ORD MINNETT RESEARCH

Sheffield Resources

A race against the sands of time

15 October 2025

Sheffield Resource (ASX: SFX)'s SepQ-25 result was largely pre-faced with strong production and softer shipments already known. We take a mixed view on the new information from the release. C1 unit costs declined ~33% QoQ to A$218/t on higher output; an impressive beat to our estimates (~A$255/t) and management guidance (A$285-315/t). Dampening this was SFX's commentary on the deterioration of zircon demand in China, with buyers proving very difficult to identify. As a result, SFX did not provide any DecQ-25 shipment guidance. We lower our costs and near-term zircon sales. Our NAV and 12-month target price declines to 10cps (prev. 13cps), and we retain our Hold Rec.

Market tailwinds are detracting from operational progress

- We consider SFX is making positive gains on improving Thunderbird's performance. The plant continues to perform above design, and the use of drill and blast waste removal has enabled faster ore production rates and concentrate production (in-turn lowering unit costs). This progress is unfortunately being overshadowed by tailwinds in mineral sand prices, which are in a trough and outside management control.

A successful debt resculpt is the ultimate catalyst

- KMS commenced discussions with NAIF and Orion to resculpt its debt facilities. While the outcome of these negotiations is uncertain, SFX hopes to achieve this before its Dec-25 repayment is due. We consider this would be an extremely positive catalyst if successful. In our view, much of the bad news is already priced into SFX with potential upside presenting asymmetrical. We consider the lack of trading liquidity in SFX may further compound any gains if a resculpt were to occur.

There is merit to lender support albeit it is uncertain

- We consider there is little value to incumbent lenders (NAIF & Orion) in enforcing their security rights in the event of default. The salvage value of Thunderbird would realise 'cents on the dollar' given its operational challenges. In our view, it would be in lenders best interest to resculpt / extend the amortisation profile of the loans (based on an improved / expanded FCF profile) and await cyclical price recovery.

Key Financials

Year-end June ($)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue ($m)	1.1	0.4	-	-	-
EBITDA ($m)	(32.2)	(22.1)	(37.8)	8.1	27.1
Normalised NPAT ($m)	(32.2)	(22.1)	(37.8)	8.1	27.1
Normalised EPS (c)	(8.2)	(5.6)	(9.6)	2.0	6.9
Dividend (c)	-	-	-	-	-
EV/EBITDA (X)	-	-	-	7.2	2.2
Operating CF ($m)	(2.3)	(2.4)	(2.4)	(3.1)	(2.6)
FCF Yield (%)	-	-	-	-	-
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

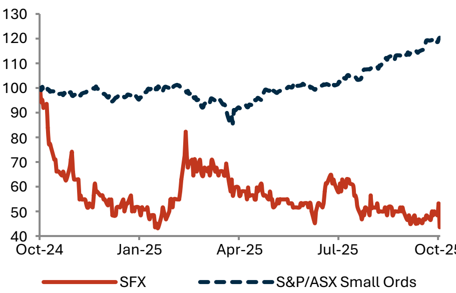
Source: OML, Iress, Sheffield Resources

Last Price
A$0.14
Target Price
A$0.10 (Previously A$0.13)
Recommendation
Hold
Risk
Higher

Materials

ASX Code	SFX
52 Week Range ($)	0.14 - 0.30
Enterprise Value ($m)	58.3
Shares Outstanding (m)	394.8
Av Daily Turnover ($m)	0.3
3 Month Total Return (%)	-25.0
Valuation Type	DCF
Net Cash FY26E ($m)	5.0

Price performance



Source: FactSet

Consensus Earnings

	FY26E	FY27E
NPAT (C) ($m)	-	-
NPAT (OM) ($m)	(37.8)	8.1
EPS (C) (c)	-	-
EPS (OM) (c)	(9.6)	2.0

Source: OML, Iress, Sheffield Resources

Matthew Hope
Senior Research Analyst
(02) 8916 0151
mhope@ords.com.au

Patrick Wilson, CFA
Research Associate
(02) 8216 6376
pwilson@ords.com.au

Figure 1: SFX operating and financial summary

All AUD unless noted

Key Details		
Target Price	A$/sh	0.10
Recommendation		Hold
Risk Assessment		Higher
Share Price	A$/sh	$0.14
2024E Dividend	A$/sh	$0.00
NAV	A$/sh	$0.10
Implied Total Return	%	(28%)
P/NAV	x	1.40x
No Shares	m	395
Market Cap	A$m	$53
Enterprise Value	A$m	$48

Prices & Exchange Rates		FY24A	FY25F	FY26F	FY27F	FY28F
Zircon Concentrate	A$/t	1015	857	884	1054	1189
Magnetic Concentrate (Ilmenite)	A$/t	187	198	184	181	181
Paramagnetic Concentrate (Leucoxene)	A$/t	0	241	0	0	0
Exchange rate	AUD:USD	0.66	0.65	0.66	0.68	0.68

