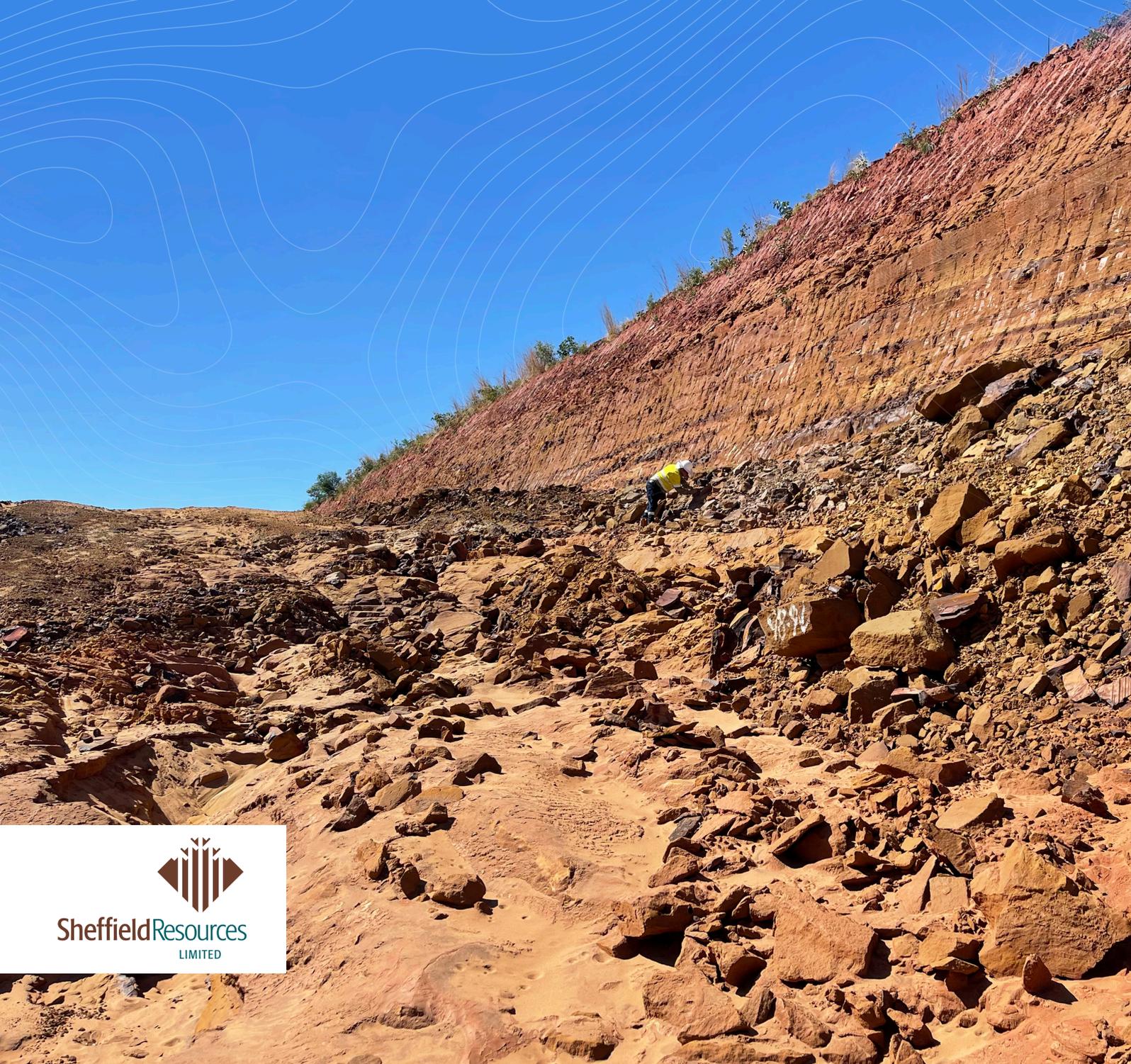


# ANNUAL REPORT 2022



SheffieldResources  
LIMITED

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## CORPORATE DIRECTORY

### Directors

Mr Bruce Griffin, Executive Chair  
Mr John Richards, Lead Independent Non-Executive Director  
Mr Ian Macliver, Non-Executive Director  
Mr Gordon Cowe, Non-Executive Director  
Mrs Vanessa Kickett, Non-Executive Director

### Company Secretary

Mr Mark Di Silvio

### Registered Office

Level 2, 41-47 Colin Street  
West Perth WA 6005  
T: +61 8 6555 8777  
F: +61 8 6555 8787  
W: [www.sheffieldresources.com.au](http://www.sheffieldresources.com.au)

### Postal Address

PO Box 205  
West Perth WA 6872

### Share Register

Link Market Services  
Level 12 QV1 Building  
250 St Georges Terrace  
Perth WA 6000  
T: +61 8 9211 6670

### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

### Securities Exchange

Australian Securities Exchange  
Level 40 Central Park  
152-158 St Georges Terrace  
Perth WA 6000

ASX Code: **SFX**

### Solicitors

HWL Ebsworth Lawyers  
Level 20, 240 St Georges Terrace  
Perth WA 6000  
  
Hamilton Locke Pty Ltd  
Level 27, 152 – 158 St Georges Terrace  
Perth WA 6000

### Bankers

Australia and New Zealand Banking Group Ltd (ANZ)  
Level 5, 240 St Georges Terrace  
Perth WA 6000

National Australia Bank Ltd (NAB)  
Level 14, 100 St Georges Terrace  
Perth WA 6000

### Australian Business Number (ABN)

29 125 811 083

## CHAIRMAN'S LETTER

Dear Shareholders,

The 2022 financial year saw your Company achieve a number of significant milestones for its flagship Thunderbird Mineral Sands Project. The Bankable Feasibility Study (BFS) confirmed the value proposition for Thunderbird, project finance for Stage 1 was secured, and construction activities continued on site. Sheffield also sold two non-core assets for cash proceeds totalling \$36m, securing sufficient cash to fund our expected equity contribution to complete the Thunderbird Mineral Sands Project.

The BFS for the Thunderbird Project confirmed the very strong value that will be created from the development of one of the world's largest zircon reserve. With a total after-tax NPV of \$1.28 billion and an IRR of 27.5% for Stage 1 & 2 of Thunderbird, Sheffield's 50% share of value is estimated at \$640 million, with Sheffield required to contribute an estimated \$36 million in equity to capture this value.

An expected total of \$484 million in funding is required to deliver Thunderbird into first production and during the year, a \$160 million facility, including a \$40 million cost overrun facility, was secured from the Northern Australia Infrastructure Facility (NAIF). This will be combined with the US\$110 million facility agreed with Orion Resource Partners (Orion) following the end of the reporting period. It is a testament to the strength of the Thunderbird Project and the efforts of our joint venture management team at Kimberley Mineral Sands, Sheffield, YGH Australia Investment Pty Ltd (Yansteel) and our advisors that we were able to secure the required project finance; even in the best of markets there are only a few sources of debt with appetite to provide project finance to mineral sands projects and the Orion facility was secured during a very challenging period for financial markets, with rising central bank interest rates resulting in a significant decline in financial activity since March 2020.

Utilising the \$130.1 million contributed by our 50:50 joint venture partner Yansteel, an early works program was completed during the 2021 dry season. This included upgrading and completion of the access road and other site preparation works to enable the project team to take full advantage of the 2022 dry season. Construction activities commenced at the start of the 2022 dry season and continue with all critical weather dependent civil activities expected to be completed before the end of the current 2022 dry season. A total of \$76 million has been spent by Kimberley Mineral Sands advancing the project since the formation of the joint venture in March 2021. The ability to undertake major construction activities prior to completion of the financing activities has enabled the key milestone for the project, commencement of customer product deliveries, to be maintained as early 2024.

Of the estimated \$328 million capital expenditure to deliver Stage 1 of Thunderbird, \$229 million is forecast either under a fixed price contract or has already been incurred as at the end of June 2022. Within the estimated \$484 million funding envelope required to complete the project, a combined \$73 million of contingency and cost overrun allowance is available, in addition an estimated new equity requirement of \$62 million shared by joint venture shareholders. With approximately \$100 million of expenditure exposed to cost inflation, contingency and cost overrun allowances of \$73 million represents considerable capacity to absorb any unforeseen cost increase.

The Company initiated two processes to seek potential buyers for its non-core Eneabba and McCalls projects and ultimately sold both to Image Resources Limited in two transactions for total cash consideration of \$36m.

Additionally, Sheffield welcomed Mrs Vanessa Kickett to the Board as an independent Non-Executive Director. Mrs Kickett has extensive experience and involvement with aboriginal engagement, native title and heritage matters throughout Western Australia and will assist in shaping the Thunderbird Mineral Sands Project and our commitment to the indigenous community in the Kimberley region of Western Australia.

I would like to thank my fellow Directors, our management team and dedicated employees, and the management and employees of Kimberley Mineral Sands for their efforts in achieving these key milestones this year for your Company.

With a significant amount of construction activity already completed and the financing required to complete construction from NAIF and Orion, the next 12 months will see your Company continue construction of the Thunderbird Project funded initially from equity proceeds, and thereafter from the proceeds of the proposed NAIF and Orion loan facilities.

In closing, I thank Sheffield's loyal shareholders for your continued support of our Company as we look forward to an exciting year ahead as we continue construction at Thunderbird, ahead of commencing delivery of product to customers in early calendar 2024.



**Bruce Griffin**  
Executive Chair

## REVIEW OF OPERATIONS

### KIMBERLEY MINERAL SANDS (KMS)

During the reporting period, through its 50% interest in Kimberley Mineral Sands Pty Ltd (KMS), Sheffield Resources Limited (Sheffield, the Company or the Group) commenced initial construction activities at the Thunderbird Mineral Sands Project (Thunderbird, Project or Thunderbird Project), located near Derby in the Canning Basin region of Western Australia, with the objective of achieving targeted first production in early 2024.

Kimberley Mineral Sands Pty Ltd is a 50/50 joint venture between Sheffield and YGH Australia Investment Pty Ltd (Yansteel). Yansteel is a wholly-owned subsidiary of Tangshan Yanshan Iron & Steel Co. Ltd, a privately owned steel manufacturer headquartered in Hebei, China producing approximately 10mt per annum of steel products.

The following key achievements took place during the reporting period, supporting the future development of the Thunderbird Mineral Sands Project:

- Completed the targeted early works program and commenced construction at Thunderbird including mine access roads, accommodation and plant site earthworks. Total investment to date by KMS is \$76m.
- Completed the Bankable Feasibility Study for the Thunderbird Project outlining a 36-year mine life and underlying economics of post-tax NPV<sub>8</sub> of \$1.28B and post-tax IRR of 27.5%.
- Approval of a \$160m loan facility from NAIF to support the development of the Thunderbird Mineral Sands Project.
- Execution of material commercial agreements including a \$179m fixed price engineering, procurement and construction (EPC) contract with GR Engineering Services Limited.
- Subsequent to the end of the reporting period, agreement of a non-binding term sheet with Orion Resource Partners for a US\$110m loan facility in favour of the Thunderbird Project. Alongside the NAIF loan facility, completion of the Orion loan facility shall enable Kimberley Mineral Sands to achieve Financial Close.

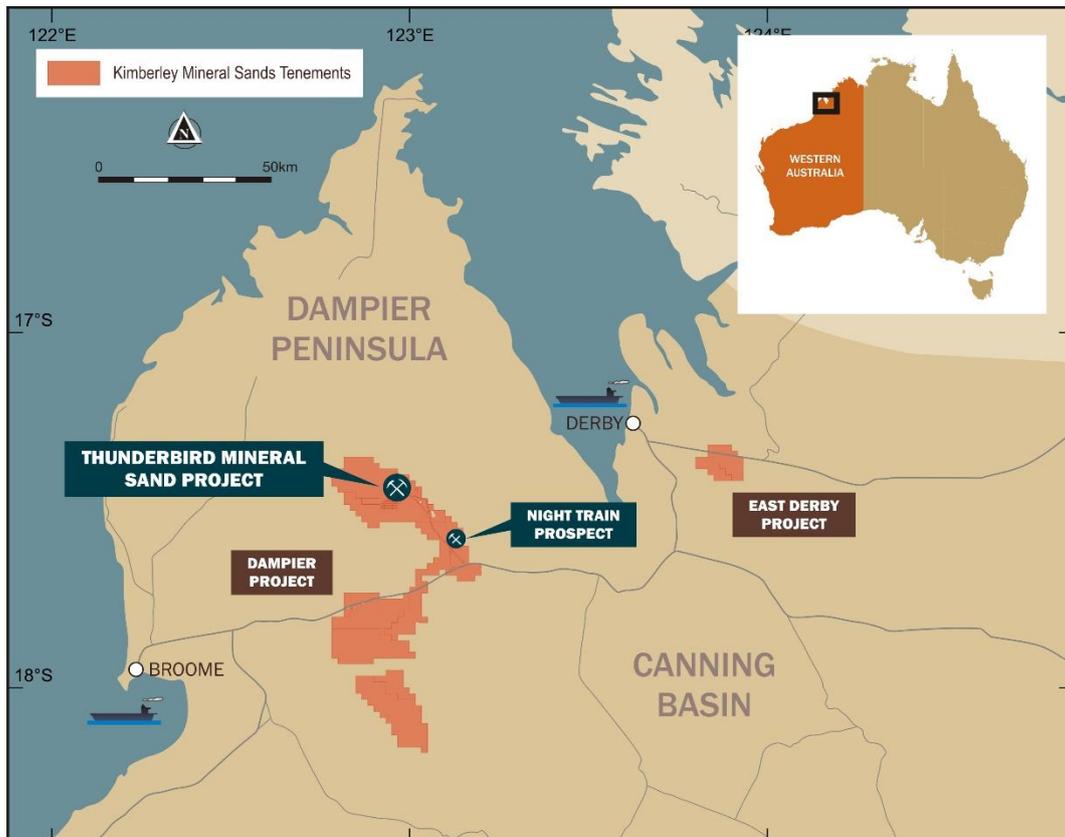


Figure 1: Location of Thunderbird Mineral Sands Project

### Bankable Feasibility Study (KMS BFS)

During the reporting period, KMS completed a bankable feasibility study for the Thunderbird Mineral Sands Project, delivering a pre-finance, post-tax NPV<sub>8</sub> of \$1.28B and IRR of 27.5%.

The KMS BFS removed the requirement for an Ilmenite Processing Circuit which contained the Low Temperature Roaster (LTR) previously contemplated by the Project and further removed the Mineral Separation Plant (MSP) components contained in earlier design. The KMS BFS flowsheet is forecast to produce three products, a Non-Magnetic Concentrate product containing zircon and rutile, an ilmenite rich Magnetic Concentrate and a Paramagnetic Concentrate.

