BATHURST RESOURCES LIMITED

Quarterly Report

March 2024 quarter

Key highlights

- Year to date consolidated EBITDA[1] $68.9m.
- EBITDA guidance maintained at $95m to $105m.
- Consolidated cash including restricted deposits – $145m.

CEO'S COMMENTS

In a growth year for Bathurst Resources, with the expansion of the company's Canadian steelmaking coal assets, we remain on track to reach our full year EBITDA guidance of $95m to $105m.

The YTD consolidated EBITDA of $68.9m is a reduction of $46.8m from the prior comparative period in FY23, with the decrease driven by a reduction in the average price received per tonne on export sales, combined with two rail outages triggered by slips and delays caused by unseasonal weather in New Zealand.

Operationally, we faced challenges in the quarter following another slip that again caused the closure of a tunnel on the rail route from the Stockton mine to Lyttleton port. This resulted in a further week of rail unavailability and the outage impacted production for March at the Stockton mine, although planned export sales tonnes for the quarter were achieved. However, this has put pressure on the final quarter production with sales forecast to reduce by 94,000 tonnes for the export business largely offset by high NZD prices for exports.

The HCC benchmark which increased considerably during the second quarter to an average of USD $327/t reduced sharply at the end of the third quarter and closed at USD $240/t, however the price has rebounded slightly through April. The reduction in the benchmark price will continue to be supported by forward sales hedging currently at an average of USD $281/t together with a slightly more favourable foreign exchange rate.

While there have been significant improvements during the quarter for our North Island domestic segment, operational delays in production in the new Waipuna West Extension pit at the Rotowaro mine remain, with the segment still underperforming compared to budget. Unseasonal wet weather has resulted in lower than planned stripping volumes in the new pits, causing lower than planned coal production and limiting the ability to capitalise stripping and development costs. The stripping phase of the Waipuna West Extension pit is planned to continue at a rate of 10 million BCM per annum until August 2025, when we will move from stripping into full production.

[1] EBITDA is a non-GAAP reporting measure and reflects earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash fair value movements on deferred consideration and rehabilitation provisions.

During the quarter, the wider industry in New Zealand received a significant level of support through proposed new legislation. In March, the National-ACT-NZ First coalition government introduced the Fast-track Approvals Bill (Bill) to the House, and more recently, the government's first Resource Management Amendment Bill was announced, proposing to introduce a number of positive changes including changes to the Resource Management Act. We regard these legislative changes as a positive development for the mining sector.

TENAS COKING COAL PROJECT

Since acquiring the assets of the Tenas coking coal project in December 2023, the project has been advancing as planned and we are pleased to announce that we anticipate we will be executing a Project Assessment Agreement (PAA) with First Nations during Q4. This is a significant milestone and will help us advance with our Environmental Application and move a step closer to receiving the required permits and our anticipated production in FY26.

More information regarding the Tenas project can be found in our ASX releases of 5 September and 22 December 2023.

HEALTH, SAFETY AND ENVIRONMENT

There was one lost time injury for the quarter which occurred at Rotowaro mine. A worker twisted their ankle when exiting the cab of a fuel truck.

The implementation of a company-wide learning management system commenced this quarter. The program will centralise training processes across all sites, providing real-time access to training records, automating compliance tracking, and streamlining scheduling. It will enhance efficiency in training workflows with access to robust tracking and reporting capabilities for comprehensive oversight.

In preparation for the learning management system project, a compliance and effectiveness audit program of the operator training system has been completed at the Rotowaro and Maramarua mines in March 2024. Other sites will be completed during the remainder of FY24. These audits focus on improvements to risk systems training and record keeping practices and enhancing our competency-based operator learning outcomes.

PERFORMANCE METRICS

March quarter	**Export 100%**	**NID[2] 100%**	**SID[2] 100%**	**BRL equity share**	**Prior period equity share**
Production (kt)	266	156	60	334	323
Sales (kt)	295	150	67	356	301
Overburden (Bcm '000)	1,338	2,809	227	2,923	2,029
Coal sales revenue ($'000)	108,890[3]	25,044	12,794	**99,851**	**76,865**

March YTD	**Export 100%**	**NID[2] 100%**	**SID[2] 100%**	**BRL equity share**	**Prior period equity share**
Production (kt)	714	354	184	**878**	**913**
Sales (kt)	789	382	191	**953**	**1,065**
Overburden (Bcm '000)	3,832	6,522	633	**7,363**	**5,995**
Coal sales revenue ($'000)	243,658[3]	62,610	35,728	**234,802**	**288,104**

[2] North Island domestic and South Island domestic.
[3] Includes realised FX and coal price hedging loss of $14.7m YTD.

