CLSA Base metal conference, Sydney

# The best new nickel mine in the world, and the most exciting exploration potential in Australia

Mark Bennett, Managing Director & CEO, 4th February 2015

# Disclaimer and Competent Person statement

This presentation is for information purposes only. Neither this presentation nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. This presentation may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This presentation does not constitute financial product advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this presentation are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

Certain statements contained in this presentation, including information as to the future financial or operating performance of Sirius Resources NL (Sirius Resources) and its projects, are forward-looking statements. Such forward-looking statements: are necessarily based upon a number of estimates and assumptions that, whilst considered reasonable by Sirius Resources, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and may include, among other things, statements regarding targets, estimates and assumptions in respect of metal production and prices, operating costs and results, capital expenditures, ore reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. Sirius Resources disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and other similar expressions identify forward-looking statements. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

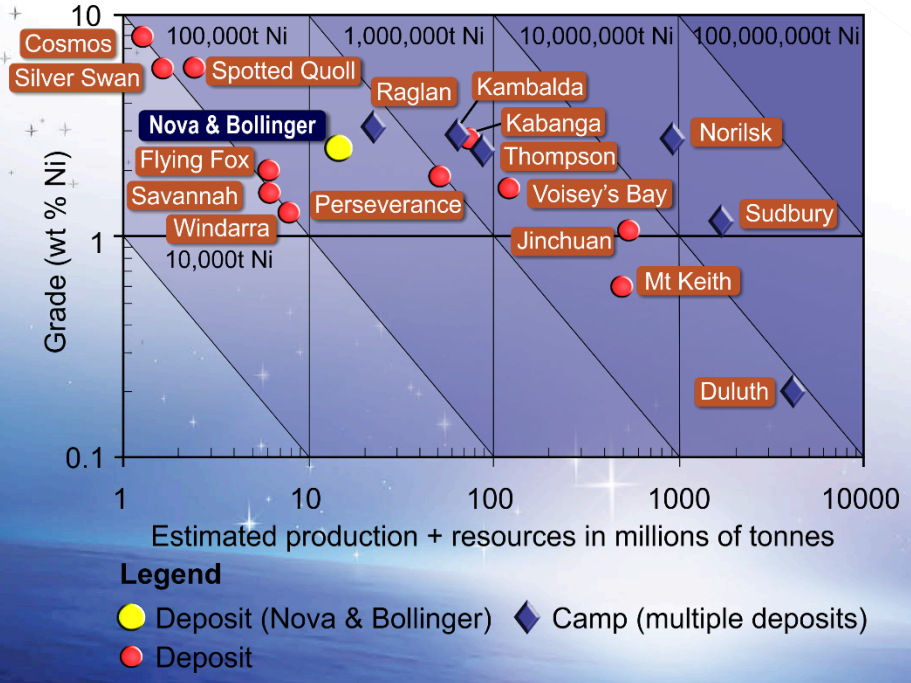
The information in this presentation that relates to Exploration Results is based on information compiled by Jeff Foster and Andy Thompson who are employees of Sirius Resources and fairly represents this information. Mr Foster and Mr Thompson are members of the Australasian Institute of Mining and Metallurgy. Mr Foster and Mr Thompson have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Foster and Mr Thompson consent to the inclusion in this presentation of the matters based on information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures. Reverse circulation (RC), aircore (AC) and rotary air blast (RAB) drilling samples are collected as composite samples of 4 or 2 metres and as 1 metre splits (stated in results). Mineralised intersections derived from composite samples are subsequently re-split to 1 metre samples to better define grade distribution. Core samples are taken as half NQ core or quarter HQ core and sampled to geological boundaries where appropriate. The quality of RC drilling samples is optimised by the use of riffle and/or cone splitters, dust collectors, logging of various criteria designed to record sample size, recovery and contamination, and use of field duplicates to measure sample representivity. For soil samples, PGM and gold assays are based on an aqua regia digest with Inductively Coupled Plasma (ICP) finish and base metal assays may be based on aqua regia or four acid digest with inductively coupled plasma optical emission spectrometry (ICPOES) or atomic absorption spectrometry (AAS) finish. In the case of reconnaissance RAB, AC, RC or rock chip samples, PGM and gold assays are based on lead or nickel sulphide collection fire assay digests with an ICP finish, base metal assays are based on a four acid digest and inductively coupled plasma optical emission spectrometry (ICPOES) and atomic absorption spectrometry (AAS) finish, and where appropriate, oxide metal elements such as Fe, Ti and Cr are based on a lithium borate fusion digest and X-ray fluorescence (XRF) finish. In the case of strongly mineralised samples, base metal assays are based on a special high precision four acid digest (a four acid digest using a larger volume of material) and an AAS finish using a dedicated calibration considered more accurate for higher concentrations. Sample preparation and analysis is undertaken at Minanalytical, Genalysis Intertek and Ultratrace laboratories in Perth, Western Australia. The quality of analytical results is monitored by the use of internal laboratory procedures and standards together with certified standards, duplicates and blanks and statistical analysis where appropriate to ensure that results are representative and within acceptable ranges of accuracy and precision. Where quoted, nickel-copper intersections are based on a minimum threshold grade of 0.5% Ni and/or Cu, and gold intersections are based on a minimum gold threshold grade of 0.1g/t Au unless otherwise stated. Intersections are length and density weighted where appropriate as per standard industry practice. All sample and drill hole co-ordinates are based on the GDA/MGA grid and datum unless otherwise stated. Exploration results obtained by other companies and quoted by Sirius have not necessarily been obtained using the same methods or subjected to the same QAQC protocols. These results may not have been independently verified because original samples and/or data may no longer be available.

The information in this presentation that relates to Mineral Resource Estimation is based on information compiled by Mr Mark Drabble, Principal Consultant Geologist – Optiro Pty Ltd and Mr Andrew Thompson, a full time employee and General Manager Resources and Geology of Sirius Resources, and fairly represents this information. Mr Drabble and Mr Thompson are members of the Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Drabble and Mr Thompson consent to the inclusion in this presentation of the matters based on their information in the form and context in which they appear. Information in this presentation that relates to the Mineral Resource estimate for the Nova and Bollinger deposits is fully described in the ASX release of 14th July 2014. The information in this presentation that relates to underground Ore Reserves is based on information compiled by Mr Shane McCleay who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McCleay is an employee of Entech Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McCleay consents to the inclusion in this presentation of the matters based on his information in the form and the context in which it appears.

The information referred to in this presentation is based on the Nova Definitive Feasibility Study (DFS) and on the maiden Ore Reserve estimate as described in the ASX release of 14th July 2014. A small part of the life of mine plan is based on Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources, Probable Ore Reserves, or that the production target itself will be realised. The Inferred Resources referred to comprise less than 8% of the total resource tonnes and less than 4% of the nickel metal in the life of mine plan. Unless otherwise stated all cashflows are in Australian dollars, are undiscounted and are not subject to inflation/escalation factors and all years are calendar years. Sirius Resources has concluded it has a reasonable basis for providing the forward looking statements included in this presentation. Sirius Resources has prepared this presentation based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in the presentation. To the maximum extent permitted by law, Sirius Resources, its related bodies corporate (as that term is defined in the *Corporations Act 2001 (Cth)*) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the Presentation Materials or its contents or otherwise arising in connection with it.