KMS executed an amended binding offtake agreement for 100% of the magnetic concentrate on an arm's length basis with approximately 80% of the KMS BFS Stage 1 revenues contracted under binding, long term offtake agreements. Construction of a vertically integrated complex in Tangshan, China is underway by joint venture and ilmenite offtake partner Yansteel, with the facility comprising a pre-treatment process for ilmenite feedstocks to achieve the same intended outcome as the previous LTR design for Thunderbird, thereby avoiding duplication and a material capital investment by the joint venture.

The two stage Thunderbird development pathway sees the initial Stage 1 mining and processing feed rate forecast at 1,085 dry tph at the Wet Concentrate Plant (WCP), with Stage 2 doubling the WCP feed rate to 2,170tph targeted during Year 5 of operations. Stage 1 and 2 of operations is estimated to produce 1.4mtpa of zircon and ilmenite concentrates over an estimated 36 year Life of Mine.

The KMS BFS estimates an updated Ore Reserve of 754 million tonnes at 11.0% HM (refer ASX announcement "Thunderbird Ore Reserve Update" 24 March 2022). The Ore Reserve update reflects changes in market product pricing, the flow sheet, product mix, ore feed blending strategy and geotechnical information and mining cost data gathered from the trial mining programs at Thunderbird.

**Table 1: Key Metrics – 2022 Bankable Feasibility Study**

Kimberley Mineral Sands – Bankable Feasibility Study (Key Metrics)	Outcome
NPV <sub>8</sub> post-tax	<b>A\$1.28B</b>
IRR post-tax	<b>27.5%</b>
Total Funding Requirement (Stage 1)	<b>A\$484m</b>
Life of Mine EBITDA	<b>A\$8.1B</b>
Capex Payback (Stage 1&2; years)	<b>5.00</b>
Product sales (avg kt pa; all products)	<b>1,424</b>
Mine Life	<b>36 years</b>
Long Term Average FX Rate (A\$/US\$)	<b>0.75</b>
Long Term Zircon Price - FOB (TZMI)	<b>US\$1,516</b>

Project financing activities to support a Final Investment Decision are well advanced. The Northern Australia Infrastructure Facility approved a \$160m loan facility and following the end of the reporting period, the Company announced that Kimberley Mineral Sands had agreed a non-binding term sheet with Orion Resource Partners for a US\$110m loan facility in favour of the Thunderbird Mineral Sands Project.

Sheffield expects the project timetable, project economics and total funding requirement, including an additional \$36m of equity from Sheffield to bring Thunderbird into production, will not materially differ from the Kimberley Mineral Sands Bankable Feasibility Study (refer ASX announcement dated 24 March 2022). Sheffield had cash reserves of \$40m as at 30 June 2022 to fund its expected \$36m equity contribution.

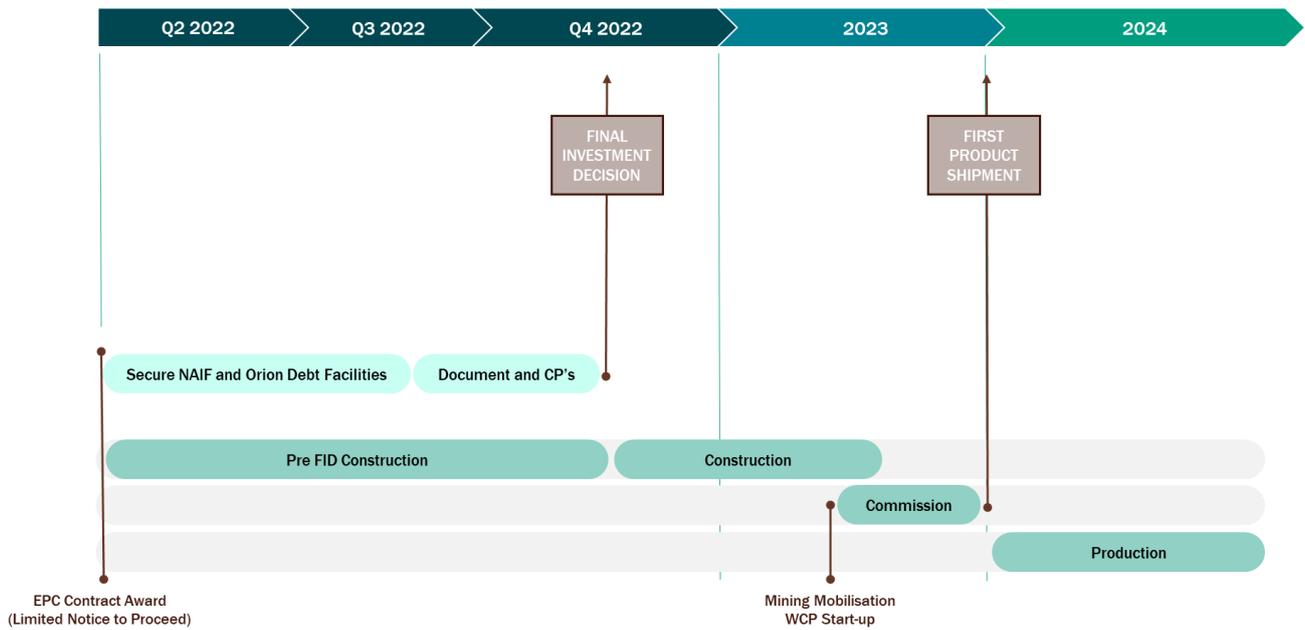


Figure 2: Forecast Timeline to FID and First Production



Figure 3: Thunderbird mine access road – culvert installation

### Thunderbird Work Program Activities

Early works and construction activities were significantly advanced throughout the reporting period, focussed on mine site road construction, village design and installation, tailings storage facility design and site civil earthworks. GR Engineering Services Limited (GRES) and the nominated village installation contractor mobilised to site as scheduled during April 2022. Throughout the reporting period, engineering works including mechanical, piping and structural modelling and electrical design packages were well advanced.

Following completion and award of the EPC contract with GRES during 2022 (refer ASX announcement dated 24 March 2022) other major construction and supply contracts to support project development are nearing completion, inclusive of energy supply, power generation and mining services agreements.

In conjunction with construction activities at Thunderbird, KMS joint venture partner Yansteel has progressed the construction of the smelter and chloride pigment plant in China that will utilise ilmenite sourced from Thunderbird. Plant construction commenced in late 2020 with civil works completed 2021. The plant is on track for completion of construction and commissioning in 2022. The smelter will be commissioned using ilmenite from other sources prior to the commencement of ilmenite offtake from Thunderbird in 2024.



**Figure 4: Thunderbird village accommodation – under construction**

#### *Aboriginal and Community Engagement*

The Kimberley Mineral Sands team continued community engagement and consultation processes throughout the reporting period, providing community, government representatives and traditional owners with an update on Thunderbird activities.

Kimberley Mineral Sands is assisting traditional owner groups with the establishment of labour hire services to ultimately support Thunderbird during operations. Community engagement activities included community and business forums across Broome and Derby, addressing business and employment opportunities, including consultation with a number of traditional owner groups throughout the Kimberley region. Further community engagement activities are scheduled throughout 2022.



Figure 5: Kimberley Mineral Sands local community consultation - Broome

## Markets

Mineral sands markets remained buoyant throughout 2022 with both zircon and titanium feedstock prices continuing to increase as at the end of the reporting period.

Tight zircon supply and steady price increases evidenced in the previous reporting period have continued through 2022. Premium zircon from major producers has moved from approximately US\$1,350 per tonne in mid-2019 through to approximately US\$2,100 per tonne in mid-2022. Tight supply is forecast for the near to mid-term, with pricing for major producers expected to increase to approximately US\$2,300 per tonne during the second half of 2022.

The titanium feedstock market remains strong with increase in demand occurring across all products. The benchmark 50% TiO<sub>2</sub> sulfate ilmenite price remains above US\$400 per tonne in China and is expected to remain at this level during the remainder of 2022. Longer-term, high-grade pigment feedstock demand for production of chloride grade pigment is forecast to grow, and chloride slag (produced from sulfate ilmenite) is the most likely source of new supply.

Commodity price strength throughout 2021 and into 2022 and sustained near to mid-term forecast pricing for zircon expected to translate into higher forecast revenues during the initial years of operation provides a positive outlook for the Thunderbird project.

## Other Projects

### *Divestment of Eneabba & McCalls Projects (Sheffield – 100%)*

Following a commercial process seeking expressions of interest to acquire its interest in the Eneabba project, Sheffield concluded a binding and definitive agreement with Image Resources NL (Image) for the sale of its 100% owned Eneabba Project, receiving total cash consideration of \$24m (net sale proceeds after GST) during the reporting period.

Additionally, Sheffield sought expressions of interest to acquire its interest in the McCalls Project during 2022, with the Company announcing it had concluded a \$12m sale agreement with Image to acquire its 100% owned McCalls Project with the proceeds received in March 2022 (refer ASX announcement 14 March 2022).

Proceeds from the divestment of Eneabba and McCalls Projects will be applied toward Sheffield's \$10m obligation to KMS payable within 60 days following a Final Investment Decision for the Thunderbird Mineral Sands Project, plus any additional shared joint venture equity contribution (currently estimated as \$26m), as well as corporate purposes.

## ORE RESERVES AND MINERAL RESOURCES

Sheffield announced an updated Ore Reserve totalling 754 million tonnes @ 11.0% HM for the Thunderbird deposit, in the Kimberley Region of Western Australia, on 24 March 2022. The Ore Reserve estimate is based on the July 2016 Thunderbird Mineral Resource estimate, announced to the ASX on 5 July 2016. Measured and Indicated Mineral Resources were converted to Proved and Probable Ore Reserves respectively, subject to mine design, modifying factors and economic evaluation.

### Ore Reserve for Dampier Project as at 30 June 2022 (Sheffield interest – 50%)

#### Dampier Project Ore Reserve <sup>1,2,3,4</sup>

Deposit	Ore Reserve Category	Material (Million Tonnes)	In-situ HM (Million Tonnes) <sup>7</sup>	Total HM Grade (%)	Valuable HM Grade (In-situ) <sup>5</sup>					
					Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)	Slimes (%)	Oversize (%)
Thunderbird	Proved	239	31	12.9	0.96	0.29	0.28	3.4	16	14
	Probable	514	52	10.1	0.79	0.26	0.27	2.9	15	11
	<b>Total</b>	<b>754</b>	<b>83</b>	<b>11.0</b>	<b>0.84</b>	<b>0.27</b>	<b>0.27</b>	<b>3.1</b>	<b>15</b>	<b>12</b>

Deposit	Ore Reserve Category	Material (Million Tonnes)	In-situ HM (Million Tonnes) <sup>7</sup>	Total HM Grade (%)	HM Assemblage <sup>6</sup>					
					Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)	Slimes (%)	Oversize (%)
Thunderbird	Proved	239	31	12.9	7.5	2.2	2.2	27	16	14
	Probable	514	52	10.1	7.8	2.6	2.6	28	15	11
	<b>Total</b>	<b>754</b>	<b>83</b>	<b>11.0</b>	<b>7.7</b>	<b>2.4</b>	<b>2.5</b>	<b>28</b>	<b>15</b>	<b>12</b>

Note 1: The Ore Reserve estimate was prepared by Entech Pty Ltd and first disclosed under the JORC Code (2012), refer to ASX announcement 24 March 2022 for further details. Ore Reserve is reported to a design overburden surface with appropriate consideration of modifying factors, costs, mineral assemblage, process recoveries and product pricing.

Note 2: Ore Reserve is a sub-set of Mineral Resource.

Note 3: HM 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.

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

Note 5: The 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.

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

Note 7: The contained in-situ tonnes derived from HM and material tonnes from information in the Mineral Resource tables.

The Ore Reserve estimate was prepared by Entech Pty Ltd, an experienced and prominent mining engineering consultancy with appropriate mineral sands experience in accordance with the JORC Code (2012 Edition). The Ore Reserve is estimated using all available geological and relevant drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities.

The Company is not aware of any new information or data that materially affects the information included in the Ore Reserve estimate and confirms that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

## Mineral Resources for Dampier Project as at 30 June 2022 (Sheffield interest – 50%)

### Dampier Project Mineral Resources <sup>1,2,3</sup>

Deposit (cut-off)	Mineral Resource Category	Cut-off (Total HM%)	Material (Million Tonnes)	In-situ HM (Million Tonnes) <sup>7</sup>	Total HM Grade (%)	HM Assemblage				Slimes (%)	Oversize (%)
						Zircon (%)	HiTi Leuc <sup>6</sup> (%)	Leuc (%)	Ilmenite (%)		
Thunderbird <sup>4</sup> (low-grade)	Measured	3.0	510	45	8.9	8.0	2.3	2.2	27	18	12
	Indicated	3.0	2,120	140	6.6	8.4	2.7	3.1	28	16	9
	Inferred	3.0	600	38	6.3	8.4	2.6	3.2	28	15	8
	<b>Total</b>	<b>3.0</b>	<b>3,230</b>	<b>223</b>	<b>6.9</b>	<b>8.3</b>	<b>2.6</b>	<b>2.9</b>	<b>28</b>	<b>16</b>	<b>9</b>
Night Train <sup>5</sup> (low-grade)	Inferred	1.2	130	4.2	3.3	14	5.4	46	22	8.7	2.2
	<b>Total</b>	<b>1.2</b>	<b>130</b>	<b>4.2</b>	<b>3.3</b>	<b>14</b>	<b>5.4</b>	<b>46</b>	<b>22</b>	<b>8.7</b>	<b>2.2</b>
All Dampier (low-grade)	Measured	3.0	510	45	8.9	8.0	2.3	2.2	27	18	12
	Indicated	3.0	2,120	140	6.6	8.4	2.7	3.1	28	16	9
	Inferred	Various	730	42	5.8	8.9	2.9	7.5	27	13	7.2
	<b>Total</b>	<b>Various</b>	<b>3,360</b>	<b>227</b>	<b>6.8</b>	<b>8.4</b>	<b>2.7</b>	<b>3.7</b>	<b>28</b>	<b>15</b>	<b>8.7</b>
Thunderbird <sup>4</sup> (high-grade)	Measured	7.5	220	32	14.5	7.4	2.1	1.9	27	16	15
	Indicated	7.5	640	76	11.8	7.6	2.4	2.1	28	14	11
	Inferred	7.5	180	20	10.8	8.0	2.5	2.4	28	13	9
	<b>Total</b>	<b>7.5</b>	<b>1,050</b>	<b>127</b>	<b>12.2</b>	<b>7.6</b>	<b>2.3</b>	<b>2.1</b>	<b>27</b>	<b>15</b>	<b>11</b>
Night Train <sup>5,6</sup> (high-grade)	Inferred	2.0	50	3.0	5.9	14	5.6	49	18	10.2	2.2
	<b>Total</b>	<b>2.0</b>	<b>50</b>	<b>3.0</b>	<b>5.9</b>	<b>14</b>	<b>5.6</b>	<b>49</b>	<b>18</b>	<b>10.2</b>	<b>2.2</b>
All Dampier (high-grade)	Measured	7.5	220	32	14.5	7.4	2.1	1.9	27	16	15
	Indicated	7.5	640	76	11.8	7.6	2.4	2.1	28	14	11
	Inferred	Various	230	23	9.7	8.8	2.9	8.6	27	12	7.2
	<b>Total</b>	<b>Various</b>	<b>1,090</b>	<b>130</b>	<b>11.9</b>	<b>7.8</b>	<b>2.4</b>	<b>3.2</b>	<b>27</b>	<b>14</b>	<b>11</b>

Note 1: Night Train: The Mineral Resources estimate was prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to ASX announcement 31 January 2019 for further details. The Mineral Resource reported above 1.2% HM cut-off is inclusive of (not additional to) the Mineral Resource reported above 2.0% HM cut-off. Thunderbird: The 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. Thunderbird: The Mineral Resource reported above 3.0% HM cut-off is inclusive of (not additional to) the Mineral Resource reported above 7.5% HM cut-off.

