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Projects:
Fraser Range nickel-copper, gold

Polar Bear gold, nickel


SIRIUS TO ACQUIRE CREASY'S 30% OF NOVA-BOLLINGER PROJECT TO TAKE OWNERSHIP TO 100%

- **Binding agreement to acquire Mark Creasy's 30% interest in EL 28/1724 and MLA 28/376 which host the Nova-Bollinger deposits**
- **Acquisition will deliver:**
 - **100% ownership of the Nova-Bollinger resource and the project's significant forecast cash flow**
 - **100% ownership of mining lease 28/376 (once granted) including all future discoveries made within the mining lease**
 - **100% ownership of future processing and associated mine infrastructure**
- **Acquisition consideration of 70.6 million Sirius shares and A\$28 million cash fully funded from Sirius' existing cash reserves of A\$104 million (as of 31 December 2013)**

Sirius Resources NL (**ASX:SIR**) ("**Sirius**" or the "**Company**") advises that it has entered into a binding conditional agreement with Mark Creasy, through his company Ponton Minerals Pty Ltd and other 100% controlled entities of Mr Creasy that are parties to the Fraser Range Joint Venture ("**Ponton**"), to acquire Ponton's 30% interest in Exploration Licence 28/1724 ("**EL 28/1724**") including that part of it which forms the area that is the subject of Mining Lease Application 28/376 ("**MLA 28/376**"), within which the Nova-Bollinger deposits are located (the "**Acquisition**"). The Acquisition, which is conditional on Sirius shareholder approval, comprises the following consideration:

- 70.6 million fully paid ordinary Sirius shares;
- A\$28 million in cash; and
- A 0.5% net smelter royalty payable only on any production resulting from future discoveries made within that portion of EL 28/1724 outside of MLA 28/376 ("**Balance Area Royalty**"). No royalty is payable to Mr Creasy on production from Nova-Bollinger or any future discoveries within MLA 28/376.

Upon completion, the Acquisition will lift Sirius' ownership of the Nova-Bollinger resource from 70% to 100%, thereby significantly increasing Sirius' existing resource inventory, forecast future production and cash

flow from production.

Sirius expects to derive significant financial and timing benefits from having 100% control of the development of Nova-Bollinger and to achieve further operational cost savings by avoiding the need for a production joint venture. Sirius also anticipates the Acquisition will enable the Company to secure enhanced financing and off-take terms, and will provide a strong strategic advantage through its sole ownership of any future processing infrastructure.

Further value may also be derived from future exploration success within the area of EL 28/1724 (143km²) which includes mining lease application MLA 28/376 (47km²), within which Sirius will hold a 100% interest in any future discoveries. Significant prospectivity remains throughout MLA 28/376, including existing targets within the Eye, the recently discovered Western Mafic Complex and the Eyelet.

Any production from future discoveries made within that portion of EL 28/1724 not covered by MLA 28/376 will be subject to the Balance Area Royalty, but any production from Nova-Bollinger or other future discoveries within the MLA 28/376 will not be subject to this royalty. Mr Creasy will retain a 30% free carried interest in the remainder of the Fraser Range Joint Venture outside of E 28/1724 and MLA 28/376.

Commenting on the Acquisition, Sirius' Managing Director, Dr Mark Bennett said, "Reaching agreement to consolidate 100% ownership of what we believe will emerge as one of Australia's leading nickel mines is an important milestone for Sirius and its shareholders. The agreement has been structured in a manner which delivers Sirius 100% ownership, yet leaves us with a significant cash position to complete the definitive feasibility study and continue with an aggressive exploration program. Mark Creasy's desire to receive the majority of the consideration in Sirius scrip is a measure of his confidence in the project and the future of the Company. We look forward to continuing a strong working relationship with Mark Creasy."

"We are confident that the Acquisition will prove to be beneficial for Sirius shareholders, removing many of the complexities otherwise faced by Sirius as we progress negotiations in respect of project finance and offtake arrangements and then commence development of the Nova-Bollinger project," he added.

Sirius' corporate adviser, Hartleys Limited, acted as adviser to the transaction. Ashurst acted as Sirius' legal adviser for the transaction.

