

June 2018

Quarterly Report

Highlights

- » First dividend received from joint venture BT Mining
- » New JV agreement confirmed with Jameson Resources Limited (“Jameson”)
- » Consolidated EBITDA exceeded guidance
- » Bathurst finished the quarter with \$20.2m accessible cash (\$28.7m including restricted cash deposits and 65% share of BT Mining).

Executive Summary

The last quarter of FY18 saw the close of a new joint venture agreement with Jameson, which will be pivotal for Bathurst establishing a diversified long-term growth opportunity.

The quarter also saw BT Mining pay its first dividend to its shareholders (\$20m NZD).

Subject to audit completion, results indicate EBITDA exceeded guidance. The FY19 budget is complete, with EBITDA margins across the business looking stable or improving.

New JV agreement confirmed with Jameson

Bathurst now holds an 8% equity investment in NWP Coal Canada Limited (“NWP”), formally a wholly owned subsidiary of Jameson’s.

Closure of the deal was announced on the 12 July 2018, and represents a managed-risk growth approach to Bathurst’s current NZ operating business.

NWP’s key asset is the Crown Mountain Coking coal project. This project consists of six coal tenure licenses and four licence applications located in British Columbia, Canada. The project will provide Bathurst with a diversity of production into the export market that will complement the range of products already sold into Asia.

Future investment in NWP is staged and at Bathurst’s sole discretion, meaning Bathurst can respond to any material changes in the export coal market.

For further information on this deal, refer to the two market releases on the ASX website under ASX code BRL, on the 12th July 2018 and 29th June 2018.

Health Safety and Environment

There was one lost time injury during Q4, with the event occurring at Huntly West mine in April during a historical infrastructure demolition task. A contract rigger was hit by a falling object sustaining minor lacerations to head and shoulder and a soft tissue shoulder injury.

Focus remained on the health and safety transition plan for Stockton, Rotowaro and Maramarua as new sites to the Bathurst Group. This work continues with revision of management system documents and associated task based risk assessments, training management system gap analysis and revision, and commencement of training on Bathurst health and safety standards.

A discharge occurred at the Canterbury mine on 11 January 2018. The regional council (Environment Canterbury) has laid charges in respect of this incident. Bathurst is currently considering its options.

Operational environment broad brush risk assessment reviews are nearing completion, with completion expected in FY19 Q1.

June 2018

Performance Metrics

June Quarter	* Export 100% Basis	* North Island Domestic ("NID") 100% Basis	South Island Domestic ("SID") 100% Basis	BRL Equity Share
Physicals				
Production (kt)	274	248	71	410
Sales (kt)	266	236	75	402
Overburden (Bcm '000)	1,076	2,612	850	3,247
Financials				
Sales Revenue (NZD '000)	**\$54,997	\$23,705	\$9,908	\$61,064
June YTD				
Physicals				
Production (kt)	895	825	348	1,466
Sales (kt)	855	761	370	1,420
Overburden (Bcm '000)	2,868	8,723	4,042	11,576
Financials				
Sales Revenue (NZD '000)	**\$183,600	\$77,238	\$48,179	\$217,724

* Export and NID are held through BT Mining @ 65% from 1 September.

** Excludes third party sales

Operations Review

Export (Stockton) (65%)

There were 6 shipments in the June quarter with sales volumes again achieving budget.

Mine plan improvements and minimal weather impacts during the quarter meant production was 12% ahead of plan.

Overburden was 651k bcms ahead of budget, reflecting the onboarding of a 4th overburden crew in the 3rd quarter and the use of contractors to undertake pre-stripping in one mining area.

To reduce the export sale price exposure, BT Mining contracted forward sales during the quarter for 185kT of hard coking coal at an average price of NZD 257.40 per tonne.

In addition, BT Mining also contracted foreign exchange cover for sales of USD 16.5 million at an average FX rate of NZD/USD 69.77.

NID (65%)

Rotowaro

Production exceeded budget for the June quarter. This was driven by opportunity of additional sales that had originally been budgeted to be supplied from the Takitimu mine.

Overburden targets were also achieved, mainly benefiting from full waste stripping within the east extension, and establishment of a stripping subcontractor at Awaroa West.

Maramarua

With operations back to a steady state, production levels were able to be increased to meet higher than expected sales volumes during the quarter.

The additional capacity established in January has enabled overburden moved to surpass full year budget targets and ensure the mine is well prepared for FY19 operations.

SID (100%)

Takitimu

Production was marginally behind budget and forecast for the quarter, with production levels levelling off with planned sales moving to the Rotowaro mine.

Overburden was ahead of forecast for the quarter and YTD finished 15% ahead of budget, reflecting earlier than planned focus on the Black Diamond block to access better quality coal.

Canterbury

Higher than expected sales in the latter part of the quarter, and good weather saw production exceed both forecast and budget.

A push was made on overburden removal to catch up the impact of bad weather in prior quarters and set the mine up for the following financial year. Stripping ended the quarter 29% ahead of forecast and bought full year waste moved to within 90% of budget.

Exploration and Development (100%)

Buller Project

Two holes were drilled in June 18 in Escarpment that are part of the mine planning to better define coal quality, with a further hole drilled in July. Resource consents have been granted for drilling in the Whareatea West footprint, with approval still required from DOC which is anticipated to be received mid-August.

Eastern Assets

Key exploration activities during the quarter were:

- Grade estimation was updated for Takitimu with a new model issued.
- Preliminary optimisations completed for Albury.
- Completion of earthworks for Canterbury exploration north along strike from existing operations.

Crown Mountain

The investment agreement in the Crown Mountain coking coal project was completed at the end of the quarter, with conditions precedent satisfied 12 July 2018. Bathurst now holds 8% of the project with its CAD \$4 million investment funding the summer exploration drilling programme.

Corporate

Capital

Consolidated cash balance attributable to BRL (including restricted short term deposits) was \$28.7 million. External debt comprises the USD Bonds and Convertible Notes issued to fund BRL's acquisition in BT Mining.

Litigation

The court has indicated that judgment in respect of the claim made by L&M Coal Holdings Ltd, which was heard by the High Court in February and March this year, will be given towards the end of August.

Bathurst will continue to vigorously defend this claim.

FY18 EBITDA exceeds guidance*

	Export	NID	SID	BRL Equity Share
Production (kt)	895	825	348	1,466
Margin (NZ\$/tonne)	\$119	\$32	\$24	
EBITDA (NZ\$m)**	\$106.3m	\$26.2m	\$8.5m	\$94.6m
Cash cost (av) (NZ\$/tonne at port)	\$96			

*Subject to audit completion

** NID includes BT Mining's Corporate business unit, SID includes BRL's Corporate business unit.



Share price at 30 June 2018:
AUD 15.0 cents
Issued Capital at 30 June 2018:
1,513,164,577 Ordinary Shares
Market capitalisation:
AUD \$227M

Bathurst Resources Limited
Level 12
1 Willeston Street
Wellington 6011 New Zealand
Tel: +64 4 499 6830

Chief Executive Officer
Richard Tacon

Directors
Toko Kapea – Chairman
Richard Tacon – Executive Director
Peter Westerhuis – Non Executive
Director
Russell Middleton – Executive Director

Substantial holders
Republic Investment Management Pte Ltd: 20.4%
Asian Dragon Acquisitions Ltd 10.0%

ASX Code: BRL
Website and email
www.bathurst.co.nz
email: wellington@bathurst.co.nz

Company Secretary
Bill Lyne
email: bill.lyne@bathurst.co.nz

Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars and quoted at 30 June 2018.

BATHURST
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