ANNUAL REPORT 2015

For the year ended
31 March 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 THE UNITED KINGDOM – THE YORK POTASH PROJECT. POLYHALITE IS A UNIQUE MULTI-NUTRIENT FERTILIZER, WHICH CAN BE USED TO INCREASE BALANCED FERTILIZATION AROUND THE WORLD.

THE COMPANY IS ALSO COMMITTED TO 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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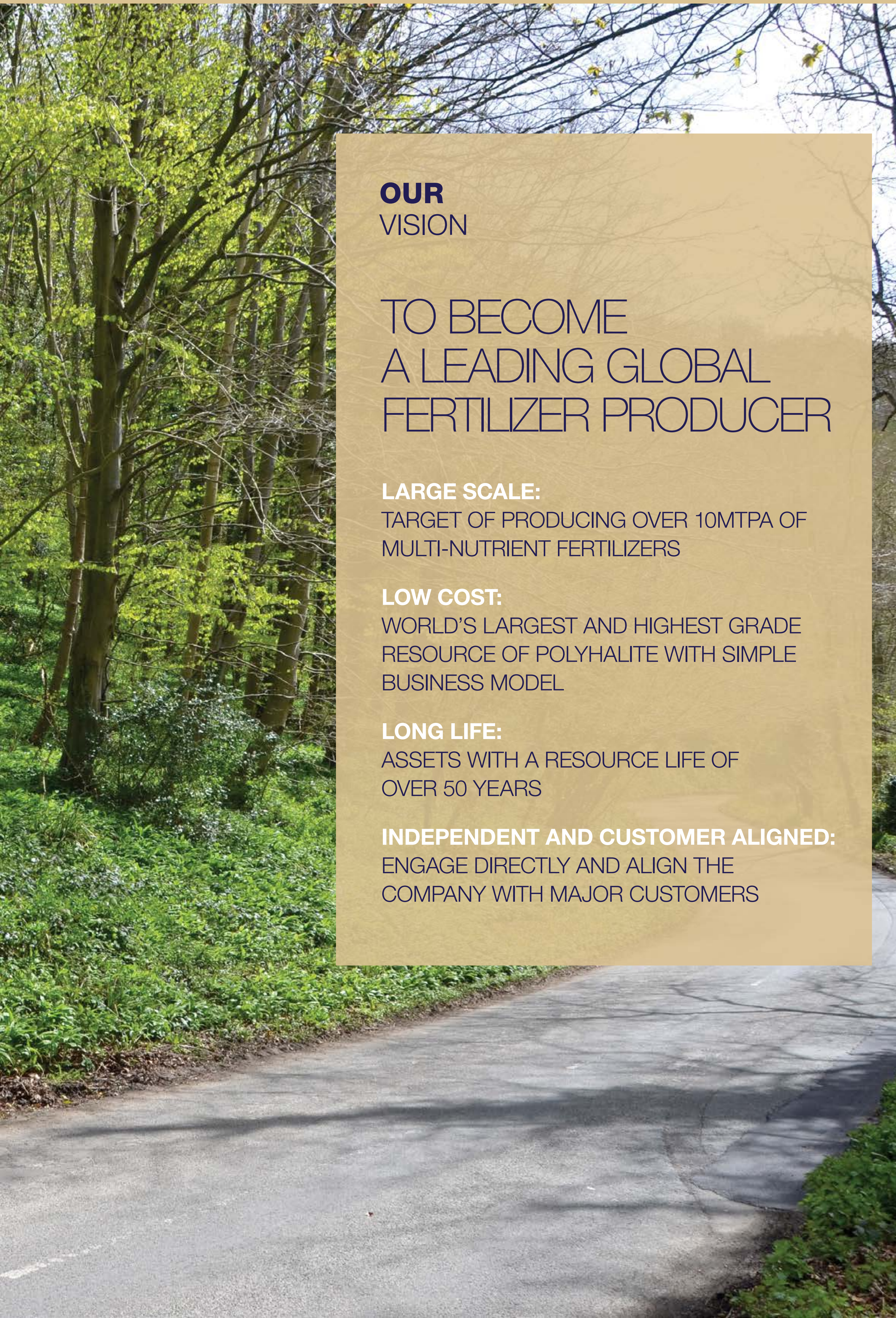
SIRIUS MINERALS PLC



OUR VISION

TO BECOME A LEADING GLOBAL FERTILIZER PRODUCER

LARGE SCALE:
TARGET OF PRODUCING OVER 10MTPA OF MULTI-NUTRIENT FERTILIZERS

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

LONG LIFE:
ASSETS WITH A RESOURCE LIFE OF OVER 50 YEARS

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

CHAIRMAN'S STATEMENT

Russell Scrimshaw
Chairman

DEAR SHAREHOLDERS,

THIS IS MY FOURTH YEAR OF SUBMITTING A CHAIRMAN'S STATEMENT TO YOU AND I BELIEVE THIS YEAR WE CAN LOOK FORWARD WITH EVER MORE CONFIDENCE TO THE LONG-TERM SUCCESS OF THE GROUP.

It has been a year dominated by three key work streams: planning approvals, the ongoing preparation of our definitive feasibility study (DFS) and the continued progress of our sales and marketing efforts.

Last year I said that 2014–2015 would be a defining period for the Group, but it is only a step on our way to fulfilling the Group's true potential. And so it has turned out to be, with the year dominated by our focus on achieving planning consent for the key parts of the York Potash Project (the Project). Although final positive planning decisions came outside of the 2014–2015 financial year, it would be remiss not to reference these successes as part of this report.

It is often difficult to properly explain to external observers the level of work and effort that goes into preparing planning applications, especially the nature of the applications that have been required for this Project. Although most public focus has been on the North York Moors National Park Authority (NYMNPA), there have been six applications submitted for the critical infrastructure that supports the Project's construction and operational requirements. The number of studies, reviews, drafts, comments, consultations and documents has been quite staggering.

At times during the financial year people will have been frustrated by apparent delays, as examples, when we chose to change the Project's design to incorporate a tunnel-based mineral transport system (MTS) and then to merge the mine and MTS applications, resulting in the submission of the former being delayed to align with the latter. But as a project of this scale and nature evolves, you have to adapt the strategy, and those decisions have turned out to have been the right ones.

Similarly in projects of this size, and where there is a desire to submit the applications as quickly as possible, there are inevitably corrections and clarifications to provide along the way, as well as additional information. Our in-house and consultancy teams led by Allan Gamble did a fantastic job to compile such a comprehensive and timely set of documents in the package of supplementary environmental information in February 2015, which ultimately set us on the final path towards approval.

Our first key planning approval came from Scarborough Borough Council (SBC) for the construction park and ride and workers accommodation. Progress was subsequently made with the mine and MTS application and then the materials handling facility application at Redcar and Cleveland Borough Council (RCBC). This was followed by the positive consideration of the mine and mineral transport system planning application by the NYMNPA. I would like to thank all the local authorities for their hard work in determining the applications. We do believe that the long-term economic benefits of the Project will be substantial for the local area, region and nation as a whole. We look forward to continuing to deliver both these benefits and our commitment to the York Potash Foundation (YPF) that can provide a positive lasting legacy to the area.

The development consent order for the harbour facilities has been submitted and, in April 2015 it was accepted for future examination. We anticipate a decision will be made by the Planning Inspectorate in summer 2016.

Another large component of the Company's work in 2014–2015 has been behind the scenes with the ongoing preparation of the DFS. Whilst large amounts of it have been concluded, the overall finalisation of the DFS awaited the receipt of key project approvals and the completion of the key tenders that were being run throughout the year.

The past year was also notable for the ongoing progress in sales and marketing. This has ranged from the advancement of sales commitments to the further development and growth of the global agronomy programme. To have secured an increasing number of take-or-pay contracts in an industry, where traditionally long-term contracts are not the norm, is testament to our progress.

Sirius Minerals's trademarked polyhalite product, POLY4, has natural nutrient advantages offering better agronomic and economic benefits over a range of other fertilizer products. We believe the unique characteristics of POLY4, combined with the healthy cash margins expected from the Project, differentiate Sirius Minerals from other companies in the fertilizer industry.

From a management team perspective we have now established an effective group that are pushing the Company forward to achieve its goals. I see on a daily basis the hard work that, from the top to the most junior level of our team, is going into making the Company a success for the benefit of all our shareholders. Of particular note in December 2014 was the promotion of Thomas Staley to the Chief Financial Officer role. His energy and experience is proving to be a great asset to the Company.

Since the year end we have seen the departure of two long-standing non-executive directors, Deputy Chairman Chris Catlow and Peter Woods. I wish them both well in their future endeavours. We have added to the Board two very experienced independent non-executive directors, Noel Harwerth and Jane Lodge. Both ladies bring an impressive breadth of corporate, executive and board experience to our Company, and their collective finance, mining, construction and accounting backgrounds will be very useful to the Company throughout our next phase of development.

The financial year saw the Group deliver an important financing in February 2015, when we raised £15 million from an oversubscribed equity placement. Financing is never undertaken lightly, and there is always a balance between minimising dilution of existing shareholders and maintaining the Project's momentum. In this instance it was prudent to execute the transaction so we could maintain time-critical engineering work and have comfort that we were funded beyond the planning decision if we were driven into an appeal period.

Our financing ability and corporate strategy is fundamentally different following the grant of the key-approvals. We expect to provide further detail to shareholders throughout the 2015–2016 financial year. To get an understanding of our future plans, people should realise that our target is, very definitely, to bring a world-class fertilizer company into production. This means that any financings before reaching that first production target are important and are stepping stones to deliver a lower operating cost structure appropriate for profitable operations to unlock shareholder value and returns. We will take such decisions with the best interests of all shareholders in mind.

The financial year ahead will be an exciting period as we look to secure appropriate funding to begin construction and ultimately reach our goal of becoming a large-scale, multi-nutrient fertilizer producer. That has always been at the heart of our strategy – to maximise long-term shareholder value.

I thank you for your loyal support and hope that it continues into the year ahead and beyond.

Kind regards,

RUSSELL SCRIMSHAW
Chairman

YORK POTASH PROJECT CONTINUED PROGRESS

THE YORK POTASH PROJECT HAS MADE GOOD PROGRESS SINCE BEING ACQUIRED BY THE COMPANY IN 2011.

2011

JANUARY

ACQUISITION OF YORK POTASH PROJECT

JULY

DRILLING COMMENCES

2012

APRIL

DETAILED SCOPING STUDY PUBLISHED

JUNE

MAIDEN RESOURCE STATEMENT

1.35 billion tonnes of polyhalite

SEPTEMBER

MINE LOCATION ANNOUNCED

DECEMBER

PRE-FEASABILITY STUDY PUBLISHED

2013

JANUARY

OFFSHORE MINING LICENSE 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

JUNE

IMPRESSIVE PRELIMINARY CROP STUDY RESULTS

SEPTEMBER

MAIDEN RESERVE REPORT

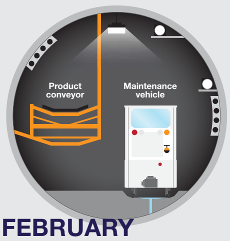
250 million tonnes of 87.8% polyhalite

2014

JANUARY

US-BASED AGRI-BUSINESS SIGNS TAKE-OR-PAY AGREEMENT FOR 500,000TPA

Brings total commitments to 4.78Mtpa



FEBRUARY

NEW MINERAL TRANSPORT SYSTEM (MTS) ANNOUNCED

MARCH

£43 MILLION IN EQUITY RAISED

SEPTEMBER

PLANNING APPLICATION SUBMITTED

2015

FEBRUARY

SUPPLEMENTARY ENVIRONMENTAL INFORMATION SUBMITTED

MARCH

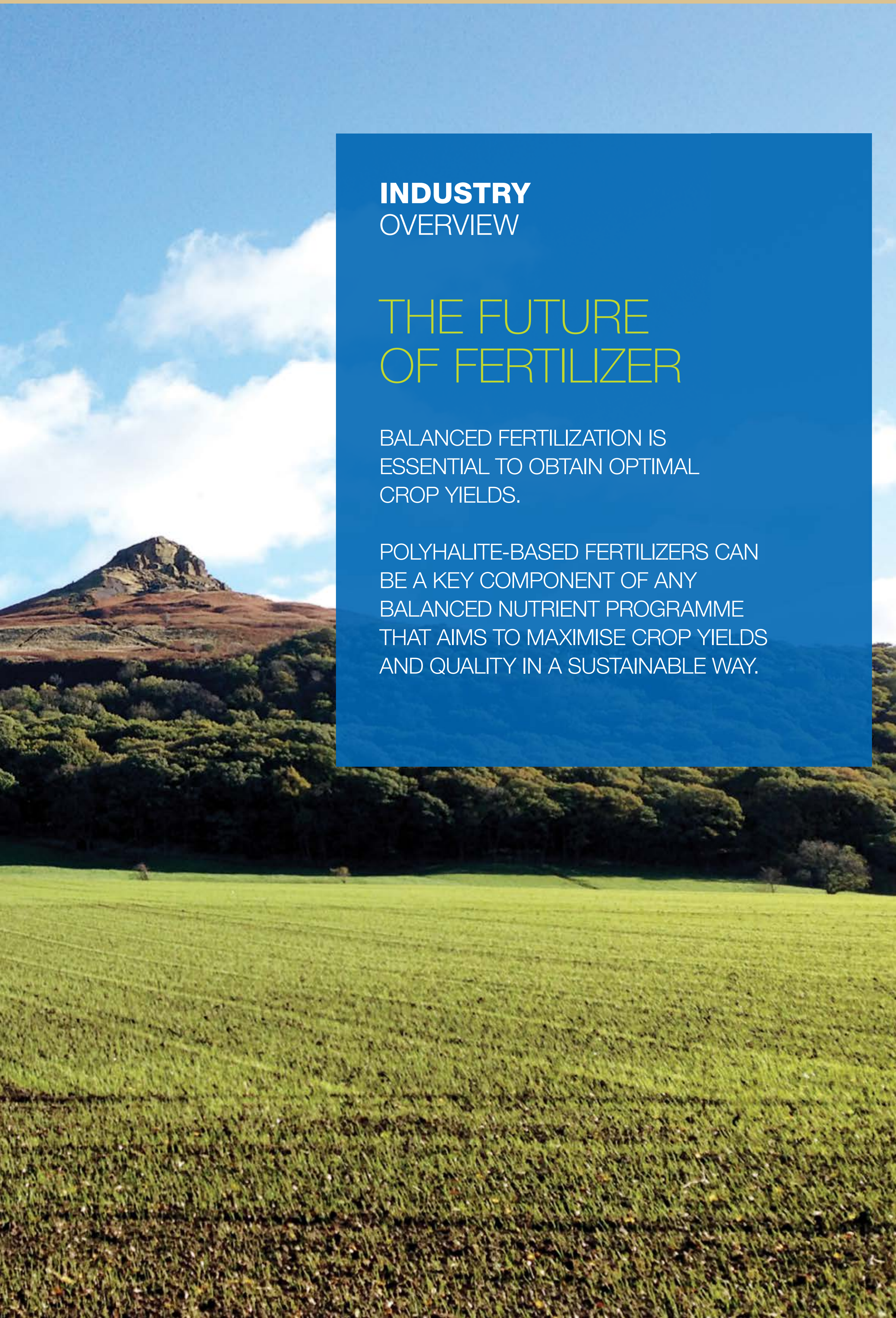
£15 MILLION IN EQUITY RAISED

APRIL

REDCAR BOROUGH COUNCIL APPROVAL FOR MINE, MTS AND MHF

JUNE

NORTH YORK MOORS NATIONAL PARK AUTHORITY APPROVAL FOR MINE AND MTS



INDUSTRY OVERVIEW

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.

INDUSTRY OVERVIEW

FOOD SECURITY: A GLOBAL ISSUE

Based on the latest estimates, about 795 million people remain undernourished globally. This means that just over one in every nine people in the world are currently unable to consume sufficient food to support an active and healthy life[1]. The crisis is specifically highlighted in Sub-Saharan Africa where agricultural growth can be 11 times more effective in reducing poverty than growth in non-agricultural sectors[2].

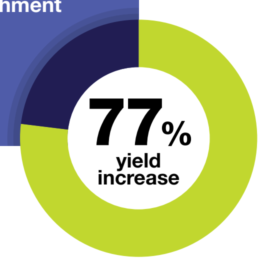
THE ROLE OF FERTILIZER IN GROWING THE WORLD'S FOOD

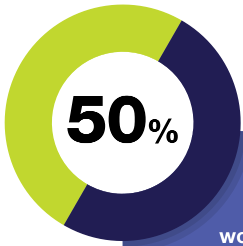
It is estimated that 50% of the world's population now depends on fertilizer to generate an adequate food supply. Large areas of the world still suffer from chronic hunger, persistent shortages of food and lack of micro nutrients in soil. These factors negatively affect the lives of over two billion people[3].

In order to feed a growing population there is increasing pressure on food and crop production. Growth in food production can be achieved through higher crop yields and expansion of the physical area of land. The pressure on higher crop yields is exacerbated due to a growing population and scarcity of land. In order to meet these increased pressures, 80% of the projected growth in crop production in developing countries will have to come from crop intensification, which in turn will require crop yield to increase by 77%.

Mineral fertilizers play a crucial role in supporting the effort to conserve land. By reducing mineral input it inevitably results in a situation where, in order to maintain yields, more land needs to be utilised for crop production. Following good farming practices and applying fertilizer responsibly is in line with a sustainable agriculture approach.