# Nova – one of the best undeveloped nickel sulphide mines on the planet

- Nova is a major nickel-copper sulphide resource of world significance (see chart and table)
- The Indicated Mineral Resource–Probable Ore Reserve and Mineral Resource-Life of Mine Plan conversion rates (93% and 103%) attest to the very high quality of the Nova oreboby (see tables)
- The mine plan comprises a 10 year initial mine life @ 1.5mtpa production rate mainly from sublevel open stoping underground
- Exceptional geotechnical conditions enable bulk underground mining, minimise dilution and lower risk
- High tonnes of nickel per vertical metre (>500) translates to better capital efficiency compared to most nickel sulphide mines



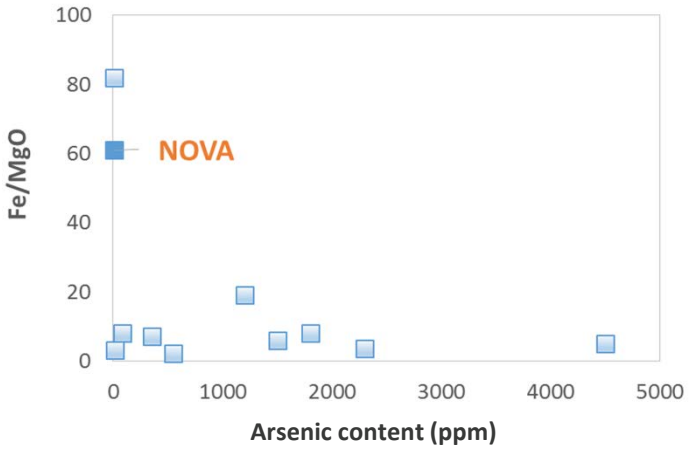

| | | Nova-Bollinger Mineral Resource - May 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| DEPOSIT | Resource Category | Tonnes (Mt) | Grade | | | | Contained Metal | | |
| | | | NiEQ% | Ni % | Cu % | Co % | Nickel | Copper | Cobalt |
| Nova | Indicated | 9.1 | 2.7 | 2.5 | 1.0 | 0.08 | 230 | 94 | 7.3 |
| | Inferred | 1.0 | 1.6 | 1.4 | 0.6 | 0.05 | 14 | 6 | 0.5 |
| | Total | **10.1** | **2.6** | **2.4** | **1.0** | **0.08** | **244** | **100** | **7.7** |
| Bollinger | Indicated | 2.4 | 2.9 | 2.7 | 1.1 | 0.11 | 64 | 26 | 2.6 |
| | Inferred | 1.8 | 1.0 | 1.0 | 0.4 | 0.04 | 17 | 8 | 0.7 |
| | Total | **4.2** | **2.1** | **2.0** | **0.8** | **0.08** | **82** | **34** | **3.3** |
| Total | Indicated | 11.5 | 2.7 | 2.6 | 1.0 | 0.09 | 294 | 120 | 9.8 |
| | Inferred | 2.8 | 1.2 | 1.1 | 0.5 | 0.04 | 31 | 14 | 1.2 |
| | Total | **14.3** | **2.4** | **2.3** | **0.9** | **0.08** | **325** | **134** | **11.0** |

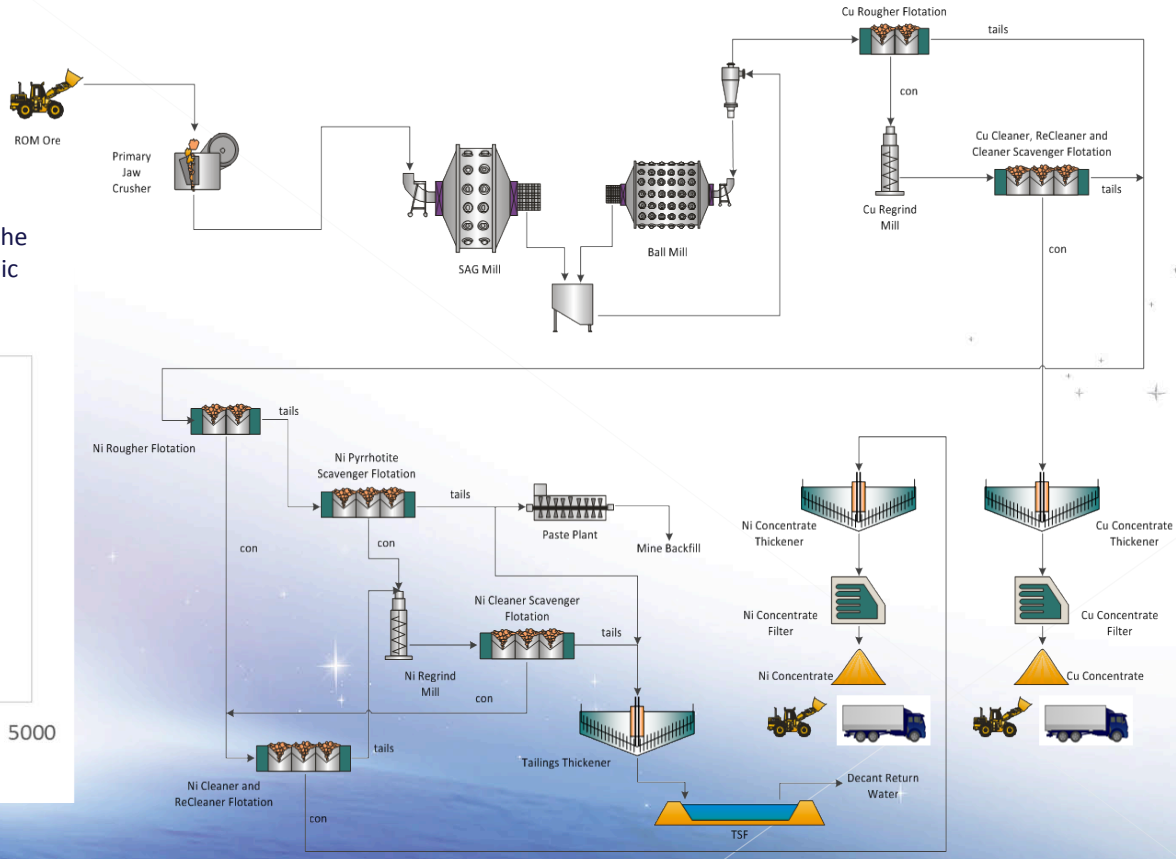
| Nova Nickel Project Life of Mine Plan | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Tonnes (Mt) | Grade Ni (%) | Contained Ni (Kt) | Grade Cu (%) | Contained Cu (Kt) | Grade Co (%) | Contained Co (Kt) |
| **Ore Reserves** | Probable | 13.1 | 2.1 | 273 | 0.9 | 112 | 0.07 | 9.0 |
| **Additional Resources** | Inferred | 1.1 | 1.0 | 12 | 0.4 | 6 | 0.04 | 1.0 |
| | **Total** | **14.2** | **2.0** | **285** | **0.8** | **118** | **0.07** | **10.0** |

# Nova – some of the best quality nickel and copper concentrates on the planet

- Simple “tried and tested” flotation process producing separate nickel and copper sulphide concentrates (see flowsheet below)
- Both nickel and copper concentrates are ultra-clean (ie, no deleterious elements – ideal for blending and smelting)
- Nickel concentrate also has exceptional Fe:MgO ratio of >60 (~10 x better than the threshold required by smelters)
- Highly desirable product – 4 parties shortlisted for 3 offtake contracts – at various stages of advancement

