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Hillalong/Sumitomo Farm-In Agreement Unconditional

Highlights

- **The Farm-In Agreement executed with Japanese conglomerate, Sumitomo Corporation (“Sumitomo”) has gone unconditional**
- **A total of \$724,794 has now been received from Sumitomo for recent expenditure as part of Phase 1 of the Hillalong Farm-In Agreement**
- **Sumitomo to earn an initial 10% for funding \$2.5m of exploration expenditure with the right to earn an additional 10% for a further \$5m in funding**

Bowen Coking Coal Ltd (ASX: BCB, “Company”) is pleased to advise that the formal, binding Farm-In Agreement (“**Agreement**”) on the Hillalong Coking Coal Project (“**Hillalong**”), with SCAP Hillalong Pty Ltd, a wholly owned subsidiary of the Japanese Conglomerate, Sumitomo Corporation (as announced on 18 November 2019), has gone unconditional, with all conditions precedent to the Agreement having been fulfilled. As a result, Sumitomo have remitted to BCB a total of \$724,794, representing the exploration spend on Hillalong up to and including 30 November 2019. Subsequent expenditure will be funded through quarterly cash calls (in advance).

Commenting on the Farm-In Agreement with Sumitomo, the Company’s Managing Director, Mr Gerhard Redelinghuys said, *“The fulfillment of the conditions precedent under the terms of the binding Farm-In Agreement with Sumitomo, together with the receipt of the first two cash calls, represents the culmination of months of negotiations and hard work from all those involved. It is a significant milestone for the Company and a great step forward in the development of the Hillalong project itself. We are pleased to have Sumitomo as a partner and we are confident that their financial and technical contribution to Hillalong will deliver material value to our shareholders.”*

Sumitomo is a multi -billion dollar diversified Japanese conglomerate with a long history of investing in Australian mines. Sumitomo currently holds interests in Hail Creek, Clermont, Rolleston and Oaky Creek mines in the Bowen Basin, Queensland, mainly through Glencore managed joint ventures.

A summary of the key terms and conditions of the Farm-In Agreement are as follows:

- Sumitomo to fund \$2.5m of pre-defined exploration expenditure, being the entire phase 1

exploration program for both Hillalong North and Hillalong South, to earn an initial 10% interest in Hillalong;

- Sumitomo has the right to then earn an additional 10% interest, post a further \$5m funding of agreed exploration and study activities at Hillalong; and
- BCB and Sumitomo will form an unincorporated Joint Venture managed by BCB, post Sumitomo earning either the initial 10% or 20% interest, as the case may be.

Under the terms of the Agreement, a drilling program at Hillalong South has already been completed and drilling has commenced at Hillalong North. The Hillalong North program comprises 5,750 m of chip hole drilling on 28 sites, followed by up to five cored drill holes, with two holes completed to date. Final results and outcomes from both programmes will be announced as and when results come to hand.

The Hillalong Coking Coal Project (EPC1824 & EPC2141) is located in the northern Bowen Basin approximately 105km west-southwest of Mackay. The tenement comprises 31 sub-blocks (approximately 99km²) located to the west of the Mount Hillalong Anticline and is approximately 16km northwest of the Hail Creek mine, owned by Glencore, Marubeni and Sumitomo. The tenement contains the Moranbah, Rangal and Fort Cooper Coal Measures commencing at surface. Two coal seams, Elphinstone and Hynds (Leichhardt and Vermont equivalents) within the Rangal Coal Measures are currently being mined at proximate mines. Historical exploration by Rio Tinto proved the existence of these seams within the boundaries of the tenement with indicative coking coal qualities aligned with neighbouring mines.

