



Interim Financial Report
For the Half Year Ended 31 December 2025

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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

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Securities Exchange

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Solicitors

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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 2025.

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 advance in line with Company strategy, despite challenging market conditions.

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 over 350,000 hours worked during the reporting period, Thunderbird total recordable injury frequency rate stands at 3.83 as at the end of 2025.

Production

Total ore mined for the reporting period was 5.9 million tonnes, and 18% increase compared to the same period last year, with concentrate production totalling 462,118 tonnes for the reporting period. Dry Mining Unit (DMU) operating performance continues to achieve an annualised mining rate of approximately 12Mt per annum, with the throughput rate expected to grow throughout the remainder of FY2026, in line with KMS strategy to increase mining volume and rougher head feed to the plant.

For the reporting period, the Heavy Mineral (HM) grade of the feed to the process plant (Rougher Head Feed or RHF) was 21.9%, consistent with the same period last year. Rougher Head Feed volumes achieved continued to be approximately 75% of basis of design per tonne of ore mined. The process plant is performing to plan, with TiO₂ and ZrO₂ recovery above basis of design.

Product shipments totalled 438,138 dry metric tonnes for the reporting period, resulting in a 33% increase compared to the same period last year. The deterioration in the zircon concentrate market observed in the 2025 September quarter continued into the 2025 December quarter. Late in the 2025 December quarter, there were some indications of the market stabilising, however market weakness is expected to continue for the remainder of FY2026.

Sales

Product shipments of ilmenite concentrate totalled 346,075 metric tonnes under the offtake agreement to joint venture partner, Yansteel. Product pricing is fixed price per percent of TiO₂ content contained within the ilmenite concentrate, with realised pricing of approximately US\$120/t for the reporting period.

Zircon concentrate shipments totalled 92,063 metric tonnes, with shipments made to a combination third party customers and Yansteel. The average realised price achieved for zircon concentrate was US\$490/t, an 11% decrease compared to the same period last year.

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THUNDERBIRD MINE – HALF YEAR PERFORMANCE METRICS (100% basis)

	HY 2025	HY 2024
Ore Mined ('000 tonnes)	5,872	5,040
Wet Concentrator - Rougher Head Feed (HM Grade %)	21.9	21.7
Production – Ilmenite Concentrate (tonnes)	370,117	280,178
Production – Zircon Concentrate (tonnes)	85,917	71,626
Sales – Ilmenite Concentrate (tonnes)	346,075	307,041
Sales – Zircon Concentrate (tonnes)	92,063	23,199
Ilmenite Realised Sales Price (US\$/dmt)	120	126
Zircon Realised Sales Price (US\$/dmt)	490	545
Average Realised Sales Price (A\$/dmt)	296	215
C1 Cash Costs (A\$/t Produced)	235	237

Financial

At the end of December 2025, KMS cash reserves totalled \$2m, with challenging market conditions persisting throughout the mineral sands sector. Prepayment arrangements with Yansteel continue to assist with short term working capital requirements.

C1 cash costs per tonne produced (excluding inventory movement) were \$229/tonne of concentrate for the reporting period. Underlying C1 cash costs, after taking into account growth in inventory arising from strong production, was \$235/tonne of concentrate. Finished goods inventory comprises approximately 100,000 tonnes of ilmenite concentrate and over 20,000 tonnes of zircon concentrate available for shipment as at the end of the reporting period.

During the reporting period, KMS initiated discussions with the senior secured lenders with a view to resculpting and aligning the future scheduled debt repayments to the revised mine plan, costs and forecast prices (refer to ASX announcement dated 22 July 2025). During the 2025 December quarter, KMS agreed a wavier and deferral arrangement in relation to the December 2025 interest and principal repayment obligations, and various covenant waivers associated with the senior secured facilities.

KMS continues to progress and advance debt restructure negotiations, however there can be no certainty that any amendments to the senior secured loan facilities will be successfully completed during the near term. Sheffield and Yansteel remain sponsors and guarantors to the senior secured loan facilities.

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. Sheffield and RGM have entered into a variation agreement, further extending the option term from August 2025 to February 2027. Under revised Variation terms, the option of acquire a 20% interest in RGM is exercisable within a 48 month period of the Agreement (i.e., February 2027), 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.

Activities at RGM focussed on progressing project approvals and a pre-feasibility study. A drilling campaign totalling approximately 1,300 metres was completed at Bujuru and South Retiro during the 2025 December quarter, with assaying underway.

Capital Metals Plc

As at 31 December 2025, Sheffield held 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.

In late January 2026, Sheffield sold its entire 10% interest in Capital Metals for £2 million (A\$4 million) before costs.

OPERATING AND FINANCIAL REVIEW

The Group's operations during the half year ended 31 December 2025 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 2025 of \$14.5m (31 December 2024: net loss after tax of \$25.4m). At 31 December 2025, the Group had \$1.4m in cash and cash equivalents (30 June 2025: \$7.1m). The Group's net assets were \$102.2m (30 June 2025: \$116.6m) and the net cash outflows from operating activities were \$1.3m (31 December 2024: \$1.5m).

ROUNDING OF AMOUNTS

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

In late January 2026, Sheffield sold its entire 10% interest in Capital Metals for £2 million (A\$4 million) before costs.

