Anglo Pacific Group PLC

August 2018

Purchase of a 4.25% Shareholding in Labrador Iron Ore Royalty Corp.

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Transaction Overview

- Anglo Pacific Group PLC (Anglo Pacific or the Company) has acquired a 4.25% shareholding in Labrador Iron Ore Royalty Corp. (LIORC), which is listed on the Toronto stock exchange (TSX:LIF), at an investment cost of US$50 million (C$65.5 million, ~£38 million)
- LIORC is structured as a passive flow-through vehicle for a 7% Gross Revenue Royalty (GRR), a C$0.10 per tonne commission, and a 15.1% equity position in the Iron Ore Company of Canada (IOC) with a policy of paying cash quarterly dividends to the maximum extent possible (1)
- The transaction is expected to be immediately accretive to Anglo Pacific's adjusted earnings per share and cash flow per share
  - Anglo Pacific will report LIORC dividends as royalty related revenue given LIORC's nature as a passive vehicle
  - The Company expects to receive C$4.7 – C$5.7 million of royalty related revenue in 2019 (2)
- IOC is operated by Rio Tinto, with mining and processing operations located in the area of Labrador City, Canada. IOC is one of Canada's largest iron ore producers, and is among the top five global producers of seaborne iron ore pellets
  - IOC's 65% grade iron ore concentrate is recognised for its low alumina and phosphorous content, reducing levels of pollution when used in steel production
  - Chinese environmental initiatives and emission controls, which are expected to remain a top priority for the Chinese Government, have led to historically large price premiums for higher quality iron ore products
- The transaction was funded with cash on-hand and a revolving credit facility drawdown of £17.3 million. Anglo Pacific expects to be in a net cash position by year-end 2018 absent any royalty acquisitions
- The transaction provides exposure to the premium end 65% iron ore concentrate and high-margin pellet markets at a favourable point in the cycle, and is in-line with the Company's strategy to acquire and complement its existing portfolio of income producing royalty related assets

Source: LIORC filings.
(1) Subject to the maintenance of appropriate levels of working capital.
(2) Based on Anglo Pacific's current 4.25% stake and LIORC broker consensus 2019 dividend forecast as of 15 August 2018 (Bloomberg).

Transaction Consistent with Anglo Pacific's Growth Strategy

- ✓ Indirect exposure to a 7% GRR over a world-class producing mine
  - » LIORC's 15.1% stake in IOC provides additional source of LIORC cash flow
- ✓ Further diversifies income profile and commodity exposure
  - » Majority of LIORC's cash flow currently paid out as dividends to shareholders
  - » High quality iron ore as well as higher margin pellet products
- ✓ Premium products with low alumina, silica and phosphorus content
  - » IOC product mix positions Anglo Pacific to benefit from premium product pricing
  - » Environmental policy in China is driving structural changes and demand for high quality iron ore products
  - » Attractive market outlook for high quality 65% iron ore concentrates and pellets
- ✓ Long IOC mine life with extension potential
  - » Reserves sufficient to support a 25 year mine life at planned IOC production rates
  - » IOC has sufficient mineral inventory to support future expansion options
- ✓ Operated by mining major Rio Tinto in Canada, an established mining jurisdiction
  - » IOC has been producing for over 50 years, demonstrating its ability to operate through the cycle
- ✓ Future optionality
  - » Publicly traded holding permits future selldown or increased exposure to LIORC's 7% GRR

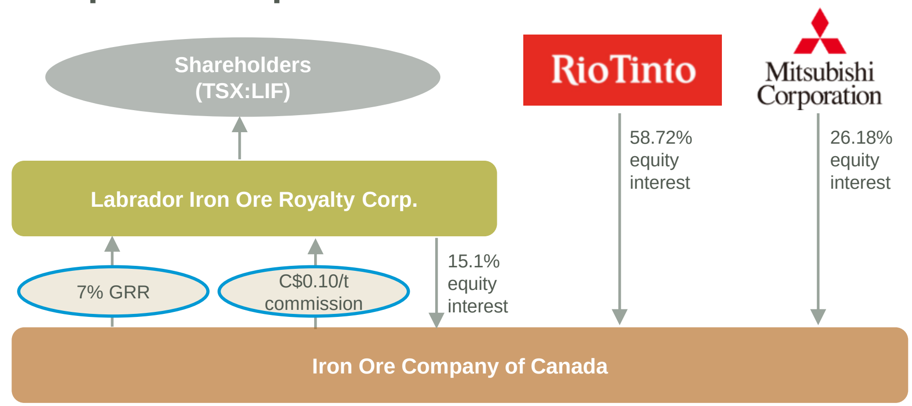
Source: LIORC filings, Iron Ore Company of Canada.

