
SHEFFIELD RESOURCES LIMITED
ACN 125 811 083
NOTICE OF ANNUAL GENERAL MEETING

TIME: 4.30pm (WST)
DATE: 22 November 2017
PLACE: The Celtic Club
48 Ord Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6555 8777.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 4.30pm (WST) on 22 November 2017 at The Celtic Club, 48 Ord Street, West Perth WA 6005.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.30pm (WST) on 20 November 2017.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or

- the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

DEFINED TERMS

Capitalised terms in this Notice of Meeting and Explanatory Statement are defined either in the "Glossary" Section or where the relevant term is first used.

RESPONSIBILITY

This Notice of Meeting and Explanatory Statement has been prepared by the Company under the direction and oversight of its Directors.

OTHER LEGAL REQUIREMENTS – PROSPECTUS

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 11 of the Notice of Meeting constitutes an "offer" to transfer Carawine Shares to Shareholders pursuant to the Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief has been obtained, the Company has prepared a prospectus that contains information in relation to Carawine (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 11 other than as disclosed in this Notice of Meeting including Explanatory Statement and the accompanying Prospectus.

PURPOSE OF THIS DOCUMENT

The purpose of this document is to:

- set out all information which the Company considers relevant to a Shareholder's decision on how to vote on the Resolutions; and
- explain the terms of the proposed Distribution, and the manner in which the Distribution (or parts of it) will be implemented (if approved), and to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve Resolution 11 to give effect to the Distribution. This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 11, as required by section 256C(4) of the Corporations Act.

ASIC AND ASX

A final copy of this Notice of Meeting and Explanatory Statement has been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Meeting. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and Carawine such as (without limitation) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to Government fiscal, monetary and regulatory policies, regulatory approvals, the impact of actions of Governments, the potential difficulties in enforcing agreements, protecting assets and increases in costs of transportation and shipping of international operations, alterations to resource estimates and exploration targets and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in which the Company operates, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government and regulatory approvals, the ability to service debt and to refinance debt to meet expenditure needs on any future acquisitions, increased competition, insurance and occupational health and safety. For more information on the risk factors facing Carawine, please refer to Schedule 8.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of the Company, Carawine nor any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

NO FINANCIAL PRODUCT ADVICE

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the Carawine Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor Carawine is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Carawine Shares under the Distribution (whether the regime is provided for by law or otherwise).

NO INTERNET SITE IS PART OF THIS DOCUMENT

No internet site is part of this Notice of Meeting and Explanatory Statement. The Company maintains an internet site (<http://www.sheffieldresources.com.au>). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

INDICATIVE TIMETABLE

Key Dates*

Annual General Meeting to approve the Distribution of Carawine Shares	22 November 2017
ASX informed of Shareholder approval	22 November 2017
Record Date*	1 December 2017
Distribution to Shareholders of Carawine Shares*	8 December 2017
Official quotation of Carawine by ASX commences*	12 December 2017

*** These dates are indicative only and may change without notice. Refer to Section 10 for further details. The Record Date is subject to the satisfaction of the Distribution Conditions.**

Dear Shareholder,

On behalf of the Board, I am pleased to invite you to the 2017 Annual General Meeting (AGM) of Sheffield Resources Limited ("Sheffield" or "the Company") to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 (Perth) on 22 November 2017 at 4.30pm (WST).

Enclosed is the Notice of Annual General Meeting, including supporting Explanatory Statement and Proxy Form. An online version of the 2017 Annual Report is available from our website (www.sheffieldresources.com.au)

BUSINESS OF THE AGM

An agenda for the AGM accompanies this letter and the business of the AGM is set out in the Notice of Annual General Meeting and Explanatory Statement. The Notice of Annual General Meeting and Explanatory Statement contain important information about matters to go before shareholders at the AGM.

Resolutions contained in this Notice of Meeting seek to address the following:

- A. Adoption of Remuneration Report
- B. Re-Election of Director
- C. Adoption of Performance Rights Plan
- D. Issue of Options to Related Parties (Mr David Archer and Mr Bruce McFadzean)
- E. Issues of Options to Senior Management
- F. Approval of 10% Placement Capacity
- G. Approval for an Equal Reduction of Capital and In-Specie Distribution

In particular, we encourage all shareholders to carefully consider the Resolution described by Item G above. As previously announced the Company is proposing, subject to Shareholder approval, to demerge its wholly owned subsidiary, Carawine Resources Limited (**Carawine**) and accordingly spin-out its interests in Carawine by way of distributing the shares it holds in specie to eligible Sheffield's Shareholders on a pro-rata basis. This in specie distribution will occur concurrently with an initial public offer of Carawine securities to facilitate quotation of Carawine on the official list of the ASX. Sheffield will not retain any interest in Carawine after the spin-out is implemented.

Sheffield activities have recently been dominated by the success of its Mineral Sands Assets, specifically the Thunderbird Project for which the Company recently completed a bankable feasibility study. This success has overshadowed the significant potential and value that the Directors believe is in the Carawine Assets being base metal and gold assets.

The spin-out of Carawine is considered to be an opportunity for Shareholders to realise maximum value from Carawine as it will allow the Company to divest these assets which it considers non-core to its strategic objectives and incubate them in a dedicated company, Carawine, whilst focusing on the development of its mineral sands interests in Western Australia. The Board considers that the value of the Carawine Assets is not

recognised in Sheffield's share price and believes that the time has come to separate and transfer these quality projects into an independent company with a specific commodity and management focus.

A detailed explanation of the proposed resolution regarding the spin-out and demerger of Carawine is described at Sections 8 – 11 of the attached Explanatory Statement.

Thank you for your continued support and on behalf of the Board we look forward to meeting with you at our upcoming AGM.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Will Burbury', written in a cursive style.

Mr Will Burbury
Non-Executive Chairman

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID ARCHER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, David Archer, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – ADOPTION OF EMPLOYEE INCENTIVE SCHEME - PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights Plan and for the issue of

securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – DAVID ARCHER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of sections 200B, 200E and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 111,779 Options to David Archer (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Archer (or his nominee) and any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. **RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – BRUCE MCFADZEAN**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 200B, 200E and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 260,817 Options to Bruce McFadzean (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Bruce McFadzean (or his nominee) and any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. **RESOLUTION 6 – ISSUE OF OPTIONS TO SENIOR MANAGEMENT – MARK DI SILVIO**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 111,779 Options to Mark Di Silvio (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mark Di Silvio (or his nominee) and any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF OPTIONS TO SENIOR MANAGEMENT – STUART PETHER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 177,009 Options to Stuart Pether (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Stuart Pether (or his nominee) and any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF OPTIONS TO SENIOR MANAGEMENT – NEIL PATTEN-WILLIAMS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 74,519 Options to Neil Patten-Williams (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Neil Patten Williams (or his nominee) and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. RESOLUTION 9 – ISSUE OF OPTIONS TO SENIOR MANAGEMENT – JIM NETTERFIELD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 74,519 Options to Jim Netterfield (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Jim Netterfield (or his nominee) and any of their associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 10 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. **RESOLUTION 11 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“Subject to the satisfaction of the Distribution Conditions and the record date set on or after the date this resolution is passed by the Directors of the Company to determine entitlements of Shareholders to participate in the reduction of capital (**Record Date**) occurring not earlier than three Business Days and not later than six months after the date that this resolution is passed, that the following equal reduction of the capital of the Company is approved for the purposes of sections 256B and 256C of the Corporations Act and for all other purposes:*

- (a) *the capital of the Company be reduced, without cancelling any Shares, by an amount equal to the market value (as assessed by the Directors) of 20,000,000 Carawine Shares with effect as at 5.00pm (WST) on the Record Date; and*
- (b) *the reduction be satisfied by the Company distributing and transferring the 20,000,000 Carawine Shares to the Shareholders of the Company registered on the Record Date on a pro rata basis, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Carawine Shareholder and being bound by its constitution,*

on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Dated: 17 October 2017

By order of the Board



**BRUCE MCFADZEAN
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.sheffieldresources.com.au/>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID ARCHER

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

David Archer, who has served as a director since 14 December 2009 and was last re-elected on 27 November 2014, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr Archer is a geologist with 30 years' experience in exploration and mining in Australia. He has held senior positions with major Australian mining companies, including Renison Goldfields Consolidated Limited, 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 Atlas Iron Limited (ASX: AGO) 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.

3.3 Independence

The board does not consider David Archer is an independent director.

3.4 Board recommendation

The Board supports the re-election of David Archer and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ADOPTION OF EMPLOYEE INCENTIVE SCHEME - PERFORMANCE RIGHTS PLAN

Resolution 3 seeks Shareholders approval for the adoption of an employee incentive scheme titled Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a

period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

5. RESOLUTIONS 4 AND 5 – ISSUE OF OPTIONS TO RELATED PARTIES

5.1 Remuneration Strategy

In adopting a remuneration strategy for the key management personnel, 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 Options (**Remuneration Options**), subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

A summary of terms and conditions of Remuneration Options are set out in Schedule 2.

5.2 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 372,596 Remuneration A Options (**Related Party Options**) to Messrs Archer and McFadzean or their nominees (**Related Parties**) for no consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue) on the terms and conditions set out below.

The Related Party Options to be issued comprise 111,779 Remuneration A Options to Mr Archer and 260,817 Remuneration A Options to Mr McFadzean. The Remuneration A Options are subject to exercise periods as set out in Schedule 2.

In the event of resignation or termination of employment of the relevant Related Party unvested Related Party Options will lapse other than where termination occurs due to redundancy or without cause in which case the Related Party Options will automatically vest and be exercisable, proportionally in accordance with the calculation set out in the terms in Schedule 2.

The quantity of Related Party Options to be issued was determined by dividing \$75,000 for Mr Archer and \$175,000 for Mr McFadzean by the 30 day volume weighted average market price of Shares up to and including 16 October 2017 (being \$0.6710).

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Archer and McFadzean are related parties of the Company by virtue of being Directors.

It is the view of the Directors that Shareholder approval is required to be sought for the issue of Related Party Options.

5.3 Sections 200B and 200E of the Corporations Act

In the event the relevant Related Party ceases to be employed by the Company as a result of termination by the Company without cause or due to the relevant Related Party's role being made redundant, the Related Party Options issued to the relevant Related Party that are not already exercisable, will become exercisable proportionally in accordance with the calculation set out in the terms of the Related Party Options.

In all other circumstances of termination of the relevant Related Party's employment with the Company, all of the relevant Related Party Options that are not exercisable lapse on the date of termination.

Shareholder approval of the benefits that may become payable to the relevant Related Party as a result of the automatic vesting conditions attached to the Related Party Options, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), unless the company's shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

A payment will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the Retiree's remuneration or if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services). The possible automatic vesting of Related Party Options, may not fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought. Section 200E of the Corporations Act requires that where shareholders are asked to approve a payment or other benefit to a Retiree that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment, or, if the amount cannot be ascertained

at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount.

The current indicative value of the Related Party Options proposed to be granted to Mr Archer and Mr McFadzean is equal to \$75,000¹ and \$175,000² respectively utilising the Black and Scholes Pricing Model.

¹ \$75,000 is the forecast equivalent amount of salary to be sacrificed by Mr Archer between the period 1 November 2017 to 31 October 2018.

² \$175,000 is the forecast equivalent amount of salary to be sacrificed by Mr McFadzean between the period 1 November 2017 to 31 October 2018.

5.4 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.5 ASX Listing Rule 10.18 and 10.19

If shareholder approval is obtained under this resolution, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which certain termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

5.6 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Mr Archer and Mr McFadzean and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 111,779 Related Party Options to Mr Archer; and
 - (ii) 260,817 Related Party Options to Mr McFadzean
- (c) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue of the Related Party Options. If the Related Party Options are exercised, funds will be raised as a result, and the Company will use these funds for working capital purposes;

- (d) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 2;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (g) the relevant interests of the Related Parties in securities of the Company as at the date of this notice are set out below:

Related Party	Shares	Options
B McFadzean ¹	1,182,404	2,642,741
D Archer ²	8,111,680	611,175

¹ 2,500,000 Performance Options exercisable at \$0.001 each on or before 8 February 2020 and 142,741 Remuneration Options exercisable at \$0.001 each on or before 24 November 2020.

² 550,000 Performance Options exercisable at \$0.001 each on or before 24 November 2020 and 61,175 Remuneration Options exercisable at \$0.01 each on or before 24 November 2020.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Proposed Remuneration for the Current Financial Year (ending 30 June 2018)	Previous Financial Year (ending 30 June 2017)
B McFadzean	\$643,884 ²	\$1,084,060 ¹
D Archer	\$335,745 ³	\$693,752 ¹

¹ The remuneration payments consist of a cash based payment and a share based payment. Refer to 2017 Annual Report for further details.

² The remuneration payment to B. McFadzean consists of a cash based payment of \$175,000, a superannuation payment of \$16,625, fees of \$4,566 and a share based payment of \$447,693. Includes Related Party Options to be issued under Resolution 4 at a value of \$175,000.

³ The remuneration payment to D. Archer consists of a cash based payment of \$175,000, a superannuation payment of \$16,625, fees of \$5,596 and a share based payment of \$138,524. Includes Related Party Options under Resolution 5 at a value of \$75,000.

- (i) if the Related Party Options granted to the Related Parties are vested and exercised, a total of 372,596 Shares would be issued. This will increase the number of Shares on issue from 182,216,284 to 182,588,880 (assuming that no other Options are exercised and no other Shares are issued with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.20%, comprising 0.06% by Mr Archer and 0.14% by Mr McFadzean.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	85 cents	10 October 2017
Lowest	41 cents	31 August 2017
Last	82 cents	16 October 2017

As at the date of this Notice the Shares are trading on ASX at a price greater than the exercise price of the Related Party Options as the Related Party Options are being issued in consideration for the Related Parties sacrificing a portion of their respective cash remuneration in lieu of receiving the Related Party Options. That is, the cash remuneration of the Related Party is reduced by the value of the Related Party Options being issued.

As stated above and consistent with the Company's remuneration practice in preceding years, the number of Related Party Options issued to each Related Party was calculated based on the 30 day volume weighted average market price of Shares up to and including 16 October 2017 which was \$0.6710 accordingly the market price for Shares during the exercise period of the Related Party Options would normally determine whether or not the Related Party Options are exercised.

If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price higher than the 30 day volume weighted average market price of Shares up to and including 16 October 2017 which was \$0.6710 there may be a perceived cost to the Company however it also enabled the Company to reduce the cash remuneration payable to that Related Party under their relevant remuneration package agreed with the Company.

- (k) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (l) Mr Archer declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolution 5, Mr Archer recommends that Shareholders vote in favour of that Resolution for the following reasons:
- (i) the grant of Related Party Options to the Related Party, in particular the vesting conditions of the Related Party Performance Rights, will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (m) Mr McFadzean declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolution 4, Mr McFadzean recommends that Shareholders vote in favour of that Resolution for the reasons set out in paragraph (l);
- (n) with the exception of Mr Archer and Mr McFadzean, no other Director has a personal interest in the outcome of Resolutions 4 and 5;
- (o) the Directors other than Mr Archer and Mr McFadzean, recommend that Shareholders vote in favour of Resolutions 4 and 5 for the reasons set out in paragraph (l)(ii);
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTIONS 6, 7, 8 AND 9 – ISSUE OF OPTIONS TO SENIOR MANAGEMENT

6.1 Remuneration Strategy

Refer to Section 5.1 of this Explanatory Statement which sets out the remuneration strategy of the Company for key management personnel.

6.2 Background

As part of the remuneration package agreed for Mr Di Silvio, Mr Pether, Mr Patten-Williams and Mr Netterfield (**Executive Parties**) the Company has agreed, subject to Shareholder approval, to issue a series of Remuneration Options to the Executive Parties (or their respective nominees) for no cash consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue) in lieu of the Executive Parties sacrificing a portion of their cash remuneration.

Resolution 9 seeks Shareholder approval for the issue of Remuneration Options to the Executive Parties (or their respective nominees) in accordance with the terms of the relevant employment agreements for the Executive Parties.

6.3 General

The Options to be issued to Executive Parties comprise as follows:

- (a) 111,779 Remuneration A Options and 65,230 Remuneration B Options and to Mr Pether, Chief Operating Officer;
- (b) 111,779 Remuneration A Options to Mr Di Silvio, Chief Financial Officer
- (c) 74,519 Remuneration A Options to Mr Patten-Williams, Marketing Manager; and
- (d) 74,519 Remuneration A Options to Mr Netterfield, Project Manager.

The Remuneration Options are subject to exercise periods as set out in Schedule 2.

In the event of resignation or termination of the relevant Executive Parties' employment with the Company, unvested Remuneration Options will lapse other than where termination occurs due to redundancy or without cause in which case unvested Remuneration Options will automatically vest and be exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration Options.

The total quantity of Remuneration Options for each Executive Parties was determined by dividing the sum of:

- (a) \$43,767 for Mr Pether's Remuneration B Options¹;
- (b) \$75,000 for Mr Pether's Remuneration A Options²;
- (c) \$75,000 for Mr Di Silvio's Remuneration A Options³;
- (d) \$50,000 for Mr Patten-Williams' Remuneration A Options⁴;
- (e) \$50,000 for Mr Netterfield's Remuneration A Options⁵;

by the 30 day volume weighted average market price of Shares up to and including 16 October 2017 (being \$0.6710).

¹ \$43,767 is the retrospective amount of salary sacrificed by Mr Pether in lieu of receiving Remuneration Options between the period 1 April 2017 (being the commencement date of his current employment agreement) and 31 October 2016, calculated as $(212\text{days}/365\text{days} \times \$75,000)$.

² \$75,000 is the forecast equivalent amount of salary to be sacrificed by Mr Pether between the period 1 November 2017 to 31 October 2018.

³ \$75,000 is the forecast equivalent amount of salary to be sacrificed by Mr Di Silvio between the period 1 November 2017 to 31 October 2018.

⁴ \$50,000 is the forecast equivalent amount of salary to be sacrificed by Mr Patten-Williams between the period 1 November 2017 to 31 October 2018.

⁵ \$50,000 is the forecast equivalent amount of salary to be sacrificed by Mr Netterfield between the period 1 November 2017 to 31 October 2018.

6.4 Section 200B and 200E of the Corporations Act

Sections 200B and 200E of the Corporations Act are summarised at Section 5.3 of this Notice of Meeting.

The current indicative value of the Remuneration Options proposed to be granted to each Executive Parties is equal to following utilising the Black and Scholes Pricing Model:

- (a) \$118,767 for Mr Pether (being \$75,000 for Remuneration A Options and \$43,767 for Remuneration B Options);
- (b) \$75,000 for Mr Di Silvio;
- (c) \$50,000 for Mr Patten-Williams; and
- (d) \$50,000 for Mr Netterfield.

