



**BATHURST**  
RESOURCES LIMITED

# Company Update

## August 2017

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## *Forward-Looking Statements:*

*This presentation includes certain “Forward-Looking Statements”. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results, future expansion plans and development objectives of Bathurst Resources Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.*

# Overview of Bathurst Resources

**Bathurst Resources is a leading domestic coal producer with significant upside opportunities in metallurgical coal for export markets**

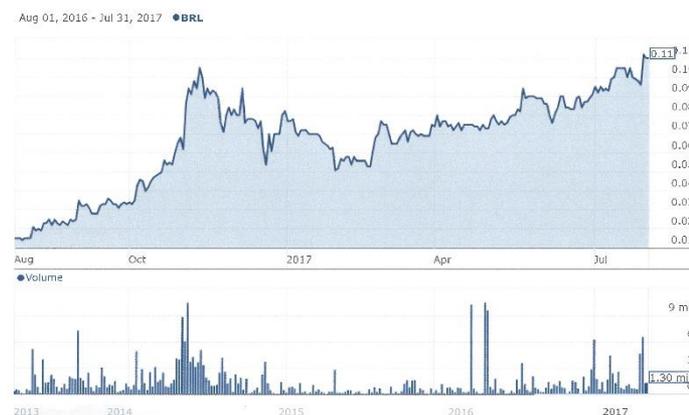
## Capital Structure

Share Price (31 July 17)	\$0.11
Shares Outstanding (m)	986.0
<b>Market Cap (A\$m)</b>	<b>108.5</b>
Bank Debt (A\$m) <sup>1</sup>	-
Cash (NZ\$m) (Available) <sup>1</sup>	4.0
Escrow Funds <sup>1</sup>	28.7

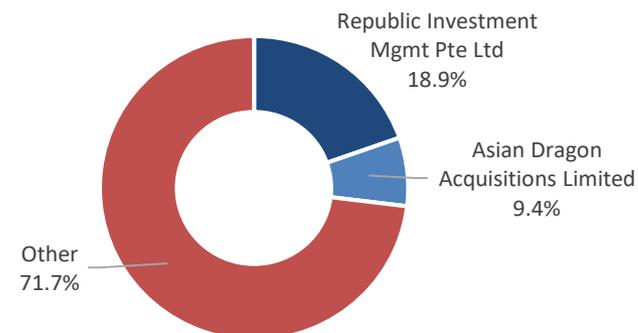
## Comments

- ✓ Profitable NZ based coal producer
- ✓ 46% South Island market share
- ✓ Production results in FY17 of 330kt (as forecast)
- ✓ Increased operating margins
- ✓ Operating cash positive
- ✓ Low cost option on metallurgical coal expansion

## Share Price Performance



## Substantial Shareholders



<sup>1</sup> As at 30 June 2017

# Leading Presence in New Zealand

Bathurst has established itself as the pre-eminent coal producer in New Zealand

## BT Mining Assets (65%)<sup>1</sup>

### Rotowaro

Production (FY18)	700 kt
Margin	NZ\$30/t
Resource	18.6 Mt
Reserve	2.5 Mt

### Maramarua

Production (FY18)	150 kt
Margin	NZ\$25/t
Resource	10.3 Mt
Reserve	2.0 Mt

### Stockton

Production (FY18)	1.0 Mt
Unit Cost (FOB)	NZ\$100/t
Resource	71.8 Mt
Reserve	12.3 Mt

## BRL Assets (100%)

### Takitimu

Production (FY18)	225 kt
Cash Cost	NZ\$57/t <sup>2</sup>
Resource	3.7 Mt
Reserve	1.6 Mt

### Canterbury

Production (FY18)	175 kt
Cash Cost	NZ\$57/t <sup>2</sup>
Resource	5.3 Mt
Reserve	0.2 Mt

