



SheffieldResources
LIMITED

ABN 29 125 811 083

Interim Financial Report

For the half year ended 31 December 2018

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DIRECTORS' REPORT

Your Directors submit the financial report of the Group for the half year ended 31 December 2018. 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 half year, the Company progressed its world class Thunderbird Mineral Sands Project (Thunderbird) to be fully permitted and construction ready with the achievement of the final major project milestones. This included the signing of the Native Title Co-existence Agreement with the Traditional Owners, confirming Sheffield's social licence to operate in the Kimberley, execution of a fixed price Engineering, Procurement and Construction (EPC) agreement with GR Engineering Services Limited (GRES), the execution of a US\$175 million debt facility agreement with Taurus Mining Finance Fund and Taurus Mining Finance Annex Fund (Taurus).

Following a favourable National Native Title Tribunal (NNTT) decision in August 2018, the Western Australian Department of Mines, Industry, Regulation and Safety granted the Mining Lease for Thunderbird.

Additionally, the Company concluded a Co-existence Agreement with the Traditional Owner Negotiation Committee (TONC) that represents the Traditional Owners, allowing the Kimberley Land Council to proceed with an Authorisation Meeting. The Authorisation Meeting, scheduled over consecutive days and commencing in late October, enabled a wider group of Traditional Owners to consider and authorise the Named Applicants to execute the Agreement. Following the Authorisation Meeting, the Co-existence Agreement was executed and became binding on both the Company and the Traditional Owners.

In September 2018, the Company was granted environmental approval for Thunderbird by the Australian Federal Government's Department of the Environment and Energy. The Federal approval was the final key permit required to develop Thunderbird with the State environmental approval granted earlier in the period.

Construction readiness activities continued during the half year, with Sheffield announcing the execution of a A\$366 million fixed price, lump sum engineering, procurement and construction (EPC) contract with GR Engineering (GRES) for the design and construction of the Thunderbird mineral processing plant, supporting infrastructure and associated facilities. The finalisation of this contract was a result of approximately 12 months due diligence with GRES the debt provider Taurus and independent technical expert (ITE) Metifex.

Site access work and project infrastructure, utilising primarily local Kimberley businesses was completed during the half year. This included the first stage of the accommodation village, ancillary buildings, communication towers and mine access roads. Preparation for the wet season protection of asset activities was concluded prior to the end of December 2018. A care and maintenance plan is now in place for the duration of the wet season.

A regional exploration program at the Dampier Mineral Sands Project was completed during the half year. The program returned exceptional zircon rich drill results at Night Train and at the new discoveries at the Cold Duck, Porphyry Pearl, Cisco and Nomad prospects.

An updated Mineral Resource and Ore Reserve Statement was released in October 2018. The Company's total in-situ valuable heavy mineral inventory contained within all Mineral Resource estimates (Measured, Indicated and Inferred at various cut-offs) stands at 173 million tonnes including, 23 million tonnes of zircon and 132 million tonnes of ilmenite. The Company's total Ore Reserve estimate remains unchanged at 680.5 million tonnes @ 11.3% HM (Proved and Probable) which is contained within the Mineral Resource at the Thunderbird deposit.

THUNDERBIRD MINERAL SANDS PROJECT

Engineering

The EPC contract executed with GRES during the half year enables the design and construction of a 8.5 million tonne per annum (Mtpa) stage 1 mineral processing plant and supporting infrastructure. The EPC contract is a fixed price, lump sum arrangement of approximately A\$366 million and covers approximately 80% of Thunderbird's estimated total Stage 1 capital cost of A\$463 million.

The EPC contract provides for the turnkey delivery of the Project's processing infrastructure, including process design engineering, procurement, construction, commissioning and performance testing of the facilities over a construction and commissioning period of approximately two years.

The EPC contract now includes the following items:

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

A detailed and extensive technical due diligence process was conducted by a Taurus appointed, independent technical expert, Metifex Pty Ltd (Metifex). This process enabled the Company to spend 12 months with industry experts Metifex and GRES focussing on optimising the process plant design and functionality to further de-risk the construction execution and commissioning of the processing plant and infrastructure. The improvements identified include:

- Sheffield ownership of key infrastructure, gas storage and power generation, accommodation village, access road expenditure and Derby Port facilities. The ownership of this infrastructure has resulted in \$7.5 million reduction in BFS operating costs over the 42 year mine life and funded by the debt provided by the Federal Government the Northern Australia Infrastructure Fund (NAIF);
- Inclusion of filter belts and direct forward feed of products by conveyor. The BFS assumed the use of drain pad and the forward feed of products by loader;
- Increase in consumables storage from 5 days to 10 days;
- Installation of lift bays in dry buildings;
- Optimised thickener size for tailings material, improving water recovery;
- Improvements in Wet Concentrator Plant capacity and additional cleaner scavenger spiral bank, reducing circulating load; and
- Installation of additional Hight Tension Roll and Induced Roll Separators, increasing recovery capacity for Valuable Heavy Minerals in the dry plant.

As at the end of December 2018, approximately 30% of design and engineering work has been completed on the process plant. The level of engineering is extremely well advanced for this stage of the Project, allowing plant design to progress beyond plant layout, with structural engineering nearing completion and detailed engineering well underway.

Early Works Program

The early works program was designed to provide the EPC contractor instant access to site upon the completion of funding and the Final Investment Decision (FID) by the Sheffield Board. Site access and project infrastructure for Thunderbird was completed during the half year in accordance with the State Government approved Minor or Preliminary Works (MoPW). The accommodation village and associated ancillary buildings were completed and commissioned, this village comprises of 56 accommodation units, the kitchen and dining area, with the work completed by local Kimberley businesses. Installation of the potable and waste water treatment equipment was completed and commissioned in preparation for occupancy of the accommodation village upon the completion of the funding process.

The installation of Thunderbird communications infrastructure was completed with the communication towers and equipment at Jillian Ridge and the Thunderbird site commissioned and operational. The communication infrastructure provides coverage over the village accommodation and EPC construction sites which is key to accommodate immediate commencement of construction.

Eighteen kilometres of site access roads and other infrastructure on the Miscellaneous Licences were completed by local Kimberley businesses. Preparation for the wet season was completed with the “lock down” of key infrastructure and the setup of a care and maintenance program. Temporary cut off drains and protection of key infrastructure were installed following completion of a wet season risk assessment.



Figure 1: Construction of Thunderbird accommodation village



Figure 2: Thunderbird mine access road and water drainage works

Aboriginal Engagement

In November 2018, the Company recognised its inaugural graduate trainees at a formal dinner in Broome. Having successfully completed the Thunderbird six-month construction Work Ready Program in 2017, the trainees were offered positions in the Thunderbird Group Training Program. Following 14 months of intensive training, four trainees graduated with a Certificate 3 in Civil Construction and the opportunity for an employment position with the Thunderbird construction workforce. The team of Aboriginal graduates are now employed full time in the wet season care and maintenance program at the accommodation village and associated infrastructure.



Figure 3: Graduates of the Thunderbird Group Training Program with mentor Mr Gordon Lawford

Sustainability

On 31 October 2018, the Kimberley Land Council (KLC) held an Authorisation Meeting in Broome, where the Traditional Owners for the Mt Jowalenga Polygon #2 Native title Claimant Application met to discuss the Thunderbird Project Co-existence Agreement. The meeting authorised the Named Applicants to sign the Agreement making the Agreement binding on both Sheffield and the Traditional Owners.

