



Sirius

RESOURCES

Annual Report 30 June 2010

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Sirius Resources NL
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www.siriusresources.com.au

Corporate Directory

DIRECTORS

Mark Bennett *CEO and Managing Director*

Jeff Foster *Non-Executive Director and Technical Consultant*

Stephen Lowe *Non-Executive Chairman*

Terry Grammer *Non-Executive Director*

COMPANY SECRETARY

Anna Neuling

PRINCIPAL OFFICE

Unit 5, 5 Mumford Place
Balcatta WA 6021
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Telephone: (08) 9240 8914
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REGISTERED OFFICE

Unit 5, 5 Mumford Place
Balcatta WA 6021
PO Box 1011, Balcatta WA 6914

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 787 272

AUDITORS

WHK Horwath
Level 6, 256 St Georges Terrace
Perth WA 6000
Telephone: (08) 9481 1448

SOLICITORS

Napier Legal Pty Ltd
21/589 Stirling Highway
Cottesloe WA 6911

ASX CODE: SIR

ABN: 46 009 150 083

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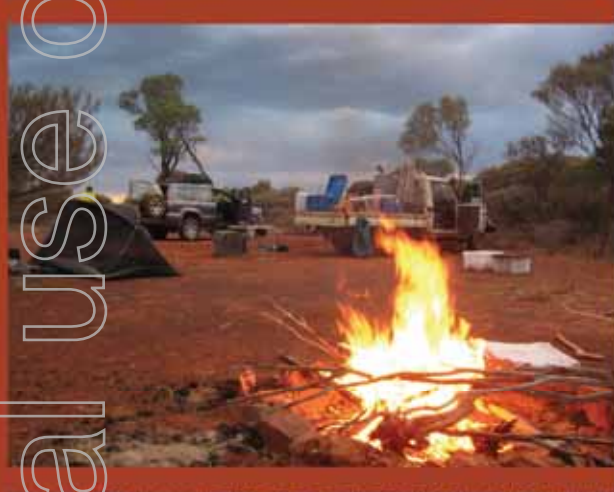


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Chairman's letter

Dear Shareholders,

2010 has seen your new company continue on its quest as a base and precious metals explorer against a backdrop of continuing uncertain and volatile market sentiment.

During the twelve month period since last year's report China has continued to grow, albeit at a slower pace, and the world economy and the metals and equity markets have rebounded from the deepest and most globally widespread recession since the great depression. However, markets are far from stable and despite China's continued growth, there is still a high degree of market uncertainty and volatility. To reflect this uncertainty and to optimise the obvious prospectivity of its ground holdings, your company has broadened its commodity focus to include gold – a commodity which tends to be counter cyclic relative to base metals and which provides a natural hedge in times of uncertainty. As a result, Sirius is well placed to drive shareholder value as it has an outstanding portfolio of exploration projects and as an explorer is most leveraged to exploration success.

The acquisition of Barrick's 80% interest in the Polar Bear Joint venture has delivered full ownership of this project to Sirius. This is the first time in several decades that this highly prospective area has been owned by one company. Sirius is now well placed to systematically explore this area, which is along strike from gold and nickel producing mines and which has shown early encouraging signs including outcropping gold and nickel sulphide mineralisation.

Elsewhere, your company has discovered oxide nickel-copper-cobalt mineralisation at the Fraser Range project, identified significant nickel and zinc anomalies in the first reconnaissance exploration at the Youanmi project, identified potential repetitions of Olympia style nickel-copper-platinum mineralisation at the Collurabbie project, and has commenced drilling electromagnetic (EM) anomalies at the Lawlers nickel project.

To reflect your company's continuing exploration focus the board has been augmented with the appointment of well known prospecting geologist Mr. Terry Grammer. Terry is a recipient of the Association of Mining and Exploration Companies (AMEC) Prospector of the Year award for his role in the discovery of the Cosmos nickel mine, was a founder of successful mid-tier nickel miner Western Areas, and is also non-executive chairman of South Boulder Mines – owner of the new Rosie nickel sulphide discovery. As a result, your company is now the only company in Australia that includes three Prospectors of the Year as its managing director, non-executive director and major shareholder.

The team has also been strengthened with the appointment of Tim Craske as exploration manager. Tim has a wealth of experience over 28 years with companies such as WMC and is credited with the discovery of the world class Ernest Henry copper mine in Queensland – now operated by Xstrata.

In accord with its growth ambitions and its commitment to effective and efficient use of exploration funds, your company has moved into lower cost premises equipped with warehouse space for sample logging and storage, and has terminated the services agreement it had with Apex Minerals. Further, through a sale of unmarketable share parcels process, Sirius has also reduced its compliance costs by reducing its shareholder base from over 10,000 to approximately 2,500 shareholders as it continues to position itself for the future.

Recently, Mark Creasy, Sirius' major shareholder and joint venture partner, strengthened his relationship with Sirius by acquiring from Apex Minerals 600 million unlisted Sirius options that were issued to Apex when Apex vended in the Lawlers project into Sirius. The Board looks forward to continue to work closely with Mr Creasy to explore and add value to its exciting prospects.

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Chairman's letter continued

I would like to take this opportunity to express my thanks to the directors of the board, Dr. Mark Bennett, Mr. Terry Grammer and Associate Professor Jeff Foster, and company secretary Anna Neuling for their contribution throughout the year, and welcome our new employees to the team.

I would also like to thank our loyal shareholders for their continued support throughout the year. Sirius is focussed on the creation of value for shareholders through the discovery of base and precious metals. This requires patient, systematic exploration, which does not happen overnight. However, the rewards of discovery are unsurpassed in terms of return to investors and I trust you will continue to support your company in its quest to become Australia's most successful explorer over the coming years.

Stephen Lowe
Non executive chairman

A handwritten signature in black ink, appearing to read 'Stephen', enclosed within a large, hand-drawn oval.

Stephen Lowe
Non executive chairman

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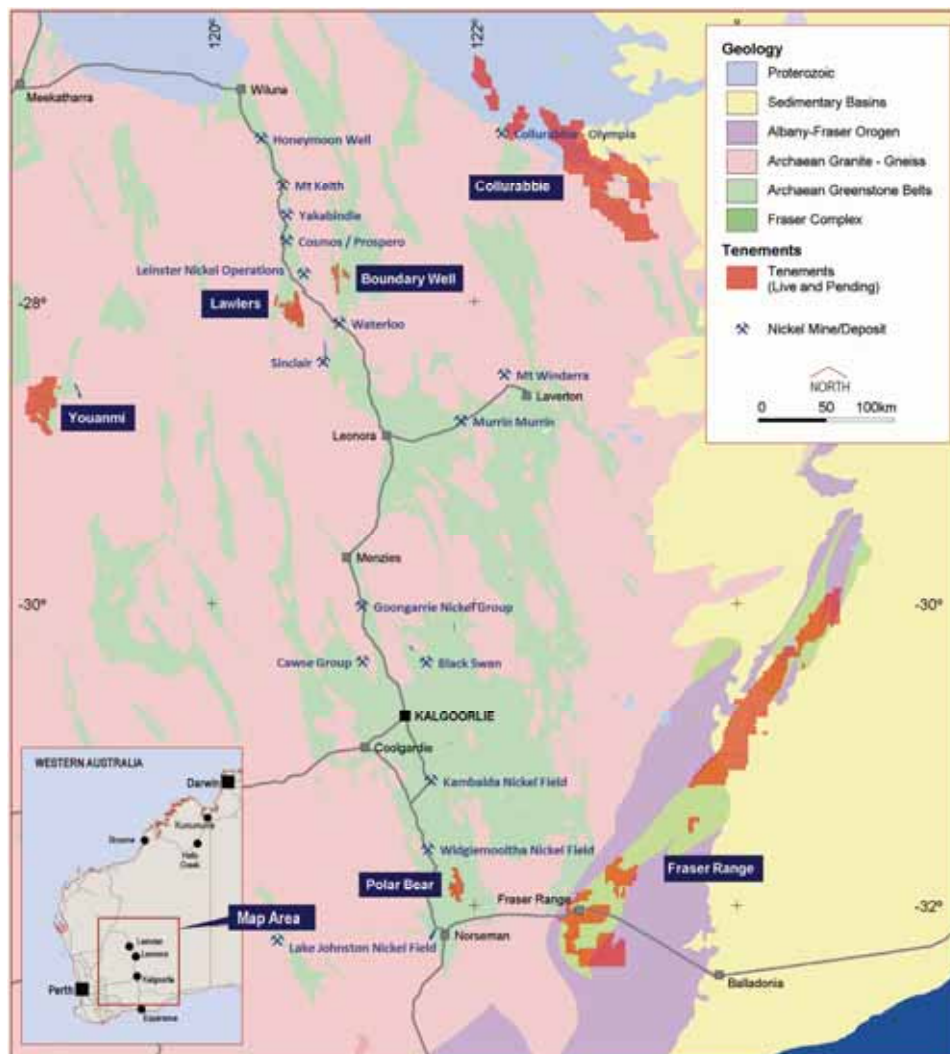
Operations review

Sirius has spent the last twelve months exploring its extensive portfolio of exploration projects which includes the Lawlers, Collurabbie, Fraser Range and Youanmi joint ventures and the Polar Bear project.

The purchase of Barrick's 80% interest in the Polar Bear Joint venture has delivered full ownership of this project to Sirius. This is the first time in several decades that this highly prospective area has been owned by one company. Sirius is now well placed to systematically explore this area, which is along strike from gold and nickel producing mines and which has shown early signs of encouragement including outcropping gold and nickel sulphide mineralisation.

Elsewhere, drilling at the Fraser Range JV has discovered oxide nickel-copper-cobalt mineralisation, soil sampling and RAB drilling at the Youanmi JV has identified several significant nickel, copper and zinc anomalies, ultradetailed aeromagnetic surveys at the Collurabbie JV have identified potential repetitions of the nearby Olympia style nickel-copper-platinum mineralisation, ground electromagnetic (EM) geophysics at the Lawlers JV has identified additional nickel sulphide targets, and initial RC and diamond drilling has commenced testing these.

All of these projects are at an early stage of exploration and the company is looking forward to advancing the first prospects on each of these projects to the drilling stage during the next twelve months.



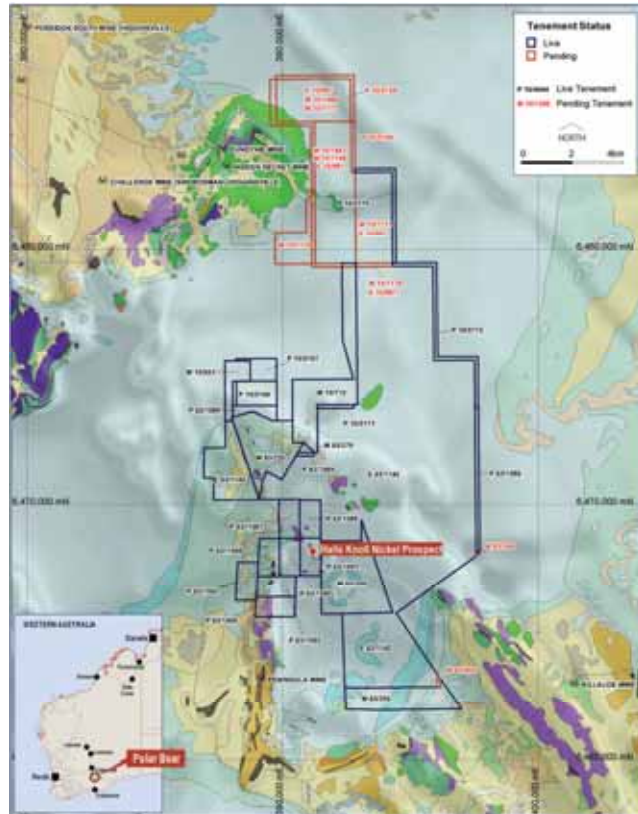
Polar Bear

Sirius owns 100% of the Polar Bear project following its purchase of Barrick's 80% interest in the previous Joint Venture. The project covers the southern continuation of ultramafic stratigraphy which hosts the Kambalda and Widgiemooltha nickel deposits and it also straddles the trend between Higginsville and Norseman, which contains the strike continuation of several major shear zones known to host gold mineralisation at Avoca's Higginsville operations.

