Sheffield Resources
LIMITED

2017

Annual Report

Directors

Mr Will Burbury, Non-Executive Chairman
Mr Bruce McFadzean, Managing Director
Mr Bruce McQuitty, Non-Executive Director
Mr David Archer, Technical Director

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Australian Business Number (ABN)

29 125 811 083

Dear Shareholder,

The 2017 financial year has culminated in a significant period of advancement for your Company. With a backdrop of improving market conditions compared to the last 2-3 years, Sheffield was able to deliver a Company defining Bankable Feasibility Study (BFS) during the year, delivering strong financial metrics.

The primary focus during the year was the completion of the BFS on our flagship Thunderbird mineral sands project. The BFS outcomes confirmed Thunderbird as a world class, high margin project. Key results of the BFS demonstrate a financially robust and technically strong project, forecast to generate EBITDA of A$5.1 billion over a 42 year mine life. Thunderbird is located in one of the most attractive mining investment jurisdictions and is well placed to deliver a long term, secure supply of high quality products to a range of potential customers. Completion of the BFS clears the way for delivery of the next major milestones and the Sheffield team is working hard to secure offtake, permitting and project financing outcomes ahead of a targeted construction start in late 2017.

In conjunction with the delivery of the BFS, we announced an update to the Thunderbird Ore Reserve, totalling 680Mt @ 11.3% HM, underpinned by exceptionally high in-situ zircon grades of 1% in the Proved category. In terms of production profile, 97% of the first 10 years of production and more than one-third of the Ore Reserve is in the highest confidence category, further confirmation that in terms of grade and tonnage, the Thunderbird Ore Reserve ranks amongst the top tier of mineral sands ore reserves in the world, including those associated with operating mines.

We also undertook a strategic equity raising to both complete the Thunderbird feasibility study and continue with exploration activities, placing the Company in a solid financial position. The $17.1m raised introduced a number of new institutional shareholders to Sheffield and we were highly encouraged by the support from existing shareholders during this process.

Subsequent to the release of the BFS, negotiations with potential offtake partners commenced. These negotiations have culminated in the signing of five non-binding memorandums of understanding ("MOUs") in relation to the sale of premium zircon and zircon concentrate. Sheffield has now established key offtake relationships across Europe, India and China, taking total offtake volume of premium zircon and zircon concentrate to approximately 70% and 45% respectively from Stage 1 of the Thunderbird Project. Offtake arrangements have also progressed in relation to the sale of high quality low temperature roast ("LTR") ilmenite, with a maiden LTR ilmenite MOU signed in May 2017 representing approximately 45% of the estimated Stage 1 production volume. The market demand shown for the range of Thunderbird products has been pleasing.

On the exploration front, we have continued to make significant inroads and position ourselves well for the future. In late 2016, we announced a joint venture agreement with Independence Group NL (IGO) (ASX: IGO) encompassing our package of tenements in the Fraser Range region of Western Australia, enabling Sheffield to retain 30% exposure to exploration success beyond the initial earn-in phase. We also announced the signing of an agreement to earn 100% interest in the Jamieson Project (Project) from Jamieson Minerals Pty Ltd. The Project is located near the township of Jamieson in the central Victorian Goldfields comprising Exploration Licence 5523, and this low cost farm-in represents an exciting opportunity to add value through exploration by targeting high-grade gold mineralisation.

The 2017 financial year has also seen continued development of our management team. Following completion of the BFS, we welcomed Mr Stuart Pether to the Sheffield team, taking on the important role of Chief Operations Officer. I would like to personally thank each of my fellow Directors, our management team and our small team of employees, our consultants and stakeholders for their dedication and effort in delivering valuable BFS results over the past year.

Finally, on behalf of the Board, I would also like to thank our loyal shareholder base, many of whom have been shareholders since the Company's admission to the ASX in December 2010.

Thank you for your continued support and we look forward to an exciting year ahead as we look progress development of Thunderbird.

Yours sincerely

Mr Will Burbury
Non-Executive Chairman

OVERVIEW

During the reporting period, Sheffield Resources Limited ("Company" or "Sheffield") continued its operational focus on the world class Thunderbird Mineral Sand Project (Thunderbird), located near Derby in the Canning Basin region of Western Australia (Figure 1), culminating with the completion of the Bankable Feasibility Study (BFS) for Thunderbird, delivering financially robust metrics.

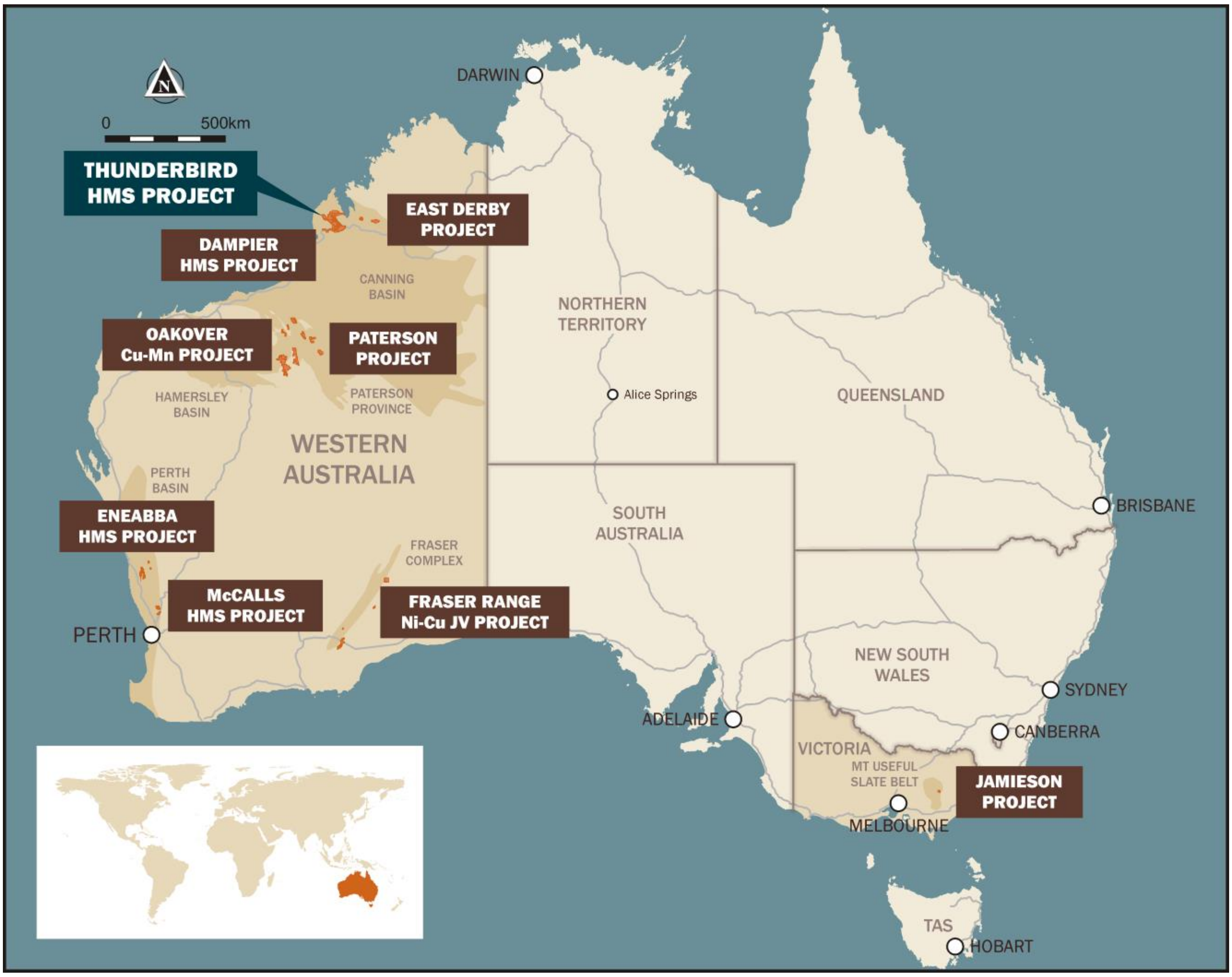

Figure 1: Location of Sheffield Resources Projects in Western Australia

Sheffield continues to advance offtake and funding opportunities. Interest in both funding and offtake has been strong and following the conclusion of the BFS in March 2017, Sheffield announced the signing of five non-binding memorandums (MOUs) for the future sale of premium zircon and zircon concentrate, with an additional non-binding MOU signed for the future sale of LTR ilmenite. Negotiations are progressing toward binding offtake agreements with several counterparties whilst discussions continue with other counterparties interested in securing commercial agreement for Sheffield's high quality zircon and ilmenite products.

Permitting activities continued to advance throughout the year. The environmental approval process is well advanced following the completion of a Public Environmental Review in February 2017, with significant public support provided for the Thunderbird project. In parallel, Native Title determination continues to progress with the substantive Native Title determination being received from the National Native Title Tribunal on 15 June 2017. The Federal Court of Australia is currently considering an appeal by Mount Jowlaenga Polygon #2 claimant group in relation to this matter. Sheffield anticipates conclusion of all permitting matters in 2017.

KEY HIGHLIGHTS FOR THE FINANCIAL YEAR

- Completion of a placement at an issue price of 52 cents per share, raising approximately $17.1m before costs
- Delivery of the Bankable Feasibility Study in March 2017, confirming the Thunderbird project as a low risk, high margin, long life mining project;
- Ore reserve updated to 680.5 million tonnes @ 11.3% heavy mineral (HM) (proved & probable)
- Joint venture formed with Independence Group NL ("IGO") to explore Sheffield's Fraser Range tenements
- Substantive Native Title determination decision received from National Native Title Tribunal ("NNTT")
- Agreement to earn 100% interest in high grade Jamieson Gold ("Jamieson") project.

THUNDERBIRD MINERAL SANDS PROJECT

Located in the Canning Basin in northern Western Australia, the Thunderbird Mineral Sands Project, wholly owned by ASX-listed Sheffield Resources Limited, is situated midway between the port towns of Derby and Broome. Thunderbird, by virtue of its location, size and quality of product has the potential to become a globally significant mineral sands operation. The significance of the Project is supported by the "Lead Agency" project status afforded to Thunderbird by the Department of Mines and Petroleum in Western Australia.

During the year Sheffield continued its operational focus on its world class Thunderbird Mineral Sands Project, culminating with the completion of the Bankable Feasibility Study ("BFS") for Thunderbird, delivering financially robust metrics[1].

Key results of the BFS include:

- Pre-tax NPV of A$676 million, IRR of 25%
- Long mine life of 42 years, offering leverage to multiple pricing cycles
- Stage 1 capital of A$324 million plus A$24 million contingency (A$348m, US$261m)
- EBITDA of A$5.1 billion over Life of Mine ("LOM"), averaging A$123 million per annum
- Ore Reserve totalling 680.5 million tonne @ 11.3% heavy mineral ("HM") (Proved and Probable) including 235.8 million tonnes @ 13.3% HM as Proved Ore Reserve
- Almost all of the first 10 years of scheduled production (97%) is from the highest confidence Proved Ore Reserve category.

Zircon is the key value driver of the Project making up almost 62% of forecast revenue, with the remainder generated from substantial amounts of high grade sulphate ilmenite and "Hi-Ti88"leucoxene. The high proportion of zircon sets Thunderbird apart from many of the world's operating and undeveloped mineral sands projects which are dominated by lower value ilmenite.

Current Mineral Resources at Thunderbird comprise 1.05 billion tonnes @ 12.2% HM at a 7.5% HM cut off (Measured, Indicated and Inferred) containing 9.7Mt of zircon, 3.0Mt of high-titanium leucoxene and 35Mt of ilmenite. This places Thunderbird in the top tier of mineral sands deposits globally, including those currently in production.

In conjunction with delivery of the BFS, an updated Ore Reserve comprising 680.5Mt @ 11.3% HM was finalised during the quarter. The March 2017 Ore Reserve is based on the BFS supports a 42 year mine life for the Project with a very low life-of-mine strip ratio (waste:ore) of 0.78:1 and includes a Proved Ore Reserve category of 235.8Mt @ 13.3% HM[2].

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[1] Sheffield announced the results of the Thunderbird BFS to the ASX on 24 March, 2017 and also made the BFS Report available for interested parties. See Sheffield's website for details: www.sheffieldresources.com.au.

[2] Sheffield ASX release dated 16 March, 2017.

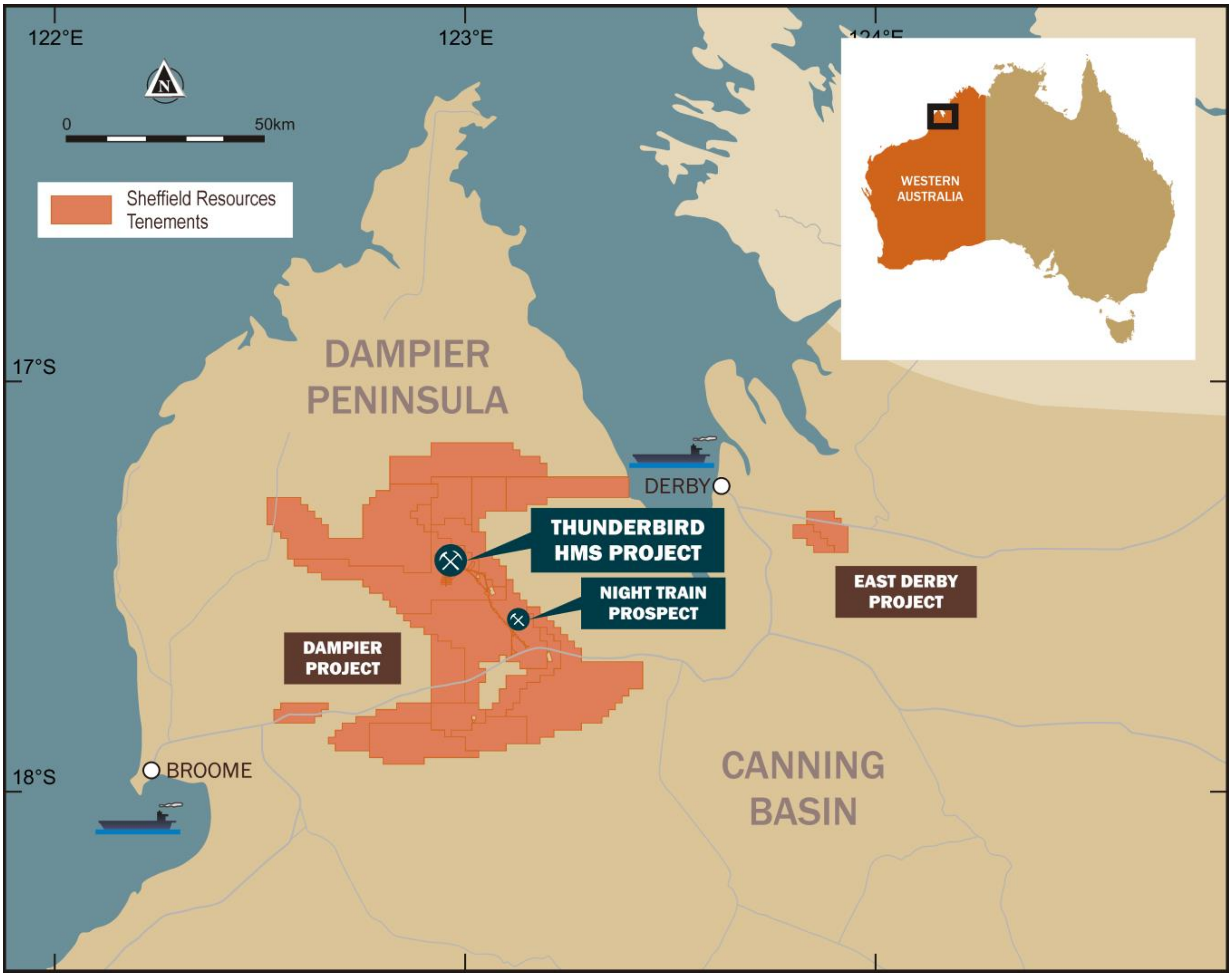

Figure 2: Location of the Thunderbird HMS Project in Western Australia

The BFS is based on a conventional dozer trap mineral sands mining and processing operation involving an initial 8.5 million tonnes per annum (Mtpa) throughput (single mining unit), doubling to 17Mtpa in Year 5 via the addition of a second mining unit and processing stream.

The BFS has demonstrated a low risk, technically strong project with robust financial metrics as summarised in Table 3 below. The financial analysis is based upon capital, cost and revenue assumptions derived from market contract and supply tenders, industry expert product pricing, consensus foreign exchange rates and a real discount rate of 10%.

The forecast EBITDA of A$5.1 billion generated over a 42 year mine life underpins the strategic value of the Thunderbird Project. The pre-tax NPV_{10} of A$676 million and significant pre-tax IRR of 25% support the Project's viability and provide a compelling case for financing and development.

The estimated initial development capital of A$348 million including A$24 million of contingency (7.5%) required over the first two years to facilitate Stage 1 development is based on an Engineering, Procurement and Construction (EPC) approach to the major process plant capital components. The Stage 2 expansion to approximately 17Mtpa throughput, expected to commence in 2022, is estimated at A$195 million ($US146 million) (excluding contingency) and Sheffield's current expectation is that this will be predominantly funded from cash flows.

The mine schedule has been optimised to provide strong and consistent cash flows over the 42 year mine life. Figure 3 illustrates a consistent cost profile over the mine life with benefits of high grade, near surface ore in early production years, resulting in superior financial metrics.

