

News Release

12 March 2021

Anglo Pacific Group PLC Completion of US\$205m Voisey's Bay Cobalt Stream Acquisition

Further to the announcement on 24 February 2021, Anglo Pacific Group PLC ("**Anglo Pacific**", the "**Company**", the "**Group**") (LSE: APF, TSX: APY) is pleased to announce the completion of the acquisition of a 70% net interest in a stream on cobalt production from the Voisey's Bay mine in Canada from private equity sellers for cash consideration of US\$205 million at closing and further contingent consideration of up to US\$27 million (the "**Acquisition**").

The Acquisition was financed through an oversubscribed equity placing and retail offer of ~US\$66m, the previously announced profitable monetisation of a portion of the Group's Labrador Iron Ore Royalty Corporation ("LIORC") investment, and the completion of the new US\$180 million credit facility from a syndicate of leading Canadian banks, comprising Scotiabank, RBC Capital Markets, and Canadian Imperial Bank of Commerce.

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

"I am extremely pleased to announce the completion of the Voisey's Bay cobalt stream acquisition. This transaction is not only the largest in our Company's history, but it also marks the start of a fundamental transformation, as we reposition the business towards 21st century commodities and become an increasingly battery metals focused royalty and streaming company.

The transaction provides Anglo Pacific with significant exposure to a strategic mineral coupled with additional scale with which to undertake similar transactions to further expand our commodity exposure in high growth sectors. We have a US\$20m funding commitment (subject to the satisfaction of certain conditions) with Incoa and a further US\$70m of optionality within our business with Piauí, along with several prospective deals within our pipeline for similar commodities aligned to the battery storage and electric vehicle revolutions.

This is the ideal time to proactively redeploy capital from the iron ore sector and invest in cobalt. Since the start of 2021, the cobalt price has increased ~60% reaching two-year highs at US\$24.95/lb¹; and has increased ~4% since Anglo Pacific announced the acquisition, whilst the iron ore price has fallen ~4%. The increase has been driven by continued demand from the lithium-ion battery sector as electric vehicle sales reached record highs in 2020, with projected EV battery demand growth of 17% per annum forecast over the period to 2040.

Fundamentals of the cobalt market and future outlook for the commodity are firmly backed by the financial stimulus and policy frameworks adopted by western governments in order to aid the green revolution through emissions free transport, as well as the ambitious goals set out by individual automakers to become fully electric; most recently joined by Volvo and Jaguar.

Again, I would like to thank all of our stakeholders for their continued support; this new cornerstone asset will help underpin Anglo Pacific's ability to deliver further growth and sustainable future returns for our shareholders."

Transaction Highlights:

- **A new cornerstone asset:** Voisey's Bay is an established nickel-cobalt-copper mine, located in Canada, a well-established mining jurisdiction, and is an important operation of Vale Canada Ltd (a subsidiary of Vale S.A., one of the world's largest mining companies). It is a long-life operation, supporting the Group's sustainable, through-the-cycle cash flow generation.
- **Strong cobalt fundamentals:** The long-term fundamentals of the cobalt market are expected to be very favourable and benefit from the accelerating trend toward the adoption of electric vehicles.
- **Repositioning to materials of the 21st century:** 61% of the pro-forma royalty portfolio will be attributable to battery related materials and significantly reduces the Company's exposure to coal.
- **World class operation:** Voisey's Bay is a world class nickel-cobalt-copper mine, positioned in the 2nd lowest quartile of the industry cost curve and provides exposure to one of the largest sources of cobalt outside of the Democratic Republic of the Congo ("DRC").
- **Environmental credentials:** Within the industry, Voisey's Bay ranks amongst the lowest global emitters of CO₂², supported by a leading sustainability and safety track record.
- **Accretive transaction for Anglo Pacific's shareholders:** The Acquisition is expected to be immediately accretive and to provide a platform for long term earnings growth, as Kestrel's contribution to the portfolio declines.
- **Stream details:**
 - o Anglo Pacific is entitled to receive 22.82%³ of all cobalt production from Voisey's Bay up until 7,600 tonnes of finished cobalt has been delivered, which then reduces the stream to an 11.41%³ entitlement thereafter.
 - o Anglo Pacific will make ongoing payments equal to 18% of an industry cobalt reference price for each pound of cobalt delivered under the cobalt stream, until Anglo Pacific has recovered the US\$300m original upfront amount paid for the stream (through accumulating credit from 82% of the cobalt reference price) through cobalt deliveries; thereafter, the ongoing payments will increase to 22% of the cobalt reference price.
- **Downside protection:** The stream agreement provides that if mill throughput does not reach 85% of targeted levels by 31 December 2025, some or all of the original upfront amount may be refunded or the applicable cobalt stream percentages may be increased, providing downside protection.

Analyst and Investor presentation webcast replay

We are pleased to provide a replay of the Voisey's Bay acquisition presentation recorded at 9am (GMT) on 24 February 2021, hosted by Julian Treger (CEO), Kevin Flynn (CFO) and Marc Bishop Lafleche (CIO).

<https://webcasting.brrmedia.co.uk/broadcast/602ec5f61fc46330548fabb0/603611d6318c486b2e86d787>

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Notes to Editors

About the Company

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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.

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