



SheffieldResources
LIMITED



Annual Report

2016

| | |
|--|----|
| Corporate Directory | 3 |
| Chairman's Letter | 4 |
| Review of Operations | 5 |
| Ore Reserves & Mineral Resources | 15 |
| Directors' Report | 19 |
| Auditor's Independence Declaration | 30 |
| Consolidated Statement of Comprehensive Income | 31 |
| Consolidated Statement of Financial Position | 32 |
| Consolidated Statement of Changes in Equity | 33 |
| Consolidated Statement of Cash Flows | 34 |
| Notes to the Financial Statements | 35 |
| Directors' Declaration | 54 |
| Independent Auditor's Report | 55 |
| ASX Additional Information | 57 |

Directors

Mr Will Burbury, Non-Executive Chairman
Mr Bruce McFadzean, Managing Director
Mr Bruce McQuitty, Non-Executive Director
Mr David Archer, Technical 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
E: info@sheffieldresources.com.au

Principal Place of Business

Level 2, 41 - 47 Colin Street
West Perth WA 6005
+61 8 6555 8777

Share Register

Link Market Services
178 St Georges Terrace
Perth WA 6000
+61 8 9211 6670

Solicitors

Gilbert + Tobin
1202 Hay Street
West Perth WA 6005

Bankers

Australia and New Zealand Banking Corporation

Auditors

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

Securities Exchange

Australian Securities Exchange (ASX: **SFX**)

Website

www.sheffieldresources.com.au

Australian Business Number (ABN)

29 125 811 083

Dear Shareholder,

The 2016 financial year has seen a period of significant development and growth for your Company. We continue to experience soft market conditions, however it has been pleasing to see indications of a positive shift in the minerals sands market, particularly in the ilmenite sector during mid-2016.

Our primary focus during the year was the completion of the Pre-Feasibility Study (PFS) followed by the commencement of the Bankable Feasibility Study (BFS) on our flagship Thunderbird mineral sands project. The results of PFS in 2015 confirmed Thunderbird as a world class, high margin project with a mine life of 40 years. In early 2016, Tier 1 engineering group Hatch Pty Ltd was appointed to deliver the BFS for the Company. The BFS scope captures the benefit of higher head-grade in Thunderbird's early years, to further refine the two-stage production strategy as described in the PFS and to target reductions in project risk, capital and operating expenditure. It has been pleasing to see positive early results from the BFS activity including the optimisation of low temperature roast (LTR) conditions to produce a high grade 57.9% TiO₂ LTR ilmenite from the BFS bulk sample, with outstanding improvements in the FeO:Fe₂O₃ ratio to >1.0.

Our exploration activities continue to deliver highly encouraging results. The Night Train discovery is an exciting prospect for the Company, and lies within 20km of Thunderbird. We undertook initial scoping metallurgical test work results on the Night Train deposit, which returned indications of a very high zircon mineral assemblage. We have further work planned at the Night Train deposit to pursue what is potentially shaping up to be an important area of interest for the Company.

During 2016, we announced a Maiden Ore Reserve for our Thunderbird mineral sands project totalling 683Mt @ 11.3% HM, underpinned by exceptionally high in-situ zircon grades. More recently, further confirmation of Thunderbird as a globally significant zircon deposit followed the announcement of a high grade Mineral Resource Update to 1.05Bt @ 12.2% heavy mineral ("HM") with an overall Resource totalling 3.230Bt @ 6.9% HM.

Following the end of the financial year, we undertook a strategic equity raising to both complete the Thunderbird feasibility study and continue with exploration activities, placing the Company in a solid position as we head toward 2017. The \$17.1m raised introduced a number of new institutional shareholders to Sheffield and we were highly encouraged by the support from existing shareholders during this process.

The past year has also seen an important transition to our management team. In late 2015, we welcomed our new managing director, Mr Bruce McFadzean to the Sheffield team. Mr McFadzean is a highly experienced mining executive and has led the financing, development and operation of several new mines around the world throughout his career. The Company's management team has strengthened during the year with the appointments of Mr Jim Netterfield (BFS Study Manager), Mr Mark Di Silvio (Chief Financial Officer and Company Secretary) and Mr Neil Patten-Williams (Marketing Manager). I'd like to personally acknowledge the significant accomplishments of our outgoing managing director Mr Bruce McQuitty, who has performed remarkably to position your Company toward development of Thunderbird. Mr McQuitty's knowledge and experience will be invaluable going forward as he continues with us on the Board in a non-executive director capacity.

I would like to thank my fellow Directors, management and our small team of dedicated employees, our consultants and stakeholders for their valuable contributions as we set about growing a world class resources company.

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

Thank you for your continued support and we look forward to an exciting year ahead as we progress Thunderbird through the BFS.

Yours sincerely



Mr Will Burbury
Non-Executive Chairman

OVERVIEW

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

The Thunderbird deposit is one of the largest and highest grade mineral sands discoveries in the last 30 years. During the period, the Company announced the results of a Pre-Feasibility Study (“PFS”) on Thunderbird and has commenced work on a Bankable Feasibility Study (“BFS”).

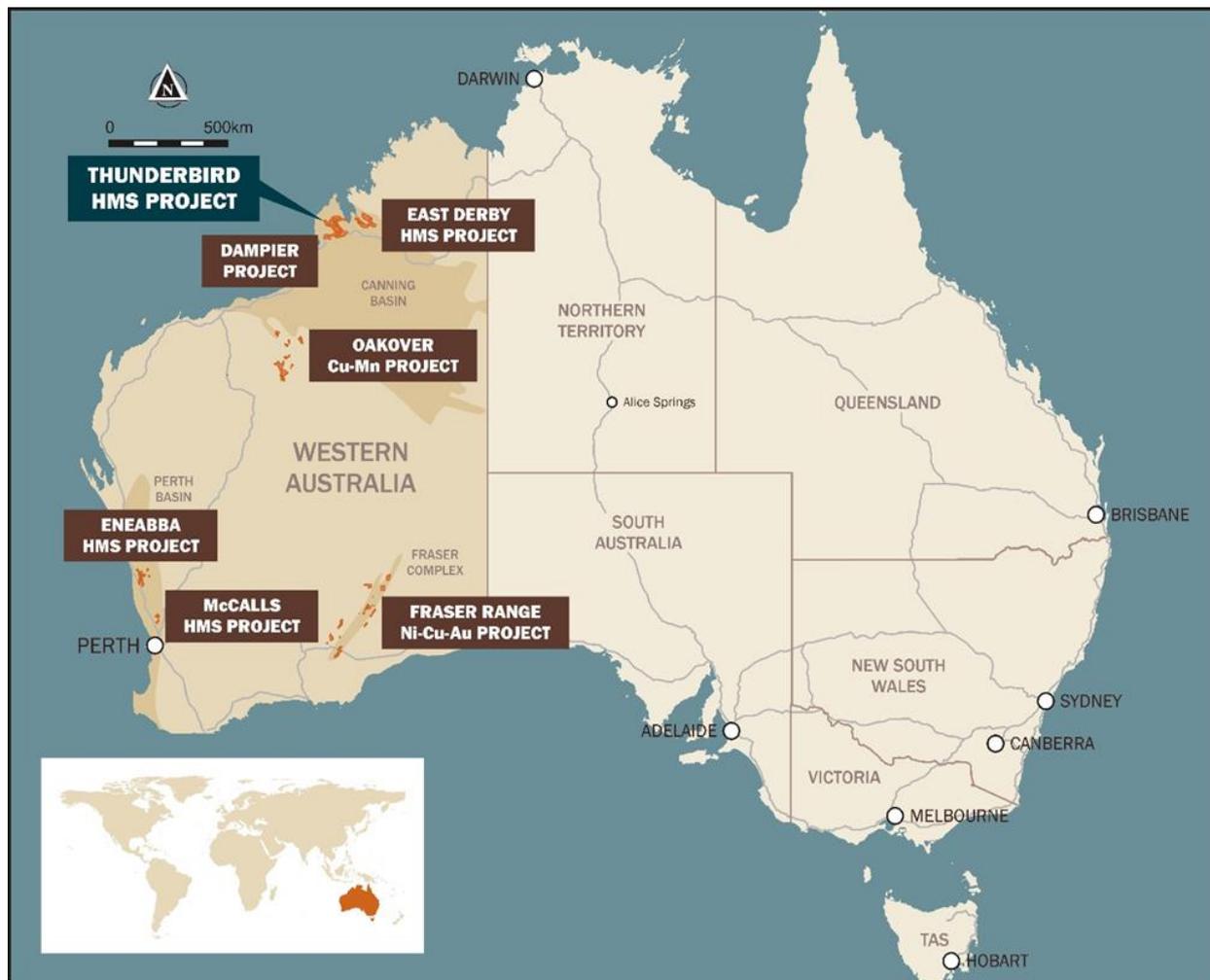


Figure 1: Location of Sheffield Resources Projects in Western Australia

Sheffield maintains focus on the Thunderbird project as the key driver for growth over the coming years. The Company is scheduled to conclude the BFS by the end of 2016 whilst continuing with Native Title negotiations, other permitting activities, offtake opportunities and community engagement in preparation for first shipment of products in 2019.

Sheffield continues to explore the Dampier Project for new mineral sands discoveries with further drilling planned in 2016 for the exciting Night Train deposit 20 km south-east of Thunderbird along with other targets identified in the 2015 field season. With further exploration success, the Dampier Project could become a significant new global mineral sands province.



To a lesser extent, Sheffield will continue exploring the Fraser Range project for nickel sulphide deposits and the Eneabba and McCalls projects north of Perth, Western Australia for mineral sands deposits. As an exploration company, Sheffield continues to assess other regional exploration opportunities.

KEY HIGHLIGHTS FOR THE FINANCIAL YEAR

- Confirmation of Thunderbird as a globally significant zircon deposit following the high grade Mineral Resource Update to 1.05Bt @ 12.2% heavy mineral (“HM”) with an overall Resource totalling 3.230Bt @ 6.9% HM;
- Delivery of the Maiden Ore Reserve for Thunderbird totalling 683Mt @ 11.3% HM, underpinned by exceptionally high in-situ zircon grades;
- Delivery of the Pre-Feasibility Study on 14 October 2015, confirming the Thunderbird project as a low risk, high margin, long life mining project;
- Completion of a \$5.2m equity raise in late 2015 to facilitate execution of the Thunderbird BFS and a further \$17.1m equity raise completed on 31 August 2016, placing the Company in a solid position for the 2017 financial year;
- Appointment of key executives including highly credentialed Mr Bruce McFadzean as Managing Director, Mr Jim Netterfield as Project Manager to lead the delivery of the Bankable Feasibility Study for Thunderbird, Mr Mark Di Silvio as CFO/Company Secretary and Mr Neil Patten-Williams as Marketing Manager. Each of the appointments complements Sheffield’s progression toward the establishment of a long life, low risk operation at Thunderbird;
- Appointment of Tier 1 engineering group Hatch Pty Ltd to deliver the BFS for the Company’s Thunderbird Project. The scope of the BFS includes capturing the benefit of higher head-grades in the Project’s early years and by further refining its two-stage production strategy as described in the PFS, to target further reductions in project risk, capital and operating expenditure;
- Successful optimisation of roast conditions in bench-scale batch tests in Australia to improve reactivity, and produce a high grade 57.9% TiO₂ LTR ilmenite from the BFS bulk sample. This has raised the FeO:Fe₂O₃ ratio of the roasted ilmenite to >1.0;
- Highly encouraging initial scoping metallurgical test work results from the Night Train deposit indicating a very high zircon mineral assemblage, with further work planned.

THUNDERBIRD MINERAL SANDS PROJECT

Located in the Canning Basin in northern Western Australia, the Thunderbird Mineral Sands Project, wholly owned by ASX-listed Sheffield Resources Limited, is situated midway between the port towns of Derby and Broome. Thunderbird, by virtue of its location, size¹ and quality of product² has the potential to become a globally significant mineral sands operation. The significance of the Project is supported by the “Lead Agency” project status afforded to Thunderbird by the Department of Mines and Petroleum in Western Australia.

Zircon is the key value driver of the project making up 60% of forecast revenue, with the remainder generated from substantial amounts of high grade sulphate ilmenite and HiTi leucoxene. The high proportion of zircon in the product suite sets Thunderbird apart from many of the world’s operating and undeveloped mineral sands projects.

The PFS announced on 14 October 2015 contained the following developments and key initiatives:

- 12Mtpa initial throughput ramping to 18Mtpa designed to significantly lower pre-production capital expenditure;
- An updated Mineral Resource, including a large increase in the Measured Resource component;
- Detailed mine scheduling in early production years to incorporate high grade, shallow mineralisation;
- An upgraded LTR ilmenite product (see below); and
- Review of capital and operating expenditure.

¹ The PFS was based on the (previous) Thunderbird Mineral Resource announced on 31 July 2015 comprising 3.240Bt @ 6.9% HM (at 3% HM cut off), including a coherent high grade zone of 1.09Bt @ 11.9% HM (at 7.5% cut off) (Measured, Indicated and Inferred). The high grade component contains 9.9Mt of zircon, 3.0Mt of high-titanium leucoxene, 2.8Mt of leucoxene and 36Mt of ilmenite. The Maiden Ore Reserve announced to the ASX 22 January 2016 supports 40 year mine life operation outlined in the PFS.

² Leading global mineral sands consulting group TZMI has confirmed that Sheffield’s primary zircon and LTR ilmenite are high quality products that are likely to receive strong market support. Collectively these products represent 81% of the total projected revenue. Significant interest has been registered in these products by leading marketing specialists and industry groups.

The processing flow sheet now includes an ilmenite upgrade step using a low temperature roast (“LTR”) to upgrade the primary ilmenite to produce a high grade sulphate ilmenite. This is expected to be one of the highest grade sulphate ilmenites in the global market.

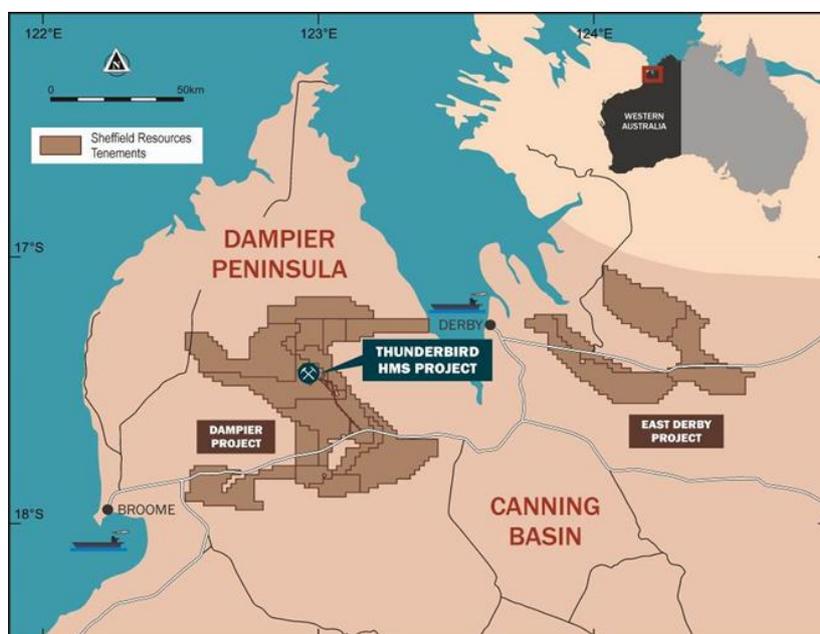


Figure 2: Location of Thunderbird HMS project

Thunderbird Bankable Feasibility Study (“BFS”)

The Thunderbird BFS activity is focused on confirmatory fieldwork and metallurgical test work, preliminary engineering, supply quotation and cost estimation.

The BFS is designed to deliver reliable estimates of quantities and prices of plant, equipment, buildings and civil structures. The key deliverables of the BFS are detailed estimates of capital and operating costs (generally defined as a Class 3 estimate, typically ± 10 to 15%), accompanied by related risk and opportunities associated with the project. Other deliverables include a preliminary project construction plan, legal, commercial and other factors.

Hatch remains on schedule for delivery of the BFS by the end of 2016.

IHC Robbins, responsible for providing confirmatory metallurgical test work for the BFS, have now completed work on the Feed Preparation Plant, Wet Concentration Plant, Concentrate Upgrade Plant, and Ilmenite Processing Plant circuits and have commenced work on the Mineral Separation Plant (HiTi and zircon circuits). The test work is being carried out on a 40-tonne bulk sample derived from large diameter (700mm) Bauer drill hole samples collected in 2015 (refer to ASX announcement 17 September 2015). Based on the utilisation of full-scale or scalable equipment, this test work aims to confirm the PFS flowsheet using a sample representative of the projected initial 6-7 years of feed. The metallurgical work completed to date shows significant improvements in metallurgical performance including increased heavy mineral concentrate (HMC) grades and increased stage recoveries, compared to those achieved in PFS test work (refer to ASX announcement 29 June 2016).

Hatch are using the metallurgical test work results to generate engineering process drawings and equipment specifications. The test work information received to date is consistent with, and has not resulted in any significant changes to, the proposed metallurgical flowsheet design as published in the October 2015 PFS.

Sheffield has recently optimised roast conditions during bench-scale batch tests in Australia to produce a high grade 57.9% TiO₂ LTR ilmenite from the BFS bulk sample, with outstanding improvements in the FeO:Fe₂O₃ ratio to >1.0 (refer to ASX announcement 29 June 2016). Following the end of the reporting period, under the management of Hatch and Sheffield, Hazen Laboratories in Colorado, USA has commenced final BFS pilot-scale LTR batch and continuous flow test work on a 1.5 tonne sample of ilmenite from the BFS metallurgical program. Test work at Hazen aims to replicate these improved product specification results on a continuous basis, and to provide LTR ilmenite for customer testing.

Hatch has also commenced engineering design on the LTR ilmenite process in conjunction with the pilot program.

In June 2016, three trenches were excavated through near surface ore and waste in the “up-dip” region of the Thunderbird deposit. The trenches of up to nine metres depth were designed to evaluate the near-surface portion of the deposit proposed for mining during the first six years and to obtain further ore samples for materials handling studies and process test work. The trenches, which were excavated with a D10 dozer, have confirmed dozer-trap mining as the preferred mining method at Thunderbird.

The exposed orebody comprised highly weathered sandstone, compacted sands and minor discontinuous iron cemented bands. The material encountered is classified as medium digging to easy ripping and the observed productivity indicates that targeted BFS production rates will be readily achieved with D11 sized dozers. Excavation of a pit to evaluate potential dozer-trap mining production rates through the entire orebody thickness is planned following the grant of the Mining Lease.

Thunderbird Mineral Resource Update

Subsequent to the end of the financial year, the Company announced an updated Mineral Resource of 3.23 billion tonnes @ 6.9% HM at a 3% HM cut-off (Measured, Indicated and Inferred) (Table 1).

The new Mineral Resource, which was updated to include 110 infill holes drilled in the “up-dip” region of the deposit (see ASX announcement dated 10 December 2015), includes a coherent high grade zone of 1.05Bt @ 12.2% HM at a 7.5% HM cut-off (Measured, Indicated and Inferred). This high grade zone contains 9.7Mt of zircon, 3.0Mt of high-titanium leucoxene and 35Mt of ilmenite.

Table 1: Thunderbird Deposit Mineral Resource³ Summary

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

Significantly, the Measured category of the Thunderbird Mineral Resource was doubled to 220Mt @ 14.5% HM (at a 7.5% HM cut-off) with minimal change in the high in-situ zircon and ilmenite grades of 1.07% and 3.9% respectively (Table 1, Figure 3 and Figure 4). The Measured component of the Mineral Resource alone places Thunderbird in the top tier of mineral sands deposits globally, including those currently in production. Refer to Sheffield’s ASX announcement of 5 July 2016 for further information.

Thunderbird Maiden Ore Reserve

In January 2016, the Company announced its maiden Ore Reserve for the Thunderbird Project (refer ASX release dated 22 January, 2016). The maiden Ore Reserve supports the 40 year mine life as detailed in the PFS and further highlights the world class significance of the Thunderbird project for the local Kimberley communities and Western Australia at large.

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

⁴ The in-situ grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage at the resource block model scale.

⁵ Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal.

The Ore Reserve estimate was prepared by Entech Pty Ltd, an experienced mining engineering consultancy with appropriate mineral sands experience. The Ore Reserve estimate is based on the July 2015 mineral resource estimate generated for the Company by QG Pty Ltd (see ASX release dated 31 July 2015). Measured and Indicated Mineral resources were converted to Proved and Probable Ore Reserves, subject to mine designs, modifying factors and economic evaluation (refer to ASX release dated 22 January 2016 for further details). All Mineral Resources for Thunderbird referred to in this report are inclusive of the Thunderbird Ore Reserves.

Table 2: Thunderbird Ore Reserve

| Ore Reserve | | | | Valuable HM Grade (In-Situ) | | | | | |
|-------------|------------------|---------------|-------------|-----------------------------|---------------|---------------|--------------|--------------|-------------|
| DEPOSIT | Reserve Category | Material (Mt) | HM (%) | Zircon (%) | HiTi Leuc (%) | Leucoxene (%) | Ilmenite (%) | Oversize (%) | Slimes (%) |
| Thunderbird | Proved | 115.1 | 13.7 | 1.01 | 0.29 | 0.28 | 3.67 | 12.7 | 17.3 |
| | Probable | 567.6 | 10.9 | 0.85 | 0.27 | 0.29 | 3.03 | 10.2 | 16.1 |
| | Total | 682.7 | 11.3 | 0.88 | 0.27 | 0.29 | 3.14 | 10.6 | 16.3 |

Calculations have been rounded to the nearest 100,000 tonne, 0.1% grade. Differences may occur due to rounding. The in-situ grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage. Ore Reserve is reported by economic cut-off with appropriate consideration of modifying factors, costs, mineral assemblage, process recoveries and product pricing.

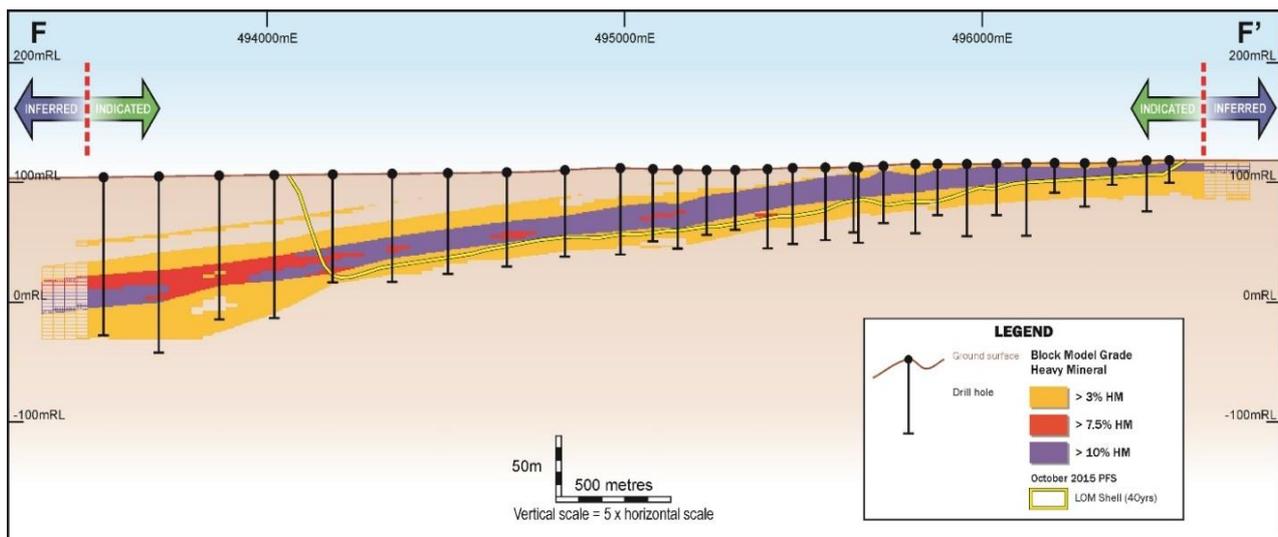


Figure 3: Cross-section F-F' through the Thunderbird resource block model showing the current Resource HM grade and October 2015 PFS pit shell outline

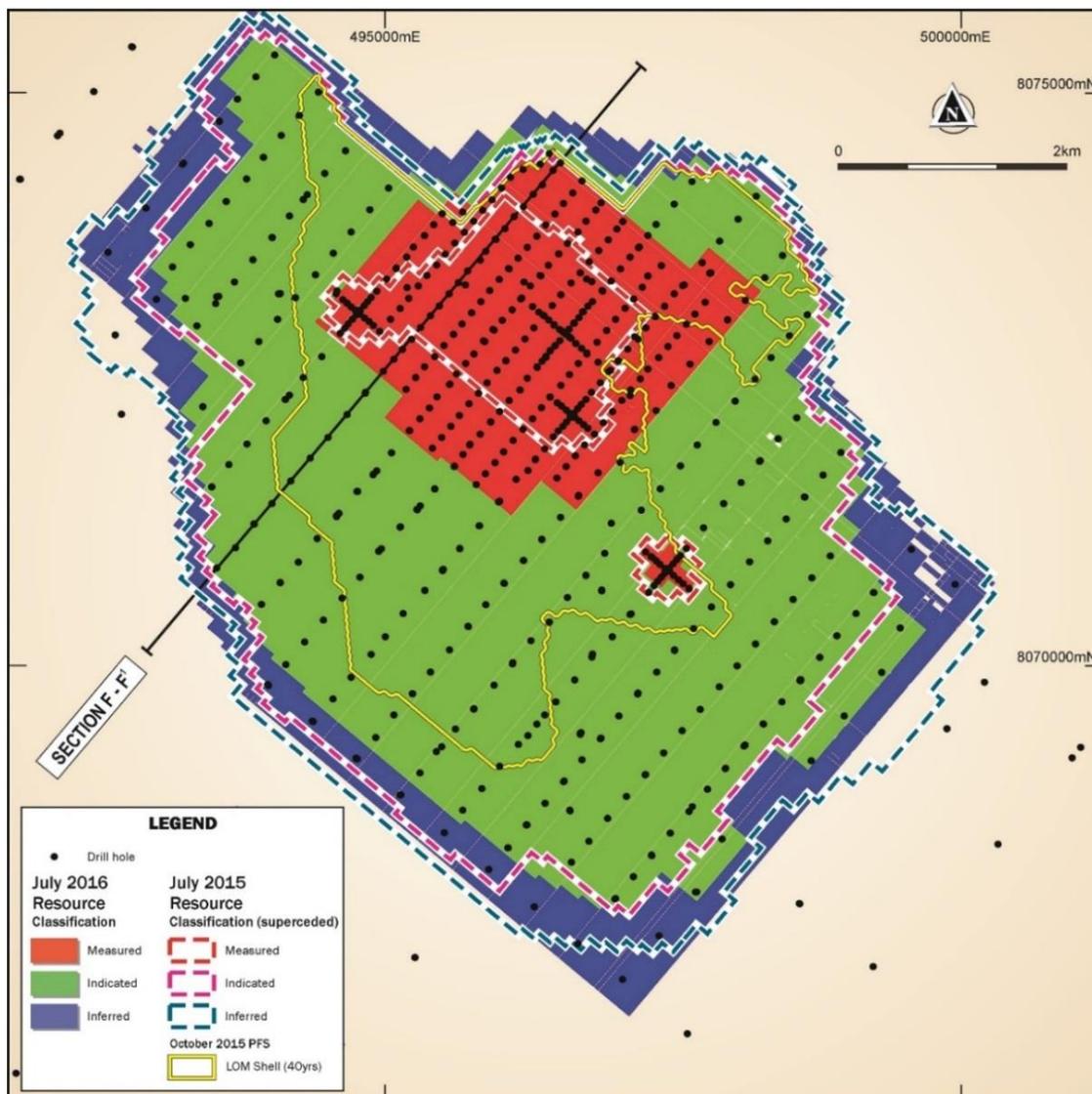


Figure 4: Thunderbird Mineral Resource block model resource category plan, and comparison with July 2015 resource category boundaries and October 2015 PFS pit shell, note the significant increase in Measured Resources

Environmental Approvals

The Thunderbird Mineral Sands Project Environmental Scoping Document (“ESD”) was approved by the Western Australian Environmental Protection Authority on 4 July 2016. The ESD defines the content and detail required for the preparation of the Project’s Public Environment Review (“PER”) which remains on target for release for public comment in the latter part of 2016.

