



SheffieldResources
LIMITED

Sheffield Resources Ltd
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29 July 2011

QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2011

HIGHLIGHTS

Heavy Mineral Sands

- Completion of 10,183m aircore drilling programme on five North Perth Basin heavy mineral sands (HMS) projects
- Excellent drill results from Yandanooka increase size of the mineralised zone. Significant intersections – all from surface - include: 15.0m @ 3.94% HM (YAAC0049); 9.0m @ 6.79% HM (YAAC0058) and 7.5m @ 7.32% HM (YAAC0124)
- Delivery of remaining assay results and resource estimation work expected during Q3
- TZMI appointed to undertake scoping studies on North Perth Basin HMS projects in Q4

Talc

- Initial 1,228m diamond drilling programme in the Moora Talc Belt intersects significant zones of talc in four of six prospects tested
- Fowlers prospect: 72.3m of talc from 0.9m depth in drill hole MODD006 and 83.7m of talc from 0.8m depth in drill hole MODD008
- Tilley's prospect: 26.5m of talc from 45m depth in drill hole MODD009
- Sampling in progress with analytical results expected in September

Iron

- Exploration Target of 20-60Mt at 58 to 64% Fe* outlined by mapping and sampling on Three Pools project located in southeast Pilbara

As at 30/6/11:

Issued Shares	58.7M	ASX Code	SFX	Closing Price	\$0.27
Market Cap	\$15.8M	Cash Reserves	\$4.1M		

* Sheffield has not yet reported Mineral Resources at the Three Pools project and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

EXPLORATION

Summary

Sheffield has over 6,000km² of highly prospective exploration tenure, situated within the state of Western Australia (refer to Figure 1 for project locations). The Company's projects are geared towards the steel industry feed cycle (iron ore and tungsten) and the emerging fillers-ceramics-pigments cycle (talc, zircon, titanium dioxide).

Sheffield has a significant presence in Western Australia's Mid-West region, where it has large consolidated tenement holdings for talc and mineral sands adjacent to a network of highways and railways connecting to the region's ports.



Figure 1: Location of Sheffield's exploration projects in Western Australia

Sheffield completed a major drilling campaign during the quarter comprising 10,183m of aircore drilling programme on 5 North Perth Basin heavy mineral sands (HMS) projects and 1,228m of diamond drilling in the Moora Talc Belt.

In the North Perth Basin, infill resource drilling was undertaken at Yandanooka, West Mine North and McCalls HMS projects, while first pass drilling of the Irwin and Drummond Crossing exploration targets was also completed. The drilling results, together with data collated from previous exploration, will be used in resource estimation work to be undertaken on the Yandanooka, West Mine North, Ellengail and McCalls projects by resource consultants Quantitative Group during Q3 2011 in accordance with the timetable shown in Table 1, below.

Leading mineral sands consultancy TZMI has been appointed to undertake scoping studies on Sheffield's North Perth Basin HMS projects during Q4 2011.

Table 1 – HMS Drilling and Resource Estimation Schedule

Project	Drilling status	Assay timetable	Resource Estimation	Scoping Study
Yandanooka	130 holes completed	Results received (see ASX release 16 May 2011)	Commenced, results due early August 2011	Commence October 2011
Ellengail	Compilation of historic drilling completed	Not applicable	Commenced, results due August 2011	Commence October 2011
West Mine North	90 holes completed	Results due early August, 2011	Commence August, results due September 2011	Commence October 2011
McCalls	30 holes completed	Results due early August, 2011	Commence August, results due October 2011	Commence October 2011
Irwin	31 holes completed	Results due September, 2011	N/A	N/A
Drummond Crossing	30 holes completed	Results due September 2011	N/A	N/A
Other projects	Rig secured to drill new targets in October /November 2011	N/A	N/A	N/A

Note – these dates are indicative only and remain subject to possible delays arising from laboratory assay and other factors

At Sheffield's Moora Talc Belt project, a diamond drilling programme of 9 holes tested the Nivens, Haigs, Buckingham, Prowaka South, Tilley's and Fowlers prospects for the presence of high quality marketable talc. Significant talc intersections were obtained in four of the six targets tested. Samples will be submitted for XRF analysis and brightness measurements to determine the suitability of the talc for various end use applications. The results of this work are expected by mid-September.

