

Thunderbird

Mineral Sands



PROJECT UPDATE 6, NOVEMBER 2017

THUNDERBIRD MINERAL SANDS PROJECT

Sheffield Resources is developing the Thunderbird Mineral Sands Project mid-way between Derby and Broome in the Kimberley, in north-west Australia.

With a mine life of 42 years and a commitment to local jobs, this project promises intergenerational employment, indigenous and regional development prospects.

Construction of the mine is planned to commence in the coming months, with first exports through the ports of Derby and Broome in 2019.

STAKEHOLDER BENEFITS

Thunderbird is a sustainable long term project.

Consumers and Customers

- Binding agreements in place for some product sales

Community

- Local DIDO not FIFO – salaries staying in the region
- 220 project jobs increasing to 280 in 2024, for 42 years; intergenerational – plus multiplier effect
- Local content, contracts and training

Regional – Kimberley - Northern Australia

- Robust economics, regional development stimulus
- \$1B in regional salaries and local business
- Legacy logistics; communities, pipeline potential, tourism, pastoral, value adding
- Greenfield project

Aboriginal

- Building to 40% Aboriginal employment in first 8 years of operations
- Aboriginal business content; minimum \$5M per year from year 5
- Aboriginal training fund to support employment and business targets
- Cash royalties estimated to exceed \$100M over 42 year life of mine*

State Government

- \$700M over 42 years life of mine; royalties of \$650M and payroll tax of \$52M

Federal Government

- \$1.3B in company tax
- \$300M in employee tax



RECENT PROJECT HIGHLIGHTS

- ✓ Maiden binding offtake agreements secured for 44% of Stage 1 premium zircon production
- ✓ Negotiations progressing well on remaining Stage 1 zircon and ilmenite products
- ✓ \$250M debt mandate in place
- ✓ Preferred EPC tenderer appointed
- ✓ Appeal to Native Title determination dismissed by the Federal Court, in favour of Sheffield
- ✓ EPA recommends approval of Thunderbird
- ✓ Sheffield launches Aboriginal Training and Employment Program

WORLD CLASS PROJECT

Thunderbird is amongst the world's largest and highest grade zircon and ilmenite Reserves, and is located in a quality jurisdiction.

THUNDERBIRD – Perfect Project for the Community

- Lead Agency status demonstrates State and regional importance
- Built on strong community and cultural relationships – no FIFO
- Aboriginal jobs, business, community development
- Low environmental impacts with progressive rehabilitation
- Inter-generational local employment and business
- A world-class, high-grade minerals sands project
- Products - used every day by everyone
- 42 year mine life – first production 2019
- Robust economics, stimulus to economy
- Support; bi-partisan, pastoralists, community

*Note: For details of estimates relating to mine life and revenues please refer to the Company's website, in particular its ASX announcement entitled "THUNDERBIRD BFS DELIVERS OUTSTANDING RESULTS" of 24 March, 2017.

Want to know more - contact Kim Pervan
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ENABLING CONSTRUCTION

Sheffield is focussed on permitting and funding to bring Thunderbird into construction. The following tasks will be advanced prior to construction kick-off, which is conditional on environmental and Native Title permitting.

1. Completion of Native Title process
2. Environmental approvals
3. Funding task
4. Product off-take agreements
5. FID – Financial Investment Decision
6. Construction commencement

1. Native Title Process Continues

Sheffield continues working through the Native Title process.

- In May 2017, the National Native Tribunal (NNTT) determined that Sheffield had acted in good faith during its negotiations with the Mount Jowlaenga Polygon #2 claimant group (Claimants).
- NNTT determined that the Mining Lease for Thunderbird can be granted, June 2017.
- The Claimants lodged an appeal with the Federal Court of Australia in relation to the NNTT good faith decision in favour of Sheffield, June 2017.
- The Federal Court dismissed the appeal, in favour of Sheffield, Sept 2017.
- The Claimants lodged a second appeal, Oct 2017, with the Full Federal Court, challenging the Federal Court dismissal of the *initial* appeal.

Sheffield maintains a strong position and is endeavouring to have the matter expedited.

2. Environmental Approval Process Continues

The Environmental Protection Authority (EPA) has recommended approval of Thunderbird.

Subsequently, the Appeals Convenor conducted a public review during Oct 2017, attracting a number of appeal submissions, which are currently under consideration.

The EPA and Sheffield shall provide responses to these submissions to the Appeals Convenor in November, who manages the forward process.

3. Funding Task on Track

Taurus Mining Finance has agreed to arrange and underwrite a \$250M Project Development Facility.

A share placement and purchase plan, Oct 2017, will raise \$32M to meet ongoing costs. This includes early works and engineering, procurement of long lead items, finalising offtake and continuance of the Aboriginal work ready program.



4. Product Sales – Strong Progress

Binding agreements for future sales of 44% of Thunderbird stage 1 Premium Zircon have been secured with well-established CFM Minerales of Spain; Indian company Ruby Ceramics; and, India's largest ceramic raw materials supplier Sukaso Ceracolors Ceramics.

Sheffield has also secured non-binding off-take agreements for 47% of Thunderbird stage 1 ilmenite.

5. FID – Financial Investment Decision

Sheffield's Board of Directors shall make the final investment decision prior to the start of construction.

6. Construction Commencement

Sheffield shall conduct early works prior to the start of construction, including access roads, fuel supply and accommodation village for the construction workforce.

GR Engineering Services (GRES) has been appointed as preferred Engineering, Procurement and Construction (EPC) tenderer for the processing plant and facilities.

Sheffield will be responsible for other project infrastructure. This includes Derby port storage facilities and refurbishment of ship loader, communications network, initial tailings storage facility, bore field, potable water and waste water treatment.

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