



SIRIUS RESOURCES NL

ABN 46 009 150 083

Financial Report

for the

Year Ended 30 June 2014

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FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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Sirius Resources NL
Financial Report
30 June 2014

Corporate Directory

Directors

Jeff Dowling	<i>Non-Executive Chairman</i>
Mark Bennett	<i>Managing Director</i>
Jeffrey Foster	<i>Executive Director</i>
Anna Neuling	<i>Executive Director</i>
Terrence Grammer	<i>Non-Executive Director</i>
Neil Warburton	<i>Non-Executive Director</i>
David Craig	<i>Non-Executive Director</i>

Company Secretary

Anna Neuling

Principal and Registered Office

253 Balcatta Road
Balcatta, Western Australia 6021
Telephone: +61 8 6241 4200
Facsimile: +61 8 6241 4299
Website: www.siriusresources.com.au

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008
Telephone: +61 8 6382 4600

Share Registry

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000
Telephone: 1300 787 575

Stock Exchange Listing

Sirius Resources NL's ordinary shares are listed on the Australian Securities Exchange.

ASX Code

SIR - ordinary shares

Directors' Report

The Directors of Sirius Resources NL ("Directors") present their report on the consolidated entity consisting of Sirius Resources NL ("the Company" or "Sirius") and the entities it controlled at the end of, or during, the year ended 30 June 2014 ("Group").

Directors

The names and details of the Directors in office during the financial year and until the date of this Report are as follows. Directors were in office for the entire period unless otherwise stated.

Jeff Dowling
Mark Bennett
Jeffrey Foster
Anna Neuling
Terrence Grammer
Neil Warburton (appointed on 1 August 2013)
David Craig (appointed on 1 October 2013)
Stephen Lowe (resigned on 1 August 2013)

Principal Activities

The principal continuing activity of the Group is mineral exploration.

Dividends

No dividends were paid or proposed to be paid to members during the financial year.

Review of Operations

Operating Result

The loss from continuing operations for the financial year after providing for income tax amounted to \$18.9 million (2013: \$47.7 million).

The loss results mainly from \$11.4 million of exploration expenditure incurred and expensed, \$4.2 million of share-based payments expense and \$5.8 million of administration costs. The exploration expenditure incurred and expensed mainly relates to the Fraser Range Joint Venture and the Fraser Range Sirius (100% owned) and Polar Bear projects.

Significant Changes in the State of Affairs

Capital Management

The Group during the financial year ended 30 June 2014, had raised a total of \$84,509,051 which comprised a placement of 34,160,000 shares at \$2.44 per share and various option exercises.

Executive & Director Appointments

During the year the Company enhanced its Executive Director and Non-Executive Director capability.

On 31 July 2013, Neil Warburton was appointed to the Board of Directors ("Board") as a Non-Executive Director commencing 1 August 2013, replacing Stephen Lowe as Mark Creasy's representative who resigned as a Non-Executive Director on the same day.

Directors' Report

On 4 September 2013, Grant Dyker commenced his role as Chief Financial Officer. Anna Neuling acted in the capacity of Chief Financial Officer until this date.

On 23 September 2013, the Group announced the following Board and management changes:

- the appointment of Anna Neuling as Executive Director - Corporate and Commercial. Mrs Neuling continued as Company Secretary of the Group but also assumed a new role and the responsibilities of human resources, public relations, communications, investor relations and commercial functions for the Group;
- the conclusion of the consultancy agreement with Martin Reed on 20 September 2013, who acted as Chief Operating Officer, following the completion of the Nova-Bollinger scoping study; and
- the appointment of David Craig as a Non-Executive Director from 1 October 2013.

On 3 February 2014, the Group announced the appointment of Rob Dennis as Chief Operating Officer.

Consolidation of Ownership of Nova-Bollinger

On 14 February 2014 the Company entered into a binding conditional agreement with Mark Creasy, through his company Ponton Minerals Pty Ltd and other 100% controlled entities of Mr Creasy that are parties to the Fraser Range Joint Venture ("Ponton"), to acquire Ponton's 30% interest in Exploration Licence 28/1724 ("EL 28/1724") including that part of it which forms the area that is the subject of Mining Lease Application 28/376 ("MLA 28/376"), within which the Nova-Bollinger deposits are located ("Acquisition"). The Acquisition was approved by shareholders at the Company's general meeting held on 9 May 2014 and comprised the following consideration:

- 70.6 million fully paid ordinary Sirius shares;
- A\$28 million in cash; and
- a 0.5% net smelter royalty payable only on any production resulting from future discoveries made within that portion of EL 28/1724 outside of MLA 28/376. No royalty is payable to Mr Creasy on production from Nova-Bollinger or any future discoveries within MLA 28/376.

Other than the above there was no significant change in the state of affairs of the Group during the financial year, not otherwise disclosed in the attached financial report.

Events Subsequent to Reporting Date

On 14 July 2014, the Group announced the completion of the Nova Nickel Project Definitive Feasibility Study ("DFS"). Key highlights of the DFS include:

- Maiden Probable Ore Reserve of 13.1mt grading 2.1% nickel, 0.9% copper and 0.07% cobalt for a contained 273,000t nickel, 112,000t copper and 9,000t cobalt. Initial life of mine of 10 years plus 2 years development;
- Capital development cost of \$473 million, which includes a 5% contingency;
- Plant throughput of 1.5 mtpa resulting in annual production of approximately 26,000t nickel, 11,500t of copper concentrate and 850t cobalt; and
- C1 cash cost of A\$1.66/lb Ni (US\$1.50/lb) after by-product credits and all in sustaining cash cost of A\$2.32/lb Ni (US\$2.09/lb), on a 100% nickel payable basis.

Construction is forecast to commence early 2015 with first ore from development in Q2 2016 and first ore feed to the processing plant in Q3 2016. Concentrate production is estimated to commence Q4 2016 with the first nickel and copper concentrate shipments occurring in Q1 2017.

On 23 July 2014, the Group announced a \$189 million capital raising at an offer price of \$3.82 per ordinary share. The capital raising was completed and 49,543,683 shares were issued on 1 August 2014.

Directors' Report

On 4 August 2014 the Company signed the Nova Mining Agreement (and ancillary documentation) with the Ngadju People – the traditional owners of the land containing the Nova Nickel Project. This Agreement paved the way for the subsequent grant of the Nova Mining Lease which triggered the start of the remaining development permitting and approval processes and allows Sirius to develop the Nova nickel mine.

On 15 August 2014 the Company received notice from the Western Australian Department of Mines & Petroleum that the Mining Lease Application M28/376, containing the proposed Nova Nickel Project, was granted.

On 26 August 2014 28,000,000 options were exercised by Yandal Investments Pty Ltd with the Company receiving \$16,800,000.

Other than the above, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Following the release of the DFS, the Company will now look to commence the following activities:

- Complete debt funding for the Nova Nickel Project;
- Prepare tenders for construction and development. Subject to the completion of finance and receipt of approvals, undertake contractor selection; and
- Obtain necessary approvals to commence construction and development.

Subject to the above, the Company intends to commence construction and mine development in Q1 2015.

Environmental Regulation

The Group's operations are subject to the environmental regulation under the laws of the Commonwealth and the State of Western Australia, and the National Greenhouse and Energy Reporting Act 2007. The Board is of the view that all requirements have been met.

Information on Directors

Mark Bennett – Chief Executive Officer and Managing Director

Experience and Expertise

Mark Bennett has been the Chief Executive Officer and Managing Director of Sirius since its inception in 2009. He is a geologist with extensive experience in gold and base metals in Australia, West Africa and Canada, with Western Mining Corporation, LionOre, True North Nickel and Sirius.

He is a two times recipient of the AMEC Prospector of the Year Award, for the discovery of the Thunderbox Gold Mine, the Waterloo nickel mine and the world class Nova-Bollinger nickel-copper deposit in Western Australia.

Mark has extensive experience in equity capital markets, transactions, strategic planning and community engagement.

Mark is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, a Fellow of the Geological Society of London and the Australian Institute of Geoscientists, and holds both Bachelor and Doctorate level degrees in economic geology.

Directors' Report

Other Directorships

Dr Bennett has no other directorships of any other public listed company.

Former Directorships in the Last Three Years

Dr Bennett has no former directorships of any other public listed company in the past three years.

Jeff Dowling – Non-Executive Chairman

Experience and Expertise

Mr Dowling is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries. Jeff's professional expertise centres around audit, risk and financial management derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Jeff's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of 5 years. Jeff also led Ernst & Young's Oceania China Business Group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.

Mr Dowling has a Bachelor of Commerce from University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Other Directorships

Non-Executive Director of Atlas Iron Ltd since 8 November 2011.

Non-Executive Director of NRW Holdings Ltd since 21 August 2013.

Non-Executive Director of Pura Vida Energy Ltd since 13 January 2014.

Former Directorships in the Last Three Years

Non-Executive Director of Neptune Marine Services Ltd from 1 December 2011 to 25 June 2013.

Jeffrey Foster - Executive Director

Experience and Expertise

Mr Foster is a geologist with over 25 years worldwide experience in various roles for Western Mining Corporation and BHP Billiton, and as a director of the Brisbane-based consultancy Geodiscovery group. He holds BSc and MSc degrees and was also Associate Professor at the ARC Centre of Excellence in Ore Deposits at the University of Tasmania.

Mr Foster is a renowned authority on nickel deposits, having advised several multinational mining companies and published numerous papers on the subject.

Other Directorships

Mr Foster has no other directorships of any other public listed company.

Former Directorships in the Last Three Years

Mr Foster has no former directorships of any other public listed company in the past three years.

Anna Neuling - Executive Director

Was a Non-Executive Director from 28 September 2012 to 22 September 2013 and appointed as an Executive Director on 23 September 2013

Directors' Report

Experience and Expertise

Mrs Neuling is a Chartered Accountant (UK) who has held a number of senior finance positions within the resources industry, including CFO and Company Secretarial roles at several listed companies. Mrs Neuling worked at Deloitte in London and Perth prior to joining LionOre in 2005. She holds a degree in mathematics from the University of Newcastle (UK).

Other Directorships

Mrs Neuling has no other directorships of any other public listed company.

Former Directorships in the Last Three Years

Mrs Neuling was formerly a Non-Executive Director of the Group from 28 September 2012 to 22 September 2013.

Terrence Grammer - Non-Executive Director

Experience and Expertise

Mr Grammer is a geologist with a long and distinguished career in the junior exploration and mining sector. He is a co-recipient of the Prospector of the Year award for his role in the discovery of the Cosmos nickel deposit - a discovery that underpinned the growth of Jubilee Mines prior to its takeover by Xstrata.

Mr Grammer was also a founder of successful mid-tier nickel miner Western Areas Ltd and was the Non-Executive Chairman of South Boulder Mines Ltd, which discovered the Colluli Potash Deposit in Eritrea.

Other Directorships

Non-Executive Chairman of Kin Mining NL from 30 September 2013.

