27 September 2018

Sirius Minerals Plc

Half year results for period ended 30 June 2018

Sirius Minerals Plc ("Sirius" or the "Company") today announces the unaudited half year results for Sirius and its subsidiaries (the "Group") for the six-month period ended 30 June 2018.

Business review

- The Project remains on track to deliver first polyhalite and commercial production on time.
- Construction activities during the period progressed in line with 2018 guidance.
- Design and build contract signed with DMC Mining Services for the four shafts required for the project.
- Design and build contract signed with STRABAG for Drive 1 of the mineral transport system ("MTS").

Financial review

- Operating loss for the period was £10.8m compared to £14.7m in the prior corresponding period, with the reduced loss being driven by a reduction in certain one-off charges incurred in 2017.
- Total loss of £95.3m compared to a loss of £151.3m for the equivalent six-month period in 2017. The main driver of the loss is the fair value re-measurement of the derivatives associated with the convertible loans and, to a lesser extent, the equity component of the royalty financing agreement.
- £148m deployed during the period for the purposes of developing the Project.
- Total funds at the end of June 2018 were £323.4m, comprising bank deposits and cash equivalents of £263.7m and restricted cash of £59.7m.
- A conversion invitation to bondholders in the Company on 11 April resulted in the conversion of US$63.8m in aggregate principal amount of bonds.

Post balance sheet events

- Materials handling agreement and long-term lease of land agreement signed with Redcar Bulk Terminal Limited.
- Design and build contract signed with STRABAG for the remaining drives of the MTS tunnel.

- EPC contract with Jacobs UK Limited for the materials handling facility at Wilton.
- 2.5 Mtpa peak aggregate volume supply agreement signed for the key markets in South America including Brazil
- Acquisition of 30 per cent. equity interest in the Cibra Group Companies for 95 million ordinary shares in Sirius
- The announcement of a revised stage 2 capital funding requirement of US$3.4bn – US$3.6bn.
- Hancock royalty funding of US$250m, agreed as part of stage 1 financing, received.

Chris Fraser, Managing Director and CEO of Sirius commented:

"Construction activities at our sites continue at pace and significant milestones have been achieved in the first half of the year, such as breaking ground at Wilton. This, combined with excellent progress to our procurement process, has ensured the Project remains on track to deliver first polyhalite production on time in 2021.

"Post the balance sheet date we have finalised the major procurement packages for the Project and are diligently reviewing the most appropriate form of financing to cover the revised capital funding requirement increase of between US$400m to US$600m, to complement the successful delivery of stage 2 financing.

"Since the period end and in line with the schedule set out in our full year results, we have received US$250m from our stage 1 royalty financing instrument with Hancock to fund project progress in advance of stage 2 financing.

"I want to thank all our employees, contract partners, shareholders and supporters for their continued confidence in the Project and its long-term market potential."

Investor webcast

Sirius Minerals' CFO, Thomas Staley, will host a webcast for investors and analysts at 9.30 am today.

The webcast can be listened to live by clicking on the link below. A replay will be available on the Company's website in due course

https://event.on24.com/wcc/r/1844387-1/285877D896383D5280A09E5778AAF892

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About Sirius Minerals Plc

Sirius Minerals Plc is focused on the development of the Woodsmith Mine, which will access the world's largest and highest grade polyhalite deposit located in North Yorkshire, United

Kingdom. Polyhalite is a unique multi-nutrient fertilizer, which can be used to increase balanced fertilization around the world. Sirius Minerals' shares are traded on the Premium List of the London Stock Exchange. Its shares are also traded in the United States on the OTCQX through a sponsored ADR facility. Further information on the Company can be found at: www.siriusminerals.com.

Forward-looking statements

This document contains forward-looking statements. These forward-looking statements are made in good faith, based on a number of assumptions concerning future events and information available to the Directors at the time of their approval of this document. These forward-looking statements should be treated with caution due to the inherent uncertainties underlying any such forward-looking information. The user of this document should not rely unduly on these forward-looking statements, which are not a guarantee of performance and which are subject to a number of uncertainties and other events, many of which are outside of the Company's control and could cause actual events to differ materially from those in these statements. No guarantee can be given of future results, levels of activity, performance or achievements.

BUSINESS REVIEW

Safety

The safety of employees and contractors remains a priority for the Group and is paramount to the success of our business. The Project's Lost Time Injury Frequency Rate ("LTIFR") as at 30 June 2018 stands at 4.1. The LTIFR is a measure of lost time incidents per million man-hours on a twelve-month rolling average basis. The Company is working closely with its employees and contractors to continually improve safety at all locations.

Construction

The Group has made good progress on its construction activities in the first half of the year.

