

Sirius Minerals PLC

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Sirius Minerals seen as a compelling candidate for responsible investment

Sirius Minerals PLC (LON:SXX) is a compelling candidate for 'responsible investment', according to Shore Capital analyst Yuen Low, who says the group's UK mining project has best in class characteristics and ticks all environmental, social and governance boxes.

In an 18 page note, Low highlights that the sustainability credentials of Sirius's North Yorkshire Polyhalite project often go underemphasised.

The polyhalite fertiliser product, which the mine will produce in abundance, is better for the environment than rival products, he explains.

"In our view, polyhalite is a superior potash-based multinutrient feedstock for fertiliser blends and compounds.

"Aside from crop yield enhancement arising from nutrient synergies and low chloride content, its lower salinity, lack of effect on pH and soil conditioning properties make it ideal for sustainable land management, we believe.

"Additionally, polyhalite production is highly efficient: less waste is generated, and less water and electricity consumed, than in most (if not all) potash operations of comparable scale."

And once the construction phase is over the mine will essentially disappear into the North Yorkshire landscape, Low added.

Low added: "Given its favourable qualities, we believe that Sirius's polyhalite could contribute meaningfully to the challenge that is ensuring global food security.

"In so doing, it would improve farm incomes, with flowthrough benefits to other sections of society and to other economic sectors. Sirius would contribute positively to the UK in terms of growth, fiscal contributions and reductions in the trade deficit.

"Perhaps most importantly, Sirius would provide much-needed investment and employment to England's northeast, the country's least well-off region."

Focusing back on the less altruistic elements of the project, the stock market analyst also highlighted what he sees as the investment merits of Sirius Minerals shares.

"We are currently expecting Stage 1 of Sirius's two-stage construction financing plan to be executed during the autumn of 2016. If all goes to plan, there would be no further need to raise equity thereafter," he said.

"Dilution would cease to be a concern, and we believe the resulting improved clarity on potential equity returns could trigger a significant re-rating.

Price: 3.5355

Market Cap: £248.2 m

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: SXX

Listing: LSE

52 week High Low
8389 2.1

Sector: Potash & fertilisers

Website: www.siriusminerals.com

Company Synopsis:

Sirius Minerals is a UK based fertilizer development company focused on the development and operation of its polyhalite project in North Yorkshire.

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"While Sirius is currently at development stage and still some years from becoming a cash flow-generating company, an investment in Sirius will become progressively de-risked and should enjoy significant value uplift as it advances towards production, we believe."

With a 'buy' recommendation and a 75p price target, Shore Capital suggests almost 90% upside to the current Sirius Minerals share price of 39.40p.

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