



Bounty Mining Limited

Suite 301, Level 3, 66 Hunter Street, Sydney NSW 2000, Australia

ASX:B2Y www.bounty.com.au

ACN: 107 411 067

22 March 2019

ASX Announcement

Chair's Address to the General Meeting

The 6 months ending December 2018 saw Bounty struggle to meet its production targets at Cook Colliery and as a consequence the shortfall in expected revenue placed the company in a tight financial position in October and again in December:

- In October 2018, a number of major shareholders contributed \$10.3M in funds under a placement.
- In December 2018, Bounty's directors sought competitive funding from a number of sources to meet forward projections for working capital. The most competitive offer of sufficient funds to meet cashflow projections was offered by Bounty's major shareholder, Amaroo.

At the end of December, the company entered into a loan facility agreement with Amaroo. Directors considered the offer by Amaroo provided the best option for the company given the amount and timing of its cash requirements. This Amaroo facility made funds up to \$20M available to Bounty as explained in more detail in the Notice of Meeting. Conditions attached to this funding included:

- meeting a free cash flow hurdle each month from February, which was achieved in February as announced on Monday 18 March;
- holding a meeting of shareholders to seek approval to grant security over the company's assets to secure funds advanced under the Loan Facility Agreement and to secure funds in the form of prepayments received for future coal deliveries to Xcoal, a trading company associated with Amaroo.

In recognition that the funds available under the facility were the best option available at the time and that the funding, both to date and ongoing, was critical to the company's solvency, all directors encourage shareholders to vote in favour of the grant of security to both Amaroo and Xcoal.

Since December 2018 the Directors, recognising the serious position the company was in, made a number of senior management changes to give the company the skills and drive to recover the production performance and to place the company on a sound financial footing.

Since these appointments there has been a significant improvement in consistency of production at Cook Colliery, an uplift in productivity, and a reduction in operating costs. The Directors are confident that Bounty can continue this trend in coming months and is working on a strategy to deliver a step change in production later this year. The Directors are confident that Jim Griffin, our new Chief Executive and John Hart, our new General Manager at Cook, will drive Bounty toward achieving its full potential.

In addition to the \$20M facility, the company will need additional funding to:

- make final payment for the Cook colliery assets,
- back an environmental bond,
- repay the Amaroo loan at the end of July,
- fund equipment to ramp up production, and
- provide working capital.

Bounty announced on Tuesday 19 March that it had concluded an agreement with Amaroo to increase its funding facility to \$35M as an interim step in supporting the company until appropriate long-term funding can be put in place. This additional funding was tied to an additional period for due diligence.

Amaroo has undertaken a very thorough due diligence program and we understand is currently reviewing the information and considering the formulation of an offer to shareholders. We do not know if an offer will be forthcoming or what form it may take. We will keep shareholders and the market informed as information becomes available.

Further information:

Rob Stewart

Chairman, Bounty Mining Limited

Rob.stewart@bounty.com.au