



SheffieldResources  
LIMITED

# INTERIM FINANCIAL REPORT

for the Half Year Ended  
**31 December 2024**

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## CORPORATE DIRECTORY

### Directors

**Mr Bruce Griffin**, Executive Chair

**Mr John Richards**, Lead Independent Non-Executive Director

**Mr Ian MacIver**, Non-Executive Director

**Mr Gordon Cowe**, Non-Executive Director

**Mrs Vanessa Kickett**, Non-Executive Director

### Company Secretary

**Mr Mark Di Silvio**

### Registered Office & Postal Address

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West Perth WA 6005

T: +61 8 9215 6500

W: [www.sheffieldresources.com.au](http://www.sheffieldresources.com.au)

### Share Register

#### Link Market Services

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250 St Georges Terrace

Perth WA 6000

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### Auditors

#### HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

### Securities Exchange

#### Australian Securities Exchange

Level 40 Central Park

152-158 St Georges Terrace

Perth WA 6000

ASX Code: **SFX**

### Solicitors

#### HWL Ebsworth Lawyers

Level 20, 240 St Georges Terrace

Perth WA 6000

#### Norton Rose Fulbright Australia

Level 30, 108 St Georges Terrace

Perth WA 6000

### Banker

#### Australia and New Zealand Banking Group Ltd (ANZ)

Level 5, 240 St Georges Terrace

Perth WA 6000

### Australian Business Number (ABN)

29 125 811 083

## DIRECTORS' REPORT

The Directors present their report on Sheffield Resources Limited (Sheffield, parent entity or the Company) and its controlled entities (collectively known as the Group or consolidated entity) for the half year ended 31 December 2024.

### PRINCIPAL ACTIVITIES

The principal activities during the half year were mineral sands operations in Australia and mineral sands evaluation in Brazil and Sri Lanka.

### DIRECTORS

The Directors of the Company during the half year and until the date of this report are:

| Name                | Position                                |
|---------------------|-----------------------------------------|
| Mr Bruce Griffin    | Executive Chair                         |
| Mr John Richards    | Lead Independent Non-Executive Director |
| Mr Ian MacIver      | Non-Executive Director                  |
| Mr Gordon Cowe      | Non-Executive Director                  |
| Mrs Vanessa Kickett | Non-Executive Director                  |

### REVIEW OF OPERATIONS

#### Kimberley Mineral Sands Pty Ltd (KMS)

During the reporting period, production from the Thunderbird Mineral Sands Mine (Thunderbird), in the Kimberley region of Western Australia, continued to ramp up to nameplate capacity, following commencement of production in late 2023.

#### Health and Safety

A safe working environment and culture for all employees and contractors is paramount within the KMS operating environment. Strong health, safety and environmental performance continues to be achieved at Thunderbird, with continued zero lost time incidents achieved to date. With over 600,000 hours worked, Thunderbird retains an exemplary restricted injury frequency rate of 0.0 as at the end of 2024.

#### Production

Total ore mined for the reporting period was above 5 million tonnes, with concentrate production totalling 352,964 tonnes for the reporting period. Dry Mining Unit (DMU) operating performance continues to reliably achieve an annualised mining rate between 10Mt to 12Mt per annum, with the throughput rate expected to be sustained throughout FY2025.

For the reporting period, the Heavy Mineral (HM) grade of the feed to the process plant (Rougher Head Feed or RHF) was 21.7% compared with 19.6% expected from the Mineral Resource block model. Rougher Head Feed volumes achieved were approximately 75% of basis of design per tonne of ore mined, consistent with historical performance for the prior period and driven by observed oversize material. The process plant is performing strongly, with TiO<sub>2</sub> and ZrO<sub>2</sub> recovery consistently above basis of design.

Product shipments totalled 330,532 dry metric tonnes for the reporting period, including a record 208,354 tonnes shipped during the December quarter. Whilst subdued zircon concentrate markets were experienced during the reporting period, KMS has secured government approvals for eleven approved offtake customers as at the end of 2024, broadening the customer base, with healthy demand for zircon concentrate commencing late in 2024 and into the first half of 2025.

A Business Improvement Initiative to identify and implement opportunities to reduce costs and increase productivity was launched during the reporting period. This resulted in several cost saving initiatives being identified, including a reduction in KMS workforce requirements which regrettably resulted in approximately 20% of KMS staff and some contractors leaving the business. KMS provided impacted personnel with appropriate support during this difficult process.

Prior to the end of 2024, KMS took full operational control of waste mining activities at Thunderbird as a first step towards transitioning to drill and blast, excavator and truck waste mining. Drilling activities commenced and blasting started in January 2025. Mining and in-pit processing plans continue to be developed to achieve mining cost reduction and increase throughput rates and RHF to the process plant.

**THUNDERBIRD MINE – PERFORMANCE METRICS (100% basis) – 6 months ended 31 December 2024**

|                                                   |         |
|---------------------------------------------------|---------|
| Ore Mined ('000 tonnes)                           | 5,040   |
| Wet Concentrator - Rougher Head Feed (HM Grade %) | 21.7    |
| Production – Ilmenite Concentrate (tonnes)        | 280,178 |
| Production – Zircon Concentrate (tonnes)          | 71,626  |
| Sales – Ilmenite Concentrate (tonnes)             | 307,041 |
| Sales – Zircon Concentrate (tonnes)               | 23,199  |
| Ilmenite Realised Sales Price (US\$/dmt)          | 126     |
| Zircon Realised Sales Price (US\$/dmt)            | 545     |
| Average Realised Sales Price (A\$/dmt)            | 215     |
| C1 Cash Costs (A\$/t Produced)                    | 237     |

*Sales*

Product shipments of ilmenite concentrate totalled 307,041 metric tonnes under the offtake agreement to joint venture partner, Yansteel. Product pricing is fixed price per percent of TiO<sub>2</sub> content contained within the ilmenite concentrate, with realised pricing of approximately US\$126/t for the reporting period.

Zircon concentrate shipments totalled 23,199 metric tonnes, with shipments to existing customers resuming after the reduction of excess inventories of unprocessed concentrate earlier in 2024. The average realised price achieved for zircon concentrate was US\$545/t.

*Financial*

At the end of December 2024, KMS cash reserves comprised \$5m. During the reporting period, KMS arranged offtake prepayment facilities with Yansteel totalling US\$22m, to assist with near term working capital requirements. Offtake prepayment shall be repaid from delivered ilmenite concentrate volumes during the first half of 2025 and may be renewed by mutual agreement.

C1 cash costs per tonne produced (excluding inventory movement) were \$324/tonne of concentrate for the reporting period. Underlying C1 cash costs, after taking into account growth in inventory arising from strong production, was \$237/tonne of concentrate. Finished goods inventory comprises approximately 75,000 tonnes of ilmenite concentrate and over 60,000 tonnes of zircon concentrate available for shipment as at the end of the reporting period.

**South Atlantic Project**

The South Atlantic Project is located within the Rio Grande do Sul Coastal Plain, a region located in the southernmost state of Brazil, Rio Grande do Sul, along the coast of the Atlantic Ocean. Four main deposits have been identified within the project area: Retiro, Estreito, Capao do Meio and Bujuru with Exploration Targets developed for the Retiro and Bujuru deposits.

In early 2023, Sheffield executed a binding investment agreement (RGM Option Agreement) with Mineração Santa Elina Indústria e Comércio S/A. and Kromus Xi Fundo De Investimento Em Participações, current owners of Rio Grande Mineração S/A (RGM), providing Sheffield with an option to acquire a 20% interest in RGM, the 100% owner of the South Atlantic Project in Brazil.

RGM is working to complete Mineral Resource estimates for Retiro and Bujuru with expected to be completed during the March 2025 quarter. Activities to progress a Pre-Feasibility Study (PFS) for the South Atlantic Project continued, with completion expected during 2025.

IBAMA, the national environmental regulator, has completed all activities required to progress the Retiro Installation Licence (LI) application, with representatives of IBAMA undertaking further community consultation meetings during the reporting period. IBAMA shall consider approval of the LI over the coming months and upon approval, RGM may apply for a Mining Decree for Retiro.

**Capital Metals Plc**

Sheffield retains a 10% interest in Capital Metals Plc (AIM: CMET), the owner of the Taprobane Minerals Project in Sri Lanka. CMET is progressing in-country activities within Sri Lanka toward development of the Taprobane Minerals Project.



## **OPERATING AND FINANCIAL REVIEW**

The Group's operations during the half year ended 31 December 2024 are set out in the Review of Operations section and Ore Reserves and Mineral Resources report. The Group recorded a net loss after tax for the half year ended 31 December 2024 of \$25.4m (31 December 2023: net loss after tax of \$7.3m). At 31 December 2024, the Group had \$8.4m in cash and cash equivalents (30 June 2024: \$9.9m). The Group's net assets were \$112.9m (30 June 2024: \$138.1m) and the net cash outflows from operating activities were \$1.5m (31 December 2023: \$1.2m).

## **ROUNDING OF AMOUNT**

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

## **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration is set out after the Ore Reserves and Mineral Resources report.