Note 2: HM 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.

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

Note 4: Thunderbird: Estimates 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% TiO<sub>2</sub> >90% Liberation; Leucosene: 70-94% TiO<sub>2</sub> >90% Liberation; High Titanium Leucosene (HiTi Leucosene): >94% TiO<sub>2</sub> >90% Liberation; and Zircon: 66.7% ZrO<sub>2</sub>+HfO<sub>2</sub> >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO<sub>2</sub>+HfO<sub>2</sub>/0.667 and High Titanium Leucosene (HiTi Leucosene): TiO<sub>2</sub>/0.94.

Note 5: Night Train: Estimates of Mineral Assemblage are presented as percentages of the Heavy Mineral (HM) component of the deposit, as determined by magnetic separation, QEMSCAN™ and XRF for one of 12 composite samples. Magnetic fractions were analysed by QEMSCAN™ for mineral determination as follows: Ilmenite: 40-70% TiO<sub>2</sub> >90% Liberation; Leucosene: 70-90% TiO<sub>2</sub> >90% Liberation; High Titanium Leucosene (HiTi Leucosene) and Rutile 90% TiO<sub>2</sub> >90% Liberation, and Zircon: 66.7% ZrO<sub>2</sub>+HfO<sub>2</sub> >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO<sub>2</sub>+HfO<sub>2</sub>/0.667 and High Titanium Leucosene (HiTi Leucosene): TiO<sub>2</sub>/0.94. HM assemblage determination was by the QEMSCAN™ process for 11 of 12 composite samples which uses observed mass and chemistry to classify particles according to their average chemistry, and then report mineral abundance by dominant % mass in particle. For the TiO<sub>2</sub> minerals the following breakpoints were used to distinguish between Ilmenite 40% to 70% TiO<sub>2</sub>, Leucosene 70% to 90% TiO<sub>2</sub>, High Titanium Leucosene and Rutile > 90%, Screening of the heavy mineral was not required.

Note 6: HiTi Leucosene and Rutile (%) combined for Night Train at a >90% TiO<sub>2</sub> (as one assemblage sample utilised=> 90% rutile and HiTi Leucosene), HiTi Leucosene for Thunderbird > 94% TiO<sub>2</sub>.

Note 7: The contained in-situ tonnes for the valuable heavy minerals were derived from information from the Mineral Resource tables. The 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.

## **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 Gray is a consultant to 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 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](http://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.

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 consultant to Thunderbird Operations 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 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.

## **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:

- Mineral Resource and Ore Reserve Statement: "MINERAL RESOURCE AND ORE RESERVE STATEMENT" 24 September 2019
- Thunderbird Ore Reserve Update: "THUNDERBIRD ORE RESERVE UPDATE" 24 March 2022
- Night Train Inferred Resource and Mineral Assemblage results "HIGH GRADE MAIDEN MINERAL RESOURCE AT NIGHT TRAIN" 31 January 2019

These announcements are available to view on Sheffield's website at [www.sheffieldresources.com.au](http://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 Kimberley Mineral Sands 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.

**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	24 March 2022	P. Scrimshaw
Thunderbird Mineral Resource	Sheffield Doubles Measured Mineral Resource at Thunderbird	5 July 2016	M. Teakle, C. Standing
Night Train Mineral Resource	High Grade Maiden Mineral Resource at Night Train	31 January 2019	C. Standing

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

**FORWARD LOOKING, CAUTIONARY STATEMENTS AND RISK FACTORS**

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.

## DIRECTORS' REPORT

The Directors present their report on Sheffield Resources Limited (Sheffield, parent entity or the Company) and its controlled entities (collectively known as the Group or consolidated entity) for the year ended 30 June 2022.

### DIRECTORS AND COMPANY SECRETARY

The Directors and Company Secretary of the Company during and until the date of this report are:

<b>Mr Bruce Griffin</b>	Executive Chair
Qualifications	B.Ch.Eng, B.A.Econ, MBA
Appointed	10 June 2020 (Previously Commercial Director, appointed Executive Chair 13 April 2021)
Experience	Mr Griffin most recently held the position of Senior Vice President Strategic Development of Lomon Billions Group, the world's third largest producer of high-quality titanium dioxide pigments. Bruce previously held executive management positions in several resource companies, including acting as the Chief Executive Officer and a director of TZ Minerals International Pty. Ltd. (TZMI), the leading independent consultant on the global mineral sands industry, Chief Executive Officer and a director of World Titanium Resources Ltd, a development stage titanium project in Africa and as Vice President Titanium for BHP Billiton.
Responsibilities	Member of the Board
Interest in shares, options and rights	200,000 Ordinary Shares 363,636 Options 1,704,546 Performance Rights
Other current directorships	Titanium Corporation Inc. (since 2019)
Past directorships last 3 years	None
<b>Mr John Richards</b>	Lead Independent Director
Qualifications	B. Econ (Hons)
Appointed	1 August 2019 (Previously Non-Executive Chair, appointed Lead Independent Director 13 April 2021)
Experience	Mr Richards is an economist with more than 35 years' experience in the resources industry; holding various positions within mining companies, investment banks and private equity groups. He has been involved in a wide range of mining M&A transaction in multiple jurisdictions. Mr Richards is an Independent Non-Executive Director; holding previous positions at Normandy Mining Ltd, Standard Bank, Buka Minerals and Global Natural Resource Investments; he is a Non-Executive Director of Northern Star Resources Limited and Non-Executive Chair of Sandfire Resources Limited.
Responsibilities	Member of the Board, Chair of the Remuneration and Nomination Committee, Member of the Audit and Risk Committee
Interest in shares, options and rights	480,000 Options
Other current directorships	Northern Star Resources Limited (appointed 12 February 2021) Sandfire Resources Limited (appointed 1 January 2021)
Past directorships last 3 years	Saracen Mineral Holdings Ltd (appointed May 2019, resigned February 2021) Adriatic Metals PLC (appointed November 2019, resigned July 2020)

<b>Mr Ian Macliver</b>	Non-Executive Director
Qualifications	BCom, FCA, SF Fin, FAICD
Appointed	1 August 2019
Experience	Ian Macliver is the Executive Chairman of Grange Consulting Group Pty Ltd & Grange Capital Partners. Prior to establishing Grange he held positions in various listed and corporate advisory companies. His experience covers all areas of corporate activity including capital raisings, acquisitions, divestments, takeovers, business and strategic planning, debt and equity reconstructions, operating projects and financial review and valuations. Mr Macliver is the Non-Executive Chairman of MMA Offshore Limited.
Responsibilities	Member of the Board, Chair of the Audit and Risk Committee, Member of the Remuneration and Nomination Committee
Interest in shares, options and rights	100,000 Ordinary Shares 480,000 Options
Other current directorships	MMA Offshore Limited (appointed January 2020)
Past directorships last 3 years	Western Areas Limited (appointed October 2011, resigned June 2022) Otto Energy Limited (appointed September 2010, resigned November 2019)
<b>Mr Gordon Cowe</b>	Non-Executive Director
Qualifications	BSc (Hons) Mechanical Engineering, GAICD
Appointed	12 March 2021
Experience	Gordon Cowe is a qualified mechanical engineer with over 30 years' experience, Mr Cowe has had significant involvement in leading business start-up, planning and delivery of multiple complex projects including Mining & Mineral Processing, Oil & Gas and Resources based infrastructure projects globally. He has enjoyed an extensive career with leading contractors (including Bechtel and Worley Parsons) and project owners on a wide range of projects.
Responsibilities	Member of the Board, member of the Remuneration and Nomination Committee, member of the Audit and Risk Committee
Interest in shares, options and rights	480,000 Options
Other current directorships	Nil
Past directorships last 3 years	None
<b>Mrs Vanessa Kickett</b>	Non-Executive Director
Appointed	1 January 2022
Experience	Vanessa Kickett has extensive experience and involvement with Aboriginal engagement, native title and heritage matters throughout Western Australia. A member of the Whadjuk Noongar community, Mrs Kickett is currently Deputy Chief Executive Officer of the South West Aboriginal Land and Sea Council, responsible for the recent implementation and operation of the South West (Western Australia) native title settlement. Mrs Kickett has also held a variety of roles in the public sector, leading the development of heritage and native title policy and frameworks on behalf of Water Corporation in Western Australia.
Responsibilities	Member of the Board
Interest in shares, options and rights	Nil
Other current directorships	Nil
Past directorships last 3 years	None

<b>Mr Bruce McFadzean</b>	Non-Executive Director (retired 6 September 2021)
Qualifications	Dip. Mining, FAusIMM
Appointed	2 November 2015 (Previously Managing Director, appointed Non-Executive Director 1 July 2021)
Experience	Bruce McFadzean is a qualified mining engineer with more than 40 years' experience in the global resources industry. Mr McFadzean has led the financing, development and operation of several new mines around the world. Mr McFadzean's technical, operating and corporate experience includes gold, silver, nickel, diamonds, iron ore and mineral sands. Mr McFadzean's professional career includes 15 years with BHP Billiton and Rio Tinto in a variety of positions and four years as Managing Director of successful ASX gold miner Catalpa Resources Limited.
Responsibilities	Nil
Interest in shares, options and rights	2,249,239 Ordinary Shares (as at 6 September 2021)
Other current directorships	Hastings Technology Metals Limited (appointed 1 January 2021) Aquirian Limited (appointed 27 July 2021)
Past directorships last 3 years	Indiana Resources Limited (appointed March 2015, resigned February 2019)
<b>Mr Mark Di Silvio</b>	Company Secretary
Qualifications	B.Bus, CPA, MBA
Appointed	15 February 2016
Experience	Mark Di Silvio is a CPA and MBA qualified finance professional with over 30 years' resources industry experience. Mr Di Silvio's professional career includes operations and project development experience both in Australia and overseas, including senior finance roles with Woodside Petroleum Limited in Australia and Africa prior to joining Central Petroleum Limited and Centamin Plc as CFO. Mr Di Silvio has significant commercial and financial management experience including project financing, commercial agreement structuring and product offtake agreements.

## DIRECTORS' MEETINGS

The number of meetings held and attended by each Director during the year is shown as follows:

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
B Griffin	13	13	-	-	-	-
J Richards	13	13	2	2	1	1
I Macliver	13	13	2	2	1	1
G Cowe	13	13	2	2	1	1
V Kickett <sup>1</sup>	7	7	-	-	-	-
B McFadzean <sup>2</sup>	1	1	-	-	-	-

Note 1: Mrs Kickett appointed on 1 January 2022.

Note 2: Mr McFadzean retired on 6 September 2021.

## OPTIONS

Total unlisted options on issue at the date of this report are as follows:

Date of expiry	Grant date	Exercise price	Number under options
30 November 2023	19 November 2019	\$0.65	960,000
30 November 2025	25 November 2021	\$0.65	480,000
30 October 2026	25 November 2021	\$0.33	700,000
			<b>2,140,000</b>

## PERFORMANCE RIGHTS

Total unlisted performance rights on issue at the date of this report are as follows:

Date of expiry	Grant date	Exercise price	Number under rights
26 October 2025	6 November 2018	Nil	158,940
1 December 2025	22 December 2018	Nil	1,298,367
30 October 2026	25 November 2021	Nil	135,455
30 October 2026	25 November 2021	Nil	3,318,182
			<b>4,910,944</b>

## PRINCIPAL ACTIVITIES

The principal activities during the year were mineral sands exploration and development within Australia.

## OPERATING AND FINANCIAL REVIEW

The Group's operations during the year ended 30 June 2022 is set out in the Review of Operations and Ore Reserves and Mineral Resources sections.

The Group recorded a net profit after tax for the year ended 30 June 2022 of \$26.1m (2021: \$28.0m). At 30 June 2022, the Group had \$40.2m in cash and cash equivalents (2021: \$6.5m) and the Group's net assets were \$155.6m (2021: \$128.4m).

## COVID-19 IMPACT

The Group continues to follow recommendations from State and Federal Government authorities to provide a COVID-19 safe workplace.

COVID-19 impacts have not been significant to the Group during the period. The Company does not expect any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or conditions which may adversely impact the Group as at the reporting date or subsequently as a result of the COVID-19 pandemic.

## DIVIDENDS

No dividends were paid or declared during the year ended 30 June 2022.

## CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is available on the Company's website at [www.sheffieldresources.com.au](http://www.sheffieldresources.com.au).

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Through its 50% investment in Kimberley Mineral Sands Pty Ltd, Sheffield's objective is to deliver mineral sands products to markets across the globe, through the successful development and growth of the Thunderbird Mineral Sands Project in Western Australia. Additionally, Sheffield shall continue to assess and consider growth opportunities within the mineral sands sector going forward.

## ENVIRONMENTAL REGULATION

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

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

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

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

## **INDEMNIFICATION OF INSURANCE OF AUDITOR**

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

## **NON-AUDIT SERVICES**

During the year the Company has not used its auditors, HLB Mann Judd, to complete any non-audit related work (2021: nil).

## **PROCEEDINGS ON BEHALF OF THE COMPANY**

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

## **ROUNDING**

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the class order applies.

