
THUNDERBIRD FINAL INVESTMENT DECISION

HIGHLIGHTS

- Final Investment Decision (FID) to proceed with Stage 1 development of the world class Thunderbird Mineral Sands Project in Western Australia
- Financial Close achieved for NAIF loan and Orion production linked facilities
- The \$484m Thunderbird Mineral Sands Project is now fully funded through senior debt facilities of \$315m¹ and equity investment of \$169m
- Sheffield total equity contribution of \$34m now complete
- Site construction activities are currently more than 40% complete, with Thunderbird fully funded through to first production which remains on target for Q1 2024
- March 2022 Stage 1 & 2 Bankability Feasibility Study confirmed a Pre-finance, Post Tax NPVs of A\$1.3B and post-tax IRR 28% with average annual EBITDA of \$225m

Sheffield Resources Limited (“Sheffield” or “the Company”) (ASX: SFX) is pleased to announce that, together with its joint venture partner, YGH Australia Investment Pty Ltd (Yansteel), it has made a Final Investment Decision (FID) to construct and develop the Thunderbird Mineral Sands Project (Thunderbird) in northern Western Australia. Sheffield confirms that joint venture operator Kimberley Mineral Sands (KMS) has reached financial close on the combined \$315m senior loan facilities provided by the Northern Australia Infrastructure Facility (NAIF) and OMRF (Th) LLC, a related entity of the Orion Mineral Royalty Fund (Orion), completing the project financing requirements for the Thunderbird Mineral Sands Project (Thunderbird) in northern Western Australia.

Sheffield Resources Executive Chair, Mr Bruce Griffin said, “We are delighted to make the final investment decision on this outstanding, world class mineral sands project. With first production from Thunderbird on track for Q1 2024, Thunderbird is fully funded and set to deliver \$695m in NPV to Sheffield’s shareholders over its 36 year life.

I would like to thank the KMS team for their efforts, and acknowledge the support of Yansteel our 50% partner in KMS, to achieve this important milestone.”

Thunderbird is now fully funded through to first production which remains on track for Q1 2024 (refer ASX announcement “Thunderbird BFS, Financing and Project Update” 24 Mar 2022), enabling the delivery of strong cashflows and benefits to all stakeholders across the projected 36 year mine life. Project funding of \$484m has included the full and final satisfaction of attributable project equity contributions totaling \$169m from joint venture partners Sheffield & Yansteel, in addition to the \$315m senior loan facilities provided by NAIF and Orion.

The total attributable project equity of \$169m is funded from a combination of \$111m in historical Yansteel equity funding, \$24m in new equity from Yansteel and \$34m of new equity from Sheffield. The Sheffield new equity of \$34m includes the \$10m due 60 days post FID in accordance with the KMS Joint Venture agreement. Sheffield has contributed the \$34m from its cash reserves and has \$6m in cash as of 4 October 2022.

¹ Assumes US\$110m Orion loan facility converted at 0.71:1.00 AUD: USD

Development of Thunderbird commenced in mid-2021 utilising equity proceeds provided by Yansteel following inception of the 50/50 Kimberley Mineral Sands joint venture. With Thunderbird construction now more than 40% complete, the project remains on track for first production in Q1 2024, enabling the delivery of strong cashflows and benefits to all stakeholders across the projected 36 year mine life.

The direct capital expenditure for Stage 1 of Thunderbird at FID is \$379m including contingency, an increase of \$16m from the March 2022 Bankable Feasibility Study (refer ASX announcement "Thunderbird *BFS, Financing and Project Update*" 24 Mar 2022). The total funding of \$484m is unchanged from the March 2022 BFS and includes remaining contingency of \$24m at 31 August 2022 and a \$40m cost overrun facility.

At FID the Stage 1 & 2 NPV (pre-finance, post tax, 8% discount rate) of \$1.39B and post-tax IRR of 26.6% are similar to the \$1.28B and 27.5% in the March 2022 BFS with the changes largely driven by updated commodity price forecasts. Sheffield's 50% share of the project generates an annual average EBITDA of \$121m and estimated NPV of \$695m.

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

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 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.

