Sheffield Resources Ltd

ANNUAL FINANCIAL REPORT 2015

Sheffield Resources LIMITED

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CORPORATE INFORMATION

Directors

Mr Will Burbury, Chairman
Mr Bruce McQuitty, Managing Director
Mr David Archer, Technical Director

Company secretary

Mr Will Burbury

Registered office

Level 2, 41 - 47 Colin Street
West Perth WA 6005
+61 8 6424 8440

Principal place of business

Level 2, 41 - 47 Colin Street
West Perth WA 6005
+61 8 6424 8440

Share register

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

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Bankers

Australia and New Zealand Banking Corporation

Auditors

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

Securities Exchange Listing

Australian Securities Exchange (ASX: SFX)

CHAIRMAN'S LETTER

Dear Shareholder,

The 2015 financial year has been a significant step forward for your Company despite the challenging market conditions.

The main focus for year has been on finalising the Pre-feasibility Study (PFS) on our flagship Thunderbird mineral sands project. Pleasingly, the reward for much of this work was reflected in the recently released PFS results which confirmed Thunderbird as a world class, high margin project with a mine life of 40 years.

The PFS release is a significant document which deserves to be read in its entirety, however it includes some key developments that have substantially de-risked the project and provide the Board with confidence to proceed to a definitive feasibility, namely:

- Significantly stronger economics
    - pre-production capital has reduced to A$296 (including contingencies)
    - mine life has increased to 40 years with payback of only 3.4 years
    - Average LOM EBITDA of $135 million per annum
- Improved products
    - the ilmenite product has been significantly improved by a simple, 15 minute ultra-low temperature (450°C) reduction roast and magnetic separation stage, upgrading the TiO_2 content to 56.1% TiO_2 and increasing the FeO to Fe_2O_3 ratio
    - the primary zircon (approx. 80% of recovered zircon) meets the requirements for premium classification for use in the ceramic sector
- Progressing negotiations in relation to use of the bulk handling facility at the Derby wharf
- Thunderbird has been assessed and designated as a Level 2 Lead Agency Project by the WA Department of Minerals and Petroleum who will advise and assist the Company with coordination of approvals across other WA government departments and agencies.

I would like to thank the Board, management and the small team of employees, our consultants and stakeholders for your support and commitment during the last year.

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

Once again, thank you for your support and we look forward to the year ahead.

Yours sincerely

Will Burbury

Chairman

DIRECTORS' REPORT

Your directors submit the annual financial report of Sheffield Resources Limited and the entities it controlled throughout the year ('Sheffield' or 'Group') for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Will Burbury BComm, LLB (Chairman and Company Secretary)

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

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

Other Current Directorships
None

Former Directorships in the Last Three Years
None

Mr Bruce McQuitty BSc, MEconGeol (Managing Director)

Bruce McQuitty has 32 years' experience in the mining and civil industries. During this time he has held various senior positions in large mining houses and has been involved in exploration through to the development of mines. Mr McQuitty has significant technical expertise in exploration, project generation, feasibility, underground mining and engineering geology and has managed exploration teams in Australia and overseas. Mr McQuitty holds a Masters of Economic Geology and a Bachelor of Science.

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

Other Current Directorships
None

Former Directorships in the Last Three Years
None

Mr David Archer BSc (Hons) (Technical Director)

David Archer is a geologist with 26 years' experience in exploration and mining in Australia. He has held senior positions with major Australian mining companies, including Renison Goldfields Consolidated Ltd, and has spent the last ten years as a Director of Archer Geological Consulting specialising in project generation, geological mapping and project evaluation.

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

Other Current Directorships
None

Former Directorships in the Last Three Years
None

Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares and options of the company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Will Burbury	-	7,970,000
Bruce McQuitty	-	7,850,000
David Archer	-	7,730,000

No ordinary shares were issued by the company during or since the end of the financial year as a result of the exercise options.

Shares under Option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	*Exercise price*	*Number of options*
13 December 2015	0.30	1,150,000
20 March 2016	0.44	550,000
30 June 2016	0.44	525,000
1 April 2017	0.65	1,200,000
29 July 2017	0.53	500,000
26 September 2018	0.66	500,000
19 March 2019	0.87	1,400,000
19 March 2021	1.16	1,600,000
		7,425,000

Dividends

No dividends have been paid or declared since the start of the financial year ended 30 June 2015 and the Directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Company during the year was exploration for mineral sands (zircon and titanium minerals), nickel, potash, iron and talc within the state of Western Australia.

There have been no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS

MAJOR PROJECTS

During the reporting period the Company maintained its operational focus on its flagship Thunderbird Heavy Mineral Sands (HMS) project, located near Derby in Western Australia.

The Thunderbird deposit is one of the largest and highest grade mineral sands discoveries in the last 30 years. The Pre-feasibility Study ("PFS"), released on 14 May 2015, confirmed the project will generate consistently strong cash margins from globally significant levels of production over an initial 32-year mine life. The Company is currently undertaking a PFS update due for completion in Q4 2015[1].

Sheffield is also actively exploring the Fraser Range region for nickel sulphide deposits. The Company has over 2,000km^2 of tenure in the region. Currently, the Red Bull and Big Bullocks projects are the main focus of exploration activity.

Figure 1: Location of Sheffield's Projects

<u>Thunderbird HMS</u>

The Thunderbird PFS results confirmed the technical viability, long life and robust economics of the Thunderbird project, strengthening the case for development.

The Company is targeting project construction commencing 2017 and initial production in 2019. The initial planned production profile is aligned with expected emerging supply gaps in global mineral sands markets.

The Thunderbird PFS is based on an updated mineral resource, announced on 12 December 2014, comprising **3.2Bt @ 6.8% HM** (Measured, Indicated and Inferred) (at 3% HM cut-off), containing 95Mt of valuable heavy mineral (VHM), including 19.3Mt of zircon (Tables 1 & 2).

The resource includes a coherent high grade zone of **1.080Bt @ 11.8% HM** (Measured, Indicated and Inferred) (at 7.5% HM cut-off), containing 10.0Mt of zircon, 3.1Mt of high-titanium leucoxene, 2.8Mt of leucoxene and 36Mt of ilmenite.

The high in-situ VHM grades for this zone of 0.92% zircon, 0.28% high-titanium leucoxene, 0.25% leucoxene and 3.3% ilmenite place Thunderbird in the top tier of mineral sands deposits globally.

The December 2014 resource update incorporated results from the 2014 Thunderbird drilling campaign which comprised 119 aircore drill holes for 7,644m. However, the results of 51 infill drill holes were not available in time for inclusion in this resource update. These were included in a subsequent resource update released on 31 July 2015.

Other work undertaken during the PFS includes:

- Metallurgical testwork on a 12.5 tonne bulk sample using full scale or scalable equipment;
- Process engineering design;
- Geotechnical investigations based on core from 20 sonic drill holes (total 781m);
- Mining studies;
- Infrastructure and power studies;
- Hydrogeological investigations, including the drilling and pump testing of three full-sized production water bores (total 294m);
- Tailings co-disposal testwork;
- Product appraisal and marketing studies, and
- Optimization studies, mine scheduling and financial modelling.

[1] Subsequent to this report, the Thunderbird PFS update was announced on 14 October 2015.

REVIEW OF OPERATIONS (continued)

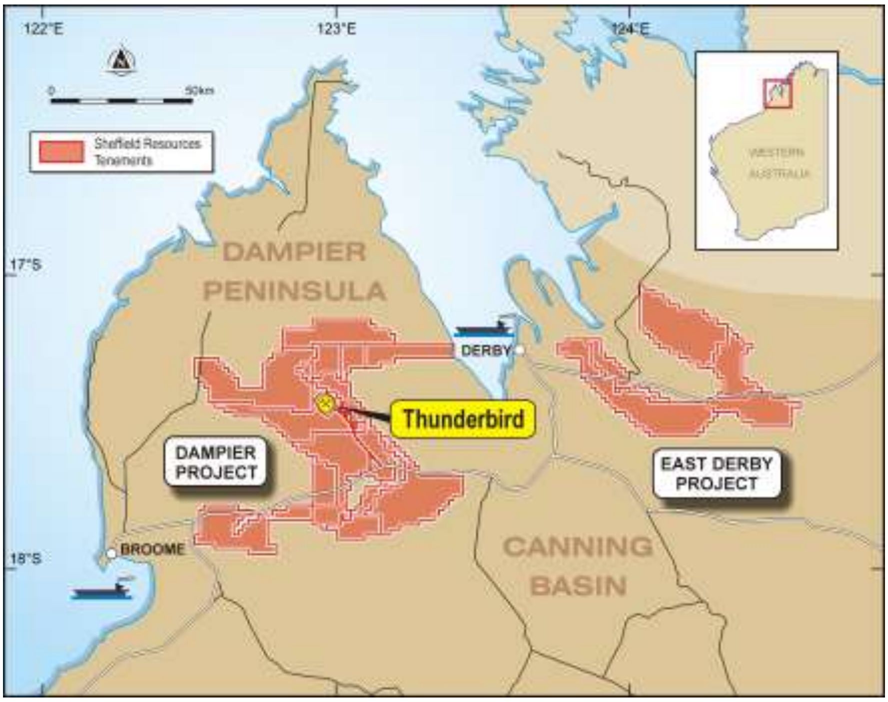

Figure 2: Location of Thunderbird HMS project

Environment and permitting requirements are progressing in parallel with feasibility studies. Native title negotiations are progressing with respect to mining lease application M04/459.

