

Bens Creek Group plc
("Bens Creek" or the "Company")

Commencement of rail delivery

Update on loan facility with MBU Capital Group Limited and related party transaction

Bens Creek Group Plc (AIM: BEN) is delighted to announce that on 1 June 2022 it commenced the delivery, by railroad, of its High Vol B ("HVB") product to Integrity Coal Sales Inc. ("Integrity"), the Company's offtake partner.

Initially, the Company had been supplying Integrity with Run of Mine (ROM) coal via truck, whilst it completed the remediation of the wash plant and railway spur line.

Following completion of both of the infrastructure projects noted above, the Company has built up an inventory of clean coal which it is now delivering, via railroad, at circa 11,000 tons per train, from its 3.2 mile rail spur connecting to the Norfolk Southern Railway system, which transports the coal to the port of Norfolk, Virginia.

This initial rail delivery of 11,000 tons of the Company's HVB product, via its "fast flood" rail loadout facility, commenced on 1 June 2022 and is expected to be followed by further rail deliveries of a similar quantum during the coming weeks.

The Company is also able to provide an update on its existing loan facility with MBU Capital Group Limited ("MBU"), the Company's major shareholder.

On admission of the Company's ordinary shares to trading on AIM in October 2021 ("Admission"), the Company had a loan facility of up to £10.0 million in place with MBU, the terms of which are set out in paragraph 11.6 of Part VIII of the admission document published by the Company in October 2021.

As at Admission, £2.3 million had been drawn down by the Company under this facility. The MBU loan facility remains in place and is used to support the Company's ongoing working capital requirements for its inventory. In light of the Company's share price performance since Admission, the Company has varied the terms of the MBU loan facility by increasing the conversion price of any further amounts drawn under the MBU loan facility from 7 April 2022 to 60p instead of 15p per share. As at 5 June 2022, a total of £7.3m has been drawn down by the Company under the MBU loan facility, of which £5.0m is capable of conversion at 60p per share. The Company currently has cash balances in excess of circa £5m.

The variation to the MBU loan facility is deemed to be a related party transaction pursuant to rule 13 of the AIM Rules for Companies. The directors of the Company independent of MBU (being Robin Fryer and David Harris) consider, having consulted with the Company's nominated adviser, Allenby Capital Limited, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

Adam Wilson, Chief Executive Officer of Bens Creek, commented:

"The arrival of the first railway cars is a significant milestone, as it affirms the full remediation of the Bens Creek project, from the commencement of both High Wall Mining (HWM) and Underground Mining, the processing of the coal through the wash plant, the buildup of inventory and delivery via a "fast flood" rail load out system onto Norfolk Southern railcars on our remediated 3.2 mile rail spur.

“Whilst we were some weeks behind our originally planned schedule of railroad deliveries, we are very pleased now to be fully functional and we remain on track to meet our obligations to our offtake partner, Integrity, for the supply of HVB coal, as previously announced.

“We have also commenced the second shift on the first highwall miner and are in the process of renovating our second highwall miner, which we purchased earlier this year. We expect in due course to receive a new permit for the area that is to be mined using the new highwall miner.

“The Company is targeting to reach full production using both highwall miners by the end of the summer 2022.

“Marshall Miller & Associates are in the process of finalising their initial report on the total resource of our sites, including those recently acquired, as previously announced, and we expect to receive an update from them during June 2022.

“With the necessary buildup of Inventory (circa 30,000 tons of clean and 5,000 tons of ROM, equating to circa \$12m of revenue), ahead of the first train arriving, the board of directors increased the conversion price on its pre agreed £10m facility with MBU for any subsequent drawdowns post the date of Admission to 60p from 15p per share, to reduce the potential dilution to shareholders, should the loan be converted rather than repaid.

“Because of the buildup of inventory, management felt it was prudent to draw down on the facility to maintain a strong surplus cash balance, whilst we waited for the delayed train to arrive from Norfolk Southern.

“I want to take the time to thank each, and every member of the staff at Bens Creek, both at the mine and at its office in West Virginia. They have all done an exceptional job, in executing the full remediation of this project within 6 months, into a fully operating mine, including processing and delivery.

“We are exceptionally pleased that we have no legacy issues preventing us to mine, process and deliver metallurgical coal in the most environmentally friendly way as possible and be able to take full advantage of the current pricing in the Metallurgical Coal markets.

“I also want to thank Integrity who have been a highly professional offtake partner and who we are proud to be able to work with.

“Our website; www.benscreek.com, has pictures and videos of the first train and the commencement of the rail service.”

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