

The future of fertilizer.



HALF YEAR RESULTS PRESENTATION

Half year results for period ended 30 June 2017



BUSINESS REVIEW

- The development of the Woodsmith Mine and its associated infrastructure is on time and on budget
- Enablement works completed for the Woodsmith Mine and formal commencement of development notice issued by the local planning authority
 - Site access work, ground water protection and shaft sinking platform construction complete
 - Concrete batch plant and other facilities under construction
 - Diaphragm walling (D-walling) mobilisation has commenced
 - Geotechnical investigation programme ongoing with results in line with expectations
- Sales discussions are continuing in key regions as well as in key growth markets. Each opportunity represents a material volume prospect for Sirius
- Admission to trading on London Stock Exchange's Main Market and inclusion in the FTSE 250 index
- Launch of the Sirius Minerals Foundation's first community funding programme

FINANCIAL REVIEW – INCOME STATEMENT

- £15m operating loss driven by increase in Company activity
- Total loss of £151m driven by fair value re-measurement of derivative instruments
- As share price increases, value of convertible bonds and royalty financing equity increase in value
- The Company incurs a non-cash loss when the derivative instruments are revalued (or a gain if the share price goes down)
- Derivative liabilities are reclassified to equity as convertible bonds are converted/royalty financing is drawn

£m	H1 2017	H1 2016
Operating loss	(14.7)	(4.7)
Net interest expense	(1.8)	0.1
Fair value loss on derivative instruments	(133.3)	-
<i>Attributable to convertible note</i>	(111.9)	-
<i>Attributable to royalty financing</i>	(21.4)	-
Foreign exchange losses on net debt	(1.5)	-
Taxation	-	0.5
Loss for the financial period	(151.3)	(4.1)

FINANCIAL REVIEW – CAPITAL DEPLOYED

- £121m deployed developing and financing the Project
- Total capex incurred of £48m
- Numerous additional financial commitments (permanent winders, D-walling activities) not reflected in the accounts
- Local authority security requirements, largely \$106 commitments
- Financing costs include interest and make whole payments

£m	H1 2017
Operating costs	(14.7)
Capital expenditure	(28.3)
Incurred but unpaid capital expenditure	(20)
Local authorities' security requirements	(34.7)
Financing costs	(23.4)
Total Project use of funds	(121.1)

FINANCIAL REVIEW – TOTAL FUNDS

- Total funds of £585m split between £491m available and £94m restricted
- Restricted cash includes local authority requirements and convertible bond escrow
- Current total holdings split approximately 55% GBP, 40% USD and 5% EUR
- Further EUR & CAD purchases are being executed following award of shaft sinking scope

£m	Available cash	Restricted cash	Total funds
Opening balance	582.4	82.9	665.3
Operating costs	(14.7)	-	(14.7)
Capital expenditure (paid only)	(28.3)	-	(28.3)
Local authorities' commitments	(34.7)	34.7	-
Financing costs	(1.4)	(20)	(21.4)
Working capital and other	(0.6)	-	(0.6)
FX revaluation	(11.7)	(4)	(15.7)
Closing balance	491.0	93.6	584.6

AWARD OF SHAFT SINKING SCOPE

- Shaft sinking scope was formally awarded to Associated Mining Construction UK Ltd (AMC)
- Scope of work encompasses approximately three quarters of the mine site development (MSD) line item outlined in the stage 1 financing plan with the remainder relating to site preparation, provision of utilities and shaft bottom development
- The target price of AMC's scope is consistent with the allocated Project budget and the target date for reaching both first polyhalite and practical completion
- Commercial pain share/gain share risk mechanism for both cost and schedule
- Cost expected to be incurred in a combination of approximately 55% GBP, 30% EUR and 15% CAD

The future of fertilizer.



Q&A