



Bounty Mining Limited

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

ASX:B2Y www.bounty.com.au

ACN: 107 411 067

16 September 2019

ASX Announcement

Update on further correspondence from QCoal

Bounty Mining Limited (**Bounty** or **Company**) (ASX:B2Y) announced on Friday 13 September 2019 that it had received further correspondence from lawyers acting for QCoal in relation to the unsolicited proposal received from QCoal on 10 September (**Further Revised QCoal Proposal**).

Bounty's independent board committee comprising all of the directors other than Mr Craig Garson (**Non-Interested Directors**) have carefully assessed the information provided in that correspondence which consisted of an opinion, paid for by QCoal, that considers the QCoal proposal to be superior to the recapitalisation proposal Bounty has entered into with Amaroo Blackdown Investments, LLC (**Amaroo Proposal**). The Non-Interested Directors have considered the opinion and, having taken advice from the Company's independent financial and legal advisers, disagree with the conclusion reached. The Non-Interested Directors confirm that, in their view, the Further Revised QCoal Proposal is not a superior proposal to the Amaroo Proposal and it is not in the best interests of the Company or its shareholders to pursue the Further Revised QCoal Proposal as an alternative to the Amaroo Proposal.

The Non-Interested Directors noted the following:

- In the absence of the Amaroo Proposal, Bounty would require receipt of cleared and unencumbered funds on 30 September to be able to meet its repayment obligations to Amaroo and there is no certainty with the QCoal offer that this could be achieved in time or at all.
- If the contingent royalty referred to in previous announcements becomes payable, the guarantee offered by QCoal would likely be drawn and the drawn amount will be immediately repayable by Bounty. Bounty may not be capable of securing additional funding to cover this liability, particularly in the time allowed. Under the Amaroo Proposal the relevant funds would be available to Bounty and are held in escrow for that purpose.
- If the contingent royalty liability is not required to be paid, the guarantee proposed to be provided by QCoal would be returned and no funds would be released to Bounty. Under the Amaroo Proposal the equivalent funds held in escrow would be released to Bounty.
- Under the Amaroo Proposal, Bounty may be able to substitute the rehabilitation bond guarantee with another facility which would release equivalent funds to Bounty. The Further Revised QCoal Proposal does not provide for this substitution.
- As set out in the Company's announcement on 13 September 2019, the Non-Interested Directors view is that the capacity of the QCoal team to effectively market Bounty's coal products is undemonstrated whereas XCoal has been marketing Bounty's coal products from the Port of Gladstone since March 2018.

-
- The offer from QCoal is not binding as it is incomplete, contains clauses which are unacceptable to Bounty, and is in draft form only.

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 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 Further Revised 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 to implement a transition to place change mining.

Further information:

Rob Stewart

Chairman, Bounty Mining Limited

Rob.stewart@bounty.com.au