

December Quarter FY2017

HIGHLIGHTS

- **Progress on acquisition planning**
- **Settlement of Black Diamond block**
- **Zero lost time injuries in the quarter**

ACQUISITION OF SOLID ENERGY ASSETS

On 2 November 2016, Bathurst announced it was successful in its bid for the Stockton and North Island assets of Solid Energy New Zealand Limited (Subject to Deed of Company Arrangement), via joint venture BT Mining Limited, in which Bathurst holds a 65% interest.

The sale and purchase agreement contains a number of conditions including approval for the transfer of mining permits by New Zealand Petroleum and Minerals approval and Overseas Investment Office approval. Both applications were submitted to the agencies in December.

During the current quarter the Bathurst has continued to assist both agencies in providing information necessary to progress the respective applications.

Detailed transitional planning is ongoing to ensure Bathurst is well positioned for the settlement and ultimate possession of the acquired assets once necessary approvals are obtained.

The company will update the market when as and when further information comes to hand on the approval process. Current expectation is that settlement will occur late June or July.

Stockton mine will produce in excess of 1Mt in FY18 and the North Island business in excess of 750kt for the same period, both on a 100% basis.

BLACK DIAMOND BLOCK

During the quarter Bathurst completed the Black Diamond land acquisition. Black Diamond is the natural progression North at the Company's Takitimu mine in Southland. The block contains a 1.5mt reserve, and will form the main mining area at Takitimu in the first half of FY2018.



SAFETY

Bathurst's operating mines, project works and exploration activities recorded zero lost time injuries for the quarter.

During the quarter the Company completed enterprise and site specific risk assessment workshops, and continued to embed its training of systems enacted under the new health and safety act and mining regulations (April 2016).

Health and Safety is critical to the success of the forthcoming acquisition. With this in mind Bathurst continues to assess the current health and safety systems of the acquired assets and plan for integration of these sites into the existing Bathurst Health and Safety Management System.

OPERATIONS REPORT

December Quarter Production

	Quarter	Quarter	YTD	YTD
	Production (ROM tonnes)	Overburden (BCM)	Production (ROM tonnes)	Overburden (BCM)
Takitimu	69,669	404,304	185,403	1,303,388
Canterbury	29,564	207,606	79,021	613,114
Total	99,233	611,910	264,424	1,916,502

Takitimu mine



Coal production was ahead of plan in Q3 with coal remaining in the Northern Coaldale block performing better than modelled.

Mining continued to progress in the Northern end of the Coaldale pit and preparation is underway for expansion into the Black Diamond Block as noted above.

A significant amount of rehabilitation has been completed during the quarter with land being returned to pasture.

Canterbury mine

Canterbury production was in line with plan in Q3 and the mine is on track to produce 100kt for the year compared with 61kt in the year prior. The Canterbury mine will continue to scale up in FY2018 to produce in excess of 150kt.

Exploration and planning have continued through the quarter for this development. Subsequent to quarter end the Company was successful in its tender for a new coal supply contract out of Canterbury which will underpin the expansion of this mine.

Buller Operations

The Escarpment mine remained on care and maintenance during the quarter.

A sustained increase in coal price and positive outlook for the market will provide favorable conditions for the company's continued development of the Escarpment mine which is under constant review.

Exploration and permits

Exploration during the quarter continued to develop and validate the geologic models at both Canterbury and the new Black Diamond block.

FINANCIAL

The March quarter has continued in line with plan with strong seasonal demand from the dairy (milk processing) sector. Both operating mines are performing well and cash costs remain tightly controlled.

The Company is well under way with transition planning for the Solid Energy asset acquisition and is investing in a comprehensive transition program.

The capital instruments placed to fund the acquisition were issued during the quarter with funds being held in advance of ultimate settlement.

The Company continues to have nil bank debt at 31 March 2016 and overall net debt of \$5.4m.

CORPORATE MATTERS

Debt and Hybrid Instruments Issued

On 2 February 2017, the Company announced that it had completed the issue of debt and hybrid instruments placed to fund the Solid Energy asset acquisition.

The issue comprised Redeemable Convertible Preference Shares (AUD\$11.3m), Convertible Notes (AUD\$7.5m) and USD Subordinated Bonds (USD\$7.9m).

Performance rights

BRL Shareholders approved the issue of performance rights to Directors at the AGM held on 2 December 2016. These performance rights were issued during the quarter.

SHARE PRICE AT 31 MARCH 2017: AUD 7.5c

ISSUED CAPITAL AT 31 MARCH 2017:

986,028,209 Ordinary Shares

MARKET CAPITALISATION: AUD \$74.0M

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SUBSTANTIAL HOLDERS

Republic Investment Management Pte Ltd: 19.48%

Asian Dragon Acquisitions Ltd 9.40%

ASX Code: BRL

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CHIEF EXECUTIVE OFFICER

Richard Tacon

DIRECTORS

Toko Kapea – Chairman

Richard Tacon – Executive Director

Peter Westerhuis – Non Executive Director

Russell Middleton – Non Executive Director

JOINT COMPANY SECRETARY

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Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars and quoted at 31 March 2017.

ABOUT BATHURST RESOURCES LTD

Bathurst is an ASX listed resources company. Its operations are in the South Island of New Zealand where it is established as a leading coal producer, providing energy for local industrial users and, ultimately, positioning to become an exporter of high quality metallurgical coal for steel production in Japan, India and China.

Whilst listed on the ASX, Bathurst is a New Zealand registered company, employing approximately 80 staff across its operations in the South Island. The company's head office is in Wellington. Bathurst has no operations outside New Zealand.

Domestic operations

Bathurst currently has two operating mines – Takitimu in Southland, and the Canterbury mine, west of Christchurch. Takitimu and Canterbury produce sub-bituminous (thermal) coal to supply cost effective energy to the agri-sector in the South Island where other options for power and energy infrastructure are either not available or not commercially viable.

The company also has two mines - Escarpment and Cascade, located on the west coast. These mines contain bituminous (coking) coal which has previously sold as feedstock for the local cement industry. Due to closure of the main customer in April 2016, both mines have suspended operations.

The company holds exploration permits at Ohai and New Brighton in Southland, and at Albury, near Timaru. The Southland permits are adjacent to the Takitimu mine and will be the next blocks to be developed as an extension of the current mining operations.

Bathurst also operates a coal handling and distribution centre in Timaru where it stockpiles and blends coal from its South Island operations for distribution to local industrial customers.

The domestic sales provide a sound revenue stream to underpin the company's operations. The key focus is to drive lower costs from the business and to increase the productivity rates. Bathurst is exploring all opportunities to increase market share.

Export Coking Coal

The Buller coalfield is situated on the west coast of the South Island of New Zealand. It is regarded as one of the country's most significant fields and is particularly well known for its production of high quality, low ash and high fluidity coking coals which are highly sought after by international steelmakers.

The first development area within the Bathurst holdings is the Escarpment mine. This has been developed to a stage where it has the initial water control structures and dams in place and infrastructure areas formed. The main objective at this time is to design the operations to ensure a margin in today's market conditions and to explore routes to markets that are cost effective in terms of capital outlay and operating cost. Export operations can then commence.