ANNUAL REPORT 2015

For the period ended
31 December 2015

SIRIUS
MINERALS PLC

WELCOME TO THE SIRIUS MINERALS 2015 ANNUAL REPORT

SIRIUS MINERALS PLC IS A FERTILIZER DEVELOPMENT COMPANY LISTED ON THE LONDON STOCK EXCHANGE'S AIM MARKET.

SIRIUS MINERALS IS PRIMARILY FOCUSED ON THE DEVELOPMENT OF THE WORLD'S LARGEST AND HIGHEST GRADE POLYHALITE DEPOSIT LOCATED IN NORTH YORKSHIRE, UNITED KINGDOM. POLYHALITE IS A UNIQUE MULTI-NUTRIENT FERTILIZER, WHICH CAN BE USED TO INCREASE BALANCED FERTILIZATION AROUND THE WORLD.

THE COMPANY IS ALSO COMMITTED TO ULTIMATELY DEVELOPING A PORTFOLIO OF PROJECTS AND CONTINUES TO REVIEW OPPORTUNITIES AROUND THE GLOBE THAT FIT THE COMPANY'S LONG-TERM STRATEGY TO BECOME A LEADING GLOBAL FERTILIZER PRODUCER.

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SIRIUS
MINERALS PLC

OUR VISION

TO BECOME A WORLD-CLASS FERTILIZER BUSINESS

LARGE SCALE:
TARGET OF PRODUCING UP TO 20MTPA OF POLYHALITE

LOW COST:
WORLD'S LARGEST AND HIGHEST GRADE RESOURCE OF POLYHALITE WITH SIMPLE BUSINESS MODEL

LONG LIFE:
ASSETS WITH LONG-LIFE RESOURCES, IDEALLY OVER 50 YEARS

INDEPENDENT AND CUSTOMER ALIGNED:
ENGAGE DIRECTLY AND ALIGN THE COMPANY WITH MAJOR CUSTOMERS

CHAIRMAN'S STATEMENT

Russell Scrimshaw
Chairman

DEAR SHAREHOLDERS,

IT IS A RELATIVELY SHORT PERIOD SINCE WE PUBLISHED OUR INTERIM RESULTS IN DECEMBER 2015 AND THIS HAS BEEN BROUGHT ABOUT BY THE GROUP OPTING TO CHANGE ITS FINANCIAL YEAR END TO DECEMBER RATHER THAN MARCH. THIS REPORT THEREFORE COVERS THE FINANCIAL PERIOD FROM 1 APRIL 2015 TO 31 DECEMBER 2015.

The major reason for this change is that we will now be in line with most main market businesses. Additionally this change will provide our team with more flexibility, especially around fundraising windows, for the next financing stage of our North Yorkshire polyhalite project (the Project).

Highlights within this period included key planning approvals, expiration of potential judicial review periods without any objections being tabled, additional sales offtake commitments, the appointment of two new non-executive directors, the strengthening of our financial adviser teams, major progress towards completion of our definitive feasibility study (DFS) and the raising of £23.3 million from the exercise of warrants.

We were naturally delighted to secure planning approvals for the key infrastructure needed to commence construction including approvals for the mine, mineral transport system and the materials handling facility from various local planning authorities. These positive decisions subsequently passed through their judicial review windows unchallenged and are now fully implementable. The support from so many different stakeholders throughout the planning process has been very much welcomed by everyone associated with the Company.

Another key achievement during the period has been Sirius Minerals's sales progress, with further offtake agreements secured for our POLY4 product. This includes our major US-based Fortune 500 agri-business offtake partner tripling its supply agreement with us to 1.5 million tonnes per annum and extending it from five to seven years. We also secured a sales agreement with Huaken International (Huaken) in China. This deal sees polyhalite supplied on an incremental basis, reaching 500,000 tonnes in year seven of the contract.

Interestingly, in a first for us, Huaken is purchasing our multi-nutrient polyhalite product to use as a soil conditioner. Huaken is also one of a restricted list of companies in China with the right to import potassium fertilizer. Research undertaken by the Company has shown the benefits of adding polyhalite to highly acidic soils (which is of particular relevance to large areas of China). We have made tremendous progress with sales agreements over the past few years and we expect this to both continue and intensify as we progress through construction to first production.

The market view for mining companies, commodities and both potash and fertilizer companies generally has been poor during the period. Major mining firms and potash (muriate of potash) producers alike have suffered in terms of their valuations. However, this has not had an effect on Sirius Minerals's progress towards its goals. Whilst general capital market sentiment has been bearish during this time, it is my belief that there are significant opportunities for companies with world-class development assets such as our Project.

Our intention always has been to develop our polyhalite project with a long life, low operating cost and high-quality resource base, meaning that there is protection (and still good returns) during downturns in the cycle and very strong returns to be made in the upturns. The material findings of our definitive feasibility study, published after the balance sheet period in March 2016, only serves to demonstrate this point.

On governance issues I have a number of matters to report for the period. In July 2015 we welcomed two new non-executive directors to the Board – Noel Harwerth and Jane Lodge. These appointments gave the Company a greater percentage of independent directors on the Board further strengthening corporate governance. Once again I would like to thank outgoing board members, Peter Woods and Chris Catlow, who both made valuable contributions during the early years of the Company's development.

We also made changes to our advisery team, with existing broker Liberum Capital taking on our nominated adviser (Nomad) role and the appointment of J.P. Morgan Cazenove (JPM) as joint broker.

On financing, during the period the Company was able to secure further funds totalling £23.3 million from the exercise of warrants which were originally issued early in 2014. These funds have been important to support our progress towards the completion of the DFS and planning approvals.

During the nine-month period ended 31 December 2015 the Group made a consolidated loss of £7.0 million compared to a loss of £9.6 million for the year ended 31 March 2015. Cash resources at the end of December 2015 were £29.1 million compared to £26.6 million at the end of March 2015.

The Group's net assets at 31 December 2015 were £165.2 million compared to £146.6 million at 31 March 2015.

These consolidated financial statements have been prepared under the going concern assumption. However, the directors recognise that a material uncertainty remains around financing for the Project. The impact of this uncertainty on the directors' consideration of the going concern assumption is set out in note 1 to the financial statements.

The principal risks and uncertainties facing the Group include exploration and development, reserves and resources estimates, mineral title risk, commodity price risk, liquidity risk, currency risk, permitting, community relations and competitor risk, product risk and operational risks including the development risk assessed in the DFS. Detailed explanations of these principal risks can be found on pages 28–30.

The Company's Board, management and finance team continue to be focused on both the efficient management of our existing funds and the ongoing (and extensive) work to secure financing for the construction of our Project. We remain focused on a range of funding options and continue to believe that the overall funding requirement can be delivered through a number of mechanisms, with debt funding likely to make up as much of the overall requirement as possible.

Finally, another change as result of our switch to a December year-end is that our annual general meeting will now be held in June, in contrast to the traditional September date. I hope to see many of our loyal shareholders in York again this year.

Kind regards

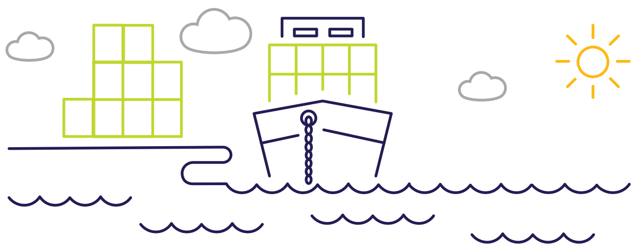
RUSSELL SCRIMSHAW
Chairman

PROJECT POTENTIAL

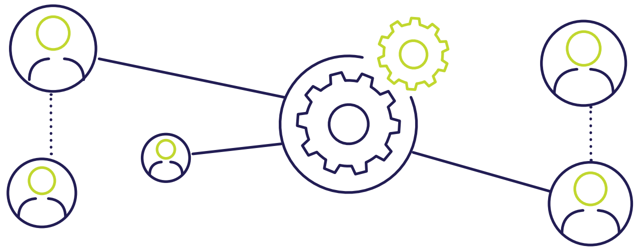
£2.3BILLION
ANNUAL CONTRIBUTION TO THE UK GDP

OVER 2000 JOBS
CREATED DURING CONSTRUCTION

£2.5 BILLION ANNUAL EXPORTS
REPRESENTS 7% DECREASE IN BALANCE OF TRADE DEFICIT



2500 DIRECT AND INDIRECT PRODUCTION JOBS



STRATEGIC REPORT

THE DIRECTORS PRESENT THE GROUP'S STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

CHIEF EXECUTIVE OFFICER'S STATEMENT

Chris Fraser
Managing Director and CEO

I AM PLEASED TO BE ABLE TO BRING YOU THIS UPDATE ON BEHALF OF BOTH THE MANAGEMENT AND ENTIRE TEAM AT SIRIUS MINERALS. THIS IS A SLIGHTLY CONDENSED STATEMENT COMPARED TO OUR USUAL PRACTICE, COVERING JUST THE NINE MONTHS FROM 1 APRIL 2015 TO 31 DECEMBER 2015, WHICH REFLECTS THE COMPANY'S CHANGE OF ACCOUNTING REFERENCE DATE FROM 31 MARCH TO 31 DECEMBER.

DFS KEY FIGURES

$3.6BN CAPITAL FUNDING REQUIREMENT TO UNLOCK VALUE FOR SHAREHOLDERS, CUSTOMERS AND THE UK ECONOMY

70–85% INDUSTRY LEADING LEADING MARGINS

$15–$29 BN NPV RANGE EACH END OF CONSTRUCTION

26% IRR PROJECT RETURNS AFTER-TAX DEBT-FREE

$1–$3BN ANNUAL OPERATIONAL EBITDA RANGE

SAFETY

As always, I begin with reporting on our safety record. I am pleased to report that there has been no major lost time or incidents during the financial period. Although most of our work at present is office-based, where risks are lower, we do carry out various work on sites, both separately and in conjunction with contractors (geotechnical drilling being a good example).

Everyone at the Company is acutely aware of the requirement to strive for the highest safety standards, reflecting our ongoing commitment to Zero Harm. We also recognise that greater safety challenges lie ahead as we move into the construction phase of our North Yorkshire polyhalite project (the Project) and our efforts will always be focused on ensuring that everyone goes home safely each day.

Throughout the period we have made a number of small but important changes internally, placing greater emphasis on safety and safety reporting in our regular staff communications. A safety committee has also been formed with representation from all areas of the business. This forum continues to make ongoing recommendations to the management team on initiatives to promote safe working practices.

APPROVALS

The financial period saw the key approvals granted for the Project that everyone at the Company has worked so hard to achieve for a number of years. In April 2015 we received approval from the Redcar and Cleveland Borough Council (RCBC) regulatory committee for the mine and mineral transport system (MTS). The formal decision notice was received in August 2015 and its judicial review window closed six weeks later, leaving an implementable planning permission beyond legal challenge. A similar pattern was followed for the materials handling facility (MHF) and the two supporting park-and-ride applications from other local authorities.

Whilst all the approvals for the Project are vital, the positive determination of the mine and MTS application by the North York Moors National Park Authority (NYMNPA) in June 2015 was a defining moment for Sirius Minerals. It is difficult to properly articulate the level of hard work, personal sacrifice and commitment made by so many of our staff to achieve this very hard-earned milestone. Shareholders and supporters alike can be rightly proud of this achievement. The good wishes and our celebrations that followed this success are, I believe, just a prelude to many more as the Company continues to strive to achieve future goals.

The formal decision notice was also issued during the period (in October 2015) and now stands beyond legal challenge. The success of this application validated what the Board and management team had been saying from the outset of the Project – that we had an extremely strong planning case, that we did not believe there were any environmental show-stoppers and that we would adopt extremely high levels of environmental mitigation and enhancement. The many benefits of the Project will be felt not just by the Company and its shareholders, but also by the local region and the UK as a whole in terms of investment, growth and employment opportunities, as well as export and tax revenues.

SALES

It has been a notable period for further developments with sales, with the main highlight being the tripling of the POLY4 take-or-pay supply agreement that we have with our major North American customer, a US-based Fortune 500 agri-business. The agreement is now for 1.5 million tonnes per annum and has been extended from five to seven years. There are possible extension options for two additional five-year periods.

The agreement is the furthering of a relationship with our valued counterparty. It is a forward-looking business, and we have spent much time with its team in analysing the breadth of opportunity in the markets they intend to supply our product to. As we progress towards our goals we expect them to share in our successes, having been an early adopter to the benefits of the product and understanding the valuable role it can play in their supply mix.

These commercial conversations are ongoing with customers all around the world. As we have already seen, there is a strong desire to see our POLY4 product come to market, as customers want new sources of supply of multi-nutrient fertilizer. Our discussions are aided by our ongoing agronomic work, which develops year-on-year, with results published on the Company website. This work is not about proving that polyhalite works as a fertilizer, it is about helping our customers to fully understand the value opportunities that it brings.

PROJECT STUDIES AND DEVELOPMENT

Work on the definitive feasibility study (DFS) has been an ongoing theme for this financial period. Having initially started in 2014, the work on it has ebbed and flowed as the Project has developed, particularly to incorporate the final approvals outcomes. We had hoped that the DFS would be complete by the end of 2015, although this timescale slipped to early 2016. Whilst disappointing, the complexity of the inputs and a rigorous review process led us to ensure that we were confident with the accuracy of the outputs before releasing the material findings. As a non-adjusting post-balance sheet event, I'm pleased to report that the material findings of the DFS were published in March 2016.

The DFS defined a world-class fertilizer business and underlined the compelling economics behind the Project. It is one that has a net present value of US$15 billion today, with the potential to rise to US$27 billion upon commencement of production. The production capacity of the Project would be up to 20 Mtpa of polyhalite, rising from an initial installed capacity of 10 Mtpa. It is a high-margin business model, with average cash operating costs estimated at US$27.2 per tonne at full production and industry leading cash margins of 70 to 85%.

Whilst the DFS is a technical study of the Project and its construction, and a blueprint for delivering it into steady-state operations, there has also been parallel value engineering work ongoing with contractors bidding for the main work packages. Two of these packages cover the construction of the MTS and the mine shafts and mine site infrastructure. The Company has been working with contractors to refine their tenders for the work, with a view to selecting a preferred contractor in mid-2016.

There has been other work ongoing which contributes to the Project's development. This has included geotechnical investigation (drilling and analysis) along the route of the MTS, investigation at the MHF site and ongoing environmental monitoring. As a post-balance sheet event we have committed the financing and internal resources required to deliver the improvement of Mayfield junction in Whitby – one of the critical highways works required for construction of the Project to begin. This has been done in conjunction with the highways department at North Yorkshire County Council.

PEOPLE

Our people remain one of the business's strongest assets. It takes a special mind-set for people to both commit their careers to the development of a Project like ours and possess the skills, knowledge and flexibility to adapt to the Company's changing needs. We have built a team, largely based at our Scarborough head office, that has a breadth of skills and experience which is ultimately helping us to deliver our goals.

We continue to develop our employees wherever possible. Our five office-based apprentices have progressed to take on full time roles with the Company. Another of the undergraduates we supported through university has joined the business as a full-time employee. We remain committed to supporting talented graduates and to the expansion of our apprenticeship programme during the construction period of the Project.

In the financial period our staffing has remained very settled and the management team has also remained consistent. The Board and management are however cognisant of the fact that, as we head into the construction phases of the Project, there will inevitably be greater changes aligned to this development. We will maintain our efforts to retain a strong culture that leaves us well-equipped to handle these transitions.

FINANCE

During the financial period our balance sheet was strengthened with the addition of warrant proceeds. These were issued as part of a fundraising in 2014 and by the time of their expiry in October 2015 they had raised a total of £23.3 million. The proceeds provided additional working capital to support the Project development activities such as the DFS work and completion of the planning approvals paperwork.

We have also taken the opportunity to strengthen our advisory team during the period with the appointment of J.P. Morgan Cazenove (JPM) as joint broker. The global experience and reach of JPM needs no introduction and we were pleased to add them to our team in October 2015. As part of this change existing broker Liberum Capital took on our nominated adviser (Nomad) role.

The consolidated financial statements for the year ended 31 December 2015 have been prepared under the going concern assumption. However, the directors recognise that the material uncertainty remains around the financing of the Project. The impact of this uncertainty on the directors' consideration of the going concern assumption is set out in note 1 to the financial statements. During the nine-month period ended 31 December 2015 the Group made a consolidated loss of £7.0 million compared to a loss of £9.6 million for the year ended 31 March 2015.

THE YEAR AHEAD

We are in another exciting phase in the Company's development. With the announcement of the material findings of the DFS in March 2016 (post period end) the platform has been set to undertake the first phase of funding for the Project. This will be yet another significant step in de-risking the Project and continuing to deliver shareholder value as we progress towards becoming a major multi-nutrient fertilizer producer.

Thank you for your ongoing support and I look forward to reporting further successes in next year's report.

