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WELCOME

WELCOME TO OUR NINTH UPDATE NEWSLETTER AS OUR NORTH YORKSHIRE POLYHALITE PROJECT REACHES AN IMPORTANT NEW STAGE.

It has been some time since our last newsletter and we are pleased to now be able to provide certainty that construction will soon be starting. Everyone at the Company would like to express their gratitude for the support we have received since launching the Project in 2011.

A lot has happened since the last update. Planning permissions for the mine, mineral transport system, materials handling facility and harbour facilities have all been granted by the various planning authorities. This led to a detailed engineering phase, the results of which were published in March and June of 2016.

Stage 1 Financing was completed in late 2016 and now allows the construction phase to begin. It will be five years before the first polyhalite is produced, but we will constantly seek to complete this work as quickly as possible and with the lowest possible negative impact.

We are committed to trying to ensure that the Project generates widespread benefits to the local area. We will publish a regular version of this newsletter on our website and we encourage you to get in touch if you have any questions or would like to know more about the Project.

PLANNING PERMISSIONS GRANTED

The Company received the final planning permission paperwork for its mine and mineral transport system in October 2015. With the granting of the Development Consent Order in July 2016 for the harbour facilities at Teesside, all of the Project's major planning approvals are now in place.



EXCELLENT STUDY RESULTS

Our global agronomy programme continues to show impressive results for POLY4, the trademark name of our polyhalite products. These positive results underpin our ongoing work with customers around the world. We have already secured sales commitments for over 8 million tonnes per annum.



FINANCING SECURED

In November 2016 Stage 1 Financing of around £1 billion was secured from a mixture of debt, equity and royalty agreements. The financing was subsequently approved by the Company's shareholders. The financing followed the completion of the Project's Definitive Feasibility Study in March 2016.



"Stage 1 Financing was a major milestone for the Company. We are now focused on construction and progressing towards first production as efficiently as possible."

Chris Fraser
Managing Director and CEO

SUMMARY CONSTRUCTION SCHEDULE

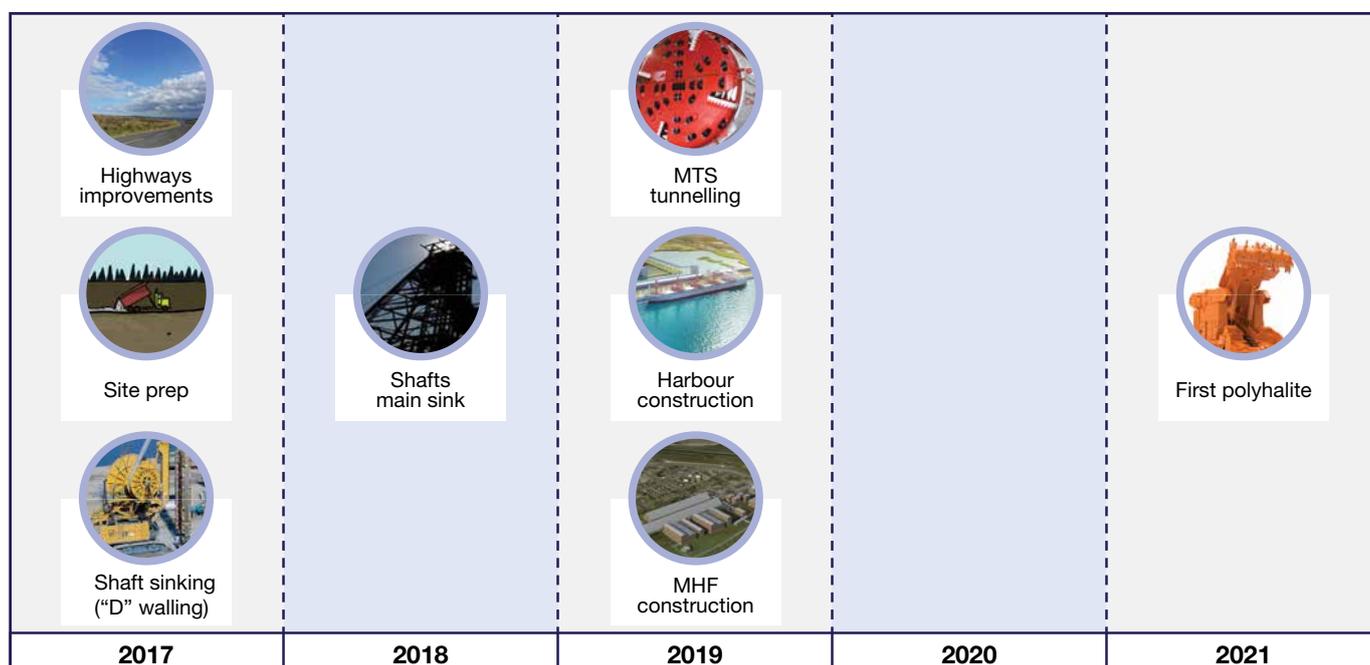
WE ARE FOCUSED ON CONSTRUCTING THE PROJECT QUICKLY, SAFELY AND IN A WAY THAT MINIMISES DISRUPTION AS MUCH AS POSSIBLE. THERE WILL BE A FIVE YEAR CONSTRUCTION PERIOD UNTIL FIRST PRODUCTION IN 2021. AS ALWAYS WE WILL CONTINUE TO LOOK AT WAYS TO DELIVER THE PROJECT MORE EFFICIENTLY AND FURTHER LIMIT THE IMPACT OF CONSTRUCTION WHERE WE CAN.

