Sheffield Resources LIMITED

ANNUAL REPORT 2019

Directors

Mr Will Burbury, Non-Executive Chairman
Mr Bruce McFadzean, Managing Director
Mr Bruce McQuitty, Non-Executive Director
Mr David Archer, Technical Director
Mr Ian Macliver, Non-Executive Director
Mr John Richards, Non-Executive Director

Company Secretary

Mr Mark Di Silvio

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Australian Business Number (ABN)

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Dear Shareholders,

This has been an important year for Sheffield Resources with your Company securing all key permits, licences, debt facility and engineering agreements required to commence the construction of the Thunderbird Mineral Sands Project. The conclusion of the Bankable Feasibility Study Update post the end of the financial year, has demonstrated outstanding outcomes and places our Company in a strong position to deliver the Thunderbird Project and drive shareholder value.

The first half of the year saw the focus of the Company directed toward achieving the signing of the Native Title Co-existence Agreement with the Traditional Owners, execution of the Engineering, Procurement and Construction agreement and the US$175 million debt facility agreement with Taurus and a terms sheet for A$95 million debt facility with the Northern Australia Infrastructure Fund (NAIF). The Company also received all required environmental and regulatory approvals resulting in the grant of the mining lease. The Thunderbird Mineral Sands Project is now fully permitted.

A new Ore Reserve of 748 million tonnes at 11.2% HM was completed during the June 19 quarter. This represents an increase of 68 million tonnes on the previous Ore Reserve of 680.5 million tonnes at 11.3% HM. The updated Ore Reserve includes a substantial increase in contained zircon of 500,000 tonnes to 6.4 million tonnes which further highlights the significant scale of the Thunderbird deposit.

In the second half of the year, the Company in conjunction with GR Engineering Services, undertook a six month, detailed technical assessment culminating in a Bankable Feasibility Study Update which was released subsequent to the end of the financial year. The study update has removed the ilmenite processing circuit and increased zircon production to materially reduce the equity funding requirements for the Project by A$101 million. The outcomes of the Bankable Feasibility Study Update demonstrate that Thunderbird is well placed to deliver long term benefits to all stakeholders.

Subsequent to the end of the year, the Company signed a binding cornerstone offtake agreement for the sale of 100% of the stage 1 unroasted primary ilmenite production with Bengbu Zhongheng New Materials S&T Co., Ltd. Bengbu is the world's largest producer of fused zirconia, supplying state-of-the-art products globally and has targeted chloride pigment production in its future growth plans. The sale of the ilmenite enhances Thunderbird's economics by generating additional revenue from primary ilmenite sales and complements the strategy identified in the Bankable Feasibility Study Update. In addition, a further binding offtake agreement has been negotiated with Hainan Wensheng High-Tech Materials Company increasing the contracted volume of the previous agreement from 27,000 tonnes of zircon concentrate to 52,000 tonnes. This means that 100% of all stage 1 zircon and ilmenite production volumes at Thunderbird are subject to binding offtake agreements.

The mineral sands industry is forecasting a structural supply deficit in the mid to long term for both zircon and titanium-based minerals. This deficit places Sheffield in an excellent position as we expect to supply the market products at a time when there is strong demand in parallel with a depleting supply base.

Your Company is focussed on the next steps required to bridge the funding gap and commence construction of the Thunderbird Mineral Sands Project. As a result of the Bankable Feasibility Study Update the equity gap has been reduced to a level of A$143 million. Engagement with strategic partners who have expressed interest in the Project, remains ongoing and is expected to conclude during the second half of 2019. Subject to a Final Investment Decision, construction works and mobilisation will commence shortly thereafter.

Our achievements this year were only made possible by the dedicated, engaged and highly capable team at all levels of our organisation. I'd like to thank my fellow Directors, our people, business partners and stakeholders for their support and commitment. I'd also like to welcome Ian Macliver and John Richards as Non-Executive Directors' and look forward to drawing on their extensive knowledge and experience as we move forward in developing the Thunderbird Mineral Sands Mine. Finally, thank you to you, our shareholders, for your continued support as we move forward into this next phase, and what I am sure will be an increasingly bright future for Sheffield Resources.

Will Burbury
Chairman

OVERVIEW

During the reporting period, Sheffield Resources Limited (Group, Company or Sheffield) continued the progression of its world class Thunderbird Mineral Sands Project (Thunderbird or Project), located near Derby in the Canning Basin region of Western Australia, culminating with the decision to commence a strategic partner process to support the development of the Thunderbird Project.

Key Highlights for the Financial Year

- ✓ Granted State and Federal environmental approval
- ✓ Executed Native Title Agreement
- ✓ Granted Thunderbird mining lease
- ✓ Executed US$175 million project finance facility with Taurus Mining Finance
- ✓ A$95m Northern Australia Infrastructure Fund term sheet approved
- ✓ Executed EPC contract with GR Engineering Services
- ✓ Executed Thunderbird LNG supply agreement
- ✓ Signed binding primary ilmenite offtake agreement
- ✓ Maiden Inferred Mineral Resource at Night Train of 130 million tonnes @ 3.3% HM
- ✓ Maiden Inferred Mineral Resource at Mindarra Springs of 2,200 million tonnes @ 1.6% HM

Thunderbird Mineral Sands Project

During the year, the Company advanced its world class Thunderbird Mineral Sands Project. Several key milestones for approvals, financing and construction readiness were delivered, and are described below.

In November 2018, the Traditional Owners for the Mt Jowlaenga Polygon #2 Native Title Claimant Application authorised the Named Applicants to sign the Co-existence Agreement for Thunderbird. The signing of the agreement by the Named Applicants makes the agreement binding on both the Company and the Traditional Owners.

Following the granting of the mining lease by Western Australia's Department of Mines, Industry, Regulation and Safety in September 2018, the Project received Federal environmental approval under the Environmental Protection and Biodiversity Conservation Act 1999. The Federal approval followed the Western Australian Minister for Environment issuing a Ministerial Statement consenting to the development and operation of Thunderbird. Federal environmental approval represented the final key permit required to develop Thunderbird.

Financing arrangements to support the development of the Project progressed during the year with Sheffield executing a US$175 million debt financing agreement with Taurus Mining Finance Fund. In addition, the Northern Australia Infrastructure Fund (NAIF) Board made an investment decision to offer financial assistance via the provision of long-term debt facilities totalling A$95 million.

In January 2019, the Company secured a 15-year agreement with Woodside Energy Limited (Woodside) and Energy Developments Pty Ltd (EDL) for the supply and delivery of 1,950 terajoules per annum of liquified natural gas (LNG) to Thunderbird.

LNG will be supplied from Woodside's Pluto LNG Truck Loading Facility near Karratha in Western Australia and transported to Thunderbird's LNG storage facility by a newly formed joint venture between Woodside and EDL. The joint venture will own and operate a purpose-built road tanker fleet to safely and reliably deliver the LNG to Thunderbird, as is customary with other gas logistic arrangements in place for the towns of Broome, Derby and other communities in the Kimberley.

Construction readiness activities continued during the year, with the signing of an A$366 million fixed price, lump sum engineering, procurement and construction (EPC) contract with GR Engineering Services Limited (GRES) for the design and construction of the Thunderbird mineral processing plant, supporting infrastructure and associated facilities.

Bankable Feasibility Study Update

Subsequent to the end of year, Sheffield concluded an update to the Bankable Feasibility Study originally published in March 2017. The Bankable Feasibility Study Update (BFSU) has produced outstanding results for the Project.

The BFSU estimates a material reduction in Project capital requirements and execution risk, increases zircon production and Project revenue by more than 30%, substantially enhancing the Project financial metrics. The Low Temperature Roast (LTR) ilmenite circuit has been removed from the Project and unroasted primary ilmenite is forecast to be sold under a 7 year binding offtake agreement, significantly de-risking project execution. The mining and processing feed rate has increased by 38% to 1,085 dry tph to the Wet Concentrate Plant (WCP), targeting an average annual zircon production of 202ktpa over the 37 year LOM, which would elevate Thunderbird into the top tier of global zircon producers. The strong demand for Thunderbird products has resulted in 100% of the BFSU stage 1 revenues being under binding offtake agreements, substantially reducing market and revenue risk.

The BFSU set out to materially improve the Project financial metrics by re-scoping the Project to reduce capital expenditure, increase zircon production to meet strong demand from consumers globally as the structural supply deficit widens and to supply primary ilmenite into the high growth chloride slag market. In particular, the growth in the chloride pigment sector and the projected supply shortages of high-grade titanium feedstocks have created a new market dynamic whereby chloride slag production and demand has continued to grow strongly. The changed market conditions have enabled Sheffield to remove the LTR ilmenite circuit from the Project scope and sell the Primary Ilmenite into the chloride slag sector.

Upscaling of the zircon circuit increases zircon production by 34% over the first 10 years of operations and almost 40% over the life of the Project. This additional zircon production, in conjunction with the sale of the primary ilmenite, has had a transformational impact on Thunderbird economics.

BFS Update - Key Comparatives to Previous Disclosures

Metric	2019 BFSU	Previous Disclosures	Change
Total Funding Requirement (million)	A$478	A$579	A$101 (17%)
Equity Requirement (million)	A$143	A$251	A$108 (43%)
Project Capital (million)	A$392	A$463	A$71 (15%)
Project Revenue (billion)	A$15.1	A$13.6	A$1.57 (11%)
Project Operating Costs (billion)	A$7.21	A$7.63	A$0.42 (6%)
NPV_{10} pre-tax (billion)	A$1.13	A$0.67	A$0.46 (69%)
NPV_8 post-tax (billion)	A$0.98	A$0.62	A$0.36 (58%)
IRR pre-tax (%)	30.1	24.9	5.2 (21%)
Average Zircon Production ‘000tpa)	202	145	57 (39%)
Offtake	~100%	>75%	Full
LTR & Ilmenite Process Circuit	Not Required	Included in Stage 1	Removed
Process Rate (t/hr)	1,085	788	297 (38%)
Mine Life (years)	37	42	5 years (12%)
Long Term FX Rate (A$/US$)	0.75	0.75	No change
TZMI Long Term Zircon Price	US$1,469	US$1,387	US$82 (6%)

Thunderbird Project Key Financial Metrics (A$m)

A$ million, Real 2019 Prices	Stage 1 FY 2022 – 2025	Stage 1 and 2 FY 2026 – 2031	LOM
Revenue	1,082	2,979	15,129
Royalties	(73)	(218)	(1,089)
Net Revenue	**1,009**	**2,760**	**14,040**
Opex: Mining	(137)	(405)	(2,522)
Opex: Processing	(186)	(497)	(2,764)
Opex: Logistics	(102)	(258)	(1,266)
Opex: Site G&A	(60)	(103)	(619)
Total Opex	**(485)**	**(1,262)**	**(7,170)**
EBITDA	**524**	**1,498**	**6,869**
Site costs / tonne ore mined	11.34	9.28	9.58
Revenue / tonne ore mined	25.31	21.91	20.21
Revenue to C1 Cost Ratio	2.2	2.4	2.1

The BFSU estimates a new Ore Reserve of 748 million tonnes at 11.2% Heavy Mineral (HM), an increase of 68 million tonnes or approximately 10%. This reflects changes in market product pricing and increased certainty in costs and revenue for Thunderbird. The Ore Reserve increases the period of mining higher grade ore from 7 years to 10 years and removes lower grade ore from the process plant feed during this period, increasing the in-situ zircon grade in the Proved Category to 1.02% zircon.

The staged development strategy has been implemented to materially reduce pre-development capital, lower construction risk and increase revenues by focusing on a substantial increase in zircon production:

- Stage 1: Single Mining Unit Plant (MUP) and processing plant underpinning a 10.4Mtpa mining operation
- Stage 2: Duplication in year 5 of Stage 1 mining and processing circuits underpinning a 20.8Mtpa mining operation

The BFSU delivers a pre-finance and pre-tax IRR of 30.1% and an NPV_{10} of A$1.13 billion over the 37 year LOM. This approach targets negligible variation to current debt carrying capacity levels, reduces construction and commissioning risk and materially lowers equity funding requirements to A$143 million.

Thunderbird Project Key Financial Metrics (A$m)

A$ million, Real 2019 Prices	Stage 1 FY 2022 – 2025	Stage 1 and 2 FY 2026 – 2031	LOM
Revenue	1,082	2,979	15,129
C1 Operating Costs	(485)	(1,262)	(7,170)
EBITDA	**524**	**1,498**	**6,869**
Direct Capital Expenditure	392	237	725
Payback Period (Stage 1, years)	3.25		
Project NPV (10% WACC, Pre-Tax)			1,129
Project IRR (%, Pre-Tax)			30.1%
Project NPV (8% WACC, Post-Tax)			982
Project IRR (% Post-Tax)			24.0%

Project Construction Readiness

In November 2018 the Company signed a A$366 million EPC contract with GRES. Under the EPC contract, GRES would have designed and constructed a 788 dry tph Stage 1 mineral processing plant and supporting infrastructure.

The EPC contract provided for the turnkey delivery of the Project's processing infrastructure, including process design engineering, procurement, construction, commissioning and performance testing of the facilities over a construction and commissioning period of approximately two years. The 2018 EPC contract included the following items:

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

As part of the BFSU, the LTR circuit has been removed from stage 1 of construction and the process plant throughput has been increased to 1,085 dry tph. This will result in a change to the scope and the fixed price EPC contract, and the Company expects to negotiate a revised contract with GRES on similar terms and conditions.

Early Works Program

Site access and infrastructure for Thunderbird was completed during the year in accordance with the State Government approved Minor or Preliminary works (MoPW). The installation of 52 accommodation units and associated ancillary buildings was completed by local Kimberley businesses. The potable and waste water treatment equipment was installed and commissioned in preparation for occupancy of the accommodation village upon the completion of the funding process.

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

Eighteen kilometres of pastoral access road were upgraded by the pastoral lessee, enabling improved access to site. Asset protection activities were completed prior to the wet season and included the lock down of key infrastructure and the setup of a care and maintenance program.

First stages of Project accommodation and associated facilities, communications and site access roads have been progressed to a level to ensure Thunderbird is construction ready.

Aboriginal Engagement

In November 2018, Sheffield recognised its inaugural Indigenous graduate trainees. Having successfully completed the Thunderbird six month construction Work Ready Program in 2017, the trainees were offered positions in the Thunderbird Group Training Program. Following 14 months of intensive training, five trainees graduated with a Certificate 3 in Civil Construction and the opportunity for an employment position with the Thunderbird construction workforce.

Sustainability

The Group achieved significant milestones during the year in relation to Native Title and Government approvals.

