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## KMS EXECUTES EPC CONSTRUCTION AND OFFTAKE AGREEMENTS

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Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to announce that Kimberley Mineral Sands Pty Ltd (KMS) has executed an engineering, procurement and construction contract (EPC Contract) with GR Engineering Services Limited (GRES) (ASX: GNG) and has executed an amended life of mine take or pay offtake agreement for 100% ilmenite produced from Stage 1 of the Thunderbird Mineral Sands Project (Thunderbird or Project) with Yangang (Hong Kong) Co., Ltd (Yansteel).

### EPC Contract

The GRES EPC Contract award is for a fixed price<sup>1</sup> contract sum of approximately \$179.5m. Through its wholly owned subsidiary Thunderbird Operations Pty Ltd (TOPL), KMS has provided GRES with a Limited Notice to Proceed, commencing a work program including civil earthworks, long lead item procurement, structural steel and piping manufacture and a continuation of engineering & design activities. A Full Notice to Proceed in relation to the EPC Contract is intended to be provided upon KMS completing the full project financing and determining a final investment decision for the Project, expected in mid-2022.

Sheffield will inform the market of material developments in relation to the EPC Contract, including provision of a Full Notice to Proceed in favour of GRES.

### Ilmenite Offtake Agreement

Yansteel and Sheffield previously entered into a binding life of mine take or pay offtake agreement for 100% of the Low Temperature Roast (LTR) ilmenite from Stage 1 development of Thunderbird, with Yansteel having a first right of refusal to purchase ilmenite from later stages (refer ASX announcement “Transformational Thunderbird Joint Venture” dated 11 August 2020). Following the removal of the Ilmenite Processing Circuit (IPC), including the LTR from the Thunderbird BFS flowsheet, Yansteel and TOPL have executed an amended offtake agreement representing 100% of magnetic concentrate forecast to be produced from Stage 1, with a similar offtake right of first refusal from later stages.

The removal of the LTR leverages facilities already under construction at Yansteel’s smelter and pigment plant in China. Furthermore, the 100% offtake with Yansteel as co-owner of KMS mitigates the potential market risk associated with producing a magnetic concentrate. Combined with the zircon concentrate offtake agreements executed in 2021 (refer ASX announcement “Binding Offtake Secured for Thunderbird Zircon Concentrate” dated 8 June 2021), KMS has secured offtake contracts for approximately 80% of the revenue from Stage 1 production.

Key terms of the amended ilmenite offtake agreement include:

- 100% of Stage 1 magnetic concentrate volume project from the Project;
- Arms-length fixed price reflecting contained TiO<sub>2</sub> content for an initial five-year period;
- Arms-length market price for the remaining mine life;
- Agreed product specifications within defined parameters;
- Take or pay provisions for the contracted volume;
- Conditions precedent include a positive final investment decision;
- Shipment schedule and delivery obligations;
- FOB Incoterms;
- Customary payment and product logistics terms; and
- Force Majeure and other customary commercial arrangements.

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<sup>1</sup> Assumes full notice to proceed is issued on or before 31 May 2022

Sheffield's Executive Chair Bruce Griffin said *"We are pleased to see GRES partnering with KMS to advance the development of the Thunderbird Mineral Sands Project. GRES have a strong capability to execute a project of Thunderbird's scale and, having been associated with the project since 2017, understand the project very well.*

*Equally, it is pleasing that KMS and Yansteel have executed a binding, long term magnetic concentrate offtake agreement, leveraging Yansteel's downstream capability in China to unlock value for KMS and Yansteel."*

This announcement was 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.

### 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

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, 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 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.