

BINDING \$24M SALE AGREED FOR ENEABBA PROJECT

- Binding \$24m cash sale agreement executed with Image Resources Limited
- Divestment of Eneabba Project is subject to customary conditions
- Transaction close expected in early 2022
- Proportion of the proceeds to be applied to \$10m post-FID KMS funding obligation

Sheffield Resources Limited (“Sheffield” “the Company”) (ASX: SFX) is pleased to advise that it has entered into a definitive and binding agreement with Image Resources NL (Image) (ASX: IMA) for the sale of its 100% owned Eneabba Project for total cash consideration of \$24 million. Cash consideration of \$23m is subject to customary conditions associated with the transfer of exploration tenements and the \$1m balance is payable subject to the transfer of mining tenements, Foreign Investment Review Board (FIRB) approval and other customary conditions. The transaction is expected to close in early 2022.

Cash proceeds from the transaction will be applied toward Sheffield’s \$10m obligation to Kimberley Mineral Sands Pty Ltd (KMS) payable within 60 days following a Final Investment Decision for the Thunderbird Mineral Sands Project as well as general corporate purposes.

Sheffield Executive Chairman, Bruce Griffin, said: “*Sheffield is very pleased to have realised meaningful value for our non-core Eneabba Project, consistent with Sheffield’s strategy of focusing on our core Thunderbird asset. It is particularly pleasing to be able to divest Eneabba to Image given the strong alignment of these assets to their growth strategy.*”

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

ENDS

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ABOUT SHEFFIELD RESOURCES

Sheffield Resources Limited is focused on developing the world class Thunderbird Mineral Sands Project, located in north-west Western Australia. Sheffield continues to assess other regional exploration opportunities.

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 Low Temperature Roast ("LTR") ilmenite offtake from Stage 1 of the Thunderbird Mineral Sands Project.

THUNDERBIRD MINERAL SANDS

Thunderbird is one of the largest and highest grade mineral sands discoveries in the last 30 years. Sheffield's 2019 Bankable Feasibility Study Update 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 spanning multiple decades.

Thunderbird will generate a high-quality suite of mineral sands products with specifications suited to market requirements. These products include a zircon products and ilmenite suitable for manufacturing titanium dioxide pigment or smelting into chloride slag.

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

In January 2021, Sheffield and Yansteel executed binding agreements for the formation of a 50:50 Joint Venture (Kimberley Mineral Sands Pty Ltd, KMS) to own and develop the Thunderbird Mineral Sands Project and adjacent tenements on the Dampier Peninsula. Yansteel subscribed for a 50% interest in KMS and provided A\$130.1m in project equity funding. Sheffield shall fund any project equity shortfall between A\$130.1m and A\$143m, less Project costs incurred prior to a Final Investment Decision ("FID"). KMS will secure project finance and, if required, project equity in excess of A\$143m will be funded 50:50 by Yansteel and Sheffield. The Yansteel A\$130.1m project equity investment in KMS, together with the A\$12.9m funding under the Yansteel Share Placement completed on 12 August 2020 and combined with NAIF and commercial financing is expected to deliver a fully funded project.

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.