
SHEFFIELD SIGNS TAURUS DEBT FACILITY AND EPC CONTRACT

Sheffield Resources Limited (“Sheffield”, “the Company”) (ASX: SFX) is pleased to announce the signing of two key commercial agreements (“Agreements”) that will substantially advance and de-risk development of the world class Thunderbird Mineral Sands Project (“Thunderbird” or the “Project”) in northern Western Australia. These Agreements include:

- A\$366m fixed price, lump sum engineering, procurement and construction (EPC) contract with GR Engineering Services Limited (GRES) (ASX: GNG) for the design and construction of the Thunderbird mineral processing plant, supporting infrastructure and associated facilities (EPC Contract); and
- US\$175m (A\$240m¹) fully underwritten, syndicated facility agreement with Taurus Mining Finance Fund and Taurus Mining Finance Annex Fund (Taurus) for a seven-year term loan (Facility Agreement).

The Agreements provide significant certainty of funding, execution and delivery of Thunderbird.

Sheffield Managing Director, Bruce McFadzean said: “These Agreements are a tremendous result for Sheffield shareholders as they substantially de-risk Thunderbird and put the Company in a strong position to move into construction. We now have a full EPC contract with one of Australia’s leading process engineering companies, with extensive experience in Western Australia and in the delivery of mineral sands projects. Additionally, we have executed US\$175 million of senior debt financing with Taurus, one of the world’s premier mining finance funds.

“The Taurus Facility Agreement has provided certainty of funding for the development of Thunderbird and now includes the expanded Northern Australia Infrastructure Facility (NAIF) loan facilities. The addition of the Federal Government support through the A\$95 million NAIF funding, provides financial assistance to toward the development of key infrastructure including power generation, roads and port facilities associated with Thunderbird. We acknowledge and appreciate the collaborative manner in which both Taurus and NAIF have enabled funding for Thunderbird. The NAIF loan facilities are very competitive, with long dated tenor enabling Sheffield to own strategic infrastructure and significantly reduce our operating costs by a minimum of A\$7.5 million per annum over the 42-year life of mine.”

The NAIF loan facilities comprise a A\$30 million Project Development Facility that sits alongside the Taurus facilities and a A\$65 million Infrastructure Development Facility. The A\$30 million facility (15-year tenor) enables improvements in throughput, material handling and operability of the Thunderbird processing plant. The A\$65 million facility (20-year tenor) will allow the ownership of key non-processing infrastructure that will significantly enhance long-term financial metrics via a substantial reduction in operating costs to Sheffield.

“Thunderbird has now secured A\$335 million of loan facilities to enable the Project to proceed, including long tenor infrastructure loans from the Federal Government. Securing the loan facilities, combined with finalisation of the fixed price, lump sum EPC contract, in conjunction with completion of permitting, collectively build on the recent milestones achieved by Sheffield and pave the way for construction of Thunderbird to commence in the new year, following the wet season. As we close in on development of Thunderbird, we will continue to progress all funding options including ongoing discussions with potential strategic partners.” Mr McFadzean concluded.

¹Assumes AUD: USD exchange rate of \$0.73 : \$1.00

²As set out in Sheffield’s announcement on 19 October 2018, current estimate of total development capital expenditure for Stage 1 is approximately A\$463m, excludes working capital, corporate overheads, cost overrun provisions and financing fees

Taurus Chief Investment Officer Michael Davies commented, “We are delighted to be a part of the development of this important Australian project that will see benefits particularly to the people of the State of Western Australia and the Kimberley communities for decades to come”.

EPC Contract

Under the EPC Contract, GRES will design and construct a 7.5 million tonne per annum (Mtpa) Stage 1 mineral processing plant and supporting infrastructure. The EPC Contract is a fixed price, lump sum arrangement of approximately A\$366 million and covers approximately 80% of Thunderbird’s estimated total Stage 1 capital cost of A\$463².

The EPC contract provides for the turnkey delivery of the Project’s processing infrastructure, including process design engineering, procurement, construction, commissioning and performance testing of the facilities over a construction and commissioning period of approximately two years, with anticipated commencement in Q2 calendar 2019.

Engineering and design activities undertaken by GRES throughout 2018 and reviewed by Taurus and its nominated Independent Technical Expert, has enabled Sheffield to assess several design developments focussed on increasing throughput, operational efficiencies and the functionality of the processing plant, substantially de-risking metallurgical performance and overall project execution.

