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News Release

27 March 2019

Anglo Pacific Group PLC
Results for the year ended 31 December 2018

Anglo Pacific Group PLC ('Anglo Pacific', the 'Company' or the 'Group') (LSE: APF) (TSX: APY) is pleased to announce its full year results for the year ended 31 December 2018 and the publication of its audited 2018 Annual Report and Accounts. These are available on the Group's website at www.anglopacificgroup.com and on SEDAR at www.SEDAR.com. The following statement should be read in conjunction with the audited financial statements.

Portfolio Highlights

	2018 £m	YOY %	2017 £m	2016 £m	2015 £m
Kestrel	32.6	13%	28.8	13.1	3.6
Maracás Menchen	5.9	195%	2.0	0.8	0.6
Narrabri	3.5	(29%)	4.9	4.3	*3.2*
Four Mile	0.1		-	0.3	-
EVBC*	-		1.7	1.2	1.3
Royalty income	**42.1**	**13%**	**37.4**	**19.7**	
LIORC dividends	1.9		-	-	-
Interest - McClean Lake & Jogjakarta	2.1	(4%)	2.2	0.2	0.2
Royalty related revenue	**46.1**	**16%**	**39.6**	**19.9**	**8.9**
EVBC*	2.0		-	-	-
Principal repayment – McClean Lake**	1.3		3.0	-	-
Total portfolio contribution	**49.4**	**16%**	**42.6**	19.7	8.9

* Following the application of IFRS 9, the royalties received from EVBC are reflected in the fair value movement of the underlying royalty rather than recorded as royalty income.
** The McClean Lake principal repayment in 2017 included £1.8m relating to tolling receipts from H2 2016

Financial Highlights

- Record £46.1m in royalty related revenue, an increase of 16% on the previous record of £39.6m earned in 2017
- Overheads (excluding share-based payments) in line with 2017
- 21% increase in operating profit to £37.1m (2017: £30.6m)
- Tax losses utilised in full during H1 2018 resulting in an effective tax rate for the year of 25% (2017: 9%) based on adjusted earnings
- 7% increase in adjusted earnings[1] per share to 18.02p (2017: 16.82p)
- 14% increase in proposed total dividend for the year to 8p per share (2017: 7p)
- Dividend cover of 2.25x (2017: 2.4x) – reflecting the higher dividend for 2018
- Free cash flow[2] per share of 22.28p, largely in line with the 23.62p generated in 2017
- Net assets largely unchanged at £218m (2017: £219m)

- Net debt at the year-end of £3.1m (2017: net cash £8.1m) reflecting the £38.4m LIORC acquisition completed in H2 2018 and £12.9m dividends paid
- Returned to a net cash position of at the end of January 2019

Operating Highlights

- 13% increase in royalty income from Kestrel reflected strength of coal prices as volumes attributable to our private royalty land were stable at 4.8Mt
- Maracás Menchen became the Group's second largest source of revenue in 2018, following a significant increase in the vanadium price during H2 2018
- Maiden contribution of £1.9m from Labrador Iron Ore Royalty Corp ("LIORC") which was acquired in H2 2018, implies a yield of ~10%
- £38.4m LIORC acquisition undertaken in H2 2018, financed through available bank facilities
- Refinanced and upsized the previous US$30m borrowing facility with a new US$60m facility which includes a further US$30m accordion feature providing the Group with bank facilities of up to US$90m for acquisitions

Growth

- Significant volume growth expected from Kestrel following the recent announcement by Adaro indicating a target increase in volume of 40% in 2019
- Further £1m investment in LIORC in January 2019, taking our total ownership in LIORC to 4.4%, total investment to C$67.9m with a current market value of C$82.1m
- Q1 2019 dividend from LIORC of C$1.05 per share, which included a C$0.80 per share special dividend, following the distribution of excess cash retained during H2 2018
- ~£78m (~US$100m) of available bank facilities and cash available to finance growth

Julian Treger, Chief Executive Officer of Anglo Pacific, commented:

"2018 was the second year in a row in which we reported record contribution from our royalty portfolio, and the recent announcement from Adaro suggests that there is a significant increase in volume to come at Kestrel in 2019. This led us to propose a 14% increase in the total dividend for 2018 to 8p.

I am particularly pleased to highlight the contribution from Maracás, now our second largest royalty, and LIORC, our most recent addition, which demonstrates the progress we have been making in building a diversified portfolio whilst reducing our dependence on the Kestrel royalty. LIORC generated £1.9m in royalty related income since its acquisition in H2 2018, implying an annualised yield of ~10%.

Based on 2018 revenue, we have now successfully increased revenues by approximately £15m annually over the last four years. We have also systematically strengthened the balance sheet, senior management and the Board which together provides the Company with added firepower to grow and execute accretive transactions. This is good progress, but we have more to do and our target for 2019 is accelerating the rate of our growth.

Growth will not, however, come at the expense of quality, diligence and prudence in the projects we choose to support. To this extent, we will continue to focus on projects which produce premium materials, which we believe will continue to command a higher premium over time.

In addition to product quality, we will also maintain a strict focus on how the projects are operated and managed from an ESG perspective and we will only support those projects which are being run ethically and responsibly. Our annual report contains further information in relation to our initiatives in this area during 2018 and how we see this evolving in the years ahead. Although Anglo Pacific is not an operator, our investments are in natural resources projects, and we continue to believe in the ongoing need for high-quality, low polluting products which are operated in a responsible manner by experienced management teams.

The backdrop for raising capital for natural resources companies continues to be challenging given the scarcity of capital in the sector, however we feel confident that we can continue to make investments and grow our portfolio in a meaningful way in 2019. With the owners of Kestrel targeting a 40% increase in volume in 2019, along with having access to ~£78m (~US$100m) of liquidity on our balance sheet for making additional quality investments, we are in a very strong position from which to grow in the year ahead."

[1] Adjusted earnings/(loss) represents the Group's underlying operating performance from core activities. Adjusted earnings/(loss) is the profit/(loss) attributable to equity holders less all valuation movements, non-cash impairments and amortisation charges (which are non-cash IFRS adjustments that arise primarily due to changes in commodity prices), finance costs, any associated deferred tax and any profit or loss on non-core asset disposals as these are not expected to be ongoing.

[2] Free cash flow is the net increase/(decrease) in cash and cash equivalents prior to core acquisitions, equity raising and changes in the level of borrowings.