CHRIS FRASER
Managing Director and CEO

BUSINESS REVIEW

BUSINESS REVIEW

STRATEGIC CONTEXT

The past financial period has been one of uncertainty and financial pressure in both the mining and wider commodities sectors. With economies around the world stalling and focus on the slowdown in China, the resources sector has been particularly hard hit. This has led to oversupply in many industries as major producers had brought on-stream extra capacity developed when demand was stronger.

It has been a similar picture in the potassium industry with muriate of potash (MOP) prices coming under particular pressure. Despite the global macro trend of needing to get more productivity from less arable land, short to medium forecasts in the potash industry (for MOP) are relatively bearish around the world. However, we have also seen high-value, chloride-free potash products like SOP and SOP-M maintain their impressive premiums.

It is these products that we benchmark our POLY4 against, because of that important, essentially chloride-free nature of the product. Even so, on a pure K_2O basis, and without adopting a chloride-free premium, a \$40 a tonne drop in MOP pricing would only equate to a \$10 drop in polyhalite value. We remain extremely confident of the short, medium and long-term pricing of polyhalite not only because of this and its chloride-free nature, but because of its multi-nutrient make-up which drives value from its other nutrients, notably sulphur and magnesium. The value of POLY4 also varies from region to region, giving further diversification and optionality on product distribution at sensible prices. The fact that multi-nutrient fertilizers command a premium for their nutrient make-up, and that advancing agricultural systems will increasingly require more balanced fertilization, only serves to strengthen this confidence.

In terms of the Project's development, the wider economic backdrop provides other advantages given our stage of development. We are seeing a strong willingness from contractors to work with us and this is introducing beneficial competitive tension. We also have thousands of people registered on our databases who have already expressed an interest in working for the Company, easing any external concerns about the ability to recruit the right workforce.

GROUP STRATEGY

The Group's strategy has remained consistent for some years and is aligned to the Board's and management's view of how to deliver the best value for its shareholders. This is to focus on becoming a leading global fertilizer producer, and to do this by bringing the Group's North Yorkshire polyhalite project into production.

Since the acquisition of the Project, Sirius Minerals has been progressively de-risking it and moving closer to construction and ultimately, therefore, to production. This began with the exploration programme and resource definition and moved through the successful planning approvals stages for key permissions needed to start construction. It has included the securing of multiple customer contracts and commitments for the Project's POLY4 product. It has also delivered an improved business model through the progression of a number of project studies, culminating in the recent (post financial period) publication of the material findings of the DFS.

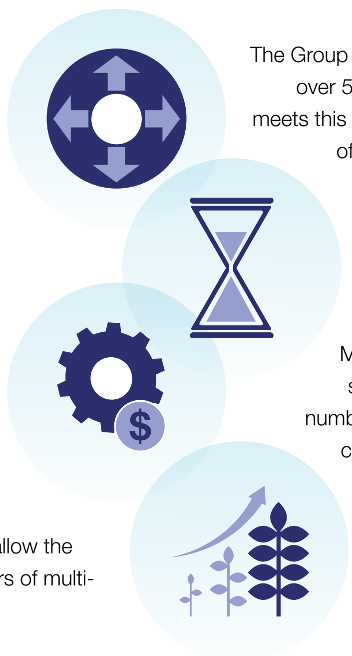
THE UNDERLYING GROUP STRATEGY IS UNDERPINNED BY THE FOLLOWING PRINCIPLES:

LARGE SCALE

The Company is targeting the bulk production of polyhalite, in order to allow it to become a disruptive influence in the market. It is aiming initially to extract over 10 Mtpa of multi-nutrient fertilizer, and more recently the Company has adapted its Project to ultimately extract up to 20 Mtpa of polyhalite.

LONG LIFE

The Group seeks to develop assets with long-life resources, ideally over 50 years. Its North Yorkshire polyhalite project more than meets this criterion, with an inferred resource of 2.66 billion tonnes of polyhalite from just seven per cent of the Project's area of interest. High-quality and long-life assets provide the Group with greater certainty of future outcomes.



LOW COST

Linked to the disruptive attributes of targeting large-scale production, a low-cost operation helps to facilitate this competitive advantage. The Project has access to the world's largest and highest grade resource of polyhalite, with simple business model proposed to extract it. The high-quality nature of the polyhalite deposit, the proposed efficiency of the mining operation and close proximity to a deep water port will allow the Project to be one of the most cost-competitive producers of multi-nutrient fertilizer in the world.

INDEPENDENT AND CUSTOMER ALIGNED

Much of the fertilizer industry, especially in the potassium space, is highly consolidated and controlled by a limited number of industry players. The Company believes there is a competitive advantage to be gained by engaging directly with major customers, many of which are eager to see additional sources of supply enter the market.

BUSINESS MODEL

Our business model focuses on generating maximum shareholder value, but also in a way that is socially responsible, conscious of the environments that we operate in and beneficial for a wide range of stakeholders.

Safety – Safety sits at the heart of everything we do. We want everyone to go home safely every day, whether they are member of staff, contractor or someone else coming into contact with our operations. We know that we operate in an industry with higher risks than others, but we will always continue to strive to make our work safer.

Customers – We work directly with our customers and seek partnerships to see our businesses succeed. We operate outside the consolidation of much of the fertilizer industry and offer our customers long-term access to POLY4 so that they can build our quality product into their business planning.

Delivering value for shareholders – We are developing our Project in a way that targets efficient operations in order to protect the business in downside price scenarios and maximise shareholder value during times of better pricing. We have uncompromising belief in the delivery of the Project and act with urgency to find innovative, cost-effective and safer ways to do things better.

Our people – People are our strongest asset and we have dedicated teams in place working together to deliver on our goals. We develop our staff wherever possible and provide a flexible and supportive workplace where people can develop their careers. We also seek to nurture new talent, supporting apprentices, internships and undergraduates.

The environment – We take our responsibility to the environments we operate in extremely seriously. As we have demonstrated throughout the exploration programme, where we have impacts we restore land to the same or better condition that we started with. Through the planning process for the key infrastructure for the Project we have demonstrated an unparalleled commitment to reducing our impact on the local area – moving infrastructure away from the mine site to the port, utilising sub-surface buildings and screening at the mine site and opting for an underground mineral transport system. We have also committed £175 million to environmental offsets, tourism promotion and community enhancements over the envisaged 100-year life of the Project.

Community – We have always adopted a strong community focus, widely involving local communities throughout the planning consultation process and before any site (exploration) works have commenced. Our success has been demonstrated by the extremely high levels of support shown for the Project throughout repeated consultations. Our commitment has extended to the creation of the York Potash Foundation, a charity set up to fund community projects for the life of the Project, benefiting from an annual financial contribution of 0.5% of the Project's revenue.

CONTINUED PROGRESS

SIRIUS MINERALS'S POLYHALITE PROJECT HAS MADE GOOD PROGRESS SINCE BEING ACQUIRED BY THE COMPANY IN 2011.

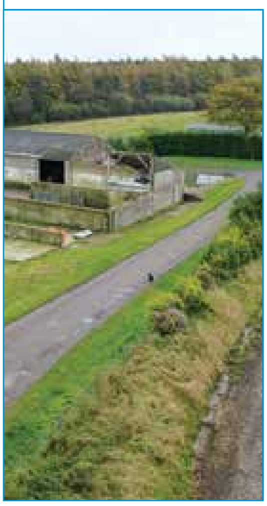
2011

- **JANUARY**
  Acquisition of York Potash Project
- **JULY**
  Drilling commences
- **DECEMBER**
  Pre-feasability study published

2012

- **APRIL**
  Detailed scoping study published
- **JUNE**
  Maiden resource statement

  1.35 billion tonnes of polyhalite
- **SEPTEMBER**
  Mine location announced



2013

- **JANUARY**
  Offshore mining licence received
- **MAY**
  Resource increase

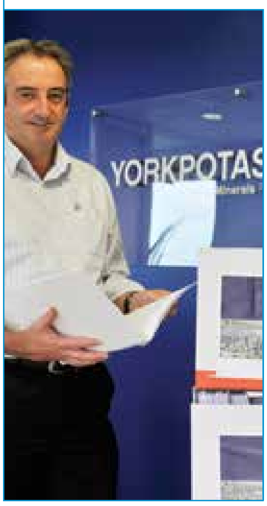
  2.66 billion and upgrade of 820 million tonnes to indicated category
- **JUNE**
  Major polyhalite offtake contract

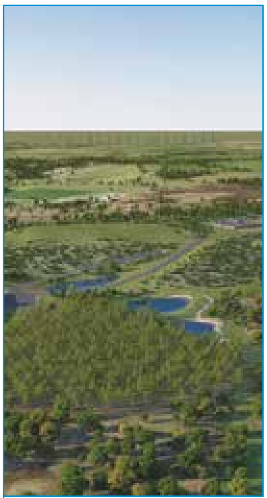
  1Mtpa for 10 years with Yunnan TCT
- **SEPTEMBER**
  Maiden reserve report

  250 million tonnes of 87.8% polyhalite

2014

- **JANUARY**
  US-based agri-business signs take-or-pay agreement for 500,000tpa
- **FEBRUARY**
  New mineral transport system (MTS) announced
- **SEPTEMBER**
  Planning application submitted





2015

- **JUNE**
  North York Moors National Park Authority approval for mine and MTS
- **AUGUST**
  Four final planning permission decision notices received for mine & MTS from RCBC, MHF from RCBC, park & ride from SBC, and operational park & ride from NYMNPA
- **DECEMBER**
  All key planning approvals passed through judicial review windows
- **Further sales bring total commitments to 7.9 million tonnes per annum**

OUR PRODUCT

POLY4 – THE FUTURE OF FERTILIZER

BALANCED FERTILIZATION IS ESSENTIAL TO OBTAIN OPTIMAL CROP YIELDS.

POLYHALITE-BASED FERTILIZERS CAN BE A KEY COMPONENT OF ANY BALANCED NUTRIENT PROGRAMME THAT AIMS TO MAXIMISE CROP YIELDS AND QUALITY IN A SUSTAINABLE WAY.

SIRIUS MINERALS'S POLY4 WILL HELP MORE FARMERS TO MAKE BETTER RETURNS AND CREATE VALUE THROUGHOUT THE FERTILIZER SUPPLY CHAIN.

BACKGROUND TO KEY MARKETS

PRODUCT MARKETING PLAN

Sirius Minerals's trademarked polyhalite product, POLY4, is a unique fertilizer – it contains four of the six macro nutrients that plants need. This product will utilise Sirius Minerals's value-driven approach to become one of the most robust fertilizer companies in the world.

The Company will meet demand for POLY4 by operating a multi-channel sales strategy, which will include:

- **Bulk nutrients** of potassium, magnesium, calcium and sulphur;
- **Premium straight** products to service the chloride-free and premium multi-nutrient fertilizer space;
- **Value-added** price appreciation through the development of high value NPK blends and products.

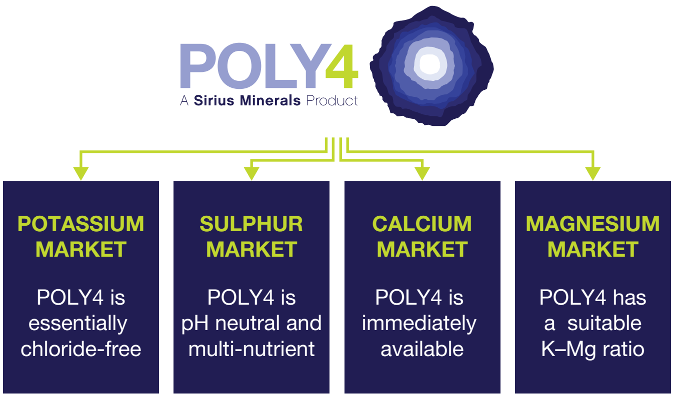
GLOBAL DEMAND WINDOW

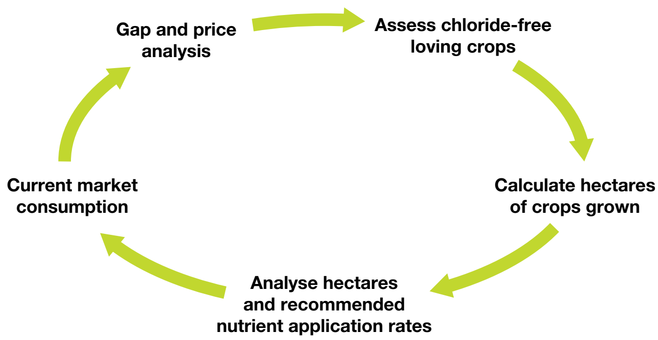
In 2015 CRU, an internationally recognised market analysis company, updated and enhanced Sirius Minerals's polyhalite demand model, which was first presented in April 2014. The updated report focuses on the global demand curve for polyhalite between 2018–2025 capturing the first years of Sirius Minerals's production.

In 2014 the CRU report focused on the potential global market for polyhalite. The study validated that there was a market large enough to absorb Company's full production output. To validate the view that there is a global market for polyhalite, the report was subsequently reviewed on behalf of the North York Moors National Park Authority (NYMNPA) by FERTECON, independent experts and fertilizer industry analysts. Both CRU and FERTECON acknowledge that the exact price level obtained for polyhalite will be determined by Sirius Minerals's marketing efforts, but express a view that a price in the range US$110–170/t is achievable in a longer term.

POLY4 SALES CHANNELS

POLY4 WILL PENETRATE THE GLOBAL FERTILIZER MARKET THROUGH THREE DISTINCT ROUTES.





1. SUBSTITUTING EXISTING PRODUCTS

The multi-nutrient characteristics of POLY4 allow it to become an economical substitute to customer's existing supply of potassium, sulphur, magnesium and calcium. This route can also be easily replicated in the NPK-blending market where all nutrients in POLY4 are utilised in multi-nutrient products. The regional pricing mechanisms deployed by the Company allow for maximum competitiveness in all key fertilizer markets.

2. UNMET REGIONAL DEMAND

Constrained supply of chloride-free fertilizers in some regions gives POLY4 the opportunity to meet this unmet demand. In many cases chloride alternatives are unsuitable and deliver detrimental yield consequences. POLY4 will unlock unserved demand by offering customers a bulk, chloride-free source of potassium with additional macro and micro nutrients.

PRODUCT SUBSTITUTION

POLY4 can be used as a direct source of four essential plant nutrients and beneficial micro nutrients. It can also be combined with other fertilizers as a feedstock, creating commonly-used NPK blends while supplying additional macro and micro nutrients to support the needs of crops.

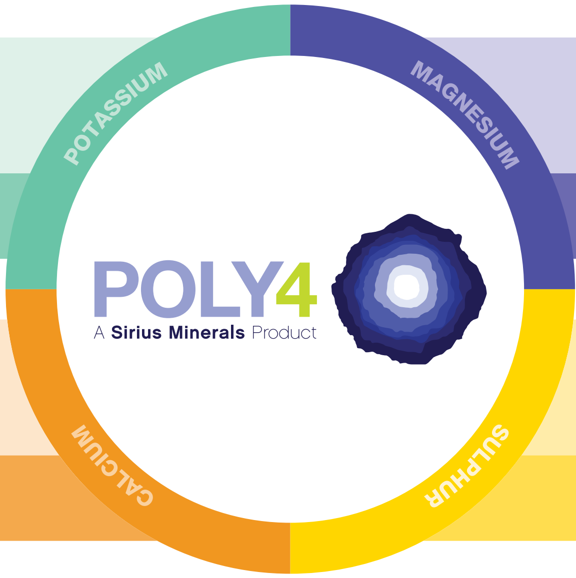
As a multi-nutrient fertilizer, POLY4 provides multiple substitution opportunities. The defined characteristics listed enable the product to interface in many different markets.

POTASSIUM
- MOP
- SOP-M
- SOP
- NOP

POLY4 characteristic:
- Low chloride and multi-nutrient

MAGNESIUM
- Kieserite
- Dolomite
- Epsomite
- SOP-M

POLY4 characteristic:
- Suitable K–Mg ratio



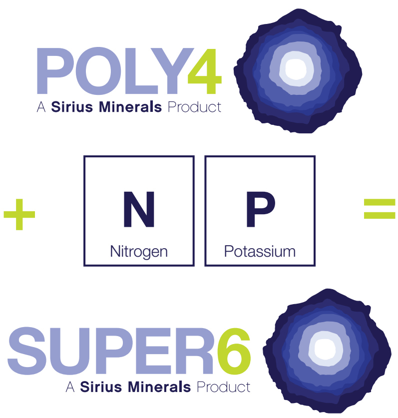
CALCIUM
- CAN
- Lime
- Gypsum
- TSP and SSP

POLY4 characteristic:
- Immediately available

SULPHUR
- SSP
- SOP-M
- Gypsum
- AS
- Kieserite
- SOP
- Sulphur

POLY4 characteristic:
- pH neutral and multi-nutrient

*See glossary for definitions



3. NPK BLENDING

The multi-nutrient characteristics of POLY4 demonstrate its potential to reduce the number of fertilizer inputs, improve nutrient content and reduce the blending cost of NPKs. POLY4 is versatile and can be used in a dry blend or complex NPK.