Labrador Iron Ore Royalty Corp (LIORC)

Overview (1)

- Listed on the Toronto stock exchange (TSX:LIF) with a market capitalisation of C$1.5 million (2)
- Involved in Labrador West for 80 years and discovered the iron ore bodies that now constitute the mine operated by IOC
- Holds 12 long-term mining leases and six exploration licences covering approximately 18,200 hectares of land near Labrador City, Canada
  - Sublease agreement with IOC to extract iron ore in exchange for royalty payments
- Holds a 15.1% stake in IOC and controls two IOC board seats
- Three primary sources of cash flow:
  - 7% GRR over IOC sales
  - C$0.10 per tonne royalty on all iron ore products produced and sold
  - Receipt of IOC dividends when iron ore market conditions support capital distributions to shareholders
- LIORC's cash flow is largely paid out as dividends
  - Current policy is to pay cash dividends to maximum extent possible subject to the maintenance of appropriate levels of working capital
- Potential EGM in coming months to permit new royalty acquisitions which requires 75% shareholder vote in favour
  - An acquisition only to proceed should it be satisfy with existing distribution and balance sheet objectives

Simplified Corporate Structure (1)



Trailing 12-Month Historical Dividend Yield (2)

(1) LIORC filings.
(2) Bloomberg as of 14 August 2018.

Iron Ore Company of Canada (IOC)

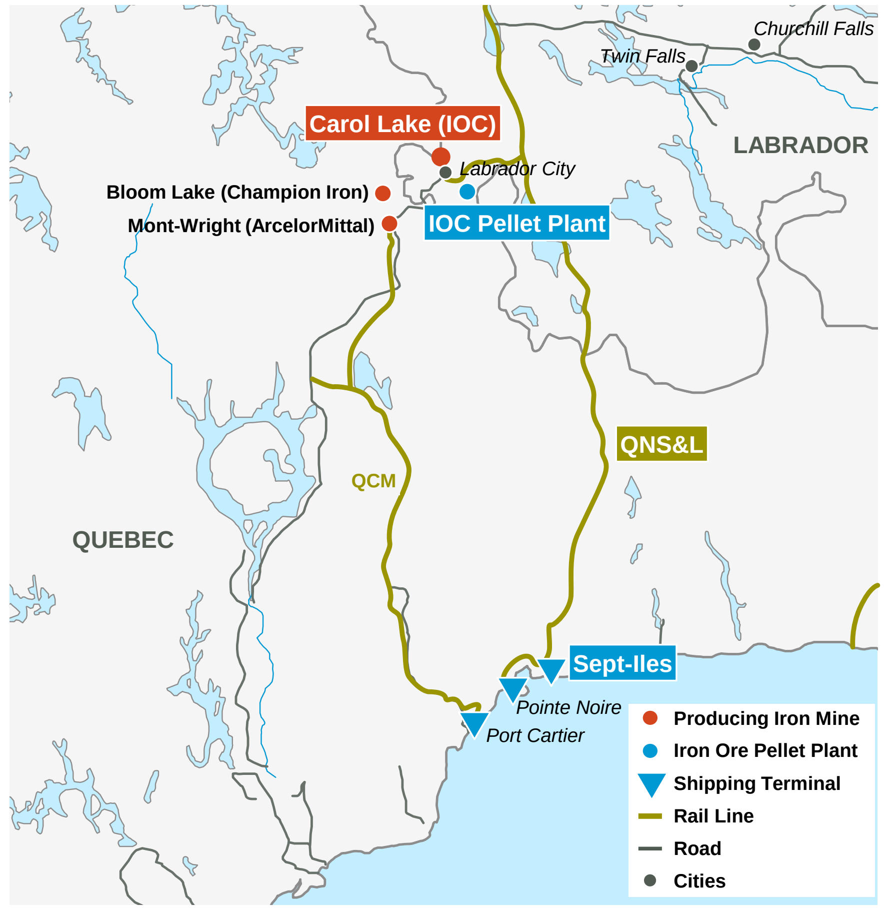
Overview (1)