## **AUDITOR'S INDEPENDENCE**

This Auditor's Independence Declaration is set out on page 27 and forms part of the Directors' report for the year ended 30 June 2022.

## **EVENTS SUBSEQUENT TO REPORTING PERIOD**

On 28 July 2022, Deputy Premier of Western Australia, Hon. Roger Cook MLA, ratified the \$160m Northern Australian Infrastructure Facility (NAIF) loan facility and that the loan facility documentation was executed by Kimberley Mineral Sands Pty Ltd (KMS) and the Government of Western Australia for the development of the Thunderbird project.

On 8 August 2022, KMS and Orion Resource Partners (Aus) Pty Ltd (Orion) executed a non-binding term sheet for a total financing of US\$110m production linked loan facility for the Thunderbird Project. Completion of the Orion loan facility remains conditional upon completion of due diligence, the parties entering into binding legal documentation (including intercreditor arrangements) and satisfaction of conditions precedent.

On 23 August 2022, KMS executed a long-term port access agreement with the Shire of Derby / West Kimberley, supporting the future export of product from the Thunderbird project. The agreement spans a minimum period through to mid-2040 and provide KMS a long-term access to port infrastructure and a bulk handling facility at the Port of Derby. The agreement is subject to customary conditions precedent, including regulatory approvals and KMS providing relevant notice toward the development of the Thunderbird project.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

## REMUNERATION REPORT (AUDITED)

This report sets out the remuneration strategy and arrangements for Key Management Personnel (KMP) of Sheffield Resources Limited for year ended 30 June 2022. This Remuneration Report forms part of the Directors' Report.

### KEY MANAGEMENT PERSONNEL (KMP)

For the purposes of this report KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company and are detailed in the table below:

Name	Position
<b>Non-Executive Directors</b>	
John Richards	Lead Independent Director
Ian MacIver	Non-Executive Director
Gordon Cowe	Non-Executive Director
Vanessa Kickett	Non-Executive Director (appointed 1 January 2022)
Bruce McFadzean	Non-Executive Director (retired 6 September 2021)
<b>Senior Executives</b>	
Bruce Griffin	Executive Chair
Mark Di Silvio	Chief Financial Officer and Company Secretary

### BOARD POLICY

The Board is responsible for the nomination and appointment of Directors and the remuneration of its Directors, Managing Director and Senior Executives. To assist the Board in meeting its obligations and to address all matters pertaining to Board nomination and executive remuneration, the Board has set in place a Nomination & Remuneration Committee during the reporting period.

### OVERVIEW OF COMPANY PERFORMANCE

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

	2022	2021	2020	2019	2018
Profit / (loss) before tax (\$'000)	24,991	29,096	(8,370)	(10,250)	(4,305)
Net profit / (loss) after tax (\$'000)	26,079	28,008	(8,370)	(10,250)	(4,305)
Dividend (cents)	-	-	-	-	-
Basic earnings / (loss) per share (cents)	7.53	8.19	(2.81)	(4.18)	(2.02)
Diluted earnings / (loss) per share (cents)	7.44	7.82	(2.81)	(4.18)	(2.02)
Share price at year end (cents)	48.0	35.5	12.5	36.0	78.5

### VOTING AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING

The Company believes it has addressed matters raised by investors in relation to which a "second strike" was received by the Company at the 2021 Annual General Meeting, with a 27.58% vote against the prior year Remuneration Report. The Company received advice from two proxy advisers recommending a vote IN FAVOUR of the Remuneration Report in 2021, noting that remuneration practices of the Company were in line with market standards. A subsequent "spill resolution" was not passed with a majority of 72.87% of shareholders voting against the resolution.

The Remuneration Committee engaged independent remuneration consultants during the prior year to address remuneration matters, having reviewed and developed an Executive Incentive Plan approved by shareholders at the 2021 Annual General Meeting.

Changes to Board composition since the 2020 Annual General Meeting have resulted in the increased proportion of independent non-executive directors, and during the course of this year, the Board sought to diversify and continue its strategy of soliciting experienced board members with the non-executive director appointment of Mrs Vanessa Kickett on 1 January 2022.

## REMUNERATION STRUCTURE - NON-EXECUTIVE DIRECTORS

The structure of Non-Executive Director and Senior Executive remuneration is separate and distinct. Shareholders approve the aggregate or total fees payable to Non-Executive Directors, with the current approved limit being \$600,000 (excluding share-based payments). The fees paid to Non-Executive Directors are set at levels that reflect both the responsibilities of, and the time commitments required from, each Non-Executive Director to discharge their duties and are not linked to the performance of the Company.

All Non-Executive Directors have their indemnity insurance paid by the Company. Non-Executive Directors receive fixed remuneration consisting of a base fee and statutory superannuation contributions as set out below:

	2022 \$	2021 <sup>1</sup> \$
<b>Base fees excluding statutory superannuation</b>		
Non- Executive Chair / Lead Independent Non-Executive Director	100,000	100,000
Other Non-Executive Directors	80,000	80,000

Note 1: All Non-Executive Directors agreed to an up to 50% reduction in base fees for the period between 1 April 2020 to 12 March 2021.

### Share Options Grants

480,000 share options (with an exercise price of \$0.65 per share) were granted to a non-executive director (Mr Gordon Cowe) during the year.

### Share Options Vested

480,000 share options (with an exercise price of \$0.65 per share) vested in favour of a non-executive director (Mr Gordon Cowe) during the year.

### Share Options Expired

No share options awarded to non-executive directors expired during the year.

### Measurement of Share Options

There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. All shares allotted upon the exercise of options will rank pari passu in respect with other shares.

## REMUNERATION STRUCTURE - SENIOR EXECUTIVES

External and independent executive remuneration advice may be sought by the Board in determining remuneration strategy.

In determining the level and composition of Senior Executive remuneration year on year, the Board takes into consideration the operational and economic circumstances the Company is facing and likely to face in the medium term together with the complexity and responsibility associated with each role.

The Policy of the Board in determining Senior Executive remuneration levels is to:

- provide total remuneration and employment conditions which will enable the Company to attract and retain high quality senior executives to the business;
- align remuneration with the creation and maximisation of shareholder value and the achievement of Company strategy, business objectives and core values;
- ensure the structure and quantum of remuneration is competitive and reflective of the external market in which the Company operates;
- provide a mix of fixed and variable, performance-based remuneration to drive superior performance;
- reward the achievement of individual and Company objectives thus promoting a balance of individual performance and teamwork across the executive management team;
- provide a fair, equitable and scalable system that allows for sustainable business growth and is regularly reviewed for relevance and reliability; and
- is transparent, easily understood and is acceptable to Shareholders.

The Board's specific remuneration aims for the year ending 30 June 2022 were to:

- retain a core group of Senior Executives at the early stage in the Company's development;
- ensure cash preservation measures were set in place across the Company;
- maintain a Long Term Incentive (LTI) scheme designed to create alignment with the Kimberley Mineral Sands objectives and maximise overall shareholder value;
- ensure effective benchmarking of fixed and variable remuneration for Senior Executives for a clearly defined peer group of similar companies to ensure remuneration is fair and competitive; and
- retain total remuneration at or around the 50<sup>th</sup> percentile of market.

#### **Use of External Remuneration Consultants**

The Company did not engage remuneration consultants during the year ended 30 June 2022.

#### **Remuneration Mix**

Senior Executive remuneration consists of the following key elements:

- fixed annual remuneration (FAR);
- short term incentives (STI); and
- long term incentives (LTI).

#### **Fixed Annual Remuneration (FAR)**

The level of FAR is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. FAR includes a base salary, inclusive of superannuation. Allowances and other benefits may be included, provided that no extra cost is incurred by the Group. FAR is reviewed annually with any adjustments to FAR for Senior Executives ultimately approved by the Board following consideration by the Remuneration Committee.

FAR applicable to the Executive Chair and Chief Financial Officer was reviewed by the Remuneration Committee during the year ended 30 June 2022, with no changes proposed to FAR by the Remuneration Committee.

#### **Short Term Incentive (STI)**

For the year ended 30 June 2022, the following performance measures were reviewed and considered by the Remuneration Committee to be appropriate, aligned with the Company's strategy:

- Achievement of a Final investment Decision for the Thunderbird Mineral Sands Project;
- Minimisation of equity contribution from Sheffield Resources Limited to Kimberley Mineral Sands Pty Ltd;
- Measurable reduction in total cost of capital relative to 2018 Bankable Feasibility Study base case assumption.

The Remuneration Committee also recommended that above performance measures should be further qualified by the following factors:

- Health, Safety, Environmental and Governance objectives being met. In the event of a fatality or other catastrophic event, the Board would be expected to exercise its discretion to award no STI cash or equity bonus for the period; and
- Satisfactory individual performance by the executive, whereby the executive must achieve a minimum personal scorecard target of 50% or greater to be eligible for the award; and
- The executive must be employed during the entire period to be eligible for the award (noting applicable good leaver provisions may apply).

### Long Term Incentive (LTI)

The LTI program comprises the Performance Rights Plan (PRP) and the Employee Share Option Plan (ESOP), with long term targets and performance hurdles aligned with the Company's strategy. Each plan contains performance hurdles that need to be achieved prior to award.

The objective of the LTI program is to:

- align the interest of Senior Executives more closely with the interests of Shareholders by providing an opportunity to earn shares in the Company;
- provide Senior Executives with the opportunity to share in any future growth in value of the Company; and
- provide greater incentive for Senior Executives to focus on the Company's longer-term goals.

During the year ended 30 June 2022, the following LTI performance measures considered by the Remuneration Committee to be appropriate, aligned with the Company's strategy of achieving initial production from Thunderbird, whilst also considering superior growth in the Company's share price compared to a nominated sector per group:

- Achievement of first commercial shipment of zircon or ilmenite product from the Thunderbird Mineral Sands Project on or before 31 March 2024;
- Construction of the Thunderbird Mineral Sands Project is completed on or before 30 June 2024 and in accordance with the total funding requirement for the Thunderbird Mineral Sands Project as disclosed by the Company to ASX on or before 30 June 2022;
- Achievement of a minimum of 90% of throughput production capacity at the Thunderbird Mineral Sands Project, measured over a consecutive 10-day period on or before 30 June 2024; and
- Superior performance of Compound Annual Growth Rate (CAGR) calculated in respect of the Company's share price less the percentage CAGR calculated in respect of the S&P/ASX 300 Materials Index, calculated for the period commencing between 1 July 2021 and ending on 30 June 2024.

### Employee Share Option (ESOP)

The ESOP is an equity component of at-risk remuneration. The Board determined the quantum of options to be issued to the relevant Senior Executive, following recommendations received by the Remuneration Committee.

#### Share Options Grants

For the year ended 30 June 2022, long term incentives outlined above aligned with CAGR share price performance have been granted to Senior Executives.

700,000 share options were granted to employees during the year.

#### Share Options Vested

No share options vested in favour of employees during the year.

#### Share Options Expired

No share options awarded to employees expired during the year.

#### Measurement of Share Options

There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. All shares allotted upon the exercise of options will rank pari passu in respect with other shares.

#### Change of Control Measures

In the event of a change of control event occurring, options that are not exercisable will become exercisable on and from the date of the change of control event occurring.

## Performance Rights Plan

A performance right is a right which, upon the satisfaction or waiver of the relevant vesting conditions entitles its holder to receive fully paid ordinary shares for nil consideration.

### Performance Hurdles

During the year ended 30 June 2022, the Board resolved that the following performance hurdle measures be used as a basis for granting performance rights in favour of Senior Executives:

- Achievement of first commercial shipment of zircon or ilmenite product from the Thunderbird Mineral Sands Project on or before 31 March 2024;
- Construction of the Thunderbird Mineral Sands Project is completed on or before 30 June 2024 and in accordance with the total funding requirement for the Thunderbird Mineral Sands Project as disclosed by the Company to ASX on or before 30 June 2022; and
- Achievement of a minimum of 90% of throughput production capacity at the Thunderbird Mineral Sands Project, measured over a consecutive 10-day period on or before 30 June 2024.

Performance hurdles under future awards may be similar to the above or may include alternate thresholds, aligned with material company milestones or other factors to align with shareholder value creation.

### Grant of Performance Rights

3,769,698 performance rights were granted to Mr Bruce Griffin and Mr Mark Di Silvio during the year following receipt of shareholder approval at the Annual General Meeting held on 25 November 2021.

### Performance Rights Vested

No performance rights vested in favour of employees during the year.

### Performance Rights Expired

3,219,509 performance rights previously awarded to Mr Bruce Griffin and Mr Mark Di Silvio expired during the year.

### Hedging of At-Risk Remuneration

A participant in the PRP must not enter into an arrangement if the arrangement would have the effect of limiting the exposure of the participant to risk relating to performance rights that have not vested.

### Performance Rights on Change of Control

All vesting conditions attached to performance rights will be deemed to be automatically waived on a change of control event occurring. Accordingly, in the case of a change of control event occurring, all performance rights will be deemed to have vested and will be eligible for exercise.

## Proposed 2023 Executive Incentive Planning & Strategy

The Remuneration Committee has considered an incremental update to the executive incentive plan which will be subject to shareholder approval. Senior Executive incentives for 2023 shall consist of STI performance measures and a LTI Reward Plan linked to market measures. The STI would be based upon annual performance targets and paid 50% in cash and 50% in the form of performance rights which vest after one further year with 3 years to exercise. The Reward Plan would consider an annual grant of out of the money options vesting after three years subject to satisfaction of market-based performance criteria and with one further year to exercise. No further LTI is proposed for award for 2023, as this was previously considered and granted in the 2022 financial year, in the form of a performance right vesting after three years and subject to satisfaction of performance criteria and with three further years to exercise.

Further details in relation to the proposed 2023 remuneration structure will be made available to shareholders in conjunction with the 2022 Notice of Annual General Meeting, scheduled for release in October 2022.

## Senior Executive Employment Agreements

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

Name	Position	Commencement date	Base salary (Including superannuation)	Termination benefit
B Griffin	Executive Chair	10 June 2020	\$300,000	1 months' notice
M Di Silvio	CFO & Company Secretary	15 February 2016	\$370,000	4 months' notice

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2022	2021	2022	2021
<b>Non-Executive Directors</b>				
J Richards	100%	100%	-	-
I Macliver	100%	100%	-	-
G Cowe	67%	100%	33%	-
V Kickett <sup>1</sup>	100%	-	-	-
B McFadzean <sup>2</sup>	100%	39%	-	61%
<b>Senior Executives</b>				
B Griffin	51%	49%	49%	51%
M Di Silvio	55%	59%	45%	41%

Note 1: Mrs Kickett appointed on 1 January 2022.

