

Anglo Pacific Group PLC announces Holding in Labrador Iron Ore Royalty increased

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Shareholding in [Labrador Iron Ore Royalty Corp.](#) increased to 5.88%

LONDON, September 16, 2019 - Anglo Pacific Group PLC ("Anglo Pacific", the "Company" the "Group") (LSE:APF, TSX:APY) is pleased to announce that it has increased its total investment in [Labrador Iron Ore Royalty Corp.](#) ("LIORC") by a further ~US\$7.1 million (C\$9.8 million, ~£5.8 million) since the announcement of the Group's 2019 interim results on 22 August 2019. To date in 2019 the Company has invested a total of ~US\$20.0 million (C\$26.7 million, ~£15.8 million) in LIORC.

The Group has acquired a further ~1 million shares since the beginning of 2019, and when added to our investment during 2018 results in a 5.88% interest in LIORC at a total cost of ~US\$70.0 million (C\$92.8 million, ~£54.7 million). At the close of trading on Friday 13 September the Group's investment in LIORC had a market value of ~US\$76.3 million (C\$101.9 million, ~£60.3 million)

LIORC has a policy of paying quarterly dividends and on 12 September 2019 announced cash dividends for the third quarter of 2019 of C\$1.00 per common share, comprised of a regular dividend of C\$0.25 and a special dividend of C\$0.75. Anglo Pacific's total investment will qualify for this dividend which will be additive to the Company's third quarter income. Since the initial acquisition in August 2018 the Group has received dividends of C\$8.9 million (£5.2 million) from LIORC.

LIORC is listed on the Toronto stock exchange (TSX:LIF) and has a market capitalisation of approximately C\$1.7 billion and is essentially a pass through vehicle of the income it derives from the Labrador Iron Ore mine in Canada operated by Rio Tinto.

Anglo Pacific continues to view this investment as an attractive addition to its portfolio, with revenue from LIORC continuing to outperform the Company's expectations. LIORC provides exposure to the premium end of the iron ore concentrate and high margin pellet markets, on terms which are immediately accretive. LIORC mainly receives revenue from its 7% GRR over the Labrador Iron Ore mine. It also receives dividends from its minority equity interest in the mine.

The additional investment was funded with cash on-hand and a partial draw down on the Company's revolving credit facility and follows the 1.525% Net Smelter Return royalty acquisition over all copper produced at the Mantos Blancos copper mine announced at the end of last month. The Group retains access to ~US\$35 million under its current revolving credit facility.

Commenting on the investment, Julian Treger, Chief Executive Officer of Anglo Pacific Group, said:

"The global sell off in the equity markets at the beginning of Q3 2019 provided an attractive entry point for Anglo Pacific to opportunistically add to its LIORC position as we considered that the underlying fundamentals of the royalty and iron ore product fitted within our return requirements at such price levels. In this respect, we have made what we believe to be conservative assumptions about the iron ore and pellet prices going forward. The acquisition is immediately cash generative and will be accretive to our earnings in FY 2019 and beyond.

We will continue to opportunistically add to our position depending on the share price and our own liquidity, in the meantime we will allocate our cash towards shareholder returns, repaying our borrowings and making other royalty acquisitions to continue the considerable progress we have made in diversifying our sources of income."

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About the Company

[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 and streams 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 projects. It is a continuing policy of the Company to pay a substantial portion of these royalty and stream revenues 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.

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