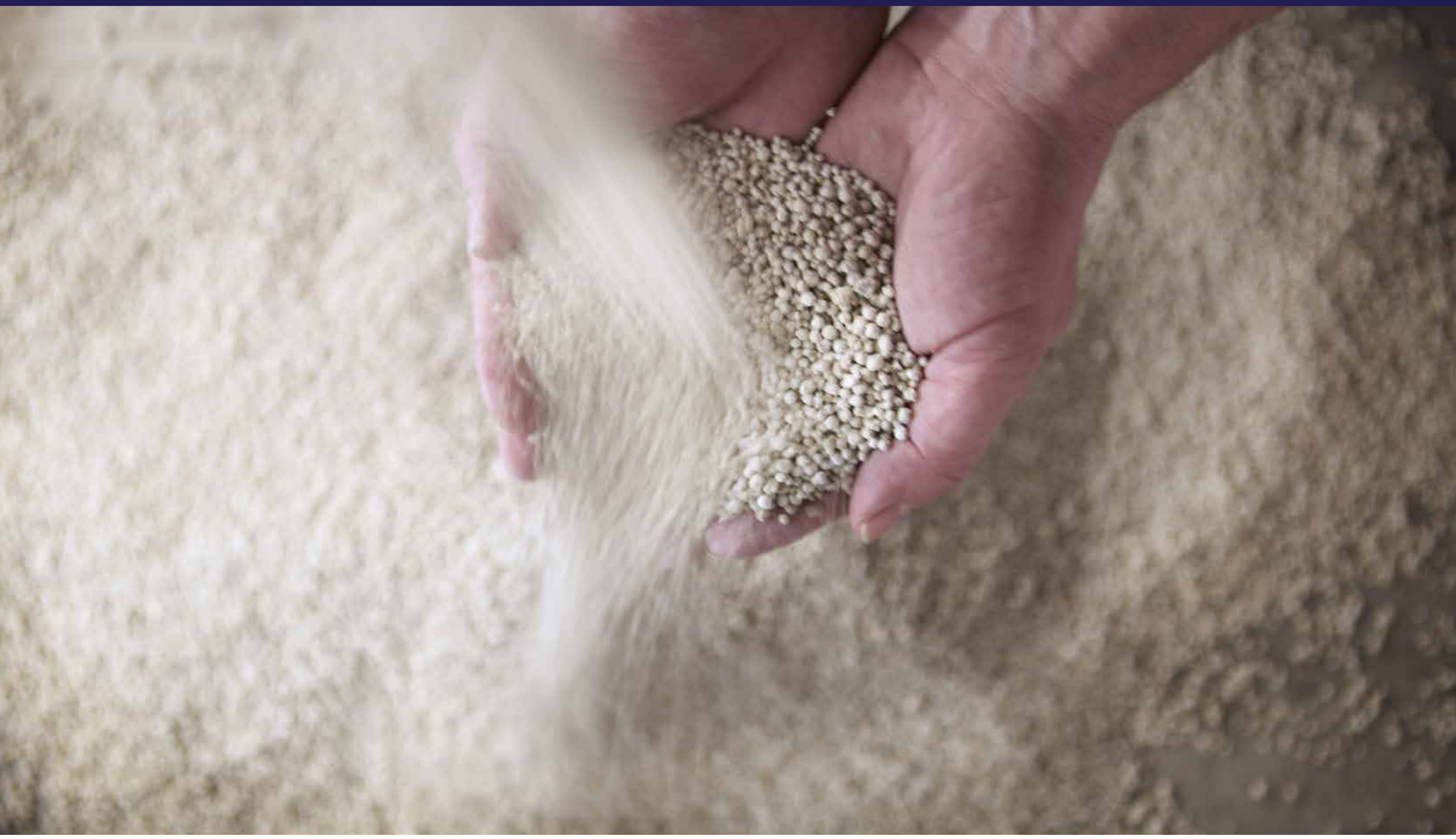
CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2016



SIRIUS
MINERALS PLC

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SIRIUS MINERALS PLC

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

THIS IS THE FIRST INTERIM REPORT SINCE THE CHANGE IN OUR ACCOUNTING REFERENCE DATE WHICH WAS ANNOUNCED IN MARCH 2016 AND COVERS THE SIX-MONTH PERIOD FROM JANUARY TO JUNE 2016. THE BOARD CONSIDERED THAT THIS CHANGE ALIGNED WITH BEST PRACTICE AMONGST MAJOR UK LISTED BUSINESSES AND ALSO PROVIDED GREATER TIMING FLEXIBILITY FOR FUTURE FINANCING EXECUTION FOR OUR NORTH YORKSHIRE POLYHALITE PROJECT (THE PROJECT).

Russell Scrimshaw
Chairman

This half-year has been focused on moving our Project closer towards construction. We were initially centred on the completion of the definitive feasibility study (DFS) and the publication of its material findings in March, which defined a very attractive fertilizer business. The Project's business case is based on the ability to generate annual earnings before interest, tax, depreciation and amortisation (EBITDA) ranging between US$1 billion and US$3 billion through various volume and price outcomes.

The completion of the DFS allowed our team to move onto the next important stage of our Project development which was to select preferred construction contractors. These were announced in June and this was the culmination of a 19-month highly competitive tendering processes. The tenders ran in parallel with the preparation of the DFS and, on behalf of the Board and management, I can say we were both impressed by the quality of the submissions and thankful for the efforts of all the bidders.

In selecting the Associated Mining Construction (UK) and Hochtief Murphy joint ventures we are confident that we have two excellent contractor teams that can help us successfully deliver the Project. During our discussions with both groups they have been able to refine their construction methodologies, update their competitive tender rates and evolve their designs.

The outcomes of these processes has resulted in a total Project capital funding requirement of US$2.91 billion and a Stage 1 capital funding requirement of US$1.09 billion. The Project has a net present value of $15 billion (assuming ultimate production levels of 20 Mtpa) rising to US$27 billion upon commencement of production. The Project has an unlevered after tax internal rate of return of 28%.

The period has also seen further progress with our customer commitments. In addition to several routine agronomy updates from our ongoing crop trial work, we announced a new take-or-pay offtake agreement with Yunnan Dian Huang Peony Industrial Group Co Ltd (Dian Huang). This replaced our previous offtake contract with Yunnan TCT and was facilitated by the latter. It also strengthened the Company's supply position in Yunnan province by supplying a customer closer to the end user and also by removing the conditions that were included in the original TCT agreement.

Away from development matters, and turning to governance issues, I can also reflect on the non-executive director change we made in May when Louise Hardy replaced Stephen Pycroft on the Sirius Minerals Board. Stephen's increasing work commitments in his role as executive chairman of Mace meant that it was a logical time for him to step down. I would like to reiterate the Board's thanks to him for his valuable involvement and support over the last few years.

Louise brings over 25 years' experience in the engineering sector to the Company. In addition to a previous part-time executive role at Skanska, she currently holds non-executive director roles at Ebbsfleet Development Corporation and the Defence Infrastructure Organisation, both executive non-departmental public bodies sponsored by government departments. Her experience at Aecom and particularly at Laing O'Rourke – where she worked as Infrastructure Director as part of the consortium delivering the London 2012 Olympics – will be invaluable to us as we move through the next phases of development.

During the period there have also been other significant developments for the Company. In May we announced an increase to our polyhalite probable reserve. The reserve increased to 280 million tonnes at an average grade of 88.4% (up from the previous level of 250 million tonnes at a grade of 87.8%). This added further confirmation of the outstanding nature of this deposit, which is already the world's largest and highest quality polyhalite reserve.

During the period we also announced details of a potential de-icing salt opportunity at our Project. Whilst the salt deposits within our area of interest (and in close proximity to the polyhalite deposits) have been well known for some time, its extraction could be used in the future as an opportunistic strategy to generate additional revenues in severe winters and if full mine capacity is not being used for polyhalite. We have defined an inferred resource of 550 million tonnes within the Project's area of interest. The initiative, which is subject to approvals, remains an optional and potential bolt-on to our main POLY4 business, but is nevertheless one that could generate additional revenues and also help the UK, particularly in harsh winters.

During the six-month period ended 30 June 2016 the Group made a consolidated loss of £4.1 million compared to a loss of £4.7 million for the six-month period (April to September) last year. Cash resources at the end of June 2016 were £16.9 million compared to £29.1 million at 31 December 2015 and £25.1 million at 30 September 2015.

The Group's net assets at 30 June 2016 were £161.7 million compared to £165.2 million at 31 December 2015 and £153.4 million at 30 September 2015.