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

The State environmental approval process was concluded with the Western Australian Minister for Environment issuing a Ministerial Consent for the development and operation of Thunderbird, following four years of environmental studies, consultation and assessment. The completion of the State environmental approval process enabled the Australian Government's Department of Environment and Energy to grant the Federal environmental approval for Thunderbird, delivering the final key approval required for the Project.

The Company negotiated a Co-existence Agreement with the Traditional Owner Negotiation Committee (TONC) that represents the Traditional Owners, allowing the Kimberley Land Council (KLC) to proceed with an Authorisation Meeting.

The Authorisation Meeting of Traditional Owners was held in late October 2018 where the Named Applicants were authorised to execute the Thunderbird Project Co-existence Agreement. The Agreement establishes a framework by which the Company will work with the Traditional Owners to protect Aboriginal heritage and the environment and deliver sustainable employment and business outcomes for Traditional Owners and the wider Aboriginal community.

Marketing and Offtake

Subsequent to 30 June 2019, the Company announced an additional binding offtake agreement for zircon concentrate. This means that the Company has now secured offtake for 100% of all Stage 1 zircon and ilmenite production volumes at Thunderbird. This has significantly reduced market and revenue risk.

Within the mineral sands industry there are two major product streams, the zircon based (ZrO_2) material and the titanium (TiO_2) based material. The Company is forecast to supply the market with Premium Zircon, Zircon Concentrate and Primary Ilmenite.

Zircon prices have significantly increased over the past 12 months and are expected to show steady incremental growth over the next 3-4 years. The price increases and steady market have been driven by the larger, more sophisticated producers who are managing the market supply balance. Forecast pricing is underpinned by a significant supply gap expected to emerge for zircon, and the consensus view supports the need for additional supply from 2020 onwards.

Project Financing

In November 2018, the Debt Facility Agreement (Facility) with Taurus Mining Fund and Taurus Mining Finance Annex Fund (Taurus) was executed based on the 2017 Bankable Feasibility Study development strategy. Under the terms of the Facility, Taurus provided a US$175 million senior loan facility, which would have partially funded the construction of Thunderbird. Execution of the Facility followed thorough technical due diligence by Taurus of process design criteria and commercial, operational and construction agreements. The third party due diligence process significantly de-risks the delivery of Thunderbird for Sheffield shareholders. Drawdown of the facility would have been subject to the completion of conditions precedent.

In September 2018, the NAIF Board made an investment decision to offer financial assistance to support the development of the Thunderbird Mineral Sands Project via the provision of long term debt facilities totalling A$95 million. The NAIF facilities enable the Company to construct on-site LNG power generation and storage facilities at Thunderbird, in addition to enabling the upgrading of mine site roads, in-sourcing of mine site accommodation and facilitate the construction and revitalisation of ship loading and logistics assets within the Port of Derby in Western Australia.

As part of the BFSU, the Company is targeting to establish the existing debt capacity levels under similar terms and conditions with Taurus and NAIF. The NAIF facilities are subject to definitive written agreements entered into between the Company and the State of Western Australia. The Company continues to work towards the execution of these agreements.

Corporate

In December 2018 the Company concluded an institutional placement which raised approximately A$16 million with a Share Purchase Plan (SPP) raising an additional $0.7 million in January 2019. The funds raised were allocated to fund detailed engineering and design, key early works, working capital and corporate costs including costs relating to debt and equity.

In January 2019 the Company announced the appointment of UBS AG, Australia Branch (UBS), a leading global investment bank, to act as corporate adviser to the Company. UBS has been engaged to assist the Company in identifying whether the introduction of a strategic party would assist the Company in achieving its objective of funding Thunderbird into operations. The introduction of a strategic party to Thunderbird via this process could have the effect of reducing the equity funding requirement attributable to Sheffield, as the strategic partner would likely be responsible for their proportionate share of residual capital requirements in the case of a project level investment. UBS is managing a structured, formal process to evaluate and progress this interest.

In June 2019 the Company advised that it had mandated Taurus to provide a US$10 million bridging finance facility. The provision of this 18 month facility enables the strategic partner process to run its course in parallel with the update to the Bankable Feasibility Study for Thunderbird.

Exploration

During the year, Sheffield undertook an extensive regional air core drill campaign at its Dampier Project. This drilling identified numerous new high-value, zircon rich mineral assemblage targets across multiple domains with variable TiO_2 mineral components. These new targets with variable thickness of mineralised horizons include six new mineral sands discoveries at Bohemia, Buckfast, Cisco, Cold Duck, Concorde and Porphyry Pearl. Sheffield also produced a maiden Inferred Resource at its Night Train Heavy Mineral (HM) Prospect of 130Mt @ 3.3% HM containing 3.6Mt of Valuable Heavy Mineral (VHM) at a 1.2% HM cut-off.

Sheffield's current portfolio of heavy mineral sands exploration projects comprise of the Dampier Project located in the Canning Basin of Western Australia, the Eneabba and McCalls Projects located in the North Perth Basin of Western Australia and the Barton Project located in the Eucla Basin of South Australia. Sheffield's exploration strategy is to target additional large, high value, zircon rich deposits suitable for downstream processing at the Thunderbird Mineral Separation Plant. Sheffield will continue to actively pursue and evaluate new mineral sands opportunities in Australia and overseas, with a focus on zircon rich deposits.

Dampier Project

Sheffield completed a regional aircore drill program identifying multiple new mineral sands prospects along a 160km highly prospective mineralised trend, confirming high-value zircon rich mineral assemblages are widespread around the Thunderbird Mineral Sands Project. New targets identified during the program include Bohemia, Buckfast, Cisco, Cold Duck, Concorde and Porphyry Pearl that have mineralised horizons of variable thickness and are characterised by coarser grained zircon, high VHM and high leucoxene content. The aircore drill program has identified that multiple broad stacked mineralised horizons are present emphasizing the strategic value of Sheffield's tenements at the Dampier Project.

A maiden Inferred Mineral Resource at Night Train was completed during the reporting period. In total a coherent 130Mt @ 3.3% HM containing 3.6 million tonnes of VHM at 1.2% HM cut-off was estimated at Night Train, which includes a high grade component of 50 million tonnes @ 5.9% HM containing 2.6 million tonnes of VHM at a 2.0% HM cut-off. Within the high grade component in-situ grade of 0.82% zircon, 0.33% HiTi leucoxene and rutile, 2.9% leucoxene, 1.06% ilmenite comprise of 87% VHM. Mineralisation at Night Train is zircon and leucoxene rich, clean and free of coatings, has a high valuable heavy mineral component and contains low levels of trash minerals, oversize and slimes.

Derby East Project

Sheffield is investigating the potential of the Derby East Project tenements, located 25km east of Derby, to yield commercial quantities of sand for construction purposes. Sheffield carried out nine aircore drill holes for 416 metres, with a maximum depth of 66 metres. Eight of the nine holes intersected clean, sub-angular to sub-rounded medium to coarse sands beneath cover of 4.5 metres to 12 metres.

Samples from the drilling will be assessed for suitability for commercial end-use requirements.

Barton Project

Exploration Licence Application (ELA) 2018/00046 (lodged in March 2018) covers an area of 983.8 km^2 in the north-eastern Eucla Basin of central South Australia. The tenement application covers parts of the Eocene to Miocene sequence in the north-eastern Eucla Basin. Within this sequence the sand units of the Ooldea and Hampton Formations have the potential to host significant concentrations of heavy minerals with shallow marine or share face sand units.

The tenement remains in application and no work has been carried out.

Eneabba Project

Mineral Resource JORC 2012 updates were produced for the Eneabba Project prospects of Drummond Crossing, Durack, Ellengail, West Mine North and Yandanooka, within Sheffield's 100% owned Eneabba Project located about 110km north of Perth in Western Australia's Midwest region.

The total combined Mineral Resources for Sheffield's Eneabba Project is 193 million tonnes @ 3.0% HM (Measured, Indicated and Inferred) containing 4.8 million tonnes of VHM, across seven deposits. This includes insitu Total Heavy Mineral (THM) of 5,723kt at various cut-offs containing 705kt zircon, 392kt rutile, 242kt leucoxene, 3,423kt ilmenite (Measured, Indicated and Inferred) totalling 4,762kt of VHM (see ASX 3 October 2018).

McCall's Project

A maiden JORC 2012 Inferred Mineral Resource was produced for the Mindarra Springs prospect totalling 2,200 million tonnes @ 1.6% HM (applying a 1.1% cut-off). An update to the McCalls Mineral Resource was completed to include Exploration Licence E70/4922 and exclude a relinquished area of high slimes content.

The McCalls Project containing the prospects of McCalls and Mindarra Springs has a total combined Indicated and Inferred Mineral Resource of 5,800Mt @ 1.4% HM (applying a cut-off of 1.1% HM). This includes insitu THM of 84.0Mt at 1.1% HM cut-off with 3,950kt zircon, 2,020kt rutile, 2,570lt leucoxene, 66,180kt ilmenite totalling 75,340kt of VHM.

Ore Reserve

Sheffield announced an updated Ore Reserve totalling 748 million tonnes @ 11.2% HM for the Thunderbird deposit, in the Kimberley Region of Western Australia, on 31 July 2019, and has completed an updated Bankable Feasibility Study for development of the Thunderbird Mineral Sands Project, on 31 July 2019. The Ore Reserve estimate is based on the current, July 2016 Thunderbird Mineral Resource estimate, announced to the ASX on 5 July 2016. Measured and Indicated Mineral Resources were converted to Proved and Probable Ore Reserves respectively, subject to mine design, modifying factors and economic evaluation.

Ore Reserve for Dampier Project at 30 June 2019

Dampier Project Ore Reserve [1,2,3,4]

Deposit	Ore Reserve Category	Ore Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Valuable HM Grade (In-situ)[5]				Slimes (%)	Osize (%)
					Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)		
Thunderbird	Proved	**219**	30.0	13.7	1.02	0.30	0.28	3.68	16.1	14.0
	Probable	**529**	53.4	10.1	0.79	0.26	0.27	2.87	14.5	10.5
	Total	**748**	**83.8**	**11.2**	**0.86**	**0.27**	**0.27**	**3.11**	**15.0**	**11.6**

Deposit	Ore Reserve Category	Ore Tonnes (millions)	In-situ HM Tonnes (millions)	HM Grade (%)	Mineral Assemblage[6]				Slimes (%)	Osize (%)
					Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)		
Thunderbird	Proved	**219**	30.0	13.7	7.4	2.2	2.0	26.9	16.1	14.0
	Probable	**529**	53.4	10.1	7.8	2.6	2.7	28.4	14.5	10.5
	Total	**748**	**83.8**	**11.2**	**7.7**	**2.4**	**2.4**	**27.8**	**15.0**	**11.6**

1) The Ore Reserve estimate was prepared by Entech Pty Ltd and first disclosed under the JORC Code (2012), refer to ASX announcement 31 July 2019 for further details including Table 1. Ore Reserve is reported to a design overburden surface with appropriate consideration of modifying factors, costs, mineral assemblage, process recoveries and product pricing.

2) Ore Reserve is a sub-set of Mineral Resource

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

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

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

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

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

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

<u>Mineral Resource</u>

The Company's Mineral Resources are detailed below:

Mineral Resources for Dampier Project at 31 January 2019

Dampier Project Mineral Resources [1,2,3]

Deposit (cut-off)	Mineral Resource Category	Cut-off (THM%)	Material Tonnes (millions)	In-situ HM Tonnes[7] (millions)	HM Grade (%)	Mineral Assemblage				Slimes (%)	Osize (%)
						Zircon (%)	HiTi Leuc[6] (%)	Leuc (%)	Ilmenite (%)		
Thunderbird[4] low-grade	Measured	3.0	510	45	8.9	8.0	2.3	2.2	27	18	12
	Indicated	3.0	2,120	140	6.6	8.4	2.7	3.1	28	16	9
	Inferred	3.0	600	38	6.3	8.4	2.6	3.2	28	15	8
	Total	**3.0**	**3,230**	**223**	**6.9**	**8.3**	**2.6**	**2.9**	**28**	**16**	**9**
Night Train[5] low-grade	Inferred	1.2	130	4.2	3.3	14	5.4	46	22	8.7	2.2
	Total	**1.2**	**130**	**4.2**	**3.3**	**14**	**5.4**	**46**	**22**	**8.7**	**2.2**
Thunderbird[4] high -grade	Measured	7.5	220	32	14.5	7.4	2.1	1.9	27	16	15
	Indicated	7.5	640	76	11.8	7.6	2.4	2.1	28	14	11
	Inferred	7.5	180	20	10.8	8.0	2.5	2.4	28	13	9
	Total	**7.5**	**1,050**	**127**	**12.2**	**7.6**	**2.3**	**2.1**	**27**	**15**	**11**
Night Train[5] high-grade	Inferred	2.0	50	3.0	5.9	14	5.6	49	18	10.2	2.2
	Total	**2.0**	**50**	**3.0**	**5.9**	**14**	**5.6**	**49**	**18**	**10.2**	**2.2**

1) Night Train: The Mineral Resources estimate was prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to ASX announcement 31 January 2019 for further details including Table 1. The Mineral Resource reported above 1.2% HM cut-off is inclusive of (not additional to) the Mineral Resource reported above 2.0% HM cut-off. Thunderbird: The Mineral Resource estimate was prepared by Optiro Pty Ltd and first disclosed under the JORC Code (2012) refer to ASX announcement5 July 2016 fur further details including Table 1. The Dampier Project Mineral Resources are reported inclusive of (not additional to) Ore Reserves. Thunderbird: The Mineral Resource reported above 3% HM cut-off is inclusive of (not additional to) the Mineral Resource reported above 7.5% HM cut-off. Night Train: The Mineral Resource reported above 1.2% HM cut-off is inclusive of (not additional to) the Mineral Resource reported above 2.0% HM cut-off.

2) HM is within the 38μm to 1mm size fraction and reported as a percentage of the total material, slimes is the -38μm fraction and oversize is the +1mm fraction.

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

4) Thunderbird: Estimates of Mineral Assemblage are presented as percentages of the Heavy Mineral (HM) component of the deposit, as determined by magnetic separation, QEMSCAN™ and XRF. Magnetic fractions were analysed by QEMSCAN™ for mineral determination as follows: Ilmenite: 40-70% TiO_2 >90% Liberation; Leucoxene: 70-94% TiO_2 >90% Liberation; High Titanium Leucoxene (HiTi Leucoxene): >94% TiO_2 >90% Liberation; and Zircon: 66.7% ZrO_2+HfO_2 >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO_2+HfO_2/0.667 and High Titanium Leucoxene (HiTi Leucoxene): TiO_2/0.94.