### Buller Assets

Resource	38.7 Mt
Reserve	18.9 Mt

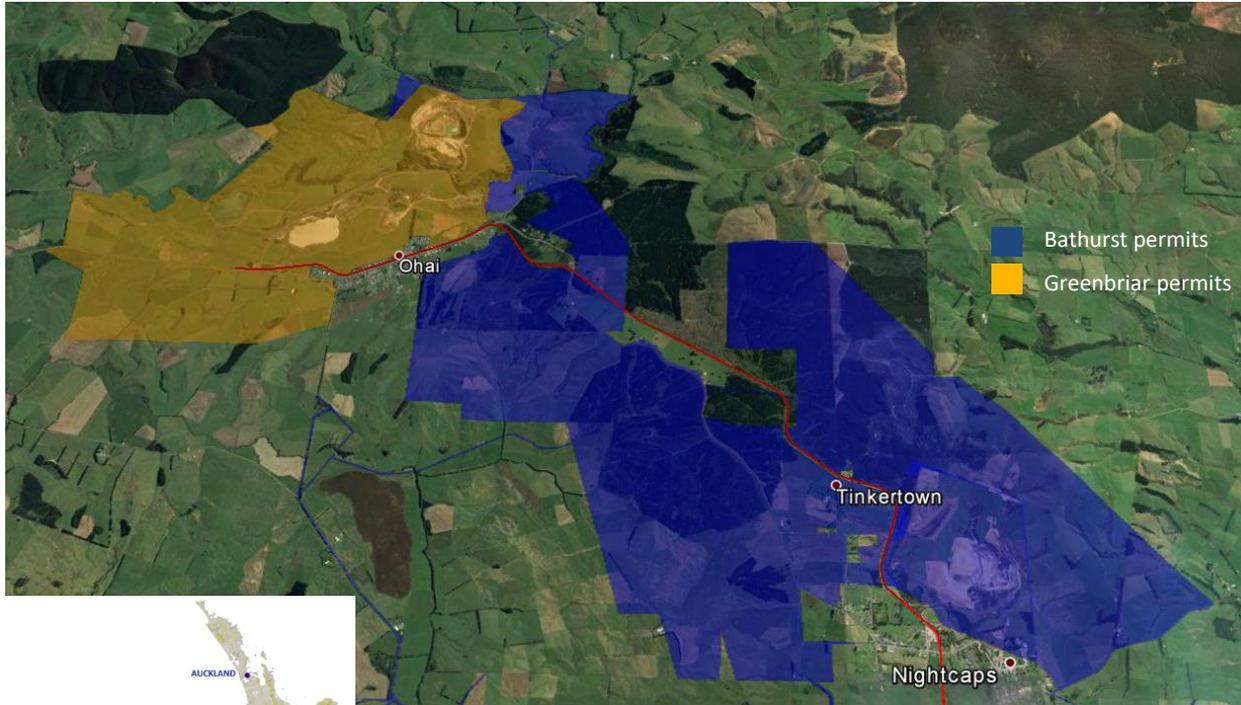


<sup>1</sup> Note that the 65% BRL ownership of the Rotowaro, Maramarua, and Stockton mines are via the BT Mining Joint Venture with Talley's Group, and is subject to completion of the sale and purchase conditions

<sup>2</sup> Cash cost for existing Bathurst operations represents an average across all operations.

# Takitimu Mine & Southland Assets

Developed mine producing thermal coal for domestic industrial use



Takitimu	
Production (FY18)	225kt
Resource	3.7 Mt
Reserve	1.6 Mt

- Well established mine with significant resources in adjacent blocks
- Mining to progress North into the Black Diamond block in FY2018
- Heavy vehicle fleet now owner operated with significant savings achieved
- Targeting alternative markets to increase output

# Canterbury

Provides thermal coal for domestic industrial use and in close proximity to end users



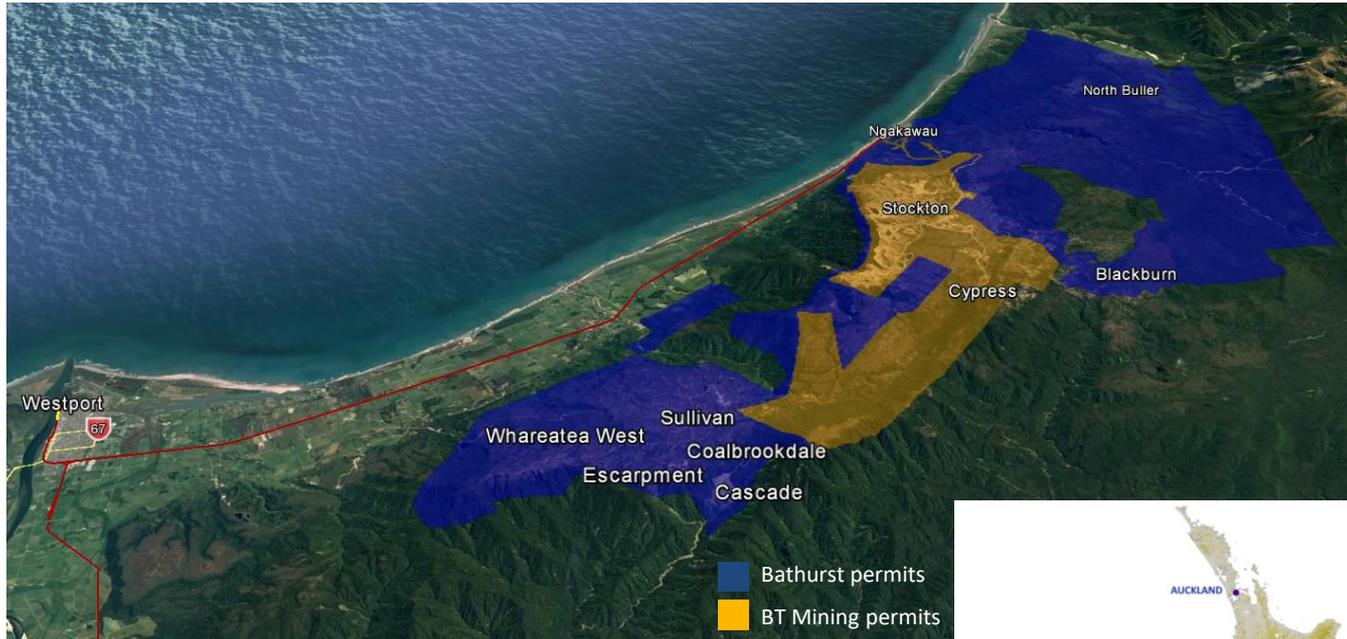
Canterbury	
Production (FY18)	175 kt
Resource	5.3 Mt
Reserve	0.2 Mt

