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## INVESTMENT IN CAPITAL METALS PLC

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Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) advises that it has entered into a share subscription agreement (**Agreement**) with Capital Metals Plc (**Capital Metals**) (AIM: CMET), the owner of the Eastern Minerals Project in Sri Lanka, whereby Sheffield shall subscribe for 34,500,000 ordinary shares of Capital Metals for total consideration of £1,250,000.

Following completion of the Agreement, Sheffield will own approximately 10% of the issued capital of Capital Metals, with the Company also securing a 12 month share option to acquire a further 17,250,000 shares for total consideration of £843,750, enabling Sheffield to increase its interest in Capital Metals to approximately 14% of total issued capital. Pursuant to the Agreement, Sheffield may for so long as it owns at least 10% of Capital Metals, appoint one nominee director to the Board, subject to customary due diligence for AIM companies, and will also retain customary anti-dilution rights.

Sheffield and Capital Metals have also agreed conditional terms to fund project development, providing the Company with the opportunity to acquire up to 50% of the Eastern Minerals Project in Sri Lanka. Should Sheffield proceed with the project acquisition, it is expected that project development and funding shall be staged such that the majority of the investment proceeds are applied following any Final Investment Decision on the Eastern Minerals Project. The terms are subject to a 60 day exclusivity period, during which Sheffield shall complete customary due diligence. The parties also intend to negotiate and agree a definitive investment agreement, inclusive of funding from Sheffield to support project development, during this time. Until such time as a definitive agreement is concluded, there can be no certainty that a transaction with respect to the Eastern Minerals Project will be completed. The exclusivity in favour of Sheffield does not apply to the Memorandum of Understanding with the LB Group announced by Capital Metals on 9 May 2023.

Sheffield expects to fund the initial share subscription, any subsequent option exercise, and any pre-FID investment at the project level from existing cash reserves.

Further information on Capital Metals and the Agreement can be found at: [www.capitalmetals.com](http://www.capitalmetals.com).

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

ENDS

For further information please contact:

Bruce Griffin

Executive Chair

Tel: 08 6555 8777

[info@sheffieldresources.com.au](mailto:info@sheffieldresources.com.au)

Website:

[www.sheffieldresources.com.au](http://www.sheffieldresources.com.au)



@Sheffield ASX



LinkedIn



Sheffield Resources

## **ABOUT 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\$2.5m to fund project related activities over an 18 month period and earn an option to acquire up to 20% of RGM with the payment of a further US\$12.5m (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%.