

18th February 2020

Dear Mark, Chris and team,

Odey Asset Management LLP (“Odey”), through funds that it manages, has recently become a shareholder in Sirius Minerals plc (“Sirius”), and acquired voting rights.

Like AngloAmerican plc (“AngloAmerican”), Odey sees material upside in the Sirius investment case for an entity that has the capability to finance the construction of Sirius’s principal asset, the Woodsmith Mine.

Indeed, it is this lack of financing which Odey believes is the predominant reason for Sirius’s share price to have fallen to its current level, a level at which the most of shareholders have lost the majority of their invested capital.

Odey notes that AngloAmerican have not declared their offer for Sirius as a “final” offer.

Odey believes AngloAmerican have chosen not to declare their offer as “final” because there is a risk of both the deal failing at its current level, and of an interloper at a later stage. If such an interloper were to appear, AngloAmerican would, rationally, wish to retain the option to counter bid at a higher level. It is Odey’s opinion that such an interloper would most likely appear between the date that Sirius shareholders vote on the proposed transaction, and the date of the Court Hearing.

The lack of “final” offer, in Odey’s opinion, suggests that AngloAmerican would be willing to bid substantially more for Sirius, with the investment case remaining highly attractive for AngloAmerican, even at a materially higher bid level.

It is Odey’s belief that AngloAmerican’s current offer does not represent fair value for shareholders in Sirius.

In particular, Odey notes that Sirius’s most recent accounts (half year 2019, published on 17/09/2019) suggest that Sirius’s equity value is £893.1m, a value of 120% higher than Sirius’s Board’s recommended offer.

Given that Sirius’s CFO signed off on these accounts as being “Fair, balanced and understandable”, and that Sirius’s CFO also sits on Sirius’s board of directors, Odey struggles to see how the board of Sirius, including the chief financial officer, can recommend the offer to shareholders as being “fair” only 4 months after these accounts were published. Odey also note that Sirius’s external auditors, PricewaterhouseCoopers LLP, also approved this valuation, and that this valuation is materially below the RPA independent report valuation, published by Sirius. The recommended offer seems, to Odey, to make a mockery of both internal and external audit at Sirius.

Odey believe that it is unjust that Sirius Minerals shareholders are held accountable for the apparent misrepresentation of the equity value in Sirius’s accounts and technical reports and can fully appreciate the frustration displayed by so many Sirius shareholders.

Odey therefore **commits to vote against any AngloAmerican offer that is not designated as “final” at this level.** If Anglo wish to retain the option to counter bid, Odey accepts that rationality, and hence also **commits today to vote in favour of any bid at 7p or above.**

Finally, Odey notes that the very low voter turnout at Sirius AGMs, at the level of c.35%, gives greatly magnified power to Sirius-shareholders who do vote.

I hope you can appreciate our point of view. We remain open to discussion as always, and hope we can resolve this situation in a way that makes sense and is fair for all parties.

With best wishes,
Henry