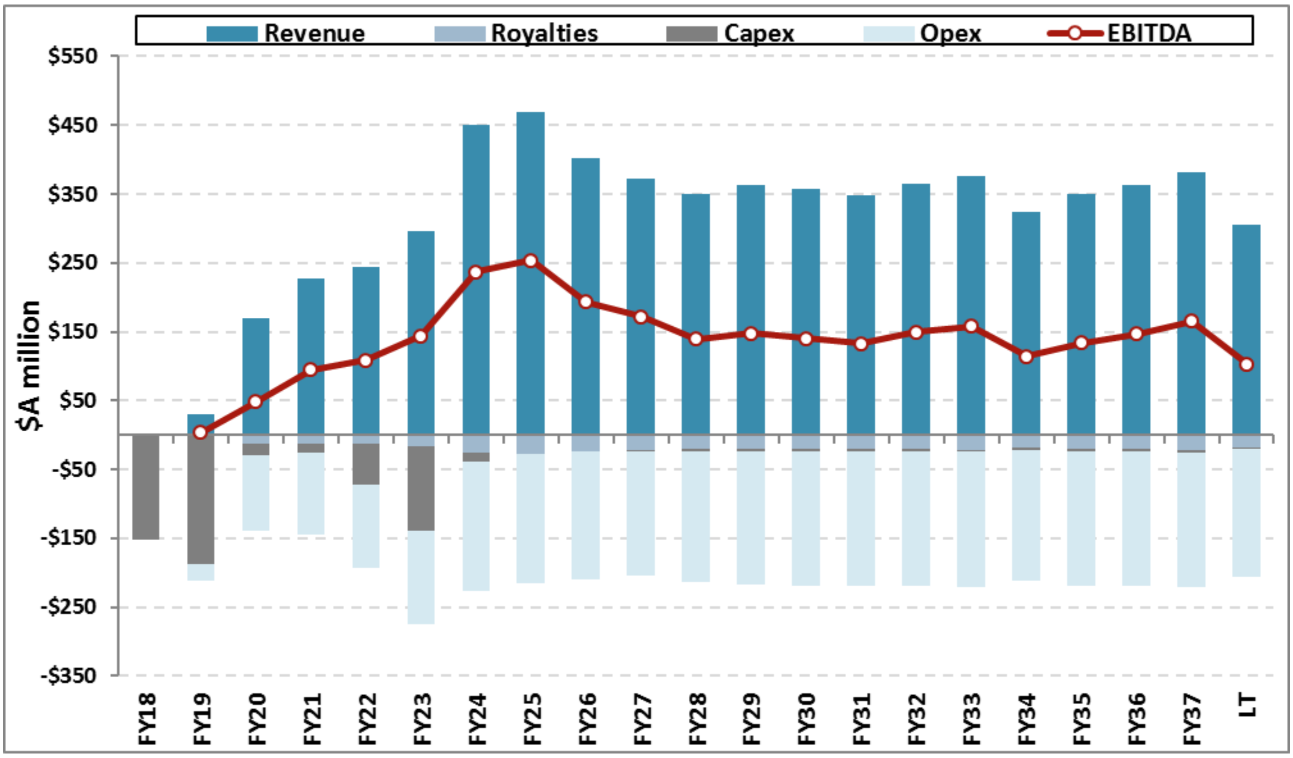

Figure 3: Annual EBITDA (real 2017 prices) and Cash Flows

Production (Average tonnes per annum)	Financial Year 2019 – 2023[5]	Financial Year 2024 – 2033[6]	LOM[7]
Premium Zircon	51,500	88,700	76,100
Zircon Concentrate	49,100	80,100	68,500
LTR Ilmenite	264,500	481,600	387,800
Hi-Ti88	12,800	23,000	20,300
Titano-magnetite	156,600	285,300	229,800

Table 1: BFS Production Assumptions

Commodity Prices (US$)[4]	Financial Year 2019 – 2023[5]	Financial Year 2024 – 2033[6]	LOM[7]
Premium Zircon	1,282	1,387	1,381
Zircon Concentrate	659	677	676
LTR Ilmenite	183	183	183
Hi-Ti88	500	500	500
Titano-magnetite	48	48	48

Table 2: Commodity Price Assumptions

$AM, Real 2017 Prices	Financial Year 2019 – 2023[5]	Financial Year 2024 – 2033[6]	LOM[7]
Revenue	854	3,875	13,560
Royalties	(50)	(223)	(781)
Net Revenue	**803**	**3,652**	**12,779**
Opex: Mining	(104)	(421)	(1,828)
Opex: Processing	(228)	(1,024)	(4,093)
Opex: Logistics	(73)	(288)	(1,005)
Opex: Site G&A	(59)	(172)	(707)
Total Opex[1]	**(464)**	**(1,905)**	**(7,633)**
EBITDA	**339**	**1,746**	**5,146**
A$ Site costs[2] / tonne ore mined	14.65	11.11	11.40
A$ Revenue / tonne ore mined	25.99	22.29	19.92
US$ Site costs[2] / tonne Premium Zircon equivalent[3,4]	721	692	790
US$ Revenue / tonne Premium Zircon equivalent[3,4]	1,278	1,387	1,381

Table 3: Thunderbird Project Key Financial Metrics

Notes:

1. Excludes corporate overheads.
2. Includes sustaining capex, excludes corporate overheads and royalties.
3. Premium Zircon equivalent tonnes calculated as total revenues across all products/premium zircon price
4. AUD:USD = 0.75:1.00. USD long term commodity prices are quoted as FOB terms, sourced from TZMI (Premium Zircon, Zircon Concentrate, LTR Ilmenite and Hi-Ti88) and Ruidow (for Titano-magnetite).
5. Stage 1 time period depicted as Q4 FY2019 to Q3 FY2023 inclusive
6. Stage 2 first 10 years depicted as Q4 FY2023 to Q3 FY2033 inclusive
7. LOM (Life of Mine) describes the period 2018 to 2061, inclusive of the construction period.

Figure 4 depicts the Calendar Year 2020 TZMI revenue to cost (RC) ratio curve for the mineral sands industry. Thunderbird is represented adjacent to first quartile producers, several of whom are vertically integrated and operate titanium feedstock beneficiation plants.

Thunderbird's position on an industry RC curve shows the Project is expected to be highly competitive and capable of operating through multiple commodity pricing cycles, underpinning the Project's global strategic value.

¹Note:
- *Period represented for Thunderbird is the 4 year period post-Stage 1 ramp up, equalling Q2 Year 3 to Q1 Year 7 inclusive*
- *RC ratio determined using long-term pricing and forecast exchange rate*
- *TZMI has undertaken a review of the Sheffield BFS financial model. TZMI has relied on operating cost, product pricing and production schedules provided by Sheffield Resources for Thunderbird, all other modelling has been done by TZMI.*

Figure 4: TZMI 2020 Industry Revenue to Cash Cost Curve

Thunderbird Ore Reserve

The Thunderbird BFS is based on one of the world's largest and highest grade, zircon and ilmenite-rich mineral sands Ore Reserves (Figure 5, Table 4). Approximately 97% of the first 10 years of production is scheduled from Proved Ore Reserves, the highest confidence classification. Furthermore, Proved Ore Reserves features an exceptionally high in situ zircon grade of 1.00% and 39% of the contained valuable heavy mineral (VHM)[3].

Table 4: Thunderbird Ore Reserve March 2017

Ore Reserve			Valuable HM Grade (In-Situ)					
Reserve Category	Material (Mt)	HM (%)	Zircon (%)	HiTi Leuc (%)	Leucoxene (%)	Ilmenite (%)	Oversize (%)	Slimes (%)
Proved	235.8	13.3	1.00	0.29	0.26	3.55	13.7	16.5
Probable	444.8	10.2	0.80	0.26	0.26	2.85	11.0	15.2
Total	**680.5**	**11.3**	**0.87**	**0.27**	**0.26**	**3.10**	**12.0**	**15.7**

The in-situ grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage at the resource block model scale. Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal.

[3] Sheffield ASX announcement dated 16 March 2017.

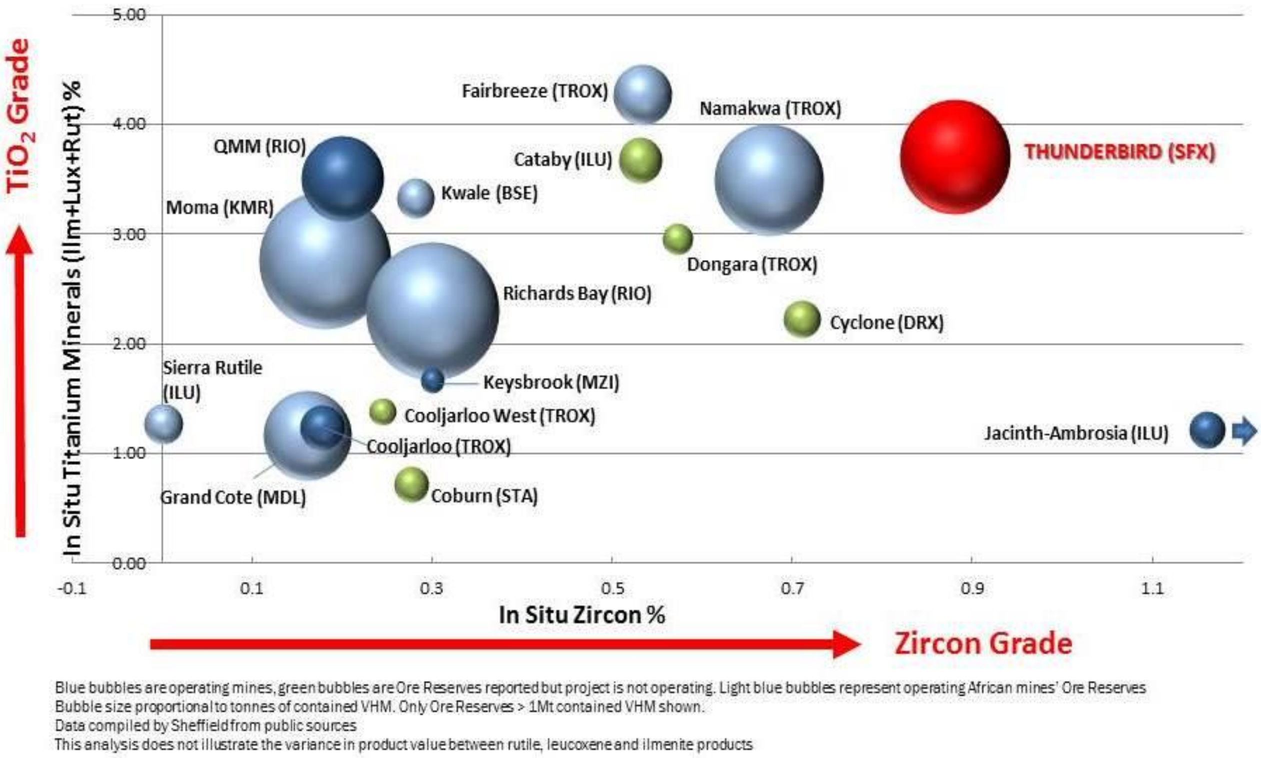

Figure 5: Thunderbird Ore Reserves ranked against Ore Reserves of current mineral sands operations and projects.

<u>BFS Product Test Work Results</u>

Extensive test work and process design during the BFS and earlier studies has enabled Sheffield to develop a suite of high quality mineral sands products with specifications suited to market requirements.

- *Premium Zircon* – high quality ceramic grade zircon, >66% ZrO_2;
- *LTR Ilmenite* – pre-reduced, high grade TiO_2 ilmenite with low alkalis and low chromium suitable for:
  - Feedstock for sulphate pigment plants - 56.1% TiO_2;
  - Production of chloride grade and sulphate grade slag - 88% TiO_2 with a high purity pig iron co-product;
  - Potential blended feedstock for chloride processing. LTR Ilmenite can be produced at higher grades (57-59% TiO_2) for this potential market;
- *Hi-Ti88* – suited to flux cored wire welding market, production of titanium sponge, or blended material for processing via the chloride process;
- *Zircon concentrate* – zircon rich (44% ZrO_2, 20% TiO_2) suited to the zirconium chemicals industry, and further upgrading; and
- *Titano-magnetite* – co-product from the LTR process suited to furnace protection in the steel the industry.

Test work undertaken by Roundhill Engineering Pty Ltd has determined the LTR conditions required to reduce the Fe_2O_3 content of the ilmenite product to less than 13%. An ilmenite product with these specifications is expected to attract a further pricing premium in the Chinese market[4].

<u>Marketing and Offtake</u>

Offtake negotiations with a range of counterparties advanced during the financial year, culminating in multiple offtake MOUs being secured for the high quality zircon and LTR ilmenite products from Thunderbird. Sheffield secured five non-binding memorandums of understanding (MOUs) for the future sale of premium zircon and zircon concentrate with high quality industry counterparties. The agreements account for 70% of premium zircon and 45% of zircon concentrate to be produced from Stage

[4] Sheffield ASX announcement dated 13 March 2017.

1 of the Thunderbird project to European, Indian and Chinese consumers[5]. Additionally, a maiden LTR ilmenite MOU was secured with the premier Chinese manufacturing entity CNNC Huayuan Titanium Dioxide Co. Ltd (CHTi). The agreement with CHTi represents approximately 45% of the estimated total volume of LTR ilmenite to be produced from Stage 1 of Thunderbird[6].

The Company remains focussed on negotiating binding offtake agreements with the counterparties whilst negotiations are underway with a range of other parties interested in securing commercial agreement for Sheffield's high quality zircon and ilmenite products.

<u>Project Financing</u>

In conjunction with its financial advisor Azure Capital, Sheffield has commenced a process inviting a number of lenders and strategic partners to participate in the development of the Thunderbird project. Initial screening of proposals are scheduled to conclude in Q3 2017 and Sheffield will appraise the market of financial developments in the near future.

<u>Project Execution Planning</u>

Sheffield progressed the selection of an engineering, procurement and construction ("EPC") contractor with discussions advancing in accordance with the project schedule, with selection of a preferred contractor expected during Q3 2017.

A number of contracting activities were progressed, including:

- Selection of mining services contractor
- Electricity and gas supply sourcing
- Accommodation village construction and facilities management
- Various minor and preliminary works and owner works planning, including mining geotechnical pts and front end engineering design work associated with the low temperature roast ("LTR").
- Tailings management studies

<u>Sustainability</u>

Permitting activities continued to advance throughout the period with the Environmental Protection Agency ("EPA") Board attending a site visit of the Thunderbird project and engaging with key community stakeholders. The environmental approval process for Thunderbird remains on track for completion in 2017.

A positive good faith decision by the National Native Title Tribunal ("NNTT") found in favour of Sheffield, followed by the substantive Native Title determination by the NNTT clearing the way for the grant of the mining lease from the Western Australian Government authorities. Subsequently, the Mount Jowlaenga Polygon #2 claimant group has lodged a notice of appeal that is currently listed for hearing by the Federal Court of Australia in Q3 2017.

Thunderbird continues to have strong and wide local community support. Engagement with a range of stakeholders throughout the Kimberley community continued throughout the year.

<u>Work Ready Program</u>

Sheffield commenced the recruitment of local Kimberley employees during the year and has committed to a construction ready program to enable a wider cross section of traditional owners to be meaningfully engaged at Thunderbird during the construction phase. The commencement of work ready programs during the second half of calendar 2017 shall provide employment opportunities and skill growth pathways for up to 18 traditional owners that will focus on preparing participants for employment and training during the project construction phase.

<u>EXPLORATION ACTIVITIES</u>

<u>Dampier Regional Mineral Sands</u>

Planning and permitting for regional exploration on the Dampier project for 2017 continued during the period. Projects are expected to commence during the second half of 2017.

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[5] Sheffield ASX announcements dated 29 April 2017, 10 April 2017 and 4 April 2017.

[6] Sheffield ASX announcement dated 29 May, 2017.

Derby East Project

Sheffield is investigating the potential of the Derby East Project tenements, located 25km east of Derby, to yield commercial quantities of sand for construction purposes.

Aircore drilling by Sheffield in October 2016 tested an area within its tenement E04/2390 with potential to yield significant quantities of clean, angular silica sand suitable for construction, first identified by previous explorers. Sheffield's drilling intersected the sand unit in nine holes, beneath 0-12m of cover, over an area of about 6km by 2.5km with an average thickness of about 34m.

A preliminary assessment of the sand unit for suitability as construction material was completed by Golder Associates Pty Ltd with encouraging results. Sheffield intends to do further work to evaluate the opportunity.

