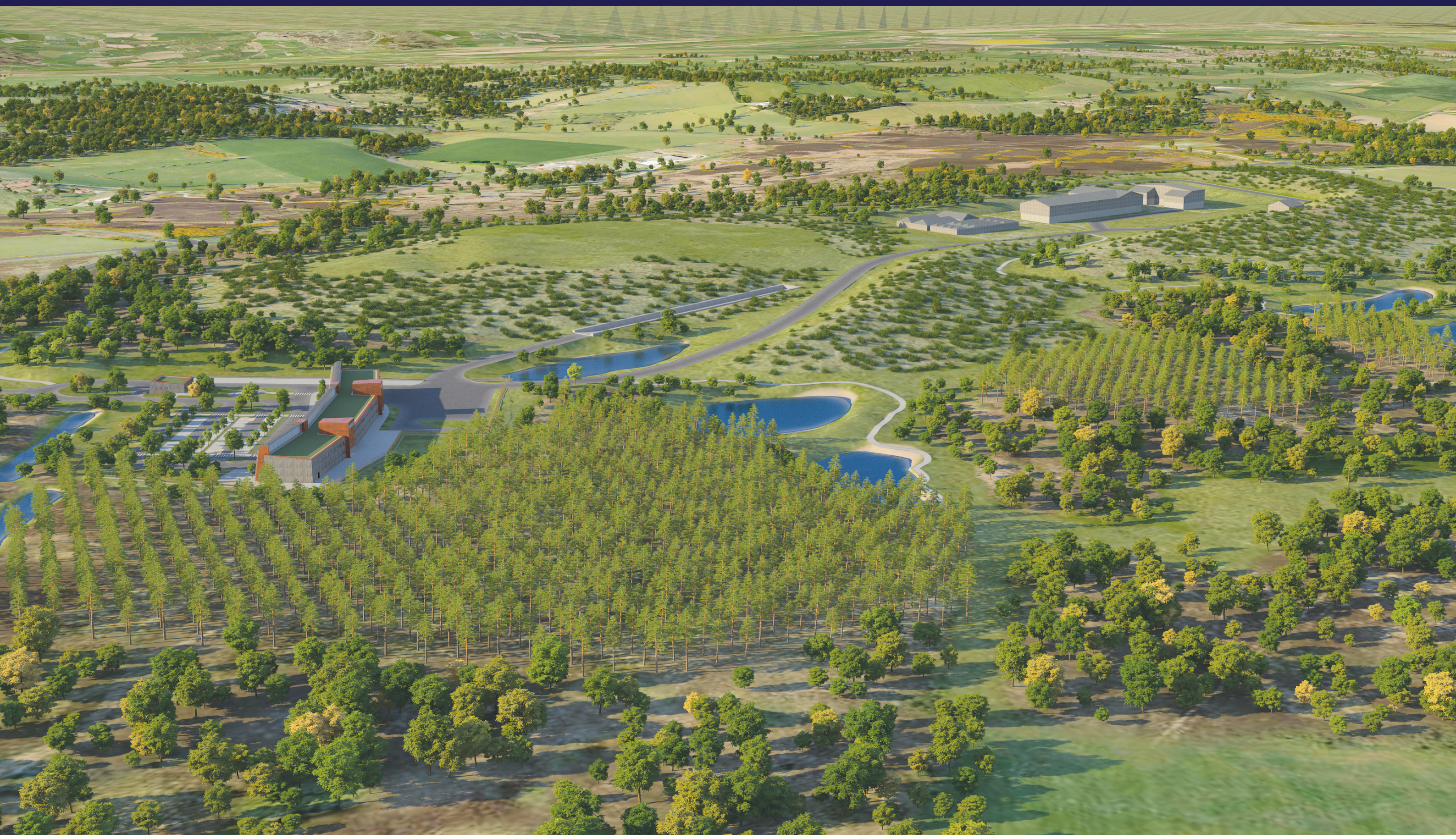
CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 September 2015



