



## Prospectus

for an offer of up to 150,000,000 New Shares in  
Bounty Mining Limited ACN 107 411 067  
at \$0.03 per New Share  
to raise up to \$4,500,000

Lead Manager and Corporate Adviser  
Novus Capital Limited



Legal Adviser  
McCullough Robertson



**ASX code: BNT**

## IMPORTANT INFORMATION

### About this Prospectus

This Prospectus is issued by Bounty Mining Limited ACN 107 411 067 (**Company** or **Bounty**) and is an invitation to apply for New Shares under an issue of up to 150,000,000 New Shares at \$0.03 per New Share to raise up to \$4,500,000. Subject to applicable legal and regulatory requirements, the Board of Bounty reserves the right to determine the course of action should there be an under or over-subscription. As the Company is already a 'listed disclosing entity' for the purposes of the Corporations Act (ASX:BNT), the Offer is not an initial public offer but a secondary offering.

This Prospectus is dated 18 August 2014 and was lodged with ASIC and ASX on that date. No responsibility for the contents of this Prospectus is taken by ASIC, ASX or any of their officers.

This Prospectus is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No New Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of this Prospectus.

### Investment decision

Applicants should read this Prospectus in its entirety before deciding to apply for New Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

Any investment carries risks. An outline of the key risks that apply to an investment in the Company is set out in section 5.

Applicants are urged to consider section 5 of the Prospectus carefully before deciding to apply for New Shares. An investment in Bounty should be considered speculative.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

### Forward looking statements

This Prospectus may contain forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Directors believe that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in section 5, as well as other matters as yet not known to the Directors or not currently considered material by the Directors, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

### Electronic Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from the website of the Company at [www.bounty.com.au](http://www.bounty.com.au). The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia and New Zealand.

The Company will send you a copy of the paper Prospectus and paper Application Form free of charge if you request these during the Offer period. If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. The New Shares offered under the Offer to which the Electronic Prospectus relates will only be issued on receipt of a printed copy of the Application Form.

### Foreign selling restrictions

No action has been taken to register or qualify the New Shares or the Offer in any jurisdiction outside Australia, New Zealand, the People's Republic of China and Hong Kong or otherwise to permit a public offering of the Shares outside Australia, New Zealand, the People's Republic of China and Hong Kong.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

### Warning statement for New Zealand investors pursuant to Regulation 13(d), (e) and (f) of the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008* (SR2008/153)

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008*.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

#### **Warning statement for People's Republic of China investors**

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to 'qualified domestic institutional investors'.

#### **Warning statement for Hong Kong investors**

**WARNING:** The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### **How to apply**

An Application for New Shares under the Offer can only be made by completing and lodging the Application Form attached at the back of this Prospectus. Detailed instructions on completing the Application Form can be found in the Application Form. New Shares issued in respect of Applications received by the Company will be issued at \$0.03 per New Share. The Directors may extend the Offer in accordance with the Corporations Act.

#### **Exposure period**

Bounty will not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

#### **Currency**

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

#### **Privacy**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

#### **Defined terms**

Capitalised terms used in this Prospectus are defined in the glossary in section 10.

#### **Maps and diagrams**

As part of the preparation of this Prospectus the Company has commissioned and produced maps and diagrams to identify the Tenements, Mineral Resources and the Company's drilling and Exploration Targets in relation to the Tenements. The maps and diagrams included in this Prospectus, and the drilling and Exploration Targets identified, should only be considered as an indication of the Company's current intentions. These intentions may change at the Directors' discretion.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

#### **Incorporation of information by reference**

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that rather than setting out all the information that is required to be included in a document of this type, this Prospectus incorporates by reference information contained in documents that have been lodged with ASIC. Information that is incorporated by reference into this Prospectus is referred to in sections 4.14, 6.2 and 8.3. This incorporated information forms part of the Prospectus and should be read together with the contents of this Prospectus.

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# 1 Investment overview

## 1.1 Key Offer statistics

	Minimum Subscription	Full Subscription
<b>Amount to be raised under the Offer</b>	\$2,350,000	\$4,500,000
<b>Total number of Shares currently on issue</b>	698,050,849	698,050,849
<b>Total number of Convertible Notes currently on issue<sup>1</sup></b>	3,846,500	3,846,500
<b>Total number of New Shares to be issued under this Prospectus</b>	78,333,333	150,000,000
<b>Total number of Shares on issue following the Offer<sup>2</sup></b>	776,384,182	848,050,849
<b>Offer Price per New Share</b>	\$0.03	\$0.03
<b>Market capitalisation at the Offer Price<sup>2</sup></b>	\$23,291,525	\$25,441,525
<b>Percentage of Shares held by existing Shareholders following completion of the Offer (undiluted basis)<sup>2</sup></b>	89.91%	82.31%
<b>Percentage of Shares held by Shareholders who subscribed for New Shares under the Prospectus following completion of the Offer (undiluted basis)<sup>2</sup></b>	10.09%	17.69%
<b>Percentage of Shares held by existing Shareholders following completion of the Offer (fully diluted basis)<sup>3</sup></b>	89.47%	81.94%
<b>Percentage of Shares held by Shareholders who subscribed for New Shares under the Prospectus following completion of the Offer (fully diluted basis)<sup>3</sup></b>	10.04%	17.61%
<b>Percentage of Shares held by Shareholders who converted Convertible Notes into Shares following completion of the Offer (fully diluted basis)<sup>3</sup></b>	0.49%	0.45%

### Notes

1. The terms of the Convertible Notes are summarised in section 9.2.
2. Assumes that no Convertible Notes have been converted into Shares on completion of the Offer.
3. Assumes that all Convertible Notes have been converted into Shares on completion of the Offer and does not take into account interest that has accrued on the face value of the Convertible Notes, which will increase the number of Shares into which the Convertible Notes are converted and further dilute the

percentage of Shares held by existing and new Shareholders, although this does not materially affect the percentages in the table above.

## 1.2 Offer timetable

<b>Prospectus date</b>	18 August 2014
<b>Opening Date (9.00am AEST)</b>	26 August 2014
<b>Closing Date (5.00pm AEST)</b>	16 September 2014
<b>Anticipated date of allotment of New Shares</b>	19 September 2014
<b>Shareholding statements expected to be despatched</b>	19 September 2014
<b>Expected date for Official Quotation of New Shares on ASX (and reinstatement of existing Shares to Official Quotation on ASX)</b>	25 September 2014

The above dates are indicative only and may change without notice. Bounty, in consultation with the Lead Manager and Corporate Adviser, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Applicants are therefore encouraged to submit their Application Forms as early as possible after the Offer opens.

## 1.3 Investment overview

<b>Topic</b>	<b>Summary</b>	<b>Section</b>
<b>A. Introduction</b>		
<b>Who is the issuer of this Prospectus?</b>	Bounty Mining Limited ACN 107 411 067.	Section 1
<b>What is the Company's background?</b>	<p><b>General</b></p> <p>Bounty was incorporated as Ausmet Resources Limited on 16 December 2003 and initially commenced operations as a West Australian mining company. Ausmet Resources Limited was admitted to the Official List of ASX on 28 April 2004.</p> <p>On 8 March 2005, Ausmet Resources Limited merged with Bounty Industries Australia Pty Ltd by way of a reverse takeover and the merged entity's name was subsequently changed to Bounty Industries Limited and in 2008 to Bounty Mining Limited.</p> <p>Since the merger in 2005, the Company has operated as a contract mining, equipment hire and refurbishment company, providing underground mining services to the coal mining sector in Queensland and New South Wales.</p> <p><b>Deed of Company Arrangement and restructure</b></p> <p>During the coal market downturn in 2009, two of the Company's major contracts with Anglo American were terminated. Following rapid changes in operations, staff redundancy payments, mobilisation difficulties with another contract and a period of minimal revenue generation, the Company entered into voluntary administration in August 2009 and its Shares were suspended</p>	Sections 2.1 to 2.4

Topic	Summary	Section
	<p>from Official Quotation on ASX.</p> <p>In September 2009, the creditors of Bounty and two of its subsidiaries entered into a Deed of Company Arrangement and Pool Fund Deed. As part of a proposal adopted by the Board to recapitalise the Company, the Company's key secured debt facility, the Westpac Facility, and an associated fixed and floating charge over the assets of the Company and its subsidiaries were assigned by Westpac to VETL, a company associated with Bounty's Chairman and CEO, Gary Cochrane.</p> <p>The administration of Bounty was terminated in March 2010 following completion of the DOCA.</p> <p><b>New contract and rights issue</b></p> <p>In August 2010, Bounty entered into a new two year contract with Anglo American to provide mining services at the Aquila and Bundoora mines in Queensland. Bounty's operations were subsequently funded through cash flows from this contract and further loans from VETL.</p> <p>In November 2010, Bounty announced that it had appointed Patersons Securities Limited to manage and underwrite a rights issue that would recapitalise the Company and allow the Company's Shares to be reinstated to Official Quotation on ASX.</p> <p>Bounty issued a prospectus for the rights issue in December 2010, however after receiving a default notice from Anglo American regarding the new contract, Bounty deferred the rights issue and withdrew the prospectus to focus on resolving the issues with Anglo American.</p> <p>In August 2011, Anglo American advised that the Bundoora operations would be deferred indefinitely and placed on care and maintenance. Anglo American exercised the option to extend the contract for the Aquila mine operations for a further year in 2012.</p> <p>After nearly three years of the services under the contract being delivered, in June 2013 Anglo American advised that the Aquila operations would be placed on care and maintenance due to declining metallurgical coal prices. As a result, Bounty's contract was not renewed and expired in July 2013.</p> <p>Bounty subsequently placed its underground mining equipment on care and maintenance and has since been operating on skeleton staff.</p> <p><b>Wongai Coal Project</b></p> <p>In September 2013, Bounty, through its subsidiaries, entered into agreements with Aust-Pac for a farm-in, Joint Venture and life-of-mine management in relation to the Wongai Coal Project. The Wongai Coal Project is an early-stage exploration coking coal project based in Cape York, approximately 430 kilometres north of Cairns in the Laura Basin.</p> <p>Bounty does not own the Wongai Coal Project but has the ability to earn up to a 51% legal and beneficial interest in the Joint Venture Assets under the Wongai Coal Project Agreements. Further details in relation to the Wongai Coal Project Agreements are set out below.</p> <p><b>Recapitalisation</b></p> <p>In April 2014, Bounty reached an agreement with VETL to convert \$5 million of the VETL Loan to Shares. In June 2014, Bounty's</p>	

Topic	Summary	Section
	<p>Shareholders approved the following resolutions:</p> <ul style="list-style-type: none"> <li>▪ that the issues of Shares between November 2013 and March 2014 be approved under Listing Rule 7.4;</li> <li>▪ that the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL be approved under Listing Rules 10.1 and 10.9;</li> <li>▪ that VETL be permitted to increase its relevant interest in Bounty's Shares to up to 36.64% of the total Shares on issue under item 7 of section 611 of the Corporations Act;</li> <li>▪ that the issue of 166,666,667 Shares at \$0.03 per Share to VETL in partial conversion of the VETL Loan be approved under Listing Rule 10.11 and Chapter 2E of the Corporations Act; and</li> <li>▪ that the issue of up to 150 million New Shares at \$0.03 per New Share under this Prospectus be approved under Listing Rule 7.1.</li> </ul> <p>Bounty issued the Shares to VETL on 6 June 2014 in satisfaction of \$5 million of the VETL Loan, significantly reducing its debt and gearing levels.</p> <p><b>Recent capital raisings</b></p> <p>Between November 2013 and March 2014, Bounty issued in aggregate 30 million Shares at \$0.025 per Share to sophisticated and professional investors to raise \$750,000 to help fund the progress of the Phase 1 Works at the Wongai Coal Project.</p> <p>It issued a further 22,692,313 Shares at \$0.026 per Share between May 2014 and August 2014 to sophisticated and professional investors to raise a further \$590,000 to fund ongoing working capital requirements and commencement of the Phase 2 Works at the Wongai Coal Project.</p> <p>In August 2014, Bounty issued 3,846,500 Convertible Notes at \$0.026 per Convertible Note to sophisticated and professional investors to raise a further \$100,009 to fund ongoing working capital requirements during the Offer period. The Convertible Notes are convertible into Shares at a deemed issue price of \$0.026 per Share. The terms of the Convertible Notes are summarised in section 9.2.</p>	
<p><b>Why is the Offer being conducted?</b></p>	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> <li>▪ raise funds to progress the Phase 2 Works at the Wongai Coal Project;</li> <li>▪ provide working capital while Bounty completes a pre-feasibility study under the Phase 2 Works;</li> <li>▪ raise funds to prepare additional proposals for mining services work;</li> <li>▪ raise funds to meet the costs of the Offer; and</li> <li>▪ enable Bounty to meet the conditions for reinstatement of its Shares to Official Quotation on ASX.</li> </ul> <p>As the Company is already a 'listed disclosing entity' for the purposes of the Corporations Act (ASX:BNT), the Offer is not an initial public offer but a secondary offering.</p>	<p>Section 8.7</p>
<p><b>Are the Company's</b></p>	<p>The Company's Shares have been suspended from Official Quotation since 10 August 2009 when the Company entered into</p>	<p>Section 2.1</p>



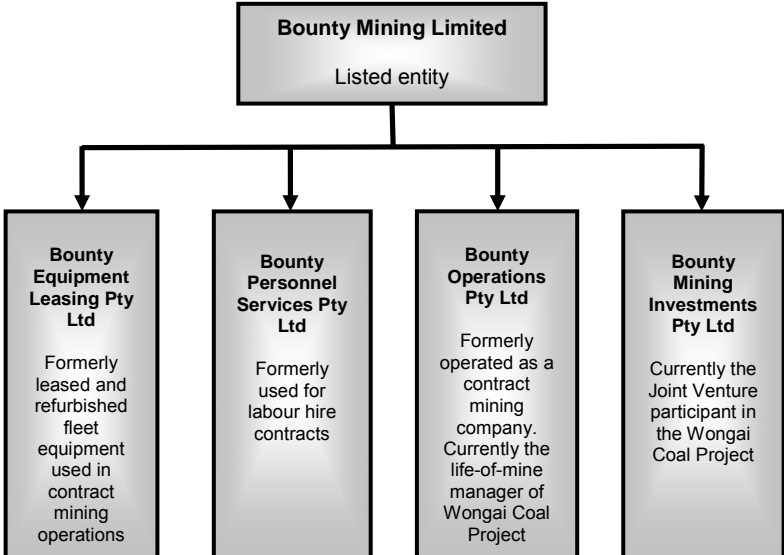
Topic	Summary	Section
<b>Shares currently quoted on ASX?</b>	<p>voluntary administration. However, the Company is still a 'listed disclosing entity' for the purposes of the Corporations Act and, despite the suspension of its Shares from Official Quotation, is subject to regular reporting and disclosure obligations which require it to immediately disclose to ASX certain information of which it is or becomes aware concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's Shares.</p> <p>Copies of all documents lodged with ASX, including all annual and half-yearly financial reports, are available on the ASX company announcements platform at <a href="http://www.asx.com.au">www.asx.com.au</a> and Bounty's website at <a href="http://www.bounty.com.au">www.bounty.com.au</a>.</p>	
<b>Will the Company's Shares be reinstated to Official Quotation on ASX?</b>	<p>The Company's existing Shares will be reinstated to Official Quotation subject to the Company:</p> <ul style="list-style-type: none"> <li>▪ demonstrating that the Company's business objectives satisfy the requirement in Listing Rule 12.1 that the level of the Company's operations are, in ASX's opinion, sufficient to warrant the Official Quotation of the Company's Shares and its continued listing;</li> <li>▪ confirming that the New Shares have been issued and that the Company has despatched all CHESS or issuer sponsored shareholding statements (as applicable) and any refund money;</li> <li>▪ demonstrating that the Company has a spread of at least 300 Shareholders with a parcel of Shares with a value of at least \$500 each (using the Offer Price of \$0.03 per Share to determine the value of a parcel);</li> <li>▪ confirming that, after payment of the costs of the Offer, the Company will have a minimum of \$1,000,000 in cash, net of all liabilities (excluding the non-current financial liability of approximately \$2.8 million owing to VETL), on completion of the Offer;</li> <li>▪ providing any outstanding periodic or annual reports, an updated pro-forma statement of financial position based on actual funds raised under the Offer, a list of the top 20 Shareholders, a statement outlining the Company's capital structure, a statement confirming that the Company is in compliance with the Listing Rules, particularly Listing Rule 3.1, and a distribution schedule of Shareholders of the Company for release to the market;</li> <li>▪ providing an updated statement of commitments based on the actual funds raised under the Offer showing at least half of the cash on the Company's pro forma statement of financial position applied to specific commitments consistent with the Company's business objectives, for release to the market;</li> <li>▪ lodging an Appendix 3B with ASX for the issue of the New Shares;</li> <li>▪ paying any outstanding ASX fees;</li> <li>▪ requesting reinstatement of the Company's CHESS sub-register; and</li> <li>▪ providing any other information required or requested by ASX.</li> </ul> <p>Bounty considers that the above conditions either have been</p>	Section 8.15

Topic	Summary	Section
	<p>satisfied or will be satisfied on completion of the Offer and provision of the relevant documents to ASX (provided that the Minimum Subscription is raised).</p> <p>In addition, Bounty will apply for Official Quotation of the New Shares offered under this Prospectus within seven days after the date of this Prospectus by lodging an Appendix 3B with ASX.</p> <p>If the Minimum Subscription is raised under the Offer and the conditions to reinstatement of the existing Shares of Official Quotation are satisfied, it is expected that trading of the New Shares on ASX will commence on or about 25 September 2014.</p> <p>If the New Shares are not admitted to Official Quotation, or the conditions to reinstatement of the existing Shares to Official Quotation are not satisfied, within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, the Company will not issue any New Shares under this Prospectus (or if any have been issued, the issues will be void) and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.</p>	
<b>B. Key features of Bounty's business model</b>		
<b>What is the nature of Bounty's business?</b>	<p>Prior to the expiry of its sole mining contract with Anglo American in July 2013, Bounty has operated primarily as a contract mining, equipment hire and refurbishment company.</p> <p>In particular, Bounty has specialised in the provision of place change coal mining services. Place change mining and especially the 'cut and flit' technique applied by Bounty is a low impact underground mining method that involves cutting a thoroughfare and pillar, and then shifting or flitting to the next section while the roof bolter secures the vacant cut.</p> <p>Between 2009 and 2013, Bounty held notable mining, labour hire and equipment hire and refurbishment contracts at the German Creek coal mine, Chain Valley colliery and Oaky Creek North coal mine.</p> <p>Bounty is now focused on the exploration and development of the Wongai Coal Project, an early-stage exploration coking coal project located in the Laura Basin of Queensland which Bounty considers is potentially well suited for place change mining. Bounty does not own the Wongai Coal Project but has the ability to earn up to a 51% legal and beneficial interest in the Joint Venture Assets under the Wongai Coal Project Agreements. Further details in relation to the Wongai Coal Project Agreements are set out below.</p> <p>Bounty also owns a fleet of underground coal mining equipment which was previously deployed on coal mining contracts, although following the expiry of its sole mining contract in July 2013, this equipment has been placed on care and maintenance.</p>	Sections 2.1 and 2.2
<b>Which industry does Bounty operate in?</b>	Bounty operates in the Australian coal mining industry, with a particular focus on metallurgical coal. Metallurgical coal is a high carbon content coal used mostly for the manufacturing of coke which is a key ingredient in the production of iron and steel.	Section 2.7
<b>What is the Wongai Coal Project?</b>	The Wongai Coal Project is an early-stage exploration coking coal project located in the Laura Basin of Queensland, approximately 430 kilometres north of Cairns. It is based on two exploration	Section 3.1

Topic	Summary	Section															
	<p>permits for coal as shown in the table below:</p> <table><tr><th>Tenement</th><th>Registered holder</th><th>Grant date</th><th>Expiry date</th><th>Area (km<sup>2</sup>)</th></tr><tr><td>EPC 2334</td><td>Aust-Pac</td><td>14.12.2011</td><td>13.12.2016</td><td>269</td></tr><tr><td>EPC 2687</td><td>Aust-Pac</td><td>28.09.2012</td><td>27.09.2017</td><td>472</td></tr></table>	Tenement	Registered holder	Grant date	Expiry date	Area (km <sup>2</sup> )	EPC 2334	Aust-Pac	14.12.2011	13.12.2016	269	EPC 2687	Aust-Pac	28.09.2012	27.09.2017	472	
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EPC 2334	Aust-Pac	14.12.2011	13.12.2016	269													
EPC 2687	Aust-Pac	28.09.2012	27.09.2017	472													
<b>What are the key agreements in relation to the Wongai Coal Project?</b>	<p>Bounty, through its subsidiaries Bounty Operations and Bounty Mining Investments, has entered into a Joint Venture Agreement, Farm-In Agreement, Management Agreement and Deed of Cross Security with Aust-Pac in relation to the Wongai Coal Project.</p> <p>The Wongai Coal Project Agreements allow Bounty to progressively earn up to a 40% beneficial and legal interest in the Joint Venture Assets by sole funding the exploration of the Tenements and meeting certain milestones to Bounty's satisfaction. The table below summarises each phase of works that Bounty is required to complete in order to earn the corresponding interests under the Wongai Coal Project Agreements:</p> <table><tr><th>Works</th><th>Interest</th><th>Status</th></tr><tr><td>Phase 1 Works, being completion of:<ul style="list-style-type: none"><li>target drilling of up to eight holes; and</li><li>desktop scoping study for the underground mine.</li></ul></td><td>Phase 1 Interest, being a 5% interest in the Joint Venture Assets and the right to appoint the manager (and operator) of the Wongai Coal Project for the life of the Wongai Coal Project.</td><td>Phase 1 Works have been completed and the conditions for the transfer of the Phase 1 Interest have been met.  Transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments is currently being processed by the Office of State Revenue and will then be submitted to the Department of Natural Resources and Mines in Queensland.</td></tr><tr><td>Phase 2 Works, being completion of:<ul style="list-style-type: none"><li>preparation of a pre-feasibility study;</li><li>the drilling of additional cored holes, in addition to an initial background post wet season marine survey; and</li><li>preliminary engineering design for mine and infrastructure.</li></ul></td><td>Phase 2 Interest, being further 15% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone.</td><td>Bounty has started initial preparations for the Phase 2 Works and is now seeking to raise funds under this Prospectus to complete the Phase 2 Works.</td></tr><tr><td>Phase 3 Works, being completion of:<ul style="list-style-type: none"><li>further drilling of cored holes, including at least three large diameter cores;</li><li>Environmental Impact Statement;</li></ul></td><td>Phase 3 Interest, being a further 20% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone.</td><td>Bounty, in conjunction with Aust-Pac, is progressing the Environmental Impact Statement and aims to submit a draft EIS in March 2015, with the final EIS to be submitted by 27 July 2015. The other Phase 3 Works will commence after</td></tr></table>	Works	Interest	Status	Phase 1 Works, being completion of: <ul style="list-style-type: none"><li>target drilling of up to eight holes; and</li><li>desktop scoping study for the underground mine.</li></ul>	Phase 1 Interest, being a 5% interest in the Joint Venture Assets and the right to appoint the manager (and operator) of the Wongai Coal Project for the life of the Wongai Coal Project.	Phase 1 Works have been completed and the conditions for the transfer of the Phase 1 Interest have been met.  Transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments is currently being processed by the Office of State Revenue and will then be submitted to the Department of Natural Resources and Mines in Queensland.	Phase 2 Works, being completion of: <ul style="list-style-type: none"><li>preparation of a pre-feasibility study;</li><li>the drilling of additional cored holes, in addition to an initial background post wet season marine survey; and</li><li>preliminary engineering design for mine and infrastructure.</li></ul>	Phase 2 Interest, being further 15% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone.	Bounty has started initial preparations for the Phase 2 Works and is now seeking to raise funds under this Prospectus to complete the Phase 2 Works.	Phase 3 Works, being completion of: <ul style="list-style-type: none"><li>further drilling of cored holes, including at least three large diameter cores;</li><li>Environmental Impact Statement;</li></ul>	Phase 3 Interest, being a further 20% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone.	Bounty, in conjunction with Aust-Pac, is progressing the Environmental Impact Statement and aims to submit a draft EIS in March 2015, with the final EIS to be submitted by 27 July 2015. The other Phase 3 Works will commence after	Sections 3.3 and 3.8			
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Topic	Summary	Section			
	<table border="1" data-bbox="512 275 1297 369"> <tr> <td data-bbox="512 275 775 369">and ▪ bankable feasibility study.</td><td data-bbox="775 275 1010 369"></td><td data-bbox="1010 275 1297 369">completion of the Phase 2 Works.</td></tr> </table> <p>Bounty also has the option to acquire a further 11% interest in the Joint Venture Assets (to take its interest to 51%) within 12 months of completing the earn-in phases at a 25% discount to an independent valuation of the Wongai Coal Project.</p> <p>There are no specific expenditure or timing requirements that Bounty is required to meet under the Wongai Coal Project Agreements to earn the interests in the Joint Venture Assets. However, as set out in section 8.7, Bounty is targeting completion of the Phase 2 Works over 12 months if the Full Subscription is raised and partial completion of the Phase 2 Works over six months if the Minimum Subscription is raised. Bounty will also be required to meet certain deadlines under the relevant legislation, including submitting the Environmental Impact Statement by 27 July 2015.</p> <p>Bounty Operations has been appointed as the manager of the Joint Venture for the life of the Wongai Coal Project.</p>	and ▪ bankable feasibility study.		completion of the Phase 2 Works.	
and ▪ bankable feasibility study.		completion of the Phase 2 Works.			
<b>Are there any agreements with native title groups?</b>	<p>There is an Indigenous Land Use Agreement between Aust-Pac, the Kalpowar People, the Traditional Owners, the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited in respect of EPC 2334 which provides for various payments to the Traditional Owners and neighbouring groups before mining and on the commencement of mining, an aggregated 12.5% beneficial, non-voting interest in any mining project being granted to the Traditional Owners and neighbouring groups for no consideration, as well as a training and employment program. Bounty, with the assistance of Aust-Pac, is currently working towards becoming a party to the Indigenous Land Use Agreement.</p> <p>Under the relevant legislation, Bounty is required to become a party to the Indigenous Land Use Agreement before the transfer of any interest in EPC 2334 can be registered. The Directors are confident that Bounty will be able to become a party to the Indigenous Land Use Agreement, although they cannot give any guarantee as to when this will occur.</p> <p>There is currently no indigenous land use agreement in respect of EPC 2687, although most focus to date has been placed on exploring and developing EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation.</p>	Sections 3.3 and 3.8			
<b>Have any Mineral Resources or Exploration Targets been identified at the Wongai Coal Project?</b>	<p>An updated JORC Code report prepared by Geos Mining dated 26 February 2014 has defined 77.5 Mt of Mineral Resources within EPC 2334, of which 6.0 Mt are Indicated and 71.5 Mt are Inferred. In addition, 20 to 30 Mt of Exploration Targets have been identified within EPC 2334.</p> <p>A copy of the Geos Report, including a competent person's statement from Mr Andrew Todd, a Member of the Australasian Institute of Mining and Metallurgy and a consultant to the Company, is contained in Annexure A to this Prospectus. Potential investors are encouraged to read the Geos Report in</p>	Section 3.5 Annexure A			

Topic	Summary	Section
	full, which sets out detailed information in relation to sampling techniques and data, reporting of exploration results and estimating and reporting of Mineral Resources and Exploration Targets.	
<b>What are Bounty's objectives in relation to the Wongai Coal Project and how does it propose to meet them?</b>	<p>Bounty will not generate income from the Wongai Coal Project during the exploration and development phase, which will be ongoing while it completes the Phase 2 Works and Phase 3 Works. Since executing the Wongai Coal Project Agreements, Bounty, through its subsidiaries, has completed the Phase 1 Works, which required completion of target drilling of up to eight holes to prove up the best location to build portals and commence mining, and a desktop scoping study for the underground mine. Accordingly, Bounty has earned a 5% interest in the Joint Venture Assets and is acting as manager of the Wongai Coal Project. The conditions for the transfer of the Phase 1 Interest have been met and the transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments is currently being processed by the Office of State Revenue and will then be submitted to the Department of Natural Resources and Mines in Queensland. Registration of the transfer is subject to Bounty Mining Investments meeting certain conditions, including becoming a party to the Indigenous Land Use Agreement.</p> <p>Bounty now intends to raise funds under this Offer to progress the Phase 2 Works, which are as follows:</p> <ul style="list-style-type: none"> <li>the drilling of additional cored holes, including approximately eight cored holes for coal quality testing aimed at further proving up the best location to build portals and commence mining and increasing Indicated Mineral Resources in addition to an initial background post wet season marine survey;</li> <li>preliminary engineering design for mine and infrastructure; and</li> <li>complete a pre-feasibility study.</li> </ul> <p>If Bounty completes the Phase 2 Works, it will earn the Phase 2 Interest and its interest in the Joint Venture Assets will increase from 5% to 20% progressively as each milestone is completed.</p> <p>Bounty will also continue work on the Environmental Impact Statement in conjunction with Aust-Pac, which it is required to submit by 27 July 2015.</p> <p>Following completion of the Phase 2 Works, Bounty intends to conduct further capital raisings to fund completion of the Phase 3 Works. It may also consider debt funding if appropriate in the circumstances.</p>	Section 3.7
<b>Does Bounty intend to pursue additional opportunities to provide mining services?</b>	In addition to the Wongai Coal Project operations, Bounty is further exploring thin-seam and remnant recovery opportunities with major thermal and coking coal producers in line with Bounty's former operations. While these projects typically have long lead times, Bounty hopes to secure long-term sustainable contracts in the future.	Section 2.5
<b>What is Bounty's</b>	Bounty's primary long term objective is to develop the Wongai Coal Project into an operating underground coal mine. It has	Sections 2.5 and

Topic	Summary	Section						
<b>broader business strategy?</b>	<p>completed a desktop concept study to examine the potential to develop an export coal coking operation at the Wongai Coal Project, although further work will be required under the Phase 2 Works and Phase 3 Works (particularly a pre-feasibility study and a bankable feasibility study) to determine the viability of the Wongai Coal Project.</p> <p>Bounty will also assess additional joint venture opportunities based on the Wongai Coal Project model if and when such opportunities arise.</p> <p>As noted above, Bounty is also exploring thin-seam and remnant recovery opportunities with major thermal and coking coal producers in line with Bounty's former operations.</p>	3.7						
<b>What is Bounty's corporate structure?</b>	<p>Bounty's corporate structure and a summary of each entity's operations are shown below.</p>  <pre> graph TD     BML[Bounty Mining Limited Listed entity] --&gt; BEL[Bounty Equipment Leasing Pty Ltd Formerly leased and refurbished fleet equipment used in contract mining operations]     BML --&gt; BPS[Bounty Personnel Services Pty Ltd Formerly used for labour hire contracts]     BML --&gt; BOP[Bounty Operations Pty Ltd Formerly operated as a contract mining company. Currently the life-of-mine manager of Wongai Coal Project]     BML --&gt; BMI[Bounty Mining Investments Pty Ltd Currently the Joint Venture participant in the Wongai Coal Project] </pre>	Section 2.1						
<b>How does Bounty plan to fund its operations?</b>	<p>The Company's operations have historically been funded through a combination of cash flow generated by operations, loans from financial institutions and related parties and capital raisings. Following completion of the Offer, the Company will utilise the funds raised under this Prospectus and further capital raisings to fund its operations. It may also consider debt funding if appropriate in the circumstances.</p> <p>Other than the VETL Loan, the balance of which is approximately \$2.8 million at the date of this Prospectus, and the Convertible Notes, the balance of which is approximately \$100,009 at the date of this Prospectus, the Company does not have any debt facilities in place.</p>	Sections 3.7 and 4.4						
<b>Who are Bounty's substantial holders?</b>	<p>At the date of this Prospectus, the following persons have a substantial holding in the Company within the meaning of the Corporations Act:</p> <table border="1"> <thead> <tr> <th>Name</th><th>Shares</th><th>Percentage of total issued Share capital (undiluted basis)</th></tr> </thead> <tbody> <tr> <td>VETL Pty Ltd as trustee for the Cochrane Treasury Trust, VETL Pty Ltd as trustee for the Moongunya Investment Trust and their associates (which</td><td>247,455,658</td><td>35.45%</td></tr> </tbody> </table>	Name	Shares	Percentage of total issued Share capital (undiluted basis)	VETL Pty Ltd as trustee for the Cochrane Treasury Trust, VETL Pty Ltd as trustee for the Moongunya Investment Trust and their associates (which	247,455,658	35.45%	Section 8.14
Name	Shares	Percentage of total issued Share capital (undiluted basis)						
VETL Pty Ltd as trustee for the Cochrane Treasury Trust, VETL Pty Ltd as trustee for the Moongunya Investment Trust and their associates (which	247,455,658	35.45%						

Topic	Summary			Section
	includes the Company's Chairman and Chief Executive Officer, Gary Cochrane)			
	Redland Plains Pty Ltd as trustee for the Majestic Investment Fund, Premier Logistics Services Pty Ltd and their associates	104,823,850	15.02%	
	HSBC Custody Nominees (Australia) Pty Ltd and its associates	35,425,952	5.07%	
<b>C. Key strengths</b>				
<b>Experience in place change mining</b>	<p>Bounty has undertaken thin-seam place change mining projects in Australia since 2004, and has shown consistently high levels of productivity and safety with the type of specialist equipment required.</p> <p>In addition, Bounty has a fleet of suitable underground mining equipment available which has enabled the Company to successfully complete the Phase 1 Works and earn the Phase 1 Interest.</p>			Section 2.6
<b>Opportunities identified at Wongai Coal Project</b>	<ul style="list-style-type: none"> <li>▪ The Wongai Coal Project is estimated to contain a significant Mineral Resource and preliminary washability tests indicate that a high quality hard coking coal product can be produced, with high CSN, ash around 10% (adb) and total sulphur around 1% (adb).</li> <li>▪ Although the area is remote, it is proximal to potential shipping access, with the Mineral Resources being within 30 kilometres of the coast, which offers potentially lower transportation costs.</li> <li>▪ Bounty plans to implement mitigation strategies to minimise the environmental impact of the Wongai Coal Project, including utilising covered barges with shallow draft to avoid the need to dredge and barging and transshipping in already established major shipping channels in areas with naturally deep water (it is currently preparing an Environmental Impact Statement in conjunction with its Joint Venture partner Aust-Pac).</li> <li>▪ Bounty and Aust-Pac have a strong working relationship with the Kalpowar People, Traditional Owners and neighbouring groups.</li> <li>▪ Thin-seam place change mining is Bounty's area of expertise.</li> <li>▪ Bounty owns a fleet of underground mining equipment suitable for the Wongai Coal Project.</li> </ul>			Section 2.6
<b>Experienced Board and management team</b>	<p>The Board and management team is structured to maximise strategic, commercial, and operational value, and reflects a cross section of relevant skills and experience. Bounty's Chairman and Chief Executive Officer, Mr Gary Cochrane, has 26 years experience in the mining, engineering and construction industry across Australia, China, Indonesia and Papua New Guinea, holding senior management and technical roles at operating mines in both Australia and Papua New Guinea. Mr Cochrane has spent the last 18 years as an international mining and management consultant to the coal and hard rock mining industries and is a regular commentator on coal industry strategic</p>			Section 2.6

Topic	Summary	Section
	supply and demand positions and coal investment opportunities.	
<b>Demand for coal and diversification</b>	<p>Coking coal is the essential raw material for blast furnace steel production (constitutes approximately 70% of total steel production globally). Through the exploration and development of the Wongai Coal Project, Bounty is focused on supplying this market.</p> <p>Furthermore, Bounty offers diversification of long term supply to Asia of high quality coking coal (current operations are primarily controlled by BHP Billiton, Rio Tinto, Anglo American and Glencore).</p>	Section 2.6
<b>D. Key risks</b>		
<b>Project development risk</b>	<p>Bounty is at an early stage of project development, having recently completed a desktop concept study for the Wongai Coal Project. There is a risk that the results of future exploration programs and feasibility studies may demonstrate that the Wongai Coal Project is uneconomic or that planned mining methodologies need to be changed. Such outcomes could have an adverse effect on the value of the Wongai Coal Project and the Company's financial performance and future prospects.</p>	Section 5.2(a)
<b>Reliance on Wongai Coal Project</b>	<p>The Company does not have an interest in any project other than the Wongai Coal Project. In addition, whilst the Company has completed the Phase 1 Works and has earned the Phase 1 Interest, the legal transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments has not yet been approved by the relevant authorities and registration of the transfer is subject to Bounty Mining Investments meeting certain conditions, including becoming a party to the Indigenous Land Use Agreement.</p> <p>As such, currently the future prospects of the Company are entirely reliant on the Wongai Coal Project and the Company's ability to earn further interests in the Joint Venture Assets in accordance with the terms of the Wongai Coal Project Agreements. Any negative development on the Wongai Coal Project may have a material negative impact on the value of the Company.</p> <p>There are also risks related to the Wongai Coal Project being operated through a joint venture with a third party, which are set out in more detail below.</p>	Section 5.2(b)
<b>Finance risk</b>	<p>The development of the Wongai Coal Project is reliant on securing significant further equity and/or debt capital to fund design and construction of the project. In addition, if only the Minimum Subscription (or an amount between the Minimum Subscription and the Full Subscription) is raised, the Company will be required to raise further capital to complete the Phase 2 Works.</p> <p>A reluctance of investors to invest and banks to provide debt may significantly delay the development of the Wongai Coal Project and timing of the potential value uplift for Bounty if the mine becomes operational. There can be no assurance that any future financing required by the Company to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Company and result in a default in Tenement or Joint Venture obligations</p>	Section 5.2(c)



