

For personal use only



SIRIUS RESOURCES NL

ABN 46 009 150 083

Interim Financial Report

For the Half-Year ended 31 December 2012

CONTENTS

	Page
Corporate Directory	3
Directors' Report	4
Auditors' Independence Declaration	6
Financial Statement	7
Directors' Declaration	17
Independent Review Report to the Members	18

For personal use only

Corporate Directory

Directors

Mark Bennett
Managing Director

Jeffrey Foster
Executive Director

Stephen Lowe
Non-executive Director

Terry Grammer
Non-executive Director

Anna Neuling
Non-executive Director

Jeff Dowling
Chairman

Company Secretary

Anna Neuling

Registered Office

Unit 5, 5 Mumford Place
Balcatta WA 6021
Telephone: 08 9240 8914
Facsimile: 08 9240 8915

Share Register

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

Auditor

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

Stock Exchange Listing

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

Website Address

www.siriusresources.com.au

For personal use only

DIRECTORS' REPORT

The Directors of Sirius Resources NL ("Directors") present their report on the Consolidated Entity consisting of Sirius Resources NL ("the Company" or "Sirius") and the entities it controlled at the end of, or during, the half-year ended 31 December 2012 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Company's directors in office during the half-year ended 31 December 2012 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Stephen Lowe
Mark Bennett
Jeffrey Foster (appointed as Executive Director on 30 August 2012)
Terrence Grammer
Anna Neuling (appointed on 17 September 2012)
Jeff Dowling (appointed on 28 February 2013)

PRINCIPAL ACTIVITIES

The principal continuing activity of the Group is mineral exploration.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 26 July 2012, the Company announced that it had made a significant nickel-copper discovery within the Fraser Range project named the Nova deposit.

Another announcement was made on 28 February 2013 where a secondary discovery was made 200m east of the Nova deposit named Bollinger.

The Company during the half year ended 31 December 2012, has raised a total of \$74,160,000 which has taken in two placements of 10,000,000 shares at \$0.76 per share, 22,000,000 shares at \$2 per share and various options exercised.

For the Company to focus on its key projects, it has elected to divest its 70% interest in the Collurabbie project and also not elected to exercise its option in Canyon Creek and subsequently withdrawn from the project. This has resulted in an exploration write off of \$1,289,000 for these projects for the half year ended 31 December 2012.

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 attached financial report.

REVIEW OF OPERATIONS

Operating Result

The loss from continuing operations for the half-year after providing for income tax amounted to \$22,059,000 (2011: \$962,000).

Dividends

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

After Balance Date Events

Jeff Dowling was appointed Chairman of the Company on 28 February 2013 replacing Stephen Lowe who remains as a Non-executive Director on the board.

There has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 of the interim financial report.

Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in 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
Balcatta
13 March 2013

13 March 2013

The Directors
Sirius Resources NL
Unit 5/5 Mumford Place
BALCATTWA WA 6021

Dear Sirs,

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 2012, 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, Western Australia

For personal use only



**SIRIUS RESOURCES NL
 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	Dec 2012 \$'000's	Dec 2011 \$'000's
Other income		355	125
Administrative expenses		(1,359)	(598)
Share based payments	6	(18,953)	(176)
Exploration expenditure written off	3	(2,102)	(313)
Loss before income tax		(22,059)	(962)
Income tax expense		-	-
Loss for the half-year		(22,059)	(962)
Other comprehensive income		-	-
Total Comprehensive loss for the half year attributable to the members of Sirius Resources NL		(22,059)	(962)
		Cents	Cents
Basic and Diluted loss per share (AUD)	10	(12.48)	(0.64)

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

For personal use only



**SIRIUS RESOURCES NL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	<i>Note</i>	Dec 2012 \$'000's	Jun 2012 \$'000's
Assets			
Cash and cash equivalents		63,379	1,686
Other receivables		1,368	219
Total current assets		64,747	1,904
Exploration and evaluation	3	22,649	12,894
Property, plant and equipment		209	59
Total non-current assets		22,858	12,953
Total assets		87,605	14,857
Liabilities			
Trade and other payables		2,848	84
Shares yet to be issued	4	1,560	-
Provisions		104	74
Total liabilities		4,512	158
Net assets		83,093	14,699
Equity			
Share capital	5	201,402	129,902
Reserves	6	23,154	4,201
Accumulated losses		(141,463)	(119,404)
Total equity		83,093	14,699

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

For personal use only



SIRIUS RESOURCES NL
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Attributable to equity holders of the Group	Share capital \$'000's	Option Reserve \$'000's	Share based payments Reserve \$'000's	Accumulated losses \$'000's	Total \$'000's
Balance at 1 July 2011	129,902	3,536	482	(117,874)	16,046
Total comprehensive loss for the half-year	-	-	-	(962)	(962)
Transactions with owners, recorded directly in equity	-	-	-	-	-
<i>Contributions by and distributions to owners</i>					
Issue of share capital	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Share-based payment transactions	-	-	176	-	176
Total contributions by and distributions to owners	-	-	176	(962)	(786)
Balance at 31 December 2011	129,902	3,536	658	(118,836)	15,260
Attributable to equity holders of the Group	Share capital \$'000's	Option Reserve \$'000's	Share based payments Reserve \$'000's	Accumulated losses \$'000's	Total \$'000's
Balance at 1 July 2012	129,902	3,536	665	(119,404)	14,699
Total comprehensive loss for the half-year	-	-	-	(22,059)	(22,059)
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	(22,059)	68,394
Balance at 31 December 2012	201,402	3,536	19,618	(141,463)	83,093

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



**SIRIUS RESOURCES NL
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	Dec 2012 \$'000's	Dec 2011 \$'000's
Cash flows from operating activities			
Cash paid to suppliers and employees		(910)	(417)
Interest received		209	237
Net cash (used in) operating activities		(701)	(180)
Cash flows from investing activities			
Payments for property, plant and equipment		(174)	-
Payment for exploration and evaluation		(10,351)	(2,108)
Net cash (used in) investing activities		(10,525)	(2,108)
Cash flows from financing activities			
Proceeds from issue of share capital		74,160	-
Payments for cost of share issue		(2,660)	-
Funds received on the conversion of options for shares yet to be issued	4	1,560	-
Net payments for cash backed guarantees		(141)	-
Net cash provided by financing activities		72,919	-
Net (decrease)/ increase in cash and cash equivalents		61,693	(2,288)
Cash and cash equivalents at beginning of half-year		1,686	6,068
Cash and cash equivalents at 31 December 2012		63,379	3,780

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

For personal use only

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 AASB 134 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 Group of the 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 2012 annual financial report for the financial year ended 30 June 2012. 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 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.

2 Segment Information

Identification of reportable segment

The Group identifies its operating segments based on the internal reports that are reviewed and used by the directors (chief operating decisions makers) in assessing performance and determining the allocation of resources.

The financial information presented in the statement of profit and loss and other comprehensive income and statement of financial position is the same as that presented to chief operation decision maker.

The Group operates predominantly in exploration in Australia.

3 Exploration and evaluation

	Dec 2012 \$'000's	Jun 2012 \$'000's
Exploration costs	22,649	12,894

Movement during the half-year

Balance at beginning of half-year	12,894	9,786
Expenditure incurred during the period and capitalised	11,857	3,636
Exploration expenditure written off (i)	(2,102)	(538)
Exploration expenditure relating to acquisitions	-	10

Balance at end of half-year	22,649	12,894
------------------------------------	---------------	---------------

- (i) During the half year ended 31 December 2012, the Group has elected to divest its 70% interest in the Collurabbie Joint Venture. Also the Group has elected not to exercise its option and withdrew from the Canyon Creek project. This has resulted in an exploration write off \$1,289,000.

The remaining exploration expenditure written off of \$813,000 relates to relinquished tenements no longer required and tenements transferred back to Mark Creasy for projects within Fraser Range and Polar Bear.

4 Shares yet to be issued

For the half-year ended 31 December 2012, the Group received \$1,560,000 for the exercise of 2,600,000 \$0.60 options. The 2,600,000 shares in relation to the option exercise were issued on 3 January 2013.

5 Share capital

	Dec 2012 Shares	Dec 2012 \$'000
Performance shares	2,200,000	22
Ordinary shares fully paid		
Balance at beginning of the half-year	150,934,586	129,880
Options exercised at \$0.60	35,590,000	21,314
Options exercised at \$0.55	1,722,500	953
Options exercised at \$0.50	587,500	293
Placement at \$0.76 per share for cash	10,000,000	7,600
Placement at \$2.00 per share for cash	22,000,000	44,000
Cost of issue		(2,660)
Balance at half-year end	220,834,586	201,380
Total share capital	223,034,586	201,402

For personal use only

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.

6 Reserves

Share Based Payments

Each share option converts into one ordinary share of Sirius Resources NL 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.

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	0.15
(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	1/11/2010	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	7/1/2011	7/1/2013	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	1.87
(12) Issued at 23 November 2012	8,750,000	23/11/2012	22/11/2016	3.36	1.73

- (1) The 250,000 options in series 1 which vested immediately was issued to Blackwoods Capital for managing the capital raising in August 2009 and was valued at \$58,277.
- (2) The options in series 2 were expensed over the two year vesting period and there was \$47,709 expensed in the year ended 30 June 2010 and \$79,399 in the year ended 30 June 2011.
- (3) The 1,350,000 options in series 3 which vested immediately was issued to the Directors of the Group and 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 was issued to the Directors of the Group and 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 were vested immediately and were issued to employees under the Employee Share Option Plan. They were valued at \$29,000.

