Sirius Resources





2014 ANNUAL REPORT

ASX: SIR

Corporate Directory

Directors	Jeff Dowling Non-Executive Chairman Mark Bennett Managing Director Jeffrey Foster Executive Director Anna Neuling Executive Director Terry Grammer Non-Executive Director Neil Warburton Non-Executive Director David Craig Non-Executive Director
Company Secretary	Anna Neuling
Registered Office	253 Balcatta Road Balcatta WA 6021 Telephone: +61 8 6241 4200 Facsimile: +61 8 6241 4299
Share Register	**Computershare Investor Services Pty Limited** Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Telephone: 08 6382 4600
Stock Exchange Listing	Sirius Resources NL's shares are listed on the Australian Securities Exchange (ASX). ASX code: **SIR**
Website Address	www.siriusresources.com.au

All references to years are in calendar years

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Chairman's Letter

Dear Shareholder

The 2014 financial year has been one of incredible growth and change for your Company. The market capitalisation has increased from $0.4 billion to $1.1 billion as at 30 June 2014, with the share price increasing from $1.88 to $3.24.

This success is a result of the absolute focus on maximising the value of the Nova-Bollinger discovery and proving the value of the exploration potential of our Fraser Range and Polar Bear ground positions.

As a Board, we set clear strategic objectives for 2014 to achieve the following goals:

1. Consolidating 100% ownership of the Nova Project through the acquisition of Mark Creasy's 30% interest, thus giving Sirius strategic control of the Fraser Range belt and to facilitate financing of the mine development
2. Maintaining a disciplined approach to capital management to ensure we had a balance sheet capable of achieving the above and progressing the project financing from a position of financial strength.
3. Completing the Definitive Feasibility Study by 30 June 2014.
4. Maintaining a focused exploration program designed to discover additional mineral resources and additional opportunities through systematic exploration of a broad range of targets.
5. Augmenting the Board and senior management to ensure a skill set and structure commensurate with the Company moving through project financing, feasibility, development and into production.

It is pleasing to report that during the 2014 financial year and up to the date of this report that Sirius achieved all of these strategic objectives, as outlined in the Managing Director's Report.

In last year's Annual Report we advised that the Company had redesigned its executive remuneration practices going forward to reward the achievement of its objectives via appropriately defined short term incentive (STI) and long term incentive (LTI) measures. The remuneration report and remuneration resolutions at this year's AGM are now aligned to the achievement of these objectives and I recommend them to shareholders for endorsement.

On behalf of shareholders, I would like to thank Mark Bennett and his executive team for their outstanding efforts in achieving the above goals in 2014. In particular, Mark's drive and strategic focus has ensured that the Company has clear goals that are understood by our employees and shareholders. The culture and values that he has strived to impart have resonated with stakeholders including the traditional owners of the land and this has enabled rapid progress to be made in a spirit of mutual respect and benefit.

Finally I would like, on behalf of the Board, to thank all of our employees and consultants who have embraced the Company's entrepreneurial culture and through their tireless efforts have contributed in a significant way to the success of the Company in 2014.

Jeff Dowling
Non-Executive Chairman

Managing Director's Review

The 2014 financial year has been a very busy and productive year for Sirius, culminating in the completion of the Definitive Feasibility Study (DFS) for the Nova Nickel Project within two years of the discovery hole being drilled. Such a rate of progress is highly unusual and reflects the exceptional quality of the asset and of the Sirius team.

The completion of the DFS was one of several key company objectives achieved during the year, alongside obtaining 100% ownership of the Nova Nickel Project (through the buyout of Mark Creasy's 30% joint venture interest), maintaining a strong balance sheet to pre-position the company ahead of the anticipated project financing and completion of a landmark Native Title Agreement with the Ngadju people, which was a key prerequisite for granting of the Nova Mining Lease.

In addition to these objectives, significant progress has been made in terms of identifying potential customers for Nova's copper and nickel products, obtaining statutory approvals and permits for mining, building of the team to manage the Company's rapidly expanding activities, and continuing to unlock the potential of the Company's ground through ongoing exploration.

In November 2013, the Company raised $84 million via a private placement on very attractive terms. This capital raising was done at a price of $2.44/share and at a modest 5% discount to the 5 day volume weighted average price at the time. This ensured dilution to existing shareholders was minimised and also pre-positioned the Company to negotiate the deal to buy Mark Creasy's 30% of the Nova Nickel Project. It also enabled additional institutional investors to become shareholders, thereby increasing the strength of the Company's share register.

The deal to buy Mark Creasy's 30% interest in the Nova Nickel Project was considered a very important step in progressing the project to development, as it would enable Sirius to obtain project finance more easily and quickly, would give the Company strategic control of the belt and give Sirius' shareholders more exposure to future upside. The deal was signed in February 2014, following a protracted period of negotiation and assessment by independent experts. The market considered the deal to be very good for Sirius' shareholders and it was approved in May 2014 with over 95% of voting shareholders in favour of the transaction.

The DFS for the Nova Nickel Project was completed at the end of June 2014, only one year and 11 months after the discovery hole was drilled. This represents an astonishingly rapid rate of progress, made possible by the extraordinary quality of the asset and the team of capable and committed people at Sirius. The outcomes of the study are extremely positive and remarkably consistent with (if not better than) the Scoping Study which was completed in September 2013. The DFS confirms Nova to be a world class nickel project, with a long life, a globally significant production profile, lowest quartile production costs, a strategically important product and significant leverage to nickel price in an improving world nickel market.

As part of the DFS, the Company released its maiden Nova Ore Reserve in July 2014. The 93% conversion rate of nickel metal from Indicated Mineral Resource to Probable Ore Reserve, based on conservative nickel pricing, is outstanding and perhaps unprecedented. This attests to the world class quality of the Nova (and Bollinger) deposits, and reaffirms my view that Sirius is one of those rare companies with a truly company-making asset.

Sirius recognises the rights of traditional land owners and believes that they should benefit from any development or utilisation of their traditional lands. We feel proud to have reached a landmark Native Title Agreement with the Ngadju people that will enable the development of Nova for the benefit of both Sirius' shareholders and the Ngadju people. This was agreed in May 2014 and concluded in August 2014, and the Company is looking forward to working hand in hand to create a better future for all.

The Company has had significant unsolicited interest from a variety of potential financiers, and has progressed to a point where advanced negotiations have commenced with shortlisted parties. We expect to conclude these negotiations in the second half of calendar 2014 and to be fully funded for the commencement of development as soon as all project permits and approvals are in place.

Sirius has received strong demand from potential customers for both its copper and nickel concentrates. These concentrates are high quality, being free of impurities and deleterious elements, and having characteristics that make them important as feed for smelters. As a result, the Company is able to negotiate favourable terms with potential buyers.
In order to maintain the significant momentum towards development and production, and to be prepared for the commencement of a significant mining operation, the team has been augmented with new key executive personnel.

Managing Director's Review (cont)

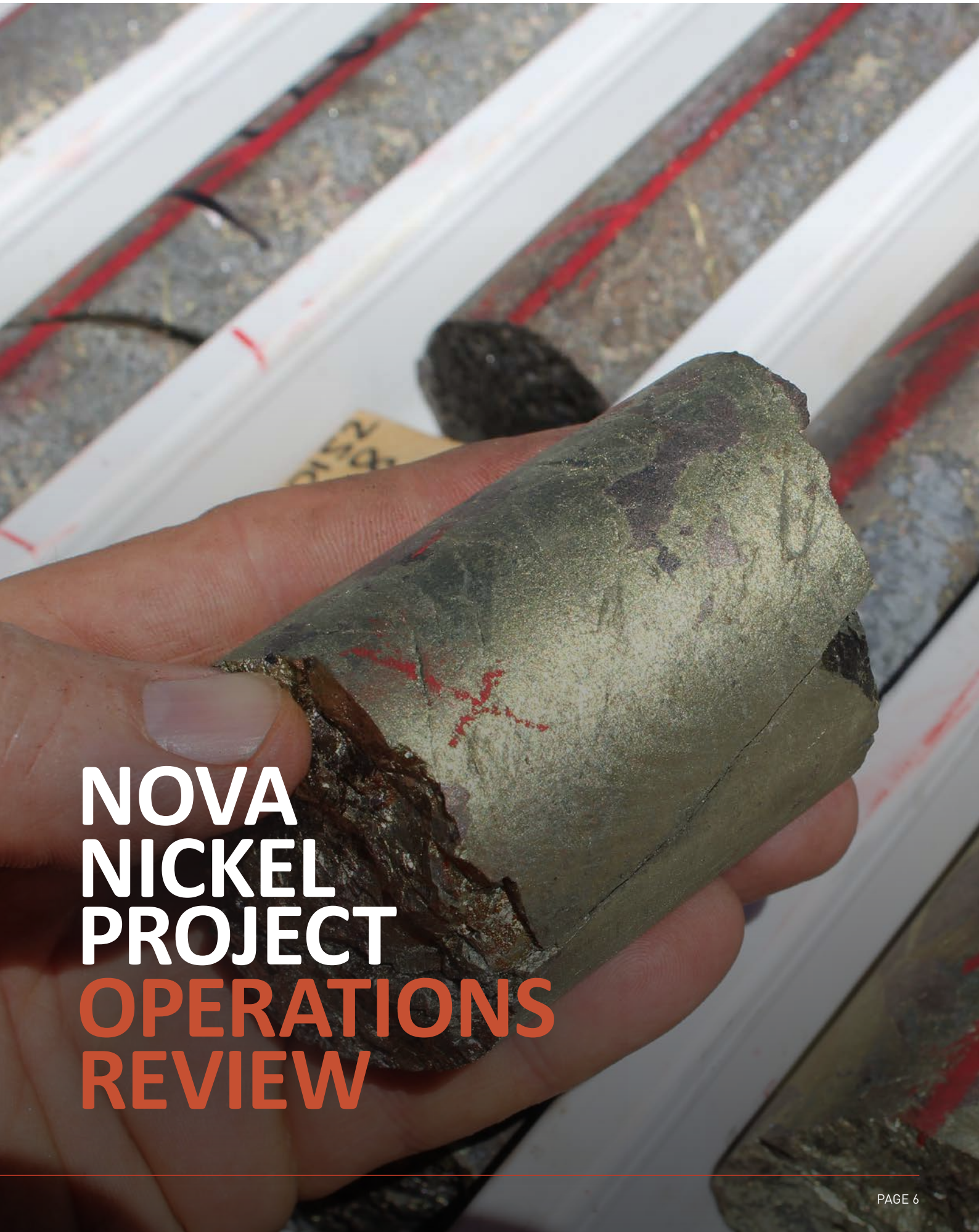
During the year, Rob Dennis was appointed as Chief Operating Officer (COO) and Grant Dyker was appointed as Chief Financial Officer (CFO). Rob is a mining engineer with a wealth of experience in building, developing and operating numerous mines, including the Windarra nickel mine; the Jundee, Bronzewing, Wiluna and Thunderbox gold mines; and the Nifty copper mine. Grant is an accountant with extensive experience in the project financing of various development stage projects including Avoca's Higginsville gold mine and Doray's Andy Well gold mine in Western Australia.

Sirius is already moving towards a development decision, with several important activities underway to obtain all necessary permitting, financing and offtake contracts. Key objectives for the next 12 months are:

- Receive all necessary permits and licences to start the development of the project.
- Finalise project financing.
- Sign concentrate offtake deals.
- Finalise and let key tenders and contracts.
- Start infrastructure construction and mine development.
- Recruit the next wave of key personnel.

The Company does not intend to slow down over the next 12 months. Our goal is to transform this exceptional discovery into a quality mine capable of generating the cash to continue to underpin future growth. To this end we will be spending up to $10 million on continued exploration in FY14/15 to do our best to unlock additional potential in the world's newest nickel province.

Mark Bennett
Managing Director and CEO



NOVA NICKEL PROJECT OPERATIONS REVIEW

Operations Review

Nova Nickel Project

The Definitive Feasibility Study (DFS) for the Nova Nickel Project was completed in June 2014. Nova is located in the Fraser Range, 700 kilometres east of Perth, Western Australia, and is now 100% owned by Sirius following the purchase of Mark Creasy's 30% stake in May 2014.

The DFS was managed by Sirius personnel and compiled with the assistance of a number of Western Australian engineering companies and with input from a variety of industry experts. As expected, it affirmed the technically low risk and economically robust nature of the Nova Nickel Project, which is expected to become one of the world's most significant and lowest cost nickel mines.

The DFS was completed using the same financial input criteria as the Scoping Study completed for the Nova Nickel Project in September 2013, in order to enable a meaningful comparison of the two. The outcomes of the DFS were remarkably consistent with those of the Scoping Study, indicating the high quality of previous work and the robust nature of the asset.

The Probable Ore Reserve comprises 13.1mt grading 2.1% nickel, 0.9% copper and 0.07% cobalt for a contained 273,000t of nickel, 112,000t of copper and 9,000t of cobalt. This represents an exceptional 93% conversion of nickel metal from the Indicated Mineral Resource to Probable Ore Reserve and 103% conversion of nickel metal from the mining inventory announced in the scoping study to the life of mine plan forming the basis of the DFS.

The Probable Ore Reserve and life of mine plan used in the DFS are based on the same metal pricing as used in the Scoping Study (US$7.44/lb nickel). In light of recent increases in the nickel price to US$8/lb-US$9/lb and forecast continued strengthening, this figure may be considered conservative.

The Probable Ore Reserve together with a small proportion of additional mining inventory material, together constituting the life of mine plan (LOMP), will underpin an initial mine life of 10 years following a two year development period. Average production following Project ramp-up will be 26,000tpa of nickel and 850tpa of cobalt in a nickel concentrate and 11,500tpa copper in a separate copper concentrate.
C1 cash operating costs (after by-product credits) over this period are forecast to average A$1.66/lb (US$1.50/lb) of nickel in concentrate. This is better than originally estimated in the Scoping Study and will position Sirius in the lowest quartile of global nickel producers.

Importantly, all-in sustaining costs are forecast to average a very low A$2.32/lb (US$2.09/lb) of nickel in concentrate. This is substantially better than estimated in the Scoping Study and further emphasises the world class quality of the Nova Nickel Project.

For the purpose of financial forecasting, by applying the same estimated nickel and copper prices (US$10/lb and US$3.30/lb respectively) and A$/US$ exchange rate (0.90) as the Scoping Study, the Nova Project is forecast to generate a net cash flow (after sustaining capex and royalties) of A$2.74 billion from a forecast nickel revenue of A$4.53 billion over the initial 10 year mine life.

Since the time of the Scoping Study release the nickel price has increased significantly and the nickel price used in the DFS is lower than that forecast at the time by Wood MacKenzie. Using the current Wood Mackenzie price forecasts, which result in a weighted average nickel price over the mine life of A$11.79/lb, the forecast nickel revenue increases to A$5.3 billion over the initial mine life with a corresponding net cashflow increase to A$3.5 billion.

Whilst the low forecast cash cost of production ensures the Nova Nickel Project is robust in terms of nickel price downside risk, it is also strongly leveraged to any future upside, with the project cashflow changing (either up or down) by A$434 million over the life of mine for each corresponding US$1/lb movement in the nickel price.

Capital expenditure to first production is estimated to be A$473 million. This is virtually unchanged from the Scoping Study estimate of A$471 million but includes additional items designed to minimise production and processing risk to protect the project's cashflow. The capex also includes a contingency of 5% for unexpected overruns. This was decreased from the A$51 million (approximately 10%) contingency used in the Scoping Study because of the increased level of detail and confidence in the DFS costings and constraints.

Operations Review (cont)

PLANNED MINING

The life of mine plan (LOMP) comprises the following material:

- 14.2mt @ 2.0% Nickel, 0.8% Copper and 0.07% Cobalt; for
- 285,000t Nickel, 118,000t Copper and 10,000t Cobalt.

The LOMP material represents the combination of Probable Ore Reserves with a small proportion of Inferred Mineral Resource material. The contained nickel metal in the LOMP represents a 103% conversion from that in the Scoping Study mining inventory.

The Inferred Mineral Resources used in the LOMP have been subject to the same economic modifying factors as the Probable Ore Reserve.

Nova Nickel Project Life of Mine Plan

		Tonnes (Mt)	Grade Ni (%)	Contained Ni (Kt)	Grade Cu (%)	Contained Cu (Kt)	Grade Co (%)	Contained Co (Kt)
Ore Reserves	Probable	13.1	2.1	273	0.9	112	0.07	9.0
Additional Resources	Inferred	1.1	1.0	12	0.4	6	0.04	1.0
	Total	**14.2**	**2.0**	**285**	**0.8**	**118**	**0.07**	**10.0**

Table 1 Life of Mine Plan for Nova Nickel Project

The planned mine is based on a 1.5mtpa underground operation with decline access. The principal stoping method will be sub-level open stoping (SLOS) with paste fill to maximise extraction. Approximately 83% of the planned production will be from sub-level open stoping with the remaining 17% of production from the longhole echelon retreat stoping method.

The SLOS stopes will measure up to 25 metres by 25 metres horizontally and 70 metres in height, containing up to 200,000 tonnes of ore per stope.

The LOMP includes 7% dilution of which 5% is modelled at a dilution grade of 0.2% Ni. Stope ore recovery is calculated to be 95% with development ore recovery being 100%. The stope dimensions, stoping methodology, mining recovery and mining dilution estimates are based on extensive geotechnical testwork, which shows the enclosing rock to be geotechnically competent and to have low mean virgin stress.