5) Night Train: Estimates of Mineral Assemblage are presented as percentages of the Heavy Mineral (HM) component of the deposit, as determined by magnetic separation, QEMSCAN™ and XRF for one of 12 composite samples. Magnetic fractions were analysed by QEMSCAN™ for mineral determination as follows: Ilmenite: 40-70% TiO_2 >90% Liberation; Leucoxene: 70-90% TiO_2 >90% Liberation; High Titanium Leucoxene (HiTi Leucoxene) and Rutile 90% TiO_2 >90% Liberation, and Zircon: 66.7% ZrO_2+HfO_2 >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO2+HfO2/0.667 and High Titanium Leucoxene (HiTi Leucoxene): TiO_2/0.94. HM assemblage determination- was by the QEMSCAN™ process for 11 of 12 composite samples which uses observed mass and chemistry to classify particles according to their average chemistry, and then report mineral abundance by dominant % mass in particle. For the TiO_2 minerals the following breakpoints were used to distinguish between Ilmenite 40% to 70% TiO_2, Leucoxene 70% to 90% TiO_2, High Titanium Leucoxene and Rutile > 90%, Screening of the heavy mineral was not required.

6) HiTi Leucoxene and Rutile (%) combined for Night Train at a >90% TiO_2 (as one assemblage sample utilised=> 90% rutile and HiTi Leucoxene), HiTi Leucoxene for Thunderbird > 94% TiO_2

7) The contained in-situ tonnes for the valuable heavy minerals were derived from information from the Mineral Resource tables. The in-situ assemblage grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage at the Resource block model scale.

Mineral Resources for Eneabba Project at 03 October 2018

Eneabba Project Mineral Resources [1,2]

Deposit (cut-off)	Mineral Resource Category	Cut-off (THM%)	Material Tonnes (millions)	In-situ HM Tonnes[11] (thousands)	HM Grade (%)	Mineral Assemblage				Slimes (%)	Osize (%)
						Zircon (%)	Rutile (%)	Leuc (%)	Ilmenite (%)		
Yandanooka[4,6,8]	Measured	1.4	2.6	112	4.3	10	2.1	2.3	72	15	11.3
	Indicated	1.4	57.7	1,726	3.0	12	3.6	3.7	69	15	11.4
	Inferred	1.4	0.4	7	1.5	11	3.0	4.4	68	20	21.9
	Total	**1.4**	**60.8**	**1,845**	**3.0**	**12**	**3.5**	**3.6**	**70**	**15**	**11.5**
Durack[4,6,7,8]	Indicated	1.4	20.7	600	2.9	14	2.9	3.7	71	14	14.7
	Inferred	1.4	5.6	148	2.6	14	2.6	7.4	64	16	18.3
	Total	**1.4**	**26.3**	**748**	**2.8**	**14**	**2.9**	**4.4**	**70**	**14**	**15.5**
Drummond Crossing[3,4,6,8]	Indicated	1.4	35.5	838	2.4	14	10.3	3.4	53	14	7.7
	Inferred	1.4	3.3	77	2.3	11	9.0	2.7	56	12	7.2
	Total	**1.4**	**38.8**	**915**	**2.4**	**14**	**10.2**	**3.4**	**54**	**14**	**7.7**
Robbs Cross[5,6,8]	Indicated	1.4	14.0	261	1.9	15	12.7	5.0	47	6	6.2
	Inferred	1.4	3.8	77	2.0	14	10.9	4.1	50	6	8.1
	Total	**1.4**	**17.8**	**338**	**1.9**	**15**	**12.3**	**4.8**	**48**	**6**	**6.6**
Thomson[5,8]	Inferred	1.4	26	516	2.0	19	13.8	5.4	42	18	6.9
	Total	**1.4**	**26**	**516**	**2.0**	**19**	**13.8**	**5.4**	**42**	**18**	**6.9**
West Mine North[3,4,6,9]	Indicated	2.0	10.2	748	7.3	6	6.5	1.8	48	11	2.3
	Inferred	2.0	1.8	48	2.7	9	8.6	2.1	50	17	3.0
	Total	**2.0**	**12.0**	**796**	**6.6**	**6**	**6.6**	**1.8**	**48**	**12**	**2.4**
Ellengail[3,4,9,10]	Indicated	2.0	6.5	346	5.3	10	8.0	10.4	66	15	3.2
	Inferred	2.0	5.3	218	4.1	10	8.2	8.4	62	15	2.5
	Total	**2.0**	**11.8**	**565**	**4.8**	**10**	**8.1**	**9.6**	**64**	**15**	**2.9**
All Eneabba Project (various)	Measured	1.4	2.6	112	4.3	10	2.1	2.3	72	15	11
	Indicated	Various	144.6	4,519	3.1	12	6.1	3.9	62	14	9
	Inferred	Various	46.0	1,091	2.4	15	10.3	5.8	51	16	8
	Total	**Various**	**193.3**	**5,723**	**3.0**	**12**	**6.8**	**4.2**	**60**	**14**	**9**

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

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

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

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

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

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

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

8) Estimates of mineral assemblage are presented as percentages of the total heavy mineral (THM) component of the deposit, as determined by QEMSCAN analysis. For the TiO_2 minerals specific breakpoints are used to distinguish between rutile (>95% TiO_2), leucoxene (85-95% TiO_2) and ilmenite (<55-85% TiO_2).

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

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

11) The contained in-situ tonnes for the valuable heavy minerals were derived from information from the Mineral Resource tables. The in-situ assemblage grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage at the Resource block model scale.

Mineral Resources for McCalls Project at 03 October 2018

McCalls Project Mineral Resources [1,2,3,4,7]

Deposit (cut-off)	Mineral Resource Category	Cut-off (THM%)	Material Tonnes (millions)	In-situ HM Tonnes[6] (millions)	HM Grade (%)	Mineral Assemblage[5] Zircon (%)	Rutile (%)	Leuc (%)	Ilmenite (%)	Slimes (%)	Osize (%)
McCalls	Indicated	1.1	1,630	23.3	1.4	5.2	3.3	2.8	77	21	1.1
	Inferred	1.1	1,980	24.4	1.2	5.0	3.8	3.2	81	26	1.1
	Total	**1.1**	**3,600**	**47.7**	**1.3**	**5.1**	**3.6**	**3.0**	**79**	**24**	**1.1**
Mindarra Springs	Inferred	1.1	2,200	36.3	1.6	4.2	0.9	3.1	80	20	5.1
	Total	**1.1**	**2,200**	**36.3**	**1.6**	**4.2**	**0.9**	**3.1**	**80**	**20**	**5.1**
All McCalls Project	Indicated	1.1	1,630	2.3	1.4	5.2	3.3	2.8	77	21	1.1
	Inferred	1.1	4,180	60.7	1.5	4.5	2.1	3.2	81	23	3.2
	Total	**1.1**	**5,800**	**84.0**	**1.4**	**4.7**	**2.4**	**3.1**	**79**	**22**	**2.6**

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

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

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

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

5) Estimates of mineral assemblage (Sheffield) are presented as percentages of the total heavy mineral (HM) component of the deposit, as determined by QEMSCAN analysis. For the TiO_2 minerals specific breakpoints are used to distinguish between rutile (>95% TiO_2), leucoxene (85-95% TiO_2) and ilmenite (<55-85% TiO_2). Estimates of mineral assemblage (BHP) HM assemblage determination was by magnetic separation and observation (grain-counting)

6) The contained in-situ tonnes for the valuable heavy minerals were derived from information from the Mineral Resource tables. The in-situ assemblage grade is determined by multiplying the percentage of HM by the percentage of each valuable heavy mineral within the heavy mineral assemblage at the Resource block model scale.

7) Excludes Mineral Resources within the Mogumber Nature Reserve

GOVERNANCE AND INTERNAL CONTROLS

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

COMPETENT PERSONS AND COMPLIANCE STATEMENTS

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

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

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

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

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

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

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

Item	Report title	Report date	Competent person(s)
Thunderbird Ore Reserve	Thunderbird 10% Ore Reserve Increase	31 July 2019	P. Scrimshaw
Thunderbird Mineral Resource	Sheffield Doubles Measured Mineral Resource at Thunderbird	05 July 2016	M. Teakle C. Standing
Night Train Mineral Resource	High Grade Maiden Mineral Resource at Night Train	31 January 2019	C. Standing
Robbs Cross Mineral Resource	Quarterly Activities Report for The Period Ended 31 December 2017	25 January 2017	C. Standing
Thomson Mineral Resource	Quarterly Activities Report for the Period Ended 31 December 2017	25 January 2017	C. Standing
Yandanooka Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Durack Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Drummond Crossing Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
West Mine North Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Ellengail Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
McCalls Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing
Mindarra Springs Mineral Resource	Mineral Resource and Ore Reserve Statement	03 October 2018	C. Standing

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

SUPPORTING INFORMATION REQUIRED UNDER ASX LISTING RULES, CHAPTER 5

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

PREVIOUSLY REPORTED INFORMATION

This report includes information that relates to Exploration Results, Mineral Resources and Ore Reserves prepared and first disclosed under the JORC Code (2012) and a Bankable Feasibility Study. The information was extracted from the Company's previous ASX announcements as follows:

- Thunderbird Ore Reserve: "THUNDERBIRD ORE RESERVE UPDATE" 31 July 2019
- Thunderbird BFS Update: "BFS UPDATE MATERIALLY REDUCES CAPITAL", 31 July 2019
- Quarterly activities "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2019" 31 July, 2018
- Regional aircore mineral assemblage results "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2019" 30 April, 2018
- Night Train Inferred Resource and Mineral Assemblage results "*HIGH GRADE MAIDEN MINERAL RESOURCE AT NIGHT TRAIN*" 31 January 2019
- Regional aircore mineral assemblage results "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019" 30 January, 2018
- Aircore results at Bohemia, Concorde and Buckfast: "NEW LARGE HIGH GRADE DISCOVERY SOUTH OF THUNDERBIRD" 13 November 2018
- Quarterly report September 30 2018 "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018" 31 October, 2018
- Aircore results at Cold Duck, Cisco, Porphyry Pearl and Nomad "THREE NEWMINERAL SAND DISCOVERIES NEAR THUNDERBIRD" 17 October 2018
- Night Train aircore results: "EXCEPTIONAL RESULTS CONFIRM MAJOR DISCOVERY AT NIGHT TRAIN" 9 October 2018
- Drilling commences: "SHEFFIELD COMMENCES 8,000m REGIONAL DRILLING PROGRAM AT THUNDERBIRD", 01 August 2018
- Yandanooka, Durack, Drummond Crossing, West Mine North, Ellengail, McCalls and Mindarra Springs Resource Estimates and including Mineral Resource and Ore Statement "*MINERAL RESOURCE AND RESERVE STATEMENT*" 03 October, 2018
- Thomson and Robbs Cross Mineral Resources: "QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017" 30 January, 2018
- Thunderbird Ore Reserve: *"THUNDERBIRD ORE RESERVE UPDATE"* 16 March, 2017
- Thunderbird Bankable Feasibility Study: *"THUNDERBIRD BFS DELIVERS OUTSTANDING RESULTS"* 24 March, 2017
- McCalls Mineral Resource: *"QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2016"* 25 July 2016.
- Thunderbird Mineral Resource: *"SHEFFIELD DOUBLES MEASURED MINERAL RESOURCE AT THUNDERBIRD"* 5 July, 2016

These announcements are available to view on Sheffield's website www.sheffieldresources.com.au

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

FORWARD LOOKING, CAUTIONARY STATEMENTS AND RISK FACTORS

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

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

The Directors present their report together with the financial statements of the consolidated entity consisting of Sheffield Resources Limited and the entities it controlled for the year ended 30 June 2019. Sheffield Resources Limited ('Sheffield' or 'parent entity' or 'Company') and its controlled entities (collectively known as the 'Group' or 'consolidated entity') are domiciled in Australia.

DIRECTORS

The names of the directors in office at any time during or since the end of year are:

Mr Will Burbury

Mr Bruce McFadzean

Mr Bruce McQuitty

Mr David Archer

Mr John Richards (appointed 1 August 2019)

Mr Ian Macliver (appointed 1 August 2019)

With the exception of Mr John Richards and Mr Ian Macliver, all Directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

Mr Mark Di Silvio held the position of Company Secretary at the end of the financial year.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Group during the course of the financial year were mineral sands exploration and development within Australia. There have been no significant changes to the state of affairs of the Group to the date of this report.

DIVIDENDS

No dividends have been paid or declared during the financial year ended 30 June 2019 and the Directors do not recommend the payment of a dividend in respect of the financial year.

REVIEW OF OPERATIONS

Refer to pages 5-10 for the Review of Operations and pages 11-17 for Ore Reserves and Mineral Resources.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

CORPORATE GOVERNANCE STATEMENT

The Board of Sheffield Resources has adopted the spirit and intent of the 3rd Edition of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

The Company's Corporate Governance Statement may be accessed from the Governance section of the Company's website, www.sheffieldresources.com.au. This document is regularly reviewed to address any changes in governance practices and the law.

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

NON-AUDIT SERVICES

During the year the Company has not used its auditors, HLB Mann Judd, to complete any non-audit related work (2018: $15,000).

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AFTER BALANCE DATE EVENTS

On 9 September 2019, the Company announced it had received commitments toward an equity raising of up to A$18 million before costs, by way of a placement of fully paid ordinary shares to professional, sophisticated and other institutional investors. Under the terms of the Placement, the Company will issue approximately 46.2 million new shares at A$0.39 per Share. The shares to be issued under the Placement will exceed the Company's existing placement capacity under ASX Listing Rule 7.1 and 7.1A, with shareholder approval required for the portion exceeding the Company's share placement capacity. Once issued, the Placement shares will rank equally with existing shares on issue.

