ABN 29 125 811 083

Interim Financial Report

For the half-year ended 31 December 2016

DIRECTORS' REPORT

Your Directors submit the financial report of the Group for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

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

REVIEW OF OPERATIONS

During the reporting period, Sheffield Resources Limited ("Company" or "Sheffield") maintained its operational focus on its flagship Thunderbird Heavy Mineral Sands ("Thunderbird") project, located near Derby in the Canning Basin region of Western Australia (Figure 1).

The Thunderbird deposit is one of the largest and highest grade mineral sands discoveries in the last 30 years. During the period, the Company continued work on a Bankable Feasibility Study ("BFS") on Thunderbird, which is being managed by leading engineering firm Hatch.

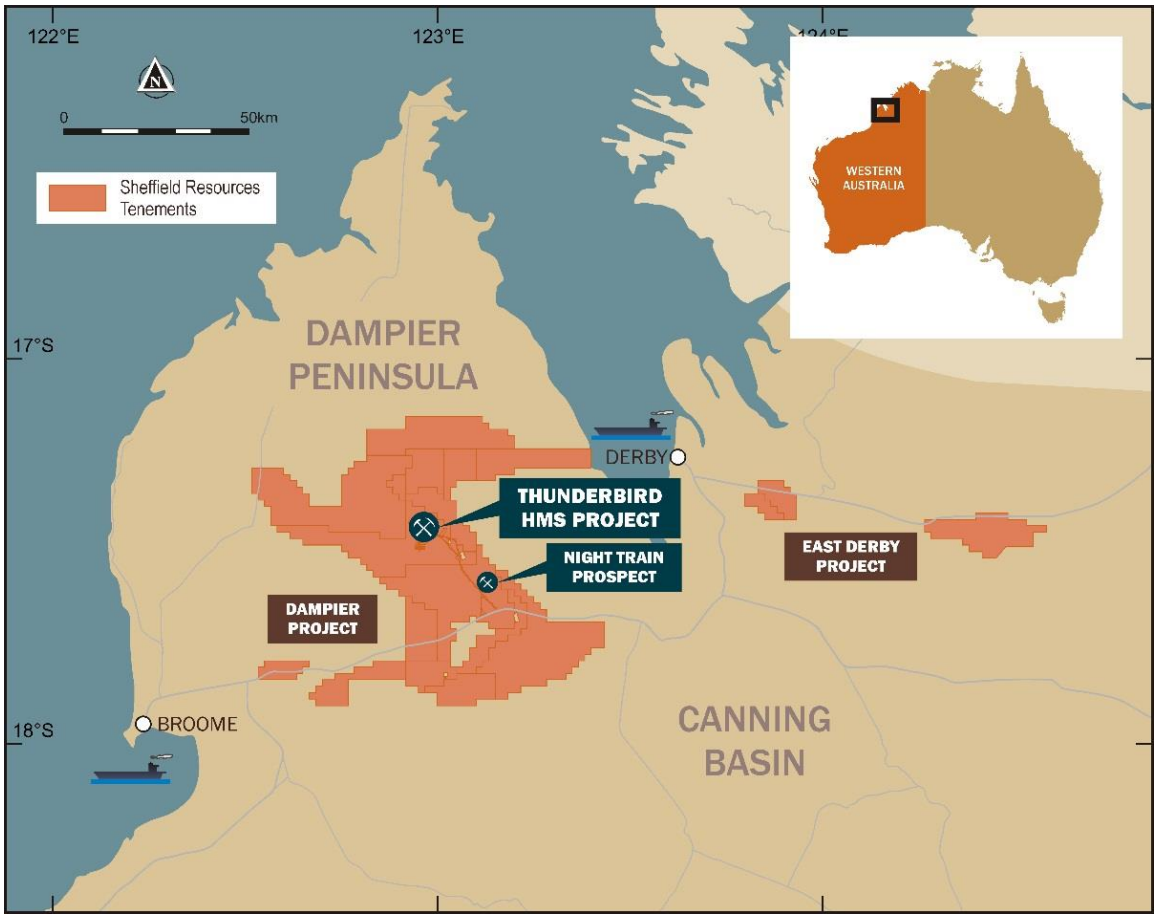

Figure 1: Location of Thunderbird Mineral Sands Project

Sheffield maintains focus on the Thunderbird project as the key driver for growth over the coming years. The Company shall conclude the BFS by the end of March 2017 and continues to advance permitting activities in parallel with financing and offtake opportunities.

KEY HIGHLIGHTS FOR THE PERIOD

- Measured component of the high-grade component of the Thunderbird Mineral Resource doubled to 220Mt @ 14.5% heavy mineral ("HM") in an updated Mineral Resource comprising 1.05Bt @ 12.2% HM at a 7.5% HM cut-off (Measured, Indicated and Inferred). Total Mineral Resource at a 3% HM cut-off are 3.230Bt @ 6.9% HM (Measured, Indicated and Inferred);
- Completion of metallurgical test work on a 40-tonne BFS bulk sample, representative of the initial 6-7 years of feed. The test work has enabled the process flowsheet to be optimised, resulting in high quality final products;
- The mineral separation test work utilising full-scale or scalable equipment completed by IHC Robbins and pilot scale test work on low temperature ilmenite roasting was completed under the supervision of Hatch and Sheffield at Hazen Laboratories in USA. High quality final product specifications have been achieved from the BFS mineral separation process flowsheet and Low Temperature Roast (LTR) test work. Results from batch and continuous pilot plant test work were successful, producing a high grade 56.1% TiO_2 LTR ilmenite, with outstanding improvements in the $FeO:Fe_2O_3$ ratio to 1.2. This endorses Thunderbird LTR ilmenite as one of the highest-grade sulphate feedstocks available globally;
- Thunderbird environmental approval process well underway with Environmental Scoping Document approved by the Western Australian Environmental Protection Authority on 4 July 2016 and Public Environmental Review process open for public comment on 16 January 2017;
- Completion of an equity raising totalling $17.1m (before costs) to facilitate completion of the Thunderbird BFS and undertake continued exploration.

