

## Corporate Governance Statement

### FOR THE YEAR ENDED 30 JUNE 2014

Sirius Resources NL ("Sirius" or the "Company") and the Board of Directors of the Company ("Board") are committed to achieving and demonstrating the highest standards of corporate governance.

Sirius has early adopted the 3<sup>rd</sup> Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Recommendations"). While Sirius is not required to report against the 3<sup>rd</sup> Edition of the ASX Recommendations (which were published on 27 March 2014) until the reporting period ending 30 June 2015, consistent with Sirius' commitment to corporate governance, the Company has elected to early adopt the 3<sup>rd</sup> Edition and is reporting against these recommendations in the current year.

It is the Company's policy to regularly review and update its corporate governance practices to ensure they remain appropriate to the Company's circumstances. Being mindful of the Company's ongoing growth, a thorough review of the Company's corporate governance policies has taken place over the past year in light of the 3<sup>rd</sup> Edition of the ASX Recommendations, and changes in the activities and size of the Company. The updated policies and procedures were approved by the Board in September 2014.

The directors of the Company ("Directors", being either "Non-Executive Directors" or "Executive Directors") are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

### Corporate Governance Compliance

Sirius' main corporate governance policies and practices are summarised below, having regard to the ASX Recommendations. Details of the Company's corporate governance plan and related documents, including Charters for the Board and each of its Committees, are available at [www.siriusresources.com.au](http://www.siriusresources.com.au).

Except as disclosed below, the Company's corporate governance practices were consistent with the ASX Recommendations throughout the financial year ended 30 June 2014.

This statement is current as at 15 September 2014 and has been approved by the Board.

ASX Recommendation	Comply (Yes/No)	Explanation
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<p><b>ASX Recommendation 1.1:</b> A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a) the respective roles and responsibilities of its board and management; and</li> <li>b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes	<p>The Board has adopted a formal charter that details the functions and responsibilities of the Board and management (the "Board Charter").</p> <p>As provided for in the Board Charter, the Board is responsible for all matters relating to the running of the Company and, more specifically, all matters relating to the policies, practices, management and operations of the Company. In addition to decisions requiring approval pursuant to the respective Committee Charters, the following decisions must be approved by the Board:</p> <ul style="list-style-type: none"> <li>(a) Directors acquiring or selling shares of the Company;</li> <li>(b) issuing shares of the Company;</li> <li>(c) acquiring, selling or otherwise disposing of property in excess of the amount set out in the Company's approval matrix;</li> <li>(d) founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);</li> <li>(e) acquiring or selling patent rights, rights in registered trademarks, licences or other intellectual property rights of the Company;</li> <li>(f) founding, dissolving or relocating branch offices or other offices, plants and</li> </ul>

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		<p>facilities;</p> <p>(g) starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;</p> <p>(h) approving and/or altering the annual business plan (including financial planning) for the Company or any part of the Company;</p> <p>(i) taking or granting loans which exceed the amount set out in the Company's approval matrix;</p> <p>(j) granting securities of any type;</p> <p>(k) granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;</p> <p>(l) entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;</p> <p>(m) determining the total amount of bonuses and gratuities for Company officers and employees;</p> <p>(n) determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board; and</p> <p>(o) granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
		<p>The detail of some Board functions will be handled through Board Committees as and when the size and scale of operations requires such Committees. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.</p> <p>The CEO or Managing Director (as a delegate of the Board) is responsible for the effective leadership and day-to-day operations and administration of the Company.</p> <p>The responsibilities of the Board as a whole, the Chairman, individual Directors, and the functions delegated to the senior executives are set out in more detail in the Company's Board Charter, which is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p>
<p><b>ASX Recommendation 1.2:</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</li> <li>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Yes	<p>The Company's Remuneration and Nomination Committee ("REMC") was formed in July 2013 and operates under the Remuneration and Nomination Committee Charter. The REMC is responsible for periodically reviewing the structure and balance of the Board and making recommendations regarding appointments, retirement and terms of office of directors. The Remuneration and Nomination Committee Charter is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>, and includes details of (amongst other things) the role and responsibilities, composition and structure of the REMC.</p> <p>The Remuneration and Nomination Committee Charter requires the REMC to make appropriate background checks prior to recommending a candidate to the Board for election or re-election as a director. The REMC must identify and recommend candidates only after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after an assessment of how the candidate can contribute to the strategic direction of the Company.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
		All material information relevant to whether or not to elect or re-elect a director is provided to the Company's shareholders as part of the Notice of Meeting and explanatory statement for the relevant meeting of shareholders which addresses the election or re-election of a director.
<b>ASX Recommendation 1.3:</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Under the Board Charter, the Company must have a written agreement with each director and senior executive setting out the terms of their appointment.  Each Non-Executive Director has signed a letter of appointment. Each Executive Director has signed an executive service agreement and each senior executive has signed an employment contract.
<b>ASX Recommendation 1.4:</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	As set out in the Board Charter, the Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary has primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
<b>ASX Recommendation 1.5:</b> A listed entity should:  a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Yes	The Company's Diversity Policy details the requirement to set measurable diversity objectives and assess the Company and management's performance against those objectives. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company has set the requirement that at least one female candidate must be shortlisted for all new appointments, including executive and Board positions, if a suitably qualified candidate exists in the applications. The Company confirms it has met this target since the target was approved by the Board.

