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SIRIUS MINERALS PLC

WE'RE ABOUT RESULTS

Full year 2017 results presentation

6 March 2018

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2017 HIGHLIGHTS

- **Construction**
  - Site preparation and establishment works completed for the Woodsmith Mine and Lockwood Beck
  - Shaft sinking activities commenced and progressed into diaphragm walling activities
- **Sales and Marketing**
  - Binding take-or-pay supply agreement signed with Wilmar International
  - Continued expansion of the global agronomy programme, now encompassing over 260 trials on 32 crops in 17 countries, demonstrating POLY4 delivers greater nutrient uptake and increases both yield and quality
- **Corporate**
  - Secured admission to trading on the LSE Main market and inclusion in the FTSE 250 index
  - Company employees more than doubled and moved to new corporate headquarters

FINANCIAL REVIEW – INCOME STATEMENT

- £24m operating loss driven by increase in company activity and some non-recurring activities
- Total loss of £79m driven by fair value re-measurement of derivative instruments
- As share price increases (up 24% over the period), value of convertible bonds and royalty financing equity increase in value
- The company incurs a non-cash loss when the derivative instruments are revalued (or a gain if the share price goes down)
- Derivative liabilities are reclassified to equity as convertible bonds are converted / royalty financing is drawn

£m	2017	2016
Operating loss	**(24.0)**	**(16.9)**
Net interest expense	(0.8)	(2.4)
Fair value loss on derivative instruments	(53.6)	(4.7)
Attributable to convertible note	*(42.5)*	(5.7)
Attributable to royalty financing	*(11.1)*	1.0
Foreign exchange (losses)/gains on net debt	(0.9)	0.5
Taxation	0.4	0.5
Loss for the year	**(78.9)**	**(23.0)**

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FINANCIAL REVIEW – CAPITAL DEPLOYED

- £234m deployed developing and financing the project
- Total capex paid and incurred of £138m
- Numerous additional financial commitments (permanent winders, D-walling activities) have also been made
- Local authority security requirements largely reflects planning commitments (s106)

£m	2017
Operating costs	24.0
Capital expenditure	118.2
Incurred but unpaid capital expenditure	19.9
Local authorities' security requirements	35.2
Financing costs	36.4
Total Project use of funds	**233.7**

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FINANCIAL REVIEW – TOTAL FUNDS

- Total funds of £469m split between £394m available and £75m restricted
- Restricted cash includes local authority requirements and convertible bond escrow
- Current total holdings split approximately 50% GBP and 50% other

£m	Available cash	Restricted cash	Total funds
2016 Opening balance	582.4	82.9	665.3
Operating costs	(24.0)	-	(24.0)
Capital expenditure (paid only)	(118.2)	-	(118.2)
Local authorities' commitments	(35.2)	35.2	-
Redemption of restricted cash	4.9	(4.9)	-
Financing costs	0.3	(32.9)	(32.6)
Working capital and other	1.5	-	1.5
FX revaluation	(17.7)	(5.8)	(23.5)
2017 closing balance	**394.0**	**74.5**	**468.5**

TWO-STAGE FINANCING PLAN

PHASED SOLUTION

Stage 1 – US$1.2 billion completed 2016

Equity Placing and Open Offer - £370m

- The only equity raise contemplated in the financing plan
- Moved to the Main board April 2017

Convertible note – US$400m

- 8.5% coupon with first three years' payments in escrow
- Seven year maturity
- US$0.31 conversion price (25% premium to equity placement price
- Listed in Jersey and Frankfurt

Strategic investment – US$300m

- Commitment provided by Hancock Prospecting Pty Ltd
- US$250m revenue royalty paying 5% up to 13 Mtpa and 1% thereafter
- US$50m equity (200m shares, determined by the placement price and prevailing foreign exchange rate)

Stage 2 – 100% debt financing

Mandated bank group provided letters of interest prior to stage 1

- Syndicate includes J.P. Morgan, Lloyds, EDC, Societe Generale, ING and RBS
- Targeting commitments in late 2018
- First drawdown expected in 2019
- Subject to commercial deliverables (see below) and credit approval
- Supported by letter of interest from HMT UK Guarantee Scheme

J.P.Morgan

LLOYDS BANK

EDC

SOCIETE GENERALE

ING

RBS

NEXT STEPS

1. Execute stage 1 construction scope
2. Complete remaining procurement
3. Enter into additional offtake agreements
4. Commence stage 2 due diligence process
5. Draw down royalty
6. Complete stage 2 financing

STAGE 2 FINANCING

Facilities and uses

Facilities

- Up to US$3bn total debt
- >US$1bn commercial tranche
- Up to US$2bn UK government guaranteed bond tranche

Uses of proceeds

- Remaining project costs
- Includes cost of building berth (previously assumed to be outsourced)
- Finance costs (interest, guarantee fees)

Terms and structure

Security

- All facilities senior secured project debt on a pari-passu basis

Terms

- Sized as 16 year amortizer based on Target DSCR of 2.0x
- Commercial debt [10] year maturity
- Guaranteed bonds up to 16 year maturity
- [6-7]% all in interest rate
- 65% leverage

Process timetable

- **Nov-Feb:** Government and consultant engagement
- **March:** Release bank package with IM, lenders reports and term sheet
- **June:** Commitment letters
- **September-December:** Financial close including provision of government guarantee

Notes: Indicative financing plan subject to market standard conditions including due diligence, credit and other business approvals, and execution of legal documentation acceptable to Stage 2 lenders. IPA's prequalification does not constitute an offer of financing or an underwriting commitment. IPA requires its normal processes to be undertaken in addition to due diligence, such as satisfaction of conditions, HM Treasury credit process, risk committee, credit committee and ultimately Ministerial approval.