Former Directorships in the Last Three Years

Non-Executive Chairman of South Boulder Mines Ltd until 15 July 2013.

Director of Kazakhstan Potash Corporation Limited until 19 November 2011.

Non-Executive Director of Stratum Metals Ltd until 4 February 2014.

Neil Warburton – Non-Executive Director

(appointed 1 August 2013)

Experience and Expertise

Mr Warburton is an experienced mining engineer with extensive corporate experience. He was the Chief Executive Officer of Barminto Limited until March 2012, one of Australia's largest underground mining contractors. Neil successfully guided and grew the company both within Australia and Africa with revenues having more than doubled during his tenure. Prior to Barminto, he was Managing Director of Coolgardie Gold NL.

Other Directorships

Non-Executive director of Red Mountain Mining Limited from 5 May 2006.

Non-Executive director of Australian Mines Limited from 22 April 2003.

Non-Executive director of Peninsular Energy Limited from 28 February 2013.

Former Directorships in the Last Three Years

Mr Warburton has no other directorships of any other public listed company in the past three years.

Directors' Report

David Craig – Non-Executive Director

(appointed 1 October 2013)

Experience and Expertise

David Craig is an experienced businessman and lawyer, who has held and holds executive and board positions in the fields of law, construction, mining services, financial services and the resources industry.

As a partner of a major Perth law firm he specialised in resources and commercial legal advice, which included work on resources joint ventures and the acquisition and disposal of interests in companies and projects. This was followed by ten years in the financial services industry as a stockbroker and an executive director in a national stockbroking and investment banking company. Mr Craig then spent five years working with Woodside Petroleum Ltd in an executive position in the field of public and government affairs.

Mr Craig has a Bachelor of Jurisprudence (Hons) and a Bachelor of Law (Hons) from the University of Western Australia and a Master of Laws from the University of London. He is a Fellow of the Australian Institute of Company Directors.

Other Directorships

Non-Executive Director of Gunson Resources Ltd since 8 March 2012.

Former Directorships in the Last Three Years

Non-Executive Director of Nomad Building Solutions Ltd from 29 November 2010 to 31 July 2012.

Non-Executive Director of Moly Mines Ltd from 19 May 2009 to 28 October 2013.

Non-Executive Director of Southern Hemisphere Mining Ltd from 2 December 2009 to 1 December 2013.

Non-Executive Director of Forge Group Limited from 8 March 2011 to 24 March 2014.

Stephen Lowe – Non-Executive director

(resigned 1 August 2013)

Experience and Expertise

Mr Lowe is currently the business manager for major shareholder Mark Creasy's business group. Mr Lowe is also a taxation specialist with over 15 years' experience consulting to a wide range of corporate and private clients on a broad range of taxation issues including mining and international matters, GST and CGT. He is a former director of the Perth based specialist taxation firm MKT - Taxation Advisors as well as former Non-Executive Director of Apex Minerals NL. He has been a director of several other public unlisted companies. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales. Steve is a Fellow of the Taxation Institute of Australia, a Certified Taxation Professional and a Member of the Australian Institute of Company Directors.

Other Directorships

Director of Coziron Resources Ltd since 22 October 2010.

Non-Executive Chairman of Windward Resources Limited since 18 May 2012.

Former Directorships in the Last Three Years

Mr Lowe was previously the Chairman for the Company from 31 August 2009 to 28 February 2013.

Company Secretary

The Company Secretary is Anna Neuling.

Directors' Report

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2014 and the number of meetings attended by each Director were:

Name	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	A	B	A	B	A	B
Mark Bennett	23	23	-	-	-	-
Jeffrey Foster	22	23	-	-	-	-
Anna Neuling	23	23	-	-	-	-
Jeff Dowling	23	23	3	4	2	2
Terry Grammer	21	23	4	4	1	2
Neil Warburton	18	18	4	4	2	2
David Craig	17	17	3	3	1	1
Steve Lowe	3	3	-	-	-	-

A Number of meetings attended (including circular resolutions)

B Number of meetings held during the time the Director held office during the year and that he/she was able to attend (including circular resolutions)

- Not a member of the relevant Committee

Indemnifying of Officers or Auditor

During the year the Group paid a premium in respect of insuring Directors and Officers of the Group against liabilities incurred as a Director or Officer. The insurer shall pay on behalf of the Group or each Director or Officer all losses for which the Director or Officer is not indemnified by the Group arising from a claim against a Director or Officer individually or collectively.

The Group had not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred as an auditor.

Options & Rights

Unissued ordinary shares of the Company under options or rights at the date of this Report are as follows:

Options

Number	Grant Date	Expiry Date	Exercise Price \$
28,350,000	31/08/2009	31/08/2014	0.60
200,000	29/09/2009	28/09/2014	0.60
1,200,000	2/11/2009	2/11/2014	0.60
200,000	1/11/2010	1/11/2015	0.60
1,650,000	27/11/2010	26/11/2015	0.60
100,000	21/02/2011	21/02/2016	0.60
1,850,000	29/11/2011	29/11/2016	0.20
50,000	14/05/2012	14/05/2017	0.20
400,000	18/09/2012	17/09/2017	2.80
1,550,000	23/11/2012	19/11/2017	3.50
8,750,000	23/11/2012	22/11/2016	3.17
500,000	22/02/2013	21/02/2018	3.00
1,000,000	07/11/2013	06/11/2017	3.34
2,000,000	21/11/2013	21/11/2017	3.51

Directors' Report

29,300,000 shares were issued since the end of the financial year on the exercise of options.

No person entitled to exercise an option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

Share Appreciation Rights

SAR's series	Number	Grant Date	Vesting Date	Expiry Date	Price at Grant Date \$	Fair value at Grant Date \$
Issued on 20 June 2014	192,880	20/06/2014	30/06/2016	20/06/2021	2.35	1.84
Issued on 20 June 2014	234,744	20/06/2014	30/06/2016	20/06/2021	2.35	1.23
Issued on 20 June 2014	234,743	20/06/2014	30/06/2016	20/06/2021	2.35	1.26

Employee Shares

As at 30 June 2014, there were 44 shares payable at \$57 per share which remain unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

Remuneration Summary 2013/2014

This report outlines the remuneration structure which is in place for Executive Directors, Non-Executive Directors and other Key Management Personnel.

Key Management Personnel include:

Non-Executive Directors	
J Dowling	Chairman (Non-Executive)
T Grammer	Non-Executive Director
N Warburton	Non-Executive Director (appointed 01 August 2013)
D Craig	Non-Executive Director (appointed 01 October 2013)
Executive Directors	
M Bennett	Managing Director / CEO
J Foster	Director Technical
A Neuling	Director Corporate & Commercial
Other Key Management Personnel	
R Dennis	Chief Operating Officer
G Dyker	Chief Financial Officer

Summary of Approach to Remuneration

In July 2013, the Remuneration & Nomination Committee undertook a comprehensive review of remuneration practices and commissioned a review of the Company's remuneration framework by external advisors PricewaterhouseCoopers ("PwC"). This review resulted in significant changes to the Company's remuneration framework, with the new remuneration structure taking effect in the year ended 30 June 2014.

The key outcomes of the review were:

- developing an overarching remuneration framework to formalise reward structures and to establish a framework to guide remuneration practices going forward;

Directors' Report

Remuneration Summary 2013/2014 (continued)

- benchmarking Executive and Non-Executive Director remuneration and consideration of typical market practice of peer companies to determine the competitiveness of current remuneration arrangements and to identify areas for change;
- design of a new short-term incentive (STI) plan to drive the collective efforts of the workforce in realising the short-term business strategy; and
- design of a new equity-based long-term incentive (LTI) plan for executives to encourage long-term sustainable performance.

The objective of the Group's executive reward structure is to ensure reward for performance is competitive and appropriate for the results delivered. The structure aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and reflects current market practice for delivery of reward. The Board aims to ensure that executive reward practices are aligned with good reward governance practices to ensure that executive remuneration is:

- competitive and reasonable, enabling the Group to attract and retain key talent;
- aligned to the Group's strategic and business objectives, and the creation of shareholder value;
- transparent; and
- aligns shareholder and executive interests.

This will ensure that the remuneration framework best supports the strategic direction of the business and while recognising that Sirius will be heavily involved in exploration and project development over the next two years until the Nova Nickel Project commences production.

Due to the ongoing change in the size and complexity of the Company's activities, it was felt appropriate to appoint PwC in June 2014, to provide benchmarking services in respect to the remuneration of executives and non-executives for the 2015 financial year.

Pursuant to this review and other market related data, no salary increases have been proposed other than the increase in the superannuation guarantee of 0.25%.

Fixed remuneration (base salary inclusive of statutory superannuation)

In July 2013, benchmarking of executives' fixed remuneration was conducted by PwC against a custom peer group of similar sized (by market capitalisation) ASX-listed metals and mining companies in pre-production, early production and full production to ensure remuneration levels set meet the objectives of the Group and are aligned to broader market trends within the industries it operates for comparable roles.

The Company positioned its fixed remuneration at the 50th percentile of its peer group.

In addition, the industry salary survey McDonald Gold & General Mining Industry Remuneration Report (Australasia) was used as a benchmarking reference tool to ensure consistency with the peer group.

Short-term incentives

Purpose

To align with market practices of peer companies and to provide a competitive total remuneration package, the Board introduced a short-term incentive ("STI") plan to motivate and reward executives for the achievement of key strategic goals that were set for the 2014 financial year.

Directors' Report

Remuneration Summary 2013/2014 (continued)

The quantum offered under the plan is expressed as a set percentage of base salary, with executives' performance assessed against metrics contained within a weighted scorecard over a 12-month period.

	Managing Director	Executive Directors	Other KMPs
STI Target as a % of base salary	50%	30%	30%
KPI Alignment	90% aligned to Corporate Goals 10% aligned to personal performance.	90% aligned to Corporate Goals 10% aligned to personal performance.	90% aligned to Corporate Goals 10% aligned to personal performance.

Annual Corporate Goals

The STI plan provides rewards where significant outperformance is achieved with any payouts earned being made in cash and capped to avoid excessive risk-taking behaviour. The metrics are specific, measurable and applicable to the key business outcomes required per the annual business plan of the Company. The payouts will be made subsequent to the approval of the financial statements by the Board following the financial year end to ensure that any changes in financial or operational information are notified to the Remuneration & Nomination Committee prior to the cash payment.

Corporate Gate

A primary corporate gate was also applied so that the STI would be reduced to nil in all cases if the corporate gate was not achieved. The corporate gate for the year ended 30 June 2014 was the completion of the Nova Nickel Project DFS by 30 June 2014. The assessment of whether the corporate gate and the annual corporate goals had been achieved was assessed formally by the Remuneration & Nomination Committee.

Once the corporate gate was achieved, the STI was measured based on a mix of corporate and personal goals.

Corporate Goals

Metrics within the weighted scorecard were cascaded from the organisational strategy and fell within the following key strategic imperatives for 2014.