## **EVENTS SUBSEQUENT TO REPORTING PERIOD**

There has been no matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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

For and on behalf of the Directors



**Bruce Griffin**

Executive Chair

Perth, Western Australia

24 February 2025

## ORE RESERVES AND MINERAL RESOURCES

Ore Reserve for Dampier Project held by Kimberley Mineral Sands Pty Ltd as at 30 June 2024

(Sheffield interest – 50%)

### Dampier Project Ore Reserve

| Deposit     | Ore Reserve Category | Ore Tonnes (millions) | HM Grade (%) | Valuable HM Grade (In-situ) |               |             |              | Oversize (%) | Slimes (%) |
|-------------|----------------------|-----------------------|--------------|-----------------------------|---------------|-------------|--------------|--------------|------------|
|             |                      |                       |              | Zircon (%)                  | HiTi Leuc (%) | Leuc (%)    | Ilmenite (%) |              |            |
| Thunderbird | Proved               | 235                   | 12.9         | 0.95                        | 0.29          | 0.28        | 3.4          | 13           | 16         |
|             | Probable             | 515                   | 10.1         | 0.78                        | 0.26          | 0.27        | 2.9          | 11           | 15         |
|             | <b>Total</b>         | <b>750</b>            | <b>11.0</b>  | <b>0.84</b>                 | <b>0.27</b>   | <b>0.27</b> | <b>3.0</b>   | <b>11</b>    | <b>15</b>  |

| Deposit     | Ore Reserve Category | Ore Tonnes (millions) | HM Grade (%) | Mineral Assemblage |               |            |              | Oversize (%) | Slimes (%) |
|-------------|----------------------|-----------------------|--------------|--------------------|---------------|------------|--------------|--------------|------------|
|             |                      |                       |              | Zircon (%)         | HiTi Leuc (%) | Leuc (%)   | Ilmenite (%) |              |            |
| Thunderbird | Proved               | 235                   | 12.9         | 7.4                | 2.2           | 2.2        | 27           | 13           | 16         |
|             | Probable             | 515                   | 10.1         | 7.8                | 2.6           | 2.6        | 28           | 11           | 15         |
|             | <b>Total</b>         | <b>750</b>            | <b>11.0</b>  | <b>7.7</b>         | <b>2.4</b>    | <b>2.5</b> | <b>28</b>    | <b>11</b>    | <b>12</b>  |

The 30 June 2024 estimates have been rounded to 5Mt for ore tonnes, 0.1% for HM and 2 significant figures for oversize, slimes, zircon, HiTi, leucoxene and ilmenite. Valuable Mineral Assemblage is expressed both as % in ore and % in HM. Ore Reserves are reported as material within pit designs but limited to below a top-of-ore surface generated from consideration of the optimisation value modelling, discard strategy and current geological domain interpretation.

Note 1: Tonnages and grades are rounded to reflect the relative uncertainty of the estimate, thus the sum of columns may not equal.

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

The Ore Reserve estimate was prepared by Entech Pty Ltd, an experienced and prominent mining engineering consultancy with appropriate mineral sands experience in accordance with the JORC Code (2012 Edition). The Ore Reserve is estimated using all available geological and relevant drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities. Measured and Indicated Resources were converted to Proved and Probable Ore Reserves respectively, subject to mine design, modifying factors and economic valuation.

The Company is not aware of any new information or data that materially affects the information included in the Ore Reserve estimate.

**Mineral Resources for Dampier Project held by Kimberley Mineral Sands Pty Ltd as at 30 June 2024**  
(Sheffield interest - 50%)

**Dampier Project Mineral Resources** <sup>1,2,3,4,5,6,7</sup>

| Deposit<br>(cut-off)       | Mineral<br>Resource<br>Category | Cut-off<br>(THM%) | Material<br>Tonnes<br>(millions) | HM<br>Grade<br>(%) | Mineral Assemblage |                                  |             |                 | Oversize<br>(%) | Slimes<br>(%) |
|----------------------------|---------------------------------|-------------------|----------------------------------|--------------------|--------------------|----------------------------------|-------------|-----------------|-----------------|---------------|
|                            |                                 |                   |                                  |                    | Zircon<br>(%)      | HiTi<br>Leuc <sup>6</sup><br>(%) | Leuc<br>(%) | Ilmenite<br>(%) |                 |               |
| Thunderbird <sup>4,7</sup> | Measured                        | 3.0               | 490                              | 8.9                | 8.0                | 2.3                              | 2.2         | 27              | 11              | 18            |
|                            | Indicated                       | 3.0               | 2,040                            | 6.6                | 8.3                | 2.7                              | 3.0         | 28              | 8               | 15            |
|                            | Inferred                        | 3.0               | 480                              | 6.2                | 8.1                | 2.7                              | 3.2         | 27              | 7               | 14            |
|                            | <b>Total</b>                    | <b>3.0</b>        | <b>3,010</b>                     | <b>6.9</b>         | <b>8.2</b>         | <b>2.6</b>                       | <b>2.9</b>  | <b>28</b>       | <b>9</b>        | <b>16</b>     |
| Night Train                | Inferred                        | 2.0               | 50                               | 5.9                | 14                 | 5.6                              | 49          | 18              | 2               | 10            |
|                            | <b>Total</b>                    | <b>2.0</b>        | <b>50</b>                        | <b>5.9</b>         | <b>14</b>          | <b>5.6</b>                       | <b>49</b>   | <b>18</b>       | <b>2</b>        | <b>10</b>     |
| All Dampier<br>(various)   | Measured                        | 3.0               | 490                              | 8.9                | 8.0                | 2.3                              | 2.2         | 27              | 12              | 18            |
|                            | Indicated                       | 3.0               | 2,040                            | 6.6                | 8.4                | 2.7                              | 3.1         | 28              | 9               | 16            |
|                            | Inferred                        | Various           | 530                              | 6.1                | 8.6                | 2.9                              | 7.4         | 27              | 7               | 14            |
|                            | <b>Total</b>                    | <b>Various</b>    | <b>3,060</b>                     | <b>6.9</b>         | <b>8.3</b>         | <b>2.7</b>                       | <b>3.5</b>  | <b>27</b>       | <b>9</b>        | <b>16</b>     |

Note 1: Night Train: The Mineral Resources estimate was prepared by Optiro Pty Ltd (now Snowden Optiro) and first disclosed under the JORC Code (2012). Thunderbird: The Mineral Resource estimate was prepared by Optiro Pty Ltd (now Snowden Optiro) and first disclosed under the JORC Code (2012). The Dampier Project Mineral Resources are reported inclusive of (not additional to) Ore Reserves.

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

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

Note 4: Thunderbird: Estimates of Mineral Assemblage are presented as percentages of the Heavy Mineral (HM) component of the deposit, as determined by magnetic separation, QEMSCAN™ and XRF. Magnetic fractions were analysed by QEMSCAN™ for mineral determination as follows: Ilmenite: 40-70% TiO<sub>2</sub> >90% Liberation; Leucoxene: 70-94% TiO<sub>2</sub> >90% Liberation; High Titanium Leucoxene (HiTi Leucoxene): >94% TiO<sub>2</sub> >90% Liberation; and Zircon: 66.7% ZrO<sub>2</sub>+HfO<sub>2</sub> >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO<sub>2</sub>+HfO<sub>2</sub>/0.667 and High Titanium Leucoxene (HiTi Leucoxene): TiO<sub>2</sub>/0.94.

Note 5: Night Train: Estimates of Mineral Assemblage are presented as percentages of the Heavy Mineral (HM) component of the deposit, as determined by magnetic separation, QEMSCAN™ and XRF for one of 12 composite samples. Magnetic fractions were analysed by QEMSCAN™ for mineral determination as follows: Ilmenite: 40-70% TiO<sub>2</sub> >90% Liberation; Leucoxene: 70-90% TiO<sub>2</sub> >90% Liberation; High Titanium Leucoxene (HiTi Leucoxene) and Rutile 90% TiO<sub>2</sub> >90% Liberation, and Zircon: 66.7% ZrO<sub>2</sub>+HfO<sub>2</sub> >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO<sub>2</sub>+HfO<sub>2</sub>/0.667 and High Titanium Leucoxene (HiTi Leucoxene): TiO<sub>2</sub>/0.94. HM assemblage determination- was by the QEMSCAN™ process for 11 of 12 composite samples which uses observed mass and chemistry to classify particles according to their average chemistry, and then report mineral abundance by dominant % mass in particle. For the TiO<sub>2</sub> minerals the following breakpoints were used to distinguish between Ilmenite 40% to 70% TiO<sub>2</sub>, Leucoxene 70% to 90% TiO<sub>2</sub>, High Titanium Leucoxene and Rutile > 90%. Screening of the heavy mineral was not required.

Note 6: HiTi Leucoxene and Rutile (%) combined for Night Train at a >90% TiO<sub>2</sub> (as one assemblage sample utilised=> 90% rutile and HiTi Leucoxene), HiTi Leucoxene for Thunderbird > 94% TiO<sub>2</sub>

Note 7: Mineral Resources at Thunderbird are depleted for mining to 30 June 2024.



## GOVERNANCE AND INTERNAL CONTROLS

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

## COMPETENT PERSONS AND COMPLIANCE STATEMENTS

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

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

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

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

## SUPPORTING INFORMATION REQUIRED UNDER ASX LISTING RULES, CHAPTER 5

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

## PREVIOUSLY REPORTED INFORMATION

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

- Mineral Resource and Ore Reserve Statement: "MINERAL RESOURCE AND ORE RESERVE STATEMENT" 24 September 2019
- Thunderbird Ore Reserve Update: "THUNDERBIRD ORE RESERVE UPDATE" 24 March 2022
- Thunderbird BFS Update: "THUNDERBIRD BFS, FINANCING AND PROJECT UPDATE", 24 March 2022
- Night Train Inferred Resource and Mineral Assemblage results "HIGH GRADE MAIDEN MINERAL RESOURCE AT NIGHT TRAIN" 31 January 2019
- Thunderbird Mineral Resource: "SHEFFIELD DOUBLES MEASURED MINERAL RESOURCE AT THUNDERBIRD" 5 July 2016
- Thunderbird drilling: "EXCEPTIONALLY HIGH GRADES FROM INFILL DRILLING AT THUNDERBIRD MINERAL SANDS PROJECT" 9 February 2015

These announcements are available to view on Sheffield's website at [www.sheffieldresources.com.au](http://www.sheffieldresources.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, Ore Reserves and the Bankable Feasibility Study Update, 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 Persons' findings are presented have not been materially modified from the relevant original market announcements.