6.5 ASX Listing Rule 10.18 and 10.19

If shareholder approval is obtained under this resolution, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which certain termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

6.6 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. The effect of Resolutions 6 -9 will be to allow the Company to issue the Remuneration Options to the Executive Parties (or their nominee/s) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

6.7 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolutions 6 - 9:

- (a) the maximum number of Options to be issued is:
 - (i) 111,779 Remuneration A Options and 65,230 Remuneration B Options to Mr Pether, Chief Operating Officer under Resolution 6;
 - (ii) 111,779 Remuneration A Options to Mr Di Silvio, Chief Financial Officer under Resolution 7;
 - (iii) 74,519 Remuneration A Options to Mr Patten-Williams, Marketing Manager under Resolution 8; and
 - (iv) 74,519 Remuneration A Options to Mr Jim Netterfield, Project Manager under Resolution 9;
- (b) the Remuneration Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that

issue of the Remuneration Options will occur on the same date and within 5 Business Days following approval of Resolutions 6-9;

- (c) the Remuneration Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue of the Remuneration Options. If the Remuneration Options are exercised, funds will be raised as a result, and the Company will use these funds for working capital purposes;
- (d) as at the date of this Notice the Shares are trading on ASX at a price greater than the exercise price of the Remuneration Options as the Remuneration Options are being issued in consideration for the Executive Parties sacrificing a portion of their respective cash remuneration in lieu of receiving the Remuneration Options. That is, the cash remuneration of the Executive Parties are reduced by the value of the Remuneration Options being issued.

As stated above and consistent with the Company's remuneration practice in preceding years, the number of Remuneration Options issued to each Executive Party was calculated based on the 30 day volume weighted average market price of Shares up to and including 16 October 2017 which was \$0.6710 accordingly the market price for Shares during the exercise period of the Remuneration Options would normally determine whether or not the Remuneration Options are exercised.

If, at any time any of the Remuneration Options are exercised and the Shares are trading on ASX at a price higher than the 30 day volume weighted average market price of Shares up to and including 16 October 2017 which was \$0.6710, there may be a perceived cost to the Company however it also enabled the Company to reduce the cash remuneration payable to that Executive Party under their relevant remuneration package agreed with the Company.

- (e) the Remuneration Options will be issued to the Executive Parties or their nominee/s, who are not related parties of the Company; and
- (f) the Remuneration Options will be issued on the terms and conditions set out in Schedule 2.

7. RESOLUTION 10 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$ \$150,328,434 (based on the number of Shares on issue and the closing price of Shares on the ASX on 16 October 2017).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: SFX).

If Shareholders approve Resolution 10, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 10 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 10 for it to be passed.

7.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 10:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 7.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 10 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 16 October 2017

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	0.4125 50% decrease in Issue Price	0.8250 Issue Price	1.2375 50% increase in Issue Price
Shares issued - 10% voting dilution	18,221,628 Shares	18,221,628 Shares	18,221,628 Shares	18,221,628 Shares
	Funds raised	\$7,516,422	\$15,032,843	\$22,549,265
Shares issued - 10% voting dilution	27,332,443 Shares	27,332,443 Shares	27,332,443 Shares	27,332,443 Shares
	Funds raised	\$11,274,633	\$22,549,265	\$33,823,898
Shares issued - 10% voting dilution	36,443,257 Shares	36,443,257 Shares	36,443,257 Shares	36,443,257 Shares
	Funds raised	\$15,032,843	\$30,065,687	\$45,098,530

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 182,216,284 Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 16 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for continued exploration and development of the Company's Thunderbird Mineral Sands Project and/or general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets or investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 17 November 2016 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 22 November 2017, the Company otherwise issued a total of 1,506,943 Shares and 3,912,372 Options which represents approximately 2.8 % of the total diluted number of Equity Securities on issue in the Company on 22 November 2016, which was 193,227,769.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 4.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

7.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 10.

8. BACKGROUND TO RESOLUTION 11 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

8.1 Overview

The Company is listed on the ASX and has a wholly owned subsidiary Carawine Resources Limited (**Carawine**) that has an interest in a number of base metal and gold exploration assets, the **Carawine Assets** as defined below.

As previously announced, the Company is proposing, subject to Shareholder approval, to demerge Carawine and accordingly spin-out its interests in the Carawine Assets by way of distributing the 20,000,000 Carawine Shares it holds in specie to eligible Sheffield's Shareholders on a pro-rata basis (**Distribution**) and the concurrent initial public offer of Carawine securities to facilitate quotation of Carawine on the official list of the ASX (**Quotation**) (**Carawine IPO**) (**Spin-out**).

Sheffield will not retain any of its Carawine Shares after the Spin-out is implemented.

8.2 Background

The Company's currently holds an interest in the following five mineral sands projects located in Western Australia:

- (a) Dampier (HMS) (100%);
- (b) Thunderbird (HMS) (100%);
- (c) East Derby (HMS) (100%);
- (d) Eneabba (HMS) (100%); and
- (e) McCalls (HMS) (100%),

(together the **Mineral Sands Assets**).

Carawine holds an interest in the following four base metal and gold projects located in Western Australia and Victoria:

- (a) Oakover (Cu Co) (100%);
- (b) Paterson (Au Cu Co) (100%);
- (c) Fraser Range (Ni Cu Co Au) (49% with joint venture partner holding a 51% interest with the opportunity to acquire a further interest), for further details refer to a summary of the Fraser Range JVA in Schedule 11; and
- (d) Jamieson (Au Cu Ag Zn Pb) (0% with an opportunity to earn 100%), for further details refer to a summary of the Earn-In Agreement in Schedule 11,

(together the **Carawine Assets**).

The Company's activities have recently been dominated by the success of its Mineral Sands Assets, specifically the Thunderbird Project for which the Company recently completed a bankable feasibility study. For further details on the Mineral Sands Assets please refer to the Company's ASX announcement platform.

Such success has overshadowed the significant potential and value that the Directors believe is in the Carawine Assets being base metal and gold assets. Refer to Schedule 5 for a background summary of each of the Carawine Assets including information on prospectivity and to Section 9.3 of this Explanatory Statement for the proposed work programme and expenditure budget for each project.

The Company's primary purpose of the Spin-out is to separate the Carawine Assets from its other assets to achieve the following commercial objectives:

- to allow Sheffield to concentrate on the development of its Mineral Sands Assets in Western Australia;
- to create a separate entity to focus on the growth of the Carawine Assets;
- to provide separate funding channels for Carawine and the Carawine Assets (including the Carawine IPO), thereby allowing the Company to conserve its cash resources for undertaking activities connected with its Mineral Sands Assets in Western Australia and also enabling each entity to achieve a funding profile more attuned to the stage of development of its respective assets; and
- to make it easier to raise equity to fund the Carawine Assets.

The Spin-out is also considered to be an opportunity for Shareholders to realise maximum value from the Carawine Assets as it will allow the Company to divest these assets which it considers non-core to its strategic objectives and incubate them in a dedicated company, Carawine, whilst focusing on the development of its mineral sands interests in Western Australia. The Board considers that the value of the Carawine Assets is not recognised in Sheffield's share price and believes that the time has come to separate and transfer these quality projects into an independent company with a specific commodity and management focus.

Following the Distribution, Carawine will be funded by the Carawine IPO. Please refer to Section 9.2 for further details.

As well as the commercial objectives outlined above, and assuming the Company proceeds with the Distribution, it is expected the Distribution will also:

- give Sheffield and Carawine a better alignment of the management teams of both companies to achieve 100% focus on their respective project needs;
- help Sheffield to unlock value for the Sheffield Shareholders, which is not considered to be currently reflected in the Sheffield Share price;
- reduce the diversity of Sheffield's assets;
- increase the visibility and transparency of the Carawine Assets to Shareholders; and
- provide Sheffield's Shareholders with the opportunity to participate in the development of the Carawine Assets whilst also maintaining their investment exposure to the mineral sands projects.

8.3 Conditions to the Proposed Distribution

The Distribution will only proceed if the following conditions are met (together, the **Distribution Conditions**):

- Sheffield obtains Shareholder approval for the Distribution (the subject of Resolution 11);
- Carawine raises the minimum subscription amount of \$5,000,000 (or such other amount as is required for Carawine to satisfy the assets test pursuant to ASX Listing Rule 1.3) pursuant to a prospectus to be lodged by Carawine for the Carawine IPO; and

- (c) Carawine receiving a letter confirming that the ASX will admit Carawine to the Official List of the ASX, subject to the satisfaction of certain conditions on terms acceptable to Carawine.

There is no certainty that the Distribution Conditions will be satisfied.

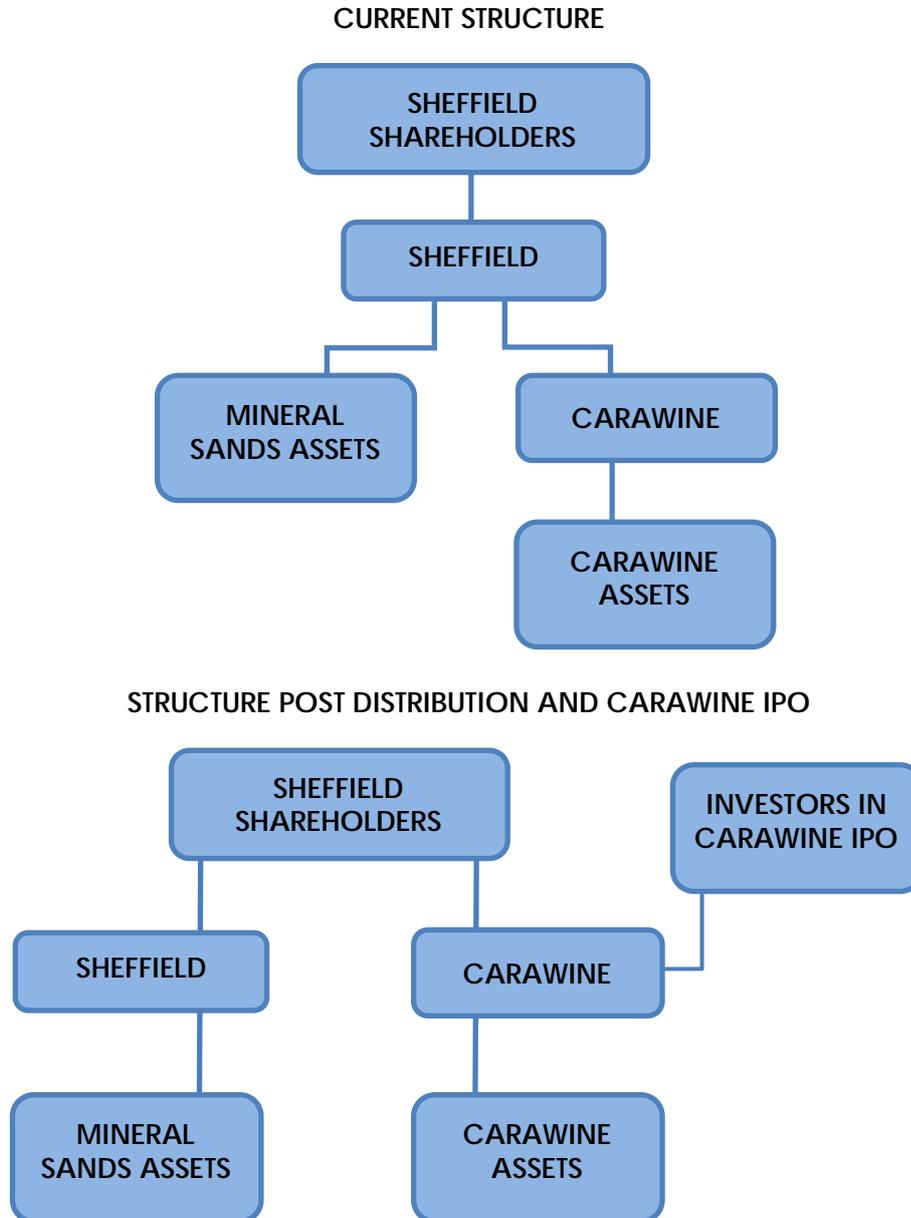
Should the Distribution Conditions be satisfied, the Distribution will be effected by an equal reduction of Sheffield's capital on a pro rata basis. Sheffield Shareholders will receive an in specie return of capital by way of the distribution of the 20,000,000 Carawine Shares in proportion to the number of Sheffield Shares held by them at the Record Date. Sheffield Shareholders will thereby retain direct ownership of the Company and receive a direct ownership interest in Carawine. Structure diagrams of the proposed arrangements immediately before and after the Spin-out and Carawine IPO are set out in Section 8.5 of this Explanatory Statement.

8.4 Tax ruling

From a tax perspective, Sheffield is commencing the process of seeking a Class Ruling from the Australian Taxation Office (**ATO**) to confirm the taxation implications for Shareholders in respect of the availability of demerger tax relief for income tax purposes. Please refer to Section 10.13 below for further details regarding the general taxation consequence in respect of the Distribution. The Company also confirms that Shareholders should obtain professional advice as to the taxation consequences of the capital reduction in their specific and individual circumstances.

8.5 Restructure

In the event the Distribution Conditions are satisfied, the restructure of Sheffield and Carawine will be as follows:



8.6 Advantages and Disadvantages of the Distribution:

(a) Advantages

- (i) All Shareholders will retain an interest in the Carawine Assets through their individual pro-rata shareholdings in Carawine.
- (ii) All Shareholders will retain their current percentage ownership interest in the capital of Sheffield.
- (iii) The Directors believe that the market is attributing minimal value to the Carawine Assets. The Board believe this may be due to Sheffield's multi-commodity project mix and that a company

primarily dedicated to exploring and developing the Carawine Assets may be able to extract additional value from them.

The Distribution and subsequent Carawine IPO should allow for a better focus on the advancement of the Carawine Assets and should enable a more transparent market value to be placed on the Carawine Assets, whilst the Company continues to develop its mineral sands projects. The Spin-out from Sheffield will mean that both Sheffield and Carawine will have a primary focus that will not be affected by events or occurrences relating to other projects.

- (iv) The Board believes that investors and the Company would benefit from the Company having a simplified corporate strategy. Different Sheffield Shareholders (and potential investors) have preferences for different assets within Sheffield's asset portfolio, however the current corporate structure with its diversified commodity interests does not allow for delivery of a simplified corporate strategy. The Distribution will allow both Sheffield and Carawine to adopt a simplified corporate strategy.
- (v) Future capital raisings are expected to be more achievable by each individual entity as the focus of the funding will be on either specifically, Sheffield's remaining assets or the Carawine Assets held by Carawine.
- (vi) The completion of the Distribution and Carawine IPO will provide Shareholders with the ability to participate in the exploration upside of the Carawine Assets under a separate company with separate financing capabilities whilst also maintaining their investment exposure to Sheffield's mineral sands projects.

(b) **Disadvantages**

- (i) There is no guarantee that the Carawine Shares will rise in value.
- (ii) There are a number of potential disadvantages arising from Carawine seeking further funding (including pursuant to the Carawine IPO). These include, but are not limited to:
 - (A) dilution of Carawine Shareholders' shareholdings via the Carawine IPO or future equity raisings (see Section 9.7 and risks in Schedule 8 for further details); and
 - (B) uncertainty regarding Carawine's ability to raise required funding.
- (iii) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Carawine (e.g. brokerage costs).
- (iv) There may be a taxation consequence in respect of the distribution of the Carawine Shares to the Shareholders. Details of the possible general taxation effect of the transaction are set out in Section 10.13 of this Explanatory Statement.

- (v) The costs relating to Carawine and the Distribution (some of which will initially be incurred by Sheffield) will include, but are not limited to:
 - (A) legal and other fees incurred in the preparation of documentation giving effect to the Distribution and the Carawine IPO; and
 - (B) tax advice obtained in relation to taxation consequences of the Distribution.
- (vi) As a result of the return of capital, Sheffield will forego a sizeable percentage of the premium it might have received from a person seeking to acquire a controlling stake in Carawine and the Carawine Assets.
- (vii) Assuming completion of the Spin-out, there will be two separate companies that will require to be funded and will incur ongoing administrative costs (being Sheffield and Carawine) rather than one company as is the case at present (being Sheffield). This will lead to a duplication of costs to Shareholders in some instances (e.g. directors' fees, which for Carawine will begin to be paid following admission of Carawine to the Official List of the ASX).
- (viii) Due to the outstanding Options on issue in Sheffield, it is not clear at the date of this Notice how many Sheffield Shares will be on issue at the Record Date nor therefore what the exact ratio for the Distribution will be. Any exercise of Options in Sheffield before the Record Date will have the effect of lowering the number of Carawine Shares distributed for each Share in Sheffield. Please refer to Section 10.2 for further details.

8.7 Summary of the effect of the Spin-out on Shareholders in Sheffield

What will you receive?

If the Distribution is implemented, eligible Shareholders will receive an in specie return of capital by way of the distribution of Carawine Shares in proportion to the number of Sheffield Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the Carawine Shares which they are entitled to receive under the Distribution.

What is the impact on your shareholding in the Company?

The number of Shares in the Company that you hold will not change as a result of the Distribution.

If the Distribution is implemented, the value of your Sheffield Shares may be less than the value held prior to the Distribution being implemented due to the removal of the Carawine Assets from the Company's asset portfolio. The size of any decrease cannot be predicted and will be dependent on the value ascribed to the Carawine Assets.

Do you have to do anything to receive your Carawine Shares?

You must hold Sheffield Shares on the Record Date in order to receive your entitlement of Carawine Shares pursuant to the Distribution. If the Distribution

proceeds, you will automatically receive the Carawine Shares you are entitled to receive (unless you are an ineligible overseas Shareholder, in which case you will receive the proceeds), even if you vote against the Distribution or do not vote at all.

Will I be able to trade my Carawine Shares?

If the Distribution is approved by Shareholders and is implemented and assuming completion of the Carawine IPO, a holder of Carawine Shares will be able to sell their Carawine Shares in the future.

What are the taxation implications of the Distribution?

A general guide to the taxation implications of the Distribution is set out in Section 10.13 of this Explanatory Statement. The description is expressed in terms of the Distribution and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder.

Shareholders should obtain professional advice as to the taxation consequences of the Distribution and Carawine IPO in their specific circumstances.

What will happen if Resolution 11 is not approved?

In the event that Shareholder approval of Resolution 11 is not obtained, the Distribution will not proceed and the distribution of Carawine Shares to Sheffield Shareholders will not occur. For further details refer to section 10.6 of this Notice.

9. OVERVIEW OF CARAWINE

9.1 General

Carawine was incorporated on 16 March 2017 as a wholly owned subsidiary company of Sheffield for the primary purpose of furthering Sheffield's interests in its base metals and gold exploration projects.

9.2 Carawine IPO

As noted above, Carawine is in the process of undertaking the Carawine IPO to facilitate Quotation.

Carawine is seeking to raise up to \$7,000,000 under the Carawine IPO (by the issue of up to 35,000,000 Carawine Shares assuming an issue price of \$0.20 each) pursuant to a prospectus to be lodged around 30 October 2017. In addition, Carawine will issue one (1) free attaching Loyalty Option for every three (3) Carawine Shares issued under the Carawine Offer.

The terms of the Loyalty Options are set out in Schedule 10.

Not to disadvantage the existing shareholders in Carawine immediately prior to the issue of securities under the Carawine IPO, Carawine also intends, that following the Distribution, it will make a bonus issue of one Loyalty Option for every three Carawine Shares held at the time. Accordingly, all Carawine Shareholders before the issue of securities under the Carawine IPO will be issued Loyalty Options on a 1 for 3 basis.

Carawine has appointed Patersons as corporate adviser and lead manager for the Carawine IPO.