The stopes will be backfilled, and backfilling will be by paste fill produced from low-sulphur flotation tailings recycled from process plant waste material. Comprehensive paste fill testwork indicates that high-strength paste backfill material can be successfully generated using Nova process tailings and shows that a suitable paste fill can be produced to meet the requirements of the mine development.
Ore and waste will be hauled in 60 tonne underground trucks up a straight, one in seven gradient decline. The decline has been designed to allow conveyor haulage to be retrofitted at a later date if deemed appropriate.

The mining schedule has been designed to minimise ramp up time in order to fill the plant whilst also maintaining a consistent blend of material type and grade. Consequently, the majority of the capital development is scheduled to occur in the first 36 months.

Underground grade control drilling will be from a hanging wall drive established early in the development sequence. This will enable all grade control drilling for the entire mine to be completed within 24 months. This hanging wall drive will then also be used for paste fill reticulation.

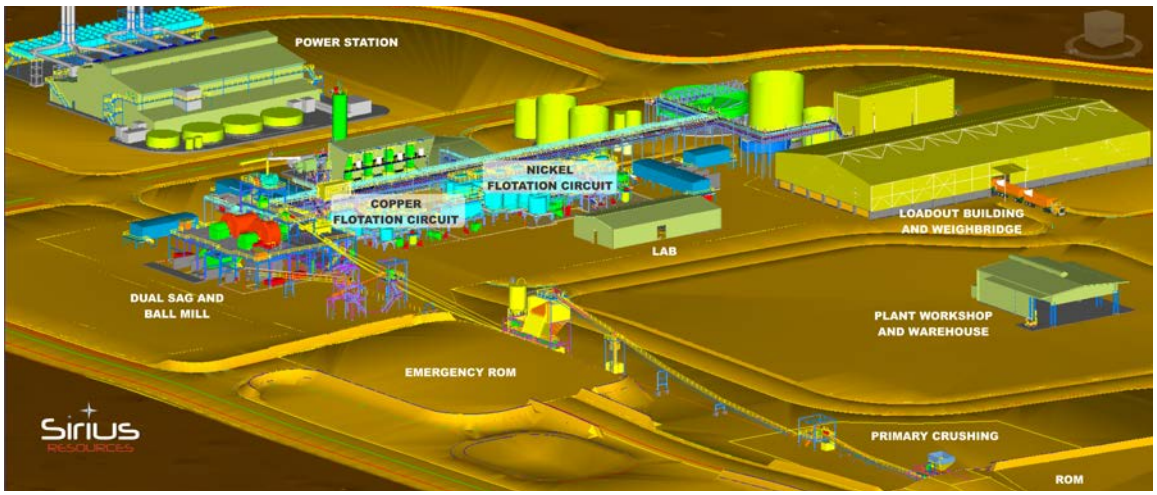
Approximately 94% of material scheduled to be mined in the first two years of production is classified as Probable Ore Reserve and only 6% of material scheduled to be mined in the first two years of production is classified as Inferred Mineral

Operations Review (cont)

Resources. As such, the dependence of the outcomes of the DFS and the guidance provided in this Operations Review on the lower confidence Inferred Mineral Resource material contained in the life of mine plan, is minimal.

METALLURGY, PROCESSING PLANT AND ASSOCIATED INFRASTRUCTURE

An exhaustive metallurgical testwork program involving multiple domains and material types, full variability tests and over 200 flotation tests has been performed for the DFS.This testwork has been undertaken using site water to emulate real conditions.



The testwork results show that the ore is amenable to the production of two separate sulphide concentrates via crushing, grinding and conventional froth flotation, specifically:

- Copper concentrate – 95% recovery to produce a 29% copper concentrate with silver.
- Nickel concentrate – 89% recovery to produce a 13.5% nickel concentrate with cobalt.

The processing plant will have a 1.5mtpa nameplate capacity and will utilise a conventional crushing process with a primary crusher fed by a dedicated front end loader from stockpiles. A mobile crusher has also been incorporated into the design as a back-up for the primary crusher. Grinding by open circuit SAG mill will be followed by a ball mill in closed circuit with hydrocyclones.

The flotation flowsheet required to produce separate copper and nickel concentrates is an open circuit based on roughing, cleaning and cleaner scavenging. The circuit will be replicated for both copper and nickel circuits and regrinding on particular streams will be used to increase liberation and recovery for both circuits.

Low-sulphur tailings will be sent to either a high-density polyethylene (HDPE) plastic-lined tailings storage facility (TSF) or to the paste plant. The TSF has a designed storage capacity to store the process tailings not utilised as paste fill for the underground mine, and will also act as a reservoir for initial mine dewatering water. The TSF design is an above-ground impoundment with a single perimeter embankment, and will be lined with a composite liner system, consisting of a clay layer and a HDPE layer.

A detailed flow sheet and plant design have been completed with the site layout finalised. The plant layout has been designed with expansion capability should additional mineralisation be discovered or throughput be increased. The crushing, grinding and flotation circuits have been sized to allow for a range of material types with varying comminution and flotation characteristics in order to minimise the risk of bottlenecking.

Groundwater exploration, pump testing and modelling simulations have been completed around the Nova-Bollinger deposits. Results indicate that some dewatering of the mine environment will be required during mine development. This water will be stored in the TSF and is expected to provide sufficient water for the first two years of mining and processing operations.

Beyond this period, process water will be sourced from three water bores identified in other aquifers within 4 kilometres of the planned mine. As a contingency, further groundwater resources exist within a 50 kilometre radius of the project and are available for development.

A reverse osmosis plant will provide desalinated water for concentrate cleaning and drinking water.

Operations Review (cont)

OFFTAKE

When at full production the Nova Project is expected to produce an average of 26,000 tonnes of nickel and 850 tonnes of cobalt contained in a nickel concentrate and 11,500 tonnes of copper in a separate copper concentrate annually.

Both products are in high demand due to their low impurity levels and high iron to magnesium oxide ratios, which make them ideal blending feed for smelters.

The Nova Project is expected to come into production at a time when nickel prices are expected to have fully recovered from recent surplus supply, while copper prices are expected to start rallying by 2018.

OTHER INTRASTRUCTURE AND LOGISTICS

Power for the site will be generated from an onsite 16 megawatt diesel-fired power station provided by a specialist power generation contractor.

A 38 kilometre long sealed road will provide access from the Eyre Highway to the mine site via the airstrip and the accommodation village. This will ensure that the delivery of essential supplies and the outward shipment of product is not compromised by adverse weather events.

The road has been designed in accordance with Austroads Guide to Road Design and is suitable for concentrate and other trucks in a road train configuration of up to 36.5 metres in length.

The airstrip will be 2 kilometres long, sealed and able to accommodate jet aircraft such as the Fokker F100 or BAE146.

CAPITAL EXPENDITURE

The capital expenditure, inclusive of contingency, required for production of first concentrate is estimated to total A$473 million, itemised as follows:

Nova Nickel Project Capex Estimate	A$M
Processing plant [i]	169
Site infrastructure [ii]	190
Pre-production mine development costs [iii]	92
Contingency of 5%	22
TOTAL Project Development Capital	**473**

Table 2 Total Project Development Capital Cost

(i) Inclusive of treatment plant construction, engineering design and commissioning costs.

(ii) Inclusive of paste plant (A$13m), TSF (A$23m), camp (A$34m), airstrip (A$10m), access roads (A$24m), borefields, fuel storage and buildings (A$19m) and Company project management costs.

(iii) Underground mine development including boxcut, decline & level development.

The estimated capex is very similar to that estimated in the Scoping Study but, importantly, now includes additional items to minimise production and processing risk to protect the Project's cashflow. These items include a second (mobile) crusher to provide backup to the main crusher and an automated real-time analysis and process control system to maintain and optimise plant performance and metal recovery.

The capex also includes a contingency of 5% for unexpected costs and overruns. This has been decreased from the A$51 million (10%) contingency used in the Scoping Study because of the increased level of detail and confidence in the DFS costings and constraints.

The estimated sustaining capital expenditure over the life of mine is A$127 million and the estimated closure costs at the end of life of mine are A$25 million, excluding salvage value.

Operations Review (cont)

OPERATING COSTS

The DFS confirms that the estimated operating costs for the Nova Project sit firmly in the lowest quartile of global nickel producers, with estimated C1 cash costs of A$1.66/lb (US$1.50/lb) nickel in concentrate (inclusive of copper and cobalt by-product credits) and estimated all-in sustaining cash costs of A$2.32/lb (US$2.09/lb) nickel in concentrate.

Life of Mine Operating Cost Estimates	Material mined (A$/tonne)	Material mined (US$/tonne)
Mining	54.97	49.48
Processing	35.64	32.08
Administration	10.83	9.74
Transport	23.20	20.88
TOTAL	**124.64**	**112.18**

Nickel in Concentrate on 100% basis Life of Mine Operating Cost Estimates	(A$/lb)	(US$/lb)
Mining	1.41	1.27
Processing	0.92	0.82
Administration	0.28	0.25
Transport	0.60	0.54
By-product credits	(1.55)	(1.38)
TOTAL	**1.66**	**1.50**

Table 3 Operating Cost Estimates

The estimated C1 cash cost of A$1.66/lb Ni (US$1.50/lb) is lower than that originally estimated in the Scoping Study, and the estimated all-in sustaining cash cost of A$2.32/lb Ni (US$2.09/lb) is substantially lower than that originally estimated in the Scoping Study.

PROJECTED REVENUE

The revenue and cash flow projections cited in the DFS are based on the same nickel, copper, cobalt and forex estimates used in the Scoping Study, which were the weighted average of independent consensus forecasts at that time (September 2013). The commodity price and forex assumptions are shown in Table 4.

Key Assumptions [i]			
Commodity Price Assumption (US$/lb)			FX Assumption
Nickel	Copper	Cobalt	A$/US$
10.00	3.30	12.00	0.90

Table 4 Key Commodity Price and Forex Assumptions

(i) The DFS commodity price and forex assumptions are the same as the Scoping Study assumptions previously stated to enable meaningful comparison.

On this basis, the Nova Project is forecast to yield a nickel revenue of A$4.53 billion and net cash flow of A$2.74 billion over its initial 10 year mine life. The life of mine net cash flow also varies (either up or down) by A$434 million for each corresponding US$1/lb change in the nickel price.

Operations Review (cont)

Since the Scoping Study was published, the world nickel market has improved considerably and a number of current independent price forecasts are significantly higher than those being used by Sirius. An example of life of mine nickel revenue and net cash flow scenarios using such forecasts is shown in Table 5, below. If the higher nickel price forecasts are realised, there is considerable potential for Sirius' revenues and net cash flow to be substantially higher than the base case.

	Commodity Price Assumption (US$/lb)	Life of mine nickel revenue	Life of mine net cashflow
	Nickel	A$ billion	A$ billion
DFS	10.00	4.53	2.74
Wood Mackenzie [i]	11.79	5.30	3.50

Table 5 Life of mine revenues and net cashflows using nickel pricing assumptions

(i) This is a weighted average of Wood Mackenzie pricing as per their Q2 2014 forecast. This does not factor in the positive impact of higher payabilities likely to be achieved at a higher nickel price.

DEVELOPMENT SCHEDULE

The Nova Mining Lease (M28/276) was granted in August 2014 and the Environmental Protection Agency Part 4 Referral was submitted in July 2014 and favourably determined in early September. Department of Environment Regulation Works Approval, Department of Mines and Petroleum Mining Proposal, and Clearing Permit and Project Management Plans were all submitted subsequent to the end of the 2014 financial year in Q3 2014.

Pending satisfactory outcome of these approvals, initial site works are expected to commence early in 2015 and will comprise concurrent construction of the accommodation village, the access road, the airstrip and the TSF, commencement of mining of the boxcut (a small excavation through weathered rock to enable the establishment of the decline portal in fresh rock), followed by the start of decline tunneling and mine dewatering.

The Nova Project implementation schedule is dictated by the development of the decline to the ore body and the development of production stopes to sustain a consistent 1.5Mtpa rate of ore feed to the process plant. First ore is expected to be extracted in Q2 2016, with initial ore from underground stored on a run of mine (ROM) stockpile.

The process plant will commence processing when the ROM stockpile contains sufficient ore feed, which is scheduled for Q4 2016.

First concentrate production is expected to be in Q4 2016 and the first nickel and copper concentrate shipment is expected to occur in Q1 2017.

Milestone	Estimated Timing
Commence Site Construction	Early 2015
First Ore from Development	Q2 2016
First Ore Feed to the Processing Plant	Q3 2016
First Concentrate Production	Q4 2016
First Nickel Concentrate Shipment	Q1 2017
First Copper Concentrate Shipment	Q1 2017

Table 6 Milestones and Estimated Timing

Appropriate financing, final development approvals, and a number of other environmental and other regulatory approvals and permits will be required before mine development and production can commence. The schedule shown above is subject to satisfying those requirements.

Exploration Review

Fraser Range – 100% SIR

Sirius has a 100% interest in various tenements in the Fraser Range region, including the recently acquired E28/1724 and M28/376 (host to the Nova-Bollinger nickel-copper deposit).

Exploration at Nova-Bollinger has focused on the identification of prospective gabbroic rocks and the application of the "Samson" deep-penetration electromagnetic (DPEM) system.

A lease wide Samson EM survey has identified several conductors which may represent massive nickel-copper sulphide targets at depths in excess of 300m.

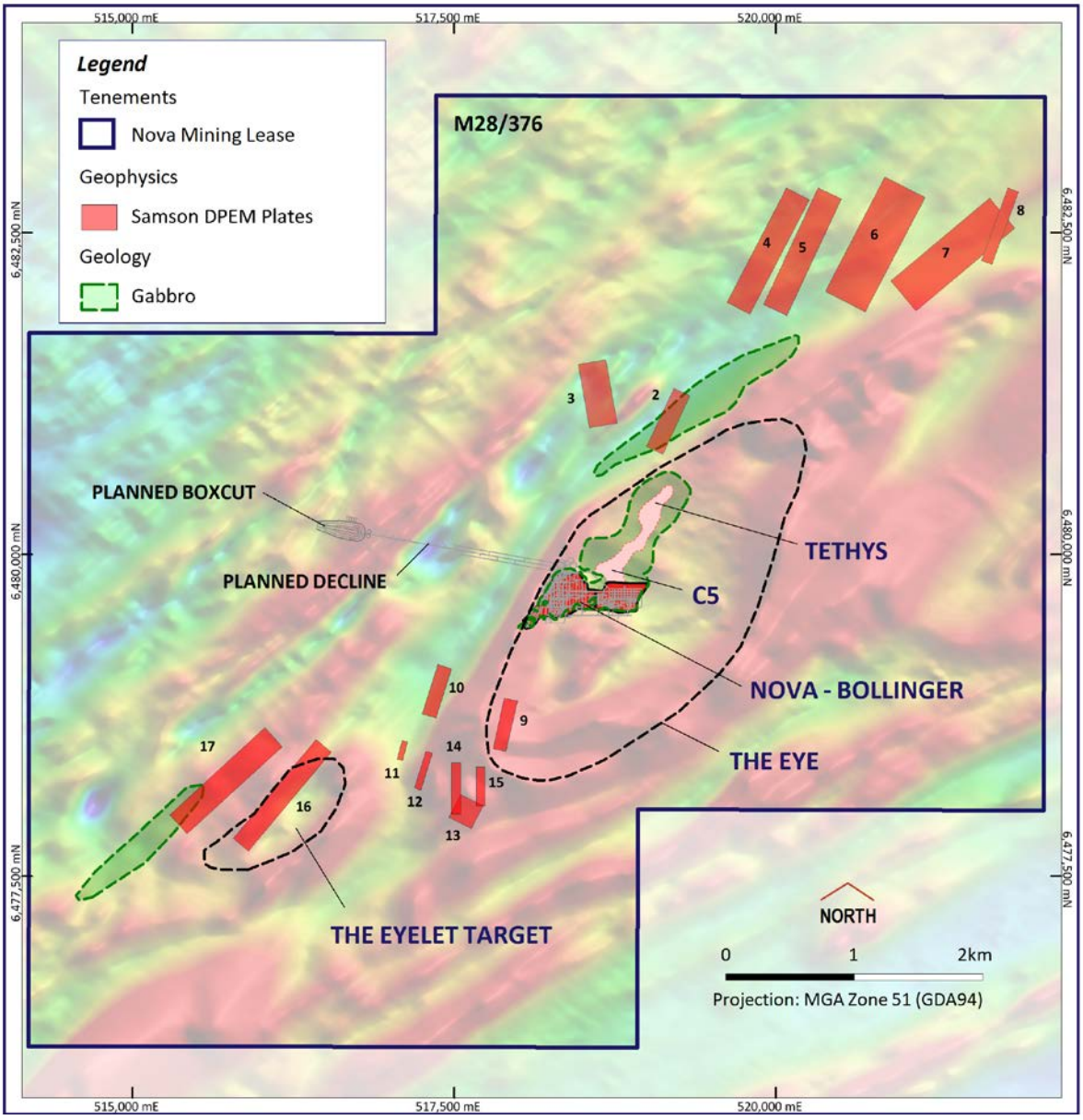


Figure 3 Nova - Bollinger - E28/1724 (MLA 28/376) prospective rocks and DPEM conductor

Further to the South West, the Talbot prospect comprises steeply dipping lenses of mafic and ultramafic rocks with historical drill intersections of disseminated nickel copper sulphides. A single hole drilled by Newmont in the 1960's intersected a "veinlet of pyrrhotite with subordinate chalcopyrite and pentlandite with values of 1.8% nickel and 0.8% copper".