Sampling and mapping programmes were undertaken on the Company's east Pilbara iron ore projects, work which outlined a substantial DSO exploration target at Three Pools and a smaller mineralized zone at Panorama.

Exploration expenditure during the quarter is estimated to be \$1,316,000.

HEAVY MINERAL SANDS

Sheffield controls over 5,000km² of mineral sands tenure in the established North Perth Basin mineral sands province and the emerging Carnarvon, Eucla and Canning Basin provinces.

North Perth Basin

Sheffield's North Perth Basin tenement package of over 2,500km² contains several advanced exploration projects: Yandanooka, West Mine North, Ellengail, Durack, Beekeepers, and Irwin which are located near Eneabba (Figure 2) and the large McCalls deposit - a former BHP project located near Gingin. These projects are well positioned close to existing mineral sands operations and to a network of highways and railway lines connecting to Geraldton and Fremantle/Kwinana ports.

During the quarter Sheffield completed a programme of 10,183m of aircore drilling at the Yandanooka, Irwin, Drummond Crossing, West Mine North and McCalls prospects. To date, final assay results have only been received for the Yandanooka drilling.

Sheffield's results from Yandanooka improved on results from historical drilling, outlining a zone of heavy mineral bearing sand approximately 4km long by 1km to 1.6km wide and between 3m and 20m thick. Within this is a coherent higher-grade zone (>3% HM) which is approximately 3.4km long, 500m to 800m wide and 3m to 10m thick (Figures 3 & 4). Confidence in the continuity and size of mineralisation has also increased, with the drill coverage closed to 300m x 120m.

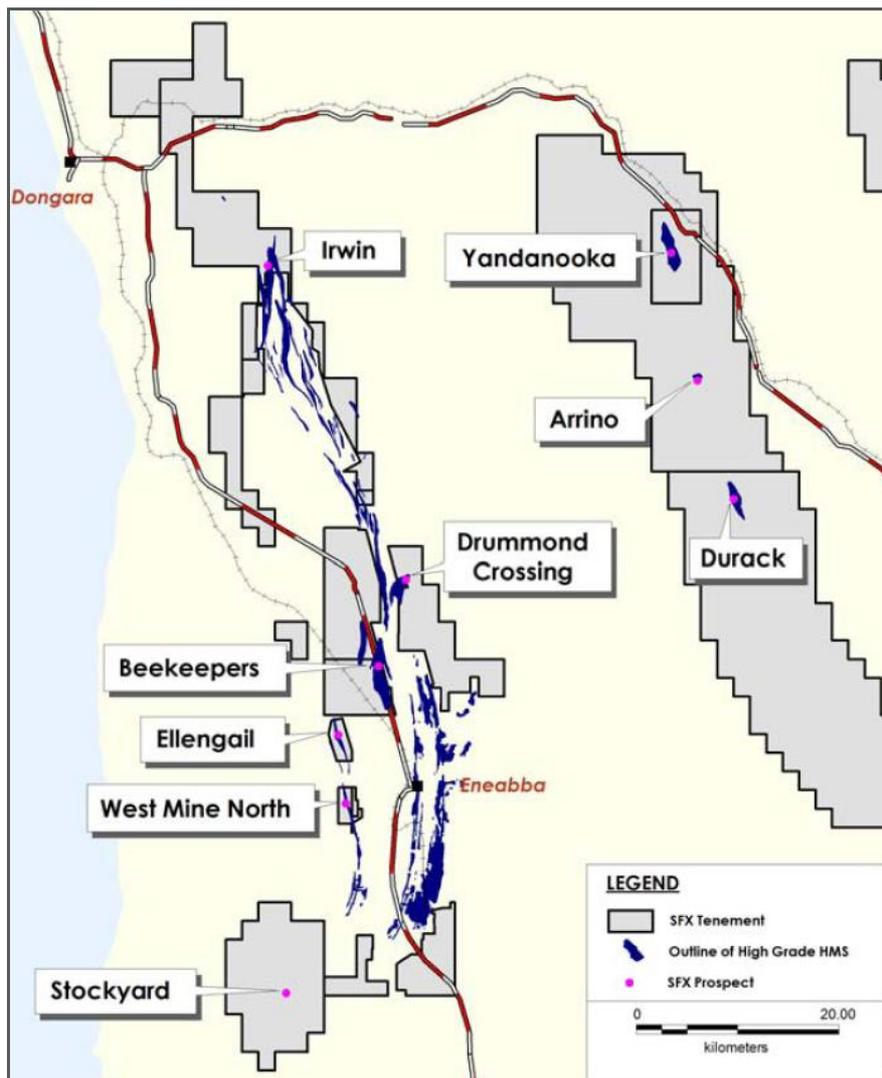


Figure 2: Sheffield's HMS projects near Eneabba

Significant intersections – all from surface - include:

- 15.0m @ 3.94% HM (YAAC0049);
 - 9.0m @ 6.79% HM (YAAC0058) and
 - 7.5m @ 7.32% HM (YAC0124).
- (See ASX release of 16 May for further details).

