



Bounty Mining Limited

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

ASX:B2Y www.bounty.com.au

ACN: 107 411 067

26 September 2019

ASX Announcement

Non-Directors affirm recommendation regarding Amaroo Proposal

Bounty Mining Limited (**Bounty** or **Company**) (**ASX:B2Y**) confirms that, as set out in our announcement on 20 September 2019, Bounty has discussed and met with QCoal regarding QCoal's revised unsolicited funding proposal received on Wednesday 18 September and its further updates (**Revised QCoal Proposal**).

Bounty has an independent board committee comprising all of the directors other than Mr Craig Garson (**Non-interested Directors**) to consider potential funding proposals including the initial QCoal non-binding indicative offers and the Revised QCoal Proposal.

Taking into consideration the relevant factors, including the potential dilution and control aspects associated with the recapitalisation proposal Bounty has entered into with Amaroo Blackdown Investments, LLC (**Amaroo Proposal**), and having regard to input from the Company's legal and financial advisors, the Non-interested Directors have concluded that the Revised QCoal Proposal is not superior to the Amaroo Proposal. In reaching their determination the Non-interested Directors have considered, in depth, the proposal provided, the discussions with QCoal and given due consideration to the opinion of QCoal's advisors. The Non-interested Directors note the following in reaching their decision:

1. Despite the discussions between the parties, the Revised QCoal Proposal continues to be non-binding as it is incomplete, contains provisions which are unacceptable to Bounty, and is in draft form only.
2. Despite Bounty pursuing the discussions with QCoal, the Revised QCoal Proposal does not currently provide superior cash resources to Bounty compared with the Amaroo Proposal and compared to the Amaroo Proposal includes additional restraints on the purpose for which funds can be used.
3. The Revised QCoal Proposal is less flexible compared to the Amaroo Proposal. For example, the \$25m guarantee facility offered by QCoal does not provide for release of funds to Bounty if the contingent royalties are not payable or the rehabilitation bond liability is guaranteed by a substitute facility. Under the Amaroo Proposal these situations would release equivalent funds to Bounty for general working capital purposes.

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4. To pursue the Revised QCoal Proposal as a viable alternative to the Amaroo Proposal, Bounty requires receipt of cleared and unencumbered funds on 30 September to be able to meet its repayment obligations to Amaroo. Despite the discussions with QCoal, there is still no certainty that under the Revised QCoal Proposal this could be achieved in time or at all.
 5. Under the Revised QCoal Proposal, QCoal requires Bounty to enter into a long-term coal offtake agreement on the same terms as proposed with XCoal Energy & Resources GmbH (XCoal) and the Non-interested Directors' opinion is that the capability of the QCoal team to effectively market Bounty's coal products is undemonstrated, whereas XCoal has been successfully marketing Bounty's coal products from the Port of Gladstone since March 2018.
 6. Bounty is legally obligated, under the subscription agreement executed with Amaroo (Subscription Agreement) to provide Amaroo with ten business days to match any legally binding offer from QCoal that Bounty wishes to accept. Consequently, in the time available, to proceed with any proposal (including the Revised QCoal Proposal) as a binding alternative to the Amaroo Proposal, Bounty would be required to breach its legal obligations to Amaroo under the Subscription Agreement.

As set out in the notice of meeting sent to shareholders and released to ASX, the Non-interested Directors confirm their view that, given the nature and terms of the Revised QCoal Proposal, and having regard to the discussions between the parties, 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.

The Non-interested Directors reiterate their recommendation that shareholders vote in favour of the resolutions proposed at the upcoming general meeting to be held at 11.00am 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.

Shareholders with any questions with regard to Bounty's Notice of Meeting should contact Mr. Robert Stewart, Chairman of Bounty by email on rob.stewart@bounty.com.au.

Further information:

Rob Stewart
Chairman, Bounty Mining Limited
Rob.stewart@bounty.com.au