

11 July 2023

ASX ANNOUNCEMENT

BCB sells 10% of Broadmeadow East Mine

- **Formosa acquires 10% of Broadmeadow East for \$13m and royalties**
- **\$20m initial funding contribution from Formosa to the Joint Venture**
- **Broadmeadow East Mine to be incorporated into the Joint Venture**

Bowen Coking Coal Ltd (ASX:BCB or Company) and MPC Lenton Pty Ltd (MPC), a wholly owned subsidiary of the Formosa Plastics Group, have agreed to sell the Broadmeadow East Mine to the Burton-Lenton Joint Venture (BLJV) in a cash and royalties transaction.

The incorporation of the Broadmeadow East Mine into the BLJV allows for increased coal blending options to target specific markets and facilitates a reduction in operational complexity associated with coal processing from mines with varying ownership structures.

BCB's wholly-owned subsidiary, Coking Coal One Pty Ltd (CCO) will sell:

- a 10% interest in its Broadmeadow East Mine to MPC; and
- a 90% interest in that mine to New Lenton Coal Pty Ltd (NLC) (another wholly-owned subsidiary of BCB).

As a result of these two sales, the Broadmeadow East Mine will become an asset of the BLJV, in which NLC has a 90% interest and MPC has a 10% interest.

Accordingly, the BLJV will be able to operate seamlessly and efficiently across the following assets, which are in relatively close proximity to each other:

- its Burton Coal Handling and Processing Plant (CHPP), which has Module 1 in operation;
- its Train Loadout Facility (TLO), which is in operation;
- its Broadmeadow East Mine, which has been utilising the CHPP and TLO;
- the Burton Mine, of which the Ellensfield South pit under development is forecast to produce coal late in 3Q 2023;
- the Lenton Coal Project ; and
- the Kerlong Accommodation Village.

Bowen Coking Coal Chief Executive Officer; Mr Mark Ruston said the deal was significant for a number of reasons.



“Broadmeadow East Mine is representative of what Bowen is all about; a strategy-driven coal company realising the full potential of coal projects by leveraging our considerable commercial and operational capabilities to create value for all stakeholders,” Mr Ruston said.

“Broadmeadow was an undeveloped asset acquired from Peabody in 2021 for A\$1 million plus royalties and brought into production in quick-time in 2022 to make the most of bullish markets. Production to date has eclipsed 1 million ROM tonnes and we are currently operating at an annualised rate of in excess of 1.5Mtpa¹.

The Formosa Group, a large diversified multi-national conglomerate headquartered in Taiwan, has been a supportive partner of Burton-Lenton Joint Venture since 2011, and we are pleased that they have taken an interest in the Broadmeadow East Mine.

Streamlining of the ownership structure will allow the business a degree of optionality when blending coal to produce targeted coal quality outputs, for specific markets and reduce operational complexity associated with processing coal mined from the Burton and Broadmeadow East pits” he said.



Figure 1 Mining at Broadmeadow East Mine, which is currently operating at an annual production rate in excess of 1.5Mtpa¹ to answer the call for high-quality steel-making coal.

¹ Refer ASX Announcement 6 June 2023: “Capital Raising Presentation”



Transaction Overview

The consideration to be paid by MPC to BCB for the 10% interest in the Broadmeadow East coal mine is:

- A\$13 million cash on completion of the sale, plus
- an “acquisition royalty” of A\$2.10 per ROM tonne of MPC’s 10% share of production from the Broadmeadow East Mine on a quarterly basis in the period from 1 May 2023 to 31 December 2026, provided that in that Quarter a defined weighted average coal price index exceeds a threshold. The thresholds to apply are US\$188 in calendar 2023, US\$169 in 2024, US\$151 in 2025 and US\$142 in 2026.

MPC will also pay into the BLJV account, A\$20 million as a pre-payment of its future joint venture contributions to the BLJV as follows: A\$7.5 million within 5 business days and A\$12.5 million by 31 July 2023.

Once the A\$20 million has been exhausted by BLJV expenditure, NLC shall be solely responsible for the next A\$180 million of BLJV expenditure. Thereafter, all future BLJV expenditure will be funded in accordance with the participating interests (presently NLC 90% and MPC 10%).

If underground mining is conducted in the future at the Broadmeadow East Mine, MPC shall pay NLC on a quarterly basis an “underground royalty” of A\$5.00 per ROM tonne of MPC’s participating interest share of underground production, providing MPC’s share of revenue after all costs (including production, marketing, rail and port costs, government royalties and GST) is at least A\$5.00 per ROM tonne in that quarter.

Completion of the sale and the other above arrangements are subject to the usual conditions, including FIRB approval and indicative State Minister for Resources approval.

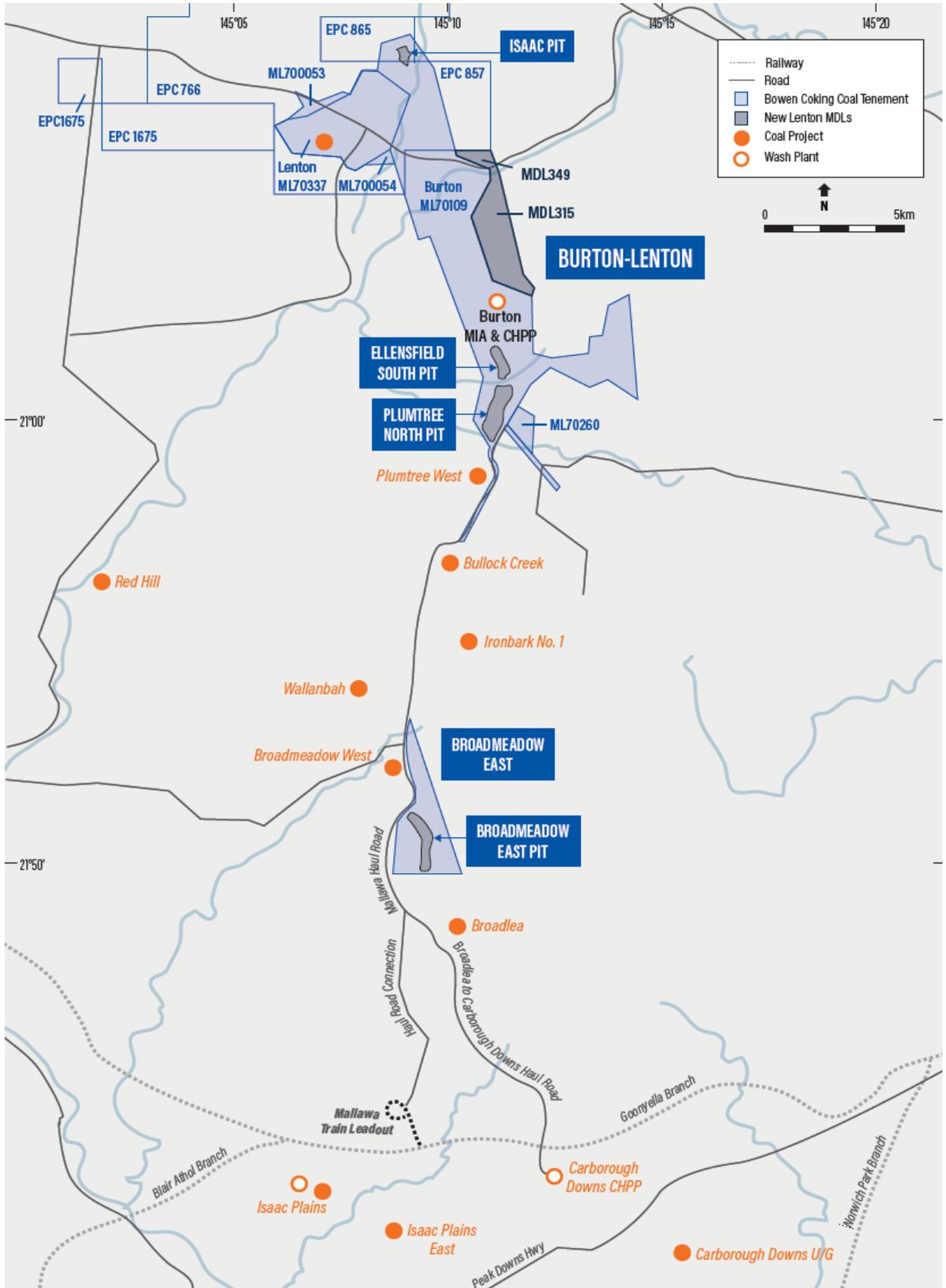


Figure 2 Burton Mine Complex layout showing main pits for development and the Broadmeadow East Mine.



The Board of the Company has authorised the release of this announcement to the market.

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About Bowen Coking Coal

Bowen Coking Coal is a Queensland based coking coal company which operates the Burton and Bluff metallurgical coal mines, with the Isaac River mine in development and a number of advanced exploration assets. Bowen fully owns the Bluff PCI and Broadmeadow East mines as well as the Isaac River, Cooroorah, Hillalong (85%) and Comet Ridge coking coal projects in the world-renowned Bowen Basin in Queensland, Australia. The Company also holds a 90% interest in the Lenton Joint Venture which owns the Burton Mine and Lenton Project in the northern Bowen Basin, currently under mine development and recommissioning. Bowen is also a joint venture partner in the Lilyvale (15% interest) and Mackenzie (5% interest) coking coal projects with Stanmore Resources Limited.

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

Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding the Company's Mineral Resources, exploration operations and other economic performance and financial conditions as well as general market outlook. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in coal prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of the Company, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly, you should not place undue reliance on any forward-looking statement.