

# Anglo Pacific Group PLC Announces US\$2M Share Subscription into Brazilian Nickel

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## Anglo Pacific Group PLC US\$2 million share subscription into Brazilian Nickel to accelerate development of Piauí Nickel Project

LONDON, December 29, 2020 -[Anglo Pacific Group PLC](#) ("Anglo Pacific" or the "Company") (LSE:APF)(TSX:APY), is pleased to announce that it is acquiring an approximately 2.1%<sup>[1]</sup> equity stake in Brazilian Nickel Limited ("BRN") at an investment cost of US\$2 million (approximately £1.5 million). Each BRN share is valued at £0.45.

The investment is part of a wider US\$27.5 million funding led by TechMet Limited ("TechMet"), with funds they have received as part of a significant equity investment from the U.S. International Development Finance Corporation ("DFC"), as part of the anticipated acceleration of the development of Brazilian Nickel's Piauí Project (the "Project").

### Highlights

- The investment underlines Anglo Pacific's confidence in the growth potential of the Project, over which the Company has a 1.25% gross revenue royalty ("GRR") with the option to acquire an incremental 3.0% GRR for US\$70 million (total royalty entitlement of 4.25%) (the "Upsize Option") at the time of PNP24k Project construction decision.
- The involvement of a highly regarded investor such as TechMet (with the backing of the DFC), is a very positive signal of the technical viability of the Project and a recognition of the robustness of Anglo Pacific's original royalty investment thesis.
- BRN will accelerate the Project's development by directing substantially all of the proceeds to completing a definitive feasibility study for the full scale Piauí Project as well as expanding its demonstration plant to provide early small scale production from the PNP1000 project.
- Under Anglo Pacific's existing 1.25% GRR, the investment which cost US\$2 million in 2017 is expected to contribute US\$4.3 million per annum once fully ramped up, and US\$67.2 million over the life of mine assuming a long term nickel price of 17,848 per tonne.
- If the Company decides to exercise its Upsize Option, the royalty on the Project is expected to initially contribute US\$14.5 million per annum once fully ramped up, and US\$228.0 million over the life of mine assuming a long term nickel price of 17,848 per tonne.
- The investment is part of the Company's continuing strategy to invest in commodities which form part of new technologies which contribute to reducing the world's carbon footprint and supporting a more sustainable world.

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

"We are very pleased to invest a further ~US\$2 million into BRN which will help to accelerate the Piauí Project which, if the Company decides to exercise its option to increase the GRR to 4.25%, has the potential to generate US\$14.5 million per annum<sup>[2]</sup> of GRR once fully ramped up in the middle of the decade, providing meaningful income to the portfolio as we continue on the path of portfolio diversification. The involvement of TechMet, in whom the US Government recently became a significant shareholder, is a very positive signal of the technical viability of the Project and a recognition of the robustness of Anglo Pacific's original royalty investment thesis.

This share subscription is part of our continuing strategy of investing in commodities that support a more sustainable world and which form part of new technologies which contribute to reducing the world's carbon footprint including vehicle electrification. BRN's anticipated nickel and cobalt products are aligned with this strategy as the Project is expected to produce high purity nickel and cobalt hydroxide intermediates which can be used in lithium ion batteries as well as traditional nickel end user markets."

### Further Details

Nickel prices have rebounded strongly since March, rising ~53% and second only to copper in performance

amongst the base metals. The recovery trend has been fuelled by strong investor buying focused on the medium-term EV-related demand story and the predicted role of nickel in the transition towards renewable energy resources. The valuation of £0.45 per share was agreed between the Company, TechMet and BRN earlier this year, prior to the recent strong rise in the nickel price.

TechMet is a private investment firm focussed on building, controlling or taking significant minority positions in projects across the technology metal supply chain including nickel, cobalt, lithium, rare earths and other strategic metals. TechMet's largest shareholder is the DFC, a development agency of the United States federal government, which was established in 2019 through the passage of the BUILD<sup>[3]</sup> Act, combining the capabilities of OPIC<sup>[4]</sup> and USAID's Development Credit Authority. The DFC is focussed on investing alongside private sector companies in sectors including critical infrastructure and technology.

The US\$25 million TechMet investment will be funded in three tranches with the first tranche of US\$13 million closing simultaneously with Anglo Pacific's US\$2 million investment<sup>[5]</sup>. A further US\$7 million and US\$5 million is payable by TechMet upon completion of certain conditions precedent including the execution of a debt financing facility for the PNP1000 Project. The second and third tranches are expected to be funded during the first half of 2021.

BRN is required to deploy the funds from TechMet and Anglo Pacific investment on the development of a Definitive Feasibility Study ("DFS") on the "PNP24k Project"<sup>[6]</sup>, Certain early works towards the construction of the "PNP1000"<sup>[7]</sup>, and for general corporate working capital purposes.

For more information on Anglo Pacific's initial investment in the Piauí Project, please refer to the announcement of 14 September 2017:  
[www.anglopacifigroup.com/acquisition-of-a-royalty-on-the-piaui-nickel-cobalt-project](http://www.anglopacifigroup.com/acquisition-of-a-royalty-on-the-piaui-nickel-cobalt-project).

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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 become a leading natural resources company through investing in high quality projects in preferred jurisdictions with trusted counterparties, underpinned by strong ESG principles. 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 readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and of presenting information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes 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 acquiring new royalties and 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; the 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, streams and investments by the owners or operators of such properties in a manner consistent with past practice; no material adverse impact on the underlying operations of the Group's portfolio of royalties, streams and investments from a global pandemic; 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 or operators of such underlying properties; the 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, streams and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant 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 and investments, and could cause actual results to differ materially from those suggested by any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, royalty, stream and 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, streams and investments; royalties, streams 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 noted in the section herein entitled 'Risk' 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.

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[1] Total Anglo Pacific equity stake including a previous convertible loan note transaction with BRN is expected to amount to 2.47%. Expected shareholding is expressed on a fully diluted basis following funding of all three tranches by TechMet

[2] Based on Consensus Economics October 2020 Ni and Co forecasts

[3] BUILD - Better Utilization of Investments Leading to Development;

[4] OPIC - Overseas Private Investment Corporation

[5] An additional US\$500,000 will be funded by a third-party investor simultaneously with Anglo Pacific's US\$2 million investment

[6] The PNP24k is a nickel ("Ni") and cobalt ("Co") processing plant at the Project with a nameplate production capacity of 24,000 tonnes per annum of contained Ni

[7] The PNP1000 is a Ni and Co pilot plant at the Project with a nameplate production capacity of 1,000 tonnes per annum of contained Ni

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