16 August 2017

Sirius Minerals Plc

Half year results for period ended 30 June 2017

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 2017.

Business highlights

- 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.
- Admission to trading on London Stock Exchange Plc's Main Market and inclusion in the FTSE 250 index.
- Launch of the Sirius Minerals Foundation's first community funding programme.
- Shaft sinking contract formally awarded to AMC in July (post balance date).

Financial review

- The Group's operating loss for the period was £14.7m compared to £4.7m in the prior corresponding period, reflecting a general increase in Group activity following commencement of development.
- Due to IFRS fair valuation requirements relating to elements of the stage 1 financing the 57% increase in the Company's share price in the period has caused a total loss of £151.3m being recorded for the period. The fair valuation adjustments driving the loss are non-cash in nature. Further detail relating to the fair valuation adjustments can be found on page 5.
- The Company has deployed £121m during the six-month period ended 30 June 2017 for Project development of which £48.3m was capital expenditure.
- Total funds at the end of June 2017 were £584.6m, comprising bank deposits and cash equivalents of £491.0m and restricted cash of £93.6m.

Chris Fraser, Managing Director and CEO of Sirius, comments:

"The half year has been marked by excellent progress on the development of Woodsmith Mine and associated infrastructure. With highways and enablement works completed, and site preparation into the latter stages, we eagerly anticipate the commencement of shaft sinking activities. Good progress has also been made at Lockwood Beck, the intermediate site for the mineral transport system.

"We are continuing detailed dialogue with commercial partners around the world, as interest in future supplies of our POLY4 product remains strong. These discussions are supported by ever-present and expanding research and development work, which will support customers and farmers in the years to come. We also continue to add the skills we need to our team to progress our work quickly, safely and efficiently."

Analyst conference call

Sirius Minerals' Chief Financial Officer, Thomas Staley, will host a conference call for investors and analysts at 9.30 am today. Any analysts wishing to ask questions on the call can receive dial in details by emailing sirius@tavistock.co.uk.

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

http://event.onlineseminarsolutions.com/wcc/r/1484277-1/0EDCAACE9E264914F4D5CEDD5231FA36?partnerref=rss-events

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About Sirius Minerals Plc

Sirius Minerals Plc is the fertilizer development company focused on the construction and development of its North Yorkshire polyhalite project in the United Kingdom (the "Project"). It believes the Project represents the world's largest high-grade known deposit of polyhalite, a multi-nutrient form of potash containing potassium, sulphur, magnesium and calcium. Incorporated in 2003, Sirius Minerals Plc's shares are traded on the London Stock Exchange's Main Market. Further information on the Company can be found at: www.siriusminerals.com.

Forward-looking statements

This document is intended to focus on matters which are relevant to the interests of shareholders in the Company. The purpose of this document is to assist shareholders in assessing the strategies adopted and performance delivered by the Company and the potential for those strategies to succeed. It should not be relied upon by any other party or for any other purpose.

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 report. 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

Project development

The safety of employees and contractors remains a key focus for the Group. It has been another positive six months with no recordable incidents during the period. As the level of activity increases, the level of safety vigilance also increases. During the period additional safety personnel have joined both the Group and its contractors. The Board, management and wider team continue to place safety at the centre of decision-making processes.

The Group is making good progress with the development of the Woodsmith Mine and its associated infrastructure (the “Project”). The Project remains on time and on budget. The Project team, both through Group employees at headquarters and contractor partners on site, has grown considerably in the past six months as construction activities ramp up.

Highways enablement works commenced in January 2017 facilitating safe and smooth access to the Woodsmith Mine site and Lockwood Beck. Site preparation at the Woodsmith Mine is ongoing with completed works including site access, groundwater protection and shaft sinking platform construction (for the production and services shafts). Site preparation activities have also commenced at the Lockwood Beck site to support future shaft-sinking for the mineral transport system.