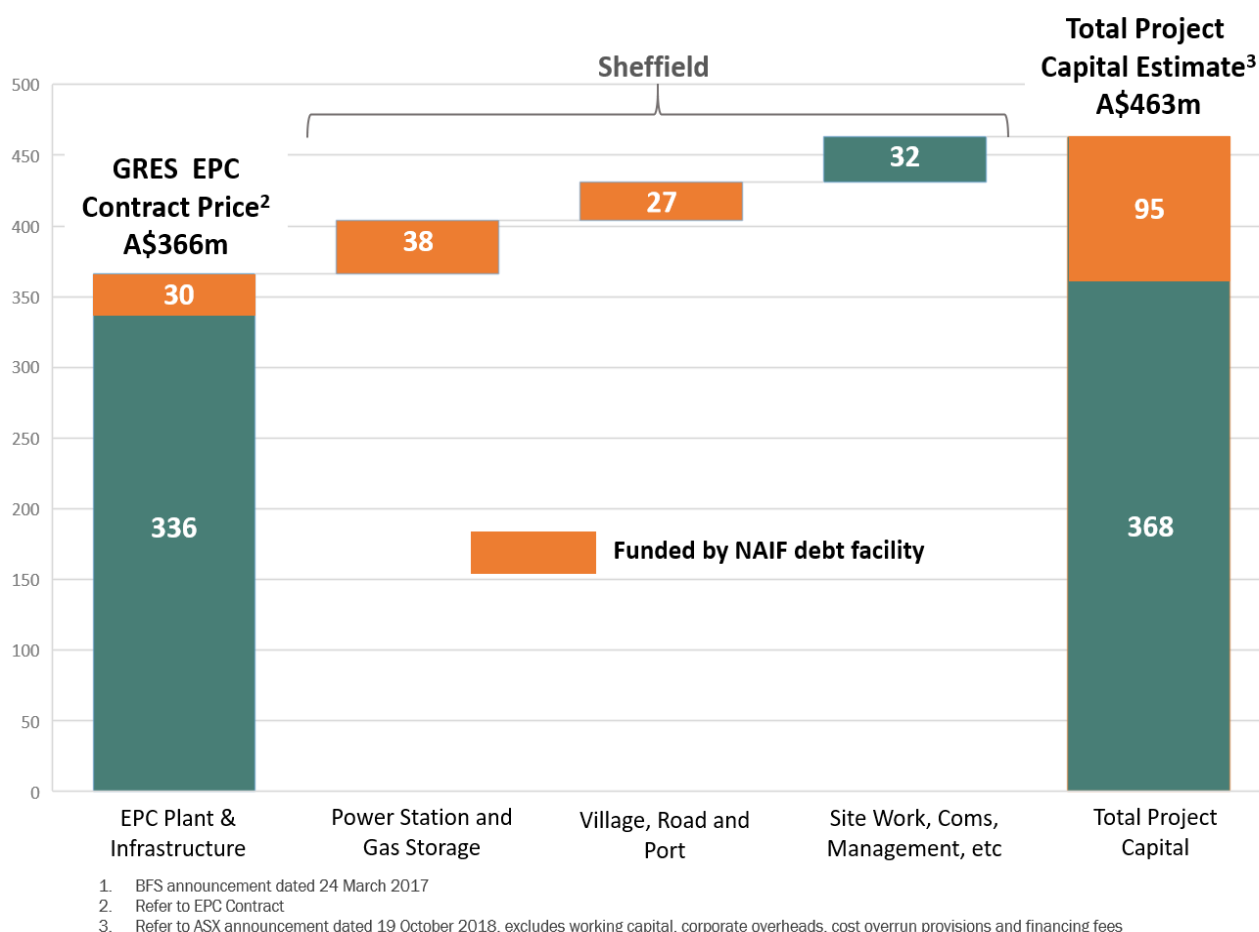


Figure 1: Thunderbird Stage 1 Capital Expenditure

As at the end of September 2018, approximately 30% of design and engineering work has been completed, representing substantial progress in advance of formal execution of the EPC Contract. The

level of engineering is extremely well advanced for this stage of the Project, allowing plant design to progress beyond plant layout, with structural engineering nearing completion and detailed engineering well underway.

Based on the construction and commissioning schedule, first zircon products will be delivered during commissioning in the last quarter of calendar 2020, and first ilmenite products are expected during Q2 of calendar 2021.

The EPC contract now includes the following items:

- Plant area civils and process water
- Wet concentrator plant
- Concentrate upgrade plant
- Zircon processing plant
- Ilmenite processing plant
- Low temperature roast plant (ilmenite upgrade)
- Hot acid leach
- Site administration complex, stores and process workshops
- Bore field headworks and high voltage (HV) distribution
- Internal roads, hardstand and other infrastructure to support the processing operations
- Operational support during the first six months of ramp-up