Other than the above, 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 2026

ORE RESERVES AND MINERAL RESOURCES

(Sheffield interest - 50%)

Ore Reserve for Dampier Project held by Kimberley Mineral Sands Pty Ltd as at 30 June 2025¹

Dampier Project Ore Reserve

Deposit	Ore Reserve Category	Ore Tonnes (million)	HM Grade (%)	OS (%)	Adj. OS (%) ²	Slimes (%)	Valuable HM Grade (In-situ)				Mineral Assemblage			
							Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)	Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)
Thunderbird	Proved	205	13.6	15	44	16	1.00	0.29	0.27	3.6	7.4	2.2	2.0	26
	Probable	510	10.1	11	36	14	0.79	0.26	0.27	2.9	7.8	2.6	2.6	28
	Total	710	11.1	12	38	15	0.85	0.27	0.27	3.1	7.6	2.4	2.4	28

Note 1: End of period mining pickups occur on 25th of the month. Mining physicals between 26th - 30th are not material in relation to the overall Ore Reserve and are within rounding tolerances.

Note 2: An adjustment has been made to the oversize contents to align this with production data. Adjusted oversize is estimated on a block model cell basis based on the MRE estimated oversize (OS) and the formula (OS*2+15)%. Adjusted oversize has not been reported in previous estimates.

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

Dampier Project Ore Reserve

Deposit	Ore Reserve Category	Ore Tonnes (millions)	HM Grade (%)	Oversize (%)	Slimes (%)	Valuable HM Grade (In-situ)				Mineral Assemblage			
						Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)	Zircon (%)	HiTi Leuc (%)	Leuc (%)	Ilmenite (%)
Thunderbird	Proved	235	12.9	13	16	0.95	0.29	0.28	3.4	7.4	2.2	2.2	27
	Probable	515	10.1	11	15	0.78	0.26	0.27	2.9	7.8	2.6	2.6	28
	Total	750	11.0	11	15	0.84	0.27	0.27	3.0	7.7	2.4	2.5	28

The 30 June 2025 and 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 2025
(Sheffield interest - 50%)

Dampier Project Mineral Resources ^{1,2,3,4,5,6,7}

Deposit (cut-off)	Mineral Resource Category	Cut-off (THM%)	Material Tonnes (millions)	HM Grade (%)	Mineral Assemblage				Oversize (%)	Adjusted Oversize (%)	Slimes (%)
					Zircon (%)	HiTi Leuc ⁶ (%)	Leuc (%)	Ilmenite (%)			
Thunderbird ^{4,7}	Measured	3.0	470	8.8	8.0	2.3	2.1	27	12	39	18
	Indicated	3.0	2,040	6.6	8.3	2.7	3.0	28	8	32	15
	Inferred	3.0	480	6.2	8.1	2.7	3.2	27	7	30	14
	Total	3.0	2,990	6.8	8.2	2.6	2.9	28	9	33	16
Night Train	Inferred	2.0	50	5.9	14	5.6	49	18	2	2	10
	Total	2.0	50	5.9	14	5.6	49	18	2	2	10
All Dampier (various)	Measured	3.0	470	8.9	8.0	2.3	2.2	27	12	39	18
	Indicated	3.0	2,040	6.6	8.4	2.7	3.1	28	9	32	16
	Inferred	Various	530	6.1	8.6	2.9	7.4	27	7	27	14
	Total	Various	3,040	6.8	8.3	2.7	3.5	27	9	32	16

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% TiO₂ >90% Liberation; Leucoxene: 70-94% TiO₂ >90% Liberation; High Titanium Leucoxene (HiTi Leucoxene): >94% TiO₂ >90% Liberation; and Zircon: 66.7% ZrO₂+HfO₂ >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO₂+HfO₂/0.667 and High Titanium Leucoxene (HiTi Leucoxene): TiO₂/0.94. An adjustment has been made to the oversize contents to align this with production data.

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% TiO₂ >90% Liberation; Leucoxene: 70-90% TiO₂ >90% Liberation; High Titanium Leucoxene (HiTi Leucoxene) and Rutile 90% TiO₂ >90% Liberation, and Zircon: 66.7% ZrO₂+HfO₂ >90% Liberation. The non-magnetic fraction was submitted for XRF analysis and minerals determined as follows: Zircon: ZrO₂+HfO₂/0.667 and High Titanium Leucoxene (HiTi Leucoxene): TiO₂/0.94. 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 TiO₂ minerals the following breakpoints were used to distinguish between Ilmenite 40% to 70% TiO₂, Leucoxene 70% to 90% TiO₂, 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% TiO₂ (as one assemblage sample utilised=> 90% rutile and HiTi Leucoxene), HiTi Leucoxene for Thunderbird > 94% TiO₂

Note 7: Mineral Resources at Thunderbird are depleted for mining to 25 June 2025. End of period mining pickups occur on 25th of the month. Mining physicals between 26th - 30th are not material in relation to the overall Ore Reserve and are within rounding tolerances.

