

# News Release

May 12, 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 January 1, 2014 to May 11, 2014.

- Continuing to pursue strategy of focusing on accelerating income growth through acquiring royalties in cash or near-term cash producing assets
- Committed to maintaining and growing the current level of dividends
- Actively bidding on a number of royalty opportunities; refined pipeline of targeted royalty acquisitions
- Total royalty income of £2.3m in the first quarter of the year (Q1 2013: £4.6m excluding the £1.0m one off EVBC conversion receipt)
- Cash balance remained at approximately £15m; opportunity to exit certain mining and exploration interests generated net proceeds of £3.1m in the first four months of 2014

### **Royalty Income**

Total royalty income earned from Kestrel in the first quarter was A\$2.8m (Q1 2013: \$4.2m). This lower income is due to a combination of reduced production of coal from within the Group's private royalty land and lower coking coal prices. Total production at the Kestrel mine was 869k tonnes in the first quarter, which was lower than the 983k tonnes in Q4 2013. The Group expects mining at Kestrel to move fully within the Group's private royalty land over the next two years.

Royalty receipts for Amapá resumed in the period following the incident at the Santana port in March 2013.

Receipts from the El Valle-Boinás/Carlés ("EVBC") gold mine in Spain were in line with expectations, £0.4m for Q1 2014. The Group notes the announcement on May 5, 2014 by the operator, TSX-listed Orvana Minerals Corp., which revises the original 2014 production guidance marginally downwards.

Following an announcement by Alliance Resources Limited on April 29, 2014, the Group now expects sales to commence at the Four Mile uranium project in July 2014 and royalty income should follow soon thereafter.

### **Financial Position**

The Group has approximately £15m in cash deposits along with an undrawn US\$15m unsecured revolving credit facility and no hedging obligations.

### **Board Appointments**

Anglo Pacific has continued to strengthen its Board with the appointment of Rachel Rhodes as an independent non-executive director. Rachel brings considerable knowledge of operating in the mining industry, with particular expertise in corporate finance. Brian Wides retired from the Board as of May 8, 2014 and will be continuing in a part-time consultancy role for six months to ensure a smooth handover. Additional information on the board changes can be found in the separate announcement made on May 9, 2014.

### **Dividends**

As previously announced, the Board proposes to pay the final dividend for the financial year ending December 31, 2013 of 5.75p per share on August 7, 2014 to shareholders on the Group's share register at the close of business on June 6, 2014. The shares will be quoted ex-dividend on the London Stock Exchange and the Toronto Stock Exchange on June 4, 2014. The final dividend is subject to shareholder approval at the Annual General Meeting on June 11, 2014. The Board will not be offering a scrip dividend alternative.

### **Outlook**

Royalty income from Kestrel in 2014 is anticipated to be lower than received in 2013. As production at the new Kestrel South mine gradually moves into the Group's private royalty land, a process expected to complete in 2016, royalty income and dividend cover should recover.

The Group expects cash flow to be enhanced from the sale of certain equities within the Group's mining and exploration interests. This has generated net proceeds of £3.1m in the first four months with further sales expected during the remainder of the year.

Anglo Pacific continues to focus on the delivery and execution of its strategy to accelerate income growth through acquiring royalties in cash or near-term cash producing assets whilst delivering long-term value for its shareholders.



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**Notes to Editors**

**About Anglo Pacific**

Anglo Pacific is a global mining royalty company. The Company's strategy is to create the premier base metals and bulk materials listed royalty company, 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 preliminary 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 preliminary announcement include, but are not limited to: stability of the global economy; stability of local government and legislative background; continuing of ongoing operations of 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 or operators of such underlying properties; no material adverse change in the price of the commodities underlying the Group's portfolio of royalties and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant 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 "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 preliminary announcement are made as of the date of this preliminary 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.