

August 26, 2015

Anglo Pacific Group PLC
Interim results for the six months ended June 30, 2015

Anglo Pacific Group PLC ('Anglo Pacific', the 'Company', the 'Group') (LSE: APF) (TSX: APY) is pleased to announce interim results for the six months ended June 30, 2015 which are available on both the Group's website at www.anglopacifcgroup.com and on SEDAR at www.SEDAR.com.

Headlines:

- Interim dividend of 4.00p (2014 interim dividend: 4.45p), consistent with previously announced dividend policy of 8.00p per annum
- Total royalty income of £3.8m for the period, a 48% increase on the same period in 2014 (£2.6m)
 - Further increases anticipated in H2 2015 and already ahead of 2014 full year royalty income of £3.5m
 - Includes first royalty receipts from Narrabri and Maracás (£1.8m and £0.4m respectively)
- Operating profit doubled in the period to £0.6m (June 30, 2014: £0.3m)
- Loss after tax of £8.8m resulting in a basic loss per share of 5.81p (June 30, 2014: loss after tax of £23.0m and basic loss per share 20.84p respectively) mainly due to non-cash valuation and impairment provisions
- Adjusted profit after tax of £1.2m resulting in adjusted earnings per share of 0.77p (June 30, 2014: loss £0.8m and adjusted loss per share 0.77p respectively) - see note 5 for further details
- Net assets at June 30, 2015 of £171.0m resulting in net assets per share of 101p (December 31, 2014: £161.3m and 138p respectively)
- Cash of £4.0m, net cash of £1.2m (December 31, 2014: £8.8m cash with no borrowings) in addition to \$25.5m (£16.2m) undrawn, and available, revolving credit facility
- Acquisition of the Narrabri royalty for £43.0m before costs along with successful, oversubscribed equity issue
- Narrabri exceeding production estimates in the first six months with full year ROM production guidance of 7.7mtpa of coal versus 6.5mtpa estimated at the time of acquisition

Julian Treger, Chief Executive Officer, commented:

"The first six months of 2015 have been encouraging. Income has increased significantly and royalty income in the first half of the year is now ahead of what we received for the whole of 2014. This increase is largely driven by new sources of income from Narrabri and Maracás, which further demonstrates the progress we are making on executing our strategy of adding to, and diversifying, our royalty income.

The outlook for the remainder of 2015 is equally encouraging, with Narrabri running significantly ahead of our production estimates at the time of acquisition and the latest Kestrel forecasts from Rio Tinto continuing to suggest 70-75% of production within our lands in H2 15. Both outcomes should allow us to report much higher royalty income for 2015 as a whole, despite the fall in commodity prices experienced in the year to date."

Analyst presentation webcast and conference call:

There will be a webcast and conference call for analysts at 09:30 (BST) on August 26, 2015. The call will be hosted by Julian Treger (CEO) and Kevin Flynn (CFO) and accessed via the following dial in details: +44 20 3059 8125 and by quoting 'Anglo Pacific Interim Results' to gain access to the conference call.

The webcast can be accessed at anglopacifcgroup.com and a replay will also be available on the website shortly afterwards.

For further information:

Anglo Pacific Group PLC	+44 (0) 20 3435 7400
Julian Treger - Chief Executive Officer	
Kevin Flynn - Chief Financial Officer and Company Secretary	

Website:	www.anglopacifcgroup.com
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BMO Capital Markets Limited	+44 (0) 20 7664 8020
Jeffrey Couch/Neil Haycock/Tom Rider	

Macquarie Capital (Europe) Limited	+44 (0) 20 3037 2000
Raj Khatri/Nicholas Harland/Ariel Tepperman	

Peel Hunt LLP	+44 (0) 20 7418 8900
Matthew Armit/ Ross Allister	

Bell Pottinger	+44 (0) 20 3772 2500
Nick Lambert/Lorna Cobbett	

Notes to editors:

About Anglo Pacific

Anglo Pacific is a global natural resources royalty company. The Company's strategy is to create a leading international diversified royalty company with a portfolio centred on base metals and bulk materials, focusing on accelerating income growth through acquiring royalties on projects that are currently cash flow generating or are expected to be so within the next 24 months. The policy of the Company is to pay a substantial portion of these royalties to shareholders as dividends.

Royalties explained

A royalty is an entitlement to an agreed percentage of a project's sales revenue, without any liability for production costs or capital expenditure. This is the key benefit of owning a royalty.

Most of Anglo Pacific's royalties endure for the life of the resource and are paid on a regular basis. Historically there have been different terms for royalties including Gross Revenue or Net Smelter Return ("GRR" or "NSR") royalties, which are both based on the sales value of the actual mineral. Our model is based around GRR or NSR royalties as we believe they provide the best and clearest returns.

Acquiring existing royalties

In this case we buy existing royalty agreements, such as those owned by exploration companies who may have retained a residual royalty in a mine they helped

discover. Royalty companies rarely sell their royalties, once acquired.

Creating new royalties

Our new royalty agreements tend to come from providing financing for mining operations, usually to help progress a mine into production.

Business review

We are pleased to report that with these results we believe that Anglo Pacific, with its lower risk royalty model, has turned the corner. With a focus on top line revenue and two world class producing royalties in the Kestrel Coal Mine ("Kestrel") and the Narrabri North Mine ("Narrabri"), the Group has seen an increase in royalty revenue, despite a noticeable decline in commodity prices, in the first half of 2015, whilst keeping costs under control. This suggests that 2014 should be the low point for Anglo Pacific's royalty income and we expect to see it increasing as Kestrel, in line with our previous guidance, moves largely into our private royalty lands.

Despite the continued decline in commodity prices, Anglo Pacific has started 2015 strongly. We announced the completion of our largest ever royalty acquisition, Narrabri, in March 2015 from which we were entitled to royalty income from January 1, 2015. We remain convinced that good quality, cleaner coal such as that at Narrabri and Kestrel will remain an important component of the global energy mix going forward. We are of the view that lower polluting coal should, over the longer term, attract a greater premium to high ash content coal which is more detrimental to air quality, particularly in China.

We are very pleased with the performance of the Narrabri royalty in the first six months, which was well ahead of our production estimates made at the time of the acquisition. Whitehaven has announced its guidance for ROM coal production for the next fiscal year, to 30 June 2016, at the Narrabri mine to be 6.6 Mt to 6.8 Mt, slightly ahead of our investment assumptions but slightly lower than the current ROM of 7.7 Mt as two long wall change outs are scheduled to occur in their next fiscal year due to accelerated levels of production in 2015.

In addition, the information we are receiving from Rio Tinto regarding production forecasts at Kestrel suggests that 50-55% of total production in 2015 will be within our private royalty lands, most of which will accrue in the second half of the year. We expect this to increase in 2016 and our previous guidance of 60-65% of production within the Group's royalty land remains unchanged, rising to 90% in 2017. This upward trend should drive revenue growth over the coming years.

In the first half of 2015, this progress, together with contributions from our royalties over the Maracás Menchen Vanadium Mine ("Maracás") and EVBC, translated to overall royalty income of £3.8m, compared with £2.6m for the same period in 2014. Although the 2015 number includes the full six months of income from Narrabri, income in the first half of 2015 is also significantly ahead of H2 2014 on a comparable basis. Although commodity price declines have impacted on current year revenue, we now expect to report a significant increase in royalty income for 2015 compared to £3.5m reported for 2014 as a whole.

As part of the Narrabri acquisition we put in place a \$30m (£19.2m) revolving credit facility ("RCF"), largely for working capital purposes. At June 30, 2015 we had drawn \$4.5m (£2.9m) of this, with a further \$10.6m (£6.8m) drawn down to date in Q3 2015. The Group has unrestricted access to the remaining undrawn amount of this facility. We continue to hold a small portfolio of equity investments which provide additional liquidity, as required. The largest single holding within this portfolio is Berkeley Energy Limited ("Berkeley"), whose Salamanca project we own a royalty over, and who have made considerable progress in the first half of this year.

As announced in December 2014, we remain committed to our policy of paying a significant portion of our royalty income to shareholders as dividends. Subject to achieving our anticipated level of adjusted earnings, we intend to pay at least an 8p annual dividend until such time as the equivalent of a minimum of 65% of adjusted earnings is higher than this figure, at which point we will start to progressively increase the dividend again. We recognise the importance of the dividend to our shareholders and, with interest rates and yields on government bonds at historically low levels, we believe that our yield should be attractive to investors both with and without a mining focus.

During the first half of the year, we were pleased to welcome Patrick Meier to the Board. As ex-head of European Investment Banking at Royal Bank of Canada, Patrick brings with him a wealth of experience and contacts in the City and the mining world generally. He is already making a valuable contribution to our company. We also wanted to thank Mark Potter, previously CIO, for his efforts in helping turn around the fortunes of our company and to wish him luck in his new ventures.

As announced separately today, and following discussions with the UKLA during our recent fund raise, Anglo Pacific is proposing to transition from a premium listing to a standard listing, a process expected to complete in October 2015, subject to shareholder approval at an EGM. The new listing will allow us to streamline fundraising and acquisition processes which will in turn help us take advantage of the value opportunity presented by current market conditions, whilst choosing to retain high levels of disclosure and corporate governance which a premium listing requires.

