



## Sirius Resources NL

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### Projects:

**Fraser Range** nickel-copper, gold

**Polar Bear** gold, nickel

## SIRIUS COMPLETES PROJECT FINANCING FOR NOVA AND RECEIVES MINING PROPOSAL APPROVAL

### Key points

- Project finance facility of up to A\$440 million completed with four tier one banks
- Combination of generationally low interest rates, no hedging requirement, early repayment flexibility and ability to retain free cash provides Sirius with a highly flexible and competitively priced financing package
- Finance package together with available cash on hand provides significant funding buffer and a high degree of operational tolerance and strategic optionality at relatively low cost
- Nova Mining Proposal approved by the Department of Mines and Petroleum

Sirius Resources NL (ASX:SIR) ("Sirius" or the "Company") advises that it has completed and signed a Syndicated Facility Agreement ("Facility") to fund the development of its 100% owned Nova nickel mine ("Project") in Western Australia. This will enable the go-ahead for the development of the Project subject to the receipt of remaining government permits.

Australia and New Zealand Banking Group Limited, BNP Paribas, The Hongkong and Shanghai Banking Corporation Limited and Westpac Banking Corporation ("Financiers") will each participate equally in the Facility, which resides with Sirius' operating subsidiary Sirius Gold Pty Ltd.

Sirius has selected a Facility limit totalling A\$440 million to take advantage of the exceptionally low interest rate environment and to ensure that the Project is amply funded for a variety of contingencies, allowing the Company to retain a significant proportion of its current cash holdings.

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

# ASX Announcement

Wednesday 17<sup>th</sup> December 2014



The pricing, terms and conditions agreed with the Financiers are favourable to the Company and reflect both the Financier's understanding that the Project has low technical and commercial risks, and the competitive banking environment for quality projects. Whilst the detailed terms of the Facility are confidential, key points are summarised as follows:

- Project development debt facility of A\$420 million and cost overrun facility of A\$20 million
- No requirement to fully draw this Facility and no financial penalties should this Facility not be fully drawn
- Long tenor fixed schedule of repayments starting December 2017 and running to March 2022
- The Facility can be repaid early at any time without restriction or financial penalty
- Surplus operating cash flows (after debt service) can be distributed from the project to the parent company (Sirius) subject to certain conditions – providing cash for Sirius to use as it wishes
- No mandatory hedging required, but discretionary hedging of currency and metals available
- Minimal level of cash reserving and no mandatory cash sweeping
- Security is provided via a fixed and floating charge over the assets of Sirius' operating subsidiary - Sirius Gold Pty Ltd
- Corporate guarantee provided by Sirius only during the period of construction, commissioning and ramp up – this falls away on achieving Project Completion
- Unlike Term Loan B and High Yield Bond debt packages, the Facility is drawn down in stages when needed with interest payable only on the amounts drawn

All due diligence requirements have been completed and typical conditions precedent are required to be satisfied prior to first draw down, which is anticipated to occur in mid-2015.

In conjunction with the Facility the Company will contribute an initial cash amount of A\$150 million to the Project from its cash position of A\$248 million (as at 30 November 2014).

## Permitting

The Western Australian Department of Mines and Petroleum (DMP) has notified the Company that it has approved the Nova Mining Proposal, effectively approving the proposed mining activities on the Nova Mining Lease and the associated Miscellaneous Licences for the airstrip and village.

Approval of the Mining Proposal is the second key permitting milestone following the recent approval of the Project Management Plan by the DMP. The remaining approvals comprise the Works Approval from the Department of Environment Regulation (DER), the Native Vegetation Clearing Permit from the DMP and the Miscellaneous Licence and associated approvals for the access road.

## Next steps

The statutory permitting process is proceeding to schedule and subject to receipt of the remaining permits, development of the underground mine together with construction of the village, access road, airstrip and tailings storage facility will commence very early in 2015.

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The Company is also at an advanced stage of negotiations with several potential customers for part of its forecast nickel and copper concentrate production.

Sirius' Managing Director Mark Bennett said: "The project financing is another major milestone for Sirius, which is right on track to commence the development and construction of Nova early in the New Year. Our ability to secure finance on such advantageous terms from domestic and international lenders attests to the quality of Nova and the financiers' level of confidence in the Project."

"This well-structured and low cost A\$440 million facility in combination with Sirius' current strong cash position of approximately A\$250 million and forecast low cost of nickel production positions Sirius with an enviable degree of flexibility to benefit from a wide range of future scenarios without the need to seek further debt or equity funding."

## **Mark Bennett, Managing Director and CEO**

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