

News Release

15 May 2018

Anglo Pacific Group PLC Q1 2018 Trading Update

Anglo Pacific Group PLC ("Anglo Pacific", the "Company" or the "Group") (LSE: APF, TSX: APY), the London and Toronto listed royalty company, issues the following trading update for the period 1 January 2018 to 15 May 2018. Unless otherwise stated, all unaudited financial information is for the quarter ended 31 March 2018.

Highlights

- Total free cash flow generated in Q1 2018 of £13.3m, in line with the £13.4m generated in Q1 2017
- Cash at 31 March 2018 of £18.7m (31 December 2017: £8.1m), and full access to the US\$40m undrawn revolving credit facility
- Well-publicised longwall changeouts and production shortfalls at both Kestrel and Narrabri led to a 6% reduction in income from the royalty portfolio compared to Q1 2017
- Volumes from Kestrel and Narrabri are expected to recover in the remaining three quarters, and neither Rio Tinto nor Whitehaven have altered their guidance for FY 2018
- Lower volumes partially offset by the continued strength of commodity prices, in particular the price of vanadium which has increased by 130% compared to Q1 2017
- Significant increase in revenue from Maracás Menchen in the period to £0.8m from £0.4m in Q1 2017 as a result of strong operational performance and significant increases in the vanadium price
- Total contribution from the royalty portfolio of £7.9m in Q1 2018 (Q1 2017: £8.2m + £1.8m related to H2 2016)
- Received US\$2.5m (£1.7m) in April 2018 in final settlement of the Indo Mines debenture as part of its takeover by the Rajawali Group - the debenture was carried at £nil on the Group's balance sheet
- Rio Tinto announced the sale of Kestrel for US\$2.25bn, significantly in excess of what commentators had expected the sale to achieve twelve months ago

Trading Update

Anglo Pacific is pleased to report another very strong quarter of cash generation, reflecting the resilient commodity pricing seen across our royalty portfolio. Of particular note was the 130% increase in the vanadium price in Q1 2018 compared to the corresponding quarter in 2017. The outlook for commodity prices looks set to strengthen further, with Q2 2018 consensus forecast for coking coal now 50% higher than what was envisaged 12 months ago. Consensus for 2019 is already 12% ahead of what was expected at the beginning of 2018, and thermal coal shows a similar trend. Given the improvement in outlook for commodity prices we expect to report further organic growth for 2018, although not at the same high levels experienced over the past few years.

The well-publicised longwall changeouts and production shortfalls at both Kestrel and Narrabri during the quarter, which caused a 6% reduction in like for like royalty income, are expected to be made up in full over the remaining nine months of the year. Both longwall changeovers are now complete, and our sales volumes estimates for 2018 are unchanged, with both Rio Tinto and Whitehaven maintaining their production targets for the full year.

As a result of this maintained guidance for full year production at Kestrel and Narrabri, coupled with the continued improvement in commodity prices, the Group expects to accumulate significant cash over the course of the year. With £18.7m (~US\$25m) in cash at the end of March, the receipt of US\$2.5m from the Indo Mines debenture in April 2018 and with full access to its US\$40m borrowing facility, the Group is in a very strong financial position from which to self-finance further opportunities and cover the

dividend. We are also currently in the process of enlarging our existing bank facility to reflect our greater debt capacity and provide further liquidity for growth.

The Group does however expect free cash flow to dip in Q2 2018 due to the Kestrel royalty being paid on account based on the prior quarter. In Q1 2018 we were paid on account based on a very strong Q4 2017 and this has led to the prepayments exceeding the actual royalty by A\$2.3m. As a result, there will be a clawback in Q2 2018, along with payments on account based on the lower Q1 2018 income. This has no Income Statement impact and is simply a timing difference in receiving the Kestrel royalty.

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

"We continue to generate significant cash from our portfolio, have immediate access to ~US\$65m and are currently in the process of upsizing our bank facility. The focus for the year is firmly on growth and we continue to work very hard on exploring, evaluating and appraising new opportunities.

The announced sale of Kestrel during the quarter was ~50% higher than what the market had anticipated in 2017, suggesting a potential upside to our Royalty. This should benefit Anglo Pacific as the beneficiary of the vast majority of royalty payments over the next 8-10 years."

This announcement contains inside information for the purposes of article 7 of EU regulation 96/2014 (as amended).

For further information:

Anglo Pacific Group PLC

+44 (0) 20 3435 7400

Julian Treger - Chief Executive Officer

Kevin Flynn - Chief Financial Officer and Company Secretary

Juan Alvarez - Head of Investments

Website:

www.anglopacifigroup.com

BMO Capital Markets Limited

+44 (0) 20 7664 8020

Jeffrey Couch / Neil Haycock / Tom Rider

Canaccord Genuity Limited

+44 (0) 20 7523 8000

Martin Davison / James Asensio

Peel Hunt LLP

+44 (0) 20 7418 8900

Ross Allister / James Bavister / David McKeown

Redleaf Communications

+44 (0) 20 3757 6880

Charlie Geller / Ian Silvera / Fiona Norman

Notes to Editors

About Anglo Pacific

Anglo Pacific Group PLC is a global natural resources royalty company. The Company's strategy is to develop a leading international diversified royalty company with a portfolio centred on base metals and bulk materials, focusing on accelerating income growth through acquiring royalties on projects that are currently cash flow generating or are expected to be within the next 24 months as well as investment in earlier stage opportunities. It is a continuing policy of the Company to pay a substantial portion of these royalties to shareholders as dividends.

Cautionary statement on forward-looking statements and related information

Certain information contained in this announcement, including any information as to future financial or operating performance and other statements that express management's expectation or estimates of future performance, constitute "forward looking statements". The words "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts", or negative versions thereof and other similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Further, forward-looking statements are not guarantees of future performance and involve risks and uncertainties which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Furthermore, this announcement contains information and statements 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 material assumptions and risks relevant to the forward-looking statements in this announcement include, but are not limited to: stability of the global economy; stability of local government and legislative background; continuing of ongoing operations at the properties underlying the Group's portfolio of royalties in a manner consistent with past practice; accuracy of public statements and disclosures (including feasibility studies and estimates of reserve, resource, production, grades, mine life, and cash cost) made by the owners and operators of such underlying properties; 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 and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any 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. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. For additional information with respect to such risks and uncertainties, please refer to the "Principal Risks and Uncertainties" section of our most recent Annual Report and to the "Risk Factors" section of our most recent Annual Information Form available on www.sedar.com and the Group's website www.anglopacifictgroup.com. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. The forward-looking statements contained in this announcement are made as of the date of this announcement only and 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.

Third party information

As a royalty holder, the Group often has limited, if any, access to non-public scientific and technical information in respect of the properties underlying its portfolio of royalties, or such information is subject to confidentiality provisions. As such, in preparing this announcement, the Group has largely relied upon the public disclosures of the owners and operators of the properties underlying its portfolio of royalties, as available at the date of this announcement.