



26 November 2014

## **Sirius Minerals Plc**

### **Results for the Six Months to 30 September 2014**

The Directors of Sirius Minerals Plc (AIM: SXX, OTCQX: SRUXY) ("Sirius" or the "Company") are pleased to announce the Interim Unaudited Consolidated Results for Sirius and its subsidiaries ("the Group") for the six month period ended 30 September 2014.

#### **Highlights**

- Memorandum of Understanding signed with Tanzanian Ministry of Agriculture in Tanzania, supporting collaboration on research on polyhalite for the introduction of polyhalite into Tanzania.
- Take or pay offtake agreement with large Central American fertilizer distributor for 250,000 tonnes per annum of polyhalite, ramping up over five years.
- Range of impressive crop study results announced in agronomy updates.
- Appointment of new Group Chief Financial Officer, Rachel Rhodes.
- Key planning approval submissions submitted for the York Potash Project.

#### **Financials**

During the six month period ended 30 September 2014 the Group made a consolidated loss of £6.7 million compared to a loss of £8.5 million for the same period last year. Cash resources at the end of September 2014 were £27.4 million compared to £13.1 million at 30 September 2013 and £48.4 million at 31 March 2014.

The Group's net assets at 30 September 2014 were £132.6 million compared to £89.3 million at 30 September 2013 and £134.9 million at 31 March 2014.

*Russell Scrimshaw, Chairman of Sirius, commented:*

*"It's been a typical busy six months for the Group with further excellent progress made on a number of fronts. Our sales and marketing team continue to impress, with the global interest in polyhalite continuing, assisted by our wide ranging studies on key crops around the world. Our internal teams and advisers have also contributed a great deal of effort towards engineering, planning and environmental work, which has culminated in the submission of some of our key planning applications."*

A webcast has been uploaded to the Company website [www.siriusminerals.com](http://www.siriusminerals.com).

**For further information, please contact:**

|   |  |                              |
|---|--|------------------------------|
| <b>Sirius Minerals Plc</b>                        |  |                              |
| <i>Investor Relations</i>                         | <i>Email: <a href="mailto:ir@siriusminerals.com">ir@siriusminerals.com</a></i> | <i>Tel: +44 20 3772 2500</i> |
| <b>Joint Brokers</b>                              |  |                              |
| <i>Liberum Capital Limited</i>                    | <i>Clayton Bush</i>  | <i>Tel: +44 20 3100 2222</i> |
| <i>Macquarie Capital (Europe) Limited (NOMAD)</i> | <i>Steve Baldwin, Raj Khatri</i>   | <i>Tel: +44 20 3037 2000</i> |
| <i>WH Ireland</i>                                 | <i>Adrian Hadden</i>   | <i>Tel: +44 20 7220 1666</i> |
| <b>Media Enquiries</b>                            |  |                              |
| <i>Tavistock</i>                                  | <i>Jos Simson, Mike Bartlett,<br/>Emily Fenton</i>                             | <i>Tel: +44 20 7920 3150</i> |
| <b>Warrant Trading Enquiries</b>                  |  |                              |
| <i>Liberum Capital Limited</i>                    | <i>Simon Smith</i>   | <i>Tel: +44 20 3100 2171</i> |

### **About Sirius Minerals Plc**

Sirius Minerals is a potash development company with properties in the United Kingdom (North Yorkshire) and the United States (North Dakota). Its primary focus is the development of the York Potash Project which has the world's largest and highest grade deposit of polyhalite, a multi-nutrient form of potash containing potassium, sulphur, magnesium and calcium. Incorporated in 2003, Sirius Minerals' shares are traded on the London Stock Exchange's AIM market. Its shares are also traded in the United States on the OTCQX through a sponsored ADR facility. Further information on the Company can be found at [www.siriusminerals.com](http://www.siriusminerals.com).

## **CHAIRMAN'S STATEMENT**

Dear Shareholders

### **A BUSY PERIOD**

The last six months have been another very busy period for Sirius. We have now completed an intense process to compile the detailed work for two of the major planning approval submissions for the York Potash Project (the Project). An extraordinary level of effort went into preparing the application documents across the engineering, planning policy and environmental work streams in order to ensure that the submissions were as robust and compelling as possible. In particular, our work has been focussed to address areas of concern previously raised by stakeholders in this planning process.

This six month period has also been highlighted by further progress from the Project team on the Definitive Feasibility Study (DFS), on sales from the sales and marketing division and several more impressive crop trial results from the agronomy team.