COMPLIANCE STATEMENTS

Information and documentation which forms the basis of the previously reported Kimberley Mineral Sands Bankable Feasibility Study (KMS BFS) in relation to Mineral Resources, Ore Reserves and metallurgy and process design has previously been reported as detailed below. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of the July 2016 Thunderbird Mineral Resources and the March 2022 Thunderbird Ore Reserve, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

PREVIOUSLY REPORTED INFORMATION

The Mineral Resources and Ore Reserves of Sheffield have been extracted from Sheffield's ASX releases;

"THUNDERBIRD ORE RESERVE UPDATE" 24 March 2022
"MINERAL RESOURCE AND ORE RESERVE STATEMENT" 24 September 2019
"THUNDERBIRD ORE RESERVE UPDATE" 31 July 2019
"THUNDERBIRD ORE RESERVE UPDATE" 16 March 2017
"SHEFFIELD DOUBLES MEASURED MINERAL RESOURCE AT THUNDERBIRD" 5 July 2016

A copy of these announcements is available at <http://www.sheffieldresources.com.au/>

Bankable Feasibility Study ("BFS")

This document contains information that relates to a Bankable Feasibility Study. This information was extracted from the following ASX releases by Sheffield:

"KMS BANKABLE FEASIBILITY STUDY PRESENTATION" 24 March 2022
"BFS UPDATE MATERIALLY IMPROVES PROJECT ECONOMICS" 31 July 2019
"THUNDERBIRD BFS DELIVERS OUTSTANDING RESULTS" 24 March, 2017

Other Extracted Information

In addition to those ASX releases referred to above, this announcement contains information extracted from the following ASX releases:

"US\$110M PROJECT FINANCE FACILITY" 8 AUGUST 2022
"EXECUTION OF A\$160M NAIF LOAN FACILITY AGREEMENT" 28 July 2022
"JOINT VENTURE COMPLETION AND BOARD RESTRUCTURE" 12 March 2021
"SHEFFIELD AND YANSTEEL EXECUTE BINDING JV AGREEMENTS" 6 January 2021
"NAIF COMPLETES THUNDERBIRD STRATEGIC ASSESSMENT" 19 November 2021
"TRANSFORMATIONAL THUNDERBIRD JOINT VENTURE" 11 August 2020
"NATIVE TITLE AGREEMENT SIGNED BY TRADITIONAL OWNERS" 1 November 2018
"MINING LEASE GRANTED OVER THUNDERBIRD MINERAL SANDS PROJECT" 26 September 2018
"FEDERAL ENVIRONMENTAL APPROVAL GRANTED FOR THUNDERBIRD" 28 September 2018
"DOZER TRAP MINING METHOD PREFERRED FOR THUNDERBIRD" 17 September 2015

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

The contents of this announcement reflect various technical and economic conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly over relatively short periods of time. Consequently, actual results may vary from those detailed in this announcement.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "forecast", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "predict", "foresee", "proposed", "aim", "target", "opportunity", "could", "nominal", "conceptual" and similar expressions. Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company's actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

These statements are subject to significant risks and uncertainties that include but are not limited to those inherent in mine development and production, geological, mining, metallurgical and processing technical problems, the inability to obtain and maintain mine licenses, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of projects and acquisitions, changes in commodity prices and exchange rate, currency and interest rate fluctuations and other adverse economic conditions, the potential inability to market and sell products, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, environmental, native title, heritage, taxation and other legal problems, the potential inability to secure adequate financing and management's potential inability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be correct. Please refer to the section headed "Key Risks" in Appendix 1 of the ASX announcement "Thunderbird BFS, Financing and Project Update" of 24 March 2022 for further information.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and on a reasonable basis. No representation or warranty, express or implied, is made by the Company that the matters stated in this announcement will in fact be achieved or prove to be correct.

Except for statutory liability which cannot be excluded, the Company, its officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the material contained in this announcement and exclude all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this announcement or any error or omission there from.

This announcement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain financial advice. You should consider seeking independent legal, financial and taxation advice in relation to the contents of this announcement.

Except as required by applicable law, the Company does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.