



Sirius Resources NL

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Projects:

Fraser Range nickel-copper, gold

Polar Bear gold, nickel

NOVA UNDERWAY ON AUSTRALIA DAY A\$30 MILLION SAVING ON DFS CAPEX ESTIMATE

Key points

- Mining commences at Nova on Australia Day – exactly two and a half years from announcement of discovery
- Excavation of the boxcut for the underground portal at Nova has now started following receipt of all permits for mining
- Project capital costs reduced by A\$30 million from the DFS estimate to a revised A\$443 million as a result of savings from construction contracts and tenders to date
- Construction of interim accommodation village has started
- Aerodrome and access road construction starting this week
- Tenders received for the processing plant construction contract

Sirius Resources NL (ASX:SIR) (“Sirius” or the “Company”) advises that development of the Nova nickel mine and construction of associated infrastructure is now underway.

Mining started yesterday on the Australia Day public holiday following receipt of the final statutory approvals required for the commencement of operations on the mining lease (*see Figure 1*). This is a significant milestone for Sirius, coming exactly two and a half years since the discovery of Nova was announced, and exactly on the project’s planned timeline.

Having pre-positioned key contractors on site in anticipation of these approvals, mining operations are now proceeding alongside a number of major key construction activities as outlined later in this announcement.

Using firm costings based on contracts let and tenders received to date, the Company has also identified capital cost savings of A\$30 million on the original Definitive Feasibility Study (DFS) estimate of A\$473 million. The revised capital estimate is therefore now A\$443 million, *including* a contingency of A\$22 million. This does not include any potential additional variances from future planned capital expenditures that do not yet have firm costings, nor does it include potential variances in operating related costs relative to DFS estimates.

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The savings identified to date do not compromise on quality or specification of contracts but reflect the highly competitive nature of the mining services sector in the current economic climate and the desire of reputable contractors to be involved in such a high quality project.

Sirius' Managing Director Mark Bennett said: "It is very satisfying to have started mining of Nova exactly two and a half years since the announcement of its discovery and even more fitting that such a significant milestone should fall on Australia Day for this world-class project.

"We have started the project on time, on plan and significantly within original capex budget estimates. I would like to thank the WA Environmental Protection Agency, the Department of Mines and Petroleum, and the Department of Environment Regulation for their professional and efficient participation in this process. It is also pleasing to continue involving local stakeholders such as the traditional owners and local pastoralists in the venture. Our project management team have done a great job getting Sirius to this point so smoothly, so quickly and with the benefit of significant savings."

"On behalf of all our shareholders and stakeholders I look forward to the project taking shape in a timely, responsible and above all a safe manner."

Initial mining of the boxcut (the small open pit excavated to access fresh rock from which the underground decline starts) is expected to take approximately three months to complete. Immediately following this, mining of the underground decline (the tunnel which accesses the Nova orebody) will commence. This work is being undertaken by well-known underground mining contractor Barmenco under a three year contract valued at A\$129 million, which also includes initial mining of the Nova orebody.

In addition to the formal environmental surveys previously undertaken to obtain statutory approvals, and as part of the Company's commitment to recognising the environmental values of the traditional owners of the area, an extra survey was also voluntarily undertaken in conjunction with representatives of the Ngadju people prior to operations starting to ensure the potential impact on any fauna is negligible (*see Figure 2*).

The exploration camp is currently being expanded and converted to become a 200 person temporary construction camp to house the workforce whilst the main accommodation village is being built. This work is due to be finished in March 2015, and the permanent accommodation village is expected to be completed by August 2015 at a cost of A\$23 million.

Equipment for the construction of the aerodrome and access roads is currently being mobilised to site and this work will start during the week.

Tenders have closed for the engineering, procurement and construction (EPC) contract for the processing plant, and the preferred tenderer for this will be announced in March 2015.

All activities are proceeding to plan and to schedule, are well within budget and the Company looks forward to providing regular updates as the momentum of the project increases over the coming months.

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Figure 1. Start of mining at Nova – the boxcut site on Australia Day, Monday 26th January 2014.



Figure 2. Final pre-mining additional fauna survey at site of Nova boxcut.

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Mark Bennett, Managing Director and CEO

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