Purchase of a 4.25% shareholding in Labrador Iron Ore Royalty Corp.

16.08.2018 | FSCwire

London England (FSCwire) - Anglo Pacific Group PLC (“Anglo Pacific”, the “Company”) (LSE: APF, TSX: APY) is pleased to announce that it has acquired a 4.25% shareholding in Labrador Iron Ore Royalty Corp. (“LIORC”) at an investment cost of ~US$50 million (C$65.5 million, ~£38 million). LIORC is listed on the Toronto stock exchange (TSX:LIF) and has a market capitalisation of approximately C$1.5 billion.

LIORC is structured as a passive flow-through entity for a 7% Gross Revenue Royalty (“GRR”) and a C$0.10 per tonne commission on all iron ore products sold by the Iron Ore Company of Canada (“IOC”). In addition, LIORC has a 15.1% equity position in IOC. LIORC has a policy of paying quarterly cash dividends to the maximum extent possible subject to the maintenance of appropriate levels of working capital. LIORC declared dividend payments of C$169.6 million in 2017, and currently has an historical 2017 dividend yield of ~11%.

IOC is operated by Rio Tinto, with mining and processing operations located in the area of Labrador City, Canada. IOC is one of Canada’s largest iron ore producers, and is among the top five global producers of seaborne iron ore pellets. IOC also sells an iron ore concentrate product based on the 65% Fe index. The current differential between the Platts indices for 65% Fe concentrate and 62% Fe concentrate has widened to ~US$27 per tonne, the highest spread in recent years.

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