



ANGLO PACIFIC GROUP PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

Anglo Pacific Group PLC

Management's Discussion and Analysis

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

This Management's Discussion and Analysis ("MD&A") of financial position and results of operation of Anglo Pacific Group PLC ("Anglo Pacific Group", "the Group", "we" or "our") has been prepared based upon information available to the company as at October 30, 2011 and should be read in conjunction with the Group's unaudited quarterly consolidated financial statements and related notes as at and for three and nine months ended September 30, 2012 and 2011.

Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary statement on forward-looking statements and related information included with this MD&A and to consult the Group's audited financial statements for the year ended December 31, 2011 and the corresponding notes to the financial statements. This information, together with further information relating to the Group and the Group's Annual Information Form ("AIF") are available on the Group's website at www.anglopacifictgroup.com and on www.sedar.com.

Highlights:

- Royalty income for the quarter of £5.0 million (Q3 2011: £8.0 million (restated))
- Cash and current receivables at September 30, 2012 of £20.4 million (£44.5 million at December 31, 2011 (restated))
- Increase in the independent valuation of coal royalties due to the recently announced rise in Queensland coal royalty rates
- Completion of Churchrock uranium royalty option and financing agreement with Laramide Resources Ltd
- Significant progress at a number of the Group's development royalties
- Total assets of £353.2 million at September 30, 2012 (£371.0 million at December 31, 2011 (restated))

Acquisitions

On August 13, 2012 the Group completed a financing agreement with Laramide Resources Ltd ("Laramide") in connection with Laramide's variable rate gross revenue royalty on the development stage ISL uranium properties owned by Uranium Resources Inc. ("URI") in the Grants Mineral District of New Mexico, United States (the "Churchrock Properties").

In return for a facility of CDN\$5 million, which is repayable in December 2015, Laramide has granted Anglo Pacific an option to acquire a 5% gross revenue royalty (the "GRR") for an exercise price of US\$15 million. As part of the transaction, Laramide has also issued 650,000 warrants, each warrant entitling Anglo Pacific to acquire one Laramide common share at an exercise price of \$1.35 per share on or before December 31, 2015. The CDN\$5 million facility bears interest at a rate of 7% per annum payable quarterly in arrears.

URI's most recent guidance on the Churchrock Properties advises that it is continuing to refine the feasibility study performed on Section 8. The GRR also covers a portion of the adjacent Section 17 and the Mancos area, which comprises all of Section 13 and portions of Sections 7 and 12. URI has an NRC licence to produce up to 1 million pounds of uranium per year.

Producing Royalties

The Group's producing royalties turned in a solid performance in line with expectations. Production at Kestrel coking coal mine continued at normal levels whilst the *El Valle-Boinás/Carlés* gold and copper mine in Spain continues to build up to full production.

Kestrel Coking Coal, Australia (Rio Tinto Coal Australia)

Production from the Group's private royalty area was in line with expectations with an invoiced volume of 981,776 tonnes for the quarter ended September 30, 2012 (933,615 for the comparable period in 2011), which resulted in royalty income of £4.5 million against £6.8 million for the comparable period in 2011.

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The scheduled longwall change over and lower productivity during the ramp-up in the first quarter resulted in invoiced volumes for the nine months ended September 30, 2012 of 2,290,921 tonnes compared to 2,699,877 tonnes during the same period in 2011.

Hard coking coal spot and monthly contract prices deteriorated during the quarter on the back of a weak steel market in China although demand elsewhere held up reasonably well. The benchmark September 2012 hard coking coal quarterly contract price was \$225 per tonne (September 2011: \$315 per tonne).

The combination of these factors resulted in royalty income from Kestrel for the nine months ended September 30, 2012 of £10.3 million (A\$15.6 million) based on a 50% share of invoiced volumes. This is compared to £16.7 million (A\$25.9 million) for the comparable period in 2011.

In the 2012-2013 Queensland State Budget, the Queensland Government announced an increase in the royalty rates for coal sold, disposed of or used on or after October 1, 2012, which will also apply to the Group's Kestrel royalty. The effective royalty rate for a particular period depends on the average price per tonne of coal for the return period and is calculated on a tiered system. Where the average price per tonne is over A\$100 and up to and including A\$150 the royalty rate has risen from 10% to 12.5%, with an additional band of 15% where the average price is more than A\$150 per tonne. The first A\$100 will continue to attract a royalty rate of 7%.

The increase to the Queensland coal royalty rates have been reflected in the independent valuation of the Kestrel royalty at September 30, 2012, and have contributed to an increase of A\$19.3 million to the underlying valuation to A\$271.3 million (£174.6 million) from A\$252.0 million (£166.0 million) at December 31, 2011 (restated).

Amapá Iron Ore, Brazil (Anglo American PLC 70% and Cliffs Natural Resources Inc 30%)

Production from Amapá was in line with expectations with an invoiced volume of 1,346,310 for the quarter ended September 30, 2012 which resulted in royalty income of £0.5 million (2011, £0.8 million). For the nine months ended September 30, 2012 royalty income was £1.5 million (£1.8 million for the comparable period in 2011).

El Valle-Boinás/Carlés Gold, Silver and Copper, Spain (Orvana Minerals Corp.)

The Group received £1.04 million in royalties during the nine months ended September 30, 2012 from the El Valle-Boinás/Carlés ("EVBC") gold, silver and copper mine in northern Spain. This related to the production of 15,260 ounces of gold, 50,928 ounces of silver and 1.684 million pounds of copper for the six months ended June 30, 2012.

On October 18, 2012 Orvana Minerals Corp announced production of 10,464 ounces of gold, 24,718 ounces of silver and 0.8 million pounds of copper for the quarter ended September 30, 2012. The Group's royalty receipts from EVBC for the third quarter's production will be received during the quarter ended December 31, 2012.

The royalty receipts from EVBC are currently repayment of principal and are applied against the debenture instrument. They are not included in the income statement but are included in the receipts from royalty instruments in the cash flow statement.

Crinum Coking Coal, Australia (BHP Billiton Mitsubishi Alliance)

The Group received £0.1 million (A\$0.2 million) in royalties during the nine months ended September 30, 2012 compared to £5.8 million (A\$9.0 million) in the comparable period in 2011, the royalty income is predominantly due to sales from stockpiles. The Crinum longwall has left the Group's private royalty ground and no significant future royalty receipts are anticipated. In the Group's coal royalty valuation Crinum is ascribed no value.

