

November 9, 2017

Anglo Pacific Group PLC Q3 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 July 1, 2017 to November 9, 2017. Unless otherwise stated, all unaudited financial information is for the quarter ended September 30, 2017.

Highlights

- Total free cash flow generated of £14.6m in Q3 2017 (Q3 2016: £4.7m), an increase of 211%
- Total contribution of £9.5m in Q3 2017 (Q3 2016: £4.7m) comprising:
 - Royalty income of £8.9m in Q3 2017 (Q3 2016: £4.7m), an increase of 89%
 - Denison financing receipts of £0.6m in Q3 2017
- Increase in royalty income from Q3 2016 mainly due to a 39% increase in average coal price achieved at Kestrel and a 46% increase at Narrabri
- Record production at Maracás Menchen in Q3 2017 which, when combined with a 110% increase in the average vanadium price achieved, resulted in royalty income increasing to £0.6m (Q3 2016: £0.2m), an increase of 200%
- A return to net cash of £6.2m as at September 30, 2017 compared to net debt of £0.6m as at June 30, 2017
- Net cash and free cash flow benefited from the commencement of monthly royalty receipts, previously quarterly, from Kestrel following changes to the Queensland royalty regime in Q3 2017, resulting in a one-off benefit to reported cash in 2017
- Completion of the US\$2.0m acquisition of a 1% GRR over the Piauí Nickel-Cobalt project which is operated by Brazilian Nickel Limited
- The previously announced 2017 interim dividend of 3.00p to be paid in November 2017
- A further interim dividend of 1.50p in relation to Q3 2017, in line with previous guidance, is declared and will be payable in February 2018

Trading Update

The Group is pleased to report continued strength in the performance of its royalty and investment portfolio in Q3 2017. This has resulted in a doubling of the total contribution and a tripling of free cash flow generated, although the latter has benefitted from certain one off items outlined below.

The total contribution from the Group's portfolio was £9.5m for the quarter, compared to £4.7m in Q3 2016. The combination of higher coal and vanadium prices has resulted in an 89% increase in royalty income. The average coal price achieved by Kestrel and Narrabi in the quarter increased by 39% and 46% respectively compared to that of Q3 2016. In addition to the 110% increase in the average vanadium price, the record operational performance at Maracás Menchen resulted in its royalty income increasing to £0.6m for the quarter from £0.2m in Q3 2016.

We are encouraged by the growth in sales volumes at both Kestrel and Narrabri during the quarter and expect this to continue in Q4 2017. Importantly we continue to expect production from Kestrel to remain largely within our private royalty lands for the rest of the year and throughout 2018.

Total free cash flow generated in the period of £14.6m compared with £4.7m in Q3 2016, which enabled the Group to repay all of its borrowings. With the Kestrel royalty now being remitted monthly the Group had cash and cash equivalents at September 30, 2017 of £6.2m. We expect to remain debt free, absent any acquisitions, despite the additional dividend payment in 2017 and the first deferred consideration payment in relation to Maracás Menchen becoming due. The Group's revolving credit facility of US\$30m remains undrawn and fully available.

In line with the Group's recently announced dividend payment timetable, the Group's interim dividend of 3.00p for the year ended December 31, 2017 will be paid on November 15, 2017 and the quarterly dividend for Q3 2017 of 1.50p will be paid on February 15, 2018. As previously stated, the Board will announce the proposed final dividend for the year in the Q4 2017 trading update in February 2018. We will consider the level of the final dividend based on the 2017 full year results, the outlook for commodity prices in 2018 and future investment opportunities for the Group.

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

"Our portfolio has had another strong performance this quarter, generating free cash flows of £14.6m. This has enabled us to fund the US\$2.0m acquisition of the Brazilian Nickel royalty and repay our borrowings in full, and end the quarter in a net cash position of £6.2m.

With continued increases in sales volumes at Kestrel, Narrabri and Maracás Menchen, we expect another strong performance from our portfolio in Q4 2017."

[For further information:](#)

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Notes to Editors

About Anglo Pacific

Anglo Pacific Group PLC is a global natural resources royalty and streaming company. The Company's strategy is to develop a leading international diversified royalty and streaming company with a portfolio centred on base metals and bulk materials, focusing on accelerating income growth through acquiring royalties on projects that are in the main 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 and streams 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 available on www.sedar.com and the Group's website 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.

Rio Tinto Limited, Whitehaven Coal Limited, Berkeley Energia Limited and Atrium Coal NL are all listed on the Australian Stock Exchange and report in accordance with the JORC Code. Orvana Minerals Corporation, Largo Resources Limited and Denison Mines Inc are listed on the Toronto Stock Exchange and report in accordance with NI 43-101. Zamin is an independent mining group. Brazilian Nickel Limited is a private developmental mining company. Hummingbird Resources PLC is listed on AIM.