Yandanooka is one of few remaining outcropping HMS deposits in the mid-west. It is situated on freehold land just 2.5km from existing road and rail infrastructure connecting to Geraldton port, approximately 140km to the northwest.

Yandanooka has a relatively high value mineral assemblage (average: 13.1% zircon, 2.9% rutile, 59.6% ilmenite (at 64.7% TiO₂) and 11.2% leucoxene) based on six historical composite samples. Representative composite samples have been selected from Sheffield's recent drilling for additional mineral assemblage testwork.

Sheffield has engaged Quantitative Group to undertake resource estimation on its advanced HMS projects.

Mineral sands prices continue to appreciate due to acute supply shortage and increasing demand. Price forecasts remain strong, making the present time favourable for Sheffield to assess development of its HMS projects. Subsequent to the end of the quarter, on 27 July Sheffield announced that it has appointed leading mineral sands consultancy, TZMI, to undertake scoping studies on its advanced North Perth Basin HMS projects. It is expected that these studies will commence in Q4 2011 to allow for delivery of assays and JORC resource estimation in accordance with the timetable shown in Table 1.

Sheffield has also secured tenure covering an additional 60km of strike of the prospective Yandanooka palaeoshoreline trend with the granting during the quarter of exploration licences E70/3761 and E70/3762 containing known HMS occurrences at Durack and Arrino. Significantly, the mineralisation at these prospects, like Yandanooka, occurs at surface. The Stockyard project tenement E70/3898, located near Eneabba, was also granted during the quarter.

Woodleigh

The Woodleigh project covers conceptual HMS targets in the Carnarvon Basin. Following a field visit and geological review, one project tenement E09/1740 was surrendered. During Q3 2011 the Company plans to undertake an analysis of open file aeromagnetic data on the remaining tenement E09/1739.

Other HMS projects

Sheffield has tenement applications totalling 700km² located on the Dampier Peninsula, 65km west of Derby in Western Australia's Kimberley region. The Dampier project (formerly the Fraser River project) covers two significant fine-grained HMS deposits discovered between 2004 and 2009 by Rio Tinto Exploration. The company also has an exploration licence application in the Eucla Basin.

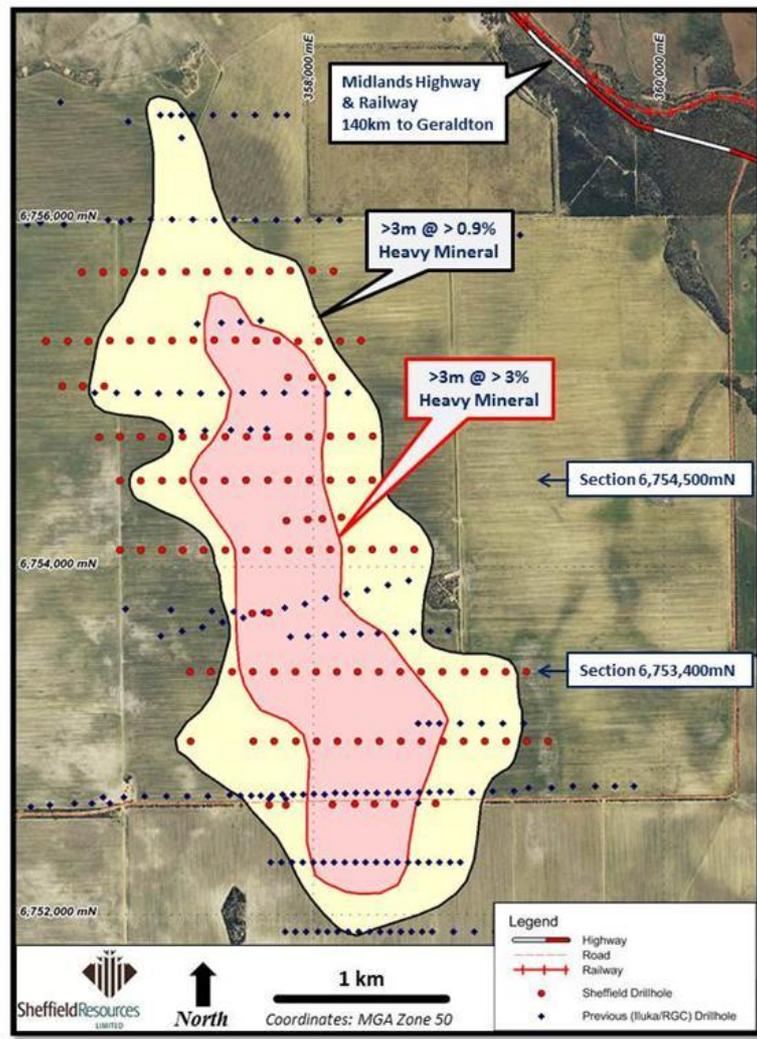


Figure 3: Yandanooka heavy mineral sand deposit – outlines of mineralisation overlain on an aerial photograph, and indicating the well-defined higher-grade central zone.

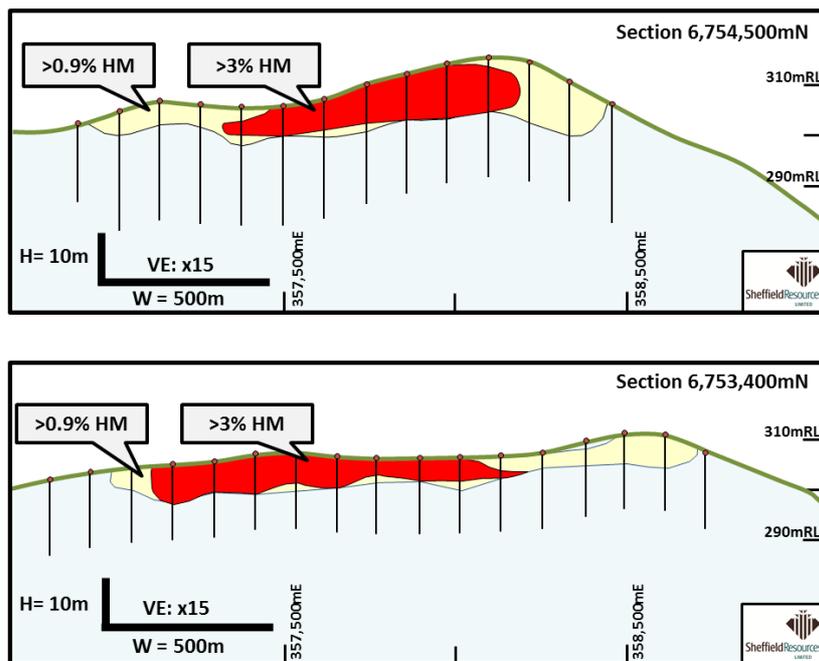


Figure 4: Typical drillhole sections through Yandanooka, with HM at surface and the higher grade zone within the overall > 0.9% HM envelope (vertical exaggeration x15).

