

# Sirius Minerals PLC

04:57 02 May 2019

## Sirius Minerals is now at a 'critical juncture' as financing efforts continue

Sirius Minerals PLC (LON:SXX) is said to be at the critical juncture in its development as it zeros in on project financing designed to take the company through to production and revenue generation.

The UK firm yesterday confirmed it had raised the first US\$425m of a US\$3.8bn total funding package via a share sale.

It is now raising more equity with an open offer to existing shareholders - who are entitled to buy one share for every twenty-two shares they own - and separately it will raise US\$400m through a corporate bond issue.

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Later, in the summer, the company intends to secure US\$3bn of purely debt based financing, first with a US\$500m senior bond issue followed by a revolving credit facility.

Significantly, the phased funding package has a number of contingent elements so the completion of each comes with a certain amount of de-risking for the company and the project.

"Consequently, in our view, the next few weeks represent THE critical juncture for the Stage 2 financing," said Yuen Low, analyst at house broker Shore Capital.

"Successfully securing the Stage 2 financing is effectively the key to unlocking Sirius's vast potential, and we expect should catalyse a major re-rating of the shares.

"Beyond that, while Sirius would still be some years from becoming cash generative, an investment in the company should become progressively de-risked and enjoy significant value uplift as it advances towards production, we believe."

Share placing priced at bottom of range

Earlier this week, Sirius launched a US\$400m share placing as part of a US\$3.8bn project funding plan, and, it said the equity sale would price between 15p and 18p, and, on Wednesday, it revealed that the shares would be sold at 15p.

Whilst it was priced at the bottom of range, there evidently was strong demand for the new shares as Sirius revealed that the placing was oversubscribed and it raised an additional US\$25m.

"I am pleased that we have had such a positive response to the launch of our Stage 2 financing solution which is key to unlocking the vast and long-term potential of our project," said Chris Fraser, Sirius chief executive.

"The order books were oversubscribed, providing scope for a modest increase in the funds raised, further strengthening our financial position as we turn our attention toward securing the next phase of our Stage 2 financing requirements."

**Price:** 5.4565

**Market Cap:** £383.06 m

### 1 Year Share Price Graph



January 2019 July 2019 January 2020

### Share Information

**Code:** SXX

**Listing:** LSE

<b>52 week</b>	<b>High</b>	<b>Low</b>
	<b>8389</b>	<b>2.1</b>

**Sector:** Potash & fertilisers

**Website:** [www.siriusminerals.com](http://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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In total, the company is selling 1.96bn new shares, which equates to 28% of the enlarged company.

Open offer shares will also be priced at 15p each.

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