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[1] and quality of product[2] 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.

Zircon is the key value driver of the Project making up almost 60% of forecast revenue, with the remainder generated from substantial amounts of high grade sulphate ilmenite and "HiTi" 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% heavy minerals (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. Current Ore Reserves, based on the (previous) July 2015 Mineral Resource and calculated in conjunction with the October 2015 Pre-Feasibility Study (PFS), comprise 683Mt @ 11.3% HM (total Proved and Probable Reserves). The PFS supported a 40-year mine life for the Project with a very low life-of-mine strip ratio (waste:ore) of less than 0.7:1 (see ASX announcements dated 5 July 2016, 22 January 2016 and 14 October 2015; and the Resources and Reserves Statement in this report for further details). An updated Ore Reserve based on the new Mineral Resource will follow from BFS work currently underway.

Thunderbird Bankable Feasibility Study (BFS)

The Thunderbird BFS activity is focused on confirmatory fieldwork and metallurgical test work, preliminary engineering, supply quotation and cost estimation. The BFS is designed to deliver reliable estimates of quantities and prices of plant, equipment, buildings and civil structures. The key deliverables of the BFS are detailed estimates of capital and operating costs accompanied by related risk and opportunities associated with the project. Other deliverables include a preliminary project construction plan, legal, commercial and other factors.

A BFS update with details of outstanding improvements in recoveries and product specifications was announced to the ASX on 12 October, 2016, as follows.

Metallurgical test work on a 40-tonne BFS bulk sample, representative of the initial 6-7 years of feed is now complete. This work has enabled the process flowsheet to be optimised and has resulted in high quality final products. Optimisation of the wet concentration and concentrate upgrade stages has resulted in further improved recoveries for the ilmenite and zircon products.

The mineral separation test work utilising full-scale or scalable equipment was undertaken by IHC Robbins in Brisbane. The pilot scale test work on low temperature ilmenite roasting was completed under the supervision of Hatch and Sheffield at Hazen Laboratories in Colorado, USA.

[1] The PFS was based on the Thunderbird Mineral Resource announced on 31 July 2015 comprising 3.240Bt @ 6.9% HM (at 3% HM cut off), including a coherent high grade zone of 1.09Bt @ 11.9% HM (at 7.5% cut off) (Measured, Indicated and Inferred). The high grade component contains 9.9Mt of zircon, 3.0Mt of high-titanium leucoxene, 2.8Mt of leucoxene and 36Mt of ilmenite. The Maiden Ore Reserve announced to the ASX 22 January 2016 supports 40 year mine life operation outlined in the PFS.
[2] Leading global mineral sands consulting group TZMI has confirmed that Sheffield's primary zircon and LTR ilmenite are high quality products that are likely to receive strong market support. Collectively these products represent 81% of the total projected revenue. Significant interest has been registered in these products by leading marketing specialists and industry groups.

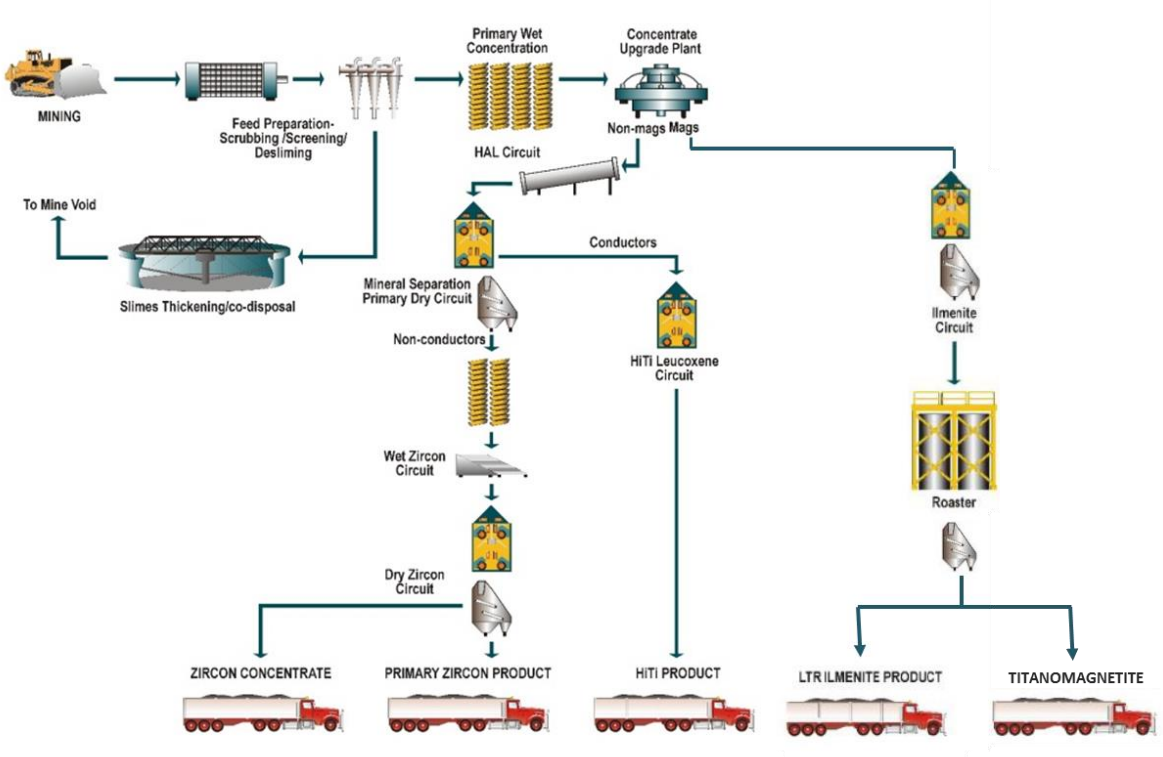

Figure 2: Schematic of Mineral separation Flowsheet - Thunderbird Project

BFS Product Specifications

High quality final product specifications have been achieved from the BFS mineral separation process flowsheet and Low Temperature Roast (LTR) test work. Final BFS product summaries and specifications are provided below with further detail in Appendix 1;

