Sirius Resources

Creating a significant nickel mine and defining a new nickel province

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The information in this report 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 report of the matters based on information in the form and context in which it appears.
Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures. Reverse circulation (RC), aircore (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 report 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 report 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 15th July 2013.

The Scoping Study referred to in this presentation is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. 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 or that the production target itself will be realised. Sirius Resources advises the Scoping Study results and production targets reflected in this presentation are preliminary in nature as conclusions are partly drawn from Inferred Resources, which comprise less than 9% of the total resource tonnes and less than 5% of the nickel metal in the mining inventory. The Scoping Study outputs contained in this presentation relate to 100% of the project. 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.

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Scope of presentation

- **Taking 100% ownership of the Nova project**
  - Reasons for and implications of the Creasy deal for Sirius
  - Timetable to completion of the transaction
- **Moving towards development of the Nova project**
  - Feasibility study progress & key findings
  - Status of financing & offtake discussions
- **The global significance of the Nova project**
  - The outlook for the nickel market
  - The strategic big picture for the nickel sulphide sector
- **Finding the next Nova**
  - New exploration targets ready to go – the wildcard

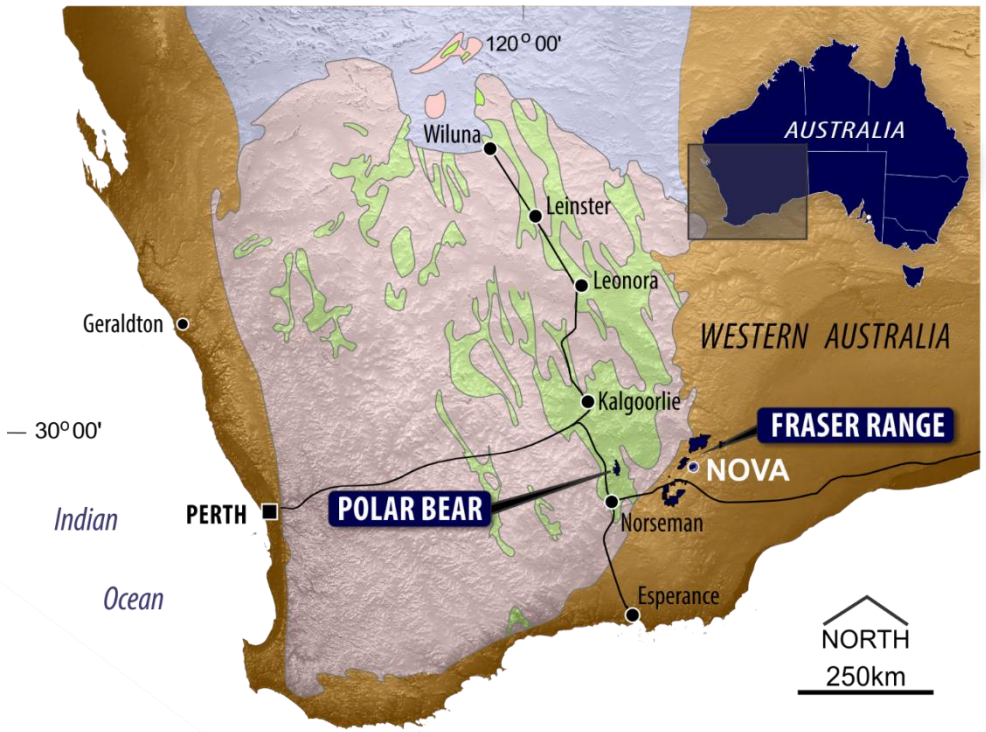
The Grand Plan

Milestone	Date
Discovery	July 2012
Resource	May 2013
Scoping Study	September 2013
Ongoing Funding ($100m cash)	November 2013
Ownership deal signed (taking to 100%)	February 2014
Shareholder approval for deal	May 2014
Feasibility Study	Mid-2014
Mining Lease grant (subject to native title agreement)	3Q14
Other permitting	
Project financing & Offtake agreements	
Development	
Next discovery…..	

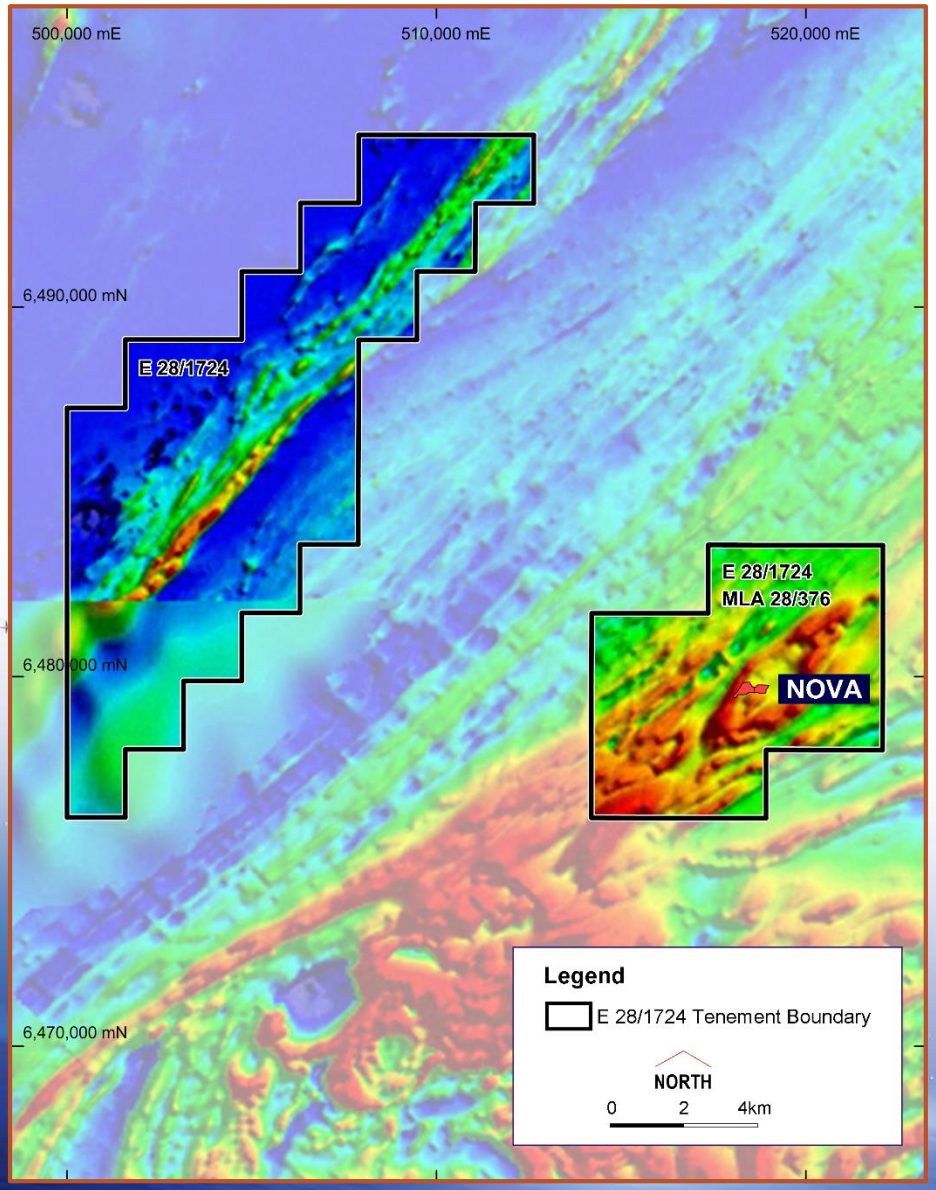
** Timetable is indicative only and is subject to change*