Native Title

Native Title negotiations with respect to the Thunderbird Mining Lease continued during the period and remains on target for completion before the end of 2016.

DAMPIER REGIONAL MINERAL SANDS

During 2015, an exploration drilling program of 34 aircore drill holes for 1,804m was completed on exploration licences E04/2171, E04/2193, E04/2194 and E04/2084 which are part of Sheffield's broader Dampier project.

Four holes were drilled at the Night Train prospect (E04/2171), three of which returned substantial mineralised intersections (refer to ASX release dated 22 September 2015 for full details):

- 13.5m @ 5.25% HM from 46.5m (DAAC094), including 7.5m @ 8.23% HM from 48m
- 24m @ 3.33% HM from 37.5m (DAAC093), including 12m @ 5.48% HM from 37.5m
- 9m @ 2.48% HM from 31.5m (DAAC092), including 3m @ 3.44% HM from 31.5m

Night Train is located approximately 20km to the southeast of Thunderbird and is within 2km of the proposed Thunderbird haul road (Figure 5). Results of initial metallurgical test work undertaken on a drill sample composite from the mineralised zone at Night Train, and reported during the financial year, show high quality zircon meeting ceramic grade specifications can be produced from Night Train using conventional mineral sands processing techniques.

The grain size of the zircon and HiTi products are fine to medium grained with a D₅₀ of 79 microns. The composite sample averages 4.7% HM and contains a high proportion of zircon (17.4%) in the heavy mineral assemblage. This result compares favourably with earlier mineral assemblage analysis of 15% zircon, 53% leucoxene, 8% HiTi leucoxene and 16% ilmenite, with a very high total valuable heavy mineral ("VHM") content of 92%.

The primary zircon product contains 65.9% ZrO₂+HfO₂ and low levels of contaminants while the secondary zircon product contains 65.5% ZrO₂+HfO₂ with slightly higher levels of TiO₂ (Table 3). Both zircon products contain low levels of Fe₂O₃ and were produced without a leaching stage. Overall ZrO₂ recovery into the two zircon products, excluding semi-processed streams and recirculation loads, is calculated at 56.8% and is considered satisfactory at the scoping level of study. The primary zircon product comprises 78% of the total zircon produced.

Table 3: Night Train Zircon products – summary assay results

| Product | ZrO ₂ +HfO ₂ | SiO ₂ | TiO ₂ | Fe ₂ O ₃ | Al ₂ O ₃ | U+Th |
|------------------|------------------------------------|------------------|------------------|--------------------------------|--------------------------------|--------|
| Primary zircon | 65.9% | 32.9% | 0.15% | 0.05% | 0.37% | 481ppm |
| Secondary zircon | 65.5% | 33.3% | 0.36% | 0.05% | 0.20% | 542ppm |

The scoping metallurgical test work also showed the majority of titanium species comprise leucoxene and HiTi leucoxene (HiTi70 product) with minor components of rutile and altered ilmenite. This potential high titanium product contains 71.1% TiO₂ with low contaminants, apart from elevated thorium levels. Petrological and Scanning Electron Microscope (SEM) studies indicate the elevated thorium is associated with monazite and zircon species not separated from the potential product during this scoping level test work. Future metallurgical test work on larger samples will allow for testing of additional processing stages designed to remove the monazite and zircon responsible for the elevated contaminant levels in this potential product stream.

Full details are contained in the ASX announcement dated 14 April 2016. Exploration drilling is forecast to commence during the second half of 2016, and will include a program to collect additional samples for detailed metallurgical test work.

In addition to the above, regional exploration aircore drilling undertaken during the period in the Bells Tower area, approximately 20km north of Thunderbird returned the following significant results (refer to Sheffield's December 2015 Quarterly Report dated 27 January 2016 for full details):

- 9m @ 3.78% HM from 46.5m (DAAC075), including 6m @ 5.18% HM from 46.5m
- 4.5m @ 4.27% HM from 42m (DAAC072), including 3m @ 5.49% HM from 43.5m
- 3m @ 5.83% HM from 19.5m (DAAC068)
- 9m @ 2.73% HM from 40.5m (DAAC071), including 3m @ 4.93% HM from 43.5m
- 7.5m @ 2.58% HM from 42m (DAAC074), including 4.5m @ 3.51% HM from 43.5m
- 6m @ 3.17% HM from 36m (DAAC087), including 4.5m @ 3.53% HM from 37.5m

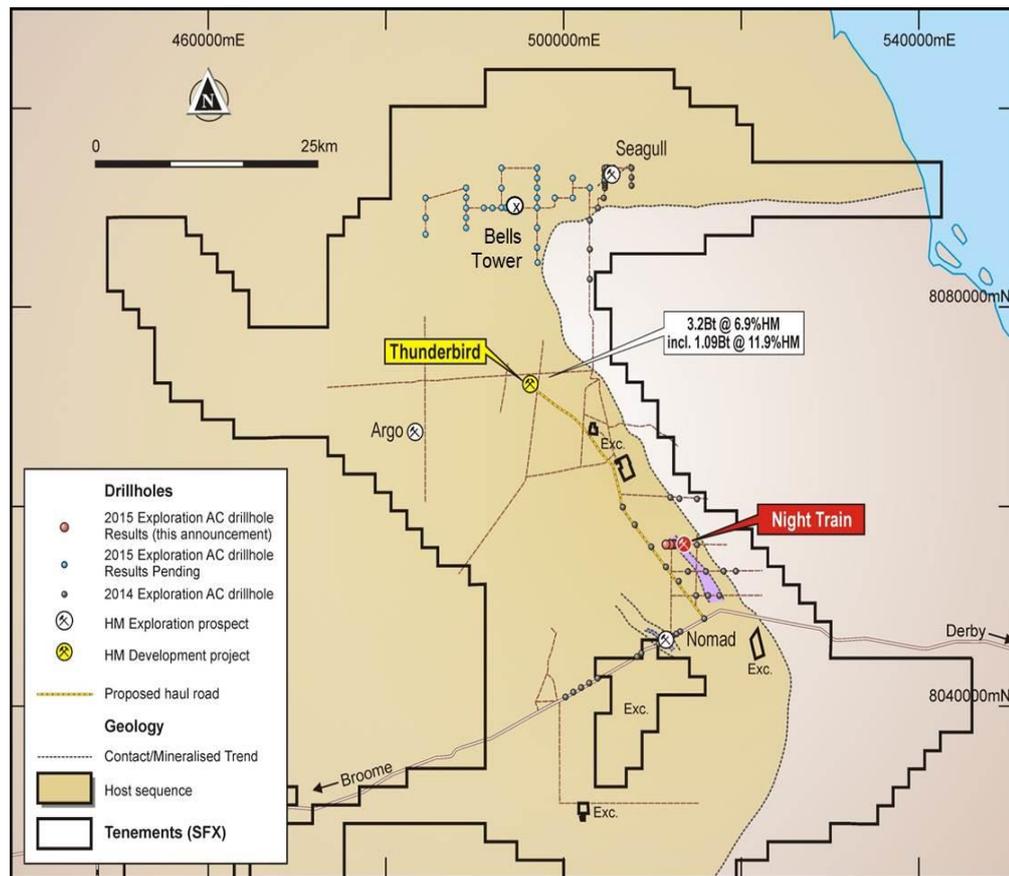


Figure 5: Dampier Project regional plan showing location of Night Train

The drilling results within the wider Dampier project are extremely encouraging as they occur in sand units similar to those immediately below the Thunderbird stratigraphic position. The Bells Tower results, along with the discovery outlined at Night Train demonstrate the potential for additional deposits of the Thunderbird-type in the region.

DERBY EAST

The Derby East project comprises five granted tenements E04/2390, E04/2391, E04/2392, E04/2393 and E04/2394 with a total area of 1,831km². The tenements cover prospective mineral sands ground to the east of Derby (Figure 1). During the financial year, a review of historic drilling was completed and areas prioritised for first-pass exploratory drilling in conjunction with a field visit to brief pastoralists and other stakeholders of forthcoming proposed work programs.

FRASER RANGE NICKEL

During 2015, a short RC and diamond drilling program was completed at the Stud prospect on the Red Bull project. Stud is located 21km to the south of the Nova nickel-copper deposit in Western Australia. One diamond drill hole with RC pre-collar (total 453m) targeted a large bedrock conductor, whilst four RC holes (total 642m) targeted zones of IP anomalism coincident with nickel-copper geochemical anomalism in aircore drill holes.

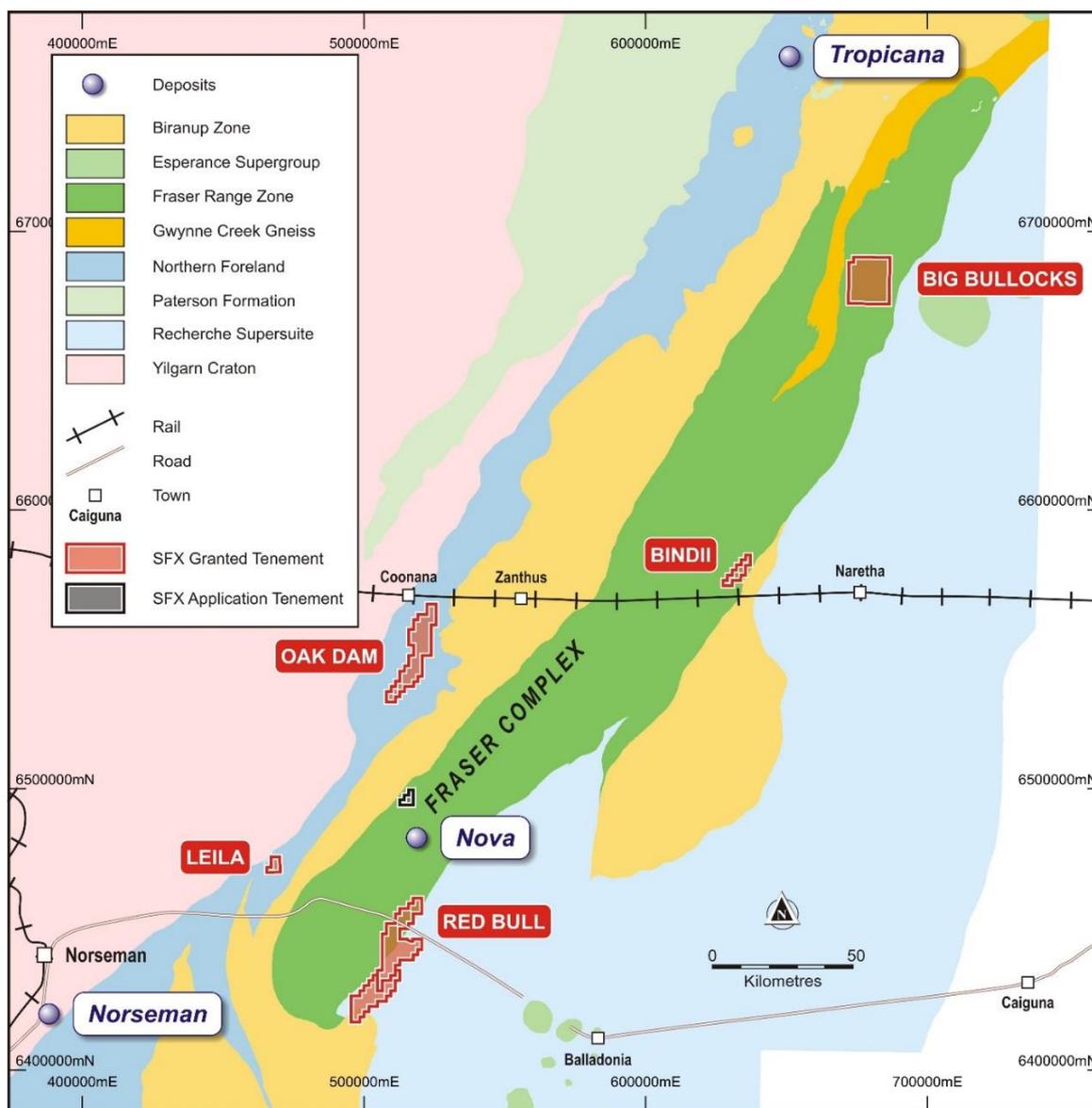


Figure 6: Location of Sheffield's Fraser Range tenements

As detailed in the ASX announcement dated 23 December 2015, diamond drill hole REDD005 intersected a 12m zone of graphitic meta-sediment from 348m depth, and a 13m interval of brecciated ultramafic with trace disseminated sulphides from 436m depth. A subsequent Down Hole Transient Electromagnetic ('DHTEM') survey confirmed the graphitic meta-sediment from 348m depth as the source of the target bedrock conductor. No anomalous nickel values were returned from this zone.

Anomalous nickel assay results were returned from the deeper interval in REDD005: 16.9m @ 0.13% Ni from 432.2m, associated with a contact zone between brecciated, quartz-carbonate veined peridotite and biotite-rich meta-sediment. Mineralogical analysis identified trace nickel sulphide (pentlandite) and pyrrhotite within the peridotite, with evidence of the pentlandite having dissipated out of olivine silicates, indicating a magmatic source. Whilst the assay results are not considered economic, their association with magmatic nickel sulphide in olivine-rich ultramafic intrusive does indicate the presence of rock types and a geological setting prospective for magmatic nickel sulphide deposits.

Work at Red Bull to date has demonstrated the presence of host rocks and a geological setting highly prospective for the formation of magmatic-hosted nickel sulphide deposits. Sheffield continues to pursue opportunities for the Fraser Range Nickel Project whilst focussing on its flagship Thunderbird Mineral Sands Project.

ENEABBA & McCALLS HEAVY MINERAL SANDS

During 2016, a reconnaissance surface soil sampling program was completed at the Robbs Cross and Thomsons Dunal HM prospects. Robbs Cross and Thomsons were discovered following first-pass aircore drilling testing initial HM anomalies in surface samples (see ASX announcements dated 23 July 2015 and 30 October 2013). The latest program of surface sampling largely confirmed the extent of mineralisation previously outlined by aircore drilling.