Note 2: Mr McFadzean retired on 6 September 2021.

The tables below show the fixed and variable remuneration for KMP:

	Short-term		Post - employment	Share based payments	Total
	Salary & fees	Non-monetary <sup>2</sup>	Superannuation	Options & rights <sup>1</sup>	
2022	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>					
J Richards	100,000	12,925	10,000	-	122,925
I Macliver	80,000	12,925	8,000	-	100,925
G Cowe <sup>3</sup>	123,000	12,925	8,000	70,080	214,005
V Kickett <sup>4</sup>	40,000	6,155	4,000	-	50,155
B McFadzean <sup>5</sup>	14,564	3,077	1,456	-	19,097
<b>Senior Executives</b>					
B Griffin <sup>6</sup>	300,000	12,925	-	306,068	618,993
M Di Silvio	342,500	12,925	27,500	311,026	693,951
	<b>1,000,064</b>	<b>73,857</b>	<b>58,956</b>	<b>687,174</b>	<b>1,820,051</b>

Note 1: The fair value is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third-party valuation which comprised of a hybrid option pricing model incorporating a Monte-Carlo simulation.

Note 2: Non-monetary benefits include either cost to the Company in providing fringe benefits and/or attributable non-cash benefit applied by virtue of the Company's Directors and Officer Liability policy.

Note 3: Compensation included \$43,000 consulting fees paid to Mr Cowe. Further details disclosed in Other Transactions with KMP and their Related Parties section, which forms part of the Directors' Report.

Note 4: Mrs Kickett appointed on 1 January 2022.

Note 5: Mr McFadzean retired on 6 September 2021.

Note 6: Compensation included consulting fees paid to Mr Griffin. Further details disclosed in Other Transactions with KMP and their Related Parties section, which forms part of the Directors' Report.

2021	Short-term		Non-monetary <sup>2</sup>	Post - employment	Other	Share based payments	Total
	Salary & fees	Cash bonus		Super-annuation	Termination Benefits <sup>7</sup>	Options & rights <sup>1</sup>	
	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>							
J Richards <sup>3</sup>	82,518	-	9,278	7,839	-	-	99,635
I Macliver	66,014	-	9,278	6,271	-	-	81,563
G Cowe <sup>4</sup>	30,545	-	8,505	2,332	-	-	41,382
D Archer <sup>5</sup>	28,205	-	6,959	2,680	-	26,977	64,821
W Burbury <sup>6</sup>	28,205	-	6,959	2,680	-	-	37,844
<b>Senior Executives</b>							
B McFadzean <sup>7</sup>	318,790	230,000	11,354	21,694	238,308	708,240	1,528,386
B Griffin <sup>8</sup>	258,065	-	9,278	-	-	279,042	546,385
M Di Silvio	272,721	171,233	11,354	21,535	-	44,418	521,261
S Pether <sup>9</sup>	183,680	171,233	9,078	24,892	-	62,058	450,941
	<b>1,268,743</b>	<b>572,466</b>	<b>82,043</b>	<b>89,923</b>	<b>238,308</b>	<b>1,120,735</b>	<b>3,372,218</b>

Note 1: The fair value of the options is calculated at the date of grant using a Black-Scholes valuation model and allocated to each reporting period starting from grant date to vesting date.

Note 2: Non-monetary benefits include either cost to the Company in providing fringe benefits and/or attributable non-cash benefit applied by virtue of the Company's Directors and Officer Liability policy.

Note 3: Mr Richards was appointed Lead Independent Director on 13 April 2021 (previously Non-Executive Chair).

Note 4: Mr Cowe was appointed on 12 March 2021. Compensation included \$6,000 consulting fees paid to Mr Cowe.

Note 5: Mr Archer resigned on 12 March 2021.

Note 6: Mr Burbury resigned on 12 March 2021.

Note 7: Mr McFadzean stepped down from the Managing Director role on 1 July 2021 and subsequently retired from his position as Non-Executive Director on 6 September 2021. Cash benefits (including leave entitlements) totalling \$238,308 were made in favour of Mr McFadzean reflecting his contractual and statutory rights associated with his role as Managing Director. Additionally, the Board determined that Mr McFadzean retain a portion of awards made under the LTI plan. That amount (\$337,548), in conjunction with the number of awards forfeited by Mr McFadzean (\$370,692) and totalling \$708,240, was recognised at 30 June 2021.

Note 8: Compensation included consulting fees paid to Mr Griffin.

Note 9: Mr Pether departed the Group on 12 March 2021 and was appointed Chief Executive Officer of the KMS Joint Venture.

## Equity Instruments

### Share Options

The table below outlines the movement of the options held by each key management personnel:

2022	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested & exercisable	Unvested
<b>Non-Executive Directors</b>							
J Richards	480,000	-	-	-	480,000	480,000	-
I Macliver	480,000	-	-	-	480,000	480,000	-
G Cowe	-	480,000	-	-	480,000	480,000	-
V Kickett <sup>1</sup>	-	-	-	-	-	-	-
B McFadzean <sup>2</sup>	-	-	-	-	-	-	-
<b>Senior Executives</b>							
B Griffin	-	363,636	-	-	363,636	-	-
M Di Silvio	-	336,364	-	-	336,364	-	-
	<b>960,000</b>	<b>1,180,000</b>	<b>-</b>	<b>-</b>	<b>2,140,000</b>	<b>1,440,000</b>	<b>-</b>

Note 1: Mrs Kickett appointed on 1 January 2022.

Note 2: Mr McFadzean retired on 6 September 2021.

## Performance Rights

The table below outlines the movement of the rights held by each KMP:

2022	Year granted	Opening balance	Granted	Rights to deferred shares				Closing balance (unvested)	Value yet to vest
				Vested		Forfeited / Lapsed			
		Number	Number	Number	%	Number	%	Number	\$
<b>Non-Executive Directors</b>									
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
<b>Senior Executives</b>									
	2021	3,000,000	1,863,637	-	-	(3,000,000)	100%	1,863,637	464,583
	2021	658,528	1,906,061	-	-	(219,509)	33%	2,345,080	511,614
		<b>3,658,528</b>	<b>3,769,698</b>	-	-	<b>(3,219,509)</b>		<b>4,208,717</b>	<b>976,197</b>

Note 1: Mrs Kickett appointed on 1 January 2022.

Note 2: Mr McFadzean retired on 6 September 2021.

## Shareholdings

The table below outlines the relevant interest of each KMP in the share capital (held directly or indirectly of the Company):

2022	Opening balance	Granted as remuneration	Received on exercise	Other changes <sup>1</sup>	Closing balance
<b>Non-Executive Directors</b>					
	-	-	-	-	-
	100,000	-	-	-	100,000
	-	-	-	-	-
	-	-	-	-	-
	1,716,445	-	532,794	-	2,249,239
<b>Senior Executives</b>					
	200,000	-	-	-	200,000
	641,854	-	-	-	641,854
	<b>2,658,299</b>	-	<b>532,794</b>	-	<b>3,191,093</b>

Note 1: Include on-market purchases by KMP.

Note 2: Mrs Kickett appointed on 1 January 2022.

Note 3: Mr McFadzean retired on 6 September 2021.

## OTHER TRANSACTIONS WITH KMP AND THEIR RELATED PARTIES

Farview Solutions Limited (Farview) provides consultancy services to the Group. Mr Griffin is a director and controlling shareholder of Farview and also serves as Executive Chair of Sheffield. The total amount paid to Farview during the year was \$300,000 (2021: \$258,065). The payment was disclosed in the Remuneration of Key Management Personnel table, which forms part of the Directors' Report.

Ozscot Trust (Ozscot) provides general consultancy services and workshop participation to the Group. Mr Cowe is a director of Ozscot and also serves as Non-Executive Director of Sheffield. The total amount paid to Ozscot during the year was \$43,000 plus GST (2021: \$6,000). The payment was disclosed in the Remuneration of Key Management Personnel table, which forms part of the Directors' Report.

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**LOANS TO KEY MANAGEMENT PERSONNEL**

No loans were granted to KMP during the year.

**END OF AUDITED REMUNERATION REPORT**

Signed in accordance with a resolution of the Directors.

For and on behalf of the Directors



**Bruce Griffin**

Executive Chair

Perth, Western Australia

14 September 2022

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Sheffield Resources Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
14 September 2022



**N G Neill**  
Partner

**hlb.com.au**

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Continuing operations</b>			
Other income	9	83	330
Gain on sale of assets	13	29,160	-
Employee benefits expenses		(1,263)	(2,958)
Share-based payments expenses	17	(1,160)	(1,027)
Other corporate expenses		(961)	(3,217)
Share of joint venture loss	8	(866)	(3,717)
Bank fees and finance charges		(2)	(3,444)
Depreciation expenses		-	(457)
Impairment exploration expenses	13	-	(401)
Gain on loss of control of subsidiary	7	-	43,987
<b>Net profit before income tax</b>		<b>24,991</b>	<b>29,096</b>
Income tax (expense) / benefit	10	1,088	(1,088)
<b>Net profit after income tax</b>		<b>26,079</b>	<b>28,008</b>
<b>Other comprehensive income / (loss)</b>			
Other comprehensive income / (loss)		-	-
<b>Total comprehensive income, net of tax</b>		<b>26,079</b>	<b>28,008</b>
<b>Earnings per share attributable to ordinary equity holders</b>			
Basic earnings per share (cents per share)	19	7.53	8.19
Diluted earnings per share (cents per share)	19	7.44	8.04

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	11	40,223	6,519
Trade and other receivables	12	42	297
<b>Total current assets</b>		<b>40,265</b>	<b>6,816</b>
<b>Non-current assets</b>			
Investment in joint venture	8	115,535	116,401
Exploration and evaluation assets	13	-	6,648
<b>Total non-current assets</b>		<b>115,535</b>	<b>123,049</b>
<b>Total assets</b>		<b>155,800</b>	<b>129,865</b>
<b>Current liabilities</b>			
Trade and other payables	14	112	335
Provisions	15	62	55
<b>Total current liabilities</b>		<b>174</b>	<b>390</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	-	1,088
<b>Total non-current liabilities</b>		<b>-</b>	<b>1,088</b>
<b>Total liabilities</b>		<b>174</b>	<b>1,478</b>
<b>Net assets</b>		<b>155,626</b>	<b>128,387</b>
<b>Equity</b>			
Issued capital	16	133,091	133,091
Reserves	17	13,310	12,150
Retained earnings / (Accumulated losses)	18	9,225	(16,854)
<b>Total equity</b>		<b>155,626</b>	<b>128,387</b>

The consolidated statement of financial position should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital	Reserves	Retained earnings / (Accumulated losses)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2021</b>	<b>133,091</b>	<b>12,150</b>	<b>(16,854)</b>	<b>128,387</b>
<b>Comprehensive income / (loss)</b>				
Net profit for the year	-	-	26,079	26,079
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>26,079</b>	<b>26,079</b>
<b>Transactions with owners</b>				
Share-based payments	-	1,160	-	1,160
<b>Total transactions with owners</b>	<b>-</b>	<b>1,160</b>	<b>-</b>	<b>1,160</b>
<b>Balance as at 30 June 2022</b>	<b>133,091</b>	<b>13,310</b>	<b>9,225</b>	<b>155,626</b>
	Issued capital	Reserves	Retained earnings / (Accumulated losses)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	<b>120,559</b>	<b>11,123</b>	<b>(44,862)</b>	<b>86,820</b>
<b>Comprehensive income / (loss)</b>				
Net profit for the year	-	-	28,008	28,008
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>28,008</b>	<b>28,008</b>
<b>Transactions with owners</b>				
Shares issued	12,882	-	-	12,882
Share issue costs	(350)	-	-	(350)
Share-based payments	-	1,027	-	1,027
<b>Total transactions with owners</b>	<b>12,532</b>	<b>1,027</b>	<b>-</b>	<b>13,559</b>
<b>Balance as at 30 June 2021</b>	<b>133,091</b>	<b>12,150</b>	<b>(16,854)</b>	<b>128,387</b>

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	2022	2021
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	117	-
Payments to suppliers and employees	(2,326)	(7,298)
Interest received	83	41
Bank fees and finance charges	(2)	-
<b>Net cash used in operating activities</b>	<b>(2,128)</b>	<b>(7,257)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(195)	(795)
Payments for plant and equipment	-	(8)
Proceeds from disposal of assets (net of GST)	36,000	-
Payments for mine assets under development expenditure	-	(4,742)
Net cash outflow on loss of control of subsidiary	-	(323)
Release of bonds / securities	27	41
<b>Net cash from / (used in) investing activities</b>	<b>35,832</b>	<b>(5,827)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	12,882
Payments for share issue costs	-	(350)
Payments for lease liabilities	-	(12)
<b>Net cash from financing activities</b>	<b>-</b>	<b>12,520</b>
Net increase / (decrease) in cash and cash equivalents	33,704	(564)
Cash and cash equivalents at the beginning of the year	6,519	7,083
<b>Cash and cash equivalents at the end of the period</b>	<b>40,223</b>	<b>6,519</b>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 1. CORPORATE INFORMATION

The consolidated financial report for the year ended 30 June 2022 covers Sheffield Resources Limited (Sheffield, parent entity or the Company) and its controlled entities (collectively known as the Group or consolidated entity). The principal activities during the year were mineral sands exploration and development within Australia.

Sheffield is a for-profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company and its controlled entities were incorporated and domiciled in Australia. The registered office and principal place of business of the Company is Level 2, 41-47 Colin Street, West Perth, WA 6005.

The consolidated financial report of Sheffield for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 14 September 2022.

### 2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australia Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a going concern basis.

#### (a) Functional and presentation currency

Both the functional and presentation currency of Sheffield is Australian Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that currency.

#### (b) Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which this class order applies.

#### (c) Historical cost convention

These financial statements have been prepared under the historical cost convention and on an accruals basis, except for certain financial assets and liabilities which are required to be measured at fair value.

#### (d) Going concern

The financial statements have been prepared on a going concern basis. The Group recorded a net profit after tax for the year ended 30 June 2022 of \$26.1m (2021: \$28.0m). At 30 June 2022, the Group had \$40.2m in cash and cash equivalents (2021: \$6.5m). The Group's net assets were \$155.6m (2021: \$128.4m) and the net cash outflows from operating activities were \$2.1m (2020: \$7.3m).