ROUNDING

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

INFORMATION ON DIRECTORS

Mr Will Burbury	Non-Executive Chairman
Qualifications:	B.Comm, LLB
Experience:	Mr Burbury practised as a corporate lawyer with a leading Australian law firm prior to entering the mining and exploration industry in 2003. During this time, he has been actively involved in the identification and financing of many resources' projects in Australia and overseas and has held senior management positions and served on boards of several private and publicly listed companies.
Special responsibilities:	Chairman of the Board
Interest in Shares, Options and Rights at the date of this report:	8,205,483 Ordinary Shares
Other current public company directorships:	Carawine Resources Limited (since 2017)
Past public company directorships held over the last three years:	None

Mr Bruce McFadzean	Managing Director
Qualifications:	Dip. Mining, FAusIMM
Experience:	A qualified mining engineer with more than 40 years' experience in the global resources industry. Mr McFadzean has led the financing, development and operation of several new mines around the world. Mr McFadzean's technical, operating and corporate experience includes gold, silver, nickel, diamonds, iron ore and mineral sands. Mr McFadzean's professional career includes 15 years with BHP Billiton and Rio Tinto in a variety of positions and four years as Managing Director of successful ASX gold miner Catalpa Resources Limited. Under his management, Catalpa's market capitalisation grew from $10 million to $1.2 billion following the merger to create Evolution Mining Limited.
Special responsibilities:	Managing Director
Interest in Shares, Options and Rights at the date of this report:	1,666,445 Ordinary Shares 2,500,000 Performance Options 2,060,701 Performance Rights
Other current public company directorships:	None
Past public company directorships held over the last three years:	Indiana Resources Limited (resigned January 2019) Blackstone Minerals Limited (resigned May 2017) Venture Minerals Limited (resigned October 2016) Gryphon Minerals Limited (resigned October 2016)

Mr Bruce McQuitty	Non-Executive Director
Qualifications:	B.Sc, MEconGeol
Experience:	Mr McQuitty has more than 35 years' experience in the mining and civil construction industries and was previously Managing Director of Warwick Resources Limited prior to its merger with Atlas Iron Limited in 2009. Prior to that he held senior positions with Consolidated Minerals Limited, Renison Goldfields Consolidated Limited and Gympie Gold Limited. 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.
Interest in Shares, Options and Rights at the date of this report:	8,069,583 Ordinary Shares
Other current public company directorships:	Carawine Resources Limited (since 2017)
Past public company directorships held over the last three years:	None

Mr John Richards	Non-Executive Director
Qualifications:	B. Econ (Hons)
Experience:	Mr Richards is an economist with more than 35 years' experience in the resources industry. During this time, he has held strategy and business development positions within mining companies as well as in investment banks and private equity groups. He has been involved in a wide range of mining M&A transactions in multiple jurisdictions. Previous positions include Group Executive – Strategy and Business Development at Normandy Mining Ltd, Head of Mining and Metals Advisory (Australia) at Standard Bank, Managing Director at Buka Minerals Ltd and Operating Partner at GNRI.
Special responsibilities:	Non-Executive Director
Interest in Shares, Options and Rights at the date of this report:	Nil
Other current public company directorships:	Saracen Mineral Holdings Ltd (appointed May 2019)
Past pubic company directorships held over the last three years:	None

Mr Ian Macliver	Non-Executive Director
Qualifications:	BCom, FCA, SF Fin, FAICD
Experience:	Mr Macliver is a highly experienced listed company director and Chartered Accountant with significant experience as a senior executive and director of both resource and industrial companies, with particular responsibility for company strategy development, capital raising and all other forms of corporate development initiatives. Mr Macliver is Executive Chairman of Grange Consulting Group Pty Ltd which provides specialist corporate advisory services to both listed and unlisted companies.
Special responsibilities:	Non-Executive Director
Interest in Shares, Options and Rights at the date of this report:	Nil
Other current public company directorships:	Western Areas Limited – Chairman (since October 2011) Otto Energy Limited (since January 2004)
Past pubic company directorships held over the last three years:	None

Mr David Archer	Technical Director
Qualifications:	B.Sc (Hons)
Experience:	Mr Archer is a geologist with over 30 years' experience in exploration and mining in Australia. He has held senior positions with major Australian mining companies, including Renison Goldfields Consolidated Ltd and ten years as a Director of Archer Geological Consulting specialising in project generation, geological mapping and project evaluation. Mr Archer was a consultant to ASX listed Atlas Iron Limited and Warwick Resources Limited and was responsible for significant iron ore discoveries for both companies in the Pilbara. Other major West Australian discoveries include the Raleigh and Paradigm gold mines and the Magellan lead mine.
Special responsibilities:	Technical Director
Interest in Shares, Options and Rights at the date of this report:	8,373,117 Ordinary Shares 550,000 Performance Options 1,066,189 Performance Rights
Other current public company directorships:	Carawine Resources Limited (since 2017)
Past public company directorships held over the last three years:	None

Mr Mark Di Silvio	Company Secretary
Qualifications:	B.Bus, CPA, MBA
Experience:	Mr. Di Silvio is a CPA qualified accountant with over 27 years' experience in the resources sector. Mr Di Silvio held a variety of finance-based roles within the gold mining sector early in his career, before gaining oilfield experience with Woodside Energy Limited through the financial management of joint ventures and the financial management of Woodside's Mauritanian oilfield assets. Mr Di Silvio has held executive positions including Central Petroleum Limited, Centamin Plc, Ausgold Limited and Mawson West Limited.

DIRECTOR'S MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director is shown in the table below:

Director	Held	Attended
Mr W Burbury	11	11
Mr B McFadzean	11	10
Mr B McQuitty	11	11
Mr D Archer	11	8

OPTIONS

At the date of this report, the unissued ordinary shares of Sheffield Resources Limited under option are as follows:

Date of expiry	Exercise price A$	Series	Number under option
19 March 2021	1.16	4	1,600,000
8 February 2020	0.001	5	3,000,000
24 November 2020	0.001	6,8,9	1,300,000
24 November 2020	0.001	10	700,000
24 November 2020	0.84	11	235,000
			6,835,000

RIGHTS

At the date of this report, the unissued ordinary shares of Sheffield Resources Limited under right are as follows:

Date of expiry	Exercise price A$	Number under right
30 November 2021	Nil	1,700,000
1 March 2022	Nil	312,500
26 October 2025	Nil	1,541,516
1 December 2025	Nil	5,784,343
		9,338,359

SHARES ISSUED SINCE THE END OF THE FINANCIAL YEAR

On 1 August 2019, the Company issued 1,369,838 fully paid ordinary shares to Taurus Mining Finance L.P. and 880,162 shares to Taurus Mining Finance Annex Fund L.P. in partial satisfaction of a front end fee associated with the bridge facility mandate between the Company, Taurus Mining Finance L.P. and Taurus Mining Finance Annex Fund L.P. dated 25 June 2019.

REMUNERATION REPORT (AUDITED)

This report sets out the remuneration strategy and arrangements for Key Management Personnel (KMP) of Sheffield Resources Limited for year ended 30 June 2019. This report forms part of the Directors' Report and has been audited in accordance with the requirements of the Corporations Act 2001 and its regulations.

KEY MANAGEMENT PERSONNEL

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

Name	Position
Non-Executive Directors	
W Burbury	Chairman
B McQuitty	Director
Senior Executives	
B McFadzean	Managing Director
D Archer	Technical Director
M Di Silvio	Chief Financial Officer and Company Secretary
S Pether	Chief Operating Officer

BOARD POLICY ON KEY MANAGEMENT PERSONNEL REMUNERATION

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

NON-EXECUTIVE DIRECTOR REMUNERATION

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Executive remuneration is separate and distinct. Shareholders approve the aggregate or total fees payable to Non-Executive Directors, with the current approved limit being $250,000 (excluding share-based payments). The fees paid to Non-Executive Directors are set at levels that reflect both the responsibilities of, and the time commitments required from, each Non-Executive Director to discharge their duties and are not linked to the performance of the Company.

Shareholders approve the issue of options to Non-Executive Directors.

No share-based payments were made to Non-Executive Directors in 2019.

All Non-Executive Directors have their indemnity insurance paid by the Group.

Non-Executive Directors receive a fixed fee remuneration consisting of a base fee and statutory superannuation contributions made by the Group as set out below:

	2019 A$	2018 A$
Base fees		
Chairman	75,000	75,000
Other Non-Executive Directors	50,000	50,000

SENIOR EXECUTIVE REMUNERATION

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

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

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

- provide total remuneration and employment conditions which will enable the Company to attract and retain high quality senior executives to the business;
- align remuneration with the creation and maximisation of shareholder value and the achievement of Company strategy, business objectives and core values;
- ensure the structure and quantum of remuneration is competitive and reflective of the external market in which the Company operates;
- target positioning of total remuneration against market at generally between the 50th and 75th percentile;
- provide a mix of fixed and variable, performance-based remuneration to drive superior performance;
- reward the achievement of individual and Company objectives thus promoting a balance of individual performance and teamwork across the executive management team;
- provide a fair, equitable and scalable system that allows for sustainable business growth and is regularly reviewed for relevance and reliability; and
- is transparent, easily understood and is acceptable to Shareholders.

The Board's specific remuneration aims for the year ending 30 June 2019 were to:

- retain Senior Executives at an important stage in the Company's development;
- implement a new Long Term Incentive (LTI) scheme measured over a four-year period and designed to create alignment with the Thunderbird project objectives, sustainability aims and maximise overall shareholder value;
- ensure effective benchmarking of fixed and variable remuneration for Senior Executives for a clearly defined peer group of similar companies to ensure remuneration is fair and competitive;
- cease the policy of sacrificing a portion of cash remuneration for share options;
- discontinue making future offers under the Employee Share Option Plan (ESOP); and
- retain total remuneration at or around the 50th percentile of market.

Use of External Remuneration Consultants in year ending 30 June 2019

During the financial year, the Company engaged Mr Chris Ryan, an experienced and independent executive remuneration and HR specialist in the resources sector, to review and benchmark executive remuneration (both structure and quantum) and the Company's long-term incentives. Mr Ryan assisted in the development of performance hurdles relevant to the executive grant of Performance Rights in 2018. The total fees paid to Mr Ryan for services during the year were $25,630.

Remuneration Mix

Senior Executive remuneration consists of the following key elements:

- fixed annual remuneration (FAR); and
- variable remuneration (LTI).

Fixed Annual Remuneration

The level of FAR is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. FAR includes a base salary, inclusive of superannuation. Allowances and other benefits may be provided, including leased motor vehicles and additional superannuation, provided that no extra cost is incurred by the Group.

FAR is reviewed annually. Any adjustments to FAR for Senior Executives must be approved by the Board. The Managing Director determines the FAR of other Senior Executives within specific guidelines approved by the Board

In November 2015 the Group implemented a remuneration strategy for Senior Executives that provided a balance between the preservation of cash proceeds and an equitable remuneration structure. To obtain that balance Senior Executives agreed to sacrifice a portion of their cash remuneration in lieu of share options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis. The value of the cash sacrificed ranged from 25% - 50%. The strategy was set for a period of three years, concluding in November 2018.

In October 2018 the Board completed the annual review of Senior Executive remuneration. As a result of this review and in conjunction with the previous remuneration strategy concluding, the cash component of the Senior Executive's FAR was adjusted accordingly.

Long Term Incentive Plan

The LTI program comprises of the Employee Share Option Plan and Performance Rights Plan (PRP). In November 2018, the 2014 Employee Share Option Plan three-year shareholder approval period ended and following approval by Shareholders, the 2017 Performance Rights Plan commenced. Each plan contains performance hurdles that need to be achieved prior to award.

The objective of the LTI program is to:

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

Employee Share Option Plan

The ESOP is an equity component of at-risk remuneration. The Board determined the quantum of options to be issued to the relevant Senior Executive dependent on FAR and seniority of position in the Company.

Performance Criteria

Share options have certain non-market-based performance conditions. These non-market-based performance conditions include:

- Completion of feasibility study
- Financing complete
- Offtake agreements – ilmenite
- Offtake agreements – zircon
- First product shipped

<u>Performance Options on Change of Control</u>

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

<u>Grants Made in 2019</u>

There were no share options granted during 2019.

<u>Share Options Vested in 2019</u>

275,000 share options vested during 2019. These options relate to the performance conditions on completion of off-take agreements for zircon.

<u>Measurement of Share Options</u>

Under the terms and conditions of the options issued to employees, each option gives the holder the right to subscribe to one fully paid ordinary share. Any option not exercised before the expiry date will lapse on the expiry date.

Options have been valued using the Black-Scholes option valuation method. The following table lists the inputs to the model for options outstanding to Senior Executives during the period:

	Series 5	Series 6	Series 9
Dividend yield (%)	-	-	-
Expected volatility (%)	40	40	87
Risk free interest rate (%)	2.00	2.00	2.00
Expected life of options (years)	3.27	3.23	3.02
Exercise price ($)	0.001	0.001	0.001
Grant date share price ($)	0.56	0.51	0.53
Fair value at grant date ($)	0.559	0.509	0.529
Grant date	2 Nov 2015	16 Nov 2015	17 Nov 2016
Expiry date	2 Feb 2020	2 Feb 2020	24 Nov 2020
Number issued	3,000,000	700,000	2,100,000
Number outstanding	2,500,000	500,000	1,300,000

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

During the year ending 30 June 2019, the Group revised the target vesting date relating to options with performance measures. The following table describes the change in vesting date:

Measure	Original vesting date	Revised vesting date	Series	Condition vesting date related to
1	Vested	-	5,6,9	Completion of feasibility study
2	30 Jun 2017	2 Feb 2020	5,6	Financing complete
2	30 Jun 2017	24 Nov 2020	9,10	Financing complete
3	Vested	-	9	Offtake agreements ilmenite
4	Vested	-	9	Offtake agreements zircon
5	31 Mar 2019	2 Feb 2020	5,6	First product shipped
5	31 Mar 2019	24 Nov 2020	9,10	First product shipped

Performance Rights Plan

The PRP is a long term (4 year), performance centred, at risk scheme based on the issue of performance rights. An amount calculated as a percentage of the Senior Executive's FAR is used to calculate the number of performance rights to be granted. The percentage can range from 50% to 100% of FAR based on the seniority of position in the Company.

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

Performance Hurdles

The Group uses two performance hurdle measures to determine the proportion of performance rights which vest, if at all, as follows:

- 80% of the performance rights are subject to an Absolute Total Shareholder Return (ATSR); and
- 20% of the performance rights are subject to a Sustainability Performance hurdle.

Absolute TSR Performance Hurdle

The Board considers that ATSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is explicitly linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

TSR measures the return received by shareholders from holding shares in the Company over a particular period. TSR is calculated by taking into account the growth in a Company's share price over the period as well as the capital returns and dividends received during that period.

ATSR refers to the setting of threshold, target and stretch levels of TSR for the Company at the beginning of the performance period. Thus, they are determined in advance having regard to expectations of the Company's performance. The ATSR performance rights are separated into two tranches, each with equal weighting of 50%.

The Tranche 1 ATSR performance rights were calculated by reference to the 30-day VWAP for the period ended 31 August 2018. The Tranche 2 ATSR performance rights will be calculated by reference to the 30-day VWAP for the period ending 30 November 2020. The Board may, in its absolute discretion, set a different reference price for the Tranche 2 ATSR performance rights where it could potentially be unfair or unjust to the Senior Executive or the Group.

To the extent that the performance hurdles are not satisfied by the applicable testing dates, the performance rights will automatically lapse.

The proportion of the Tranche 1 ATSR performance rights and Tranche 2 ATSR performance rights that will vest will be determined on the basis of the following scale.