2014 Strategic Goals	Performance Measure	Weighting
Exploration / discoveries	A new discovery or a significant addition to JORC resources or a new project	25%
Project development	Completion of the Nova Nickel Project Definitive Feasibility Study by 30 June 2014	25%
Capital management and financial strength	Company adequately funded to achieve exploration and development objectives as defined above	25%
Corporate responsibility goals which incorporated achieving metrics under Heritage, Environmental, Safety, Community and Indigenous accountabilities	Number of complaints, reportable incidents and incidents of non-compliance below industry average	25%

Directors' Report

Remuneration Summary 2013/2014 (continued)

Personal Goals

- Individual performance against a balance scorecard applicable to the executive business unit
- Personal contribution to business unit goals

In addition to the corporate gate, each executive needed to achieve a satisfactory personal performance rating prior to participating in the STI programme.

The individual performance was assessed through a formal performance review which included peer reviews from outside the executive's business unit, direct reports and for the executive leadership group, the CEO. The CEO performance was similarly reviewed with input also from the Chairman and the Remuneration & Nomination Committee. A rating for each executive key management personnel was allocated by their supervisor which was then reviewed by the Remuneration & Nomination Committee.

2015 STI Corporate Goals

Corporate Gate & Corporate Goals

For the financial year ended 30 June 2015, the corporate gate is completion of debt and equity funding for the Nova Nickel Project development and the following key strategic imperatives have been determined:

2015 Strategic Goals	Performance Measure	Weighting
Exploration / discoveries	A new discovery or a significant addition to JORC resources or a new project	25%
Project development	First cut in Nova Nickel Project underground portal by 30 June 2015	25%
Capital management and financial strength	Company adequately funded to achieve exploration and development objectives as defined above	25%
Corporate responsibility goals which incorporated achieving metrics under Heritage, Environmental, Safety, Community and Indigenous accountabilities	Number of complaints, reportable incidents and incidents of non-compliance below industry average.	25%

Long-term incentives

Purpose

In July 2013, the Board introduced a more structured approach to the delivery of equity to executives.

The long-term incentive ("LTI") grants will be made to senior and executive employees annually with vesting conditions to apply which will align executives' interests with those of shareholders and the generation of long-term sustainable value.

The value of grants made under the plan are made with reference to a set percentage of base salary, with executives' performance assessed against pre-determined performance hurdles over a 3-year period and continued employment through that period to vesting. The performance hurdles will be a combination of market (ie. share price driven) and non-market (ie. internal) hurdles. Both external and internal hurdles are of equal weighting to ensure alignment to both the DFS timeline and capital development cost together with the 3 year share price performance of the Company.

Directors' Report

Remuneration Summary 2013/2014 (continued)

2013/2016	Managing Director	Executive Directors	Other Executive Key Management Personnel
LTI as % of base salary	100%	30%	30%
Vesting hurdle (50%)	Total Shareholder Return ("TSR")	Total Shareholder Return	Total Shareholder Return
Vesting hurdle (50%)	Internal Measure	Internal Measure	Internal Measure
Term	3 years (with vesting at the completion of the 3rd year)	3 years (with vesting at the completion of the 3rd year)	3 years (with vesting at the completion of the 3rd year)

For the financial years ended 30 June 2013 and 30 June 2014, the grants were made in the form of Share Appreciation Rights ("SAR's").

The number of SAR's issued at grant date is calculated using the 30 day VWAP as at the 30 June immediately preceding the 3 year performance period as follows:

$$\frac{\text{Base salary} \times \text{LTI percentage (applicable to role)}}{30 \text{ day VWAP as at 30 June}}$$

Change of Control Event

The plan rules do not provide for automatic vesting in the event of a change of control. The Board may in its discretion determine the manner in which any or all of the participant's SARs will be dealt with in the event of a change of control including:

- (i) pro rata vesting based on time; and
- (ii) pro rata vesting based on the extent to which shareholders have benefited from the change of control event

Vesting Conditions

The vesting conditions for the SAR's for the year ended 30 June 2013 (2013 – 2016) were:

- Total Shareholder Return ("TSR") - based on the volume weighted average price ("VWAP") of Sirius ordinary shares over 3 years to 30 June 2016 which is equal to or greater than ASX200 Resources Index as set out in the table below; and
- Internal Measure - first ore contact in Nova Nickel Project development by 30 June 2016.

The vesting conditions for the SAR's for the year ended 30 June 2014 (2014 – 2017) are:

- TSR - based on the VWAP of Sirius ordinary shares over 3 years to 30 June 2017 which is equal to or better than ASX200 Resources Index as set out in the table below; and
- Internal Measure – completion of the Nova mine development on budget and production of Nickel concentrate from the Nova underground mine by 30 June 2017.

Directors' Report

Remuneration Summary 2013/2014 (continued)

LTI: TSR measure

Performance against relative TSR hurdle	Portion of Share Appreciation Rights subject to relative TSR hurdle that vest
TSR growth less than the 50th percentile of the ASX200 Resources Index performance	Nil
TSR growth equals 50th percentile of the ASX200 Resources Index performance	Entitlement: 50% of Share Appreciation Right of the TSR hurdle
TSR growth exceeds the 50th percentile but less than the 75th percentile of the ASX200 Resources Index performance	Entitlement: Directly aligned to percentile growth on a straight line basis between 50% and 100%
TSR growth exceeds the 75th percentile of the ASX200 Resources Index performance	Entitlement: 100% of Share Appreciation Right of the TSR hurdle

Overview of the Group's approach to Non-Executive Director remuneration

In July 2013, benchmarking of Non-Executive Director' fees was conducted by PwC using the same custom peer group used to benchmark executives' remuneration. The Board have used this benchmarking report to determine the level of Non-Executive Directors fees for the year ended 30 June 2014.

During the year, the Board has made a number of appointments to the Board in order to bring the composition of the Board in line with both ASX corporate governance principles and the operational requirements of the Group.

In order to attract the appropriate calibre of candidates to act as Non-Executive Directors, Non-Executive Directors were offered a once off issue of sign on options as part of their remuneration package prior to them accepting the role. These options were approved by shareholders at the 2013 Annual General Meeting and issued in November 2013.

It is not proposed to issue any further options to the current Non-Executive Directors going forward or to any further Non-Executive Directors that may be appointed on the basis that the Company's financial capacity now enables it to remunerate Non-Executive Directors at market rates with a cash salary.

Remuneration Report (audited)

This Remuneration Report, which has been audited, outlines the Key Management Personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The principles adopted have been approved by the current Board of the Company and have been set out in the remuneration summary above. This audited Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation

Directors' Report

Remuneration Report (audited)(continued)

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, Related Party Disclosures.

1. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework which has been set out in detail under the remuneration structure above aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) aligns shareholders and executive interests;
- (iii) performance based and aligned to strategic and business objectives; and
- (iv) transparency.

Executive Directors

Fees and payments to Executive Directors reflect the demands which are made on, and the responsibilities of, the Executive Directors. Executive Directors' fees and payments are reviewed annually by the Remuneration & Nomination Committee. The Remuneration & Nomination Committee also ensures that Executive Directors' fees and payments are appropriate and in line with the market. There are no retirement allowances or other benefits paid to Executive Directors other than superannuation guarantee amounts as required.

The executive remuneration and reward framework has three components:

- (i) base pay and short-term incentives
- (ii) share-based payments
- (iii) other remuneration such as superannuation and long service leave

The combination of these comprises the Executive Director's total remuneration.

Fixed remuneration, consisting of base salary and superannuation are reviewed annually by the Remuneration & Nomination Committee, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Based on an independent review by PwC and consideration of market conditions, the 2014 base salary levels will remain unchanged for the 2015 financial year.

Non - Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration & Nomination Committee. For the year ended 30 June 2014, inclusive of the superannuation guarantee the annual remuneration for a Non-Executive Director is \$96,500 with the Chairman receiving \$170,000 per annum. There are no retirement allowances or other benefits paid to Non-Executive Directors other than superannuation guarantee amounts as required.

Company Performance

The earnings of the consolidated entity for the two years to 30 June 2014 are summarised below:

Directors' Report

Remuneration Report (audited)(continued)

	30 June 2014 \$'000	30 June 2013 \$'000
Loss after income tax	(18,993)	(47,712)
EBITDA	(21,336)	(48,953)
EBIT	(21,573)	(49,046)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

Share price at financial year end (\$)	3.24	1.86
Basic loss per share (cents)	(8.23)	(23.84)

Given the Group's operations have changed materially over recent years, it has been deemed appropriate to only disclose the company's performance for the 2013 and 2014 years.

2. Details of Remuneration

Financial Year Ended 30 June 2014

The amount of remuneration Key Management Personnel of the Company (as defined in AASB 124 Related Party Disclosures) is set out below.

2014	CASH REMUNERATION			Total cash payments
	Short term payments	Short term incentive (i)	Post – employment benefits (superannuation)	
	\$	\$	\$	\$
Directors				
M Bennett	767,225	287,700	25,587	1,080,512
J Foster	480,000	-	24,431	504,431
A Neuling (ii)	295,816	58,100	14,719	368,635
J Dowling	155,606	-	14,394	170,000
T Grammer	88,329	-	8,170	96,499
N Warburton	80,969	-	7,490	88,459
D Craig	66,247	-	6,128	72,375
S Lowe	5,000	-	463	5,463
Other Key Management Personnel				
M Reed (iii)	362,125	-	-	362,125
G Dyker (iv)	313,131	83,200	15,900	412,231
R Dennis (v)	216,739	75,000	8,887	300,626
	2,831,187	504,000	126,169	3,461,356

- (i) As recommended by the Remuneration & Nomination Committee, it was approved by the Board to pay the Executive Directors and other Key Management Personnel STI's of \$504k which were determined with regard to the individual performance assessments and achievement of the following corporate goals for 2014 per the STI plan:

Directors' Report

Remuneration Report (audited)(continued)

2013/14 Corporate Goals	For the financial year ended 30 June 2014, the following goals were determined:	Weighting	Achieved
Exploration / discoveries	A new discovery or a significant addition to JORC resources or a new project	25%	No
Project development	Completion of the DFS by 30 June 2014	25%	Yes
Capital management and financial strength	Company adequately funded to achieve exploration and development objectives as defined above	25%	Yes
Corporate responsibility goals which incorporated achieving metrics under Heritage, Environmental, Safety, Community and Indigenous accountabilities	Number of complaints, reportable incidents and incidents of non-compliance below industry average.	25%	Yes

The amounts were determined as a percentage of the base remuneration in line with the STI plan and resulted in 75 percent of the maximum potential corporate STI being paid in 2014.

