
BINDING US\$110M ORION PRODUCTION LINKED FACILITY

HIGHLIGHTS

- Kimberley Mineral Sands (“KMS”) and OMRF (Th) LLC, a related entity of the Orion Mineral Royalty Fund (“Orion”), have executed binding and definitive documentation for a US\$110 million Production Linked Facility
- The Orion Facility, in conjunction with the previously announced NAIF loan agreement completes the project financing requirements for Thunderbird

Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to advise that Kimberley Mineral Sands Pty Ltd (KMS) and Orion have executed binding and definitive documentation for a US\$110m Production Linked Facility (Facility) for the Thunderbird Mineral Sands Project in the Kimberley region of Western Australia.

In conjunction with the A\$160m debt financing package from the Northern Australia Infrastructure Facility (NAIF) (refer ASX announcement 28 July 2022), the Orion facility completes the project financing requirements for Thunderbird. Kimberley Mineral Sands is now working towards Financial Close, expected in early Q4 2022.

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: *“We’re delighted to have Orion supporting Thunderbird through this significant financing package and we look forward to achieving financial close of the NAIF and Orion loan facilities in early Q4 2022 and achieving a Final Investment Decision for Thunderbird. With construction activities now over 40% complete, we remain on track for first production in Q1 2024.”*

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

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

Website:

www.sheffieldresources.com.au

KEY TERMS - US\$110M ORION PRODUCTION LINKED 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 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:	<ul style="list-style-type: none"> • Royalty Rate: 1.6% of FOB gross revenue (0.35% escalation provision applies where a Facility default circumstance takes place) • Royalty Scope: Limited to Stage 1 production capacity (i.e. capped at an annual production rate of 8.2m tonnes of ore) • Term: 25 years (subject to a buyback provision, curtailing the Term to 12.5 years). • Commencement: Earlier of full repayment of facility obligations or 7 years following the date of the Production Linked Facility agreement.
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.