BATHURST RESOURCES LIMITED

Level 12, 1 Willeston Street, Wellington 6011, New Zealand
PO Box 5963 Lambton Quay, Wellington 6145, New Zealand
P. +64 4 499 6830 **F.** +64 4 974 5218
E. wellington@bathurst.co.nz

FY21 RESULTS ANNOUNCEMENT

27 August 2021: Bathurst Resources Limited 2021 full year result

RECORD NET PROFIT AFTER SUPREME COURT WIN, WITH EBITDA EXCEEDING GUIDANCE

Financial measures (NZD)	FY21 $m	FY20 $m
Revenue[1]	212.6	232.7
EBITDA[2]	59.5	76.8
Profit/(loss) after tax	66.7	(47.4)
Underlying profit after tax[3]	15.9	25.8
Cash	20.2	26.0

CEO'S COMMENTS

CEO Richard Tacon notes that "FY21 was a tough year, but I am pleased to report that we again met the challenge. We were prepared for the COVID-19 pandemic to continue impacting our export pricing in the short-term. As well as the need to re-establish our product with customers after the disruption of the COVID-19 government regulated shutdown at Stockton in April last year. However, what we couldn't have foreseen was further disruption in the export market due to China's import ban on Australian coal. Both factors saw the HCC benchmark that our export pricing is set against fall to its lowest levels in four years.

Notwithstanding this, we were able to exceed the revised EBITDA guidance issued in our second quarterly update. Our domestic operations with their fixed price contracts were again the foundation of our business, as we weathered lower margins in our export segment. Keeping costs down and limiting cash outflows to essential spend only was another central focus of the management team."

Mr. Tacon also noted the huge win for Bathurst in the Supreme Court of New Zealand regarding a near five-year USD $40m legal dispute with L&M Coal Holdings Ltd. He noted this has given a significant boost to Bathurst's net profit after tax as the previously recognised provision for settlement plus interest was reversed.

"This coming year is looking positive for us. Significant headwinds that we had to deal with last year have been resolved, notably a recovery in the export pricing benchmark, and the favourable outcome in the Supreme Court. The demand for steel remains strong with infrastructure commitments by governments being used for economic

[1] Includes realised FX and coal pricing hedges on export sales. Unrealised movements in coal pricing and FX hedging goes through other comprehensive income.
[2] EBITDA is a non-GAAP measure and reflects earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash movements on deferred consideration and rehabilitation provisions.
[3] Underlying profit equals net profit after tax excluding $73.2m reversal of a previously recognised performance payment (refer page 5 for further information) and exclusion of impairments (refer note 8 in the financial statements for further information).

Financial figures in this release are 100% Bathurst and 65% BT Mining and in NZD unless otherwise disclosed stimulus. And although it was a difficult decision to close our Canterbury mine, we are fully focused on maintaining our usual high rehabilitation standards with the plan to close this out in May of next year. Meanwhile, our focus remains on growth opportunities both current and new," Mr Tacon said.

OPERATIONS

Bathurst is New Zealand's leading coal producer, engaging in the development and production of coking and thermal coal in New Zealand. Bathurst also has an equity stake in a Canadian high quality coking coal exploration project.

Export operations

Measure		Export FY21	Export FY20
Production (100% basis)	kt	938	954
Sales (100% basis)	kt	1,088	1,077
Overburden (100% basis)	Bcm 000	3,685	4,013
Revenue incl. realised hedging (equity share basis)	$'000	97,211	121,011
Average price received per tonne (100% basis)	$/t	137	173
EBITDA (equity share basis)	$'000	19,112	42,626

Commentary:

Revenue	• Revenue decreased due to a drop in the Hard Coking Coal Premium Low Vol ("HCC") benchmark that export pricing is pegged against. • The benchmark fell 23% year-on-year, from an annual average of USD 151 / tonne ("t") to USD 116/t. • FX and coal price hedging put in place supported the average price received, contributing $5.4m in revenue. • Movements in foreign exchange rates also had a negative impact as the New Zealand dollar appreciated in value, moving from an average NZD:USD exchange rate of 0.64 to 0.70.
EBITDA	• The lower EBITDA is largely a result of the lower price per tonne received on sales. • Underlying cost per tonne has remained consistent year-on-year ("YOY"). • Production and sales volumes were unchanged YOY.