- Fully integrated mine to port production system producing high quality iron ore concentrate (65% Fe) and pellets for export to seaborne market
- Open pit mining operations and processing facilities located near Labrador City, Canada
- Annual concentrator capacity of 55 Mt crushed ore and 23 Mt concentrate
  - Study to increase concentrate production capacity to 50 Mt commenced in 2011 although subsequently put on hold
- 2017 gross revenue of US$1.9 billion and EBITDA margin of ~41% (2)
- Saleable products railed 418 Km by wholly owned subsidiary to the all-year deep water port of Sept-Îles in Quebec, Canada
- Products are shipped to markets throughout North America, Europe, the Middle East and the Asia-Pacific region

Iron Ore Product Overview (1)

IOC concentrate:	Recognised for its low alumina, very low phosphorus
IOC pellets :	i) Standard and low silica acid pellets (non-fluxed)
	ii) High grade direct reduction pellets
	ii) Fluxed pellets
Value supported by:	i) Trend towards higher quality manufacturing and consumer steels
	ii) Value in use differentiation through low alumina and phosphorous

Location (1)



(1) LIORC filings.
(2) Rio Tinto filings.

IOC Mining And Processing Facilities

Mine (1)

- Mine exploited via open pit techniques including drilling, blasting and hauling
- Broken ore loaded by electric shovels onto trucks for transport to underground loading pockets
- Ore then transferred via automatic trains to crusher located adjacent to processing facilities
  - Distance between loading pockets and crusher of between 8 – 12 km
- Mine and ore logistics facilities have a nominal capacity to deliver 55 Mtpa ore to concentrator

Concentrator (1)

- Four wet mill units grind crushed ore down to ~1 mm particle size for separation from associated rock and silica gangue
- Gravity spiral plant increases iron content of process stream from ~38% to ~65%
  - Ground ore slurry passes three successive stages of spiralling to separate heavier iron ore grains from lighter waste rock particles
- Magnetic separation plant extracts magnetite from spiral plant tailings
- Following spiral plant, concentrate is stockpiled for shipping, or transferred to the pellet plant
- In 2017, an iron ore weight yield of 42.3% was achieved at the concentrator plant

Pellet Plant (1)

- Iron ore concentrate from spiral plant is ground in one of eleven ball mills before mixing with a bentonite binding agent
- Ground concentrate and additive mixture is then formed into balls of 9.5 to 12.5 mm in diameter
- Balls then dried to remove moisture before being fired and cooled into pellets
- Pellets subsequently conveyed to storage for onwards rail shipping to port of Sept-Îles
- Bubble flotation technology used to reduce silica in pellets to lower levels than can be achieved via the concentrator process route
- Pellet plant has nominal production capacity of ~12.5 Mtpa

(1) LIORC / IOC filings.

Iron Ore Company of Canada

Community Support, Health and Safety, and Environmental Responsibility

Community Contribution [1]

- IOC actively supports a wide range of activities that benefit the communities in which IOC operates
- The 2017 Community Investment Program resulted in more than 50 community partnerships in both Labrador West and Sept-Îles
- In 2017, IOC employed 2,318 which provided C$382 million in wages and salaries (including benefits)
- IOC is represented on community boards (including the Housing & Homeless Coalition, Habitat for Humanity, Chamber of Commerce, Labrador West Gateway, Sept-Îles regional hospital foundation)

Engagement with Indigenous Group [1]

- IOC actively engages with the five identified Aboriginal groups in Labrador and Quebec within the IOC spheres of operations
- IOC initiatives include an Aboriginal centre in Labrador West, the sale of Tshiuetin Rail Transportation Inc. for a nominal sum of C$1 to result in the first Aboriginal ownership of a railway in Canada, and free of charge transportation along the QNSL&L railway to Schefferville
- IOC actively supports many other Aboriginal programs

Health and Safety [1]

- IOC's all injury frequency rate (AIFR) for 2017 exceeded target (0.91 vs 0.67)
- The goal of achieving Zero Harm is firmly embedded at IOC
- Integrated health, environment and quality management systems have been implemented, as have education and awareness initiatives, team-based talks, communication campaigns, and encouragement of employee-driven innovation and improvements

Environmental Responsibility [1]

- IOC has taken actions to reduce its environmental impact, including an air quality improvement program for Labrador City, a land rehabilitation project, a soil and groundwater clean up from historical contamination, and greenhouse gas quantification by product
- As part of IOC's Progressive Rehabilitation and Revegetation Campaign, 49 hectares were rehabilitated in 2017
- Quarry production facilities, located approximately 18 km east from Labrador City, underwent approximately 17 hectares of successful revegetation of which 8 hectares were hydroseeded and 10 hectares broadcast seeded

(1) Iron Ore Company of Canada.