Diaphragm walling activities on the service shaft at the Woodsmith Mine site were completed during the period and diaphragm walling work has commenced on the production shaft, in line with our 2018 guidance.

Site preparation at the mineral transport system ("MTS") access shaft at the Woodsmith Mine site is ongoing with initial work to construct the guide collar progressing well, the guide collar will facilitate the launch of the vertical sinking machine.

Site preparation works at the Woodsmith Mine site and Lockwood Beck intermediate shaft site were completed during the period and at Wilton, vegetation clearance has been completed in preparation for materials handling facility ("MHF") construction activities to commence.

At Wilton, the MTS tunnel portal piling work commenced in late June and was marked by a ground-breaking ceremony attended by Northern Powerhouse Minister Jake Berry MP. In addition to the portal construction, earthworks for support infrastructure at Wilton is ongoing.

All construction sites are now connected to mains power supply. Transformers and primary switch gear is installed and commissioned for use. Construction of ducting to distribute power around the sites is in ongoing.

The Project remains on track to deliver first polyhalite and commercial production on time.

Procurement

The Group signed a number of procurement contracts during the period including; a design and build contract with DMC Mining Services ("DMC") in February 2018 for the construction of the four shafts required for the Project, and a design and build contract with STRABAG AG, a subsidiary of STRABAG SE ("STRABAG") for the MTS drive 1 in March 2019.

Geotechnical investigation

The production shaft borehole, SM14B, reached total depth of 1,627m during the period. A total of 53m of polyhalite was intersected with very similar characteristics to the intersection recorded at the service shaft. The production shaft borehole sidetrack, SM14B-Z has been completed. 59m of polyhalite core was recovered at a maximum offset of 35m from the main hole. The core was comparable to SM14B and has further demonstrated that the polyhalite is consistent between cored sequences at the Woodsmith site.

Sales and marketing

The Company continues to expand the global reach of its supply agreements and increased peak contracted sales volumes to 4.7 million tonnes per annum ("Mtpa") as at 30 June 2018 with the signing of a supply agreement with ITL Trading, one of the largest suppliers of fertilizer to Nigeria, for 350,000 tonnes at peak volume. The Company initiated 57 new agronomy trials during the period increasing the total number of trials to 327 on 35 crops in 24 different countries.

Post balance sheet date events

Since the half year end the Group signed a materials handling agreement with Redcar Bulk Terminal Limited ("RBT") to provide port and ship loading services for up to 10 Mtpa, and a long-term lease of land agreement with RBT for storage facilities adjacent to the port facilities.

The Group also entered into a design and build contract with STRABAG for the remaining drives of the MTS tunnel and an EPC contract with Jacobs UK Limited for the MHF at Wilton. Procurement for the major packages is now substantially complete.

As a consequence of finalising the major procurement packages, the Company announced on 6 September that it expected its stage 2 funding requirement to increase of between US$400m to US$600m. The Company is actively reviewing the most cost effective and efficient sources of capital to fund this additional capital requirement.

On 20 July, the Company announced that it had entered into take-or-pay supply agreements with two new Chinese customers, Guangzhou Eiliseng Biotech Co Ltd and Yantai Service Agricultural Science and Technology Co Ltd, for peak contract volumes of 1.15 Mtpa and 800,000 tpa respectively. Due to its changing growth plans Yunnan Dian Huang Peony Industrial Group Co Ltd ("Dian Huang") and the Company mutually agreed to terminate their existing agreement for supply of up to 1 Mtpa of POLY4 into Yunnan and Sichuan. Eiliseng now has the rights to resell POLY4 in these provinces and to service demand from Dian Huang.

On 17 September 2018 the Group announced that it had entered into an agreement to acquire 30 per cent. equity interests in Cibrafertil Companhia Brasileira de Fertilizantes and OFD Supply Inc (the “Cibra Group Companies”) for a total of 95 million fully paid ordinary shares of Sirius Minerals Plc. The agreement is linked to a take-or-pay supply agreement between York Potash Limited and the Cibra Group Companies for peak contract volume of up to 2.5 Mtpa. Completion of the arrangements is subject to the satisfaction of certain conditions precedent and are expected to take place in the coming weeks.

Year to date the Company has entered into new supply agreements increasing the peak aggregate sales volumes by a net amount of 3.8 Mtpa, subject to the completion of the Cibra agreements. This exceeds the Company’s stated target to execute 2 Mtpa incremental supply agreements in 2018. The Company’s total peak aggregate supply agreement volumes currently stands at 8.2 Mtpa.

The Company agreed an amendment to the Minerals Royalty Deed entered into with Hancock British Holdings Ltd ("Hancock") in October 2016 (the "MRD"). Pursuant to the amendment, the Company has received the US$250m proceeds from the drawdown of the royalty component of the MRD.

FINANCIAL REVIEW

The Group’s operating loss for the period was £10.8m compared to £14.7m in the prior corresponding period, with the reduced loss being driven by a reduction in certain one-off charges that occurred in the first half of 2017, related to the 2016 employee incentive scheme, Sirius Minerals Foundation payments and costs associated with the Company’s move to the Main Market of the London Stock Exchange. The Group has historically made a loss which has been largely reflective of the Group’s approach to expensing certain types of indirect costs through the development phase and this practice has continued since construction commenced.

During the six-month period ended 30 June 2018 the Group made a total loss of £95.3m compared to a loss of £151.3m for the equivalent six-month period in 2017. The following table sets out the main drivers of the Group’s loss for the period.

£m	**2018 H1**	2017 H1	2017 Full year
Operating loss	**(10.8)**	**(14.7)**	**(24.0)**
Net interest income/(expense)	0.8	(1.8)	(0.8)
Fair value loss on derivative instruments	(87.2)	(133.3)	(53.6)
Attributable to convertible loans	*(69.4)*	*(111.9)*	*(42.5)*
Attributable to royalty financing	*(17.8)*	*(21.4)*	*(11.1)*
Foreign exchange gains/(losses) on net debt	0.9	(1.5)	(0.9)
Taxation	**1.0**	**-**	**0.4**
Loss for the financial period	**(95.3)**	**(151.3)**	**(78.9)**

As can be seen from the table, the main driver of the loss is the fair value re-measurement of the derivatives associated with the convertible loans and, to a lesser extent, the royalty financing. These derivative liabilities increase in size as the share price of the Company increases. The share price increased by 41 per cent. through the interim period which impacted the size of the loss attributable to the derivatives. As the convertible loans are converted and the royalty financing is drawn, these derivative liabilities will be reclassified from liabilities to equity and require no cash settlement by the Group.

The Group has deployed £148m during the period for the purposes of developing the Project. The table below breaks out the key items:

£m	**2018 H1**	2017 H1	2017 Full year
Operating costs	10.8	14.7	24.0
Capital expenditure	125.7	28.3	118.2
Less: Capital expenditure incurred in prior year	(19.9)	-	-
Incurred but unpaid capital expenditure	18.7	20.0	19.9
Local authorities' security requirements	1.1	34.7	35.2
Financing costs	11.4	23.4	36.4
Total use of funds	**147.8**	**121.1**	**233.7**

In addition to the capital expenditure deployed in the period, which includes capital expenditure related accruals, numerous financial commitments for items such as a shaft boring roadheader, a tunnel boring machine and other supplier procurement commitments are not reflected in the financial statements. The local authorities' security requirements reflect a combination of providing reinstatement security for construction works and the security requirements of the Section 106 agreement.

Total funds at the end of June 2018 were £323.4m, comprising bank deposits and cash equivalents of £263.7m and restricted cash of £59.7m. The following table provides a breakdown of movements through the period in total funds, split between available cash (comprising cash and cash equivalents and bank deposits) and restricted cash:

£m	Available cash	Restricted cash	Total funds
At 1 January 2018	394.0	74.5	468.5
Operating costs	(10.8)	-	(10.8)
Capital expenditure (paid only)	(125.7)	-	(125.7)
Local authorities' commitments	(1.1)	1.1	-
Redemptions of restricted cash	4.4	(4.4)	-
Net financing costs	1.7	(11.4)	(9.7)
Working capital and other	(0.5)	-	(0.5)
FX revaluation	1.7	(0.1)	1.6
At 30 June 2018	**263.7**	**59.7**	**323.4**

Total cash holdings are split approximately 60 per cent. GBP, 30 per cent. USD and 10 per cent. EUR.

A number of convertible bond conversion notices were received during the period leading to the issuance of 226m shares. These conversions were mainly a result of the convertible loans incentivisation scheme that the Group offered during April 2018. The rationale for the conversion invitation included a reduction in outstanding debt in advance of the Company's stage two financing and the release of some of the cash which was set aside to cover interest payments on the bond. As a result of the invitation, the Company accepted for conversion US$63.8m in aggregate principal amount of the bonds.

As at 30 June 2018, 1,221 bonds remain outstanding with an aggregate face value of US$244m representing 67 per cent. of the total number of bonds issued as part of the stage 1 financing. If fully converted, these bonds would lead to the issuance of a further 794m ordinary shares.

The condensed interim unaudited consolidated financial statements have been prepared under the going concern assumption. However, the directors recognise that there are a number of material uncertainties inherent in the 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 and is also referred to as an emphasis of matter in our independent auditors' review report on the interim financial statements.

PRINCIPAL RISKS AND UNCERTANTIES

The principal risks and uncertainties that could materially affect the Group's performance are set out on pages 49 to 52 of our 2017 Annual Report. The Group's view of its principal risks and uncertainties for the remaining six months of the financial year remains substantially unchanged. There may be additional risks unknown to Sirius Minerals Plc and other risks, currently believed to be immaterial, which could turn out to be material. These risks, whether they materialise individually or simultaneously, could significantly affect the Group's business and financial results.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Sirius Minerals Plc are listed in the Sirius Minerals Plc Annual Report for 31 December 2017. A list of current directors of Sirius Minerals Plc is maintained on the Sirius Minerals Plc website: www.siriusminerals.com

By order of the Board.

Chris Fraser

Managing Director and CEO

26 September 2018

Thomas Staley

Finance Director

26 September 2018

INDEPENDENT REVIEW REPORT TO SIRIUS MINERALS Plc

Report on the condensed interim unaudited consolidated financial statements

Our conclusion

We have reviewed Sirius Minerals Plc's condensed interim unaudited consolidated financial statements (the "interim financial statements") for the six-month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 1 to the interim financial statements concerning the Group's ability to continue as a going concern. The Group is involved in efforts to complete the stage 2 financing to secure long-term project finance for the North Yorkshire Polyhalite Project, the timing and outcome of which is uncertain. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2018;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;

- the condensed consolidated statement of changes in equity for the period then ended; and

- the explanatory notes to the interim financial statements.

The interim financial statements included in the condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The condensed interim unaudited consolidated financial statements, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the condensed interim unaudited consolidated financial statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the condensed interim unaudited consolidated financial statements based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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 a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the condensed interim unaudited consolidated financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

Leeds

26 September 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2018

	Note	**2018 First half (unaudited) £000s**	2017 First half (unaudited) £000s	2017 Full year (audited) £000s
Revenue		**-**	-	-
Operating costs		**(10,804)**	(14,732)	(23,981)
Operating loss		**(10,804)**	(14,732)	(23,981)
Net finance expense	3	**(85,473)**	(136,573)	(55,268)
Loss before taxation		**(96,277)**	(151,305)	(79,249)
Taxation		**969**	-	362
Loss for the financial period		**(95,308)**	(151,305)	(78,887)
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		**(19)**	12	(43)
Cash flow hedging movement		**(720)**	151	(910)
Other comprehensive (expense)/income for the period		**(739)**	163	(953)
Total comprehensive loss for the period attributable to the owners of the Company		**(96,047)**	(151,142)	(79,840)
Loss per share:				
Basic and diluted (pence)	4	**(2.10)**	(3.60)	(1.82)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

		30 June 2018 (unaudited)	31 December 2017 (audited)
ASSETS	Note	**£000s**	£000s
Non-current assets			
Intangible assets	5	**16,723**	14,710
Property, plant and equipment	6	**439,382**	306,631
Restricted cash		**43,692**	54,261
Total non-current assets		**499,797**	375,602
Current assets			
Restricted cash		**16,023**	20,228
Other receivables		**10,824**	7,113
Bank deposits		**22,768**	158,450
Cash and cash equivalents		**240,905**	235,532
Total current assets		**290,520**	421,323
TOTAL ASSETS		**790,317**	796,925
EQUITY AND LIABILITIES			
Equity			
Share capital		**11,752**	11,158
Share premium account		**762,494**	695,356
Share-based payment reserve		**6,462**	6,053
Accumulated losses		**(311,552)**	(207,860)
Other reserves		**709**	423
TOTAL EQUITY		**469,865**	505,130
Non-current liabilities			
Provisions		**2,780**	2,753
Total non-current liabilities		**2,780**	2,753
Current liabilities			
Convertible loan		**259,965**	249,325
Derivative financial instrument		**27,859**	10,033
Trade and other payables		**29,848**	29,684
Total current liabilities		**317,672**	289,042
TOTAL LIABILITIES		**320,452**	291,795
TOTAL EQUITY AND LIABILITIES		**790,317**	796,925

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended 30 June 2018
(unaudited)

	Share capital	Share premium account	Share-based payments reserve	Other reserves	Accumulated losses	Total
	£000s	£000s	£000s	£000s	£000s	£000s
At 1 January 2018	11,158	695,356	6,053	423	(207,860)	505,130

Loss for the financial period	-	-	-	-	(95,308)	(95,308)
Other comprehensive expense	-	-	-	(739)	-	(739)
Transferred to non-current assets	-	-	-	1,049	-	1,049
Transactions with owners:						
Shares issued upon conversion of convertible bonds	565	66,589	-	-	(8,454)	58,700
Shares issued upon exercise of options	2	273	(81)	-	-	194
Share-based payments	27	276	490	(24)	70	839
At 30 June 2018	**11,752**	**762,494**	**6,462**	**709**	**(311,552)**	**469,865**

for the six-month period ended 30 June 2017
(unaudited)

	Share capital	Share premium account	Share-based payments reserve	Other reserves	Accumulated losses	Total
	£000s	£000s	£000s	£000s	£000s	£000s
At 1 January 2017	10,412	590,723	6,114	1,284	(112,261)	496,272
Loss for the financial period	-	-	-	-	(151,305)	(151,305)
Other comprehensive expense	-	-	-	163	-	163
Transactions with owners:						
Shares issued on conversion of convertible bonds	708	83,513	-	-	-	84,221
Share-based payments	3	267	693	-	-	963
At 30 June 2017	11,123	674,503	6,807	1,447	(263,566)	430,314

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

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

Other reserves comprise the foreign exchange reserve (which arises on translation of foreign operations with a functional currency other than Sterling) of surplus of £1,222,000 (30 June 2017: surplus of £1,296,000), the cash flow hedge reserve (which accumulates unrecognised gains or losses of instruments designated in cash flow hedge relationships) of a deficit of £462,000 (30 June 2017: surplus of £151,000) and treasury shares (which comprise the par value of all shares issued to the Group's employee benefit trust but not yet awarded to employees) of a deficit of £51,000 (30 June 2017: nil).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-month period ended 30 June 2018

	Note	**2018 First half (unaudited) £000s**	2017 First half (unaudited) £000s	2017 Full year (audited) £000s
Cash flow from operating activities				
Continuing operations				
Operating loss		**(10,804)**	(14,732)	(23,981)
Adjustments for:				
Depreciation and amortisation		**291**	81	299
Share-based payments		**578**	341	822
Changes in working capital		**(1,351)**	(1,030)	353
Cash used in continuing operations		**(11,286)**	(15,340)	(22,507)
Tax credit received		**362**	-	-
Net cash used in operating activities		**(10,924)**	(15,340)	(22,507)
Cash flow from investing activities				
Purchase of intangible assets		**(2,119)**	(1,188)	(6,676)
Purchase of property, plant and equipment		**(123,612)**	(27,127)	(111,484)
Purchase of bank deposits		**(21,848)**	-	(87,647)
Redemption of bank deposits		**157,748**	103,894	241,183
Interest received		**1,657**	1,228	3,607
Net cash generated from investing activities		**11,826**	76,807	38,983
Cash flow from financing activities				
Purchase of restricted cash		**(1,057)**	(34,712)	(36,381)
Redemption of restricted cash		**15,815**	20,014	39,070
Interest paid		**(11,438)**	(20,014)	(33,034)
Proceeds from issue of shares		**194**	-	-
Share issue costs		**-**	(925)	(925)
Convertible loan issue costs		**-**	(2,419)	(2,419)
Net cash generated from/(used in) financing activities		**3,514**	(38,056)	(33,689)
Net increase/(decrease) in cash and cash equivalents		**4,416**	23,411	(17,213)
Cash and cash equivalents at the beginning of the period		**235,532**	260,157	260,157
Gain/(loss) from foreign exchange		**957**	(4,741)	(7,412)
Cash and cash equivalents at the end of the period		**240,905**	278,827	235,532

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Sirius Minerals Plc (the "Company") is a public limited company incorporated and domiciled in the UK. The address of its registered office is 3rd Floor, Greener House, 66-68 Haymarket, London SW1Y 4RF. The Company is listed on the London Stock Exchange. These condensed interim unaudited consolidated financial statements for the six-month period ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

This consolidated interim report was approved for issue by the board of directors on 26 September 2018. The financial information included in this interim financial report for the six months ended 30 June 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. The comparative information for the six months ended 30 June 2017 is also unaudited. The comparative figures for the year ended 31 December 2017 have been extracted from the Group's financial statements, as filed with the Registrar of Companies, on which the auditors gave an unqualified opinion, did not contain an emphasis of matter paragraph and did not make a statement under section 498 of the Companies Act 2006. The Group's operations are not seasonal in nature. These condensed consolidated interim financial statements have been reviewed, not audited.

BASIS OF PREPARATION

This consolidated interim financial report for the six months ended 30 June 2018 has been prepared in accordance with the *Disclosure and Transparency Rules* of the Financial Conduct Authority and IAS 34 *Interim Financial Reporting* (as adopted by the EU). The report should be read in conjunction with the Group's financial statements for the year ended 31 December 2017, available on the Group's website (www.siriusminerals.com), which were prepared in accordance with IFRSs as adopted by the EU.

GOING CONCERN

These interim financial statements have been prepared on a going concern basis. The Group continues to incur significant cash outflows due to the development activity that it is undertaking of its polyhalite project in North Yorkshire (the "Project").

The stage 1 financing conducted in November 2016 generated sufficient funds to allow the Group to commence construction of the Project. As a result, the Group held total cash and cash equivalents and bank deposits of £263,673,000 at 30 June 2018 (31 December 2017: £393,982,000). In addition, during September 2018, the Group received US$250m in relation to its royalty purchase agreement with Hancock British Holdings Limited as disclosed in note 11.

The Group does not currently anticipate generating any positive net cash flows from the Project until 2023. Therefore, its ability to continue as a going concern for the time being is dependent upon it attracting sufficient funding from external parties to enable it to complete development of the Project.

On 6 September 2018 the Group announced an updated estimate of US$3.4bn to US$3.6bn for the capital funding that would be required to complete development of the Project to a 10 Mtpa production capacity. Subject to the successful completion of due diligence and a satisfactory financing plan being presented by the Group, the Group expects to secure credit approved commitment letters from lenders in the fourth quarter of 2018 and to achieve financial close of stage 2 financing in the first quarter of 2019. The Group is seeking up to a US$3bn senior debt financing and is working towards securing further additional necessary financing of US$0.4bn to US$0.6bn through the most efficient and cost-effective capital structure.

The Board of Directors continues to believe that the stage 2 financing will be successfully completed, however there is a risk that a successful outcome may not be reached. This therefore represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Group's latest cash flow forecasts indicate that it currently has sufficient liquidity to continue development of the Project on its current schedule into Q2 2019 when the proceeds of stage 2 financing will be required. Should the Group wish to continue to operate into late 2019 or early 2020 without the stage 2 financing proceeds, they would need to curtail discretionary expenditures from Q1 2019 until further financing was secured and thus could continue to operate for a period of at least 12 months subsequent to the date of the approval of these financial statements.

Having assessed the principal risks and having regard for the above, based on the current likelihood of the success of the stage 2 financing and the technical completion of construction of the Project, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these consolidated financial statements. Therefore, these interim financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

All accounting policies applied by the Group in the preparation of these interim financial statements are consistent with those applied and disclosed in the financial statements for the year ended 31 December 2017, other than the Group's accounting policies for financial instruments which has been updated for the impact of IFRS9, as described below.

The Group adopted the new IFRS standard IFRS 9 *Financial Instruments* on 1 January 2018 which was its mandatory date for adoption. The standard provides updated principles around the classification and measurement of financial instruments compared to its predecessor IAS 32 *Financial Instruments: Recognition and Measurement*. The initial adoption of IFRS 9 has not caused any changes in the measurement of any financial instruments recognised by the Group either in the current or comparative period, nor has it impacted the Group's accounting for its unrecognised financial instruments (principally, the US$250m royalty financing agreement).

IFRS 16 *Leases* will become mandatory for the Group to adopt from 1 January 2019. IFRS 16 provides new principles around accounting for leases compared to its predecessor, IAS 17 *Leases*, with which the accounting policies used in the preparation of these financial statements comply. The main change of IFRS 16 compared to the existing IAS 17 will be that future liabilities in respect of operating leases will be recognised on the balance sheet at the inception of a lease, alongside a corresponding right of use asset. This contrasts with the existing treatment of such leases whereby the only liabilities recognised in respect of operating leases are cash amounts outstanding for lease periods up to the balance sheet date which have not yet been paid over to the lessor.

The Group is party to a large volume of lease transactions relating to its ongoing access to mineral deposits around the Project's area of interest. Consistent with IAS 17, the scope of IFRS 16 specifically excludes its application to leases of mineral rights, therefore the adoption of IFRS 16 will have no impact upon the Group's existing accounting policy for these leases. The Group is also party to a number of other operating lease contracts whose accounting will be modified by the transition to IFRS 16. However, the fair value of the liabilities due under these leases is, in aggregate, immaterial to the Group and therefore it is not currently expected that initial adoption of IFRS 16 will materially impact the value of the Group's reported assets or liabilities.

2. SEGMENTAL ANALYSIS

The Group's management team has determined the operating segments by considering the business from both a geographic and activity perspective. The Group is organised into one business division: the UK segment which consists of Project-related activities and the corporate operations. This division is the segment for which the Group reports information internally to the board of directors. The Group's operations are predominantly in the UK.

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

3. NET FINANCE EXPENSE

	2018 First half (unaudited) £000s	2017 First half (unaudited) £000s	2017 Full year (audited) £000s
Interest income	**1,608**	1,969	3,755
Interest income capitalised on qualifying assets	**(714)**	(1,050)	(1,942)
Interest expense	**(10,355)**	(15,071)	(27,671)
Interest expense capitalised on qualifying assets	**10,319**	12,426	25,047
Fair value loss on convertible loans embedded derivative	**(69,404)**	(111,895)	(42,498)
Fair value loss on royalty financing derivative	**(17,826)**	(21,389)	(11,074)
Foreign exchange gains/(losses) on net debt	**899**	(1,563)	(885)
Net finance expense	**(85,473)**	(136,573)	(55,268)

During January 2017 the Group commenced significant development work at its Project. After this point all interest expense incurred has been capitalised, net of all interest income earned on the temporary re-investment of those borrowings prior to utilisation.

4. 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 period.

For all periods presented, the Group's potentially dilutive ordinary share equivalents (being share options issued under equity-settled share-based payment schemes, the convertible loan, and share options issued to Hancock British Holdings Limited under the equity component of the royalty financing arrangement) have an anti-dilutive effect on loss per share and have therefore not been included in determining the total weighted average number of ordinary shares outstanding for the purposes of calculating diluted loss per share.

	2018 First half (unaudited)	2017 First half (unaudited)	2017 Full year (audited)
	£000s	£000s	£000s
Loss for the purposes of basic and diluted earnings per share	**95,308**	151,305	78,887
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (number in thousands)	**4,545,232**	4,197,174	4,322,854
Basic and diluted loss per share (pence)	**2.10**	3.60	1.82

5. INTANGIBLE ASSETS

	30 June 2018 (unaudited)	30 June 2017 (unaudited)	31 December 2017 (audited)
	£000s	£000s	£000s
Net book value			
At beginning of period	**14,710**	150,204	150,204
Additions	**2,048**	4,329	7,229
Amortisation	**(35)**	(56)	(26)
Transfers to property, plant and equipment	**-**	(142,548)	(142,697)
At end of period	**16,723**	11,929	14,710

6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2018 (unaudited)	30 June 2017 (unaudited)	31 December 2017 (audited)
	£000s	£000s	£000s
Net book value			
At beginning of period	**306,631**	6,138	6,138
Additions	**133,007**	55,999	158,069
Depreciation	**(256)**	(25)	(273)

Transfers from intangible assets	**-**	142,548	142,697
At end of period	**439,382**	204,660	306,631

During January 2017 the Group commenced significant development work at its Project. All exploration costs and rights in relation to the Project previously capitalised by the Group have been transferred from intangible assets to property, plant and equipment from that date since the technical feasibility and commercial viability of the Project had clearly been demonstrated. All subsequent development expenditure on the Project has been capitalised within property, plant and equipment.

At 30 June 2018 the Group had contracted but unrecognised capital expenditure commitments of £73,853,000 (30 June 2017: £32,010,000).

7. NET CASH

	30 June 2018 (unaudited)	30 June 2017 (unaudited)	31 December 2017 (audited)
	£000s	£000s	£000s
At beginning of period	**267,612**	386,336	386,336
Net increase/(decrease) in cash and cash equivalents	**4,416**	23,411	(17,213)
Net cash flows from restricted cash and bank deposits	**(150,658)**	(89,196)	(156,225)
Interest expense on convertible loans	**(10,355)**	(15,071)	(27,671)
Interest paid on convertible loans	**11,438**	20,014	33,034
Conversions of convertible loan	**37,891**	51,658	51,001
Foreign exchange differences	**138**	(642)	(1,650)
At end of period	**160,485**	376,510	267,612

Net cash is defined by the Group as being the total value of cash and cash equivalents, bank deposits and restricted cash, less all interest-bearing debt. Interest-bearing debt includes only the host loan element of the US$400m convertible loans and not the embedded conversion derivative on the basis that the Group has no obligation to cash-settle the embedded derivative.

During the six-month period ended 30 June 2018, conversion notices in respect of 17 per cent. of the US$400m convertible loan were delivered by convertible loanholders to the Group, leading to the creation of 215,214,553 new ordinary shares in the Company. In addition, a further 10,701,450 shares were issued to loanholders who participated in the bond conversion incentivisation offer that the Group operated during April 2018.

As at 30 June 2018 the Group had 4,700,464,050 of ordinary shares in issuance (December 2017: 4,463,105,303).