Outlook

Anglo Pacific made significant progress in 2018, which lays the foundations to fund further growth. In 2019, we have a firm expectation to generate organic growth from the Company's royalty portfolio which should, subject to prevailing commodity prices, result in strong earnings and cash generation. We continue to see traditional capital finance for new mining projects remaining constrained in current markets, and, whilst this presents challenges for small to medium sized miners, this conversely presents increasing opportunities and demand for royalties. This should provide Anglo Pacific with opportunities to add attractive assets to its portfolio. Growth and delivering value remain a focus for the Company in 2019 and the years following.

Analyst and Investor presentation

There will be an analyst and investor presentation via conference call and webcast at 9:30am (GMT) on 27 March 2018. The presentation will be hosted by Julian Treger (CEO), Kevin Flynn (CFO) and Juan Alvarez (Head of Investments).

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International dial in numbers link	https://bit.ly/2imIR6A
Webcast link	https://bit.ly/2HJgJ8X

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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 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 statements in this announcement, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which include the phrase 'forward-looking information' within the meaning of Canadian securities legislation) are provided for the purposes of assisting the reader in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes than outlined in this announcement. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; stability of local governments and legislative background; the relative stability of interest rates, the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties and investments in a manner consistent with past practice; the accuracy of public statements and disclosures (including feasibility studies, 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.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate; that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the Group's control, affect the operations, performance and results of the Group, its businesses, royalties and investments, and could cause actual results to differ materially from those suggested any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, investment portfolio and associated risk, adverse development risk, financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties and investments, royalties and investments subject to other rights, and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section of our most recent Annual Report, which is available on our website. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noticed in the ‘Principal Risks and Uncertainties’ section of our most recent Annual Report is not exhaustive of the factors that may affect the Group’s forward-looking statements. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

This announcement also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. The Group’s management relies upon this forward-looking information in its estimates, projections, plans, and analysis. Although the forward-looking statements contained in this announcement are based upon what the Group believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements made in this announcement relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, 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 and streaming company, 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 and investments, 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 and investments, as available at the date of this announcement. This announcement contains information and statement relating to the Kestrel mine 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.

CHAIRMAN'S STATEMENT

2018 has been another strong year for Anglo Pacific with record revenue flowing through to earnings and cash flow. We expect 2019 to be an even stronger year for the Group, certainly in terms of volume growth, following the new owner of Kestrel announcing plans to increase production by 40% in 2019. Taking the above into account, we have recommended a 14% increase in the dividend to 8p per share for the year. We enter 2019 in a very strong financial position with a renewed focus on growing our royalty portfolio and remain confident that our offering will continue to be appealing in what remains a very capital constrained sector.

It is perhaps timely to reflect on the mining industry, which is the focus of our investments. The recent tragic and fatal collapse of a tailings dam in Brazil is a stark reminder of the complex and challenging nature of mining and the need for the highest standards in respect of safety and the environment. The scale of the incident will, rightly, result in enhanced scrutiny on operators from regulatory bodies, governments, NGOs, lenders and investors in relation to safety and the use of best practice techniques, particularly when operating in close proximity to communities.

Such issues are a top priority for Anglo Pacific when undertaking due diligence. We take comfort from our track record thus far in the environmental, social and governance ('ESG') credentials of the operators we have supported. We will continue to do our utmost to be a force for positive action as we make investment decisions and work with the operators of the assets in our portfolio.

It is easy to forget the substantial positive contribution made by mining to society as a whole. The metals and minerals extracted are essential for our everyday existence in the developed world and also help the developing world advance and lift people out of poverty. As an industry, mining needs to do a better job at educating on, and communicating the benefits of the extractive sector. As an investor and believer in the sector, we will do our part as best we can.

Performance in 2018

The Group saw its total portfolio contribution increase by 16% to £49.4m, buoyed by resilient commodity prices and a strong contribution from our most recent acquisitions. The Company executed £39.3m of royalty acquisitions in 2018 which added £2m to income in the second half. The acquisitions were financed organically by drawing on the Group's borrowing facility, with the Group returning to a net cash position post year end. In addition, we took the opportunity to upsize and extend our borrowing facility on more favourable pricing terms, which now, when combined with existing cash resources, provides for ~£78m (~US$100m) of liquidity to finance further growth opportunities.

The higher commodity prices and revenues during the year translated directly into higher profits and cash generation. Operating profit increased to £37.1m from £30.6m in 2017.

Basic earnings per share were 15.97p compared with 5.88p in 2017. Stripping out non-cash items, we present an adjusted earnings measure which, we believe, more closely reflects the performance within management's control. On this basis adjusted earnings per share were 18.02p (2017: 16.82p).

Dividends

In light of the continued growth in our income, strong dividend cover and the prospect for further growth in 2019 we have recommended a 25% increase in the final dividend to 3.125p which, if approved by shareholders at the 2019 AGM, would result in total dividends for 2018 of 8p per share, a 14% increase on the 7p paid in 2017. We feel that this level of dividend rewards the continued support of our shareholders whilst allowing us to employ cash in growth opportunities. As we operate in a cyclical and often volatile sector, we have kept the quarterly dividend level of 1.625p unchanged and we will assess the total dividend level for 2019 when we announce our Q4 2019 trading update.

This implies dividend cover of around 2.5x, which is approximately the level we are targeting for 2019. Our intention is to continue to reinvest the bulk of our retained income in growth at this favourable stage of the cycle.

Corporate culture and governance

Anglo Pacific seeks to maintain the highest standards in all areas of its business. I believe this starts at the top and the Board sees it as a key part of its responsibility to set the right guidelines for the Group to operate to the highest ethical standards. We hold an annual strategy day and in 2018 included sessions on strategy, ESG, risk and board effectiveness. We work with industry experts where appropriate who bring an objective and impartial insight to how the Group approaches these areas.

While we acknowledge that we are not directly responsible for the operation of the underlying assets in our portfolio, we are committed to making the pursuit of best practice in ESG a high priority.

Board

We were pleased to announce the appointment of Vanessa Dennett to our Board in November, following an extensive search process. Vanessa brings with her a wealth of transaction experience in the mining industry having held senior roles within Anglo American plc. Her commercial experience in negotiating and structuring transactions, investment process and corporate governance complements the finance and operational expertise of the Board. Vanessa has already made positive contributions to the Board and has proved a very helpful sounding board to our executive team and we look forward to her continued participation in the coming years.