Historical Statistics

		2013	2014	2015	2016	2017
Historical LIORC KPIs [1]						
7% Gross Revenue Royalty (GRR) [2]	C$ million	110	93	80	90	125
C$0.10/t commission	C$ million	1	1	2	2	2
IOC dividends received by LIORC	C$ million	40	48	-	15	77
LIORC dividends per share	C$ / share	1.88	1.65	1.00	1.00	2.65
Historical IOC Production [1]						
Total concentrate production [3]	million tonnes	16.2	15.8	18.7	19.2	20.2
Pellets - for sale	million tonnes	8.6	8.7	9.3	9.8	10.5
Concentrate - for sale	million tonnes	6.8	6.0	8.4	8.4	8.5
Total products for sale	**million tonnes**	**15.4**	**14.7**	**17.7**	**18.2**	**19.0**
Select IOC Financial Information [1]						
Iron ore price (62% Fe CFR China) [4]	US$ / tonne	135	95	56	58	71
Pellet premium [4]	US$ / tonne	32	38	32	31	45
Operating revenues	C$ million	2,194	1,794	1,495	1,676	2,315
Cash flow from operating activities	C$ million	781	455	267	456	923
Net income	C$ million	549	273	21	170	499
Capital expenditures	C$ million	275	187	143	99	265

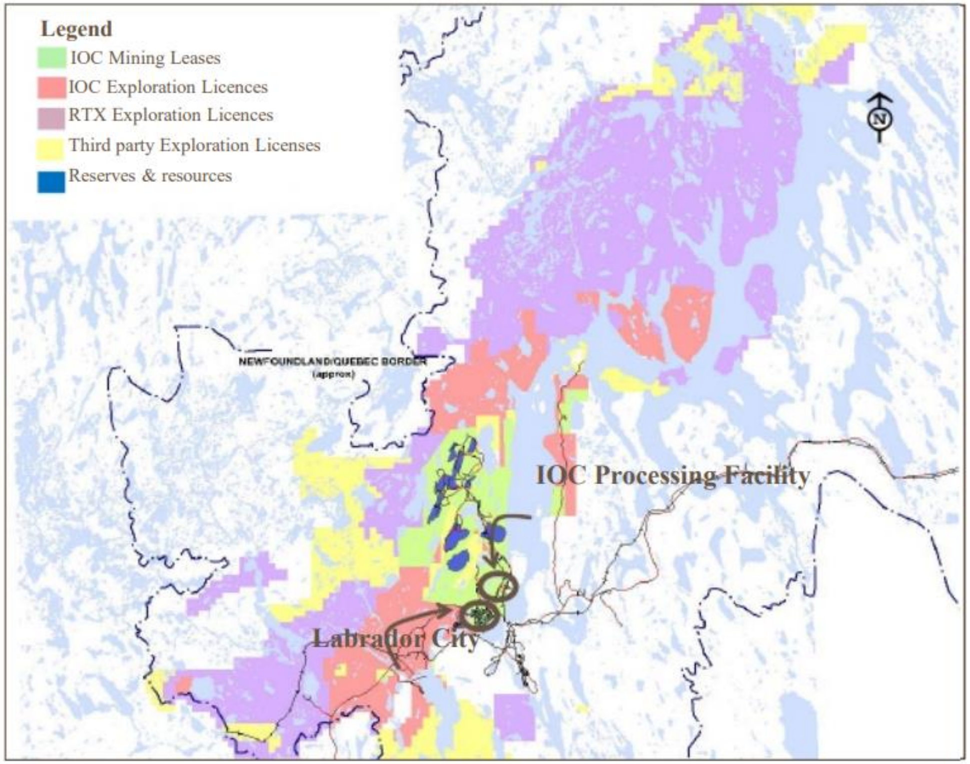
(1) LIORC filings.
(2) Historical 7% GRR receipts are presented net of 20% Newfoundland royalty tax.
(3) The total volume of pellets and concentrate for sale does not equal the total concentrate production due to changes in inventory and losses of material in the pelletizing operations.
(4) Bloomberg, Platts.

