



SIRIUS RESOURCES NL

ABN: 46 009 150 083

Interim Financial Report

for the

Half-Year ended 31 December 2013

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ABN: 46 009 180 083

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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Sirius Resources NL
Interim Financial Report
31 December 2013

Corporate Directory

Directors

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

Company Secretary

Anna Neuling

Principal and Registered Office

253 Balcatta Road
Balcatta, Western Australia 6021
Telephone: (08) 6241 4200
Facsimile: (08) 6241 4299
Website: www.siriusresources.com.au

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008
Telephone: (08) 6382 4600

Share Registry

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

Stock Exchange Listing

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

ASX Code

SIR - ordinary shares

Directors' Report

The Directors of Sirius Resources NL ("Directors") present their report on Sirius Resources NL ("the Company" or "Sirius") and the entities it controlled at the end of, or during, the half-year ended 31 December 2013 ("Consolidated Entity" or "Group")

Directors

The names and details of the Company's Directors in office during the half-year ended 31 December 2013 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

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

Principal Activities

The principal continuing activity of the Group is mineral exploration.

Significant Changes in the State of Affairs

The Company, during the half year ended 31 December 2013, raised a total of \$84,490,400 which comprised a placement of 34,160,000 shares at \$2.44 per share and various option exercises.

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

Review of Operations

Operating Result

The loss from continuing operations for the half-year after providing for income tax amounted to \$9,213,000 (2012: \$33,915,000).

Dividends

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

After Balance Date Events

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

- Mr Dennis was appointed in the capacity of Chief Operating Officer and will be paid a base salary of \$442,225 plus superannuation per annum.
- Mr Dennis is eligible to take part in the short-term and long-term incentive employee schemes.
- The Group or Mr Dennis may terminate the contract at any time by giving the other party 3 months' notice in writing.
- The Group 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.

Directors' Report

Review of Operations (continued)

After Balance Date Events (continued)

On 14 February 2014 Sirius Resources NL 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 (the "Acquisition").

The Acquisition, which is conditional on Sirius shareholder approval, comprises 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 has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

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


Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of *the Corporations Act 2001* is set out on Page 4 of the interim financial report.

Rounding of Amounts

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

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



Mark Bennett
Director

Perth
26 February 2014

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

As lead auditor for the review of Sirius Resources NL for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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, 26 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2013

	Notes	31 December 2013 \$'000	Restated * 31 December 2012 \$'000
Other income		998	355
Administrative expenses		(3,328)	(1,359)
Share based payments	6	(3,889)	(18,953)
Exploration expenditure written off	4	-	(510)
Exploration expenditure expensed as incurred	4	(2,994)	(13,448)
Loss before income tax		(9,213)	(33,915)
Income tax expense		-	-
Loss for the half-year		(9,213)	(33,915)
Other comprehensive income		-	-
Total Comprehensive loss for the half year attributable To the members of Sirius Resources NL		(9,213)	(33,915)
Loss per share for the half year attributable to the Members of Sirius Resources NL		Cents	Cents
Basic and Diluted loss per share	10	(4.34)	(19.19)

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

**See note 1 for details regarding the restatement as a result of a change in accounting policy.*

Consolidated Statement of Financial Position

as at 31 December 2013

	Notes	31 December 2013 \$'000	30 June 2013 \$'000
ASSETS			
Cash and cash equivalents		104,357	41,378
Other receivables		1,372	935
TOTAL CURRENT ASSETS		105,729	42,313
Exploration and evaluation	4	25,702	13,545
Property, plant and equipment		2,366	303
TOTAL NON-CURRENT ASSETS		28,068	13,848
TOTAL ASSETS		133,797	56,161
LIABILITIES			
Trade and other payables		2,993	2,446
Provisions		317	185
TOTAL CURRENT LIABILITIES		3,310	2,631
NET ASSETS		130,487	53,530
EQUITY			
Share capital	5	286,004	203,723
Reserves	6	28,246	24,357
Accumulated losses		(183,763)	(174,550)
TOTAL EQUITY		130,487	53,530