Concentrate Sales - KMS Joint Venture (100%)		FY24A	FY25F	FY26F	FY27F	FY28F
Zircon Concentrate	kt	44	144	124	210	226
Magnetic Concentrate	kt	150	594	748	931	951
Paramagnetic Concentrate	kt	-	19	-	-	-

AISC - All-in Sustaining Costs - KMS Joint Venture (100%)		FY24A	FY25F	FY26F	FY27F	FY28F
Opex	A$m	$95.7	$236.8	$264.8	$302.8	$304.7
Royalties	A$m	$4.5	$13.0	$15.3	$24.2	$27.3
Sustaining Capex	A$m	$12.0	$23.9	$19.0	$12.0	$12.0
Corporate	A$m	$14.3	$2.9	$2.0	$2.0	$2.0
Total costs	**A$m**	**$126.4**	**$276.6**	**$301.1**	**$340.9**	**$346.1**

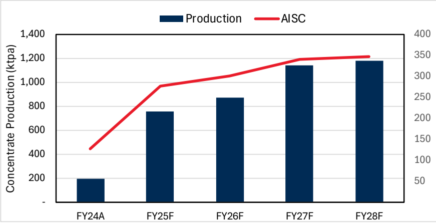
Capex Breakdown - KMS Joint Venture (100%)		FY24A	FY25F	FY26F	FY27F	FY28F
Growth Capex	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Sustaining Capex	A$m	$12.0	$23.9	$19.0	$12.0	$12.0
Exploration	A$m	$1.6	$0.8	$0.0	$0.0	$0.0
Total	**A$m**	**$13.6**	**$24.7**	**$19.0**	**$12.0**	**$12.0**

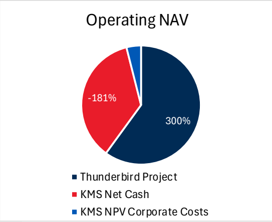
Attributable Reserves - KMS Joint Venture (100%)

Ore Reserves	Mt	EV ($/mt)
Proved	239	$5.0
Probable	514	$10.7
Total Ore Reserves	**754**	**$0.1**
In-situ HM Tonnes	83	$0.6

In-situ HM Grade (%)	11.0%	HM Mineral Assemblage (%)	11.0%
In-situ Zircon Grade (%)	0.84%	Zircon Grade (%)	7.7%
In-situ Hiti Leucoxene Grade (%)	0.27%	Hiti Leucoxene Grade (%)	2.4%
In-Situ Leucoxene Grade (%)	0.27%	Leucoxene Grade (%)	2.5%
In-Situ Ilmenite Grade (%)	3.10%	Ilmenite Grade (%)	28%

KMS Joint Venture (100%) - All-In Sustaining Costs, Production and NAV Breakdown





Net Asset Value (Attrib)	DR (%)	USD Risked	AUD Risked	A$/Sh	NAV (%)
Operating Value					
Thunderbird Project	100%	$128	$194	$0.49	300%
KMS Net Cash	100%	($77)	($117)	($0.30)	-181%
KMS NPV Corporate Costs	100%	($8)	($13)	($0.03)	-20%
Total Operating Value (50% Basis)	**100%**	**$43**	**$65**	**$0.16**	**100%**
Net Cash	100%	$3	$5	$0.01	
South Atlantic Project	100%	$0	$0	$0.00	
Investment in Capital Metals (AIM: CMET)	100%	$1	$1	$0.00	
NPV Cash Corporate Costs	100%	($22)	($33)	($0.08)	
Total Net Asset Value		**$25**	**$38**	**$0.10**	
P/NAV				**1.40x**	

Ratio Metrics - ASX: SFX		FY24A	FY25F	FY26F	FY27F	FY28F
Earnings - Adjusted	$/sh	($0.08)	($0.06)	($0.10)	$0.02	$0.07
P/E Multiple	x	-1.6x	-2.4x	-1.4x	6.6x	2.0x
CFPS (CFO)	$/sh	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)
P/CF Multiple	x	-23.1x	-22.5x	-22.3x	-17.3x	-20.4x
FCF Yield	%	-8.6%	-4.4%	-4.5%	-5.8%	-4.9%
Dividends Per Share	$/sh	0.00	0.00	0.00	0.00	0.00
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing (ND: ND+E)	%	NA	NA	NA	NA	NA
Return on Equity (ROE)	%	-47%	-38%	-95%	18%	46%
P / NAV (P/B) x	%	0.0%	0.0%	0.1%	0.1%	0.0%
EV/EBITDA	x	-1.35	-2.10	-1.28	5.99	1.78