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

| Item                                      | Report title                                               | Report Date     | Competent Person(s)       |
|-------------------------------------------|------------------------------------------------------------|-----------------|---------------------------|
| Ore Reserve estimation                    | Thunderbird Ore Reserve Update                             | 24 March 2022   | P. Scrimshaw              |
| Mineral Resource estimation and reporting | Sheffield Doubles Measured Mineral Resource at Thunderbird | 5 July 2016     | M. Teakle,<br>C. Standing |
| Mineral Resource estimation               | High Grade Maiden Mineral Resource at Night Train          | 31 January 2019 | C. Standing               |

| Item                        | Name                   | Company                | Professional Affiliation |
|-----------------------------|------------------------|------------------------|--------------------------|
| Mineral Resource reporting  | Mr Mark Teakle         | Thunderbird Operations | MAIG, MAusIMM            |
| Mineral Resource estimation | Mrs Christine Standing | Snowden Optiro         | MAIG                     |
| Ore Reserve estimation      | Mr Per Scrimshaw       | Entech                 | MAusIMM                  |

**FORWARD LOOKING, CAUTIONARY STATEMENTS AND RISK FACTORS**

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

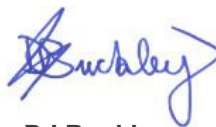
Some statements in this report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such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

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sheffield Resources Limited for the half-year ended 31 December 2024, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
24 February 2025



**D I Buckley**  
Partner

**hlb.com.au**

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2024

|                                                               | Note | 31 December 2024<br>\$'000 | 31 December 2023<br>\$'000 |
|---------------------------------------------------------------|------|----------------------------|----------------------------|
| <b>Continuing operations</b>                                  |      |                            |                            |
| Interest income                                               |      | 195                        | 588                        |
| Share-based payments                                          | 10   | (256)                      | (276)                      |
| Employee benefits expenses                                    |      | (776)                      | (913)                      |
| Other corporate expenses                                      |      | (787)                      | (898)                      |
| Share of joint venture results                                | 7    | (23,935)                   | (5,830)                    |
| Bank fees and finance charges                                 |      | (1)                        | (1)                        |
| Net fair value change in financial assets                     |      | 111                        | -                          |
| <b>Net loss before income tax</b>                             |      | <b>(25,449)</b>            | <b>(7,330)</b>             |
| Income tax benefit / (expense)                                |      | -                          | -                          |
| <b>Net loss after income tax</b>                              |      | <b>(25,449)</b>            | <b>(7,330)</b>             |
| Other comprehensive income / (loss)                           |      | -                          | -                          |
| <b>Total comprehensive loss, net of tax</b>                   |      | <b>(25,449)</b>            | <b>(7,330)</b>             |
| <b>Loss per share attributable to ordinary equity holders</b> |      |                            |                            |
| Basic loss per share (cents per share)                        |      | (6.45)                     | (1.87)                     |
| Diluted loss per share (cents per share)                      |      | (6.45)                     | (1.87)                     |

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

|                                                       | Note | 31 December 2024<br>\$'000 | 30 June 2024<br>\$'000 |
|-------------------------------------------------------|------|----------------------------|------------------------|
| <b>Current assets</b>                                 |      |                            |                        |
| Cash and cash equivalents                             |      | 8,372                      | 9,878                  |
| Trade and other receivables                           |      | 53                         | 53                     |
| <b>Total current assets</b>                           |      | <b>8,425</b>               | <b>9,931</b>           |
| <b>Non-current assets</b>                             |      |                            |                        |
| Investment in joint venture                           | 7    | 99,865                     | 123,800                |
| Financial assets at fair value through profit or loss |      | 1,183                      | 1,072                  |
| Exploration and evaluation assets                     | 8    | 3,774                      | 3,774                  |
| <b>Total non-current assets</b>                       |      | <b>104,822</b>             | <b>128,646</b>         |
| <b>Total assets</b>                                   |      | <b>113,247</b>             | <b>138,577</b>         |
| <b>Current liabilities</b>                            |      |                            |                        |
| Trade and other payables                              |      | 180                        | 304                    |
| Provisions                                            |      | 130                        | 143                    |
| <b>Total current liabilities</b>                      |      | <b>310</b>                 | <b>447</b>             |
| <b>Total liabilities</b>                              |      | <b>310</b>                 | <b>447</b>             |
| <b>Net assets</b>                                     |      | <b>112,937</b>             | <b>138,130</b>         |
| <b>Equity</b>                                         |      |                            |                        |
| Issued capital                                        | 9    | 156,224                    | 155,674                |
| Reserves                                              | 10   | 13,738                     | 14,032                 |
| Accumulated losses                                    |      | (57,025)                   | (31,576)               |
| <b>Total equity</b>                                   |      | <b>112,937</b>             | <b>138,130</b>         |

The consolidated statement of financial position should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2024

|                                       | Issued<br>capital<br>\$'000 | Reserves<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|-----------------------------|--------------------|---------------------------------|-----------------|
| <b>Balance as at 1 July 2024</b>      | <b>155,674</b>              | <b>14,032</b>      | <b>(31,576)</b>                 | <b>138,130</b>  |
| <b>Comprehensive income / (loss)</b>  |                             |                    |                                 |                 |
| Loss for the half year                | -                           | -                  | (25,449)                        | (25,449)        |
| Other comprehensive income / (loss)   | -                           | -                  | -                               | -               |
| <b>Total comprehensive loss</b>       | <b>-</b>                    | <b>-</b>           | <b>(25,449)</b>                 | <b>(25,449)</b> |
| <b>Transactions with owners</b>       |                             |                    |                                 |                 |
| Shares issued                         | 550                         | (550)              | -                               | -               |
| Share-based payments                  | -                           | 256                | -                               | 256             |
| <b>Total transactions with owners</b> | <b>550</b>                  | <b>(294)</b>       | <b>-</b>                        | <b>256</b>      |
| <b>Balance as at 31 December 2024</b> | <b>156,224</b>              | <b>13,738</b>      | <b>(57,025)</b>                 | <b>112,937</b>  |

|                                       | Issued<br>capital<br>\$'000 | Reserves<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|-----------------------------|--------------------|---------------------------------|-----------------|
| <b>Balance as at 1 July 2023</b>      | <b>155,309</b>              | <b>13,691</b>      | <b>615</b>                      | <b>169,615</b>  |
| <b>Comprehensive income / (loss)</b>  |                             |                    |                                 |                 |
| Loss for the half year                | -                           | -                  | (7,330)                         | (7,330)         |
| Other comprehensive income / (loss)   | -                           | -                  | -                               | -               |
| <b>Total comprehensive loss</b>       | <b>-</b>                    | <b>-</b>           | <b>(7,330)</b>                  | <b>(7,330)</b>  |
| <b>Transactions with owners</b>       |                             |                    |                                 |                 |
| Shares issued                         | 97                          | (97)               | -                               | -               |
| Share-based payments                  | -                           | 276                | -                               | 276             |
| <b>Total transactions with owners</b> | <b>97</b>                   | <b>179</b>         | <b>-</b>                        | <b>276</b>      |
| <b>Balance as at 31 December 2023</b> | <b>155,406</b>              | <b>13,870</b>      | <b>(6,715)</b>                  | <b>162,561</b>  |

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2024

|                                                           | 31 December 2024<br>\$'000 | 31 December 2023<br>\$'000 |
|-----------------------------------------------------------|----------------------------|----------------------------|
| <b>Cash flows from operating activities</b>               |                            |                            |
| Payments to suppliers and employees                       | (1,700)                    | (1,807)                    |
| Interest received                                         | 195                        | 586                        |
| Bank fees and finance charges                             | (1)                        | (1)                        |
| <b>Net cash used in operating activities</b>              | <b>(1,506)</b>             | <b>(1,222)</b>             |
| <b>Cash flows from investing activities</b>               |                            |                            |
| Investment in joint venture                               | -                          | -                          |
| <b>Net cash used in investing activities</b>              | <b>-</b>                   | <b>-</b>                   |
| <b>Cash flows from financing activities</b>               |                            |                            |
| Payments for share issue costs                            | -                          | (31)                       |
| <b>Net cash used in financing activities</b>              | <b>-</b>                   | <b>(31)</b>                |
| Net decrease in cash and cash equivalents                 | (1,506)                    | (1,253)                    |
| Cash and cash equivalents at the beginning of the period  | 9,878                      | 24,407                     |
| <b>Cash and cash equivalents at the end of the period</b> | <b>8,372</b>               | <b>23,154</b>              |

The consolidated statement of cash flows should be read in conjunction with the accompanying notes

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2024

### 1. CORPORATE INFORMATION

The consolidated financial report for the half year ended 31 December 2024 covers Sheffield Resources Limited (Sheffield, parent entity or the Company) and its controlled entities (collectively known as the Group or consolidated entity). The principal activities during the year were mineral sands operations in Australia and mineral sands evaluation in Brazil and Sri Lanka.