- (ii) Amounts shown as remuneration for Mrs Neuling includes fees paid of \$77,310 to Erasmus Consulting Pty Ltd, a company controlled by Mrs Neuling which provided Company Secretarial, Accounting and Financial services to the Group up until her appointment as Corporate & Commercial Director.
- (iii) Mr Reed was appointed on 13 March 2013 as Chief Operating Officer of the Group. Amounts shown as remuneration for Mr Reed were fees paid to Pilothon Pty Ltd, a company controlled by Mr Reed which provided Chief Operating Officer services to the Group. On 20 September 2013 the consultancy agreement with Pilothon Pty Ltd was concluded.
- (iv) Mr Dyker was appointed Chief Financial Officer for the Group on 21 June 2013 and commenced his role on 4 September 2013.
- (v) Mr Dennis was appointed Chief Operating Officer for the Group on 3 February 2014 and commenced his role on this date.

2014

	Total cash payments	Appointment Options	Share Appreciation Rights ("SAR's")	TOTAL REMUNERATION Total	Share based payments % of remuneration	Performance based % of remuneration
	\$	\$	\$	\$		
Directors						
M Bennett (i)	1,080,512	-	135,902	1,216,414	11	35
J Foster (i)	504,431	-	25,508	529,939	5	5
A Neuling (i)	368,635	-	13,710	382,345	4	19
J Dowling (ii)	170,000	1,221,811	-	1,391,811	88	-
T Grammer	96,499	-	-	96,499	-	-
N Warburton (ii)	88,459	610,906	-	699,365	87	-
D Craig (ii)	72,375	610,906	-	683,281	89	-
S Lowe	5,463	-	-	5,463	-	-
Other Key Management Personnel						
M Reed	362,125	-	-	362,125	-	-
G Dyker (i) (iii)	412,231	1,471,365	20,311	1,903,907	78	5
R Dennis	300,626	-	-	300,626	-	25
	3,461,356	3,914,988	195,431	7,571,775		

Directors' Report

Remuneration Report (audited)(continued)

- (i) As approved at the 2013 Annual General Meeting, Executive Directors were issued Share Appreciation Rights ("SAR's") with vesting conditions which if met, would result in the SARs vesting on 30 June 2016. These SAR's are required to be valued for accounting purposes using a binomial and Monte-Carlo model at grant date and expensed as remuneration evenly over the 3 year vesting period.
- (ii) As approved at the 2013 Annual General Meeting, Non-Executive Directors were issued appointment options to acquire ordinary shares in the Company at an exercise price of \$3.51 per option. These options are required to be valued for accounting purposes using a Black Scholes model and expensed as remuneration in the year approved by shareholders.
- (iii) Mr Dyker was issued appointment options to acquire ordinary shares in the Company at an exercise price of \$3.34 per option under the Company's Employee Share Option Plan. These options are required to be valued for accounting purposes using a Black Scholes model and expensed as remuneration in the year of grant.

Financial Year Ended 30 June 2013

2013	Short term payments	CASH REMUNERATION		Total cash payments
		Bonus payments	Post – employment benefits (superannuation)	
	\$	\$	\$	\$
Directors				
M Bennett (i)	410,231	250,000	59,421	719,652
J Foster (ii)	283,206	100,000	34,489	417,695
A Neuling(iii)	219,156	-	3,588	222,744
J Dowling (iv)	23,603	-	2,124	25,727
T Grammer	48,333	-	4,350	52,683
S Lowe	60,795	-	5,472	66,267
Other Key Management Personnel				
M Reed (v)	83,281	-	-	83,281
G Dyker (vi)	-	-	-	-
	1,128,605	350,000	109,444	1,588,049

- (i) On 29 January 2013, the Board approved to pay Dr Bennett:
- A discovery bonus of \$150,000;
 - A bonus of \$50,000 for the publication of an independently confirmed JORC Inferred Mineral Resource of at least 3 million tonnes at grade of at least 3% nickel equivalent or a contained 90,000 tonnes of nickel metal or its equivalent at the Nova deposit. This was achieved on 20 March 2013 when the Nova resources estimate was released; and
 - A bonus of \$50,000 for the publication of an independently confirmed JORC Inferred Mineral Resource of at least 6 million tonnes at grade of at least 3% nickel equivalent or a contained 180,000 tonnes of nickel metal or its equivalent at the Nova deposit. This was achieved on 20 March 2013 when the Nova resources estimate was released.

Directors' Report

Remuneration Report (audited)(continued)

- (ii) As per Mr Foster's employment agreement, it was agreed that:
- A bonus of \$50,000 for the publication of an independently confirmed JORC Inferred Mineral Resource of at least 3 million tonnes at grade of at least 3% nickel equivalent or a contained 90,000 tonnes of nickel metal or its equivalent at the Nova deposit. This was achieved on 20 March 2013 when the Nova resources estimate was released; and
 - A bonus of \$50,000 for the publication of an independently confirmed JORC Inferred Mineral Resource of at least 6 million tonnes at grade of at least 3% nickel equivalent or a contained 180,000 tonnes of nickel metal or its equivalent at the Nova deposit. This was achieved on 20 March 2013 when the Nova resources estimate was released.
- (iii) Amounts shown as remuneration for Mrs Neuling includes fees paid of \$179,284 to Erasmus Consulting Pty Ltd, a company controlled by Mrs Neuling which provided Company Secretarial, Accounting and Financial services to the Group. The amounts include payment for services provided by Mrs Neuling and other members of staff employed or retained by Erasmus Consulting Pty Ltd.
- (iv) Mr Dowling was appointed on 28 February 2013 as Non-Executive Chairman of the Company on an annual salary of \$70,000 plus superannuation.
- (v) Mr Reed was appointed on 13 March 2013 as Chief Operating Officer of the Group. Amounts shown as remuneration for Mr Reed were fees paid to Pilothe Pty Ltd, a company controlled by Mr Reed which provided Chief Operating Officer services to the Group.
- (vi) Mr Dyker was appointed Chief Financial Officer for the Group on 21 June 2013 and commenced his role on 4 September 2013.

2013

	TOTAL REMUNERATION				
	Total cash payments	Share based payments*	Total	Share based payments % of remuneration	Performance based % of remuneration
	\$	\$	\$		
Directors					
M Bennett	719,652	5,265,000	5,984,652	88	4
J Foster	417,695	3,510,000	3,927,695	89	3
A Neuling	222,744	1,316,250	1,538,994	86	-
J Dowling	25,727	-	25,727	-	-
T Grammer	52,683	2,632,500	2,685,183	98	-
S Lowe	66,267	2,632,500	2,698,767	98	-
Other Key Management Personnel					
M Reed	83,281	-	83,281	-	-
G Dyker	-	-	-	-	-
	1,588,049	15,356,250	16,944,299		

* As approved at the 2012 Annual General Meeting, Executive and Non-Executive Directors were issued options to acquire ordinary shares in the Company at an exercise price of \$3.17 per option. These options were required to be valued for accounting purposes using a Black Scholes model and this valuation has been expensed as remuneration in the financial year approved by shareholders.

There were nil non-monetary benefits paid to the Directors or key management personnel for the year ended 30 June 2014 (2013: nil).

Other than those disclosed above, there were no transactions with related parties to the key management personnel for the year ended 30 June 2014 (2013: nil).

Directors' Report

Remuneration Report (audited)(continued)

3. Service Agreements

In addition to the remuneration included in the service agreements below, all executives are entitled to participate in the Short Term and Long Term Incentive Schemes as approved by the Remuneration & Nomination Committee.

On 22 October 2013, a new Executive Services Agreement was entered into between the Company and Executive Director Mark Bennett. Under the terms of the Agreement:

- Mr Bennett will be paid a remuneration package of \$785,000 per annum, comprising a base salary plus statutory superannuation which was effective from 1 July 2013;
- Under the general termination of employment provision, either party may terminate the Agreement by the giving of six months' notice;
- The Company may terminate the Agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company;
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

On 22 October 2013, a new Executive Services Agreement was entered into between the Company and Executive Director Jeffrey Foster. Under the terms of the Agreement:

- Mr Foster will be paid a remuneration package of \$497,775 per annum, comprising a base salary plus statutory superannuation which was effective from 1 July 2013;
- Under the general termination of employment provision, either party may terminate the Agreement by the giving of three months' notice;
- The Company may terminate the Agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company;
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

On 9 August 2010, the Company entered into a Consultancy Agreement with Erasmus Consulting Pty Ltd for services to be provided by Anna Neuling. The Agreement with Erasmus Consulting Pty Ltd was concluded on 22 September 2013. On 22 October 2013, a new Executive Services Agreement was entered into between the Company and Executive Director Anna Neuling. Under the terms of the Agreement:

- Mrs Neuling was appointed as Executive Director of Corporate and Commercial, encompassing the role of Company Secretary;
- Mrs Neuling, working in a part time capacity, will be paid a remuneration package of \$275,775 per annum (\$430,000 full time equivalent) comprising a base salary plus statutory superannuation which was effective from 1 July 2013;
- Under the general termination of employment provision, either party may terminate the Agreement by the giving of three months' notice;
- The Company may terminate the Agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company;
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

Directors' Report

Remuneration Report (audited)(continued)

On 22 October 2013, the Company entered into an updated employment contract with Grant Dyker. Under the terms of the contract:

- Mr Dyker was appointed in the capacity of Chief Financial Officer and will be paid a remuneration package of \$400,000 per annum, comprising a base salary plus statutory superannuation which was effective from 1 July 2014;
- The Company or Mr Dyker may terminate the contract at any time by giving the other party three months' notice in writing;
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, Mr Dyker is not entitled to any payment.

On 3 February 2014, the Company entered into an employment contract with Rob Dennis. Under the terms of the contract:

- Mr Dennis was appointed in the capacity of Chief Operating Officer and will be paid a remuneration package of \$460,000 per annum, comprising a base salary plus statutory superannuation;
- The Company or Mr Dennis may terminate the contract at any time by giving the other party three months' notice in writing;
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, Mr Dennis is not entitled to any payment.

On 13 March 2013, the Company entered into a Consultancy Agreement with Pilothole Pty Ltd for services to be provided by Martin Reed. Under the terms of the Agreement:

- Mr Reed was appointed in the capacity of Chief Operating Officer.
- This was based on normal commercial terms and for an initial 12 month period where Mr Reed was remunerated on a daily rate of \$2,300 and subject to a bonus and option scheme. The amount stated is exclusive of GST;
- The Agreement could be terminated by either party by not less than three months' notice in writing;
- The Agreement with Pilothole Pty Ltd was concluded on 20 September 2013 in line with the terms of the agreement.

4. Share-Based Compensation

Share Appreciation Rights (SAR's)

At the Annual General Meeting in November 2013, shareholders approved the issue of Share Appreciation Rights ("SAR's") to Executive Directors Dr Bennett, Mr Foster and Mrs Neuling with the vesting conditions as detailed below.

The vesting conditions for the SAR's issued for the year ended 30 June 2013 were:

- 50% Total Shareholder Return ("TSR") - based on a 30 day volume weighted average price ("VWAP") of Sirius ordinary shares over 3 years to 30 June 2016 which is equal to or better than the ASX200 Resources Index.
- 50% Internal Measure - first ore contact in the Nova Nickel Project by 30 June 2016.

