

Sirius Minerals PLC

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Potential Sirius Minerals rival has 'thrown in the towel' - analyst

Stockbroker Shore Capital has repeated a 'buy' recommendation for Sirius Minerals PLC (LON:SXX) as a rival backed away from a proposed polyhalite project after struggling to secure funding to take the project forward.

"A potential rival, IC Potash has thrown in the towel," said analyst Yuen Low.

"ICP is to dispose of its 85.3% indirect and non-controlling interest (56.4% fully-diluted) in the polyhalite-based Ochoa SOP (sulphate of potash) project in the USA to largest (and dissident) shareholder Cartesian Capital for c.US\$15m."

Low also highlighted that Sirius is on-track with its mine development work. The analyst noted that the drilling of the mine shaft (a vital element of the project) is now moving into the 'transition beds' on the way to the underground mining areas.

"We understand from the company that the drill is currently transitioning through the Transition Beds underlying the Sherwood Sandstone - successfully negotiating the Transition Beds is, to us, of importance in verifying conditions for shaft construction - an earlier attempt (borehole SM14) had had to be abandoned at 1,149m after suffering problems in the Transition Beds," Low added.

"Thereafter, the drill will enter underlying salt formations, wherein the Carnallitic Marl represents another horizon of 'interest'.

"Meanwhile, we understand that equipment for construction of the diaphragm walls are currently being mobilised and should be on-site shortly."

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

Shore Capital's 'buy' recommendation comes with a risked valuation between 65p and 82.5p - the share price on Wednesday was 29.1p.

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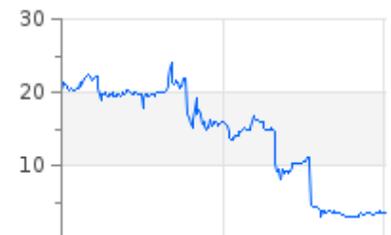
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Price: 3.558

Market Cap: £249.78 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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