The chart below demonstrates the exceptional quality of the Nova nickel concentrate (high Fe:MgO ratio and low arsenic levels) relative to concentrates from competitors



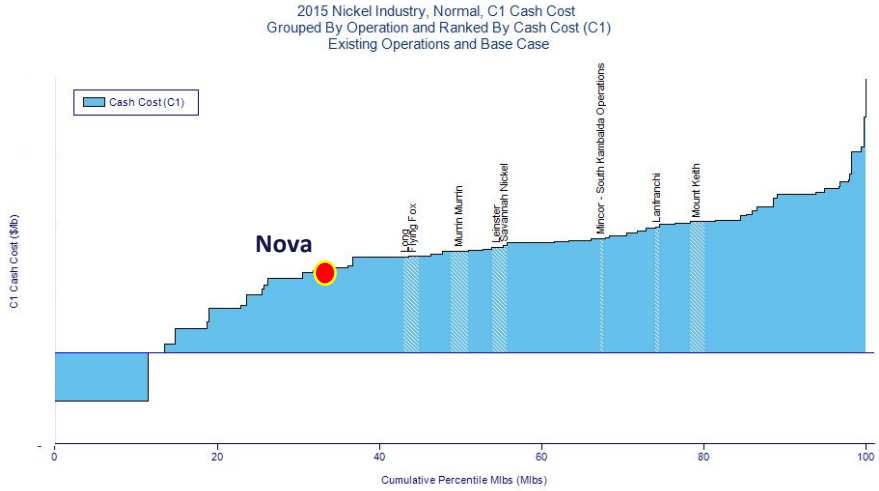
# Nova – will be one of the lowest cost nickel mines on the planet

- DFS forecast C1 cash cost of US$1.50/lb*
- DFS forecast all-in sustaining cash cost of US$2.09/lb*
- Positions Sirius as the 12th lowest cost producer in the world – significantly lower cost than any other Australian nickel producer (see league table below)
- Significantly decreases financial risk in low nickel price environment whilst providing leverage to upside in high nickel price environment

League table based on *payable* nickel from Wood Mackenzie 2014Q4

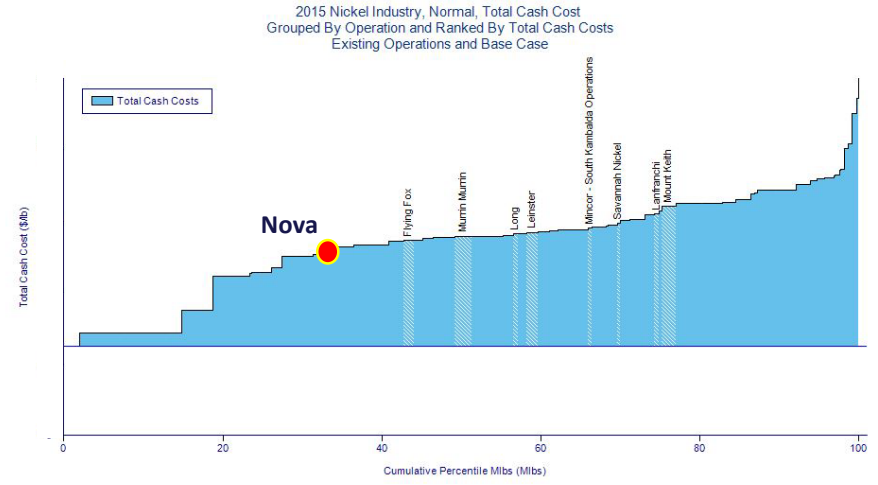
| Australian mines | Global Rank, C1 costs | Global Rank, All In Sustaining cash costs |
|---|---|---|
| Nova (Sirius) | Est. 14th | Est. 12th |
| Flying Fox (Western Areas) | 23rd | 22nd |
| Long (Independence) | 22nd | 33rd |
| Leinster (BHP Nickel West) | 32nd | 35th |
| South Kambalda (Mincor) | 42nd | 40th |
| Savannah (Panoramic) | 33rd | 50th |
| Lanfranchi (Panoramic) | 49th | 49th |
| Murrin Murrin (Glencor) | 28th | >50th |
| Mt Keith (BHP Nickel West) | 52nd | >50th |

*Payable* C1 Cash cost using market consensus nickel, copper and forex as at Dec 2014




Source: Wood Mackenzie Ltd, Dataset: 2014 Q4

*Payable* All in sustaining Cash cost using consensus nickel, copper and forex as at Dec 2014




Source: Wood Mackenzie Ltd, Dataset: 2014 Q4

www.siriusresources.com.au

* Based on 100% payability

# Nova – one of the most financially robust nickel mines on the planet

- DFS (predicated on September 2013 consensus) indicated a very low cost and financially robust project (see table)
- Comparison with current consensus is very similar despite individual elements (nickel, copper, FX) changing
- This reaffirms the financial robustness of the project
- Relatively low operating costs, even lower all in sustaining cash costs
- Significant revenue, significant margin, significant net cashflow

| | | |
|---|---|---|
| Inputs | Nickel price | US$10/lb |
| | Copper price | US$3.30/lb |
| | US$:AU$ FX rate | 0.90 |
| Outputs | C1 cost* | US$1.50/lb, A$1.66/lb |
| | All in sustaining cost* | US$2.09/lb, A$2.32/lb |
| | Revenue | A$4.53 billion |
| | Net cash flow | A$2.74 billion |

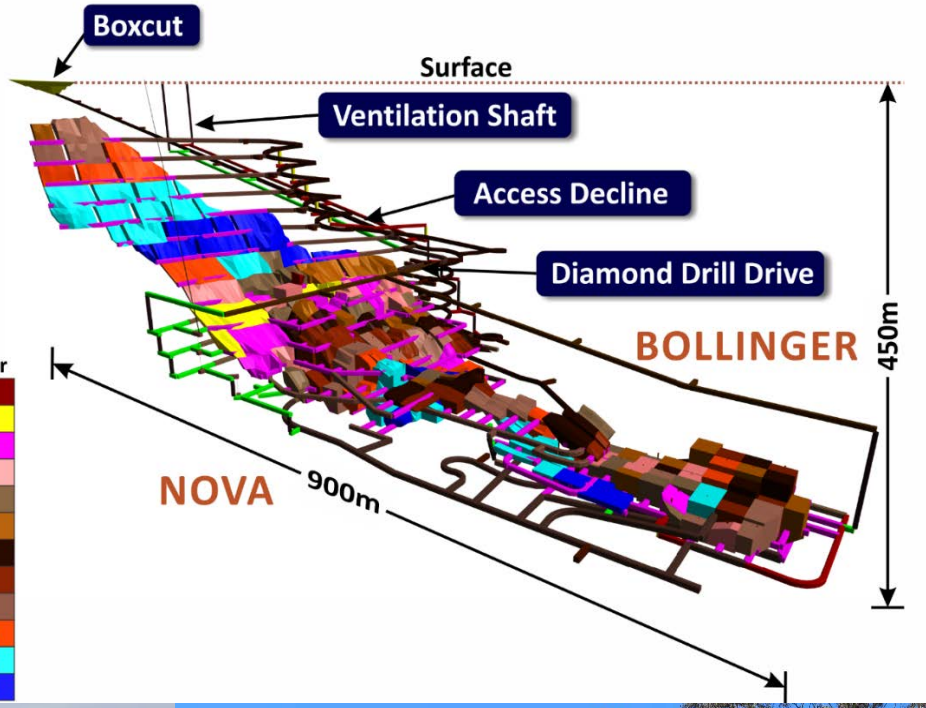
- US$ nickel price and US$:A$ exchange rate sensitivities provide a natural hedge:
  - A 10% change in forecast nickel price changes net cash flow by A$434 million over life of mine
  - A 10% change in forecast US$:A$ exchange rate changes net cash flow by A$553 million over life of mine
  - Usually, these two variables buffer one another and provide a natural hedge to mitigate revenue risk
- Exceptional project finance package:
  - Low interest rates, flexible drawdown of part or all of A$440 million facility, this includes A$20 million overrun facility, A$22 million contingency, and with A$30 million of recently confirmed capex savings leaves A$70 million “headroom”
  - No hedging, flexible repayment schedule, no cash sweeping, ability to retain majority of free cash from first repayment
  - Plus cash at bank of A$245 million with retention of >A$90 million cash by parent



