

Quarterly Report

For the quarter ended
31 December 2020

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**BOWEN
COKING
COAL**

L I M I T E D



Highlights

- Sumitomo confirms further commitment to continue farming into the Hillalong JV through an additional \$2.5m investment
- Further Coal Quality drilling commenced at Broadmeadow East
- Mine planning studies underway at Broadmeadow East in advance of final permitting and decision to mine planned for the second half of this year
- Environmental Authorisation application lodged for Isaac River. Final permitting and decision to mine is expected in the second half of this year
- Successful \$3m capital raising to accelerate Broadmeadow East development
- Director Options exercised raising an additional \$900k
- Metallurgical coal prices from Australia have recovered significantly from recent lows on the back of strong demand from steel production to US\$160.50/per metric tonne (t)¹ for prime Australian Coking coal, a c60% rise over recent weeks

¹ As at 28 January 2021 (Platts Premium Low Vol)

² SGX Forward Curve

Projects

Broadmeadow East Coking Coal Project (ML 70257)

Located around 25km north-east of the coal mining town of Moranbah, Broadmeadow East is the Company's most advanced project, which includes a granted Mining Lease and access to infrastructure. Bowen Coking Coal is currently accelerating its development with a view to getting the project "shovel ready" as soon as practically possible.

During the quarter, the Company mobilised a drilling team to conduct a coal quality and groundwater monitoring campaign at its 100% owned Broadmeadow East coking coal project.

The primary purpose of the program is to obtain up to six core samples for detailed coal quality analysis on a ply-by-ply basis, in order to optimise the mine plan as well as providing valuable information for marketing studies and potential off-take agreements. At the end of the quarter all six of the core holes have been completed and samples dispatched to the laboratory.

Importantly the program also includes resource extension drilling and up to two scout drill holes planned to test for other seam intersections in a previously unexplored area. Further intersections south of the power line which bounds the existing mine plan will firm up known coal that may provide for potential mine life extension. Up to six groundwater monitoring drill holes and one geotechnical drill hole are also planned to support environmental studies under the current Environmental Authority (EA) amendment.

Xenith Consulting is conducting the Mining Study while Nitro Solutions is managing the field work for the EA amendment. Final permitting and the mine development decision are planned for the second part of the year.

Leichardt seam core from Broadmeadow East

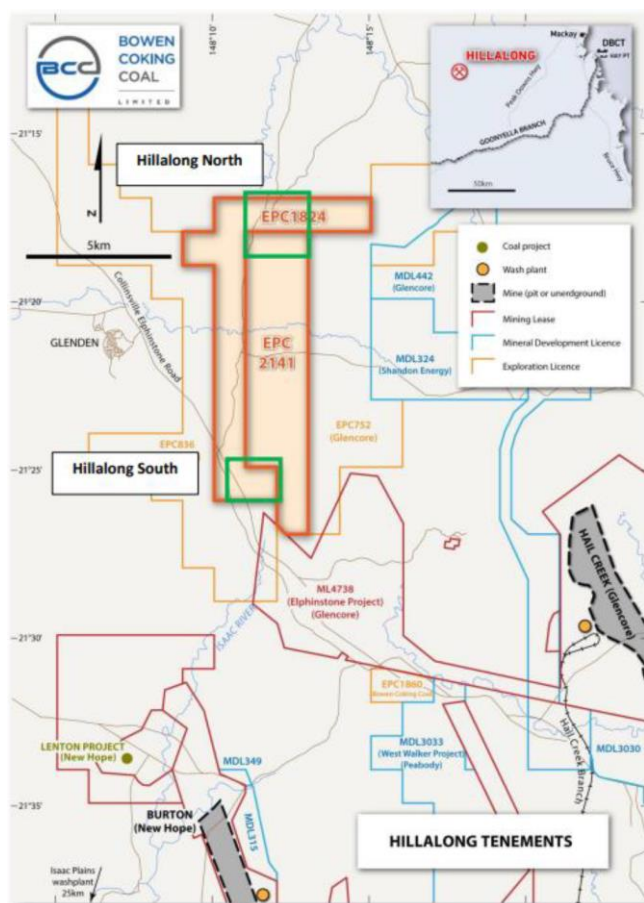


Hillalong Coking Coal Project (EPC 1824 & EPC 2141)