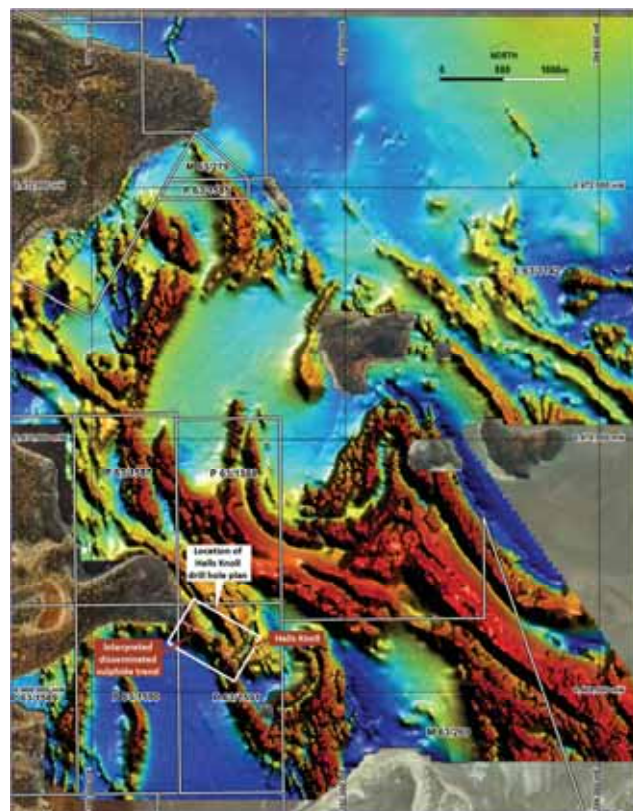
The area is largely concealed beneath shallow salt lake sediments of Lake Cowan and has only been superficially explored.

Since the purchase of the project Sirius has been able to define a number of gold and nickel prospects by integrating 40 years worth of data. In particular, resampling of a gossan originally discovered in 1968 has confirmed it to be oxidised massive nickel sulphide, and re-examination of several historic drillholes up to 400m along strike from this has confirmed the presence of intersections of disseminated nickel sulphides grading 0.5% to 0.6% nickel over downhole widths of 15-20m. On the gold front, a number of gold anomalies in old aircore drilling and a zone of outcropping gold mineralisation have been delineated.

Aboriginal heritage surveys have been completed and the area has been cleared for drilling, which will commence as soon as a lake rig becomes available.



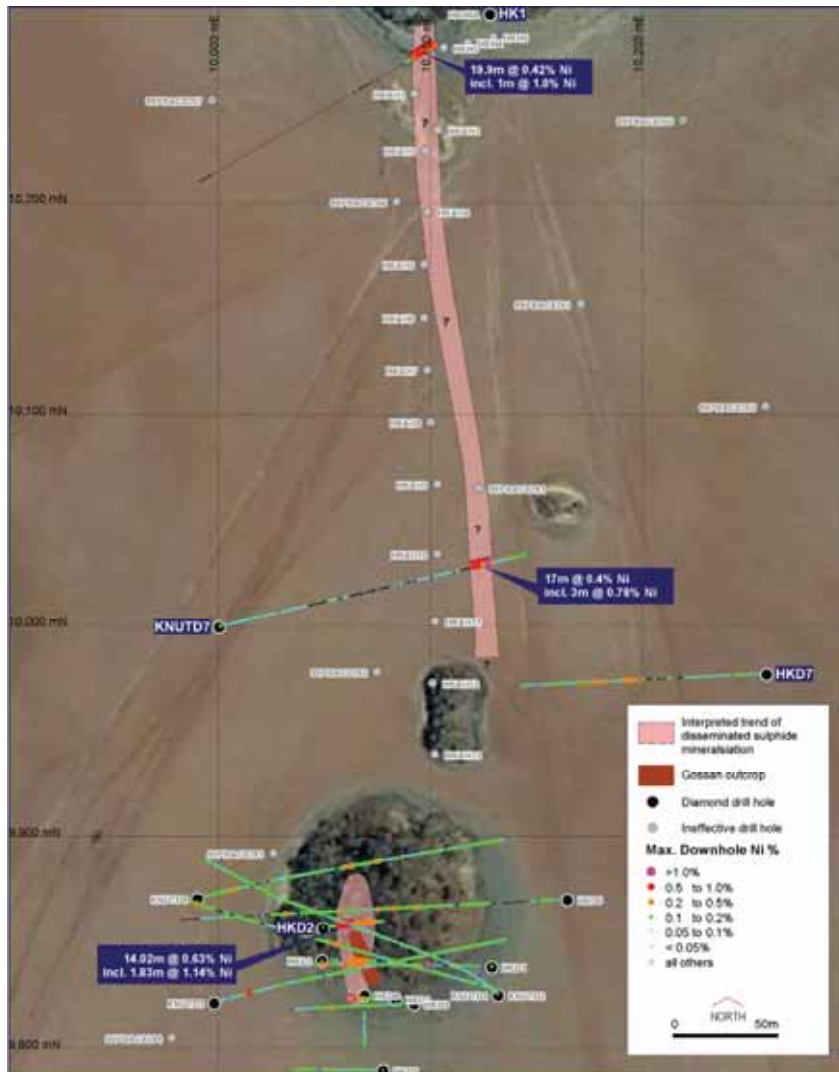
Polar Bear Project area



Polar Bear Magnetic image showing prospective ultramafics (red and orange)

Polar Bear continued

	North	East	Azim-uth	Dip	From, m	To, m	Width, m	Ni, %	Comments
HK1	10290	10128	235	60	47.11	67.01	19.9	0.42	Disseminated sulphide
Including					65.0	66.0	1.0	1.00	Stringer sulphide
HKD1	9838	10129	270	45	41.6	42.76	1.22	0.78	Disseminated sulphide
HKD2	9857	10049	085	45	11.27	25.29	14.02	0.63	Disseminated sulphide
Including					17.67	19.50	1.83	1.14	Stringer sulphide
HKD3	9841	10049	090	45	19.81	25.90	6.09	0.35	Cloud sulphide
HKD4	9823	10083	265	45	29.35	30.48	1.13	2.23	Stringer sulphide
HKD5	9790	10078	270	45					No intersection
HKD6	9870	10164	265	45					No intersection
HKD7	9977	10258	265	45					No intersection
HKD8	9825	10069	090	45					No intersection
HKD9	9821	10092	275	45					No intersection
KNUTD1	9825	10132	295	60					No intersection
KNUTD2	9825	10132	305	60					No intersection
KNUTD3	9822	9998	075	60	33	36	3	0.46	Disseminated sulphide
KNUTD4	9871	9990	075	60					No intersection
KNUTD7	10000	10000	075	60	248.0	265.0	17.0	0.40	Disseminated sulphide
Including					262.0	265.0	3.0	0.78	Stringer sulphide



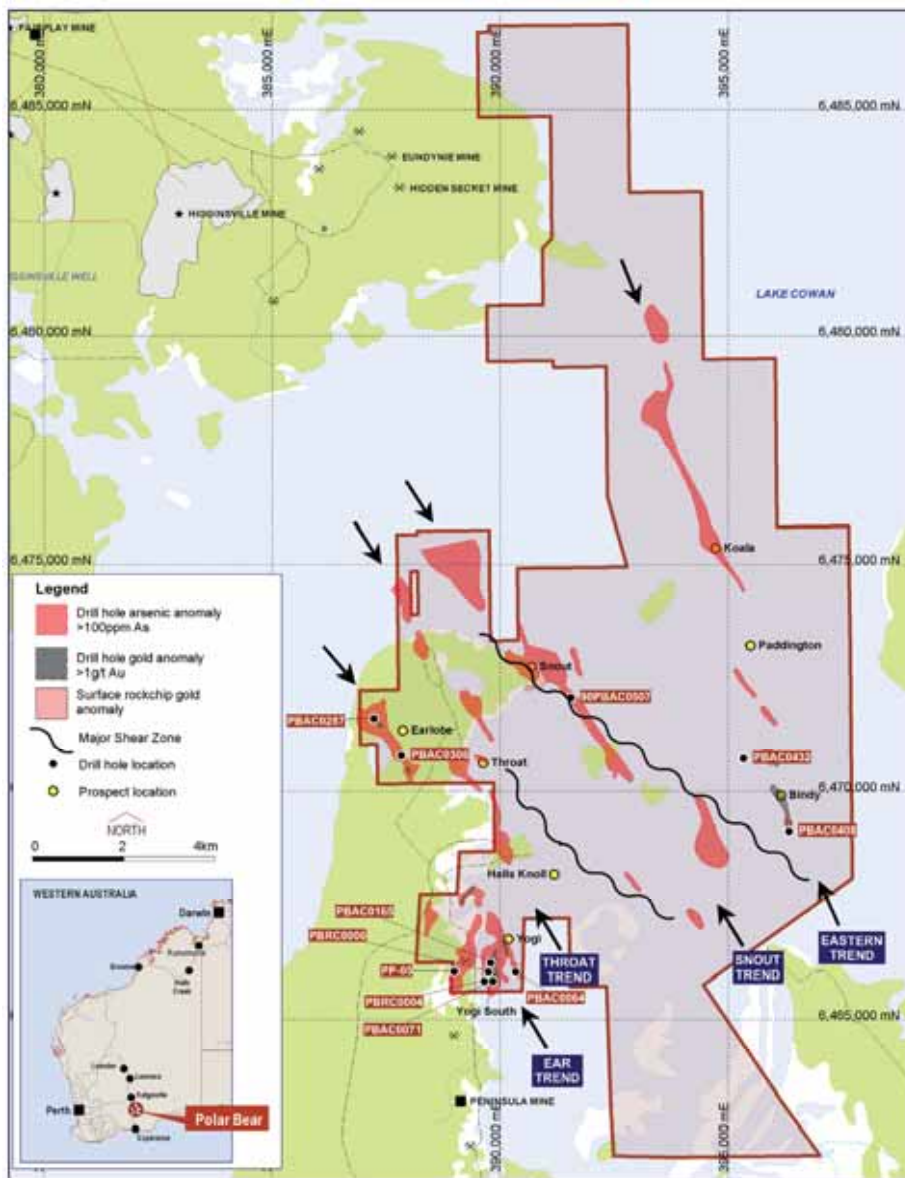
Halls Knoll Drill hole locations, showing disseminated nickel sulphide intersections

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Polar Bear continued

Prospect	Drillhole	North	East	From, m	To, m	Width, m	Gold, g/t	Comments
Yogi	PBAC64	6466057	390337	28	32	4	2.05	
Yogi	PBAC71	6456857	389837	8	27	19	0.90	To end of hole
Including				24	27	3	3.40	To end of hole
Yogi	PBAC165	6466257	389788	4	13	9	2.23	
Including				4	8	4	4.30	
Yogi	PBRC4	6465857	389657	93	94	1	5.80	
Yogi	PBRC6	6466057	389737	23	24	1	18.50	
Yogi	PP-05	6466061	388993	20	22	2	24.30	
Earlobe	PBAC287	6471623	387236	44	50	6	1.60	
Earlobe	PBAC306	6470815	387833	68	71	3	1.64	
Bindi	PBAC408	6469157	396337	10	11	1	25.00	
Bindi	PBAC432	6470757	395337	47	48	1	2.30	
Snout	90PBAC507	6472096	391549	9	10.5	1.5	1.3	

Polar Bear Selected drilling results



Polar Bear Gold – arsenic anomalies in reconnaissance drilling

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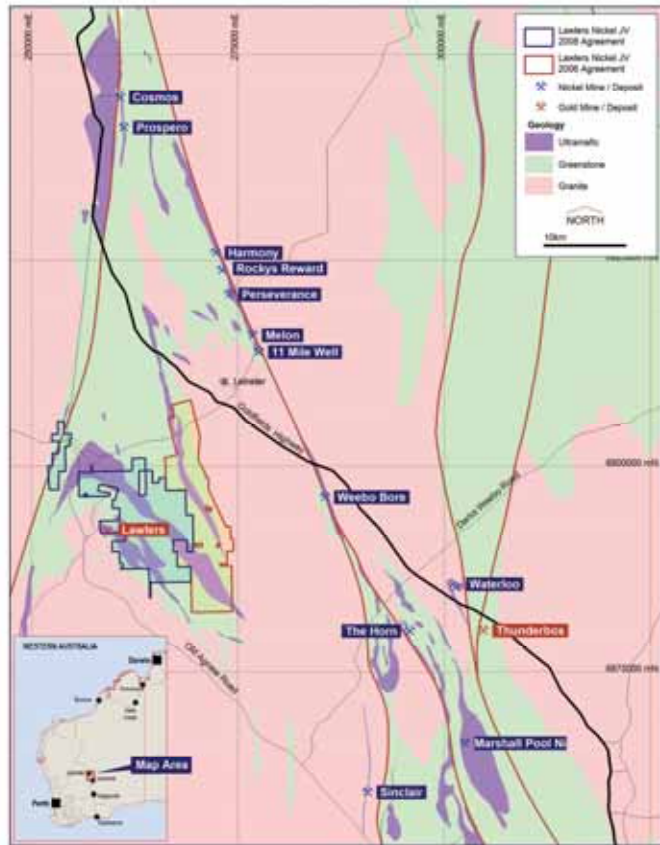
Lawlers

The Lawlers project comprises two contiguous nickel joint ventures with Barrick Gold, known as the Lawlers 2006 and Lawlers 2008 joint ventures. Sirius has a 70% interest in the 2006 Joint Venture and is earning a similar interest in the 2008 Joint Venture through the expenditure of A\$1.5 million within three years. Sirius is the manager of both joint ventures.