The Directors possess different skills and, I believe, operate effectively in bringing a diversity of approach and experience to the overall activities of the Board and committees in determining strategy and providing guidance and oversight to management. As the Group develops, we will continue to evaluate the composition of the Board and refresh when appropriate.

Market background

Against a background of increasing signs of a global slowdown, concerns surrounding China's debt burden and the US China trade war, along with rising US treasury yields, it was perhaps not surprising to see equity values fall at the end of 2018. Although we believe that small and mid-cap mining companies were underrated before this bearish sentiment, it suggests that the availability of capital to finance new mining projects will become even more scarce and the cost of borrowing will increase accordingly.

This should provide Anglo Pacific with opportunities to add attractive assets to its portfolio, especially as we, in turn, are not necessarily dependent on the equity markets to raise capital to finance such opportunities given our access to liquidity and the prospect for significant organic growth in 2019.

Outlook

We expect 2019 to produce healthy organic growth from our royalty portfolio. This should, subject to prevailing commodity prices, result in another strong year of earnings and cash generation.

We believe there will be continued demand for royalty and alternative financing in the mining sector in 2019, given the shortage of and rising cost of capital facing the sector. Anglo Pacific is firmly focused on growth and has the balance sheet strength to continue to add to our portfolio of royalties.

2019 should be a busy year and I have no doubt that the dedicated, hardworking and experienced team led by Julian Treger is well placed to deliver our growth targets. I would like to thank the Board, the executive team and staff for their continued diligence and hard work.

On behalf of the Board

N.P.H. Meier
Chairman
26 March 2019

CHIEF EXECUTIVE OFFICER'S STATEMENT

Anglo Pacific continued to deliver on its strategy in 2018. Our portfolio generated a record contribution of £49.4m, representing a 16% increase on 2017. This is very pleasing especially as the consensus at the beginning of the year was forecasting a decline.

I would like to highlight that Maracás Menchen, the vanadium royalty which we acquired in 2014, is now our second largest royalty by revenue having generated £5.9m in royalties during 2018 compared to £2.0m in 2017.

We expect further organic growth to come in 2019, driven by plans for a 40% increase in volumes from Kestrel along with a full year of revenue from our investment in LIORC. The accelerated volumes expected from Kestrel should have a positive impact on free cash flow, but will also bring forward the point at which mining will leave the Group's private royalty land. As such, the imperative is now firmly on reinvesting this cash flow to replace Kestrel's income in the medium-term, and this is our firm focus for the year ahead.

Track record and experienced team

We have demonstrated our ability to successfully identify accretive royalty related assets over the past five years, having acquired royalties over the Narrabri and Maracás mines, together with an indirect interest in the royalty over the Iron Ore Company of Canada ('IOC') mines through our investment in LIORC. In addition, we have gained exposure to the Cigar Lake operation through a toll milling agreement. We have also added some longer-term growth opportunities to the portfolio through our investment in the Piauí and Cañariaco royalties.

The investment of ~£130m into the Group's portfolio over the past five years could, subject to commodity prices, generate a sustainable £15m of annual revenue before development upside. This is a good start, but we feel now is the time to accelerate our rate of growth, and are in a strong financial position to do so, with ~£78m (~US$100m) of liquidity available to us.

The success of these investments has been achieved through the application of our investment criteria which aims to ensure that our new royalties are over projects which should continue to operate throughout the cycle. More recently, we have also targeted high-quality, lower polluting products in the belief that these should command more of a premium over time. It is gratifying to see this belief realised from the returns on our investments in LIORC (iron ore pellet), Narrabri (low ash, high energy thermal coal) and Maracás Menchen (vanadium).

Executing the Group's strategy and applying our investment criteria is our very experienced senior management team, which has remained largely unchanged over the past five years and whose skill set covers all of our key diligence areas namely geology, corporate finance, structuring and tax. The skills of the management team are augmented by those of our Board, who bring a variety of further operational, M&A, corporate finance and corporate governance experience to the Group.

The combined breadth and depth of the senior management team and Board's knowledge and experience has allowed the Group to assess a wide range of potential transactions across multiple jurisdictions and commodities. Given our growth ambitions, we are allocating more resources to our investment team in order to develop our pipeline and execute on deals in the year ahead.

Our people are our key assets and staff related expenses make up 64% of the Group's total cost base. We operate in a very scalable business and it is interesting to note that our costs are virtually identical to those in 2014 even though our income has increased by ~12.5 times over that period.

LIORC investment

The highlight of our acquisition strategy in 2018 was the purchase of our 4.29% stake in Labrador Iron Ore Royalty Corporation (LIORC), a publicly quoted royalty pass-through vehicle listed in Toronto. We increased our exposure to iron ore as we believe the industry dynamics have improved well beyond the general market perception and prices will be stronger for longer. Further, LIORC is focused at the high-quality end of the iron ore market and enjoys a favourable premium for its product. We also expected LIORC to produce yields of around ten percent which is very respectable for a mine in a premier jurisdiction operated by Rio Tinto.

We are pleased to report that in 2018 the income we received from LIORC exceeded our initial expectations and that the current market value of the investment is significantly above our cost.

Environmental, Social and Governance

Although Anglo Pacific is not an operator, our role as a financier and supporter of the mining sector has put us in a position to appraise hundreds of royalty transactions each year and allowed us to see the full spectrum of ESG practices within the industry.

We have seen the mining industry be at the fore front of technological innovation through developments such as driverless trucks and trains. It has produced the commodities necessary to manufacture many products and gadgets today considered to be indispensable, together with providing the energy required to power the modern world. Many mining operations also uplift the communities in which they are located by providing employment, infrastructure, long-term development opportunities and increased prosperity.

The industry must communicate these benefits more effectively, and investment into the sector must be encouraged in order to provide those minerals and commodities which will continue to be needed. Projects and operations involving higher-quality, cleaner products which are operated to the highest possible standards of environmental and social responsibility are likely to attract capital in the first instance, and it is these projects which Anglo Pacific has looked to support in the recent past.

There is no doubt that the world will transition to more sustainable forms of energy generation but, in the short to medium-term, a quicker solution to a cleaner world is the use of higher quality lower polluting commodities; be it their chemical properties or the way in which they are extracted, operated and rehabilitated.