- Better seeds, improved crop establishment
- Better crop nutrition
- Use of multi-nutrient fertilizers
- Reduction in crop disease
- Improved soil health



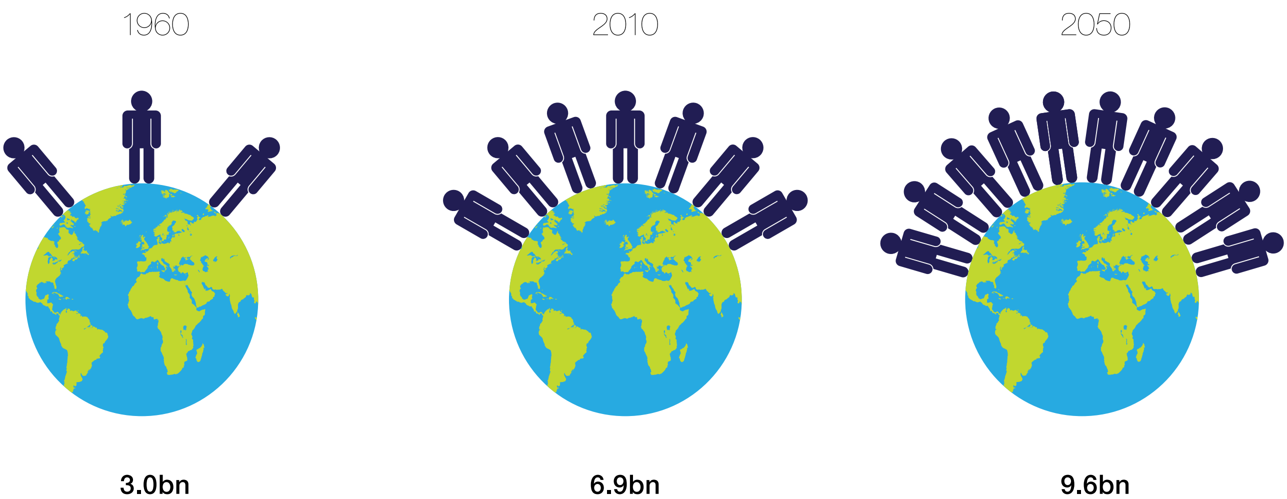


Mineral fertilizers are responsible for over half of current world food production

International Plant nutrition institute (IPNI) 2014
Fertilizer for Food and Nutrition Security

AGRICULTURAL OUTLOOK

Growth in advanced economies is projected to be 2.4% in 2015[4]. In contrast, growth in developing economies is expected to be 5.2% in the same period. These statistics have improved the world fertilizer outlook compared to previous years. Total fertilizer nutrient consumption (nitrogen + phosphorus oxide + potassium oxide ($N+P_2O_5+K_2O$)), with a successive growth of 1.8% each year, is expected to reach 200,500,000 tonnes by the end of 2018[5].



[1]Food and Agriculture Organization of the United Nations, 2015 The State of Food Insecurity in the World
[2]Food and Agriculture Organization of the United Nations, 2012 The State of Food Insecurity in the World
[3]International Plant Nutrition Institute (IPNI), 2014 Fertilizer for Food and Nutrition Security
[4]International Monetary Fund, The World Economic Outlook report (2014)
[5]Food and Agriculture Organisation of the United Nations (FAO), 2015 World Fertilizer Trends and Outlook to 2018

POTASH OUTLOOK

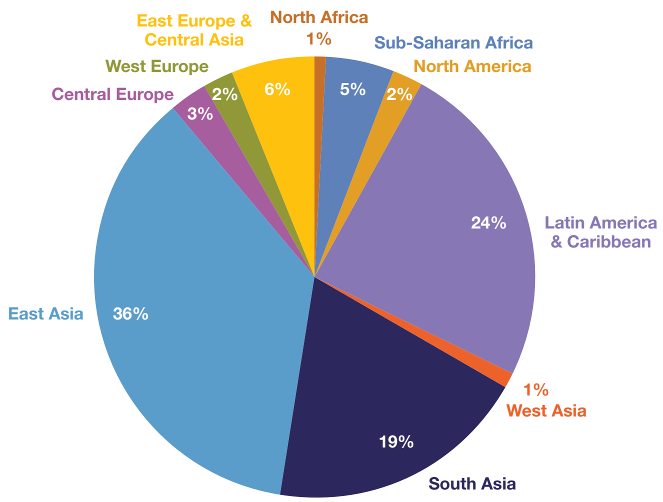
The global demand for potash (i.e. potassium-bearing materials), one of the four components of polyhalite, is expected to be 46.7 million tonnes in 2025. In potassium oxide (K_2O) equivalent tonnes this would represent over 330 million tonnes per annum (Mtpa) of polyhalite with the compound annual growth rate (CAGR) of 4% over 2013[6]. Demand differs with geographical location. For example, the continued population growth and further advancements in agricultural systems in East Asia and Latin America demand higher fertilizer inputs for the need to increase crop yields. About 42% of this growth in the world's demand for potash is expected in China (17%), Brazil (18%) and India (7%).

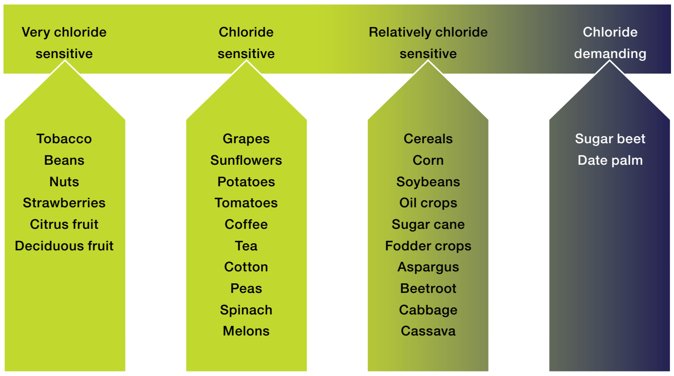
CHLORIDE-FREE POTASSIUM VALUE

The presence of the chloride ion in fertilizer is an issue for many crops and soils. In such situations a chloride-free source of potassium is required. Products like sulphate of potash (SOP), sulphate of potash and magnesium (SOPM) and potassium nitrate (NOP) demand a premium pricing over conventional muriate of potash (MOP) due to the absence of chloride. There is a historic premium attached to the price of SOP, which since 2010 is consistently sold at a price differential of 39% over MOP.

Sirius Minerals's trademarked polyhalite product, POLY4, offers the characteristics of a chloride-free premium product. Furthermore POLY4 can be offered in bulk volumes at competitive prices serving markets where less suitable substitute forms of potassium products are used as a result of supply constraints and high pricing. As shown in the *Chloride-free potassium premium curve* graph, by reducing the percentage of potassium oxide (K_2O) premium, new markets become viable enabling farmers and growers to choose more appropriate fertilizer sources and to achieve improved output and farm economics.

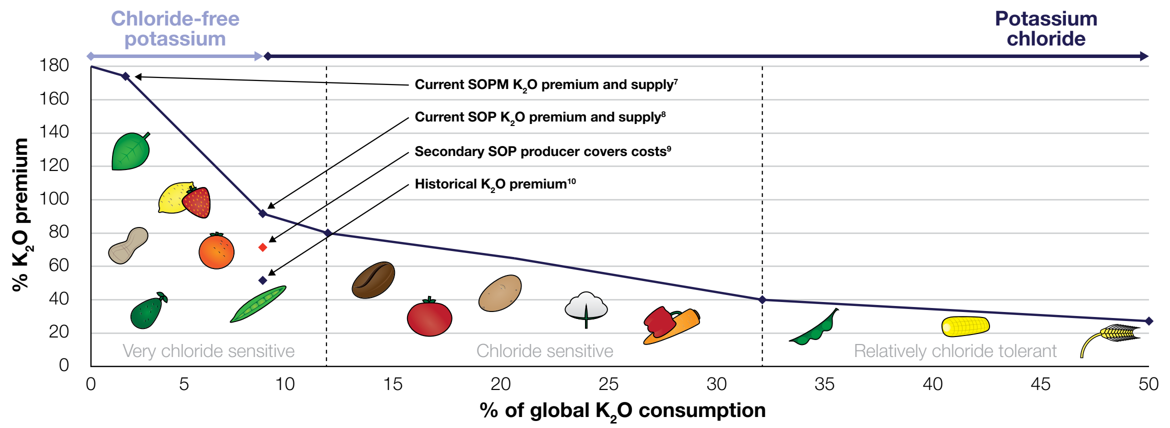
GLOBAL POTASH DEMAND EXPANSION





CHLORIDE-FREE POTASSIUM PREMIUM CURVE

~33% of total K_2O consumption is used on chloride sensitive crops



[6]FERTECON, April 2014, Review of CRU Polyhalite Market Study; [7]Current SOPM K_2O premium between MOP and SOPM based on the Intrepid Potash average sales price Q1–15
[8]Current global average SOP implied K_2O price (EU/US) and a MOP price of US$350/t; [9]Estimated cost at secondary SOP producers of US$500/t
[10]Historical Cl-free K_2O premium between SOP and MOP in US and EU from 2010–2013; Source: Company filings; CRU; Fertecon; Sirius Minerals

SULPHUR

Demand for sulphur fertilizers has increased as sulphur-deficient soils have become more prevalent globally. The drastic decline in anthropomorphic sulphur deposition due to reduction of emissions from coal-fired power stations has been instrumental in the decline of soil sulphur. The total global market for sulphur-bearing fertilizers is estimated at 10.6Mtpa in 2012. This market is expected to increase to 11.9Mtpa in 2017 – a CAGR of 3.2%.

MAGNESIUM

Magnesium has been referred to by some as the forgotten mineral in plant nutrition. Sirius Minerals agronomic programme, which works in collaboration with independent research institutions, has supported crop trials that highlight the importance of crop magnesium nutrition. Fundamental to the healthy growth and development of plants, a deficiency in magnesium inhibits chlorophyll function, which reduces their photosynthetic capacity.

Where a magnesium deficiency is present, root growth is also seriously reduced, which restricts the plant's capacity to explore soil for other nutrients. Applying magnesium in the multi-nutrient form of POLY4 is supportive of improved fertilizer use efficiency of other nutrients. Argus FMB estimates the magnesium fertilizer market to be some 700,000 tonnes per annum (tpa) of magnesium oxide (MgO).

POLYHALITE MULTI-NUTRIENT OPPORTUNITIES

POLY4 has a relatively unique position among other fertilizer products because it contains four of the six macro nutrients that plants need. It can serve several markets and is a suitable nutrient source for fertilizer blends of nitrogen, phosphorus and potassium: NPK blends.

The value of multi-nutrient fertilizers is recognised across the world driven by the increasing popularity of granulated products. The use of granulated micro-nutrients, especially in widespread areas of deficient soil such as magnesium deficiencies in Brazil, has proven effective. This is demonstrated by shifting from simple NPKs to an NPK+S+Mg composition, demonstrating the value of POLY4 for multi-nutrient products.

The market drivers for this shift into multi-nutrient fertilizers arise from the aforementioned food supply issues. Crop yield responses to NPK blends are also generally flattening or stagnant. Over the last 20 years additional potassium (K) and sulphur (S) applications have underpinned yield growth and allowed some increase. The limitation is now often the depletion of soil-supplied secondary nutrients: mainly sulphur, magnesium and calcium.

LARGE AVAILABLE MARKETS

As a multi-nutrient fertilizer, polyhalite has multiple substitution opportunities

POLY4
A Sirius Minerals Product

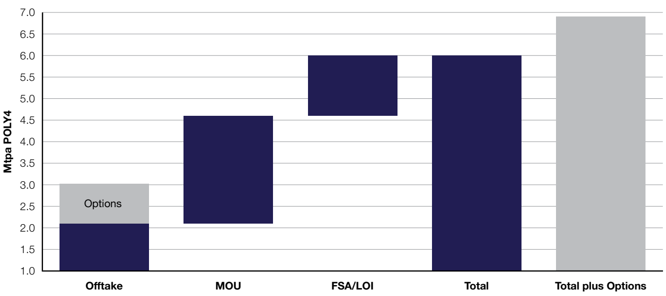
Potassium (14% K2O)	Sulphur (19% S)	Magnesium (6% MgO)	Calcium (17% CaO)
• MOP • SOP • SOPM • NOP	• SSP • AS • SOP • SOPM • Kieserite • Sulphur • Gypsum	• Kieserite • Epsomite • Dolomite • SOPM	• CAN • Gypsum • Lime • TSP • SSP
POLY4 characteristic: Low chloride and multi-nutrient	**POLY4 characteristic:** pH neutral and multi-nutrient	**POLY4 characteristic:** Suitable K–Mg ratio	**POLY4 characteristic:** Immediately available

SALES AGREEMENTS UPDATE

Throughout 2014 Sirius Minerals has continued to secure additional customer commitments. These now total 6.9Mtpa. It is an important demonstration of the global need for and market acceptance of POLY4.

SIGNIFICANT GLOBAL DEMAND FOR POLY4

6.0Mtpa plus offtake partner options for additional 0.9Mtpa



Notable progression in Sirius Minerals's sales and marketing effort can be particularly showcased in several large volume, long-term take-or-pay offtake agreements:

Year	Offtake partner
2013	• China TCT (1,000,000tpa)
2014	• North American fortune 500 agri-business (500,000tpa) • Central America (250,000tpa) • South America (300,000tpa) • North America animal feed (50,000tpa)

During 2014 Sirius Minerals commissioned CRU, an internationally recognised market analysis company, to undertake a robust market study for polyhalite. CRU provided a detailed assessment of the fertilizer market and where polyhalite sits within it. The major finding of this report was to confirm that there is a market for over 13Mtpa at a free-on-board (FOB) price point ranges from US$120/t up to US$170/t depending on market response. This takes into account a period of market disturbance as the product is accepted and begins to compete with existing products.

In January 2015 FERTECON, independent experts and fertilizer industry analysts, reviewed the report as part of the York Potash Project's planning application submitted to the North York Moors National Park Authority. FERTECON's findings agreed that CRU's market analysis was fundamentally robust and, whilst having differing opinions on metrics (market size, growth rates and forecast of prices), these differences did not affect the general conclusions.

FERTECON considered that the theoretical maximum market demand for polyhalite is 50Mtpa, which would involve the substitution of MOP, SOP and SOPM products based on competitive pricing.

FURTHER MARKET DEVELOPMENT

Included within the 2.1Mtpa take-or-pay offtake agreements, the Company has signed a 50,000 tonnes per annum agreement with a leading North American animal-feed distributor. This agreement will see POLY4 used as an animal-feed supplement within the North American market, which is the largest consumer of animal mineral supplements accounting for 60% of world demand. POLY4 is recognised in the animal-feed market due to all of its nutrients being essential components of animal diets. The annual estimate of the animal-feed supplement market is around US$2 billion. It is expected to grow even more as the attitude towards animal welfare is improving.

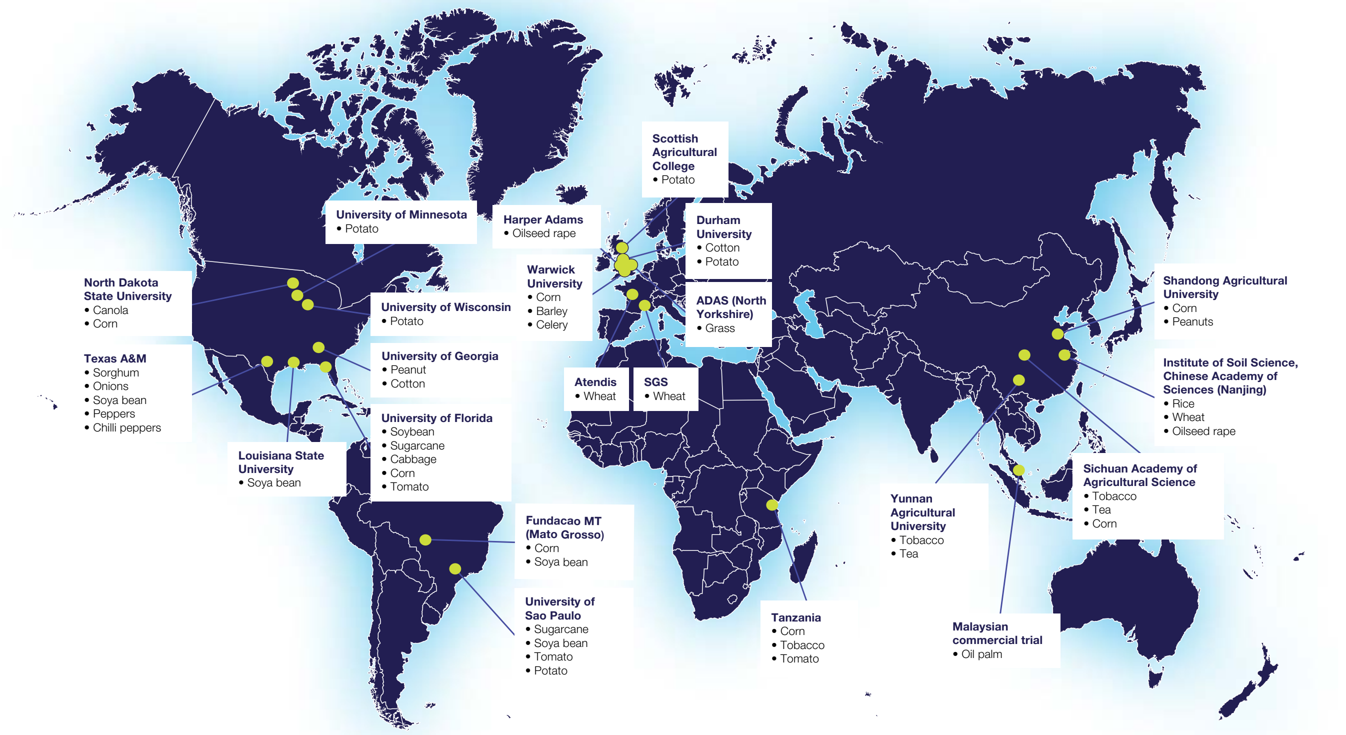
AGRONOMY UPDATE

This financial year has seen further expansion of the Company's planned agronomic programme. With the intention to stay at the forefront of polyhalite research and development, the Company also supports customers' need for specific crop and regional data in order to inform, educate and further develop the market for POLY4.

The Company's trial programme now includes 47 trials, with a further 16 crop trials added this year alone. The programme is truly global – it is run on five continents with a multi-trial presence in seven countries. Fertilizer product trial work on this scale demonstrates a long-term commitment from the Company to develop the agronomic understanding of POLY4.

Now into the fourth year of trials, Sirius Minerals has a broader understanding of the technical and commercial applications for its product. A wealth of knowledge is being created in support of progression of global soil care and plant health.

Throughout 2014 the strategic aim of the Sirius Minerals's agronomic programme was to develop field trials in order to validate the results seen in greenhouse studies. The Company has demonstrated that POLY4 is suitable for a wide range of staple and high value crops. These trials looked at both POLY4 being an effective direct multi-nutrient fertilizer and a valuable component of NPK blends.