Exploration Review (cont)

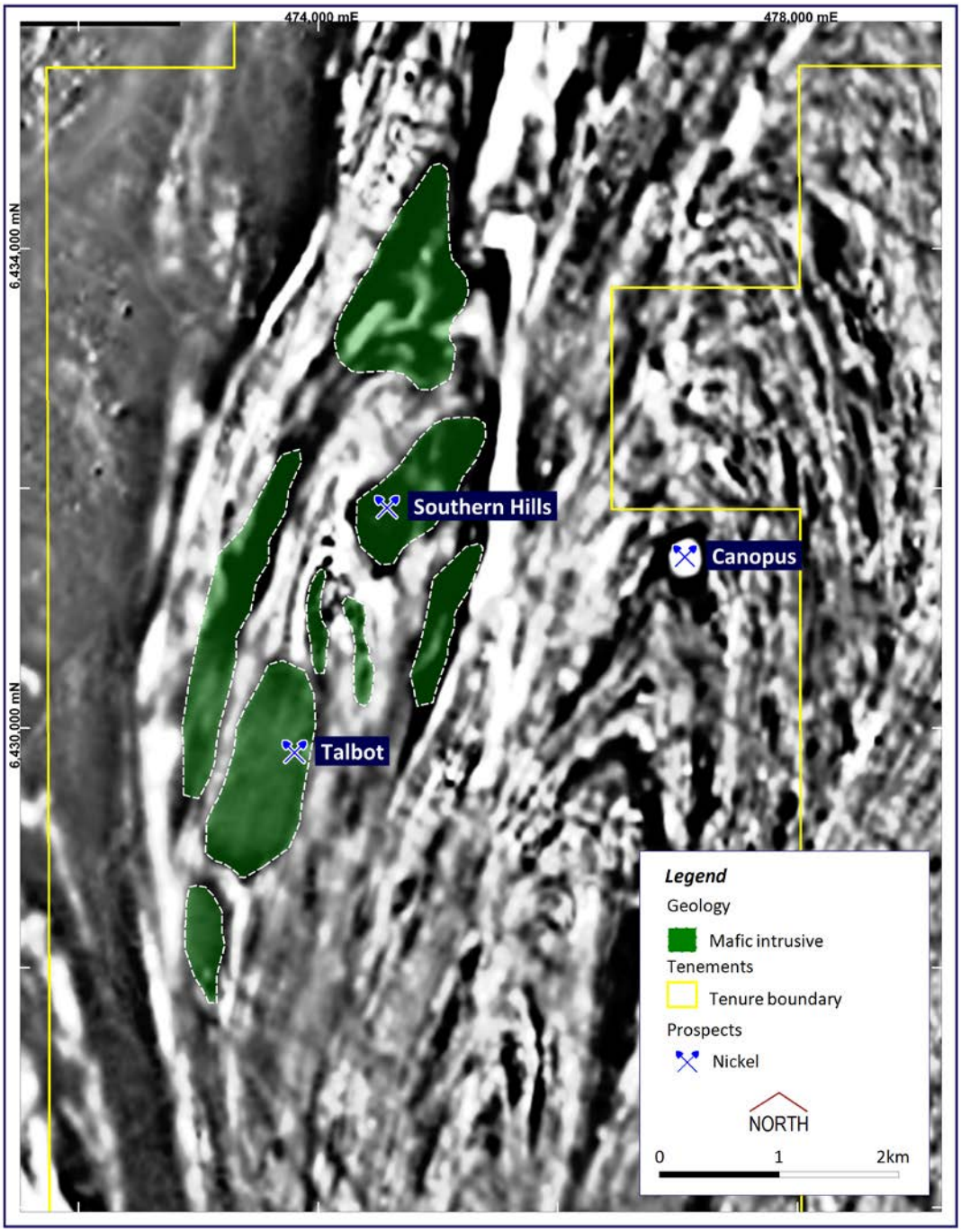


Figure 4 Talbot – E63/1371 interpreted intrusions on greyscale TMI magnetics

A high-resolution airborne magnetic survey revealed the presence of a number of discrete mafic intrusions similar in scale and form to the mafic complex that hosts Nova. Ground based reconnaissance geochemical and geophysical surveys are ongoing with follow-up RAB and RC drilling programs planned for later in the year.

The Buningonia intrusion is located within E28/2158 and appears as an "Eye" like feature, similar in shape and scale to the geological feature that is host to Sirius' Nova nickel-copper discovery. This intrusion is situated some 40 kilometres along strike from Nova and is also considered highly prospective for mafic-ultramafic intrusion hosted magmatic nickel-copper-platinum group metal (PGM) and chromite deposits.

Exploration Review (cont)

A 550 metre deep diamond drillhole intersected a 460 metre thick sequence of ultramafic rocks that represent two discrete intrusions separated by a thin sequence of metamorphosed sediments. The mineralogy and textures found within the rocks at Buningonia indicate these rocks formed from a similar magma to Nova-Bollinger but at a much greater depth.

Fraser Range Joint Venture (SIR 70%)

This joint venture covers an area of over 895 square kilometres and includes over 100 kilometres of strike length of the Proterozoic Albany-Fraser mobile belt on the south-east margin of the Yilgarn Craton, containing the new Nova nickel belt and also the extensions of the Tropicana gold belt.

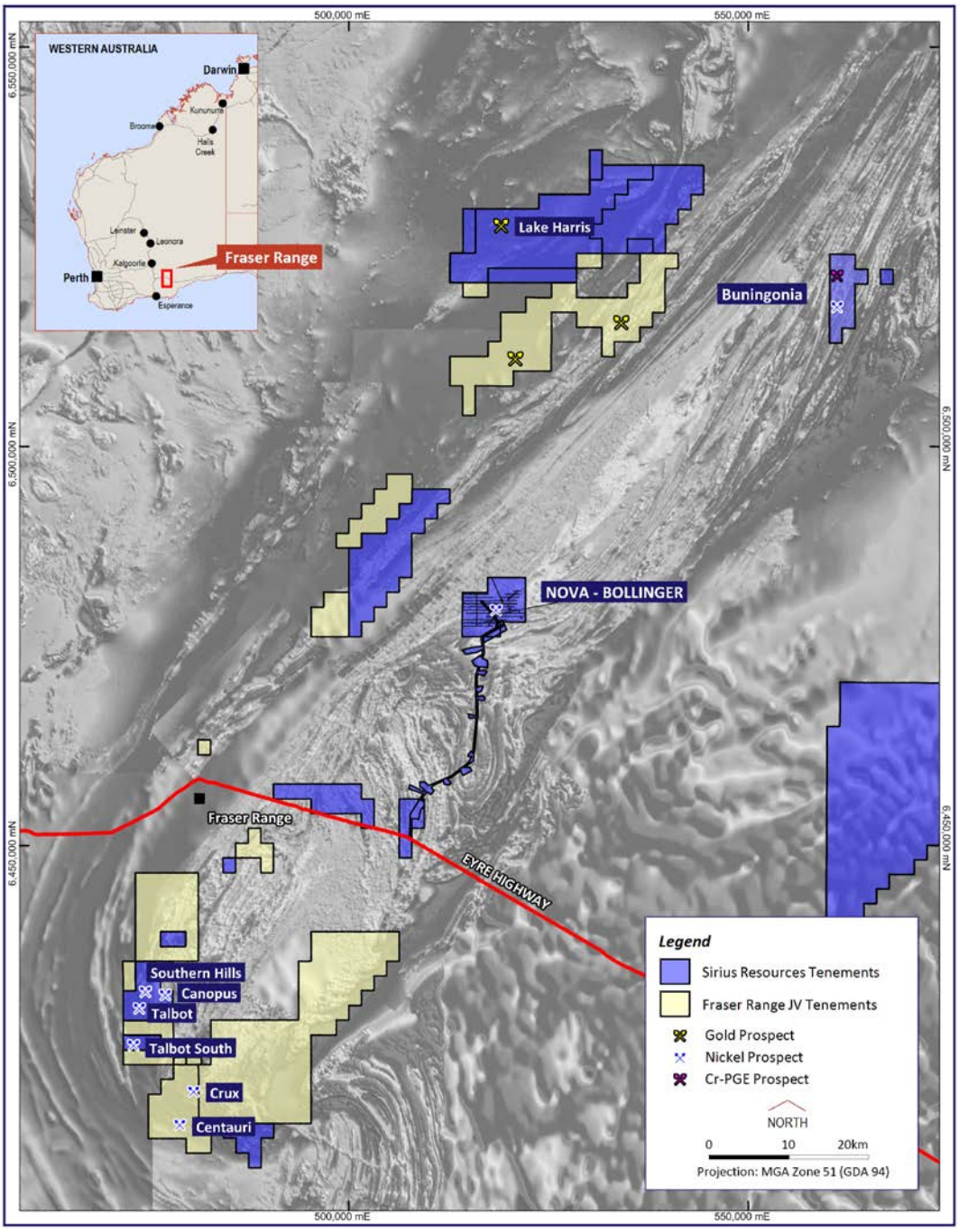


Figure 5 Fraser Range Project Exploration Areas

Exploration Review (cont)

NICKEL EXPLORATION

Exploration for additional nickel-copper sulphide mineralisation is continuing throughout the joint venture area. Several promising early stage prospects are actively being explored.

The Crux - Centauri area is of significant interest with preliminary systematic aircore and RC drilling confirming the presence of nickel copper sulphide mineralisation and outlining anomalous zones of copper and nickel at shallow levels. These preliminary results are similar to those found in the early stages of exploration at Nova.

The prospective deeper contacts of the Crux – Centauri system are still to be explored by a combination of diamond drilling and downhole electromagnetic surveys with the aim of locating massive copper nickel sulphides.

Farther afield in the joint venture area, reconnaissance style exploration using a combination of ground geophysical methods and regional soil geochemical programs will continue with the aim of defining anomalies for follow-up RAB and RC drilling.

The discovery of primary copper nickel sulphide mineralisation at Crux – Centauri some 60 kilometres to the southwest of Nova-Bollinger deposit provides significant encouragement and further highlights the prospectivity of the region.

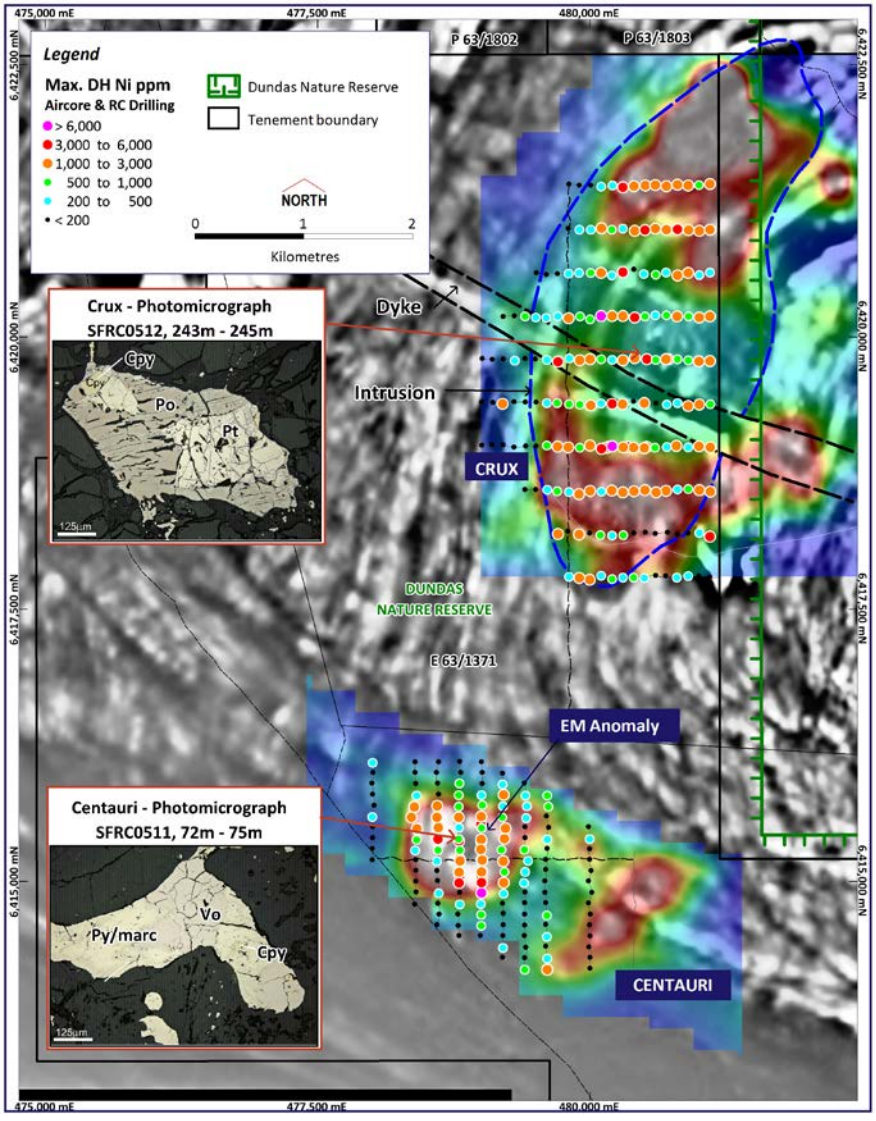


Figure 6 Centauri – Crux – E63/1371 RAB and RC results over EM anomalies and TMI magnetics

Exploration Review (cont)

GOLD EXPLORATION

The Lake Harris Exploration Licence E28/1630 is located to the northwest of the nickel prospective part of the Albany-Fraser belt and covers part of the southwestern continuation of the gold prospective Tropicana belt.

A number of gold in calcrete anomalies had been identified following an extensive auger based geochemical sampling program. Five of these anomalies occur over a strike extent of up to 3 kilometres.

A reconnaissance RAB program tested five targets and in a number of cases confirmed the early reconnaissance gold in calcrete results. Further reconnaissance RAB drilling will be used to prioritise gold anomalies and high priority targets will be tested with RC drilling in the coming year.

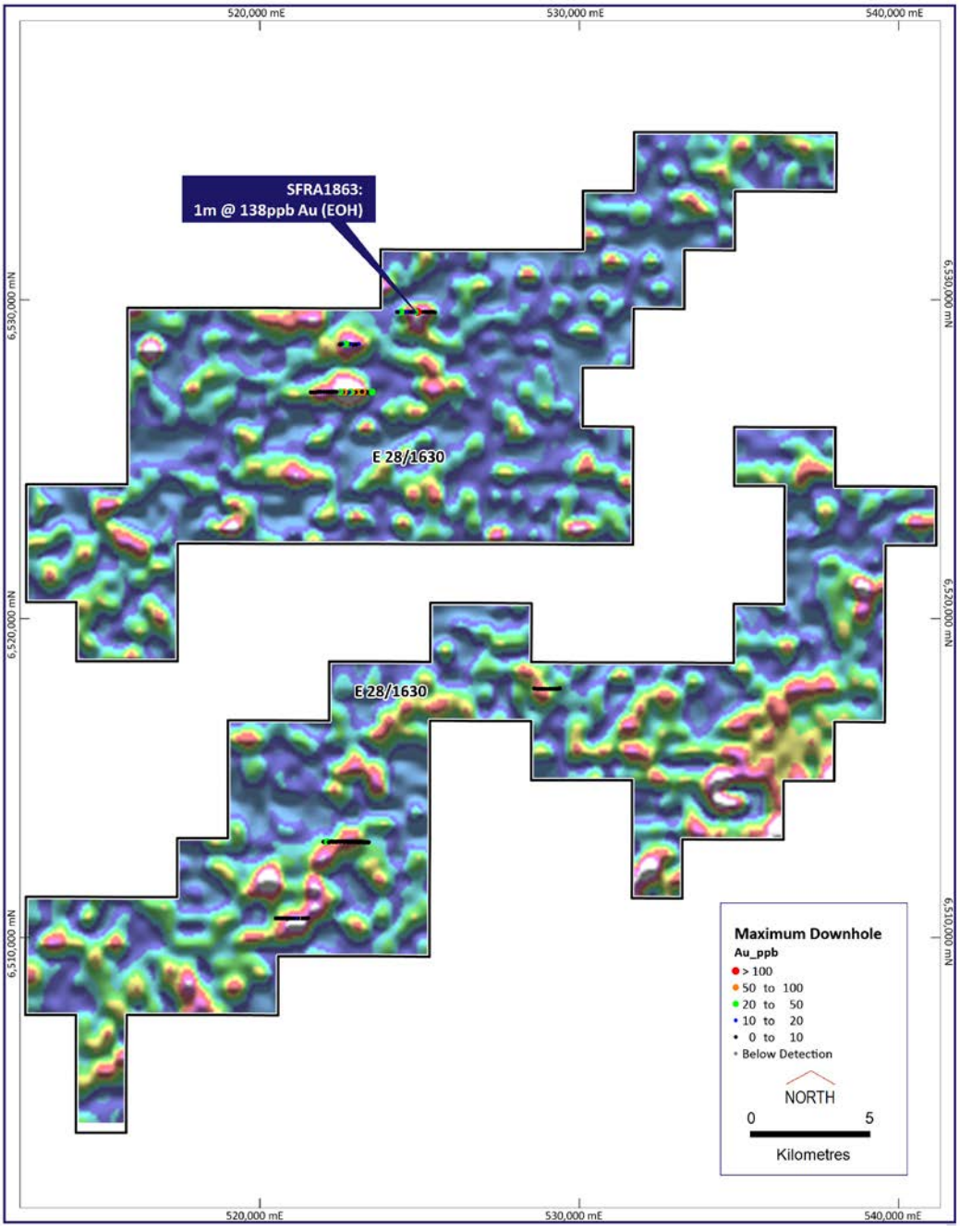


Figure 7 Lake Harris – E28/1630 Reconnaissance RAB traverses over gold in calcrete

Exploration Review (cont)

Polar Bear (SIR 100%)

The Polar Bear Project covers an area of over 133 square kilometres, located between Higginsville and Norseman, and is surrounded by the major gold camps of Norseman (10 million ounces), St Ives (12 million ounces) and Higginsville (2 million ounces).

