

# Anglo Pacific Group PLC Announces Q4 2018 and Year End 2018 Trading Update

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LONDON, January 21, 2019 - [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 October 2018 to 18 January 2019, which includes certain information for the year ended 31 December 2018. This update is ahead of the release of the full year results on 27 March 2019. Unless otherwise stated, all unaudited financial information is for the quarter or year ended 31 December 2018.

## Highlights

- Record year of portfolio income in 2018 of £48-50m, a ~15% increase on the £42.4m equivalent in 2017.
- Portfolio income is made up of £45-47m from royalties with the balance of ~£3.0m being the proceeds from the Denison financing arrangement (2017: £37.4m and £5.0m respectively).
- Q4 2018 is the third highest quarter of revenue from Kestrel of £9-10m (A\$18-19m), and the highest single quarter since Q2 2010.
- Record year of revenue from Maracás Menchen of £5-6m, a ~180% increase on the £2.0m received in 2017, driven by strong vanadium prices and now representing the Group's second largest royalty.
- Strong contribution from the Group's recent [Labrador Iron Ore Royalty Corp.](#) ("LIORC") investment of £1.9m, mainly earned in the second half of the year - LIORC's Q4 2018 dividend implies an annualised yield of ~10%.
- Net debt of £3.1m at 31 December 2018 (2017: net cash of £8.1m) following ~£38m of acquisitions and £13.1m of dividend payments during 2018.
- Borrowings expected to be repaid in full at the start of February 2019 after receipt of Q4 2018 royalty income, leaving up to a potential \$90m available for growth through the Company's credit facility.
- Total dividend for 2018 will not be less than 7p, of which 4.875p has already been paid or declared (2017: 7p).

## Potential for further volume growth at Kestrel 44 2077974400

- Preliminary information received from the operator, EMR Capital and Adaro Energy suggests that there could be a material uplift in production in 2019, comfortably in advance of 10% above the current broker consensus of 5.15mt.
- Anglo Pacific is currently working with the operator to validate these preliminary numbers with a view to obtaining further information in relation to the mine plan going forward, and will update the market once we are in a position to do so.

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

"2018 has seen yet another record year of income for Anglo Pacific. Including the cash received from the Denison financing arrangement, total income for the year is expected to be £48-£50m, well in advance of the £42.4m generated in 2017. We end the year in a very positive position, with the expectation of returning to a net cash position at the end of January 2019 and up to \$90m of liquidity available in order to finance acquisitions. With the cost of capital in the mining sector increasing over the past six months, we are now seeing more investment opportunities to deploy capital and add to the £38m of acquisitions we made in 2018.

The commodities from which our revenue is derived enjoyed a very strong year. Both coking and thermal coal remained at levels far in excess of most commentators' expectations at the beginning of the year. Vanadium was the stand out performer in the period, which led to the income generated from our Maracás Menchen royalty increasing by ~180%, to become our second largest source of income.

Should the suggested significant increase in Kestrel volumes eventuate, Anglo Pacific would, subject to commodity pricing, see a noticeable uplift in revenue. In such circumstances this should have positive implications for the level of dividends in 2019.

With further growth to come from our existing portfolio, the focus for the year ahead is now firmly on recycling this revenue into additional royalties.

*This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (as amended)*

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AboutAnglo 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

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#### 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.

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