The Agreement establishes the framework by which the Company can work with the Traditional Owners to project Aboriginal heritage and the environment and deliver sustainable employment and business outcomes for Traditional Owners and the wider Aboriginal community.

Marketing and Offtake

Discussions have been ongoing during the half year with several potential counterparties for the supply of ilmenite into either sulfate pigment production or as a chloride slag feedstock. A range of potential customers received samples and the Company continues to progress supply opportunities and negotiations for the remaining 50% of Stage 1 LTR ilmenite. Encouragingly all samples reviewed and assessed were approved by potential offtake partners as a direct feedstock into either process route. Currently with 77% of Stage 1 Thunderbird forecast revenue contracted under binding offtake agreements, covering 100% of the Stage 1 zircon products and 50% of Stage 1 LTR ilmenite we have satisfied all debt requirements.

Many enquires have also been received from potential offtake partners for the possible supply of stage 2 products, particularly zircon related products. A majority of the groups who have made enquiries have already received and assessed the samples approving the material for processing in a wide range of applications, including the largest share of the market in ceramic applications.

Zircon pricing has continued to strengthen during 2018 with consistent demand and supply constraints being the major contributing factors. The longer-term view for zircon remains unchanged in that there will be a supply deficit resulting in major shortages globally, which further enhances the value of the Thunderbird mine over the projected 42 year mine life. Ilmenite markets have remained in balance over the past 6-12 months and as a result pricing has been stable. The short term view is that pigment groups will complete de-stocking of their inventory by mid-2019 which should result in increased demand in the latter part of 2019 and heading into 2020. The long term view remains unchanged in that if no new mines come on stream in the next 2-3 years there will be supply deficits in the ilmenite supply chain. Chloride slag demand is estimated to grow rapidly as Chinese producers develop their technology. With Sheffield Resources LTR ilmenite well suited to the production of chloride slag (as well as for sulfate pigment) the Thunderbird material is well positioned to fill the pending supply gap.

Project Financing

In November 2018 the Company executed a US\$175 million fully underwritten, syndicated facility agreement with Taurus Mining Finance Fund and Taurus Mining Finance Annex Fund for a seven-year term loan to partially fund the construction of Thunderbird. Execution of the Facility Agreement follows thorough technical, financial and legal due diligence by Taurus and significantly de-risks the deliver of Thunderbird for Sheffield shareholders.

Financing arrangements to support the development of Thunderbird advanced during the half year with the investment decision by the Northern Australia Infrastructure Facility Board (NAIF) to support Thunderbird by way of long-term debt facilities totalling A\$95 million. The NAIF facilities are subject to definitive written agreements being entered between the Company and the State of Western Australia as lender and customary conditions precedent to drawdown. The facilities will enable Sheffield to construct and own on-site power generation and LNG storage facilities at Thunderbird which were previously supplied via Build, Own and Operate (BOO) contracts and make throughput and operational improvements to the processing plant. The NAIF funding will also enable the upgrading and sealing of Thunderbird site roads, in-sourcing of mine site accommodation, and facilitating the construction and refurbishment of ship loading and logistics assets within the Port of Derby in Western Australia. It is expected the ownership of these key infrastructure assets will reduce operating costs at Thunderbird by \$7.5 million per year.

EXPLORATION ACTIVITIES

DAMPIER REGIONAL MINERAL SANDS

Sheffield completed a 94 hole for 4,829m regional exploration aircore program on the Dampier project. This included 23 holes for 818.5m drilled at the Night Train prospect. A maiden Inferred Mineral Resource was estimated for Night Train and reported in Q1 2019 (See ASX announcement 31 January 2019). The regional drill program tested multiple targets along a 160km highly prospective mineralisation trend. The drilling program intersected significant mineralisation at eight prospects. These include the previously identified prospects of Night Train (see ASX announcement 9 October 2019) and Nomad, as well as the new prospects of Cold Duck, Porphyry Pearl, Cisco (see ASX announcement 17 October 2019), Buckfast, Bohemia and Concorde (see ASX announcement 13 November 2019).

Significant results include:

- **27m @ 5.29% HM** from 49.5m (DAAC114), incl **22.5m @ 6.17% HM** from 52.5m (Night Train)
- **7.5m @ 6.46% HM** from 27.0m (DAAC147), incl **4.5m @ 9.70% HM** from 28.5m (Night Train)
- **37.5m @ 3.56% HM** from 1.5m (DAAC131), incl **16.5m @ 5.49% HM** from 21.0m (Cold Duck)
- **46.5m @ 5.50% HM** from 57.0m (NLAC025), incl **21m @ 9.12% HM** from 64.5m (Buckfast)

Mineral assemblage (based on visual examination) for the majority of prospects tested feature high proportions of clean, coating free valuable heavy mineral (VHM) dominated by leucoxene, altered ilmenite and zircon containing low to moderate levels of trash. The Cold Duck mineral assemblage contained a high proportion of iron oxides. Assemblage determination QEMSCAN™ composite samples have been dispatched for analysis during the period and results are expected Q1 2019.

Exploration has so far identified fourteen individual prospects containing large, laterally extensive fine-medium grained sheet-like or lobate heavy mineral accumulations in the Late Cretaceous Broome Sandstone. Mineral assemblage is variable suggesting a variety of hinterland sources and depositional environments. Mineralisation has been discovered at higher stratigraphic levels (i.e. Argo and possibly Bohemia) above the extensively mineralised Thunderbird stratigraphic position. The different mineralised zones are thought to represent potential stacked shoreline facies that

accumulated during marine transgressions during the Cretaceous period. This indicates the potential for multiple target horizons on which to focus future exploration programs.

DERBY EAST PROJECT

The Derby East Project contains a large sand target which Sheffield is investigating for the potential to yield commercial quantities of sand suitable for end-use construction purposes. The Project is located 24km east of the Port of Derby. During the period an air core drill program of 9 holes for 416m was conducted to obtain bulk samples and further understand the extent of the occurrence. Eight of the nine holes intersected clean, sub-angular to sub-rounded medium to coarse sands beneath 4.5m to 12m of cover.

Bulk samples from the drilling have been collected for metallurgical test work to assess suitability for end-use commercial requirements.

ENEABBA AND McCALLS PROJECTS

Upgrades of Mineral Resource estimates at the Eneabba and McCalls Mineral Sands Projects were completed during the half to comply with the requirements of the JORC Code (2012). Mineral Resource updates prepared during the period for the Eneabba Project include Drummond Crossing, Durack, Ellengail, West Mine North and Yandanooka. In total the Eneabba project contains seven Mineral Resources, including those at Robbs Cross and Thomson which obtained their maiden Mineral Resource estimates in the previous half year. The McCalls Mineral Resource was updated to include the recently acquired tenement E70/4922 and a maiden Inferred Mineral Resource for the Mindarra Springs deposit was also estimated.

The Mineral Resources estimates were released in Sheffield's updated Mineral Resource and Ore Reserve Statement (see ASX announcement dated 03 October 2018). Eneabba has a combined Mineral Resource totalling 193 million tonnes @ 3.0% HM (Measured, Indicated and Inferred) containing 4.8 million tonnes of VHM, across seven deposits. The McCalls Project has a combined Mineral Resource totalling 5.8 billion tonnes @ 1.4% HM (Indicated and Inferred) containing 75 million tonnes of VHM across two deposits and contains over 67 million tonnes of chloride ilmenite grading 59-66% TiO₂ and is considered a longer-term strategic asset.