P&L Statement - ASX: SFX		FY24A	FY25F	FY26F	FY27F	FY28F
Revenue	A$m	$1.1	$0.4	$0.0	$0.0	$0.0
Operating Costs	A$m	($5.6)	($1.9)	($3.7)	($3.7)	($3.7)
Share of KMS JV Profits/(Losses)	A$m	($27.6)	($20.5)	($34.1)	$11.8	$30.8
Profit/(Loss) from Operations	**A$m**	**($32.2)**	**($22.1)**	**($37.8)**	**$8.1**	**$27.1**
Other Income/Expenses	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Profit/(Loss) before Tax	**A$m**	**($32.2)**	**($22.1)**	**($37.8)**	**$8.1**	**$27.1**
Taxes	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income - Adjusted	**A$m**	**($32.2)**	**($22.1)**	**($37.8)**	**$8.1**	**$27.1**
Adjustments	A$m	$0	$0	$0	$0	$0
Net Income - Reported	**A$m**	**($32.2)**	**($22.1)**	**($37.8)**	**$8.1**	**$27.1**
Weighted average diluted shares	mm	393.8	394.8	394.8	394.8	394.8

Cash Flow Statement - ASX: SFX		FY24A	FY25F	FY26F	FY27F	FY28F
Cash Flows from Operating Activities						
Net Income	A$m	($32.2)	($22.1)	($37.8)	$8.1	$27.1
Taxes Paid	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Non Recurring/Other	A$m	$29.9	$19.7	$35.4	($11.1)	($29.7)
Net Operating Cash flow	**A$m**	**($2.3)**	**($2.4)**	**($2.4)**	**($3.1)**	**($2.6)**
Cash Flows From Investing Activities						
Investment into KMS JV	A$m	($7.5)	$0.0	$0.0	$0.0	$0.0
Dividends from KMS JV	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Other Items	A$m	($4.7)	($0.4)	$0.0	$0.0	$0.0
Net Investing Cash Flow	**A$m**	**($12.2)**	**($0.4)**	**$0.0**	**$0.0**	**$0.0**
Cash Flows From Financing Activities						
Equity Issues (net of costs)	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Borrowings and other costs	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Other	A$m	($0.0)	$0.0	$0.3	$3.1	$2.6
Net Financing Cash Flow	**A$m**	**($0.0)**	**$0.0**	**$0.3**	**$3.1**	**$2.6**
Increase (Decrease) in Cash	A$m	($15)	($3)	($2)	$0	$0
Cash at End of Year	**A$m**	**$9.9**	**$7.1**	**$5.0**	**$5.0**	**$5.0**
Operating Free Cash Flow	A$m	($2.3)	($2.4)	($2.4)	($3.1)	($2.6)
Free Cash Flow	A$m	($10)	($2)	($2)	($3)	($3)

Balance Sheet - ASX: SFX		FY24A	FY25F	FY26F	FY27F	FY28F
Cash & Equivalents	A$m	$9.9	$7.1	$5.0	$5.0	$5.0
Investment in KMS Joint Venture	A$m	$123.8	$103.3	$69.2	$81.0	$111.7
Other Assets	A$m	$4.9	$6.4	$6.4	$6.4	$6.4
Total Assets	**A$m**	**$138.6**	**$116.8**	**$80.5**	**$92.3**	**$123.1**
Trade Payables	A$m	$0.3	$0.1	$0.3	($0.2)	($0.2)
Provisions	A$m	$0.1	$0.1	$0.1	$0.1	$0.1
Other Long Term Liabilities	A$m	$0.0	$0.0	$0.3	$3.4	$6.0
Total Liabilities	**A$m**	**$0.4**	**$0.2**	**$0.7**	**$3.3**	**$5.9**
Shareholder Equity	A$m	$138.1	$116.6	$79.8	$89.0	$117.2
Total Liabilities & Shareholder Equity	**A$m**	**$138.6**	**$116.8**	**$80.5**	**$92.3**	**$123.1**

P&L Statement - KMS JV (100%)		FY24A	FY25F	FY26F	FY27F	FY28F
Revenue	A$m	$72.0	$243.6	$247.1	$389.8	$440.8
Operating Costs (incl. royalties & corporate)	A$m	($114.4)	($252.7)	($282.1)	($328.9)	($334.1)
Profit/(Loss) from Operations	**A$m**	**($42.4)**	**($9.1)**	**($35.0)**	**$60.9**	**$106.8**
Finance costs	A$m	($37.4)	($28.4)	($33.2)	($26.1)	($18.8)
Other Income/Expenses	A$m	$0.3	($3.4)	$0.0	$0.0	$0.0
Profit/(Loss) before Tax	**A$m**	**($79.5)**	**($40.9)**	**($68.3)**	**$34.8**	**$87.9**
Taxes	A$m	$24.2	$0.0	$0.0	($11.3)	($26.4)
Net Income - Adjusted	**A$m**	**($55.3)**	**($40.9)**	**($68.3)**	**$23.5**	**$61.6**

