

BATHURST COMMITS TO NEXT FUNDING TRANCHE IN ITS CANADIAN JOINT VENTURE

Highlights

- Bathurst will hold a 20 percent equity investment in the Crown Mountain project upon subscription payment in Tranche One.
- Coal quality testing confirmed the presence of benchmark premium hard coking coal in the North pit, with the South pit confirmed as a low volatile hard coking coal¹.
- The bankable feasibility study (“BFS”) and environmental permitting applications continue to progress.

Bathurst Resources Limited (ASX:BRL) is extremely pleased to confirm the exercise of the Tranche One investment option in the Crown Mountain Coking Coal Project (“Crown Mountain” or “Project”), a joint venture with Jameson Resources Limited (“Jameson”) (ASX: JAL).

Bathurst will hold a 20 percent equity investment in Jameson’s Canadian subsidiary NWP Coal Canada Limited (“NWP”) upon making the subscription payment for Tranche One. NWP’s key asset is the Crown Mountain project. The subscription payment comprises a further C\$7.5 million cash investment in NWP, C\$4.9 million of which had already been advanced in monthly instalments up to 30 June 2019 in exchange for preference shares. These preference shares will be converted to ordinary shares on a 1:1 basis with the completion of Tranche One.

Bathurst had sole discretion on whether to exercise this tranche. This further commitment recognises the progress being made and the pleasing results that came out of the final coal quality testing, which confirms the presence of high quality hard coking coal in both key areas of the Project.

Jameson’s CEO Art Palm said “We are delighted to have Bathurst on board for the next phase of the Project, with their commitment of funding and expertise an essential part of ensuring the future success of this venture. Being able to share the risks and fund the Project with a partner that has a common philosophy, a proven track record, and a talented team providing technical support to the Project has been a huge advantage. We anticipate continuing to work hand-in-hand with Bathurst as Crown Mountain heads towards gaining its environmental approvals, mining permits and ultimately construction and development of the mine.”

¹ Refer Jameson’s ASX release under JAL dated 2 August 2019 for further information.

Bathurst’s CEO Richard Tacon notes that “The Crown Mountain project continues to be an essential part of our long-term strategy, providing a growth profile to our business in a jurisdiction other than New Zealand, that will complement the range of products we currently sell into the Asian market. Staging the investment with the option to exercise the tranches at Bathurst’s sole discretion has de-risked the project for Bathurst. Further investment will be dependent upon the progress of the Project, and it being fully funded up to production (including binding commitments from debt providers). Bathurst management are very pleased with the progress of the Project and the working relationship we have with Jameson.”

Summary of investment tranches

Investment	Status	Amount	Ownership	Use of proceeds
Initial investment	Complete	C\$4m	8%	Exploration programme
Tranche One	Complete ²	C\$7.5m	12%	BFS, pre-construction activities
Tranche Two	Not yet started	C\$110.0m	30%	Construction, development
Total		C\$121.5m	50%	

Key investment terms

The material terms of the agreement are as follows:

- Jameson, Bathurst (via its wholly owned subsidiary Bathurst Resources (Canada) Ltd) and NWP have entered into an investment agreement and a shareholders’ agreement.
- The funding of Crown Mountain will be conducted in three tranches as follows:
 - an initial payment (called Initial Investment) of C\$4 million to fund the summer exploration programme. This payment was made in July 2018 and the exploration programme has been successfully completed;
 - a second tranche (called Tranche One) of C\$7.5 million (the subject of this announcement) to cover remaining pre-construction activities of permitting, engineering/design, and a BFS. To allow fast-tracking to continue, some of the C\$7.5 million has been disbursed during exploration to support parallel activities such as selenium mitigation engineering, permitting, and the BFS. A portion of this tranche has also been applied to certain Jameson corporate costs (not to exceed C\$150,000 per quarter) during the period up to the start of construction and development; and
 - a final tranche (called Tranche Two) of C\$110 million to fund mine construction and development. In the event of higher-than-projected pre-construction costs, up to C\$5 million may be brought forward to supplement the C\$7.5 million tranche. This payment will be made at the sole discretion of Bathurst and will require the Project to be fully funded up to first coal production.
- The investments above are in Jameson’s now 80% owned Canadian subsidiary NWP, which holds the Crown Mountain project.

² Once final subscription payment is made

- As a result of the above funding, Bathurst’s ownership interest in NWP will be as follows:
 - after the Initial Investment of C\$4 million: 8%;
 - following completion of the Tranche One of C\$7.5 million: 20%; and
 - following completion of the Tranche Two of C\$110 million (comprising a C\$55 million share subscription and a capital contribution to NWP of C\$55 million), 50%, and Crown Mountain will be operated as a joint venture between Jameson and Bathurst.
- It is anticipated that the C\$110 million cash payment will be part of a financing package comprised of a mix of funding options which may include leasing the major mining equipment, and a debt component for the balance. Bathurst will not proceed with the final tranche until such a package has been fully arranged with binding commitments from respective debt providers.
- The second (now exercised) and final funding tranches are granted to Bathurst as exclusive funding options.
- Bathurst and Jameson each have first right of refusal should either party elect to sell its NWP interest to a third party.
- The NWP Board currently consists of one Bathurst representative and three Jameson representatives; once a 50:50 joint venture is achieved, each entity will appoint 50% of the NWP directors. Bathurst does not have a seat on the Jameson board.

On behalf of Bathurst Resources Limited.



Richard Tacon
CEO

About Bathurst Resources Limited

Bathurst is the largest coal company operating in New Zealand with over 2.3 million tonnes per annum of coal under management. More than 70% of the coal sold is used for steel making, both domestically and for export to Asian coke makers and steel mills. The remainder is sold to domestic users in the agricultural and energy sectors.

The Bathurst operations are long life assets with extension potential for all operations beyond their current mine life. Bathurst is focussed on low cost, sustainable mining with a strong focus on the local communities and environmental management.

About Jameson Resources

Jameson Resources Limited (ASX:JAL) is a junior resources company focused on the acquisition, exploration and development of strategic coal projects in western Canada. The Company has an 80 percent interest in NWP Coal Canada Limited (“NWP”) which holds a 90 percent interest in Crown Mountain, and a 100 percent direct interest in the Dunlevy coal project located in British Columbia.

Jameson’s tenement portfolio in British Columbia is positioned in coalfields responsible for the majority of Canada’s metallurgical coal exports which are close to railways connecting to export facilities.