

2 April 2020

## **SUPPLEMENTARY INFORMATION WITH RESPECT TO COVID-19**

Subsequent to the Company's announcement on the 26 March 2020 with respect to COVID-19 and the related New Zealand ("NZ") Government directives, Bathurst Resources Limited (ASX:BRL) ("Bathurst") provides a further update on what this means for its operations.

The NZ Government has previously directed the country to move to Alert Level 4, the highest COVID-19 alert level, for an initial period of four weeks from 11:59pm Wednesday 25 March 2020. This requires, amongst other measures, for businesses to be closed, *except for those that provide essential services*.

The domestic operations of Bathurst and joint venture BT Mining were considered to qualify as essential, under the energy and extractives sector.

However as previously advised by the Company, the Stockton export mine (interest held via BT Mining) did not qualify as essential, so operations were suspended. Minimal staff remain to ensure the mine is maintained in a safe and serviceable state, ready to resume as soon as Alert Level 4 restrictions are lifted by the Government.

By continuing domestic operations, along with government wage subsidies and minimisation of spend at Stockton, directors and management are confident that the overall business will successfully navigate through this challenging period whilst NZ remains in Alert Level 4.

### **Actions being taken**

Actions being taken to lead Bathurst through this period are detailed below:

- Management have worked through the impact of the four-week shutdown at Stockton and are confident operations can resume production in late April assuming Alert Level 4 is removed. Should Alert Level 4 be extended, management have worked through various forecast scenarios.
- Force majeure has been declared on export contracts.
- All non-essential capital spend has been deferred.
- All operational spend must meet an elevated level of scrutiny and approval.
- Directors are meeting on a weekly basis.
- Directors and senior management are taking a 20 percent pay cut whilst Alert Level 4 is in effect.
- Communications with our export customers and export logistic providers are on-going, as we work through adjusted shipping timetables.
- Staff who can work from home, are doing so. All employees impacted by these changes will receive at least 80 percent of their normal wage.
- A COVID-19 Action Plan which ensures the business is operating safely, has been implemented.

### **What Alert Level 4 means for our domestic operations and our staff**

With our domestic operations given approval by the NZ Government to operate during Alert Level 4, our key focus is on ensuring our people stay safe. In addition to the measures noted in the 26 March 20 announcement, a wage subsidy scheme has been put in place by the NZ Government to assist businesses to maintain full employment.

Given the majority of our domestic customers are themselves considered to be essential businesses, the South Island domestic business is at this stage considered to be materially unaffected by the Alert Level 4 restrictions. The North Island will have changes to its customer mix over the four-week period with an expected small decrease in sales.

### **What Alert Level 4 means for our export operations and our staff**

April shipments that are already assembled at the port are scheduled to be loaded in mid-April. Sales are planned to resume either in late May or June, depending on the duration of NZ being at Alert Level 4.

With Stockton not producing coal for the next four weeks, a minimum number of staff are working at reduced capacity to ensure all compliance obligations are being met. All other employees have been stood down unless they can work from home and are receiving 80 percent of their normal salary. The Company is applying for the NZ Government's wage subsidy.

### **Decision to not issue an updated guidance figure**

Bathurst previously withdrew its EBITDA guidance in the 26 March 2020 announcement. Notwithstanding the updates on operations provided above, uncertainty continues as to the duration and scale of the COVID-19 pandemic both locally and off-shore, and the length of time that Alert Level 4 will remain in place in NZ. For these reasons an updated guidance figure has not been issued by the Company.

### **Other matters**

Directors would also like to reference the outstanding court case<sup>1</sup> brought against Bathurst (and specifically subsidiary Buller Coal Ltd) by L&M Coal Holdings Ltd. The Company advised in its 26 February 2020 announcement on Bathurst's HY2020 results that it expected a judgment from the Court of Appeal during the first quarter of CY2020. However, no updates have been communicated to Bathurst from the Court of Appeal at this point in time.

Further updates will be provided as soon as more information becomes available.

Authorised for release on behalf of the board of directors of Bathurst.



Richard Tacon, CEO

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<sup>1</sup> For further information on the legal proceedings, refer to note 12 in the recent interim financial statements available on our website at <https://www.bathurst.co.nz/assets/reports/2020-02-26-Interim-financial-statements2.pdf>