BARTON

The Barton Project, located in the Eucla Basin region of South Australia, comprises exploration licence application ELA 2018-00046. No work was carried out during the half.

CANNING CENTRAL PROJECT

The Canning Central Project exploration licence application E45/5214 was relinquished during the reporting period.

FURTHER WORK

Mineral assemblage test work has commenced for the Dampier prospects with results expected during Q1 2019. Follow up drilling at the Dampier Project is currently planned to commence during the second half of 2019.

Sheffield will undertake additional metallurgical and process flow test work for the Night Train deposit. A bulk sample will be composited from the 2018 drilling during Q3 2019. The metallurgical test work is currently planned for the second half of 2019.

Geotechnical and geochemical test work is planned to commence on the Derby East bulk samples in the second half of 2019.

CORPORATE ACTIVITIES

At the end of the half year, the Group held \$13.4m in cash and incurred a loss of \$5.8m (2017: \$1.6m loss).

During the half year, the Company completed a share placement to professional and sophisticated investors, raising a total of \$16.2 million to advance the development of Thunderbird. Additionally, subsequent to the 31 December 2018 the Company concluded a \$0.7 million share purchase plan (see ASX announcement dated 14 January 2019).

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 18 and forms part of this Directors' report for the half year ended 31 December 2018.

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

14 MARCH 2019

ORE RESERVE AND MINERAL RESOURCE STATEMENT

Sheffield's inventory of Mineral Resource and Ore Reserve comprises;

- **Thunderbird Ore Reserve** of 680.5 million tonnes @ 11.3% HM (Proved and Probable) (refer to ASX announcement 16 March 2017).
- **Thunderbird Mineral Resource** of 3.23 billion tonnes @ 6.9% HM above a 3% HM cut-off (Measured, Indicated and Inferred) (refer to ASX announcement 5 July 2016).
- **Eneabba Project Mineral Resource** of 193.3 million tonnes @ 3.0% HM above a variable HM cut-off (Measured, Indicated and Inferred) (refer to ASX 03 October 2018).
- **McCalls Project Mineral Resource** of 5.8 billion tonnes @ 1.4% HM above a 1.1% HM cut-off (Indicated and Inferred) (refer to ASX 03 October 2018).

A summary of Sheffield's Mineral Resource and Ore Reserve Inventory as at 1 October 2018 is given below.

SHEFFIELD HM ORE RESERVE

1) DAMPIER PROJECT

SHEFFIELD ORE RESERVE FOR DAMPIER PROJECT AT 01 OCTOBER 2018 (in-situ assemblage)

Summary of Ore Reserve ^{1,2,3,4}			In-situ Assemblage ⁵						
Deposit	Ore Reserve Category	Material Tonnes Millions (Mt)	THM (%)	Zircon (%)	HITI Leuc (%)	Leucoxene (%)	Ilmenite (%)	Oversize (%)	Slimes (%)
Thunderbird	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

SHEFFIELD ORE RESERVE FOR DAMPIER PROJECT AT 01 OCTOBER 2018 (HM assemblage)

Summary of Ore Reserve ^{1,2,3,4}			HM Assemblage ⁶						
Deposit	Ore Reserve Category	Material Tonnes Millions (Mt)	THM (%)	Zircon (%)	HITI Leuc (%)	Leucoxene (%)	Ilmenite (%)	Oversize (%)	Slimes (%)
Thunderbird	Proved	235.8	13.3	7.5	2.2	1.9	26.7	13.7	16.5
	Probable	444.8	10.2	7.8	2.5	2.6	28.0	11.0	15.2
Total		680.5	11.3	7.7	2.4	2.3	27.4	12.0	15.7

¹The Ore Reserve estimate was prepared by Entech Pty Ltd and first disclosed under the JORC Code (2012), refer to ASX announcement 16 March 2017 for further details including Table 1. Ore Reserve is reported to a design overburden surface with appropriate consideration of modifying factors, costs, mineral assemblage, process recoveries and product pricing.

²Ore Reserve is a sub-set of Mineral Resource

³THM is within the 38µm to 1 mm size fraction and reported as a percentage of the total material, slimes is the <38µm fraction and oversize is the +1mm fraction.

⁴Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal.

⁵The in-situ assemblage 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.

⁶Mineral Assemblage is reported as a percentage of HM Grade, it is derived by dividing the in-situ grade by the HM grade.

SHEFFIELD HM MINERAL RESOURCE

1) DAMPIER PROJECT (continued)

SHEFFIELD MINERAL RESOURCES FOR DAMPIER PROJECT AT 01 OCTOBER 2018 (HM assemblage)

Summary of Mineral Resource ^{1,2,3}				HM Assemblage ⁴						
Deposit	Mineral Resource Category	Cut off (THM%)	Material Tonnes Millions (Mt)	THM (%)	Zircon	HITi Leuc	Leucoxene	Ilmenite	Oversize	Slimes
					(%)	(%)	(%)	(%)	(%)	(%)
Thunderbird	Measured	3.0	510	8.9	8.0	2.3	2.2	27	12	18
	Indicated	3.0	2,120	6.6	8.4	2.7	3.1	28	9	16
	Inferred	3.0	600	6.3	8.4	2.6	3.2	28	8	15
	Total	3.0	3,230	6.9	8.3	2.6	2.9	28	9	16
Thunderbird	Measured	7.5	220	14.5	7.4	2.1	1.9	27	15	16
	Indicated	7.5	640	11.8	7.6	2.4	2.1	28	11	14
	Inferred	7.5	180	10.8	8.0	2.5	2.4	28	9	13
	Total	7.5	1,050	12.2	7.6	2.3	2.1	27	11	15

¹The Mineral Resource estimate was prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to ASX announcement 5 July 2016 for further details including Table 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 THM is within the 38µm to 1mm size fraction and reported as a percentage of the total material, slimes is the <38µm fraction and oversize is the +1mm fraction.

³Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal.

⁴Estimates of Mineral Assemblage are presented as percentages of the Heavy Mineral (HM) component of the deposit, as determined by magnetic separation, QEMSCAN and XRF. Magnetic fractions were analysed by QEMSCAN for mineral determination as follows: Ilmenite: 40-70% TiO₂ >90% Liberation; Leucoxene: 70-94% TiO₂ >90% Liberation; High Titanium Leucoxene (HITi Leucoxene): >94% TiO₂ >90% Liberation; and Zircon: 66.7% ZrO₂+HfO₂ >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO₂+HfO₂/0.667 and High Titanium Leucoxene (HITi Leucoxene): TiO₂/0.94.

SHEFFIELD MINERAL RESOURCE FOR THUNDERBIRD PROJECT AT 01 OCTOBER 2018 (in-situ tonnes)

Summary of Mineral Resource ^{1,2,3}			In-situ Tonnes ⁴					
Deposit	Mineral Resource Category	Cut off (THM%)	THM	Zircon	HITi Leuc	Leucoxene	Ilmenite	Total VHM
			Tonnes Millions (Mt)	(kt)	(kt)	(kt)	(kt)	(kt)
Thunderbird	Measured	3.0	45	3,600	1,000	1,000	12,000	17,700
	Indicated	3.0	140	11,800	3,800	4,300	39,100	59,000
	Inferred	3.0	38	3,200	1,000	1,200	10,500	15,900
	Total	3.0	223	18,600	5,900	6,500	61,700	92,600
Thunderbird	Measured	7.5	32	2,300	700	600	8,400	12,000
	Indicated	7.5	76	5,800	1,800	1,600	21,000	30,200
	Inferred	7.5	20	1,600	500	500	5,600	8,200
	Total	7.5	127	9,700	3,000	2,700	35,000	50,400

¹The Mineral Resource estimate was prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to ASX announcement 5 July 2016 for further details including Table 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 THM is within the 38µm to 1mm size fraction and reported as a percentage of the total material, slimes is the <38µm fraction and oversize is the +1mm fraction.

³Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal.

⁴The contained in-situ tonnes for the valuable heavy minerals were derived from information from the Mineral Resource tables

2) ENEABBA PROJECT

SHEFFIELD MINERAL RESOURCE FOR ENEABBA PROJECT AT 01 OCTOBER 2018 (HM assemblage)

Summary of Mineral Resource ^{1,2}				HM Assemblage ^{8,9,10}						
Deposit	Mineral Resource Category	Cut off (THM%)	Material Tonnes Millions (Mt)	THM (%)	Zircon (%)	Rutile (%)	Leucoxene (%)	Ilmenite (%)	Oversize (%)	Slimes (%)
Yandanooka ^{4,6,8}	Measured	1.4	2.6	4.3	10	2.1	2.3	72	11.3	15
	Indicated	1.4	57.7	3.0	12	3.6	3.7	69	11.4	15
	Inferred	1.4	0.4	1.5	11	3.0	4.4	68	21.9	20
	Total	1.4	60.8	3.0	12	3.5	3.6	70	11.5	15
Durack ^{4,6,7,8}	Indicated	1.4	20.7	2.9	14	2.9	3.7	71	14.7	14
	Inferred	1.4	5.6	2.6	14	2.6	7.4	64	18.3	16
	Total	1.4	26.3	2.8	14	2.9	4.4	70	15.5	14
Drummond Crossing ^{3,4, 6,8}	Indicated	1.4	35.5	2.4	14	10.3	3.4	53	7.7	14
	Inferred	1.4	3.3	2.3	11	9.0	2.7	56	7.2	12
	Total	1.4	38.8	2.4	14	10.2	3.4	54	7.7	14
Robbs Cross ^{5,6,8}	Indicated	1.4	14.0	1.9	15	12.7	5.0	47	6.2	6
	Inferred	1.4	3.8	2.0	14	10.9	4.1	50	8.1	6
	Total	1.4	17.8	1.9	15	12.3	4.8	48	6.6	6
Thomson ^{5,8}	Inferred	1.4	26	2.0	19	13.8	5.4	42	6.9	18
	Total	1.4	26	2.0	19	13.8	5.4	42	6.9	18
West Mine North ^{3,4,6,9}	Indicated	2.0	10.2	7.3	6	6.5	1.8	48	2.3	11
	Inferred	2.0	1.8	2.7	9	8.6	2.1	50	3.0	17
	Total	2.0	12.0	6.6	6	6.6	1.8	48	2.4	12
Ellengail ^{3,4,9,10}	Indicated	2.0	6.5	5.3	10	8.0	10.4	66	3.2	15
	Inferred	2.0	5.3	4.1	10	8.2	8.4	62	2.5	15
	Total	2.0	11.8	4.8	10	8.1	9.6	64	2.9	15
Total	Measured	1.4	2.6	4.3	10	2.1	2.3	72	11	15
	Indicated	Various	144.6	3.1	12	6.1	3.9	62	9	14
	Inferred	Various	46.0	2.4	15	10.3	5.8	51	8	16
	Total	Various	193.3	3.0	12	6.8	4.2	60	9	14

¹The Mineral Resource estimates were prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to 03 October 2018 ASX announcement for Yandanooka, Durack, Drummond Crossing, West Mine North, Ellengail and December 2017 Quarterly Activities Report for Robbs Cross and Thomson deposits for further details

²All tonnages and grades have been rounded to reflect the relative uncertainty of the estimate, thus the sums of columns may not equal.

³THM %: Samples from 1989 and 1996 (Drummond Crossing, Ellengail and West Mine North) were analysed using a -75 µm slimes / +2 mm oversize screen. Separation of HM% was by heavy liquid TBE (density 2.84 g/ml) from the -710µm+75µm fraction.

⁴THM %: RGC samples from 1998 and Iluka samples (Drummond Crossing, Durack, Ellengail, West Mine North and Yandanooka) were analysed using a -53 µm slimes / +2 mm oversize screen. Separation of total HM% was by heavy liquid TBE (density 2.90 g/ml) from the -710µm+53µm fraction.

⁵THM %: Samples from Robbs Cross and Thomson analysed by Diamantina Laboratories in Perth using a -45 µm slimes / +1 mm oversize screen (method DIA_HLS_45µm_1mm). Separation of total HM% was by heavy liquid TBE (density 2.96g/ml) from the -45 µm+1mm fraction.

⁶THM %: Samples from Drummond Crossing, Durack, West Mine North and Yandanooka were analysed by Western Geolabs in Perth using a -53 µm slimes / +1 mm oversize screen. Separation of total HM% was by heavy liquid TBE (density 2.96 g/ml) from the +53µm-1mm fraction.

⁷Reported below an upper cut-off grade of 35% slimes.

⁸Estimates of mineral assemblage are presented as percentages of the total heavy mineral (THM) component of the deposit, as determined by QEMSCAN analysis. For the TiO₂ minerals specific breakpoints are used to distinguish between rutile (>95% TiO₂), leucoxene (85-95% TiO₂) and ilmenite (<55-85% TiO₂).

⁹At West Mine North and Ellengail mineral assemblage data determined by Iluka using Method 4 (HMC is separated into magnetics and non-magnetics) was used with the Sheffield QEMSCAN data

¹⁰At Ellengail mineral assemblage data determined by Iluka using Method 3 (magnetic separation and XRF analysis) was used with the Sheffield QEMSCAN data and Iluka Method 4 data

2) ENEABBA PROJECT (continued)

SHEFFIELD MINERAL RESOURCE FOR ENEABBA PROJECT AT 01 OCTOBER 2018 (in-situ tonnes)

Summary of Mineral Resource ^{1,2,3}			In-situ Tonnes					
Deposit	Mineral Resource Category	Cut off (THM%)	THM Tonnes (kt)	Zircon (kt)	Rutile (kt)	Leucoxene (kt)	Ilmenite (kt)	Total VHM (kt)
Yandanooka ^{4,6,8}	Measured	1.4	112	12	2	3	81	98
	Indicated	1.4	1,726	212	63	63	1,197	1,535
	Inferred	1.4	7	1	0.2	0.3	4	6
	Total	1.4	1,845	224	65	66	1,283	1,639
Durack ^{4,6,7,8}	Indicated	1.4	600	82	18	22	429	551
	Inferred	1.4	148	21	4	11	95	130
	Total	1.4	748	104	21	33	523	681
Drummond Crossing ^{3,4, 6,8}	Indicated	1.4	838	118	86	29	447	680
	Inferred	1.4	77	9	7	2	43	61
	Total	1.4	915	127	93	31	490	741
Robbs Cross ^{5,6,8}	Indicated	1.4	261	38	33	13	123	208
	Inferred	1.4	77	11	8	3	39	61
	Total	1.4	338	50	41	16	162	269
Thomson ^{5,8}	Inferred	1.4	516	97	71	28	219	415
	Total	1.4	516	97	71	28	219	415
West Mine North ^{3,4,6,9}	Indicated	2.0	748	44	49	13	359	465
	Inferred	2.0	48	5	4	1	24	34
	Total	2.0	796	48	53	14	383	498
Ellengail ^{3,4,9,10}	Indicated	2.0	346	34	28	36	227	325
	Inferred	2.0	218	22	18	18	136	193
	Total	2.0	565	56	46	54	363	519
Total	Measured	1.4	112	12	2	3	81	98
	Indicated	Various	4,519	529	276	176	2,782	3,764
	Inferred	Various	1,091	165	113	64	559	900
	Total	Various	5,723	705	392	242	3,423	4,762

¹The Mineral Resource estimates were prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to 03 October 2018 announcement for Yandanooka, Durack, Drummond Crossing, West Mine North, Ellengail and December 2017 Quarterly Activities Report for Robbs Cross and Thomson deposits for further details

²All tonnages and grades have been rounded to reflect the relative uncertainty of the estimate, thus the sums of columns may not equal.