### **PROJECT APPROVALS**

At the end of June, Sirius announced the start of the formal pre-application consultation for the Project. This was an extensive process involving a large amount of publicity and including direct mailings to over 17,000 addresses and public exhibitions throughout the Project area encompassing 11 venues from Teesside to Scarborough. Transparent and thorough information was provided on the likely impacts of the Project on the economy, environment and traffic amongst other things. The results of this consultation period saw a public support rate for the Project of around 97 per cent. We continue to be extremely encouraged and pleased by the level of support and enthusiasm shown for the Project from a wide range of stakeholders.

To the very small number of people who have expressed concerns about the Project we offer our commitment to continue to listen to their views, reduce any negative impacts wherever we reasonably can, and endeavour to maximise the local benefits.

During July, Sirius announced its intention to combine the mine and mineral transport system planning applications. This had no impact on the envisaged project timescales and came about after extensive conversations with the relevant planning authorities. This approach has helped to simplify the process and assessment of the applications.

The planning submission timeframe we had announced was met at the end of September. The team knows that there is still ongoing work to be done with the key statutory bodies to clarify any areas of concern. The determination of such applications is often complex and time consuming, but the level of pre-application engagement with the local authorities and others has given a good backdrop to the process.

## **MARKET**

The period has also seen more significant progress in our work to fully define the market for polyhalite, bearing in mind that substantial contracted long-term sales commitments have not traditionally been the norm in the global fertilizer market.

The primary reasons we continue to make progress with sales contracts ahead of production is that customers recognise the outstanding economic value of polyhalite, they can look to secure supply on low-risk long-term contracts and, very importantly, they want to see more competition in the market. The potash industry, in particular, is one that is dominated by a small number of very large companies and the balance between supply and demand has to date mostly been in favour of the producers. We believe the Memorandum of Understanding signed in Tanzania in July, and the offtake agreement signed with our Central American partner in August, continue to demonstrate the global demand for large volumes of polyhalite. We now have over five million tonnes per annum of sales commitments agreed.

During the past six months Sirius has also published a number of informative updates as part of its global agronomy programme. The crop studies, conducted across numerous key crop types around the world, are targeted to demonstrate polyhalite's genuine value-in-use to agricultural producers. Test results in April assessed and confirmed that our polyhalite product, POLY4, has a very positive yield performance on sugarcane, soya bean, corn, oilseed rape and potatoes. The results also confirmed the beneficial presence of several key micro-nutrients found in POLY4.

In August and September we released results relating to trials on tomatoes – a crop with an annual global market value of US\$60 billion – and cabbages, which have a global annual market value of US\$17 billion. The outstanding results for these two particular crops demonstrated how POLY4 outperformed both Muriate of Potash (MOP) and Sulphate of Potash (SOP) in these examples. Whilst MOP is the primary product of the global potash industry, SOP commands a substantial pricing premium because of its lack of chlorides compared to MOP. To have outperformed both forms of potash shows just why POLY4 is attractive to so many fertilizer buyers, and why we are confident we will continue to attract ongoing and additional global interest.

POLY4's success lies largely in being a multi-nutrient form of chloride-free potash and with its nutrients working together naturally in a readily available sulphate form. Whilst each farmer or blender will have different requirements depending on the soil type and crop, POLY4 will offer a low cost blending ingredient which we believe will help farmers produce better yields for less overall cost.

## **PROJECT DEVELOPMENT**

Throughout the financial period the Project development has continued apace. The Project DFS is well under way and brings together a huge amount of work from internal teams and external consultants. The result will be a comprehensive study covering all areas of the business during construction and operation. Timed to be complete in time for our funding timetable, the DFS will be important in underpinning these future funding requirements. The finance team continue to progress multiple opportunities for optimising funding for the Project and these are being aligned with the expected timing requirement of different tranches of funding.

## **PEOPLE**

Changes to the management team during the period have seen the departure of Chief Finance Officer, Jason Murray, and the arrival of Rachel Rhodes as his replacement. With over fifteen years of experience in the mining sector Rachel has extensive experience in raising Group and Project level finance, listing companies on the London Stock Exchange and in managing investor, community and senior government relations.

The team has also been strengthened by Thomas Staley's appointment in August as Corporate Development Director to the Group. Thomas has over ten years' experience developing energy, resource and infrastructure projects across a range of international markets. His core competency is structuring commercial arrangements as well as financing projects utilising a wide range of capital types including project and export credit backed debt, mezzanine debt and equity facilities.