Given our exposure to such a diverse range of projects, and our track record of investing in those which would clearly fit in with the above criteria, we see a role for Anglo Pacific in being a conduit for investors who might otherwise not have a mandate to invest in the underlying mining projects directly. This is an initiative which we hope to be thought leaders in and explore in further detail in 2019. We will, of course, continue to hold ourselves accountable to such standards in our own investment activity.

Kestrel

The change in ownership of Kestrel during the year was a significant event for Anglo Pacific as it remains our dominant source of revenue. A consortium of EMR Capital, a well-known mining financier based in Australia, and Adaro Energy, a leading Indonesian producer of coal with over 26 years of experience in operating coal mines, completed their acquisition of the operation in Q3 2018.

The price which the consortium paid, US$2.25bn, was 50% higher than some commentators had been predicting. This signalled that the new owners would be keen to significantly increase production in the short-term. Indeed, Adaro suggested that they could, over a period of time, double production at Kestrel.

Having taken over operational control during Q3 2018, the new owners have begun work on their expansion plans. They have now stated that they are forecasting a 40% uplift in production volumes for 2019, which is far in excess of the levels which were previously achieved by Rio Tinto. This would be quite timely for Anglo Pacific as it coincides with a period in which virtually all mining will be taking place within the Group's private royalty land, suggesting that there could be a material uplift in royalty income commencing in 2019, subject to commodity prices remaining stable.

We have actively engaged with Kestrel's new operations team to better understand their plans for expanding production, and have undertaken a site visit to see for ourselves how they plan to achieve this and, although this seems on paper to be a stretch target, it is encouraging to see that the operating team are motivated to achieve this. We have also met with representatives from Adaro in Indonesia and look forward to a constructive and cordial working relationship with them going forward.

With the anticipated increase in production and our continued belief that the market for cleaner coal, such as that produced at Kestrel, will remain strong for the foreseeable future it is clear that Kestrel will remain the Group's largest source of royalty income. It is worth noting however, that over the past five years, according to analysts who follow our Company, the proportion of our net asset value (NAV) attributed to Kestrel has fallen from 72% to 48% demonstrating our success in diversifying our asset base year by year and reducing our reliance on Kestrel.

Market background

Given our track record to date, we are confident that we can deliver on our growth ambitions. The mining sector continues to suffer from a scarcity of capital, particularly in the small to mid-cap segment, which is an area where we have seen a lot of deal flow in the past.

Conventional bank debt remains hard to come by for junior developers, and US dollar denominated debt has become more expensive following a series of increases in the US bank rate imposed by the Fed during 2018, as part of their reduction in quantitative easing.

Rising US interest rates have also impacted on the equity markets as the US 10-year treasury yield increased noticeably during 2018 and exceeded US inflation for the first time since the financial crisis. With the risk-free rate increasing, the premium required to invest elsewhere has also risen, resulting in the price of equities coming under pressure as the rate of return on safe haven investments rose.

The equity markets have also experienced a fundamental change over the past few years, with the growth of index funds leading to capital allocation being concentrated toward the largest companies. In the past we would have seen mining funds raise significant amounts of capital to invest in the sector. These funds had the expertise, discipline, patience and understanding needed to select and support new mining projects. The popularity of indexation is one factor which has caused this to change, with capital flowing to index funds, which by their nature tend to be passive and liquidity driven, often following algorithms rather than using industry expertise to evaluate and back investment decisions.

For mining, this has meant that any capital in the sector is predominantly being invested in the likes of Rio Tinto or BHP. This would not ordinarily be a problem if the majors were using this capital to invest in growth, which in the past would have led to investments and M&A at the junior end of the market. However, the majors now appear to be ex-growth, scarred by their acquisition sprees towards the end of the last decade. As such, equity capital flowing into the majors is now being distributed back to their shareholders through special dividends and share buy backs, which means in many instances capital is ultimately leaving the sector.

Given the scarcity of conventional debt and equity, and with mezzanine private equity financing solutions often being prohibitively expensive or dilutive, we would expect to see the demand for royalty financing to remain robust in the near-term, and our pipeline reflects this.

With a strong balance sheet, significant free cash-flow generation and access to some ~£78m (~US$100m) of liquidity we are now in a position whereby we can act quickly and opportunistically should circumstances demand.

Outlook

2019 will be an interesting year for the global economy, with the threat of a slowdown in GDP growth in the US and potential recession in parts of Europe, the sustainability of Chinese growth given its debt levels and, of course, the ongoing uncertainty in relation to Brexit.

Despite the uncertainty facing the global economy, the outlook for the year ahead is positive for Anglo Pacific. We reported record income in 2018 and, absent significant volatility in commodity prices, we expect 2019 to show further organic growth from the portfolio.

With our dividend well covered, we expect to generate significant cash flow over the course of the year and with ample liquidity available, we are in a strong financial position to add to the growth that Anglo Pacific has delivered over the last five years.

J.A. Treger
Chief Executive Officer
26 March 2019

FINANCIAL REVIEW

Anglo Pacific enjoyed a very strong financial performance during 2018. We generated a record contribution from our portfolio of £49.4m, a 16% increase from the £42.6m earned in 2017. The comparison for 2017 included £1.8m from the Denison financing arrangement in respect of H2 2016, so the like-for-like increase is actually 21%.

With our limited cost base, our revenue mainly drops to cash flow and the Group generated free cash flow of £40.2m in 2018, in line with the £40.5m in 2017 if the £1.8m Denison back payment is excluded.

We began the year with cash on hand of £8.1m and generated free cash flow of £40.2m resulting in available cash of £48.3m, without drawing down on borrowing facilities. We invested £38.4m in the LIORC stake, and distributed £12.9m to shareholders, a 3:1 capital allocation towards growth. This capital spend was financed entirely from the Group's liquid resources, and so the Group ended 2018 with a modest level of net debt of £3.1m, and returned to a net cash position once again at the beginning of February 2019.

The other notable financial highlight in the year was the refinancing and extending of our borrowing facility, intended to better reflect the Group's debt capacity and provide cheaper and more flexible financing options. As part of this refinancing we were pleased that Scotia Bank joined the existing syndicate of Barclays and Investec. The calibre of banks in our syndicate is testament to the quality of our portfolio and our track record of identifying and executing accretive royalty related acquisitions.

With further organic growth anticipated from the portfolio in 2019 and access to ~£70m (US$90m) of borrowing lines, the Group is in a strong financial position to pursue growth opportunities in 2019.