YGH Australia Investment Pty Ltd (Yansteel) entered into a 50:50 joint venture with Sheffield to own and develop the Thunderbird project in 2021. The ownership of the high-grade mineral sands Thunderbird project was previously held by Sheffield through its 100% owned subsidiary Kimberley Mineral Sands Pty Ltd (KMS) prior to the formation of the joint venture. The project is located in north-west Western Australia. As per the terms of the agreement, Yansteel subscribed for a 50% interest in KMS and provided \$130.1 million in project equity funding. KMS became jointly owned by Sheffield and Yansteel as at 12 March 2021 following completion of the joint venture transaction.

In accordance with the terms of the agreement regarding the KMS Joint Venture, Sheffield also recognised a contingent liability to fund any excess equity shortfall up to a maximum of \$10m. The payment is not yet due and remains contingent upon KMS reaching a final investment decision in relation to the Thunderbird project.

Following the end of the reporting period, the Company announced that the Northern Australia Infrastructure Facility (NAIF) and Kimberley Mineral Sands Pty Ltd had entered into a \$160 million loan facility agreement. This will be combined with the US\$110 million facility agreed with Orion Resource Partners (Orion) also announced following the end of the reporting period. The NAIF and Orion loan facilities, combined with existing cash on hand and further equity to be contributed by shareholders, shall complete the project financing to fully fund Stage 1 construction of the Thunderbird Project.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used, and different conditions existed.

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

#### **Share-based payments transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third-party valuation which comprised of a hybrid option pricing model incorporating a Monte Carlo simulation.

#### **Exploration and evaluation expenditure**

Exploration and evaluation expenditure is capitalised if rights to tenure of the area of interest are current and activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related area of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

During the year, Sheffield entered into definitive binding agreements with Image Resources NL (Image) (ASX: IMA) for the sale of its 100% owned Eneabba and McCalls Projects for total consideration of \$36m. Sheffield recognised a gain on sale of the assets totalling \$29.2m for the year (2021: nil).

#### **Investment in joint venture**

The Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and carrying value, and then recognises the loss within "Share of joint venture profit / loss" in the statement of profit or loss.

Upon loss of significant influence or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **4. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

The Group adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and are mandatory for the current financial reporting period beginning 1 July 2021. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

##### **Conceptual Framework for Financial Reporting (Conceptual Framework)**

The Group adopted the Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definitions and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

## 5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board. Current taxes and deferred taxes are not allocated to the segments as they are managed on a group basis.

The Group's operating segments are as follows:

- Sheffield project – Project consists of mineral sand exploration tenements located in Western Australia held by Sheffield Resources Limited. During the year, Sheffield entered into definitive binding agreements with Image Resources NL (Image) (ASX: IMA) for the sale of its 100% owned Eneabba and McCalls Projects for total consideration of \$36m. Sheffield recognised a gain on sale of the assets totalling \$29.2m for the year (2021: nil). The sale proceeds received from divestment of the assets will be applied towards Sheffield's \$10m obligation to Kimberley Mineral Sands Pty Ltd payable within 60 days following a Final Investment Decision for the Thunderbird project, plus any additional shared joint venture equity contribution, as well as corporate purposes. Please refer to Notes 13 and 23 for additional information.
- Thunderbird project – Project consists of mineral sands tenements located in the Canning Basin that form part of the potential Thunderbird mineral sand mining operation held by Thunderbird Operations Pty Ltd, subsidiary of Kimberley Mineral Sands Pty Ltd (KMS). YGH Australia Investment Pty Ltd (Yansteel) entered into a 50:50 joint venture with Sheffield to own and develop the Thunderbird project in 2021. The ownership of Thunderbird project was previously held by Sheffield through its 100% owned subsidiary KMS prior to the formation of the joint venture. KMS became jointly owned by Sheffield and Yansteel as at 12 March 2021. Please refer to Notes 7 and 8 for additional information.
- Other unallocated items – corporate expenses and share-based payments expenses are examples of items that are not allocated to operating segments as they are not considered part of the core operation of any segment.

	Sheffield project	Thunderbird project	Other	Total
	\$'000	\$'000	\$'000	\$'000
<b>2022</b>				
<b>Segment Reporting</b>				
Other income	-	-	83	83
Employee benefits expenses	-	-	(1,263)	(1,263)
Share-based payments expenses	-	-	(1,160)	(1,160)
Corporate expenses	-	-	(963)	(963)
Share of joint venture loss	-	(866)	-	(866)
Gain on sale of assets	29,160	-	-	29,160
<b>Segment profit / (loss) before tax</b>	<b>29,160</b>	<b>(866)</b>	<b>(3,303)</b>	<b>24,991</b>
<b>Segment assets</b>	-	<b>115,535</b>	<b>40,265</b>	<b>155,800</b>
<b>Segment liabilities</b>	-	-	<b>174</b>	<b>174</b>
<b>Other disclosures</b>				
Investment in joint venture	-	115,535	-	115,535
Capital expenditure	192	-	-	192

2021	Sheffield project \$'000	Thunderbird project \$'000	Other \$'000	Total \$'000
<b>Segment Reporting</b>				
Other income	-	107	223	330
Employee benefits expenses	-	-	(2,958)	(2,958)
Corporate expenses	-	-	(3,217)	(3,217)
Depreciation expenses	-	(331)	(126)	(457)
Gain on loss of control of subsidiary	-	43,987	-	43,987
Impairment exploration expenses	(408)	7	-	(401)
Share-based payments expenses	-	-	(1,027)	(1,027)
Share of joint venture loss	-	(3,717)	-	(3,717)
Bank fees and finance charges	-	(3,444)	-	(3,444)
<b>Segment profit / (loss) before tax</b>	<b>(408)</b>	<b>36,609</b>	<b>(7,105)</b>	<b>29,096</b>
<b>Segment assets</b>	<b>6,648</b>	<b>116,401</b>	<b>6,816</b>	<b>129,865</b>
<b>Segment liabilities</b>	<b>-</b>	<b>-</b>	<b>1,478</b>	<b>1,478</b>
<b>Other disclosures</b>				
Investment in joint venture	-	116,401	-	116,401
Capital expenditure	250	4,617	-	4,867

## 6. FINANCIAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group have exposure to the following risks from their use of financial instruments:

- Interest rate risk;
- Credit risk; and
- Liquidity risk

### Risk management

The Group's principal financial instruments comprise of cash, receivables, and payables. The Group monitors and manages its exposure to key financial risks in accordance with the Group's financial management policy.

#### Interest rate risk management

The Group is exposed to interest rate risk as the Group holds cash at both fixed and floating interest rates. The Group constantly analyses its interest rate exposure. The Group's exposure to interest rate risk is limited to the amount of interest income it can potentially earn on surplus cash deposits.

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Directors periodically.

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

Liquidity risk management

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

The Group financial instruments are as follows:

	Floating interest rate	< 1 year	1 to 5 years	> 5 years	Non-interest bearing	Total	Weighted average interest rate	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Fixed	Floating
<b>2022</b>								
<b>Financial assets</b>								
Cash and cash equivalents	39,965	-	-	-	258	40,223	0.25%	0.36%
Trade and other receivables	-	30	-	-	12	42	0.25%	-
<b>Total financial assets</b>	<b>39,965</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>40,265</b>		
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	-	112	112	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>112</b>		

	Floating interest rate	< 1 year	1 to 5 years	> 5 years	Non-interest bearing	Total	Weighted average interest rate	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Fixed	Floating
<b>2021</b>								
<b>Financial assets</b>								
Cash and cash equivalents	5,619	-	-	-	900	6,519	0.23%	0.22%
Trade and other receivables	-	51	-	-	246	297	0.23%	-
<b>Total financial assets</b>	<b>5,619</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>1,146</b>	<b>6,816</b>		
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	-	335	335	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>335</b>		

The Group's expected contractual outflows and maturities of financial liabilities are as follows:

	Current liabilities		Non-current liabilities	
	< 6 months	6 to 12 months	1 to 5 years	> 5 years
	\$'000	\$'000	\$'000	\$'000
<b>2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	112	-	-	-
	<b>112</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Current liabilities		Non-current liabilities	
	< 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	> 5 years \$'000
<b>2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	335	-	-	-
	<b>335</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 7. SUBSIDIARIES

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

	Country of incorporation	Ownership interest %	
		2022	2021
<b>Subsidiaries</b>			
Moora Talc Pty Ltd	Australia	100%	100%
Ironbridge Resources Pty Ltd	Australia	100%	100%
Sheffield Exploration (WA) Pty Ltd	Australia	100%	100%

## 8. INVESTMENT IN JOINT VENTURE

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when the decisions about relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss.

### Kimberley Mineral Sands Pty Ltd Joint Venture

YGH Australia Investment Pty Ltd (Yansteel) entered into a 50:50 joint venture with Sheffield to own and develop the Thunderbird project in 2021. The ownership of the high-grade mineral sands Thunderbird project was previously held by Sheffield through its 100% owned subsidiary Kimberley Mineral Sands Pty Ltd (KMS) prior to the formation of the joint venture. The project is located in north-west Western Australia. As per the terms of the agreement, Yansteel subscribed for a 50% interest in KMS and provided \$130.1 million in project equity funding. KMS became jointly owned by Sheffield and Yansteel as at 12 March 2021 following completion of the joint venture transaction. Since that date, Sheffield's interest in KMS is accounted for using the equity method in the consolidated financial statements.

Carrying amount in joint venture investment is as follows:

	2022 \$'000	2021 \$'000
<b>Reconciliation of carrying amount in joint venture investment – KMS</b>		
Share of joint venture investment	126,401	130,118
Sheffield's share of joint venture loss – 50%	(866)	(3,717)
<b>Carrying amount of interest in joint venture</b>	<b>125,535</b>	<b>126,401</b>
Less contingent liabilities (Note 23)	(10,000)	(10,000)
<b>Closing carrying amount of interest in joint venture</b>	<b>115,535</b>	<b>116,401</b>

KMS is governed by a four-person Board of Directors with Sheffield and Yansteel each nominating, and being represented by, two directors. Key decisions require unanimous approval of both shareholders.

KMS also had commitments and contingent liabilities as at 30 June 2022, for which the Group has corresponding commitments and contingent liabilities as disclosed in Notes 22 and 23.

Summarised consolidated audited statement of profit or loss and other comprehensive income of KMS for the years ended 30 June is as follows:

	Joint venture 2022 \$'000	Joint venture 2021 \$'000
Other income	135	140
Expenses	(1,141)	(4,053)
<b>Loss before income tax</b>	<b>(1,006)</b>	<b>(3,913)</b>
Income tax expense	(727)	(7,074)
<b>Loss after income tax</b>	<b>(1,733)</b>	<b>(10,987)</b>
Other comprehensive income / (loss)	-	-
<b>Total comprehensive loss, net of tax</b>	<b>(1,733)</b>	<b>(10,987)</b>
<b>Reconciliation of loss after income tax</b>		
KMS reported loss before deconsolidation (1 July 2020 to 11 March 2021)	-	(3,553)
KMS joint venture loss	(1,733)	(7,434)
<b>Loss after income tax</b>	<b>(1,733)</b>	<b>(10,987)</b>
<b>Reconciliation of share of joint venture loss – continuing operations</b>		
Sheffield's share of joint venture loss – 50%	(866)	(3,717) <sup>1</sup>

Note 1: KMS' loss of \$3.6m before formation of the joint venture on 12 March 2021 were consolidated into the Group's statement of profit or loss for the year ended 30 June 2021. Following the formation of the joint venture in 2021, the Group recognised 50% of the joint venture loss for the period 12 March 2021 to 30 June 2021 being 50% of \$7.4m totalling \$3.7m.

Consolidated audited statement of financial position of KMS for the years ended 30 June is as follows:

		Joint venture 2022	Joint venture 2021
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		53,197	128,217
Trade and other receivables		1,880	360
Inventories		194	12
<b>Total current assets</b>		<b>55,271</b>	<b>128,589</b>
<b>Non-current assets</b>			
Other non-current assets		511	-
Plant and equipment	8 (a)	10,572	3,208
Right of use asset	8 (a)	2,099	1,831
Mine assets under development	8 (a)	160,960	72,226
Exploration and evaluation assets		5,351	4,488
<b>Total non-current assets</b>		<b>179,493</b>	<b>81,753</b>
<b>Total assets</b>		<b>234,764</b>	<b>210,342</b>
<b>Current liabilities</b>			
Trade and other payables		21,778	1,688
Interest bearing liabilities		360	143
Provisions		1,220	152
<b>Total current liabilities</b>		<b>23,358</b>	<b>1,983</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		2,000	1,859
Provisions		4,120	209
Deferred tax liabilities		7,802	7,074
<b>Total non-current liabilities</b>		<b>13,922</b>	<b>9,142</b>
<b>Total liabilities</b>		<b>37,280</b>	<b>11,125</b>
<b>Net assets</b>		<b>197,484</b>	<b>199,217</b>
<b>Equity</b>			
Issued capital		130,118	130,118
Reserves		88,713	88,713
Accumulated losses		(21,347)	(19,614)
<b>Total Equity</b>		<b>197,484</b>	<b>199,217</b>

(a) Plant and equipment, right of use assets and mine assets under development

	Joint venture			Total
	Plant & equipment	Right of use assets	Mine assets under development	
2022	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Carrying amount – at cost	12,121	2,749	160,960	175,830
Accumulated depreciation	(1,549)	(650)	-	(2,199)
	<b>10,572</b>	<b>2,099</b>	<b>160,960</b>	<b>173,631</b>
<b>Reconciliation</b>				
Opening balance at the beginning of the year	3,208	1,831	72,226	77,265
Additions	88	-	92,923	93,011
Transfer between asset classes	7,751	-	(7,751)	-
Recognition of finance lease assets	-	675	-	675
Addition to mine rehabilitation asset	-	-	3,562	3,562
Depreciation expenses	(475)	(407)	-	(882)
	<b>10,572</b>	<b>2,099</b>	<b>160,960</b>	<b>173,631</b>

	Joint venture			Total
	Plant & equipment	Right of use assets	Mine assets under development	
2021	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Carrying amount – at cost	4,282	2,073	72,226	78,581
Accumulated depreciation	(1,074)	(242)	-	(1,316)
	<b>3,208</b>	<b>1,831</b>	<b>72,226</b>	<b>77,265</b>
<b>Reconciliation</b>				
Opening balance at the beginning of the year	3,593	1,393	64,979	69,965
Additions	44	-	7,101	7,145
Recognition of finance lease assets	-	529	-	529
Addition to mine rehabilitation asset	-	-	146	146
Depreciation expenses	(429)	(91)	-	(520)
	<b>3,208</b>	<b>1,831</b>	<b>72,226</b>	<b>77,265</b>

Consolidated audited statement of cash flows of KMS for the years ended 30 June is as follows:

	Joint venture 2022 \$'000	Joint venture 2021 \$'000
<b>Note</b>		
<b>Cash flows from operating activities</b>		
Receipts from customers	135	140
Payments to suppliers and employees	(300)	(20)
Interest received	40	43
<b>Net cash (used in) / from operating activities</b>	<b>(125)</b>	<b>163</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(877)	(1,012)
Payments for plant and equipment	(87)	(31)
Payments for mine assets under development expenditure	(73,014)	(7,277)
Payments for bank guarantees	(600)	-
<b>Net cash used in investing activities</b>	<b>(74,578)</b>	<b>(8,320)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	130,118
Payments for financial liabilities	(317)	(38)
Capital contribution from former parent	-	4,555
<b>Net cash (used in) / from financing activities</b>	<b>(317)</b>	<b>134,635</b>
Net increase / (decrease) in cash and cash equivalents	(75,020)	126,478
Cash and cash equivalents at the beginning of the year	128,217	1,739
<b>Cash and cash equivalents at the end of the period</b>	<b>53,197</b>	<b>128,217</b>

(b) Cash and cash equivalents

	Joint venture 2022 \$'000	Joint venture 2021 \$'000
<b>Current assets</b>		
Cash at bank and on hand	3,162	128,217
Short term deposits	50,035	-
	<b>53,197</b>	<b>128,217</b>

## 9. OTHER INCOME

Other income is recognised when the amount can be reliably measured and control of the right to receive income is passed to the Group.

