
US\$110M PROJECT FINANCE FACILITY

HIGHLIGHTS

- Kimberley Mineral Sands (“KMS”) and Orion Resource Partners (Aus) Pty Ltd (“Orion”) have agreed a non-binding term sheet for a US\$110 million loan facility for the Thunderbird Mineral Sands Project
- Upon its completion, the proposed Orion loan facility shall finalise the third party financing requirements for Thunderbird and allows KMS to move to Financial Close

Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to advise that following a period of due diligence and approval by Orion, Kimberley Mineral Sands Pty Ltd (KMS) and Orion have agreed a non-binding term sheet for a total financing of US\$110m production linked loan facility (Loan Facility) for the Thunderbird Mineral Sands Project in the Kimberley region of Western Australia.

Alongside the NAIF loan facility (refer ASX announcement 28 July 2022), Kimberley Mineral Sands is expected to achieve financial close in the coming months following completion of the proposed Loan Facility with Orion.

Completion of the Loan Facility remains conditional upon completion of due diligence, the parties entering into binding legal documentation (including intercreditor arrangements) and satisfaction of conditions precedent for the Loan Facility. Sheffield will provide the market with further updates on the proposed Loan Facility in due course.

In addition, as at the date of this announcement, Sheffield expects the project timetable, project economics and total funding requirement, including an additional \$36m of equity from Sheffield to bring Thunderbird into production, will not materially differ from the Kimberley Mineral Sands Bankable Feasibility Study (refer ASX announcement dated 24 March 2022). Sheffield had cash reserves of \$40m as at 30 June 2022 to fund its expected \$36m equity contribution.

Sheffield Executive Chair, Bruce Griffin, said: *“Sheffield is extremely pleased with the support shown by Orion as a cornerstone finance partner. In partnership with our joint venture partner Yansteel, we look forward to satisfying the conditions required to utilise these facilities, reaching financial close, making a Final Investment Decision, completing the construction phase and moving into production.”*

Cutfield Freeman & Co is acting as project financing adviser to Kimberley Mineral Sands in relation to the Orion Loan Facility.

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

ENDS

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KEY TERMS OF THE PROPOSED US\$110M ORION LOAN FACILITY

Borrower:	Thunderbird Operations Pty Ltd (wholly owned subsidiary of Kimberley Mineral Sands Pty Ltd).
Guarantors:	Sheffield Resources Limited and YGH Australia Investment Pty Ltd
Facility Amount:	Up to US\$110 million production linked senior loan facility
Tenor:	Up to 7 years from the date of Financial Close (subject to any earlier repayments and prepayments).
Interest Rate:	SOFR (subject to a minimum of 2%) plus a 5% margin
Royalty:	1.6% of FOB gross revenue, commencing 7 years after first drawdown for a period of 25 years. Buyback provisions in favour of the Company shall apply.
Security:	Comprehensive senior security package over assets and rights of Thunderbird Mineral Sands Project.
Conditions Precedent to Drawdown:	As is customary for a facility of this nature, including but not limited to, completion of key commercial project agreements to the satisfaction of Orion, evidence of all material permits and regulatory approvals for the Project being in place, Sponsors contributing project equity and satisfaction of cost to complete test for each draw down.
Covenants and Events of Default:	Customary positive and negative covenants and undertakings and events of default for a secured facility of this nature.

ABOUT SHEFFIELD RESOURCES

Sheffield Resources Limited is focused on developing the world class Thunderbird Mineral Sands Project, located in north-west Western Australia, through its 50% investment in Kimberley Mineral Sands Pty Ltd (KMS).

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 magnetic concentrate from Stage 1 of the Thunderbird Mineral Sands Project under a take or pay offtake agreement.

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.

Thunderbird will 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 for 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.

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.