Tenement background information

The tenements subject to the Acquisition comprise EL 28/1724 in its entirety, including that part overlain by MLA 28/376. The exploration licence covers an area of 143km² and that part of it covered by MLA 28/376 covers an area of 47km² and contains the geological structure known as the Eye, which hosts the Nova-Bollinger deposits, as well as other as yet unexplored prospective geological structures such as the Western Mafic Complex and the Eyelet. Nova-Bollinger is Australia's most significant recent nickel sulphide discovery with a current resource (as disclosed in the Company's ASX announcement of 15th July 2013) of:

- 14.6mt @ 2.2% Ni, 0.9% Cu and 0.08% Co;
- Containing 325,000t Ni, 134,000t Cu, 11,000t Co.

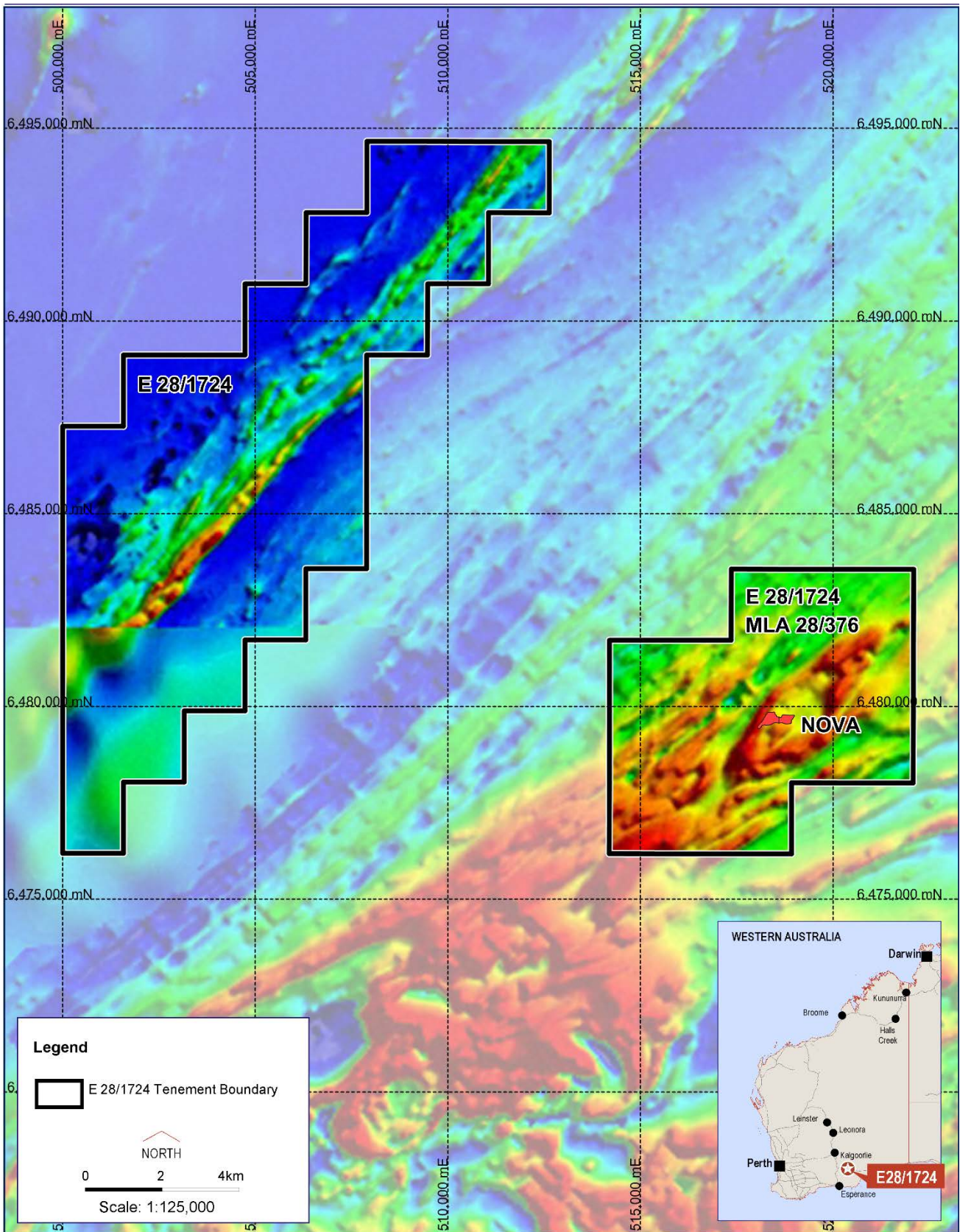


Figure 1. EL 28/1724 and MLA 28/376, showing the location of the Nova-Bollinger resource.