Cash Flow Statement - KMS JV (100%)		FY24A	FY25F	FY26F	FY27F	FY28F
Cash Flows from Operating Activities						
Net Income	A$m	($55.3)	($40.9)	($68.3)	$23.5	$61.6
Non Recurring/Other	A$m	($29.0)	$58.0	$40.8	$31.1	$21.2
Net Operating Cash flow	**A$m**	**($84.2)**	**$17.1**	**($27.4)**	**$54.6**	**$82.8**
Cash Flows From Investing Activities						
Capex	A$m	($91.7)	($22.7)	($19.0)	($12.0)	($12.0)
Dividends to SFX / Yansteel	A$m	$0.0	$0.0	$0.0	$0.0	$0.0
Other Items	A$m	($1.9)	($0.9)	$0.0	$0.0	$0.0
Net Investing Cash Flow	**A$m**	**($93.7)**	**($23.6)**	**($19.0)**	**($12.0)**	**($12.0)**
Cash Flows From Financing Activities						
Equity Injections	A$m	$15.0	$0.0	$0.0	$0.0	$0.0
Borrowings & Interest Paid	A$m	$97.3	$25.0	($90.8)	($83.7)	($78.9)
Other	A$m	($14.3)	($18.5)	$132.4	$41.0	$8.1
Net Financing Cash Flow	**A$m**	**$98.1**	**$6.5**	**$41.6**	**($42.6)**	**($70.8)**
Increase (Decrease) in Cash	A$m	($80)	$0	($5)	$0	$0
Cash at End of Year	**A$m**	**$15.4**	**$14.9**	**$10.0**	**$10.0**	**$10.0**
Operating Free Cash Flow	A$m	($84.2)	$17.1	($27.4)	$54.6	$82.8
Free Cash Flow	A$m	($176)	($6)	($46)	$43	$71

Balance Sheet - KMS JV (100%)		FY24A	FY25F	FY26F	FY27F	FY28F
Cash & Equivalents	A$m	$15.4	$14.9	$10.0	$10.0	$10.0
Trade Receivables	A$m	$24.8	$2.9	$5.5	$14.9	$35.3
Property, Plant & Equipment	A$m	$533.0	$557.6	$564.9	$563.1	$561.2
Other Assets	A$m	$155.5	$140.7	$145.5	$155.0	$152.3
Total Assets	**A$m**	**$728.7**	**$716.1**	**$725.9**	**$743.0**	**$758.9**
Trade Payables	A$m	$29.7	$45.3	$38.7	$39.0	$35.5
Borrowings	A$m	$248.5	$255.6	$219.9	$172.1	$121.9
Other Liabilities	A$m	$246.4	$252.1	$384.5	$425.5	$433.7
Total Liabilities	**A$m**	**$524.7**	**$553.0**	**$643.1**	**$636.7**	**$591.0**
Shareholder Equity	A$m	$204.0	$163.1	$82.7	$106.3	$167.8
Total Liabilities & Shareholder Equity	**A$m**	**$728.7**	**$716.1**	**$725.9**	**$743.0**	**$758.9**

Sources: Sheffield Resources, Ord Minnett estimates

A race against the sands of time

Impressive unit cost beat dampened by gloomy zircon outlook

Sheffield Resources (ASX: SFX) had pre-released its sales and production metrics for SepQ-25 in advance of the result. Zircon shipments of 39kt fell short of our previous estimates (56kt). We had anticipated that the temporary suspension of the loading crane at the Port of Broome late in the period would see elevated sales transferred from JunQ-25 to SepQ-25. However, this was not the case.

From the new information released in the SepQ-25 report, we take a mixed view. We consider that SFX's management team is taking positive strides to turn Thunderbird's fortunes around but weakness in mineral sand markets are making this very difficult.