Topic	Summary	Section
	and forfeiture of permits or licences if not remedied.	
<b>Export facility risk</b>	<p>The proposed export facility for the Wongai Coal Project will be located within the Great Barrier Reef Marine Park Area. The approval of any export facility development within the Great Barrier Reef Marine Park Area is a particularly sensitive issue in Queensland at present. The United Nations Educational, Scientific and Cultural Organisation (<b>UNESCO</b>) Mission Report of 14 June 2012 made a series of recommendations including that Australia should not permit any new port development or associated infrastructure outside of the existing and long-established major port areas within and adjoining the Great Barrier Reef World Heritage Area.</p> <p>The Wongai Coal Project is not within an existing and long-standing port development and is not within an identified 'Priority Port Development Area'. It is not yet clear how the Queensland and Federal governments will respond to the recommendations of the Mission Report, but any restrictions imposed could adversely impact on Bounty's ability to export coal from the Wongai Coal Project if and when it reaches the production stage.</p> <p>Bounty intends to continue to work in close consultation with the relevant authorities with respect to the export facility elements of the Wongai Coal Project. It is also continuing to develop the Environmental Impact Statement for the Wongai Coal Project in conjunction with Aust-Pac. Finally, Bounty intends to implement a number of mitigation strategies to minimise the environmental impact in the proposed export area.</p>	Section 5.2(d)
<b>Commodity price and currency risk</b>	<p>The strength of worldwide coal prices and the level of demand for Australian based exports, and the effect of any industrial disruptions within the coal industry in Australia may affect the economic viability of the Wongai Coal Project and consequently may affect the Company's ability to raise funds to complete the project to full construction. Demand for coal has fallen recently due to factors such as oversupply in markets including China and Australia, driving down coal prices. These factors are outside the Company's control.</p> <p>The majority of black coal produced in Australia is sold to the export market. Contracts for export coal are almost universally denominated in US dollars. As such, the ability to sell Australian coal (and the price at which the coal can be sold) is vulnerable to fluctuations in the value of the Australian dollar against the US dollar.</p> <p>If the Australian currency has a relatively high value, the producers are forced to accept a lower price in Australian dollars, or insist on a price that is less attractive to customers and potentially face reduced sales volume. Significant or sustained reductions or volatility in the value of the home currencies of major coal customers may decrease demand for Australian coal and consequently may affect the Company's ability to raise funds to complete the project to full construction.</p>	Section 5.2(e)
<b>Cape York Regional Plan</b>	EPC 2334 is within the area of the soon to be finalised Draft Cape York Regional Plan ( <b>CYRP</b> ). Certain areas covered by the CYRP are likely to be the subject of constraints and in some cases prohibitions on future mining activities. Depending on the finalised CYRP, the Wongai Coal Project may be affected by	Section 5.2(f)

Topic	Summary	Section
	<p>these constraints and/or prohibitions which could have a material and adverse effect on the viability of the Wongai Coal Project as currently proposed. In particular, if any part of the Tenements are mapped as 'Strategic Environmental Areas' under the CYRP, it may not be possible to obtain the requisite approval to lawfully carry out future mining activities. The concept plan for the Wongai Coal Project has been developed to avoid the relevant constrained areas and Bounty intends to continue monitor the consultation process surrounding the finalisation of the CYRP with a view to ensuring the areas of constraint do not encroach on the Wongai Coal Project.</p>	
<b>Land access risk</b>	<p>The majority of land underlying the Tenements is Aboriginal freehold land granted under the <i>Aboriginal Land Act 1991</i> (Qld). Aboriginal freehold land is classified as a 'reserve' under the Mineral Resources Act and as such, it is necessary to obtain the consent of the owner of the land to enter an EPC to undertake exploration or to obtain the grant of a mining lease over the land. Almost the entire area of EPC 2334, and the lower half of EPC 2687, relate to land that is owned by the Kalpowar Aboriginal Land Trust, which has given consent for EPC 2334 (and future mining lease applications over that EPC) under the Indigenous Land Use Agreement.</p> <p>A large area of EPC 2687 relates to land owned by the Wakooka Land Trust. No indigenous land use agreement has been agreed in respect of EPC 2687, although at this stage the Directors consider that the exploration and development potential of EPC 2687 is low to moderate at best and Bounty's primary focus has been the exploration and development of EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation.</p> <p>It may also be necessary to enter into 'conduct and compensation agreements', which are particular types of agreements under the Mineral Resources Act, with all landowners and occupiers before 'advanced activities' (including mining) can be carried out on the Tenements. In addition, a mining lease cannot be granted with surface rights over land unless compensation has been determined with the landowner. There can be no guarantee that the Company will be able to secure such compensation arrangements if and when required on terms acceptable to the Company, in which case the Company's future development of the Wongai Coal Project will be materially and adversely affected.</p>	Section 5.2(g)
<b>Environmental Impact Statement</b>	<p>EIS processes have been commenced under both the Federal and State regimes for the Wongai Coal Project. An EIS process is lengthy and expensive to complete and, if not carried out properly, can result in the imposition of unreasonably onerous conditions on any subsequent approvals issued for the relevant activities.</p> <p>In addition, the EIS process under the <i>State Development and Public Works Organisation Act 1971</i> (Qld) is the subject of set timeframes which can be extended only in limited circumstances. Whilst Bounty, in conjunction with Aust-Pac, is working towards</p>	Section 5.2(h)

Topic	Summary	Section
	the deadline of 27 July 2015 and aims to submit a draft EIS in March 2015, unforeseen delays may impact on its ability to submit the EIS on time, which could have a materially adverse impact on the viability and value of the Wongai Coal Project and the Company's financial performance.	
<b>Native title risk</b>	<p>Exploration activities in Australia are subject to the <i>Native Title Act 1993</i> (Cth) and as such Aboriginal land rights may affect the Company's ability to secure prospective exploration areas and mining leases and therefore may negatively impact the Company's planned development activities at the Wongai Coal Project.</p> <p>Bounty is currently not a party to the Indigenous Land Use Agreement in respect of EPC 2334. Under the relevant legislation, Bounty is required to become a party to the Indigenous Land Use Agreement before the transfer of any interest in EPC 2334 can be registered.</p> <p>Bounty, with the assistance of Aust-Pac, is currently working towards becoming a party to the Indigenous Land Use Agreement. The Directors are confident that Bounty will be able to become a party to the Indigenous Land Use Agreement, although they cannot give any guarantee as to when this will occur.</p> <p>The Indigenous Land Use Agreement imposes significant obligations on Aust-Pac (and Bounty once it becomes a party) which are summarised in section 3.8, including the requirement to make various payments to the Traditional Owners and neighbouring groups before mining and on the commencement of mining, a condition that the Traditional Owners and neighbouring groups retain an aggregated 12.5% beneficial, non-voting interest in any mining project for no consideration and a requirement to comply with comprehensive training, employment and business development commitments.</p> <p>There is currently no indigenous land use agreement in respect of EPC 2687 although most focus to date has been placed on exploring and developing EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation. There can be no guarantee that Bounty will be able to secure such an agreement at all or on terms acceptable to Bounty.</p>	Section 5.2(i)
<b>Cultural heritage risk</b>	<p>Within Australia, Federal and State legislation allows for the protection of Aboriginal cultural heritage and sites that are significant to Aboriginal custom and tradition. A Cultural Heritage Management Plan has been agreed in respect of EPC 2334 and is annexed to the Indigenous Land Use Agreement. The Cultural Heritage Management Plan contains a number of obligations that Aust-Pac (and the Company) are required to comply with regarding surveying, monitoring, cultural heritage training and payments. Compliance with cultural heritage obligations may impact on the Company's ability to progress through the approvals process in the expected timeframes and/or impact the development and operation of the Wongai Coal Project.</p>	Section 5.2(j)

Topic	Summary	Section
<b>Approvals risk</b>	The Wongai Coal Project will require a number of approvals at various stages from various governmental agencies and regulatory bodies. The Company cannot guarantee that these approvals will be granted or obtained. There is also a risk that additional requirements will be imposed on the Company which may result in delays to project implementation or add additional constraints and costs which may adversely impact the economics or viability of the Wongai Coal Project.	Section 5.2(k)
<b>Substitution risk</b>	The development of new steel making and power generation technologies or practices, particularly from 'clean' energy sources, may lead to greater use of other carbon sources or lower quality coals in substitution for any coal produced from the Wongai Coal Project. This could lower demand for the Company's products and potentially lower the price received for any coal products, which would adversely affect the Company's financial performance and prospects.	Section 5.2(l)
<b>Political risk</b>	Changes to the regulatory environment for the mining industry and/or any negative publicity may materially affect an investment in the Company. There is the potential for changes in government policy that can negatively impact on the development of the Wongai Coal Project and, accordingly, the Company's financial performance and future prospects. This includes potential changes to State and Federal government positions on shipping or development within the Great Barrier Reef Marine Park and the Cape York Regional Plan, including those noted above. Changes in government policy may be prompted by community values towards environmental and cultural issues.	Section 5.2(m)
<b>Estimation of Mineral Resources</b>	Mineral Resources estimates are inherently imprecise and may not prove to be an accurate indication of the quantity and/or quality of coal that the Company has identified or that it will be able to extract at the Wongai Coal Project. While the Mineral Resources at the Wongai Coal Project have been estimated in accordance with the JORC Code, estimates are purely an expression of professional judgement based on available information, interpreted using experience and resource modelling techniques, as well as geological assumptions. They also involve application of sampling techniques, estimates of coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. As such, there is a risk that any coal ultimately mined may be of a different or inferior grade, quality, or volume from the Mineral Resources estimates. Accordingly, this may result in decreased profitability of the Company from lower than expected revenues or higher than expected costs.  In addition, the inclusion of an estimation of Mineral Resources and Exploration Targets in this Prospectus should not be regarded as a representation that these amounts can be economically exploited and investors are cautioned not to place undue reliance on these estimates.	Section 5.2(n)
<b>Inferred Mineral Resources</b>	A significant proportion of the Mineral Resources identified at the Wongai Coal Project are in the Inferred category, which is the lowest of the three Mineral Resources categories under the JORC Code, reflecting limited sampling and a relatively low degree of geological certainty. While material may only be included in a	Section 5.2(o)

Topic	Summary	Section
	<p>Mineral Resources calculation if there are reasonable prospects of eventually economically extracting it, investors should be aware that the inclusion of a material in a Mineral Resources estimate does not require a conclusion that the material may be economically extracted at the yield indicated or at all. Mineralisation only qualifies to be categorised as an Ore Reserve once it has been demonstrated to be economically recoverable.</p> <p>Mineral Resources are delineated, in order of increasing confidence, into Inferred, Indicated and Measured Mineral Resources. Only Mineral Resources in the Measured or Indicated categories can be converted to the status of an Ore Reserve. As a result, any future development of the Inferred Mineral Resources at the Wongai Coal Project will depend on the Company being able to further upgrade the Inferred Mineral Resources to the Measured or Indicated categories, and/or discover additional Mineral Resources in the Measured or Indicated categories and subsequently convert them to Ore Reserves by demonstrating that they can be economically extracted under reasonably assumed operating conditions.</p>	
<b>Coal quality and product risk</b>	<p>Coal quality is known to vary. As such, there is a risk that any coal identified at the Wongai Coal Project may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company's financial performance and prospects.</p> <p>There is also a risk that actual coal products produced and sold will differ from the Company's expectations. Final product types are not known with certainty at this stage of the Wongai Coal Project's development. Variables include ash levels, coal washability, coking characteristics and market demand for various product types.</p>	Section 5.2(p)
<b>Joint venture risk</b>	<p>The Wongai Coal Project is operated through a joint venture with a third party, Aust-Pac. Any failure by the Company (through its subsidiaries) or Aust-Pac to act in a manner consistent with the Wongai Coal Project Agreements, or the insolvency, financial distress or liquidation of either party, may have a material adverse impact on the Company.</p> <p>Under the terms of the Wongai Coal Project Agreements, the Company (through its subsidiaries) has the ability to increase its interest in the Joint Venture Assets to up to 51% through sole funding project expenditure, achieving certain milestones and exercising a call option. If the Company does not comply with these obligations, it may not achieve a 51% interest in the Joint Venture Assets, which would have an adverse effect on the Company's financial position and prospects.</p>	Section 5.2(q)
<b>Concentrated share register</b>	<p>Mr Gary Cochrane, Chairman and Chief Executive Officer, currently has a relevant interest in approximately 35.45% of Bounty's total issued Share capital. Section 8.14 contains details of other substantial Shareholders.</p> <p>Given the size of Mr Cochrane's shareholding in particular and depending on the number of Shares issued under the Offer, Shareholders not associated with Mr Cochrane will have a reduced ability to influence the operating, financing and strategic decisions of the Company.</p> <p>In addition, the likelihood of the Company receiving a takeover</p>	Section 5.2(r)

Topic	Summary	Section
	offer may be reduced given that Mr Cochrane's shareholding would likely represent an impediment to complete a takeover without the support of Mr Cochrane.	
<b>Commercialisation risk</b>	There is a high degree of risk associated with the development and commercialisation of coal resources, and at completion of construction of any projects the market price of the coal could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned exploration and/or mining activities. Further, obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or may not be obtained at all.	Section 5.2(s)
<b>Weather</b>	Unexpected protraction of the annual wet season may adversely impact on the timing of exploration and site background studies, and consequently the Company's ability to complete the Phase 2 Works or Phase 3 Works and earn the Phase 2 Interest or Phase 3 Interest (as applicable). Inclement or adverse weather may require the Company to evacuate personnel or curtail operations and may cause damage to its mine site, transportation roads and loading facilities. This could result in the temporary suspension of operations or generally reduce the Company's productivity. Any damage to the Company's future mine site, transportation roads and loading facilities caused by prolonged periods of inclement or adverse weather could materially and adversely affect the Company's business, prospects, financial condition and results of operations.	Section 5.2(t)
<b>Mining risk</b>	Should the Wongai Coal Project proceed, underground mining will be undertaken by Bounty. Underground coal mines can be subject to a number of operational risks and hazards, all of which could negatively impact on the business of the Company.	Section 5.2(u)
<b>Key personnel risk</b>	The success of the Company is related to the Directors' and management's capabilities in governing and managing the Company's performance. Accordingly, the Company may be adversely affected if any of the Directors or management leaves the Company. This is because the Company might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Section 4.4 contains further details of the agreements between the Company and key personnel.	Section 5.2(v)
<b>Contracted labour</b>	<p>The Company may in the future depend on a large number of contracted personnel. There is a risk that contracted personnel fail to perform their contractual obligations and that the Company is unable to find suitable replacement contractors.</p> <p>Through the potential use of contractors and other third parties for exploration, mining and other services, the Company is reliant on a number of third parties for development of the Wongai Coal Project. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the Company. Should contracted personnel fail to perform their contractual obligations, this may have the effect of delaying the development timetable, increasing operating costs and negatively impacting the economics of the Wongai Coal Project.</p>	Section 5.2(x)

Topic	Summary	Section
<b>Environmental risks</b>	The coal mining sector operates under Australian State and Federal environmental laws. The Company's operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, the Company may be subject to claims for toxic torts, natural resource damages and other damages. In addition the Company may be subject to the investigation and clean-up of contaminated soil, surface water, groundwater and other media. This may delay the Wongai Coal Project development timetable and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties. The Company is also subject to environmental protection legislation, which may affect the Company's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.	Section 5.2(y)
<b>Competition risk</b>	Competition in the coal industry is based on many factors, including but not limited to, price, production capacity, coal quality and characteristics, transport capability, costs, and brand name. The Company faces competition from other Australian and international producers of coal. Increases in production or reduction of price of competing coals from both Australia and overseas may adversely impact the Company's ability to sell its coal products at prices desirable to the Company. Increased competition in the future, including from new competitors, may emerge.	Section 5.3(c)
<b>Changes in economic and geopolitical conditions</b>	The Company may be affected by general economic conditions in Australia including the level of interest rates, foreign exchange rates, inflation and the level of fiscal spending by the government, as well as changes in regulatory policies and other statutory changes.  In addition, geopolitical upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict may have an impact on the Company's business by virtue of its impact on general economic conditions.	Section 5.3(b)
<b>Price and liquidity risk</b>	Even if ASX quotation of the New Shares and reinstatement of the existing Shares is obtained, an investment in the Company should be regarded as speculative. The price of Shares can rise or fall. It can be affected by a range of factors affecting stock markets generally, or industries in which the Company operates. Those matters are often beyond the control of the Company. In addition, liquidity in the trading of Shares (whether on ASX or otherwise) can be affected by a range of matters beyond the control of the Company. There is no guarantee of any return in respect of an investment in Shares, whether by way of profit or capital.	Section 5.4(b)
<b>Investor sentiment</b>	Development of the Wongai Coal Project will rely on future capital raisings to support exploration and feasibility studies and working capital. There is a risk that market conditions will not be conducive to capital raising or to capital raising at an optimal share price.	Section 5.4(a)
<b>Future issues</b>	The Company may, without the approval of Shareholders, subject to the requirements of the Corporations Act and the Listing Rules,	Section 5.4(c)

Topic	Summary	Section
	issue further Shares or other securities which may rank ahead of or pari passu with the obligations of the Company to Shareholders on a winding up of the Company or issue Shares at a lower price than the Offer Price which may dilute the interests of Shareholders. It may also issue securities with conversion rights which, when exercised, will dilute the interests of Shareholders when those securities are in turn converted to Shares.	
<b>E. Financial information</b>		
<b>What is the Company's financial position and performance?</b>	<p>Historical and pro forma financial information on the Company is contained in section 6 of this Prospectus.</p> <p>Potential investors are cautioned that past performance is not a guide to future performance. As summarised in sections 2.1 to 2.5, Bounty has experienced changes to its operations in recent years and is now focused on the exploration and development of the Wongai Coal Project.</p> <p>The Company's audited financial statements for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 each contained a note in relation to uncertainty around Bounty's ability to continue as a going concern. The Company's auditor also drew attention to this note in 'emphasis of matter' paragraphs in the auditor's report for each financial year.</p> <p>For the purposes of preparing the financial statements in each financial year, the Directors were satisfied that Bounty would be able to continue as a going concern. The Directors' opinion in relation to the Company's ability to continue as a going concern remains unchanged and as at the date of this Prospectus they consider that if the Offer is completed and the Minimum Subscription is raised, the Company will have sufficient funds for operations for at least 12 months from the date of this Prospectus.</p> <p>Historical and pro forma financial information regarding the Company is also considered in the Investigating Accountant's Report contained in section 7 of this Prospectus.</p> <p>Given the early stage of the Wongai Coal Project, the Directors consider that they are unable to provide potential investors with any reliable revenue, profit or cash flow projections or forecasts.</p>	Sections 6 and 7
<b>F. Directors and key management</b>		
<b>Who are the Directors and members of key management?</b>	<p><b>Gary Cochrane</b> – Chairman and Chief Executive Officer</p> <p>Gary has 26 years experience in the mining, engineering and construction industry across Australia, China, Indonesia and Papua New Guinea. Gary has spent the last 18 years as an international mining and management consultant to the coal and hard rock mining industries. He was a founding investor and former director of Millennium Coal which is now an operating coal mine in Queensland producing 3 million tonnes per annum. He is also on the board of Texas and Oklahoma Coal which has several coal development projects in Canada and the USA. Gary completed an Executive MBA in Global Energy from the Haskayne School of Management at the University of Calgary.</p> <p><b>Julie Garland McLellan</b> – Independent Non-Executive Director</p> <p>Julie is a professional company director with a background in the resources and energy sectors. Julie has a degree in Civil Engineering, an MBA and a Graduate Diploma in Applied Finance</p>	Sections 4.1 and 4.2



Topic	Summary	Section
	<p>as well as a Diploma and an Advanced Diploma in Company Directorship. She is a former Chairman of Oldfields Holdings Limited and non-executive director of Kimbriki Environmental Enterprises Limited. As an executive she has been Managing Director for Gamesa Energy Australia (a multinational energy company), General Manager Energy and Natural Resources for KPMG and Corporate Planner for BHP Billiton.</p> <p><b>Robert Stewart</b> – Independent Non-Executive Director</p> <p>Rob has a Bachelor of Engineering (Civil), Master of Engineering Science (Mining), FIEAust, and has spent 37 years working in the mining and construction industries. Previous appointments have included General Manager with Leighton Holdings Ltd subsidiary Thiess Pty Ltd, where he was responsible for the company's contract mining and construction business in NSW, and Chief Executive Officer and Managing Director of Whitehaven Coal Limited, an ASX-listed coal mining company.</p> <p>Rob is currently a director of CRSM LLC, a Mongolian based company identifying, evaluating and managing investments in Mongolia's rapidly expanding resource industry.</p> <p><b>Eryl Baron</b> – Chief Financial Officer and Company Secretary</p> <p>Eryl is a qualified accountant and commenced her career as a Chartered Accountant with BDO Binder Hamlyn in London. Eryl has served as Chief Financial Officer and company secretary of listed and unlisted companies and has worked in accounting and business in financial control positions. In 2009, Eryl completed her graduate diploma in Applied Corporate Governance.</p>	
<b>G. Interests, benefits and related party transactions</b>		
<b>What significant benefits and interests are payable to Directors and other persons connected with Bounty or the Offer?</b>	<p>Directors and other management are entitled to remuneration and fees on ordinary commercial terms.</p> <p>Advisers and other service providers are entitled to fees for services.</p>	Sections 4.3 and 9.7
<b>What related party transactions is the Company a party to?</b>	<p><b>VETL Loan</b></p> <p>The key related party transaction that the Company is a party to is the VETL Loan, which is a facility agreement between the Company and VETL, a company associated with Gary Cochrane, Bounty's Chairman and Chief Executive Officer.</p> <p>At the date of this Prospectus, the balance of the VETL Loan is approximately \$2.8 million and companies associated with Mr Cochrane hold 247,455,658 Shares, which is approximately 35.45% of Bounty's total issued Share capital (on an undiluted basis). VETL is one of the Company's primary lenders. The Company also has 3,846,500 Convertible Notes on issue, the terms of which are summarised in section 9.2.</p> <p>The independent Directors consider that the transactions between Bounty and VETL outlined in the Prospectus have been on arm's length terms.</p> <p>Potential investors should note that the VETL Loan will rank</p>	Section 4.4

Topic	Summary	Section
	<p>ahead of Shares in the event of insolvency. In addition, if the Company is unable to make repayments to VETL in accordance with the terms of the VETL Loan, VETL may be entitled to demand repayment of the loan and/or exercise the security over the Company's assets.</p> <p><b>Services agreements and engagement letters</b></p> <p>Gary Cochrane, Bounty's Chairman and Chief Executive Officer and Eryl Baron, Bounty's Chief Financial Officer and Company Secretary, are engaged by the Company under services agreements on ordinary commercial terms.</p> <p>The Company has also entered engagement letters with Mr Cochrane (in relation to his role as Chairman) and Julie Garland McLellan and Robert Stewart (in relation to their roles as non-executive Directors) on ordinary commercial terms.</p> <p>The Board considers that the financial benefits given to the Directors and officers in respect of the above arrangements constitute reasonable remuneration in accordance with section 211 of the Corporations Act.</p> <p><b>Directors' and officers' insurance</b></p> <p>The Company pays insurance premiums in respect of Directors' and officers' liability indemnities. The Board considers that the financial benefits given to the Directors and officers in respect of the Directors' and officers' liability arrangements are reasonable in the circumstances and have been provided in accordance with section 212 of the Corporations Act.</p>	
<b>H. Details of the Offer and proposed use of funds</b>		
<b>What is the Offer?</b>	The Offer comprises a capital raising of up to \$4,500,000 by way of an issue of up to 150,000,000 New Shares at \$0.03 per New Share.	Section 8.2
<b>How has the Offer Price been determined?</b>	<p>The Directors have determined the Offer Price of \$0.03 per New Share by:</p> <ul style="list-style-type: none"> <li>comparing the Offer Price to the issue prices under the Company's recent capital raisings (see section 2.3);</li> <li>comparing the Offer Price to the issue price of \$0.03 per Share at which \$5 million of the VETL Loan was converted into 166,666,667 Shares (see section 2.4);</li> <li>reviewing the valuation assessment of the Company contained in sections 7 and 8 of the Independent Expert's Report dated 28 April 2014 prepared by Grant Thornton Corporate Finance Pty Ltd in connection with providing an opinion on the fairness and reasonableness of the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL in September 2009 and conversion of \$5 million of the VETL Loan into 166,666,667 Shares (see section 2.4).</li> </ul>	Section 8.3
<b>What are the key dates under the Offer?</b>	<ul style="list-style-type: none"> <li>Prospectus date – 18 August 2014</li> <li>Opening Date (9.00am AEST) – 26 August 2014</li> <li>Closing Date (5.00pm AEST) – 16 September 2014</li> <li>Anticipated date of allotment of New Shares – 19 September 2014</li> <li>Shareholding statements expected to be despatched – 19</li> </ul>	Section 8.4

Topic	Summary	Section																																		
	<p>September 2014</p> <ul style="list-style-type: none"><li>Expected date for Official Quotation of New Shares on ASX (and reinstatement of existing Shares to Official Quotation on ASX) – 25 September 2014</li></ul>																																			
What is the minimum number of New Shares for which I can apply?	Applications must be for a minimum of 66,667 New Shares (\$2,000) and in multiples of 16,667 New Shares (\$500) for amounts above the minimum.	Section 8.10																																		
Is there a minimum subscription?	<p>The Minimum Subscription that the Company must raise under the Offer is \$2,350,000 through the issue of 78,333,333 New Shares. The Company will not issue any New Shares until it has received valid applications for this amount.</p> <p>If the Company has not received valid applications for the Minimum Subscription within four months after the date of this Prospectus, it will deal with any applications received in accordance with section 724 of the Corporations Act.</p>	Section 8.5																																		
Is there a maximum subscription?	While the Board is targeting a Full Subscription of \$4,500,000, it has not set a maximum subscription amount but reserves the right to determine the course of action should there be an over-subscription.	Section 8.6																																		
What is the proposed use of funds raised under the Offer?	<p>The table below sets out the proposed use of the proceeds from the Offer under two scenarios: if the Offer is fully subscribed and the Full Subscription is raised and if the Offer is partially subscribed and the Minimum Subscription is raised. If the Company raises between \$2,350,000 and \$4,500,000, the Phase 2 Works will be scaled accordingly.</p> <table><tr><th></th><th colspan="2">Full Subscription – \$4,500,000 raised</th><th colspan="2">Minimum Subscription – \$2,350,000 raised</th></tr><tr><th rowspan="2">Use of proceeds</th><th colspan="2">Completion of Phase 2 Works</th><th colspan="2">Partial completion of Phase 2 Works</th></tr><tr><th>\$m</th><th>%</th><th>\$m</th><th>%</th></tr><tr><td>Total Phase 2 Works<sup>1</sup></td><td>2.42</td><td>53.92</td><td>0.98</td><td>41.54</td></tr><tr><td>Working capital<sup>2</sup></td><td>1.66</td><td>36.83</td><td>1.10</td><td>46.93</td></tr><tr><td>Costs of the Offer</td><td>0.42</td><td>9.25</td><td>0.27</td><td>11.53</td></tr><tr><td>Total use of funds</td><td>4.50</td><td>100.00</td><td>2.35</td><td>100.00</td></tr></table> <p><b>Full Subscription</b></p> <p>If the Full Subscription is raised, the following actions will be</p>		Full Subscription – \$4,500,000 raised		Minimum Subscription – \$2,350,000 raised		Use of proceeds	Completion of Phase 2 Works		Partial completion of Phase 2 Works		\$m	%	\$m	%	Total Phase 2 Works <sup>1</sup>	2.42	53.92	0.98	41.54	Working capital <sup>2</sup>	1.66	36.83	1.10	46.93	Costs of the Offer	0.42	9.25	0.27	11.53	Total use of funds	4.50	100.00	2.35	100.00	Section 8.7
	Full Subscription – \$4,500,000 raised		Minimum Subscription – \$2,350,000 raised																																	
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<sup>1</sup> The table in section 8.7 sets out a detailed breakdown of how the funds raised will be applied to the relevant components of the Phase 2 Works.

<sup>2</sup> In the case of the Full Subscription, includes interest payments under the VETL Loan as set out in section 4.4).

Topic	Summary	Section
	<p>targeted by the Company:</p> <ul style="list-style-type: none"> <li>Phase 2 Works completed over a 12 month period.</li> <li>A pre-feasibility study completed.</li> <li>The Phase 2 Interest earned, a further 15% interest in the Joint Venture Assets.</li> <li>JORC Code Mineral Resource upgrade obtained.</li> </ul> <p>If the above actions are successfully completed, further capital will be sourced to raise funds to complete the Phase 3 Works which will include a full bankable feasibility study.</p> <p>The Directors consider that the Company will be able to complete the objectives outlined above if the Full Subscription is raised.</p> <p><b>Minimum Subscription</b></p> <p>If the Minimum Subscription is raised, the following actions will be targeted by the Company:</p> <ul style="list-style-type: none"> <li>Phase 2 Works partially completed over a six month period, but will require at least another six to eight months to complete depending on how much additional time is needed to raise the funds to complete the works.</li> <li>JORC Code Mineral Resource upgrade obtained, but more funds will be required to complete the pre-feasibility study.</li> <li>Further capital will be sourced to raise funds to complete the Phase 2 Works, but there is the potential for a delay to completion of the pre-feasibility study.</li> <li>The Phase 2 Interest earned once the pre-feasibility study is completed, representing a further 15% interest in the Joint Venture Assets.</li> </ul> <p>If the above actions are successfully completed, further capital will be sourced to provide funds to complete the Phase 3 Works which will include a full bankable feasibility study.</p> <p>The Directors consider that the Company will be able to complete the objectives outlined above if the Minimum Subscription is raised.</p>	
<b>Is the Offer underwritten?</b>	The Offer is not underwritten.	Section 8.8
<b>What is the allocation policy?</b>	<p>The Company, after consultation with the Lead Manager and Corporate Adviser, will allocate New Shares to Applicants under the Offer at its discretion.</p> <p>The Company may allocate all, or a lesser number, of New Shares for which an application has been made, accept a late application or decline an application. Where applications are scaled back, there may be a different application of the scale-back policy to each Applicant.</p> <p>Where no allocation is made to a particular Applicant or the number of New Shares allocated is less than the number applied for by an Applicant, surplus Application Money will be returned to that Applicant. No interest will be paid on refunded Application Money. Any interest earned on Application Money is the property of the Company.</p> <p>Successful Applicants will be given written notice of the number of New Shares allocated to them as soon as possible after the Closing Date. It is the responsibility of Applicants to confirm the</p>	Section 8.9

Topic	Summary	Section
	<p>number of New Shares allocated to them before trading in Shares. Applicants who sell Shares before they receive notice of the New Shares allocated to them do so at their own risk.</p> <p>If the Company's application for Official Quotation of the New Shares on ASX is denied, or for any reason this Offer does not proceed, all Application Money will be refunded in full without interest.</p>	
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.	Section 8.17
<b>What are the taxation implications of investing in the New Shares?</b>	The taxation consequences of an investment in the Company depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.	Section 8.20
<b>What is Bounty's dividend policy?</b>	As the Company is currently pursuing growth, the Directors do not anticipate that the Company will pay dividends in the immediate future.	Section 8.19
<b>How can I apply?</b>	<p>Complete a paper copy of the Application Form (the Company does not accept Application Forms electronically) and send it, with payment of the Application Money in Australian currency, by the Closing Date to Novus Capital Limited's registered office.</p> <p>Payments can be made by attaching a cheque or bank draft for the Application Money which is made out to 'Bounty Mining Limited' and crossed and marked 'Not Negotiable' to the Application Form.</p>	Section 8.10
<b>Can the Offer be withdrawn?</b>	The Company reserves the right to withdraw the Offer, at any time before the allotment of New Shares. If the Offer does not proceed, the Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.	Section 8.18
<b>Where can I find more information about this Prospectus or the Offer?</b>	Applicants with questions about this Prospectus or the Offer can contact the Company Secretary, Eryl Baron, on +61 2 8965 0200.	Section 8.10

## 2 Company overview

### 2.1 Bounty's background

#### General

Bounty was incorporated as Ausmet Resources Limited on 16 December 2003 and initially commenced operations as a West Australian mining company. Ausmet Resources Limited was admitted to the Official List of ASX on 28 April 2004.

On 8 March 2005, Ausmet Resources Limited merged with Bounty Industries Australia Pty Ltd by way of a reverse takeover and the merged entity's name was subsequently changed to Bounty Industries Limited and in 2008 to Bounty Mining Limited.

Bounty's Shares have been suspended from Official Quotation since it was placed into voluntary administration in August 2009. However, the Company is still a 'listed disclosing entity' for the purposes of the Corporations Act and, despite the suspension of its Shares from Official Quotation, is subject to regular reporting and disclosure obligations which require it to immediately disclose to ASX certain information of which it is or becomes aware concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's Shares.

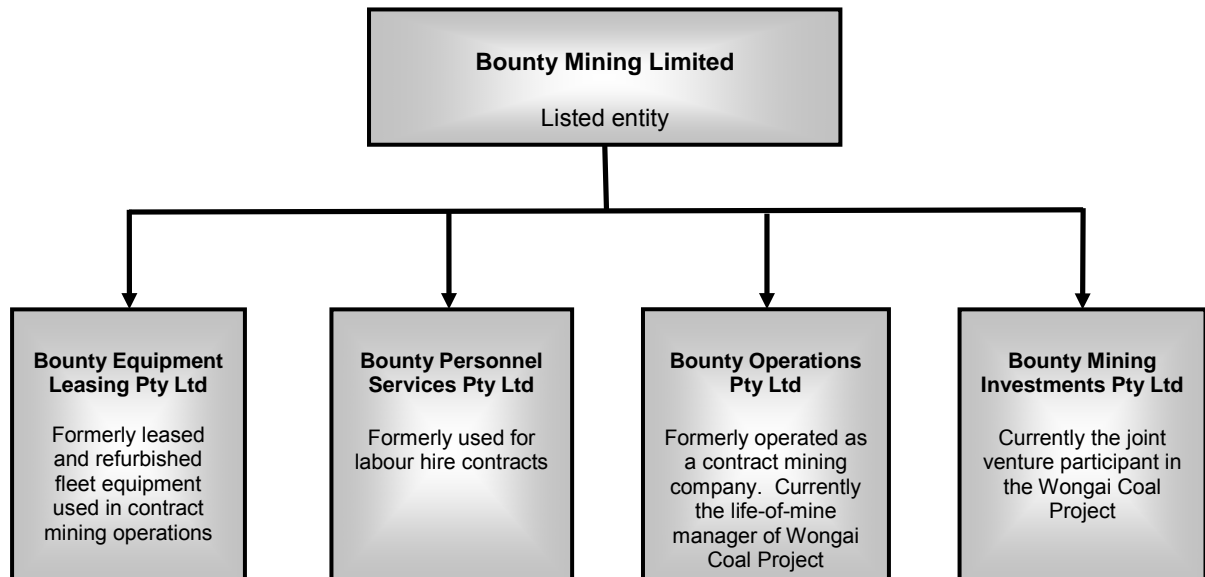
Copies of all documents lodged with ASX, including all annual and half-yearly financial reports, are available on the ASX company announcements platform at [www.asx.com.au](http://www.asx.com.au) and Bounty's website at [www.bounty.com.au](http://www.bounty.com.au).

Since the merger in 2005, the Company has operated as a contract mining, equipment hire and refurbishment company, providing underground mining services to the coal mining sector in Queensland and New South Wales. Specifically, Bounty has been a contract mine operator implementing specialised place changing underground mining techniques.

Bounty is now focused on the exploration and development of the Wongai Coal Project, an early-stage exploration coking coal project located in the Laura Basin of Queensland. Bounty also owns a fleet of underground coal mining equipment which was previously deployed on coal mining contracts, although following the expiry of its sole mining contract in July 2013, this equipment has been placed on care and maintenance.

#### Corporate structure

Bounty's corporate structure and a summary of its operations are set out below.



### Underground coal mining operations

Prior to the expiry of its sole mining contract with Anglo American in July 2013, Bounty operated primarily as a contract mining, equipment hire and refurbishment company through its subsidiaries Bounty Operations Pty Ltd and Bounty Equipment Leasing Pty Ltd. In particular, Bounty specialised in the provision of place change coal mining services.

Place change mining and especially the 'cut and flit' technique applied by Bounty is a low impact underground mining method that involves cutting a thoroughfare and pillar, and then shifting or flitting to the next section while the roof bolter secures the vacant cut.

This compares with the more typical Australian mining technique of longwall mining when coal is removed, the supports are moved forward and the roof is collapsed behind them, which can result in a downward shift of the ground surface over time that can result in significant damage to the natural environment.

Since 2009, Bounty held notable mining, labour hire and equipment hire and refurbishment contracts at the German Creek coal mine, Chain Valley colliery and Oaky Creek North coal mine.

The German Creek coal mine is operated by Anglo American. The site contained five underground mines (Central, Southern, Bundoora, Grasstree and Aquila) and two open cut mines (Oak Park and Lake Lindsay). Bounty entered into a contract to operate at the Aquila and Bundoora mines in August 2010. The Aquila mine utilised one fleet of Bounty's equipment including continuous haulage equipment, while the Bundoora project mainly utilised Bounty's labour resources.