CONSOLIDATED CASH MOVEMENTS

		Q1	Q2	Q3	YTD FY24	YTD PCP
	Consolidated opening cash	**163.1m**	**129.3m**	**131.8m**	**163.1m**	**76.0m**
Operating	EBITDA	17.2	11.0	40.7	68.9	115.7
	Working capital	(10.1)	16.0	(4.7)	1.2	(14.8)
	Canterbury rehabilitation	(0.1)	-	-	(0.1)	(1.1)
	BT Mining corporation tax paid	(34.5)	(8.0)	(10.8)	(53.3)	(26.4)
Investing	Deferred consideration	(0.2)	(0.3)	(0.4)	(0.9)	(0.8)
	Crown Mountain	(0.3)	(0.2)	(0.2)	(0.7)	(0.4)
	Property, plant and equipment net of disposals	(2.6)	(7.5)	(2.6)	(12.7)	(12.4)
	Mining development including capitalised stripping	(4.5)	(8.2)	(9.4)	(22.1)	(11.3)
Financing	Finance lease repayments	(0.9)	(1.3)	(1.6)	(3.8)	(2.5)
	Borrowings repayments	-	-	-	-	(0.1)
	Finance income	2.2	1.0	2.2	5.4	1.5
	Consolidated closing cash	**129.3m**	**131.8m**	**145.0m**	**145.0m**	**123.4m**

Consolidated EBITDA
EBITDA decreased from YTD FY23, driven by a lower average coal price received on export sales and reduced sales volumes due to the rail outages. Refer to the following page for further commentary.

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 two FY24 payments were made in November 2023 and March 2024.

Deferred consideration
Payments for the year consisted of royalties on Takitimu mine sales.

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 - $9.7m YTD. The stripping phase in the new pit is planned to continue until August 2025 and is cash intensive until the step down into full production. Also included in the increased spend are the Tenas project mining assets.

Financing income
Increased interest received on cash balances and deposits held.

YTD CONSOLIDATED EBITDA v PRIOR YEAR

Export (equity share): $64.4m (PCP $111.8m)

Revenue has reduced due to:

- Reduced sales volume of 72kt due to slips in the Buller Gorge damaging the rail route to port.
- A reduction in the average price received: $327 per tonne versus $361 per tonne in the prior comparative period ("PCP").
- As the HCC benchmark price has risen since the placement of hedges, there has been a hedging loss of $15m for the period compared to a hedging gain of $9m in PCP. On 31 March 139kt is hedged at an average of USD $281.

Costs have increased because of:

- Contractors and consultant costs have increased, which was driven by increased spend on environmental contractors and civil projects works undertaken.
- Increased equipment hire and leasing costs, particularly equipment used for civil project works.
- The cost of third-party coal used to blend shipments to customer specifications has increased as the price is aligned to the benchmark price which has increased compared to the PCP.
- Increase in repairs and maintenance costs as planned repairs were brought forward during the rail outage as well as increase spend on tires.
- Increased freight costs due to contracted increased in the rate per tonne, which was partially offset by reduced railed volume following the rail outages.
- Increases in wages and salaries due to increased headcount, which has partially been offset by reductions in employee profit share, which is influenced by revenue.
- Although machine hours have increased from FY23, fuel costs have decreased as fuel prices have reduced an average of $0.26 per litre from FY23.
- A reduction in explosive costs as the global market price has reduced from the high levels experienced in the PCP.

NID including BT corporate overheads (equity share): $1.3m (PCP $3.5m)

Revenue has reduced due to:

- Reduced production in new mining areas, which was due to the delayed completion of the stream diversion project and unseasonal wet weather, has meant planned sales have been deferred to align with the production in the new Waipuna West Extension pit at the Rotowaro mine.
- A planned reduction in sales volumes at the Maramarua mine, primarily as customers transition to biomass fuel, which was partially offset by increased average price received.