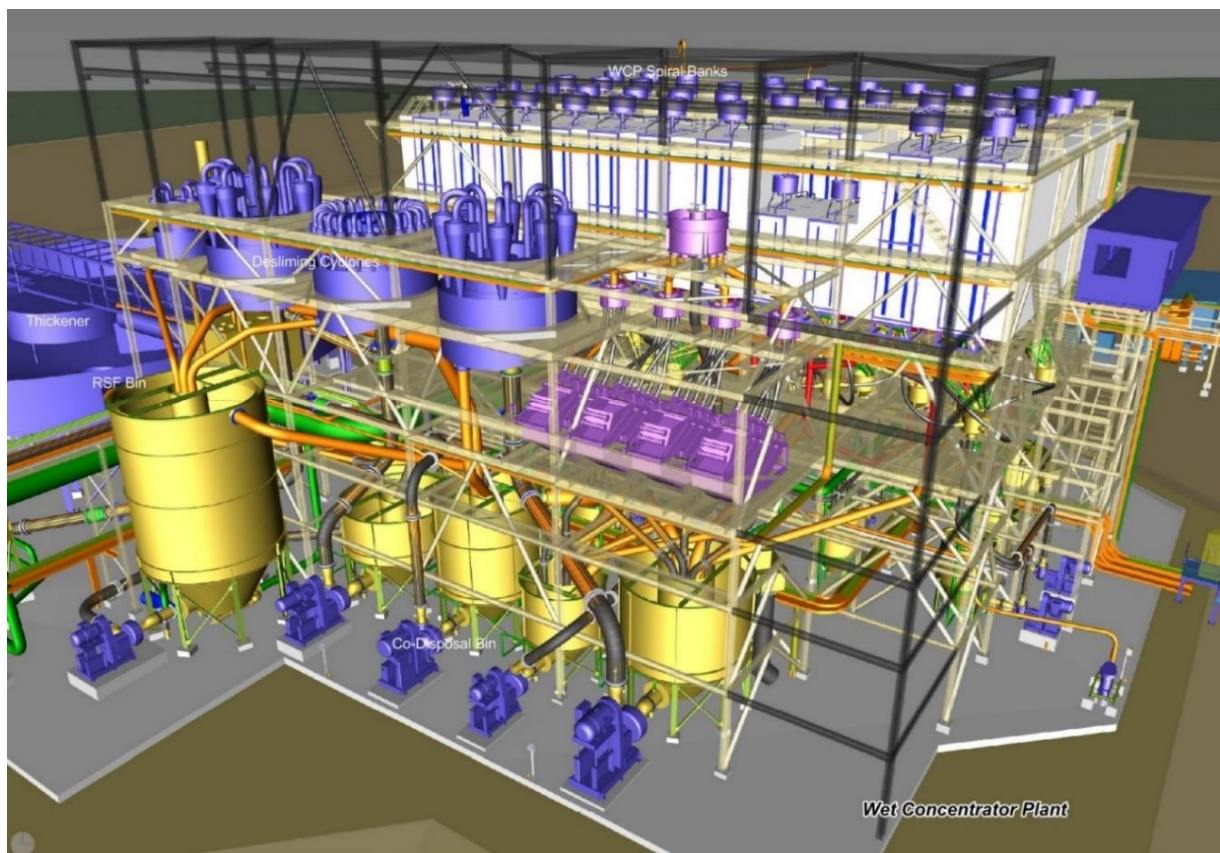


Figure 2: Wet Concentrator design and layout

The remaining capital and infrastructure, (majority funded via NAIF loan facilities) including management costs comprise:

- Power station and gas storage
- Village, road and port
- Potable water supply
- Waste water treatment
- All site clearing and preparation
- Pre-strip and trial mining
- Communications network
- Sheffield management and labour costs

Taurus Syndicated Facility Agreement

Under the terms of the Facility Agreement, Taurus will arrange and fully underwrite US\$175 million of senior loan facilities, which will be used to partially fund the construction of Thunderbird. Execution of the Facility Agreement follows thorough technical, financial and legal due diligence by Taurus and significantly de-risks the delivery of Thunderbird for Sheffield shareholders.

The due diligence process was led by Taurus' nominated independent technical expert, Metifex Pty Ltd (Metifex), in collaboration with Taurus, Sheffield and GRES. This process has enabled improvements in throughput, material handling and operability of the Thunderbird processing plant and an increase in mineral sands recovery equipment, leading to a more robust and flexible Project. These improvements include:

- Inclusion of filter belts and direct forward feed of products by conveyor. The BFS assumed the use of drain pad and the forward feed of products by loader;
- Increase in consumables storage from 5 days to 10 days;
- Installation of lift bays in dry buildings;
- Optimised thickener size for tailings material, improving water recovery;
- Improvements in Wet Concentrator Plant capacity and additional cleaner scavenger spiral bank, reducing circulating load;
- Installation of additional High Tension Roll and Induced Roll Separators, increasing recovery capacity for Valuable Heavy Minerals in the dry plant.