Domestic operations

Measure		Domestic FY21	Domestic FY20
Production (100% basis)	kt	1,109	1,079
Sales (100% basis)	kt	1,098	1,137
Overburden (100% basis)	Bcm 000	15,882	14,727
Revenue (equity share basis)	$'000	115,416	111,665
EBITDA (equity share basis)	$'000	52,644	47,311
EBITDA margin (equity share basis)	$/t	64	55

Commentary:

Production	Modifications to two key North Island domestic ("NID") customer contracts required carrying higher levels of stockpiles and meant production exceeded sales volumes.
Sales	NID reduced by 24kt. This was due to re-negotiated contracted sales volumes which see sales move out to the end of a contract, partially offset by higher than budgeted sales to an electricity generation customer during a period of low hydro generated power. South Island domestic ("SID") sales volumes declined 15kt due to a delayed dairy season which lowered demand at the beginning of the financial year.
Revenue	An uplift in sales revenue from an increase in average price per tonne in both the NID and SID segments, which offset the reduced volumes. Due to annual price increases embedded in sales contracts, and a shift of sales volumes to higher margin customers in NID.
EBITDA	SID EBITDA improved $2.1m year-on-year, primarily benefiting from increased revenue and a stable cost per tonne. NID EBITDA increased $3.2m. Partially from a small increase in revenue. Underlying costs also decreased, with key savings coming from lower equipment hire and repairs and maintenance at Rotowaro.

Corporate

Corporate segment costs included in the total group consolidated EBITDA were $12.3m, a decrease of $0.9m from FY20.

FINANCIAL RESULTS

Profit after tax increased to $66.7m from a loss of -$47.4m in the prior year. Key movements are:

Item	Movement YOY	Note ref in accounts	Description
Equity share of joint venture BT Mining profit	-$16.8m	13	Decrease driven by reduction in export earnings from lower export pricing.
Impairment	-$22.1m	8	A write-off of Canterbury mine assets in the current year due to closure of the mine at the end of June. An impairment of a historical acquisition value relating to the New Brighton permit (adjacent to the current Takitimu mine operations).
Fair value movement in deferred consideration	+121.1m	15 (c)	This significant variance reflects the recognition of deferred consideration on the Buller Project in the prior year, which was reversed in the current year due to a Supreme Court ruling which determined that payment could be suspended.
Finance costs	+$12.4m	6	Interest on the Buller Project deferred consideration was recognised in the previous year. This was reversed in the

			current year due to the Supreme Court ruling, classified as finance income.
Finance income	$16.6m	6	A favourable movement in exchange rates which reduced the previously recognised Buller Project deferred consideration, which is denominated in USD, as well as reversal of accrued interest on the same.

KEY GROWTH PROJECTS

Project location	Project type	Market	Project description
British Columbia, Canada	Exploration project in new mining area	Coking coal for steelmaking for the export market	High quality coking coal joint venture. See below for further detail.
South Island, New Zealand	Extension to existing operations	Coking coal for steelmaking for the export market	Drilling and consenting works continue at the Denniston plateau (West Coast of the South Island) projects to assess converting resources to reserves.
North Island, New Zealand	Extension to existing operations	Thermal coal and coal for steelmaking for domestic market	Rotowaro North and Waipuna West extension projects to the Rotowaro mine. The economic feasibility of these projects is still being assessed, with a decision to be made on the Waipuna West extension project in the coming financial year.

Crown Mountain exploration project, Canada[4]

- A low-cost, high quality, open cut hard coking coal project within the Elk Valley in British Columbia, Canada.
- Key findings of the bankable feasibility study released in July 2020 reaffirmed the project as a high-quality coking coal opportunity with a competitive operating and capital cost structure, with access to existing common user rail and port infrastructure.
- Results of a yield optimisation study released in August 2021 has confirmed the potential for increased production and considerably improved economic outcomes of the project by increasing product ash levels.
- The environmental assessment submission was delayed due to the impact of COVID-19; submission is now expected in Q2 of FY22.
- Bathurst's equity share remained at 22.2 percent at 30 June 2021, with the option to buy-in to 50 percent of the project.