The Chain Valley colliery is operated by Lake Coal Pty Ltd (a wholly owned subsidiary of LDO Coal Pty Ltd). The Chain Valley colliery is an underground coal mine operating at the southern end of Lake Macquarie, approximately 60 kilometres south of Newcastle. Bounty initially held a contract for the provision of full service mining operations in the Great Northern seam at the site, but after the expiration of the initial contract, Bounty entered into a contract for the on-hire of equipment to the mine operator.

The Oaky Creek North coal mine is operated by Xstrata. The site is located in the Bowen Basin between the mining towns of Tieri and Middledmount in Central Queensland. The mine has two underground operations and a coal preparation plant. The Company entered into a contract for the provision of labour hire services at the mine.

### Deed of Company Arrangement and restructure

During the coal market downturn in 2009, two of the Company's major contracts with Anglo American were terminated. Following rapid changes in operations, staff redundancy payments, mobilisation difficulties with another contract and a period of minimal revenue generation, the Company entered into voluntary administration in August 2009 and its Shares were suspended from Official Quotation on ASX.

In the notice to creditors, the administrators noted several alternatives available for the Company's future, which included:

- a deed of company arrangement;
- end to the administration; and
- liquidation or adjournment.

A deed of company arrangement is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with.

The voluntary administrators recommended that the creditors resolve to accept a proposal for a pooled deed of company arrangement where the creditors would receive 10 cents in the dollar and be issued with 10 Shares for every dollar of debt on 10 August 2009. At the second meeting of creditors, creditors resolved to accept a proposal for the Company and two of its subsidiaries to enter into the Deed of Company Arrangement and Pool Fund Deed.

Upon execution of the DOCA, control of the management and operations of the Company's business reverted to the Company. The Board then adopted a proposal to recapitalise the Company with an aim to potentially apply for the re-quotations of the Company's Shares on ASX.

As part of a proposal adopted by the Board to recapitalise the Company, the Company's key secured debt facility, the Westpac Facility, and an associated fixed and floating charge over the assets of the Company and its subsidiaries were assigned by Westpac to VETL, a company associated with Bounty's Chairman and CEO, Gary Cochrane. Further information in relation to the VETL Loan is contained in section 4.4.

The voluntary administration of Bounty was terminated in March 2010 following completion of the DOCA.

### **New contract and rights issue**

As noted above, in August 2010, Bounty entered into a new two year contract with Anglo American to provide mining services at the Aquila and Bundoora mines in Queensland. Bounty's operations were subsequently funded through cash flows from this contract and further loans from VETL.

In November 2010, Bounty announced that it had appointed Patersons Securities Limited to manage and underwrite a rights issue that would recapitalise the Company and allow the Company's Shares to be reinstated to Official Quotation on ASX.

Bounty issued a prospectus for the rights issue in December 2010, however after receiving a default notice from Anglo American regarding the new contract, Bounty deferred the rights issue and withdrew the prospectus to focus on resolving the issues with Anglo American.

In August 2011, Anglo American advised that the Bundoora operations would be deferred indefinitely and placed on care and maintenance. Anglo American exercised the option to extend the contract for the Aquila mine operations for a further year in 2012. After nearly three years of the services under the contract being delivered, in June 2013 Anglo American advised that the Aquila operations would be placed on care and maintenance due to declining metallurgical coal prices. As a result, Bounty's contract was not renewed and expired in July 2013.

Bounty subsequently placed its underground mining equipment on care and maintenance, site-based staff were terminated by reason of redundancy and the Board reduced its numbers by one and lowered Directors' fees. Bounty has since been operating on skeleton staff.

### **Wongai Coal Project**

In September 2013, Bounty, through its subsidiaries, entered into agreements with Aust-Pac for a farm-in, Joint Venture and life-of-mine management in relation to the Wongai Coal Project. The Wongai Coal Project is an early-stage exploration coking coal project based in Cape York, approximately 430 kilometres north of Cairns in the Laura Basin.

The Laura Basin is an extensive thin-seam high quality coking coal resource which Bounty considers is potentially well suited for underground place change mining, a technique which is a core skill of Bounty.

Bounty does not own the Wongai Coal Project but has the ability to earn up to a 51% legal and beneficial interest in the Joint Venture Assets under the Wongai Coal Project Agreements.



Further details in relation to the Wongai Coal Project Agreements are set out in sections 2.2 and 3.8.

## 2.2 Wongai Coal Project

Bounty, through its subsidiaries Bounty Operations and Bounty Mining Investments, has entered into a Joint Venture Agreement, Farm-In Agreement, Management Agreement and Deed of Cross Security with Aust-Pac in relation to the Wongai Coal Project.

The Wongai Coal Project Agreements allow Bounty to progressively earn up to a 40% beneficial and legal interest in the Joint Venture Assets by sole funding the exploration of the Tenements and meeting certain milestones to Bounty's satisfaction. The table below summarises each phase of works that Bounty is required to complete in order to earn the corresponding interests under the Wongai Coal Project Agreements:

Works	Interest	Status
Phase 1 Works, being completion of: <ul style="list-style-type: none"> <li>target drilling of up to eight holes; and</li> <li>desktop scoping study for the underground mine.</li> </ul>	Phase 1 Interest, being a 5% interest in the Joint Venture Assets and the right to appoint the manager (and operator) of the Wongai Coal Project for the life of the Wongai Coal Project.	Phase 1 Works have been completed and the conditions for the transfer of the Phase 1 Interest have been met.  Transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments is currently being processed by the Office of State Revenue and will then be submitted to the Department of Natural Resources and Mines in Queensland.
Phase 2 Works, being completion of: <ul style="list-style-type: none"> <li>preparation of a pre-feasibility study;</li> <li>the drilling of additional cored holes, in addition to an initial background post wet season marine survey; and</li> <li>preliminary engineering design for mine and infrastructure.</li> </ul>	Phase 2 Interest, being further 15% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone.	Bounty has started initial preparations for the Phase 2 Works and is now seeking to raise funds under this Prospectus to complete the Phase 2 Works.
Phase 3 Works, being completion of: <ul style="list-style-type: none"> <li>further drilling of cored holes, including at least three large diameter cores;</li> <li>Environmental Impact Statement; and</li> <li>bankable feasibility study.</li> </ul>	Phase 3 Interest, being a further 20% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone.	Bounty, in conjunction with Aust-Pac, is progressing the Environmental Impact Statement and aims to submit a draft EIS in March 2015, with the final EIS to be submitted by 27 July 2015. The other Phase 3 Works will commence after completion of the Phase 2 Works.

Bounty also has the option to acquire a further 11% interest in the Joint Venture Assets (to take its interest to 51%) within 12 months of completing the earn-in phases at a 25% discount to an independent valuation of the Wongai Coal Project.

There are no specific expenditure or timing requirements that Bounty is required to meet under the Wongai Coal Project Agreements to earn the interests in the Joint Venture Assets. However, as set out in section 8.7, Bounty is targeting completion of the Phase 2 Works over 12 months if the Full Subscription is raised and partial completion of the Phase 2 Works over six months if the Minimum Subscription is raised. Bounty will also be required to meet certain deadlines under the relevant legislation, including submitting the Environmental Impact Statement by 27 July 2015.

Bounty Operations has been appointed as the manager of the Joint Venture for the life of the Wongai Coal Project.

There is also an Indigenous Land Use Agreement between Aust-Pac, the Kalpowar People, the Traditional Owners, the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited in respect of EPC 2334 which provides for various payments to the Traditional Owners and neighbouring groups before mining and on the commencement of mining, an aggregated 12.5% beneficial, non-voting interest in any mining project being granted to the Traditional Owners and neighbouring groups for no consideration, as well as a training and employment program. Bounty, with the assistance of Aust-Pac, is currently working towards becoming a party to the Indigenous Land Use Agreement.

Under the relevant legislation, Bounty is required to become a party to the Indigenous Land Use Agreement before the transfer of any interest in EPC 2334 can be registered. The Directors are confident that Bounty will be able to become a party to the Indigenous Land Use Agreement, although they cannot give any guarantee as to when this will occur.

There is currently no indigenous land use agreement in respect of EPC 2687 although most focus to date has been placed on exploring and developing EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation.

In February 2014, Bounty completed the Phase 1 Works under the Farm-In Agreement. These works entailed:

- target drilling up to eight holes to identify the best locations for construction of portals necessary to commence mining; and
- completion of a desktop scoping study for the underground mine.

Accordingly, Bounty has earned a 5% interest in the Joint Venture Assets and is acting as manager of the Wongai Coal Project. The conditions for the transfer of the Phase 1 Interest have been met and the transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments is currently being processed by the Office of State Revenue for stamping and will then be submitted to the Department of Natural Resources and Mines in Queensland. Registration of the transfer is subject to Bounty Mining Investments meeting certain conditions, including becoming a party to the Indigenous Land Use Agreement.

Bounty is now seeking to raise funds under this Offer to progress the Phase 2 Works which are as follows:

- the drilling of additional cored holes, including approximately eight cored holes for coal quality testing aimed at further proving up the best location to build portals and commence mining and increasing Indicated Mineral Resources in addition to an initial background post wet season marine survey;
- complete a pre-feasibility study; and
- preliminary engineering design for mine and infrastructure.

If Bounty completes the Phase 2 Works, it will earn the Phase 2 Interest and its interest in the Joint Venture Assets will increase from 5% to 20% progressively as each milestone is completed.

Bounty will also continue work on the Environmental Impact Statement in conjunction with Aust-Pac, which it is required to submit by 27 July 2015. The Wongai Coal Project is described in more detail in section 3.

### 2.3 Recent capital raisings

Between November 2013 and March 2014, Bounty issued in aggregate 30 million Shares at \$0.025 per Share to sophisticated and professional investors to raise \$750,000 to help fund the progress of the Phase 1 Works.

It issued a further 22,692,313 Shares at \$0.026 per Share between May 2014 and August 2014 to sophisticated and professional investors to raise a further \$590,000 to fund ongoing working capital requirements and commencement of the Phase 2 Works.

In August 2014, Bounty issued 3,846,500 Convertible Notes at \$0.026 per Convertible Note to sophisticated and professional investors to raise a further \$100,009 to fund ongoing working capital requirements during the Offer period. The Convertible Notes are convertible into Shares at a deemed issue price of \$0.026 per Share. The terms of the Convertible Notes are summarised in section 9.2.

### 2.4 Recapitalisation

In April 2014, Bounty reached an agreement with VETL to convert \$5 million of the VETL Loan to Shares. At a general meeting held on 6 June 2014, Shareholders approved the following resolutions to restructure the Company's debt and raise funds to progress the Wongai Coal Project:

- that the issues of Shares between November 2013 and March 2014 referred to in section 2.3 be approved under Listing Rule 7.4;
- that the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL in September 2009 be approved under Listing Rules 10.1 and 10.9;
- that VETL be permitted to increase its relevant interest in Bounty's Shares to up to 36.64% of the total Shares on issue under item 7 of section 611 of the Corporations Act;
- that the issue of 166,666,667 Shares at \$0.03 per Share to VETL in partial conversion of the VETL Loan be approved under Listing Rule 10.11 and Chapter 2E of the Corporations Act; and
- that the issue of up to 150 million New Shares at \$0.03 per New Share under this Prospectus be approved under Listing Rule 7.1.

Bounty issued the 166,666,667 Shares to VETL on 6 June 2014 in satisfaction of \$5 million of the VETL Loan, significantly reducing its debt and gearing levels.

### 2.5 Other opportunities

In addition to the Wongai Coal Project operations, Bounty is further exploring thin seam and remnant recovery opportunities with major thermal and coking coal producers in line with Bounty's former operations. While these projects typically have long lead times, Bounty hopes to secure long-term sustainable contracts in the future.

Bounty will also assess additional joint venture opportunities based on the Wongai Coal Project model if and when such opportunities arise.

## 2.6 Company's key strengths

### Experience in place change mining

Bounty has undertaken thin-seam place change mining projects in Australia since 2004, and has shown consistently high levels of productivity and safety with the type of specialist equipment required. In addition, Bounty has a fleet of suitable underground mining equipment available which has enabled the Company to successfully complete the Phase 1 Works and earn the Phase 1 Interest.

### Opportunities identified at Wongai Coal Project

- The Wongai Coal Project is estimated to contain a significant Mineral Resource and preliminary washability tests indicate that a high quality hard coking coal product can be produced, with high CSN, ash around 10% (adb) and total sulphur around 1% (adb) (see sections 3.5 and 3.9).
- Although the area is remote, it is proximal to potential shipping access, with the Mineral Resources being within 30 kilometres of the coast, which offers potentially lower transportation costs.
- Bounty plans to implement mitigation strategies to minimise the environmental impact of the Wongai Coal Project, including utilising covered barges with shallow draft to avoid the need to dredge and barging and transshipping in already established major shipping channels in areas with naturally deep water (it is currently preparing an Environmental Impact Statement in conjunction with its Joint Venture partner Aust-Pac).
- Bounty and Aust-Pac have a strong working relationship with the Kalpowar People, Traditional Owners and neighbouring groups.
- Thin-seam place change mining is Bounty's area of expertise.
- Bounty owns a fleet of underground mining equipment suitable for the Wongai Coal Project.

### Experienced Board and management team

The Board and management team is structured to maximise strategic, commercial, and operational value, and reflects a cross section of relevant skills and experience. Bounty's Chairman and Chief Executive Officer, Mr Gary Cochrane, has 26 years experience in the mining, engineering and construction industry across Australia, China, Indonesia and Papua New Guinea, holding senior management and technical roles at operating mines in both Australia and Papua New Guinea. Mr Cochrane has spent the last 18 years as an international mining and management consultant to the coal and hard rock mining industries and is a regular commentator on coal industry strategic supply and demand positions and coal investment opportunities. Sections 4.1 and 4.2 contain further information about Bounty's Board and management team.

### Demand for coal and diversification

Coking coal is the essential raw material for blast furnace steel production (constitutes approximately 70% of total steel production globally). Through the exploration and development of the Wongai Coal Project, Bounty is focused on supplying this market.

Furthermore, Bounty offers diversification of long term supply to Asia of high quality coking coal (current operations are primarily controlled by BHP Billiton, Rio Tinto, Anglo American and Glencore).

Section 2.7 contains further information about the Australian coal mining industry, including in relation to supply and demand.

## 2.7 Industry overview

Bounty operates in the Australian coal mining industry, with a particular focus on metallurgical coal. The industry overview below has been extracted from section 3 of the Independent Expert's Report dated 28 April 2014 prepared by Grant Thornton Corporate Finance Pty Ltd in connection with providing an opinion on the fairness and reasonableness of the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL in September 2009 and conversion of \$5 million of the VETL Loan to equity (see section 2.4).

### General

Australia is the leading exporter of black coal globally, with black coal being Australia's second highest export commodity. There are two main types of black coal: metallurgical coal and thermal coal.

Metallurgical coal is a high carbon content coal used mostly for the manufacturing of coke which is a key ingredient in the production of iron and steel. Metallurgical coal is further categorised broadly into hard coking coal (**HCC**), semi-hard coking coal, semi-soft coking coal and pulverised coal injection (**PCI**) coal in order of carbon content.

High quality metallurgical coal with higher levels of carbon content (i.e. HCC) is more favoured in the production of coke and therefore trades at a premium to lower grade metallurgical coal (i.e. semi-soft coking coal).

Thermal coal is a relatively lower carbon content coal and is predominately used in the generation of electricity at power stations.

### Key drivers affecting the Australian coal mining industry

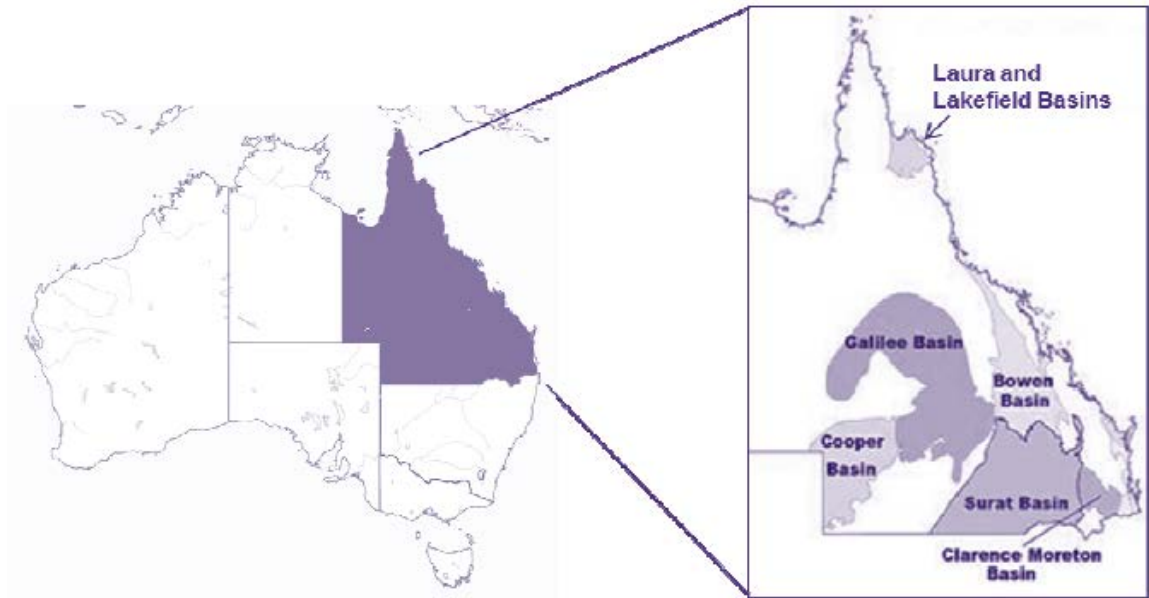
In recent years, the metallurgical coal markets have been volatile, affected by the global financial crisis, Queensland flooding and continued economic uncertainty.

The key drivers affecting the Australian coal mining industry include:

- Demand for coal – the demand for coking coal is mainly derived from the iron and steel manufacturing industry. This industry is closely linked with economic growth and growth in world population.
- Coal prices – low coal prices tend to have a negative impact on the level of coal development and production activities and vice versa.
- Exchange rates – coal is usually traded in US dollars, therefore relative exchange rates are an important factor affecting the level of global coal trading and demand.
- Political and regulatory factors – coal development and production are considered high risk activities as there is a considerable amount of risk and uncertainty surrounding the commercial viability of such projects. Tenements located in countries with well-defined regulatory processes and a stable political environment may be more attractive to coal developers and producers as they are less risky than unregulated and politically unstable countries.
- Funding requirements – given the inherent riskiness of the Australian coal mining industry, the availability and cost of capital to fund coal projects can significantly impact on the level of coal development and production activities being undertaken.

### Queensland coal basins

Queensland has a rich endowment of high-quality black coal resources, with more than 34 billion tonnes of demonstrated economic resources having been identified by drilling operations. Identified resources of coking coal amount to approximately 8.7 billion tonnes, of which about 4 billion tonnes are suitable for open-cut mining<sup>3</sup>. The map below shows the major Queensland coal basins.



Source: Queensland Government

The Bowen Basin, which contains virtually all of the state's hard coking coal, is the most important source of export coal in Queensland. Coal deposits in the Bowen Basin of central Queensland include extensive resources of low and medium volatile semi-soft coking, hard coking coals and PCI coal. The Callide, Clarence-Moreton, Tarong and Surat Basins are also important sources of thermal coal suitable for export and for domestic power generation.

The offshore portion of the Laura and Lakefield Basins lie within the Great Barrier Reef Marine Park and a large section of the onshore basin is covered by the Lakefield National Park and Cape Melville National Park. As such, mining and exploration activity has largely been restricted in the past.

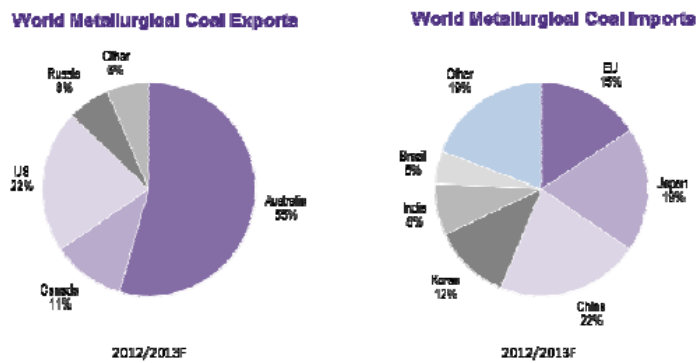
### Metallurgical coal

#### *Demand and supply*

Demand for metallurgical coal is dependent on levels of steel production. Trends in the demand for and output of pig iron and steel are prime determinants of global demand for coke, and hence for metallurgical coal. Shifts in steel production methods also influence demand. Changes in the relative prices of electricity and coking coal, and the availability of steel scrap influence the switching between blast furnaces and electric arc furnaces. The latter are primarily scrap recycling operations, and require only minimal amounts of coke.

The charts below show the world metallurgical coal imports and export in 2012/2013.

<sup>3</sup> Australia's Identified Mineral Resources 2012, Australian Government – Geoscience Australia, Published 10 April 2013



Source: Bureau of Resources and Energy Economics, Annual Resources and Energy Statistics 2013

China, Japan and the European are the largest importers of metallurgical coal, together importing 56% of the world metallurgical coal in FY13. Australia is the largest exporter of metallurgical coal. Australia's proximity with the emerging Asian countries provides a competitive advantage. However, the increase of coal exports from Australia in the medium term is constrained by the availability of port and rail infrastructure. The production of metallurgical coal in Australia is forecast to increase at a compounded annual growth rate of 7.1% from FY13 to FY17.

#### *Coal prices*

The HCC price benchmark is usually set by Australia's largest suppliers such as the BHP Billiton Mitsubishi Alliance<sup>4</sup>. Other coking coal, including PCI coal and semi-soft coking coal are then sold at a discount to the benchmark price. Since 1 April 2010, HCC contract prices are settled on a quarterly basis. The BHP Billiton Mitsubishi Alliance has recently set a HCC price of US\$120/t for the second quarter of 2014, down from US\$143/t in the first quarter of 2014.

#### *Market performance and outlook*

HCC prices have been highly sensitive to global economic growth. From 2007 to 2008, the price of HCC increased significantly amid the rapid growth of emerging economies such as China and India. After the global financial crises of late 2008 demand sharply decreased, and prices fell accordingly.

The price of HCC was approximately A\$238/t at the end of 2010, predominantly as a result of increasing demand from Asian countries. In early 2011, Queensland experienced significant flooding, causing further supply constraint, pushing the price up to A\$310/t during the period.

In 2012, the supply constraint eased, causing the price of HCC to significantly decrease during the year to A\$164/t.

In 2013, the supply of HCC further increased, pushing the spot price down to A\$152/t by the end of the 2013. In 2014, China's imports are forecast to increase by a further 21% as continued low seaborne prices encourage the consumption of imported coals over those produced domestically. This increase in demand is expected to settle prices to a longer term equilibrium level of approximately A\$170/t.

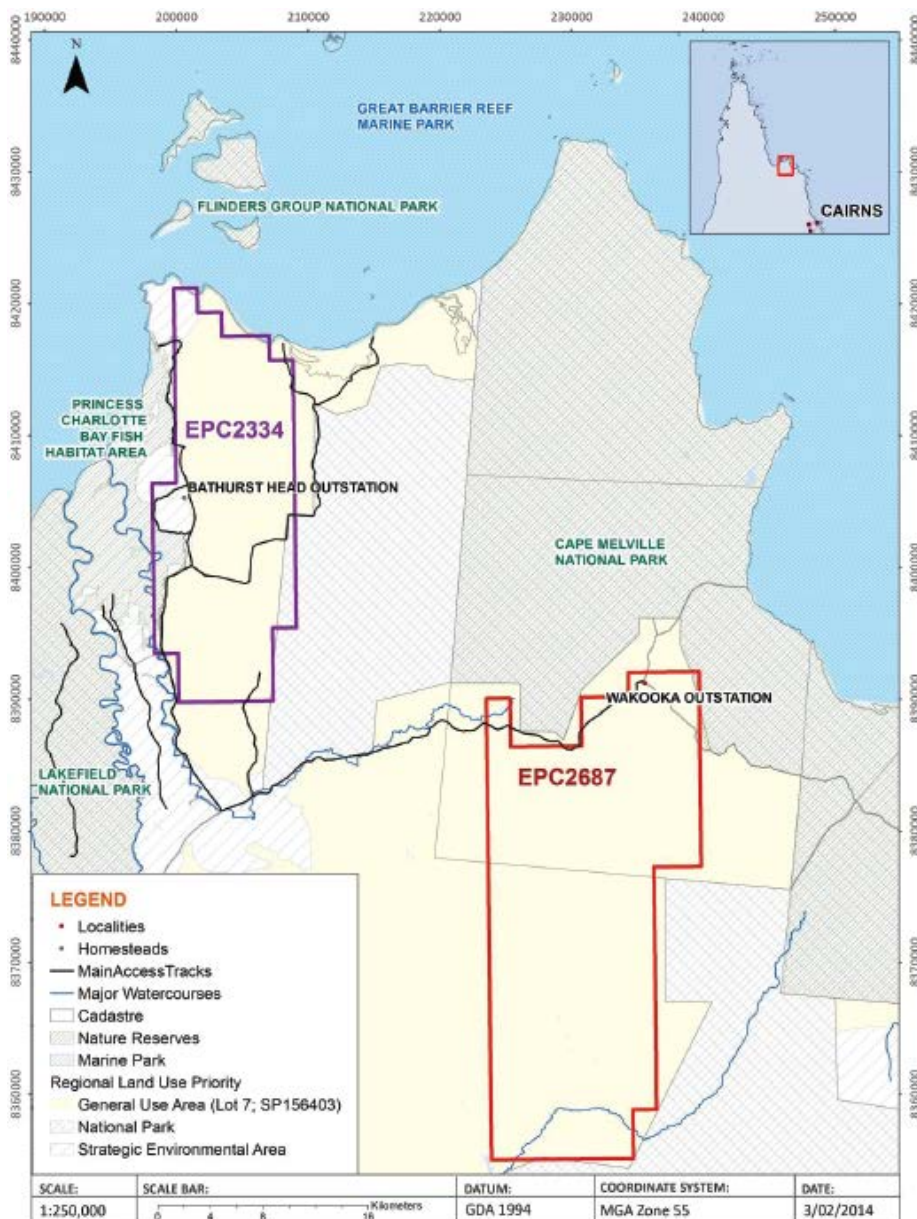
<sup>4</sup> The BHP Billiton Mitsubishi Alliance is Australia's largest metallurgical coal producer and accounts for more than 28% of the world's seaborne trade in metallurgical coal.

### 3 Information on the Wongai Coal Project

#### 3.1 Background and history

The Wongai Coal Project is an early-stage exploration coking coal project based in Cape York, approximately 430 kilometres north of Cairns in the Laura Basin. It is based on two exploration permits for coal as shown in the table and map below:

Tenement	Registered holder	Grant date	Expiry date	Area (km <sup>2</sup> )
EPC 2334	Aust-Pac	14.12.2011	13.12.2016	269
EPC 2687	Aust-Pac	28.09.2012	27.09.2017	472



The Tenement area includes the Bathurst Range and extends for approximately 30 kilometres south of Bathurst Head and the Princess Charlotte Bay coastline. The Wongai Coal Project is located on land held on trust by the Kalpowar Aboriginal Land Trust.



### Section 3 – Information on the Wongai Coal Project

The Wongai area has been explored for coal since 1979, but there has been no mine development in the Laura Basin. The first phase of exploration from 1979 to 1985 consisted of exploration campaigns by Utah Development Company and Bathurst Coal and Power, which led to resource estimations. Further drilling in 1995 aimed to upgrade the resource estimations and drilling in 1996 aimed to identify an area for a bulk sample of the main (Bathurst) seam. Steep terrain made it difficult to sample the seam in the areas identified, so no bulk sampling was carried out.

The table below summarises the exploration history within the current area of EPC 2334.

Year	Holes	Key purpose
1978	17	Initial reconnaissance drilling (A to P 226)
1979	15	Concentrated core drilling in prospective areas
1980	2	Limited drilling, detailed traverse mapping to determine limits of prospects
1981	12	As per 1980
1982	8	Coring E (Bathurst) seam for quality data
1983	16	As per 1982
1984	0	Mapping to resolve structural anomalies
1985	4	Drilling in Northern and Eastern areas for further (resource) definition
1995	21	Further definition of main resource (5 cored, 16 non-cored)
1995	30	Redrilling and/or geophysical logging of previously drilled holes
1996	11	Identifying location for bulk sample and investigating possible mine entry sites
2013	5	Aimed to upgrade resource. 4 holes intersected target seam.

The current project was initiated when the Kalpowar People approached Aust-Pac seeking technical and financial assistance to develop the coal exploration target previously identified. Aust-Pac, the Kalpowar People, the Traditional Owners the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited executed an Indigenous Land Use Agreement in July 2011, which provides the local indigenous community with equity, involvement and employment opportunities from the Wongai Coal Project. Further information in relation to the Indigenous Land Use Agreement is contained in section 3.8.

EPC 2334 was approved over the same area as EPC 463 in the third quarter of 2011, in the name of Aust-Pac.

Only limited exploration has taken place in the area covered by EPC 2687 during the last 40 years. Three seismic lines were conducted within EPC 2687 for Utah Development Company in 1978, plus six widely spaced drill holes in 1978 and two in 1979. Pacific Coal Pty Ltd drilled a further four holes that were also widely spaced. The best coal intersection was 0.4 metres thick. No detailed assessment of this work has as yet taken place, so it is possible that the coal intersected to date represents one of the upper, thin seams identified in EPC 2334, with the Bathurst Seam not yet tested over a significant part of EPC 2687. However, with little coal present in current drilling, any potential can be regarded as an early stage grass roots opportunity and Bounty considers that the exploration potential is low to moderate at best.

### 3.2 Access

Road access to the Tenement area is normally by sealed road to Laura from Cairns (315 kilometres), then via a dirt road to the Normanby River crossing and Kalpowar Station (115 kilometres). A four wheel drive track then leads northwards to the southern end of the licence area and beyond to Bathurst Head. Current access is four wheel drive only and tracks are typically impassable during and immediately after the wet season from November to April.

EPC 2687 is approximately 16 kilometres southeast of EPC 2334. An unsealed road traverses the northern part of EPC 2334. There is an unsealed airstrip near Kalpowar Station, and a disused airstrip within the southern part of EPC 2334.

Although the area is remote, it is proximal to potential shipping access, with the Mineral Resources being within 30 kilometres of the coast, where a barge ramp and loading facility could potentially be developed.

### 3.3 Joint Venture

In September 2013, Bounty entered into agreements with Aust-Pac for a farm-in, joint venture and life-of-mine management for the Wongai Coal Project. The key terms of the Wongai Coal Project Agreements are summarised in section 3.8.

The Wongai Coal Project Agreements allow Bounty to progressively earn up to a 40% beneficial and legal interest in the Joint Venture Assets by sole funding the exploration of EPC 2334 and EPC 2687 and meeting certain milestones to Bounty's satisfaction. Bounty also has the option to acquire a further 11% interest in the Joint Venture Assets (to take its interest to 51%) within 12 months of completing the earn-in phases at a 25% discount to an independent valuation of the Wongai Coal Project.

Bounty Operations has been appointed as the manager of the Joint Venture for the life of the Wongai Coal Project.

There is also an Indigenous Land Use Agreement between Aust-Pac, the Kalpowar People, the Traditional Owners, the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited in respect of EPC 2334. An indigenous land use agreement is a voluntary agreement between a native title group and others about the use of land and waters. These agreements allow people to negotiate flexible, pragmatic agreements to suit their particular circumstances. Indigenous land use agreements generally cover topics such as:

- native title holders agreeing to a future development;
- how native title rights coexist with the rights of other people;
- access to an area;
- extinguishment of native title;
- compensation;
- employment and economic opportunities for native title groups;
- cultural heritage; and
- mining activities.

When registered, indigenous land use agreements bind all parties and all native title holders to the terms of the agreement.

The Indigenous Land Use Agreement provides for various payments to the Traditional Owners and neighbouring groups before mining and on the commencement of mining, an aggregated 12.5% beneficial, non-voting interest in any mining project being granted to the Traditional Owners and neighbouring groups for no consideration, as well as a training and employment program. Bounty, with the assistance of Aust-Pac, is currently working towards becoming a party to the Indigenous Land Use Agreement.

Under the relevant legislation, Bounty is required to become a party to the Indigenous Land Use Agreement before the transfer of any interest in EPC 2334 can be registered. The Directors are confident that Bounty will be able to become a party to the Indigenous Land Use Agreement, although they cannot give any guarantee as to when this will occur.

There is currently no indigenous land use agreement in respect of EPC 2687 although most focus to date has been placed on exploring and developing EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation.

### 3.4 Expenditure

The expenditure for EPC 2334 has been in line with the expenditure commitment for the first two years of \$1.5 million. Provided that the Minimum Subscription is raised, Bounty expects to meet the expenditure commitments for EPC 2334 for this year following commencement of the Phase 2 Works. Only minor expenditure has been reported on EPC 2687 in its first year, against a commitment of \$300,000. Bounty submitted a variation application for this EPC to the Department Natural Resources and Mines on 25 July 2014 which, if granted, will have the effect of varying the work program and expenditure commitments as well as the relinquishment conditions.

### 3.5 Mineral Resources and Exploration Targets

Most focus to date has been placed on exploring and developing EPC 2334. This EPC was issued on 14 December 2011 for a five year period. The EPC originally consisted of 101 blocks, and has now been reduced to 81 blocks in accordance with an approved relinquishment schedule.

An updated JORC Code report prepared by Geos Mining dated 26 February 2014 (**Geos Report**) has defined 77.5 Mt of Mineral Resources within EPC 2334 and 20 to 30 Mt of Exploration Targets as categorised below:

- 6.0 Mt of Indicated Mineral Resources in the Birthday Plains Deposit;
- 15.4 Mt of Inferred Mineral Resources in the Birthday Plains Deposit;
- 56.2 Mt of Inferred Mineral Resources in the Airstrip Deposit; and
- 20 to 30 Mt of Exploration Targets in the Alkaline Hill and Airstrip Deposits.

Recent drilling in November 2013 and a review of previous drilling data developed by BHP Billiton, Utah Development Company and Bathurst Coal and Power indicate that the Bathurst Seam exists in a mineable sequence from 1.2 metres up to 3.0 metres thick in the area of interest which is initially the Birthday Plains Deposit and then eventually the larger Airstrip Deposit. There is also potential to identify shallow, thicker seam resources in the Alkaline Hill Deposit but further work is required to identify an economic Mineral Resource.

Bounty's November 2013 drilling program targeted the Birthday Plains Deposit which was confirmed to be at a shallow depth of 115 metres with seam thicknesses ranging from 1.2 metres to 2.0 metres in the holes drilled. If the Minimum Subscription is raised under the Offer, Bounty

intends to undertake further drilling in the third quarter of 2014 to confirm areas with thicknesses ranging up to 3.0 metres and to assist in defining a shallow highwall entry from Red Gully. This would be the initial lower cost platform from which to develop the deeper, longer-term Airstrip Deposit.

A copy of the Geos Report, including a competent person's statement from Mr Andrew Todd, a Member of the Australasian Institute of Mining and Metallurgy and a consultant to the Company, is contained in Annexure A to this Prospectus. Potential investors are encouraged to read the Geos Report in full, which sets out detailed information in relation to sampling techniques and data, reporting of exploration results and estimating and reporting of Mineral Resources and Exploration Targets.

The Company confirms that:

- it is not aware of any new information or data that materially affects the information included in the Geos Report;
- all material assumptions and technical parameters underpinning the estimates in the Geos Report continue to apply and have not materially changed; and
- the form and context in which Mr Todd's findings appear in this Prospectus have not been materially modified.

### 3.6 Key areas for further work

Based on a desktop concept study completed in February 2014, information provided from the November 2013 drilling program and the Geos Report, the Board believes that the Wongai Coal Project provides the potential for a favourable economic return. As a result, the Board has approved further work to a prefeasibility stage and additional drilling to further enhance Mineral Resource delineation. Key areas for further work include:

- detailed coal quality assessment including at least four large diameter (200mm) coal quality cores;
- detailed coal washability assessment of the above large diameter cores;
- detailed assessment of a coal processing plant to match the expected coal washability requirements;
- evaluation of the preferred overland haulage system and loadout rate;
- determination of the most optimal barging and transshipping system and loadout rate;
- detailed assessment of potential civil infrastructure including dams, access roads and accommodation facilities;
- completion of the Environmental Impact Statement; and
- further optimisation of the conceptual underground mine plan.

Bounty intends to advance the above areas by progressing the Phase 2 Works and Phase 3 Works.

### 3.7 The proposed project

Bounty's primary long term objective is to develop the Wongai Coal Project into an operating underground coal mine. Bounty has completed a desktop concept study to examine the potential

### Section 3 – Information on the Wongai Coal Project

to develop an export coking coal operation at the Wongai Coal Project. Based on this study, the Company has developed the following broad proposal for the project:

- bord and pillar underground coal mine utilising thin-seam place change mining methods;
- a coal preparation facility to provide a washed coking coal product and to maximise overall resource recovery;
- an overland transport system which may include trucking, conveyors or a rope haulage system;
- barging from a rocky point with adjacent deep water and offshore transshipment; and
- fly in fly out rosters from Cairns and Cooktown with a 150 bed on-site fully-serviced mining camp.

