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Bens Creek Group plc

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

Placing and Subscription to raise £6.0 million

Bens Creek Group plc (AIM: BEN), the owner of a metallurgical coal mine in North America supplying the steel industry, is pleased to announce that it has raised £6.0 million (before expenses) by way of:

- a placing of 9,999,998 new ordinary shares of 0.1p each in the capital of the Company (the "**Placing Shares**"), at a price of 30 pence per share (the "**Issue Price**") raising c. £3.0 million (the "**Placing**"); and
- an issue of 10,000,002 new ordinary shares of 0.1p each in the capital of the Company (the "**Subscription Shares**") at the Issue Price to certain investors, being MBU Capital Group Limited ("**MBU**"), Mohammed Iqbal (the beneficial owner of MBU) and Bluestar Global Capital Limited ("**Bluestar**"), raising c. £3.0 million (the "**Subscription**"). The aggregate proceeds from the Subscription is made up of MBU (c.£500,000), Mohammed Iqbal (c.£1,000,000) and Bluestar (£1,500,000).

The Issue Price represents a discount of 10.4 per cent. to the closing mid-market share price of an existing ordinary share of 0.1p each in the capital of the Company ("**Ordinary Shares**") on 17 August 2022, being the last business day prior to this announcement.

Highlights of the Placing and Subscription

- The Placing and Subscription (together the "**Fundraise**") has raised £6.0 million (before expenses) with certain existing institutional and new investors, by way of a placing of 9,999,998 new Ordinary Shares at the Issue Price and a Subscription for an aggregate of 10,000,002 new Ordinary Shares in the Company at the Issue Price by Mohammed Iqbal along with existing investors, MBU and Bluestar.

- The Placing Shares and the Subscription Shares will represent approximately 5.3 per cent. of the enlarged issued share capital of the Company. The Company has utilised certain of its existing authority to issue such new ordinary shares for cash on a non-pre-emptive basis.
- Mohammed Iqbal, the ultimate controlling party of MBU, has personally subscribed for 3,333,336 Subscription Shares in the Subscription, which will represent 0.89 per cent. of the enlarged issued share capital of the Company.
- MBU, the Company's largest shareholder, has subscribed for 1,666,666 Subscription Shares in the Subscription, which will represent 0.45 per cent. of the enlarged issued share capital of the Company. Upon completion of the Fundraise, MBU are expected to be interested in 212,601,701 Ordinary Shares in the Company representing 56.78 per cent. of the enlarged issued share capital. This holding, combined with Mohammed Iqbal's personal holding, will represent 57.67 per cent. of the enlarged issued share capital of the Company.
- Bluestar, a private company and an existing shareholder in Bens Creek, has subscribed for 5,000,000 Subscription Shares in the Subscription, which will represent 1.34 per cent. of the enlarged issued share capital of the Company. Upon completion of the Fundraise, Bluestar are expected to be interested in 14,887,777 Ordinary Shares in the Company representing 3.98 per cent. of the enlarged issued share capital.

Background to and reasons for the Fundraise

The Company intends to transition from the use of a contractor model with respect to its earthmoving/advancement above ground equipment, working in parallel with the Highwall Miner contractor, to an equipment owner operator, which the Board expects in turn will lead to increased production of metallurgical coal and cost efficiencies.

The net proceeds of the Fundraise will be used to pay purchase deposits for the required equipment that is intended to be supplied by Komatsu, a worldwide leading supplier of surface mining and earth moving equipment, and for general working capital purposes.

Separately the Company has recently completed the outright purchase of its initial fleet of mining and earth moving equipment at a cost of \$5.4m, funded from the Company's existing cash resources. However, it is envisaged that part of the equipment acquired will be financed to provide the Company with additional working capital for its ongoing operations.

Following on from the revenue generated from the recent three train deliveries to Integrity for a total of 33,000 clean tonnes of coal earlier this month, the Company is considering reducing the amount drawn down on its working capital facility, details of which were announced by the Company on 6 June 2022. The Company also has a further 7 trains booked between now and November 2022.

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

"I am very pleased to announce the successful Placing and Subscription and are grateful for the strong support for our strategy by new and existing shareholders, particularly MBU and its beneficial owner Mohammed Iqbal.

The net proceeds from this Placing and Subscription will enable us to fulfil the next stage of our growth strategy which is to move away from a contractor model and become an owner of our own rolling stock of heavy equipment. As such we have already started to acquire a fleet and with this fundraise, we will be able to fulfil this objective with new equipment from Komatsu.

The new equipment and new fleet will substantially improve the company's ability to Highwall mine metallurgical coal above ground as we move towards getting the new permit with our above ground Highwall Miners, as we will then have a much larger area under permit to use two, and potentially even three, highwall miners. Accordingly, we need to control the "yellow iron" mobile equipment that does the advancement work and allows these highwall miners to mine into the seams.

When we listed on AIM, we had no choice but to engage a contractor to help us with this advancement, however as we now look to exceed the initial monthly production target of 40,000 and move towards our target of circa 70,000 – 80,000 tons per month, as previously announced, it is important that we own the equipment fleet so that we are able to keep at least two highwall miners operational simultaneously.

As a Company we already own the equipment fleet that operators use underground, and post listing we acquired one highwall miner. This complements the initial highwall miner supplied by Mega Highwall Mining and the soon to be mobilised second highwall miner to be supplied by them, under our existing contractor model.

Since 10 August 2022, the effective date of the EU ban on Russian Coal imports, we have seen a \$20 per ton increase in the HvB price from \$241 to \$261 as of yesterday and we are hopeful that these increases will be sustained now that Russia is no longer able to dump its supply onto the market.

This is absolutely the right time, in the Company's opinion, for it to be increasing its production, and owning most of the equipment it uses to mine.

Since the remediation of both the railway line and wash plant, we are now able to handle and ship increased volumes."

Details of the Fundraise

Under the Fundraise, the Company has raised £6,000,000 (before expenses) through a placing and subscription of 20,000,000 new Ordinary Shares at the Issue Price with institutional and other investors. The Company has entered into a placing agreement with W H Ireland Limited and Novum Securities Limited (the "**Placing Agents**") under which the Placing Agents have agreed to use their reasonable endeavours to procure places for the Placing Shares at the Issue Price. The Placing has not been underwritten. The Placing and Subscription are conditional, *inter alia*, on admission of the Placing Shares and Subscription Shares to trading on AIM ("**Admission**") becoming effective.

The Placing Shares and Subscription Shares will represent approximately 5.34 per cent. of the enlarged share capital of the Company following Admission.

As part of the Placing, a total of 300,000 warrants to subscribe for new Ordinary Shares at the Issue Price have been issued to the Placing Agents, exercisable for a period of 3 years from Admission.

The Placing Shares and Subscription Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares, including the right to receive dividends and other distributions declared on or after the date on which they are issued.

It is expected that CREST accounts will be credited on the relevant day of Admission and that share certificates (where applicable) will be despatched within five working days of Admission.

Related Party Transactions

MBU is a substantial shareholder of the Company and is therefore considered to be a "related party" as defined under the AIM Rules for Companies ("**AIM Rules**"). Furthermore, Mohammed Iqbal is the ultimate beneficial owner of MBU. Accordingly, the participations of MBU and Mohammed Iqbal in the Subscription constitute related party transactions for the purposes of Rule 13 of the AIM Rules.

The Directors independent of MBU, being Robin Fryer (Non-Executive Chairman) and David Harris (Non-Executive Director), consider, having consulted with the Company's Nominated Adviser, that the terms of MBU and Mohammed Iqbal's participations in the Subscription are fair and reasonable insofar as the Company's shareholders are concerned.

Admission to trading and total voting rights

Application will be made shortly to the London Stock Exchange for the Placing Shares and Subscription Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares and Subscription Shares on AIM will commence on or around 30 August 2022.

On Admission, the Company's issued ordinary share capital will consist of 374,400,000 ordinary shares of 0.1p each, with one vote per share. The Company does not hold any ordinary shares in treasury. Therefore, on Admission, the total number of ordinary shares and voting rights in the Company will be 374,400,000. With effect from Admission, this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

Notice to Distributors

Solely for the purposes of the temporary product intervention rules made under sections S137D and 138M of the Financial Services and Markets Act 2000 and the FCA Product Intervention and Product Governance Sourcebook (together, the "**Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible

with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, as defined under the FCA Conduct of Business Sourcebook COBS 3 Client categorisation, and are eligible for distribution through all distribution channels as are permitted by the FCA Product Intervention and Product Governance Sourcebook (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing offer no guaranteed income and no capital protection; and an investment in the Placing is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, W H Ireland Limited and Novum Securities Limited will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the FCA Conduct of Business Sourcebook COBS 9A and 10A respectively; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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Important Notices

This Announcement includes "forward-looking statements" which includes all statements other than statements of historical fact, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this Announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.