Investment Review

Producing royalties

Kestrel, Queensland Australia - Coking Coal

Royalty income at Kestrel was £0.6m lower at £1.0m in the six months to June 30, 2015 (2014: £1.6m), reflecting lower average prices realised. As expected, royalty income from Kestrel increased compared to H2 2014 as Rio Tinto Limited ("Rio Tinto") mined substantially more tonnes from within our royalty lands during this time period. The fall in commodity price has diluted some of this benefit, although we expect to report an overall increase in royalty income for 2015 as a whole.

On July 16, 2015 Rio Tinto announced its Second Quarter Operations Review which reported strong coal production figures from Kestrel following a longwall change out during Q4 2014. Production totalled 2.252 Mt of coal (1.956 Mt of hard coking coal and 0.296 Mt of thermal coal) in H1 2015 compared to 1.59 Mt (1.393 Mt of hard coking coal and 0.197 Mt of thermal coal) for the corresponding period in 2014, an increase of 42%.

Anglo Pacific is increasingly confident in the production forecasts provided by Rio Tinto and therefore reiterates its expectations, based on Rio Tinto guidance, that production within the Company's royalty lands from the Kestrel Mine will be in the range of, or slightly above 70% to 75% for H2 2015, despite a scheduled longwall change out during the second half. This would bring the overall level of production within our land in 2015 to 50-55%. We expect this to increase to 60-65% in 2016, as per our previous guidance, and to over 90% by 2017.

The fair value of the Group's Kestrel royalty decreased by £17.1m, before tax, to £100.0m as at June 30, 2015, from £117.1m as at December 31, 2014. This decrease is largely attributable to downward movements in the forward coking and thermal coal prices from those at December and the further strengthening of the pound against the Australian dollar.

For further information please see www.riotinto.com.

Narrabri North, New South Wales, Australia - Thermal and PCI Coal

Anglo Pacific acquired the Narrabri royalty in March 2015 for a total consideration of US\$65m (\$43.0m) of which US\$60m (£39.7m) was payable in cash and US\$5m (£3.3m) in Anglo Pacific shares. Although the acquisition completed in March 2015, the Group was entitled to royalty income from January 1, 2015.

Royalty income in the first six months of 2015 from the Group's royalty on Narrabri was £1.8m. Run of Mine ("ROM") coal production during the period was 4.9 Mt (2014: 2.4 Mt), and saleable coal production was 4.1 Mt (2014: 2.3 Mt). Sales of produced coal totalled 3.9 Mt (2014: 2.3 Mt). During the period, Narrabri outperformed Whitehaven Coal Limited's ("Whitehaven") production guidance and set a new half year production record.

Whitehaven has announced its ROM production guidance for Narrabri for fiscal year ("FY") 2016 of between 6.6 Mt and 6.8 Mt. Whitehaven anticipates two full longwall change outs in FY2016 with a target period of five weeks for each change out as a result of accelerated production in 2015. Whitehaven also announced in its Full Year Results for FY2015 that it will widen the longwall face at Narrabri to 400m panels in H2 FY2017 in a move expected to increase production and reduce operating costs at the mine. This is a good example of the upside potential we look for when evaluating royalty opportunities as this acceleration of production increases the value of the royalty although, as discussed in the finance review, does not result in any valuation credit on the balance sheet.

For further information, please see <http://www.whitehavencoal.com.au>.

Maracás Menchen, Brazil - Vanadium

Royalty income in the first six months of 2015 from the Group's royalty on Maracás was £0.4m. Maracás continued its production ramp up during the period. On June 8, 2015, Largo Resources Limited ("Largo") announced that it achieved record monthly overall production of approximately 487 tonnes during the month of May 2015, the highest level since production commenced in August, 2014. During the same month Largo also achieved a record single day production of 23 tonnes, representing approximately 87% of the processing plant's design capacity. Once fully ramped up, Maracás is forecast to produce approximately 11,400t of V₂O₅ equivalent annually over a 29 year mine life.

On June 15, 2015 Largo announced that it had received final approval from the Brazilian Development Bank ("BNDES") for the restructuring of its main construction debt facility and its export credit facilities. The material terms of the restructuring package included an additional one-year grace period on the amortization schedule for the BNDES facility, a two-year extension of the maturity date for the export facilities and a three-year extension of the maturity date for the US dollar component of the BNDES facility with no change in the maturity of the R\$ component. Additionally, Largo successfully closed a CDN\$75.2m equity offering on May 28, 2015. The proceeds of these funds will be used for, among other things, working capital and optimisation projects on the processing plant.

For further information please see www.largoresources.com.

El Valle-Boinás/Carlés, Spain - Gold/Copper/Silver

During the six months to June 30, 2015, the Group received royalty receipts of £0.6m (2014: £0.8m) from the El Valle-Boinás/Carlés Mine ("EVBC"). During the first six months of 2015, EVBC produced 26,371 ounces of gold, 2.91 million pounds of copper and 82,227 ounces of silver compared with 33,529 ounces of gold, 3.05 million pounds of copper and 84,293 ounces of silver during the same period in 2014. The decrease in metal production was generally impacted by a decrease in average processed grade and tonnes milled, as well as power and maintenance issues, and dewatering issues experienced as a result of unusually heavy rains in Spain.

In February 2015, Orvana placed the Carlés Mine under care and maintenance, but is planning to ramp up production at the higher grade Boinás Mine by the equivalent amount as previously produced from Carlés.

For further information please see www.orvana.com.

Four Mile, South Australia - Uranium

The Four Mile Uranium Mine ("Four Mile") continues to produce uranium ore concentrate ("UOC"), although output continues to be stockpiled. On July 30, 2015 Alliance Resources Ltd ("Alliance") announced its Quarterly Activity Report for the period ending June 30, 2015, which stated total estimated UOC production since commencement of mining in April 2014 to June 30, 2015, of 2.44 Mlbs at an estimated cash operating cost of AUD\$30.27 per pound produced.

On July 13, 2015, Alliance announced that it had accepted a revised offer from Quasar Resources Pty Ltd, the registered holder of 75% of Four Mile and manager of the project, to purchase all of Alliance's interest in Four Mile for a total consideration of AUD\$73.975m. The sale is subject to shareholder approval, the consent of the South Australian Mines Minister, and the Commonwealth Treasurer having no objection to the acquisition. The board of Alliance has unanimously recommended that shareholders approve the sale.

For further information please see www.allianceresources.com.au.

Development royalties*Salamanca, Spain - Uranium*

Following the announcement in November 2014 of a substantial increase in resources at its Zona 7 deposit within the Salamanca Project in central Spain, Berkeley Energy Limited's ("Berkeley") has been progressing a Scoping Study designed to determine the optimum integration of Zona 7 with the development of the Retortillo and Alameda deposits. The results of the Scoping Study will be incorporated into the Salamanca Project Definitive Feasibility Study.

On July 20, 2015, Berkeley announced that it has been issued a favourable report by the Spanish Nuclear Safety Council for the grant of the Initial Authorisation of the proposed process plant at the Salamanca Project. The report is an official recognition of the purpose and selected location of the process plant, and represents a significant permitting milestone for Berkeley.

For further information on the project please see www.berkeleyresources.com.

Ring of Fire, Canada - Chromite

On March 23, 2015 Cliffs Natural Resources Inc. ("Cliffs") announced its intention to sell its Ring of Fire chromite assets in Northern Ontario, Canada, to Noront Resources Ltd. ("Noront"). These assets include a 100% interest in the Black Thor chromite deposit; a 100% interest in the Black Label chromite deposit; and, a 70% interest in the Big Daddy chromite deposit over all of which the Company has a 1% life of mine NSR royalty. The transaction closed on the April 28, 2015 for a final selling price of \$27.5m in cash.

Noront is currently reviewing the technical documentation for these assets with a goal of producing a strategic plan and a comprehensive preliminary economic analysis (PEA) for development options for the projects.

For further information on the project please see www.norontresources.com.

Non-current receivables*Dugbe 1, Liberia - Gold*

Hummingbird Resources PLC ("Hummingbird") continues to progress its Dugbe 1 Gold Project in Liberia during 2015. In April, Hummingbird announced that it had signed a collaboration agreement to explore the feasibility of a 20 to 30 MW hydro-electric power plant in southeast Liberia, in an area approximately 10 km from the Dugbe 1 Project. The study is due to be completed in April 2016. If developed, the hydro-electric plant has the potential to reduce the operating costs of the Dugbe 1 Project.

In July 2015, Hummingbird announced that it had signed a 25 year Mineral Development Agreement ("MDA") with the Government of Liberia for the Dugbe Shear Zone which contains the Dugbe 1 Project, and is expected to be signed by the President of Liberia shortly. Thereafter the MDA will be sent for ratification by the National Legislature of the Republic of Liberia following which the MDA will be passed into law. Upon the full execution of the MDA, the Group's loan agreement with Hummingbird falls away and will be replaced by a 2% Net Smelter Royalty over the area of interest.