Current Sheffield Shareholders will not be required to contribute additional funds to give effect to the Carawine IPO, although the Carawine IPO will be open to existing eligible Sheffield Shareholders if they wish to invest directly.

Sheffield, as the current holding company of Carawine, will be responsible for meeting all required tenement expenditure on the Carawine Assets until completion of the Carawine IPO and Distribution, at which time Carawine will independently assume responsibility for all costs associated with the Carawine Assets.

Sheffield will also fund Carawine's expenses in respect of the Carawine IPO (e.g. legal and other fees incurred in the preparation of documentation giving effect to the Carawine IPO) which will be capitalised and repaid to Sheffield from the proceeds of the Carawine IPO.

Following Quotation, the Carawine Board will continue to advance the Carawine Assets in the manner in which it considers to be in the best interests of Carawine Shareholders at the relevant time and based on its ability to fund those intentions.

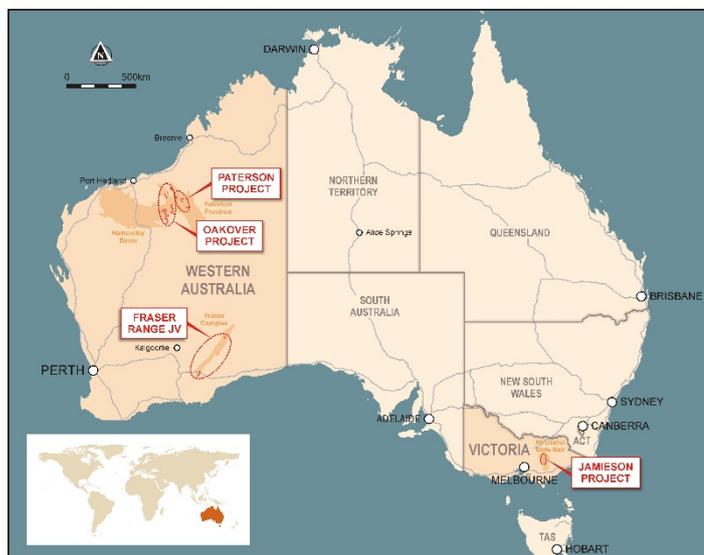
In the short term, Carawine would be focused on exploration activities at the Carawine Assets. Over the medium term, Carawine would be focused on delivering value to its shareholders through the continued exploration and development of the Carawine Assets and any additional assets that may be acquired at a future point in time. Further details will be included in the Carawine IPO prospectus.

The Carawine IPO will ensure Carawine is financed to continue (or commence) exploration activities on the Carawine Assets aimed at the discovery of mineral deposits, in some cases based on evaluation of targets previously defined by Sheffield during previous exploration undertaken by Sheffield. Please refer to Schedule 5 for further details of the Carawine Assets and to Section 9.3 below for the proposed work programme and expenditure budget for each project.

The information contained in this Section in respect of the potential future prospects of Carawine should be read together with the risk factors set out in Schedule 8.

9.3 Background of the Carawine Assets and proposed Project Development Plan

The Carawine Assets are situated in Western Australia and Victoria as shown in the map below:



A summary of each of the Carawine Assets including information on prospectivity is set out in Schedule 5. The Board believe that the cumulative results of exploration carried out by Sheffield over the previous five years provide a platform on which Carawine can progress future exploration on the Carawine Assets and add value to Carawine. It is hoped this will encourage current Sheffield Shareholders to maintain their interest in the Carawine Assets via Carawine. Refer to Schedule 5 for further details of the exploration work which has already been undertaken on the Carawine Assets.

Carawine’s proposed business model will be to further explore and develop high grade gold, copper and base metal deposits located within the Carawine Assets (where possible) in proximity to established mining operations and infrastructure which demonstrate the ability to be developed into early production opportunities.

Carawine proposes to undertake exploration across the Carawine Assets as outlined below with the intention of demonstrating the economic potential of any potential deposits and defining JORC compliant resources across multiple project areas. Carawine also intends to evaluate and pursue other prospective opportunities in the resources sector in line with its strategy to develop high quality assets. Details of the development plan for each project are set out below.

It is currently proposed that the initial exploration program proposed by Carawine for the Carawine Assets will include a total of approximately \$3,540,000 budgeted for the first two financial years as set out in Table 1 below, assuming the minimum IPO subscription of \$5 million. If Carawine raises more than this, the additional funds are proposed to be allocated to accelerating exploration at the Jamieson Project. This budget will include exploration expenditure, tenement rents and rates, office and administration costs and salaries as set out in Table 2 below.

Table 1: Expenditure Breakdown by Project Area

Project Area	Year 1	Year 2	TOTAL
Jamieson	\$955,000	\$995,000	\$1,950,000
Oakover	\$815,000	\$775,000	\$1,590,000
TOTAL	\$1,770,000	\$1,770,000	\$3,540,000

The above table (and the table below) are statements of Carawine’s intentions as of the date of this Notice and assumes completion of the Carawine IPO. As with any budget, intervening events including, but not limited to, exploration success or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. Carawine reserves the right to alter the way funds are applied on this basis. Further, the above table (and the table below) will be subject to change in the event Carawine amends the proposed structure and terms of the Carawine IPO.

No budget is set for the Paterson Project as there are no granted tenements in the project. No budget is set for the Fraser Range Project as the granted tenements are part of a joint venture whereby it is expected that Carawine will not be required to commit any exploration expenditure within the next 2 years.

Table 2: Expenditure Breakdown by Activity

Expenditure Activity	Year 1	Year 2	TOTAL
Surface exploration	\$40,000	\$80,000	\$120,000
Drilling and assay	\$800,000	\$760,000	\$1,560,000
Geophysics	\$80,000	\$40,000	\$120,000
Tenements & permitting	\$105,000	\$105,000	\$210,000
Resource studies	\$0	\$40,000	\$40,000
Staff and contractors	\$640,000	\$640,000	\$1,280,000
Travel & Accommodation	\$105,000	\$105,000	\$210,000
TOTAL	\$1,770,000	\$1,770,000	\$3,540,000

Further details of the development plan and budget proposed for each of the Carawine Assets will be included in the Carawine IPO prospectus. Refer to Schedule 5 for details of the licences which cover each project and previous exploration undertaken. The key risks which will face Carawine and exploration of the Carawine Assets are set out in Schedule 8.

9.4 Carawine Board

Carawine was incorporated on 16 March 2016. The current Board of Directors of Carawine is set out below.

The Carawine Board of Directors comprises of:

Mr Will Burbury, B.Comm, LLB appointed on 16 March 2016 (Non-executive chairman)

Will Burbury practised as a corporate lawyer with a leading Australian law firm prior to entering the mining and exploration industry in 2003. During his career, he has been actively involved in the identification and financing of many Australian and African resources projects. He has held senior management positions and served on the 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 formerly a director of Lonrho Mining Limited and an executive of NKWE Platinum Ltd.

Mr Burbury was a founding director, and is currently the non-executive chairman of Sheffield.

Mr David Boyd, B.SC (Hons) appointed on 22 September 2017 (Managing Director)

Mr Boyd is a highly experienced geologist with 24 years' experience in the mining industry. As Sheffield's founding and current exploration manager, Mr Boyd has been key to Sheffield's successes to date, including the identification and development of the 42-year Thunderbird Mineral Sands Project.

Prior to joining Sheffield, Mr Boyd was the general manager of Geology with ASX/AIM listed Consolidated Minerals Limited where he was responsible for managing exploration and resource development. Mr Boyd has previously worked in senior exploration roles with major gold-mining houses including RGC/Goldfields Limited, Placer Dome Inc. and Barrick Gold Corporation. During this time he was involved in a number of gold discoveries, including the Raleigh and Homestead Underground gold mines in the Eastern Goldfields of WA.

Mr Bruce McQuitty, B.SC, MEconGeol appointed on 16 March 2016 (Non-executive director)

Mr 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 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.

Mr McQuitty was a founding director, and is currently a non-executive director, of Sheffield.

Mr David Archer, B.SC (Hons) appointed on 16 March 2016 (Non-executive director)

Mr Archer is a geologist with 30 years' experience in exploration and mining in Australia. He has held senior positions with major Australian mining companies, including Renison Goldfields Consolidated Limited, 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 Atlas Iron Limited (ASX: AGO) 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.

Mr Archer was a founding director, and is currently an executive director, of Sheffield.

It has been agreed that the Carawine directors will not be paid director fees until after Quotation. The amount of remuneration paid to the Carawine Directors for the financial year ended on 30 June 2017, and the proposed remuneration to be paid for the current financial year ending 30 June 2018 for their position in Carawine is set out in the table below.

Director	Proposed Remuneration for the Current Financial Year (ending 30 June 2018)	Previous Financial Year (ending 30 June 2017)
W Burbury ¹	\$44,712	Nil
D Boyd ²	\$201,500	Nil
B McQuitty ¹	\$41,062	Nil
D Archer ¹	\$41,062	Nil

¹ Note Mr Burbury, Mr McQuitty and Mr Archer are directors of Sheffield and will continue to receive, in addition to their director fees for Carawine, their director fees for Sheffield.

² The remuneration payment to D. Boyd consists of a cash based payment, superannuation payment and a share based payment.

9.5 Carawine Material Contracts

Summaries of the Carawine's material contracts, being the Fraser Range JVA and the Earn-In Agreement are set out at Schedule 11.

9.6 Carawine Financial Information

Set out in Schedule 7 is the audited statement of financial position of Carawine as at 30 June 2017 together with the unaudited pro forma statement of financial position for Carawine following completion of the Distribution and the Carawine IPO.

9.7 Proposed Capital Structure of Carawine

The proposed capital structure of Carawine post completion of the Distribution and the Carawine IPO will be:

Type of security	Maximum subscription (assuming \$7,000,000 is raised under the Carawine IPO)	%	Minimum subscription (assuming \$5,000,000 is raised under the Carawine IPO)	%
Fully paid ordinary shares				
Sheffield Shareholders ⁶	20,000,000	36.4	20,000,000	44.4
Sheffield	Nil	Nil	Nil	Nil
Carawine IPO ¹	35,000,000	63.6	25,000,000	55.6
Total Carawine Shares⁵	55,000,000*	100	45,000,000*	100
Loyalty Options⁴				
Carawine Shareholders prior to issue of securities under the IPO ³	6,666,667		6,666,667	
Sheffield	Nil		Nil	
Carawine IPO ^{1, 2}	11,666,667		8,333,333	
Total Carawine Options	18,333,334	100	15,000,000	100

¹ The Carawine IPO will raise up to \$7,000,000 through the offer of up to 35,000,000 Carawine Shares at \$0.20 each. Pursuant to the terms of the Carawine IPO, Sheffield Shareholders will be able to subscribe for additional Carawine Shares.

² Carawine will issue up to 18,333,334 Loyalty Options free attaching to the Carawine Shares under the Carawine IPO on a 1 for 3 basis.

³ Carawine also intends, that following the Distribution, it will make a bonus issue of one Loyalty Option for every three Carawine Shares held at the time. Accordingly, all Carawine Shareholders before the issue of securities under the Carawine IPO will be issued Loyalty Options on a 1 for 3 basis.

⁴ The Loyalty Options will be exercisable at \$0.30 each, within three (3) years of issue. Loyalty Options will vest on the date that is six months from Quotation of Carawine subject to the vesting conditions. Full terms of the Loyalty Options are set out in Schedule 10.

⁵ In accordance with the terms of the Earn-In Agreement with Jamieson Minerals Pty Ltd to complete 100% earn-in of the EL 5523 (after incurring \$190,000 exploration expenditure) Carawine must issue Jamieson Minerals Pty Ltd \$200,000 worth of Carawine Shares. It is estimated that this issue will occur on or about the first 6 Months from Listing. The Earn-In Agreement is summarised at Schedule 11.

⁶ This amount will be reduced by Ineligible Shareholders' entitlements to Distribution Shares that are sold in accordance Section 10.5.

Additionally, it is proposed that Carawine will issue 1,700,000 performance rights (**Carawine Performance Rights**) to Carawine Managing Director, Mr David Boyd pursuant to the terms of a Carawine performance rights plan. The Carawine Performance Rights will be subject to milestones and the performance rights plan will be on the same terms as Sheffield's Performance Rights Plan summarised in Schedule 1. It is expected that these Carawine Performance Rights will be issued at the same time as the Carawine Shares and Loyalty Options under the Carawine IPO offer. The Carawine Performance Rights will only vest on the achievement of the performance milestones as set out below:

- (a) 250,000 on the achievement of a Carawine VWAP share price of at least \$0.40 for a consecutive period of at least 30 business days within 15 months of Quotation;
- (b) 350,000 on the achievement of a Carawine VWAP share price of at least \$0.60 for a consecutive period of at least 30 business days within 24 months of Quotation;
- (c) 550,000 on the announcement of a Carawine JORC compliant Mineral Resource inventory of at least 250,000oz gold equivalent within 3 years of Quotation; and
- (d) 550,000 on the announcement of an additional 250,000oz gold equivalent in JORC compliant Mineral Resources (for a total resource inventory of at least 500,000oz gold equivalent) within 4 years of Quotation.

Shareholders should note that the capital structure outlined above is indicative only and that Carawine has the discretion to amend the capital structure without notice.

9.8 Risk Factors

On successful completion of the Distribution, Shareholders will become shareholders in Carawine and should be aware of the general and specific risk factors which may affect Carawine and the value of its securities. These risk factors are set out in Schedule 8. The risk factors have been reviewed by each of the boards of directors of the Company and Carawine and are considered applicable.

9.9 Rights relating to Carawine Shares

Following the Distribution those Shareholders who are issued Carawine Shares will be shareholders of Carawine and accordingly will be subject to the terms of Carawine's constitution. The more significant rights attaching to Carawine Shares is set out in Schedule 10.

10. IMPLEMENTATION OF THE DISTRIBUTION AND INFORMATION ON SHEFFIELD FOLLOWING THE DISTRIBUTION

Subject to achieving the Distribution Conditions the Company will reduce its capital by the distribution of specific assets to Shareholders, being 20,000,000 Carawine Shares.

10.1 Timetable

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to page 6 for an indicative timetable in respect of the Distribution. The alteration to the Company's capital and the Distribution will become effective from the Record Date.

Generally, the standard record date for a reorganisation of capital of an ASX-listed company is three business days following a general meeting of that company. However, in relation to the Distribution, the Company has provided for flexibility in the setting of the Record Date, such that the Directors may elect to defer the implementation of the Distribution depending on the timing of satisfaction of the Conditions.

As a result, the Record Date to determine entitlements of Shareholders to participate in the Distribution is to be set by the Directors after the date Resolution 11 is passed, such that the Record Date will be not less than five business days after the date on which Resolution 11 is passed and not later than six months after the date on which Resolution 11 is passed.

10.2 Distribution of Carawine Shares to Sheffield Shareholders

If the Distribution proceeds, Shareholders will receive a pro rata entitlement to the 20,000,000 Carawine Shares and each Shareholder's name will be entered on the register of members of Carawine with each Sheffield Shareholder having deemed to have consented to becoming a Carawine shareholder and being bound by its constitution.

A Sheffield Shareholder's entitlement to Carawine Shares to be distributed is to be based on the number of Sheffield Shares held at the Record Date. The Company will not retain any of its Carawine Shares.

Due to the outstanding Options on issue in the Company which may be exercised before the Record Date, it is not clear at the date of this Notice how many Sheffield Shares will be on issue at the Record Date nor therefore what the exact ratio for the Distribution will be.

At the date of this Notice, there are 182,216,284 Shares on issue in the Company. Assuming this same number of Shares was on issue at the Record Date, the formula for the Distribution would be approximately 1 Carawine Share for every 9 Sheffield Shares held. Any exercise of Options in Sheffield will have the effect of lowering the number of Carawine Shares distributed for each Share in Sheffield. Any fractions of entitlement will be rounded down to the next whole number.

Sheffield currently has 7,931,358 Options on issue that may be freely exercised prior to the indicative timing of the Record Date being early December 2017 (i.e if applicable, vesting conditions and performance milestones have been met). Assuming, all these Options are exercised there would be 190,147,642 Shares on issue at the Record Date and the formula for the Distribution would be approximately 1 Carawine Share for every 9.5 Sheffield Shares held. For further details on the Options that Sheffield has on issue and vesting conditions, refer to Section 10.10 of this Explanatory Statement.

Shares in Carawine are to be held subject to its constitution which is in standard form.

10.3 Proposed Return of Capital

The actual dollar value of the proposed return of capital will be an amount equal to the value of the Carawine Shares transferred and distributed to be assessed by the Directors.

Please refer to Schedules 6 for the pro-forma statements of financial position of Sheffield which show the expected financial impact of the Distribution and Carawine IPO as at 30 June 2017.

The final amounts will be advised by Sheffield once the Distribution is complete.

The Board considers the proposed reduction of capital will have no material effect on the interests of Sheffield Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 8.6 above.

10.4 Effect of the Distribution on existing Options

In accordance with the terms of issue of each of the existing Options in Sheffield outstanding as at the date Resolution 11 is passed and in accordance with ASX Listing Rule 7.22.3, the exercise price of each such outstanding Option in Sheffield will be automatically reduced by the same amount as the amount returned in relation to each Sheffield Share. There will be no early lapsing of any existing Sheffield Options for any Sheffield employee or director who holds such Options and who becomes employed by Carawine in lieu of Sheffield.

10.5 Overseas Shareholders

The Distribution of the Carawine Shares under the reduction of capital to Sheffield Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions.

The Company has determined that it would be unreasonable to issue Carawine Shares under the Distribution to those Sheffield Shareholders on the Record Date with an address outside Australia and New Zealand (**Ineligible Shareholders**) having regard to:

- (a) the small number of shareholders with addresses outside these countries;
- (b) the small number and value of the shares those shareholders would otherwise have been entitled to; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities in each of the countries concerned.

Accordingly, Ineligible Shareholders on the Record Date with an address outside Australia and New Zealand will have their pro-rata entitlement of Carawine Shares sold by a nominee appointed by the Company, Patersons Securities Limited, and the net proceeds paid to the Ineligible Shareholder. These sales are intended to coincide with the Carawine IPO Offer. Patersons Securities Limited will act on a best efforts only basis to sell the Ineligible Shareholders' Carawine Shares, and will not be liable to the Ineligible Shareholders for any loss suffered as a result.

Shareholders who have a registered address outside Australia and New Zealand as at the date of this Notice are able to update their registered address on Sheffield's share register prior to the Record Date by contacting the Company's share registry, Link Market Services Limited on +61 1300 554 474 or the Company Secretary. If a Shareholders' registered address remains outside Australia and New Zealand as at the Record Date they will be treated as an Ineligible Shareholder for the purposes of the Distribution.

As at the date of this Notice there are 4,943,961 Sheffield Shares held by 13 Ineligible Shareholders. Ineligible Shareholders will be notified as to the progress of the sales by the Lead Manager.

As the return of capital is being represented and satisfied by the Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Ineligible Shareholders may be more or less than the notional dollar value of the reduction of capital.