Large parts of the area are relatively underexplored due to it being largely concealed by the shallow salt lake sediments of Lake Cowan and the sand dunes of the Polar Bear peninsula. The Polar Bear project contains a number of shear zones of the type that host gold mineralisation elsewhere in the district. The project also contains extensions of the Kambalda and Widgiemooltha ultramafic stratigraphy, which hosts world class nickel sulphide mines along strike to the north.

In terms of the gold potential, the Earlobe prospect is well advanced with drill intersections that include 8m @ 5.56g/t, 4m @ 4.95g/t, 2m @ 26.6g/t and 4m @ 6.09g/t gold. The known gold mineralisation is split into an upper and lower gold lode with individual quartz veins up to 4 metres thick. Both lodes remain open along strike and down dip and as yet the limits of this prospect have not yet been defined.
Over the past year, a number of gold targets situated beneath Lake Cowan were tested using broad spaced aircore drilling. These targets are located in a very under-explored area beneath the salt lake.

Here, broad spaced aircore drilling (400m x 40m) has defined extensive anomalous zones (defined by a threshold of greater than 1.0g/t gold) as a prerequisite to more detailed and deeper drilling of specific mineralised zones.

At the Bindy and Nanook Prospects infill drilling has confirmed the extensive nature of the gold mineralisation with the Nanook anomaly defined over 2 kilometres and the Bindy anomaly over 1.8 kilometres.

Aircore drill intersections for the Nanook prospect include 13m @ 23.89g/t, 8m @ 2.89g/t, 6m @ 2.71g/t and 9m @ 2.54 g/t gold. Equally strong results were achieved for the Bindy prospect with 8m @ 3.96g/t gold found at the core of the gold anomaly.

Exploration Review (cont)

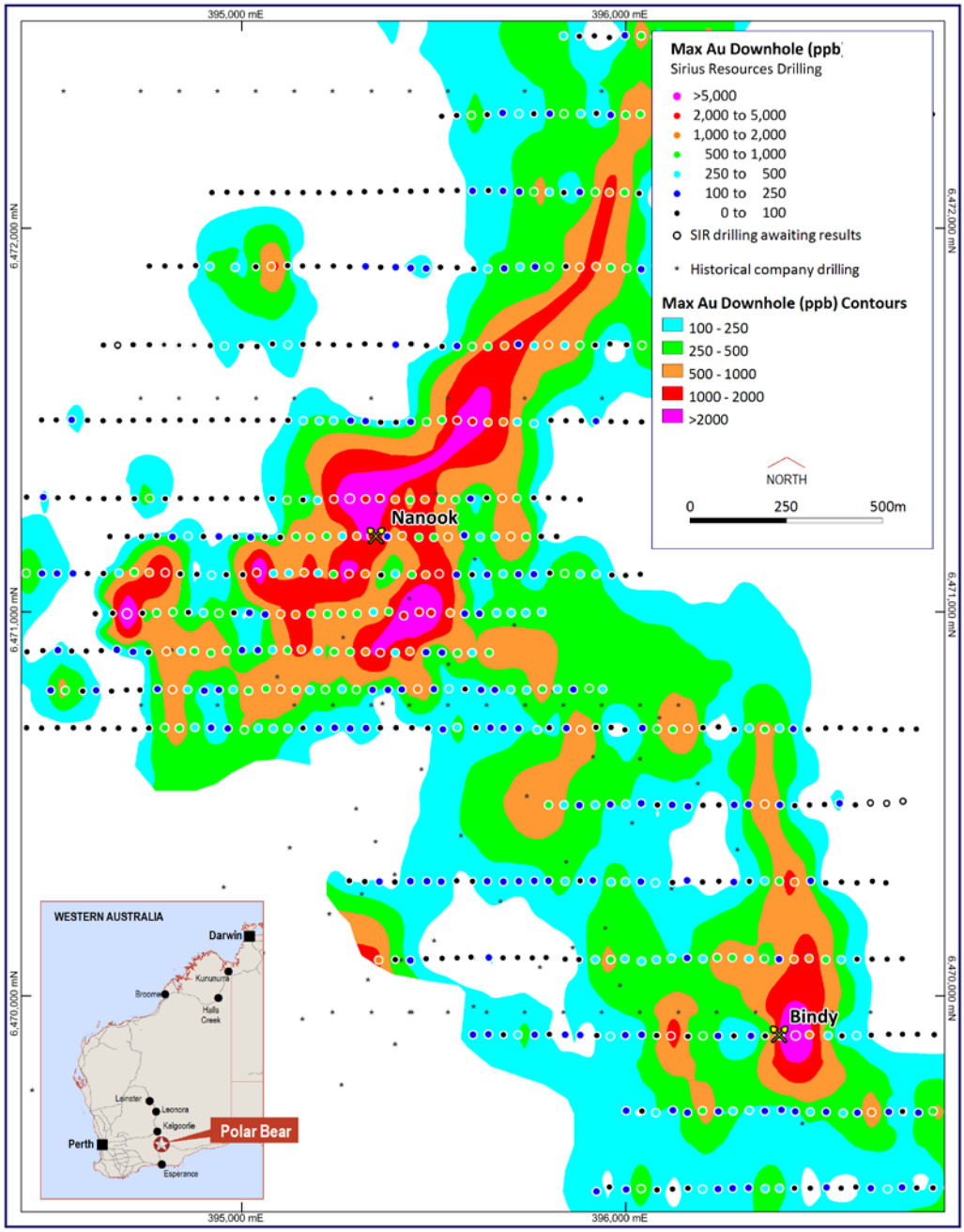


Figure 8 Polar Bear – Nanook and Bindy prospects with maximum downhole gold contours

Several more stages of drilling are planned to test targets revealed by early reconnaissance drilling in the northern part of the project area with aircore drill intersections including 20m @ 1.35g/t and 4m @ 6.29 g/t gold.

The Polar Bear project also contains the Halls Knoll gossan which has yielded extremely high levels of Ni, Cu and platinum group metals (PGM's) indicative of the presence of massive nickel sulphide mineralisation. Initial drilling intersected disseminated nickel sulphides beneath the salt lake surface, with individual metre values up to 2.5% nickel, 1.5% copper and 1-2g/t palladium and platinum.

Exploration Review (cont)

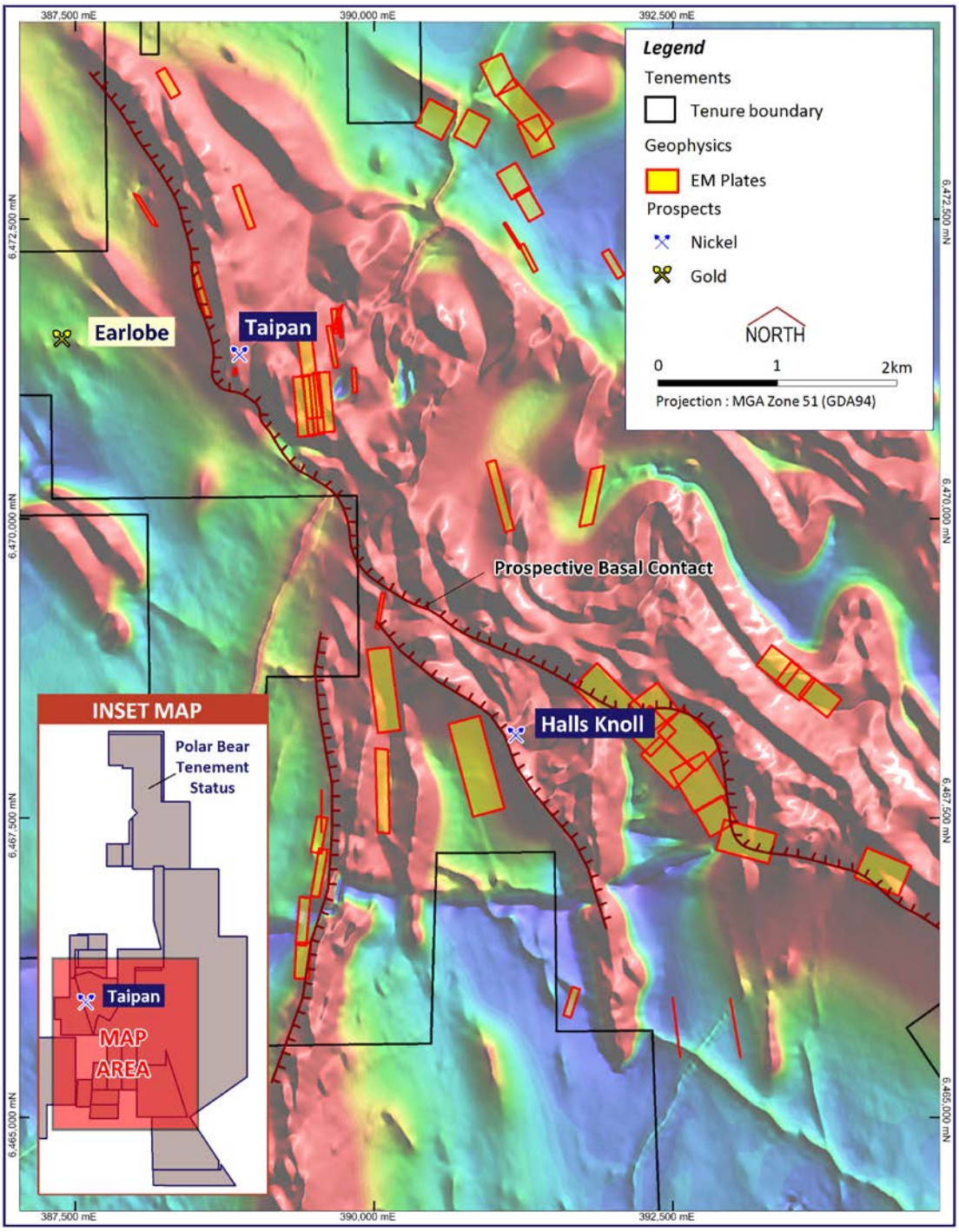


Figure 9 Polar Bear – The Taipan discovery and EM conductors on TMI Magnetics

Reconnaissance drilling several kilometres along strike from the Halls Knoll prospect intersected a zone of high grade nickel-copper-cobalt-platinum-palladium mineralisation at the Taipan prospect in hole SPBD0046;

- 4.10 metres @ 3.8% nickel, 2.45% copper, 0.08% cobalt, 0.9g/t platinum and 1.6g/t palladium from 104.4 metres, including
- 2.15 metres @ 5.84% nickel, 3.73% copper, 0.12% cobalt, 1.1 g/t platinum and 1.65g/t palladium from 106 metres

Exploration Review (cont)

A second reconnaissance hole, SPBD0047 located some 1.2km to the north of Taipan also intersected several horizons of disseminated, blebby and vein type mineralisation over broad widths in ultramafic rocks similar to those that host the giant Kambalda nickel sulphide deposits.

A comprehensive program of geophysics and drilling has been developed to test the prospective nickel bearing horizon and determine the extent of massive copper nickel sulphide mineralisation at Taipan.

Nova-Bollinger Ore Reserve Statement

The Probable Ore Reserve estimated as part of the DFS is based on, and inclusive of, the above Indicated Mineral Resources only, because Inferred Mineral Resources are not sufficiently reliable to be used in Ore Reserve estimates. The maiden Probable Ore Reserve, based on the same US$7.44/lb nickel price used in the Mineral Resource estimate, comprises:

- 13.1mt @ 2.1 % nickel, 0.9 % copper and 0.07 % cobalt; for
- 273,000 t nickel, 112,000 t copper and 9,000 t cobalt.

Nova-Bollinger Ore Reserve estimate - July 2014

Deposit	Reserve Category	Tonnes (Mt)	Grade Ni (%)	Contained Ni (Kt)	Grade Cu (%)	Contained Cu (Kt)	Grade Co (%)	Contained Co (Kt)
Nova	Probable	10.3	2.1	218	0.9	90	0.07	7.0
Bollinger	Probable	2.8	2.0	55	0.8	22	0.08	2.0
	Total	**13.1**	**2.1**	**273**	**0.9**	**112**	**0.07**	**9.0**

Table 7 Ore Reserve estimate

The Ore Reserve Estimate represents a conversion from Indicated Mineral Resource to Probable Ore Reserve of 93% of nickel metal, which is exceptionally high. This reflects the unusually favourable shape, thickness, continuity, grade distribution and metallurgical characteristics of the mineralisation.

Exploration Review (cont)

Nova-Bollinger Mineral Resource Statement

The Nova-Bollinger Mineral Resource estimate was been updated as part of the DFS and was released in July 2014. It was completed in accordance with the guidelines of the JORC Code (2012 edition). The updated Mineral Resource estimate is as follows:

- 14.3mt @ 2.4 % nickel, 0.9 % copper and 0.09 % cobalt; for
- 325,000 t nickel, 134,000 t copper and 11,000 t cobalt.

Nova-Bollinger Mineral Resource estimate - May 2014

DEPOSIT	Resource Category	Tonnes (Mt)	Grade				Contained Metal		
			NiEq%	Ni %	Cu %	Co %	Nickel (kt)	Copper (kt)	Cobalt (kt)
Nova	Indicated	9.1	2.7	2.5	1.0	0.08	230	94	7.3
	Inferred	1.0	1.6	1.4	0.6	0.05	14	6	0.5
	Total	**10.1**	**2.6**	**2.4**	**1.0**	**0.08**	**244**	**100**	**7.7**
Bollinger	Indicated	2.4	2.9	2.7	1.1	0.11	64	26	2.6
	Inferred	1.8	1.0	1.0	0.4	0.04	17	8	0.7
	Total	**4.2**	**2.1**	**2.0**	**0.8**	**0.08**	**82**	**34**	**3.3**
Total	**Indicated**	**11.5**	**2.7**	**2.6**	**1.0**	**0.09**	**294**	**120**	**9.8**
	Inferred	**2.8**	**1.2**	**1.1**	**0.5**	**0.04**	**31**	**14**	**1.2**
	Total	**14.3**	**2.4**	**2.3**	**0.9**	**0.08**	**325**	**134**	**11.0**

Table 8 Mineral Resource estimate at 0.6 NiEq cut-off grade

The May 2014 Resource revised nickel equivalent (NiEq) calculation is as follows:

NiEq% = ((Cu % x 0.95) x (7,655/16,408)) + (Ni % x 0.89)

Metal prices of US$16,408/tonne (US$($7.44/lb) for nickel and US$7,655/tonne (US$($3.47/lb) for copper are based on 12 month averages (not volume weighted) of spot prices from the London Metal Exchange (July 2012 to June 2013). The metallurgical recoveries of 89% for nickel and 95% for copper are based on DFS metallurgical testing.

COMPARISON WITH PREVIOUS YEAR'S ESTIMATES.

Mineral Resources at Nova and Bollinger are materially unchanged from those reported in 2013. Minor refinements to the resource model in August 2013 and an adjustment in the nickel equivalent calculation in light of revised metallurgical information did not materially change contained metal, total tonnages or grades for the 2014 Resource. No depletion has occurred within period.

Exploration Review (cont)

GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS – MINERAL RESOURCES.

Sirius has ensured that the Mineral Resource estimates quoted above are subject to governance arrangements and internal controls. The resource estimates have been externally derived by an independent consulting organisation whose staff have exposure to best practice in modelling and estimation techniques. Geology models have been generated by Sirius staff and have been reviewed by the external resource consultant. The consultant has also carried out reviews of the quality and suitability of the data underlying the Mineral Resource estimate, including a site visit. In turn, Sirius management and executives have carried out numerous internal reviews of the Mineral Resource estimate to ensure that it honours the Sirius geological model and has been classified and reported in accordance with the JORC Code (2012 Edition).

Sirius' geological model was audited by specialist consultants Optiro, who also estimated the Mineral Resource, as described in the JORC (2012 edition) "Table 1 Checklist of Assessment and Reporting Criteria".

SUMMARY OF INFORMATION USED IN MAY 2014 NOVA-BOLLINGER ESTIMATE.