A PFS update, due to be delivered in Q4 2015, will incorporate the July 2015 resource update, results of ilmenite upgrade testwork and cost reduction initiatives.

During the second half of 2014, a regional exploration drilling program of 61 aircore holes for 3,081m was completed on targets to the north and south of Thunderbird. This work, announced on 25 February 2015, resulted in the discovery of 3 new mineral sands prospects named Night Train, Seagull and Nomad.

Figure 3: Derby Wharf

REVIEW OF OPERATIONS (continued)

Fraser Range Nickel

Sheffield has a large footprint in the Fraser Range and adjacent Tropicana Belt comprising 15 granted tenements and 2 tenement applications with a combined area of over 2,000km^2. This includes the Red Bull project (E69/3033 & E69/3052) which is within 20km of the Nova Ni-Cu deposit. The Company is exploring the region for magmatic nickel deposits similar to Nova.

At Red Bull, a single diamond drill hole targeting a strong, deep conductor was completed at 771m depth. A 5m wide zone of graphitic schist from 728m depth was determined to be the source of the conductor (see ASX release dated 9 September 2014).

Strong Ni-Cu-Co geochemical anomalies at Stud, Sleeper, Hook and Earlobe (collectively the "Northern Targets") remain a high priority exploration target at Red Bull. High powered moving loop EM surveys were completed over the Northern Targets region during the first half of 2015.

The most significant result from the survey was the discovery of a new bedrock conductor of moderate intensity located beneath significant Ni-Cu anomalism in shallow aircore drill holes at the Stud prospect. Stud was originally defined from two phases of aircore drilling undertaken by Sheffield in the second half of 2013, outlining a coherent anomaly of >0.2% maximum Ni-in-hole over a strike length of 1.8km. The Stud prospect represents a compelling drill target due to the combination of bedrock conductor, strong nickel anomalism near surface and observed trace amounts of nickel sulphide (see ASX release dated 23 June, 2015 for further details).

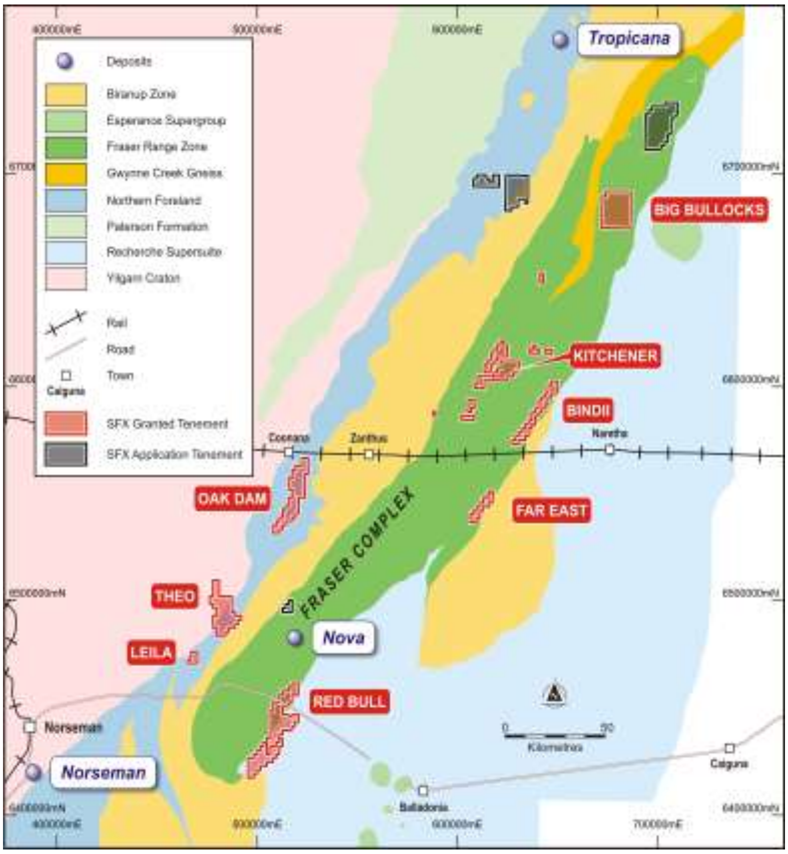

Figure 4: Location of Sheffield's Tenements in the Fraser Range Region

Big Bullocks (E39/1733) is another highly prospective nickel project within the Company's Fraser Range tenement portfolio. The project is located in the northeast sector of the Fraser Range and straddles the major regional gravity ridge associated with the Fraser Complex.

A scout aircore drilling program of 110 holes for 3,432m was completed at Big Bullocks during the first half of 2015, targeting possible ultramafic intrusions interpreted from aeromagnetic survey data. Mafic/ultramafic intrusive complexes were identified, confirming the presence of rock types suitable for formation of magmatic nickel sulphide deposits (see ASX release dated 23 June 2015).

A comprehensive review of historical exploration records was completed for all Fraser Range project tenements. This work, announced immediately following the reporting period on 3 July 2105, identified five new significant nickel targets and seven advanced gold targets on recently granted tenements E28/2481 "Oak Dam", E28/2453 "Theo" and E63/1696 "Leila". These tenements are located around 50km to the north of the Nova Ni-Cu deposit.

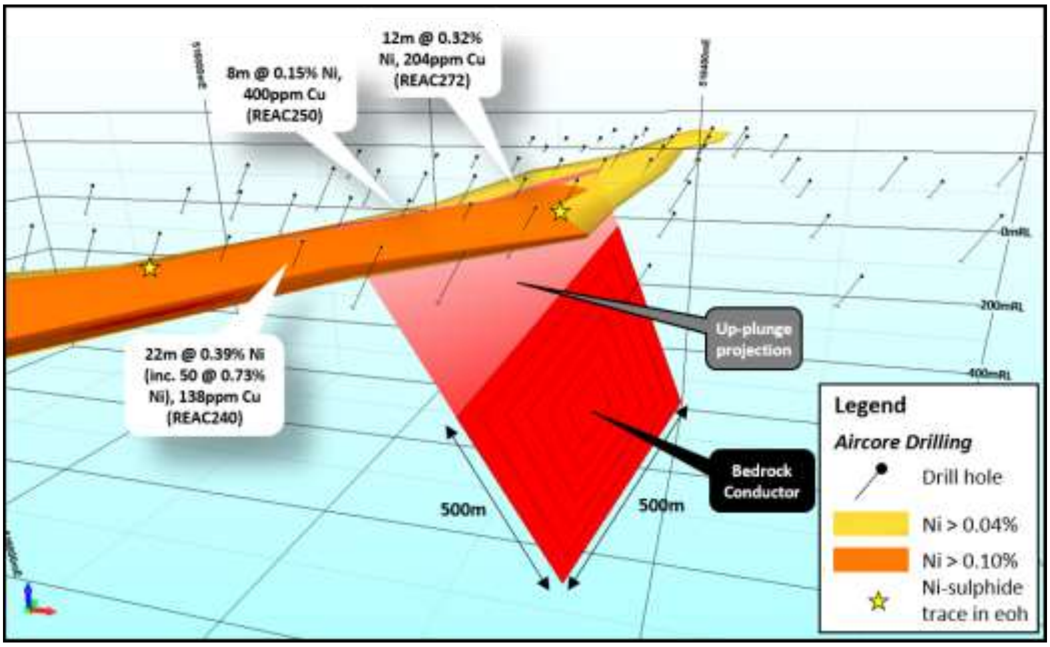

Figure 5: Stud Prospect Showing Modelled Bedrock Conductor beneath Extensive Nickel Geochemical Anomalism in Shallow Aircore Drill Holes

OTHER PROJECTS

Sheffield has a pipeline of other projects, on which it continues undertake low cost, value adding activities. The Company periodically reviews its project portfolio with a view to realising value from its non-core assets.