The detailed and extensive technical due diligence has allowed Sheffield to spend 12 months with industry experts Metifex and GRES focusing on optimising the process plant design and functionality to further de-risk the construction execution and commissioning of the project. Importantly, the majority of the additional capital expenditure to optimise and improve the plant has been funded by the NAIF project debt facility (A\$30 million) minimising the impact on shareholder equity required.

The key terms of the Facility Agreement are summarised in Schedule 1. Sheffield has completed a number of the conditions precedent to drawdown under the Facility Agreement, including those relating to offtake agreements, environmental approval and the granting of the Mining Lease. Sheffield is working closely with Taurus to satisfy the remaining conditions with financial close currently anticipated in early 2019.

As a result of the recently announced NAIF investment decision (refer to ASX announcement dated 19 September 2018), Sheffield will not require the previously announced Taurus US\$25 million Contingent Instrument Facility. This Facility was solicited for bonding requirements for key third party-owned infrastructure that will now be insourced with owned infrastructure by Sheffield.

ENDS

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ADDITIONAL INFORMATION

PREVIOUSLY REPORTED INFORMATION

The information was extracted from the Company's previous ASX announcements as follows

- "FEDERAL ENVIRONMENTAL APPROVAL GRANTED FOR THUNDERBIRD" 28 September 2018
- "MINING LEASE GRANTED OVER THUNDERBIRD MINERAL SANDS PROJECT" 26 September 2018
- "NAIF APPROVES LOAN FACILITIES TOTALLING A\$95M" 19 September 2018
- "STATE MINISTER FOR ENVIRONMENT APPROVES THUNDERBIRD MINERAL SANDS PROJECT" 13 August 2018
- "SHEFFIELD ANNOUNCES EPC PREFERRED CONTRACTOR" 19 October 2017
- "SHEFFIELD MANDATES TAURUS FOR US\$200M DEBT FACILITY" 18 October 2017
- "EPA RECOMMENDS APPROVAL OF THUNDERBIRD" 9 October 2017
- "THUNDERBIRD BFS DELIVERS OUTSTANDING RESULTS" 24 March 2017

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Some statements in this report regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's expected production dates, Stage 1 capital expenditure estimates, exploration programme, outlook, construction and commissioning dates, target sizes and mineralised material estimates. They include statements preceded by words such as "anticipated", "expected", "targeting", "likely", "scheduled", "intends", "potential", "prospective" and similar expressions.

ABOUT SHEFFIELD RESOURCES

Sheffield Resources Limited is focused on developing its 100% owned, world class Thunderbird Mineral Sands Project, located in north-west Western Australia. Sheffield continues to also assess other regional exploration opportunities.

THUNDERBIRD MINERAL SANDS

Thunderbird is one of the largest and highest-grade mineral sands discoveries in the last 30 years.

Sheffield's Bankable Feasibility Study shows Thunderbird is a technically low risk, modest capex project that is positioned to generate strong cash margins from globally significant levels of production over an exceptionally long mine life of 42 years.

Thunderbird will generate a high-quality suite of mineral sands products with specifications suited to market requirements. These products include Premium Zircon suitable for the ceramic sector and LTR Ilmenite which will be one of the highest-grade sulfate feedstocks available globally.

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.

The Company is targeting initial production in Q4 of 2020. The initial planned production profile is aligned with expected emerging supply gaps in global mineral sands markets.

ASX Code:	SFX	Market Capitalisation:	A\$184m
Issued shares:	230.5m	Cash (unaudited, 30 Sep 2018):	A\$13.7m

SCHEDULE 1: KEY TERMS OF TAURUS FACILITY AGREEMENT

Facility Amount	Term Loan: US\$175 million - Tranche A: US\$75 million - Tranche B: US\$100 million
Tenor	Approximately 7 years. The termination date is 30 September 2025, subject to a 6 month extension (if approved by Taurus)
Security	Senior secured facility
Availability	From satisfaction of Conditions Precedent until 3.5 years after signing
Interest Rate	Tranche A: USD Libor + 4.5%p.a Tranche B: 8.5% p.a.
Upfront Fee	Customary for a facility of this nature (50% due upon signing and the balance due on satisfaction of certain conditions precedent to drawdown of the facility)
Commitment fee on undrawn amounts	Tranches A and B: Commitment fees on undrawn amounts: 2.0% p.a.
Royalty	Revenue royalty (FOB basis) of: 0.50% (years 1 – 4, starting on first sale of product from the Project) 0.75% (years 5 – 22.5) The royalty is documented under a separate royalty deed.
Conditions Precedent to drawdown	Generally customary for a facility of this nature, but include completion of due diligence, approval from the State of Western Australia and entry into documentation for the A\$95 million NAIF facilities, execution of other finance and project documents and raising of the required minimum equity
Repayment Schedule	- Tranches A and B both interest only for 3.5 years - Tranche A repayable between Year 3.5 and Year 7 - Tranche B repayable at end of Year 7 - Additional sweep of available cashflow in certain circumstances