Income statement

Profit after tax for the year ended 31 December 2018 almost tripled to £28.8m, resulting in earnings per share of 15.97p in 2018 compared to 5.88p in 2017. The main reason for such a large increase is due to valuation movements swinging from a deficit in 2017 to a surplus in 2018, mainly as a result of commodity price volatility over the past two years.

To remove the impact of such volatility and other non-cash items, we present an adjusted earnings measure, and associated earnings per share, which we feel better represents the underlying trading performance of the Group and is the measure used by the Board when considering dividend levels.

	2018 £'000		2017 £'000
Royalty related revenue	46,104	17%	39,566
Receipts from royalty financial instruments	1,975		-
Operating expenses - excluding share-based payments	(4,709)		(4,717)
Finance costs	(1,042)		(795)
Finance income	82		19
Net foreign exchange gains/losses	(593)		(747)
Other (losses)/income	1,656		(300)
Tax	(10,990)		(2,933)
Adjusted earnings	32,483	8%	30,094
Weighted average number of shares ('000)	180,278		178,895
	18.02p	**7%**	**16.82p**

Adjusted earnings increased by 7% to £32.5m in the period from £30.1m in 2017, which translates into adjusted earnings per share ('AEPS') of 18.02p (2017: 16.82p). The main change year on year is a 16% increase in royalty related revenue, partially offset by an increase in the tax provision now that the Group has utilised its trading losses in full. The following section will focus on these two areas, given that everything else has remained largely in line with the previous year.

Royalty related revenue

Total royalty related revenue in 2018 was £46.1m, compared to £39.6m in 2017. Royalty related income no longer includes the royalties received from EVBC following the transition to IFRS 9 at the beginning of 2018. Including the £2.0m from EVBC and the £1.3m in principal repayments made under the Denison financing arrangement results in a total portfolio contribution of £49.4m in 2018 compared to £42.6m in 2017, a 16% increase. £1.9m of this increase is represented by maiden revenue from the LIORC investment made in H2 2018. The remainder of the increase is largely attributable to stronger coking coal and vanadium prices as outlined below.

	2018 £m	**YOY %**	**2017 £m**
Kestrel	32.6	13%	28.8
Maracás Menchen	5.9	195%	2.0
Narrabri	3.5	(29%)	4.9
Four Mile	0.1		-
EVBC	-		1.7
Royalty income	**42.1**	**13%**	**37.4**
LIORC dividends	1.9		-
Interest - McClean Lake & Jogjakarta	2.1	(4%)	2.2
Royalty related revenue	**46.1**	**16%**	**39.6**
EVBC	2.0		-
Principal repayment – McClean Lake	1.3		3.0
Total portfolio contribution	**49.4**	**16%**	**42.6**

- Kestrel

Despite flat volumes of 4.6Mt from within the Group's private royalty land at Kestrel in 2018, revenue increased to £32.6m from £28.8m in 2017. The main reason for the increase was the benefit of higher average coking coal prices throughout 2018, which also resulted in a higher weighted average royalty rate. This increase was slightly offset when reporting this revenue in pounds at a less favourable exchange rate on average in 2018.

- Maracás Menchen (Maracás)

The Maracás royalty is now the Group's second largest income generating royalty, making up 12% of the income recognised in the income statement. Income from Maracás almost tripled in 2018, largely driven by vanadium price movements. Sales volumes subject to the Group's royalty increased by 5% to 9,713kt, a new record for the operation.

The vanadium price was a clear highlight for Anglo Pacific during 2018, with the price achieved increasing from ~US$8.50/lbs at the beginning of the year to ~US$26.00/lbs at the end of the year. The spot price peaked at just over US$34.00/lbs in Q4 2018, although it has come down somewhat thus far in 2019.

- LIORC

Dividend income from the Group's investment in LIORC was £1.9m in the period, despite only completing the acquisition in H2 2018. The income which the Group receives is derived mainly from the 7% GRR that LIORC holds over the Labrador operations of the Iron Ore Company of Canada ('IOC'), together with the 10% commission LIORC earns on all iron ore product produced, sold and shipped by IOC. In addition, LIORC receives dividends from its ongoing 15.10% equity interest IOC.

The dividend paid by LIORC consists of a standard quarterly dividend of C$0.25 per share and this is then adjusted on a quarterly basis to provide a special dividend depending on the strength of cash generated from the royalty and underlying operation, which absent production issues should reflect the iron ore pellet price. The dividend payments received so far have contained special dividends of C$0.65 per share, with this increasing to C$0.80 per share in respect of Q1 2019.

IOC produces a premium, lower contaminated iron ore pellet which we think will continue to command high premiums going forward as it is more efficient to use in the manufacture of steel. This trend was evident in H2 2018 and using an annualised Q4 2018 dividend level would imply a ~10% running yield on our investment.

LIORC retained additional cash balances in the business during H2 2018. Following the recent press releases by LIORC, we expect there will be additional dividends to come in 2019 in respect of earnings from 2018.

- Narrabri

The results from Narrabri were disappointing in 2018, with overall revenue decreasing by 29% to £3.5m, despite higher thermal coal prices during 2018. Whitehaven Coal, the operator, continues to navigate its way through a known localised fault in the coal deposit, which is expected to be a short-term issue before volumes can begin to return to more normal levels. Overall sales volumes subject to the Group's royalty in 2018 were 4.2Mt compared to 6.8Mt in 2017. This was lower than Whitehaven's previous guidance, although it was encouraging to see that Narrabri ended the year with a strong performance in Q4 2018.

- EVBC

As noted EVBC royalties are no longer reported within royalty related revenue following the introduction of IFRS 9 at the beginning of the year.

Orvana Minerals, the operator, had a successful 2018, with gold production up by around 24% following a strategy to feed higher grade ore through its processing plant. Our royalty receipts increased by 17% in 2018 and would have been even higher but for lower gold prices, particularly in Q3 2018.

- McClean Lake Mill financing arrangement

Interest earned on the financing arrangement was in line with the previous year, as would be expected given the fixed interest rate and the amortisation profile associated with the loan.

Overall cash received under the financing arrangement, including the repayment of principal, was £3.3m in 2018 compared to £3.2m in 2017 (excluding the £1.8m received in 2017 in lieu of H2 2016). We would ordinarily expect this revenue to be stable year on year, although there is some seasonality with summer holidays, and to be in the region of C$0.5-0.6m per month.

