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SIRIUS RESOURCES NL

ABN 46 009 150 083

Financial Report

For the Year Ended 30 June 2011

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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

Registered Office

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

Share Register

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

Auditor

Crowe Horwath Perth
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 of Sirius Resources NL ("Directors") present their report on the Consolidated Entity consisting of Sirius Resources NL ("the Company" or "Sirius") and the entities it controlled at the end of, or during, the period ended 30 June 2011 ("Consolidated Entity" or "Group").

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

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, Forrestania 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	400,001
Options	1,500,000

Jeffrey Foster - Non-Executive Director

Experience and Expertise

Jeff 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)

Jeff 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, Jeff 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	76,691
Options	600,000

Stephen John Lowe - Executive director

Experience and Expertise

Stephen 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

Director of Coziron Resources Ltd since 22 October 2010

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	243,638
Options	600,000

Terry Grammer - Non-Executive Director

Experience and Expertise

Terry 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.

Terry 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
Director of Fortis Mining Ltd since 13 December 2010

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

Shares	None
Options	300,000

COMPANY SECRETARY

The company secretary is Anna Neuling.

PRINCIPAL ACTIVITIES

The principal continuing activity of the Group is mineral exploration.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 21 October 2010, the Group announced the agreement to purchase 70% in Fraser Range tenements owned privately by Mark Creasy. The consideration of \$2,782,000 was paid in the issue of 276,000,000 shares and 2,200,000 Performance shares.

The Group also completed a 1 for 20 share consolidation in December 2010.

The Group also completed a capital raising on 7 January 2011 and issued 55,000,000 shares at \$0.20 per share and 27,500,000 free attaching options totalling \$11,000,000 less capital raising costs of \$676,500. \$430,000 of the capital raising costs were paid in shares to the broker.

Subsequent to year end, the Group announced it has performed a strategic review and was withdrawing from the Lawlers Nickel (2006) Joint Venture. As a result, the Group has written off its exploration expenditure it was carrying in regards to the Lawlers Joint Ventures.

Other than the above there was no significant change in the state of affairs of the Group 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 \$9,271,406 (2010: \$1,971,066). Additional information on the operations and financial position of the Group 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 Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

The Group'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 Group.

Environmental Issues

The Group'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 nine meetings of the Company's board of directors held during the year ended 30 June 2011. 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	9	9
Jeffery Foster	9	9
Terry Grammer	8	9
Steve Lowe	9	9

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 Group. 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 Group'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 Group 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 other than superannuation guarantee amounts as required.

REMUNERATION REPORT (continued)

2 Details of Remuneration

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

2011	Short term payments	Post – employment benefits	Share based payments	Total	Share based payments – % of remuneration
Directors	\$	\$	\$	\$	
M Bennett	350,000	31,500	73,861	455,361	16%
J Foster	40,000	3,600	29,544	73,144	40%
T Grammer	40,462	3,642	29,544	73,647	40%
S Lowe	60,000	5,400	29,544	94,944	31%
Management					
A Neuling(i)	82,216	-	19,696	101,912	19%
T Craske	149,077	13,417	19,696	182,190	11%
	721,755	57,559	201,885	981,198	

Directors	Short term payments	Post-employment benefits	Share based payments	Total	Share based payments – % of remuneration
2010	\$	\$	\$	\$	
M Bennett	234,743	19,492	68,344	322,579	21%
J Foster	36,819	3,313	27,337	67,469	41%
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	29%
	350,310	28,002	123,018	501,330	

- (i) Amounts shown as remuneration for Ms Neuling are fees paid to Erasmus Consulting Pty Ltd (“Erasmus”), a Company controlled by Ms Neuling which provides, Company Secretarial, Accounting and Financial services to the Group. The amounts include payment for services provided by Ms Neuling and other members of staff employed or retained by Erasmus.

2011

In the year ended 30 June 2011, there were no transactions with related parties to the key management personnel.

2010

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 Group.

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REMUNERATION REPORT (continued)

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

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

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

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

3 Service Agreements

On 24 November 2009 the Group 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 Group 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 Group 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 Group. On termination on notice by the Group, the Group is obliged to pay the Executive a three month service fee.
- The Group 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.