A globally significant project

- Nova-Bollinger Mineral Resource - 14.6mt @ 2.2% Ni, 0.9% Cu and 0.08% Co, containing 325,000t Ni, 134,000t Cu, 11,000t Co
- Scoping study indicates it is a financially robust and technically low risk project
  - Initial 10 year mine life
  - Globally significant producer (28,000tpa Ni, 11,000tpa Cu, 940tpa Co) – between 10th and 14th largest in world
  - Cash costs in the lowest quartile of global nickel producers
- Significant interest from finance providers and offtake customers – numerous discussions advancing



Taking 100% ownership of the project



- Sirius to acquire Creasy's 30% interest in E28/1724 and MLA 28/376 which hosts Nova-Bollinger
- Will result in Sirius owning 100% of E28/1724 and MLA28/376, including:
  - 100% of Nova-Bollinger resource and all future resource extensions and discoveries in these areas; and
  - 100% ownership of future plant & processing infrastructure – giving Sirius a unique strategic advantage
- Consideration of $28 million cash and 70.56 million fully paid Sirius shares (subject to 12 month escrow)
- 0.5% NSR on that part of E 28/1724 not forming part of MLA 28/376 (no royalty payable on MLA 28/376 containing Nova

Key Benefits For Sirius

- 100% ownership of Nova-Bollinger including any future discoveries within E28/1724 and MLA28/376
- 100% of any future resource extensions within these areas
- 100% ownership and total control of future processing plant & infrastructure
- Delivers a unique strategic advantage in an emerging nickel belt
- Removes the risk of potential time delays and cost over-runs due to JV partner decisions
- Cost savings from not operating a production JV
- Streamlines project finance process
- Strengthens Sirius' position in negotiations with finance providers and offtake customers
- Fully aligns Creasy's interests with all other Sirius shareholders – numerous benefits

Pro-forma Capital Structure

ASX Code : SIR	Existing	Pro-forma[1]
Shares on issue	262.0 m	332.5 m
Share options on issue *(Avg ex price ~A$1.38)*	48.06 m	48.06 m
Performance shares	2.2 m	2.2 m
Net cash (31 December 2013, no debt)	A$104.4 m	A$76.4 m
Market cap *(at $2.71, undiluted)*	A$709.8 m	A$901.1 m
Market cap *(at $2.71, fully diluted)*	A$801.2 m	A$992.4 m
Enterprise value *(at $2.71, fully diluted)*	**A$677.4 m**	**A$876.1 m**
Interest in E 28/1724 & MLA 28/376	70%	100%

1. *Following shareholder approval at a general meeting anticipated to be held in May 2014*

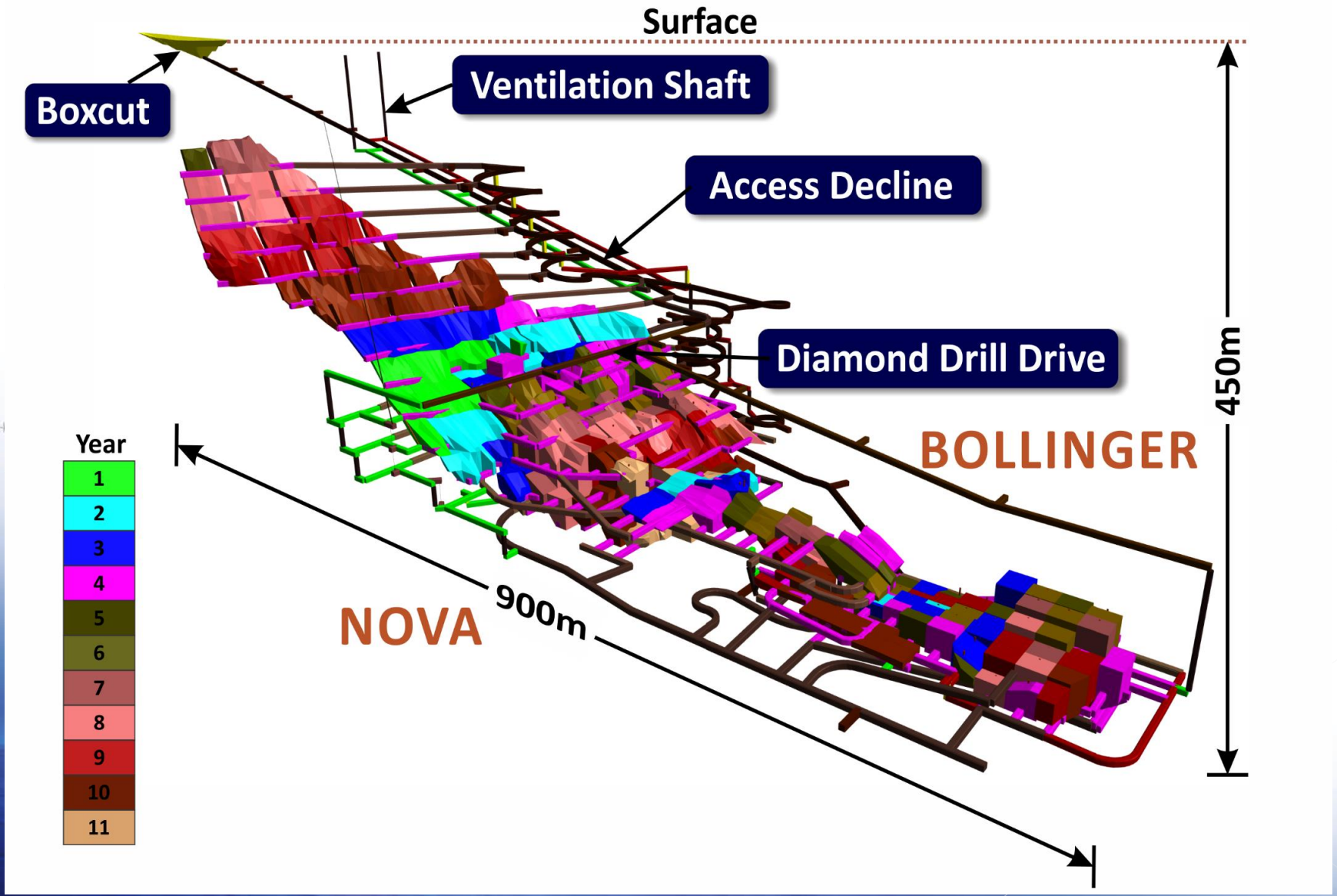
A$2.74 million average daily value traded

		Existing	Pro-forma[1]
Top twenty holders		49%	60%
Substantial shareholders	Mark Creasy	17.4%	34.9%
	Commonwealth Bank	7.2%	5.6%