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

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2013

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 half-year	-	-	-	(9,213)	(9,213)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of share capital	83,350	-	-	-	83,350
Capital raising costs	(2,209)	-	-	-	(2,209)
Share-based payment transactions	-	-	3,889	-	3,889
Share options exercised	1,140	-	-	-	1,140
Total contributions by and distributions to owners	82,281	-	3,889	(9,213)	76,957
Balance at 31 December 2013	286,004	3,536	24,710	(183,763)	130,487

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 half-year	-	-	-	(33,915)	(33,915)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of share capital	51,600	-	-	-	51,600
Capital raising costs	(2,660)	-	-	-	(2,660)
Share-based payment transactions	-	-	18,953	-	18,953
Share options exercised	22,560	-	-	-	22,560
Total contributions by and distributions to owners	71,500	-	18,953	(33,915)	56,538
Balance at 31 December 2012	201,402	3,536	19,618	(160,753)	63,803

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

*See note 1 for details regarding the restatement as a result of a change in accounting policy.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2013

	31 December 2013 \$'000	Restated * 31 December 2012 \$'000
Cash flows from operating activities		
Payments to suppliers and employees	(7,482)	(11,261)
Interest received	900	209
Net cash outflow from operating activities	(6,582)	(11,052)
Cash flows from investing activities		
Payments for exploration and evaluation	(10,344)	-
Payments for property, plant and equipment	(2,276)	(174)
Net cash outflow from investing activities	(12,620)	(174)
Cash flows from financing activities		
Proceeds from the issue of share capital	84,490	74,160
Transaction costs on issue of shares	(2,209)	(2,660)
Funds received on conversion of options for shares yet to be issued	-	1,560
Net payments for cash backed guarantees	(100)	(141)
Net cash inflow from financing activities	82,181	72,919
Net increase in cash and cash equivalents	62,979	61,693
Cash and cash equivalents at the beginning of the half-year	41,378	1,686
Cash and cash equivalents at the end of the half-year	104,357	63,379

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

**See note 1 for details regarding the restatement as a result of a change in accounting policy.*

Notes to the Consolidated Financial Statements

31 December 2013

Note 1. Statement of significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with Australia Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The following Accounting Standards are most relevant to the Group:

AASB 10 Consolidated Financial Statements

AASB 11 Joint Arrangements

AASB 13 Fair Value Measurement

AASB 119 Employee Benefits

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

Changes in accounting policies

Exploration and Evaluation

In the year ending 30 June 2013, the Group has changed its accounting treatment of exploration and evaluation expenditure and in accordance with standard AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Prior to the Group making this change, accumulated exploration and evaluation expenditure was capitalised and carried forward to the extent that they were 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.

Notes to the Consolidated Financial Statements

31 December 2013

Note 1. Statement of significant accounting policies (continued)

Changes in accounting policies (continued)

The result of this accounting change means that the Group will expense exploration and evaluation expenditure as incurred 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.

The following table summarises the adjustments made to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on implementation of the new accounting policy. The impact to the Consolidated Statement of Financial Position was disclosed in the 30 June 2013 financial statements.

	For the period 31 December 2012
Increase in loss for the period	\$11,856,000

The table below summarises the impact on the earnings per share for the comparative period.

Loss per share	Cents
As at 31 December 2012, as previously reported	(12.48)
Restated balance at 31 December 2012	(19.19)

Note 2: Segment Information

Operating segment

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.

The Group operates predominantly in exploration in Australia.

Note 3: Fair Values of Financial Instruments

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Notes to the Consolidated Financial Statements

31 December 2013

Note 3: Fair Values of Financial Instruments (continued)

Fair values of financial instruments not measured at fair value

The following instruments are not measured at fair value in the Consolidated Statement of Financial Position.

