

Sirius Minerals PLC

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Sirius Minerals inks deal for Redcar port facilities

Sirius Minerals PLC (LON:SXX) has unveiled a deal that will allow it to access port and ship loading services at the existing Redcar Bulk Terminal.

It means the company's Yorkshire fertiliser mine development project will now see reduced construction risk and lower capital requirements, and, significantly, it is expected to be beneficial for the project's Stage 2 financing.

"We are pleased to enter into this arrangement which reduces the complexity of our construction programme and ultimately helps to simplify our stage two financing plan which is being finalised over the coming months," said Chris Fraser, Sirius Minerals chief executive.

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"By working with a local partner, we can develop our project and also deliver benefits to an existing established business in the Tees Valley.

"The RBT facility has been underutilised since the closure of the steel works and this agreement will ultimately help us deliver tremendous economic benefits for the region."

RBT general manager Garry O'Malley, meanwhile, said: "This is excellent news for Teesside and we're delighted to be working with Sirius Minerals on a project of such regional magnitude.

"It's another significant step forward in the continued resurgence of Redcar Bulk Terminal (RBT) and demonstrates the integral role we're playing in the regeneration of the South Tees site."

Two separate agreements add flexibility and similitude
Sirius subsidiary York Potash Ltd signed the materials handling agreement agreement with Redcar Bulk Terminal Limited (RBT), meanwhile, a separate Sirius subsidiary York Potash Processing & Ports Ltd has entered into a long-term lease for land adjacent to the company's existing port facilities for finished product storage facilities.

RBT will provide port and ship loading services from its existing Redcar Bulk Terminal port facility

The RBT facility is a deep-water terminal capable of handling up to Capesize vessels, and it is located adjacent to the Bran Sands site that, in Sirius' initial plans, is earmarked for its own port facility.

RBT historically serviced a nearby steel works which closed in 2015, and since then it has been underutilised.

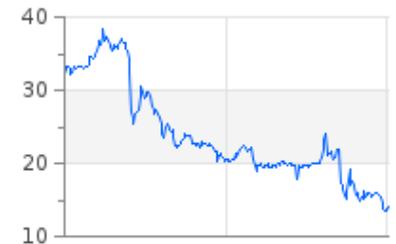
Some capital items will be required to enable RBT to handle Sirius' POLY4 fertiliser product - with ship loaders and conveyors needed - and it is anticipated that Sirius will procure and install the necessary equipment and systems.

The agreement has a ten year span and covers up to 10mln tonnes of the Yorkshire mine's production per year.

Price: 14.18p

Market Cap: £991.85M

1 Year Share Price Graph



June 2018 December 2018 June 2019

Share Information

Code: SXX

Listing: LSE

52 week High Low
39.54p 12.98p

Sector: General Mining - Potash and Phosphate

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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From the third year onwards (from the start of production) the company will guarantee certain payment levels for a set minimum volume of materials handling - it will be a level which Sirius says is in line with its expectations for POLY4 sales.

Sirius also said it retains the right to develop its Bran Sands facility at a future date, and that continues to be the plan in due course.

Albeit, there is flexibility to continue to use RBT and bring on-stream Bran Sands, as the company looks to expand beyond the initial production levels.

The separate arrangement, for the land, gives Sirius a 30-year lease over a 40 acre site adjacent to both port sites. It will house finished product storage facilities.

Sirius highlighted that the site provides it with a more efficient loading circuit by substantially decreasing the distance from the warehouse, and, the company noted that it already has planning permission for locating the storage facilities on the RBT site.

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