

28 November 2024

ASX ANNOUNCEMENT

AGM Chairman's Address

Bowen Coking Coal Ltd (ASX:BCB) ('Bowen' or 'the Company') chairman Nick Jorss delivered the following address at today's Annual General Meeting.

Shareholders

FY 2024 was a year of record production for Bowen, but also a year of consolidation following the rapid commencement of mining and ramp up at the Burton complex in the previous year. The Company mined a record 2.9Mt of ROM coal over the year and sold a record 1.9Mt of clean coal, 1.5Mt of which was from the continuing Burton Complex operations.

It was a year that featured a strong focus on reducing mining costs as we reached steady state production levels. Our strip ratio (the quantity of overburden moved per tonne of coal mined) is a critical factor that drives our mining costs and over the course of the year the Group strip ratio reduced from 16.7:1 to 6.7:1, in accordance with our mine plan. The continuing Burton mining operations are now performing strongly and looking forward we see a strong future for the asset with strip ratios running at under 7:1 for the next five years and significant operating cost reductions well underway. We have a 13-year mine life at Burton at current production rates and the ability to double production in response to higher coal prices with minimal capital investment.

Our financial results improved over the course of the year as we completed the mine start-up phase, with a maiden positive EBITDA reported in the second half of the year, driven by mining improvements at Burton and the closure of Bluff and in spite of challenges from weaker coal revenues with Bowen's average received price per tonne dropping by 15.8% compared to FY2023. We have worked closely with our debt providers over 2024 to provide a stronger financial platform for FY2025. Their strong support sets the Company up well for the coming years, with the recent \$70m equity raise forming the final critical component of strengthening the Company's balance sheet.

The extreme State Royalties tax increase introduced by the Queensland Government in June 2022, just as we reached first production, continues to be a major impediment for the Company. This is illustrated by the State's royalty take of \$60.2m this year soaking up all our pre-royalty operating cash flow for the year, which is extremely disappointing knowing how hard our team has worked. Having invested significant capital in our operations our investors and financiers have yet to make a return on this investment whilst paying these hefty taxes to the Queensland Government. With costs across the Bowen Basin having risen substantially, many operators are now pushing into the new "super royalty" rates (20% - 40% of incremental



revenue), before reaching profitability, despite these high royalty rates being targeted at windfall profits. Maintaining the world's highest royalty tax regime in Queensland is not compatible with a strong and vibrant coal industry and encouraging further investment.

The reports of coal's death are greatly exaggerated

Coal has a very strong future. It provides energy for life and is essential for the production of materials which support the way we live. It keeps our lights on and our energy bills down and provides the raw materials for making the steel we all need. It builds communities and underwrites much of our prosperity in Australia.

Bowen is a founding member of Coal Australia, the establishment of which has been a personal passion project of mine. Coal Australia is a new industry body designed to unleash pride in one of our largest export industries and provide a voice for coal workers, communities and all supporters. Recent polling conducted by Coal Australia demonstrates very strong support for coal in our communities. In our current cost of living crisis, this support goes well beyond traditional coal communities with 79% of Southeast Queensland voters supporting using more of Queensland's coal domestically to keep power prices down. A clear 61% majority of SE Queensland voters also support incentivising coal companies to stay in Queensland with more internationally competitive royalty rates. While some of our political leaders play catch up on the importance of our industry, community support is very strong. I would encourage all shareholders to visit the Coal Australia website and join over sixteen thousand supporters as Friends of Coal who have signed up to support our critical industry.

As the world electrifies, decarbonises, and urbanises, it will require more steel, and more steel will require more coking coal. It will also require more energy, driven by economic growth and our insatiable demand for data. Global coal demand is at record levels, and coal will continue to provide low cost and reliable electricity and lift people out of poverty around the world for many decades to come, pointing to a strong future for Queensland's world-beating, high quality coal.

In the face of record demand, global coal supply remains constrained due to lack of new mine approvals and increasing regulatory and capital constraints. In August 2024, respected global energy analysts Wood Mackenzie reported that the availability of premium hard-coking coal was a major concern to international steel makers. Wood Mackenzie's coal supply asset data suggested a net drop in premium supply by 2027, compared to 2023. The growing gap between demand and supply should support higher prices over the longer term.

Hard decisions have delivered increased performance

We faced some significant challenges this year, alongside others in the coal industry. Significant wet weather, rail delays and increases in labour, consumables, fuel and power costs have impacted across the industry. A scuttled attempt by a former shareholder to unseat the board was an unfortunate distraction.

Amid testing times, we made decisive moves to make the Company more efficient and ready to capitalise on the expected positive market fundamentals ahead. We closed two pits during the reporting period. Coal price weakness, unexpected geological difficulties and extreme



state royalties led to the difficult but necessary decision to close the Bluff operation near Blackwater while the Broadmeadow East Mine near Moranbah was suspended as the costs of relocating a powerline traversing the mining lease don't currently eclipse the value of doing so.