An updated Mineral Resource for the McCalls project 110km north of Perth in Western Australia was completed subsequent to the end of the financial year. The update is part of an ongoing process to review Sheffield's Mineral Resources which were first reported under JORC (2004).

The updated Mineral Resource comprises 3.65 billion tonnes @ 1.4% HM at a 1.1% HM cut-off (Indicated and Inferred) containing 50.4Mt of HM, and includes an additional 71 holes drilled by Sheffield in 2012 (see ASX Quarterly Report dated 31 July, 2013). The additional drill holes, and associated mineral assemblage data have contributed to an increase in the confidence of the Mineral Resource, with over 60% now in the Indicated category.

The updated Mineral Resource contains a total 45 Mt of valuable heavy minerals (VHM), comprising 2.5 Mt of Zircon, 1.6 Mt of Rutile, 1.5 Mt of Leucoxene and; significantly, 39 Mt of chloride grade Ilmenite (59% to 66% TiO₂), ranking McCalls as one of the largest undeveloped chloride ilmenite deposits in the world.

Table 4: McCalls Deposit Mineral Resource⁶ Summary (1.1% HM cut-off)

| Resource Category | Mineral Resources | | | | Valuable HM Grade (In-situ) ⁷ | | | | |
|-------------------|--------------------------|------------|-------------|------------|--|-------------|-------------|-------------|-------------|
| | Material Mt ⁸ | HM % | SL % | OS % | Zircon % | Rutile % | Leucoxene % | Ilmenite % | Total VHM % |
| Indicated | 2,214 | 1.4 | 21.7 | 1.3 | 0.07 | 0.05 | 0.04 | 1.10 | 1.26 |
| Inferred | 1,436 | 1.3 | 25.5 | 1.1 | 0.06 | 0.04 | 0.04 | 1.05 | 1.19 |
| Total | 3,650 | 1.4 | 23.2 | 1.2 | 0.07 | 0.04 | 0.04 | 1.08 | 1.23 |

The McCalls Mineral Resource occurs near surface and is laterally extensive at 16km east-west x 13km north-south and is open at depth. The main mineralised domains are up to 60m thick, with average thicknesses of 20m to 30m. Overburden thickness ranges from 0m to about 27m with an average of 6m. Its large size and mineralisation characteristics suggest an estuarine-lagoonal depositional environment. See ASX Quarterly Report dated 25 July, 2016 for additional details of the Mineral Resource.

OAKOVER COPPER-MANGANESE PROJECT

Sheffield has 2,737 km² of tenements under application for copper and manganese in the eastern Pilbara. Two tenements, E46/1044 and E46/1041, were granted in early 2016 and a program comprising a review of historical exploration data and target generation is in progress.

PILBARA IRON

In August 2015, the three project tenements; E45/3662, E45/4029 and E45/3822, were sold to Atlas Iron Ltd (ASX: AGO) for a total consideration of \$150,000 in AGO shares (5,549,390 shares).

⁶ Refer to Appendix 2 and Appendix 3 for further information.

⁷ The in-situ grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage at the resource block model scale.

⁸ Tonnes and grades have been rounded to reflect the relative accuracy and confidence level of the estimate, thus the sum of columns may not equal.

Ore Reserves and Mineral Resources

Sheffield announced a maiden Ore Reserve totalling 682.7 million tonnes @ 11.3% HM for the Thunderbird heavy mineral sands deposit, in the Kimberley Region of Western Australia, on 22 January 2016, and is currently completing a Bankable Feasibility Study for development of the deposit (the Thunderbird Mineral Sands Project). The Proved and Probable Ore Reserve estimate is based on that portion of the (previous) July, 2015 Thunderbird deposit Measured and Indicated Mineral Resources within mine designs and optimisation shells that may be economically extracted, considering all “Modifying Factors” in accordance with the JORC Code 2012.

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

Ore Reserves

Dampier Project Ore Reserves^{1,4}

| Deposit | Ore Reserve Category | Ore Tonnes (millions) | In-situ HM Tonnes (millions) | HM Grade (%) | Valuable HM Grade (In-situ) ² | | | | Slimes (%) | Osize (%) |
|-------------|----------------------|-----------------------|------------------------------|--------------|--|-------------|-------------|-------------|-------------|-------------|
| | | | | | Zircon % | HiTi Leuc % | Leuc % | Ilmenite % | | |
| Thunderbird | Proved | 115.1 | 15.8 | 13.7 | 1.01 | 0.29 | 0.28 | 3.67 | 17.3 | 12.7 |
| | Probable | 567.6 | 61.9 | 10.9 | 0.85 | 0.27 | 0.29 | 3.03 | 16.1 | 10.2 |
| | Total | 682.7 | 77.1 | 11.3 | 0.88 | 0.27 | 0.29 | 3.14 | 16.3 | 10.6 |

| Deposit | Ore Reserve Category | Ore Tonnes (millions) | In-situ HM Tonnes (millions) | HM Grade (%) | Mineral Assemblage ³ | | | | Slimes (%) | Osize (%) |
|-------------|----------------------|-----------------------|------------------------------|--------------|---------------------------------|---------------|------------|--------------|-------------|-------------|
| | | | | | Zircon (%) | HiTi Leuc (%) | Leuc (%) | Ilmenite (%) | | |
| Thunderbird | Proved | 115.1 | 15.8 | 13.7 | 7.4 | 2.1 | 2.1 | 26.8 | 17.3 | 12.7 |
| | Probable | 567.6 | 61.9 | 10.9 | 7.8 | 2.5 | 2.6 | 27.9 | 16.1 | 10.2 |
| | Total | 682.7 | 77.1 | 11.3 | 7.7 | 2.4 | 2.5 | 27.7 | 16.3 | 10.6 |

1) Ore Reserves are presented both in terms of in-situ VHM grade, and HM assemblage. Calculations have been rounded to the nearest 100,000 t, 0.1 % grade. Differences may occur due to rounding. Ore Reserve is reported by economic cut-off with appropriate consideration of modifying factors, costs, mineral assemblage, process recoveries and product pricing.

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

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

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



Mineral Resources

Dampier Project Mineral Resources ^{1,2,5}

| Deposit (cut-off) | Mineral Resource Category | Material Tonnes (millions) | In-situ HM Tonnes (millions) | HM Grade (%) | Mineral Assemblage ³ | | | | Slimes (%) | Osize (%) |
|---------------------------|---------------------------------|-------------------------------|---------------------------------------|--------------------|---------------------------------|---------------------|-------------|-----------------|---------------|--------------|
| | | | | | Zircon (%) | HiTi Leuc (%) | Leuc (%) | Ilmenite (%) | | |
| Thunderbird (> 3% HM) | Measured | 510 | 45 | 8.9 | 8.0 | 2.3 | 2.2 | 27 | 18 | 12 |
| | Indicated | 2,120 | 140 | 6.6 | 8.4 | 2.7 | 3.1 | 28 | 16 | 9 |
| | Inferred | 600 | 38 | 6.3 | 8.4 | 2.6 | 3.2 | 28 | 15 | 8 |
| | Total | 3,230 | 223 | 6.9 | 8.3 | 2.6 | 2.9 | 28 | 16 | 9 |
| Thunderbird (>7.5% HM) | Measured | 220 | 32 | 14.5 | 7.4 | 2.1 | 1.9 | 27 | 16 | 15 |
| | Indicated | 640 | 76 | 11.8 | 7.6 | 2.4 | 2.1 | 28 | 14 | 11 |
| | Inferred | 180 | 20 | 10.8 | 8.0 | 2.5 | 2.4 | 28 | 13 | 9 |
| | Total | 1,050 | 127 | 12.2 | 7.6 | 2.3 | 2.1 | 27 | 15 | 11 |

Eneabba Project Mineral Resources ^{2,4,6}

| Deposit (cut-off) | Mineral Resource Category | Material Tonnes (millions) | In-situ HM Tonnes (millions) | HM Grade (%) | Mineral Assemblage ³ | | | | Slimes (%) | Osize (%) |
|------------------------------------|---------------------------------|-------------------------------|---------------------------------------|--------------------|---------------------------------|---------------|-------------|-----------------|---------------|--------------|
| | | | | | Zircon (%) | Rutile (%) | Leuc (%) | Ilmenite (%) | | |
| Yandanooka (> 0.9% HM) | Measured | 3 | 0.1 | 4.1 | 10 | 1.9 | 2.2 | 72 | 15 | 14 |
| | Indicated | 90 | 2.1 | 2.3 | 12 | 3.7 | 3.7 | 69 | 16 | 15 |
| | Inferred | 3 | 0.03 | 1.2 | 11 | 3.9 | 4.6 | 68 | 18 | 21 |
| | Total | 96 | 2.2 | 2.3 | 12 | 3.6 | 3.7 | 69 | 16 | 15 |
| Durack (>0.9% HM) | Indicated | 50 | 1.0 | 2.0 | 14 | 2.8 | 4.6 | 70 | 15 | 21 |
| | Inferred | 15 | 0.2 | 1.2 | 14 | 2.4 | 6.7 | 67 | 14 | 17 |
| | Total | 65 | 1.2 | 1.8 | 14 | 2.8 | 4.9 | 70 | 15 | 20 |
| Drummond Crossing (>1.1% HM) | Indicated | 49 | 1.0 | 2.1 | 14 | 10 | 3.6 | 53 | 16 | 9 |
| | Inferred | 3 | 0.05 | 1.5 | 13 | 9.9 | 2.8 | 55 | 16 | 8 |
| | Total | 52 | 1.1 | 2.1 | 14 | 10 | 3.6 | 53 | 16 | 9 |
| Ellengail (>0.9% HM) | Inferred | 46 | 1.0 | 2.2 | 9 | 8.7 | 1.9 | 64 | 16 | 2 |
| | Total | 46 | 1.0 | 2.2 | 9 | 8.7 | 1.9 | 64 | 16 | 2 |
| West Mine North (>0.9% HM) | Measured | 6 | 0.4 | 5.6 | 4 | 9.6 | 9.5 | 54 | 15 | 1 |
| | Indicated | 36 | 0.8 | 2.3 | 7 | 9.6 | 5.4 | 60 | 13 | 3 |
| | Total | 43 | 1.2 | 2.8 | 6 | 9.6 | 6.6 | 58 | 13 | 3 |
| All Eneabba (various) | Measured | 9 | 0.5 | 5.2 | 6 | 7.7 | 7.7 | 59 | 15 | 5 |
| | Indicated | 225 | 5.0 | 2.2 | 12 | 5.8 | 4.2 | 64 | 15 | 13 |
| | Inferred | 68 | 1.3 | 1.9 | 10 | 7.7 | 2.7 | 64 | 15 | 6 |
| | Total | 302 | 6.8 | 2.2 | 11 | 6.3 | 4.1 | 64 | 15 | 11 |

McCalls Project Mineral Resources ^{2,4,6}

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

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

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

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

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

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

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



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

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

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

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

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

| Item | Report Title | Report Date | Competent Person(s) |
|-------------------------------|---|-----------------|--------------------------|
| Thunderbird Ore Reserve | Maiden Ore Reserve – Thunderbird Project | 22 January 2016 | P. Scrimshaw |
| Thunderbird Mineral Resources | Sheffield Doubles Measured Mineral Resource At Thunderbird | 5 July 2016 | M. Teakle C. Standing |
| McCalls Mineral Resources | Quarterly Activities Report For The Period Ended 30 June 2016 | 20 July 2016 | D. Boyd T. Journeaux |

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

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

COMPLIANCE STATEMENTS

PREVIOUSLY REPORTED INFORMATION

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

- June 2016 Quarterly Report "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2016" 25 July, 2016
- Thunderbird Mineral Resource Update: "SHEFFIELD DOUBLES MEASURED MINERAL RESOURCE AT THUNDERBIRD" 5 July, 2016
- Thunderbird BFS update: "THUNDERBIRD MINERAL SANDS PROJECT - BFS UPDATE" 29 June, 2016
- March 2016 Quarterly report: "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2016" 20 April, 2016
- Night Train metallurgical scoping results: "PREMIUM ZIRCON AT NIGHT TRAIN" 14 April, 2016
- Thunderbird Ore Reserve: "MAIDEN ORE RESERVE – THUNDERBIRD PROJECT" 22 January, 2016

- Red Bull drilling results: *"RED BULL NICKEL PROJECT UPDATE, FRASER RANGE"* 23 December, 2015
- Thunderbird infill drilling: *"NEW HIGH-GRADE RESULTS FROM INFILL DRILLING AT THUNDERBIRD"* 10 December 2015.
- Thunderbird Pre-feasibility Study Update: *"PRE-FEASIBILITY STUDY UPDATE CONFIRMS THUNDERBIRD AS THE WORLD'S BEST UNDEVELOPED MINERAL SANDS PROJECT"* 14 October 2015
- Night Train drilling results: *"NEW MINERAL SANDS DISCOVERY AT NIGHT TRAIN"* 22 September, 2015
- Bauer drilling program: *"CONVENTIONAL DOZER TRAP MINING ASSESSED AS PREFERRED MINING METHOD AT THUNDERBIRD"* 17 September, 2015
- Thunderbird Mineral Resource update: *"THUNDERBIRD HIGH GRADE RESOURCE UPDATE"* 31 July, 2015
- Eneabba project drilling results: *"NEXT GENERATION OF MINERAL SANDS DISCOVERIES AT ENEABBA"* 23 July, 2015

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

- Drummond Crossing Mineral Resource and Sampling Results from Dunal-Style HM Targets, Eneabba Project: *"1Mt HEAVY MINERAL RESOURCE ADDED TO ENEABBA PROJECT"*, 30 October 2013.
- McCalls 2012 drilling results: *"QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2013"* 31 July, 2013.
- Yandanooka Mineral Resource: *"YANDANOOKA RESOURCE UPGRADE AND METALLURGICAL RESULTS"*, 30 January 2013.
- Durack Mineral Resource: *"ENEABBA PROJECT RESOURCE INVENTORY EXCEEDS 5MT HEAVY MINERAL"*, 28 August 2012.
- McCalls Mineral Resource (superseded): *"4.4 BILLION TONNE MAIDEN RESOURCE AT MCCALLS HMS PROJECT"*, 20 February 2012.
- West Mine North Mineral Resource: *"WEST MINE NORTH MINERAL RESOURCE ESTIMATE EXCEEDS EXPECTATIONS"*, 7 November 2011.
- Ellengail Mineral Resource: *"1MT CONTAINED HM INFERRED RESOURCE AT ELLENGAIL"*, 25 October 2011.

