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# News Release

27 April 2020

## Anglo Pacific Group PLC Q1 2020 Trading Update and 7.7% increase in quarterly interim dividend

Anglo Pacific Group PLC (“Anglo Pacific”, the “Company” or the “Group”) (LSE: APF, TSX: APY), issues the following trading update for the period 1 January 2020 to 24 April 2020. Unless otherwise stated, all unaudited financial information is for the quarter ended 31 March 2020.

### Highlights

	Q1 2020		Q4 2019	Q1 2019
	£m	QoQ %	£m	£m
Kestrel	8.4	24%	6.8	11.8
Narrabri	0.8	33%	0.6	1.4
Mantos Blancos	0.6	(14%)	0.7	-
Maracás Menchen	0.5	-	0.5	1.1
Four Mile	0.1	-	0.1	-
<b>Royalty income</b>	<b>10.4</b>	<b>20%</b>	<b>8.7</b>	<b>14.3</b>
LIORC dividends	0.9	(64%)	2.5	1.7
Interest - McClean Lake	0.4	(20%)	0.5	0.5
<b>Royalty related revenue</b>	<b>11.7</b>	<b>-</b>	<b>11.7</b>	<b>16.5</b>
EVBC	0.5	(17%)	0.6	0.6
Principal repayment – McClean Lake	0.4	(20%)	0.5	0.4
<b>Total portfolio contribution</b>	<b>12.6</b>	<b>(2%)</b>	<b>12.8</b>	<b>17.5</b>

- Minimal impact of COVID-19 on the Group’s royalties thus far with Q1 2020 portfolio contribution of £12.6m in line with Q4 2019
- Commodity prices which determine the Group’s revenue in Q1 2020 were largely ahead of prices during Q4 2019 but far lower than Q1 2019
- Kestrel revenue in Q1 2020 benefitted from higher coking coal prices and a weaker Australian dollar, in turn increasing the weighted average royalty rate, with volumes largely in line with Q4 2019
- Year-on-year portfolio contribution down 28% mainly due to lower prices (noticeably Kestrel down by 28%) and lower dividends from LIORC

- LIORC revenue received by the Company, which is derived from the passthrough of royalties and equity dividends received by LIORC from Iron Ore Company of Canada (“IOC”), decreased in the period. IOC did not declare an equity dividend in the first quarter of 2020, in part due to higher levels of expected IOC sustaining and growth capital expenditure in 2020. This is also consistent with prior years when IOC equity dividend payments have been weighted to the third and fourth quarters. LIORC has reaffirmed previous Rio Tinto full year 2020 saleable production guidance of 17.9 – 20.4mt which compares favourably to 17.1mt in 2019.
- The completion of a longwall changeout in January 2020 resulted in increased volumes from Narrabri during Q1 2020 compared to Q4 2019, despite the now resolved weighting event which lead to 20 days of lost production
- The Group is pleased with the level of production from Maracás Menchen in Q1 2020, noting this will trigger the final deferred payment in line with our expectations
- Income from McClean Lake was in line with comparable quarters; however, we would expect this to be lower in Q2 2020 due to the operation being placed on care and maintenance as a result of COVID-19
- 7.7% increase in the quarterly interim dividend level to 1.75p per share (previously 1.625p per share) in light of the limited disruption to material operations caused by COVID-19 thus far and the satisfactory level of income generated during the first quarter
- Along with the 4.125p 2019 final dividend recommended, this would provide shareholders with 5.875p of income between now and 14 August 2020

The proposed dividend timetable sets out the upcoming dividends, as shown below

	Q4 2019 - Final	Q1 2020 - interim
Payment date	18-Jun-20	14-Aug-20
Record date	05-Jun-20	03-Jul-20
Ex-div date	04-Jun-20	02-Jul-20
Amount	4.125p*	1.75p

\*subject to shareholder approval at the 2020 AGM

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

“We are pleased to report resilient royalty revenue for Q1 2020, in-line with that of the immediately preceding quarter. This is largely due to the underlying operations from which we derive most of our revenue experiencing limited COVID-19 related disruption to-date. Overall, we saw a higher pricing environment during the first quarter of 2020 compared to Q4 2019, but we are still some way off the pricing levels seen twelve months ago.

The two noticeable variances in the quarter were the increase in Kestrel revenue compared to Q4 2019 due to underlying pricing, and the decrease in the dividends receivable from LIORC due to planned capital expenditure in the year ahead.

We have seen two instances of COVID-19 related disruption to the underlying mining operations from which our revenue is derived: EVBC was placed on care and maintenance for a two week period in March although we now understand this has ended; and Cigar Lake, which provides the throughput at the McClean Lake Mill was also placed on care and maintenance for an initial four week period from 23 March. We now understand that Cigar Lake will remain on care and maintenance for an indeterminate period. Overall, this is not material in the context of the Group’s results and even if this were to last for 3 months would only represent roughly 2.5% of 2019 portfolio contribution.

We are encouraged thus far by the way in which the Australian authorities have managed the threat posed by COVID-19 and it would appear, at this stage, that there should be minimal disruption to the mining sector as a result.

We have increased the quarterly interim dividend level from 1.625p per share to 1.75p per share. This increase is intended to reduce what has become a large weighting to the final dividend and is not an indication that there will be an increase in the overall dividend for 2020. The final dividend for 2020 will be assessed in Q1 2021 based on the outcome for the year.

We remain in a strong position, with a product which we believe will be increasingly attractive to a capital constrained sector and maintain liquidity in excess of US\$75m to allow us to respond rapidly should the right opportunities arise.

In the meantime, our business continues as normal having provided all of our employees with the resources to work remotely as we support the UK Government's "stay at home" measures. We continue to generate and appraise investment opportunities. All of our employees are being paid in full and we are also ensuring none of our suppliers are out of pocket during this period of lockdown."

For further information:

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**Notes to Editors**

About Anglo Pacific

Anglo Pacific Group PLC is a global natural resources royalty and streaming company. The Company's strategy is to become a leading natural resources company through investing in high quality projects in preferred jurisdictions with trusted counterparties, underpinned by strong ESG principles. It is a continuing policy of the Company to pay a substantial portion of these royalties and streams to shareholders as dividends.

**Cautionary statement on forward-looking statements and related information**

Certain statements in this announcement, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which include the phrase 'forward-looking information' within the meaning of Canadian securities legislation) are provided for the purposes of assisting readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates,

and of presenting information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes outlined in this announcement. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of acquiring new royalties and making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities, for the current fiscal year and subsequent periods.

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

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate; that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Group's control, affect the operations, performance and results of the Group, its businesses and investments, and could cause actual results to differ materially from those suggested by any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, royalty, stream and investment portfolio and associated risk, adverse development risk, financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties, streams and investments; royalties, streams and investments subject to other rights, and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section of our most recent Annual Report, which is available on our website. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noted in the section herein entitled 'Risk' is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

This announcement also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. This announcement contains information and statements relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.

The Group's management relies upon this forward-looking information in its estimates, projections, plans and analysis. Although the forward-looking statements contained in this announcement are based upon what the Group believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements made in this announcement relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.