

# News Release

26 July 2018

## Anglo Pacific Group PLC Q2 2018 and Half Year 2018 Trading Update

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 1 April to 25 July 2018. Unless otherwise stated, all unaudited financial information is for the quarter or half year ended 30 June 2018.

This update is ahead of the release of the half year results on 23 August 2018.

### Highlights

- ~65% quarter on quarter and ~30% year on year increase in royalty income for Q2 2018 in the range of £11.0m - £11.5m (Q1 2018: £6.7m, Q2 2017: £8.6m)
- ~10% year on year increase in royalty income for the six months ended 30 June 2018, to £17.5m - £18.0m (H1 2017: £16.1m)
- Cash received from Denison/McLean Lake of £1.5m - £1.7m in addition to the above royalty income for the six months ended 30 June 2018 (H1 2017: £1.5m)
- ~15% increase in total contribution<sup>1</sup> from royalty portfolio for the six months ended 30 June 2018 to £20.5m - £21.0m (H1 2017: £17.6m)
- ~165% increase in royalties from the Maracás Menchen vanadium mine, to a record £2.0m - £2.5m for H1 2018 (H1 2017: £0.8m) and already in advance of that received for 2017 as a whole
- Strong performance from Kestrel, with H1 2018 royalty income in the range of £14.0m - £14.5m, up ~15% on the same period in 2017 driven mainly by higher coal prices
- Kestrel volumes more than doubled in Q2 2018 compared to Q1 2018, and we expect production to remain at these levels into H2 2018, setting the stage for a strong full year
- Technical issues continue to persist at Narrabri, with H1 2018 royalty income down ~25% on the same period in 2017 to between £1.0m - £1.5m
- Closing of the Candente royalty acquisition, which provides longer term exposure to copper and has the potential to further diversify the Group's exposure to Kestrel

<sup>1</sup> Total contribution includes royalty income, cashflows from Denison/McLean Lake and other royalty financial instruments accounted for in accordance with IFRS 9, for example El Valle Boinás-Carlés

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

"It is pleasing to report another set of results in which our revenue continues to grow. Although this is once again derived in the main from Kestrel, it is very good to see that revenue from Maracás Menchen is now contributing more than 10% of our income, and revenue in H1 2018 from that royalty is already in advance of that received for the whole of 2017.

We are now confident that 2018 will see further organic growth in our income and cash generation. This is thanks to the continued resilience of commodity prices, noticeably thermal coal and vanadium, which are currently at recent five-year highs, and the increasing premia for higher quality product, which our portfolio provides exposure to.

Kestrel produced a strong operational result in Q2 2018, with volumes more than double those in Q1 2018. This is particularly encouraging in the lead up to the completion of its sale to EMR and Adaro. We see this change of ownership as a positive event for Anglo Pacific, with Adaro recently announcing that it intends to double output over the coming years. Given that virtually all mining is expected to be within our private royalty area over this period, there is the potential to see a corresponding doubling of our royalty income (depending on commodity prices), which would be a significant and material windfall for the Company and its stakeholders.

In the meantime, we have added a further royalty to our portfolio, with the recently announced Candente transaction, providing us with long-term exposure to a large copper resource.

We are very pleased with the progress we have made in the first half of 2018 and believe that we are well placed to report another year of growth, along with making significant additions to our royalty portfolio."

*This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (as amended)*

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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 mainly 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 royalties. 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 on the Group's website [www.anglo-pacificgroup.com](http://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.

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