IOC's Large Resource Base Supports Mine Life Extension Potential

Mineral Reserves And Resource Estimate [1] [2]

	Ore (million tonnes)	Grade (% Fe)
Mineral Reserves		
Proven	568	38.4%
Probable	733	38.0%
	Mineral reserves support a 25-year mine life	
Mineral Resources		
Measured	166	41.0%
Indicated	742	38.8%
Inferred	1,025	38.0%

- Vast mineral inventory
- All reserves, resources yield saleable product with similar high quality chemistry
- Mineral inventory is proximal to existing IOC infrastructure



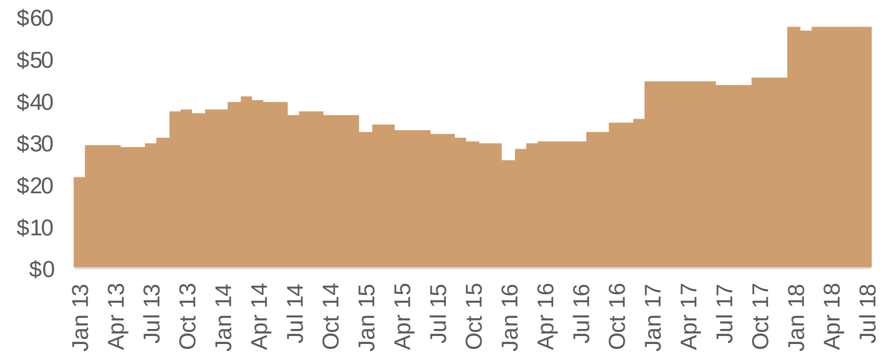
Source: LIORC filings.
(1) IOC Ore Reserves and Mineral Resources are taken from Rio Tinto's 2017 Annual Report and are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012 (the JORC Code).
(2) Mineral Resources are reported on an in situ dry basis and exclude Mineral Reserves.

Attractive Market Outlook for Pellets & High Quality Iron Ore Concentrate

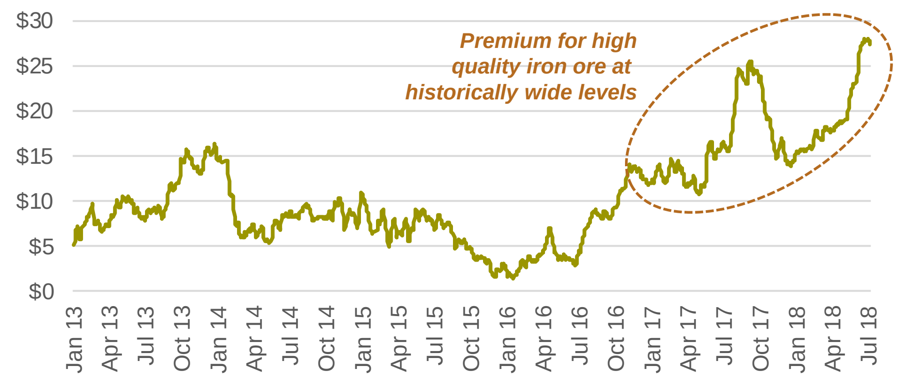
Market Update (1)

- Iron ore price averaged ~US$66.5/t ytd, although breached US$70/t in August 2018 on news of potential Chinese infrastructure stimulus package (2)
- Chinese crude steel production accounts for ~50% of global output. Steel sector is a substantial contributor to emissions and is under pressure to minimize environmental impact
  - Enforcement of 'Blue Sky' 2018 policy has led to temporary shutdowns and permanent closure of more polluting steel plants
  - Since 2015, 290 Mt of Chinese steel capacity has been removed
- Chinese environmental clampdown is seen to be driving:
  - Increased iron ore pellet usage (to improve furnace efficiency)
  - Demand for higher quality iron ore (to reduce total energy usage)
  - Sinter plant closures (temporary and permanent)
  - A decline in Chinese coke production (increasing demand for higher quality seaborne coking coal)
- Sintering is a substantial source of emissions and pollution within the steel production process
  - Sinter usage in Chinese steel industry is high relative to North America and Europe, and trend is towards greater pellet usage
  - Historically domestic pellets used, although reduced availability of domestic feedstock at fines prices below US$70-80 per tonne
- Emissions control expected to remain a top long-run priority for Chinese Government

Pellet Premiums (US$/dmt) (2)