- Developing mine on track - produced 100kt in FY2017 and 175kt in FY2018
- Growing industrial coal use in the Canterbury region within close proximity to the mine
- Heavy vehicle fleet now owner operated with significant savings achieved
- Exploration has led to increased resource to reserve conversion



# Buller Coal Project

High quality export metallurgical coal resource



Buller Assets	
Resource	38.7 Mt
Reserve	18.9 Mt

- Significant resource on the Denniston Plateau
- Cascade and Escarpment mines on care and maintenance
- Geologic model updated for all Denniston assets
- Future blending opportunities with Stockton coal
- Close proximity to Stockton allows use of critical infrastructure

<sup>1</sup> Note that the 65% ownership of the Stockton mine is via the BT Mining Joint Venture with Talley's Group, and is subject to completion of the sale and purchase conditions

<sup>2</sup> Sullivan CML purchase is subject to completion of the sale and purchase conditions

# Asset Acquisition

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# Background to Transaction

Following the approval of Solid Energy's DOCA in September 2015, Bathurst signalled its intention to participate in the asset sale process in November 2015

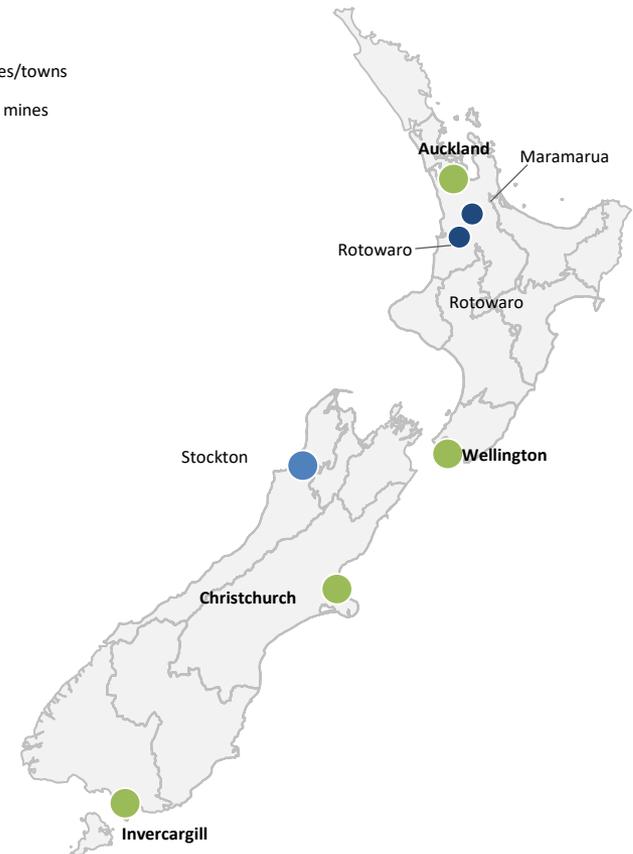
## Solid Energy Sale Process

- BT Mining (formerly Phoenix Coal) created between BRL (65%) and Talley's Group (35%) to bid for specific mines
- Signed Sale and Purchase Agreement (SPA) on 29 October 2016
- Finalised a variation to SPA for BT Mining to assume economic benefit of 3 mines from 1 July 2017

## Relevant Solid Energy Asset Locations

### Legend

- Major Cities/towns
- Operating mines



# Strategic Rationale

The combination of the Solid Energy assets acquired with Bathurst's existing Buller Plateau assets will unlock material synergies for the Company

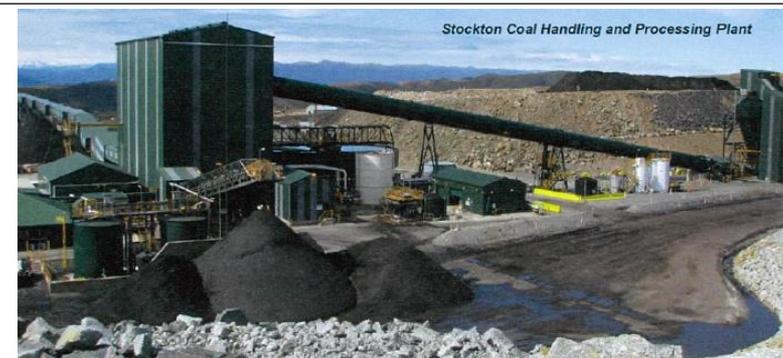
## Strategic Rationale & Benefits

- Stockton accelerates Bathurst's entry into the export market with established customer relationships, infrastructure, and resources
- Potential synergies with Bathurst's existing Buller Plateau assets:
  - Opportunities to achieve a premium blend characterised by a Stockton product with lower sulphur and improve the coking characteristics
  - Potential to leverage Stockton infrastructure to access Bathurst assets on the Denniston Plateau