* Based on 100% payability

# Nova – underway in record time and on schedule

- Native Title Agreement, Mining Lease, operating and environmental permits approved rapidly
- Mining started on Australia Day, exactly two and a half years after the discovery announcement
- Boxcut for portal and decline being excavated
- Aerodrome and Road construction started
- Construction camp being expanded




www.siriusresources.com.au

# Nova – construction, development and operation in safe and experienced hands

## Chief Operating Officer – Rob Dennis

Rob is a mining engineer with 40 years experience of planning, project development, construction and operational management of nickel, copper, gold and alumina mines, including underground, open pit, processing plants and infrastructure.

He has been COO of Poseidon Nickel (Windarra nickel mine) and Aditya Birla (Nifty and Mt Gordon copper mines), GM Project Development of LionOre Thunderbox gold mine and various nickel mines), GM Operations of Great Central Mines (Jundee, Bronzewing and Wiluna gold mines), Project Manager of Geko copper-gold mine, and Chief Mining Engineer for Western Mining Corporation

## Project Manager Processing and Infrastructure – David English

David is an engineer with 30 years experience of site management, project construction, operations and maintenance in gold, nickel, copper, vanadium, alumina and mineral sands operations.

He has been Project Manager of Sandfire (DeGrussa copper mine) and has held various roles at BHP Nickel West, Boddington Gold Mine, Alcoa, Windimurra and TiWest

## Underground Manager - Mick McLoughney

Mick is a mining engineer with 20 years experience of underground and open pit mining and site management at a smelter in a range of commodities including nickel, copper, uranium, gold, silver, lead and zinc.

He has had management, technical and operational roles at Kambalda (nickel), Olympic Dam (copper-gold-uranium), Prominent Hill (copper-gold-uranium) and the Port Pirie smelter

# Nova – timed perfectly in the cycle

- Well funded with debt (A$440 million available) and equity (cash of A$245 million)
- Debt at generationally low interest rates enabled strong funding package with flexible terms, massively reducing the likelihood of the need for future debt or equity, setting the company up to reap the reward of free cash flow, and providing shareholders with exposure to this
- Contract rates are extremely sharp in the post-construction boom world – this has resulted in capex savings of A$30 million
- The resumption of post-boom normality has resulted in greater availability of better quality people on more sensible conditions
- The weakening A$ has resulted in minimal negative capex impact, but could have a significant positive revenue impact
- Short term weakness in the nickel price, erosion of Chinese stockpiles, depletion of high grade laterite ores, and impediments to the relocation of the Chinese NPI industry to Indonesia all bode well for the longer term nickel price:
    - Consensus nickel forecast over life of mine is US$9.26/lb and Wood Mackenzie forecast over life of mine is US$11.72/lb) – the latter represents an additional A$746 million in net cash flow over the life of mine

# Sirius – an enviable social licence to operate

- Sirius has developed a strong relationship with the traditional owners – the Ngadju – based on respect and a strong desire to work together to set a good example and create an enduring legacy
- The Goldfields Land and Sea Council have given their public support to Sirius in the media
- The Department of Mines and Petroleum have publicly recognised Sirius' environmental management
- Sirius has been Lost Time Injury free for over two years
- Sirius is actively engaging in voluntary initiatives to ensure traditional owners, nearby communities and local stakeholders all benefit from our presence

# Exploration success on multiple fronts – the catalyst for an aggressive drilling program

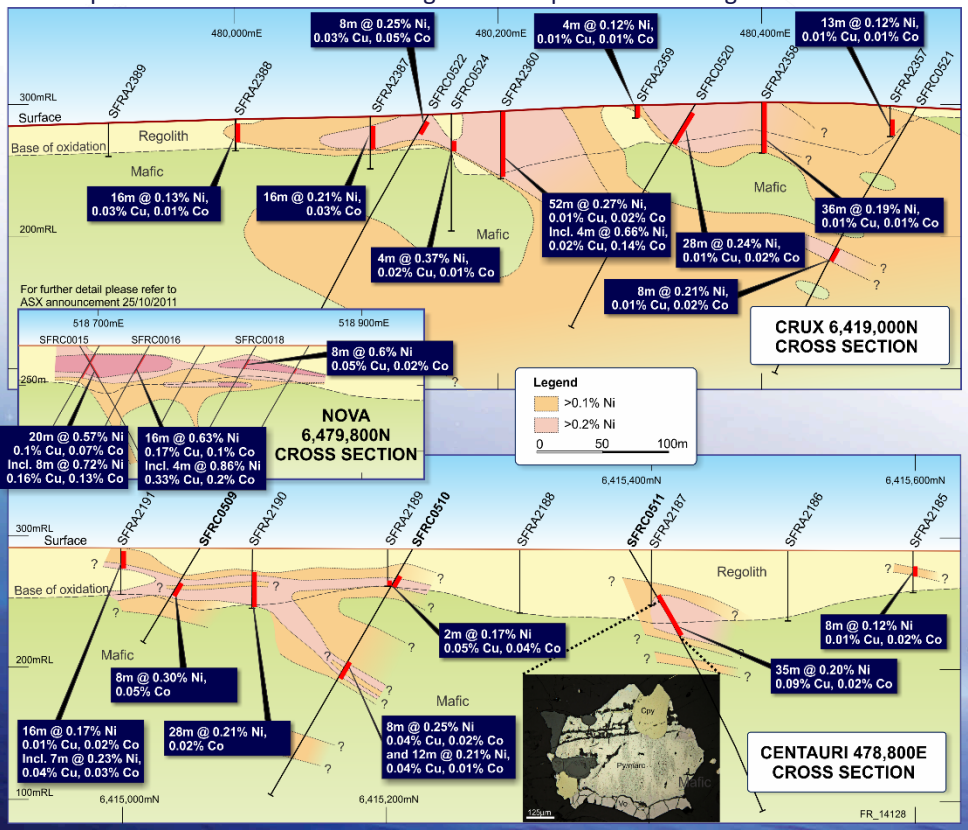
- Nickel sulphides intersected in first effective hole at Crux (70% SIR, in FRJV)
  - Second diamond rig being mobilised to site – 12 square kilometres to test
  - Downhole EM in real time
- Baloo gold prospect could be a significant virgin discovery (100% SIR)
  - Already drilling follow-up holes in oxide mineralised zone – major program underway
  - Diamond rig being mobilised to site to test depth potential
- Multiple new nickel targets under salt lake at Polar Bear (100% SIR)
  - Ongoing RC drilling of Taipan trend and six new lake anomalies with untested EM conductors
- 12 deep EM conductors still to test on Nova mining lease (100% SIR)
  - Each with the potential to add substantially to Nova's forecast production profile

