

Sirius Minerals PLC

15:12 12 Jan 2018

Many positives in Sirius Minerals' latest update say brokers

Sirius Minerals PLC's (LON:SXX) first quarter update' contained a number of positives, according to analysts at brokers Liberum and Shore Capital.

Richard Knights, at Liberum, notes that the fertiliser group is targeting a further 1.7mt of offtake deals by mid-year (to add to the 4.3mt already agreed), a total he thought might take longer to achieve.

Agreeing offtake deals on this scale would be a material share price catalyst for the York Potash project developer, believes Knights.

Delivery of the stage 2 financing, meanwhile, is still being targeted for the second half of 2018 and though D-walling work is around two months behind schedule, Sirius is confident it can make up the time lost.

Signing of the shaft sinking contract, which was expected by the end of 2017, is a priority but still not imminently on the critical path said Knights, who maintained a 'buy' recommendation and 60p target price.

Yuen Low, at Shore Capital, says the fact that the huge and complex engineering project is on time and on budget were the key messages from the update.

For the next round of financing, US\$2.6bn to build the shafts and a 23-mile tunnel to the River Tees, the company is confident that it will have all the requisite ducks in a row by mid-2018 or earlier thereby enabling debt commitment during H2 2018.

These include finalising procurement and securing the take-or-pay/offtake volumes "on the right terms", Low added.

While still some years from a becoming a cash flow-generating company, Sirius should become progressively de-risked and enjoy a significant value uplift as it advances towards production.

Shore Cap has a target range of 65p-82.5p post the state two funding.

Shares eased 3% to 23.1p valuing Sirius at £1.07bn.

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No investment advice

Price: 5.54

Market Cap: £388.92 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

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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