The Company has progressed the exploration borehole and testing of the production shaft. This builds on the information captured during the Group’s own exploration phase and helps to continually inform the ongoing shaft design work. In addition, a near surface geotechnical programme has been completed and the results are being incorporated into the mine design. A programme of boreholes and seismic work to support the mineral transport system’s detailed design work has also commenced.

The Company’s shaft sinking contractor, AMC, have continued with detailed design of the shafts including associated surface facilities such as the production and service shaft winder buildings. Diaphragm walling (“D-walling”) preparation activities have commenced including the mobilisation of the rigs and planning for the support infrastructure such as the concrete batch plant, welfare facilities, workshops and offices.

The winding equipment required for main shaft sinking activities has been ordered and delivery is expected in the new year in time for the main sink to commence.

Corporate

The Company has continued to expand its sales and marketing team with regional leads, who are now established in their individual markets, in North America, South America, South-East Asia and Europe. Commercial discussions are continuing in these key regions regarding sales of the Company’s POLY4 product, as well as in key growth markets such as Africa. Each of these opportunities represent material volume prospects in key markets for Sirius.

To support the ongoing sales effort together with long-term customer relationships, the Company’s research and development programme has expanded. It continues to validate the four cornerstones of the POLY4 value proposition: efficiency, effectiveness, flexibility and sustainability. During the past six months a range of further opportunities for new crops and markets were identified. To date the Company has completed over 200 trials on 27 varieties of crops in 17 countries.

In April 2017 the Group delivered on its long standing commitment to move from the AIM market. The Group achieved a premium listing on the Official List of the UK Listing Authority and its shares were admitted to trading on the London Stock Exchange's Main Market for listed securities. The Board continues to believe that this move raises the Company's global profile, increases its trading liquidity and provides the Company with a greater range of potential investors for its ordinary shares. Following the admission to the Main Market the Company was added to the FTSE 250 index in June.

The Sirius Minerals Foundation, the charity set up as a community fund in 2012 to share revenues generated by the Woodsmith Mine, has launched its first grant programme. This is after receiving its first funding of £2m from the Company, which is intended to fund community projects during the construction period.

Post balance date

Since the half year end the Group formally awarded the shaft sinking scope of work to Associated Mining Construction UK Ltd ("AMC"). The scope encompasses approximately three quarters of the mine site development ("MSD") line item outlined in the stage 1 financing plan. The remainder of the MSD line item relates to site preparation work, provision of utilities to site 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 is within the dates outlined in the project schedule.

The commercial arrangement with AMC is one of risk sharing with financial incentives for completing the scope of work under budget and ahead of schedule, and there are also financial penalties should completion be late or above the target price. The cost of this work is expected to be incurred in a combination of currencies with approximately 55% in GBP, 30% in EUR and 15% in CAD. The Group is in the process of appropriately mitigating foreign exchange exposures relating to the EUR and CAD costs.

FINANCIAL REVIEW

The Group's operating loss for the period was £14.7m compared to £4.7m in the prior corresponding period, with the increased loss being driven by an increase in activity following the completion of the stage 1 financing. 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 2017 the Group made a total loss of £151.3m compared to a loss of £4.1m for the equivalent six-month period in 2016. The following table sets out the main drivers of the Group's loss for the period.

£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)	-
Attributable to convertible bond	*(111.9)*	-
Attributable to royalty financing	*(21.4)*	-
Foreign exchange losses on net debt	(1.5)	-
Taxation	-	0.5
Loss for the financial period	**(151.3)**	**(4.1)**

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 bond and, to a lesser extent, the royalty financing. These derivative liabilities increase in size as the share price of the Company increases. With the share price increasing by 57% over the period, the size of the loss attributable to the derivatives has increased materially. As the convertible bonds 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 Company has deployed £121m during the period for the purposes of developing the Project. The table below breaks out the key items:

£m	**H1 2017**
Operating costs	(14.7)
Capital expenditure	(28.3)
Incurred but unpaid capital expenditure	(20.0)
Local authorities' security requirements	(34.7)
Financing costs	(23.4)
Total Project use of funds	**(121.1)**

Total capital expenditure incurred for the period was £48.3m with a significant portion of that unpaid as at the balance sheet date. In addition to this, numerous financial commitments for items such as the permanent winders and D-walling activities have been made and these items 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 2017 were £584.6m, comprising bank deposits and cash equivalents of £491.0m and restricted cash of £93.6m. 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
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)	(20.0)	(21.4)
Working capital and other	(0.6)	-	(0.6)
FX revaluation	(11.7)	(4.0)	(15.7)
Closing balance	**491.0**	**93.6**	**584.6**

Total cash holdings are split approximately 55% GBP, 45% USD and 5% EUR.

