterday rose 3¢, or 8.3 per cent, to 39¢.