TALC

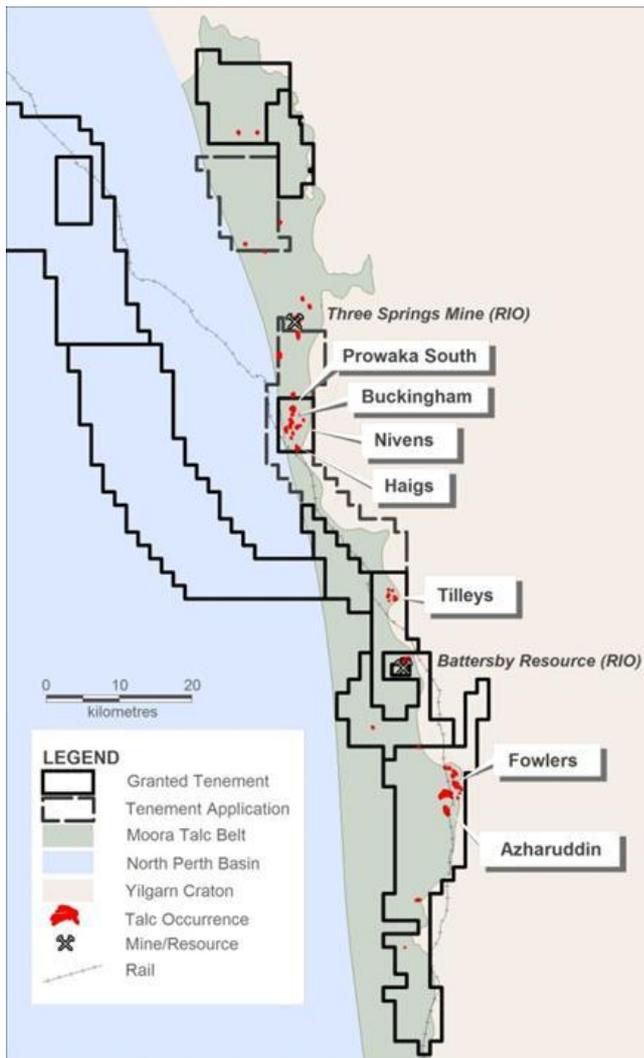


Figure 5: Location of Sheffield's tenements in the Moora Talc Belt

Sheffield holds 1,152km² of tenure over the 175km-long Moora Talc Belt. For the past 50 years the Moora Talc Belt has been exclusively controlled by large mining companies such as Rio Tinto, WMC and Unimin.

The Moora Talc Belt includes the large Three Springs mine which is owned by Rio Tinto Limited subsidiary Luzenac Australia Pty Ltd (currently in the process of being acquired by French conglomerate Imerys). Three Springs has been operating since 1948 and is renowned for producing premium grade microcrystalline talc and is a relatively simple "dig-and-deliver" operation.

Within Sheffield's Moora Talc Belt project there are over twenty known talc occurrences and many more grassroots targets. Subject to exploration success, Sheffield's strategy is to prove up large deposits, or clusters of deposits, containing high quality talc capable of supporting long-life "direct shipping" mining operations.

A talc diamond drilling program of 9 holes for 1,238m was completed during the quarter. The drilling targeted the Nivens, Haigs, Buckingham, Prowaka South, Tilley's and Fowlers prospects for the presence of high quality marketable talc. The programme returned significant talc intersections from four of the six targets tested, including:

- 72.3m of talc from 0.9m depth in drill hole MODD006, and
 - 83.7m of talc from 0.8m depth in drill hole MODD008 at Fowlers prospect, and
 - 26.5m of talc from 45m depth in drill hole MODD009 at Tilley's Prospect.
- (Refer to Figures 6 & 7 and ASX release 27 June 2011 for full details).

The talc intersections in drill holes MODD006 and MODD008 at Fowlers are amongst the longest recorded at that prospect.

Sampling and processing of the drill core has subsequently been completed. Samples will be submitted for XRF analysis and brightness measurements to determine the suitability of the talc for various end use applications. The results of this work are expected by mid-September.

Sheffield is one of very few listed public companies in the world offering significant exposure to talc.