These had the following fair values at 31 December 2013:

	Carrying Amount \$'000	Fair Value \$'000
Current Assets		
Receivables	1,372	1,372
Current Liabilities		
Trade and other payables	2,993	2,993

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

Note 4: Exploration and evaluation

	31 December 2013 \$'000	30 June 2013 \$'000
Exploration Costs	25,702	13,545
	25,702	13,545
Movement during the period		
Balance at beginning of the period	13,545	5,459
Expenditure incurred during the period and capitalised ⁽ⁱ⁾	12,157	8,596
Exploration expenditure written off	-	(510)
	25,702	13,545

⁽ⁱ⁾ In addition to the amount capitalised, expenditure of \$2,994,000 (2012: \$25,173,000) was expensed during the period in line with our accounting policy.

Notes to the Consolidated Financial Statements

31 December 2013

Note 5. Share Capital

	31 December 2013 No of Shares	31 December 2013 \$'000
Performance shares	2,200,000	22
Ordinary shares fully paid		
Balance at beginning of the half year	224,870,167	203,701
Options exercised at \$0.60	1,400,000	840
Options exercised at \$0.20	1,500,000	300
Placement at \$2.44 per share for cash	34,160,000	83,350
Cost of issue of shares		(2,209)
	261,930,167	285,982
Total Share Capital	264,130,167	286,004

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.

Note 6. Reserves

	31 December 2013 \$'000	30 June 2013 \$'000
Options Reserve	3,536	3,536
Share Based Payments Reserve		
Balance at beginning of the period	20,821	665
Options issued during the period	3,915	20,159
Options revalued during the period	(26)	-
	24,710	20,821
Total Reserves	28,246	24,357

Options Reserve

The options reserve recognizes the fair value of the options issued to third parties in relation to the acquisition of tenements and mineral rights.

Share Based Payments

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.

Notes to the Consolidated Financial Statements

31 December 2013

Note 6. Reserves (continued)

Share Based Payments (continued)

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

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	01/11/2014	0.60	0.09
(4) Issued at 1 November 2010	550,000	01/11/2010	31/10/2015	0.60	0.10
(5) Issued at 27 November 2010	1,650,000	27/11/2010	27/11/2015	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	18/12/2016	0.60	0.15
(8) Issued at 29 November 2011	4,000,000	29/11/2011	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	18/09/2017	2.80	1.57
(11) Issued at 23 November 2012	1,700,000	23/11/2012	22/11/2017	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	1.92
(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 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.
- (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.

Notes to the Consolidated Financial Statements

31 December 2013

Note 6. Reserves (continued)

Share Based Payments (continued)

- (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 half-year is \$1.30 (2012: \$1.75).

The total expense of the share based payments for the half-year is \$3,888,988 (2012: \$18,953,000). Included in this amount is a revaluation adjustment of \$26,000 for options issued in April 2013 (2012: nil).

Options issued during the period were priced using a Black Scholes option pricing model using the inputs below:

	Series 14	Series 15
Grant date share price	2.50	2.27
Exercise price	3.34	3.51
Expected volatility	87.67%	84.25%
Option life	06-Nov-17	21-Nov-17
Dividend yield	0.00%	0.00%
Interest rate	3.25%	3.25%

The following reconciles the outstanding share options granted in the half-year ended 31 December 2013:

	31 December 2013 Number of Options	31 December 2013 Weighted average exercise price	31 December 2012 Number of Options	31 December 2012 Weighted average exercise price
Balance at the beginning of the period	47,964,419	\$1.18	51,750,000	\$0.58
Granted during the period	3,000,000	\$3.45	10,850,000	\$3.36
Exercised during the period	(2,900,000)	\$0.39	(13,200,000)	\$0.38
Expired during the period ⁽ⁱ⁾	-	-	(500,000)	\$0.60
Balance at the end of the period	48,064,419	\$1.37	48,900,000	\$1.18
Un-exercisable at the end of the period	-	-	-	-
Exercisable at end of the period	48,064,419	\$1.37	48,900,000	\$1.18

⁽ⁱ⁾ **Options expired or cancelled during the period**

For the half-year ended 31 December 2013 no options expired or were cancelled.