Eneabba HMS

The Eneabba project comprises five mineral sands deposits: West Mine North, Ellengail, Yandanooka, Durack and Drummond Crossing with a combined high grade resource of 172Mt at 3.0% HM (Measured, Indicated and Inferred, see Tables 3 & 4). Sheffield is evaluating the Project with a view to developing a sequential mining operation, whilst actively exploring the region for further deposits.

During the reporting period, Robbins Metallurgical undertook mineral characterization studies on heavy mineral concentrates from the West Mine North, Drummond Crossing and Durack deposits. All samples behaved as expected, with likely saleable product specifications for primary and secondary ilmenite, rutile and zircon.

An aircore drilling program of 92 aircore drill holes totalling 2,664m resulted in the discovery of four new dunal mineral sands prospects named Robbs Cross, Thomson, Ding Road and Mt Adams, announced on 23 July 2015. The four discoveries have high value mineral assemblages, with a combined zircon and rutile component of between 23% and 36%. Further drilling of these targets is scheduled for the first half of 2016.

McCalls HMS

The McCalls project, located 110km north of Perth, has an Inferred Resource of 4.4Bt @ 1.2% HM containing 53Mt of HM (Tables 1 & 2; ASX release dated 20 February 2012). Of this, 43 million tonnes is chloride grade ilmenite (66% TiO_2).

The McCalls project includes the Mindarra Springs deposit, located 20km to the south McCalls. BHP explored Mindarra Springs for mineral sands in the mid-1990's and drilled approximately 150 aircore drill holes through the area now under E70/4584. The historic data was collated and an exploration target[1] of 1.7-2.2Bt @ 1.4%-1.6% HM was outlined (refer to Sheffield's September 2014 Quarterly Report, dated 28 October 2014 for details).

At Mindarra Springs, six holes totalling 219m were drilled at 500m spacing along an existing road for the primary purpose of collecting sample for ilmenite characterisation test work. The mineralised intervals and assemblage data from the drilling are within the ranges predicted, confirming the quality of the historic BHP drilling and a mineral assemblage similar to that of the McCalls deposit (see ASX release dated 23 June 2015).

[1] Sheffield Resources Limited has not yet reported any Mineral Resources for Mindarra Springs and any discussion in relation to the potential quantity of the targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Project Divestments

During the reporting period, Sheffield sold its Oxley Potash tenements E70/4318, E70/3777, E70/4004, E70/4320, E70/4319 and E70/4378 to Centrex Metals Limited (ASX:CXM) for A$2.5 million in cash (see ASX release dated 9 March 2015).

Subsequent to the reporting period, three exploration licences, E45/3662, E45/3822 and E45/4029, were sold to Atlas Iron Ltd (ASX:AGO) for $150,000 in Atlas shares (5,549,390 shares) (see ASX release dated 13 August 2015).

Following a strategic review, the Fowlers talc tenement, E70/3776, was surrendered, marking Sheffield's exit from the Moora Talc project.

COMPLIANCE STATEMENTS

PREVIOUSLY REPORTED INFORMATION

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

Thunderbird HMS

- Thunderbird Pre-feasibility Study: *"PRE-FEASIBILITY STUDY CONFIRMS THUNDERBIRD AS NEXT MAJOR MINERAL SANDS PROJECT IN GLOBAL DEVELOPMENT PIPELINE"*, 14 May 2015
- Thunderbird Resource Update: *"THUNDERBIRD HIGH GRADE RESOURCE SURPASSES ONE BILLION TONNES"*, 12 December 2014
- Thunderbird Resource Update (subsequent to reporting period): *"THUNDERBIRD HIGH GRADE RESOURCE UPDATE"*, 31 July 2015
- Regional Exploration Results : *"THREE NEW MINERAL SANDS DISCOVERIES IN CANNING BASIN"*, 25 February, 2015

Fraser Range Nickel

- Red Bull Diamond Drilling: *"RED BULL DRILLING UPDATE"*, 9 September 2014
- Red Bull EM and Big Bullocks aircore drilling: *"COMPELLING NEW DRILL TARGET IDENTIFIED FROM GROUND EM SURVEY AT RED BULL NICKEL PROJECT"*, 23 June 2015
- New Fraser Range Nickel & Gold targets (subsequent to reporting period): *"TWELVE NEW NICKEL AND GOLD TARGETS OUTLINED IN FRASER RANGE"*, 3 July 2015

Eneabba & McCalls HMS

- Mindarra Springs HM Exploration Target: *"QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER 2014"*, 28 October 2014
- Eneabba and Mindarra Springs Drilling Results: *"NEXT GENERATION OF MINERAL SANDS DISCOVERIES AT ENEABBA"*, 23 July 2015

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

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

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

REVIEW OF OPERATIONS (continued)

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

Table 1: Sheffield's contained Valuable HM (VHM) Resource inventory at 12 December 2014

Deposit	Resource Category	Zircon (kt)*	Rutile (kt)*	HiTi Leuc. (kt)*	Leuc. (kt)*	Ilmenite (kt)*	**Total VHM (kt)***
Thunderbird	Measured	500	-	200	200	1,800	**2,700**
Thunderbird	Indicated	15,900	-	5,200	6,500	50,400	**78,000**
Thunderbird	Inferred	2,800	-	1,000	1,300	9,000	**14,100**
Yandanooka	Measured	13	2		3	87	**105**
Yandanooka	Indicated	240	81		83	1,440	**1,844**
Yandanooka	Inferred	4	1		2	23	**30**
Durack	Indicated	144	29		52	703	**928**
Durack	Inferred	26	5		13	121	**165**
Drummond Crossing	Indicated	143	101		37	542	**823**
Drummond Crossing	Inferred	7	5		1	28	**41**
Ellengail	Inferred	92	90		19	658	**859**
West Mine North	Measured	18	33		42	200	**293**
West Mine North	Indicated	71	87		46	506	**710**
McCalls	Inferred	3,490	1,060		2,580	42,910	**50,040**
Total	Measured	531	35	200	245	2,087	**3,098**
Total	Indicated	16,498	298	5,200	6,718	53,591	**82,305**
Total	Inferred	6,420	1,161	1,000	3,915	52,740	**65,235**
Total	**All**	**23,448**	**1,494**	**6,400**	**10,878**	**108,418**	**150,638**

*All tonnages have been rounded to reflect the relative uncertainty of the estimate, thus sum of columns may not equal. The contained VHM tonnages in the above table are derived from Mineral Resource Estimates for the Yandanooka, Ellengail , West Mine North, McCalls, Durack deposits (estimated using a 0.9% HM cut-off), the Drummond Crossing deposit (estimated using a 1.1% HM cut-off) and the Thunderbird deposit (estimated using a 3% HM cut-off) as detailed in Table 2. * Valuable Heavy Minerals are classified as zircon, rutile, HiTi leucoxene, leucoxene and ilmenite.*

REVIEW OF OPERATIONS (continued)

