

Sirius Minerals PLC

08:43 25 Oct 2016

Sirius Minerals new deal values Yorkshire mine at US\$3.9bn - broker

Sirius Minerals PLC (LON:SXX) new US\$300mIn funding deal with Hancock Prospecting brings the mine developer's Phase 1 funding requirement down to US\$800mIn, according to City broker Liberum.

The AIM quoted, UK based mine developer today unveiled a financing deal with the company controlled by one of the world's richest woman.

The pact with a subsidiary Gina Rinehart's Hancock Prospecting will form an important plank of the overall funding package for the AIM-listed group's North Yorkshire Polyhalite Project.

Under the terms of the agreement, Hancock British Holdings is acquiring a 5% royalty on the first 13mIn tonnes of fertiliser produced every year and 1% on anything over that output figure at a cost of US\$250mIn.

Hancock has also agreed to acquire US\$50mIn-worth of Sirius shares.

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Liberum analyst Richard Knights has described the Hancock deal as a "clear endorsement" of the Yorkshire project.

Knights now expects news to follow of equity and structured debt arrangements to fund the remainder of the mine's Phase 1 development.

It values the whole project at US\$3.9bn, Knights says in a note - based on Liberum's assumptions about the mine ramp-up and an assumed polyhalite sales price of US\$125 per tonne.

He also highlights that the arrangement is significantly less dilutive than a straight equity raise.

"Looking at the deal from an existing equity holder's perspective, the same level of equity dilution could only be achieved if that money was raised at 95p, almost three times the current share price," Knights said in a note.

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Price: 3.499

Market Cap: £245.64 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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