³THM %: Samples from 1989 and 1996 (Drummond Crossing, Ellengail and West Mine North) were analysed using a -75 µm slimes / +2 mm oversize screen. Separation of HM% was by heavy liquid TBE (density 2.84 g/ml) from the -710µm+75µm fraction.

⁴THM %: RGC samples from 1998 and Iluka samples (Drummond Crossing, Durack, Ellengail, West Mine North and Yandanooka) were analysed using a -53 µm slimes / +2 mm oversize screen. Separation of total HM% was by heavy liquid TBE (density 2.90 g/ml) from the -710µm+53µm fraction.

⁵THM %: Samples from Robbs Cross and Thomson analysed by Diamantina Laboratories in Perth using a -45 µm slimes / +1 mm oversize screen (method DIA_HLS_45µm_1mm). Separation of total HM% was by heavy liquid TBE (density 2.96g/ml) from the -45 µm+1mm fraction.

⁶THM %: Samples from Drummond Crossing, Durack, West Mine North and Yandanooka were analysed by Western Geolabs in Perth using a -53 µm slimes / +1 mm oversize screen. Separation of total HM% was by heavy liquid TBE (density 2.96 g/ml) from the +53µm-1mm fraction.

⁷Reported below an upper cut-off grade of 35% slimes.

⁸Estimates of mineral assemblage are presented as percentages of the total heavy mineral (THM) component of the deposit, as determined by QEMSCAN analysis. For the TiO₂ minerals specific breakpoints are used to distinguish between rutile (>95% TiO₂), leucoxene (85-95% TiO₂) and ilmenite (<55-85% TiO₂).

⁹At West Mine North and Ellengail mineral assemblage data determined by Iluka using Method 4 (HMC is separated into magnetics and non-magnetics) was used with the Sheffield QEMSCAN data

¹⁰At Ellengail mineral assemblage data determined by Iluka using Method 3 (magnetic separation and XRF analysis) was used with the Sheffield QEMSCAN data and Iluka Method 4 data

3) McCALLS PROJECT

SHEFFIELD MINERAL RESOURCES FOR McCALLS PROJECT AT 01 OCTOBER 2018 (HM assemblage)

Summary of Mineral Resources ^{1,2,3,4,6}					HM Assemblage ⁵					
Deposit	Mineral Resource Category	Cut off (THM%)	Material Tonnes Millions (Mt)	THM (%)	Zircon	Rutile	Leucoxene	Ilmenite	Oversize	Slimes
					(%)	(%)	(%)	(%)	(%)	(%)
McCalls	Indicated	1.1	1,630	1.4	5.2	3.3	2.8	77	1.1	21
	Inferred	1.1	1,980	1.2	5.0	3.8	3.2	81	1.1	26
	Total	1.1	3,600	1.3	5.1	3.6	3.0	79	1.1	24
Mindarra Springs	Inferred	1.1	2,200	1.6	4.2	0.9	3.1	80	5.1	20
	Total	1.1	2,200	1.6	4.2	0.9	3.1	80	5.1	20
Total	Indicated	1.1	1,630	1.4	5.2	3.3	2.8	77	1.1	21
	Inferred	1.1	4,180	1.5	4.5	2.1	3.2	81	3.2	23
	Total	1.1	5,800	1.4	4.7	2.4	3.1	79	2.6	22

SHEFFIELD MINERAL RESOURCES FOR McCALLS PROJECT AT 01 OCTOBER 2018 (in-situ tonnes)

Summary of Mineral Resources ^{1,2,3,4,6}			In-situ Tonnes					
Deposit	Mineral Resource Category	Cut off (THM%)	THM	Zircon	Rutile	Leucoxene	Ilmenite	Total VHM
			Tonnes Millions (Mt)	(kt)	(kt)	(kt)	(kt)	(kt)
McCalls	Indicated	1.1	23.3	1,210	770	650	17,940	20,570
	Inferred	1.1	24.4	1,210	930	790	19,790	22,720
	Total	1.1	47.7	2,430	1,700	1,430	37,730	43,290
Mindarra Springs	Inferred	1.1	36.3	1,520	320	1,130	29,080	32,050
	Total	1.1	36.3	1,520	320	1,130	29,080	32,050
Total	Indicated	1.1	23.3	1,210	770	650	17,940	20,570
	Inferred	1.1	60.7	2,740	1,250	1,920	48,860	54,770
	Total	1.1	84.0	3,950	2,020	2,570	66,810	75,340

¹The Mineral Resource estimates were prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to 03 October 2018 ASX announcement for McCalls and Mindarra Springs

²All tonnages and grades have been rounded to reflect the relative uncertainty of the estimate, thus the sums of columns may not equal.

³THM is within the 45µm to 1mm size fraction and reported as a percentage of the total material, slimes is the <45µm fraction and oversize is the +1mm fraction.

⁴Reported below an upper cut-off grade of 35% slimes.

⁵Estimates of mineral assemblage (Sheffield) are presented as percentages of the total heavy mineral (THM) component of the deposit, as determined by QEMSCAN analysis. For the TiO₂ minerals specific breakpoints are used to distinguish between rutile (>95% TiO₂), leucoxene (85-95% TiO₂) and ilmenite (<55-85% TiO₂). Estimates of mineral assemblage (BHP) HM assemblage determination was by magnetic separation and observation (grain-counting)

⁶Excludes Mineral Resources within the Mogumber Nature Reserve

GOVERNANCE AND INTERNAL CONTROLS

Mineral Resource and Ore Reserve are compiled by qualified Sheffield personnel and/or independent consultants following industry standard methodology and techniques. The underlying data, methodology, techniques and assumptions on which estimates are prepared are subject to internal peer review by senior Company personnel, as is JORC compliance. Where deemed necessary or appropriate, estimates are reviewed by independent consultants. Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code 2012.

COMPETENT PERSONS AND COMPLIANCE STATEMENTS

The information in this report that relates to Exploration Results is based on information compiled by Mr Seb Gray, a Competent Person who is a Member of Australian Institute of Geoscientists (AIG). Mr Seb Gray is a full-time employee of Sheffield Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Seb Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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's website www.sheffieldresources.com.au. Mineral Resources and Ore Reserves reported for the Dampier Project and Mineral Resources reported for the Eneabba and McCalls Projects, are prepared and disclosed under the JORC Code 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant original market announcement continue to apply and have not materially changed.

