

# Anglo Pacific Group PLC announces US\$20m financing for a calcium carbonate project

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US\$20 million financing agreement in relation to a calcium carbonate project

LONDON, March 2, 2020 - [Anglo Pacific Group PLC](#) ("Anglo Pacific", the "Company", the "Group") (LSE: APF, TSX: APY) is pleased to announce that, together with Orion Mineral Royalty Fund LP - Series 1 and Orion Mineral Royalty Fund LP - Overflow Series 1 (collectively "Orion"), it has entered into a financing agreement with Incoa Performance Minerals LLC and certain of its affiliates ("Incoa") (the "Financing") which will fund the construction of Incoa's calcium carbonate mine and associated infrastructure in the Dominican Republic as well as a processing facility located in Mobile, Alabama, in the United States of America. Incoa will produce high quality ground calcium carbonate to be marketed principally to the domestic US calcium carbonate market. High quality ground calcium carbonate is used as a functional filler agent in a variety of end-products, including sealants and caulks, adhesives, rubber and as an active ingredient in food and pharmaceutical products which primarily serve to supplement dietary calcium consumption products.

The Financing is structured into two tranches, with Tranche 1 proceeds financing the project through construction and into production. Orion will fund Tranche 1 in full, and Tranche 1 funding is expected to close in Q1 2020.

Anglo Pacific's US\$20 million Tranche 2 commitment (the "Anglo Pacific Tranche 2 Commitment") follows construction completion when the operation is in production and generating cash flow, and will provide Incoa with additional capital to bring its ground calcium carbonate products to market. The Anglo Pacific Tranche 2 Commitment is subject to a number of conditions, including Incoa's successful construction and operation of the project. The Anglo Pacific Tranche 2 Commitment is expected to be funded in 2021. Under the terms of the Financing, Anglo Pacific is entitled to receive quarterly payments of approximately 1.23% of Incoa gross revenue following funding of the Anglo Pacific Tranche 2 Commitment.

Anglo Pacific's participation provides the Company with its first exposure to industrial mineral products and fits into its strategy of investing in high quality products with reduced environmental footprints.

Transaction highlights:

- Further diversified commodity exposure
- o Portfolio further diversified to include industrial minerals
- o Exposure to a broad range of high-volume products
  - Producing royalty at the time of funding
- o Anglo Pacific investment to occur after construction is complete and the operation is in production
- o Expected to immediately contribute to portfolio cashflow at the time of funding and subsequently ramp-up
  - Long mine life with upside potential
- o 30+ year Reserve based mine life with potential Resource conversion supporting additional 100+ year life of mine extension

- Attractive cost profile
- o The deposit's high purity and Incoa's processing design are expected to drive an attractive cost profile
  - High quality products with a reduced environmental footprint
- o Incoa committed to ESG best practice and to adopt IFC Performance Standards for its non-US operations
- o Mining operations not expected to require blasting, hydro metallurgical treatment, onsite beneficiation and tailings storage or to generate significant volumes of waste products
  - Experienced management team backed by high quality sponsor
- o Management team has a proven track record and includes prior experience at blue-chip industrial mineral producers
- o Backed by US-based Peterson Partners, a private equity and venture capital sponsor with a 15-year track record of partnering with entrepreneurs in over 200 companies

Commenting on the investment, Julian Treger, CEO and Executive Director of Anglo Pacific Group, said:

"We are delighted to announce the opportunity to invest US\$20 million into the Incoa calcium carbonate project, allowing us to expand our portfolio further to include industrial minerals. The transaction is structured such that funds are only invested when the operation is in production and generating cashflow.

The Incoa project meets many of the Group's investment criteria, especially in relation to ESG, product quality, long mine life, attractive cost profile and, by the time the funds are invested, the project will be generating cashflow. This will further diversify our portfolio and will continue our trajectory of reduced exposure to coal.

The US\$20 million Anglo Pacific Tranche 2 Commitment provides the Group with a proportionate portfolio exposure to the Dominican Republic, an established mining jurisdiction with a number of companies operating high-value assets, the most prominent of which is Barrick Gold's Pueblo Viejo project which constitutes the largest gold mining project in Latin America.

We are also delighted to continue partnering with Orion following the previously completed Mantos acquisition."

The Incoa project

Incoa's calcium carbonate deposit is located in the Dominican Republic and has a 30-year Reserve based mine life with potential Resource conversion supporting a further 100+ year life of mine extension at planned production levels. Incoa will construct and operate a calcium carbonate facility located in Mobile, USA.

After funding the Anglo Pacific Tranche 2 Commitment, the Company anticipates receiving average annual cashflow of approximately US\$1.75 - 2.0 million over the first 10 years, and approximately US\$2.75 - 3.0 million per annum longer term over the life of the project (in real terms).

Transaction structure

The Financing is structured into two tranches. Tranche 1 is to be funded by Orion in its entirety at transaction close which is expected to occur in Q1 2020. The proceeds of Tranche 1 will be used to fund project construction and to build a sales function in the US. The Anglo Pacific Tranche 2 Commitment is contingent

upon Incoa satisfying a number of conditions, including the successful construction and operation of the project. Anglo Pacific has committed to a US\$20 million participation in Tranche 2, which the Company expects to fund in 2021.

Under the terms of the Financing, Anglo Pacific is entitled to receive quarterly payments of approximately 1.23% of Incoa gross revenue following funding of the Anglo Pacific Tranche 2 Commitment.

The transaction will be accounted for as an IFRS 9 financial asset with income and valuation movements being recognised in the income statement. Similar to other royalties classified as financial assets, the Company will include the revenue within its calculation of adjusted earnings.

#### Environmental, social and governance factors

The transaction fits within the Company's strategy of investing in assets with lower environmental footprints. Incoa's mining operations are not expected to require blasting, hydro metallurgical treatment, onsite beneficiation and tailings storage or generate significant volumes of waste products.

Anglo Pacific has carried out thorough due diligence in accordance with the Company's environmental, social and governance ("ESG") policy and Incoa's approach towards achieving best ESG practices, which includes compliance with the IFC Performance Standards at its non-US operations to manage environmental and social risks is in line with Anglo Pacific's policy and procedural requirements. Anglo Pacific will continue to monitor and engage with Incoa to encourage the maintenance of such standards through its audit and information rights available under the terms of the Financing.

#### Calcium carbonate

Ground calcium carbonate is a widely used industrial mineral. Particle size, colour and chemical purity define the quality of the ground calcium carbonate and the suitability of use for a wide variety of applications. Incoa will produce high quality ground calcium carbonate products suitable for use in a variety of end-markets. High quality ground calcium carbonate is used as a functional filler agent in various end-products, including sealants and caulks, adhesives, rubber and as an active ingredient in food and pharmaceutical products which primarily serve to supplement dietary calcium consumption amongst other end-products.

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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 on projects that are currently cashflow 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 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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