Figure 2: Result reconciliation

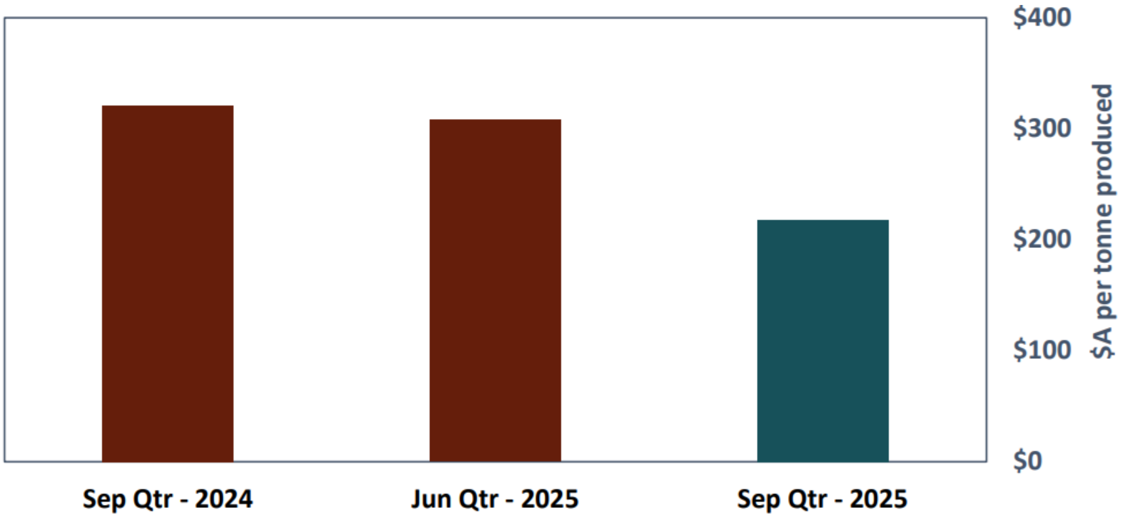
Quarterly performance	Unit	Actual						Actual	OMLe	Delta	OMLe	OMLe
		Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Sep-25	%	Dec-25	Mar-26
Mining												
Ore mined	kt	1057	2480	2590	2451	2506	2863	3044	3000	1%	3250	3500
Rougher head feed HM grade	%	24%	22%	21%	22%	19%	19%	23%	18%	29%	20%	19%
Concentrate production												
Zircon	kt	19	33	34	37	39	43	46	46	0%	47	49
Ilmenite	kt	74	120	119	161	149	158	203	203	0%	208	217
Concentrate sales												
Zircon	kt	16	28	0	23	82	39	39	39	0%	20	30
Ilmenite	kt	0	150	122	186	126	161	178	178	0%	185	185
Realised price & cost												
Zircon price	A$/t	1067	985	N/A	829	866	854	806	824	-2%	805	946
Ilmenite price	A$/t	N/A	187	194	190	212	198	182	189	-4%	186	184
Weighted average price	A$/t	1067	312	194	260	451	326	294	303	-3%	247	290
Weighted C1 average cost (ex. inv. mvmt)	A$/t	438	352	360	297	328	347	218	254	-14%	238	236
Implied operating margin	A$/t	629	-40	-166	-37	123	-21	76	49	54%	8	54
Realised price & cost												
Operating cashflow	A$mn	-30	-7	-1	-13	32	25	9	5	107%	-13	-4
Investing cashflow	A$mn	-8	-4	-4	-10	-6	-4	-10	-10	0%	-3	-3
Implied free cashflow	A$mn	-38	-11	-5	-23	26	21	-1	-5	-90%	-16	-7

Sources: Sheffield Resources, Ord Minnett estimates

The positives: expansion has facilitated major cost reductions

Thunderbirds plan to increase mining volumes to 16mtpa by DecH-26 to address the oversize issue (and dilute production costs) seems to be bearing fruit. Unit operating costs fell a staggering ~33% QoQ to A$218/t (excl. inventory movements) driven by higher finished concentrate output. This was a major beat to our estimates of A$255/t and management guidance of A$285-315/t from JunQ-25.

Figure 3: C1 cash production costs ex. inventory movements



Sources: Sheffield Resources, Ord Minnett estimates

Figure 4: Thunderbird SepQ-25 costs

Table 2: Thunderbird Mine – C1 Cash Costs (100% basis)1		
$A per tonne produced	**September 2025**	**June 2025**
Mining	128	177
Processing	37	47
Logistics	47	70
G&A	6	14
Sub-Total	**218**	**308**
Inventory Movement	(17)	(6)
C1 Cash cost per tonne produced	***201***	***302***

Sources: Sheffield Resources, Ord Minnett estimates

The negatives: zircon markets spiral further

Mineral sand prices remain in a very deep cyclical downturn, with no immediate signs of recovery. While SFX's ilmenite sales are secure via its joint venture (JV) partner, Yansteel, it has observed even further deterioration of the zircon market in China following the national public holiday period (1-8 Oct) and is facing challenges securing sales for October and November. Such is the level of weakness that SFX has elected not to provide any guidance for DecQ-25. This is clearly concerning and poses a major threat to Thunderbird's already weak financial position and longer-term strategy of reducing unit costs via higher production volumes (and sales output).

Where to from here...

KMS has started negotiations regarding a debt resculpt

Discussions commenced in SepQ-25 with incumbent senior lenders, NAIF and Orion, to resculpt KMS debt facilities. This will involve amending the amortisation profile of the loan (and possibly extending its tenor) to be more aligned with the improved free cash flow profile under the 16mtpa ROM expansion case. This would essentially involve aligning higher repayments with forecasted periods of strength and vice versa.

While there is no certainty of a restructure, KMS is hoping for a positive outcome prior to its next repayment (US$11mn) due in December 2025. This would ideally involve deferring or downsizing the year-end repayment given funds are limited – and not aided by the prospects of potentially even weaker zircon sales in DecQ-25.

A resculpt would rocket the SFX share price

We consider a debt resculpt to be the ultimate catalyst for SFX, as without it the long-term viability of Thunderbird looks in doubt. If a resculpt can be achieved, then we believe SFX's share price would react extremely positively as it is currently priced-for-failure. The lack of trading liquidity in SFX would further compound any gains on the news event. However, we flag that private lender, Orion, would almost certainly want something in exchange for the resculpt. This might involve higher royalties, warrants and/or a higher cash sweep. We would still view this as a good net outcome.

There is rationale for lender support

In our view, there is strong merits for lender support. We believe there is little value available for lenders in enforcing their security rights and selling-down Thunderbird's mining leases, stockpiles, plant and equipment for 'cents on the dollar' given the mines operational challenges. For NAIF, it would be extremely poor optics given the recent failure of fellow mineral sands (and NAIF borrower) Strandline Resources (ASX:

STA). For private lender, Orion, it would fail to realise its 1.6% life-of-mine (LOM) royalty on Thunderbirds revenues if operations ceased. Pushing out the repayment profile, lowering Thunderbird's operating costs via the expansion and hoping for an eventual rebound in mineral sand prices may be the best option for lenders.

Alternative pathways without the debt resculpt

We consider there are three scenarios that could unfold if the debt is not resculpted before December 2025 (excl. a material turn-around in Thunderbirds performance).

- **Capital raise:** SFX and Yansteel, could inject capital from their corporate entities into KMS to satisfy the US$11mn repayment. This would need to be done on a 50/50 basis given the ownership structure – implying US$5.5 (or ~A$8.5mn each). SFX currently only has A$5.2mn cash based on its SepQ-25 result and would therefore need to raise capital. This would be a band-aid solution as Thunderbird would still be liable for future repayments over the remaining loan tenor.
- **Yansteel support:** Yansteel, as it has done before, could advance prepayments to KMS on future sales to help it meet the repayment. This would also be a temporary solution as it does not address the repayments due in the future.
- **Repayment holiday:** Lenders agree to temporarily defer the December 2025 repayment pending negotiations on re-sculpting the facility.
- **Default:** If KMS fails to meet the repayment, and lenders do not waive the repayment then the mine will be in default. If the default is not ultimately rectified, then lenders will be able to enforce their security rights and sell-down the assets of Thunderbird to cover their lost principal.

Figure 5: Ilmenite concentrate stockpiles at Thunderbird

Sources: Sheffield Resources, Ord Minnett estimates

Model changes

We capture the SepQ-25 result in our model. In addition, our updated mineral sand price forecasts from our quarterly commodity preview. Other changes are as follows:

- **Opex:** We lower our forward-looking C1 operating costs estimates to ~A$230/t of concentrate produced (prev. ~A$250/t). The SepQ-25 result was lower than this at A$218/t. However, this also had lower than usual shipping costs and we expect higher mining rates will add to costs in the future via greater drill and blast needs.

- **Concentrate sales:** We significantly pull-back our expected zircon sales over the near term. We model zircon sales of a mere 20kt in DecQ-25 (prev. OMLe: 47kt) and slowly rising to 60kt in FY27 consistent with the recovery of zircon prices in our commodity price forecast. We model sales in FY27 above Thunderbird production of ~55kt as we expect inventories to unwind from the trough period.

Target price & recommendation

We set our 12-month price target for SFX based on its net-asset-value (NAV). Our NAV for SFX remains flat at 10cps (updated in our quarterly commodity preview) following our modelling updates with lower zircon sales offset by reduced operating costs. We recalibrate our 12-month target price to equal our new NAV at 10cps (prev. 13cps).

Figure 6: SFX net asset value

Assets	Gross A$mn	Risk	Risk wt'd A$'mn	A$/sh
Thunderbird Project (SFX 50% basis)	194.4	100%	194.4	0.49
KMS Net Debt (SFX 50% basis)	(116.9)	100%	(116.9)	(0.30)
KMS NPV Corporate Costs (SFX 50% basis)	(12.7)	100%	(12.7)	(0.03)
Sum of Operations	**64.7**		**64.7**	**0.16**
Net Cash	5.2	100%	5.2	0.01
South Atlantic Project	0.0	100%	0.0	0.00
Investment in Capital Metals (AIM: CMET)	1.4	100%	1.4	0.00
NPV Cash Corporate Costs	(33.1)	100%	(33.1)	(0.08)
Net valuation	**38.2**		**38.2**	**0.10**
Share count (mn)				395

Sources: Sheffield Resources, Ord Minnett estimates

We retain our Hold recommendation. The operating and financial conditions facing Thunderbird are clearly very difficult. However, we consider this is already reflected in the SFX share price and the potential of a debt resculpt could be a highly positive.