On 20 September 2010 the Group entered into an Employment contract with Tim Craske. Under the terms of the contract:

- Mr Craske will be paid a minimum remuneration package of \$190,000p.a. base salary plus superannuation.
- The contract can be terminated by either party by not less than one months' notice in writing.

Remuneration and other terms of agreement with Anna Neuling in her capacity as the Company Secretary are formalised in an agreement with Erasmus Consulting Pty Ltd (a related entity of Ms Neuling) which was entered into during the year. The agreement is on normal commercial terms and provides for a minimum monthly retainer plus hourly rate and has a three month notice period.

REMUNERATION REPORT (continued)

4 Share-Based Compensation

On 26 November 2010 Dr Bennett, Mr Lowe, Mr Foster and Mr Grammer were all granted options after shareholders ratified a motioned resolution at the Group's Annual General Meeting.

On 2 November 2009 Dr Bennett, Mr Lowe and Mr Foster were all granted options after shareholders ratified a motioned resolution at the Group's Annual General Meeting.

Option holdings

2011 Director	Balance at the start of the year	Consolidation during the year	Acquired during the year	Expired during the year	Balance at the end of the year
S Lowe	6,000,000	(5,700,000)	300,000	-	600,000
M Bennett	15,000,000	(14,250,000)	750,000	-	1,500,000
J Foster	6,000,000	(5,700,000)	300,000	-	600,000
T Grammer	-	-	300,000	-	300,000
Management					
A Neuling	2,000,000	(1,900,000)	200,000	-	300,000
TCraske	-	-	200,000	-	200,000
	29,000,000	(27,550,000)	2,050,000	-	3,500,000

The comparatives are pre – consolidation.

2010 Director	Balance at the start of the year	Acquired during the year	Expired during the year	Balance at the end of the year
D Steinepreis	11,500,000	-	(11,500,000)	-
G Steinepreis	11,500,000	-	(11,500,000)	-
P Burke	2,000,000	-	(2,000,000)	-
S Lowe	-	6,000,000	-	6,000,000
M Bennett	-	15,000,000	-	15,000,000
J Foster	-	6,000,000	-	6,000,000
T 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 except for 100,000 of Ms Neuling's options which are due to vest in November 2011.

INDEMNIFYING OF OFFICERS OR AUDITOR

During the year the Group has paid a premium in respect of insuring directors and officers of the Group against liabilities incurred as a director. The insurer shall pay on behalf of the Group or each Director or Officer all losses for which the Director or Officer is not indemnified by the Group 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
7/01/2011	31/12/2012	60 cents	33,000,000
31/08/2009	31/08/2012	60 cents	250,000
31/08/2009	31/08/2014	60 cents	37,500,000
29/09/2009	28/09/2014	60 cents	600,000
2/11/2009	1/11/2014	60 cents	1,350,000
1/11/2010	31/10/2015	60 cents	550,000
27/11/2010	27/11/2015	60 cents	1,650,000
21/02/2011	18/02/2016	60 cents	200,000

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 2011 there were 44 shares payable at \$57 which remains unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

PROCEEDINGS ON BEHALF OF THE GROUP

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

AUDITOR

Crowe 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 Group 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 Group 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 \$39,720 (2010:\$32,400) 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 Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

CORPORATE GOVERNANCE

The directors of the Group 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
Balcatta
27 September 2011



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 2011, 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.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink that reads "Cyrus Patell".

CYRUS PATELL
Partner

Signed at Perth, 27 September 2011

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**SIRIUS RESOURCES NL
CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	<i>Note</i>	Jun 2011	Jun 2010
		\$'000's	\$'000's
Other income	6	274	154
Administrative expenses	5	(998)	(972)
Share based payments	5	(277)	(147)
Exploration written off		(7,984)	-
Transaction costs	5	(287)	(1,006)
Loss before income tax		(9,272)	(1,971)
Income tax expense	7	-	-
Loss for the period		(9,272)	(1,971)
Other comprehensive income		-	-
Total Comprehensive loss		(9,272)	(1,971)
		Cents	Cents
Basic and Diluted loss per share (AUD)	24	<u>(7.96)</u>	<u>(2.79)</u>

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

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**SIRIUS RESOURCES NL
CONSOLIDATED STATEMENT OF FINANCIAL
POSITION
AS AT 30 JUNE 2011**