Weighting	Measure	ATSR (%)	Performance Rights vested (%)	Performance Period
Tranche 1:	**Tranche 1:**	Less than 16%	0%	**Tranche 1:**
50%	Increase in Sheffield share price between 31 Aug 2018 and 30 Nov 2020	16% (lower threshold)	25%	31 Aug 2018 to 30 Nov 2020
		Between 16% to 26% (being the upper threshold)	Pro rata between 25% and 50%	
Tranche 2: 50%	**Tranche 2:** Increase in Sheffield share price between	Between 26% to 40% (being the target)	Pro rata between 50% and 75%	**Tranche 2:** 30 Nov 2020 to 30 Nov 2022
	30 Nov 2020 and 30 Nov 2022	Between 40% to 50% (being the stretch)	Pro rata between 75% and 100%	
		50% or above	100%	

Sustainability Performance Hurdles

The Company aims to optimise shared value and develop long term trusting relationships with the communities in which we operate.

The Board therefore considers that sustainability measures are important inclusions as performance hurdles due to the Thunderbird projects success being central to an effective Social Licence to Operate in the Kimberley region, particularly in relation to local and Aboriginal economic, social and cultural advancement.

The Sustainability Performance Rights are subject to up to three separate hurdles, allocated and weighted to the Senior Executive by the Board, according to the individual's role. These hurdles are as follows;

- Meet Aboriginal Employment Targets
- Meet Local Content Employment Targets
- Develop and Implement Succession Planning system

The Aboriginal and Local Employment targets relate to the make-up of the Company's employee base for the Thunderbird Project (Employment Hurdle), particularly in relation to developing a locally based workforce, employed on a Drive in and Drive out (DIDO) basis rather than a Fly in and Fly out (FIFO) basis, with high rates of Aboriginal employment.

Specifically, the Employment Hurdles are as follows:

Aboriginal Employment

Threshold: a minimum of 3% Aboriginal employment by end calendar Year 1 of Thunderbird operations (in production) and a minimum of 8% by end Year 2 of operations.

Target: a minimum of 5% Aboriginal employment by end calendar Year 2 of Thunderbird operations (in production) and a minimum of 10% by end Year 2 of operations.

Local Content Employment

Threshold: ensure 40% Thunderbird employees (excluding EPC contractor) are employed on a DIDO basis by end calendar Year 1 of Thunderbird operations (in production) and 60% by end Year 2 of operations.

Target: ensure 60% Thunderbird employees (excluding EPC contractor) are employed on a DIDO basis by end calendar Year 1 of Thunderbird operations (in production) and 75% by end Year 2 of operations.

For the performance rights subject to the Employment Hurdles:

(a) 50% of those performance rights will vest if relevant Threshold is achieved;
(b) 100% of those performance rights will vest if relevant Target is achieved;
(c) pro rata vesting of those performance rights will occur for achievements between the relevant Threshold and Target and;
(d) none of those performance rights will vest if the relevant Threshold is not achieved.

Succession Plan

The Board considers an effective Succession Plan as an important tool in both talent management and risk management for the Company. The hurdle involves the development and implementation of the Succession Plan for specified Senior Executive roles across the four-year measurement period until 30 November 2022 (Succession Plan Hurdle).

For the performance rights subject to the Succession Plan Hurdle:

(e) 100% of those performance rights will vest if the Succession Plan Hurdle is achieved; and
(f) None of those performance rights will best if the Succession Plan Hurdle is not achieved.

The performance period for both the Employment Hurdles and the Succession Plan Hurdle is 30 November 2022, but it is noted that the Thresholds and Target for the Employment Hurdles will be measured as at the end of calendar years 1 and 2 after the Thunderbird Project is in operation.

Performance Rights Grants Made in 2019

Performance rights were granted to eligible participants in October and November 2018. The number of performance rights granted for each Senior Executive was calculated based on a percentage of the Senior Executive's FAR and by reference to the 30-day VWAP for the period ended and including 31 August 2018, being A$0.8929.

Performance Rights on Cessation of Employment

Employment cessation on or before 30 November 2020

Unless performance rights held by a Senior Executive who ceases to hold a position of employment, office, or engagement with the Company on or before 30 November 2020 have vested and become capable of exercise before the Senior Executive leaves or vested and become capable or exercise as a result of the Senior Executive leaving, those performance rights will not be exercisable by the Senior Executive and will lapse, unless otherwise determined at the Board's discretion.

Employment cessation after 30 November 2020 but prior to 1 January 2023

Vested performance rights held by a Senior Executive who ceases to, or has ceased to, hold a position of employment, office, or engagement with the Company after 30 November 2020 but before 1 January 2023 will be exercisable by the Senior Executive unless the Board has determined that the Senior Executive's position of employment, office or engagement was terminated for cause.

Performance Rights on Change of Control

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

Hedging of At-Risk Remuneration

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

Performance Rights Vested in 2019

No performance rights have vested during 2019.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	Short-term employee benefits			Post - employment benefits	Long term employee benefits	Share based payments	
	Salary & fees	Cash bonus	Non-monetary[2]	Super-annuation	Long service leave	Options & rights[1]	Total
2019	$	$	$	$	$	$	$
Non-Executive Directors							
W Burbury[3]	75,000	-	9,196	7,125	-	-	91,321
B McQuitty[4]	50,000	-	12,873	4,750	-	-	67,623
Senior Executives							
B McFadzean[5]	292,768	-	13,541	24,850	-	523,029	854,188
D Archer[6]	242,830	-	15,101	21,431	37,523	211,060	527,945
M Di Silvio[7]	312,494	-	14,433	24,159	-	210,072	561,158
S Pether[8]	290,541	-	13,207	24,373	-	704,957	1,033,078
	1,263,633	**-**	**78,351**	**106,688**	**37,523**	**1,649,118**	**3,135,313**

Note 1: The fair value of the options is calculated at the date of grant using a Black-Scholes valuation model and allocated to each reporting period starting from grant date to vesting date.
Note 2: Other fees include, where applicable, the cost to the Company of providing fringe benefits and the fringe benefits and the fringe benefits tax on those benefits and the attributable non-cash benefit applied by virtue of the Company's Directors and Officer Liability policy.
Note 3: During the financial year, Mr Burbury entered into an agreement with the Company to defer a portion of his salary and superannuation. As at 30 June 2019, $8,555 of Mr Burbury's fees and superannuation described has been deferred.
Note 4: During the financial year, Mr McQuitty entered into an agreement with the Company to defer a portion of his salary and superannuation. As at 30 June 2019, $5,703 of Mr McQuitty's fees and superannuation described has been deferred
Note 5: During the financial year, Mr McFadzean entered into an agreement with the Company to defer a portion of his salary and superannuation. As at 30 June 2019, $39,922 of Mr McFadzean's salary and superannuation described has been deferred.
Note 6: During the financial year, Mr Archer entered into an agreement with the Company to defer a portion of his salary and superannuation. As at 30 June 2019, $28,516 of Mr Archer's salary and superannuation described has been deferred.
Note 7: During the financial year, Mr Di Silvio entered into an agreement with the Company to defer a portion of his salary and superannuation. As at 30 June 2019, $34,219 of Mr Di Silvio's salary and superannuation described has been deferred.
Note 8: During the financial year, Mr Pether entered into an agreement with the Company to defer a portion of his salary and superannuation. As at 30 June 2019, $34,219 of Mr Pether's salary and superannuation described has been deferred.

	Short-term employee benefits			Post - employment benefits	Long term employee benefits	Share based payments	
	Salary & fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Options & rights	Total[1]
2018	$	$	$	$	$	$	$
Non-Executive Directors							
W Burbury	75,000	-	4,583	7,125	-	-	86,708
B McQuitty	50,000	-	4,583	4,750	-	-	59,333
Senior Executives							
B McFadzean	175,000	-	10,549	16,625	-	350,910	553,084
D Archer	175,000	-	4,583	16,625	-	115,459	311,667
M Di Silvio	175,000	-	4,583	16,625	-	106,484	302,692
S Pether	225,000	-	4,583	21,375	-	531,854	782,812
	875,000	**-**	**33,464**	**83,125**	**-**	**1,104,707**	**2,096,296**

Note 1: The total for 2018 of $2,116,540 in this table is less than the total for 2018 in the Remuneration Report for the year ended 30 June 2018 of $2,716,988 as it does not include 660,448 for the following personnel who were included in the remuneration report for the year ended 30 June 2018. As they are no longer classified as key management personnel, they have not been included in the remuneration report for the year ended 30 June 2019 above:

- *Mr Jim Netterfield – BFS Study Manager*
- *Mr Neil Patten-Williams – Marketing Manager*

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

	Fixed remuneration		Remuneration linked to performance[1]	
	2019	2018	2019	2018
Non-Executive Directors				
W Burbury	100%	100%	-	-
B McQuitty	100%	100%	-	-
Senior Executives				
B McFadzean	39%	70%	61%	30%
D Archer	60%	87%	40%	13%
M Di Silvio	63%	89%	37%	11%
S Pether	32%	47%	68%	53%

Note 1: During the 2018 period, KMP's holding executive positions sacrificed a portion of salary (20%-50%) in lieu of a share-based payment, incentivising performance.

EQUITY INSTRUMENTS

Options

No Employee Share Options were issued during 2019. The table below outlines the movement of the options held by Senior Executives during the year:

2019	Grant date	Opening balance vested & exercisable	Opening balance unvested	Granted as compensation	Vested	Vested %	Exercised	Forfeited	Closing balance vested and exercisable	Closing balance unvested
B McFadzean										
Performance	2 Nov 2015	-	2,500,000	-	-	-	-	-	-	2,500,000
Remuneration	22 Nov 2017	-	130,409	-	130,409	100%	130,409	-	-	-
D Archer										
Performance	1 May 2016	-	550,000	-	-	-	-	-	-	550,000
Remuneration	22 Nov 2017	-	55,890	-	55,890	100%	55,890	-	-	-
M Di Silvio										
Performance	15 Feb 2016	-	575,000	-	75,000	13%	75,000	-	-	500,000
Remuneration	22 Nov 2017	-	55,890	-	55,890	100%	55,890	-	-	-
Stuart Pether										
Performance	n/a	-	-	-	-	-	-	-	-	-
Remuneration	22 Nov 2017	-	55,890	-	55,890	100%	55,890	-	-	-

2018	Grant date	Opening balance vested & exercisable	Opening balance unvested	Granted as compensation	Vested	Vested %	Exercised	Forfeited	Closing balance vested and exercisable	Closing balance unvested
B McFadzean										
Performance	2 Nov 2015	-	3,000,000	-	500,000	17%	475,000	25,000	-	2,500,000
Remuneration	22 Nov 2017	-	142,741	260,817	273,149	68%	273,149	-	-	130,409
D Archer										
Performance	1 May 2016	-	700,000	-	150,000	21%	142,500	7,500	-	550,000
Remuneration	22 Nov 2017	-	61,175	111,779	117,064	68%	117,064	-	-	55,890
M Di Silvio										
Performance	15 Feb 2016	-	700,000	-	125,000	18%	122,500	2,500	-	575,000
Remuneration	22 Nov 2017	-	61,175	111,779	117,064	68%	117,064	-	-	55,890
Stuart Pether										
Performance	n/a	-	-	-	-	-	-	-	-	-
Remuneration	22 Nov 2017	-	-	177,009	121,119	68%	121,119	-	-	55,890

Exercised

Options granted as compensation in the prior year and exercised during the current year are detailed below:

	Number granted	Grant date	Value at exercise date[1] $
B McFadzean	130,409	22/11/2017	115,282
D Archer	55,890	22/11/2017	49,407
M Di Silvio	75,000	15/02/2016	89,175
M Di Silvio	55,890	22/11/2017	49,407
S Pether	55,890	22/11/2017	49,407

Note1: The value at the date of exercise of options that were granted as part of remuneration and exercised during the year has been determined at the intrinsic value of the options at the exercise date.

EQUITY INSTRUMENTS

Rights

7,325,859 performance rights were issued to eligible participants of the Performance Rights plan. The table below outlines the movement of the rights held by Senior Executives during the year:

	Grant date	Opening balance unvested	Granted	Issue Price $	Vested	Vested %	Exercised	Forfeited	Closing balance unvested	Fair value $
B McFadzean										
2019	29 Nov 2018	-	2,060,701	$0.77	-	-	-	-	2,060,701	$1,586,740
2018	-	-	-	-	-	-	-	-	-	-
D Archer										
2019	29 Nov 2018	-	1,066,189	$0.77	-	-	-	-	1,066,189	$820,966
2018	-	-	-	-	-	-	-	-	-	-
M Di Silvio										
2019	29 Nov 2018	-	1,097,547	$0.77	-	-	-	-	1,097,547	$845,111
2018	-	-	-	-	-	-	-	-	-	-
S Pether										
2019	n/a	1,700,000	-	-	-	-	-	-	1,700,000	n/a
2018	22 Nov 2017	-	1,700,000	$0.74	-	-	-	-	1,700,000	$1,258,000

Exercised

No performance rights granted as compensation in the current and/or prior year were exercised.

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The relevant interest of each key management personnel in the share capital (held directly or indirectly of the Company at 30 June 2019 were:

2019	Balance at 1 July 2018	Granted as remuneration	Received on exercise of options	Other changes	Balance at 30 June 2019
Non-Executive Directors					
W Burbury	8,182,407	-	-	23,076	8,205,483
B McQuitty	8,046,507	-	-	23,076	8,069,583
Senior Executives					
B McFadzean	1,512,960	-	130,409	23,076	1,666,445
D Archer	8,269,151	-	55,890	48,076	8,373,117
M Di Silvio	437,891	-	130,890	23,073	591,854
S Pether	246,119	-	55,890	-	302,009

2018	Balance at 1 July 2017	Granted as remuneration	Received on exercise of options	Other changes	Balance at 30 June 2018
Non-Executive Directors					
W Burbury	8,170,000	-	-	12,407	8,182,407
B McQuitty	8,034,100	-	-	12,407	8,046,507
Senior Executives					
B McFadzean	676,684	-	748,149	88,127	1,512,960
D Archer	7,939,180	-	259,564	70,407	8,269,151
M Di Silvio	198,327	-	239,564	-	437,891
S Pether	75,000	-	121,119	50,000	246,119

SENIOR EXECUTIVE EMPLOYMENT AGREEMENTS

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

Name	Position	Commencement date	Base salary (including superannuation)	Termination benefit
B McFadzean	Managing Director	2 Nov 2015	$383,250	3 months' notice
D Archer	Technical Director	1 Apr 2010	$273,750	4 months' notice
M Di Silvio	CFO & Company Secretary	15 Feb 2016	$328,500	4 months' notice
S Pether	Chief Operating Officer	1 Apr 2017	$328,500	4 months' notice

OTHER TRANSACTIONS WITH KMP AND THEIR RELATED PARTIES

There were no other transactions with KMP or their related parties.