The information in this report that relates to the estimation of the Ore Reserve is based on information compiled by Mr Per Scrimshaw, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Scrimshaw is employed by Entech Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Scrimshaw consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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	Thunderbird Ore Reserve Update	16 March 2017	P. Scrimshaw
Thunderbird Mineral Resource	Sheffield Doubles Measured Mineral Resource At Thunderbird	5 July 2016	M. Teakle, C. Standing
Robbs Cross Mineral Resource	Quarterly Activities Report For The Period Ended 31 December 2017	25 January 2017	C. Standing
Thomson Mineral Resource	Quarterly Activities Report For The Period Ended 31 December 2017	25 January 2017	C. Standing
Yandanooka Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Durack Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Drummond Crossing Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
West Mine North Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Ellengail Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
McCalls Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Mindarra Springs Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing

Item	Name	Company	Professional Affiliation
Exploration Results	Mr Seb Gray	Sheffield Resources	MAIG
Exploration Results	Mr David Archer	Sheffield Resources	MAIG
Mineral Resource Reporting	Mr Mark Teakle	Sheffield Resources	MAIG, MAusIMM
Mineral Resource Estimation	Mrs Christine Standing	Optiro	MAIG, MAusIMM
Ore Reserve	Mr Per Scrimshaw	Entech	MAusIMM

The information in this report that relates to the estimation of the Mineral Resources is based on information compiled by Mrs Christine Standing, a Competent Person who is a Member of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM). Mrs Standing is a full-time employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mrs Standing consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to the Thunderbird Mineral Resource is based on information compiled under the guidance of Mr Mark Teakle, a Competent Person who is a Member of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Teakle is a full-time employee of Sheffield Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Teakle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Competent Persons for reporting of Mineral Resources and Ore Reserves in the relevant original market announcements are listed below. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcement.

SUPPORTING INFORMATION REQUIRED UNDER ASX LISTING RULES, CHAPTER 5

The supporting information below is required, under Chapter 5 of the ASX Listing Rules, to be included in market announcements reporting estimates of Mineral Resources and Ore Reserves.

Refer to the Sheffield ASX Release 'MINERAL RESOURCE AND ORE RESERVE STATEMENT' released on the 03 October 2018 Section 1, Section 2, Section 3 and Section 4 of JORC Table 1 in the Appendices 1 and 2. This can be found on the company's website www.sheffieldresources.com.au.

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

- Exploration results: "NEW LARGE HIGH GRADE DISCOVERY SOUTH OF THUNDERBIRD" 13 November 2018
- Three new discoveries: "THREE NEW MINERAL SAND DISCOVERIES NEAR THUNDERBIRD", 17 October 2018
- Night Train aircore results: "EXCEPTIONAL RESULTS CONFIRM MAJOR DISCOVERY AT NIGHT TRAIN" 9 October 2018
- Mineral Resource and Ore Reserve Statement: "MINERAL RESOURCE AND ORE RESERVE STATEMENT", 03 October 2018
- Drilling commences: "SHEFFIELD COMMENCES 8,000m REGIONAL DRILLING PROGRAM AT THUNDERBIRD", 01 August 2018
- Thomson and Robbs Cross Mineral Resources: "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017" 30 January, 2018
- Thunderbird Ore Reserve: "THUNDERBIRD ORE RESERVE UPDATE" 16 March, 2017
- Thunderbird Bankable Feasibility Study: "THUNDERBIRD BFS DELIVERS OUTSTANDING RESULTS" 24 March, 2017
- 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 Thomson Discovery: “NEXT GENERATION OF MINERAL SANDS DISCOVERIES AT ENEABBA” 23 July, 2015.

These announcements are available to view on Sheffield’s website 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 relevant market announcements and, in the case of estimates of Mineral Resources, Ore Reserves and the Bankable Feasibility Study, 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 Persons’ findings are presented have not been materially modified from the relevant original market announcements.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

The contents of this report reflect various technical and economic conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly over relatively short periods of time. Consequently, actual results may vary from those contained in this report.

Some statements in this report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “predict”, “foresee”, “proposed”, “aim”, “target”, “opportunity”, “could”, “nominal”, “conceptual” and similar expressions. Forward-looking statements, opinions and estimates included in this report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. So there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

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 2018, 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
14 March 2019



D I Buckley
Partner

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		Consolidated	
		31 December 2018 \$'000	31 December 2017 \$'000
Continuing operations			
	Other Income	69	-
	Employee benefits expense	(2,559)	(1,234)
	Corporate expense	3 (3,463)	(1,372)
	Other expenses	(52)	(184)
	Gain on demerger of subsidiary	4 -	990
	Results from operating activities	(6,005)	(1,800)
	Net financing income	170	144
	Net loss before income tax	(5,835)	(1,656)
	Income tax benefit	-	-
	Loss for the period	(5,835)	(1,656)
Other comprehensive income			
	Other comprehensive income for the year, net of tax	-	-
	Total comprehensive loss for the half year	(5,835)	(1,656)
	Basic earnings per share (cents per share)	(2.51)	(0.84)
	Dilutive earnings per share (cents per share)	(2.51)	(0.84)

The accompanying notes form part of these financial statements

		Consolidated		
		31 December 2018	30 June 2018 Restated	1 July 2017 Restated
Notes	\$'000	\$'000	\$'000	\$'000
Assets				
Current Assets				
	Cash and cash equivalents	13,359	23,142	8,335
	Trade and other receivables	1,686	503	289
	Other current assets	35	107	-
	Inventories	30	18	-
	Total Current Assets	15,110	23,770	8,624
Non-Current Assets				
	Other Non-Current Assets	5 3,971	-	-
	Plant and equipment	6 4,495	228	107
	Leased asset	6 211	282	-
	Exploration and evaluation expenditure	7 9,062	7,256	31,673
	Mine development	6 50,822	36,838	-
	Total Non-Current Assets	68,561	44,604	31,780
	Total Assets	83,671	68,374	40,404
Liabilities				
Current Liabilities				
	Trade and other payables	8 10,151	6,110	1,279
	Interest bearing liabilities	162	153	-
	Provisions	408	278	270
	Total Current Liabilities	10,721	6,541	1,549
Non-Current Liabilities				
	Interest bearing liabilities	65	148	-
	Provisions	63	-	-
	Total non-current liabilities	128	148	-
	Total Liabilities	10,849	6,689	1,549
	Net Assets	72,822	61,685	38,855
Equity				
	Issued capital	9 96,722	80,602	54,722
	Reserves	8,177	7,325	6,070
	Accumulated losses	(32,077)	(26,242)	(21,937)
	Total Equity	72,822	61,685	38,855

The accompanying notes form part of these financial statements

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Restated Balance at 1 July 2017	54,722	(21,937)	6,070	38,855
Loss for the period	-	(1,656)	-	(1,656)
Total comprehensive loss for the period				
Shares issued during the period	32,001	-	-	32,001
Share issue costs	(2,027)	-	-	(2,027)
Share capital reduction demerger	(4,000)	-	-	(4,000)
Share-based payments	-	-	368	368
Balance at 31 December 2017	80,696	(23,593)	6,438	63,541

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2018	80,602	(26,242)	7,325	61,685
Loss for the period	-	(5,835)	-	(5,835)
Total comprehensive loss for the period				
Shares issued during the period and options exercised	16,787	-	-	16,787
Share issue costs	(667)	-	-	(667)
Share-based payments	-	-	852	852
Balance at 31 December 2018	96,722	(32,077)	8,177	72,822

The accompanying notes form part of these financial statements

	Consolidated	
	31 December 2018 \$'000	31 December 2017 \$'000
	Inflows/(Outflows)	
Cash flows from operating activities		
Research and development tax refund	-	-
Receipts from customers	69	-
Payments to suppliers and employees	(3,482)	(2,935)
Interest received	205	69
Net cash (outflows) from operating activities	<u>(3,208)</u>	<u>(2,866)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,789)	(548)
Payments for development expenditure	(20,730)	(790)
Payments for plant and equipment	(101)	(2,497)
Proceeds from disposal of assets	-	30
Net cash (outflows) from investing activities	<u>(22,620)</u>	<u>(3,805)</u>
Cash flows from financing activities		
Proceeds from issue of shares and exercise of options	16,787	32,001
Payments for share issue costs	(667)	(2,027)
Repayment of finance lease	(75)	-
Net cash inflows from financing activities	<u>16,045</u>	<u>29,974</u>
Net increase/(decrease) in cash held	(9,783)	23,303
Cash and cash equivalents at the beginning of the period	<u>23,142</u>	<u>8,335</u>
Cash and cash equivalents at the end of the period	<u>13,359</u>	<u>31,638</u>

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The 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 2018 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.

