

# **BATHURST RESOURCES LIMITED**

Questions and answers arising from the Bathurst Resources 2023 Annual General Meeting and presentation.

Thursday 30 November 2023

## **(1) SHARE PRICE AND GROWTH RELATED**

### ***Question:***

Shareholders were interested to learn more about the board's strategy for rewarding shareholders amidst the ongoing success of Bathurst, and some New Zealand shareholders were also interested to understand why the company may now be overlooking the support they have provided through challenging times by not paying a dividend.

### ***Answer:***

As a growth investment, Bathurst intends rewarding shareholders through delivering an uplift in enterprise value as the Canadian assets are progressed, resulting in an increase in our share price.

The company has considerable development and approval capital expenditure ahead, including extensions to the New Zealand operations and construction of the Canadian assets. Cash that is currently in the BT Mining joint venture will firstly be used for extending the life of the New Zealand operations, and secondly to take opportunities of investing in production assets when they arise and when both joint venture partners agree on the strategic value of any investment.

Bathurst continues to build a portfolio of growth projects that will require capital and management to execute the projects successfully. The share price is not always reflective of the value created by the company. Importantly, the company continues to build cash reserves and has maintained strong profits since the acquisition of the Solid Energy assets in 2017. The company continues to have a strong balance sheet which is driven by the fact we have no debt (besides finance leases), resulting in minimal dilution to the existing shares on issue.

For New Zealand shareholders, and all shareholders in fact, the share price does not reflect the value that the company should be trading at, however, our strategy to be a growth company remains, with cash reserves focused on growing the business. This is evident with the recent Tenas asset acquisition in Canada, as well as our prior investment in the Crown Mountain project.

The decision not to pay a dividend to shareholders is primarily based on the stage of the company's growth combined with the requirement for the joint venture entity to have unanimous agreement on where the funds are allocated.

## **(2) JOINT VENTURE (BT MINING) RELATED**

### ***Question:***

The Company received several questions around the strategy to unlock cash from BT Mining, the joint venture in which Bathurst is a shareholder, and whether there is unlikely to be a rerating of the share price until the company gets access to its restricted securities. Shareholders also asked about the status of the discussions with its joint venture partner regarding the distribution of the surplus cash inside BT Mining, and whether the matter could be resolved through arbitration or litigation.

### ***Answer:***

BT Mining, the joint venture, has been highly successful and the assets in the joint venture continue to perform strongly, producing significant cash reserves. We also continue to work constructively with our joint venture partner on identifying operating asset opportunities for the joint venture cash to be allocated to.

It is important to note the cash is recorded on the joint venture company's balance sheet and Bathurst will continue to have restricted access to this for the life of the joint venture unless funds are distributed earlier as a dividend to the joint venture partners.

The distribution of cash reserves is something that requires unanimous agreement from both parties of the joint venture, and to date the allocation of the cash to any investments has not been identified or finalised.

In the interim, Bathurst remains committed to the joint venture as it continues to produce strong positive cashflows that will ultimately enable the company to take growth opportunities when they arise.

### (3) BONUS PAYMENTS

**Question:**

The company received a question as to whether litigation success payments of \$1.1 million made to directors was warranted.

**Answer:**

The litigation success payments were linked to the win that Bathurst had in the arbitration proceedings regarding the Change in Control. Bathurst successfully defended the claim and no payments were held to be due or payable to the plaintiff (refer ASX announcement on 20 February 2023).

The note in the financial statements has been a financial reporting requirement, and we continue to report on this as a matter of transparency.

Although further litigation has been subsequently initiated by L&M, the litigation success payments were linked directly to the arbitration's proceedings. The litigation has been endured for more than 6 years, spanning four court hearings and an arbitration hearing, which has seen directors cross examined. The success payments appropriately reflect the additional time and effort required above the usual remit required of directors.

### (4) CHANGING REGULATORY ENVIRONMENT IN NZ

**Question:**

Shareholders were also interested in the news that the National Business Review recently reported that 'National wants to extend the lives of some coal mines, including Stockton on the West Coast', and whether opportunities might be available to the company if the permitting environment in NZ becomes more favourable.

**Answer:**

We have a number extension and growth projects across New Zealand, specifically on the West Coast and in the Waikato. A more favourable permitting environment would enable these to progress as planned, extending the mine life, which will align with the anticipated increase in demand in our product as forecast steel production increases internationally.

These extensions will support the local communities with employment for locals, engagement of local suppliers and contractors together with involvement in the community activities.

As with our previous growth projects, we invest in extensions to the mines with the underwritten support of our customers and their need for the product we sell. We continue to have this support for our domestic coal. The international forecast for steelmaking coal remains strong, with the west coast being an important blend partner for all our customers in Japan, Korea, and India.

#### FURTHER INFORMATION:

Shareholders interested in learning more about the Company and its plans for 2024 are referred to the AGM Presentation on the corporate website, or email [investor.relations@bathurst.co.nz](mailto:investor.relations@bathurst.co.nz)