



Bounty Mining Limited

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10 November 2017

## **Announcement: Bounty Mining Limited**

### **Purchase of Cook Colliery and Minyango Project & Over-Subscribed Institutional Placement Successfully Raises \$17 Million**

- **Bounty to acquire Cook Colliery and the Minyango Coking Coal Project**
- **Cook Colliery to recommence production in the first quarter of 2018**
- **Restructuring from the previous longwall operation to a more effective bord & pillar system**
- **Transaction completion proposed for end November 2017**
- **Bounty successfully raises \$17 million in over-subscribed Placement via PAC Partners as sole Lead Manager**

**10 November 2017** - Bounty Mining Limited ("Bounty" or "the Company") is pleased to announce that it has acquired the assets of Caledon Coal Pty Ltd (Caledon) and Blackwater Coal Pty Ltd (Blackwater). The assets include the established Cook Colliery and the Minyango Coking Coal Project.

Bounty will settle the acquisitions for a total of \$31.5 million, with \$6.7 million paid on completion and the balance deferred and paid over 18 months. The acquisitions include all of the assets of Caledon and Blackwater, except for physical property associated with the Minyango Project.

In a separate but related transaction, Bounty has acquired the assets associated with the Cook Colliery that had remained the property of Cook Resource Mining Pty Ltd, a subsidiary of Glencore Limited for a total of \$10 million in deferred payments. This acquisition places Bounty in full ownership and control of the assets related to Cook Colliery, including the related Mining Lease, rail loop, Glencore washplant and coal marketing agreement.

Bounty is expecting to take possession of the projects in late November 2017. Bounty will bring the Cook Colliery back into production as a more flexible and efficient bord and pillar style mining operation (previously longwall). Coal production is expected to commence in the first quarter of 2018 and Bounty aims to progressively increase production to a total 1.8 million tonnes of product over 12 months. Historically, the Cook Colliery has produced 80% of hard coking coal and 20% of premium thermal coal. These transactions will provide Bounty with near term revenue from the Cook Colliery and a mid-term development project in Minyango, for which a Mining Lease has already been granted. Bounty will continue with development of the Wongai project, but this has a longer-term horizon.

As background, Caledon was placed into voluntary administration in May 2017 following a water inundation event that fully submerged the longwall at the Cook Colliery. The longwall was promptly dewatered but the mine was placed under care and maintenance shortly after that date and PPB Advisory ("PPB") were appointed as Administrators. PPB sought proposals for a refinancing or acquisition of the Company and / or its assets, and Bounty was the successful bidder to acquire the assets.

The transactions agreed are subject to a number of Conditions Precedent (CPs) typical for a transaction of this type including, without limitation, the following:

- completion of satisfactory due diligence by Bounty;
- provision of satisfactory evidence (to the sellers) that Bounty has sufficient funds to carry out its obligations under the acquisition agreement;
- receipt of the necessary third-party consents and other regulatory approvals for the transfer of tenements and novation of mining sub lease arrangements, termination of marketing arrangements, receipt of written commitments and novation of agreements regarding terminal access, royalty arrangements, performance guarantees and provision of commercial services at the project; and
- creditor and secured lender consents and confirmations and such consents and approvals not being withdrawn or revoked prior to completion.

On 27 October 2017, the QLD Supreme Court ruled in favour of PPB, granting them consent to sell the assets of Caledon to Bounty without the consent of the secured creditors. This now satisfies the CP in regard to secured lender consent.

The Company continues to work in good faith with the necessary parties to ensure each of the conditions are satisfied as soon as practicable and, in any event, before 25 November 2017.

### **Bounty Successfully Completes Over-Subscribed \$17 Million Institutional Placement**

Bounty is pleased to announce the Company has received firm commitments for a capital raising of \$17 million (before costs) to support the acquisitions of the Cook Colliery and Minyango Project (and associated assets) and to provide working capital to recommence mining operations at the Cook Colliery.