Eneabba Mineral Sands

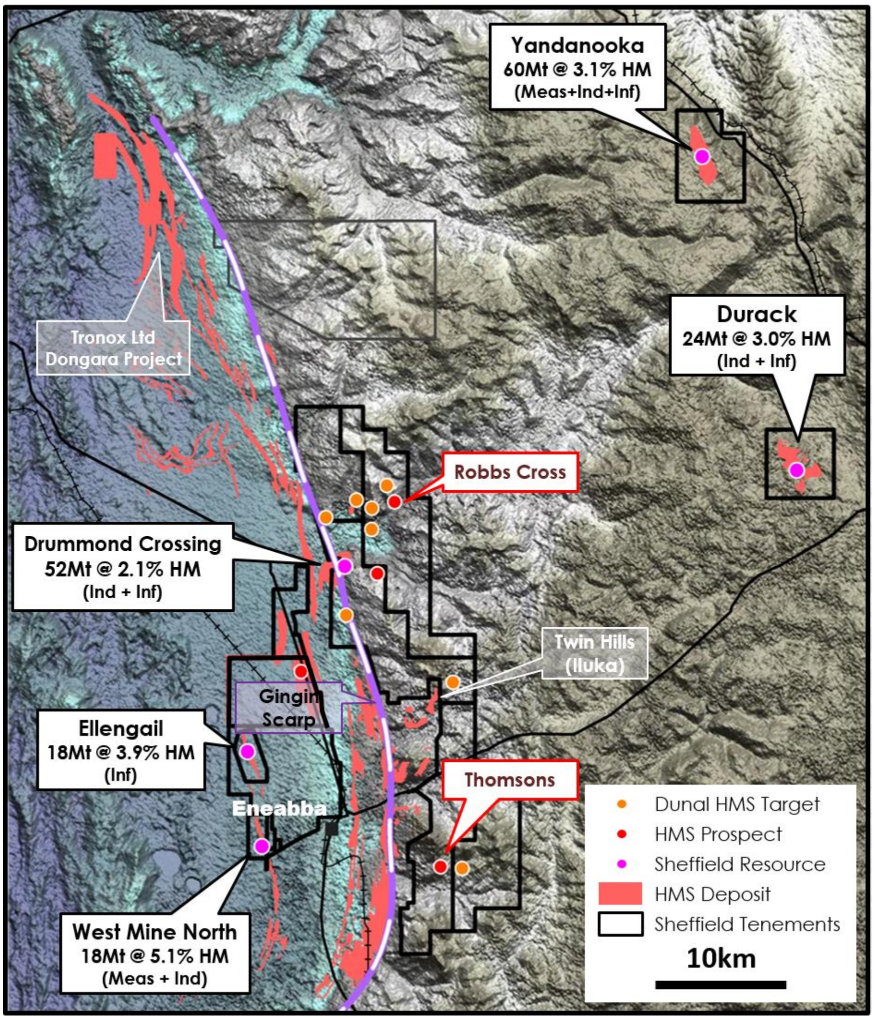

Figure 6: Eneabba Project Mineral Resources & Dunal HMS Targets

In May 2017 an exploration aircore drilling program was completed at the Robbs Cross and Thomsons prospects within the Eneabba Project, near the town of Eneabba about 140km south of Geraldton in WA (Figure 6).

The drilling focussed on extension of dunal-style HMS mineralisation discovered by Sheffield in 2015[7]. At Robbs Cross, 32 holes were drilled for a total of 696m and at Thomsons 33 holes were drilled for a total of 1,083m.

[7] Sheffield ASX announcement dated 23 July, 2015

Both prospects have high-value heavy mineral assemblages reported from previous work: 12.5% rutile, 14.7% zircon, 4.1% leucoxene and 47% ilmenite at Robbs Cross, and 12.3% rutile, 15.1% zircon, 3.6% leuxocene and 50% ilmenite at Thomsons, and therefore represent opportunities to add to Sheffield's HMS Mineral Resource base for the Eneabba Project, which currently contains 6.76Mt of HM (Appendix 1). Results from the drilling are expected during Q3 2017.

Carawine Resources Pty Ltd

Carawine Resources Pty Ltd (Carawine) a wholly owned subsidiary of Sheffield, was created to hold Sheffield's substantial non-mineral sands exploration projects. These now include four gold, copper and base metal projects, each targeting high-grade deposits in well-established mineralised provinces throughout Australia (Figure 7):

- Jamieson Au-Cu-Ag-Zn-Pb project, VHMS targets
- Oakover Cu-Co project, Zambian style Cu-Co targets
- Paterson Au-Cu-Co(Zn-Pb) project, Nifty Cu-Co and Telfer Au-Cu targets
- Fraser Range Ni-Cu-Co project (Independence Group NL (ASX:IGO) 51%, earning 70% by spending A$5 million), Nova-Bollinger Ni-Cu-Co targets

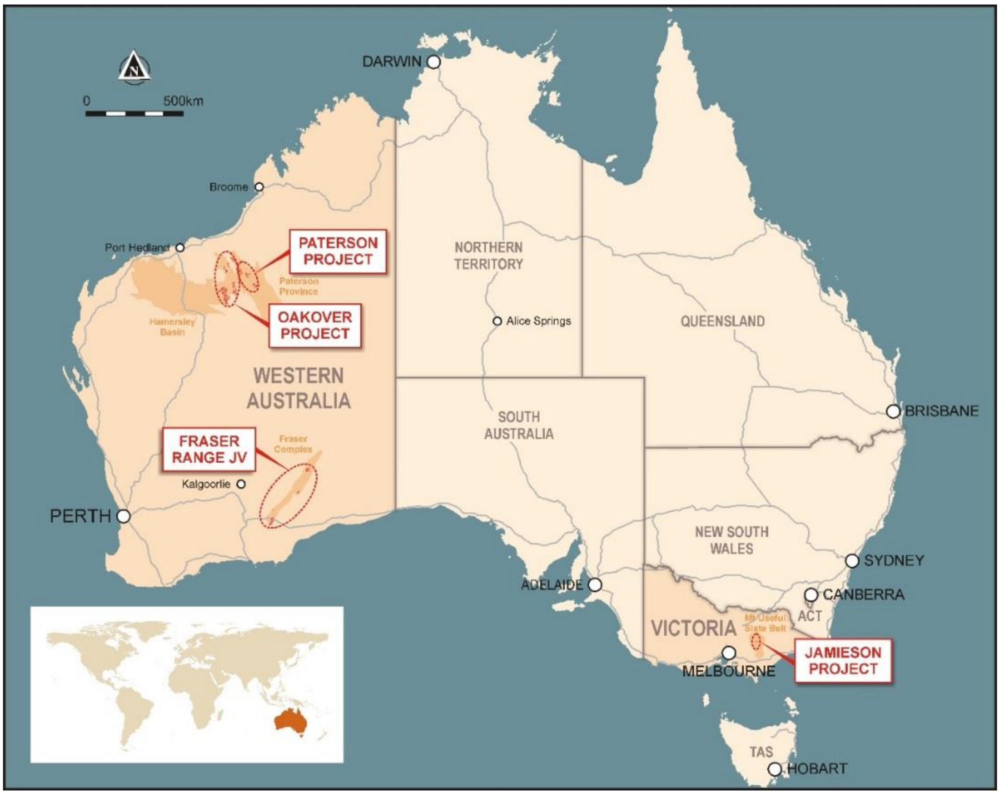

Figure 7: Carawine's Project locations

Sheffield will consider options to unlock the value of these assets for shareholders in the near term. Current work planned for Carawine's projects include low-cost exploration programs aimed at defining and prioritising targets.

Jamieson Project

In June 2017, Carawine secured an agreement to earn 100% of the Jamieson Project from Jamieson Minerals Pty Ltd (Figure 7) by incurring $190,000 of exploration expenditure within the next two years, followed by a further $200,000 as a cash payment or issue of shares. The project is located near the township of Jamieson in the central Victorian Goldfields and comprises Exploration Licence 5523, containing the Hill 800 gold and Rhyolite Creek zinc-gold-silver prospects[8].

Hill 800 was discovered by New Holland Mining NL ("New Holland") in 1994, following sampling of outcropping gold-rich gossans. The prospect is a volcanic-hosted massive sulphide (VHMS) gold-copper (Au-Cu) system with similar host rock, age and mineralisation style to the Henty gold and Hellyer lead-zinc-silver-gold deposits in Western Tasmania.

[8] Sheffield ASX announcement dated 28 June, 2017

New Holland drilled 51 RC and 6 diamond holes at Hill 800 (6,309m total) between 1996 and 1999, returning high-grade gold results including:

- 33m @ 4.31g/t Au, from surface (HEC1)
- 13m @ 10.9g/t Au, from surface (HEC13), including 3m @ 38.8 g/t Au from surface
- 23.4m @ 4.56g/t Au, from 0.5m (HED1)
- 25m @ 4.72g/t Au, from 3m (HEC45), including 1m @ 24.0g/t Au from 16m
- 21m @ 4.04g/t Au, from 76m (HEC49), including 1m @ 20.9g/t Au from 80m
- 4m @ 7.03g/t Au, from 91m (HEC12), including 1m @ 28.9g/t Au from 184m and 1m @ 122g/t Au from 188m

(Figure 8; down hole widths may not represent true thickness.)

Gold mineralisation is associated with silica-sericite-pyrite alteration in intermediate volcanic rocks at the core of a well-defined alteration zonation plunging approximately 70 degrees to the north. Within this zone, higher gold grades occur in a main, sub-vertical lode, and two parallel mineralised trends in the footwall to the main lode. The effectiveness of prior drilling was restricted by limited site preparation and the use of large truck-mounted drill rigs, leading to a number of oblique intersections and holes missing mineralisation. The use of small diamond drill rigs and better drill site preparation presents an opportunity for Carawine to more effectively test the interpreted lode geometry and target down-plunge extensions and potential parallel lodes.

The Rhyolite Creek Zn (Au-Ag) prospect, located about 5km south of Hill 800, was discovered by Goldsearch in 2008. Goldsearch drilled one diamond hole in 2008 (RCD001), targeting a linear magnetic anomaly in an area of gold-silver-base metal anomalism in surface geochemical samples.

The discovery diamond core hole RCD001 intersected a zone of strong albite-chlorite-silica alteration and sulphide mineralisation (Figure 9), returning an interval of:

- **8m @ 3.7% Zn, 0.3% Pb, 0.1% Cu, 1.6g/t Au and 29g/t Ag** from 220m *including* **1.4m @ 15.6% Zn, 1.5% Pb, 0.5% Cu, 7.4g/t Au and 113g/t Ag** from 223m

Re-sampling of core within this interval, from 223.5 to 224.5m by Jamieson Minerals returned assay values of 20.3% Zn, 1.5% Pb, 0.7% Cu, 178g/t Ag and 10.3g/t Au.

Zinc mineralisation was identified as being related to low-iron sphalerite and the footwall to this high-grade zone was reported as being strongly altered intermediate volcanics, with significantly elevated zinc values over 52m downhole.

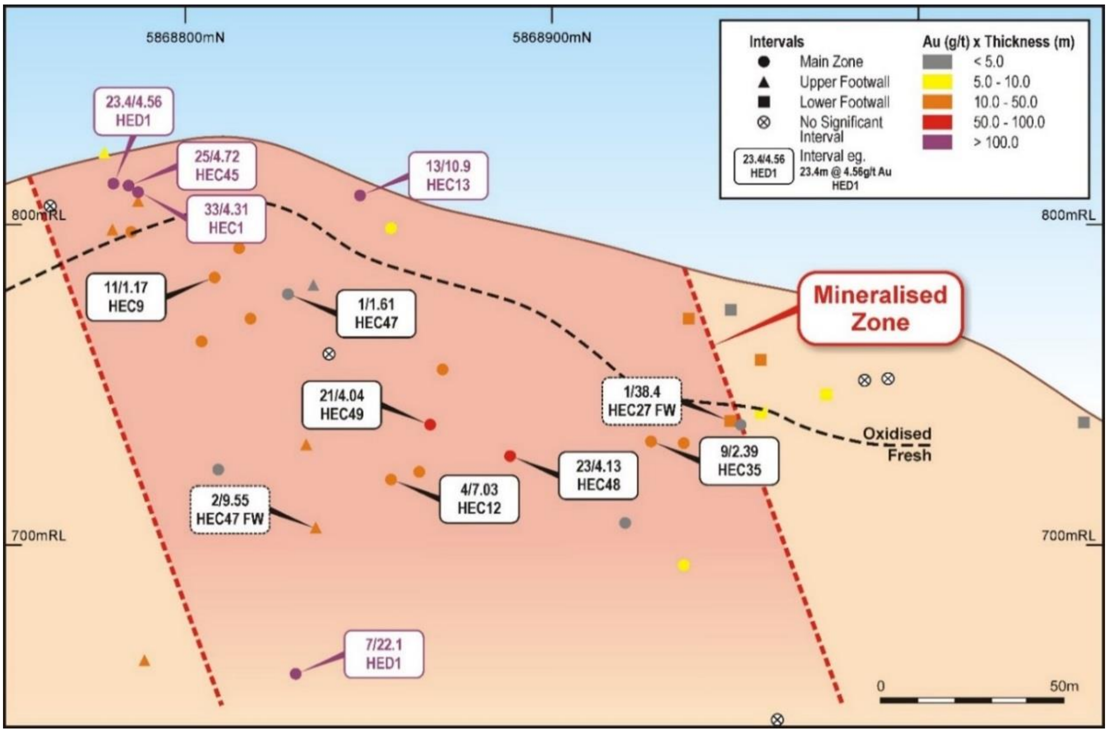

Figure 8: Hill 800 Long section, Main, Upper Footwall and Lower Footwall trends depicted. Most holes have been drilled oblique to mineralisation, therefore the downhole widths stated may not represent true widths.

Goldsearch interpreted the mineralisation intersected in RCD001 to be the result of a structurally controlled hydrothermal system (rather than VHMS mineralisation) and drilled a further four broadly spaced holes, with holes RCD002 and RCD004 testing within 200m and 150m of the original intercept. RCD002 intersected a diorite dyke at the target position and RCD004 intersected a broad zone of elevated zinc mineralisation with a 70m zone averaging 0.37% Zn from 233.6m.

Goldsearch concluded that drilling had defined a large zinc-gold-silver-copper mineralised system, which remained open in most directions, and suggested further work was warranted to identify and target high-grade mineralisation, which remained untested. (Goldsearch Quarterly Report, 29 April 2010 and open file reports).

Tenement EL5523 is located on unrestricted crown land within a geological province known as the Mt Useful Slate Belt (Figure 10). The region was founded on gold mining in the 1850's and a number of gold mines have operated in the region, including the A1 Mine near Gaffney's Creek south of Kevington, currently operated by Centennial Mining Ltd. The tenement covers a "window" of Cambrian-aged volcanic rocks of similar age to the Mt Read Volcanics in western Tasmania, a world-class VHMS district. The discovery to date of two VHMS-style systems on the tenement confirms the outstanding potential of the project. Typically, deposits of this style occur in clusters often defining significant mining camps. Gold-rich VHMS deposits are particularly attractive given their high-grade and polymetallic nature. The project area is considered to be under-explored, with limited systematic exploration for VHMS deposits completed to date[9].

