28 March 2017

Sirius Minerals Plc

Financial results 2016

Sirius Minerals Plc (AIM: SXX, OTCQX: SRUXY) ("Sirius" or the "Company") announces the results for Sirius and its subsidiaries ("the Group") for the year ended 31 December 2016.

Key highlights

- Completion of Stage 1 Financing by securing funding of ~US$1.2 billion required to begin the construction of the Company's polyhalite project in North Yorkshire.
- Progressing Stage 2 Financing through mandating a group of six financial institutions ("MLAs").
- The receipt of the final major planning approval for the Company's North Yorkshire polyhalite project – a development consent order for the harbour facilities.
- Increase of the Company's polyhalite probable reserve to 280 million tonnes of polyhalite at an average grade of 88.4%.
- Completion of the definitive feasibility study and the publication of its material findings.
- Selection of preferred contractors for the Woodsmith Mine and mineral transport system works.
- Ongoing progress with customer engagement regarding product sales and further positive crop study results for the Company's POLY4 product.

Post-balance sheet events

- Commencement of construction enabling works in the vicinity of the Woodsmith Mine.
- Appointment of Thomas Staley to the role of Finance Director and Executive Board Director in February 2017.

Financials

Cash resources at the end of December 2016 were £665.3 million (liquid funds including investments and restricted cash) compared to £29.1 million as at 31 December 2015.

During the financial year ended 31 December 2016 the Group made a consolidated loss of £23.0 million compared to a loss of £7.0 million for the nine-month period to 31 December 2015.

The Group's net assets at 31 December 2016 were £496.3 million compared to £165.2 million at 31 December 2015.

Annual report and accounts

The annual report and accounts for the year ended 31 December 2016 have now been published on the Company's website: www.siriusminerals.com. The hard copy of the annual report and accounts will also be posted to shareholders shortly.

The Company's annual general meeting will be held at 1.00pm on Thursday 29 June 2017 at the Royal York Hotel, Station Road, York, YO24 1AA. The Notice of Meeting will be issued to shareholders in due course.

Investor conference call

Sirius Minerals' Chief Financial Officer, Thomas Staley, will host a conference call for investors and analysts at 9.00 am today. Any analysts wishing to ask questions on the call can receive dial in details by emailing sirius@tavistock.co.uk.

The call can be listened to live at: http://event.onlineseminarsolutions.com/wcc/r/1391936-1/6AA91F73112E78BB991EE5447D8D1B10?partnerref=rss-events and a replay will be available on the Company's website in due course.

For further information, please contact:

Sirius Minerals Plc *Investor Relations Manager*	*Tristan Pottas* *Email: ir@siriusminerals.com*	*Tel: +44 845 524 0247*
Joint Brokers		
Liberum Capital Limited (NOMAD)	*Neil Elliot, Clayton Bush, Jill Li*	*Tel: +44 20 3100 2222*
J.P. Morgan Cazenove	*Ben Davies, Jamie Riddell*	*Tel: +44 20 7742 4000*
WH Ireland	*Adrian Hadden*	*Tel: +44 20 7220 1666*
Media Enquiries *Tavistock*	*Jos Simson, Mike Bartlett,* *Emily Fenton*	*Tel: +44 20 7920 3150*

About Sirius Minerals Plc

Sirius Minerals Plc is the fertilizer development company focused on the construction and development of its North Yorkshire polyhalite project in the United Kingdom. It believes the Project represents the world's largest high-grade known 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 (AIM: SXX). 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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Welcome to 2016 annual report which covers the period from 1 January to 31 December.

Some five years ago, in my first Chairman's overview, I commented that Sirius Minerals is one of the world's most exciting resource development companies. For me nothing has changed in terms of the sentiment, although clearly we have made significant progress towards reaching our goals.

If 2015 was principally about securing key approvals, until that time seen by the market as the major barrier to our progress, then 2016 was the year we cleared the second major hurdle – stage 1 financing. As long-term shareholders will know, the completion of our stage 1 financing in November 2016 was the culmination of much hard work in the preceding years including resource exploration and definition, the signing of several bankable sales contracts and the securing of key planning approvals.

In 2016 we published the key findings of our definitive feasibility study (DFS). The study was essentially prepared over two years, with input from the results of planning approvals and contributions from a wide range of experienced consultancies. The DFS defined a business that has the potential to be a world leader in the fertilizer industry, with expected low operating costs, healthy margins and a very long asset life.

