RNS Number : 6751G
Anglo Pacific Group PLC
28 July 2021

News Release

28 July 2021

Anglo Pacific Group PLC
Half Year 2021 Trading Update

Anglo Pacific Group PLC ("Anglo Pacific", the "Company" or the "Group") (LSE: APF, TSX: APY), is pleased to issue the following trading update. Unless otherwise stated, all unaudited financial information is for the quarter or half year ended 30 June 2021.

This update is ahead of the release of the full Group audited half year results on 25 August 2021.

Highlights

- Portfolio contribution[1] for Q2 2021 of £9.4m, a 38.2% increase compared to £6.8m in Q1 2021, includes maiden deliveries under the Voisey's Bay stream following completion of the acquisition at the end of Q1 2021. The Group's Q2 2021 portfolio contribution has benefitted from 5 deliveries from the stream, and when combined with the 3 deliveries thus far in July 2021, the Group has realised total proceeds of US$4.0m (£2.8m)

- Portfolio contribution of £16.2m in H1 2021 compared to £19.1m in H1 2020, reflects lower coking coal prices and volumes at both Kestrel and Narrabri, primarily in Q1 2021, but is offset by maiden contributions from the Group's Voisey's Bay stream of £1.7m

- Coal prices in the earlier part of 2021 were impacted by the Chinese import ban on Australian coal - this position reversed in late Q2 2021, resulting in a more favourable outlook for H2 2021

- Dividends from LIORC of C$2.75 per share declared in H1 2021 compared to C$0.80 per share in H1 2020 - benefitting from continued strong iron ore pricing throughout the first six months of 2021

- Realised copper and vanadium prices were higher in the period which benefitted Mantos Blancos and Maracás Menchen revenue (the latter was impacted by a one-off off-take adjustment charge in H1 2020)

- All the Group's producing assets are back in operation, following the recommencement of activities at the McClean Lake Mill after a period of COVID-19 related care and maintenance (as announced at the Group's Q1 2021 Trading Update)

- Net debt of £78.7m at the end of June 2021 (£24.4m at the beginning of the year) reflecting the acquisition of the Voisey's Bay cobalt stream in Q1 2021

- With ~US$29m of undrawn borrowings, ~US$39m residual position in LIORC and ~US$8.0m of treasury shares, the Group has financing flexibility of ~US$76m to finance further growth opportunities

Anglo Pacific expects H2 2021 to be stronger, in light of a rally in cobalt prices and the full effect of the Voisey's Bay stream being recognised in the Group's portfolio, strength in copper and iron ore prices and a recovery in the coal market, supported by the backdrop of strong infrastructure spending and continued anticipated demand for 21st century commodities

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

"Anglo Pacific has had a stable first half of 2021, with 8 cobalt deliveries now processed under our Voisey's Bay stream which has generated cash to the end of July 2021 of US$4.0m. Voisey's Bay was a transformational acquisition during the period for Anglo, not only in terms of it being the Group's largest and most significant transaction to date, but also in terms of transitioning our portfolio towards 21st century commodities that support a more sustainable future. It is pleasing to see the stream operate smoothly and in line with our expectations.

While prices for our commodities were weaker in Q1 2021, they began to recover in Q2 2021.
In particular, cobalt prices are up ~20% in the last month and are higher than our Voisey's Bay investment case. In addition, both copper and iron ore have increased by over 20% year to date and our Mantos Blancos and LIORC revenues have benefitted from this.

It was also pleasing to see the coal markets turn during the second quarter, with coking coal now more than $200/t (from a low of ~$100/t) and thermal coal at ~$150/t, which should benefit our revenue in H2 2021. Infrastructure spending should continue to benefit iron ore, coking coal and copper whilst the longer-term fundamentals for cobalt and vanadium remain positive due to continued expected demand from electric vehicle and battery manufacturers.

Spot prices continue to remain higher than consensus prices in the near-term, and with our producing assets all in operation we expect a stronger performance from our portfolio in the second half of the year.

We look forward to updating the market in relation to our investment activity at the half year, and we remain busy advancing our pipeline in order to continue adding royalties and streams to our portfolio."

For further information:

Anglo Pacific Group PLC **+44 (0) 20 3435 7400**
Julian Treger - Chief Executive Officer
Kevin Flynn - Chief Financial Officer

Website: www.anglopacificgroup.com

Berenberg **+44 (0) 20 3207 7800**
Matthew Armitt / Jennifer Wyllie / Varun Talwar / Detlir Elezi

Peel Hunt LLP **+44 (0) 20 7418 8900**
Ross Allister / Alexander Allen / David McKeown

RBC Capital Markets **+44 (0) 20 7653 4000**
Farid Dadashev / Marcus Jackson / Jamil Miah

Camarco **+44 (0) 20 3757 4997**
Gordon Poole / Owen Roberts / James Crothers

Notes to Editors

About the Company

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.

[1] **Portfolio Contribution**

Portfolio contribution represents funds received or receivable from the Group's underlying royalty and stream related assets which is taken into account by the Board when determining dividend levels.

Portfolio contribution is royalty and stream related revenue net of stream inventory purchase costs, plus royalties received or receivable from royalty financial instruments carried at FVTPL and principal repayments received under the Denison financing agreement.

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.

END

TSTPPUAUMUPGPUM