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Ore Reserves, Pre-feasibility Study and Technical Study results, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Some statements in this report regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme, outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "anticipated", "expected", "target", "scheduled", "intends", "potential", "prospective" and similar expressions.

The directors present their report together with the financial statements of the consolidated entity consisting of Sheffield Resources Limited and the entities it controlled for the year ended 30 June 2016. Sheffield Resources Limited ('Sheffield' or 'parent entity' or 'Company') and its controlled entities (collectively known as the 'Group' or 'consolidated entity') are domiciled in Australia.

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

| Name | Period of Directorship |
|--|--|
| Mr Will Burbury Non-Executive Chairman | Director since 6 June 2007 (Resigned as Company Secretary 16 February 2016) |
| Mr Bruce McFadzean Managing Director | Appointed 2 November 2015 |
| Mr Bruce McQuitty Non-Executive Director | Director since 14 December 2009 (Resigned as Managing Director 2 November 2015) |
| Mr David Archer Technical Director | Director since 14 December 2009 |

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

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

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

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

Other Current Directorships
 None

Former Directorships in the Last Three Years
 None

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

A qualified mining engineer with more than 35 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 and iron ore.

Mr McFadzean's professional career includes 15 years with BHP Billiton and Rio Tinto in a variety of positions and four years as Managing Director of successful ASX gold miner Catalpa Resources Limited. Under his management, Catalpa's market capitalisation grew from \$10 million to \$1.2 billion following the merger with Evolution Mining Limited. He has raised in excess of A\$350 million in debt and equity from Australian and overseas markets.

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

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

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

Bruce McQuitty has 33 years' experience in the mining and civil industries. During this time he has held various senior positions in large mining houses and has been involved in exploration through to the development of mines. Mr McQuitty has significant technical expertise in exploration, project generation, feasibility, underground mining and engineering geology and has managed exploration teams in Australia and overseas. Mr McQuitty holds a Masters of Economic Geology and a Bachelor of Science.

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

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Mr David Archer (BSc (Hons))
Technical Director

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

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

Other Current Directorships

None

Former Directorships in the Last Three Years

None

COMPANY SECRETARY

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

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

DIRECTORS' MEETINGS

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

| Director | Held | Attended |
|-----------------------------|------|----------|
| Mr W Burbury | 3 | 3 |
| Mr B McFadzean ¹ | 2 | 2 |
| Mr B McQuitty | 3 | 2 |
| Mr D Archer | 3 | 3 |

¹ Mr. McFadzean was appointed on 2 November 2015.



DIRECTORS' SHAREHOLDINGS

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

| Director | Balance 1 July 2015 | Granted as remuneration | Received on exercise of options | Other changes | Balance 30 June 2016 |
|--------------------------|------------------------|----------------------------|---------------------------------------|------------------|-------------------------|
| W Burbury ¹ | 7,970,000 | - | - | 200,000 | 8,170,000 |
| B McFadzean ² | - | - | 276,333 | 148,500 | 424,833 |
| B McQuitty | 7,850,000 | - | - | 114,091 | 7,964,091 |
| D Archer ³ | 7,730,000 | - | - | 87,000 | 7,817,000 |

Note 1: Relevant interest as director and controlling shareholder of Exergy-X Resources Pty Ltd.

Note 2: Relevant interest as director and controlling shareholder of Tardisforme Pty Ltd.

Note 3: Relevant interest as director and controlling shareholder of Archer Enterprises (WA) Pty Ltd.

DIRECTORS' OPTION HOLDINGS

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

| Director | Balance 1 July 2015 | Issued | Exercised | Other changes | Balance 30 June 2016 | Vested & Exercisable | Unvested |
|-------------|------------------------|-----------|-----------|------------------|-------------------------|-------------------------|-----------|
| B McFadzean | 0 | 3,368,444 | (276,333) | 0 | 3,092,111 | 0 | 3,092,111 |

SHARE OPTIONS

Options converted during the financial year

672,500 unlisted options were exercised during the financial year to 30 June 2016. The details of these options are as follows:

| Number of ordinary shares under option | Exercise price \$ | Expiry date |
|---|----------------------|-------------|
| 672,500 | 0.30 | 13 Dec 2015 |

The issuing entity was Sheffield Resources Limited. No amount was unpaid on these shares.

Employee options

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

| Number of ordinary shares under option | Exercise price \$ | Expiry date |
|---|----------------------|-------------|
| 3,700,000 | 0.001 | 8 Feb 2020 |
| 118,428 | 0.001 | 8 Feb 2020 |

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



Options lapsed during the financial year

A total of 2,052,500 unlisted options lapsed during the financial year to 30 June 2016. The details of these options are as follows:

| Number of ordinary shares under option | Exercise price \$ | Expiry date |
|--|----------------------|---------------------------|
| 477,500 | 0.30 | 13 Dec 2015 |
| 550,000 | 0.44 | 20 March 2016 |
| 525,000 | 0.44 | 30 June 2016 |
| 500,000 | 0.53 | 29 July 2017 ¹ |

¹Expiry of options following employee cessation of employment

Options on issue at the date of this report

| Number of ordinary shares under option ¹ | Grant date | Exercise price \$ | Expiry date |
|---|-------------------|----------------------|-------------------|
| 1,200,000 | 1 April 2012 | 0.65 | 1 April 2017 |
| 500,000 | 26 September 2013 | 0.66 | 26 September 2018 |
| 1,400,000 | 19 March 2014 | 0.87 | 19 March 2019 |
| 1,600,000 | 19 March 2014 | 1.16 | 19 March 2021 |
| 3,700,000 | 8 Feb 2016 | 0.001 | 8 Feb 2020 |
| 118,428 | 8 Feb 2016 | 0.001 | 8 Feb 2020 |
| 4,000,000 | 31 August 2016 | 0.676 | 31 August 2019 |

Note 1: All options issued for nil consideration.

Options exercised subsequent to balance date

355,285 options have been exercised subsequent to balance date. The issuing entity was Sheffield Resources Limited. No amount was unpaid on these shares. The details of these options are as follows:-

| Number | Exercise price \$ | Expiry date |
|---------|----------------------|-------------|
| 355,285 | 0.001 | 8 Feb 2020 |

Options lapsed subsequent to balance date

No options have lapsed subsequent to balance date.

Weighted average closing price of Sheffield Resources Limited shares

The market weighted average closing price of Sheffield Resources Limited shares during the 2016 financial year was \$0.44 (2015: \$0.82).

DIVIDENDS

No dividends have been paid or declared during the financial year ended 30 June 2016 and the Directors do not recommend the payment of a dividend in respect of the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 31 August 2016, the Company issued a total of 32,939,994 fully paid ordinary shares at an issue price of 52 cents per share, raising approximately \$17.1 million before costs. In addition, the Company issued 4,000,000 options at an exercise price of 67.6 cents per option, expiring 31 August 2019. The Options have been issued in equal amounts to nominees of Bridge Street Capital Partners and Pulse Markets, as consideration for their ongoing role as Joint Capital Markets Advisers to the Company.



REMUNERATION REPORT (AUDITED)

The Directors of Sheffield Resources Limited present the Remuneration Report prepared in accordance with the requirements of the Corporations Act 2001 for the Company and the consolidated entity for the financial year ended 30 June 2016.

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

OVERVIEW

Remuneration levels for key management personnel are competitively set to attract the most qualified and experienced candidates. Details of the Company's remuneration strategy for the 2016 financial year are set out in this Remuneration Report.

This Remuneration Report:

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

Remuneration philosophy

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

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

Non-Executive Director Remuneration

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

Remuneration of Key Management Personnel

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

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

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

Performance based share options are offered to KMP's at the discretion of the Board. Length of service with the Group, past and potential contribution of the person to the Group are also factors considered when awarding shares options to employees. For 2016, in awarding performance based share options to KMP's, performance criteria includes, but is not limited to, the following factors:

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

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



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

| | 30 June 2016 | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 180 | 265 | 171 | 290 | 271 |
| Net (loss)/profit before tax | (4,541) | (887) | (3,754) | (563) | (1,145) |
| Net (loss)/profit after tax | (1,754) | 636 | (2,554) | 121 | (1,145) |
| Share price at start of year | \$0.48 | \$0.86 | \$0.36 | \$0.34 | \$0.27 |
| Share price at end of year | \$0.41 | \$0.48 | \$0.86 | \$0.36 | \$0.34 |
| Dividends | 0 | 0 | 0 | 0 | 0 |
| Basic loss per share (cents) | (1.24) | 0.47 | (2.12) | 0.12 | (1.65) |
| Diluted loss per share (cents) | (1.24) | 0.46 | (2.12) | 0.12 | (1.65) |

KEY MANAGEMENT PERSONNEL

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

- Mr Will Burbury (Non-Executive Chairman), resigned as Company Secretary 16 February 2016
- Mr Bruce McFadzean (Managing Director), appointed 2 November 2015
- Mr Bruce McQuitty (Non-Executive Director), resigned as Managing Director 2 November 2015
- Mr David Archer (Technical Director)
- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer), appointed 16 February 2016
- Mr Jim Netterfield (BFS Study Manager), appointed 16 November 2015
- Mr Neil Patten-Williams (Marketing Manager), appointed 23 May 2016

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

| 2016 | Short-term benefits | | | Post-employment benefits | Share-based payment | Total | Relative proportion of remuneration linked to performance | |
|--------------------------------|---------------------|-------------|-------------------------------|--------------------------|-------------------------------------|------------------|---|------------------------|
| | Salary & fees \$ | Bonus \$ | Other fees \$ ² | Super-annuation \$ | Options & rights \$ ¹ | | Fixed % ⁸ | Performance based % |
| Directors | | | | | | | | |
| W Burbury ³ | 98,596 | - | 1,373 | 9,366 | - | 109,335 | 100% | 0% |
| B McFadzean | 116,666 | - | 1,373 | 11,083 | 689,143 | 818,265 | 16% | 84% |
| B McQuitty ⁴ | 243,315 | - | 1,373 | 22,454 | - | 267,142 | 100% | 0% |
| D Archer | 194,166 | - | 1,373 | 18,445 | 53,485 | 267,469 | 80% | 20% |
| Executives | | | | | | | | |
| M Di Silvio ⁵ | 65,972 | - | 1,373 | 6,267 | 110,083 | 183,695 | 40% | 60% |
| J Netterfield ⁶ | 125,000 | - | 1,373 | 34,999 | 159,540 | 320,912 | 50% | 50% |
| N Patten-Williams ⁷ | 21,505 | - | 1,373 | 2,043 | 35,947 | 60,868 | 41% | 59% |
| Total | 865,220 | - | 9,611 | 104,657 | 1,048,198 | 2,027,686 | | |

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

Note 2: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

Note 3: Mr Burbury's remuneration includes accrued benefits associated with his prior employment as Executive Chairman and transition to Non-Executive Chairman.

Note 4: Mr McQuitty's remuneration includes accrued benefits associated with his prior employment as Managing Director and transition to Non-Executive Director.

Note 5: Mr Di Silvio commenced employment on 15 February 2016.

Note 6: Mr Netterfield commenced employment on 16 November 2015.

Note 7: Mr Patten-Williams commenced employment on 23 May 2016.

Note 8: KMP's holding executive positions sacrifice a portion of salary (20% - 50%) in lieu of a share based payment, incentivising performance.



| 2015 | Short-term benefits | | | Post-employment benefits | Share-based payment | Total | Relative proportion of remuneration linked to performance | | |
|------------------|---------------------|-------------|-------------------------------|--------------------------|-------------------------------------|----------------|---|--------------------------|--|
| | Salary & fees \$ | Bonus \$ | Other fees \$ ² | Superannuation \$ | Options & rights \$ ¹ | | Fixed \$ | Performance linked \$ | |
| Directors | | | | | | | | | |
| W Burbury | 96,765 | - | 3,600 | 9,192 | - | 109,557 | 100% | 0% | |
| B McQuitty | 240,000 | - | 3,600 | 22,800 | - | 266,400 | 100% | 0% | |
| D Archer | 198,000 | - | 3,600 | 18,810 | - | 220,410 | 100% | 0% | |
| Total | 534,765 | - | 10,800 | 50,802 | - | 596,367 | | | |

NON EXECUTIVE DIRECTOR AGREEMENTS

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

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

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The relevant interest of each of the key management personnel in the share capital of the Company as at 30 June 2016 were:

| Director | Balance 1 July 2015 | Granted as remuneration | Received on exercise of options | Other changes | Balance 30 June 2016 |
|--------------------------|------------------------|----------------------------|---------------------------------------|------------------|-------------------------|
| W Burbury ¹ | 7,970,000 | - | - | 200,000 | 8,170,000 |
| B McFadzean ² | - | - | - | 116,000 | 116,000 |
| B McQuitty | 7,850,000 | - | - | 114,091 | 7,964,091 |
| D Archer ³ | 7,730,000 | - | - | 55,000 | 7,785,000 |

Note 1: Relevant interest as director and controlling shareholder of Exergy-X Resources Pty Ltd.

Note 2: Relevant interest as director and controlling shareholder of Tardiforme Pty Ltd.

Note 3: Relevant interest as director and controlling shareholder of Archer Enterprises (WA) Pty Ltd.

KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

The number of options issued and held by each of the key management personnel in the Company as at 30 June 2016 are:

| Director | Balance 1 July 2015 | Granted | Exercised | Other changes | Balance 30 June 2016 | Vested & Exercisable | Unvested |
|---------------|------------------------|-----------|-----------|------------------|-------------------------|-------------------------|-----------|
| B McFadzean | - | 3,368,444 | - | - | 3,368,444 | 184,222 | 3,184,222 |
| J Netterfield | - | 805,269 | - | - | 805,269 | 52,634 | 752,635 |

EXECUTIVE EMPLOYMENT AGREEMENTS

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

| Name | Position | Commencement Start Date | Base Salary (including superannuation) | Share Option Benefits ¹ | Termination Benefit |
|-------------------|-------------------------|-------------------------|--|------------------------------------|---------------------|
| B McFadzean | Managing Director | 2 November 2015 | \$191,625 | \$175,000 | 3 months' notice |
| D Archer | Technical Director | 1 April 2010 | \$191,625 | \$75,000 | 4 months' notice |
| M Di Silvio | CFO & Company Secretary | 15 February 2016 | \$191,625 | \$75,000 | 4 months' notice |
| J Netterfield | BFS Study Manager | 16 November 2015 | \$219,000 | \$50,000 | 4 months' notice |
| N Patten-Williams | Marketing Manager | 23 May 2016 | \$219,000 | \$50,000 | 4 months' notice |

¹ Key Management Personnel have accepted a portion of their salary package as equity in lieu of cash, subject to shareholder approval. Award of share options for Mr Archer, Mr Di Silvio and Mr Patten Williams remain subject to shareholder approval.

SHARES ISSUED

There were no shares issued to key management personnel during the financial year ended 30 June 2016.

OPTIONS ISSUED

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

- Performance Options: Where options are issued subject to specific performance criteria specific being met by the KMP; and
- Remuneration Options: Where the KMP has foregone a component of salary in favour of receiving a number of options.

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

| Name | Option Type | Grant date | No. of unquoted options | Fair value at grant date \$ | Exercise price \$ | Expiry date |
|----------------------------|--------------|------------------|-------------------------|-----------------------------|-------------------|-----------------|
| B McFadzean ¹ | Performance | 2 November 2015 | 3,000,000 | 0.559 | 0.001 | 8 February 2020 |
| B McFadzean ² | Remuneration | 2 November 2015 | 92,111 | 0.559 | 0.001 | 8 February 2020 |
| J Netterfield ¹ | Performance | 16 November 2015 | 700,000 | 0.509 | 0.001 | 8 February 2020 |
| J Netterfield ³ | Remuneration | 16 November 2015 | 26,317 | 0.509 | 0.001 | 8 February 2020 |

Note 1: As at the date of this report, none of the performance based options had vested.

Note 2: Mr McFadzean was granted 368,444 remuneration options on 2 November 2015. As at the date of this report, 75% of the options had vested and Mr McFadzean has exercised all of the options that have vested (namely 276,333 options).

Note 3: As at the date of this report, 75% of the remuneration options had vested and have been exercised (namely 78,952 options).

RECORDING OF OPTIONS ISSUED DURING THE FINANCIAL YEAR TO KEY MANAGEMENT PERSONNEL

| Name | Number of options issued | Year granted | Vested % | Forfeited % |
|---------------|--------------------------|--------------|----------|-------------|
| B McFadzean | 3,000,000 | 2015 | 0% | 0% |
| B McFadzean | 368,444 | 2015 | 75% | 0% |
| J Netterfield | 700,000 | 2015 | 0% | 0% |
| J Netterfield | 105,269 | 2015 | 75% | 0% |



OPTIONS GRANTED

The following options were granted to key management personnel as at the date of this report:

| Name | Option Type | Grant date | No. of unquoted options | Fair value at grant date \$ | Exercise price \$ | Expiry date |
|--------------------------------|--------------|------------------|-------------------------|-----------------------------|-------------------|------------------|
| B McFadzean ¹ | Performance | 2 November 2015 | 3,000,000 | 0.559 | 0.001 | 8 February 2020 |
| B McFadzean ² | Remuneration | 2 November 2015 | 92,111 | 0.559 | 0.001 | 8 February 2020 |
| J Netterfield ¹ | Performance | 16 November 2015 | 700,000 | 0.509 | 0.001 | 8 February 2020 |
| J Netterfield ³ | Remuneration | 16 November 2015 | 26,317 | 0.509 | 0.001 | 8 February 2020 |
| D Archer ⁴ | Performance | 1 May 2016 | 700,000 | 0.464 | 0.001 | 1 May 2020 |
| D Archer ⁴ | Remuneration | 1 May 2016 | 117,739 | 0.464 | 0.001 | 1 May 2020 |
| M Di Silvio ⁴ | Performance | 15 February 2016 | 700,000 | 0.354 | 0.001 | 15 February 2020 |
| M Di Silvio ⁴ | Remuneration | 15 February 2016 | 222,187 | 0.354 | 0.001 | 15 February 2020 |
| N Patten-Williams ⁴ | Performance | 23 May 2016 | 700,000 | 0.409 | 0.001 | 23 May 2020 |
| N Patten-Williams ⁴ | Remuneration | 23 May 2016 | 117,116 | 0.409 | 0.001 | 23 May 2020 |

Note 1: As at the date of this report, none of the performance based options had vested.

Note 2: Mr McFadzean was granted 368,444 remuneration options on 2 November 2015. As at the date of this report, 75% of the options had vested and Mr McFadzean has exercised all of the options that have vested (namely 276,333 options).

Note 3: As at the date of this report, 75% of the remuneration options had vested and have been exercised (namely 78,952 options).

Note 4: Options granted to Mr Archer, Mr Di Silvio and Mr Patten-Williams have not been issued and remain subject to shareholder approval. For the purposes of AASB 2, an estimate valuation of options granted has been performed by the Company based upon agreed award metrics. The actual quantum, fair value and expiry date of options granted may change subject to timing and conditions of future shareholder approval.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING

Sheffield Resources Limited received more than 100% of yes votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year regarding its remuneration practices.

USE OF REMUNERATION CONSULTANTS

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

END OF AUDITED REMUNERATION REPORT



NON-AUDIT SERVICES

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

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

| | June 2016 \$ | June 2015 \$ |
|-------------------------------------|-----------------|-----------------|
| Audit and other assurances services | 38,500 | 30,500 |

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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

This Independence Declaration is set out on page 30 and forms part of this Directors' report for the year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.

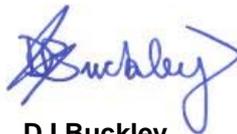
Mr Bruce McFadzean
Managing Director
Perth, 28 September 2016

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 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
28 September 2016



D I Buckley
Partner



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

| | | Consolidated | Consolidated |
|---|-------|--------------------|------------------|
| | | 2016 | 2015 |
| | Notes | \$ | \$ |
| Gain from sale of permits | 3 | - | 1,492,043 |
| Other income | 2 | 180,214 | 264,670 |
| Employee benefits expense | | (651,155) | (394,048) |
| Depreciation expense | | (51,187) | (70,039) |
| Other expenses | 2 | (1,273,756) | (902,748) |
| Share based payments | | (1,048,198) | - |
| Write off exploration costs | 9 | (1,023,083) | (1,276,968) |
| Revaluation of financial assets | | (100,055) | - |
| Loss from sale of permits | 3 | (573,354) | - |
| (Loss) before income tax benefit | | (4,540,574) | (887,090) |
| Income tax benefit | 4 | 2,786,673 | 1,523,586 |
| (Loss)/profit for the year | | (1,753,901) | 636,496 |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive (loss)/profit for the year | | (1,753,901) | 636,496 |
| Basic (loss)/profit per share (cents per share) | 5 | (1.24) | 0.47 |
| Dilutive (loss)/profit per share (cents per share) | 5 | (1.24) | 0.46 |

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

| | | Consolidated 2016 \$ | Consolidated 2015 \$ |
|----------------------------------|-------|----------------------------|----------------------------|
| | Notes | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 5,007,475 | 5,122,973 |
| Trade and other receivables | 7 | 344,192 | 300,680 |
| Other financial assets | | 49,944 | - |
| Total Current Assets | | 5,401,611 | 5,423,653 |
| Non-Current Assets | | | |
| Plant and equipment | 8 | 101,174 | 105,423 |
| Deferred exploration expenditure | 9 | 32,313,985 | 26,186,268 |
| Total Non-Current Assets | | 32,415,159 | 26,291,691 |
| Total Assets | | 37,816,770 | 31,715,344 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 2,408,969 | 850,419 |
| Provisions | 11 | 137,866 | 195,365 |
| Total Current Liabilities | | 2,546,835 | 1,045,784 |
| Total Liabilities | | 2,546,835 | 1,045,784 |
| Net Assets | | 35,269,935 | 30,669,560 |
| Equity | | | |
| Issued capital | 12 | 38,643,783 | 33,337,705 |
| Reserves | 13 | 2,497,303 | 1,449,105 |
| Accumulated losses | 13 | (5,871,151) | (4,117,250) |
| Total Equity | | 35,269,935 | 30,669,560 |

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 2016

| | Consolidated | | | |
|--|-------------------|--------------------|------------------|-------------------|
| | Issued capital | Accumulated losses | Reserves | Total |
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2015 | 33,337,705 | (4,117,250) | 1,449,105 | 30,669,560 |
| Loss for the year | - | (1,753,901) | - | (1,753,901) |
| Total comprehensive loss for the year | - | (1,753,901) | - | (1,753,901) |
| Shares issued during the year | 5,618,499 | - | - | 5,618,499 |
| Share issue costs | (312,421) | - | - | (312,421) |
| Recognition of share-based payments | - | - | 1,048,198 | 1,048,198 |
| Balance at 30 June 2016 | 38,643,783 | (5,871,151) | 2,497,303 | 35,269,935 |
| | | | | |
| | Issued capital | Accumulated losses | Reserves | Total |
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2014 | 32,795,388 | (4,753,746) | 1,449,105 | 29,490,747 |
| Profit for the year | - | 636,496 | - | 636,496 |
| Total comprehensive income for the year | - | 636,496 | - | 636,496 |
| Shares issued during the year | 550,000 | - | - | 550,000 |
| Share issue costs | (7,683) | - | - | (7,683) |
| Recognition of share-based payments | - | - | - | - |
| Balance at 30 June 2015 | 33,337,705 | (4,117,250) | 1,449,105 | 30,669,560 |

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

| | Notes | Consolidated 2016 \$ | Consolidated 2015 \$ |
|---|-------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Research and development tax refund | | 2,786,673 | 1,523,586 |
| Payments to suppliers and employees | | (1,923,022) | (1,013,039) |
| Interest received | | 170,806 | 239,453 |
| Royalty payments received | | - | 50,739 |
| Net cash provided by operating activities | 6 | 1,034,457 | 800,739 |
| Cash flows from investing activities | | | |
| Proceeds from sale of prospects | | - | 2,500,000 |
| Payments for exploration and evaluation expenditure | | (6,409,094) | (9,565,505) |
| Purchase of non-current assets | | (46,939) | (33,986) |
| Net cash (used in) investing activities | | (6,456,033) | (7,099,491) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 5,618,499 | 550,000 |
| Payments for share issue costs | | (312,421) | (7,683) |
| Net cash provided by financing activities | | 5,306,078 | 542,317 |
| Net decrease in cash and cash equivalents | | (115,498) | (5,756,435) |
| Cash and cash equivalents at beginning of year | | 5,122,973 | 10,879,408 |
| Cash and cash equivalents at end of year | 6 | 5,007,475 | 5,122,973 |

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



NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) CORPORATE INFORMATION

The financial statements are for the consolidated entity consisting of Sheffield Resources Limited (“Sheffield” or the “Company”) and its subsidiaries (the “Group” or the “consolidated entity”). Sheffield is a listed for-profit public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (“ASX”). During the year ended 30 June 2016, the Group conducted operations in Australia. The entity’s principal activity is exploration for mineral sands (zircon and titanium minerals) and base metals within the state of Western Australia.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors’ on 28 September 2016.

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

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

(B) BASIS OF PREPARATION

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

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

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

Historical Cost Convention

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

(C) ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations applicable to 30 June 2016

In the year ended 30 June 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

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

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(D) BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2016. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

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

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



(E) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Share-based payment transactions:

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

As a performance incentive, senior employees were granted options during the financial year ended 30 June 2016 which contain assumptions of a real risk of forfeiture where performance targets are not achieved. Management has ascribed various probabilities based upon stretch criteria and operational factors toward the achievement of nominated performance targets. Accordingly, the said probability was taken into account when calculating the share based payment expense of the options and in the formulation of the resultant expense to profit or loss.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 14.

(F) GOING CONCERN

The Group recorded a consolidated loss of \$1,753,901 for the financial year ended 30 June 2016 (2015: Profit of \$636,496). At 30 June 2016, the Group has \$5,007,475 in cash and cash equivalents (2015: \$5,122,973).

The accounts have been prepared on a going concern basis.

(G) SEGMENT REPORTING

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

(H) REVENUE RECOGNITION

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

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

(I) INCOME TAX

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

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

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

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



(I) INCOME TAX (CONTINUED)

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

(J) GOODS AND SERVICES TAX (GST)

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

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

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

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



(K) BUSINESS COMBINATION

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

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

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

- a) fair value of consideration transferred;
- b) the recognised amount of any non-controlling interest in the acquiree; and
- c) acquisition-date fair value of any existing equity interest in the acquirer over the acquisition-date fair values of identifiable net assets.

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

(L) IMPAIRMENT OF ASSETS

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

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

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

(M) CASH AND CASH EQUIVALENTS

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

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

(N) TRADE AND OTHER RECEIVABLES

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

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

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



(M) TRADE AND OTHER RECEIVABLES (CONTINUED)

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

(N) PAYABLES

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

(O) LEAVE BENEFITS

Wages, salaries, annual leave and sick leave

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

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

Long service leave

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

(P) EXPLORATION AND EVALUATION EXPENDITURE

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

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

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

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

(Q) ISSUED CAPITAL

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

(R) LEASES

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



(S) PROVISIONS

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

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

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

(T) SHARE BASED PAYMENTS

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

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

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

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

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

(U) PLANT AND EQUIPMENT

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

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

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

| | |
|---------------------|------------|
| Motor vehicles | 4 years |
| Plant and equipment | 2-10 years |

Impairment

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

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

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

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



(V) PLANT AND EQUIPMENT (CONTINUED)

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

Revaluations

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

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

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

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

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

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

Derecognition and disposal

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

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

(W) EARNINGS PER SHARE

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

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

(X) PARENT ENTITY FINANCIAL INFORMATION

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

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

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

(ii) Share-based payments

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

(Y) COMPARATIVES

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



NOTE 2: REVENUE AND EXPENSES

| | Consolidated | |
|---------------------------------------|------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| (a) Revenue | | |
| Interest received | 180,214 | 213,931 |
| Royalty income | - | 50,739 |
| | 180,214 | 264,670 |
| (b) Expenses | | |
| Interest expense | 768 | 673 |
| Investor and public relations expense | 38,622 | 47,241 |
| Accounting fees | 52,850 | 51,092 |
| Operating lease rental expense | 163,678 | 140,249 |
| Consultancy fees | 446,027 | 252,849 |
| Other expenses | 571,811 | 410,644 |
| | 1,273,756 | 902,748 |

NOTE 3: (LOSS)/GAIN FROM SALE OF PERMITS

| | 2016 | 2015 |
|--------------------------------------|----------------------|------------------|
| | \$ | \$ |
| Proceeds from sale of permits | 150,000 ¹ | 2,500,000 |
| Expenditure incurred on permits sold | (723,354) | (1,007,957) |
| Net (loss)/gain recorded | (573,354) | 1,492,043 |

¹On 13 August 2015, three tenements were sold to Atlas Iron Limited (ASX: AGO) for a sale consideration of \$150,000 payable in Atlas Iron shares based on a 15% discount to their 5 day VWAP.