POLY4 VALUE PROPOSITION AND DEVELOPMENT OF SALES CHANNELS

- Market growth opportunity
- Displacement of existing products
- NPK feedstock

Markets: Brazil, Europe, SE Asia

Product: Granulated, standard

- Market growth opportunity
- Displacement of existing products
- SOP substitution/ unmet demand

Markets: USA, China, Europe, Latin America

Product: Granulated, standard

- Own NPK production, maximising POLY4 value
- JV opportunities
- Cl-free opportunity
- SOP conversion
- Animal feed
- Product diversification
- De-risk commodity cycles

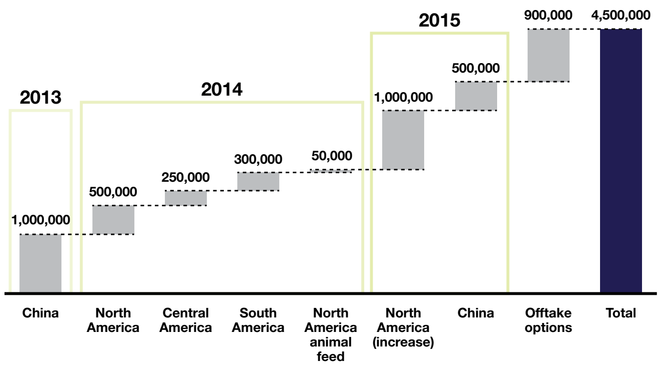
Markets: Product specific

Product: ROM (run of mine), coated fertilizer

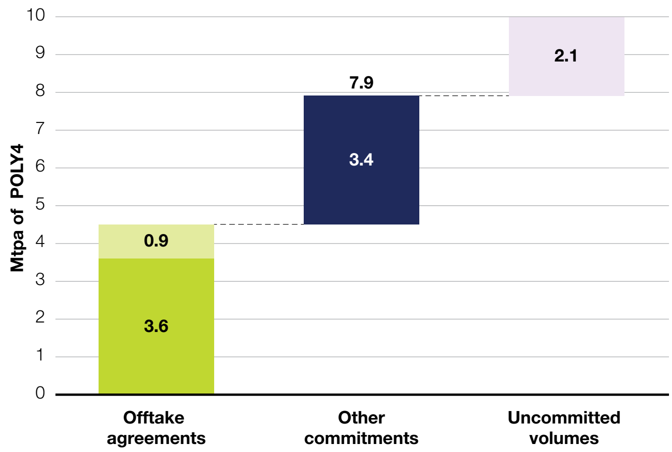
CUSTOMER DEVELOPMENT

SIGNIFICANT GLOBAL DEMAND FOR POLY4

In 2015 the Company continued to secure additional customer commitments which now total 7Mtpa plus offtake partner options for an additional 0.9Mtpa. This demonstrates the overall market acceptance and global need for POLY4.



Customer agreements to date (in Mtpa)



CONTRACT UPDATES

NORTH-AMERICAN CONTRACT INCREASE

In 2015, the North American Fortune 500 agri-business, who had signed the original offtake agreement in 2014 for 500,000 tonnes per annum, tripled their commitment to 1,500,000 tonnes per annum with an option to increase to 2,000,000. This significant increase was underpinned by Sirius Minerals's ability to demonstrate the expanded market opportunity in North America for chloride-free, multi-nutrient fertilizers, namely POLY4.

North American Fortune 500 agri-business committed to 1,500,000 tonnes per annum

CHINESE CONTRACT CONVERSION

A major take-or-pay offtake agreement was signed in China with Huaken International, who will use POLY4 as a soil conditioner. Studies have demonstrated that in addition to its proven role as a multi-nutrient fertilizer, high quality polyhalite can also play a valuable role in soil reconstruction. Research undertaken on polyhalite by the Company has shown the benefits of adding it to highly acidic soils (of particular relevance to large areas of China). Polyhalite has benefited soils, making them more resistant to soil erosion and also demonstrating suppressive effects on soil-borne pathogens.

The agreement is for a period of seven years from first production. Pricing is based on a formula linked to inputs that are consistent with a number of other offtake agreements signed with Sirius Minerals. The volume of the contract with Huaken is for 500,000 tonnes in year seven (ramping up following construction of the project).

The volume of the contract with Huaken is for 500,000 tonnes in year seven

SIRIUS MINERALS'S GLOBAL AGRONOMIC PROGRAMME

OVERVIEW

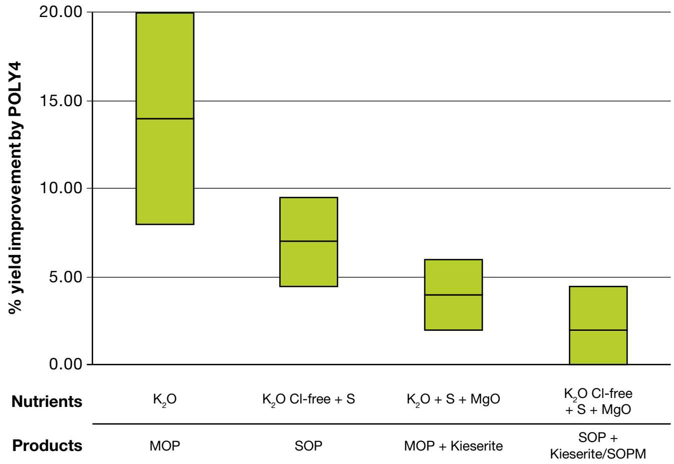
In 2015 there was further expansion of Sirius Minerals's agronomic programme. The programme now includes over 80 trials, with 33 new trials added in 2015. The crop trial programme is of a global scale with presence in China, UK (England and Scotland), France, USA, Brazil, Tanzania, Malaysia and India covering a large variety of crops.

Sirius Minerals is now into its fifth year of the trials and has a broader understanding of the technical and commercial applications for its POLY4 product.

META DATA ANALYSIS – POLY4 BENEFIT OVER K_2O, S, MgO FERTILIZERS

Sirius Minerals has performed its trials with many world-class independent universities and research institutions. Using our significant knowledge of POLY4, the programme is focused on illustrating the product's performance against other potassium-based fertilizer options. Balanced fertilization using polyhalite's four macro nutrients consistently delivers higher yields and/or superior product quality.

Sirius Minerals is committed to developing a further scientific understanding of POLY4. The mean yield increases observed in the various trials imply a 10% yield increase above other straight potassium sources.

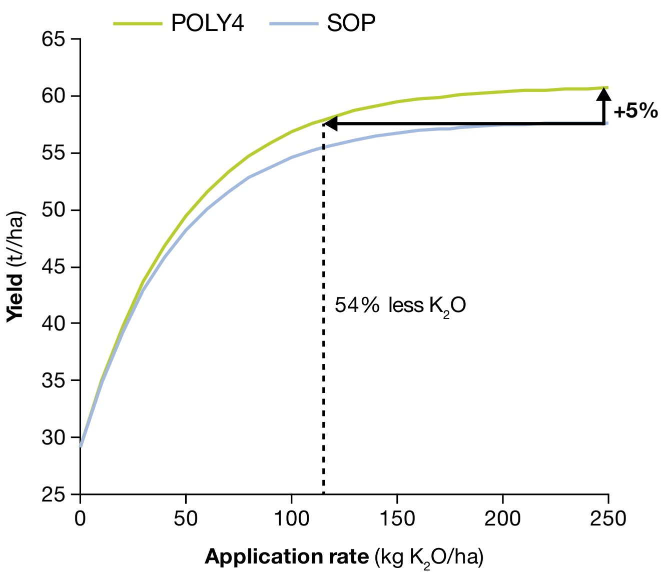


Sirius Minerals's agronomic programme expansion

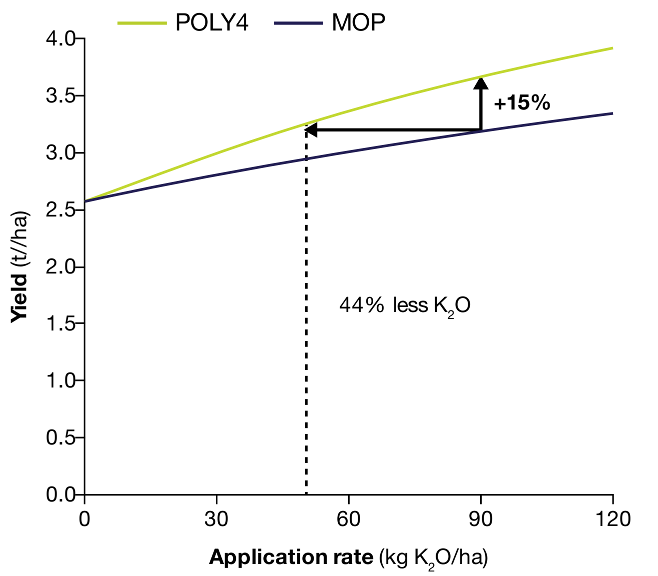
VALUE-IN-USE

The yield benefit achievable using POLY4 is only one aspect of how a farmer can realize the value of our product. Demonstrated by two trials conducted in the US on tomatoes and soybean the farmer is able to reduce fertilizer application, shown here in K_2O terms. In these trials a 54% and a 44% reduction respectively is possible using POLY4 instead of SOP or MOP.

Tomato yield (t/ha)



Soybean yield (t/ha)

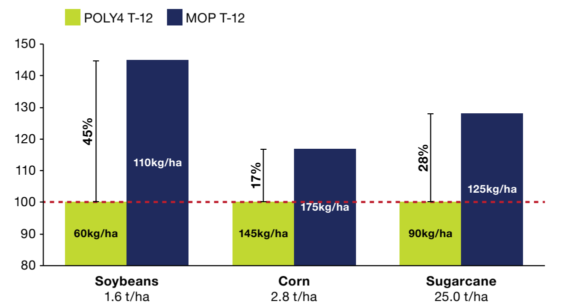


NPK VALUE-IN-USE — BENEFIT OF A MULTI-NUTRIENT NPK

Over several crop trials the Company has been able to validate the benefit-in-use of a POLY4 enhanced NPK blend. The trial data illustrates the yield results across a common triple-12 blend versus a T-12 comprised with POLY4 as the potassium source. This demonstrates the value-in-use of incorporating polyhalite into blends as a more efficient fertilizer product.

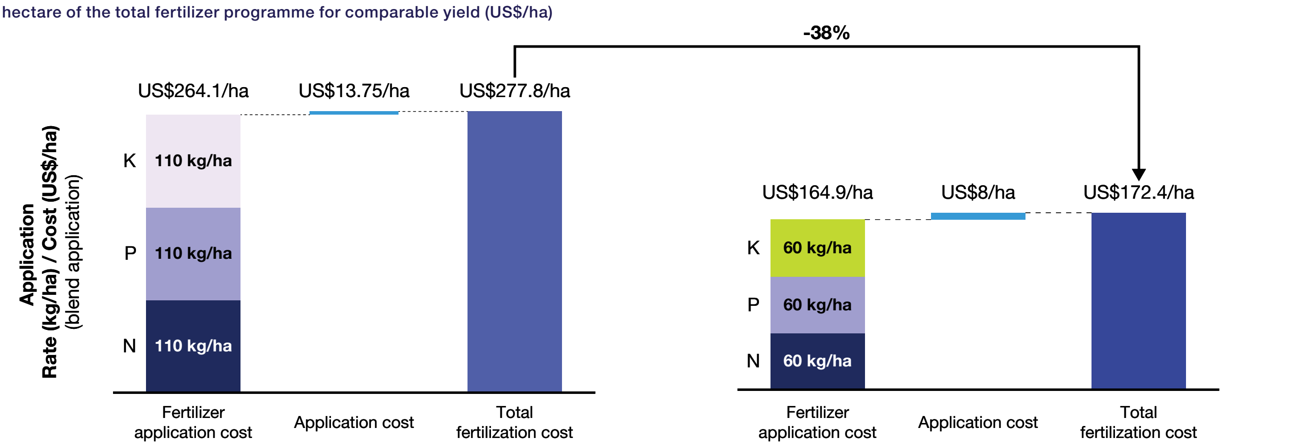
A soybean study undertaken at the University of Florida demonstrated how POLY4, as part of an NPK blend, can save farmers' input costs. The trial highlighted the effectiveness of POLY4 allowing an NPK-blend cost saving whilst maintaining an equal yield to the standard practice application.

Actual NPK blend yield results – K_2O application for comparable yield (% K_2O application efficiency)



Notes: Detailed crop study results available on company website; 1) NPK blends composition Traditional triple 12 NPK blend (MOP) Urea 16%, DAP 26%, MOP 20% versus POLY4 triple 12 NPK blend, Urea 16%, DAP 26%, MOP 8%, POLY4 50%; 2) Field trial; 3) Greenhouse trial; Source: Sirius Minerals; University of Florida

Cost per hectare of the total fertilizer programme for comparable yield (US$/ha)



MOP-NPK blend cost to achieve equal yield (Application cost US$/ha and nutrient application kg/ha)

POLY4-NPK blend cost to achieve equal yield (Application cost US$/ha and nutrient application kg/ha)

PRODUCT CHARACTERISATION

The major purpose of all fertilizers is to bridge the gap between soil nutrient supply, crop demand and nutrient deficiencies of the soil.

POLY4 can be used directly as a single source of four essential nutrients or can be combined with other fertilizers. Fertilizers have different properties which affect how they release nutrients, change soil properties, affect plants or impact the environment. They are therefore characterised in a number of ways to assist the consumer in their selection and use.

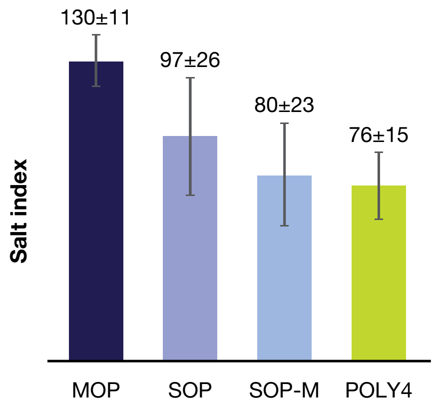
SI

SALT INDEX

POLY4 has a salt index of 76

Most fertilizers are salts that contain macro and micro nutrients, which, when added to soil, cause an increase in the osmotic pressure of the soil solution. This reduces the ability of a plant to absorb water and the nutrients contained within the solution. Fertilizers vary with regards to their osmotic effects and their potential for crop injury. They are measured in comparison to a (w/w) standard reference material, sodium nitrate, giving a ratio referred to as the salt index.

The Jackson method (1958) is used to assess a range of potash fertilizers. Results from seven independent laboratories including University of Florida, University of Sao Paulo and Shandong Agricultural University show a lower salt index for POLY4 than MOP, SOP and SOP-M.

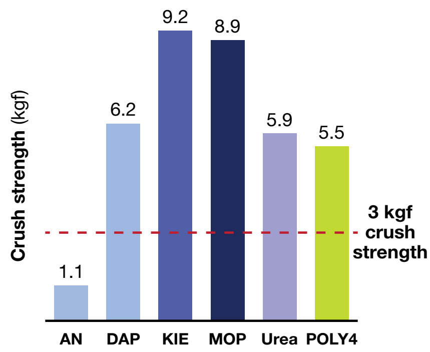


CRUSH STRENGTH

POLY4 has a crush strength of 5.5kgf

The crush strength of a fertilizer determines its suitability for spreading by agricultural machinery. A crush strength greater than 3kgf is recommended to ensure that the fertilizer will resist stress during transportation and spreading.

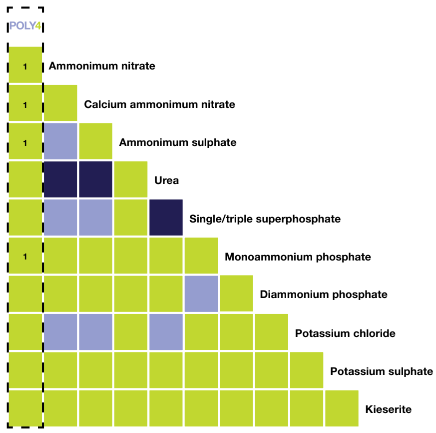
Testing has shown that POLY4 has a crush strength of 5.5kgf which is an ideal quality for handling, distribution and field application of fertilizers. This crush strength means that POLY4 can be spread using a spinner at speeds of up to 900rpm as well as via boom spreaders.



COMPATIBILITY IN BLENDS AND STORAGE LIFE

POLY4 is compatible for blending and can improve shelf life

When blending fertilizers, compatibility of all components needs to be considered so to prevent caking and ensure safety. Through accelerated caking tests, POLY4 is shown to be compatible with a range of nitrogen and phosphorus blending sources. There are no incompatibilities with using POLY4 amongst the product tests. Our tests show that POLY4 is chemically safe and only has minor caking after 17 months in storage. However, the average fertilizer storage length for a farmer is less than 12 months in total.



SUSTAINABLE DEVELOPMENT

THE COMPANY CONTINUES TO DEMONSTRATE ITS COMMITMENT TO THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT AND REMAINS DETERMINED TO DELIVER LONG-LASTING ECONOMIC PROSPERITY TO THE LOCAL AREA WHILST PROTECTING, AND WHERE POSSIBLE ENHANCING, THE ENVIRONMENT.

PROTECTING AND ENHANCING THE ENVIRONMENT

The Company is committed to ensuring that large-scale economic benefits will not be at the expense of the environment, and this is demonstrated in the Project's low-impact design and operational philosophy.

In addition, the Company has committed funding amounting to £130 million, as part of its planning obligations, towards landscape improvements and tree planting across the North York Moors National Park and supporting other environmental initiatives in the surrounding area. This will help to mitigate short-term construction impacts, contribute to offsetting carbon emissions and in the longer term have a positive effect on the character of the landscape and increase biodiversity.

In recognition of its approach towards the environment the Company won *2015 Green Business of the Year* at the Scarborough Business Awards.

SUPPORTING SKILLS DEVELOPMENT AND LOCAL BUSINESSES

The Company continues to play an active role in the local community and is committed to contributing to the social and economic well-being of the area. A key aspect of this has been to support education and careers activities that will help to equip local students and residents with the skills and knowledge required by both Sirius Minerals and the wider business community.

The Company is proud to have been the headline sponsor of Scarborough Engineering Week for the fourth successive year and has attended a total of fifteen careers and education events in North Yorkshire and Teesside over the last year.

As well as helping to prepare young people to fulfil their potential in the future, we are already providing opportunities for local people. There are currently sixty people based in the Scarborough office, with over half coming from the local area. This includes nine young people who have joined the Company as apprentices or new graduates.

Working with local businesses is also a key element of the Company's approach towards generating local benefits. The Company continues to use local suppliers where it is practical to do so, and has presented at events organised by representative bodies including the Chamber of Commerce and the Confederation of British Industry to raise awareness of future supply chain opportunities. Over 1,200 companies have registered an interest in becoming suppliers.

Sirius Minerals's apprentices and young graduates

ENVIRONMENTAL PROTECTION

£130MILLION

TO SAFEGUARD AND ENHANCE THE LOCAL LANDSCAPE & OFFSET CARBON EMISSIONS

EDUCATION AND SKILLS

£2M

OVER TEN YEARS

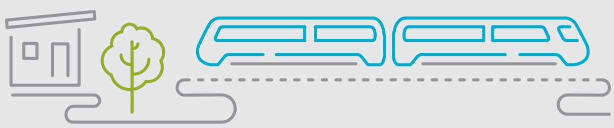
FOR PREPARING LOCAL SCHOOLS, RESIDENTS AND BUSINESSES FOR NEW OPPORTUNITIES

50 APPRENTICES
15 UNDERGRADUATES
300 ADULTS

COMMITTED TRAINING TARGETS OVER THE NEXT FIVE YEARS

PROMOTING TOURISM

£30M FOR PROMOTING THE NATIONAL PARK AND SURROUNDING AREA



UP TO £6.8M TO SUPPORT THE INCREASE OF LOCAL RAIL SERVICES

Sirius Minerals's stand at Scarborough Engineering Week 2015

OPEN AND ACCESSIBLE COMMUNITY ENGAGEMENT

The Company recognises the ongoing and widespread interest in the Project from the local community and a range of other interested stakeholders. As a result the Company has continued with its policy of keeping people informed through a variety of channels as well as providing mechanisms for any concerns or issues to be raised and acted upon.

Throughout the year we have continued to regularly attend local parish and town council meetings, proactively engage with local residents and landowners, and produce community newsletters, press releases, website and social media updates to keep the community informed. The public can also receive a swift response to queries via email or the 24-hour community helpline.

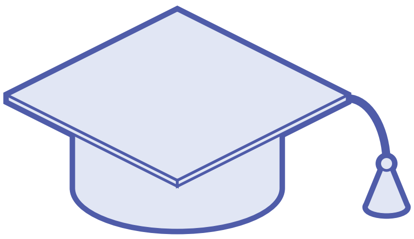
During the planning process this commitment to open and accessible community engagement has helped the Company to gain widespread support for the Project and in effect a social license to operate. This approach will continue as the Project moves from financing into construction, with the Company working closely with its principle contractors to ensure that the community is kept informed and that communication channels remain open.

YORK POTASH FOUNDATION

YORKPOTASH foundation

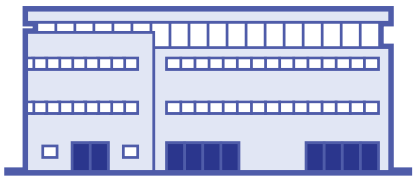
The York Potash Foundation, which has been set up by the Company to share revenue from the Project with the local area, is governed by a board of seven volunteer trustees and has been awarded charitable status from the Charities Commission.

The Company will contribute an annual royalty of 0.5% of revenue from the Project to the Foundation, which will support local initiatives including;



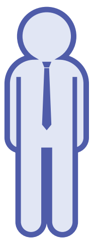
Education and skills training

Health and wellbeing



Improving community facilities

Environmental protection and improvement



Support for the long-term unemployed

An initial start-up fund of £2 million will be paid into the Foundation by the Company during the construction period. The Foundation will receive an annual financial contribution of 0.5% of Project revenue.

PRINCIPAL RISKS AND UNCERTAINTIES

PRINCIPAL RISKS AND UNCERTAINTIES

KEY PERFORMANCE INDICATORS

The Board has a clear framework to identify and manage risks both at an operational and strategic level. There is ongoing review of the risks and controls are in place to mitigate them. The Board monitors spending against the budget through monthly reporting and meetings usually every six to eight weeks. Progress towards the development of the Project is tracked against a project schedule and engineering and environmental studies, a global agronomic programme, polyhalite supply agreements as well as planning consents and subsequently commencement of construction and production. The Company's risk management processes will continue to evolve to fit best practice for the relevant stage of the Company's development.

IDENTIFYING AND MANAGING OUR RISKS

The Company is focused on maintaining and strengthening our position to become a world-class polyhalite producer and on developing our business for the long term. The Board's objective is to ensure sustainable returns for shareholders and, in doing so, providing an economic contribution to community and local, regional and national economies in the UK.

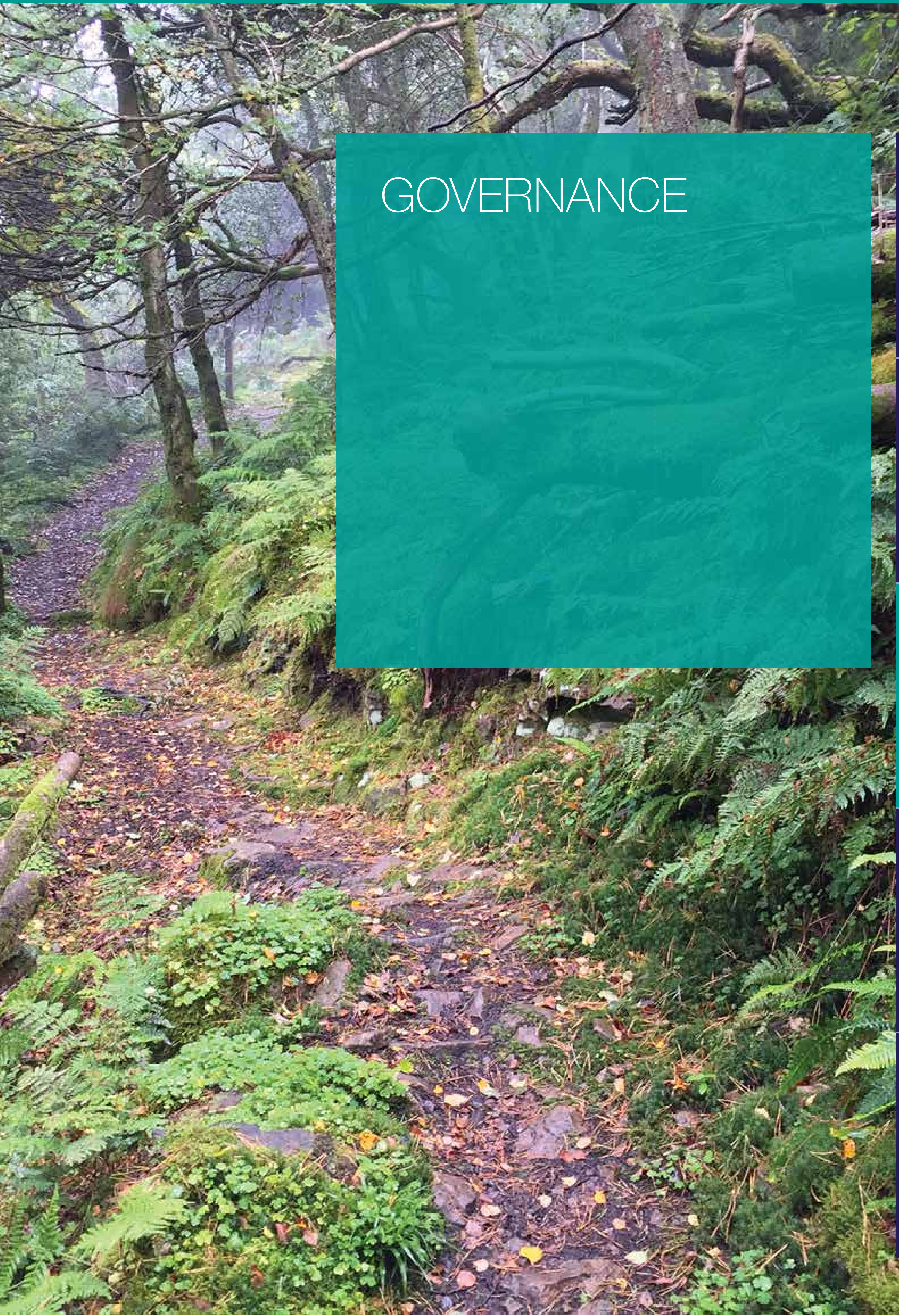
Our principal business risks fall within four broad categories: strategic risks, financial risks, external risks and operational risks.

KEY RISKS		MITIGATING FACTORS
STRATEGIC RISKS		
EXPLORATION AND DEVELOPMENT	These risks are inherent in the mining industry. It is impossible to remove all those risks or to establish for certain the true extent of the size and grade of an ore body.	We have established methods for assessing, evaluating and reducing the risks. With the assistance of experts we apply these methods to the geological, mining, processing, infrastructure, environmental, construction and other aspects of the Project.
RESERVES AND RESOURCES ESTIMATES	Independent consultants SRK reported in 2013 that the Project's probable ore reserve is 250 million tonnes of polyhalite with a mean grade of 87.8% of polyhalite. Our reserves and resources estimates may not be representative of the broader ore body.	The ore reserve has been reported using the guidelines and definitions set out in the 2004 edition of JORC code. We will continue further exploration from underground undertaken as part of normal mining operation, which should enable additional mineral resource to be upgraded to the measured and indicated categories.
MINERAL TITLE RISK	In the UK, mineral rights and surface rights do not always go together and the land registry system is focused on surface rights rather than mineral rights. This introduces an additional level of uncertainty and the Company makes considerable efforts to confirm mineral rights ownership before entering into option and exploration agreements with the mineral rights owners.	We entered into option agreements with a large number of minerals rights owners under which the Company may acquire the mineral rights and conduct exploration and mining activities. The Company has five years to exercise the options, extendable by three years in certain circumstances, and thereafter 70 years to extract the minerals. As part of the process of entering into option agreements extensive searches of land registers and documents available are undertaken to establish the correct owner of the mineral rights.

FINANCIAL RISKS		
LIQUIDITY RISKS	There is a risk that we will have insufficient funds to develop the Project, which will affect our ability to manage operating costs and capital expenditure. There is no assurance that adequate funds will be available when they are required.	We have a strong Board and management team with extensive experience in financing large, multi-billion dollar projects. We have been successful in raising funds in the recent past and intend to raise a combination of debt and equity in the future to provide sufficient funding for development and initial operations.
COMMODITY PRICE RISKS	There is a risk that fertilizer prices, including potash and polyhalite, could fall to levels at which it would not be economically viable to develop the Project. Such conditions would materially and adversely affect production, earnings and the financial position and could result in the cessation of mining activities that become uneconomic, halt or delay the development of new areas to mine, and reduce funds available for proving reserves, resulting in the depletion of reserves. There is no assurance that, even as commercial quantities of polyhalite ore are produced, a profitable market will exist for it.	Our research team continues to analyse various fertilizer markets, including NPK, potash and polyhalite. Current studies support the continued growth in world demand and a positive price outlook over the medium term. As at the period end, the Company had secured offtake agreements, MoUs and letters of intent for 7.0 million tonnes of polyhalite per annum, which accounts for 70% of the 10Mtpa initial capacity production target. These agreements represent large volume, long-term commitment from a growing customer base.
CURRENCY RISK	Sirius will have currency exposure in both the procurement of capital equipment for the construction phase and in the sale of polyhalite ore. At present the Company raises funds in Pound Sterling and the considerable majority of its expenditure is also in Sterling. Revenue from polyhalite sales and the majority of financing for the Project will be denominated in US Dollars, providing a natural exchange rate hedge. However, a significant portion of the construction, development and operating expenses for the Project will be incurred in non-US Dollar currencies. Accordingly, appreciation of such non-US Dollar currencies, without offsetting improvement in US Dollar denominated polyhalite prices, could adversely affect the Project's profitability and financial position.	The Company continues to monitor its exposure to currency risk based on its stage of development and will implement suitable treasury policies as required to address the financial risks arising from currency exposure including potentially the use of hedging instruments.

EXTERNAL RISKS		
PERMITS AND LICENCES	The Project requires a range of permits and licences in order to operate. There is no guarantee that these will be forthcoming.	The Company has received the approvals to commence construction of the minehead, mineral transport system and materials handling facility and has a broad range of consultant advisers that specialise in obtaining the remaining permits and licences needed for the Project to operate.
COMMUNITY RELATIONS	Failure to engage or manage relations with local communities and stakeholders affects our social licence to operate and can have a direct impact on operations.	We have received a significant level of local, regional and national support for the Project and will continue ongoing engagement to ensure a full understanding of the Project's benefits.

COMPETITORS	There are high barriers for potential new entrants into the market. The major competitors all have substantial existing infrastructure, less leverage and substantially greater financial resources. There can be no assurance that Sirius or the Project will be able to successfully respond to such competitive pressures or the competitive activities of the other major suppliers in its markets.	Our polyhalite product contains four of the six macro nutrients (potassium, sulphur, magnesium and calcium) required for plant growth. Polyhalite is an effective, direct application, multi-nutrient fertilizer and can also be combined with nitrogen and phosphorous to create high-value NPK fertilizer products that contain all six macro nutrients. As such, we are less exposed to the existing potash supply structure with respect to product supply and demand dynamics. The Company continues to develop its marketing and sales strategy to utilise the unique characteristics of polyhalite.
“BREXIT”	Potential withdrawal of the United Kingdom from the European Union (shortened to “Brexit” – “Britain” and “exit”) might constitute risks for companies, uncertainty about the process, timings and consequences of withdrawal.	The Company does not currently trade with Europe or in receipt of EU foreign direct investment (FDI) and the majority of its future sales are likely to be in US Dollars.
OPERATIONAL RISKS		
DEFINITIVE FEASIBILITY STUDY (DFS)	The development risk will be assessed in the DFS, which provides the engineering and the design basis for construction. The DFS will incorporate a wide range of other studies that will cover all aspects of the Project including resources and reserves, environment, infrastructure, planning, mining, processing and markets.	Detailed planning by the management team and external consultants will be completed prior to project development through the DFS to mitigate and de-risk the Project before construction commences. The material findings of the DFS were released after the financial period on 17 March 2016.
DELAYS	The Project may experience construction and schedule delays due to unforeseen technical issues. The success of the Project depends in significant part upon the Company’s ability to complete construction and commence production within the planned time frame and in accordance with the cost estimates that will be contained in the DFS.	We continue to pursue all acceleration options available to reduce the time required to reach first production. The Company will also engage leading contractors, consultants and implement best practice to manage any such delays as efficiently as possible.
EMPLOYER AND CONTRACTOR RELATIONS	Our business depends on attracting and retaining skilled employees and contractors. A loss of skilled employees and/or a breakdown in relations and communication could result in disruptions to operations.	We continue supporting our employees and contractors ensuring safe working environment and encouraging a positive work-life balance. Regular communication is maintained and all employees and contractors are updated on the Project’s progress and news through weekly meetings, in-house newsletters, and senior management team emails.
PRODUCT	The Project is subject to product risks and the risks of developing a relatively new market. While there has been geological and seismic testing of the Project’s polyhalite ore from samples taken across the drilling programme, by its very nature mineralisation is not homogenous and there is a risk that the samples may not be representative of the broader ore body. To date polyhalite has only been mined in small volumes, well below the proposed initial development production rate. Production of the scale proposed for the Project will require significant expansion of the current polyhalite market, which entails substantial market acceptance and price risk.	The geological test work conducted to date has been on samples which have been determined by Sirius to be representative of the ore body, and the ore reserve has been prepared by independent specialist consultants, SRK. Polyhalite is a mineral comprised of well-understood and traded nutrients used in the fertilizer industry. Sirius Minerals’s internal market research and strategy team have developed a comprehensive global crop study programme to underpin the value of polyhalite as a fertilizer. Ongoing studies have provided results which validate polyhalite to be an effective, valuable fertilizer that outperforms the traditional potash product, potassium chloride (or MOP), on both yield and quality. This has led to the securing of offtake agreements, letters of intent and MoUs as referred to under *Commodity price risk*.



