

News Release

31 October 2018

Anglo Pacific Group PLC Q3 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 July to 30 October 2018. Unless otherwise stated, all unaudited financial information is for the quarter ended 30 September 2018.

Highlights

- Total contribution¹ from the Group's royalty portfolio in Q3 2018 of £12.1m, a 27% increase (Q3 2017: £9.5m); bringing 2018 YTD total contributions to £32.9m (nine-month period to 30 September 2017: £28.9m)
- Revenue from Kestrel increased by 26% compared to Q3 2017, mainly due to higher coal prices during the period
- Contribution for Q3 2018 includes £0.9m from the Group's recent investment in Labrador Iron Ore Royalty Corp ("LIORC"), which completed in August, following LIORC's declaration of a special dividend for Q2 2018 of C\$0.30 per share (total dividend for Q2 2018 of C\$0.55 per share)
- A record quarter of revenue from Maracás Menchen of £1.4m, a 148% increase on the £0.6m earned in Q3 2017, driven by strong increases in the price of vanadium
- At Narrabri, the previously announced longwall changeout was completed in September 2018, resulting in a lower royalty contribution during Q3 2018 - volumes are expected to recover in Q4 2018 and forecast production guidance for the year remains unchanged
- Commodity prices across the Group's portfolio remained resilient during the quarter and the outlook for 2019 continues to improve
- Dividends for Q2 2018 and Q3 2018 of 1.625p per share will be paid on 15 November 2018 and 14 February 2019, respectively
- Cumulative total dividend for the year ended 31 December 2018 will not be less than 7p per share
- Net debt of £8.4m at 30 September 2018 following the £37.0m LIORC acquisition during the period - absent further acquisitions, the Group anticipates returning to a net cash position in early 2019
- As previously announced the refinanced and upsized US\$60m borrowing facility and US\$30m accordion provides, along with strong cash flow generation from existing portfolio, significant resources for future potential acquisitions

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

Trading update

The Group is pleased to report another solid quarter with a 27% increase in total contribution¹ to £12.1 million compared to Q3 2017, driven largely by higher commodity prices and with particularly noteworthy income from Maracás Menchen and LIORC, the Group's newest addition to the portfolio.

Anglo Pacific benefitted from another strong quarter at Kestrel with revenue increasing 26% compared to the same period last year. Coal prices have remained strong during the quarter and into Q4 2018 and now under the stewardship of EMR and Adaro, the Group expects a strong finish to the year. Ownership of the mine changed at the beginning of Q3 2018 and the Group looks forward to learning more about the new operators' stated plans for expanding production in the coming months.

Q3 2018 was another record quarter for royalty revenue from Maracás Menchen, due to further increases in the vanadium price, which similar to coal prices have continued to perform strongly into Q4. Maracás Menchen is operating at an annualised run-rate of US\$7m based on Q3 2018 income, and now comfortably represents the Group's second largest source of income, accounting for 12% of Q3 2018 royalty contribution.

Anglo Pacific is also pleased with the contribution from its recent LIORC acquisition. A special dividend of C\$0.30 was declared for Q2 2018 which, in addition to the C\$0.25 ordinary dividend, has resulted in total contribution for Q3 2018 of £0.9m. The Group believes this reflects the higher premiums being generated from the underlying high-quality iron ore pellets and confirms the view that higher quality products should command a greater value going forward.

The value of the Group's equity stake in Berkeley Energia decreased to ~£3m in October 2018 (from £7m at 30 June 2018) following speculation that it is experiencing difficulty in obtaining the final two permits required to commence construction - this deficit has been largely offset by the valuation uplift on the Group's LIORC investment, which has increased considerably in value since the initial investment during Q3 2018. Berkeley Energia has confirmed that it continues active discussions with all stakeholders, in order to resolve the current impasse.

The commodities from which the Group derives most of its revenues have continued to remain resilient considering the ongoing trade tension between the US and certain economies. It is encouraging to see the consensus outlook continue to improve for the Group's commodities, which should result in the Company reporting a record contribution from its royalty portfolio for the second year in a row.

As announced in February 2018, the Group will continue to pay quarterly dividends of 1.625p per share in respect of Q2 2018 and Q3 2018, with payment dates of 15 November 2018 and 14 February 2019, respectively.

The final dividend for the year ended 31 December 2018 will be announced in Q1 2019. The cumulative total dividends for the year ended 31 December 2018 will be no less than 7p per share.

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

"With the addition of the LIORC investment, our portfolio has grown during the quarter by adding an additional immediate revenue stream whilst being aligned with our strategy of diversifying income sources, commodity and geographical exposure with a focus on premium quality products. Our portfolio continues to deliver growth with Q3 2018 contributing £12.1m taking total year to date royalty contributions to £32.9 million, an increase of 20% compared to the same period in 2017.

We remain in a very strong financial position and, with our new borrowing facility, have ample liquidity available to continue growing and diversifying our portfolio, building on the considerable progress we have made so far in 2018."

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.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 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.