The Group's other income is as follows:

	2022 \$'000	2021 \$'000
Other income	-	215
Government incentives	-	74
Interest income	83	41
	<b>83</b>	<b>330</b>

## 10. INCOME TAX

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

The deductible temporary difference and tax losses do not expire under current tax legislation. Deferred tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

### Deferred tax liabilities

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

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

### Deferred tax assets

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

### Tax consolidation

Sheffield Resources Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation. These entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The current and deferred tax are recognised in the statement of profit or loss.

Reconciliation of income tax expense to prima facie tax is as follows:

	2022 \$'000	2021 \$'000
<b>Profit before income tax</b>	<b>24,991</b>	<b>29,096</b>
Prima facie tax calculated at 25% (2021: 26%)	6,248	7,565
<b>Adjusted for the tax effect of:</b>		
Prior period adjustments	(681)	-
Change in tax rate	(16)	-
Non-deductible share-based payments	290	254
Share of joint venture loss	-	966
Accruals	-	62
Other non-assessable income	-	(11,437)
Other non-deductible expenses	-	878
Other deductible items	-	(3)
Share issue costs	-	(376)
Immediate deduction for exploration and evaluation expenditure	-	(100)
Movement in other deferred taxes	3,527	3,279
Reversal of previously recognised deferred tax liability	(1,088)	-
Tax losses utilised	(9,368)	-
<b>Income tax expense / (benefit) reported in the statement of profit or loss</b>	<b>(1,088)</b>	<b>1,088</b>

Reconciliation of recognised deferred tax balances is as follows:

	2022 \$'000	2021 \$'000
<b>Recognised deferred tax</b>		
Exploration and evaluation expenditure	-	(1,728)
Trade and other receivables	-	(20)
Plant and equipment	-	7
Capitalised business expenditure	-	569
Other timing differences	-	84
<b>Net deferred tax assets / (liabilities) reported in the statement of financial position</b>	<b>-</b>	<b>(1,088)</b>

Reconciliation of unrecognised deferred tax balances is as follows:

	2022	2021
	\$'000	\$'000
<b>Unrecognised deferred tax</b>		
Joint venture investment	(25,961)	(27,225)
Carried forward tax losses	12,473	21,841
Other timing differences	752	-
<b>Unrecognised deferred tax liabilities</b>	<b>(12,736)</b>	<b>(5,384)</b>

Note 1: Deferred tax liabilities are not recognised as the balance is associated with the interest in the joint venture, the timing of the reversal of the temporary difference can be controlled and it is probable that it will not be reversed in the foreseeable future.

### 11. CASH AND CASH EQUIVALENTS

Cash comprises of cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash. Cash at bank earns interest at floating rates based on daily bank deposit rates.

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

The Group's cash and cash equivalents are as follows:

	2022	2021
	\$'000	\$'000
<b>Current assets</b>		
Cash at bank and on hand	27,723	6,519
Short-term deposits	12,500	-
	<b>40,223</b>	<b>6,519</b>

Reconciliation of cash used in operating activities is as follows:

	2022 \$'000	2021 \$'000
Profit after income tax	26,079	28,008
<b>Adjustments for non-cash items</b>		
Income tax expense / (benefit)	(1,088)	1,088
Depreciation expenses	-	457
Share-based payments expenses	1,160	1,027
Impairment exploration expenses	-	401
Gain on disposal of assets	(29,160)	-
Gain on loss of control of subsidiary (Note 7)	-	(43,987)
Share of joint venture loss	866	3,717
Borrowing costs and fees	-	3,364
<b>Changes in assets and liabilities</b>		
(Increase) / Decrease in trade and other receivables	231	203
Increase / (Decrease) in trade and other payables	(223)	(1,322)
Increase / (Decrease) in provisions	7	(213)
<b>Net cash (used in) operating activities</b>	<b>(2,128)</b>	<b>(7,257)</b>

## 12. TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Impairment of trade and other receivables is continually reviewed and those that are considered uncollectable are written off by reducing the carrying amount directly.

Security deposits are non-derivative financial assets with various fixed or determinable payments and maturities. They are included in current assets, except for those with maturities greater than 12 months which are then classified as non-current assets.

The Group's trade and other receivables are as follows:

	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Trade receivables	12	246
Other receivables – security deposits	30	51
	<b>42</b>	<b>297</b>

## 13. EXPLORATION AND EVALUATION ASSETS

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

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation, or alternatively, by its sale; or
  - exploration and evaluation activities have not at the balance date reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss, if any.

The Group's exploration and evaluation assets are as follows:

	2022 \$'000	2021 \$'000
<b>Non-current assets</b>		
Exploration and evaluation assets – at cost	6,648	10,137
Expenditure incurred	192	788
Sale of assets - Eneabba and McCalls Projects	(6,840)	-
Derecognition of assets – deconsolidation of subsidiary (Note 7)	-	(3,876)
Impairment of exploration expenditure <sup>1</sup>	-	(401)
	<b>-</b>	<b>6,648</b>

Note 1: The exploration and evaluation expenditure were not considered to have further commercial value at reporting date.

During the year, Sheffield entered into definitive binding agreements with Image Resources NL (Image) (ASX: IMA) for the sale of its 100% owned Eneabba and McCalls Projects for total consideration of \$36m. Sheffield recognised a gain on sale of the assets totalling \$29.2m for the year (2021: nil).

The sale proceeds received from divestment of the assets will be applied towards Sheffield's \$10m obligation to Kimberley Mineral Sands Pty Ltd payable within 60 days following a Final Investment Decision for the Thunderbird project, plus any additional shared joint venture equity contribution, as well as corporate purposes. Please refer to Note 23 for additional information.

#### 14. TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30 to 60-day payment terms.

The Group's trade and other payables are as follows:

	2022 \$'000	2021 \$'000
<b>Current liabilities</b>		
Trade payables	62	17
Other payables	50	318
	<b>112</b>	<b>335</b>

## 15. PROVISIONS

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

Liabilities accruing to employees expected to be settled within 12 months of the balance date are recognised as current liabilities in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

The Group's provisions are as follows:

	2022	2021
	\$'000	\$'000
<b>Current liabilities</b>		
Provision for employee benefits	62	55
	<b>62</b>	<b>55</b>

## 16. ISSUED CAPITAL

Ordinary shares are classified as equity. Costs attributable to the issue of new shares or options are shown in equity as a deduction, net of tax. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Reconciliation of movements in issued capital is as follows:

	2022		2021	
	Number	\$'000	Number	\$'000
<b>Equity</b>				
Opening balance at the beginning of the year	346,054,761	133,091	311,795,340	120,559
Issued of fully paid ordinary shares <sup>1</sup>	-	-	34,259,421	12,882
Issued of fully paid ordinary shares <sup>2</sup>	532,794	-	-	-
Share issue costs	-	-	-	(350)
	<b>346,587,555</b>	<b>133,091</b>	<b>346,054,761</b>	<b>133,091</b>

Note 1: On 12 August 2020, Sheffield issued 34,259,421 fully paid ordinary shares for \$0.376 per share for consideration to YGH Australia Investment Pty Ltd.

Note 2: Mr Bruce McFadzean stepped down from the Managing Director role on 1 July 2021 and subsequently retired from his position as Non-Executive Director on 6 September 2021. In addition to cash benefits made in favour of Mr McFadzean, the Board determined that Mr McFadzean could retain a portion of awards totalling 532,794 performance rights and the balance of 703,627 performance rights were forfeited. The adjustments were recognised at 30 June 2021. The 532,794 performance rights vested in favour of Mr McFadzean on 1 July 2021.

## 17. RESERVES

The Company provides benefits to employees (including Directors) in the form of share-based payments whereby employees render services in exchange for shares or rights over shares (share-based payments). The cost of these share-based payments with employees is measured by reference to the fair value at the date they are granted. The value is determined using an appropriate valuation model. In valuing share-based payments, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sheffield (market conditions) if applicable.

The cumulative expense is recognised for share-based payments at each reporting date until vesting date and reflects the extent to which the vesting period has expired and the number of awards, that will ultimately vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of a share-based payment are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

Where a share-based payment is cancelled (other than cancellation when a vesting condition has not been satisfied), it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is submitted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Reconciliation of movements in reserves is as follows:

	2022	2021
	\$'000	\$'000
<b>Equity</b>		
Opening balance at the beginning of the year	12,150	11,123
Share-based payments expenses	1,160	1,027
	<b>13,310</b>	<b>12,150</b>

#### Employee share option plan

Employees of the Group (including Directors) may be issued with options over ordinary shares of Sheffield. Options are issued for nil consideration and are subject to performance criteria established by the Directors of Sheffield. The objective of the grant of options to employees is to assist in the recruitment, retention, reward and motivation of the employees of the Group.

Options granted may be exercised at any time from the date of vesting to the date of expiry. The exercise price for employee options granted under the Employee Share Option Plan will be fixed by the Directors prior to the grant of the option. Each employee share option converts to one fully paid ordinary share of Sheffield. The options do not provide any dividend or voting rights and are not quoted on the Australian Securities Exchange.

The following options were in place at the end of the year:

Expiry date	Grant date	Exercise price	Number under options
30 November 2023	19 November 2019	\$0.65	960,000
30 November 2025	25 November 2021	\$0.65	480,000 <sup>1</sup>
30 October 2026	25 November 2021	\$0.33	700,000 <sup>1</sup>
			<b>2,140,000</b>

Note 1: Options issued during the year as part of remuneration to key management personnel, as approved by the 2021 Annual General Meeting of Shareholders. Detailed disclosures regarding vesting conditions of the options are also set out in the Remuneration Report, which forms part of the Directors' Report.

The table lists the inputs to the model for the options issued during the year:

Number	480,000	700,000
Expiry date	30 November 2025	30 October 2026
Grant date	25 November 2021	25 November 2021
Vesting date	25 November 2021	30 November 2024
Exercise price	\$0.65	\$0.33
Dividend yield	0%	0%
Expected volatility	80%	80%
Risk-free interest rate	1.03%	1.03%
Expected life of options	3.42 years	4.34 years
Grant date share price	\$0.33	\$0.33
Fair value at grant date	\$0.10	\$0.18

The expected life of an option is based on historical data and is not necessarily indicative of exercise payments that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The weighted average contractual remaining life of the share options outstanding as at 30 June 2022 is 2.82 years (2021: 2.42 years).

### Movement in options

	2022		2021	
	Number under options	Weighted average exercise price	Number under options	Weighted average exercise price
<b>Movement in options</b>				
Outstanding at the beginning of the year	960,000	\$0.65	4,517,037	\$0.57
Granted during the year	1,180,000	\$0.46	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	(3,557,037)	\$0.50
<b>Outstanding at the end of the year</b>	<b>2,140,000</b>	<b>\$0.55</b>	<b>960,000</b>	<b>\$0.65</b>
<b>Exercisable at the end of the year</b>	<b>1,440,000</b>	<b>\$0.55</b>	<b>960,000</b>	<b>\$0.65</b>

### Employee incentive plan

The Employee Incentive Plan was established to enable employees of the Group to be issued with performance rights entitling each participant to a fully paid ordinary share. The performance rights issued for nil consideration are issued in accordance with the terms and conditions approved at a General Meeting by shareholders and in accordance with performance criteria established by the Directors. The objective of the Employee Incentive Plan is to assist in the recruitment, reward, retention and motivation of employees of the Group.

Employees do not possess any rights to participate in the Employee Incentive Plan as participation is solely determined by the Directors. Performance rights convert to one fully paid ordinary share in Sheffield at an exercise price of nil upon meeting certain non-market-based performance conditions. The performance rights do not provide any dividend or voting rights and are not quoted on the Australian Securities Exchange. If an employee ceases to be employed by the Group within the period, the unvested performance rights will be forfeited.

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

Expiry date	Grant date	Exercise price	Number under rights
26 October 2025	6 November 2018	Nil	158,940
1 December 2025	22 December 2018	Nil	1,298,367
30 October 2026	25 November 2021	Nil	451,516 <sup>1</sup>
30 October 2026	25 November 2021	Nil	3,318,182 <sup>1</sup>
			<b>5,227,005</b>

Note 1: Performance rights issued during the year as part of remuneration to key management personnel, as approved by the 2021 Annual General Meeting of Shareholders. Detailed disclosures regarding vesting conditions of the Performance Rights are also set out in the Remuneration Report, which forms part of the Directors' Report.

The table lists the inputs to the model for rights issued during the year:

Number	451,516	3,318,182
Expiry date	30 October 2026	30 October 2026
Grant date	25 November 2021	25 November 2021
Vesting date	30 November 2022	30 November 2024
Exercise price	Nil	Nil
Dividend yield	0%	0%
Expected volatility	80%	80%
Risk-free interest rate	1.03%	1.03%
Expected life of options	4.34 years	4.34 years
Grant date share price	\$0.33	\$0.33
Fair value at grant date	\$0.33	\$0.33

The fair value of the performance rights is measured at grant date was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received on the performance rights during the vesting period. The weighted average remaining contractual life of the performance rights as at 30 June 2022 is 4.08 years (2021: 1.95 years).