There have been some rumours of potential industrial action by staff at the mill which could interrupt throughput in the coming months. We will keep this under review but any interruptions should hopefully be temporary.

- Four Mile

We are continuing to engage with the operator of the Four Mile project, Quasar Resources, in an attempt to resolve the ongoing royalty calculation dispute.

Operating expenses

Excluding the impact of share-based payments, operating expenses for the year were £4.7m, which is in-line with 2017, and largely represents staff costs and the costs associated with operating a listed business based in London.

Operating costs in 2018 were actually less than they were in 2014, a year in which our portfolio contribution was only £3.7m and, when compared to the cost base associated with generating £49.4m in 2018, highlights the scalability of the royalty model.

Operating costs have been kept under control due to our efforts to recover substantially all diligence costs on aborted transactions which proceed to full due diligence. We were successful in agreeing recoveries on all material costs incurred in this respect in 2018.

Finance income and finance costs

Finance income and costs are broadly in line with 2017. Finance costs for both years were impacted by refinancings, with the current year costs due to the upsizing and extension of the Q1 2017 facility to US$60m in Q3 2018. There is also the potential to upsize this by a further US$30m for further transactions.

Income tax

The current tax charge for the year of £8.4m increased significantly in comparison to £2.0m in 2017 which had the full benefit of carried forward losses. The Group utilised its remaining tax losses during H1 2018.

The effective tax rate, when measured against pre-tax adjusted earnings was ~25% which, given that most of the Group's income is from Australian assets taxed in Australia, is reasonable. With the expectation of even higher levels of volume to come from Kestrel in 2019, the Group's effective tax rate is likely to remain between 20-25% in the near-term.

Dividends

The Board, taking into account the record year of portfolio contribution and strong cash generation, has recommended a 25% increase in the final dividend for 2018 of 3.125p, subject to shareholder approval at the 2019 AGM. This would take the total dividend in respect of 2018 to 8p, a 14% increase on the 7p equivalent for 2017.

Equally important to the quantum of the dividend is the strength of the dividend cover. To this extent, we are pleased that, based on adjusted earnings of 18.02p, our dividend was 2.3x covered (2017: 2.4x, based on a 7p dividend). This represents a healthy pay-out to shareholders whilst also enabling us to re-invest in growth during 2018. Our capital allocation ratio in 2018 was 3:1 in favour of growth.

The proposed final dividend of 3.125p per share, if approved, will be paid on 30 May 2019, to all shareholders on the Register of Members on 17 May 2019. The shares will be quoted ex-dividend in London and Canada on 16 May 2019.

We expect further growth to come in 2019, mainly driven by volume increases at Kestrel. This should have positive implications for the 2019 dividend, but as the level of income will depend on the performance of commodity prices, we have maintained the quarterly dividend at 1.625p and will use the final dividend to adjust for the full year, as we have done in 2018.

Balance Sheet

Net assets and net assets per share remained largely flat at £218m and 122p per share in 2017 and 2018.

http://www.rns-pdf.londonstockexchange.com/rns/1000U_1-2019-3-26.pdf

Adjusted earnings less dividends added £19.6m to reserves in 2018. The benefit of this was then offset largely by the mark to market of the Group's remaining equity holdings at year end.

The vast majority of our non-core equity portfolio is an 8% stake in Berkeley Energia, which endured a torrid end to the year with its share price declining significantly as a result of rumours of uncertainty surrounding their permitting process in Spain. Berkeley Energia accounted for most of the £12.1m decline. The strong recovery of the stock in 2019 thus far has reversed some £2.5m of this decline.

Elsewhere, the Group recognised a £2.2m impairment provision against its Pilbara royalty. This reflects a further assessment of the likely start date for mining within the Group's tenements, although we are very encouraged by the firm plans which BHP are putting in place to develop the South Flank deposit, adjacent to their Mining Area C operations.

The other noticeable valuation charge against the Group's royalty portfolio was a fair value adjustment in respect of the Dugbe 1 royalty, where again the pushing out of the start date resulted in a £2.1m reduction to the previous carrying value.

These amounts were largely offset by a £5.5m increase in the carrying value of Kestrel, where the resource depletion was largely offset by an increase to the forecast near-term volumes from the Group's private royalty lands as provided by the operator, together with higher forecast price inputs going forward, based on the consensus price deck at the end of 2018.

The Kestrel valuation at the end of 2018 was based on the inputs which were available to the Company at 31 December 2018. While this did include the uplift of 40% in volumes announced by Adaro Energy for 2019, it did not include any further updates to production assumptions as these had not been disclosed to us at the time. We have since visited site and are now updating the valuation model for these findings, which we expect to be included in the valuation at 30 June 2019. This could show, subject to commodity prices, further volume growth for 2020 onwards above and beyond that included in our valuation at the end of 2018.

http://www.rns-pdf.londonstockexchange.com/rns/1000U_2-2019-3-26.pdf

The Kestrel royalty continues to represent a significant portion of the Group's total assets. However, to look at this based on balance sheet asset value would be painting a slightly misleading picture, as our two most recent royalties (Narrabri and Maracás) are carried on the balance sheet at the lower of amortised cost or value i.e. they are not adjusted upwards for increased production or pricing assumptions, which is the case with Kestrel. As such, we feel that the balance sheet net asset number portrays an overly conservative estimate of asset value, certainly when comparing this to our share price. In the case of Narrabri, the much higher coal pricing environment along with the prospect of significant volume growth when mining gets through the localised fault results in a much higher value in use than is recognised on the balance sheet. The same is the case with Maracás, especially given the performance of vanadium prices over the past 18 months. It is our view that the true net asset value is much higher than the number which the balance sheet derives.

Cash flow and borrowings

Free cash flow generated during the year was £40.2m compared to £42.3m in 2017 and is in line with 2017 when stripping out the £1.8m received from the McClean Lake financing arrangement relating to H2 2016.

http://www.rns-pdf.londonstockexchange.com/rns/1000U_3-2019-3-26.pdf

Free cash flow includes the disposal of non-core assets, which for 2018 totalled £3.1m. This comprised the disposal of the Group's Indo Mines debenture in Q1 2018 for £1.7m, which had been fully impaired previously. The Group also realised £1.4m from its equity portfolio on a selective basis in H1 2018.

