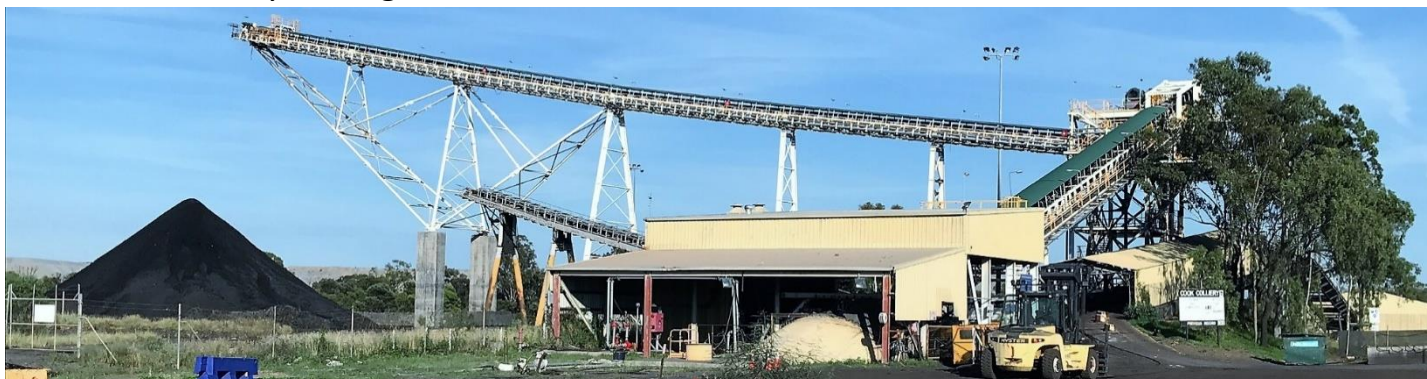




Bounty Mining Limited



December 2018 Quarterly Production Report

31 January 2019

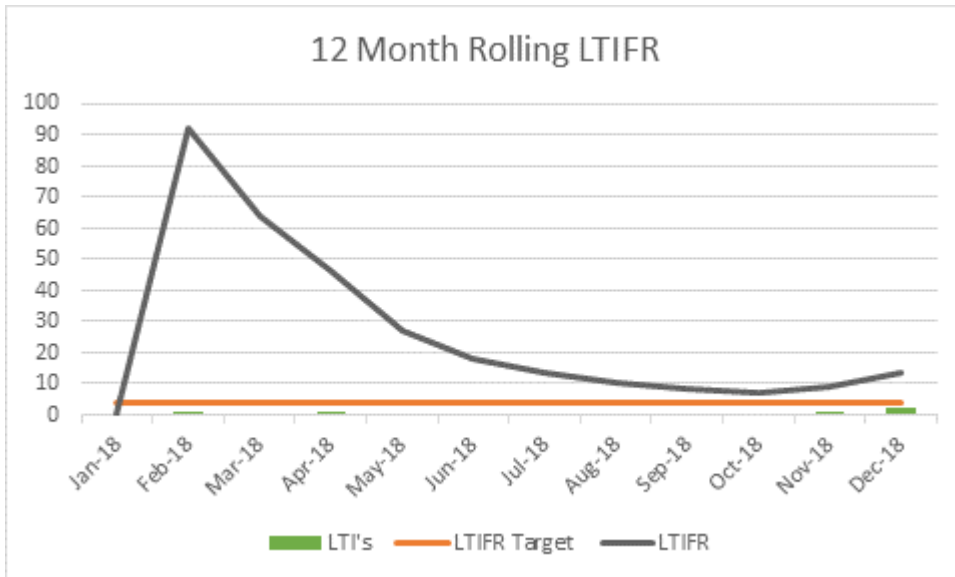
Highlights

- Strong USD coal prices and low Australian dollar;
- December quarterly production from Cook Colliery totals 139,061 run of mine tonnes;
- Product yield 89% with 85% mid-volatile hard coking coal, the remainder premium thermal coal;
- Production ramp up during the quarter was delayed due to late equipment deliveries and late regulatory approval of secondary workings;
- Thermal Coal sales were made to Flame SA and Sojitz Coal Sales Pty Ltd.