For further information please see www.hummingbirdresources.co.uk.

Equity investment

As of June 30, 2015 Anglo Pacific had equity investments valued at approximately £8.1m (December 31, 2014: £9.9m). The Group took advantage of an opportunity to dispose of its investment in Royalco Resources Ltd in February 2015, as the prospect of entering into royalty transactions seemed limited. Of the remaining equity investments, the majority relate to the Group's significant shareholding in Berkeley Energy Ltd, which management expect could outperform over the medium term. In the meantime, this represents an additional potential source of liquidity for the Group. The other noteworthy equity investment is that relating to our co-investment agreement with Flowstream Commodities Ltd. It is expected that less significant holdings will be disposed of as and when market conditions allow.

Finance review

Royalty Income	H1 2015		H1 2014		FY 2014	
	AUD \$'000	GBP £'000	AUD \$'000	GBP £'000	AUD \$'000	GBP £'000
Royalty related income						
Kestrel	2,000	1,027	2,844	1,558	3,030	1,657
EVBC		627		791		1,650
Amapá		-		232		174
Royalty income (like for like)		1,654		2,581		3,481

Narrabri	3,503	1,799	-	-
Maracás		375	-	-
Royalty income		3,828	2,581	3,481

Royalty income, on a like for like basis, was £1.7m in the period, down from £2.6m in the first half of 2014, largely as a result of commodity price falls in the current year, but £1.1m ahead of the £0.9m earned in the second half of 2014 when there was virtually no production within the Group's lands at Kestrel. When combined with income from the Group's two recent acquisitions, Narrabri and Maracás, overall royalty income for the period was £3.8m. This is already ahead of that received in 2014 as a whole, a year which should represent the low point for the Group's royalty income both historically and going forward. With strong production at Narrabri and promising production forecasts from Rio Tinto at Kestrel, the Group is well placed to report a significant increase in royalty income for 2015, although somewhat diluted by the impact of lower commodity prices being experienced in 2015.

The Group's amortisation cost increased significantly in the first six months due to the commencement of amortisation of the Narrabri, Maracás and Four Mile royalties now that they are in full production. As the Amapá royalty has yet to recommence production following the destruction of the shipping facilities at the Santana port in March 2013, amortisation of this royalty has been suspended until such time as production resumes.

Operating profit, which represents royalty income less amortization and operating expenses (and is stated before impairments, revaluations and gains and losses on disposals) was £0.6m for the first six months of 2015 compared to £0.3m for the same period in 2014 and an operating loss of £2.8m for 2014 as a whole.

The items beneath the operating line continue to be dominated by the non-cash Kestrel valuation and impairment charges relating to the Group's royalty assets. Kestrel, representing an interest in investment property, is carried at fair value at each reporting date with the valuation movement recognised in the income statement. The decrease of £9.1m in the period mainly relates to the downward revision to premium hard coking coal prices and reserve depletion estimates. A further translation loss of £8.0m is reflected in reserves, as described below.

During the period, the Group recognised further impairment provisions on its Amapá (£1.2m) and Ring of Fire (£1.6m) royalties. This is based on the risk adjusted net present value of the future projected cash flows being exceeded by the preceding carrying value. The provision at Amapá is mainly driven by the fall in iron ore price throughout 2015, along with revisions to the expected restart date once the port shipping facilities are re-established. The provision at Ring of Fire mainly relates to a possible delay to our previously expected start date following the acquisition of the project by Noront Resources Ltd in the first half of the year from the previous owner, Cliffs Resources Ltd. The start date will most likely be impacted, amongst other things, by the large capex requirement to build the necessary infrastructure along with disputes between local stakeholders. Although the time to production is less certain than Amapá, which is effectively the restarting of production, the Group is encouraged that the Ring of Fire project is now in the hands of a stakeholder with considerable local interest and presence. For these reasons, the Board consider that these royalties still have value and continue to reflect this on the balance sheet.

The deferred tax credit in the first six months of 2015 is due to the downward revaluation of the Kestrel royalty. A similar credit was recognised in the first six months of 2014 but was more than offset by the release of certain deferred tax assets for which recoverability was no longer certain.

Allowing for current tax and smaller income and expenditure items, the overall loss for the first six months was £8.8m compared to a loss of £23.0m for the same period in 2014.

	£'000	Pence per share
January 1, 2015	161,250	138p
Adjusted profit after tax	1,174	
Kestrel		
- Translation	(8,010)	
- Valuation decrease (price, depletion & FX)	(9,074)	
- Deferred tax	5,538	
Narrabri acquisition (equity funded), including capitalised costs	44,971	
Amapá and Ring of Fire impairment charges	(2,786)	
Amortisation	(1,344)	
Loss on disposal of equities	(507)	
Dividend	(11,874)	
Foreign exchange and other	(8,385)	
June 30, 2015	170,953	101p

The Group's net assets increased in the period as a result of the equity funded Narrabri royalty acquisition, offset somewhat by commodity price and exchange movements. Net assets per share decreased to reflect the greater number of shares now in issue.

The Kestrel valuation resulted in a net decrease of £11.5m in the period, due to assumptions regarding price and reserve depletion along with the impact of translating the asset into pounds from the weakening Australian dollar. Foreign exchange has adversely impacted the balance sheet in the period, as a substantial portion of the Group's assets are denominated in Australian dollars, which depreciated by over 8% in the period and has continued to weaken post June 30. Encouragingly, the Group reported an adjusted profit for the period reflecting higher overall royalty income.

Although net assets per share decreased due to the issuance of new equity associated with the Narrabri acquisition in March 2015, it should be noted that this does not reflect the true value to the Group of the acquisition. The Group's royalties which are accounted for as intangible assets are carried on the balance sheet at amortised cost, regardless of any potential future value increases such as additional resource or, in the case of Narrabri, higher production than factored into the price at the time of the acquisition. Although the Group must recognise any adverse impact on value via an impairment charge, there are certain royalties within the portfolio where the underlying value is greater than the carrying value i.e. amortised cost. Any increase in commodity price will increase further the future expected cash flows from these royalties and will represent an additional source of value to the Group. Although each has challenges to overcome in order to come into production, this is often an overlooked source of value when looking at the balance sheet net asset per share metric in isolation.

As part of the Narrabri acquisition, the Group obtained a \$30m (£19.0m) three year secured revolving credit facility. The purpose of this facility was largely to fund working capital requirements until such time that royalty revenue increased as mining moved largely back into the Group's private royalty lands at Kestrel from 2017 onwards. At the balance sheet date, \$4.5m (£2.9m) had been drawn under the facility, with a further \$10.6m (£6.8m) drawn down so far in Q3 2015. The remaining undrawn amount of ~\$15m (£9.5m) is fully available and, fully drawn, the facility would represent an approximate Loan to Value ratio of 9%.

Principal risks and uncertainties

Through its royalty ownership, Anglo Pacific is exposed to a number of risks and uncertainties which may have a financial impact on the Group, and which may also have an impact on the achievement of its strategic objectives.

The principal risks and uncertainties facing the Group at the year-end were set out in detail in the Strategic Report section of the Annual Report 2014 (pages 12 to 13), and have not changed significantly since. Key headline risks relate to the following:

- Commodity prices
- Dependence on operators
- Achieving investment projections
- Financial covenants associated with secured debt
- Liquidity risk
- Credit risk
- Foreign exchange risk
- Interest rate risk
- Other pricing risk

The Group is exposed to changes in the economic environment, as with any other business. Details of any key risks and uncertainties specific to the period are covered in the business and investment review sections.

The Annual Report 2014 is available on the Group's website www.anglopacifigroup.com

Dividend

The Board has declared an interim dividend for 2015 of 4.00p per share, maintaining the 2014 final dividend per share. The dividend will be paid on February 4, 2016 to shareholders on the register at the close of business on November 27, 2015. The shares will be quoted ex-dividend in London on November 26, 2015 and in Canada on November 25, 2015.

A payment of £5.1m, equivalent to 4.45p per share, is included in the cash flow statement to June 30, 2015, representing the 2014 interim dividend recognised and paid in February 2015. This, together with the 4.00p per share 2014 final dividend approved at the AGM in April and paid in August 2015, means total dividend payments in relation to 2014 were 8.45p per share. As previously communicated, it is the Group's intention, subject to maintaining an expected level of adjusted earnings, to maintain bi-annual payments of 4.00p per share until such time that the equivalent of 65% of adjusted earnings per share is higher, at which point the dividend will increase.

Outlook

We expect 2015 to show significant growth in royalty income for Anglo Pacific. The latest forecasts which we have received from Rio Tinto confirm that our previous guidance of 70-75% of production at Kestrel should be within the Group's private royalty land. This should result in income from Kestrel for 2015 being significantly higher than in 2014 when only £0.1m of income was earned in H2 2014. Our income will also benefit from the current production levels being achieved at Narrabri, which are running ahead of our estimates when we acquired the royalty. Although commodity prices have fallen during 2015, we still expect to report higher royalty income compared to 2014, a year which we believe will be our lowest year of royalty income.

