

# News Release

May 14, 2015

## Anglo Pacific Group PLC Interim Management Statement

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 interim management statement for the period January 1, 2014 to May 13, 2015. Unless otherwise stated, all unaudited financial information is for the quarter ended March 31, 2015.

### Highlights

- Anglo Pacific made significant progress in delivering on its stated strategy in the first quarter
- Acquisition of the Narrabri royalty for US\$65.0 million along with the associated, successful equity raise and obtaining a new US\$30.0 million revolving credit facility
- Maiden royalty revenue earned for Narrabri and Maracás during Q1 2015
- Royalty income of £2.3 million in Q1 2015 (Q4 2014: £0.5 million, FY 2014: £3.5 million)
- £1.7 million in cash generated from disposal of non-core assets
- Appointment of Patrick Meier as independent non-executive director effective April 30, 2015

### Royalty income

A significant part of the Group's strategy is to reduce dependence on Kestrel royalty income. We were pleased to see this happening in the first quarter as demonstrated by the first royalty income being earned from the Group's two most recent royalty acquisitions, Narrabri and Maracás, taking the number of producing royalties in the portfolio to six. Combined with the Group's existing producing royalties, overall royalty income in the first quarter was £2.3 million compared with £0.5 million in the previous quarter and £3.5 million in 2014 as a whole. We remain confident that royalty income for 2015 will be significantly higher than in 2014.

As previously communicated, an important agreement was reached with Rio Tinto in 2014 to provide the Group with greater visibility over the next twelve months of the projected tonnage within the Group's private royalty land at the Kestrel mine. The Group is increasingly confident in information provided from the mine to forecast our future royalty revenues: the actual tonnage on which our Q1 2015 royalty was based was in line with that previously forecasted by Rio Tinto during 2014. The guidance we are now receiving suggests that production and our share of that production is increasing above Rio Tinto's previous forecasts and that our expectation of production within our land rising to approximately 90% by 2017 is well on track.

### Financial position

The disposal of non-core assets continued in the first quarter of 2015, albeit at a slower pace, with £1.7 million in cash generated from certain equity disposals. The market value of the remaining equity portfolio at March 31, 2015 was £6.8 million. The Group had £6.5 million in cash at March 31, 2015 with US\$6.0 million drawn on its revolving credit facility, leaving \$24.0 million undrawn.

## **Dividend**

Following approval at the 2015 AGM, the final dividend for the financial year ended December 31, 2014 of 4.00p per share will be paid on August 7, 2015 to shareholders on the Group's share register at the close of business on June 26, 2015. The shares will be quoted ex-dividend on the London Stock Exchange on June 25, 2015 and the Toronto Stock Exchange on June 24, 2015.

In the medium term, the Board is committed to a minimum annual total dividend of 8.00p per share subject to, amongst other things, the level of adjusted earnings, proceeds from the disposals of non-core assets and prospective investment opportunities. In the longer term, the Board intends to adopt a dividend policy paying dividends representing a minimum of 65% of adjusted earnings.

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

"The first quarter of 2015 has been encouraging for Anglo Pacific with the first royalty income earned from our two recent acquisitions, Narrabri and Maracás. We are also pleased with the underlying production in Q1 2015 at Narrabri, which is ahead of our expectations. In addition, we are increasingly confident about the recovery of royalty income from Kestrel, supported by the level of information now received from Rio Tinto."

#### For further information:

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## **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. 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](http://www.sedar.com) and the Group's website [www.anglopacifigroup.com](http://www.anglopacifigroup.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.