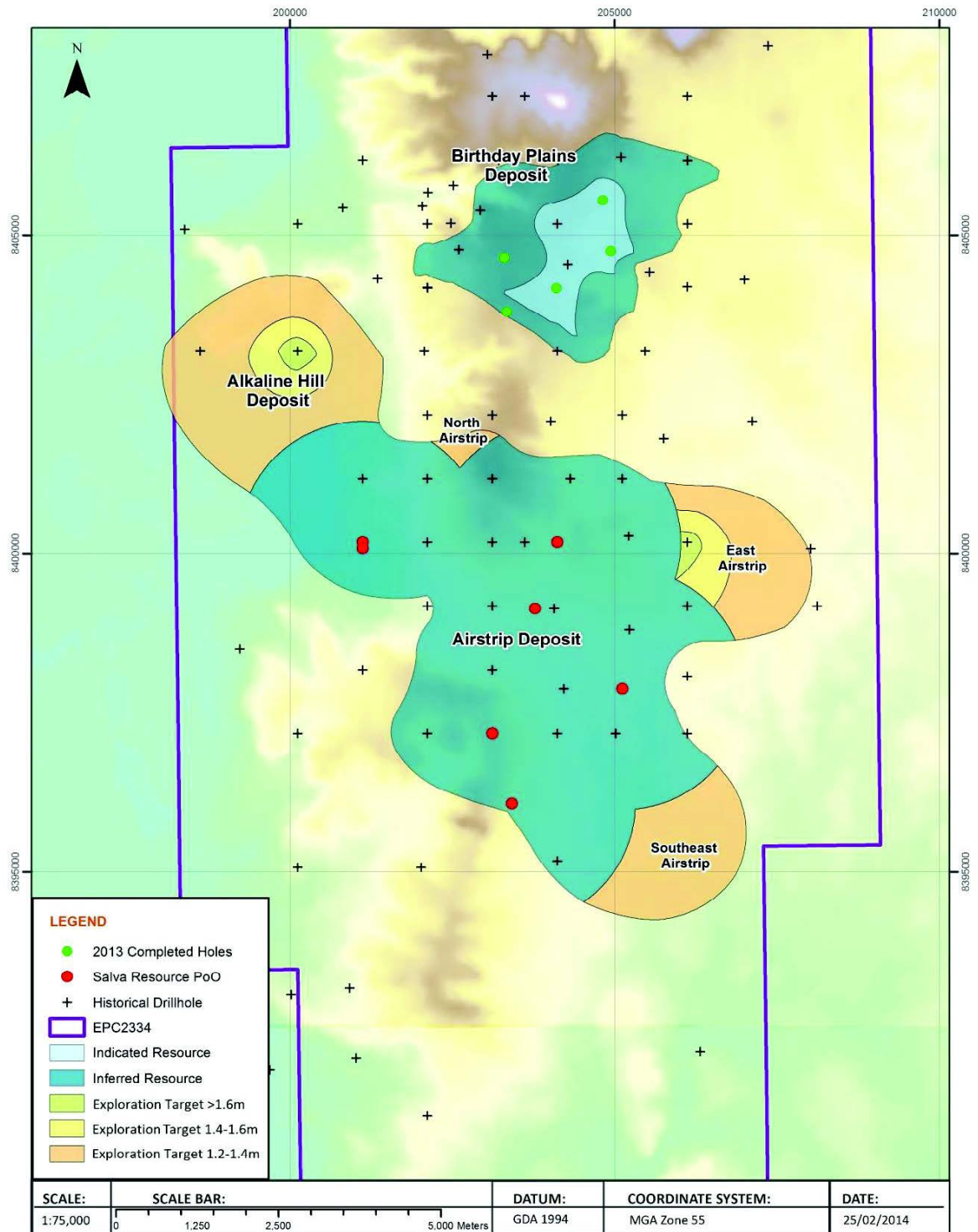
Further work will be required under the Phase 2 Works and Phase 3 Works (particularly a pre-feasibility study and a bankable feasibility study) to determine the viability of the Wongai Coal Project.

## Section 3 – Information on the Wongai Coal Project

The Mineral Resource areas and mining concept plan for EPC 2334 are shown below:

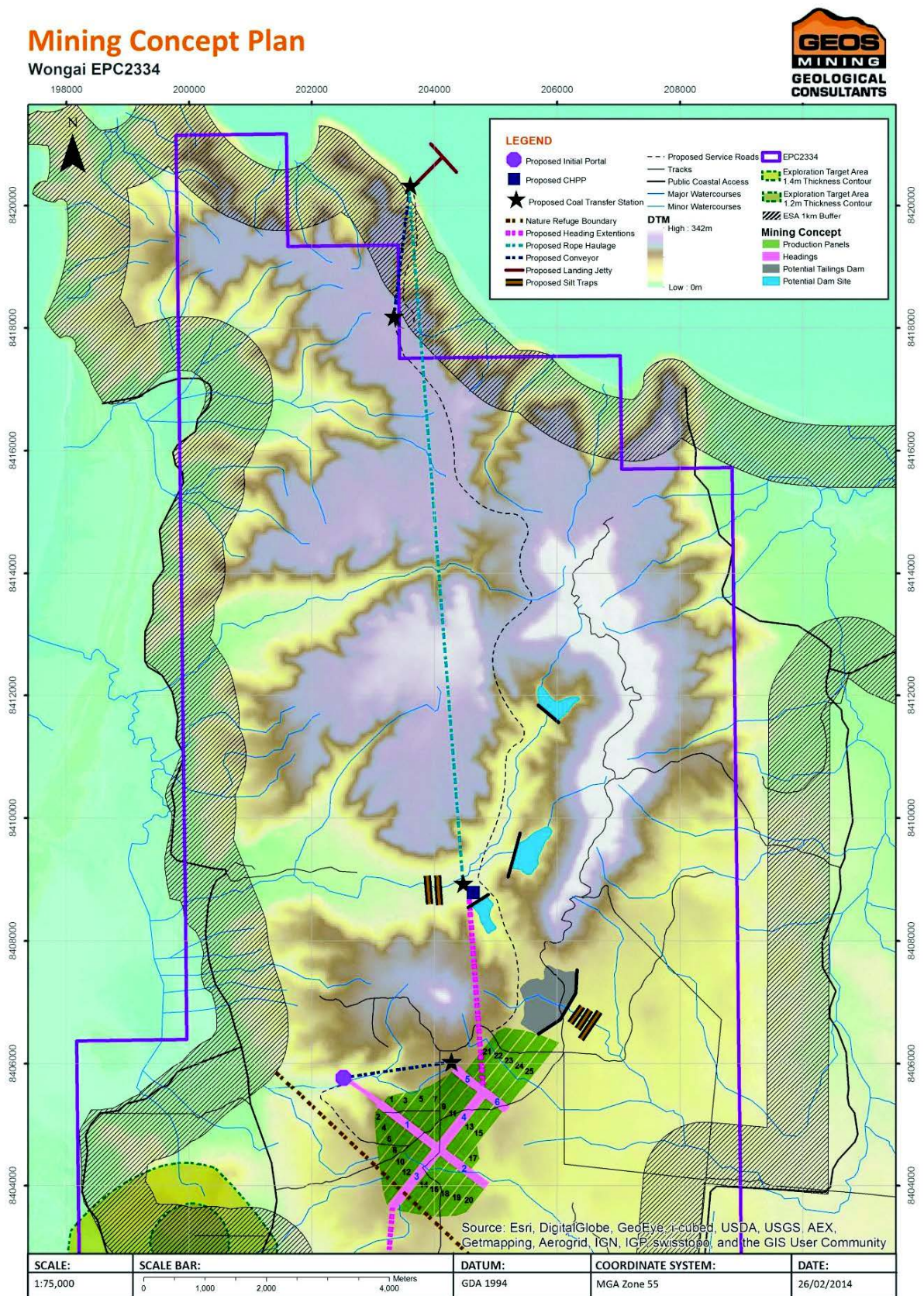
### Resource Areas

2568-01 Wongai





## Section 3 – Information on the Wongai Coal Project



Bounty will not generate income from the Wongai Coal Project during the exploration and development phase, which will be ongoing while it completes the Phase 2 Works and Phase 3

## Section 3 – Information on the Wongai Coal Project

Works. Since executing the Wongai Coal Project Agreements, Bounty, through its subsidiaries, has completed the Phase 1 Works, which required completion of target drilling of up to eight holes to prove up the best location to build portals and commence mining, and a desktop scoping study for the underground mine. Accordingly, Bounty has earned a 5% interest in the Joint Venture Assets and is acting as manager of the Wongai Coal Project. The conditions for the transfer of the Phase 1 Interest have been met and the transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments is currently being processed by the Office of State Revenue for stamping and will then be submitted to the Department of Natural Resources and Mines in Queensland. Registration of the transfer is subject to Bounty Mining Investments meeting certain conditions, including becoming a party to the Indigenous Land Use Agreement.

Bounty is now seeking to raise funds of up to \$4.5 million under this Prospectus to progress the Phase 2 Works, which are as follows:

- the drilling of additional cored holes, including approximately eight cored holes for coal quality testing aimed at further proving up the best location to build portals and commence mining and increasing Indicated Mineral Resources in addition to an initial background post wet season marine survey;
- preliminary engineering design for mine and infrastructure; and
- complete a pre-feasibility study.

If Bounty completes the Phase 2 Works, it will earn the Phase 2 Interest and its interest in the Joint Venture Assets will increase from 5% to 20% progressively as each milestone is completed.

Bounty will also continue work on the Environmental Impact Statement in conjunction with Aust-Pac, which it is required to submit by 27 July 2015.

Following completion of the Phase 2 Works, Bounty intends to conduct further capital raisings to fund completion of the Phase 3 Works. It may also consider debt funding if appropriate in the circumstances.

Section 8.7 contains a detailed breakdown of how the Company intends to use the funds raised under the Offer.

### 3.8 Key terms of Wongai Coal Project Agreements and Indigenous Land Use Agreement

Bounty, through its subsidiaries Bounty Operations and Bounty Mining Investments, has entered into a Joint Venture Agreement, Farm-In Agreement, Management Agreement and Deed of Cross Security with Aust-Pac in relation to the Wongai Coal Project.

A summary of the key terms of the Wongai Coal Project Agreements is set out below:

Farm-In Agreement	
<b>Parties</b>	Aust-Pac and Bounty Mining Investments.
<b>Farm-in rights</b>	<p>Subject to the completion of Phase 1 Works, Phase 2 Works and Phase 3 Works, Bounty Mining Investments has the right to acquire for no additional consideration a percentage interest in the Joint Venture Assets as outlined below and to the extent Bounty Mining Investments exercises its rights, Aust-Pac agrees to transfer the interest in the Joint Venture Assets accordingly.</p> <p>The only consideration payable by Bounty Mining Investments for the transfer of the interests is the amount required to be expended to complete the works of each phase.</p>



### Section 3 – Information on the Wongai Coal Project

<b>Farm-In Agreement</b>	
	Bounty Mining Investments is sole funding the project until the end of the Phase 3 Works or if Bounty Mining Investments withdraws from the Farm-In Agreement.
<b>Phase 1 Works</b>	<p>Phase 1 Works means completion of the following to the satisfaction of Bounty Mining Investments acting reasonably:</p> <ul style="list-style-type: none"> <li>target drilling of up to eight holes to prove up the best location to build portals and commence mining; and</li> <li>a desktop scoping study for the underground mine.</li> </ul> <p>This phase has already been completed by Bounty.</p>
<b>Phase 2 Works</b>	<p>Phase 2 Works means completion of the following to the satisfaction of Bounty Mining Investments:</p> <ul style="list-style-type: none"> <li>preparation of a pre-feasibility study;</li> <li>the drilling of additional cored holes, including approximately eight cored holes for coal quality testing to further prove up the best location to build portals and commence mining and increase Indicated Mineral Resources in addition to an initial background post wet season marine survey; and</li> </ul> <p>preliminary engineering design for mine and infrastructure.</p>
<b>Phase 3 Works</b>	<p>Phase 3 Works means completion of the following to the satisfaction of Bounty Mining Investments acting reasonably:</p> <ul style="list-style-type: none"> <li>the drilling of additional cored holes, including at least three large diameter cores for coal quality testing, to further prove up the best location to build portals and commence mining, and increase Indicated Mineral Resources;</li> <li>an Environmental Impact Statement; and</li> <li>preparation of a bankable feasibility study.</li> </ul>
<b>Decision to continue works</b>	If at any time either party regards the results of the drilling undertaken during the Phase 1 Works or the Phase 2 Works as poor, then that party may require the parties to meet and discuss in good faith whether to continue the Wongai Coal Project.
<b>Phase 1 Interest</b>	Phase 1 Interest means a 5% interest in the Joint Venture Assets and the right to appoint the manager (and operator) of the Wongai Coal Project for the life of the Wongai Coal Project.
<b>Phase 2 Interest</b>	<p>Phase 2 Interest means a further 15% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone of the Phase 2 Works as follows:</p> <ul style="list-style-type: none"> <li>on completion of the pre-feasibility study – 5%;</li> <li>on completion of the drilling of additional cored holes, including approximately eight cored holes for coal quality testing to further prove up the best location to build portals and commence mining and increase Indicated Mineral Resources in addition to an initial background post wet season marine survey – 5%; and</li> <li>on completion of preliminary engineering design for mine and infrastructure – 5%.</li> </ul>
<b>Phase 3 Interest</b>	<p>Phase 3 Interest means a further 20% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone of the Phase 3 Works as follows:</p> <ul style="list-style-type: none"> <li>on completion of the drilling of additional cored holes, including at least three large diameter cores for coal quality testing, to further</li> </ul>

### Section 3 – Information on the Wongai Coal Project

<b>Farm-In Agreement</b>	
	<p>prove up the best location to build portals and commence mining, and increase Indicated Mineral Resources – 7.5%;</p> <ul style="list-style-type: none"> <li>▪ on completion of the Environmental Impact Statement – 5%; and</li> <li>▪ on completion of the bankable feasibility study – 7.5%.</li> </ul>
<b>Additional Interest</b>	Aust-Pac grants Bounty Mining Investments an option to acquire a further 11% equity interest by exercising the option within 12 months of a completion notice in respect of the Phase 3 Works. The consideration payable will be based on the value of the Wongai Coal Project calculated by an independent valuer, less 25% (i.e. 11% of the discounted valuation).
<b>Withdrawal</b>	Bounty Mining Investments may withdraw from its Farm-In Agreement obligations at any time following the completion of Phase 1 Works by providing 45 business days notice to Aust-Pac while maintaining any interest earned and claimed by Bounty Mining Investments.

<b>Joint Venture Agreement</b>	
<b>Participants</b>	Aust-Pac and Bounty Mining Investments.
<b>Commencement date</b>	The Joint Venture commenced on 15 February 2014.
<b>Joint Venture relationship</b>	The rights, duties, obligations and liabilities of the Participants in respect of the Joint Venture are several, in accordance with their respective participating interests in the Joint Venture.
<b>Management committee</b>	<p>The management committee under the Joint Venture Agreement is comprised of two representatives from Aust-Pac and two representatives from Bounty Mining Investments.</p> <p>The management committee is responsible for the overall management and control of the Joint Venture, subject to the powers and authorities of the Manager under the Management Agreement.</p> <p>Bounty Mining Investments determines the annual and five-year programs of the Joint Venture until the end of the sole funding period.</p>
<b>Participating interest</b>	<p>The Participants are deemed to have participating interests of 60% for Aust-Pac and 40% for Bounty Mining Investments until the earlier of Bounty Mining Investments being transferred the Phase 3 Interest and Bounty Mining Investments withdrawing from the Farm-In Agreement. Therefore Bounty is deemed to have a 40% voting interest in the Joint Venture prior to earning a 40% interest under the Farm-In Agreement.</p> <p>Each Participant will receive and take in kind its share of all coal and other minerals at the time of its removal from the delivery point and must take and sell or otherwise separately dispose of its share of coal for its own account.</p> <p>Unless otherwise agreed between the Participants, each Participant's share of the coal will be determined based on their participating interest.</p>
<b>Free carry interest</b>	The Participants have acknowledged that in accordance with the ILUA, Aust-Pac will transfer from its participating interest in the Joint Venture an aggregated 12.5% beneficial interest in the Wongai Coal Project to the Traditional Owners and neighbouring groups which will be held on trust. This is to be a free carry interest supported by the Participants pro rata to their interest in the Joint Venture.

### Section 3 – Information on the Wongai Coal Project

<b>Joint Venture Agreement</b>	
<b>Term and terminations</b>	<p>The Participants agree to establish and engage in an unincorporated joint venture.</p> <p>The Joint Venture terminates on the earlier of the date:</p> <ul style="list-style-type: none"> <li>the Participants agree to terminate the Joint Venture;</li> <li>a Participant becomes entitled to all Participating Interests; or</li> <li>the Joint Venture is terminated by law or under the agreement.</li> </ul>
<b>Project management</b>	The Participants agree to appoint the Manager to manage the Project in accordance with the Management Agreement.
<b>Decision to mine</b>	Within 15 business days of the Participants being given a copy of a feasibility study by the Manager, the management committee will decide whether to proceed with the development of the mine (such decision to be unanimous where the Participants are Aust-Pac and Bounty Mining Investments).
<b>Sole funding period</b>	<p>Bounty Mining Investments will sole fund the project during the sole funding period which is the period from the commencement date to the earlier of:</p> <ul style="list-style-type: none"> <li>the end of the Phase 3 Works as set out under the Farm-In Agreement;</li> <li>a date agreed by the Participants; and</li> <li>Bounty Mining Investments withdrawing from the Farm-In Agreement.</li> </ul>
<b>Cash calls</b>	Upon completion of the sole funding period, each Participant must contribute by way of cash calls to Joint Venture expenditure on a pro rata basis to the extent of its Participating Interest.
<b>Dilution</b>	Dilution of the Participating Interest will apply if a Participant elects not to make cash calls after the end of the sole funding period.

<b>Management Agreement</b>	
<b>Parties</b>	Aust-Pac, Bounty Operations and Bounty Mining Investments.
<b>Manager</b>	The Manager is Bounty Operations or any replacement manager approved by Bounty Mining Investments.
<b>Powers of the Manager</b>	Subject to certain conditions, the Participants give the Manager all powers, functions and authority as are necessary to enable the Manager to carry out its duties.
<b>Duties of the Manager</b>	<p>Subject to the provision of funds by the Participants under an approved annual program, the Manager must do all things necessary for the efficient and economic conduct of the Wongai Coal Project in accordance with:</p> <ul style="list-style-type: none"> <li>each approved annual program;</li> <li>the Joint Venture Agreement, Farm-In Agreement, ILUA and conditions of the Tenements;</li> <li>good, prudent and modern industry practices and management methods; and</li> <li>all instructions it receives from the management committee.</li> </ul>

### Section 3 – Information on the Wongai Coal Project

<b>Management Agreement</b>	
<b>Annual programs and five-year programs</b>	At least two months prior to the commencement of each financial year, the Manager must prepare an annual program for that financial year and a five-year program and submit it to the management committee for its consideration.
<b>Remuneration</b>	<p>The Participants agree to pay the Manager the management fee of:</p> <ul style="list-style-type: none"> <li>during the sole funding period, nil;</li> <li>following a decision to mine and up to the completion of commissioning, an annualised amount of \$1,500,000 plus 16% of all costs reasonably incurred by the Manager;</li> <li>from commencement of commissioning, 16% of the Joint Venture expenditure excluding capital costs, cost of barging and transshipment of coal, taxes and any marketing fees for the month plus 5% of the Joint Venture expenditure for barging and transshipment of coal.</li> </ul>
<b>Limitation of liability and indemnity</b>	The Manager is not responsible to the Participants for any losses and claims that the Participants may suffer, incur or sustain and the Participants indemnify the Manager from and against any all losses and claims that the manager may suffer, incur or sustain arising out of the Wongai Project or the activities of the Manager except to the extent that the losses and claims arose directly from the Manager's wilful misconduct, bad faith or negligence.
<b>KPIs</b>	The Manager's KPIs are proposed by the Manager and reviewed by the management committee. There are currently no KPIs under the Management Agreement.
<b>Termination of appointment</b>	<p>The Manager will cease to be the Manager at the earlier of:</p> <ul style="list-style-type: none"> <li>the Manager resigning;</li> <li>the Manager committing an act constituting wilful misconduct, bad faith or negligence or has failed to meet a KPI that has a material effect on the Wongai Coal Project and has not remedied or rectified or has not diligently commenced to remedy or rectify that breach within 120 business days of receipt of notice from all of the non-related participants requiring the Manager to remedy that breach;</li> <li>the Manager being subject to any insolvency event; or</li> <li>the end of the life of the Wongai Coal Project.</li> </ul>

<b>Deed of cross security</b>	
<b>Grantor</b>	The Participants and the Manager.
<b>Security</b>	Each grantor charges the Collateral to each secured party by granting a security interest over the Collateral as security for the due and punctual performance, observance and fulfilment of all its obligations to be performed under the Wongai Coal Project Agreements.
<b>Collateral</b>	<p>For a Participant, Collateral includes all of that Participant's present and after acquired interest in everything to which that Participant has a sufficient right or interest to be able to grant a security interest.</p> <p>For the Manager, Collateral includes all of the Manager's present and after acquired interest in the Joint Venture Assets including those possessed by the Manager on behalf of the Participants.</p> <p>This includes but is not limited to a Participant's interest in the Joint Venture Assets, any coal produced, the rights under the Wongai Coal</p>

### Section 3 – Information on the Wongai Coal Project

Deed of cross security	
	Project Agreements, any insurance proceeds, any money held on hits behalf by the Manager and any future rights in any of the aforementioned assets.

There is also an Indigenous Land Use Agreement between Aust-Pac, the Kalpowar People, the Traditional Owners, the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited in respect of EPC 2334 which provides for various payments to the Traditional Owners and neighbouring groups before mining and on the commencement of mining, a 12.5% beneficial, non-voting interest in any mining project being granted to the Traditional Owners and neighbouring groups for no consideration, as well as a training and employment program. Bounty, with the assistance of Aust-Pac, is currently working towards becoming a party to the Indigenous Land Use Agreement.

Under the relevant legislation, Bounty is required to become a party to the Indigenous Land Use Agreement before the transfer of any interest in EPC 2334 can be registered. The Directors are confident that Bounty will be able to become a party to the Indigenous Land Use Agreement, although they cannot give any guarantee as to when this will occur.

There is currently no indigenous land use agreement in respect of EPC 2687 although most focus to date has been placed on exploring and developing EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation.

A summary of the key terms of the Indigenous Land Use Agreement in respect of EPC 2334 is set out below:

Indigenous Land Use Agreement	
<b>Parties</b>	Aust-Pac, the Kalpowar People, the Traditional Owners, the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited.
<b>Registration</b>	The ILUA was registered with the National Native Title Tribunal on 26 February 2013, which means that it will bind all persons holding native title in the agreement area regardless of whether they are a party to the agreement or not.
<b>Consent</b>	Consent was given to the Wongai Coal Project by the parties to the ILUA and this consent became effective following registration.
<b>Term</b>	Termination occurs on the earlier of: <ul style="list-style-type: none"> <li>discontinued applying for project approvals and mining tenures;</li> <li>completion of decommissioning of the project and the last approval or Tenement has been determined, surrendered, or otherwise terminated;</li> <li>if registration does not occur by 29 March 2013; or</li> <li>if the mining lease is not granted by 31 December 2016.</li> </ul>
<b>Agreement Implementation Coordinating Committee</b>	An Agreement Implementation Coordinating Committee will be established and will comprise of representatives of each of the parties. Amongst other functions, the Committee will: <ul style="list-style-type: none"> <li>monitor implementation;</li> <li>create sub-committees that will specifically deal with training and employment and business development;</li> <li>undertake a review every three years;</li> </ul>

## Section 3 – Information on the Wongai Coal Project

<b>Indigenous Land Use Agreement</b>	
	<ul style="list-style-type: none"> <li>consider, discuss and make recommendations regarding reports;</li> <li>make directions about payments;</li> <li>make recommendations about employment practices; and</li> <li>develop joint approaches with local, State and Federal Government.</li> </ul> <p>Bounty intends to seek to have two representatives on the Agreement Implementation Coordinating Committee under the Indigenous Land Use Agreement.</p>
<b>Compensation</b>	<p>The compensation entitlements include but are not limited to:</p> <ul style="list-style-type: none"> <li>\$500,000 within 28 days of grant of a mining lease (and the earlier of either a decision to mine or assignment of the mining lease or the end);</li> <li>\$3 million within 28 days of a decision to mine;</li> <li>\$3 million within 28 days of the first shipment date;</li> <li>a 12.5% beneficial, non-voting interest in the Wongai Coal Project ;</li> <li>\$2 million annually paid within the 28 days of the first shipment date and on the anniversary after that;</li> <li>an annual outlay that is calculated in accordance with the following formula: Annual Outlay = Net profit x 12.5% - \$2 million.</li> </ul>
<b>Training and employment</b>	A training and employment program will be implemented which includes mentoring, training, career development a focus on school retention rates.
<b>Business development</b>	A detailed Local Aboriginal Business Development Program will be implemented focusing on how contract opportunities are offered.
<b>Cultural Heritage Management Plan</b>	A Cultural Heritage Management Plan is annexed to the Indigenous Land Use Agreement.
<b>Environmental management and protection</b>	<ul style="list-style-type: none"> <li>Proper regard must be had to the protection of the environment.</li> <li>Comprehensive environmental policies must be developed, maintained and implemented to manage the impact of mining.</li> </ul>
<b>Establishment of Aboriginal party financial benefits</b>	\$150,000 to be provided to assist with obtaining advice with a view to reaching how the compensation should be distributed.
<b>Carbon projects</b>	If there is an intention to carry out or fund a carbon project, this opportunity must first be offered to the Traditional Owners.
<b>Assignment</b>	<p>Aust-Pac and the Traditional Owners may not assign their rights and obligations under the ILUA without the prior written consent of the other party, such consent not to be unreasonably withheld.</p> <p>The Kalpowar People, the Kalpowar Aboriginal Land Trust and Kalpowar Land Act Reserves Limited may not assign their rights and obligations under the ILUA without the prior written consent of the other parties.</p>

### 3.9 Technical information on the Bathurst Seam

The Bathurst Seam, which is the key area of interest at the Wongai Coal Project, contains a low volatile hard coking coal that could potentially be sold into standard Asian steel mill markets in Japan, Taiwan, South Korea, China and India. Until detailed CSR tests can be completed, the Directors have applied a 7% discount to hard coking coal benchmark pricing in their economic analysis in the desktop concept study, to accommodate the higher sulphur and initial weak market power for a small mining operation the size of the Wongai Coal Project. A high CSR may

## Section 3 – Information on the Wongai Coal Project

result in a lower discount but this will be assessed during the next drilling program under the Phase 2 Works, which the Directors intend to commence as soon as reasonably practicable following completion of the Offer provided that the Minimum Subscription is raised under this Prospectus.

The table below summarises the expected raw coal quality at the Wongai Coal Project based on current preliminary washability and coal quality testing:

Resource area	Total moisture % (ar)	Inherent moisture % (adb)	Raw ash % (adb)	Total sulphur % (adb)	Volatile matter % (adb)	Fixed carbon % (adb)	Crucible Swell Number
<b>Birthday Plains Deposit</b>	9.9	0.9	20.1	1.36	18.6	59.3	7-9
<b>Airstrip Deposit</b>	8	0.5	6.6	1.28	18.5	74.7	8

Low volatility and high CSN are generally good indicators of high quality low volatile coking coal, although further detailed testing is required to fully define marketable coal quality properties. This work is planned for the next drilling program under the Phase 2 Works, which the Directors intend to commence as soon as reasonably practicable following completion of the Offer provided that the Minimum Subscription is raised under this Prospectus.

The Geos Report contained in Annexure A to this Prospectus sets out detailed information in relation to potential coal quality. Potential investors are encouraged to read the Geos Report in full.

### 3.10 Legislative and regulatory framework

The Queensland regulatory system requires proponents to obtain both a tenement authorising exploration or mining under the Mineral Resources Act and an environmental authority authorising environmental harm associated with those activities before any mineral exploration, development or mining can be carried out.

As noted in section 2.2, Aust-Pac, Bounty's Joint Venture partner in respect of the Wongai Coal Project, presently holds two exploration permits for coal, EPC 2334 and EPC 2687. A mining lease or leases, together with a site-specific environmental authority, will need to be granted before more advanced activities and coal production can be carried out at the Wongai Coal Project. The existing EPCs are subject to a number of restrictions, although planning for the Wongai Coal Project has been developed with these in mind.

Aust-Pac submitted an initial advice statement (**IAS**) in November 2011 to provide a preliminary overview of existing environmental, cultural, economic and social values in the Wongai Coal Project area, and the likely impacts or benefits from the Wongai Coal Project on these values. Following submission of the IAS:

- in September 2011, the Commonwealth Minister for the Environment declared the Wongai Coal Project a 'controlled action' under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth);
- in April 2012, the Wongai Coal Project was gazetted as a 'significant project' (now known as a 'coordinated project') under the *State Development and Public Works Organisation Act 1971* (Qld); and
- joint terms of reference for an Environmental Impact Statement were finalised on 27 July 2012.

### Section 3 – Information on the Wongai Coal Project

The Environmental Impact Statement must be submitted to the Queensland Coordinator-General by 27 July 2015 to retain coordinated project status. Bounty, in conjunction with Aust-Pac, is currently working towards meeting this deadline and aims to submit a draft EIS in March 2015.

At this stage, subject to potential legislative amendment, a separate process is required to be followed for assessment and approval of the environmental impacts of the Wongai Coal Project which are regulated at the federal level under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), including impacts on the Great Barrier Reef and water resources generally.

The Wongai Coal Project also falls within the area of the Draft Cape York Regional Plan. Depending on the contents of that plan as finalised, the Wongai Coal Project may also require a regional interests development approval under the recently commenced *Regional Planning Interests Act 2014* (Qld).

Before the Wongai Coal Project can proceed, the proponents will also need to satisfactorily address native title, cultural heritage and land access requirements. Bounty will need to be party to an Indigenous Land Use Agreement and Cultural Heritage Management Plan for the project. In addition, the Mineral Resources Act presently prevents the grant of a mining lease with surface rights over land unless a conduct and compensation agreement has been entered into with all relevant landholders. This requirement, however, may be relaxed somewhat under the *Mineral and Energy Resources (Common Provisions) Bill 2014* (Qld) if passed in its present form. The timing of any mining lease applications will determine whether amended legislation applies.

Finally, the Wongai Coal Project proposes the construction and operation of an export facility off the coast of Cape York in Queensland. These types of developments are drawing particular political, social and media scrutiny at present, which is heightened by the presently ongoing United Nations Environmental, Social and Cultural Organisation (**UNESCO**) investigation into Queensland's management of the world heritage values of the Great Barrier Reef. Any offshore development required for the purpose of the export facility would be occurring within both the Great Barrier Reef Marine Park Area and associated World Heritage Area and is therefore likely to be the subject to stringent controls and political pressure. Additional approval requirements will also apply to the offshore aspects of the development.

Section 5 contains further information in relation to the specific risks associated with the legislative and regulatory framework outlined above.



## **4 Board, management and corporate governance**

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### **4.1 Board**

#### **Gary Cochrane, GAICD**

**Bachelor of Engineering (Civil), Grad Dip Mining (Ballarat), MBA (Deakin)**

**Chairman and Chief Executive Officer**

Gary has 26 years experience in the mining, engineering and construction industry in Australia, China, Indonesia and Papua New Guinea. He has had senior management and technical roles at operating mines in Australia and Papua New Guinea.

Gary has spent the last 18 years as an international mining and management consultant to the coal and hard rock mining industries. Gary is a regular commentator on coal industry strategic supply and demand positions and coal investment opportunities and is a regular speaker at international coal conferences in Australia, China, and Indonesia.

Gary was a founding investor and former director of Millennium Coal which is now an operating coal mine in Queensland producing 3 million tonnes per annum. He is also on the board of Texas and Oklahoma Coal which has several coal development projects in Canada and the USA. Gary completed an Executive MBA in Global Energy from the Haskayne School of Management at the University of Calgary.

Gary joined the Board on 27 November 2007 and became Chairman on 28 February 2008.

Gary currently holds the positions of Chairman and Chief Executive Officer of the Company. Since 30 September 2009, a company associated with Gary, VETL, has also been the principal lender to the Company, following the assignment of the Westpac Facility and associated charges from Westpac to VETL, and further lending by VETL to Bounty. At the date of this Prospectus, following implementation of Resolutions 3 and 4 passed at the general meeting on 6 June 2014, the balance of the VETL Loan is approximately \$2.8 million and companies associated with Mr Cochrane hold 247,455,658 Shares, which is approximately 35.45% of Bounty's total issued Share capital (on an undiluted basis).

Mr Cochrane is not considered to be an independent Director under the definition adopted by the Board as set out in section 4.6.

#### **Julie Garland McLellan, FAICD**

**Independent Non-Executive Director**

Julie is a professional company director with a background in the resources and energy sectors. Julie has a degree in Civil Engineering, an MBA and a Graduate Diploma in Applied Finance as well as a Diploma and an Advanced Diploma in Company Directorship. She has served on the boards of listed and unlisted companies. She is a former Chairman of Oldfields Holdings Limited and non-executive director of Kimbriki Environmental Enterprises Limited. As an executive she has been Managing Director for Gamesa Energy Australia (a multinational energy company), General Manager Energy and Natural Resources for KPMG and Corporate Planner for BHP Billiton. Julie was a NSW Australian Institute of Company Directors (**AICD**) councillor from 2004 until 2010 and writes, facilitates and presents governance training for the AICD and other clients.

Julie joined the Board on 4 April 2008.

**Robert Stewart, GAICD**

**Bachelor of Engineering (Civil), Master of Engineering Science (Mining), FIEAust  
Independent Non-Executive Director**

Rob has a Bachelor of Engineering (Civil), Master of Engineering Science (Mining), FIEAust, and has spent 37 years working in the mining and construction industries. He came to Bounty following executive level experience with mine and infrastructure owners and with mining and construction contractors. Previous appointments have included General Manager with Leighton Holdings Ltd subsidiary Thiess Pty Ltd, where he was responsible for the company's contract mining and construction business in NSW, and Chief Executive Officer and Managing Director of Whitehaven Coal Limited, an ASX-listed coal mining company.

Rob is currently a director of CRSM LLC, a Mongolian based company identifying, evaluating and managing investments in Mongolia's rapidly expanding resource industry.

Rob Stewart and his associates hold 3,469,124 Shares in the Company.

Rob joined the Board on 17 September 2009.

**4.2 Key management**

**Eryl Baron**

**BA Politics & Econ (London), AGIA  
Chief Financial Officer & Company Secretary**

Eryl Baron commenced her accounting career as a Chartered Accountant with BDO Binder Hamlyn in London. In 1990 Eryl moved to Sydney and worked in accounting and business in financial control positions. She has served as chief financial officer and company secretary of listed and unlisted companies. In March 2009, Eryl received a Graduate Diploma in Applied Corporate Governance from Governance Institute of Australia (GIA). Eryl is currently enrolled in the Advanced Certificate in Risk Management run by GIA. Eryl joined Bounty in 2005.

**4.3 Interests and remuneration**

Other than as set out below or elsewhere in this Prospectus:

- no Director or proposed Director of Bounty has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of Bounty, or the Offer, or in any property proposed to be acquired by Bounty in connection with information or promotion of the Offer; and
- no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Bounty either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of Bounty or the Offer.

## Shareholdings

The Directors of the Company or their associates have a beneficial interest in the following Shares and options in the Company at the date of this Prospectus:

Director	Shares	Percentage of total issued Share capital (undiluted basis)	Options or other convertible securities
Gary Cochrane	247,455,658	35.45%	Nil
Julie Garland McLellan	Nil	Nil	Nil
Robert Stewart	3,469,124	0.5%	Nil

The Company is prohibited from issuing New Shares to the Directors and their associates without Shareholder approval under Listing Rule 10.11, therefore none of the Directors or their associates will be applying for New Shares under this Prospectus.

## Remuneration

Details of the remuneration of the Directors and key management for the year ended 30 June 2014 are set out below:

Name	Role	Short term benefits		Post-employment benefits		Total
		Salaries and fees	Bonus and non-cash benefits	Super-annuation	Termination benefits	
Gary Cochrane	Chairman and Chief Executive Officer	\$110,000	N/A	\$3,700	N/A	\$113,700
Julie Garland McLellan	Non-executive Director	\$20,000	N/A	\$1,423	N/A	\$21,423
Robert Stewart	Non-executive Director	\$20,000	N/A	\$1,850	N/A	\$21,850
Eryl Baron	Chief Financial Officer and Company Secretary	\$234,832	N/A	\$6,071	\$133,701	\$374,604

The constitution of Bounty provides that the non-executive Directors may be paid, as remuneration for their services, a sum set from time to time by Bounty's Shareholders in general meeting, with that sum to be divided among the Directors as they agree.

The maximum aggregate amount which has been approved by Bounty's Shareholders for payment to the non-executive Directors is \$300,000 per annum excluding superannuation. The current non-executive Directors fees are \$20,000 per annum (per non-executive Director).

#### 4.4 Transactions with related parties

##### VETL Loan

In September 2009, Westpac assigned the Westpac Facility and associated charges over the assets of the Company and its subsidiaries to VETL, a company associated with the Company's Chairman and Chief Executive Officer, Gary Cochrane. At the time of the Facility Assignment, Bounty had limited available funding and the Board considered that the Facility Assignment was the most appropriate means of repaying the Westpac Facility.

If the Facility Assignment did not proceed in September 2009, Westpac would have been entitled to prove its entire debt at the time of Bounty's voluntary administration, which would have required the sale of mining equipment to repay the Westpac Facility. The sale of the mining equipment would have affected the Company's ability to fulfil ongoing and future contract mining opportunities and continue as a going concern.