GOVERNANCE

BOARD OF DIRECTORS

RUSSELL SCRIMSHAW

NON-EXECUTIVE CHAIRMAN

Age: 66

Appointed: November 2011

Skills and experience:

Russell was formerly an executive director and deputy CEO of Fortescue Metals Group Ltd and was a founding member of the board. He was also formerly chairman of Cleveland Mining Co Ltd, and a non-executive board member of Commonwealth Properties Ltd, EDS Australia, Mobilesoft Ltd, Telecom New Zealand Australia Pty Ltd, The Garvan Institute Foundation and Athletics Australia.

Russell has also held senior executive positions within the Commonwealth Bank of Australia, Optus Communications Pty Ltd, Alcatel, IBM and Amdahl USA. He is an associate member of the Australian Society of Certified Practicing Accountants and an Adjunct Professor of Mining Economics at China Central South University in Changsha, China.

Other roles:

Non-executive director of Genome.one Pty Ltd and the Garvan Institute for Medical Research and executive chairman of Torrus Capital Pty Limited.

Board committees:

Remuneration committee and nominations committee.

CHRIS FRASER

MANAGING DIRECTOR AND CEO

Age: 41

Appointed: January 2011

Skills and experience:

Chris Fraser has almost 20 years' experience in the mining industry with a particular focus on financing and strategic developments. He is the founder of the York Potash Project, and has led its development since 2010 and has been managing director and CEO of the Company since January 2011.

During his finance career he worked for KPMG, Rothschild and Citigroup, the latter culminated in him being appointed head of metals and mining investment banking for Australia in 2006 and managing director in 2008. Upon leaving Citigroup in 2009 he founded Sigiriya Capital, a boutique advisery and investment firm prior to founding York Potash in 2010 and subsequently joining Sirius Minerals in 2011.

Memberships:

Institute of Chartered Accountants in Australia, senior associate of the Financial Services Institute of Australia (FINSIA) and a member of the Institute of Company Directors in Australia.

KEITH CLARKE CBE

NON-EXECUTIVE DIRECTOR

Age: 63

Appointed: December 2013

Skills and experience:

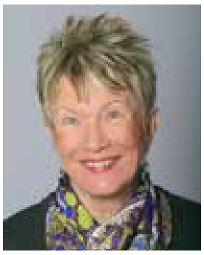
Keith was chief executive officer of WS Atkins plc, the UK's largest design and engineering consultancy for eight years to July 2011 and previously held CEO roles with Skanska UK and Kvaerner Construction Group. He also acted as director of sustainability and chairman of Atkins' Middle East business until April 2012.

Other roles:

Chair of Tidal Lagoon Power plc and Tidal Lagoon Swansea Bay plc, chair of Forum for the Future, vice chair of Future Cities Catapult, vice president of the Institute of Civil Engineers, Visiting Professor for Sustainable Design at Aston University.

Board committees:

Nominations committee and audit committee.



NOEL HARWERTH

NON-EXECUTIVE DIRECTOR

Age: 68

Appointed: July 2015

Skills and experience:

Noel, whose executive background is in international banking, was formerly COO of Citibank International and chief tax officer of Citigroup.

Noel is also a highly experienced non-executive director who has sat on a number of boards in a variety of different sectors, including mining and finance industry companies and will bring with her a wealth of background and understanding in mining, finance and governance issues.

Other roles:

Chair of GE Capital bank Limited; non-executive director, Standard Life Plc, non-executive director, the London Metal Exchange, non-executive director, British Horseracing Authority Limited.

Board committees:

Audit committee and nominations committee.

JOHN HUTTON, BARON HUTTON OF FURNESS

NON-EXECUTIVE DIRECTOR

Age: 60

Appointed: January 2012

Skills and experience:

Lord Hutton was a member of the government for 13 years including 11 years as a minister and four years serving on the cabinet. He also served as a Parliamentary Private Secretary in the Department of Trade and Industry before moving to the Department of Health where he became Minister of State for Health in 1999.

He was a Chairman of the Independent Public Service Pensions Commission. Lord Hutton was a legal adviser to the Confederation of Business Industry and a senior law lecturer at Newcastle Polytechnic. He was MP for Barrow and Furness for 18 years. In 2005 Lord Hutton was made Secretary of State for Work and Pensions. In 2007 he was appointed Secretary of State for Business, Enterprise and Regulatory Reform. In 2008 he became Secretary of State for Defence until he stepped down from the Cabinet in 2009.

Other roles:

In 2010 he was created a life peer as Baron Hutton of Furness and now sits in the House of Lords.

Board committees:

Remuneration committee.

STEPHEN PYCROFT

NON-EXECUTIVE DIRECTOR

Age: 57

Appointed: March 2014

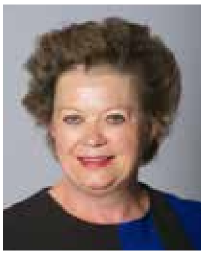
Skills and experience:

Stephen Pycroft is executive chairman of Mace, a leading international consultancy and construction company. Having joined Mace in 1993 and appointed a group board director in 1995, Stephen became chief operating officer before taking over as CEO at the end of 2004 and chairman in 2008. During his tenure, Stephen led Mace to achieve phenomenal growth with turnover increasing from £90 million in 2001 to £1.1 billion in 2012 before becoming executive chairman.

Under Stephen's continuing leadership Mace has evolved into an international consultancy and construction group, with a reputation for quality and delivery, employing over 5,000 people worldwide and with an annual turnover of £1.5BN in 2015. Stephen's experience includes delivering some of the UK's most iconic projects, most notably The Shard, the London Eye and the 2012 London Olympic and Paralympic village.

Other roles:

Executive chairman of the Mace board.



JANE LODGE

NON-EXECUTIVE DIRECTOR

Age: 61

Appointed: July 2015

Skills and experience:

After an academic background in Geology, Jane's executive career was primarily in accountancy, where she became an audit partner at Deloitte. Her roles included Deloitte's Midlands Practice Senior Partner and Lead Partner for the National Manufacturing Industry. As Manufacturing Industry Leader, she represented the UK on the Deloitte Global Manufacturing Industry Executive and was a member of the CBI Manufacturing Council.

During her 35 year career with the firm, she advised multinational businesses in the construction, financial services, manufacturing, property and house building sectors. Since leaving Deloitte Jane is a Non-Executive Director of a number of listed and private companies including being a chair and member of various committees.

Other roles:

Non-executive director and chair of the audit committees at Devro PLC, DCC PLC, Costain Plc, and non-executive director of Bromsgrove School Foundation.

Board committees:

Audit committee and remuneration committee.

CORPORATE GOVERNANCE STATEMENT

The maintenance of effective corporate governance remains a key priority for the Board. The Board recognises the importance of sound corporate governance and has adopted policies and procedures which reflect the principles of the UK Corporate Governance Code, that are consistent with the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance in May 2013, of which the Company is a member.

BOARD AND COMMITTEE STRUCTURE

Non-executive Chairman
Russell Scrimshaw

Key objectives:
- Leadership of the Board

Executive Director
Chris Fraser

Key objectives:
- Overall performance of the Company

The Board of Sirius Minerals
Seven directors: Six non-executive directors (including five independent directors) and one executive director.

Key objectives:
- Responsible for the overall conduct of the Group
- Responsible for the effectiveness of the Group's internal controls in safeguarding the assets of the Group
- Setting the Company's strategy
- Review of operational and financial performance

Audit committee:
Jane Lodge ***(Committee Chair)***
Keith Clarke CBE
Noel Harwerth

Three independent non-executive directors.

Key objectives:
- Review of internal controls' effectiveness
- Risk management review
- Overseeing the relationship with external auditor

Remuneration committee:
Lord Hutton ***(Committee Chair)***
Jane Lodge
Russell Scrimshaw

Three non-executive directors including Lord Hutton and Jane Lodge as independent directors.

Key objectives:
- Review remuneration and service contracts of executive directors
- Review of all share incentive plans

Nominations committee:
Keith Clarke CBE ***(Committee Chair)***
Russell Scrimshaw
Noel Harwerth

Three non-executive directors including Keith Clarke and Noel Harwerth as independent directors.

Key objectives:
- Ensuring the Board comprises of individuals with the necessary skills, knowledge and experience

The Board comprises one executive director and six non-executive directors. Jane Lodge and Noel Harwerth replaced Chris Catlow and Peter Woods as non-executive directors during July 2015. The directors have a broad range of relevant strategic, industry, financial, governance and other experience to enable the Company to fulfil its objective of becoming a world-class fertilizer business. The particular experience and skills of each director can be found in their biographies in the *Board of directors* section on pages 32–33.

The Board considers Lord Hutton, Keith Clarke CBE, Stephen Pycroft, Jane Lodge and Noel Harwerth to be independent in character and independent in judgement and are therefore independent directors. Although not all of these directors fully satisfy the guidelines set out in the UK Corporate Governance Code, the Board has considered the situation of each director and the relevance of the differences with the guidelines in the context of the Company being listed on AIM, and has concluded on each director's independence.

If a potential conflict of interest exists or arises for any director, he is required to declare such conflicts, which will be recorded, and the Board will exercise its authority under the Company's Articles of Association as appropriate in considering such conflict.

The Board meets regularly during the year, at least every six to eight weeks, to discuss significant matters including long-term strategy, short-term operational and development activities and financial performance. The latest management reports and financial statements, including variances to budget, are presented at each Board meeting.

The Company's Articles of Association require one-third of the directors to retire from office by rotation at every annual general meeting. Details of the directors who will be retiring by rotation at the forthcoming annual general meeting will be contained in the Notice of Annual General Meeting.

The Company had an audit committee, remuneration committee and nominations committee in place for the year. All of the committees have formally delegated responsibilities by way of terms of reference.

The performance of the Board, committees and individual directors are evaluated on a regular basis. Individual director evaluation includes whether each director continues to contribute effectively and demonstrates commitment to their role by attending Board meetings.

MEETINGS ATTENDANCE

Attendance at Board and committee meetings during the year was as follows:

	Scheduled Board meetings	Audit committee meetings	Remuneration committee meetings	Nominations committee meetings
RJ Scrimshaw	5/5	1/1	2/2	2/2
CN Fraser	5/5			
Lord Hutton	5/5		2/2	
K Clarke CBE	5/5	2/2		2/2
SG Pycroft	5/5			
JA Lodge*	4/4	1/1	1/1	
NE Harwerth*	4/4	1/1		1/1
CJ Catlow**				
PJE Woods**				

*Jane Lodge joined the Company on 27 July 2015
*Noel Harwerth joined the Company on 27 July 2015
** Chris Catlow left the business on 24 July 2015
**Peter Woods left the business on 24 July 2015

INTERNAL CONTROLS

The Board has overall responsibility for the effectiveness of the Group's internal controls in safeguarding the assets of the Group. The internal control systems are designed to identify and manage risks to ensure that the possibilities of material misstatements or loss are kept to a minimum.

The processes used by the Board to review the effectiveness of the internal controls are through the audit committee and regular executive management reports to the Board where business plans, budgets and authorisation limits for the approval of significant expenditure including investment are appraised and agreed. The board also seeks to ensure that there is a proper organisational and management structure with clear responsibilities and accountability.

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The Company has adopted and applies a share dealing code on the dealing in securities of the Company by directors and employees, to ensure compliance with Rule 21 of the AIM Rules.

The Company has undertaken a risk assessment to determine its exposure to bribery and corruption risk in the countries, sectors and markets in which it operates. Following this assessment the Board has considered the Company's risk exposure, and implemented certain policies and procedures to ensure compliance with the requirements of the Bribery Act 2010 and that the Company's employees were suitably briefed on these policies and procedures. The Company will continue to monitor risk regularly and to determine the adequacy of the briefing of employees to ensure compliance.

Due to the small size of the Group, an internal audit function has not been established. The Board receives sufficient assurance on risk, control and governance from other activities within the Group including regular management information and the external auditors.

GOING CONCERN

The directors have reviewed the financial performance of the Group since 31 December 2015 and have considered the Group's cash projections for the 12 months from the date of approval of these financial statements. Based on these projections, the directors have determined that the Group has sufficient cash resources for the next 12 months and consider it appropriate to draw up the accounts on a going-concern basis.

The directors recognise that there is a material uncertainty inherent in its North Yorkshire polyhalite project. The impact of the uncertainty on the directors' consideration of the going-concern assumption is set out in note 1 to the financial statements.

KEY PERFORMANCE INDICATORS

The Group's approach to key performance indicators is set out in *Principal Risks and uncertainties* report on pages 28–30.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of the Group's principal risks and uncertainties is set out in *Principal Risks and uncertainties* report on pages 28–30.

COMMUNICATION WITH SHAREHOLDERS

The Board places importance on effective communication with shareholders and maintains regular dialogue with and gives briefings to analysts and institutional investors. Presentations are generally given by the Executive Director or members of his executive management team and on occasion by the Chairman. In particular a presentation is made at the annual general meeting. Care is taken to ensure that any price-sensitive information is released promptly to all shareholders through the regulated news service, the circulation of such releases to all shareholders who have registered for inclusion on the Company's circulation list and through placing the release on the Company's website. The Notice of Annual General Meeting, annual report and audited financial statements and interim financial statements in particular are issued in this manner.

Rule 26 of the AIM Rules requires companies to maintain a website on which certain information should be available, free of charge. This information is available on the Company's website at www.siriusminerals.com.

Approved by the board of directors and signed on behalf of the Board.

NA King
Company Secretary
25 April 2016

DIRECTORS' REPORT

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2015.

DIRECTORS

THE DIRECTORS OF THE COMPANY DURING THE YEAR WERE:		
RJ Scrimshaw	Non-executive Chairman	
CN Fraser	Managing Director & CEO	
CJ Catlow	Non-executive Deputy Chairman	Resigned as a director 24 July 2015
Lord Hutton	Non-executive Director	
PJE Woods	Non-executive Director	Resigned as a director 24 July 2015
K Clarke CBE	Non-executive Director	
SG Pycroft	Non-executive Director	
JA Lodge	Non-executive Director	Appointed as a director 27 July 2015
NE Harwerth	Non-executive Director	Appointed as a director 27 July 2015

RESULTS AND DIVIDENDS

The loss of the Group for the nine-month period to December 2015 was £7.0 million (12 months to 31 March 2015: £9.6 million). The loss of the Company for the period was £3.6 million (12 months to 31 March 2015: £5.0 million).

The directors do not recommend a payment of a dividend for the year (2015: £nil).

DIRECTORS' INTERESTS

As at 31 December 2015, the directors had the following interests either directly or through related parties or entities in which the directors had a beneficial interest in the ordinary shares of the Company:

	Number of shares held	Percentage of the company held
CN Fraser	122,914,028	5.36
RJ Scrimshaw	40,966,837	1.79
SG Pycroft	26,057,870	1.14
JA Lodge	100,000	0.00
K Clarke CBE	624,999	0.03
Lord Hutton	28,571	0.00
NE Harwerth	19,857	0.00

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SUBSTANTIAL SHAREHOLDINGS

Shareholdings as at 15 April 2016 of 3% or more are as follows:

	Percentage of the company held
State Street Nominees Limited	11.58
Hargreaves Lansdown (Nominees)	11.19
Barclayshare Nomiees Limited	7.84
Nortrust Nominees Limited	7.12
Roy Nominees Limited	6.27
Pershing Nominees Limited	6.26
HSDL Nominees Limited	4.02
TD Direct Investing Nominees	3.99
Fitel Nominees Limited	3.16

DIRECTORS' INDEMNITIES

The Company has made qualifying indemnity provisions for the benefit of directors under the letters of appointment of each director. In addition the Company has purchased directors' and officers' liability insurance.

