

Sirius Minerals PLC

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Sirius Minerals project and funding timelines put under City microscope

The clock is ticking for Sirius Minerals PLC (LON:SXX) so far as the second phase of financing for the giant Woodsmith potash mine is concerned, based on analysis carried out by Shore Capital.

The interim results statement revealed the company was sitting on just over £323m as at June 30, having spent £148m on the North Yorkshire project in the first six months of 2018.

READ: Sirius Minerals says a number of financing alternatives are on the table That was augmented with £190m-worth of royalty financing.

This is sufficient to get Sirius into the second-quarter of 2019 based on the current work schedule, according to Shore.

"At this point, proceeds from the stage-2 senior debt financing would be required," the broker explained.

"Alternatively, curtailing of discretionary expenditure from the first quarter of 2019 would enable Sirius to operate into late 2019 or early 2020 without any Stage 2 financing proceeds."

Sirius is currently seeking a further £2.6-£2.7bn (US\$3.4-US\$3.6bn) from lenders for the Woodsmith project, which has been revised up by £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.

Work to date has involved 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.

Broker Liberum said the "key drivers" going forward would be a European off-take, expected before the end of October, and the finalising of that stage-2 financing package.

It rates the stock a 'buy', up 50p a share. Currently, the stock is changing hands for around 30p, valuing the business at £1.37bn.

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Price: 15.19p

Market Cap: £1062.5M

1 Year Share Price Graph



June 2018 December 2018 June 2019

Share Information

Code: SXX

Listing: LSE

52 week High Low
39.54p 14.94p

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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