



Interim financial report

for the six months ended 31 December 2022

**Incorporating the requirements of
Appendix 4D.**

This interim financial report announcement incorporates the half year report given to the Australian Securities Exchange (ASX) under Listing Rule 4.2A

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Results for announcement to the market

For the six months ended 31 December 2022

Financial measures	H1 FY23 \$000	H1 FY22 \$000	% change
Sales revenue and other income	23,210	20,910	11%
Profit from ordinary activities after tax	45,847	10,615	332%
Profit after tax	45,847	4,580	901%

Per share measures	H1 FY23 Amount per share (cents)	H1 FY22 Amount per share (cents)	% change
Basic earnings per share	23.96	2.68	794%
Diluted earnings per share	23.71	2.68	785%
Net tangible assets per share	121.91	71.85	70%

There were no interim dividends paid or declared in respect of the six-month period ended 31 December 2022.

The difference between FY22 profit from ordinary activities and profit after tax is the non-cash fair value movement on the AUD convertible bonds derivative liability (\$6.0m expense).

Included in profit after tax is \$52.1m profit after tax relating to Bathurst's 65 percent equity share of profit in joint venture BT Mining Limited (31 December 2021: \$15.1m).

Financial and operating overview

For the six months ended 31 December 2022

Letter from the Chief Executive Officer

The H1 FY23 results represent a record half year operating surplus, despite increased costs. The record results were bolstered by strong export segment pricing, and to continue to convert this increased pricing into profit, the company has commenced an extensive review to deliver cost reductions going forward. Whilst broader market trends have clearly supported the outstanding financial result, the company's overall success continues to be underpinned by strong operational performance, at times in extremely challenging conditions.

The benchmark price that our export sales are priced against remains high mainly due to strong demand and the ongoing uncertainty around the Russian invasion of Ukraine and associated sanctions and China's economic outlook. More recently, the HCC price has increased slightly with China showing signs of relaxing its unofficial ban on Australian coal where coal supply remains tight with further wet weather impacting ship loading out of several Australian ports. The lower grade coals are also well supported as the thermal market continues to remain elevated due to the ongoing Russian sanctions tightening supply and lifting demand for alternatives.

Records inflation levels in New Zealand during 2022 have directly impacted fuel costs, the cost of machinery parts and the cost of labour. Although we are experiencing increased costs as a result, the increased revenue growth has enabled us to achieve our record operating surplus.

Continued coal price hedging has helped to protect revenue in our export segment from reductions in the benchmark price during the year. The realised hedging gains have increased in line with drops in pricing levels, as the market corrects itself from the historic highs experienced at the beginning of 2022. It confirms the adoption of the hedging strategy which, over recent financial years, has provided essential additional revenue and helped to underpin sound capital management as well as mitigating market risk.

Looking to the future, we expect our export segment to continue to perform with the expectation that pricing levels will remain relatively stable throughout the remainder of the year and further cost reductions are able to be implemented.

After reviewing the matter during the H1 reporting period, the recently announced dismissal by the Appointed Arbitrator of the change in control claim made L&M Coal Holdings Ltd ("L&M") against Bathurst, provides confidence for the board that the risk of L&M impacting the financial performance of the company in the H2 is further mitigated.

Financial overview

Note that figures in this section are 100 percent Bathurst and 65 percent BT Mining.¹

Financial measures	H1 FY23 \$m	H1 FY22 \$m
Revenue ²	211.7	124.6
EBITDA ³	83.2	34.7
Net profit after tax	45.8	4.6
Cash	103.1	41.8

¹ The financial overview represents 100 percent of Bathurst operations, and 65 percent of BT Mining operations. This presentation does not reflect reporting under NZ GAAP or NZ IFRS, but is intended to show a combined operating view of the two businesses for information purposes only.

² Coal sales revenue to customers, including realised FX and coal pricing hedges. Unrealised movements in coal pricing and FX hedging go through other comprehensive income.

³ Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash fair value movements on deferred consideration and rehabilitation provisions.

Financial and operating overview

For the six months ended 31 December 2022

Financial overview continued

The financial results for the first six months of FY23 reflect substantial earnings growth from the export segment and reduced earnings from the domestic segment.

Key movements in net profit after tax are:

Movement on deferred consideration	-\$1.3m	An unfavourable movement in the translation of USD denominated deferred consideration into NZD lead to unrealised foreign exchange loss.
BRL gross operating profit	-\$2.2m	Increased sales revenue was offset by significant increases in the cost of mining, largely driven by reduced capitalised stripping and the cost of embedded carbon.
Equity share of joint venture BT Mining profit	+\$37.1m	Increase from export operations driven by continued higher pricing received on sales, partially offset by a decrease in earnings for the North Island domestic segment. Refer to export and domestic operations overview for further information.
Admin expenses	+\$0.5m	A decrease in corporate administration costs, largely driven by reduced and overhead salary costs that included short term incentive performance payments.
Finance costs	+\$1.1m	Reduction of interest paid on debt instruments, namely the prior year AUD convertible bonds.

Operations overview

Export

Measure		Export H1 FY23	Export H1 FY22
Production (100% basis)	kt	500	475
Sales (100% basis)	kt	652	563
Overburden (100% basis)	Bcm 000	2,619	1,964
Revenue incl. realised hedging (equity share)	\$'000	147,989	74,075
Average price received per tonne (100% basis)	\$/t	370	203
EBITDA (equity share)		83,259	24,012

Production and sales	Increased due to higher sales pricing.
Revenue	<ul style="list-style-type: none"> Increases in the average price received per tonne. The average benchmark price was USD \$278/tonne H1FY23 versus USD \$287/tonne H1FY22. Export sales are a mix of being priced against the spot price or a prior 3 month average (t minus 1).
Earnings	<p>Underlying cost increases have partially offset the uplift in revenue:</p> <ul style="list-style-type: none"> Increased labour rates and an increase in FTE. Fuel pricing which increased an average \$0.84/litre. Profit share for employees which is pegged to uplifts in sales revenue. Significant increases in the cost of machine parts. Contractor costs have increased related to increased stripping volumes, as well as fuel, parts and labour cost.

Financial and operating overview

For the six months ended 31 December 2022

Operations overview continued

Domestic

Measure		Domestic H1 FY23	Domestic H1 FY22
Production (100% basis)	kt	346	477
Sales (100% basis)	kt	453	476
Overburden (100% basis)	Bcm 000	3,190	3,674
Revenue (equity share)	\$'000	54,752	50,523
EBITDA (equity share)	\$'000	9,479	19,038

Sales	North Island domestic ("NID") reduced by 23kt due to decreased sales volumes to an energy producing customer. South Island domestic ("SID") sales volumes declined slightly by 1kt.
Overburden	Waste moved in advance has reduced at the Rotowaro mine as it moves closer to the end of its mine life, as well as reduced volumes at the Takitimu mine in line with the mine plan. This was partially offset by increased overburden removal at the Maramarua mine.
Revenue	NID sales experienced an increased average price per tonne due to adjustment clauses in sales contracts that allow for changes to producer price index, fuel, and labour. SID saw an increase in sales revenue due to increased price escalation and higher graded product mix. Increased sales volumes also increased revenue.
Earnings	NID EBITDA decreased \$8m as costs increases offset the uplift in revenue, primarily due to: <ul style="list-style-type: none"> Fuel has increased an average \$0.85/litre. Labour costs have increased in line with contractual CPI adjustments, coupled with increased FTE in preparation of the Waipuna West extension commencement. Repairs and maintenance costs have increased as the life cycle of machines have required component change outs with a view to remain available for the extended life of the Waipuna West extension. Operational insurance premiums have increased. SID EBITDA decreased \$1m which is primarily driven by increases in costs, particular fuel costs as well as the increased cost of labour which have offset the increase in revenue.

Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased compared to the prior period, \$9.6m H1 FY23 versus \$8.4m in H1 FY22.

Overseas joint venture – Crown Mountain project

A further \$0.4m was invested in the six months to 31 December 2022 in the Crown Mountain project, a coking coal exploration project in Canada with joint venture partner Jameson Resources Limited. The funds were invested on a proportional equity basis as a non-callable loan and are being used to further the progression of the environmental assessment application.

Key findings of the bankable feasibility study on the project 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 which enables increased processing yield.

An environmental assessment process and consent agreement was executed with key indigenous nations in January 2023. The executed agreement includes innovative accelerated reclamation initiatives, best practice environmental design, management and monitors to ensure protection of the flora, for a and water quality.

Bathurst's equity share is 22.1 percent with the option to buy-in to 50 percent of the project.

Financial and operating overview

For the six months ended 31 December 2022

Cash

		H1 2023	H1 2022
Opening cash 30 June (Bathurst and 65 percent BT Mining)		76.0m	20.2m
Operating	EBITDA	83.2	34.7
	Working capital	(14.1)	6.1
	Canterbury rehabilitation	(0.4)	(1.9)
	Corporation tax paid	(24.8)	-
Investing	Deferred consideration	(0.2)	(1.6)
	Crown Mountain (environmental assessment application)	(0.4)	(0.4)
	PPE net of disposals	(7.9)	(3.6)
	Mining assets including capitalised stripping	(8.2)	(4.7)
Financing	Finance leases	(0.9)	(4.7)
	Interest repayment on AUD convertible bonds	-	(0.5)
	Borrowings repayments	(0.1)	(1.7)
	Financing (costs)/income	0.9	(0.1)
Closing cash 31 December (Bathurst and 65 percent BT Mining)		103.1m	41.8m

Canterbury rehabilitation

The mine was closed at the end of June 2021, rehabilitation have been delayed due to poor weather and is due to be completed during H2 2023.

Corporation tax paid

For cash management purposes, the H1 2022 tax payments were deferred to March/April 2022.

Working capital

The timing of sales during the period resulted in an increase in trade debtors. Other movements relate to prepaid operating expenses and movement of stock on hand.

Crown Mountain

Funds paid were on a proportional project equity ownership basis and were used to progress the environmental application.

Mining development including capitalised stripping

Increased capitalised stripping across operating mine pits, resource drilling at Cypress South pit (Stockton) and stream diversion at the Rotowaro mine

Financing

Increased interest received for cash on hand during H1 2023.

Authorised for and on behalf of the Board of Directors:



Peter Westerhuis
Chairman

27 February 2023



Russell Middleton
Executive Director

27 February 2023

Income statement

For the six months ended 31 December 2022

	Notes	Dec 2022 \$'000	Dec 2021 \$'000
Revenue from contracts with customers		23,178	20,706
Cost of sales		(21,795)	(17,132)
Gross profit		1,383	3,574
Equity accounted profit	5	52,107	15,049
Other income		14	99
Depreciation		(1,117)	(1,195)
Administrative and other expenses		(5,579)	(6,053)
Fair value movement on deferred consideration	6 (c)	(679)	599
Gain/(Loss) on disposal of property, plant and equipment		127	(112)
Impairment of mining assets & property, plant and equipment		(89)	-
Operating profit/(loss) before tax		46,167	11,961
Fair value movement on derivatives	6 (b)	-	(6,035)
Finance cost	3	(338)	(1,451)
Finance income	3	18	105
Profit before tax		45,847	4,580
Tax		-	-
Profit after tax		45,847	4,580
Earnings per share:		Cents	Cents
Basic profit per share		23.96	2.68
Diluted profit per share		23.71	2.68

Statement of comprehensive income

For the six months ended 31 December 2022

	Note		
Profit after tax		45,847	4,580
Other comprehensive (loss)/income that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,759)	(56)
Share of BT Mining hedging	5 (a)	(4,406)	(10,581)
Comprehensive (loss)/income		39,682	(6,057)

Statement of financial position

As at 31 December 2022

	Notes	Dec 2022 \$'000	Jun 2022 \$'000
Cash and cash equivalents		6,009	4,765
Restricted short-term deposits		4,374	4,508
Trade and other receivables		8,419	4,357
Inventories		1,205	1,495
New Zealand emission units		895	309
Crown indemnity		52	52
Total current assets		20,954	15,486
Property, plant and equipment		9,397	9,720
Mining assets	4	13,574	14,490
Interest in joint ventures	5	209,446	169,560
Crown indemnity		729	729
Other financial assets		212	220
Total non-current assets		233,358	194,719
TOTAL ASSETS		254,312	210,205
Trade and other payables		11,845	8,368
Borrowings	6 (a)	318	260
Deferred consideration	6 (b)	972	920
Rehabilitation provisions		1,157	1,172
Total current liabilities		14,292	10,720
Borrowings	6 (a)	763	508
Deferred consideration	6 (c)	2,200	1,544
Rehabilitation provisions		3,770	4,100
Total non-current liabilities		6,733	6,152
TOTAL LIABILITIES		21,025	16,872
NET ASSETS		233,287	193,333
Contributed equity		316,970	316,970
Reserves		(32,017)	(26,123)
Accumulated losses		(51,666)	(97,514)
EQUITY		233,287	193,333

For and on behalf of the Board of Directors:



Peter Westerhuis
Chairman
27 February 2023



Russell Middleton
Executive Director
27 February 2023

Statement of changes in equity

For the six months ended 31 December 2022

	Contributed equity	Share- based payments	Foreign exchange/ cash flow hedging	Retained earnings	Reorganisation reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2021	293,107	311	(3,880)	(128,012)	(32,760)	128,766
Comprehensive income	-	-	10,270	30,498	-	40,768
Share-based payments	-	(64)	-	-	-	(46)
Maturity of debt instruments	23,863	-	-	-	-	23,863
30 June 2022	316,970	247	6,390	(97,514)	(32,760)	193,333
Comprehensive income	-	-	(6,165)	45,847	-	39,682
Share-based payments	-	271	-	-	-	271
31 Dec 2022	316,970	518	225	(51,666)	(32,760)	233,290

Statement of cash flows

For the six months ended 31 December 2022

	Notes	Dec 2022 \$'000	Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		18,924	17,914
Payments to suppliers and employees		(22,034)	(18,909)
Dividend from BT Mining	5 (a)	6,500	6,500
Net cash inflow from operating activities		3,390	5,505
Cash flows from investing activities			
Exploration and consenting expenditure		(581)	(213)
Mining assets (including capitalised waste moved in advance)		(671)	(1,571)
Property, plant and equipment purchases net of sale proceeds		(668)	228
Deferred consideration		(211)	(361)
Investment in NWP Coal Canada Limited		(432)	(424)
Other		-	(3)
Net cash outflow from investing activities		(2,563)	(2,344)
Cash flows from financing activities			
Interest received		18	2
Interest on finance leases and other finance costs paid		(42)	(63)
Movement of finance leases		313	(897)
Interest on debt instruments		(6)	(483)
Net cash outflow from financing activities		283	(1,441)
Net increase in cash		1,110	1,720
Cash and cash equivalents at the beginning of the year		4,765	4,395
Restricted short-term deposits at the beginning of the year		4,508	4,247
Total cash at the end of the year		10,383	10,362

Notes to the financial statements

For the six months ended 31 December 2022

1. About our financial statements

General information

Bathurst Resources Limited (“BRL”) is a company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the Australian Securities Exchange (“ASX”). These interim financial statements have been prepared in accordance with the ASX listing rules.

The interim financial statements presented as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group”).

The Group is principally engaged in the exploration, development and production of coal.

Basis of preparation

These interim financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (“GAAP”), accounting standards NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the annual financial statements for the year ended 30 June 2022.

These financial statements are prepared on the going concern basis, and are presented in New Zealand dollars, which is the Company’s functional and presentation currency. References in these financial statements to ‘\$’ and ‘NZ\$’ are to New Zealand dollars.

All financial information has been rounded to the nearest thousand unless otherwise stated. Comparative information has been changed to match current mapping of costs where applicable.

Measurement basis

These financial statements have been prepared on a going concern basis under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value through profit or loss.

The prior period financial statements were prepared on a going concern basis although there was a negative working capital position of \$10.8m. An assessment on the validity of the going concern was performed and directors were comfortable that the Group remained a going concern based on the below reasons:

- The Group as well as joint venture BT Mining had previously reported positive operating cash inflows and forecast positive operating cash inflows in its forward-looking projections. Management retained the ability to adjust investing and financing cash flows to a certain level and were comfortable that repayment of current liabilities from operating cash flows or bank financing available to the Group and BT Mining (if necessary), was feasible and reasonable.
- \$6.8m of current liabilities pertained to the derivative liability on the AUD convertible bonds which reflected the valuation of the bond holder’s ability to convert the debt into shares. This did not represent a potential future cash outflow.
- \$9.9m of current liabilities represented the debt portion of the AUD convertible bonds, which may or may not have been repaid as bond holders could elect to convert the debt into shares in BRL. The AUD convertible bonds were subsequently converted into shares in May 2022.

Standards and interpretations adopted during the period

The financial information presented for the six months ended 31 December 2022 has been prepared using accounting policies consistent with those applied in the 30 June 2022 financial statements.

Notes to the financial statements

For the six months ended 31 December 2022

2. Segment information

The operating segments reported on are:

- Export – 100 percent of BT Mining's export mine (Stockton).
- Domestic – BRL's eastern South Island domestic operations and 100 percent of the BT Mining North Island domestic mines.
- Corporate – BRL corporate overheads and Buller Coal Project, and 100 percent of BT Mining corporate overheads.

A reconciliation to profit after tax per BRL's income statement is provided via the elimination of BT Mining column. Total assets and total liabilities are reported on a group basis, as with tax expense.

	Export	Domestic	Corporate	Total	Eliminate BT Mining	Total BRL
Six months ended 31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	227,675	71,753	-	299,428	(276,250)	23,178
Operating profit/(loss) before tax	118,303	(452)	(12,522)	105,329	(111,308)	46,167
Net finance costs	(565)	(140)	318	(387)	67	(320)
Fair value movement on derivatives	-	-	(338)	(338)	-	(338)
Income tax expense	-	-	(31,016)	(31,016)	31,016	-
FX and coal price hedging through OCI	-	-	(8,537)	(8,537)	2,372	(6,165)
Comprehensive income/(loss) after tax	117,738	(592)	(51,757)	65,389	(77,853)	4(39,682)
Depreciation & amortisation	(8,018)	(12,010)	(608)	(20,636)	17,351	(3,285)
EBITDA ⁵	128,091	12,439	(11,577)	128,953	(130,872)	(1,919)

	Export	Domestic	Corporate	Total	Eliminate BT Mining	Total BRL
Six months ended 31 December 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	148,305	66,579	-	214,884	(194,178)	20,706
Operating (loss)/profit before tax	29,051	12,285	(10,704)	30,632	(33,758)	4(11,961)
Net finance income/(costs)	(796)	(155)	(1,824)	(2,775)	1,429	(1,346)
Fair value movement on derivatives	-	-	(6,035)	(6,035)	-	(6,035)
Income tax expense	-	-	(9,119)	(9,119)	9,119	-
FX and coal price hedging through OCI	-	-	(16,335)	(16,335)	5,698	(10,637)
Comprehensive income after tax	28,255	12,130	(44,017)	(3,632)	(17,512)	4(6,057)
Depreciation & amortisation	(7,584)	(14,553)	(1,559)	(23,696)	20,644	(3,052)
EBITDA ⁵	36,941	26,554	(9,747)	53,748	(54,551)	(803)

⁴ Total BRL operating profit and comprehensive income does not equal the sum of Total minus elimination of BT Mining, as BRL's equity share of BT Mining's profit which was \$52.1m for the six months to 31 December 2022 (2021: \$15.1m) is added back; BRL's equity share of BT Mining's fair value expense on hedging instruments through other comprehensive loss of \$4.4m (2021: 10.6m) is also added back to comprehensive expense.

⁵ Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movement on deferred consideration and rehabilitation provisions.

Notes to the financial statements

For the six months ended 31 December 2022

3. Net finance costs

	Notes	Dec 2022 \$'000	Dec 2021 \$'000
Interest income		18	2
Unrealised foreign exchange gain		-	103
Total finance income		18	105
Interest expense on finance leases		(26)	(55)
Interest expense on debt instruments including amortisation of principal		(5)	(1,113)
Realised foreign exchange loss		(9)	-
Unrealised foreign exchange loss		(1)	-
Rehabilitation provisions unwinding of discount		(49)	(34)
Deferred consideration unwinding of discount	6 (c)	(241)	(241)
Banking and facility fees		(7)	(8)
Total finance costs		(338)	(1,451)
Total net finance (expense)/income		(320)	(1,346)

4. Mining assets

	Dec 2022 \$'000	Jun 2022 \$'000
Exploration and evaluation assets		
Opening balance	2,178	1,790
Expenditure capitalised	581	697
Impairment of historical balances in Buller Coal project	-	(309)
Total exploration and evaluation assets	2,759	2,178
Mining licences/permits and property assets		
Opening balance	12,312	13,900
Expenditure capitalised	58	105
Amortisation	(2,079)	(3,653)
Waste moved in advance capitalised	524	1,960
Total mining licences/permits and property assets	10,815	12,312
Total mining assets	13,574	14,490

Notes to the financial statements

For the six months ended 31 December 2022

5. Interest in joint ventures

	Dec 2022 \$'000	Jun 2022 \$'000
Interest in BT Mining Limited ("BT Mining")	191,202	149,962
Interest in NWP Coal Canada Limited ("NWP")	18,244	19,598
Total interest in joint ventures	209,446	169,560

(a) BT Mining

(a) Balances held in BT Mining

Equity investment	16,250	16,250
Share of retained earnings net of dividends received	174,952	133,712
Total interest in BT Mining	191,202	149,962
Opening balance	149,962	97,718
Receipt of dividend	(6,500)	(9,750)
Share of BT Mining profit	52,146	53,244
Share of BT Mining FX hedging through OCI	(4,406)	8,750
Closing balance	191,202	149,962

BRL holds a 65 percent shareholding in BT Mining which owns the mining permits and licences as well as the mining assets at the Stockton mine (Buller Plateau in the South Island), and the Rotowaro and Maramarua mines located in the North Island.

BRL considers BT Mining to be a joint venture. This is because unanimous approval is required on activities that significantly affect BT Mining's operations. As such the investment in BT Mining is accounted for using the equity method.

BT Mining's statement of financial position is shown in note 5 (a), and a summarised income statement for BT Mining is shown in note 2 in the eliminate BT Mining column, of which Bathurst's interest is 65 percent.

For an unaudited proportionate consolidation presentation of BRL and BT Mining, refer to the additional information section of these financial statements, after the notes to the financial statements.

There were no indicators of impairment of the investment in BT Mining.

Notes to the financial statements

For the six months ended 31 December 2022

5. Interest in joint ventures continued

(a) BT Mining continued

BT Mining balance sheet - unaudited	Dec 2022 \$'000	Jun 2022 \$'000
Cash	125,080	87,976
Restricted short-term deposits	17,487	14,620
Trade and other receivables	68,706	36,161
Crown indemnity	1,797	1,797
Inventories	39,463	52,900
New Zealand emission units	-	1,910
Derivative assets	4,073	10,850
Current assets	256,606	206,214
Property, plant and equipment	94,487	93,781
Mining assets	58,234	54,355
Crown indemnity	47,300	47,300
Other financial assets	105	114
Deferred tax asset	6,507	6,507
Non-current assets	206,633	202,057
TOTAL ASSETS	463,239	408,271
Trade and other payables	31,959	33,612
Tax payable	26,737	33,877
Borrowings	-	279
Finance leases	8,061	8,061
Provisions	7,769	17,459
New Zealand emission units	681	
Current liabilities	75,207	93,288
Finance leases	19,251	20,290
Provisions	74,624	63,983
Non-current liabilities	93,875	84,273
TOTAL LIABILITIES	169,082	177,561
NET ASSETS	294,157	230,710
Share capital	25,000	25,000
Reserves (FX and coal price hedging)	813	7,591
Retained earnings net of dividends paid	268,344	198,119
EQUITY	294,157	230,710

Notes to the financial statements

For the six months ended 31 December 2022

5. Interest in joint ventures continued

(b) NWP

Balances held in NWP	Dec 2022 \$'000	Jun 2022 \$'000
Opening balance	19,598	16,518
Reclass of previous loan balance to ordinary share capital	-	1,762
FX movements through reserves	(1,315)	1,366
Equitable share of loss	(39)	(48)
Total interest in NWP	18,244	19,598

The investment in NWP is via a wholly owned subsidiary of BRL set up for this purpose (Bathurst Resources (Canada) Limited) which is incorporated in Canada and has a functional currency of CAD.

NWP's key asset is the Crown Mountain coking coal project ("Crown Mountain"). The Crown Mountain project consists of coal tenure licences located in the Elk Valley coal field in south eastern British Columbia, Canada.

The joint venture agreement structures BRL's investment in NWP into three parts, an initial investment and two tranches. The initial investment and first tranche which represent a total investment of CAD \$11.5m in exchange for a 20 percent equity stake in NWP are complete. A further CAD \$2.6m has also been advanced as part of the second tranche in exchange for preference shares in NWP and CAD \$1.4m issued in exchange for ordinary shares. Payment of the balance of tranche two is not expected in the next twelve months.

Should BRL decide to exercise the final tranche option (which is at Bathurst's sole discretion), further investment required will equal CAD \$110.0m minus funds invested in the preference shares. The preference shares will automatically convert upon FID to give BRL a 50 percent equity holding in the project.

The preference shares have the same rights as ordinary shares and are issued at the same value as the ordinary shares, with the sole difference that they have a liquidity preference ranking above ordinary shares. Because the preference shares are in substance the same as ordinary shares, giving BRL access to the returns associated with the joint venture, these have been accounted for in the same way as the ordinary shares.

BRL considers NWP to be a joint venture with Jameson. This is because unanimous approval is required on activities that significantly affect NWP's operations. As such the investment in NWP is accounted for using the equity method.

NWP financials of which Bathurst holds 22.1 percent - unaudited

Cash	865	241
Other current assets	114	47
Exploration and evaluation assets	40,546	41,677
Other non-current assets	1,282	1,825
TOTAL ASSETS	42,807	43,790
Current liabilities	154	163
Non-current financial liabilities	3,305	1,266
TOTAL LIABILITIES	3,459	1,429
NET ASSETS	39,348	42,361

Notes to the financial statements

For the six months ended 31 December 2022

6. Financial liabilities

	Dec 2022 \$'000	Jun 2022 \$'000
(a) Borrowings		
Current		
<i>Secured</i>		
Lease liabilities	318	260
Total current borrowings	318	260
Non-current		
<i>Secured</i>		
Lease liabilities	763	508
Total non-current borrowings	763	508
Total borrowings	1,081	768

(b) Prior year fair value movement on convertible bond derivative

The prior year fair value movement on the convertible bond derivative which represented the value of conversion option to convert the AUD convertible bond into shares and was determined using a Black Scholes Model.

Notes to the financial statements

For the six months ended 31 December 2022

6. Financial liabilities continued

	Dec 2022 \$'000	Jun 2022 \$'000
(c) Deferred consideration		
Current		
Acquisition of subsidiary	972	920
Non-current		
Acquisition of subsidiary	2,200	1,544
Total deferred consideration	3,172	2,464
<i>Movement</i>		
Opening balance	2,464	3,515
Unwinding of discount	241	286
Fair value adjustment - New Brighton Collieries	679	(356)
Consideration paid during the period net of movement in accruals	(212)	(981)
Closing balance	3,172	2,464

New Brighton Collieries Limited

The Company completed the acquisition of New Brighton Collieries Limited on 10 March 2015. The balance due on settlement is to be satisfied by an ongoing royalty based on mine gate sales revenue from the Takitimu mine. The fair value of the future royalty payments is estimated using a discount rate based upon the Group's WACC, projected production profile, and forecast domestic coal prices. These are based on the Group's forecasts which are approved by the Board of Directors.

Buller Coal project

Bathurst acquired Buller Coal Limited (formerly L&M Coal Limited) ("Buller Coal") from L&M Coal Holdings Limited ("L&M") in November 2010. The agreement for sale and purchase ("ASP"), which primarily concerned the purchase of the Escarpment mine through the acquisition of Buller Coal, contained an element of deferred consideration. The deferred consideration comprised royalties on coal sold, two contingent "performance payments" of USD \$40m each, and the contingent issue of performance shares. The first performance payment is prima facie payable upon 25,000 tonnes of coal being shipped from the Buller Coal project area, and the second payable upon 1 million tonnes of coal being shipped from the Buller Coal project area or where a change in control of Bathurst is deemed to have occurred both payments are triggered.

Bathurst has the option to defer cash payment of the performance payments and elect to submit a higher royalty on coal sold from the respective permit areas until such time the performance payments are made. The option to pay a higher royalty rate has been assumed in the valuation and recognition of deferred consideration.

Bathurst has and will continue to remit royalty payments to L&M on all Escarpment coal sold as required by the Royalty Deed and this includes ongoing sales from stockpiles. Further information is included in note 7.

Notes to the financial statements

For the six months ended 31 December 2022

7. Contingent liabilities

The Supreme Court judgment on the first Performance Payment, subsequent unsuccessful claim for change in control through arbitration and subsequent action against guarantor.

On 23 December 2016 Bathurst announced that L&M Coal Holdings Limited (“L&M”) had filed legal proceedings in the High Court of New Zealand in relation to an alleged breach of the first USD \$40m Performance Payment described in note 15 (c). After pursuit of this matter through the courts of New Zealand, on 14 July 2021 the Supreme Court upheld Bathurst and Buller Coal’s appeal, setting aside earlier unfavourable judgments given against them by the High Court and Court of Appeal.

On 4 May 2020 Bathurst announced that L&M had given Bathurst notice that L&M intended to pursue further legal action under the terms of the ASP for a change in control. On 18 February 2023, the Appointed Arbitrator released his decision, finding that Bathurst is not required to make performance payments and issue Bathurst shares to L&M under the SPA. While the Arbitrator declared that a Change in Control had occurred under the SPA, he also found that LMCH’s claim to performance payments and shares under the SPA, is dismissed on the ground that, as interpreted by the Supreme Court, clause 3.10 of the SPA provides a defence to that claim.

The Supreme Court held that, under the terms of the subject share sale contract, the level of royalty payments required to be made in order to enjoy the benefit of an agreed suspension of the Performance Payments (clause 3.10 of the Agreement for Sale and Purchase (“ASP”)) should not be interpreted as royalty payments equal to those arising from a level of mining consistent with that occurring when the relevant shipping volume had been reached. This meant that for so long as Bathurst and Buller Coal were continuing to pay the relevant royalty payments actually due under the terms of the related Royalty Deed (and even if that royalty sum was zero), they were entitled to delay payment of the Performance Payment.

On 22 September 2021 L&M served Bathurst and its subsidiary Buller Coal, with further proceedings. Despite the Supreme Court’s judgment of 14 July 2021, L&M’s new action seeks declarations that would permit it to assert that there has been an event of default by the subsidiary Buller Coal (although not by Bathurst) under a related Deed of Guarantee and Security between the parties. L&M pursues two arguments:

- Primarily, L&M asserts that even though the Supreme Court has held that the first Performance Payment is not a debt that is presently due and payable by Bathurst, the same first Performance Payment is still due and payable by Buller (as guarantor of Bathurst); and
- As a fallback argument, it also asserts that Buller failed to provide sufficient response to an information request it made of Buller on 6 November 2019.

Bathurst and Buller, based on legal advice, consider this latest legal action by L&M to be without merit. The Supreme Court is the highest court in New Zealand, and there are no further rights of appeal from its judgment. A hearing on the merits of L&M’s new action under the Deed of Guarantee and Security was held in June 2022. BRL expects a decision in the first quarter of 2023 calendar year.

Notes to the financial statements

For the six months ended 31 December 2022

8. Related party transactions

The Group's related parties include directors, the senior leadership team, and joint ventures BT Mining and NWP. Material transactions with the Group's joint ventures are disclosed in note 5.

For the six months to 31 December 2022, non-executive directors' fees were \$148k (2021: \$131k); and short-term benefits in the form of salary and bonuses, as well as share based payments to the senior leadership team (including executive directors) were \$2.7m (2021: \$2.7m).

Salaries for employees who work across both BRL and BT Mining are recharged between the two companies so that staff costs are recorded appropriately. For the six months to 31 December 2022 \$1.3m of salaries were recharged from BRL to BT Mining (2021: \$1.6m) and \$0.3m recharged from BT Mining to BRL (2021: \$0.5m).

Coal sales are made to BRL's BT Mining joint venture partner Talleys Energy Limited and/or associated companies of Talleys Energy Limited on an arm's length basis and normal commercial terms. Total sales for the six months ended 31 December 2022 were \$2.0m (2021: \$2.2m).

9. Events after the reporting period

Other than as disclosed there are no other material events that occurred subsequent to reporting date, that require recognition of, or additional disclosure in these financial statements.

Additional information

For the six months ended 31 December 2022

Unaudited proportionate consolidation of Bathurst and BT Mining operations

The following income statement, balance sheet and cash flow represent 100 percent of Bathurst operations, and 65 percent of BT Mining operations. This presentation does not reflect reporting under NZ GAAP or NZ IFRS, but is intended to show a combined operating view of the two businesses for information purposes only.

Consolidated income statement

	Dec 2022 \$'000	Dec 2021 \$'000
Revenue from contracts with customers	202,739	146,922
Realised FX and coal price hedging	8,982	(22,323)
Less: cost of sales	(123,053)	(86,635)
Gross profit	88,668	37,964
Other income	152	1,341
Equity share of NWP loss	(39)	(38)
Depreciation	(7,947)	(8,673)
Administrative and other expenses	(13,823)	(12,240)
Fair value on deferred consideration	(679)	599
Gain on disposal of property, plant and equipment	127	(136)
Impairment losses	(89)	-
Operating profit before tax	66,370	18,817
Fair value movement on derivatives	-	(6,035)
Finance cost	(932)	(2,365)
Finance income	569	90
Profit before income tax	66,007	10,507
Income tax expense	(20,160)	(5,927)
Profit after tax	45,847	4,580

Additional information

For the six months ended 31 December 2022

Consolidated balance sheet

	Dec 2022 \$'000	June 2022 \$'000
Cash and cash equivalents	87,311	61,949
Restricted short-term deposits	15,741	14,011
Trade and other receivables	53,078	27,861
Crown indemnity	1,220	1,220
Inventories	26,856	35,880
New Zealand emission units	452	1,551
Derivative assets	2,647	7,053
Total current assets	187,305	149,525
Property, plant and equipment	70,814	70,678
Mining assets	51,426	49,821
Crown indemnity	31,474	31,474
Investment in joint venture	18,244	19,598
Deferred tax asset	4,230	4,230
Other financial assets	280	294
Total non-current assets	176,468	176,095
TOTAL ASSETS	363,773	325,620
Trade and other payables	32,618	30,216
Tax payable	17,379	22,020
Finance leases	5,558	5,500
Borrowings	-	181
Deferred consideration	972	920
Provisions	6,207	12,520
Total current liabilities	62,734	71,357
Finance leases	13,726	13,697
Deferred consideration	2,200	1,544
Provisions	52,276	45,689
Total non-current liabilities	68,202	60,930
TOTAL LIABILITIES	130,936	132,287
NET ASSETS	233,287	193,333
Contributed equity	316,970	316,970
Reserves	(32,017)	(26,123)
Retained earnings net of dividends	(51,666)	(97,514)
EQUITY	233,287	193,333

Additional information

For the six months ended 31 December 2022

Consolidated cash flow

	Dec 2022 \$'000	Dec 2021 \$'000
Cash flows from operating activities		
Receipts from customers	189,224	131,135
Payments to suppliers and employees	(120,426)	(92,645)
Taxes paid	(24,801)	-
Net inflow from operating activities	43,997	38,490
Cash flows from investing activities		
Exploration and evaluation expenditure	(785)	(452)
Mining assets (including capitalised waste moved in advance)	(7,438)	(4,180)
Property, plant and equipment purchases net of disposals	(7,893)	(3,591)
Payment of deferred consideration	(211)	(1,599)
Investment in NWP	(432)	(424)
Other	(1)	(3)
Net outflow from investing activities	(16,760)	(10,249)
Cash flows from financing activities		
Repayment of borrowings	(1,499)	(1,499)
Repayment of finance leases	(363)	(3,827)
Interest on AUD convertible bonds	-	(483)
Interest on borrowings	-	(163)
Interest received	1,054	18
Interest paid on finance leases	(510)	(650)
Finance facility fees	(140)	(97)
Net outflow from financing activities	(146)	(6,701)
Net increase/(decrease) in cash and cash equivalents	27,091	21,540
Opening cash and cash equivalents including restricted short-term deposits	75,961	20,214
Closing cash and cash equivalents	103,052	41,754



Independent auditor's review report

To the shareholders of Bathurst Resources Limited

Report on the consolidated financial report for the six months ended 31 December 2022

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial report for the six months ended 31 December 2022 ("interim financial report") on pages 8 to 21 does not:

- i. present fairly in all material respects the Group's financial position as at 31 December 2022 and its financial performance and cash flows for the six month period ended on that date; and
- ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of the interim consolidated financial report in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Bathurst Resources Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the group in relation to an agreed upon procedures services required under a Deed of Royalty. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as reviewer of the Group. The firm has no other relationship with, or interest in, the Group.



Independent auditor's review report

Use of this independent review report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

Responsibilities of the directors for the interim consolidated financial statements

The directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 *Interim Financial Reporting*;
- implementing necessary internal control to enable the preparation of an interim consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

This description forms part of our independent review report.

KPMG
Christchurch

27 February 2023