Hillalong is located in the northern Bowen Basin approximately 105km west-southwest of Mackay. The tenement comprises 15 sub-blocks and is approximately 16km north-west of Rio Tinto's Hail Creek Mine.

In a significant milestone for BCB, Sumitomo confirmed that it will proceed with Phase 2 of the Hillalong Farm-In. This decision was taken following the successful Phase 1 exploration program completed earlier in the year that

Project location



resulted in a maiden JORC Resource of 43 million tonnes (Mt) and confirmation that the project is capable of producing a low ash, high quality coking coal.

Sumitomo, the multi-billion-dollar Japanese conglomerate, already has interests in Clermont, Rolleston and Oaky Creek mines, as well as Glencore's Hail Creek Mine which neighbours the Hillalong tenements and produces more than five million tonnes of coking coal annually.

The 99 km² Project is currently the subject of a farm-in agreement with Sumitomo Corporation, which has earned a 10% in the project post expending \$2.5m on the Phase 1 exploration program. The Sumitomo Farm-In, which is being converted to a formal JV, provides Sumitomo with the option to spend a further \$5m to earn an additional 10% of the project. (See ASX Release 4 May 2020 and 18 November 2019).

BCB and Sumitomo have agreed to vary the terms to the Farm-in Agreement signed last year, in that the next stage of exploration would now be split into two equal parts:

- **Phase 2A** (Sumitomo to spend \$2.5 million to earn a further 5% interest)
 - o Four drill sites targeting the Rangal seams in the southern project area;
 - o Seven drill sites targeting the Moranbah seams on the southern nose of the Hillalong anticline;
 - o 37 kms of seismic survey covering the northern and southern project areas; and
- **Phase 2B** (Sumitomo to spend \$2.5 million to earn a further 5% interest) will be subject to further approval from Sumitomo - to be determined based on the results of Phase 2A.

Sumitomo has now formally committed to fund Phase 2A which will take their interest to 15%. Phase 2B participation by Sumitomo will be confirmed after the completion of Phase 2A.