FINANCIAL RISK MANAGEMENT

Details of the Group's financial instruments and its policies with regard to financial risk management are given in note 22 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES AND KEY PERFORMANCE INDICATORS

Details of the principal risks and uncertainties and key performance indicators relative to the Group are set out in the *Principal Risks and uncertainties* report on pages 28–30.

Details on post balance sheet events are set out in note 26 to these financial statements. Details of the approvals update are set out in *Strategic report* on pages 8–9.

STATEMENT REGARDING DISCLOSURE OF INFORMATION TO THE AUDITORS

In accordance with Section 418 of the Companies Act 2006 directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

"So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information."

The directors approve the above statement.

INDEPENDENT AUDITORS

The directors have appointed PricewaterhouseCoopers LLP as auditors to the Company.

A resolution in respect of the reappointment of PricewaterhouseCoopers LLP as the Group's auditors will be proposed at the forthcoming annual general meeting.

OTHER

During the period, the Group made donations of £10,000 to the York Potash Foundation and £8,500 to local and national charities.

Approved by the board of directors and signed on behalf of the Board.

NA King
Company Secretary
25 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group's and the Company's financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

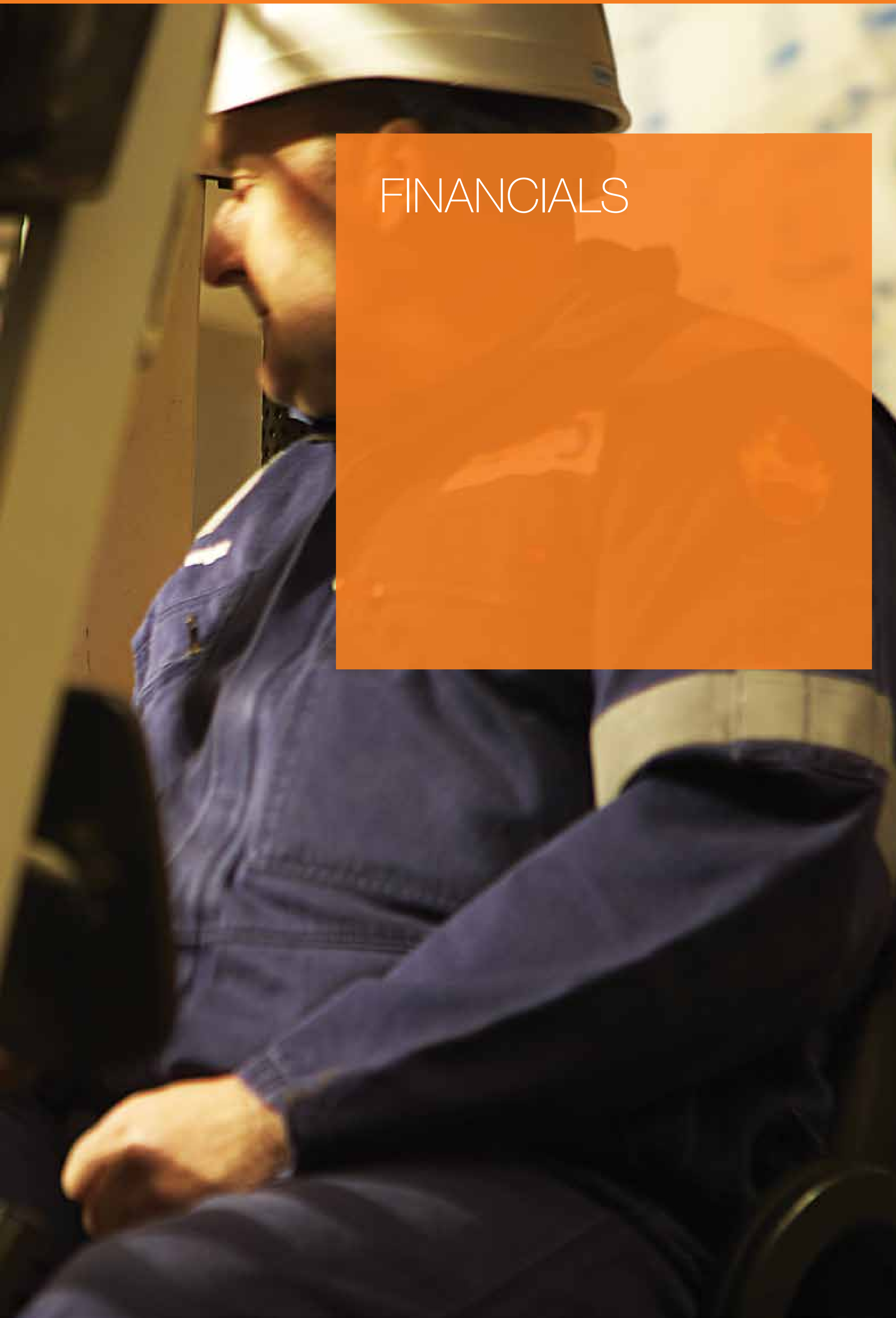
The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in *Board of directors* section confirm that, to the best of their knowledge:

- The Group's financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- The directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

FINANCIALS



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIRIUS MINERALS PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- Sirius Minerals Plc's Group financial statements and Company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 and of the Group's loss and the Group's and the Company's cash flows for the nine-month period (the period) then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Group and Company – going concern

In forming our opinion on the Group and Company 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 and Company's ability to continue as a going concern. The Group is involved in efforts to secure short and long-term finance for its polyhalite project in North Yorkshire, the outcome of which is uncertain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The Group and Company financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

What we have audited

The financial statements, included within the annual report, comprise:

- The consolidated statement of financial position and the Company statement of financial position as at 31 December 2015;
- The consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- The consolidated statement of cash flows and the company statement of cash flows for the period then ended;
- The consolidated statement of changes in equity and the company statement of changes in equity for the period then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- The reasonableness of significant accounting estimates made by the directors; and
- The overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Ian Morrison BA ACA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

22 April 2016

CONSOLIDATED INCOME STATEMENT

for the nine-month period ended 31 December 2015

	Notes	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Revenue		**-**	-
Administrative expenses		**(7,422)**	(10,047)
Operating loss	4	**(7,422)**	(10,047)
Finance income	5	**99**	332
Finance costs	6	**(186)**	(353)
Loss before taxation		**(7,509)**	(10,068)
Taxation	8	**550**	503
Loss for the financial period		**(6,959)**	(9,565)
Loss per share:			
Basic and diluted	9	**(0.3)p**	(0.5)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine-month period ended 31 December 2015

	Notes	**Nine-month period ended to 31 December 2015 £000s**	31 March 2015 £000s
Loss for the financial period attributable to owners of the parent		**(6,959)**	(9,565)
Other comprehensive income/(loss) for the period			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**(135)**	(346)
Other comprehensive income/(loss) for the period		**(135)**	(346)
Total comprehensive loss for the period		**(7,094)**	(9,911)

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 2015

ASSETS	Notes	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Non-current assets			
Property, plant and equipment	10	**1,849**	1,932
Intangible assets	11	**137,970**	121,721
Total non-current assets		**139,819**	123,653
Current assets			
Other receivables	13	**1,184**	1,413
Cash and cash equivalents	15	**29,093**	26,640
Total current assets		**30,277**	28,053
TOTAL ASSETS		**170,096**	151,706
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**5,737**	5,362
Share premium account		**240,874**	216,586
Share-based payment reserve	17	**7,624**	13,290
Accumulated losses		**(95,966)**	(95,630)
Foreign exchange reserve		**6,893**	7,028
Total equity		**165,162**	146,636
Current liabilities			
Loan from third parties	16	**748**	1,980
Trade and other payables	19	**4,186**	3,090
Total liabilities		**4,934**	5,070
TOTAL EQUITY AND LIABILITIES		**170,096**	151,706

The financial statements on pages 44–51 were issued and approved by the board of directors on 22 April 2016 and signed on its behalf by:

CN Fraser
Managing Director and CEO

Company Registration Number 04948435

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended 31 December 2015

	Notes	Share capital £000s	Share premium account £000s	Share-based payments reserve £000s	Accumulated losses £000s	Foreign exchange reserve £000s	Equity shareholders' funds £000s
At 1 April 2014		4,658	197,797	11,404	(86,360)	7,374	134,873
Loss for the year		-	-	-	(9,565)	-	(9,565)
Foreign exchange differences on translation of foreign operations		-	-	-	-	(346)	(346)
Total comprehensive loss for the period		-	-	-	(9,565)	(346)	(9,911)
Convertible loan		113	3,287	-	295	-	3,695
Share issue		572	15,853	-	-	-	16,425
Share issue costs		-	(665)	-	-	-	(665)
Share-based payments		-	-	1,886	-	-	1,886
Exercised options		19	314	-	-	-	333
At 31 March 2015		5,362	216,586	13,290	(95,630)	7,028	146,636
Loss for the financial period		-	-	-	(6,958)	-	(6,958)
Foreign exchange differences on translation of foreign operations		-	-	-	-	(135)	(135)
Total comprehensive loss for the period		-	-	-	(6,958)	(135)	(7,093)
Convertible loan		44	1,103	-	257	-	1,404
Share issue		-	-	-	-	-	-
Share issue costs		-	(121)	-	-	-	(121)
Share-based payments	17	-	-	(5,666)	6,365	-	699
Exercised options	18	331	23,306	-	-	-	23,637
At 31 December 2015		**5,737**	**240,874**	**7,624**	**(95,966)**	**6,893**	**165,162**

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 nine-month period ended 31 December 2015

	Notes	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Cash outflow from operating activities	20	**(5,307)**	(10,240)
Cash flow from investing activities			
Purchase of intangible assets		**(15,533)**	(27,188)
Purchase of plant and equipment		**(1)**	(62)
Repayment of loan to third party		**-**	-
Net cash used in investing activities		**(15,534)**	(27,250)
Cash flow from financing activities			
Proceeds from loan		**-**	-
Proceeds from issue of shares		**23,637**	16,758
Share issue costs		**(121)**	(665)
Finance costs		**(87)**	(21)
Net cash generated from financing activities		**23,429**	16,072
Net increase/(decrease) in cash and cash equivalents		**2,588**	(21,418)
Cash and cash equivalents at beginning of the period		**26,640**	48,404
Effect of foreign exchange rate differences		**(135)**	(346)
Cash and cash equivalents at end of the period		**29,093**	26,640

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

ASSETS	Notes	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Non-current assets			
Property, plant and equipment	10	**-**	6
Intangible assets	11	**-**	1
Investments in subsidiaries	12	**81,612**	81,095
Total non-current assets		**81,612**	81,102
Current assets			
Other receivables	13	**152**	170
Loans to subsidiaries	14	**67,975**	61,677
Cash and cash equivalents	15	**25,665**	10,822
Total current assets		**93,792**	72,669
TOTAL ASSETS		**175,404**	153,771
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**5,737**	5,362
Share premium account		**240,874**	216,586
Share-based payment reserve	17	**7,624**	13,290
Accumulated losses		**(80,037)**	(83,055)
Total equity		**174,198**	152,183
Current liabilities			
Loan from third party		**-**	1,229
Trade and other payables	19	**1,206**	359
Total liabilities		**1,206**	1,588
TOTAL EQUITY AND LIABILITIES		**175,404**	153,771

The financial statements on pages 44–51 were issued and approved by the board of directors on 22 April 2016 and were signed on its behalf by:

CN Fraser
Managing Director and CEO

Company Registration Number 04948435

COMPANY STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended 31 December 2015

	Notes	Share capital £000s	Share premium account £000s	Share-based payments reserve £000s	Accumulated losses £000s	Equity shareholders' funds £000s
At 1 April 2014		4,658	197,797	11,404	(78,398)	135,461
Loss for the year and total comprehensive income		-	-	-	(4,952)	(4,952)
Convertible loan		113	3,287	-	295	3,695
Share issue		572	15,853	-	-	16,425
Share issue costs		-	(665)	-	-	(665)
Share-based payments		-	-	1,886	-	1,886
Exercised options		19	314	-	-	333
At March 2015		5,362	216,586	13,290	(83,055)	152,183
Loss for the year and total comprehensive income		-	-	-	(3,604)	(3,604)
Convertible loan		44	1,103	-	257	1,404
Share issue		-	-	-	-	-
Share issue costs		-	(121)	-	-	(121)
Share-based payments	17	-	-	(5,666)	6,365	699
Exercised options	18	331	23,306	-	-	23,637
At 31 December 2015		**5,737**	**240,874**	**7,624**	**(80,037)**	**174,198**

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 Company.

COMPANY STATEMENT OF CASH FLOWS

for the nine-month period ended 31 December 2015

	Notes	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Cash outflow from operating activities	20	**(1,742)**	(2,797)
Cash flow from investing activities			
Purchase of intangible assets		**-**	-
Purchase of plant and equipment		**-**	-
Plant and equipment transferred to the group company		**-**	-
Investments in subsidiary companies		**(517)**	(1,476)
Loans to subsidiary companies		**(6,298)**	(47,321)
Net cash used in investing activities		**(6,815)**	(48,797)
Cash flow from financing activities			
Proceeds from loan		**-**	-
Proceeds from issue of shares		**23,637**	16,758
Share issue costs		**(121)**	(665)
Finance costs		**(116)**	(254)
Net cash generated from financing activities		**23,400**	15,839
Net increase/(decrease) in cash and cash equivalents		**14,843**	(35,755)
Cash and cash equivalents at beginning of the period		**10,822**	46,577
Effect of foreign exchange rate differences		**-**	-
Cash and cash equivalents at end of the period		**25,665**	10,822

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of Sirius Minerals Plc (the Company) and its subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS IC Interpretations as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRS IC) and there is an ongoing process of review and endorsement by the European Commission. The financial statements have been prepared on the basis of the recognition and measurement principles of IFRS that were applicable at 31 December 2015.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements have been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented.

The Company is a public limited company which is incorporated and domiciled in the UK. The address of its registered office is shown on page 80.

GOING CONCERN

During the nine-month period ended 31 December 2015 the Group made a consolidated loss of £6,959,000 compared to a loss of £9,565,000 for the year ended 31 March 2015.

Cash resources at the end of December 2015 were £29,093,000 compared to £26,640,000 at the end of March 2015.

The Group's net assets at 31 December 2015 were £165,162,000 compared to £146,636,000 at 31 March 2015.

The Group is actively involved in efforts to secure short and long-term finance for its polyhalite project in North Yorkshire. Whilst the directors' are confident of a positive outcome to these negotiations over the coming months, they recognise that project financing remains uncertain, and this represents a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

There are no IFRSs or IFRS IC interpretations that are effective for the first time for the financial year beginning on 1 January 2016 that would be expected to have a material impact on the Group.

BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) amended this year from 31 March to be prepared to 31 December each year from December 2015. Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

As a consolidated income statement is published, a separate income statement for the parent Company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The loss for the Company for the period was £3,604,000 (March 2015: £4,952,000).

BUSINESS COMBINATIONS AND GOODWILL

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any acquisition costs are expensed as incurred. Any excess of cost of acquisition over the fair value of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and allocated to cash generating units for the purpose of impairment testing, and the allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Any goodwill recognised is stated at cost less accumulated impairment and any impairment is recognised immediately in the income statement and is not subsequently reversed.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs are charged to the income statement in the period in which they are incurred. Depreciation is provided on all plant and equipment, and is calculated on a straight-line basis to allocate cost over the estimated useful lives, as follows:

Computer equipment	3 years
Fixtures & furniture	3 years
Plant & machinery	3 years
Motor vehicles	5 years
Leasehold improvements	Over the period of the lease

Freehold land is not depreciated.

Residual value and remaining useful life of assets are reviewed and adjusted as appropriate at each balance sheet date. Gains or losses arising on disposals are determined by comparing the proceeds with the carrying asset amount and are recognised within the appropriate area in the income statement.

SOFTWARE

Computer software is carried at cost less accumulated amortisation and impairments, and is amortised on a straight-line basis over three years. Amortisation of software is included within administrative expenses in the consolidated income statement.

EXPLORATION AND EVALUATION ASSETS

Costs arising from exploration and evaluation activities are accumulated separately for each area of interest and only capitalised where such costs are expected to be recouped through successful development, or through sale, or where exploration and evaluation activities have not, at the reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Expenditure capitalised comprises direct costs that have a specific connection with a particular area of interest.

Capitalised expenditure in respect of areas of interest is written off in the income statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

Capitalised costs in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

Once production commences, capitalised expenditure in respect of an area of interest is amortised on a unit of production basis by reference to the reserves of that area of interest. Amortisation of all classes of intangible assets is included within administrative expenses in the consolidated income statement.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its intangible assets and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of the impairment loss is recognised in the income statement immediately. Any goodwill impairment cannot be subsequently reversed once recognised.