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Development Royalties

Four Mile Uranium, Australia (Quasar Resources Pty Ltd 75% and Alliance Resources Ltd 25%)

On October 24, 2012 Alliance Resources Ltd¹ announced that a decision has been made to recommence the development of the Four Mile Project (Quasar Resources Pty Ltd ("Quasar") 75%, Alliance Craton Explorer Pty Ltd, 25%). The start-up plan comprises uranium capture at Heathgate Resources Pty Ltd's ("Heathgate") Pannikan satellite plant with elution, precipitation, drying and packing at Heathgate's Beverley processing plant. In-situ recovery ("ISR") operations will commence at Four Mile East in Q2 2013 and at Four Mile West in Q4 2013; first uranium sales are scheduled for Q3 2013. Quasar is an affiliated company of USA based General Atomics who through another affiliate company, Heathgate, operate the adjacent Beverley ISR uranium mine. The Group holds a 1% NSR royalty over the Four Mile Project. For further information see www.allianceresources.com.au

Jogjakarta Iron Sands and Pig Iron, Indonesia (Indo Mines Ltd 70%)

On September 24, 2012 Indo Mines Ltd² ("Indo") announced that it had entered into a binding subscription agreement to complete a A\$50 million placement to the Rajawali Group. Pursuant to the agreement, the Rajawali Group will increase its holding in the company to 57.12%, subject to approval by Indo's shareholders. The significant cash injection from the Rajawali Group will provide funding to assist with the staged implementation of the 2 million tonne per annum iron concentrate facility, ongoing studies into the requirements for pig iron production, completion of financing due diligence and working capital. The Rajawali Group, which was founded in 1984, is one of the largest privately owned conglomerates in Indonesia.

Further positive news was announced by Indo on October 25, 2012, as the Indonesian Ministry of Energy and Mineral Resources issued a decree confirming approval for commencement of the construction phase of the Jogjakarta Iron Project within the Contract of Works area. This approval is a major milestone for Indo, completing the government approvals required to commence construction of the commercial scale facility.

Mount Ida Magnetite, Australia (Jupiter Mines Ltd)

On September 4, 2012, Jupiter Mines Ltd³ ("Jupiter") announced a 132% increase in Mount Ida magnetite resources with a JORC compliant indicated resource of 1.062 billion tonnes at 30.23% Fe and a JORC compliant inferred resource of 170 million tonnes at 27.03% Fe. Further details can be found at www.jupitermines.com.

The Group completed the first tranche of the acquisition of a 50% interest in the 1.5% GRR over the Mount Ida iron ore project in Australia, from Red Rock Resources PLC in May 2012. The Royalty Sale Agreement provides for a total of US\$14 million being paid in three instalments as follows:

- **Tranche 1:** US\$6 million on completion and agreement of the terms of the transaction, for a 0.3% GRR;
- **Tranche 2:** US\$4 million payment for a further 0.225% GRR following the results of a positive definitive feasibility study ("DFS"), a formal decision to mine and 20% of the pre-production capital costs outlined in the DFS being provided for; and
- **Tranche 3:** US\$4 million for a further 0.225% GRR following the commencement of commercial production, taking the total to a 0.75% GRR.

Following the completion of Tranche 1, the Group currently holds a 0.3% GRR royalty over the Mount Ida project.

¹ Alliance Resources Limited is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

² Indo Mines Limited is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

³ Jupiter Mines Limited is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

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Ring of Fire Chromite, Canada (Cliffs Natural Resources Inc)

On May 9, 2012 Cliffs Natural Resources Inc. ("Cliffs") announced that its Board of Directors had approved advancing its proposed chromite project, located in the Ring of Fire area of Northern Ontario, from pre-feasibility to feasibility. Cliffs also announced that it had reached an agreement in principle with the Government of Ontario over key elements of the project including development of provincial infrastructure. In the announcement, Cliffs believes the chromite deposits it controls are world class, and, based on successful completion of the feasibility and other project milestones, Cliffs anticipates a majority of the project's expected capital requirements will be made in 2014 and 2015. The Group holds a 1% NSR royalty over the Ring of Fire project including the Black Thor and Big Daddy deposits.

Salamanca Uranium, Spain (Berkeley Resources Ltd)

On July 24, 2012, Berkeley Resources Ltd ("Berkeley") announced they had reached an agreement with Enusa Industrias Avanzadas S.A. on terms which provide Berkeley with a 100% interest in and exploitation rights to State Reserves 28 and 29. The Group has a 1% NSR royalty over all uranium resources in Spain and Portugal held by Berkeley.

Financial performance

The Group's royalty revenue for the three months ended September 30, 2012 was £5.0million compared to £8.0 million for the three months to September 30, 2011, and for the nine months ended September 30, 2012 was £11.9 million, compared to £24.3 million for the nine months to September 30, 2011. The Group's royalty entitlement per share for the third quarter was 5.02p per share compared to 7.52p per share for the comparable period in 2011 and was 12.11p per share for the nine months ended September 30, 2012 compared to 27.85p per share for the comparable period in 2011.

The Group's operating expenses, including salaries and wages, share-based compensation, audit, tax, legal advisory fees and general office expenses, increased from £2.0 million in the nine months ended September 30, 2011 to £2.5 million for the same period in 2012. The operating expenses in the quarter ended September 30, 2012 were £0.9 million compared to £0.7 million in the comparable period in 2011. This reflects additional headcount in the first quarter and other costs incurred in exploring new investment opportunities.

Realised gains on disposal of mining and exploration interests during the nine months to September 30, 2012 were £4.3 million compared with £18.8 million for comparable period in 2011. Gains on disposals during the quarter to September 30, 2012 were £2.3 million compared with £11.3 million realised in the third quarter of 2011. These gains were the result of the disposal of some of the Group's mining investments where the acquisition of royalties was considered unlikely to materialise.

The Group realised a net foreign exchange loss in the nine months to September 30, 2012 of £0.5 million compared to a net foreign exchange loss of £0.8 million in the comparable period of 2011. The net foreign exchange gain for the quarter ended September 30, 2012 was £0.3 million, against a net foreign exchange gain of £0.5 million in the third quarter of 2011. The Group both receives and acquires royalties in foreign currencies and is therefore subject to foreign exchange risk, particularly in relation to its Australian activities.

The Group's profit before tax for the nine months ended September 30, 2012 was £15.0 million compared to £41.1 million for the nine months ended September 30, 2011. Group earnings per share for the nine months ended September 30, 2012 were 10.51p compared to 29.39p for the comparable period of 2011. For the quarter ended September 30, 2012 the Group's profit before tax was £7.1 million compared to £18.5 million for the comparable quarter in 2011. The Group's earnings per share for the three months ended September 30, 2012 were 5.76p compared to 14.31p for the third quarter of 2011.

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Financial position

Total assets of £353.2 million at September 30, 2012 compared to £371.0 million at December 31, 2011

At September 30, 2012, the Group's Australian coal royalty interests have been independently valued at £174.6 million compared to £166.0 million at December 31, 2011 (restated). The increase was primarily due to the rise in the Queensland coal royalty rates announced by the Queensland State Government. The Group's royalty instruments following fair value adjustments were valued at £21.3 million at September 30, 2012 compared to £24.7 million at December 31, 2011. This decrease is due to adjustments to future foreign exchange and commodity price assumptions.