- ***Premium Zircon*** – high quality ceramic grade zircon, >66% ZrO_2;
- ***LTR ilmenite*** - high grade TiO_2 with low alkalis and chromium suitable for:
  - Feedstock for sulphate pigment plants - 56.1% TiO_2;
  - Production of chloride grade and sulphate grade slag - 88% TiO_2;
  - Potential blended feedstock for chloride processing. LTR ilmenite can be produced at higher grades (57-59% TiO_2) for this potential market;
- ***HiTi 88*** – 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 zirconium chemicals industry;
- ***Titanomagnetite*** – co-product from the LTR process suited to furnace protection in the steel feed industry. Appraisal of this co-product will be undertaken to determine its marketability and value as a contributor to the revenue stream.

Recoveries

Utilising full-scale and scalable equipment, and by optimising the primary concentration stages, improved recoveries for the ilmenite and zircon products (representing approximately 91% of projected revenue) over the PFS metallurgical test work have been achieved:

Recoveries	*PFS Test work*	*BFS Test work*
LTR Ilmenite	69.4%	71.0%
Zircon Premium	53.5%	56.1%
Zircon Concentrate	26.6%	33.0%
HiTi Leucoxene	38.6%	35.3%

Table 1: Total recovery to products from BFS metallurgical test work.

Low Temperature Roast (LTR) Test Work Results

The BFS LTR continuous pilot-scale test work was completed on 1.5 tonnes of ilmenite at Hazen Laboratories in Colorado, USA and was managed and supervised by Hatch and Sheffield. Continuous-flow fluid bed test work was undertaken for the purposes of engineering design and validation of final product quality. Post-roast magnetic separation stages were completed by IHC Robbins in Brisbane, Australia.

The LTR stage facilitates the removal of ferric iron dominant minerals from the primary ilmenite process step. The roasting process is designed to enhance the magnetic susceptibility of the free iron minerals in the concentrate by exposing it to reducing gases (containing H_2 and CO) in a reaction vessel (fluid bed) at temperatures below 550^{o}C. The magnetic fraction is then removed through a dry magnetic separation process and the remaining ilmenite is thus upgraded to a higher TiO_2, lower ferric-iron bearing product, which is highly reactive and soluble in sulphate-route pigment production plants. This homogenising process is also designed to produce consistent and uniform product specifications.

Results from batch and continuous pilot plant test work utilising optimised roast conditions were successful in reducing the excess ferric iron in the primary ilmenite, and produced a high grade 56.1% TiO_2 LTR ilmenite, with outstanding improvements in the $FeO:Fe_2O_3$ ratio to 1.2. This endorses Thunderbird LTR ilmenite as one of the highest-grade sulphate feedstocks available globally. Solubility test work completed independently by Roundhill Engineering and Hazen Laboratories confirmed very high acid solubility and the samples exhibited excellent reactivity in sulphuric acid. Testwork is currently underway to determine the LTR conditions required to reduce the Fe_2O_3 content of the ilmenite to less than 13%. An ilmenite product with these specifications would attract a further pricing premium in the Chinese market.

The TiO_2 solubility of the Thunderbird LTR ilmenite has been benchmarked against several known commercial ilmenites that are suitable for existing sulphate plants (Figure 3).

Engineering design of the ilmenite roaster by Hatch is complete. The LTR plant process flow sheet is a simple, low operating temperature process with low risk.

