



Bounty Mining Limited

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22 October 2018

ASX Announcement

## **Successful Private Placement of \$10.3m at \$0.30 per share**

- **Bounty has raised \$10.3m in a private placement at an 18% premium to market price**
- **Strong support by Xcoal and existing shareholders**
- **Non-Executive Director Craig Garson QC appointed to the Board**
- **Working capital needed due to delays in sumping approvals**
- **Funding also used for new equipment strategy**

**Bounty has successfully raised \$10.3m in new equity capital via a strategic private placement at \$0.30 per share.** Existing shareholders and knowledgeable coal mining investors participated in the placement. Xcoal committed \$7m to the equity raising and now holds a 16% shareholding in Bounty via associated investment vehicles. The Company is pleased that the raising was completed at a price of \$0.30 per share, 18% above the last traded price of \$0.255 per share, which highlights the strong support from existing shareholders. The placement of 34.3m new shares was completed within the existing capacity under Listing Rule 7.1.

### **The Need for a Capital Raising**

The capital is required for working capital and a new equipment strategy.

#### **(a) Working Capital**

Several factors have recently eroded working capital. In September and October 2018, three delays impacted production revenue. These included a 6 week delay in the delivery of shuttle cars (electric trucks for transporting coal underground), a 3 week delay in approvals for sumping, and a further 1 week delay for an unscheduled sumping review. The capital raising will return the Company to appropriate levels of working capital as the production ramp up continues.

Pleasingly, Bounty is now positioned to operate at planned higher production capacity with two additional shuttle cars in operation from next week, all approvals received, and sumping operations underway with full crews. Production is targeting an expected rate of 2,500 tonnes per day, with all four panels now fully operational. Bounty is working to achieve a 1Mtpa rate of Run of Mine (RoM) production as soon as possible and the Board believes this capital raising will provide sufficient funds to achieve this outcome.

(b) **New Equipment Strategy**

Part of the planned efficiency improvements at Cook involve acceleration of equipment rebuilds to replace high-cost rental and low-availability equipment. Some surplus equipment is being sold and Bounty is currently acquiring more reliable equipment, reducing the variety of machines, and building critical spare parts inventory. Over the coming days, Bounty will have six operating electric trucks underground which will allow for full operation of the continuous miner fleet.

**Director Appointment**

On increasing its stake in Bounty to 16%, Xcoal's investment vehicles have nominated a Director to the Board of Bounty. Bounty welcomes Craig Garson QC as a new Non-Executive Director. Mr Garson has over 36 years of experience as a litigator, mediator and arbitrator and is Partner at Garson MacDonald, a leading boutique law firm based in Halifax, Nova Scotia, Canada. Mr Garson's civil and commercial experience includes extensive experience in the mining sector and, over the last 20 years, he has represented a range of international clients on matters involving the coal mining industry. Mr Garson will stand for election at the November AGM.

Based on the criteria identified in the ASX's Corporate Governance Principles and Recommendations, 3rd edition, Mr Garson is not considered by the Board to be independent.

**Management Changes**

General Manager, Adam Foulstone, has been replaced by Francoise Mienie as Acting General Manager until a full-time replacement can be recruited. Mr Foulstone was appointed at a time of rapid expansion and ramp of the Cook Colliery and the Board thank him for his contribution.

Mr Mienie is a highly experienced board and pillar Mining Manager and has worked in underground mines in South Africa, New Zealand and Australia.

**Back on Track**

Bounty Chairman and CEO Gary Cochrane said, "The Cook Colliery is targeting better utilisation and lower costs with the new equipment strategy. Now that the equity raising has been completed and sumping has resumed, Bounty is in a stronger position to continue to optimise productivity and mine expansion. Hard coking coal prices and the Australian Dollar have remained favourable. The current realised price for Cook hard coking coal is averaging around A\$230/t."

The Company will keep shareholders, staff, and the market updated.

**Further information:**

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**About Bounty Mining**

Bounty Mining took ownership of the Cook Colliery, Cook North, and Minyango assets at the end of 2017. The Cook Colliery has now been re-opened by Bounty as a contractor operation aiming to produce 2.2Mtpa RoM by FY2020. The assets include all of the site infrastructure for mining, washing, and transporting product to the port of Gladstone.