10.6 Failure to achieve completion of the Distribution

If the Distribution Conditions and implementation of the Distribution is not achieved, Carawine will remain a wholly owned subsidiary of Sheffield. Accordingly a reduced level of exploration expenditure will occur on the Carawine Assets and the proposed development activities for the Carawine Assets, as set out in Section 9.3, are unlikely to be progressed. The Company has prioritised its projects and the Carawine Assets are currently considered non-core and of less priority than the Company's Mineral Sands Assets.

In the event that the Distribution is not implemented, the Company may explore alternative methods of funding exploration on the Carawine Assets although a successful outcome cannot be guaranteed. This may include, but is not limited to, entering into a joint venture arrangement with third parties or selling a portion of the Carawine Assets.

10.7 Disclosure to ASX

Sheffield, as an entity with Shares quoted on the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Sheffield can be accessed at either the Company's ASX announcements platform or the Company's website.

10.8 Effect of Proposed Capital Reduction on the Company

As referred to at Section 10.13 of this Explanatory Statement, a pro-forma statement of financial position of Sheffield is contained in Schedule 6 which shows the financial impact of the capital reduction and the Distribution on the Company.

The principal effects of the Offer will be that the Company ceases to hold the 20,000,000 Carawine Shares which will be distributed and transferred to the

Shareholders and that the share capital of the Company will be reduced by the amount to be assessed by the Sheffield Directors determined in proportion to the market value of such Carawine Shares and the market capitalisation of Sheffield at the time of the Distribution.

Assuming the Carawine IPO is finalised, the market value of the Carawine Shares will be assessed at \$0.20 per Carawine Share, amounting to an aggregate value of \$4,000,000 for the 20,000,000 Carawine Shares.

This is reflected in the pro forma for Sheffield in Schedule 6 of the Notice of Meeting which shows the financial impact based on Sheffield's market capitalisation as at 30 June 2017.

The final amounts will be advised by Sheffield once the Distribution is complete.

Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company is required to lodge quarterly accounts detailing the Company's current financial position. Any use of funds by the Company will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

The Company does not consider that there will be any change to its business model or capital requirements as a result of the Distribution other than it will no longer be required to fund the Carawine Assets. Sheffield will continue to focus on the advancement of its Mineral Sands Assets.

10.9 Sheffield Director's Interests and Recommendations

The table below sets out the number of securities in Sheffield held by the Sheffield Directors at the date of the Meeting and also the number of Carawine Shares they are likely to have an interest in if Resolution 11 is passed and implemented:

Director	Sheffield Shares	Options	Approximate Number of Carawine Shares each Director will receive ¹	Approximate Number of Carawine Loyalty Options each Director will receive
Will Burbury	8,170,000	Nil	907,778	302,593
Bruce McFadzean ²	1,182,404	2,642,741	78,600	26,200
David Archer ³	8,111,680	611,175 ⁵	885,464	295,155
Bruce McQuitty	8,034,100	Nil	892,678	297,559

¹ Assuming a 1 for 9 ratio for the Distribution for illustrative purposes only. It is not clear at the date of this Notice what the exact ratio for the Distribution will be. Refer to Section 10.2 for further details.

² Shares are held indirectly through Tardisforme Pty Ltd.

³ Shares are held indirectly through Archer Enterprises (WA) Pty Ltd <David Archer Family Trust> and David Lindsay Archer & Simone Elizabeth Archer <David Archer Super Fund>.

⁴ 260,817 Related Party Options to be issued subject to Shareholder approval under Resolution 4. As the exercise period is limited, the Related Party Options cannot vest into Shares prior to the Distribution. Additionally, 2,500,000 performance Options are included above which are subject to performance milestones. These milestones cannot be met prior to the Record Date and therefore cannot vest into Shares.

⁵ 111,779 Related Party Options to be issued subject to Shareholder approval under Resolution 5. As the exercise period is limited, the Related Party Options cannot vest into Shares prior to the Distribution. Additionally, 550,000 performance Options are included above which are subject to performance milestones. These milestones cannot be met prior to the Record Date and therefore cannot vest into Shares.

Other than as shareholders of the Company or as otherwise set out in this Explanatory Statement, none of the Directors have any interest in Resolution 11.

The Company confirms, there will be no changes to the Board of Sheffield as a result of the Distribution.

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolution 11 for the reasons summarised in Sections 8.1 and 8.6 of this Notice.

10.10 Capital Structure of Sheffield

The capital structure of Sheffield as at the date of this Notice is:

Number of Shares	Number of Quoted Options	Number of Unquoted Options ¹
182,216,284	Nil	13,631,657

Unrestricted options able to be exercised prior to indicative Record Date

Option Type	Number of Options	Exercise Price	Exercise Date
Unlisted options	500,000	\$0.66	26 September 2018
Unlisted options	1,400,000	\$0.87	19 March 2019
Unlisted options	1,600,000	\$1.16	19 March 2021
Unlisted options	4,000,000	\$0.676	31 August 2019
Remuneration options	346,657	\$0.001	24 November 2020

Restricted options unable to be exercised prior to Record Date

Option Type	Number of Options	Exercise Price	Exercise Date	Restriction
Performance options	3,000,000	\$0.001	9 February 2020	Performance conditions
Performance options	1,850,000	\$0.001	24 November 2020	Performance conditions
ESOP (Series A)	700,000	\$0.001	24 November 2020	Time conditions
ESOP (Series B)	235,000	\$0.084	24 November 2020	Time conditions

810,422 Remuneration Options are also intended to be issued following shareholder approval under Resolutions 4-9. However specific exercise periods apply and only 65,230 Remuneration Options can be exercised into Shares prior to the Record Date for the Distribution.

Additionally, Sheffield Performance Rights may be offered under the Performance Rights Plan to be approved under Resolution 3. Any Performance Rights Plan will not be able to be vested or exercised into Shares prior to the Record Date for the Distribution.

The Distribution will not affect the capital structure of Sheffield.

10.11 Rights attaching to Shares in Sheffield

The rights attaching to the Shares in Sheffield will not be affected by the Distribution.

10.12 Share price for Sheffield Shares

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Statement, and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
10 October 2017	\$0.850	31 August 2017	\$0.41

The latest available closing price of the Sheffield Shares on ASX prior to the date of this Notice was \$0.825 on 16 October 2017.

10.13 Taxation

The following is a general summary of the Australian taxation consequences for Shareholders who receive Carawine Shares in respect of the Distribution based on the applicable taxation law as at the date of this Explanatory Statement.

Sheffield has commenced the process of seeking a Class Ruling from the Australian Taxation Office (**ATO**) to confirm the taxation implications for Shareholders in respect of the availability of demerger tax relief under Division 125 of the Income Tax Assessment Act 1997 (Cth) (**ITAA 1997**) (**Demerger Relief**) and the non-application of the integrity rule in section 45B of the Income Tax Assessment Act 1936 (Cth) (**Section 45B**). It is expected that it will take several months for the ATO to make its decision on the application. Sheffield will update Shareholders accordingly in due course.

The information outlined in this taxation summary is limited solely to the Australian income tax implications of the demerger for Shareholders who hold their shares in Sheffield on capital account for tax purposes, and not on revenue account. This summary does not provide information relevant to:

- (a) Shareholders who hold their Sheffield Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors);
- (b) Shareholders whose Sheffield Shares are subject to the employee share acquisition scheme tax rules and Shareholders who are not the beneficial owners of their Sheffield Shares;
- (c) Shareholders who acquired, or are taken to have acquired, their Sheffield Shares prior to 20 September 1985; and

- (d) Shareholders who are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Sheffield Shares.

The application of tax legislation can vary according to the individual circumstances of each Shareholder. This summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in this summary are of a general nature only, may not apply to your specific circumstances and cannot be relied upon for accuracy or completeness.

Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed transaction. Neither Sheffield, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance of any Shareholder on any part of the following summary.

Australian taxation implications for Shareholders who chose Demerger Relief if Class Ruling application is successful

Shareholders who are residents of Australia and hold their Sheffield Shares on capital account for tax purposes will be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any capital gains tax (**CGT**) consequences from the Distribution may be deferred, and that any dividend component of a distribution is not taxed in the hands of the Shareholders.

The Distribution is a CGT event for each Shareholder. However, a Shareholder who chooses Demerger Relief may disregard any capital gain under the Distribution, such that no capital gain or loss will arise on the Distribution. Each Shareholder who is eligible for Demerger Relief must recalculate the cost base and reduced cost base of the Sheffield Shares and the Carawine Shares for CGT purposes. This is done by apportioning the total cost base and reduced cost base of the Sheffield Shares held by that Shareholder just before the Distribution between:

- (a) the Sheffield Shares held by that Shareholder just after the Distribution; and
- (b) the Carawine Shares distributed to that Shareholder.

The apportionment must be done on a reasonable basis, based on the market values of the Sheffield Shares and the Carawine Shares just after the Distribution (to be advised by Sheffield once the Distribution is complete), or a reasonable approximation of those market values. These adjustments apply separately to all Shareholders who are eligible for demerger roll-over, regardless of whether or not Demerger Relief is chosen.

Further information in this regard will be provided to Shareholders in due course after the Distribution occurs and following confirmation from the ATO as to the position.

On a future disposal of the Carawine Shares, certain Shareholders (such as individuals and complying superannuation funds) may be entitled to a CGT discount if they have held their Shares for at least 12 months. For these purposes, Shareholders can treat their Carawine Shares as having been acquired on the date that they acquired the corresponding original Sheffield Shares.

Australian taxation implications for Shareholders who do not choose Demerger Relief if Class Ruling application is successful

An Australian resident Shareholder who holds their Sheffield shares on capital account and who does not choose Demerger Relief will have the same tax consequences as a Shareholder who chooses Demerger Relief, except that the Shareholder may make a capital gain to the extent that the capital (i.e. non-dividend) component of the Distribution (to be advised by Sheffield once the Distribution is complete) exceeds the Shareholder's cost base. Conversely, if the capital component is less than the cost base, then the Shareholder's cost base and reduced cost base are reduced by the amount of the capital component.

For the avoidance of doubt, notwithstanding that the Shareholder does not choose Demerger Relief:

- (a) the cost base and reduced cost base of the Sheffield Shares and the Carawine Shares must still be recalculated in the manner described above;
- (b) for the purposes of determining eligibility for the CGT discount, each Carawine Share will be treated as having been acquired at the time that the corresponding original Sheffield Share was acquired; and
- (c) to the extent that any part of the Distribution is a dividend, it will not be assessable income or exempt income of the Shareholder.

Australian taxation implications for non-resident Shareholders if Class Ruling application is successful

Shareholders who are not residents of Australia for tax purposes will not be subject to any Australian CGT consequences unless they hold (either alone or together with their associates) 10% or more of the direct participation interests in Sheffield at the time of the demerger or for a continuous period of at least 12 months in the 24 months immediately preceding the Distribution. In the event that the non-resident Shareholder satisfies the 10% ownership requirement, Australian CGT will apply if at the time of the CGT event the market value of the assets in Sheffield that are Taxable Australian Real Property (**TARP**) exceed the market value of the assets that are not TARP. TARP generally includes Australian land interests including Australian mineral rights.

To the extent that a non-resident Shareholder holds Sheffield Shares that meet the above conditions, the Shareholder may make a capital gain to the extent that the capital component of the Distribution (to be advised by Sheffield once the Distribution is complete) exceeds the Shareholder's cost base.

However, non-resident Shareholders can choose Demerger Relief for their Sheffield Shares if the Carawine Shares they receive under the demerger are considered taxable Australian property (refer to the explanation above) just after they are acquired.

For the avoidance of doubt, for a non-resident Shareholder:

- (a) the cost base and reduced cost base of the Sheffield Shares and the Carawine Shares must be recalculated in the manner described above; and

- (b) for the purposes of determining eligibility for the CGT discount, each Carawine Share will be treated as having been acquired at the time that the corresponding original Sheffield Share was acquired.

The Distribution will not be subject to dividend withholding tax.

Australian taxation implications if Class Ruling does not confirm availability of Demerger Relief and non-application of Section 45B.

Broadly, if Sheffield proceeds with the Distribution in the absence of Demerger Relief, the following taxation consequences may result:

- (a) Shareholders may make a capital gain to the extent that the capital component of the Distribution exceeds the particular Shareholder's cost base (unless the Shareholder is a non-resident whose Shares do not breach the ownership thresholds described above);
- (b) the cost base and reduced cost base of the Sheffield Shares will be reduced by the Capital Reduction Amount (unless the Commissioner of Taxation makes a determination to treat all or part of the Capital Reduction Amount as an unfranked dividend);
- (c) the cost base and reduced cost base of the Carawine Shares will be equal to the Capital Reduction Amount Distribution;
- (d) the Carawine Shares will be taken to have been acquired by the Shareholder at the date of the Distribution for the purposes of determining eligibility for the CGT discount; and
- (e) the excess (if any) of the market value of the Carawine Shares at the time of the Distribution over the Capital Reduction Amount, and (if the Commissioner of Taxation so determines) all or part of the Capital Reduction Amount, may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (generally at a rate of 30% on the gross amount, subject to any applicable double taxation agreement).

Taxation implications for the Company

The transfer of shares in Carawine from Sheffield to the Sheffield Shareholders in respect of the share capital reduction is not expected to have any CGT implications for Sheffield where Demerger Relief is available.

10.14 Lodgement with the ASIC

The Company has lodged with the ASIC a copy of this Notice and Explanatory Statement in accordance with Section 256C(5) of the Corporations Act. The ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

10.15 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 11 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Statement and all relevant Schedules.

11. RESOLUTION 11 – EQUAL REDUCTION OF CAPITAL AND DISTRIBUTION

11.1 Corporations Act Requirements

The proposed reduction of capital by way of the Distribution of the Carawine Shares to Shareholders on a pro rata basis is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Distribution is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. This is because each Sheffield Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Sheffield Shareholder.

In accordance with the Corporations Act:

- (a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Sheffield Shareholders;
- (b) this Explanatory Statement and accompanying Prospectus and previous ASX announcements set out all information known to Sheffield that is material to the decision on how to vote on Resolution 11; and
- (c) Sheffield has lodged with ASIC a copy of this Notice of Meeting and accompanying Prospectus.

Accordingly Resolution 11 seeks Shareholder approval for the capital reduction by way of in specie distribution to Shareholders of 20,000,000 Carawine Shares held by Sheffield.

11.2 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Distribution satisfies the requirements of ASX Listing Rule 7.17 because the issue of Carawine Shares is being made to Sheffield Shareholders on a pro rata basis, and there is no restriction on the number of Sheffield Shares a Shareholder must hold before the entitlement to the Carawine Shares accrues.

12. ENQUIRIES

Shareholders are requested to contact Sheffield's company secretary, Mr Mark Di Silvio on (+ 61 8) 6555 8777 if they have any queries in respect of the matters set out in this Notice.

GLOSSARY

10% Placement Capacity has the meaning given in Section 7.1.

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

ATO means the Australian Taxation Office.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Carawine means Carawine Resources Limited (ACN 611 352 348).

Carawine Assets has the same meaning given to that term in Section 8.2 of the Explanatory Statement.

Carawine IPO means the initial public offer of Carawine Shares to facilitate the admission of Carawine to the official list of ASX.

Carawine Option means an option to acquire a Carawine Share.

Carawine Share means a fully paid ordinary share in the capital of Carawine.

Carawine Shareholders means a holder of a Carawine Share.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Sheffield** means Sheffield Resources Limited (ACN 125 811 083).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Distribution has the meaning given in Section 8.1.

Distribution Conditions has the meaning given at Section 8.3.

Earn-In Agreement means the joint venture and earn in agreement between Carawine and Jamieson Minerals Pty Ltd (**Jamieson**) as summarised in Schedule 11.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Fraser Range JVA means the joint venture and earn in agreement between Carawine and Independence Newsearch Pty Ltd (ACN 142 192 701) (**IGO**) and Independence Group NL (**IGONL**), as summarised in Schedule 11.

Fraser Range Project means the exploration project of Carawine as per the disclosures in Section 5 of Schedule 5.

Ineligible Shareholders has the meaning given at Section 10.5.

Jamieson Project means the exploration project of Carawine as per the disclosures in Section 2 of Schedule 5.

JORC means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Loyalty Option means a Carawine Option on the terms set out in Schedule 10.

Mineral Resources has the given by JORC.

Mineral Sands Assets has the meaning given at Section 8.1

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Oakover Project means the exploration project of Carawine as per the disclosures in Section 3 of Schedule 5.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Patersons Project means the exploration project of Carawine as per the disclosures in Section 4 of Schedule 5.

Performance Rights Plan is the plan on terms and conditions of Schedule 1 to be adopted by Sheffield following Shareholder approval of Resolution 3.

Prospectus has the meaning given on page 3 of this Notice.

Proxy Form means the proxy form accompanying the Notice.

Quotation has the meaning given at Section 8.1.

Record Date means the record date.

Remuneration Option means an Option on the terms set out in Schedule 2.

Resolutions means the resolutions set out in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Spin-out has the meaning given in Section 8.1.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Performance Rights Plan to be adopted by Shareholders under Resolution 3:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any associate Group Company;
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participants**).
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (f) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (g) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).
- (h) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:

- (i) the participant ceasing to be an Eligible Participant due to certain special circumstances (eg due to death, severe financial hardship, total and permanent disability, retirement or redundancy) as set out in the Plan; or
 - (ii) the Company undergoing a change of control; or
 - (iii) the Company being wound up.
- (i) **Conversion of vested Performance Right:** Unless the Board decides otherwise or the Performance Right has lapsed, any vested Performance Right may be exercised by the Eligible Participant within 12 months from vesting, following which the Company will issue the participant with the applicable number of Shares.
- (j) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (k) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights (**Restriction Period**).
- (l) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 Business Days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (m) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right;
 - (ii) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
 - (iii) a vested Performance Right is not converted within 12 months of becoming vested;
 - (iv) a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception;
 - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
 - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right;
 - (vii) the expiry date of the Performance Right; and
 - (viii) the five (5) year anniversary of the date of grant of the Performance Right.
- (n) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new

issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.

- (o) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (p) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (q) **Inconsistency with Offer:** Notwithstanding any other provision in the Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Plan, the deemed covenant or provision under the Offer document shall prevail.

**SCHEDULE 2 – TERMS AND CONDITIONS OF REMUNERATION
OPTIONS**

Remuneration Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.001 (**Exercise Price**).

(c) **Expiry Date**

Where not previously lapsed in accordance with paragraph (d), each Option will expire at 5:00 pm (WST) on that date which is 4 years after the date of issue of the Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Cessation of employment**

In the event the employee ceases to be employed by the Company as a result of termination by the Company without cause or due to the employee’s role being made redundant, the number of Options that are not already exercisable in accordance with paragraph (e), will vest and be immediately exercisable proportionally in accordance with the following calculation:

$$\left(\frac{\text{Term}}{\text{Period}} \right) \times \text{the amount exercisable in accordance with paragraph (e) had the Relevant Person ceased to be engaged in their retrospective role at the end of the Period.}$$

Term: The number of days that the Relevant Person has been engaged since the issue date of the Options, or if 1 May 2018 has past, the number of days the Relevant Person has been engaged since 2 May 2018.

Period: The number of days between the issue date of the Options and 1 May 2018; or, if 1 May 2018 has past, the number of days between 2 May 2018 and 1 November 2018.

In all other circumstances of termination of employment with the Company, all Options that are not exercisable in accordance with paragraph (e) lapse on the date of termination.