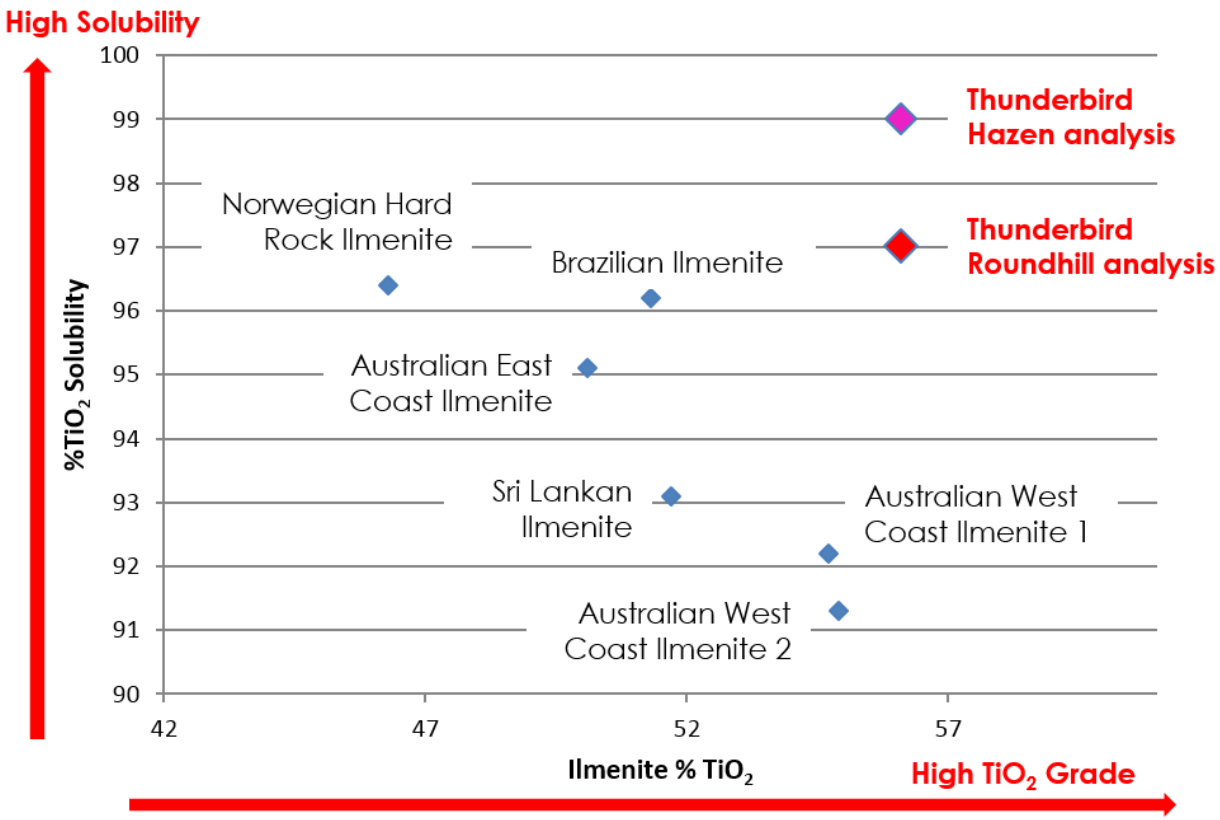

Figure 3: %TiO_2 Solubility vs Grade, Sheffield LTR Ilmenite benchmarked against known Sulphate Ilmenites (Blue), Roundhill (red) and Hazen (magenta) solubility results for Sheffield's LTR ilmenite from pilot test work.

Marketing and Offtake Status

Over 30 product samples were dispatched to leading global ilmenite and zircon consumers during the period. Completion of analysis and preliminary test work performed by potential offtake partners resulting in both the ilmenite and zircon material being approved for use in the market place by consumers. Positive engagement with potential Asian and European offtake partners and subsequent site visits within China has confirmed the marketability of Thunderbird products, and consequently offtake discussions have progressed on several fronts. The company continues to work towards completing offtake agreements in the first half of 2017 in line with planned funding discussions.

The company will also continue to discuss the potential of supply for higher grade TiO_2 material (57%-59% TiO_2) into the chloride market subject to the completion of test work by the potential customers. Thunderbird product marketability reports were completed by TZMI and Ruidow in late 2016. Both reports show a stronger market emerging over the coming years for TiO_2 and zircon products.

Sustainability

Environmental approval and native title processes continue to advance. The Environmental Scoping Document was approved by the Western Australian Environmental Protection Authority on 4 July 2016 and the Public Environmental Review (PER) opened for public comment for a period of four weeks with effect from 16 January 2017. The environmental approval process is scheduled to conclude in mid-2017. Native Title negotiations are also well advanced with finalisation of an agreement anticipated before mid-2017.

Thunderbird Mineral Resource Update

In July 2016, the Company announced an updated Mineral Resource of 3.23 billion tonnes @ 6.9% HM at a 3% HM cut-off (Measured, Indicated and Inferred) (Table 2).

The new Mineral Resource, which was updated to include 110 infill holes drilled in the "up-dip" region of the deposit, includes a coherent high grade zone of 1.05Bt @ 12.2% HM at a 7.5% HM cut-off (Measured, Indicated and Inferred). This high grade zone contains 9.7Mt of zircon, 3.0Mt of high-titanium leucoxene and 35Mt of ilmenite.

Table 2: Thunderbird Deposit Mineral Resource[3] Summary

		Mineral Resources		Valuable HM Grade (In-situ)[4]				
Resource Category	Cut-off HM%	Material Million Tonnes[5]	HM %	Zircon %	HiTi Leucoxene %	Leucoxene %	Ilmenite %	Total VHM %
Measured	3.0	510	8.9	0.71	0.20	0.19	2.4	3.5
Indicated	3.0	2,120	6.6	0.55	0.18	0.20	1.8	2.8
Inferred	3.0	600	6.3	0.53	0.17	0.20	1.7	2.6
Total	**3.0**	**3,230**	**6.9**	**0.57**	**0.18**	**0.20**	**1.9**	**2.9**
Measured	7.5	220	14.5	1.07	0.31	0.27	3.9	5.5
Indicated	7.5	640	11.8	0.90	0.28	0.25	3.3	4.7
Inferred	7.5	180	10.8	0.87	0.27	0.26	3.0	4.4
Total	**7.5**	**1,050**	**12.2**	**0.93**	**0.28**	**0.26**	**3.3**	**4.8**

Significantly, the Measured category of the Thunderbird Mineral Resource was doubled to 220Mt @ 14.5% HM (at a 7.5% HM cut-off) with minimal change in the high in-situ zircon and ilmenite grades of 1.07% and 3.9% respectively (Table 2). The Measured component of the Mineral Resource alone places Thunderbird in the top tier of mineral sands deposits globally, including those currently in production. Refer to Sheffield's ASX announcement of 5 July 2016 for further information.

Derby East Mineral Sands

The Derby East Project comprises 5 exploration licences with a total area of 1,831km^2. These tenements cover conceptual mineral sands targets to the east of Derby (Figure 1).

During the period results were returned from a first-pass reconnaissance drilling program of 43 holes for 2,202m, completed in October 2016. The program identified littoral sands and muds associated with a backfilled estuarine or low energy marine basin. The drilling did not intersect any significant concentrations of valuable heavy mineral (see ASX Announcement dated 24 January 2017 for details of this program).

[3] Refer to ASX release dated 5 July 2016 for further information.
[4] 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.
[5] 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.