Sirius will continue to hold a 70% interest in the remainder of the Fraser Range Joint Venture, with Mr Creasy remaining as a 30% joint venture participant in all ground outside EL 28/1724 and MLA 28/376 that presently forms part of the Fraser Range Joint Venture.

Summary of Acquisition terms

The Acquisition will see Sirius, through its wholly owned subsidiary, Sirius Gold Pty Ltd acquire from Mr Creasy, through his company Ponton Minerals Pty Ltd and other 100% controlled entities of Mr Creasy that are parties to the Fraser Range Joint Venture (“Ponton”), Ponton’s 30% interest in Exploration Licence 28/1724 including that part of it which forms the area that is the subject of Mining Lease Application 28/376. The consideration to be provided to Ponton comprises:

- 70.6 million fully paid ordinary Sirius shares;
- A\$28 million in cash; plus
- the Balance Area Royalty.

The Balance Area Royalty is subject to the Australian Securities Exchange (“ASX”) agreeing to waive ASX Listing Rule 10.7. Should the ASX not provide this waiver, the Balance Area Royalty will not be granted and Sirius will transfer a 30% interest in EL 28/1724 (excluding that part of EL28/1724 which forms the area that is the subject of MLA 28/376) back to Ponton. Should the Balance Area Royalty waiver not be granted by the ASX, Sirius will continue with the transfer of cash and shares for Ponton’s 30% interest in MLA 28/376 and the Balance Area will be revert to the Fraser Range Joint Venture.

The cash component of the transaction is also subject to the ASX agreeing to waive ASX Listing Rule 10.7. Should the ASX not provide this waiver, the difference due to Ponton (up to A\$28 million) will be satisfied by the issue of fully paid ordinary Sirius shares.

A decision by the ASX is expected within two weeks.

Sirius will fund the A\$28 million cash component of the Acquisition from existing cash reserves of A\$104 million (as at 31 December 2013).

Shares issued to Ponton are likely to be escrowed for a period of 12 months in accordance with Chapter 9 of the ASX Listing Rules. Following completion, including his existing shareholding held through Yandal Investments Pty Ltd “Yandal”), Mr Creasy’s beneficial interest will increase to 116 million shares or 35% of the Sirius shares on issue post completion. As described above, in the event that no cash consideration is paid to Ponton an additional 13 million Sirius shares will be issued to Ponton, in which case Mr Creasy’s beneficial interest will increase to 129 million shares or 37% of the Sirius shares on issue post completion.

As Ponton and its associates are considered related parties for the purposes of the ASX Listing Rules, and because Mr Creasy's beneficial interest in the Sirius shares on issue will be greater than 20% post completion, the Acquisition is conditional on receiving Sirius shareholder approval. This shareholder approval will be sought at a shareholders' meeting that is expected to be held during May 2014. Ponton and its associates, including Yandal, will be excluded from voting on the Acquisition at that shareholders' meeting.

As required by ASX Listing Rule 10.10, the Company will appoint an independent expert to prepare a report on the Acquisition that opines on whether or not the Acquisition is fair and reasonable to Sirius shareholders (other than Ponton and its associates). The independent expert’s report will accompany the notice of meeting to be sent to shareholders, which is anticipated to occur during April 2014.

If the independent expert concludes that the Acquisition is not fair and is not reasonable to Sirius shareholders (other than Ponton and its associates), Sirius is not obliged to call the Sirius shareholders' meeting to consider the Acquisition. In this case either party may terminate the sale agreement.

The sale agreement contains customary termination events, including either party suffering an insolvency event, either party being in continuing material breach of the sale agreement or either party being in breach of their respective representations or warranties.

Expected timeline to Completion

Notice of meeting sent to shareholders, including the independent expert's report	April 2014
Shareholders' meeting to consider the Acquisition	May 2014
Completion of the Acquisition (assuming shareholders approve the Acquisition)	Shortly following the shareholders' meeting
Transfer of EL 28/1724 and grant of mining lease 28/376	Subject to governmental approval

Mark Bennett, Managing Director and CEO

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Competent Persons statement

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, Mr Andrew Thompson, a full time employee and General Manager Resources and Geology of Sirius Resources NL and Mr Jeffrey Foster, a full time employee and Technical Director of Sirius Resources NL and fairly represents this information. Mr Drabble, Mr Thompson and Mr Foster 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 “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code). Mr Drabble, Mr Thompson and Mr Foster consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.