(e) **Exercise Period**

Subject to paragraph (f), the total amount of Options issued to each Optionholder that are exercisable on and from the following dates up to the Expiry Date (**Exercise Period**) are:

- (i) In the case of Remuneration A Options:
 - (A) 50% - 1 May 2018; and
 - (B) 50% - 1 November 2018.

(ii) In the case of Remuneration B Options - 1 December 2017.

(f) **Change of control**

In the event of a Change of Control event occurring all Options that are not exercisable in accordance with paragraph (e) will become exercisable on and from the date of the Change of Control event occurring.

For the purposes of this paragraph Change of Control means upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of

the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Transferability**

The Options are not transferable.

(o) **Dividends**

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

(p) **Bonus Issue**

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.

(q) **Quotation**

The Company will not apply to the ASX for official quotation of the Options.

SCHEDULE 3 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 4 and 5 have been valued by internal management.

Using the Black and Scholes option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	16 October 2017
Market price of shares (30 day VWAP) ¹	0.6710 cents
Exercise price	0.001 cents
Expiry date (length of time from issue)	4 years
Risk free interest rate	2.18%
Volatility	77.75%
Indicative Value of Related Party Option	0.824 cents
Total Value of Related Party Options	\$307,050.54
- Mr B McFadzean	214,935.38
- Mr D Archer	92,115.16

¹ The valuation noted above will be adjusted for the actual variables, including market price and 30 day VWAP at the time of grant.

SCHEDULE 4 – ISSUES OF EQUITY SECURITIES SINCE 30 NOVEMBER 2016

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 6 October 2017 Appendix 3B – 6 October 2017	857,500	Shares ²	Holders of unquoted Performance Options	\$0.001 per share on the exercise of Unquoted Performance Options ⁶ (representing a 99% discount to Market Price)	Cash Amount raised = \$857.50 Amount spent = \$857.50 Use of funds = working capital Proposed use of remaining funds: N/A
Issue – 15 May 2017 Appendix 3B – 15 May 2017	346,654	Shares ²	Holders of Unquoted Remuneration Options ³	\$0.001 per share on the exercise of Unquoted Remuneration Options ³ (representing a 99% discount to Market Price)	Cash Amount raised = \$346.65 Amount spent = \$346.65 Use of funds = working capital Proposed use of remaining funds ⁴ : N/A
Issue – 8 December 2016 Appendix 3B – 8 December 2016	184,361	Shares ²	Holders of Unquoted Remuneration Options ³	\$0.001 per share on the exercise of Unquoted Remuneration Options ³ (representing a 99% discount to Market Price)	Cash Amount raised = \$184.35 Amount spent = \$184.35 Use of funds = working capital Proposed use of remaining funds ⁴ : N/A
Issue – 8 December 2016 Appendix 3B – 8 December 2016	118,428	Shares ²	Holders of Unquoted Remuneration Options ⁵	\$0.001 per share on the exercise of Unquoted Remuneration Options ⁵ (representing a 99% discount to Market Price)	Cash Amount raised = \$118.45 Amount spent = \$118.45 Use of funds = working capital Proposed use of remaining funds ⁴ = N/A
	2,100,000	Unquoted Performance Options ⁷	David Archer, Mark Di Silvio, Neil Patten-Williams	No issue price (non-cash consideration)	Non-cash Consideration: Performance based remuneration for services provided to the Company Current value ¹⁰ : \$265,070
	877,672	Unquoted Remuneration Options ³	Bruce McFadzean, David Archer, Mark Di Silvio, Neil Patten-Williams, Jim Netterfield	No issue price (non-cash consideration)	Non-cash Consideration: Performance based remuneration for services provided to the Company Current value ¹⁰ : \$49,378
	700,000	Unquoted ESOP Options (Series A) ⁸	Senior employees	No issue price (non-cash consideration)	Non-cash Consideration: Performance based remuneration for services provided to the Company Current value ¹⁰ : \$156,340
	235,000	Unquoted ESOP Options (Series B) ⁹	Employees	No issue price (non-cash consideration)	Non-cash Consideration: Performance based remuneration for services provided to the Company Current value ¹⁰ : \$45,088

Notes:

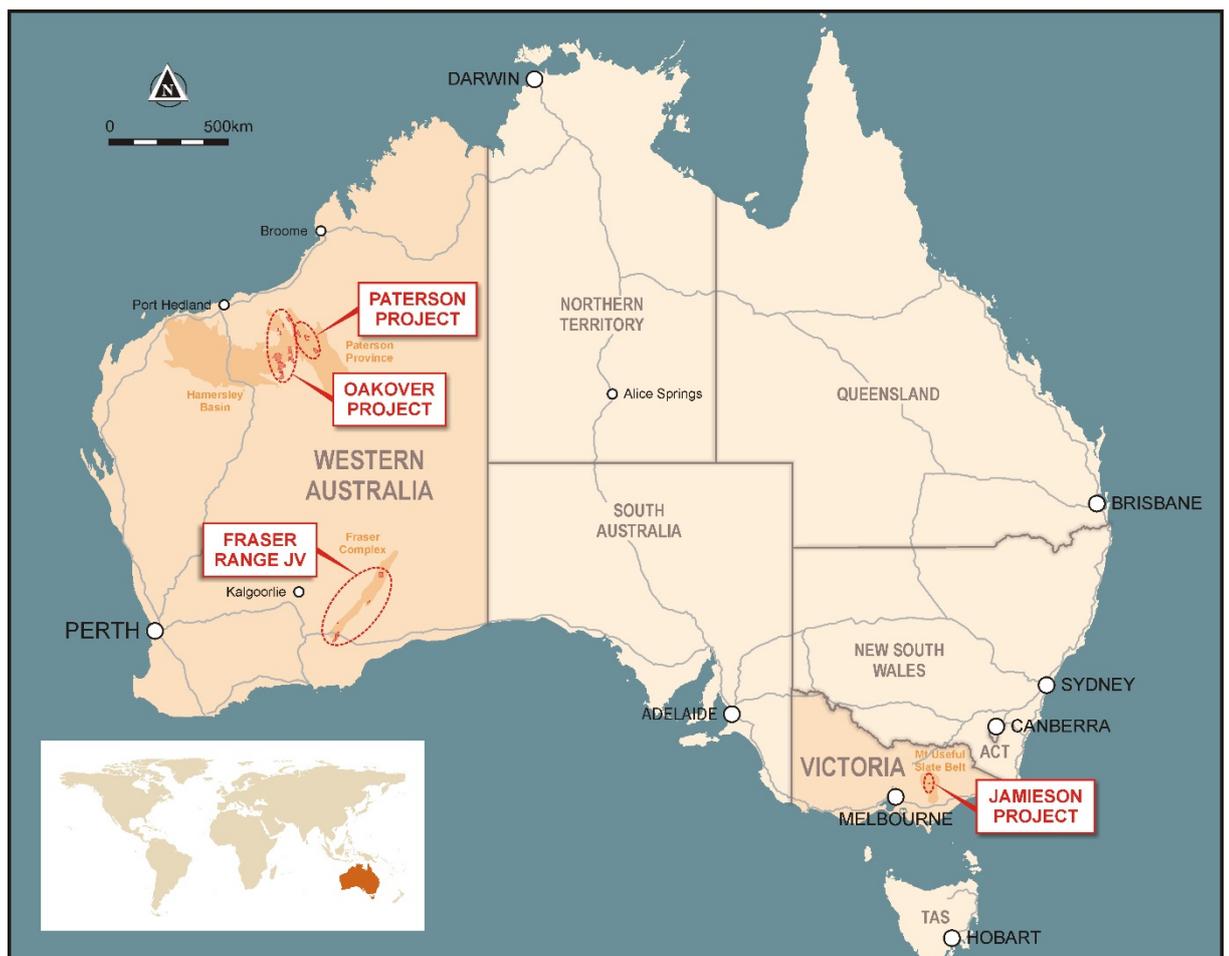
1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: SFX (terms are set out in the Constitution).
3. Unquoted Remuneration Options, exercisable at \$0.001 each, on or before 24 November 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 17 November 2016.
4. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
5. Unquoted Remuneration Options, exercisable at \$0.001 each, on or before 8 February 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 17 November 2016.
6. 620,000 Unquoted Performance Options exercisable at \$0.001 each, on or before 8 February 2020 and 237,500 Unquoted Performance Options exercisable at \$0.001 each, on or before 24 November 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 17 November 2016.
7. Unquoted Performance Options, exercisable at \$0.001 each, on or before 24 November 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 17 November 2016.
8. Unquoted ESOP Options (Series A), exercisable at \$0.001 each on or before 24 November 2020. The ESOP Options were issued under the Employee Incentive Option Plan which was initially approved at the shareholder meeting held on 28 November 2011 and re-approved at the shareholder meeting held on 27 November 2014.
9. Unquoted ESOP Options (Series A), exercisable at \$0.084 each on or before 24 November 2020. The ESOP Options were issued under the Employee Incentive Option Plan which was initially approved at the shareholder meeting held on 28 November 2011 and re-approved at the shareholder meeting held on 27 November 2014.
10. In respect of unquoted Equity Securities the value of Options is measured using the Black and Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

SCHEDULE 5 – CARAWINE ASSETS

1. INTRODUCTION

Carawine's focus is to explore for, and ultimately develop, economic gold, copper and base metal deposits within Australia. Carawine has compiled four gold, copper and base metal projects, each targeting high grade deposits in well-established mineralised provinces throughout Australia (see figure below), as follows:

- Jamieson Project, Au-Cu-Ag-Zn-Pb VHMS targets, Victoria. Carawine earning 100%.
- Oakover Project, stratabound and structural Cu-Co targets, Western Australia. Carawine 100%.
- Paterson Project, Nifty style Cu-Co and Telfer style Au-Cu targets, Western Australia. Carawine 100%.
- Fraser Range Project, Nova-Bollinger Ni-Cu-Co and Tropicana Au targets, Western Australia. Carawine 49%, Independence Group NL (ASX:IGO) 51%, earning 70% by spending \$5 million.



Project locations.

Carawine's tenements cover an area of about 4,405 km², with 13 granted exploration licences totalling an area of about 2,869 km², and 9 exploration licences under application totalling an area of about 1,536 km²

2. JAMIESON PROJECT

The Jamieson Project is located on unrestricted crown land about 20km east of the township of Jamieson in the central eastern Victorian Goldfields, about 140km northeast of Melbourne and comprises one granted exploration licence (EL 5523). The Project contains the Hill 800 gold and Rhyolite Creek zinc-gold-silver prospects, as well as a number of other gold and base-metal targets.

The region was founded on gold mining in the 1850s. A number of gold mines have operated in the region, including the A1 Mine near Gaffney's Creek south of Kevington, currently operated by Centennial Mining Ltd. The area has also been logged for forest products in the past.

Carawine's interest in the Jamieson Project is pursuant to a joint venture earn in agreement with Jamieson Minerals Pty Ltd (**Jamieson**), whereby Carawine has the right to earn a 100% interest of the Jamieson Project from Jamieson by incurring \$190,000 of exploration expenditure within the next two years, followed by the issue to Jamieson of \$200,000 worth of Carawine Shares. A summary of the Earn-In Agreement is set out in Schedule 11.

Title	Area km ²	Blocks	Grant Date	Expiry Date
EL 5523	34	51	01/10/2015	30/09/2020

A number of companies have explored the region in the past, recognising the potential of the Cambrian-aged Barkley River Volcanics to host porphyry and volcanic related mineralised systems. The majority of work was conducted by Hardrock Exploration, under joint ventures with BP Minerals and BHP Minerals, and Perseverance Mining, Mt Wellington Gold, New Holland and Goldsearch Ltd. During this time, mapping, surface geochemical sampling, ground-based and down-hole electromagnetic (EM) and induced polarisation (IP) geophysical surveys and several generations of drilling programs were completed.

This work resulted in the discovery of several gold and gold, copper and base metal prospects within the area now covered by EL5523, with most work focussed on discoveries at **Hill 800** and **Rhyolite Creek**. In 2015 Jamieson, after compiling open-file exploration information, recognised the potential of the area and applied for the tenement over (then) vacant land.

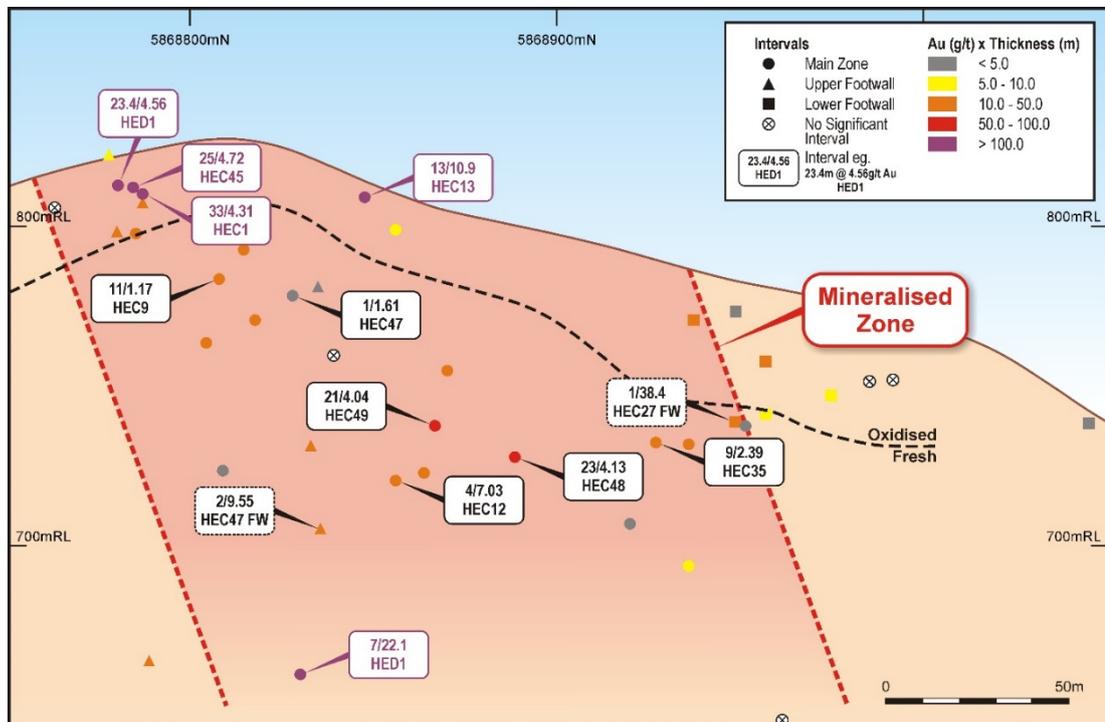
The **Hill 800 Prospect** was discovered by New Holland Mining NL ("New Holland") in 1994, following sampling of outcropping gold-rich gossans along a ridgeline. A subsequent induced-polarisation (IP) survey defined a large, strong chargeability anomaly plunging steeply north, which was targeted by several phases of reverse circulation (RC) and diamond drilling.

New Holland drilled 51 RC and 6 diamond holes at Hill 800 (6,309m total) between 1996 and 1999, returning high grade gold results including:

- 33m @ 4.31g/t Au, from surface (HEC1);
- 13m @ 10.9g/t Au, from surface (HEC13), including 3m @ 38.8g/t Au from surface;
- 23.4m @ 4.56g/t Au, from 0.5m (HED1);
- 25m @ 4.72g/t Au, from 3m (HEC45), including 1m @ 24.0g/t Au from 16m;

- 21m @ 4.04g/t Au, from 76m (HEC49), including 1m @ 20.9g/t Au from 80m; and
- 4m @ 7.03g/t Au, from 91m (HEC12), including 1m @ 28.9g/t Au from 184m and 1m @ 122g/t Au from 188m.

(see figure below, down hole widths may not represent true thickness, for further details refer to Sheffield's ASX announcement dated 28 June, 2017)



Hill 800 Long section with drill hole intersections projected onto a plane oriented 030 degrees with respect to True North. Note three sub-parallel trends are depicted: Main, Upper Footwall and Lower Footwall, and an interpreted overall trend to the mineralised envelope. In most cases the holes have been drilled oblique to mineralisation, therefore the downhole widths stated may not represent true widths.

Gold mineralisation is associated with silica-sericite-pyrite alteration in intermediate volcanic rocks at the core of a well-defined alteration zonation plunging approximately 70 degrees to the north. Within this zone, higher gold grades occur in a main, sub-vertical lode, and two parallel mineralised trends in the footwall to the main lode.

Copper mineralisation in the form of chalcopyrite was also intersected in historic drilling, often coincident with, and at times separate to gold mineralisation; for example:

- 1m @ 2.1% Cu, 122g/t Au from 188m (HED1); and
- 7m @ 0.9% Cu, 0.69g/t Au from 254m, including 2m @ 2.0% Cu, 0.65g/t Au from 255m (HED1).

(Down hole widths, may not represent true thickness, for further details refer to Sheffield's ASX announcement dated 28 June, 2017)

The presence of copper is consistent with gold-rich VHMS mineralised systems and further work is required to properly understand its distribution at Hill 800.

At the **Rhyolite Creek Prospect**, about 5km south of Hill 800, two mineralisation styles have been discovered and investigated previously. In 2008 Goldsearch drilled one diamond hole (RCD001), targeting a linear magnetic anomaly in an area of gold-silver-base metal anomalism in surface geochemical samples. This drill hole intersected a zone of strong albite-chlorite-silica alteration and sulphide mineralisation at the contact of felsic volcanic lava and volcanoclastic sediments with andesitic lava and volcanoclastic sediments, returning an interval of:

- 8m @ 3.7% Zn, 0.3% Pb, 0.1% Cu, 1.6g/t Au and 29g/t Ag from 220m including 1.4m @ 15.6% Zn, 1.5% Pb, 0.5% Cu, 7.4g/t Au and 113g/t Ag from 223m

Re-sampling of core within this interval, from 223.5 to 224.5m by Jamieson returned assay values of 20.3% Zn, 1.5% Pb, 0.7% Cu, 178g/t Ag and 10.3g/t Au (for further details refer to Sheffield's ASX announcement dated 28 June, 2017).

Zinc mineralisation was identified as being related to low-iron sphalerite and the footwall to this high grade zone was reported as being strongly altered intermediate volcanics, with significantly elevated zinc values over 52m downhole.

2.1 Additional Targets and Prospectivity

The tenement remains highly prospective. Hill 800 is interpreted as a volcanic-hosted massive sulphide (VHMS) gold-copper (Au-Cu) system with similar host rock, age and mineralisation style to the 1.5Moz Henty gold, and Hellyer lead-zinc-silver-gold deposits in Western Tasmania. The effectiveness of prior drilling was restricted by limited site preparation and the use of large truck-mounted drill rigs, leading to a number of oblique intersections and holes missing mineralisation.

Carawine believes the use of small diamond drill rigs and better drill site preparation presents an opportunity for Carawine to more effectively test the interpreted lode geometry, and target down-plunge extensions and potential parallel lodes, with the objective of compiling sufficient information to eventually allow estimation of a JORC (2012) compliant Mineral Resource for the deposit.