The aircore drilling programme did outline a deposit of silica sand with properties potentially suitable for use in construction industries. This area is located in the western portion of E04/2390, approximately 30km by road to the port of Derby. Physical properties and geochemical analyses are being undertaken on drill samples from the program to determine the suitability of the sand for construction purposes, with results to be reported next quarter. Sheffield has applied for an additional exploration licence (E04/2478) to secure the remaining potential while the Company awaits the results.

Subsequent to the end of the period, Sheffield relinquished three East Derby project tenements: E04/2391, 2393 & 2394. Exploration licence E04/2392 has been retained for potential sale or joint venture due to the presence of diamondiferous palaeochannels outlined by previous explorers.

Fraser Range Nickel

During the period, Sheffield announced it had entered into a joint venture agreement with Independence Group NL ("IGO") (ASX: IGO) in the Fraser Range region of Western Australia. The agreement encompasses four granted tenements E69/3052 & E69/3033 (Red Bull), E39/1733 (Big Bullocks), E28/2374-I (Bindii) and one tenement application, ELA69/2563 (Similkameen) as shown in Figure 4.

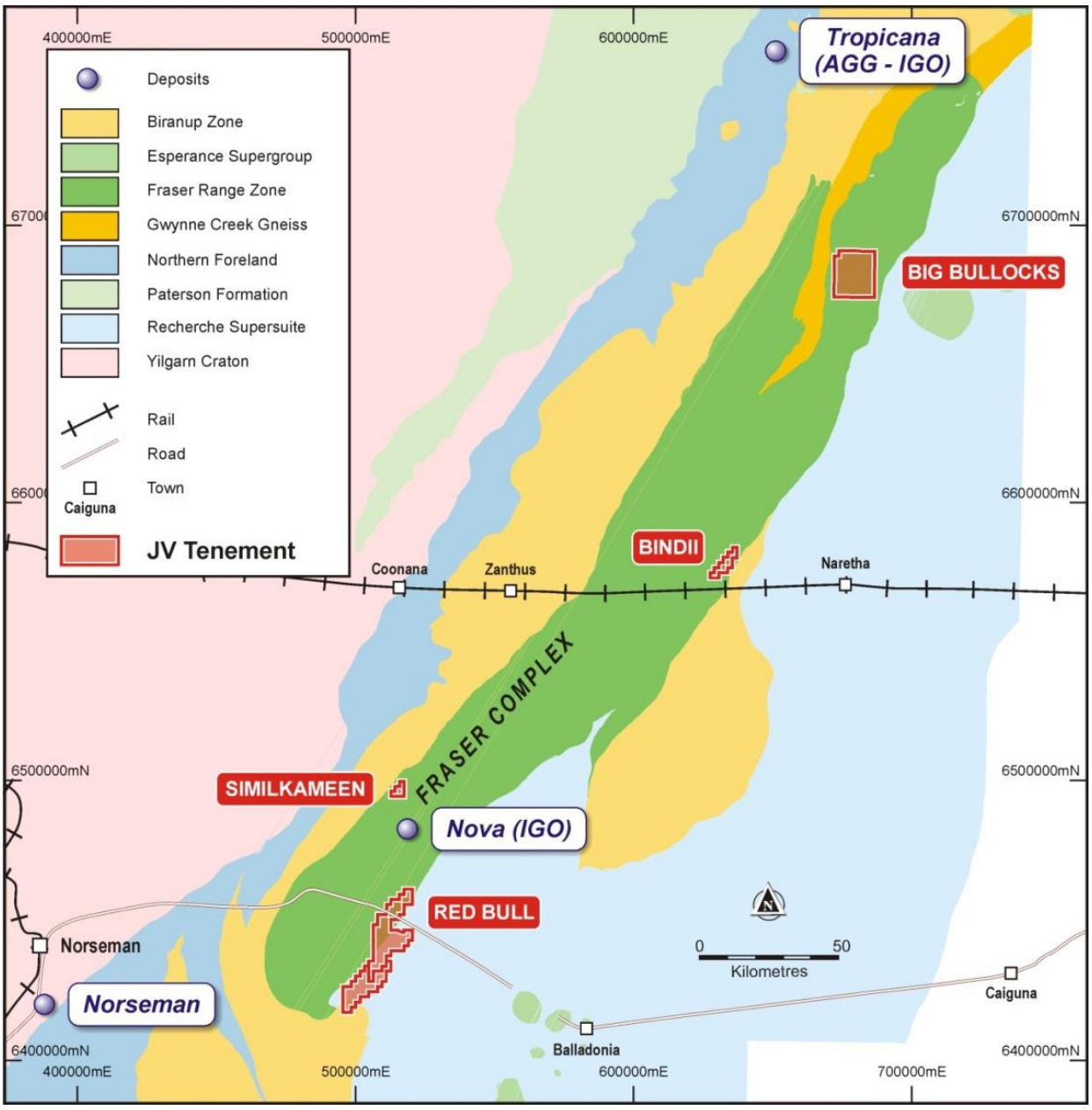

Figure 4: Location of Sheffield - IGO JV tenements in the Fraser Range

Key terms of the joint venture include:

- IGO will earn a 51% interest in the project by making an up-front cash payment of $500,000
- IGO may earn an additional 19% interest by spending $5 million within 5 years of commencement of the joint venture
- At any time after commencement of the joint venture and up until completion of the Pre-feasibility Study, IGO has an option to purchase an additional 5% interest for $10 million or the equivalent in IGO shares
- Standard dilution clauses apply. Should Sheffield's interest dilute to 5% or less, it shall automatically convert to a 1% net smelter return royalty.

The joint venture allows Sheffield to retain significant exposure to exploration success in the Fraser Range, as it focuses on developing the Thunderbird project.