Our progress in 2015 is encouraging when considered against the wider mining industry which continues to see large scale impairment charges and margin erosion following the decline in commodity prices to date in 2015. This prolonged period of commodity price decline is now starting to weigh on the balance sheets of larger operators whose ability to access the capital markets, whilst still available, has the potential to impact shareholders through dilution or financing ability through potential credit rating downgrades. This presents real opportunities for Anglo Pacific to acquire royalties over high quality, low cost, long life assets with significant commodity price upside whilst offering our mining partners a source of valuable finance to assist them in managing financial covenants and credit ratings.

Whilst remaining cautiously optimistic, we believe we have turned a corner and, in an environment of depressed commodity prices, are well positioned to target world class royalties which will be earnings accretive and allow our dividend to grow.

Responsibility statement

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last Annual Report.

The Directors are listed in the Annual Report of December 31, 2014 and a list of the current Directors is maintained on the Anglo Pacific website: www.anglopacifigroup.com. The maintenance and integrity of this website is the responsibility of the Directors.

On behalf of the Board

J.A. Treger
Chief Executive Officer
August 25, 2015

Anglo Pacific Group PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Notes	Six months ended	
		June 30, 2015	June 30, 2014
		£'000	£'000
Royalty related income	15	3,828	2,581
Amortisation of royalties	9	(1,344)	(380)
Operating expenses		<u>(1,837)</u>	<u>(1,928)</u>
Operating profit before impairments, revaluations and gain/(losses) on disposal		647	273
Finance income	2	149	183
Finance costs	3	193	(1,151)
Other income	4	155	1,017
(Loss)/Gain on sale of mining and exploration interests	10	(507)	2,073
Impairment of mining and exploration interests	10	(128)	(759)
Impairment of royalty intangibles	9	(2,786)	(4,500)
Revaluation of coal royalties (Kestrel)	7	<u>(9,074)</u>	<u>(18,055)</u>
Loss before tax		(11,351)	(20,919)
Current income tax charge		(806)	(838)

Deferred income tax credit/(charge)	12	<u>3,333</u>	<u>(1,291)</u>
Loss attributable to equity holders		<u>(8,824)</u>	<u>(23,048)</u>
Total and continuing earnings per share			
Basic and diluted earnings per share	5	(5.81p)	(20.84p)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Notes	June 30, 2015 £'000	June 30, 2014 £'000
Loss attributable to equity holders		(8,824)	(23,048)
Items that will not be reclassified to profit or loss		-	-
Items that have been or may be subsequently reclassified to profit or loss			
Available-for-sale investments			
Revaluation of available-for-sale investments		(933)	(4,534)
Reclassification to income statement on disposal of available-for-sale investments		507	(563)
Reclassification to income statement on impairment		128	759
Deferred tax relating to items that will be reclassified	12	136	583
Net exchange (loss)/gain on translation of foreign operations		<u>(10,421)</u>	<u>3,600</u>
Other comprehensive loss for the period, net of tax		<u>(10,583)</u>	<u>(155)</u>
Total comprehensive loss for the period		<u>(19,407)</u>	<u>(23,203)</u>

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CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) AS AT JUNE 30, 2015

	Notes	June 30, 2015 £'000	June 30, 2014 £'000	December 31, 2014 £'000
Non-current assets				
Property, plant and equipment		131	1,945	153
Coal royalties (Kestrel)	7	100,013	116,702	117,097
Royalty financial instruments	8	7,356	24,643	8,142
Royalty and exploration intangible assets	9	73,727	46,088	37,110
Mining and exploration interests	10	8,149	14,877	9,896
Deferred costs		-	-	1,462
Other receivables		9,543	11,874	9,657
Deferred tax	12	<u>2,377</u>	<u>3,084</u>	<u>2,307</u>
		<u>201,296</u>	<u>219,213</u>	<u>185,824</u>
Current assets				
Trade and other receivables		6,604	1,699	5,272
Cash and cash equivalents		<u>4,023</u>	<u>14,413</u>	<u>8,769</u>
		<u>10,627</u>	<u>16,112</u>	<u>14,041</u>
Total assets		<u>211,923</u>	<u>235,325</u>	<u>199,865</u>
Non-current liabilities				
Borrowings	11	2,625	-	-
Other payables		115	-	83
Deferred tax	12	<u>29,255</u>	<u>35,116</u>	<u>34,908</u>
		<u>31,995</u>	<u>35,116</u>	<u>34,991</u>
Current liabilities				
Income tax liabilities		662	794	687
Trade and other payables		<u>8,313</u>	<u>7,467</u>	<u>2,937</u>
		<u>8,975</u>	<u>8,261</u>	<u>3,624</u>
Total liabilities		<u>40,970</u>	<u>43,377</u>	<u>38,615</u>
Net assets		<u>170,953</u>	<u>191,948</u>	<u>161,250</u>
Capital and reserves attributable to shareholders				
Share capital	13	3,399	2,329	2,329
Share premium	13	49,211	29,328	29,328
Other reserves		25,095	21,989	15,832

Retained earnings	14	93,248	138,302	113,761
Total equity		170,953	191,948	161,250
Total equity and liabilities		211,923	235,325	199,865

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2014

	Share capital £'000	Share premium £'000	Other reserves							Retained earnings £'000	Total equity £'000
			Merger reserve £'000	Warrant reserve £'000	Investment revaluation reserve £'000	Share based payment reserve £'000	Foreign currency translation reserve £'000	Special reserve £'000	Investment in own shares £'000		
Balance at January 1, 2014	2,218	29,328	-	-	5,570	158	8,750	632	(2,601)	172,796	216,851
Loss for the year	-	-	-	-	-	-	-	-	-	(23,048)	(23,048)
Other comprehensive income:											
Available-for-sale investments											
Valuation movement taken to equity	-	-	-	-	(4,534)	-	545	-	-	-	(3,989)
Transferred to income statement on disposal	-	-	-	-	(563)	-	-	-	-	-	(563)
Transferred to income statement on impairment	-	-	-	-	759	-	-	-	-	-	759
Deferred tax	-	-	-	-	583	-	14	-	-	-	597
Foreign currency translation	-	-	-	-	-	-	3,041	-	-	-	3,041
Total comprehensive expense	-	-	-	-	(3,755)	-	3,600	-	-	(23,048)	(23,203)
Dividends	-	-	-	-	-	-	-	-	-	(11,535)	(11,535)
Issue of ordinary shares and warrants	111	-	9,479	143	-	-	-	-	-	-	9,733
Value of employee services	-	-	-	-	-	13	-	-	-	89	102
Total transactions with owners of the company	111	-	9,479	143	-	13	-	-	-	(11,446)	(1,700)
Balance at June 30, 2014	2,329	29,328	9,479	143	1,815	171	12,350	632	(2,601)	138,302	191,948

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Share capital £'000	Share premium £'000	Other reserves							Retained earnings £'000	Total equity £'000
			Merger reserve £'000	Warrant reserve £'000	Investment revaluation reserve £'000	Share based payment reserve £'000	Foreign currency translation reserve £'000	Special reserve £'000	Investment in own shares £'000		
Balance at June 30, 2014	2,329	29,328	9,479	143	1,815	171	12,350	632	(2,601)	138,302	191,948
Loss for the period	-	-	-	-	-	-	-	-	-	(24,541)	(24,541)
Other comprehensive income:											
Available-for-sale investments											
Valuation movement taken to equity	-	-	-	-	(4,106)	-	(243)	-	-	-	(4,349)
Transferred to income statement on disposal	-	-	-	-	(787)	-	-	-	-	-	(787)
Transferred to income statement on impairment	-	-	-	-	4,114	-	-	-	-	-	4,114
Deferred tax	-	-	-	-	451	-	(33)	-	-	-	418
Foreign currency translation	-	-	-	-	-	-	(6,034)	-	-	-	(6,034)
Total comprehensive expense	-	-	-	-	(328)	-	(6,310)	-	-	(24,541)	(31,179)
Issue of ordinary shares	-	-	(26)	-	-	-	-	-	-	-	(26)
Value of employee services	-	-	-	-	-	507	-	-	-	-	507
Total transactions with owners of the company	-	-	(26)	-	-	507	-	-	-	-	481
Balance at December 31, 2014	2,329	29,328	9,453	143	1,487	678	6,040	632	(2,601)	113,761	161,250

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Other reserves										
	Share capital	Share premium	Merger reserve	Warrant reserve	Investment revaluation reserve	Share based payment reserve	Foreign currency			Retained earnings	Total equity
							translation reserve	Special reserve	Investment in own shares		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at January 1, 2015	2,329	29,328	9,453	143	1,487	678	6,040	632	(2,601)	113,761	161,250
Loss for the year	-	-	-	-	-	-	-	-	-	(8,824)	(8,824)
Other comprehensive income:											
Available-for-sale investments											
Valuation movement taken to equity	-	-	-	-	(933)	-	3	-	-	-	(930)
Transferred to income statement on disposal	-	-	-	-	507	-	-	-	-	-	507
Transferred to income statement on impairment	-	-	-	-	128	-	-	-	-	-	128
Deferred tax	-	-	-	-	136	-	1	-	-	-	137
Foreign currency translation	-	-	-	-	-	-	(10,425)	-	-	-	(10,425)
Total comprehensive expense	-	-	-	-	(162)	-	(10,421)	-	-	(8,824)	(19,407)
Dividends	-	-	-	-	-	-	-	-	-	(11,901)	(11,901)
Issue of ordinary shares	1,070	19,883	19,681	-	-	-	-	-	-	-	40,634
Value of employee services	-	-	-	-	-	165	-	-	-	212	377
Total transactions with owners of the company	1,070	19,883	19,681	-	-	165	-	-	-	(11,689)	29,110
Balance at June 30, 2015	3,399	49,211	29,134	143	1,325	843	(4,381)	632	(2,601)	93,248	170,953