These appointments recognise the upcoming and increasing focus on the overall financing of the Project. These additions to the existing executive team, together with the skills and experience of Chief Executive, Chris Fraser, give Sirius an exceptionally strong executive group to drive the Project through Project approvals, funding and construction.

## **FINANCIAL RESULTS**

During the six month period ended 30 September 2014 the Group made a consolidated loss of £6.7 million compared to a loss of £8.5 million for the same period last year. Cash resources at the end of September 2014 were £27.4 million compared to £13.1 million at 30 September 2013 and £48.4 million at 31 March 2014.

The Group's net assets at 30 September 2014 were £132.6 million compared to £89.3 million at 30 September 2013 and £134.9 million at 31 March 2014.

The finance team continue to be focussed on the effective management of our existing funds and advancing multiple potential financing options for the Project. Ultimately we aim to optimise our access to debt markets for the majority of the construction finance for the Project – something that we believe is very achievable given the team's experience and the value of the Project once in operation. The team is also investigating more innovative opportunities for funding, including strategic partners, leasing and offtake financing mechanisms, which will inevitably form part of the funding mix.

The condensed interim unaudited consolidated financial statements have been prepared under the going concern assumption. However, the Directors recognise that there are a number of material uncertainties inherent in the Project. The impact of these uncertainties on the Directors' consideration of the going concern assumption are set out in Note 1 to these financial statements.

The principal risks and uncertainties facing the Group have not changed since the year-end. The principal risks are exploration, development & production risk, mineral title risk, permitting risk, commodity price risk,

liquidity risk, currency risk, competitor risk and product risk. Detailed explanations of these principal risks can be found in the 2014 annual report.

We look forward to further progress being made in the financial period ahead.

Kind regards,

**Russell Scrimshaw**

Chairman

26 November 2014

## **INDEPENDENT REVIEW REPORT TO SIRIUS MINERALS PLC**

### **Report on the condensed consolidated interim financial statements**

#### *Our conclusion*

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Sirius Minerals Plc for the six months ended 30 September 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

#### *Emphasis of matter – Going concern*

In forming our conclusion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is seeking to complete feasibility studies, obtain appropriate planning permissions and secure long term project finance, the outcome of each of which is uncertain. These circumstances indicate a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments which would result if the Group were unable to continue as a going concern.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Sirius Minerals Plc, comprise:

- the condensed consolidated statement of financial position as at 30 September 2014;
- the condensed consolidated income statement and statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### *What a review of condensed consolidated financial statements involves*

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

### **Responsibilities for the condensed consolidated interim financial statements and the review**

#### *Our responsibilities and those of the directors*

The half-yearly financial report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The directors are also responsible for the maintenance and integrity of the Sirius Minerals Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
Leeds

26 November 2014

## Condensed Consolidated Income Statement

*for the six month period ended 30 September 2014*

|                                    | Notes | Unaudited six month<br>period ended<br>30 September 2014<br>£000s | Unaudited six month<br>period ended<br>30 September 2013<br>£000s | Audited year ended<br>31 March 2014<br>£000s |
|------------------------------------|-------|---|---|--|
| <b>Revenue</b>                     |       | -   | -   | -  |
| Administrative expenses            |       | (6,641)   | (8,380)   | (9,115)                                      |
| <b>Operating loss</b>              |       | <b>(6,641)</b>  | <b>(8,380)</b>  | <b>(9,115)</b>                               |
| Finance income                     |       | 98  | 30  | 49   |
| Finance costs                      |       | (177)   | (111)   | (1,063)                                      |
| <b>Loss before taxation</b>        |       | <b>(6,720)</b>  | <b>(8,461)</b>  | <b>(10,129)</b>                              |
| Taxation                           |       | -   | 2,152   | 2,151  |
| <b>Loss for the financial year</b> |       | <b>(6,720)</b>  | <b>(6,309)</b>  | <b>(7,978)</b>                               |
| <b>Loss per share:</b>             |       |   |   |  |
| Basic and diluted                  | 3     | (0.4p)  | (0.5p)  | (0.5p)                                       |

