



Anglo Pacific Group PLC

September 2017

Piauí Nickel-Cobalt Royalty Acquisition

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Transaction Overview

- » Anglo Pacific Group PLC (Anglo Pacific or the Company) has entered into a royalty agreement with Brazilian Nickel Ltd (Brazilian Nickel) to acquire an initial 1% gross revenue royalty (GRR) over the Piauí nickel-cobalt project (Piauí or the Project) for a US\$2m (~£1.5m) cash payment
- » The initial US\$2m consideration will fund in-part further project assessment and/or the expansion of the existing nickel-cobalt demonstration plant to a nameplate production capacity of 1,000 tonnes of nickel per annum
- » Brazilian Nickel intends to ramp-up production to 24,000 tonnes of nickel per annum, potentially after expanding the existing demonstration plant to 1,000 tonnes of nickel per annum. Alternatively, Brazilian Nickel may pursue a lower-capex staged development first ramping-up to 10,000 tonnes and then to 24,000 tonnes of nickel per annum
- » Upon the achievement of certain Piauí development milestones and Anglo Pacific board approval for each tranche, the Company has the right to invest up to a total of US\$70m (~£52.9m) in additional GRRs with proceeds restricted to funding in-part the construction or expansion of a processing facility:
 - Under the staged ramp-up development scenario: US\$20m for an incremental 2.0% GRR when plans for the construction of a processing plant with a nameplate capacity of 10,000 tonnes of nickel per annum are implemented and US\$50m for an incremental 2.5% GRR when plans to ramp-up to 24,000 tonnes of nickel per annum are implemented; OR
 - US\$70m for an incremental 3.0% GRR at the point when plans for the construction of a processing plant with a nameplate capacity of 24,000 tonnes of nickel per annum are implemented
- » The staged consideration approach allows for flexibility with regards to potential Piauí development scenarios as well as for the Project to be de-risked prior to Anglo Pacific proceeding with additional tranches
- » The transaction is in-line with the Company's strategy to invest in development opportunities with significant growth potential to complement its existing portfolio of income producing assets

Piauí Ramp-up Alternatives & Additional Royalty Tranches

Upon Brazilian Nickel's implementation of plans to construct/expand the Piauí processing plant and the achievement of other development milestones, Anglo Pacific has the right to acquire incremental royalties in addition to the initial 1.0% royalty (subject to Anglo Pacific board approval at the time).

		Piauí Development Option: Staged Ramp-up			Piauí Development Option: Full Production		
		Plant Capacity (tonnes Ni / yr)	Royalty Consideration	Incremental Royalty	Plant Capacity (tonnes Ni / yr)	Royalty Consideration	Incremental Royalty
Tranche Acquired	Tranche 1:	--	US\$2m	1.0%	--	US\$2m	1.0%
	Tranche 2: ⁽¹⁾	10,000	US\$20m	2.0%	24,000	US\$70m	3.0%
		Tranche 3: ⁽²⁾	24,000	US\$50m	2.5%	n/a	n/a
Potential Additional Royalties							

(1) Subject to the achievement of certain Piauí development milestones and Tranche 2 Anglo Pacific board approval

(2) Subject to the achievement of certain Piauí development milestones and Tranche 3 Anglo Pacific board approval

Transaction Consistent with Anglo Pacific's Growth Strategy

- ✓ Enhances Anglo Pacific exposure to energy storage & electric vehicle related commodities
 - » High purity nickel and cobalt hydroxide products expected to be used for lithium ion batteries and in traditional markets ⁽¹⁾
 - » Further diversifies the Anglo Pacific royalty portfolio in addition to existing vanadium royalty
- ✓ Future growth potential
 - » Potential for attractive returns once Project is ramped-up with ability to increase exposure as and when Piauí is de-risked
- ✓ Low-cost operation ⁽¹⁾
 - » Operating costs expected to be less than US\$ 3.00/lb of nickel after refining charges and cobalt credits ⁽¹⁾
- ✓ Established mining jurisdiction ⁽¹⁾
 - » Located in an area of Brazil with nearby water, power, and transport infrastructure in place ⁽¹⁾
- ✓ Partnering with an experienced management team
 - » Established track record in mining and nickel heap leach operations
- ✓ Detailed due diligence process
 - » Review of technical and other not publicly available information