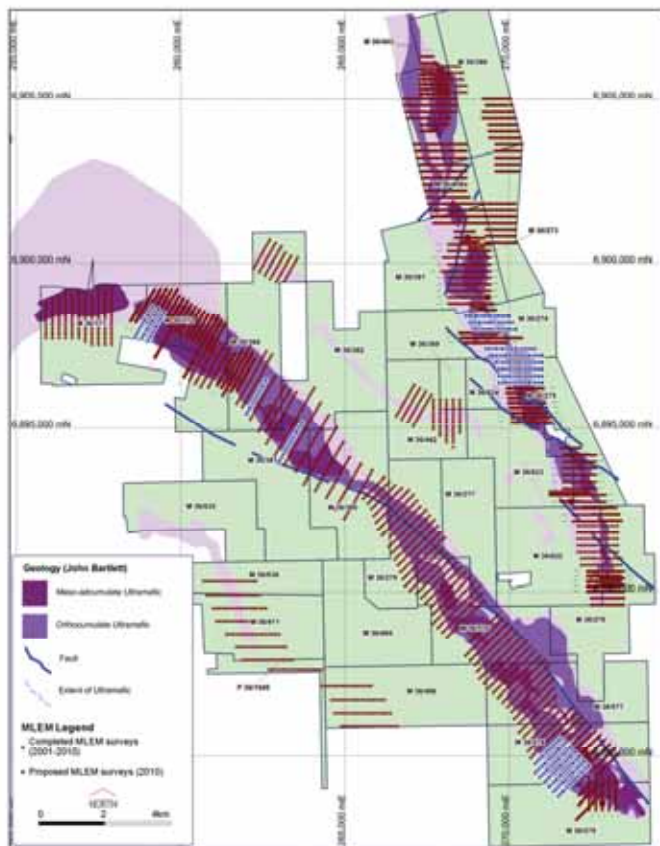
The project is located in the heart of Australia's premier nickel producing district, being surrounded by major nickel mines owned by BHP, Xstrata and Norilsk. It covers 80 strike kilometres of extensions of the stratigraphy which hosts the Leinster (Perseverance, Rocky's Reward and Harmony), Mount Keith, Cosmos, Prospero, Sinclair and Waterloo deposits.

Having been held by gold companies, the Lawlers area is the single largest ground holding that remains relatively unexplored for nickel sulphide since the discovery and development of most of the surrounding nickel mines. The Lawlers joint ventures are prospective for small, high grade (~1mt @ 8%Ni) komatiitic nickel deposits similar to those being mined nearby.

The Company has completed first pass ground electromagnetic (EM) geophysics over most of the project and has defined eight anomalies. In addition to this Sirius has undertaken aboriginal heritage surveys which have cleared all areas of interest for drilling. To date, Sirius has drilled three of these, intersecting barren sulphides in two holes and missing the target in a third. A further six targets still have to be drilled and it is anticipated that this will commence later in calendar 2010.



Lawlers Project location



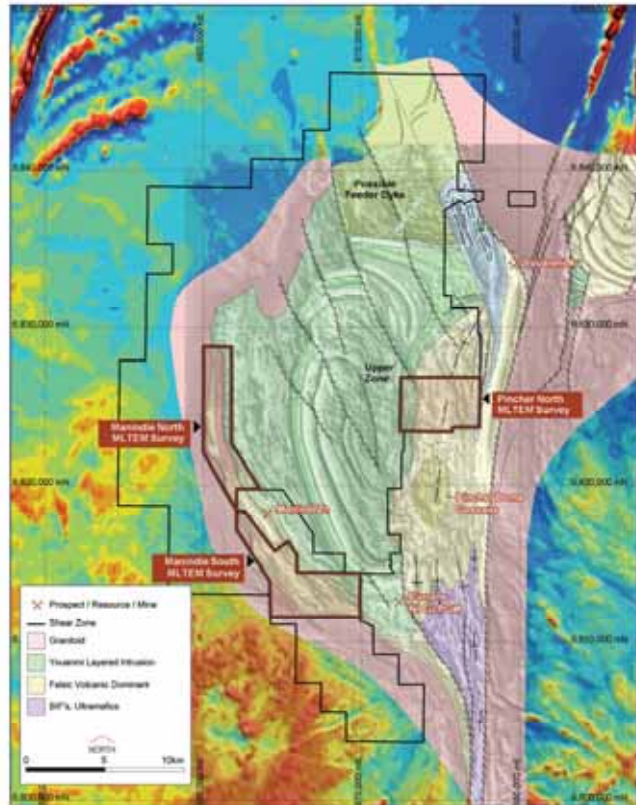
Lawlers Coverage of EM surveys

Youanmi

Sirius has a 70% interest in the Youanmi Joint Venture, with Mark Creasy retaining a 30% free carried interest to the completion of a bankable feasibility study and retaining titanium-vanadium-iron rights. The project covers the Youanmi intrusive complex and the surrounding felsic stratigraphy.

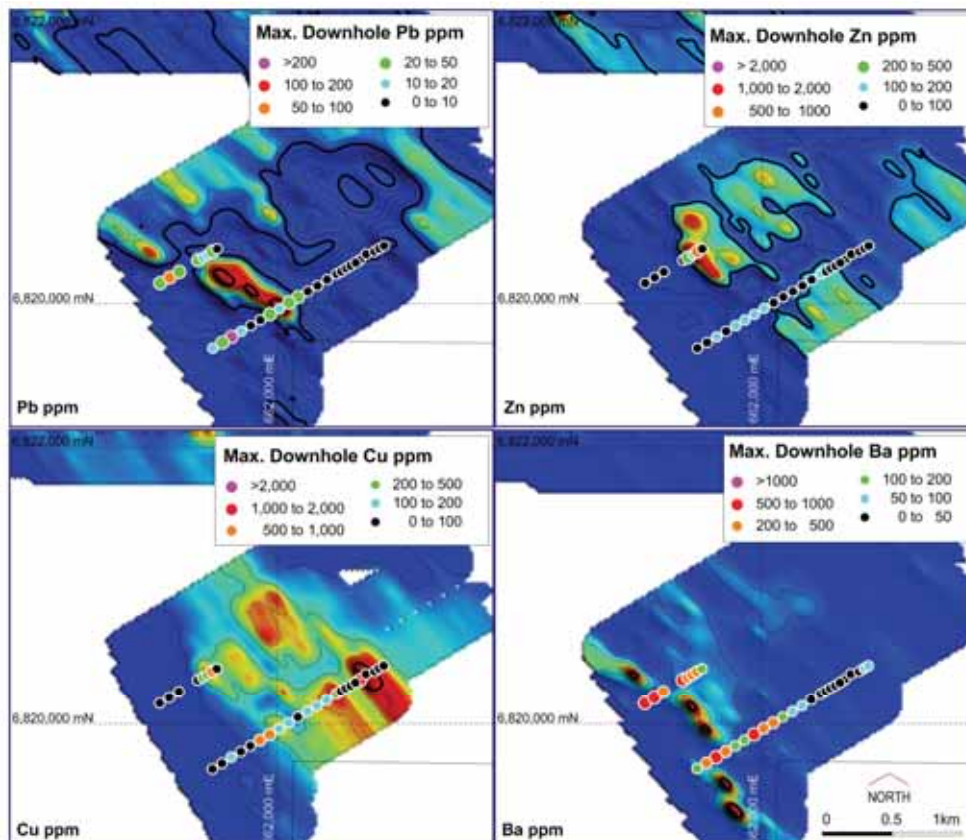
The intrusive complex is prospective for magmatic nickel - copper - platinum mineralisation and the surrounding stratigraphy is prospective for volcanogenic massive sulphide (VMS) copper-zinc deposits. Several shear zones with potential for gold mineralisation also occur within the project area.

The nearby Currans prospect has recorded drill intersections of up to 7.03m @ 1.48% nickel. The project also contains extensions of structures which host gold mineralisation at Apex's nearby Youanmi gold mine.



Youanmi Location of EM surveys

The recent discovery of copper and zinc rich VMS mineralisation by other companies on adjacent tenements attests to the prospectivity of the area for this style of deposit. Metals Australia's nearby Manindie zinc resource comprises 1.35mt @ 6% zinc, and Empire Resources' Just Desserts copper-gold resource comprises 1.07mt @ 1.8% copper and 0.8g/t gold.