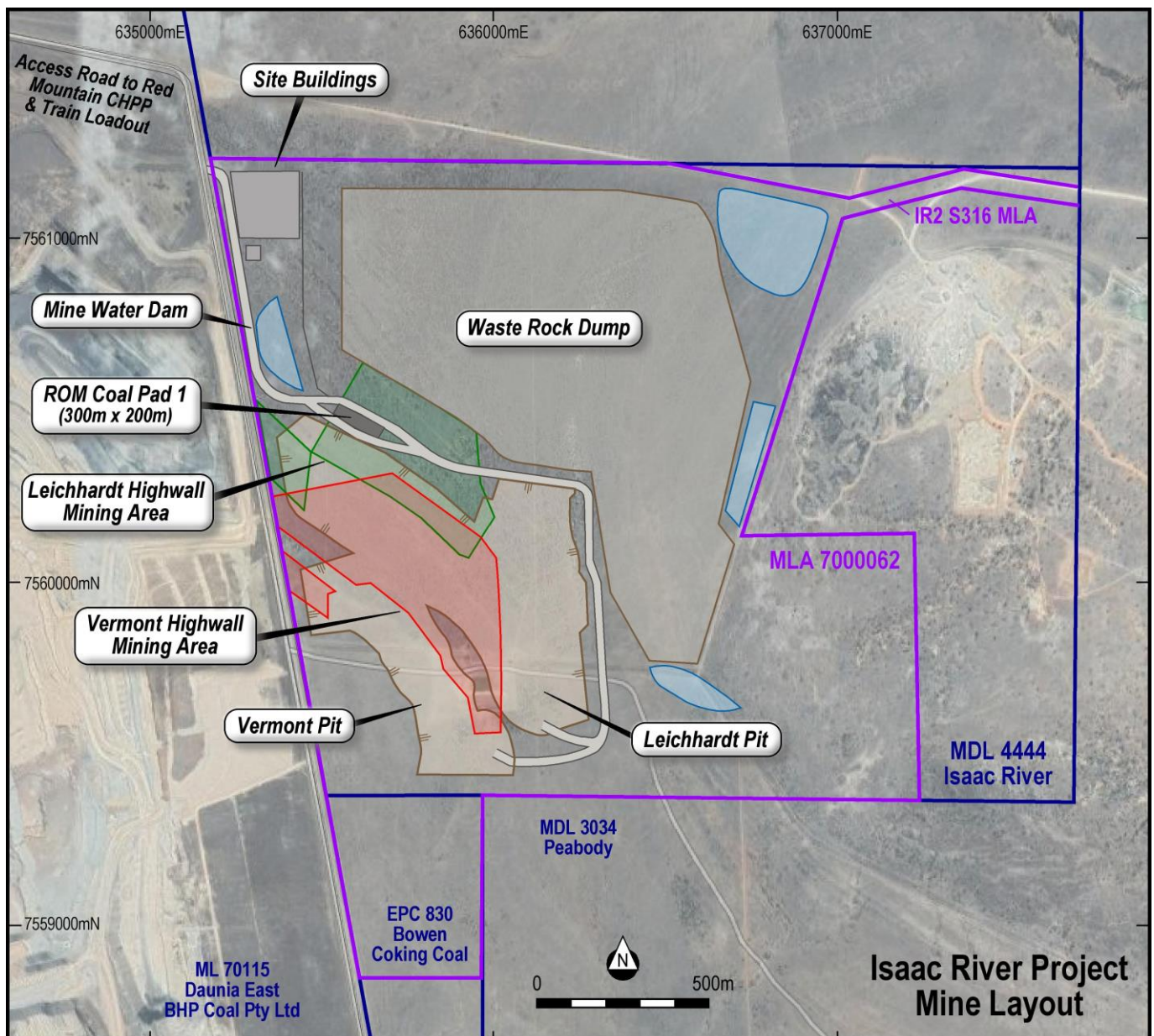
Isaac River Coking Coal Project (MDL 444 & EPC 830)

Isaac River covers an area of 14 km² in the Bowen Basin in Central Queensland, approximately 30 km west of Moranbah. The project is in close proximity to BMA's (BHP Mitsubishi Alliance) Daunia Mine, and Peabody's Moorvale West resource.

The site-specific Environmental Authority Application (EA) for Isaac River was lodged with the Queensland Government Department of Environment and Science during the quarter. This represents a significant milestone in the critical path to converting the project into a producing asset.

Mining Lease Applications (MLA) 700062 & 700063 were lodged earlier in the year covering most of MDL 444, access to the project as well as a small section of EPC 830. The Initial Development Plan submitted with the MLA proposed a contractor operated opencut operation along with highwall / auger mining, utilising off site infrastructure and toll washing of run-of-mine coal at a nearby facility. Discussions with regional producers are underway and final permitting is expected early in the second half of the year.

Project Mine layout



Corporate

Placement Raises \$3m (before costs)

The Company completed a \$3 million placement at \$0.05 per share, with the funds raised to be applied primarily to accelerate the Broadmeadow East exploration program and for general working capital purposes, including Isaac River permitting and business development opportunities.

The Company is advancing mine planning and environmental approvals to fast-track opencut production at the Broadmeadow East mining lease, in conjunction with the permitting process for Isaac River.

Director Options Exercised raising \$900,000

During the reporting period, the Company received notice of exercise for a total of 30 million options with an expiry date of 12 December 2020, raising total proceeds of \$900,000.

Importantly, one of the Company's Non-Executive Directors and former founding Managing Director of Stanmore Coal; Mr Nick Jorss, exercised two thirds of those options, personally committing \$550,000 of the aforementioned \$900,000 received increasing his direct and indirect shareholding in the Company to over 60,957,120 shares, representing 6.5% of BCB.

Furthermore, Mr Matt Latimore, also a Non-Executive Director of the Company, exercised 2,000,000 of the above-mentioned options, taking his total direct and indirect interests to 137,225,840 shares, representing 14.6% of the Company.

Other

The recent dip in coking coal price created a rare window of opportunity to acquire high quality projects. During the

previous quarter, the Company completed the acquisition of the Broadmeadow East Project and has continued to study opportunities which can either supplement the Company's existing portfolio of assets or deliver production earlier than the existing projects.

Discussions with regional producers are ongoing to maximise the use of regional infrastructure to reduce capital expenditure and lead time to first coal from the Company's Broadmeadow East and Isaac River projects.

Cash Position

As at 31 December 2020, the Company held \$3.8m cash at bank.

ASX Listing Rule disclosure

During the Quarter approximately \$0.2m was spent on exploration at the Company's Hillalong Project, noting that \$0.5m of historical spend by Bowen Coking Coal is now recoverable from Sumitomo (who are farming in to the project) after Phase 2A of the Sumitomo Farm-In was recently signed off (see above).

A further \$0.6m exploration was spent on the Company's Broadmeadow East project and \$0.1m exploration was spent on the Company's Isaac River project.

A total of \$218,000 of expenditure during the quarter were to Related Parties, as reported in clause 6.1 of the ASX Appendix 5B (Cash Flow Report). This comprises directors' fees, directors' consulting fees (inclusive of GST) & associated superannuation totalling \$188,000, plus a further \$30,000 paid for marketing services to a company associated with a director.

Metallurgical Coal Markets

During January 2021 Metallurgical coal prices from Australia have recovered significantly from recent lows on the back of strong demand from steel production to US\$160.50/t¹ level for prime Australian coking coal, with the current forward curve showing levels of US\$156/t² for Q2 CY2021 (April – June) and US\$160/t² for CY2022.

Metallurgical coal is a key ingredient in the manufacturing of steel. One tonne of steel made in a blast furnace uses approximately 780 kilograms of coal, and therefore steel market dynamics have a big impact on metallurgical coal demand.

Global steel production recovered strongly during the quarter with demand being supported by restocking of production lines in the automotive sector, and stimulus measures supporting construction and industrial production. With improved demand outlook, steel makers have returned blast furnaces to production, most recently with Nippon Steel restarting a furnace in January 2021. As well as strong Q4 steel production from China, by October 2020 demand for steel in India had reached 2019 levels supported initially by exports of steel materials to China. Independent forecasters expect increases in steel demand through 2021 in the sectors of industrial production, automotive and construction.

Trade flow data indicates that the largest portion of Australia exports that were displaced from China in Q4 2020 have been diverted to India, with exports to Japan and Korea also showing notable increases year on year. This underpinned the Australian prime coking coal price holding stable at US\$100/t through November and December 2020, despite some resales of cargoes on water.

Most recently, cold weather has supported energy demand, as well as impacting energy production and export levels in key regions of China and Russia. In combination with strong industrial production, this has given rise to the current increase in energy market pricing. Weakness in Chinese metallurgical coal production has supported coke pricing, and this has flowed through globally to coke prices, with increased coke output in most regions. This has indirectly supported demand for metallurgical coal exports. Global trade flows of metallurgical coal are also starting to show signs of readjustment, with Atlantic producers taking advantage of higher Chinese delivered prices, leaving opportunities in the Atlantic markets for Australian coals to backfill.

Steel mills' current profitability, and concerns over potential for further weather impacts in Australia have driven the price to US\$160.50/t¹ for prime Australian coking coal.