Going Concern

Notwithstanding the fact that the Group incurred an operating loss of \$5.8m for the period ended 31 December 2018, had net cash outflow from operating activities of \$3.2m and investing activities of \$22.6m and has current working capital of \$4.4m, the directors are of the opinion that the Group is a going concern for the following reasons:

- The Company has been successful in completing material equity raising to progress the development of the Thunderbird Mineral Sands Project over the last two years;
- The Company has engaged third party advisors to solicit and source a strategic equity partner to progress the development of the Thunderbird Mineral Sands Project in the near term;
- The Company is able to consider and assess alternate sources of finance to fund short-term working capital; and
- The Company is taking measures to minimize cash burn whilst the funding process for Thunderbird continues.

Given the early stage life cycle of the Company's primary asset, The Thunderbird Mineral Sands Project, the Directors anticipate that further equity raisings will be required in the forthcoming year to meet ongoing working capital and expenditure commitments.

Should the equity raisings or other sources of funding not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be available to realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.

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 2018.

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 early adopted AASB 16 Leases with a date of initial application of 1 July 2016. As a result, the Group's policies were amended to comply with AASB 16. AASB 16 replaces AASB 117 Leases and results in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the interest rate implicit in the lease repayments. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the Group's operating lease expense with an interest and depreciation expense. The weighted average incremental borrowing rate at the date of initial application was 7.62%. This has been applied to the liabilities recognised at transition date. The Group has elected to apply the "Modified Retrospective Approach" when transitioning to the new standard. Under this approach, the Group will not be required to restate the comparative information for its operating leases and the cumulative effect of the initial right of use assets as though the standard had applied from the commencement date of the leases. Due to the commencement date of the lease being May 2017, the opening balance adjustment to retained earnings was nil. The Group leases office premises in Perth.

The Group has also early adopted AASB 15 Revenue from Contracts with Customers. The adoption has not had an impact on the results.

Australian Accounting Standards and Interpretations that have recently been issued or amended but have not been adopted by the Group for the half year ended 31 December 2018 are outlined below.

AASB 9 Financial instruments (effective from 1 July 2018)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. All financial assets that are within the scope of AASB 9 are required to be measured at either amortised cost or fair value, while financial liabilities measured at fair value through profit and loss will require consideration as to the portion change in fair value that is attributable to changes in the credit risk of that liability. Such changes in value with a connection to change in credit risk will be presented in other comprehensive income rather than profit or loss. The requirements for hedge accounting under AASB 9 retain similar accounting treatments to those currently available under AASB 139. The new standard introduces greater flexibility to types of transactions eligible for hedge accounting while the previous requirement for hedge effectiveness testing has been replaced with the principle of an 'economic relationship' and the requirement for retrospective assessment of hedge effectiveness has been removed. The standard has however introduced enhanced disclosure requirements regarding risk management activities.

The Group has considered the impact on its consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

NOTE 2: CHANGE IN ACCOUNTING POLICY

During the half year the Group amended its accounting policy with respect to the treatment of rebates received for eligible Research and Development (R&D) activities. The Group now deducts the value of the grant received for eligible R&D activities and offsets it against the area where the costs were initially incurred. Prior to this change in policy the Group recognised the grant in the profit or loss.

The Group believes the new policy is preferable as it more closely aligns the accounting treatment with the carrying value of the asset.

The impact of this voluntary change in accounting policy on the consolidated financial statements is primarily a reduction in mine development expenditure and increase in accumulated losses by the value of the grants received as described below:

Financial Year	Grant Value \$'000
2013	801
2014	1,417
2015	1,818
2016	1,691
2017	1,124
2018	2,579
	9,430

The value transferred is determined by the grant received for eligible R&D activities offset by the costs of preparing the R&D returns.

NOTE 3: CORPORATE EXPENSES

	Consolidated	
	31 December 2018	31 December 2017
	\$'000	\$'000
Investor and public relations expense	-	16
Accounting fees	58	29
Legal fees	364	49
Conferences and seminars	19	9
Operating lease variable outgoings	34	137
Consultancy fees	2,155	539
Depreciation – non-mine assets	126	27
Other	707	566
	3,463	1,372

NOTE 4: GAIN ON DEMERGER OF SUBSIDIARY

	Consolidated	
	31 December 2018	31 December 2017
	\$'000	\$'000
Exploration and evaluation at disposal date	-	(2,675)
Share capital reduction	-	3,665
Gain on demerge of Carawine Resources Ltd	-	990

Derecognition of the carrying amount of deferred exploration expenditure on the in-specie distribution of Carawine shares (return of capital) to Sheffield shareholders. The resulting transaction had no net cash impact on the Group. The 20,000,000 shares held by Sheffield Resources Limited were distributed to Sheffield shareholders via the in-specie distribution of Carawine shares.

NOTE 5: OTHER NON-CURRENT ASSETS

	Consolidated	
	31 December 2018	30 June 2018
	\$'000	\$'000
Transaction costs ¹	3,971	-
	3,971	-

¹ The amount relates to transaction costs that are directly attributable to the establishment of the funding facilities negotiated for the Thunderbird Project. These amounts will be reclassified to borrowings upon drawdown of the facilities.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2018	Plant & Equipment \$'000	Buildings \$'000	Total Buildings, Plant & Equipment \$'000	Right of Use Assets \$'000	Mine Property and Development \$'000	Total Property, Plant & Equipment \$'000
At cost	707	4,220	4,927	423	50,822	56,172
Accumulated depreciation	(432)	-	(432)	(212)	-	(644)
Closing carrying amount	275	4,220	4,495	211	50,822	55,528
Reconciliation of carrying amounts:						
Balance at 1 July 2018	228	-	228	282	36,838	37,348
Additions	102	-	102	-	19,124	19,226
Transfers between asset classes	-	4,220 ¹	4,220	-	(4,220)	-
Capitalisation of research and development grant	-	-	-	-	(983)	(983)
Additions to mine rehabilitation asset	-	-	-	-	63	63
Depreciation expense	(55)	-	(55)	(71)	-	(126)
Balance at 31 December 2018	275	4,220	4,495	211	50,822	55,528

¹ During the half year the Group completed the installation of 56 rooms and associated support buildings and infrastructure for the permanent village. These rooms are now ready for use and the associated costs from mine property and development.