The total amortised cost of royalties treated as intangibles was £70.8 million at September 30, 2012, compared to £68.3 million at December 31, 2011. The increase is due to the acquisition of the gross revenue royalty over the Mount Ida iron ore project in Western Australia. As part of the annual impairment review a directors' valuation of these royalties has been undertaken using a discounted cash flow valuation model, which uses forecast commodity prices and management's best estimate of an appropriate discount rate taking into account project-specific risk factors. At September 30, 2012 the directors' valuation of these assets was £104.3 million (December 31, 2011: £120.5 million). This excess over amortised cost is not included in the balance sheet.

| | Coal royalties £'000 | Royalty Instruments £'000 | Royalty Intangibles £'000 | Royalty Options £'000 | Total £'000 |
|---------------------------|-------------------------|---------------------------------|---------------------------------|-----------------------------|----------------|
| September 30, 2012 | | | | | |
| Number | 2 | 4 | 10 | 5 | 21 |
| Amortised cost | 196 | 12,493 | 70,819 | 728 | 84,236 |
| Valuation | 174,582 | 21,285 | 104,266 | 728 | 300,861 |
| December 31, 2011 | | | | | |
| Number | 2 | 4 | 9 | 4 | 19 |
| Amortised cost | 196 | 12,493 | 68,334 | 728 | 81,751 |
| Valuation | 165,967 | 24,736 | 120,485 | 728 | 311,916 |

For further information on royalty instruments and intangibles please refer to note 2 below.

At September 30, 2012, the Group's quoted and unquoted equity investments, including royalty options, were valued at £60.0 million compared to £64.6 million at December 31, 2011. The private equity interests and royalty options remain accounted for at cost.

At September 30, 2012, the Group had cash of £15.2 million compared to £32.2 million at December 31, 2011, with no borrowings or hedging. Combined with royalty and trade receivables, the Group's total cash and receivables at September 30, 2012 was £23.5 million compared to £44.5 million at December 31, 2011. This reduction was due to the lower production at Kestrel in the first quarter of 2012, recovery of royalties overpaid in previous years and further strategic mining investments with a view to royalty acquisitions.

The Group has limited capital expenditure requirements other than for the acquisition of additional royalties. Management believe that the Group's current cash resources and future cash flows from continuing royalty revenues will be sufficient to cover the cost of general and administrative expenses, income taxes and dividend payments.

The Group remains debt free and its liquid resources are held in a spread of currencies and financial institutions. The Group's mining interests and royalty revenues are mainly denominated in Australian and Canadian dollars.

The book value of the Group's total assets at September 30, 2012 was £353.2 million compared to £371.0 million at December 31, 2011. As at the period end, this does not include any increase in value over cost that may be attributable to the Group's Panorama and Trefi coal projects and royalty intangibles.

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Outlook

The uncertain outlook for much of the world economy has created difficult mining capital markets. As a result, favourable conditions remain for acquiring existing royalties and for creating new royalties through the provision of mining finance. The Group continues to identify and assess new opportunities and remains confident of securing additional royalties.

The progress made during the year at a number of the Group's development royalties has been positive and should bring forward future royalty cash flows.

The Group's revenue is directly linked to the top line of a number of mining operations, whilst avoiding exposure to the current inflationary escalation in their mining costs. The Group itself has no operating mines of its own and consequently has limited overheads.

The Group maintains its belief that the long term urbanisation of the developing world should continue to drive demand for commodities.

DISCLOSURE UNDER DISCLOSURE AND TRANSPARENCY RULES

In accordance with Disclosure and Transparency Rules (DTRs), Periodic Financial Reporting DTR 4.2.7R, the Group confirms that the principal risks and uncertainties that could affect the Group's performance have not changed. These are: a prolonged, world-wide economic recession; sustained low commodity prices; a fall in precious metal prices; and currency volatility. For more information regarding these risks and uncertainties please refer to page 14 of the 2011 Annual Report.

In accordance with DTR 4.2.8R related party transactions which occurred in the first six months of the year are disclosed in note 9 to these interim financial statements.

We confirm to the best of our knowledge:

- i. The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of assets and liabilities, financial position and profit and loss;
- ii. the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- iii. the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

By order of the Board

P.T.J. Mason
Company Secretary
October 30, 2012

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Standards of disclosure for mineral projects

National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") contains certain requirements relating to the use of mineral resource and mineral reserve categories of an "acceptable foreign code" (as defined in NI 43-101) in "disclosure" (as defined in NI 43-101) made by Anglo Pacific Group PLC with respect to a "mineral project" (as defined in NI 43-101), including the requirement to include a reconciliation of any material differences between the mineral resource and mineral reserve categories used under an acceptable foreign code and the standards developed by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended (the "CIM Standards") in respect of a mineral project. Pursuant to an exemption order granted to Anglo Pacific Group PLC by the Ontario Securities Commission (the "Exemption Order"), the information contained herein with respect to the Four Mile Uranium Project, the Jogjakarta Iron Sands and Pig Iron Project and the Mount Ida Magnetite Project has been extracted from information publicly disclosed, disseminated, filed, furnished or similarly communicated to the public by an issuer whose securities trade on a "specified exchange" (as defined under NI 43-101) that discloses mineral reserves and mineral resources under one of the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 or the Certification Code (each as defined in NI 43-101). As the definitions and standards of the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 and the Certification Code are substantially similar to the CIM Standards, a reconciliation of any material differences between the mineral resource and mineral reserve categories reported under the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 and the Certification Code, as applicable, to categories under the CIM Standards is not included and no Form 43-101F1 technical report will be filed to support the disclosure based upon such exemption.

Cautionary note to U.S. investors concerning estimates of measured, indicated and inferred resources: Certain technical disclosure in this press release has been prepared in accordance with the requirements of Canadian securities laws, including NI 43-101, in certain cases as modified by the Exemption Order referred to above, which differ from the requirements of U.S. securities laws. This press release uses the terms "measured resources", "indicated resources" and "inferred resources". U.S. investors are advised that while such terms are recognised and required by Canadian Securities laws, the Securities and Exchange Commission does not recognise them. "Inferred resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will be upgraded to a higher category. Under Canadian Securities laws, estimates of inferred resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of measured resources or indicated resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

Cautionary statement on forward-looking statements and related information

Certain information contained in this press release, 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. The material assumptions and risks relevant to the forward-looking statements in this press release include, but are not limited to: stability of the global economy; stability of local government and legislative background; continuing of ongoing operations of 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 or operators of such underlying properties; no material adverse change in the price of the commodities underlying the Group's portfolio of royalties 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. 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 "Risk Factors" section of our most recent Annual Information Form available on www.SEDAR.com and the Group's website www.anglopacificgroup.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 press release are made as of the date of this press release 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.

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CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2012

| | Three months ended | | Nine months ended | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | September 30, 2012 | Restated September 30, 2011 | September 30, 2012 | Restated September 30, 2011 |
| | £'000 | £'000 | £'000 | £'000 |
| Royalty income | 5,020 | 8,016 | 11,891 | 24,265 |
| Finance income | 116 | 392 | 475 | 1,150 |
| Amortisation of royalties | (254) | (254) | (763) | (763) |
| Operating expenses | <u>(865)</u> | <u>(653)</u> | <u>(2,464)</u> | <u>(1,993)</u> |
| Operating profit | 4,017 | 7,501 | 9,139 | 22,659 |
| Gain on sale of mining and exploration interests | 2,256 | 11,326 | 4,295 | 18,790 |
| Other income | 642 | 229 | 1,336 | 638 |
| Other gains/(losses) | <u>186</u> | <u>(534)</u> | <u>271</u> | <u>(937)</u> |
| Profit before tax | 7,101 | 18,522 | 15,041 | 41,150 |
| Income tax expense | <u>(854)</u> | <u>(3,035)</u> | <u>(3,643)</u> | <u>(9,329)</u> |
| Profit attributable to equity holders | <u>6,247</u> | <u>15,487</u> | <u>11,398</u> | <u>31,821</u> |
| Total and continuing earnings per share | | | | |
| Basic earnings per share | 5.76p | 14.31p | 10.51p | 29.39p |
| Diluted earnings per share | 5.76p | 14.30p | 10.51p | 29.39p |

