

Quarterly Report

September 2019

Quarter highlights

- Consolidated* FY EBITDA guidance maintained.
- Bathurst's maiden dividend declared at AU 0.3 cents per share.
- Bathurst's AGM will be held on 27 November 2019 down in Westport, close to the Stockton mine operations.
- Investment completed in the next tranche of the Crown Mountain project (Bathurst's Canadian coking coal joint venture), taking Bathurst's equity share to 20 percent of the project.
- Consolidated cash at 30 September \$50.3m.

Executive summary

Management are pleased to report that operations are performing as expected, and that the consolidated EBITDA guidance of \$78.4m has been maintained.

The domestic business continues to provide stable cash flows, whilst the export business is set to weather the current lower export pricing.

Full year earnings expectations for the business overall have been maintained, despite lower recent USD coking coal spot prices. The combination of our forward contracted sales position, lower/beneficial USD: NZD FX rates, a change in export sales product mix, and increase in sales volumes, give the confidence to maintain the guidance previously reported in August.

The directors were also pleased to announce the sign off on Tranche 1 of the Crown Mountain project. This takes Bathurst to 20 percent of this Canadian coking coal growth opportunity.

Health, safety and environment

One lost time injury occurred during the quarter at the Stockton mine. A company minibus was involved in a road accident while commuting on a public road, resulting in a whiplash injury to one of the passengers (five days lost time).

A fitness for work campaign has commenced during the quarter covering drugs, alcohol, fatigue and mental health. A highlight has been drug and alcohol education from a visiting Australian professor outlining physiological effects of drugs and alcohol, and how an individuals' decision making affects their fitness for work.

A gap analysis of environmental management systems ("EMS") has been completed and a review implementation plan developed for FY20. The project aim is to provide standardisation in EMS across the Group.

Performance metrics

September quarter	Export 100%	NID* 100%	SID* 100%	BRL equity share	Pcp** equity share
Production (kt)	292	175	52	356	412
Sales (kt)	327	189	72	408	428
Overburden (Bcm '000)	978	1,770	868	2,654	3,760
Sales Revenue (NZD '000)	\$61,472	\$23,364	\$10,155	\$65,298	\$68,521

* North Island domestic and South Island domestic. NID EBITDA includes BT Mining's Corporate business unit, SID includes BRL's Corporate business unit and operating costs from mines on care and maintenance.

** Prior comparative period

Key cash movements

The consolidated cash balance **increased \$11.8m** over the quarter, from \$38.5m to \$50.3m. Key consolidated cash movements during the quarter were:

+ \$21.7m EBITDA

+ \$10.3m Working capital

- Primarily movement in debtors

- \$6.5m Provisional tax payment

- \$11.8m Investing outflows

- Waipuna West advanced stripping, Crown Mountain, capital spend.

Operations review

Export (Stockton) (65%)

There were eight shipments in the September quarter with sales of 327kT, nominally ahead of budget; this included a trial shipment of Stockton's new Granity product. Average price per tonne for the quarter was NZD \$187.43; customer demand remains as budgeted, with new development markets being added.

Overburden moved was behind budgeted expectations, with continued emphasis on undertaking of contractors in pre-stripping to re-align with forecasts.

FOB costs per tonne are higher than budget due to the requirement to remove an additional 960kbcm over the coming 18 months. CAPEX projects have been reviewed as a result.

To reduce the export sale price exposure, BT Mining revised its contracted forward sales out to June 2020 to 285kt at an effective average price of NZD \$257 per tonne.

NID (65%)

Rotowaro

Overburden was significantly behind budget for the quarter, impacted by weather downtime, machine down time and difficult mining conditions caused by the weather. Shift changes and engagement of a contractor have been implemented to catch up on the overburden shortfall and ensure that future coal supply can be maintained.

Coal production was also down however this was from slightly reduced customer demand; this is not expected to impact full year sales as these sales are expected to move into Q2.

Maramarua

Production and sales were marginally down from budget for the quarter, driven by slightly lower customer demand.

Overburden removal was down in July but partially caught up over the remainder of the quarter, as contractors engaged to boost stripping volumes were delayed. The shortfall from FY19 is expected to be fully recouped over Q2.

SID (100%)

Takitimu

The Coaldale East block is now fully mined. There was less coal in the Coaldale pit than estimated, leading to production falling 33 percent lower than plan for the quarter. Key upcoming operational focus is on overburden removal at the Black Diamond pit, to ensure production levels are caught up in the next quarter.

Canterbury

Consent constraints have meant production, overburden removal and sales targets are slightly behind plan for the quarter. The consenting programme to address this issue continues to progress. Cash costs were higher than plan for the quarter from use of contract mechanic labour and R&M work on completed on the mobile plant.

Exploration and development

Buller Project

The drilling programme for the Buller project has been completed in the Marshalls area. Planning is underway for the drill programme in the Sullivan coal mining licence area. Baseline field work is being scoped for implementation over the summer period.

Domestic

The plan for the prefeasibility study of the Rotowaro North project has been completed and is awaiting internal approval. Other near mine prospects are being reviewed.