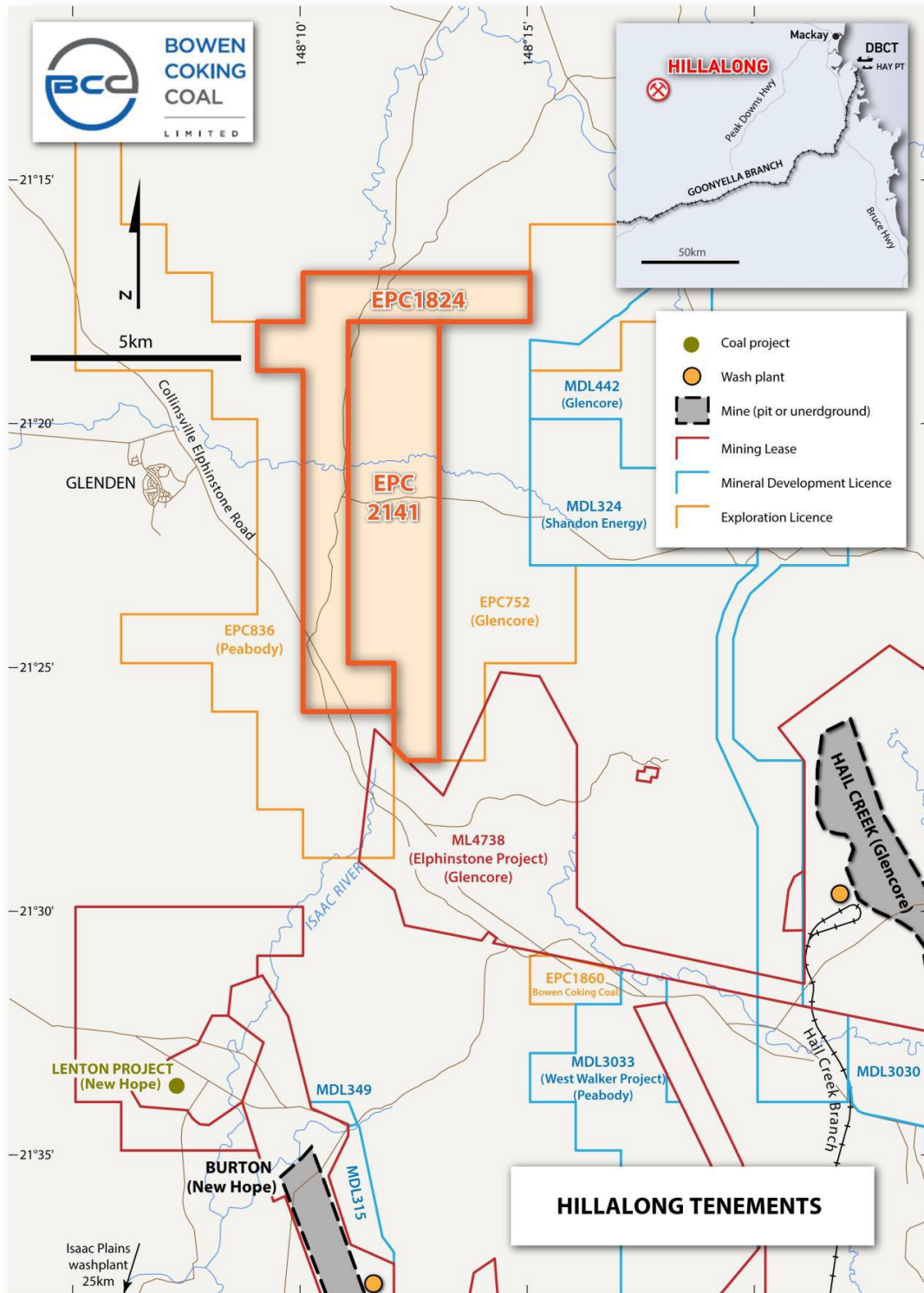
Xstract Consulting estimated an Exploration Target* in accordance with the the JORC Code (2012) of between **61Mt** and **409Mt** from the Rangal Coal Measures and Moranbah Coal Measures for both open pit and underground targets as per Table 1 below.

Table 1. Exploration Target* for Hillalong Coking Coal Project

Exploration Target	Low case Tonnes (Mt)	Low case Raw Ash (% adb)	Low case Raw CSN	High case Tonnes (Mt)	High case Raw Ash (% adb)	High case Raw CSN
RCM Open Cut	8	18	5.5	222	34	3.0
RCM Underground	7	18	5.5	116	26	4.0
Total	15	18	5.5	338	31	3.5
MCM Open Cut	18	36	2.5	30	36	1.5
MCM Underground	28	39	1.5	41	32	1.0
Total	46	38	2.0	71	34	1.0
TOTAL	61			409		

* The potential quantity and grade for the Exploration Target is conceptual in nature. There has been insufficient exploration to date to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource in this area. (See ASX Release 9 July 2018 Material Open Cut and Underground Exploration Target for Mt Hillalong)

Figure 1. Location of Hillalong Coking Coal Project (EPC 2141 and EPC 1824)



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

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Competent Person Statement:

The information in this announcement that relates to the Hillalong coal deposit (EPC1824 and EPC2141), is based on information compiled and reviewed by Mr Troy Turner, who is a Member of the Australian Institute of Mining & Metallurgy. Mr Turner, Managing Director and a fulltime employee of Xenith Consulting Pty Ltd, has sufficient experience that is relevant to the styles of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Turner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT BOWEN COKING COAL

Bowen Coking Coal Ltd is a Queensland based coking coal exploration company with advanced exploration assets. The Company fully owns the Isaac River, Cooroorah, Hillalong and Comet Ridge coking coal Projects in the world-renowned Bowen Basin in Queensland, Australia. Bowen Coking Coal is also a joint venture partner with Stanmore Coal Limited in the Lilyvale (15% interest) and Mackenzie (5% interest) coking coal Projects.

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. An aggressive exploration and development program underpin the business strategy.