The results for the three and nine months ended September 30, 2012 and 2011 have neither been audited nor reviewed by the Group's auditors.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

| | Three months ended | | Nine months ended | |
|---|---------------------|------------------------|---------------------|------------------------|
| | September | Restated | September | Restated |
| | 30, 2012 | September | 30, 2012 | September |
| | £'000 | 30, 2011 | £'000 | 30, 2011 |
| | | £'000 | | £'000 |
| Profit for the financial period | 6,247 | 15,487 | 11,398 | 31,821 |
| Other comprehensive income | | | | |
| Net gain on revaluation of coal royalties | 13,411 | 23,380 | 12,396 | 19,456 |
| Net loss on revaluation of available for sale investments | (2,636) | (29,435) | (18,233) | (52,422) |
| Net exchange loss on translation of foreign operations | (6,516) | (13,601) | (4,311) | (5,855) |
| Deferred tax | (265) | (1,369) | 5,793 | 1,041 |
| Net income/(expense) recognised directly in equity | <u>10,241</u> | <u>(5,538)</u> | <u>7,043</u> | <u>(5,959)</u> |
| Transferred to income statement on disposal of available for sale investments | <u>(1,522)</u> | <u>(6,578)</u> | <u>(2,668)</u> | <u>(8,919)</u> |
| Total transferred from equity | <u>(1,522)</u> | <u>(6,578)</u> | <u>(2,668)</u> | <u>(8,919)</u> |
| Total comprehensive income/(expense) for the financial period | <u><u>8,719</u></u> | <u><u>(12,116)</u></u> | <u><u>4,375</u></u> | <u><u>(14,878)</u></u> |

The results for the three and nine months ended September 30, 2012 and 2011 have neither been audited nor reviewed by the Group's auditors.

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CONSOLIDATED BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2012

| | September 30, 2012 £'000 | Restated September 30, 2011 £'000 | Restated December 31, 2011 £'000 | Restated December 31, 2010 £'000 |
|--|--------------------------------|--|---|---|
| Non-current assets | | | | |
| Property, plant and equipment | 2,128 | 2,118 | 2,152 | 2,144 |
| Coal royalties | 174,582 | 183,512 | 165,967 | 169,304 |
| Royalty instruments | 21,285 | 22,169 | 24,736 | 28,061 |
| Intangibles | 71,725 | 69,606 | 69,138 | 42,741 |
| Mining and exploration interests | 59,966 | 69,225 | 64,551 | 128,479 |
| Other receivables | 3,181 | - | - | - |
| | <u>332,867</u> | <u>346,630</u> | <u>326,544</u> | <u>370,729</u> |
| Current assets | | | | |
| Trade and other receivables | 5,166 | 10,491 | 12,298 | 8,813 |
| Cash and cash equivalents | 15,201 | 23,533 | 32,197 | 28,258 |
| | <u>20,367</u> | <u>34,024</u> | <u>44,495</u> | <u>37,071</u> |
| Total assets | <u><u>353,234</u></u> | <u><u>380,654</u></u> | <u><u>371,039</u></u> | <u><u>407,800</u></u> |
| Non-current liabilities | | | | |
| Deferred tax | 47,232 | 58,817 | 54,667 | 60,212 |
| | <u>47,232</u> | <u>58,817</u> | <u>54,667</u> | <u>60,212</u> |
| Current liabilities | | | | |
| Current income tax liabilities | 3,201 | 2,861 | 3,731 | 4,987 |
| Trade and other payables | 400 | 5,249 | 5,472 | 5,177 |
| | <u>3,601</u> | <u>8,110</u> | <u>9,203</u> | <u>10,164</u> |
| Total liabilities | <u><u>50,833</u></u> | <u><u>66,927</u></u> | <u><u>63,870</u></u> | <u><u>70,376</u></u> |
| Capital and reserves attributable to shareholders | | | | |
| Share capital | 2,192 | 2,184 | 2,184 | 2,175 |
| Share premium | 26,853 | 25,539 | 25,539 | 24,207 |
| Coal royalty revaluation reserve | 88,853 | 96,809 | 80,285 | 83,405 |
| Investment revaluation reserve | (17,190) | (4,066) | (4,843) | 51,780 |
| Share based payment reserve | 291 | 189 | 177 | 65 |
| Foreign currency translation reserve | 38,370 | 35,429 | 41,614 | 39,686 |
| Special reserve | 632 | 632 | 632 | 632 |
| Investment in own shares | (2,601) | (2,601) | (2,601) | (1,295) |
| Retained earnings | 165,001 | 159,612 | 164,182 | 136,769 |
| Total equity | <u><u>302,401</u></u> | <u><u>313,727</u></u> | <u><u>307,169</u></u> | <u><u>337,424</u></u> |
| Total equity and liabilities | <u><u>353,234</u></u> | <u><u>380,654</u></u> | <u><u>371,039</u></u> | <u><u>407,800</u></u> |

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE TWENTY-ONE MONTHS ENDED SEPTEMBER 30, 2012

| | Share capital £'000 | Share premium £'000 | Coal royalty revaluation reserve £'000 | Investment revaluation reserve £'000 | Share based payment reserve £'000 | Foreign currency translation reserve £'000 | Special reserve £'000 | Investment in Own Shares £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---------------------------|---------------------------|--|---|--|--|-----------------------------|--------------------------------------|-------------------------------|--------------------------|
| Balance at January 1, 2011 (as previously reported) | 2,175 | 24,207 | 88,883 | 51,780 | 65 | 39,686 | 632 | (1,295) | 139,755 | 345,888 |
| Impact of restatement | - | - | (5,478) | - | - | - | - | - | (2,986) | (8,464) |
| Balance at January 1, 2011 (as restated) | 2,175 | 24,207 | 83,405 | 51,780 | 65 | 39,686 | 632 | (1,295) | 136,769 | 337,424 |
| Profit for the period (restated) | - | - | - | - | - | - | - | - | 31,821 | 31,821 |
| Other comprehensive income: | | | | | | | | | | |
| Coal royalties: | | | | | | | | | | |
| Royalties valuation movement taken to equity | - | - | 19,456 | - | - | (5,247) | - | - | - | 14,209 |
| Deferred tax on valuation | - | - | (6,052) | - | - | 1,545 | - | - | - | (4,507) |
| Available-for-sale investments: | | | | | | | | | | |
| Valuation movement taken to equity | - | - | - | (52,422) | - | (355) | - | - | - | (52,777) |
| Deferred tax on valuation | - | - | - | 5,495 | - | 53 | - | - | - | 5,548 |
| Transferred to income statement on disposal | - | - | - | (8,919) | - | - | - | - | - | (8,919) |
| Foreign currency translation | - | - | - | - | - | (253) | - | - | - | (253) |
| Total comprehensive income | - | - | 13,404 | (55,846) | - | (4,257) | - | - | 31,821 | (14,878) |
| Dividends paid | - | - | - | - | - | - | - | - | (8,978) | (8,978) |
| Issue of share capital under share-based payment | 9 | 1,332 | - | - | 124 | - | - | (1,306) | - | 159 |
| | 9 | 1,332 | - | - | 124 | - | - | (1,306) | (8,978) | (8,819) |
| Balance at September 30, 2011 (restated) | 2,184 | 25,539 | 96,809 | (4,066) | 189 | 35,429 | 632 | (2,601) | 159,612 | 313,727 |