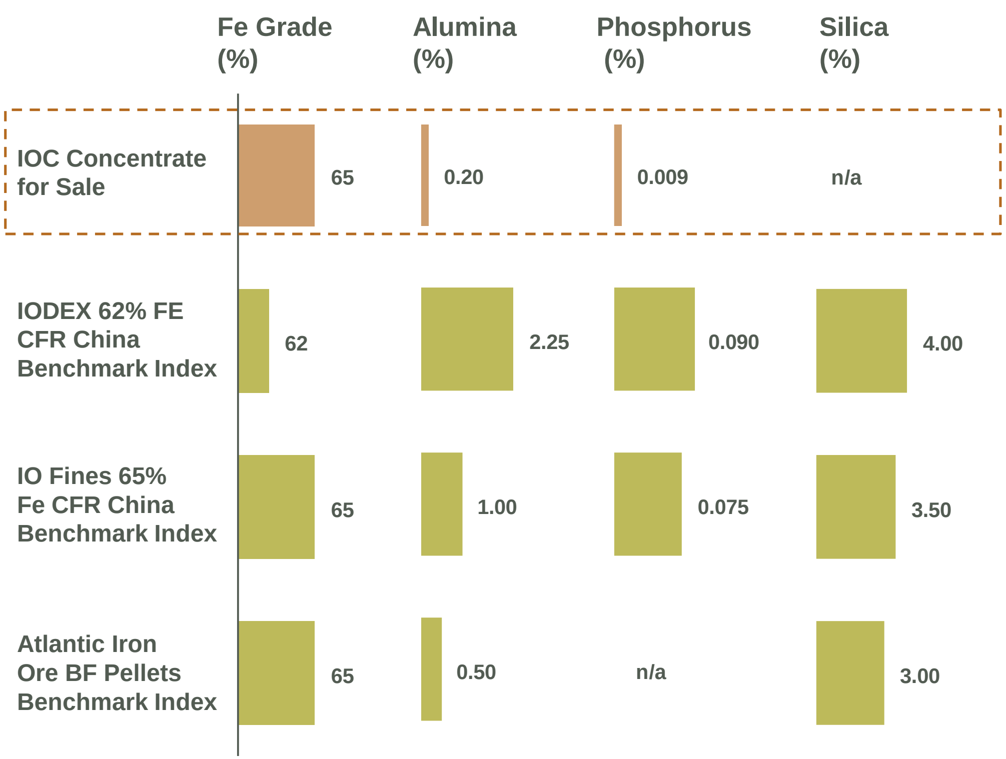
62/65% Fe CFR China Price Spread (US$/t) (2)



(1) World Steel Association, equity research, Rio Tinto, Ferrexpo.
(2) Bloomberg, Platts.

Impurity Penalties Increasingly a Market Factor

IOC Product Compares Well to Benchmark Indices [1] [2]



High Quality IOC Products [1]

» High quality concentrate and pellets

» Very low phosphorus and natural alumina

» DR pellet product with less than 2% silica content

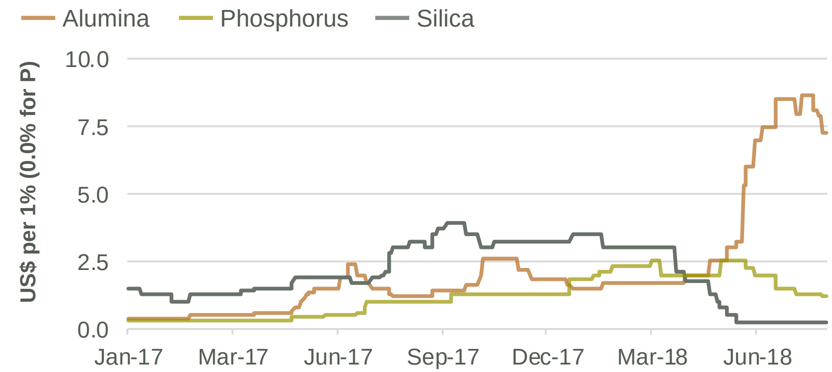
- Flotation plant also produces low-silica standard pellets

» Low sulfur, alkalis and other undesirable elements

» Low shipping moisture

» Strong complementary value in blends due to low impurities

Impurity Penalties have Widened [2] [3]



(1) LIORC filings, Iron Ore Company of Canada.