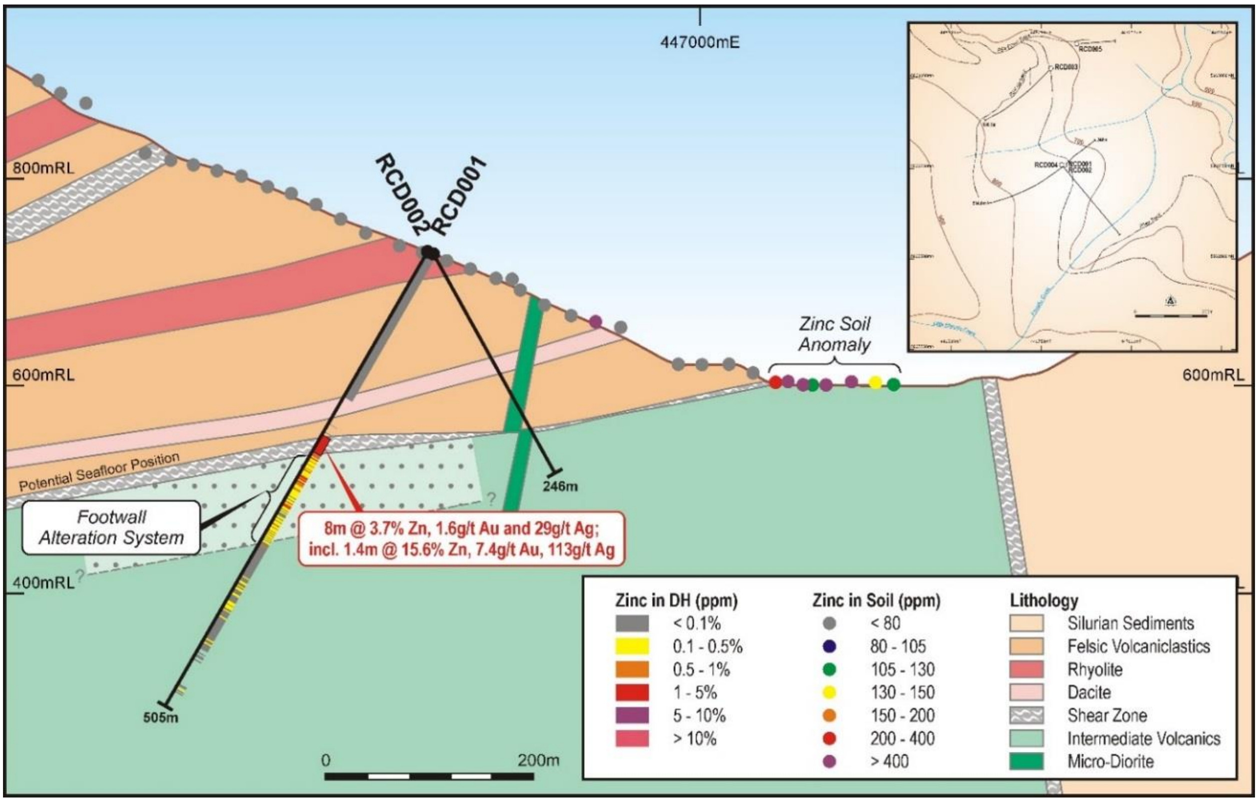

Figure 9: Rhyolite Creek cross-section through RCD001 and 002

[9] Sheffield ASX announcement dated 28 June 2017

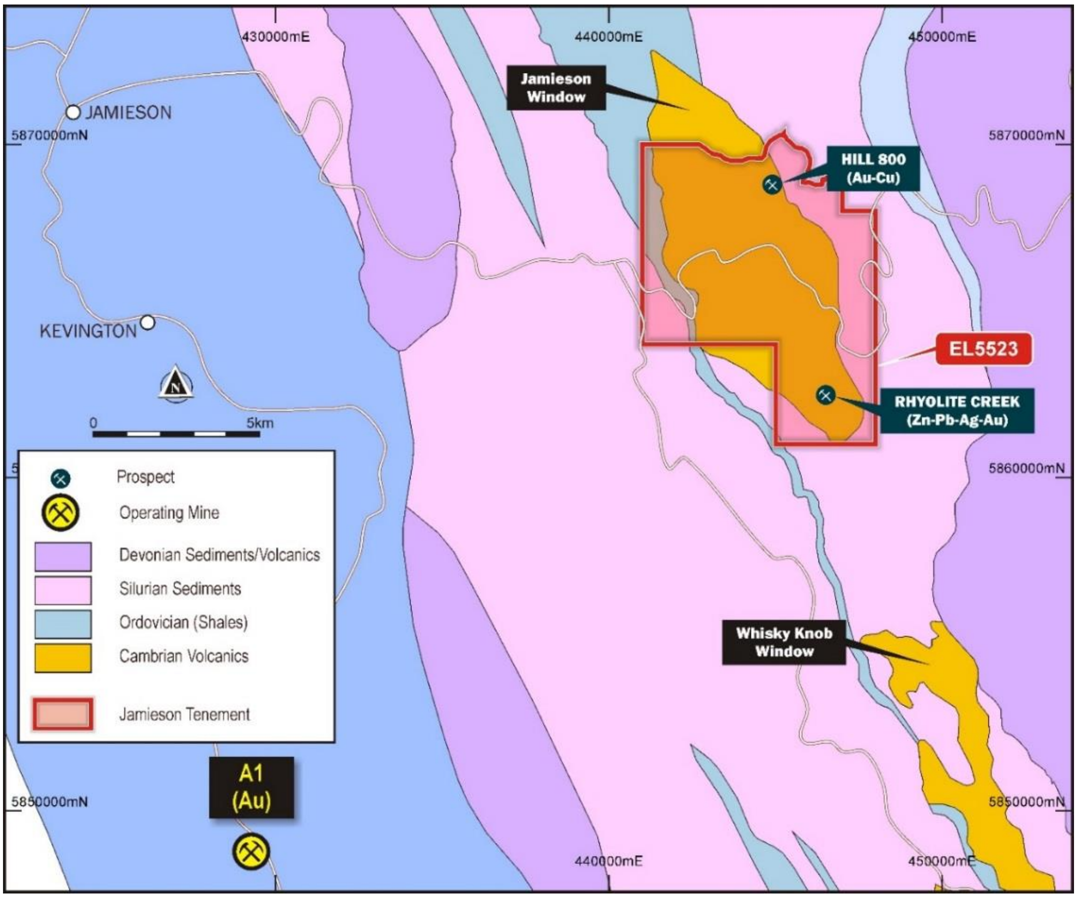

Figure 10: Jamieson Project regional geology (after Geol. Survey Victoria) showing windows of Cambrian Volcanics and EL5523

Oakover and Paterson Copper-Gold Projects

Carawine's Oakover and Paterson Projects, located in the highly prospective Eastern Hamersley Basin and Paterson Province, comprise eight granted exploration licences and five exploration licence applications totalling over 3,360 km² (Figure 11). The tenements cover three parallel geological provinces, which are highly prospective for large Proterozoic Cu-Au systems with significant long-life mines operating in each region (e.g. Telfer Au-(Cu), Nifty Cu-(Co) and Woodie Woodie Mn).

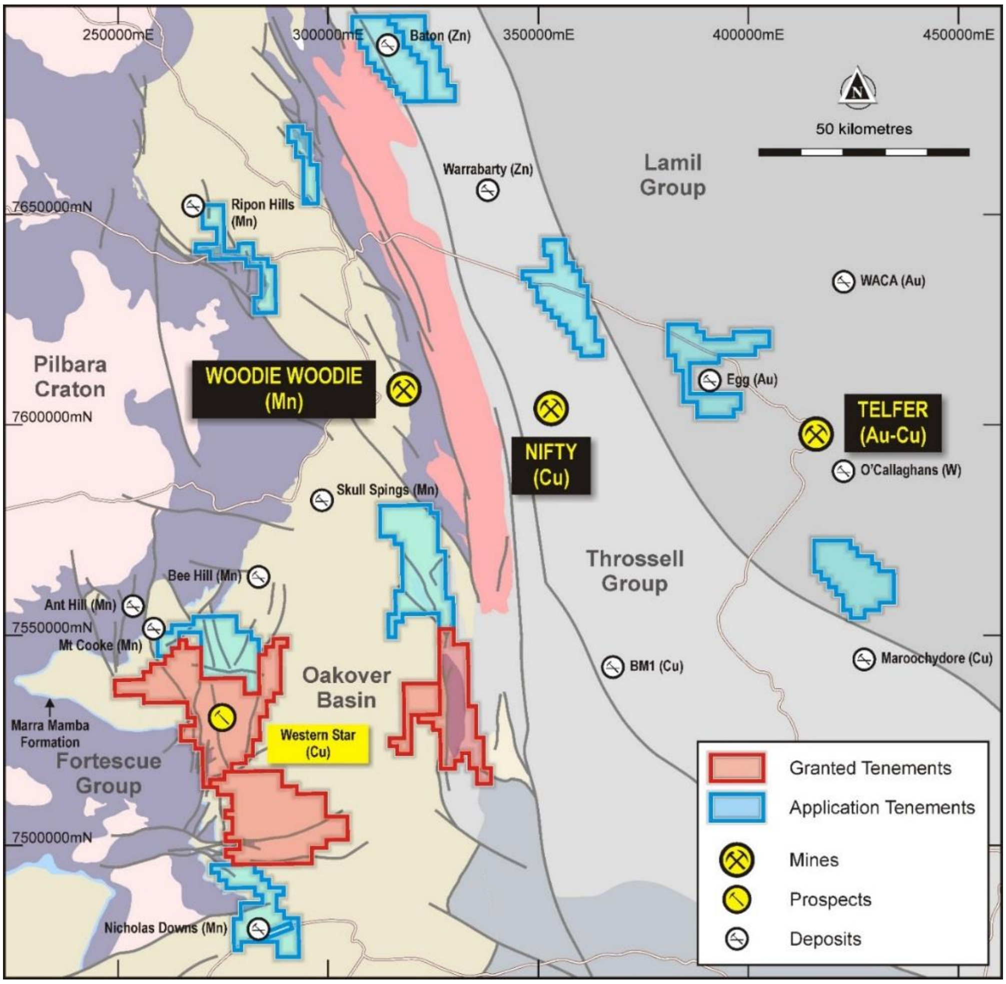

Figure 11: Oakover Project tenements

Geological reconnaissance, prospect-scale geological mapping and rock chip sampling was undertaken during 2017 along with historical exploration data review, aimed at assessing the exploration potential of the tenements and identifying targets for further work.

At the Western Star copper prospect, detailed geological mapping and surface sampling has identified zones of high-grade copper mineralisation up to 44.5% Cu, hosted by breccia and vein stockworks within Proterozoic dolomites.

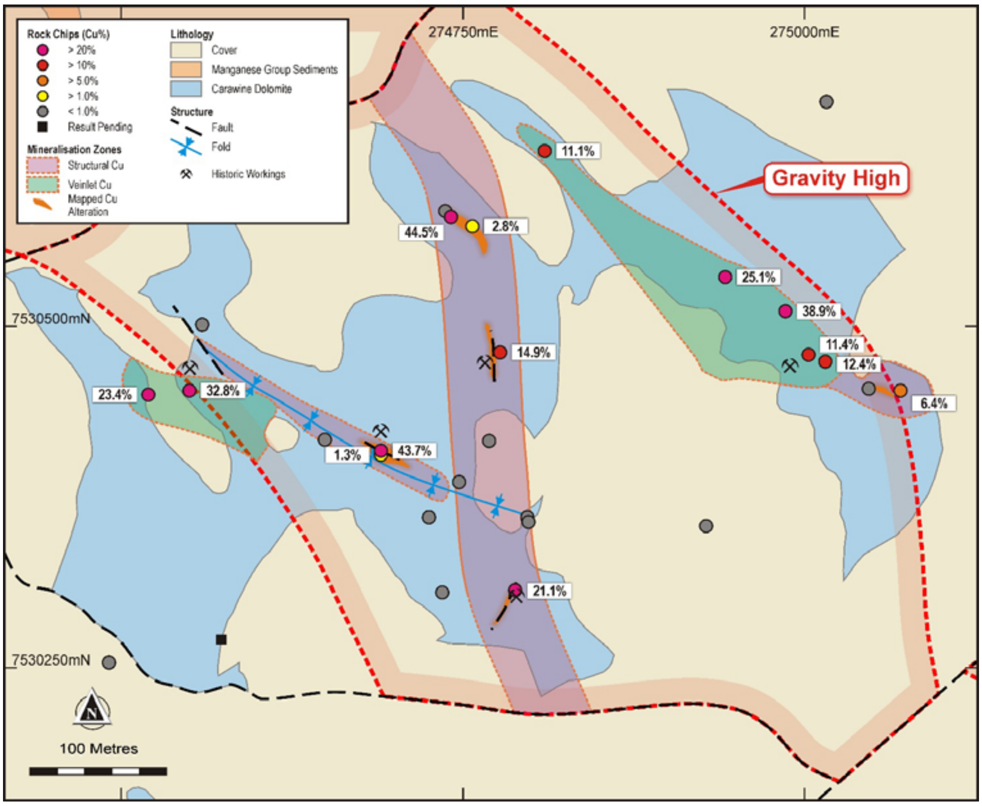

Figure 12: Western Star prospect geological map and rock chip sample locations.

Fraser Range Joint Venture (Carawine 49%; Independence Group NL 51%, Earning to 70%)

In November 2016, Sheffield formed a Joint Venture with Independence Group NL ("IGO") (ASX: IGO) to explore five Fraser Range Nickel tenements. IGO are the Manager of the Joint Venture, and currently hold a 51% interest in the tenements. IGO can earn an additional 19% interest by spending $5 million on the tenements within the next 5 years[10]. The Joint Venture provides Sheffield with significant exposure to exploration success in the Fraser Range, as it focuses on developing the Thunderbird Project.

Since commencement of the joint venture, IGO has completed a gravity survey on the Red Bull tenements E69/3052 and E69/3033 and a detailed aircore drilling program of 89 holes on the Big Bullocks tenement E39/1733. Results are expected during Q3 2017.

[10] Sheffield ASX announcement dated 16 November, 2016

Ore Reserves and Mineral Resources

Sheffield announced an updated Ore Reserve totalling 680.5 million tonnes @ 11.3% HM for the Thunderbird heavy mineral sands deposit, in the Kimberley Region of Western Australia, on 16 March 2017, and has since completed a Bankable Feasibility Study for development of the deposit (the Thunderbird Mineral Sands Project). The Proved and Probable Ore Reserve estimate is based on that portion of the current July, 2016 Thunderbird deposit Measured and Indicated Mineral Resources within scheduled mine designs that may be economically extracted, considering all "Modifying Factors" in accordance with the JORC Code (2012).

Sheffield also has a number of Mineral Resource estimates for heavy mineral sands deposits within its Eneabba and McCalls Projects located in the Mid-West Region of Western Australia.

Ore Reserves

Dampier Project Ore Reserves [1,4]

Deposit	Ore Reserve Category	Ore Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Valuable HM Grade (In-situ)[2]				Slimes (%)	Osize (%)
					Zircon %	HiTi Leuc %	Leuc %	Ilmenite %		
Thunderbird	Proved	235.8	31.4	13.3	1.00	0.29	0.28	3.55	16.5	13.7
	Probable	444.8	45.4	10.2	0.80	0.26	0.26	2.85	15.2	11.0
	Total	**680.6**	**76.8**	**11.3**	**0.87**	**0.27**	**0.26**	**3.10**	**15.7**	**12.0**

Deposit	Ore Reserve Category	Ore Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Mineral Assemblage[3]				Slimes (%)	Osize (%)
					Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)		
Thunderbird	Proved	235.8	31.4	13.3	7.5	2.2	1.9	26.7	16.5	13.7
	Probable	444.8	45.4	10.2	7.8	2.5	2.6	28.0	15.2	11.0
	Total	**680.6**	76.8	**11.3**	**7.7**	**2.4**	**2.3**	**27.4**	**15.7**	**12.0**

1) Ore Reserves are presented both in terms of in-situ VHM grade, and HM assemblage. Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal. Ore Reserve is reported to a design overburden surface with appropriate consideration of modifying factors, costs, mineral assemblage, process recoveries and product pricing.

2) The in-situ grade is determined by multiplying the HM Grade by the percentage of each valuable heavy mineral within the heavy mineral assemblage.

3) Mineral Assemblage is reported as a percentage of HM Grade, it is derived by dividing the in-situ grade by the HM grade.

4) Ore Reserves reported for the Dampier Project were prepared and first disclosed under the JORC Code 2012

Mineral Resources

Dampier Project Mineral Resources [1,2,5]

Deposit (cut-off)	Mineral Resource Category	Material Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Mineral Assemblage[3]				Slimes (%)	Osize (%)
					Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)		
Thunderbird (> 3% HM)	Measured	510	45	8.9	8.0	2.3	2.2	27	18	12
	Indicated	2,120	140	6.6	8.4	2.7	3.1	28	16	9
	Inferred	600	38	6.3	8.4	2.6	3.2	28	15	8
	Total	**3,230**	**223**	**6.9**	**8.3**	**2.6**	**2.9**	**28**	**16**	**9**
Thunderbird (>7.5% HM)	Measured	220	32	14.5	7.4	2.1	1.9	27	16	15
	Indicated	640	76	11.8	7.6	2.4	2.1	28	14	11
	Inferred	180	20	10.8	8.0	2.5	2.4	28	13	9
	Total	**1,040**	**128**	**12.2**	**7.6**	**2.3**	**2.1**	**27**	**15**	**11**

Eneabba Project Mineral Resources [2,4,6]

Deposit (cut-off)	Mineral Resource Category	Material Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Mineral Assemblage[3]				Slimes (%)	Osize (%)
					Zircon (%)	Rutile (%)	Leuc (%)	Ilmenite (%)		
Yandanooka (> 0.9% HM)	Measured	3	0.1	4.1	10	1.9	2.2	72	15	14
	Indicated	90	2.1	2.3	12	3.7	3.7	69	16	15
	Inferred	3	0.03	1.2	11	3.9	4.6	68	18	21
	Total	96	2.2	2.3	12	3.6	3.7	69	16	15
Durack (>0.9% HM)	Indicated	50	1.0	2.0	14	2.8	4.6	70	15	21
	Inferred	15	0.2	1.2	14	2.4	6.7	67	14	17
	Total	65	1.2	1.8	14	2.8	4.9	70	15	20
Drummond Crossing (>1.1% HM)	Indicated	49	1.0	2.1	14	10	3.6	53	16	9
	Inferred	3	0.05	1.5	13	9.9	2.8	55	16	8
	Total	52	1.1	2.1	14	10	3.6	53	16	9
Ellengail (>0.9% HM)	Inferred	46	1.0	2.2	9	8.7	1.9	64	16	2
	Total	46	1.0	2.2	9	8.7	1.9	64	16	2
West Mine North (>0.9% HM)	Measured	6	0.4	5.6	4	9.6	9.5	54	15	1
	Indicated	36	0.8	2.3	7	9.6	5.4	60	13	3
	Total	42	1.2	2.8	6	9.6	6.6	58	13	3
All Eneabba (various)	Measured	9	0.5	5.2	6	7.7	7.7	59	15	5
	Indicated	225	5.0	2.2	12	5.8	4.2	64	15	13
	Inferred	68	1.3	1.9	10	7.7	2.7	64	15	6
	Total	**302**	**6.8**	**2.2**	**11**	**6.3**	**4.1**	**64**	**15**	**11**

McCalls Project Mineral Resources [2,4,6]

Deposit (cut-off)	Mineral Resource Category	Material Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Mineral Assemblage[3]				Slimes (%)	Osize (%)
					Zircon (%)	Rutile (%)	Leuc (%)	Ilmenite (%)		
McCalls (>1.1% HM)	Indicated	2,214	31.7	1.4	5.1	3.2	2.7	76.8	21.7	1.3
	Inferred	1,436	18.7	1.3	5.0	3.2	3.1	80.3	25.5	1.1
	Total	**3,650**	**50.4**	**1.4**	**5.1**	**3.2**	**2.9**	**78.5**	**23.2**	**1.2**

1) The Dampier Project Mineral Resources are reported inclusive of (not additional to) Ore Reserves. The Mineral Resource reported above 3% HM cut-off is inclusive of (not additional to) the Mineral Resource reported above 7.5% HM cut-off.