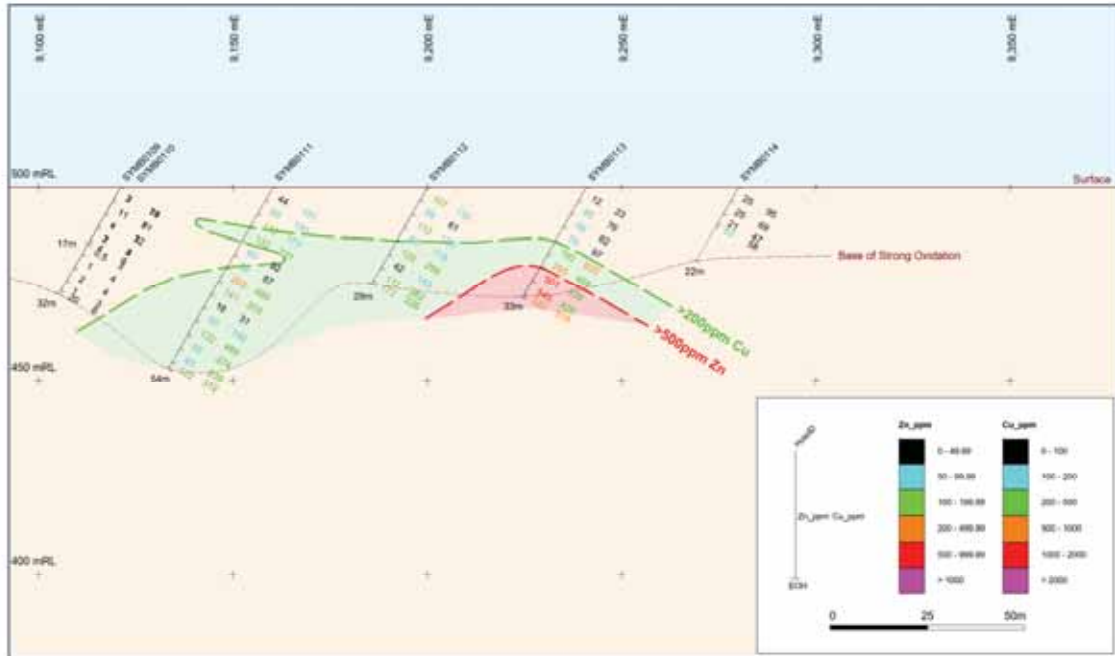


Youanmi Manindie North surface geochemistry and RAB drilling

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Youanmi continued

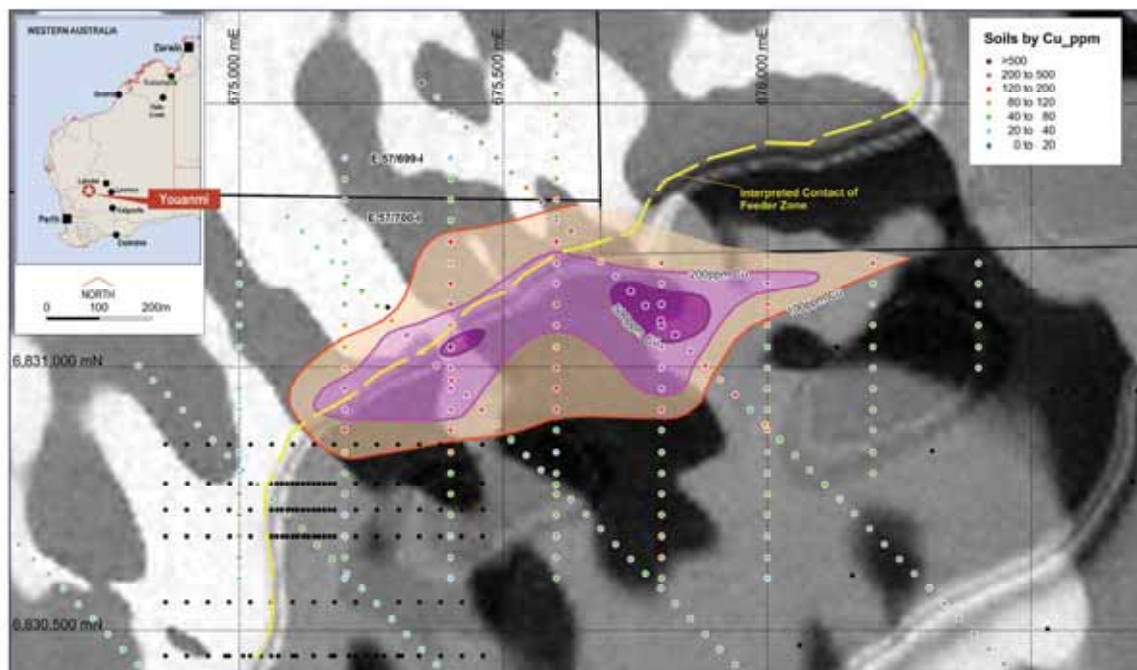
Initial soil sampling along strike from the Manindie zinc VMS deposit has delineated a coincident copper-zinc-lead-barium anomaly of the type typically expected above such a VMS deposit, and first pass RAB drilling has confirmed this anomaly beneath the surface on the strike projection of the known deposits. Soil sampling coverage is being extended and an electromagnetic (EM) geophysical survey has been planned to identify any sub-surface conductors indicative of massive sulphides prior to deeper drilling.



Youanmi Cooliboo section 13,000N Manindi North VMS target

Hole No.	North	East	From	To	Interval	Grade	Comment
SYMB113	13000mN	9240mE	16m	33m*	17m	490ppmCu	Reconnaissance anomaly
SYMB88	12400mN	9280mE	24m	37m	13m	393ppmZn	Reconnaissance anomaly

Geochemical sampling in an area known as the funnel has also identified a large (800m long) strong (up to 900ppm copper) soil anomaly on the interpreted contact of the layered intrusion. A gravity survey has also commenced in order to aid designing drillhole locations.



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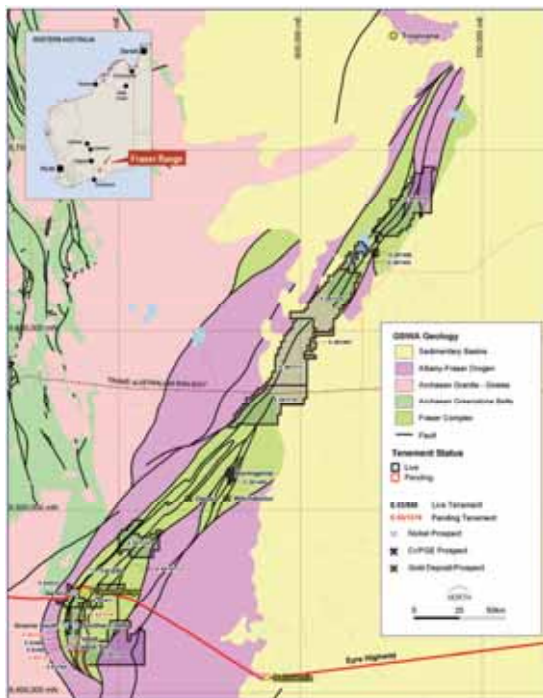
Fraser Range

Sirius has a 70% interest in the base metals rights on the Fraser Range Joint Venture, with Mark Creasy retaining a 30% free carried interest in the base metals to the completion of a bankable feasibility study and full rights to other minerals. The base metal rights include nickel, copper, cobalt, zinc, lead and platinum group metals (PGM's). The project covers 400 kilometres of strike length of the Proterozoic Albany-Fraser Range province to the south of Independence/Anglogold's Tropicana gold discovery and is considered prospective for the rare but giant intrusive related nickel-copper-PGM deposits. These deposits are related to small, discrete bodies of magma, and they can be small targets despite being giant deposits.

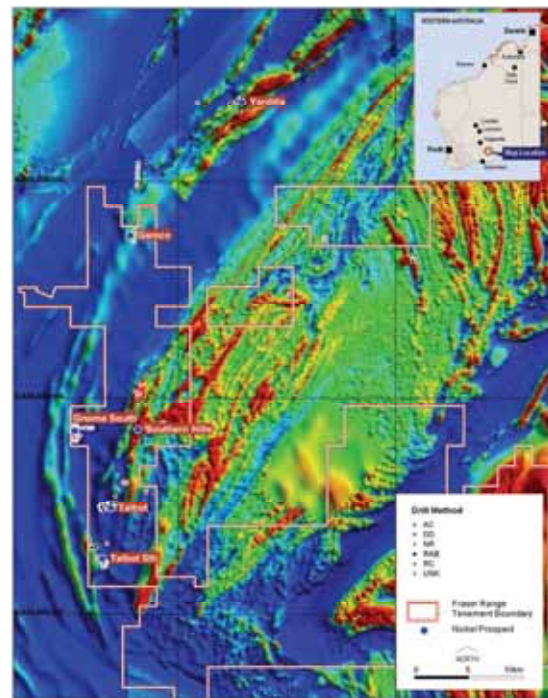
This province has also been likened to the Thompson belt of Canada, which hosts a number of major nickel deposits.

Much of the area is completely unexplored, but sulphides have been encountered in previous drilling in the southern part of the project area adjacent to the Eyre Highway, where intersections of up to 1.8% nickel and 1.2% copper have been recorded. Ground electromagnetic (EM) geophysical surveys are planned to further investigate this area.

RC drilling of a copper-nickel-cobalt soil anomaly near the Gnama South prospect has defined oxide nickel-copper-cobalt mineralisation. Further drilling will be undertaken to determine the extent of this zone.



Fraser Range Project location

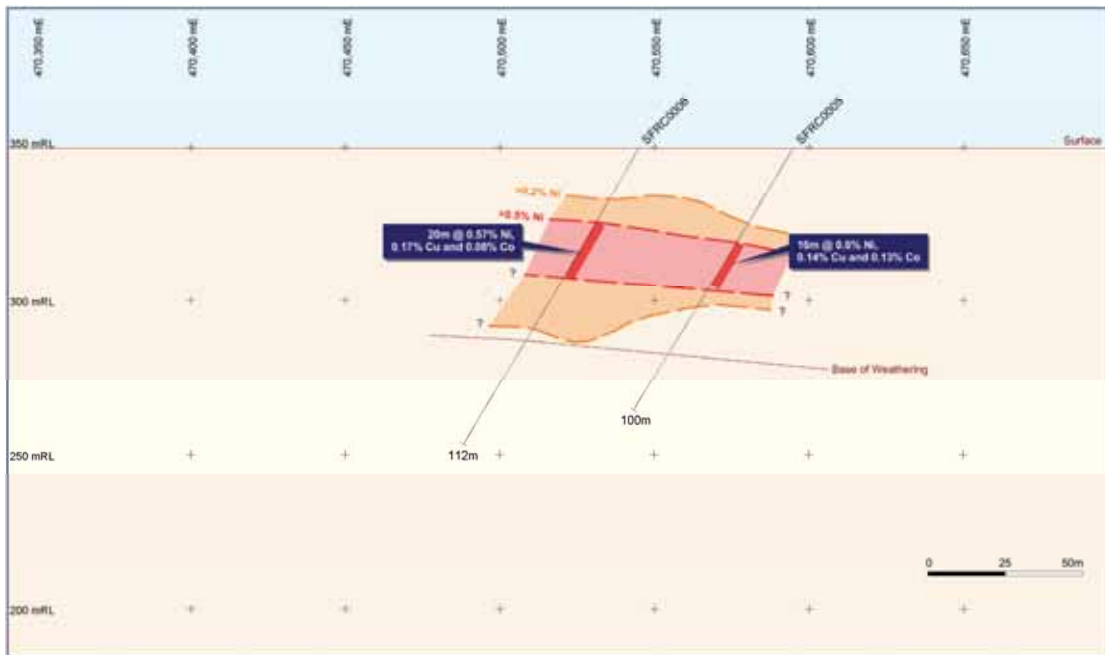


Fraser Range Prospect location

Hole	North	East	From	To	Interval	Grade	Comment
SFRC1	6436125	470567	160m	172m	12m	0.1%Ni	Barren sulphide
SFRC5	6437355	470595	36m	52m	16m	0.6%Ni, 0.14%Cu, 0.13%Co	Oxide zone
SFRC6	6437355	470545	28m	48m	20m	0.57%Ni, 0.17%Cu, 0.08%Co	Oxide zone
GP11	6436125	470575	201.8m	207.9m	6.1m	0.45%Ni, 0.12%Cu	Disseminated sulphide

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Fraser Range continued

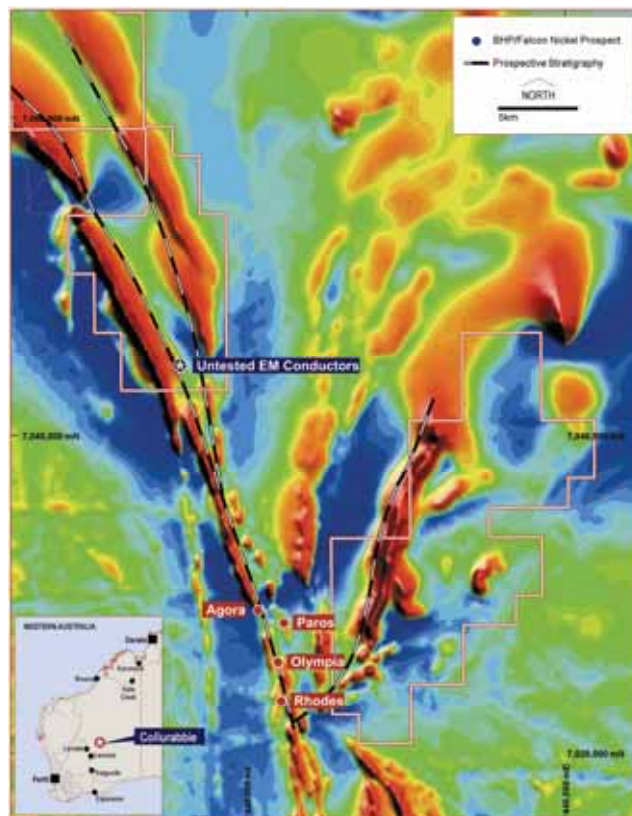


Fraser Range Gnama South cross section 6 437 355mN

Collurabbie

Sirius has a 70% interest in the Collurabbie Joint Venture, with Mark Creasy retaining a 30% free carried interest to the completion of a bankable feasibility study. The project is located along strike from the Olympia nickel-copper-platinum group metal (PGM) discovery of Falcon/BHP and is concealed by more recent rocks, and is effectively unexplored.

The key tenements cover the interpreted northern extensions of the stratigraphy which hosts the Olympia nickel-copper-platinum group metals (PGM's) discovery, owned by Falcon Minerals, some 12 kilometres along strike. Drilling results previously published for the Olympia discovery include 5.77m @ 3% Ni, 1.96% Cu and 5.3g/t PGM's.



The project area is virtually unexplored, being concealed by 50-100 metres of more recent sedimentary rocks. The nearby Olympia Ni-Cu-PGM mineralisation is hosted within serpentinite sills which have a magnetic signature and on this basis Sirius flew two ultradetailed aeromagnetic surveys during the year to identify similar targets beneath cover. This survey identified a number of anomalies with the potential to be buried serpentinite sills. As a precursor to drilling later in 2010 an aboriginal heritage survey has been scheduled within the coming months.