	<i>Note</i>	Jun 2011 \$'000's	Jun 2010 \$'000's
Assets			
Cash and cash equivalents	8	6,068	3,051
Trade and other receivables	9	889	110
Total current assets		6,957	3,161
Exploration and evaluation	10	9,786	9,909
Property, plant and equipment	11	103	10
Total non-current assets		9,889	9,919
Total assets		16,846	13,080
Liabilities			
Trade and other payables	12	730	1,124
Provisions	13	70	21
Total liabilities		800	1,145
Net assets		16,046	11,935
Equity			
Share capital	14	129,902	117,561
Reserves	15	4,018	2,976
Accumulated losses		(117,874)	(108,602)
Total equity		16,046	11,935

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

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SIRIUS RESOURCES NL
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Attributable to equity holders of the Group	Share capital \$'000's	Option Reserve \$'000's	Share based payments Reserve \$'000's	Retained earnings \$'000's	Total \$'000's
Balance at 1 July 2009	107,923	1	-	(106,631)	1,293
Total comprehensive loss for the period	-	-	-	(1,971)	(1,971)
Transactions with owners, recorded directly in equity	-	-	-	-	-
<i>Contributions by and distributions to owners</i>					
Issue of share capital	10,175	-	-	-	10,175
Capital raising costs	(537)	-	-	-	(537)
Share-based payment transactions	-	-	205	-	205
Issued options	-	2,770	-	-	2,770
Total contributions by and distributions to owners	9,638	2,770	205	(1,971)	10,642
Balance at 30 June 2010	117,561	2,771	205	(108,602)	11,935
Attributable to equity holders of the Group	Share capital \$'000's	Option Reserve \$'000's	Share based payments Reserve \$'000's	Retained earnings \$'000's	Total \$'000's
Balance at 1 July 2010	117,561	2,771	205	(108,602)	11,935
Total comprehensive loss for the period	-	-	-	(9,272)	(9,272)
Transactions with owners, recorded directly in equity	-	-	-	-	-
<i>Contributions by and distributions to owners</i>					
Issue of share capital	13,782	-	-	-	13,782
Capital raising costs	(1,441)	-	-	-	(1,441)
Share-based payment transactions	-	765	277	-	1,042
Issued options	-	-	-	-	-
Total contributions by and distributions to owners	12,341	765	277	(9,272)	4,111
Balance at 30 June 2011	129,902	3,536	482	(117,874)	16,046

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



**SIRIUS RESOURCES NL
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	<i>Note</i>	Jun 2011 \$'000's	Jun 2010 \$'000's
Cash flows from operating activities			
Receipts		-	295
Cash paid to suppliers and employees		(1,575)	(1,817)
Cash generated from operations		(1,575)	(1,522)
Interest received		160	149
Interest paid and other costs of finance		(2)	-
Net cash (used in) operating activities	<i>22</i>	(1,417)	(1,373)
Cash flows from investing activities			
Payments for property, plant and equipment		(128)	(13)
Payment for exploration and evaluation		(5,678)	(1,908)
Payments for acquisition of tenements and mineral rights		-	(1,465)
Net cash (used in) investing activities		(5,806)	(3,386)
Cash flows from financing activities			
Proceeds from issue of share capital		10,570	7,000
Payments for cost of share issue		(247)	(477)
Net payments for cash backed guarantees		(84)	(35)
Net cash provided by financing activities		10,239	6,488
Net increase in cash and cash equivalents		3,016	1,729
Cash and cash equivalents at beginning of year		3,051	1,322
Cash and cash equivalents at 30 June	<i>8</i>	6,068	3,051

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

Sirius Resources NL (Company or Sirius) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Group as at and for the year to 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The separate financial statements of the parent entity, Sirius Resources NL, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

(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.

1 Statement of significant accounting policies (continued)

(c) Income Tax (continued)

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.

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 Group 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 statement of comprehensive income. 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 Group 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 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 Group 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 statement of comprehensive income.

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1 Statement of significant accounting policies (continued)

(g) Trade and Other Payables

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

(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 Group, 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.

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

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.

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 Group, 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 or their useful lives unless it is reasonably certain that the Group 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.

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1 Statement of significant accounting policies (continued)

(l) Exploration and Evaluation Expenditure (continued)

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.

