

Sirius Minerals PLC

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Sirius Minerals says a number of financing alternatives are on the table as mine build continues

Sirius Minerals PLC (LON:SXX) is burning through over £800,000 a day as it develops the giant Woodsmith potash mine in North Yorkshire with the cash spent on the project in the six months to June 30 totalling £148m.

It left the company with £323m in cash and equivalents at the period-end. Recently Sirius tied up royalty funding of a further £190m (US\$250m), which provides it with breathing space to find the second, debt-funded round of investment.

Sirius is now seeking £2.6-£2.7bn (US\$3.4-US\$3.6bn) from lenders, which has been revised up £300-£460m.

"A number of financing alternatives to fund the increased capital requirement are under active consideration," the company said.

The expenditure involved makes Woodsmith, which is being dug to a depth of over a mile and which will include a 23-mile tunnel to an export terminal on the River Tees, one of the most ambitious civil engineering projects undertaken by the private sector in the UK in recent years.

To date diaphragm walling on the service, the shaft has been completed, while the excavation of the service shaft foreshaft is now underway and is expected to be completed in the fourth quarter.

Still on track

The plans is to ship the first POLY4 fertiliser in 2021.

The product has required a significant marketing effort to generate orders to ensure Woodsmith is financially viable.

Recently Sirius signed its largest supply agreement to date - for 2.5m tonnes per year - for key markets in South America.

This has taken total contract volumes to 8.2m tonnes a year.

"The announcement of our largest supply agreement to date with Cibra, Brazil's sixth largest fertilizer distributor, has enabled us to exceed the target peak aggregate POLY4 take-or-pay volumes intended to support stage-two financing and further agreements are expected to be completed soon," said managing director Chris Fraser.

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Price: 5.4

Market Cap: £379.09 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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