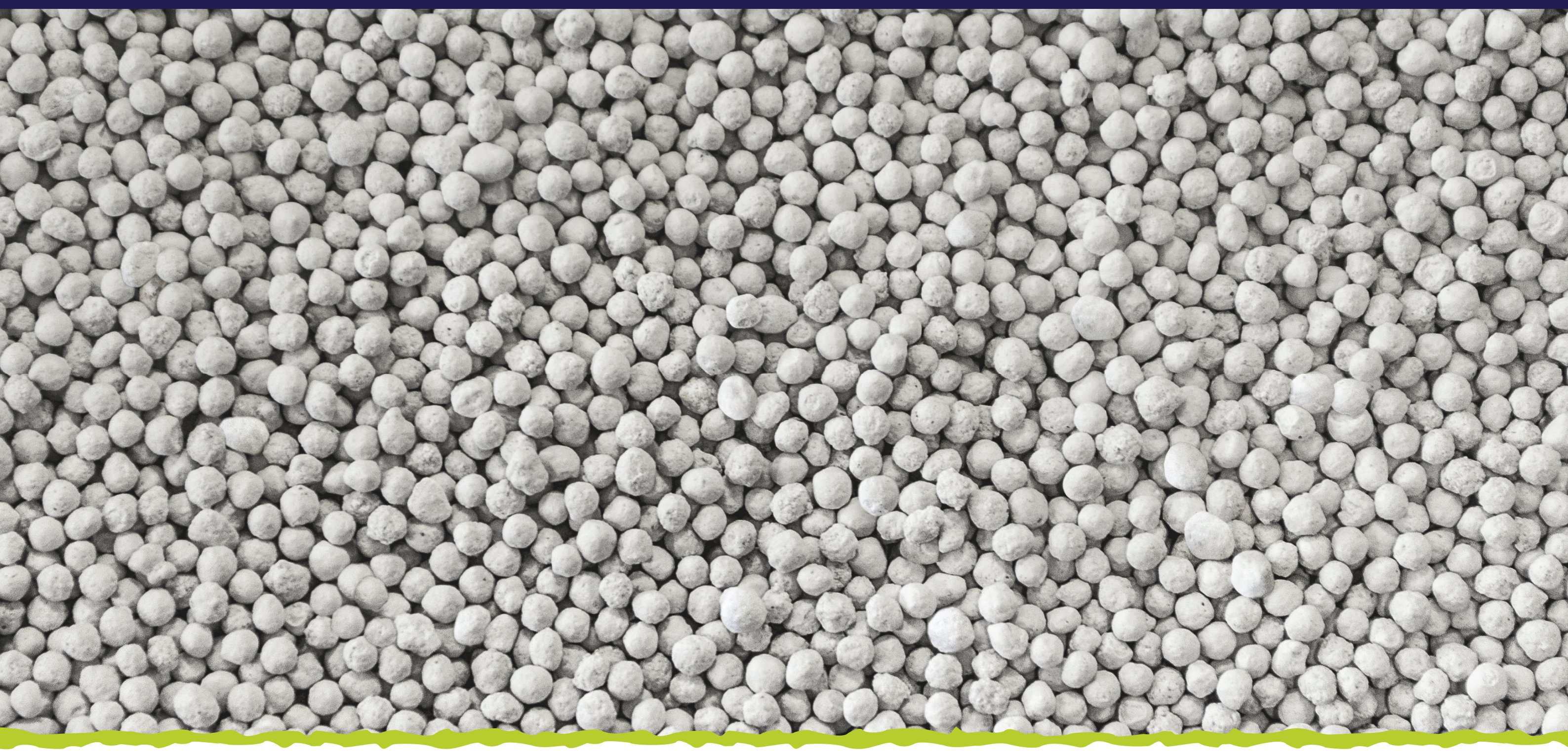
CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2014



SIRIUS MINERALS PLC

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CHAIRMAN'S STATEMENT

Dear Shareholders

A BUSY PERIOD

The last six months have been another very busy period for Sirius. We have now completed an intense process to compile the detailed work for two of the major planning approval submissions for the York Potash Project (the Project). An extraordinary level of effort went into preparing the application documents across the engineering, planning policy and environmental work streams in order to ensure that the submissions were as robust and compelling as possible. In particular, our work has been focussed to address areas of concern previously raised by stakeholders in this planning process.