ORDS

Sheffield Resources

Hold

PROFIT & LOSS (A$m)	2024A	2025A	2026E	2027E	2028E
Revenue	1.1	0.4	-	-	-
Operating costs	(33.2)	(22.4)	(37.8)	8.1	27.1
Operating EBITDA	**(32.2)**	**(22.1)**	**(37.8)**	**8.1**	**27.1**
EBIT	**(32.2)**	**(22.1)**	**(37.8)**	**8.1**	**27.1**
Net interest	-	-	-	-	-
Net tax (expense) / benefit	-	-	-	-	-
Normalised NPAT	**(32.2)**	**(22.1)**	**(37.8)**	**8.1**	**27.1**
Reported NPAT	**(32.2)**	**(22.1)**	**(37.8)**	**8.1**	**27.1**
Normalised dil. EPS (cps)	(8.2)	(5.6)	(9.6)	2.0	6.9
Reported EPS (cps)	(8.2)	(5.6)	(9.6)	2.0	6.9
DPS (cps)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Payout ratio (%)	-	-	-	-	-
Diluted # of shares (m)	393.8	394.8	394.8	394.8	394.8

CASH FLOW (A$m)	2024A	2025A	2026E	2027E	2028E
Operating Cash Flow	**(2.3)**	**(2.4)**	**(2.4)**	**(3.1)**	**(2.6)**
Growth Capex	-	-	-	-	-
Sustaining Capex	-	-	-	-	-
Investing Cash Flow	**(12.2)**	**(0.4)**	**-**	**-**	**-**
Financing Cash Flow	**(0.0)**	**-**	**0.3**	**3.1**	**2.6**
FX adjustment	-	-	-	-	-
Net Inc/(Dec) in Cash	(14.5)	(2.8)	(2.1)	-	-

BALANCE SHEET (A$m)	2024A	2025A	2026E	2027E	2028E
Cash	9.9	7.1	5.0	5.0	5.0
Receivables	0.1	0.0	-	-	-
Other current assets	-	-	-	-	-
Mine Property & Rights	3.8	3.8	3.8	3.8	3.8
Explor. & Eval. Assets	-	-	-	-	-
Investments	123.8	103.3	69.2	81.0	111.7
Financial assets	1.1	2.6	2.6	2.6	2.6
Other non-current assets	-	-	-	-	-
Total Assets	**138.6**	**116.8**	**80.5**	**92.3**	**123.1**
Short term debt	-	-	-	-	-
Payables	0.3	0.1	0.3	(0.2)	(0.2)
Other current liabilities	-	-	-	-	-
Long term debt	-	-	-	-	-
Other non-current liabilities	-	-	0.3	3.4	6.0
Total Liabilities	**0.4**	**0.2**	**0.7**	**3.3**	**5.9**
Total Equity	**138.1**	**116.6**	**79.8**	**89.0**	**117.2**
Net debt (cash)	(9.9)	(7.1)	(5.0)	(5.0)	(5.0)

KEY METRICS & RATIOS (x)	2024A	2025A	2026E	2027E	2028E
EBITDA margin (%)	-	-	-	-	-
EV / EBITDA	-	-	-	7.2	2.2
FCF Yield (%)	-	-	-	-	-
EV/FCF (x)	(13.8)	(25.5)	(24.4)	(19.0)	(22.3)
Investing CF ($/sh)	(0.0)	(0.0)	-	-	-
FCF Per Share ($/sh)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
ND/E (%)	(7.2)	(6.1)	(6.3)	(5.6)	(4.3)

VALUATION	
WACC (%)	**9.6**
Equity NPV Per Share ($)	**0.10**
Target Price Method	DCF
Target Price ($)	0.10
Valuation disc. / (prem.) to share price (%)	(28.4)

SUBSTANTIAL HOLDERS	m	%
Hebei Yanshan Iron and Steel Group (Yans	38.9	9.8%
BlackRock, Inc.	25.2	6.4%
Walter Yovich	22.9	5.8%