Sheffield is a for-profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX). The Company and its controlled entities are incorporated and domiciled in Australia. The registered office and principal place of business of the Company is 45 Ventnor Avenue, West Perth WA 6005.

The consolidated financial report of Sheffield for the half year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors on 24 February 2025.

### 2. STATEMENT OF COMPLIANCE

The half year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2024 and any public announcements made by Sheffield Resources Limited during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

### 3. BASIS OF PREPARATION

The half year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the interim report, the half year has been treated as a discrete reporting period. The accounting policies adopted, and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period.

#### Going concern

The financial statements have been prepared on a going concern basis. The Group recorded a net loss after tax for the half year ended 31 December 2024 of \$25.4m (31 December 2023: net loss after tax of \$7.3m). At 31 December 2024, the Group had \$8.4m in cash and cash equivalents (30 June 2024: \$9.9m). The Group's net assets were \$112.9m (30 June 2024: \$138.1m) and the net cash outflows from operating activities were \$1.5m (31 December 2023: \$1.2m).

Kimberley Mineral Sands Pty Ltd (KMS) is jointly owned by Sheffield and YGH Australia Investment Pty Ltd (Yansteel). KMS' Thunderbird Mineral Sands Mine is in the north-west of Western Australia. First ore production occurred ahead of schedule in October 2023. The maiden shipment of Thunderbird products to customers was completed in January 2024, with the first bulk shipment departing Broome in March 2024 completing the transition of KMS into a mineral sands producer. KMS reported strong production growth throughout the December 2024 half year following ongoing equipment modifications and remedial actions taken to address mechanical equipment failures that occurred during early 2024.

The Directors have prepared a cash flow forecast for the next 12-month period to consider any potential working capital requirements to further support KMS operational ramp up. Whilst the Directors are confident that funding requirements will be successfully covered, the potential timing and costs of any additional funding remains uncertain. Should the Company be unsuccessful in obtaining such funding, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors have discretion regarding the level and timing of expenditure to be incurred against forecast expenditure. Steps can be taken to contain operating and investment activities, ensuring the Group's ability to manage the timing of cash flows to meet committed obligations of the business as and when they fall due.

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used, and different conditions existed.

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

##### **Share-based payments 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 a combination of internal and external sources using a Black-Scholes option pricing model and independent third-party valuation which comprised of a hybrid option pricing model incorporating a Monte Carlo simulation.

##### **Exploration and evaluation expenditure**

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

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

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

##### **Investment in joint venture**

The Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and carrying value and then recognises the loss within "Share of joint venture results" in the statement of profit or loss.

Upon loss of significant influence or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

The Group adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and are mandatory for the current financial reporting period beginning 1 July 2024. None of these Accounting Standards or Interpretations had a material effect on the Group's financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **6. SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board. Current taxes and deferred taxes are not allocated to the segments as they are managed on a group basis.

The Group's operating segments are as follows:

- South Atlantic project – Project consists of mineral sands tenements located in Brazil. On 28 February 2023, Sheffield executed a binding investment agreement (RGM Option Agreement) with Mineração Santa Elina Indústria e Comércio S/A. and Kromus Xi Fundo De Investimento Em Participações, owners of Rio Grande Mineração S/A (RGM). Please refer to Note 8 for additional information.
- Thunderbird project – Project consists of mineral sands tenements located in the Canning Basin that form part of the Thunderbird mineral sand mining operation held by Thunderbird Operations Pty Ltd, subsidiary of Kimberley Mineral Sands Pty Ltd (KMS). KMS is jointly owned by Sheffield and YGH Australia Investment Pty Ltd (Yansteel). The project is in the north-west of Western Australia. Please refer to Note 7 for additional information.

- Other –Other exploration and evaluation activities, other investments and corporate expenses that are not allocated to operating segments as they are not considered part of the core operation of any segment.

|                                           | South Atlantic project<br>\$'000 | Thunderbird project<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------|----------------------------------|-------------------------------|-----------------|-----------------|
| <b>31 December 2024</b>                   |                                  |                               |                 |                 |
| <b>Segment Reporting</b>                  |                                  |                               |                 |                 |
| Other income                              | -                                | -                             | 195             | 195             |
| Employee benefits expenses                | -                                | -                             | (776)           | (776)           |
| Share-based payments expenses             | -                                | -                             | (256)           | (256)           |
| Corporate expenses                        | -                                | -                             | (788)           | (788)           |
| Net fair value change on financial assets | -                                | -                             | 111             | 111             |
| Share of joint venture results            | -                                | (23,935)                      | -               | (23,935)        |
| <b>Segment loss before tax</b>            | <b>-</b>                         | <b>(23,935)</b>               | <b>(1,514)</b>  | <b>(25,449)</b> |
| <b>Segment assets</b>                     | <b>3,774</b>                     | <b>99,865</b>                 | <b>9,608</b>    | <b>113,247</b>  |
| <b>Segment liabilities</b>                | <b>-</b>                         | <b>-</b>                      | <b>310</b>      | <b>310</b>      |
| <b>Other disclosures</b>                  |                                  |                               |                 |                 |
| Investment in joint venture               | -                                | 99,865                        | -               | 99,865          |
| Exploration and evaluation assets         | 3,774                            | -                             | -               | 3,774           |
| Investment in financial assets            | -                                | -                             | 1,183           | 1,183           |

|                                   | South Atlantic project<br>\$'000 | Thunderbird project<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|----------------------------------|-------------------------------|-----------------|-----------------|
| <b>31 December 2023</b>           |                                  |                               |                 |                 |
| <b>Segment Reporting</b>          |                                  |                               |                 |                 |
| Other income                      | -                                | -                             | 588             | 588             |
| Employee benefits expenses        | -                                | -                             | (913)           | (913)           |
| Share-based payments expenses     | -                                | -                             | (276)           | (276)           |
| Corporate expenses                | -                                | -                             | (899)           | (899)           |
| Share of joint venture results    | -                                | (5,830)                       | -               | (5,830)         |
| <b>Segment loss before tax</b>    | <b>-</b>                         | <b>(5,830)</b>                | <b>(1,500)</b>  | <b>(7,330)</b>  |
| <b>Segment assets</b>             | <b>1,462</b>                     | <b>138,108</b>                | <b>23,220</b>   | <b>162,790</b>  |
| <b>Segment liabilities</b>        | <b>-</b>                         | <b>-</b>                      | <b>230</b>      | <b>230</b>      |
| <b>Other disclosures</b>          |                                  |                               |                 |                 |
| Investment in joint venture       | -                                | 138,109                       | -               | 138,109         |
| Exploration and evaluation assets | 1,462                            | -                             | -               | 1,462           |

## 7. INTEREST IN JOINT VENTURE

### Kimberley Mineral Sands Pty Ltd Joint Venture

Kimberley Mineral Sands Pty Ltd (KMS) is jointly owned by Sheffield and YGH Australia Investment Pty Ltd (Yansteel). KMS' Thunderbird Mineral Sands Mine (Thunderbird) is in the north-west of Western Australia. First ore production occurred ahead of schedule in October 2023. The maiden shipment of Thunderbird products to customers was completed in January 2024, with the first bulk shipment departing Broome in March 2024 completing the transition of KMS into a mineral sands producer.

KMS is governed by a four-person Board of Directors with Sheffield and Yansteel each nominating, and being represented by, two directors. Key decisions require unanimous approval of both shareholders. Carrying amount in joint venture investment is as follows:

|                                                                            | Half Year Ended<br>31 December 2024<br>\$'000 | Year Ended<br>30 June 2024<br>\$'000 |
|----------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------|
| <b>Reconciliation of carrying amount in joint venture investment – KMS</b> |                                               |                                      |
| Opening balance of share of joint venture investment                       | 123,800                                       | 143,938                              |
| Equity contribution in favour of KMS                                       | -                                             | 7,500                                |
| Sheffield's share of joint venture results – 50%                           | (23,935)                                      | (27,638)                             |
| <b>Carrying amount of interest in joint venture</b>                        | <b>99,865</b>                                 | <b>123,800</b>                       |

KMS also had commitments and contingent liabilities as at 31 December 2024, for which the Group has corresponding commitments and contingent liabilities as disclosed in Note 11 and Note 12 respectively.

