



SIRIUS RESOURCES NL

ABN: 46 009 150 083

Interim Financial Report

for the

Half-Year ended 31 December 2014

SIRIUS RESOURCES NL
ABN: 46 009 180 083

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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Sirius Resources NL
Interim Financial Report
For the half-year ended 31 December 2014

Corporate Directory

Directors

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

Company Secretary

Anna Neuling

Principal and Registered Office

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

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008
Telephone: (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 ("Company" or "Sirius") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014 ("Consolidated Entity" or "Group").

Directors

The names and details of the Directors in office during the half-year ended 31 December 2014 and until the date of this interim financial report are as follows. Directors were in office for the entire period unless otherwise stated.

Jeff Dowling
Mark Bennett
Anna Neuling
Terrence Grammer
Neil Warburton
David Craig
Jeff Foster (resigned 23 October 2014)

Principal Activities

The principal continuing activity of the Group is mineral exploration and development.

Review of Operations

Operating Result

The loss from continuing operations for the half-year ended 31 December 2014 after providing for income tax amounted to \$4,469,000 (2013: \$9,213,000).

Dividends

No dividends were paid or proposed to be paid to members during the half-year ended 31 December 2014.

Significant Changes in the State of Affairs

Capital Management

The Company, during the half year ended 31 December 2014, raised a total of \$207,386,869 which comprised a placement of 49,543,683 shares at \$3.82 per share and various option exercises.

Financing

On 17 December 2014 Sirius Resources NL and its wholly owned subsidiary Sirius Gold Pty Ltd completed and signed a Syndicated Facility Agreement ("Facility") with a syndicate of financiers to fund the development of its 100% owned Nova Nickel Mine in Western Australia.

The syndicate of financiers comprises Australia and New Zealand Banking Group Limited, BNP Paribas, The Hongkong and Shanghai Banking Corporation Limited and Westpac Banking Corporation ("Financiers"). Each Financier will participate equally in the Facility, which resides with Sirius Gold Pty Ltd.

The Facility comprises a project development tranche of A\$420 million for development and working capital funding during the construction, commissioning and ramp up stages of the Nova Nickel Project, plus a cost overrun tranche of A\$20 million. Both funding tranches are available to the Company through to the completion of the ramp up and performance testing phase of the Project.

Directors' Report

Nova Nickel Project

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

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

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 23 December 2014 the Group entered into the following contracts:

- Barmingo Limited have been contracted to provide mining services to the Group to develop the underground mine. The contract value is estimated at \$129 million excluding adjustments for rise and fall claims.
- Watpac Civil and Mining Pty Ltd have been contracted to construct the Tailings Storage Facility. The contract value is estimated at \$17 million.

On 24 December 2014 the Group entered into a contract with Tristar Water Solutions Pty Ltd to construct the Water Management and Distribution Facility. The contract value is estimated at \$4 million.

Construction at Nova commenced on 26th January 2015. First ore from development is expected 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.

Corporate

On 24 December 2014, Sirius Europa Pty Ltd ("Europa") (a wholly owned subsidiary of Sirius) signed a Heads of Agreement with Norse Exploration Pty Ltd (a wholly owned subsidiary of Europa) ("Norse") and Sakumpu Exploration Oy (a private Finnish company) ("Sakumpu") and the shareholders of Sakumpu ("Vendors"). The Heads of Agreement was completed on 9 January 2015 after which Europa owned 50.01% of Norse and Norse owning 100% of Sakumpu. The Vendors own 49.99% of Norse and will undertake exploration activities.

On 24 December 2014, Europa signed a Subscription Agreement with Norse. The Subscription Agreement was completed on 20 January 2015 and Norse received \$2,000,000 for which 1,000,000 shares were issued. This resulted in Europa owning 66.67% of Norse and the Vendors owning 33.33%. The \$2,000,000 will be used for exploration in Finland and Sweden in the 2015 calendar year.

Other than the above there was no significant change in the state of affairs of the Group during the half-year ended 31 December 2014, not otherwise disclosed in the following interim financial report.

Directors' Report

After Balance Date Events

On 5 January 2015 the Group entered into a contract with Kerman Contracting Pty Ltd to construct the Permanent Village at Nova. The contract value is estimated at \$23 million.