SIRIUS MINERALS PLC

CONTENTS

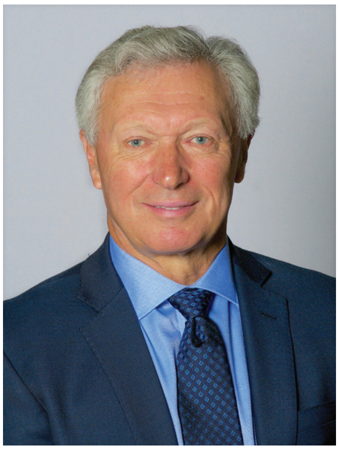



SIRIUS MINERALS PLC

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

THE PROGRESS WE HAVE MADE DURING THIS PERIOD ON SECURING THE KEY APPROVALS FOR THE YORK POTASH PROJECT (THE PROJECT), INCREASING BANKABLE CUSTOMER CONTRACTS AND DEVELOPING THE LONG-TERM FINANCING STRATEGY HAS BEEN SIGNIFICANT AND HARD-EARNED. IN MY VIEW, THEY WILL PROVE TO BE BOTH A DEFINING PART OF THE COMPANY'S HISTORY AND THE START OF AN EVEN MORE EXCITING CHAPTER AHEAD.



Russell Scrimshaw
Chairman

Sirius' success with the various key approvals for the Project has dominated the period. We received our first two approvals in April from Redcar and Cleveland Borough Council (RCBC) for the mine and mineral transport system (MTS) and the materials handling facility (MHF). Next came the determination of the North York Moors National Park Authority (NYMNPA) application for the mine and MTS.

The build up to the committee hearing and the meeting itself was keenly followed locally, nationally and internationally. It was a substantial moment of both relief and joy for our management team, staff and everyone associated with the Project after so much hard work when the NYMNPA endorsed the exceptional circumstances of the Project and resolved to grant the application. Having sat through the proceedings and aftermath of the decision I can say that the outpouring of support and good wishes from so many different stakeholders in the UK and around the world has been hugely gratifying for everyone associated with the Company.

This Project has always been about so much more than the substantial financial returns it can generate for our shareholders (many of whom are from the local region). It is about a Project that can deliver strong returns whilst creating jobs and prosperity in a region that desperately needs more opportunity. It is also about a mining and infrastructure Project that is uniquely sensitive to the environment and has not been done before. And it is about a British company set on breaking down the barriers to become a global leader in a product and industry that the world will rely upon to successfully feed its growing population. I know this is a key reason why we have so much support for what we are delivering and on behalf of our whole team I thank all of our supporters for their continued backing.

Despite the macro picture in the commodities sector currently being downbeat – with the valuations of the major mining firms suffering particularly – Sirius and its share price has performed extremely well. This is part due to the stage of the development cycle that we are in but more due to the underlying and long-term positive economics that underpin a product and Project like ours. I remain incredibly optimistic for our own future, even though there has also been downward pressure on potassium chloride (MOP) prices and some negative sentiment in the near term regarding the potash sector.

Price squeezes tend to root out the high-cost producers and leave the most competitive businesses very well placed. Our Project is targeting an extremely competitive operating cost structure due to the expected mining efficiency (1:1 ore to product ratio), we have simple low energy processing stages and we are in close proximity to a deep water port. The unique multi-nutrient nature of polyhalite (which we market as POLY4) is a key differentiator as the potassium content is not the sole price-determining factor. The other nutrients (sulphur, magnesium and calcium) also carry varying values from market to market. In addition our POLY4 product is typically benchmarked against sulphate of potash (SOP), the premium form of chloride-free potash, which has substantially increased its price premium to MOP.

The belief in our Project has been endorsed by our customers and this was demonstrated by our major North American offtake partner tripling its POLY4 supply agreement with us. The revised take-or-pay agreement now stands at 1.5 million tonnes per annum, extended to seven years from five, with possible extension options for two additional five-year periods. Naturally we couldn't be happier with the confidence that the counterparty, a major US-based Fortune 500 agri-business, has shown in the Company by further strengthening this relationship.

This agreement continues to demonstrate how we are breaking convention in the global potash market – where substantial, long-term sales contracts are not the norm. Customers continue to recognise the outstanding economic value of POLY4 and the ability to secure continuing supply that can deliver lasting success for both parties.

In July we welcomed two new non-executive directors to the Company. We were delighted to appoint Noel Harwerth and Jane Lodge to the board. These appointments gave the Company a greater percentage of independent directors on the board further strengthening corporate governance. I would like to thank outgoing board members Peter Woods and Chris Catlow, who both made valuable contributions during the early years of the development of the Company.

There have been a number of post balance sheet events to bring to your attention. These include receiving the approvals decision notice from the National Park Authority and this subsequently passing through any judicial review window unchallenged. In October there were a number of announcements relating to director dealing – including my own – as warrants from the 2014 fundraising were exercised. We also made changes to our advisory team, with existing broker Liberum Capital taking on our nominated advisor (Nomad) role and the appointment of J.P. Morgan Cazenove (JPM) as joint broker. As part of this change Macquarie agreed to step down as broker and Nomad. I want to thank the Macquarie team for their support over the last four years during important stages of the Company's growth and we look forward to opportunities to work with them again in the future.

During the six-month period ended 30 September 2015 the Group made a consolidated loss of £4.7 million compared to a loss of £6.7 million for the same period last year. Cash resources at the end of September 2015 were £25.1 million compared to £27.4 million at 30 September 2014 and £26.6 million at 31 March 2015.

The Group's net assets at 30 September 2015 were £153.4 million compared to £132.6 million at 30 September 2014 and £146.6 million at 31 March 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 year end. The principal risks are exploration and development, reserves and resources estimates, mineral title risk, commodity price risk, liquidity risk, currency risk, permitting, community relations and competitor risk and operational and product risk. Detailed explanations of these principal risks can be found in the 2015 annual report.

The Company's board, management and finance team continue to be focussed on both the efficient management of our existing funds and the ongoing (and extensive) work to secure financing for the construction of our Project. We remain focussed on a range of options and the overall funding requirement can be delivered through a range of mechanisms, with debt funding likely to make up as much of the overall requirement as possible.

We look forward to progressing this and other options over the next year as we continue to advance our world-class Project.

Kind regards,

Russell Scrimshaw
Chairman

21 December 2015

INDEPENDENT REVIEW REPORT TO SIRIUS MINERALS PLC

REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Our conclusion

We have reviewed Sirius Minerals Plc's condensed consolidated financial statements (the "interim financial statements") in the interim report of Sirius Minerals Plc for the six-month period ended 30 September 2015. 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 complete feasibility studies and secure long term project finance for the York Potash Project, the outcome of which is uncertain. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

- The condensed consolidated interim statement of financial position as at 30 September 2015;
- 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 Company'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 Company 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

21 December 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six-month period ended 30 September 2015

	Notes	**Unaudited six-month period ended 30 September 2015 £000s**	Unaudited six-month period ended 30 September 2014 £000s	Audited year ended 31 March 2015 £000s
Revenue		**-**	-	-
Administrative expenses		**(4,624)**	(6,641)	(10,047)
Operating loss		**(4,624)**	(6,641)	(10,047)
Finance income		**64**	98	332
Finance costs		**(176)**	(177)	(353)
Loss before taxation		**(4,736)**	(6,720)	(10,068)
Taxation		**-**	-	503
Loss for the financial year		**(4,736)**	(6,720)	(9,565)
Loss per share				
Basic and diluted	3	**(0.2p)**	(0.4p)	(0.5p)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-month period ended 30 September 2015

	Notes	**Unaudited six-month period ended 30 September 2015 £000s**	Unaudited six-month period ended 30 September 2014 £000s	Audited year ended 31 March 2015 £000s
Loss for the financial period attributable to owners of the parent		**(4,736)**	(6,720)	(9,565)
Other comprehensive income/(loss)				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations		**(97)**	(279)	(346)
Other comprehensive income/(loss) for the period		**(97)**	(279)	(346)
Total comprehensive loss for the period		**(4,833)**	(6,999)	(9,911)

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 September 2015

ASSETS	Notes	**Unaudited as at 30 September 2015 £000s**	Unaudited as at 30 September 2014 £000s	Audited as at 31 March 2015 £000s
Non-current assets				
Property, plant and equipment		**1,869**	2,055	1,932
Intangible assets	4	**131,752**	110,452	121,721
Total non-current assets		**133,621**	112,507	123,653
Current assets				
Other receivables		**1,034**	3,998	1,413
Cash and cash equivalents		**25,140**	27,426	26,640
Total current assets		**26,174**	31,424	28,053
TOTAL ASSETS		**159,795**	143,931	151,706
EQUITY AND LIABILITIES				
Equity				
Share capital	5	**5,545**	4,739	5,362
Share premium account		**227,282**	200,185	216,586
Share-based payment reserve		**11,705**	13,515	13,290
Accumulated losses		**(98,048)**	(92,957)	(95,630)
Foreign exchange reserve		**6,931**	7,095	7,028
Total equity		**153,415**	132,577	146,636
Current liabilities				
Loan from third parties		**744**	2,975	1,980
Trade and other payables		**5,636**	8,379	3,090
Total liabilities		**6,380**	11,354	5,070
TOTAL EQUITY AND LIABILITIES		**159,795**	143,931	151,706

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended 30 September 2015

	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 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)
Convertible loan	72	2,338	-	123	-	2,533
Share issue	7	-	-	-	-	7
Share issue costs	-	17	-	-	-	17
Share-based payments	-	-	2,111	-	-	2,111
Exercised options	2	33	-	-	-	35
At 30 September 2014	4,739	200,185	13,515	(92,957)	7,095	132,577
Loss for the period	-	-	-	(2,845)	-	(2,845)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(67)	(67)
Total comprehensive loss for the period	-	-	-	(2,845)	(67)	(2,912)
Convertible loan	41	949	-	172	-	1,162
Share issue	565	15,853	-	-	-	16,418
Share issue costs	-	(682)	-	-	-	(682)
Share-based payments	-	-	(225)	-	-	(225)
Exercised options	17	281	-	-	-	298
At 31 March 2015	5,362	216,586	13,290	(95,630)	7,028	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	140	9,715	-	-	-	9,855
Share issue costs	-	(121)	-	-	-	(121)
Share-based payments	-	-	(1,585)	2,063	-	478
Exercised options	-	-	-	-	-	-
At 30 September 2014	**5,545**	**227,282**	**11,705**	**(98,048)**	**6,931**	**153,415**

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 2015

	Notes	**Unaudited six-month period ended 30 September 2015 £000s**	Unaudited six-month period ended 30 September 2014 £000s	Audited year ended 31 March 2015 £000s
Cash outflow from operating activities	7	**(989)**	(4,663)	(10,240)
Cash flow from investing activities				
Purchase of intangible assets		**(10,036)**	(15,977)	(27,188)
Purchase of plant and equipment		**-**	(51)	(62)
Repayment of loan to third party		**-**	-	-
Net cash used in investing activities		**(10,036)**	(16,028)	(27,250)
Cash flow from financing activities				
Proceeds from issue of shares		**9,855**	42	16,758
Share issue costs		**(121)**	17	(665)
Finance (costs)/income		**(112)**	(79)	(21)
Net cash generated from financing activities		**9,622**	(20)	16,072
Net increase/(decrease) in cash and cash equivalents		**(1,403)**	(20,711)	(21,418)
Cash and cash equivalents at beginning of the year		**26,640**	48,404	48,404
Effect of foreign exchange rate changes		**(97)**	(267)	(346)
Cash and cash equivalents at end of the period		**25,140**	27,426	26,640

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 2015 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 2015 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 2015 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 2015.

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 2015 and 30 September 2014 is unaudited.

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

- The conclusion of feasibility studies to prove the availability and economic viability of polyhalite resources; and
- 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 following recent planning decisions covering the Project's mine and mineral transport system and 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 April 2015 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 two business divisions: the UK segment which consists of the York Potash related activities and the corporate operations and the Rest of World which includes the parent company's other overseas interests. These divisions are the segments for which the Group reports information internally to the chief executive officer. 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	Rest of the world	Total
	Corporate operations and resource evaluation and exploration	Resource evaluation and exploration and environmental solutions	
	£000s	£000s	£000s
Unaudited six-month period ended 30 September 2015			
Operating (loss)/profit	(4,648)	24	**(4,624)**
Finance income	63	1	**64**
Finance cost	(176)	-	**(176)**
(Loss)/profit before taxation	(4,761)	25	**(4,736)**
Tax credits	-	-	**-**
(Loss)/profit for the year from continuing operations	(4,761)	25	**(4,736)**
Total assets	159,585	210	**159,795**
Total liabilities	(6,295)	(85)	**(6,380)**
Net assets	153,290	125	**153,415**
Capital expenditure	10,036	-	**10,036**
Depreciation and amortisation	68	-	**68**
Share-based payment cost	478	-	**478**

	UK	Rest of the world	Total
	Corporate operations and resource evaluation and exploration	**Resource evaluation and exploration and environmental solutions**	
	£000s	**£000s**	**£000s**
Unaudited six-month period ended 31 March 2015			
Operating (loss)/profit	(10,207)	160	**(10,047)**
Finance income	328	4	**332**
Finance cost	(353)	-	**(353)**
(Loss)/profit before taxation	(10,232)	164	**(10,068)**
Tax credits	503	-	**503**
(Loss)/profit for the year from continuing operations	(9,729)	164	**(9,565)**
Total assets	151,340	366	**151,706**
Total liabilities	(4,900)	(170)	**(5,070)**
Net assets	146,440	196	**146,636**
Capital expenditure	28,990	-	**28,990**
Depreciation and amortisation	204	-	**204**
Share-based payment cost	2,493	-	**2,493**

	UK	Rest of the world	Total
	Corporate operations and resource evaluation and exploration	**Resource evaluation and exploration and environmental solutions**	
	£000s	**£000s**	**£000s**
Unaudited six-month period ended 30 September 2014			
Operating (loss)/profit	(6,496)	(145)	**(6,641)**
Finance income	98	-	**98**
Finance cost	(177)	-	**(177)**
(Loss)/profit before taxation	(6,575)	(145)	**(6,720)**
Tax credits	-	-	**-**
(Loss)/profit for the year from continuing operations	(6,575)	(145)	**(6,720)**
Total assets	143,878	53	**143,931**
Total liabilities	(11,258)	(96)	**(11,354)**
Net assets	132,620	(43)	**132,577**
Capital expenditure	17,685	15	**17,700**
Depreciation and amortisation	77	35	**112**
Share-based payment cost	2,118	-	**2,118**

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 2015 and the year ended 31 March 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 September 2015 £000s	Unaudited six-month period ended 30 September 2014 £000s	Audited year ended 31 March 2015 £000s
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the parent	**(4,736)**	(6,720)	(9,565)
Loss for the purpose of diluted earnings per share	**(4,736)**	(6,720)	(9,565)

	2015 Number (000's)	2014 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	**2,186,300**	1,846,109	1,901,126

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:

	2015 Number (000's)	2014 Number (000's)	2015 Number (000's)
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,187,391**	1,935,041	1,960,057
Basic and diluted loss per share	**(0.2p)**	(0.4p)	(0.5p)

4. INTANGIBLE ASSETS

	Exploration costs and rights £000s	Goodwill £000s	Software £000s	Total £000s
Cost				
At 1 April 2014	144,483	9,079	79	153,641
Additions	17,651	-	-	17,651
At 30 September 2014	162,134	9,079	79	171,292
Additions	11,278	-	-	11,278
At 31 March 2015	173,412	9,079	79	182,570
Additions	10,036	-	-	10,036
As at 30 September 2015	183,448	9,079	79	192,606
Accumulated provision for permanent diminution in value				
At 1 April 2014	(58,339)	(2,436)	(52)	(60,827)
Amortisation	-	-	(13)	(13)
At 30 September 2014	(58,339)	(2,436)	(65)	(60,840)
Amortisation	-	-	(9)	(9)
At 31 March 2015	(58,339)	(2,436)	(74)	(60,849)
Amortisation	-	-	(5)	(5)
At 30 September 2015	(58,339)	(2,436)	(79)	(60,854)
Net book value				
30 September 2015	125,109	6,643	-	131,752
31 March 2015	115,073	6,643	5	121,721
30 September 2014	103,795	6,643	14	110,452

5. SHARE CAPITAL

	Unaudited as at 30 September 2015 £000s	Unaudited as at 30 September 2014 £000s	Audited as at 31 March 2015 £000s
Allotted and called up			
2,218,123,252 (2014: 1,895,810,461) ordinary shares of 0.25p each	**5,545**	4,739	5,362

On 1 April 2015 the Company issued 333,333 new ordinary shares of 0.25p each at a price of 6p per share, realising £20,000, following the exercise of share options.

On 8 April 2015 the Company issued 847,381 new ordinary shares of 0.25p each to Company employees under the Company's long-term incentive plan.

On 8 April 2015 the Company issued 285,714 new ordinary shares of 0.25p each to CN Fraser, Chief Executive Officer and Managing Director, under the Company's long-term incentive plan.

On 9 April 2015 the Company received notices of exercise in respect of convertible securities previously issued on 23 January 2014 at conversion prices of 7.2p and 7.3p per share, of which 9,088,662 shares were issued.

On 10 April 2015 the Company received notices of exercise in respect of convertible securities previously issued on 23 January 2014 at conversion prices of 7.3p and 7.4p per share, of which 8,135,877 shares were issued.

On 9 July 2015 the Company issued 1,250,000 new ordinary shares of 0.25p each at a price of 4.5p per share and 25,000 new ordinary shares of 0.25p per share at price of 19.5p per share, realising £61,125 following the exercise of share options.

On 30 September 2015, the Company was notified that EN Harwerth purchased 6,296 of the Company's 0.25p ordinary shares.

6. CONVERTIBLE LOAN

	Unaudited six-month period ended 30 September 2015 £000s	Unaudited six-month period ended 30 September 2014 £000s	Audited year ended 31 March 2015 £000s
Group			
Convertible loan	**-**	2,231	1,232
	-	2,231	1,232

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. The first tranche of £10m was executed in August 2013 and a further £5m executed in January 2014. The remaining £10m drawdown option has now lapsed.

During the six-month period to 30 September 2015, the institutional investor converted 17,224,539 share options at a price of 7.2p-7.4p per share. As at 30 September 2015, the loan had been fully converted.

The convertible loan was 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 OUTFLOW FROM OPERATING ACTIVITIES

Group	**Unaudited six-month period ended 30 September 2015 £000s**	Unaudited six-month period ended 30 September 2014 £000s	Audited year ended 31 March 2015 £000s
Loss before tax	**(4,736)**	(6,720)	(10,068)
Depreciation	**63**	99	182
Assets expensed to income statement	**-**	-	64
Finance (income) /expense	**112**	79	21
Amortisation	**5**	13	22
Share-based payments	**478**	2,111	1,886
Loan conversion into shares	**164**	167	333
Tax credit	**-**	-	503
Operating cash flow before changes in working capital	**(3,914)**	(4,251)	(7,057)
Decrease/(increase) in receivables	**379**	(2,951)	(367)
Increase/(decrease) in payables	**2,546**	2,539	(2,816)
Net cash outflow from operating activities	**(989)**	(4,663)	(10,240)

8. RELATED PARTY TRANSACTIONS

On 8 April 2015, 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 2015.

On 30 September 2015, the Company was notified that EN Harwerth purchased 6,296 of the Company's 0.25p ordinary shares.

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 was 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 2015 £000s	Unaudited as at 30 September 2014 £000s	Audited as at 31 March 2015 £000s
Group			
Other receivables	**421**	2,557	783
Cash and cash equivalents	**25,140**	27,426	26,640
	25,561	29,983	27,423

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
Group				
Unaudited as at 30 September 2015				
6 months or less	1,041	4,595	-	5,636
Total contractual cash flows	1,041	4,595	-	5,636
Total amount of financial liabilities measured at amortised cost	1,041	4,595	-	5,636

	Trade & other payables £000s	Accruals £000s	Convertible loan £000s	Total £000s
Group				
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

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.

10. EVENTS AFTER THE REPORTING PERIOD

On the 20 October 2015, the Decision Notice from the North York Moors National Park Authority ("the Authority"), which formally grants planning permission for the Company's mine and mineral transport system application, was issued by the Authority to the Company.

On 14 March 2014, 179,321,029 warrants were issued. Each warrant was exercisable into one new ordinary share in the Company with an exercise price of 18p per share. The period for exercising these warrants closed on 30 October 2015. As at 30 September 2015, 53,179,776 number of these warrants had been exercised, generating £9,572,360 of working capital. A further 76,197,741 number of these warrants have been exercised since 30 September 2015, generating £13,715,593 of working capital.

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)
SG Pycroft (Non-executive Director)
EN Harwerth (Non-executive Director)
J Lodge (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

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

REGISTRARS

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

BROKERS

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

J.P. Morgan Cazenove
25 Bank Street,
Canary Wharf,
London
E14 5JP

WH Ireland
20 Martin Lane,
London
EC4R 0DR

GENERAL INFORMATION

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www.siriusminerals.com
info@siriusminerals.com

INVESTOR INFORMATION

ir@siriusminerals.com

COMPANY REGISTRATION NUMBER

4948435

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