The key terms of the Westpac Facility were as follows:

Term	Summary
<b>Borrower</b>	Bounty Equipment Leasing Pty Ltd
<b>Guarantor</b>	Incoal Pty Ltd, Bounty Materials Handling Pty Ltd and Bounty Industries Ltd (which was the Company's former name)
<b>Lender</b>	Westpac
<b>Security</b>	Charges (including fixed charges over specified assets and fixed and floating charges over the whole of the assets and undertakings of the borrower and guarantors), guarantees and indemnities provided by the borrower and guarantors.
<b>Payment obligations</b>	<p>Amounts payable by the borrower included:</p> <ul style="list-style-type: none"> <li>▪ principal;</li> <li>▪ interest at 9.72% per annum (implicit rate);</li> <li>▪ default interest equal to the implicit rate plus 2% per annum at discretion of Westpac when payments are not made when due;</li> <li>▪ deposits and GST on hire purchases;</li> <li>▪ duties, taxes and charges in respect of the document;</li> <li>▪ indemnities and expenses including all liabilities, losses, damages, claims, proceedings, fines, penalties, costs and expenses which Westpac or any of its managers suffers as a direct or indirect result of a variety of scenarios; and</li> <li>▪ other costs and expenses which Westpac reasonably spends or incurs under a variety of scenarios.</li> </ul>

Under the terms of the Facility Assignment, VETL agreed to pay Westpac an agreed sum of approximately \$1.08 million and in return, Westpac agreed to assign and transfer all of its right, title and interest in the Westpac Facility to VETL on the same terms previously agreed with the Company. The key terms of the Facility Assignment are set out in the table below:

Term	Summary
<b>Agreed sum</b>	\$1,082,337.52

## Section 4 – Board, management and corporate governance

Term	Summary
<b>Settlement date</b>	29 September 2009
<b>Debt</b>	All outstanding indebtedness of the borrower to Westpac under or in connection with the Westpac Facility.
<b>Security</b>	Charges (including fixed charges over specified assets and fixed and floating charges over the whole of the assets and undertakings of the borrower and guarantors), guarantees and indemnities provided by the borrower and guarantors.

Following the Facility Assignment, VETL has advanced a further \$6.7 million to the Company, excluding capitalised interest, although no further funds have been advanced since October 2011. Bounty and VETL have amended the terms of the VETL Loan as follows:

Date	Amendment
December 2009	Independent Directors of Bounty and VETL agree on ability to draw down further funds.
January 2010	Independent Directors of Bounty and VETL agree on deferral of monthly payments until after the Company's proposed rights issue.
October 2010	Bounty acknowledges inability to pay interest. Independent Directors of Bounty and VETL agree to capitalise any outstanding and future interest. The parties also agree on the balance of the VETL Loan to be partially converted to equity at the next capital raising and partially repaid.
December 2010	Independent Directors of Bounty and VETL agree on extension with the balance of the VETL Loan to be fully repaid on the earlier of the Company's next rights issue and 30 June 2012.
February 2011	Independent Directors of Bounty and VETL agree on additional funds to be drawn down short-term and repaid by May 2011, with partial interest payments from March 2011.
August 2011	Independent Directors of Bounty and VETL agree on extension with the balance of the VETL Loan to be fully repaid on the earlier of the Company's next rights issue and 30 September 2012.
February 2012	Independent Directors of Bounty and VETL agree interest payments are to be paid in full from January 2012. Parties also agree on extension with the balance of the VETL Loan to be fully repaid on the earlier of the Company's next rights issue and 31 December 2013.
August 2013	Independent Directors of Bounty and VETL agree on deferral of final repayment date to 31 December 2015. Payment of monthly interest to cease after September 2013 with interest being capitalised into the loan principal thereafter. In addition, more options were available for negotiating the extinguishment of the VETL Loan including: <ul style="list-style-type: none"> <li>the option to convert a portion of the VETL Loan to equity;</li> <li>the option to repay a portion of the principal; and</li> <li>the option to consider the use of deferred loan notes to restructure the debt and equity of Bounty.</li> </ul>
April 2014	Independent Directors of Bounty and VETL agree that part of the VETL Loan will be converted to equity with shareholder approval, and VETL will not demand repayment if the assignment of the charges are not ratified by Bounty's Shareholders.
August 2014	Independent Directors of Bounty and VETL agree that final repayment

## Section 4 – Board, management and corporate governance

Date	Amendment
	date be deferred to 31 December 2016 and interest payments be made as set out below.

Following implementation of Resolutions 3 and 4 passed at the general meeting on 6 June 2014, the Company issued 166,666,667 to VETL at \$0.03 per Share to convert \$5 million of the VETL Loan to equity.

At the date of this Prospectus, the balance of the VETL Loan is approximately \$2.8 million and companies associated with Mr Cochrane hold 247,455,658 Shares, which is approximately 35.45% of Bounty's total issued Share capital. The Company also has 3,846,500 Convertible Notes on issue, the terms of which are summarised in section 9.2.

The independent Directors and VETL have agreed that, following Completion of the Offer, the Company will make interest payments to VETL as follows:

- if less than \$2,700,000 is raised, no interest payments will be made, with the interest to be capitalised into the VETL Loan;
- if \$2,700,000 is raised, 50% of the interest on the VETL Loan will be paid monthly, with the remaining 50% to be capitalised into the VETL Loan;
- if the Full Subscription is raised, interest on the VETL Loan will be paid monthly in full; and
- if between \$2,700,000 and the Full Subscription is raised, the interest payments will be scaled accordingly.

The independent Directors consider that the transactions between Bounty and VETL outlined above have been or will be on arm's length terms. Under the Facility Assignment, the terms of the Westpac Facility were assigned to VETL on the same commercial terms. In addition, increases to the VETL Loan, deferral of instalment payments and capitalisation of interest have been favourable to Bounty and have assisted Bounty to manage its cash flows and continue as a going concern.

However, potential investors should note that the VETL Loan will rank ahead of Shares in the event of insolvency. In addition, if the Company is unable to make repayments to VETL in accordance with the terms of the VETL Loan, VETL may be entitled to demand repayment of the loan and/or exercise the security over the Company's assets. However, as noted above, VETL has in the past agreed to variations to the VETL Loan which have been favourable to Bounty and have assisted Bounty to manage its cash flows and continue as a going concern.

Other than the VETL Loan and the Convertible Notes, the Company does not have any debt facilities in place.

### Services agreements and engagement letters

#### *Services agreement – Gary Cochrane*

The Company has entered into a services agreement with Resource Management International Pty Ltd (**RMI**), a company controlled by Gary Cochrane, under which RMI provides the Company with the services of Mr Cochrane to fulfil the role of Chief Executive Officer of the Company. Under the agreement, RMI is permitted to utilise another person to provide the services or subcontract the services if the Board gives its written approval (such approval not to be unreasonably withheld).

The agreement commenced on 1 July 2014 and terminates on 30 June 2015, although the term may be extended by the parties by written agreement.

## Section 4 – Board, management and corporate governance

Mr Cochrane is required to work sufficient hours to work complete the services described in the agreement, which include the day-to-day management of the Company's affairs and assisting with raising capital and completion of the planned works on the Wongai Coal Project. RMI is entitled to a fee of \$132,000 (including GST) for providing the services under the agreement, which is to be paid monthly after submission of an invoice. The Company is also required to reimburse reasonable travel expenses incurred by RMI in providing the services. RMI is required to maintain professional indemnity insurance on terms satisfactory to the Company.

The services agreement can be terminated by the Company or RMI on two weeks' notice if the services are no longer needed (in the case of the Company) or can no longer be provided (in the case of RMI). The Company is also able to terminate the agreement without notice if it is found that RMI has committed serious misconduct in performing the services.

### *Services agreement – Eryl Baron*

The Company has entered into a services agreement with Baron Corporate Response Pty Ltd (**BCR**), a company controlled by Eryl Baron, under which BCR provides the Company with the services of Ms Baron to fulfil the role of Chief Financial Officer and Company Secretary of the Company. Under the agreement, BCR is permitted to utilise another person to provide the services or subcontract the services if the Board gives its written approval (such approval not to be unreasonably withheld).

The agreement commenced on 1 July 2014 and terminates on 30 June 2015, although the term may be extended by the parties by written agreement.

Ms Baron is required to work sufficient hours to work complete the services described in the agreement, which include financial management services, company secretarial services and work in relation to the Wongai Coal Project as required. BCR is entitled to a fee of \$1,320 per day (including GST) for providing the services under the agreement, which is to be paid weekly after submission of an invoice. The Company is also required to reimburse reasonable travel expenses incurred by BCR in providing the services. BCR is required to maintain professional indemnity insurance on terms satisfactory to the Company.

The services agreement can be terminated by the Company or BCR on two weeks' notice if the services are no longer needed (in the case of the Company) or can no longer be provided (in the case of BCR). The Company is also able to terminate the agreement without notice if it is found that BCR has committed serious misconduct in performing the services.

### *Engagement letters – Gary Cochrane, Julie Garland McLellan and Robert Stewart*

The Company has entered into engagement letters with Gary Cochrane (in relation to his role as Chairman) and Julie Garland McLellan and Robert Stewart (in relation to their roles as non-executive Directors) on ordinary commercial terms. The letters set out each Directors' duties and obligations, induction and training requirements and remuneration entitlements.

Mr Cochrane is entitled to an annual fee of \$120,000 for his role as Chairman, although from 1 July 2013 he accepted a reduced annual fee of \$40,000 until such time as the Board determines that the Company is in a position to resume normal payments to Directors. Ms Garland McLellan and Mr Stewart are each entitled to an annual fee of \$50,000 for their role as non-executive Directors, plus an annual allowance of \$10,000 where they perform the role of chairman of a Board committee. However, from 1 July 2013, both Ms Garland McLellan and Mr Stewart accepted a reduced annual total fee of \$20,000 each until such time as the Board determines that the Company is in a position to resume normal payments to Directors.

The Directors are also entitled to be paid reasonable travel, hotel and other expenses and a superannuation contribution at the current superannuation guarantee levy rate on their Director's fees.

## Section 4 – Board, management and corporate governance

The Board considers that the financial benefits given to the Directors and officers in respect of the services agreements and engagement letters outlined above constitute reasonable remuneration in accordance with section 211 of the Corporations Act.

### **Directors' and officers' insurance**

Bounty has agreed to indemnify and keep indemnified the Directors and Company Secretary against all liabilities incurred as Directors and officers of Bounty and its subsidiaries and all legal expenses incurred as Directors and officers of Bounty and its subsidiaries.

The indemnity only applies to the extent and in the amount that the Directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by Bounty or its subsidiaries, under the general law or otherwise. The indemnity does not extend to any liability:

- to Bounty or a related body corporate of Bounty; or
- arising out of conduct of the Directors and officers involving a lack of good faith.

The Company pays insurance premiums in respect of the Directors' and officers' liability indemnities noted above. The Board considers that the financial benefits given to the Directors and officers in respect of the Directors' and officers liability arrangements outlined above are reasonable in the circumstances and have been provided in accordance with section 212 of the Corporations Act.

### **4.5 Legal or disciplinary action**

None of the Directors or members of key management have been involved in any material legal or disciplinary actions against the Director or member of key management (or against companies that the Director or member of key management was a director of at the relevant time) in the last 10 years. In addition, none of the Directors or members of key management have been an officer of a company that entered into a form of external administration because of insolvency during the time that the Director or member of key management was an officer or within a 12 month period afterwards (other than Bounty's voluntary administration referred to in section 2.1).

### **4.6 Composition of the Board**

The Board is comprised of three Directors. Julie Garland McLellan and Rob Stewart are independent non-executive Directors. Gary Cochrane is a non-independent executive Director.

The Board has adopted the following definition of an independent Director. An independent Director is a non-executive Director who is not a member of management, and who:

- is not a substantial Shareholder (under the meaning of Corporations Act) of Bounty or an officer of, or otherwise associated, directly or indirectly, with a substantial Shareholder of Bounty;
- has not within the last three years been employed in an executive capacity by Bounty or another group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to Bounty or another group member;
- is not a significant consultant, supplier or customer of Bounty or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with Bounty or another group member other than as a Director of Bounty; and



- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Bounty.

### 4.7 Board functions

The primary role of the Board is the protection and enhancement of Shareholder value. The Board is responsible for:

- setting strategic direction;
- appointing the Chief Executive Officer or equivalent;
- ensuring that the management team is appropriately qualified and experienced to discharge its responsibilities;
- establishing goals for management, and monitoring the achievement of these goals;
- oversight of management's risk management system;
- ensuring appropriate resources are available to senior executives; and
- approving and monitoring financial and other reporting.

In circumstances where a company approaches potential insolvency the Board also has a duty to protect the rights of creditors. This duty takes precedence over the duty owed towards Shareholders but is not inconsistent with the primary role and duty.

The Board typically meets monthly and holds additional meetings when necessary to address specific matters that arise. In between meetings, decisions may be adopted by way of circular resolution. Day to day management of Bounty's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and management of Bounty.

### 4.8 Code of conduct

The Company has adopted a code of conduct which provides Directors and employees with guidance in relation to:

- compliance with the law;
- record keeping;
- confidentiality;
- professional conduct;
- dealing with suppliers, advisers and regulators; and
- dealing with the community and employees.

### 4.9 Audit and risk committee

The Board has established an audit and risk committee. Its current members are Julie Garland McLellan and Rob Stewart.

## Section 4 – Board, management and corporate governance

The committee's charter sets out the committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on the Company's website at [www.bounty.com.au](http://www.bounty.com.au).

The committee reports to the Board on all matters relevant to its role and responsibilities. The committee has a schedule of meetings for the year which aligns with scheduled financial reporting requirements for the audit function of the committee, but also meets at least once a year to monitor and assess the Company's risk management framework.

### 4.10 Remuneration and nomination committee

The Board has established a remuneration and nomination committee. Its current members are Julie Garland McLellan and Rob Stewart.

The committee's charter sets out the objectives, responsibilities and administration of the committee. The charter is available on the Company's website at [www.bounty.com.au](http://www.bounty.com.au).

The key function of the committee is to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence in:

- recruitment and selection of Board members and key management;
- setting key performance areas for the Chief Executive Officer and regularly reviewing the Chief Executive Officer's performance;
- setting remuneration and benefits for the Board, key management and staff; and
- compliance with laws and regulations in relation to employment.

### 4.11 Diversity policy

Bounty is committed to promoting diversity among Directors, management and employees. Details about the Company's diversity policy are set out in the Company's website at [www.bounty.com.au](http://www.bounty.com.au).

### 4.12 Continuous disclosure policy

In accordance with Listing Rule 3.1, the Company has adopted the following practices and procedures for ensuring continuous disclosure to the market:

- at the time of induction, employees and key consultants are informed of the Company's policies, practices and obligations in relation to continuous disclosure;
- all information, including material events and milestones, that can materially impact the Share price of the Company must be brought to the attention of a Director or the Company Secretary;
- once a matter is identified as requiring announcement to ASX, the Company Secretary or delegated party prepares the announcement for the consideration of the Board;
- the Board reviews the draft and ascertains from management that the announcement is based on fact and not misleading;
- the Board, or if the Board cannot be assembled in time, the Chairman, authorises the release the announcement to the market. All announcements are also posted on the Company's website at [www.bounty.com.au](http://www.bounty.com.au); and

- all external queries and comments in relation to announcements are directed to the Chairman for response if appropriate.

### 4.13 Securities trading policy

The Company has adopted a securities trading policy to provide guidance to Directors, management and other employees where they are contemplating dealing in the Company's securities. The securities trading policy is designed to ensure that any trading in the Company's securities is in accordance with the law and minimise the possibility of misperceptions arising in relation to Directors' and employees' dealings in the Company's securities. The securities trading policy is available on the Company's website at [www.bounty.com.au](http://www.bounty.com.au).

### 4.14 Compliance with ASX corporate governance principles and recommendations

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' was published by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. Bounty's corporate governance policies and procedures have been developed in light of these principles and recommendations.

The Board has assessed Bounty's current practices against the principles and recommendations and has outlined its assessment in the Company's annual report for the year ending 30 June 2014, which was lodged with ASIC and ASX on 4 August 2014. The contents of the 2014 annual report are taken to be incorporated by reference into this Prospectus in accordance with section 712 of the Corporations Act. The statement of corporate governance policies in the 2014 annual report may be relevant for consideration by potential investors under this Prospectus.

A copy of the 2014 annual report may be obtained from or inspected at Bounty's registered office. It may also be downloaded from the ASX company announcements platform at [www.asx.com.au](http://www.asx.com.au) or the Company's website, [www.bounty.com.au](http://www.bounty.com.au).

The Company will provide a paper or electronic copy of the 2014 annual report free of charge to any person who requests a paper or electronic copy during the Offer period.

## 5 Risk factors

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### 5.1 Note on risk

The business activities of the Company are subject to risks. These risks include those risks that apply specifically to the Company's business and risks that apply to businesses generally. Some of the specific risks can be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of the Company and its Directors and cannot be mitigated. The occurrence of any of the risks set out in this section may have an adverse impact on the prospects, financial performance or financial position of the Company which may adversely impact the value of the Shares, including the New Shares.

To fully understand the risks associated with an investment in the Company, this Prospectus should be read in its entirety.

Prior to making an investment decision and to reduce the impact of risk, investors are encouraged to seek professional advice suited to your investment objectives, financial situation and particular needs.

The Directors are responsible for ensuring that appropriate policies and procedures are in place to identify and monitor the risks faced by the Company and to ensure that those risks are managed in an appropriate and prudent manner.

Careful consideration should be given to the risks identified below, as well as the other information contained in this Prospectus. This Prospectus contains statements that involve certain assumptions that are subject to risks and uncertainties. Actual events and results, including the results of the Company's operations, could differ materially from those anticipated. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. There are also general risks associated with any investment in securities.

The list of risks below is not exhaustive and potential investors should read this Prospectus in full. If potential investors require further information on these risks, they should seek appropriate professional advice.

The risks described below and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of the New Shares. Neither the Company nor any of its Directors guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or the value of New Shares offered under this Prospectus will be maintained or achieved.

### 5.2 Specific business risks

A summary of the specific business risks facing the Company is set out below.

#### (a) Project development risk

Exploration, evaluation and development of natural resources are high risk endeavours. There are a number of factors that influence the successful development of mineral deposits into economically viable mining operations. There is also no guarantee that, should the Company evaluate a potentially commercial coal resource at the Wongai Coal Project, the Company will be able to produce and transport those resources to commercially viable markets or sell the resources to customers to achieve a commercial return.

Bounty is at an early stage of project development, having recently completed a desktop concept study for the Wongai Coal Project, the results of which are referred to in section 3 above. There is a risk that the results of future exploration programs and feasibility studies may demonstrate that the Wongai Coal Project is uneconomic or that the planned mining methodologies described in section 3 must be changed. Such outcomes could have an adverse effect on the value of the Wongai Coal Project and the Company's financial performance and future prospects.

### **(b) Reliance on Wongai Coal Project**

The Company does not have an interest in any project other than the Wongai Coal Project. In addition, whilst the Company has completed the Phase 1 Works and has earned the Phase 1 Interest, the legal transfer of 5% of Aust-Pac's interest in the Tenements to Bounty Mining Investments has not yet been approved by the relevant authorities and registration of the transfer is subject to Bounty Mining Investments meeting certain conditions, including becoming a party to the Indigenous Land Use Agreement.

As such, currently the future prospects of the Company are entirely reliant on the Wongai Coal Project and the Company's ability to earn further interests in the Joint Venture Assets in accordance with the terms of the Wongai Coal Project Agreements. Any negative development on the Wongai Coal Project may have a material negative impact on the value of the Company.

There are also risks related to the Wongai Coal Project being operated through a joint venture with a third party, which are set out in more detail in section 5.2(q) below.

### **(c) Finance risk**

The development of the Wongai Coal Project is reliant on securing significant further equity and/or debt capital to fund design and construction of the project. In addition, if only the Minimum Subscription (or an amount between the Minimum Subscription and the Full Subscription) is raised, the Company will be required to raise further capital to complete the Phase 2 Works.

A reluctance of investors to invest and banks to provide debt may significantly delay the development of the Wongai Coal Project and timing of the potential value uplift for Bounty if the mine becomes operational. There can be no assurance that any future financing required by the Company to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Company and result in a default in Tenement or Joint Venture obligations and forfeiture of permits or licences if not remedied.

### **(d) Export facility risk**

As part of the Wongai Coal Project, Bounty proposes to develop an enclosed conveyor system to transport any coal produced onto ships for export. It is proposed that the transfer of coal will be by elevated closed conveyor and jetty structure to covered barges. In addition, barge movement to the existing shipping channel will be required to transfer coal onto a transhipper by closed conveyor or direct unloading onto export vessels within the designated shipping channel. The proposed export facility will be located within the Great Barrier Reef Marine Park Area.

The approval of any export facility development within the Great Barrier Reef Marine Park Area is a particularly sensitive issue in Queensland at present. The United Nations Educational, Scientific and Cultural Organisation (**UNESCO**) Mission Report of 14 June 2012 made a series of recommendations including that Australia should not permit any new port development or associated infrastructure outside of the existing and long-

established major port areas within and adjoining the Great Barrier Reef World Heritage Area.

The Wongai Coal Project is not within an existing and long-standing port development and is not within an identified 'Priority Port Development Area'. It is not yet clear how the Queensland and Federal governments will respond to the recommendations of the Mission Report, but any restrictions imposed could adversely impact on Bounty's ability to export coal from the Wongai Coal Project if and when it reaches the production stage. Bounty intends to continue to work in close consultation with the relevant authorities with respect to the export facility elements of the Wongai Coal Project. It is also continuing to develop the Environmental Impact Statement for the Wongai Coal Project in conjunction with Aust-Pac, further details of which are contained in section 5.2(h).

Finally, Bounty intends to implement a number of mitigation strategies to minimise the environmental impact in the proposed export area, including utilising covered barges with shallow draft to avoid the need to dredge, barging and transshipping in already established major shipping channels in areas with naturally deep water and considering areas in the vicinity of the proposed barge loader with minimal seagrass and sandy areas.

**(e) Commodity price and currency risk**

The strength of worldwide coal prices and the level of demand for Australian based exports, and the effect of any industrial disruptions within the coal industry in Australia may affect the economic viability of the Wongai Coal Project and consequently may affect the Company's ability to raise funds to complete the project to full construction. Demand for coal has fallen recently due to factors such as oversupply in markets including China and Australia, driving down coal prices. These factors are outside the Company's control.

The majority of black coal produced in Australia is sold to the export market. Contracts for export coal are almost universally denominated in US dollars. As such, mine owners' ability to sell Australian coal (and the price at which the coal can be sold) is vulnerable to fluctuations in the value of the Australian dollar against the US dollar. If the Australian currency has a relatively high value, the producers are forced to accept a lower price in Australian dollars, or insist on a price that is less attractive to customers and potentially face reduced sales volume. Significant or sustained reductions or volatility in the value of the home currencies of major coal customers may decrease demand for Australian coal and consequently and consequently may affect the Company's ability to raise funds to complete the project to full construction.

**(f) Cape York Regional Plan**

EPC 2334 is within the area of the soon to be finalised Draft Cape York Regional Plan (CYRP). Certain areas covered by the CYRP are likely to be the subject of constraints and in some cases prohibitions on future mining activities. Under the recently enacted *Regional Planning Interests Act 2014* (Qld), resource activities which are likely to impact on 'areas of regional interest' require a regional interests development approval from the Department of State Development, Infrastructure and Planning before they can proceed. EPC 2334 partly intersects land identified under the CYRP as being a 'Strategic Environmental Area', which is an area of regional interest the CYRP notes is unlikely to be the subject of approval for resource activities. In addition, a national park borders the eastern boundary of EPC 2334.

Depending on the finalised CYRP, the Wongai Coal Project may be affected by these constraints and/or prohibitions which could have a material and adverse effect on the viability of the Wongai Coal Project as currently proposed. In particular, if any part of the Tenements are mapped as 'Strategic Environmental Areas' under the CYRP, it may not be possible to obtain the requisite approval to lawfully carry out future mining activities. The concept plan for the Wongai Coal Project has been developed to avoid the relevant

constrained areas and Bounty intends to continue monitor the consultation process surrounding the finalisation of the CYRP with a view to ensuring the areas of constraint do not encroach on the Wongai Coal Project.

### **(g) Land access risk**

The majority of land underlying the Tenements is Aboriginal freehold land granted under the *Aboriginal Land Act 1991* (Qld). Aboriginal freehold land is classified as a 'reserve' under the Mineral Resources Act and as such, it is necessary to obtain the consent of the owner of the land to enter an EPC to undertake exploration or to obtain the grant of a mining lease over the land.

Almost the entire area of EPC 2334, and the lower half of EPC 2687, relate to land that is owned by the Kalpowar Aboriginal Land Trust, which has given consent for EPC 2334 (and future mining lease applications over that EPC) under the Indigenous Land Use Agreement.

A large area of EPC 2687 relates to land owned by the Wakooka Land Trust. No indigenous land use agreement has been agreed in respect of EPC 2687, although at this stage the Directors consider that the exploration and development potential of EPC 2687 is low to moderate at best and Bounty's primary focus has been the exploration and development of EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under native title legislation.

It may also be necessary to enter into 'conduct and compensation agreements', which are particular types of agreements under the Mineral Resources Act, with all landowners and occupiers before 'advanced activities' (including mining) can be carried out on the Tenements. In addition, a mining lease cannot be granted with surface rights over land unless compensation has been determined with the landowner. There can be no guarantee that the Company will be able to secure such compensation arrangements if and when required on terms acceptable to the Company, in which case the Company's future development of the Wongai Coal Project will be materially and adversely affected.

### **(h) Environmental Impact Statement**

EIS processes have been commenced under both the Federal and State regimes for the Wongai Coal Project. An EIS process is lengthy and expensive to complete and, if not carried out properly, can result in the imposition of unreasonably onerous conditions on any subsequent approvals issued for the relevant activities.

In addition, the EIS process under the *State Development and Public Works Organisation Act 1971* (Qld) is the subject of set timeframes which can be extended only in limited circumstances. Whilst Bounty, in conjunction with Aust-Pac, is working towards the deadline of 27 July 2015 and aims to submit a draft EIS in March 2015, unforeseen delays may impact on its ability to submit the EIS on time, which could have a materially adverse impact on the viability and value of the Wongai Coal Project and the Company's financial performance.

### **(i) Native title risk**

Exploration activities in Australia are subject to the *Native Title Act 1993* (Cth) and as such Aboriginal land rights may affect the Company's ability to secure prospective exploration areas and mining leases and therefore may negatively impact the Company's planned development activities at the Wongai Coal Project. The Company may also be required to settle native title claims lodged over any area of the relevant tenements.

Such risks may impact on the Company's ability to progress through the approvals process in the expected timeframes.

Bounty is currently not a party to the Indigenous Land Use Agreement in respect of EPC 2334. Under the relevant legislation, Bounty is required to become a party to the Indigenous Land Use Agreement before the transfer of any interest in EPC 2334 can be registered. Bounty, with the assistance of Aust-Pac, is currently working towards becoming a party to the Indigenous Land Use Agreement. The Directors are confident that Bounty will be able to become a party to the Indigenous Land Use Agreement, although they cannot give any guarantee as to when this will occur.

The Indigenous Land Use Agreement imposes significant obligations on Aust-Pac (and Bounty once it becomes a party) which are summarised in section 3.8, including the requirement to make various payments to the Traditional Owners and neighbouring groups before mining and on the commencement of mining, a condition that the Traditional Owners and neighbouring groups retain an aggregated 12.5% beneficial, non-voting interest in any mining project for no consideration and a requirement to comply with comprehensive training, employment and business development commitments.

There is currently no indigenous land use agreement in respect of EPC 2687 although most focus to date has been placed on exploring and developing EPC 2334. If and when EPC 2687 progresses to a mining lease, native title will need to be addressed by the EPC holder entering into either an indigenous land use agreement with the relevant native title parties or another recognised agreement under the native title legislation. There can be no guarantee that Bounty will be able to secure such an agreement at all or on terms acceptable to Bounty.

**(j) Cultural heritage risk**

Within Australia, Federal and State legislation allows for the protection of Aboriginal cultural heritage and sites that are significant to Aboriginal custom and tradition. A Cultural Heritage Management Plan has been agreed in respect of EPC 2334 and is annexed to the Indigenous Land Use Agreement. The Cultural Heritage Management Plan contains a number of obligations that Aust-Pac (and the Company) are required to comply with regarding surveying, monitoring, cultural heritage training and payments. Compliance with cultural heritage obligations may impact on the Company's ability to progress through the approvals process in the expected timeframes and/or impact the development and operation of the Wongai Coal Project.

**(k) Approvals risk**

Section 3.10 contains an overview of the legislative and regulatory framework that the Company operates within. The Wongai Coal Project will require a number of approvals at various stages from various governmental agencies and regulatory bodies. The Company cannot guarantee that these approvals will be granted or obtained. There is also a risk that additional requirements will be imposed on the Company which may result in delays to project implementation or add additional constraints and costs which may adversely impact the economics or viability of the Wongai Coal Project.

The rules in relation to approvals are complex and may change over time, which may make the Company's ability to comply with the applicable requirements more difficult or even impossible, in such a case, precluding continuing any future mining operations. If the Company is not able to successfully obtain the grant of mining leases and other required licences and permits to recover coal from the Wongai Coal Project or future exploration projects, the Company's future development of the Wongai Coal Project will be materially and adversely affected.



**(l) Substitution risk**

The development of new steel making and power generation technologies or practices, particularly from 'clean' energy sources, may lead to greater use of other carbon sources or lower quality coals in substitution for any coal produced from the Wongai Coal Project. This could lower demand for the Company's products and potentially lower the price received for any coal products, which would adversely affect the Company's financial performance and prospects.

**(m) Political risk**

Changes to the regulatory environment for the mining industry and/or any negative publicity may materially affect an investment in the Company. There is the potential for changes in government policy that can negatively impact on the development of the Wongai Coal Project and, accordingly, the Company's financial performance and future prospects. This includes potential changes to State and Federal government positions on shipping or development within the Great Barrier Reef Marine Park and the Cape York Regional Plan, including those noted above. Changes in government policy may be prompted by community values towards environmental and cultural issues.

**(n) Estimation of Mineral Resources**

Mineral Resources estimates are inherently imprecise and may not prove to be an accurate indication of the quantity and/or quality of coal that the Company has identified or that it will be able to extract at the Wongai Coal Project. While the Mineral Resources at the Wongai Coal Project have been estimated in accordance with the JORC Code, estimates are purely an expression of professional judgement based on available information, interpreted using experience and resource modelling techniques, as well as geological assumptions. They also involve application of sampling techniques, estimates of coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. As such, there is a risk that any coal ultimately mined may be of a different or inferior grade, quality, or volume from the Mineral Resources estimates. Accordingly, this may result in decreased profitability of the Company from lower than expected revenues or higher than expected costs.

In addition, the inclusion of an estimation of Mineral Resources and Exploration Targets in this Prospectus should not be regarded as a representation that these amounts can be economically exploited and investors are cautioned not to place undue reliance on these estimates.

**(o) Inferred Mineral Resources**

A significant proportion of the Mineral Resources identified at the Wongai Coal Project are in the Inferred category, which is the lowest of the three Mineral Resources categories under the JORC Code, reflecting limited sampling and a relatively low degree of geological certainty. While material may only be included in a Mineral Resources calculation if there are reasonable prospects of eventually economically extracting it, investors should be aware that the inclusion of a material in a Mineral Resources estimate does not require a conclusion that the material may be economically extracted at the yield indicated or at all. Mineralisation only qualifies to be categorised as a Ore Reserve once it has been demonstrated to be economically recoverable.

Mineral Resources are delineated, in order of increasing confidence, into Inferred, Indicated and Measured Mineral Resources. Only Mineral Resources in the Measured or Indicated categories can be converted to the status of an Ore Reserve. As a result, any future development of the Inferred Mineral Resources at the Wongai Coal Project will depend on the Company being able to further upgrade the Inferred Mineral Resources to the Measured or Indicated categories, and/or discover additional Mineral Resources in

the Measured or Indicated categories and subsequently convert them to Ore Reserves by demonstrating that they can be economically extracted under reasonably assumed operating conditions.

**(p) Coal quality and product risk**

Coal quality is known to vary. As such, there is a risk that any coal identified at the Wongai Coal Project may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company's financial performance and prospects.

There is also a risk that actual coal products produced and sold will differ from the Company's expectations. Final product types are not known with certainty at this stage of the Wongai Coal Project's development. Variables include ash levels, coal washability, coking characteristics, and market demand for various product types.

**(q) Joint venture risk**

The Wongai Coal Project is operated through a joint venture with a third party, Aust-Pac. Any failure by the Company (through its subsidiaries) or Aust-Pac to act in a manner consistent with the Wongai Coal Project Agreements, or the insolvency, financial distress or liquidation of either party, may have a material adverse impact on the Company. Under the terms of the Wongai Coal Project Agreements, the Company (through its subsidiaries) has the ability to increase its interest in the Joint Venture Assets to up to 51% through sole funding project expenditure, achieving certain milestones and exercising a call option. If the Company does not comply with these obligations, it may not achieve a 51% interest in the Joint Venture Assets, which would have an adverse effect on the Company's financial position and prospects. Section 3.8 contains further information in relation to the Wongai Coal Project Agreements.

**(r) Concentrated share register**

Mr Gary Cochrane, Chairman and Chief Executive Officer, currently has a relevant interest in approximately 35.45% of Bounty's total issued Share capital. Section 8.14 contains details of other substantial Shareholders.

Given the size of Mr Cochrane's shareholding in particular and depending on the number of Shares issued under the Offer, Shareholders not associated with Mr Cochrane will have a reduced ability to influence the operating, financing and strategic decisions of the Company.

In addition, the likelihood of the Company receiving a takeover offer may be reduced given that Mr Cochrane's shareholding would likely represent an impediment to complete a takeover without the support of Mr Cochrane.

**(s) Commercialisation risk**

There is a high degree of risk associated with the development and commercialisation of coal resources, and at completion of construction of any projects the market price of the coal could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned exploration and/or mining activities. Further, obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or may not be obtained at all.

**(t) Weather**

Unexpected protraction of the annual wet season may adversely impact on the timing of exploration and site background studies, and consequently the Company's ability to

complete the Phase 2 Works or Phase 3 Works and earn the Phase 2 Interest or Phase 3 Interest (as applicable). Inclement or adverse weather may require the Company to evacuate personnel or curtail operations and may cause damage to its mine site, transportation roads and loading facilities. This could result in the temporary suspension of operations or generally reduce the Company's productivity. Any damage to the Company's future mine site, transportation roads and loading facilities caused by prolonged periods of inclement or adverse weather could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

**(u) Mining risk**

Should the Wongai Coal Project proceed, underground mining will be undertaken by Bounty. Underground coal mines can be subject to a number of operational risks, all of which could negatively impact on the business of the Company.

Such operational risks include those that can be associated with mining operations such as pit collapses, general access restrictions and difficult mining conditions. They may also include industrial unrest against the mine owner or other risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, business interruption, monetary loss and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

**(v) Key personnel risk**

The success of the Company is related to the Directors' and management's capabilities in governing and managing the Company's performance. Accordingly, the Company may be adversely affected if any of the Directors or management leaves the Company. This is because the Company might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Section 4.4 contains further details of the agreements between the Company and key personnel.

**(w) Access to skilled labour**

The successful development and commercialisation of the Wongai Coal Project will require a large number of personnel not currently employed by the Company. As noted in section 2.1, the Company's site-based staff were terminated by reason of redundancy in July 2013 following expiry of Bounty's sole contract.

While the Directors consider that the risk is relatively low at this point in time, there is a risk that the Company may not be able to identify and employ the skilled workers required for its future operations and this may adversely impact the Company's financial performance.

**(x) Contracted labour**

The Company may in the future depend on a large number of contracted personnel. There is a risk that contracted personnel fail to perform their contractual obligations and that the Company is unable to find suitable replacement contractors.

Through the potential use of contractors and other third parties for exploration, mining and other services, the Company is reliant on a number of third parties for development of the Wongai Coal Project. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the Company. Should contracted personnel fail to perform their contractual obligations, this may have the effect of delaying the development timetable, increasing operating costs and negatively impacting the economics of the Wongai Coal Project.

**(y) Environmental risks**

The coal mining sector operates under Australian State and Federal environmental laws. The Company's operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, the Company may be subject to claims for toxic torts, natural resource damages and other damages. In addition the Company may be subject to the investigation and clean-up of contaminated soil, surface water, groundwater and other media. This may delay the Wongai Coal Project development timetable and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties. The Company is also subject to environmental protection legislation, which may affect the Company's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

**(z) Other regulatory factors**

Extensive government regulations impose significant costs on the Company's mining operations, and future additional regulations could increase those costs or limit the Company's ability to produce and sell coal.

The Australian coal industry is subject to strict regulation by Australian law with respect to such matters as limitations on land use, employee health and safety, mine permitting and licensing requirements, reclamation and restoration of mining properties, air quality standards, water pollution, protection of human health, plant life and wildlife, discharge of materials into the environment, surface subsidence from underground mining and the effects of mining on groundwater quality and availability.

Australian health and safety regulation in the coal mining industry is a comprehensive and pervasive system designed for protection of employee safety and health. Complying with existing or new regulations may delay commencement or continuation of exploration or production operations or adversely affect the Company's mining operations or cost structure, any of which could harm its future results.

The Company may incur costs and liabilities resulting from claims by employees for work-related injuries, and the Company must make adequate provision for its workers' compensation liabilities.

