

News Release

February 7, 2018

Anglo Pacific Group PLC Q4 2017 and year end 2017 Trading Update

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (as amended)

Anglo Pacific Group PLC ("Anglo Pacific", the "Company" or the "Group") (LSE: APF, TSX: APY), the London and Toronto listed royalty company, issues the following trading update for the period October 1 to February 7, 2018, which includes certain information for the year ended December 31, 2017. This update is ahead of the release of the full year results on March 28, 2018. Unless otherwise stated, all unaudited financial information is for the quarter or year ended December 31, 2017.

Highlights

- ~90% increase in royalty income year-on-year to £37.0m - £37.5m (2016: £19.7m); a record for the Company
- Cash received from Denison/McClean Lake of £4.7m - £5.0m in addition to the above royalty income (£1.8m of which relates to H2 2016)
- Royalty income for Q4 2017 in the range of £12.0m - £12.6m (Q3 2017: £8.9m, Q4 2016: £12.3m)
- 93% of Kestrel's saleable tonnes in 2017 mined from within the Group's private royalty land, a significant increase on the 67% earned in 2016
- 90%+ of Kestrel's saleable tonnes expected to be derived from Anglo Pacific's private royalty lands for the immediate future
- Royalty income from Maracás Menchen more than doubled in the year, reflecting significant production improvements and a strong vanadium price
- Higher thermal coal prices resulted in an overall increase in royalty revenue for the year from Narrabri of ~15%, despite lower sales volumes
- Cash of £8.1m at December 31, 2017 compared to net debt of £1.0m at the same time in 2016
- Expansion of the Group's borrowing facility by US\$10m to US\$40m, which is undrawn and fully available providing significant internal resources to fund future acquisitions
- Non-cash fair value reductions of up to £7.0m on royalty assets (2016: £5.0m)
- Recommended increase in the final dividend from 1.5p to 2.5p, which would result in a total dividend of 7p for 2017, a 16.67% increase on the 6p in 2016 with dividend cover for 2017 expected to be in excess of 2.0x
- 8.3% increase in quarterly dividend instalments from 1.5p to 1.625p commencing with the Q1 2018 interim dividend

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

"2017 has been a record year for Anglo Pacific with headline royalty income up ~90% to £37.0m - £37.5m. Adding the Denison financing receipts, the Group's portfolio made a total contribution of £41.7m - £42.5m.

This significant increase in royalty income is a result of a substantial rise in sale volumes coming from within the Group's private royalty land at Kestrel, combined with higher sales prices. The average price realised at Kestrel was ~40% higher in 2017 vs. the previous year which meant that the weighted average royalty rate also increased from ~8.5% to ~10.5%. The Group's other producing royalties also performed strongly during the year, with a record year of royalty income from Maracás Menchen being particularly noteworthy.

The outlook for the year ahead, assuming consistent volumes, remains positive, with 90%+ of production at Kestrel expected to come from within our lands, and with commodity prices remaining resilient. Prices for both coking and thermal coal are being buoyed by Chinese environmental restrictions on low quality coal. It has long been our view that, over time, high quality lower polluting coal would start to become more desirable. It appears that this is now happening.

On the back of this strong performance, and taking into account our view for the year ahead, we are recommending an increase in the final dividend of 1p to bring the full year dividend for 2017 to 7p from 6p. If approved by shareholders, the final will be paid on May 15, 2018. We have also decided to increase the level of our interim dividends from 1.5p to 1.625p during 2018, with any changes to the total dividend being reflected in the last quarter.

The significant increase in our revenue in 2017 directly translated to cash flow, and we ended the year with £8.1m (over US\$10m) in cash - even after paying over £15.8m in dividends and investing over £29m. With an undrawn US\$40m bank facility and a fully covered dividend, the Group has immediate access to over US\$50m for royalty acquisitions.

With a strong cash generative portfolio and no debt, we feel we are now well placed to accelerate growth through further value enhancing acquisitions, whilst continuing to reward our shareholders with an attractive dividend yield."

Dividend

The Board is proposing a final dividend for the year of 2.5p per share, which will bring the total dividend for 2017 to 7p per share compared to 6p per share for 2016. This dividend will be subject to shareholder approval at the 2018 AGM. Subject to shareholder approval, the dividend will be paid on May 15, 2018 to shareholders on the register on April 6, 2018. The shares will be quoted ex-dividend on the London Stock Exchange on April 5, 2018 and on the Toronto Stock Exchange on April 4, 2018.

The Board is also announcing an increase in the level of the quarterly interim dividend from 1.5p to 1.625p. The first such instalment will be the Q1 2018 dividend which is intended to be paid on or around August 15, 2018. The following table outlines the forthcoming dividend schedule.

	Q3 2017	Q4 2017 *	Q1 2018	Q2 2018
Amount (pence)	1.50p	2.50p	1.625p	1.625p
Payment date	15-Feb-18	15-May-18	15-Aug-18	15-Nov-18
Record date	05-Jan-18	06-Apr-18	06-Jul-18	05-Oct-18
Ex-div date (LSE)	04-Jan-18	05-Apr-18	05-Jul-18	04-Oct-18
Ex-div date (TSX)	03-Jan-18	04-Apr-18	04-Jul-18	03-Oct-18
* subject to shareholder approval at the 2018 AGM				

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.anglopacifigroup.com

BMO Capital Markets Limited

+44 (0) 20 7664 8020

Jeffrey Couch / Neil Haycock / Tom Rider

Canaccord Genuity Limited

+44 (0) 20 7523 8000

Martin Davison / James Asensio

Peel Hunt LLP

+44 (0) 20 7418 8900

Ross Allister / James Bavister / David McKeown

Redleaf Communications

+44 (0)20 3757 6880

Charlie Geller / Fiona Norman / Ian Silvera

Notes to Editors

About Anglo Pacific

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

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 on the Group's website www.anglopacifigroup.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.

This information is provided by RNS

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