In the period around and immediately after the DFS announcement we had been running competitive tender processes for both the construction of the mine shafts and the mineral transport system, and subsequently we announced our preferred contractors.

This, together with the receipt of the final major planning approval – the harbour facilities – and the update on stage 2 financing progress, provided the ideal spring board that we needed to execute the stage 1 financing. I can assure all shareholders that we undertook a tremendous amount of detailed work with a number of financing and consulting parties in the run up to the announcement of the Royalty Financing Agreement with Hancock British Holdings Ltd in October 2016.

Hancock Prospecting Chairman, Mrs Gina Rinehart, needs no introduction given her extremely successful business track record. We were delighted to partner with her company, particularly given its extensive experience in both the mining industry and with royalty agreements. Hancock's growing agricultural interests also make them an excellent partner for us.

With this part of the stage 1 financing in place, we could execute the remaining elements of the financing package being the convertible bonds and a firm placing and placing and open offer. This meant we were able to secure funding of US$1.2 billion required to begin the construction of our Project.

I believe, after many further successes, people will look back and truly appreciate what a momentous achievement this financing was. A great deal of credit should be attributed to our executive team, led by Chris Fraser, and our Chief Financial Officer, Thomas Staley. But the credit stretches throughout the entire organisation, such is the level of effort needed across the business in preparing for, coordinating and executing such a complex structure – essentially three separate significant finance components.

We have also made other substantial progress this past year including a new, upgraded take-or-pay offtake agreement, an increase to our polyhalite probable reserve and the development of a potential de-icing salt opportunity at our Project. On the governance side in 2016 Louise Hardy replaced Stephen Pycroft on the Sirius Minerals Board as a non-executive director. Louise has brought to our Board additional extensive major project experience in senior roles in the UK construction industry. Her background is already proving most valuable for the Company.

Post-balance sheet events

On 19 January 2017 we set out a schedule for reporting our Project construction updates. Given the levels of interest in our construction from both shareholders and wider stakeholders, we felt it was important to give clarity on when to expect Project progress information to be shared. The first of these updates is scheduled for release alongside the issue of this annual report.

On 2 February 2017 we appointed our Chief Financial Officer, Thomas Staley, to the role of Finance Director and Executive Board Director. Thomas has demonstrated his strong capabilities as Sirius CFO over the last two years and he brings valuable financing and governance experience to the Board.

As always, I thank all shareholders for their support for the Company. We are continually uplifted by the good wishes we receive from our very large number of loyal shareholders. We look forward to our first year of construction as we continue to develop our world-class polyhalite Project.

Kind regards,

Russell Scrimshaw
Chairman

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2016

	Note	**31 December 2016**	Nine-month period to 31 December 2015
		£000s	£000s
Revenue		**-**	-
Administrative expenses		**(11,872)**	(7,422)
Operating loss		**(11,872)**	(7,422)
Finance income	2	**1,489**	99
Finance costs	3	**(13,039)**	(186)
Loss before taxation		**(23,422)**	(7,509)
Taxation		**468**	550
Loss for the financial year		**(22,954)**	(6,959)
Loss per share:			
Basic and diluted	4	**(0.9p)**	(0.3p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	31 December 2016	Nine-month period to 31 December 2015
	£000s	£000s
Loss for the financial year attributable to owners of the parent	**(22,954)**	(6,959)
Other comprehensive income/(loss) for the year		
Exchange differences on translating foreign operations	**18**	(135)
Other comprehensive income/(loss) for the year	**18**	(135)
Total comprehensive loss for the year	**(22,936)**	(7,094)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	**31 December 2016**	31 December 2015 restated
ASSETS		**£000s**	£000s
Non-current assets			
Property, plant and equipment		**6,138**	1,849
Intangible assets	5	**150,204**	137,970
Restricted cash		**55,283**	-
Total non-current assets		**211,625**	139,819
Current assets			
Derivative financial instrument		**1,041**	-
Restricted cash		**27,641**	-
Other receivables		**840**	1,184
Bank deposits		**322,188**	-
Cash and cash equivalents		**260,157**	29,093
Total current assets		**611,867**	30,277
TOTAL ASSETS		**823,492**	170,096
EQUITY AND LIABILITIES			
Equity			
Share capital	6	**10,412**	5,737
Share premium account		**590,723**	240,874
Share-based payment reserve		**6,114**	7,624
Accumulated losses		**(112,261)**	(90,339)
Foreign exchange reserve		**1,284**	1,266
Total equity		**496,272**	165,162
Current liabilities			
Convertible loan	7	**321,366**	-
Loan from third parties		-	748
Trade and other payables		**5,854**	4,186
Total liabilities		**327,220**	4,934
TOTAL EQUITY AND LIABILITIES		**823,492**	170,096

