

28 August 2023

ASX ANNOUNCEMENT

Company Strategic Review and Update

- **First run-of-mine (ROM) coal mined from the Ellensfield South Pit.**
 - **183kt of coal from the Bluff Mine and the Burton Complex has been shipped in the month of August 2023 with a further 81kt due for shipping on 1 September.**
 - **New initiatives for improved financial performance and reducing costs to be actioned amid tightened market and pricing conditions.**
 - **Ellensfield South Pit within the Burton Complex is set to become the cornerstone of operations in the near term delivering up to 2.75Mt per year maximising feed through the completed first module of the CHPP.**
 - **Broadmeadow East Mine powerline relocation timing being assessed in light of cost increase.**
 - **Strategic review of the Bluff mine nears completion.**
 - **Update on debt and liquidity initiatives.**
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Bowen Coking Coal Ltd (ASX: BCB) after completing an internal strategic review, will concentrate mining operations on its higher margin deposits optimising mine plans to utilise commissioned infrastructure that will enable it to preserve capital amid tightened market and pricing conditions.

Burton Complex's Ellensfield South Pit to be an operations cornerstone

Mining operations across the Burton Complex have been performing very well. 183kt of coal has been shipped to date this month whilst the Company's planned fourth vessel for August is now scheduled to be loaded for export on 1 September with 81kt of BME coking coal.

While the Company's initial focus at Burton has been the Broadmeadow East Pit, the Ellensfield South Pit within the Burton Complex will become an operation's cornerstone in the near term delivering up to 2.75Mt of ROM production per year to take advantage of recent improvements in coking coal pricing.

Bowen has taken steps to adjust the mine plan to maximise cash flow from Ellensfield South. The Company is also working with the mining contractor, BUMA, to identify opportunities to reduce the cost base further with equipment selection and services provided under the contract.

The first ROM coal has been mined from the Ellensfield South Pit and that will now be processed through the Burton CHPP for coal quality analysis and the completion of trial cargoes for end customers.



Figure 1: First ROM coal mined from the Ellensfield South Pit

The existing mine plan at the Broadmeadow East mine requires the relocation of a high voltage powerline that intersects the proposed mining area. The project estimate has increased from \$14m to \$20m for the powerline relocation following receipt of market costing. To this end, Bowen is currently examining timing alternatives and entering discussions with JV partner, Formosa. Should the JV elect to defer the increased costs for the powerline relocation, mining operations would continue at the Broadmeadow East mine within a safe offset of the powerline and then either step around the powerline for a period of time (subject to a technical review) or pause mining from the fourth quarter of FY24 meaning Ellensfield South will maintain coal feed to module 1 of the CHPP. Module 1 of the Burton CHPP is performing at nameplate capacity of 2.75Mtpa ROM feed, allowing a deferral of the capital associated with competing Module 2 refurbishment until required.

Strategic review of the Bluff mine – update

The Bluff mine is currently undergoing a strategic review by management and the directors. Discussions are currently being held with customers, contractors and other key stakeholders about the future operational status of the mine in the current pricing environment.

The PCI price has fallen significantly this calendar year with the resumption of Russian PCI trade flows. Commodity analysts' forecasts are not predicting a recovery in PCI pricing in the near term. The reduction in sale price for a high-cost mining operation (due to the nature of the geology) is a key consideration for Bowen in the strategic review process. It is expected that a final decision on the near-term future of Bluff operations will be made shortly.



We're working with lenders to extend the maturity of our senior and subordinated debt facilities

Positive negotiations continue with our senior and subordinated debt providers, Taurus Mining Finance Fund No 2 LP and New Hope Corporation respectively, and the company has received constructive proposals from both lenders that materially extend the maturities of their respective loans. The terms of any potential extension are currently under consideration and subject to further negotiation. Grant Samuel is engaged as financial adviser to assist the Company on the debt extension.

Liquidity initiatives

The Company has also entered discussions with a number of potential strategic investment partners and is working through this process. There is no certainty that any such discussions will lead to a transaction. In the meantime, the Company is managing its cash position closely and taking steps to negotiate payment deferrals where required. The Company has commenced a sale process for its Isaac River coking coal development project which abuts BHP Mitsubishi's large Daunia mine.

Creating a better company

These changes, once implemented, will see the Company achieve ROM production in the near term of a 2.4Mtpa to 2.75Mtpa ROM annualised rate. We will focus on fully utilising installed infrastructure capacity at the Burton Complex from its lower cost and higher yielding mining areas. The Company will continue to look at opportunities to reduce its cost base and defer non-essential capital expenditure until justified by coal prices.

Bowen chief executive, Mr Mark Ruston, said the Company had sharpened its focus on maximising profitability and shareholder returns.

"The coal industry has been historically characterised by price rises and falls and coal companies across the board are now taking action to weather softer pricing, tighter labour markets, and significantly increased input and operational costs."

"Bowen will come out the other side in a stronger position. While it is disappointing that in the near term, we are curtailing our growth aspirations of 5Mtpa ROM, over the longer term, the Company remains well placed to capitalise on the forecast growth in global steel production for which our high-quality, low ash, and low sulphur coking coal is a critical input."

"We remain focused on making the most of the Company's very promising future and delivering a return on our investments. At Burton we have considerable reserves and mine life, relatively low-cost operations, valuable infrastructure and an experienced team," he said.

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, which has been recommissioned and is currently under mine development. Bowen has agreed with the JV partner to incorporate the Broadmeadow East mine into the Joint Venture. 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 focused 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.