FOREIGN CURRENCIES

The presentation and functional currency of the Group is Sterling. Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the income statement.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than Sterling are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised as a separate component of equity.

The foreign exchange rates at the balance sheet date and the average rates for the period that were used in preparing the consolidated financial statements were:

	Balance sheet date	Average rate
Australian Dollars to Sterling	2.03 (March 2015: 1.91)	2.07 (March 2015: 1.85)
US Dollars to Sterling	1.48 (March 2015: 1.49)	1.53 (March 2015: 1.61)
Canadian Dollars to Sterling	2.05 (March 2015: 1.87)	1.99 (March 2015: 1.83)

FINANCE INCOME/FINANCE COSTS

Finance income is recognised in the income statement over the period in which it falls due. Finance expenses are recognised in the income statement as they become payable.

INVESTMENTS

Investments by the Company in respect of its subsidiaries are held at cost less any provision for impairment when required.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker as required by IFRS 8 “Operating Segments”. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment loss represents the loss incurred by each segment without allocation of foreign exchange gains or losses, interest payable and tax. This is the measure of loss that is reported to the board of directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the board of directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of the assets and liabilities in relation to the Group's head offices.

LOANS AND OTHER RECEIVABLES

Loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loan or receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

CONVERTIBLE DEBT INSTRUMENT

Convertible debt is assessed according to the substance of the contractual arrangements and is classified into liability and equity elements on the basis of these contractual characteristics.

At inception each element of the instrument is assigned a fair value based on appropriate valuation techniques with the aggregate fair value over the whole instrument being equal to the funds raised.

Those elements identified as an equity instruments are recorded in equity within the share-based payment reserve. Equity instruments identified are not subsequently re-measured. Debt elements are fair valued at each measurement date with any movement in fair value being recorded in the income statement.

On conversion, the fair value of the host debt contract is re-measured. The portion being converted is extinguished in liabilities and recorded in equity as share capital and share premium to the extent the latter reflects the debt's fair value at inception. Any surplus is credited to the income reserve.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include various instant access deposits and short term fixed deposits.

TRADE AND OTHER PAYABLES

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 "Share-based Payments".

The Group issues equity settled share-based payments to certain directors, senior managers, employees and consultants. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The grant by the Group of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

EMPLOYEE BENEFITS

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries including non-monetary benefits and annual leave obliged to be settled within twelve months of the balance sheet date, are recognised within accruals. The Group issues equity settled share-based payments to certain directors, senior managers, employees and consultants.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is expensed to the Income Statement and development costs, that meet certain criteria, are capitalised in the Statement of Financial Position.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generated units will be determined based on value-in-use calculations. These calculations will require the use of estimates (see note 11).

SHARE-BASED PAYMENTS

In determining the fair value of equity settled share-based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Group's future dividend policy, the timing with which options will be exercised and the future volatility in the price of similar fertilizer companies. Such assumptions are based on publicly available information and reflect market expectations. Different assumptions about these factors to those made by the Group could materially affect the reported value of share-based payments.

3. SEGMENTAL ANALYSIS

Management has determined the operating segments by considering the business from both a geographic and activity perspective. The Group is currently organised into one business division: the UK segment which consists of its North Yorkshire polyhalite project related activities and the corporate operations. This division is the segment for which the Group reports information internally to the board of directors. The Group's operations are predominantly in the United Kingdom.

As a result of the disclosure requirements required under IFRS 8 "Operating Segments", the disclosures are already included in the primary statements.

4. OPERATING LOSS IS STATED AFTER CHARGING:

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Company's financial statements (including £61,000 in respect of the company (March 2015: £77,000))	**73**	77
Fees payable to the Company's auditors and their associates for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	**-**	31
– Tax compliance	**13**	28
– Other tax services	**90**	38
Depreciation of property, plant and equipment	**84**	182
Amortisation of intangible assets	**5**	22
Operating lease charges	**177**	228
Foreign exchange gains/(losses)	**(31)**	37

5. FINANCE INCOME

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Bank interest received	**99**	156
Loan interest received	**-**	176
	99	332

6. FINANCE COSTS

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Interest on convertible loan	**172**	334
Loan interest on mortgage paid	**14**	19
	186	353

7. STAFF NUMBERS AND COSTS (INCLUDING DIRECTORS)

Group	**Nine-month period ended to 31 December 2015 Number**	31 March 2015 Number
Average monthly number of staff (including Directors)	**62**	60

Company	**Nine-month period ended to 31 December 2015 Number**	31 March 2015 Number
Average monthly number of staff (including Directors)	**18**	15

Group	**Nine-month period ended to 31 December 2015 £000s**	31 March 2015 £000s
Wages and salaries	**3,526**	5,152
Social security costs	**450**	651
Other pension costs	**-**	2
Other benefits	**91**	116
Compensation for loss of office	**73**	70
Relocation	**11**	61
	4,151	6,052

At the period end, £1,831,000 (March 2015: £2,183,000) was capitalised as intangible exploration costs.

Company	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Wages and salaries	**910**	1,860
Social security costs	**111**	237
Other pension costs	**-**	2
Other benefits	**16**	20
Compensation for loss of office	**-**	54
Relocation	**1**	19
	1,038	2,192

Directors emoluments during the year were:

	Wages and Salaries £000s	Gain/loss on warrant exercise £000s	Compensation for loss of office £000s	Other benefits £000s	**Total £000s**
Period ended 31 December 2015					
RJ Scrimshaw	37	(4)	-	-	**33**
CN Fraser	270	-	-	9	**279**
CJ Catlow	8	-	-	-	**8**
Lord Hutton	19	-	-	-	**19**
PJE Woods	8	-	-	-	**8**
K Clarke CBE	19	1	-	-	**20**
SG Pycroft	19	3	-	-	**22**
J Lodge	14	-	-	-	**14**
N Harwerth	14	-	-	-	**14**
	408	**-**	**-**	**9**	**417**

During the period, there were no contributions to pension schemes for the directors (March 2015: nil). Details of the share options granted to the directors during the period are given in note 18. Other benefits include health insurance and tax due on benefits.

	Wages and Salaries £000s	Gain/loss on warrant exercise £000s	Compensation for loss of office £000s	Other benefits £000s	**Total £000s**
Year ended 31 March 2015					
RJ Scrimshaw	50	-	-	1	**51**
CN Fraser	360	-	-	15	**375**
JH Murray	273	-	66	3	**342**
CJ Catlow	25	-	-	-	**25**
Lord Hutton	25	-	-	-	**25**
PJE Woods	25	-	-	-	**25**
K Clarke CBE	25	-	-	-	**25**
SG Pycroft	25	-	-	-	**25**
	808	**-**	**66**	**19**	**893**

Highest paid director:

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Total emoluments and amounts (excluding shares receivable under long-term incentive schemes)	**279**	375

Share options held by the directors at the period end were:

	Grant date	Number of options (000s)	Exercise price £	Vesting date	Expiry date
CN Fraser	26 September 2012*	10,000	0.3000	26 September 2014	26 September 2017
	26 September 2012*	10,000	0.4500	26 September 2015	26 September 2018
Lord Hutton	30 January 2012	1,800	0.3000	30 January 2015	29 January 2022
K Clarke CBE	23 December 2013	1,800	0.3000	23 December 2016	23 December 2023
SG Pycroft	18 March 2014	1,800	0.3000	18 March 2017	18 March 2024

*These share options are held by related parties to the Directors.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. The directors are considered to be the key management personnel of the Group.

Key management personnel received the following compensation during the year:

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Short-term employee benefits	**417**	827
Termination benefits	**-**	66
	417	893

8. TAXATION

	31 December 2015 £000s	31 March 2015 £000s
Loss on ordinary activities before taxation	**(7,509)**	(10,068)
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 21% (2014: 23%)	**(1,502)**	(2,114)
Taxation effects of:		
Expenses not deductible for tax purposes	**20**	42
Effect of change in tax rate	**-**	-
Release of deferred tax on impairment	**-**	-
Offset of deferred tax asset	**-**	-
Trading losses utilised	**(26)**	(62)
Trading losses not utilised	**1,508**	2,121
Research & development tax credit	**(550)**	(503)
Capital allowances in excess of depreciation	**-**	13
Depreciation in excess of capital allowances	**-**	-
Tax credit for the year	**(550)**	(503)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 20%. From 1 April 2016, the rate is planned to change from 20% to 19%.

Taxation in the Consolidated Comprehensive Income Statement includes a tax credit of £550,000 in relation to a Research and Development claim.

The Group has unused tax losses of £50,596,000 (March 2015: £43,184,000).

9. LOSS PER SHARE

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the parent	**(6,959)**	(9,565)
Loss for the purpose of diluted earnings per share	**(6,959)**	(9,565)

	2015 Number 000s	2015 Number 000s
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,230,602**	1,901,126

	2015 Number 000s	2015 Number 000s
Number of shares		
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,231,795**	1,960,057
Basic and diluted loss per share	**(0.3)**	(0.5)

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10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property £000s	Computer equipment £000s	Furniture & fixtures £000s	Plant & machinery £000s	Motor vehicles £000s	Leasehold improvements £000s	Total £000s
Cost							
At 1 April 2014	1,765	205	260	80	110	130	2,550
Additions	-	50	2	10	-	-	62
Reclass	-	(34)	(66)	-	-	-	(100)
Expensed to income statement	-	-	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-	-	-
At 31 March 2015	1,765	221	196	90	110	130	2,512
Additions	-	1	-	-	-	-	1
Reclass	-	-	-	-	-	-	-
Expensed to income statement	-	-	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-	-	-
At 31 December 2015	1,765	222	196	90	110	130	2,513
Accumulated Depreciation							
At 1 April 2014	-	124	135	68	51	56	434
Charge expensed to income statement	-	58	60	13	21	30	182
Depreciation eliminated on disposal	-	(24)	(12)	-	-	-	(36)
Foreign exchange movement	-	-	-	-	-	-	-
At 31 March 2015	-	158	183	81	72	86	580
Charge expensed to income statement	-	31	13	3	16	21	84
Depreciation eliminated on disposal	-	-	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-	-	-
At 31 December 2015	-	189	196	84	88	107	664
Net book value							
At 31 December 2015	**1,765**	**33**	**-**	**6**	**22**	**23**	**1,849**
At 31 March 2015	1,765	63	13	9	38	44	1,932
At 1 April 2014	1,765	81	125	12	59	74	2,116

Company	Computer equipment £000s	Furniture & fixtures £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1 April 2014	36	28	37	101
Additions	-	-	-	-
Disposals	(5)	-	-	(5)
Transferred to group company	-	-	-	-
Expensed to income statement	-	-	-	-
At 31 March 2015	31	28	37	96
Additions	-	-	-	-
Disposals	-	-	-	-
Transferred to group company	-	-	-	-
Expensed to income statement	-	-	-	-
At 31 December 2015	31	28	37	96
Accumulated Depreciation				
At 1 April 2014	28	22	20	70
Charge expensed to income statement	7	6	12	25
Depreciation eliminated on disposal	(5)	-	-	(5)
At 31 March 2015	30	28	32	90
Charge expensed to income statement	1	-	5	6
Depreciation eliminated on disposal	-	-	-	-
At 31 December 2015	31	28	37	96
Net book value				
At 31 December 2015	-	-	-	-
At 31 March 2015	1	-	5	6
At 1 April 2014	8	6	17	31

Operating lease expenditure of £177,000 (March 2015: £228,000) relating to the lease of property is charged to the income statement (see note 4).

11. INTANGIBLE ASSETS

Group	Exploration costs and rights £000s	Goodwill £000s	Software £000s	Total £000s
Cost				
At 1 April 2014	144,483	9,079	79	153,641
Additions	28,929	-	-	28,929
At 31 March 2015	173,412	9,079	79	182,570
Additions	16,254	-	-	16,254
As at 31 December 2015	189,666	9,079	79	198,824
Accumulated provision for permanent diminution in value				
At 1 April 2014	(58,339)	(2,436)	(52)	(60,827)
Amortisation	-	-	(22)	(22)
At 31 March 2015	(58,339)	(2,436)	(74)	(60,849)
Amortisation	-	-	(5)	(5)
At 31 December 2015	(58,339)	(2,436)	(79)	(60,854)
Net book value				
31 December 2015	**131,327**	**6,643**	**-**	**137,970**
31 March 2015	115,073	6,643	5	121,721

GOODWILL

The goodwill acquired in January 2011 as part of the business combination relating to York Potash Ltd has been allocated to the cash generating unit (CGU) of resource evaluation and exploitation in the geographical location of the UK, which is expected to benefit from the business combination.

The recoverable amount of the goodwill on the acquisition of York Potash Ltd has been assessed by reference to value in use. The valuation is based on cash flow projections that incorporate best estimates of selling prices, production rates, future capital expenditure and production costs. A growth rate of 2 per cent was incorporated into the discount rate.

The cash flow projections are based on long-term plans covering the expected life of the operation. The Indicated Resource of 820 million tonnes of polyhalite determines an expected mine life of more than 50 years. The valuations are particularly sensitive to changes in assumptions about selling prices, volumes of production and operating costs. Long-term average selling prices are forecast taking account of market data in respect of potash and management's current expectations. Forecasts of volumes of production and operating costs are based on management's current expectations.

Discount rates represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. A discount rate of 10 per cent, which is considered to be appropriate for a project of this nature and size, has been applied to the pre-tax cash flows.

No reasonably possible change in the key assumptions on which York Potash Ltd's recoverable amount is based would cause its value to fall short of its carrying amount as at 31 December 2015.

IMPAIRMENT

There were no impairment charges in the year.

Company	Software £000s
Cost	
At 1 April 2014	10
Additions	-
At 31 March 2015	10
Additions	-
At 31 December 2015	10
Accumulated provision for permanent diminution in value	
At 1 April 2014	(7)
Amortisation	(2)
At 31 March 2015	(9)
Amortisation	(1)
At 31 December 2015	(10)
Net book value	
31 March 2015	**-**
31 March 2014	1

12. INVESTMENTS IN SUBSIDIARIES

Company	**Nine-month period ended to 31 December 2015 £000s**
At 1 April 2015	81,095
Additions	517
Impairment	-
At 31 December 2015	**81,612**

Company	**31 March 2015 £000s**
At 1 April 2014	79,619
Additions	1,476
Impairment	-
At 31 March 2015	**81,095**

Equity-settled share-based payments in relation to York Potash Ltd are recognised as a capital contribution from the Company by increasing the investment in the subsidiary with a corresponding credit to equity.

At the year-end date, the Company's investments in subsidiaries were:

Name	Country of incorporation	Activity	Percentage of ordinary share capital held by the Company
York Potash Limited	UK	Resource evaluation and exploration	100%
York Potash Processing & Ports Limited	UK	Holds options to purchase land	100%
York Potash Holdings Limited	UK	Corporate operations	100%
Sirius Minerals Holdings Limited	UK	Corporate operations	100%
Sirius Minerals Finance Limited	UK	Corporate operations	100%
Sirius Exploration Limited	UK	Dormant	100%
Sirius Resources Limited	UK	Dormant	100%
Sirius Potash Limited	UK	Dormant	100%
Auspotash Corporation Limited *	Canada	Holds investment in Queensland Potash Pty Ltd	100%
Queensland Potash Pty Limited *	Australia	Resource evaluation and exploration	100%
Sirius Minerals (Australia) Pty Limited	Australia	Corporate operations	100%
Adavale Holdings Pty Limited *	Australia	Resource evaluation and exploration	100%
Derby Salts Pty Limited *	Australia	Resource evaluation and exploration	100%
Dakota Salts LLC *	USA	Resource evaluation and exploration	100%

*At the year-end, these entities either had ceased operations or been liquidated

13. OTHER RECEIVABLES

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Group		
Other receivables	**765**	783
Prepayments	**419**	630
	1,184	1,413

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Company		
Other receivables	**10**	79
Prepayments	**142**	91
	152	170

The directors consider that the carrying amount of other receivables approximate to their fair value.

During the period, no bad and doubtful debt charges have been recognised by the Group in the income statement (March 2015: £nil).

At the period end, no receivables were either impaired (March 2015: £nil) or past due but not impaired (March 2015: £nil).

14. LOANS TO SUBSIDIARIES

Company	Nine-month period ended to 31 December 2015 £000s
At 1 April 2015	**61,677**
Additions	**6,298**
At 31 December 2015	**67,975**

Company	31 March 2015 £000s
At 1 April 2014	**14,356**
Additions	**47,321**
At 31 March 2015	**61,677**

Company	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Sirius Minerals Holdings Limited	**67,975**	61,677
	67,975	61,677

The loans to subsidiaries are non-interest bearing and repayable on demand. The directors consider that the carrying amount of the loans to subsidiaries approximate to their fair value.

15. CASH AND CASH EQUIVALENTS

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Group		
Cash at bank	**29,093**	26,640

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Company		
Cash at bank	**25,665**	10,822

The credit risk on the liquid funds is limited because the counter-parties are banks with high credit ratings.