Summarised consolidated statements of profit or loss and other comprehensive income of KMS for the half years ended 31 December 2024 and 2023 are as follows:

|                                                         |      | Joint venture (100%)                  |                                       |
|---------------------------------------------------------|------|---------------------------------------|---------------------------------------|
|                                                         | Note | 31 December 2024<br>\$'000 (Reviewed) | 31 December 2023<br>\$'000 (Reviewed) |
| Revenue from continuing operations                      | 7(a) | 75,965                                | -                                     |
| Other income                                            |      | -                                     | 242                                   |
| Mining expenses                                         |      | (52,318)                              | (20,260)                              |
| Processing expenses                                     |      | (12,382)                              | (7,382)                               |
| Haulage and logistics expenses                          |      | (17,182)                              | (1,025)                               |
| Non-process infrastructure and maintenance expenses     |      | (9,790)                               | (1,766)                               |
| Site administration expenses                            |      | (1,355)                               | (4,114)                               |
| Royalty expenses                                        |      | (3,485)                               | -                                     |
| Changes in inventories                                  |      | 31,186                                | 28,772                                |
| General and administrative expenses                     |      | (3,525)                               | (1,219)                               |
| Depreciation and amortisation expenses                  |      | (13,985)                              | (2,575)                               |
| Impairment of exploration expenditure                   |      | (2,345)                               | -                                     |
| <b>Loss before financing costs and income tax</b>       |      | <b>(9,216)</b>                        | <b>(9,327)</b>                        |
| Finance income                                          | 7(b) | 20                                    | 7,614                                 |
| Finance costs                                           | 7(b) | (38,674)                              | (14,901)                              |
| <b>Loss before income tax</b>                           |      | <b>(47,870)</b>                       | <b>(16,614)</b>                       |
| Income tax benefit                                      |      | -                                     | 4,956                                 |
| <b>Loss after income tax</b>                            |      | <b>(47,870)</b>                       | <b>(11,658)</b>                       |
| Other comprehensive income / (loss)                     |      | -                                     | -                                     |
| <b>Total comprehensive loss, net of tax</b>             |      | <b>(47,870)</b>                       | <b>(11,658)</b>                       |
| <b>Reconciliation of share of joint venture results</b> |      |                                       |                                       |
| Sheffield's share of KMS joint venture results – 50%    |      | (23,935)                              | (5,830)                               |

Consolidated statements of financial position of KMS as at 31 December 2024 and 30 June 2024 is as follows:

|                                      | Note | Joint venture (100%)                  |                                  |
|--------------------------------------|------|---------------------------------------|----------------------------------|
|                                      |      | 31 December 2024<br>\$'000 (Reviewed) | 30 June 2024<br>\$'000 (Audited) |
| <b>Current assets</b>                |      |                                       |                                  |
| Cash and cash equivalents            |      | 4,763                                 | 15,350                           |
| Trade and other receivables          |      | 6,959                                 | 24,821                           |
| Prepayments                          |      | 2,160                                 | 1,980                            |
| Other financial assets               |      | 1,660                                 | 1,643                            |
| Inventories                          | 7(c) | 66,436                                | 34,704                           |
| <b>Total current assets</b>          |      | <b>81,978</b>                         | <b>78,498</b>                    |
| <b>Non-current assets</b>            |      |                                       |                                  |
| Other financial assets               |      | 1,410                                 | 1,400                            |
| Property, plant and equipment        | 7(d) | 251,118                               | 255,249                          |
| Right of use assets                  | 7(d) | 88,112                                | 94,700                           |
| Mine properties and development      | 7(d) | 290,450                               | 268,797                          |
| Exploration and evaluation assets    |      | 7,032                                 | 8,947                            |
| Deferred tax assets                  |      | 21,081                                | 21,081                           |
| <b>Total non-current assets</b>      |      | <b>659,203</b>                        | <b>650,174</b>                   |
| <b>Total assets</b>                  |      | <b>741,181</b>                        | <b>728,672</b>                   |
| <b>Current liabilities</b>           |      |                                       |                                  |
| Trade and other payables             |      | 31,742                                | 29,699                           |
| Short term financial liability       |      | 35,573                                | -                                |
| Lease liabilities                    | 7(g) | 12,373                                | 10,224                           |
| Borrowings                           | 7(e) | 28,505                                | 9,775                            |
| Provisions                           |      | 2,575                                 | 4,803                            |
| <b>Total current liabilities</b>     |      | <b>110,768</b>                        | <b>54,501</b>                    |
| <b>Non-current liabilities</b>       |      |                                       |                                  |
| Lease liabilities                    | 7(g) | 80,396                                | 85,378                           |
| Other financial liabilities          | 7(f) | 125,699                               | 116,527                          |
| Borrowings                           | 7(e) | 240,534                               | 238,753                          |
| Provisions                           |      | 27,640                                | 29,499                           |
| <b>Total non-current liabilities</b> |      | <b>474,269</b>                        | <b>470,157</b>                   |
| <b>Total liabilities</b>             |      | <b>585,037</b>                        | <b>524,658</b>                   |
| <b>Net assets</b>                    |      | <b>156,144</b>                        | <b>204,014</b>                   |
| <b>Equity</b>                        |      |                                       |                                  |
| Issued capital                       |      | 202,660                               | 202,660                          |
| Reserves                             |      | 88,713                                | 88,713                           |
| Accumulated losses                   |      | (135,229)                             | (87,359)                         |
| <b>Total equity</b>                  |      | <b>156,144</b>                        | <b>204,014</b>                   |

Consolidated statements of cash flows of KMS for the half years ended 31 December 2024 and 2023 are as follows:

|                                                           | Joint venture (100%)                  |                                       |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|
|                                                           | 31 December 2024<br>\$'000 (Reviewed) | 31 December 2023<br>\$'000 (Reviewed) |
| <b>Cash flows from operating activities</b>               |                                       |                                       |
| Receipts from customers                                   | 92,157                                | 401                                   |
| Interest received                                         | 16                                    | 20                                    |
| Payments to employees                                     | (16,922)                              | (7,490)                               |
| Payments to suppliers                                     | (84,631)                              | (26,587)                              |
| Payments of royalties                                     | (3,833)                               | -                                     |
| Net Interest and other finance costs paid                 | (7,281)                               | (3,196)                               |
| <b>Net cash used in operating activities</b>              | <b>(20,494)</b>                       | <b>(36,852)</b>                       |
| <b>Cash flows from investing activities</b>               |                                       |                                       |
| Payments for exploration and evaluation expenditure       | (434)                                 | (972)                                 |
| Payments for property, plant and equipment                | (2,556)                               | (41,918)                              |
| Payments for mine properties and development              | (10,851)                              | (34,612)                              |
| Payments for bonds and guarantees                         | (177)                                 | (426)                                 |
| <b>Net cash used in investing activities</b>              | <b>(14,018)</b>                       | <b>(77,928)</b>                       |
| <b>Cash flows from financing activities</b>               |                                       |                                       |
| Payments for lease liabilities                            | (9,049)                               | (2,930)                               |
| Proceeds from borrowings                                  | 32,730                                | 57,342                                |
| <b>Net cash from financing activities</b>                 | <b>23,681</b>                         | <b>54,412</b>                         |
| Net decrease in cash and cash equivalents                 | (10,831)                              | (60,368)                              |
| Net foreign exchange differences                          | 244                                   | -                                     |
| Cash and cash equivalents at the beginning of the year    | 15,350                                | 95,211                                |
| <b>Cash and cash equivalents at the end of the period</b> | <b>4,763</b>                          | <b>34,843</b>                         |



**(a) Joint venture - revenue from continuing operations**

KMS' revenue from continuing operations is as follows:

|                                           | Joint venture (100%) |                   |
|-------------------------------------------|----------------------|-------------------|
|                                           | 31 December 2024     | 31 December 2023  |
|                                           | \$'000 (Reviewed)    | \$'000 (Reviewed) |
| <b>Revenue from continuing operations</b> |                      |                   |
| <b>Zircon</b>                             |                      |                   |
| Sale of concentrates – zircon             | 18,397               | -                 |
| Freight services                          | 82                   | -                 |
|                                           | <b>18,479</b>        | -                 |
| <b>Ilmenite</b>                           |                      |                   |
| Sale of concentrates – ilmenite           | 57,382               | -                 |
|                                           | <b>57,382</b>        | -                 |
| <b>Leucoxene</b>                          |                      |                   |
| Sale of concentrates – leucoxene          | 41                   | -                 |
| Freight services                          | 63                   | -                 |
|                                           | <b>104</b>           | -                 |
|                                           |                      | -                 |
|                                           | <b>75,965</b>        | -                 |

**(b) Joint venture – finance costs**

KMS' finance costs are as follows:

|                                                              | Joint venture (100%) |                   |
|--------------------------------------------------------------|----------------------|-------------------|
|                                                              | 31 December 2024     | 31 December 2023  |
|                                                              | \$'000 (Reviewed)    | \$'000 (Reviewed) |
| <b>Finance income</b>                                        |                      |                   |
| Interest income                                              | 20                   | 22                |
| Net foreign exchange gain                                    | -                    | 4,132             |
| Revaluation on royalty make whole – gain                     | -                    | 3,460             |
|                                                              | <b>20</b>            | <b>7,614</b>      |
| <b>Finance costs</b>                                         |                      |                   |
| Interest on borrowings                                       | (14,247)             | (11,774)          |
| Interest accretion on borrowings                             | (6,181)              | (22,405)          |
| Interest on lease liabilities                                | (4,138)              | (815)             |
| Net foreign exchange loss                                    | (19,547)             | -                 |
| Revaluation on royalty make whole – loss                     | (1,469)              | -                 |
| Interest attributable to borrowings capitalised <sup>1</sup> | 7,552                | 20,093            |
| Other                                                        | (644)                | -                 |
|                                                              | <b>(38,674)</b>      | <b>(14,901)</b>   |

Note 1: Borrowing costs attributable to loan interest and interest accretion are capitalised to Mine Properties and Development and form part of the asset. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset in line with accounting standards.