NOTE 4: INCOME TAX

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows: | | |
| Accounting profit/(loss) before income tax | (4,540,574) | (887,090) |
| Income tax benefit calculated at 30% | (1,362,172) | (266,127) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 314,459 | - |
| Accruals | (17,973) | 30,493 |
| Other non-deductible expenses | 479,769 | 1,152 |
| Share issue costs | (101,950) | (113,857) |
| Revaluation of financial asset | 30,017 | - |
| Unrecognised tax losses | 657,850 | 348,339 |
| R&D tax offset | 2,786,673 | 1,523,586 |
| Income tax benefit reported in the statement of comprehensive income | 2,786,673 | 1,523,586 |

NOTE 4: INCOME TAX (CONTINUED)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

The Company has tax losses arising in Australia. The tax benefit of these losses of \$10,154,398 (2015: \$2,422,847) is available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to ongoing conditions for deductibility being met.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | Consolidated | |
|--------------------------------------|-------------------|------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Deductible temporary differences | 236,163 | 232,345 |
| Tax losses | 3,080,697 | 2,422,847 |
| Adjustment in tax losses disclosures | 7,073,701 | - |
| | 10,390,561 | 2,655,192 |

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

NOTE 5: EARNINGS/LOSS PER SHARE

| | Consolidated | |
|--|--------------------|-----------------|
| | 2016 | 2015 |
| | Cents per share | Cents per share |
| <i>Basic earnings/(loss) per share:</i> | | |
| Continuing operations | (1.24) | 0.47 |
| Total basic (loss)/earnings per share | (1.24) | 0.47 |
| | | |
| The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows: | | |
| (Loss)/profit from continuing operations | (1,753,901) | 636,496 |
| | Number | Number |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 141,620,398 | 134,298,836 |
| | | |
| <i>Dilutive (loss)/earnings per share:</i> | | |
| Continuing operations | (1.24) | 0.46 |
| Total dilutive earnings/(loss) per share | (1.24) | 0.46 |

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

**NOTE 6: CASH AND CASH EQUIVALENTS**

| | Consolidated | |
|--------------------------|------------------|------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Cash at bank and on hand | 2,007,475 | 5,122,973 |
| Short-term deposits | 3,000,000 | - |
| | 5,007,475 | 5,122,973 |

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

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

| | Consolidated | |
|---|------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| (i) Reconciliation of (loss)/profit after tax for the year to net cash flows from operating activities | | |
| (Loss)/profit after tax for the year | (1,753,901) | 636,496 |
| Equity settled share based payment | 1,048,198 | - |
| Depreciation | 51,187 | 70,039 |
| Write off of exploration expenditure | 1,023,083 | 1,276,968 |
| Profit/(loss) on sale of permits | 573,354 | (1,492,043) |
| Financial asset revaluation | 100,055 | - |
| (Increase)/decrease in assets: | | |
| Current receivables | (26,008) | 247,792 |
| Increase/(decrease) in liabilities: | | |
| Current payables | 75,988 | (13,537) |
| Provision for employee benefits | (57,499) | 75,024 |
| Net cash from operating activities | 1,034,457 | 800,739 |

NOTE 7: TRADE AND OTHER RECEIVABLES

| | | |
|---------------------|----------------|----------------|
| Trade receivables | 978 | 978 |
| GST recoverable | 146,392 | 197,243 |
| Prepaid expenses | 54,847 | 28,022 |
| Bank guarantees (i) | 134,362 | 73,195 |
| Accrued interest | 7,613 | 1,242 |
| | 344,192 | 300,680 |

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

- \$101,099 is held as security for the office lease and bears 2.85% interest.
- \$33,263 is held as security for the credit card facility and bears 2.90% interest

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

**NOTE 8: PLANT AND EQUIPMENT**

| | Consolidated | |
|--|----------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Non-Current Assets | | |
| At 1 July 2015, net of accumulated depreciation and impairment | 105,423 | 141,675 |
| Additions | 46,938 | 32,871 |
| Adjustment to depreciation | - | 916 |
| Depreciation charge for the year | (51,187) | (70,039) |
| At 30 June 2016, net of accumulated depreciation and impairment | 101,174 | 105,423 |
| Non-Current Assets | | |
| Cost or fair value | 572,590 | 528,316 |
| Accumulated depreciation and impairment | (471,416) | (422,893) |
| Net carrying amount | 101,174 | 105,423 |

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2016 is Nil. (2015: Nil).

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | Consolidated | |
|---|-------------------|-------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Costs carried forward in respect of: | | |
| Exploration and evaluation phase – at cost | | |
| Balance at beginning of year | 26,186,268 | 18,730,709 |
| Expenditure incurred | 7,874,154 | 9,740,484 |
| Sale of tenements | (723,354) | (1,007,957) |
| Expenditure written off | (1,023,083) | (1,276,968) |
| Total exploration and evaluation expenditure | 32,313,985 | 26,186,268 |

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. Capitalised exploration expenditure relating to the surrender of exploration licences has been written off in full during the year.

**NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)**

| | Consolidated | |
|-----------------|------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Trade creditors | 1,484,120 | 422,293 |
| Accruals | 907,503 | 402,739 |
| Other creditors | 17,346 | 25,387 |
| | 2,408,969 | 850,419 |

Trade payables are non-interest bearing and are normally settled on 30-day terms. Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 16.

NOTE 11: PROVISIONS (CURRENT)

| | | |
|-------------------|---------|---------|
| Employee benefits | 137,866 | 195,365 |
|-------------------|---------|---------|

The provision for employee benefits represents annual leave payable.

NOTE 12: ISSUED CAPITAL

| | | |
|---|------------|------------|
| 147,414,062 (2015: 134,430,747) Ordinary shares issued and fully paid | 38,643,783 | 33,337,705 |
|---|------------|------------|

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

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

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

| | Consolidated | | | |
|--|--------------------|-------------------|--------------------|-------------------|
| | 2016 | | 2015 | |
| | No. | \$ | No. | \$ |
| <i>Movement in ordinary shares on issue</i> | | | | |
| Balance at beginning of financial year | 134,430,747 | 33,337,705 | 133,385,685 | 32,795,388 |
| Issue of fully paid ordinary shares at \$0.44 each | 12,310,815 | 5,416,749 | - | - |
| Issue of fully paid ordinary shares at \$0.81 each | - | - | 395,062 | 320,000 |
| Issued for cash on exercise of share options | 672,500 | 201,750 | 650,000 | 230,000 |
| Share issue costs | - | (312,421) | - | (7,683) |
| Balance at end of financial year | 147,414,062 | 38,643,783 | 134,430,747 | 33,337,705 |

**NOTE 12: ISSUED CAPITAL (continued)**

| | 2016 No. | 2015 No. |
|---|------------------|------------------|
| <i>Movements in options over ordinary shares on issue</i> | | |
| Balance at beginning of financial year | 7,425,000 | 8,075,000 |
| Issue of unlisted options exercisable at \$0.001 each on or before 8 February 2020 | 4,173,713 | - |
| Exercise of unlisted options exercisable at \$0.30 each on or before 13 December 2015 | (672,500) | (400,000) |
| Exercise of unlisted options exercisable at \$0.44 each on or before 6 September 2014 | - | (250,000) |
| Lapsing of unlisted options | (2,052,500) | - |
| Balance at end of financial year | 8,873,713 | 7,425,000 |

Employee Share options

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

NOTE 13: ACCUMULATED LOSSES AND RESERVES

| | Consolidated | |
|--|--------------------|--------------------|
| | 2016 \$ | 2015 \$ |
| <i>Accumulated losses</i> | | |
| Balance at beginning of financial year | (4,117,250) | (4,753,746) |
| Profit/(loss) for the year | (1,753,901) | 636,496 |
| Balance at end of financial year | (5,871,151) | (4,117,250) |
| <i>Share-based payments reserve</i> | | |
| Balance at beginning of financial year | 1,449,105 | 1,449,105 |
| Share based payments | 1,048,198 | - |
| Balance at end of financial year | 2,497,303 | 1,449,105 |

(i) Nature and purpose of reserves*Share-based payments reserve*

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

**NOTE 14 : SHARE BASED PAYMENT PLANS**

There were no unlisted options issued during the year to employees in accordance with the Employee Share Option Plan of the Company. The following share-based payment arrangements were granted during the year ended 30 June 2016:

| | Number | Grant date | Expiry date | Exercise price | Fair value at grant date |
|----------|-----------|------------|-------------|----------------|--------------------------|
| SERIES 5 | 3,368,444 | 02/11/2015 | 02/02/2020 | 0.001 | 1,883,226 |
| SERIES 6 | 805,269 | 16/11/2015 | 02/02/2020 | 0.001 | 409,945 |
| SERIES 7 | 817,739 | 01/05/2016 | 01/05/2020 | 0.001 | 379,492 |
| SERIES 8 | 817,116 | 23/05/2016 | 23/05/2020 | 0.001 | 334,255 |
| SERIES 9 | 922,187 | 15/02/2016 | 15/02/2020 | 0.001 | 326,520 |

Series 7, 8 and 9 have been granted, subject to shareholder approval. Shareholder approval shall be sought at the Company's 2016 annual general meeting of shareholders.

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

| | Number | Grant date | Expiry date | Exercise price | Fair value at grant date |
|----------|-----------|------------|-------------|----------------|--------------------------|
| SERIES 1 | 1,200,000 | 02/04/2012 | 01/04/2017 | 0.65 | 222,805 |
| SERIES 2 | 500,000 | 26/09/2013 | 26/09/2018 | 0.66 | 94,466 |
| SERIES 3 | 1,400,000 | 20/03/2013 | 19/03/2019 | 0.87 | 297,928 |
| SERIES 4 | 1,600,000 | 20/03/2013 | 19/03/2021 | 1.16 | 358,671 |

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

| | 2016 No. | 2016 Weighted average exercise price | 2015 No. | 2015 Weighted average exercise price |
|--|-------------------|--|------------------|--|
| Outstanding at the beginning of the year | 7,425,000 | 0.71 | 8,075,000 | 0.68 |
| Granted during the year | 6,730,755 | 0.001 | - | - |
| Exercised during the year | (672,500) | (0.30) | (650,000) | (0.35) |
| Lapsed during period | (2,052,500) | (0.43) | - | - |
| Outstanding at the end of the year | 11,430,755 | 0.37 | 7,425,000 | 0.71 |
| Exercisable at the end of the year | 8,873,713 | 0.16 | 7,425,000 | - |

The outstanding balance as at 30 June 2016 is represented by 11,430,755 options over ordinary shares with a weighted average exercise price of \$0.37 each, exercisable upon meeting the above conditions and until the relevant expiry dates.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 3.34 years (2015: 2.77).

The weighted average share price at the date of options exercised during the year ended 30 June 2016 was \$0.30 (2015: \$0.35).

The range of exercise prices for options outstanding at the end of the year is \$0.001 - \$1.16 (2015: \$0.30 - \$1.16).

**NOTE 14 : SHARE BASED PAYMENT PLANS (continued)**

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

| | SERIES 1 | SERIES 2 | SERIES 3 | SERIES 4 | SERIES 5 | SERIES 6 | SERIES 7 | SERIES 8 | SERIES 9 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Dividend yield (%) | - | - | - | - | - | - | - | - | - |
| Expected volatility (%) | 70 | 50 | 75 | 55 | 40 | 40 | 87 | 87 | 87 |
| Risk-free interest rate (%) | 3.63 | 4.75 | 2.82 | 3.40 | 2.00 | 2.00 | 2.00 | 1.75 | 2.00 |
| Expected life of option (years) | 5 | 5 | 5 | 5 | 4.2 | 4.2 | 4 | 4 | 4 |
| Exercise price | 0.65 | 0.66 | 0.87 | 1.16 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Grant date share price (cents) | 29 | 29 | 48 | 68 | 56 | 51 | 46.5 | 41 | 35.5 |

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

The carrying amount of the liability relating to the cash-settled share-based payment at 30 June 2016 is nil (2015: nil)

NOTE 15: FINANCIAL INSTRUMENTS**(a) Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

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

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

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

| | Consolidated | |
|--|--------------|------------|
| | 2016 \$ | 2015 \$ |
| (b) Categories of financial instruments | | |
| Financial assets | | |
| Receivables | 344,192 | 300,680 |
| Cash and cash equivalents | 5,007,475 | 5,122,973 |
| Available-for-sale financial assets | 49,944 | - |
| Financial liabilities | | |
| Trade and other payables | 2,408,969 | 850,419 |