1 POLY4 CHARACTERISTICS

- Macro- and micro-nutrient content
- Soil pH effects
- Soil electrical conductivity tests
- Nutrient release rates

2012–2013

2 GREENHOUSE CROP TRIALS

- Initial studies conducted in a greenhouse to test the concept in a controlled environment

2013–2014

3 FIELD CROP TRIALS

- Demonstrate the value of POLY4 on crops of commercial significance through field trials across the world

2014–2015

4 COMMERCIAL SCALE TRIALS

- Validate field trial results by conducting commercial scale trials
- Commercial trials will be undertaken in partnership with customers

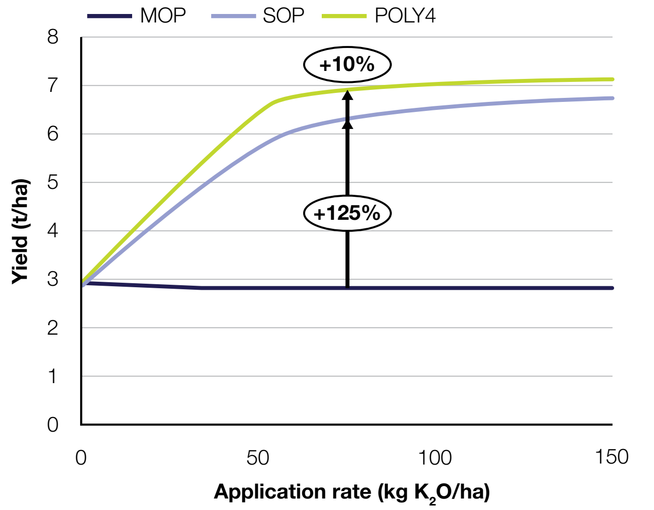
2015–

CHLORIDE-FREE FERTILIZERS

Chloride-free fertilizers have always been thought of as the preserve of high-value fruit and vegetable growers. However, the yield damage caused by chloride presence should not be overlooked on broad acre crops. Furthermore, the implications of high chlorides on soil nitrogen chemistry and the reduction in its efficacy of use should be considered. POLY4 is classified as essentially chloride-free. There are known crop-specific limits for chloride which command chloride content limits in fertilizers to avoid a penalty to crop growth and development. Tolerant crops also demonstrate a yield advantage from chloride-free nutrient sources. For example, crop studies demonstrated that pepper yield improved by 13% in Texas[7] and barley by 125% in the UK[8].

POLY4 YIELD COMPARISON AGAINST STANDARD FERTILIZER SOURCES

POLY4 as a multi-nutrient fertilizer source increases barley yield



BARLEY FIELD TRIAL

November 2014

[7]See Sirius Minerals's crop studies from October 2014
[8]See Sirius Minerals's crop studies from November 2014
www.siriusminerals.com/polyhalite/crop-studies

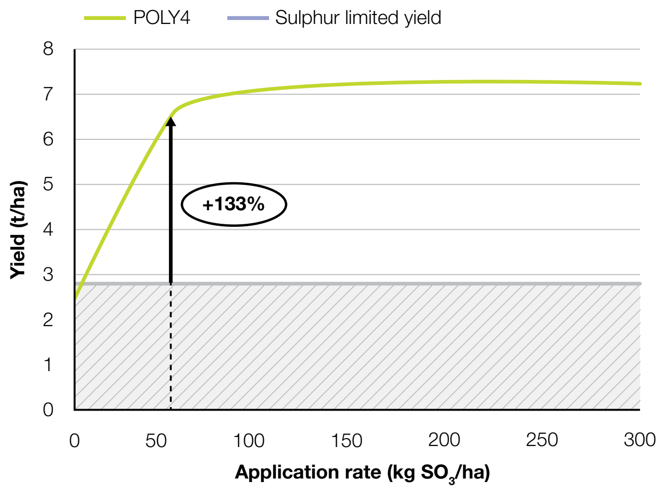
VALUE OF SULPHUR

There is global acknowledgment of the reduction in anthropomorphic sulphur deposition. Sulphur is one of the major nutrients required by growing crops. As an example of declining sulphur inputs, between 2009 and 2013 in the Pearl River delta area of China, a 39% sulphur dioxide (SO_2) reduction was observed. Australia and New Zealand also note sulphur deposition reductions to <3kg sulphur/ha per year outside of the coastal zone.

The US National Atmospheric Deposition Programme (USNADP) also demonstrated that improvements in air quality were reducing atmospheric sulphur deposition and increasing the need for sulphur fertilizer applications to maximise crop growth. Between 1985 and 2009 sulphur deposition in the north-east of the USA reduced by circa 40% (from a maximum 27 kg/ha SO_4 to 15–18 kg/ha SO_4; equivalent to 8.9 kg/ha S). The Company has carried out studies to demonstrate the value of POLY4 in support of crop yield where sulphur deficiency was suspected. In the UK, a 133% yield increase was seen over zero sulphur application NPK fertilized barley crop.

BARLEY SULPHUR UPTAKE RESPONSE CURVE

POLY4 as an effective sulphur source for barley



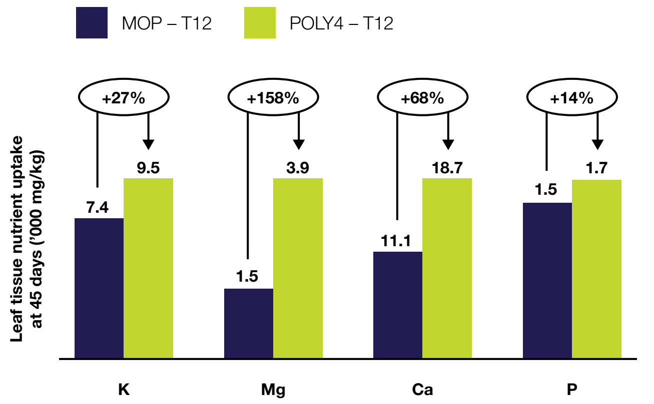
VALUE OF MAGNESIUM

Magnesium nutrition is often overlooked. Even where soil levels of magnesium are considered adequate, supplemental magnesium from POLY4 improves uptake and supports enhanced yields. The Company demonstrated magnesium availability and uptake through crop trials in UK celery (October 2014), improved uptake in UK barley (November 2014) and corn silage (December 2014), rice in China (February 2015) and tomatoes in Florida, USA (July 2014).

The March 2015 webcast published a summary of the global potato research sponsored by the Company. Petiole magnesium levels were supported. A study at Wisconsin saw the benefit manifested as a 19% yield improvement. In addition, POLY4 fertilization improved post-trial soil levels of magnesium. In work undertaken in Texas 2014 on soybeans, the crop response was also magnesium-driven despite high soil magnesium supply.

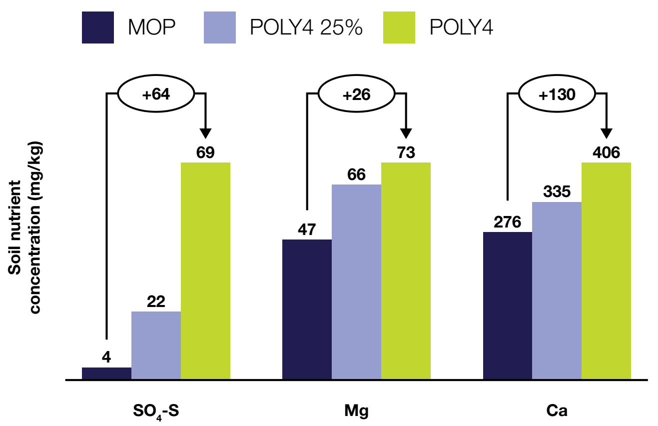
NUTRIENT UPTAKE VITAL FOR IMPROVING TOMATO PLANT GROWTH

Tissue nutrient content reflects benefit in straights and blends



POTATO FIELD STUDY – POST SOIL ANALYSIS

Maintaining nutrients in soil after harvest is important for crop rotations



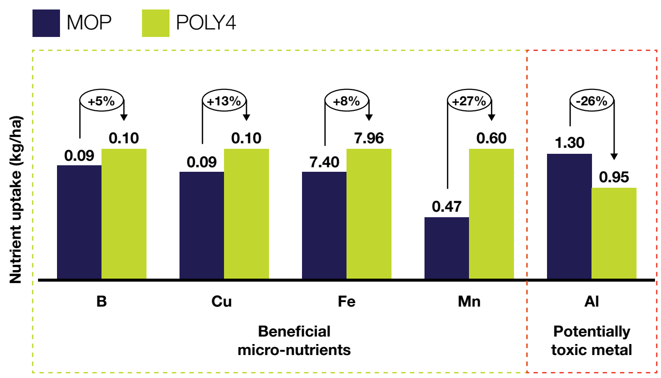
VALUE OF MICRO NUTRIENTS

Crops require micro-nutrients in small quantities to maintain crop health and biochemical efficiency. Crop studies have demonstrated improvement in uptake of boron, manganese and zinc which are found in POLY4. On rice crops in China, micro-nutrient uptake was improved by 5–27% across the board (February 2015). There were also beneficial influences of reduction in potential aluminium and iron toxicity associated with acidic anaerobic paddy soils.

Due to its crop-appropriate nutrient release profile there was also no clash with copper uptake, as would be expected from conventional fertilizers. The implications are complex as aluminium also affects calcium nutrition and other interactions also prevail. This is why the Company undertakes comprehensive nutrient uptake testing in many of its trials. In UK barley (November 2014) trace element uptakes were improved by 41–113% for zinc (Zn), manganese (Mn), iron (Fe), copper (Cu) and boron (B), all of which have an important contribution to make to plant health and crop production efficiency.

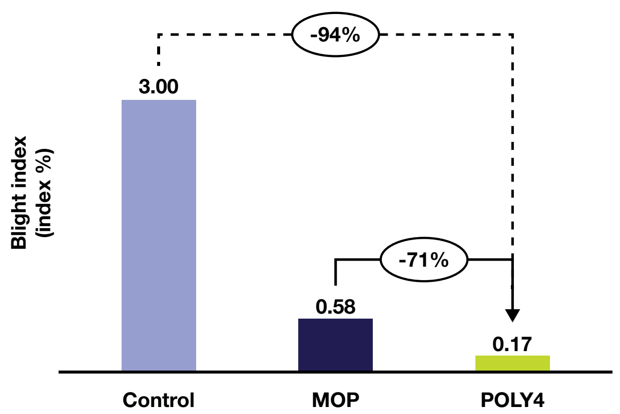
RICE GRAIN MICRO-NUTRIENT UPTAKE

Micro-nutrient deficiencies are present in many soils across China



CORN DISEASE RESISTANCE FIELD STUDY RESULTS

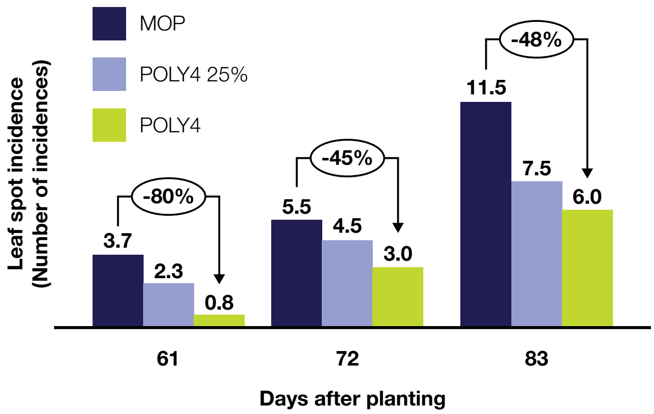
Corn sheath blight index



Complete and balanced nutrient supply aids crop health. The Company's researchers saw notable benefits from the incorporation of POLY4 in fertilizer crop studies. These benefits included a reduction of premature leaf senescence on corn in China (February 2015), tomato bacterial disease reduction and a 71% corn leaf blight reduction over an MOP-fed crop. The upside for a farmer is a reduction in time, money and resources devoted to crop protection or reactive nutritional support – a strong crop has more resources available for growth, development and yield generation.

TOMATO LEAF SPOT INCIDENCE

Fruit and foliar disease reduces the cosmetic value of a crop

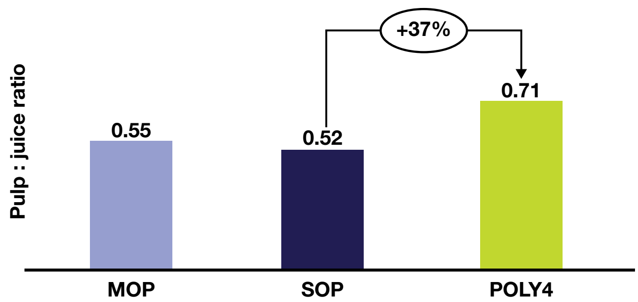


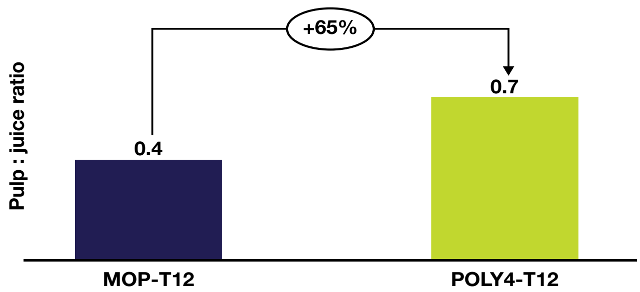
CROP QUALITY IMPROVEMENTS

For high value crops such as fruit and vegetables, customer specifications place high value on aspects of quality, which is also true in many other agri-sectors such as the requirements for the gas generation capability of biomass crops.

This year the Company has demonstrated POLY4's support for quality in a number of ways: making the size specification as seen in our cabbages study in Florida (September 2014); improvement of potato frying quality due to 20% reduced sugar content and improved dry matter content in Minnesota, USA (March 2015); tomato fruit brix and dry matter content found in Florida (July 2014); brix, fruit firmness, pH and titrateable acidity shown in Brazil (April 2015); soya bean protein content in Sao Paulo, Brazil (June 2015); and silage dry matter content in Warwick, UK (January 2015). Incorporation of POLY4 into fertilizer programmes delivers quality, the assurance of maximising yield from healthy crops and the added value of enhanced soil nutrient residues post cropping.

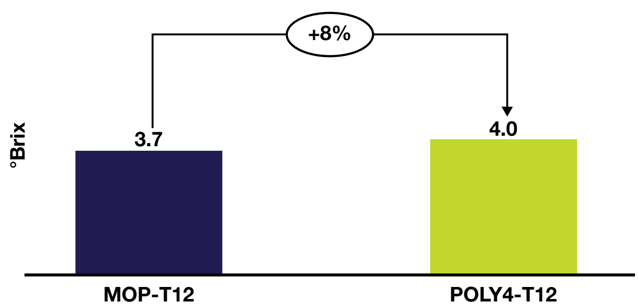
TOMATO PULP : JUICE RATIO





FRUIT SUGAR CONTENT

°Brix




BELT REEL ENVELOPE

STRATEGIC REPORT

THE DIRECTORS PRESENT THEIR STRATEGIC REPORT ON THE GROUP FOR THE YEAR ENDED 31 MARCH 2015

CHIEF EXECUTIVE OFFICER'S STATEMENT

Chris Fraser
Managing Director and CEO

IT'S BEEN A YEAR DOMINATED BY THE APPROVALS PROCESS FOR THE YORK POTASH PROJECT, AND WE CAN LOOK BACK PLEASED IN THE KNOWLEDGE THAT THE HARD WORK HAS PAID OFF AND KEY DECISIONS HAVE RESULTED IN SUCCESSFUL OUTCOMES.

I'm pleased to be able to bring you this update on behalf of both the management and entire team at Sirius.

SAFETY

As our first consideration, my update starts with commentary on our safety performance. Obviously I'm delighted to report that there have been no major incidents during the financial year, although clearly far greater safety challenges lie ahead during the construction phase of the York Potash Project (the Project) and ultimately throughout its operation.

As a developing business we already have a number of safety systems and protocols in place, but more importantly we have a team that is committed to ensuring we continually strive for safer and safer operations. Our goal of Zero Harm will remain in the organisation, and whilst shareholders should understand that it is not a cost-free aspiration, it is certainly the right approach to adopt for the long-term wellbeing of the business and our people.

As we move in to the first phase of construction the focus on safety will intensify. This responsibility will not only sit with the experienced contractor teams that we employ, but also with our project managers, our own in-house teams and ultimately with me. Nobody should be in any doubt as to our desire to ensure everyone involved in the Project goes home safely each day.

STRATEGIC OVERVIEW

During the last year our strategy to deliver the greatest value for shareholders has continued to evolve and develop. Evolution through innovation is now an important part of the Company's DNA and something that has already unlocked significant value for shareholders.

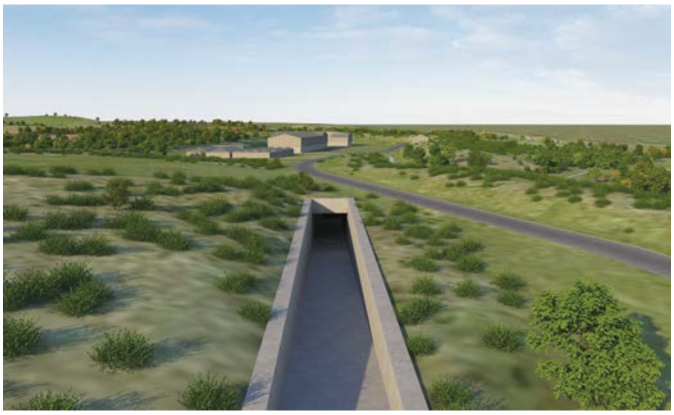
Pipe to tunnel

The switch from the pipeline transport system to the conveyor-based mineral transport system (MTS) has continued to unlock value since the difficult decision to change our transportation concept. While the decision to change was ultimately responsible for the majority of the delays since the middle of 2013, it has proved to have clearly been the right decision.

I believe this change resulted in pulling down any potential environmental barriers to the approval of the Project. This saw the two important consultees, Natural England and the Environment Agency, not objecting to the operational phase, which carried significant weight at the local level.

The switch to the MTS has dramatically simplified our business model and will result in an operating cost structure that should see us at the bottom quartile of the potassium industry.

The MTS has also removed potential bottlenecks and played an important part in shaping our disruptive market entry strategy. With capacity of potentially up to 20 million tonnes per annum, to be confirmed through completion of the DFS, this important infrastructure system lies at the heart of our large-scale volume market entry strategy as our vital link to the port.



Development approach

For a major capital intensive project like the York Potash Project, generating shareholder value comes from capital efficiency, volume, and operating margins. Our strategy of how to deliver greatest value for shareholders from this development comes from maximising these factors.

Pursuing capital efficiency means generating the greatest returns from the capital invested as quickly as possible and minimise capital outlay where possible generating payback and cashflow as fast as possible. The Project is expected to have one of the highest capital efficiencies for any major development project in the fertilizer or resources sector for a long time.

With the location we have in the North York Moors National Park, our view has always been "build it big and build it once". This means on day one we plan to have transport infrastructure assets (shafts, MTS, and port) that are all capable of very significant bulk volumes. However, as a result, when we are running below maximum capacity, we risk not getting the full potential return on the capital investment.

We are pursuing volume in a measured way where possible. For the shafts we are only planning to initially install one set of skips (providing up to 10 million tonnes per annum), but the second set is only expected to be a modest investment as the majority of the fit-out will already have been installed in the initial construction. For the port, it means one berth then a second and for the MTS, it means adding power and speeding up the belt. The mining system and the materials handling facility (MHF) facilitate this strategy with their modular nature.

Going forward this means we need to look at how we deliver maximum value: a balance of volume and price for polyhalite. Try to sell too much too quickly, and we will have to sacrifice price. Sell too little and not expand quickly enough, and we risk not getting capital efficiency and increase the risk of competitor response.

With the added time of the approvals we have not been idle in the strategic evolution of the Company. We have begun looking at the full value of the geologic endowment we have, including billions of tonnes of road salt and the historic resource of potassium chloride defined by Rio Tinto. These two opportunities could potentially make more effective use of the infrastructure, once we are up and running, and potentially deliver greater return on the capital we invest upfront.