On 6 January 2015 the Group entered into a contract with RJ Vincent & Co to construct the Access Road and Aerodrome. The contract value is estimated at \$33 million.

On 9 January 2015 the Heads of Agreement between Europa, Norse, Sakumpu and the Vendors was completed. This resulted in Europa owning 50.01% of Norse and Norse owning 100% of Sakumpu.

On 16 January 2015 251,549 Share Appreciation Rights ("SARS") were approved for issue to Key Management Personnel and employees. Refer to note 8(ii) for further explanation.

On 20 January 2015 the Subscription Agreement between Europa and Norse was completed. Norse received \$2,000,000 for which 1,000,000 shares were issued. This resulted in Europa owning 66.67% of Norse.

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.

Auditor's 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 7 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
27 February 2015

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 2014, 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, 27 February 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2014

	Notes	31 December 2014 \$'000	31 December 2013 \$'000
Other income		3,738	998
Administrative expenses		(3,231)	(3,227)
Depreciation expense		(145)	(101)
Share based payments		(145)	(3,889)
Exploration expenditure expensed as incurred	5	(4,686)	(2,994)
Loss before income tax		(4,469)	(9,213)
Income tax expense		-	-
Loss for the half-year		(4,469)	(9,213)
Other comprehensive income		-	-
Total Comprehensive loss for the half year attributable To the members of Sirius Resources NL		(4,469)	(9,213)
Loss per share for the half year attributable to the Members of Sirius Resources NL		Cents	Cents
Basic loss per share	11	(1.13)	(4.34)

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

Consolidated Statement of Financial Position

as at 31 December 2014

	Notes	31 December 2014 \$'000	30 June 2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents		245,489	58,715
Inventories		12	-
Trade and other receivables	4	3,320	1,764
TOTAL CURRENT ASSETS		248,821	60,479
NON-CURRENT ASSETS			
Exploration and evaluation	5	287,571	267,803
Property, plant and equipment		2,475	2,546
TOTAL NON-CURRENT ASSETS		290,046	270,349
TOTAL ASSETS		538,867	330,828
CURRENT LIABILITIES			
Trade and other payables		13,862	4,726
Provisions		413	426
TOTAL CURRENT LIABILITIES		14,275	5,152
TOTAL LIABILITIES		14,275	5,152
NET ASSETS		524,592	325,676
EQUITY			
Share capital	6	693,906	490,666
Reserves	7	28,698	28,553
Accumulated losses		(198,012)	(193,543)
TOTAL EQUITY		524,592	325,676

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 2014

Attributable to equity holders of the Group	Share capital \$'000	Option Reserve \$'000	Share Reserves \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2014	490,666	3,536	25,017	(193,543)	325,676
Total comprehensive loss for the half-year	-	-	-	(4,469)	(4,469)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of share capital	189,257	-	-	-	189,257
Capital raising costs	(4,147)	-	-	-	(4,147)
Share-based payment transactions	-	-	145	-	145
Share options exercised	18,130	-	-	-	18,130
Total contributions by and distributions to owners	203,240	-	145	(4,469)	198,916
Balance at 31 December 2014	693,906	3,536	25,162	(198,012)	524,592

Attributable to equity holders of the Group	Share capital \$'000	Option Reserve \$'000	Share based payments Reserve \$'000	Accumulated losses \$'000	Total \$'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

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

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2014

	Notes	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities			
Cash paid to suppliers and employees		(9,246)	(7,482)
Interest received		3,670	900
Interest and other finance costs paid		(1,540)	-
Net cash used in operating activities		(7,116)	(6,582)
Cash flows from investing activities			
Payments for property, plant and equipment		(273)	(2,276)
Payment for exploration and evaluation		(9,851)	(10,344)
Net cash used in investing activities		(10,124)	(12,620)
Cash flows from financing activities			
Proceeds from issue of share capital		207,387	84,490
Payments for cost of share issue		(4,147)	(2,209)
Net receipts / (payments) for cash backed guarantees		774	(100)
Net cash from financing activities		204,014	82,181
Net increase in cash and cash equivalents		186,774	62,979
Cash and cash equivalents at 1 July		58,715	41,378
Cash and cash equivalents at 31 December		245,489	104,357

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

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

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 financial 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 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 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 2014. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2014 that have been applied by the Company. The 30 June 2014 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

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.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

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.

Note 4. Trade & other receivables

	31 December 2014 \$000's	30 June 2014 \$000's
Other receivables	204	443
Prepayments ⁽ⁱ⁾	2,646	145
Accrued Interest	272	204
Bank Guarantees	198	972
	3,320	1,764

- (i) Prepayments includes an amount of \$2,400,775 relating to transaction costs incurred to establish the Nova Project Financing Facility which is yet to be drawn upon.

Note 5: Exploration and evaluation

	31 December 2014 \$'000	30 June 2014 \$'000
Exploration costs	287,571	267,803
Movement during the period		
Balance at beginning of the period	267,803	13,545
Exploration expenditure incurred during the period	12,801	32,524
Exploration expenditure incurred during the period and expensed	(4,686)	(11,372)
Exploration expenditure relating to acquisitions (i)	11,653	233,106
Balance at end of the period	287,571	267,803

- (i) Expenditure in relation to acquisitions relates to the acquisition of the remaining 30% interest in the Nova Nickel Project.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

Note 6. Share Capital

	31 December 2014 No of Shares	31 December 2014 \$'000
Performance shares	2,200,000	22
Ordinary shares fully paid		
Balance at beginning of the half year	332,607,892	490,644
Options exercised at \$0.60	29,750,000	17,850
Options exercised at \$2.80	100,000	280
Placement at \$3.82 per share for cash	49,543,683	189,257
Cost of issue of shares	-	(4,147)
	412,001,575	693,884
Total Share Capital	414,201,575	693,906

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 7. Reserves

	31 December 2014 \$000's	30 June 2014 \$000's
Options reserve (i)	3,536	3,536
Share-based payments reserve (ii)	24,710	24,710
Share appreciation rights reserve (iii)	452	307
	28,698	28,553

(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.

The share-based payments reserve and share appreciation rights reserve have been consolidated in the Statement of Changes of Equity under the section 'Share Reserves'.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

Note 8. 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 \$
(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	2/11/2009	2/11/2014	0.60	0.09
(4) Issued at 1 November 2010	550,000	1/11/2010	1/11/2015	0.60	0.10
(5) Issued at 27 November 2010	1,650,000	27/11/2010	26/11/2015	0.60	0.10
(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	7/11/2013	6/11/2017	3.34	1.47
(15) Issued at 21 November 2013	2,000,000	21/11/2013	21/11/2017	3.51	1.22

- (2) The 600,000 options in series 2 which were 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.
- (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.
- (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.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

Note 8. Share Based Payments (continued)

(i) Options (continued)

The weighted average fair value of the share options granted during the half-year is nil (2013: \$1.30).

The total expense of the share based payments for the half-year is nil (2013: \$3,888,988).

The following reconciles the outstanding share options granted in the half-year ended 31 December 2014:

	31 December 2014 Number of Options	31 December 2014 Weighted average exercise price	31 December 2013 Number of Options	31 December 2013 Weighted average exercise price
Balance at the beginning of the period	47,800,000	\$1.37	47,964,419	\$1.18
Granted during the period	-	-	3,000,000	\$3.45
Exercised during the period	(29,850,000)	\$0.61	(2,900,000)	\$0.39
Expired during the period ⁽ⁱ⁾	-	-	-	-
Balance at the end of the period	17,950,000	\$2.64	48,064,419	\$1.37
Un-exercisable at the end of the period	-	-	-	-
Exercisable at end of the period	17,950,000	\$2.64	48,064,419	\$1.37

⁽ⁱ⁾ Options expired or cancelled during the period. For the half-year ended 31 December 2014 no options expired or were cancelled.

(ii) Share Appreciation Rights

Issued and not exercised:

At 31 December 2014, a summary of the Group's Share Appreciation Rights (SAR's) issued and not exercised are as follows:

SAR's series	Issued To	Number	Grant Date	Vesting Date	Expiry Date	Price at Grant Date \$	Fair value at Grant Date \$
Series 1: Issued on 20 June 2014	Employees	182,123	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 *	Key Management Personnel	234,743	20/06/2014	30/06/2016	20/06/2021	2.35	1.26
Total		651,610					

* Series 1 SAR's issued to Key Management Personnel were issued in separate tranches due to different vesting conditions.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

Note 8. Share Based Payments (continued)

(ii) Share Appreciation Rights (continued)

	2014		2013	
	Number of SAR's	Price at grant date	Number of SAR's	Price at grant date
Balance at the beginning of the period	662,367	\$2.35	-	-
Granted during the period	-	-	-	-
Cancelled during the period	(10,757)	\$2.35	-	-
Balance at the end of the period	651,610	\$2.35	-	-
Un-exercisable at the end of the period	651,610	\$2.35	-	-
Exercisable at end of the period	-	-	-	-

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 Board's discretion.