Safety

Bounty recorded three lost time injuries (LTI) during the December quarter. The company continues to focus on safety and training as priorities. TRIFR (Total Recordable Injury Frequency Rate) is trending down to target levels.

Safety KPI	Calendar Year to Date 2018	
	Actual	Target
LTI	5	0
TRIFR	13.7	12



Bounty recorded three lost time injuries for the quarter.

Production and Sales

	Quarter Ended			Year-to-date		
	Dec 2018 (000 tonnes)	Sept 2018 (000 tonnes)	Change %	Dec 2018 (000 tonnes)	Dec 2017 (000 tonnes)	Change %
ROM coal produced	139	102	37%	241	0	NA
ROM Coal Stockpiles	3	7	(57%)	3	0	NA
Saleable coal produced						
• Coking	39	73	(55%)	182	0	NA
• Thermal	19	15	32%	34	0	NA
Coal sales						
• Coking	111	98	13%	126	0	NA
• Thermal	30	21	41%	51	0	NA
Product Coal stockpiles						
• Coking	87	4	448%	87	0	NA
• Thermal	2	4	(61%)	2	0	NA

Cook Operations

The fourth production panel commenced in late October and the mine reached peak production of 55,000 tonnes of run of mine coal in November but fell back in December to 43,000 tonnes due to Christmas holiday delays, two panel relocations and equipment breakdowns.

Production has been impacted by poor availability of two rental shuttle cars (electric trucks) that were introduced in the early stages of mine restart. One of these cars was taken off site in mid December for repair and will return to site in late February.

Since mid October a focus on disciplined maintenance, and repair of shuttle cars will have a positive impact on production to target levels from mid February.

The first panel of secondary workings is complete and equipment moved to a new panel on the 18th December after a 7-day relocation. The first panel performed better than expected although in the second panel some steeper local grades have caused reduced production rates compared to those achieved in the first panel. Mining will continue in the second panel until mid March when it is scheduled to move to a third area. Production was 139,061 run of mine underground tonnes in the December quarter.

Production in the March quarter is expected to improve with only one panel move planned and return to service of a shuttle car and a continuous miner.

A review has commenced to consider new roof support designs that could provide productivity improvements from the June quarter.

The coal handling and preparation plant (CHPP) yield has improved since late October with process improvements and yields increased from 82% to 89% and 85% of the product has been hard coking coal.

The upgrades to the train loadout (TLO) facility were successfully implemented allowing re-introduction of electric and fully loaded wagons. Quicker train loadout times may reduce rail charges. Three trains were cancelled in December due to: a fire near the line at Gladstone; a 24-hour strike; and break down of a train. Rail performance has returned to normal service since mid December.

Coal Sales

Xcoal has agreed to an additional offtake purchase of up to 760,000 tonnes of coking coal from Cook for the 2020 calendar year providing it meets certain specifications. This agreement has increased Xcoal to a minimum offtake of 1.4 million tonnes through until December 2020. Bounty is pleased to have strong support from this major coal trading house.

The Platts HCC64 coal price traded in the range US\$178.25 to US\$195.50 per tonne for the quarter. During this quarter, the Australian dollar exchange rate has traded in the range US\$0.703 to US\$0.738, and is currently around US\$0.72, giving an average price of around A\$241 per tonne for Cook hard coking coal.

Bounty completed the sale of two trains of thermal coal to Sojitz Sales Pty Ltd and two trains to Flame SA (a Swiss trading company) during the December quarter at base prices of US\$92 per tonne and US\$101 per tonne respectively, with additional sales anticipated for the March quarter to Flame under a 12-month offtake agreement. These thermal coal sales included a blend of up to 10% of the high ash remnant fines stockpiled at the loadout bin.

A coking coal shipment expected to load in late December 2018 loaded in January 2019, resulting in a high coking coal stockpile at port at 31 December 2018.

Further information:

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