A summary of the information used in the May 2014 Nova-Bollinger Mineral Resource estimate is as follows:

A range of lower cut-offs was used to report grades and tonnages, as shown in Figure 10. The robustness of the mineralisation is clearly demonstrated by the fact that elevated cut-off grades have minimal effect on the contained metal – i.e., even using a 1.0% nickel equivalent lower cut-off, the resource still contains 295,000 tonnes of nickel, 116,000 tonnes of copper and 9,900 tonnes of cobalt (Table 9).

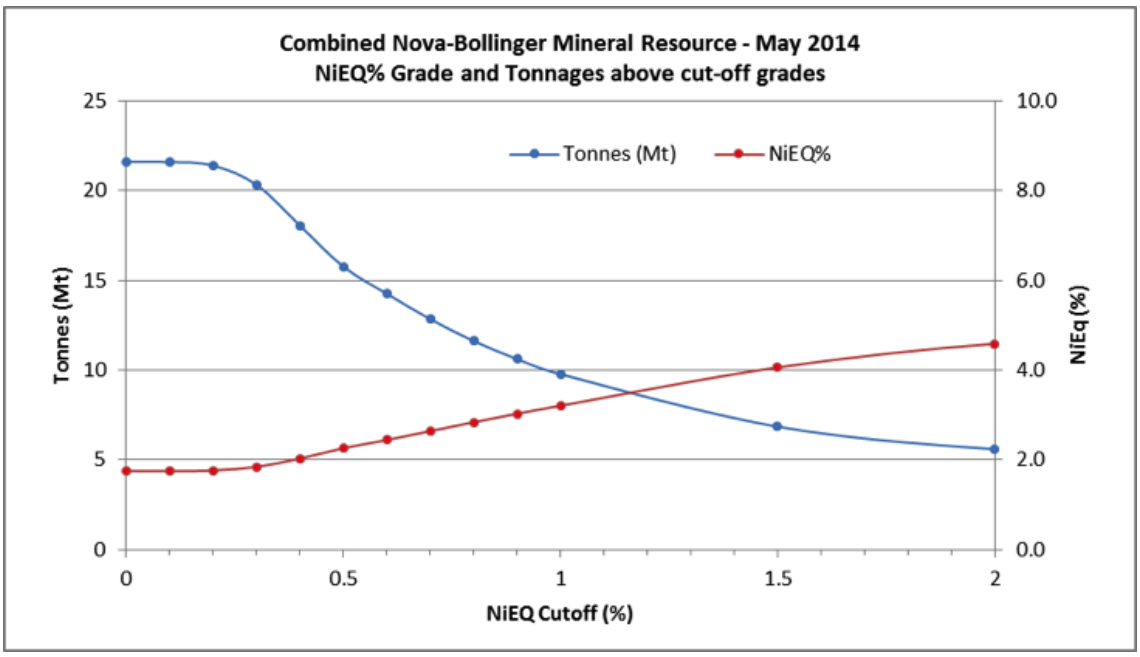


Figure 10 Tonnage grade curves for the Nova-Bollinger May 2014 Mineral Resource

Exploration Review (cont)

NiEq% cut-off	Category	Tonnes (Mt)	Grade				Contained metal		
			NiEq%	Ni%	Cu%	Co%	Nickel (kt)	Copper (kt)	Cobalt (kt)
0.4	Indicated	13.5	2.4	2.2	0.9	0.08	303	125	10.2
	Inferred	4.6	0.9	0.8	0.4	0.03	39	18	1.6
	Total	**18.1**	**2.0**	**1.9**	**0.8**	**0.06**	**341**	**143**	**11.7**
0.5	Indicated	12.4	2.6	2.4	1.0	0.08	299	123	10.0
	Inferred	3.4	1.1	1.0	0.5	0.04	34	15	1.3
	Total	**15.8**	**2.3**	**2.1**	**0.9**	**0.07**	**332**	**138**	**11.3**
0.6	Indicated	11.5	2.7	2.6	1.0	0.09	294	120	9.8
	Inferred	2.8	1.2	1.1	0.5	0.04	31	14	1.2
	Total	**14.3**	**2.4**	**2.3**	**0.9**	**0.08**	**325**	**134**	**11.0**
0.7	Indicated	10.6	2.9	2.7	1.1	0.09	290	117	9.6
	Inferred	2.2	1.4	1.3	0.5	0.05	28	12	1.1
	Total	**12.8**	**2.6**	**2.5**	**1.0**	**0.08**	**317**	**129**	**10.7**
0.8	Indicated	9.8	3.1	2.9	1.2	0.10	284	114	9.4
	Inferred	1.8	1.5	1.4	0.6	0.05	25	11	0.9
	Total	**11.6**	**2.8**	**2.7**	**1.1**	**0.09**	**309**	**124**	**10.4**
0.9	Indicated	9.1	3.3	3.1	1.2	0.10	279	110	9.2
	Inferred	1.5	1.6	1.5	0.6	0.06	23	10	0.9
	Total	**10.6**	**3.0**	**2.8**	**1.1**	**0.10**	**302**	**120**	**10.1**
1.0	Indicated	8.5	3.4	3.2	1.3	0.11	274	108	9.1
	Inferred	1.3	1.7	1.6	0.7	0.06	21	8	0.8
	Total	**9.8**	**3.2**	**3.0**	**1.2**	**0.10**	**295**	**116**	**9.9**

Table 9 Consolidated tonnage-grade results for Nova-Bollinger, May 2014

The Nova-Bollinger deposit geological setting is of a gabbroic intrusion(s) within metasediments within a high grade metamorphic terrane. The sulphide mineralisation is related to, and part of, the intrusive event. The Bollinger deposit appears to be intimately related to the Nova deposit and represents part of a number of intrusive events that transgress sedimentary layers to the immediate east of Nova.

The Bollinger Mineral Resource abuts the Nova Mineral Resource and has dimensions of 300 m (north) by 400 m (east) and 125 m (elevation). The Bollinger resource has a maximum depth of 450 m below surface. The Nova and Bollinger deposits are joined by a feeder zone, and the resource areas are arbitrarily split along a North-South line defined by the 518,600 mE MGA grid line. The Nova Mineral Resource area has dimensions of 450 m (north) by 550 m (east) and 400 m (elevation). The total extent of the combined Nova-Bollinger deposit is therefore 750 m (north) by 950 m (east) and 450 m (elevation).

The Bollinger deposit was sampled using diamond drill holes (DD) only on a nominal 25 m by 25 m to 50 m by 50 m grid spacing. A total of 72 DD holes were drilled for 35,935 m. Holes were generally angled towards grid west between -600 and -900 to optimally intersect the mineralised zones. Drilling at the Nova deposit comprised diamond drill holes (96%) consisting of NQ2 and HQ (metallurgical) diameter core totalling 163 holes for 63,099 m. The remaining 15 holes for 2,910 m comprises reverse circulation (RC) drillholes employing a 140 mm face sampling hammer drilling. The nominal drillhole spacing is 25 m (northing) by 25 m (easting). Diamond core recoveries for all holes are >95% overall. Drillhole collar locations were surveyed using RTK GPS, and all holes were downhole surveyed using high speed gyroscopic survey tools.

Exploration Review (cont)

Sampling of diamond core was based on geological intervals (length 0.2 m to 1.3 m). The core was cut into half (NQ2) or quarter (HQ) to give sample weights around 3 kg. Reverse circulation drilling was used to obtain 1m samples by cone or riffle splitter from which 3 kg was pulverised to produce a sub sample for assaying. Field quality control procedures involved assay standards, along with blanks and duplicates. These QC samples were inserted at an average rate of 1:15, with an increased rate in mineralised zones.

The sample preparation of diamond core involved oven drying, coarse crushing of the half core sample down to ~10 mm followed by pulverisation of the entire sample to a grind size of 85% passing 75 micron. The sample preparation for RC samples was identical, without the coarse crush stage. A pulp sub-sample was collected for analysis by four acid digest with an ICP/OES, ICP/MS (Ni, Cu, Co) finish. Independent checks for Bollinger using 201 pulp samples and standards were sent to ALS (Nova had 2,590 samples sent to two other laboratories) and showed good precision with the primary lab.

Detailed geological studies (petrography and lithogeochemistry) identified key relationships of controls such as lithology, sulphide content, form and multi-element geochemistry. These allowed interpretation of robust 3D geological and mineralisation wireframe domains that are considered to be analogous in deposit style to other mafic hosted, nickel and copper deposits worldwide, such as Voisey's Bay and Raglan in Canada. The wireframes were used to code the drilling and select samples within each domain. A nominal grade cut-off of 0.4% Ni appears to be a natural grade boundary between disseminated and trace sulphides. This cut-off grade was used to define the mineralised envelope within which the higher grade sub domains were interpreted.

Samples were composited to one metre lengths, and adjusted where necessary to ensure that no residual sample lengths were excluded (best fit method). Statistical analysis showed the populations in each domain to generally have a low coefficient of variation but it was noted that some estimation domains included outlier values that required top-cut values to be applied.

The Massive domain at Bollinger was modelled using an unfolding technique after the definition of sub-domains (representing massive and low grade mineralisation) by use of a categorical indicator model. Other domains requiring various degrees of categorical sub-domaining and unfolding were modelled in flattened space or using Dynamic Anisotropy to optimise the grade estimation. The Lower Massive domain at Nova, which contains the bulk of the mineralisation, was modelled using an unfolding technique followed by definition of mineralisation sub-populations (representing a combination of massive, breccia and low grade mineralisation) by a categorical indicator model. No other domains at Nova required unfolding. Directional variograms and Ordinary Kriging were used to estimate grades in all domains. Estimation searches for all elements (Ni, Cu, Co, Fe, Mg and S) were set to the ranges of the nickel variogram for all domains. Density was estimated using 12,429 samples taken by Sirius.

A single block model to encompass the Nova-Bollinger Mineral Resource was constructed using an 8 mE by 12 mN by 4 mRL parent block size with sub-celling to 1 mE by 1 mN by 0.25 mRL for domain volume resolution. All estimation was completed at the parent cell scale. Kriging neighbourhood analysis was carried out for the Nova March 2013 Mineral Resource in order to optimise the block size, search distances and sample numbers used, and these were considered appropriate for Bollinger. Due to the moderate-strong correlation of nickel with the other elements the size of the search ellipse per domain was based on the nickel variography. Three estimation search passes were used for each domain. Hard boundaries were applied between all estimation domains in the majority of cases, apart from the alteration envelope at Nova where a soft boundary with the disseminated domain was used. The validation of the block model shows good correlation of the input data to the estimated grades.

The Nova and Bollinger mineralised domains have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resource and Reserves, and the classifications applied under the JORC Code (2012 edition). The Bollinger resource classification criteria used drilling density of 25 m by 25 m and high confidence of geological and grade continuity to define Indicated Mineral resources. In the case of Inferred Mineral Resources the criteria used were nominal drilling density of 50 m by 50 m and lower geological confidence of grade continuity or geometry/extents. The Nova resource classification considered a nominal drillhole spacing of 25 m (northing) by 25 m (easting) to provide sufficient geological and grade continuity definition to assign an Indicated Mineral Resource classification to the majority of the deposit. The drilling density between areas defined as Indicated Mineral Resources and Inferred Mineral Resources is nominally the same, however the Inferred Mineral Resources are defined on the margins of the deposit where the final extent of the resource boundary is less confident and they make up only 10% of the reported resource (see Figure 1).

Exploration Review (cont)

The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. Geological control at Nova-Bollinger consists of a primary mineralisation event modified by structural events. The definition of mineralised zones is based on a high level of geological understanding producing a robust model of mineralised domains. This model has been confirmed by infill drilling which supported the initial interpretation.

Optiro carried out a site visit to the Nova deposit on the 21st of February, 2013. Mark Drabble (Principal Consultant), who is acting as Competent Person, inspected the deposit area, the core logging and sampling facility and density measurement area. A second visit took place where he viewed metallurgical PQ and HQ core at AMMTEC in Balcatta on the 28th June 2013. Optiro examined core samples as part the interpretation process of both resource estimates at the Sirius office in Balcatta.

Mineral Resource estimate reported at a 0.6% nickel equivalent* (NiEq) cut-off grade

	Nova-Bollinger May 2014 Mineral Resource							
	Tonnes (Mt)	Grade				Contained Metal		
		NiEQ%	Ni %	Cu %	Co %	Nickel (kt)	Copper (kt)	Cobalt (kt)
Nova								
Indicated	9.1	2.7	2.5	1.0	0.08	230	94	7.3
Inferred	1.0	1.6	1.4	0.6	0.05	14	6	0.5
Total	**10.1**	**2.6**	**2.4**	**1.0**	**0.08**	**244**	**100**	**7.7**
Bollinger								
Indicated	2.4	2.9	2.7	1.1	0.11	64	26	2.6
Inferred	1.8	1.0	1.0	0.4	0.04	17	8	0.7
Total	**4.2**	**2.1**	**2.0**	**0.8**	**0.08**	**82**	**34**	**3.3**
Total								
Indicated	11.5	2.7	2.6	1.0	0.09	294	120	9.8
Inferred	2.8	1.2	1.1	0.5	0.04	31	14	1.2
Total	14.3	2.4	2.3	0.9	0.08	325	134	11.0

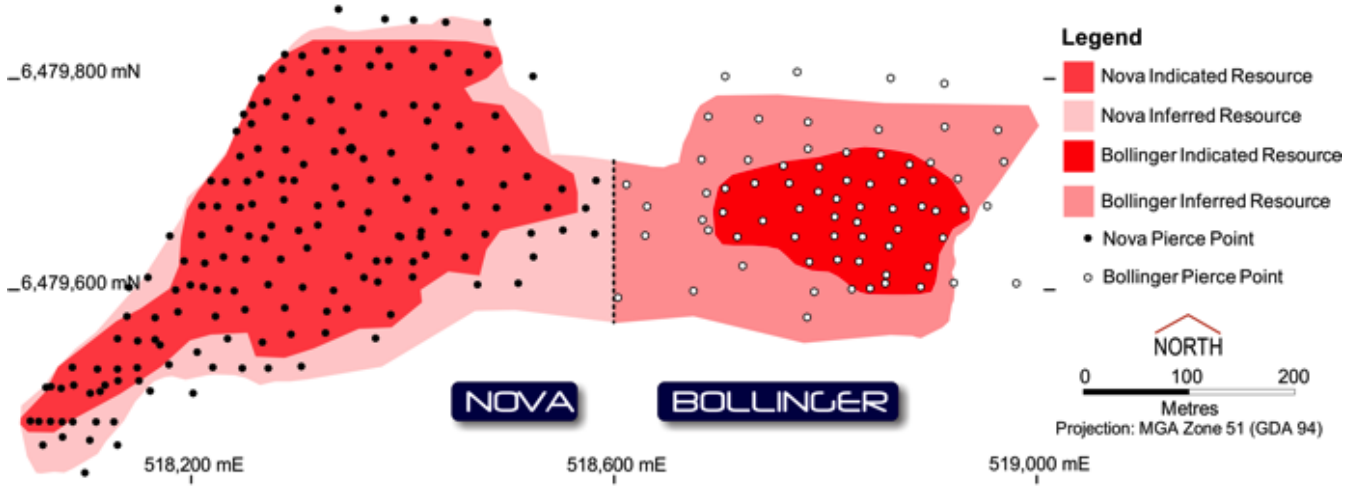


Figure 11 Nova Bollinger May 2014 Mineral Resource

Exploration Review (cont)

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of the Mineral Resource estimates for the Nova and Bollinger nickel deposits on mining tenement M28/376:

(I) SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	The Nova-Bollinger deposit was sampled using Reverse Circulation (RC) and diamond drill holes (DD) on a nominal 25 m x 25 m grid spacing. A total of 15 RC and 235 DD holes were drilled for 2,910 m and 99,034 m respectively. Holes were generally angled towards grid west at varying angles to optimally intersect the mineralised zones.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	The drill hole locations were picked up and downhole surveyed by survey contractors. Initial RC drilling identified the Nova target and diamond core was used to delineate the resource. The RC samples were collected by cone or riffle splitter. Diamond core was used to obtain high quality samples that were logged for lithological, structural, geotechnical, density and other attributes. Sampling was carried out under Sirius protocols and QAQC procedures as per industry best practice.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	Diamond core is HQ (metallurgical holes) or NQ2 size, sampled on geological intervals (0.2 m to 1.3 m), cut into half (NQ2 or quarter (HQ met) core to give sample weights under 3 kg. Samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis by four acid digest with an ICP/OES, ICP/MS or FA/AAS (Au, Pt, Pd) finish. Reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised (total prep) to produce a sub sample for assaying as above.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Diamond drilling accounts for 98% of the drilling in the resource area and comprises NQ2 or HQ sized core. Pre-collar depths range from 6 m to 150 m and hole depths range from 144 m to 667 m. The core was oriented using a Camtech orientation tool with 71% of orientations rated as "good". RC drilling accounts for 2% of the total drilling and comprises 140 mm diameter face sampling hammer drilling. Hole depths range from 90 m to 280 m.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Diamond core and RC recoveries are logged and recorded in the database. Overall recoveries are >95% and there are no core loss issues or significant sample recovery problems.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core at Nova -Bollinger is reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers. RC samples were visually checked for recovery, moisture and contamination.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material..	The bulk of the Nova Bollinger resource is defined by diamond core drilling, which has high recoveries. The massive sulphide style of mineralisation and the consistency of the mineralised intervals are considered to preclude any issue of sample bias due to material loss or gain.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geotechnical logging at Nova - Bollinger was carried out on all diamond drillholes for recovery, RQD and number of defects (per interval). Information on structure type, dip, dip direction, alpha angle, beta angle, texture, shape, roughness and fill material is stored in the structure table of the database.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of diamond core and RC samples at Nova - Bollinger recorded lithology, mineralogy, mineralisation, structural (DDH only), weathering, colour and other features of the samples. Core was photographed in both dry and wet form.
	The total length and percentage of the relevant intersections logged	All drillholes were logged in full, apart from rock roller diamond hole pre-collar intervals of between 20 m to 60 m
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core was cut in half (NQ2) and quarter core (HQ) onsite using an automatic core saw. All samples were collected from the same side of the core.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were collected on the rig using cone splitters. All samples in mineralised zones were dry.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation (cont)	*For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	The sample preparation of diamond core for Nova - Bollinger follows industry best practice in sample preparation involving oven drying, coarse crushing of the half core sample down to ~10 mm followed by pulverisation of the entire sample (total prep) using Essa LM5 grinding mills to a grind size of 85% passing 75 micron. The sample preparation for RC samples is identical, without the coarse crush stage.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of certified reference material as assay standards, along with blanks, duplicates and barren washes. The insertion rate of these averaged 1:15 with an increased rate in mineralised zones.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Field duplicates were taken on 1m composites for RC, using a riffle splitter. One twinned diamond hole was drilled at Nova. This hole supported the location of the geological intervals intersected in the first drillhole (no assays were taken as this is a metallurgical hole).
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate to correctly represent the sulphide mineralisation at Nova – Bollinger based on: the style of mineralisation (massive sulphides), the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The analytical techniques used a four acid digest multi element suite with ICP/OES or ICP/MS finish (25 gram or 50 gram FA/AAS for precious metals). The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for silica based samples. The method approaches total dissolution of most minerals. Total sulphur is assayed by combustion furnace.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine any element concentrations used in either resource estimate.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests (cont)	*Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. One diamond hole had duplicates taken from the half core after coarse crushing and the results were within 3% of the original sample values. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. Umpire laboratory campaigns with two other laboratories have been carried out as independent checks of the assay results using 2,791 pulp samples and standards sent to ALS, and these show good precision. Certified reference materials, having a good range of values, were inserted blindly and randomly. Results highlight that sample assay values are accurate and that contamination has been contained. The diamond drilled core pulp duplicates had more than 90% of its pairs with differences (half absolute relative differences or HARD values) below 10% (Ni, Cu, Co), which concurs with industry best practice results. Repeat or duplicate analysis for samples reveals that precision of samples is within acceptable limits.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Both the Managing and the Technical Director of Sirius have visually verified significant intersections in diamond core from Nova-Bollinger. Optiro has viewed the intersections of metallurgical core and checked core photos against the assay and geology logs. Optiro has visually verified significant intersections in diamond core as part of the resource estimation process.
	The use of twinned holes.	A HQ metallurgical hole (SFRD0438M) drilled at Bollinger in October 2013 supports the interpreted geological and mineralisation domains. Two PQ and one HQ metallurgical holes have been drilled at Nova since March 2013 and the logging supports the interpreted geological and mineralisation domains. One hole at Nova was twinned - SFRD0117 and SFRD0117W1M. The results confirmed the initial intersection geology. The twin (suffixed W1M) was used as a metallurgical hole.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying (cont)	*Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	Primary data was collected for Nova - Bollinger using a set of standard Excel templates on toughbook laptop computers using lookup codes. The information was sent to ioGlobal for validation and compilation into a SQL database server.
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data used in **the mineral resource** estimate.
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Hole collar locations for all holes were surveyed by Whelans Surveyors of Kalgoorlie using RTK GPS connected to the state survey mark (SSM) network. Elevation values were in AHD RL and a value of +2,000 m was added to the AHD RL by Sirius for local co-ordinate use. Expected accuracy is + or – 30 mm for easting, northing and elevation coordinates. Downhole surveys used single shot readings during drilling (at 18m, then every 30 m) and Gyro Australia carried out gyroscopic surveys using a Keeper high speed gyroscopic survey tool with readings every 5 m after hole completion. Stated accuracy is +-0.25° in azimuth and +-0.05° in inclination. QC involved field calibration using a test stand. Only gyro data is used in the resource estimate.
	Specification of the grid system used.	The grid system for Nova-Bollinger is MGA_ GDA94, zone 51 (local RL has 2,000 m added to value). Local easting and northing are in MGA.
	Quality and adequacy of topographic control.	Topographic surface for Nova-Bollinger uses 2012 Lidar 50 cm contours.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The nominal drillhole spacing is 25 m (northing) by 25 m (easting) in the core of the deposit, and is up to 50 m by 50 m on the margins.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The mineralised domains for Nova-Bollinger have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resources and Reserves, and the classifications applied under the 2012 JORC Code.
	Whether sample compositing has been applied.	Samples have been composited to one metre lengths and adjusted where necessary to ensure that no residual sample lengths have been excluded (best fit).

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The Bollinger deposit is drilled towards grid west at angles varying from -60^0 and -90^0 to intersect the mineralised zones at a close to perpendicular relationship for the bulk of the deposit. The Nova deposit is drilled to grid west, which is slightly oblique to the orientation of the mineralised trend; however the intersection angles for the bulk of the drilling are nearly perpendicular to the mineralised domains. Structural logging based on oriented core indicates that main sulphide controls are largely perpendicular to drill direction.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation based sampling bias has been identified at Nova-Bollinger in the data at this point.
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by Sirius. Samples for Nova-Bollinger are stored on site and either delivered by Sirius personnel to Perth and then to the assay laboratory, or collected from site by Centurion transport and delivered to Perth, then to the assay laboratory. Whilst in storage, they are kept on a locked yard. Tracking sheets have been set up to track the progress of batches of samples.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	A review of the sampling techniques and data was carried out by Optiro as part of each resource estimate and the database is considered to be of sufficient quality to carry out resource estimation. An internal system audit was undertaken by Sirius in November 2012.

Exploration Review (cont)

(II) SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	Nova and Bollinger are located wholly within Mining Lease M28/376 (previously E28/1724). The tenement is wholly owned by Sirius Gold Pty Ltd, a wholly owned subsidiary of Sirius Resources NL. Sirius has 100% interest in the tenement. The tenement sits within the Ngadju Native Title Claim (WC99/002).
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenement is in good standing and no known impediments exist.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No previous systematic exploration has been undertaken at the Nova or Bollinger prospects.
Geology	Deposit type, geological setting and style of mineralisation.	The global geological setting is a Proterozoic aged gabbroic intrusion(s) within metasediments situated in the Albany Fraser mobile belt. It is a high grade metamorphic terrane. The sulphide mineralisation is related to, and part of, the intrusive event. The deposits are analogous to many mafic hosted nickel-copper deposits worldwide.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	The complete drillhole summary for the Nova-Bollinger July 2013 Mineral Resource is contained in ASX announcement 15 July 2013 Maiden Bollinger Resource and Scoping Study Update.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	No new exploration results are announced within this report.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Data aggregation methods (cont)	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	No new exploration results are announced within this report.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No new exploration results are announced within this report.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	The Nova deposit is moderately east dipping in the west, flattening to shallow dipping in the east. The fans of drillholes are inclined between -54^0 and -90^0 to the west to allow intersection angles with the mineralised zones to approximate the true width. The Bollinger deposit is dominantly flat lying and is drilled to grid west with drill holes inclined between -60^0 and -90^0. The intersection angles for the drilling appear to be close to perpendicular to the mineralised zones, therefore reported downhole intersections approximate true width.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Figure 1 in body of text.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	No new exploration results are announced within this report.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	No new exploration results are announced within this report.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	No new exploration results are announced within this report.

Exploration Review (cont)

(III) SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	Data templates with lookup tables and fixed formatting are used for logging, spatial and sampling data at Nova-Bollinger. Data transfer is electronic via e-mail. Sample numbers are unique and pre-numbered bags are used. These methods all minimise the potential of these types of errors.
	Data validation procedures used.	Data validation checks are run by database management consultancy "ioGlobal" using their proprietary software ("ioHub"). ioGlobal have their own database model with a production and quarantine database for each client. Data is validated from quarantine to upload using a set of validation rules developed by Sirius and ioGlobal. Data for Nova-Bollinger is stored in a single database.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	Optiro carried out a site visit to the Nova deposit on the 21st of February. Mark Drabble (Principal Consultant - Optiro) inspected the deposit area, the core logging and sampling facility and density measurement area. During this time, notes and photos were taken along with discussions were held with site personnel regarding the available drill core and procedures. Diamond core was also viewed in the Sirius offices in Perth on three occasions. A number of minor recommendations were made on procedures but no major issues were encountered. Mark Drabble also viewed the metallurgical drill core at AMMTEC on 28th June
	If no site visits have been undertaken indicate why this is the case.	Not applicable
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	The confidence in the geological interpretation of Nova and Bollinger is considered good. The global geological setting is a gabbroic intrusion(s) within metasediments within a high grade metamorphic terrane. The sulphide mineralisation is related to, and part of, the intrusive event. The Bollinger deposit appears to be intimately related to the Nova deposit and represents part of a number of intrusive events that transgress sedimentary layers to the immediate east of Nova. The Nova-Bollinger deposit appears similar in style to many mafic hosted nickel-copper deposits.
	Nature of the data used and of any assumptions made.	Petrography and litho geochemistry has been used to assist identification of the rock type subdivisions applied in the interpretation process.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Geological interpretation (cont)	*The effect, if any, of alternative interpretations on Mineral Resource estimation.*	The Nova-Bollinger deposit is generally tabular in geometry, with clear boundaries which define the mineralised domains. Infill drilling has supported and refined the model and the current interpretation is thus considered to be robust.
	The use of geology in guiding and controlling Mineral Resource estimation.	Geological controls and relationships were used to define sub-domains. Key features are sulphide content, form and multi-element geochemistry relationships.
	The factors affecting continuity both of grade and geology.	The Nova lower breccia zone has mixed grade populations due to variable clast versus massive sulphide content. This can be seen in the MgO and nickel grade relationships and influences the local rather than the global grade estimate. These factors have been addressed via the resource estimation process applied. The Bollinger disseminated zone has small intervals of massive sulphide that required sub-domaining to constrain the estimation of metal around these samples.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The Nova Mineral Resource starts at a depth of 40 m below surface. The Resource area has dimensions of 450 m (north) by 550 m (east) and 400 m (elevation). The Bollinger Mineral Resource area abuts the Nova area and has dimensions of 300 m (north) by 400 m (east) and 125 m (elevation). The Bollinger resource has a maximum depth of 450 m below surface. The Nova and Bollinger deposits are conjoined by a feeder zone. The two resources areas are arbitrarily split along a North-South line defined by the 518,600 mE MGA grid line.
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Grade estimation using Ordinary Kriging (OK) was completed for Nova and Bollinger. Nova was partially (3 domains) re-estimated for this update**.** CAE Studio 3 software was used to estimate six elements; Ni%, Cu%, Co%, Fe%, Mg (ppm) and S%, as well as bulk density. Drill grid spacing ranges from 25 m to 50 m. Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains and oxidation surfaces. Sample data was composited per element to a one metre downhole length using a best fit-method. There were consequently no residuals. Intervals with no assays were excluded from the compositing routine.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques (cont)		The influence of extreme sample distribution outliers was reduced by top-cutting where required. The top-cut levels were determined using a combination of top-cut analysis tools (grade histograms, log probability plots and CVs). Top-cuts were reviewed and applied on a domain basis. Due to the folded nature of the Lower Massive domain at Nova and the Massive domain at Bollinger, an industry accepted unfolding routine was carried out using CAE Studio 3 software. Variography and grade estimation of these domains was completed in unfolded space. It was noted that the Lower Massive domain at Nova and the Massive and the Carapace domain at Bollinger showed evidence of sub-populations within the domains which were not able to be wireframed separately at the available grid spacing. A categorical indicator approach using three grade bins at Nova and two grade bins within the Bollinger domains was considered appropriate to sub-domain these populations. It was interpreted that these sub-domains represented massive, breccia and/or low-grade mineralisation. Several domains which demonstrated a moderate degree of folding at Bollinger were estimated using flattening routines or Dynamic Anisotropy in order to optimise the grade estimation. Variography of these domains were completed in 2D space. For all domains, directional variograms were modelled using traditional variograms or normal scores transformations. Nugget values are moderate to high (Nova <0.5, Bollinger <0.3). Grade continuity was variable in either resource depending on mineralisation styles and ranged from 50 m to 170 m in the major direction. Small or poorly sampled domains where robust variography could not be generated used the variography of a geologically similar domain. Estimation searches for all elements were set to the ranges of the nickel variogram for each domain.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques (cont)	*The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*	This is an update for the Nova-Bollinger deposit. No previous mining activity has taken place in this area. Check estimates have been run by Sirius during the development drilling of the deposit and have produced very similar global estimates for the Nova-Bollinger deposit.
	The assumptions made regarding recovery of by-products.	The main by-product of the resource is cobalt and recovery will be as a by-product with the pentlandite. This is dependent on any off take agreement and may realise a credit.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	The non-grade elements estimated are Fe%, Mg% and S%.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A single block model for Nova-Bollinger was constructed using an 8 mE by 12 mN by 4 mRL parent block size with subcelling to 1 mE by 1 mN by 0.25 mRL for domain volume resolution. All estimation was completed at the parent cell scale. Kriging neighbourhood analysis was carried out for Nova in order to optimise the block size, search distances and sample numbers used. Discretisation was set to 4 by 6 by 2 for all domains. The size of the search ellipse per domain was based on the nickel variography, due to the moderate-strong correlation of nickel with the other elements. Three search passes were used for each domain. In general, the first pass used the ranges of the nickel variogram and a minimum of 8 and maximum of 30 samples. In the second pass the search ranges were changed to double the ranges of the nickel variogram, maintaining a minimum of 8 samples. The third pass ellipse was extended to 3 times the range of the variograms for Bollinger and 5 times for Nova. A minimum of 4 and a maximum of 30 samples were applied. A maximum of 5 samples per hole were used.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques (cont)		In the majority of domains, most blocks were estimated in the first pass (particularly for the main domains); however, some more sparsely-sampled domains were predominantly estimated on the second or third pass. Un-estimated blocks, i.e. those outside the range of the third pass, were assigned the estimated domain mean and lower resource confidence classifications. Hard boundaries were applied between all estimation domains, excluding the alteration envelope at Nova where a soft boundary with the disseminated domain was used.
	Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this estimate.
	Any assumptions about correlation between variables.	Neural networking (3D spatial analysis) was used to determine relationships between the variables at Nova in the initial estimate. These were then incorporated into the domain interpretation process. Strong positive correlation exists between nickel and all other elements estimated, with the exception of copper. The correlation between nickel and copper is variable; based on domain and mineralisation style. All elements within a domain used the same sample selection routine for block grade estimation.
	Description of how the geological interpretation was used to control the resource estimates.	The geological interpretation correlated the sulphide mineralisation to geological and structural elements at Nova- Bollinger. The structural framework and understanding of primary magmatic and remobilised mineralisation was used to refine the mineralisation domains. These domains were used as hard boundaries to select sample populations for variography and estimation.
	Discussion of basis for using or not using grade cutting or capping.	Statistical analysis showed the populations in each domain at Nova and Bollinger to generally have a low coefficient of variation but it was noted that a very small number of estimation domains included outlier values that required top-cut values to be applied.
	The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	Validation of the block model carried out a volumetric comparison of the resource wireframes to the block model volumes. Validating the estimate compared block model grades to the input data using tables of values, and swath plots showing northing, easting and elevation comparisons. Visual validation of grade trends and metal distributions was carried out. No mining has taken place; therefore no reconciliation data is available.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	The tonnages are estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied*	A nominal grade cut-off of 0.4% Ni appears to be a natural grade boundary between disseminated and trace sulphides for the Nova- Bollinger mineralised system. This cut-off grade was used to define the mineralised envelope within which the higher grade sub domains were interpreted.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	The selected mining methods for the Nova project is long hole sub level open stoping which is widely used in many underground mines in Western Australia and is deemed appropriate considering the nature of the ore body, and the desire to extract the maximum value from the deposit. Stope sizes are generally 25 mW by 25 mH by the orebody width or height and have been created to suit the Mineral Resource. As the resource changes in width and dip the mining method changes from large multi lift stopes to echelon retreat single access stopes. Geotechnical assessment of the mineralised zone is also favourable for the selected mining method. Minimum mining width for stoping is 4m.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	24 HQ diameter drillholes were drilling primarily for metallurgical sampling with half core used for creating representative composites for testwork. Two PQ, 1 HQ and 4 NQ wedges were also drilled to create a bulk composite and allow comminution testwork. Metallurgical testing has been completed to a Bankable Feasibility standard on composited samples considered representative of the main model domains. Metallurgical flotation testwork by ALS Ammtec and Strategic Metallurgy Pty. Ltd. indicate that split concentrates of nickel and copper sulphides will be possible with recoveries of 89% at 13.5%Ni and 95% at 29%Cu. An extensive metallurgical development program has optimised the flotation flowsheet.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made*	Sirius is currently in the process of gaining required environmental approvals for the proposed mining activities. It has been assumed that all approvals will be met. Environmental studies have been completed and it has been understood that there are no significant hurdles to the Nova Nickel Project. Waste rock and tailings characterization studies have been completed. Negligible waste rock will be disposed of on surface. Tailings are highly acid forming and the costs of appropriate impoundments have been allowed. Feasibility designs for a tailings storage facility have been completed and costing including in the evaluation of this ore reserve.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density has been estimated from density measurements carried out on 20,379 full length core samples using the Archimedes method of dry weight versus weight in water. The use of wax to seal the core was trialled but was shown to make less than 1% difference. Density standards were used for QAQC using an aluminium billet, and pieces of core with known values. The density ranges for the mineralised units are listed below: Massive sulphides 2.0 to 4.7 g/cm^3 (average: 3.9 g/cm^3), net textured sulphides 3.0 to 4.4 g/cm^3 (average: 3.6g/cm^3) and disseminated sulphides 2.5 to 4.6 g/cm^3 (average: 3.5 g/cm^3).
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit,	The host geology comprises high grade metamorphic rocks that have undergone granulite facies deformation. The rocks have been extensively recrystallised and are very hard and competent. Vugs or large fracture zones are generally annealed with quartz or carbonate in breccia zones. Porosity in the mineralised zone is low. Sensitivity to these issues is thus low.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The bulk density values were estimated using the nickel search parameters and 20,379 density samples taken within the geological domains.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories*	The Mineral Resource classification at Nova - Bollinger is based on good confidence in the geological and grade continuity, along with 25 m by 25 m spaced drillhole density in the core and bulk of the deposit, and 50m x 50m on the margins. Estimation parameters including Kriging efficiency have been utilised during the classification process.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. Geological control at Nova-Bollinger consists of a primary mineralisation event modified by metamorphism and structural events. The definition of mineralised zones is based on a high level of geological understanding producing a robust model of mineralised domains. This model has been confirmed by infill drilling which supported the initial interpretation. The validation of the block model shows good correlation of the input data to the estimated grades.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The Mineral Resource estimate appropriately reflects the view of the Competent Persons.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	This is an update of the Nova – Bollinger Mineral Resource estimate. The Nova - Bollinger resource was reviewed by Sirius and Optiro and some improvements made to the geological domains as a result of the new information at Bollinger.
	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.

