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27 November 2014

Company Announcements Office
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4th Floor, 20 Bridge Street,
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Chairman's Address to the Bounty AGM – 27 November 2014

Project Progress

Bounty continues to develop the Wongai Hard Coking Coal Project. In February 2014 Bounty successfully completed the first stage of the Farm In Agreement that was signed on 13th September 2013. The company now has the right to 5% of the Wongai Hard Coking Coal Project. After a year of balance sheet consolidation, debt restructuring and fund raising Bounty is now progressing the second stage of the Farm in Agreement to achieve the right to move to 20% of the Wongai Hard Coking Coal Project by the end of March 2015.

The Wongai Project is located in Cape York just north of the town of Laura. It has a high quality hard coking coal resource with seam thickness ranging from 1.4 metres to 3.0 metres and therefore suited to Bounty's expertise and mining fleet capability.

Bounty completed an initial small drilling program in November 2013 with successful completion of 4 cored holes. All holes encountered good quality coking coal at less than 115 metres depth with two of the holes having a coal thickness of 1.75 metres, thicker than the typical seam thickness at the Aquila seam which was only 1.6 metres. There is potential for a low cost shallow underground entry with minimum portal and stone development and Bounty have now completed the initial Concept Study for the project. In February 2014 Geos Mining Pty Ltd completed a detailed resource report¹ which contained:

- 77Mt of JORC 2012 resources;
- 27 Mt of exploration target resources.

The expected coal quality as shown from the drilling program confirms a hard coking coal resource. Bounty is now progressing with stage 2 drilling which is targeting at least two - 200mm large diameter cored holes, to provide adequate sample to confirm detailed coal quality parameters including CSR results, and a resource upgrade. One hole has been completed and intersected 2.85m of continuous coal seam.

Bounty is also now progressing with more detailed prefeasibility studies which are targeted for completion by the end of the first quarter 2015.

The coal contracting sector remains in a protracted downturn. Bounty's underground mining fleet is still on care and maintenance in the Mackay workshop. The mining fleet is largely ready to recommence contract operations when the industry returns to a stronger production demand which is expected to be during the first half of FY15, however some works will be required to recode various electrical motors and enclosures as these are now falling beyond their windows of compliance.

A small core of key management staff progress fund raising, development of the Wongai Project and preservation of value in the mining fleet. The Board have waived their right to receive fees and staff are working reduced hours at lower remuneration. Redundancy payments made during the past year reflect a one-off cost that will not be repeated in future years. There have been some proxy votes against the Remuneration Report representing .52% of proxies received. Your board welcomes direct contact from any shareholder wishing to discuss remuneration.

In November Bounty received a request from ASIC for clarification of the numbers provided in note 13 to the FY2014 Annual Report. Bounty has provided an additional reconciliation of Note 13 as clarification to ASIC and this table will be included in future financial reports. The table is available to shareholders attending the AGM and is appended to the ASX lodged copy of this address.

Debt Restructure and Capital Raising

In June 2014, the company completed a conversion of \$5million of debt to equity at 3 cents per share. It has been necessary to complete several small capital raisings to support working capital, capital raising costs and project development.

It has been an extremely difficult year for fund raising with stock market conditions deteriorating significantly and share prices of peers falling heavily between April and July 2014, the period in which the independent valuation, shareholder approvals and Prospectus, were completed for a Bounty major raising which had the potential to lead to resumed trading of the Company's shares. In early October 2014 after several extensions it was decided to withdraw the Prospectus and focus on a heavily discounted placement to existing and new shareholders, to support ongoing working capital and Phase 2 Wongai project development works. The larger raising to support retrading has now been deferred until market conditions improve. The debt restructure had a very positive impact on the balance sheet and this has been assisted by 3 separate capital raisings during FY2014 and FY2015 to date as follows:

- November 2013 - January 2014: issue of 30,000,000 shares at 2.5c per share to raise \$750k ;
- April – August 2014: issue of 22,692,313 shares at 2.6c per share which raised \$590k; and
- November 2014: issue of 20,000,000 shares at 2.0 cents per share to raise \$400k to fund the Wongai Phase 2 drilling and the commencement of prefeasibility work.

\$100k was also raised in August 2014 through the issue of Convertible Notes at 2.6c per share. The Notes mature 15 months after the date issue, and accrue 15% interest on the value of the Notes.

Future Developments

Bounty retains the potential for future contract mining work once the coal sector bounces back from what has been a very deep and protracted downturn during 2013 and 2014. It is anticipated that the down turn will continue well into 2015. Bounty hopes to secure future work as coal prices rebound and the

Australian dollar weakens against the US dollar. However, it is very difficult to predict the timing of these events in the coal market. Your board believes that the best opportunities will come from the recovery of the coking coal sector which can benefit from Bounty's capability in high productivity cost-effective mining. Bounty continues to monitor opportunities in the Queensland coal sector as they arise.

Management has also started early discussions with some larger, strategic, partners that could support further development of the Wongai Project beyond the prefeasibility stage to full bankable feasibility stage and eventual construction which has the potential to commence in mid 2016. These parties include Asian steel mills and larger equity funds.

So despite a difficult FY2014 with termination of the Aquila contract in July 2013 and a large number of redundancies, there is a very positive strategy on which to source funding over the next 18 months to take the Wongai Coking Coal Project towards full bankable feasibility status and eventual construction. The board is very positive about the project and the ability to keep it moving forward to full development.

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End of Address
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Clarification of Note 13 to the Financial Statements

The reconciliation of the two sets of disclosures in Note 13 as at 30/6/14 is:

	At fair value (1)	At carrying value (2)	Total as per Note 13
Plant and equipment not in use	\$1,829,833	\$75,644	\$1,905,477
Capital works in progress	<u>\$1,620,694</u>	<u>\$902,016</u>	<u>\$2,522,710</u>
Total	\$3,450,527	\$977,660	\$4,428,187

This compares with a book value of \$ 4,431,172.

(1) Non-financial assets recognised at fair value where fair value is less than carrying value

(2) Non-financial assets recognised at cost less depreciation, where fair value is higher than carrying value. These assets were not included on page 57 of the 2014 annual report.

For further information, please contact:

Eryl Baron
Company Secretary

ⁱ On 26 February 2014 Bounty announced that it had received an updated resource report for the Wongai Coal Project based on JORC 2012 Code. This report contained a Competent Person's Statement and confirmed a total indicated and inferred resource of 77.5Mt. Bounty is not aware of any information or data that materially affects the information included in that report. All material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.