



Labrador Iron Mines – Houston Preliminary Economic Assessment

Anglesey Mining plc is pleased to report that Labrador Iron Mines Holdings Limited (“LIM”) in which Anglesey has a 12% holding, has announced the commencement of a Preliminary Economic Assessment on its Houston project in Labrador, Canada. This represents the first major development of LIM’s assets since the last production in 2014.

In light of persistently stronger iron ore prices over the past two years, and with increased inquiries and expressions of interest from potential off-takers seeking iron ore supply and with encouragement from local indigenous stakeholders, LIM is now working to advance Stage 2 of its planned direct shipping ore mining operations, which involves the development of its Houston deposits, located about 25 km south of Schefferville.

Anglesey Chief Executive, Bill Hooley, said: *“As a director of both Anglesey and LIM, I am very pleased with the news that LIM is, after a number of years of low iron prices, now taking positive steps to move its Stage 2 operations forward. The recent sustained increases in worldwide iron ore prices and the market expectations of continuing price support based on global economic recovery bode well for the future of LIM’s projects and for Anglesey’s investment.”*

Preliminary Economic Assessment

Advancement of the Houston Project will require development financing, and to assist in securing such financing and as the appropriate next step to advance the project, LIM has engaged Roscoe Postle Associates Inc. (RPA), now part of SLR Consulting Ltd (SLR), to complete an independent Preliminary Economic Assessment (PEA) and a current technical report on the Houston deposit to be used for consideration of possible financing options to advance the Houston Project.

RPA is a world-leading mining advisory business with offices in Toronto, Denver, and London. RPA is uniquely qualified to carry out this work as it has extensive relevant iron ore experience on many projects in Canada (including Schefferville and Labrador) and in other parts of the world. In 2019, RPA was acquired by SLR, a global leader in environmental and advisory solutions.

The Houston property is situated in Labrador about 20 km southeast of the town of Schefferville. Together with the Malcolm Deposit, considered to be its northwest extension, the Houston deposits are estimated to contain a resource of 40 million tonnes grading 57.6% iron (“Fe”). LIM has identified a higher-grade component of this resource on which the initial mine plan will focus.

Four open pits would be developed sequentially to produce 2 million tonnes per year of direct shipping iron ore (lump, sinter) over a 10 year mine-life period. The current development plan for Houston is based on dry crushing and screening only

and envisages an anticipated mining rate of 10,000 tonnes per day. The Houston deposits also contain harder ore than the prior James mine and are anticipated to produce a larger proportion of premium lump product.

The PEA is expected to be completed before the end of 2020.

Stronger Iron Ore Markets

For the past two years the iron ore price has persistently exceeded US\$100 per tonne (62% Fe/CFR China). This has been a function of both supply disruptions but also steady and increasing demand from China, which shows no signs of declining.

At the beginning of 2019 the iron ore price stood at around US\$70 per tonne, and rose to a 5 year high of US\$126 per tonne in early July 2019, before falling back in the second half of the year to a US\$85-US\$90 per tonne range. In January 2020, the price temporarily declined to approximately US\$80 per tonne, due to the initial impact of the Covid-19 pandemic, which caused a short-term curb in China's steel production due to public health measures.

By mid-February 2020, however, China's steel production began to increase again, based on significant government stimulus programmes and an improving domestic public health situation. By July 2020, China was on track to break its previous annual record of steel production and associated iron ore imports. China's industrial output in September surpassed all expectations, with daily run-rates for steel and aluminium hitting all-time highs as state spending accelerated and the nation's producers fed rising demand in sectors like construction and automobiles.

On the supply side in 2020, Brazil was particularly hard-hit by Covid-19, which interrupted the country's iron ore production resulting in a tight supply in the global iron ore market. This has been exacerbated by the tailings dam problems that came to a head in 2019.

The cumulative impact of robust demand in China and tight supply led to a significant increase in the price of iron ore during the first three quarters of 2020. In September 2020, the price reached US\$130 per tonne, the highest in more than six years, representing a more than 40% increase during the year.

Although the price has eased somewhat in October, market commentators are generally confident that continuing strong China demand and tighter supply will support a robust iron ore market. Going forward, a significant global economic recovery driven by Covid recovery stimulus programmes expected in 2021 should create strong demand for steel production and a supportive price floor for iron ore above US\$100 per tonne.

About Anglesey Mining plc

Anglesey is in evaluation work at its 100% owned Parys Mountain copper-zinc-lead deposit in North Wales, UK with a 2012 reported resource of 2.1 million tonnes at 6.9% combined base metals in the indicated category and 4.1 million tonnes at 5.0% combined base metals in the inferred category. Micon International is currently preparing a PEA on the Parys Mountain project.

Anglesey holds a 10% interest, and management rights to the Grangesberg Iron project in Sweden, together with a right of first refusal to increase its interest by a further 50.1%. Anglesey also holds 12% of Labrador Iron Mines Holdings Limited which holds direct shipping iron ore deposits in Labrador and Quebec.

Anglesey is also currently and actively reviewing other compatible base metal projects at advanced stages suitable for incorporation into the Anglesey Group.

For further information, please contact:

Bill Hooley, Chief Executive +44 (0)7785 572517

Danesh Varma, Finance Director +44 (0)7740 932766