



Bounty Mining Limited

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5 September 2019

ASX Announcement

### **Update on QCoal's updated non-binding indicative proposal**

As announced to ASX on 4 September 2019, on 2 September 2019 Bounty Mining Limited (**Bounty or Company**) received from QCoal Bounty Holdings Pty Ltd (**QCoal**) (a shareholder in Bounty with 5.03% of Bounty shares) a letter outlining an updated alternative recapitalisation proposal to the recapitalisation proposal with Amaroo Blackdown Investments, LLC (**Amaroo**). Shareholders are due to vote on the Amaroo proposal on Monday 30 September 2019 and Bounty despatched the notice of meeting in relation to the approvals sought on 29 August 2019.

A copy of the letter received from QCoal containing its updated proposal was attached to Bounty's announcement on 4 September 2019.

As announced to ASX on 5 August 2019 and further detailed in the notice of meeting lodged with ASX on 29 August, Bounty has entered into a subscription agreement with Amaroo (**Subscription Agreement**). Under the Subscription Agreement, Bounty is, subject to obtaining shareholder approval at the general meeting, contractually bound to proceed with the financing proposal under the Subscription Agreement.

Bounty is also restricted, under the Subscription Agreement, from participating in negotiations or discussions with QCoal in relation to its non-binding, indicative proposal, unless compliance with these requirements would, in the opinion of the directors of Bounty other than Craig Garson (**Non-Interested Directors**), formed in good faith after receiving written legal advice from its external legal advisers, constitute, or would be reasonably likely to constitute, a breach of any of the fiduciary or statutory duties of the Non-Interested Directors. Bounty is required to immediately notify Amaroo if the Non-Interested Directors seek to rely on this exception to allow Bounty to negotiate or discuss the non-binding, indicative proposal with QCoal.

Further, Bounty is, under the matching right granted to Amaroo in the Subscription Agreement, restricted from entering into a legally binding arrangement to give effect to the non-binding, indicative proposal from QCoal unless:

- the Non-Interested Directors, acting in good faith and in order to satisfy what they consider to be their statutory or fiduciary duties (having received written legal advice from external legal advisers) determine QCoal's proposal would be or would be reasonably likely to be an actual, proposed or potential superior proposal (as described below);
- Bounty has provided Amaroo with all terms and conditions of the QCoal proposal and given Amaroo ten business days to provide a matching or superior proposal; and

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- Amaroo has not announced or otherwise formally proposed to Bounty a matching or superior proposal to the terms of QCoal's proposal by the expiry of the ten business day matching period

For the QCoal proposal to be considered a superior proposal in this context the Non-Interested Directors must determine that, acting in good faith and after receiving written legal advice from the Company's external legal advisers and written financial advice from its external financial advisers, QCoal's proposal:

- is reasonably capable of being valued and completed in a timely fashion; and
- would, if completed substantially in accordance with its terms, be more favourable to shareholders (as a whole) than the Amaroo transaction (as amended following application of the matching right described above),

in each case taking into account all terms and conditions and other aspects of QCoal's proposal (including any timing considerations, any conditions precedent, the identity of the proponent or other matters affecting the probability of the QCoal proposal being completed).

### **Assessment of QCoal's updated proposal**

Bounty's independent board committee (**IBC**), which comprises all of the Non-Interested Directors, has carefully considered the updated QCoal proposal dated 2 September 2019 and has obtained advice from its independent financial and legal advisers. The IBC has determined that, in their view, the QCoal proposal is not a superior proposal for various reasons including the uncertainty around whether the proposal can be executed on acceptable terms and within the time available. In particular, it:

- does not contain an offer capable of acceptance by Bounty;
- is uncertain, conditional, indicative and non-binding; and
- requires Bounty to terminate the Subscription Agreement with Amaroo and there is currently no legal basis for Bounty to terminate the Subscription Agreement.

Given this determination, the Non-Interested Directors confirm their view that the Amaroo proposal and associated transactions are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions proposed at the meeting on 30 September 2019, in the absence of a superior proposal. The Non-Interested Directors also intend to vote each Bounty share they hold or control in favour of those resolutions, in the absence of a superior proposal.

As set out in the notice of meeting released to ASX the Non-Interested Directors have formed the view that, given the nature and terms of the updated QCoal proposal, the Amaroo proposal remains the only current feasible alternative which will achieve Bounty's objectives listed in the notice of meeting, allow the Company to continue as a going concern, and implement a transition to place change mining.

#### **Further information:**

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