Table 2: Sheffield's HMS Mineral Resource[1] Inventory at 12 December 2014

Project	Deposit	Resource Category	Cut-off (% HM)[3]	Material (Mt)*	Bulk Density	HM %	Slimes %[3]	Osize %	Insitu HM (Mt)*	Zircon[2] %	Rutile[2] %	HiTi[2] Leuc. %	Leuc.[2] %	Ilm.[2] %
Dampier	Thunderbird	Measured	3.0	75	2.1	7.9	19	11	6	9.3	-	2.7	2.7	30
	Thunderbird	Indicated	3.0	2,550	2.1	7.0	16	9	180	8.9	-	2.9	3.6	28
	Thunderbird	Inferred	3.0	580	2.0	5.6	16	9	32	8.8	-	3.0	4.1	28
	Total Dampier	**All**	**3.0**	**3,205**	**2.1**	**6.8**	**16**	**9**	**218**	**8.9**	**-**	**2.9**	**3.7**	**28**
Eneabba	Yandanooka	Measured	0.9	3	2.0	4.1	15	14	0.1	11	1.9	-	2.2	72
	Yandanooka	Indicated	0.9	90	2.0	2.3	16	15	2.1	11	3.9	-	3.9	69
	Yandanooka	Inferred	0.9	3	2.0	1.2	18	21	0.03	11	3.9	-	4.6	68
	Yandanooka	All	0.9	96	2.0	2.3	16	15	2.2	11	3.8	-	3.9	69
	Durack	Indicated	0.9	50	2.0	2.0	15	21	1.0	14	2.8	-	5.1	69
	Durack	Inferred	0.9	15	1.9	1.2	14	17	0.2	14	2.5	-	7.2	66
	Durack	All	0.9	65	2.0	1.8	15	20	1.2	14	2.8	-	5.6	68
	Drummond Crossing	Indicated	1.1	49	2.0	2.1	16	9	1.0	14	10	-	3.6	53
	Drummond Crossing	Inferred	1.1	3	2.0	1.5	16	8	0.05	13	10	-	2.8	55
	Drummond Crossing	All	1.1	52	2.0	2.1	16	9	1.1	14	10	-	3.5	53
	Ellengail	Inferred	0.9	46	2.0	2.2	16	2	1.0	8.9	8.7	-	1.9	64
	Ellengail	All	0.9	46	2.0	2.2	16	2	1.0	8.9	8.7	-	1.9	64
	West Mine North	Measured	0.9	6	2.0	5.6	15	1	0.4	4.9	9.1	-	12	55
	West Mine North	Indicated	0.9	36	1.9	2.3	13	3	0.8	8.4	10	-	5.4	60
	West Mine North	All	0.9	42	1.9	2.8	13	3	1.2	7.9	10	-	6.4	59
	Total Eneabba	Measured	*var.*	9	2.0	5.2	15	5	0.5	6.7	6.8	-	8.7	60
	Total Eneabba	Indicated	*var.*	225	2.0	2.2	15	13	5.0	12	6.0	-	4.4	64
	Total Eneabba	Inferred	*var.*	68	2.0	1.9	15	6	1.3	10	7.2	-	3.2	64
	Total Eneabba	**All**	***var.***	**302**	**2.0**	**2.2**	**15**	**11**	**6.8**	**12**	**6.3**	**-**	**4.2**	**64**
McCalls	McCalls	Inferred	0.9	4,431	2.3	1.2	27	1.4	53	6.6	2.0	-	4.9	81
	Total McCalls	**All**	**0.9**	**4,431**	**2.3**	**1.2**	**27**	**1.4**	**53**	**6.6**	**2.0**	**-**	**4.9**	**81**

** All tonnages and grades have been rounded to reflect the relative uncertainty of the estimate and maintain consistency throughout the table, thus sum of columns may not equal. [1]See the compliance statements in this report for important information relating to the reporting of these Mineral Resources. [2]The Mineral Assemblage is represented as the percentage of the Heavy Mineral (HM) component of the deposit, determined by QEMSCAN for Eneabba & McCalls, with TiO_2 minerals defined according to the following ranges: Rutile >95% TiO_2; Leucoxene 85-95% TiO_2; Ilmenite <55-85% TiO_2; for Dampier the mineral assemblage was determined by screening and magnetic separation. 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. Non-magnetic fractions were 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. [3] West Mine North, Drummond Crossing, Durack and McCalls deposits are reported below 35% slimes cut-off.*

REVIEW OF OPERATIONS (continued)

Table 3: Eneabba Project contained Valuable HM (VHM) inventory (at high grade cut off)

Deposit	Resource Category	Zircon (kt)*	Rutile (kt)*	Leuc. (kt)*	Ilmenite (kt)*	**Total VHM (kt)***
Yandanooka	Measured	13	2	3	87	**105**
Yandanooka	Indicated	202	60	62	1,190	**1,514**
Yandanooka	Inferred	1	0.2	0.3	5	**6**
Yandanooka	Total	216	62	65	1,282	**1,625**
West Mine North	Measured	15	32	34	183	**264**
West Mine North	Indicated	43	58	30	351	**482**
West Mine North	Total	58	90	64	534	**746**
Durack	Indicated	98	20	32	492	**642**
Durack	Inferred	4	1	1	21	**27**
Durack	Total	102	21	33	513	**669**
Drummond Crossing	Indicated	143	101	37	542	**823**
Drummond Crossing	Inferred	7	5	1	28	**41**
Drummond Crossing	Total	150	106	38	570	**864**
Ellengail	Inferred	60	59	13	431	**563**
Ellengail	Total	60	59	13	431	**563**
Total	Measured	28	34	37	270	**369**
Total	Indicated	486	239	161	2,575	**3,461**
Total	Inferred	72	65	15	485	**637**
Total	**All**	**586**	**338**	**213**	**3,330**	**4,467**

**'kt' (kilotonnes) have been rounded to reflect the relative uncertainty of the estimate. The data summarised in this Table is sourced from Table 4.*

Table 4: Eneabba Project Mineral Resource[1] inventory (at high grade cut off)

Deposit	Resource Category	Cutoff HM%[3]	Material Million Tonnes*	Bulk Density	HM %	Slimes %[3]	Osize %	**In-situ HM Million Tonnes***	Zircon[2] %	Rutile[2] %	Leucoxene[2] %	Ilmenite[2] %
Yandanooka	Measured	1.4	3	2.0	4.2	15	13	**0.1**	11	1.9	2.2	72
Yandanooka	Indicated	1.4	57	2.0	3.0	16	15	**1.7**	12	3.5	3.6	70
Yandanooka	Inferred	1.4	0.4	2.0	1.6	15	14	**0.01**	11	3.2	4.9	71
Yandanooka	Total	1.4	60	2.0	3.1	16	15	**1.8**	12	3.4	3.6	70
West Mine North	Measured	1.5	4	2.0	8.3	14	1	**0.3**	4.5	9.4	10	55
West Mine North	Indicated	1.5	14	1.9	4.2	11	3	**0.6**	7.3	9.8	5.2	60
West Mine North	Total	1.5	18	1.9	5.1	11	2	**0.9**	6.7	9.7	6.3	59
Durack	Indicated	1.5	23	1.9	3.0	14	19	**0.7**	14	2.9	4.5	70
Durack	Inferred	1.5	1.1	1.9	2.6	12	21	**0.03**	14	1.9	4.0	75
Durack	Total	1.5	24	1.9	3.0	14	19	**0.7**	14	2.8	4.5	70
Drummond Crossing	Indicated	1.1	49	2.0	2.1	16	9	**1.0**	14	10	3.6	53
Drummond Crossing	Inferred	1.1	3	2.0	1.5	16	8	**0.05**	13	10	2.8	55
Drummond Crossing	Total	1.1	52	2.0	2.1	16	9	**1.1**	14	10	3.5	53
Ellengail	Inferred	1.5	18	2.0	3.9	15	2	**0.7**	8.9	8.7	1.9	64
Ellengail	Total	1.5	18	2.0	3.9	15	2	**0.7**	8.9	8.7	1.9	64
Total	Measured	var.	7	2.0	6.6	14	6	**0.4**	7.0	6.3	6.9	62
Total	Indicated	var.	143	2.0	2.8	15	13	**4.0**	12	6.2	3.9	63
Total	Inferred	var.	23	2.0	3.4	15	4	**0.8**	9.8	8.5	2.2	63
Total	**All**	**var.**	**173**	**2.0**	**3.0**	**15**	**11**	**5.2**	**12**	**6.5**	**3.8**	**63**

**Tonnes have been rounded to reflect the relative uncertainty of the estimate. [1]See the compliance statements in this report for important information relating to the reporting of these Mineral resources. [2] The Mineral Assemblage is represented as the percentage of the Heavy Mineral (HM) component of the deposit, as determined by QEMSCAN. TiO_2 minerals defined according to the following ranges: Rutile >95% TiO_2; Leucoxene 85-95% TiO_2; Ilmenite <55-85% TiO_2. [3]West Mine North, Durack and Drummond Crossing are reported below a 35% Slimes upper cut-off.*

Significant changes in the state of affairs

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

Significant events after balance date

Sheffield Resources Limited entered into an unconditional agreement with Atlas Iron Limited on 13 August 2015 to sell its 100% interests in E45/4029, E45/3662 and E45/3822. The sale consideration is $150,000 payable in Atlas Iron shares.

There are no other matters or circumstance arisen since 30 June 2015, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results

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

Environmental legislation

The Company's operations are subject to environmental regulation in respect to its mineral tenements relating to exploration activities on those tenements. No breaches of any environmental restrictions were recorded during the financial year. The Company has not yet fully reviewed the reporting requirements under the Energy Efficient Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007 but believes it has adequate systems in place to ensure compliance with these Acts having regard to the scale and nature of current operations.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors 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.

Remuneration report (audited)

This report outlines the remuneration arrangements in place for the key management personnel of the Company for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly.

Key Management Personnel

(i) Directors

Will Burbury: Executive Chairman/Company Secretary
Bruce McQuitty: Managing Director
David Archer: Technical Director

The named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and Executives. The philosophy of the Company in determining remuneration levels is to:

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

Remuneration structure
In accordance with best practice corporate governance, the structure of Non-executive Director and Executive remuneration is separate and distinct.

Non-executive Director Remuneration
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. The Company does not have any Non-executive Directors.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. Each Director receives a fee for being a Director of the Company. The Company has not appointed any Non-executive Directors.