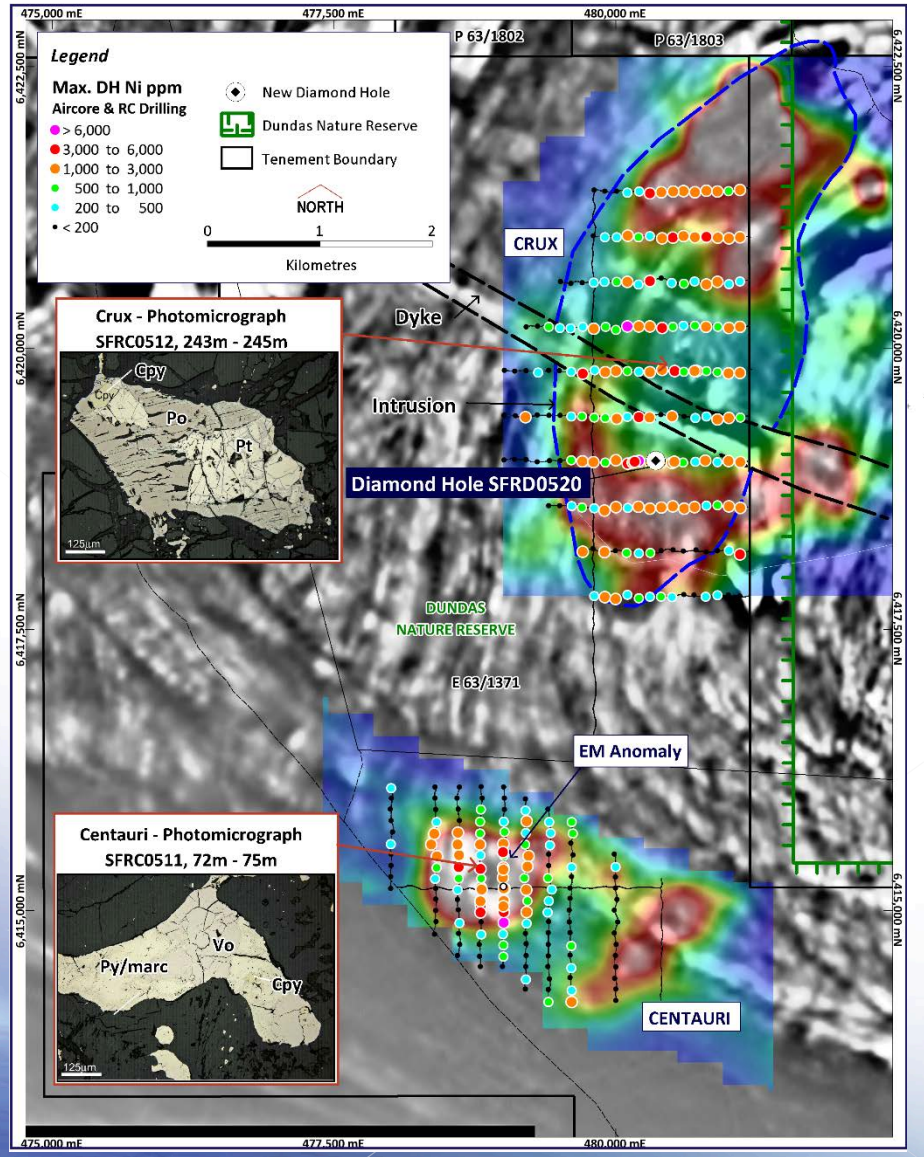
Sirius is increasing its exploration budget and program to aggressively pursue these promising opportunities

# Low cost growth: exploration: nickel sulphides in first effective drillhole at Crux

- First effective hole at Crux hits Nova-style hostrock with broad zone (200m) of trace sulphides and localised disseminated & matrix sulphides – with visible pentlandite (Ni) and chalcopyrite (Cu)
- Confirms prospective, thick (>500m) “Eye”- like intrusion, 6km long
- This is the first hole testing the intrusion, drilled without guidance into a 12 square kilometre target zone – a very encouraging result

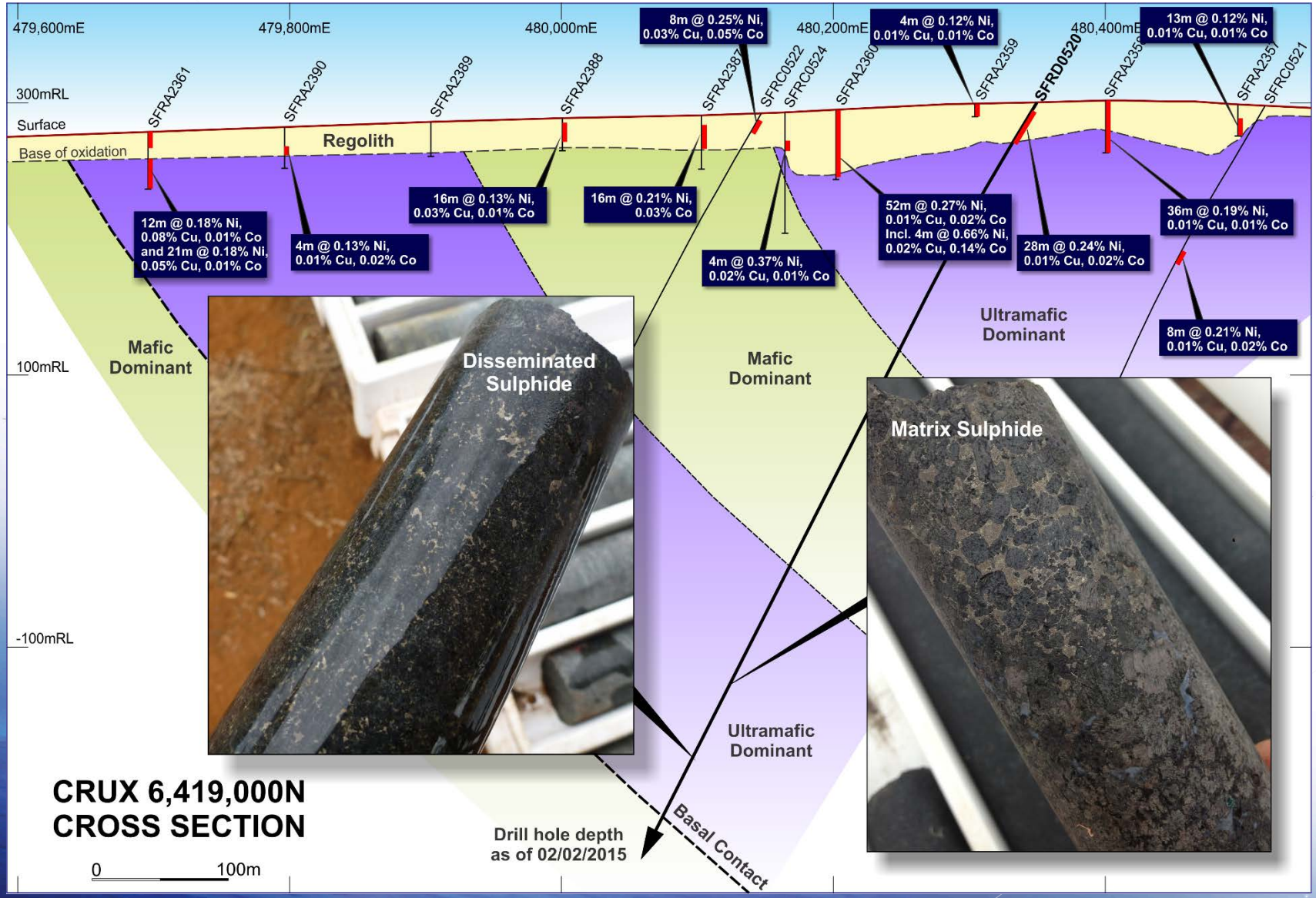
Below: previous reconnaissance drilling unable to penetrate to target zone