END OF AUDITED REMUNERATION REPORT

AUDITOR INDEPENDENCE

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

This Independence Declaration is set out on page 38 and forms part of this Directors' report for the year ended 30 June 2019.

Signed in accordance with a resolution of the Directors.

Bruce McFadzean
Managing Director
Perth, 10 September 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Sheffield Resources Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**D I Buckley**
10 September 2019	**Partner**

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	Notes	2019	2018	2017
			Restated	Restated
		$'000	$'000	$'000
Continuing operations				
Other income	6	138	71	12
Employee benefits expense	6	(6,365)	(3,560)	(4,968)
Corporate expenses	6	(4,051)	(2,293)	(2,331)
Other expenses	6	(47)	(208)	(3,311)
Gain on demerger	6	-	1,325	-
Results from operating activities		(10,325)	(4,665)	(10,598)
Net financing income	6	75	360	260
Net loss before income tax		(10,250)	(4,305)	(10,338)
Income tax benefit	7	-	-	-
Loss for the year		(10,250)	(4,305)	(10,338)
Other comprehensive income				
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive loss for the year		(10,250)	(4,305)	(10,338)
Basic and diluted loss per share	8	(4.18)	(2.02)	(5.95)

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

	Notes	2019	2018 Restated	2017 Restated
		$'000	$'000	$'000
Current assets				
Cash and cash equivalents	11	2,698	23,142	8,335
Trade and other receivables	12	324	503	289
Other current assets		-	107	-
Inventories		11	18	-
Total current assets		3,033	23,770	8,624
Non-current assets				
Other non-current assets	13	6,624	-	-
Plant and equipment	14	4,232	228	107
Right of use asset	14	2,058	282	-
Mine development	14	53,952	36,838	-
Exploration and evaluation expenditure	15	9,641	7,256	31,673
Total non-current assets		76,507	44,604	31,780
Total assets		**79,540**	**68,374**	**40,404**
Current liabilities				
Trade and other payables	16	4,334	6,110	1,279
Interest bearing liabilities	17	164	153	-
Employee benefits	9	364	278	270
Total current liabilities		4,862	6,541	1,549
Non-current liabilities				
Interest bearing liabilities	17	1,975	148	-
Provisions		63	-	
Total non-current liabilities		2,038	148	-
Total liabilities		**6,900**	**6,689**	**1,549**
Net assets		**72,640**	**61,685**	**38,855**
Equity				
Issued capital	18	99,469	80,602	54,722
Reserves		9,663	7,325	6,070
Accumulated losses		(36,492)	(26,242)	(21,937)
Total equity		**72,640**	**61,685**	**38,855**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

	Notes	Issued Capital $'000	Accumulated losses $'000	Share-based payment reserve $'000	Total $'000
Balance at 1 July 2017		54,722	(15,085)	6,070	45,707
Change in accounting policy	4	-	(6,852)	-	(6,852)
Restated balance as at 1 July 2017		54,722	(21,937)	6,070	38,855
Restated loss for the year		-	(4,305)	-	(4,305)
Total comprehensive loss for the year		-	(4,305)	-	(4,305)
Shares issued during the year		32,002	-	-	32,002
Return of capital for demerger		(4,000)	-	-	(4,000)
Share issue costs		(2,122)	-	-	(2,122)
Recognition of share-based payments		-	-	1,255	1,255
Restated balance as at 30 June 2018		**80,602**	**(26,242)**	**7,325**	**61,685**
Loss for the year		-	(10,250)	-	(10,250)
Total comprehensive loss for the year		-	(10,250)	-	(10,250)
Shares issued during the year		19,843	-	-	19,843
Share issue costs		(976)	-	-	(976)
Recognition of share-based payments		-	-	2,338	2,338
Balance as at 30 June 2019		**99,469**	**(36,492)**	**9,663**	**72,640**

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

	Notes	2019	2018 Restated
		$'000	$'000
Cash flows from operating activities			
Payments to supplier and employees		(6,265)	(5,311)
Interest received		262	364
Interest paid		(157)	(26)
Net cash used in operating activities	11	**(6,160)**	**(4,973)**
Cash flows from investing activities			
Research and development tax refund		1,046	2,728
Payments for exploration and evaluation expenditure		(2,453)	(2,044)
Payments for plant and equipment		(102)	(184)
Proceeds from disposal of financial assets		-	30
Payments for development expenditure		(24,503)	(10,534)
Payments for financial liability		(4,580)	-
Net cash (used in) investing activities		**(30,592)**	**(10,004)**
Cash flows from financing activities			
Proceeds from issue of shares		17,448	32,002
Payments for share issue costs		(1,127)	(2,122)
Payments for lease liability		(13)	(96)
Net cash provided by financing activities		**16,308**	**29,784**
Net decrease in cash and cash equivalents		(20,444)	14,807
Cash and cash equivalents at the beginning of the year		23,142	8,335
Cash and cash equivalents at the end of the year	11	**2,698**	**23,142**

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

BASIS OF PREPARATION

This section of the financial report sets out the Group's (being Sheffield Resources Limited and its controlled entities) accounting policies that relate to the Financial Statements as a whole. Where an accounting policy is specific to one Note, the policy is described in the Note to which it relates.

The Notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Group. Information is considered relevant and material if:

- the amount is significant due to its size or nature
- the amount is important in understanding the results of the Group
- it helps to explain the impact of significant changes in the Group's business
- it relates to an aspect of the Group's operations that is important to its future performance
- accounting policies have been consistently applied to all of the years presented unless otherwise stated

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Sheffield Resources Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 5 September 2019. The Board of Directors has the power to amend the Consolidated Financial Statements after issue.

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

The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

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

NOTE 2: REPORTING ENTITY

The Financial Statements are for the Group consisting of Sheffield Resources Limited and its subsidiaries. A list of the Group's subsidiaries is provided in Note 20.

NOTE 3: BASIS OF PREPARATION

These general purpose Financial Statements have been prepared in accordance with Australia Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated Financial Statements of Sheffield Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These Financial Statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are required to be measured at fair value.

a) Going Concern

Notwithstanding the fact that the Group incurred an operating loss of $10.250m for the year ended 30 June 2019, had net cash outflow from operating activities of $6.160m and investing activities of $30.592m and has a current working capital deficit of $1.829m, the Directors' are of the opinion that the Group is a going concern for the following reasons:

- The Company has engaged third party advisors to solicit and source a strategic equity partner to progress the development of the Thunderbird Mineral Sands Project in the near term;
- The Company is taking measures to minimize cash burn whilst the funding process for Thunderbird continues;
- The Company has a signed mandate with Taurus Mining Finance for the provision of a US$10m bridge finance facility;
- The Company has agreements with certain creditors to defer settlement until project finance is secured; and
- Subsequent to year end, the Company announced it was raising up to $18 million via a share placement. Refer to Note 27.

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

NOTE 3: BASIS OF PREPARATION (continued)

b) Basis of consolidation

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

c) Foreign currency translation

Functional and Presentation Currency

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

Foreign Currency Translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at balance date.

All translation differences relating to transactions and balances denominated in foreign currency are taken to the Consolidated Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

d) Goods and services tax ('GST')

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

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

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

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

e) Comparatives

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

f) Early adoption of Australian Accounting Standards

The Group has early adopted AASB 16 Leases with a date of initial application of 1 July 2017. As a result, the Group's policies were amended to comply with AASB 16 as issued in this Financial Report.

NOTE 3: BASIS OF PREPARATION (continued)

AASB 16 replaces AASB 117 Leases and results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the interest rate implicit in the lease repayments. The right-to-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the Group's operating lease expense with an interest and depreciation expense.

The weighted average incremental borrowing rate at the date of initial application was 7.62%. This has been applied to the liabilities recognised at transition date. The Group has elected to apply the "Modified Retrospective Approach" when transitioning to the new standard.

Under this approach, the Group was not required to restate the comparative information for its operating leases and the cumulative effect of the initial application is adjusted against opening retained earnings. The Group has elected to measure the carrying amounts of the right of use assets as though the standard had applied from the commencement date of the leases. Due to the commencement date of the lease being May 2017, the opening balance adjustment to retained earnings was immaterial. The Group leased office premises in Perth at the time of initial application.

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

PERFORMANCE FOR THE YEAR

The section provides additional information about those individual line items in the Statement of Comprehensive Income that the Directors consider most relevant in the context on the operations of the entity.

NOTE 4: CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial Year	Grant Value $'000
2013	802
2014	1,417
2015	1,818
2016	1,691
2017	1,124
2018	2,579
	9,431

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

NOTE 5: SEGMENT REPORTING

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

NOTE 5: SEGMENT REPORTING (continued)

Description of Projects

i. Thunderbird Project

This project consists of mineral sands tenements located in the Canning Basin that form part of the potential Thunderbird mineral sand mining operation.

ii. Sheffield Project

This project consists of mineral sand exploration tenements located in Western Australia.

iii. Unallocated items

Part of the following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- corporate expenses; and
- share-based payment expense

2019	Sheffield project $'000	Thunderbird project $'000	Other $'000	Total $'000
Other income	-	-	138	138
Employees benefit expense	-	-	(4,027)	(4,027)
Corporate expenses	-	-	(3,501)	(3,501)
Depreciation - non-mine site assets	-	(216)	(102)	(318)
Depreciation – right of use assets	-	(81)	(151)	(232)
Other income/(expenses)	-	-	-	-
Impairment of deferred exploration and evaluation	(47)	-	-	(47)
Share-based payments	-	-	(2,338)	(2,338)
Net financing income	-	(140)	215	75
Segment results	(47)	(437)	(9,766)	
Tax benefit				-
Net loss after tax				(10,250)
Segment assets	6,604	69,132	3,804	79,540
Segment liabilities	-	4,960	1,940	6,900
Capital expenditure	585	1,847	2,615	5,047

NOTE 5: SEGMENT REPORTING (continued)

2018	Sheffield project $'000	Thunderbird project $'000	Other $'000	Total Restated $'000
Other income	-	-	71	71
Employees benefit expense	-	-	(2,305)	(2,305)
Corporate expenses	-	-	(2,089)	(2,089)
Depreciation - non-mine site assets	-	(3)	(60)	(63)
Depreciation – right of use assets	-	-	(141)	(141)
Other income/(expenses)	-	-	30	30
Impairment of deferred exploration and evaluation	(238)	-	-	(238)
Share-based payments	-	-	(1,255)	(1,255)
Gain on demerger	-	-	1,325	1,325
Net financing income	-	-	360	360
Segment results	(238)	(3)	(4,064)	
Tax benefit				-
Net loss after tax				(4,305)
Segment assets	6,021	38,429	23,924	68,374
Segment liabilities	-	5,560	1,129	6,689
Capital expenditure	485	17,109	925	18,519

NOTE 6: REVENUE AND EXPENSES

	2019 $'000	2018 $'000
Other income		
Other	138	71
	138	**71**

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

NOTE 6: REVENUE AND EXPENSES (continued)

	2019 $'000	2018 $'000
Employee benefits expense		
Wages and salary	3,198	1,835
Superannuation	280	275
Share-based payments – employee benefits	2,338	1,255
Other	549	195
	6,365	3,560

	2019 $'000	2018 $'000
Corporate expenses		
Accounting fees	-	54
Legal fees	586	1
Conferences and seminars	26	44
Operating lease variable outgoings	120	160
Consultancy fees	2,690	983
Depreciation – non-mine site assets	318	63
Depreciation – right of use assets	232	141
Other	79	847
	4,051	2,293

	2019 $'000	2018 $'000
Other expenses		
Impairment of deferred exploration and evaluation expenditure	47	238
Profit on disposal of asset	-	(30)
	47	208

NOTE 6: REVENUE AND EXPENSES (continued)

	2019 $'000	2018 $'000
Gain on demerger of subsidiary		
Exploration and evaluation at disposal date	-	(2,675)
Share capital reduction	-	4,000
Gain on demerger of Carawine Resources Ltd	-	**1,325**

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

	2019 $'000	2018 $'000
Net financing income		
Interest income	233	386
Interest expense on lease liability	(158)	(26)
	75	360

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTE 7: INCOME TAX

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2019 $'000	2018 Restated $'000
Accounting loss before income tax	**(10,250)**	**(4,305)**
Income tax benefit calculated at 27.5%	(2,819)	(1,184)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	643	345
Capital gain on Carawine demerger	-	1,076
Accounting gain on Carawine demerger	-	(364)
Accruals	17	(12)
Other non-deductible expenses	199	2
Other deductible items	(557)	-
Share issue costs	(333)	(279)
Immediate deduction for exploration	(669)	(563)
Unrecognised tax losses	3,519	983
Research & development tax offset	-	-
	-	-

NOTE 7: INCOME TAX (continued)

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

The Company has tax losses arising in Australia. The tax benefit of these losses of $16.519m (2018: $13.588m) is available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to ongoing conditions for deductibility being met.

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

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

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

Unrecognised deferred tax assets and liabilities

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

	2019 $'000	2018 $'000
Deductible temporary differences	(336)	1,039
Tax losses	16,519	13,588
Exploration and evaluation	(2,651)	(1,995)
Development expenditure	(5,438)	(8,360)
	8,094	**4,272**

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

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

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

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

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

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

NOTE 7: INCOME TAX (continued)

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

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

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

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

Tax consolidation legislation

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

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

NOTE 8: LOSS PER SHARE

	2019	2018
		Restated
	$'000	$'000
Loss used in calculating basic and diluted loss per share	(10,250)	(4,305)
Loss used in calculating basic and diluted loss per share from continuing operations	(10,250)	(4,305)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	245,390,657	212,611,162

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

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

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

EMPLOYEE BENEFITS

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the remuneration of employees and consultants of the Group, but that is not immediately related to individual line items in the Financial Statements.

NOTE 9: EMPLOYEE BENEFITS

	2019 $'000	2018 $'000
Employee benefits	364	278

The provision for employee benefits represents annual leave and long service leave payable.

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

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

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

Wages, salaries, annual leave and sick leave

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

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

Long service leave

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

NOTE 10: SHARE-BASED PAYMENTS

The Company provides benefits to employees (including Directors) in the form of share-based payments whereby employees render services in exchange for shares or rights over shares ('share-based payments').

The cost of these share-based payments with employees is measured by reference to the fair value at the date they are granted. The value is determined using an appropriate valuation model. In valuing share-based payments, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sheffield ('market conditions') if applicable.