## Asset Location



## Stockton/Denniston Infrastructure



# Overview of BT Mining

**Bathurst Resources together with Talley's Group have formed a joint venture, BT Mining Ltd, to acquire select North and South Island assets from Solid Energy**

## Talley's Group Overview

- Talley's Group, established in 1936, is a multi-division, international company operated by the Talley family producing seafood, frozen vegetables, dairy and meat
- The operations of Talley's Group span the length of the country, and are headquartered in Motueka, New Zealand

## BT Mining Overview

- BT Mining is owned 65% by Bathurst and 35% by Talley's Group and is governed by a Board of Directors structured in line with the shareholding
- BT Mining will hold the Rotowaro and Maramarua thermal coal mines, as well as the Stockton metallurgical coal mine

## Talley's Group Locations

- HEAD OFFICE >
- SEAFOOD >
- VEGETABLES >
- DAIRY >
- MEAT >



## BT Mining Ownership Structure



# BT Mining Funding Sources & Uses

BT Mining has acquired the Rotowaro, Maramarua, and Stockton mines for an upfront cash consideration of NZ\$46m funded through equity commitments from Bathurst and Talley's Group, and a bank debt facility

## Selected Asset Consideration

- Under the sale and purchase agreement, BT Mining has acquired these assets for:
  - Cash consideration of NZ\$46m less any closing adjustments
  - Contingent payments of up to NZ\$50m based on a sliding scale of Stockton coal sales revenue, subject to metallurgical coal prices being above NZ\$150/t.
    - Subject to a maximum four year term
    - No volume or production commitments

## BT Mining Sources of Funds

Sources	Commitment <sup>2</sup>
Talley's Group (35%)	~NZ\$14.0m
Bathurst Resources (65%)	~NZ\$26.0m
Bank Debt Facility	NZ\$15.0m
<b>Total</b>	<b>~NZ\$55.0m</b>

## BT Mining Uses of Funds

Uses	Amount <sup>3</sup>
Upfront Cash Consideration	NZ\$46.0m
Working Capital & Bonds	~NZ\$9.0m
<b>Total</b>	<b>~NZ\$55.0m</b>

<sup>1</sup> Please refer to Slide 9 for map detailing key asset locations.

<sup>2</sup> Commitments represent maximum raise sizes for all BRL funding sources and are subject to reduction at the discretion of BRL.

<sup>3</sup> Uses of funds are indicative only, and subject to revision by BT Mining.

# Sale & Purchase Approvals

**BT Mining sale and purchase agreement is conditional on, among other things, OIO approval - this was granted 26 July 2017**

Key Process Milestones <sup>2</sup>	
Key Event	Date
Sale Agreement signed	29 October 2016 
Annual General Meeting to include ordinary resolutions in connection with conversion of RCPS and Convertible Notes into ordinary shares	2 December 2016 
NZP&M Approvals	Process completed Titles will transfer at Closing 
Economic interest in operations	1 July 2017 
OIO Approval	26 July 2017 
Completion of the Transaction	<b>Target - 31 August 2017</b>

# Bathurst Resources Capital Structure

Bathurst has a combination of Equity and Debt funding in place to meet the acquisition cost

**Equity** **Number of Shares**

**Shares currently on Issue** **986,028,209**

	<b>Value AUD ('000)</b>	<b>Expiry</b>	<b>Strike Price (AUD)</b>	
RCPS	11,304	1-Feb-18	\$0.022	513,818,182

**Shares on Issue after Acquisition** **1,499,846,391**

Convertible Notes	3,776	22-Jul-19	\$0.022	171,636,364
Convertible Notes	7,500	01-Feb-21	\$0.0375	200,000,000
Performance Rights		31-Mar-19		13,000,000

