

14 April 2022

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

Entry into coal sub-lease agreement and royalty arrangement on contiguous coal property

Update on delivery of second highwall miner, the rail loadout facility and repairs to railroad

Bens Creek Group plc (AIM:BEN), the owner of a recently re-opened metallurgical coal mine in North America supplying the steel industry, announces that Ben's Creek Operations WV LLC ("**BC Operations**"), a wholly owned operating subsidiary of the Group, has, on 13 April 2022, entered into a coal sub-lease agreement (the "**Agreement**") with Star Ridge Land, LLC ("**Star Ridge**") with an effective date of 11 April 2022 (the "**Effective Date**"). Star Ridge is the successor to G1 Mining LLC as lessee under their lease with Pocahontas Land Corporation ("**Pocahontas**"), on two parcels of land covering approximately 2,640 acres situated in Mingo County, West Virginia. This property is contiguous with the existing Bens Creek property and metallurgical coal mine.

The Agreement confers certain mining rights to BC Operations on the property and covers the terms of a royalty arrangement with Star Ridge, the key terms of which are set out below. The Agreement will enable BC Operations to undertake metallurgical coal production from such reserves that may exist on the property. There are currently no mining operations on the property.

The term of the lease is three years with an automatic extension for additional three year periods. BC Operations will be required to secure all the necessary mining permits prior to the commencement of mining.

The key terms of the royalty arrangement as set out in the Agreement are:

- Bens Creek shall pay Pocahontas a production royalty;
- Commencing thirty months from the Effective Date, Bens Creek shall pay Star Ridge a minimum royalty per quarter, with such payments being recoupable over period of two years, following each quarterly payment;
- Commencing forty-two months from the Effective Date, Bens Creek shall pay Star Ridge an increased minimum royalty per quarter, payable in advance for the remaining term or extended term of the Agreement, unless there is insufficient tonnage remaining on the property to recoup the minimum royalty in which event the minimum royalty obligation will cease. The minimum royalty shall also be recoupable for a two-year period after payment of each quarterly payment;

The royalty rates that would be payable by Bens Creek are broadly in line with the royalty rates applicable to other royalty arrangements the Company has in place with other third parties;

- Integrity Coal Sales, Inc. ("**Integrity**"), an affiliate of Star Ridge and the Company's existing offtake partner, shall have the right and first option to purchase all coal mined and removed from the property. For any coal mined and removed by Bens Creek from the property that

Integrity elects not to purchase, Bens Creek may sell the coal itself and pay Star Ridge a small overriding royalty; and

- Star Ridge shall receive, within ten business days from the Effective Date, a share option to purchase \$250,000 of new ordinary shares in Bens Creek at 93 pence per ordinary share, being the closing middle market price on the Effective Date (being 11 April 2022). The option is to vest six months from the Effective Date.

Under the terms of the Agreement:

- Bens Creek shall drill a minimum of three core holes on the property within twelve months of the Effective Date. The results of such core drilling shall be made available to Star Ridge;
- Bens Creek will use its best efforts to secure a mining permit upon the property and shall apply for a mining permit within twelve months. Bens Creek is obliged to commence mining within twenty-four months from the Effective Date, if the mining permit is approved and issued within twelve months after the filing date of the mining permit application;
- If the mining permit is not issued within twelve months of the filing date of the mining permit application, the mining commencement date will be extended by sixty days after the issuance and receipt of the mining permit, provided Bens Creek has been timely and responsive to regulatory permit inquiries;
- Notwithstanding the above Ben's Creek shall be obliged to commence mining within thirty-six months from and after the Effective Date; and
- Bens Creek will be obliged to mine, remove and sell a minimum of 36,000 tons of coal within six months after commencement of mining operations on the property.

Whilst the Board is confident with Bens Creek being able to secure the mining permit and commence mining on the property on the timeframes outlined above there can be no guarantee on the timing or success on Bens Creek obtaining the mining permit and/or commencing mining.

The Company has engaged Marshall Miller & Associates, Inc (MM&A) to undertake an evaluation of the reserve base of the properties which Bens Creek now has new mining rights over, which includes the sub-lease entered into with Star Ridge and the lease agreement entered into with M.G.C. Inc ("MGC"), as previously announced on 16 December 2021.

Update on delivery of second highwall miner, the rail loadout facility and repairs to railroad

The Company confirms that, further to the announcement of 14 March 2022, that the second highwall miner was delivered to the existing Bens Creek site in March 2022.

Further to previous announcements the Company can also confirm that all the necessary works have now been completed on the rail loadout facility and the required infrastructure repairs on the rail spur that connects the existing Bens Creek property to the Norfolk Southern railway mainline.

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

"As announced on 15 December 2021, part of the Group's existing strategy is to evaluate prospective lease and royalty arrangements on neighbouring properties and to invest the recently raised capital

into an expanded reserve base. The Board is pleased to enter into a sub-lease agreement on a neighbouring property, especially with an affiliate of Integrity, one of the leading met coal brokers in the US and the offtake partner at the Group's Bens Creek site. The Board believes that this asset will bring potential additional production within three years and will significantly add to the reserve base of the Group. In order to accurately define the increased aggregate reserve base across Bens Creek (Operations) and the properties covered by the new lease agreements entered into with both Star Ridge and MGC, the company has engaged Marshall Miller with the objective of providing an up to date evaluation of the resource base in accordance with the AIM Rules."

"We are pleased to announce the completion of the work on the railroad which is now fully repaired and is expected to put us in a position to deliver our product faster and in greater quantities."

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