Institutional Research

Alastair Hunter	Head of Institutional Research	+61 3 9608 4168	ahunter@ords.com.au
Malcolm Wood	Macro Strategy Analyst	+61 2 8216 6777	mwood@ords.com.au
James Casey	Senior Research Analyst	+61 3 9602 9265	jamescasey@ords.com.au
Phillip Chippindale	Senior Research Analyst	+61 2 8216 6346	pchippindale@ords.com.au
Tom Godfrey	Senior Research Analyst	+61 7 3214 5587	tgodfrey@ords.com.au
Amelia Hamer	Senior Research Analyst	+61 3 9608 4163	ahamer@ords.com.au
Anthony Hoo	Senior Research Analyst	+61 2 8216 6345	ahoo@ords.com.au
Matthew Hope	Senior Research Analyst	+61 2 8916 0151	mhope@ords.com.au
Paul Kaner	Senior Research Analyst	+61 7 3214 5514	pkaner@ords.com.au
John Lawlor	Senior Research Analyst	+61 7 3214 5506	jlawlor@ords.com.au
Ian Munro	Senior Research Analyst	+61 3 9608 4127	ian.munro@ords.com.au
John O'Shea	Senior Research Analyst	+61 3 9608 4146	joshea@ords.com.au
Tim Elder	Research Analyst	+61 7 3214 5565	telder@ords.com.au
Milo Ferris	Research Analyst	+61 2 8216 6691	mferris@ords.com.au
Adam Bullivant	Research Associate	+61 2 8216 6690	abullivant@ords.com.au
Oliver Burston	Research Associate	+61 2 8216 6641	oburston@ords.com.au
Patrick Cockerill	Research Associate	+61 3 9608 4186	pcockerill@ords.com.au
Rushil Vaghani	Research Associate	+61 3 9602 9209	rvaghani@ords.com.au
Patrick Wilson	Research Associate	+61 2 8216 6376	pwilson@ords.com.au
Benjamin Yun	Research Associate	+61 2 8216 6646	byun@ords.com.au

Institutional Sales (Australia)

Angus Esslemont	Head of Institutional Equities	+61 2 8216 6363	aesslemont@ords.com.au
Jim Bromley	Institutional Equities Sales	+61 2 8216 6343	jbromley@ords.com.au
Isaac Morris	Institutional Equities Sales	+61 2 8216 6370	imorris@ords.com.au
Scott Ramsay	Institutional Equities Sales	+61 3 9608 4100	sramsay@ords.com.au
Matt White	Institutional Equities Sales	+61 3 9608 4133	mwhite@ords.com.au
Zac Whitehead	Institutional Equities Sales	+61 2 8216 6350	zwhitehead@ords.com.au
Trent Stewart	Institutional Derivatives Sales	+61 2 8216 6622	trent.stewart@ords.com.au
Brendan Sweeney	Operator	+61 2 8216 6781	bsweeney@ords.com.au

Institutional Sales (Hong Kong)

Chris Moore	Institutional Equities Sales	+61 2 8216 6362	cmoore@ords.com.hk

Please contact your Ord Minnett Adviser for further information on our document.

Head Office
Sydney
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000
Tel: (02) 8216 6300
ords.com.au

International
Hong Kong
Suite 1608
Nexxus Building
No. 41 Connaught Road
Central, Hong Kong
Tel: +852 2912 8980

Adelaide
Level 5, 100 Pirie Street
Adelaide SA 5000
Tel: (08) 8203 2500

Brisbane
Level 34, 71 Eagle Street
Brisbane QLD 4000
Tel: (07) 3214 5555

Canberra
101 Northbourne Avenue
Canberra ACT 2600
Tel: (02) 6206 1700

Geelong
Office 3, Suite 4
200 Malop Street
Geelong VIC 3220
Tel: (03) 4210 0200

Gold Coast
Level 7
50 Appel Street
Surfers Paradise QLD 4217
Tel: (07) 5557 3333

Hobart
85 Macquarie Street
Hobart TAS 7000
Tel: (03) 6161 9300

Launceston
85 York St Launceston
Tasmania 7000
Tel: (03) 6161 9300

Mackay
45 Gordon Street
Mackay QLD 4740
Tel: (07) 4969 4888

Melbourne
Level 22, 35 Collins Street
Melbourne VIC 3000
Tel: (03) 9608 4111

Mildura
128 Lime Avenue
Mildura VIC 3500
Tel: (03) 9608 4111

Newcastle
426 King Street
Newcastle NSW 2300
Tel: (02) 4910 2400

Noosa
70 Noosa Dr
Noosa Heads QLD 4567
Tel: (07) 5231 9966

Perth
Level 27, 108 St Georges Terrace
Perth WA 6000
Tel: (08) 6179 6400

Sunshine Coast
1/99 Burnett Street
Buderim QLD 4556
Tel: (07) 5430 4444

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SPECULATIVE BUY	We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have a strong capital appreciation but also has high degree of risk and there is a significant risk of capital loss.
BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
RISK ASSESSMENT	Classified as Lower, Medium or Higher, the risk assessment denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, historical volatility of its share price, nature of its operations and other relevant quantitative and qualitative criteria. Risk is assessed by comparison with other Australian stocks, not across other asset classes such as Cash or Fixed Interest.

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