Notes to the Consolidated Financial Statements

31 December 2013

Note 7. Key Management Personnel

For the half-year ended 31 December 2013, the following key management personnel had remuneration changes:

- (i) Mark Bennett, being Managing Director, had a remuneration increase from \$530,000 plus superannuation per annum to \$767,225 plus superannuation per annum.
- (ii) Terrence Grammer, being a Non-Executive Director, had a remuneration increase from \$60,000 plus superannuation per annum to \$88,330 plus superannuation per annum.
- (iii) Anna Neuling, appointed as Executive Director on 23 September 2013, had a remuneration increase from \$60,000 plus superannuation per annum to \$258,000 plus superannuation per annum.
- (iv) Jeff Dowling, being Non-Executive Chairman, had a remuneration increase from \$70,000 plus superannuation per annum to \$155,606 plus superannuation per annum.
- (v) Neil Warburton & David Craig commenced as Non-Executive Directors on 1 August 2013 and 1 October 2013 respectively and are paid an annual remuneration of \$88,330 plus superannuation each.
- (vi) The consultancy agreement with Martin Reed concluded on 20 September 2013. Payment was made in line with the consultancy agreement.

Options were issued to the following Key Management Personnel:

	Grant Date	Number of Options	Share Based Payments
Directors			
David Craig	21 Nov 2013	500,000	\$610,906
Jeff Dowling	21 Nov 2013	1,000,000	\$1,221,811
Neil Warburton	21 Nov 2013	500,000	\$610,906
Management			
Grant Dyker	7 Nov 2013	1,000,000	\$1,471,365
		3,000,000	\$3,914,988

Note 8. Related Parties Disclosure

	31 December 2013 \$'000	31 December 2012 \$'000
Payment to director related entities ⁽ⁱ⁾	124	69

⁽ⁱ⁾ During the half-year ended 31 December 2013, the Group paid company secretarial fees of \$124,310 (2012: \$69,469) excluding GST to Erasmus Consulting Pty Ltd on an arms-length basis. Anna Neuling is a beneficial shareholder and principal of Erasmus Consulting Pty Ltd. This arrangement ceased on the 23 September 2013, when Mrs Neuling commenced employment with the Company as an executive Director.

Notes to the Consolidated Financial Statements

31 December 2013

Note 9. Events occurring after the reporting date

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

- Mr Dennis was appointed in the capacity of Chief Operating Officer and will be paid a base salary of \$442,225 plus superannuation per annum.
- Mr Dennis is eligible to take part in the short-term and long-term incentive employee schemes.
- The Group or Mr Dennis may terminate the contract at any time by giving the other party 3 months' notice in writing.
- The Group 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 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 (the "Acquisition"). The Acquisition, which is conditional on Sirius shareholder approval, comprises 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 has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

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

Note 10. Loss per share

	31 December 2013 \$'000	31 December 2012 \$'000
(a) Reconciliation of Loss used in calculating Loss Per Share		
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders	(9,213)	(33,915)
Loss attributable to the ordinary equity holders used in calculating basic and diluted loss per share	(9,213)	(33,915)

Notes to the Consolidated Financial Statements

31 December 2013

Note 10. Loss per share (continued)

	31 December 2013 Number	31 December 2012 Number
(b) Weighted Average number of shares used as the denominator ⁽ⁱ⁾		
Ordinary shares used as the denominator in calculating basic loss per share	212,273,823	176,701,162
Ordinary shares used as the denominator in calculating diluted loss per share	212,273,823	176,701,162

⁽ⁱ⁾ Options and Performance Shares were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Directors Declaration

The Directors of the Company declare that:

1. The interim financial statements and notes set out on pages 5 to 17 are in accordance with the Corporations Act 2001 and other professional reporting requirements including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year then ended.
2. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mark Bennett
Director
Perth
26 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sirius Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sirius Resources NL, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sirius Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sirius Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Peter Toll', with the BDO logo written above it.

Peter Toll

Director

Perth, 26 February 2014