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE TWENTY-ONE MONTHS ENDED SEPTEMBER 30, 2012 (CONTINUED)

| | Share capital £'000 | Share premium £'000 | Coal royalty revaluation reserve £'000 | Investment revaluation reserve £'000 | Share based payment reserve £'000 | Foreign currency translation reserve £'000 | Special reserve £'000 | Investment in Own Shares £'000 | Retained earnings £'000 | Total equity £'000 |
|--|---------------------------|---------------------------|--|---|--|--|-----------------------------|--------------------------------------|-------------------------------|--------------------------|
| Balance at October 1, 2011 (restated) | 2,184 | 25,539 | 96,809 | (4,066) | 189 | 35,429 | 632 | (2,601) | 159,612 | 313,727 |
| Profit for the period (restated) | - | - | - | - | - | - | - | - | 4,551 | 4,551 |
| Other comprehensive income: | | | | | | | | | | |
| Coal royalties: | | | | | | | | | | |
| Royalties valuation movement taken to equity | - | - | (23,595) | - | - | 6,050 | - | - | - | (17,545) |
| Deferred tax on valuation | - | - | 7,071 | - | - | (1,781) | - | - | - | 5,290 |
| Available-for-sale investments: | | | | | | | | | | |
| Valuation movement taken to equity | - | - | - | 753 | - | 118 | - | - | - | 871 |
| Deferred tax on valuation | - | - | - | (359) | - | (40) | - | - | - | (399) |
| Transferred to income statement on disposal | - | - | - | (1,171) | - | - | - | - | - | (1,171) |
| Foreign currency translation | - | - | - | - | - | 1,838 | - | - | - | 1,838 |
| Total comprehensive income | - | - | (16,524) | (777) | - | 6,185 | - | - | 4,551 | (6,565) |
| Dividends paid | - | - | - | - | - | - | - | - | - | - |
| Issue of share capital under share-based payment | - | - | - | - | (12) | - | - | - | 19 | 7 |
| | - | - | - | - | (12) | - | - | - | 19 | 7 |
| Balance at December 31, 2011 (restated) | 2,184 | 25,539 | 80,285 | (4,843) | 177 | 41,614 | 632 | (2,601) | 164,182 | 307,169 |

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE TWENTY-ONE MONTHS ENDED SEPTEMBER 30, 2012 (CONTINUED)

| | Share capital £'000 | Share premium £'000 | Coal royalty revaluation reserve £'000 | Investment revaluation reserve £'000 | Share based payment reserve £'000 | Foreign currency translation reserve £'000 | Special reserve £'000 | Investment in Own Shares £'000 | Retained earnings £'000 | Total equity £'000 |
|--|---------------------------|---------------------------|--|---|--|--|-----------------------------|--------------------------------------|-------------------------------|--------------------------|
| Balance at January 1, 2011 (restated) | 2,184 | 25,539 | 80,285 | (4,843) | 177 | 41,614 | 632 | (2,601) | 164,182 | 307,169 |
| Profit for the period | - | - | - | - | - | - | - | - | 11,398 | 11,398 |
| Other comprehensive income: | | | | | | | | | | |
| Coal royalties: | | | | | | | | | | |
| Royalties valuation movement taken to equity | - | - | 12,396 | - | - | (3,781) | - | - | - | 8,615 |
| Deferred tax on valuation | - | - | (3,828) | - | - | 1,117 | - | - | - | (2,711) |
| Available-for-sale investments: | | | | | | | | | | |
| Valuation movement taken to equity | - | - | - | (18,233) | - | (324) | - | - | - | (18,557) |
| Deferred tax on valuation | - | - | - | 8,554 | - | (50) | - | - | - | 8,504 |
| Transferred to income statement on disposal | - | - | - | (2,668) | - | - | - | - | - | (2,668) |
| Foreign currency translation | - | - | - | - | - | (206) | - | - | - | (206) |
| Total comprehensive income | - | - | 8,568 | (12,347) | - | (3,244) | - | - | 11,398 | 4,375 |
| Dividends paid | - | - | - | - | - | - | - | - | (10,579) | (10,579) |
| Issue of ordinary shares | 8 | 1,314 | - | - | - | - | - | - | - | 1,322 |
| Value of employee services | - | - | - | - | 114 | - | - | - | - | 114 |
| | 8 | 1,314 | - | - | 114 | - | - | - | (10,579) | (9,143) |
| Balance at September 30, 2012 | 2,192 | 26,853 | 88,853 | (17,190) | 291 | 38,370 | 632 | (2,601) | 165,001 | 302,401 |

Anglo Pacific Group PLC

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

| | Three months ended | | Nine months ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | | |
| Profit before taxation | 7,101 | 18,522 | 15,041 | 41,150 |
| Adjustments for: | | | | |
| Interest received | (431) | (393) | (1,200) | (1,151) |
| Unrealised foreign currency (gain)/loss | (371) | (740) | (1,238) | 617 |
| Depreciation of property, plant and equipment | 6 | 6 | 16 | 16 |
| Amortisation of Intangibles - royalties | 254 | 254 | 763 | 763 |
| Gain on disposal of mining and exploration interests | (2,256) | (11,326) | (4,295) | (18,790) |
| Loss on write down of assets | - | - | - | 147 |
| Share based payments | 38 | 49 | 115 | 124 |
| | <u>4,341</u> | <u>6,372</u> | <u>9,202</u> | <u>22,876</u> |
| (Increase)/Decrease in trade and other receivables | (1,744) | (3,234) | 7,132 | (1,678) |
| (Decrease)/Increase in trade and other payables | (1,460) | 412 | (5,072) | 72 |
| Receipt from royalty instruments | <u>374</u> | <u>120</u> | <u>1,197</u> | <u>467</u> |
| Cash generated from operations | 1,511 | 3,670 | 12,459 | 21,737 |
| Income taxes paid | <u>72</u> | <u>(4,978)</u> | <u>(4,126)</u> | <u>(12,052)</u> |
| Net cash from operating activities | <u>1,583</u> | <u>(1,308)</u> | <u>8,333</u> | <u>9,685</u> |
| Cash flows from investing activities | | | | |
| Proceeds on disposal of mining and exploration interests | 7,790 | 24,058 | 12,968 | 47,986 |
| Purchase of mining and exploration interests | (3,986) | (2,992) | (22,963) | (26,189) |
| Purchases of royalty interests | - | (27,599) | (2,497) | (27,599) |
| Purchases of property, plant and equipment | - | - | - | (48) |
| Funding of royalty financing arrangements | (3,181) | - | (3,181) | - |
| Exploration and evaluation expenditure | (70) | (8) | (125) | (26) |
| Interest received | <u>791</u> | <u>176</u> | <u>1,048</u> | <u>443</u> |
| Net cash generated/(used) in investing activities | <u>1,344</u> | <u>(6,365)</u> | <u>(14,750)</u> | <u>(5,433)</u> |
| Cash flows from financing activities | | | | |
| Dividends paid | <u>(5,978)</u> | <u>(5,520)</u> | <u>(10,579)</u> | <u>(8,977)</u> |
| Net cash used in financing activities | <u>(5,978)</u> | <u>(5,520)</u> | <u>(10,579)</u> | <u>(8,977)</u> |
| Net (decrease)/increase in cash and cash equivalents | (3,051) | (13,193) | (16,996) | (4,725) |
| Cash and cash equivalents at beginning of period | <u>18,252</u> | <u>36,726</u> | <u>32,197</u> | <u>28,258</u> |
| Cash and cash equivalents at end of period | <u><u>15,201</u></u> | <u><u>23,533</u></u> | <u><u>15,201</u></u> | <u><u>23,533</u></u> |