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 Group's share of assets, liabilities, revenue and expenses of joint venture operations are included in appropriate items of the statement of comprehensive income and statement of financial position.

The Group'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.

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1 Statement of significant accounting policies (continued)
(n) Financial Instruments (continued)

Impairment

At each reporting date, the Group 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 statement of comprehensive income.

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

(r)ii Rounding

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

1 Statement of significant accounting policies (continued)

(s) Employee Benefits

(s)i Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(s) ii Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(s) iii Share-based payments

Share-based compensation benefits are provided to employees via the Employee Option Plan. The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(s)iv Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1 Statement of significant accounting policies (continued)

(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 2011, but have not been applied in preparing this financial report.

<p>AASB 2010-4 Amendments to Australian Accounting Standards – Financial Instruments: Disclosures [AASB 7] (effective 1 January 2011)</p> <p>In June 2010 the AASB issued an amendment to AASB 7 <i>Financial Instruments: Disclosures</i>, which deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.</p>
<p>AASB 2010-4 Amendments to Australian Accounting Standards – Presentation of Financial Statements [AASB 101] (effective 1 January 2011)</p> <p>In June 2010 the AASB issued an amendment to AASB 101 <i>Presentation of Financial Statements</i>, which allows that a detailed reconciliation of each item of other comprehensive income may be included in the statement of changes in equity or in the notes to the financial statements. There will be no impact on initial adoption of this amendment as a detailed reconciliation of each item of other comprehensive income has always been included in the statement of changes in equity.</p>
<p>Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)</p> <p>In December 2009 the AASB issued a revised AASB 124 <i>Related Party Disclosures</i>. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Group will apply the amended standards from 1 July 2011. When the amendments are applied, the Group and the parent will need to disclose any transaction between its subsidiaries. However, it has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.</p>
<p>AASB 9 (issued December 2009) - Financial Instruments (Effective from 1 January 2013)</p> <p>This amends the requirements for classification and measurement of financial asset. Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 period end, the entity has not yet made an assessment of the impact of these amendments.</p>
<p>IFRS 11 (issued May 2011) Joint Arrangements (Effective from Annual reporting periods commencing on or after 1 January 2013)</p> <p>Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).</p> <p>Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).</p> <p>However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.</p>
<p>IFRS 12 Disclosure of interest in other entities (Effective from 1 Jan 2013)</p> <p>Combines existing disclosures from IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.</p>
<p>IFRS 13 Fair Value Measurement (Effective from 1 Jan 2013)</p> <p>Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.</p>
<p>IFRS 10 Consolidated Financial Statements (Effective from Annual reporting periods commencing on or after 1 January 2013)</p> <p>Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:</p> <ul style="list-style-type: none"> - Power over investee (whether or not power used in practice) - Exposure, or rights, to variable returns from investee - Ability to use power over investee to affect the entity's returns from investee.

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2 Financial Risk Management

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

The Group'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 Group'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 Group. 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 Group 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 Group has no significant interest-bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

2011 Financial Instruments	Floating interest rate \$000's	Fixed interest rate maturing in 1 year or less \$000's	Non- interest bearing \$000's	Total \$000's	Weighted average effective interest rate %
<i>(i) Financial assets</i>					
Cash assets	68	6,000	-	6,068	5.98
Trade and other receivables	-	-	889	889	
Total financial assets	68	6,000	889	6,957	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	730	730	
Total financial liabilities	-	-	730	730	

2 Financial Risk Management (continued)

Interest Rate Risk (continued)

2010 Financial Instruments	Floating interest rate \$000's	Fixed interest rate maturing in 1 year or less \$000's	Non- interest bearing \$000's	Total \$000's	Weighted average effective interest rate %
<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	

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

	2011 \$'000's	2010 \$'000's
Less than 6 months	808	1,124
6 months to a year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	808	1,124

Net Fair Values

The net fair value of financial assets and liabilities approximate carrying values.

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2 Financial Risk Management (continued)

Interest Rate Risk (continued)

Sensitivity Analysis – Interest Rate Risk

The Group 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 from a change in interest rates.

	2011 \$'000	2010 \$'000
Change in loss:		
Increase by 1%	61	31
Decrease by 1%	(61)	(31)
Change in equity:		
Increase by 1%	61	31
Decrease by 1%	(61)	(31)

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Management monitors rolling forecasts of the Group's cash reserves on the basis of expected exploration and corporate cashflows. This ensures that the Group 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 Group, which comprise cash and cash equivalents and trade and other receivables. The Group'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 Group 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 Group and that are believed to be reasonable under the circumstances.

