



QUARTERLY ACTIVITIES REPORT

Date: 17 July 2018

Quarter: 1 April to 30 June 2018

Highlights

- **Completed acquisition of the Hillalong East Project from Rio Tinto, located adjacent to the Company's Mt Hillalong Project**
- **Entered into a binding agreement for the divestment of Comet Ridge Project including Royalty Agreement**
- **23% increase in Cooroorah Resource estimate**
- **Exceptional coal quality results from Cooroorah**
- **Hillalong Exploration Target for both Open pit and Underground areas**
- **Exploration and development programs remain focused on the Cooroorah and Hillalong Projects (following recent Hillalong East acquisition)**

Bowen Coking Coal Ltd ("BCB" or "the Company") is pleased to provide shareholders with the following update in respect of the Company's activities for the quarter ended June 2018.

Cooroorah (MDL453, 100%)

On 27 April 2018 the Company announced an increase of 23% in the Resource estimate based on the successful completion of the recent exploration program at its 100% owned Cooroorah Project, located between Coronado Coal's Curragh mine and the Anglo, Marubeni and Sojitz owned Jellinbah mine in the Bowen Basin, Central Queensland. The Resource is now estimated at 154Mt (68Mt Indicated and 86Mt Inferred, see Table 1 below). The estimate also includes a Maiden Resource of 37Mt in the Mammoth seam, and a new shallow open pit target area in the Burngrove Measures on the Eastern side of the Jellinbah fault. Final rehabilitation of the drill sites and tracks were completed during the quarter. Management is working closely with Xenith Consulting and Extract Consulting to plan the follow-up drilling for Cooroorah in such a way that it could support an increase in the Mammoth seam Resource, as well as an increase in confidence level to such an extent that it could support the commencement of a Pre-feasibility study.

Table 1. Summary of the reported April 2018 Mineral Resource estimate by Xstract (5% in-situ moisture).

Seam	Class	Mass (Mt)	Raw IM (% adb)	Raw Ash (% adb)	Raw Volatiles (% adb)	Raw T. Sulph (% adb)	Raw Spec. Energy (MJ/kg adb)	Raw CSN	Raw Phos. (% adb)
CASTOR	IND	15	1.1	13.5	17.6	0.44	30.5	2.5	0.09
CASTOR	INF	5	1.1	14.0	17.6	0.44	30.3	2	0.09
MAMMOTH	IND	14	1.3	15.0	17.0	0.42	31.4	2.5	0.08
MAMMOTH	INF	23	1.4	11.6	17.6	0.41	31.3	4	0.07
POLLUX	IND	17	1.2	16.5	16.0	0.45	29.6	2.5	0.12
POLLUX	INF	29	1.5	26.4	17.0	0.45	28.2	2	0.10
PISCES	IND	23	1.2	15.6	16.4	0.35	29.3	2.5	0.07
PISCES	INF	28	1.4	16.6	17.4	0.36	29.4	2	0.07
TOTAL INDICATED		68							
TOTAL INFERRED		86							
TOTAL		154							

In June 2018, BCB announced the outcome of the maiden coal quality analysis for its intersection of the Mammoth coal seam which appears to have different characteristics to the two lower seams. Encouraging raw coal quality prompted the Company to analyse the coal for coking coal properties, as hard coking coal trades at a premium price to PCI in the market. M Resources, a well-known coal trader and consultancy which specialises in metallurgical coal supply to steel mills, was engaged to manage the testing process and analyse the results.

The outcome of the analysis proved that the Mammoth seam hosts an array of highly desirable coal qualities demonstrated in Table 2 below. The primary coking coal fraction varies between 40% and 45%, with a secondary PCI product yielding between 45% and 50%. The total laboratory yield is estimated in excess of 90%, making it one of the highest yielding metallurgical coals in the Bowen Basin.

As described by M Resources' Manager Ross Stainlay, the coal from the Mammoth seam is *“unique amongst the suite of coals currently produced in Australia. The primary product is a high rank, very low ash coking coal displaying low sulphur and phosphorus content. The high vitrinite content and favourable ash chemistry bode well for its coke strength potential. The PCI coal is also attractive, with high calorific value and low sulphur and phosphorus content. The coke replacement ratio is high, placing the product in a similar class to the well-established ULV PCI coals. The total*

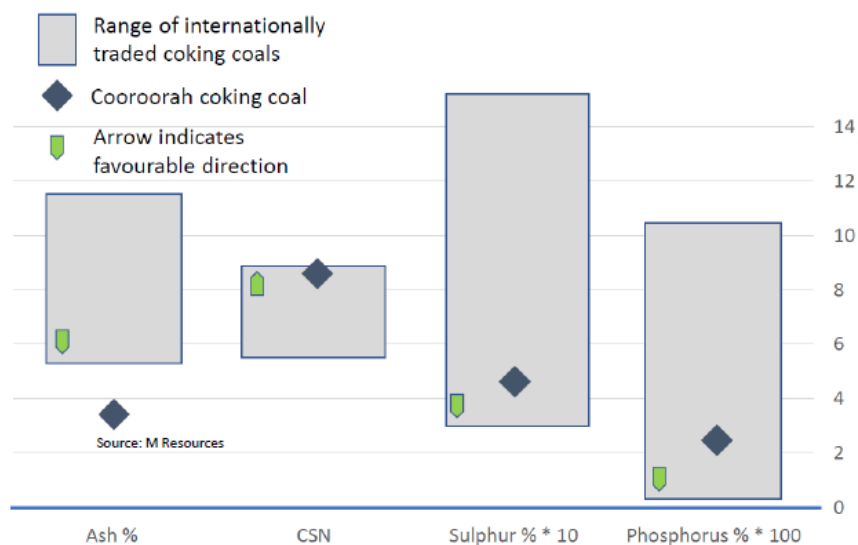
laboratory yield of metallurgical coal products is in excess of 90% for the 2 cores tested to date, which is regarded as high by industry standards.”

Table 2. Washed coal quality observed from the Mammoth seam for the primary and secondary products (average for both holes).

Property	Primary Coking coal	Secondary PCI coal
Inherent Moisture (% ad)	1.2	1.4
Ash (% ad)	3.5	10.0
Volatile Matter (% ad)	18.8	17.1
Fixed Carbon (%ad)	76.5	71.5
Total Sulphur (% ad)	0.44	0.38
Phosphorus (% ad)	0.03	0.06
Calorific Value (kcal/kg gad)		7560
HGI	90	85
CSN	8 - 9	
Gray-King coke type	G4 - G5	
Reflectance R _v max. %	1.56	
Vitrinite content %	68	
Fluidity (ddpm)	5 - 10	
Base-acid ratio	0.13	
Yield % (Lab, dilution free)	40%-45%	45%-50%

The coking coal quality observed at Cooroorah compares favourably to the range of traded hard and semi-hard coking coals and ranks at the better end of the spectrum in all of the important coal qualities listed in Figure 1 below.

Figure 1. Cooroorah coking coal compared to traded coking coal qualities.



Source: M Resources

Coking coal is used to make coke which in turn is used in blast furnaces to make steel. Coke manufacturers blend various types of coal with different coal qualities which impact the coal's behaviour and contribution in the coke-making process. Outstanding qualities such as low ash, low sulphur, low phosphorus and high fluidity allows the addition of lower quality coking coals to the coke blend, thus attracting a premium on the standard price.

Initial analysis suggests that the Cooroorah coking product could attract a premium for its very low ash and high CSN but would be penalised for low fluidity to ultimately end up close to the pricing benchmark for a hard coking coal 64 CSR product.

The Company has instructed John T. Boyd to prioritise the Mammoth seam in the ongoing Cooroorah Scoping Study and to incorporate the washability and coal quality outcomes in the option analysis. The outcome of the study is now expected in late July 2018.

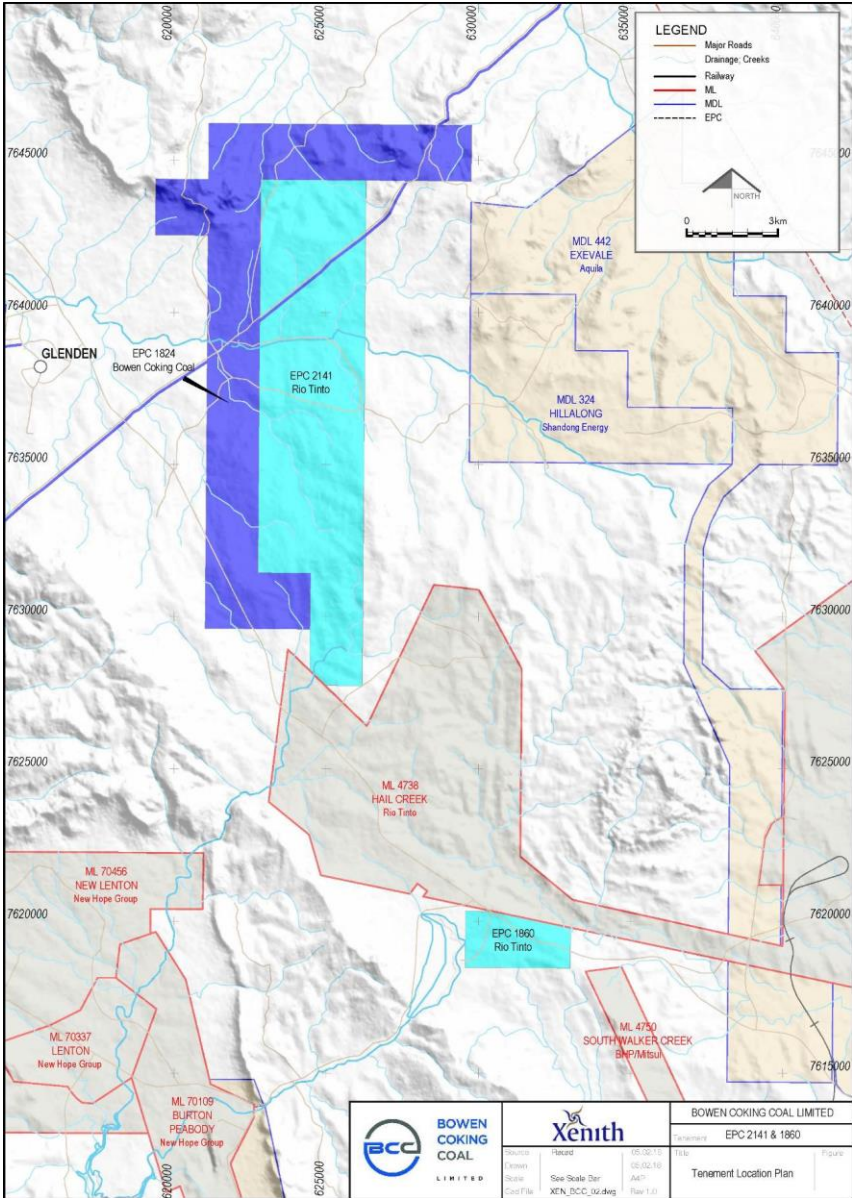
Hillalong (100%)

Further to shareholder approvals obtained at the General Meeting held on 7 May 2018, BCB completed the acquisition of the Hillalong East Project, comprising EPCs 1860 and 2141, located adjacent to the Company's Mt Hillalong Project in the Bowen Basin (See Figure 2 below, light blue areas). Tenement transfers have received indicative ministerial approval and are in the process of finalisation.

Under the terms of the Agreement, the Company made a \$100,000 cash payment to Rio Tinto Exploration Pty Ltd, has issued 30,000,000 ordinary fully paid shares to Cape Coal Pty Ltd, and reimbursed Cape Coal for direct legal expenses incurred in relation to the Hillalong East Project of \$45,439. The Shares issued to Cape Coal are subject to an ASX-imposed 12 month escrow period from the date of issue.

The Company engaged Xstract Mining Consultants to consolidate all the historic and Rio Tinto Exploration data into a geological model and to recommend an exploration plan to advance the Project. Xstract estimated an exploration target of between 61Mt and 409Mt of high quality coking coal and low volatile PCI in both Open pit and Underground exploration targets for the Rangal and Moranbah measures. The quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Figure 2: Mt Hillalong (dark blue) and Hillalong East (light blue) location



Comet Ridge (100%)

In May 2018 the Company announced it had entered into a binding Term Sheet with Springsure Creek Coal Pty Ltd (SCC) to sell its Comet Ridge Project (EPC1230 & MLA700005) in exchange for a \$100,000 cash payment and a royalty stream of 1.25% of FOR (Free on Rail) revenue from the first 2.8Mt coal produced from Comet Ridge. SCC holds an option to buy the royalty from BCB for \$3m, and BCB has an option to buy all the coal produced from Comet Ridge for trading and blending purposes.

In the event that SCC does not reach this milestone and no royalty has been paid by the end of that 4-year period, and SCC has not exercised the Royalty Buy-Out, BCB

can elect (at its sole discretion) to buy back the Comet Ridge Project for an amount equal to the capitalised exploration costs, with SCC also granting BCB a right to access its rail infrastructure for the purposes of loading up to 350,000 tpa of coal.

The Terms Sheet is subject to certain conditions precedent and BCB will apply to the Land Court to be replaced by SCC as applicant in the court proceedings related to entering into Compensation and Conduct Agreements with landowners in respect of the Comet Ridge Project.

Corporate

The Company established a share sale facility to accommodate the sale of unmarketable share parcels on behalf of shareholders. Post the end of the quarter a total of 1,863,486 shares have been transferred to the facility and sold on market by Argonaut Securities at an average price of 1.7c per share. The number of shareholders is expected to reduce from circa 1,700 to fewer than 600.

BCB is committed to its strong growth focus and has been investigating various growth options to add value to its portfolio of already valuable assets which includes amongst others strategic partners and potential Joint Venture partners. These discussions are however still only exploratory and conceptual in nature.

Metallurgical Coal Markets

The market for metallurgical coal remained strong during the quarter on the back of high levels of steel production, especially from China. Steel production by China increased 5.4% year on year for the march quarter, whilst the price index increased 15% for year ending May 2018.

Demand is expected to remain strong for the commodity in the medium to long term based on strong growth in Asia, mainly from India. Australian supply is expected to grow from 183Mtpa in 2017/2018 to 200Mtpa in 2019/20. Coal is now foreseen to become Australia's largest export earner, even exceeding export revenue from iron ore.

The high demand for metallurgical coal supported the FOB price for premium hard coking coal around US\$200 per tonne during the quarter. Analysts forecast an easing of the price in the medium to long term, although recent transaction pricing for Queensland coking coal mines and tenements implied longer term prices as high as US\$170 per tonne.

Metallurgical coal is a scarce commodity and the market fundamentals remain strong which in turn support healthy margins for Australian producers.

Performance Shares

There were 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares on issue during the quarter. The Performance Shares are convertible into ordinary shares on 1:1 ratio. The performance hurdles for the Class A Performance Shares are an increase of 30,000,000 tonnes to the Company's JORC-compliant Resource Base, and a 30-day 5 cent VWAP. The performance hurdle for the Class B Performance Shares is an increase of 50,000,000 tonnes to the Company's JORC-compliant Resource Base. *(Refer to Company's Prospectus dated 3 August 2017 for full terms of Performance Shares.)* To date no Performance Shares have converted or been cancelled, and no vesting conditions have been met during the period.

Key activities for the next quarter

The Company engaged John T Boyd Mining Consultants to update the Cooroorah Scoping Study with the latest coal quality results. The outcome of the study is expected in late July 2018. Planning for the Cooroorah follow-up exploration is underway through Xenith Consulting, and land owner engagement and cultural heritage clearance for the envisaged drill sites are in progress.

The Company is working with its consultants to analyse the most cost-efficient way to advance the Hillalong exploration program, which will soon commence with site approvals for the drilling program and land owner engagement.

Corporate discussions are ongoing.

Project Information as required in terms of Listing Rule 5.3.3.

Country	Location	Project	Tenement	Change in Holding (%)	Current Interest (%)
Australia	Queensland	Cooroorah	MDL 453	-	100%
Australia	Queensland	Mt Hillalong	EPC 1824	-	100%
Australia	Queensland	Lilyvale	EPC 1687	-	15%
Australia	Queensland	Lilyvale	EPC 2157	-	15%
Australia	Queensland	Mackenzie	EPC 2081	-	5%
Australia	Queensland	Comet Ridge	EPC 1230	-	100%
Australia	Queensland	Comet Ridge	MLA 70005	-	100%
Australia	Queensland	Isaac River	MDL 444	-	100%
Australia	Queensland	Isaac River	EPC830	-	100%

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ABOUT BOWEN COKING COAL

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

The highly experienced Board and management aim to grow the value of Bowen Coking Coal's projects to benefit shareholders by leveraging innovation and maximising the assets and network of the team. An aggressive two year exploration and development program will underpin the business strategy.

Listing Rule 5.23 Statement

All exploration results and Mineral Resources referred to in this quarterly report have previously been announced to the market by the Company in accordance with the requirements of Chapter 5 of the ASX Listing Rules and the JORC Code 2012, including as to the requirements for a statement from a Competent Person; and the relevant announcements have been referred to in the in the body of the quarterly report. The Company confirms that it is not aware of any new information or data that materially affects that information. In respect of the Mineral Resources, all material assumptions and technical parameters continue to apply and have not materially changed.