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SIRIUS RESOURCES NL

ABN 46 009 150 083

Financial Report

For the Year Ended 30 June 2010

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Corporate Directory

Directors

Mark Bennett
Managing Director

Jeffrey Foster
Non-executive

Stephen Lowe
Non-executive

Terry Grammer
Non-executive

Company Secretary

Anna Neuling

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Telephone: 08 9240 8914
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Share Register

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Telephone: 1300 787 575

Auditor

WHK Horwath
Level 6, 256 St Georges Terrace
Perth WA 6000
Telephone: 08 9481 1448

Stock Exchange Listing

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

Website Address

www.siriusresources.com.au

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DIRECTORS' REPORT

The directors present their report on Sirius Resources NL (Sirius or the Company) for the year ended 30 June 2010.

DIRECTORS

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

Mark Bennett - CEO and Managing Director – appointed 31 August 2009

Experience and Expertise

Dr Mark Bennett is a geologist with over 21 years experience, predominantly in gold, nickel and base metal exploration and mining. He holds a B.Sc. in Mining Geology from the University of Leicester, and a Ph.D. from the University of Leeds, is a member of the Australasian Institute of Mining and Metallurgy and an elected Fellow of the Geological Society of London.

Dr Bennett has worked in Europe, West Africa, and Australia, and has spent much of his career working for WMC Resources and LionOre in Australia. Previous positions held include Exploration Manager and Chief Geologist, including periods at WMC's Kambalda Nickel Operations, Gold Fields' St.Ives Gold Mines, Forresteria Gold's Bounty Gold Mine, and WMC's Melbourne head office.

In 2002, Dr Bennett received the Association of Mining and Exploration Companies (AMEC) Prospector of the Year award in recognition of his contribution to the discovery of the Thunderbox gold and the Waterloo nickel deposits.

Other Directorships

Dr Bennett has no other directorships of any other public listed company.

Former Directorships in the Last Three Years

Executive Director, Apex Minerals NL from 10 May 2006 to 23 November 2009

Interests in Shares and Options

Shares	7,000,001
Options	15,000,000

Associate Professor Jeffrey Foster - Non-Executive Director - appointed 31 August 2009

Experience and Expertise

Professor Foster is a geologist with over 20 years worldwide experience in various roles for WMC and BHP, and as a director of the Brisbane-based consultancy Geodiscovery group. He holds BSc and MSc degrees and is also Associate Professor at the ARC Centre of Excellence in Ore Deposits at the University of Tasmania.

DIRECTORS (continued)

Professor Foster is a renowned authority on nickel deposits, having advised several multinational mining companies and published numerous papers on the subject. In addition to his role as a Non-Executive Director, he is a technical consultant to Sirius, providing advice on global opportunities and hands-on exploration expertise.

Other Directorships

Mr Foster has no other directorships of any other public listed company.

Former Directorships in the Last Three Years

Mr Foster has no former directorships of any other public listed company in the past three years.

Interests in Shares and Options

Shares	1,000,000
Options	6,000,000

Stephen John Lowe - Executive director

Experience and Expertise

Mr Lowe is a taxation specialist with over 15 years experience consulting to a wide range of corporate and private clients on a broad range of taxation issues including mining, international matters, GST and CGT. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales. He is a Fellow of the Taxation Institute of Australia and a Member of the Australian Institute of Company Directors.

Other Directorships

Mr Lowe has no other directorships of any other public listed company.

Former Directorships in the Last Three Years

Non-Executive Director, Apex Minerals NL from 31 October 2001 to 17 February 2010.

Interests in Shares and Options

Shares	3,872,760
Options	6,000,000

Terry Grammer - Non-Executive Director –appointed 25 June 2010

Experience and Expertise

Mr Grammer is a geologist with a long and distinguished career in the junior exploration and mining sector. He is a co-recipient of the Prospector of the Year award for his role in the discovery of the Cosmos nickel deposit - a discovery that underpinned the growth of Jubilee Mines prior to its takeover by Xstrata.

Mr Grammer was also a founder of successful mid-tier nickel miner Western Areas and is currently non-executive chairman of South Boulder Mines, the owners together with Independence Group, of the new Rosie nickel sulphide discovery in the Duketon belt.

DIRECTORS (continued)

Other Directorships

Non-executive chairman of South Boulder Mines since 16 October 2007

Former Directorships in the Last Three Years

Hannans Reward Ltd, from 10 October 2005 to 27 March 2009

Montezuma Mining Company Limited, from 26 November 2006 to 30 April 2009

Interests in Shares and Options

None

David Christian Steinepreis - Non-executive Chairman - resigned 31 August 2009.

Experience and Expertise

Mr Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors.

Mr Steinepreis has been a resident of the United Kingdom since 2006. He is a non-executive director of Norseman Gold plc which is listed on AIM and ASX. He is also managing director of North River Resources plc which is listed on AIM and a director of Black Fire Energy Limited, Southern Pacific Petroleum NL, Atom Energy Limited and Monto Minerals Limited (subject to deed of company arrangement), companies listed on the ASX. Mr Steinepreis is chairman of Ascent Capital Holdings Pty Ltd and a 50% beneficial shareholder.

Other Directorships

Non-Executive Director, Norseman Gold Plc since 2 March 2005;

Non-Executive Chairman, Black Fire Energy Ltd since 29 November 2006;

Non-Executive Chairman, Southern Pacific Petroleum NL since 11 October 2007;

Non-Executive Chairman, Atom Energy Limited since 27 November 2008; and

Non-Executive Director, Monto Minerals Ltd (subject to a deed of company arrangement) since 26 June 2009.

Former Directorships in the Last Three Years

WAG Limited 2 November 2006 to 13 March 2008;

Toodyay Resources Limited 22 December 2005 to 15 October 2007; and

RMG Limited 31 January 2006 to 28 September 2007.

Gary Christian Steinepreis - Executive director - resigned 31 August 2009.

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

DIRECTORS (continued)

Other Directorships

Non-Executive Director Norseman Gold Plc appointed 30 March 2006 resigned 11 September 2006 and reappointed 3 December 2007;

Executive Director, Southern Pacific Petroleum NL since 11 October 2007;

Non-Executive Director, WAG Limited since 2 November 2006;

Non-Executive Director, Avalon Minerals Ltd since 20 December 2006;

Executive Director, Black Fire Energy Ltd since 29 November 2006;

Non-Executive Director, RMG Limited since 31 January 2006;

Executive Director, Monto Minerals Limited (subject to a deed of company arrangement) since 26 June 2009; and

Executive Director, Agri Energy Limited (subject to a deed of company arrangement) since 22 June 2009.

Former Directorships in the Last Three Years

Toodyay Resources Limited 22 December 2005 to 23 October 2007;

Gawler Resources Ltd 17 May 2006 to 27 November 2007;

GB Energy Limited 13 March 2006 to 29 August 2007; and

Signature Brands Ltd 1 June 2006 to 27 November 2008.

Patrick Burke - Executive director - resigned 31 August 2009.

Experience and Expertise

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately fifteen years experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

Other Directorships

Executive Director, Southern Pacific Petroleum NL since 11 October 2007;

Executive Director, WAG Limited since 20 December 2006;

Executive Director, Monto Minerals Limited (subject to a deed of company arrangement), since 26 June 2009; and

Executive Director, Agri Energy Limited (subject to a deed of company arrangement) since 22 July 2009.

Former Directorships in the Last Three Years

Mr Burke has no former directorships of any other public listed company in the past three years.

DIRECTORS (continued)

COMPANY SECRETARY

The company secretary is Anna Neuling. Ms Neuling was appointed to the position of company secretary on 31 August 2009 and Mr Gary Steinepreis resigned on the same day.

PRINCIPAL ACTIVITIES

The principal continuing activity of the Company is mineral exploration.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 9 June 2009, Apex Minerals NL entered into an arrangement with Mark Creasy to spin off respective nickel assets into Sirius (formerly Croesus Mining NL) to create a nickel exploration company. This transaction was approved by Sirius shareholders on 17 August 2009 and the final completion occurred on 31 August 2009. This resulted in the acquisition of several projects being two Lawler joint ventures with Barrick Gold and a 70% interest in the Fraser Range, Youanmi and Collurabbie projects. The consideration of these projects was cash, shares and options. The details of this transaction are in the notes of this financial report.

The Company also completed a capital raising on 31 August 2009 and issued 823,529,232 shares at \$0.0085 per share totalling \$7,000,000 less capital raising costs of \$536,000

On 25 March 2010, the Company completed the purchase of Polar Bear tenements to own 100% of the project from Barrick Gold for a consideration of \$200,000 in cash and 20 million shares at \$0.01, plus a 2% net smelter royalty.

Other than the above there was no significant change in the state of affairs of the Company during the financial year, not otherwise disclosed in the attached financial report.

REVIEW OF OPERATIONS

Operating Result

The loss from continuing operations for the financial year after providing for income tax amounted to \$1,971,066 (2009: \$543,205). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this Directors' report and the financial report.

Dividends

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

After Balance Date Events

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

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

Future Developments, Prospects and Business Strategies

The Company's business strategies and prospects for growth in future financial years have not been included in this report, as the inclusion of this information is likely to result in an unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are subject to the environmental regulation under the laws of the Commonwealth and State of Western Australia. The Board is of the view that all requirements have been met.

MEETINGS OF DIRECTORS

There were five meetings of the Company's board of directors held during the year ended 30 June 2010. Due to the size of the Company and the nature of its operations management decisions required to be made by the board are undertaken by way of directors' resolutions signed by all of the directors.

Name of Director	Number of Meetings - A	Number of Meetings - B
Mark Bennett	4	4
Jeffery Foster	4	4
Terry Grammer	-	-
Gary Steinepreis	1	1
Patrick Burke	1	1
David Steinepreis	1	1
Stephen Lowe	5	5

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year and that he was able to attend

REMUNERATION REPORT (audited)

The principles adopted have been approved by the current board of the Company. The remuneration report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Service agreements
- (4) Share-based compensation

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, *Related Party Disclosures*.

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

Executive and Non - Executive Directors

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the Directors. There are no retirement allowances or other benefits paid to Directors.

REMUNERATION REPORT (continued)

2 Details of Remuneration

The amount of remuneration of the Directors of Sirius Resources NL (as defined in AASB 124 Related Party Disclosures) is set out below.

During the financial year there were no key management personnel other than the Directors.

Directors	Short term payments	Superannuation payments	Share based payments	Total
2010	\$	\$	\$	\$
M Bennett	234,743	19,492	68,344	322,579
J Foster	36,819	3,313	27,337	67,469
T Grammer	-	-	-	-
D Steinepreis	6,000	-	-	6,000
G Steinepreis	6,000	-	-	6,000
P Burke	6,000	-	-	6,000
S Lowe	60,748	5,197	27,337	93,282
	350,310	28,002	123,018	501,330

Directors	Short term payments	Superannuation payments	Share based payments	Total
2009	\$	\$	\$	\$
D Steinepreis	46,000	-	-	46,000
G Steinepreis	46,000	-	-	46,000
P Burke	46,000	-	-	46,000
S Lowe	46,000	-	-	46,000
	184,000	-	-	184,000

Leisurewest Consulting Pty Ltd an entity associated with Gary Steinepreis was paid fees in the amount of \$6,000 (2009:\$ 46,000) for providing corporate management services to the Company.

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of \$6,000 (2009:\$46,000) for providing corporate management to the Company in relation to assessing overseas projects and general services.

Pat Burke was paid fees in the amount of \$6,000 (2009:\$46,000) for the provision of corporate management services in the running of the Company.

MKT Taxation Advisors an entity associated with Stephen Lowe was paid fees in the amount of \$6,000 (2009:\$46,000) for the provision of the services of Stephen Lowe in undertaking corporate management responsibilities of the Company.

Foster Barton Foster Pty Ltd, an entity associated with Jeffrey Foster was paid fees in the amount of \$27,000 (2009: nil) for the provision of geological consultancy services to the Company.

REMUNERATION REPORT (continued)

3 Service Agreements

On 24 November 2009 the Company entered into an Executive Service Agreement with Director Mark Bennett for an initial 3 year period. Under the terms of the present contract:

- Mr Bennett will be paid a minimum remuneration package of \$350,000p.a. base salary plus superannuation.
- The Company may terminate this agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company. On termination on notice by the Company, the Company is obliged to pay the Executive a three month service fee.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

4 Share-Based Compensation

On 2 November 2009 Dr Bennett, Mr Lowe and Mr Foster were all granted options after shareholders ratified a motioned resolution at the Company's Annual General Meeting. Refer to Note 14 for further detail.