**NOTE 15: FINANCIAL INSTRUMENTS (continued)****(c) Financial risk management objectives**

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

(d) Interest rate risk management

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

| | 2016 | | | | | 2015 | | | | |
|------------------------------------|----------------------------------|------------------|----------------|-------------|------------------|----------------------------------|------------------|----------------|-------------|------------------|
| | Weighted Average Interest Rate % | ≤6 months \$ | 6-12 months \$ | 1-5 Year \$ | Total \$ | Weighted Average Interest Rate % | ≤6 months \$ | 6-12 months \$ | 1-5 Year \$ | Total \$ |
| Financial assets | | | | | | | | | | |
| Variable interest rate instruments | 1.96 | 2,007,475 | - | - | 2,007,475 | 2.29 | 5,122,974 | - | - | 5,122,974 |
| Fixed Interest bearing | 2.37 | 3,134,363 | - | - | 3,134,363 | 3.13 | 73,195 | - | - | 73,195 |
| Non-interest bearing | - | 259,773 | - | - | 259,773 | - | 227,484 | - | - | 227,484 |
| Total Financial Assets | | 5,401,611 | - | - | 5,401,611 | | 5,423,653 | - | - | 5,423,653 |
| Financial liabilities | | | | | | | | | | |
| Non-interest bearing | | 2,408,969 | - | - | 2,408,969 | - | 850,419 | - | - | 850,419 |
| Total Financial Liabilities | | 2,408,969 | - | - | 2,408,969 | | 850,419 | - | - | 850,419 |

Interest rate risk sensitivity analysis

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

(e) Credit risk management

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

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

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

(f) Liquidity risk management

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

**NOTE 15: FINANCIAL INSTRUMENTS (continued)**

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

| | Carrying amount | Total Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|--------------------------|------------------|------------------------------|------------------|-------------|-----------|-----------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2016 | | | | | | | |
| Trade and other payables | 2,408,969 | 2,408,969 | 2,408,969 | - | - | - | - |
| | 2,408,969 | 2,408,969 | 2,408,969 | - | - | - | - |
| 2015 | | | | | | | |
| Trade and other payables | 850,419 | 850,419 | 850,419 | - | - | - | - |
| | 850,419 | 850,419 | 850,419 | - | - | - | - |

NOTE 16: COMMITMENTS AND CONTINGENCIES**Exploration commitments**

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

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

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

| | Consolidated | |
|-----------------|--------------|-----------|
| | 2016 | 2015 |
| | \$ | \$ |
| Within one year | 2,532,683 | 1,682,184 |

Operating lease commitments

The Group entered in to a lease agreement in relation to new offices premises on 10 August 2015. The commitments in relation to this, inclusive of floor space and parking bays are as follows:

| | Consolidated | |
|--|----------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Within one year | 243,693 | 112,430 |
| After one year but not more than three years | - | 108,636 |
| | 243,693 | 221,066 |

Other commitments

Sheffield Resources Limited has bank guarantees totalling \$134,362 (see details per Note 7) at 30 June 2016.

NOTE 17: RELATED PARTY DISCLOSURE

Subsidiary Entities

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

| Name | Country of Incorporation | Equity Interest | | Investment | |
|------------------------------|-----------------------------|-----------------|------|------------|------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | % | % | \$ | \$ |
| Moora Talc Pty Ltd | Australia | 100 | 100 | 100 | 100 |
| Ironbridge Resources Pty Ltd | Australia | 100 | 100 | 100 | 100 |

Moora Talc Pty Ltd and Ironbridge Resources Pty Ltd were incorporated on 17 November 2011.

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

Transactions with other Related Parties

There were no other transactions entered into with related parties for the June 2016 financial year.

NOTE 18: DIRECTORS AND EXECUTIVES DISCLOSURES

(A) DETAILS OF KEY MANAGEMENT PERSONNEL

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

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

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

- Mr Jim Netterfield (BFS Study Manager), appointed 16 November 2015
- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer), appointed 16 February 2016
- Mr Neil Patten-Williams (Marketing Manager), appointed 23 May 2016

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

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

| | Consolidated | |
|------------------------------|------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Short-term employee benefits | 874,831 | 545,565 |
| Post-employment benefits | 104,657 | 50,802 |
| | 1,048,198 | - |
| Total | 2,027,686 | 596,367 |

Detailed remuneration disclosures are provided in the Remuneration Report on pages 23 to 26.

(C) EQUITY HOLDINGS

Number of shares and options held by Directors and Key Management Personnel, including their personally related parties, are set out in the Remuneration Report on pages 24 to 28.

**NOTE 19: PARENT ENTITY DISCLOSURES**

| | 2016 | 2015 |
|-----------------------------------|--------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | 5,351,667 | 5,423,653 |
| Non-current assets | 32,465,103 | 26,291,691 |
| TOTAL ASSETS | 37,816,770 | 31,715,344 |
| LIABILITIES | | |
| Current liabilities | 2,546,835 | 1,045,784 |
| TOTAL LIABILITIES | 2,546,835 | 1,045,784 |
| EQUITY | | |
| Contributed equity | 38,643,783 | 33,337,705 |
| Reserves | 2,497,303 | 1,449,105 |
| Retained earnings | (5,871,151) | (4,117,250) |
| TOTAL EQUITY | 35,269,935 | 30,669,560 |
| Financial performance | | |
| (Loss)/Profit for the year | (1,753,901) | 636,496 |
| Other comprehensive income | - | - |
| Total comprehensive income | (1,753,901) | 636,496 |

Contingent liabilities

As at 30 June 2016 and 2015, the Company had no contingent liabilities.

Contractual commitments

As at 30 June 2016 and 2015, the Company had no contractual commitments other than those commitments disclosed in Note 16.

Guarantees entered into by parent entity

As at 30 June 2015, the Group has the following financial guarantees:

- \$101,099 is held as security for the office lease and bears 2.85% interest.
- \$33,263 is held as security for the credit card facility and bears 2.90% interest

NOTE 20: AUDITOR'S REMUNERATION

The auditor of Sheffield Resources Limited is HLB Mann Judd.

| | 2016 | 2015 |
|---|--------|--------|
| | \$ | \$ |
| <i>Amounts received or due and receivable by HLB Mann Judd for:</i> | | |
| An audit or review of the financial report of the entity | 38,500 | 30,500 |

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

On 31 August 2016, the Company issued a total of 32,939,994 fully paid ordinary shares at an issue price of 52 cents per share, raising approximately \$17.1 million before costs. In addition, the Company issued 4,000,000 options at an exercise price of 67.6 cents per option, expiring 31 August 2019. The Options have been issued in equal amounts to nominees of Bridge Street Capital Partners and Pulse Markets, as consideration for their ongoing role as Joint Capital Markets Advisers to the Company.

1. In the opinion of the directors of Sheffield Resources Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

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



Mr Bruce McFadzean
Managing Director

28 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Sheffield Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Sheffield Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Sheffield Resources Limited is 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 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

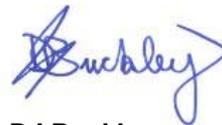
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Sheffield Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in blue ink that reads 'D I Buckley'.

**D I Buckley
Partner**

**Perth, Western Australia
28 September 2016**

The Company was admitted to the official list of ASX on 15 December 2010. Since Listing, the Company has used its cash (and assets in a form readily convertible to cash) in a manner consistent with its business objectives. In accordance with the ASX Listing Rules, the Company is required to disclose the following information which was prepared based on share registry information processed up to 27 September 2016.

Ordinary Share Capital

- At 27 September 2016, 180,709,341 fully paid ordinary shares are held by 1,545 individual shareholders.

| Spread of Holdings | | | Total Holders | Ordinary Shares |
|--------------------------|---|----------|---------------|-----------------|
| 1 | - | 1,000 | 85 | 40,406 |
| 1,001 | - | 5,000 | 274 | 932,907 |
| 5,001 | - | 10,000 | 214 | 1,780,782 |
| 10,001 | - | 100,000 | 743 | 28,462,858 |
| 100,001 | - | and over | 229 | 149,492,388 |
| Number of Holders/Shares | | | 1,545 | 180,709,341 |

Unmarketable parcels at 27 September 2016 amount to 15,076 shares held by 59 shareholders.

Substantial Shareholders

| Ordinary Shareholders | Fully Paid Ordinary Shares | |
|---|----------------------------|------------|
| | Number | Percentage |
| BlackRock Group ¹ | 16,250,000 | 8.99 |
| Mr Walter Mick George Yovich & Mrs Jeanette Julia Yovich <Dubrava Family A/C> | 11,221,986 | 6.21 |

¹ BlackRock Group, has control over a total of 16,250,000 shares representing 8.99% of the issued fully paid shares in the Company via the following entities:

| Entity | Number |
|--|-----------|
| BlackRock (Isle of Man) Limited | 1,750,000 |
| BlackRock International Limited | 9,000,000 |
| BlackRock Investment Management (UK) Limited | 5,500,000 |

Voting rights

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

Statement of Quotation and Restrictions

- Listed on the ASX are 180,709,341 fully paid shares. All fully paid shares are free of escrow conditions.
- All 12,518,428 options are not quoted on the ASX. All options are free of escrow conditions.

Twenty Largest Shareholders

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

| Ordinary Shareholders | Fully Paid Ordinary Shares | |
|--|----------------------------|--------------|
| | Number | Percentage % |
| NATIONAL NOMINEES LIMITED | 14,000,000 | 7.75 |
| MR WALTER MICK GEORGE YOVICH & MRS JEANETTE JULIA YOVICH | 11,221,986 | 6.21 |
| MR WALTER MICK GEORGE YOVICH | 9,236,554 | 5.11 |
| MR BRUCE MORRISON MCQUITTY | 7,964,091 | 4.41 |
| MR WILLIAM BURBURY | 7,548,500 | 4.18 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 4,636,502 | 2.57 |
| SATORI INTERNATIONAL PTY LTD | 4,375,385 | 2.42 |
| ARCHER ENTERPRISES (WA) PTY LTD | 3,680,000 | 2.04 |
| CRESCENT NOMINEES LIMITED | 3,437,085 | 1.90 |
| MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 3,068,900 | 1.70 |
| MR REES HOLLIER JOHN JONES & MRS MOIRA MARGUERITE JONES & MR WALTER MICK GEORGE YOVICH | 2,624,300 | 1.45 |
| YAN GANG (HONG KONG) CO. LIMITED | 2,272,728 | 1.26 |
| ARCHER ENTERPRISES (WA) PTY LTD | 1,790,000 | 0.99 |
| BNP PARIBAS NOMS PTY LTD | 1,750,000 | 0.97 |
| PENMAEN LIMITED | 1,750,000 | 0.97 |
| MR BRIAN HENRY MCCUBBING & MRS ADRIANA MARIA MCCUBBING | 1,700,000 | 0.94 |
| NORONEKE MASTER FUND LTD | 1,585,000 | 0.88 |
| MR DAVID LINDSAY ARCHER & MRS SIMONE ELIZABETH ARCHER | 1,582,000 | 0.88 |
| DUBRAVA PROPERTIES LIMITED | 1,524,664 | 0.84 |
| TATTERSFIELD SECURITIES LIMITED | 1,442,307 | 0.80 |
| TOTAL | 87,190,002 | 48.27 |

Options

Outstanding as at the date of this report were 12,518,428 unquoted options. Details are set out below:

- 1,200,000 options over ordinary shares with exercise price \$0.65 each, expiring on 1 April 2017.
- 500,000 options over ordinary shares with exercise price \$0.66 each, expiring on 26 September 2018.
- 1,400,000 options over ordinary shares with exercise price \$0.87 each, expiring on 19 March 2019.
- 1,600,000 options over ordinary shares with exercise price \$1.16 each, expiring on 19 March 2021.
- 3,818,428 options over ordinary shares with exercise price \$0.001 each, expiring on 8 February 2020.
- 4,000,000 options over ordinary shares with exercise price \$0.676 each, expiring on 31 August 2019.

Interests in Mining Tenements

| Project | Tenement | Holder | Interest | Location | Status |
|---------------|----------|-------------------------|----------|---------------|---------|
| Mineral Sands | E04/2081 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2083 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2084 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2159 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2171 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2192 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2193 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2194 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2348 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2349 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2350 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2386 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | E04/2390 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | E04/2391 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2392 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2393 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2394 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E04/2399 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | E04/2400 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | E04/2401 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | M04/459 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | L04/82 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | L04/83 | Sheffield Resources Ltd | 100% | Canning Basin | Pending |
| Mineral Sands | L04/84 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | L04/85 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | L04/86 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | L04/92 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | L04/93 | Sheffield Resources Ltd | 100% | Canning Basin | Granted |
| Mineral Sands | E70/3762 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/3813 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/3814 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/3929 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/3931 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/3967 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/4190 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/4292 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |

Interests in Mining Tenements

| Project | Tenement | Holder | Interest | Location | Status |
|------------------|------------|-------------------------|----------|----------------|---------|
| Mineral Sands | E70/3859 | Sheffield Resources Ltd | 100% | Perth Basin | Pending |
| Mineral Sands | L70/150 | Sheffield Resources Ltd | 100% | Perth Basin | Granted |
| Mineral Sands | E70/4719 | Sheffield Resources Ltd | 100% | Perth Basin | Pending |
| Mineral Sands | E70/4747 | Sheffield Resources Ltd | 100% | Perth Basin | Pending |
| Nickel | E69/3033 | Sheffield Resources Ltd | 100% | Fraser Range | Granted |
| Nickel | E69/3052 | Sheffield Resources Ltd | 100% | Fraser Range | Granted |
| Nickel | E39/1733 | Sheffield Resources Ltd | 100% | Fraser Range | Granted |
| Nickel | E28/2374-I | Sheffield Resources Ltd | 100% | Fraser Range | Granted |
| Nickel | E28/2563 | Sheffield Resources Ltd | 100% | Fraser Range | Pending |
| Gold | E63/1696 | Sheffield Resources Ltd | 100% | Tropicana Belt | Granted |
| Nickel/Gold | E28/2481 | Sheffield Resources Ltd | 100% | Tropicana Belt | Granted |
| Copper/Manganese | E46/1041 | Sheffield Resources Ltd | 100% | Pilbara | Granted |
| Copper/Manganese | E46/1042 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E46/1044 | Sheffield Resources Ltd | 100% | Pilbara | Granted |
| Copper/Manganese | E45/4558 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E45/4573 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E45/4574 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E46/1069 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E46/1070 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E46/1099 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E45/4600 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E46/1116 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E46/1119 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E45/4717 | Sheffield Resources Ltd | 100% | Pilbara | Pending |
| Copper/Manganese | E45/4719 | Sheffield Resources Ltd | 100% | Pilbara | Pending |

Notes:

¹Iluka Resources Ltd (ASX:ILU) retains a gross sales royalty of 1.5% in respect to tenements R70/35, M70/872, M70/965 & M70/1153.

²All tenements are located in the state of Western Australia

sheffieldresources.com.au