The results for the three and nine months ended September 30, 2012 and 2011 have neither been audited nor reviewed by the Group's auditors.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

1 Summary of significant accounting policies

1.1 Basis of preparation

The condensed consolidated interim financial information of Anglo Pacific Group PLC contained in this release is for the three and nine months ended September 30, 2012. This information has been prepared in accordance with IAS 34 '*Interim Financial Reporting*', as adopted by the European Union, however this release does not include sufficient information to comply with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2011 and the condensed consolidated interim financial statements for the period ended September 30, 2012.

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, 2011, which were prepared in accordance with IFRS, as adopted by the European Union.

This condensed consolidated quarterly and year to date 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, 2011 were approved on March 6, 2012. These 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.

Financial results presented for the three and nine months ended September 30, 2012 and 2011, together with all other quarterly results have neither been audited nor reviewed by the Group's auditors.

1.2 Prior period adjustment

As reported in the Group's condensed consolidated interim financial statements for the three and six months ended June 30, 2012, an audit by the Queensland Office of State Revenue identified a misallocation of royalty revenue attributable to the Group of A\$7.1 million more than it was entitled to, over a six year period ended December 31, 2011. In accordance with IAS 8, the prior periods financial statements are restated to reflect what the position would have been, taking into account this information.

The restatement has resulted in a reduction in income of £425,000 to £24,265,000 for the nine months ended September 30, 2011. Allowing for income tax credits, the reported profit after tax has reduced by £294,000 to £31,821,000 for the nine months ended September 30, 2011.

The Group's independent valuation of coal royalties was restated to reflect future income now set aside for the State, resulting in a £7,800,000 reduction in their carrying value to £183,512,000 as at September 30, 2011. Allowing for a deferred tax credit of £4,000,000 and after reflecting a payable to the State of £4,700,000, net assets reduced from £322,500,000 as originally reported to £313,700,000 as now shown on the balance sheet as at September 30, 2011.

2 Non-current assets

(a) Coal royalties

The Group's coal royalties comprise the Kestrel and Crinum coal royalties in Queensland, Australia.

The Group commissioned a valuation of the coal royalties as at September 30, 2012, based on a net present value of the pre-tax cash flow discounted at a rate of 7%, which produced a valuation of A\$271.3 million (£174.6 million). At present the net royalty income is taxed in Australia at a rate of 30%. Were the coal royalties to be realised at the revalued amount there are £2.0 million (A\$3.1 million) of capital losses potentially available to offset against taxable gains. These losses have been included in the deferred tax computation.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

(b) Royalty instruments

Royalty instruments represent the Group's interests in four mineral properties which, through the issue of convertible debentures, the Group has acquired GRR or NSR royalties. These are the Engenho property in Brazil, the El Valle-Boinás/Carlés property in Spain, the Jogjakarta Iron Sands Project in Indonesia and the Midway-McKenzie Break properties in Canada. In the Group's latest annual financial statements for the year ended December 31, 2011, these interests were described as "Royalty Instruments". No change has been made to the accounting treatment of these interests.

(c) Intangibles

Intangible royalty interests represent the NSR royalties acquired on the Four Mile project in South Australia, the Salamanca uranium project in Spain, the Black Thor, Black Label and Big Daddy chromite projects in Northern Ontario, Canada and a number of tenements in the Athabasca Basin region of Canada, together with the gross revenue royalties covering the Amapá iron ore system in Brazil, the Isua iron ore project in Greenland, the Mount Ida magnetite project in Western Australia and three exploration licences, including the Railway iron ore deposit, in the central Pilbara region of Western Australia.

Acquisition costs of royalty interests on feasibility stage mineral properties are not amortised. At such time as the associated mineral interests are placed into production, the cost base is amortised over the expected life of mine. Amortisation rates are adjusted on a prospective basis for all changes to estimates of the life of mine.

Also included within intangibles are the deferred exploration costs of £905,000 (December 31, 2011: £804,000) associated with the Group's Panorama and Trefi Projects in British Columbia, Canada.

(d) Mining and exploration Interests

The investments in mining and exploration interests represent investments in listed and unlisted equity securities which are acquired as part of the Group strategy to acquire new royalties. Gains may be realised where it is deemed appropriate by the Investment Committee. The fair values of these securities are based on quoted market prices for listed securities and cost for unlisted securities based on the variability of cash flows being so significant that an alternative valuation technique would not provide a useful value. The fair values are reviewed for impairment biannually. In the statement of changes in equity these interests are classified as "available-for-sale investments". For a full explanation of the Group's accounting policies in relation to the mining and exploration interests please see the 2011 Annual Report.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

3 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Committee consider the Group's undertakings from a business perspective. This has resulted in the Group being organised into two operating segments – royalties and mining and exploration interests.

The royalties segment encompasses all Group activities relating directly to the royalties received from mining operations. The mining and exploration interests segment encompasses all Group activities relating directly to the acquisition, disposal and continued monitoring of the Group's investments in listed and unlisted entities operating in mining and mineral exploration. The segment information provided to the Executive Committee for the reportable segments for the three months ended September 30, 2012 is as follows:

| | Australia | | Americas | | Europe | | All other segments | Total |
|--|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|--------------------|----------------|
| | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | £'000 | £'000 |
| Royalty income | 4,559 | - | 461 | - | - | - | - | 5,020 |
| Finance income | - | - | - | - | - | - | 116 | 116 |
| Gain on sale of mining and exploration interests | - | 2,172 | - | 84 | - | - | - | 2,256 |
| Other income | - | 244 | - | 83 | - | 315 | - | 642 |
| Total segment income | 4,559 | 2,416 | 461 | 167 | - | 315 | 116 | 8,034 |
| Profit before tax | 4,559 | 2,416 | 943 | 167 | - | 315 | (1,299) | 7,101 |
| Amortisation | - | - | (254) | - | - | - | - | (254) |
| Income tax expense | (1,061) | - | (81) | - | - | - | 288 | (854) |
| Total assets | 198,614 | 28,888 | 29,930 | 12,843 | 32,900 | 18,253 | 31,806 | 353,234 |
| Total liabilities | 47,161 | - | - | - | 2,245 | - | 1,427 | 50,833 |