The amount expensed to profit and loss during the period for Series 1 SAR's totalled \$144,544.

Granted but not issued as at 31 December 2014:

In November 2014, approval was given at the Company's Annual General Meeting to issue 266,444 SAR's to the Executive Directors. These SAR's were issued on 9 February 2015 and have been valued at \$347,709.

The value of these SAR's has not been brought to account during the period as they were issued after 31 December 2014.

SAR's series	Granted To	Number	Grant Date	Vesting Date	Expiry Date	Price at Grant Date \$	Fair value at Grant Date \$
Series 2: Granted on 27 November 2014 *	Key Management Personnel	133,223	27/11/2014	30/06/2017	27/06/2021	3.17	1.00
Series 2: Granted on 27 November 2014 *	Key Management Personnel	133,221	27/11/2014	30/06/2017	27/06/2021	3.17	1.61
Total		266,444					

* Series 2 SAR's issued to Key Management Personnel were issued in separate tranches due to different vesting conditions.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

Note 8. Share Based Payments (continued)

(ii) Share Appreciation Rights (continued)

Granted after 31 December 2014:

On 16 January 2015 251,549 Share Appreciation Rights ("SARS") were approved and subsequently issued to Key Management Personnel and employees on 9 February 2015. These SARS have yet to be valued and have not been brought to account during the period ended 31 December 2014, as the event occurred after the reporting date.

Note 9. Related Parties Disclosure

Key Management Personnel

In November 2014, approval was given at the Company's Annual General Meeting to issue 266,444 SAR's to the Executive Directors. These SAR's were issued on 9 February 2015 and have been valued at \$347,709. Refer to note 8 (ii) for further explanation.

Note 10. Events occurring after the reporting date

On 5 January 2015 the Group entered into a contract with Kerman Contracting Pty Ltd to construct the Permanent Village at Nova. The contract value is estimated at \$23 million.

On 6 January 2015 the Group entered into a contract with RJ Vincent & Co to construct the Access Road and Aerodrome. The contract value is estimated at \$33 million.

On 9 January 2015 the Heads of Agreement between Europa, Norse, Sakumpu and the Vendors was completed. This resulted in Europa owning 50.01% of Norse and Norse owning 100% of Sakumpu.

On 16 January 2015 251,549 Share Appreciation Rights ("SARS") were approved for issue to Key Management Personnel and employees. Refer to note 8(ii) for further explanation.

On 20 January 2015 the Subscription Agreement between Europa and Norse was completed. Norse received \$2,000,000 for which 1,000,000 shares were issued. This resulted in Europa owning 66.67% of Norse.

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.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

Note 11. Loss per share

(a) Reconciliation of loss used in calculating Loss Per Share

Basic loss per share

Loss attributable to the ordinary equity holders
 Loss attributable to the ordinary equity holders used in calculating basic loss per share

31 December 2014 \$000's	31 December 2013 \$000's
(4,469)	(9,213)
(4,469)	(9,213)

(b) Weighted average number of shares used as the Denominator

Ordinary shares used as the denominator in calculating basic loss per share

31 December 2014 Number	31 December 2013 Number
394,722,829	212,273,823

(c) Loss per share

Basic loss per share

Cents	Cents
(1.13)	(4.34)

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

Note 12. Commitments

Capital Commitments

Committed at the reporting date but not recognised as liabilities, payable:

Mine Development

31 December 2014 \$000's	30 June 2014 \$000's
146,000	-
146,000	-

Directors' Declaration

The Directors of the Company declare that:

1. The interim financial statements and notes set out on pages 8 to 19 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 2014 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
27 February 2015

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 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 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 2014 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 2014 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

BDO


Peter Toll

Director

Perth, 27 February 2015