QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2021

30 April 2021

ASX Code:
SFX

Directors:
Mr Bruce Griffin
Executive Chairman

Mr Bruce McFadzean
Managing Director

Mr John Richards
Non-Executive Director

Mr Gordon Cowe
Non-Executive Director

Mr Ian Macliver
Non-Executive Director

Registered Office:
Level 2, 41-47 Colin Street
West Perth WA 6005

Share Registry:
Link Market Services
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000

Capital Structure:
Ordinary Shares: 346.1M
Unlisted Options: 1.0M
Unlisted Rights: 8.6M

Market Capitalisation:
A$145 million

Cash Reserves:
A$10.8 million
(as at 31 Mar 2021)

Investor Relations:

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HIGHLIGHTS

Thunderbird Mineral Sands Project (Sheffield interest – 50%)

- Binding 50:50 joint venture agreements were executed between Sheffield and Yansteel on 6 January 2021
- joint venture transaction completed on 12 March 2021 following receipt of $130m from Yansteel
- Established joint venture board and governance framework, focussed upon delivery of a Thunderbird Bankable Feasibility Study and project development activities to produce a zircon rich non-magnetic concentrate and LTR ilmenite
- Joint venture key management personnel recruitment underway
- Corporate adviser appointed to assist the joint venture to determine the preferred project financing strategy

Corporate Activities

- Board restructuring with appointment of Mr Bruce Griffin as Executive Chairman, Mr John Richards as Lead Independent Non-Executive Director and Mr Gordon Cowe as independent Non-Executive Director. Mr Will Burbury and Mr David Archer stepped down from the Board during the quarter and Mr Bruce McFadzean will transition to Non-Executive Director effective 1 July 2021.
- $10.8m in cash at quarter end (unaudited) with forecast expenditure of $4.0m in the forthcoming quarter, largely related to non-recurring transaction and reorganisation costs.