As at 30 June 2018	Plant & Equipment \$'000	Right of Use Assets \$'000	Mine Property and Development \$'000	Total \$'000
At cost	606	423	36,838	37,867
Accumulated depreciation	(378)	(141)	-	(519)
Closing carrying amount	228	282	36,838	37,348
Reconciliation of carrying amounts:				
Balance at 1 July 2017	107	-	-	107
Additions	184	423	13,289	13,896
Transfer from exploration and evaluation	-	-	23,549	23,549
Depreciation expense	(63)	(141)	-	(204)
Balance at 30 June 2018	228	282	36,838	37,348

NOTE 7: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2018	30 June 2018
	\$'000	\$'000
Exploration and evaluation phase – at cost		
Balance at beginning of period	7,256	31,674
Expenditure incurred	1,858	2,044
¹ Transfer to mine development	-	(23,549)
² Demerger of subsidiary	-	(2,675)
Impairment of exploration expenditure	(52)	(238)
Balance as at 31 December 2018	9,062	7,256

¹ Costs associated with the Thunderbird project, previously capitalised to exploration and evaluation have been transferred to mine development

² On 7 December 2017, the subsidiary Carawine Resources Limited was demerged from the Group via an in-specie distribution. Assets held by the subsidiary were transferred at cost to the demerged entity.

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 8: TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2018	30 June 2018
	\$'000	\$'000
Trade payables	4,511	4,166
Other payables	5,640	1,944
	10,151	6,110

Trade payables are non-interest bearing and are normally settled on 30-day terms.

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.

NOTE 9: ISSUED CAPITAL

	Consolidated	
	31 December 2018	30 June 2018
	\$'000	\$'000
<i>Ordinary shares</i>		
Issued and fully paid	96,722	80,602

	Consolidated			
	No.		\$'000	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
<i>Movements in ordinary shares on issue</i>				
At start of period	228,990,124	181,358,784	80,602	54,722
Issue of fully paid ordinary shares ¹	24,970,812	45,714,360	16,231	32,000
Issued for cash on exercise of share options	1,480,932	1,916,980	556	2
Return of capital for demerger	-	-	-	(4,000)
Share issue costs	-	-	(667)	(2,122)
At end of period	255,441,868	228,990,124	96,722	80,602

NOTE 10: DIVIDENDS

No dividends were paid or declared during the half year ended 31 December 2018.

NOTE 11: SEGMENT REPORTING

December 2018	Sheffield Project	Thunderbird Project	Unallocated Corporate / Other	Consolidated
	\$'000	\$'000	\$'000	\$'000
Other income	-	-	69	69
Employee benefits expense	-	-	(2,559)	(2,559)
Corporate expense	-	-	(3,463)	(3,463)
Exploration write off	-	(52)	-	(52)
Net financing income	-	-	170	170
Segment assets	6,444	63,410	13,817	83,671
Segment liabilities	-	(7,540)	(3,309)	(10,849)

December 2017	Sheffield Project	Thunderbird Project	Unallocated Corporate / Other	Consolidated
Employee benefits expense	-	-	(1,234)	(1,234)
Corporate expense	-	-	(1,372)	(1,372)
Gain on demerger of subsidiary	-	-	990	990
Exploration write off	(214)	-	-	(214)
Gain on disposal of asset	-	-	30	30
Financing income	-	-	144	144
Segment assets	5,791	31,311	32,299	69,401
Segment Liabilities	-	(4,358)	(1,169)	(5,527)

Description of Projects

- I. Sheffield Project: This project consists of mineral sand exploration tenements located in Western Australia, exploration activities continue to be conducted in these areas.
- II. Thunderbird Project: This project consists of mineral sand tenements located in the Canning Basin that form part of the Thunderbird mineral sand mining operation, currently under construction.
- III. 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.

NOTE 12: FINANCIAL INSTRUMENT

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

NOTE 13: SHARE-BASED PAYMENT PLANS

Options

There were no unlisted options issued during the half year.

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 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 ¹	3,000,000	02/11/2015	02/02/2020	0.001	1,883,226
SERIES 7	3,666,667	31/08/2016	31/08/2019	0.676	1,085,700
SERIES 9 ²	1,300,000	17/11/2016	24/11/2020	0.001	687,700
SERIES 10 ³	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

¹500,000 options relate to performance measures that have vested/lapsed, 1,000,000 options have a vesting date of 31/12/18 and 1,500,000 options have a vesting date of 31/03/20.

²250,000 options relate to performance measures that have vested/lapsed, 450,000 options have a vesting date of 31/12/18, 500,000 options have a vesting date of 30/06/18 and 850,000 options have a vesting date of 31/03/20.

³350,000 options have a vesting date of 31/12/18 and 350,000 options have a vesting date of 31/03/20.

The following share options were exercised during the half year.

	Number exercised	Exercised date	Share price at exercise date
SERIES 2	370,000	19/09/2018	1.13
SERIES 2	80,000	21/09/2018	1.12
SERIES 2	50,000	25/09/2018	1.19
SERIES 9	275,000	25/09/2018	1.19
SERIES 7	333,333	03/10/2018	1.15
SERIES 12	372,599	06/11/2018	0.88

Performance Rights

The following performance rights were issued during the half year to employees and were subject to the Company Performance Rights plan:

Number	Grant date	Expiry date	Share price at grant date
1,541,516 ¹	06/11/2018	26/10/2025	0.88
5,784,343 ²	30/11/2018	01/12/2025	0.77

¹The Company granted 1,541,516 performance rights to senior employees subject to specific performance conditions. The vesting period for these rights occurs over 4 years with the following conditions attached:

- I. 388,137 Rights: Upon an increase in absolute shareholder return between 31/08/18 and 30/11/20;
- II. 388,137 Rights: Upon an increase in absolute shareholder return between 30/11/20 and 30/11/22;
- III. 346,382 Rights: Upon meeting specific sustainability performance targets
- IV. 152,313 Rights: Upon successful completion of Thunderbird Project construction on time and within budget
- V. 266,547 Rights: Upon successful transition from construction phase to operations phase

²The Company granted 5,874,343 performance rights to members of the executive subject to specific performance conditions. The vesting period for these rights occurs over 4 years with the following conditions attached:

- I. 2,313,737 Rights: Upon an increase in absolute shareholder return between 31/08/18 and 30/11/20;
- II. 2,313,737 Rights: Upon an increase in absolute shareholder return between 30/11/20 and 30/11/22;
- III. 1,156,869 Rights: Upon meeting specific sustainability performance targets

The following performance rights were in place in the current period and were subject to the Company Performance Rights plan:

Number	Grant date	Expiry date	Share price at grant date
1,700,000	22/11/2017	30/11/2021	0.74
312,500	01/03/2018	01/03/2022	0.71
1,541,516	06/11/2018	26/10/2025	0.88
5,784,343	30/11/2018	01/12/2025	0.77

NOTE 14: CONTINGENT LIABILITIES

The Directors are of the opinion that there are no contingent liabilities as at 31 December 2018 (2017: nil).

NOTE 15: MATERIAL CAPITAL COMMITMENTS

During the half year an agreement was executed with Taurus Mining Fund and Taurus Mining Annex Fund to secure the US\$175 million debt for the Thunderbird Project. The agreement has a commitment fee on the value of the undrawn facilities, payable quarterly in arrears. The fee is 2% per annum of the undrawn facility amount.

NOTE 16: 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.

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 2018 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

14 MARCH 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sheffield Resources Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Sheffield Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or 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 Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2018 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*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim 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 interim 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 interim 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 2018 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.

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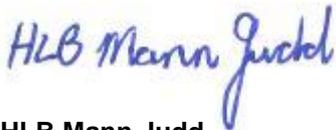
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A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted 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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2019



D I Buckley
Partner