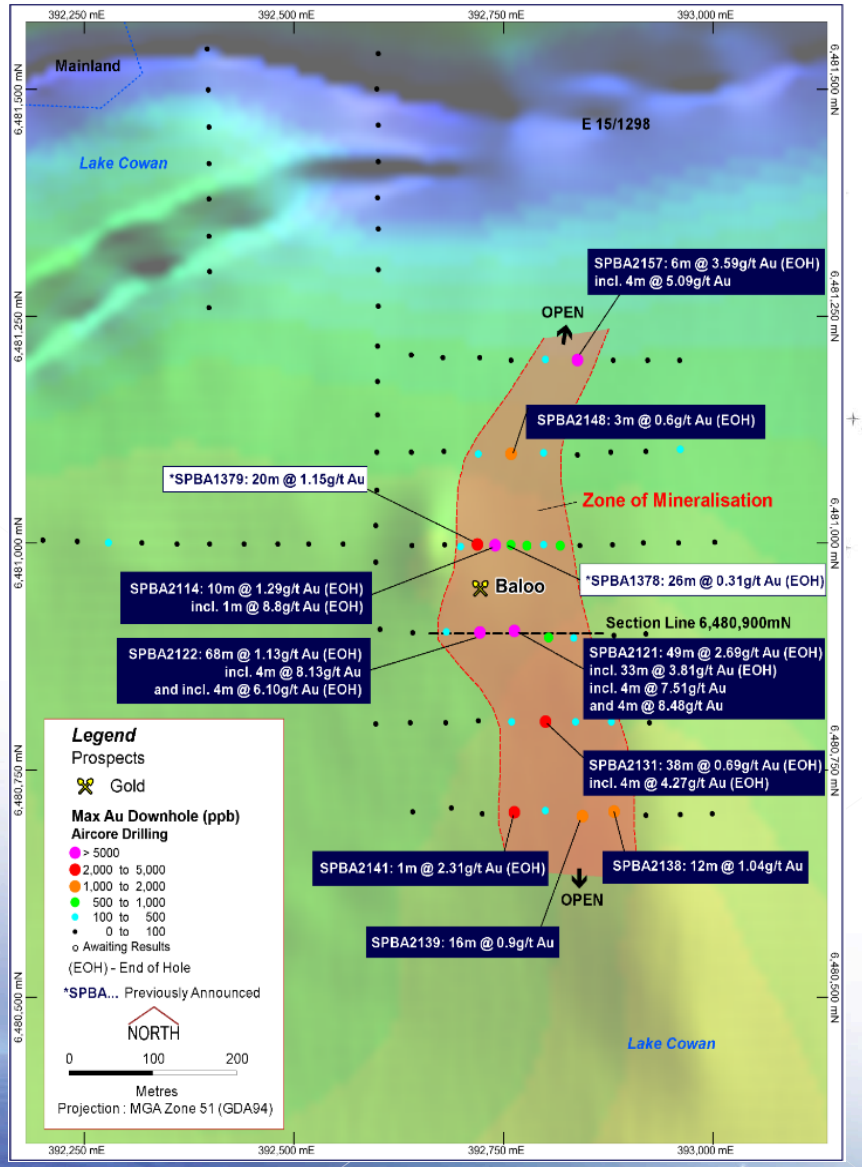
# Low cost growth: exploration: nickel sulphides in first effective drillhole at Crux

Below: first diamond hole to penetrate intrusion showing location of Fe-Ni-Cu sulphide mineralisation

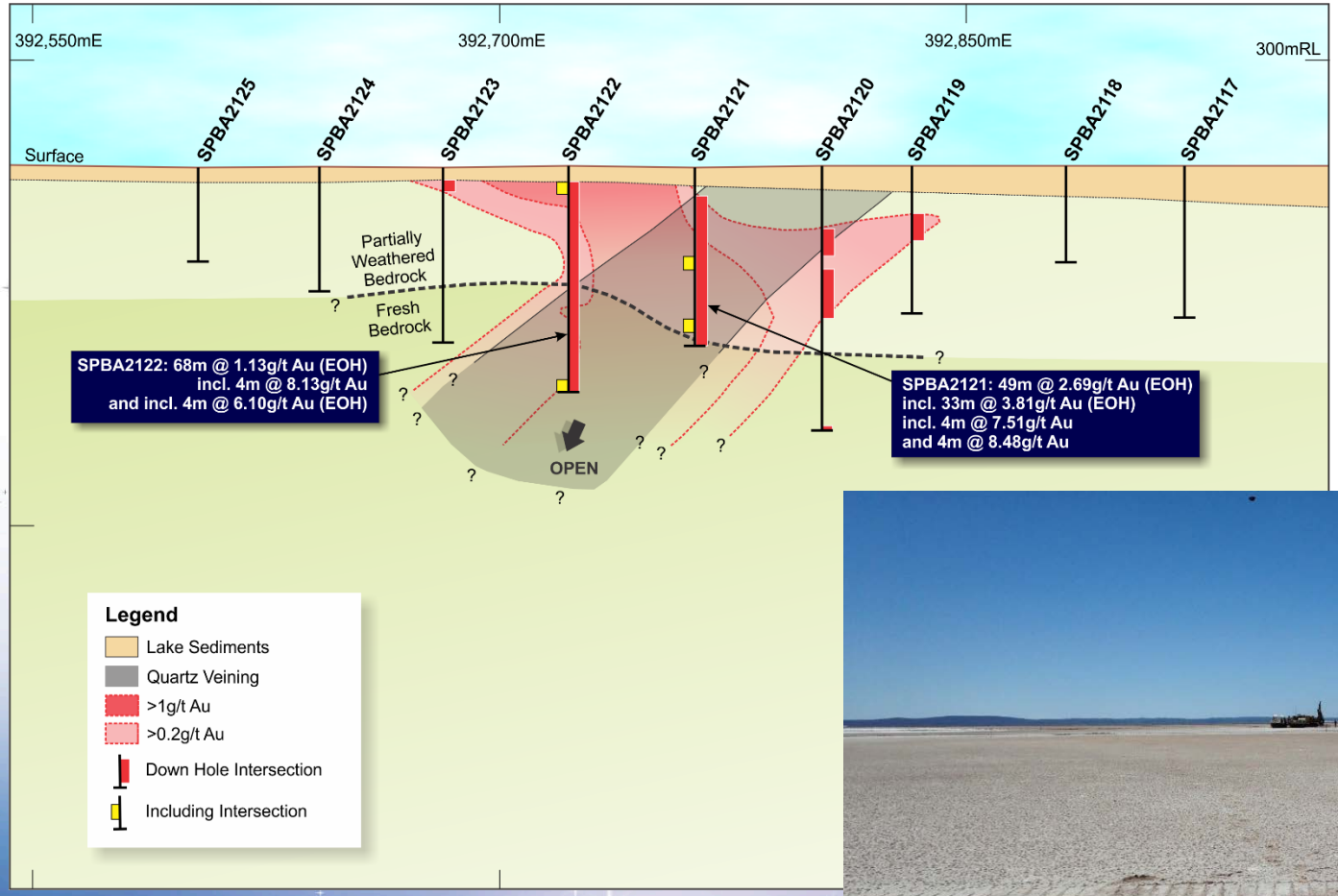


# Low cost growth: exploration: new gold discovery at Baloo

- Baloo – a potentially significant new virgin gold discovery
- Up to 33m @ 3.81g/t Au in first wide spaced recon drilling
- Up to 500m long, 100m wide, 40m thick, and open to N & S
- Oxide zone infill drilling underway
- Diamond drilling to define depth extent starting



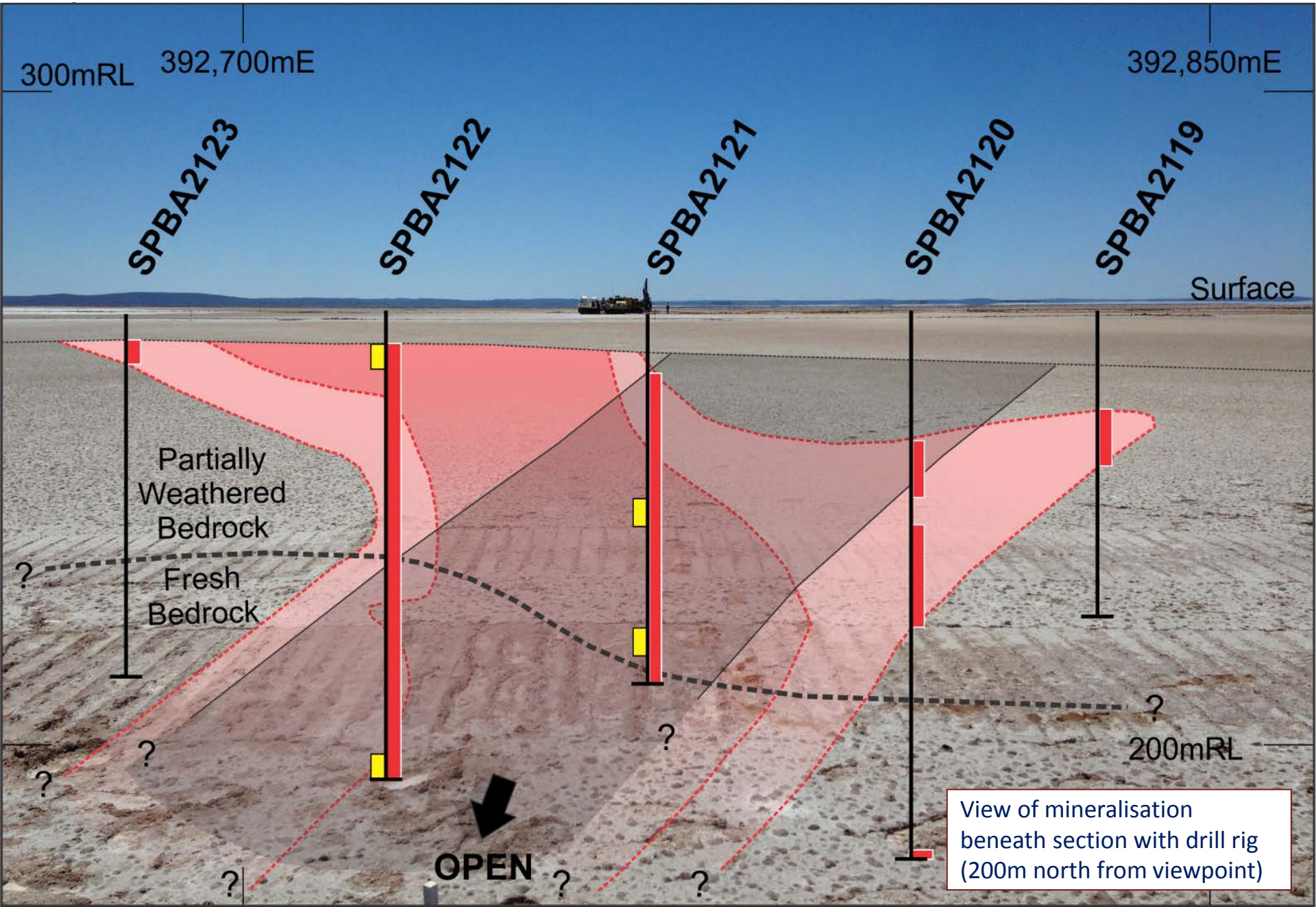
# Low cost growth: exploration: new gold discovery at Baloo




Above: cross section of central recon drill line (6480900N) with 33m @ 3.81g/t Au at same scale as photo taken from southern recon line (right hand side) with drill rig for scale

Below: view looking from SPBA2141 (1m @ 2.3g/t Au from 3m to end of hole in quartz vein) northwards 200m to central recon drill line (as shown on cross section at the same scale)

**Baloo has size potential** - view from southern mineralised drill line looking 200 metres northwards to central mineralised drill line at Baloo, with vertical cross section of central line below drill rig projected to scale below lake



# Low cost growth: exploration: new gold discovery at Baloo

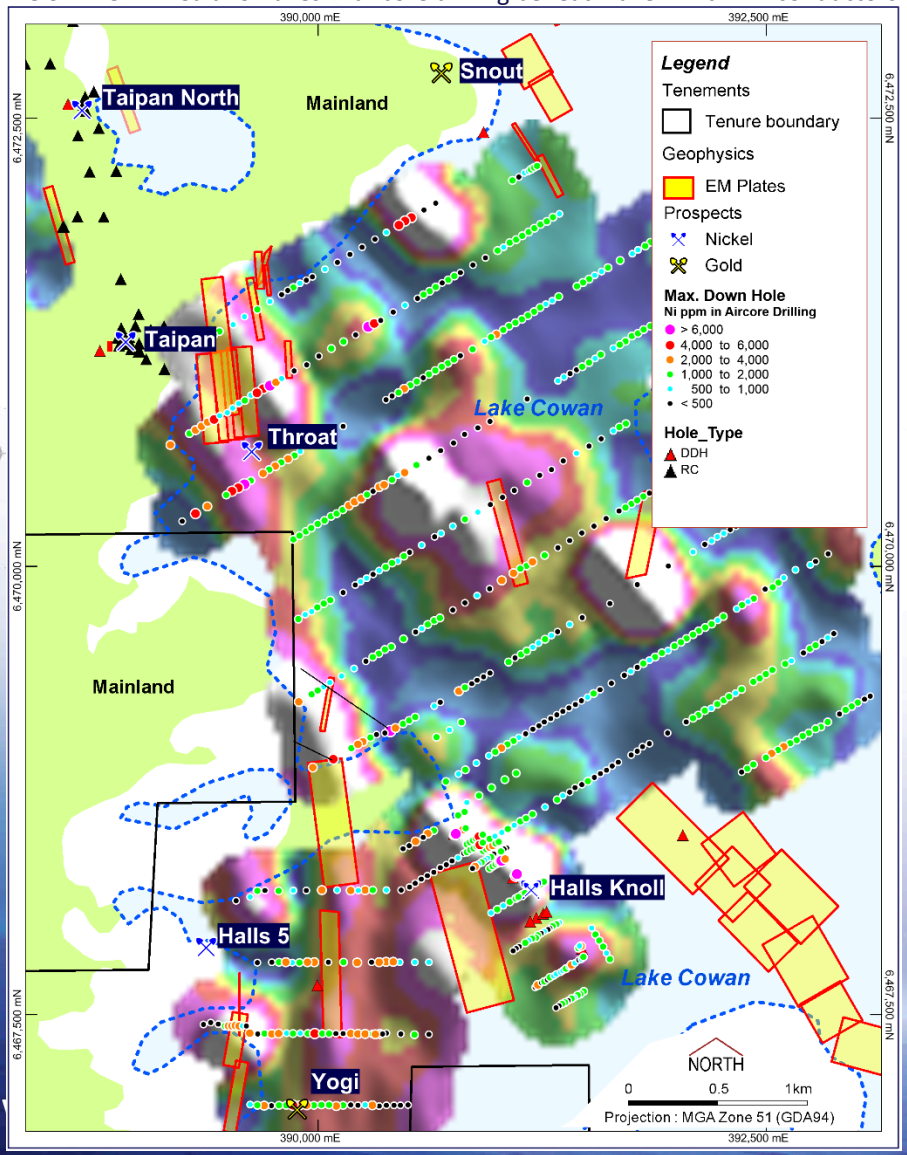
Oxide zone gold mineralisation (orange)

Primary zone gold lode

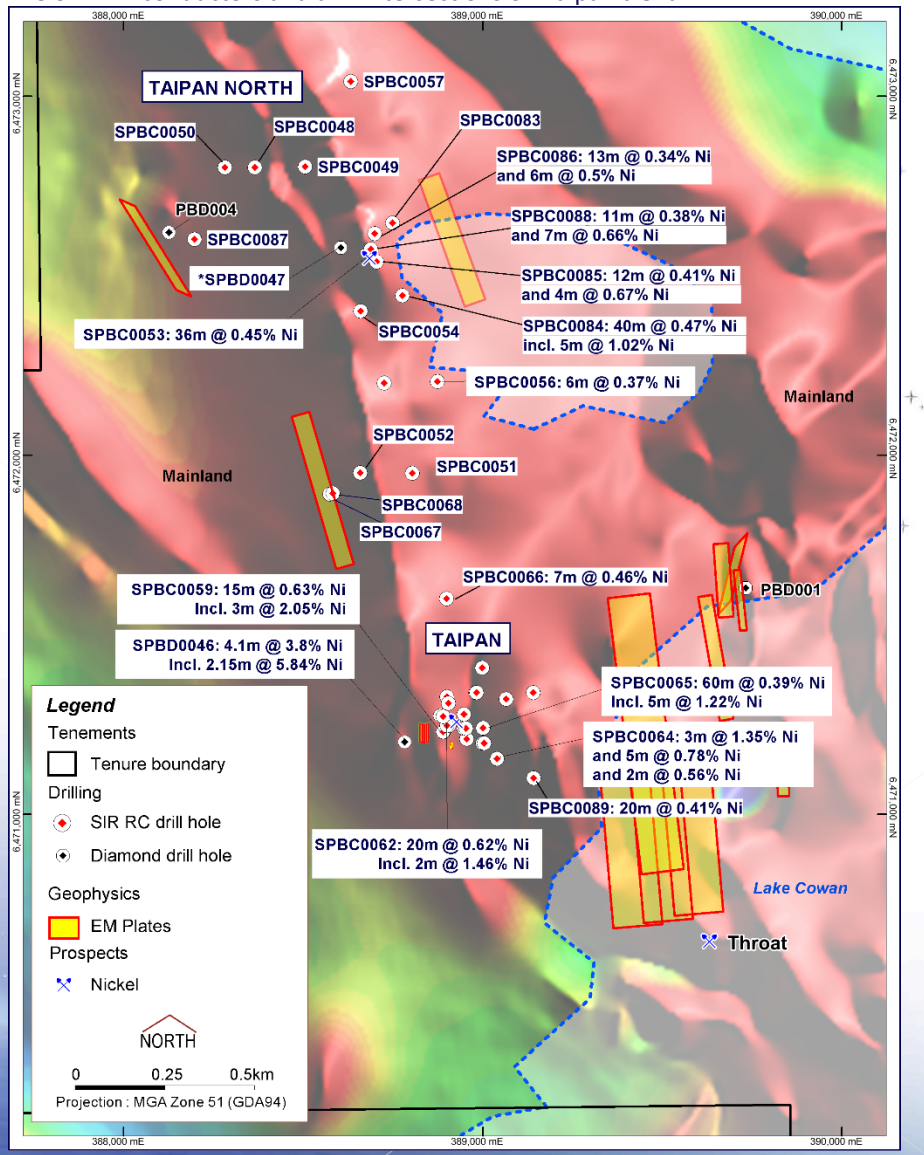
Drilling at Baloo showing proximity to land

# Low cost growth: exploration: numerous nickel targets & hits at Polar Bear

Below: new Ni-Cu anomalies in aircore drilling beneath lake – with EM conductors




Below: EM conductors and drill intersections on Taipan trend



# Low cost growth: pre-positioning in quality opportunities with quality people

- Primary focus on Fraser Range and Polar Bear exploration for discovery of nickel and gold
- Long term growth strategy also includes seeding additional low cost growth opportunities
- New opportunity identified in Finland/Sweden – highly prospective mining friendly jurisdictions
- Acquired 67% ownership of private Finnish company Sakumpu Exploration Oy for A$2 million, to be spent on exploration
- Sakumpu is second largest ground holder in two underexplored world class mineral districts – the Central Lapland Greenstone Belt of Finland (Ni, Cu, Pt, Pd, Au) and Skellefte Belt of Sweden (Cu, Zn, Au)
- Managed at arm's length by successful award winning mine finders:
  - Graham Brown - former Head of Global Exploration, Anglo American plc, PDAC Thayer Lindsley award winner for the discovery of the Los Sulfatos copper porphyry deposit, Chile
  - Jim Coppard - former Head of Arctic Exploration, Anglo American plc, 5th Fennoscandian Mining award winner for the discovery of the Sakatti magmatic nickel-copper-PGM deposit, Finland, discoverer of the Citroenen Fjord zinc deposit, Greenland
  - Alain Chevalier - former Exploration Manager for Europe, Lundin Mining, discoverer of the Storliden VMS copper-zinc mine, Sweden

# Sirius – great asset, well funded, well managed, low risk, growth and vision

- Nova is a world class asset – a tier 1, low cost nickel mine with a strategic product
- Sirius has the proven team to build and operate the mine
- Sirius has met every deadline and achieved every goal it has set and is on track to deliver on time
- Now is a great time to be building a quality nickel mine ready to catch the next cycle
- The Company is amply funded with debt and equity
- Sirius' project finance package provides it with the financial flexibility to expedite the flow of cash to the parent company for growth and shareholder benefit
- Sirius has unrivalled exploration ground and the most successful exploration team in Australia
- This creates exciting, live, low cost growth options
- The company is well positioned to create new growth opportunities

The Sirius team has found Nova, financed it, is building it on time and under budget, and is finding more