Page 13 of this Remuneration Report sets out the formula for calculating the number of SAR's granted. The 30 day VWAP as at 30 June 2013 was \$2.35 resulting in the grant of the following number of SAR's.

Directors' Report

Remuneration Report (audited)(continued)

2014	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the end of the year
Director					
M Bennett	-	326,479	-	-	326,479
J Foster	-	61,277	-	-	61,277
A Neuling	-	32,936	-	-	32,936
J Dowling	-	-	-	-	-
T Grammer	-	-	-	-	-
N Warburton	-	-	-	-	-
D Craig	-	-	-	-	-
S Lowe	-	-	-	-	-
Other Key Management Personnel					
M Reed	-	-	-	-	-
G Dyker	-	48,795	-	-	48,795
R Dennis	-	-	-	-	-
	-	469,487	-	-	469,487

The ultimate dollar value of the SAR's to the executives if they vest is calculated as follows:

$(\text{Share price at vesting date} - \text{Share price at grant date}) \times \text{number of SAR's}$

Option holdings

During the year, the Board made a number of appointments to the Board in order to bring the composition of the Board in line with the ASX corporate governance requirements and the operational requirements of the Group.

In order to attract the appropriate calibre of candidates to act as Non-Executive Directors and Non-Executive Chairman on the Board, the new Non-Executive Directors were offered a once off issue of appointment options as part of their remuneration package prior to them accepting the role. These options were approved by shareholders at the 2013 Annual General Meeting and issued in November 2013.

It is not proposed to issue any options to Non-Executive Directors going forward even if further Non-Executive Directors are appointed on the basis that the cash remuneration will be in line with market.

The options listed below are not linked to performance as the exploration stage of the Company did not lend itself to appropriate performance conditions and the Board and shareholders have agreed that the options issued to the Non-Executive Directors are appropriate and relevant to the interests of the Group.

Directors' Report

Remuneration Report (audited)(continued)

2014	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the end of the year
Director					
M Bennett	6,000,000	-	-	(1,500,000)	4,500,000
J Foster	3,100,000	-	-	-	3,100,000
A Neuling	1,250,000	-	-	-	1,250,000
J Dowling (i)	-	1,000,000	-	-	1,000,000
T Grammer	2,300,000	-	-	-	2,300,000
N Warburton (i)	-	500,000	-	-	500,000
D Craig (i)	-	500,000	-	-	500,000
S Lowe	2,450,000	-	-	-	2,450,000
Other Key Management Personnel					
M Reed	-	-	-	-	-
G Dyker (ii)	-	1,000,000	-	-	1,000,000
R Dennis	-	-	-	-	-
	15,100,000	3,000,000	-	(1,500,000)	16,600,000

(i) On 21 November 2013, Mr Dowling, Mr Warburton and Mr Craig were granted options after shareholders ratified a resolution at the Group's 2013 Annual General Meeting. The options were issued at an exercise price of \$3.51.

(ii) On 7 November 2013, Mr Dyker was granted options. The options were issued at an exercise price of \$3.34.

All options are vested and exercisable at 30 June 2014.

The option terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Grant Date	Expiry date	Exercise price \$	Fair value per option \$
7 Nov 2013	6 Nov 2017	3.34	1.47
21 Nov 2013	21 Nov 2017	3.51	1.22

Shareholdings

The numbers of shares in the Company held during the financial year by each Key Management Personnel of Sirius, including their related parties, are set out below:

Directors' Report

Remuneration Report (audited)(continued)

2014	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Directors			
M Bennett (i)	400,001	1,500,000	1,900,001
J Foster	76,691	-	76,691
A Neuling	-	-	-
J Dowling (ii)	-	25,000	25,000
T Grammer	-	-	-
S Lowe (ii)	278,638	(73,638)	205,000
Other Key Management Personnel			
M Reed	-	-	-
G Dyker	-	-	-
R Dennis	-	-	-
	755,330	1,451,362	2,206,692

(i) Shares acquired due to option exercise.

(ii) Shares disposed of or acquired on market.

There were no shares granted during the reporting period as remuneration.

Use of remuneration consultants

During the financial year ended 30 June 2014, the Group engaged PwC as remuneration consultants to:

- Benchmark the remuneration of the key management personnel and provide guidance as to what changes in the short term and long term incentive schemes were being seen in the current market. Consultancy services provided and fees paid for this work in the financial year ended 30 June 2014 were \$26,800.
An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. The Board is satisfied that these protocols were followed and as such there was no undue influence.
- Review its existing remuneration policies and provide recommendations on how to improve both the short-term incentive (STI) and long-term incentive (LTI) programs for the year ended 30 June 2014. Consultancy services provided and fees paid for this work in the financial year ended 30 June 2014 were \$40,000.

Voting and comments made at the Company's 2013 Annual General Meeting

At the 2013 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2013 was passed on a show of hands. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

Directors' Report

Remuneration Report (audited)(continued)

Share trading policy

The trading of shares issued to participants under any of the Group's employee equity plans is subject to, and conditional upon, compliance with the Group's employee share trading policy as per the Group's Corporate Governance Policy. Executives are prohibited from entering into any hedging arrangements over unvested options under the Group's employee option plan. The Group would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

This concludes the Remuneration Report, which has been audited.

Directors' Report

Proceedings on behalf of the Group

No person had applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. No proceedings had been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

Auditor

BDO Audit (WA) Pty Ltd was appointed as auditors for the Group in office in accordance with section 327 of the Corporations Act 2001.

Non-Audit Services

During the year BDO Corporate Finance (WA) Pty Ltd a related entity of the auditor was engaged to prepare an Independent Expert Report in relation to the acquisition of the remaining 30% interest in the Nova project. The fee for this work totalled \$40,800.

Other than the above, there were no non-audit services provided by the auditors during the financial year, however the Group may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Group are important.

The Board is satisfied that the provision of any non-audit services during future periods will be compatible with the general standard of independence for auditors' imposed by the Corporations Act 2001.

Audit Services

During the financial year end \$51,450 (2013: \$41,091) was paid or is payable for audit services provided by the auditors. This fee included \$6,000 in relation to the review of the Company's information technology controls.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27 of the financial report.

Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Corporate Governance

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Corporate Governance Statement included with this Report.

Signed in accordance with a resolution of the Board of Directors.



Mark Bennett
Director
Perth
5 September 2014

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF SIRIUS RESOURCES NL

As lead auditor of Sirius Resources NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sirius Resources NL and the entities it controlled during the period.



Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 5 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

	Notes	30 June 2014 \$'000	30 June 2013 \$'000
Other income	5	2,581	1,342
Administrative expenses		(5,769)	(3,121)
Depreciation expense		(237)	(94)
Share-based payments	16	(4,196)	(20,156)
Exploration expenditure written off	10	-	(510)
Exploration expenditure expensed as incurred	10	(11,372)	(25,173)
Loss before income tax		(18,993)	(47,712)
Income tax expense	7	-	-
Loss after income tax for the year		(18,993)	(47,712)
Other comprehensive income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members of Sirius Resources NL		(18,993)	(47,712)
Loss per share for the year attributable to the members of Sirius Resources NL		Cents	Cents
Basic loss per share	24	(8.23)	(23.84)

The above 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 30 June 2014

	Notes	30 June 2014 \$'000	30 June 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	58,715	41,378
Trade and other receivables	9	1,764	935
TOTAL CURRENT ASSETS		60,479	42,313
NON-CURRENT ASSETS			
Exploration and evaluation	10	267,803	13,545
Property, plant and equipment	11	2,546	303
TOTAL NON-CURRENT ASSETS		270,349	13,848
TOTAL ASSETS		330,828	56,161
CURRENT LIABILITIES			
Trade and other payables	12	4,726	2,446
Provisions	13	426	185
TOTAL CURRENT LIABILITIES		5,152	2,631
TOTAL LIABILITIES		5,152	2,631
NET ASSETS		325,676	53,530
EQUITY			
Share capital	14	490,666	203,723
Reserves	15	28,553	24,357
Accumulated losses		(193,543)	(174,550)
TOTAL EQUITY		325,676	53,530

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

Attributable to equity holders of the Group	Share capital	Option Reserve	Share based payments Reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	203,723	3,536	20,821	(174,550)	53,530
Total comprehensive loss for the year	-	-	-	(18,993)	(18,993)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of share capital	287,984	-	-	-	287,984
Capital raising costs	(2,210)	-	-	-	(2,210)
Share-based payment transactions	-	-	4,196	-	4,196
Share options exercised	1,169	-	-	-	1,169
Total contributions by and distributions to owners	286,943	-	4,196	(18,993)	272,146
Balance at 30 June 2014	490,666	3,536	25,017	(193,543)	325,676

Attributable to equity holders of the Group	Share capital	Option Reserve	Share based payments Reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	129,902	3,536	665	(126,838)	7,265
Total comprehensive loss for the year	-	-	-	(47,712)	(47,712)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of share capital	76,561	-	-	-	76,561
Capital raising costs	(2,740)	-	-	-	(2,740)
Share-based payment transactions	-	-	20,156	-	20,156
Share options exercised	-	-	-	-	-
Total contributions by and distributions to owners	73,821	-	20,156	(47,712)	46,265
Balance at 30 June 2013	203,723	3,536	20,821	(174,550)	53,530

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	30 June 2014 \$'000	30 June 2013 \$'000
Cash flows from operating activities			
Cash paid to suppliers and employees		(15,323)	(26,388)
Interest received		2,694	1,027
Net cash used in operating activities	23	(12,629)	(25,361)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,759)	(338)
Payment for exploration and evaluation		(20,801)	(8,170)
Payment for acquisition of tenement and mineral rights		(28,183)	-
Net cash used in investing activities		(51,743)	(8,508)
Cash flows from financing activities			
Proceeds from issue of share capital		84,519	76,561
Payments for cost of share issue		(2,210)	(2,740)
Net payments for cash backed guarantees		(600)	(260)
Net cash from financing activities		81,709	73,561
Net increase in cash and cash equivalents		17,337	39,692
Cash and cash equivalents at 1 July		41,378	1,686
Cash and cash equivalents at 30 June		58,715	41,378

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

Notes to the Consolidated Financial Statements

30 June 2014

Sirius Resources NL ("Company" or "Sirius") is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Group as at and for the year to 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" or "consolidated entity" and individually as "Group entities").

The separate financial statements of the parent entity, Sirius Resources NL, have not been presented within this financial report as required by the Corporations Act 2001. Summary parent information has been included in note 27.

The financial statements were authorised for issue on 5 September 2014 by the Directors of the Company.

Note 1. Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(a)(iii).

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

(i) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(ii) Adoption of new and revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

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

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Adoption of new and revised Accounting Standards (continued)

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Adoption of new and revised Accounting Standards (continued)

employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ("KMP"). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the Directors' report.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

(iii) Use of 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.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) Use of estimates and judgements (continued)

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial, Monte-Carlo simulation 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. Refer to note 16.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to Note 7.