The cumulative expense is recognised for share-based payments at each reporting date until vesting date and reflects the extent to which the vesting period has expired and the number of awards, that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

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

NOTE 10: SHARE-BASED PAYMENTS (continued)

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

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee Share Option Plan

Employees of the Group (including Directors) may be issued with options over ordinary shares of Sheffield. Options are issued for nil consideration and are subject to performance criteria established by the Directors of Sheffield.

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

The objective of the grant of options to employees is to assist in the recruitment, retention, reward and motivation of the employees of the Group.

A total of 6,835,000 options over ordinary shares under the Employee Share Option Plan were in place at the end of year. As at 30 June 2019, 1,717,500 have vested and 5,117,500 remain unvested at year end. During the year ended 30 June 2019, 1,147,599 (2018: 1,916,980) options over ordinary shares were exercised over the period at a weighted average share price on the date of exercise of 0.995 (2018: 0.7438).

The options over ordinary shares were in place during the year and as at 30 June 2019.

Certain performance options on issue during the year have non-market-based performance conditions. As at 30 June 2019, these performance options have not yet vested.

The non-market-based performance conditions include:

- 2,000,000 performance options on the completion of financing for the construction of the Thunderbird project; and
- 3,000,000 performance options on the delivery of the first shipment to market of mineral sands product from the Thunderbird project.

Options issued in consideration for services

On 31 August 2016, the Company granted 4,000,000 options to consultants in consideration for ongoing market advisory services (Series 7). The options have a 3-year term and an exercise price of $0.676. The options may be exercised at any time on or before 31 August 2019. During the year 333,333 options were exercised.

The fair value of these options has been disclosed as consultant costs in a prior year.

These options were in place during the year and as at 30 June 2019.

Options on issue – amendment to estimated amortisation period

During the year ending 30 June 2019, the Group revised the estimated amortisation period relating to options with performance measures.

The following table describes the change in vesting date:

Measure	Original amortisation end date	Revised amortisation end date @ 30 June 2018	Revised amortisation end date @ 30 June 2019	Series	Applicable vesting condition
1	Vested	-	-	5,6,9	Completion of feasibility study
2	30 Jun 17	31 Dec 18	2 Feb 20	5,6	Financing complete
2	30 Jun 17	31 Dec 18	24 Nov 20	9,10	Financing complete
3	Vested	-	-	9	Offtake agreements ilmenite
4	Vested	-	-	9	Offtake agreements zircon
5	30 Mar 19	2 Feb 20	2 Feb 20	5,6	First product shipped
5	31 Mar 19	31 Mar 20	24 Nov 20	9,10	First product shipped

The change in accounting estimate has resulted in a reduction to the share-based payments expense of $0.04m.

NOTE 10: SHARE-BASED PAYMENTS (continued)

Movement in options

The table illustrates the number and weighted average exercise prices of and movements in unlisted options issued during the year:

	2019		2018	
	Options Number	Weighted average exercise price	Options Number	Weighted average exercise price
Outstanding at the beginning of the year	13,382,599	0.470	14,581,657	0.43
Granted during the year	-	-	810,422	0.001
Exercised during the year	(1,480,932)	0.375	(1,916,980)	0.001
Expired during the year	(1,400,000)	0.660	(92,500)	0.001
Outstanding at the end of the year	10,501,667	0.465	13,382,599	0.47
Exercisable at the end of the year	**1,717,500**	**1.139**	**2,352,500**	**0.84**

The weighted average contractual remaining life of the share options outstanding as at 30 June 2019 is 0.795 years (2018: 1.74 years).

The range of exercise prices for options outstanding as at 30 June 2019 is $0.001 - $1.16 (2018: $0.001 - $1.16).

The fair value of the options is measured at grant date using the Black-Scholes option valuation method taking into account the terms and conditions upon which the instrument was granted. The services received and liabilities to pay for those services are recognised over the vesting period.

Performance rights issued under the Employee Incentive Plan

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

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

The objective of the Employee Incentive Plan is to assist in the recruitment, reward, retention and motivation of employees of the Group.

During the year ended 30 June 2019, 7,325,859 performance rights were issued with certain market and non-market-based performance conditions. As at 30 June 2019, these performance rights have not yet vested.

NOTE 10: SHARE-BASED PAYMENTS (continued)

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

Number	Grant date	Expiry date	Share price at grant date
1,541,516[1]	06/11/2018	26/10/2025	0.89
5,784,343[2]	30/11/2018	01/12/2025	0.78

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

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

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

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

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

Number	Grant date	Expiry date	Share price at grant date
1,700,000	22/11/2017	30/01/2021	0.74
312,500	21/02/2018	01/03/2022	0.71
1,541,516	06/11/2018	26/10/2025	0.89
5,784,343	30/11/2018	01/12/2025	0.78

Movement in performance rights

The table illustrates the number and weighted average grant prices of and movements in unlisted rights issued during the year:

	2019		2018	
	Rights Number	Weighted average grant price	Rights Number	Weighted average grant price
Outstanding at the beginning of the year	2,012,500	0.74	-	-
Granted during the year	7,325,859	0.80	2,012,500	0.74
Vested during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	9,338,359	0.78	2,012,500	0.74
Exercisable at the end of the year	-	-	-	-

The fair value of the performance rights is measured at grant date was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received on the performance rights during the vesting period.

The weighted average remaining contractual life of the performance rights as at 30 June 2019 is 5.56 years (2018: 4.02 years).

ASSETS

This section provides additional information about those individual line items in the Statement of Financial Position that the Directors consider most relevant in the context of the operations of the entity.

NOTE 11: CASH AND CASH EQUIVALENT

	2019 $'000	2018 $'000
Cash at bank and on hand	2,698	139
Short-term deposits	-	23,003
	2,698	**23,142**

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

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

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

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

Reconciliation of loss after tax for the year to net cash flows from operations is as follows:

	2019 $'000	2018 Restated $'000
Loss after tax for the year	(10,250)	(4,305)
Share-based payments	2,338	1,255
Settlement of creditors in shares	960	-
Depreciation	550	204
Impairment of exploration and evaluation expenditure	47	238
Profit on sale of assets	-	(30)
Gain on demerger	-	(1,325)
Other	18	25
Movements in operating assets and liabilities		
(Increase)/decrease in receivables	(2)	(58)
(Decrease) in trade and other payables	241	(865)
(Decrease)/increase in provisions	107	(86)
Net cash used in operating activities	**(5,991)**	**(4,947)**

NOTE 12: TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Other receivables	212	516
Bank guarantees [1]	112	94
	324	**610**

[1]Bank guarantees include $0.0624m (2018: $0.06m) held as security for the office lease and bears 2.1% per annum interest and $0.050m (2018: $0.03m) held as security for the credit card facilities and bears 2.1% per annum interest.

There are no balances within trade and other receivables that contain amounts that are past due but not impaired. It is expected the balances will be received when due as there is no recent history of default or expectation that they will default. On this basis no expected credit loss has been provided for.

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

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

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

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

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

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

NOTE 13: OTHER NON-CURRENT ASSETS

	2019 $'000	2018 $'000
Transaction costs[1]	6,624	-
	6,624	-

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

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2019	Plant & Equipment $'000	Right of Use Assets $'000	Mine Property & Development $'000	Total $'000
At cost	4,928	2,431	53,952	61,311
Accumulated depreciation	(696)	(373)	-	(1,069)
Closing carrying amount	**4,232**	**2,058**	**53,952**	**60,242**
Reconciliation of carrying amounts:				
Balance at 1 July 2018	228	282	36,838	37,348
Additions	102	2,008	22,254	24,364
Transfers between asset classes	4,220[1]	-	(4,220)	-
Capitalisation of research & development grant	-	-	(983)	(983)
Additions to mine rehabilitation asset	-	-	63	63
Depreciation expense	(318)	(232)	-	(550)
Balance at 30 June 2019	**4,232**	**2,058**	**53,952**	**60,242**

[1]*During the year the Group completed the installation of 52 rooms and associated support buildings and infrastructure for the permanent village. These rooms are now ready for use and the associated costs have been transferred from mine property and development.*

Restated As at 30 June 2018	Plant & Equipment $'000	Right of Use Assets $'000	Mine Property & Development $'000	Total $'000
At cost	606	423	36,838	37,867
Accumulated depreciation	(378)	(141)	-	(519)
Closing carrying amount	**228**	**282**	**36,838**	**37,348**
Reconciliation of carrying amounts:				
Balance at 1 July 2017	107	-	-	107
Additions	184	423	15,868	16,475
Transfers from exploration & evaluation	-	-	23,549	23,549
Capitalisation of research & development grant	-	-	(2,579)	(2,579)
Depreciation expense	(63)	(141)	-	(204)
Balance at 30 June 2018	**228**	**282**	**36,838**	**37,348**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

Impairment

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

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

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

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

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

Revaluations

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

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

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

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

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

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

Derecognition and disposal

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

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

Right of use leased assets

Leased assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (continued)

On initial adoption of AASB 16 the Group has adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset and shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired. The right of use asset is depreciated over the lease term.

Mine development costs are derived from expenditure associated with developing and progressing the Thunderbird project.

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

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

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

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE

As a result of the Group amending its accounting policy with respect to the treatment of rebates received for eligible R&D activities (detailed in note 4), the opening balance of exploration and evaluation expenditure at 1 July 2017 has been restated and is detailed in the table below:

Exploration and evaluation phase – at cost	**$'000**
Opening balance as at 1 July 2017	38,525
Change in accounting policy	(6,852)
Restated balance as at 1 July 2017	**31,673**

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE (continued)

	2019 $'000	2018 Restated $'000
Exploration and evaluation phase – at cost		
Balance as at 1 July 2018	7,256	31,673
Expenditure incurred	2,432	2,045
Transfer to mine development [1]	-	(23,549)
Demerger of subsidiary [2]	-	(2,675)
Impairment of exploration expenditure	(47)	(238)
Balance as at 30 June 2019	**9,641**	**7,256**

[1] During the year ended 30 June 2018, the decision to commence development at the Thunderbird Mineral Sands Project was made. Costs associated with the Thunderbird Project, previously capitalised to exploration and evaluation have been transferred to mine development.
[2] On 7 December 2017, the subsidiary Carawine Resources Limited was demerged from the Group via an in-specie distribution. Assets held by the subsidiary were transferred at cost to the demerged entity.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

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

a) the rights to tenure of the area of interest are current; and
b) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

EQUITY AND LIABILITIES

This section provides additional information about those individual line items in the Statement of Financial Position that the Directors consider most relevant in the context of the operations of the entity.

NOTE 16: TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payables	3,230	4,166
Other payables	1,104	1,944
	4,334	**6,110**

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

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

NOTE 17: INTEREST BEARING LIABILITIES

	2019 $'000	2018 $'000
Current		
Lease liability	164	153
Non-current		
Lease liability	1,975	148
	2,139	**301**

The Group has a commercial lease to rent office space. The lease has a fixed term of 1 year with an option to renew for the next 3 years.

In July 2018 the Group entered into a lease for the use of land and wharf facilities at the port in Derby. The lease has a term of 20 years.

Leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against Statement of Comprehensive Income.

Reconciliation of movements in interest bearing liabilities to cash flows arising from financing activities:

	2019 $'000
Balance as at 1 July 2018	301
Lease inception	2,008
Payments for lease liability	(170)
Balance as at 30 June 2019	**2,139**

NOTE 18: CAPITAL AND CAPITAL MANAGEMENT

	2019 $'000	2018 $'000
260,555,374 (2018: 228,990,124) fully paid ordinary shares	99,469	80,602

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

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

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

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

	2019		2018	
	Number	$'000	Number	$'000
Balance as at 1 July	228,990,124	80,602	181,358,784	54,722
Issue of fully paid ordinary shares [1]	25,986,945	16,891	45,714,360	32,000
Issued on exercise of share options [2]	1,480,932	556	1,916,980	2
Issued in payment for services[3]	1,565,570	960	-	-
Issued pursuant to a Facility Agreement[4]	2,531,803	1,436	-	-
Return on capital for demerger	-	-	-	(4,000)
Share issue costs	-	(976)	-	(2,122)
Balance as at 30 June	**260,555,374**	**99,469**	**228,990,124**	**80,602**

[1] On 13 December 2018, the Company issued 24,970,812 fully paid ordinary shares for $0.65 per share to sophisticated and professional investors. On 1 February 2019, the Company issued 1,016,133 fully paid ordinary shares for $0.65 per share under a share purchase plan.

[2] On 19 September 2018, the Company issued 370,000 fully paid ordinary shares for $0.660 per share on the exercise of share options. On 20 September 2018, the Company issued 80,000 fully paid ordinary shares for $0.660 per share on the exercise of share options. On 25 September 2018, the Company issued 50,000 fully paid ordinary shares for $0.660 per share and 275,000 fully paid ordinary shares for $0.001 per share on the exercise of share options. On 3 October 2018, the Company issued 333,333 fully paid ordinary shares for $0.676 per share on the exercise of share options. On 6 November 2018, the Company issued 372,599 fully paid ordinary shares for $0.001 per share on the exercise of share options.

[3] On 15 February 2019, the Company issued 1,565,570 fully paid ordinary shares for $0.6132 per share for the payment of corporate advisory services. The shares were valued using the 5-day VWAP up to and including 12 February 2019.

[4] On 20 March 2019, the Company issued 2,531,803 fully paid ordinary shares for $0.567 in partial satisfaction of commitment fees associated with the Taurus Facility Agreement. The shares issued relate to 50% of the commitment fee payable for the March 2019 and June 2019 quarters. The shares were valued using the 5-day VWAP up to and including 8 March 2019.

NOTE 18: CAPITAL AND CAPITAL MANAGEMENT (continued)

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

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

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

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

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

FINANCIAL INSTRUMENTS

This section of the Notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

FAIR VALUE AND RISK MANAGEMENT

The Group's principal financial instruments comprise cash, receivables and payables.

The Group monitors and manages its exposure to key financial risks in accordance with the Group's financial management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

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

NOTE 19: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

Interest rate risk management

The Group is exposed to interest rate risk as the Group holds cash and interest-bearing liabilities at both fixed and floating interest rates. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to the potential renewals of existing positions, alternative financing, and the mix of fixed and variable interest rates. The Groups exposure to interest rate risk is limited to the amount of interest income it can potentially earn on surplus cash deposits and the discount rate used to determine the present value of lease payments for the interest bearing liabilities, and as such interest rate risk is considered immaterial.