These hard decisions weren't made lightly but allowed the Company to concentrate its efforts at the main Burton Mine Complex where our larger, longer life mining operations with higher margin deposits better utilise our infrastructure at lower cost to maximise returns. The Ellensfield South Mine, which neighbours the Central Handling and Processing Plant (CHPP) at Burton, produced first coal in September 2023 and in the June quarter produced a record 820,000t of ROM coal. Next door to Ellensfield South, the Plumtree North Mine is currently under development and will ensure production levels remain above processing capacity for the next five years.

Leadership changes for the next stage of growth

Bowen announced today that it has made several changes to its Board as we complete our planned transition from explorer to steady state coal miner:

- I will transition back to a Non-Executive Director role after the Company appoints a Non-Executive Chairperson by the end of first quarter next year.
- Mr Staffan Ever, a co-founder and Executive Chairman of the Square Group, a world leading natural resources marketing and trading house, has been appointed as a Non-Executive Director.
- Mr Michael Chapman, an experienced mining engineer who previously held Chief Operating Officer roles at White Energy Company (ASX:WEC) and Felix Resources (ASX:FLX), has been appointed as a Non-Executive Director.

These changes continue a process of leadership renewal this year marked by the appointment of Mr Daryl Edwards as our new Chief Executive Officer in January and the appointment of Mr Malte von der Ropp as a non-executive director in April.

Daryl has been critical to the current operating success and discipline that the business is now achieving. Daryl was previously the Company's Chief Financial Officer and brings significant senior management experience across coal operations and financing. He is highly motivated, across every part of our business in detail and has already delivered marked improvements in the Company's cost structure, internal controls and focus. Daryl is more than ready to run this business without the need for an Executive Chair.

The appointment of Michael and Staffan strengthen our capabilities considerably. There's few that match Michael's mining experience, he's worked across many different commodities around the world and drove the considerable operating success of Felix Resources prior to its \$3.5bn takeover by Yanzhou. Staffan's company Square Marketing is not only a major shareholder in Bowen but will open a world of sales opportunities for our premium steelmaking and thermal coal. Staffan and his team have deep relationships into the world's biggest coal buyers and tremendous experience in maximising value for their clients.

I am excited by the opportunities that lie ahead for Bowen and now that we have progressed on our transformation plan, it's the right time for me, my family, and the business, that I return



to a non-executive role and continue to support Daryl and the team from the board room.

I joined Bowen in December 2018 as a non-executive director before stepping up to the Executive Chairman role in February 2021 to lead the Company's growth from exploration to production via acquisition.

I had worked alongside Company founder Gerhard Redelinghuys when I was running Stanmore and I liked his approach to the job. When he asked me to join and help him grow the business it was an opportunity too hard to resist.

While it's had its challenges, and tested my resilience at times, my experience at the helm of Bowen has been a highlight and something I'm very proud of. I can speak firsthand to the personal toll the last twelve months has taken on all of us, including the sleepless nights and the tremendous amount of work that's been done out of sight and below the radar, often throughout ridiculous hours of the night and morning to protect and promote the interests of Bowen's shareholders. We certainly haven't got everything right along the journey and we lost a few good people along the way, but I can say with 100% confidence that the efforts of our small team, led by Daryl, could not have been better. When the going got tough, the tough got going and put their lives on hold to retain and restore value in this magnificent company and for that I am extremely grateful.

From little things, big things grow. Having seen Stanmore grow from its humble beginnings to the giant it is today, and having witnessed many of today's titans of industry go through extremely challenging times before reaching greatness, I remain very positive about the opportunity for Bowen to realise its phenomenal potential given our first class assets and team.

We are well positioned to make the most of the opportunities ahead

As a coal man, I've come to learn the strongest steel comes from the hottest fire. We've been tested this past year due to a long list of factors but Bowen is now in stronger shape to take advantage of the once-in-a-generation opportunities ahead. As demand for steel-making coal grows, and supply remains heavily constrained, Bowen Coking Coal, located in the heart of the world's best coal country, Queensland's Bowen Basin, will answer the world's call for more high-quality coal to be delivered efficiently, sustainably and safely. While we will no doubt face future challenges, we also have a tremendous opportunity to grow shareholder value as we demonstrate the underlying value in our assets. The board and management stand united and positive about the future.

Thank you.



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 has established a hard coking coal position in Queensland's world class Bowen Basin as the Company serves the increasing demand for high, quality steelmaking coal around the world. The Company's flagship Burton Mine Complex near Moranbah encompasses multiple operations with Ellensfield South and Plumtree North serving a centralised Coal Handling and Preparation Plant (CHPP) and train load out facility connected by a haul road. Lenton and Isaac are co-located undeveloped open-cut projects which will provide production continuity at Burton.

Bowen's other assets include the Broadmeadow East Mine near Moranbah and the Bluff Mine near Blackwater, which are both currently under care and maintenance. The company also holds the Isaac River (100%), Hillalong (85%) Cooroora (100%), Carborough (100%) and Comet Ridge (100%) coking coal development 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 team 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.

Forward-Looking Statements

Certain statements made during or in connection with this report 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.