

News Release

24 July 2019

Anglo Pacific Group PLC Half Year 2019 Trading Update

Anglo Pacific Group PLC (“Anglo Pacific”, the “Company” or the “Group”) (LSE: APF, TSX: APY), the London and Toronto listed royalty company, is pleased to issue the following trading update. Unless otherwise stated, all unaudited financial information is for the quarter or half year ended 30 June 2019.

This update is ahead of the release of the full Group audited half year results on 22 August 2019.

Highlights

- ~60% year on year increase in portfolio contribution for the six months ended 30 June 2019, to £33-33.5m (H1 2018: £20.8m)
- Record six months of income from Kestrel due to substantial volume increases and resilient pricing levels
- £3.2m earned from the Group’s LIORC investment due to the ongoing strength of the iron ore and iron ore pellet market, which now represents the Group’s second largest source of revenue
- Strong recovery in production at Narrabri during H1 2019, although higher than normal stock levels at the end of Q2 2019 impacted royalty receipts in the period
- Whilst production volumes were in line with H1 2018 the revenue from Maracás Menchen was impacted by the decline in vanadium prices from the record levels seen in H2 2018, although prices remain well above our price assumptions at the time of acquisition
- Borrowings repaid in full during H1 2019 with cash of £14.5m at the end of June 2019
- Including the Company’s undrawn borrowing facility, the Group has liquidity of ~£86.5m (~\$108m) available to finance its growth ambitions
- Currency had a favourable impact on the Group’s results in the period, with the GBP:USD and AUD:USD both showing favourable movements, offset slightly when translating the Group’s Australian income into British pounds at the reporting date
- Outlook for the remainder of the year remains positive, with several royalties expected to benefit from volume increases and pricing for premium bulk commodities expected to remain resilient in the short-term

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

“We are pleased to once again announce another significant increase in our income for the first half of 2019. This is largely attributable to the production increases achieved at Kestrel as the new owners move towards their target of increasing production by 40% in 2019. In addition, the prices realised for premium, lower polluting bulk commodities enjoyed another strong quarter and the outlook remains positive.

We are particularly pleased with our latest acquisition, the LIORC investment, which earned revenue of £3.2m in H1 2019 from a combination of a strong iron ore price environment, resilient 65% iron ore concentrate and iron ore pellet premiums along with the distribution of previously retained cash by the company. The total income from the LIORC investment over the past twelve months of £5.2m represents a 13% payback on our investment and a very healthy running yield.

Elsewhere in the portfolio, we were pleased to see Whitehaven Coal report a strong half year in terms of production at Narrabri. Volumes were in line with 2018 levels at Maracás, and although the vanadium price fell from record highs seen in H2 2018 to more normal levels during H1 2019, the prices are well above our assumptions at the time of acquisition.

We continue to see strong demand for our royalty and streaming financial products and are working hard towards making further additions to our portfolio. Capital remains scarce for mining operators which is presenting new opportunities for the Group. With over \$100m of liquidity available, we are well placed to finance further acquisitions.”

For further information:

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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 statements in this announcement, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which include the phrase 'forward-looking information' within the meaning of Canadian securities legislation) are provided for the purposes of assisting the reader in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes than outlined in this announcement. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; stability of local governments and legislative background; the relative stability of interest rates, the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties and investments in a manner consistent with past practice; the accuracy of public statements and disclosures (including feasibility studies, estimates of reserve, resource, production, grades, mine life, and cash cost) made by the owners and operators of such underlying properties; accuracy of the information provided to the Group by the owners and operators of such underlying properties; no material adverse change in the price of the commodities produced from the properties underlying the Group's portfolio of royalties and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any property in which the Group holds a royalty or other interest, including but not limited to unusual or unexpected geological formations and natural disasters; successful completion of new development projects; planned expansions or additional projects being within the timelines anticipated and at anticipated production levels; and maintenance of mining title.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate; that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the Group's control, affect the operations, performance and results of the Group, its businesses, royalties and investments, and could cause actual results to differ materially from those suggested any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, investment portfolio and associated risk, adverse development risk, financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties and investments, royalties and investments subject to other rights, and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section of our most recent Annual Report, which is available on our website. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noticed in the 'Principal Risks and Uncertainties' section of our most recent Annual Report is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

This announcement also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. The Group's management relies upon this forward-looking information in its estimates, projections, plans, and analysis. Although the forward-looking statements contained in this announcement are based upon what the Group believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements made in this announcement relate only to events or information

as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Third party information

As a royalty and streaming company, the Group often has limited, if any, access to non-public scientific and technical information in respect of the properties underlying its portfolio of royalties and investments, or such information is subject to confidentiality provisions. As such, in preparing this announcement, the Group has largely relied upon the public disclosures of the owners and operators of the properties underlying its portfolio of royalties and investments, as available at the date of this announcement. This announcement contains information and statement relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.