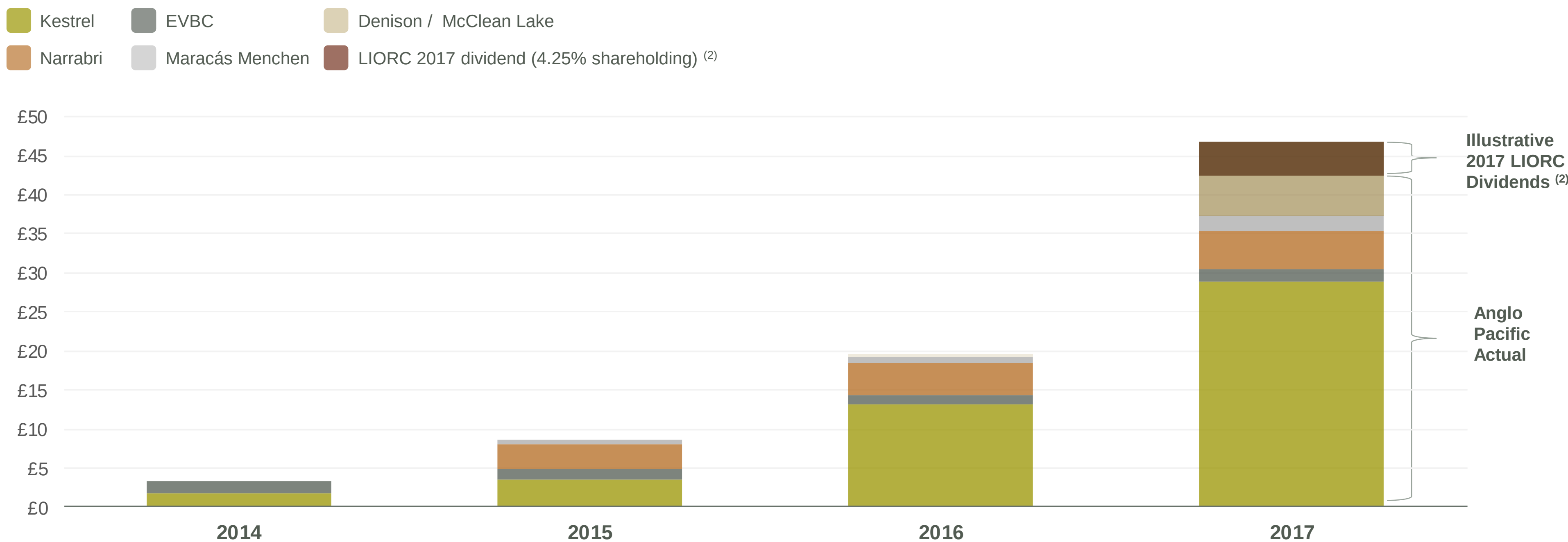
(2) Bloomberg, Platts.

(3) Iron ore Alumina differential per 1% with 1-2.5% $/DMT (60-63.5% Fe). Iron ore Silica differential per 1% with 4.5-6.5% $/DMT (60-63.5% Fe). Iron ore Phosphorus differential per 0.01% with 0.09-0.12% $/DMT (60-63.5% Fe).

Further Diversifies Anglo Pacific's Income Profile

Historical Anglo Pacific Royalty Related Income and Illustrative LIORC 2017 Dividend (1)

(In GBP millions)



Maracás Menchen Royalty Acquisition
(June 2014 – US$22m) (3)

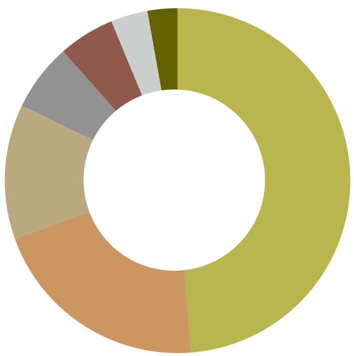
Narrabri Royalty Acquisition
(March 2015 – US$65m)

Denison / McClean Lake Financing
(February 2017 – C$43.5m)

Piauí Royalty Acquisition
(September 2017 – US$2m)

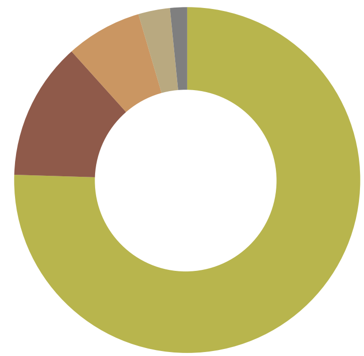
(1) Denison / McClean Lake 2017 royalty related income includes £1.7m of toll milling revenue to Denison during H2 2016 and received by the Group in February 2017 at transaction close. Excludes 2016 Four Mile royalty income of £0.3m.
(2) Illustrative LIORC 2017 dividend of £4.3m based on Anglo Pacific's current 4.25% LIORC stake, 2017 LIORC dividend of C$2.65 per share, and 2017 average GBPCAD 1.6721.
(3) US$22m payable in cash on completion of the sale plus up to a further US$3m in milestone payments. The first deferred consideration payment of US$1.5m became due in Q3 2017.

Reduced Coal Exposure and Enhanced North American Footprint



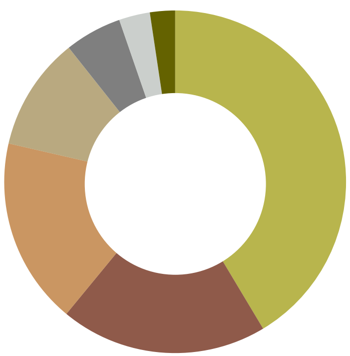
Commodity Exposure
Year End 2017 (1)

Coking coal (2)	49%
Thermal coal (2)	21%
Uranium	13%
Vanadium	6%
Iron Ore	5%
Gold (3)	3%
Other	3%



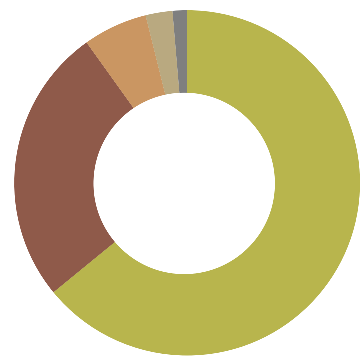
Geographic Exposure
Year End 2017 (1)

Australia	75%
North America	13%
South America	7%
Europe	3%
Other	2%



Commodity Exposure
Post Transaction (1)

Coking coal (2)	41%
Iron Ore (4)	20%
Thermal coal (2)	18%
Uranium	11%
Vanadium	5%
Gold (3)	3%
Other	2%



Geographic Exposure
Post Transaction (1)

Australia	64%
North America (4)	26%
South America	6%
Europe	3%
Other	1%

(1) Anglo Pacific royalty related assets as of 31 December 2017.
(2) Kestrel production primarily coking coal. Narrabri production primarily thermal coal.
(3) Gold commodity exposure includes the EVBC royalty which includes copper and silver by-products.
(4) Adjusted for LIORC stake investment cost of ~£38 million.

Geographic and Commodity Exposure

Geographic Footprint

● Producing royalties / streams ● Development royalties ● Early-stage royalties

Portfolio Overview

	#	Royalty / Stream	Commodity	Operator	Location	Royalty type and rate / stream volume (1)
Producing	1	Kestrel (2)	Coking & thermal coal	EMR Capital / PT Adaro Energy	Australia	7 – 15% GRR
Producing	2	Narrabri	Thermal & PCI coal	Whitehaven Coal	Australia	1% GRR
Producing	3	Iron Ore Company of Canada (3)	Iron ore & iron ore pellets	Rio Tinto	Canada	7% GRR (3)
Producing	4	Denison / McClean Lake (4)	Uranium (toll milling)	Denison Mines Inc. / AREVA / CAMECO	Canada	Entitlement to 22.5% of Toll Milling Revenue
Producing	5	Maracás Menchen	Vanadium	Largo Resources	Brazil	2% NSR
Producing	6	Four Mile	Uranium	Quasar Resources	Australia	1% NSR
Producing	7	EVBC (5)	Gold, copper and silver	Orvana Minerals	Spain	2.5 – 3% NSR
Development	8	Salamanca	Uranium	Berkeley Energia	Spain	1% NSR
Development	9	Piauí	Nickel & Cobalt	Brazilian Nickel	Brazil	1% GRR
Development	10	Groundhog (6)	Anthracite coal	Atrum Coal	Canada	0.5 – 1.0% GRR
Early-stage	11	Pilbara	Iron ore	BHP Billiton	Australia	1.5% GRR
Early-stage	12	Cañariaco (7)	Copper, gold, And silver	Candente Copper	Peru	0.5% NSR
Early-stage	13	Ring of Fire	Chromite	Noront Resources	Canada	1% NSR
Early-stage	14	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) Held indirectly through common shares of Labrador Iron Ore Royalty Corporation.
(4) 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).
(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.
(7) Entrée Resources Ltd. entitled to 20% of any royalty income prior to 31 December 2029, 15% of income received between 1 January 2030 and 31 December 2035, and 10% of any income received between 1 January 2035 and 31 December 2040.