ASX Recommendation	Comply (Yes/No)	Explanation
<p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>Yes</p> <p>No</p> <p>Yes</p>	<p>Other than as described above, the Company has not yet set measurable objectives for achieving gender diversity. As the Company is about to enter the development phase of its Nova Nickel Project, the size of the Company's operations and workforce will necessarily increase over the next financial year. Given the Company's set requirement that at least one female candidate must be shortlisted for all appointments (as discussed above), the Company considers that the anticipated increase in the Company's workforce will naturally allow for an increase in female employees, including in executive and Board positions. The Company will continue to assess its performance in relation to gender diversity over the next financial year and, if appropriate, will set additional measurable objectives for achieving gender diversity in the year ending 30 June 2015.</p> <p>The Company currently comprises of the following percentage of females:</p> <ul style="list-style-type: none"> <li>• 14% of the Board.</li> <li>• 33% of the Executive Directors.</li> <li>• 20% of senior management (including Executive Directors).</li> <li>• 34% of the Company's total workforce.</li> </ul> <p>For the purpose of these statistics, senior management has been defined as Directors of the Company and any employees reporting directly to the Managing Director.</p> <p>The Diversity Policy is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<p><b>ASX Recommendation 1.6:</b> A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p> <p>In part</p>	<p>The Board Charter and the Performance Evaluation Policy detail the process for evaluating the Board, its Committees and individual Directors, which includes an annual self-assessment of the ongoing development and improvement of the Board's (and individual Director) performance. The Performance Evaluation Policy is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p> <p>For the financial year ended 30 June 2014, a performance evaluation was commenced in regard to the Board and was completed subsequent to the financial year end.</p> <p>Executive Directors participated in the employee performance evaluation undertaken for all employees, and these evaluations were reviewed by the REMC. Further details regarding the performance evaluation of the Executive Directors is set out in the Company's Remuneration Report (contained in the 2014 Annual Report).</p> <p>Non-Executive Directors have not received individual performance evaluations in the period, however, these evaluations were broadly addressed through an overall Board review undertaken for the financial year ended 30 June 2014. Further, as David Craig and Neil Warburton were only appointed as Non-Executive Directors in this reporting period (October 2013 and August 2013, respectively), the Company did not consider it necessary to hold individual performance evaluations for those Directors in this period. Going forward, however, it is the Company's intention that all Non-Executive Directors will receive individual performance evaluations in accordance with the Board Charter and Performance Evaluation Policy.</p> <p>The Board sets a number of expectations for its Committees after considering the results of previous reviews, an assessment of the Company's current and future needs, and a review of</p>

ASX Recommendation	Comply (Yes/No)	Explanation
		<p>each Committee's Charter or purpose. As a result of a review, the Board may amend or revoke a Committee's Charter.</p> <p>The REMC will review the performance of the Committees, and itself, against expectations. Based upon the review, individuals and groups will be provided with feedback on their performance. The results of the review will be a key input into the expectations set by the Board.</p> <p>The Company's Committees were only established during this reporting period. As such, the Board did not consider it necessary to conduct a review of these Committees for the financial year ended 30 June 2014. Going forward, however, the Board intends to conduct a full review of the Company's Committees in each reporting period.</p>
<p><b>ASX Recommendation 1.7:</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes	<p>All senior executives are subject to an annual performance evaluation. Each year, senior executives (including the CEO) will establish a set of performance targets. These targets are aligned to overall business goals and the Company's requirements of the position. In the case of the CEO, these targets are negotiated between the CEO and the Board and approved by the whole Board.</p> <p>An informal assessment of progress is carried out throughout the year. A full evaluation of an executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year. As the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan. Performance pay components of executives' packages are also dependent on the outcome of the evaluation.</p>