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.

The principal risks and uncertainties facing the Group have not changed since the annual report for the period ended 31 December 2015. The principal risks are exploration and development, reserves and resources estimates, mineral title risk, commodity price risk, liquidity risk, currency risk, permits and licenses, community relations, competitors, operational delays, employer and contractor relations and product risk. In respect of the UK's vote in June 2016 to leave the EU, we do not feel the risk to our business is great and there are also potential benefits for the Project. As an export-focused business, any consequent fall in the value of the pound sterling could be beneficial. Detailed explanations of these principal risks can be found in the Company's last annual report.

The Company's Board and management remain focused on the efficient deployment of our existing funds. Together with our external finance and advisory groups, they also continue to concentrate on the ongoing (and extensive) work to secure financing for the construction of our Project. The strategy is still to deliver the overall funding requirement through a range of financing mechanisms, with debt funding making up as much of the overall requirement as possible.

POST BALANCE SHEET EVENTS

On 20 July 2016 we announced an approvals update, confirming that we had received government approval for the harbour facilities element of our Project. This approval includes the new berth, ship loading facilities and the conveyor linkage to the materials handling facility and includes all the compulsory purchase powers needed to develop them. This was the last major approval needed for the Project and we were clearly delighted to have secured it. This decision provides a welcome prelude to the financing stages of the Project.

I thank all shareholders for their support for the Company and we look forward to an exciting year ahead as we continue to develop our world-class polyhalite Project.

Kind regards,

Russell Scrimshaw
Chairman

16 August 2016

INDEPENDENT REVIEW REPORT TO SIRIUS MINERALS PLC

REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Our conclusion

We have reviewed Sirius Minerals Plc's condensed interim consolidated financial statements (the "interim financial statements") in the interim report of Sirius Minerals Plc for the six-month period ended 30 June 2016. 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 AIM Rules for Companies.

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 financial statements concerning the Group's ability to continue as a going concern. The Group is involved in efforts to secure short and long-term finance for its polyhalite project in North Yorkshire, the outcome of which is uncertain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's 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 2016;
- The condensed consolidated income statement and 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 interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

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 interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the Group's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the Group for the purpose of complying with the AIM Rules for Companies 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 Ireland) 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 interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds

16 August 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six-month period ended 30 June 2016

	Note	**Unaudited six-month period ended 30 June 2016 £000s**	Unaudited six-month period ended 30 September 2015 £000s	Audited nine-month period to 31 December 2015 £000s
Revenue		**-**	-	-
Administrative expenses		**(4,615)**	(4,624)	(7,422)
Operating loss		**(4,615)**	(4,624)	(7,422)
Finance income		**79**	64	99
Finance costs		**(9)**	(176)	(186)
Loss before taxation		**(4,545)**	(4,736)	(7,509)
Taxation		**477**	-	550
Loss for the financial year		**(4,068)**	(4,736)	(6,959)
Loss per share				
Basic and diluted	3	**(0.2p)**	(0.2p)	(0.3p)

Loss for the financial period shown above is fully attributable to equity shareholders of the parent in all periods.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-month period ended 30 June 2016

	Note	**Unaudited six-month period ended 30 June 2016 £000s**	Unaudited six-month period ended 30 September 2015 £000s	Audited nine-month period to 31 December 2015 £000s
Loss for the financial period attributable to owners of the parent		**(4,068)**	(4,736)	(6,959)
Other comprehensive income/(loss) for the period				
Exchange differences on translating foreign operations		**17**	(97)	(135)
Other comprehensive income/(loss) for the period		**17**	(97)	(135)
Total comprehensive loss for the period		**(4,051)**	(4,833)	(7,094)

Total comprehensive loss shown above is fully attributable to equity shareholders of the parent in all periods.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

ASSETS	Note	**Unaudited as at 30 June 2016 £000s**	Audited as at 31 December 2015 – Restated £000s	Unaudited as at 30 September 2015 – Restated £000s
Non-current assets				
Property, plant and equipment		**1,833**	1,849	1,869
Intangible assets	4	**145,896**	137,970	131,752
Total non-current assets		**147,729**	139,819	133,621
Current assets				
Other receivables		**1,268**	1,184	1,034
Cash and cash equivalents		**16,929**	29,093	25,140
Total current assets		**18,197**	30,277	26,174
TOTAL ASSETS		**165,926**	170,096	159,795
EQUITY AND LIABILITIES				
Equity				
Share capital	5	**5,769**	5,737	5,545
Share premium account		**242,250**	240,874	227,282
Share-based payment reserve		**6,155**	7,624	11,705
Accumulated losses		**(93,723)**	(90,339)	(92,421)
Foreign exchange reserve		**1,283**	1,266	1,304
Total equity		**161,734**	165,162	153,415
Current liabilities				
Loan from third parties		**748**	748	744
Trade and other payables		**3,444**	4,186	5,636
Total liabilities		**4,192**	4,934	6,380
TOTAL EQUITY AND LIABILITIES		**165,926**	170,096	159,795

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.

Foreign exchange reserve records exchange differences which arise on translation of foreign operations with a functional currency other than sterling.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended 30 June 2016

	Share capital £000s	Share premium account £000s	Share-based payments reserve £000s	Accumulated losses £000s	Foreign exchange reserve £000s	Equity shareholders' funds £000s
At 1 April 2015	5,362	216,586	13,290	(95,630)	7,028	146,636
Foreign exchange reserve prior period adjustment	-	-	-	5,627	(5,627)	-
At 1 April 2015 – Restated	5,362	216,586	13,290	(90,003)	1,401	146,636
Loss for the period	-	-	-	(4,736)	-	(4,736)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(97)	(97)
Total comprehensive loss for the period	-	-	-	(4,736)	(97)	(4,833)
Convertible loan	43	1,102	-	255	-	1,400
Share issue	-	-	-	-	-	-
Share issue costs	-	(121)	-	-	-	(121)
Share-based payments	-	-	(1,585)	2,063	-	478
Exercised options	140	9,715	-	-	-	9,855
At 30 September 2015 – Restated	5,545	227,282	11,705	(92,421)	1,304	153,415
Loss for the period	-	-	-	(2,220)	-	(2,220)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(38)	(38)
Total comprehensive loss for the period	-	-	-	(2,220)	(38)	(2,258)
Share-based payments	-	-	(4,081)	4,302	-	221
Exercised options	192	13,592	-	-	-	13,784
At 31 December 2015 – Restated	5,737	240,874	7,624	(90,339)	1,266	165,162
Loss for the financial period	-	-	-	(4,068)	-	(4,068)
Foreign exchange differences on translation of foreign operations	-	-	-	-	17	17
Total comprehensive loss for the period	-	-	-	(4,068)	17	(4,051)
Share issue	12	-	-	-	-	12
Share issue costs	-	(42)	-	-	-	(42)
Share-based payments	20	1,418	(1,469)	684	-	653
Exercised options	-	-	-	-	-	-
At 30 June 2016	**5,769**	**242,250**	**6,155**	**(93,723)**	**1,283**	**161,734**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-month period ended 30 June 2016

	Note	**Unaudited six-month period ended 30 June 2016 £000s**	Unaudited six-month period ended 30 September 2015 £000s	Audited nine-month period to 31 December 2015 £000s
Cash outflow from operating activities	6	**(3,815)**	(989)	(5,307)
Cash flow from investing activities				
Purchase of intangible assets		**(8,392)**	(10,036)	(15,533)
Purchase of plant and equipment		**(14)**	-	(1)
Net cash used in investing activities		**(8,406)**	(10,036)	(15,534)
Cash flow from financing activities				
Proceeds from issue of shares		**12**	9,855	23,637
Share issue costs		**(42)**	(121)	(121)
Finance income/(costs)		**70**	(112)	(87)
Net cash generated from financing activities		**40**	9,622	23,429
Net (decrease)/increase in cash and cash equivalents		**(12,181)**	(1,403)	2,588
Cash and cash equivalents at the beginning of the period		**29,093**	26,640	26,640
Gain/(loss) from foreign exchange		**17**	(97)	(135)
Cash and cash equivalents at end of the period		**16,929**	25,140	29,093

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Sirius Minerals Plc (the "Company") is a limited liability 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's ordinary shares are traded on the AIM market of the London Stock Exchange.

The condensed interim unaudited consolidated financial statements for the six-month period ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

BASIS OF PREPARATION

The condensed interim unaudited consolidated financial statements for the six-month period ended 30 June 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union ("EU"). As a result of changing the accounting reference date, from 31 March to 31 December, these financial statements should be read in conjunction with the condensed financial statements for the six-month period ended 30 September 2015 which have been prepared in accordance with IFRSs as adopted by the EU. Comparability with the current period is maintained due to the low seasonality of the Group's operations.

The accounting policies applied are consistent with those of the Group financial statements for the nine-month period ended 31 December 2015, which have also been voluntarily included in these financial statements for reference.

NON-STATUTORY ACCOUNTS

The financial information set out in this interim report does not comprise the Group's statutory accounts.

The financial information for the six-month period ended 30 June 2016 and 30 September 2015 is unaudited.

The statutory accounts for the nine-month period ended 31 December 2015 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 however, did include references to matters to which the auditor drew attention by way of emphasis.

GOING CONCERN

The condensed interim unaudited consolidated financial statements have been prepared under the going concern assumption. Whilst the directors remain confident of a positive outcome, they recognise that securing sufficient financing to fund full operational development remains a material uncertainty inherent in the Sirius Minerals's polyhalite project in North Yorkshire.

An unsuccessful outcome in respect of this material uncertainty may cast significant doubt on the Group's ability to continue as a going concern. However, the directors' remain positive around the Group's ability to raise finance in the future. The directors are of the view that additional funding will be secured as necessary.

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

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 2016 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 currently organised into one business division: the UK segment which consists of its North Yorkshire polyhalite project related activities and the corporate operations. This division is the segment for which the Group reports information internally to the board of directors. The Group's operations are predominantly in the United Kingdom.

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

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.

Given the Group's reported loss for the six-month period ended 30 June 2016 and the nine-month period ended 31 December 2015, share options are not taken into account when determining the weighted average number of ordinary shares in issue during the period and therefore the basic and diluted earnings per share are the same.

	Unaudited six-month period ended 30 June 2016 £000s	Unaudited six-month period ended 30 September 2015 £000s	Audited nine-month period to 31 December 2015 £000s
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the parent	**(4,068)**	(4,736)	(6,959)
Loss for the purpose of diluted earnings per share	**(4,068)**	(4,736)	(6,959)

	2016 Number (000's)	2015 Number (000's)	2015 Number (000's)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,294,696**	2,186,300	2,230,602

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

	2016 Number (000's)	2015 Number (000's)	2015 Number (000's)
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,301,446**	2,187,391	2,231,795
Basic and diluted loss per share	**(0.2p)**	(0.2p)	(0.3p)

4. INTANGIBLE ASSETS

Group	Exploration costs and rights £000s	Goodwill £000s	Software £000s	Total £000s
Cost				
At 1 April 2015	173,412	9,079	79	182,570
Additions	10,036	-	-	10,036
At 30 September 2015	183,448	9,079	79	192,606
Additions	6,218	-	-	6,218
At 31 December 2015	189,666	9,079	79	198,824
Additions	7,926	-	-	7,926
At 30 June 2016	197,592	9,079	79	206,750
Accumulated provision for permanent diminution in value				
At 1 April 2015	(58,339)	(2,436)	(74)	(60,849)
Amortisation	-	-	(5)	(5)
At 30 September 2015	(58,339)	(2,436)	(79)	(60,854)
At 31 December 2015	(58,339)	(2,436)	(79)	(60,854)
At 30 June 2016	(58,339)	(2,436)	(79)	(60,854)
Net book value				
At 30 June 2016	**139,253**	**6,643**	**-**	**145,896**
At 31 December 2015	131,327	6,643	-	137,970
At 30 September 2015	125,109	6,643	-	131,752

5. SHARE CAPITAL

	Unaudited six-month period ended 30 June 2016 £000s	Audited nine-month period to 31 December 2015 £000s	Unaudited six-month period ended 30 September 2015 £000s
Allotted and called up			
2,307,394,115 (2015: 2,218,123,252) ordinary shares of 0.25p each	**5,769**	5,737	5,545

6. CASH OUTFLOW FROM OPERATING ACTIVITIES

Group	**Unaudited six-month period ended 30 June 2016 £000s**	Unaudited six-month period ended 30 September 2015 £000s	Audited nine-month period to 31 December 2015 £000s
Loss before tax	**(4,545)**	(4,736)	(7,509)
Depreciation	**30**	63	84
Finance (income)/expense	**(70)**	112	87
Amortisation	**-**	5	5
Share-based payments	**653**	478	699
Loan conversion into shares	**-**	164	172
Tax credit	**477**	-	550
Operating cash flow before changes in working capital	**(3,455)**	(3,914)	(5,912)
Increase in receivables	**(84)**	379	229
Decrease in payables	**(276)**	2,546	376
Net cash outflow from operating activities	**(3,815)**	(989)	(5,307)

7. RELATED PARTY TRANSACTIONS

On 27 April 2016, Elizabeth Noel Harwerth, non-executive director, purchased 49,608 of the Company's 0.25p ordinary shares at an average price of 18.12p each.

On 28 April 2016, Jane Ann Lodge, non-executive director, purchased 100,000 of the Company's 0.25p ordinary shares at an average price of 18.35p each.

On 11 May 2016, Chris Fraser was awarded 833,340 of the Company's 0.25p ordinary shares at an average price of 18.25p each. This was part of the Short Term Incentive ("STI") award. In addition, Chris Fraser was also awarded with 1,239,006 of the Company's 0.25p ordinary shares as a part of the long-term incentive ("LTI") award. However, these shares only vest once certain conditions have been met.

During the period, the Company loaned £8,371,000 to its subsidiaries for working capital purposes. The Company had a loan receivable balance of £76,346,000 outstanding from its subsidiaries.

8. FINANCIAL INSTRUMENTS

CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

The three levels of the hierarchy are:

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

The convertible loan was assessed to be a level 2 financial liability at fair value. There are no other financial assets or liabilities measured at fair value. All other financial liabilities are held at amortised cost, with the carrying amounts of the financial assets and liabilities measured at amortised cost approximate their fair value.

CAPITAL MANAGEMENT

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

CREDIT RISK

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

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

	Unaudited as at 30 June 2016 £000s	Audited as at 31 December 2015 £000s	Unaudited as at 30 September 2015 £000s
Group			
Other receivables	**642**	765	421
Cash and cash equivalents	**16,929**	29,093	25,140
	17,571	29,858	25,561

INTEREST RATE RISK

The Group's interest bearing assets comprise cash and cash equivalents earning interest at a variable rate.

The Group's cash and cash equivalents earned interest from various instant access deposits and fixed term deposits in Sterling. Cash and cash equivalents of the Group and Company are disclosed above under credit risk.

LIQUIDITY RISK

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

	Trade & other payables £000s	Accruals £000s	Loan from third parties £000s	Total £000s
Group				
Unaudited as at 30 June 2016				
Six months or less	1,425	2,019	748	4,192
Total contractual cash flows	1,425	2,019	748	4,192
Total amount of financial liabilities measured at amortised cost	1,425	2,019	748	4,192

	Trade & other payables £000s	Accruals £000s	Loan from third parties £000s	Total £000s
Group				
Audited as at 31 December 2015				
Six months or less	805	3,381	748	4,934
Total contractual cash flows	805	3,381	748	4,934
Total amount of financial liabilities measured at amortised cost	805	3,381	748	4,934

	Trade & other payables £000s	Accruals £000s	Loan from third parties £000s	Total £000s
Group				
Unaudited as at 30 September 2015				
Six months or less	1,041	4,595	744	6,380
Total contractual cash flows	1,041	4,595	744	6,380
Total amount of financial liabilities measured at amortised cost	1,041	4,595	744	6,380

FOREIGN CURRENCY EXCHANGE RATE RISK

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

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

9. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to foreign exchange reserves totaling £5,627,000, which have been recycled through accumulated losses. These reserves relate to overseas subsidiaries that had been liquidated during the year ended 31 March 2015. The comparative period reserves have been restated to show this adjustment.

10. EVENTS AFTER THE REPORTING PERIOD

On 20 July 2016, the Company announced that it has received government approval for the Harbour Facilities element of its North Yorkshire polyhalite project. As a result, all major approvals for the Project have now been granted.

During July and August 2016, the Company received an exercise notice of 5,975,000 share options at 19.5p each in relation to the financing, which was announced on 12 August 2013.

DIRECTORS AND ADVISERS

DIRECTORS

RJ Scrimshaw (Non-executive Chairman)

CN Fraser (Managing Director and CEO)

Lord Hutton (Non-executive Director)

KEF Clarke (Non-executive Director)

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

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

LJ Hardy (Non-executive Director) appointed 12 May 2016

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NA King

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GENERAL INFORMATION

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