Executive Director Remuneration
Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration
Fixed remuneration is reviewed annually by the Remuneration Committee. The role of the Remuneration Committee has been assumed by the full Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

The fixed remuneration component of key management personnel is detailed in Table 5.

Variable Remuneration
The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the Executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the Executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

The aggregate of annual payments available for Executives across the Company is subject to the approval of the Remuneration Committee. The role of the Remuneration Committee has been assumed by the full Board. Payments made are delivered as a cash bonus in the following reporting period. The Company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

Employment Contracts

Executive Services Agreement – Bruce McQuitty
The Company entered into a services agreement with Bruce McQuitty (McQuitty Services Agreement) effective 1 July 2010. Under the McQuitty Services Agreement, Mr McQuitty is employed by the Company to provide services to the Company in the capacity of Managing Director.

Mr McQuitty is paid an annual remuneration of $240,000 plus statutory superannuation. Mr McQuitty will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The McQuitty Services Agreement will continue until terminated in accordance with its terms. The McQuitty Services Agreement contains standard termination provisions under which either party must give three months' notice of termination (or shorter period in the event of a material breach) or alternatively, payment in lieu of service. In addition, Mr McQuitty is entitled to all unpaid remuneration and entitlements up to the date of termination.

Executive Services Agreement – Will Burbury
The Company entered into a services agreement with Will Burbury (Burbury Services Agreement) effective 1 July 2010. Under the Burbury Services Agreement, Mr Burbury is employed by the Company to provide services to the Company in the capacity of Executive Chairman and Company Secretary.

Mr Burbury is paid an annual remuneration of $110,000 plus statutory superannuation. Mr Burbury will also be reimbursed for reasonable expenses incurred in carrying out his duties.

Executive Services Agreement – Will Burbury (continued)
The Burbury Services Agreement contains standard termination provisions under which either party must give three months' notice of termination (or shorter period in the event of a material breach), or alternatively, payment in lieu of service. In addition, Mr Burbury is entitled to all unpaid remuneration and entitlements up to the date of termination.

Executive Services Agreement – David Archer
The company entered into a services agreement with David Archer (Archer Services Agreement) effective 1 July 2010. Under the Archer Services Agreement, Mr Archer is employed by the Company to provide services to the Company in the capacity of Technical Director.

Mr Archer is paid an annual remuneration of $198,000 plus statutory superannuation. Mr Archer will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The Archer Services Agreement will continue until terminated in accordance with its terms. The Archer Services Agreement contains standard termination provisions under which either party must give three months' notice of termination (or shorter period in the event of a material breach), or alternatively, payment in lieu of services. In addition, Mr Archer is entitled to all unpaid remuneration and entitlements up to the date of termination.

Remuneration of key management personnel

Table 5: Directors' remuneration for the years ended 30 June 2015 and 30 June 2014

		Short-term Employee benefit	Post-employment benefit		
		Salary & Fees $	**Superannuation** $	**Total** $	**Performance Related** %
Will Burbury	2015	96,765	9,192	105,957	-
	2014	95,833	8,865	104,698	-
Bruce McQuitty	2015	240,000	22,800	262,800	-
	2014	240,000	22,200	262,200	-
David Archer	2015	198,000	18,810	216,810	-
	2014	198,000	18,315	216,315	-
TOTALS	**2015**	**534,765**	**50,802**	**585,567**	**-**
	2014	**533,833**	**49,380**	**583,213**	**-**

There were no share based or performance based remuneration in either the current or prior period.

Shareholdings of Key Management Personnel

	Balance at beginning of period	Granted as remuneration	On exercise of options	Acquisition	Balance at end of period
30 June 2015					
Directors					
Will Burbury	7,946,915	-	-	23,085	7,970,000
Bruce McQuitty	7,823,457	-	-	26,543	7,850,000
David Archer	7,704,691	-	-	25,309	7,730,000
Total	**23,475,063**	**-**	**-**	**74,937**	**23,550,000**

Shareholdings of Key Management Personnel (continued)

	Balance at beginning of period	Granted as remuneration	On exercise of options	Acquisition	Balance at end of period
30 June 2014					
Directors					
Will Burbury	7,700,001	-	-	246,914	7,946,915
Bruce McQuitty	7,700,000	-	-	123,457	7,823,457
David Archer	7,680,000	-	-	24,691	7,704,691
Total	**23,080,001**	**-**	**-**	**395,062**	**23,475,063**

Option holdings of Key Management Personnel

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other	Balance at end of period	Total
30 June 2015						
Directors						
Will Burbury	-	-	-	-	-	-
Bruce McQuitty	-	-	-	-	-	-
David Archer	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other	Balance at end of period	Total
30 June 2014						
Directors						
Will Burbury	-	-	-	-	-	-
Bruce McQuitty	-	-	-	-	-	-
David Archer	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Details of employee share option plans

For details on the valuation of the options, including models and assumptions used, please refer to note 15. Terms and conditions of option plans in existence during the financial year or future financial years. These options are not subject to any vesting conditions.

	Grant date	Grant date fair value $	Exercise price $	Expiry date
500,000 Unlisted options	26 September 2013	$94,466	$0.66	26 September 2018
1,400,000 Unlisted options	20 March 2014	$297,928	$0.87	19 March 2019
1,600,000 Unlisted options	20 March 2014	$358,671	$1.16	19 March 2021

End of Remuneration Report.

Directors' 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 were as follows:

	Directors' Meetings
Number of meetings held:	3
Number of meetings attended:	
Will Burbury	3
Bruce McQuitty	3
David Archer	3

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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 18 and forms part of this Directors' report for the year ended 30 June 2015.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. During the year, the auditors did not provide any non-audit services to the Group.

Signed in accordance with a resolution of the Directors.

Bruce McQuitty
Managing Director
Perth, 15 September 2015

Accountants | Business and Financial Advisers

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 2015, 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.

N G Neill
Partner

Perth, Western Australia
15 September 2015

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

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
Gain from sale of permits	3	1,492,043	-
Other income	2	264,670	171,000
Employee benefits expense		(394,048)	(321,346)
Depreciation expense		(70,039)	(98,484)
Other expenses	2	(902,748)	(945,224)
Share based payments		-	(751,065)
Write off exploration costs	10	(1,276,968)	(1,808,397)
(Loss) before income tax benefit		(887,090)	(3,753,516)
Income tax benefit/(expense)	4	1,523,586	1,199,725
Profit/(loss) for the year		636,496	(2,553,791)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit/(loss) for the year		636,496	(2,553,791)
Basic profit/(loss) per share (cents per share)	6	0.47	(2.12)
Dilutive profit/(loss) per share (cents per share)	6	0.46	(2.12)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
Current Assets			
Cash and cash equivalents	7	5,122,973	10,879,408
Trade and other receivables	8	300,680	548,472
Total Current Assets		5,423,653	11,427,880
Non-Current Assets			
Plant and equipment	9	105,423	141,675
Deferred exploration expenditure	10	26,186,268	18,730,709
Total Non-Current Assets		26,291,691	18,872,384
Total Assets		31,715,344	30,300,264
Current Liabilities			
Trade and other payables	11	850,419	689,176
Provisions	12	195,365	120,341
Total Current Liabilities		1,045,784	809,517
Total Liabilities		1,045,784	809,517
Net Assets		30,669,560	29,490,747
Equity			
Issued capital	13	33,337,705	32,795,388
Reserves	14	1,449,105	1,449,105
Accumulated losses	14	(4,117,250)	(4,753,746)
Total Equity		30,669,560	29,490,747

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated			
	Issued Capital	Accumulated losses	Reserves	Total
	$	$	$	$
Balance as at 1 July 2014	32,795,388	(4,753,746)	1,449,105	29,490,747
Profit for the year	-	636,496	-	636,496
Total comprehensive profit for the year	-	636,496	-	636,496
Shares issued during the year	550,000	-	-	550,000
Share issue costs	(7,683)	-	-	(7,683)
Recognition of share-based payments	-	-	-	-
Balance at 30 June 2015	**33,337,705**	**(4,117,250)**	**1,449,105**	**30,669,560**

	Consolidated			
	Issued Capital	Accumulated losses	Reserves	Total
	$	$	$	$
Balance as at 1 July 2013	21,895,227	(2,199,955)	698,040	20,393,312
Loss for the year	-	(2,553,791)	-	(2,553,791)
Total comprehensive loss for the year	-	(2,553,791)	-	(2,553,791)
Shares issued during the year	11,565,714	-	-	11,565,714
Share issue costs	(665,553)	-	-	(665,553)
Recognition of share-based payments	-	-	751,065	751,065
Balance at 30 June 2014	**32,795,388**	**(4,753,746)**	**1,449,105**	**29,490,747**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Research and development tax refund		1,523,586	1,199,725
Payments to suppliers and employees		(1,013,039)	(1,410,979)
Interest received		239,453	166,161
Royalty payments received		50,739	-
Net cash provided by/(used in) operating activities	7	800,739	(45,093)
Cash flows from investing activities			
Proceeds from sale of prospects		2,500,000	-
Payments for exploration and evaluation expenditure		(9,565,505)	(8,330,684)
Purchase of non-current assets		(33,986)	(35,638)
Net cash (used in) investing activities		(7,099,491)	(8,366,322)
Cash flows from financing activities			
Proceeds from issue of shares		550,000	11,565,714
Payments for share issue costs		(7,683)	(676,117)
Net cash provided by financing activities		542,317	10,889,597
Net increase/(decrease) in cash and cash equivalents		(5,756,435)	2,478,182
Cash and cash equivalents at beginning of year		10,879,408	8,401,226
Cash and cash equivalents at end of year	7	5,122,973	10,879,408

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activity is exploration for mineral sands (zircon and titanium minerals), nickel, potash, iron and talc within the state of Western Australia.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2015

In the year ended 30 June 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

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

Standards and Interpretations in issue not yet adopted
The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 15 September 2015.