⁽¹⁾ Brazilian Nickel disclosure

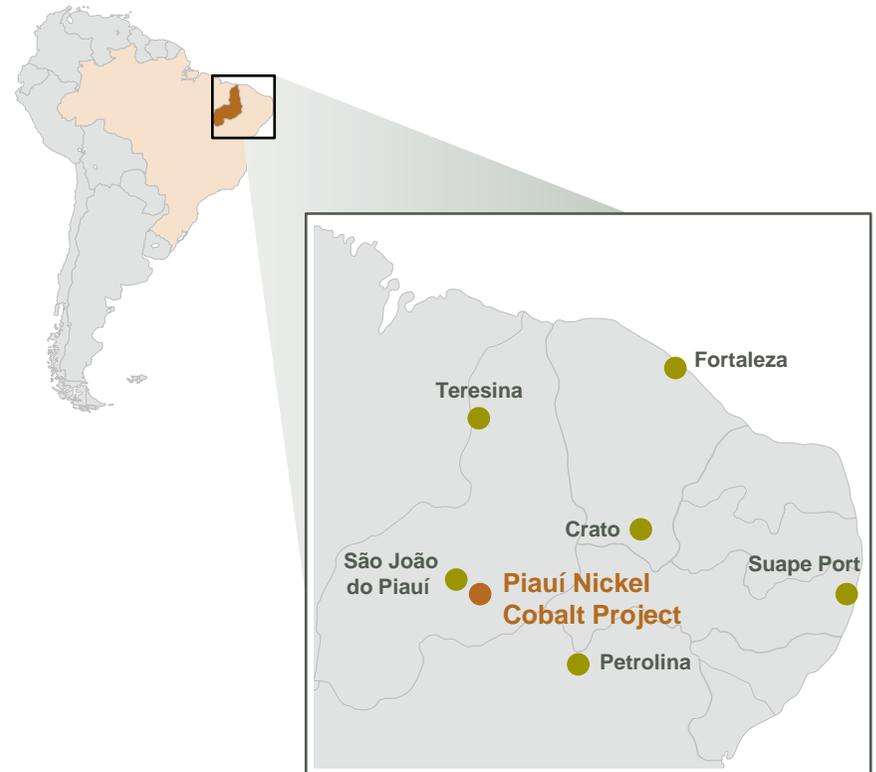
Piauí Nickel-Cobalt Project Overview

Brazilian Nickel acquired Piauí from Vale S.A. in January 2014. To date over US\$75 million has been spent developing the Project and an operating demonstration plant has achieved first sales of nickel and cobalt products.

Overview (1)

- » Nickel laterite heap leaching project expected to produce high purity nickel and cobalt hydroxide products for use in lithium ion batteries as well as traditional end markets
- » Near surface ore minable via conventional open pit extraction
- » JORC compliant Measured Resources of 52.9 Mt at 1.03% Ni and 0.05% Co, Indicated Resources of 19.3 Mt at 0.92% Ni and 0.05% Co at a 0.6% nickel cut-of-grade (2) with upside potential in adjacent exploration areas
- » Close to grid power and access to existing transport and port infrastructure with a large water source nearby
- » Piauí test heaps commenced in May 2016 with ore test-works demonstrating positive metallurgical properties and achieving target extractions of 80% nickel. First nickel and cobalt products sold in H2 2016
- » Initial development plan contemplates an expansion of the existing demonstration plant to produce 1,000 tonnes Ni and 40 tonnes Co annually
- » Two potential development options:
 - Annual contained metal production of 24,000 tonnes Ni and 1,000 tonnes Co with estimated US\$450 million development financing requirement
 - Stage development with initial capex of US\$195 million to produce 10,000 tonnes Ni and 450 tonnes Co contained metal annually before ramping up to higher production level

Location (1)



(1) Brazilian Nickel disclosure

(2) The Piauí Resources have been reported under the JORC Code (2012). The defined terms used in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves, 2014 are referenced in NI 43-101. The definition of the terms Mineral Resource and the categories (Measured, Indicated and Inferred) are identical to those defined in the JORC Code (2012 Edition). No material differences exist between the two codes. The Mineral Resource estimate was completed by Rory Devlin under the direction of Mick Elias. Rory Devlin and Mick Elias are employees of CSA Global. Mick Elias FAusIMM is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves (JORC Code 2012 Edition) and consents to the inclusion in the JORC report of the matters based on the information in the form and context in which it appears

Piauí Demonstration Plant

Brazilian Nickel has successfully completed a large scale demonstration of full-height Piauí ore heap leaching, purification and nickel-cobalt recovery.