A number of convertible bond conversion notices were received during the period resulting in 22% of the initial bonds being converted. Because of these conversions, 283m shares were issued during the period. 1,564 bonds remain outstanding with an aggregate face value of US$313m.

PRINCIPAL RISKS AND UNCERTANTIES

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance over the remaining six months of the financial period. The majority of the principal risks facing the Group remain unchanged from those set out on pages 32 to 35 of our annual report and accounts for the year ended 31 December 2016 ("2016 Annual Report"). However, certain principal risks and uncertainties have been updated. In accordance with the Disclosure and Transparency Rules ("DTR"), newly identified business risks and those that have materially changed since the last annual report and accounts are required to be disclosed.

Principal risks	Description	Mitigation
Government relations	In many nations, given the importance of food security for them, policy decisions on fertilizer use could make significant differences to import levels. Similarly, governmental support in key export markets is of significant assistance in establishing long-term trade deals for our product.	The Company seeks to build positive relationships with foreign governments where there is significant state interest in the fertilizer sector. The Company will continue to work closely with the UK Department for Trade to assist with this process where appropriate.
Customer viability	The majority of current and future customers have business lines in agriculture beyond just fertilizer – changes to any of these can have an impact on fertilizer business units.	The Company continues to expand its portfolio of customers both in terms of size and geographically to leverage the risk.
Product registration	The process of registering the product varies in complexity from country to country and region to region. There is no guarantee that these registrations will be forthcoming.	The Company has begun the process of registering its product in various regions where current customer agreements are in place. It has also begun the early registration process to have its product validated and ultimately registered in markets such as India, where time associated to trial work is part of the process.
Construction delays[1]	The Project may experience construction and schedule delays due to unforeseen technical issues.	Detailed planning will be carried out continuously by the management and external consultants as part of the Project's continued development to mitigate and de-risk the Project during construction. The Company also continues to pursue all acceleration options available to reduce the time required to reach first production. Contractors are incentivised to bring their scopes forward.

Employee relations[2]	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.	The Company continues to support its employees and contractors ensuring safe working environment and encouraging a positive work-life balance. Regular communication is maintained and all employees and contractors are updated on the Project's progress and news through weekly meetings, in-house newsletters, and senior management team emails.
Contractors and suppliers[2]	The performance of our contractors and suppliers is critical to the success of the project. Performance issues or a lack of alignment could introduce cost and schedule risks to the Project.	An active and experienced management team is in place with a focus on being clear about expectations, verifying performance, and doing everything possible within the contracts to ensure the success of our contractors and suppliers. In working with the contractors, the Company is focused on ensuring that contractors are operating within their area of specialisation, that their senior management are engaged in the Project, that regular communication and progress updates are maintained, and that major construction contractors are incentivised around the success of the Project. This risk would manifest itself in cost, delay or quality issues.
Construction cost overruns[1]	The Project may experience construction cost overruns due to unforeseen technical issues or scope change.	The Company has a strong focus on cost, and the prices received from contractors and suppliers so far have been in line with the DFS. In addition, the Project was costed with a significant contingency and escalation provisions in case of cost pressures. The fall in the value of the pound also provides comfort in this area. As further detailed engineering is carried out and contracts are awarded this risk decreases.
Safety and environmental performance[1]	A significant safety or environmental incident would affect the delivery of the Project and the Company's reputation.	The Company is set up to manage these items effectively, and the Company will continue to support its teams in providing a safe work environment. Ongoing focus areas include leadership activities, work with contractors, developing the culture of the project team, and the control of major hazards.

		The Company continuously assesses the risk and ensures that the right people are in the right place. Nonetheless, the Company is not complacent about the risks in this area.

[1] *Construction* risk was disclosed as a principal risk in our 2016 Annual Report. This risk has now been divided into three separate risks: a renamed *Construction delays* risk (previously called *Delays* in our 2016 Annual Report); and two new risks: *Construction costs overruns* and *Safety and environmental performance*.

[2] *Employer and contractor relations* risk was disclosed as a principal risk in our 2016 Annual Report. This risk has now been separated into two separate risks: *Employee relations* and *Contractors and suppliers*.

In addition to the principal risks and uncertainties listed above there may be additional risks unknown to Sirius 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

In the directors' opinion:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and the Disclosure and Transparency Rules ("DTR") of the Financial Conduct Authority in the United Kingdom, using the most appropriate accounting policies for the Company's business and supported by reasonable and prudent judgements.

The condensed consolidated interim financial statements give a true and fair view of Sirius Minerals Plc's financial position as at 30 June 2017 and of its performance. The directors confirm that this interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, 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.

Signed by order of the Board.

Chris Fraser
Managing Director and CEO

15 August 2017

Thomas Staley
Finance Director

15 August 2017

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 2017. 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.

What we have reviewed

The interim financial statements comprise:

- The condensed consolidated statement of financial position as at 30 June 2017;
- 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) 2010, "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
15 August 2017

a) The maintenance and integrity of the Sirius Minerals Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	Note	**Six months to June 2017 (unaudited)**	Six months to June 2016 (unaudited) *Restated**	Year ended Dec 2016 (audited) *Restated**
		£000s	£000s	£000s
Revenue		**-**	-	-
Operating costs		**(14,732)**	(4,665)	(16,858)
Operating loss		**(14,732)**	(4,665)	(16,858)
Net finance (expense)/income	4	**(136,573)**	120	(6,564)
Loss before taxation		**(151,305)**	(4,545)	(23,422)
Taxation		**-**	477	468
Loss for the financial period		**(151,305)**	(4,068)	(22,954)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		**12**	17	18
Cash flow hedging movement		**151**	-	-
Other comprehensive income for the period		**163**	17	18
Total comprehensive loss for the period attributable to the owners of the Company		**(151,142)**	(4,051)	(22,936)
Loss per share:				
Basic and diluted (pence)	3	**(3.60)**	(0.18)	(0.93)

* Operating costs and net finance (expense)/income have been restated following the change in accounting policy described in note 10.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

ASSETS	Note	**30 June 2017 (unaudited) £000s**	31 December 2016 (audited) £000s
Non-current assets			
Intangible assets	5	**11,929**	150,204
Property, plant and equipment	6	**204,660**	6,138
Restricted cash		**71,713**	55,283
Total non-current assets		**288,302**	211,625
Current assets			
Derivative financial instrument		**-**	1,041
Restricted cash		**21,850**	27,641
Other receivables		**5,403**	840
Bank deposits		**212,202**	322,188
Cash and cash equivalents		**278,827**	260,157
Total current assets		**518,282**	611,867
TOTAL ASSETS		**806,584**	823,492
EQUITY AND LIABILITIES			
Equity			
Share capital		**11,123**	10,412
Share premium account		**674,503**	590,723
Share-based payment reserve		**6,807**	6,114
Accumulated losses		**(263,566)**	(112,261)
Other reserves		**1,447**	1,284
Total equity		**430,314**	496,272
Current liabilities			
Convertible loan		**326,887**	321,366
Derivative financial instrument		**20,348**	-
Trade and other payables		**29,035**	5,854
Total liabilities		**376,270**	327,220
TOTAL EQUITY AND LIABILITIES		**806,584**	823,492

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Share capital	Share premium account	Share-based payments reserve	Accumulated losses	Other reserves	Total
	£000s	£000s	£000s	£000s	£000s	£000s
At 1 January 2017	10,412	590,723	6,114	(112,261)	1,284	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**	**(263,566)**	**1,447**	**430,314**

for the six-month period ended 30 June 2016
(unaudited)

	Share capital	Share premium account	Share-based payments reserve	Accumulated losses	Other reserves	Total
	£000s	£000s	£000s	£000s	£000s	£000s
At 1 January 2016	5,737	240,874	7,624	(90,339)	1,266	165,162
Loss for the financial period	-	-	-	(4,068)	-	(4,068)
Other comprehensive expense	-	-	-	-	17	17
Transactions with owners:						
Share issue	12	-	-	-	-	12
Share issue costs	-	(42)	-	-	-	(42)
Share-based payments	20	1,418	(1,469)	684	-	653
At 30 June 2016	**5,769**	**242,250**	**6,155**	**(93,723)**	**1,283**	**161,734**

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 £1,296,000 (30 June 2016: £1,283,000) and the cash flow hedge reserve (which accumulates unrecognised gains or losses of instruments designated in cash flow hedge relationships) of £151,000 (30 June 2016: nil).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2017

	First half 2017 (unaudited)	First half 2016 (unaudited) *Restated**	Full year 2016 (audited) *Restated**
	£000s	£000s	£000s
Cash outflow from operating activities			
Continuing operations			
Operating loss	**(14,732)**	(4,665)	(16,858)
Adjustments for:			
Depreciation and amortisation	**81**	30	57
Share-based payments	**341**	653	844
Changes in working capital	**(1,030)**	(360)	(407)
Cash used in continuing operations	**(15,340)**	(4,342)	(16,364)
Tax credit received	**-**	477	468
Net cash used in operating activities	**(15,340)**	(3,865)	(15,896)
Cash flow from investing activities			
Purchase of intangible assets	**(1,188)**	(8,392)	(12,108)
Purchase of property, plant and equipment	**(27,127)**	(14)	(4,346)
Purchase of bank deposits	**-**	-	(320,187)
Redemption of bank deposits	**103,894**	-	-
Interest received	**1,228**	79	441
Net cash generated from/(used in) investing activities	**76,807**	(8,327)	(336,200)
Cash flow from financing activities			
Repayment of borrowings	**-**	-	(748)
Proceeds from convertible loan	**-**	-	319,923
Purchase of restricted cash	**(34,712)**	-	(81,580)
Redemption of restricted cash	**20,014**	-	-
Interest paid	**(20,014)**	(9)	(19)
Proceeds from issue of shares	**-**	12	371,445
Share issue costs	**(925)**	(42)	(18,370)
Convertible loan issue costs	**(2,419)**	-	(9,158)
Net cash (used in)/generated from financing activities	**(38,056)**	(39)	581,493
Net increase/(decrease) in cash and cash equivalents	**23,411**	(12,231)	229,397
Cash and cash equivalents at the beginning of the period	**260,157**	29,093	29,093
(Loss)/gain from foreign exchange	**(4,741)**	67	1,667
Cash and cash equivalents at end of the period	**278,827**	16,929	260,157

* Operating loss has been restated following the change in accounting policy described in note 10.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

These condensed interim unaudited consolidated financial statements for the six-month period ended 30 June 2017 comprise Sirius Minerals Plc (the ”Company”) and its subsidiaries (together referred to as the “Group”). The financial information included in this interim financial report for the six months ended 30 June 2017 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 2016 is also unaudited. The comparative figures for the year ended 31 December 2016 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.

This consolidated interim financial report for the six months ended 30 June 2017 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 2016, available on the Group’s website (www.siriusminerals.com), which were prepared in accordance with IFRSs as adopted by the EU.

GOING CONCERN

These condensed interim unaudited consolidated financial statements have been prepared under the going concern assumption.

As a result of the stage 1 fundraising completed during November 2016, the Group was able to commence significant development work on its polyhalite project in North Yorkshire (the “Project”) during January 2017 with latest cash flow forecasts indicating that the Group has sufficient assets to meet its planned liabilities as they fall due until 2019. The Group has no restrictions on the use of its cash and cash equivalents or bank deposits (upon their maturity).

The Group has publicly announced its intention to conduct stage 2 of fundraising in 2018 in order to raise sufficient further funds to complete development of the Project and reach commercial production, which will ultimately allow the Group to generate sufficient cash to sustain itself as a going concern for the foreseeable future. The directors are confident of a positive outcome to the stage 2 financing negotiations and have mandated a group of six financial institutions on the basis of a non-binding but mutually-agreed term sheet. At the same time, the Infrastructure and Projects Authority (formally IUK) confirmed its interest in supporting the stage 2 financing for the Project.

Having assessed the principal risks and having regard for the above, the directors consider it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

There are no new standards, amendments to existing standards or interpretations issued but not effective for the financial year beginning 1 January 2017 that have been early adopted, nor are any expected to have a material impact on the Group when they do become effective.

2. SEGMENTAL ANALYSIS

Management 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. 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 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.

	Six months to June 2017 (unaudited) £000s	Six months to June 2016 (unaudited) £000s	Year ended Dec 2016 (audited) £000s
Loss for the purposes of basic and diluted earnings per share	**151,305**	4,068	22,954
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (number in thousands)	**4,197,174**	2,294,696	2,472,762
Basic and diluted loss per share (pence)	**3.60**	0.18	0.93

4. NET FINANCE (EXPENSE)/INCOME

	Six months to June 2017 (unaudited) £000s	Six months to June 2016 (unaudited) £000s	Year ended Dec 2016 (audited) £000s
Interest income	**1,969**	79	448
Interest income capitalised on qualifying assets	**(1,050)**	-	-
Interest expense	**(15,071)**	(9)	(2,858)
Interest expense capitalised on qualifying assets	**12,426**	-	-
Fair value loss on convertible loan embedded derivative	**(111,895)**	-	(5,744)
Fair value (loss)/gain on royalty financing derivative	**(21,389)**	-	1,041
Foreign exchange (losses)/gains on net debt	**(1,563)**	50	549
Net finance (expense)/income	**(136,573)**	120	(6,564)

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.

5. INTANGIBLE ASSETS

	30 June 2017 (unaudited) £000s	30 June 2016 (unaudited) £000s	31 Dec 2016 (audited) £000s
Net book value			
At beginning of period	**150,204**	137,970	137,970
Additions	**4,329**	7,926	12,234
Transfers to property, plant and equipment	**(142,548)**	-	-
Amortisation	**(56)**	-	-
At end of period	**11,929**	145,896	150,204

6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2017 (unaudited) £000s	30 June 2016 (unaudited) £000s	31 Dec 2016 (audited) £000s
Net book value			
At beginning of period	**6,138**	1,849	1,849
Additions	**55,999**	14	4,346
Transfers from intangible assets	**142,548**	-	-
Depreciation	**(25)**	(30)	(57)
At end of period	**204,660**	1,833	6,138

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 2017 the Group had contracted but unrecognised capital expenditure commitments of £32,010,000.

7. NET CASH

	30 June 2017 (unaudited) £000s	30 June 2016 (unaudited) £000s	31 Dec 2016 (audited) £000s
At beginning of period	**386,336**	28,345	28,345
Net increase/(decrease) in cash and cash equivalents	**23,411**	(12,231)	229,397
Net cash flows from restricted cash and bank deposits	**(89,196)**	-	401,767
New debt issued	**-**	-	(270,909)
Interest expense	**(15,071)**	-	-
Interest paid	**20,014**	-	(2,839)
Conversions of convertible loan	**51,658**	-	-
Foreign exchange differences	**(642)**	67	575
At end of period	**376,510**	16,181	386,336

7. NET CASH (continued)

Net cash is defined by the Group as being the total value of cash and cash equivalents, restricted cash and bank deposits, less all interest-bearing debt. Interest bearing debt includes only the host loan element of the $400m convertible loan and not the embedded conversion derivative on the basis that embedded derivative is unlikely to ever be settled in cash by the Group.