Oakover Copper-Manganese Project

Sheffield's Oakover project, located in the highly prospective Eastern Hamersley Basin and Paterson Province, comprises 3 granted exploration licences and 12 exploration licence applications totalling over 3,580 km^2.

Sheffield is targeting the Oakover projects for;

- Sediment hosted copper Cu-Co-(Zn-Pb) (i.e. Nifty, Warrabarty)
- Proterozoic gold-copper systems Au-Cu-(Ag-W) (i.e. Telfer, Calibre)
- Manganese Mn (i.e. Woodie Woodie, Ripon Hills)
- Iron Fe (i.e. Christmas Creek, Roy Hill)

Sheffield, through its wholly-owned subsidiary Carawine Resources, is building a significant landholding in the highly prospective Oakover and Paterson regions. As this work progresses, Sheffield shall seek opportunities to realise value from these assets, through potential new listing or divestment by sale or joint-venture.

During the period, an initial field reconnaissance trip to granted tenements E46/1041 and E46/1069 was undertaken. Reconnaissance mapping at the Western Star prospect confirmed the occurrence of primary high grade copper mineralisation hosted by breccias and vein stockworks within Proterozoic dolomites. The field trip also confirmed the presence of manganese mineralisation within the Brown Dog Graben in dolomites of the Carawine Formation. In addition, strong iron enrichment was observed within the Marra Mamba Formation near Holden Bore and a new style of high grade hydrothermal iron enrichment was identified within Proterozoic cherts and chert breccias (see ASX Announcement dated 24 January 2017 for details).

A comprehensive review of historical exploration data is due for completion in Q1 2017. This will be followed by field reconnaissance, geological mapping and sampling to validate exploration targets identified at the Oakover project.

Eneabba & McCalls HMS Projects

No work was completed on the Eneabba and McCalls projects during the period. A short exploration drilling program to test dunal HM targets is scheduled for H1 2017, subject to obtaining landholder consents.

Auditor's Independence Declaration

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 review of the half-year financial report. This Independence Declaration is set out on page 15 and forms part of this Directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Mr Bruce McFadzean
Managing Director

8 FEBRUARY 2017

Appendix 1: BFS Final Product Specifications
(refer to ASX announcement dated 12 October 2016 for further details)

Premium zircon

ZrO_2+HfO_2	TiO_2	Fe_2O_3	SiO_2	Al_2O_3	D_{50}
66.3%	0.14%	0.08%	32.5%	0.1%	59µm

- High grade 66.3% ZrO_2+HfO_2
- Low in key impurities iron and titanium
- Very low in aluminium impurities
- Good opacity, similar to other competing products

LTR Ilmenite

TiO_2	FeO	Fe_2O_3	FeO:Fe_2O_3	Cr_2O_3	CaO	MgO	D_{50}
56.1%	22.0%	18.5%	1.2	0.03%	0.01%	0.21%	67µm

- High titanium grade (56.1% TiO_2)
- Low in key contaminant Cr_2O_3
- Very low in alkalis CaO and MgO
- Consistent homogenous product
- LTR Ilmenite feedstock can produce high grade TiO_2 slag (88% TiO_2) and HPPI co-product
- Soluble in sulphuric acid, TiO_2 solubility > 95%
- Highly reactive (FeO:Fe_2O_3 of 1.2)

HiTi88

TiO_2	Fe_2O_3	Cr_2O_3	CaO	MgO	SiO_2	Al_2O_3	D_{50}
87.8%	2.9%	0.07%	0.04%	0.00%	3.4%	0.5%	71µm

- High titanium grade (87.8% TiO_2)
- Suitable for flux cored wire welding market or titanium sponge markets.
- Blended feedstock for processing via the chloride process.
- Low in key contaminants Cr_2O_3
- Very low in alkalis CaO and MgO

Zircon Concentrate

ZrO_2+HfO_2	TiO_2	Fe_2O_3	SiO_2	Al_2O_3	CeO_2	D_{50}
43.7%	20.1%	0.9%	23.3%	1.7%	0.2%	62µm

- Initially focussing on a ZrO_2 rich (~44%) concentrate for process upgrading by the customer.
- Target zirconium chemicals industry

Titanomagnetite

Fe	TiO_2	P	SiO_2	Al_2O_3	Cr_2O_3	MnO	D_{50}
56.2%	11.3%	0.05%	7.8%	0.9%	0.05%	0.20%	67µm

- Co-product produced as from magnetic separation post the LTR process
- Targeting steel feeds industry, protection against erosion of the blast furnace hearth

Ore Reserves and Mineral Resources

Sheffield announced a maiden Ore Reserve totalling 682.7 million tonnes @ 11.3% HM for the Thunderbird heavy mineral sands deposit, in the Kimberley Region of Western Australia, on 22 January 2016, and is currently completing 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 (previous) July, 2015 Thunderbird deposit Measured and Indicated Mineral Resources within mine designs and optimisation shells 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	115.1	15.8	13.7	1.01	0.29	0.28	3.67	17.3	12.7
	Probable	567.6	61.9	10.9	0.85	0.27	0.29	3.03	16.1	10.2
	Total	**682.7**	77.1	**11.3**	**0.88**	**0.27**	**0.29**	**3.14**	**16.3**	**10.6**

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	115.1	15.8	13.7	7.4	2.1	2.1	26.8	17.3	12.7
	Probable	567.6	61.9	10.9	7.8	2.5	2.6	27.9	16.1	10.2
	Total	**682.7**	77.1	**11.3**	**7.7**	**2.4**	**2.5**	**27.7**	**16.3**	**10.6**

1) Ore Reserves are presented both in terms of in-situ VHM grade, and HM assemblage. Calculations have been rounded to the nearest 100,000 t, 0.1 % grade. Differences may occur due to rounding. Ore Reserve is reported by economic cut-off 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	**1,050**	**127**	**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	43	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 and McCalls Projects 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