Crushing Circuit



Local Power Infrastructure



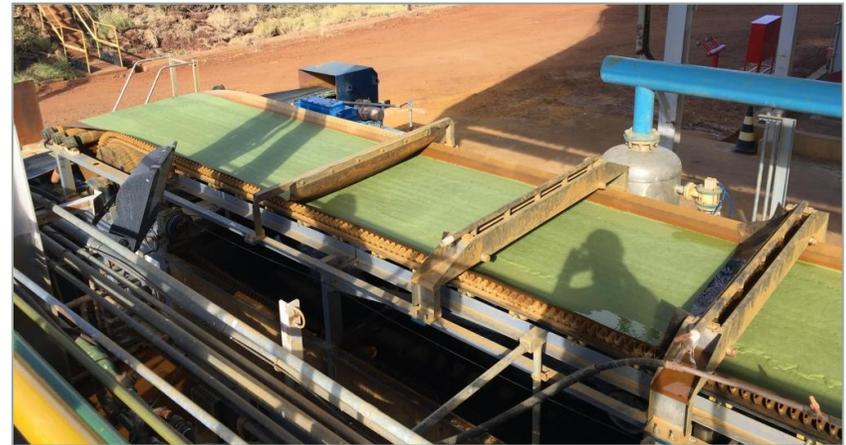
Consumables Delivered to Site



Demonstration Plant, Test Heaps and Other Infrastructure



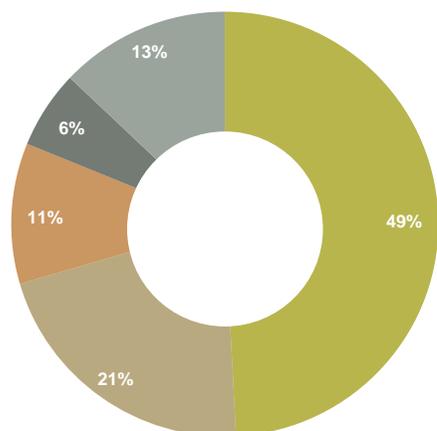
Nickel Mixed Hydroxide Product (MHP)