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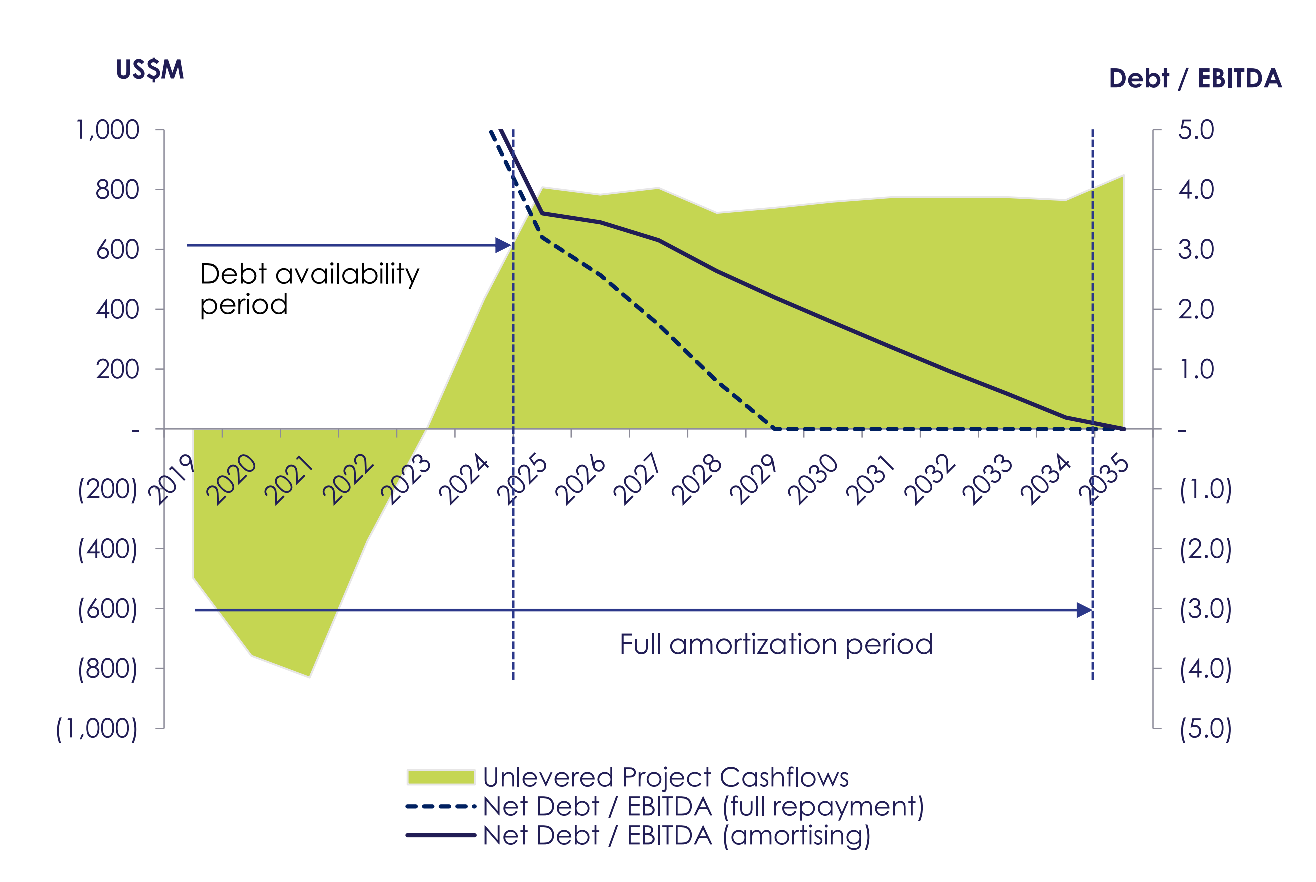
FINANCING PLAN CASHFLOWS

- Cash flow break even achieved in 2023[1]
- Peak Debt/EBITDA of ~3.5x at 10 Mtpa run rate[2]
- 4% of resource mined over debt sizing period
- Capable of servicing ~US$2.8bn of dividends and/or debt repayments within 5 years of full production[2]
- All debt can be fully repaid by cash sweep within 5 years of full production[2]
- Assumes bank case pricing assumptions (circa US$125/t)[3]



Notes: 1) Project cashflows based on 10mtpa production and bank case pricing less operating costs, royalties, outsourcing charges associated with mining equipment, and taxes. Assumes $3bn total debt financing available for drawdown Q4 2018 to Q4 2024. Net Debt / EBITDA presented assuming both a) full 16-year 'door-to-door' amortisation period and b) accelerated repayment, for illustration purposes only. Assumes 10mtpa run rate achieved mid-2024. 3) Bank case pricing assumes weighted average FOB Teesside polyhalite prices over the commercial debt maturity period of US$125/t.

2018 DEVELOPMENT MILESTONES - CONSTRUCTION

- Complete main service shaft foreshaft construction and excavation
- Complete the installation of the main production shaft foreshaft and commence foreshaft excavation
- Commence MTS access shaft construction at the Woodsmith Mine site
- Complete construction of MTS portal at Wilton
- Commence shaft sinking at Lockwood Beck intermediate shaft site
- Commence early works for the Materials Handling Facility
- Finalise Harbour Facility strategy and complete procurement

2018 DEVELOPMENT MILESTONES – SALES & MARKETING, CORPORATE & COMMERCIAL

- Expand global agronomic programme and establish 80 new trials
- Execute 2 Mtpa incremental offtake agreements
- Substantially complete project procurement
- Draw down the stage 1 financing royalty instrument
- Execute stage 2 financing