**Fully Dilutes Shares** **1,884,482,755**

**Bond**

	<b>Value USD ('000)</b>	<b>Expiry</b>	<b>Coupon</b>
USD Bond	7,500	01-Feb-20	10%

# Operational Transition

The transaction presented a number of areas requiring smooth transition

## Key Issues

### 1. Health and Safety

### 2. Human Resources

### 3. Operational Control

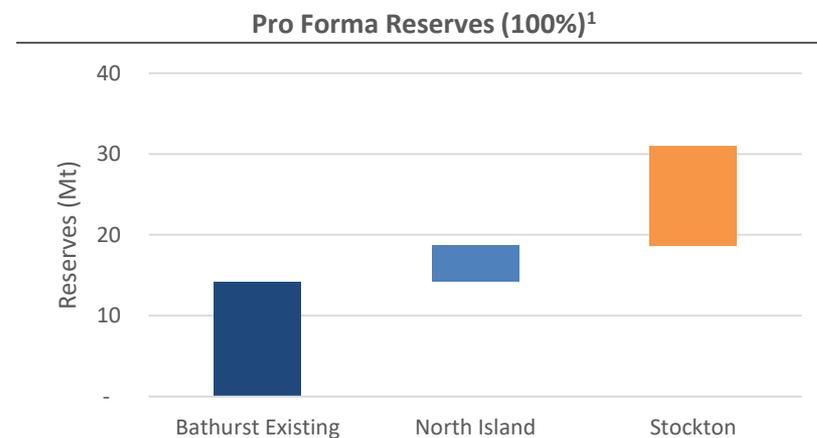
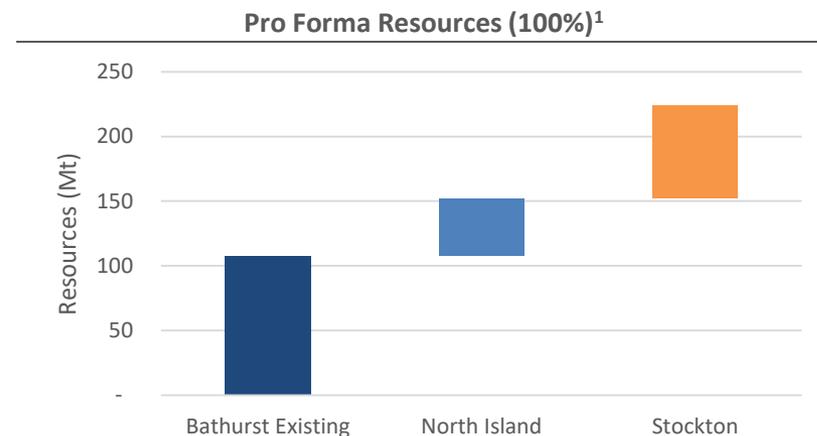
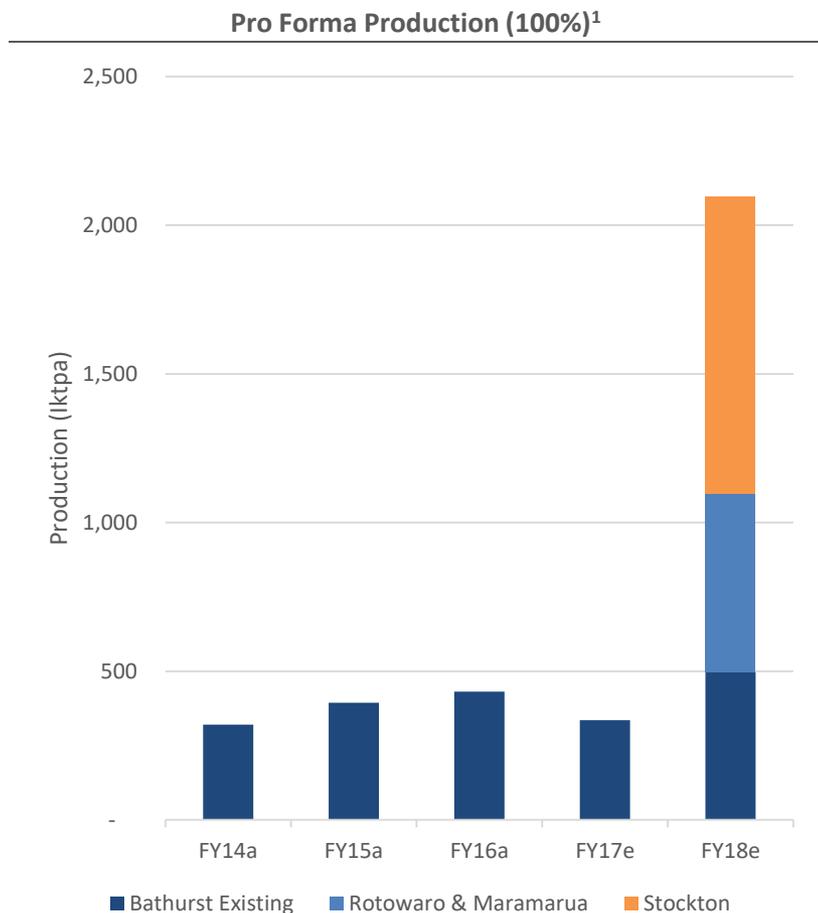
### 4. Stable Sales Profile

## Solutions Identified

- ✓ Extensive reviews of existing systems conducted and 150 day transition plan developed
- ✓ Staff transferred on similar contracts, Production and Engineering employees transitioned to individual contracts (99% uptake)
- ✓ General Managers appointed early and on the ground for last 5 months
- ✓ Export and Domestic teams are in place and familiar to customers

