

Sirius Minerals PLC

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Sirius Minerals launches US\$500m bond to fund development of huge fertiliser mine

Sirius Minerals PLC (LON:SXX) has launched the next stage of its ambitious stage 2 US\$3.8bn financing to help it build a massive fertiliser mine in North Yorkshire.

The FTSE 250 group is offering high yield bonds to raise US\$500m, which in turn will unlock a US\$2.5bn revolving credit facility from JP Morgan.

READ: Sirius Minerals confirms stage 2 financing on track to complete by end of September

Sirius needs to secure the funds by the end of September otherwise it risks running out of money, although bosses are confident of completing the sale of the bonds well before then.

The other US\$825m was raised from investors back in May.

Our proposed US\$500 million Senior secured note offering has been launched today, as part of our previously announced Stage 2 financing.

Its successful execution, combined with other elements of Stage 2 financing, will fund the Project into operations. <https://t.co/cRdNnguAcJd>
pic.twitter.com/sjRk1KT7VZ

— Sirius Minerals (@siriusminerals) July 19, 2019

Analysts had previously expected the bonds to be ready in time for management to kick off the roadshow - where they promote the bond to institutional investors - ahead of the August holidays.

Earlier this month, Liberum number cruncher Richard Franks said: "Completion of the US\$500m bond would unlock the US\$2.5bn revolver from JPM and largely eliminate financing risk, a significant component of its 78% discount to net present value (68p)."

Shore Capital agreed, saying in a note to clients: "We expect the coming Senior Debt Event to catalyse a major re-rating of the shares, as it is in our view effectively the key to unlocking Sirius's vast value potential."

Huge civil engineering project

Sirius needs the money to fund the development of the Woodsmith mine, one of the biggest civil engineering projects currently being undertaken in Europe.

The mine is 1.5km deep and requires a 37km-long underground conveyor belt to take the minerals from the site to a processing facility.

First production at Woodsmith is expected in 2021, with output increasing to 10m tonnes by 2024.

Sirius shares were up 3% to 16.3p on Friday afternoon.

Price: £0.04

Market Cap: £306.46 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

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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