Exploration and evaluation costs

Exploration and evaluation costs are capitalised in an identifiable area of interest upon announcement of a JORC 2012 compliant resource and costs will be amortised in proportion to the depletion of the mineral resources at the commencement of production. 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.

(iv) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Sirius at the end of the reporting period. A controlled entity is any entity over which Sirius has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in note 28 to the financial statements.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) Principles of consolidation (continued)

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Acquisition

On 30 May 2014 Sirius acquired the remaining 30% interest in its Nova project. The purchase consideration comprised a combination of cash and fully paid ordinary shares.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

(c) Revenue Recognition

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(d) Income Tax (continued)

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(f) Cash and Cash Equivalents

For the statement of cashflows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and Other Receivables

A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of any provision is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(h) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Issued Capital

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

(j) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(j) Earnings Per Share (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(l) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation rates used for each class of asset are:

- buildings 16.67%
- fixtures and fittings 22.5% - 40%
- leasehold improvements 20%
- plant and equipment 22.5% - 40%
- motor vehicles 20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(m) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development.

Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where an impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The income statement will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be reduced of value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(n) Leases (continued)

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(o) Interest in Joint Ventures

The Group accounts for 100% of the assets, liabilities and expenses of joint venture activity. These have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 25.

(p) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer or non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(r) Employee Benefits

(i) *Equity Settled Compensation*

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(ii) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(iii) *Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iv) *Share-based payments*

Share-based compensation benefits are provided to employees via the Employee Option Plan and Share Appreciation Rights Plan.

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(r) Employee Benefits (continued)

vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

The fair value of Share Appreciation Rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The expense is measured by reference to the fair value of the instruments at the date of grant using a binomial option valuation model and Monte-Carlo simulation model. At the end of each reporting period, the entity revises its estimates of the number of rights that are expected to vest based on the vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Rounding

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

These amendments must be applied for financial years commencing on or after 1 January 2017. Therefore application date for the company will be 30 June 2018. The company does not currently have any hedging arrangements in place.

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. There will be no impact on the company's accounting for financial assets and financial liabilities, as the new requirements only effect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(t) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

IFRS 15 Revenue from Contracts with Customers

These amendments must be applied for annual reporting periods beginning on or after 1 January 2017. Therefore application date for the company will be 30 June 2018.

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. Due to the recent release of this standard the company has not yet made an assessment of the impact of this standard.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction

Notes to the Consolidated Financial Statements

30 June 2014

Note 1. Statement of significant accounting policies (continued)

(t) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Note 2. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Board of Directors under policies approved by the Board. The Board identifies and evaluates financial risks and provides written principles for overall risk management.

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the Group has no significant interest-bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

2014	Floating interest rate	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$000's	\$000's	\$000's	\$000's	%
(i) Financial assets					
Cash assets	714	58,000	1	58,715	3.50
Other receivables	-	972	792	1,764	3.68
Total financial assets	714	58,972	793	60,479	
(ii) Financial liabilities					
Trade and other payables	-	-	4,726	4,726	
Total financial liabilities	-	-	4,726	4,726	

Notes to the Consolidated Financial Statements

30 June 2014

Note 2. Financial Risk Management (continued)

Interest Rate Risk (continued)

2013	Floating interest rate	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate %
Financial Instruments	\$000's	\$000's	\$000's	\$000's	
(i) Financial assets					
Cash assets	11,343	30,034	1	41,378	3.79
Other receivables	-	379	556	935	4.24
Total financial assets	11,343	30,413	557	42,313	
(ii) Financial liabilities					
Trade and other payables	-	-	2,446	2,446	
Total financial liabilities	-	-	2,446	2,446	

Trade and other payables are expected to be paid as follows:

	30 June 2014 \$'000's	30 June 2013 \$'000's
Less than 6 months	4,726	2,446
6 months to a year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	4,726	2,446

Net Fair Values

The net fair value of financial assets and liabilities approximate carrying values due to their short term nature.

Sensitivity Analysis – Interest Rate Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Change in loss:	30 June 2014 \$'000	30 June 2013 \$'000
Increase by 1%	587	414
Decrease by 1%	(587)	(414)
Change in equity:		
Increase by 1%	587	414
Decrease by 1%	(587)	(414)

Notes to the Consolidated Financial Statements

30 June 2014

Note 2. Financial Risk Management (continued)

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Management monitors rolling forecasts of the Group's cash reserves on the basis of expected development, exploration and corporate cashflows. This ensures that the Group complies with prudent liquidity risk management by maintaining sufficient cash and marketable securities and the availability of funding through the equity markets to meet obligations when due. For the year ended 30 June 2014, the Group has no contractual financial liabilities.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA-based on Standard and Poor's rating agency.

The credit risk on other receivables is limited as it is comprised of GST recoverable from the Australian Taxation Office. The credit risk on liquid funds is limited because the counter party is a bank with high credit rating. There are no receivable balances which are past due or impaired.

Price risk

The Group is not currently exposed to commodity price risk.

Note 3. Critical Accounting Estimates, Judgements and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Exploration and evaluation expenditure

The Group capitalises exploration and evaluation acquired assets or where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. While there are areas of interest from which no reserves have been extracted, the Directors' believe that such expenditure should not be written off since feasibility studies in these areas have not yet concluded. Refer to note 10 for details of the amounts carried forward and written off.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors' understanding thereof. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Consolidated Financial Statements

30 June 2014

Note 4. Segment Information

Identification of reportable segment

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Directors (Chief Operating Decisions Maker or "CODM") in assessing performance and determining the allocation of resources.

The financial information presented in the Consolidated Statement of Profit and Loss and Other Comprehensive Income and Consolidated Statement of Financial Position is the same as that presented to the CODM.

Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Board of Directors as the CODM is in accordance with accounting policies that are consistent to those adopted in the annual financial statement of the Group.

The Group operates predominantly in exploration in Australia.

Note 5. Other income

	30 June 2014 \$000's	30 June 2013 \$000's
Interest received	2,581	1,342
	2,581	1,342

Note 6. Other expenses

	30 June 2014 \$000's	30 June 2013 \$000's
Administrative expenses	(5,769)	(3,121)
Share-based payments ⁽ⁱ⁾	(4,196)	(20,156)
Depreciation	(237)	(94)
	(10,202)	(23,371)

(iii) Refer to note 16 (iii) for further detail.

Notes to the Consolidated Financial Statements

30 June 2014

Note 7. Income Tax Expense

	30 June 2014 \$000's	30 June 2013 \$000's
Recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income		
Current tax	-	-
Deferred tax	-	-
Under (over) provided in prior years	-	-
Total income tax expense per Consolidated Statement of Profit and Loss and Other Comprehensive Income	-	-
 Numerical reconciliation between tax expense and pre-tax net loss		
Net loss before tax	(18,993)	(47,712)
Income tax benefit at 30%	(5,698)	(14,313)
Increase in income tax due to:		
Non-deductible expenses	894	6,065
Current year tax losses not recognised	11,870	10,793
Reduction in prior year unrecognised deferred tax liabilities	-	-
De-recognition of previously recognised tax losses	-	-
Decrease in income tax due to:		
Movement in unrecognised temporary differences	(6,700)	(2,311)
Deductible equity raising costs	(366)	(234)
	-	-
 Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	-	767
Tax revenue losses	23,347	17,975
Tax capital losses	1,293	1,293
	24,640	20,035

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

Note 8. Cash and Cash Equivalents

	30 June 2014 \$000's	30 June 2013 \$000's
Cash at bank and in hand	58,715	41,378

Refer to note 2 for detail on the risk exposure and management of the Group's cash and cash equivalents.

Notes to the Consolidated Financial Statements

30 June 2014

Note 9. Other Receivables

	30 June 2014 \$000's	30 June 2013 \$000's
GST refund due	379	181
Accrued interest	204	312
Bank guarantees	972	379
Other	209	63
	1,764	935

The Group has no impairments to other receivables or have receivables that are past due but not impaired. Refer to note 2 for detail on the risk exposure and management of the Group's other receivables.

Note 10. Exploration and Evaluation

	30 June 2014 \$000's	30 June 2013 \$000's
Exploration costs	267,803	13,545
Movement during the year		
Balance at beginning of year	13,545	5,459
Exploration expenditure incurred during the year (i)	32,524	33,769
Exploration expenditure incurred during the period and expensed (i)	(11,372)	(25,173)
Exploration expenditure written off	-	(510)
Exploration expenditure relating to acquisitions (ii)	233,106	-
Balance at end of year	267,803	13,545

- (i) During the financial year ended 30 June 2014 the exploration expenditure incurred pertains to the following:

Nova Nickel Project

Exploration expenditure incurred for the Nova Nickel Project for the year end totalled \$26,309,500. Expenditure incurred and capitalised totalled \$21,150,856. Expenditure incurred and expensed totalled \$5,158,644 which included a Research and Development tax refund credit of \$1,308,705.

Fraser Range JV Project

Exploration expenditure incurred and expensed for the Fraser Range JV Project for the year end totalled \$2,665,083.

Fraser Range Sirius Project (100% owned)

Exploration expenditure incurred and expensed for the Fraser Range Sirius Project for the year end totalled \$1,052,104.

Polar Bear Project

Exploration expenditure incurred and expensed for the Polar Bear Project for the year end totalled \$2,440,409.

Notes to the Consolidated Financial Statements

30 June 2014

Note 10. Exploration and evaluation (continued)

Other exploration expenditure

The remaining exploration expenditure incurred and expensed was \$55,912.

The ultimate recoverability of exploration and evaluation expenditure is dependent upon its successful development or sale.

- (ii) On 30 May 2014 Sirius acquired the remaining 30% interest in its Nova Nickel Project. The purchase consideration comprised a combination of cash and fully paid ordinary shares.

The consideration payable was \$28 million cash, 70.6 million fully paid ordinary shares and a 0.5% net smelter royalty payable only on any production resulting from future discoveries made within the portion of tenement EL 28/1724 outside of tenement application MLA 28/376. The ordinary shares were valued at \$2.90 per share on 9 May 2014, being the day the shareholders approved the transaction.