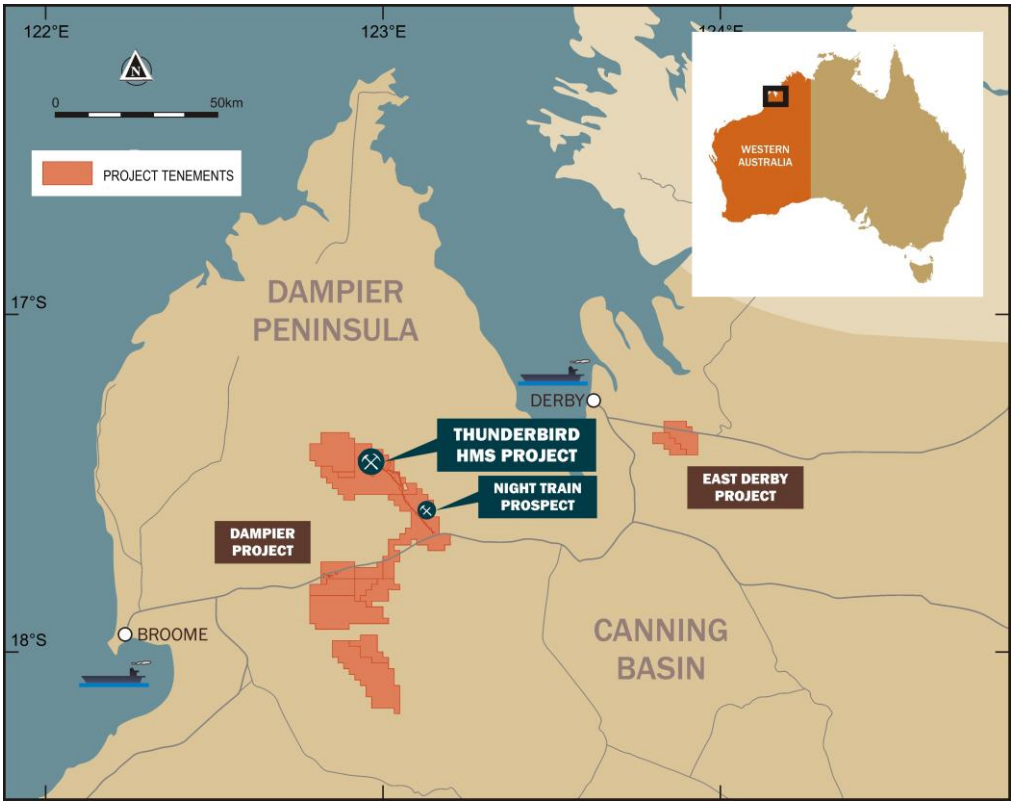


Figure 1: Location of Thunderbird Mineral Sands Project

KEY ACTIVITIES

Kimberley Mineral Sands Pty Ltd *(Sheffield interest – 50%)*

During the quarter and ahead of formal joint venture formation in March 2021, technical studies and implementation planning continued, to support an updated Bankable Feasibility Study for the Thunderbird Mineral Sands Project.

Following formation of the incorporated joint venture entity Kimberley Mineral Sands Pty Ltd (KMS) in March 2021, joint venture partners Sheffield and Yansteel established a governance framework and a working technical committee to deliver the preferred project development strategy for Thunderbird. With technical studies to support an updated bankable feasibility study well underway, KMS is also progressing project financing arrangements with its nominated lenders. KMS has appointed a corporate adviser (Cutfield Freeman & Co. Ltd) to assist KMS determine the preferred project financing strategy, ahead of KMS commencing finalisation of the project financing in the June quarter.

Joint venture activities have also focussed upon the recruitment and establishment of key management personnel, including a Project Director, Human Resources Director and Chief Financial Officer. Appointment of key management personnel within the joint venture is progressing well and scheduled for completion during the June quarter.

KMS cash reserves totalled $129.3m as at the end of the quarter.

Thunderbird Site Based Activities & Community Engagement

Desktop studies continued in the quarter, with focus centred on enabling activities for early works construction. Design works and preparation of tender documents for a variety of non-process infrastructure projects progressed. Village maintenance and inspections of key infrastructure during the wet season have maintained the site in excellent condition.

Regular engagement continued with Traditional Owners during the quarter. Two meetings were held with the Implementation Committee and Named Applicants. Updates were provided through these meetings as well as to key community stakeholders in relation to the progress and finalisation of the Joint Venture Agreement.

Markets

The mineral sands industry has continued to strengthen following easing of pandemic concerns. The titanium feedstock market rebounded in 2H 2020, and the tight supply and strong demand has seen pricing strengthen for titanium pigment feedstock continue into the June quarter. Softer zircon markets experienced in 2020 have recovered with signs of recovery and steadying in the market. During the quarter, price increases were announced with major suppliers implementing price increases. Further price strengthening for zircon is expected during the remainder of 2021.

China has continued to drive the industry with strong demand for both titanium and zircon related products. With all major markets showing signs of recovery, the near term demand outlook is strong.

Demand for sulfate ilmenite is robust and with growth expected to continue in the near term. High grade pigment feedstock demand for production of chloride grade pigment is a growth area for the longer term, with demand forecast to out-strip supply in the coming years and chloride slag (produced from sulfate ilmenite) the most likely source of new supply. The outlook for zircon supply is unchanged, with significant supply constraints forecast in the mid to longer term driving a strong future market position. Thunderbird is well placed to be a significant supplier in what is forecast to be a strengthening market.

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Offtake Partners

Engagement with existing and potential new offtake groups for the possible supply of a zircon-rich concentrate continued throughout the quarter. Strong interest has been received from a wide range of offtake groups and KMS is planning is seeking to secure offtake arrangements in conjunction with its project financing and development strategy.

Exploration

Dampier Project

Technical analysis on works within the Dampier Project carried out during the previous quarter continued, to further mine development studies and assist early works.

Technical reports have been written and statutory reporting obligations completed in relation to the KMS tenement package.