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3 Critical Accounting Estimates, Judgements and Assumptions (continued)

The Group 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 10 for details of the amounts carried forward and written off.

4 Segment Information

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

Identification of reportable segment

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

The financial information presented in the statement of comprehensive income and statement of financial position 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 Group.

The Group operates predominantly in exploration in Australia.

5 Other expenses

	2011 \$000's	2010 \$000's
Administrative expenses	962	968
Share based payments	277	147
Depreciation	35	4
Transaction costs	287	1,006
	1,561	2,125

6 Other income

	2011 \$000's	2010 \$000's
Interest received	274	154
Other income	274	154

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7 Income Tax Expense

	2011 \$000's	2010 \$000's
Recognised in the statement of comprehensive income		
Current tax	-	-
Deferred tax	-	-
Under (over) provided in prior years	-	-
Total income tax expense per statement of comprehensive income	-	-

Numerical reconciliation between tax expense and pre-tax net loss

Net loss before tax	(9,271)	(1,971)
Income tax benefit at 30%	(2,781)	(591)
Increase in income tax due to:		
Non-deductible expenses	84	65
Current year tax losses not recognised	2,760	696
Derecognition of previously recognised tax losses	13	-
Decrease in income tax due to:		
Movement in unrecognised temporary differences	-	(134)
Deductible equity raising costs	(76)	(36)
	-	-

Unrecognised deferred tax assets

	2011 \$000's	2010 \$000's
Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	255	129
Tax revenue losses	6,784	3,990
Tax capital losses	1,293	1,293
	8,332	5,412

8 Cash and Cash Equivalents

	2011 \$000's	2010 \$000's
Cash at bank and in hand.	6,068	3,051

9 Trade and Other Receivables

	2011 \$000's	2010 \$000's
Goods and services tax refund due	628	67
Accrued interest	119	6
Bank guarantees	119	35
Other	23	2
	889	110

10 Exploration and evaluation

	2011	2010
	\$'000's	\$'000's
Exploration costs	9,786	9,909
Movement during the period		
Balance at beginning of period	9,909	-
Expenditure incurred during the period and capitalised	5,079	2,514
Exploration expenditure written off (ii)	(7,984)	-
Exploration expenditure relating to acquisitions (i)	2,782	7,395
Balance at end of period	9,786	9,909

- (i) During the year ended 30 June 2011, the Group 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. The consideration of \$2,782,000 was satisfied by the issue of 13,800,000 shares post consolidation and 22,000 Performance shares. There is 1 tenement group involved in the Creasy transaction being Fraser Range. The transaction costs in relation to this purchase, which were expensed, were \$287,000.

During the year ended 30 June 2010, the Group made the following acquisitions:

	Apex Nickel Australia	Carey Minerals	Creasy	Barrick
Cash \$'000	1,000	250	-	200
Shares (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 Group 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 were expensed, were \$758,000.
- **Creasy entities**
The Group 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 were expensed, were \$219,000.

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• **Barrick**

On 25 March 2010, the Group 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

- (ii) Subsequent to year end, the Group announced it has performed a strategic review and was withdrawing from the Lawlers Nickel (2006) Joint Venture. As a result, the Group has written off its exploration expenditure it was carrying in regards to the Lawlers Joint Ventures.

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 2010	1	12	1	14
Additions	88	3	36	127
Balance at 30 June 2011	89	15	37	141

	Property, Plant and Equipment \$000's	Computer Software \$000's	Fixtures and fittings \$000's	Total \$000's
Depreciation				
Balance at 1 July 2010	-	4	-	4
Depreciation for the year	20	4	10	34
Balance at 30 June 2011	20	8	10	38

Carrying amounts				
at 1 July 2010	1	8	1	10
at 30 June 2011	69	7	27	103

	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

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12 Trade and Other Payables

	2011	2010
	\$000's	\$000's
Trade and other payables	730	1,124

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

13 Provisions

	Annual Leave
	\$000's
Balance at 1 July 2010	21
Provisions made during the period	49
Balance at 30 June 2011	70
Non-current	
Current	70

	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 Group in line with their employment contract. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

14 Issued Capital

	2011	2011	2010	2010
(a) Share Capital	Shares	\$	Shares	\$
Ordinary shares fully paid(i)	150,934,586	130,644	82,134,001	117,561
Performance shares(ii)	2,200,000	22	-	-

(i) 1,642,680,028 shares on issue in the prior year prior to the 1 for 20 consolidation which took place in December 2010.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(ii) The Performance shares were issued to a Mark Creasy related entity as part of the transaction to purchase rights to Fraser Range tenements.