Ore Reserves and Mineral Resources prepared and first disclosed under the JORC Code 2012:

Item	Report Title	Report Date	Competent Person(s)
Thunderbird Ore Reserve	Maiden Ore Reserve – Thunderbird Project	22 January 2016	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	25 July 2016	D. Boyd T. Journeaux

Mineral Resources prepared and first disclosed under the JORC Code 2004:

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, Exploration Targets, Mineral Resources, Ore Reserves, a Pre-feasibility Study and Technical Studies which were prepared and first disclosed under the JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- East Derby Drilling Results: *"QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016"* 24 January 2017.
- Thunderbird BFS Update: *"OUTSTANDING IMPROVEMENTS IN RECOVERIES AND PRODUCT SPECIFICATIONS FROM THUNDERBIRD BFS"* 12 October, 2016
- June 2016 Quarterly Report (McCalls Mineral Resource Update): *"QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2016"* 25 July, 2016
- Thunderbird July 2016 Mineral Resource Update: *"SHEFFIELD DOUBLES MEASURED MINERAL RESOURCE AT THUNDERBIRD"* 5 July, 2016
- Thunderbird Ore Reserve: *"MAIDEN ORE RESERVE – THUNDERBIRD PROJECT"* 22 January, 2016
- Thunderbird Pre-feasibility Study Update: *"PRE-FEASIBILITY STUDY UPDATE CONFIRMS THUNDERBIRD AS THE WORLD'S BEST UNDEVELOPED MINERAL SANDS PROJECT"* 14 October 2015
- Thunderbird July 2015 Mineral Resource Update: *"THUNDERBIRD HIGH GRADE RESOURCE UPDATE"* 31 July, 2015

This report also includes information that relates to Exploration Results and 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, Ore Reserves, Pre-feasibility Study 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.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sheffield Resources Limited for the half-year ended 31 December 2016, 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 review; and

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

Perth, Western Australia
8 February 2017

D I Buckley
Partner

CONDENSED CONSOLIDATED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	31 December 2016 $	31 December 2015 $
Continuing operations		
Interest income	131,191	47,221
Other Income	12,074	1,200
Employee benefits expense	(569,036)	(230,632)
Depreciation expense	(27,468)	(23,848)
Impairment of deferred exploration and evaluation expenditure	(217,564)	(430,156)
Share-based payments	(2,330,625)	(201,034)
Other expenses	(1,150,412)	(583,233)
Revaluation of other financial assets	-	(50,111)
Sale of interest in tenements	(1,518,951)	(573,354)
Loss before income tax	(5,670,791)	(2,043,947)
Income tax benefit	1,214,716	1,828,340
Loss after tax from continuing operations	(4,456,075)	(215,607)
Other comprehensive income	-	-
Total comprehensive loss for the period	(4,456,075)	(215,607)
Basic earnings per share (cents per share)	(2.62)	(0.16)
Dilutive earnings per share (cents per share)	(2.62)	(0.16)

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	Consolidated 31 December 2016 $	Consolidated 30 June 2016 $
Assets			
Current Assets			
Cash and cash equivalents		8,952,570	5,007,475
Trade and other receivables		310,388	209,829
Other financial assets		5,134,828	184,307
Total Current Assets		14,397,786	5,401,611
Non-Current Assets			
Plant and equipment		80,994	101,174
Deferred exploration and evaluation expenditure	2	36,627,138	32,313,985
Total Non-Current Assets		36,708,132	32,415,159
Total Assets		51,105,918	37,816,770
Liabilities			
Current Liabilities			
Trade and other payables		1,749,062	2,408,969
Employee benefits		134,543	137,866
Total Current Liabilities		1,883,605	2,546,835
Total Liabilities		1,883,605	2,546,835
Net Assets		**49,222,313**	**35,269,935**
Equity			
Issued capital	3	54,721,611	38,643,783
Reserves		4,827,928	2,497,303
Accumulated losses		(10,327,226)	(5,871,151)
Total Equity		**49,222,313**	**35,269,935**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated				
	Issued Capital	Accumulated Losses	Option Reserve	Share-based Payments Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2016	**38,643,783**	**(5,871,151)**	**1,449,105**	**1,048,198**	**35,269,935**
Loss for the period	-	(4,456,075)	-	-	(4,456,075)
Total comprehensive loss for the period	-	(4,456,075)	-	-	(4,456,075)
Shares issued during the half-year	17,129,456	-	-	-	17,129,456
Share issue costs	(1,051,628)	-	-	-	(1,051,628)
Share-based payments	-	-	-	2,330,625	2,330,625
Balance at 31 December 2016	**54,721,611**	**(10,327,226)**	**1,449,105**	**3,378,823**	**49,222,313**

	Consolidated				
	Issued Capital	Accumulated Losses	Option Reserve	Share-based Payments Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2015	**33,337,705**	**(4,117,250)**	**1,449,105**	-	**30,669,560**
Loss for the period	-	(215,607)	-	-	(215,607)
Total comprehensive loss for the period	-	(215,607)	-	-	(215,607)
Shares issued during the half-year	5,450,859	-	-	-	5,450,859
Share issue costs	(274,745)	-	-	-	(274,745)
Share-based payments	-	-	-	201,034	201,034
Balance at 31 December 2015	**38,513,819**	**(4,332,857)**	**1,449,105**	**201,034**	**35,831,101**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	31 December 2016 $	31 December 2015 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Research and development tax refund	1,214,716	1,828,340
Receipts from customers	-	1,200
Payments to suppliers and employees	(2,899,249)	(920,342)
Interest received	76,468	42,556
Net cash inflows/(outflows) from operating activities	(1,608,065)	951,754
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(6,079,407)	(3,605,916)
Payments for plant and equipment	(7,289)	(12,451)
Payments for other financial assets	(4,999,990)	-
Proceeds from disposal of financial assets	62,018	-
Proceeds from sale of tenements	500,000	-
Net cash (outflows) from investing activities	(10,524,668)	(3,618,367)
Cash flows from financing activities		
Proceeds from issue of shares	17,129,456	5,450,859
Payments for share issue costs	(1,051,628)	(18,145)
Net cash inflows from financing activities	16,077,828	5,432,714
Net increase/(decrease) in cash held	3,945,095	2,766,101
Cash and cash equivalents at the beginning of the period	5,007,475	5,122,973
Cash and cash equivalents at the end of the period	**8,952,570**	**7,889,074**

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Sheffield Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016.