Details of the fair value of the assets and liabilities acquired as at 30 May 2014 are as follows:

	30 June 2014 \$000's
Purchase consideration comprises:	
Cash paid	28,000
70,563,306 ordinary shares	204,633
	<hr/>
Total consideration	232,633
Acquisition related costs attributable to assets acquired	473
	<hr/>
	233,106
	<hr/>
Net assets acquired:	
Exploration and evaluation assets	233,106
	<hr/>
	233,106
	<hr/>

Notes to the Consolidated Financial Statements

30 June 2014

Note 11. Property, Plant and Equipment

2014	Buildings	Property, Plant and Equipment	Motor Vehicles	Computer Software	Fixtures and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or deemed cost						
Balance at 1 July 2013	-	243	-	172	67	482
Additions	1,693	729	85	201	52	2,760
Disposals	-	(93)	-	(16)	(41)	(150)
Transfers	-	(1)	-	1	-	-
Balance at 30 June 2014	1,693	878	85	358	78	3,092
Depreciation						
Balance at 1 July 2013	-	93	-	46	40	179
Depreciation for the year - expensed	36	78	-	102	21	237
Depreciation for the year - capitalised	183	60	14	-	2	259
Disposals	-	(80)	-	(15)	(34)	(129)
Transfers	-	-	-	-	-	-
Balance at 30 June 2014	219	151	14	133	29	546
Carrying amounts						
at 1 July 2013	-	150	-	126	27	303
at 30 June 2014	1,474	727	71	225	49	2,546

2013	Buildings	Property, Plant and Equipment	Motor Vehicles	Computer Software	Fixtures and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or deemed cost						
Balance at 1 July 2012	-	92	-	15	37	144
Additions	-	151	-	157	30	338
Balance at 30 June 2013	-	243	-	172	67	482
Depreciation						
Balance at 1 July 2012	-	50	-	13	22	85
Depreciation for the year - expensed	-	43	-	33	18	94
Balance at 30 June 2013	-	93	-	46	40	179
Carrying amounts						
at 1 July 2012	-	42	-	2	15	59
at 30 June 2013	-	150	-	126	27	303

Notes to the Consolidated Financial Statements

30 June 2014

Note 12. Trade and Other Payables

	30 June 2014 \$000's	30 June 2013 \$000's
Trade and other payables	4,726	2,446

These amounts generally arise from the usual operating activities of the Group and are expected to be settled within 12 months. Collateral is not normally obtained.

Note 13. Provisions

	30 June 2014 \$000's	30 June 2013 \$000's
Annual Leave	426	185
Carrying amount at start of the year	185	74
Provisions made during the year	241	111
Carrying amount at end of the year	426	185
Non-current	-	-
Current	426	185

Annual leave is provided for all employees of the Group in line with their employment contracts and the balance for the year ended 30 June 2014 is expected to be settled within 12 months. The measurement and recognition criteria relating to employee benefits have been included in note 1 to this financial report.

Note 14. Share Capital

	30 June 2014 Shares	30 June 2014 \$'000	30 June 2013 Shares	30 June 2013 \$'000
Ordinary shares fully paid	332,607,892	490,644	224,870,167	208,701
Performance shares	2,200,000	22	2,200,000	22
Total share capital	334,807,892	490,666	227,070,167	203,723
Movement in Share Capital	30 June 2014 Shares	30 June 2014 \$'000	30 June 2013 Shares	30 June 2013 \$'000
Ordinary shares fully paid (i)				
Balance at beginning of the year	224,870,167	203,701	150,934,586	129,880
Options exercised at \$0.60	1,414,419	849	35,975,581	21,545
Options exercised at \$0.55	-	-	1,722,500	953
Options exercised at \$0.50	-	-	587,500	293
Options exercised at \$1.00	-	-	3,600,000	2,160
Options exercised at \$0.20	1,600,000	320	50,000	10
Placement at \$0.76 per share for cash	-	-	10,000,000	7,600
Placement at \$2.00 per share for cash	-	-	22,000,000	44,000
Placement at \$2.44 per share for cash	34,160,000	83,350	-	-
Shares issued at \$2.90 ⁽ⁱⁱⁱ⁾	70,563,306	204,634	-	-
Cost of issue	-	(2,210)	-	(2,740)
Balance at year end	332,607,892	490,644	224,870,167	203,701

Notes to the Consolidated Financial Statements

30 June 2014

Note 14. Share Capital (continued)

	30 June 2014 Shares	30 June 2014 \$'000	30 June 2013 Shares	30 June 2013 \$'000
Performance shares (iii)				
Balance at beginning of year	2,200,000	22	2,200,000	22
Movement	-	-	-	-
Balance at year end	2,200,000	22	2,200,000	22
Total share capital	334,807,892	490,666	227,070,167	203,723

(i) Ordinary shares fully paid

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(ii) Shares issued in relation to the acquisition of the remaining 30% interest in the Nova Nickel Project.

(iii) Performance Shares

The Performance shares convert to one ordinary share once an independently Inferred Resource of greater than 50,000 ozs of gold is determined within the Fraser Range JV area, comprising tenements E28/1713, E28/1714, E28/1715 and E28/1630, as long as the Group maintains a minimum of a 50% interest in the tenement area.

Other securities

Employee shares

As at 30 June 2014 there were 44 shares payable at \$57 per share which remain unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 15. Reserves

	30 June 2014 \$000's	30 June 2013 \$000's
Options reserve (i)	3,536	3,536
Share-based payments reserve (ii)	24,710	20,821
Share appreciation rights reserve (iii)	307	-
	28,553	24,357

(i) The options reserve recognises the fair value of the options issued to third parties in relation to the acquisition of tenements and mineral rights.

(ii) The share-based payments reserve recognises the fair value of the options issued to Directors, employees and service providers.

Notes to the Consolidated Financial Statements

30 June 2014

Note 15. Reserves (continued)

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

- (iii) The share appreciation rights reserve recognises the fair value of the rights issued to Executive Directors and employees.

Note 16. Share-based Payments

The following share-based payments arrangements were in existence during the current and prior reporting period:

(i) Options

Options Series	Number	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(1) Issued at 31 August 2009	250,000	31/08/2009	30/08/2012	0.60	0.23
(2) Issued at 29 September 2009	600,000	29/09/2009	28/09/2014	0.60	0.11
(3) Issued at 2 November 2009	1,350,000	02/11/2009	02/11/2014	0.60	0.09
(4) Issued at 1 November 2010	550,000	1/11/2010	01/11/2015	0.60	0.10
(5) Issued at 27 November 2010	1,650,000	27/11/2010	26/11/2015	0.60	0.10
(6) Issued at 7 January 2011	5,500,000	07/01/2011	07/01/2013	0.60	0.14
(7) Issued at 21 February 2011	200,000	21/02/2011	21/02/2016	0.60	0.15
(8) Issued at 28 November 2011	4,000,000	28/11/2011	29/11/2016	0.20	0.04
(9) Issued at 14 May 2012	200,000	14/05/2012	14/05/2017	0.20	0.04
(10) Issued 18 September 2012	400,000	18/09/2012	17/09/2017	2.80	1.57
(11) Issued at 23 November 2012	1,700,000	23/11/2012	19/11/2017	3.50	1.89
(12) Issued at 23 November 2012	8,750,000	23/11/2012	22/11/2016	3.17	1.76
(13) Issued at 22 April 2013	500,000	22/02/2013	21/02/2018	3.00	1.97
(14) Issued at 7 November 2013	1,000,000	07/11/2013	06/11/2017	3.34	1.47
(15) Issued at 21 November 2013	2,000,000	21/11/2013	21/11/2017	3.51	1.22

- The 250,000 options in series 1 which vested immediately were issued to Blackwoods Capital for managing the capital raising in August 2009 and were valued at \$58,277.
- The options in series 2 expensed over a two year vesting period were valued at \$63,554.
- The 1,350,000 options in series 3 which vested immediately were issued to Directors of the Group and were valued at \$123,019.
- The 550,000 options in series 4 which vested immediately were valued at \$54,165.
- The 1,650,000 options in series 5 which vested immediately were issued to the Directors of the Group and were valued at \$162,495.
- The 5,500,000 options in series 6 which vested immediately were issued to RM Corporate Finance for managing the capital raising in January 2011 and were valued at \$764,500.
- The 200,000 options in series 7 which vested immediately were issued to employees under the Employee Share Option Plan. These were valued at \$29,000.
- The 4,000,000 options in series 8 which vested immediately were comprised of 750,000 options issued to employees under the Employee Share Option Plan, 250,000 options issued to service

Notes to the Consolidated Financial Statements

30 June 2014

Note 16. Share-based Payments (continued)

(i) Options (continued)

providers and 3,000,000 options issued to Directors of the Group. These 4,000,000 options were valued at \$168,000.

- (9) The 200,000 options in series 9 which vested immediately were issued to employees under the Employee Share Option Plan. These were valued at \$7,000.
- (10) The 400,000 options in series 10 which vested immediately were issued to employees under the Employee Share Option Plan. These were valued at \$626,400.
- (11) The 1,700,000 options in series 11 which vested immediately were issued to employees under the Employee Share Option Plan. These were valued at \$3,187,500.
- (12) The 8,750,000 options in series 12 which vested immediately were issued to Directors of the Group. These were valued at \$15,356,250.
- (13) The 500,000 options in series 13 which vested immediately were issued to employees under the Employee Share Option Plan. These were valued at \$959,500.
- (14) The 1,000,000 options in series 14 which vested immediately were issued to employees under the Employee Share Option Plan. These were valued at \$1,471,365.
- (15) The 2,000,000 options in series 15 which vested immediately were issued to Directors of the Group. These were valued at \$2,443,623.

The weighted average fair value of the share options granted during the year was \$1.30 (2013: \$1.78).

The share-based payment expense for the year ended is disclosed in note 6 of this report.

The weighted average contractual life for options outstanding at the end of the year was 4.4 years (2013: 4.6 years). Options were priced using a Black-Scholes option pricing model using the inputs below:

	Series 1	Series 2	Series 3	Series 4	Series 5
Grant date share price	0.34	0.18	0.16	0.28	0.28
Exercise price	0.60	0.60	0.60	0.60	0.60
Expected volatility	100.00%	100.00%	100.00%	100%	100%
Option life	30-Aug-12	28-Sep-14	02-Nov-14	01-Nov-15	26-Nov- 15
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	4.00%	4.00%	4.00%	4.75%	4.75%

	Series 6	Series 7	Series 8	Series 9	Series 10
Grant date share price	0.34	0.23	0.11	0.06	2.16
Exercise price	0.60	0.60	0.20	0.20	2.80
Expected volatility	100%	100%	100%	100%	100%
Option life	07-Jan-13	21-Feb-16	29-Nov-16	14-May-17	17-Sep-17
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	5.00%	4.75%	4.5%	2.75%	3.50%

Notes to the Consolidated Financial Statements

30 June 2014

Note 16. Share-based Payments (continued)

(i) Options (continued)

	Series 11	Series 12	Series 13	Series 14	Series 15
Grant date share price	2.61	2.61	2.70	2.50	2.27
Exercise price	3.50	3.17	3.00	3.34	3.51
Expected volatility	100%	100%	100%	87.67%	84.25%
Option life	19-Nov-17	22-Nov-16	21-Feb-18	06-Nov-17	21-Nov-17
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	3.25%	3.25%	3.00%	3.25%	3.25%

The following reconciles the outstanding share options granted in the year ended 30 June 2014:

	2014		2013	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at the beginning of the year	47,964,419	\$1.18	51,750,000	\$0.58
Granted during the year	3,000,000	\$3.45	11,350,000	\$3.20
Exercised during the year	(3,014,419)	\$0.39	(14,635,581)	\$0.64
Expired/cancelled during the year (i)	(150,000)	\$3.50	(500,000)	\$0.60
Lapsed during the year	-	-	-	-
Balance at the end of the year	47,800,000	\$1.37	47,964,419	\$1.18
Un-exercisable at the end of the year	-	-	-	-
Exercisable at end of the year	47,800,000	\$1.37	47,964,419	\$1.18

(i) Options expired or cancelled during the period

For the financial year ended 30 June 2014, no options expired and 150,000 options were cancelled due to employee resignations.