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Share capital	Share premium account	Share-based payments reserve	Accumulated losses	Foreign exchange reserve	Equity shareholders' funds
	£000s	£000s	£000s	£000s	£000s	£000s
At 1 April 2015	**5,362**	**216,586**	**13,290**	**(95,630)**	**7,028**	**146,636**
Foreign exchange reserve prior period adjustment	-	-	-	5,627	(5,627)	-
At 1 April 2015- restated	**5,362**	**216,586**	**13,290**	**(90,003)**	**1,401**	**146,636**

Loss for the period	-	-	-	(6,959)	-	(6,959)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(135)	(135)
Total comprehensive loss for the period	-	-	-	(6,959)	(135)	(7,094)
Convertible loan	43	1,103	-	258	-	1,404
Share issue costs	-	(121)	-	-	-	(121)
Share-based payments	-	-	(5,666)	6,365	-	699
Exercised options	332	23,306	-	-	-	23,638
At 31 December 2015- restated	**5,737**	**240,874**	**7,624**	**(90,339)**	**1,266**	**165,162**
Loss for the financial period	-	-	-	(22,954)	-	(22,954)
Foreign exchange differences on translation of foreign operations	-	-	-	-	18	18
Total comprehensive loss for the period	-	-	-	(22,954)	18	(22,936)
Share issue	4,629	347,281	-	-	-	351,910
Share-based payments	32	1,418	(1,510)	1,032	-	972
Exercised options	14	1,150	-	-	-	1,164
At 31 December 2016	**10,412**	**590,723**	**6,114**	**(112,261)**	**1,284**	**496,272**

The share premium account is used to record the excess proceeds over nominal value on the issue of shares.

The share-based payment reserve is used to record the share-based payments made by the Group.

Foreign exchange reserve records exchange differences which arise on translation of foreign operations with a functional currency other than Sterling.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Note	**31 December 2016**	Nine-month period to 31 December 2015
		£000s	£000s
Cash outflow from operating activities	8	**(15,896)**	(5,307)
Cash flow from investing activities			
Purchase of intangible assets		**(12,108)**	(15,533)
Purchase of property, plant and equipment		**(4,346)**	(1)
Purchases of bank deposits		**(320,187)**	-
Interest received		**441**	99
Net cash used in investing activities		**(336,200)**	(15,435)
Cash flow from financing activities			
Repayment of borrowings		**(748)**	-
Proceeds from convertible loan		**319,923**	-
Purchases of restricted cash		**(81,580)**	-
Proceeds from issue of shares		**371,445**	23,637
Share issue costs		**(18,370)**	(121)
Convertible loan issue costs		**(9,158)**	-

Interest paid	**(19)**	(186)
Net cash generated from financing activities	**581,493**	23,330
Net (decrease)/increase in cash and cash equivalents	**229,397**	2,588
Cash and cash equivalents at the beginning of the year	**29,093**	26,640
Gain/(loss) from foreign exchange	**1,667**	(135)
Cash and cash equivalents at end of the year	**260,157**	29,093

NOTES TO THE FINANCIAL STATEMENTS

1. **ACCOUNTING POLICIES**

BASIS OF PREPARATION

The financial information set out in this announcement does not comprise the Group's statutory accounts for the year ended 31 December 2016 or the nine-month period ended 31 December 2015.

The comparative financial information has been extracted from the statutory accounts of the Group for the nine-month period ended 31 December 2015. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 but did include references to material uncertainties surrounding the Directors application of the Going Concern assumption. The statutory accounts for the nine-month period 31 December 2015 have been delivered to the Registrar of Companies.

The statutory accounts for the year ended 31 December 2016 have been finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

GOING CONCERN

During the year the Group recognised a total comprehensive loss of £22,936,000 compared to a loss of £7,094,000 for the nine-month period to 31 December 2015.