ASX Recommendation	Comply (Yes/No)	Explanation
		During the financial year ended 30 June 2014, all senior executives took part in the employee performance evaluation process performed for all employees of the Company. These performance evaluations have been reviewed by the REMC.
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>		
<p><b>ASX Recommendation 2.1:</b> The board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting</li> </ol>	Yes	<p>As stated above, the REMC was formed in July 2013 and operates under the Remuneration and Nomination Committee Charter. The Remuneration and Nomination Committee Charter is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>, and includes details of (amongst other things) the role and responsibilities, composition and structure of the REMC.</p> <p>The Company has restructured the Board since the discovery of the Nova Nickel Project by adding Non-Executive Directors whose experience and skills would add to the breadth of experience required for the Company going forward.</p>

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<p>period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<p>Since October 2013, the REMC has consisted of the following directors:</p> <table><tr><th>Name</th><th>Independent?</th></tr><tr><td>Jeff Dowling (Chairman of the REMC)</td><td>Yes</td></tr><tr><td>David Craig</td><td>Yes</td></tr><tr><td>Terry Grammer</td><td>Yes</td></tr><tr><td>Neil Warburton</td><td>No*</td></tr></table> <p>The REMC is chaired by Jeff Dowling, an independent director.</p> <p>*Neil Warburton is not considered independent on the basis that he is the nominee of a substantial shareholder of the Company. Despite this, the Board believes that he is able, and does make, quality and independent judgments in the best interests of the Company on all relevant issues before the Board.</p> <p>Although Neil Warburton is not considered independent, the majority of the REMC is independent.</p> <p>The REMC has met twice in the financial year ended 30 June 2014 (and once subsequent to the end of the financial year ended 30 June 2014), and all members of the Committee attended those meetings. The attendance of the members of the REMC is disclosed in the Company's</p>	Name	Independent?	Jeff Dowling (Chairman of the REMC)	Yes	David Craig	Yes	Terry Grammer	Yes	Neil Warburton	No*
Name	Independent?											
Jeff Dowling (Chairman of the REMC)	Yes											
David Craig	Yes											
Terry Grammer	Yes											
Neil Warburton	No*											

ASX Recommendation	Comply (Yes/No)	Explanation
		Directors' Report (contained in the 2014 Annual Report).
<b>ASX Recommendation 2.2:</b> A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The Board has a skills matrix covering the following key areas of knowledge and experience: <ul style="list-style-type: none"> <li>• Geology</li> <li>• Project Development</li> <li>• Mining/Engineering</li> <li>• Health, Safety and Environment</li> <li>• Commercial</li> <li>• Legal</li> <li>• Communications</li> <li>• Finance (Markets)</li> </ul>

ASX Recommendation	Comply (Yes/No)	Explanation																																
		<ul style="list-style-type: none"><li>Finance (Accounting)</li></ul> <p>The Board believes that having a diverse mix of experience, gender and culture across the Board leads to better outcomes for the Company and the shareholders, and the Board is comfortable with the skills matrix represented by the current Board.</p>																																
<p><b>ASX Recommendation 2.3:</b> A listed entity should disclose:</p> <p>a) the names of the directors considered by the board to be independent directors;</p> <p>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 (Factors relevant to assessing the independence of a director) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director.</p>	Yes	<p>As at 30 June 2014, the Board consisted of:</p> <table><tr><th>Name</th><th>Role</th><th>Independent?</th><th>Date appointed</th></tr><tr><td>Jeff Dowling</td><td>Non-Executive Chairman</td><td>Yes</td><td>February 2013</td></tr><tr><td>David Craig</td><td>Non-Executive Director</td><td>Yes</td><td>October 2013</td></tr><tr><td>Terry Grammer</td><td>Non-Executive Director</td><td>Yes</td><td>June 2010</td></tr><tr><td>Neil Warburton</td><td>Non-Executive Director</td><td>No*</td><td>August 2013</td></tr><tr><td>Mark Bennett</td><td>CEO / Managing Director</td><td>No</td><td>August 2009</td></tr><tr><td>Jeffrey Foster</td><td>Executive Director</td><td>No</td><td>August 2009</td></tr><tr><td>Anna Neuling</td><td>Executive Director</td><td>No</td><td>September 2012</td></tr></table>	Name	Role	Independent?	Date appointed	Jeff Dowling	Non-Executive Chairman	Yes	February 2013	David Craig	Non-Executive Director	Yes	October 2013	Terry Grammer	Non-Executive Director	Yes	June 2010	Neil Warburton	Non-Executive Director	No*	August 2013	Mark Bennett	CEO / Managing Director	No	August 2009	Jeffrey Foster	Executive Director	No	August 2009	Anna Neuling	Executive Director	No	September 2012
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ASX Recommendation	Comply (Yes/No)	Explanation
		<p>*As stated above, Neil Warburton is not considered independent on the basis that he is the nominee of a substantial shareholder of the Company. Despite this, the Board believes that he is able, and does make, quality and independent judgments in the best interests of the Company on all relevant issues before the Board.</p>
<p><b>ASX Recommendation 2.4:</b> A majority of the board of a listed entity should be independent directors.</p>	No	<p>As shown in the table above, the Company did not comply with ASX Recommendation 2.4 during the reporting period requiring a majority of the Board to be independent.</p> <p>The Company is working towards complying with ASX Recommendation 2.4 and has restructured the Board since discovery of the Nova Nickel Project by appointing Non-Executive directors whose experience and skills add to the range required by the Board for the Company going forward. This has resulted in the Board consisting of three independent Non-Executive Directors, one Non-Executive Director who is not independent and three Executive Directors who are not independent.</p> <p>A copy of the definition of independence adopted by the Company is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p>
<p><b>ASX Recommendation 2.5:</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes	<p>Jeff Dowling, who was appointed as Chairman in February 2013, is an independent Non-Executive Director. He does not perform the role of CEO of the Company (which position is currently held by Mark Bennett).</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<b>ASX Recommendation 2.6:</b> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	As referred to in Part D of the Board Charter, new directors go through an induction process which includes meeting with key executives, tours of the premises, an induction package and presentations.
<b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b>		
<b>ASX Recommendation 3.1:</b> A listed entity should: <ul style="list-style-type: none"> <li>a) have a code of conduct for its directors, senior executives and employees; and</li> <li>b) disclose that code or a summary of it.</li> </ul>	Yes	The Company has established a Corporate Code of Conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from its directors and employees. A copy of the Company's Corporate Code of Conduct is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a> .

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<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>																	
<p><b>ASX Recommendation 4.1:</b> The board of a listed entity should;</p> <p>a) have an audit committee which;</p> <p>1) has a least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the relevant qualifications and experience of the members of committee; and</p> <p>5) in relation to each reporting period, the number of times the committee</p>	Yes	<p>In July 2013, the Audit and Risk Committee ("ARC") was formed and operates under the Audit &amp; Risk Committee Charter, which is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p> <p>The ARC consists of the following directors:</p> <table border="1"> <thead> <tr> <th>Name</th><th>Role</th><th>Independent?</th></tr> </thead> <tbody> <tr> <td>David Craig (Chairman of the ARC)</td><td>Non-Executive Director</td><td>Yes</td></tr> <tr> <td>Jeff Dowling</td><td>Non-Executive Director</td><td>Yes</td></tr> <tr> <td>Terry Grammer</td><td>Non-Executive Director</td><td>Yes</td></tr> <tr> <td>Neil Warburton</td><td>Non-Executive Director</td><td>No</td></tr> </tbody> </table> <p>The qualifications, experience and attendance of the members of the ARC are disclosed in the Company's Directors' Report (contained in the 2014 Annual Report).</p>	Name	Role	Independent?	David Craig (Chairman of the ARC)	Non-Executive Director	Yes	Jeff Dowling	Non-Executive Director	Yes	Terry Grammer	Non-Executive Director	Yes	Neil Warburton	Non-Executive Director	No
Name	Role	Independent?															
David Craig (Chairman of the ARC)	Non-Executive Director	Yes															
Jeff Dowling	Non-Executive Director	Yes															
Terry Grammer	Non-Executive Director	Yes															
Neil Warburton	Non-Executive Director	No															