INDEMNIFYING OF OFFICERS OR AUDITOR

During the year the Company has paid a premium in respect of insuring directors and officers of the Company against liabilities incurred as a director. The insurer shall pay on behalf of the Company or each Director or Officer all losses for which the Director or Officer is not indemnified by the Company arising from a claim against a Director or Officer individually or collectively.

OPTIONS

At the date of this report the unissued ordinary shares of Sirius Resources NL under Option are as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option
31/08/2009	30/08/2014	0.03	750,000,000
31/08/2009	30/08/2012	0.03	5,000,000
29/09/2009	28/09/2014	0.03	12,000,000
02/11/2009	01/11/2014	0.03	27,000,000

No shares were issued during or since the end of the financial year on the exercise of options. No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

EMPLOYEE SHARES

As at 30 June 2010 there were 866 shares payable at \$2.85 which remains unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

AUDITOR

WHK Horwath continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-Audit Services

There were no non-audit services provided by the auditors during the financial year, however the Company may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company are important.

The board of directors are satisfied that the provision of any non-audit services during future periods will be compatible with the general standard of independence for auditors' imposed by the *Corporations Act 2001*.

Audit Services

During the financial year \$32,400 (2009:\$24,200) was paid or is payable for audit services provided by the auditors.

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 14 of the annual report.

Rounding off

The Company 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.

CORPORATE GOVERNANCE

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement included with this report.

Signed in accordance with a resolution of the board of directors.



Mark Bennett
Director
Western Australia
21 September 2010

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Sirius Resources NL for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Partner

Perth, WA

Dated this 21st day of September 2010

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The financial report is presented in Australian currency.

The financial report covers the Company as an individual entity only. Sirius Resources NL is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Sirius Resources NL
Unit 5, 5 Mumford Place
Balcatta WA 6021

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the Directors' report. The Directors' report does not form part of this financial report.

The financial report was authorised for issue by the Directors on 21 September 2010. The Company has the power to amend and reissue the financial report.

The Company has ensured and continues to ensure that its corporate reporting is timely, complete and available.

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**SIRIUS RESOURCES NL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Jun 2010 000's	Jun 2009 000's
Other income	6	154	75
Administrative expenses	5	(972)	(618)
Share based payments	5	(147)	-
Transaction costs	5	(1,006)	-
Loss before income tax		(1,971)	(543)
Income tax expense	7	-	-
Loss for the period		(1,971)	(543)
Other comprehensive income		-	-
Total Comprehensive income		(1,971)	(543)
		Cents	Cents
Basic and Diluted loss per share (AUD)	24	(0.14)	(0.120)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



**SIRIUS RESOURCES NL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	<i>Note</i>	Jun 2010 000's	Jun 2009 000's
Assets			
Cash and cash equivalents	8	3,051	1,322
Trade and other receivables	9	110	30
Total current assets		3,161	1,352
Exploration and evaluation	10	9,909	-
Property, plant and equipment	11	10	-
Total non-current assets		9,919	-
Total assets		13,080	1,352
Liabilities			
Trade and other payables	12	1,124	60
Provisions	13	21	-
Total liabilities		1,145	60
Net assets		11,935	1,292
Equity			
Share capital	14	117,561	107,923
Reserves	15	2,976	1
Accumulated losses		(108,602)	(106,631)
Total equity		11,935	1,292

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

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SIRIUS RESOURCES NL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010
Attributable to equity holders of the Company

Balance at 1 July 2008

Total comprehensive loss for the period
Transactions with owners, recorded directly in equity

Total contributions by and distributions to owners

Balance at 30 June 2009

Attributable to equity holders of the Company

Balance at 1 July 2009

Total comprehensive loss income for the period
Transactions with owners, recorded directly in equity

Contributions by and distributions to owners

Issue of share capital

Capital raising costs

Share-based payment transactions

Issued options

Total contributions by and distributions to owners

Balance at 30 June 2010

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

Share capital 000's	Option Reserve 000's	Share based payments Reserve 000's	Accumulated losses 000's	Total 000's
107,923	1	-	(106,088)	1,835
-	-	-	(543)	(543)
-	-	-	-	-
-	-	-	(543)	(543)
107,923	1	-	(106,631)	1,292

Share capital 000's	Option Reserve 000's	Share based payments Reserve 000's	Accumulated losses 000's	Total 000's
107,923	1	-	(106,631)	1,293
-	-	-	(1,971)	(1,971)
-	-	-	-	-
10,175	-	-	-	10,175
(537)	-	-	-	(537)
-	-	205	-	205
-	2,770	-	-	2,770
9,638	2,770	205	(1,971)	10,642
117,561	2,771	205	(108,602)	11,935



**SIRIUS RESOURCES NL
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	<i>Note</i>	Jun 2010 000's	Jun 2009 000's
Cash flows from operating activities			
Receipts		295	-
Cash paid to suppliers and employees		(1,817)	(584)
Cash generated from operations		(1,522)	(584)
Interest received		149	75
Net cash provided by / (used in) operating activities	22	(1,373)	(509)
Cash flows from investing activities			
Payments for property, plant and equipment		(13)	-
Payment for exploration and evaluation		(1,908)	-
Payments for acquisition of tenements and mineral rights		(1,465)	-
Net cash provided by / (used in) investing activities		(3,386)	-
Cash flows from financing activities			
Proceeds from issue of share capital		7,000	-
Payments for cost of share issue		(477)	(3)
Net payments for cash backed guarantees		(35)	-
Net cash provided by / (used in) financing activities		6,488	(3)
Net increase/(decrease) in cash and cash equivalents			
		1,729	(512)
Cash and cash equivalents at beginning of year		1,322	1,834
Cash and cash equivalents at 30 June	8	3,051	1,322

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

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1 Statement of significant accounting policies

This financial report includes the financial statements and notes of Sirius Resources NL a listed public limited entity. As approved at the general meeting of shareholders on 17 August 2009, Croesus Mining NL changed its name to Sirius Resources NL. The Australian Securities and Investments Commission recorded this change of name on 9 September 2009 and for ASX purposes, the effective date for the company name and ASX code change was 17 September 2009. On that date, the ASX code changed from "CRS" to "SIR"

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non – current assets, financial assets and financial liabilities.

(b) Revenue Recognition

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1 Statement of significant accounting policies (continued)

(c) Income Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(d) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(e) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(g) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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1 Statement of significant accounting policies (continued)

(h) Issued Capital

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

(i) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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1 Statement of significant accounting policies (continued)
(k) Property, plant and equipment (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The depreciation rates used for each class of asset are:

- plant and equipment 22.5% - 40%
- fixtures and fittings 22.5% - 40%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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1 Statement of significant accounting policies (continued)

(l) Exploration and Evaluation Expenditure (continued)

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits.

Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(m) Interest in Joint Ventures

The Company's share of assets, liabilities, revenue and expenses of joint venture operations are included in appropriate items of the income statement and balance sheet. The Company's interests in joint venture entities are brought to account using the cost method.

(n) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value, In other circumstances, valuation techniques are adopted.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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1 Statement of significant accounting policies (continued)

(n) Financial Instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer or non-cash assets or liabilities assumed, is recognised in profit or loss.

(o) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Equity Settled Compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(r) Functional and presentation currency and rounding

(r)i *Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(r)ii *Rounding*

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(s) Adoption of new and revised accounting standards

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Sirius Resources NL.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity.

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1 Statement of significant accounting policies (continued)
(s) Adoption of new and revised accounting standards (continued)

Below is an overview of the key changes and the impact on the Company's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has not resulted in a significant change from the prior year, the company results are viewed as the only segment, as this is how they are reviewed by the chief operating decision maker.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101 Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include

- the replacement of Income Statements with Statement of Comprehensive Income. Items of income and expenses not recognised in profit and loss are not disclosed as components of "other comprehensive income".
- the adoption of a single statement approach to the presentation of Comprehensive Income.

Other financial statements are remanent in accordance with the standard.

(t) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.

1 Statement of significant accounting policies (continued)

(t) New standards and interpretations not yet adopted (continued)

- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

2 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks and provides written principles for overall risk management.

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets other than cash at bank, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

2 Financial Risk Management (continued)

Interest Rate Risk (continued)

2010	Floating	Fixed interest	Non-	Total	Weighted
Financial	interest rate	rate maturing	interest		average
Instruments	in 1 year or	in 1 year or	bearing		effective
	less	less	\$000's	\$000's	interest rate
	\$000's	\$000's	\$000's	\$000's	%
<i>(i) Financial assets</i>					
Cash assets	3,051	-	-	3,051	3.58
Trade and other receivables	-	-	110	110	
Total financial assets	3,051	-	110	3,161	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	1,124	1,124	
Total financial liabilities	-	-	1,124	1,124	

2009	Floating	Fixed	Non-	Total	Weighted
Financial	interest	interest	interest		average
Instruments	rate	rate	bearing		effective
	maturing in	maturing in	\$000's	\$000's	interest
	1 year or	1 year or	\$000's	\$000's	rate
	less	less	\$000's	\$000's	%
	\$000's	\$000's	\$000's	\$000's	
<i>(i) Financial assets</i>					
Cash assets	1,322	-	-	1,322	2.75
Trade and other receivables	-	-	30	30	
Total financial assets	1,322	-	30	1,352	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	60	60	
Total financial liabilities	-	-	60	60	

Trade and other payables are expected to be paid as follows:

	2010	2009
	\$000's	\$000's
Less than 6 months	1,124	60
6 months to a year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	1,124	60

2 Financial Risk Management (continued)
Interest Rate Risk (continued)

Net Fair Values

The net fair value of financial assets and liabilities are materially in line with their carrying values.

Sensitivity Analysis – Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at the balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in interest rates.

	2010	2009
Change in loss:	\$'000	\$'000
Increase by 1%	31	17
Decrease by 1%	(31)	(17)
Change in equity:		
Increase by 1%	31	17
Decrease by 1%	(31)	(17)

Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Management monitors rolling forecasts of the Company's cash reserves on the basis of expected exploration and corporate cashflows. This ensures that the Company complies with prudent liquidity risk management by maintaining sufficient cash and marketable securities and the availability of funding through the equity markets to meet obligations when due.

Credit Risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The credit risk on trade and other receivables is limited as it is comprised of GST recoverable from the ATO. The credit risk on liquid funds is limited because the counter party is a bank with high credit rating. There are no receivable balances which are past due or impaired.

Price risk

The Company is not exposed to commodity price risk.

3 Critical Accounting Estimates, Judgements and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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3 Critical Accounting Estimates, Judgements and Assumptions (continued)

The company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are areas of interest from which no reserves have been extracted, the directors' believe that such expenditure should not be written off since feasibility studies in these areas have not yet concluded. Refer to note 11 for details of the amounts carried forward.

4 Segment Information

During the financial year the disclosure requirements of AASB 8: Operating Segments came into effect.

Identification of reportable segment

The Company 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 income statement and balance sheet is the same as that presented to chief operation decision maker.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statement of the company.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the standard.

The Company operates predominantly in exploration in Australia.

