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Execution of a facility agreement with QCoal

Bounty Mining Limited (**Bounty** or **Company**) (**ASX:B2Y**) confirms that it has today signed a facility agreement for a A$90 million refinancing transaction with QCoal Bounty Holdings Pty Ltd (**QCoal**) (**Facility Agreement**). QCoal and its associate Mr Christopher Wallin hold approximately 6.54% of Bounty's shares.

Bounty's shares will remain in voluntary suspension until the transaction has been settled.

The Facility Agreement provides for, subject to certain conditions being satisfied, cash funding of A$60 million and a guarantee facility for A$30 million.

It is proposed that the funds raised and guarantees available will be used:

- for repayment of the outstanding amounts owing to Amaroo Blackdown Investments, LLC (**Amaroo**) and XCoal Energy & Resources (**XCoal**) which were due for repayment on 30 September
- for capital expenditure and working capital at the Cook Colliery
- to satisfy certain obligations of the Company to Glencore including:
    - making the final payment under the asset sale agreement
    - replacing the Glencore rehabilitation bond for the Cook Colliery
    - in relation to the contingent royalty liability for the Cook Colliery.

Finalisation of the conditions precedent and draw down of funds is expected to occur early this week.
In addition, the Company's subsidiary, Bounty Cook Pty Limited, will enter into a coal offtake agreement with QCoal. The offtake agreement will commence once the existing arrangement with XCoal Energy & Resources GmbH (**XCoal**) (an associate of the Company's largest shareholder, Amaroo Blackdown Investments, LLC (**Amaroo**)) has been finalised (which is expected to be 1 January 2021) and will apply until the later of 31 December 2025 or until the loading of 5,000,000 metric tonnes of coal +/- 10% at QCoal's option. This is anticipated to be the entirety of the Company's metallurgical coal production from the Cook Colliery during this period.

Bounty chair, Rob Stewart, said" Shareholders made their wishes clear at the General Meeting on 30 September and the board has worked hard to bring the proposal received from QCoal into a form that would meet the company's needs. We thank our advisers, QCoal, and also Amaroo and Glencore for their support and assistance as we have progressed to conclude this agreement. Bounty is now able to move forward with confidence and focus its energies on realising the potential of our coal deposits."

Further details regarding the Facility Agreement are set out below.

Issue	QCoal Proposal
Nature of facility	A debt facility comprised of: • A$60,000,000 cash finance and • A$30,000,000 guarantee facility
Tranches	The funds under the Facility Agreement are offered in three segments or tranches: • Facility A - A$45,000,000 cash facility • Facility B - A$15,000,000 cash • Facility C - A$30,000,000 guarantee facility
Use of funds	The facility must be used for: • Facility A – repayment of all amounts owing to Amaroo under the loan facility agreement, VETL loan facility and to XCoal in relation to the coal sale prepayment of $US5,200,000 • Facility B – any purposes set out in Bounty's notice of meeting lodged with ASX on 29 August 2019, for payments associated with capital expenditure in relation to the Cook Colliery, to pay Cook Resource Mining Pty Ltd amounts owed to it under the Glencore asset sale agreement (that is for the acquisition of the Cook Colliery assets from Glencore) and any other purposes agreed by QCoal • Facility C – replacing the Glencore rehabilitation bond guarantee, provision of security under the Company's below rail contract with Aurizon and supporting the contingent royalty payments to Glencore either by guarantee or by cash paid into escrow account for the contingent royalty payment.
Maturity	Facility A: • for the first A$20,000,000 (plus interests and costs) – 31 July 2020 • for the balance – 30 January 2021 Facility B – 30 June 2021 Facility C – 30 June 2021
Interest rates	Ordinary interest rate – 8% per annum, Interest rate if Bounty elects to capitalise interest – 10% per annum (this applies to the full balance of the loan and the full face value of any bank guarantee issued by QCoal's bank under the facilities, not just the capitalised portion). Default interest rate – 13% per annum.

	Interest is payable on the guarantee facility (Facility C) on the amount of the guarantees provided.
Capitalisation	Provided there is no default, Bounty can elect to capitalise interest for the first 12 months of the facility.
Early repayment fee and break costs	If Bounty elects to prepay any of the facilities prior to the maturity date, an early repayment fee is payable as follows: **RP = A – B** where: RP = the prepayment fee payable A = the amount of interest that would have accrued on the then utilised portion of the facility such interest accruing at a rate of 8% per annum B = the amount of interest that has been paid and/or capitalised to date. Bounty may also be required to pay certain break costs which reflect the potential interest QCoal could have earned for the balance of the interest period in which the loan is repaid.
Director appointment	QCoal has a right to nominate and require Bounty to appoint up to 49% of the directors.
Key financial covenants	Bounty is required to ensure that: • at 5pm (Brisbane time) on each quarter end date on and from 31 March 2020 the cash held by the Bounty group is no less than $1,000,000; and • for the half year ending 30 June 2020, the Bounty group must earn at least $40,000,000 in revenue • for each half year period ending 30 June and 31 December, after 30 June 2020, the Bounty group must earn at least $50,000,000 in revenue.
Required Security	First ranking security over all of the assets and undertakings of Bounty and its subsidiaries. Mortgage over Bounty and its subsidiaries' interests in any mining lease, sublease or tenement.
Warranties and representations	The QCoal Proposal requires Bounty to give warranties and representations usual for a transaction of this kind.
Undertakings	The QCoal Proposal requires Bounty to give certain undertakings (which can largely be considered to be common for a transaction of this kind) with respect to: • provision of information • further security • further indebtedness • limitations on distributions • limitations on certain share capital transactions • termination or amendment of material contracts

Events of default	Events of default which can largely be considered to be usual for a transaction of this kind, including any breach of the documentation. A change in control of Bounty or its subsidiaries is an event of default.
Conditions precedent	Draw down under the Facility Agreement is conditional on: • execution of ancillary documentation and certificates including the security documentation • QCoal receiving acceptable legal advice • QCoal being satisfied that funds drawn down will result in the Company repaying the amounts owing to Amaroo and XCoal
Conditions subsequent	Bounty must ensure that, following draw down: • a mortgage over any interest a Bounty group member has in a mining lease is provided to QCoal within 5 business days of becoming the registered lessee or tenement holder • any amendments required to ensure that the constitution of each Bounty subsidiary does not and cannot restrict or inhibit any transfer or creation or enforcement of the security granted to QCoal are made within 10 business days of first draw down