The strong free cash flow generated in 2018 provided the Group with £48.3m of liquidity before needing to draw down on borrowings. This cash was allocated to investments and dividends in a ratio of 3:1. Significantly, the £38.4m of acquisitions during the year were financed from the Group's balance sheet and did not require an associated equity raise. Although this, when combined with the £12.9m of dividends, resulted in the Group swinging from a cash position of £8.1m at the beginning of the year to a net debt position of £3.1m at the end of 2018, the cash received thus far in 2019 has now brought the Group back to a net cash position.

We took the opportunity to better reflect the Group's true debt capacity during 2018 and doubled our borrowing facility from US$30m to US$60m during Q3 2018. This new facility also has a US$30m accordion feature which can be provided by the banks when required to finance future transactions. The facility also has an option to extend the term by 12 months during its first 18 months, a feature which we will keep under review as acquisition financing dictates.

With the Group returning to a net cash position, and with a well-covered dividend, we have considerable liquidity of ~£78m (~US$100m) available to us to finance growth opportunities without needing to rely on equity markets. This is a very important landmark for Anglo Pacific as it not only allows us to be more credible in royalty negotiations, but it also enables us to act more quickly and opportunistically should circumstances demand.

Currency and Brexit

Our results in 2018 were impacted by a stronger pound against most dollar currencies. The average exchange rate against both the AUD and USD weakened by 6% and 4% respectively. In line with the Group's currency policy, we successfully hedged a portion of our expected AUD denominated revenue during 2018 and have put in place further hedges for 2019.

The currency markets continue to be volatile. Although our commodities are priced in US dollars, our income is ultimately received in Australian dollars, and the ratchet rate on Kestrel is based on the Australian dollar received from coal which is priced in US dollars.

As such, we have been hedging our exposure to the Australian dollar with a view to covering our pound cost base and dividend. There is no doubt that the outlook for the pound in 2019 will be determined by several factors, but all currencies will be impacted by the prospects of economic stagnation in China should its economy begin to feel the burden of its ever-increasing debt pile. The impact of the US trade wars, particularly directed towards China could further compound this, and the US bond markets are suggesting its economy is destined for recession towards the end of 2019.

The Australian dollar, whose prospects are largely aligned with Chinese GDP growth, has weakened noticeably of late, and it appears that previously predicted interest rate rises will now turn out to be cuts given the stalling of its economy and property market in particular. And, all of this volatility before any mention of the impact of Brexit.

We took the view at the beginning of 2019 that the Australian dollar might remain under pressure during the forthcoming year and, regardless of the impact of Brexit on the GBP:USD rate, the GBP:AUD could move independently of Brexit. We have hedged accordingly and will continue to keep a close eye on currency markets to ensure that our income for 2019, which we now expect could show a significant uplift as a result of recent revisions to Kestrel volumes, is protected as much as possible.

Outlook

We enter 2019 in a very strong financial position. We have returned to a net cash position after financing £38.4m of acquisitions from our balance sheet in 2018. Our refinanced facility has provided us with up to US$90m of borrowing availability. With a well-covered dividend, we also expect to generate strong levels of free cash flow to add to our pool of liquidity as we go through 2019. We have in place a very supportive banking syndicate who have continued to support us through 2018 and we look forward to working closely with them going forward as we look to execute on our growth ambitions.

Anglo Pacific Group PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000 (Restated*)
Royalty related revenue	46,104	39,566
Amortisation of royalties	(2,974)	(3,116)
Operating expenses	(6,032)	(5,890)
Operating profit before impairments, revaluations and gains on disposals	**37,098**	**30,560**
Gain on sale of mining and exploration interests	-	1,774
Impairment of mining and exploration interests	-	(219)
Impairment of royalty intangible assets	(2,234)	-
Revaluation of royalty financial instruments	(871)	(6,324)
Revaluation of coal royalties (Kestrel)	10,061	(11,933)
Finance income	82	19
Finance costs	(1,042)	(795)
Net foreign exchange loss	(593)	(747)
Other net income/(losses)	2,043	(488)
Profit before tax	**44,544**	**11,847**
Current income tax charge	(8,378)	(1,997)
Deferred income tax (charge)/credit	(7,373)	677
Profit attributable to equity holders	**28,793**	**10,527**
Total and continuing earnings per share		
Basic earnings per share	15.97p	5.88p
Diluted earnings per share	15.94p	5.88p

* The Group has revised its definition of revenue to include all royalty related revenue arising in the course of the Group's ordinary activities. As a result, the presentation of the comparative income statement has been restated to show an additional £2,184,000 of income in revenue, which was previously included in finance income.

In the current year, net foreign exchange gains and losses are now presented separately on the face of the income statement. Previously they were included in finance income. The comparative financial information has been adjusted to be on a consistent basis. Profit attributable to equity holders remains unchanged.

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
Profit attributable to equity holders	**28,793**	**10,527**
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments held at fair value through other comprehensive income		
Revaluation of royalty financial instruments	290	-
Revaluation of mining and exploration interests	(12,147)	-
	(11,857)	**-**
Items that may be subsequently reclassified to profit or loss		
Available-for-sale investments		
Revaluation of equity investments	-	2,233
Reclassification to income statement on disposal of equity investments	-	(1,774)
Reclassification to income statement on impairment	-	219
Deferred tax relating to items that have been or may be reclassified	(147)	341
Net exchange loss on translation of foreign operations	(6,669)	(883)
	(6,816)	**136**
Other comprehensive (loss)/profit for the year, net of tax	**(18,673)**	**136**
Total comprehensive profit for the year	**10,120**	**10,663**

Anglo Pacific Group PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Group	
	2018	2017
	£'000	£'000
Non-current assets		
Property, plant and equipment	22	44
Coal royalties (Kestrel)	109,778	104,266
Royalty financial instruments	46,205	10,867
Royalty and exploration intangible assets	71,194	77,421
Mining and exploration interests	2,848	16,431
Deferred costs	926	689
Investments in subsidiaries	-	-
Other receivables	19,335	21,259
Deferred tax	3,261	5,484
	253,569	236,461
Current assets		
Trade and other receivables	10,267	8,702
Derivative financial instruments	188	100
Cash and cash equivalents	5,223	8,099
	15,678	16,901
Total assets	**269,247**	**253,362**
Non-current liabilities		
Borrowings	8,300	-
Other payables	575	418
Deferred tax	35,156	31,507
	44,031	31,925
Current liabilities		
Income tax liabilities	4,085	5
Trade and other payables	3,023	2,495
	7,108	2,500
Total liabilities	**51,139**	**34,425**
Net assets	**218,108**	**218,937**
Capital and reserves attributable to shareholders		
Share capital	3,629	3,618
Share premium	62,779	61,966
Other reserves	47,285	64,752
Retained earnings	104,415	88,601
Total equity	**218,108**	**218,937**

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

			Other reserves								
	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Investment revaluation reserve £'000	Share based payment reserve £'000	Foreign currency translation reserve £'000	Special reserve £'000	Investment in own shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	3,399	49,211	29,134	143	10,708	2,016	23,568	632	(2,601)	93,928	210,138
Profit for the year	-	-	-	-	-	-	-	-	-	10,527	10,527
Other comprehensive income:											
Available-for-sale investments											
Valuation movement taken to equity	-	-	-	-	2,233	-	8	-	-	-	2,241
Transferred to income statement on disposal	-	-	-	-	(1,774)	-	-	-	-	-	(1,774)
Transferred to income statement on impairment	-	-	-	-	219	-	-	-	-	-	219
Deferred tax	-	-	-	-	341	-	1	-	-	-	342
Foreign currency translation	-	-	-	-	-	-	(892)	-	-	-	(892)
Total comprehensive profit	**-**	**-**	**-**	**-**	**1,019**	**-**	**(883)**	**-**	**-**	**10,527**	**10,663**
Dividends	-	-	-	-	-	-	-	-	-	(15,869)	(15,869)
Issue of ordinary shares	219	12,755	-	-	-	-	-	-	-	-	12,974
Value of employee services	-	-	-	-	-	1,016	-	-	-	15	1,031
Total transactions with owners of the company	**219**	**12,755**	**-**	**-**	**-**	**1,016**	**-**	**-**	**-**	**(15,854)**	**(1,864)**
Balance at 31 December 2017	**3,618**	**61,966**	**29,134**	**143**	**11,727**	**3,032**	**22,685**	**632**	**(2,601)**	**88,601**	**218,937**
Balance at 1 January 2018	3,618	61,966	29,134	143	11,727	3,032	22,685	632	(2,601)	88,601	218,937
Adjustment for transition to new accounting standards	-	-	-	-	477	-	-	-	-	(527)	(50)
Restated opening balance	3,618	61,966	29,134	143	12,204	3,032	22,685	632	(2,601)	88,074	218,887
Profit for the year	-	-	-	-	-	-	-	-	-	28,793	28,793
Other comprehensive income:											
Changes in fair value of equity investments held at fair value through other comprehensive income											
Valuation movement taken to equity	-	-	-	-	(11,857)	-	(65)	-	-	-	(11,922)
Deferred tax	-	-	-	-	(147)	-	155	-	-	-	8
Foreign currency translation	-	-	-	-	-	-	(6,759)	-	-	-	(6,759)
Total comprehensive profit	**-**	**-**	**-**	**-**	**(12,004)**	**-**	**(6,669)**	**-**	**-**	**28,793**	**10,120**
Transferred to retained earnings on disposal	-	-	-	-	(398)	-	-	-	-	398	-
Dividends	-	-	-	-	-	-	-	-	-	(12,889)	(12,889)
Issue of ordinary shares	11	813	-	-	-	-	-	-	-	-	824
Value of employee services	-	-	-	-	-	1,127	-	-	-	39	1,166
Total transactions with owners of the company	**11**	**813**	**-**	**-**	**(398)**	**1,127**	**-**	**-**	**-**	**(12,452)**	**(10,899)**
Balance at 31 December 2018	**3,629**	**62,779**	**29,134**	**143**	**(198)**	**4,159**	**16,016**	**632**	**(2,601)**	**104,415**	**218,108**

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Group 2018 £'000	Group 2017 £'000 (*Restated)
Cash flows from operating activities		
Profit before taxation	44,544	11,847
Adjustments for:		
Finance income	(82)	(19)
Finance costs	1,042	795
Net foreign exchange gains/losses	593	747
Other income	(2,043)	230
Gain on disposal of mining and exploration interests	-	(1,774)
Impairment of mining and exploration interests	-	219
Impairment of royalty and exploration intangible assets	2,234	-
Revaluation of royalty financial instruments	871	6,324
Royalties due or received from royalty financial instruments	1,975	-
Revaluation of coal royalties (Kestrel)	(10,061)	11,933
Depreciation of property, plant and equipment	26	33
Amortisation of royalty intangible assets	2,974	3,116
Amortisation of deferred acquisition costs	202	-
Share based payment	1,323	1,174
	43,598	34,625
(Increase)/Decrease in trade and other receivables	(1,554)	3,402
(Decrease)/Increase in trade and other payables	(650)	1,138
Cash generated from operations	41,394	39,165
Income taxes paid	(4,482)	(1,863)
Net cash generated from operating activities	**36,912**	**37,302**
Cash flows from investing activities		
Proceeds on disposal of mining and exploration interests	612	2,424
Proceeds on return of capital from mining and exploration interests	827	-
Purchase of property, plant and equipment	(4)	-
Purchases of royalty and exploration intangible assets	-	(1,125)
Proceeds from royalty financial instruments	1,720	258
Purchases of royalty financial instruments	(38,408)	(3,323)
Advances under commodity related financing agreements	-	(24,990)
Repayments under commodity related financing agreements	1,276	3,051
Prepaid acquisition costs	(34)	(224)
Finance income	82	19
Net cash used in investing activities	**(33,929)**	**(23,910)**
Cash flows from financing activities		
Drawdown of revolving credit facility	17,300	7,498
Repayment of revolving credit facility	(9,000)	(13,651)
Proceeds from issue of share capital	75	13,700
Transaction costs of share issue	-	(726)
Dividends paid	(12,889)	(15,869)
Finance costs	(1,264)	(795)
Net cash used in financing activities	**(5,778)**	**(9,843)**
Net (decrease)/increase in cash and cash equivalents	**(2,795)**	**3,549**
Cash and cash equivalents at beginning of period	**8,099**	**5,331**
Effect of foreign exchange rate changes	(81)	(781)
Cash and cash equivalents at end of period	**5,223**	**8,099**

* The Group has revised its definition of revenue to include all royalty related revenue arising in the course of the Group's ordinary activities. As a result, the presentation of the comparative statement of cash flows has been restated to show an additional £2,184,000 of net cash generated from operating activities, which was previously included in cash flows from investing activities.