Construction in the first part of this year will involve implementing a programme of highway improvements, which are part of the planning requirements for the Project and will improve the access to the mine site and increase pedestrian safety in Whitby. These works are set out on page 3, with further details available on the Sirius Minerals website.

We are aiming to commence site preparation at the mine site in the second quarter of 2017. This will involve the works necessary to prepare the site for shaft sinking later this year

and will include site clearance, screening and fencing, constructing the shaft sinking platform, drainage management, and site offices and welfare facilities.

Work on the main shafts at the mine site will start later in the year and shaft sinking and subsequent shaft fitout will continue until 2021. Smaller shafts at the mine site and Lockwood Beck will be sunk to facilitate tunnelling the mineral transport system that will begin in 2019.



LIMITING IMPACTS

The planning permissions for the Project include a range of stringent planning conditions that cover areas such as traffic movements, noise and site lighting, amongst others.

We will be implementing highways improvements as a requirement of our planning permission, as detailed on page 3. There is also an agreed transport route that HGVs associated with the Project's construction will have to follow.

A noise and vibration management plan will set out how noise levels will be monitored and controlled during construction.

LOCAL SUPPLIERS

We have already worked with many businesses from the local area and are committed to giving local businesses the opportunity to become suppliers. Local companies can register their interest in working on the Project via our website. We will hold a number of supply chain events during the construction period where businesses can find out more.

GEO-TECH WORKS

We have carried out a significant amount of drilling since 2011 that has enabled the Company to define the extent of the polyhalite resource and has provided a good understanding of the local geological conditions.

This informed the Project's design and construction methodology. Site investigation works, including further geotechnical studies, have been underway since the end of 2016 and will carry on over the first few months of this year to gather more detailed information for the upcoming shaft sinking.



HIGHWAYS WORKS

AT THE END OF JANUARY WE WILL START TO IMPLEMENT HIGHWAYS IMPROVEMENTS THAT WILL HELP TO IMPROVE THE SAFE FLOW OF TRAFFIC AND INCREASE PEDESTRIAN SAFETY IN AND AROUND THE LOCAL AREA.

These works, shown on the right in red, are required as part of our planning conditions. They will be completed by 7 April 2017.

A summary of each scheme is provided below. More details can be found on the Sirius Minerals website.

Pavement works

Seven pedestrian crossing points will be improved at side roads along the A171. The kerbs will be lowered and tactile paving will be installed at the following locations:

- Holmstead Avenue
- Pembroke Way
- Abbot's Road
- East Whitby CP School access
- Eskdale Road
- Fairfield Way
- Enterprise Way