The high grade zinc-gold-silver horizon intersected in RCD001 at Rhyolite Creek is likely to be associated with a VHMS seafloor or sub-seafloor deposit, occurring at the contact of intermediate and felsic volcanic sequences, with wide zones of footwall alteration and anomalism. Additional holes drilled by previous explorers have intersected this position within 200m and 150m of the original intercept, defining a large zinc-gold-silver-copper mineralised system which remains open in most directions.

The tenement covers a "window" of Cambrian-aged volcanic rocks of similar age to the Mt Read Volcanics in western Tasmania, a world-class VHMS district. The discovery to date of two VHMS-style systems on the tenement confirms the outstanding potential of the project. Typically, deposits of this style occur in clusters often defining significant mining camps. Gold-rich VHMS deposits are particularly attractive targets given their high grade and polymetallic nature.

3. OAKOVER PROJECT

The Oakover Project is located in the eastern Pilbara region of northern Western Australia, adjacent to the Little and Great Sandy Deserts. The majority of the tenement areas cover pastoral leases and vacant crown land. The region is remote and sparsely populated. Active mine sites at WoodieWoodie, Nifty and

Telfer, and station homesteads at Balfour Downs, Mt Divide and Warrawagine are the nearest habitation centres in the area.

The Project is centred on the Oakover Basin and is prospective for copper, cobalt, manganese and iron.

The Oakover Project comprises seven granted exploration licences and three exploration licence applications with a total area of about 2,654km². All tenements are held 100% by Carawine.

Title	Area km ²	Blocks	Grant Date	Expiry Date
E45/4958	64	20	Pending ¹	N/A
E45/4959	127	40	Pending ²	N/A
E46/1041-I	483	153	23/03/2016	22/03/2021
E46/1042	205	69	03/08/2017	02/08/2022
E46/1044-I	89	28	23/03/2016	22/03/2021
E46/1069-I	572	180	11/11/2016	10/11/2021
E46/1099-I	270	85	15/05/2017	14/05/2022
E46/1116	328	103	01/09/2017	31/08/2022
E46/1119	235	74	01/09/2017	31/08/2022
E46/1194	282	89	Pending ³	N/A

¹ This application was received on 6 July 2017.

² This application was received on 7 July 2017.

³ This application was received on 29 September 2017.

Historic mining for copper in the Mt Divide and Balfour regions within the Project commenced in the 1920s, with records from 1958 to 1965 stating over 179t of ore grading 20.4% Cu was produced from workings in the Tubuddabudda area (Carawine's Western Star Prospect)¹. From the 1960s onwards previous workers have explored the Oakover Basin recognising the large sedimentary basin as being prospective for iron, copper, and manganese. Work has included extensive geological mapping, surface geochemical surveys, ground and airborne geophysical surveys and various generations of RAB, RC and limited diamond drilling.

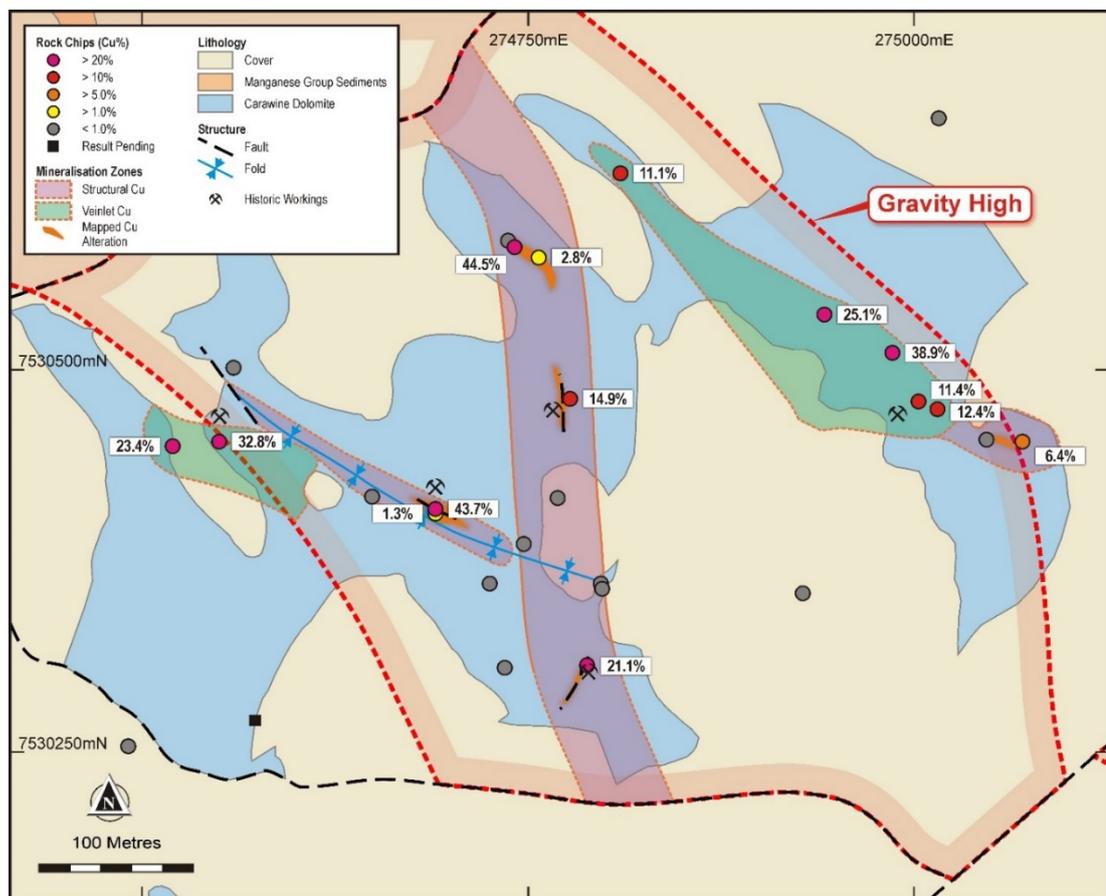
Most recently (from the early 2000s), the Project tenements were held by manganese producer Consolidated Minerals, whose focus was near-surface high grade manganese deposits to provide ore feed for their mining operations at Woodie Woodie.

A review of historic exploration, supplemented by reconnaissance mapping and rock chip sampling by Carawine, has identified a number of key target areas, including the Western Star Prospect.

Western Star contains a number of historic workings within a 500m x 500m area of dolomite, chert breccia and recent cover. Detailed geological mapping and rock chip sampling by Carawine has identified three main mineralised trends of high grade copper mineralisation in breccia and vein stockworks in dolomite.

¹ Marston, R. J, 1979. Mineral Resources Bulletin 13. Geological Survey of Western Australia

Assay results from 27 rock chip samples of barren country rock, altered wall rock and mineralisation exposed in outcrop and in historic workings have returned very high grade assay values, up to 44.5% Cu. Petrological work indicates that the surface copper mineralisation is typical of oxide zone assemblages associated with weathering of copper-sulphides at depth in carbonate-rich host rocks. In addition to extremely high copper, the mineralisation has highly anomalous cobalt values (up to 0.14%), and single samples with high Ag (50ppm) and Pd and Pt (113ppm and 160ppm respectively), indicative of a polymetallic mineralising system (for further details refer to Sheffield's June 2017 Quarterly Activities Report, dated 27 July 2017)



Western Star prospect geological map and rock chip sample locations with Cu assays noted

3.1 Additional Targets and Prospectivity

The tenements remain highly prospective. The Oakover Basin is recognised as having the lithostratigraphic and structural elements of a significant mineralised province. It is a large sedimentary basin, formed on the edge of the Pilbara Craton during significant extensional tectonic events onto metal-rich, predominantly mafic volcanic basement. These periods of extension and subsequent compression have provided opportunities throughout the Basin for focussed fluid flow within fault zones and along stratigraphic units through reactive host sequences, enabling mineralisation to occur in a variety of settings. This has established potential for the region to yield significant copper and manganese deposits, and to a lesser extent cobalt, zinc and iron deposits.

Historical exploration data review and field reconnaissance work is expected to generate a number of additional targets within the Project tenements.

4. PATERSON PROJECT

The Paterson Project comprises 5 exploration licences under application, located in the Paterson Province in the East Pilbara district of Western Australia.

Title	Area km ²	Blocks	Grant Date	Expiry Date
E45/4845	224	70	Pending ¹	N/A
E45/4847	220	69	Pending ²	N/A
E45/4871	196	61	Pending ³	N/A
E45/4881	224	70	Pending ⁴	N/A
E45/4955	125	39	Pending ⁵	N/A

¹ This application was received on 17 October 2016. There are two objections to this application, lodged by Newcrest Mining Limited and Nifty Copper Pty Ltd.

² This application was received on 19 October 2016.

³ This application was received on 24 January 2017. There is one objection to this application, lodged by Newcrest Mining Limited.

⁴ This application was received on 20 February 2017. There is one objection to this application, lodged by Newcrest Mining Limited.

⁵ This application was received on 5 July 2017.

The Paterson Province is dominated by Proterozoic aged rocks of the Rudall Metamorphic Complex and the overlying Yeneena Supergroup. These are host to the Telfer Au-Cu deposit with total resources containing over 1,300t Au and 1.6 Mt Cu, and, the Nifty and Maroochydore stratabound Cu-(Co) deposits which have global resources of 99 Mt @ 1.7% Cu and 51 Mt @ 1.0% Cu, respectively.

Most historic exploration in the region was conducted during the 1980s and 1990s by companies including WMC, BHP, Normandy, Newmont, MIM and Newcrest, targeting copper (eg. Nifty) and zinc (eg. Warrabarty) mineralisation in the west and gold-copper (eg. Telfer) in the east.

Carawine's tenements define four regions, with a review of historic exploration establishing the potential of two tenement groups prospective for stratabound copper-(cobalt) and zinc mineralisation (Red Dog, Baton) and two tenement groups prospective for Telfer-style gold-copper mineralisation (Lamil Hills, Trotman South).

4.1 Additional Targets and Prospectivity

The area is highly prospective given the number of targets identified from historic exploration. Within each area there is scope for follow up exploration including geological mapping, surface geochemical sampling, geophysical surveys and, ultimately, drill testing to evaluate the targets identified.

5. FRASER RANGE PROJECT

The Fraser Range Project consists of a 729km² holding in the Fraser Range region in the southeast of Western Australia, comprising five granted exploration tenements grouped by region as follows: E28/2374-I (Bindii), E28/2563 (Similkameen), E39/1733 (Big Bullocks); and E69/3033, E69/3052 (Red Bull) and one application: E69/3521 (Albert Park). Of these, Red Bull is the most advanced project and is located within 20km of Independence Group NL's ("IGONL")'s Nova-Bollinger nickel-copper-cobalt mine.

The tenements occur within the Proterozoic Fraser Complex which is part of the Albany-Fraser Orogenic Belt, located on the southeast margin of the Archaean Yilgarn Craton.

Carawine's interest in the Fraser Range Project is subject to a joint venture agreement with IGONL (refer to Schedule 11 for a summary of the Fraser Range JVA). IGONL are the manager and operator of the Joint Venture, and currently hold a 51% interest in the tenements. IGONL can earn an additional 19% interest by incurring \$5 million in explorations expenditure on the tenements by November 2021 (for details see Sheffield's ASX announcement dated 16 November, 2016).

Carawine has recently applied for one exploration licence adjacent to the Red Bull tenements: E69/3521, "Albert Park". The tenement is one of six competing applications and will therefore be subject to ballot to determine its priority by the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS). This tenement is not required to be included in the Fraser Range JV.

Since commencement of the joint venture, IGONL has completed a gravity survey on the Red Bull tenements E69/3052 and E69/3033 and a detailed aircore drilling program of 89 holes on the Big Bullocks tenement E39/1733. Results of this work have not yet been reported by IGO.

Title	Area km ²	Area Blocks	Grant Date	Expiry Date
E28/2374-I	38	13	18/06/2014	17/06/2019
E28/2563	17	6	02/06/2017	01/06/2022
E39/1733	238	80	19/11/2013	18/11/2018
E69/3033	131	45	27/07/2012	26/07/2017 ¹
E69/3052	229	79	11/12/2012	10/12/2017 ²
E69/3521 ⁴	76	26	Pending ³	N/A

¹ A five-year renewal application was lodged for this licence on 21 July 2017.

² An application to renew will be lodged in respect of this tenement.

³ The application for this tenement was received on 8 September 2017 and is one of six applications made concurrently, it will therefore be subject to a ballot. The tenement is not required to be included in the Fraser Range JV.

In 2012 Sirius Resources (later acquired by IGONL) discovered the Nova nickel-copper-cobalt deposit, intersecting disseminated nickel-sulphides in ultramafic intrusive rocks by drilling a buried EM conductor beneath surface Ni and Cu soil anomalism. Prior to this, exploration in the region was primarily focussed on exploring for Tropicana style gold deposits.

Since the discovery of the Nova Ni-Cu-Co deposit, the region has been the focus of intense early stage nickel exploration, predominantly by junior explorers, including extensive airborne and ground electromagnetic (EM) geophysical surveys, surface geochemical sampling, and aircore, RC and diamond drilling. IGONL have since consolidated a large exploration position through acquisition of Companies (eg. Sirius, Windward) and exploration joint ventures with Buxton, Carawine, Orion Gold and Rumble Resources.

Red Bull is located just 20km south of IGONL's Nova mine. Exploration by Sheffield including soil sampling, airborne and ground electromagnetic (EM) surveys and aircore drilling identified a number of targets. RC and diamond drilling of these targets by Sheffield failed to identify economically significant mineralisation, however anomalous Ni results were obtained from ultramafic rocks containing

disseminated Ni-sulphides (for details see Sheffield's March 2016 Quarterly Activities Report dated 20 April 2016).

This work has demonstrated the presence of host rocks and a geological setting highly prospective for the formation of magmatic-hosted nickel sulphide deposits, and scope for future discoveries.

Big Bullocks is an area of complexly folded and faulted felsic and mafic/ultramafic intrusive centres within the Fraser Complex, conceptually well-suited to formation of magmatic Ni-sulphide and gold deposits, with thin recent cover resulting in the area being under-explored to date. Regional-scale drilling by Sheffield, and interpretation of airborne geophysical data, identified a number of possible targets and areas of interest (for further details see Sheffield's ASX announcement dated 3 July 2015). IGONL recently completed a second phase of aircore drilling on the tenement, and have not reported any results to date.

5.1 Additional Targets and Prospectivity

The Project area remains highly prospective for magmatic-hosted Ni-Cu-Co deposits (eg. Nova) as well as gold deposits (eg. Tropicana). IGO, through exploration tenements held in their own right and through similar joint ventures with other explorers in the region have compiled a significant land holding in the Fraser Range.

As a dedicated nickel explorer with a long term commitment to the region IGO are well placed to conduct extensive and systematic exploration to carry the Project forward, providing Carawine with significant exposure to exploration success in the Fraser Range.

6. Exploration Program and Budget

The proposed exploration budget will be spent on granted tenements, and will be subject to modification on an ongoing basis depending on the results obtained from exploration and development activities as they progress and the granting of tenements now in application.

The budget is consistent with the stated objectives and the program is warranted and justified on the basis of the historical exploration activity and demonstrated potential for discovery of mineralisation.

Proposed exploration at the Jamieson Project will initially concentrate on confirming the interpreted model for gold mineralisation at Hill 800, and then move to defining the system's strike and plunge extents. This will comprise diamond core drilling and downhole geophysics. It is reasonable to expect this work could lead to the estimation of JORC (2012) compliant Mineral Resources for the deposit.

Diamond core drilling to follow-up to the high grade zinc and gold interval in RCD001 is also proposed for Rhyolite Creek. Additional target generation will comprise examining the historic exploration database (geological, geochemical and geophysical) to identify and prioritise additional prospects typical of VHMS camps, with follow-up comprising surface geochemical and geophysical programs followed by drilling.

Jamieson Project proposed exploration budget.

Activity	Minimum Raising			Maximum Raising		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Surface exploration	-	\$20,000	\$20,000	\$20,000	\$20,000	\$40,000
Drilling and assay	\$440,000	\$440,000	\$880,000	\$1,005,000	\$980,000	\$1,985,000
Geophysics	\$20,000	\$0	\$20,000	\$20,000	\$30,000	\$50,000
Tenements & permitting	\$10,000	\$10,000	\$20,000	\$10,000	\$10,000	\$20,000
Resource studies	-	\$40,000	\$40,000	-	\$40,000	\$40,000
Staff and contractors	\$420,000	\$420,000	\$840,000	\$720,000	\$720,000	\$1,440,000
Travel & Accommodation	\$65,000	\$65,000	\$130,000	\$100,000	\$100,000	\$200,000
Total	\$955,000	\$995,000	\$1,950,000	\$1,875,000	\$1,900,000	\$3,775,000

The immediate focus of exploration on the **Oakover Project** will be to advance the Western Star copper prospect to enable definition of the targets, and RC drill testing to establish the grade, width and size extents of the mineralisation identified at surface.

Similar targets identified from reconnaissance fieldwork and review of historic exploration in the region will also be assessed through geological mapping and surface sampling and prioritised for advanced exploration including ground geophysical surveys and drilling.

Oakover Project proposed exploration budget.

Activity	Minimum Raising			Maximum Raising		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Surface exploration	\$40,000	\$60,000	\$100,000	\$40,000	\$60,000	\$100,000
Drilling and assay	\$360,000	\$320,000	\$680,000	\$360,000	\$320,000	\$680,000
Geophysics	\$60,000	\$40,000	\$100,000	\$60,000	\$40,000	\$100,000
Tenements & permitting	\$95,000	\$95,000	\$190,000	\$95,000	\$95,000	\$190,000
Resource studies	-	-	-	-	-	-
Staff and contractors	\$220,000	\$220,000	\$440,000	\$220,000	\$220,000	\$440,000
Travel & Accommodation	\$40,000	\$40,000	\$80,000	\$40,000	\$40,000	\$80,000
Total Oakover	\$815,000	\$775,000	\$1,590,000	\$815,000	\$775,000	\$1,590,000

JORC Code (2012) Competent Person's Statement

The information in this Notice that relates to Exploration Results for the Carawine Assets is based on, and fairly represents, information and supporting documentation compiled by Mr David Boyd. Mr Boyd is a member of the Australian Institute of Geoscientists, and a full time employee of Sheffield. Mr Boyd is a Sheffield shareholder, a director of Carawine and is proposed to be the Managing Director of Carawine.

Mr Boyd has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code (2012)"). Mr Boyd consents to the inclusion in the Notice of the matters based on his information in the form and context in which it appears.

This Notice includes previously reported information that relates to Exploration Results prepared and first disclosed under the JORC Code (2012). The information was extracted from the Sheffield's previous ASX announcements as follows:

- Jamieson Gold Project Farm-In: "SHEFFIELD FARMS IN TO HIGH GRADE JAMIESON GOLD EXPLORATION PROJECT" 28 June, 2017
- June 2017 Quarterly Report: "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2017" 27 July, 2017
- Fraser Range Joint Venture: "SHEFFIELD FORMS JOINT VENTURE WITH INDEPENDENCE GROUP IN FRASER RANGE" 16 November, 2016
- March 2017 Quarterly Report: "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2016" 20 April, 2016
- Big Bullocks tenement: "TWELVE NEW NICKEL AND GOLD TARGETS OUTLINED IN FRASER RANGE" 3 July, 2015.

