



News Release

November 10, 2014

Anglo Pacific Group PLC Interim Management Statement

Anglo Pacific Group PLC (“Anglo Pacific”, the “Company” or the “Group”) (LSE: APF, TSX: APY) today releases its interim management statement for the period July 1, 2014 to November 9, 2014.

Highlights

- Royalty related income in the third quarter of £0.5m (Q3 2013: £3.2m)
- Non-core mining and exploration realisations of £1.8m in the third quarter, with a remaining £14.3m of value in non-core mining and exploration interests and receivables
- Cash and cash equivalents of £9.2m as at September 30, 2014 (£14.4m at June 30, 2014)
- The Board is committed to maintaining the absolute level of the dividend and increasing it when appropriate, subject, amongst other things, to market conditions, the level of royalty income and proceeds from the disposals of non-core mining and exploration interests
- Anglo Pacific estimates that the Rio Tinto forecast for mining within our Kestrel royalty lands during Q4 2014 represents approximately 50% of production and approximately 25% during the period January 1, 2015 to September 30, 2015
- First production and sales achieved at Maracás which we expect to contribute to royalty income during 2015
- First production achieved at Four Mile, with 2015 production expected to be 2.6Mlbs of uranium ore concentrate, but royalty income deferred until 2016
- Continued sales of non-core mining and exploration interests to realise cash, along with the sale of Anglo Pacific’s Panorama coal properties in British Columbia, Canada to Atrum Coal Limited for US\$0.5m of cash, a US\$2.0m promissory loan note, 1.0m Atrum Coal shares and a retention of a royalty
- An impairment charge of approximately £15.0m for the Isua royalty, an early stage iron ore project owned by London Mining PLC
- Appointment of Mr David Archer as an independent non-executive director

Julian Treger, the Chief Executive Officer of Anglo Pacific, commented:

“The Company was pleased to see the achievement of first production from the Maracás vanadium mine and the Four Mile uranium mine, increasing the Group’s royalties over mines in production from three to five.

In addition, the Board is committed to maintaining the absolute level of the dividend and increasing it when appropriate, subject, amongst other things, to market conditions, the level of royalty income and proceeds from the disposals of non-core mining and exploration interests.

We are pursuing a number of royalty transactions over producing bulk material and base metals mines and will update the market on these as and when appropriate.”

Royalty Portfolio Update

Kestrel

In line with the Group’s expectations, during the third quarter the Group received minimal royalty income from Kestrel. Anglo Pacific estimates that the Rio Tinto forecast for mining within its Kestrel royalty lands during Q4 2014 represents approximately 50% of production and approximately 25% during the period January 1, 2015 to September 30, 2015.

The Group continues to expect a substantial increase in coal mined within its royalty lands during 2016.

Maracás

The Group is pleased to announce that during the past quarter, Largo Resources Limited (“Largo”) successfully completed its maiden sale from the Maracás mine (“Maracás”), the Brazilian vanadium pentoxide mine over which the Group owns a 2% NSR royalty. The Group is expecting to receive first royalty payments in relation to Maracás during Q1 2015.

After achieving first production in August 2014, Maracás continues to successfully ramp-up production to nameplate capacity. Most recently, Largo announced that production over a 24-hour period reached approximately 71% of the plant’s Phase 1 design capacity. Largo appears to be in line with expectations to achieve Phase 1 nameplate production capacity of 9,600 tonnes of vanadium pentoxide per annum within 12 months of first production.

Four Mile

The Group is equally pleased that the Four Mile uranium mine (“Four Mile”), an Australian uranium mine over which the Group owns a 1% NSR royalty, shipped its first 300,000 pounds of uranium ore concentrate in September. Total production since commencement of mining to November 30, 2014 is forecast to be 1.4Mlbs of uranium ore concentrate. The minority joint venture partner of Four Mile, Alliance Resources Limited, announced on November 7, 2014 that Quasar Resources Pty Ltd, the majority owner and operator, intends to produce 2.6Mlbs of uranium ore concentrate in 2015, and intends to stockpile all 2014 and 2015 production. As a result, the Group does not anticipate receiving any royalty payments until this inventory is sold in 2016.