The other avenue that we are beginning to study is our original development concept of processing polyhalite into sulphate of potash (SOP) and the other constituent parts. This is being coupled with the work we are continuing to do on downstream opportunities and partnerships, where additional in-house sources of primary SOP and potentially muriate of potash (MOP) could deliver significant internal blending flexibility and margin protection. Both of these strategies are about capturing as much of the inherent value of polyhalite as possible and as quickly as possible.

Market development – disruptive

As we have continued to develop our understanding of the fertilizer market we have come to realise that at the core of our approach to marketing polyhalite is one word – disruptive. This is particularly relevant to the potassium industry, but also relevant to the broader fertilizer industry.

Our operating costs are expected to be very low compared to competitors, we have a resource that will last hundreds of years, we have a high value-in-use product and we will have production infrastructure capacity that will be the envy of the fertilizer industry. By maximising the value we can generate from these four factors we can and should be disruptive.

The original concept of NPK fertilizers was developed based on the early work of Justus Von Liebig where he noted that the three basic nutrients of nitrogen, phosphorus and potassium were the fundamental building blocks for plants to grow. He later accepted that his early conclusions were incorrect when he realised more than these three nutrients were needed and that proper balanced fertilization was vital to optimal plant growth. This work is where he realised that a broad range of nutrients were complementary to each other and a deficiency in any of them will limit crop growth and quality, the so-called "law of the minimum." Balanced fertilization, particularly of the six macro-nutrients (nitrogen, phosphorus, potassium, sulphur, magnesium and calcium), is essential to obtain optimal crop yields.

However, since the 1800s, the fertilizer industry has been largely focused on the primary bulk sources of the three N, P and K nutrients. No new major bulk source of nutrients has been brought to market for a long time. At the fringes companies play around with specialty products at high prices but nobody has done what we are doing for a very long time. Our product, in the volumes we plan to produce, will play a major role in boosting balanced fertilization globally through its unique four-in-one macro-nutrient composition.

In the past three years the market potential of the Sirius Minerals's trademarked product, POLY4, has been validated by independent fertilizer industry specialists. The Company's marketing efforts have reinforced this position with numerous sales commitments signed to date, well in advance of commercial production. Our ongoing global agronomy programme is clearly demonstrating the benefits of applying a multi-nutrient fertilizer such as polyhalite. While POLY4 will initially substitute a wide range of existing fertilizer products, crop trial results indicate that it is more efficient and effective than traditional products containing only N, P and K.

Tier 1 asset

In the York Potash Project we have an asset that can genuinely be described as world-class. We did some work for the 2015 BMO Farm-to-Market Conference, that I presented on behalf of the Company, and it looked at benchmarking the Project against other projects in the fertilizer and resources industry globally. The analysis shows we have an asset that can be spoken of in the same breath as the best-in-class fertilizer mines such as the Allan mine (potash) and the Khouribga mine (phosphate). York Potash's attributes are also consistent with the world's best, well-known mining assets such as Cerrejon (coal), Escondida (copper) and Hamersley (Iron ore).

The core component of our strategy has been large scale, long life and low cost. These three elements are expected to be demonstrated in our Project unlike any major new development in the resources and fertilizer sector for a long time.

Large scale: initial capacity of potentially up to 10 million tonnes per annum with infrastructure capable of doubling that volume over time.

Long life: the initial resource of 2.66 billion tonnes of polyhalite is sufficient for well over 100 years and this is from just 7% of our project area.

Low cost: analysis shows we expect to have one of the lowest costs for fertilizer units in the seaborne market, in particular being in the bottom quartile of cash costs for K_2O units.

The expected cash margins are some of the highest for an asset of this scale. This provides significant competitive strength but also adaptability to changing volatile market conditions. We have a business model that can evolve through volume and price development to ensure it is generating significant shareholder value at all times.

Assets like the York Potash Project are rare and they are valuable. It is our job to unlock and deliver as much of that value for our shareholders today.

Financing strategy

Our financing strategy for the Project is being built around the strengths of the business model. At its heart is a business that could generate in excess of US$1 billion of EBITDA in commercial production. Obviously we do not have that cashflow now, but it means we must build a financing structure that preserves as much value for shareholders as possible and recognises the fundamental shift in the credit quality of the Project when operating. The financing transactions executed during development, which I discuss in more detail below, are stepping stones to the Company's long-term capital structure.

Financing and operating business that generates over US$1 billion of EBITDA, with cash margins in the range of 70%–80%, is relatively straightforward. Cost of debt is low and liquidity is not an issue. This low-cost debt can be used to refinance the construction debt facilities that are used to finance the development of the mine. Most importantly, a long-term capital structure sets up the business to return surplus capital to shareholders during the many years of operations.

PEOPLE

We have had a relatively settled year in terms of people and that has reflected the heads-down approach on the vital approvals work throughout the financial year. As we head into the construction phases of the Project, there will inevitably be more comings and goings, but we have a strong culture in the business that leaves us well-suited to this transition phase.

The only notable changes in personnel for the year were centred on the chief financial officer position. We offer our thanks to previous incumbents of the role and continue to look forward with confidence in the skills and energy that Thomas Staley has brought to the role.

I'm pleased to report that our five office-based apprentices continue to excel, with a number of awards and nominations received this year in acknowledgement of their hard work. Our apprentice programme has always been important to the business. It will continue to expand and develop in the future as we have the opportunity to take on more technical roles in the construction period and beyond. Similarly our graduate support programme continues and sees two students graduate this year whilst the remaining two approach their final years. We will continue to offer support to new graduates as part of our talent development programme.

The York Potash team

APPROVALS AND ENVIRONMENT

In the recent history of Sirius the financial year could easily be described as quiet. That is because so much effort has been focused on achieving the key approvals needed to commence construction of the Project. The nature of the planning process has meant that it has not always been possible to provide as many updates on progress as shareholders may have liked, because we have had to let the process run its course. This has ultimately resulted in the positive determinations that were forthcoming at the time of writing, after the end of the financial year.

I have also previously said that I do not believe there are any environmental show-stoppers for the Project that cannot be either avoided or mitigated to an acceptable level. Those, following the advancement of the relevant planning applications, will have noticed the extremely high levels of mitigation that we have built into the Project – from the sub-surface buildings and MTS design, to the focus of key processing activity in Teesside, rather than at the mine site.

On a similar vein, the financial mitigation put in place through the section 106 agreement with the North York Moors National Park Authority (NYMNPA) is also unprecedented – with total contributions of the lifetime of the planning application (100+ years) standing at £175 million. This figure includes £126 million during the life of the permission for tree planting and to enhance the landscape of the National Park; £30 million for the promotion of the National Park, the Yorkshire Coast and Whitby; £5.6 million for highway improvements and traffic management; up to £6.7 million towards increasing train services to Whitby and the National Park, and; significant commitments and contributions to skills and training to maximise the opportunities for employment for local people.

The planning case put forward for the various applications has evidently, as we have always believed, been extremely strong. This has been borne out by the approvals successes. Our first watershed moment for the approvals process had been built up throughout the year but came just after the financial year in April 2015. We were delighted when members of Scarborough Borough Council's planning committee approved the application for a temporary construction accommodation and park and ride facility, and furthermore so when members of Redcar and Cleveland Borough Council's regulatory committee voted unanimously to support the mine and MTS application.

This planning success set the platform for the key decision for the mine and MTS application from the NYMNPA, again after the financial year, in June 2015. Whilst we were disappointed that the planning officers' committee report did not recognise the exceptional circumstances of the application, we were again delighted that a majority of members of the authority at the planning committee meeting concurred with our view and voted to approve the development. Those members deserve a page in the history of our Company and a great deal of admiration for setting us on a path toward construction and all the many benefits the Project can deliver to the region.

DEFINITIVE FEASIBILITY STUDY

Ongoing work on the definitive feasibility study (DFS) has been a key focus of the financial year. This has involved a large amount of technical and general engineering work, but has also been coupled with other strategies from around the business, all designed to provide a blueprint for delivering the entire Project into steady-state operations. Both our consultant and in-house teams have worked hard to get the DFS to an advanced stage.

The completion of the DFS has, by necessity, needed to be timed to coincide with the granting of the key approvals for the Project. There are a number of conditions attached to the approvals that need to be agreed and included. There is also a value engineering exercise to conduct with the bidders for contract tenders for the key packages of construction work. This work will progress throughout the summer of 2015 so that the DFS can be finalised prior to the end of 2015.

SALES AND MARKETING

The 2013–2014 financial year saw dramatic progress for our sales and marketing work. The 2014–2015 year has seen steady progress built on those successes. The progress we have made remains a surprise to many in the industry, not least because such advance commitments are rare in the agricultural space. As I said in last year's report, it demonstrates to me the realisation by bright thinkers in the fertilizer industry and certain governments that not only is the food security challenge looming ever larger, but that there is also a strong demand for more competition and new sources of nutrients – customers are fed up with the consolidated global market and controlled prices.

The focus in this financial year has been on advancing more bankable offtake agreements that will help to underpin future financings. Take-or-pay agreements of this nature take a great deal of time to agree and we are pleased with the progress made so far. This has included an agreement for up to 250,000 tonnes per annum over five years with a large Central American fertilizer distributor, which was confirmed in August 2014.

In December 2014 we also announced a further take-or-pay offtake agreement with a leading South American fertilizer distributor. This included a seven-year commitment from first production for 300,000 tonnes per annum of polyhalite with the option for the customer to increase the minimum amount in the agreement by an additional 150,000 tonnes per annum. In early 2015 we signed a maiden take-or-pay agreement in the animal feed space for the supply of 50,000 tonnes per annum of polyhalite over seven years with an option to increase this.

Whilst the focus remains on take-or-pay offtakes, we remain open to other initiatives that have the potential to add further future value to the Company. We reported last year, as a post-balance sheet event, that in July 2014 the Company had entered into a memorandum of understanding (MoU) with the Ministry of Agriculture in Tanzania, and then subsequently a joint venture MoU between the Company and state-owned Tanzania Fertilizer Company. By current imports Tanzania is only a small fertilizer market, but its strategic location on the east of Africa, coupled with its forward-looking approach, make it an ideal partner to develop downstream options such as blending and distribution.

Our sales and marketing efforts continue to be underpinned by our ongoing crop study work across all major crop types and in locations around the globe. These efforts support the wider market understanding of polyhalite, its value in-use for the benefit of customers and a number of in-country product registration processes.

In its fourth year, the programme has partnered with new research organisations publishing results from 14 crop trials in wide-ranging environments. These studies have continued to validate high-grade polyhalite as an effective fertilizer when applied alone or as an NPK blend component. Results have been from trials conducted in Europe, North America, South America and China on a variety of crops (sugarcane, soya beans, corn, wheat, potatoes and oilseed rape) in pot and field studies. Trials reported from August through to October 2014 showed positive results for tomatoes, cabbages, celery and chilli peppers. From November 2014 through to March 2015, results came in from cereal crop trials: barley, corn, rice and silage corn. The global agronomic programme continues to expand in both geographical area and trial size. Our website continues to provide a useful home for the extensive analysis of these results, but will be enhanced as we move into the next phase.

FINANCE

In February 2015 we delivered an important financing in the form of a £15 million placement mainly to institutions. The proceeds from the placing helped to strengthen the Company's balance sheet and provided additional working capital to support the Project development activities. This ensured that the Company remained in a strong financial position throughout the planning approvals process and provided contingency in case a planning appeal was required. Slippage to the decision dates that were beyond our control validated this as the right approach.

The finance team has continued its more strategic discussions regarding the long-term financing requirements for the Project throughout the year. The stated and ongoing strategy is to access debt markets for the majority of the Project's construction because the underlying economics of the Project business model lend themselves to high leverage and because that should be in the best long-term interests of shareholders.

The intention is to split the financing of the Project into two stages. Stage one will focus on the initial construction period where the perceived risks are higher. This is likely to take the form of a mixture of development equity, including cornerstone investors, and structured debt. Advisers in New York were appointed in late 2014 in order to assist with this effort. I hope to be able to report success from this process in next year's annual report.

Stage two financing will account for the majority of the financing requirement of the Project. The Company's aim is for this stage to be 100% debt-based. Work to support this has been ongoing in the financial year. Advisers were engaged in early 2015 to help structure and arrange senior debt for this phase, which could ultimately be secured from either the bank or debt capital markets or from a combination of both.

At the same time, other initiatives have been (and will continue to be) explored to support the phase two financing. Government-backed credit agencies can provide valuable liquidity for the stage two financing and dialogue is ongoing with Infrastructure UK and with various export credit agencies from around the world. Aspects of the Project are also well suited to lease finance and discussions with equipment providers and infrastructure developers are under way.

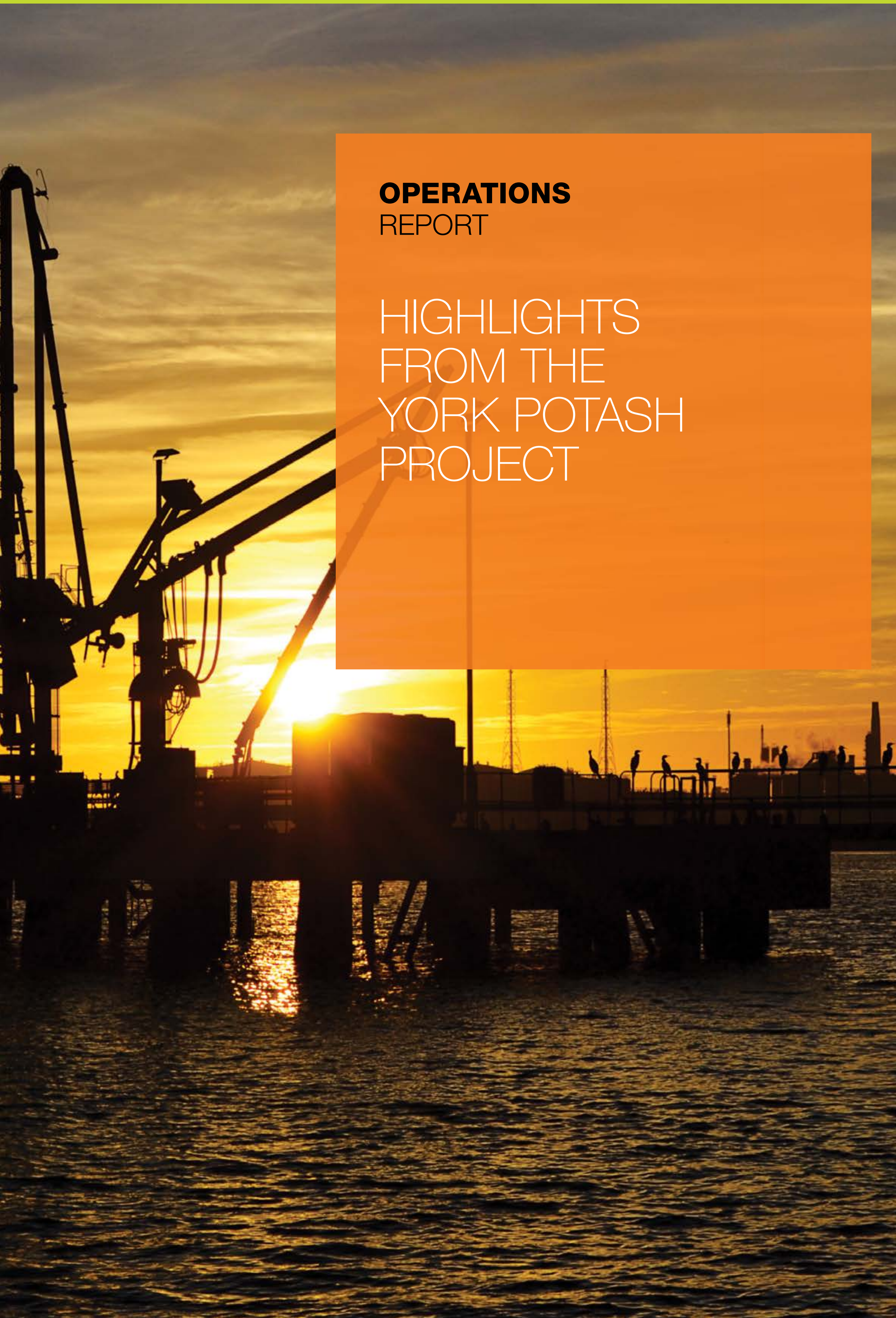
The consolidated financial statements for the year ended 31 March 2015 have been prepared under the going concern assumption. However, the directors recognise that there are a number of material uncertainties inherent in the York Potash Project. Further details are set out in note 1 to these financial statements. The loss before tax for the Group for the year was £10,068,000.

THE YEAR AHEAD

With the underlying strength of our business model, unique product and sector fundamentals I believe we are only at the beginning of a very steep value curve as we move towards becoming a major multi-nutrient fertilizer producer. There are, of course, still a number of hurdles to overcome along the way but our aim is to ensure that the next financial year is a pivotal stepping stone to reaching that goal.

I thank all shareholders for their ongoing support and look to the future with increasing confidence.

CHRIS FRASER
Managing Director and CEO



OPERATIONS
REPORT

HIGHLIGHTS FROM THE YORK POTASH PROJECT

THE YORK POTASH PROJECT

OVERVIEW

In January 2011 Sirius Minerals Plc acquired York Potash Ltd (YPL), a private company with a significant onshore and offshore mineral rights position relating to all evaporites including potash (sylvite), polyhalite, rock salt and intermingled minerals. Following a successful exploration programme carried out from January 2011 to the summer of 2013, and subsequent validation of the world's largest and highest grade polyhalite ore deposit, the Company's work has been focused on securing the key approvals needed to develop the York Potash Project (the Project).

The Project is based in North Yorkshire, within the United Kingdom, and is the Company's sole development asset focus. The Project area of interest comprises approximately 796km^2 (271km^2 onshore and 535km^2 offshore) within North Yorkshire, between Scarborough and Whitby, extending approximately 16.5km inland west from the coast and up to 14km offshore. The region is home to Boulby potash mine, owned by Israel Chemicals Ltd, which has been producing potash since 1973 and is known to host deposits of both sylvite and polyhalite.

APPROVALS

The approvals process has dominated this financial year, and the majority of Company announcements have related to the mine and mineral transport system (MTS).

MINE AND MTS

In June 2014 the pre-application consultation for the mine and MTS and materials handling facility (MHF) was launched. The agreement of an informal pre-application set of position statements between the Company and the North York Moors National Park Authority (NYMNPA) planning authority officers was also announced. The latter assisted in identifying remaining policy issues in relation to the planning application and provided a framework for attempting to address these moving forward. This approach, built on the planning performance agreement established with the NYMNPA in January 2014, was intended to facilitate a proactive working relationship.