Accounting policies and method of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards

The group has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. The group has also reviewed all standards and interpretations that have been issued but are not yet effective for the half year ended 31 December 2016. As a result of this review, the directors have determined that there is no material impact on the Group and, therefore, no material change is necessary to Group accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2016	30 June 2016
Costs carried forward in respect of areas of interest in the following phases:	$	$
Exploration and evaluation phase – at cost		
Balance at beginning of period	32,313,985	26,186,268
Expenditure incurred	6,549,668	7,874,154
Sale of interest in tenements[1]	(2,018,951)	(723,354)
Exploration expenditure impaired[2]	(217,564)	(1,023,083)
Total deferred exploration and evaluation expenditure	**36,627,138**	**32,313,985**

[1] Sale of 51% interest in Fraser Range tenements to Independence Group NL as per joint venture agreement formed on 16 November 2016. The interest in the tenements was sold for $500,000 resulting in a net loss on sale of $1,518,951 during the period.
[2] Tenements relinquished during the period.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3: ISSUED CAPITAL

	Consolidated	
	31 December 2016	30 June 2016
Ordinary shares	$	$
Issued and fully paid	54,721,611	38,643,783

	Consolidated			
	No.		$	
	31 December 2016	30 June 2016	31 December 2016	30 June 2016
Movements in ordinary shares on issue				
At start of period	147,414,062	134,430,747	38,643,783	33,337,705
Issue of fully paid ordinary shares at $0.44 each	-	12,310,815	-	5,416,749
Issue of fully paid ordinary shares at $0.52 each	32,939,994	-	17,128,798	-
Issued for cash on exercise of share options	658,074	672,500	658	201,750
Share issue costs	-	-	(1,051,628)	(312,421)
At end of period	181,012,130	147,414,062	54,721,611	38,643,783

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 4: DIVIDENDS

No dividends were paid or declared during the half-year ended 31 December 2016.

NOTE 5: SEGMENT REPORTING

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board of Directors) in allocating resources and have concluded that at this time there are no separate identifiable segments.

The Group's principal activity is exploration for mineral sands (zircon and titanium minerals) within the state of Western Australia. There have been no significant changes in the nature of these activities during the year.

NOTE 6: OPTIONS

	Consolidated	
	31 December 2016 No.	30 June 2016 No.
Movements in options over ordinary shares on issue		
Balance at beginning of period	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 24 November 2020	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 $0.001 each on or before 8 February 2020	(473,713)	
Exercise of unlisted options exercisable at $0.001 each on or before 24 November 2020	(184,361)	
Exercise of unlisted options exercisable at $0.30 each expiring 13 December 2015	-	(672,500)
Lapsing of unlisted options	-	(2,052,500)
At end of period	16,128,311	8,873,713

NOTE 7: FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Fair value as at	
	31 December 2016 $	30 June 2016 $
Financial assets		
- Trade and other receivables	310,388	209,829
- Bank guarantees	134,838	134,363
- Shares in a listed entity	-	49,944
- Fixed term deposits	4,999,990	-
Financial liabilities		
- Trade and other payables	1,749,062	2,408,969

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 8: SHARE BASED PAYMENT PLANS

The following unlisted options were issued during the half-year to employees 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 granted during the half-year:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
SERIES 7	4,000,000	31/08/2016	31/08/2019	0.676	1,184,494
SERIES 8	877,672	17/11/2016	24/11/2020	0.001	464,357
SERIES 9	2,100,000	17/11/2016	24/11/2020	0.001	1,111,065

The fair value of the equity-settled share options granted under the option was 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
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	74	75	75	75	71
Risk-free interest rate (%)	1.46	2.10	2.10	2.10	2.10
Expected life of option (years)	3	4	4	4	4
Exercise price	0.676	0.001	0.001	0.001	0.84
Grant date share price (cents)	65	53	53	60	60

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The following share-based payment arrangements were granted in prior periods and were in place during the current period:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
SERIES 1	1,200,000	02/04/2012	01/04/2017	0.65	222,805
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	3,368,444	02/11/2015	02/02/2020	0.001	1,883,226
SERIES 6	805,269	16/11/2015	02/02/2020	0.001	409,945

NOTE 9: INTEREST IN JOINT ARRANGEMENTS

In November 2016, the Group entered into a joint venture agreement with Independence Group NL ("IGO") encompassing four granted tenements and one tenement application in the Fraser Range region of WA. The Group received an up-front payment of $500,000 for the sale of 51% of the project interest. Please refer to page 9 of the Directors' Report for key terms of the joint venture agreement.

NOTE 10: CONTINGENT LIABILITIES

The Directors are of the opinion that there are no contingent liabilities as at 31 December 2016 (2015: nil).

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Group in the future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Sheffield Resources Limited ('the Group'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year then ended; and

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Mr Bruce McFadzean
Managing Director

8 FEBRUARY 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Sheffield Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sheffield Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit/(loss) and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sheffield Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
8 February 2017