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

(d) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2015. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and 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 by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 15.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 15.

(f) Going concern

The directors are of the opinion that the Group is a going concern.

(g) Segment reporting

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

(h) Revenue recognition

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

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

(i) Income tax

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

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

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

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

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income tax (continued)

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

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

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

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

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

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

Tax consolidation legislation

Sheffield Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

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

(j) Other taxes

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

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Business combination

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

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

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

(l) Impairment of assets

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

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

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

(m) Cash and cash equivalents

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

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

(n) Trade and other receivables

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other receivables (continued)

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.

(o) Payables

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

(p) Leave Benefits

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

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

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

(q) Exploration and evaluation expenditure

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Exploration and evaluation expenditure (continued)

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.

(r) Issued capital

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

(s) Leases

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

(t) Provisions

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

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

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

(u) Share based payments

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

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. The fair value is determined by an external valuer using a Black-Scholes model, further details of which are given in Note 15. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Group (“market conditions”).

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Plant and equipment

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

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

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

Motor vehicles	4 years
Plant and equipment	4-15 years

Impairment

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

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

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

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

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

Revaluations

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

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

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

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

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.
Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

Derecognition and disposal

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Earnings per Share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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

(x) Parent entity financial information

The financial information for the parent entity, Sheffield Resources Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

(ii) Share-based payments

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

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2015	2014
	$	$
(a) Revenue		
Interest received	213,931	171,000
Royalty income	50,739	-
	264,670	171,000
(b) Expenses		
Accounting fees	51,092	48,370
Interest expense	673	728
Operating lease rental expense	140,249	147,879
Other expenses	710,734	748,247
	902,748	945,224

NOTE 3: GAIN FROM SALE OF PERMITS

	2015	2014
	$	$
Proceeds from sale of permits	2,500,000	-
Expenditure incurred on permits sold	(1,007,957)	-
Net gain recorded	1,494,043	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: INCOME TAX

	Consolidated	
	2015	2014
	$	$
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit/loss before income tax	(887,090)	(3,753,516)
Income tax benefit calculated at 30%	(266,127)	(1,126,055)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	225,320
Accruals	30,493	5,031
Other non-deductible expenses	1,152	1,209
Share issue costs	(113,857)	(113,396)
Other costs	-	-
Unrecognised tax losses	348,339	1,007,891
R&D tax offset	1,523,586	1,199,725
Income tax benefit reported in the statement of comprehensive income	1,523,586	1,199,725

NOTE 6: EARNINGS/LOSS PER SHARE

	Consolidated	
	2015	2014
	Cents per share	Cents per share
Basic earnings/(loss) per share:		
Continuing operations	0.47	(2.12)
Total basic earnings/(loss) per share	0.47	(2.12)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Profit/(loss) from continuing operations	636,496	(2,553,791)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	134,298,836	120,560,071

Dilutive earnings/(loss) per share:		
Continuing operations	0.46	(2.12)
Total dilutive earnings/(loss) per share	0.46	(2.12)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Profit/(loss) from continuing operations	636,496	(2,553,791)
	Number	Number
Weighted average number of ordinary shares for the purposes of diluted earnings per share	138,923,836	120,560,071

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2015	2014
	$	$
Cash at bank and on hand	5,122,973	2,879,408
Short-term deposits	-	8,000,000
	5,122,973	10,879,408

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.

NOTE 7: CASH AND CASH EQUIVALENTS (continued)

	Consolidated	
	2015	2014
	$	$
(i) Reconciliation of profit/(loss) after tax for the year to net cash flows from operating activities		
Profit/(loss) after tax for the year	636,496	(2,553,791)
Equity settled share based payment	-	751,065
Depreciation	70,039	98,484
Write off of exploration expenditure	1,276,968	1,808,397
(Profit)/loss on sale of permits	(1,492,043)	-
(Increase)/decrease in assets:		
Current receivables	247,792	(37,515)
Increase/(decrease) in liabilities:		
Current payables	(13,537)	(123,551)
Provision for employee benefits	75,024	11,818
Net cash from operating activities	800,739	(45,093)

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade receivables	978	10,979
GST recoverable	197,243	220,115
Prepaid expenses	28,022	7,317
Bank guarantees (i)	73,195	280,755
Accrued interest	1,242	29,306
	300,680	548,472

(i) Bank guarantees are made up of the following:
- $40,872 is held as security for the office lease and bears 3.31% interest.
- $32,323 is held as security for the credit card facility and bears 2.90% interest

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

NOTE 9: PLANT AND EQUIPMENT

	Consolidated		
	Motor Vehicles	Plant and equipment	Total
	$	$	$
Year ended 30 June 2015			
At 1 July 2014, net of accumulated depreciation and impairment	11,838	129,837	141,675
Additions	-	32,871	32,871
Write back adjustment to depreciation	-	916	916
Depreciation charge for the year	(11,838)	(58,201)	(70,039)
At 30 June 2015, net of accumulated depreciation and impairment	**-**	**105,423**	**105,423**

At 1 July 2014		Consolidated	
Cost or fair value	62,172	430,608	492,780
Accumulated depreciation and impairment	(50,334)	(300,771)	(351,105)
Net carrying amount	11,838	129,837	141,675

At 30 June 2015		Consolidated	
Cost or fair value	62,172	466,144	528,316
Accumulated depreciation and impairment	(62,172)	(360,721)	(422,893)
Net carrying amount	**-**	**105,423**	**105,423**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2015 is Nil. (2014: Nil).

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	Consolidated	
	2015	2014
	$	$
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	18,730,709	12,345,246
Expenditure incurred	9,740,484	8,193,860
Sale of tenements	(1,007,957)	-
Expenditure written off	(1,276,968)	(1,808,397)
Total exploration and evaluation expenditure	26,186,268	18,730,709

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. Capitalised exploration expenditure relating to the surrender of exploration licences has been written off in full during the year.

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2015	2014
	$	$
Trade creditors	422,293	523,780
Accruals	402,739	165,396
Other creditors	25,387	-
	850,419	689,176

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

NOTE 12: PROVISIONS (CURRENT)

Employee benefits	195,365	120,341

The provision for employee benefits represents annual leave payable.

NOTE 13: ISSUED CAPITAL

134,430,747 (2014: 133,385,685) Ordinary shares issued and fully paid	33,337,705	32,795,388

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

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

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

	Consolidated			
	2015		2014	
	No.	$	No.	$
Movement in ordinary shares on issue				
Balance at beginning of financial year	133,385,685	32,795,388	118,297,502	21,895,227
Issue of fully paid ordinary shares at $0.81 each	395,062	320,000	13,802,469	11,180,000
Issued for cash on exercise of share options	650,000	230,000	1,285,714	385,714
Share issue costs	-	(7,683)	-	(665,553)
Balance at end of financial year	**134,430,747**	**33,337,705**	133,385,685	32,795,388

NOTE 13: ISSUED CAPITAL (continued)

	2015		2014	
	No.	$	No.	$
Movements in options over ordinary shares on issue				
Balance at beginning of financial year	8,075,000	-	7,575,000	-
Issue of unlisted options exercisable at $0.66 each on or before 26 September 2018	-	-	500,000	-
Issue of unlisted options exercisable at $0.87 each on or before 19 March 2019	-	-	1,400,000	-
Issue of unlisted options exercisable at $1.16 each on or before 19 March 2021	-	-	1,600,000	-
Exercise of unlisted options exercisable at $0.30 each on or before 30 November 2013	-	-	(1,285,714)	-
Exercise of unlisted options exercisable at $0.30 each on or before 13 December 2015	(400,000)	-	-	-
Exercise of unlisted options exercisable at $0.44 each on or before 6 September 2014	(250,000)	-	-	-
Lapsing of unlisted options	-	-	(1,714,286)	-
Balance at end of financial year	7,425,000	-	8,075,000	-

Employee Share options
The company has an Employee Share Option Plan under which options to subscribe for the company's shares have been granted to certain employees (refer to Note 15).