2) All tonnages and grades have been rounded to reflect the relative accuracy and confidence level of each estimate and to maintain consistency throughout the table, therefore the sum of columns may not equal.

3) The Mineral Assemblage is represented as the percentage of HM grade. For Dampier the mineral assemblage was determined by screening and magnetic separation. Magnetic fractions were analysed by QEMSCAN for mineral determination as follows: >90% liberation and; Ilmenite 40-70% TiO2; Leucoxene 70-94% TiO2; High Titanium Leucoxene (HiTi Leucoxene) >94% TiO2 and Zircon 66.7% ZrO2+HfO2. The non-magnetic fraction was analysed by XRF and minerals determined as follows: Zircon ZrO2+HfO2/0.667 and HiTi Leucoxene TiO2/0.94. For Eneabba & McCalls determination was by QEMSCAN, with TiO2 minerals defined according to the following ranges: Rutile >95% TiO2; Leucoxene 85-95% TiO2; Ilmenite <55-85% TiO2

4) West Mine North, Durack, Drummond Crossing and McCalls are reported below a 35% Slimes upper cut-off.

5) Mineral Resources for the Dampier Project were prepared and first disclosed under the JORC Code 2012.

6) Mineral Resources reported for the Eneabba Project were prepared and first disclosed under the JORC Code 2004. These have not been updated since to comply with the JORC Code 2012 on the basis that the information on which the Resource estimates are based has not materially changed since it was last reported.

The Company's Ore Reserves and Mineral Resources Statement is based on information first reported in previous ASX announcements by the Company. These announcements are listed below and are available to view on Sheffield Resources Limited's web site www.sheffieldresources.com.au . Mineral Resources and Ore Reserves reported for the Dampier Project and Mineral Resources reported for the McCalls Projects were prepared and first disclosed under the JORC Code 2012. Mineral Resources reported for the Eneabba Project were prepared and first disclosed under the JORC Code 2004, these have not been updated since to comply with the JORC Code 2012 on the basis that the information on which the Resource estimates are based has not materially changed since it was last reported.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Competent Persons for reporting of Mineral Resources and Ore Reserves in the original market announcements are listed below. 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 announcement.

Item	Name	Company	Professional Affiliation
Mineral Resources Reporting	Mr Mark Teakle Mr David Boyd	Sheffield Resources Sheffield Resources	MAIG, MAusIMM MAIG
Mineral Resources Estimation	Mrs Christine Standing Mr Tim Journeaux Mr Trent Strickland	Optiro QG QG	MAusIMM MAusIMM MAusIMM
Ore Reserves	Mr Per Scrimshaw	Entech	MAusIMM

<u>Ore Reserves and Mineral Resources prepared and first disclosed under the JORC Code 2012:</u>

Item	Report Title	Report Date	Competent Person(s)
Thunderbird Ore Reserve	Thunderbird Ore Reserve Update	16 March 2017	P. Scrimshaw
Thunderbird Mineral Resources	Sheffield Doubles Measured Mineral Resource At Thunderbird	5 July 2016	M. Teakle C. Standing
McCalls Mineral Resources	Quarterly Activities Report For The Period Ended 30 June 2016	20 July 2016	D. Boyd T. Journeaux

<u>Mineral Resources prepared and first disclosed under the JORC Code 2004:</u>

Item	Report Title	Report Date	Competent Person(s)
Ellengail Mineral Resource	1Mt Contained HM Inferred Resource at Ellengail	25 October 2011	M. Teakle T. Strickland
West Mine North Mineral Resource	West Mine North Mineral Resource Estimate Exceeds Expectations	7 November 2011	M. Teakle T. Strickland
Durack Mineral Resource	Eneabba Project Resource Inventory Exceeds 5Mt Heavy Mineral	28 August 2012	M. Teakle T. Strickland
Yandanooka Mineral Resource	Yandanooka Resource Upgrade and Metallurgical Results	30 January 2013	M. Teakle T. Strickland
Drummond Crossing Mineral Resource	1Mt Heavy Mineral Resource Added to Eneabba Project	30 October 2013	M. Teakle T. Strickland

COMPLIANCE STATEMENTS

PREVIOUSLY REPORTED INFORMATION

This report includes information that relates to Exploration Results, Mineral Resources and Ore Reserves prepared and first disclosed under the JORC Code (2012) and a Bankable Feasibility Study and Technical Studies. The information was extracted from the Company's previous ASX announcements as follows:

- June 2017 Quarterly Report: *"QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2017"* 27 July, 2017
- Jamieson Gold Project Farm-In: "SHEFFIELD FARMS IN TO HIGH GRADE JAMIESON GOLD EXPLORATION PROJECT" 28 June, 2017
- Maiden LTR ilmenite MOU: "SHEFFIELD SIGNS CORNERSTON ILMENITE MOU" 29 May, 2017
- Zircon MOU: *"SHEFFIELD SECURES FURTHER ZIRCON OFFTAKE"* MOUs 26 April, 2017
- Further Thunderbird MOU signed: *"ADDITIONAL ZIRCON OFFTAKE MOU SIGNED"* 10 April, 2017
- Thunderbird MOUs for future sales of Zircon: *"SHEFFIELD SIGNS OFFTAKE MOUs"* 4 April, 2017
- Thunderbird BFS: *"THUNDERBIRD BFS DELIVERS OUTSTANDING RESULTS"* 24 March, 2017
- Thunderbird Ore Reserve: *"THUNDERBIRD ORE RESERVE UPDATE"* 16 March, 2017
- LTR Ilmenite Test Results: *"THUNDERBIRD ILMENITE EXCEEDS PREMIUM SPECIFICATION"* 13 March, 2017
- December 2016 Quarterly Report: *"QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016"* 24 January, 2017
- Fraser Range Joint Venture: *"SHEFFIELD FORMS JOINT VENTURE WITH INDEPENDENCE GROUP IN FRASER RANGE"* 16 November, 2016
- McCalls Mineral Resource: *"QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2016"* 25 July, 2016
- Thunderbird Mineral Resource: *"SHEFFIELD DOUBLES MEASURED MINERAL RESOURCE AT THUNDERBIRD"* 5 July, 2016
- Robbs Cross and Thomsons Discovery: "NEXT GENERATION OF MINERAL SANDS DISCOVERIES AT ENEABBA" 23 July, 2015

This report also includes information that relates to Mineral Resources which were prepared and first disclosed under the JORC Code 2004. The information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information was extracted from the Company's previous ASX announcements as follows:

- Drummond Crossing Mineral Resource and Sampling Results from Dunal-Style HM Targets, Eneabba Project: *"1Mt HEAVY MINERAL RESOURCE ADDED TO ENEABBA PROJECT"*, 30 October 2013.
- Yandanooka Mineral Resource: *"YANDANOOKA RESOURCE UPGRADE AND METALLURGICAL RESULTS"*, 30 January 2013.
- Durack Mineral Resource: *"ENEABBA PROJECT RESOURCE INVENTORY EXCEEDS 5MT HEAVY MINERAL"*, 28 August 2012.
- West Mine North Mineral Resource: *"WEST MINE NORTH MINERAL RESOURCE ESTIMATE EXCEEDS EXPECTATIONS"*, 7 November 2011.
- Ellengail Mineral Resource: *"1MT CONTAINED HM INFERRED RESOURCE AT ELLENGAIL"*, 25 October 2011.

These announcements are available to view on Sheffield Resources Ltd's web site www.sheffieldresources.com.au

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, the Bankable Feasibility and Technical Study results, 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 announcement.

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 exploration programme, outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "anticipated", "expected", "target", "scheduled", "intends", "potential", "prospective" and similar expressions.

The directors present their report together with the financial statements of the consolidated entity consisting of Sheffield Resources Limited and the entities it controlled for the year ended 30 June 2017. Sheffield Resources Limited ('Sheffield' or 'parent entity' or 'Company') and its controlled entities (collectively known as the 'Group' or 'consolidated entity') are domiciled in Australia.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were mineral sands development and exploration for mineral sands and base metals within the state of Western Australia.

REVIEW OF OPERATIONS

Refer to pages 5-19 for the Review of Operations and pages 20-23 for Ore Reserves and Mineral Resources.

DIRECTORS

The Directors of the Group during or since the end of the financial year and until the date of this report are as follows:

Name	Period of Directorship
Mr Will Burbury Non-Executive Chairman	Director since 6 June 2007
Mr Bruce McFadzean Managing Director	Director since 2 November 2015
Mr Bruce McQuitty Non-Executive Director	Director since 14 December 2009
Mr David Archer Technical Director	Director since 14 December 2009

The qualification, experience and special responsibilities of the Directors of the Group during or since the end of the financial year are:

Mr Will Burbury (B.Comm, LLB)
Non-Executive Chairman

Mr. Burbury practised as a corporate lawyer with a leading Australian law firm prior to entering the mining and exploration industry in 2003. During this time, he has been actively involved in the identification and financing of many resources projects in Australia and on the African continent and has held the senior management positions and served on boards of several private and publicly listed companies.

Mr. Burbury was previously Chairman of ASX listed Warwick Resources Limited prior to its merger with Atlas Iron Limited in 2009. He was also previously a director of ASX listed Lonrho Mining Limited and an executive of ASX listed NKWE Platinum Limited.

Other Current Directorships
None

Former Directorships in the Last Three Years

None

Mr Bruce McFadzean (Dip. Mining, FAusIMM)
Managing Director

A qualified mining engineer with more than 40 years' experience in the global resources industry, Mr. McFadzean has led the financing, development and operation of several new mines around the world. Mr. McFadzean's technical, operating and corporate experience includes gold, silver, nickel, diamonds, iron ore and mineral sands.

Mr McFadzean's professional career includes 15 years with BHP Billiton and Rio Tinto in a variety of positions and four years as Managing Director of successful ASX gold miner Catalpa Resources Limited. Under his management, Catalpa's market capitalisation grew from $10 million to $1.2 billion following the merger to create Evolution Mining Limited. He has raised in excess of A$400 million in debt and equity from Australian and overseas markets.

During the last three years, Mr. McFadzean has served on the boards of the following public listed companies:

- Blackstone Minerals Limited (since October 2016)
- Venture Minerals Limited (June 2008 to October 2016)
- Gryphon Minerals Limited (June 2014 to October 2016)
- Indiana Resources Limited (formerly IMX Resources Limited, since April 2015)
- Mawson West Limited (October 2012 to January 2015)

Mr Bruce McQuitty (B.Sc, MEconGeol)
Non-Executive Director

Bruce McQuitty has 34 years' experience in the mining and civil industries. During this time he has held various senior positions in large mining houses and has been involved in exploration through to the development of mines. Mr McQuitty has significant technical expertise in exploration, project generation, feasibility, underground mining and engineering geology and has managed exploration teams in Australia and overseas. Mr McQuitty holds a Masters of Economic Geology and a Bachelor of Science.

Mr McQuitty was previously Managing Director of ASX listed Warwick Resources Limited prior to its merger with Atlas Iron Limited in 2009. Prior to that he held senior positions with ASX/AIM listed Consolidated Minerals Limited, Gympie Gold Limited and Renison Goldfields Consolidated Limited.

Other Current Directorships
None

Former Directorships in the Last Three Years

None

Mr David Archer (BSc (Hons))
Technical Director

David Archer is a geologist with 27 years' experience in exploration and mining in Australia. He has held senior positions with major Australian mining companies, including Renison Goldfields Consolidated Ltd, and has spent the last ten years as a Director of Archer Geological Consulting specialising in project generation, geological mapping and project evaluation.

Mr Archer was a consultant to ASX listed Atlas Iron Limited and Warwick Resources Limited and was responsible for significant iron ore discoveries for both companies in the Pilbara. He was also involved in the discovery of the Magellan lead mine and the Raleigh and Paradigm gold mines.

Other Current Directorships
None

Former Directorships in the Last Three Years

None

COMPANY SECRETARY

Mr Mark Di Silvio (B.Bus, CPA, MBA)

Mr. Di Silvio was appointed Company Secretary on 16 February 2016. Mr. Di Silvio is a CPA qualified accountant with over 25 years post graduate experience in the resources sector. Mr Di Silvio held a variety of finance based roles within the gold mining sector early in his career, before gaining oilfield experience with Woodside Energy Limited through the financial management of joint ventures and the financial management of Woodside's Mauritanian oilfield assets. Mr Di Silvio has held executive positions including Central Petroleum Limited, Centamin Plc, Ausgold Limited and Mawson West Limited.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director. In addition to these formal meetings, during the year the Directors considered and passed 4 Circular Resolutions pursuant to clause 15.11 of the Company's Constitution.

Director	Held	Attended
Mr W Burbury	5	5
Mr B McFadzean	5	5
Mr B McQuitty	5	5
Mr D Archer	5	5

DIRECTORS' SHAREHOLDINGS

The relevant interest of each Director in the share capital of the Company as at the date of this report are:

Director	Balance 1 July 2016	Granted as remuneration	Received on exercise of options	Other changes	Balance Report date
W Burbury[1]	8,170,000	-	-	-	8,170,000
B McFadzean[2]	116,000	-	511,184	80,220	707,404
B McQuitty	7,964,091	-	-	70,009	8,034,100
D Archer[3]	7,785,000	-	122,180	62,000	7,969,180

Note 1: Relevant interest as director and controlling shareholder of Exergy-X Resources Pty Ltd.
Note 2: Relevant interest as director and controlling shareholder of Tardisforme Pty Ltd.
Note 3: Relevant interest as director and controlling shareholder of Archer Enterprises (WA) Pty Ltd.

DIRECTORS' OPTION HOLDINGS

The number of options held by each Director in the Company as at the date of this report are:

Director	Balance 1 July 2016	Issued	Exercised	Other changes	Balance Report date	Vested & Exercisable	Unvested
B McFadzean	3,368,444	285,481	(511,184)	-	3,142,741	-	3,142,741
D Archer	-	883,355	(122,180)	-	761,175	-	761,175

SHARE OPTIONS

Employee options

The following options were not issued under any of the Employee Option Plans, however were issued in accordance with employment contracts and/or agreements and are in existence at the date of this report:

Number of ordinary shares under option	Exercise price $	Expiry date
3,700,000	0.001	8 February 2020
2,100,000	0.001	24 November 2020
877,672	0.001	24 November 2020

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company, body corporate or registered scheme. The issuing entity for all options was Sheffield Resources Limited.

Options lapsed during the financial year

A total of 1,200,000 unlisted options lapsed during the financial year to 30 June 2017. The details of these options are as follows:

Number of ordinary shares under option	Exercise price $	Expiry date
1,200,000	0.65	1 April 2017

Options on issue at the date of this report

Number of ordinary shares under option[1]	Grant date	Exercise price $	Expiry date
500,000	26 September 2013	0.66	26 September 2018
1,400,000	19 March 2014	0.87	19 March 2019
1,600,000	19 March 2014	1.16	19 March 2021
3,700,000	8 February 2016	0.001	8 February 2020
4,000,000	31 August 2016	0.676	31 August 2019
2,100,000	24 November 2016	0.001	24 November 2020
346,657	24 November 2016	0.001	24 November 2020
700,000	24 November 2016	0.001	24 November 2020
235,000	24 November 2016	0.84	24 November 2020

Weighted average closing price of Sheffield Resources Limited shares

The market weighted average closing price of Sheffield Resources Limited shares during the 2017 financial year was $0.58 (2016: $0.44).

DIVIDENDS

No dividends have been paid or declared during the financial year ended 30 June 2017 and the Directors do not recommend the payment of a dividend in respect of the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Therefore, this information has not been presented in this report.

CORPORATE GOVERNANCE STATEMENT

The Board of Sheffield Resources has adopted the spirit and intent of the 3rd Edition of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

The Company's Corporate Governance Statement may be accessed from the Governance section of the Company's website, www.sheffieldresources.com.au. This document is regularly reviewed to address any changes in governance practices and the law.

ENVIRONMENTAL REGULATION

The Group's exploration activities are governed by environmental regulation. To the best of the Directors' knowledge, the Group believes it has adequate systems in place to ensure compliance with the requirements of applicable environmental legislation and is not aware of any material breach of those requirements during the financial year and up to the date of the Directors'

Report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the Directors and key management personnel of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their designated position of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

SUBSEQUENT EVENTS AFTER BALANCE DATE

There have been no additional matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

REMUNERATION REPORT (AUDITED)

The Directors of Sheffield Resources Limited present the Remuneration Report prepared in accordance with the requirements of the Corporations Act 2001 for the Company and the consolidated entity for the financial year ended 30 June 2017.

For the purposes of this report, key management personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and consolidated entity ("the Group"), directly or indirectly, including any Director (whether executive or otherwise) of the parent company. This Remuneration Report forms part of the Directors' Report.

OVERVIEW

Remuneration levels for key management personnel are competitively set to attract the most qualified and experienced candidates. Details of the Company's remuneration strategy for the 2017 financial year are set out in this Remuneration Report.

This Remuneration Report:

- explains the Board's policies relating to remuneration of key management personnel;
- discusses the relationship between these policies and the Company's performance; and
- sets out remuneration details for each of the key management personnel.

Remuneration philosophy

The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable KMP remuneration.

Non-Executive Director Remuneration

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive remuneration is separate and distinct. The fees paid to Non-Executive Directors are set at levels that reflect both the responsibilities of, and the time commitments required from, each Non-Executive Director to discharge their duties and are not linked to the performance of the Company.