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

The segment information for the three months ended September 30, 2011 (restated) is as follows:

| | Australia | | Americas | | Europe | | All other segments | Total |
|--|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|--------------------|----------------|
| | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | £'000 | £'000 |
| Royalty income | 7,182 | - | 834 | - | - | - | - | 8,016 |
| Finance income | - | - | - | - | - | - | 392 | 392 |
| Gain on sale of mining and exploration interests | - | 1,176 | - | 10,150 | - | - | - | 11,326 |
| Other income | - | 229 | - | - | - | - | - | 229 |
| Total segment income | 7,182 | 1,405 | 834 | 10,150 | - | - | 392 | 19,963 |
| Profit before tax | 7,182 | 1,405 | 834 | 10,150 | - | - | (1,048) | 18,522 |
| Amortisation | - | - | (254) | - | - | - | - | (254) |
| Income tax expense | (2,031) | - | (98) | - | - | - | (906) | (3,035) |
| Total assets | 206,789 | 40,580 | 34,002 | 3,871 | 35,009 | 10,603 | 49,800 | 380,654 |
| Total liabilities | 57,452 | - | 251 | - | 2,603 | - | 6,621 | 66,927 |

The segment information for the nine months ended September 30, 2012 is as follows:

| | Australia | | Americas | | Europe | | All other segments | Total |
|--|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|--------------------|----------------|
| | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | £'000 | £'000 |
| Royalty income | 10,370 | - | 1,521 | - | - | - | - | 11,891 |
| Finance income | - | - | - | - | - | - | 475 | 475 |
| Gain on sale of mining and exploration interests | - | 4,032 | - | 274 | - | (11) | - | 4,295 |
| Other income | - | 481 | - | 130 | - | 725 | - | 1,336 |
| Total segment income | 10,370 | 4,513 | 1,521 | 404 | - | 714 | 475 | 17,997 |
| Profit before tax | 10,370 | 4,513 | 2,327 | 404 | - | 714 | (3,287) | 15,041 |
| Amortisation | - | - | (763) | - | - | - | - | (763) |
| Income tax expense | (1,943) | - | (266) | - | - | - | (1,434) | (3,643) |
| Total assets | 198,614 | 28,888 | 29,930 | 12,843 | 32,900 | 18,253 | 31,806 | 353,234 |
| Total liabilities | 47,161 | - | - | - | 2,245 | - | 1,427 | 50,833 |

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

The segment information for the nine months ended September 30, 2011 (restated) is as follows:

| | Australia | | Americas | | Europe | | All other segments | Total |
|--|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|--------------------|----------------|
| | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | £'000 | £'000 |
| Royalty income | 22,432 | - | 1,833 | - | - | - | - | 24,265 |
| Finance income | - | - | - | - | - | - | 1,150 | 1,150 |
| Gain on sale of mining and exploration interests | - | 5,993 | - | 11,871 | - | 926 | - | 18,790 |
| Other income | - | 638 | - | - | - | - | - | 638 |
| Total segment income | 22,432 | 6,631 | 1,834 | 11,871 | - | 926 | 1,150 | 44,844 |
| Profit before tax | 22,432 | 6,631 | 1,834 | 11,871 | - | 779 | (2,397) | 41,150 |
| Amortisation | - | - | (763) | - | - | - | - | (763) |
| Income tax expense | (6,478) | - | (207) | - | - | - | (2,644) | (9,329) |
| Total assets | 206,789 | 40,580 | 34,002 | 3,871 | 35,009 | 10,603 | 49,800 | 380,654 |
| Total liabilities | 57,452 | - | 251 | - | 2,603 | - | 6,621 | 66,927 |

The segment information for the twelve months ended December 31, 2011 (restated) is as follows:

| | Australia | | Americas | | Europe | | All other segments | Total |
|--|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|--------------------|----------------|
| | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | Royalty £'000 | Mining interests £'000 | £'000 | £'000 |
| Royalty income | 31,984 | - | 2,694 | - | - | - | - | 34,678 |
| Finance income | - | - | - | - | - | - | 1,507 | 1,507 |
| Gain on sale of mining and exploration interests | - | 6,714 | - | 12,663 | - | 926 | - | 20,303 |
| Other income | - | 615 | - | - | - | - | 19 | 634 |
| Total segment income | 31,984 | 7,329 | 2,694 | 12,663 | - | 926 | 1,526 | 57,122 |
| Profit before tax | 31,984 | 7,329 | (1,684) | 12,621 | - | 926 | (2,595) | 48,581 |
| Amortisation | - | - | (1,018) | - | - | - | - | (1,018) |
| Income tax expense | (8,571) | - | (384) | 115 | - | - | (3,369) | (12,209) |
| Total assets | 191,705 | 35,672 | 39,589 | 20,034 | 36,708 | 9,075 | 38,256 | 371,039 |
| Total liabilities | 58,056 | - | - | - | 2,652 | - | 3,162 | 63,870 |

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NOTES TO THE ACCOUNTS

The amounts provided to the Executive Committee with respect to total 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.

Investments in mining and exploration interests (classified as available-for-sale financial assets or financial assets at fair value through profit or loss) held by the Group are classified by geographic segment by reference to the country of the investee's primary listing for quoted investments or the country of operations for unquoted investments.

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

Of the total royalty income, £10.3 million received during the nine months to September 30, 2012 is derived from a single royalty (September 30, 2011: £16.7 million). This income is attributable to the Australian royalty segment.

4 Earnings per ordinary share

| | For the three months ended | | For the nine months ended | |
|----------------------------|----------------------------|-----------------------------|---------------------------|-----------------------------|
| | September 30, 2012 | Restated September 30, 2011 | September 30, 2012 | Restated September 30, 2011 |
| Basic earnings per share | <u>5.76p</u> | <u>14.31p</u> | <u>10.51p</u> | <u>29.39p</u> |
| Diluted earnings per share | <u>5.76p</u> | <u>14.30p</u> | <u>10.51p</u> | <u>29.39p</u> |

Earnings per ordinary share 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 September 30, 2012.

The numbers used in calculating basic and diluted earnings per share are stated below:

| | For the three months ended | | For the nine months ended | |
|--|----------------------------|-----------------------------|---------------------------|-----------------------------|
| | September 30, 2012 | Restated September 30, 2011 | September 30, 2012 | Restated September 30, 2011 |
| | £'000 | £'000 | £'000 | £'000 |
| Net profit attributable to shareholders | | | | |
| Earnings—basic | 6,247 | 15,487 | 11,398 | 31,821 |
| Earnings—diluted | <u>6,247</u> | <u>15,487</u> | <u>11,398</u> | <u>31,821</u> |
| | For the three months ended | | For the nine months ended | |
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Weighted average number of shares in issue | | | | |
| Ordinary shares in issue | 108,436,682 | 108,257,718 | 108,436,682 | 108,257,718 |
| Employee Share Option Scheme | <u>5,581</u> | <u>11,164</u> | <u>5,581</u> | <u>11,164</u> |
| | <u>108,442,263</u> | <u>108,268,882</u> | <u>108,442,263</u> | <u>108,268,882</u> |

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5 Royalty cash flow per share

| | For the three months ended | | For the nine months ended | |
|--|----------------------------|-----------------------------------|---------------------------|-----------------------------------|
| | September 30, 2012 | Restated September 30, 2011 | September 30, 2012 | Restated September 30, 2011 |
| Total royalty cash flow per share | | | | |
| Basic royalty cash flow per share | <u>5.26</u> | <u>5.86</u> | <u>7.04</u> | <u>15.26</u> |
| Diluted royalty cash flow per share | <u>5.26</u> | <u>5.86</u> | <u>7.04</u> | <u>15.26</u> |

The Group's management considers royalty cash flow per share to be a useful measure of the performance of the Group's assets. Changes in equity market conditions lead to annual fluctuations in gains on sale of mining and exploration interests, and while these gains can be significantly value accretive for shareholders, the Group's management focus remains on increasing the Group's cash flows from royalties. In addition, the classification of the Group's royalty instruments as repayable debentures results in cash flows which are classified as repayments of principal and interest until repaid. As a result, the combination of royalty income and cash received from the debenture repayments during the year form the numerator for this metric. Both of these components are calculated before tax.

