

Anglo Pacific Group PLC Announces Q4 21 Trading Update

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\$38.1m portfolio contribution in final quarter, a new record

LONDON, January 27, 2022 - [Anglo Pacific Group PLC](#) ("Anglo Pacific", the "Company" or the "Group") (LSE:APF)(TSX:APY), issues the following trading update for the period 1 October 2021 to 27 January 2022, which includes certain information for the year ended 31 December 2021. The Company expects to release its full year results on 30 March 2022. Unless otherwise stated, all unaudited financial information is for the quarter or year ended 31 December 2021.

Buoyed by continued strength in coking coal and cobalt prices, both trading at recent historical highs, the Company's portfolio generated \$38.1m in the fourth quarter alone, bringing the total contribution for the year to \$85.6m. This represents both a record individual quarter and a record year for the Group and will result in a significant acceleration of the Group's deleveraging and provides enhanced financing flexibility for further acquisitions.

Importantly, both coking coal and cobalt prices have remained at recent record levels thus far in 2022 and so the outlook for short-term earnings looks encouraging. The royalty model provides exposure to this commodity price upside while offering greater protection against operating cost increases and capex over-runs being seen across the mining sector as a result of the current inflationary pressures.

Portfolio contribution - Unaudited*	Q4 2021		Q3 2021		2021		2020
	\$m	QoQ%	\$m	\$m	YoY%	\$m	
Kestrel	26.00	122%	11.70	48.06	107%	23.25	
Voisey's Bay	6.59	(3%)	6.81	16.52	-	-	
Narrabri	1.74	234%	0.52	3.45	(12%)	3.91	
Mantos Blancos	1.35	(14%)	1.57	5.67	55%	3.66	
Maracás Menchen	0.87	(3%)	0.90	3.20	357%	0.70	
Four Mile	0.06	(40%)	0.10	0.27	(53%)	0.58	
Royalty and stream income	36.61	69%	21.60	77.17	140%	32.10	
Dividends - LIORC & Flowstream	0.94	(48%)	1.80	5.61	(39%)	9.23	
Interest - McClean Lake	0.60	(2%)	0.61	2.43	7%	2.28	
Royalty and stream related revenue	38.15	59%	24.01	85.21	95%	43.61	
EVBC**	0.78	5%	0.74	3.11	5%	2.97	
Principal repayment - McClean Lake	0.75	47%	0.51	1.26	42%	0.89	
Less:							

Metal streams cost of sales	(1.60)	(3%)	(1.65)	(4.01)	-
Total portfolio contribution	38.08	61%	23.61	85.57	80% 47.47

* The portfolio contribution above is unaudited and based on narrow midpoint range, therefore, the actual number reported in the forthcoming annual report may be slightly higher or lower.

** Following the application of IFRS 9, the royalties received from EVBC are reflected in the fair value movement of the underlying royalty rather than recorded as royalty income.

Highlights:

- \$38.1m of portfolio contribution in Q4 21, a second consecutive quarterly record - 61% more than the previous record of \$23.6m in Q3 21 and more than double the \$15.0m in Q4 20
- Total portfolio contribution for FY 21 increased to around \$85.6m, an 80% uplift on FY 20
- Cobalt prices currently 70% higher than at the time of the Voisey's Bay acquisition
- Sales volumes at Kestrel were down ~6% in Q4 21, which should benefit revenue in H1 22 at higher prices as these deferred volumes are recovered
- Voisey's Bay generated a net contribution of \$12.5m during nine months of post-acquisition ownership, with a further \$1.6m generated from two lots shipped in December 2021 and delivered in January 2022
- Cobalt prices in H2 21 trigger, subject to threshold production volumes being achieved, contingent consideration of up to \$1.5m being payable at 31 December 2021, the payment of which is self-funded through the higher stream income
- Current coking coal and cobalt prices of \$400/t and \$34/lb respectively, are higher than the prices achieved during the record Q4 21
- Leverage ratio expected to decrease significantly, comfortably under 1.5x at 31 December 2021
- The Nomination Committee and Board are in the advanced stages of finalising the CEO succession, with an announcement expected to be made shortly

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

"I am delighted to report yet another quarterly record, a quarter which truly highlights the potential of our portfolio, our significant exposure to top performing commodities and the successful execution of our strategy. The contribution from the fourth quarter alone was 80% of that generated for the full year 2020.

These record results are largely attributable to a prolonged increase in coking coal and cobalt prices. It is worth remembering that at this time last year the coking coal price was just above \$100/t and the cobalt price below \$20/lb.

The coking coal price has now been well in advance of \$350/t over the past three months and is just over \$400/t today in a market that is noticeably more stable than this time last year when the impact on the seaborne market of the Chinese import ban and the disruption to key import markets in Asia due to Covid was still being worked through.

In addition, infrastructure disruption in Africa has resulted in shortages of cobalt to the market at a time when demand from both traditional end markets and, more importantly, from battery manufacturers has increased. This has seen the cobalt price rally significantly since the beginning of December to \$34/lb today, which is 70% higher than at the time of the Voisey's Bay acquisition, and the short-term outlook remains positive.

Sales volumes from Kestrel were lower than expected during 2021. This shortfall is expected to be recovered during the first half of 2022 and delays the period in which mining moves away from our private royalty land by a further quarter. With stronger coking coal prices at the beginning of this year compared to last, this bodes well for earnings in 2022.

The impact of this record level of quarterly contribution will allow very meaningful deleveraging during the first quarter of 2022 and provide us with greater access to liquidity from which to continue to add growth opportunities to what we believe is the highest quality portfolio of future facing base metal royalty and

streaming assets in the market.

Finally, as this is my valedictory trading update, I would like to express my thanks to all our stakeholders for supporting the strategic pivot of the business from our coal legacy towards those 21st century commodities that will support a more sustainable world. I am proud of what has been achieved over the past eight years and the Company is in safe hands with a very talented and experienced management team capable of taking the business to the next level."

For further information:

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Notes to Editors

About Anglo Pacific

[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. This announcement contains information and statements relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.

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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