Exploration Review (cont)

Criteria	JORC Code explanation	Commentary
Audits or reviews (cont)	*The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used*	The statement relates to global estimates of tonnes and grade.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available	No production data is available.

Exploration Review (cont)

(IV) SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES – NOVA BOLLINGER

Criteria	JORC Code Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	*Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The Underground Ore Reserve estimate is based on the Mineral Resource estimate carried out by Optiro Pty Ltd. The Mineral Resources reported are inclusive of Ore Reserve.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	A site visit was conducted in December 2013. The visit was conducted to review surface infrastructure locations and general layout positions.
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	Feasibility level studies have been completed for all areas of the Nova Nickel Project. Ore Reserve estimates are based around the assumptions completed for the Nova Nickel Project Feasibility Study.
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	In order to determine the economically mineable part of the resource, the total value of the mineralised material was calculated, including recognition of the value of nickel, copper and cobalt in the ore. This value, commonly referred to as a Net Smelter Return (NSR) is calculated in Australian dollars per ore tonne and represents the value of the products produced from one tonne of ore if sold at the mill gate. It is calculated from the revenue received from the payable metal (mill recovered) contained in the products less all costs and charges downstream of the site including transportation, smelting, refining and metal loss throughout these stages. NSR cut-off grade calculations were conducted by Entech prior to designing the underground mine, and again following completion of the design, scheduling and cost modelling. The initial estimation that was used for Feasibility Study mine design purposes was based on processing, treatment, refining, mining, administration and operating cost estimates from the Sirius Scoping Study.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Cut-off parameters (cont)		The operating cost generated from the Nova Underground financial model is $105/t comprising: • Mining cost of $55/t • Processing cost of $38/t • Admin cost of $12/t. Metal prices are based on 12 month averages (not volume weighted) of spot prices from the London Metal Exchange between June 2012 and July 2013 and were provided by Sirius, prices are as follows: • Nickel – US$7.44/lb • Copper – US3.47/lb • Cobalt – US$12.00/lb • Exchange rate - $A 1: $US 0.90 Three cut off grades have been generated for the Nova underground, these are: • Economic – cut-off includes all operating costs associated with the extraction and processing of ore material, • Incremental Stoping – cut-off grade applies to all material that does not require any additional development, and • Incremental Development – cut-off applies to material that will be mined in the process of gaining access to economic material.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Mining factors or assumptions	*The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* *The mining dilution factors used.* *The mining recovery factors used.* *Any minimum mining widths used.* *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* *The infrastructure requirements of the selected mining methods.*	The Ore Reserve estimate has been calculated by generating detailed mining shapes for each stoping block as well as development. Designed stope shapes include planned dilution, being waste material that is located within the minable stope shape. Additional unplanned dilution is also generally incurred from the walls of stopes due to re-distribution of stress within the rock mass as voids are created in the mine, blast damage, poor mining practice (such as poor blasthole drilling setup) this additional material is also included in Ore Reserve Estimate. A 7 % unplanned dilution factor has been calculated by Entech in consultation with SRK based on kinematic and empirical methods. Entech considers this to be appropriate given the ground conditions and proposed style of mining. A mining recovery factor of 95% has been applied post geological interrogation to generate the final diluted and recovered Ore Reserve estimate. This mining recovery is applied to allow for any ore loss due to mining related issues such as; underbreak due to poor drilling and blasting techniques, stope bridging or freezing or material being left in stopes due inaccessibility. The selected mining methods for the Nova project is long hole sub level open stoping which is widely used in many underground mines in Western Australia and is deemed appropriate considering the nature of the ore body, and the desire to extract the maximum value from the deposit. The selected mining methods for the Nova project is long hole sub level open stoping which is widely used in many underground mines in Western Australia and is deemed appropriate considering the nature of the ore body, and the desire to extract the maximum value from the deposit. Minimum mining width for stoping is 4m. In consultation with SRK geotechnical parameters have been set out for the size of the stoping blocks as well as support standards and development stand-off distances. All mining shapes included in the Ore Reserve estimate abide by the recommendations supplied by SRK.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Mining factors or assumptions (cont)		Grade control drilling is planned to be carried out from UG drill platforms to an appropriate density in order to further define the mineral resource. No Inferred Mineral Resources have been included in the Ore Reserve Estimate. Any Inferred Mineral Resource contained within a mining block (stope or development) is classified as waste and is used to dilute the overall Ore Reserve. Infrastructure required for the proposed Nova Nickel Project has been accounted for and included in all work leading to the generation of the Ore Reserve estimate. The Nova Nickel Project infrastructure includes: • All site surface infrastructure, including: » Processing facilities, including crushing, grinding, flotation and dewatering » Tailings storage facility » Offices, workshops, warehouses and associated facilities » Borefield and pipeline » Camp » Airstrip » Access Road » Power Station • Paste filling infrastructure. The backfilling of the production stopes is an integral component of the mining method at Nova for all stope sizes and configurations. Paste fill utilising classified live tailings is the nominated fill type. A Paste Plant will be located above the orebody on the surface and will comprise: tailings storage tank(s); filter; binder storage; mixer and associated facilities. Paste will be delivered underground by gravity through a reticulation system consisting of boreholes and horizontal piping. • A boxcut developed through the oxidised material near surface.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Mining factors or assumptions (cont)		• All power and pumping reticulation will be fed through decline development, ventilation rises and service holes drilled in close proximity to the decline to minimise cable and pipe runs along the decline path. • Ventilation fans will be installed underground at the base of a raisebored shaft to supply fresh air to underground workings. Return air ventilation system to be located on opposite side of the deposit to the decline to allow for flow through ventilation. • Caged ladderways will be installed in fresh air ventilation rises to establish a second means of egress from underground project.
Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* *Whether the metallurgical process is well-tested technology or novel in nature.* *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* *Any assumptions or allowances made for deleterious elements.* *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	Mineralogy shows main sulphide minerals as chalcopyrite, pentlandite and pyrrhotite. Chalcopyrite is largely liberated; however some fine pentlandite is associated with the pyrrhotite. Gangue minerals include olivine/ pyroxene, amphibole, feldspars, garnets, quartz which are un-altered. The Feasibility Study contemplates a 1.5mtpa capacity plant. Processing will comprise conventional crushing, milling and classification circuits followed by dual flotation circuits to produce separate nickel (+cobalt) and copper (+silver) concentrates. The Nova/Bollinger deposit is different from other local nickel deposits of Norlisk – Lake Johnston, Western Areas – Forrestonia, Panoramic – Lanfranchi and Mincor - Widgemooltha which are near Norseman to the West and North. The nearest analogous deposits are in Canadian such as Thompson (owned by Vale), Raglan (owned by Xstrata) and Voisey's Bay (owned by Vale) who are using fresh water in the processing. The split concentrate flowsheet has achieved separation between copper and nickel for production of separate concentrates with acceptable recoveries. The results to date show a robust processing flowsheet than can consistently achieve a copper concentrate

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Metallurgical factors or assumptions (cont)		grading 27 – 31% Cu for 95% overall recovery and a nickel concentrate grading 13 - 17% Ni for 89% overall recovery. The copper concentrate is low in nickel (<0.5%) and represents <0.5% nickel recovery. The final copper and nickel flotation recovery for this flowsheet will be determined from planned locked cycle testwork. The testing is investigating two potential reagent regimes for split flotation, one using TETA (tri-ethylene-tetra-amine) with sodium sulphite and Cytec Industries polymeric depressant (7261A). These are all used in commercial flotation processes, more commonly in North America, less commonly in Australia. Selective sulphide flotation is considered a well-tested technology Flotation testing has shown the ability to produce both a combined bulk concentrate or a separate split concentrate in hyper-saline site water. Economic evaluations concluded that a split concentrate option will achieve a higher revenue than a combined concentrate, due to the increased pay-ability of the copper. Split concentrate offers flexibility, marketing options and was adopted as the preferred flowsheet for the Feasibility Study. Composite A was formulated as the main testing composite to be used in further development testwork. Composite A is based on the following criteria: • Year 1-3 stoping material • All MET holes below 2005 RL • Including mining dilution as advised by Entech, and agreed by Sirius, nominally 2.5m HW and 0.5m FW. • Every second meter from 9 holes. Composites B - P includes all major material types of Disseminated in Gabbro, Stringer in Sediment, Upper Massive, Lower massive/ breccia and NET, including dilution coming from HW Waste, FW Waste and HW Gabro Disseminated. All metallurgical composites represent 83% of the known ore resource. Detailed modelling of the metallurgical recoveries by ore type and ore zones have been applied to the mining schedule to determine the overall recoveries used in the financial modelling are as follows:

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Metallurgical factors or assumptions (cont)		

Metallurgical Recoveries	Copper Concentrate	Nickel Concentrate
Ni	1%	89%
Cu	95%	3%
Co	1%	85%

Note: Nickel Recoveries are based on Mill Feed Grades

No deleterious elements were observed in the concentrates, with the exception of chloride from the process water. Concentrate washing has been investigated to determine required amount.

Copper Concentrate specification – Cu 27 - 31%, S 29-33%, Fe 29-30%, MgO <1%, SiO2 <2.5%, As 0.005%, Sb 0.001%, Bi 0.003%, Cd < 0.002%, Pb 0.016%, Zn 0.046%, Ni 0.64%, Co 0.02 %, Cl + F <300 ppm, Hg <1 ppm, Al2O3 0.56%,

Nickel Concentrate specification – Ni 13 - 17%, Cu 0.20 – 0.6%, Co 0.43 – 0.49%, Au 0.05 gms/t, Ag 4.8 gms/t, S 31-34%, Fe 41-44%, MgO< 1.5%, SiO2 <3.0%, As 0.002%, Pb 0.005%, Zn 0.020%, Cl + F <300 ppm, Al2O3 0.9%

The main minerals of chalcopyrite, pentlandite and pyrrhotite can be defined by Cu, Ni, Fe and S grades. The deposit has been modelled with Ni, Cu, Co, Fe, S and MgO for all major material domains.

Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	Sirius is currently in the process of gaining required environmental approvals for the proposed mining activities. It has been assumed that all approvals will be met. Environmental studies have been completed and it has been understood that there are no significant hurdles to the Nova Nickel Project. Waste rock and tailings characterization studies have been completed. Negligible waste rock will be disposed of on surface. The costs of appropriate impoundments have been allowed for in light the tailings characterization studies. Feasibility designs for a tailings storage facility have been completed and costing including in the evaluation of this Ore Reserve.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	There is currently no significant infrastructure on site developed for the Nova Nickel Project. The proposed infrastructure lies partly on Fraser Range Station (a pastoral lease administered by Pastoral Lands Board) and unallocated crown land. Some infrastructure (access road, borefield, and pipeline) is located on mining tenure held by other companies. Appropriate access agreements have been entered into or are in progress. It has been assumed that all development of surface infrastructure including site facilities, camp and airstrip will be completed to enable to development of the underground resource. It has been assumed that there will be sufficient water available to develop the Nova Nickel Project.
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.* *The methodology used to estimate operating costs.* *Allowances made for the content of deleterious elements.* *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* *The source of exchange rates used in the study.* *Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private.*	Capital costs used in the production of the Ore Reserve estimate have been gathered from budget pricing or from a cost database. In the case where database costs have been used, contingencies have been applied. Major capital items are based on estimates prepared by experienced independent engineers, including: • Processing Plant – Ausenco • TSF, Access Road, Aerodrome – GHD • Borefields - MSP • Underground (Fixed Plant) - Entech Operating costs for the underground operation are based on a budget estimate from a leading underground mining contractor. Major operating costs are based on estimates by Sirius owners team and experienced independent engineers, including: • Underground Contract Mining – Barminco • Processing Costs (based on Sirius reagent consumption) – Ausenco

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Costs (cont)		A capital and operating cost model has been developed in Excel and has been used to complete a life of mine cashflow estimate. Smelter terms have been determined from typical contracts and include: • Nickel payability and TC. • Copper payability (Ni Concentrate) • Copper concentrate copper payability and TC/RC • The presence of deleterious elements has been assessed and it has been determined that no penalties will be applied • Estimates of smelter terms have been determined in-house. The derivation of assumptions made for commodity price(s) is shown below. Product inland transport costs have been estimated by an experienced contractor, Qube Logistics. Shipping costs from the Port of Esperance have been estimated by an experienced shipping broker, Braemar Seascope. Royalty allowances are in accordance with Division 5 of the WA Mining Act and assessment of royalties payable to other parties.
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	Revenue has been based on the commodity price and exchange rates commentated on above. Metal prices are based on 12 month averages (not volume weighted) of spot prices from the London Metal Exchange between June 2012 and July 2013 and were provided by Sirius, prices are as follows: • Nickel – US$7.44/lb • Copper – US3.47/lb • Cobalt – US$12.00/lb • Exchange rate - $A 1: $US 0.90 Head grade of the project is dependent on the material scheduled to be mined from underground. Treatment and transportation charges applied in the economic evaluation.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Market assessment	*The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* *A customer and competitor analysis along with the identification of likely market windows for the product.* *Price and volume forecasts and the basis for these forecasts.* *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	Demand for concentrate has been derived from international metals market analysts – Wood Mackenzie, who prepared a commissioned nickel & copper market study, dated 18 June, 2014. Customer and competitor analysis is based on research provided by Wood Mackenzie, plus input from Wood Mackenzie Nickel Industry Cost Service. The price and volumes forecast are based on information provided by Wood Mackenzie's Long Term Outlook Reports for Nickel and Copper, June editions, the commissioned research by Wood Mackenzie, and pricing forecasts by Consensus Economics Inc. Potential customers have received and approved representative samples, and received detailed specifications.
Economic	*The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	The Ore Reserve estimate is based on a financial model that has been prepared at a "Feasibility Study" level of accuracy. All inputs from underground operations, processing, transportation and sustaining capital as well as contingencies have been scheduled and evaluated to generate a full life of mine cost model. Economic inputs have been sourced from suppliers or generated from database information relating to the relevant area of discipline. A discount rate of 8% has been applied. The NPV of the project is strongly positive at the assumed commodity prices.
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	The Mining Lease ML28/376 was granted on 15th August 2014 following finalization of an agreement with Native Title claimants. The Company is engaged in preliminary discussions with the holders of the Fraser Range Pastoral Lease. The Company has met with and discussed the Project with: Esperance Ports Sea and Land; Shires or Esperance, Coolgardie, Dundas and Town of Kalgoorlie Boulder. None has expressed concerns with the proposed development.

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Social (cont)		Apart from the Fraser Range homestead and caravan park, there are no permanent residences within the Project Area or its environs. It has been assumed that all agreements with key stakeholders including traditional owner claimants will be issued and will not affect the Ore Reserve estimate.
Other	*To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* *Any identified material naturally occurring risks.* *The status of material legal agreements and marketing arrangements.* *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	Groundwater exploration, pump testing and modelling simulations have been completed adjacent to the Nova-Bollinger Deposit. Results indicate that some dewatering of the mine environment will be required during mine development. This water will be stored in the TSF and is expected to provide sufficient water for the first 2 years of mining and processing operations. Beyond this period, process water will be sourced from three water bores indentified in other aquifers within 4 kms of the Nova-Bollinger Depsoti. As a contingency, further groundwater resources exist within 50 km radius of the project and are available for development. A Reverse Osmosis (RO) plant will be required to produce all potable water requirements including concentrate washing. This plant will be designed to treat water quality expected from the borefield. The RO plant will produce the Project's potable water requirement which is then distributed across the site and to the accommodation village Sirius is currently in the process of gaining required legal and regulatory requirements. It has been assumed that all government permits and licenses or statutory approvals will be granted. Nova and Bollinger are located wholly within Mining Lease ML28/376. Sirius has a 100% interest in the tenements. The tenement sits within the Ngadju Native Title Claim (WC99/002).

