



8 July 2024

ASX ANNOUNCEMENT

Completion of sale by BCB 10% of Broadmeadow East Mine

- **Completion of transaction achieved on Friday 5 July 2024.**
- **A\$13M cash consideration received by BCB from Formosa Group.**
- **US\$7M of this cash will be used to repay a portion of BCB's senior debt facility.**

Bowen Coking Coal Ltd (ASX:BCB or Company) and MPC Lenton Pty Ltd (**MPC**), a wholly-owned subsidiary of the Formosa Plastics Group, successfully completed on Friday 5 July 2024 the transaction which was announced by BCB on 11 July 2023: the acquisition by MPC of a 10% interest in the Broadmeadow East Mine for cash plus royalties. Until this transaction, that mine was a 100% owned project of BCB's wholly-owned subsidiary Coking Coal One Pty Ltd (**CCO**).

Completion followed the successful achievement of conditions precedent, including FIRB approval and State Minister for Resources approval.

A significant driver of the transaction was for the Broadmeadow East Mine to become an asset of the Lenton Joint Venture, given the close proximity of that mine to the Burton mining complex and expected synergies from operating the assets together. The Burton mining complex is owned and operated by the Lenton Joint Venture, in which BCB indirectly holds a 90% interest and MPC holds a 10% interest. The assets of the Lenton Joint Venture include the Burton Coal Handling and Processing Plant, the Mallowa Train Loadout Facility and Haul Road, the Kerlong Accommodation Village and, in the future, the Lenton Joint Venture's Lenton Coal Project.

The transaction which has now been completed to achieve the above has been varied in its structuring from that originally planned and announced. CCO sold a 10% interest in the Broadmeadow East Mine to MPC as originally envisaged. However, instead of CCO selling a 90% interest in the Broadmeadow East Mine to its sister company NLC, CCO has retained that interest and NLC, CCO and MPC are now participants in an unincorporated joint venture in respect of both the Burton/Lenton Project and the Broadmeadow East Mine and have dedicated their interests in the respective assets of that Project and Mine to the joint venture. Amendments will be made to the Lenton Joint Venture Agreement to reflect the new arrangements.

In terms of BCB's indirectly owned joint venture interest, the end result is as originally envisaged: 90% BCB and 10% MPC.

As announced on 11 July 2023, the agreed Effective Economic Date of the transaction was 1 May 2023.

The financial terms of the consideration to be paid by MPC are as previously announced. There are two primary elements:

- (a) A\$13M cash on Completion. This amount was received by BCB on Completion on 5 July 2024.



- (b) A royalty of A\$2.10 per ROM tonne of MPC's 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 (and subject to an annual reconciliation and true-up process). The thresholds which apply are based on blended (thermal/coking) coal price indices and are US\$188 in calendar 2023, US\$169 in 2024, US\$151 in 2025 and US\$142 in 2026. The thresholds in the Quarters between 1 May 2023 and Completion were not exceeded, so no acquisition royalty has yet become payable by MPC to BCB.

Consistent with BCB's senior debt facility documentation (the **Taurus facility**), Bowen intends to utilise US\$7M of the sale proceeds to repay a portion of the Taurus facility. When BCB does so, it will reduce the principal debt balance of the Taurus facility from US\$51M to US\$44M and the final debt repayment will be reduced accordingly.

BCB Chief Executive Officer, Daryl Edwards, said that he was delighted by the successful Completion. *"The unification of ownership and operating structures for the Broadmeadow East Mine, the Burton Mine and the planned Lenton Coal Project provides BCB and MPC with significant operational flexibilities and efficiencies. It is satisfying to see this transaction successfully concluded"*, Mr Edwards said.

"I would like to acknowledge the support and cooperation of the Formosa Plastics Group and its advisors in working with BCB on this transaction. The Formosa Plastics Group, a very large diversified, multinational, conglomerate headquartered in Taiwan, acting through its wholly-owned subsidiary, MPC, has been a pleasure to work with on this transaction and on Lenton Joint Venture matters generally. We look forward to considerable success together under this new structure", he added.

The Board of the Company has authorised the release of this announcement to the market. For further information please contact:

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About Bowen Coking Coal

Bowen Coking Coal has established a key, strategic, hard coking coal position in Queensland's world class Bowen Basin. The Company's flagship Burton Mine Complex (90% owned) near Moranbah encompasses multiple operations with the Ellensfield South and Broadmeadow East Mines serving a co-located Coal Handling and Preparation Plant and train load out facility connected by a haul road.

Additionally, Bowen fully owns the Bluff PCI Mine near Blackwater (in care and maintenance) and holds the Isaac River (100%), Hillalong (85%) Cooroora (100%), Carborough (100%) and Comet Ridge (100%) coking coal projects and is a joint venture partner in Lilyvale (15% interest) and Mackenzie (5% interest) with Stanmore Resources Limited.

The highly experienced Board and management aim to grow the value of the Company's coking coal projects to benefit shareholders by leveraging innovation and maximising the assets and network of the team. A low-cost, cash flow positive Burton Mine Complex underpins the business strategy.