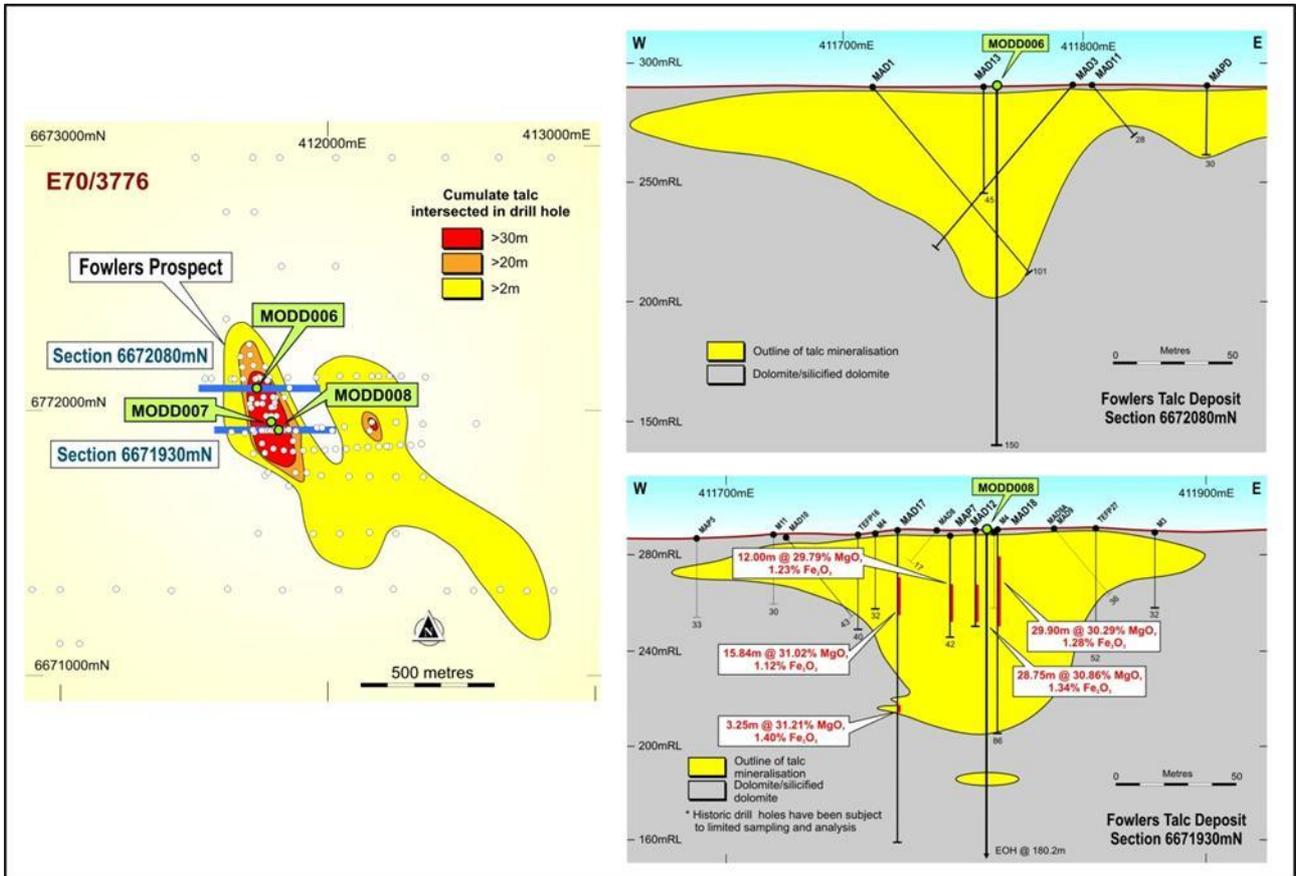


Figure 6. Fowler's plan and sections showing consistently thick talc intersected over 250m strike. Note historic work did not comprise systematic sampling of all talc intersections

