

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.

13 May 2024

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

Update on the Group's Chapter 11 cases
and
Interim DIP Loan from Avani

Further to the Company's announcement released on 9 May 2024, Bens Creek Group plc (AIM:BEN), the owner of a metallurgical coal mine in North America supplying the steel industry, announces that the United States of America ("US") Bankruptcy Court for the Southern District of West Virginia (the "Court") has approved the Company's wholly owned US subsidiaries, Ben's Creek Operations WV LLC, Ben's Creek Carbon LLC and Ben's Creek Land WV LLC (together, the "**Chapter 11 Companies**" or the "**Debtor**"), entering into an interim debtor-in-possession financing loan from Avani Resources Pte Ltd ("**Avani**" or the "**Lender**"), the Company's largest shareholder, for US\$2.0 million (the "**Interim DIP Loan**").

Terms of the Interim DIP Loan

The order of the Court has authorised Avani to lend to the Chapter 11 Companies up to US\$2.0 million of further funds with an interest rate of 10.5% per annum.

The proceeds of the Interim DIP Loan shall be used by the Chapter 11 Companies for the purposes identified in the approved budget by the Court including to:

- (i) pay expenses to preserve, maintain and operate the Debtors' businesses;
- (ii) pay certain professional fees;
- (iii) conduct and pursue a sale and liquidation process of the Chapter 11 Companies' assets to be completed pursuant to section 363 of the Bankruptcy Code (the "**Section 363 Sale**");
- (iv) pay other essential emergency expenses of the Chapter 11 Companies; and
- (v) pay wages owed to current and former employees of the Chapter 11 Companies.

Provided that Avani advances the Interim DIP Loan, Avani will be, pursuant to the US Bankruptcy Code, granted a superpriority administrative expense claim in the amount of the Interim DIP obligations.

Update on Chapter 11 and further Court hearing

A further court hearing will be held on 6 June 2024 to consider the terms of a final debtor-in-possession financing loan from Avani (the "**Avani DIP Facility**") which is expected to be in the quantum of US\$8.865 million inclusive of the Interim DIP Loan. The intention is for the proceeds of the Avani DIP Facility, should it be approved by the Court, to be used to see the Chapter 11 Companies through to the Section 363 Sale. A term sheet for the Avani DIP Facility has been filed with the Court.

Alternative debtor-in-possession financing proposals would, if received, also be considered by the Court prior to the hearing on 6 June 2024.

A sale of the Chapter 11 Companies' assets, should this be consummated, would constitute a fundamental change of business for the Group pursuant to Rule 15 of the AIM Rules of Companies. Any such disposal is expected to result in the Company becoming an AIM Rule 15 cash shell.

Update on second debtor-in-possession financing proposal

An alternative debtor-in-possession financing proposal for \$4 million (the "**Integrity DIP Motion**") was received from Integrity Coal Sales, Inc ("**Integrity**"). However, due to the Debtor requiring a budget of \$6.5 million to carry the Chapter 11 Companies through to the Section 363 Sale, which is the Debtors' plan, and with Integrity unwilling to increase the Integrity DIP Motion beyond \$4 million, the Debtor decided to reject the Integrity DIP Motion. The decision to reject the Integrity DIP Motion was sustained by the Court. The Court sustains the Debtors' decision and finds that the Integrity DIP Motion was not a viable decision because the Debtor would run out of money prior to the Section 363 Sale.

Related party transaction

The drawdown of up to US\$2.0 million of the Interim DIP Loan by the Chapter 11 Companies is deemed to be a transaction with a related party 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 (except for Rajesh Johar who represents Avani on the Company's board) consider, having consulted with the Company's nominated adviser, Allenby Capital Limited, that the terms of the Interim DIP Loan are fair and reasonable insofar as the Company's shareholders are concerned.

A copy of the filing made at the Court in relation to the Interim DIP Loan, as well as the other filings lodged in relation to the Group's Chapter 11 cases, can be accessed here: <https://ecf.wvsb.uscourts.gov/>.

Further announcements will be made at the appropriate time.

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