Cash and cash equivalents and bank deposits, which include cash held on deposit, as at 31 December 2016 were £582,345,000 compared to £29,093,000 as at 31 December 2015. Restricted cash, which is held to cover interest payments, as at 31 December 2016 was £82,924,000 compared to £nil as at 31 December 2015. Net assets have increased by £331,110,000 to £496,272,000. The increase in cash and cash equivalents and net assets is principally due to the successful completion of the Group's stage 1 financing in late November 2016. As a result of this fund-raising, the Group is now able to commence significant development work on its polyhalite project in North Yorkshire (the 'Project') with latest cash flow forecasts indicating that the Group has sufficient assets to meet its planned liabilities as they fall due until 2019.

The Group has publicly announced its intention to conduct stage 2 of fund-raising in 2018 in order to raise sufficient further funds to complete development of the Project and reach commercial production which will ultimately allow the Group to generate sufficient cash to sustain itself as a going concern for the foreseeable future. The Directors are confident of a positive outcome to the stage 2 financing negotiations and have mandated a group of six financial institutions on the basis of a non-binding but

mutually agreed term sheet. At the same time, the Infrastructure and Projects Authority confirmed its interest in supporting the Stage 2 financing for the Project.

Having assessed the principal risks and having regard for the above, the directors consider it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

2. FINANCE INCOME

	31 December 2016	Nine-month period to 31 December 2015
	£000s	£000s
Bank interest received	**448**	99
Fair value gain on derivative financial instrument	**1,041**	-
	1,489	99

3. FINANCE COSTS

	31 December 2016	Nine-month period to 31 December 2015
	£000s	£000s
Bank interest paid	**1**	-
Foreign exchange rate translation loss on convertible loan	**4,437**	-
Fair value loss on embedded derivative	**5,744**	-
Interest on convertible loan	**2,839**	172
Loan interest on loan from third parties	**18**	14
	13,039	186

4. LOSS PER SHARE

	31 December 2016	Nine-month period to 31 December 2015
	£000s	£000s
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the parent	**(22,954)**	(6,959)
Loss for the purpose of diluted earnings per share	**(22,954)**	(6,959)

	2016	2015
	Number (000's)	Number (000's)

Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,472,762**	2,230,602

	2016	2015
	Number (000's)	Number (000's)
Number of shares		
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,480,858**	2,231,795
Basic and diluted loss per share	**(0.9p)**	(0.3p)

Diluted loss per share are calculated by dividing the loss attributable to ordinary shareholders by 2,480,858,000 (2015: 2,231,795,000) ordinary shares, being the average number of ordinary shares in issue during the year adjusted by the dilutive effect of employee share schemes and convertible loan options.

For the year ended 31 December 2016, options over 1,343,090,000 shares (2015: 45,450,000) were excluded from this calculation because their effect was anti-dilutive for continuing operations.

5. INTANGIBLE ASSETS

Group	Exploration costs and rights £000s	Goodwill £000s	Software £000s	Total £000s
Cost				
At 1 April 2015	173,412	9,079	79	182,570
Additions	16,254	-	-	16,254
At 31 December 2015	189,666	9,079	79	198,824
Additions	12,234	-	-	12,234
At 31 December 2016	**201,900**	**9,079**	**79**	**211,058**
Accumulated provision for permanent diminution in value				
At 1 April 2015	(58,339)	(2,436)	(74)	(60,849)
Amortisation	-	-	(5)	(5)
At 31 December 2015	(58,339)	(2,436)	(79)	(60,854)
At 31 December 2016	**(58,339)**	**(2,436)**	**(79)**	**(60,854)**
Net book value				
At 31 December 2016	**143,561**	**6,643**	**-**	**150,204**
At 31 December 2015	131,327	6,643	-	137,970
At 1 April 2015	115,073	6,643	5	121,721

6. SHARE CAPITAL

	31 December 2016	31 December 2015
	£000s	£000s
Allotted and called up		
4,164,514,405 (2015: 2,294,695,991) ordinary shares of 0.25p each	**10,412**	5,737

	Number of shares (thousands)	**Ordinary shares (£000s)**	**Share premium (£000s)**	**Total (£000s)**
At 1 April 2015	**2,145,020**	**5,362**	**216,586**	**221,948**
Issued during the year	149,676	375	24,288	24,663
At 31 December 2015	**2,294,696**	**5,737**	**240,874**	**246,611**
Issued during the year	1,869,818	4,675	349,849	354,524
At 31 December 2016	**4,164,514**	**10,412**	**590,723**	**601,135**

7. LOANS

On 28 November 2016 the Group issued $400m of 7 year, 8.5% quarterly coupon USD-denominated convertible loans at par, receiving gross proceeds of £319,923,000 and incurring transaction costs of £11,577,000 which have been net off the carrying value of the loan. The key terms of the convertible loans are that at any date subsequent to 8 January 2017 up until maturity a bondholder may convert their bonds into ordinary shares in the Company at a conversion price of $0.31 per share.

Under the terms of the convertible loan, the Group has also been required to set aside an amount in an Escrow bank account in respect of all coupon payments due until 28 November 2019 and so this amount of £82,924,000 has been disclosed on the Group's statement of financial position as restricted cash as the Group is not able to use the cash for any purpose other than the payment of quarterly coupons.

Due to the conversion terms of the bonds leading to the issuance of a fixed number of ordinary shares in the Company in return for the extinguishment of the bonds whose value is variable in terms of the Company's functional currency of Sterling, the Group has accounted for the bonds as a host loan instrument containing an embedded derivative liability in respect of the conversions features. The split of the convertible loan between the host loan and the embedded derivative is detailed in the table below

£000s	28 November 2016 Initial recognition	Fair value change	Interest	Foreign exchange loss / (gain)	31 December 2016 Total
Convertible loan					
Gross proceeds of Convertible loan issue	319,923				
Transaction costs capitalised on host loan instrument	(11,577)				
Net proceeds of Convertible loan issue	**308,346**				
Host loan liability	271,657	-	2,839	4,437	278,933
Embedded conversion derivative	36,689	5,744	-	-	42,433
Convertible loan liability	**308,346**	**5,744**	**2,839**	**4,437**	**321,366**

Fair value estimation

In order to estimate the fair value of the embedded derivative at inception and year-end, the Group estimated the fair value of the cash flows due under the host loan at the prevailing discount rate that would likely apply to any debt issued by the Group which was not convertible. Based on the pricing terms obtained on the convertible bonds, management have estimated a discount rate that for the loan component based on bond yield data of comparable entities with similar credit profiles at the measurement dates.

The effect of using a discount rate that was one percentage point higher/(lower) at 31 December 2016 would have been an increase/(decrease) in the finance cost recognised in the income statement of £13,085,000/(£13,961,000).
In estimating the fair value at 31 December 2016, the Group incorporated the mid-price of the bonds' quoted market price of 102.9 (28 November 2016: 100.0). Therefore, the fair value of the Group's convertible loan bonds as at 31 December 2016 was £334,679,000 compared to the stated carrying value of £321,366,000.

8. CASH OUTFLOW FROM OPERATING ACTIVITIES

Group	31 December 2016 £000s	Nine-month period to 31 December 2015 £000s
Loss before tax	**(23,422)**	(7,509)
Amortisation	-	5
Depreciation	**57**	84
Exchange differences charged to profit and loss	**(4,986)**	-
Finance expense	**11,550**	87
Loan conversion into shares	-	172
Share-based payments	**844**	699

Tax credit	**468**	550
Operating cash flow before changes in working capital	**(15,489)**	(5,912)
Decrease in receivables	**344**	229
(Decrease)/increase in payables	**(751)**	376
Net cash outflow from operating activities	**(15,896)**	(5,307)

9. ROYALTY FINANCING AGREEMENT

On 25 October 2016 the Group entered into a royalty financing agreement with Hancock British Holdings Limited ("Hancock"). Under the agreement Hancock will pay consideration of USD 250 million in return for future royalty payments amounting to 5% of gross revenues on the first 13 million tonnes of product sold in each calendar year and a further 1% of gross revenues on sales in excess of 13 million tonnes, for the life of the Project.

Drawdown of the USD 250 million consideration is subject to certain conditions precedent being met, principally the Group giving notice to Hancock that it has expended USD 630 million of the proceeds of the Group's November 2016 stage 1 financing and that all material permits, commercial arrangements and authorisations for the project remain in place.

The royalty purchase represents a loan commitment and therefore falls outside of the scope of IAS 39 "Financial Instruments: Recognition and Measurement". As such no accounting entries are recognised in the financial statements prior to receipt of the consideration.

ENDS