

Prior to publication, certain information contained within this announcement was deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

7 July 2023

Bens Creek Group plc

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

Issue of loan notes to raise \$6.5 million and related party transaction

Bens Creek Group plc (AIM:BEN), the owner of a metallurgical coal mine in North America supplying the steel industry, announces that the Group has raised a further \$6.5 million (equivalent to c. £5.1 million based on current exchanges rates) through the issue of unsecured loan notes (the "**Loan Notes**") to Avani Resources Pte Ltd (the "**Lender**" or "**Avani**"), the Company's largest shareholder.

The Company currently has an outstanding convertible loan note of circa \$5.6 million (principal and accrued interest) with ACAM LP (the "**ACAM Loan Notes**") which is due for repayment by the end of summer 2023. Full details of the ACAM Loan Notes can be found in the announcement released by the Company on 18 February 2022 and the subsequent announcement on 27 February 2023 in regard to the repayment terms of the ACAM Loan Notes. The proceeds of the issue of the Loan Notes will be used: (i) to repay the ACAM Loan Notes and accrued interest; and (ii) for the Group's general working capital requirements.

Terms of the Loan Notes

On 7 July 2023 Bens Creek entered into an unsecured loan note agreement with the Avani for a total subscription of \$6.5 million of Loan Notes. The Loan Notes have a term of 18 months and interest will roll up and be repaid as a bullet at the maturity of the Loan Note (the "**Repayment Date**").

Bens Creek will pay to Avani \$2 per tonne of clean coal sold by the Group within 7 business days of such clean coal being sold (the "**Coal Payments**"). The Coal Payments will be applied to reduce the principal outstanding under the Loan Notes. Any remaining principal and accrued interest will be repayable on the Repayment Date.

Simple interest shall be added to the principal amount of the outstanding Loan Notes on the Repayment Date. The interest shall be calculated at a rate of 15.1% per annum from and including the date of issue of the Loan Notes up to and including the date of the redemption or repurchase of the Loan Notes.

In the event Bens Creek redeems or fully repays the Loan Notes prior to the Repayment Date it shall, together with the payment of the principal amount outstanding, pay Avani a prepayment calculated at a rate of 15% per annum from and including the date of issue of the Loan Notes up to and including the date of the redemption or repurchase of the Loan Notes.

The amount described in the paragraph above shall become payable by Bens Creek upon a prepayment or early redemption of the Loan Notes prior to the Repayment Date.

Whilst the Loan Notes are outstanding, the Company may not declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital).

As such although the Company was anticipating paying a maiden dividend in the current financial year it is likely that this will now have to be postponed to a future date.

The Loan Notes have repayment seniority over the existing loan notes held by Avani (details of which were announced by the Company on 26 June 2023) and the Loan Notes are not convertible into new ordinary shares in the Company.

Bens Creek Operations LLC, a 100% owned subsidiary of the Company, unconditionally and irrevocably guarantees to the Lender the punctual payment to them by the Company of all monies payable under the provisions of the Loan Notes

Bens Creek will pay the Lender's legal fees in relation to the facility up to an agreed cap and it is anticipated the funds will be drawn down by the Company immediately.

Related party transaction

The issue of the Loan Notes by Bens Creek to Avani is deemed to be a related party transaction pursuant to rule 13 of the AIM Rules for Companies by virtue of Avani being a 29.86% shareholder of the Company. The directors of the Company (who are all independent of Avani) 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:

"We are extremely pleased with the commitment and support of our new shareholder Avani. The provision of a further term non-convertible loan facility enables us to repay the current loan notes issued to ACAM, provides us with further working capital and ensures that we maintain a healthy financial position."

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