## Condensed Consolidated Statement of Comprehensive Income

*for the six month period ended 30 September 2014*

|   | Notes | Unaudited six<br>month period<br>ended<br>30 September 2014<br>£000s | Unaudited six month<br>period ended<br>30 September 2013<br>£000s | Audited year ended<br>31 March 2014<br>£000s |
|---|-------|--|---|--|
| <b>Loss for the financial year attributable to<br/>owners of the Parent</b> |       | <b>(6,720)</b>   | <b>(6,309)</b>  | <b>(7,978)</b>                               |
| <b>Other comprehensive income/(loss)</b>                                    |       |  |   |  |
| <b>Items that may be subsequently</b>                                       |       |  |   |  |

|  |                |         |         |
|--|----------------|---------|---------|
| <b>reclassified to profit or loss</b>                  |                |         |         |
| Exchange differences on translating foreign operations | <b>(279)</b>   | 26      | 210     |
| <b>Other comprehensive income/(loss) for the year</b>  | <b>(279)</b>   | 26      | 210     |
| <b>Total comprehensive loss for the year</b>           | <b>(6,999)</b> | (6,283) | (7,768) |

Total comprehensive loss shown above is fully attributable to equity shareholders of the parent in both years.

## Condensed Consolidated Statement of Financial Position

*as at 30 September 2014*

| <b>ASSETS</b>                   | Notes | <b>Unaudited as at<br/>30 September 2014<br/>£000s</b> | <b>Unaudited as at<br/>30 September 2013<br/>£000s</b> | <b>Audited as at<br/>31 March 2014<br/>£000s</b> |
|---------------------------------|-------|--|--|--|
| <b>Non-current assets</b>       |       |  |  |  |
| Property, plant and equipment   |       | <b>2,055</b>   | 810  | 2,116  |
| Intangible assets               | 4     | <b>110,452</b>   | 83,826   | 92,814   |
| <b>Total non-current assets</b> |       | <b>112,507</b>   | 84,636   | 94,930   |
| <b>Current assets</b>           |       |  |  |  |
| Other receivables               |       | <b>3,998</b>   | 947  | 1,046  |
| Cash and cash equivalents       |       | <b>27,426</b>  | 13,143   | 48,404   |
| <b>Total current assets</b>     |       | <b>31,424</b>  | 14,090   | 49,450   |
| <b>TOTAL ASSETS</b>             |       | <b>143,931</b>   | 98,726   | 144,380  |
| <b>EQUITY AND LIABILITIES</b>   |       |  |  |  |
| <b>Equity</b>                   |       |  |  |  |
| Share capital                   | 5     | <b>4,739</b>   | 3,468  | 4,658  |
| Share premium account           |       | <b>200,185</b>   | 151,122  | 197,797  |



|                                     |   |                 |          |          |
|-------------------------------------|---|-----------------|----------|----------|
| Share based payment reserve         |   | <b>13,515</b>   | 13,140   | 11,404   |
| Accumulated losses                  |   | <b>(92,957)</b> | (85,667) | (86,360) |
| Foreign exchange reserve            |   | <b>7,095</b>    | 7,190    | 7,374    |
| <b>Total equity</b>                 |   | <b>132,577</b>  | 89,253   | 134,873  |
| <b>Non-current liabilities</b>      |   |                 |          |          |
| Deferred tax liability              |   | -               | -        | -        |
| <b>Current liabilities</b>          |   |                 |          |          |
| Loan from third parties             | 6 | <b>2,975</b>    | 6,623    | 5,340    |
| Trade and other payables            |   | <b>8,379</b>    | 2,850    | 4,167    |
| <b>Total liabilities</b>            |   | <b>11,354</b>   | 9,473    | 9,507    |
| <b>TOTAL EQUITY AND LIABILITIES</b> |   | <b>143,931</b>  | 98,726   | 144,380  |

## Condensed Consolidated Statement of Changes In Equity

*for the six month period ended 30 September 2014*

|   | Share capital<br>£000s | Share premium account<br>£000s | Share based payments reserve<br>£000s | Accumulated losses<br>£000s | Foreign exchange reserve<br>£000s | Equity shareholders' funds<br>£000s |
|---|------------------------|--------------------------------|---------------------------------------|-----------------------------|-----------------------------------|-------------------------------------|
| <b>At 1 April 2013</b>  | 3,359                  | 147,763                        | 10,345                                | (79,392)                    | 7,164                             | 89,239                              |
| Loss for the period   | -                      | -                              | -                                     | (6,309)                     | -                                 | (6,309)                             |
| Foreign exchange differences on translation of foreign operations | -                      | -                              | -                                     | -                           | 26                                | 26                                  |
| Total comprehensive loss for the period                           | -                      | -                              | -                                     | (6,309)                     | 26                                | (6,283)                             |
| Conversion of loan  | 75                     | 2,854                          | -                                     | 34                          | -                                 | 2,963                               |
| Exercise options  | 7                      | 505                            | -                                     | -                           | -                                 | 512                                 |
| Share based payments  | 27                     | -                              | 2,795                                 | -                           | -                                 | 2,822                               |