# Pro Forma Bathurst Resources

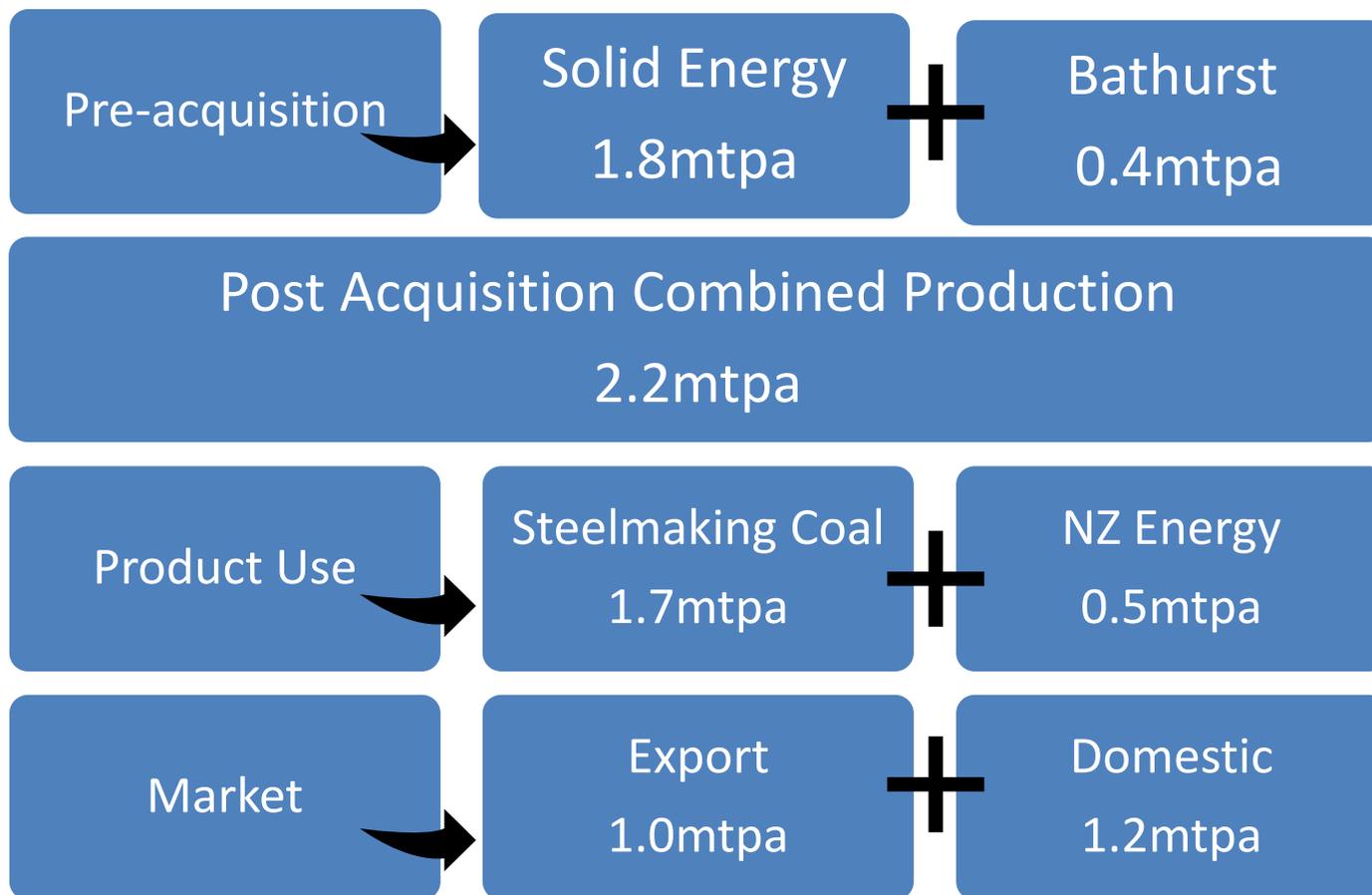
The transaction will have a material impact on Bathurst's production profile, as well as its resource and reserve base



<sup>1</sup> Assumes first year of full production including the Solid Energy assets acquired under the transaction occurs in FY18 and 100% ownership.

# Market Mix

The following shows the exposure to various market sectors and to export and domestic markets



# FY18 BT Mining Asset Metrics

The following are the forecast metrics for the BT Mining assets based on the FY18 operating plans

	Stockton	Rotowaro	Maramarua
Production	1,000kt Product	700kt Product	150kt Product
Cash cost (av)	\$NZ100/tonne at port		
Margin	NZ\$50/tonne based on US\$135 Coking coal price and \$0.70 NZ:USD <sup>1</sup>	NZ\$30/tonne	NZ\$25/tonne

**Further guidance will be forthcoming once the assets are under BT Mining control**

<sup>1</sup> Hard Coking Index price US\$178.50/t @ 31 July 2017

# North Island Assets

**Rotowaro and Maramarua are open cut mines located in the Waikato region of New Zealand producing a high-quality, low-ash coal for the domestic market**

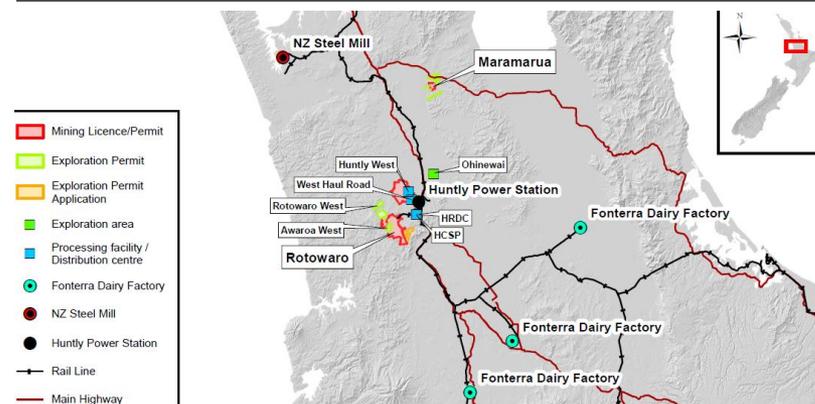
## Rotowaro

- Status: Production; O/C; domestic thermal coal (high-quality low-ash)
- Location: 9km West of Huntly, Waikato, New Zealand
- Operations
  - Mining: truck & shovel via 1 main pit currently mined
  - Throughput: 700ktpa
  - Margin: NZ\$30/t
  - Other Infrastructure: 1.0mtpa rail loadout facility linked to New Zealand Steel's Glenbrook mill
  - Rehabilitation: NZ\$15.3m indemnity in place with the Crown to cover historical disturbances

## Maramarua

- Status: Production; O/C; thermal coal (low-ash)
- Location: 45km North of Huntly, Waikato, New Zealand
- Operations
  - Mining: truck & shovel via 2 main pits currently mined
  - Throughput: 150ktpa
  - Margin: NZ\$25/t
  - Other Infrastructure: screening & processing plant
  - Rehabilitation: NZ\$3.3m indemnity in place with the Crown to cover historical disturbances

## Location



## Forecast Sales

- FY18 - 850kt
- Customers
  - New Zealand Steel
  - Genesis Energy
  - Fonterra Co-operative Group

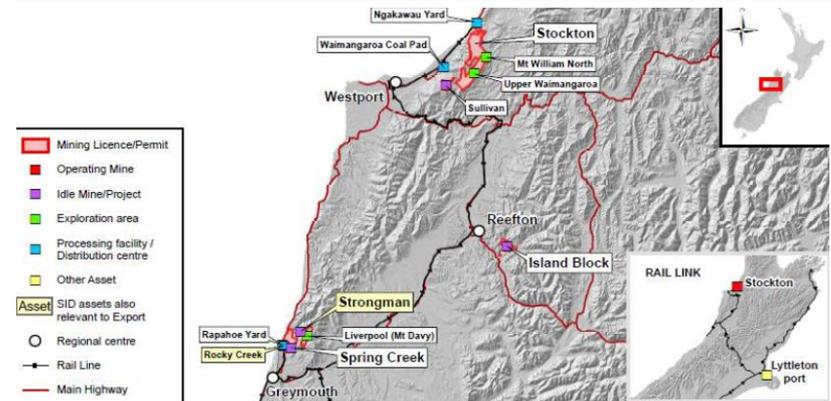
# Stockton

Stockton is an open cut mine located on the West Coast of New Zealand producing a low-ash metallurgical coal for export

## Snapshot

- Status: Production; O/C; export metallurgical coal (low-ash)
- Location: 25km North of Westport, West Coast, New Zealand
- Operations:
  - Mining: truck & shovel via 5 main pits (Rockies, A-Drive, No. 2 South, Millerton, and Cypress) currently mined
  - Throughput: optimised to 1.0mtpa under current market conditions; CHPP with capacity of up to 1.8mtpa
  - Unit cost: NZ\$100/t FOB
  - LOM: 11 years
  - Other Infrastructure: 2.5km aerial ropeway, 2.0mtpa rail loadout facility linked to the Port of Lyttelton
  - Environmental: acid mine drainage (AMD) Deed of Commitment finalised with the Crown for assumption of historical liabilities
  - Rehabilitation: NZ\$44.5m Crown indemnity to cover historical disturbances

## Location



## Historical Customer Base<sup>1</sup>



中国五矿集团公司  
CHINA MINMETALS CORPORATION



# APPENDICES

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# Appendix 1 Board of Directors



**Toko Kapea**

*Non-Executive Chairman*

*Commercial lawyer and company director*



**Richard Tacon**

*Executive Director & CEO*

*Over 32 years coal mining operations experience*



**Russell Middleton**

*Executive Director & CFO*

*Strong financial and operations background in mining and construction*



**Peter Westerhuis**

*Non-Executive Director*

*Engineer with 30 years experience in iron ore, gold and coal*

# Appendix 2 Director Profiles

## **Toko Kapea – Non-executive Chairman**

Toko is a Wellington based commercial lawyer, consultant and director. He is a director of Tuia Group Limited and a partner in Tuia Legal. Toko has worked at Chapman Tripp and in legal roles in-house at Meridian Energy, Bank of New Zealand, St. George Bank NZ and ANZ. He currently sits on the board of Television New Zealand Limited and Ngāti Apa Development Limited (Whanghanui-Rangitikei region). He was on the Governmental Review Panel relating to the Te Ture Whenua Maori Act 1993 (Maori Land Act) and was also the lead negotiator for Ngati Apa ki Rangitiki (North Island) for its direct negotiation of Treaty of Waitangi claims with the Crown.

## **Richard Tacon – Executive Director and CEO**

Richard's first job in the industry was at Greymouth's Liverpool State Mine. He moved to Australia to further his mining career and went on to hold several management roles in coal mines around the country, working his way from undermanager to General Manager. Richard has held senior leadership roles in the coal sector for the past decade. After living and working in Australia for 32 years, Richard returned to New Zealand to take up the position of Chief Operating Officer in 2012. He was appointed to the role of Chief Executive Officer in March 2015. He has also spent 15 years on a rescue crew, making him familiar with the principles and practice of mine safety. Richard is the chair of the Coal Association of New Zealand and sits on the board of the New Zealand Mines Rescue Trust and Strattera as well as other industry stakeholder organisations.

## **Peter Westerhuis – Non-executive Director**

Peter is a professional engineer with post-graduate business qualifications and more than 30 years of Australian and international resources experience in the iron ore, gold and coal industries; the last 10 years at CEO and MD level. He has successfully developed and managed large mining and processing operations including overseeing the transition from explorer to producer. Peter has undertaken many complex commercial negotiations for joint ventures, capital funding, contracts, litigation, product marketing and off-take agreements. He is particularly passionate about health & safety, teamwork, operational effectiveness, business improvement and project delivery. Peter is the CEO of Batchfire Resources Pty Ltd, owner of the Callide Mine in Central Queensland. Previously he worked for 11 years at the Ensham Joint Venture, including 4 years as CEO, developing and operating large open cut and underground coal reserves in Queensland.

## **Russell Middleton – Executive Director and CFO**

Russell has over 25 years in the mining and construction sector with significant experience in mine project evaluations and the construction of new mines. Based in Sydney, Russell was most recently Chief Financial Officer with Hillgrove Resources Limited, an ASX listed resources company focused on developing base and precious metals projects. Starting his career as a public accountant, Russell has held senior management positions in accounting, commercial and planning roles. He undertook various roles with BHP before joining Shell where he was Commercial Manager for the construction, development and production of a major underground mine.

# Appendix 3 Executive Management Team



**Damian Spring**  
*General Manager,  
Domestic Operations*



**Martin Doull**  
*General Manager,  
Stockton Operation*



**Craig Pilcher**  
*General Manager,  
Domestic Marketing*



**Sam Johnstone**  
*General Manager,  
Export Marketing*



**Craig Palmer**  
*General Manager,  
Commercial*



**Fiona Bartier**  
*General Manager,  
HSEC*



**Alison Brown**  
*General Counsel*

# Competent Person Statements

## **Bathurst Resources Competent Person Statement**

The information on this report that relates to the mineral reserves for Escarpment Export and Whareatea West is based on information compiled by Sue Bonham-Carter who is a full time employee of Golder Associates (NZ) Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Sue Bonham-Carter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results , Mineral Resources and Ore Reserves'. Sue Bonham-Carter consents to the inclusion in this report of the matters based on her information in the form and context in which it appears above.

The information in this report that relates to exploration results and mineral resources for Escarpment, Cascade, Coalbrookdale, Whareatea West, Millerton North, North Buller, Blackburn, Takitimu, Canterbury Coal, New Brighton, Rotowaro, Maramarua, Stockton, Cypress, and Upper Waimangaroa and the mineral reserves for Takitimu, Rotowaro, Maramarua, Stockton, and Cypress is based on information compiled by Hamish McLauchlan as a Competent Person who is a full time employee of Bathurst Resources Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. McLauchlan has a B.Sc and M.Sc

(Hons) majoring in geology from the University of Canterbury, and has had 19 years of experience in the mineral resource industry in New Zealand and offshore. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLauchlan consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears above. This presentation accurately reflects the information compiled by the Competent Person.

The information on this report that relates to mineral reserves for Escarpment Domestic and Canterbury is based on information compiled by Terry Moynihan who is a full time employee of Core Mining Consultants Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Moynihan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.