The numbers used in calculating the basic and diluted royalty cash flow per share are stated below:

| | For the three months ended | | For the nine months ended | |
|-----------------------------------|--------------------------------|--|--------------------------------|--|
| | September 30, 2012 £'000 | Restated September 30, 2011 £'000 | September 30, 2012 £'000 | Restated September 30, 2011 £'000 |
| Royalty income | 5,020 | 8,016 | 11,891 | 24,265 |
| Receipts from royalty instruments | <u>374</u> | <u>120</u> | <u>1,197</u> | <u>467</u> |
| Total Royalty cash flow | <u>5,394</u> | <u>8,136</u> | <u>13,088</u> | <u>24,732</u> |

| | For the three months ended | | For the nine months ended | |
|---|----------------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Weighted average number of shares in issue | | | | |
| Ordinary shares in issue | 108,436,682 | 108,257,718 | 108,436,682 | 108,257,718 |
| Employee Share Option Scheme | <u>5,581</u> | <u>11,164</u> | <u>5,581</u> | <u>11,164</u> |
| | <u>108,442,263</u> | <u>108,268,882</u> | <u>108,442,263</u> | <u>108,268,882</u> |

6 Intangibles

| | Exploration and Evaluation Costs £'000 | Royalty Interests £'000 | Total £'000 |
|---|--|-------------------------------|----------------|
| Gross carrying amount | | | |
| At January 1, 2012 | 804 | 70,525 | 71,329 |
| Additions | 125 | 2,497 | 2,622 |
| Foreign currency translation | <u>(24)</u> | <u>752</u> | <u>728</u> |
| At September 30, 2012 | 905 | 73,774 | 74,679 |
| Amortisation and impairment | | | |
| At January 1, 2012 | - | (2,191) | (2,191) |
| Amortisation charge | - | <u>(763)</u> | <u>(763)</u> |
| At September 30, 2012 | - | <u>(2,954)</u> | <u>(2,954)</u> |
| Carrying amount September 30, 2012 | <u>905</u> | <u>70,820</u> | <u>71,725</u> |

Anglo Pacific Group PLC

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| Group | Exploration and Evaluation Costs £'000 | Royalty Interests £'000 | Total £'000 |
|---|--|-------------------------------|----------------|
| Gross carrying amount | | | |
| At January 1, 2011 | 696 | 42,130 | 42,826 |
| Additions | 26 | 28,309 | 28,335 |
| Acquisition costs returned | - | (710) | (710) |
| Foreign currency translation | - | 3 | 3 |
| At September 30, 2011 | 722 | 69,732 | 70,454 |
| Amortisation and impairment | | | |
| At January 1, 2011 | - | (85) | (85) |
| Amortisation charge | - | (763) | (763) |
| At September 30, 2011 | - | (848) | (848) |
| Carrying amount September 30, 2011 | 722 | 68,884 | 69,606 |
| Gross carrying amount | | | |
| At January 1, 2011 | 696 | 42,130 | 42,826 |
| Additions | 108 | 29,105 | 29,213 |
| Acquisition costs returned | - | (710) | (710) |
| At December 31, 2011 | 804 | 70,525 | 71,329 |
| Amortisation and impairment | | | |
| At January 1, 2011 | - | (85) | (85) |
| Impairment charge | - | (1,088) | (1,088) |
| Amortisation charge | - | (1,018) | (1,018) |
| At December 31, 2011 | - | (2,191) | (2,191) |
| Carrying amount December 31, 2011 | 804 | 68,334 | 69,138 |

The Group's intangibles comprise capitalised exploration and evaluation costs and royalty interests.

The exploration and evaluation costs comprise expenditure that is directly attributable to the Trefi and Panorama coal projects in British Columbia, Canada.

Intangible royalty interests represent the NSR royalties acquired on the Four Mile project in South Australia, the Salamanca uranium project in Spain, the Black Thor, Black Label and Big Daddy chromite projects in Northern Ontario, Canada and a number of tenements in the Athabasca Basin region of Canada, together with the gross revenue royalties covering the Amapá iron ore system in Brazil, the Isua iron ore project in Greenland, the Mount Ida magnetite project in Western Australia and three exploration licences, including the Railway iron ore deposit, in the central Pilbara region of Western Australia.

The Amapá royalty interest is the only producing interest and therefore, subject to amortisation. Amortisation of the remaining interests will commence once they begin commercial production. No intangible assets have been pledged as security for liabilities.

7 Outstanding share data

As at October 30, 2012 there were 109,605,376 ordinary 2p shares outstanding. Anglo Pacific Group PLC has no other class of shares in issue. All shares have the same voting rights.

The Group operates two equity-settled share-based compensation plans as follows:

- The HMRC approved Company Share Ownership Plan (the "CSOP"); and
- The Joint Share Ownership Plan (the "JSOP") operated through the Anglo Pacific Group Employee Benefit Trust (see note 8).

There are currently 77,681 share options outstanding under the CSOP, with exercise prices ranging from £2.50 to £3.29.

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8 Own shares held

Following approval at the 2010 Annual General Meeting the Group established the Anglo Pacific Group PLC Employee Benefit Trust (the "Trust") to be used as part of the remuneration arrangement for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Group.

At September 30, 2012 the Trust held 925,933 (December 31, 2011: 925,933) ordinary 2p shares in Anglo Pacific Group PLC.

9 Related party transactions

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

| | For the three months ended | | For the nine months ended | |
|------------------------------|----------------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| | £'000 | £'000 | £'000 | £'000 |
| Short-term employee benefits | 185 | 240 | 564 | 430 |
| Post-employment benefits | 9 | 30 | 41 | 86 |
| Share-based payment | 30 | 37 | 85 | 96 |
| | <u>224</u> | <u>307</u> | <u>690</u> | <u>612</u> |

The Group entered into the following related party transactions during the period:

| | For the three months ended | | For the nine months ended | |
|-----------------------|----------------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| | £ | £ | £ | £ |
| Allenbridge Group PLC | - | - | - | 2,489 |
| JW Technologies | - | - | - | 1,130 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,619</u> |

10 Availability of financial statements

This statement will be sent to shareholders and will be available at the Group's registered office at 17 Hill Street, London, W1J 5LJ.