ASX Recommendation	Comply (Yes/No)	Explanation
<p>met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) if it does not have an audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment, and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>The ARC is chaired by David Craig, an independent Non-Executive Director, who is not the Chairman of the Board. Information on the Company's procedures for the selection and appointment of the external auditor and the rotation of external audit partners is set out in the Policy on Selection, Appointment and Rotation of External Auditors, which is available on the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p>
<p><b>ASX Recommendation 4.2:</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>In part</p>	<p>Under the Company's Risk Management Policy, which is available on the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>, the Managing Director / CEO and CFO will provide a written declaration of assurance that in their opinion, the financial records of the Company for any financial period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>In the financial year ended 30 June 2014, CEO and CFO declarations were obtained in relation to the issue of the Company's Appendix 4D (Half-year Report) for the half-year ended 31 December 2013, its Appendix 5B (Quarterly Report) for the quarter ended 30 June 2014 and its Annual Report for the year ended 30 June 2014.</p> <p>The Company did not obtain CEO and CFO declarations in relation to the issue of its Appendix</p>



ASX Recommendation	Comply (Yes/No)	Explanation
		<p>5B (Quarterly Reports) for the quarters ended 30 September 2013, 31 December 2013 and 31 March 2014. At the time the Company lodged those Quarterly Reports, the 3rd Edition of the ASX Recommendations was not in force.</p> <p>Since the 3rd Edition of the ASX Recommendations were published on 27 March 2014, the Company has established a practice that the CEO and CFO will provide relevant declarations to the Board for all financial statements, including future Appendix 5Bs (Quarterly Reports).</p>
<b>ASX Recommendation 4.3:</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	<p>As part of the Company's Shareholder Communications Strategy, which is available on the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>, the external auditor's lead engagement partner will attend each annual general meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.</p>
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>		
<b>ASX Recommendation 5.1:</b> A listed entity should: <ul style="list-style-type: none"> <li>a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b) disclose that policy or a summary of it.</li> </ul>	Yes	<p>The Company has established a Continuous Disclosure Policy which is designed to guide compliance with ASX Listing Rule disclosure requirements, and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Continuous Disclosure Policy is available on the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p> <p>The Board has designated the Continuous Disclosure Committee (comprising of the Company Secretary, Managing Director or CEO, and the Chairman of the Board) as the persons primarily</p>

ASX Recommendation	Comply (Yes/No)	Explanation
		<p>responsible for ensuring that the Continuous Disclosure Policy is implemented and that all relevant information is disclosed as required.</p> <p>In accordance with the Company's Continuous Disclosure Policy, all information provided to ASX for release to the market is also posted to the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p>
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>		
<b>ASX Recommendation 6.1:</b> A listed entity should provide information about itself and its governance to investors via its website.	Yes	<p>The Board aims to ensure that the Company's shareholders are informed of all major developments affecting the Company's state of affairs.</p> <p>The Company keeps investors informed through its website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>, which contains information on the Company, the Board and the corporate governance policies and procedures of the Company. Through its website, investors can access copies of the Company's annual, half-yearly and quarterly reports (for at least three historical years), announcements to the ASX, notices of meetings, presentations and key media coverage.</p>
<b>ASX Recommendation 6.2:</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.	Yes	<p>The Company has a Shareholder Communication Strategy which is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>. The Shareholder Communication Strategy encourages shareholder participation and engagement with the Company. This strategy also facilitates communication directly between shareholders and the Company, with any shareholder queries coordinated through the Company Secretary.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<b>ASX Recommendation 6.3:</b> A listed entity should disclose the policies and procedures it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Shareholder Communication Strategy encourages shareholder participation at shareholders' meetings. Shareholders are provided with all notices of meeting and the Chairman's address prior to meetings. The Company's lead auditor is also made available for questions at the annual general meeting. Shareholders are also always given the opportunity to ask questions of Directors and management, either during or after shareholders' meetings.
<b>ASX Recommendation 6.4:</b> A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security registry electronically.	Yes	Shareholders can register with the Company's Share Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of annual, half-yearly and quarterly reports. Further, the Company provides information through its website, enabling security holders to email the Company and to receive Company announcements by email. The share registry also provides (through its website, links to which can be found on the Company's website) the ability to email the share registry and to receive documents by email from the share registry.
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
<b>ASX Recommendation 7.1:</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent</li> </ul> </li> </ul>	Yes	<p>As discussed above, the ARC operates under the Audit &amp; Risk Committee Charter, which is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p> <p>The composition of the ARC and qualifications, experience and attendance of the members of the ARC is addressed above.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<p>directors; and</p> <p>2) is chaired by an independent director,</p> <p>and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the members of the committee; and</p> <p>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>		
<p><b>ASX Recommendation 7.2:</b> The board or a committee of the board should:</p>	Yes	<p>The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems. The Company has established a Risk Management Policy, which is available on the "Corporate Governance" page of the Company's</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<ul style="list-style-type: none"> <li>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>		<p>website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p> <p>Under the Company's Risk Management Policy, the Board reviews all major strategies and purchases for their impact on the risks facing the Company and makes appropriate recommendations. The Company also undertakes an annual review of operations to update its risk profile, which normally occurs in conjunction with the strategic planning process. This annual review occurred during the reporting period. The Board also undertakes a quarterly review of the risk areas identified in the Risk Management Policy.</p>
<p><b>ASX Recommendation 7.3:</b> A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Yes	<p>The ARC is responsible for ensuring that sound risk management strategy and policies are in place for the Company. The ARC has responsibility for identifying and overseeing major risk areas and that systems are in place to manage them, and report to the Board as and when appropriate. The ARC is required to develop and maintain a risk register that identifies the risks to the Company and its operation and assesses the likelihood of their occurrence. The risk register is updated periodically and presented to the ARC for its consideration at least twice a year. As addressed above, the ARC also monitors and reviews any matters of significance affecting financial reporting and compliance.</p> <p>Under the Company's Risk Management Policy, the responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the CEO. The CEO is required to assess risk management and associated internal compliance and control procedures and report back to the ARC on whether risks are being managed ineffectively.</p>

ASX Recommendation	Comply (Yes/No)	Explanation				
<b>ASX Recommendation 7.4:</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks.	Yes	<p>As discussed above, Sirius identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Management Policy, which is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p> <p>The following categories of risks have been identified as being specific risks that have the potential to have an adverse impact of the Company's business:</p> <ul style="list-style-type: none"><li>• operational;</li><li>• environmental;</li><li>• insurance;</li><li>• litigation;</li><li>• financial;</li><li>• treasury and finance; and</li><li>• compliance.</li></ul> <p>More specifically, the following risks have the potential to have a significant adverse impact on the profitability and success of the Nova Nickel Project.</p> <table><tr><th>Risk</th><th>Explanation</th></tr><tr><td>Development of the Nova Project and other projects including environmental risks</td><td><p>The development of the Nova Nickel Project will require substantial capital expenditure, experienced personnel and a number of regulatory approvals. There a number of uncertainties inherent in the development and construction of any mining project and processing facilities. These include:</p><ul style="list-style-type: none"><li>• timing and cost of the facilities, which, in the case of the</li></ul></td></tr></table>	Risk	Explanation	Development of the Nova Project and other projects including environmental risks	<p>The development of the Nova Nickel Project will require substantial capital expenditure, experienced personnel and a number of regulatory approvals. There a number of uncertainties inherent in the development and construction of any mining project and processing facilities. These include:</p> <ul style="list-style-type: none"><li>• timing and cost of the facilities, which, in the case of the</li></ul>
Risk	Explanation					
Development of the Nova Project and other projects including environmental risks	<p>The development of the Nova Nickel Project will require substantial capital expenditure, experienced personnel and a number of regulatory approvals. There a number of uncertainties inherent in the development and construction of any mining project and processing facilities. These include:</p> <ul style="list-style-type: none"><li>• timing and cost of the facilities, which, in the case of the</li></ul>					

ASX Recommendation	Comply (Yes/No)	Explanation		
			<p>Nova Nickel Project, are considerable (see below);</p> <ul style="list-style-type: none"> <li>• availability and cost of skilled labour, power, water and transportation facilities;</li> <li>• obtaining necessary environmental and other governmental permits and the timing of permits (see below);</li> <li>• addressing landholder, native title, cultural heritage and community issues (see below); and</li> <li>• unexpected technical, geographical, geological or environmental issues not readily apparent at the commencement of development.</li> </ul> <p>These risks and uncertainties could result in Sirius not realising its development plans or in such plans generating less revenue than expected, costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Sirius' financial and operational performance.</p> <p>Accordingly, there is a risk that the development and construction of Sirius' Nova Nickel Project and any future projects may not be completed on schedule or that construction costs may exceed allocated budgets.</p> <p>Environmental risk in relation to the Nova Nickel Project is being addressed by:</p> <ul style="list-style-type: none"> <li>• a thorough process of documenting any environmental issues raised during the Definitive Feasibility Study environmental review; and</li> <li>• documenting the proposed management of those issues in the Company's Mining Proposal, Mine Closure Plan and other</li> </ul>	