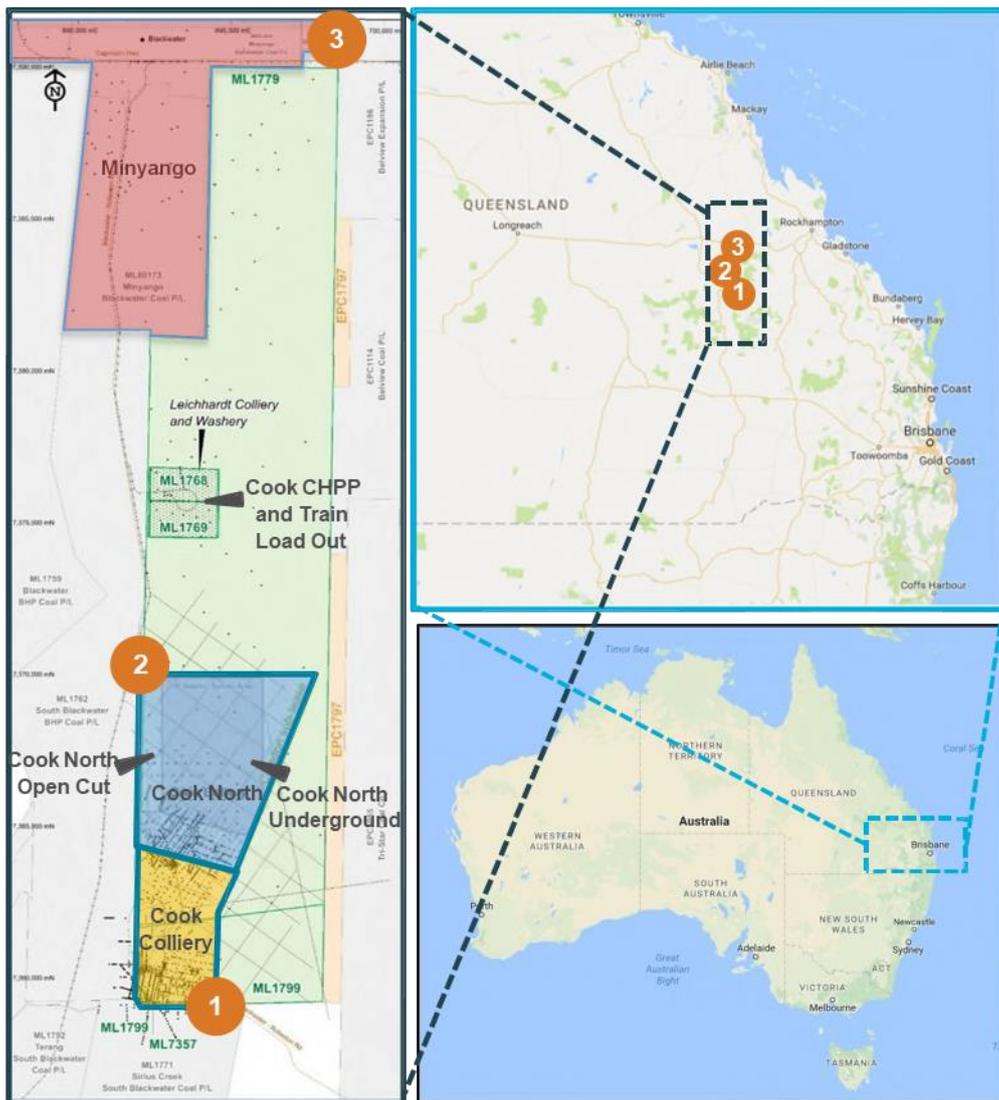
The capital raising comprised a placement of shares at \$0.13 per share to institutional and professional investors. Funds will be drawn down when the CPs relating to the acquisitions have been satisfied. PAC Partners acted as sole Lead Manager to the capital raising.

Bounty's Executive Chairman, Gary Cochrane said "Bounty is pleased with the elevated interest in Bounty and the Cook Colliery premium hard coking coal mine off the back of a significantly improved Hard Coking Coal price.

Our Company has negotiated very attractive deal terms that will benefit shareholders both in the short term and through the life of the mine. We welcome new shareholders as they join us in recommencing mining operations at Cook and, in time, finalising mine plans and commencing operations at the outstanding and advanced Minyango Project".

The Bounty Board will explore avenues for future financing, one of which may include seeking quotation of the Company's share on the Australian Securities Exchange (ASX), subject to the satisfactory preparation of a prospectus and market conditions.

-ENDS-



Location of the Cook Colliery and Minyango Project in the Bowen Basin, Central QLD

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