


ANGLO PACIFIC GROUP PLC

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News Release

5 November 2020

Anglo Pacific Group PLC Q3 2020 Trading Update

Anglo Pacific Group PLC (“Anglo Pacific”, the “Company” or the “Group”) (LSE: APF, TSX: APY), issues the following trading update for the period 1 July to 4 November 2020. Unless otherwise stated, all unaudited financial information is for the quarter ended 30 September 2020.

Highlights

	Q3 2020		Q2 2020	9M 2020		9M 2019
	£m	QoQ%	£m	£m	YoY%	£m
Kestrel	2.23	(37%)	3.52	14.27	(53%)	30.33
Royalty related dividends (LIORC)	1.17	(15%)	1.38	3.47	(41%)	5.90
Narrabri	0.82	(14%)	0.95	2.41	(29%)	3.39
Mantos Blancos	0.66	12%	0.59	1.86	564%	0.28
McClean Lake/Denison - interest	0.45	0%	0.45	1.34	(8%)	1.46
Maracás Menchen	0.27	131%	(0.87)	(0.05)	(102%)	2.31
Four Mile	0.13	117%	0.06	0.26	37%	0.19
Royalty related revenue	5.73	(6%)	6.08	23.56	(46%)	43.86
EVBC - royalty receipts	0.64	42%	0.45	1.61	0%	1.61
McClean Lake/Denison - principal	0.00	0%	0.00	0.40	(61%)	1.03
Total portfolio contribution	6.37	(2%)	6.53	25.57	(45%)	46.50

- Portfolio contribution of £6.4m in Q3 2020 largely in line with £6.5m in Q2 2020. The decrease primarily driven by lower volumes at Kestrel following a longwall changeout, which is not expected to reoccur until Q3 2021. Production is expected to increase at Kestrel in Q4 2020 after a record longwall change-out was achieved in Q3 2020
- Metallurgical and thermal coal prices remained subdued during Q3 2020, however, copper and iron ore have continued to rally, reaching multi-year highs
- The operations underlying the Group’s producing royalty related assets remain largely unaffected by COVID-19, with activity resuming at the McClean Lake Mill in September which will lead to a full quarter of tolling receipts in Q4 2020

- Largo Resources, the operator of the Maracás Menchen mine is continuing to guide full year sales of 9,500t to 10,000t Vanadium oxide (V2O5) after building up stockpiles in Q2 and Q3 2020 as they transitioned to an in-house sales and marketing function, indicating a strong Q4 2020 which should mitigate some of the weakness in the year to date
- LIORC declared a Q3 2020 dividend of C\$0.45/share, resulting in year to date dividends of C\$1.25/share, and given the increase in iron ore prices there is an expectation in the market that the Q4 2020 dividend could be higher
- Net debt position as at 30 September 2020 of £34.0m compared to £39.8m as at 30 June 2020, reflecting the receipt of the Q2 2020 royalties and Kestrel instalments during Q3 2020
- The Group has bought back 4,369,754 shares since initiating the £5.0m share buyback on 25 September 2020, increasing earnings per share and resulting in annual savings in dividend payments. The buyback was funded through the partial disposal of the Group's non-core equity interests
- As previously announced, payment of the 1.75p Q2 2020 interim dividend will be made on 13 November 2020, followed by payment of the 1.75p Q3 2020 dividend on 17 February 2021. The Board will recommend a final dividend for 2020 in Q1 2021
- Following the successful completion of the longwall changeout in Q3 2020, we expect volumes to increase at Kestrel, which together with other positives like higher Q4 2020 broker consensus dividend forecast from LIORC, should result in a higher portfolio contribution during Q4 2020

Julian Treger, Chief Executive Officer of the Company, commented:

“We were encouraged by the operating performance of the royalty portfolio during Q3 2020 which continue to function without material Covid-19 disruption. The actions taken by the underlying operators suggests that we could see a stronger finish to the year across the portfolio at a time when certain commodity prices are showing signs of improvement.

A highlight of the quarter was the US government committing to a US\$25 million investment in Brazilian Nickel to advance the Piauí Nickel Project, over which the Group has a 1.25% gross revenue royalty. This cornerstone investment should facilitate the path towards production and further unlock organic value for the Group.

We continue to generate and evaluate a significant number of opportunities and are confident in our pipeline and ability to further diversify the business by asset and commodity including investing in the materials of the future. The Company remains in a strong financial position with a healthy balance sheet and undrawn debt facilities of US\$63.6 million (inclusive of the US\$30 million accordion). Over and above the ability to draw down on our debt financing the Company may also opportunistically consider other potential sources of funding should these be required, including hybrid equity debt instruments which would permit the company to benefit from the attractive current interest rate environment and thus fund the Company's growth in an efficient and accretive manner.”

For further information:

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Notes to Editors

About Anglo Pacific

Anglo Pacific Group PLC is a global natural resources royalty and streaming company. The Company's strategy is to become a leading natural resources company through investing in high quality projects in preferred jurisdictions with trusted counterparties, underpinned by strong ESG principles. It is a continuing policy of the Company to pay a substantial portion of these royalties and streams to shareholders as dividends.

Cautionary statement on forward-looking statements and related information

Certain statements in this announcement, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which include the phrase 'forward-looking information' within the meaning of Canadian securities legislation) are provided for the purposes of assisting readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and of presenting information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes outlined in this announcement. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of acquiring new royalties and making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; the stability of local governments and legislative background; the relative stability of interest rates; the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties, streams and investments by the owners or operators of such properties in a manner consistent with past practice; no material adverse impact on the underlying operations of the Group's portfolio of royalties, streams and investments from a global pandemic; the accuracy of public statements and disclosures (including feasibility studies, estimates of reserve, resource, production, grades, mine life and cash cost) made by the owners or operators of such underlying properties; the accuracy of the information provided to the Group by the owners and operators of such underlying properties; no material adverse change in the price of the commodities produced from the properties underlying the Group's portfolio of royalties, streams and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant property in which the Group holds a royalty or other interest, including but not limited to unusual or unexpected geological formations and natural disasters; successful completion of new development projects; planned expansions or additional projects being within the timelines anticipated and at anticipated production levels; and maintenance of mining title.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate; that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Group's control, affect the operations, performance and results of the Group, its businesses and investments, and could cause actual results to differ materially from those suggested by any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, royalty, stream and investment portfolio and associated risk, adverse development risk, financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties, streams and investments; royalties, streams and investments subject to other rights, and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section of our most recent Annual Report, which is available on our website. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noted in the section herein entitled 'Risk' is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

This announcement also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. This announcement contains information and statements relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.

The Group's management relies upon this forward-looking information in its estimates, projections, plans and analysis. Although the forward-looking statements contained in this announcement are based upon what the Group believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements made in this announcement relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.