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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. Mineral Resources and Ore Reserves reported for the Dampier Project are prepared and disclosed under the JORC Code 2012. Other than known and reported mine operating cost increases as a result of increased induration and inflationary cost pressures, the Company confirms that it is not aware of any new information materially affecting the information included in the relevant original market announcements and that all material assumptions 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 Ore Reserves is based on information and supporting documentation prepared by Mr. Per Scrimshaw. Mr. Scrimshaw is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Scrimshaw is employed by Entech, a mining consultancy engaged by KMS to prepare Ore Reserves estimation for the Thunderbird Project. Mr. Scrimshaw 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 has visited the Thunderbird site on multiple occasions, the most recent being in August 2025. During this visit Mr Scrimshaw viewed the active mining areas, processing and tailings facilities. Mr Scrimshaw also met with key KMS operational personnel tasked with mining, geology and processing aspects at the Thunderbird site and collated supporting information and data to support this Ore Reserve estimate update. 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 Datamine Australia 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.

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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, 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 2025, 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 2026



D I Buckley
Partner

hlb.com.au

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A Western Australian Partnership

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2025

	Note	31 December 2025 \$'000	31 December 2024 \$'000
Continuing operations			
Interest income		82	195
Share-based payments	9	(179)	(256)
Employee benefits expenses		(782)	(776)
Other corporate expenses		(499)	(787)
Share of joint venture results	6	(14,668)	(23,935)
Bank fees and finance charges		(1)	(1)
Net fair value change in financial assets		1,535	111
Net loss before income tax		(14,512)	(25,449)
Income tax benefit / (expense)		-	-
Net loss after income tax		(14,512)	(25,449)
Other comprehensive income / (loss)		-	-
Total comprehensive loss, net of tax		(14,512)	(25,449)
Loss per share attributable to ordinary equity holders			
Basic loss per share (cents per share)		(3.67)	(6.45)
Diluted loss per share (cents per share)		(3.67)	(6.45)

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 2025

	Note	31 December 2025 \$'000	30 June 2025 \$'000
Current assets			
Cash and cash equivalents		1,392	7,088
Trade and other receivables		108	35
Total current assets		1,500	7,123
Non-current assets			
Investment in joint venture	6	91,911	103,328
Financial assets at fair value through profit or loss	7	4,499	2,581
Exploration and evaluation assets	5	4,546	3,774
Total non-current assets		100,956	109,683
Total assets		102,456	116,806
Current liabilities			
Trade and other payables		80	116
Provisions		146	127
Total current liabilities		226	243
Total liabilities		226	243
Net assets		102,230	116,563
Equity			
Issued capital	8	156,621	156,224
Reserves	9	13,747	13,965
Accumulated losses		(68,138)	(53,626)
Total equity		102,230	116,563

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 2025

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 July 2025	156,224	13,965	(53,626)	116,563
Comprehensive income / (loss)				
Loss for the half year	-	-	(14,512)	(14,512)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss	-	-	(14,512)	(14,512)
Transactions with owners				
Shares issued	397	(397)	-	-
Share-based payments	-	179	-	179
Total transactions with owners	397	(218)	-	179
Balance as at 31 December 2025	156,621	13,747	(68,138)	102,230

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

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 2025

	31 December 2025 \$'000	31 December 2024 \$'000
Cash flows from operating activities		
Payments to suppliers and employees	(1,373)	(1,700)
Interest received	82	195
Bank fees and finance charges	(1)	(1)
Net cash used in operating activities	(1,292)	(1,506)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(772)	-
Investment in financial assets	(382)	-
Investment in joint venture	(3,250)	-
Net cash used in investing activities	(4,404)	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(5,696)	(1,506)
Cash and cash equivalents at the beginning of the period	7,088	9,878
Cash and cash equivalents at the end of the period	1,392	8,372

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2025

1. CORPORATE INFORMATION

The consolidated financial report for the for the half-year ended 31 December 2025 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 2025 was authorised for issue in accordance with a resolution of the Directors on 24 February 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 2025 of \$14.5m (31 December 2024: net loss after tax of \$25.4m). At 31 December 2025, the Group had \$1.4m in cash and cash equivalents (30 June 2025: \$7m). The Group's net assets were \$102.2m (30 June 2025: \$116.5m) and the net cash outflows from operating activities were \$1.3m (31 December 2024: \$1.5m).

Kimberley Mineral Sands Pty Ltd (KMS) became jointly owned by Sheffield and YGH Australia Investment Pty Ltd (Yansteel) on 12 March 2021. The Thunderbird mineral sands project (Thunderbird) was previously held by Sheffield through its 100% owned subsidiary KMS prior to the formation of the joint venture. The project is located in north-west Western Australia. KMS made a Final Investment Decision (FID) to construct and develop the Thunderbird project on 7 October 2022. KMS reached financial close on a combined \$315m senior loan facilities provided by Northern Australia Infrastructure Facility (NAIF) and OMRF (Th) LLC, a related entity of Orion Mineral Royalty Fund (Orion). The Thunderbird project was fully funded through to first production.

Operations at Thunderbird continued to observe higher than expected oversize material, constraining Dry Mining Unit (DMU) output available to feed the processing plant. Productivity was also challenged by lower mining rates compared to plan and greater than expected DMU maintenance requirements impacting DMU availability. Despite these challenges, mining operations were achieving an annualised production rate of 12mtpa, consistent with business the revised business plan. Commodity prices within the zircon concentrate market have observed deterioration during the reporting period, with some indications of market stabilisation during the December 2025 quarter, however market weakness is expected to continue for at least the first half of 2026.