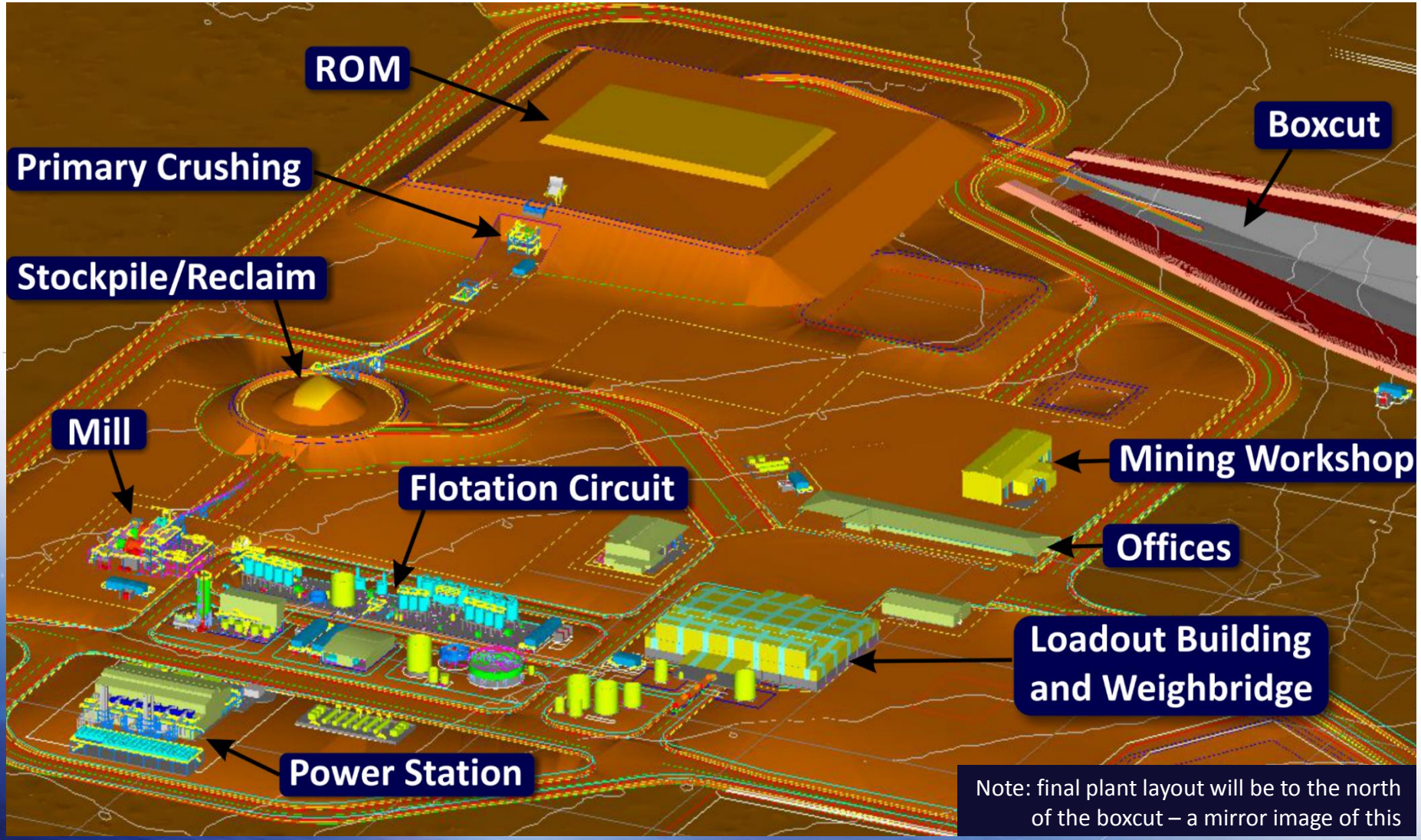
Feasibility study update

- Mine:
  - Stope design and scheduling completed
  - Decline design and boxcut location completed
  - Geotechnical work completed
  - Paste fill testwork proceeding well
- Plant:
  - Flowsheet and plant design completed
  - Site layout completed pending geotechnical investigations
- Infrastructure:
  - Tailings Storage Facility, access roads, village and airstrip design and layout completed
- Water:
  - Mine groundwater being pump tested and characterised
  - Dewatering, water balance and storage investigations advanced
- Capex:
  - Identifying potential cost saving opportunities

Latest mine design



Conceptual site layout



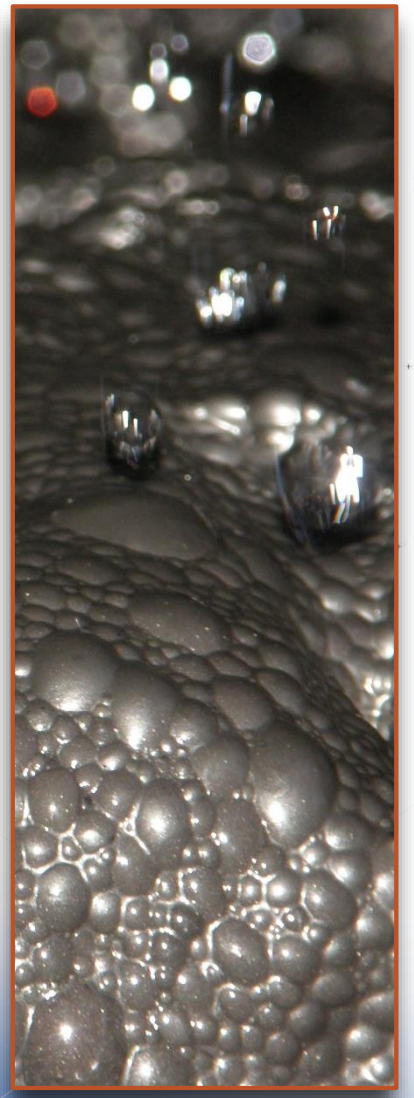
Note: final plant layout will be to the north of the boxcut – a mirror image of this

Metallurgy update

- Phase 2 testwork (comprising split concentrate flowsheet development and time/space/material variability) finished:
  - 14 drillholes, 6 domains, 6 material types
  - 203 flotation tests and 165 comminution tests)
  - Flow circuit and crushing configuration finalised
  - Reagent usage significantly lower than envisaged in scoping study

Concentrate	Grade	Recovery	Other information
Nickel	13.5%	89%	Very favourable Fe:Mg ratios (from 10 to 70)! Cobalt credits Negligible arsenic or other deleterious elements
Copper	27.0%	95%	Silver credits Negligible arsenic or other deleterious elements

- Phase 3 (final) testwork (comprising reagent, grind size and throughput sensitivity analysis) commenced



