

# News Release

8 February 2021

## **Anglo Pacific Group PLC 2020 Trading Update and recommended full year 2020 dividend of 9p**

Anglo Pacific Group PLC ("Anglo Pacific", the "Company" or the "Group") (LSE: APF, TSX: APY), issues the following trading update for the period 1 October 2020 to 7 February 2021, which includes certain information for the year ended 31 December 2020. The Company expects to release its full year results on 24 March 2021. Unless otherwise stated, all unaudited financial information is for the quarter or year ended 31 December 2020.

### **Highlights:**

- £35m - £37m in portfolio contribution down ~40% vs. record year in 2019 (£59.5m)
- Decrease in portfolio contribution primarily driven by softening in coal prices during 2020 and an associated reduction in the applicable royalty rate at Kestrel, together with a 10% decrease in sales volumes at Kestrel
- Q4 2020 portfolio contribution rebounded strongly from Q3 2020 as commodity markets started to recover, particularly iron ore and copper which rallied during H2 2020 and coking coal prices which continue to recover in 2021, currently trading at around \$156/t, an increase of 50% year to date
- Strong contribution from LIORC, on the back of stronger iron ore prices, with total dividends for 2020 announced of C\$3.05 per share, representing an implied yield of ~9.4% at year-end
- During Q4 2020 and Q1 2021 the Group took advantage of the strong iron ore prices and higher LIORC share price to realise C\$102.3m (£59.1m) proceeds through the sale of 73% of the Group's holding, generating a capital gain of C\$22.7m (£13.1m) equating to a total return on investment of nearly 60%
- Record quarterly and full year 2020 production levels achieved at the Maracás Menchen vanadium mine, with sales volumes exceeding Largo Resources' previously

announced sales guidance for 2020 of 10,000t and further growth expected in 2021 with sales guidance of between 12,250t and 12,750t

- The operations underlying the Group's producing royalty related assets remained largely unaffected by Covid-19, with the exception of the McClean Lake Mill which has been placed back on care and maintenance at the start of January 2021, following suspension of operations at the Cigar Lake uranium mine during Q4 2020, however this is not material and represents ~7% of portfolio contribution
- A further ~US\$2 million investment into Brazilian Nickel made during the year, helping to accelerate the Piauí Project which, if the Company decides to exercise its option to increase the GRR to 4.25%, has the potential to generate income of US\$14.5 million per annum
- Net debt at year-end of £24.4m, reflecting £7m of acquisitions, £16.7m of dividend payments, £5m share buyback and pre-year end LIORC sales of £15.1m. Incorporating the additional LIORC sales post-year end, the Group is currently in a net cash position of approximately £25.2m
- Share buyback of £5m completed in November 2020 represents a return of 2.75p per share to shareholders
- Recommended final dividend of 3.75p which when combined with the 5.25p already paid or declared results in total dividends for 2020 of 9p (2019: 9p)

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

"While I am pleased to report that the operations underlying the Group's portfolio were largely unaffected by the Covid-19 pandemic, commodity prices and in particular softer coal prices have resulted in a drop in portfolio contribution for 2020, in what has been a challenging period for all. A large fall off in prices during Q2 2020 affected the results for the full year, however there was a strong rebound in iron ore and copper in H2 2020 and it is encouraging that coking coal is one of the best performing commodities of 2021, up almost 50% year to date, which could drive a more positive portfolio contribution in 2021.

With the strong rebound in the price of iron ore we opportunistically sold a significant portion of our holding in LIORC, generating close to a 60% return on the investment. This strengthens our balance sheet for new transactions as we continue to shift the portfolio into commodities that will underpin a sustainable future, in line with our stated strategy.

At a time when the outlook for nickel looks favourable, we were pleased to invest a further ~US\$2m in Brazilian Nickel alongside TechMet to accelerate the development of the Piauí Project. Should Brazilian Nickel proceed with the full-scale expansion of the project, the Group retains its option to invest a further US\$70m and increase the GRR it holds from 1.25% to 4.25%.

We are now in a net cash position, with a US\$120m Revolving Credit Facility, including the US\$30m accordion and have considerable fire power to enable us to further diversify the Group's portfolio, with a particular focus on the base metals required in the 21st century. We are pleased to be recommending a final dividend for 2020 of 3.75p, bringing the total dividend for 2020 to 9p, maintaining the level paid in 2019. This is in addition to the share buyback completed during the year amounting to a return to shareholders of a further 2.75p per share.

I would like to thank all of our stakeholders for their continued support and we look forward to updating you with our progress as we continue to assess opportunities to steer Anglo Pacific towards becoming a growth royalty and streaming business, focused on 21st century materials."

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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) 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'. 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 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.

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.

Forward-looking statements 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. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, that may be general or specific which could cause actual results to differ materially from those forecast, 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. 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. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate.

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.

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