During the reporting period, KMS initiated discussions with the senior secured lenders with a view to resculpting and aligning the future scheduled debt repayments to the revised mine plan, costs and forecast prices (refer to ASX announcement dated 22 July 2025). During the 2025 December quarter, KMS agreed a wavier and deferral arrangement in relation to the December 2025 interest and principal repayment obligations, and various covenant waivers associated with the senior secured facilities.

KMS continues to progress and advance debt restructure negotiations, however there can be no certainty that any amendments to the senior secured loan facilities will be successfully completed during the near term. Sheffield and Yansteel remain sponsors and guarantors to the senior secured loan facilities.

The Directors have prepared a cash flow forecast for the next 12 month period. Whilst the Directors are confident that any potential future funding requirements for the Group will be successfully completed, the 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity 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 using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis the costs meet the requirements of ASB 6 and/or that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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.

4. 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 5 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 6 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 \$'000	Thunderbird project \$'000	Other \$'000	Total \$'000
31 December 2025				
Segment Reporting				
Other income	-	-	82	82
Employee benefits expenses	-	-	(782)	(782)
Share-based payments expenses	-	-	(179)	(179)
Corporate expenses	-	-	(500)	(500)
Net fair value change on financial assets	-	-	1,535	1,535
Share of joint venture results	-	(14,668)	-	(14,668)
Segment loss before tax	-	(14,668)	156	(14,512)
Segment assets	4,546	91,911	5,999	102,456
Segment liabilities	-	-	226	226
Other disclosures				
Investment in joint venture	-	91,911	-	91,911
Exploration and evaluation assets	4,546	-	-	4,546
Investment in financial assets	-	-	4,499	4,499
31 December 2024				
Segment Reporting				
Other income	-	-	195	195
Employee benefits expenses	-	-	(776)	(776)
Share-based payments expenses	-	-	(256)	(256)
Corporate expenses	-	-	(788)	(788)
Share of joint venture results	-	-	111	111
Segment loss before tax	-	(23,935)	(1,514)	(25,449)
Segment assets	3,774	99,865	9,608	113,247
Segment liabilities	-	-	310	310
Other disclosures				
Investment in joint venture	-	99,865	-	99,865
Exploration and evaluation assets	3,774	-	-	3,774
Investment in financial assets	-	-	1,183	1,183

5. EXPLORATION AND EVALUATION ASSETS

South Atlantic Project

Sheffield has executed a binding investment agreement (RGM Option Agreement) with Mineração Santa Elina Indústria e Comércio S/A. and Kromos Xi Fundo De Investimento Em Participações, owners of Rio Grande Mineração S/A (RGM). The 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. The tenements are held by RGM.

In early 2023, Sheffield executed a binding investment agreement (RGM Option Agreement) with Mineração Santa Elina Indústria e Comércio S/A. and Kromos 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. Sheffield and RGM have entered into a variation agreement, further extending the option term from August 2025 to February 2027. Under revised Variation terms, the option of acquire a 20% interest in RGM is exercisable within a 48 month period of the Agreement (i.e., February 2027), 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.

Sheffield has considered that whilst the amounts advanced and the protective rights within the RGM Option Agreement meets the criteria within AASB 132 Financial Instruments: Presentation and classified and measured under AASB 9 Financial Instruments, the RGM Option Agreement may also be viewed as a customary option farm-in arrangement to be recognised under AASB 6 Exploration for and Evaluation of Mineral Resources. To that end, Sheffield maintains its disclosure in accordance with AASB 6.

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

	Half Year Ended 31 December 2025 \$'000	Year Ended 30 June 2025 \$'000
Exploration and evaluation phase – at cost		
Opening balance	3,774	3,774
Expenditure incurred	772	-
	4,546	3,774

6. 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 31 December 2025 \$'000	Year Ended 30 June 2025 \$'000
Reconciliation of carrying amount in joint venture investment – KMS		
Opening balance of share of joint venture investment	103,328	123,800
Equity contribution in favour of KMS	3,251	-
Sheffield's share of joint venture results – 50%	(14,668)	(20,472)
Carrying amount of interest in joint venture	91,911	103,328

KMS also had commitments and contingent liabilities as at 31 December 2025, for which the Group has corresponding commitments and contingent liabilities as disclosed in Note 10 and Note 11 respectively.

Summarised consolidated statements of profit or loss and other comprehensive income of KMS for the half years ended 31 December 2025 and 2024 are as follows:

	Note	Joint venture (100%)	
		31 December 2025 \$'000 (Reviewed)	31 December 2024 \$'000 (Reviewed)
Revenue from continuing operations	6(a)	129,780	75,965
Other income		-	-
Mining expenses		(49,751)	(52,318)
Processing expenses		(11,411)	(12,382)
Haulage and logistics expenses		(20,045)	(17,182)
Non-process infrastructure and maintenance expenses		(12,454)	(9,790)
Site administration expenses		(1,866)	(1,355)
Royalty expenses		(6,727)	(3,485)
Changes in inventories		(2,551)	31,186
General and administrative expenses		(6,934)	(3,525)
Depreciation and amortisation expenses		(16,058)	(13,985)
Impairment of exploration expenditure		-	(2,345)
Loss before financing costs and income tax		1,983	(9,216)
Finance income	6(b)	32	20
Finance costs	6(b)	(31,350)	(38,674)
Loss before income tax		(29,335)	(47,870)
Income tax benefit		-	-
Loss after income tax		(29,335)	(47,870)
Other comprehensive income / (loss)		-	-
Total comprehensive loss, net of tax		(29,335)	(47,870)
Reconciliation of share of joint venture results			
Sheffield's share of KMS joint venture results – 50%		(14,668)	(23,935)