These announcements are available from Sheffield's ASX announcements platform and website (<http://www.sheffieldresources.com.au/>). For additional details on the Carawine Assets, please refer to Sheffield's 2017 Annual Report, previous Quarterly Activities Reports and these ASX announcements.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the relevant original market announcements.

**SCHEDULE 6 – SHEFFIELD PRO-FORMA CONSOLIDATED STATEMENT
OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Audited 30 June 2017	Adjustments	Proforma Post Distribution
	\$	\$	\$
Current Assets			
Cash and cash equivalents	8,334,797	-	8,334,797
Trade and other receivables	289,265	-	289,265
Total Current Assets	8,624,062	-	8,624,062
Non-Current Assets			
Plant and equipment	107,289	-	107,289
Deferred exploration expenditure	38,524,480	(2,352,995) ¹	36,171,485
Total Non-Current Assets	38,631,769	(2,352,995)	36,278,774
Total Assets	47,255,831	(2,352,995)	44,902,836
Current Liabilities			
Trade and other payables	1,279,017	-	1,279,017
Provisions	270,492	-	270,492
Total Current Liabilities	1,549,509	-	1,549,509
Net Assets	45,706,322	(2,352,995)	43,353,327
Equity			
Issued capital	54,721,957	(2,147,354) ¹	52,574,603
Reserves	6,069,893	-	6,069,893
Accumulated losses	(15,085,528)	(205,641) ¹	(15,291,169)
Total Equity	45,706,322	2,352,995	43,353,327

¹Derecognition of the carrying amount of deferred exploration expenditure on the Distribution of Carawine Shares (return of capital) to Sheffield Shareholders. The historic share capital of the Company has been reduced in the same proportion as the return of capital on the total market capitalisation and at market value as at 30 June 2017.

**SCHEDULE 7 – CARAWINE PRO-FORMA CONSOLIDATED STATEMENT
OF FINANCIAL POSITION AS AT 30 JUNE 2017**

Assuming Minimum Subscription

	Audited 30 June 2017	Adjustments	Proforma Minimum Subscription
	\$	\$	\$
Current Assets			
Cash and cash equivalents	-	4,450,500 ¹	4,450,500
Total Current Assets	-	4,450,500	4,450,500
Non-Current Assets			
Deferred exploration expenditure	2,352,995	-	2,352,995
Total Non-Current Assets	2,352,995	-	2,352,995
Total Assets	2,352,995	4,450,500	6,803,495
Current Liabilities			
Trade and other payables	-	-	-
Total Current Liabilities	-	-	-
Net Assets	2,352,995	4,450,500	6,803,495
Equity			
Issued capital	2,424,772	4,450,500 ¹	6,875,272
Reserves	-	-	-
Accumulated losses	(71,777)	-	(71,777)
Total Equity	2,352,995	4,450,500	6,803,495

¹ Carawine is intending to undertake a minimum capital raising by the issue of 25,000,000 Carawine Shares at an issue price of \$0.20 each to raise \$5 million under the Carawine IPO. The proforma takes into account this proposed capital raising less an estimated capital raising cost of \$0.550 million.

Assuming Maximum Subscription

	Audited 30 June 2017	Adjustments	Proforma Maximum Subscription
	\$	\$	\$
Current Assets			
Cash and cash equivalents	-	6,324,500 ¹	6,324,500
Total Current Assets	-	6,324,500	6,324,500
Non-Current Assets			
Deferred exploration expenditure	2,352,995	-	2,352,995
Total Non-Current Assets	2,352,995	-	2,352,995
Total Assets	2,352,995	6,324,500	8,677,495
Current Liabilities			
Trade and other payables	-	-	-
Total Current Liabilities	-	-	-
Net Assets	2,352,995	6,324,500	8,677,495
Equity			
Issued capital	2,424,772	6,324,500 ¹	8,749,272
Reserves	-	-	-
Accumulated losses	(71,777)	-	(71,777)
Total Equity	2,352,995	6,324,500	8,677,495

¹ Carawine is intending to undertake a maximum capital raising by the issue of 35,000,000 Carawine Shares at an issue price of \$0.20 each to raise \$7 million under the Carawine IPO. The proforma takes into account this proposed capital raising less an estimated capital raising cost of \$0.676 million.

SCHEDULE 8 – KEY RISK FACTORS FACING CARAWINE

The Carawine Shares to be distributed under the Distribution should be considered speculative because of the nature of the business activities of Carawine.

Potential investors should consider whether the Carawine Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors facing Carawine.

The business, assets and operations of Carawine will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Carawine or by investors in Carawine. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Carawine and the value of the Carawine Shares. Therefore, the Carawine Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

Risk	Description
Failure of Carawine to raise capital	<p>Carawine's capital requirements will depend on numerous factors. Exploration costs and pursuit of its business plan will reduce Carawine's cash reserves, which may not be replaced through future operations, should these prove unsuccessful or perform below expectations. Carawine would in such cases be dependent on seeking additional capital elsewhere, whether through equity, debt or joint venture financing, to support long term exploration and evaluation of the Carawine Assets.</p> <p>Carawine is likely to require further financing and undertake future capital raisings. There is a risk that Carawine may fail to raise sufficient capital to develop the Carawine Assets in the future in addition to amounts raised under the Carawine IPO.</p> <p>The Board can give no assurance as to the levels of future borrowings or further capital raisings that will be required to meet the aims of Carawine to develop the Carawine Assets. No assurance can be given that Carawine will be able to procure sufficient funding at the relevant times on the terms acceptable to it.</p> <p>Any additional future equity financing will dilute existing Carawine shareholders, and any debt financing, if available, may involve restrictions on Carawine's operating activities and business strategy. If Carawine is unable to obtain additional</p>

Risk	Description
	<p>funding as needed, it may be required to reduce the scope of its operations or scale back its business plans or exploration programmes, as the case may be or forfeit rights to some or all of its projects which could have a material adverse effect on Carawine's activities.</p>
<p>Sheffield not retaining Carawine Assets</p>	<p>Under the Distribution, Sheffield (or its subsidiaries) will no longer have an interest in Carawine or the Carawine Assets. Accordingly, Shareholders need to be aware that any investment made in Sheffield upon the basis of the Carawine Assets should be undertaken in the knowledge that Sheffield will not be holding those assets. However, investors in Sheffield who hold Sheffield Shares on the Record Date will receive Carawine Shares and so will continue to have an ownership interest in the Carawine Assets.</p>
<p>Exploration and Development Success</p>	<p>The Carawine Assets are prospective and are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. Notwithstanding the experience, knowledge and careful evaluation Carawine will bring to exploration of the Carawine Assets, there is no assurance that a significant mineral resource will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude Carawine from successfully exploiting the resource.</p> <p>The exploration costs of Carawine will be based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Carawine's viability.</p> <p>The prospects of Carawine should be considered in the light of the risks, expenses and difficulties frequently encountered by</p>

Risk	Description
	companies in their early stage of development, particularly in the exploration sector which has a high level of inherent uncertainty.
Resource estimates	Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Carawine encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and this may affect the viability of future operations.
Status of Carawine Assets	<p>All mining tenements which Carawine will hold an interest in or may acquire either by application, sale and purchase or farm-in are regulated by the applicable State mining legislation.</p> <p>There is no guarantee that applications will be granted as applied for (although Carawine has no reason to believe that tenements will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to Carawine.</p> <p>Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable State mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.</p> <p>Further, there are a number of conditions that Carawine must satisfy with respect to the Carawine Assets to keep them in good standing. These include but are not limited to licence fee payments, annual reporting requirements and annual filing requirements. Any failure by Carawine to satisfy these conditions may lead to tenements being forfeited by the company.</p>

Risk	Description
<p>Operations</p>	<p>The operations of Carawine may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>Having been incorporated on 16 March 2016, Carawine does not have any significant operating history, although it should be noted that Carawine's directors have between them significant operational experience. No assurances can be given that Carawine will achieve commercial viability through the successful exploration and/or mining of its interests. Until Carawine is able to realise value from its projects, it is likely to incur ongoing operating losses.</p> <p>Further, regulatory approvals are required prior to any work being undertaken on the ground. The granting of such approvals may take time to achieve and no guarantees can be given that the approvals will be granted in the required timeframe or at all.</p>
<p>Environmental and other regulatory risks</p>	<p>Carawine's operations are and will be subject to environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance and assessments of proposed projects. Environmental regulations could impact on the viability of Carawine's projects. Carawine may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.</p> <p>It is Carawine's intention to conduct its activities to the highest standard of</p>

Risk	Description
	environmental obligation, including compliance with all environmental laws.
Native Title	Carawine may, from time to time, need to negotiate with any native title claimant for access rights to its tenements. In addition, agreement will need to be reached with native title claimants and/or holders in the event of mining. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties.
Economic conditions	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Carawine's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the Carawine Assets may have to be surrendered or not renewed. General economic conditions may also affect the value of Carawine Shares and its valuation regardless of its actual performance.
Contractual risk	<p>Carawine's interest in the Jamieson Project and Fraser Range Project are subject to contracts with Jamieson Minerals Pty Ltd and Independence Newsearch Pty Ltd and Independence Group NL respectively. The ability of Carawine to achieve its stated objectives will depend on the performance by the parties of their obligations under these agreements.</p> <p>If Carawine is unable to satisfy its undertakings under these agreements the Company's interest in their subject matter may be jeopardised.</p> <p>If any party defaults in the performance of their obligations, it may be necessary for Carawine to approach a court to seek a legal remedy, which can be costly.</p>

SCHEDULE 9 – RIGHTS ATTACHING TO CARAWINE SHARES

A summary of the more significant rights that will attach to the Carawine Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Carawine Shareholders. To obtain such a statement, persons should seek independent legal advice. Full details of the rights attaching to the Carawine Shares are set out in Carawine's Constitution, a copy of which is available on request.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable proportionately according to the amounts paid up or credited as paid up, on the Shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of

shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

SCHEDULE 10 – LOYALTY OPTIONS

(a) **Entitlement**

Upon vesting, each Loyalty Option entitles the holder to subscribe for one Carawine Share upon exercise of the Loyalty Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Loyalty Option will be \$0.30 (**Exercise Price**).

(c) **Vesting Conditions**

The Loyalty Options are subject to a vesting condition that the Loyalty Option holder holds Carawine Shares on the date that is six months following the commencement of trading of Carawine Shares on the ASX (**Vesting Date**). Up to the Vesting Date, the Loyalty Options are non-transferable.

The number of Loyalty Options to vest will be the lesser of:

- (i) the number of Loyalty Options held by the holder on the Vesting Date; and
- (ii) the number of Carawine Shares held by the holder on the Vesting Date divided by 3.

(d) **Expiry Date**

Each Loyalty Option will expire at 5:00 pm (WST) on that date which is 36 months from the date Carawine is admitted to the Official List of ASX (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

- (i) Subject to (e)(ii), the Loyalty Options may be exercised at any time after the Vesting Date and prior to the Expiry Date, in whole or part, upon payment of the exercise price per Loyalty Option (**Exercise Period**).
- (ii) The Loyalty Options may be exercised in whole or in part and if exercised in part, multiples of 1,000 Loyalty Options must be exercised on each occasion. Where less than 1,000 Loyalty Options are held, all Loyalty Options held by the holder must be exercised together.

(f) **Notice of Exercise**

The Loyalty Options may be exercised during the Exercise Period by notice in writing to Carawine in the manner specified on the Loyalty Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Loyalty Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to Carawine.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Loyalty Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Carawine Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to Carawine (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, Carawine will:

- (iii) issue the number of Carawine Shares required under these terms and conditions in respect of the number of Loyalty Options specified in the Notice of Exercise and for which cleared funds have been received by Carawine;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if Carawine is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Carawine Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Carawine Shares issued pursuant to the exercise of the Loyalty Options.

If a notice delivered under (h) (iv) for any reason is not effective to ensure that an offer for sale of the Carawine Shares does not require disclosure to investors, Carawine must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Carawine Shares does not require disclosure to investors.

(i) **Carawine Shares issued on exercise**

Carawine Shares issued on exercise of the Loyalty Options rank equally with the then issued shares of Carawine.

(j) **Quotation of Carawine Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by Carawine to ASX for quotation of the Carawine Shares issued upon the exercise of the Loyalty Options.

(k) **Reconstruction of capital**

If at any time the issued capital of Carawine is reconstructed, all rights of a Loyalty Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Loyalty Options and holders will not be entitled to participate in new issues of capital offered to

Carawine Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.

(m) **Change in exercise price**

A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

(n) **Transferability**

Subject to their vesting in accordance with paragraph (c), Loyalty Options will be transferrable with prior board approval and subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 11 – MATERIAL CONTRACTS

The following are the contracts material to Carawine and the Carawine Assets:

1. Earn-In Agreement – Jamieson Minerals Pty Ltd

On 27 June 2017 (**Commencement Date**), Carawine entered into an agreement (**Earn-In Agreement**) with Jamieson Minerals Pty Ltd (ACN 165 056 333) (**Jamieson**) to earn a 100% interest in Victorian Exploration Licence 5523 (**EL5523**). The material terms of the Earn-In Agreement are as follows:

- (a) (**Joint Venture**): On and from Commencement Date, the parties agreed to constitute themselves in an unincorporated joint venture (**Joint Venture**) with respect to exploration of EL5523, pursuant to which it is intended that Carawine will carry out, and Jamieson will observe such exploration.
- (b) (**Committee**): A committee comprised of two representatives of Carawine, and one representative of Jamieson was established to oversee the administration and strategic direction of the objective of the Joint Venture.
- (c) (**Good Standing**): Carawine, at its sole cost, will be responsible for keeping EL5523 in good standing, obtaining and paying environmental bonds, rent and public liability insurance, statutory reporting and payment of any fine or penalty as a result of any breach of the 'Code of Practice for Mineral Exploration Standards' under the Minerals Resources (Sustainable Development) Act 1990.
- (d) (**Earn-In**): Additionally, Jamieson has granted Carawine the right to incur earn-in expenditure of \$190,000 (**Earn-In Expenditure**) by 27 June 2019 (unless extended) (**Earn-In Period**), in exchange for which Jamieson will transfer all legal and beneficial interest in EL5523 to Carawine, the costs of which will be borne by Carawine. Upon completion of this transfer, the Joint Venture is terminated (**Completion Date**).
- (e) (**Post Earn-In Payment**): If at Completion Date or if Carawine is admitted to the Official List within 6 months of Completion Date, Carawine will issue to Jamieson, Shares representing a value of \$200,000 (**Subscription Shares**). If Carawine is not admitted or does not intend to be admitted to the Official List, Jamieson may elect to be paid \$200,000 in lieu of the issue of the Subscription Shares (**Completion Payment**).
- (f) (**Withdrawal**): Carawine may terminate the Earn-In Agreement and Joint Venture at any time during the Earn-In Period, subject to satisfaction of the Guaranteed Expenditure Commitment (explained below) if payable, and rehabilitation of EL5523.
- (g) (**Guaranteed Expenditure Commitment**): The Guaranteed Expenditure Commitments are calculated as follows:
 - (i) where a notice of withdrawal is sent on or before 27 December 2017 the Guaranteed Expenditure Commitment is \$10,000;
 - (ii) where a notice of withdrawal is sent between 28 December 2017 and 28 June 2018 (inclusive), the Guaranteed Expenditure Commitment is \$40,000; and

- (iii) where a notice of withdrawal is sent between 29 June 2018 and 28 June 2019, the Guaranteed Expenditure Commitment is \$190,000.
- (h) **(Non-Compete)**: For a period of two years from a notice of withdrawal, Carawine must not apply for or otherwise acquire a legal or beneficial interest in a mineral licence located within one kilometre of the boundaries of EL5523.
- (i) **(Post Earn-In Payment)**: If within six months of the Completion Date Carawine intends to (or does) apply for Quotation, on receipt by Carawine of conditional approval for admission to the Official List, Carawine will issue to Jamieson Shares representing a value of \$200,000 (**Subscription Shares**). If Carawine does not apply for admission to the Official List, Jamieson may elect to be paid \$200,000 in lieu of the issue of the Subscription Shares (**Completion Payment**).
- (j) **(Change of Control)**: If a change of control of Jamieson occurs during the Earn-In Period, Carawine may cause Jamieson to offer to Carawine to sell its interest in EL5523 at the price of the Earn-In Expenditure yet to be expended, plus the Completion Payment (in which case no Subscription Shares will be issued).

The Earn-in Agreement otherwise contains representations, warranties and dispute resolution and termination clauses considered standard for an agreement of this nature.

2. Fraser Range JVA – Fraser Range Project

Carawine is party to an agreement (as varied) with Independence Newsearch Pty Ltd (ACN 142 192 701) (**IGO**) and Independence Group NL (**IGONL**) (**Fraser Range JVA**), under which IGO agreed to acquire an interest in E28/2374, E39/1733, E69/3033, E69/3052 and E28/2563 (**Fraser Range Project**). The material terms of the Fraser Range JVA are as follows.

- (a) **(Interests)**: As at the date of this Notice, Carawine holds a 49% interest and IGO holds a 51% interest in the Fraser Range Project.
- (b) **(Joint Venture)**: IGO and Carawine associate in an unincorporated joint venture for the purpose of exploring and, if warranted, developing and mining the Fraser Range Project (**Joint Venture**). The Joint Venture continues until the earlier of termination by both parties, the circumstance where only one party remains, or 80 years from the date of the Fraser Range JVA. Each of IGO and Carawine are severally liable in proportion to their Joint Venture for all obligations and liabilities incurred in the course of carrying out activities under the Joint Venture.
- (c) **(Management of the Joint Venture)**: IGO is the first manager of the Joint Venture with rights and obligations considered standard for an agreement of this nature and is paid an administration fee equal to 10% of the direct costs properly incurred in respect of the Joint Venture by the manager, and such fee shall form part of the Joint Venture expenditure.
- (d) **(Operating Committee)**: An operating committee has been established with one representative from each of IGO and Carawine, who will each have voting power equal to that party's Joint Venture interest at the date of any relevant meeting (**Operating Committee**). From commencement of the Joint Venture until the earlier of satisfaction of the Earn-In

Commitment (defined below), relinquishment by IGO, and 5 years (**Earn-In Period**), IGO shall be entitled to solely determine work programmes and budgets.

- (e) (**Earn-in Right**): Carawine has granted to IGO the sole and exclusive right to earn-in an additional 19% interest in the Joint Venture by sole funding Joint Venture expenditure equal to \$5,000,000 (**Earn-in Commitment**) within 5 years from commencement of the Joint Venture (subject to extension, or relinquishment by IGO). Carawine will not contribute to Joint Venture expenditure during this time. IGO may elect to pay Carawine an amount equal to the difference between actual Joint Venture expenditure and the Earn-in Commitment, in satisfaction of the Earn-in Commitment.
- (f) (**Option to Acquire Additional Interest**): Carawine has granted to IGO an option (**IGO Option**) to purchase an additional 5% interest in the Joint Venture for \$10,000,000, payable at the election of IGO in either cash, or shares in IGONL based on the 10-day volume weighted average price of IGONL shares traded on the ASX (**Additional Interest Price**). The IGO Option is exercisable until 30 days after completion and provision of a pre-feasibility study. If the Additional Interest Price cannot be issued in IGONL Shares within 20 days of exercise of the IGO Option, it must be paid in cash.
- (g) (**Cash Calls and Dilution**): Carawine is free carried during the Earn-In Period, after which each of IGO and Carawine must either contribute in proportion to their respective Joint Venture interest, or be diluted in accordance with the formula set out in the Fraser Range JVA. If Carawine's interest is diluted to 5% or less, it is deemed to have withdrawn from the Joint Venture, and its interest will convert to a net smelter royalty of 1% of the net smelter return.
- (h) (**Decision to Mine**): If, on completion of a bankable feasibility study, the Operating Committee resolves to commence mining operations, then a Joint Venture party who voted against that resolution may elect not to participate, in which case the other party may elect to acquire that party's Joint Venture interest for fair market value.
- (i) (**Guarantee**): IGONL has irrevocably guaranteed the obligations of IGO, and Sheffield has guaranteed the obligations of Carawine under the Fraser Range JVA. Sheffield's guarantee will end on Carawine achieving Quotation.