¹ As at 28 January 2021 (Platts Premium Low Vol)

² SGX Forward Curve

Key Upcoming Activities

Broadmeadow East (ML 70257)

Samples from the current exploration program are being analysed by Bureau Veritas' laboratory in Mackay on a ply-by-ply basis, as opposed to the previous full seam analysis that was applied prior to Bowen's acquisition of the asset. The purpose of the individual ply analysis is to identify plies with higher impurities or increased coking properties to maximise the value of the coal extracted during the mining process. This can be achieved by mining the top and bottom section of the seam separate, a well-established practise in the Bowen Basin. The program will also test an extension of the resource in the South and gather water monitoring and geotechnical information for the EA amendment. The Company will provide updates as and when appropriate together with the drill program results, which are expected during the current quarter. Completion of permitting and a final decision to mine is targeted for the second half of this calendar year.

Hillalong (EPC 1824 & EPC 2141)

The Phase 2 exploration program at Hillalong will commence early in the current quarter with a focus on the Southern area of the tenement after recently obtaining all approvals, clearances and the land access agreement. The program will consist of seismic acquisition, infill drilling of Hillalong South and scout drilling in an area which has not been explored by recent owners.

Isaac River (MDL 444 & EPC 830)

The key focus remains on permitting and access to infrastructure with the key studies now being competed. Completion of permitting and a final decision to mine is targeted for the second half of this calendar year. Negotiations are underway regarding third party infrastructure access.

Tenement Interests

As at 31 December 2020, the Company had interests in the following tenements (as required by Listing Rule 5.3.3).

	Tenement	Location	Country	Ownership	Change in holding
1	MDL 453	Queensland	Australia	100%	-
2	EPC 1824	Queensland	Australia	100%*	-
3	EPC 2141	Queensland	Australia	100%*	-
4	EPC 1860	Queensland	Australia	100%	-
5	EPC 1687	Queensland	Australia	15%	-
6	EPC 2157	Queensland	Australia	15%	-
7	EPC 2081	Queensland	Australia	5%	-
8	EPC 1230	Queensland	Australia	100%	-
9	MLA 7005	Queensland	Australia	100%	-
10	MDL 444	Queensland	Australia	100%	-
11	EPC 830	Queensland	Australia	100%	-

**10% transfer to Sumitomo is underway*

Broadmeadow East (ML70257) is underway and is expected to be completed within Q1 2021

About Bowen Coking Coal

Bowen Coking Coal is a Queensland based coking coal exploration company with advanced exploration assets. The Company fully owns the Isaac River, Broadmeadow East, Cooroorah, Hillalong and Comet Ridge coking coal projects in the world- renowned Bowen Basin in Queensland, Australia. The Company is also a joint venture partner in the Lilyvale (15% interest) and Mackenzie (5% interest) coking coal projects with Stanmore Coal Limited.

The highly experienced Board and management aim to grow the value of the Company's coking coal projects to benefit shareholders. An aggressive exploration, development and growth focussed approach underpin the business strategy.

Directors:

Non-Executive Chairman – Neville Sneddon
Managing Director & CEO – Gerhard Redelinghuys
Executive Director: Corporate Development – Blair Sergeant
Non-Executive Director – Nick Jorss
Non-Executive Director – Matt Lattimore

Company Secretary/CFO

Duncan Cornish

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ASX CODE BCB

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Listing Rule 5.23 Statement

All exploration results and Mineral Resources referred to in this quarterly report have previously been announced to the market by the Company in accordance with the requirements of Chapter 5 of the ASX Listing Rules and the JORC Code 2012, including as to the requirements for a statement from a Competent Person; and the relevant announcements have been referred to in the body of the quarterly report. The Company confirms that it is not aware of any new information or data that materially affects that information. In respect of the Mineral Resources, all material assumptions and technical parameters continue to apply and have not materially changed.

Project Locations