- (8) The 4,000,000 options in series 8 were vested immediately and of which, 750,000 were issued to employees under the Employee Share Option Plan, 250,000 were issued to service providers and 3,000,000 were issued to Directors of the Group. They were valued at \$168,000.
- (9) The 200,000 options in series 9 were vested immediately and were issued to employees under the Employee Share Option Plan. They were valued at \$7,000.
- (10) The 400,000 options in series 10 were vested immediately and were issued to employees under the Employee Share Option Plan. They were valued at \$626,400.
- (11) The 1,700,000 options in series 11 were vested immediately and were issued to employees under the Employee Share Option Plan. They were valued at \$3,189,200.
- (12) The 8,750,000 options in series 12 were vested immediately and were issued to the Directors of the Group. They were valued at \$15,137,500.

The weighted average fair value of the share options granted during the half-year is \$1.75 (2011: \$0.04).

The total expense of the share based payments issued during the half-year is \$18,953,100 which is the total of Series 10, 11 and 12.

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

	Series 10	Series 11	Series 12
Grant date share price	2.16	2.61	2.61
Exercise price	2.80	3.50	3.36
Expected volatility	100%	100%	100%
Option life	18-Sep-17	22-Nov-17	22-Nov-16
Dividend yield	0.00%	0.00%	0.00%
Interest rate	3.50%	3.25%	3.25%

The following reconciles the outstanding share options granted in the half-year ended 31 December 2012:

	2012 Number of Options	2012 Weighted average exercise price	2011 Number of Options	2011 Weighted average exercise price
Balance at the beginning of the period	51,750,000	\$0.58	47,600,000	\$0.60
Granted during the period	10,850,000	\$3.36	4,000,000	\$0.20
Exercised during the period	(13,200,000)	\$0.38	-	-
Expired during the period (i)	(500,000)	\$0.60	(50,000)	\$0.60
Balance at the end of the period	48,900,000	\$1.18	51,550,000	\$0.57
Un-exercisable at the end of the period	-	-	-	-
Exercisable at end of the period	48,900,000	\$1.18	51,550,000	\$0.57

Refer to note 4 for shares yet to be issued on the exercise of options.

(i) Options expired or cancelled during the period

For the half-year ended 31 December 2012, there were 450,000 options expired and 50,000 options cancelled due to employee resignations.

7 Key Management Personnel

For the half-year ended 31 December 2012, the following key management personnel have had remuneration changes:

- (i) Jeffrey Foster was appointed as Executive Director on 30 August 2012. His remuneration increased from \$40,000 plus superannuation per annum as a Non-executive Director to \$275,000 plus superannuation per annum.
- (ii) Anna Neuling was appointed as Non-executive Director on 17 September 2012. Her remuneration as Non-executive Director is \$40,000 plus superannuation per annum.
- (iii) Options were issued to the Directors on 23 November 2012 subsequent to shareholder approval obtained at the Annual General Meeting on 23 November 2012.

	Share based payments
Directors	\$
Mark Bennett	5,190,000
Jeffrey Foster	3,460,000
Terry Grammer	2,595,000
Stephen Lowe	2,595,000
Anna Neuling	1,297,500
	<u>15,137,500</u>

8 Related Parties disclosure

	Dec 2012 \$'000's	Dec 2011 \$'000's
Payment to director related entities (i)	<u>69,469</u>	<u>25,605</u>

- (i) During the half-year ended 31 December 2012, the Group paid company secretarial fees of \$69,469 (2011: \$25,605) 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.

9 Events Occurring After the Balance Date

Jeff Dowling was appointed chairman of the Company on 28 February 2013 replacing Stephen Lowe who remains as a non-executive director.

For personal use only

10 Loss Per Share

(a) Reconciliation of Loss used in Calculating Loss Per Share	2012 \$000's	2011 \$000's
--	-------------------------	-------------------------

Basic and diluted loss per share

Loss attributable to the ordinary equity holders	(22,059)	(962)
--	----------	-------

Loss attributable to the ordinary equity holders used in calculating basic and diluted loss per share	(22,059)	(962)
---	----------	-------

(b) Weighted Average Number of Shares Used as the Denominator (i)	2012 Number	2011 Number
--	------------------------	------------------------

Ordinary shares used as the denominator in calculating basic loss per share	220,834,586	150,934,586
---	-------------	-------------

Ordinary shares used as the denominator in calculating diluted loss per share	220,834,586	150,934,586
---	-------------	-------------

(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.

For personal use only

DIRECTORS' DECLARATION

The Directors the Company declare that:

1. The attached financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001* 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 2012 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
Balcatta
13 March 2013

For personal use only

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 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity 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 2012 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.

For personal use only



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 2012 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', is written over the printed name. The signature is fluid and cursive.

Peter Toll
Director

Perth, Western Australia
Dated this 13th day of March 2013

For personal use only