Site entrance

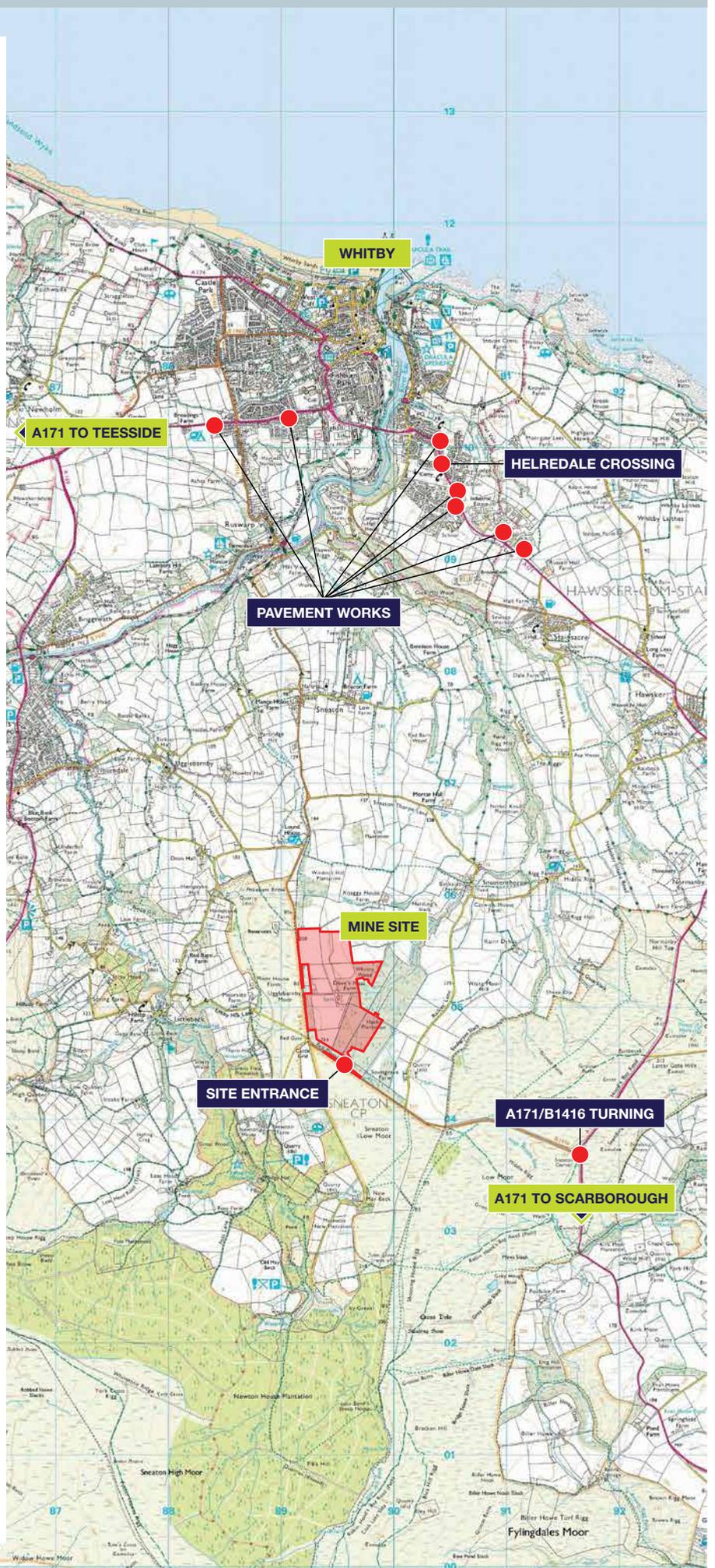
To facilitate the flow of traffic along the B1416, the road will be widened near the site entrance and a right turn filter lane will be created for vehicles from the A171 to access the site.

A171/B1416 turning

The turning from the A171 onto the B1416 will be widened and a right turn filter lane created. This will enable vehicles travelling southbound to wait to turn safely without disrupting the flow of traffic.

Helredale crossing

A signalled pedestrian crossing will replace the existing, uncontrolled crossing point near Abbot's Road to enable pedestrians to cross the A171 (Helredale Road) more safely.



WORK WITH US

The Sirius team will grow from its current 60 to around 160 in the next 18 months, mainly based at the Scarborough office. At full production we will employ over 1,000 people.

We have a long-standing commitment to recruitment from the local area wherever possible. Visit our website to find out about current vacancies or to register an interest in working for us.

Over 2,000 jobs will be created with our contractors during construction. Employment information sessions will be held to provide more details about these opportunities.



SCHOOLS OUTREACH

We have continued to give presentations in local schools, sponsor events and provide work experience placements over the last year. We are proud to sponsor Whitby Rotary technology tournament and were again the headline sponsor of Scarborough Engineering Week.



WHITBY REGATTA

This year, with the commencement of construction, we will be fulfilling our commitment to sponsoring the Red Arrows at Whitby Regatta. We look forward to another successful event.



The York Potash Foundation is independently run as a charity and has been set up to share 0.5% of Project revenue. The Foundation will receive an initial £2 million during construction to support community projects.

COMMUNITY BENEFITS

Our Section 106 commitments (part of the planning permission) will fund initiatives that benefit local people and businesses.

- Increasing awareness of science careers in schools
- Training at least 50 local apprentices, 15 undergraduates and 300 adults
- Promoting tourism, including funding specifically targeted at Whitby
- Increasing train services on the Esk Valley Line between Whitby and Middlesbrough



KEEP IN TOUCH

We can be contacted directly to answer questions and respond to concerns.

Tel: 24-hour community helpline on 0845 543 8964

Email: info@siriusminerals.com

There will also be regular Liaison Group Forum meetings in Whitby that will be open to members of the public.

www.siriusminerals.com