Exploration Review (cont)

Criteria	JORC Code Explanation	Commentary
Classification	*The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	The Ore Reserve is based on Probable Ore Reserves. No Proved Ore Reserves are reported. No Measured Mineral resources have been modelled in the mineral resource. Indicated Mineral Resources have been converted to a Probable Ore Reserve. The Competent Person is satisfied with the classification of the Underground Mineral Resource and hence the conversion to Ore Reserve is appropriate.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	The Ore Reserve has been peer reviewed internally and is in line with current industry standards.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The Ore Reserve has been completed to a Definitive Feasibility standard; hence confidence in the resulting figures is high. Confidence in the mine design and schedule are high. All modifying factors have been applied to designed mining shapes on a global scale as there is limited local data.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

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	**Jeffrey Foster**	**Terrence Grammer**	**David Craig** (appointed on 1 October 2013)
Mark Bennett	**Anna Neuling**	**Neil Warburton** (appointed on 1 August 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.

Significant Changes in the State of Affairs (continued)

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 ofcopper 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 (cont)

Significant Changes in the State of Affairs (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.

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.

Information on Directors (continued)

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 (cont)

Information on Directors (continued)

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 Barminco 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 Barminco, 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 (cont)

Information on Directors (continued)

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 (cont)

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	22	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.

Directors Report (cont)

Indemnifying of Officers or Auditor (cont)

Options & Rights

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

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

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.

Directors Report (cont)

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;
- 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.

Remuneration Summary 2013/2014 (continued)

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. 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.

Directors Report (cont)

Remuneration Summary 2013/2014 (continued)

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%

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%

Remuneration Summary 2013/2014 (continued)

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.

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:

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

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

Directors Report (cont)

Remuneration Summary 2013/2014 (continued)

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.

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

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.

Directors Report (cont)

Remuneration Report (audited)(continued)

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:

	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.

Directors Report (cont)

Remuneration Report (audited)(continued)

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.

	CASH REMUNERATION			
2014	Short term payments $	Short term incentive [i] $	Post –employment benefits (superannuation) $	Total cash payments $
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:

(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 Pilothole 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 Pilothole 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.

Directors Report (cont)

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.

Directors Report (cont)

Remuneration Report (audited)(continued)

2014 TOTAL REMUNERATION						
	Total cash payments	Appointment Options	Share Appreciation Rights ("SAR's")	Total	Share based payments	Performance based
	$	$	$	$	% of remuneration	% 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**		

(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.

Directors Report (cont)

Remuneration Report (audited)(continued)

Financial Year Ended 30 June 2013

	2013 CASH REMUNERATION			
	Short term payments	Bonus payments	Post –employment benefits (superannuation)	Total cash payments
	$	$	$	$
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.

(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.

Directors Report (cont)

Remuneration Report (audited)(continued)

(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 Pilothole 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	Performance based
	$	$	$	% of remuneration	% 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 (cont)

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.
- 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.

Remuneration Report (audited)(continued)

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 (cont)

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:

(Share price at vesting date – Share price at grant date) x 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 (cont)

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	-	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 (cont)

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.

Directors Report (cont)

Remuneration Report (audited)(continued)

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.

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 (cont)

Remuneration Report (audited)(continued)

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 127 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

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 Stat*ements, 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

Peter Toll

Director

Perth, 5 September 2014

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Annual Financial Report

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		30 June 2014 Cents	30 June 2013 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.

Annual Financial Report (cont)

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.

Annual Financial Report (cont)

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					
Contributions by and distributions to owners					
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					
Contributions by and distributions to owners					
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.

Annual Financial Report (cont)

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.

Annual Financial Report (cont)

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.

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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)
(ii) Adoption of new and revised Accounting Standards (continued)

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 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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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 Note 1. 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.

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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)
(iv) Principles of consolidation (continued)

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.

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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income Tax (continued)

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

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.

(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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Annual Financial Report (cont)

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.

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.

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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

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.

(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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee Benefits (continued)

(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.

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

Annual Financial Report (cont)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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.

Annual Financial Report (cont)

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**	

Annual Financial Report (cont)

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

2013	Floating interest rate $000's	Fixed interest rate maturing in 1 year or less $000's	Non-interest bearing $000's	Total $000's	Weighted average effective interest rate %
Financial Instruments					
(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.

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

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.

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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)**

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

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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)
	-	**-**

	30 June 2014 $000's	30 June 2013 $000's
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.

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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.

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**

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NOTE 10. EXPLORATION AND EVALUATION (CONTINUED)

(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.

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
Total consideration	**232,633**
Acquisition related costs attributable to assets acquired	473
	233,106
Net assets acquired:	
Exploration and evaluation assets	233,106
	233,106

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NOTE 11. PROPERTY, PLANT AND EQUIPMENT

2014	Buildings $'000	Property, Plant and Equipment $'000	Motor Vehicles $'000	Computer Software $'000	Fixtures and fittings $'000	Total $'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 $'000	Property, Plant and Equipment $'000	Motor Vehicles $'000	Computer Software $'000	Fixtures and fittings $'000	Total $'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**

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.

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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 [ii]	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**
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.

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NOTE 14. SHARE CAPITAL (CONTINUED)

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.

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.

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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

(1) 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.

(2) The options in series 2 expensed over a two year vesting period were valued at $63,554.

(3) The 1,350,000 options in series 3 which vested immediately were issued to Directors of the Group and were valued at $123,019.

(4) The 550,000 options in series 4 which vested immediately were valued at $54,165.

(5) 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.

(6) 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.

(7) 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.

(8) 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 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.

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NOTE 16. SHARE-BASED PAYMENTS (CONTINUED)

(i) Options (continued)

(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%	100%	100%	100%	100%
Option life	30/08/2012	28/09/2014	02/11/2014	01/11/2015	26/11/2015
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	07/01/2013	21/02/2016	29/11/2016	14/05/2017	17/09/2017
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	5.00%	4.75%	4.5%	2.75%	3.50%

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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	19/11/2017	22/11/2016	21/11/2018	06/11/2017	21/11/2017
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.

(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:

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NOTE 16. SHARE-BASED PAYMENTS (CONTINUED)

(ii) Share Appreciation Rights (continued)

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**

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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**

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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

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.

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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.

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.

Annual Financial Report (cont)

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.

Annual Financial Report (cont)

NOTE 24. LOSS PER SHARE

(a) Reconciliation of loss used in calculating Loss Per Share	30 June 2014 $000's	30 June 2013 $000's
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)**

(b) Weighted average number of shares used as the Denominator	30 June 2014 Number	30 June 2013 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:

		Equity Interest		Carrying Value	
Tenement Area	Activities	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.

Annual Financial Report (cont)

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

Annual Financial Report (cont)

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

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements and notes as set out on pages 88 to 125 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

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

Additional ASX Information

The shareholder information set out below was applicable as at the dates specified.

1 Distribution of Equity Securities (Current as at 15 September 2014)

Analysis of numbers of ordinary shareholders by size of holding:

		Number of Shareholders
1	- 1,000	2,007
1,001	- 5,000	1,604
5,001	- 10,000	593
10,001	- 100,000	842
100,001	and over	180
		5,226

2 Unquoted Equity Securities

OPTIONS (CURRENT AS AT 15 SEPTEMBER 2014)

	Number on issue	Number of holders
Options expiring 28 September 2014 at an exercise price of $0.60	100,000	1
Options expiring 2 November 2014 at an exercise price of $0.60	450,000	2
Options expiring 1 November 2015 at an exercise price of $0.60	200,000	1
Options expiring 26 November 2015 at an exercise price of $0.60	1,650,000	4
Options expiring 21 February 2016 at an exercise price of $0.60	100,000	1
Options expiring 29 November 2016 at an exercise price of $0.20	1,850,000	5
Options expiring 14 May 2017 at an exercise price of $0.20	50,000	1
Options expiring 17 September 2017 at an exercise price of $2.80	300,000	1
Options expiring 19 November 2017 at an exercise price of $3.50	1,550,000	13
Options expiring 22 November 2016 at an exercise price of $3.17	8,750,000	5
Options expiring 21 February 2018 at an exercise price of $3.00	500,000	1
Options expiring 6 November 2017 at an exercise price of $3.34	1,000,000	1
Options expiring 21 November 2017 at an exercise price of $3.51	2,000,000	3

Additional ASX Information (cont)

SHARE APPRECIATION RIGHTS ("SAR"S)(CURRENT AS AT 15 SEPTEMBER 2014)

	Number on issue	Number of holders
Series 1 - SAR's series issued 20 June 2014 vesting 30 June 2016 - Issued to Employees	192,880	18
Series 1 - SAR's series issued 20 June 2014 vesting 30 June 2016 - Issued to Directors – TSR Vesting Condition	234,744	4
Series 1 - SAR's series issued 20 June 2014 vesting 30 June 2016 - Issued to Directors – Operational Vesting Condition	234,743	4

HOLDERS OF OVER 20% OF UNLISTED SECURITIES

There are no holders of over 20% of unlisted securities as at 15 September 2014.

PERFORMANCE SHARES

As at 30 June 2014 there was 2,200,000 performance shares on issue which are held by Yandal Investments Pty Ltd.

EMPLOYEE SHARES

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

3 Substantial Holders (Current as at 15 September 2014)

Substantial holders of equity securities in the Company are set out below:

ORDINARY SHARES

Name	Number held	Percentage of issued shares
Mark Gareth Creasy and Yandal Investments Pty Ltd and their related entities	144,092,299	35.02%
National Australia Bank and its related entities	16,695,188	5.35%
Commonwealth Bank Australia and its related entities	20,953,179	5.09%

Additional ASX Information (cont)

4 Equity Security Holders (Current as at 15 September 2014)

The names of the twenty largest holders of quoted equity securities (ordinary shares) are listed below:

Rank	Name	Units	% of Units
1.	YANDAL INVESTMENTS PTY LTD	62,028,993	15.08
2.	NATIONAL NOMINEES LIMITED	42,694,398	10.38
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,626,960	9.87
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	37,465,124	9.11
5.	CITICORP NOMINEES PTY LIMITED	27,827,745	6.76
6.	FRASERX PTY LTD	20,724,527	5.04
7.	PONTON MINERALS PTY LTD	16,612,927	4.04
8.	FREE CI PTY LTD	16,612,926	4.04
9.	LAKE RIVERS GOLD PTY LTD	16,612,926	4.04
10.	YANDAL INVESTMENTS PTY LTD	10,000,000	2.43
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	5,805,425	1.41
12.	BNP PARIBAS NOMS PTY LTD <DRP>	4,837,961	1.18
13.	PERTH SELECT SEAFOODS PTY LTD	3,945,000	0.96
14.	NATIONAL NOMINEES LIMITED <DB A/C>	2,972,240	0.72
15.	AMP LIFE LIMITED	2,703,530	0.66
16.	BT PORTFOLIO SERVICES LTD <WARRELL HOLDINGS S/F A/C>	2,650,000	0.64
17.	MR NORMAN SURTEES	2,600,000	0.63
18.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,314,312	0.56
19.	DR MARK ANTHONY BENNETT	2,190,000	0.53
20.	ROXTRUS PTY LTD	2,000,000	0.49
	Total of Top 20	**323,224,994**	**78.56**
	Total Remaining Holders Balance	**88,226,581**	**21.44**

5 Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary Shares:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options:

These securities have no voting rights.

Additional ASX Information (cont)

6 On-Market Buy-Back

There is no current on-market buy-back.

7 Tenement Schedule

POLAR BEAR

Tenement	Status	Ownership Interest
E15/1298	Granted	100%
E63/1142	Granted	100%
E63/1712	Application	When granted – 100%
M15/651	Granted	100%
M15/710	Granted	100%
M63/230	Granted	100%
M63/255	Granted	100%
M63/269	Granted	100%
M63/279	Granted	100%
P15/5638	Granted	100%
P15/5639	Granted	100%
P15/5640	Granted	100%
P15/5167	Granted	100%
P15/5168	Granted	100%
P15/5171	Granted	100%
P63/1584	Granted	100%
P63/1585	Granted	100%
P63/1587	Granted	100%
P63/1588	Granted	100%
P63/1589	Granted	100%
P63/1590	Granted	100%
P63/1591	Granted	100%
P63/1592	Granted	100%
P63/1593	Granted	100%
P63/1594	Granted	100%

Additional ASX Information (cont)

FRASER RANGE JOINT VENTURE

Tenement	Status	Ownership Interest
E28/1630	Granted	70%
E28/1714	Granted	70%
E63/811	Granted	70%
E63/1103	Granted	70%
E63/1319	Granted	70%
E63/1320	Granted	70%
E63/1371	Granted	70%
E63/1372	Granted	70%
P63/1802	Granted	70%
P63/1803	Granted	70%
E28/1724	Granted	70%

FRASER RANGE - SIR

Tenement	Status	Ownership Interest
M28/376	Granted	100%
L28/51	Pending	100%
L28/52	Pending	100%
L69/22	Pending	100%
L28/47	Granted	100%
L69/20	Granted	100%
L69/21	Granted	100%
E28/2158	Granted	100%
E28/2257	Granted	100%
E63/1569	Pending	100%
E63/1570	Granted	100%
E63/1571	Granted	100%
E69/3074	Granted	100%
E69/3194	Granted	100%

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Jeffrey Foster and Andy Thompson who are employees of the company. Mr Foster is a member of the Australasian Institute of Mining and Metallurgy. Mr Thompson is a member of the Australasian Institute of Mining and Metallurgy. Mr Foster and Mr Thompson have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Foster and Mr Thompson consent to the inclusion in this report of the matters based on information in the form and context in which it appears.. Core samples are taken as half NQ core or quarter HQ core and sampled to geological boundaries where appropriate. The quality of RC drilling samples is optimised by the use of riffle and/or cone splitters, dust collectors, logging of various criteria designed to record sample size, recovery and contamination, and use of field duplicates to measure sample representivity. In the case of strongly mineralised samples, base metal assays are based on a special high precision four acid digest (a four acid digest using a larger volume of material) and an AAS finish using a dedicated calibration considered more accurate for higher concentrations. Sample preparation and analysis is undertaken at Minanalytical, Genalysis Intertek and Ultratrace laboratories in Perth, Western Australia. The quality of analytical results is monitored by the use of internal laboratory procedures and standards together with certified standards, duplicates and blanks and statistical analysis where appropriate to ensure that results are representative and within acceptable ranges of accuracy and precision. Where quoted, nickel-copper intersections are based on a minimum threshold grade of 0.5% Ni and/or Cu. Intersections are length and density weighted where appropriate as per standard industry practice. All sample and drill hole co-ordinates are based on the GDA/MGA grid and datum unless otherwise stated.

The information in this report that relates to Mineral Resource Estimation is based on information compiled by Mr Mark Drabble, Principal Consultant Geologist – Optiro Pty Ltd, Mr Andrew Thompson, a full time employee and General Manager Resources and Geology of Sirius Resources NL and Mr Jeffrey Foster, a full time employee and Technical Director of Sirius Resources NL. Mr Drabble, Mr Thompson and Mr Foster are members of the Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drabble, Mr Thompson and Mr Foster consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Underground Ore Reserves is based on information compiled by Mr Shane McLeay who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. McLeay is a permanent employee of Entech Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McLeay consents to the inclusion in the report of the matters based on his information in the form
and context in which it appears.

Forward Looking Statements

This report contains certain forward looking statements. The words "expect", "forecast", "should", "projected", "could", "may", "predict", "plan" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings, cash flow costs and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility of the development of the Nova-Bollinger project.

The Company notes that an Inferred Resource has a lower level of confidence than an Indicated Resource and that the JORC Code (2012 Edition) advises that to be an Inferred Resource it is reasonable to expect that the majority of the Inferred Resources would be upgraded to an Indicated Resources with continued exploration. Based on advice from relevant Competent Persons the Company has a high degree of confidence that the Inferred Resources for the Nova-Bollinger deposit will upgrade to Indicated Resources with further exploration work. The Inferred Resources have not been extrapolated past the last drill hole and therefore only been extrapolated to the last data point. The drillhole density was only reduced once there was evidence of reducing mineralisation.

The Company believes it has a reasonable basis for making the forward-looking statements in this report, including with respect to any production targets, based on the information contained in this announcement and in particular the JORC 2012 Mineral Resource for Nova-Bollinger as at July 2013, independently compiled by Optiro, together with independent geotechnical studies, determination of mining inventory, mine design and scheduling, metallurgical testwork, external commodity price and exchange rate forecasts and worldwide operating cost data.

Competent Person Reference

The production targets and other information in this report that relates to Mineral Resources and Reserves is based on, and fairly represent, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by a Competent Persons in compliance with the JORC Code (2012 edition) and released to ASX by the Company on 14 July 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous ASX release continue to apply and have not materially changed.

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Sirius
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