

# THUNDERBIRD

## BRIEFING NOTE



## Thunderbird Mineral Sands Project

July 2019

**Sheffield Resources** is developing the Thunderbird Mineral Sands project mid-way between Derby and Broome in north-west Australia.

With a mine life of more than 40 years and a commitment to local jobs, this project promises intergenerational employment, indigenous and regional development prospects.

Construction of the mine is planned to start in 2019, with first exports through the ports of Derby and Broome following a two-year construction phase.

### STAKEHOLDER BENEFITS

Thunderbird is a sustainable long term project.

#### Community

- Local DIDO not FIFO – salaries staying in the region
- 280 project jobs increasing to 400, for 42 years; intergenerational
- Local content, local contracts and local training

#### Regional – Kimberley - Northern Australia

- Robust economics, regional development stimulus
- \$1B – in regional salaries and local business
- Legacy logistics: Derby wharf upgrades, slip roads
- Development: tourism, value adding
- Greenfield project with low environmental impact, open ended deposit

#### Aboriginal

- Building to 40% Aboriginal employment in first 8 years of operations
- Aboriginal business content; minimum \$5M per year from year 5
- Aboriginal training, to support employment and business targets
- Cash royalties estimated to exceed \$100M over 42 year life of mine

*Thunderbird is amongst the world's largest and highest grade zircon and ilmenite Reserves.*

### Federal Government

- \$1.3B in company tax
- \$300M in employee tax

### State Government

- \$700M over life of mine, 42 years , ie royalties of \$650M and payroll tax of \$52M

### Consumers and Customers

- High quality off-take in place to Europe, Asia and India (binding agreements)

### ENABLING CONSTRUCTION

- Sheffield Resources has made steady and significant progress towards construction of Thunderbird.
- Achievement of final major milestones marks Thunderbird as fully permitted and construction ready
- Native Title Co-existence Agreement signed by Traditional Owners, October 2018
- Execution of Engineering, Procurement and Construction (EPC) agreement with GR Engineering Services Limited
- Execution of US\$175M debt facility agreement with Taurus Mining Finance; Federal Government support of A\$95M NAIF facility
- Completion of planned early works and infrastructure activities enabling rapid start of construction activities
- Execution of LNG gas supply agreement

All key permitting has been secured, financing is on track and the Project is construction ready.

In January 2019, Sheffield announced the appointment of UBS to assist Sheffield with strategic partner interest for funding and development of Thunderbird; and the execution of an agreement with Woodside Energy and EDL to supply and deliver LNG to Thunderbird.

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## CURRENT STATUS – JULY 2019

Sheffield Resources announced (11 June 2019) that it has commenced an update to the Bankable Feasibility Study (BFS) for Thunderbird. This update follows a detailed technical assessment over the past six months by Sheffield and GR Engineering Services with the primary focus of reducing capital expenditure and increasing zircon production.

The updated BFS is expected to be finalised in Q3 2019. It focuses on increasing zircon production and deferring the low temperature roast ilmenite circuit to the Stage 2 development. In effect, an updated BFS sets out to:

- defer capital expenditure
- replace ilmenite revenue with zircon revenue
- target optimisation of debt carrying capacity.

Sheffield mandated Taurus Mining Finance Fund (25 June 2019) to provide a A\$14M bridging finance facility, demonstrating underlying confidence in Thunderbird.

Sheffield subsequently advised the market (1 July 2019) that it had secured a binding cornerstone offtake agreement for the sale of 100% of unroasted primary ilmenite from Thunderbird. The Agreement enhances Thunderbird's economics:

- 1 complementing the BFS update strategy which targets a material *reduction* in project capital by:
  - *deferring* the low temperature roast (LTR) ilmenite circuit; and
  - *maintaining overall revenue* by replacing LTR ilmenite revenue with increased zircon production.
- 2 by *generating additional revenue* from primary ilmenite sale.

This approach targets significant reductions to the project equity funding requirement.

Sheffield continues to develop the updated BFS, in parallel with the strategic partner process, to help bring Thunderbird into development.

## Sustainable Aboriginal Employment

*Sheffield is developing an Aboriginal Employment Strategy (AES) that addresses successive and holistic engagement, training, employment, development and retention of a locally-based Aboriginal workforce.*

*The employment journey to be developed over the life of mine will increasingly take account of the Kimberley context, culture and lifestyle values.*



*Informed by the Thunderbird Project Co-existence Agreement, Sheffield's AES will contain interlinked policies, initiatives and programs of work, for example.*

- *Targeted selection and succession planning across operator, technical & professional categories.*
- *Recruitment and employee retention program that recognises and addresses cultural needs.*
- *Establishment of "Sheffield Ready" program, a pre-engagement and immersive experience for aspiring Aboriginal job-seekers.*
- *Targeted development program for all: males, females, school age to mature age via eg, work experience, traineeships, cadetships, apprenticeships, graduate program, group training.*
- *Culture – a multi tiered program inclusive of cultural awareness training, through to full cultural immersion to achieve a culturally secure work place.*

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