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Notes	June 30, 2015 £'000	June 30, 2014 £'000
Cash flows from operating activities			
Loss before taxation		(11,351)	(20,919)
<i>Adjustments for:</i>			
Interest received		(149)	(69)
Shares in-lieu of interest on mining and exploration interests		-	(330)
Depreciation of property, plant and equipment		19	8
Amortisation of intangibles - royalties	9	1,344	380
Loss/(Gain) on disposal of mining and exploration interests	10	507	(2,073)
Impairment of royalty intangible	9	2,786	4,500
Impairment of mining and exploration interests	10	128	759
Revaluation of coal royalties	7	9,074	18,055
Share-based payment		378	102
		<u>2,736</u>	<u>413</u>
(Increase)/Decrease in trade and other receivables		(1,332)	534
(Decrease)/Increase in trade and other payables		<u>(605)</u>	<u>63</u>
Cash generated from operations		799	1,010
Income taxes paid		<u>(857)</u>	<u>(305)</u>
Net cash (used in)/generated from operating activities		<u>(58)</u>	<u>705</u>
Cash flows from investing activities			
Proceeds from disposal of mining and exploration interests	10	1,722	7,047
Purchases of mining and exploration interests	10	-	(391)
Purchases of royalty interests	9	(41,587)	(13,094)
Exploration and evaluation expenditure		-	(57)
Interest received		149	69
Net cash used in from investing activities		<u>(39,716)</u>	<u>(6,426)</u>
Cash flows from financing activities			
Drawdown of revolving credit facility	11	2,863	-
Proceeds from issue of share capital - net of costs	13	37,326	9,590
Dividends paid	6	<u>(5,140)</u>	<u>(4,893)</u>
Net cash generated from financing activities		<u>35,049</u>	<u>4,697</u>
Net decrease in cash and cash equivalents		(4,725)	(1,024)
Cash and cash equivalents at beginning of period		<u>8,769</u>	<u>15,706</u>
Unrealised foreign currency gain		(21)	(269)
Cash and cash equivalents at end of period		<u>4,023</u>	<u>14,413</u>

Anglo Pacific Group PLC
Condensed Consolidated Financial Statements

NOTES TO THE ACCOUNTS

1. Basis of preparation

These condensed consolidated interim financial statements of Anglo Pacific Group PLC are for the six months ended June 30, 2015. They have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2014.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to December 31, 2014, which were prepared in accordance with IFRS, as adopted by the European Union.

This condensed consolidated financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended December 31, 2014 were approved on March 24, 2015. Those accounts, which contained an unqualified audit report under Section 495 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

1.2 Going concern

The financial position of the Group and its cash flows are set out on pages 11 to 15. As at June 30, 2015, the Group had £2.9m in borrowings (note 11) following the partial draw down on its revolving credit facility (2015: £nil) and access to a further £16.4m in undrawn funds under the same facility.

After making enquiries and reviewing the Group's forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate within the level of its current facilities for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.3 Changes in accounting policies

The accounting policies used by the Group in these condensed financial statements are consistent with those applied by the Group in its financial statements for the year ended 31 December 2014, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the period as shown below:

- Amendments to IAS19 - Employee Benefits: Defined Benefit Plans - Employee Contributions
- Annual Improvements to IFRSs 2010 - 2012 cycle
- Annual Improvements to IFRSs 2011 - 2013 cycle

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computations or presentation applied by the Group. The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

2 Finance income

	Six months ended	
	June 30, 2015	June 30, 2014
	£'000	£'000
Interest on bank deposits	10	69
Interest on royalty financial instruments	-	20
Interest on receivables	139	94
	<u>149</u>	<u>183</u>

3 Finance costs

	Six months ended	
	June 30, 2015	June 30, 2014
	£'000	£'000
Professional fees	(310)	(339)
Revolving credit facility fees	(77)	(120)
Revolving credit facility interest	(30)	-
	<u>(417)</u>	<u>(459)</u>
Net foreign exchange gain/(loss)	610	(692)
	<u>193</u>	<u>(1,151)</u>

4 Other income

	Six months ended	
	June 30, 2015	June 30, 2014
	£'000	£'000
Dividends received from mining and exploration interests	-	84
Fixed income from mining and exploration interests	-	330
Effective interest income on royalty financial instruments	105	95
Recovery of impaired royalty financial instruments	-	502
Other income	50	6
	<u>155</u>	<u>1,017</u>

5 Loss per share

Loss per ordinary share is calculated on the Group's loss after tax of £8.8m for the six months ended June 30, 2015 (June 30, 2014: loss £23.0m) and the weighted average number of shares in issue during the period of 151,868,607 (2014: 110,604,762).

	June 30, 2015	June 30, 2014
	£'000	£'000
Net profit attributable to shareholders		
Earnings - basic	(8,824)	(23,048)
Earnings - diluted	<u>(8,824)</u>	<u>(23,048)</u>

	June 30, 2015	June 30, 2014
Weighted average number of shares in issue		
Ordinary shares in issue	151,867,805	110,604,762
Employee Share Option Scheme	802	-
Diluted number of shares outstanding	151,868,607	110,604,762
Loss per share - basic and diluted	(5.81p)	(20.84p)

The weighted average number of shares in issue excludes the issue of shares under the Group's Joint Share Ownership Plan, as the Employee Benefit Trust has waived its right to receive dividends on the 925,933 ordinary 2p shares it holds as at June 30, 2015 (2014: 925,933).

As the Group is loss making in 2015 and 2014, the Employee Share Option Scheme is considered anti-dilutive because including it in the diluted number of shares outstanding would decrease the loss per share. Consequently basic and diluted loss per share is the same.

Due to the growing number of valuation and other non-cash movements being recognised in the income statement, the Group presents an adjusted earnings per share metric, which the directors consider to be a useful additional measure of the Group's performance. In calculating the adjusted earnings per share, the weighted average number of shares in issue remains consistent with those used in the earnings per share calculation.

	Earnings £'000	Earnings per share p	Diluted earnings per share p
Net profit attributable to shareholders			
Loss - basic and diluted for the six months ended June 30, 2015	(8,824)	(5.81p)	(5.81p)
Adjustment for:			
Impairment of mining and exploration interests	128		
Profit on sale of mining and exploration interests	507		
Revaluation of coal royalties (Kestrel)	9,074		
Impairment of royalty intangible assets	2,786		
Amortisation of royalty intangible assets	1,344		
Effective interest income on royalty financial instruments	(105)		
Tax effect of the adjustments above	(3,736)		
Adjusted profit - basic and diluted for the six months ended June 30, 2015	1,174	0.77p	0.77p
Net profit attributable to shareholders			
Loss - basic and diluted for the six months ended June 30, 2014	(23,048)	(20.84p)	(20.84p)
Adjustment for:			
Impairment of mining and exploration interests	759		
Profit on sale of mining and exploration interests	(2,073)		
Revaluation of coal royalties (Kestrel)	18,055		
Impairment of royalty intangible assets	4,500		
Amortisation of royalty intangible assets	380		
Effective interest income on royalty financial instruments	(95)		
Recovery of impaired royalty financial instruments	(502)		
Tax effect of the adjustments above	1,178		
Adjusted loss - basic and diluted for the six months ended June 30, 2014	(846)	(0.77p)	(0.77p)

6 Dividends

An interim dividend of 4.00p per share has been declared for the period ended June 30, 2015, and will be paid on February 4, 2016.

On August 7, 2015 a final dividend in respect of the year ended December 31, 2014 of 4.00p per share was paid to shareholders (£6.8m). As the final dividend was approved by shareholders at the AGM on April 30, 2015 it has been included as a current liability in 'Trade and other payables' as at June 30, 2015.

On February 4, 2015 an interim dividend of 4.45p per share was paid to shareholders (£5.1m) in respect of the year ended December 31, 2014.

7 Coal royalties (Kestrel)

	£'000
At January 1, 2014	131,434
Foreign currency translation	3,323
Revaluation of coal royalties (Kestrel)	(18,055)
At June 30, 2014	116,702
Foreign currency translation	(5,838)
Revaluation of coal royalties (Kestrel)	6,233
At December 31, 2014	117,097
Foreign currency translation	(8,010)
Revaluation of coal royalties (Kestrel)	(9,074)
At June 30, 2015	100,013

The coal royalty was valued during June 2015 at £100.0m (A\$205.2m) by Geos Mining, independent coal industry advisors, on a net present value of the pre-tax cash flow discounted at a rate of 7%. The net royalty income from this investment is currently taxed in Australia at a rate of 28.5%. This valuation is incorporated in the accounts and the above revaluation adjustment represents the difference between the opening carrying value and the external valuation, excluding the effects of foreign currency changes. Were the coal royalty to be carried at cost the carrying value would be £0.2 million (2014: £0.2 million).

