


2 December 2020

Market Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY
NSW 2000

CHAIRMAN'S ADDRESS - 2020 ANNUAL GENERAL MEETING

On behalf of the Board of Bathurst Resources Limited (ASX: BRL) attached is the Chairman's address to be given at the 2020 Annual General Meeting being held at 2:00pm (NZDT) on Wednesday 2 December 2020.

On behalf of Bathurst Resources Limited.



Bill Lyne, Company Secretary

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING 2 DECEMBER 2020

BATHURST RESOURCES LIMITED

Tena tatou katoa, nga mihi atu ki a koutou katoa. Welcome all.

As everyone is aware, this year has brought its challenges. We had to deal with the impacts of the COVID-19 pandemic. From an operational perspective, this saw Stockton our export mine cease operating for a period of just over 4 weeks during the New Zealand Government mandated lockdown earlier in the year. Our domestic mines were able to continue operating, however all mines, including Stockton once it resumed operating, have had increased health and safety protocols in place to ensure the safety of our people.

Unlike many other industries however, we have fared relatively well. This reflects consistent demand for our product, diversity of the markets that we sell into, and the long-term contractual relationships that we have in place.

Financially the pandemic has had a relatively minimal impact on our domestic business, which was reflected by earnings for this segment reported as originally expected.

Our export segment however was impacted, as COVID-19 wreaked havoc on the global market which flowed through to a lower export coal pricing environment. This saw our average export price per tonne drop from NZD \$212 per tonne last year to NZD \$163 per tonne this year, which does go straight through to our bottom line. Fixed costs incurred during the lockdown also had their impact. However, we still achieved a 32 percent operating profit margin for this segment, despite these factors. We have also been able to maintain our workforce, not having to make any deep personnel cuts like many other companies.

Across the business, we maintained positive cash flows, generating \$67m in operating cash. This enabled us to cover our corporate overheads, continue investing in our Canadian coking coal joint venture, pay out our first dividend, repay half of our USD corporate bonds, and invest in future profit generation through our mining development and PPE spend.

The litigation dispute with L&M Coal Holdings Ltd regarding a USD \$40m performance payment in a 2010 sale and purchase agreement has also presented its difficulties, and this issue along with the pandemic have both had a deflationary effect on our share price, which is disappointing to see as we view the pandemic as something short term and believe our underlying core business continues to remain sound. The decision was made to book a provision for this liability for the first time in the 2020 financial statements; if the impact of this is excluded, we reported a net profit after tax of \$25m for the year.

From a mining excellence standpoint, the acceptance of three of our entries as finalists in the New Zealand Minerals Sector Awards 2020 was a huge achievement and reflects the outstanding level of mining at our operations. We were named as winner in the environmental management category for our work being done to enhance indigenous bird populations at the Stockton mine. This award recognises the conservation work we have been carrying out as part of further mine development, in particular the achievement of significant bird recovery rates in the Oparara catchment within the Kahurangi National Park. To date we have spent more than \$2 million over 1,000 hectares in the sanctuary. Highlights include burgeoning populations of robin, bellbird, tui, weka, kererū, brown creeper and fantail, and an extension to the stoat trapping network to protect blue duck.

This was also the third year that we have reported on key sustainability metrics in our annual report, which is a voluntary disclosure. This reflects our commitment to working towards New Zealand being a net zero carbon economy by 2050.

I will now hand over to Peter Westerhuis who is our director up for re-election this year.

Mr Peter Westerhuis:

Thanks Toko. Good morning shareholders. Thank you for your understanding on and attendance at this new format AGM.

I am pleased to offer myself for re-election to the board of Bathurst. I have over 30 years Australian & international resources experience, the last 12 years at CEO level.

The operational improvements and growth of the business over the last five years has been pleasing. But the board unilaterally agrees there is much still to do. We remain committed and clear-eyed in resolving the uncertainties created by the current legal disputes. Whatever the courts decide, Bathurst will move forward with confidence.

We have good people and resources in the ground that customers want. Importantly, board and management demonstrated their collective professionalism and resilience in navigating the unprecedented difficulties this year.

I am very familiar with the broader challenges and headwinds faced by our industry and the various interests of stakeholder groups. On behalf of all shareholders I will continue to contribute constructively to the development and delivery of strategic plans that grow the business.

Mr Toko Kapea:

Thank you Peter.

Lastly, I would like to thank my fellow directors, senior management and the entire workforce for their significant efforts – and on behalf of the board, I would like to thank our joint venture partners and you, our many shareholders, for your ongoing support.