The Fraser Range JVA otherwise contains representations, warranties and dispute resolution and termination clauses considered standard for an agreement of this nature.



SheffieldResources
LIMITED
ACN 125 811 083

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Sheffield Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **4:30pm (WST) on Monday, 20 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Sheffield Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **4:30pm (WST) on Wednesday, 22 November 2017 at The Celtic Club, 48 Ord Street, West Perth WA 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4, 5, 6, 7, 8 and 9: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4, 5, 6, 7, 8 and 9, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Options to Senior Management – Jim Netterfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director – David Archer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Employee Incentive Scheme - Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Approval for an equal reduction of capital and in-specie distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options to Related Party – David Archer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Issue of Options to Related Party – Bruce Mcfadzean	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of Options to Senior Management – Mark Di Silvio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of Options to Senior Management – Stuart Pether	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Options to Senior Management – Neil Patten-Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

STEP 2



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

SFX PRX1701D



SHEFFIELD RESOURCES LIMITED

ACN 125 811 083

(COMPANY)

SHORT FORM PROSPECTUS

For an offer to transfer Carawine Shares to Shareholders of Sheffield Resources Limited pursuant to a Capital Reduction by way of In-specie Distribution being the subject of the Capital Reduction Resolution in the Notice of Meeting for the Annual General Meeting to be held on the 22 November 2017.

IMPORTANT INFORMATION

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with the ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Sheffield Directors consider an investment in the Carawine Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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1. IMPORTANT NOTICE

1.1 General

This Prospectus is dated 19 October 2017 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Carawine Shares may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Defined terms and abbreviations used in this Prospectus are explained in section 5 of this Prospectus.

1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 19 October 2017.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Carawine Shares under this Prospectus and contains information that will provide Shareholders and their professional advisers to assist them in making an informed assessment of:
 - (i) the rights and liabilities attaching to the Carawine Shares; and
 - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Carawine;
- (b) refers Shareholders and their professional advisers to Section 3 of this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;

- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the period of the Offer; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

1.3 Exposure Period

The Corporations Act prohibits the Company from distributing and transferring the Carawine Shares to the Shareholders during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the distribution and transfer of Carawine Shares. As the Annual General Meeting will be held on 22 November 2017, the Exposure Period will have ended by the time the In-specie Distribution occurs, assuming Shareholders approve the Capital Reduction Resolution.

This Prospectus (including the Notice of Meeting) will be made generally available during the Exposure Period by being posted on Sheffield's website <http://www.sheffieldresources.com.au/>. A paper copy will be made available to Australian residents on request to Sheffield during the Exposure Period.

1.4 Forwarding-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Sheffield Directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

1.5 Foreign Jurisdictions

The distribution of this Prospectus in jurisdictions outside Australian and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia and New Zealand should consult professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such offer.

2. THE OFFER

2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

In broad terms, the Notice of Meeting includes the Capital Reduction Resolution pursuant to which Sheffield proposes an equal reduction of capital (of an amount assessed by Sheffield Directors) to be satisfied by the distribution and transfer of 20,000,000 Carawine Shares to be held by Sheffield to Shareholders registered as such on the Record Date in proportion to their respective holdings of Shares as at that date.

The Distribution will only proceed if the following conditions are met (together, the **Distribution Conditions**):

- (a) Sheffield obtains Shareholder approval for the Distribution pursuant to the Capital Reduction Resolution (Resolution 11 in the Notice of Meeting;
- (b) Carawine raises the minimum subscription amount of \$5,000,000 (or such other amount as is required for Carawine to satisfy the assets test pursuant to ASX Listing Rule 1.3) pursuant to a prospectus to be lodged by Carawine for the Carawine IPO; and
- (c) Carawine receiving a letter confirming that the ASX will admit Carawine to the official list of the ASX, subject to the satisfaction of certain conditions on terms acceptable to Carawine.

Accordingly, it is a term of the Offer that the Carawine Shares will be approved for trading on ASX as soon as possible after the Distribution

Under ASIC Regulatory Guide 188, the issue of the Notice of Meeting with the Capital Reduction Resolution constitutes an offer by Sheffield of the transfer of the Carawine Shares to be distributed and transferred to eligible Shareholders pursuant to Chapter 6D of the Corporations Act and accordingly Sheffield has prepared this Prospectus to accompany the Notice of Meeting.

Shareholders with an address outside Australia or New Zealand at the Record Date (**Ineligible Shareholders**) should note that the Distribution of the Carawine Shares to overseas Shareholders under the Capital Reduction will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. Accordingly, Ineligible Shareholders will have their pro-rata entitlement of Carawine Shares sold on their behalf by a nominee engaged by the Company, Patersons Securities Limited (AFSL 239052), and the net proceeds of those sales will be paid to the Ineligible Shareholder. Patersons Securities Limited will act on a best efforts only basis to sell the Ineligible Shareholders' Carawine Shares, and will not be liable to the Ineligible Shareholders for any loss suffered as a result.

The Company estimates it will pay Patersons Securities Limited approximately \$2,000 (exclusive of GST) in respect of these nominee services.

Shareholders who have a registered address outside Australia and New Zealand as at the date of this Prospectus are able to update their registered address on Sheffield's share register prior to the Record Date by contacting the Company's share registry, Link Market Services Limited on +61 1300 554 474 or Sheffield's Company Secretary. If a Shareholders' registered address remains outside Australia and New Zealand as at the Record Date that Shareholder will be treated as an Ineligible Shareholder for the purposes of the Offer.

As the return of capital is being represented and satisfied by the Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital.

The Offer is able to be made to Shareholders registered in New Zealand pursuant to the New Zealand Financial Markets Conduct (Incidental Offers) exemption Notice 2016.

2.2 Effect of the Offer on the Company

The principal effects of the Offer will be that the Company ceases to hold the 20,000,000 Carawine Shares which will be distributed and transferred to the Shareholders and that the share capital of the Company will be reduced by the amount to be assessed by the Sheffield Directors determined in proportion to the market value of such Carawine Shares and the market capitalisation of Sheffield at the time of the Distribution.

Assuming the Carawine IPO is finalised, the market value of the Carawine Shares will be assessed at \$0.20 per Carawine Share, amounting to an aggregate value of \$4,000,000 for the 20,000,000 Carawine Shares.

This is reflected in the pro forma for Sheffield in Schedule 6 of the Notice of Meeting which shows the financial impact based on Sheffield's market capitalisation as at 30 June 2017.

The final amounts will be advised by Sheffield once the Distribution is complete.

The effect on the Distribution on Carawine is reflected in the pro forma in Schedule 7 of the Notice of Meeting.

2.3 Action Required by Shareholders

No action is required to be taken by Shareholders under this Prospectus. Should Shareholder approval be obtained for the Capital Reduction Resolution, the Distribution Conditions are satisfied and the Capital Reduction proceeds to be implemented, then the Carawine Shares will be distributed and transferred to eligible Shareholders in accordance with the terms of the Capital Reduction Resolution and Sheffield's constitution, whether you voted for or against the Capital Reduction Resolution or did not vote at all (or did not attend the Meeting).

In accordance with ASIC Corporations (Capital Reductions and Reconstructions – Technical Disclosure Relief) Instrument 2017/242, no application form is required to be completed or returned to participate in the proposed distribution and transfer of Carawine Shares under the Capital Reduction and no application form is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 8 6555 8777.

3. NOTICE OF MEETING INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS

3.1 Short Form Prospectus

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. However, it incorporates by reference information contained in the Notice of Meeting that has been lodged with the ASIC.

3.2 Included Information

The Notice of Meeting contains all information that Shareholders require in relation to the Capital Reduction and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus. The material provisions of the Notice of Meeting are summarised below in section 3.3 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The Notice of Meeting will be dispatched to all Shareholders with this Prospectus. In addition, the Notice of Meeting will be made generally available during the Application Period by being posted on the Company's website (<http://www.sheffieldresources.com.au>).

3.3 Notice of Meeting - Summary of Material Provisions of Notice of Meeting

In accordance with Section 712 of the Corporations Act, set out below is a summary of the information contained in the Notice of Meeting that is deemed to be incorporated in this Prospectus to assist Shareholders and their professional advisers for the purposes of making an informed investment decision in relation to the Carawine Shares.

The sections referred to in this section 3.3 are references to sections in the Notice of Meeting.

(a) **Important Information Section**

This section sets out potential advantages and disadvantages of, and the recommendations of the Sheffield's Directors in respect of, the Capital Reduction.

(b) **Indicative Timetable Section**

This section sets out the indicative timetable for the Capital Reduction.

(c) **Section 8.1 – Overview**

This section provides an overview of the Company and the Distribution

(d) **Section 8.2 – Background**

This section provides an overview of the Company, the Carawine Assets, and the commercial objectives of the Capital Reduction

(e) **Section 8.3 – Conditions to the Proposed Distribution**

This section sets out the Distribution Conditions.

(f) **Sections 8.4 and 10.13 – Taxation**

These sections provide a general summary of the Australian taxation consequences for Shareholders who receive Carawine Shares in respect of the Capital Reduction based on applicable taxation law as at the date of the Notice of Meeting. Information is also given in respect of the Company's application to seek a class ruling from the ATO in respect of the availability of demerger tax relief.

The summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in the summary are of a general nature only, may not apply to a Shareholder's specific circumstances and cannot be relied upon for accuracy or completeness. Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed Capital Reduction. Neither Sheffield, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance of any Shareholder on any part of the summary.

(g) **Section 8.6 – Advantages and Disadvantages of the Proposal**

This section sets out further information on the principle advantages and disadvantages to Shareholders of the Capital Reduction and Carawine IPO.

(h) **Section 8.7 – Summary of the effect of the Spin-out on Shareholders in Sheffield**

This section provides information on the Capital Reduction including the effect of the Capital Reduction and the Distribution on Shareholders.

(i) **Sections 9.1 and 9.2 – General and Carawine IPO**

This section provides information on Carawine (including its future prospects and plans) and an overview of the Carawine IPO.

(j) **Section 9.3 and Schedule 5 – Background of the Carawine Assets and proposed Project Development Plan**

This section gives background on each of the Carawine Assets and details of the proposed exploration program and budget for each project and the schedule provides further details on the Carawine Assets.

(k) **Section 9.4 – Carawine Board**

This section provides information on the Carawine Directors.

(l) **Section 9.5 and Schedule 11 – Carawine Material Contracts**

This section and schedule to the Notice of Meeting provide information on the contracts to which Carawine is a party, which are material to Carawine's business.

(m) **Sections 9.6 and Schedule 7 – Carawine Financial Information**

These sections and schedule to the Notice of Meeting contain the pro forma statement of financial position for Carawine reflecting the proposed balance sheet of Carawine assuming completion of the Capital Reduction and Carawine IPO.

(n) **Sections 8.5, 9.7 and Schedule 10 – Proposed Capital Structure of Carawine and other information**

These sections provide additional information in respect of the Capital Reduction including the current and proposed capital structure of Carawine assuming completion of the Capital Reduction and Carawine IPO a diagram of the restructure.

(o) **Section 9.8 and Schedule 8 – Risk Factors**

This section and schedule to the Notice of Meeting set out certain of the key general and specific risk factors which may affect Carawine and the value of its securities.

(p) **Section 9.9 and Schedule 10 – Rights relating to Carawine Shares**

This section and schedule to the Notice of Meeting sets out a summary of the more significant rights attaching to the Carawine Shares to be distributed and transferred to the Shareholders pursuant to the Capital Reduction.

(q) **Sections 10.1, 10.2, 10.14, 10.15, 11.1 and 11.2 – Capital Reduction**

These sections provide information on the Capital Reduction including legal procedure required to be followed by the Company, the effect of the Capital Reduction on the Shareholders and a statement by the Sheffield Directors that they believe the Capital Reduction is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors.

(r) **Sections 10.3, 10.8 and Schedule 6 – Proposed Return of Capital and Financial Impact on the Company**

These sections outline how the reduction of capital will affect the financial position of the Company and the Company's business model and capital requirements.

The schedule to the Notice of Meeting contains the unaudited pro forma statement of financial position of the Company assuming completion of the Capital Reduction and Carawine IPO (based on the statement of financial position of the Company as at 30 June 2017).

(s) **Section 10.4 – Effect of the Distribution on existing Options**

This section outlines the effect the Capital Reduction will have on existing option holders.

(t) **Section 10.5 – Overseas Shareholders**

This section outlines the effect the Capital Reduction will have on overseas shareholders.

(u) **Section 10.6 – Failure to achieve completion of the Distribution**

This section sets out the Company's potential future plans in the event the Capital Reduction and Carawine IPO do not complete.

(v) **Section 10.9 – Sheffield Director's Interests and Recommendations**

This section sets out the number of securities in the Company held by the Sheffield Directors at the date of the Notice of Meeting and the number of Carawine Shares they are likely to have an interest in assuming completion of the Capital Reduction.

(w) **Section 10.10 – Capital Structure of Sheffield**

This section sets current capital structure of the Company and establishes that the capital structure will not be affected by completion of the Capital Reduction.

(x) **Sections 10.7, 10.11 and 10.12 – Rights attaching to Shares in Sheffield**

These sections set out that the rights attaching to Shares in Sheffield will not be affected by the Capital Reduction including its operation as a disclosing entity and includes information in relation to the trading prices of the Shares.

A copy of the Notice of Meeting accompanies this Prospectus.

3.4 Interests of Carawine Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Carawine Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
 - (i) the formation or promotion of Carawine;
 - (ii) property acquired or proposed to be acquired by Carawine in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) except as set out in section 3.5 or the Notice of Meeting, no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Carawine Director, either to induce him to become, or to qualify, as a Carawine Director or otherwise for services rendered in connection with the formation or promotion of Carawine or the Offer.

3.5 Remuneration of Carawine Directors

It has been agreed that the Carawine directors will not be paid director fees until after the Carawine IPO has been completed.

For details of the Carawine Board and their intended remuneration, please refer to section 9.4 (Carawine Board) of the Notice of Meeting.

3.6 Interests of Experts and Others

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company or Carawine;

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company or Carawine;
- (b) any property acquired or proposed to be acquired by the Company or Carawine in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of Carawine or the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as lawyers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$5,000 (exclusive of GST) in respect of these services.

3.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement

included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the legal adviser to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

David Boyd has given his written consent to being named as the Competent Person in this Prospectus and Notice of Meeting. David Boyd has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

3.8 Substantial Carawine Shareholders

As at the date of this Prospectus, Carawine is a wholly owned subsidiary of the Company.

Based on information known at the date of this Prospectus and assuming Carawine raises \$5,000,000 under the Carawine IPO, it is not intended that any person will hold 5% or more of the Carawine Shares on issue following implementation of the Capital Reduction and completion of the Carawine IPO.

3.9 Expenses of the Offer

The total expenses of the Distribution are estimated to be \$20,000 constituting of legal fees and ASIC fees and other expenses.

3.10 Litigation

As at the date of this Prospectus, Carawine is not involved in any legal proceedings and the Sheffield Directors are not aware of any legal proceedings pending or threatened against Carawine.

3.11 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the furtherance of Carawine's development. These activities are expected to dominate the two-year period following implementation of the Capital Reduction and completion of the Carawine IPO. Accordingly, the Company does not expect Carawine to declare any dividends during that period.

Any future determination as to the payment of dividends by Carawine will be at the discretion of the Carawine Directors and will depend on the availability of distributable earnings and operating results and financial condition of Carawine, future capital requirements and general business and other factors considered relevant by the Carawine Directors. No assurance in relation to the payment of dividends by Carawine or franking credits attaching to dividends can be given by the Company.

3.12 Privacy

Sheffield collects personal information about its Shareholders' holdings of Shares in accordance with the Corporations Act. Sheffield will share that personal information with its advisers and service providers and with Carawine and its advisers and service providers in connection with the Capital Reduction and Distribution.

Shareholders can contact Sheffield's Company Secretary on +61 8 6555 8777 if they have any questions about their personal information.

4. SHEFFIELD DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Sheffield Directors.

In accordance with Section 720 of the Corporations Act, each Sheffield Director has consented to the lodgement of this Prospectus with the ASIC.



**Bruce McFadzean
Managing Director
For and on behalf of
Sheffield Resources Limited**

5. **GLOSSARY**

Annual General Meeting means the annual general meeting of the Company convened by the Notice of Meeting.

Application Period means the period commencing at the end of the Exposure Period and ending on the date that the Meeting is held.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ATO means the Australian Taxation Office.

Capital Reduction means the equal reduction of capital of the Company proposed to be satisfied by the Distribution and transfer to eligible Shareholders (in proportion to their holdings of Shares) of 20,000,000 of the Carawine Shares to be issued by Carawine to Sheffield as consideration for the acquisition of the Carawine Assets.

Capital Reduction Resolution means Resolution 11 of the Notice of Meeting to be put to Shareholders at the Annual General Meeting to approve the Capital Reduction.

Carawine means Carawine Resources Limited (ACN 600 308 398).

Carawine Assets has the meaning given in section 8.2 of the Notice of Meeting.

Carawine Director means a current director of Carawine.

Carawine IPO means the initial public offer of Carawine Shares to facilitate the admission of Carawine to the official list of, and official quotation of the Carawine Shares by, the ASX.

Carawine Share means a fully paid ordinary share in the capital of Carawine.

Carawine Option means an option to acquire a Carawine Shares.

Company or **Sheffield** means Sheffield Resources Limited (ACN 125 811 083).

Corporations Act means the *Corporations Act 2001* (Cth).

Distribution means the proposed in-specie distribution and transfer of 20,000,000 Carawine Shares by Sheffield to eligible Shareholders.

Distribution Conditions has the meaning given in section 2.1 of this Prospectus.

Explanatory Statement means the explanatory statement accompanying and forming part of the Notice of Meeting.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Notice of Meeting means the Notice of Annual General Meeting and Explanatory Statement of the Company for the Annual General Meeting to be held on 22 November 2017.

Offer means the offer of Carawine Shares to Shareholders pursuant to the Notice of Meeting.

Prospectus means this short form prospectus prepared in accordance with section 712 of the Corporations Act.

Record Date means the record date for determining entitlements to the distribution and transfer of Carawine Shares under the Capital Reduction to be set by the Sheffield Directors in accordance with section 10.1 of the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Sheffield Director means a director of the Company as at the date of this Prospectus.