**(c) Joint venture - inventories**

KMS' inventories are as follows:

|                                    | Joint venture (100%)                  |                                  |
|------------------------------------|---------------------------------------|----------------------------------|
|                                    | 31 December 2024<br>\$'000 (Reviewed) | 30 June 2024<br>\$'000 (Audited) |
| <b>Current assets</b>              |                                       |                                  |
| Heavy mineral concentrate – at NRV | 2,930                                 | 3,155                            |
| Finished goods stockpiles – at NRV | 60,971                                | 29,560                           |
| Stores and consumables – at cost   | 2,535                                 | 1,989                            |
|                                    | <b>66,436</b>                         | <b>34,704</b>                    |

Heavy mineral concentrate and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value (NRV). Net realisable value is the estimated future sales price of the product the Group expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Stores and consumables are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

**(d) Joint venture - plant and equipment, right of use assets and mine properties and development**

KMS' carrying amount of the non-current assets are as follows:

|                                                   | Joint venture (100%)                               |                                          |                                                      |                            |
|---------------------------------------------------|----------------------------------------------------|------------------------------------------|------------------------------------------------------|----------------------------|
|                                                   | Property, plant and equipment<br>\$'000 (Reviewed) | Right of use assets<br>\$'000 (Reviewed) | Mine properties and development<br>\$'000 (Reviewed) | Total<br>\$'000 (Reviewed) |
| <b>31 December 2024</b>                           |                                                    |                                          |                                                      |                            |
| <b>Non-current assets</b>                         |                                                    |                                          |                                                      |                            |
| Carrying amount – at cost                         | 271,165                                            | 104,382                                  | 291,016                                              | 666,563                    |
| Accumulated depreciation                          | (20,047)                                           | (16,270)                                 | (566)                                                | (36,883)                   |
|                                                   | <b>251,118</b>                                     | <b>88,112</b>                            | <b>290,450</b>                                       | <b>629,680</b>             |
| <b>Reconciliation</b>                             |                                                    |                                          |                                                      |                            |
| Opening balance at beginning of the period        | 255,249                                            | 94,700                                   | 268,797                                              | 618,746                    |
| Additions <sup>1,2</sup>                          | 2,557                                              | 501                                      | 16,398                                               | 19,456                     |
| Derecognition                                     | -                                                  | (115)                                    | -                                                    | (115)                      |
| Changes to mine rehabilitation asset <sup>3</sup> | -                                                  | -                                        | (1,973)                                              | (1,973)                    |
| Capitalised borrowing costs                       | -                                                  | -                                        | 7,551                                                | 7,551                      |
| Depreciation expenses                             | (6,688)                                            | (6,974)                                  | (323)                                                | (13,985)                   |
|                                                   | <b>251,118</b>                                     | <b>88,112</b>                            | <b>290,450</b>                                       | <b>629,680</b>             |

Note 1: Right of use assets: KMS entered into lease contracts for various items used in its operations. During the period, KMS recognised lease liabilities relating to mine site light vehicles (\$0.2m) & staff housing leases (\$0.3m).

Note 2: Plant and equipment: KMS recognised a deferred stripping asset of \$2.6m during the period relating to the removal of overburden.

Note 3: Reduction in asset due to the reduced average CPI rate applied during the period to undiscounted cashflows expected to be incurred for rehabilitation.

|                                                   | Joint venture (100%)          |                      |                                 |                  |
|---------------------------------------------------|-------------------------------|----------------------|---------------------------------|------------------|
|                                                   | Property, plant and equipment | Right of use assets  | Mine properties and development | Total            |
| 30 June 2024                                      | \$'000 (Audited)              | \$'000 (Audited)     | \$'000 (Audited)                | \$'000 (Audited) |
| <b>Non-current assets</b>                         |                               |                      |                                 |                  |
| Carrying amount – at cost                         | 268,609                       | 104,264              | 269,039                         | 641,912          |
| Accumulated depreciation                          | (13,360)                      | (9,564)              | (242)                           | (23,166)         |
|                                                   | <b>255,249</b>                | <b>94,700</b>        | <b>268,797</b>                  | <b>618,746</b>   |
| <b>Reconciliation</b>                             |                               |                      |                                 |                  |
| Opening balance at beginning of the period        | 22,849                        | 1,739                | 383,629                         | 408,217          |
| Additions <sup>1,2,3,4,5,6</sup>                  | 10,360                        | 101,619 <sup>1</sup> | 64,825                          | 176,804          |
| Transfer between asset classes <sup>2</sup>       | 231,352 <sup>2</sup>          | -                    | (231,352) <sup>2</sup>          | -                |
| Changes to mine rehabilitation asset <sup>7</sup> | -                             | -                    | 14,188                          | 14,188           |
| Capitalised borrowing costs <sup>8</sup>          | -                             | -                    | 37,749                          | 37,749           |
| Depreciation expenses                             | (9,312)                       | (8,658)              | (242)                           | (18,212)         |
|                                                   | <b>255,249</b>                | <b>94,700</b>        | <b>268,797</b>                  | <b>618,746</b>   |

Note 1: Right of use assets: KMS entered into lease contracts for various items used in its operations. During the period, KMS recognised lease liabilities relating to site power plant (\$40.1m), product rotainers (\$33.7m), a Dry Mining Unit (DMU) (\$18.7m), haulage and logistics plant and equipment (\$4.7m), mine site light vehicles (\$1.8m), laboratory equipment (\$1.7m), staff residential leases (\$0.7m) and staging area at the Port of Broome (\$0.2m).

Note 2: Plant and equipment: During the period, KMS concluded the supply and installation of mine site non-process infrastructure (NPI), power infrastructure, additional site accommodation units, site access roads and other mine property. As the assets became available for use, they were transferred to plant & equipment and depreciation commenced. The assets are depreciated on a units of production (UOP) basis over the economically recoverable reserves of the mine, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied.

Note 3: Plant and equipment: KMS recognised a deferred stripping asset of \$6.6m during the period relating to the removal of overburden in the development phase of the mine.

Note 4: Plant and equipment: KMS recognised a stripping activity asset of \$3.7m during the period relating to the removal of overburden in the production phase of the mine.

Note 5: Plant and equipment: KMS recognised purchased additional IT equipment \$0.06m during the period.

Note 6: Mine properties and development: During the period, KMS recognised additions to the mine properties and development asset attributable to the process plant of \$57.0 m and Tailings Storage Facility (TSF) of \$7.8m.

Note 7: Changes in rehabilitation provision: KMS recognised an increase in the rehabilitation provision of \$14.1m due to additional disturbance in the period attributable to the commencement of mining operations.

Note 8: Capitalised borrowing cost: KMS capitalised \$37.7m of interest and interest accretion costs to mine properties and development in line with accounting standards.

**(e) Joint venture - borrowings**

This Note 7(e) (Joint venture – borrowings) should be read in conjunction with Note 7(f) (Joint venture – other financial liabilities). KMS' carrying amount of borrowings is as follows:

|                                                                         | Joint venture (100%)                  |                                  |
|-------------------------------------------------------------------------|---------------------------------------|----------------------------------|
|                                                                         | 31 December 2024<br>\$'000 (Reviewed) | 30 June 2024<br>\$'000 (Audited) |
| <b>Current liabilities</b>                                              |                                       |                                  |
| Production linked loan facility - Orion Mineral Royalty Fund            | 28,505                                | 9,775                            |
|                                                                         | <b>28,505</b>                         | <b>9,775</b>                     |
| <b>Non-current liabilities</b>                                          |                                       |                                  |
| Production linked loan facility - Orion Mineral Royalty Fund            | 83,297                                | 81,728                           |
| Government debt facilities - Northern Australia Infrastructure Facility | 157,237                               | 157,025                          |
|                                                                         | <b>240,534</b>                        | <b>238,753</b>                   |
|                                                                         |                                       |                                  |
|                                                                         | <b>269,039</b>                        | <b>248,528</b>                   |

KMS' breakdowns of the respective borrowings are as follows:

|                                                                                | Joint venture (100%)                  |                                  |
|--------------------------------------------------------------------------------|---------------------------------------|----------------------------------|
|                                                                                | 31 December 2024<br>\$'000 (Reviewed) | 30 June 2024<br>\$'000 (Audited) |
| <b>Production linked loan facility - Orion Mineral Royalty Fund</b>            |                                       |                                  |
| Opening balance                                                                | 91,503                                | 136,468                          |
| Additions                                                                      | -                                     | 34,068                           |
| Financing costs on royalty obligations <sup>1</sup>                            | -                                     | (113,687)                        |
| Amortisation                                                                   | 12,426                                | 32,560                           |
| Foreign exchange movement                                                      | 7,873                                 | 2,094                            |
|                                                                                | <b>111,802</b>                        | <b>91,503</b>                    |
| <b>Government debt facilities – Northern Australia Infrastructure Facility</b> |                                       |                                  |
| Opening balance                                                                | 157,025                               | 93,350                           |
| Additions                                                                      | -                                     | 63,275                           |
| Amortisation                                                                   | 212                                   | 400                              |
|                                                                                | <b>157,237</b>                        | <b>157,025</b>                   |
|                                                                                |                                       |                                  |
|                                                                                | <b>269,039</b>                        | <b>248,528</b>                   |

Note 1: The loan was fully drawn during financial year ended 30 June 2024. The financing costs on the royalty obligations were transferred from prepayments to the production linked loan facility as cost of the loan.

**Production Linked Loan Facility (Orion Mineral Royalty Fund)**

On 30 September 2022, KMS and TOPL entered into a Production Linked Loan Agreement with OMFR (Th) LLC, a related entity of Orion Mineral Royalty Fund (Orion) for US\$110m. The facility comprises of US\$110m debt facility and a production linked royalty. The facility is secured against TOPL's assets.

**Loan**

- Interest is charged at a margin of 5% plus the higher of a) adjusted term SOFR, and b) 2% per annum.

- Principal repayments are made in line with the repayment schedule commencing 30 June 2025 with the final payment made 31 December 2028.