|   |              |                |               |                 |              |                |
|---|--------------|----------------|---------------|-----------------|--------------|----------------|
| <b>At 30 September 2013</b>                                       | 3,468        | 151,122        | 13,140        | (85,667)        | 7,190        | 89,253         |
| Loss for the period   | -            | -              | -             | (1,669)         | -            | (1,669)        |
| Foreign exchange differences on translation of foreign operations | -            | -              | -             | -               | 184          | 184            |
| Total comprehensive loss for the period                           | -            | -              | -             | (1,669)         | 184          | (1,485)        |
| Share issue   | 897          | 42,147         | 897           | -               | -            | 43,941         |
| Share issue costs   | -            | (2,180)        | -             | -               | -            | (2,180)        |
| Conversion of loan  | 293          | 6,708          | -             | 976             | -            | 7,977          |
| Exercised options   | -            | -              | -             | -               | -            | -              |
| Share based payments  | -            | -              | (2,633)       | -               | -            | (2,633)        |
| <b>At 31 March 2014</b>   | 4,658        | 197,797        | 11,404        | (86,360)        | 7,374        | 134,873        |
| Loss for the period   | -            | -              | -             | (6,720)         | -            | (6,720)        |
| Foreign exchange differences on translation of foreign operations | -            | -              | -             | -               | (279)        | (279)          |
| Total comprehensive loss for the period                           | -            | -              | -             | (6,720)         | (279)        | (6,999)        |
| Share issue   | 7            | -              | -             | -               | -            | 7              |
| Share issue costs   | -            | 17             | -             | -               | -            | 17             |
| Conversion of loan  | 72           | 2,338          | -             | 123             | -            | 2,533          |
| Exercised options   | 2            | 33             | -             | -               | -            | 35             |
| Share based payments  | -            | -              | 2,111         | -               | -            | 2,111          |
| <b>At 30 September 2014</b>                                       | <b>4,739</b> | <b>200,185</b> | <b>13,515</b> | <b>(92,957)</b> | <b>7,095</b> | <b>132,577</b> |

## Condensed Consolidated Statement of Cash Flows

*for the six month period ended 30 September 2014*

|   | Notes | Unaudited six<br>month period ended<br>30 September 2014<br>£000s | Unaudited six<br>month period ended<br>30 September 2013<br>£000s | Audited year ended<br>31 March 2014<br>£000s |
|---|-------|---|---|--|
| <b>Cash outflow from operating activities</b>               | 7     | <b>(4,663)</b>  | (6,128)   | (7,950)                                      |
| <b>Cash flow from investing activities</b>                  |       |   |   |  |
| Purchase of intangible assets                               |       | <b>(15,977)</b>   | (10,096)  | (17,424)                                     |
| Purchase of plant and equipment                             |       | <b>(51)</b>   | (6)   | (1,461)                                      |
| Repayment of loan to third party                            |       | -   | 915   | 915  |
| <b>Net cash used in investing activities</b>                |       | <b>(16,028)</b>   | (9,187)   | (17,970)                                     |
| <b>Cash flow from financing activities</b>                  |       |   |   |  |
| Proceeds from loan  |       | -   | 10,000  | 15,748                                       |
| Proceeds from issue of shares                               |       | <b>42</b>   | 512   | 43,557                                       |
| Share issue costs   |       | <b>17</b>   | -   | (2,180)                                      |
| Finance (costs)/income                                      |       | <b>(79)</b>   | (81)  | (1,014)                                      |
| <b>Net cash generated from financing activities</b>         |       | <b>(20)</b>   | 10,431  | 56,111                                       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>(20,711)</b>   | (4,884)   | 30,191                                       |
| Cash and cash equivalents at beginning of the year          |       | <b>48,404</b>   | 17,980  | 17,980                                       |
| Effect of foreign exchange rate changes                     |       | <b>(267)</b>  | 47  | 233  |
| <b>Cash and cash equivalents at end of the year</b>         |       | <b>27,426</b>   | 13,143  | 48,404                                       |