During the six-month period, conversion notices in respect of 21.8% of the $400m convertible loan were delivered by convertible loan holders to the Group, leading to the creation of 283,405,497 new ordinary shares in the Company. As at 30 June 2017 65,669,698 of these ordinary shares had been created but not yet issued to convertible loan holders, with delivery of these shares being made to convertible loan holders on 4 July 2017.

As at 30 June 2017 the Group had 4,389,633,265 ordinary shares in public issuance (December 2016: 4,164,514,405).

8. FINANCIAL INSTRUMENTS

30 June 2017 (unaudited)	**Designated into cash flow hedge relationships £000s**	**Loans and receivables £000s**	**At fair value through profit and loss £000s**	**Financial liabilities at amortised cost £000s**	**Total £000s**
Financial assets					
Restricted cash	**-**	**93,563**	**-**	**-**	**93,563**
Bank deposits	**-**	**212,202**	**-**	**-**	**212,202**
Cash and cash equivalents	**21,485**	**257,342**	**-**	**-**	**278,827**
	21,485	**563,107**	**-**	**-**	**584,592**
Financial liabilities					
Convertible loan	**-**	**-**	**(118,805)**	**(208,082)**	**(326,887)**
Derivative financial instrument	**-**	**-**	**-**	**(20,348)**	**(20,348)**
Trade and other payables	**-**	**-**	**-**	**(29,035)**	**(29,035)**
	-	**-**	**(118,805)**	**(257,465)**	**(376,270)**
Net financial assets/ (liabilities)	**21,485**	**563,107**	**(118,805)**	**(257,465)**	**208,322**

31 December 2016 (audited)	Loans and receivables £000s	At fair value through profit and loss £000s	Financial liabilities at amortised cost £000s	Total £000s
Financial assets				
Derivative financial instrument	-	1,041	-	1,041
Restricted cash	82,924	-	-	82,924
Bank deposits	322,188	-	-	322,188
Cash and cash equivalents	260,157	-	-	260,157
	665,269	1,041	-	666,310
Financial liabilities				
Convertible loan	-	(42,433)	(278,933)	(321,366)
Trade and other payables	-	-	(5,854)	(5,854)
	-	(42,433)	(284,787)	(327,220)
Net financial assets/(liabilities)	665,269	(41,392)	(284,787)	339,090

8. FINANCIAL INSTRUMENTS (continued)

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 (2016: asset) 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 2016.

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 2017 was £340,238,000 (2016: £334,679,000) compared to a carrying value at 30 June 2017 of £326,887,000 (2016: £321,366,000). 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. ACCOUNTING POLICIES

Except for the two policies listed below, 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 2016.

Finance costs

Interest on borrowings directly relating to the financing of qualifying assets in the course of construction is added to the capitalised cost of those projects under "Capital works in progress", until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

10. ACCOUNTING POLICIES (continued)

Change in accounting policy

From 1 January 2017 the Group has elected to change its accounting policy in accounting for foreign exchange revaluation gains and losses in relation to cash, restricted cash and bank deposits. Previously these were classified within operating costs but the Group has now chosen to classify these within net finance costs. This is on the basis that such gains and losses are more representative of outcomes from the Group's financing strategy rather than a part of underlying operating costs.

The Group has made this restatement from 1 January 2016 in these financial statements, resulting in an increase in reported operating costs and finance income of £50,000 for the six months ended 30 June 2016 and £4,986,000 for the year ended 31 December 2016. The effect on the current period has been a decrease in operating costs and increase in finance costs of £15,784,000. This change in accounting policy has not led to any change in any balance on the statement of financial position nor statement of changes in equity in any comparative period.

11. 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 2016.

12. EVENTS AFTER THE REPORTING PERIOD

Between July 1 and 11 August 2017, the Company received exercise notices in relation to 12 of its convertible bonds leading to the issuance of 7,802,340 new ordinary shares and the reclassification to equity of a further £2,508,000 of convertible bond liabilities reported at 30 June 2017.