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Consolidated statements of financial position of KMS as at 31 December 2025 and 30 June 2025 is as follows:

	Note	Joint venture (100%)	
		31 December 2025 \$'000 (Reviewed)	30 June 2025 \$'000 (Audited)
Current assets			
Cash and cash equivalents		2,333	14,858
Trade and other receivables		5,569	2,912
Prepayments		2,505	1,195
Other financial assets		1,573	1,562
Inventories	6(c)	32,314	33,852
Assets held for sale		-	125
Total current assets		44,294	54,504
Non-current assets			
Other financial assets		999	1,246
Property, plant and equipment	6(d)	462,076	467,206
Right of use assets	6(d)	76,405	81,619
Mine properties and development	6(d)	90,832	84,714
Exploration and evaluation assets		6,248	5,693
Deferred tax assets		21,081	21,081
Total non-current assets		657,641	661,559
Total assets		701,935	716,063
Current liabilities			
Trade and other payables		33,222	45,253
Short term financial liability		47,179	32,314
Lease liabilities	6(g)	12,234	11,210
Borrowings	6(e)	58,174	34,911
Provisions		3,848	4,102
Total current liabilities		154,657	127,790
Non-current liabilities			
Lease liabilities	6(g)	67,016	73,515
Other financial liabilities	6(f)	94,356	93,971
Borrowings	6(e)	210,882	220,721
Provisions		34,789	36,996
Total non-current liabilities		407,043	425,203
Total liabilities		561,700	552,993
Net assets		140,235	163,070
Equity			
Issued capital		209,160	202,660
Reserves		88,713	88,713
Accumulated losses		(157,638)	(128,303)
Total equity		140,235	163,070

Consolidated statements of cash flows of KMS for the half years ended 31 December 2025 and 2024 are as follows:

	Joint venture (100%)	
	31 December 2025 \$'000 (Reviewed)	31 December 2024 \$'000 (Reviewed)
Cash flows from operating activities		
Receipts from customers	132,261	92,157
Interest received	32	16
Payments to employees	(13,101)	(16,922)
Payments to suppliers	(108,624)	(84,631)
Payments of royalties	(6,208)	(3,833)
Net Interest and other finance costs paid	(6,559)	(7,281)
Net cash used in operating activities	(2,199)	(20,494)
Cash flows from investing activities		
Proceeds for sale of plant and equipment	117	-
Payments for exploration and evaluation expenditure	(524)	(434)
Payments for property, plant and equipment	(847)	(2,556)
Payments for mine properties and development	(14,961)	(10,851)
Release for bonds and guarantees	133	-
Payments for bonds and guarantees	(34)	(177)
Net cash used in investing activities	(16,116)	(14,018)
Cash flows from financing activities		
Payments for lease liabilities	(9,611)	(9,049)
Proceeds from borrowings	9,449	32,730
Proceeds from issue of capital	6,500	-
Net cash from financing activities	6,338	23,681
Net decrease in cash and cash equivalents	(11,977)	(10,831)
Net foreign exchange differences	(548)	244
Cash and cash equivalents at the beginning of the year	14,858	15,350
Cash and cash equivalents at the end of the period	2,333	4,763

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(a) Joint venture - revenue from continuing operations

KMS' revenue from continuing operations is as follows:

	Joint venture (100%)	
	31 December 2025	31 December 2024
	\$'000 (Reviewed)	\$'000 (Reviewed)
Revenue from continuing operations		
Zircon		
Sale of concentrates – zircon	67,566	18,397
Freight services	-	82
	67,566	18,479
Ilmenite		
Sale of concentrates – ilmenite	62,235	57,382
	62,235	57,382
Leucoxene		
Sale of concentrates – leucoxene	(21)	41
Freight services	-	63
	(21)	104
	129,780	75,965

(b) Joint venture – finance costs

KMS' finance costs are as follows:

	Joint venture (100%)	
	31 December 2025	31 December 2024
	\$'000 (Reviewed)	\$'000 (Reviewed)
Finance income		
Interest income	32	20
Net foreign exchange gain	-	-
Revaluation on royalty make whole – gain	-	-
	32	20
Finance costs		
Interest on borrowings	(12,941)	(14,247)
Interest accretion on borrowings	(13,956)	(6,181)
Interest on lease liabilities	(3,697)	(4,138)
Net foreign exchange loss	3,362	(19,547)
Revaluation on royalty make whole – loss	(2,392)	(1,469)
Interest attributable to borrowings capitalised ¹	-	7,552
Other	(1,726)	(644)
	(31,350)	(38,674)