Remuneration of Key Management Personnel

In adopting a remuneration strategy for KMP's, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align key management personnel interests with that of shareholders, key management personnel have agreed to sacrifice a portion of their cash remuneration in lieu of share options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of share options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit based performance bonus or other share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

Performance based share options are offered to KMP's at the discretion of the Board. Length of service with the Group, past and potential contribution of the person to the Group are also factors considered when awarding shares options to employees. For 2017, in awarding performance based share options to KMP's, performance criteria includes, but is not limited to, the following factors:

- Time and cost bound delivery of the Thunderbird Bankable Feasibility Study;
- Financing of the Thunderbird Mineral Sands Project;
- Securing offtake agreements in relation to the Thunderbird Mineral Sands Project;
- Delivery of commercial products from the Thunderbird Mineral Sands Project.

The award of discretionary performance bonuses are aligned with the ongoing performance assessment of the incumbent management team, following review and assessment by the Board of Directors. Criteria used to determine potential merit based performance bonus for the Managing Director and other KMP's, during the exploration phase, is the setting of key objectives for each KMP and measuring performance against these objectives. Key objectives will normally include specific criteria where performance will be measured against progress indicators. These key objectives will largely be determinable by the objective assessment of performance by the Managing Director.

The table below sets out summary information about the movements in shareholder wealth for the following financial periods:

	30 June 2017 $'000	30 June 2016 $'000	30 June 2015 $'000	30 June 2014 $'000	30 June 2013 $'000	30 June 2012 $'000
Revenue	272	180	265	171	290	271
Net (loss)/profit before tax	(10,429)	(4,541)	(887)	(3,754)	(563)	(1,145)
Net (loss)/profit after tax	(9,214)	(1,754)	636	(2,554)	121	(1,145)
Share price at start of year	$0.43	$0.48	$0.86	$0.36	$0.34	$0.27
Share price at end of year	$0.53	$0.41	$0.48	$0.86	$0.36	$0.34
Dividends	-	-	-	-	-	-
Basic loss per share (cents)	(5.25)	(1.24)	0.47	(2.12)	0.12	(1.65)
Diluted loss per share (cents)	(5.25)	(1.24)	0.46	(2.12)	0.12	(1.65)

KEY MANAGEMENT PERSONNEL

The following persons acted as key management personnel of the Company during or since the end of the financial year:

- Mr Will Burbury (Non-Executive Chairman)
- Mr Bruce McFadzean (Managing Director)
- Mr Bruce McQuitty (Non-Executive Director)
- Mr David Archer (Technical Director)
- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer)
- Mr Stuart Pether (Chief Operating Officer), appointed 1 April 2017
- Mr Jim Netterfield (BFS Study Manager)
- Mr Neil Patten-Williams (Marketing Manager)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The table below shows the fixed and variable remuneration for key management personnel.

2017	Short-term benefits			Post-employment benefits	Share-based payment		Relative proportion of remuneration linked to performance	
	Salary & fees $	Bonus $[5]	Other fees $[2]	Super-annuation $	Options & rights $[1]	Total $	Fixed %[4]	Performance based %
Directors								
W Burbury	75,000	-	3,754	7,125	-	85,879	100%	0%
B McFadzean	175,000	-	4,566	16,625	887,869	1,084,060	19%	81%
B McQuitty	50,000	-	5,000	30,251	-	85,251	100%	0%
D Archer	175,000	-	5,596	16,625	496,531	693,752	29%	71%
Executives								
M Di Silvio	175,000	-	4,946	16,625	401,591	598,162	33%	67%
J Netterfield	200,000	-	2,763	35,000	194,499	432,262	56%	44%
N Patten-Williams	194,444	-	-	18,472	558,202	771,118	28%	72%
S Pether[3]	56,250	-	513	5,344	109,586	171,693	37%	63%
Total	**1,100,694**	**-**	**27,138**	**146,067**	**2,648,278**	**3,922,177**		

Note 1: The fair value of the options is calculated at the date of grant using a Black-Scholes valuation model and allocated to each reporting period starting from grant date to vesting date. As share option awards for Mr Pether remain subject to shareholder approval, the share based payment disclosure is based upon his contractual start date of employment which is commensurate with the assumed date of grant.

Note 2: Other fees include, where applicable, the cost to the Company of providing fringe benefits and the fringe benefits tax on those benefits and the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 3: Mr Pether commenced employment on 1 April 2017.
Note 4: KMP's holding executive positions sacrifice a portion of salary (20% - 50%) in lieu of a share based payment, incentivising performance.
Note 5: No cash bonuses were granted during 2017.

2016	Short-term benefits			Post-employment benefits	Share-based payment		Relative proportion of remuneration linked to performance	
	Salary & fees $	Bonus $[1]	Other fees $[2]	Superannuation $	Options & rights $[1]	Total $	Fixed $	Performance linked $
Directors								
W Burbury	98,596	-	1,373	9,366	-	109,335	100%	0%
B McFadzean	116,666	-	1,373	11,083	689,143	818,265	16%	84%
B McQuitty	243,315	-	1,373	22,454	-	267,142	100%	0%
D Archer	194,166	-	1,373	18,445	53,485	267,469	80%	20%
Executives								
M Di Silvio	65,972	-	1,373	6,267	110,083	183,695	40%	60%
J Netterfield	125,000	-	1,373	34,999	159,540	320,912	50%	50%
N Patten-Williams	21,505	-	1,373	2,043	35,947	60,868	41%	59%
Total	**865,220**	**-**	**9,611**	**104,657**	**1,048,198**	**2,027,686**		

Note 1: No cash bonuses were granted during 2016.
Note 2: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

NON-EXECUTIVE DIRECTOR AGREEMENTS

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive Directors and executives, are detailed in this Directors' Report. Non-Executive Directors may receive annual fees within an aggregate Directors' fee pool limited to an amount which is approved by shareholders. The Board of Directors reviews and recommends remuneration levels and policies for Directors within this overall Directors' fee pool. The fees which are paid are also periodically reviewed.

The current annual fee for Non-Executive Directors is a base fee of $50,000 per annum. Due to the additional time requirements and relevant experience, the Non-Executive Chairman receives a base fee of $75,000 per annum. These amounts exclude any statutory superannuation payments where applicable.

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The relevant interest of each of the key management personnel in the share capital of the Company as at 30 June 2017 were:

Director	Balance 1 July 2016	Granted as remuneration	Received on exercise of options	Other changes	Balance 30 June 2017
W Burbury[1]	8,170,000	-	-	-	8,170,000
B McFadzean[2]	116,000	-	511,184	49,500	676,684
B McQuitty	7,964,091	-	-	70,009	8,034,100
D Archer[3]	7,785,000	-	122,180	32,000	7,939,180
M DiSilvio	50,000	-	148,327	-	198,327
J Netterfield	-	-	146,052	-	146,052
S Pether	25,000	-	-	50,000	75,000
N Patten-Williams	-	-	76,985	-	76,985

Note 1: Relevant interest as director and controlling shareholder of Exergy-X Resources Pty Ltd.
Note 2: Relevant interest as director and controlling shareholder of Tardisforme Pty Ltd.
Note 3: Relevant interest as director and controlling shareholder of Archer Enterprises (WA) Pty Ltd.

KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

The number of options issued and held by each of the key management personnel in the Company as at 30 June 2017 are:

Director	Balance 1 July 2016	Granted	Exercised	Other changes	Balance 30 June 2017	Vested & Exercisable	Unvested
B McFadzean	3,368,444	285,481	(511,184)	-	3,142,741	-	3,142,741
D Archer	-	883,355	(122,180)	-	761,175	-	761,175
M Di Silvio	-	909,502	(148,327)	-	761,175	-	761,175
J Netterfield	805,269	81,566	(146,052)	-	740,783	-	740,783
N Patten-Williams	-	817,768	(76,985)	-	740,783	-	740,783

EXECUTIVE EMPLOYMENT AGREEMENTS

Remuneration and other terms of employment for the following key management personnel are formalised in employment agreements. All contracts with executives may be terminated early by either party with notice, per individual agreement, and subject to the termination payments as detailed below:

Name	Position	Commencement Start Date	Base Salary (including superannuation)	Share Option Benefits[1]	Termination Benefit
B McFadzean	Managing Director	2 November 15	$191,625	$175,000	3 months' notice
D Archer	Technical Director	1 April 10	$191,625	$75,000	4 months' notice
M Di Silvio	CFO & Company Secretary	15 February 16	$191,625	$75,000	4 months' notice
J Netterfield	Project Manager	16 November 15	$219,000	$50,000	4 months' notice
N Patten-Williams	Marketing Manager	23 May 16	$219,000	$50,000	4 months' notice
S Pether	Chief Operating Officer	1 April 17	$246,375	$75,000	4 months' notice

[1] *Key Management Personnel have accepted a portion of their salary package as equity in lieu of cash, subject to shareholder approval. Award of share options for Mr Pether remain subject to shareholder approval.*

SHARES ISSUED

There were no shares issued to key management personnel during the financial year ended 30 June 2017.

OPTIONS ISSUED

Options are offered to key management personnel having regard, among other things, to the past and potential contribution of the person to the Group. For key management personnel, the issuance of options is a combination of:

a) Performance Options: Where options are issued subject to specific performance criteria specific being met by the KMP; and

b) Remuneration Options: Where the KMP has foregone a component of salary in favour of receiving a number of options.

The following options remained on issue as at balance date and the date of this report:

Name	Option Type	Grant date	No. of unquoted options	Fair value at grant date $	Exercise price $	Expiry date
B McFadzean[1]	Performance	2 November 15	3,000,000	0.559	0.001	8 February 20
B McFadzean[2]	Remuneration	24 November 16	142,741	0.529	0.001	24 November 20
D Archer[1]	Performance	1 May 16	700,000	0.529	0.001	24 November 20
D Archer[3]	Remuneration	16 November 16	61,175	0.529	0.001	24 November 20
M Di Silvio[1]	Performance	15 February 16	700,000	0.529	0.001	15 February 20
M Di Silvio[4]	Remuneration	17 November 16	61,175	0.529	0.001	24 November 20
J Netterfield[1]	Performance	16 November 15	700,000	0.509	0.001	8 February 20
J Netterfield[5]	Remuneration	17 November 16	40,783	0.529	0.001	24 November 20
N Patten-Williams[1]	Performance	23 May 16	700,000	0.529	0.001	24 November 20
N Patten-Williams[6]	Remuneration	24 November 16	40,783	0.599	0.001	24 November 20

Note 1: As at the date of this report, none of the performance based options had vested.
Note 2: Mr McFadzean was granted 285,481 remuneration options on 24 November 2016. As at the date of this report, 50% of the options had vested and Mr McFadzean has exercised all of the options that have vested (namely 142,740 options).
Note 3: Mr Archer was granted 61,006 remuneration options on 16 November 2016. As at the date of this report, 100% of the options had vested and Mr Archer has exercised all of the options. Mr Archer was further granted 122,349 remuneration options on 16 November 2016. As at the date of this report, 50% of the options had vested and Mr Archer has exercised all of the options that have vested (namely 61,174 options).
Note 4: Mr Di Silvio was granted 87,153 remuneration options on 17 November 2016. As at the date of this report, 100% of the options had vested and Mr Di Silvio has exercised all of the options. Mr Di Silvio was further granted 122,349 remuneration options on 17 November 2016. As at the date of this report, 50% of the options had vested and Mr Di Silvio has exercised all of the options that have vested (namely 61,174 options).
Note 5: Mr Netterfield was granted 81,566 remuneration options on 17 November 2016. As at the date of this report, 50% of the options had vested and Mr Netterfield has exercised all of the options that have vested (namely 40,783 options).
Note 6: Mr Patten-Williams was granted 36,202 remuneration options on 24 November 2016. As at the date of this report, 100% of the options had vested and Mr Patten-Williams has exercised all of the options. Mr Patten-Williams was further granted 81,566 remuneration options on 24 November 2016. As at the date of this report, 50% of the options had vested and Mr Patten-Williams has exercised all of the options that have vested (namely 40,783 options).

OPTIONS ISSUED DURING THE FINANCIAL YEAR TO KEY MANAGEMENT PERSONNEL

Name	Number of options issued	Year granted	Vested %	Forfeited %
B McFadzean	285,481	2016	50%	0%
Mr Archer	61,006	2016	100%	0%
Mr Archer	122,349	2016	50%	0%
Mr Di Silvio	87,153	2016	100%	0%
Mr Di Silvio	122,349	2016	50%	0%
Mr Netterfield	81,566	2016	50%	0%
Mr Patten-Williams	81,566	2016	50%	0%
Mr Patten-Williams	36,202	2016	50%	0%

OPTIONS EXERCISED DURING THE FINANCIAL YEAR

1,004,728 unlisted options were exercised during the financial year to 30 June 2017. The details of these options are as follows:

Number of ordinary shares under option	Exercise price $	Expiry date
473,713	0.001	8 February 20
531,015	0.001	24 November 20

The issuing entity was Sheffield Resources Limited. No amount was unpaid on these shares. There were no other shares issued by Sheffield Resources Limited as a result of exercise of options during the year and to the date of this report.

OPTIONS GRANTED

The following options had been granted to key management personnel as at balance date and the date of this report:

Name	Option Type	Grant date	No. of unquoted options	Fair value at grant date per option $	Fair value at grant date $	Exercise price $	Expiry date
B McFadzean[1]	Performance	2 November 15	3,000,000	0.559	1,677,000	0.001	8 February 20
B McFadzean[2]	Remuneration	24 November 16	142,741	0.529	75,510	0.001	24 November 20
D Archer[1]	Performance	1 May 16	700,000	0.529	370,300	0.001	1 May 20
D Archer[3]	Remuneration	16 November 16	61,175	0.529	32,362	0.001	24 November 20
M Di Silvio[1]	Performance	15 February 16	700,000	0.529	370,300	0.001	15 February 20
M Di Silvio[4]	Remuneration	17 November 16	61,175	0.529	32,362	0.001	24 November 20
J Netterfield[1]	Performance	16 November 15	700,000	0.509	356,300	0.001	8 February 20
J Netterfield[5]	Remuneration	17 November 16	40,783	0.529	21,574	0.001	24 November 20
N Patten-Williams[1]	Performance	23 May 16	700,000	0.529	370,300	0.001	23 May 20
N Patten-Williams[6]	Remuneration	24 November 16	40,783	0.599	24,429	0.001	24 November 20
Mr S Pether[7]	Performance	1 April 17	1,700,000	0.499	848,300	0.001	1 April 21
Mr S Pether[7]	Remuneration	1 April 17	135,678	0.499	67,703	0.001	1 April 21

Note 1: As at the date of this report, none of the performance based options had vested.
Note 2: Mr McFadzean was granted 285,481 remuneration options on 24 November 2016. As at the date of this report, 50% of the options had vested and Mr McFadzean has exercised all of the options that have vested (namely 142,740 options).
Note 3: Mr Archer was granted 61,006 remuneration options on 16 November 2016. As at the date of this report, 100% of the options had vested and Mr Archer has exercised all of the options. Mr Archer was further granted 122,349 remuneration options on 16 November 2016. As at the date of this report, 50% of the options had vested and Mr Archer has exercised all of the options that have vested (namely 61,174 options).
Note 4: Mr Di Silvio was granted 87,153 remuneration options on 17 November 2016. As at the date of this report, 100% of the options had vested and Mr Di Silvio has exercised all of the options. Mr Di Silvio was further granted 122,349 remuneration options on 17 November 2016. As at the date of this report, 50% of the options had vested and Mr Di Silvio has exercised all of the options that have vested (namely 61,174 options).
Note 5: Mr Netterfield was granted 81,566 remuneration options on 17 November 2016. As at the date of this report, 50% of the options had vested and Mr Netterfield has exercised all of the options that have vested (namely 40,783 options).
Note 6: Mr Patten-Williams was granted 36,202 remuneration options on 24 November 2016. As at the date of this report, 100% of the options had vested and Mr Patten-Williams has exercised all of the options. Mr Patten-Williams was further granted 81,566 remuneration options on 24 November 2016. As at the date of this report, 50% of the options had vested and Mr Patten-Williams has exercised all of the options that have vested (namely 40,783 options).
Note 7: Options granted to Mr Pether have not been issued and remain subject to shareholder approval. For the purposes of AASB 2, an estimate valuation of options granted has been performed by the Company based upon agreed award metrics. The actual quantum, fair value and expiry date of options granted may change subject to timing and conditions of future shareholder approval.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING

Sheffield Resources Limited received 97% of yes votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year regarding its remuneration practices.

USE OF REMUNERATION CONSULTANTS

Due to the size of the Company's operations, The Company has not engaged remuneration consultants to review and measure its remuneration policy and strategy. The Board reviews remuneration strategy periodically and may engage remuneration consultants in future to assist with this process.

END OF AUDITED REMUNERATION REPORT

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor, HLB Mann Judd.

Details of the amount paid to the auditor and its related practices for audit and other assurance services are set out below:

	June 2017 $	June 2016 $
Audit and other assurances services	40,700	38,500

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report.

This Independence Declaration is set out on page 36 and forms part of this Directors' report for the year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.