[4] Refer to the recent ASX announcement HERE by joint venture partner Jameson Resources Limited for details on the bankable feasibility study and optimisation study results.

CASH FLOWS

		FY21	FY20
	Opening cash 30 June	**26.0**	**38.5**
Operating	EBITDA	59.5	76.8
	Working capital	1.8	(0.7)
	Tax	(18.2)	(9.3)
Investing	Deferred consideration	(4.6)	(10.8)
	Crown Mountain (Canadian joint venture project)	(0.8)	(6.1)
	PPE	(6.3)	(14.4)
	Mining assets including capitalised stripping	(20.5)	(31.5)
Financing	Finance leases	(9.9)	(6.0)
	Corporate debt instrument principal and interest repayments	(2.2)	(8.8)
	Dividend	-	(5.5)
	Borrowings (repayment)/drawdown net of interest	(4.2)	4.1
	Other	(0.4)	(0.3)
	Closing cash 30 June	**20.2**	**26.0**

Tax

Due to COVID-19, payment of 2019 corporation tax was deferred by arrangement with the Inland Revenue Department.

Crown Mountain

Funds were invested in FY20 to finance the feasibility study. Funds issued this year represent a non-callable loan to finance on an equity share basis progression of the environmental assessment application.

Deferred consideration

Most of the deferred consideration paid relates to the purchase of BT Mining assets from Solid Energy, with the final payment due in Q2 of FY22.

Mining assets

Capitalised stripping returned to more normal levels this year after they were elevated in the prior year from a re-evaluation of life of mine for key North Island pits, and due to planned reduction in overburden removal at the Rotowaro mine.

Corporate debt instruments

A partial repayment of Bathurst's USD corporate bonds occurred in FY20. In the current year Bathurst repaid $1.3m relating to the USD bonds and NZD convertible notes, with the remaining balance transferred to the new AUD convertible bonds.

Borrowings drawdown net of interest

Net repayments were made during the year on funding received in advance on stripping activities for the Waipuna West pit (Rotowaro mine).

CORPORATE

Dividends

No dividends were paid or declared during the year.

New $10m AUD convertible bond

AUD convertible bonds were issued on 1 February 2021, to re-finance the USD subordinated bonds and NZD convertible notes that matured on the same date. The new bonds mature on 1 August 2022.

Share consolidation

A share consolidation occurred during the year on a 10:1 basis., taking shares on issue down from 1.7bn to 170m.

LITIGATION

The Supreme Court ruling released on 14 July 2021 found in favour of Bathurst, with regards to a USD $40m performance payment contested by L&M Coal Holdings Limited ("L&M"). The Supreme Court's judgment is final and confirmed that Bathurst can suspend payment.

This has meant a change in treatment of the performance payment. The amount is now noted as a disclosure item only in the contingent liability section (refer note 23 in the financial statements). The previously recognised provision and interest was reversed.

There remains outstanding a second legal claim served by L&M contesting a second USD $40m performance payment, which is currently progressing through arbitration. The treatment of this claim has not changed and remains disclosed as a contingent liability (refer note 23). Based on legal advice the directors continue to believe it is not likely that L&M would be successful. Additionally, it is more than likely that even if it is found that the second performance payment has been triggered – which Bathurst denies – payment could also be suspended.

This release was authorised for issue by the board of directors.

Bathurst Resources Limited

Level 12, 1 Willeston Street
Wellington 6011 New Zealand
Tel: +64 4 499 6830

Chief Executive Officer

Richard Tacon

Directors

Peter Westerhuis – Non-executive chairman
Richard Tacon – Executive director
Francois Tumahai – Non-executive director
Russell Middleton – Executive director

Substantial holders at 30 June 2021:

Republic Investment Management Pte Ltd
Talley's Group Ltd
Crocodile Capital
Chng Seng Chye

ASX Code: BRL

Website and email

www.bathurst.co.nz
E: wellington@bathurst.co.nz

Company Secretary

Bill Lyne
E: bill.lyne@bathurst.co.nz

Investor relations

E: investor.relations@bathurst.co.nz

Media relations

E: media.relations@bathurst.co.nz