This six month period has also been highlighted by further progress from the Project team on the Definitive Feasibility Study (DFS), on sales from the sales and marketing division and several more impressive crop trial results from the agronomy team.

PROJECT APPROVALS

At the end of June, Sirius announced the start of the formal pre-application consultation for the Project. This was an extensive process involving a large amount of publicity and including direct mailings to over 17,000 addresses and public exhibitions throughout the Project area encompassing 11 venues from Teesside to Scarborough. Transparent and thorough information was provided on the likely impacts of the Project on the economy, environment and traffic amongst other things. The results of this consultation period saw a public support rate for the Project of around 97 per cent. We continue to be extremely encouraged and pleased by the level of support and enthusiasm shown for the Project from a wide range of stakeholders.

To the very small number of people who have expressed concerns about the Project we offer our commitment to continue to listen to their views, reduce any negative impacts wherever we reasonably can, and endeavour to maximise the local benefits.

During July, Sirius announced its intention to combine the mine and mineral transport system planning applications. This had no impact on the envisaged project timescales and came about after extensive conversations with the relevant planning authorities. This approach has helped to simplify the process and assessment of the applications.

The planning submission timeframe we had announced was met at the end of September. The team knows that there is still ongoing work to be done with the key statutory bodies to clarify any areas of concern. The determination of such applications is often complex and time consuming, but the level of pre-application engagement with the local authorities and others has given a good backdrop to the process.

MARKET

The period has also seen more significant progress in our work to fully define the market for polyhalite, bearing in mind that substantial contracted long-term sales commitments have not traditionally been the norm in the global fertilizer market.

The primary reasons we continue to make progress with sales contracts ahead of production is that customers recognise the outstanding economic value of polyhalite, they can look to secure supply on low-risk long-term contracts and, very importantly, they want to see more competition in the market. The potash industry, in particular, is one that is dominated by a small number of very large companies and the balance between supply and demand has to date mostly been in favour of the producers. We believe the Memorandum of Understanding signed in Tanzania in July, and the offtake agreement signed with our Central American partner in August, continue to demonstrate the global demand for large volumes of polyhalite. We now have over five million tonnes per annum of sales commitments agreed.

Russell Scrimshaw
Chairman

During the past six months Sirius has also published a number of informative updates as part of its global agronomy programme. The crop studies, conducted across numerous key crop types around the world, are targeted to demonstrate polyhalite's genuine value-in-use to agricultural producers. Test results in April assessed and confirmed that our polyhalite product, POLY4, has a very positive yield performance on sugarcane, soya bean, corn, oilseed rape and potatoes. The results also confirmed the beneficial presence of several key micro-nutrients found in POLY4.

In August and September we released results relating to trials on tomatoes – a crop with an annual global market value of US$60 billion – and cabbages, which have a global annual market value of US$17 billion. The outstanding results for these two particular crops demonstrated how POLY4 outperformed both Muriate of Potash (MOP) and Sulphate of Potash (SOP) in these examples. Whilst MOP is the primary product of the global potash industry, SOP commands a substantial pricing premium because of its lack of chlorides compared to MOP. To have outperformed both forms of potash shows just why POLY4 is attractive to so many fertilizer buyers, and why we are confident we will continue to attract ongoing and additional global interest.

POLY4's success lies largely in being a multi-nutrient form of chloride-free potash and with its nutrients working together naturally in a readily available sulphate form. Whilst each farmer or blender will have different requirements depending on the soil type and crop, POLY4 will offer a low cost blending ingredient which we believe will help farmers produce better yields for less overall cost.

PROJECT DEVELOPMENT

Throughout the financial period the Project development has continued apace. The Project DFS is well under way and brings together a huge amount of work from internal teams and external consultants. The result will be a comprehensive study covering all areas of the business during construction and operation. Timed to be complete in time for our funding timetable, the DFS will be important in underpinning these future funding requirements. The finance team continue to progress multiple opportunities for optimising funding for the Project and these are being aligned with the expected timing requirement of different tranches of funding.

PEOPLE

Changes to the management team during the period have seen the departure of Chief Finance Officer, Jason Murray, and the arrival of Rachel Rhodes as his replacement. With over fifteen years of experience in the mining sector Rachel has extensive experience in raising Group and Project level finance, listing companies on the London Stock Exchange and in managing investor, community and senior government relations.

The team has also been strengthened by Thomas Staley's appointment in August as Corporate Development Director to the Group. Thomas has over ten years' experience developing energy, resource and infrastructure projects across a range of international markets. His core competency is structuring commercial arrangements as well as financing projects utilising a wide range of capital types including project and export credit backed debt, mezzanine debt and equity facilities.

These appointments recognise the upcoming and increasing focus on the overall financing of the Project. These additions to the existing executive team, together with the skills and experience of Chief Executive, Chris Fraser, give Sirius an exceptionally strong executive group to drive the Project through Project approvals, funding and construction.

FINANCIAL RESULTS

During the six month period ended 30 September 2014 the Group made a consolidated loss of £6.7 million compared to a loss of £8.5 million for the same period last year. Cash resources at the end of September 2014 were £27.4 million compared to £13.1 million at 30 September 2013 and £48.4 million at 31 March 2014.

The Group's net assets at 30 September 2014 were £132.6 million compared to £89.3 million at 30 September 2013 and £134.9 million at 31 March 2014.

The finance team continue to be focussed on the effective management of our existing funds and advancing multiple potential financing options for the Project. Ultimately we aim to optimise our access to debt markets for the majority of the construction finance for the Project – something that we believe is very achievable given the team's experience and the value of the Project once in operation. The team is also investigating more innovative opportunities for funding, including strategic partners, leasing and offtake financing mechanisms, which will inevitably form part of the funding mix.

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 are set out in Note 1 to these financial statements.

The principal risks and uncertainties facing the Group have not changed since the year-end. The principal risks are exploration, development & production risk, mineral title risk, permitting risk, commodity price risk, liquidity risk, currency risk, competitor risk and product risk. Detailed explanations of these principal risks can be found in the 2014 annual report.

We look forward to further progress being made in the financial period ahead.

Kind regards,

Russell Scrimshaw
Chairman

26 November 2014

INDEPENDENT REVIEW REPORT TO SIRIUS MINERALS PLC

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Sirius Minerals Plc for the six months ended 30 September 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of matter – Going concern

In forming our conclusion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is seeking to complete feasibility studies, obtain appropriate planning permissions and secure long term project finance, the outcome of each of which is uncertain. These circumstances indicate a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments which would result if the Group were unable to continue as a going concern.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Sirius Minerals Plc, comprise:

- the condensed consolidated statement of financial position as at 30 September 2014;
- the condensed consolidated income statement and 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 condensed consolidated interim financial statements.

As disclosed in note 1, 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.

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

What a review of condensed consolidated 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 half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

INDEPENDENT REVIEW REPORT TO SIRIUS MINERALS PLC (CONTINUED)

RESPONSIBILITIES FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

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

The directors are also responsible for 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 financial statements since they were initially presented on the website.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report 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 and Transparency Rules of the 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.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds

26 November 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six month period ended 30 September 2014

	Notes	**Unaudited six month period ended 30 September 2014 £000s**	Unaudited six month period ended 30 September 2013 £000s	Audited year ended 31 March 2014 £000s
Revenue		**-**	-	-
Administrative expenses		**(6,641)**	(8,380)	(9,115)
Operating loss		**(6,641)**	(8,380)	(9,115)
Finance income		**98**	30	49
Finance costs		**(177)**	(111)	(1,063)
Loss before taxation		**(6,720)**	(8,461)	(10,129)
Taxation		**-**	2,152	2,151
Loss for the financial year		**(6,720)**	(6,309)	(7,978)
Loss per share:				
Basic and diluted	3	**(0.4p)**	(0.5p)	(0.5p)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 30 September 2014

	Notes	**Unaudited six month period ended 30 September 2014 £000s**	Unaudited six month period ended 30 September 2013 £000s	Audited year ended 31 March 2014 £000s
Loss for the financial year attributable to owners of the Parent		**(6,720)**	(6,309)	(7,978)
Other comprehensive income/(loss)				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations		**(279)**	26	210
Other comprehensive income/(loss) for the year		**(279)**	26	210
Total comprehensive loss for the year		**(6,999)**	(6,283)	(7,768)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2014

ASSETS	Notes	**Unaudited as at 30 September 2014 £000s**	Unaudited as at 30 September 2013 £000s	Audited as at 31 March 2014 £000s
Non-current assets				
Property, plant and equipment		**2,055**	810	2,116
Intangible assets	4	**110,452**	83,826	92,814
Total non-current assets		**112,507**	84,636	94,930
Current assets				
Other receivables		**3,998**	947	1,046
Cash and cash equivalents		**27,426**	13,143	48,404
Total current assets		**31,424**	14,090	49,450
TOTAL ASSETS		**143,931**	98,726	144,380
EQUITY AND LIABILITIES				
Equity				
Share capital	5	**4,739**	3,468	4,658
Share premium account		**200,185**	151,122	197,797
Share based payment reserve		**13,515**	13,140	11,404
Accumulated losses		**(92,957)**	(85,667)	(86,360)
Foreign exchange reserve		**7,095**	7,190	7,374
Total equity		**132,577**	89,253	134,873
Non-current liabilities				
Deferred tax liability		**-**	-	-
Current liabilities				
Loan from third parties	6	**2,975**	6,623	5,340
Trade and other payables		**8,379**	2,850	4,167
Total liabilities		**11,354**	9,473	9,507
TOTAL EQUITY AND LIABILITIES		**143,931**	98,726	144,380

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six month period ended 30 September 2014

	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 2013	3,359	147,763	10,345	(79,392)	7,164	89,239
Loss for the period	-	-	-	(6,309)	-	(6,309)
Foreign exchange differences on translation of foreign operations	-	-	-	-	26	26
Total comprehensive loss for the period	-	-	-	(6,309)	26	(6,283)
Conversion of loan	75	2,854	-	34	-	2,963
Exercise options	7	505	-	-	-	512
Share based payments	27	-	2,795	-	-	2,822
At 30 September 2013	3,468	151,122	13,140	(85,667)	7,190	89,253
Loss for the period	-	-	-	(1,669)	-	(1,669)
Foreign exchange differences on translation of foreign operations	-	-	-	-	184	184
Total comprehensive loss for the period	-	-	-	(1,669)	184	(1,485)
Share issue	897	42,147	897	-	-	43,941
Share issue costs	-	(2,180)	-	-	-	(2,180)
Conversion of loan	293	6,708	-	976	-	7,977
Exercised options	-	-	-	-	-	-
Share based payments	-	-	(2,633)	-	-	(2,633)
At 31 March 2014	4,658	197,797	11,404	(86,360)	7,374	134,873
Loss for the period	-	-	-	(6,720)	-	(6,720)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(279)	(279)
Total comprehensive loss for the period	-	-	-	(6,720)	(279)	(6,999)
Share issue	7	-	-	-	-	7
Share issue costs	-	17	-	-	-	17
Conversion of loan	72	2,338	-	123	-	2,533
Exercised options	2	33	-	-	-	35
Share based payments	-	-	2,111	-	-	2,111
At 30 September 2014	**4,739**	**200,185**	**13,515**	**(92,957)**	**7,095**	**132,577**

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six month period ended 30 September 2014

	Notes	**Unaudited six month period ended 30 September 2014 £000s**	Unaudited six month period ended 30 September 2013 £000s	Audited year ended 31 March 2014 £000s
Cash outflow from operating activities	7	**(4,663)**	(6,128)	(7,950)
Cash flow from investing activities				
Purchase of intangible assets		**(15,977)**	(10,096)	(17,424)
Purchase of plant and equipment		**(51)**	(6)	(1,461)
Repayment of loan to third party		**-**	915	915
Net cash used in investing activities		**(16,028)**	(9,187)	(17,970)
Cash flow from financing activities				
Proceeds from loan		**-**	10,000	15,748
Proceeds from issue of shares		**42**	512	43,557
Share issue costs		**17**	-	(2,180)
Finance (costs)/income		**(79)**	(81)	(1,014)
Net cash generated from financing activities		**(20)**	10,431	56,111
Net increase/(decrease) in cash and cash equivalents		**(20,711)**	(4,884)	30,191
Cash and cash equivalents at beginning of the year		**48,404**	17,980	17,980
Effect of foreign exchange rate changes		**(267)**	47	233
Cash and cash equivalents at end of the year		**27,426**	13,143	48,404

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 September 2014 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 September 2014 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). These financial statements should be read in conjunction with the Group financial statements for the year ended 31 March 2014 which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies applied are consistent with those of the Group financial statements for the year ended 31 March 2014.

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 September 2014 and 30 September 2013 is unaudited.

The statutory accounts for the year ended 31 March 2014 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 in each of the following areas they recognise that there are a number of material uncertainties inherent in the York Potash Project, namely;

- The Group obtaining the appropriate planning permissions to cover mining and operational infrastructure.
- The conclusion of the feasibility studies to prove the availability and economic viability of polyhalite resources.
- Securing sufficient financing to fund full operational development.

An unsuccessful outcome in respect of these material uncertainties may cast significant doubt on the Group's ability to continue as a going concern. However the Directors remain positive about the likely outcomes in respect of the planning permission outcome and the positive impact this will have on the Group's ability to raise finance in the future. The Directors are of the view that additional funding will be secured as necessary, as has been demonstrated in the past.

In the event of a delay to planning permission, 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.

2. SEGMENTAL ANALYSIS

Management has determined the operating segments by considering the business from a geographic perspective. The Group is currently organised into three geographic locations: UK, United States of America and Australia. These divisions are the segments for which the Group reports information internally to the Board of Directors. The Group's operations are predominantly in the United Kingdom.

The Chief Operating Decision Maker (CODM) for the Group is the Chief Executive Officer.

	UK £000s	USA £000s	Australia £000s	Corporate operations £000s	Total £000s
Unaudited six month period ended 30 September 2014					
Operating (loss)/profit	(3,033)	(25)	(5)	(3,578)	**(6,641)**
Finance costs	(10)	-	-	(167)	**(177)**
Finance income	37	-	-	61	**98**
(Loss)/profit before taxation	(3,006)	(25)	(5)	(3,684)	**(6,720)**
Tax credits	-	-	-	-	**-**
(Loss)/profit for the year from continuing operations	(3,006)	(25)	(5)	(3,684)	**(6,720)**
Total assets	138,291	58	(37)	5,619	**143,931**
Total liabilities	(8,721)	(79)	(5)	(2,549)	**(11,354)**
Net assets	129,570	(21)	(42)	3,070	**132,577**
Capital expenditure	17,690	-	-	10	**17,700**
Depreciation and amortisation	93	-	-	19	**112**
Share based payment cost	686	-	-	1,432	**2,118**