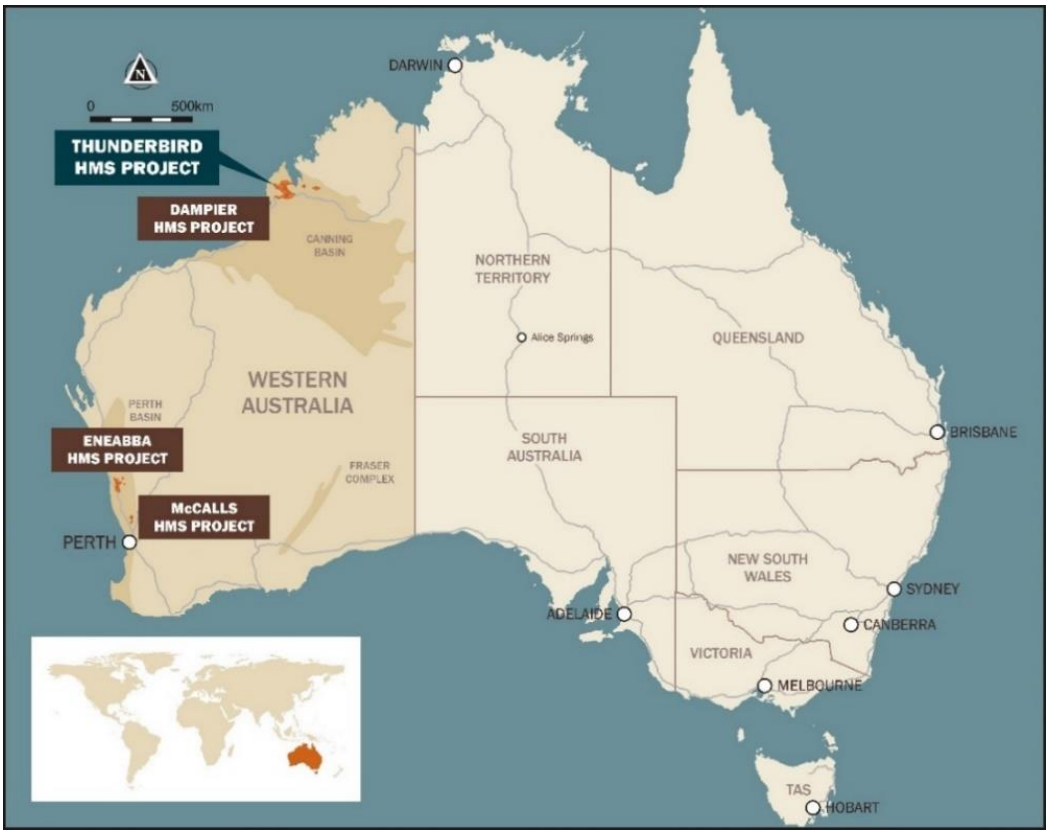


Figure 2: Sheffield Resources Limited – Project Interests

CORPORATE ACTIVITIES

Sheffield Resources Limited ("Sheffield" or "the Company") completed the joint venture transaction with YGH Investment Australia Pty Ltd ("Yansteel") for the development of the world-class Thunderbird Mineral Sands Project ("Thunderbird" or "Project") during the quarter. In March 2021, Sheffield closed its transaction with Yansteel under the Share Subscription Agreement and Shareholders Agreement executed on 6 January 2021 (refer ASX announcements dated 6 January 2021 and 12 March 2021). With lender agreement in support of the transaction, and subsequent receipt of Yansteel's A$130m investment to acquire 50% of Kimberley Mineral Sands Pty Ltd ("KMS"), KMS is now jointly owned by Sheffield and Yansteel.

During the quarter, with the joint venture moving toward Thunderbird project execution stage, Sheffield appointed Mr Gordon Cowe to the Board as an independent Non-Executive Director. Mr Cowe is a

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qualified mechanical engineer with over 30 years' experience leading and managing major resource construction projects globally. Founding directors Mr Will Burbury and Mr David Archer stepped down from the Sheffield Board following formation of the joint venture in March 2021. Board committees have also been restructured and comprise independent non-executive directors.

Following the end of the quarter, having successfully delivered the $143m KMS joint venture transaction, the Company announced that Sheffield's Managing Director and Chief Executive Officer Mr Bruce McFadzean would transition and step down from his executive role effective from 1 July 2021, continuing his involvement with Sheffield as a Non-Executive Director thereafter. Furthermore, Mr Bruce Griffin, Sheffield's Commercial Director, was appointed Executive Chair effective 13 April 2021 with Mr John Richards, Sheffield's Non-Executive Chair, moving to the newly created Lead Independent Director role.