5 Other expenses

	2010 \$000's	2009 \$000's
Administrative expenses	968	618
Share based payments	147	-
Depreciation	4	-
Transaction costs	1,006	-
	<u>2,129</u>	<u>618</u>

6 Other income

	2010 \$000's	2009 \$000's
Interest received	154	75
Other income	<u>154</u>	<u>75</u>

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7 Income Tax Expense

	2010	2009
	\$000's	\$000's
Recognised in the Income Statement		
Current tax	-	-
Deferred tax	-	-
Under (over) provided in prior years	-	-
Total income tax expense per income statement	-	-

Numerical reconciliation between tax expense and pre-tax net loss

Net loss before tax	(1,971)	(543)
Income tax benefit at 30%	(591)	(163)
Increase in income tax due to:		
Non-deductible expenses	65	-
Current year tax losses not recognised	696	163
Decrease in income tax due to:		
Movement in unrecognised temporary differences	(134)	-
Deductible equity raising costs	(36)	-
	-	-

Unrecognised deferred tax assets

	2010	2009
	\$000's	\$000's
Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	129	154
Tax revenue losses	3,990	3,295
Tax capital losses	1,293	1,293
	5,412	4,742

8 Cash and Cash Equivalents

	2010	2009
	\$000's	\$000's
Cash at bank and in hand. These are interest bearing with a floating interest rate of 5.19% per annum	3,051	1,322

9 Trade and Other Receivables

	2010	2009
	\$000's	\$000's
Goods and services tax refund due	67	30
Accrued interest	6	-
Bank guarantees	35	-
Other	2	-
	110	30

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10 Exploration and evaluation

	2010	2009
	\$'000's	\$'000's
Exploration costs	9,909	-
Movement during the period		
Balance at beginning of period	-	-
Expenditure incurred during the period and capitalised	2,514	-
Exploration expenditure relating to acquisitions (i)	7,395	-
Balance at end of period	9,909	-

(i) During the year ended 30 June 2010, the Company made the following acquisitions:

	Apex Nickel Australia	Carey Minerals	Creasy	Barrick
Cash \$'000	1,000	250	-	200
Shares (at Barrick at 1 cent per share, all other issues at 0.85 cents per share)	66,666,667	16,666,667	266,666,667	20,000,000
Options (exercise price at 3 cents per option)	600,000,000	150,000,000	-	-

The assets in relation to this acquisition are as follows:

- **Apex Nickel Australia and Carey Minerals**
The Company acquired Apex Nickel's 80% interest and Carey Mineral's 20% interest in the Apex Nickel-Carey Minerals joint venture. This joint venture has the right to earn a 70% interest in both the 2006 Lawlers Nickel joint venture (Lawlers 1 Project) and the separate 2008 Lawlers Joint joint venture (Lawlers 2 Project) which covers separate ground, together with 100% of certain nickel exploration tenements. The transaction costs in relation to this purchase, which was expensed to the income statement, were \$758,000.
- **Creasy entities**
The Company acquired a 70% interest in various tenements and mineral rights owned by Creasy Related Entities and will enter into joint ventures to explore and exploit the assets with the relevant Creasy Related Entities. There are 3 tenement groups involved in the Creasy transaction being Fraser Range, Youanmi and Collurabie. The transaction costs in relation to this purchase, which was expensed to the income statement, were \$219,000.
- **Barrick**
On 25 March 2010, the Company completed the purchase of Polar Bear tenements to own 100% of the project from Barrick Gold for a consideration of \$200,000 in cash and 20 million shares at \$0.01, plus a 2% net smelter royalty

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11 Property, Plant and Equipment

	Property, Plant and Equipment \$000's	Computer Software \$000's	Fixtures and fittings \$000's	Total \$000's
Cost or deemed cost				
Balance at 1 July 2009	-	-	-	-
Additions	1	12	1	14
Balance at 30 June 2010	1	12	1	14

	Property, Plant and Equipment \$000's	Computer Software \$000's	Fixtures and fittings \$000's	Total \$000's
Depreciation				
Balance at 1 July 2009	-	-	-	-
Depreciation for the year	-	4	-	4
Balance at 30 June 2010	-	4	-	4

Carrying amounts				
at 1 July 2009	-	-	-	-
at 30 June 2010	1	8	1	10

12 Trade and Other Payables

	2010 \$000's	2009 \$000's
Trade and other payables	1,124	60

These amounts generally arise from the usual operating activities of the Company. Collateral is not normally obtained.

13 Provisions

	Annual Leave \$000's
Balance at 1 July 2009	-
Provisions made during the period	21
Balance at 30 June 2010	21
Non-current	-
Current	21

Annual leave is provided for all employees of the Company in line with their employment contract. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

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14 Issued Capital				
(a) Share Capital	2010	2010	2009	2009
	Shares	\$	Shares	\$
Ordinary shares fully paid	1,642,680,028	117,561	449,150,615	107,923

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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.

(b) Other Equity Securities

(i) Employee Shares

As at 30 June 2010 there were 866 shares payable at \$2.85 which remain unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

(ii) Options

During 30 June 2010, the company has issued options to Directors, employees and selected service providers as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option	Fair Value at Grant Date
31/08/2009	30/08/2012	0.03	5,000,000	58,277
29/09/2009	28/09/2014	0.03	12,000,000	63,554
2/11/2009	1/11/2014	0.03	27,000,000	123,019

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. The options issued on 29 September 2009 vest after two years. There are no vesting conditions over the other options issued.

The options issued in September 2009 are expensed over the two year vesting period and there is \$23,855 to be expensed in the year ended 30 June 2010 and \$39,700 in the year ended 30 June 2011.

The 5,000,000 options issued on 31 August 2009 were issued to Blackwoods Capital for managing the capital raising in August 2009.

The 27,000,000 options issued on 2 November 2009 was issued to the directors of the Company.

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

	31 August 2009	29 September 2009	2 November 2009
Grant date share price	0.017	0.009	0.008
Exercise price	0.03	0.03	0.03
Expected volatility	100.00%	100.00%	100.00%
Option life	30-Aug-12	28-Sep-14	01-Nov-14
Dividend yield	0.00%	0.00%	0.00%
Interest rate	4.00%	4.00%	4.00%

14 Issued Capital (continued)

During 30 June 2010, the company has issued options to third parties as part of transactions to acquire tenements and minerals rights as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option	Fair Value at Grant Date
31/08/2009	30/08/2014	0.03	750,000,000	2,769,796

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. There are no vesting conditions over the options issued.

The weighted average fair value of the share options granted during the year is \$0.0038 (2009:nil)

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

	31 August 2009
Grant date share price	0.0085
Exercise price	0.03
Expected volatility	100.00%
Option life	30-Aug-14
Dividend yield	0.00%
Interest rate	4.00%

The following reconciles the outstanding share options granted in the year ended 30 June 2010:

	2010		2009	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at the beginning of the period	50,000,000	\$0.01	50,000,000	\$0.01
Granted during the period	794,000,000	\$0.03	-	-
Expired during the period	(50,000,000)	\$0.01	-	-
Balance at the end of the period	794,000,000	\$0.03	-	-
Exercisable at end of the period	782,000,000	\$0.03	50,000,000	\$0.01

No shares were issued during or since the end of the financial year on the exercise of options. No amounts are unpaid on any of the shares. No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

The weighted average contractual life for all options is 4.2 years.

14 Issued Capital (continued)

(c) Movement in Ordinary Share Capital

2010		Number of	Issue	Amount
Date	Details	shares	price	\$000's
1 July 2009	Opening balance	449,150,615		107,923
31 August 2009	Placement	72,705,882	\$0.085	618
31 August 2009	Placement	350,000,001	\$0.085	2,975
9 September 2009	Placement	750,823,530	\$0.085	6,382
25 March 2010	Placement	20,000,000	\$0.01	200
	Transaction costs	-		(537)
30 June 2010	Balance	1,642,680,028		117,561

2009		Number of	Issue	Amount
Date	Details	shares	price	\$000's
1 July 2008	Opening balance	449,150,615		107,923
	Transaction costs	-		-
30 June 2009	Balance	449,150,615		107,923

(d) Movement in Options

2010		Number of	Amount
Date	Details	shares	\$000's
1 July 2009	Opening balance	50,000,000	1
31 August 2009	Placement	5,000,000	58
31 August 2009	Placement	750,000,000	2,770
29 September 2009	Placement	12,000,000	24
2 November 2009	Placement	27,000,000	123
31 December 2009	Expired	(50,000,000)	(1)
30 June 2010	Balance	794,000,000	2,976

2009		Number of	Amount
Date	Details	shares	\$000's
1 July 2008	Opening balance	50,000,000	1
30 June 2009	Balance	50,000,000	1

15 Nature and Purpose of Reserves

	2010	2009
	\$000's	\$000's
Options reserve	2,771	1
Share based payments reserve	205	-
	2,976	1

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

The share based payments reserves recognises the fair value of the options issued to Directors, employees and service providers.

16 Dividends

There were no dividends recommended or paid during the financial year.

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17 Key Management Personnel Disclosures

(a) Directors

The following persons were Directors of Sirius Resources Mining NL during the financial year:

Mark Bennett (appointed 31 August 2009)
Jeffery Foster (appointed 31 August 2009)
Terry Grammer (appointed 25 June 2010)
Gary Steinepreis (resigned 31 August 2009)
Patrick Burke (resigned 31 August 2009)
David Steinepreis (resigned 31 August 2009)
Stephen Lowe

(i) Option holdings

2010 Director	Balance at the start of the year	Acquired during the year	Expired during the year	Balance at the end of the year
David Steinepreis	11,500,000	-	(11,500,000)	-
Gary Steinepreis	11,500,000	-	(11,500,000)	-
Pat Burke	2,000,000	-	(2,000,000)	-
Stephen Lowe	-	6,000,000	-	6,000,000
Mark Bennett	-	15,000,000	-	15,000,000
Jeffery Foster	-	6,000,000	-	6,000,000
Terry Grammer	-	-	-	-
	25,000,000	27,000,000	(25,000,000)	27,000,000

All options are vested and exercisable at the end of the year.

2009 Director	Balance at the start of the year	Acquired during the year	Disposed of during the year	Balance at the end of the year
David Steinepreis	11,500,000	-	-	11,500,000
Gary Steinepreis	11,500,000	-	-	11,500,000
Pat Burke	2,000,000	-	-	2,000,000
Stephen Lowe	-	-	-	-
	25,000,000	-	-	25,000,000

17 Key Management Personnel Disclosures (continued)

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Sirius Resources NL, including their personally related parties, are set out below:

2010	Balance at the start of the year	Change due to exercise of options	Other changes during the year	Balance at the end of the year
Directors				
David Steinepreis	43,000,000	-	(43,000,000)	-
Gary Steinepreis	64,000,000	-	(64,000,000)	-
Pat Burke	8,000,000	-	(8,000,000)	-
Stephen Lowe	3,872,760	-	-	3,872,760
Mark Bennett	-	-	7,000,001	7,000,001
Jeffery Foster	-	-	1,000,000	1,000,000
Terry Grammer	-	-	-	-
	118,872,760	-	(106,999,999)	11,872,761
2009	Balance at the start of the year	Change due to exercise of options	Other changes during the year	Balance at the end of the year
Directors				
David Steinepreis	43,000,000	-	-	43,000,000
Gary Steinepreis	64,000,000	-	-	64,000,000
Pat Burke	8,000,000	-	-	8,000,000
Stephen Lowe	3,872,760	-	-	3,872,760
	118,872,760	-	-	118,872,760

There were no shares granted during the reporting period as remuneration.

The other changes during the year are due to directors being appointed or resigning during the year.

18 Remuneration of Auditors

	2010	2009
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Company:		
Assurance Services		
<i>Audit services - WHK Horwath</i>		
Audit and review of financial reports under the Corporations Act 2001	32,400	24,200
Total remuneration for audit services	32,400	24,200

19 Commitments

The Company must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

	2010	2009
	\$000's	\$000's
Not later than one year	\$2,891	-
After one year but less than two years	\$2,891	-
After two years but less than five years	\$3,201	-
After five years	\$3,891	-
	\$11,754	-

20 Related Party Transactions

Disclosures relating to key management personnel are set out in the Directors' Report.

(a) Transaction with Related Parties

Leisurewest Consulting Pty Ltd an entity associated with Gary Steinepreis was paid fees in the amount of \$6,000 for providing corporate management services to the Company.

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of \$6,000 for providing corporate management to the Company in relation to assessing overseas projects and general services, office rent in the amount of \$3,500 and office costs of \$10,425. There is no formal rental agreement between the Company and Ord Street Services. In the current financial year the Company moved premises to Level 1 10 Ord Street West Perth and is renting on commercial terms.

Pat Burke was paid fees in the amount of \$6,000 for the provision of corporate management services in the running of the Company.

MKT Taxation Advisors an entity associated with Stephen Lowe was paid fees for professional services in the amount of \$35,380 (2009 - \$57,900). They were also paid fees in the amount of \$6,000 (2009: \$46,000) for the provision of the services of Stephen Lowe in undertaking corporate management responsibilities of the Company.

Foster Barton Foster Pty Ltd, an entity associated with Jeffrey Foster was paid fees in the amount of \$27,000 (2009: nil) for the provision of geological consultancy services to the Company.

(b) Outstanding Balances Arising from Sales / Purchases of Goods and Services

There were no outstanding balances at the reporting date in relation to transactions with related parties.

21 Events Occurring After the Balance Sheet Date

There are no significant after balance sheet date events to disclose.

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22 Reconciliation of Loss After Income Tax to Net Cash used in Operating Activities

	2010	2009
	\$000's	\$000's
Loss for the year	(1,971)	(543)
Depreciation	4	-
Equity Settled share based payment transaction	147	-
Non-cash adjustment to cost of capital payable	-	3
Changes in operating assets and liabilities:		
Increase in trade and other payables	506	18
Increase in provisions	21	-
Decrease / (increase) in receivables	(80)	13
Net cash outflow from operating activities	(1,373)	(509)

23 Non-Cash Investing and Financing Activities

During the financial year the Company purchased mineral rights and tenements for equity. See note 10 for further detail on the transactions.