#### Movement in performance rights

	2022		2021	
	Number under rights	Weighted average grant price	Number under rights	Weighted average grant price
<b>Movement in performance rights</b>				
Outstanding at the beginning of the year	7,916,861	\$0.53	11,191,318	\$0.60
Granted during the year	3,769,698	\$0.33	-	-
Vested during the year <sup>1</sup>	(532,794)	\$0.78	-	-
Lapsed during the year	(4,751,235)	\$0.36	(2,570,830)	\$0.78
Forfeited/Cancelled during the year	(1,175,525)	\$0.79	(703,627)	\$0.77
<b>Outstanding at the end of the year</b>	<b>5,227,005</b>	<b>\$0.45</b>	<b>7,916,861</b>	<b>\$0.53</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note 1: Mr Bruce McFadzean exercised the performance rights previously granted to him under the employee plan as Managing Director of the Group. Mr McFadzean stepped down from the Managing Director role on 1 July 2021 and subsequently retired from his position as Non-Executive Director on 6 September 2021.

#### 18. RETAINED EARNINGS / (ACCUMULATED LOSSES)

Reconciliation of movements in retained earnings / (accumulated losses) is as follows:

	2021	2020
	\$'000	\$'000
<b>Equity</b>		
Accumulated losses at the beginning of the year	(16,854)	(44,862)
Profit after income tax	26,079	28,008
	<b>9,225</b>	<b>(16,854)</b>

## 19. EARNINGS PER SHARE

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

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

The conversion of options and performance rights to shares for purposes of dilutive calculation is not required when the Group is in a loss position because the conversion would cause the loss position to decrease.

	2022 Cents per share	2021 Cents per share
<b>From continuing operations</b>		
Basic earnings per share	7.53	8.19
Diluted earnings per share	7.44	8.04

	2022 \$'000	2021 \$'000
<b>Earnings used in calculating earnings per share – continuing operations</b>		
Profit after income tax attributable to owners	26,079	28,008

	2022 Number ('000)	2021 Number ('000)
<b>Weighted average number of shares used as denominator</b>		
<b>Weighted average number of ordinary shares for basic earnings per share</b>	346,534	342,019
Effects of dilution from:		
- Options	105	-
- Performance rights	3,699	6,511
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	350,338	348,530

## 20. RELATED PARTIES

### Loans to subsidiaries

Loans made by Sheffield to its controlled entities are made to meet required expenditure. The loans are payable on demand and are not interest bearing.

### Transactions with other related parties

Farview Solutions Limited (Farview) provides consultancy services to the Group. Mr Griffin is a director and controlling shareholder of Farview and also serves as Executive Chair of Sheffield. The total amount paid to Farview during the year was \$300,000 (2021: \$258,065). The payment was disclosed in Remuneration Report section, which forms part of the Directors' Report.

Ozscot Trust (Ozscot) provides general consultancy services and workshop participation to the Group. Mr Cowe is a director of Ozscot and also serves as Non-Executive Director of Sheffield. The total amount paid to Ozscot during the year was \$43,000 plus GST (2021: \$6,000 plus GST). The payment was disclosed in Remuneration Report section, which forms part of the Directors' Report.

## 21. KEY MANAGEMENT PERSONNEL

The key management personnel of the Group are as follows:

Name	Position
<b>Non-Executive Directors</b>	
John Richards	Lead Independent Director
Ian Macliver	Non-Executive Director
Gordon Cowe	Non-Executive Director
Vanessa Kickett	Non-Executive Director (appointed 1 January 2022)
Bruce McFadzean	Non-Executive Director (retired 6 September 2021)
<b>Senior Executives</b>	
Bruce Griffin	Executive Chair
Mark Di Silvio	Chief Financial Officer and Company Secretary

The aggregate compensation made to the key management personnel of the Group is as follows:

	2022	2021
	\$	\$
Short-term employee benefits	1,073,921	1,923,252
Post-employment benefits	58,956	89,923
Share-based payments expenses	687,174	1,120,735
Termination benefits	-	238,308
	<b>1,820,051</b>	<b>3,372,218</b>

### Other Key Management Personnel Transactions with The Company

There were no other key management personnel transactions with the Company other than the fees paid to Farview Solutions Limited and Ozscot Trust as detailed in Note 20.

### Loans to Key Management Personnel

No loans were granted to key management personnel during the year.

## 22. COMMITMENTS

### Kimberley Mineral Sands Pty Ltd Joint Venture

YGH Australia Investment Pty Ltd (Yansteel) entered into a 50:50 joint venture with Sheffield to own and develop the Thunderbird project in 2021. The ownership of the high-grade mineral sands Thunderbird project was previously held by Sheffield through its 100% owned subsidiary Kimberley Mineral Sands Pty Ltd (KMS) prior to the formation of the joint venture. The project is located in north-west Western Australia. As per the terms of the agreement, Yansteel subscribed for a 50% interest in KMS and provided \$130.1 million in project equity funding. KMS became jointly owned by Sheffield and Yansteel as at 12 March 2021 following completion of the joint venture transaction. Since that date, Sheffield's interest in KMS is accounted for using the equity method in the consolidated financial statements. Please refer to Notes 7 and 8 for additional information.

KMS reported exploration commitments of \$1.53m for 2022 (2021: \$1.49m). KMS also has the following capital commitments relating to Thunderbird Operations Pty Ltd:

- \$0.4m annual support payment; and
- \$1.5m payable on a positive final investment decision for the Thunderbird project.

KMS has contingent liabilities as at 30 June 2022 of \$2.4m (2021: nil). These liabilities relate to establishment fee payable within 30 days of financial close of financing for the Thunderbird project.

### 23. CONTINGENT LIABILITIES

In accordance with the terms of agreement with regards to the Kimberley Mineral Sands Pty Ltd (KMS), Sheffield also recognised a contingent liability to fund any excess equity shortfall up to a maximum of \$10m. The payment is contingent upon KMS reaching a final investment decision with regards to the Thunderbird project. No such decision was made at 30 June 2022.

The Group has no other contingent liabilities as at 30 June 2022 (2021: nil).

### 24. EVENTS SUBSEQUENT TO REPORTING PERIOD

On 28 July 2022, Deputy Premier of Western Australia, Hon. Roger Cook MLA, ratified the \$160m Northern Australian Infrastructure Facility (NAIF) loan facility and that the loan facility documentation was executed by Kimberley Mineral Sands Pty Ltd (KMS) and the Government of Western Australia for the development of the Thunderbird project.

On 8 August 2022, KMS and Orion Resource Partners (Aus) Pty Ltd (Orion) executed a non-binding term sheet for a total financing of US\$110m production linked loan facility for the Thunderbird Project. Completion of the Orion loan facility remains conditional upon completion of due diligence, the parties entering into binding legal documentation (including intercreditor arrangements) and satisfaction of conditions precedent.

On 23 August 2022, KMS executed a long-term port access agreement with the Shire of Derby / West Kimberley, supporting the future export of product from the Thunderbird project. The agreement spans a minimum period through to mid-2040 and provide KMS a long-term access to port infrastructure and a bulk handling facility at the Port of Derby. The agreement is subject to customary conditions precedent, including regulatory approvals and KMS providing relevant notice toward the development of the Thunderbird project.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

### 25. REMUNERATION OF AUDITORS

The auditor of Sheffield is HLB Mann Judd.

	2022	2021
	\$	\$
<b>HLB Mann Judd</b>		
Amounts received or receivable for audit or review of the financial report	39,731	49,425

**26. PARENT ENTITY**

	Parent entity 2022 \$'000	Parent entity 2021 \$'000
<b>Assets</b>		
Current assets	40,265	6,816
Non-current assets	115,535	123,049
<b>Total assets</b>	<b>155,800</b>	<b>129,865</b>
<b>Liabilities</b>		
Current liabilities	174	390
Non-current liabilities	-	1,088
<b>Total liabilities</b>	<b>174</b>	<b>1,478</b>
<b>Net assets</b>	<b>155,626</b>	<b>128,387</b>
<b>Equity</b>		
Issued capital	133,091	133,091
Reserves	13,310	12,150
Retained earnings / (Accumulated losses)	9,225	(16,854)
<b>Total equity</b>	<b>155,626</b>	<b>128,387</b>
<b>Financial performance</b>		
Profit after income tax	26,079	28,008
Other comprehensive income / (loss)	-	-
<b>Total comprehensive income, net of tax</b>	<b>26,079</b>	<b>28,008</b>

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## **DIRECTORS' DECLARATION**

1. In the opinion of the Directors of the Company:
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2022.

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



**Bruce Griffin**

Executive Chair

Perth, Western Australia

14 September 2022

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Sheffield Resources Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of Sheffield Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

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

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

#### *Key Audit Matters*

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Accounting for the Group’s interest in the Kimberley Mineral Sands Pty Ltd Joint Venture</b> Note 8 in the financial statements</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewed management’s accounting treatment of the joint arrangement;</li> <li>• Examined the recognition of the share of joint venture loss in comparison to the joint venture’s audited financial statements and ensured it has been correctly recorded and disclosed; and</li> <li>• Examined the disclosures made in the financial report.</li> </ul>

*Information Other than the Financial Report and Auditor’s Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon.

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

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

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

*Responsibilities of the Directors for the Financial Report*

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

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

*Auditor’s Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sheffield Resources Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

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



**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
**14 September 2022**



**N G Neill**  
Partner

## ASX ADDITIONAL INFORMATION

The Company was admitted to the official list of ASX on 15 December 2010. The shareholder information set out below was applicable as at 31 August 2022.

### DISTRIBUTION OF EQUITY SECURITIES

Spread of Holdings	Total holders	Number held
1 - 1,000	250	93,529
1,001 - 5,000	612	1,770,377
5,001 - 10,000	358	2,848,117
10,001 - 100,000	1,032	38,117,084
100,001 and over	358	303,758,448
	<b>2,610</b>	<b>346,587,555</b>

Unmarketable parcels amount to 119,462 shares held by 274 shareholders.

### SUBSTANTIAL SHAREHOLDERS

Ordinary shareholders - fully paid ordinary shares	Number held	Percentage %
YGH AUSTRALIA INVESTMENT PTY LTD	34,259,421	9.9%
MR & MRS WALTER MG YOVICH	31,319,960	9.0%
BLACKROCK INVESTMENT MANAGEMENT (UK)	22,037,539	6.4%
	<b>87,616,920</b>	<b>25.3%</b>

### UNLISTED OPTIONS

Expiry date	Grant date	Exercise price	Number under options
30 November 2023	19 November 2019	\$0.65	960,000
30 November 2025	25 November 2021	\$0.65	480,000
30 October 2026	25 November 2021	\$0.33	700,000
			<b>2,140,000</b>

### UNLISTED PERFORMANCE RIGHTS

Date of expiry	Grant date	Exercise price	Number under rights
26 October 2025	6 November 2018	Nil	158,940
1 December 2025	22 December 2018	Nil	1,298,367
30 October 2026	25 November 2021	Nil	135,455
30 October 2026	25 November 2021	Nil	3,318,182
			<b>4,910,944</b>

### STATEMENT OF QUOTATION AND RESTRICTIONS

- Listed on the ASX are 346,587,555 fully paid shares. All fully paid shares are free of escrow conditions.
- All 2,140,000 options are not quoted on the ASX. All options are free of escrow conditions.
- All 4,910,944 rights are not quoted on the ASX. All rights are free of escrow conditions.

### VOTING RIGHTS

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

## TWENTY LARGEST SHAREHOLDERS

Details of the twenty largest shareholders by registered shareholding are as follows:

Ordinary shareholders – fully paid ordinary shares	Number held	Percentage %
YGH AUSTRALIA INVESTMENT PTY LTD	34,259,421	9.9%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,540,885	7.9%
CITICORP NOMINEES PTY LIMITED	17,534,539	5.1%
MR WALTER MICK GEORGE YOVICH & MRS JEANETTE JULIA YOVICH	17,375,524	5.0%
MR WALTER MICK GEORGE YOVICH	13,944,436	4.0%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	10,226,444	3.0%
UBS NOMINEES PTY LTD	8,193,129	2.4%
MR BRUCE MORRISON MCQUITTY	8,109,289	2.3%
MR WILLIAM BURBURY	7,548,500	2.2%
SATORI INTERNATIONAL PTY LTD	7,124,667	2.1%
BNP PARIBAS NOMS PTY LTD	6,982,623	2.0%
ARCHER ENTERPRISES (WA) PTY LTD	5,401,634	1.6%
TUCARNDI PTY LTD	4,000,000	1.2%
SEVEN FOUR SEVEN PTY LTD	3,071,500	0.9%
KIMBERLEY SUSTAINABLE DEVELOPMENT PTY LTD	2,836,120	0.8%
MR DAVID LINDSAY ARCHER & MRS SIMONE ELIZABETH ARCHER	2,503,945	0.7%
CRESCENT NOMINEES LIMITED	2,237,085	0.6%
SHARNEM PTY LTD	2,210,000	0.6%
BNP PARIBAS NOMINEES PTY LTD	2,147,680	0.6%
NASUTI PTY LTD	2,000,000	0.6%
	<b>185,247,421</b>	<b>53.4%</b>

## TENEMENT SCHEDULE

### Sheffield Resources Limited

Project	Tenement	Holder	Interest	Location	Status
Mineral Sands	E70/3762 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3813 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3814 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3859 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	E70/3929 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3967 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4190 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4292 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4584 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4719 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4747 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4922 <sup>1</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/872 <sup>1&amp;2</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/965 <sup>1&amp;2</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/1153 <sup>1&amp;2</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	R70/352 <sup>1&amp;2</sup>	Sheffield Resources Ltd	100%	Perth Basin	Granted

Note 1: Sale and purchase agreements were executed with Image Resources NL (Image) (ASX: IMA) and its registered subsidiary entities during 2022. All tenements are beneficially held on behalf of Image and are subject to customary registration and transfer by the WA Government.

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

### Kimberley Mineral Sands Pty Ltd Joint Venture (Sheffield interest – 50%)<sup>3</sup>

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

Note 3: Thunderbird Operations Pty Ltd is a wholly owned subsidiary of Kimberley Mineral Sands Pty Ltd (refer to ASX announcement 12 March 2021). Kimberley Mineral Sands Pty Ltd is a 50:50 incorporated joint venture between Sheffield Resources Limited and YGH Australia Investment Ltd (Yansteel).



info@sheffieldresources.com.au | T +61 8 6555 8777 F +61 8 6555 8787  
Level 2, 41-47 Colin Street, West Perth WA 6005 | PO Box 205, West Perth WA 6872  
sheffieldresources.com.au

Sheffield Resources Limited ACN 125 811 083