**5.3 General risks**

**(a) Litigation – contingent liability**

There is always the risk of litigation against a company. At the date of this Prospectus, there was no material litigation against the Company, threatened or otherwise, that is not covered by insurance.

**(b) Changes in economic and geopolitical conditions**

The Company may be affected by general economic conditions in Australia including the level of interest rates, foreign exchange rates, inflation and the level of fiscal spending by the government, as well as changes in regulatory policies and other statutory changes.

In addition, geopolitical upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict may have an impact on the Company's business by virtue of its impact on general economic conditions.

**(c) Competition risk**

Competition in the coal industry is based on many factors, including but not limited to, price, production capacity, coal quality and characteristics, transport capability, costs, and brand name. The Company faces competition from other Australian and international producers of coal. Increases in production or reduction of price of competing coals from both Australia and overseas may adversely impact the Company's ability to sell its coal products at prices desirable to the Company. Increased competition in the future, including from new competitors, may emerge.

**(d) Macro economic risks**

The general state of the Australian and other foreign economies (particularly those of major suppliers or users of resources) as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the profitability of the Company, and may affect the value of the Shares.

**(e) Taxation risks and considerations**

Tax liabilities are the responsibility of each individual investor, and the Company is not responsible either for taxation or penalties incurred by investors. The effects of taxation can be complex and may change over time. Investors should consult their own taxation advisers to ascertain the tax implications of their investment.

Changes to the taxation environment, including taxation laws and their commercial application may have a material adverse effect on an investment in the Company's Shares or otherwise have a material adverse effect on the Company's business and financial position.

**(f) Carbon and mining tax risk**

While the Federal Government has announced that it intends to repeal the Minerals Resource Rent Tax (**MRRT**), the future of the MRRT in Australia currently remains unclear. In addition, the carbon tax has recently been repealed. The outcome of any regulatory or legislative changes with respect to the MRRT or the carbon tax may affect the Company's profitability and/or general investment patterns.

The State or Federal governments may also amend existing royalties legislation in a way that could adversely impact the future profitability of the Company. Should royalties legislation change in the future, the impact on the Company's profitability may be greater than currently anticipated.

**5.4 Investment risk**

**(a) Investor sentiment**

Development of the Wongai Coal Project will rely on future capital raisings to support exploration and feasibility studies and working capital. There is a risk that market

conditions will not be conducive to capital raising or to capital raising at an optimal share price.

**(b) Price and liquidity risk**

Following shareholder approval of the restructuring and capital raising resolutions described in section 2.4 above, the raising of sufficient capital and the subsequent execution of the restructuring and capital raising transactions, the Directors have obtained confirmation of the conditions for reinstatement of the Company's Shares to Official Quotation (see section 8.15).

However, even if Official Quotation of the New Shares and reinstatement of the existing Shares to Official Quotation is obtained, an investment in the Company should be regarded as speculative. The price of Shares can rise or fall. It can be affected by a range of factors affecting stock markets generally, or industries in which the Company operates. Those matters are often beyond the control of the Company. In addition, liquidity in the trading of Shares (whether on ASX or otherwise) can be affected by a range of matters beyond the control of the Company. There is no guarantee of any return in respect of an investment in Shares, whether by way of profit or capital. In particular, the share price of many companies listed on ASX has, in recent times, been subject to large fluctuations which, in some cases, may have been unrelated to the operating performance of the individual companies concerned. Such fluctuations may adversely affect the market price of Shares.

**(c) Future issues**

The Company may, without the approval of Shareholders, subject to the requirements of the Corporations Act and the Listing Rules, issue further Shares or other securities which may rank ahead of or pari passu with the obligations of the Company to Shareholders on a winding-up of the Company or issue shares at a lower price than the Issue Price which may dilute the interests of Shareholders. It may also issue securities with conversion rights which, when exercised, will dilute the interests of Shareholders when those securities are in turn converted to Shares.

**(d) Regulatory changes**

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on investment in Shares or otherwise have a material adverse effect on the Company's business and financial position.

## **6 Financial information**

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### **6.1 Overview**

This section of the Prospectus contains a summary of the actual historical and pro forma financial information for Bounty that the Directors consider relevant to potential investors. All financial information presented in this section should be read in conjunction with the assumptions and pro forma transactions set out in section 6.3, the Investigating Accountant's Report set out in section 7 and other information contained in this Prospectus.

The historical and pro forma financial information comprises the following:

- the historical audited consolidated statements of comprehensive income of Bounty for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 (see section 6.2);
- the historical audited consolidated statement of financial position of Bounty as at 30 June 2014 (see section 6.3, first column);
- the pro-forma statement of financial position of Bounty based on the Minimum Subscription (see section 6.3, second column); and
- the pro-forma statement of financial position of Bounty based on the Full Subscription (see section 6.3, third column).

## 6.2 Historical audited consolidated statements of comprehensive income

Set out below are the historical audited consolidated statements of comprehensive income of Bounty for the years ended 30 June 2012, 30 June 2013 and 30 June 2014.

Potential investors are cautioned that past performance is not a guide to future performance. As summarised in sections 2.1 to 2.5, Bounty has experienced changes to its operations in recent years and is now focused on the exploration and development of the Wongai Coal Project.

	<b>Audited</b>		
	<b>30 June 2012</b>	<b>30 June 2013</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue from rendering of services	20,358,379	19,636,444	1,471,026
Other revenues	8,863	42,685	10,357
<b>Total revenue</b>	<b>20,367,242</b>	<b>19,679,129</b>	<b>1,481,383</b>
Cost of services	(3,049,374)	(2,166,943)	(138,058)
Employee expenses	(13,816,493)	(12,441,980)	(1,430,076)
Depreciation and amortisation expenses	(1,449,852)	(1,570,664)	(442,515)
Impairment of assets	-	(269,561)	-
Legal and professional costs	(426,568)	(333,152)	(500,305)
Occupancy expenses	(356,189)	(365,707)	(298,992)
Finance costs	(773,649)	(779,434)	(697,949)
Other expenses from ordinary activities	(427,928)	(426,867)	(130,902)
<b>Profit / (Loss) before related income tax expense</b>	<b>67,189</b>	<b>1,324,821</b>	<b>(2,157,414)</b>
Income tax expense	-	(391,681)	-
<b>Profit / (loss) from continuing operations for the year</b>	<b>67,189</b>	<b>933,140</b>	<b>(2,157,414)</b>
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income / (expense) for the year after taxes</b>	<b>67,189</b>	<b>933,140</b>	<b>(2,157,414)</b>
Net profit / (loss) attributable to members of the parent entity	67,189	933,140	(2,157,414)
Total comprehensive income / (expense) attributable to members of the parent entity	67,189	933,140	(2,157,414)

The historical audited consolidated statements of comprehensive income of Bounty for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 have been extracted from the Company's annual reports for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 respectively, which were lodged with ASIC and ASX on 30 August 2012, 20 September 2013 and 4 August 2014 respectively.



The contents of the annual reports for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 are taken to be incorporated by reference into this Prospectus in accordance with section 712 of the Corporations Act. Particular information included in the annual reports that may be relevant for consideration by potential investors under this Prospectus includes the following:

- the detailed notes to the financial statements for the relevant financial year, which include details of the significant accounting policies applied (although section 6.6 below sets out the material notes from the financial statements);
- the Chairman's report regarding the Company's operations and performance for the relevant financial year; and
- the independent auditor's report on the financial statements for the relevant year.

Copies of the annual reports may be obtained from or inspected at Bounty's registered office. They may also be downloaded from the ASX company announcements platform at [www.asx.com.au](http://www.asx.com.au) or the Company's website, [www.bounty.com.au](http://www.bounty.com.au).

The Company will provide paper or electronic copies of the annual reports free of charge to any person who requests a paper or electronic copy during the Offer period.

### 6.3 Historical and pro-forma statements of financial position

The historical and pro-forma statements of financial position set out below have been prepared to illustrate the financial position of the Company following certain transactions that have taken place since 30 June 2014 and completion of the Offer based on both the Minimum Subscription and the Full Subscription.

The historical audited consolidated statement of financial position of Bounty as at 30 June 2014 has been extracted from the Company's annual report for the year 30 June 2014, which was lodged with ASIC and ASX on 4 August 2014.

The pro-forma statements of financial position are intended to be illustrative only and will not reflect the actual position and balances as at the date of this Prospectus or at the completion of the Offer.

	Column 1	Column 2	Column 3
	Audited 30 June 2014	Pro-forma Minimum Subscription	Pro forma Full Subscription
	\$	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	87,804	2,166,953	4,171,732
Trade and other receivables	2,398	2,398	2,398
Inventories	469,208	469,208	469,208
Other assets	145,471	145,471	145,471
<b>Total current assets</b>	<b>704,881</b>	<b>2,784,030</b>	<b>4,788,809</b>
<b>Non-current assets</b>			
Property, plant & equipment	4,431,172	4,431,172	4,431,172
Exploration and evaluation asset	995,185	995,185	995,185
<b>Total non-current assets</b>	<b>5,426,357</b>	<b>5,426,357</b>	<b>5,426,357</b>
<b>Total assets</b>	<b>6,131,238</b>	<b>8,210,387</b>	<b>10,215,166</b>
<b>Current liabilities</b>			
Trade and other payables	89,001	89,001	89,001
Financial liabilities	13,583	13,583	13,583
Short-term provisions	26,376	26,376	26,376
<b>Total current liabilities</b>	<b>128,960</b>	<b>128,960</b>	<b>128,960</b>
<b>Non-current liabilities</b>			
Financial liabilities	2,790,733	2,890,743	2,890,743
<b>Total non-current liabilities</b>	<b>2,790,733</b>	<b>2,890,743</b>	<b>2,890,743</b>
<b>Total liabilities</b>	<b>2,919,693</b>	<b>3,019,703</b>	<b>3,019,703</b>
<b>Net assets</b>	<b>3,211,545</b>	<b>5,190,686</b>	<b>7,195,464</b>
<b>Equity</b>			
Issued capital	37,469,700	39,968,850	41,973,628
Accumulated losses	(37,431,113)	(37,951,122)	(37,951,122)
Reserves	3,172,958	3,172,958	3,172,958
<b>Total equity</b>	<b>3,211,545</b>	<b>5,190,686</b>	<b>7,195,464</b>

#### 6.4 Pro-forma statement of financial position based on Minimum Subscription

The pro-forma statement of financial position of Bounty based on the Minimum Subscription (second column) assumes that the following transactions have occurred:

- the issue of 16,153,851 Shares at \$0.026 per Share in July and August 2014 to sophisticated and professional investors to raise \$420,000, which was used for working capital;
- the issue of 3,846,500 Convertible Notes at \$0.026 per Convertible Note in August 2014 to sophisticated and professional investors to raise \$100,009, which is to be used for working capital;
- the issue of 78,333,333 Shares at \$0.03 per Share to raise \$2,350,000 pursuant to this Prospectus; and
- the payment of Offer costs estimated at \$270,851, which is recognised as a charge against equity.

#### 6.5 Pro-forma statement of financial position based on Full Subscription

The pro-forma statement of financial position of Bounty based on the Full Subscription (third column) assumes that the following transactions have occurred:

- the issue of 16,153,851 Shares at \$0.026 per Share in July and August 2014 to sophisticated and professional investors to raise \$420,000, which was used for working capital;
- the issue of 3,846,500 Convertible Notes at \$0.026 per Convertible Note in August 2014 to sophisticated and professional investors to raise \$100,009, which is to be used for working capital;
- the issue of 150,000,000 Shares at \$0.03 per Share to raise \$4,500,000 pursuant to this Prospectus; and
- the payment of Offer costs estimated at \$416,072, which is recognised as a charge against equity.

The significant accounting policies that have been adopted in the preparation of the pro-forma financial statements of financial position set out above are consistent with the historical accounting policies of the Company as adopted and applied in the preparation of the financial statements of the Company for the financial year ended 30 June 2014.

#### 6.6 Material notes from the financial statements

##### (a) Going concern

Note 1(a) to the Company's audited financial statements for the year ended 30 June 2014 (set out in the Company's annual report for the year ended 30 June 2014) provided as follows:

##### ***Going concern***

*As at 30 June 2014, the Group's current assets exceeded current liabilities by \$0.6m, and total assets exceeded total liabilities by \$3.2m. However, Bounty has net financial liabilities of \$2.8m (FY2013: \$4.0m), incurred a loss from continuing operations for the year of \$2.2m (FY2013: profit of \$0.9m), had a deficiency in net cash flows from operating activities of \$3.2m (FY2013: surplus of \$3.9m) and had a deficiency in net cash flows from investing activities of \$1.1m (FY2013: \$0.9m).*

*The Directors have prepared the financial statements on a going concern basis. The Directors are satisfied that the current capital raising program will provide sufficient funds for operations for at least 12 months from the date of this report. If additional contract mining or joint venture opportunities are identified these will generate additional cashflows.*

*Bounty also has the continued support of its secured lender, VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane. The balance of the loan is due for repayment on 31 December 2015 if not extinguished by other means prior to that date.*

*The Directors are therefore satisfied that the Bounty group will be able to continue as a going concern.*

*Should the Directors not achieve the matters set out above, there is material uncertainty whether the consolidated entity will be able to continue as a going concern.*

*If part or the whole of the consolidated entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report.*

*The financial report does not include any adjustments relating to the recoverability or classification of recorded assets amounts, or to the amounts or classification of liabilities, which might be necessary should the consolidated entity not be able to continue as a going concern.*

The Company's audited financial statements for the years ended 30 June 2012 and 30 June 2013 (set out in the Company's annual reports for the year ended 30 June 2012 and 30 June 2013 respectively) included a similar going concern note based on the Company's operations at the time.

The Directors' opinion in relation to the Company's ability to continue as a going concern remains unchanged and as at the date of this Prospectus they consider that if the Offer is completed and the Minimum Subscription is raised, the Company will have sufficient funds for operations for at least 12 months from the date of this Prospectus.

**(b) Related party transactions**

Note 15(a) to the Company's audited financial statements for the year ended 30 June 2014 (set out in the Company's annual report for the year ended 30 June 2014) provided as follows:

***Financial liabilities***

*In September 2009, VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane, was assigned a loan from Westpac Banking Corporation, on the same commercial terms. Bounty continued to draw down funds under this facility between September 2009 and October 2011. Loan repayments of \$1m were made during FY2013 and FY2014. On 6 June 2014, with shareholders approval, 166,666,667 shares were issued to VETL at 3cps to convert \$5m of the loan to equity. The loan is secured by a fixed and floating charge over the assets and undertakings of the Consolidated Bounty Group. Interest is charged at 9.72% p.a. A guarantee and indemnity has been given by Bounty Mining Limited and Bounty Operations Pty Ltd. The maturity date of the loan has been extended to 31 December 2015.*

The Company's audited financial statements for the years ended 30 June 2012 and 30 June 2013 (set out in the Company's annual reports for the year ended 30 June 2012 and 30 June 2013 respectively) included a similar related party note based on the status of the VETL Loan at the time.

The table below summarises the transactions between Bounty and VETL.

	FY12	FY13	FY14
	\$	\$	\$
Opening balance	6,464,733	8,276,212	7,376,212
Additional funds advanced	1,600,000	-	-
Interest accrued	761,508	767,720	692,788
Interest paid	(550,029)	(767,720)	(178,266)
Loan repayments made	-	(900,000)	(100,000)
Conversion of debt to equity	-	-	(5,000,000)
<b>Closing balance</b>	<b>8,276,212</b>	<b>7,376,212</b>	<b>2,790,734</b>

During July 2014 further interest of \$23,038 has accrued on the VETL Loan and as at 31 July 2014, the balance of the VETL Loan was \$2,813,772.

During August 2014 the Company reached agreement with VETL to defer the expiry date of the loan to 31 December 2016.

There have been a number of variations to the VETL Loan since the Facility Assignment, details of which are set out in section 4.4.

## 6.7 Auditor's emphasis of matters

The independent auditor's report provided by Gould Ralph Assurance set out in Bounty's annual report for the year ended 30 June 2014 contained the following 'emphasis of matter' paragraph:

*Without qualification to the opinion expressed above, we draw attention to Note 1(a) - Going Concern in the financial statements which indicates that for the year ended 30 June 2014, the consolidated entity had net financial liabilities of \$2.8m at 30 June (2013:\$4.0m), incurred a loss from continuing operations of \$2.2m (2013: profit of \$0.9m), and had net cash outflows from operating activities of \$3.2m (2013: surplus of \$3.9m) and from investing activities of \$1.1m (2013:\$0.9m). Further, Note 28 – Parent Entity Disclosures indicates a loss for the year of \$1.2m (2013:\$0.8m). These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.*

The Company's audited financial statements for the years ended 30 June 2012 and 30 June 2013 (set out in the Company's annual reports for the year ended 30 June 2012 and 30 June 2013 respectively) included a similar 'emphasis of matter' paragraph drawing attention to the going concern note based on the Company's operations at the time.

As noted above, as at the date of this Prospectus the Directors consider that if the Offer is completed and the Minimum Subscription is raised, the Company will have sufficient funds for operations for at least 12 months from the date of this Prospectus to enable it to continue as a going concern.

## 6.8 Earnings before interest and taxes reconciliation

The table below sets out a reconciliation of the Company's earnings before interest and taxes for the years ended 30 June 2012, 30 June 2013 and 30 June 2014. The reconciliation has not been audited.

	FY12	FY13	FY14
	\$	\$	\$
Total Profit / (Loss) after taxes (see section 6.2)	67,189	933,140	(2,157,414)
Add back: interest expense	773,649	779,434	697,949
Deduct: interest revenue	(4,863)	(42,685)	(8,381)
Add back: tax expense	-	391,681	-
<b>Earnings before interest and taxes</b>	<b>835,975</b>	<b>2,061,570</b>	<b>(1,470,846)</b>

Potential investors are cautioned that past performance is not a guide to future performance. As summarised in sections 2.1 to 2.5, Bounty has experienced changes to its operations in recent years and is now focused on the exploration and development of the Wongai Coal Project.

## 6.9 No forecasts

Given the early stage of the Wongai Coal Project, the Directors believe that they do not have a reasonable basis to forecast future earnings for the Company as its development activities are subject to a number of inherently uncertain influences. Although the Company will seek to ensure that strategies are pursued to further the success of its exploration and development programs, revenue generation cannot be reliably predicted.

Accordingly, any forecast or projected financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to provide a reliable estimate, forecast or prediction in this Prospectus.

Notwithstanding the above statement, to the extent that there may be matters discussed in this Prospectus that are forward-looking, such statements are only predictions and actual events or results may differ materially. In addition, there are statements in this Prospectus concerning the envisaged operations of the Company following completion of the Offer.

These forward-looking statements are subject to a number of risks. For a discussion of the risk factors which could cause actual events or results to differ materially from such forward-looking statements, please refer to section 5.

## **7 Investigating Accountant's Report**

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18 August 2014

The Directors  
Bounty Mining Limited  
Suite 1002, Level 10,  
60 Pitt Street  
SYDNEY NSW 2000

**Chartered Accountants**  
ABN 74 632 161 298  
Level 42, Suncorp Place  
259 George Street  
Sydney NSW 2000  
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**T: +61 2 9032 3000**  
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Dear Directors,

### INVESTIGATING ACCOUNTANT'S REPORT

We have prepared this Report at the request of the Directors of Bounty Mining Limited ("Bounty" or the "Company") for inclusion in a Prospectus to be dated on or about 18 August 2014.

The Prospectus invites participation in an offer of up to 150,000,000 New Shares in Bounty at an Offer Price of \$0.03 per New Share, to raise up to \$4,500,000 before Offer costs.

The purpose of this report is to provide investors with information on the historical results and financial position of Bounty at 30 June 2014 and the pro forma financial position of Bounty upon completion of the Offer, as set out in section 6 of the Prospectus. The pro forma statement of financial position illustrates the financial effects of the capital raising pursuant to the Prospectus, assuming both the Full Subscription of \$4,500,000 and the Minimum Subscription of \$2,350,000 and the payment of Offer costs upon completion of the Offer.

This report does not address the rights attaching to the New Shares to be issued in accordance with the Prospectus or the risks associated with the investment, nor forms the basis of an independent expert's opinion with respect to a valuation of Bounty or a valuation of the share issue price of \$0.03 per New Share.

### Background information

Bounty was incorporated as Ausmet Resources Limited on 16 December 2003 and initially commenced operations as a West Australian mining company. Ausmet Resources Limited was admitted to the Official List of ASX on 28 April 2004. On 8 March 2005, Ausmet Resources Limited merged with Bounty Industries Australia Pty Ltd by means of a reverse takeover and the merged entity's name was subsequently changed to Bounty Industries Limited and in 2008 to Bounty Mining Limited.

Since the merger in 2005, Bounty has operated as a contract mining company, equipment hire and refurbishment company, providing underground mining services to the coal mining sector in Queensland and New South Wales.

### Deed of Company Arrangement ("DOCA")

Following the loss of significant mining contracts, the Directors put the group into voluntary administration on 10 August 2009. On 10 September 2009, the company's unsecured creditors approved a Deed of Company Arrangement that would see them receive a proportionate share of a \$1,650,000 cash Pool Fund together with 10 Shares for each dollar owed. The Pool Fund was financed by share placement.

Upon execution of the DOCA, control of the Company and two subsidiaries was returned to the Directors on 11 September 2009. The Board then adopted a proposal to recapitalise the Company with an aim to potentially apply for the reinstatement of the Company's Shares to Official Quotation on ASX.



As part of a proposal adopted by the Board to recapitalise the Company, the Company's key secured debt facility, the Westpac Facility, and an associated fixed and floating charge over the assets of the Company and its subsidiaries were assigned by Westpac to VETL, a company associated with Bounty's Chairman and CEO, Gary Cochrane.

The administration of Bounty was terminated in March 2010 following completion of the DOCA.

### **Contract mining**

In August 2010, Bounty entered into a new two year contract with Anglo American to provide mining services at the Aquila and Bundoora mines in Queensland. Bounty's operations were subsequently funded through cash flows from this contract and further loans from VETL.

In November 2010, Bounty announced that it had appointed Patersons Securities Limited to manage and underwrite a rights issue that would recapitalise the Company and allow the Company's Shares to be reinstated to Official Quotation on ASX.

Bounty issued a prospectus for the rights issue in December 2010, however after receiving a default notice from Anglo American regarding the new contract, Bounty deferred the rights issue and withdrew the prospectus to focus on resolving the issues with Anglo American.

In August 2011, Anglo American advised that the Bundoora operations would be deferred indefinitely and placed on care and maintenance.

After nearly three years of the services under the contract being delivered, in June 2013 Anglo American advised that the Aquila operations would be placed on care and maintenance due to declining metallurgical coal prices. As a result, Bounty's contract was not renewed and expired in July 2013.

Bounty subsequently placed its underground mining equipment on care and maintenance and has since been operating on skeleton staff.

### **Wongai Coal Project**

In September 2013, Bounty finalised agreements with Aust-Pac for a farm-in, joint venture and life-of-mine management for the Wongai Coal Project. The Wongai Coal Project is an early-stage exploration coking coal project based in Cape York, approximately 430 kilometres north of Cairns in the Laura Basin.

### **Recapitalisation**

In April 2014, Bounty reached an agreement with VETL to convert \$5 million of the VETL Loan to Shares.

In June 2014, Bounty's Shareholders approved the following resolutions:

- that the issues of Shares between November 2013 and March 2014 be approved under Listing Rule 7.4;
- that the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL be approved under Listing Rules 10.1 and 10.9;
- that VETL be permitted to increase its relevant interest in Bounty's Shares to up to 36.64% of the total Shares on issue under item 7 of section 611 of the Corporations Act;
- that the issue of 166,666,667 Shares at \$0.03 per Share to VETL in partial conversion of the VETL Loan be approved under Listing Rule 10.11 and Chapter 2E of the Corporations Act; and
- that the issue of up to 150 million New Shares at \$0.03 per New Share under this Prospectus be approved under Listing Rule 7.1.

Bounty issued the Shares to VETL on 6 June 2014 in satisfaction of \$5 million of the VETL Loan, significantly reducing its debt and gearing levels.

### **Recent capital raisings**

Between November 2013 and March 2014, Bounty issued in aggregate 30 million Shares at \$0.025 per Share to sophisticated and professional investors to raise \$750,000 to help fund the progress of the Phase 1 Works at the Wongai Coal Project.

It issued a further 6,538,462 Shares at \$0.026 per Share between May 2014 and June 2014 to sophisticated and professional investors to raise a further \$170,000 to fund ongoing working capital requirements and commencement of the Phase 2 Works at the Wongai Coal Project.

It issued a further 16,153,851 Shares at \$0.026 per Share between 1 July 2014 and 15 August 2014 to sophisticated and professional investors to raise a further \$420,000 to fund ongoing working capital requirements.

In August 2014, Bounty issued 3,846,500 Convertible Notes at \$0.026 per Convertible Note to sophisticated and professional investors to raise a further \$100,009 to fund ongoing working capital requirements during the Offer period.

### **Scope of Work**

We have been requested to prepare a report, for inclusion in the Prospectus, dealing with the following financial information:

- (a) the Historical Audited Statements of Comprehensive Income of Bounty for the years ended 30 June 2012, 30 June 2013 and 30 June 2014;
- (b) the Historical Audited Statements of Financial Position of Bounty as at 30 June 2014;
- (c) the Pro-forma Statement of Financial Position of Bounty assuming completion of the Full Subscription of \$4,500,000 capital raised as set out in section 6.5; and
- (d) the Pro-forma Statement of Financial Position of Bounty assuming completion of the Minimum Subscription of \$2,350,000 capital raised as set out in section 6.4,

More particularly, the pro-forma financial statements assume the following proposed transactions (**Proposed Transactions**) have occurred:

- the issue of 150,000,000 Shares of \$0.03 each to raise \$4,500,000 pursuant to the Prospectus under the Full Subscription;
- the issue of 78,333,333 Shares at \$0.03 each to raise \$2,350,000 pursuant to the Prospectus under the Minimum Subscription;
- the payment of Offer costs estimated at \$416,072 for the Full Subscription and \$270,851 for the Minimum Subscription, which is recognised as a charge against equity;
- the issue of 16,153,851 Shares at \$0.026 per Share between 1 July 2014 and 15 August 2014 to sophisticated and professional investors to raise a further \$420,000 to fund ongoing working capital requirements; and
- the issue of 3,846,500 Convertible Notes at \$0.026 per Convertible Note in August 2014 to sophisticated and professional investors to raise \$100,009, which is to be used for working capital.

### **Historical Financial Information**

The historical financial information, detailed in section 6 of the prospectus comprises:

- the Historical Audited Statement of Comprehensive Income of Bounty for the years ended 30 June 2012 (**FY12**), 30 June 2013 (**FY13**), and 30 June 2014 (**FY14**) in section 6.2 of this Prospectus; and
- the Historical Audited Statement of Financial Position of Bounty as at 30 June 2014 in column 1 of section 6.3 of this Prospectus,

(collectively, the **Historical Financial Information**).

The Historical Financial Information for FY12, FY13 and FY14 has been extracted from Bounty's audited statutory financial statements, which were audited by Gould Ralph Assurance and on which unqualified audit opinions were issued. The Company's Directors are responsible for the general purpose financial report from which the information in section 6 has been extracted. In each of the years FY12, FY13 and FY14, Note 1 to the statutory financial statements has included a paragraph setting out the inherent uncertainty regarding going concern. Without qualification to the audit opinions issued, each of the audit reports issued for FY12, FY13 and FY14 has included an emphasis of matter paragraph drawing attention to the inherent uncertainty regarding going concern as set out in Note 1 to the financial reports.

### **Pro-forma Financial Information**

The pro-forma statements of financial position detailed in section 6.3 of the Prospectus comprise:

- the pro-forma statement of financial position assuming the Full Subscription (**Full Subscription Pro-forma**). The Full Subscription Pro-forma assumes the Full Subscription of



- \$4,500,000 pursuant to the proposed capital raising under this Prospectus less Offer costs of \$416,072 recognised as a charge against equity as shown in section 6.3, column 3; and
- the pro-forma statement of financial position assuming the Minimum Subscription (**Minimum Subscription Pro-forma**). The Minimum Subscription Pro-forma assumes the Minimum Subscription of \$2,350,000 pursuant to the proposed capital raising under this Prospectus less Offer costs of \$270,851 recognised as a charge against equity as shown in section 6.3, column 2,

(together, the **Pro-forma Statements of Financial Position**).

We have undertaken an independent review of the Pro-forma Statements of Financial Position in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Pro-forma Statements of Financial Position are not presented fairly in accordance with the recognition and measurement requirements of Australian Accounting Standards, and the assumptions set out above. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances. The procedures and enquiries included:

- reading of relevant Board minutes, reading of relevant contracts and other legal documents;
- a review of the work papers, accounting records and other supporting documents for the period to 18 August 2014;
- a review of the pro-forma transactions adjusted against the historical financial information;
- enquiry of Directors, senior management and others; and
- comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including Australian Accounting Interpretations), and the accounting policies adopted by the Company as disclosed in its 2014 Annual Report.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Opinion**

- (a) Based on our review of the Historical Financial Information, nothing has come to our attention which causes us to believe that the Historical Financial Information does not present fairly the financial position of Bounty as at the relevant dates.
- (b) Based on our review of the Pro-forma Statements of Financial Position, as set out in section 6.3 of the Prospectus, nothing has come to our attention which causes us to believe that the Pro-forma Statements of Financial Position do not present fairly the financial position of Bounty on the basis that all the Proposed Transactions had taken place.
- (c) In our opinion, the Pro-forma Statements of Financial Position have been properly prepared in accordance with the recognition and measurement principles prescribed in Accounting Standards and the accounting policies adopted by the Company as described in the notes to the financial statements of the Company's 2014 Annual Report.

### **Subsequent events**

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of Bounty have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

### **Responsibility**

Gould Ralph Assurance has consented to the inclusion of this report in the Prospectus in the form and context in which it is so presented but has not authorised the issue of the Prospectus. Accordingly, other than with respect to this report, Gould Ralph Assurance makes no representation regarding, and takes no responsibility for, any statements or material in, or omissions from, the Prospectus.

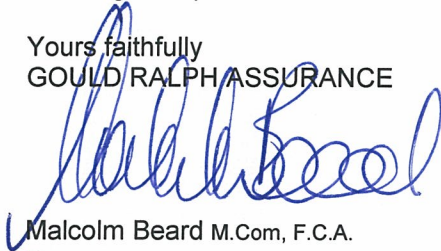
**Independence or disclosure of interest**

Gould Ralph Assurance acts as statutory auditor of Bounty and an associated entity provides taxation compliance services to Bounty.

Other than for the above, Gould Ralph Assurance does not have any interest in the outcome of this issue other than in our capacity as investigating accountants for which normal professional fees will be received. In our capacity as investigating accountants we have prepared this report and participated in due diligence procedures.

Yours faithfully

GOULD RALPH ASSURANCE



Malcolm Beard M.Com, F.C.A.  
Partner

## 8 Details of the Offer

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### 8.1 Important information

This Prospectus contains details of the Offer to apply for New Shares in Bounty. Potential investors are encouraged to:

- read the contents of this Prospectus carefully, including the risk factors in section 5; and
- obtain independent professional advice from your accountant, lawyer, financial advisor or any other party qualified to provide advice on the contents of this Prospectus.

Should you wish to proceed with an application for New Shares, please complete the Application Form attached to this Prospectus and forward it to Novus Capital Limited's registered office (see section 8.10 for further details).

### 8.2 Description of the Offer

The Offer comprises a capital raising of up to \$4,500,000 by way of an issue of up to 150,000,000 New Shares at \$0.03 per New Share.

The process for applying for New Shares under the Offer is set out in section 8.10.

The New Shares will rank equally in all respects with the Shares held by the Company's existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company's constitution. A summary of the key rights and liabilities attaching to the Shares is set out in section 9.1.

No New Shares or other securities will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

### 8.3 Offer Price

The Directors have determined the Offer Price of \$0.03 per New Share by:

- comparing the Offer Price to the issue prices under the Company's recent capital raisings (see section 2.3);
- comparing the Offer Price to the issue price of \$0.03 per Share at which \$5 million of the VETL Loan was converted into 166,666,667 Shares (see section 2.4); and
- reviewing the valuation assessment of the Company contained in sections 7 and 8 of the Independent Expert's Report dated 28 April 2014 prepared by Grant Thornton Corporate Finance Pty Ltd in connection with providing an opinion on the fairness and reasonableness of the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL in September 2009 and conversion of \$5 million of the VETL Loan into 166,666,667 Shares (see section 2.4).

The Independent Expert's Report was lodged with ASIC and ASX on 2 May 2014. The contents of the Independent Expert's Report and its appendices are taken to be incorporated by reference into this Prospectus in accordance with section 712 of the Corporations Act. Particular information included in the Independent Expert's Report and its appendices that may be relevant for consideration by potential investors under this Prospectus includes the following:

- the valuation assessment of the Company contained in sections 7 and 8 of the Independent Expert's Report, which concludes that the fair market value per Share was between \$0.03 and \$0.0325 before the proposed transaction on a control basis and between \$0.0248 and \$0.02772 per Share after the proposed transaction on a minority basis;
- Appendix C to the Independent Expert's Report, being the valuation of the Wongai Coal Project prepared by Geos Mining dated 21 March 2014, which contains further information in relation to the background of the Wongai Coal Project, the geology and exploration potential of the area and the proposed mining, coal handling and preparation and project development concepts developed under the desktop concept study, and values the Wongai Coal Project at \$24 million taking into account a comparable transactions method and a geological risk method; and
- Appendix D to the Independent Expert's Report, being the valuation of Bounty's mining equipment prepared by All States Auctions dated 10 April 2014, although potential investors should note that All States Auctions has provided a revised valuation of Bounty's mining equipment dated 11 July 2014, which was lodged with ASIC and ASX on the date of this Prospectus and is also taken to be incorporated by reference into this Prospectus in accordance with section 712 of the Corporations Act. The valuation sets out Bounty's plant and equipment and provides estimated values using the going concern, fair market and orderly liquidation bases. The valuation concludes that the going concern, fair market and orderly liquidation values are in the vicinity of \$9,480,000, \$6,339,000 and \$2,555,000 respectively.

A copy of the Independent Expert's Report and its appendices and the revised All States Auctions valuation may be obtained from or inspected at Bounty's registered office. It is also available on the ASX company announcements platform at [www.asx.com.au](http://www.asx.com.au) and Bounty's website at [www.bounty.com.au](http://www.bounty.com.au).

The Company will provide a paper or electronic copy of the Independent Expert's Report and its appendices and the revised All States Auctions valuation free of charge to any person who requests a paper or electronic copy during the Offer period.

#### 8.4 Offer timetable

<b>Prospectus date</b>	18 August 2014
<b>Opening Date (9.00am AEST)</b>	26 August 2014
<b>Closing Date (5.00pm AEST)</b>	16 September 2014
<b>Anticipated date of allotment of New Shares</b>	19 September 2014
<b>Shareholding statements expected to be despatched</b>	19 September 2014
<b>Expected date for Official Quotation of New Shares on ASX (and reinstatement of existing Shares to Official Quotation on ASX)</b>	25 September 2014

The above dates are indicative only and may change without notice. Bounty, in consultation with the Lead Manager and Corporate Adviser, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Applicants are therefore encouraged to submit their Application Forms as early as possible after the Offer opens.

## 8.5 Minimum subscription

The Minimum Subscription that the Company must raise under the Offer is \$2,350,000 through the issue of 78,333,333 New Shares. The Company will not issue any New Shares until it has received valid applications for this amount.

If the Company has not received valid applications for the Minimum Subscription within four months after the date of this Prospectus, it will deal with any applications received in accordance with section 724 of the Corporations Act.

## 8.6 Maximum subscription

While the Board is targeting a Full Subscription of \$4,500,000, it has not set a maximum subscription amount but, subject to applicable legal and regulatory requirements, reserves the right to determine the course of action should there be an over-subscription.

## 8.7 Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- raise funds to progress the Phase 2 Works at the Wongai Coal Project;
- provide working capital while Bounty completes a pre-feasibility study under the Phase 2 Works;
- raise funds to prepare additional proposals for mining services work;
- raise funds to meet the costs of the Offer; and
- enable Bounty to meet the conditions for reinstatement of its Shares to Official Quotation.

As the Company is already a 'listed disclosing entity' for the purposes of the Corporations Act, the Offer is not an initial public offer but a secondary offering.

The Phase 2 Works in relation to the Wongai Coal Project are as follows:

- the drilling of additional cored holes, including approximately eight cored holes for coal quality testing aimed at further proving up the best location to build portals and commence mining and increasing Indicated Mineral Resources in addition to an initial background post wet season marine survey;
- complete a pre-feasibility study; and
- preliminary engineering design for mine and infrastructure.

If Bounty completes the Phase 2 Works, it will earn the Phase 2 Interest and its interest in the Joint Venture Assets will increase from 5% to 20% progressively as each milestone is completed.

Bounty will also continue work on the Environmental Impact Statement in conjunction with Aust-Pac, which it is required to submit by 27 July 2015.

The table below sets out the proposed use of the proceeds from the Offer under two scenarios: if the Offer is fully subscribed and the Full Subscription is raised and if the Offer is partially subscribed and the Minimum Subscription is raised. If the Company raises between \$2,350,000 and \$4,500,000, the Phase 2 Works will be scaled accordingly.

The table represents the current intentions of the Company based on its current business plan and business conditions. The amounts and timing of the actual expenditure may vary and will

depend upon numerous factors, including the timing and success of the target drilling program and pre-feasibility study the Company is proposing to undertake.