The shares over the entity which is the beneficial owner of the Kestrel royalty have been guaranteed as security in connection with the three-year secured revolving credit facility.

8 Royalty financial instruments

	£'000
Held at fair value	
At January 1, 2014	27,847

Foreign currency translation	393
Revaluation of royalty financial instruments recognised in equity	(3,597)
At June 30, 2014	24,643
Foreign currency translation	(113)
Impairment of royalty financial instruments	(15,288)
Revaluation of royalty financial instruments recognised in equity	(1,100)
At December 31, 2014	8,142
Foreign currency translation	144
Revaluation of royalty financial instruments recognised in equity	(930)
At June 30, 2015	7,356

In the period effective interest of £0.1m (2014: £0.1m) was recognised in other income (see note 4). This was directly offset by cash received in the period of the same amount.

The Group's royalty financial instruments are represented by four royalty agreements which entitle the Group to either, the repayment of principal and a net smelter return ("NSR") royalty for the life of the mine or a gross revenue royalty ("GRR") where the project commences commercial production or the repayment of principal where it does not. Details of the Group's royalty financial instruments are summarised below:

Project	Commodity	Cost '000	Royalty Rate	Escalation	Option Price	Discount Rate	Royalty Valuation £'000
Engenho ¹	Gold	A\$4,000	2.5%	-	A\$0.35	-	-
EVBC	Gold	C\$7,500	2.5%	3% >US\$1,100/oz	C\$0.958	9%	4,811
Isua ²	Iron ore	A\$28,000	1%	-	-	10%	-
Jogjakarta	Iron sands	A\$5,000	2%	-	A\$0.10 - A\$0.50	10%	2,545
							7,356

¹ Engenho royalty instrument was fully provided for as at December 31, 2011.

² Isua royalty instrument was fully provided for as at December 31, 2014.

9 Royalty and exploration intangibles assets

Group	Exploration and Evaluation Costs £'000	Royalty Interests £'000	Total £'000
Gross carrying amount			
At January 1, 2015	697	59,705	60,402
Additions	-	44,971	44,971
Foreign currency translation	-	(3,434)	(3,434)
At June 30, 2015	697	101,242	101,939
Amortisation and impairment			
At January 1, 2015	(697)	(22,595)	(23,292)
Amortisation charge	-	(1,344)	(1,344)
Impairment charge	-	(2,786)	(2,786)
Foreign currency translation	-	(790)	(790)
At June 30, 2015	(697)	(27,515)	(28,212)
Carrying amount June 30, 2015	-	73,727	73,727

Group	Exploration and Evaluation Costs £'000	Royalty Interests £'000	Total £'000
Gross carrying amount			
At January 1, 2014	951	48,713	49,664
Additions	57	13,237	13,294
Foreign currency translation	(36)	422	386
At June 30, 2014	972	62,372	63,344
Amortisation and impairment			
At January 1, 2014	-	(12,376)	(12,376)
Amortisation charge	-	(380)	(380)
Impairment charge	-	(4,500)	(4,500)
At June 30, 2014	-	(17,256)	(17,256)
Carrying amount June 30, 2014	972	45,116	46,088

Group	Exploration and Evaluation Costs £'000	Royalty Interests £'000	Total £'000
Gross carrying amount			
At January 1, 2014	951	48,713	49,664
Additions	47	13,166	13,213
Disposals	(275)	-	(275)
Foreign currency translation	(26)	(2,174)	(2,200)
At December 31, 2014	697	59,705	60,402
Amortisation and impairment			
At January 1, 2014	-	(12,376)	(12,376)
Amortisation charge	-	(759)	(759)
Impairment charge	(697)	(9,336)	(10,033)
Foreign currency translation	-	(124)	(124)
At December 31, 2014	(697)	(22,595)	(23,292)
Carrying amount December 31, 2014	-	37,110	37,110

Exploration and evaluation costs

The exploration and evaluation costs comprise expenditure that is directly attributable to the Trefi and Panorama coal projects in British Columbia, Canada. The Group disposed of its interest in the Panorama coal project and fully impaired its interests in the Trefi coal project during 2014.

Royalty interests

On March 11, 2015, the Group completed its acquisition of the Narrabri royalty for US\$65.0m (£43.3m). The Narrabri royalty is a 1% gross revenue royalty over all coal produced from the Narrabri mine located in New South Wales, Australia, owned and operated by Whitehaven Coal Limited. Of the total consideration of US\$65.0m, US\$60.0m (£40.0m) was paid in cash and US\$5.0m (£3.3m) was satisfied by the issue of 4,135,238 ordinary shares (note 13).

Under the terms of the royalty sale agreement, the Group was entitled to royalty receipts from January 1, 2015 and has recognised royalty income of £1.8m for the six months ended June 30, 2015. In accordance with Group's amortisation accounting policy, the Narrabri royalty has been amortised from January 1, 2015 resulting in an

amortisation charge of £1.0m for the six months ended June 30, 2015.

The Group recognised maiden royalty receipts from its Maracás royalty of £0.4m for the six months ended June 30, 2015. The Maracás royalty is a 2% net smelter return royalty interest on all mineral products sold from the area of the Maracás Project that the Group acquired on June 10, 2014. The Group commenced amortising the Maracás royalty following its entry into commercial production and recognised an amortisation charge of £0.2m for the six months ended June 30, 2015.

As noted in the Group's investment review, the Four Mile Uranium Mine, over which the Group holds a 1% net smelter return royalty, continues to produce and stockpile uranium ore concentrate. The Group considers the production and stockpiling of the concentrate to constitute commercial production and commenced amortising the Four Mile royalty from January 1, 2015, recognising an amortisation charge of £0.1m for the six months ended June 30, 2015.

Amortisation of the remaining interests will commence once they begin commercial production.

All intangible assets are assessed for indicators of impairment at each reporting date. In light of the ongoing delays in recommending production, together with further declines in the underlying iron ore price, the Group recognised an impairment charge of £1.2m in relation to its Amapá royalty during the six months ended June 30, 2015. The Group also recognised an impairment charge of £1.6m in relation to its Ring of Fire royalty during the six months ended June 30, 2015, due to revised assumptions surrounding the anticipated date of the mine entering commercial production.

No intangible assets have been pledged as security for liabilities.

10 Mining and exploration interests

	£'000
Fair value	
At January 1, 2014	20,072
Additions	391
Disposals	(5,131)
Revaluation adjustment	(607)
Foreign currency translation	152
At June 30, 2014	14,877
Additions	770
Disposals	(3,066)
Revaluation adjustment	(2,555)
Foreign currency translation	(130)
At December 31, 2014	9,896
Disposals	(2,229)
Revaluation adjustment	(3)
Foreign currency translation	485
At June 30, 2015	8,149

The fair values of listed securities are based on quoted market prices. Unquoted investments and royalty options are initially recognised using cost where fair value cannot be reliably determined. In the absence of an active market for these securities, the Group considers each unquoted security to ensure there has been no material change in the fair value since initial recognition.

An impairment charge (representing the recognition of losses previously deferred to equity) is recognised in the income statement when the absolute decline in value below costs of any individual investment is considered 'significant' or 'prolonged' in accordance with the Group's impairment policy. Following continued declines in mining equity markets, the Group recognised an impairment charge of £0.1m for the six months ended June 30, 2015 (six months ended June 30, 2014: £0.8m).

For the six months ended June 30, 2015, the Group realised £1.7m in cash (six months ended June 30, 2014: £7.0m) through the disposal of a number of its mining and exploration interest which management no longer considered royalty opportunities to exist. These disposals resulted in a loss £0.5m for the six months ended June 30, 2015 (six months ended June 30, 2014: gain £2.1m).

Total mining and exploration interests are represented by:

	June 30, 2015 £'000	June 30, 2014 £'000	December 31, 2014 £'000
Quoted investments	6,517	14,415	8,820
Unquoted investments	1,632	304	1,076
Royalty Options	-	158	-
	<u>8,149</u>	<u>14,877</u>	<u>9,896</u>

11 Borrowings

	June 30, 2015 £'000	June 30, 2014 £'000	December 31, 2014 £'000
Non-current			
Interest bearing liabilities	2,863	-	-
Deferred borrowing costs	(238)	-	-
	<u>2,625</u>	<u>-</u>	<u>-</u>

Non-current interest bearing liabilities relates to the partial draw-down of the Group's revolving credit facility. Deferred borrowing costs relate to the establishment fees associated with the facility and will be amortised over its term. As at June 30, 2015, the Group had utilised US\$4.5m (£2.9m) of the US\$30.0m (£19.1m) available under the facility.

The Group's revolving credit facility is secured by way of a floating charge over the Group's assets and is subject to a number of financial covenants.

The Group's net cash position after offsetting interest bearing liabilities against cash and cash equivalents is as follows:

	June 30, 2015 £'000	June 30, 2014 £'000	December 31, 2014 £'000
Interest bearing liabilities	(2,863)	-	-
Cash and cash equivalents	<u>4,023</u>	<u>14,413</u>	<u>8,769</u>
Net cash and cash equivalents	<u>1,160</u>	<u>14,413</u>	<u>8,769</u>

12 Deferred tax

The following are the major deferred tax liabilities/(assets) recognised by the Group and the movements thereon during the period:

	Coal royalties (Kestrel) Revaluation of coal royalty (Kestrel)	Effects of tax losses	Available-for-sale-investments Revaluation of royalty financial instruments	Revaluation of mining interests	Impairment of intangible royalty assets	Accrual of royalty receivable	Other tax losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At January 1, 2014								

	38,463	(516)	3,116	(9,099)	(2,330)	731	-	30,365
Charge/(Credit) to profit or loss	(5,730)	(287)	-	7,679	691	(745)	(65)	1,543
Reclassification from current to deferred tax asset	-	-	-	-	-	-	(650)	(650)
Charge/(Credit) to other comprehensive income	-	-	(1,397)	725	-	-	-	(672)
Exchange differences	1,760	(12)	-	(36)	-	14	2	1,728
Effect of change in tax rate:								
Equity	-	-	(281)	(1)	-	-	-	(282)
At June 30, 2014	34,493	(815)	1,438	(732)	(1,639)	-	(713)	32,032
Charge/(Credit) to profit or loss	1,872	(173)	-	3	1,639	31	(1,111)	2,261
Charge/(Credit) to other comprehensive income	-	-	(232)	152	-	-	-	(80)
Exchange differences	(1,750)	45	-	55	-	(1)	39	(1,612)
Effect of change in tax rate:								
Equity	-	-	-	-	-	-	-	-
At December 31, 2014	34,615	(943)	1,206	(522)	-	30	(1,785)	32,601

	Coal royalties (Kestrel)		Available-for-sale-investments					
	Revaluation of coal royalty (Kestrel)	Effects of tax losses	Revaluation of royalty financial instruments	Revaluation of mining interests	Impairment of intangible royalty assets	Accrual of royalty receivable	Other tax losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At January 1, 2015	34,615	(943)	1,206	(522)	-	30	(1,785)	32,601
Charge/(Credit) to profit or loss	(2,757)	(490)	-	356	-	18	(460)	(3,333)
Charge/(Credit) to other comprehensive income	-	-	(186)	102	-	-	-	(84)
Exchange differences	(2,384)	93	-	(1)	-	(3)	41	(2,254)
Effect of change in tax rate:								
Equity	-	-	(57)	5	-	-	-	(52)
At June 30, 2015	29,474	(1,340)	963	(60)	-	45	(2,204)	26,878

13 Share capital, share premium and merger reserve

	Number of shares	Share capital £'000	Share premium £'000	Merger reserve £'000	Total £'000
Group and Company					
Ordinary shares of 2p each at January 1, 2014	110,887,425	2,218	29,328	-	31,546
Issue of ordinary shares	5,544,371	111	-	9,453	9,564
Ordinary shares of 2p each at June 30, 2014 and December 31, 2014	116,431,796	2,329	29,328	9,453	41,110
Issue of ordinary shares	49,375,000	987	16,658	19,681	37,326
Issue of ordinary shares on acquisitions (note 9)	4,135,238	83	3,225	-	3,308
Ordinary shares of 2p each at June 30, 2015	169,942,034	3,399	49,211	29,134	81,744

On June 2, 2014 the Group completed the placing of 5,544,371 new ordinary shares of 2 pence each at a price of 180 pence per share. The proceeds of this placing were used in the acquisition of the 2% net smelter return royalty over the Maracás Project described in note 9. As the shares were placed in return for acquiring 100% of the share capital of a related entity, the proceeds raised in excess of the nominal value issued is recorded in the merger reserve.

On February 27, 2015, the Group completed a firm placing, placing and open offer that resulted in the issue of 49,375,000 new ordinary shares of 2 pence each at a price of 80p per share, raising £39.5m, before costs. The funds raised were used to satisfy the US\$60.0m (£38.2m) cash component of the Narrabri royalty acquisition.

On March 11, 2015, the Group issued 4,135,238 new ordinary shares of 2 pence each at a price of 80p per share to satisfy the non-cash component of US\$5.0m (£3.3m) upon the completion of the Narrabri royalty acquisition. Total consideration for the Narrabri royalty acquisition was US\$65.0m (note 9).

14 Retained earnings

	£'000
Balance at January 1, 2014	172,796
Surrender of options from share-based payments	89
Dividends	(11,535)
Loss for the period	(23,048)
Balance at June 30, 2014	138,302
Loss for the period	(24,541)
Balance at December 31, 2014	113,761
Surrender of options from share-based payments	212
Dividends	(11,901)
Loss for the period	(8,824)
Balance at June 30, 2015	93,248

15 Segment information

The Group's chief operating decision maker is considered to be the Executive Committee. The Executive Committee evaluates the financial performance of the Group based on a portfolio view of its individual royalty arrangements. Royalty related income and its associated impact on operating profit is the key focus of the Executive Committee. The income from royalties is presented based on the jurisdiction in which the income is deemed to be sourced as follows:

Australia:	Kestrel, Narrabri, Four Mile, Pilbara, Mount Ida
Americas:	Maracás, Amapá and Tucano, Churchrock, Ring of Fire
Europe:	EVBC, Salamanca, Isua, Bulgiza
Other:	Jogjakarta, Dugbe I, and includes the Group's mining and exploration interests.

The following is an analysis of the Group's results by reportable segment. The key segment result presented to the Executive Committee for making strategic decision and allocation of resources is operating profit as analysed below.

The segment information provided to the Executive Committee for the reportable segments for the six months ended June 30, 2015 is as follows (noting that total segment operating profit corresponds to operating profit before impairments, revaluations and gains/losses on disposals which is reconciled to Loss before tax on the face of the consolidated income statement):

	Australia Royalty £'000	Americas Royalty £'000	Europe Royalty £'000	All other segments £'000	Total £'000
Royalty related income	2,826	375	627	-	3,828
Amortisation of royalties	(1,132)	(212)	-	-	(1,344)
Operating expenses	(917)	-	-	(920)	(1,837)
Total segment operating (loss)/profit	777	163	627	(920)	647

Total segment assets	154,566	15,061	7,348	34,948	211,923
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	44,971	-	-	-	44,971
Total segment liabilities	28,179	-	1,078	11,713	40,970

The segment information for the six months ended June 30, 2014 is as follows:

	Australia	Americas	Europe	All other	
	Royalty	Royalty	Royalty	segments	Total
	£'000	£'000	£'000	£'000	£'000
Royalty related income	1,558	232	791	-	2,581
Amortisation of royalties	-	(380)	-	-	(380)
Operating expenses	(1,434)	-	-	(494)	(1,928)
Total segment operating (loss)/profit	124	(148)	791	(494)	273
Total segment assets	132,325	32,589	25,633	44,778	235,325
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	13,237	-	57	13,294
Total segment liabilities	33,679	-	1,437	8,261	43,377

The segment information for the twelve months ended December 31, 2014 is as follows:

	Australia	Americas	Europe	All other	
	Royalty	Royalty	Royalty	segments	Total
	£'000	£'000	£'000	£'000	£'000
Royalty related income	1,657	174	1,650	-	3,481
Amortisation of royalties	-	(759)	-	-	(759)
Operating expenses	(3,269)	-	-	(2,255)	(5,524)
Total segment operating (loss)/profit	(1,612)	(585)	1,650	(2,255)	(2,802)
Total segment assets	129,666	22,711	8,091	39,397	199,865
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	13,166	-	235	13,401
Total segment liabilities	33,702	-	1,364	3,549	38,615

The amounts provided to the Executive Committee with respect to total segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Executive Committee with respect to total segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The royalty related income in Australia of £2.8m (2014: £1.6m) is derived from the Kestrel and Narrabri royalties, which generated £1.0m and £1.8m respectively for the six months ended June 30, 2015 (2014: £1.6m and £nil). Both royalties represent greater than 10% of the Group's revenue in 2014 and 2015. In addition, royalty related income in Europe of £0.6m (2014: £0.08m) is derived from a single gold, copper and silver royalty and represents greater than 10% of the Group's revenue in 2014 and 2015.

16 Financial risk management

The Group's principal treasury objective is to provide sufficient liquidity to meet operational cash flow and dividend requirements and to allow the Group to take advantage of new growth opportunities whilst maximising shareholder value. The Group's activities expose it to a variety of financial risks including liquidity risk, credit risk, foreign exchange risk and price risk. The Group operates controlled treasury policies which are monitored by management to ensure that the needs of the Group are met while minimising potential adverse effects of unpredictability of financial markets on the Group's financial performance.

Financial instruments

The Group held the following investments in financial instruments (this includes investment properties):

	June 30, 2015	June 30, 2014	December 31, 2014
	£'000	£'000	£'000
Investment property (held at fair value)			
Coal royalties (Kestrel)	100,013	116,702	117,097
Available-for-sale (held at fair value)			
Royalty financial instruments	7,356	24,643	8,142
Mining and exploration interests	8,149	14,877	9,896
Loans and receivables			
Trade and other receivables	15,159	12,065	14,153
Cash at bank and in hand	4,023	14,413	8,769
Financial liabilities			
Borrowings	2,863	-	-
Trade and other payables	1,130	481	2,466

Cash and cash equivalents comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair value.

The Directors consider that the carrying amount of trade and other receivables and trade and other payables is approximately their fair value.

Liquidity and funding risk

The objective of the Group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. At June 30, 2015 the Group had utilised US\$4.5m (2014: £nil) of its US\$30.0m revolving credit facility (note 11), the undrawn portion of the facility of US\$25.5m adds further flexibility and liquidity to the Group's cash balances.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group undertakes detailed analysis of factors which mitigate the risk of default to the Group.

Foreign exchange risk

The Group's transactional foreign exchange exposure arises from income, expenditure and purchase and sale of assets denominated in foreign currencies. As each material commitment is made, the risk in relation to currency fluctuations is assessed by the Board and regularly reviewed. The Group does not consider it necessary to have a hedging programme in place at this time.

Other price risk

The Group is exposed to other price risk in respect of its mining and exploration interests which include listed and unlisted equity securities and any convertible instruments. Interests are continually monitored for indicators that may suggest problems for these companies raising capital or continuing their day-to-day business activities to ensure remedial action can be taken if necessary. No specific hedging activities are undertaken in relation to these interests and the voting rights arising from these equity instruments are utilised in the Group's favour.

Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The following tables present the Group's assets and liabilities that are measured at fair value at June 30, 2015, June 30, 2014 and December 31, 2014:

June 30, 2015				
Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Coal royalties (Kestrel)	(a)	-	100,013	100,013
Royalty financial instruments	(b)	-	7,356	7,356
Mining and exploration interests - quoted	(c)	6,517	-	6,517
Mining and exploration interests - unquoted	(d)	-	1,632	1,632
Mining and exploration interests - royalty options	(e)	-	-	-
Net fair value		<u>6,517</u>	<u>107,369</u>	<u>115,518</u>

June 30, 2014				
Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Coal royalties (Kestrel)	(a)	-	116,702	116,702
Royalty financial instruments	(b)	-	24,643	24,643
Mining and exploration interests - quoted	(c)	14,415	-	14,415
Mining and exploration interests - unquoted	(d)	-	304	304
Mining and exploration interests - royalty options	(e)	-	158	158
Net fair value		<u>14,415</u>	<u>141,345</u>	<u>156,222</u>

December 31, 2014				
Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Coal royalties (Kestrel)	(a)	-	117,097	117,097
Royalty financial instruments	(b)	-	8,142	8,142
Mining and exploration interests - quoted	(c)	8,820	-	8,820
Mining and exploration interests - unquoted	(d)	-	1,076	1,076
Mining and exploration interests - royalty options	(e)	-	-	-
Net fair value		<u>8,820</u>	<u>125,239</u>	<u>135,135</u>

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purposes of measuring fair value of royalty financial instruments gives more prominence to the probability of production by applying a risk weighting to the discounted net present value outcome in order to fully reflect the risk that the operation never comes into production, rather than factoring this risk into the discount rate applied to the future cash flow.

(a) Coal royalties (investment property)

The Group's coal royalties derive from its ownership of certain sub-stratum land in Queensland, Australia. In accordance with IAS 40, this land is revalued at each reporting date on the basis of future expected income discounted at 7% by an independent valuation consultant. See note 7 for further details. All unobservable inputs are obtained from third parties.

The Group's independent coal industry advisor who prepares the coal royalty valuation provided an analysis of the valuation's sensitivity to fluctuations in coal prices as follows:

- a 10% reduction in the coal price would have resulted in the coal royalties being valued at A\$173.1m (£84.3m) and an additional charge to the income statement of £15.6m; and
- a 10% increase in the coal price would have resulted in the coal royalties being valued at A\$239.3m (£116.5m) and a decrease in the charge to the income statement of £16.6m.

(b) Royalty financial instruments

At the reporting date the royalty instruments are valued based on the net present value of the pre-tax cash flows discounted at a rate management considers reflects the risk associated with each of the underlying projects. The outcome is then risk weighted to reflect the likelihood of the project achieving production based on any published updates in the year. The discount rate is the only unobservable input determined by management. All other unobservable inputs are obtained from third parties.

(c) Mining and exploration interests - quoted

All the quoted mining and exploration interests have been issued by publicly traded companies in well established security markets. Fair values for these securities have been determined by reference to their quoted bid prices at the reporting date.

(d) Mining and exploration interests - unquoted

All the unquoted mining and exploration interests are initially recognised using cost as the best approximation of fair value. The Group notes any trading activity in the unquoted instruments and will value its holding accordingly. At present, the Group holds these investments with a view to generating future royalties and there is no present intention to sell. The vast majority of these are investments which the Group anticipates a realistic possibility of a future listing.

(e) Mining and exploration interests - royalty options

All the royalty options are initially recognised using cost where fair value cannot be reliably determined. The Group considers the progress of the projects related to each of the royalty options to ensure there has been no material change in the fair value since initial recognition.

Fair value measurements in Level 3

The Group's financial assets classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data.

The following table presents the changes in Level 3 instruments for the six months ended June 30, 2015.

	Royalty financial instruments	Coal royalties (Kestrel)	Total
	£'000	£'000	£'000
At January 1, 2015	8,142	117,097	125,239
Revaluation gains or losses recognised in:			
Other comprehensive income	(931)	-	(931)
Income statement	-	(9,074)	(9,074)
Foreign currency translation	145	(8,010)	(7,865)
At June 30, 2015	<u>7,356</u>	<u>100,013</u>	<u>107,369</u>

The following table presents the changes in Level 3 instruments for the six months ended June 30, 2014.

	Royalty financial instruments	Coal royalties (Kestrel)	Total
	£'000	£'000	£'000
At January 1, 2014	27,847	131,434	159,281
Revaluation gains or losses recognised in:			
Other comprehensive income	(3,597)	-	(3,597)
Income statement	-	(18,055)	(18,055)
Foreign currency translation	393	3,323	3,716
At June 30, 2014	<u>24,643</u>	<u>116,702</u>	<u>141,345</u>

The following table presents the changes in Level 3 instruments for the year ended December 31, 2014.

	Royalty financial instruments	Coal royalties (Kestrel)	Total
	£'000	£'000	£'000
At January 1, 2014	27,847	131,434	159,281
Revaluation gains or losses recognised in:			
Other comprehensive income	(4,697)	-	(4,697)
Income statement	-	(11,822)	(11,822)
Impairment of royalty instruments	(15,288)	-	(15,288)
Foreign currency translation	280	(2,515)	(2,235)
At December 31, 2014	<u>8,142</u>	<u>117,097</u>	<u>125,239</u>

There have been no transfers into or out of Level 3 in any of the years.

The Group measures its entitlement to the royalty income and any optionality embedded within the royalty instruments using discounted cash flow models. In determining the discount rate to be applied, management considers the country and sovereign risk associated with the projects, together with the time horizon to the commencement of production and the success or failure of projects of a similar nature.

17 Related party transactions

Related party transactions during the six months ended June 30, 2015 were payments of £5,590.87 to Audley Capital Advisors LLP, a company of which Mr J.A. Treger, Chief Executive Officer, is both a director and shareholder, for the reimbursement of travel related expenditure (six month ended June 30, 2014: £18,184.94). At June 30, 2015 a total of £nil was owing to Audley Capital Advisors LLP (2014: £nil).

18 Events occurring after period end

With the exception of the declaration of the 2015 interim dividend, there are no events occurring after the period end, which require disclosure.

19 Availability of financial statements

This statement will be sent to shareholders and will be available at the Group's registered office at 1 Savile Row, London, W1S 3JR.

Anglo Pacific Group PLC**INDEPENDENT REVIEW REPORT TO ANGLO PACIFIC GROUP PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended June 30, 2015 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information

Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended June 30, 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
August 25, 2015

Anglo Pacific Group PLC

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 similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Further, forward-looking statements are not guarantees of future performance and involve risks and uncertainties which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Furthermore, this announcement contains information and statements 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 material assumptions and risks relevant to the forward-looking statements in this announcement include, but are not limited to: stability of the global economy; stability of local government and legislative background; continuing of ongoing operations at the properties underlying the Group's portfolio of royalties in a manner consistent with past practice; accuracy of public statements and disclosures (including feasibility studies and 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. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. For additional information with respect to such risks and uncertainties, please refer to the "Principal Risks and Uncertainties" section of our most recent Annual Report and to the "Risk Factors" section of our most recent Annual Information Form available on www.sedar.com and the Group's website www.anglo-pacificgroup.com. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. The forward-looking statements contained in this announcement are made as of the date of this announcement only and 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 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.