In July 2014 the Company confirmed its decision to submit the mine application in September 2014, instead of July 2014, which would coincide with the MTS planning application submission. Aligning these key applications was considered a way of facilitating the fuller assessment of the environmental impact assessment and making the approvals process more straightforward without affecting overall target timescales to production.

In August 2014, the application strategy for these two components was further synergised so that the MTS application would be included with the mine application. This was agreeable to the Company and both local authorities – the NYMNPA and Redcar and Cleveland Borough Council (RCBC) – and followed advice from the NYMNPA. It was also announced that the MHF would form a separate submission to RCBC.

The applications for the mine, MTS and MHF were submitted on schedule at the end of September 2014. Based on receiving the necessary approvals for the mine, MTS and MHF in January 2015, and securing the required finance, construction was projected to commence in Quarter 1 of 2015, with first production expected in mid-2018, followed by an overlapping period of construction completion activities.

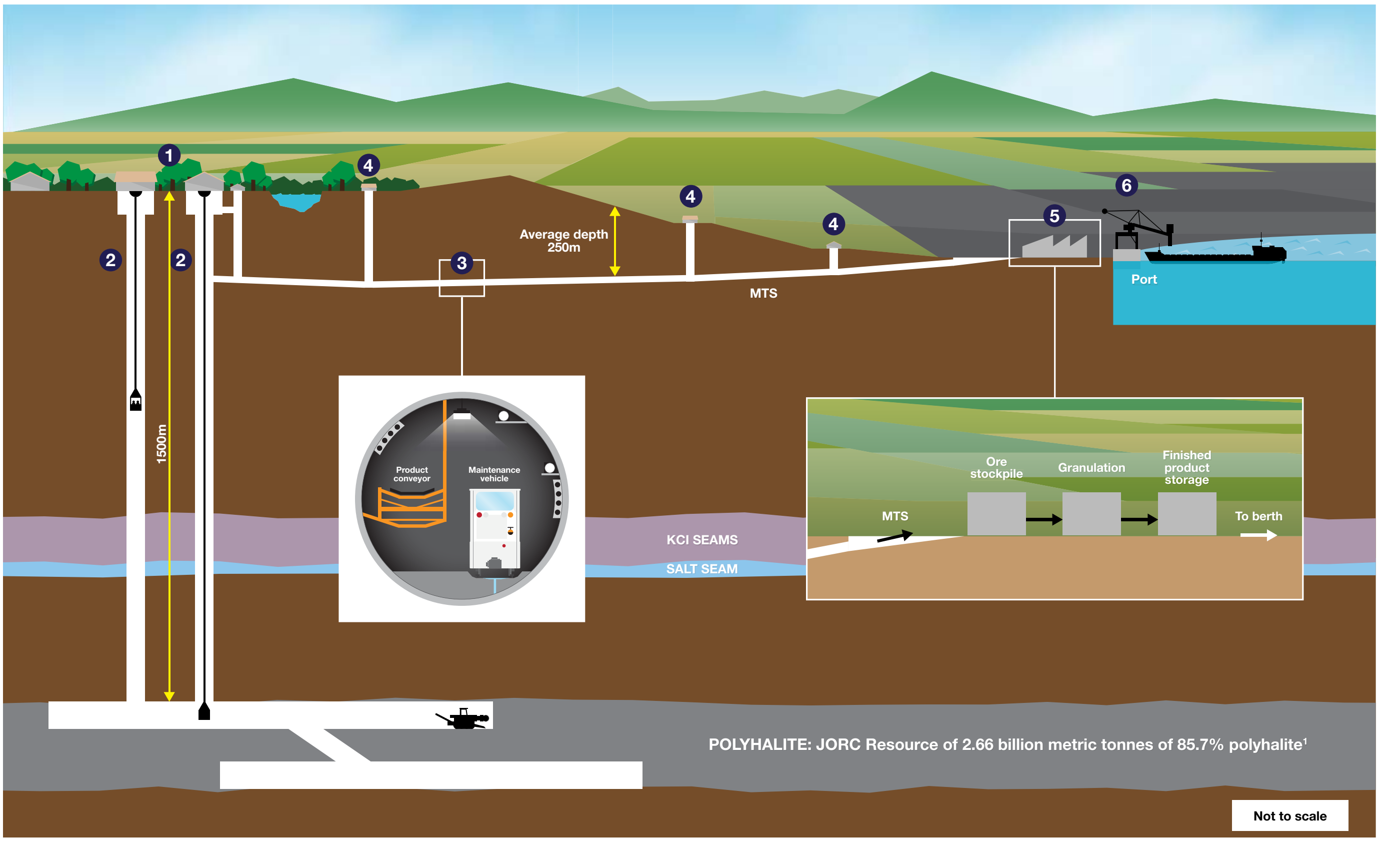
This timescale became unachievable during December 2014 and January 2015, when announcements confirmed a requirement to provide certain clarifications and supplementary information to the authorities, to update the environmental statement (ES) and transport assessment. Not uncommon in large-scale planning applications, this necessity emerged during the local authority consultation process and review of the application. Consequently additional information was provided in February 2015 to resolve specific issues and the findings did not fundamentally alter the conclusions originally set out in the ES. At this time neither of the authorities confirmed determination dates, but the NYMNPA had stated a 16-week period would be required to review and consult on the additional information.

The first of these two key approvals was granted outside the financial year by RCBC in April 2015, when councillors unanimously resolved to grant permission for the mine and MTS application. Approval for the MHF was granted later in April 2015 under delegated powers by planning officers at RCBC and was subject to a section 106 agreement being finalised.

The remaining key approval, for the mine and MTS from the NYMNPA, came again outside the financial year in June 2015.

HARBOUR FACILITIES

September 2014 saw the commencement of the statutory pre-application consultation for the harbour facilities at Teesside. This element of the Project requires an application for a development consent order to be considered by the Planning Inspectorate on behalf of the Secretary of State, as a nationally significant infrastructure project.



1 MINE SITE
2 MINE SHAFTS
3 MINERAL TRANSPORT SYSTEM (MTS)
4 MTS ACCESS POINTS
5 MATERIALS HANDLING FACILITY (MHF)
6 HARBOUR FACILITY

In December 2014, an announcement confirmed that the application had been submitted on schedule. However, this was subsequently withdrawn in January 2015 because the Company saw merit in taking the opportunity to refine options within the application that would facilitate a more efficient examination process, without affecting overall timescales or the other key approvals. Between January and March 2015 the Company worked towards a resubmission of the application which was subsequently accepted outside the financial year in April 2015. A final decision is expected to be made by the Secretary of State for Transport in summer 2016.

SUPPORTING APPLICATIONS

Announcements regarding supporting applications for the temporary construction park and ride and the operational park and ride facilities were provided just outside the financial year in April 2015 when the former was approved by Scarborough Borough Council (SBC), subject to conditions. The operational park and ride had been recommended for approval by planning officers at the NYMNPA, but planning committee members resolved to defer the decision on the application as it was considered premature given the main project application was still pending.

GLOBAL AGRONOMY PROGRAMME

The Group's ongoing global agronomy programme is designed to deliver commercial and scientific data on crop response to POLY4 and POLY4-based NPK blends and support ongoing discussions with customers around the globe. This has involved independent unbiased agronomic research with academic institutions around the world analysing YPL's POLY4 product to determine its efficacy on a wide range of crops in various soil conditions.

Building on results from the early trials, which established the characteristics of polyhalite as an effective, virtually chloride-free, multi-nutrient fertilizer, the focus of this year's programme has been to demonstrate the value of POLY4 on crops of commercial significance through field trials across the globe.

In its fourth year, the programme has partnered with new research organisations and delivered results from 14 crop trials in wide-ranging environments. These studies have continued to validate POLY4 as an effective fertilizer when applied alone or as an NPK blend component. In each study, Sirius Minerals' POLY4 delivered increased yields against the industry standard potash product called muriate of potash (MOP), demonstrating not only its superior performance but also its potential to assist in tackling global food challenges.

This year a series of agronomic announcements were released in conjunction with a detailed webcast available on the Company's website.

In April 2014, results from trials conducted in the UK, US and China on a variety of crops (sugarcane, soya beans, corn, wheat, potatoes and oilseed rape) in pot and field studies were confirmed. These built on the characterisation tests carried out during 2012–2013, and provided information on the presence of key micro nutrients and the apparent contribution these make in increasing yields.

From August through to October 2014, a series of results were announced from trials on vegetable crops including tomatoes, cabbages, celery and chilli peppers, the latter of which constitute a high value crop. From November 2014 through to March 2015, results came from cereal crop trials: barley, corn, rice and silage corn. The latter was the programme's first forage crop, produced for animals and demonstrates how the benefits of polyhalite's high nutrient content can be further shared across the food chain in such a major crop for animal feed.

Collectively, these studies have shown that in NPK nutrient balanced trials, POLY4 increased yields and improved quality across a range of high value vegetable and broad acre arable crops when compared with traditional MOP fertilizer and the premium fertilizer product, sulphate of potash (SOP). Furthermore, POLY4 has been shown to be an effective source of macro and micro nutrients which are readily available for uptake. In addition, post-harvest soil analysis has highlighted the nutrient legacy of using POLY4 in a fertilizer plan.

SALES

The successful marketing of polyhalite has continued to demonstrate the potential global demand for the product. Over the past 12 months, the Group has successfully established commitments for:

- 600,000 tonnes per annum of polyhalite within three take-or-pay offtake agreements;
- 500,000 tonnes per annum of polyhalite under one memorandum of understanding (MoU);
- 396,000 tonnes per annum of polyhalite under letters of intent (LoI).

The Group has taken total sales commitments of 6.9 million tonnes per annum with customers all over the world demonstrating global demand.

In July 2014, the Company announced that it had entered into an MoU with the Ministry of Agriculture Food Security and Cooperatives of the United Republic of Tanzania. The MoU is to collaborate around research on polyhalite to support its introduction into Tanzania, which has historically experienced an under application of fertilizers due to inaccessibility of low fertilizer inputs. In September 2014, this initiative developed into a joint venture MoU between the Company and state-owned Tanzania Fertilizer Company. The MoU contains provisions for the negotiation of an offtake agreement to supply up to 500,000 tonnes of polyhalite per annum to be used as required by the joint venture.

A polyhalite take-or-pay offtake agreement for up to 250,000 tonnes per annum over five years with a large Central American fertilizer distributor was confirmed in August 2014. This contract can be extended by mutual agreement for a further five years and the customer has the option to increase the minimum amount by an additional 250,000 tonnes per annum. This agreement would further extend the global sales reach of polyhalite through the customer's various networks throughout a substantial proportion of the Central American crop input market.

At the end of 2014, the Company announced its entry into a further take-or-pay offtake agreement with a leading South American fertilizer distributor for sale into several key markets in that region. The seven-year commitment from first production is for 300,000 thousand tonnes per annum of polyhalite with the option for the customer to increase the minimum amount in the agreement by an additional 150,000 thousand tonnes per annum. At the same time, a total of 296,000 tonnes per annum of sales commitments in the form of letters of intent was announced between customers and Sirius' marketing partner KEYTRADE.

In early 2015, tests on polyhalite had verified that as well as being beneficial to crops when applied as fertilizer, its high nutrient content and lack of chlorides means it also has nutritional benefits for animals. This has opened a rapidly growing new market and led to a maiden animal feed take-or-pay offtake agreement for a long term supply of 50,000 tonnes per annum of polyhalite over seven years with an option to increase this. Total sales commitments are now at 6 million tonnes per annum and 6.9 million tonnes per annum including options.

SUSTAINABLE DEVELOPMENT

FROM THE OUTSET, THE COMPANY HAS DEMONSTRATED A COMMITMENT TO THE PRINCIPLE OF SUSTAINABLE DEVELOPMENT AND WILL CONTINUE TO DO SO IN ALL AREAS OF THE BUSINESS.

THE YORK POTASH PROJECT AIMS TO DELIVER LONG-LASTING ECONOMIC BENEFITS TO THE LOCAL AREA AND REGION.

OVERVIEW

The innovative and low impact mine design has evolved as a result of the Company's huge efforts to reduce the impact on the North York Moors National Park, and sets a new standard in sustainable development. Key elements of this approach include:

ISOLATED MINE SITE LOCATION

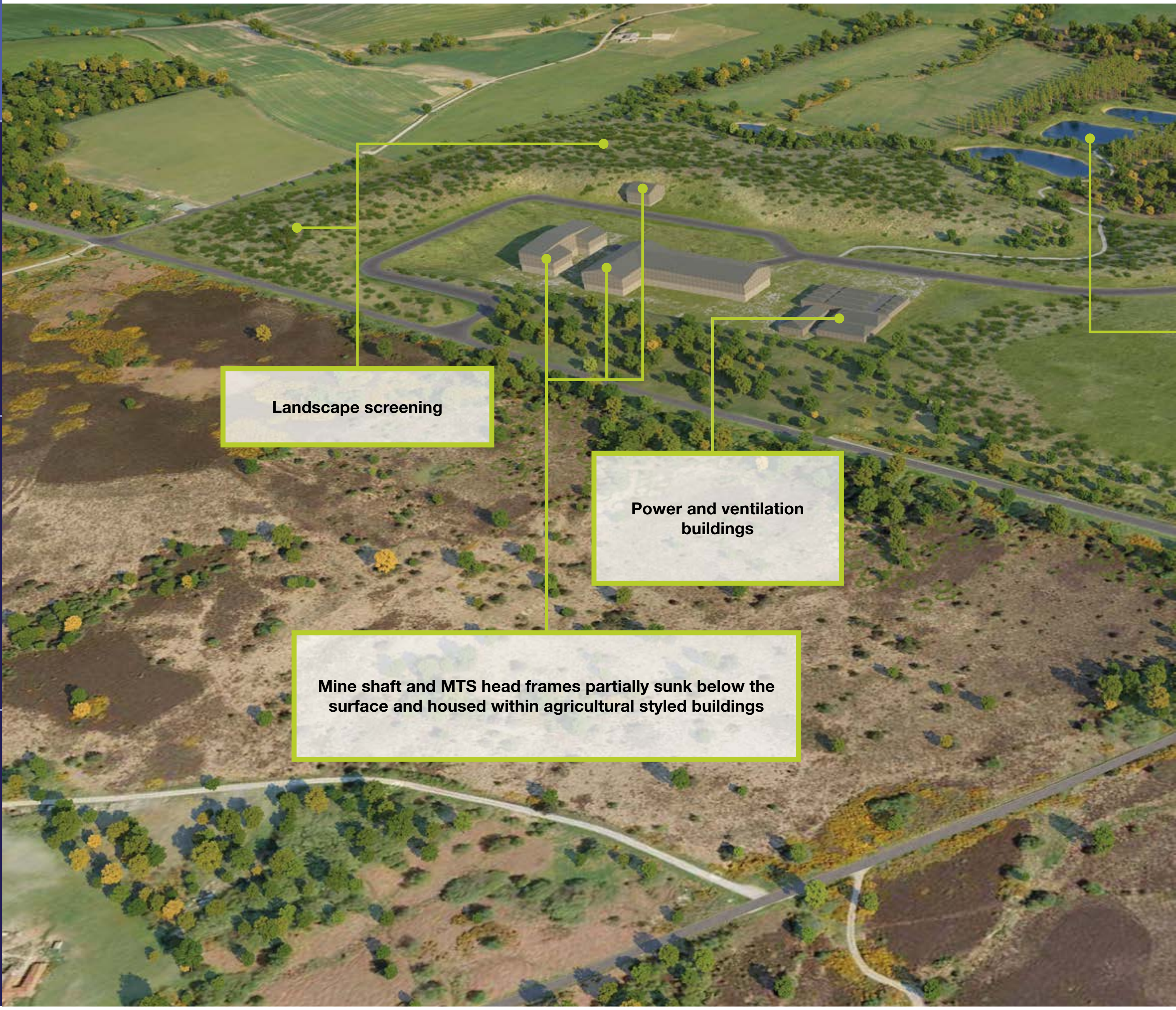
Protected moorland and prominent sites have been avoided in favour of a location that is away from local villages and uses the natural topography and existing woodland as screening.

UNOBTRUSIVE MINE INFRASTRUCTURE

In operations the number and height of surface buildings will be limited to an absolute minimum. The decision has been taken to partially sink the shaft head frames below surface.

EXTENSIVE SCREENING

The vast majority of material excavated during construction will be retained on site and will be landscaped and planted to ensure that surface buildings are not visible from outside the site.

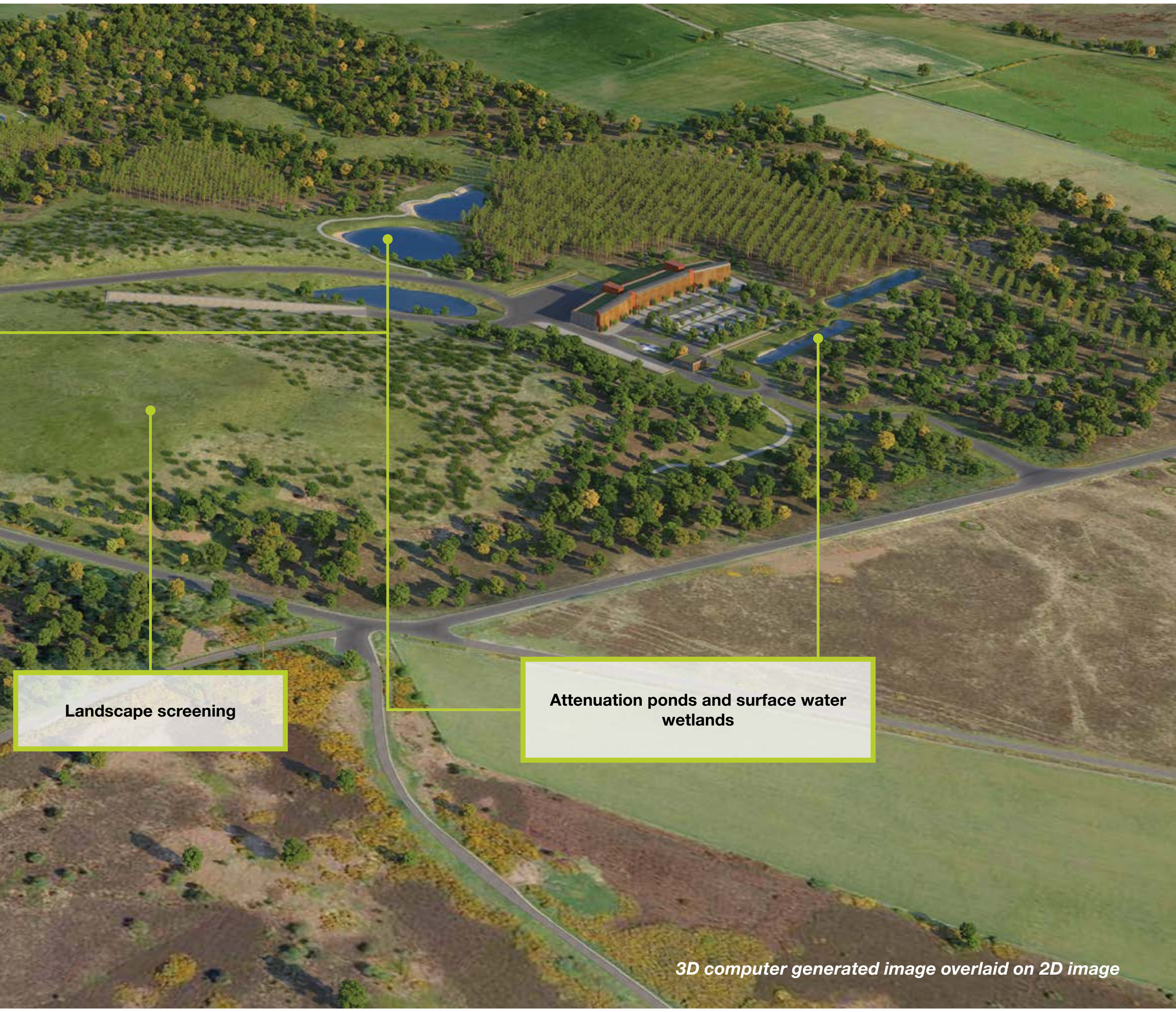


PROCESSING OUTSIDE OF THE NATIONAL PARK

All of the mined polyhalite will be granulated at Teesside to minimise the industrial footprint inside the National Park.