*Royalty*

- Quarterly payments commence at the earliest of a) full repayment of the loan or b) 7 years following the date of the loan agreement.
- Royalty payment is 1.60% of FOB gross revenue for the period. Revenue is based upon the quantity, type and price of the commodity extracted. The royalty payment is limited to Stage 1 production capacity capped at an annual production rate of 8.2m tonnes of ore.
- The repayment term is 25 years and is subject to a buyback provision curtailing the term to 12.5 years.

The facility of US\$110m was fully drawn during the financial year ended 30 June 2024. Total interest paid for the half year was US\$3.0m (A\$4.5m).

Government Debt Facilities (Northern Australia Infrastructure Facility)

On 4 October 2022, KMS' wholly owned subsidiary, Thunderbird Operations Pty Ltd (TOPL) entered into a Facility Agreement with the Northern Australia Infrastructure Facility (NAIF) for \$160m inclusive of a term loan and cost overrun facility. The facility is secured against TOPL's assets.

Loan

- The facility comprises of \$120m debt facility (Facility A) and a \$40m cost overrun facility (Facility B).
- Interest charged at a base rate based upon the Commonwealth Government Security cost plus a margin of 3.5% which increases to 8% from year 6 onwards. Interest is payable quarterly in arrears.
- Principal repayments for Facility A are made in line with the repayment schedule commencing 31 December 2027 with the final payment made 31 December 2033.
- Principal repayments for Facility B are required to be paid in advance of Facility A, prior to 31 December 2027.

Both facilities of \$160m were fully drawn during the financial year ended 30 June 2024. Total interest paid for the half year was \$2.7m.

Debt Covenant

The following financial covenants apply to all KMS secured debt facilities which are tested on a semi-annual basis. KMS has complied with all financial covenants.

Compliance ratios:

- Loan Life Cover Ratio is greater than 1.20:1
- Project Life Cover Ratio greater than 1.50:1
- Reserve Tail Ratio is greater than 20%
- Debt Service Cover Ratio is greater than 1.10:1

The terms and conditions of outstanding loans are as follows:

|                                              | Year of maturity | Currency   | 31 December 2024  |                   | 30 June 2024     |                  |
|----------------------------------------------|------------------|------------|-------------------|-------------------|------------------|------------------|
|                                              |                  |            | Face value        | Carrying value    | Face value       | Carrying value   |
|                                              |                  |            | \$'000 (Reviewed) | \$'000 (Reviewed) | \$'000 (Audited) | \$'000 (Audited) |
| Production linked loan facility <sup>1</sup> | 2028             | AUD        | 176,934           | 111,802           | 166,063          | 91,503           |
| Government debt facility A <sup>2</sup>      | 2033             | AUD        | 120,000           | 117,237           | 120,000          | 117,025          |
| Government debt facility B <sup>2,3</sup>    | 2027             | AUD        | 40,000            | 40,000            | 40,000           | 40,000           |
|                                              |                  | <b>AUD</b> | <b>160,000</b>    | <b>157,237</b>    | <b>160,000</b>   | <b>157,025</b>   |

Note 1: The facility is denominated in USD, however, KMS functional currency is AUD and reported accordingly. Interest is charged at a margin of 5% plus the higher of a) adjusted term SOFR, and b) 2% per annum. Minimum interest rate is 7%.

Note 2: Interest charged at a base rate based upon the Commonwealth Government Security cost plus a margin of 3.5% which increases to 8% from year 6 onwards. Interest is payable quarterly in arrears.

Note 3: Government debt facility B is required to be paid in advance of Government debt facility A, prior to 31 December 2027.

**(f) Joint venture – other financial liabilities**

This Note 7(f) (Joint venture – other financial liabilities) should be read in conjunction with Note 7(e) (Joint venture – borrowings).

KMS' Production Linked Loan Facility royalty arrangement contains a "make whole" condition. The key terms for the make whole amount are as below:

- Triggered upon an acceleration (make whole) event occurring, being customary Events of Default for a facility of this type.
- The amount due is the greater of:
  - an amount, after taking into account all payments (including royalty) made under the agreement which provides the lenders with an agreed & commercially confidential after-tax internal rate of return; or
  - an amount equal to the Net Present Value of the lender's rights to all payments (including the royalty) made under this agreement calculated on the basis of the most recent forecast commodity price for the mineral sands products.

|                                    | Joint venture (100%) |                  |
|------------------------------------|----------------------|------------------|
|                                    | 31 December 2024     | 30 June 2024     |
|                                    | \$'000 (Reviewed)    | \$'000 (Audited) |
| <b>Non-current liabilities</b>     |                      |                  |
| <b>Other financial liabilities</b> |                      |                  |
| Opening balance                    | 116,527              | 112,696          |
| Revaluation on royalty make whole  | 1,469                | 5,156            |
| Foreign currency revaluation       | 7,703                | (1,325)          |
|                                    | <b>125,699</b>       | <b>116,527</b>   |

**(g) Joint venture – lease liabilities**

KMS' lease liabilities are as follows:

|                                | Joint venture (100%)                  |                                  |
|--------------------------------|---------------------------------------|----------------------------------|
|                                | 31 December 2024<br>\$'000 (Reviewed) | 30 June 2024<br>\$'000 (Audited) |
| <b>Current liabilities</b>     |                                       |                                  |
| Lease liabilities              | 12,373                                | 10,224                           |
|                                | <b>12,373</b>                         | <b>10,224</b>                    |
| <b>Non-current liabilities</b> |                                       |                                  |
| Lease liabilities              | 80,396                                | 85,378                           |
|                                | <b>80,396</b>                         | <b>85,378</b>                    |
|                                | <b>92,769</b>                         | <b>95,602</b>                    |

KMS reconciliation of movement in interest bearing liabilities to cash flows from financing activities:

|                                                   | Joint venture (100%)                  |                                  |
|---------------------------------------------------|---------------------------------------|----------------------------------|
|                                                   | 31 December 2024<br>\$'000 (Reviewed) | 30 June 2024<br>\$'000 (Audited) |
| Opening balance                                   | 95,602                                | 2,044                            |
| Additional finance lease liabilities <sup>1</sup> | 501                                   | 98,797                           |
| Accretion of interest                             | 4,138                                 | 8,242                            |
| Lease modification                                | -                                     | 421                              |
| Derecognition of lease                            | (119)                                 |                                  |
| Foreign currency revaluation                      | 1,696                                 | 378                              |
| Payments for lease liabilities                    | (9,049)                               | (14,280)                         |
|                                                   | <b>92,769</b>                         | <b>95,602</b>                    |

Note 1: KMS entered into lease contracts for various items used in its operations. During the period, KMS recognised lease liabilities relating mine site light vehicles (\$0.2m) and staff residential lease (Broome) (\$0.3m).

## 8. EXPLORATION AND EVALUATION ASSETS

### South Atlantic Project

On 28 February 2023, Sheffield executed a binding investment agreement (RGM Option Agreement) with Mineração Santa Elina Indústria e Comércio S/A. and Kromus Xi Fundo De Investimento Em Participações, owners of Rio Grande Mineração S/A (RGM). Four main deposits have been identified within the project area: Retiro, Estreito, Capao do Meio and Bujuru with Exploration Targets developed for the Retiro and Bujuru deposits.

Sheffield was to provide US\$2.5m to fund project related activities over an 18-month period and earn an option to acquire up to 20% of RGM with the payment of a further US\$12.5m (US\$15.0m in total) to acquire a 20% interest. Should Sheffield elect to exercise the option, subject to various conditions being satisfied, including project financing being obtained and all funds required for project construction being secured, Sheffield may exercise a further option to increase its interest in RGM up to 80%. Please refer to ASX announcement on 28 February 2023 for further information.

Sheffield entered into a variation agreement with RGM on 17 September 2024, extending the initial option term from August 2024 to August 2025. Under the terms of the variation agreement, in addition to the US\$2.5m investment during 2023 and 2024, Sheffield shall provide RGM with a further investment contribution of up to US\$1.5m to fund project related activities and assist Sheffield with further project related due diligence. The investment is payable in equal instalments of US\$0.5m each, with the first scheduled payment to occur in mid-2025.



The total contribution of US\$4m grants Sheffield the option to acquire an interest of up to 20% in RGM, which may be exercised via the further investment totalling US\$11m (US\$15.0m in total). Under revised variation terms, the option to acquire a 20% interest in RGM is exercisable within a 30-month period of the Agreement (i.e., August 2025), subject to the satisfaction or waiver of various conditions precedent under certain circumstances, including the execution of a formal shareholders agreement and framework agreement for the resultant joint venture. The total cost to acquire 20% of RGM, should Sheffield exercise its option, remains US\$15m however the expected timing of investment has been extended over a longer time period.

