

May 10, 2017

**Anglo Pacific Group PLC
Q1 2017 Trading Update**

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 (AS AMENDED)

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 January 1, 2017 to May 10, 2017. Unless otherwise stated, all unaudited financial information is for the quarter ended March 31, 2017.

Highlights

- Total free cash flow generated in the period of £13.4m, up from £3.3m in Q1 2016
- Total contribution of £10.0m
 - Royalty income of £7.5m in Q1 2017 - a 295% increase on Q1 2016 of £1.9m
 - Additional contribution of £2.5m (C\$4.0m) from the Denison financing and streaming agreement entered into in February 2017¹
- Increase in income from Q1 2016 mainly due to a 130% increase in average coal price achieved at Kestrel and a 56% increase at Narrabri
- Significant increase in revenue from Maracás Menchen in the period to £0.4m from £0.1m in Q1 2016 as a result of recent record operational performance and a near doubling in the vanadium price
- Net debt at March 31, 2017 of £6.5m, post the funding of the Denison financing and streaming agreement and 2016 interim dividend with expectation to be debt free by mid-2017
- Outlook for 2017 has improved considerably following the sustained increase in coking coal prices above the levels anticipated at the beginning of the year due to weather related supply disruptions in Australia

Trading Update

The Company is pleased to report a very strong performance in Q1 2017, firmly supporting our view that this year will see significant organic growth for Anglo Pacific.

Combining our royalty income of £7.5m with the £2.5m (£1.8m of which relates to backdated receipts from H2 2016) from our Denison financing agreement resulted in a total contribution from our portfolio of £10.0m compared to £1.9m in Q1 2016. Higher coal prices have driven the near 300% increase in royalty revenue, with the average price from Kestrel more than double that of Q1 2016 and Narrabri being 56% higher. In addition, revenue from Maracás Menchen has increased significantly in the period to £0.4m as a result of recent record operational performance and a near doubling in the vanadium price.

Encouragingly, Q1 2017 is expected to be our lowest quarter in terms of sales volumes from both Kestrel and Narrabri in 2017. Importantly, this is also the last time that we expect any material production from Kestrel to be outside of our royalty land for the foreseeable future.

When we reported our 2016 annual results at the end of March, we were confident that 2017 would be another significant year of growth for Anglo Pacific. This was when the outlook for spot coal prices was coming off. However, recent weather events in Australia significantly impacted upon the supply of coking coal as both operations and infrastructure were hampered. This resulted in another noticeable spike in coking coal prices during the second quarter, above the levels which we were anticipating at the beginning of 2017.

It is our view that higher coking coal prices will now prevail for longer in 2017. With Kestrel's operations reportedly unaffected by weather events, we now anticipate an even stronger year of growth for Anglo Pacific than at the time we reported our 2016 results.

Total free cash flow generated in the period is £13.4m compared with £3.3m in Q1 2016, with net debt at March 31, 2017 of £6.5m, post the funding of the Denison financing and streaming agreement and 2016 interim dividend. The Group expects to be debt free by mid-2017.

As previously stated, the Board will reconsider dividend levels at the time of the interims, when we have greater visibility as to coal price movements for the full year and the outlook for the next few years.

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

"The additional £2.5m generated from the recent Denison transaction is further evidence of the importance of continuing to diversify our portfolio. We feel now is the right time to put capital to work in the sector and are continuing to work hard to identify and execute new royalties which will provide meaningful additional revenue over many years to come."

¹ Income from the Denison financing and streaming transaction will not appear as royalty revenue as the transaction is structured initially as a loan. As such, cash receipts will be apportioned between interest (income statement) and debt repayment (balance sheet). This income will, however, be included in our free cash flow measure. Of the total of £2.5m, £1.8m related to back payments in lieu of H2 2016 toll revenue.

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

Website:

www.anglopacifcgroup.com

BMO Capital Markets Limited +44 (0) 20 7664 8020

Jeffrey Couch / Neil Haycock / Tom Rider

Macquarie Capital (Europe) Limited +44 (0) 20 3037 2000

Raj Khatri / Nicholas Harland / Ariel Tepperman

Peel Hunt LLP +44 (0) 20 7418 8900

Matthew Armitt / Ross Allister

Redleaf Communications +44 (0) 20 7382 4769

Charlie Geller / Elise Palmer / Sam Modlin

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.anglopacifcgroup.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.