Mr Bruce McFadzean
Managing Director
Perth, 12 September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Sheffield Resources Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
12 September 2017

D I Buckley
Partner

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Revenue and other income	2	271,866	180,214
Employee benefits expense		(1,394,409)	(651,155)
Depreciation expense		(49,402)	(51,187)
Other expenses	2	(2,373,404)	(1,273,756)
Share based payments		(3,572,590)	(1,048,198)
Write off exploration costs	9	(1,792,204)	(1,023,083)
Revaluation of financial assets		-	(100,055)
Loss from sale of interest in permits	3	(1,518,951)	(573,354)
Loss before income tax benefit		(10,429,094)	(4,540,574)
Income tax benefit	4	1,214,716	2,786,673
Loss for the year		**(9,214,378)**	**(1,753,901)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		**(9,214,378)**	**(1,753,901)**
Basic loss per share (cents per share)	5	(5.25)	(1.24)
Dilutive loss per share (cents per share)	5	(5.25)	(1.24)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Current Assets			
Cash and cash equivalents	6	8,334,797	5,007,475
Trade and other receivables	7	289,265	344,192
Other financial assets		-	49,944
Total Current Assets		8,624,062	5,401,611
Non-Current Assets			
Plant and equipment	8	107,289	101,174
Deferred exploration and evaluation expenditure	9	38,524,480	32,313,985
Total Non-Current Assets		38,631,769	32,415,159
Total Assets		47,255,831	37,816,770
Current Liabilities			
Trade and other payables	10	1,279,017	2,408,969
Provisions	11	270,491	137,866
Total Current Liabilities		1,549,508	2,546,835
Total Liabilities		1,549,508	2,546,835
Net Assets		**45,706,321**	**35,269,935**
Equity			
Issued capital	12	54,721,957	38,643,783
Reserves	13	6,069,893	2,497,303
Accumulated losses	13	(15,085,529)	(5,871,151)
Total Equity		**45,706,321**	**35,269,935**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

SheffieldResources LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated			
	Issued capital	Accumulated losses	Reserves	Total
	$	$	$	$
Balance as at 1 July 2016	38,643,783	(5,871,151)	2,497,303	35,269,935
Loss for the year	-	(9,214,378)	-	(9,214,378)
Total comprehensive loss for the year	-	(9,214,378)	-	(9,214,378)
Shares issued during the year	17,129,802	-	-	17,129,802
Share issue costs	(1,051,628)	-	-	(1,051,628)
Recognition of share-based payments	-	-	3,572,590	3,572,590
	54,721,957	**(15,085,529)**	**6,069,893**	**45,706,321**

	Issued capital	Accumulated losses	Reserves	Total
	$	$	$	$
Balance as at 1 July 2015	33,337,705	(4,117,250)	1,449,105	30,669,560
Profit for the year	-	(1,753,901)	-	(1,753,901)
Total comprehensive income for the year	-	(1,753,901)	-	(1,753,901)
Shares issued during the year	5,618,499	-	-	5,618,499
Share issue costs	(312,421)	-	-	(312,421)
Recognition of share-based payments	-	-	1,048,198	1,048,198
Balance at 30 June 2016	**38,643,783**	**(5,871,151)**	**2,497,303**	**35,269,935**

The Consolidated Statement of Changes in Equity should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Research and development tax offset		1,214,716	2,786,673
Payments to suppliers and employees		(4,754,223)	(1,923,022)
Interest received		259,286	170,806
Return of bond payments		44,516	-
Net cash (used in) operating activities	6	(3,235,705)	1,034,457
Cash flows from investing / interest in activities			
Proceeds from sale of interest in permits		500,000	-
Payments for exploration and evaluation expenditure		(10,021,650)	(6,409,094)
Proceeds from disposal of other financial assets		62,020	-
Purchase of plant and equipment		(55,517)	(46,939)
Net cash (used in) investing activities		(9,515,147)	(6,456,033)
Cash flows from financing activities			
Proceeds from issue of shares		17,129,802	5,618,499
Payments for share issue costs		(1,051,628)	(312,421)
Net cash provided by financing activities		16,078,174	5,306,078
Net increase/(decrease) in cash and cash equivalents		3,327,322	(115,498)
Cash and cash equivalents at beginning of year		5,007,475	5,122,973
Cash and cash equivalents at end of year	6	**8,334,797**	**5,007,475**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) CORPORATE INFORMATION

The financial statements are for the consolidated entity consisting of Sheffield Resources Limited ("Sheffield" or the "Company") and its subsidiaries (the "Group" or the "consolidated entity"). Sheffield is a listed for-profit public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange ("ASX"). During the year ended 30 June 2017, the Group conducted operations in Australia. The entity's principal activity is exploration for mineral sands (zircon and titanium minerals) and base metals within the state of Western Australia.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors' on 12 September 2017.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(B) BASIS OF PREPARATION

The results of the Group are expressed in Australian dollars, which are the functional and presentation currency for the consolidated financial report.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

Historical Cost Convention

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

(C) ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue but are not yet adopted for the year ended 30 June 2017. As a result of this review the Directors have determined that the following Standards and Interpretations will have a material effect on Group accounting policies in future financial periods, namely:

- AASB 9 *Financial Instruments*
- AASB 16 *Leases*

The Company has elected not to early adopt these Standards and Interpretations and have not quantified the material effect on application on future periods.

<u>AASB 15 *Revenue from Contracts with Customers*</u>

AASB 15 *Revenue from Contracts with Customers* is a new Standard introduced by AASB to replace AASB 118. The new Standard is aimed at improving financial reporting of revenue and comparability to provide better clarity on revenue recognition on areas where existing requirements unintentionally created diversity in practice. AASB 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

(C) ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

When applying AASB 15 for the first time, an entity shall apply the Standard in full for the current period. In respect of prior periods, the transition guidance grants entities an option to either apply AASB 15 in full to prior periods or to retain prior period figures as reported under the previous standards, recognising the cumulative effect of applying AASB 15 to all contracts that had not yet been completed at the beginning of the reporting period as an adjustment to the opening balance of equity at the date of first-time adoption.

The Directors have elected to apply the transition method applicable to AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. At this stage, the implications of AASB 15 have been determined as immaterial.

Other than the above, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no material change is necessary to Group accounting policies.

(D) BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2017. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(E) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

The Group has identified the following areas where significant judgements, estimates and assumptions are required, and where actual results were to differ, may materially affect the financial position or financial results reported in future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 14.

As a performance incentive, senior employees were granted options during the financial year ended 30 June 2017 which contain assumptions of a real risk of forfeiture where performance targets are not achieved. Management has ascribed various probabilities based upon stretch criteria and operational factors toward the achievement of nominated performance targets. Accordingly, the said probability was taken into account when calculating the share based payment expense of the options and in the formulation of the resultant expense to profit or loss.

(F) GOING CONCERN

The Group recorded a consolidated loss of $9,214,378 for the financial year ended 30 June 2017 (2016: $1,753,901) and cash outflows from operating and investing activities of $12,750,852 (2016: $5,421,576). At 30 June 2017, the Group has $8,334,797 in cash and cash equivalents (2016: $5,007,475).

The Board continually monitor the cash requirements of the Group and anticipate that further funding will be required during the 2017/2018 financial year to advance project development.

On this basis the financial report has been prepared on a going concern basis.

(G) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Sheffield Resources Limited.

Description of Projects

i. Thunderbird Project

This project consists of mineral sand tenements located in the Canning Basin that form part of the potential Thunderbird mineral sand mining operation.

ii. Carawine Projects

Holds the substantial non mineral sands exploration projects including gold, copper and base metals in Western Australia and Victoria.

iii. Sheffield Project

This project consists of mineral sand exploration tenements located in Western Australia.

iv. Unallocated items

Part of the following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- corporate expenses; and
- share-based payment expense

(H) REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest income - Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(I) INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(I) INCOME TAX (CONTINUED)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Sheffield Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, directly in equity or as a result of a business combination. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(J) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(K) BUSINESS COMBINATION

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of:

a) fair value of consideration transferred;

b) the recognised amount of any non-controlling interest in the acquiree; and

c) acquisition-date fair value of any existing equity interest in the acquirer over the acquisition-date fair values of identifiable net assets.

If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(L) **IMPAIRMENT OF ASSETS**

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(M) **CASH AND CASH EQUIVALENTS**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(N) **TRADE AND OTHER RECEIVABLES**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(O) **PAYABLES**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently at amortised cost.

(P) **LEAVE BENEFITS**

Wages, salaries, annual leave and sick leave
Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised as current liabilities in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

(P) LEAVE BENEFITS (CONTINUED)

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expect future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(Q) EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

a) the rights to tenure of the area of interest are current; and
b) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(R) ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(S) LEASES

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the finance costs in the statement of profit or loss.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(T) PROVISIONS

Provisions for legal claims are recognised when the Group has a legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(T) PROVISIONS (CONTINUED)

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(U) SHARE BASED PAYMENTS

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. The fair value is determined by using a Black-Scholes model, further details of which are given in Note 14. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Group ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the statement of comprehensive income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(V) PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles	4 years
Plant and equipment	2-10 years

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(V) PLANT AND EQUIPMENT (CONTINUED)

Revaluations

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs. Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(W) EARNINGS PER SHARE

Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

(X) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Sheffield Resources Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(Y) COMPARATIVES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2017	2016
	$	$
(a) Revenue and other income		
Interest received	259,792	180,214
Other income	12,074	-
	271,866	**180,214**
(b) Expenses		
Interest expense	379	768
Investor and public relations expense	57,148	38,622
Accounting fees	59,490	52,850
Legal fees	62,942	25,094
Conferences and seminars	104,640	37,510
Operating lease rental expense	242,326	163,678
Consultancy fees	820,205	446,027
Other expenses	1,026,274	509,207
	2,373,404	**1,273,756**

NOTE 3: LOSS FROM SALE OF INTEREST IN PERMITS

	2017	2016
	$	$
Proceeds from sale of interest in permits	500,000	150,000
Expenditure incurred on interest in permits sold	(2,018,951)	(723,354)
Net loss	**(1,518,951)**	**(573,354)**

NOTE 4: INCOME TAX

	2017 $	2016 $
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	(10,429,094)	(4,540,574)
Income tax benefit calculated at 27.5% (30% in 2016)	(2,868,000)	(1,362,172)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	982,462	314,459
Accruals	28,186	(17,973)
Other non-deductible expenses	1,053,097	479,769
Share issue costs	(115,457)	(101,950)
Revaluation of financial asset	-	30,017
Immediate deduction for exploration costs	(2,755,954)	-
Unrecognised tax losses	3,675,666	657,850
Research & development tax offset	1,214,716	2,786,673
Income tax benefit reported in the statement of comprehensive income	**1,214,716**	**2,786,673**

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law. The tax rate used in the previous reporting period was 30%.

The Company has tax losses arising in Australia. The tax benefit of these losses of $15,047,548 (2016: $10,154,398) is available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to ongoing conditions for deductibility being met.

Unrecognised deferred tax assets and liabilities
Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2017 $	2016 $
Deductible temporary differences	390,894	236,163
Tax losses	13,830,064	3,080,697
Adjustment in tax losses disclosures	1,217,485	7,073,701
Exploration and evaluation expenditure	(10,594,232)	(9,694,195)
	4,844,210	**696,366**

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits thereof.

NOTE 5: EARNINGS/LOSS PER SHARE

	Consolidated	
	2017	2016
	Cents per share	Cents per share
Basic loss per share:		
Continuing operations	(5.25)	(1.24)
Total basic loss per share	**(5.25)**	**(1.24)**

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

Loss from continuing operations	**(9,214,378)**	**(1,753,901)**
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	175,396,837	141,620,398
Dilutive loss per share:		
Continuing operations	(5.25)	(1.24)
Total dilutive loss per share	**(5.25)**	**(1.24)**

As the Group is in a loss position the conversion of options to shares is not considered dilutive because conversion would cause the loss per share to decrease.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017 $	2016 $
Cash at bank and on hand	1,331,797	2,007,475
Short-term deposits	7,003,000	3,000,000
	8,334,797	**5,007,475**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTE 6: CASH AND CASH EQUIVALENTS (CONTINUED)

	Consolidated 2017 $	2016 $
(i) Reconciliation of loss after tax for the year to net cash flows from operating activities		
Loss after tax for the year	(9,214,378)	(1,753,901)
Equity settled share based payment	3,572,590	1,048,198
Depreciation	49,402	51,187
Write off of exploration expenditure	1,792,204	1,023,083
Loss on sale of permits	1,518,951	573,354
Profit on sale of investments	(12,074)	-
Financial asset revaluation	-	100,055
(Increase)/decrease in assets:		
Current receivables	54,926	(26,008)
Increase/(decrease) in liabilities:		
Current trade and other payables	(1,129,952)	75,988
Provision for employee benefits	132,626	(57,499)
Net cash (used in) /from operating activities	**(3,235,705)**	**1,034,457**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Trade receivables	-	978
GST recoverable	131,894	146,392
Prepaid expenses	30,786	54,847
Bank guarantees (i)	92,445	134,362
Accrued interest	5,519	7,613
Other receivables	28,621	-
	289,265	**344,192**

(i) Bank guarantees are made up of the following:

- $62,445 is held as security for the office lease and bears 2.5% interest.
- $30,000 is held as security for the credit card facility and bears 2.4% interest

In determining the recoverability of a trade receivable, the Company considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the balance date. The directors believe that there is no allowance for impairment required.

NOTE 8: PLANT AND EQUIPMENT

	Consolidated 2017 $	2016 $
Non-Current Assets		
At 1 July 2016, net of accumulated depreciation and impairment	101,174	105,423
Additions	55,517	46,938
Depreciation charge for the year	(49,402)	(51,187)
At 30 June 2017, net of accumulated depreciation and impairment	**107,289**	**101,174**

	Consolidated 2017 $	2016 $
Non-Current Assets		
Cost or fair value	628,107	572,590
Accumulated depreciation and impairment	(520,818)	(471,416)
Net carrying amount	**107,289**	**101,174**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2017 is nil. (2016: nil).

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2017 $	2016 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	32,313,985	26,186,268
Expenditure incurred	10,021,650	7,874,154
Sale of interest in tenements	(2,018,951)	(723,354)
Expenditure impaired / written off[1]	(1,792,204)	(1,023,083)
Total exploration and evaluation expenditure	**38,524,480**	**32,313,985**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. [1]Capitalised exploration expenditure relating to the surrender of exploration licences or where rights to tenure is not current, have been written off in full during the year.

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated 2017 $	Consolidated 2016 $
Trade creditors	1,114,965	1,484,120
Accruals	75,830	907,503
Other creditors	88,222	17,346
	1,279,017	**2,408,969**

Trade payables are non-interest bearing and are normally settled on 30-day terms. Information regarding the interest rate and liquidity risk exposure is set out in Note 15.

NOTE 11: PROVISIONS

	2017	2016
Employee benefits	270,491	137,866

The provision for employee benefits represents annual leave and long service leave payable.

NOTE 12: ISSUED CAPITAL

	2017	2016
181,358,784 (2016: 147,414,062) Ordinary shares issued and fully paid	54,721,957	38,643,783

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	Consolidated			
	2017		2016	
	No.	$	No.	$
Movement in ordinary shares on issue				
Balance at beginning of financial year	147,414,062	38,643,783	134,430,747	33,337,705
Issue of fully paid ordinary shares at $0.52 each	32,939,994	17,128,798	-	-
Issue of fully paid ordinary shares at $0.44 each	-	-	12,310,815	5,416,749
Issued for cash on exercise of share options	1,004,728	1,004	672,500	201,750
Share issue costs	-	(1,051,628)	-	(312,421)
Balance at end of financial year	**181,358,784**	**54,721,957**	**147,414,062**	**38,643,783**

NOTE 12: ISSUED CAPITAL (continued)

	2017 No.	2016 No.
Movements in options over ordinary shares on issue		
Number at beginning of financial year	8,873,713	7,425,000
Issue of unlisted options exercisable at $0.001 each on or before 8 February 2020	-	4,173,713
Issue of unlisted options exercisable at $0.676 each on or before 31 August 2019	4,000,000	-
Issue of unlisted options exercisable at $0.001 each on or before 31 August 2019	3,677,672	-
Issue of unlisted options exercisable at $0.84 each on or before 24 November 2020	235,000	
Exercise of unlisted options exercisable at $0.30 each on or before 13 December 2015	-	(672,500)
Exercise of unlisted options exercisable at $0.001 each on or before 8 February 2020	(473,713)	-
Exercise of unlisted options exercisable at $0.001 each on or before 24 November 2020	(531,015)	-
Lapsing of unlisted options	(1,200,000)	(2,052,500)
Number at end of financial year	**14,581,657**	**8,873,713**

Employee Share options
The company has an Employee Share Option Plan under which options to subscribe for the company's shares have been granted to certain employees (refer to Note 14).

NOTE 13: ACCUMULATED LOSSES AND RESERVES

	Consolidated	
	2017 $	2016 $
Accumulated losses		
Balance at beginning of financial year	(5,871,151)	(4,117,250)
Loss for the year	(9,214,378)	(1,753,901)
Balance at end of financial year	**(15,085,529)**	**(5,871,151)**
Share-based payments reserve		
Balance at beginning of financial year	2,497,303	1,449,105
Share based payments	3,572,590	1,048,198
Balance at end of financial year	**6,069,893**	**2,497,303**

(i) ***Nature and purpose of reserves***

Share-based payments reserve
This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration Refer to note 14 for further details of these plans.