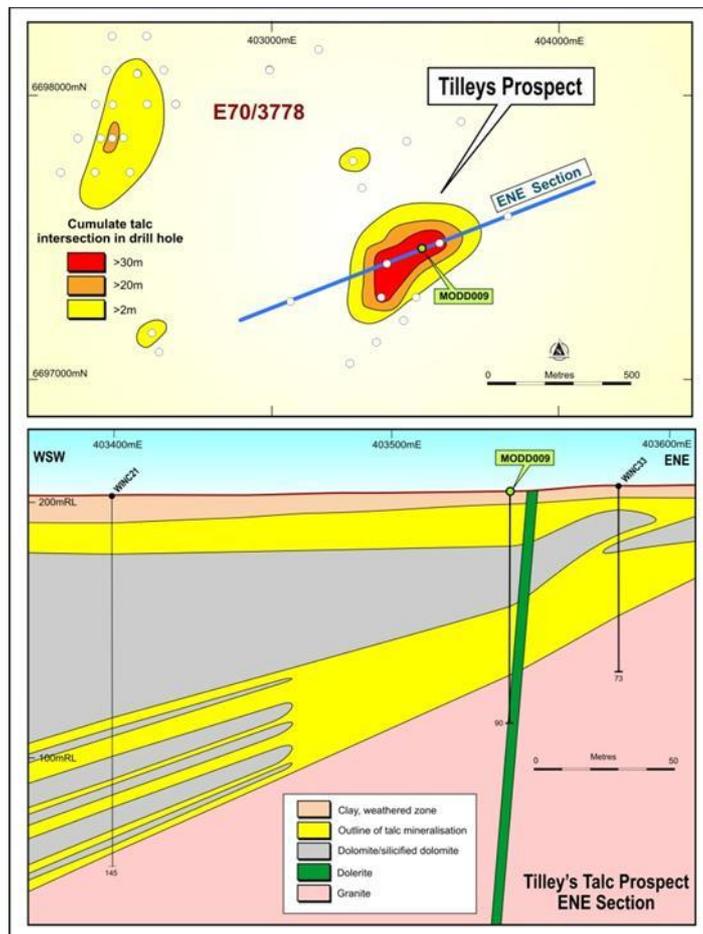


Figure 7: Tilley's Prospect plan and section showing hole MODD009 intersecting significant zones of talc consistent with historic drilling.

IRON

Sheffield holds 5 granted tenements in the world class Pilbara iron ore province. Four of these tenements, E47/2280 "Three Pools", E47/2291 "Eagle Pool", E45/3640 "Discard" and E45/3662 "Panorama" are located in the eastern Pilbara. Sheffield's strategy is to build up consolidated tenement holdings adjacent to infrastructure over time.

During the quarter Sheffield undertook a helicopter supported mapping and sampling programme on the four eastern Pilbara tenements, followed by further detailed mapping and sampling on the Three Pools tenement. The results of this work are detailed in ASX releases of 11 May and 27 July 2011.

On 27 July, Sheffield announced an Exploration Target of 20-60Mt at 58 to 64% Fe at Three Pools based on the results of detailed mapping and sampling conducted during the month of June. This target is derived from the total mapped area of enrichment (approximately 789,470m²), a mineralisation thickness of between 10m and 30m and typical bulk densities for high grade bedded iron deposits.

Sheffield has not yet reported Mineral Resources at the Three Pools project and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

In total 70 rock chip samples have been collected from iron enrichment at the Three Pools project (E47/2280). These samples returned an average grade of 61.89% Fe (with values up to 66.6% Fe) and 0.097% P. Results of sample traverses taken across strike include:

- 372.2m at 60.48% Fe and 337.4m at 62.46% Fe from Top Forge prospect,
 - 230.9m at 60.22% Fe from Paradise prospect, and
 - 135.8m at 61.26% Fe from Crucible prospect.
- (See ASX release of 27 July for further details).

The Company will undertake Aboriginal Heritage surveys at Three Pools during Q3 2011 ahead of an initial RC drilling programme scheduled for Q4 2011.

Other results from regional reconnaissance work include:

1. The identification of Channel iron deposit (CID) and minor bedded iron enrichment on the Eagle Pool tenement (E47/2291), located 4km west of the Three Pools project, and
2. The discovery of a zone of iron mineralisation with a strike length of approximately 500m to 600m with a thickness of between 20 and 40m at Sheffield's Panorama project (E45/3662) located near Atlas Iron's (ASX:AGO) Abydos mining centre. Seven rock chip samples from this zone averaged 59.8% Fe, although phosphorous levels were elevated (av. 0.228% P).

Detailed mapping and sampling of the Panorama project is planned for Q3 2011.