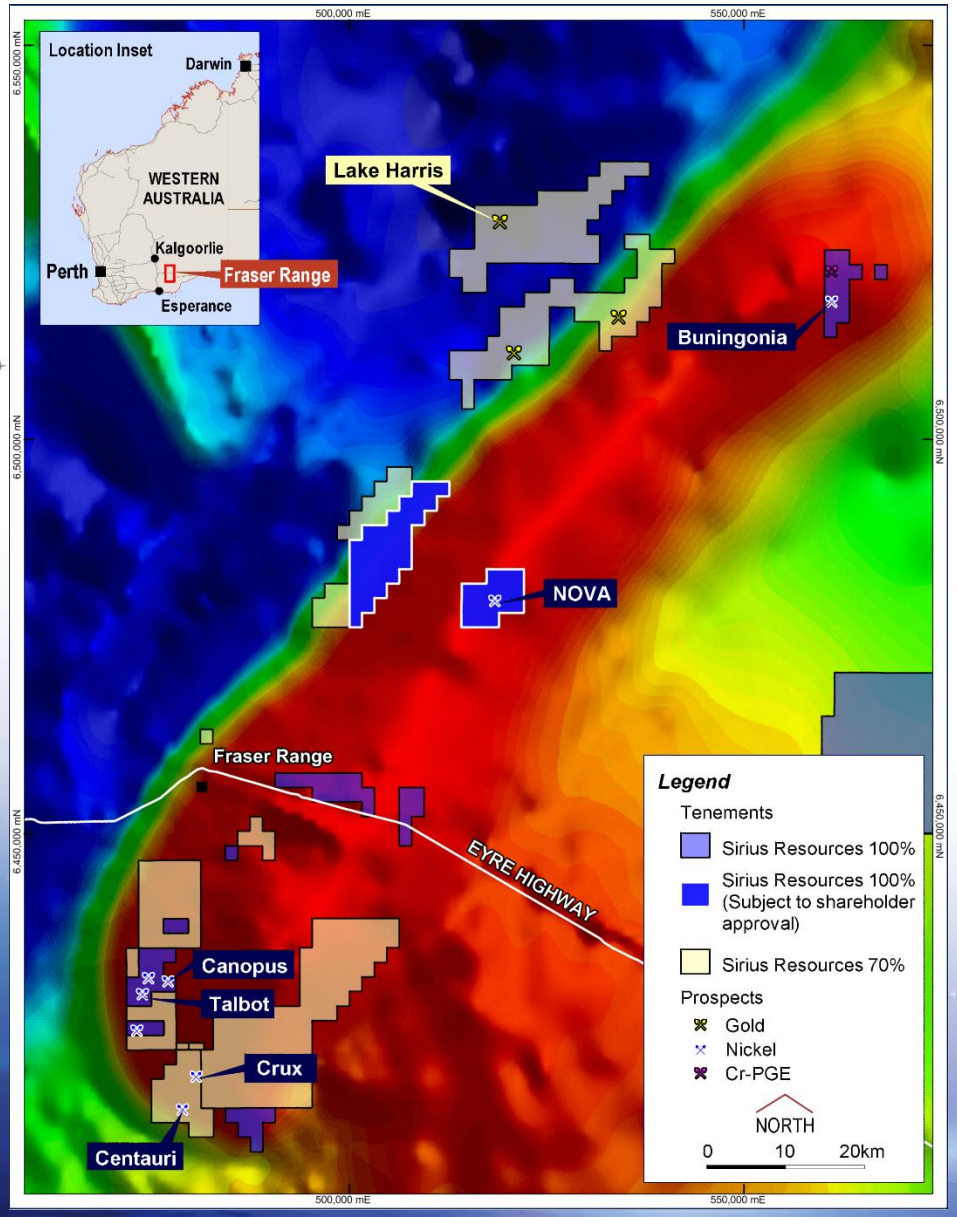
Financing and offtake update

- Financing philosophy is to:
  - minimise dilution to shareholders (ie, equity component) whilst not being too highly geared (ie, debt component)
  - minimise nickel hedging to maintain maximum exposure to price upside
  - keep financing entirely separate from offtake to maintain maximum negotiation and strategic flexibility
  - keep it simple – straightforward project financing
- Significant financier interest received – aim to shortlist 6 banks for continuing negotiations
- Indicative offers exceed the total funding requirement
- Offtake philosophy is to maintain maximum flexibility
  - Expressions of interest from 23 potential offtake customers
  - 8 nickel customers and 15 copper customers
  - Discussions underway

The global significance & strategic importance of Nova

- The nickel market is improving:
  - Closure of marginal producers and processing facilities
  - Indonesian export ban (or derivatives thereof)
  - Translates to a tightening of supply
  - Bullish consensus forecasts – especially medium and long term (>2017)
- The nickel sulphide sector of the industry is at a crossroads:
  - Potential sale or closure of BHP's Nickel West business in WA
  - Needs/constraints of potential buyers of Nickel West
  - Worldwide under-utilisation of smelting capacity due to insufficient feed, poor feed quality, other technical problems and political imperatives
  - Prohibitively high closure costs for smelters and refineries
  - Translates to an increasing need for good quality concentrates

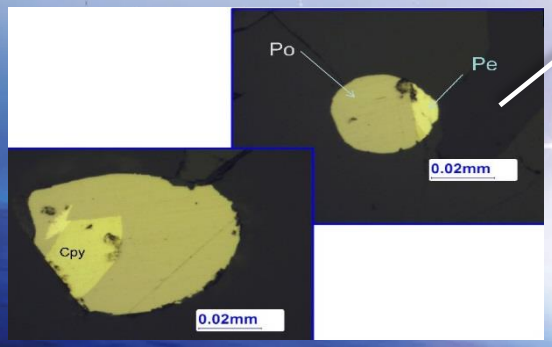
Finding the next Nova – regional ground holdings

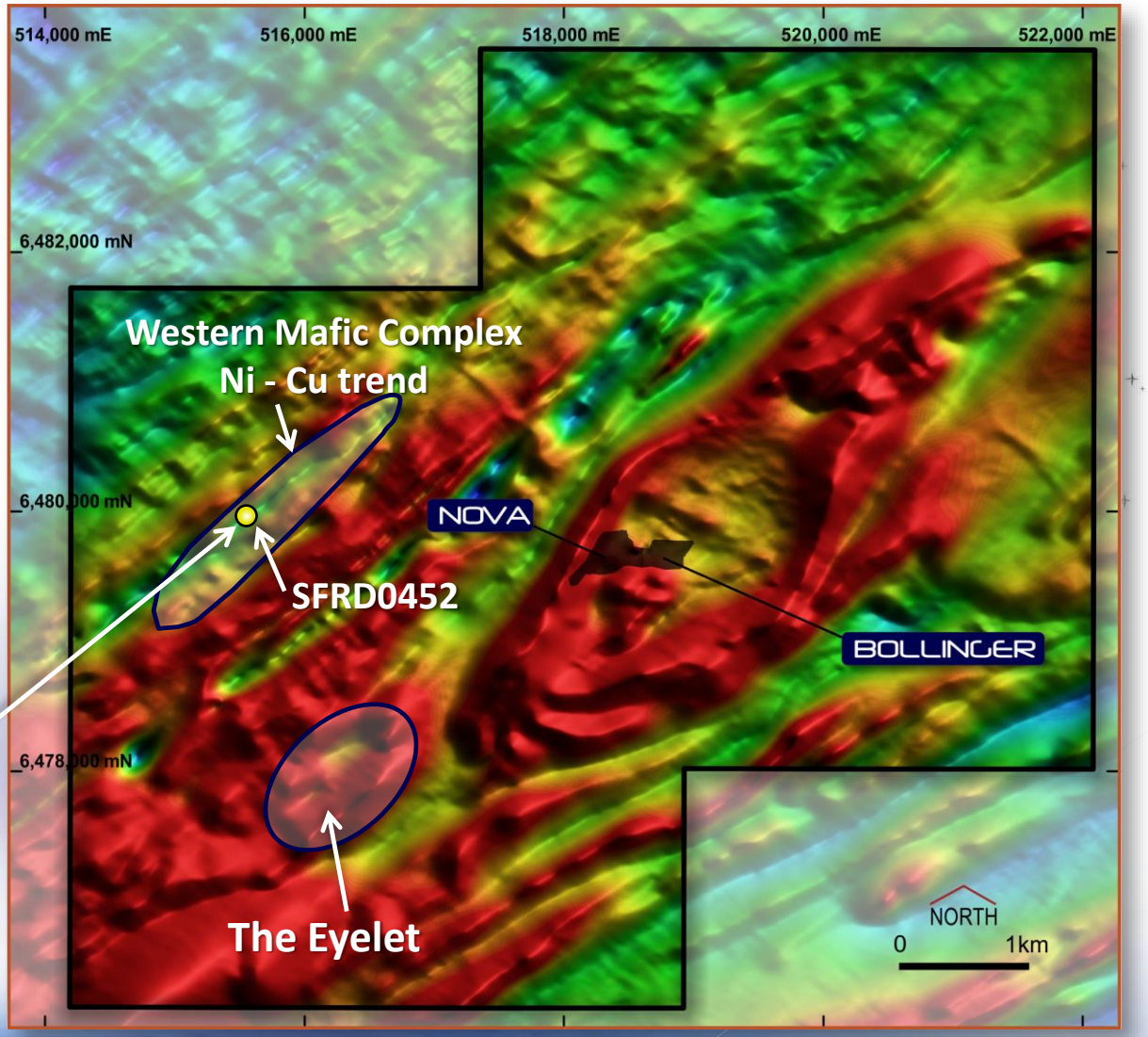


- Sirius controls key prospect areas in the Fraser Range belt
- The NE-SW trending red zone is a gravity anomaly that represents a slice of dense nickel-fertile deep crust uplifted to the earth's surface
- Nova nickel deposit and Buningonia and Crux/Centauri nickel prospects are all located in prime position on the spine of this gravity ridge
- Also gold prospective ground in the strike extension of the Tropicana gold belt
- FRJV (70%) plus 100% Sirius ground

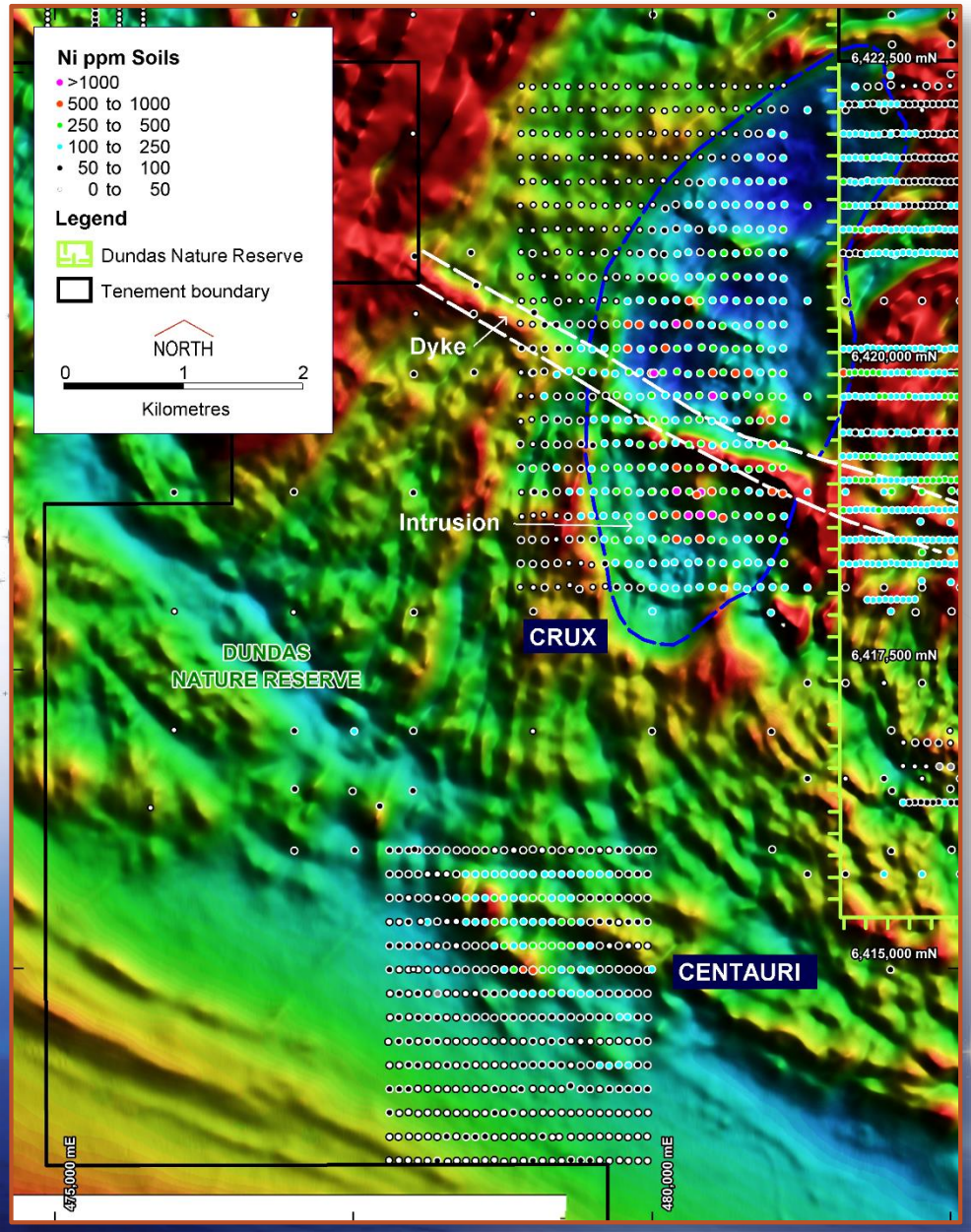
Fraser Range – additional near mine nickel targets

- In Mining Lease application and next to proposed plant site
- Western Mafic Complex – elevated Ni-Cu in RAB drilling, nickel-copper sulphides intersected in first diamond drill holes (see photo below)
- Similar to pre-discovery holes near Nova (refer to London Mines & Money presentation of December 2011)
- 100% SIR (post-transaction)