LOW IMPACT MINERAL TRANSPORTATION

All mined ore will be transported to Teesside in an underground tunnel in recognition of the sensitivity of the area and the lack of suitable road and rail infrastructure.



3D computer generated image overlaid on 2D image

SUSTAINABLE ECONOMIC BENEFITS

The Company has demonstrated the lengths it has taken to minimise the impact of the Project on the environment and it is clear that the development can 'live' in the National Park and, at the same time, make a long and lasting contribution to the local, regional and national economies.

The Company is deeply committed to ensuring that the local area benefits from the Project as much as possible through the employment of local people, working with local businesses, funding community projects and contributing to widespread environmental improvements.

Such is the scale of the defined resource the economic benefits will be delivered for well over one hundred years, and are set out in the *Operational and construction benefits* table.

COMMUNITY ENGAGEMENT

Taken together with the online consultation responses, a total of 1,780 people voiced their opinion, of which 98% were in favour of the Project. The Company has produced and distributed three update newsletters during the year to keep the community informed of developments on the Project, in addition to its regulatory announcements, press releases or web and social media updates.

As well as regularly attending parish and town council meetings to provide updates to local community representatives, the Company has continued to give presentations to schools, business and other interest groups together with ongoing liaison with local landowners.

OPERATIONAL AND CONSTRUCTION BENEFITS

OPERATIONAL BENEFITS

- **2,140 DIRECT AND INDIRECT JOBS**
  Bring thousands of sustainable, skilled jobs into a local economy with historic low employment growth
- **£1.1 BILLION ANNUAL CONTRIBUTION TO UK GDP**
  Increase the size of the North Yorkshire economy by up to 10%
- **£1.2 BILLION OF EXPORTS PER ANNUM**
  Reduce the balance of trade deficit by 4%
- **£234 MILLION IN TAX CONTRIBUTION A YEAR**
  Strengthen the UK's fiscal position
- **£48 MILLION IN LOCAL PAYMENTS EACH YEAR**
  Generate wealth and create additional jobs
- **£6 MILLION IN PAYMENTS TO THE YORK POTASH FOUNDATION**
  Sharing the benefits with the local area and improving community facilities

CONSTRUCTION BENEFITS

- **UP TO 2,500 CONSTRUCTION JOBS**
- **ALMOST 2,000 INDIRECT JOBS PER YEAR OVER THE CONSTRUCTION PERIOD**
- **£910 MILLION CONTRIBUTION TO GDP**
- **£156 MILLION IN TAX CONTRIBUTION**

LOCAL SKILLS DEVELOPMENT

The York Potash Project will create over 1,000 jobs for generations to come. It will provide a welcome boost to an area of historic low growth with an over-reliance on low-paid, part-time employment. Already over half of the York Potash team are from the local area, and the Company has a longstanding commitment to employ as many local people as possible.

The Company's Skills Strategy sets out how this will be delivered and its key elements include:

- Workshops in schools to raise awareness of York Potash and potential careers in science, technology, engineering and maths (STEM) more generally;
- Providing work experience and placement opportunities;
- Employing apprentices;
- University sponsorship for local young people;
- Commitment to training at least 300 adults from the local area.

A LASTING COMMUNITY ENGAGEMENT

The Company has set up the York Potash Foundation (YPF) to share the profits of the Project with the local area. Great progress has been made in the last year as the trustees developed an action plan and applied for charitable status.

The Company will contribute an annual royalty of 0.5% of revenue from the Project to the Foundation. The YPF will be independently run as a charity for the benefit of the area and will provide funding to community projects according to its objectives.

Based on current estimates the annual payment could be up to £6 million at full production. In addition, the Company will contribute an initial start-up fund of £2 million to the YPF to support local community projects during the construction period.

The Foundation's objectives define a range of areas where it can support community projects:

- Education and skills training;
- Health and well-being;
- Environmental protection and improvement;
- Improving community facilities;
- Support for the long-term unemployed.

YORKPOTASH foundation

LOCAL BUSINESS ENGAGEMENT

The Company has already spent in excess of £8 million with local businesses and this figure will increase dramatically as the York Potash Project moves into construction.

The Company will require a variety of goods and services and are committed to giving local businesses opportunities to become suppliers. We are working with local councils and enterprise partnerships to promote opportunities for local businesses and have a database of hundreds of local suppliers registered already.

As more local businesses are engaged, so the jobs created in the local area will increase.

ENVIRONMENTAL ENHANCEMENTS

The Company recognises the beauty and special qualities of the local area, particularly the National Park and, in addition to the embedded design measures, has proposed a very significant funding contribution as part of its planning obligations. These will contribute to landscape enhancements which could have a transformative effect across the National Park, including:

- Contribution to the National Park's Management Plan starting at £100,000 a year at the beginning of construction, and rising to £0.5 million a year post-construction for the lifetime of the Project;
- Funding for tree planting in the National Park, rising from £150,000 a year at the start of construction to a maximum of £0.75 million a year post-construction for the lifetime of the Project.

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 in place to mitigate them. The Board monitors spending against the budget through monthly reporting and meetings at least every two months. Progress towards the development of the Project is tracked against a project schedule and engineering and environmental studies, a global crop study 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 as a leading 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.

MANAGING RISK

Board

↓

Senior Management of the Company

REVIEW AND CONFIRMATION
Review and confirmation by the Board

IDENTIFY AND MITIGATE
Senior management identifies the risks and develops mitigation factors

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 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		
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 the 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 year end, the Company had secured offtake agreements, MoUs and letters of intent for 6.9 million tonnes of polyhalite per annum, which accounts for 53% of the 13Mtpa full 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.
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 were 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.

EXTERNAL RISKS		
PERMITS AND LICENCES	The Project requires a range of permits and licenses in order to operate. There is no guarantee that these will be forthcoming.	The Company has a broad range of consultant advisers that specialise in obtaining the 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 product, polyhalite, is unique – it 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.
OPERATIONAL RISKS		
DEFINITIVE FEASIBILITY STUDY (DFS)	The development risk will be assessed in the DFS, which will provide the engineering and 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.
DELAYS	The Project may experience construction and schedule delays due to unforeseen technical issues. The success of the Project depends in significant part upon Sirius Minerals 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 a 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's 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 at the YPP, 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 of six and a half million tonnes per annum. 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 at the Project 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, which has led to the securing of offtake agreements, letters of intent and MoUs as referred to under Commodity price risk. There is no guarantee that these crop trial results will continue to demonstrate results at the current levels.

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 member of the FMG Board. He was a 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 chairman of ASX-listed Cleveland Mining Company Limited, Executive chairman of Torrus Capital Pty Limited.

Board committees:

Remuneration Committee, Nominations Committee and Audit 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 advisory 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.

CHRIS CATLOW
NON-EXECUTIVE DIRECTOR
DEPUTY CHAIRMAN

Age: 54

Appointed: April 2010 and resigned as a director on 24 July 2015

Skills and experience:

Chris Catlow brings extensive experience as a senior executive in the international resources industry having worked on the development and operations of oil and gas, hard rock and sand mining over 25 years.

He played a central role in the formation of Iluka Resources Limited and similarly as Chief Financial Officer from the inception of Fortescue Metals Group Ltd and later as Business Development Director for seven years in the team that financed and brought into production its major iron ore mining, processing and port facilities in Western Australia's Pilbara region.

Other roles and memberships:

Fellow of the Institute of Chartered Accountants in Australia, Chairman of Admedus Limited and Chairman of Triton Minerals Limited.

Board committees:

Audit Committee, Remuneration Committee.

KEITH CLARKE
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:

He is Chair of Trustees for Forum for the Future, Non-Executive Director for Engineering UK, Future Cities Catapult and the British Standards Institute, Vice President of the Institute of Civil Engineering and adviser to both Infrastructure UK and the Government of Qatar.

Board committees:

Nominations Committee, Audit 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 Permanent Parliamentary Secretary in the Department of Trade and Industry before becoming Leader of the House of Commons and then 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 been appointed a Group Board Director in 1995, Stephen was appointed Chief Operating Officer before taking over as CEO at the end of 2004 and Chairman in 2008. Stephen has led Mace to achieve phenomenal growth with turnover increasing from £90 million in 2001 to £1.1 billion in 2012.

Under Stephen's leadership Mace has evolved into an international consultancy and construction group, with a reputation for quality and delivery, employing over 4,000 people worldwide. 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:

After stepping down as Mace CEO, Stephen remains as executive chairman on the Mace board.

PETER WOODS

NON-EXECUTIVE DIRECTOR

Age: 77

Appointed: April 2011 and resigned as a director on 24 July 2015

Skills and experience:

Peter is a consulting geologist and engineer with extensive experience in the potash industry having worked for 13 years as Chief Geologist at the Boulby Potash Mine in North Yorkshire, initially on its development and start-up. Since leaving Boulby, Peter has consulted to a number of potash companies and projects including Selection Trust on the Red Sea potash project in Saudi Arabia and for two years on the Environmental Protection Scheme for the ASEAN potash project in Thailand. In addition he has reviewed potash projects in Spain and Russia.

Peter has been advising York Potash Ltd since its establishment and has continued to do so following its acquisition by Sirius in January 2011. He served as the Secretary of State's Environmental Appointee on the North York Moors National Park Authority from 1996–1999. Peter also has an MSc in environmental management.

Other roles and memberships:

York Potash Foundation director

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 three 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:
Chris Catlow *(Committee Chairman)*
Keith Clarke
Russell Scrimshaw

Three non-executive directors including Keith Clarke as independent director.

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

Remuneration committee:
Lord Hutton *(Committee Chairman)*
Chris Catlow
Russell Scrimshaw

Three non-executive directors including Lord Hutton as independent director.

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

Nominations committee:
Keith Clarke *(Committee Chairman)*
Russell Scrimshaw

Two non-executive directors including Keith Clarke as independent director.

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

During the majority of the year the Board comprised one executive director and six non-executive directors. Jason Murray, who was previously an executive director, left the Company on 15 August 2014. 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 one of the world's most important potash producers. The particular experience and skills of each director can be found in their biographies in the Board of Directors section on page 38–39.

The Board considers Lord Hutton, Keith Clarke and Stephen Pycroft 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 two months, to discuss significant matters including long-term strategy, short-term operational 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	8/8	3/3	1/1	3/3
CN Fraser	8/8			
JH Murray*				
CJ Catlow	8/8	3/3	1/1	
Lord Hutton	8/8		1/1	
PJE Woods	8/8			
KEF Clarke	8/8	3/3		3/3
SG Pycroft	8/8			

*Jason Murray left the business on 15 August 2014

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.

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.

OVERVIEW
STRATEGIC REPORT
GOVERNANCE
FINANCIALS
OTHER

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 assurance activities within the Group including from regular management information and the external auditors.

GOING CONCERN

The directors have reviewed the financial performance of the Group since 31 March 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 are a number of material uncertainties inherent in the York Potash Project. The impact of these uncertainties on the directors' consideration of the going-concern assumption is set out in note 1 to these financial statements.

KEY PERFORMANCE INDICATORS

The Group's approach to key performance indicators is set out in Principal risks and uncertainties report on page 34.

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 34 to 36.

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

DIRECTORS' REPORT

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

DIRECTORS

THE DIRECTORS OF THE COMPANY DURING THE YEAR WERE:		
RJ Scrimshaw	Non-executive Chairman	
CN Fraser	Managing Director & CEO	
JH Murray	Finance Director & CFO	Resigned as a director 15 August 2014
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
KEF Clarke	Non-executive Director	
SG Pycroft	Non-executive Director	

RESULTS AND DIVIDENDS

The loss of the Group for the year was £9,565,000 (2014: 7,978,000). The loss of the Company for the year was £4,952,000 (2014: £6,297,000).

The directors do not recommend a payment of a dividend for the year (2014: £nil).

DIRECTORS' INTERESTS

As at 31 March 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	Number of warrants held
CN Fraser	122,628,314	5.72	
CJ Catlow	102,213,000	4.76	
RJ Scrimshaw	40,133,504	1.87	833,333
SG Pycroft	24,807,870	1.15	1,250,000
PJE Woods	4,199,916	0.20	
KEF Clarke	416,666	0.02	208,333
Lord Hutton	28,571	0.002	

SUBSTANTIAL SHAREHOLDINGS

Shareholdings as at 30 June 2015 of 3% or more are as follows:

	Percentage of the company held
Directors	13.63
Hargreaves Lansdown Asset Mgt.	9.83
Capital Research Global Investor	9.59
Barclays Wealth Mgt.	7.59
Jupiter Asset Mgt.	6.48
Halifax Share Dealing	6.29
TD Direct Investing	5.78
WH Ireland	3.05

On 14 March 2014 179,321,029 warrants were issued. Each warrant is exercisable into one new ordinary share in the Company with an exercise price of 18p per share. Since the year end until the date of signing of the reports and accounts, 34,451,083 warrants have been exercised, generating £6,201,195 of income. Further details are set out in note 26 to these financial statements.

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 24 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 33 to 36.

EVENTS AFTER THE REPORTING YEAR

On 2 April 2015 the Company issued 3,472,223 new ordinary shares of 0.25p each to the Company's investor pursuant to a notice of exercise in respect of convertible securities previously issued on 23 January 2014 at a price of 7.2p per share.

On 5 April 2015 43,800,000 options over ordinary shares in the Company lapsed. The options were held by Broadscope Pty Ltd as trustee for the Catlow Family Trust, of which Mr Christopher Catlow is a beneficiary.

On 8 April 2015 the Company issued 847,381 new ordinary shares, of 0.25p each which had vested in April 2015 under the Company's LTIP to executive directors and employees of the Company. As part of the issue of ordinary shares under the LTIP, CN Fraser was issued 285,714 ordinary shares.

On 8 April 2015 the Company issued 5,616,439 new ordinary shares of 0.25p each to the Company's investor pursuant to a notice of exercise in respect of convertible securities previously issued on 23 January 2014 at a price of 7.3p per share.

On 9 April 2015 the Company issued 2,054,795 new ordinary shares of 0.25p each to the Company's investor pursuant to a notice of exercise in respect of convertible securities previously issued on 23 January 2014 at a price of 7.3p per share.

On 9 April 2015 the Company issued 6,081,082 new ordinary shares of 0.25p each to the Company's investor pursuant to a notice of exercise in respect of convertible securities previously issued on 23 January 2014 at a price of 7.4p per share.

On 23 April 2015, Redcar & Cleveland Borough Council granted resolution to approve the mine and mineral transport system planning application.

On the 30 June 2015, the North York Moors National Park Authority granted resolution to approve the mine and mineral transport system planning application.

On 24 July 2015 Chris Catlow and Peter Woods resigned as directors of the Company.

On 27 July 2015 Jane Lodge and Noel Harwerth were appointed as directors of the Company.

Further details on post balance sheet events are set out in note 26 to these financial statements. Details of the approvals process are set out in Operations report: The York Potash Project on pages 24 to 26.

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 year, the Group made donations of £10,000 to local and national charities.

Approved by the Board of Directors and signed on behalf of the Board.