	<b>Full Subscription – \$4,500,000 raised</b>		<b>Minimum Subscription – \$2,350,000 raised</b>	
<b>Use of proceeds</b>	<b>Completion of Phase 2 Works</b>		<b>Partial completion of Phase 2 Works</b>	
	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Drilling program	0.76	16.90	0.38	15.62
Coal quality and washability testing	0.10	2.22	0.06	2.66
JORC Code remodelling	0.07	1.56	0.07	2.98
Coastal environmental study	0.10	2.22	0.10	4.26
Groundwater modelling review	0.08	1.78	0.08	3.40
Further environmental studies	0.45	10.00	0.15	6.38
Pre-feasibility study	0.75	16.67	0.10	4.26
Contingency	0.12	2.57	0.05	1.98
<b>Total Phase 2 Works</b>	<b>2.42</b>	<b>53.92</b>	<b>0.98</b>	<b>41.54</b>
Working capital (including interest payments under the VETL Loan as set out in section 4.4)	1.66	36.84	1.10	46.93
Costs of the Offer	0.42	9.24	0.27	11.53
<b>Total use of funds</b>	<b>4.50</b>	<b>100.00</b>	<b>2.35</b>	<b>100.00</b>

### Full Subscription

If the Full Subscription is raised, the following actions will be targeted by the Company:

- Phase 2 Works completed over a 12 month period.
- A pre-feasibility study completed.
- The Phase 2 Interest earned, a further 15% interest in the Joint Venture Assets.
- JORC Code Mineral Resource upgrade obtained.

If the above actions are successfully completed, further capital will be sourced to raise funds to fund completion of the Phase 3 Works which will include a full bankable feasibility study.



The Directors consider that the Company will be able to complete the objectives outlined above if the Full Subscription is raised.

### **Minimum Subscription**

If the Minimum Subscription is raised, the following actions will be targeted by the Company:

- Phase 2 Works partially completed over a six month period, but will need at least another six to eight months to complete depending on how much additional time is needed to raise the funds to complete the works.
- JORC Code resource upgrade obtained, but more funds will be needed to complete the pre-feasibility study.
- Further capital will be sourced to raise funds to complete the Phase 2 Works, but there is the potential for a delay to completion of the pre-feasibility study.
- The Phase 2 Interest earned once the pre-feasibility study is completed, for a further 15% interest in the Joint Venture Assets.

If the above actions are successfully completed, further capital will be sourced to raise funds to complete the Phase 3 Works which will include a full bankable feasibility study.

The Directors consider that the Company will be able to complete the objectives outlined above if the Minimum Subscription is raised.

### **8.8 Underwriting**

The Offer is not underwritten.

### **8.9 Allocation of New Shares**

The Company, after consultation with the Lead Manager and Corporate Adviser, will allocate New Shares to Applicants under the Offer at its discretion.

The Company may allocate all, or a lesser number, of New Shares for which an application has been made, accept a late application or decline an application. Where applications are scaled back, there may be a different application of the scale-back policy to each Applicant.

Where no allocation is made to a particular Applicant or the number of New Shares allocated is less than the number applied for by an Applicant, surplus Application Money will be returned to that Applicant. No interest will be paid on refunded Application Money. Any interest earned on Application Money is the property of the Company.

Successful Applicants will be given written notice of the number of New Shares allocated to them as soon as possible after the Closing Date. It is the responsibility of Applicants to confirm the number of New Shares allocated to them before trading in Shares. Applicants who sell Shares before they receive notice of the New Shares allocated to them do so at their own risk.

If the Company's application for Official Quotation of the New Shares on ASX is denied, or for any reason this Offer does not proceed, all Application Money will be refunded in full without interest.

### **8.10 How to apply**

Applications for New Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form as downloaded in its entirety from [www.bounty.com.au](http://www.bounty.com.au). Further instructions on how to complete the Application Form are set out on the Application Form.

The Offer Price is \$0.03 per New Share. Applications must be for a minimum of 66,667 New Shares (\$2,000) and in multiples of 16,667 New Shares (\$500) for amounts above the minimum.

Complete a paper copy of the Application Form (the Company does not accept Application Forms electronically) and send it, with payment of the Application Money in Australian currency, by the Closing Date to Novus Capital Limited's registered office:

<p><b>Bounty Mining Limited</b>  C/- Novus Capital Limited  Level 8, 330 Collins Street  Melbourne VIC 3000  Australia</p>
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Payments can be made by attaching a cheque or bank draft for the Application Money which is made out to 'Bounty Mining Limited' and crossed and marked 'Not Negotiable' to the Application Form.

Applications and Application Money must be received by 5.00pm on the Closing Date of 16 September 2014.

Applicants with questions on how to complete the Application Form, or who require additional copies of the Prospectus, can contact the Company Secretary, Eryl Baron, on +61 2 8965 0200 or visit the website [www.bounty.com.au](http://www.bounty.com.au) to download a copy of the Prospectus.

#### **8.11 Validity of Application Forms**

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Application Form received with this Prospectus, the Applicant represents and warrants that the Applicant has personally received a complete and unaltered copy of this Prospectus before completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Application Form has been altered or tampered with in any way.

A completed and lodged Application Form, or a payment made through direct deposit, constitutes a binding offer to acquire New Shares on the terms of this Prospectus and, to the extent permitted by law, cannot be withdrawn once lodged or paid. If the Application Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an application as valid and how to construe, amend or complete the Application Form is final.

#### **8.12 Effect of the Offer on the Company's capital structure**

The table below sets out the effect of the Offer on the Company's capital structure.

	<b>Minimum Subscription</b>	<b>Full Subscription</b>
<b>Amount to be raised under the Offer</b>	\$2,350,000	\$4,500,000
<b>Total number of Shares currently on issue</b>	698,050,849	698,050,849

<b>Total number of Convertible Notes currently on issue<sup>1</sup></b>	3,846,500	3,846,500
<b>Total number of New Shares to be issued under this Prospectus</b>	78,333,333	150,000,000
<b>Total number of Shares on issue following the Offer<sup>2</sup></b>	776,384,182	848,050,849
<b>Offer Price per New Share</b>	\$0.03	\$0.03
<b>Market capitalisation at the Offer Price<sup>2</sup></b>	\$23,291,525	\$25,441,525
<b>Percentage of Shares held by existing Shareholders following completion of the Offer (undiluted basis)<sup>2</sup></b>	89.91%	82.31%
<b>Percentage of Shares held by Shareholders who subscribed for New Shares under the Prospectus following completion of the Offer (undiluted basis)<sup>2</sup></b>	10.09%	17.69%
<b>Percentage of Shares held by existing Shareholders following completion of the Offer (fully diluted basis)<sup>3</sup></b>	89.47%	81.94%
<b>Percentage of Shares held by Shareholders who subscribed for New Shares under the Prospectus following completion of the Offer (fully diluted basis)<sup>3</sup></b>	10.04%	17.61%
<b>Percentage of Shares held by Shareholders who converted Convertible Notes into Shares following completion of the Offer (fully diluted basis)<sup>3</sup></b>	0.49%	0.45%

#### Notes

1. The terms of the Convertible Notes are summarised in section 9.2.
2. Assumes that no Convertible Notes have been converted into Shares on completion of the Offer.
3. Assumes that all Convertible Notes have been converted into Shares on completion of the Offer and does not take into account interest that has accrued on the face value of the Convertible Notes, which will increase the number of Shares into which the Convertible Notes are converted and further dilute the percentage of Shares held by existing and new Shareholders, although this does not materially affect the percentages in the table above.

#### 8.13 Options and convertible securities

At the date of this Prospectus, the Company does not have any options on issue. The Company has 3,846,500 Convertible Notes on issue, the terms of which are summarised in section 9.2.

### 8.14 Substantial holdings

At the date of this Prospectus, the following persons have a substantial holding in the Company within the meaning of the Corporations Act:

Name	Shares	Percentage of total issued Share capital as at the date of the Prospectus – undiluted basis <sup>1</sup>	Percentage of total issued Share capital following Completion of the Offer (Minimum Subscription) – undiluted basis <sup>1, 2</sup>	Percentage of total issued Share capital following Completion of the Offer (Full Subscription) – undiluted basis <sup>1, 2</sup>
VETL Pty Ltd as trustee for the Cochrane Treasury Trust, VETL Pty Ltd as trustee for the Moongunya Investment Trust and their associates (which includes the Company's Chairman and Chief Executive Officer, Gary Cochrane)	247,455,658	35.45%	31.87%	29.18%
Redland Plains Pty Ltd as trustee for the Majestic Investment Fund, Premier Logistics Services Pty Ltd and their associates	104,823,850	15.02%	13.50%	12.36%
HSBC Custody Nominees (Australia) Pty Ltd and its associates	35,425,952	5.07%	4.56%	4.18%

#### Notes

1. Assumes that no Convertible Notes have been converted into Shares on completion of the Offer.
2. Assumes that none of the substantial Shareholders will subscribe for New Shares under the Offer. Other than VETL Pty Ltd as trustee for the Cochrane Treasury Trust, VETL Pty Ltd as trustee for the Moongunya Investment Trust and their associates, who will be prohibited from participating in the Offer as noted in section 4.3, the Company has not received notice of whether any of the substantial Shareholders intend to subscribe for New Shares under the Offer. If any of the substantial Shareholders do subscribe for New Shares under the Offer, the percentage of issued capital in which such Shareholders and their associates have a relevant interest will increase from the amounts shown in the table above.

### 8.15 Official Quotation of Shares on ASX

The Company's Shares have been suspended from Official Quotation since August 2009 (see section 2.1 for further details). The Company's existing Shares will be reinstated to Official Quotation subject to the Company:

- demonstrating that the Company's business objectives satisfy the requirement in Listing Rule 12.1 that the level of the Company's operations are, in ASX's opinion, sufficient to warrant the Official Quotation of the Company's Shares and its continued listing;

- confirming that the New Shares have been issued and that the Company has despatched all CHESS or issuer sponsored shareholding statements (as applicable) and any refund money;
- demonstrating that the Company has a spread of at least 300 Shareholders with a parcel of Shares with a value of at least \$500 each (using the Offer Price of \$0.03 per Share to determine the value of a parcel);
- confirming that, after payment of the costs of the Offer, the Company will have a minimum of \$1,000,000 in cash, net of all liabilities (excluding the non-current financial liability of approximately \$2.8 million owing to VETL), on completion of the Offer;
- providing any outstanding periodic or annual reports, an updated pro-forma statement of financial position based on actual funds raised under the Offer, a list of the top 20 Shareholders, a statement outlining the Company's capital structure, a statement confirming that the Company is in compliance with the Listing Rules, particularly Listing Rule 3.1, and a distribution schedule of Shareholders of the Company for release to the market;
- providing an updated statement of commitments based on the actual funds raised under the Offer showing at least half of the cash on the Company's pro forma statement of financial position applied to specific commitments consistent with the Company's business objectives, for release to the market;
- lodging an Appendix 3B with ASX for the issue of the New Shares;
- paying any outstanding ASX fees;
- requesting reinstatement of the Company's CHESS sub-register; and
- providing any other information required or requested by ASX.

Bounty considers that the above conditions either have been satisfied or will be satisfied on completion of the Offer and provision of the relevant documents to ASX (provided that the Minimum Subscription is raised).

In addition, Bounty will apply for Official Quotation of the New Shares offered under this Prospectus within seven days after the date of this Prospectus by lodging an Appendix 3B with ASX. Official Quotation of the New Shares, if granted, commences as soon as practicable after the issue of initial shareholding statements to successful Applicants.

If the Minimum Subscription is raised under the Offer and the conditions to reinstatement of the existing Shares to Official Quotation are satisfied, it is expected that trading of the New Shares and existing Shares on ASX will commence on or about 25 September 2014.

If the New Shares are not admitted to Official Quotation, or the conditions to reinstatement of the existing Shares to Official Quotation are not satisfied, within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, the Company will not issue any New Shares under this Prospectus (or if any have been issued, the issues will be void) and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.

#### **8.16 CHESS**

In accordance with the conditions to reinstatement of its Shares to Official Quotation set out in section 8.15, the Company will request reinstatement of the Company's CHESS sub-register (CHESS approval was revoked after the Company entered into voluntary administration in August 2009).

The Company will also apply for the New Shares to participate in CHESS. Applicants who are issued New Shares under this Offer will receive shareholding statements in lieu of share certificates. They set out the number of New Shares issued to each successful Applicant.

The shareholding statement also provides details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

In future, Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements are given to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee for them.

### **8.17 Brokerage, commission and stamp duty**

No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.

### **8.18 Withdrawal**

The Company reserves the right to withdraw the Offer, at any time before the allotment of New Shares. If the Offer does not proceed, the Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.

### **8.19 Dividend policy**

As the Company is currently pursuing growth, the Directors do not anticipate that the Company will pay dividends in the immediate future.

The payment of future dividends by the Company depends upon the availability of distributable earnings, and the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant. The Directors give no assurances about the payment of dividends, the extent of payout ratios or the future level of franking of dividends.

### **8.20 Taxation considerations**

The taxation consequences of an investment in the Company depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

### **8.21 Foreign selling restrictions**

No action has been taken to register or qualify the New Shares or the Offer in any jurisdiction outside Australia, New Zealand, the People's Republic of China and Hong Kong, or otherwise to permit a public offering of the Shares outside Australia, New Zealand the People's Republic of China and Hong Kong .

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

Potential investors should refer to the relevant warning statements under 'Important Information' on page 2 of this Prospectus.

Each Applicant warrants and represents that:

- the Applicant is an Australian, New Zealand, the People's Republic of China or Hong Kong citizen or resident in Australia, New Zealand, the People's Republic of China or Hong Kong, is located in Australia, New Zealand, the People's Republic of China or Hong Kong at the time of the application and is not acting for the account or benefit of any person in the United States or any other foreign person; and
- the Applicant will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia, New Zealand, the People's Republic of China or Hong Kong, or to a United States person, except in transactions exempt from registration under the US *Securities Act 1933* as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

## 9 Additional information

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### 9.1 Rights and liabilities attaching to Shares

The following is a general description of the key rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights and liabilities attaching to the Shares are contained in the Corporations Act, Listing Rules and the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### General meeting and notices

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

#### Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed two proxies) and one vote per Share on a poll.

A person who holds a Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share.

Where there are two or more joint holders of a Share and more than one of them is present at a meeting and tenders a vote in respect of the Share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

#### Issues of further securities

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

#### Variation of rights

At present, the Company has on issue one class of shares only, namely Shares. Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

#### Transfer of Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.



The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within five business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of Shares when required by law, the Listing Rules or the ASX Settlement Operating Rules.

### **Partly paid shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

### **Dividends**

The Directors may from time to time determine dividends to be distributed to members in accordance with the Corporations Act.

Each Share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share (excluding any amount paid in advance of calls) bears to the total issue price of the Share.

### **Winding up**

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their Shares when the winding up begins.

### **Dividend reinvestment and Share plans**

The members of the Company, in general meeting, may authorise the Directors to implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid Shares in the Company) and any other Share plans (under which any member may elect to forego any dividends that may be payable on all or some of the Shares held by that member and to receive instead some other entitlement, including the issue of fully paid Shares).

### **Directors**

The Constitution states that the minimum number of Directors is three and the maximum number is 20.

### **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

### **Capitalisation of profits**

The Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of Shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

## Capital reduction

Subject to the Corporations Act and the Listing Rules, the Company may reduce its Share capital.

## 9.2 Terms of Convertible Notes

The table below summarises the terms of the Convertible Notes that the Company issued in August 2014 to sophisticated and professional investors.

Term	Summary
<b>Issuer</b>	Bounty Mining Limited.
<b>Purpose</b>	To fund ongoing working capital requirements during the Offer period.
<b>Issue price/face value</b>	\$0.026 per Convertible Note.
<b>Maturity Date</b>	15 months after the date of issue.
<b>Interest</b>	15% simple interest accrues on the face value of each Convertible Note plus any capitalised interest on a daily basis, with interest capitalised into the value of the Convertible Notes every six months from the date of issue. No coupon payments are payable under the terms of the Convertible Notes as interest is capitalised.
<b>Repayments</b>	The face value of the Convertible Notes, plus any accrued interest, is repayable on the Maturity Date or on the occurrence of an Event of Default (see below).
<b>Security</b>	The Convertible Notes are unsecured debt obligations of Bounty.
<b>Subordination</b>	The Convertible Notes are subordinated to the rights of senior lenders, including VETL.
<b>Conversion</b>	<p>Holders can elect to convert part or all of the face value of the Convertible Notes plus accrued interest into Shares at a deemed issue price of \$0.026 per Share on or before the Maturity Date, provided that the holder gives Bounty at least 10 days notice. In addition, the conversion notice must be provided at least 10 days before the Maturity Date.</p> <p>Bounty is under no obligation to provide ongoing notices of conversion to Convertible Note holders other than as required under the Listing Rules (if applicable).</p> <p>The Convertible Notes cannot be redeemed in cash prior to the Maturity Date by either the Company or the holder, except in the case of an Event of Default (see below).</p>
<b>ASX quotation</b>	The Convertible Notes will not be quoted on ASX, although Bounty will seek Official Quotation of all Shares issued on conversion of the Convertible Notes.
<b>Shareholder approval</b>	Bounty is required to seek any Shareholder approvals required for the issue of Shares on conversion of the Convertible Notes.
<b>Events of Default</b>	<p>It is an Event of Default if one of the following events occurs and is not remedied within 20 business days of the Company becoming notified in writing by the Convertible Note holder of the occurrence of the event:</p> <ul style="list-style-type: none"> <li>▪ the Company does not pay any amount payable under the terms of the Convertible Notes when it is due;</li> <li>▪ an application or order is made for the winding up of the Company or a subsidiary or for the appointment of a liquidator;</li> </ul>

Term	Summary
	<ul style="list-style-type: none"> <li>▪ the Company or a subsidiary passes a resolution for its winding up;</li> <li>▪ a receiver, controller (within the meaning of section 9 of the Corporations Act) or analogous person is appointed to take possession of all, or any part of the assets of the Company or a subsidiary;</li> <li>▪ the Company or a subsidiary becomes an externally-administered body corporate within the meaning of the Corporations Act. becomes subject to administration under part 5.3A of chapter 5 of the Corporations Act or is, or states that it is, or is deemed by applicable law to be, unable to pay its debts as and when they fall due;</li> <li>▪ the Company ceases to carry on business generally and no other body corporate assumes the business;</li> <li>▪ there is a Change of Control of the Company without the Convertible Note holder's prior written consent and that Change of Control has a materially adverse effect on the Company or its ability to discharge its obligations under the terms of the Convertible Notes. A 'Change of Control' means an event where: <ul style="list-style-type: none"> <li>- a person who Controls the Company at the date the Convertible Notes are issued subsequently stops having Control; or</li> <li>- a person who did not (directly or indirectly) effectively Control the Company at date the Convertible Notes are issued, either alone or together with others, acquires effective Control of the Company.</li> </ul> </li> </ul> <p>'Control' of a company by a person means:</p> <ul style="list-style-type: none"> <li>- the person determines the composition of the board of directors of the company or has the capacity to do so;</li> <li>- the board of directors of the company is accustomed to act in accordance with the instructions, directions or wishes of the person; or</li> <li>- the person holds or owns (alone or with its associates or related bodies corporate) the majority of the issued shares of the company, the majority of the issued shares of the ultimate holding company of the company or the majority of any securities or other rights granted by the company entitling holders to distributions based on the profits, earnings or net liquidation proceeds of the company; or</li> </ul> <ul style="list-style-type: none"> <li>▪ the Company does not perform or observe any material obligation (other than an obligation to pay an amount payable under the terms of the Convertible Notes or an obligation that is described above as an Event of Default) on its part contained in the terms of the Convertible Notes.</li> </ul> <p>If an Event of Default occurs a Convertible Note holder may by written notice to the Company require the Convertible Notes held by that person to be immediately repaid, and the Company must immediately repay the Convertible Notes plus the interest accrued on the Convertible Notes.</p>

### 9.3 Lead Manager and Corporate Adviser mandate

The Company has engaged Novus Capital Limited as the Lead Manager and Corporate Adviser for the Offer under a Mandate Letter.

As consideration for providing financial and corporate advisory services on a reasonable endeavours basis, the Company has paid the Lead Manager and Corporate Adviser one retainer payment of \$7,750 (plus GST), although two further retainer payments of \$7,750 (plus GST) are payable on completion of the Offer (provided that the Minimum Subscription is raised).

The Company will also pay the Lead Manager and Corporate Adviser a capital raising fee equal to 5% of any funds introduced by the Lead Manager and Corporate Adviser under the Offer, plus a management fee equal to 1% of the total funds raised under the Offer. In addition, the Company has agreed to pay the Lead Manager and Corporate Adviser a financial advisory/success fee of \$40,000 (plus GST) payable upon completion of the Offer and the New Shares and existing Shares being reinstated to Official Quotation on ASX.

The Company is also required to reimburse any reasonable out-of-pocket expenses that the Lead Manager and Corporate Adviser incurs in connection with the engagement under the Mandate Letter, subject to the Company's prior approval of any expenditure over \$1,000.

Under the Mandate Letter, if the Offer takes longer than anticipated or takes an unanticipated course that is advantageous to the Company and its stakeholders, the parties are required to negotiate a revised basis for remuneration in good faith.

The Lead Manager and Corporate Adviser is entitled to terminate the Mandate Letter at any time by issuing a notice of termination, upon which it will be entitled to be paid fees and expenses that have accrued to the date of termination. Bounty may also terminate the Mandate Letter by giving the Lead Manager and Corporate Adviser notice of termination subject to the payment of all outstanding and contingent fees and expenses.

Bounty has also provided a standard indemnity to the Lead Manager and Corporate Adviser and its associates in respect of all losses, claims and liabilities arising in connection with the engagement under the Mandate Letter.

### 9.4 Litigation

To the best of the Directors' knowledge and belief, no litigation is currently underway or threatened against the Company.

### 9.5 Exploration Development Incentive

On 13 May 2014, the Federal Government announced the introduction of the Exploration Development Incentive (**EDI**). The EDI will allow investors in early stage exploration entities to receive a credit for expenditure incurred by the exploration entity, and apply this directly against their personal taxable income.

While the relevant legislation is still being finalised, under the proposal Australian resident shareholders will receive a 'credit' for exploration expenditure incurred by eligible entities. The credit will be available on a dollar for dollar basis. The total credits available to all entities will be capped at \$25 million in 2014/15, \$35 million in 2015/16, and \$40 million in 2016/17, which will be the final year of the program.

Companies with no taxable income in an income year will be eligible to participate in the EDI for that year. Eligible entities will generate credits through exploration expenditure, which can then be distributed to shareholders for application against their assessable income. The distribution of credits to shareholders will be optional, with explorers able to otherwise carry forward losses.

The policy intent of the EDI is to encourage investment in small exploration companies, although companies participating in the EDI will be able to make an irrevocable choice whether to provide exploration credits to all shareholders or only to holders of shares issued after 30 June 2014.

The credit will be limited to 'greenfields' exploration expenditure, which is expenditure incurred on activities for the purposes of determining the existence, location, extent or quality of a new mineral resource in Australia.

While Bounty may be eligible to participate in the EDI, it has not yet decided whether to participate in the incentive or the quantum of any potential credit. However, if it does elect to participate and generates exploration credits, it would provide exploration credits to eligible Shareholders.

### 9.6 Consents and disclaimers of responsibilities

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Novus Capital Limited has given, and has not withdrawn, its written consent to be named as Lead Manager and Corporate Adviser to the Offer in the form and context in which it is named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as legal adviser to the Company in relation to the Offer in the form and context in which it is named.

Gould Ralph Pty Limited has given, and has not withdrawn, its written consent to be named as Investigating Accountant and auditor, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report in section 7 in the form and context in which it is included.

Computershare Investor Services Pty Ltd has given, and not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named.

Grant Thornton Corporate Finance Pty Ltd has given, and not withdrawn, its written consent for the incorporation by reference of its Independent Expert's Report into this Prospectus in accordance with section 712 of the Corporations Act in the form and context in which it is incorporated, and inclusion of the industry overview in section 2.7 in the form and context in which it is included.

Grant Thornton Corporate Finance Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than referred to above. Grant Thornton Corporate Finance Pty Ltd has not participated in any of the due diligence committee meetings and has not been involved in the drafting of the Prospectus.

Geos Mining has given, and not withdrawn, its written consent for the incorporation by reference of its valuation of the Wongai Coal Project dated 21 March 2014 into this Prospectus in accordance with section 712 of the Corporations Act in the form and context in which it is incorporated, and inclusion of the Geos Report as Annexure A to this Prospectus in the form and context in which it is included.

All States Auctions has given, and not withdrawn, its written consent for the incorporation by reference of its valuation of Bounty's mining equipment dated 10 April 2014 and its revised valuation of Bounty's mining equipment dated 11 July 2014 into this Prospectus in accordance with section 712 of the Corporations Act in the form and context in which it is incorporated.

**9.7 Interests of experts and advisers**

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest or has had any interest during the last two years, in the formation or promotion of Bounty, or in property acquired or proposed to be acquired by Bounty in connection with its formation or promotion, or the Offer of the Shares; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any of those persons in connection with the services provided by the person in connection with the formation or promotion of Bounty, or the Offer of the Shares.

Novus Capital Limited has acted as Lead Manager and Corporate Adviser to the Offer. Novus Capital Limited will be paid certain fees for these services, details of which are disclosed in section 9.3.

McCullough Robertson has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice on the Offer. McCullough Robertson will be paid an estimated fee of \$70,000 plus GST for these services. Further amounts may be paid to McCullough Robertson in accordance with their normal time-based charges.

Gould Ralph Pty Limited has acted as Investigating Accountant and auditor to the Company in relation to the Offer and has prepared the Investigating Accountant's Report in section 7, performed work on due diligence enquiries and provided audit services for the Company's financial report for the year ended 30 June 2014. Gould Ralph Pty Limited will be paid an estimated fee of \$10,000 plus GST for these services. Further amounts may be paid to Gould Ralph Pty Limited in accordance with their normal time-based charges.

Computershare Investor Services Pty Ltd has acted as Share Registry to the Company in relation to the Offer. Computershare Investor Services Pty Ltd will be paid an estimated fee of \$250 for these services. Further amounts may be paid to Computershare Investor Services Pty Ltd in accordance with their normal charges.

**9.8 Expenses of the Offer**

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, fees payable to the Lead Manager and Corporate Adviser, accounting fees, legal fees, share registry fees, printing costs and other miscellaneous expenses are estimated to be approximately \$270,851 if the Minimum Subscription is raised and approximately \$416,072 if the Full Subscription is raised.

**9.9 Electronic Prospectus**

This Prospectus is available in electronic form at [www.bounty.com.au](http://www.bounty.com.au). Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by Bounty free of charge during the period of the Offer.

Applications must be made by completing a paper copy of the Application Form. Bounty does not accept Application Forms electronically.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus before completing the Application Form.

Bounty will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While Bounty believes that it is unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, Bounty cannot give any absolute assurance that this will not occur. Any investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Bounty or a financial adviser.

#### **9.10 Privacy**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

#### **9.11 ASX waiver**

The Company has been granted a waiver from Listing Rule 14.7 to the extent necessary to allow the Company to issue the New Shares outside the period of three months following Shareholder approval on 6 June 2014. This has been granted on the condition that the New Shares are issued no later than 5 November 2014 and on the same conditions as approved by Shareholders at the general meeting held on 6 June 2014. The Company announced the terms of the waiver to the market on 11 August 2014.

#### **9.12 Section 708A(11) of the Corporations Act**

Subject to satisfaction of the relevant conditions, this Prospectus will also have the effect of removing any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities that are quoted securities of the body;
- either a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made, or a prospectus is

lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

- the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

**9.13 Authorisation**

This Prospectus is issued by the Company. Each of the Directors has given and has not withdrawn before the date of this Prospectus their consent to the issue of the Prospectus and to its lodgement with ASIC.

Dated 18 August 2014

A handwritten signature in black ink, appearing to read 'Gary Cochrane', written in a cursive style.

Gary Cochrane  
Chairman and Chief Executive Officer



## 10 Glossary

A number of capitalised terms are used throughout this Prospectus. Except to the extent the context otherwise requires:

<b>/t</b>	means per tonne.
<b>adb</b>	means air-dried basis.
<b>AEST</b>	means Australian Eastern Standard Time.
<b>Anglo American</b>	means Anglo American Metallurgical Coal Pty Ltd ACN 076 059 679.
<b>Applicant</b>	means an applicant for New Shares under this Prospectus.
<b>Application Form</b>	means the application form attached to this Prospectus.
<b>Application Money</b>	means the amount of money accompanying an Application Form submitted by an Applicant, being the Offer Price multiplied by the number of New Shares applied for.
<b>ar</b>	means as received.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>ASX Settlement</b>	means ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASX Settlement Operating Rules</b>	means the ASX Settlement Operating Rules, being the operating rules of the Settlement Facility for the purposes of the Corporations Act.
<b>Aust-Pac</b>	means Aust-Pac Capital Pty Ltd ACN 103 653 425 in its own capacity and in its capacity as trustee of the Wongai Unit Trust.
<b>BCR</b>	means Baron Corporate Response Pty Ltd ACN 135 704 380.
<b>Board</b>	means the board of Directors of the Company.
<b>Bounty Mining Investments</b>	means Bounty Mining Investments Pty Ltd ACN 165 575 815.
<b>Bounty Operations</b>	means Bounty Operations Pty Ltd ACN 103 192 838.
<b>Chairman</b>	means the chairman of the Company, Mr Gary Cochrane.
<b>CHESS</b>	means Clearing House Electronic Sub-register System, operated by ASX Settlement.
<b>Closing Date</b>	means the date on which the Offer closes, being 16 September 2014, or another date nominated by the Company in consultation with the Lead Manager and Corporate Adviser.
<b>Company or Bounty</b>	means Bounty Mining Ltd ACN 107 411 067.
<b>Constitution</b>	means the constitution of the Company as amended from time to time.
<b>Convertible Notes</b>	means the convertible notes issued by the Company, the terms of which are summarised in section 9.2.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>CSN</b>	means crucible swell number, a coal quality reference.
<b>CSR</b>	means coke strength after reaction, a coal quality reference.

<b>CYRP</b>	means the Draft Cape York Regional Plan prepared by the Queensland Department of State Development, Infrastructure and Planning and released in November 2013.
<b>Deed of Company Arrangement or DOCA</b>	means the deed of company arrangement the Company entered into with its creditors on 11 September 2009.
<b>Deed of Cross Security</b>	means the deed of cross security between Aust-Pac, Bounty Mining Investments and Bounty Operations dated 13 September 2013, the key terms of which are summarised in section 3.8.
<b>Directors</b>	means the directors of the Company.
<b>EDI</b>	means the Exploration Development Incentive announced by the Federal Government on 13 May 2014.
<b>Environmental Impact Statement or EIS</b>	means an environmental statement defining all environmental impacts from the mining, processing, transport, barging and transshipping operations and including all remedial actions required to mitigate and rehabilitate the area during and after mining to the satisfaction of the relevant government authorities.
<b>EPC</b>	means an exploration permit for coal issued under the Mineral Resources Act.
<b>Exploration Target</b>	has the meaning given to that term in the JORC Code.
<b>Facility Assignment</b>	means the assignment of the Westpac Facility and associated charges over the assets of the Company and its subsidiaries to VETL in September 2009.
<b>Farm-In Agreement</b>	means the farm-in agreement between Aust-Pac and Bounty Mining Investments dated 13 September 2013, the key terms of which are summarised in section 3.8.
<b>Full Subscription</b>	means the amount to be raised under this Offer if it is fully subscribed, being \$4,500,000, by way of the issue of 150,000,000 New Shares at \$0.03 per New Share.
<b>FY</b>	means financial year.
<b>Geos Mining</b>	means GJN Enterprises Pty Ltd ACN 076 664 572 trading as Geos Mining.
<b>Geos Report</b>	means the updated JORC Code report prepared by Geos Mining dated 26 February 2014 as contained in Annexure A to this Prospectus.
<b>HCC</b>	means hard coking coal.
<b>HIN</b>	means a holder identification number.
<b>IAS</b>	means an initial advice statement prepared for the purposes the relevant State and Federal environmental legislation.
<b>Independent Expert's Report</b>	means the Independent Expert's Report dated 28 April 2014 prepared by Grant Thornton Corporate Finance Pty Ltd in connection with providing an opinion on the fairness and reasonableness of the assignment of the charges over the assets of the Company and its subsidiaries from Westpac to VETL in September 2009 and conversion of \$5 million of the VETL Loan into 166,666,667 Shares.
<b>Indicated Mineral Resource or Indicated</b>	has the meaning given to that term in the JORC Code.
<b>Indigenous Land Use</b>	means the Bathurst Heads (Wongai) Mine Indigenous Land Use

<b>Agreement or ILUA</b>	Agreement between Aust-Pac, the Traditional Owners, the Kalpowar Aboriginal Land Trust, the Kalpowar People and the Kalpowar Land Act Reserves Limited executed on 23 November 2011, the key terms of which are summarised in section 3.8.
<b>Inferred Mineral Resource or Inferred</b>	has the meaning given to that term in the JORC Code.
<b>Investigating Accountant</b>	means Gould Ralph Pty Limited ACN 091 560 913.
<b>Joint Venture</b>	means the Wongai Coal Joint Venture as established under the Joint Venture Agreement.
<b>Joint Venture Agreement</b>	means the joint venture agreement between Aust-Pac and Bounty Mining Investments dated 13 September 2013, the key terms of which are summarised in section 3.8.
<b>Joint Venture Assets</b>	means all assets of the Joint Venture including the Tenements, coal produced by the Wongai Coal Project, all relevant facilities, infrastructure, land, information, data and records, fixtures, machinery and equipment and all minerals derived from the Wongai Coal Project.
<b>JORC Code</b>	means the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, 2012 edition.
<b>KPIs</b>	means key performance indicators.
<b>Kalpowar People</b>	means the Kalpowar People on whose behalf the ILUA was filed in the Federal Court.
<b>Lead Manager and Corporate Adviser</b>	means Novus Capital Limited ACN 006 711 995.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Management Agreement</b>	means the management agreement between Aust-Pac, Bounty Mining Investments and Bounty Operations dated 13 September 2013, the key terms of which are summarised in section 3.8.
<b>Mandate Letter</b>	means the mandate letter between the Company and Novus Capital Limited dated 9 May 2014.
<b>Measured Mineral Resource or Measured</b>	has the meaning given to that term in the JORC Code.
<b>Mineral Resource</b>	means a coal occurrence in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories, as defined in the JORC Code.
<b>Mineral Resources Act</b>	means the <i>Mineral Resources Act 1989</i> (Qld).
<b>Minimum Subscription</b>	means the minimum amount to be raised under this Offer, being \$2,350,000, by way of the issue of 78,333,333 New Shares at \$0.03 per New Share.
<b>MRRT</b>	means Minerals Resource Rent Tax.
<b>Mt</b>	means million tonnes.
<b>New Shares</b>	means the Shares offered under this Prospectus.

<b>Offer Price</b>	means \$0.03 per New Share.
<b>Official List</b>	means the official list of ASX listed companies as maintained by ASX.
<b>Official Quotation</b>	means official quotation by ASX.
<b>Opening Date</b>	means the date on which the Offer opens, being 26 August 2014, or another date nominated by the Company in consultation with the Lead Manager and Corporate Adviser.
<b>Ore Reserve</b>	has the meaning given to that term in the JORC Code.
<b>PCI</b>	means pulverised coal injection.
<b>Phase 1 Interest</b>	means a 5% interest in the Joint Venture Assets and the right to appoint the manager (and operator) of the Wongai Coal Project for the life of the Wongai Coal Project.
<b>Phase 2 Interest</b>	<p>a further 15% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone of the Phase 2 Works as follows:</p> <ul style="list-style-type: none"> <li>▪ on completion of the pre-feasibility study – 5%;</li> <li>▪ on completion of the drilling of additional cored holes, including approximately eight cored holes for coal quality testing to further prove up the best location to build portals and commence mining and increase Indicated Mineral Resources in addition to an initial background post wet season marine survey – 5%; and</li> <li>▪ on completion of preliminary engineering design for mine and infrastructure – 5%.</li> </ul>
<b>Phase 3 Interest</b>	<p>means a further 20% interest in the Joint Venture Assets earned progressively upon completion of each relevant milestone of the Phase 3 Works as follows:</p> <ul style="list-style-type: none"> <li>▪ on completion of the drilling of additional cored holes, including at least three large diameter cores for coal quality testing, to further prove up the best location to build portals and commence mining, and increase Indicated Mineral Resources – 7.5%;</li> <li>▪ on completion of the Environmental Impact Statement – 5%; and</li> <li>▪ on completion of the bankable feasibility study – 7.5%.</li> </ul>
<b>Phase 1 Works</b>	<p>means completion of (to the satisfaction of Bounty Mining Investments):</p> <ul style="list-style-type: none"> <li>▪ target drilling of up to eight holes; and</li> <li>▪ a desktop scoping study for the underground mine.</li> </ul>
<b>Phase 2 Works</b>	<p>means completion of (to the satisfaction of Bounty Mining Investments):</p> <ul style="list-style-type: none"> <li>▪ preparation of a pre-feasibility study;</li> <li>▪ the drilling of additional cored holes, including approximately eight cored holes for coal quality testing to further prove up the best location to build portals and commence mining and increase Indicated Mineral Resources in addition to an initial background post wet season marine survey; and</li> <li>▪ preliminary engineering design for mine and infrastructure.</li> </ul>

<b>Phase 3 Works</b>	means completion of the following to the satisfaction of Bounty Mining Investments: <ul style="list-style-type: none"> <li>▪ further drilling of cored holes, including at least three large diameter cores;</li> <li>▪ Environmental Impact Statement; and</li> <li>▪ bankable feasibility study.</li> </ul>
<b>Pool Fund Deed</b>	means the pool fund deed the Company entered into with its creditors on 11 September 2009 which governed the distribution of the pool of the Company's funds in accordance with the terms of the Deed of Company Arrangement.
<b>Prospectus</b>	means this prospectus dated 18 August 2014 as modified or varied by any supplementary prospectus issued by the Company and lodged with ASIC.
<b>RMI</b>	means Resource Management International Pty Ltd ACN 101 271 005.
<b>SRN</b>	means a securityholder reference number.
<b>Settlement Facility</b>	has the meaning specified in the ASX Settlement Operating Rules.
<b>Shareholders</b>	means holders of Shares.
<b>Share Registry</b>	means Computershare Investor Services Pty Ltd ACN 078 279 277.
<b>Shares</b>	mean fully paid ordinary shares in the Company.
<b>Tenements</b>	means EPC 2334 and EPC 2687.
<b>Traditional Owners</b>	means the Aba Dhalpirrjawarra People, the Aba Yeerrkoya People, the Bagaarmuguwarra People and the Muundhiwarra People.
<b>UNESCO</b>	means the United Nations Educational, Scientific and Cultural Organisation.
<b>VETL</b>	means VETL Pty Ltd ACN 094 451 439 as trustee for the Cochrane Treasury Trust.
<b>VETL Loan</b>	means the debt facility provided to the Company by VETL as described in section 4.4.
<b>Westpac</b>	means Westpac Banking Corporation Limited ACN 007 457 141.
<b>Wongai Coal Project</b>	means the early-stage exploration coking coal project located in the Laura Basin of Queensland which is based on the Tenements and pursued by the Joint Venture.
<b>Wongai Coal Project Agreements</b>	means the Farm-In Agreement, Joint Venture Agreement, Management Agreement and Deed of Cross Security.