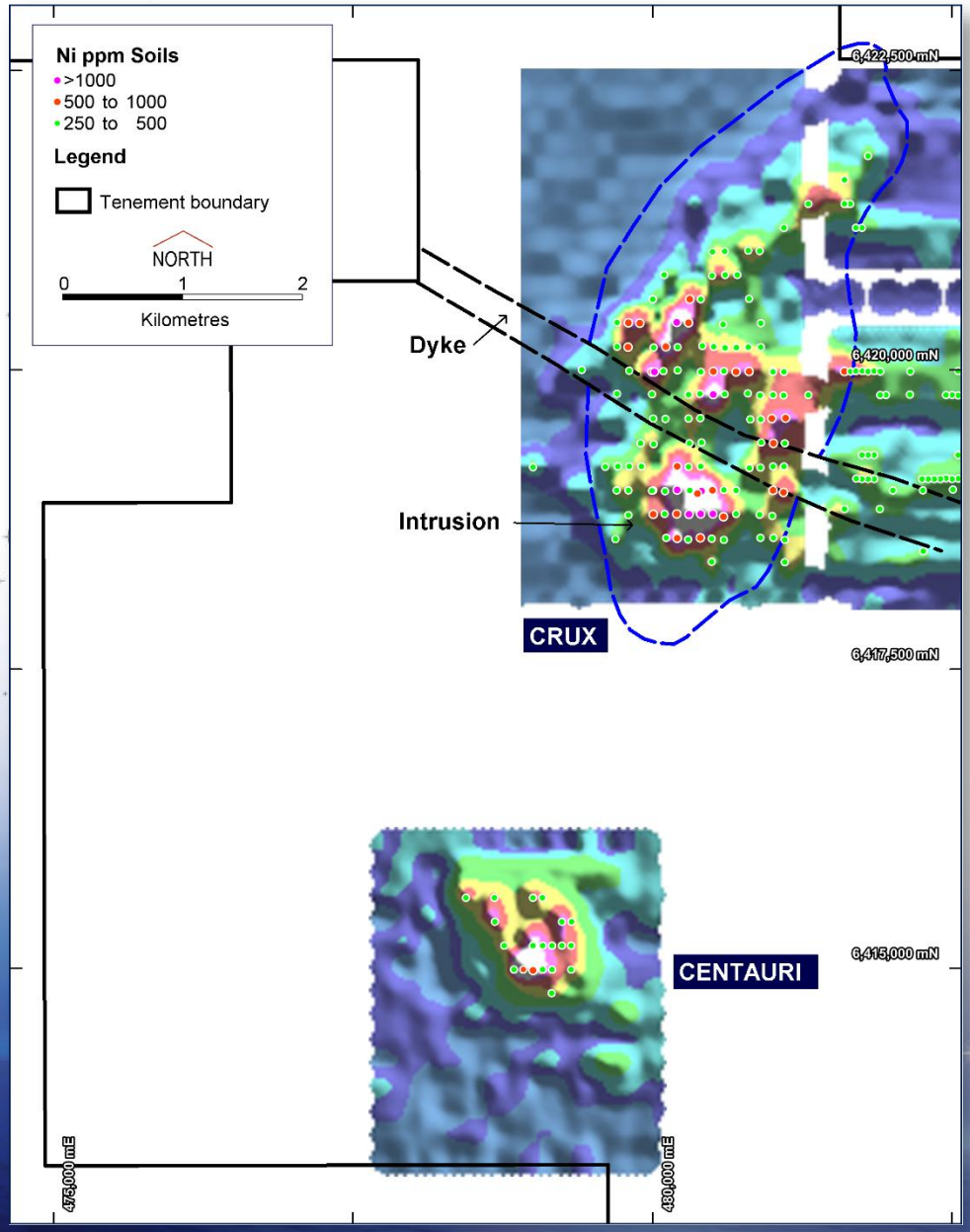


Crux and Centauri



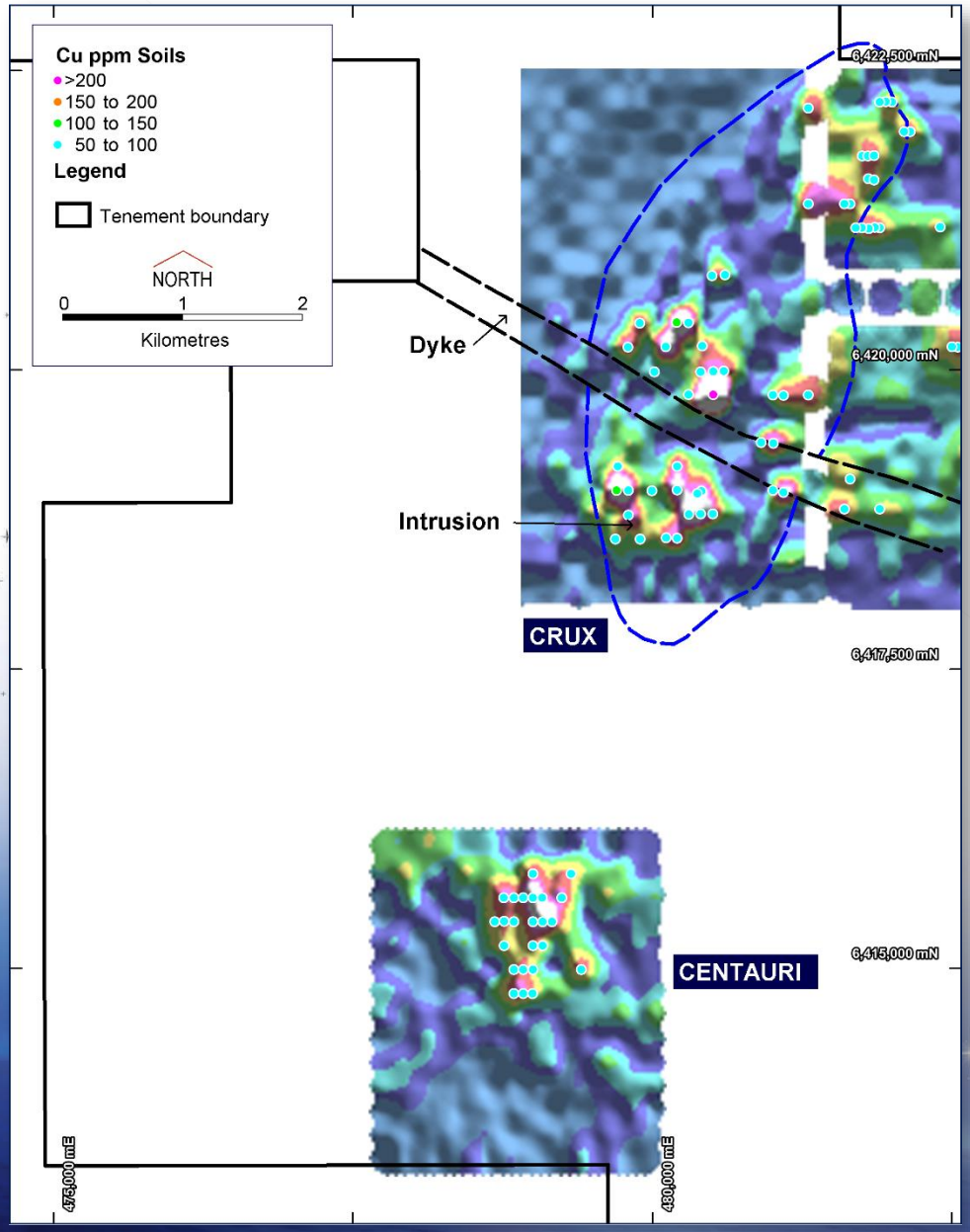
- Crux is interpreted to be a 5km x 2km intrusion similar to the Eye that hosts Nova
- Centauri is a magnetic feature located on a prominent NW trending structure

Crux and Centauri – nickel anomalies



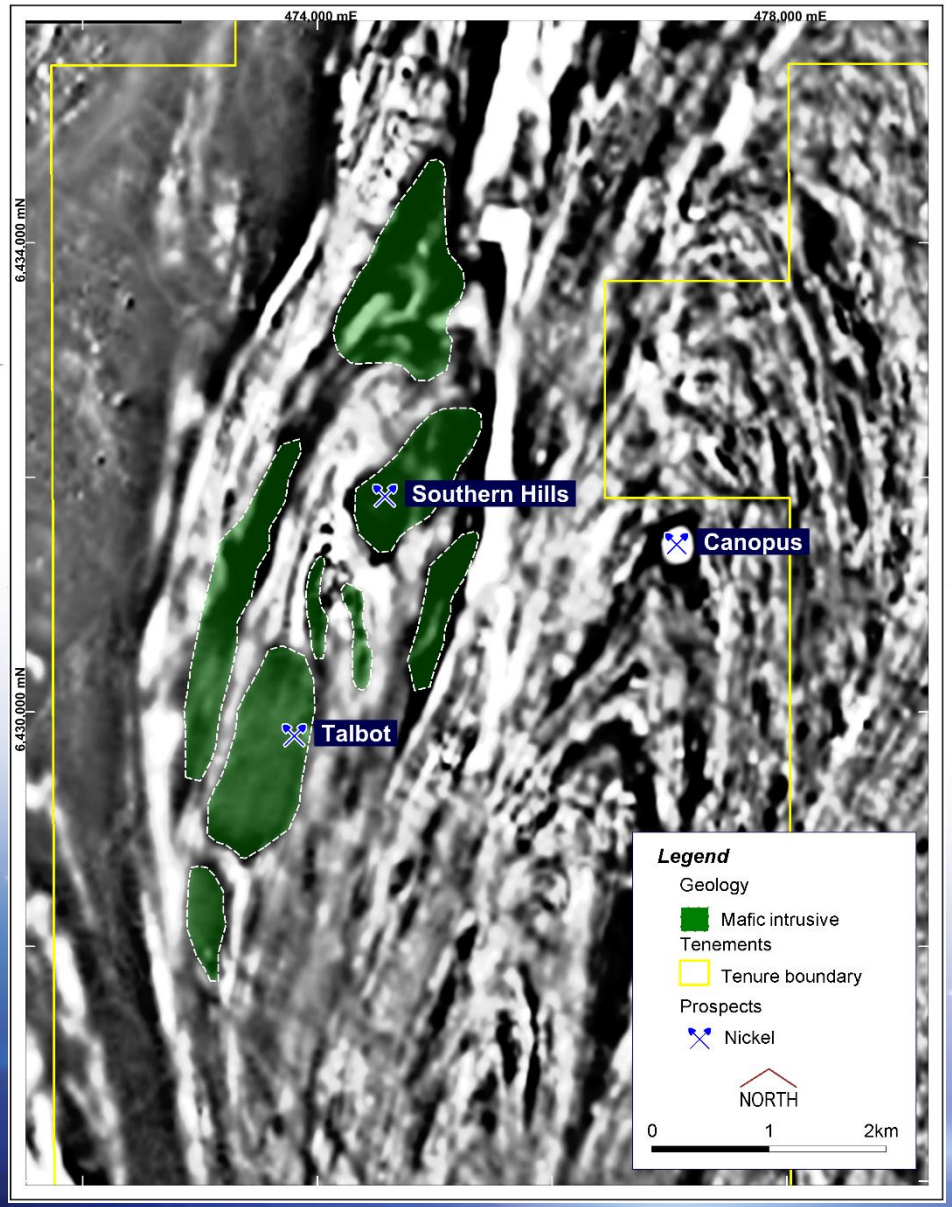
- Strong nickel soil anomalies at Crux and Centauri similar to that at Nova