2. SEGMENTAL ANALYSIS (CONTINUED)

	UK £000s	USA £000s	Australia £000s	Corporate operations £000s	Total £000s
Year ended 31 March 2014					
Operating (loss)/profit	(3,413)	351	(10)	(6,043)	**(9,115)**
Finance costs	(8)	-	-	(1,055)	**(1,063)**
Finance income	31	1	-	17	**49**
(Loss)/profit before taxation	(3,390)	352	(10)	(7,081)	**(10,129)**
Tax credits	2,151	-	-	-	**2,151**
(Loss)/profit for the year from continuing operations	(1,239)	352	(10)	(7,081)	**(7,978)**
Total assets	97,144	185	-	47,051	**144,380**
Total liabilities	(4,142)	(86)	-	(5,279)	**(9,507)**
Net assets	93,002	99	-	41,772	**134,873**
Capital expenditure	(20,537)	-	-	29	**(20,508)**
Depreciation and amortisation	185	-	-	39	**224**
Share based payment cost	(1,213)	-	-	649	**(564)**

	UK £000s	USA £000s	Australia £000s	Corporate operations £000s	Total £000s
Unaudited six month period ended 30 September 2013					
Operating (loss)/profit	(1,779)	(48)	(23)	(6,530)	**(8,380)**
Finance costs	-	-	-	(111)	**(111)**
Finance income	21	-	-	9	**30**
(Loss)/profit before taxation	(1,758)	(48)	(23)	(6,632)	**(8,461)**
Tax credits	2,152	-	-	-	**2,152**
(Loss)/profit for the year from continuing operations	394	(48)	(23)	(6,632)	**(6,309)**
Total assets	94,151	94	-	4,481	**98,726**
Total liabilities	(2,015)	(86)	-	(7,372)	**(9,473)**
Net assets/(liabilities)	92,136	8	-	(2,891)	**89,253**
Capital expenditure	10,097	-	-	5	**10,102**
Depreciation and amortisation	98	-	-	17	**115**

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 year.

Given the Group's reported loss for the six month period ended 30 September 2014 and the year ended 31 March 2014, 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 September 2014 £000s	Unaudited six month period ended 30 September 2013 £000s	Audited year ended 31 March 2014 £000s
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the Parent	**(6,720)**	(6,309)	(7,978)
Loss for the purpose of diluted earnings per share	**(6,720)**	(6,309)	(7,978)

	2014 Number 000s	2013 Number 000s	2014 Number 000s
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,876,109**	1,354,602	1,435,723
Basic and diluted loss per share	**(0.4p)**	(0.5p)	(0.5p)

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:

	Number 000s	Number 000s	Number 000s
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,935,041**	1,451,535	1,503,154

4. INTANGIBLE ASSETS

	Exploration costs and rights £000s	Goodwill £000s	Software £000s	Total £000s
Cost				
At 1 April 2013	125,386	9,079	79	134,544
Additions	10,096	-	-	10,096
At 30 September 2013	135,482	9,079	79	144,640
Additions	9,001	-	-	9,001
At 31 March 2014	144,483	9,079	79	153,641
Additions	17,651	-	-	17,651
As at 30 September 2014	162,134	9,079	79	171,292
Accumulated provision for permanent diminution in value				
At 1 April 2013	(58,339)	(2,436)	(26)	(60,801)
Amortisation	-	-	(13)	(13)
At 30 September 2013	(58,339)	(2,436)	(39)	(60,814)
Amortisation	-	-	(13)	(13)
At 31 March 2014	(58,339)	(2,436)	(52)	(60,827)
Amortisation	-	-	(13)	(13)
At 30 September 2014	(58,339)	(2,436)	(65)	(60,840)
Net book value				
30 September 2014	103,795	6,643	14	110,452
31 March 2014	86,144	6,643	27	92,814
30 September 2013	77,143	6,643	40	83,826

5. SHARE CAPITAL

	Unaudited as at 30 September 2014 £000s	Unaudited as at 30 September 2013 £000s	Audited as at 31 March 2014 £000s
Allotted and called up			
1,895,810,461 (30/9/13: 1,387,284,619 and 31/3/14: 1,863,331,072) ordinary shares of 0.25p each	**4,739**	3,468	4,658

On 8 April 2014 the Company issued 1,198,095 new ordinary shares of 0.25p each to Company employees under the Company's short term incentive plan.

On 30 May 2014 the Company issued 900,000 new ordinary shares of 0.25p each to Jason Murray, Executive Director pursuant to share awards under his contract of employment which had vested.

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

On 20 August 2014 the Company issued 1,044,445 new ordinary shares of 0.25p each to Jason Murray, Executive Director under the contract of his employment on leaving the Company.

On 21 August 2014 the Company issued 250,000 new ordinary shares of 0.25p each at a price of 4.5p per share, realising £11,250, following the exercise of share options.

On 12 September 2014 the Company issued 250,000 new ordinary shares of 0.25p each at a price of 4.5p per share, realising £11,250, following the exercise of share options.

On 15 September 2014 the Company issued 250,000 new ordinary shares of 0.25p each at a price of 4.5p per share, realising £11,250, following the exercise of share options.

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

Date	Issue price	Number of shares
8 May 2014	8.6 pence	8,720,931
21 August 2014	9.5 pence	12,105,264
28 August 2014	9.6 pence	5,208,334
29 August 2014	9.7 pence	2,577,320
	Total	**28,611,849**

6. CONVERTIBLE LOAN

	Unaudited six month period ended 30 September 2014 £000s	Unaudited six month period ended 30 September 2013 £000s	Audited year ended 31 March 2014 £000s
Convertible loan	**2,231**	6,623	4,591

On 12 August 2013 the Group secured a finance facility with an institutional investor of up to £25M of interest free convertible securities which are convertible into ordinary shares of the Company. As at 30 September 2014, £15M has been drawn down.

During the six month period to 30 September 2014, the institutional investor converted 28,611,849 share options at a price of 8.6–9.7p per share.

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

7. CASH OUTFLOWS FROM OPERATING ACTIVITIES

	Unaudited six month period ended 30 September 2014 £000s	Unaudited six month period ended 30 September 2013 £000s	Audited year ended 31 March 2014 £000s
Loss before taxation	**(6,720)**	(8,461)	(10,129)
Depreciation	**100**	102	198
Assets expensed to income statement	**-**	-	50
Net finance expense/(income)	**79**	81	1,014
Amortisation and impairment	**13**	13	26
Share based payments	**2,111**	2,822	1,086
Conversion of loan	**167**	(414)	531
Tax credit	**-**	1,492	1,492
Operating cash flow before changes in working capital	**(4,251)**	(4,365)	(5,732)
Decrease/(increase) in receivables	**(2,951)**	10	(88)
Increase/(decrease) in payables	**2,539**	(1,773)	(2,130)
Net cash outflow from operating activities	**(4,663)**	(6,128)	(7,950)

8. RELATED PARTY TRANSACTIONS

On 8 April 2014, the Company issued 285,714 new ordinary shares of 0.25p each to CN Fraser, under the Company's Long Term Incentive Plan in relation to the year ended 31 March 2014.

On 8 April 2014, the Company issued 217,381 new ordinary shares of 0.25p each to JH Murray, under the Company's Long Term Incentive Plan in relation to the year ended 31 March 2014.

On 30 May 2014, the Company issued 900,000 new ordinary shares of 0.25p each to JH Murray which were awarded to him on his appointment in May 2012 and had vested.

On 30 May 2014 the Company received notification that JH Murray sold 1,117,381 ordinary shares at a price of 11.62p per share, and that the Golden Pond superannuation fund, of which JH Murray is trustee, purchased 1,117,381 ordinary shares at a price of 23.0p per share.

On 18 August 2014 the Company received notification that Desmo Super Pty Limited as trustee of Desmo Superannuation Fund, of which Mr CN Fraser is a beneficiary, purchased 178,000 ordinary shares at an average price of 11.66p per share and that C & J Fraser Investments Pty Limited as trustee for The Fraser Family Trust, of which Mr CN Fraser is a beneficiary, purchased 164,000 Ordinary Shares at an average price of 11.66p per share.

On 1 September 2014 the Company received notification that Scrimshaw Nominees Pty Limited, trustee of the Scrimshaw Family Trust of which RJ Scrimshaw is a beneficiary, purchased 2,100,000 ordinary shares of 0.25p each at an average price of 11.75p per share, in the market.

9. FINANCIAL INSTRUMENTS

CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

The three levels of the hierarchy are:

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

The convertible loan has been assessed to be a level 2 financial liability. All other financial liabilities are held at amortised cost.

CAPITAL MANAGEMENT

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

CREDIT RISK

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

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

	Unaudited as at 30 September 2014 £000s	Unaudited as at 30 September 2013 £000s	Audited as at 31 March 2014 £000s
Other receivables	**2,557**	696	536
Cash and cash equivalents	**27,426**	13,143	48,404
	29,983	13,839	48,940

The increase in other receivables represents the accumulated VAT debtor awaiting repayment. The group has an outstanding enquiry with HMRC regarding the VAT treatment of historical isolated transactions which was unresolved as at 30 September 2014.

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	Convertible loan £000s	Total £000s
Unaudited as at 30 September 2014				
6 months or less	2,245	6,134	2,231	10,610
Total contractual cash flows	2,245	6,134	2,231	10,610
Total amount of financial liabilities measured at amortised cost	2,245	6,134	2,231	10,610

	Trade & other payables £000s	Accruals £000s	Convertible loan £000s	Total £000s
Unaudited as at 30 September 2013				
6 months or less	550	2,099	6,623	9,272
Total contractual cash flows	550	2,099	6,623	9,272
Total amount of financial liabilities measured at amortised cost	550	2,099	6,623	9,272

The increase in accruals reflects the increased activity for the DFS and geotechnical work.

FOREIGN CURRENCY EXCHANGE RATE RISK

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

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

11. EVENTS AFTER THE REPORTING PERIOD

On 6 October 2014 Rachel Rhodes was appointed as Chief Financial Officer for the Group.

DIRECTORS AND ADVISERS

DIRECTORS

RJ Scrimshaw (Non-Executive Chairman)
CN Fraser (Managing Director and CEO)
CJ Catlow (Non-Executive Deputy Chairman)
Lord Hutton (Non-Executive Director)
KEF Clarke (Non-Executive Director)
SG Pycroft (Non-Executive Director)
PJE Woods (Non-Executive Director)

SECRETARY

NA King

REGISTERED OFFICE

Third Floor,
Greener House,
68 Haymarket,
London
SW1Y 4RF

Tel: +44 20 3327 3660

AUDITORS

PricewaterhouseCoopers LLP
Benson House,
33 Wellington Street,
Leeds
LS1 4JP

BANKERS

Barclays Bank Plc
1 Churchill Place,
London
E14 5HP

NOMINATED ADVISER

Macquarie Capital (Europe) Limited
Ropemaker Place,
28 Ropemaker Street,
London
EC2Y 9HD

BROKERS

WH Ireland
20 Martin Lane,
London
EC4R 0DR

Liberum Capital Limited
Ropemaker Place, Level 12,
25 Ropemaker Street,
London
EC2Y 9LY

Macquarie Capital (Europe) Limited
Ropemaker Place,
28 Ropemaker Street,
London
EC2Y 9HD

REGISTRARS

Capita Asset Services
The Registry,
34 Beckenham Road,
Beckenham,
Kent
BR3 4TU

SOLICITORS

Pinsent Masons
30 Crown Place,
London
EC2A 4ES

Allen & Overy LLP
One Bishops Square,
London
E1 6AD

COMPANY INFORMATION

GENERAL INFORMATION

www.siriusminerals.com
info@siriusminerals.com

INVESTOR INFORMATION

irdesk@siriusminerals.com

UK

York Potash Limited
7–10 Manor Court,
Manor Garth,
Scarborough
YO11 3TU

Tel: +44 1723 470 010
Project helpline: 0845 543 8964

info@yorkpotash.co.uk
www.yorkpotash.co.uk

NORTH AMERICA

Dakota Salts, LLC
811 E. Interstate Ave,
Bismarck
ND 58503
United States of America

COMPANY REGISTRATION NUMBER

4948435