Technical exploration reports have been written and statutory reporting obligations completed in relation to the Company's tenement package within the Eneabba & McCalls project regions within Western Australia.

During the quarter, a total sum of $189,723 was paid to related parties and their associates for Director fees and superannuation.

As at 31 March 2021, Sheffield held cash reserves of approximately A$10.8 million (unaudited). With one-off transaction completion and reorganisation costs payable to personnel, legal and corporate advisors, it is expected that forecast expenditure of $4.0m will be realised in the forthcoming quarter. The Company is targeting a steady state cash outlay requirement of below $2.0m per annum for the 2022 financial year.

The Quarterly Cashflow Report should be read in conjunction with this report. The report includes de-consolidation and de-recognition of KMS amounts and activities from the Sheffield group, in line with the inception of the KMS incorporated joint venture as at 12 March 2021.

This announcement is authorised by the Board of Sheffield Resources Limited.



Mr Bruce Griffin
Executive Chair
30 April 2021

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KIMBERLEY MINERAL SANDS

In January 2021, Sheffield and Yansteel executed binding agreements for the formation of a 50:50 Joint Venture (Kimberley Mineral Sands Pty Ltd or 'KMS') to own and develop the Thunderbird Mineral Sands Project (Thunderbird) and adjacent tenements on the Dampier Peninsula. The parties have agreed that the development concept for Stage 1 of the Project will be a 10.4mt per annum mine and process plant producing a zircon rich non-magnetic concentrate and LTR ilmenite.

Yansteel subscribed for a 50% interest in KMS and provided A$130.1m in project equity funding. Sheffield shall fund project equity between A$130.1m and A$143m, and to date has contributed $2.9m of this portion with the balance due following a Thunderbird Final Investment Decision. KMS will secure project finance and, if required, project equity in excess of A$143m will be funded 50:50 by Yansteel and Sheffield. The Yansteel A$130.1m project equity investment in KMS, together with the A$12.9m funding under the Yansteel Share Placement completed on 12 August 2020 and combined with existing project financing is expected to deliver a fully funded project.

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.

YANSTEEL OFFTAKE AGREEMENT

Yansteel and KMS have entered into a binding life of mine take or pay offtake agreement for 100% of the LTR ilmenite from Stage 1 at market price. Yansteel has a first right of refusal to purchase ilmenite from later stages.

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 Low Temperature Roast ("LTR") ilmenite offtake from Stage 1 of the Thunderbird Mineral Sands Project.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

The contents of this report 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 contained in this report.

Some statements in this report 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", "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 report 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. So there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

Schedule 1: Interests in Mining Tenements at the end of the quarter as required under ASX Listing Rule 5.3.3

Sheffield Resources Limited

Project	Tenement	Holder	Interest	Location	Status
Mineral Sands	E70/3762	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3813	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3814	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3859	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	E70/3929	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3967	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4190	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4292	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4584	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4719	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4747	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4922	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/872[2]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/965[2]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/1153[2]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	R70/35[2]	Sheffield Resources Ltd	100%	Perth Basin	Granted

Notes:
[2]Iluka Resources Ltd (ASX: ILU) retains a gross sales royalty of 1.5% in respect to tenements R70/35, M70/872, M70/965 & M70/1153. M70/1153.

Kimberley Mineral Sands Joint Venture (Sheffield interest – 50%)[1]

Project	Tenement	Holder	Interest	Location	Status
Mineral Sands	E04/2081	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2083	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2084	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2171	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2349	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2390	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2456	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2478	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2494	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2509	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2540	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2554	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2571	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2597	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/82	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/83	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/84	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/85	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/86	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/92	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/93	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	M04/459	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted

Notes:
[1]Thunderbird Operations Pty Ltd is a wholly owned subsidiary of Kimberley Mineral Sands Pty Ltd (refer to ASX announcement 12 March 2021). Kimberley Mineral Sands Pty Ltd is a 50:50 incorporated joint venture between Sheffield Resources Ltd and YGH Australia Investment Ltd (Yansteel).

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