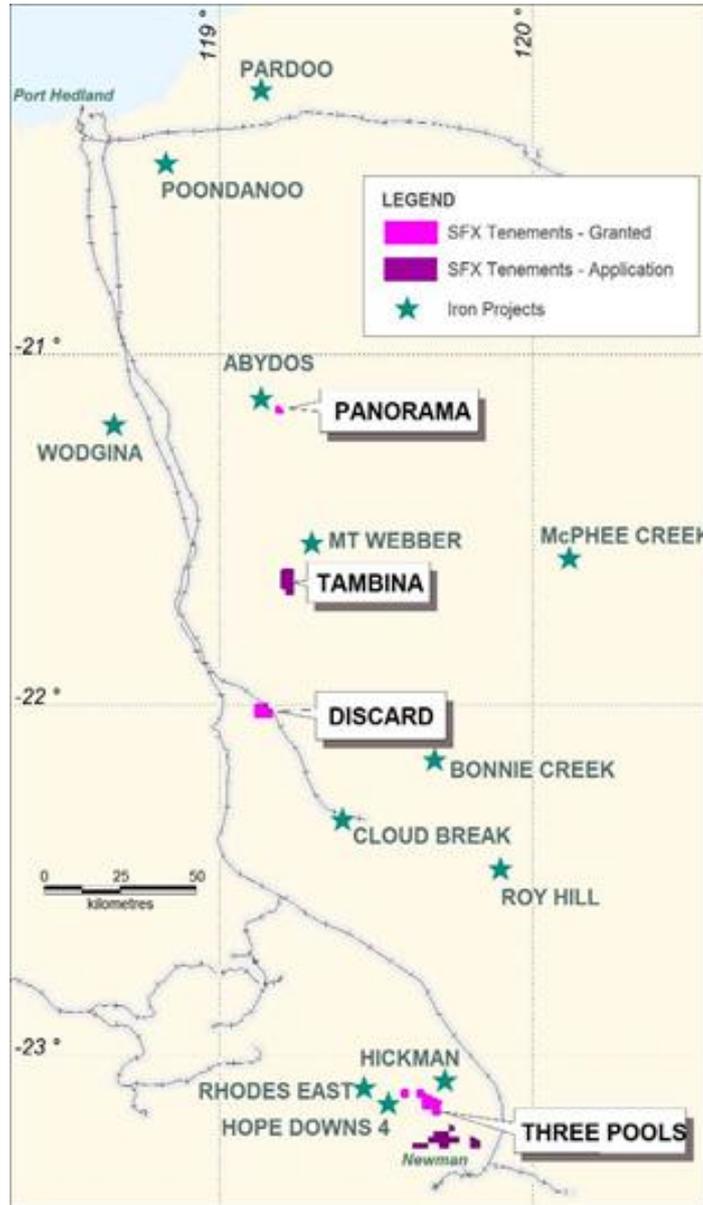


Figure 6: Location of Sheffield's tenements and other iron ore projects in the East Pilbara

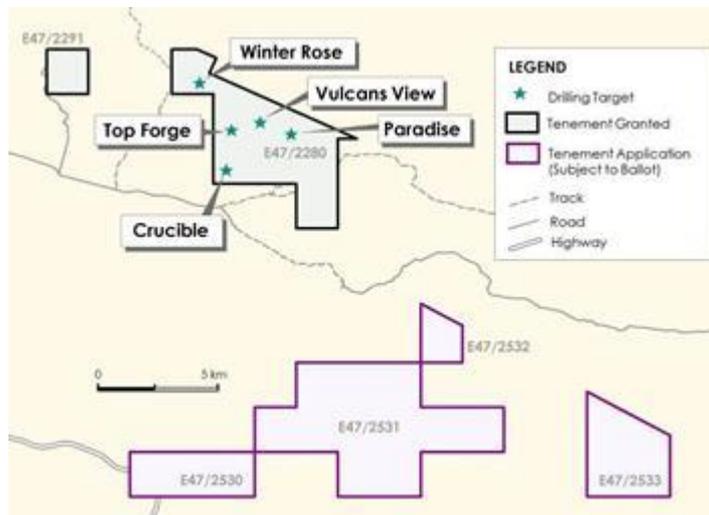


Figure 7: Location of iron prospects on the Three Pools project north of Newman

OTHER

Sheffield is targeting the Halls Creek Mobile Belt in WA's Kimberley region for tungsten mineralisation. The Company has one granted tenement E80/4394 covering tungsten occurrences at Bertha's Butt. Initial mapping and sampling work is planned for Q3 2011.

The Company is also progressing applications for three exploration licences E53/1614-16 for Rare Earth Elements (REE) at Desert Bore, east of Wiluna and a single exploration licence for lateritic iron and bauxite at Cape Londonderry in the far north Kimberley.

CASH POSITION

As at 30 June 2011, the Company had cash reserves of approximately \$4.1 million.

During the quarter \$74,167 was raised from the exercise of options.



Bruce McQuitty
Managing Director
29 June 2011

COMPETENT PERSONS' STATEMENT

The information in this announcement that relates to exploration results is based on information compiled by Mr Bruce McQuitty and Mr David Archer. Both Mr McQuitty and Mr Archer are full time employees of the Company. Mr McQuitty and Mr Archer are Members of the Australasian Institute of Geoscientists and each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity to which they are undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code")'. Each of Mr McQuitty and Mr Archer consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

FORWARD LOOKING AND EXPLORATION TARGET 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 "seek", "expected", "target", "scheduled", "intends", "potential", "prospective" and similar expressions.

The terms "Target" and "Exploration Target", where used in this report, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Exploration Targets are conceptual in nature and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Reserve.