24 Loss Per Share

	2010	2009
	\$000's	\$000's
(a) Reconciliation of Loss used in Calculating Loss Per Share		
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders	(1,971)	(543)
Profit / (loss) attributable to the ordinary equity holders used in calculating basic and diluted loss per share	(1,971)	(543)
(b) Weighted Average Number of Shares Used as the Denominator	2010	2009
	Number	Number
Ordinary shares used as the denominator in calculating basic loss per share	1,410,142,397	449,150,615
Ordinary shares used as the denominator in calculating diluted loss per share	1,410,142,397	449,150,615

At 30 June 2010, 794 million options (2009: 50 million) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

(c) Information Concerning the Classification of Securities

Options are considered to be potential ordinary shares.

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25 Joint Ventures

The company has interests in the following joint ventures:

Tenement Area	Activities	Equity Interest		Carrying Value	
		2010	2009	2010	2009
Polar Bear	Gold/Nickel/PGM	100.00 %	20.62 %	600	-
Lawlers	Nickel	70.00%	0.00%	2,097	-
Collurabbie	PGM	70.00%	0.00%	956	-
Fraser Range	Base Metals/PGM	70.00%	0.00%	1,258	-
Youanmi	PGM	70.00%	0.00%	4,998	-

26 Contingent Liabilities

There are no contingent liabilities relating to the Company (2009:\$3,387,000)

The 2009 contingent liabilities relating to the Company were in relation to statutory tenement commitments and service agreement commitments. The service agreement in place in 2009 had ceased and the commitments in relation to the tenements have been disclosed as commitments rather than contingent liabilities due to the change in situation of the Company.

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The Directors' of the Company declare that:

- 1 the financial statements and notes as set out on pages 15 to 41 are in accordance with the *Corporations Act 2001*, and
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance for the year ended on that date.
- 2 the financial report also complies with International Financial Reporting Standards as disclosed in note 1;
- 3 the directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have declared that:
 - (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (ii) the financial statements and notes for the financial year comply with the accounting standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.
- 4 in the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 5 the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with Australian Accounting Standards AASB 124 Related Party Disclosures, the *Corporations Act 2001* and the *Corporations Regulations 2001*.

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



Mark Bennett
Director
Western Australia
21st September 2010

INDEPENDENT AUDIT REPORT TO MEMBERS OF SIRIUS RESOURCES NL

Report on the Financial Report

We have audited the accompanying financial report of Sirius Resources NL (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion, the financial report of Sirius Resources NL is in accordance with the Corporations Act 2001 including:

- a) i. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the Directors Report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Sirius Resources NL for the year ended 30 June 2010, complies with s 300A of the Corporations Act 2001.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Partner

Perth, WA

Dated this 21st day of September 2010

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Corporate Governance Statement

Sirius Resources NL (the Company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. In April 2008 the directors adopted a board charter setting out the guidelines and structures required for the operation of the Company. A copy of the board charter is available on the Company's website at www.siriusresources.com.au

The 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 Resources NL has adopted and complied with the ASX Corporate Governance Principles and the corresponding Best Practice Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Principle 1 – Lay solid foundations for management and oversight

1.1 There is no delineation of functions between the board and senior executives.

All functions, roles and responsibilities are undertaken by the board as there are no executives other than directors as at the date of this report.

Principle 2 – Structure the board to add value

The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.

2.1 The Company does not have a majority of independent directors.

Consistent with the size of the Company and its activities, the board is comprised of four (4) directors, 1 of whom is considered an executive director.

The board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the board does not currently conform to its policy due to the change in the Company management undertaken during the financial year. It is the board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

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Corporate Governance Compliance (continued)

Principle 2 – Structure the board to add value (continued)

2.2 The chairman is not an independent director.

The chairman is one of the non-executive directors currently on the board and given the size and nature of operations of the Company this current status is considered appropriate. The board's policy is that the chairman shall be independent and non-executive at a time when the size of the Company and its activities warrants such a position.

2.4 A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Principle 4 – Safeguard integrity in financial reporting

4.1 The Company does not have an audit committee.

4.2 Given 4.1 the structure of the audit committee does not comply with the structure set out in the board charter adopted by the Company

The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board. The board's charter calls for the establishment of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The current size of the Company and the scale of its activities allows all directors to participate fully in all decision making.

Principle 7 – Recognise and manage risk

All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the board as a whole as there are no executives other than directors as at the date of this report.

The role of the Risk Management Committee has been assumed by the full Board operating under the Risk Management Committee Charter adopted by the Board.

The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Principle 8 – Remunerate fairly and responsibly

8.1 The Company does not have a Remuneration Committee.

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board. The current size of the Company and the scale of its activities allows all directors to participate fully in all decision making and the Directors consider this to be appropriate given the size and nature of operations of the Company

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Principle 8 – Remunerate fairly and responsibly (continued)

8.1 (continued) The shareholder information set out below was applicable as at the dates specified.

1 Distribution of Equity Securities (Current as at 20th September 2010)

Analysis of numbers of ordinary shareholders by size of holding:

				Number of Shareholders
1	-	1,000		736
1,001	-	5,000		364
5,001	-	10,000		49
10,001	-	100,000		406
100,001	and over			851
				2,406

2 Unquoted Equity Securities – Options (Current as at 20th September 2010)

	Number on issue	Number of holders
Options expiring 31 August 2012 at an exercise price of \$0.03 per option	5,000,000	1
Option-holders, holding 20% or more:		
Mancora Capital Pty Ltd	5,000,000	100%
Options expiring 31 August 2014 at an exercise price of \$0.03 per option	750,000,000	2
Option-holders, holding 20% or more:		
Yandal Investments Pty Ltd	600,000,000	80%
Denton Pty Ltd	150,000,000	20%
Options expiring 28 September 2014 at an exercise price of \$0.03 per option	12,000,000	6
Option-holders, holding 20% or more: nil		
Options expiring 1 November 2014 at an exercise price of \$0.03 per option	27,000,000	3
Option-holders, holding 20% or more:		
Dr Mark Bennett	15,000,000	56%
Mr Stephen Lowe	6,000,000	22%
Mr Jeffrey Foster	6,000,000	22%

Employee Shares

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As at 30 June 2010 there were 866 shares payable at \$2.85 which remain unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

3 Substantial Holders (Current as at 20th September 2010)

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

Ordinary Shares	Percentage of issued shares	
Name	Number held	shares
Yandal Investments Pty Ltd	470,579,858	28.65%

4 Equity Security Holders (Current as at 20th September 2010)

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

1. YANDAL INVESTMENTS PTY LTD	470,579,858	28.65%
2. CITICORP NOMINEES PTY LIMITED	114,756,226	6.99%
3. MR DAVID WAYNE AUSTIN + MRS CHRISTINA YIT LING AUSTIN <AUSTIN SUPER FUND A/C>	32,500,000	1.98%
4. CS FOURTH NOMINEES PTY LTD <UNPAID A/C>	29,411,765	1.79%
5. MS EMMA RADFORD	27,058,824	1.65%
6. MR NATHAN JOHN FEATHERBY	24,000,000	1.46%
7. ANZ NOMINEES LIMITED <CASH INCOME A/C>	22,325,366	1.36%
8. BARRICK (PLUTONIC) LIMITED	20,000,000	1.22%
9. JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	20,000,000	1.22%
10. LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	20,000,000	1.22%
11. DENTON PTY LTD <D & L FAMILY A/C>	16,666,667	1.01%
12. DR ANTHONY MICHAEL BURKE	16,000,000	0.97%
13. CASTLE BAILEY PTY LTD <D & S BAILEY FAMILY A/C>	13,000,000	0.79%
14. HALLAM DRAINAGE PTY LTD	12,505,215	0.76%
15. AMBERGATE NOMINEES PTY LTD <AMBERGATE SUPER FUND A/C>	12,000,000	0.73%
16. LOCOPE PTY LTD	11,764,706	0.72%
17. MR GARY CLIVE BERWYN DAVIES + MRS CHRISTINE ANN DAVIES <THE DAVIES SUPER FUND A/C>	11,000,000	0.67%
18. J P MORGAN NOMINEES AUSTRALIA LIMITED	10,192,892	0.62%
19. CARDY & COMPANY PTY LTD	10,000,000	0.61%
20. CHEMBANK PTY LIMITED <PHILANDRON ACCOUNT>	10,000,000	0.61%
	903,761,519	55.02%

5 Voting Rights

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

- (a) *Ordinary Shares:* On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) *Options:* These securities have no voting rights.

6 On-Market Buy-Back: There is no current on-market buy-back.

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7 Tenement Schedule

Polar Bear

Sirius Resources NL has 100% ownership

E63/1142	P15/5170	M63/404 (Application)	P 63/1594	M15/651
P 15/5169 (Application)	P 63/1587	P 63/1588	P 63/1589	P 63/1590
M15/710	M15/1486 (Application)	P15/5171	E15/991 (Application)	P 15/5167
M15/1110 (Application)	M15/1487 (Application)	M63/399 (Application)	P 63/1592	P 63/1593
M15/1111 (Application)	M63/230	P15/5172	M63/279	P63/1586
M15/1148 (Application)	M63/255	P63/1584	P 15/5168	M15/1178 (Application)
M15/1177 (Application)	M63/269	P63/1585	P 63/1591	

Collurabbie Joint Venture

Sirius Resources NL has 70% of all mineral rights

E38/1346	E38/2171	E38/2213	E38/2214	E38/2215
E38/2216	E38/2217	E38/2218	E38/2170	

Youanmi Joint Venture

Sirius Resources NL has 70% of all mineral rights except Ti-V-Fe

E57/699-I	E57/700-I	E57/701-I	E57/702-I
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Boundary Well

Sirius Resources NL has 100% of all mineral rights

E36/704	
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Fraser Range Joint Venture

Sirius Resources NL has 70% of all base metal rights

E28/1724	E63/808	E63/809	E63/811	E63/812
E63/1103	E28/1717	E28/1718	E28/1450	E28/1452
E28/1461	E28/1716	E39/1275		

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Fraser Range

Sirius Resources NL has 100% of all mineral rights

E63/1319	E63/1320	E63/1371 (Application)	E63/1372 (Application)
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Lawlers 2006 Joint Venture (Nickel)

Sirius Resources NL has 70% of nickel sulphide rights

M36/273	M36/274	M36/275	M36/276	M36/366
M36/391	M36/408	M36/443	M36/576	M36/577
M36/578	M36/579	M36/622	M36/623	M36/624

Lawlers 2008 Nickel Joint Venture

Sirius Resources NL is earning 70% of nickel sulphide rights

M36/171	M36/172	M36/174	M36/277	M36/278
M36/314	M36/369	M36/380	M36/381	M36/382
M36/384	M36/411	M36/442	M36/495	M36/496
M36/635	M36/636	P36/1545		

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Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr. Mark Bennett, who is an employee of the company. Dr Bennett is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bennett consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures. Reverse circulation (RC), aircore and rotary air blast (RAB) drilling samples are collected as 1 metre samples and composited where stated. Core samples are taken as half core sampled to geological boundaries where appropriate. In the case of soil samples, PGM assays are based on an aqua regia digest and Inductively Coupled Plasma (ICP) finish, and base metal assays are based on a four acid digest and inductively coupled plasma mass spectrometry (ICPMS), inductively coupled optical emission spectrometry (ICPOES) or atomic absorption spectrometry (AAS) finish. In the case of rockchip samples, PGM assays are based on lead or nickel sulphide collection fire assay digests and an ICP finish, base metal assays are based on a four acid digest and inductively coupled plasma mass spectrometry (ICPMS), inductively coupled optical emission spectrometry (ICPOES) and atomic absorption spectrometry (AAS) finish, and oxide metal elements such as Fe, Ti and Cr are based on a lithium borate fusion digest and X-ray fluorescence (XRF) finish. Sample preparation and analysis is undertaken at Genalysis Intertek and Ultratrace laboratories in Perth, Western Australia.

The accuracy and precision of analytical results is monitored by the use of internal laboratory procedures and, where appropriate, certified standards, and subsequent statistical analysis to ensure that results are representative. Exploration results obtained by other companies and quoted by Sirius have not necessarily been obtained using the same methods or subjected to the same QAQC protocols. These results have not necessarily been independently verified because original samples and/or data may no longer be available.

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