



4 September 2019

Hillalong Amendment Agreement

Highlights

- **Terms agreed with Rio Tinto Exploration Pty Ltd amending the original purchase agreement relating to Hillalong (EPC 2141 & 1860)**
- **Revised terms remove the RTX Buy-Back Right, providing BCB with full control of Hillalong's future**

Bowen Coking Coal Ltd (ASX: BCB, "Company") is pleased to announce that agreement has been reached with Rio Tinto Exploration Pty Limited ("RTX") to amend the original acquisition agreement relating to EPC's 2141 & 1860 (the "Project"), which together with EPC 1824, forms the Hillalong Coking Coal Project.

Under the original terms of the acquisition agreement, as announced on 15 February 2018, RTX retained certain residual rights in connection with the Project, which included:

1. A right to receive A\$1m (CPI indexed) in cash or listed company shares (the "Deferred Payment"), within 10 business days after the grant of a Mining Lease over all or any part of the Project (the "Deferred Payment Right");
2. A right to receive a royalty equal to 1.25% gross FOB revenue from all coal produced and sold from the Project (the "Royalty Right"); and
3. An option to buy back 51% of the Project at fair market value within 90 days of completion of a Pre-feasibility Study (or Feasibility Study where there is no Pre-Feasibility Study), in which case a joint venture would be formed and managed by RTX (the "Buy-Back Right").

Under the revised terms and conditions agreed with RTX, the Buy-Back Right has been terminated, such that the future of the Project, and therefore the Hillalong Coking Coal Project, is now firmly in control of BCB, with no uncertainty around the potential loss of control associated with the potential exercise by RTX of the previously agreed Buy-Back Right.

Further, the Royalty Right has been amended to the extent that the royalty rate is increased to 1.50%, and the Deferred Payment Right has been amended to include the requirement for BCB to

pay RTX 25% of any consideration received by BCB upon the disposal or transfer of EPC 1860, capped at A\$1m (CPI indexed). Any payment made to RTX under this amended clause will reduce the Deferred Payment Right by the same amount. Also, following a disposal or transfer of EPC 1860, the grant of a Mining Lease over EPC 1860 will no longer trigger the Deferred Payment.

Commenting on the amended terms reached with RTX, Bowen's Managing Director commented *"We are very pleased to have reached these revised terms with RTX, as it removes the uncertainty relating to the previous Buy-Back Right and ensures BCB retains absolute control of the highly prospective Hillalong Coking Coal project."*

In order to give effect to the above-mentioned changes, BCB is obliged to pay RTX \$100,000 in cash, or at BCB's option, \$50,000 in cash plus \$50,000 in BCB fully paid ordinary shares to be issued to RTX (in lieu of the additional \$50,000 cash payment to RTX) ("**Amendment Shares**"). The Amendment Shares will be issued at a 5% discount to the 15 trading day VWAP prior to the date of the amending agreement (which would result in an issue price of \$0.0644 per share with 776,398 shares being issued if this election is made by BCB). If BCB elects to issue the Amendment Shares, this will be in reliance on its existing Listing Rule 7.1 capacity and no shareholder approval would be obtained for such issue. BCB will make a further announcement if it elects to partially satisfy the payment to RTX by the issue of the Amendment Shares together with an Appendix 3B and accompanying section 708A cleansing notice.

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ABOUT BOWEN COKING COAL

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

The highly experienced Board and management aim to grow the value of the Company's coking coal projects to benefit shareholders by leveraging innovation and maximising the assets and network of the team. An aggressive exploration and development program underpin the business strategy.