

LSE: APF; TSX: APY

News Release

January 21, 2015

Anglo Pacific Group PLC Kestrel Update

Anglo Pacific Group PLC ("Anglo Pacific" or the "Company") (LSE: APF, TSX: APY), the London and Toronto listed royalty company, is pleased to provide an update on Kestrel, the Company's main producing royalty, following the operational update by Rio Tinto.

- Gross royalty income from Kestrel expected to be approximately £1.7m for 2014. Total gross royalty income from Anglo Pacific's royalty portfolio for 2014 expected to be in the region of £3.2m to £3.6m (as per the Company's trading update on January 9, 2015)
- Kestrel produced 2.7Mt of coal in 2014 (2.16Mt of hard coking coal and 0.56Mt of thermal coal)
- Kestrel production rate expected to reach full capacity of 5.7Mt of coal per year within the next 12 to 18 months
- Anglo Pacific expects royalty income from Kestrel to increase substantially as mining returns to the Company's royalty lands during 2015
- Anglo Pacific expects Rio Tinto to mine over 90% of coal within the Company's royalty lands by 2017

The Kestrel Mine

The Kestrel mine is a low cost underground coking and thermal coal mine in Queensland, Australia operated and 80% owned by Rio Tinto and 20% owned by Mitsui. Rio Tinto completed in 2013 a US\$2bn capital expenditure programme to extend the mine life (~18 years remaining) and increase production capacity to 5.7Mtpa.

Kestrel production for 2014 was 2.7Mt of coal (2.16Mt of hard coking coal and 0.56Mt of thermal coal). During Q4 2014 the Kestrel mine underwent a long wall change out which significantly reduced overall mined tonnage. The Kestrel production rate is expected to reach full capacity of 5.7Mt of coal per year within the next 12 to 18 months as the mine continues to ramp up.

Kestrel Production

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full Year 2014
Hard coking coal ('000 tonnes)	781	613	621	149	2,163
Thermal coal ('000 tonnes)	88	109	56	311	564

Kestrel is a low cost operation. On a global benchmark comparison, operations at Kestrel are well positioned on the hard coking coal cost curve. The CRU Group forecasts Kestrel to be located at the low end of the first quartile of the global seaborne hard coking coal business costs 2015E cost curve.

Please refer to <http://www.anglopacificgroup.com/pdf/KestrelUpdateQ12015.pdf> for Kestrel's position on the CRU 2015E forecast global seaborne hard coking coal cost curve.

The Kestrel Mine - Anglo Pacific Royalty Areas

Anglo Pacific's royalty applies to approximately 49% of the current authorised mining lease tenure.

Anglo Pacific estimates that the Rio Tinto forecast for mining within the Anglo Pacific royalty lands during H1 2015 represents 20-25% of production and approximately 70-75% during H2 2015.

Anglo Pacific expects Rio Tinto to mine over 90% of coal within our royalty lands by 2017.

Please refer to <http://www.anglopacificgroup.com/pdf/KestrelUpdateQ12015.pdf> for a map of Anglo Pacific's royalty lands and Kestrel's mining leases.

Note: Rio Tinto lodged Mining Lease application 70481 on 4 October 2012. If approval of ML70481 is granted then Anglo Pacific's option to collect royalties from coal sales will continue for longer in terms of overall mine life.

Kestrel Royalty Terms

Anglo Pacific royalty terms: 3.5% of value up to A\$100/tonne, 6.25% of the value over A\$100/tonne and up to A\$150/tonne, 7.5% thereafter⁽²⁾

(2) Royalty terms presented on a 50% basis attributable to Anglo Pacific. The royalty rate is set by the Queensland Government.

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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.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.