2019	Floating interest rate	< 1 year	1 to 5 years	> 5 years	Non-interest bearing	Total	Weighted average interest rate	
	$'000	$'000	$'000	$'000	$'000	$'000	Fixed %	Floating %
Financial assets								
Cash and cash equivalents	2,507	-	-	-	191	2,698	-	1.40
Trade and other receivables	-	112	-	-	212	324	2.03	-
Total financial assets	**2,507**	**112**	**-**	**-**	**403**	**3,022**		
Financial liabilities								
Trade and other payables	-	-	-	-	4,334	4,334	-	-
Interest bearing liabilities	-	148	574	1,417	-	2,139	7.81	-
Total financial liabilities	**-**	**148**	**574**	**1,417**	**4,334**	**6,473**		

2018	Floating interest rate	< 1 year	1 to 5 years	> 5 years	Non-interest bearing	Total	Weighted average interest rate	
	$'000	$'000	$'000	$'000	$'000	$'000	Fixed %	Floating %
Financial assets								
Cash and cash equivalents	12	23,003	-	-	127	23,142	1.8	1.7
Trade and other receivables	-	94	-	-	516	610	2.2	-
Total financial assets	**12**	**23,097**	**-**	**-**	**643**	**23,752**		
Financial liabilities								
Trade and other payables	-	-	-		6,110	6,110	-	-
Interest bearing liabilities	-	153	148	-	-	301	7.62	-
Total financial liabilities	**-**	**153**	**148**	**-**	**6,110**	**6,411**		

NOTE 19: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

Interest rate risk sensitivity analysis

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

Credit risk management

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

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

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

Liquidity risk management

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

The following table details the Group's expected contractual outflows and maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2019	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
	$'000	$'000	$'000	$'000
Trade and other payables	3,334	1,000	-	-
Finance lease obligations	72	92	558	1,417
	3,406	**1,092**	**558**	**1,417**

2018	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
	$'000	$'000	$'000	$'000
Trade and other payables	6,110	-	-	-
Finance lease obligations	79	74	148	-
	6,189	**74**	**148**	-

NOTE 19: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

Fair values

The fair values of financial assets and liabilities approximate the carrying amounts shown in the Consolidated Statement of Financial Position.

GROUP COMPOSITION

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements.

NOTE 20: LIST OF SUBSIDIARIES

Subsidiary Entities

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

Name	Country of Incorporation	Equity Interest %		Investment %	
		2019	2018	2019	2018
Moora Talc Pty Ltd	Australia	100	100	100	100
Ironbridge Resources Pty Ltd	Australia	100	100	100	100
Thunderbird Operations Pty Ltd	Australia	100	100	100	100
Thunderbird Finance Pty Ltd[1]	Australia	100	-	100	-
Thunderbird Infraco Holdings Pty Ltd[1]	Australia	100	-	100	-
Thunderbird Infraco Pty Ltd[1]	Australia	100	-	100	-
Sheffield Exploration (WA) Pty Ltd[1]	Australia	100	-	100	-

[1]The Company's were incorporated during the year and are dormant

NOTE 21: PARENT ENTITY INFORMATION

	2019 $'000	2018 $'000
Assets		
Current assets	2,868	23,430
Non-current assets	71,564	39,385
Total assets	74,432	62,815
Liabilities		
Current liabilities	1,329	982
Non-current liabilities	463	148
Total liabilities	1,792	1,130
Equity		
Issued capital	99,469	80,602
Reserves	9,662	7,325
Accumulated losses	(36,491)	(26,242)
Total equity	72,640	61,685
Financial performance		
Loss for the year	(10,249)	(4,305)
Other comprehensive income	-	-
Total comprehensive income	**(10,249)**	**(4,305)**

The Company had no contingent liabilities or contractual commitments as at 30 June 2019 (2018: nil). The Company has bank guarantees as noted in Note 11.

OTHER INFORMATION

This section of the Notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

NOTE 22: CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2019 (2018: nil).

NOTE 23: REMUNERATION OF AUDITORS

The auditor of Sheffield Resources Limited is HLB Mann Judd.

	2019 $	2018 $
Amounts received or due and receivable by HLB Mann Judd for the audit or review of the financial report of the entity	62,370	52,500

NOTE 24: COMMITMENTS

Exploration commitments

To maintain current rights of tenure to exploration tenements, the Group is required to meet the minimum expenditure requirements specified by various State and Territory Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in this financial report.

The minimum amounts required to retain tenure in 2020 is $2.08m (2019: $1.767m). These obligations are expected to be fulfilled in the normal course of operations. Commitments beyond 2019 are dependent upon whether existing rights of tenure are renewed or new rights of tenure are acquired.

Capital commitments

The Group has no capital commitments due within one year as at 30 June 2019 (2018: $3.663m).

Facility commitments

Under the Taurus Facility Agreement commitment fees of 2% p.a are payable on undrawn amounts quarterly in arrears. The maximum commitment fee payable within one year is US$3.5m (2018: Nil).

NOTE 25: RELATED PARTIES TRANSACTIONS

Loans to subsidiaries

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

Transactions with other Related Parties

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

NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES

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

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

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

- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer)
- Mr Stuart Pether (Chief Operating Officer)

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

	2019	2018
	$	$
Short-term employee benefits	1,341,984	908,464
Long-term employee benefits	37,523	-
Post-employment benefits	106,688	83,125
Share-based payments	1,649,118	1,104,707
	3,135,313	**2,096,296[1]**

Note 1: The total for 2018 of $2,116,540 in this table is less than the total for 2018 in the Remuneration Report for the year ended 30 June 2018 of 2,716,988 as it does not include 660,448 for the following personnel who were included in the remuneration report for the year ended 30 June 2018. As they are no longer classified as key management personnel, they have not been included in the remuneration report for the year ended 30 June 2019 above:

- *Mr Jim Netterfield – BFS Study Manager*
- *Mr Neil Patten-Williams – Marketing Manager*

NOTE 27: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 September 2019, the Company announced it had received commitments toward an equity raising of up to A$18 million before costs, by way of a placement of fully paid ordinary shares to professional, sophisticated and other institutional investors. Under the terms of the Placement, the Company will issue approximately 46.2 million new shares at A$0.39 per Share. The shares to be issued under the Placement will exceed the Company's existing placement capacity under ASX Listing Rule 7.1 and 7.1A, with shareholder approval required for the portion exceeding the Company's share placement capacity. Once issued, the Placement shares will rank equally with existing shares on issue.

OTHER INFORMATION

This section of the notes includes information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

NOTE 28: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 10.

As a performance incentive, senior employees were granted options and performance rights during the financial year ended 30 June 2019 which contain assumptions of a real risk of forfeiture where performance targets are not achieved. Management has ascribed various probabilities based upon stretch criteria and operations factors toward the achievement of nominated performance targets. Accordingly, the said probability was taken into account when calculating the share-based payment expense of the options and in the formulation of the resultant expense to profit or loss.

During the year ended 30 June 2019, as a result of the changes in the timeline for the development of the Thunderbird mineral sands project, the Group has revised vesting target dates relating to its share-based payments. This revision in timeline has resulted in a change to share-based payments expense and corresponding reserve. The change in vesting conditions is described in Note 10.

Impairment of Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related area of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level or reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

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

Impairment of Mine Development Expenditure

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental obligations) and changes to commodity prices.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

NOTE 28: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Determination of Mineral Resources and Ore Reserves

The determination of reserves impacts the accounting asset carrying values, depreciation and amortisation rates, and provision for decommissioning and restoration. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012". The information has been prepared by or under supervision of competent persons as identified by the Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

NOTE 29: NEW AND REVISED STANDARDS AND INTERPRETATIONS

In the year ended 30 June 2019, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group and that are relevant to the Group, for the year ended 30 June 2019 are outlined below:

AASB Interpretation 23 Uncertainty over Income Tax Treatments (effective from 1 July 2019)

This Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Group has considered the impact on its consolidated Financial Statements and assessed that the effect of the new standard will be minimal. The Group has early adopted AASB 16 Leases and AASB 15 Revenue from Contracts with Customers, refer to Note 3(f) for further details.

1. In the opinion of the directors of Sheffield Resources Limited (the 'Company'):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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

Mr Bruce McFadzean
Managing Director
10 September 2019

INDEPENDENT AUDITOR'S REPORT
To the members of Sheffield Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sheffield Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 15 of the financial report	
The carrying amount of exploration and evaluation expenditure as at 30 June 2019 was $9.641 million. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • Obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; • Considered the Directors' assessment of potential indicators of impairment; • Obtained evidence that the Group has current rights to tenure of its areas of interest; • Examined the exploration budget for the year ending 30 June 2019 and discussed with management the nature of planned ongoing activities; • Enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; • Substantiated a sample of expenditure by agreeing to supporting documentation; and • Examined the disclosures made in the financial report.
Carrying amount of mine property and development Note 14 of the financial report	
The carrying amount of the Thunderbird Mineral Sands Project mine property and development assets as at 30 June 2019 was $53.952 million. Our audit focussed on the Group's assessment of the carrying amount of the mine property and development assets, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the mine property and development assets may exceed their recoverable amount.	Our audit procedures included but were not limited to: • Considered the Directors' assessment of potential indicators of impairment; • Independently considered if any indicators of impairment under AASB 136 *Impairment of Assets* in relation to the Thunderbird Mineral Sands Project; • Substantiated a sample of expenditure by agreeing to supporting documentation; and • Examined the disclosures made in the financial report.

Going concern Note 3(a) of the financial report	
The Group recorded a consolidated loss of \$10.250 million and had cash outflows from operating and investing activities of \$6.160 million and \$30.592 million respectively. As at 30 June 2019 the Group had cash and cash equivalents of \$2.698 million. If the going concern basis of preparation of the financial statements was inappropriate, the carrying amount of certain assets and liabilities may have significantly differed. The going concern basis of accounting was a key audit matter due to the significance to users of the financial report and the significant judgement involved with forecasting cash flows.	Our procedures included but were not limited to the following: • We considered the appropriateness of the going concern basis of accounting by evaluating the underlying assumptions in cash flow projections prepared by the Group including sensitivity analysis and subsequent events; • Our responsibilities in respect of the going concern basis of accounting are included below under *Auditor's responsibilities* for the audit of the financial report; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sheffield Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
10 September 2019

The Company was admitted to the official list of ASX on 15 December 2010. Since listing, the Company has used its cash (and assets in a form readily convertible to cash) in a manner consistent with its business objectives.

In accordance with the ASX Listing Rules, the Company is required to disclose the following information which was prepared based on share registry information processed up to 31 July 2019.

Ordinary Share Capital

As at 31 July 2019, 260,555,374 fully paid ordinary shares are held by 2,337 individual shareholders.

Spread of Holdings	Total Holders	Ordinary Shares
1 – 1,000	200	108,762
1,001 – 5,000	469	1,431,768
5,001 – 10,000	352	2,825,059
10,001 – 100,000	1,018	37,434,251
100,001 – and over	298	218,755,534
Number of Holders/Shares	**2,337**	**260,555,374**

Unmarketable parcels as at 31 July 2019 amount to 29,946 shares held by 116 shareholders.

Substantial Shareholders

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
BlackRock Group	23,565,451	9.0
Mr Walter Mick George Yovich & Mrs Jeanette Julia Yovich <Dubrava Family A/C>	13,653,248	5.2
Colonial First State – Growth Australia	13,535,421	5.2

Voting rights

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

Statement of Quotation and Restrictions

- Listed on the ASX are 260,555,374 fully paid shares. All fully paid shares are free of escrow conditions.
- All 6,835,000 options are not quoted on the ASX. All options are free of escrow conditions.

The following unlisted securities have been issued as at the date of this report:

Unlisted Options

	Number
Exercisable at $1.16 each on or before 19 March 2021	1,600,000
Exercisable at $0.001 each on or before 8 February 2020	3,000,000
Exercisable at $0.001 each on or before 24 November 2020	1,300,000
Exercisable at $0.001 each on or before 24 November 2020	700,000
Exercisable at $0.84 each on or before 24 November 2020	235,000
	6,835,000

Unlisted Performance Rights

	Number
Exercisable at $0.00 each on or before 30 November 2021	1,700,000
Exercisable at $0.00 each on or before 1 March 2022	312,500
Exercisable at $0.00 each on or before 26 October 2025	1,541,516
Exercisable at $0.00 each on or before 1 December 2025	5,784,343
	9,338,359

Twenty Largest Shareholders

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

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage %
BlackRock Investment Mgt	23,565,451	9.0
Mr & Mrs Walter MG Yovich	13,653,248	5.2
Colonial First State – Growth Australia	13,535,421	5.2
Mr Walter M Yovich	11,380,516	4.4
Mr David L Archer	8,373,117	3.2
Mr William J Burbury	8,205,483	3.1
Mr Bruce M McQuitty	8,069,583	3.1
Private Clients of HUB 24 Custodial	7,547,751	2.9
Pendal Group	6,513,080	2.5
Mr & Mrs Albert J Matthews	6,030,000	2.3
Thorney Investments	3,990,000	1.5
Mr & Mrs Rees HJ Jones & Mr Walter	3,961,612	1.5
Mr Allan W Tattersfield	3,679,392	1.4
Yovich Family	3,617,071	1.4
Ms Anna M Weldon	2,211,045	0.8
Private Clients of FNZ Custodians	1,930,206	0.7
JP Morgan Securities Australia	1,744,748	0.7
Mr Bruce McFadzean	1,666,445	0.6
Mr Robert A Ellis	1,600,000	0.6
Mr Kevin M Flower	1,500,000	0.6
TOTAL	**132,774,169**	**51.0**

Project	Tenement	Holder[2]	Interest	Location	Status
Mineral Sands	E04/2455	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2456	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2478	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E70/3762	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3813	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3814	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3859	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	E70/3929	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3967	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4190	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4292	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4584	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4719	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4747	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4922	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/872[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/965[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	M70/1153[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	R70/35[1]	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E04/2081[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2083[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2084[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2159[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2171[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2192[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2193[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2194[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2348[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2349[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2350[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2390[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2399[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2400[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2494[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2509[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2510[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2540[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2554[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2571[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2596[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2597[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2642[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2643[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2644[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2645[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	L04/82[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/83[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/84[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/85[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/86[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/92[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/93[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Granted
Mineral Sands	M04/459[2]	Thunderbird Operations Pty Ltd	100%	Canning Basin	Pending
Mineral Sands	ELA 2018-00046[3]	Moora Talc Pty Ltd	100%	Eucla Basin (SA)	Pending

[1]Iluka Resources Ltd (ASX:ILU) retains a gross sales royalty of 1.5% in respect to tenements R70/35, M70/872, M70/965 & M70/1153.
[2]Thunderbird Operations Pty Ltd is a 100% owned subsidiary of Sheffield Resources Ltd.
[3]Moora Talc Pty Ltd is a 100% owned subsidiary of Sheffield Resources Ltd.

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