The Directors consider that the carrying amount of the cash and cash equivalents approximate to their fair value.

The Group and Company's cash and cash equivalents are held in the following currencies:

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Group		
Sterling	**28,406**	26,308
US Dollars	**324**	92
South African Rand	**287**	-
Euros	**48**	46
Australian Dollars	**24**	190
Canadian Dollars	**4**	4
	29,093	26,640

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Company		
Sterling	**25,601**	10,774
Euros	**39**	46
US Dollars	**24**	2
Australian Dollars	**1**	-
	25,665	10,822

16. LOANS

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Group		
Convertible loan	**–**	1,232
Loan from third parties	**748**	748
	748	1,980

During the period the Company rolled over the third party, variable interest only mortgage secured on the mine head site, the loan is renewable annually.

On 12 August 2013 the Group secured financing of up to £25 million with an institutional investor. Under the agreement, up to £25 million was to be made available via four tranches of interest free convertible securities which are convertible into ordinary shares of the Company. The first tranche of £10 million was executed in August 2013 and a further £5 million executed in January 2014. The remaining two tranches expired in 2014. During the period, the outstanding loan balance converted in full.

17. SHARE-BASED PAYMENTS

The total expense recognised within the income statement in relation to equity settled share-based payment transactions in the period is £927,000 (March 2015: £2,493,000).

At the period-end, the share-based payment reserve was made up as follows:

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Equity settled share-based payments – directors	**3,368**	2,222
Equity settled share-based payments – senior managers	**3,427**	2,928
Equity settled share-based payments – employees	**22**	52
Equity settled share-based payments – consultants	**19**	117
Equity settled share-based payments – previous employees and advisers	**788**	7,971
	7,624	13,290

18. SHARE CAPITAL

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Allotted and called up		
2,294,695,991 (March 2015: 2,145,020,261) ordinary shares of 0.25p each	**5,737**	5,362

On 8 April 2015 the Company issued 847,381 new ordinary shares under the Company's long-term incentive plan, of which 285,714 new ordinary shares of 0.25p each were issued to CN Fraser, Chief Executive Officer and Managing Director of the Company.

On 9 April 2015 the Company received notices of exercise in respect of convertible securities previously issued on 23 January 2014 at conversion prices of 7.2p and 7.3p per share, of which 9,088,662 shares were issued.

On 10 April 2015 the Company received notices of exercise in respect of convertible securities previously issued on 23 January 2014 at conversion prices of 7.3p and 7.4p per share, of which 8,135,877 shares were issued.

On 9 July 2015 the Company issued 1,250,000 new ordinary shares of 0.25p each at a price of 4.5p per share and 25,000 new ordinary shares of 0.25p per share at price of 19.5p per share, realising £61,125 following the exercise of share options.

On 30 September 2015, the Company was notified that EN Harwerth purchased 6,296 of the Company's 0.25p ordinary shares.

On 30 October 2015, the warrants issued to investors on 14 March 2014 had lapsed. Prior to this lapse date, a total of 129,377,517 shares had been issued during the period at 18p per share realising £23,287,953.

During the period, the movement in share options over shares in the Company was as follows:

	Number of options 000s	Weighted average exercise price £	Weighted average share price at exercise £
At 31 March 2015	167,141	0.2437	-
Granted during the period	-	-	-
Forfeited/lapsed	(97,950)	(0,1923)	-
Exercised during the period	(1,275)	0.0500	0.192
At 31 December 2015	**67,916**	**0.2437**	
Exercisable at 31 December 2015	52,800	0.3194	

There were no share options granted during the period.

The fair values of the options are calculated by use of the Black Scholes model. The inputs into the model are noted in the table above. Expected volatility was determined by calculating the historical volatility of the share price of the Company over the previous 730 days.

The options generally vest if the option holders are still employed by or engaged with the company on the vesting dates. Some of the options carry additional performance related conditions which must be satisfied in order for them to vest.

The options outstanding at the period-end had a weighted average remaining contractual life of 4.0 years (2015: 5.6 years).

The fair value of the options determined at the grant date is expensed on a straight-line basis over the vesting period.

The total expense recognised within the income statement in the period in relation to share options is £1,137,000 (March 2015: £1,238,000).

WARRANTS

There were no warrants issued during the year.

SHARE AWARDS

During the year, the movement in share awards in relation to shares in the Company was as follows:

	Number of shares 000s	Weighted average exercise price £
At 31 March 2015	19,082	-
Granted during the period	-	-
Awarded during the period	(914)	-
Forfeited during the period	-	-
At 31 December 2015	18,168	-
Exercisable at 31 December 2015	-	-

The fair values of the share awards are measured by multiplying the number of shares under the award by the closing share price of the Company, on the day before the date of grant.

The shares generally vest if the holders are still employed by or engaged with the Company on the vesting dates. Some of the shares carry additional performance related conditions which must be satisfied in order for them to vest.

The fair value of the share awards determined at the grant date is expensed on a straight-line basis over the vesting period.

The aggregate of the fair values of the share awards granted during the period is zero of which £nil was expensed to the income statement (March 2015: £751,000). The fair value of the shares that were issued during the period is £229,000 (March 2015: £607,000) and the fair value of the share awards that were forfeited during the period is £38,000 (March 2015: £38,000).

The total expense recognised within the income statement in the period in relation to share awards is £271,000 (March 2015: £1,255,000).

19. TRADE AND OTHER PAYABLES

Group	**Nine-month period ended to 31 December 2015 £000s**	31 March 2015 £000s
Trade payables	**174**	802
Taxation and social security	**597**	165
Other payables	**34**	34
Accruals	**3,381**	2,089
	4,186	3,090

Company	**Nine-month period ended to 31 December 2015 £000s**	31 March 2015 £000s
Trade payables	**15**	25
Taxation and social security	**516**	92
Other payables	**-**	-
Accruals	**675**	242
	1,206	359

20. CASH OUTFLOW FROM OPERATING ACTIVITIES

Group	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Loss before tax	**(7,509)**	(10,068)
Depreciation	**84**	182
Assets expensed to income statement	**-**	64
Finance (income)/expense	**87**	21
Amortisation	**5**	22
Share-based payments	**699**	1,886
Loan conversion into shares	**172**	333
Tax credit	**550**	503
Operating cash flow before changes in working capital	**(5,912)**	(7,057)
Decrease/(increase) in receivables	**229**	(367)
(Decrease)/increase in payables	**376**	(2,816)
Net cash outflow from operating activities	**(5,307)**	(10,240)

Company	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Loss before tax	**(3,601)**	(5,017)
Depreciation	**6**	25
Assets expensed to income statement	**-**	-
Finance (income)/expense	**116**	254
Amortisation	**1**	2
Share-based payments	**699**	1,886
Loan conversion into shares	**172**	333
Tax credit	**-**	65
Operating cash flow before changes in working capital	**(2,607)**	(2,452)
Decrease/(increase) in receivables	**18**	(28)
(Decrease)/increase in payables	**847**	(317)
Net cash outflow from operating activities	**(1,742)**	(2,797)

21. RELATED PARTY TRANSACTIONS

On 8 April 2015, the Company issued 285,714 new ordinary shares of 0.25p each to CN Fraser, under the Company's *Long-term Incentive Plan* in relation to the year ended 31 March 2015.

On 30 September 2015, the Company was notified that EN Harwerth purchased 6,296 of the Company's 0.25p ordinary shares.

On 7 October 2015, SG Pycroft and K Clarke CBE exercised warrants previously issued to them on 14 March 2014 into ordinary shares in the Company. SG Pycroft exercised 1,250,000 warrants at 18p per warrant and K Clarke CBE exercised 208,333 warrants at 18p per warrant.

On 16 October 2015, RJ Scrimshaw, served notice to exercise warrants previously issued to the Scrimshaw Family Trust (SFT) on 14 March 2014 into ordinary shares in the Company. SFT exercised 833,333 warrants at 18p per warrant.

22. FINANCIAL INSTRUMENTS

CLASSIFICATION OF FINANCIAL INSTRUMENTS

IFRS 7 "Financial Instruments: Disclosures" requires financial instruments to be grouped into a fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

The three levels of the hierarchy are:

- Level 1 – Quoted prices (unadjusted) based on active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices);
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The convertible loan has been assessed to be a level 2 financial liability. All other financial liabilities are held at amortised cost.

CAPITAL MANAGEMENT

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group and Company define capital as being share capital plus reserves. The board of directors monitors the level of capital as compared to the Group's and Company's commitments and adjusts the level of capital as it is determined to be necessary, by issuing new shares. The Group and Company are not subject to any externally imposed capital requirements.

CREDIT RISK

The Group's credit risk is primarily attributable to its other receivables, cash and cash equivalents and loan to a third party. The Group has implemented policies that require appropriate credit checks. The amount of exposure to any individual counterparty is reviewed regularly by the Board.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the year-end date was:

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Group		
Other receivables	**765**	783
Cash and cash equivalents	**29,093**	26,640
	29,858	27,423

	Nine-month period ended to 31 December 2015 £000s	31 March 2015 £000s
Company		
Other receivables	**10**	79
Cash and cash equivalents	**25,665**	10,822
Loans to subsidiaries	**67,975**	61,677
	93,650	72,578

INTEREST RATE RISK

The Group's interest bearing assets comprise cash and cash equivalents earning interest at a variable rate. The Group borrowing at the year-end was £748,000 (March 2015: £1,980,000), and the Company borrowing at the year-end was £nil (March 2015: £1,229,000).

The Group's cash and cash equivalents earned interest from various instant access deposits and fixed-term deposits in Sterling. Cash and cash equivalents of the Group and Company are disclosed above under credit risk. The impact of a movement of 5% in the rate of interest on the Group's and Company's cash and cash equivalents will have no material impact to the Group and Company's results and financial positions as at 31 December 2015 and 31 March 2015.

LIQUIDITY RISK

The Group actively maintains cash balances that are designed to ensure that there are sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its payments as they fall due. The following table shows the contractual maturities of the Group and Company's financial liabilities, all of which are measured at amortised cost:

	Trade & other payables £000s	Accruals £000s	Total £000s
Group			
At 31 December 2015			
6 months or less	805	3,381	4,186
Total contractual cash flows	805	3,381	4,186
Total amount of financial liabilities measured at amortised cost	805	3,381	4,186

	Trade & other payables £000s	Accruals £000s	Total £000s
Group			
At 31 March 2015			
6 months or less	1,001	2,089	3,090
Total contractual cash flows	1,001	2,089	3,090
Total amount of financial liabilities measured at amortised cost	1,001	2,089	3,090

	Trade payables £000s	Accruals £000s	Loan from subsidiary £000s	Total £000s
Company				
As at 31 December 2015				
6 months or less	531	675	-	1,206
Total contractual cash flows	531	675	-	1,206
Carrying amount of financial liabilities measured at amortised cost	531	675	-	1,206

	Trade payables £000s	Accruals £000s	Loan from subsidiary £000s	Total £000s
Company				
As at 31 March 2015				
6 months or less	117	242	-	359
Total contractual cash flows	117	242	-	359
Carrying amount of financial liabilities measured at amortised cost	117	242	-	359

FOREIGN CURRENCY EXCHANGE RATE RISK

The presentation currency of the Group and Company is Sterling. Transactions denominated in a foreign currency are translated into Sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are charged or credited to the income statement as appropriate.

On consolidation, the assets and liabilities of foreign operations, which have a functional currency other than Sterling, are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiaries are translated into Sterling at average rates for the year. All exchange differences are recognised within the balance sheet under equity.

The impact of a movement of 5% in foreign exchange rates when translating the financial statements of the foreign subsidiaries into Sterling would be £5,000 (March 2015: £17,000) to the Group's results and £1,457,000 (March 2015: £1,577,000) to the Group's financial position as at 31 December 2015.

23. COMMITMENTS & CONTINGENT LIABILITIES

OPERATING LEASE COMMITMENTS

The Group leases various offices under operating lease agreements. The lease terms are between two and five years and, the majority of agreements are renewable at the end of the lease period, at market rate. The lease expenditure charged to the income statement during the year is disclosed in note 4.

The future aggregate minimum lease payments under operating leases agreements are:

Group	**Nine-month period ended to 31 December 2015 £000s**	31 March 2015 £000s
No later than 1 year	**196**	228
Later than 1 year and no later than 5 years	**227**	95
	423	323

Company	**Nine-month period ended to 31 December 2015 £000s**	31 March 2015 £000s
No later than 1 year	**22**	43
Later than 1 year and no later than 5 years	**-**	9
	22	52

24. POST BALANCE SHEET EVENT

In March 2016, the Company announced the results of their definitive feasibility study (DFS) for its polyhalite project in North Yorkshire.

OTHER

GLOSSARY

AN	ammonium nitrate (chemical formula NH_4NO_3) is an odourless, colourless or white, crystal salt produced by the reaction of ammonia and nitric acid. It was the first solid nitrogen (N) fertilizer produced on a large scale
AS	ammonium sulphate (chemical formula $(NH_4)_2SO_4$) is an inorganic salt with a number of commercial uses. The most common use is as a soil fertilizer. It contains 21% nitrogen and 24% sulphur
CAN	calcium ammonium nitrate (composition nitrogen (N) 27% (ammonia N (N-NH3) – 13.5%, nitrate N (N-NO3) – 13.5%), magnesium (MgO) 4.0%, calcium 6.0%) also known as nitro-limestone, is a widely-used inorganic fertilizer
CRU	an internationally recognised market analysis company
DAP	diammonium phosphate (chemical formula $(NH_4)_2HPO_4$) is one of a series of water-soluble ammonium phosphate salts that can be produced when ammonia reacts with phosphoric acid. Used as phosphorus fertilizer
DFS	definitive feasibility study
dolomite	a common rock-forming mineral. It is a calcium magnesium carbonate (chemical formula of $CaMg(CO_3)_2$). It is the primary component of the sedimentary rock known as dolostone and the metamorphic rock known as dolomitic marble
epsomite	a hydrous magnesium sulphate mineral (chemical formula $MgSO_4{\cdot}7H_2O$). Epsomite is the same as the household chemical, Epsom salt
FERTECON	independent experts and fertilizer industry analysts
gypsum	a soft sulphate mineral composed of calcium sulphate dihydrate (chemical formula $CaSO_4{\cdot}\ 2H_2O$). It is widely mined and is used as a fertilizer
JORC	Australian Joint Ore Reserves Committee
kieserite (KIE)	a naturally occurring mineral that is chemically known as magnesium sulphate monohydrate ($MgSO_4{\cdot}H_2O$). It is mined from geologic marine deposits and provides a soluble source of both Mg and S for plant nutrition
MHF	materials handling facility
MOP	muriate of potash – common name for potassium chloride (also see potassium chloride)
MoU	memorandum of understanding
Mtpa	million tonnes per annum

MTS	mineral transport system
NOP	potassium nitrate (chemical formula KNO_3) a chemical compound of potassium, nitrogen and oxygen used in fertilizers
NPK	fertilizers made up of a combination of nitrogen (N), phosphorus (P) and potassium (K)
NYMNPA	North York Moors National Park Authority
POLY4	Sirius Minerals's trademarked polyhalite product
polyhalite	(chemical formula $K2SO_4.MgSO_4.2CaSO_4.2H_2O$) a naturally occurring, evaporite mineral formed from the dried-up bed of an ancient sea or ocean. Chemically it is a hydrated sulphate of potassium, calcium and magnesium
potash	any of several compounds containing potassium – mainly used in fertilizers
potassium chloride	(chemical formula KCl) a metal halide salt composed of potassium and chlorine
the Project	Sirius Minerals's polyhalite project in North Yorkshire
RCBC	Redcar and Cleveland Borough Council
seismic testing	method of exploration geophysics that uses the principles of seismology to estimate the properties of the Earth's subsurface from reflected seismic waves
SOP	sulphate of potash (chemical formula K_2SO_4) – a crystalline salt compound of potassium, sulphur and oxygen. It is potash fertiliser, other than MOP, and is used in crops that are sensitive to chloride or fertiliser burn or where sulphur is deficient.
SOP-M	sulphate of potash and magnesium (SOP-M) or potassium magnesium sulphate
SSP	super single phosphate – a phosphate-based fertilizer with the increased recognition of the additional value of sulphur and calcium
tpa	tonnes per annum
TSP	triple superphosphate – used in fertilizers and known as calcium dihydrogen phosphate and as monocalcium phosphate

DIRECTORS AND ADVISERS

DIRECTORS

RJ Scrimshaw (Non-executive Chairman)

CN Fraser (Managing Director and CEO)

Lord Hutton (Non-executive Director)

K Clarke CBE (Non-executive Director)

SG Pycroft (Non-executive Director)

JA Lodge (Non-executive Director)
appointed 27 July 2015

EN Harwerth (Non-executive Director)
appointed 27 July 2015

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