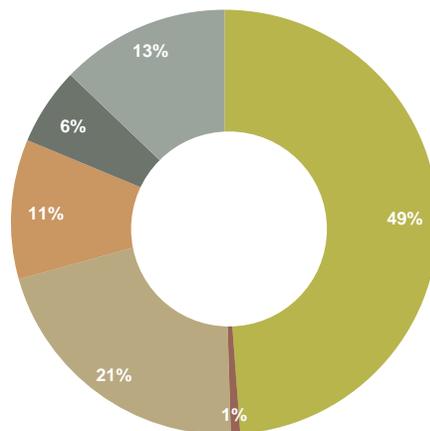
Source: Brazilian Nickel

Royalty Portfolio Diversification

Current Royalty Exposure Half Year 2017 ⁽¹⁾

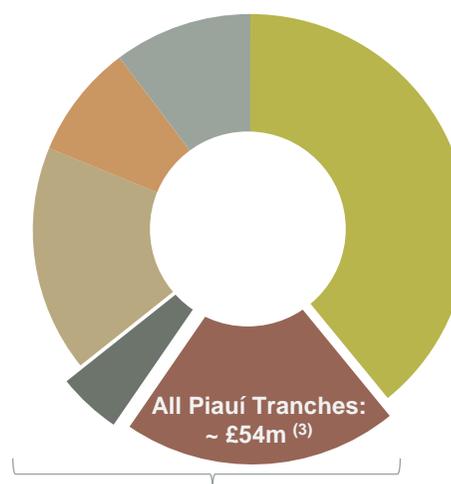


Post Transaction Half Year 2017 & Piauí Tranche 1 ^{(1) (2)}

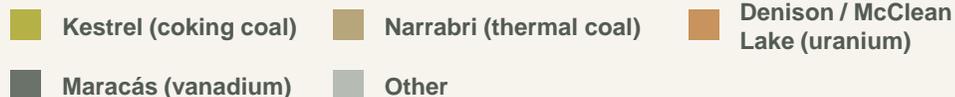


Piauí Tranche 1:
~£1.5m ⁽²⁾

Illustrative Diversification All Piauí Tranches ^{(1) (2) (3)}



Meaningful potential exposure to energy storage related commodities (nickel-cobalt and vanadium)



(1) Anglo Pacific royalty related assets as of 30 June 2017

(2) Anglo Pacific royalty related assets as of 30 June 2017 adjusted for book value of Piauí Tranche 1 royalty (~£1.5m)

(3) Adjusted for book value of Piauí tranche 1 royalty (US\$2m or ~£1.5m), as well as Piauí tranche 2 and 3 considerations (US\$70m or ~£52.9m). Anglo Pacific has the right to acquire tranche 2 and tranche 3 royalties upon the achievement of certain Piauí development milestones subject to final Anglo Pacific board approval

Geographic and Commodity Exposure Across Principal Royalty and Stream Portfolio

Existing Portfolio Transaction



Portfolio Overview

	Royalty / Stream	Commodity	Operator	Location	Royalty type and rate / stream volume ⁽¹⁾
Producing	1 Kestrel ⁽²⁾	Coking & thermal coal	Rio Tinto	Australia	7 – 15% GRR
	2 Narrabri	Thermal & PCI coal	Whitehaven Coal	Australia	1% GRR
	3 Denison / McClean Lake ⁽³⁾	Uranium (toll milling)	Denison Mines Inc. / AREVA	Canada	Entitlement to 22.5% of Toll Milling Revenue ⁽⁴⁾
	4 Maracás Menchen	Vanadium	Largo Resources	Brazil	2% NSR
	5 Four Mile	Uranium	Quasar Resources	Australia	1% NSR
	6 EVBC ⁽⁵⁾	Gold, copper and silver	Orvana Minerals	Spain	2.5 – 3% NSR
Development	7 Salamanca	Uranium	Berkeley Energia	Spain	1% NSR
	8 Piauí	Nickel & Cobalt	Brazilian Nickel	Brazil	1% GRR
	9 Groundhog ⁽⁶⁾	Anthracite coal	Atrum Coal	Canada	0.5 – 1.0% GRR
Early-stage	10 Pilbara	Iron ore	BHP Billiton	Australia	1.5% GRR
	11 Ring of Fire	Chromite	Noront Resources	Canada	1% NSR
	12 Dugbe 1	Gold	Hummingbird Resources	Liberia	2 – 2.5% NSR

(1) GRR – Gross Revenue Royalty. NSR – Net Smelter Return royalty

(2) Kestrel royalty terms (Anglo Pacific entitlement): 3.5% of value up to A\$100/tonne, 6.25% of the value over A\$100/tonne and up to A\$150/tonne, 7.5% thereafter

(3) Anglo Pacific Loan of C\$40.8m to Denison to be repaid from the revenues which Denison receives through their entitlement to toll revenue generated through their part ownership of the McClean Lake Uranium Mill (operated by AREVA)

(4) Entitlement of Toll Milling Revenue received under a toll milling agreement to process Cigar Lake ore from Denison via financing of C\$40.8m loan and C\$2.7m stream

(5) EVBC: El Valle-Boinás Carlés. 2.5% NSR royalty escalating to 3% for gold prices in excess of US\$1,100 per ounce

(6) 0.5% GRR royalty over entire project converts to 0.1% royalty over Groundhog North Mining complex 10 years after the declaration of commercial production. Anglo Pacific also retains the higher of a 1% GRR or US\$1.00 per tonne on certain areas of the Groundhog project acquired by Atrum Coal from Anglo Pacific during 2014