NA King
Company Secretary
29 July 2015

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 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 March 2015 and of the group's loss and the group's and the company's cash flows for the year 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 complete feasibility studies and secure long term project finance for the York Potash Project, 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

Sirius Minerals Plc's financial statements comprise:

- the consolidated statement of financial position and the company statement of financial position as at 31 March 2015;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows and the company statement of cash flows for the year then ended;
- the consolidated statement of changes in equity and the company statement of changes in equity for the year 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 applicable law and IFRSs as adopted by the European Union 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 year 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 Financial Statements 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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

29 July 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2015

	Notes	**2015 £000s**	2014 £000s
Revenue		**-**	-
Administrative expenses		**(10,047)**	(9,115)
Operating loss	5	**(10,047)**	(9,115)
Finance income	6	**332**	49
Finance costs	7	**(353)**	(1,063)
Loss before taxation		**(10,068)**	(10,129)
Taxation	9	**503**	2,151
Loss for the financial year		**(9,565)**	(7,978)
Loss per share:			
Basic and diluted	10	**(0.5)p**	(0.5)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	**2015** **£000s**	2014 £000s
Loss for the financial year attributable to owners of the parent		**(9,565)**	(7,978)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**(346)**	210
Other comprehensive income/(loss) for the year		**(346)**	210
Total comprehensive loss for the year		**(9,911)**	(7,768)

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 March 2015

ASSETS	Notes	2015 £000s	2014 £000s
Non-current assets			
Property, plant and equipment	11	**1,932**	2,116
Intangible assets	12	**121,721**	92,814
Total non-current assets		**123,653**	94,930
Current assets			
Other receivables	14	**1,413**	1,046
Cash and cash equivalents	16	**26,640**	48,404
Total current assets		**28,053**	49,450
TOTAL ASSETS		**151,706**	144,380
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**5,362**	4,658
Share premium account		**216,586**	197,797
Share based payment reserve	19	**13,290**	11,404
Accumulated losses		**(95,630)**	(86,360)
Foreign exchange reserve		**7,028**	7,374
Total equity		**146,636**	134,873
Current liabilities			
Loan from third parties	17	**1,980**	5,340
Trade and other payables	21	**3,090**	4,167
Total liabilities		**5,070**	9,507
TOTAL EQUITY AND LIABILITIES		**151,706**	144,380

The financial statements on pages 50–57 were issued and approved by the Board of Directors on 29 July 2015 and signed on its behalf by:

CN Fraser
Managing Director and CEO

Company Registration Number 04948435

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 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 31 March 2013		3,359	147,763	10,345	(79,392)	7,164	89,239
Loss for the financial year		-	-	-	(7,978)	-	(7,978)
Foreign exchange differences on translation of foreign operations		-	-	-	-	210	210
Total comprehensive loss for the year		-	-	-	(7,978)	210	(7,768)
Convertible loan		368	9,562	-	1,010	-	10,940
Share issue		897	42,147	897	-	-	43,941
Share issue costs		-	(2,180)	-	-	-	(2,180)
Share based payments		27	-	162	-	-	189
Exercised options		7	505	-	-	-	512
At 31 March 2014		4,658	197,797	11,404	(86,360)	7,374	134,873
Loss for the financial year		-	-	-	(9,565)	-	(9,565)
Foreign exchange differences on translation of foreign operations		-	-	-	-	(346)	(346)
Total comprehensive (loss)/income for the year		-	-	-	(9,565)	(346)	(9,911)
Convertible loan	17	113	3,287	-	295	-	3,695
Share issue		572	15,853	-	-	-	16,425
Share issue costs		-	(665)	-	-	-	(665)
Share based payments	19	-	-	1,886	-	-	1,886
Exercised options	18	19	314	-	-	-	333
At 31 March 2015		**5,362**	**216,586**	**13,290**	**(95,630)**	**7,028**	**146,636**

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 exchanges differences which arise on translation of foreign operations with a functional currency other than Sterling.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	Notes	**2015 £000s**	2014 £000s
Cash outflow from operating activities	22	**(10,240)**	(7,950)
Cash flow from investing activities			
Purchase of intangible assets	12	**(27,188)**	(17,424)
Purchase of plant and equipment	11	**(62)**	(1,461)
Repayment of loan to third party	17	**-**	915
Net cash used in investing activities		**(27,250)**	(17,970)
Cash flow from financing activities			
Proceeds from loan	17	**-**	15,748
Proceeds from issue of shares	18	**16,758**	43,557
Share issue costs		**(665)**	(2,180)
Finance (costs)/income		**(21)**	(1,014)
Net cash generated from financing activities		**16,072**	56,111
Net increase/(decrease) in cash and cash equivalents		**(21,418)**	30,191
Cash and cash equivalents at beginning of the year	16	**48,404**	17,980
Effect of foreign exchange rate changes		**(346)**	233
Cash and cash equivalents at end of the year	16	**26,640**	48,404

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

ASSETS	Notes	**2015 £000s**	2014 £000s
Non-current assets			
Property, plant and equipment	11	**6**	31
Intangible assets	12	**1**	3
Investments in subsidiaries	13	**81,095**	79,619
Total non-current assets		**81,102**	79,653
Current assets			
Other receivables	14	**170**	142
Loans to subsidiaries	15	**61,677**	14,356
Cash and cash equivalents	16	**10,822**	46,577
Total current assets		**72,669**	61,075
TOTAL ASSETS		**153,771**	140,728
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	18	**5,362**	4,658
Share premium account		**216,586**	197,797
Share based payment reserve	19	**13,290**	11,404
Accumulated losses		**(83,055)**	(78,398)
Total equity		**152,183**	135,461
Current liabilities			
Loan from third party		**1,229**	4,591
Trade and other payables	21	**359**	676
Total liabilities		**1,588**	5,267
TOTAL EQUITY AND LIABILITIES		**153,771**	140,728

The financial statements on pages 50–57 were issued and approved by the Board of Directors on 29 July 2015 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 year ended 31 March 2015

	Notes	Share capital £000s	Share premium account £000s	Share based payments reserve £000s	Accumulated losses £000s	Equity shareholders' funds £000s
At 31 March 2013		3,359	147,763	10,345	(73,111)	88,356
Loss for the year and total comprehensive income		-	-	-	(6,297)	(6,297)
Convertible loan		368	9,562	-	1,010	10,940
Share issue		897	42,147	897	-	43,941
Share issue costs		-	(2,180)	-	-	(2,180)
Exercised options		7	505	-	-	512
Share based payment reserve		27	-	162	-	189
At 31 March 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)
Exercised options	18	19	314	-	-	333
Share based payment reserve	19	-	-	1,886	-	1,886
At 31 March 2015		**5,362**	**216,586**	**13,290**	**(83,055)**	**152,183**

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 year ended 31 March 2015

	Notes	**2015 £000s**	2014 £000s
Cash outflow from operating activities	22	**(2,797)**	(3,787)
Cash flow from investing activities			
Purchase of intangible assets	12	**-**	-
Purchase of plant and equipment	11	**-**	-
Plant and equipment transferred to group company	11	**-**	-
Investments in subsidiary companies	13	**(1,476)**	(1,213)
Loans to subsidiary companies	15	**(47,321)**	(14,014)
Net cash used in investing activities		**(48,797)**	(15,227)
Cash flow from financing activities			
Proceeds from loan	17	**-**	15,000
Proceeds from issue of shares	18	**16,758**	43,557
Share issue costs		**(665)**	(2,180)
Loan from subsidiary company		**-**	-
Finance (costs)/income		**(254)**	(1,042)
Net cash generated/(used in) from financing activities		**15,839**	55,335
Net increase/(decrease) in cash and cash equivalents		**(35,755)**	36,321
Cash and cash equivalents at beginning of the year	16	**46,577**	10,256
Effect of foreign exchange rate changes		**-**	-
Cash and cash equivalents at end of the year	16	**10,822**	46,577

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The annual 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 March 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 90.

GOING CONCERN

The group and company incurred a loss for the year after taxation of £9,565,000 and as at 31 March 2015, its assets exceeded its liabilities by £146,636,000. Whilst the Directors remain confident of a positive outcome in each of the following areas they recognise that there are a number of material uncertainties inherent in the York Potash Project, namely;

- The conclusion of the feasibility studies to prove the availability and economic viability of polyhalite resources
- Securing sufficient financing to fund full operational development

An unsuccessful outcome in respect of these material uncertainties may cast significant doubt on the group and company's ability to continue as a going concern. However, the Directors remain positive following recent planning decisions covering the Project's mine and mineral transport system and the group and company's ability to raise finance in the future. The Directors are of the view that additional funding will be secured as necessary. In March 2015, the group and company secured a further £15m through a placement of shares.

The group and company retains the ability to defer certain expenditure and operate within the level of its existing funds for a period which the Directors believe to be sufficient to enable them to secure funding. On this basis the Directors have concluded that the group and company retains sufficient resources to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include the adjustments which would result if the group and company were unable to continue as a going concern.

INTERNATIONAL FINANCIAL REPORTING STANDARDS IN "ISSUE" BUT NOT YET EFFECTIVE

At the date of authorisation of these consolidated financial statements, the IASB and IFRS IC have issued standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. Whilst these standards and interpretations are not effective for and have not been applied in the preparation of these consolidated financial statements, the following may potentially have an impact going forward:

- IAS 32 (Amendment) 'Financial Instruments: Presentation' (effective from 1 January 2014);
- IFRS 9 'Financial Instruments' (effective from 1 January 2015);

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 April 2015 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) prepared to 31 March each year. 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 year was £4,952,000 (2014: £6,297,000).

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 3 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 year that were used in preparing the consolidated financial statements were:

	Balance sheet date	Average rate
Australian Dollars to Sterling	1.91 (2014: 1.80)	1.85 (2014: 1.70)
US Dollars to Sterling	1.49 (2014: 1.66)	1.61 (2014: 1.59)
Canadian Dollars to Sterling	1.87 (2014: 1.84)	1.83 (2014: 1.67)

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. Pension contributions are made in respect of the group's employees based in Australia and are charged to the income statement in the period to which the contributions relate.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditure is generally capitalised as an intangible asset however, some expenditure is expensed to the income statement.

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 12).

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 potash companies. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. 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 two business divisions: the UK segment which consists of the York Potash related activities and the corporate operations and the Rest of World which includes the parent company's other overseas interests. These divisions are the segments for which the group reports information internally to the Board of Directors. The group's operations are predominantly in the United Kingdom.

	UK	Rest of the world	
	Corporate operations and resource Evaluation and exploration £000s	Resource evaluation and exploration Environmental solutions £000s	**Total £000s**
Year ended 31 March 2015			
Operating (loss)/profit	(10,207)	160	**(10,047)**
Finance costs	(353)	-	**(353)**
Finance income	328	4	**332**
(Loss)/profit before taxation	(10,231)	163	**(10,068)**
Tax credits	503	-	**503**
(Loss)/profit for the year from continuing operations	(9,728)	163	**(9,565)**
Total assets	151,340	366	**151,706**
Total liabilities	(4,900)	(170)	**(5,070)**
Net assets	146,440	196	**146,636**
Capital expenditure	28,990	-	**28,990**
Depreciation and amortisation	203	-	**203**
Share based payment cost	2,493	-	**2,493**

	UK	Rest of the world	
	Corporate operations and resource Evaluation and exploration £000s	Resource evaluation and exploration Environmental solutions £000s	**Total £000s**
Year ended 31 March 2014			
Operating (loss)/profit	(8,948)	(167)	**(9,115)**
Finance costs	(1,063)	-	**(1,063)**
Finance income	43	6	**49**
(Loss)/profit before taxation	(9,968)	(161)	**(10,129)**
Tax credits	2,151	-	**2,151**
(Loss)/profit for the year from continuing operations	(7,817)	(162)	**(7,978)**
Total assets	143,819	561	**144,380**
Total liabilities	(9,326)	(181)	**(9,507)**
Net assets	134,493	380	**134,873**
Capital expenditure	20,508	-	**20,508**
Depreciation and amortisation	216	8	**224**
Share based payment cost	564	-	**564**

4. SUMMARY OF ADMINISTRATIVE EXPENSES

The company made impairment charges in respect of its loans receivable from Auspotash Corporation and Sirius Minerals (Australia) Pty Limited (see notes 13 and 15). The total expense recognised within the income statement in relation to impairment charges is £2,898 (2014: £23,174).

5. OPERATING LOSS IS STATED AFTER CHARGING:

	2015 £000s	2014 £000s
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's financial statements and the consolidated financial statements (including £30,000 in respect of the company (2014: £30,000))	**77**	60
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**	30
– Tax compliance	**28**	12
– Other tax services	**38**	28
Depreciation of property, plant and equipment	**182**	198
Amortisation of intangible assets	**22**	26
Operating lease charges	**228**	334
Research and development	**-**	-
Foreign exchange gains/(losses)	**37**	388

6. FINANCE INCOME

	2015 £000s	2014 £000s
Bank interest received	**156**	33
Loan interest received	**176**	16
	332	49

7. FINANCE COSTS

	2015 £000s	2014 £000s
Interest on convertible loan	**334**	1,056
Loan interest on mortgage paid	**19**	7
	353	1,063

8. STAFF NUMBERS AND COSTS (INCLUDING DIRECTORS)

Group	2015 Number	2014 Number
Average monthly number of staff (including Directors)	**60**	61

Company	2015 Number	2014 Number
Average monthly number of staff (including Directors)	**15**	16

Staff costs (including Directors) during the year were:

Group	£000s	£000s
Wages and salaries	**5,152**	5,193
Social security costs	**651**	799
Other pension costs	**2**	9
Other benefits	**116**	249
Compensation for loss of office	**70**	38
Relocation	**61**	85
	6,052	6,373

At the year-end, £2,183,346 (2014: £2,087,000) was capitalised as intangible exploration costs.

Company	2015 £000s	2014 £000s
Wages and salaries	**1,860**	1,953
Social security costs	**237**	324
Other pension costs	**2**	1
Other benefits	**20**	206
Compensation for loss of office	**54**	-
Relocation	**19**	5
	2,192	2,489

Directors emoluments during the year were:

	Wages and Salaries £000s	Bonuses £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	25	-	-	-	**25**
SG Pycroft	25	-	-	-	**25**
	808	**-**	**66**	**19**	**893**

During the year, there were no contributions to pension schemes for the Directors (2014: nil). Details of the share options granted to the Directors during the year are given in note 19. Other benefits include health insurance and tax due on benefits.

	Wages and Salaries £000s	Bonuses £000s	Compensation for loss of office £000s	Other benefits £000s	**Total £000s**
Year ended 31 March 2014					
RJ Scrimshaw	50	-	-	-	**50**
CN Fraser	360	-	-	50	**410**
JH Murray	350	-	-	9	**359**
CJ Catlow	25	-	-	-	**25**
Sir David Higgins	19	-	-	-	**19**
Lord Hutton	25	-	-	-	**25**
Prof MR Mainelli	25	-	-	-	**25**
PJE Woods	25	-	-	-	**25**
K Clarke	7	-	-	-	**7**
SG Pycroft	1	-	-	-	**1**
	887	**-**	**-**	**59**	**946**

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Highest paid director:

	2015 £000s	2014 £000s
Total emoluments and amounts (excluding shares receivable under long term incentive schemes)	**375**	410

Share options held by the Directors at the year-end were

	Grant date	Number of options (000s)	Exercise price £	Vesting date	Expiry date
CJ Catlow	6 April 2010 *	25,000	0.0450	6 April 2010	5 April 2015
	6 April 2010 *	18,800	0.0450	19 January 2011	5 April 2015
RJ Scrimshaw	16 December 2010*	12,500	0.2500	16 December 2010	15 December 2015
	16 December 2010*	12,500	0.3500	16 December 2010	15 December 2015
	16 December 2010*	12,500	0.4500	16 December 2010	15 December 2015
CN Fraser	26 Sept 2012*	10,000	0.3000	26 September 2014	26 September 2017
	26 Sept 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
KEF Clarke	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:

	2015 £000s	2014 £000s
Short-term employee benefits	**827**	946
Termination benefits	**66**	-
	893	946

9. TAXATION

	2015 £000s	2014 £000s
Corporation tax		
Current year	**-**	-
Deferred tax	**-**	-
Effect of change in tax rate	**-**	-
Release of deferred tax on impairment	**-**	-
Offset of deferred tax asset	**-**	(660)
	-	(660)

The credit for the year can be reconciled to the loss per the income statement as follows:

	2015 £000s	2014 £000s
Loss on ordinary activities before taxation	**(10,068)**	(10,129)
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 21% (2014: 23%)	**(2,114)**	(2,330)
Taxation effects of:		
Expenses not deductible for tax purposes	**42**	50
Effect of change in tax rate	**-**	(659)
Release of deferred tax on impairment	**-**	-
Offset of deferred tax asset	**-**	-
Trading losses utilized	**(62)**	78
Trading losses not utilized	**2,121**	2,203
Research & development tax credit	**(503)**	(1,492)
Capital allowances in excess of depreciation	**13**	(1)
Depreciation in excess of capital allowances	**-**	-
Tax credit for the year	**(503)**	(2,151)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 21%. From 1 April 2015, the rate is planned to change from 21% to 20%.

Taxation in the Consolidated Comprehensive Income Statement includes a tax credit of £0.5M in relation to a Research and Development claim.

The group has unused tax losses of £43,184,000 (2014: £32,602,000). The related deferred tax asset has not been recognised in the financial statements due to the uncertainty surrounding its recoverability however, has been offset against the deferred tax liability. The deferred tax asset can be recovered against suitable future trading profits.

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Given the group's reported loss for the year, share options are not taken into account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted earnings per share are the same.

	2015 £000s	2014 £000s
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the parent	**(9,565)**	(7,978)
Loss for the purpose of diluted earnings per share	**(9,565)**	(7,978)

	2015 Number 000s	2014 Number 000s
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,901,126**	1,435,723

If the company's share options were taken into consideration in respect of the company's weighted average number of ordinary shares for the purpose of diluted earnings per share, it would be as follows:

	2015 Number 000s	2014 Number 000s
Number of shares		
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,960,057**	1,503,154
Basic and diluted loss per share	**(0.5)p**	(0.5)p

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Given the group's reported loss for the year, share options are not taken into account when determining the weighted average number of ordinary shares in issue during the year, therefore basic and diluted earnings per share are the same.

11. 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 2013	309	224	303	92	110	130	1,168
Additions	1,456	3	1	1	-	-	1,461
Reclass	-	-	-	-	-	-	-
Impairments	-	(6)	(21)	-	-	-	(27)
Expensed to income statement	-	(7)	(3)	(13)	-	-	(23)
Foreign exchange movement	-	(9)	(20)	-	-	-	(29)
At 1 April 2014	1,765	205	260	80	110	130	2,550
Additions	-	50	2	10	-	-	62
Reclass	-	(34)	(66)	-	-	-	(100)
Impairments	-	-	-	-	-	-	-
Expensed to income statement	-	-	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-	-	-
At 31 March 2015	1,765	221	196	90	110	130	2,512

Accumulated Depreciation							
At 1 April 2013	-	65	72	49	30	26	242
Charge expensed to income statement	-	62	66	19	21	30	198
Reclass	-	-	-	-	-	-	-
Foreign exchange movement	-	(3)	(3)	-	-	-	(6)
At 1 April 2014	-	124	135	68	51	56	434
Charge expensed to income statement	-	58	60	13	21	30	182
Reclass	-	(24)	(12)	-	-	-	(36)
Foreign exchange movement	-	-	-	-	-	-	-
At 31 March 2015	-	158	183	81	72	86	580

Net book value							
At 31 March 2015	**1,765**	**63**	**13**	**9**	**38**	**44**	**1,932**
At 31 March 2014	1,765	81	125	12	59	74	2,116
At 1 April 2013	309	159	231	43	80	104	926

Company	Computer equipment £000s	Furniture & fixtures £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1 April 2013	36	32	37	105
Additions	-	-	-	-
Reclass	-	-	-	-
Transferred to group company	-	-	-	-
Expensed to income statement	-	(4)	-	(4)
At 1 April 2014	36	28	37	101
Additions	-	-	-	-
Reclass	(5)	-	-	(5)
Transferred to group company	-	-	-	-
Expensed to income statement	-	-	-	-
At 31 March 2015	31	28	37	96

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Accumulated Depreciation				
At 1 April 2013	17	13	14	44
Charge expensed to income statement	11	9	6	26
Reclass	-	-	-	-
Transferred to group company	-	-	-	-
Expensed to income statement	-	-	-	-
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
Net book value				
At 31 March 2015	1	-	5	6
At 31 March 2014	8	6	17	31
At 1 April 2013	19	19	23	61

Operating lease expenditure of £228,000 (2014: £334,000) relating to the lease of property is charged to the income statement (see note 5).