NOTE 14 : SHARE BASED PAYMENT PLANS

The following share-based arrangements were in place during the current period, issued in accordance with the Employee Share Option Plan of the Company:

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date
SERIES 10	700,000	24/11/2016	24/11/2020	0.001	419,355
SERIES 11	235,000	24/11/2016	24/11/2020	0.84	64,337

The following share-based payment arrangements were in place in the current and prior period and were not subject to an Employee Share Option plan:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
SERIES 2	500,000	26/09/2013	26/09/2018	0.66	94,466
SERIES 3	1,400,000	20/03/2013	19/03/2019	0.87	297,928
SERIES 4	1,600,000	20/03/2013	19/03/2021	1.16	358.671
SERIES 5	3,000,000	02/11/2015	02/02/2020	0.001	1,883,226
SERIES 6	700,000	16/11/2015	02/02/2020	0.001	409,945
SERIES 7[1]	4,000,000	31/08/2016	31/08/2019	0.676	1,184,494
SERIES 8[2]	877,672	17/11/2016	24/11/2020	0.001	464,357
SERIES 9[3]	2,100,000	17/11/2016	24/11/2020	0.001	1,111,065
SERIES 12[4]	1,835,679	01/04/2017	01/04/2021	0.001	916,141

[1]On 31 August 2016 the Company granted 4,000,000 options to consultants in consideration for ongoing markets advisory services. The options have a 3 year term and an exercise price of $0.676. The options may be exercised at any time on or before 31 August 2019.

[2]On 17 November 2016 following approval at a General Meeting, the Company granted 877,672 options to key management personnel who accept a portion of their salary package as equity in lieu of cash. 265,927 options vested immediately with the remainder vesting pro rata each quarter during a period of one year from grant date. At 30 June 2017, 346,657 options remain unvested. The options have a 4 year term and an exercise price of $0.001.

[3]On 17 November 2016 following approval at a General Meeting, the Company granted 2,100,000 options to key management personnel subject to specific performance conditions. The vesting period for these options occurs over 3 years with an exercise price of $0.001.

[4]Series 12 have been granted, subject to shareholder approval. Shareholder approval shall be sought at the Company's 2017 annual general meeting of shareholders.

The following share options were exercised during the year:

	Number exercised	Exercise date	Share price at exercise date $
SERIES 6	184,222	04/07/2016	0.43
SERIES 6	92,111	15/08/2016	0.76
SERIES 6	78,952	17/08/2016	0.70
SERIES 6	118,428	08/12/2016	0.62
SERIES 8	184,361	08/12/2016	0.62
SERIES 8	346,654	15/05/2017	0.57

NOTE 14 : SHARE BASED PAYMENT PLANS (continued)

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options in existence during the year:

	2017 No.	2017 Weighted average exercise price	2016 No.	2016 Weighted average exercise price
Outstanding at the beginning of the year	11,430,755	0.37	7,425,000	0.71
Granted during the year	7,191,308	0.40	6,730,755	0.001
Exercised during the year	(1,004,728)	0.001	(672,500)	(0.30)
Lapsed during period	(1,200,000)	0.65	(2,052,500)	(0.43
Outstanding at the end of the year	**16,417,335**	**0.39**	**11,430,755**	**0.37**
Exercisable at the end of the year	14,581,657	0.43	8,873,713	0.16

The outstanding balance as at 30 June 2017 is represented by 16,417,335 options over ordinary shares with a weighted average exercise price of $0.39 each, exercisable upon meeting the above conditions and until the relevant expiry dates.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 is 2.66 years (2016: 3.34 years).

The weighted average share price at the date of options exercised during the year ended 30 June 2017 was $0.001 (2016: $0.30).

The range of exercise prices for options outstanding at the end of the year is $0.001 - $1.16 (2016: $0.001 - $1.16).

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	SERIES 7	SERIES 8	SERIES 9	SERIES 10	SERIES 11	SERIES 12
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	74	75	75	75	71	55
Risk-free interest rate (%)	1.46	2.10	2.10	2.10	2.1	3.4
Expected life of option (years)	3	4	4	4	4	5
Exercise price	0.676	0.001	0.001	0.001	0.84	1.16
Grant date share price (cents)	65	53	53	60	60	68

NOTE 15: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

	Consolidated	
	2017	2016
	$	$
(b) Categories of financial instruments		
Financial assets		
Trade and other receivables	289,265	344,192
Cash and cash equivalents	8,334,797	5,007,475
Available-for-sale financial assets	-	49,944
Financial liabilities		
Trade and other payables	1,279,017	2,408,969

(c) Financial risk management objectives

The main risks arising from the Group's financial instruments are interest risk, credit risk and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Interest rate risk management

The Group's exposure to risks of changes in market interest rates relates primarily to the Group cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no interest bearing borrowing, its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

NOTE 15: FINANCIAL INSTRUMENTS (continued)

	2017					2016				
	Weighted Average Interest Rate %	≤6 months $	6-12 months $	1-5 Year $	Total $	Weighted Average Interest Rate %	≤6 months $	6-12 months $	1-5 Year $	Total $
Financial assets										
Variable interest rate instruments	1.49	1,290,281	-	-	1,290,281	1.96	2,007,475	-	-	2,007,475
Fixed Interest bearing	2.11	7,136,961	-	-	7,136,961	2.37	3,134,363	-	-	3,134,363
Non-interest bearing	-	196,820	-	-	196,820	-	259,773	-	-	259,773
Total Financial Assets		**8,624,062**	**-**	**-**	**8,624,062**		**5,401,611**	**-**	**-**	**5,401,611**
Financial liabilities										
Non-interest bearing	-	1,279,017	-	-	1,279,017	-	2,408,969	-	-	2,408,969
Total Financial Liabilities		**1,279,017**	**-**	**-**	**1,279,017**		**2,408,969**	**-**	**-**	**2,408,969**

Interest rate risk sensitivity analysis

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. Interest rate risk is considered immaterial.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board of Directors periodically.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTE 15: FINANCIAL INSTRUMENTS (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2017	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$	$
Trade and other payables	1,279,017	1,279,017	1,279,017	-	-	-	-
	1,279,017	**1,279,017**	**1,279,017**	**-**	**-**	**-**	**-**

2016	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$	$
Trade and other payables	2,408,969	2,408,969	2,408,969	-	-	-	-
	2,408,969	**2,408,969**	**2,408,969**	**-**	**-**	**-**	**-**

NOTE 16: COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Group has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group.

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

Commitment contracted for at balance date but not recognised as liabilities are as follows:

	Consolidated	
	2017	2016
	$	$
Within one year	2,640,800	2,532,683

Other commitments

Sheffield Resources Limited has bank guarantees totalling $92,445 (see details per Note 7) at 30 June 2017.

NOTE 17: RELATED PARTY DISCLOSURE

Subsidiary Entities

The consolidated financial statements include the financial statements of Sheffield Resources Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	Equity Interest 2017 %	Equity Interest 2016 %	Investment 2017 $	Investment 2016 $
Moora Talc Pty Ltd	Australia	100	100	100	100
Ironbridge Resources Pty Ltd	Australia	100	100	100	100
Thunderbird Operations Pty Ltd	Australia	100	-	100	-
Carawine Resources Pty Ltd	Australia	100	-	100	-

Loans made by Sheffield Resources Limited to wholly-owned subsidiaries are contributed to meet required expenditure payable on demand and are not interest bearing.

Transactions with other Related Parties

There were no other transactions entered into with related parties for the June 2017 financial year.

NOTE 18: DIRECTORS AND EXECUTIVES DISCLOSURES

(A) DETAILS OF KEY MANAGEMENT PERSONNEL

The following persons acted as Directors of the Company during the financial year:

- Mr Will Burbury (Non-Executive Chairman)
- Mr Bruce McFadzean (Managing Director)
- Mr David Archer (Technical Director)
- Mr Bruce McQuitty (Non-Executive Director)

The following persons are the key management personnel of the Company during the financial year:

- Mr Jim Netterfield (BFS Study Manager)
- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer)
- Mr Neil Patten-Williams (Marketing Manager)
- Mr Stuart Pether (Chief Operating Officer), appointed 1 April 2017

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated 2017 $	Consolidated 2016 $
Short-term employee benefits	1,127,832	874,831
Post-employment benefits	146,067	104,657
Options & rights	2,648,278	1,048,198
Total	**3,922,177**	**2,027,686**

Detailed remuneration disclosures are provided in the Remuneration Report.

NOTE 18: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(B) EQUITY HOLDINGS

Number of shares and options held by Directors and Key Management Personnel, including their personally related parties, are set out in the Remuneration Report.

NOTE 19: PARENT ENTITY DISCLOSURES

	2017	2016
ASSETS	**$**	**$**
Current assets	8,624,063	5,351,667
Non-current assets	38,631,766	32,465,103
TOTAL ASSETS	**47,255,829**	**37,816,770**
LIABILITIES		
Current liabilities	1,549,508	2,546,835
TOTAL LIABILITIES	**1,549,508**	**2,546,835**
EQUITY		
Issued capital	54,721,957	38,643,783
Reserves	6,069,893	2,497,303
Accumulated losses	(15,085,529)	(5,871,151)
TOTAL EQUITY	**45,706,321**	**35,269,935**
Financial performance		
Loss for the year	(9,214,378)	(1,753,901)
Other comprehensive income	-	-
Total comprehensive income	**(9,214,378)**	**(1,753,901)**

Contingent liabilities

As at 30 June 2017 and 2016, the Company had no contingent liabilities.

Contractual commitments

As at 30 June 2017 and 2016, the Company had no contractual commitments other than those commitments disclosed in Note 16.

Guarantees entered into by parent entity

As at 30 June 2017, the Group has the following financial guarantees:

- $62,445 is held as security for the office lease and bears 2.5% interest (2016: $101,099).
- $30,000 is held as security for the credit card facility and bears 2.4% interest (2016: $33,263).

NOTE 20: AUDITOR'S REMUNERATION

The auditor of Sheffield Resources Limited is HLB Mann Judd.

	2017	2016
	$	**$**
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity	40,700	38,500

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

There have been no additional matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

1. In the opinion of the directors of Sheffield Resources Limited (the 'Company'):
    a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
        i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and
        ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
    b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
    c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.

Mr Bruce McFadzean
Managing Director

12 September 2017

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Sheffield Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sheffield Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 9 of the financial report	
The carrying amount of exploration and evaluation expenditure as at 30 June 2017 was $38,524,480. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; • We substantiated a sample of expenditure by agreeing to supporting documentation; and • We examined the disclosures made in the financial report.
Going concern Note 1(F) of the financial report	
The Group recorded a consolidated loss of $9,214,378 and had cash outflows from operating and investing activities of $12,750,852. As at 30 June 2017 the Group had cash and cash equivalents of $8,334,797. If the going concern basis of preparation of the financial statements was inappropriate, the carrying amount of certain assets and liabilities may have significantly differed. The going concern basis of accounting was a key audit matter due to the significance to users of the financial report and the significant judgement involved with forecasting cash flows.	Our procedures included but were not limited to the following: • We considered the appropriateness of the going concern basis of accounting by evaluating the underlying assumptions in cash flow projections prepared by the Group including sensitivity analysis. • Our responsibilities in respect of the going concern basis of accounting are included below under *Auditor's responsibilities* for the audit of the financial report; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

HLB Mann Judd

attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Sheffield Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
12 September 2017

The Company was admitted to the official list of ASX on 15 December 2010. Since Listing, the Company has used its cash (and assets in a form readily convertible to cash) in a manner consistent with its business objectives. In accordance with the ASX Listing Rules, the Company is required to disclose the following information which was prepared based on share registry information processed up to 11 September 2017.

Ordinary Share Capital

- At 11 September 2017, 181,358,784 fully paid ordinary shares are held by 1,575 individual shareholders.

Spread of Holdings			Total Holders	Ordinary Shares
1	-	1,000	89	39,941
1,001	-	5,000	272	921,931
5,001	-	10,000	234	1,954,713
10,001	-	100,000	745	28,473,362
100,001	-	and over	235	149,968,837
Number of Holders/Shares			1,545	181,358,784

Unmarketable parcels at 11 September 2017 amount to 39,941 shares held by 89 shareholders.

Substantial Shareholders

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
BlackRock Group[1]	16,877,756	9.30
Mr Walter Mick George Yovich & Mrs Jeanette Julia Yovich <Dubrava Family A/C>	11,892,601	6.55

[1] As at 31 July 2017, BlackRock Group had control over a total of 16,877,756 shares representing 9.30% of the issued fully paid shares in the Company via the following entitles:

Entity	Number
BlackRock Investment Management Limited	9,477,756
BlackRock Investment Management (UK) Limited	7,400,000

Voting rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

Statement of Quotation and Restrictions

- Listed on the ASX are 181,358,784 fully paid shares. All fully paid shares are free of escrow conditions.
- All 14,581,657 options are not quoted on the ASX. All options are free of escrow conditions.

Twenty Largest Shareholders

Details of the 20 largest shareholders by registered shareholding as at the date of this report are:

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,763,528	7.04
MR WALTER MICK GEORGE YOVICH & MRS JEANETTE JULIA YOVICH	11,892,601	6.56
MR WALTER MICK GEORGE YOVICH	9,552,280	5.27
MR BRUCE MORRISON MCQUITTY	8,034,100	4.43
MR WILLIAM BURBURY	7,548,500	4.16
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	5,854,841	3.23
SATORI INTERNATIONAL PTY LTD	4,335,000	2.39
ARCHER ENTERPRISES (WA) PTY LTD	3,680,000	2.03
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	3,392,697	1.87
CRESCENT NOMINEES LIMITED	3,237,085	1.78
MR REES HOLLIER JOHN JONES & MRS MOIRA MARGUERITE JONES & MR WALTER MICK GEORGE YOVICH	3,061,764	1.69
LIDO TRADING LTD	2,272,728	1.25
ARCHER ENTERPRISES (WA) PTY LTD	1,912,180	1.05
PENMAEN LIMITED	1,900,000	1.05
BNP PARIBAS NOMS PTY LTD	1,750,000	0.96
MR BRIAN HENRY MCCUBBING & MRS ADRIANA MARIA MCCUBBING	1,700,000	0.94
MR DAVID LINDSAY ARCHER & MRS SIMONE ELIZABETH ARCHER	1,612,000	0.89
NORONEKE MASTER FUND LTD	1,585,000	0.87
TATTERSFIELD SECURITIES LIMITED	1,442,307	0.80
DUBRAVA PROPERTIES LIMITED	1,404,664	0.77
TOTAL	**88,931,275**	**49.04**

Options

Outstanding as at the date of this report were 14,581,657 unquoted options. Details are set out below:

- 500,000 options over ordinary shares with exercise price $0.66 each, expiring on 26 September 2018.
- 1,400,000 options over ordinary shares with exercise price $0.87 each, expiring on 19 March 2019.
- 1,600,000 options over ordinary shares with exercise price $1.16 each, expiring on 19 March 2021.
- 3,700,000 options over ordinary shares with exercise price $0.001 each, expiring on 8 February 2020.
- 4,000,000 options over ordinary shares with exercise price $0.676 each, expiring on 31 August 2019.
- 2,100,000 options over ordinary shares with exercise price $0.001 each, expiring on 24 November 2020.
- 346,657 options over ordinary shares with exercise price of $0.001 each, expiring on 24 November 2020.
- 700,000 options over ordinary shares with exercise price of $0.001 each, expiring on 24 November 2020.
- 235,000 options over ordinary shares with exercise price of $0.84 each, expiring on 24 November 2020.

Interests in Mining Tenements

Project	Tenement	Holder	Interest	Location	Status
Mineral Sands	E04/2455	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2456	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2478	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	L04/82	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	L04/83	Sheffield Resources Ltd	100%	Canning Basin	Pending
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	E70/4313	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	L70/150	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/872[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/965[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/1153[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	R70/35[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E04/2081[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2083[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2084[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2159[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2171[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2192[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2193[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2194[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2348[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted

Interests in Mining Tenements

Project	Tenement	Holder	Interest	Location	Status
Mineral Sands	E04/2349[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2350[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2386[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2390[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2399[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2400[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2494[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	L04/84[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/85[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/86[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/92[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/93[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	M04/459[5]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Nickel	E28/2563	Carawine Resources Pty Ltd[2]	49%	Fraser Range	Granted
Copper/Manganese	E46/1042-I	Carawine Resources Pty Ltd[2]	100%	Pilbara	Granted
Nickel	E69/3033[4]	Carawine Resources Pty Ltd[2]	49%	Fraser Range	Granted
Nickel	E69/3052[4]	Carawine Resources Pty Ltd[2]	49%	Fraser Range	Granted
Nickel	E39/1733[4]	Carawine Resources Pty Ltd[2]	49%	Fraser Range	Granted
Nickel	E28/2374-I[4]	Carawine Resources Pty Ltd[2]	49%	Fraser Range	Granted
Copper/Manganese	E46/1041[4]	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1044[4]	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1069-I[4]	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1099[4]	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1116-I[4]	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1119-I[4]	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Zinc	E45/4871[4]	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Zinc	E45/4881[4]	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Gold	E45/4845[4]	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Gold	E45/4847[4]	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Gold	E45/4955[4]	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Manganese	E45/4958[4]	Carawine Resources Pty Ltd	100%	Pilbara	Pending
Copper/Manganese	E45/4959[4]	Carawine Resources Pty Ltd	100%	Pilbara	Pending
Nickel	E69/3521[4]	Carawine Resources Pty Ltd	100%	Fraser Range	Pending

Notes:

[1]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.

[2]Carawine Resources Pty Ltd holds a 49% interest, with JV partner Independence Group NL (IGO) holding a 51% interest and earning in.

[3]All tenements are located in the state of Western Australia.

[4]Carawine Resources Pty Ltd is a 100% owned subsidiary of Sheffield Resources Ltd.

[5]Thunderbird Operations Pty Ltd is a 100% owned subsidiary of Sheffield Resources Ltd.