El Valle-Boinás/Carlés (“EVBC”)

Orvana Minerals Corp, the operator of EVBC, announced on October 27, 2014 for the 12 month period ending September 30, 2014, EVBC production of 62,957 ounces of gold, 156,977 ounces of silver and 5.6 Mlbs of copper, as well as its production guidance for EVBC for the 12 month period ending September 30, 2015 of 63,000 to 72,000 ounces of gold, 150,000 to 180,000 ounces of silver and 6.0Mlb to 7.0Mlb of copper.

The continued and expected performance of EVBC under the new mine plan announced on August 13, 2014 provides the Group with confidence in the ability of this mine to generate royalty income during its remaining mine life.

The Group owns a 2.5% NSR royalty, escalating to 3% for gold prices in excess of US\$1,100 per ounce, over all products sold from EVBC.

Panorama (Groundhog Project)

Anglo Pacific announced on August 28, 2014 that it had disposed of its Panorama coal interests in British Columbia, Canada to Atrum Coal. Disposal proceeds were US\$0.5m of cash payable on completion, a US\$2.0m promissory note repayable within 12 months, and one million Atrum Coal shares and the retention of a royalty of the higher of 1% of gross revenues on a “mine gate” basis or US\$1/tonne over any coal mined or sold from the properties part of the sales process.

On October 20, 2014 Atrum Coal announced an updated mine plan for Groundhog North, which also includes the Group’s royalty areas.

Amapá

Shipments of iron ore from Amapá were suspended in March 2013 due to a serious incident at the Santana port, which impacted key infrastructure at the loading bay. The Santana port is currently being rebuilt with completion expected during Q1 2015.

During the course of 2014 there have been small shipments of iron ore from Amapá from which Anglo Pacific is entitled to receive royalty income. We expect minimal royalty income from Amapá during the remainder of 2014.

Isua

On October 16, 2014 London Mining PLC, the operator of the Group’s Isua royalty, announced that it had appointed Russell Downs and Peter Dickens of PricewaterhouseCoopers as joint administrators of the company and that its Nominated Adviser and Broker had resigned with immediate effect. Anglo Pacific continues to have active discussions with PricewaterhouseCoopers and will continue to update the market with any developments insofar as they concern Anglo Pacific as and when appropriate. However, given the uncertainty around this asset, Anglo Pacific has decided to make full provision against its value. This has resulted in an impairment charge of approximately £15.0m. Isua was not expected to make any contribution to earnings and cashflow in the near future prior to this impairment.

Board Changes

As announced on October 16, 2014 Anglo Pacific has continued to strengthen its Board with the appointment of Mr David Archer as an independent non-executive director. Mr Archer has over 34 years' international resources industry experience in the Americas, Asia, Australia and the Middle East. Mr Archer's experience in scaling Savage Resources PLC and Hillgrove Resources Limited into significant entities, combined with extensive board experience and an in-depth knowledge of the Australian and African mining sector will prove invaluable to Anglo Pacific as the Company seeks to grow its royalty business via transformative transactions funded by debt and equity.

Mr Paul Cooke stepped down as a director of the Company with effect from October 15, 2014, in order to pursue other interests.

Financial Position

The Group has £9.2m in cash deposits along with £14.3m of non-core mining and exploration interests and receivables, an undrawn US\$15m unsecured revolving credit facility and no hedging obligations. The maturity date of the revolving credit facility has been extended until July 31, 2015.

Dividend

The Board is committed to maintaining the absolute level of the dividend and increasing it when appropriate, subject, amongst other things, to market conditions, the level of royalty income and proceeds from the disposals of non-core mining and exploration interests.

The Board has declared an interim dividend for 2014 of 4.45p per share, maintaining the 2013 interim dividend per share. The dividend will be paid on February 4, 2015 to shareholders on the register at the close of business on November 28, 2014. The shares will be quoted ex-dividend in Canada and London on November 27, 2014. The Company will be offering a scrip alternative, with the last day for elections to be January 14, 2015.

Outlook

The Board is encouraged by the commencement of commercial production at Maracás and Four Mile increasing the Group's royalties over mines in production from three to five. Anglo Pacific sees the currently challenging commodity market environment as an opportunity for the Group to acquire royalties on high quality assets with attractive returns. We are moving forward on multiple fronts to capitalise on this and remain confident of the prospects for value creation for all shareholders.

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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.

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.anglo-pacificgroup.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 is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.