

# News Release

December 22, 2014

## Anglo Pacific Group PLC Portfolio Update

Anglo Pacific Group PLC ("Anglo Pacific" or the "Company") is pleased to announce the following update with respect to positive progress on its royalty portfolio during Q4 2014.

- A number of the mines over which the Company has royalties are expected to increase production over the next 12 months, despite the recent weakness in commodity markets
- Rio Tinto is expected to mine coal within our Kestrel royalty lands during Q4 2014
- Largo Resources has identified the potential to produce platinum as well as vanadium pentoxide from the Maracás mine
- EVBC increased production of gold for the second half of fiscal 2014 by 14% (compared to the first half of fiscal 2014). In addition, scope to extend the mine life has been identified through potentially upgrading inferred mineral resources to mineral reserves and through exploration at EVBC and surrounding areas
- Berkeley Resources announced a 90% increase in inferred resource at its Salamanca uranium project in November 2014 and scoping study evaluation subsequently advanced to be completed during Q1 2015
- Continued progress from the disposal of non-core investments
  - Cash proceeds from disposals of non-core equity and debt investments during Q4 2014 are expected to be approximately £1 million
  - The disposal programme is expected to continue throughout 2015

### **Commenting on the above developments, Julian Treger, Chief Executive Officer, said:**

*"The future prospects for Anglo Pacific continue to be positive given no debt, the quality of our royalty portfolio, the improving production performance of our royalties, our successful non-core asset disposal programme, and the expectation for increased mining activity within our royalty lands from the Rio Tinto Kestrel mine, a Tier 1 asset, within the next 24 months.*

*We believe that the continued weakness in equity market conditions for miners should provide the Company with increased opportunities to acquire royalties over mines currently in production, and we look forward to progressing earnings and cash flow accretive deals in 2015."*

### For further information:

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Notes to Editors

## **About Anglo Pacific**

Anglo Pacific 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.

## **Portfolio update**

Largo Resources Limited ("Largo") has recently updated the market with regards to production at its Maracás vanadium mine in Brazil. Production output is currently running at between 11 and 18 tonnes of vanadium pentoxide per day which represents between 45% and 65% of production capacity. Commercial shipments of vanadium are expected to continue on a weekly basis. Up until December 3, 2014, a total of approximately 1.6 Mlb of vanadium pentoxide had been shipped from the mine since shipments commenced on September 2, 2014. On December 9, 2014, Largo also announced that it has commenced a pre-feasibility study on the potential to produce saleable platinum concentrates from the Maracás mine. This was based on preliminary investigations conducted by Largo which indicated that it may be possible to produce platinum in addition to vanadium pentoxide from the non-magnetic material separated during the beneficiation process. Platinum production represents a source of potential upside for our royalty which was not taken into account at the time of the acquisition. The Company expects to receive first royalty payments in relation to Maracás during Q1 2015.

On December 9, 2014, Orvana Minerals Corp ("Orvana") announced that the focus on improved execution and grade optimisation contributed to stronger EVBC operating results in recent months, with gold production of 33,529 ounces in the second half of fiscal 2014 compared with 29,428 ounces produced in the first half of fiscal 2014, an increase of 14%. Orvana also announced that it plans to make further investments in the growth of its business, which includes a potential increase of its EVBC reserves and resource estimates through the potential to upgrade inferred mineral resources to mineral reserves and the potential to identify new resources at EVBC and surrounding areas.

On November 26, 2014, Berkeley Resources Limited ("Berkeley") announced that the inferred resource at the Salamanca project in Spain, over which the Company has a royalty, had increased by 90% to 56.1 Mlbs U<sub>3</sub>O<sub>8</sub>. Indicated resources were constant at 32.0 Mlbs U<sub>3</sub>O<sub>8</sub>. The inferred resource increase is primarily a result of a substantial increase to the Mineral Resource Estimate ("MRE") for the Zona 7 uranium deposit, the largest of the Retortillo satellite deposits of the Salamanca project. This Inferred MRE has been estimated at 23.2 million tonnes averaging 589 ppm U<sub>3</sub>O<sub>8</sub> for a contained 30.1 Mlbs of U<sub>3</sub>O<sub>8</sub> at a cut-off grade of 200 ppm U<sub>3</sub>O<sub>8</sub>. Given the significant scale, high grade and shallow depth of the Zona 7 deposit, Berkeley is advancing its evaluation to the scoping study stage which is due for completion in Q1 2015.

Alliance Resources Limited has announced that the Four Mile project in South Australia has produced 1.51 Mlbs of U<sub>3</sub>O<sub>8</sub> from the commencement of mining in April 2014 to November 2014. This is marginally above forecast production of 1.47 Mlbs of U<sub>3</sub>O<sub>8</sub> for the period. Production is currently being stockpiled and the Company expects first royalty payments in relation to Four Mile in 2016.

In addition, the Company continues to make progress in disposing of non-core equity and debt investments. Cash proceeds from the disposals of non-core equity investments and cash repayments of non-core debt investments during Q4 2014 are expected to be approximately £1.0m. The disposal programme will continue throughout 2015.

#### **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. 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.

Largo Resources Limited is listed on the TSX Venture Exchange and Orvana Minerals Corp is listed on the Toronto Stock Exchange, and both report in accordance with NI 43-101. Alliance Resources Limited and Berkeley Resources Limited are listed on the Australian Securities Exchange and report in accordance with the JORC Code. NI 43-101 contains certain requirements relating to the use of mineral resource and mineral reserve categories of an "acceptable foreign code" (as defined in NI 43-101) in "disclosure" (as defined in NI 43-101) made by the Company with respect to a "mineral project" (as defined in NI 43-101), including the requirement to include a reconciliation of any material differences between the mineral resource and mineral reserve categories used under an acceptable foreign code and the CIM Standards in respect of a mineral project. Pursuant to an exemption granted to the Company by the Ontario Securities Commission, the information contained herein with respect to the Four Mile uranium mine and the Salamanca uranium project has been extracted from information publicly disclosed, disseminated, filed, furnished or similarly communicated to the public by an issuer whose securities trade on a "specified exchange" (as defined in NI 43-101) that discloses mineral reserves and mineral resources under one of the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 or the Certification Code (each as defined in NI 43-101). As the definitions and standards of the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 and the Certification Code are substantially similar to the CIM Standards, a reconciliation of any material differences between the mineral resource and mineral reserve categories reported under the JORC Code, the PERC Code, the SAMREC

Code, SEC Industry Guide 7 and the Certification Code, as applicable, to categories under the CIM Standards is not included and no Form 43-101F1 technical report will be filed to support the disclosure based upon such exemption.