ASX Recommendation	Comply (Yes/No)	Explanation	
			environmental approval documentation.
		Security of tenure and necessary approvals	<p>Risk that the necessary land use approvals (including, in respect of any native title rights and cultural heritage sites) and environmental permits may not be obtained, granted or renewed, or may be obtained, granted or renewed on terms not satisfactory to Sirius, or may be obtained, granted or renewed but not within the timeframes anticipated by Sirius.</p> <p>Although the Company is confident the approvals will be granted, and any further environmental approvals, permits and/or conditions obtained or satisfied (as the case may be), there is a risk that this may not occur, occur on terms not satisfactory to Sirius or that there may be delays.</p>
		Operating history	<p>Sirius does not currently conduct mining production operations. There can be no assurance that it can bring the Nova Nickel Project or any of its other future projects into production or operate any such project profitably.</p> <p>While the Company aims to generate working capital through future mining operations at the Nova Nickel Project and elsewhere, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for further exploration and development programs.</p>
		Future capital requirements	<p>There will be substantial capital expenditure and costs associated with sustaining operations at the Nova Nickel Project, and closure costs on completion of operations.</p> <p>Development of the Nova Nickel Project and Sirius' other exploration activities require substantial further debt and equity financing in the future.</p>



ASX Recommendation	Comply (Yes/No)	Explanation	
			<p>While Sirius' debt financing discussions are advanced, no binding agreements have been reached and there can be no assurance that the Company will be able to secure project financing on commercially acceptable terms.</p> <p>There can also be no assurance that the Company will be able to obtain additional equity financing on acceptable terms.</p> <p>Although the Company believes that additional capital can be obtained, no assurance can be made that appropriate capital or funding, if and when needed, will be available on terms acceptable to Sirius. If Sirius is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on its activities.</p>
		Offtake agreements	<p>As previously disclosed to ASX, Sirius has shortlisted, and is progressing negotiations with major global nickel and copper customers for the sale of its products from the Nova Nickel Project. While such negotiations are advanced, there are no binding agreements in place for the sale of any products from the Nova Nickel Project. Although confident of doing so, there is no guarantee that the Company will be able to reach agreement on terms satisfactory to it. If the Company is not able to enter into offtake agreements on satisfactory terms, this may have an adverse effect on the viability of the Nova Nickel Project and, in turn, Sirius' financial position.</p>
		Reliance on key personnel and employees	<p>Retaining and recruiting personnel is critical to the Company's success and growth prospects. If Sirius cannot retain and attract qualified personnel it could adversely affect Sirius' current exploration and development programs and its future growth plans as well as development and operation of the Nova Nickel Project.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b>		
<p><b>ASX Recommendation 8.1:</b> The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent directors,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of the each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol>	Yes	<p>The Board has established the REMC, the details of which are discussed above. The Remuneration and Nomination Committee Charter is available on the "Corporate Governance" page of the Company's website, <a href="http://www.siriusresources.com.au">www.siriusresources.com.au</a>.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<p>b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		
<p><b>ASX Recommendation 8.2:</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Yes</p>	<p>The Board Charter sets out the policies and practices of the remuneration of Non-Executive Directors, Executive Directors and other senior executives.</p> <p>Mr Jeff Dowling, Mr Terry Grammer, Mr Neil Warburton and Mr David Craig are paid a fixed annual fee for their service to the Company as Non-Executive Directors.</p> <p>All Executive Directors of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their respective employment agreements with the Company or its subsidiaries, and potentially the ability to participate in the Company's short term and long term incentive plans.</p> <p>Details of the remuneration of the Directors and other executives is set out in the Remuneration Report (which forms part of the Directors' Report contained in the Company's 2014 Annual Report).</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<p><b>ASX Recommendation 8.3:</b> A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>b) disclose that policy or a summary of it.</li> </ul>	Yes	<p>The Company's Share Appreciation Rights Plan, which is the equity-based remuneration scheme that applies to employees and Executive Directors, contains a prohibition on hedging which provides that no participant can enter into any arrangement for the purpose of hedging its economic exposure to a share appreciation right that has been granted to the participant.</p>