12. INTANGIBLE ASSETS

Group	Exploration costs and rights £000s	Goodwill £000s	Software £000s	Total £000s
Cost				
At 1 April 2013	125,386	9,079	79	134,544
Additions	19,097	-	-	19,097
Foreign exchange movement	-	-	-	-
At 31 March 2014	144,483	9,079	79	153,641
Additions	28,929	-	-	28,929
Foreign exchange movement	-	-	-	-
As at 31 March 2015	173,412	9,079	79	182,570
Accumulated provision for permanent diminution in value				
At 1 April 2013	(58,339)	(2,436)	(26)	(60,801)
Impairment	-	-	-	-
Amortisation	-	-	(26)	(26)
At 31 March 2014	(58,339)	(2,436)	(52)	(60,827)
Amortisation	-	-	(22)	(22)
At 31 March 2015	(58,339)	(2,436)	(74)	(60,849)
Net book value				
31 March 2015	**115,073**	**6,643**	**5**	**121,721**
31 March 2014	86,144	6,643	27	92,814

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 25 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 March 2015.

IMPAIRMENT

There were no impairment charges in the year. Last year there were impairment charges of £4,000.

Company	Software £000s
Cost	
At 1 April 2013	10
Additions	-
At 31 March 2014	10
Additions	-
At 31 March 2015	10
Accumulated provision for permanent diminution in value	
At 1 April 2013	(3)
Impairment	(4)
At 31 March 2014	(7)
Amortisation	(2)
At 31 March 2015	(9)
Net book value	
31 March 2015	**1**
31 March 2014	3

13. INVESTMENTS IN SUBSIDIARIES

Company	2015 £000s	2014 £000s
At 1 April 2014	**79,619**	78,406
Additions	**1,476**	1,213
Impairment	**-**	-
At 31 March 2015	**81,095**	79,619

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 Ltd	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%
CO_2 Energy Storage Limited *	USA	Environmental solutions	100%

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

14. OTHER RECEIVABLES

	2015 £000s	2014 £000s
Group		
Other receivables	**783**	536
Prepayments	**630**	510
	1,413	1,046

	2015 £000s	2014 £000s
Company		
Other receivables	**79**	12
Prepayments	**91**	130
	170	142

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

During the year, no bad and doubtful debt charges have been recognised by the group in the income statement (2014: £nil).

At the year-end, no receivables were either impaired (2014: £nil) or past due but not impaired (2014: £nil).

15. LOANS TO SUBSIDIARIES

Company	2015 £000s	2014 £000s
At 1 April 2014	**14,356**	342
Additions	**47,321**	15,113
Transferred to group company	**-**	-
Impairment	**-**	(1,099)
At 31 March 2015	**61,677**	14,356

Company	2015 £000s	2014 £000s
Sirius Minerals Holdings Limited	**61,677**	14,356
	61,677	14,356

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.

16. CASH AND CASH EQUIVALENTS

	2015 £000s	2014 £000s
Group		
Cash at bank	**26,640**	48,404

	2015 £000s	2014 £000s
Company		
Cash at bank	**10,822**	46,577

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 is held in the following currencies:

	2015 £000s	2014 £000s
Group		
Sterling	**26,308**	47,935
Euros	**46**	71
US Dollars	**92**	127
Canadian Dollars	**4**	43
Australian Dollars	**190**	228
	26,640	48,404

	2015 £000s	2014 £000s
Company		
Sterling	**10,774**	46,494
Euros	**46**	63
US Dollars	**2**	17
Australian Dollars	**-**	3
	10,822	46,577

17. LOANS

	2015 £000s	2014 £000s
Group		
Convertible loan	**1,232**	4,592
Loan from third parties	**748**	748
Loan from third parties	**1,980**	5,340

During the year 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 £25m with an institutional investor. Under the agreement, up to £25m 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 £10m was executed in August 2013 and a further £5m executed in January 2014. The remaining two tranches have now expired. Following the year end, the convertible loan was fully converted.

The convertible loan will be held at fair value as a derivative liability with fair value movements being recorded through the income statement. The share options have been recorded in equity.

18. SHARE CAPITAL

	2015 £000s	2014 £000s
Allotted and called up		
2,145,020,261 (2014: 1,863,331,072) ordinary shares of 0.25p each	**5,362**	4,658

On 9 April 2014 the company issued 1,198,095 new ordinary shares of 0.25p each to company employees under the company's long term incentive plan.

On 2 June 2014 the company issued 900,000 new ordinary shares of 0.25p each to Jason Murray, Executive Director pursuant to share awards under his contract of employment which had vested.

On 4 August 2014 the company cancelled 25,000 new ordinary shares of 0.25p each

On 20 August 2014 the company issued 1,044,445 new ordinary shares of 0.25p each to Jason Murray, Executive Director upon leaving the company pursuant to share awards which had vested.

On 20 August 2014 the company issued 250,000 new ordinary shares of 0.25p each at a price of 4.5p per share, realising £10,625, following the exercise of share options.

On 12 September 2014 the company issued 500,000 new ordinary shares of 0.25p each at a price of 4.5p per share, realising £21,250, following the exercise of share options.

On 23 March 2015 the company issued 500,000 new ordinary shares of 0.25p each at a price of 4p per share, realising £18,750, following the exercise of share options.

On 24 March 2015 the company issued 6,200,000 new ordinary shares of 0.25p each at a price of 4.5p per share, realising £263,500, following the exercise of share options.

Throughout the year, pursuant to notices served by the company's investor under the convertible securities facility entered into on 11 August 2013 the company issued the following new ordinary shares of 0.25p each:

Issue price	Number of shares	Weighted average price
At 5–8 pence	16,085,268	6.5p
8–10 pence	28,611,849	9.3p
10–12 pence	446,429	11.1p
Total	**45,143,546**	**8.3p**

On 9 March 2015 the company issued 225,978,103 new ordinary shares of 0.25p each to various parties in connection with a placing at a price of 7p per ordinary share.

During the year, 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 2014	171,123	0.2019	-
Granted during the year	5,900	0.3169	-
Forfeited/lapsed	(2,432)	0.0908	-
Exercised during the year	(7,450)	0.1708	0.2370
At 31 March 2015	**167,141**	**0.2437**	
Exercisable at 31 March 2015	135,889	0.2167	

	Number of options 000s	Weighted average exercise price £	Weighted average share price at exercise £
At 31 March 2013	203,700	0.2316	-
Granted during the year	11,166	0.2499	-
Forfeited/lapsed	(40,743)	0.2471	-
Exercised during the year	(3,000)	0.1708	0.2370
At 31 March 2014	**171,123**	**0.2301**	
Exercisable at 31 March 2014	155,926	0.2019	

Details of the share options granted during the year are as follows:

	Tranche 1	**Tranche 2**	**Tranche 3**
Recipient	Senior Manager	Senior Manager	Senior Manager
Grant date	28 May 2014	29 July 2014	29 July 2014
Share price at date of grant (£)	0.130	0.115	0.115
Exercise price (£)	0.350	0.300	0.300
Volatility rate	107.01%	87.29%	87.29%
Expected life (years)	5	5	5
Risk free rate	1.79%	1.98%	1.98%
Dividend yield	0.00%	0.00%	0.00%
Vesting date	28 May 2017	29 July 2016	29 July 2015
Number of options (000s)	1,000	250	250
Fair value of options at date of grant (£000s)	£85	£22	£22

	Tranche 4	Tranche 5	Tranche 6
Recipient	Senior Manager	Senior Manager	Senior Manager
Grant date	29 July 2014	12 August 2014	20 Nov 2014
Share price at date of grant (£)	0.115	0.105	0.125
Exercise price (£)	0.300	0.350	0.300
Volatility rate	87.29%	87.48%	82.88%
Expected life (years)	5	5	5
Risk free rate	1.98%	1.69%	1.30%
Dividend yield	0.00%	0.00%	0.00%
Vesting date	29 July 2017	12 August 2017	20 Nov 2015
Number of options (000s)	250	1,000	75
Fair value of options at date of grant (£000s)	£22	£76	£7

	Tranche 7	Tranche 8	Tranche 9
Recipient	Senior Manager	Senior Manager	Senior Manager
Grant date	20 Nov 2014	27 January 2015	27 January 2015
Share price at date of grant (£)	0.125	0.097	0.097
Exercise price (£)	0.300	0.300	0.300
Volatility rate	82.88%	81.54%	81.54%
Expected life (years)	5	3	5
Risk free rate	1.30%	0.91%	0.91%
Dividend yield	0.00%	0.00%	0.00%
Vesting date	20 Nov 2016	20 January 2016	20 January 2018
Number of options (000s)	75	1500	1500
Fair value of options at date of grant (£000s)	£7	£38	£99

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 year-end had a weighted average remaining contractual life of 5.6 years (2014: 6.1 years).

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

The aggregate of the fair values of the options granted during the year is £379,000 of which £86,000 was expensed to the income statement (2014: £51,000). The fair value of the options that were exercised during the year is £209,000 (2014: £255,000) and the fair value of the options that were forfeited during the year is £309,000 (2014: £3,832,000). The fair value of options that were granted in the prior year but expensed during the year is £115,000 (2014: £1,606,000).

The total expense recognised within the income statement in the year in relation to share options is £1,238,000 (2014: £580,000).

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 2014	9,609	-
Granted during the year	12,620	-
Exercised during the year	(2,997)	-
Forfeited during the year	(150)	-
At 31 March 2015	19,082	-
Exercisable at 31 March 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 year is £1,413,000 of which £751,000 was expensed to the income statement (2014: £583,000). The fair value of the shares that were issued during the year is £607,000 (2014: £233,000) and the fair value of the share awards that were forfeited during the year is £38,000 (2014: £1,486,000).

The total expense recognised within the income statement in the year in relation to share awards is £1,255,000 (2014: £742,000).

19. SHARE BASED PAYMENTS

The total expense recognised within the income statement in relation to equity settled share based payment transactions in the year is £2,493,000 (2014: £199,000).

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

	2015 £000s	2014 £000s
Equity settled share based payments – directors	**2,222**	7,798
Equity settled share based payments – senior managers	**2,928**	2,305
Equity settled share based payments – employees	**52**	20
Equity settled share based payments – consultants	**117**	169
Equity settled share based payments – previous employees, consultants and advisers	**7,971**	1,112
	13,290	11,404

20. DEFERRED TAX LIABILITIES

Group	2015 £000s	2014 £000s
At 1 April 2014	**-**	659
Release of deferred tax on impairment	**-**	-
Effect of change in tax rate	**-**	-
Reduction in liability due to asset	**-**	(659)
Foreign exchange movement	**-**	-
At 31 March 2015	**-**	-

21. TRADE AND OTHER PAYABLES

Group	2015 £000s	2014 £000s
Trade payables	**802**	1,428
Taxation and social security	**165**	182
Other payables	**34**	33
Accruals	**2,089**	2,524
	3,090	4,167

Company	2015 £000s	2014 £000s
Trade payables	**25**	94
Taxation and social security	**92**	126
Other payables	**-**	-
Accruals	**242**	456
	359	676

The Directors consider that the carrying amount of the trade and other payables approximate to their fair value.

22. CASH OUTFLOW FROM OPERATING ACTIVITIES

Group	2015 £000s	2014 £000s
Loss before tax	**(10,068)**	(10,129)
Depreciation	**182**	198
Assets expensed to income statement	**64**	50
Finance (income)/expense	**21**	1,014
Amortisation	**22**	26
Impairment	**-**	-
Share based payments	**1,886**	1,086
Loan conversion into shares	**333**	531
Tax credit	**503**	1,492
Operating cash flow before changes in working capital	**(7,057)**	(5,732)
Decrease/(increase) in receivables	**(367)**	(88)
(Decrease)/increase in payables	**(2,816)**	(2,130)
Net cash outflow from operating activities	**(10,240)**	(7,950)

Company	2015 £000s	2014 £000s
Loss before tax	**(5,017)**	(6,297)
Depreciation	**25**	26
Finance (income)/expense	**254**	1,042
Assets expensed to income statement	**-**	3
Amortisation	**2**	-
Impairment	**-**	4
Share based payments	**1,886**	1,086
Loan conversion into shares	**333**	531
Tax credit	**65**	-
Operating cash flow before changes in working capital	**(2,452)**	(3,605)
Decrease/(increase) in receivables	**(28)**	21
(Decrease)/increase in payables	**(317)**	(203)
Net cash outflow from operating activities	**(2,797)**	(3,787)

23. RELATED PARTY TRANSACTIONS

On 2 June 2014 the company issued 900,000 new ordinary shares of 0.25p each to JH Murray which were awarded to him on his appointment in May 2012 and had vested.

On 20 August 2014 the company issued 600,000 new ordinary shares of 0.25p each to JH Murray which were awarded to him on his appointment in May 2012 and had vested and a further 444,445 new ordinary shares of 0.25p relating to an outstanding incentive award.

On 16 March and 17 March 2015 Broadscope Pty Limited, trustee of the Catlow Family Trust of which C Catlow is a beneficiary, sold 3,987,000 of the company's ordinary shares of 0.25p at an average price of 7.46p each.

On 18 March 2015 the company received notification that Broadscope, trustee of the Catlow Family Trust of which C Catlow is a beneficiary, exercised options of 6,200,000 ordinary shares of 0.25p each at an exercise price of 4.5p per share, in the market.

Details of short-term employee benefits to the Directors, the key management personnel of the company, are given in [note 8].

During the year the company loaned £47,321,000 (2014: £15,196,000) to its subsidiaries for working capital purposes (see note 15). The company impaired its loans to Dakota and Sirius Minerals (Australia) Pty Limited. The total impairment charge was £228,998 (2014: £1,098,649). At the year-end, the company had a loan receivable balance of £61,677,000 due from its subsidiaries (2014: £14,439,000) (see note 15).

24. 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:

	2015 £000s	2014 £000s
Group		
Other receivables	**783**	536
Cash and cash equivalents	**26,640**	48,404
Loan to third party	**-**	-
	27,423	48,940

	2015 £000s	2014 £000s
Company		
Other receivables	**79**	12
Cash and cash equivalents	**10,822**	46,577
Loans to subsidiaries	**61,677**	14,440
	72,578	61,029

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 £1,980,000 (2014: £5,340,000), and the company borrowing at the year-end was £1,229,000 (2014: £4,591,000).

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 March 2015 and 31 March 2014.

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 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 & other payables £000s	Accruals £000s	Total £000s
At 31 March 2014			
6 months or less	1,643	2,524	4,167
Total contractual cash flows	1,643	2,524	4,167
Total amount of financial liabilities measured at amortised cost	1,643	2,524	4,167

	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

	Trade payables £000s	Accruals £000s	Loan from subsidiary £000s	Total £000s
Company				
As at 31 March 2014				
6 months or less	220	456	84	760
Total contractual cash flows	220	456	84	760
Carrying amount of financial liabilities measured at amortised cost	220	456	84	760

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 £17,000 (2014: £76,000) to the group's results and £1,577.000 (2014: £24,000) to the group's financial position as at 31 March 2015.

25. COMMITMENTS & CONTINGENT LIABILITIES

OPERATING LEASE COMMITMENTS

The group leases various offices under operating lease agreements. The lease terms are between 2 and 5 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 5.

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

Group	**2015 £000s**	2014 £000s
No later than 1 year	**228**	334
Later than 1 year and no later than 5 years	**95**	441
	323	775

Company	**2015 £000s**	2014 £000s
No later than 1 year	**43**	43
Later than 1 year and no later than 5 years	**9**	53
	52	96

26. POST BALANCE SHEET EVENT

On the 1 April 2015, the directors of Sirius Minerals announced that 1,000,000 share options which had been granted to a consultant in March 2010 had been exercised at 6p per share, raising a total of £60,000.

On the 5 April 2015, options for 43,800,000 ordinary shares of 0.25p each in relation to Broadscope Pty Limited, trustee of the Catlow Family Trust of which C Catlow is a beneficiary, expired.

On the 8 April 2015, pursuant to the LTIP share awards granted for the fiscal year ended 31 March 2013 (announced on 21 May 2013), 847,381 new ordinary shares of 0.25p each (LTIP Shares) have vested in April 2015 and will be issued to employees of the Company.

On the 9 April 2015, the company issued 9,088,662 ordinary shares of 0.25p each pursuant to notices served by the Company's investor under the convertible securities facility entered into on 11 August 2013. This brings to an end the conversion rights relating to the convertible security financing.

On 23 April 2015, Redcar & Cleveland Borough Council granted resolution to approve the mine and Mineral Transport System (MTS) planning application.

On the 30 June 2015, the North York Moors National Park Authority (NYMNPA) granted resolution to approve the mine and Mineral Transport System (MTS) planning application.

On 14 March 2014, 179,321,029 warrants were issued. Each warrant is exercisable into one new ordinary share in the Company with an exercise price of 18p per share. Since the year end, at the date of signing, 34,451,083 number of these warrants have been exercised, generating £6,201,195 of income.

On 24 July 2015 Chris Catlow and Peter Woods resigned as directors of the Company.

On 27 July 2015 Jane Lodge and Noel Harwerth were appointed as directors of the Company.

OTHER

GLOSSARY

CAGR	Compound Annual Growth Rate
DFS	Definitive feasibility study
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EIA	Environmental impact assessment
ES	Environmental statement
FERTECON	Independent experts and fertilizer industry analysts
FOB	Free-on-board as in shipping. Also known as freight-on-board
HALITE	Commonly known as rock salt. The mineral form of sodium chloride (NaCl)
JORC	Australasian Joint Ore Reserves Committee
LoI	Letter of intent
MHF	Materials handling facility
MOP	Muriate of potash – common name for potassium chloride. See potassium chloride
MoU	Memorandum of understanding
MTS	Mineral transport system
Mtpa	Million metric tonnes per annum
NOP	Potassium nitrate
NPK	Fertilizers made up of a combination of nitrogen (N), phosphorus (P) and potassium (K)
NYMNPA	North York Moors National Park Authority

PINS	Planning Inspectorate
PPA	Planning performance agreement
POLY4	Sirius Minerals trademarked polyhalite product
POLYHALITE	A hydrated sulphate of potassium, calcium and magnesium – $K_2SO_4.MgSO_4.2CaSO_4.2H_2O$
POTASH	Any of several compounds containing potassium. Used mainly in fertilizers
POTASSIUM CHLORIDE	A metal halide salt comprising potassium and chlorine – KCl. If it was in the form of potassium oxide – K_2O
RCBC	Redcar and Cleveland Borough Council
SBC	Scarborough 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 – a crystalline salt compound of potassium, sulphur and oxygen, used in fertilizers – K_2SO_4
SOPM	Sulphate of potash and magnesium
SRK	Mining experts SRK Consulting Ltd
STEM	Science, technology, engineering and maths
tpa	Thousand tonnes per annum
YPF	York Potash Foundation
YPL	York Potash Limited
YPP	York Potash Project or the Project

DIRECTORS AND ADVISERS

DIRECTORS

RJ Scrimshaw (Non-executive Chairman)

CN Fraser (Managing Director and CEO)

CJ Catlow (Non-executive Deputy Chairman) resigned 24 July 2015

Lord Hutton (Non-executive Director)

KEF Clarke (Non-executive Director)

SG Pycroft (Non-executive Director)

PJE Woods (Non-executive Director) resigned 24 July 2015

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

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

SECRETARY

N King

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NOTES