## 11 Corporate directory

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### Directors

Gary Cochrane (Chairman)  
Julie Garland McLellan  
Robert Stewart

### Company Secretary

Eryl Baron

### Investigating Accountant and Auditor

Gould Ralph Assurance  
Chartered Accountants  
Level 42, Suncorp Place  
259 George Street  
SYDNEY NSW 2000  
Telephone: +61 2 9032 3000  
Facsimile: +61 2 9032 3088  
Website: [www.gouldralph.com.au](http://www.gouldralph.com.au)

### Lead Manager and Corporate Adviser

Novus Capital Limited  
Level 8, 330 Collins Street  
MELBOURNE VIC 3000  
Telephone: +61 3 8602 1713  
Facsimile: +61 3 8602 1777  
Website: [www.novuscapital.com.au](http://www.novuscapital.com.au)

### Registered Office

Suite 1002, Level 10  
60 Pitt Street  
SYDNEY NSW 2000  
Telephone: +61 2 8965 0200  
Facsimile: +61 2 8965 0214  
Website: [www.bounty.com.au](http://www.bounty.com.au)

### Legal Adviser to the Offer

McCullough Robertson  
Level 16, 55 Hunter Street  
SYDNEY NSW 2000  
Telephone: +61 2 9270 8600  
Facsimile: +61 2 9270 8699  
Website: [www.mccullough.com.au](http://www.mccullough.com.au)

### Share Registry

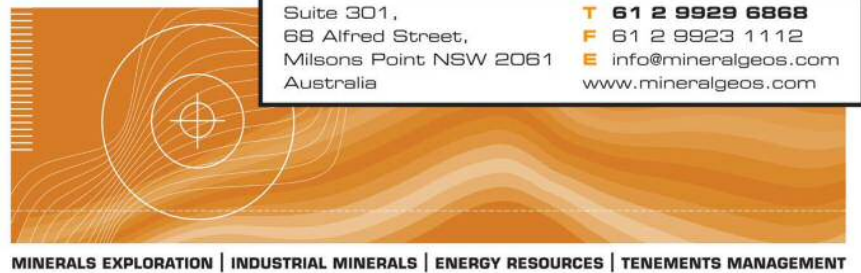
Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
ABBOTSFORD VIC 3067  
Telephone: 1300 555 159  
Website: [www.computershare.com/au/](http://www.computershare.com/au/)

ASX code: BNT

# Annexure A

Geos Report

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## Revised Resource Estimate, Wongai Project

26<sup>th</sup> February 2014.

Following assessment of 2013 drilling results from the Wongai coking coal project, the total resource now stands at 77.5Mt, of which 6Mt is Indicated and 71.5Mt is Inferred<sup>1</sup>, classified in accordance with JORC2012.

The resources lie within EPC2334, a tenement subject to a farm-in agreement with Aust-Pac Capital Pty Ltd under which Bounty may acquire up to a 51% interest in the Wongai Project. This project, in the Mesozoic Laura Basin of far north Queensland, is to test and potentially develop a shallow underground mining project.

Coal resources at Wongai are contained within the Bathurst seam in two areas as shown in Figure 1. These include:

- The Birthday Plains deposit comprising 21.5 Mt, of which 15.5 Mt is Inferred and 6 Mt is Indicated, based on the results of a 2013 drilling programme; and
- The Airstrip deposit comprising 56.2 Mt of Inferred coal, estimated after a reassessment of an earlier estimate<sup>2</sup>.

The resources summarised in Table 1 are for a potential working section, after application of minimum underground mining criteria as discussed below. The coal is low volatile bituminous, with expected raw coal quality ranges as summarised in Table 1.

Preliminary washability tests on HQ core samples (float sink testing) indicate that a high quality coking coal product can be produced, with high swell (CSN), ash less than 10% (ad) and total sulphur about 1.0% (ad). Expected product quality is given in Table 2.

Confidence in the sampling procedures, data spacing and available data resulted in classification of coal resources as Indicated or Inferred, according to the Joint Ore Reserves Committee 2012 code and guidelines (JORC).

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*NB The information in this announcement that relates to Exploration Targets and Resources is based on information collated by Mr Andrew Todd, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Todd is an employee of Geos Mining Mineral Consultants and is a consultant to Bounty Mining Limited. Mr Todd has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Todd consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

<sup>2</sup> See ASX announcement 'Wongai Coal Project' released to the market on 26 September 2013.



An exploration target of 20 – 30Mt, with quality parameters expected to be in the same range as tabulated below for the resources, has also been identified around the Airstrip deposit, and to the northwest of the Airstrip Deposit in the previously identified Alkaline Hill deposit area (Figure 1). The exploration target is based on information from the historic drilling, as compiled by Salva Resources (Pass, 2011) and McElroy Brien (Whitby, et al., 1996), with drill locations and spacings shown on Figure 1. The target tonnage has been derived using isopachs based on drilling. Available data for the holes within the exploration targets are listed in Appendix 2; these holes were not accepted by Salva as valid points of observation due to queries regarding reliability or lack of analytical results, but provide indications of the potential in the target areas. *The potential coal quantity and quality of the exploration target is currently conceptual in nature, and there has been insufficient exploration to estimate a Coal Resource. It is uncertain if further exploration will result in the estimation of a Coal Resource in these areas.*

Further drilling is planned during the 2014 dry season to test the exploration targets and upgrade the Wongai resources.

**Table 1 Resource summary**

Resource Status	Deposit	Area (m2)	Average thickness	Ash% (ad)	RD (ad)	RD (insitu)	CSN range	Million Tonnes
IND	Birthday Plains	2,300,000	1.8	19.2	1.46	1.40	8 - 9	6.0
INF	Birthday Plains	6,690,000	1.6	22.3	1.49	1.43	5 - 9	15.5
INF	Airstrip	29,850,000	1.5	6.6	1.32	1.28	8	56
INF	Total	36,540,000	1.5	9.48	1.41	1.36		71.5
ALL	Total	38,840,000	1.5	10.1	1.41	1.36		77.5

Figures are of potential working section, with expected raw coal qualities

**Table 2 – Raw coal qualities**

Resource Area	Total Moisture % (ar)	Inherent Moisture % (adb)	Raw Ash % (adb)	T S % (adb)	V M % (adb)	FC % (adb)	CSN
Birthday Plains	9.9	0.9	20.1	1.36	18.6	59.3	7-9
Airstrip	8	0.5	6.6	1.28	18.5	74.7	8

## Geology

The Bathurst seam is gently folded within a south plunging anticline. The Bathurst seam dips up to 5 degrees within the resource areas, as interpreted from drill data modelling. Drilling also indicates a number of generally north-south trending faults passing through the resource areas, with throws

expected to be 5-15m. Depths to the Bathurst seam range from less than 100m within the Birthday Plains to a maximum of approximately 400m in the southeast of the Airstrip deposit.

The target Bathurst seam is generally less than 2m thick, and includes a parting(s) up to 0.4m thick throughout most of the Birthday Plains area.

### **Drilling and Sampling**

Drillholes used in the resource estimation are shown on Figure 1, and include historic drilling (both core and chip holes) and 2013 core drilling. All holes used as points of observation were geophysically logged. Samples were taken of plies or whole seams, and analysed by reputable laboratories. In 2013 whole core was sampled for quality testwork. 2013 samples were analysed for the standard proximate suite of analyses, including total moisture and CSN, using Australian Standard techniques. Some historic holes had more limited analyses, on the float fraction only, while others had a complete suite of analyses, including a variety of coking quality parameters. Washability data (float sink test results) are available for many of the holes.

### **Potential Product Quality**

In both the Birthday Plains and Airstrip deposits, the Bathurst seam coal can be washed to produce a coking product. In the Birthday Plains deposit, the average yield at cumulative F1.60 RD ranges from 78-90% for an ash product of around 9-10%. The yield will be reduced by inclusion of in-seam partings within the working section where they occur. Washed product CSN is typically 8 – 9, and total sulphur is typically 0.9% (ad). Maximum Fluidities within the Birthday Plains deposit range from 150 to 825 ddpm. The washed product typically has a Gray-King classification ranging from G8-G10 within the central area.

The low ash and high CSN in the Airstrip deposit indicates that, providing the coal can be extracted without dilution, a significant proportion of this may be marketable untreated as 'run of mine' product.

### **Resource estimation criteria**

After discussions with Bounty Mining Limited, Geos Mining consider it more likely than not that exploitation could occur by thin seam bord and pillar underground mining (Place Change methodology). A preliminary concept study indicates potentially favourable economics, using a medium to long term hard coking coal price of US\$160 and an exchange rate of A\$1=US\$0.85, in line with many current forecasts. Further exploration and mining feasibility assessment is planned over the next two years. The coal would be washed and shipped from a barge ramp, which could be located on the coast some 16 km north of the proposed plant site.

The Place Change mining methodology envisaged normally has a minimum working section of 1.4m, while peripheral areas out to 1.2m may be selectively mineable assuming 0.2m of roof or floor dilution is economic. The following mining criteria were applied to define resource boundaries:

- A full seam working section is required to be taken everywhere, including any partings;

- An outer resource limit defined by either the 1.2m working section isopach, or the 30% parting thickness isoline, whichever is the more limiting.

We have noted that there are environmentally sensitive areas adjacent to the resource areas, including national parks, habitat areas, and areas of cultural value. However the resources are on freehold land owned by aboriginal interests, and we consider underground resource exploitation is feasible without significant environmental or cultural value impacts.

## Estimation methods

### *Birthday Plains deposit:*

This area has been modelled by Geos Mining using the Micromine Stratigraphic Modelling package. Historic drill data was validated and correlated with the 2013 drill results to produce a robust structural model. The coal quality assessment has been constrained by poor core recovery within the friable Bathurst Seam, so only global qualities can be estimated.

Air dried relative densities estimated from laboratory measurements of ash and RD have been corrected to an in situ relative density using the Preston Sanders method, and default air dried and in-situ moisture values of 0.8% and 10% respectively.

For the Indicated Resource, extrapolation was limited to a 350m zone of influence around the outside of clustered points of observation, with up to 500m interpolation zone of influence between points within a cluster.

Inferred resources at both Birthday Plains and Airstrip were limited to a maximum distance of 1.9 km from a drillhole accepted as being a valid point of observation.

### *Airstrip deposit:*

A previous assessment of the Wongai project EPC2334 undertaken by Salva Resources in 2011 (Pass, 2011) involved a review of historic drill data compiled by McElroy Bryan (Whitby, et al., 1996) and modelling of the Bathurst seam. Salva defined an inferred resource area, compliant with the JORC 2004 code, centred on 6 boreholes located in the Airstrip deposit. Salva's seam isopachs indicate that this resource included coal down to a minimum thickness of 0.8m.

To upgrade this resource to be compliant with the JORC 2012 code, the Salva resource area has been cropped to comply with a minimum mining seam thickness of 1.2m. In situ relative densities were estimated using the Preston Sanders method, based on the raw qualities reported by Salva. A full evaluation of all drilling in the Airstrip deposit, in the light of the new knowledge gained from the 2013 drilling and modelling at Birthday Plains, may cause a revision of this resource, and could also refine some of the target areas shown in Figure 1.

Appendix 1 provides technical details of the drilling and sampling, resource and the estimation methods used.

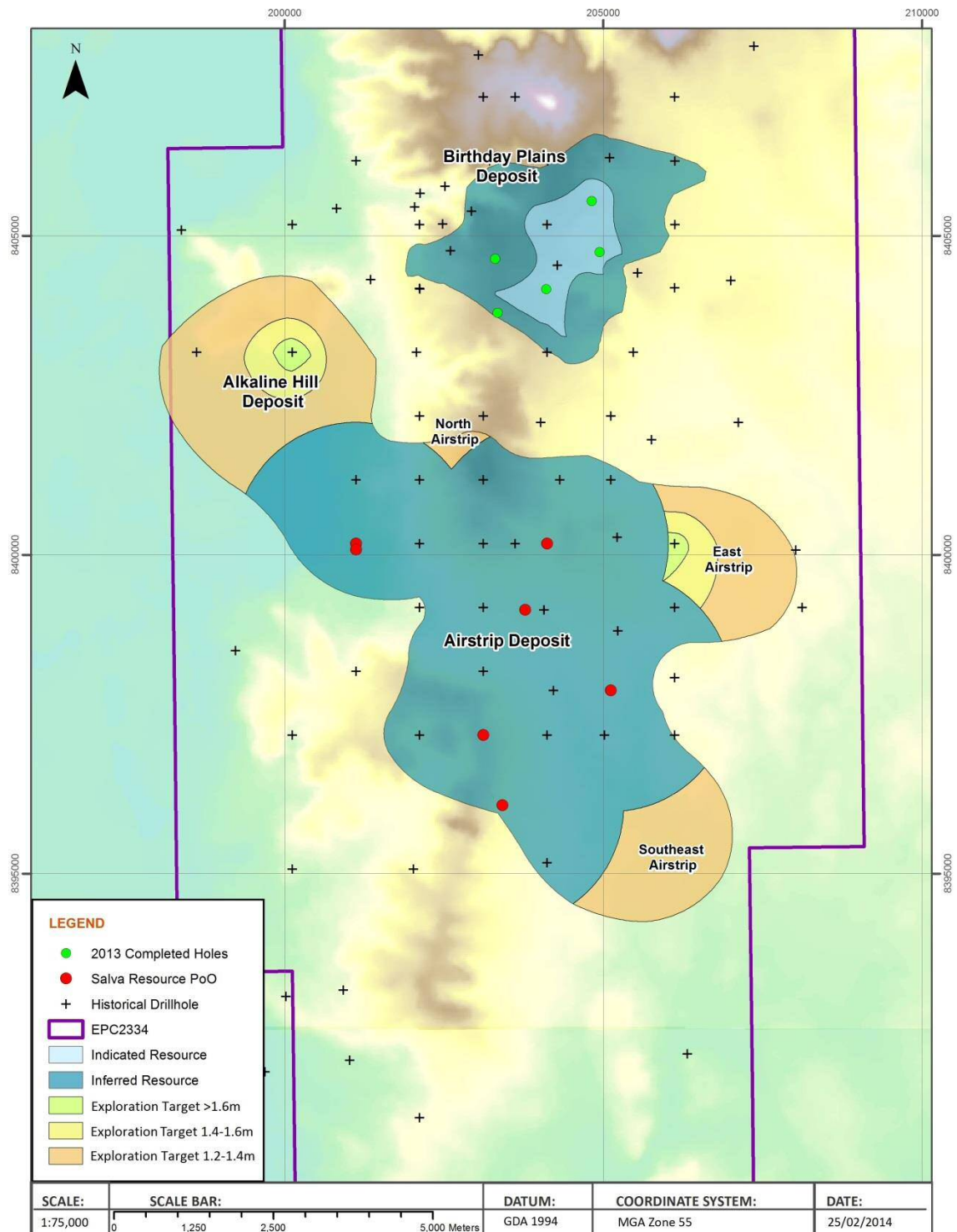
## **Bibliography**

Pass, P., 2011. *Wongai Project, EPCA2334; Resource Estimate and Geology Report*, s.l.: s.n.

Whitby, K., Dyson, R. & Straub, K., 1996. *Geological Report EPC 463, Bathurst Range*, s.l.: s.n.

# Resource Areas

2568-01 Wongai



## Appendix 1 Checklist of Assessment and Reporting Criteria (The JORC Code, 2012 Edition)

The following summary of resource assessment and supporting information has been compiled from existing and new information for the area of interest shown in Figure 1.

### Section 1: Sampling Techniques & Data

#### Sampling Techniques

- All 2013 holes were geophysically logged by Mitchell Energy Services, with a full suite of logs including caliper, gamma, density, resistivity, sonic, televiewer and verticality;
- Geophysical log calibration was observed at the start of the 2013 drilling programme;
- The measures taken to calibrate logging sondes in early programmes are unknown, and hence, Geos Mining cannot confirm that they were conducted to sufficient standards. The logs have been accepted as being fit for purpose.
- The 1995/1996 drilling programmes used a similar suite, and re-logged a selection of earlier holes. Previous holes that were not redrilled in 1995 have low resolution density and gamma logs only, with no log parameter or calibration data;
- All holes used as Points of Observation for resource tonnage estimation were geophysically logged. Geos Mining assessed the T series low resolution geophysical logs and considers that these can be used to determine seam thickness and depth for modelling;
- 2013 holes were all HQ wireline cored (61mm) within at least the coal bearing sequence, although W002 was abandoned before reaching the Bathurst seam, due to difficult ground conditions;
- Openhole sections of the 2013 holes were sampled from chips sorted into 1m intervals;
- Openhole sections of previous drill holes were sampled at 1m or 2m intervals;
- 14 of the 34 previous holes drilled in the current area of interest were drilled openhole through the Bathurst seam and reliable samples were not collected;
- 3 of the 34 previously drilled holes did not intersect the Bathurst seam, which was absent or faulted out;
- Previous partially cored holes employed HQ coring methods within at least the coal bearing sequence. Two holes were PQ cored;
- For 2013 drill holes, coal seams greater than 0.3m were sampled with sub-samples selected to represent intervals of similar coal or non-coal lithology. Thinner coal intervals were also sampled if considered to be part of an adjacent coal seam following defined criteria. Non-coal roof, parting and floor samples were also taken;
- Sampling criteria for previous drilling programmes was variable, but generally followed a "...whole of seam approach, due to the thin seams". In many instances only one or two samples were collected for a seam intersection. Geos Mining considers that this does not materially impact on the assessment of mining section quality for the resource assessment;
- Samples of roof and floor lithologies were taken in the 2013 and 1995 programmes for geotechnical assessment.

#### Drilling Techniques

- The 2013 programme used rotary openhole and diamond wireline coring using polymer mud circulation;
- Similar techniques were used in previous drilling programmes;
- All 2013 drill holes were planned to be drilled vertically, and verticality measurements showed average hole deviation was to be within 2° of vertical;
- Hole deviation data is not available for previous drilling, but near verticality is assumed;
- The 2013 cores were not oriented, and it is assumed that previous coring was also not oriented. This does not materially impact on the resource assessment..

#### Logging

- All 2013 holes were logged and photographed by professional geologists on site by Geos Mining, and drill logs were later corrected against the geophysical density logs;
- The drill log depths for significant coal seam intersections in all previous drill logs were also adjusted based on the available geophysical logs;
- All previous holes were geologically logged, but not geotechnically logged;
- No core photography exists for previous drill holes. Geos Mining consider the absence of core photos for previous drill holes will not have a material impact upon the resource assessment;

	<ul style="list-style-type: none"> <li>Digital images or pdf copies of previous logs were checked, and in the opinion of Geos Mining found to be appropriately detailed and prepared by a qualified geologist. Many logs of the early logs were very detailed;</li> <li>Salva Resources digital compilations of coal seam intervals and depths of major lithological change were validated by Geos Mining against the original logs, and compiled into an SQL linked Access database. Additional lithological detail was added to the database from the original logs for Bathurst seam roof and floor intervals;</li> <li>Geos Mining conclude that previous drill holes have been logged to a level of detail to support appropriate Mineral Resource estimation and a mining prefeasibility study.</li> </ul>
<b>Drill Sample Recovery</b>	<ul style="list-style-type: none"> <li>There is a history of poor core recovery within coal seam intervals within the investigation area, due largely to the typically friable and intensely cleated nature of coals in the area;</li> <li>2013 drill logs were corrected against geophysical logs, and core loss intervals were determined based on core length retained. Seam sampling recovery % was calculated on a linear basis, and checked against sample mass. Seam recoveries range from 13 – 73%;</li> <li>7 of the 15 previous holes that cored the Bathurst seam in the northern area had seam recovery greater than 95%. However only 2 of these were drilled in the vicinity of the Bathurst seam resource area, and were useful for defining resource quality;</li> <li>Sample recovery within coal intervals was checked for all relevant previous holes, against the original logs and laboratory reports, and seam sampling recovery was calculated on a linear basis. Sample masses were not always available;</li> <li>There is insufficient coal seam recovery to warrant modelling coal quality parameters within the Bathurst seam resource area, but a geostatistical analysis of the available data has been undertaken;</li> <li>The 2013 geophysical log data (short spaced density) indicated continuation of low density into intervals of core loss, indicating similar ash content. Regression analysis showed a good correlation (<math>R^2 &gt; 0.90</math>) between measured short spaced density and raw ash for the two 2013 holes with reasonable seam recovery. The regression equations are being used to predict low, medium and high raw ash categories within core loss intervals, for use in assessing coal resource quality;</li> <li>Geophysical log digital LAS files were not available for the previously drilled holes.</li> </ul>
<b>Sub-sampling techniques &amp; sample preparation</b>	<ul style="list-style-type: none"> <li>Field sampling in the 2013 drilling programme involved taking 100% of core for the selected sampling intervals;</li> <li>Field core sub-sampling methods are not known for previous investigations, and it likely that 100% of the core was sampled.</li> <li>Sample preparation and analysis for the 2013 programme was undertaken by ALS, Brisbane, who are a NATA registered lab and used fit for purpose Australian Standard methodologies.</li> <li>Sample analysis for previous investigations was undertaken by ACIRL, Emerald in 1995/1996, Casco/UDC Research Lab in 1982/1983 and ACIRL/UDC Research Lab in 1978 – 1981;</li> <li>Methods of sub-sampling and sample preparation used in these programmes appear to be standard for the time. The consistency of the results compared to recent analyses would suggest the methods used are acceptable and appropriate for the purpose of an interim coal quality assessment;</li> <li>Mainly washability analyses were undertaken without raw coal analysis;</li> <li>Field duplicates were not taken in the 2013 programme, but Geos Mining considers this not to material for the resources assessment;</li> <li>Sample sizes (61mm diameter core) are appropriate to the assessment of in-ground coal quality.</li> </ul>
<b>Quality of assay data &amp; laboratory tests</b>	<ul style="list-style-type: none"> <li>Coal analysis procedures used by ALS, Brisbane are considered appropriate to the current assessment of coal resource quality;</li> <li>The type of analysis data available for previous holes was variable, with some early holes having only washability data and no raw coal analysis. The analysis suite was also limited to float ash and swell only in many cases, with no complete proximate analysis or Total Moisture measurement. Raw ash for these samples was estimated from cumulative ash at 100% yield. The accuracy of this information is limited, but considered useful in establishing broad trends in raw ash.</li> <li>The absence of measured raw quality data at some holes does not materially impact the current resource assessment, but further work is recommended;</li> <li>Geophysical logging parameters and calibration constants were available and checked for all 2013 holes, and for holes redrilled and logged during the 1995 programme. This data is not available for earlier geophysical logs, which are noted as being useful but with lower resolution</li> </ul>
<b>Verification of sampling &amp; assaying</b>	<ul style="list-style-type: none"> <li>Results from the 2013 drilling programme are generally in accordance with the geological trends and analysis results identified in previous drilling;</li> </ul>

	<ul style="list-style-type: none"> <li>9 of the 34 previous drill holes were reamed out and relogged in the 1995 drilling programme, providing a verified dataset. Some other twinned holes also exist;</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>All coordinates are supplied in GDA 1994, MGA Zone 55 and collar elevations are in AHD.</li> <li>2013 holes were surveyed by qualified surveyors from Control Points set up by GPS Static Survey (Class C vertical and Class B horizontal). Bore locations and collar elevations were established by a combination of RTK and fast static survey.</li> <li>13 of the 34 previously drilled holes were resurveyed in 2013, using the same methodology. Significant coordinate and collar elevation differences were found for 8 and 12 respectively;</li> <li>The current topography DTM surface is sourced from Geoscience Australia in the form of 1 second STRM v1.0 DTM data. Significant inaccuracies are observed by comparison with survey spot heights, however this has no material impact on assessment of the resource, which is an underground mining prospect.</li> </ul>
<b>Data spacing &amp; distribution</b>	<ul style="list-style-type: none"> <li>As shown on plan provided;</li> <li>The spacing of drill holes used in the current assessment ranges from 800 – 1000m in the central resource area, increasing typically to 600 – 1200m around the periphery;</li> <li>The data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation procedures and classifications applied;</li> <li>Sample compositing has been used to estimate mining section quality in most cases.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Industry standard vertical drilling has been used in all holes to sample the coal seams, which are flat lying to gently dipping in an anticlinal structure. Although significant faulting is thought to exist on the limbs of the anticline, there is no evidence from drilling of fault related thickening of the coal intersections sampled, or any other evidence of sampling bias being introduced due to structural discontinuity.</li> </ul>
<b>Sample security &amp; audits</b>	<ul style="list-style-type: none"> <li>All 2013 samples were despatched by courier to a reputable laboratory.</li> <li>Sample security measures taken in previous programmes are unknown but assay result validation indicates consistency with the recent results.</li> </ul>

## Section 2: Reporting of Exploration Results

<b>Mineral tenement &amp; land tenure status</b>	<ul style="list-style-type: none"> <li>EPC 2334 (expiry 13/12/2016) is held by Aust-Pac Capital Pty Ltd, as Trustee for the Wongai Unit Trust. The associated land is owned by the Kalpower Aboriginal Lands Trust, which has a material interest in the Wongai Unit Trust.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Prior to the 2013 drilling programme, exploration was by the Utah Development Company and BHP from 1978 – 1985, and then by Bathurst Coal and Power in 1995 and 1996.,</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Coal seams occur within the Middle to Late Jurassic Dalrymple Sandstone, which overlies Paleozoic Basement rocks in the North Qld Laura Basin;</li> <li>The basal Bathurst seam is the only continuous and prospective seam, comprising coking coal up to 2-3m thick at depths ranging from 100m to in excess of 300m;</li> <li>The shallowest coal occurs along the crest of a broad south plunging anticline which forms the Bathurst Range. Generally north-south trending faults are mapped to the west and east of a relatively flat lying anticlinal crest, which comprises the current area of exploration interest, but structure is not well defined in these areas.</li> </ul>
<b>Drill hole information</b>	<ul style="list-style-type: none"> <li>A summary of the historic and 2013 drill hole information is presented in Bounty's previous announcement dated 11/2/2014.</li> <li>A summary of coal analysis and washability data is presented in that announcement, along with coal seam recovery calculations. Geos Mining notes that coal seam recoveries were variable and generally low for the 2013 drilling programme, as has been the case for previous drilling programmes. This is thought to be due to the highly friable nature of the Bathurst seam coals, which are typically vitrinite rich and intensely cleated;</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>Drill data presented previously has, where necessary, been aggregated for the sampled interval of each seam using a density and interval thickness weighted average of the original laboratory data.</li> </ul>



<b>Relationship between mineralisation widths and intercept depths</b>	<ul style="list-style-type: none"> <li>The sample lengths are based on geophysical log corrected downhole depths, which are considered to be at right angles to an essentially flat lying coal seam.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Drill hole locations are shown in Figure 1</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>No new exploration results in this announcement.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Assessment of all relevant previous data is ongoing.</li> </ul>
<b>Further Work</b>	<ul style="list-style-type: none"> <li>Further drilling is planned. Detailed recommendations for further work have not yet been fully developed, but further drilling will be required to obtain representative coal quality data, to close up drill hole spacing in structurally disturbed areas, and to upgrade resource estimates.</li> </ul>

### Section 3: Estimating and Reporting of Mineral Resources

<b>Database integrity</b>	<ul style="list-style-type: none"> <li>Data stored in Microsoft SQL Server 2013 database</li> <li>Database extensively checked and corrected for this resource estimate. Original laboratory files were used by Geos Mining to populate exploration database quality and washability tables via manual importing methods.</li> <li>For Birthday Plains, lithological logs, wireline geophysical logs, quality results and coal intersection depths were reconciled before modelling and resource estimation. Coal quality data checked against NATA laboratory reports where available prior to resource estimation.</li> <li>Pdf copies of all original data have been compiled. Data entry procedures have involved QA checks, and data is stored digitally and backed up.</li> <li>Airstrip drill data was checked by Salva Resources in 2011.</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>A number of site visits were conducted by the Competent Person in late 2013 during the drilling program, who was also involved in exploration logging and sample collection activities;</li> </ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>Current data spacing &amp; quality is sufficient to imply grade continuity in the area of Indicated Resources;</li> <li>Faults have not been modelled in the current assessment as they are considered to have no material impact upon resources;</li> <li>Exploration has identified some large scale faulting, with up to 100m vertical displacement ;</li> <li>The Bathurst seam does not subcrop in the resource areas;</li> <li>a south plunging asymmetric anticline forms a north-south axis through the current area of interest, with shallow dips along the broad crest and eastern limb of the anticline and steeper dips to the west</li> <li>Geophysically supported seam intervals were identified in conjunction with ply assay results (where possible) underground resource criteria, to establish &amp; constrain working section at Birthday Plains.</li> <li>The geological interpretation at Birthday Plains is based on the integration of all drillhole and assay data and comparing with previous interpretations.</li> <li>A deep Tertiary weathering profile from 15 to 75m thick occurs throughout the area of interest. This does not materially impact upon the coal Resources.</li> </ul>
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>Coal resources and exploration targets for the Wongai Project are contained within as single lease (EPC2334), comprising 101 sub-blocks;</li> <li>Resource areas provided in main report (Table 1 and map).</li> </ul>
<b>Estimation &amp; modelling techniques</b>	<ul style="list-style-type: none"> <li>The geological model has been developed using standard coal seam modelling techniques using Micromine 'Coal Measure' modelling software.</li> <li>Resource estimation was undertaken in Micromine 2013 software, using the new Stratigraphic Modelling module and workflow and an SQL linked Access database comprising all validated data compiled for the project.</li> <li>Resources have been estimated by the competent person using standard Micromine estimation tools. Variography was not used. The resource estimates have been compared with previous</li> </ul>

	<p>resource estimates.</p> <ul style="list-style-type: none"> <li>The coal quality assessment has been constrained by poor core recovery within the Bathurst. The available data is considered for this reason to be too sparse to warrant spatial modelling, and a statistical approach to the assessment of in-situ (raw) resource quality has been adopted.</li> </ul>
<b>Moisture</b>	<ul style="list-style-type: none"> <li>Tonnes are estimated on an air dried basis;</li> <li>In situ moisture has been estimated at 10% and in situ coal density used for resource estimation has been adjusted accordingly using the Preston &amp; Sanders methodology.</li> <li>Air dried moisture averages approximately 0.9% for Birthday Plains resources and 0.5% at Airstrip deposit..</li> </ul>
<b>Cut-off parameters</b>	<p>Cut-off parameters include the following:</p> <ul style="list-style-type: none"> <li>1.2 m minimum thickness</li> <li>For Indicated, a conservative 350m zone of influence around the outside of clustered points of observation, and a 500m interpolation zone of influence between points within a cluster.</li> <li>The remaining area within Birthday Plains is classified as inferred.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>Resources have been defined on the basis of working section thickness and %parting within the working section criteria, as defined below. Domains have also been defined to reflect areas of differing structural complexity. Each Domain was then sub-divided into 2 sub-domains based on the working section of over 1.4m or 1.2m.</li> <li>It is considered more likely than not that a thin seam bord and pillar underground mining concept (Place Change methodology) can be applied to the Birthday Plains resource.</li> <li>Consideration for eventual economic extraction to be more likely than not, is based on a short to medium term timeframe of 3-20 years;</li> <li>In determining the minimum likely working height to apply to underground resources, Geos Mining has applied the following assumptions:</li> <li>A full seam working section is required to be taken everywhere, including any partings;</li> <li>The resource limit is defined by either the 1.2m working section isopach, or the 30% parting thickness isoline, whichever is the more limiting.</li> </ul>
<b>Metallurgical factors</b>	<ul style="list-style-type: none"> <li>Coal quality was not spatially modelled due to the scarcity of full seam quality information. However, there is considered to be sufficient consistency in the available data to provide average quality estimates;</li> </ul>
<b>Environmental factors</b>	<ul style="list-style-type: none"> <li>The majority of EPC2334, and all of the area of current coal exploration interest is contained within freehold land owned by the Kalpower Aboriginal Lands Trust (Figure 3), who have an interest in the Wongai Project.</li> <li>Category C Environmentally Significant Area (ESA), is both grazed and managed by the Kalpower Land Trust as a Nature Refuge Area via a "dealing" on the title.</li> <li>EPC2334 overlaps onto the Cape Melville National Park to the east, while the western edge of the lease overlaps onto the Marrett/Normamby River estuary, which is Traditional Owner freehold land but includes recognised fish habitat and Category A and B Environmentally Significant Areas (ESA)</li> <li>Both the Cape Melville National Park and Marrett/Normamby River estuary are categorised in the draft Cape York Regional Plan as Strategic Environmental Areas</li> <li>Additional significant environmental constraints occur to the north and northwest, comprising the Princess Charlotte Bay fish habitat area and the Great Barrier Reef Marine Park.</li> <li>EPC2334 also contains areas of significant indigenous cultural heritage interest in the northern part of the lease, including particularly Bathurst Head. This area has been included in the Cape York Regional Plan's "Strategic Environmental Area"</li> </ul>
<b>Bulk Density</b>	<ul style="list-style-type: none"> <li>In situ density estimated using the Preston &amp; Sanders equation and an estimated insitu moisture of 1.28 for the Airstrip deposit.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>The classification of resources into Indicated and Inferred categories is based on the Joint Ore Reserves Committee (JORC) 2012 Guidelines.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The resource assessment was peer review by the Geos Mining project manager (coal)</li> </ul>
<b>Relative</b>	<ul style="list-style-type: none"> <li>We consider that the resource model represents the available data appropriate to the resource</li> </ul>

accuracy/confidence	<p>status assigned to each domain.</p> <ul style="list-style-type: none"> <li>All new holes and most old holes used in the modelling were professionally surveyed using the GDA 94 (Zone 55) datum.</li> </ul>
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## Appendix 2 – Historic drillholes within the exploration target areas.

Exploration Target	Hole Id	Type	Total depth (m)	Bathurst Seam Thickness (m)
<b>Alkaline Hill Deposit</b>	403004	Partial Core	257.15	not intersected, may not have drilled deep enough
	403003	Partial Core	256.7	1.97
<b>East Airstrip</b>	R1012	Open	312	1.85



**This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this form.**

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A\$

Number of **New Shares** in Bounty Mining Limited at \$0.03 per New Share or such lesser number of **New Shares** which may be allocated to me/us (Minimum Number of New Shares is 66,667 New Shares (\$2,000.00) and thereafter multiples of 16,667 New Shares (\$500.00)

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Please note that if you supply a CHESSE HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESSE, your application will be deemed to be made without the CHESSE HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque

By submitting this Application form, I/We declare that this Application is completed and lodged according to the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Bounty Mining Limited (the Company). I/We represent, warrant and undertake to the Company that our subscription for the above New Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for New Shares in the Company.

# How to complete this form

## A New Shares Applied for

Enter the number of New Shares you wish to apply for. The application must be for a minimum of 66,667 New Shares.

## B Application Money

Enter the amount of Application Money. To calculate the amount, multiply the number of New Shares by the Offer Price per New Share.

## C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

## Postal Address

**D** Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

## Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

**E**

## F CHES

Bounty Mining Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of New Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold New Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

## Payment

**G** Make your cheque or bank draft payable to "Bounty Mining Limited" in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank. Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. Please note that funds are unable to be directly debited from your bank account. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read the Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for New Shares in Bounty Mining Limited is upon and subject to the terms of the Prospectus and the Constitution of Bounty Mining Limited and agrees to take any number of New Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms for the Offer must be received by Bounty Mining Limited by no later than 5:00pm AEST on 16 September 2014. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to either:

Bounty Mining Limited  
C/- Novus Capital Limited  
Level 8, 330 Collins Street  
Melbourne VIC 3000  
Australia

Neither Novus nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname are required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) <del>Do not use the name of the partnership</del>	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund