

RNS Agreement

Coal lease agreement on contiguous property

BENS CREEK GROUP PLC

Released 13:00:08 16 December 2021

RNS Number : 9274V
Bens Creek Group PLC
16 December 2021

16 December 2021

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

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

Bens Creek Group plc (AIM:BEN), the owner of a 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 15 December 2021, entered into a lease agreement (the "Lease") with M.G.C., Inc. ("MGC") on a property adjacent to the existing Bens Creek mine located in Stafford District, Mingo County, West Virginia. The property covers approximately 1,200 acres. The Lease confers certain mining rights to BC Operations on the property and covers the terms of a royalty arrangement with MGC, as set out below. The Lease will enable BC Operations to undertake metallurgical coal production from such reserves that may exist on the property.

The term of the Lease is for a five year period from 15 December 2021. BC Operations may renew and extend the Lease for an additional five year term. If prior to the expiration of the extended term, BC Operations has commenced and is pursuing mining operations on the property then the Lease shall automatically be extended on a year-to-year basis thereafter until mining operations are completed. BC Operations will be required to put in place all the necessary mining permits prior to commencement of mining, including a West Virginia mining quality discharge permit (NPDES permit).

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

- \$50,000 annual minimum royalty payment, recoupable against earned royalties and any necessary mine development costs, with the first royalty payment being settled on execution of the Lease and a further up to nine payments of \$50,000 being made on an annual basis thereafter;
- where BC Operations owns: (i) the coal only; or (ii) the surface or surface mining rights, BC Operations agrees to pay MGC an amount equal to 4% of the net selling price of coal mined whether mined by surface, highwall or underground methods of mining;
- where BC Operations owns both the coal and the surface or surface mining rights, BC Operations agrees to pay MGC an amount equal to 7% of the net selling price of coal mined by surface or highwall methods of mining; and
- for coal mined by the deep mining method, BC Operations agrees to pay MGC an amount equal to 4.5% of the net selling price for coal mined.

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 the Board is pleased to enter into a lease agreement on this neighbouring property. The Board believe that the additional acreage will add substantially to the life of the underlying Bens Creek operations and help cement the Group's position within the industry. The royalty rates we have put in place on the tonnage are similar to the existing Bens Creek mine and, should the Met coal price remain at current levels, be financially attractive for the Group. In due course we intend to quantify the reserves following which we will be well placed to provide a further update for shareholders. We are also in discussions with other owners in relation to adjoining coal properties and are hopeful that they will result in further additional acreage becoming available to us."

For further information please contact:**Bens Creek Group plc**Adam Wilson, CEO
Raju Haldankar, CFO

+44 (0) 204 558 2300

Allenby Capital Limited (Nominated Adviser and Joint Broker)Nick Athanas
Nick Naylor
George Payne

+44 (0) 203 328 5656

Optiva Securities Limited (Joint Broker)Christian Dennis
Jeremy King
Daniel Ingram

+44 (0) 203 137 1902

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

AGRFLFEFFDLRLIL

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

© 2021 London Stock Exchange plc. All rights reserved.