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 2025	30 June 2025
	\$'000 (Reviewed)	\$'000 (Audited)
Current assets		
Heavy mineral concentrate – at NRV	841	1,141
Finished goods stockpiles – at NRV	27,330	29,581
Stores and consumables – at cost	4,143	3,130
	32,314	33,852

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	Right of use assets	Mine properties and development	Total
	\$'000 (Reviewed)	\$'000 (Reviewed)	\$'000 (Reviewed)	\$'000 (Reviewed)
31 December 2025				
Non-current assets				
Carrying amount – at cost	497,427	106,991	92,672	697,090
Accumulated depreciation	(35,351)	(30,586)	(1,840)	(67,777)
	462,076	76,405	90,832	629,313
Reconciliation				
Opening balance at beginning of the period	467,206	81,619	84,714	633,539
Additions ^{1,2}	-	2,923	11,387	14,310
Transfer between asset classes	2,168	-	(2,168)	-
Derecognition	-	(260)	-	(260)
Changes to mine rehabilitation asset ³	-	-	(2,218)	(2,218)
Capitalised borrowing costs	-	-	-	-
Depreciation expenses	(7,298)	(7,877)	(883)	(16,058)
	462,076	76,405	90,832	629,313

¹ Right of Use Assets: During the period, the Group recognised a lease modification for the DMU Joest Screen Replacement \$1.4m & a lease variation for Campell's critical equipment \$1.5m.

² Plant and equipment: During the period the Group recognised additions to the mine development asset attributable to the TSF Stage 3A \$11.4m.

³ Changes in rehabilitation provision: The Group recognised a decrease in the rehabilitation provision of \$2.2m due to changes in the assumptions and discount 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 2025	\$'000 (Audited)	\$'000 (Audited)	\$'000 (Audited)	\$'000 (Audited)
Non-current assets				
Carrying amount – at cost	495,465	104,648	85,594	685,707
Accumulated depreciation	(28,259)	(23,029)	(880)	(52,168)
	467,206	81,619	84,714	633,539
Reconciliation				
Opening balance at beginning of the period	255,249	94,700	268,797	618,746
Additions ^{1,2,3}	22,317	1,778	-	24,095
Transfer between asset classes ⁴	204,731	-	(204,731)	-
Derecognition of right of use asset	-	(1,052)	-	(1,052)
Changes to mine rehabilitation asset ⁵	-	-	7,368	7,368
Capitalised borrowing costs	-	-	13,916	13,916
Depreciation expenses	(15,091)	(13,807)	(636)	(29,534)
	467,206	81,619	84,714	633,539

¹ Right of Use Assets: The Group entered into lease contracts for various items used in its operations. During the period, the Group mine site light vehicles (LV's) (\$0.2m), staff residential leases (Broome) (\$0.3m) and capital improvements to the DMU ROU asset (\$1.2m).

² Plant and equipment: The Group recognised a deferred stripping asset of \$0.1m during the period relating to the removal of overburden in the development phase of the mine.

³ Plant and equipment: The Group recognised a stripping activity asset of \$2.5m during the period relating to the removal of overburden in the production phase of the mine.

⁴ Mine properties and development: During the period year, the Group completed the construction and commissioning of the Thunderbird processing plant and associated infrastructure. As these assets became available for use, they were transferred from Mine Properties and Development to Plant and Equipment, and depreciation commenced.

⁵ Changes in rehabilitation provision: The Group recognised an increase in the rehabilitation provision of \$7.4m due to additional disturbance in the period attributable to the commencement of mining operations.

(e) Joint venture - borrowings

This Note 5(e) (Joint venture – borrowings) should be read in conjunction with Note 5 (Joint venture – other financial liabilities).

KMS' carrying amount of borrowings is as follows:

	Joint venture (100%)	
	31 December 2025	30 June 2025
	\$'000 (Reviewed)	\$'000 (Audited)
Current		
Production linked loan facility	58,174	34,911
	58,174	34,911

	Joint venture (100%)	
	31 December 2025	30 June 2025
	\$'000	\$'000
Non-current		
Production linked loan facility	53,223	63,275
Government debt facility A	117,659	117,446
Government debt facility B	40,000	40,000
	210,882	220,721

Government debt facilities

Facility A:

On 4th October 2022, TOPL entered into a Facility Agreement with the Northern Australia Infrastructure Facility ("NAIF") comprising an A\$120m loan facility (Facility A). Principal repayments are made in line with the repayment schedule commencing 31 December 2027, with the final payment due on 31 December 2033. Facility A was fully drawn during the financial year ended 30 June 2025. In December 2025, TOPL secured a waiver to defer the interest payment scheduled on 31 December 2025 to 31 March 2026. Total interest paid for the half year was \$2.0m.

Facility B:

On 4th October 2022, TOPL entered into a Facility Agreement with the Northern Australia Infrastructure Facility ("NAIF") comprising an A\$40m cost overrun facility (Facility B). Principal repayments are required to be paid in advance of Facility A. Facility B was fully drawn during the financial year ended 30 June 2025. In December 2025, TOPL secured a waiver to defer the interest payment scheduled on 31 December 2025 to 31 March 2026. Total interest paid for the half year was \$0.7m.

Production Linked Loan Facility

On 30th September 2022, TOPL entered into a Production Linked Loan Agreement with the OMFR (Th) LLC (Orion). This facility comprises a US\$110m debt facility and a production linked royalty. Principal repayments are made in line with the repayment schedule commencing 30 June 2025 with the final payment due on 31 December 2028. The facility was fully drawn during the financial year ended 30 June 2025. Total interest paid for the half year was \$3.7m (US\$2.4m).

Royalty payments commence on a quarterly basis at the earliest of a) repayment of the loan or b) seven years after the date of the loan agreement. Payment is 1.6% of gross revenue for the period with revenue based upon quantity, type and price of the commodity extracted. A buyback option is also available in favour of TOPL.

Debt Covenants

The following financial covenants apply to all secured debt facilities which are tested on a semi-annual basis. The Group has complied with all financial covenants. The terms and conditions of outstanding loans are as follows:

	Year of maturity	Currency	31 December 2025		30 June 2025	
			Face value	Carrying value	Face value	Carrying value
			\$'000 (Reviewed)	\$'000 (Reviewed)	\$'000 (Audited)	\$'000 (Audited)
Production linked loan facility ¹	2028	AUD	144,628	111,397	151,145	98,186
Government debt facility A ²	2033	AUD	120,000	117,659	120,000	117,446
Government debt facility B ^{2,3}	2027	AUD	40,000	40,000	40,000	40,000
		AUD	160,000	157,659	160,000	157,446

¹ 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%.

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.

³ Loan facility B is required to be paid in advance of Facility A, prior to 31 December 2027.

(f) Joint venture – other financial liabilities

This Note 5(f) (Joint venture – other financial liabilities) should be read in conjunction with Note 5(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 2025	30 June 2025
	\$'000 (Reviewed)	\$'000 (Audited)
Non-current liabilities		
Other financial liabilities		
Opening balance	93,971	116,527
Revaluation on royalty make whole	2,392	(23,797)
Foreign currency revaluation	(2,007)	1,241
	94,356	93,971

(g) Joint venture – lease liabilities

KMS' lease liabilities are as follows:

	Joint venture (100%)	
	31 December 2025	30 June 2025
	\$'000 (Reviewed)	\$'000 (Audited)
Current liabilities		
Lease liabilities	12,234	11,210
	12,234	11,210
Non-current liabilities		
Lease liabilities	67,016	73,515
	67,016	73,515
	79,250	84,725

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

	Joint venture (100%)	
	31 December 2025	30 June 2025
	\$'000 (Reviewed)	\$'000 (Audited)
Opening balance	84,725	95,602
Additional finance lease liability – non cash	-	501
Accretion of interest	3,686	8,106
Lease modification	801	-
Derecognition of lease	(35)	(1,693)
Foreign currency revaluation	(434)	682
Payments for lease liability	(9,493)	(18,473)
	79,250	84,725

7. FINANCIAL ASSETS AT FAIR VALUE

Investments and other financial assets are initially measured at fair value. The fair value of the financial assets is determined with reference to quoted share price traded in active markets at each reporting date. The financial assets are derecognised and the carrying value written off when there is no reasonable expectation of recovering part or all of the financial asset.

Investment in Capital Metals Plc

On 18 March 2024, Sheffield acquired 34,500,000 ordinary shares in Capital Metals Plc (AIM: CMET) for a total consideration of £1,250,000. On 28 May 2025, Sheffield exercised the anti-dilution right and acquired an additional 7,984,000 shares of CMET for a total consideration of £199,600. CMET is the owner of the Taprobane Project in Sri Lanka. Sheffield owns approximately 10% of the issued capital of CMET. On 5 September 2025, Sheffield exercised the anti-dilution right and acquired an additional 6,689,418 shares of CMET for a total consideration of £184,000.

The Group's investment is as follows:

	Half Year Ended 31 December 2025 \$'000	Year Ended 30 June 2025 \$'000
Non-current assets		
Listed ordinary shares –financial assets at fair value through profit or loss	4,499	2,581
	4,499	2,581

Reconciliation of the fair value of the investment is as follows:

	Half Year Ended 31 December 2025 \$'000	Year Ended 30 June 2025 \$'000
Reconciliation of fair value of investment		
Opening fair value	2,581	1,072
Additions	383	419
Net fair value change on financial assets recognised in profit or loss	1,535	1,090
	4,499	2,581

8. ISSUED CAPITAL

Reconciliation of movements in issued capital is as follows:

	Half Year Ended 31 December 2025		Year Ended 30 June 2025	
	Number	\$'000	Number	\$'000
Equity				
Opening balance at the beginning of the period	394,804,950	156,224	393,169,907	155,674
Performance rights redeemed as shares ¹	216,061	37	-	-
Performance rights redeemed as shares ²	439,018	338	-	-
Performance rights redeemed as shares ³	67,273	22	-	-
Performance rights redeemed as shares ⁴	-	-	1,635,043	550
Share issue costs	-	-	-	-
	395,527,302	156,621	394,804,950	156,224

Note 1: On 8 August 2025, Sheffield issued 216,061 fully paid ordinary shares for nil consideration to director of Sheffield. The shares were issued upon vesting and exercise of performance rights. The consideration has been transferred from Reserves.

Note 2: On 8 August 2025, Sheffield issued 439,018 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 3: On 8 August 2025, Sheffield issued 67,273 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 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.

9. RESERVES

Reconciliation of movements in reserves is as follows:

	Half Year Ended 31 December 2025 \$'000	Year Ended 30 June 2025 \$'000
Equity		
Opening balance at beginning of the period	13,965	14,032
Performance rights redeemed as shares (transferred to Issued Capital)	(397)	(550)
Share-based payments expenses	179	483
	13,747	13,965

Employee share option plan

The following options were in place at reporting date:

Date of expiry	Grant date	Exercise price	Number under options
30 October 2026	25 November 2021	\$0.33	214,200
30 November 2026	22 November 2022	\$0.84	480,000
1 December 2028	22 November 2023	\$0.68	465,515
			1,159,715

The following performance rights were in place at reporting date:

Date of expiry	Grant date	Exercise price	Number under rights
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
29 November 2029	20 November 2024	Nil	3,108,189
30 June 2028	08 August 2025	Nil	667,734
30 June 2030	08 August 2025	Nil	2,063,906
30 June 2028	21 November 2025	Nil	1,171,875
30 June 2030	21 November 2025	Nil	3,906,250
			12,705,014

Movement in options

	Half Year Ended 31 December 2025		Year Ended 30 June 2025	
	Number under options	Weighted average exercise price	Number under options	Weighted average exercise price
Movement in options				
Outstanding at beginning of the period	2,060,986	\$0.66	2,546,786	\$0.54
Granted during the period	-	-	-	-
Lapsed during the period	(901,271)	\$0.62	(485,800)	\$0.33
Outstanding at the end of the period	1,159,715	\$0.68	2,060,986	\$0.66
Exercisable at the end of the period	694,200	\$0.68	1,174,200	\$0.67

The weighted average remaining contractual life of the options as at 31 December 2025 is 1.70 years (30 June 2025: 1.84 years).

Movement in performance rights

	Half Year Ended 31 December 2025		Year Ended 30 June 2025	
	Number under rights	Weighted average fair value at grant date	Number under rights	Weighted average fair value at grant date
Movement in performance rights				
Outstanding at the beginning of the period	6,198,234	\$0.43	4,241,585	\$0.40
Granted during the period	7,809,765	\$0.07	4,093,320	\$0.11
Exercised/Vested during the period	(722,352)	\$0.55	(1,635,043)	\$0.34
Lapsed during the period	(580,633)	\$0.17	(313,191)	\$0.61
Forfeited/Cancelled during the year	-	-	(188,437)	-
Outstanding at the end of the period	12,705,014	\$0.11	6,198,234	\$0.43
Exercisable at the end of the period	1,910,171	\$0.34	2,293,352	\$0.50

The weighted average remaining contractual life of the performance rights as at 31 December 2025 is 3.51 years (30 June 2025: 3.08 years).

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

Security instrument	AB STI	AB LTI T1	AB LTI T2	AC STI	AC LTI T1	AC LTI T2
Number	667,734	1,031,953	1,031,953	1,171,875	1,953,125	1,953,125
Expiry date	30 Jun 28	30 Jun 30	30 Jun 30	30 Jun 28	30 Jun 30	30 Jun 30
Grant date	08 Aug 25	08 Aug 25	08 Aug 25	21 Nov 25	21 Nov 25	21 Nov 25
Vesting date	30 Jun 26	30 Jun 28	30 Jun 28	30 Jun 26	30 Jun 28	30 Jun 28
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	60%	60%	60%	60%	60%	60%
Risk-free interest rate	3.32%	3.32%	3.32%	3.68%	3.68%	3.68%
Expected life of options (years)	2.50	4.50	4.50	2.50	4.50	4.50
Grant date share price	\$0.16	\$0.16	\$0.16	\$0.07	\$0.07	\$0.07
Fair value at grant date	\$0.16	\$0.10	\$0.12	\$0.07	\$0.02	\$0.03

10. 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 Mine (Thunderbird) is in the north-west of Western Australia. Please refer to Note 5 for additional information.

KMS has no contingent liabilities as at 31 December 2025. KMS reported minimum exploration commitments of \$1.2m for 2026. KMS also has an annual support capital commitment of \$0.4m under the Thunderbird co-existence agreement.

11. CONTINGENT LIABILITIES

Sheffield and Yansteel are sponsors and guarantors to the KMS group senior secured loan facilities. Refer Note 2 for further information. The Group has no further contingent liabilities as at 31 December 2025.

12. EVENTS SUBSEQUENT TO REPORTING PERIOD

In late January 2026, Sheffield sold its entire 10% interest in Capital Metals for £2 million (A\$4 million) before costs. Additionally in January 2026, OMFR (Th) LLC ("Orion") agreed with Sheng Feng (Hong Kong) Co., Ltd ("Sheng Feng"), a related entity of Yansteel, to novate the KMS senior secured loan facility held by Orion to Sheng Feng.

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.

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 2025 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 2025.

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



Bruce Griffin

Executive Chair

Perth, Western Australia

24 February 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Sheffield Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year 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 2025, 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 half-year 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 2025 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 audits of the financial report of public interest entities 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 2 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 half-year 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 half-year 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 half-year 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 half-year 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 2025 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 a half-year 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 2026



D I Buckley
Partner