Crown Mountain (earn in up to 50%)

The exercise of the Tranche One investment option in the Crown Mountain Coking Coal Project ("Project") was announced in September and completed in October. This saw an additional payment of CAD \$1.7m, equaling a total investment to date of CAD \$11.5m, and represents a 20 percent equity stake in the Project.

The Coke testing programme was completed in August, which confirmed the presence of low volatile hard coking coal in the South pit, alongside benchmark premium hard coking coal in the North pit¹.

Execution of the bankable feasibility study continues to progress, with the benefit of a dedicated project manager being realised.

¹ Refer to Jameson Resources Limited's ASX release under code JAL dated 2 August 2019 for further information.

FY20 guidance

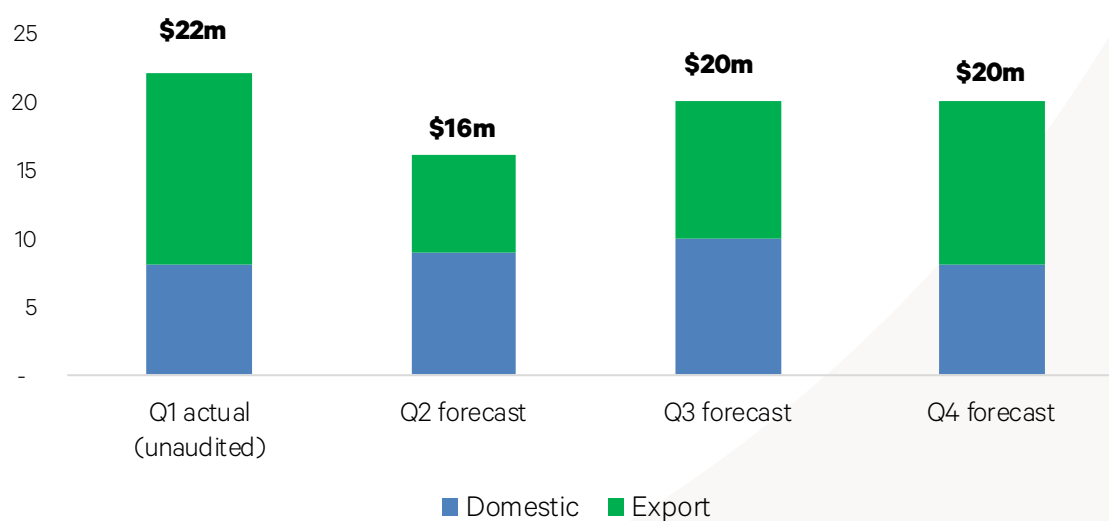
	Metric	Export	NID	SID	BRL equity share
Sales	kt	1,306	800	312	1,681
EBITDA	NZD \$m	\$69.9m	\$39.2m	\$7.5m	\$78.4m

Forecast export sales pricing assumption for Q2 to Q4 is based on 80% of an average HCC benchmark of USD \$160.00 at \$0.65 NZ: USD across all sales types including thermal coal sales, a reduction from \$177.50 reported in August.

The hard coking coal index has recently dropped over \$30 per tonne to settle in the early USD \$150s, following a reduction in steel pricing and market confidence due to China's deteriorating economic growth. Looking to expectations for Q2, increased exports from Australia and Russia will keep the seaborne market flush with supply. Australia's dominance of this market means weather, logistics, and other disruptions in Queensland could potentially drive intermittent price spikes as we come into the cyclone season.

The outlook for Chinese imports remains subject to substantial uncertainty, the key drivers being the extent of an economic slowdown, and respondent government stimulatory measures and import policies. The current Chinese domestic/seaborne equivalent pricing is \$160 USD (East China), hence pricing is expected to return to these levels in the short term.

Quarterly consolidated EBITDA



Corporate

On-market share buy-backs

This facility was extended for another year out to 28 August 2020. No on-market share buy-backs occurred during the quarter.

Australian registered office contact details

Please note that the phone number for Bathurst's Australian registered office is now +61 4 1887 4175.

Litigation

Bathurst (and Buller Coal Ltd) lodged an appeal to the Court of Appeal against the unfavourable judgment issued by the High Court in respect of the claim made against Bathurst (and Buller Coal Ltd) by L&M Coal Holdings Ltd. The hearing in the Court of Appeal ran from 21 – 23 August 2019. Judgment is expected in early 2020.



Investor relations

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At 30 September:

Share price: AU 9.5 cents
Issued Capital: 1,707m ordinary shares
Market capitalisation: AUD \$161m

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Directors

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

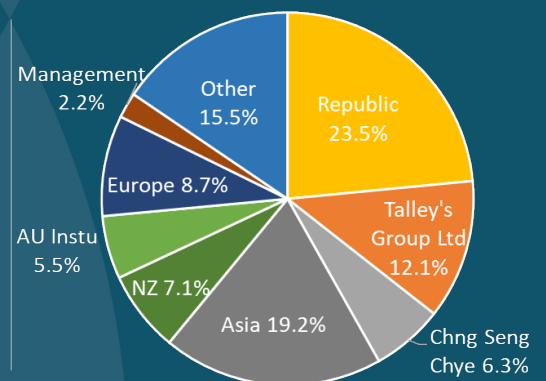
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Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars