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H1 FY24 RESULTS ANNOUNCEMENT

29 February 2024: Bathurst Resources Limited 31 December 2023 half year result

HIGHLIGHTS

- **Consolidated operating surplus of $9.1m despite operational challenges**
- **Consolidated H1 EBITDA of $28.2m, with FY24 EBITDA guidance maintained at $95m to $105m**
- **Consolidated cash balance of $131.8m**

Financial measures (NZD)	**H1 FY24 $m**	**H1 FY23 $m**
Revenue[1]	135.0	211.7
EBITDA[2]	28.2	83.2
Profit after tax	9.1	45.8
Cash	131.8	103.1

CEO'S COMMENTS

The first half of FY24 proved to be both challenging and highly rewarding for Bathurst Resources.

The consolidated H1 EBITDA of $28.2m represents a reduction of $55.0m from H1 FY23, however, we expect conditions to improve for the remainder of the financial year. And, importantly, we continue to maintain our full year EBITDA guidance of $95m to $105m.

This confidence is underlined by the recent uplift in the HCC benchmark price and favourable exchange rates on our export sales, which has led to an increase in our export segment revenue forecast. And whilst the increase in the export segment forecast earnings is offset by a forecast reduction in our domestic segment earnings and by increases in budgeted costs of production, we are still confident on meeting guidance.

The other pleasing result from this period is the increasing significance of the company's Canadian assets to the company following the acquisition of the near-production Tenas steelmaking coal project in British

[1]Includes realised FX and coal pricing hedges on export sales. Unrealised movements in coal pricing and FX hedging goes through other comprehensive income.
[2] EBITDA is a non-GAAP measure and reflects earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash movements on deferred consideration and rehabilitation provisions.

Financial figures in this release are 100% Bathurst and 65% BT Mining and in NZD unless otherwise disclosed

Columbia. In the guidance included below, we have reported on our new Canadian asset, with the inclusion in the updated guidance of operational costs as the permitting process progresses there.

The new project is clear evidence of the company's strategy to commit to near-production metallurgical assets in tier one markets, and to invest in future growth opportunities on behalf of our shareholders. Future production at Tenas will continue to increase our exposure to steelmaking coal (which already sits above 90% of our total coal sales value), and the transaction was also executed on extremely attractive terms by Bathurst, based on industry standards.

As noted, challenging operational conditions across several of our New Zealand projects in the first half of the year contributed to a reduction in earnings for the period, including at the Stockton mine. The first half consolidated operating surplus of $9.1m is a reduction of $36.7m from the first half in FY23, primarily driven by a reduction in the average price received per tonne on export sales, along with continued cost increases experienced due to ongoing inflationary pressures, and in addition to the adverse impact of the challenging operational conditions.

As previously advised, a slip triggered by high levels of rainfall In October closed the rail route from the Stockton mine to Lyttleton port for 6 weeks. The inability to rail stock to port during this period resulted in a revision of the shipping plan and has meant the deferral of shipments to the second half of the year. Following extensive work and planning, and as we have previously reported, I am pleased to confirm that we still expect to export the budgeted sales volume of 1.2Mt at Stockton.

Our North Island domestic segment has experienced operational delays in production in the new pits at the Rotowaro and Maramarua mines. The production delays have meant coal stockpiles have been used to fulfil sales in the first half of the year. Lower stripping volumes also limited the ability to capitalise stripping costs in the new pits during the first half of the year.

The benchmark price that our export sales are priced against increased considerably during the first quarter and has remained high throughout the second quarter. Market factors, including tight supply out of Queensland and increasing congestion at the ports, have also been met with renewed buying interest in seaborne cargos from China which has helped to support pricing.

Looking forward, we anticipate that our export segment will continue to perform with the expectancy that forecast pricing levels will remain stable throughout the remainder of the year, and that our domestic segments will continue to provide vital additional earnings in an improved second half of the year.

On another positive note, the new government was formed in New Zealand in late November 2023. It is pleasing to see that the government, and in particular the newly appointed Resources Minister, have committed to removing red tape to spur on economic growth. With a significant level of investment and development planned by Bathurst at a number of our New Zealand mines, we look forward to working with government to deliver this future growth and positive economic impact for the regions in which we operate. An improved approvals regime will allow us, and other major employers, to continue to invest in New Zealand with renewed confidence.

OPERATIONS

Bathurst Resources is New Zealand's leading coal producer, and a major contributor to the country's overall energy supply, engaging in the development and production of coking and sub-bituminous coal in New Zealand. Bathurst also has an interest in two Canadian high quality coking coal exploration projects.

Export operations **Measure**		**Export H1 FY24**	**Export H1 FY23**
Production (100% basis)	kt	448	500
Sales (100% basis)	kt	494	652
Overburden (100% basis)	Bcm 000	2,494	2,619
Revenue incl. realised hedging (equity share basis)	$'000	94,540	147,989
Average price received per tonne (100% basis)	$/t	273	370
EBITDA (equity share basis)	$'000	30,584	83,259

Commentary:

Production and sales	Reduction in production and sales due to a 6-week rail outage following a slip in the Buller Gorge.
Revenue	• Decreased average price received per tonne. $273 H1FY24 vs $370 H1FY23. • The average benchmark price was USD $284/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	Underlying cost decreases have partially offset the reduction in revenue. • Fuel costs have decreased, both from a price and volume perspective. • Profit share for employees has reduced, which is pegged to a reduction in sales revenue. • Reduction in freight costs, due to reduced rail volume following the rail outage. • Contractor costs have increased related to increased civil and project work undertaken.

Domestic operations

Measure		Domestic H1 FY24	Domestic H1 FY23
Production (100% basis)	kt	322	346
Sales (100% basis)	kt	357	453
Overburden (100% basis)	Bcm 000	4,118	3,190
Revenue (equity share basis)	$'000	47,352	54,752
EBITDA (equity share basis)	$'000	3,794	9,479

Commentary:

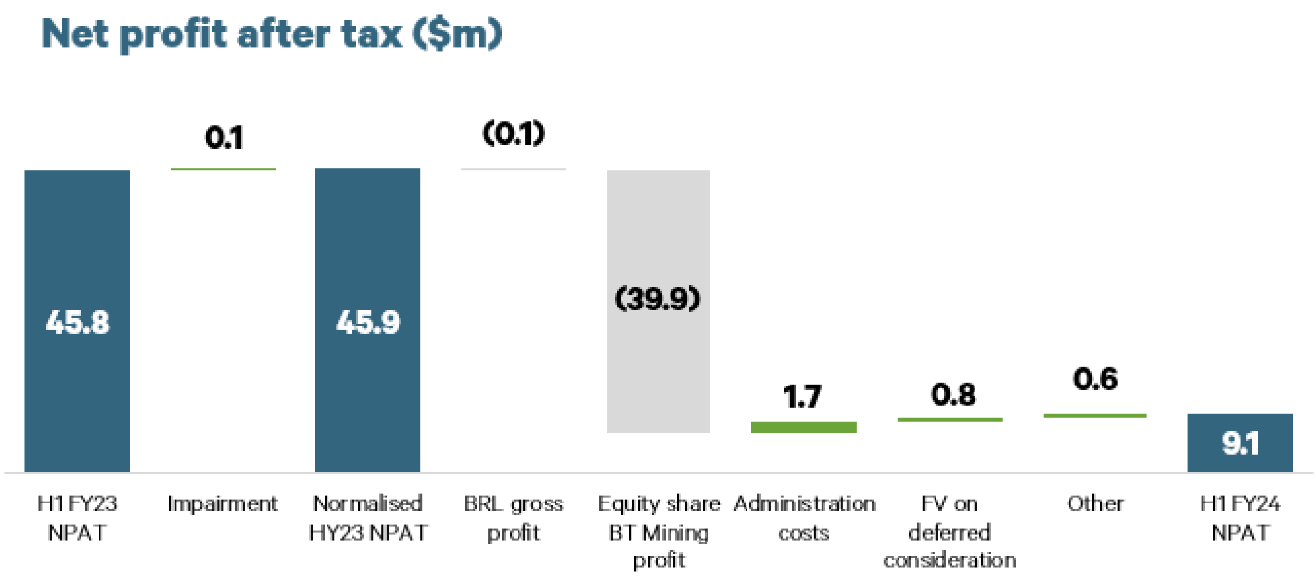
Sales	North Island domestic ("NID") reduced by 89kt due to delays in production in the new pits at the mines. South Island domestic ("SID") sales volumes declined slightly by 3kt.
Overburden	Waste moved in advance has increased at the Rotowaro and Maramarua mines as both mines have started mining in new pits.
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 a slight increase in sales revenue due to increased price escalation and higher graded product mix on a reduced sales volume.
EBITDA	NID EBITDA decreased $2.1m as reduced revenue was also met with costs increases, primarily due to: • Fuel costs have increased due to increased volumes required for the increased stripping at both mines, which has partially been offset by a reduction in price per litre. • Labour costs have increased in line with contractual CPI adjustments, coupled with increased FTE in at Rotowaro and Maramarua to facilitate increased stripping in the new pits. • Repairs and maintenance costs have decreased as the life cycle of machines have meant less repairs compared to the prior period. • Equipment hire costs have increased for additional machinery required for the increased stripping. SID EBITDA increased $0.4m which is primarily reductions to some costs, particularly fuel costs which has decreased on a price front as well as volume.

Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased compared to the prior period, $10.3m H1 FY24 versus $9.6m in H1 FY23. This reflects an increase in overhead expenses:

- Increase in staff costs.
- Increased IT and compliance costs.
- Reduction in legal fees in relation to defending the L&M litigation.

FINANCIAL RESULTS



Key movements in net profit after tax:

Impairment	+$0.1m	Prior year impairment of mining assets work in progress
BRL gross operating profit	-$0.01	A planned decrease in sales revenue, partially offset by slightly reduced costs of mining.
Equity share of joint venture BT Mining profit	-$39.9m	Decrease in export segment earnings, driven by a reduction in the average price received per tonne on sales, as well as reduced sales volumes due to a six week rail outage. North Island domestic segment also experienced a reduction in earnings due to operational delays at the Rotowaro mine. Refer to export and domestic operations overview for further information.
Administration costs	+$1.7m	Reduction in legal fees related to defending the L&M litigation as well as a small reduction in consultant costs.

FV on deferred consideration	+$0.8m	Movements in Takitimu coal reserves from changes in forecast coal sales.
Other	+0.6m	Increases in the gain on sales of property, plant and equipment and a reduction in depreciation.

KEY GROWTH PROJECTS

Project location	Project type	Market	Project description
British Columbia, Canada	Exploration project in new mining area	Coking coal for steelmaking for the export market	High quality coking coal joint venture at Crown Mountain. See below for further detail.
British Columbia, Canada	Exploration project in new mining area	Coking coal for steelmaking for the export market	High quality Tenas coking coal project. See below for further detail.
South Island, New Zealand	Extension to existing operations	Coking coal for steelmaking for the export market	Drilling and consenting works continue at the Denniston plateau (West Coast of the South Island) projects to assess converting resources to reserves and completing feasibility studies.
North Island, New Zealand	Extension to existing operations	Sub-bituminous coal and coal for steelmaking for NZ steel production	Rotowaro Extension North of which the drilling, consenting and economic feasibility is being assessed.

Crown Mountain exploration project, Canada

A further $0.5m was invested in the six months to 31 December 2023 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.

In early 2024 the project's Environmental Impact Statement (EIS) and Environmental Assessment Application (EA) passed the Impact Assessment Agency of Canada's conformity review process. This allows the project to proceed to the next regulatory phase, which is the EIS review phase. This means that the project is the most advanced steelmaking development coal project in Canada.

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

Tenas coking coal project, Canada

On 22 December 2023, Bathurst completed the purchase of the Tenas coking coal project in British Columbia, Canada.

The Definitive Study Results (DFS) for the project were published in March 2019 and reinforce the potential of the Telkwa metallurgical coal complex. The project is expected to produce 750kt of saleable coal per annum once in production and have a mine life of 22 years. Once of the attractive features of the project is the low strip ratio of 3.6:1 BCM/t, which enables the project to be one of the lowest cost producing metallurgical coal mines on the seaborne market. The mine is expected to enter production in FY26.

The Tenas Project is in the pre-application phase of permitting. In February 2022, the Application for an Environmental Assessment Certificate in relation to the Tenas Project was filed with the Environmental Assessment Office of British Columbia. The Tenas project is currently in the completion review process with the BC-EAO. While the 2002 Act was amended by the BC Environmental Assessment Act 2018 (2018 Act), which amongst other things introduced a new process for the review of such applications, the transitional provisions of the 2018 Act allowed the Tenas Project to be reviewed under the 2002 Act.

CASH FLOWS

		H1 2024	H1 2023
	Opening cash 30 June	**163.1m**	**76.0m**
Operating	EBITDA	28.2	83.2
	Working capital	5.9	(14.1)
	Canterbury rehabilitation	(0.1)	(0.4)
	Corporation tax paid	(42.5)	(24.8)
Investing	Deferred consideration	(0.5)	(0.2)
	Crown Mountain (environmental assessment application)	(0.5)	(0.4)
	PPE net of disposals	(10.1)	(7.9)
	Mining assets including capitalised stripping	(12.7)	(8.2)
Financing	Finance leases	(2.2)	(0.9)
	Borrowings repayments	-	(0.1)
	Financing income/(costs)	3.2	0.9
	Closing cash 31 December	**131.8m**	**103.1m**

Working capital

The timing of sales and export shipments at the end of the comparative period resulted in an increase in trade debtors, these have since been received and converted into cash.

Corporation tax paid

Increase in corporation tax paid which reflects the tax obligations on increased FY23 taxable operating profits and the timing of provisional tax payments. The final FY23 provisional payment was made in July 2023, and the first FY24 payment was made in November.

Crown Mountain

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

Property, plant and equipment net of disposals

Increase in spend compared to the comparative period, predominantly the acquisition of the Tenas project assets.

Mining development including capitalised stripping

Spend has increased from the prior year comparative period due to the increased mine development costs and capitalised stripping in the Waipuna West extension at the Rotowaro mine as well as development costs completing the stream diversion project at the Rotowaro mine. Also included are the Tenas project mining assets.

Financing

Increased interest received for cash on hand during H1 2024.

CORPORATE

Dividends

No dividends were paid or declared during the period.

Half year results presentation

Following the release of the half year results announcement, Richard Tacon (Bathurst Resources CEO) will be presenting the half year results and business update online. The presentation will be held on the 29th of February via a Zoom Investor Call scheduled to start at 1:00pm NZT / 11:00am AEDT.

A link to the presentation is available here:

https://us02web.zoom.us/webinar/register/WN_1_pLXQQ7QM-BwxYbryByIA

This release was authorised for issue by the board of directors on 28 February 2024.