Crux and Centauri – copper anomalies



- Strong coincident copper anomalies, also like that at Nova
- Prospecting at Centauri has discovered a gossan containing 0.6% Ni and 0.1% Cu – like that at Nova
- Heritage surveys completed
- Geophysics (ground EM) underway
- Drilling to follow

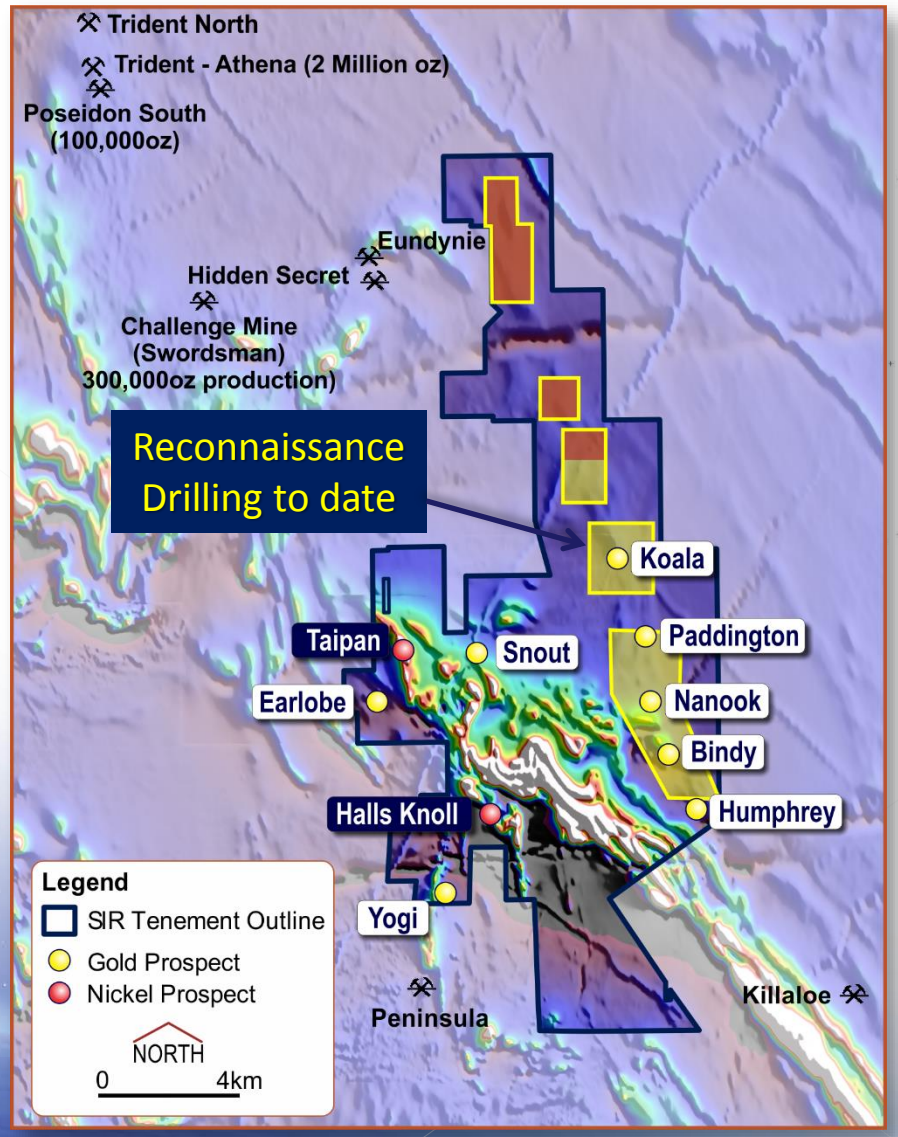
Fraser Range – Canopus base metal target



- Very strong discrete magnetic anomaly – approx. 300 metres wide
- Close to known mafic intrusions
- Coincident airborne EM (Geotem) anomaly – recorded in an old survey flown by INCO
- A single shallow hole drilled to a depth of 41 metres searching for kimberlite intersected mafic intrusive rocks but did not identify the source of the coincident magnetic/airborne EM anomaly
- Ground EM planned
- 100% SIR

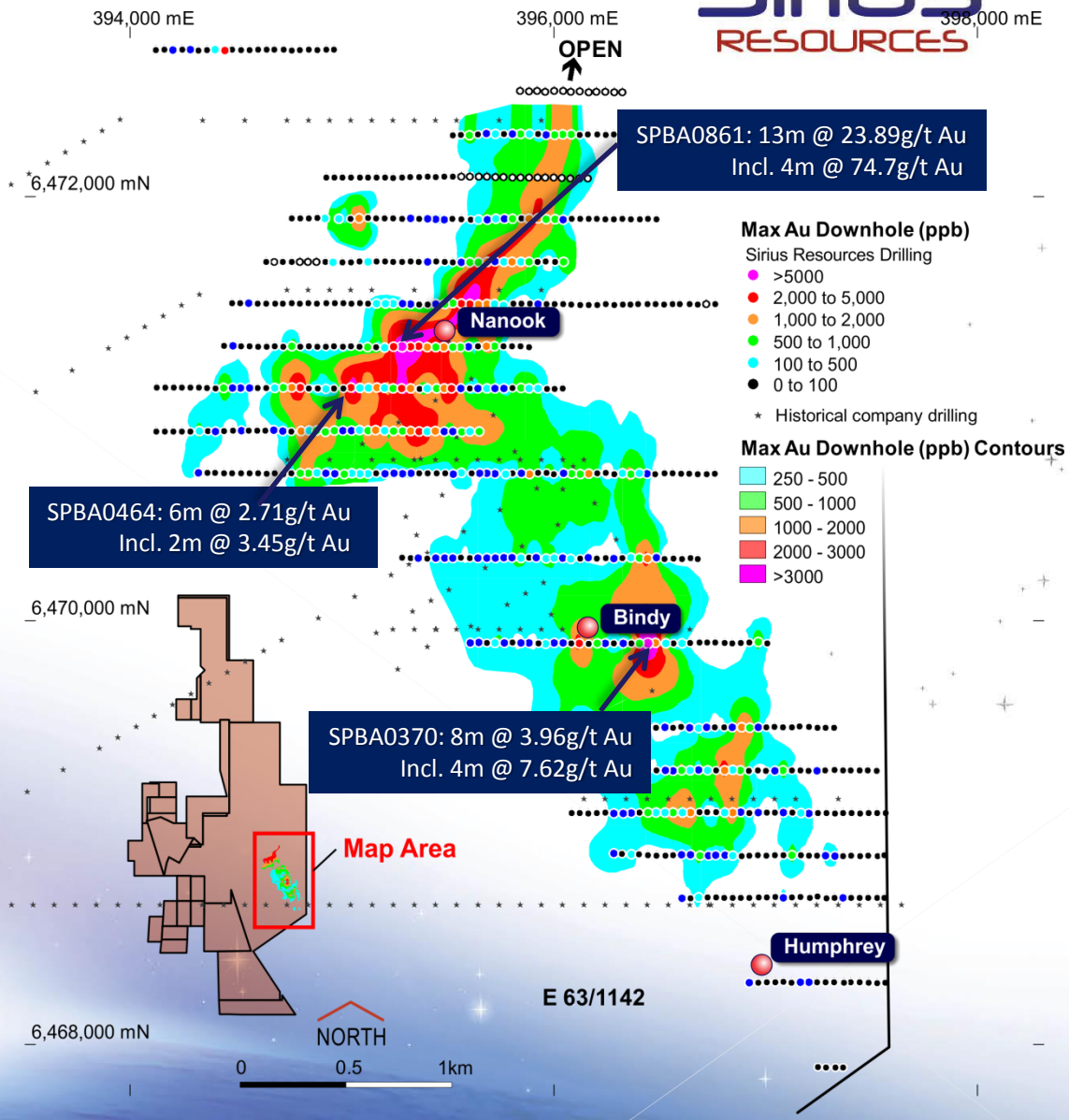
Polar Bear – gold targets

- 400 aircore holes drilled in 2013
- 3 significant new gold anomalies identified
- 3 further target areas still to test
- 15 km strike of prospective stratigraphy
- 25 million ounces of gold within a 30km radius (St Ives, Norseman, Higginsville)
- Drilling recommenced in early 2014 and ongoing

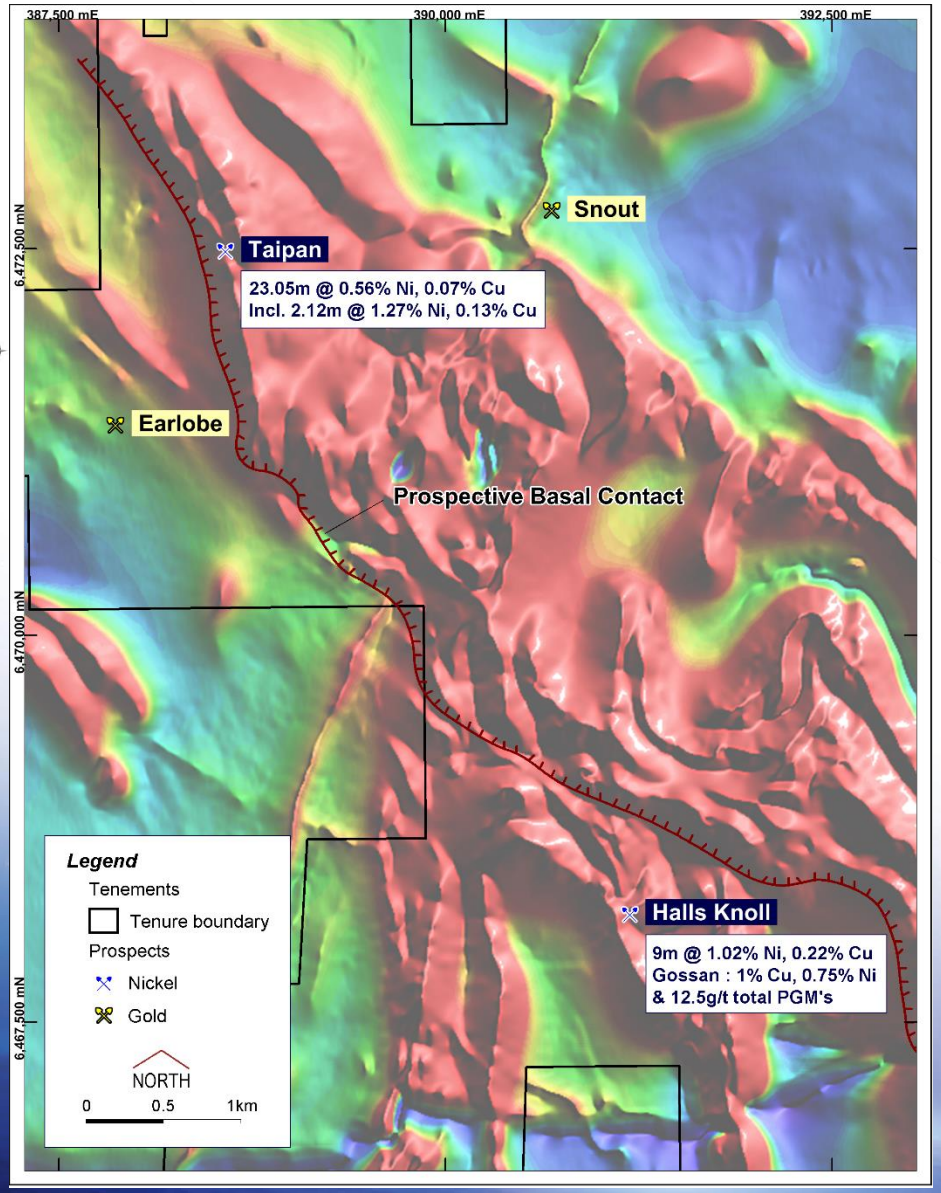


Polar Bear – Nanook gold prospect

- Three significant new supergene gold anomalies
- Northern anomaly ("Nanook") has strike extent >1.5km and width of >400m at greater than 1g/t gold
- Mineralised intersections up to 13m @ 23.9 g/t including 4m @ 74.7 g/t
- Further drilling underway
- 100% SIR



Polar Bear – Taipan nickel prospect



- A new nickel target from old data
- On same nickel sulphide endowed trend as SIR's Halls Knoll prospect (drill hits of up to 9m @ 1.02% Ni, 0.22% Cu, and outcropping gossan up to 12.5g/t PGM's)
- Old Anaconda hole drilled in 1970's intersected 23.05m @ 0.56% Ni, 0.07% Cu, including 2.12m @ 1.27% Ni, 0.13% Cu
- Never followed up
- 100% SIR (Polar Bear project) 100km from Nova

Conclusions

- Nova-Bollinger's discovery cost is extremely low (A$0.04/lb)
- Robust scoping study completed in September 2013, Feasibility Study on target for completion by mid-2014
- A globally significant, financially robust and strategic nickel-copper project in a stable mining-friendly jurisdiction
- Forecast to be 8th lowest cost nickel producer globally with cash costs in the lowest quartile and 10th-14th largest nickel producer in the world with 28,000t Ni, 11,000t Cu and 940t Co in concentrate per annum
- Poised to take 100% ownership (subject to shareholder approval) and capitalise on the advantages this creates
- Set to come into production in a forecast rising nickel market and at a time of unusual strategic dynamics in the Western Australian nickel industry
- Significant further exploration potential - nickel sulphides at the Western Mafic Complex near Nova, new nickel soil anomalies at Crux and Centauri, new target at Canopus, new target at Taipan (Polar Bear), gold intersections at Nanook (Polar Bear)