

BOUNTY MINING LIMITED

BOUNTY



**June
2019**

APPENDIX 5B

**Mining exploration entity and oil and gas
exploration entity quarterly report**

31 JULY 2019

OPERATIONS

The Cook Colliery once again achieved its best quarterly production since the mine was re-commissioned in January 2018. The mine produced 151k run of mine tonnes during the June 19 quarter, a 3% increase on the previous quarter.

Operating Cash Inflows can be broken down as follows:

1.1 Receipts from customers - quarterly	Current Quarter \$A'000	Year to date (12 months) \$A'000
Receipts from sales of Coking Coal	24,763	89,989
Receipts from sales of Thermal Coal	2,934	9,865
Prepaid Sales Agreements - Receipts	-	8,554
Prepaid Sales Agreements - Repayments	(3,203)	(7,559)
Other (non-coal sales)	-	60
Net Receipts from customers	24,494	100,909

AMAROO FINANCING FACILITY

Bounty announced on 27 December 2018 that it had reached agreement with Amaroo Blackdown Investments Pte Ltd and Amaroo Blackdown Investments LLC (collectively the Amaroo entities or **Amaroo**) to secure a \$20,000,000 working capital facility. The combined Amaroo entities are Bounty's largest shareholder with voting power of 17.51% and are investment companies associated with Xcoal Energy & Resources GmbH ("Xcoal"), a key customer for Bounty's coal.

On 22 March Bounty obtained shareholder approval to grant security in favour of Amaroo under the Amaroo working capital facility and in favour of Xcoal under the Xcoal prepaid sales agreements. On 19 March Bounty announced that it had reached agreement with Amaroo to increase the funding facility to A\$35,000,000 as an interim step in supporting the company until appropriate long-term funding can be put in place. At a shareholder meeting on 3 June 2019 shareholders approve the increased facility.

The drawdown of funds under the additional A\$15,000,000 facility is subject to the same conditions as the original A\$20,000,000 and additional conditions including obtaining shareholder approval for the increased facility.

Under the agreement, at 30 June 2019 Amaroo had advanced debt to Bounty of A\$25,000,000 in five tranches of A\$5,000,000 between 27 December 2018 and 5 June 2019 (see 3.5 below). Subsequent to 30 June 2019 Bounty has drawn down a further A\$3,000,000. All funds drawn under the increased facility are due to be repaid by 31 July 2019.

On 11 July 2019 Bounty announced that an arms' length loan agreement with VETL Pty Ltd (a company associated with Bounty's former Chairman and Chief Executive Officer Gary Cochrane) and all related charges have been assigned by VETL Pty Ltd to Amaroo Blackdown Investments, LLC. The terms and conditions of the loan remain unchanged. At 30 June 2019 the balance on the loan was \$0.9m. The loan is due for repayment on 31 July 2019.

Bounty announced earlier today that it had reached agreement with Amaroo, under which Amaroo has agreed to forbear on its right to enforce repayment of the outstanding amounts. The forbearance will continue until 5.00pm on Friday 2 August 2019.

This forbearance is intended to allow sufficient time for Bounty to conclude negotiations with Amaroo regarding a potential further forbearance or extension to the maturity date of these facilities as well as an additional finance facility enabling Bounty to meet certain obligations to Glencore which are, as announced on 30 July 2019, due on 30 September 2019 (see below).

There can be no assurance that any binding agreement can be reached with Amaroo.

GLENCORE AGREEMENTS

On 30 July 2019 Bounty announced that the parties have agreed to delay final payment and completion under the Asset Sale Agreement by Bounty Cook to 30 September 2019. The remaining completion payments required to be made by Bounty under the Asset Sale Agreement will be paid in five fortnightly instalments commencing on 5 August 2019, with the final instalment being paid on 30 September 2019.

The five instalments are to be made as follows:

Payment Date	Payment Amount
5 August 2019	\$616,667
19 August 2019	\$616,667
2 September 2019	\$616,667
16 September 2019	\$616,667
30 September 2019	\$616,665

The replacement bank guarantee for A\$10,800,000 will also be due on 30 September 2019.

As further agreed between the parties, Bounty will pay, no later than 30 September 2019, A\$13,000,000 into an escrow account to be available for potential royalty payments to the Queensland Office of State Revenue (OSR) in relation to coal mined at Bounty's Cook Colliery since Bounty took over operations. The royalty payments, if any, will only be made in the event that a decision is made by the OSR as to the exact royalty amount due and payable.

GENERAL

The company is currently undertaking technical works which may alter the results of the previously announced JORC reports. The company will provide a further update to the market at the appropriate time.

Bounty has kept the market informed of developments as they have occurred and will continue to meet its obligations under Listing Rule 3.1.

Further information:

Jim Griffin

CEO

Bounty Mining Limited

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APPENDIX 5B
Mining exploration entity and oil and gas exploration entity
quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Bounty Mining Limited

ABN

19 107 411 067

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24,494	100,909
1.2 Payments for		
(a) exploration & evaluation	-	(373)
(b) development	-	-
(c) production & distribution	(31,076)	(122,742)
(d) staff costs	(668)	(2,598)
(e) administration and corporate costs	(617)	(2,184)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	30
1.5 Interest and other costs of finance paid	(434)	(799)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	(159)
1.9 Net cash used in operating activities	(8,298)	(27,916)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(990)	(4,946)
(b) tenements (see item 10) (inc in 2.1a)	-	-
Deferred payments – Cook acquisition	(2,500)	(7,500)
(c) investments	-	-
(d) other non-current assets	-	(159)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	13
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash used in investing activities	(3,490)	(12,592)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	10,300
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	10,000	25,000
3.6	Repayment of borrowings	-	(3,519)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Financial Assurance)	-	-
3.10	Net cash provided by financing activities	10,000	21,781

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,039	8,810
4.2	Net cash used in operating activities (item 1.9 above)	(8,298)	(27,916)
4.3	Net cash used in investing activities (item 2.6 above)	(3,490)	(12,592)
4.4	Net cash provided by financing activities (item 3.10 above)	10,000	31,781
4.5	Effect of movement in exchange rates on cash held	5	174
4.6	Cash and cash equivalents at end of period	256	256

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	256	2,039
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	256	2,039

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
71
-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Premises rent paid to former director.

8. Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities (Amaroo facility)	35,000	25,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

See page 2 Financing Facility for details of Amaroo facility

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	-
9.3 Production and distribution	31,676
9.4 Staff costs	750
9.5 Administration and corporate costs	1,260
9.6 Other - investment in plant & equipment	4,097
Other – Glencore payment in relation to Cook Acquisition	4,500
Other - interest	500
9.7 Total estimated cash outflows	42,933

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EPC699, EPC997 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Exploration permits	100%	100%
		EPC2334 (Wongai Project), Laura Basin, Queensland (Australia)	Exploration permit	22.5%	22.5%
		MDL375 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Mineral development licence	100%	0%
		MDL424 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Mineral development licence	0%	100%
		ML80173 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Mining lease	100%	100%
		ML1768, ML1769, ML1799, ML7357 (Cook Mine), near Blackwater, Bowen Basin, Queensland (Australia)	Sub-leases of mining leases	100%	100%
		ML1779 (Cook Mine), near Blackwater, Bowen Basin, Queensland (Australia)	Sub-lease of 33% of mining lease	100%	100%

COMPLIANCE STATEMENT

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 31 July 2019

(CEO)



Print name: Jim Griffin