NOTE 14: ACCUMULATED LOSSES AND RESERVES

	Consolidated	
	2015 $	2014 $
Accumulated Losses		
Balance at beginning of financial year	(4,753,746)	(2,199,955)
Profit/(loss) for the year	636,496	(2,553,791)
Balance at end of financial year	(4,117,250)	(4,753,746)
Share-based payments reserves		
Balance at beginning of financial year	1,449,105	698,040
Share based payments	-	751,065
Balance at end of financial year	1,449,105	1,449,105

(i) *Nature and purpose of reserves*
Share-based payments reserve
This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 15 for further details of these plans.

NOTE 15 : SHARE BASED PAYMENT PLANS

There were no unlisted options issued during the year to employees in accordance with the Employee Share Option Plan of the Company.

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

Years ended 30 June 2014 and 2015	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
SERIES 1	1,200,000	02/04/2012	01/04/2017	0.65	222,805
SERIES 2	525,000	01/07/2011	30/06/2016	0.44	92,348
SERIES 3	500,000	29/07/2012	29/07/2017	0.53	58,909
SERIES 4	1,150,000	14/12/2010	13/12/2015	0.30	217,930
SERIES 5	550,000	22/03/2011	20/03/2016	0.44	34,980
SERIES 6	500,000	26/09/2013	26/09/2018	0.66	94,466
SERIES 7	1,400,000	20/03/2013	19/03/2019	0.87	297,928
SERIES 8	1,600,000	20/03/2013	19/03/2021	1.16	358,671

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

	2015 No.	2015 Weighted average exercise price	2014 No.	2014 Weighted average exercise price
Outstanding at the beginning of the year	8,075,000	0.68	7,575,000	0.32
Granted during the year	-	-	3,500,000	0.97
Exercised during the year	(650,000)	(0.35)	(1,285,714)	(0.30)
Lapsed during period	-	-	(1,714,286)	(0.30)
Outstanding at the end of the year	7,425,000	0.71	8,075,000	0.68
Exercisable at the end of the year	7,425,000	-	8,075,000	-

The outstanding balance as at 30 June 2015 is represented by 7,425,000 options over ordinary shares with a weighted average exercise price of $0.71 each, exercisable upon meeting the above conditions and until the relevant expiry dates.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 is 2.77 years (2014: 4.13).

The weighted average share price at the date of options exercised during the year ended 30 June 2015 was $0.35 (2014: $0.30).

The range of exercise prices for options outstanding at the end of the year is $0.30 - $1.16 (2014: $0.30 - $1.16).

NOTE 15 : SHARE BASED PAYMENT PLANS (continued)

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

	SERIES 1	SERIES 2	SERIES 3	SERIES 4	SERIES 5	SERIES 6	SERIES 7	SERIES 8	SERIES 9
Dividend yield (%)	-	-	-	-	-	-	-	-	-
Expected volatility (%)	70	75	75	75	100	50	75	55	55
Risk-free interest rate (%)	3.63	4.50	4.50	3.50	4.75	4.75	2.82	3.40	3.40
Expected life of option (years)	5	5	3	5	4	5	5	5	7
Exercise price (cents)	65	44	44	53	30	44	66	87	1.16
Grant date share price (cents)	29	25.5	27	34	20	29	48	68	68

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

The carrying amount of the liability relating to the cash-settled share-based payment at 30 June 2015 is nil (2014: nil)

NOTE 16: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of debt, cash and cash equivalents 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.

NOTE 16: FINANCIAL INSTRUMENTS (continued)

	Consolidated 2015 $	Consolidated 2014 $
(b) Categories of financial instruments		
Financial assets		
Receivables	300,680	548,472
Cash and cash equivalents	5,122,973	10,879,408
Financial liabilities		
Trade and other payables	850,419	689,176

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

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

	2015					**2014**				
	Weighted Average Interest Rate %	≤6 months $	6-12 months $	1-5 Year $	Total $	Weighted Average Interest Rate %	≤6 months $	6-12 months $	1-5 Year $	Total $
Financial assets										
Variable interest rate instruments	2.29	5,122,974	-	-	5,122,974	2.20	2,879,408	-	-	2,879,408
Fixed Interest bearing	3.13	73,195	-	-	73,195	3.65	8,172,104	108,651	-	8,280,755
Non-interest bearing	-	227,484	-	-	227,484	-	267,717	-	-	267,717
Total Financial Assets		**5,423,653**	-	**-**	**5,423,653**		**11,319,229**	**108,651**	**-**	**11,427,880**
Financial liabilities										
Non-interest bearing	-	850,419	-	-	850,419	-	689,176	-	-	689,176
Total Financial Liabilities		**850,419**	**-**	**-**	**850,419**		**689,176**	**-**	**-**	**689,176**

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

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

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(e) Credit risk management (continued)

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

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

(f) Liquidity risk management

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

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

2015

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

2014

	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$	$
Trade and other payables	689,176	689,176	689,176	-	-	-	-
	689,176	689,176	689,176	-	-	-	-

NOTE 17: COMMITMENTS AND CONTINGENCIES

Operating lease commitments

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

	Consolidated	
	2015	2014
	$	$
Within one year	112,430	106,200
After one year but not more than three years	108,636	9,311
	221,066	115,511

Exploration commitments

The Group has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

NOTE 17: COMMITMENTS AND CONTINGENCIES (continued)
Commitment contracted for at balance date but not recognised as liabilities are as follows:

	Consolidated	
	2015	2014
	$	$
Within one year	1,682,184	1,833,100

Other commitments
Sheffield Resources Limited has the following other commitments at 30 June 2015:

- bank guarantees totalling $73,195 (see details per Note 8); and
- a credit card facility of $30,000.

NOTE 18: RELATED PARTY DISCLOSURE
There were no transactions entered into with related parties for the June 2015 financial year.

NOTE 19: EVENTS AFTER THE REPORTING PERIOD
Sheffield Resources Limited entered into an unconditional agreement with Atlas Iron Limited on 13 August 2015 to sell its 100% interests in E45/4029, E45/3662 and E45/3822. The sale consideration is $150,000 payable in Atlas Iron shares.

There are no other matters or circumstance arisen since 30 June 2015, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

NOTE 20: AUDITOR'S REMUNERATION
The auditor of Sheffield Resources Limited is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

An audit or review of the financial report of the entity	30,500	30,200

NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURES
The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated	
	2015	2014
	$	$
Short-term employee benefits	534,765	533,833
Post-employment benefits	50,802	49,380
	585,567	583,213

NOTE 22: PARENT ENTITY DISCLOSURES

	2015	2014
ASSETS	**$**	**$**
Current assets	5,423,653	11,427,880
Non-current assets	26,291,691	18,872,384
TOTAL ASSETS	**31,715,344**	**30,300,264**
LIABILITIES		
Current liabilities	1,045,784	809,518
TOTAL LIABILITIES	**1,045,784**	**809,518**
EQUITY		
Contributed equity	33,337,705	32,795,388
Reserves	1,449,105	1,449,105
Retained earnings	(4,117,250)	(4,753,746)
TOTAL EQUITY	**30,669,560**	**29,490,747**
Financial performance		
Profit/(loss) for the year	636,496	(2,553,791)
Other comprehensive income	-	-
Total comprehensive income	**636,496**	**(2,553,791)**

Contingent liabilities

As at 30 June 2015 and 2014, the Company had no contingent liabilities.

Contractual commitments

As at 30 June 2015 and 2014, the Company had no contractual commitments other than those commitments disclosed in Note 17.

Guarantees entered into by parent entity

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

- $40,872 is held as security for the office lease and bears 3.31% interest.
- $32,323 is held as security for the credit card facility and bears 2.90% interest

NOTE 23: RELATED PARTY DISCLOSURE

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

Name	Country of Incorporation	Equity Interest 2015 %	Equity Interest 2014 %	Investment 2015 $	Investment 2014 $
Moora Talc Pty Ltd	Australia	100	100	100	100
Ironbridge Resources Pty Ltd	Australia	100	100	100	100

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

DIRECTORS' DECLARATION

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 2015 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 2015.

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

Bruce McQuitty

Managing Director

Dated this 15th day of September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'SREPORT

To the members of Sheffield Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Sheffield Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

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

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd
Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Sheffield Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Sheffield Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

Norman Glad

HLB Mann Judd
Chartered Accounts

N G Neill
Partner

Perth, Western Australia
15 September 2015

ASX ADDITIONAL INFORMATION

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 16 October 2015.

Ordinary Share Capital

- At 16 October 2015, 134,430,747 fully paid ordinary shares are held by 1,482 individual shareholders.

Spread of Holdings			Total Holders	Ordinary Shares
1	-	1,000	70	34,147
1,001	-	5,000	252	877,856
5,001	-	10,000	233	1,933,955
10,001	-	100,000	739	28,260,474
100,001	-	and over	188	103,224,315
Number of Holders/Shares			1,482	134,430,747

Unmarketable parcels at 16 October 2016 amount to 34,147 shares held by 70 shareholders.

Substantial Shareholders

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
BRUCE MCQUITTY	7,850,000	5.84
WILL BURBURY - THE BURBURY FAMILY A/C [1]	7,548,500	5.62
ARCHER ENTERPRISES (WA) PTY LTD – DAVID ARCHER FAMILY A/C [2]	3,680,000	2.74

[1]Mr Will Burbury, Executive Chairman of Sheffield Resources Limited, holds or has control over a total of 7,970,000 shares representing 5.93% of the issued fully paid shares in the Company.

- Will Burbury – The Burbury Family A/C 7,548,500 shares
- Energy-X Resources Pty Ltd – WJB S/F A/C 394,499 shares
- Mr William Burbury 27,001 shares

[2]Mr David Archer, Technical Director of Sheffield Resources Limited, holds or has control over a total of 7,730,000 shares representing 5.75% of the issued fully paid shares in the Company.

- Archer Enterprises (WA) Pty Ltd – David Archer Family A/C#1 3,680,000 shares
- Archer Enterprises (WA) Pty Ltd– David Archer Family A/C#2 1,750,000 shares
- David Lindsay Archer & Simone Elizabeth Archer – David Archer Super Fund A/C#1 1,550,000 shares
- David Lindsay Archer & Simone Elizabeth Archer – David Archer Super Fund A/C#2 750,000 shares

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 134,430,747 fully paid shares. All fully paid shares are free of escrow conditions.
- All 7,425,000 options are not quoted on the ASX. All options are free of escrow conditions.

Twenty Largest Shareholders

Details of the 20 largest shareholders by registered shareholding are:

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage %
BRUCE MCQUITTY	7,850,000	5.84
MR WILLIAM BURBURY - THE BURBURY FAMILY A/C	7,548,500	5.62
MR WALTER MICK GEORGE YOVICH & MRS JEANETTE JULIA YOVICH – DUBRAVA FAMILY	7,024,664	5.23
MR WALTER MICK GEORGE YOVICH	5,787,917	4.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,719,405	3.51
SATORI INTERNATIONAL PTY LTD – SARTORI S/F A/C	4,160,000	3.09
ARCHER ENTERPRISES (WA) PTY LTD – DAVID ARCHER FAMILY A/C	3,680,000	2.74
CRESCENT NOMINEES LIMITED	2,873,994	2.14
ARCHER ENTERPRISES (WA) PTY LTD – DAVID ARCHER FAMILY	1,750,000	1.30
MR BRIAN HENRY MCCUBBING & MRS ADIANA MARIA MCCUBBING – B MCCUBBING SUPER FUND A/C	1,700,000	1.26
PENMAEN LIMITED	1,565,000	1.16
DAVID LINDSAY ARCHER & SIMONE ELIZABETH ARCHER – DAVID ARCHER SUPER FUND A/C	1,550,000	1.15
MR REES HOLLIER JOHN JONES & MRS MOIRA MARGUERITE JONES & MR WALTER MICK GEORGE YOVICH	1,240,000	0.92
NORONEKE MASTER FUND LTD	1,000,000	0.74
QUINLYNTON PTY LTD – PURSER SUPER FUND A/C	1,000,000	0.74
SEVEN FOUR SEVEN PTY LTD – BLUEBIRD SUPER FUND 2 A/C	959,070	0.71
MR JOHN O'CONNOR – THE O'CONNOR A/C	900,000	0.67
DUBRAVA PROPERTIES LIMITED	878,132	0.65
SOUTHERN TERRAIN PTY LTD	814,997	0.61
HNC PTY LTD	800,000	0.60
TOTAL	**57,801,679**	**43.00**

Options

Outstanding at 16 October 2015 were 7,425,000 unquoted options, all of which were options issued under an employee incentive scheme.

Details of the 7,425,000 options issued under an employee incentive scheme are set out below:

- 1,150,000 options over ordinary shares with exercise price of $0.30 each, expiring on 13 December 2015.
- 550,000 options over ordinary shares with exercise price of $0.44 each, expiring on 20 March 2016.
- 525,000 options over ordinary shares with exercise price $0.44 each, expiring on 30 June 2016.
- 1,200,000 options over ordinary shares with exercise price $0.65 each, expiring on 1 April 2017.
- 500,000 options over ordinary shares with exercise price $0.53 each, expiring on 29 July 2017.
- 500,000 options over ordinary shares with exercise price $0.66 each, expiring on 26 September 2018.
- 1,400,000 options over ordinary shares with exercise price $0.87 each, expiring on 19 March 2019.
- 1,600,000 options over ordinary shares with exercise price $1.16 each, expiring on 19 March 2021.

Interests in Mining Tenements

Project	Tenement	Holder	Interest	Location	Status
Project	**Tenement**	**Holder**	**Interest**	**Location[3]**	**Status**
Mineral Sands	E04/2081	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2083	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2084	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2159	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2171	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2192	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2193	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2194	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2391	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2392	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2393	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2394	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/84	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/85	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/86	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/92	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	L04/93	Sheffield Resources Ltd	100%	Canning Basin	Granted
Mineral Sands	E04/2348	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2349	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2350	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2386	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2390	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2399	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2400	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E04/2401	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	M04/459	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	L04/82	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	L04/83	Sheffield Resources Ltd	100%	Canning Basin	Pending
Mineral Sands	E70/3762	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3812	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	E70/3846	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3929	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3931	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/3967	Sheffield Resources Ltd	100%	Perth Basin	Granted

ASX ADDITIONAL INFORMATION (continued)

Interests in Mining Tenements

Project	Tenement	Holder	Interest	Location	Status
Mineral Sands	E70/3970	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	E70/4313	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4314	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4434	Sheffield Resources Ltd	100%	Perth Basin	Granted
Mineral Sands	E70/4584	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	E70/3859	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	L70/150	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	E70/4719	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	E70/4747	Sheffield Resources Ltd	100%	Perth Basin	Pending
Mineral Sands	E70/4748	Sheffield Resources Ltd	100%	Perth Basin	Pending
Nickel	E69/3033	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E69/3052	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2270	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E39/1733	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2374-I	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2448	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2449	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2450	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2323	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2430	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2431	Sheffield Resources Ltd	100%	Fraser Range	Granted
Nickel	E28/2428	Sheffield Resources Ltd	100%	Fraser Range	Granted
Gold	E63/1696	Sheffield Resources Ltd	100%	Tropicana Belt	Granted
Nickel/Gold	E28/2481	Sheffield Resources Ltd	100%	Tropicana Belt	Granted
Gold	E28/2453	Sheffield Resources Ltd	100%	Tropicana Belt	Granted
Nickel	E69/3181	Sheffield Resources Ltd	100%	Fraser Range	Pending
Nickel	E39/1865	Sheffield Resources Ltd	100%	Tropicana Belt	Pending
Nickel/Gold	E39/1891	Sheffield Resources Ltd	100%	Tropicana Belt	Pending
Manganese	E46/1041	Sheffield Resources Ltd	100%	Pilbara	Pending
Manganese	E46/1042	Sheffield Resources Ltd	100%	Pilbara	Pending
Manganese	E46/1044	Sheffield Resources Ltd	100%	Pilbara	Pending

ASX ADDITIONAL INFORMATION (continued)

Interests in Mining Tenements

Project	Tenement	Holder	Interest	Location	Status
Manganese	E45/4558	Sheffield Resources Ltd	100%	Pilbara	Pending
Manganese	E45/4573	Sheffield Resources Ltd	100%	Pilbara	Pending
Manganese	E45/4574	Sheffield Resources Ltd	100%	Pilbara	Pending
Manganese	E46/1069	Sheffield Resources Ltd	100%	Pilbara	Pending
Manganese	E46/1070	Sheffield Resources Ltd	100%	Pilbara	Pending
Copper	E45/4600	Sheffield Resources Ltd	100%	Pilbara	Pending

Notes:

[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]All tenements are located in the state of Western Australia