Movements in the Group's exploration and evaluation assets are as follows:

|                                                   | Half Year Ended<br>31 December 2024<br>\$'000 | Year Ended<br>30 June 2024<br>\$'000 |
|---------------------------------------------------|-----------------------------------------------|--------------------------------------|
| <b>Exploration and evaluation phase – at cost</b> |                                               |                                      |
| Opening balance                                   | 3,774                                         | 1,508                                |
| Expenditure incurred                              | -                                             | 2,266                                |
|                                                   | <b>3,774</b>                                  | <b>3,774</b>                         |

## 9. ISSUED CAPITAL

Reconciliation of movements in issued capital is as follows:

|                                                    | Half Year Ended<br>31 December 2024 |                | Year Ended<br>30 June 2024 |                |
|----------------------------------------------------|-------------------------------------|----------------|----------------------------|----------------|
|                                                    | Number                              | \$'000         | Number                     | \$'000         |
| <b>Equity</b>                                      |                                     |                |                            |                |
| Opening balance at the beginning of the period     | 393,169,907                         | 155,674        | 392,631,111                | 155,309        |
| Performance rights redeemed as shares <sup>1</sup> | -                                   | -              | 194,558                    | 96             |
| Performance rights redeemed as shares <sup>2</sup> | -                                   | -              | 311,981                    | 240            |
| Performance rights redeemed as shares <sup>3</sup> | -                                   | -              | 32,257                     | 29             |
| Performance rights redeemed as shares <sup>4</sup> | 1,635,043                           | 550            | -                          | -              |
| Share issue costs                                  | -                                   | -              | -                          | -              |
|                                                    | <b>394,804,950</b>                  | <b>156,224</b> | <b>393,169,907</b>         | <b>155,674</b> |

Note 1: On 3 August 2023, Sheffield issued 194,558 fully paid ordinary shares for nil consideration to employees of Sheffield. The shares were issued upon vesting and exercise of performance rights. The consideration has been transferred from Reserves.

Note 2: On 19 January 2024, Sheffield issued 311,981 fully paid ordinary shares for nil consideration to former employees of Sheffield. The former employees exercised the performance rights previously granted to them during their employment with the Company. The consideration has been transferred from Reserves.

Note 3: On 26 April 2024, Sheffield issued 32,257 fully paid ordinary shares for nil consideration to former employees of Sheffield. The former employees exercised the performance rights previously granted to them during their employment with the Company. The consideration has been transferred from Reserves.

Note 4: On 9 August 2024, Sheffield issued 1,635,043 fully paid ordinary shares for nil consideration to a director of Sheffield. The shares were issued upon vesting and exercise of performance rights. The consideration has been transferred from Reserves.

## 10. RESERVES

Reconciliation of movements in reserves is as follows:

|                                                                       | Half Year Ended<br>31 December 2024<br>\$'000 | Year Ended<br>30 June 2024<br>\$'000 |
|-----------------------------------------------------------------------|-----------------------------------------------|--------------------------------------|
| <b>Equity</b>                                                         |                                               |                                      |
| Opening balance at beginning of the period                            | 14,032                                        | 13,691                               |
| Performance rights redeemed as shares (transferred to Issued Capital) | (550)                                         | (365)                                |
| Share-based payments expenses                                         | 256                                           | 706                                  |
|                                                                       | <b>13,738</b>                                 | <b>14,032</b>                        |

### Employee share option plan

The following options were in place at reporting date:

| Date of expiry   | Grant date       | Exercise price | Number under options |
|------------------|------------------|----------------|----------------------|
| 30 November 2025 | 25 November 2021 | \$0.65         | 480,000              |
| 30 October 2026  | 25 November 2021 | \$0.33         | 214,200              |
| 30 November 2026 | 22 November 2022 | \$0.84         | 480,000              |
| 1 December 2027  | 22 November 2022 | \$0.59         | 421,271              |
| 1 December 2028  | 22 November 2023 | \$0.68         | 465,515              |
|                  |                  |                | <b>2,060,986</b>     |

The following performance rights were in place at reporting date:

| Date of expiry  | Grant date       | Exercise price | Number under rights |
|-----------------|------------------|----------------|---------------------|
| 1 December 2025 | 30 November 2018 | Nil            | 439,018             |
| 30 October 2026 | 25 November 2021 | Nil            | 67,273              |
| 30 October 2026 | 25 November 2021 | Nil            | 1,649,023           |
| 1 December 2027 | 22 November 2022 | Nil            | 119,023             |
| 1 December 2028 | 22 November 2023 | Nil            | 19,014              |
| 31 July 2029    | 9 August 2024    | Nil            | 188,437             |
| 30 August 2029  | 20 November 2024 | Nil            | 3,904,883           |
|                 |                  |                | <b>6,386,671</b>    |

#### Movement in options

|                                             | Half Year Ended<br>31 December 2024 |                                    | Year Ended<br>30 June 2024 |                                    |
|---------------------------------------------|-------------------------------------|------------------------------------|----------------------------|------------------------------------|
|                                             | Number<br>under options             | Weighted average<br>exercise price | Number<br>under options    | Weighted average<br>exercise price |
| <b>Movement in options</b>                  |                                     |                                    |                            |                                    |
| Outstanding at beginning of the period      | 2,546,786                           | \$0.54                             | 3,041,271                  | \$0.55                             |
| Granted during the period                   | -                                   | -                                  | 465,515                    | \$0.68                             |
| Lapsed during the period                    | (485,800)                           | \$0.33                             | (960,000)                  | \$0.65                             |
| <b>Outstanding at the end of the period</b> | <b>2,060,986</b>                    | <b>\$0.66</b>                      | <b>2,546,786</b>           | <b>\$0.54</b>                      |
| <b>Exercisable at the end of the period</b> | <b>1,174,200</b>                    | <b>\$0.67</b>                      | <b>960,000</b>             | <b>\$0.75</b>                      |

The weighted average contractual remaining life of the share options outstanding as at 31 December 2024 is 2.33 years (30 June 2024: 2.74 years).

#### Movement in performance rights

|                                             | Half Year Ended<br>31 December 2024 |                                                 | Year Ended<br>30 June 2024 |                                                 |
|---------------------------------------------|-------------------------------------|-------------------------------------------------|----------------------------|-------------------------------------------------|
|                                             | Number<br>under rights              | Weighted average<br>fair value at<br>grant date | Number<br>under rights     | Weighted average<br>fair value at<br>grant date |
| <b>Movement in performance rights</b>       |                                     |                                                 |                            |                                                 |
| Outstanding at the beginning of the period  | 4,241,585                           | \$0.40                                          | 4,508,419                  | \$0.42                                          |
| Granted during the period                   | 4,093,320                           | \$0.18                                          | 298,089                    | \$0.68                                          |
| Exercised/Vested during the period          | (1,635,043)                         | \$0.34                                          | (538,796)                  | \$0.68                                          |
| Lapsed during the period                    | (313,191)                           | \$0.61                                          | (26,127)                   | \$0.59                                          |
| <b>Outstanding at the end of the period</b> | <b>6,386,671</b>                    | <b>\$0.22</b>                                   | <b>4,241,585</b>           | <b>\$0.40</b>                                   |
| <b>Exercisable at the end of the period</b> | <b>2,293,352</b>                    | <b>\$0.43</b>                                   | <b>625,315</b>             | <b>\$0.69</b>                                   |

The weighted average remaining contractual life of the performance rights as at 31 December 2024 is 3.61 years (30 June 2024: 2.42 years).

The table below lists the inputs to the valuation model for performance rights issued during the half year:

| Security Instrument      | Performance Rights | Performance Rights | Performance Rights | Performance Rights | Performance Rights |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Grant date               | 9 August 2024      | 9 August 2024      | 20 November 2024   | 20 November 2024   | 20 November 2024   |
| Vesting date             | 30 June 2027       | 30 June 2027       | 30 June 2025       | 30 June 2027       | 30 June 2027       |
| Expiry date              | 31 July 2029       | 31 July 2029       | 30 August 2029     | 30 August 2029     | 30 August 2029     |
| Number                   | 94,219             | 94,219             | 919,805            | 1,492,539          | 1,492,539          |
| Exercise price           | Nil                | Nil                | Nil                | Nil                | Nil                |
| Dividend yield           | 0%                 | 0%                 | 0%                 | 0%                 | 0%                 |
| Expected volatility      | 55%                | 55%                | 55%                | 55%                | 55%                |
| Risk-free interest rate  | 3.65%              | 3.65%              | 4.08%              | 4.08%              | 4.08%              |
| Expected life of options | 4.98 years         | 4.98 years         | 4.78 years         | 4.78 years         | 4.78 years         |
| Grant date share price   | \$0.30             | \$0.30             | \$0.17             | \$0.17             | \$0.17             |
| Fair value at grant date | \$0.15             | \$0.24             | \$0.17             | \$0.05             | \$0.11             |

## 11. COMMITMENTS

### Kimberley Mineral Sands Pty Ltd Joint Venture

Kimberley Mineral Sands Pty Ltd (KMS) is jointly owned by Sheffield and YGH Australia Investment Pty Ltd (Yansteel). KMS' Thunderbird mineral sands project (Thunderbird) is in the north-west of Western Australia. First ore production occurred ahead of schedule in October 2023. The maiden shipment of Thunderbird products to customers was completed in January 2024, with the first bulk shipment departing Broome in March 2024 completing the transition of KMS into a mineral sands producer. Please refer to Note 7 for additional information.

KMS has no contingent liabilities as at 31 December 2024. KMS reported minimum exploration commitments of \$1.2m for 2025. KMS also has an annual support capital commitment of \$0.4m under the Thunderbird co-existence agreement.

## 12. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2024.

## 13. EVENTS SUBSEQUENT TO REPORTING PERIOD

There has been no matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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## **DIRECTORS' DECLARATION**

1. In the opinion of the Directors of 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 31 December 2024 and of its performance for the half year then ended; and
    - ii. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', 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 303(5)(a) of the Corporations Act 2001 for the half year ended 31 December 2024.

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



**Bruce Griffin**

Executive Chair

Perth, Western Australia

24 February 2025

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Members of Sheffield Resources Limited

**Report on the Interim Financial Report***Conclusion*

We have reviewed the interim financial report of Sheffield Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Sheffield Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 3 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

*Responsibility of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**24 February 2025**



**D I Buckley**  
**Partner**



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LIMITED

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