8. FINANCIAL INSTRUMENTS

30 June 2018 (unaudited)	**Designated into cash flow hedge relationships**	**Loans and receivables**	**At fair value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Financial assets					
Restricted cash	**-**	**59,715**	**-**	**-**	**59,715**
Bank deposits	**3,755**	**19,013**	**-**	**-**	**22,768**
Cash and cash equivalents	**35,148**	**-**	**205,757**	**-**	**240,905**
	38,903	**78,728**	**205,757**	**-**	**323,388**
Financial liabilities					
Convertible loan	**-**	**-**	**(97,062)**	**(162,903)**	**(259,965)**
Derivative financial instrument	**-**	**-**	**(27,859)**	**-**	**(27,859)**
Trade and other payables	**-**	**-**	**-**	**(28,948)**	**(28,948)**
	-	**-**	**(124,921)**	**(191,851)**	**(316,772)**
Net financial assets/(liabilities)	**38,903**	**78,728**	**80,836**	**(191,851)**	**6,616**

31 December 2017 (audited)	**Designated into cash flow hedge relationships**	**Loans and receivables**	**At fair value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Financial assets					
Restricted cash	-	74,489	-	-	74,489
Bank deposits	38,962	119,488	-	-	158,450
Cash and cash equivalents	16,407	-	219,125	-	235,532
	55,369	193,977	219,125	-	468,471
Financial liabilities					
Convertible loans	-	-	(48,466)	(200,859)	(249,325)
Derivative financial instrument	-	-	(10,033)	-	(10,033)
Trade and other payables	-	-	-	(29,387)	(29,387)
	-	-	(58,499)	(230,246)	(288,745)
Net financial assets/(liabilities)	55,369	193,977	160,626	(230,246)	179,726

IFRS 13 Fair Value Measurement 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 only assets or liabilities held by the Group that are measured at fair value are the embedded derivative recognised as part of the convertible loan and the derivative financial liability in respect of the royalty financing arrangement with Hancock British Holdings Limited. These derivatives have both been assessed to be level 2 financial liabilities. This is because the derivatives themselves are not traded on an active market and their fair values have been determined by valuation techniques that use observable market data. The fair value of the royalty financing derivative is estimated using the Company's share price and forecast exchange rates at each reporting date. The fair value of the convertible loan embedded derivative is the difference between the estimated fair value of cash flows due under the host loan at an appropriate market discount rate (based on bond yield of entities with comparable credit profiles) and the market price of the bonds at each reporting date. The valuation methods used are the same as those applied and disclosed as at 31 December 2017.

The carrying value of all assets and liabilities reported in the above tables is the same as their fair value, except for the convertible loans, where the fair value at 30 June 2018 was £277,624,000 (31 December 2017: £286,514,000) compared to a carrying value at 30 June 2018 of £259,965,000 (31 December 2017: £249,325,000). The fair value of the convertible bonds has been estimated by reference to the mid-price of the bonds' quoted price at each measurement date multiplied by the number of bonds outstanding which represents a level 1 measurement.

9. RELATED PARTY TRANSACTIONS

The Group has not entered into any related party transactions in the first six months of the year, except for directors' and key management compensation.

10. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

11. EVENTS AFTER THE REPORTING PERIOD

On 6 July 2018 the Group entered into an agreement with Redcar Bulk Terminal Limited ("RBT") for the provision of materials handling services for up to 10 Mtpa of POLY4 for 10 years from the date of first shipment, as well as for a 30-year lease of storage facilities over 40 acres of land adjacent to the RBT port facilities and the Company's Bran Sands port site. The rates payable under these contracts are in line with the Groups' previously announced operating cost expectations set out in its 2016 optimised Definitive Feasibility Study ("DFS").

On 5 September 2018, the Group entered into an agreement with STRABAG AG for the construction of drives 2 and 3 of the MTS. The cost of the contract is higher than that originally estimated and disclosed by the company in its DFS, with the total cost of all elements of its MTS now estimated to be US$1,461m (previously estimated at US$858m). On 5 September 2018, the Group also entered into an agreement with Jacobs UK Limited for the engineering, procurement and construction of its materials handling facility at Wilton. The target price of this contract is consistent with the DFS.

On 6 September 2018 the Group announced that as a result of the finalisation of procurement and associated risk allocations, the stage 2 funding requirement was expected to increase by US$400 - US$600m.

On 17 September 2018 the Group announced that it had entered into an agreement to acquire 30 per cent. equity interests in Cibrafertil Companhia Brasileira de Fertilizantes and OFD Supply Inc (the "Cibra Group Companies") for a total of 95 million fully paid ordinary shares of Sirius Minerals Plc. The agreement is linked to a take-or-pay supply agreement between York Potash Limited and the Cibra Group Companies for up to 2.5 Mtpa. Completion of the arrangements is subject to the satisfaction of certain conditions precedent and are expected to take place in the coming weeks.

On 19 September 2018 the Group received US$250m from Hancock British Holdings Limited in relation to the royalty financing agreement which it initially entered in October 2016 and which was disclosed in note 14 on page 127 of the Groups' 2017 Annual Report. In return for the US$250m received, the Group will be committed to make future royalty payments amounting to 5 per cent. of gross revenues on the first 13 million tonnes of product sold in each calendar year and a further 1 per cent. of gross revenues on sales in excess of 13 million tonnes in each calendar year, for the life of the Project.