28,550,000 shares were issued since the end of the financial year on the exercise of options.

No amounts are unpaid on any of the shares. No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

Notes to the Consolidated Financial Statements

30 June 2014

Note 16. Share-based Payments (continued)

(ii) Share Appreciation Rights

At 30 June 2014, a summary of the Group's Share Appreciation Rights (SAR's) issued and not exercised are as follows:

SAR's series	Issued To	Number	Grant Date	Vesting Date	Expiry Date	Price at Grant Date \$	Fair value at Grant Date \$
Series 1: Issued on 20 June 2014	Key Management Personnel	192,880	20/06/2014	30/06/2016	20/06/2021	2.35	1.84
Series 1: Issued on 20 June 2014	Key Management Personnel	234,744	20/06/2014	30/06/2016	20/06/2021	2.35	1.23
Series 1: Issued on 20 June 2014	Employees	234,743	20/06/2014	30/06/2016	20/06/2021	2.35	1.26

Each SAR represents a right to receive cash or equity equal to the positive difference between the share price at grant date and the share price at vesting date. SAR's are cash settled at the Boards discretion.

	2014		2013	
	Number of SAR's	Price at grant date	Number of SAR's	Price at grant date
Balance at the beginning of the year	-	-	-	-
Granted during the year	662,367	\$2.35	-	-
Balance at the end of the year	662,367	\$2.35	-	-
Un-exercisable at the end of the year	662,367	\$2.35	-	-
Exercisable at end of the year	-	-	-	-

(iii) Share-based Payments Expense

The following share-based payment transactions were recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive income for the financial year end:

	30 June 2014 \$000's	30 June 2013 \$000's
Options Series 10	-	626
Options Series 11	-	3,188
Options Series 12	-	15,356
Options Series 13	(26)	985
Options Series 14	1,471	-
Options Series 15	2,444	-
Share Appreciation Rights Series 1 - Key Management Personnel	195	-
Share Appreciation Rights Series 1 - Employees	112	-
	4,196	20,156

Notes to the Consolidated Financial Statements

30 June 2014

Note 17. Dividends

There were no dividends recommended or paid during the financial year (2013: nil).

Note 18. Key Management Personnel Disclosures

	30 June 2014 \$	30 June 2013 \$
Short term employee benefits	2,831,187	1,128,605
Short-term incentive payments	504,000	-
Bonus payments	-	350,000
Post-employment benefits	126,169	109,444
Non-monetary benefits	-	-
Share-based payment	4,110,419	15,356,250
	7,571,775	16,944,299

Detailed remuneration disclosures are provided in the Remuneration Report.

Note 19. Remuneration of Auditors

	30 June 2014 \$	30 June 2013 \$
During the year the following fees were paid or payable for services provided by the auditor of the Group:		
Independent Expert Report	40,800	-
Audit services	51,450	41,091
Total remuneration for audit services	92,250	41,091

Note 20. Commitments

The Group must meet the following operating lease and tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

	30 June 2014 \$000's	30 June 2013 \$000's
Not later than one year	2,269	2,304
After one year but less than two years	2,269	4,608
After two years but less than five years	6,276	6,912
After five years*	1,814	2,304
	12,628	16,128

* Per annum

Notes to the Consolidated Financial Statements

30 June 2014

Note 21. Related Party Transactions

(a) Key Management Personnel

Disclosures relating to remuneration of key management personnel are set out in the Directors' Report.

(b) Subsidiaries

Sirius has advanced the following funds to its subsidiaries by way of intercompany loans:

	30 June 2014 \$000's	30 June 2013 \$000's
Sirius Gold Pty Ltd	304,005	-
	304,005	-

The amounts outstanding are expected to be settled in cash. No guarantees have been given or received in respect of the advances. Interest on the loan has been calculated on the loans daily balance using the published BBSY rate plus a margin.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

(c) Other Related Party Transactions

On 30 May 2014 Sirius acquired the remaining 30% interest in its Nova Nickel Project from Mark Creasy (through his company Ponton Minerals Pty Ltd and other 100% controlled entities of Mr Creasy). The purchase consideration comprised a combination of cash and fully paid ordinary shares. Refer to note 10 for detail of this acquisition.

Note 22. Events Occurring After the Reporting Period

On 14 July 2014, the Group announced the completion of the Nova Nickel Project Definitive Feasibility Study ("DFS"). Key highlights of the DFS include:

- Maiden Probable Ore Reserve of 13.1mt grading 2.1% nickel, 0.9% copper and 0.07% cobalt for a contained 273,000t nickel, 112,000t copper and 9,000t cobalt. Initial life of mine of 10 years plus 2 years development.
- Capital development cost of \$473 million, which included a 5% contingency.
- Plant throughput of 1.5 mtpa resulting in annual production of approximately 26,000t nickel, 11,500t of copper concentrate and 850t cobalt.
- C1 cash cost of A\$1.66/lb Ni (US\$1.50/lb) after by-product credits and all in sustaining cash cost of A\$2.32/lb Ni (US\$2.09/lb), on a 100% nickel payable basis.

Construction is forecast to commence early 2015 with first ore from development in Q2 2016 and first ore feed to the processing plant in Q3 2016. Concentrate production is estimated to commence Q4 2016 with the first nickel and copper concentrate shipments occurring in Q1 2017.

On 23 July 2014, the Group announced a \$189 million capital raising at an offer price of \$3.82 per ordinary share. The capital raising was completed and 49,543,683 shares were issued on 1 August 2014.

Notes to the Consolidated Financial Statements

30 June 2014

Note 22. Events Occurring After the Reporting Period (continued)

On 4 August 2014 the Company signed the Nova Mining Agreement (and ancillary documentation) with the Ngadju People – the traditional owners of the land containing the Nova Nickel Project. This Agreement paved the way for the subsequent grant of the Nova Mining Lease which triggered the start of the remaining development permitting and approval processes and allows Sirius to develop the Nova nickel mine.

On 15 August 2014 the Company received notice from the Western Australian Department of Mines & Petroleum that the Mining Lease Application M28/376, containing the proposed Nova Nickel Project, was granted.

On 26 August 2014 28,000,000 options were exercised by Yandal Investments Pty Ltd with the Company receiving \$16,800,000.

Note 23. Reconciliation of Loss After Income Tax to Net Cash used in Operating Activities

	30 June 2014 \$000's	30 June 2013 \$000's
Loss for the year	(18,993)	(47,712)
Depreciation	237	94
Equity Settled share-based payment transaction	4,196	20,156
Exploration expenditure written off	-	510
Profit on disposal of assets	(19)	-
Changes in operating assets and liabilities:		
Increase in trade and other payables	2,538	2,196
Increase in provisions	241	111
(Increase) in receivables	(829)	(716)
Net cash outflow from operating activities	(12,629)	(25,361)

Non-cash investing and financing activities during the year ended 30 June 2014 comprised the issue of 70,563,306 ordinary shares in relation to the acquisition of the remaining 30% interest in the Nova Nickel Project. Refer note 10 for further details.

There were no non-cash investing or financing activities during the year ended 30 June 2013.

Note 24. Loss Per Share

	30 June 2014 \$000's	30 June 2013 \$000's
(a) Reconciliation of loss used in calculating Loss Per Share		
Basic loss per share		
Loss attributable to the ordinary equity holders	(18,993)	(47,712)
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(18,993)	(47,712)

Notes to the Consolidated Financial Statements

30 June 2014

Note 24. Loss Per Share (continued)

	30 June 2014	30 June 2013
(b) Weighted average number of shares used as the Denominator	Number	Number
Ordinary shares used as the denominator in calculating basic loss per share	230,716,239	200,169,014
(c) Loss per share	Cents	Cents
Basic loss per share	(8.23)	(23.84)

Where earnings per share is non-dilutive, it is not disclosed.

Note 25. Joint Ventures

The Group has interests in the following joint venture operations:

Tenement Area	Activities	Equity Interest		Carrying Value	
		2014	2013	2014 \$'000's	2013 \$'000's
Fraser Range	Base Metals/PGM	70%	70%	4,549	13,145

Note 26. Contingent Liabilities

The Company has a contingent liability at 30 June 2014 with respect to stamp duty on the acquisition of the remaining 30% interest in the Nova Nickel Project. This payment is dependent on government assessment of the transaction and as such cannot be reliably estimated at this stage.

There were no contingent liabilities at 30 June 2013.

Notes to the Consolidated Financial Statements

30 June 2014

Note 27. Parent entity disclosures

Financial position

	30 June 2014 \$'000's	30 June 2013 \$'000's
Assets		
Current assets	60,035	42,313
Non-current assets	304,702	303
Total assets	364,737	42,616
Liabilities		
Current liabilities	1,624	2,631
Non-current liabilities	-	-
Total liabilities	1,624	2,631
Net assets	363,113	39,985
Equity		
Issued capital	490,666	203,723
Accumulated losses	(156,106)	(188,095)
Reserves		
Share-based payments	25,017	20,821
Share option reserve	3,536	3,536
Total equity	363,113	39,985

Financial performance

	30 June 2014 \$'000's	30 June 2013 \$'000's
Profit/(loss) for the period	31,989	(56,148)
Other comprehensive income	-	-
Total comprehensive income	31,989	(56,148)

The parent entity must meet the following operating lease and tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

	30 June 2014 \$000's	30 June 2013 \$000's
Not later than one year	475	310
After one year but less than two years	475	620
After two years but less than five years	894	930
After five years*	20	310
	1,864	2,170

* Per Annum

Notes to the Consolidated Financial Statements

30 June 2014

Note 28. Subsidiaries

Name of entity	Country of incorporation	Class of Shares	Equity Holding	
			2014	2013
Sirius Gold Pty Ltd	Australia	Ordinary	100%	100%
Polar Metals Pty Ltd	Australia	Ordinary	100%	100%
VMS Metals Pty Ltd	Australia	Ordinary	100%	100%
Sirex Exploration Canada Ltd	Canada	Ordinary	100%	100%

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements and notes as set out on pages 28 to 63 are in accordance with the Corporations Act 2001, and
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance for the year ended on that date.
2. The financial report also complies with International Financial Reporting Standards as disclosed in note 1.
3. The Director acting in the capacity of Chief Executive Officer has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the accounting standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
4. In the opinion of the Directors there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
5. The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standards AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001,

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



Mark Bennett
Director
Perth
5 September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Sirius Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Sirius Resources NL, which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sirius Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Sirius Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Sirius Resources NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A blue ink signature, appearing to read 'Peter Toll', is written over a faint blue BDO logo.

Peter Toll

Director

Perth, 5 September 2014