(b) Other Equity Securities

(i) Employee Shares

As at 30 June 2011 there were 44 shares payable at \$57 which remain unconverted to ordinary shares. Employee shares are not recognised in the accounts until conversion.

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14 Issued Capital (continued)

(ii) Options

Each share option converts into one ordinary share of Sirius Resources NL on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

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

Options Series	Number	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(1) Issued at 31 August 2009	250,000	31/08/2009	30/08/2012	0.60	0.15
(2) Issued at 29 September 2009	600,000	29/09/2009	28/09/2014	0.60	0.11
(3) Issued at 2 November 2009	1,350,000	02/11/2009	01/11/2014	0.60	0.09
(4) Issued at 1 November 2010	550,000	1/11/2010	31/10/2015	0.60	0.10
(5) Issued at 27 November 2010	1,650,000	27/11/2010	27/11/2015	0.60	0.10
(6) Issued at 7 January 2011	5,500,000	7/1/2011	7/1/2013	0.60	0.14
(7) Issued at 21 February 2011	200,000	21/02/2011	18/12/2016	0.60	0.15

- (1) The 250,000 options in series 1 which vested immediately was issued to Blackwoods Capital for managing the capital raising in August 2009 and was valued at \$58,277.
- (2) The options in series 2 are expensed over the two year vesting period and there is \$47,709 to be expensed in the year ended 30 June 2010 and \$79,399 in the year ended 30 June 2011.
- (3) The 1,350,000 options in series 3 which vested immediately was issued to the directors of the Group and valued at \$123,019.
- (4) The 550,000 options in series 4 which vested immediately were valued at \$54,165.
- (5) The 1,650,000 options in series 5 which vested immediately was issued to the directors of the Group and valued at \$162,495.
- (6) The 5,500,000 options in series 6 were issued to RM for managing the capital raising in January 2011 and were valued at \$764,500.
- (7) The 200,000 options vested immediately and were issued to employees under the Employee Share Option Plan.

The weighted average fair value of the share options granted during the year is \$0.10 (2010: \$0.10).

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

	Series 1	Series 2	Series 3	Series 4
Grant date share price	0.34	0.18	0.16	0.28
Exercise price	0.60	0.60	0.60	0.60
Expected volatility	100.00%	100.00%	100.00%	100%
Option life	30-Aug-12	28-Sep-14	01-Nov-14	31-Oct-15
Dividend yield	0.00%	0.00%	0.00%	0.00%
Interest rate	4.00%	4.00%	4.00%	4.75%

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14 Issued Capital (continued)
(iii) **Options** (continued)

	Series 5	Series 6	Series 7
Grant date share price	0.28	0.34	0.23
Exercise price	0.60	0.60	0.60
Expected volatility	100%	100%	100%
Option life	27-Nov-15	31-Dec-12	18-Feb-16
Dividend yield	0.00%	0.00%	0.00%
Interest rate	4.75%	5.00%	4.75%

During 30 June 2010, the Group 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	0.60	37,500,000	0.07

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 \$0.07 (2010:\$0.01)

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

	31 August 2009
Grant date share price	0.17
Exercise price	0.60
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 2011:

	2011		2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at the beginning of the period	794,000,000	\$0.60	50,000,000	\$0.20
Share consolidation	(754,300,000)			
Granted during the year	7,900,000	\$0.60	794,000,000	\$0.60
Expired during the year	-	\$0.60	(50,000,000)	\$0.20
Balance at the end of the year	47,600,000	\$0.60	794,000,000	\$0.60
Un-exercisable at the end of the year	600,000	\$0.60	12,000,000	\$0.60
Exercisable at end of the year	47,000,000	\$0.60	782,000,000	\$0.60

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14 Issued Capital (continued)

(iv) **Options** (continued)

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 4.9 (2010: 4.2) years.

(c) Movement in Ordinary Share Capital

2011 Date	Details	Number of shares	Issue price	Amount \$000's
1 July 2010	Opening balance	1,642,680,028		117,561
28 December 2010	Consolidation	(1,516,545,442)	-	-
26 November 2010	Placement	13,800,000	\$0.20	2,760
7 January 2011	Placement	11,000,000	\$0.20	11,000
	Transaction costs	-		(1,441)
30 June 2011	Balance	150,934,586		129,880

Performance Shares

2011 Date	Details	Number of shares	Issue price	Amount \$000's
1 July 2010	Opening balance	-		-
26 November 2010	Placement	2,200,000	\$0.01	22
30 June 2011	Balance	2,200,000		22
30 June 2011	Balance	153,134,586		129,902

The Performance shares convert to one ordinary share once an independently Inferred Resource of greater than 50,000 ozs of gold is determined within the tenement area of E28/1713, E28/1714, E28/1715 and E28/1630 as long as the Group maintains a minimum of a 50% interest in the tenement area.

The comparatives are pre – consolidation.

2010 Date	Details	Number of shares	Issue price	Amount \$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

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14 Issued Capital (continued)

(d) Movement in Options

2011 Date	Details	Number of shares	Amount \$000's
1 July 2010	Opening balance	794,000,000	2,976
28 December 2010	Consolidation	(754,300,000)	-
1 November 2010	Placement	550,000	54
27 November 2010	Placement	1,650,000	162
31 December 2010	Placement	27,500,000	-
31 December 2010	Placement	5,500,000	765
21 February 2011	Placement	200,000	29
	Prior year options expense over vesting period	-	32
	Expired	-	-
30 June 2011	Balance	75,100,000	4,018

The comparatives are pre – consolidation.

2010 Date	Details	Number of shares	Amount \$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

15 Nature and Purpose of Reserves

	2011 \$000's	2010 \$000's
Options reserve	3,536	2,771
Share based payments reserve	482	205
	4,018	2,976

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.

17 Key Management Personnel Disclosures

	2011 \$	2010 \$
Short term employee benefits	721,755	350,310
Post-employment benefits	57,599	28,002
Non-monetary benefits	-	-
Share based payment	201,885	123,018
	981,198	501,330

Detailed remuneration disclosures are provided in the remuneration report.

(i) Option holdings

2011 Director	Balance at the start of the year	Consolidation during the year	Acquired during the year	Expired during the year	Balance at the end of the year
Stephen Lowe	6,000,000	(5,700,000)	300,000	-	600,000
Mark Bennett	15,000,000	(14,250,000)	750,000	-	1,500,000
Jeffery Foster	6,000,000	(5,700,000)	300,000	-	600,000
Terry Grammer	-	-	300,000	-	300,000
Management					
Anna Neuling	2,000,000	(1,900,000)	200,000	-	300,000
Timothy Craske	-	-	200,000	-	200,000
	29,000,000	(27,550,000)	2,050,000	-	3,500,000

The comparatives are pre – consolidation.

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 except for 100,000 of Ms Neuling's options which are due to vest in November 2011.

17 Key Management Personnel Disclosures (continued)

(ii) Share holdings

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

2011	Balance at the start of the year	Change due to share consolidation	Other changes during the year	Balance at the end of the year
Directors				
Stephen Lowe	3,872,760	(3,679,122)	50,000	243,638
Mark Bennett	7,000,001	(6,650,000)	50,000	400,001
Jeffery Foster	1,000,000	(950,000)	26,691	76,691
Terry Grammer	-	-		-
Management				
Anna Neuling	-	-	-	-
Timothy Craske	-	-	-	-
	11,872,761	(11,279,122)	126,691	720,330
2010				
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

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

18 Remuneration of Auditors

	2011	2010
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Group:		
Assurance Services		
<i>Audit services - Crowe Horwath</i>		
Audit and review of financial reports under the Corporations Act 2001	39,720	32,400
Total remuneration for audit services	39,720	32,400

19 Commitments

The Group 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:

	2011 \$000's	2010 \$000's
Not later than one year	4,314	2,891
After one year but less than two years	4,314	2,891
After two years but less than five years	12,942	3,201
After five years*	4,314	3,891
	25,884	12,874

20 Related Party Transactions

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

(a) Transactions with Related Parties

2011

In the year ended 30 June 2011, there were no transactions with related parties.

2010

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 Group.

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of \$6,000 for providing corporate management to the Group 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 Group and Ord Street Services. In the current financial year the Group 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 Group.

MKT Taxation Advisors an entity associated with Stephen Lowe was paid fees for professional services in the amount of \$35,380. They were also paid fees in the amount of \$6,000 for the provision of the services of Stephen Lowe in undertaking corporate management responsibilities of the Group.

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

(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

	2011	2010
	\$000's	\$000's
Loss for the year	(9,272)	(1,971)
Depreciation	35	4
Equity Settled share based payment transaction	277	147
Exploration expenditure written off	7,984	-
Changes in operating assets and liabilities:		
Increase in trade and other payables	83	506
Increase in provisions	49	21
Decrease / (increase) in receivables	(573)	(80)
Net cash outflow from operating activities	(1,417)	(1,373)

23 Non-Cash Investing and Financing Activities

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

24 Loss Per Share

	2011	2010
	\$000's	\$000's
(a) Reconciliation of Loss used in Calculating Loss Per Share		
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders	(9,272)	(1,971)
Profit / (loss) attributable to the ordinary equity holders used in calculating basic and diluted loss per share	(9,272)	(1,971)
(b) Weighted Average Number of Shares Used as the Denominator (i)	2011	2010
	Number	Number
Ordinary shares used as the denominator in calculating basic loss per share	116,520,339	70,507,120
Ordinary shares used as the denominator in calculating diluted loss per share	116,520,339	70,507,120

(i) The comparatives have been restated to be post consolidation subsequent to the 1 for 20 share consolidation in December 2010.

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

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25 Joint Ventures

The Group has interests in the following joint ventures:

Tenement Area	Activities	Equity Interest		Carrying Value	
		2011	2010	2011	2010
Polar Bear	Gold/Nickel/PGM	100.00 %	100.00 %	1,352	600
Lawlers	Nickel	70.00%	70.00%	-	2,097
Collurabbie	PGM	70.00%	70.00%	627	956
Fraser Range	Base Metals/PGM	70.00%	70.00%	6,408	1,258
Youanmi	PGM	70.00%	70.00%	1,398	4,998

27 Contingent Liabilities

There are no contingent liabilities relating to the Group (2010: nil)

28 Parent entity disclosures

Financial position

	2011 \$'000's
Assets	
Current assets	16,115
Non-current assets	730
Total assets	16,845
Liabilities	
Current liabilities	730
Non-current liabilities	70
Total liabilities	800
Equity	
Issued capital	129,902
Accumulated losses	(129,902)
Reserves	
Share-based payments	482
Share option reserve	3,536
Total equity	16,086

Financial performance

	2011 \$
Loss for the period	(9,272)
Other comprehensive income	-
Total comprehensive income	(9,272)

The prior year figures for the parent entity are the same as the Group figures as the earliest subsidiary incorporated was Sirius Gold Pty Ltd which was incorporated on 31 August 2010.

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28 Parent entity disclosures (continued)

The parent entity 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:

	2011	2010
	\$000's	\$000's
Not later than one year	140	2,891
After one year but less than two years	140	2,891
After two years but less than five years	420	3,201
After five years*	140	3,891
	840	12,874

29 Subsidiaries

Name of entity	Country of incorporation	Class of Shares	Equity Holding
Polar Metals Pty Ltd	Australia	Ordinary	100%
Sirius Gold Pty Ltd	Australia	Ordinary	100%
VMS Metals Pty Ltd	Australia	Ordinary	100%

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The Directors' of the Group declare that:

- 1 the financial statements and notes as set out on pages 15 to 44 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 Group as at 30 June 2011 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 Group 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
Balcatta
27 September 2011

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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, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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 judgement, 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 of the financial report that gives a true and fair view 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 the consolidated entity is in accordance with the Corporations Act 2001 including:

- a)
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 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.



Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the Directors Report for the year ended 30 June 2011. 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 2011, complies with s 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink that reads "Cyrus Patell".

CYRUS PATELL
Partner

Signed at Perth, 27 September 2011

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