Costs have increased because of:

- Increased headcount at both Rotowaro and Maramarua to undertake significant increases in stripping in the new Pits, as well as contracted increases to labour rates.
- Increases in equipment hire costs for related to the additional equipment required to undertake the increased stripping volumes in the new pits.
- Fuel costs have increased due to additional volumes required for the increased stripping, which has partially been offset by a reduction in the average fuel price compared to the prior year.
- The increased stripping and development in the new pits at both the Rotowaro and Maramarua mines, has allowed an increase in the capitalisation of stripping costs which has partially offset the cost increases detailed above.

SID including BRL corporate overheads (100%): $3.6m (PCP $0.4m)

- Higher sales revenue due to increased price escalation and a higher graded product mix, partially offset by a planned reduction in sales volumes.
- Decreases in fuel and oil costs, driven by reductions in both the price and volume.
- Reduction in embedded carbon costs driven by a significant reduction in ETS unit spot rate.

Telkwa – Tenas Project (100%): -$0.4m

- Operating costs incurred as the mine progresses with the required permit applications.

FY24 GUIDANCE MAINTAINED AT $95M - $105M

	Metric	Export 100%	NID[4] 100%	SID[4] 100%	Telkwa 100%	BRL equity share
Sales	kt	1,105	545	215	-	1,288
EBITDA	NZD	$136.0m to $151.0m	$5.0m	$4.0m	-$1.0m	$95m to $105m

Key guidance assumptions

FY24 guidance remains at $95m to $105m with potential to exceed guidance unlikely due to the reduced export sales and the lower production at Rotowaro, with segment movements noted below:

Export: $136m **Previous guidance: $135m**

A reduction in sales tonnes has been offset by an increase in the average price received per tonne for export sales.

NID including BT Mining corporate overhead costs: $5m **Previous guidance: $11m**

Production delays at the new pits have resulted in reduced production and the ability to capitalize significant development costs and has resulted in the use of stockpiles to fulfill sales.

SID including BRL corporate overhead costs: $4m **Previous guidance: $1m**

Increased sales volumes tied with increased sales values from higher than planned price escalation.

Telkwa Project: -$1m **Previous guidance: -$1m**

Operating costs remain in line with previous forecast.

EXPORT MARKET UPDATE

Current Market:

- The Australian Premium HCC coal price has dropped sharply in recent weeks, falling over US$80/t from US$307/t in early March to US$220/t in early April, but has increased throughout the remainder of April.
- Improving supply out of Australia has not helped the coal price with producer and traders offering discounted coal to move excess supply.
- There is currently little sign of any improving sentiment as the Chinese economy remains weak with Indian buyers on the sidelines waiting for some price stability before re-entering the market.
- Steel demand in the Indian market has declined which has seen the coking coal demand also fall. However, the lower raw material costs will be helping improve profitability for mills.

Outlook:

- The steel market in India is expected to be remain soft while the general elections are ongoing through April and May. However, in the medium to longer term, demand for coking coal out of India is expected to grow as India continue to lift their steel production.
- The Chinese steel market is expected to remain weak unless the Chinese Government offers some stimulus to improve economic conditions.
- Historically, May and June usually see improved construction activity in China as the weather improves which may give some hope to a lift in the steel market in the next month or two, although some commentators note confidence is poor.
- Supply of the 2nd tier HCC and semi-soft coals remain plentiful however current logistical constraints for Russian suppliers & poor pricing has seen some limit their volume, which may help support pricing for lower grade coals.

[4] EBITDA includes corporate overheads for BT Mining in NID, Bathurst in SID.

FAST TRACK APPROVALS BILL

New legislation set to make a material impact for the good

In March, the National-ACT-NZ First coalition government introduced the Fast-track Approvals Bill (Bill) to the House and public submissions were then accepted by the Environment Committee up until Friday 19 April.

The Bill formed part of the Government's first 100-Day Plan and features in the National's coalition agreements with both ACT and NZ First, and proposes to establish a permanent fast track approvals regime for a range of projects. This includes giving a broad range of activities access to the approval process, including energy and mining projects.

The proposed system will be a 'one-stop-shop' for resource consents, notices of requirement, and certificates of compliance under the Resource Management Act (1991) and approvals required under several associated Acts.

More recently, the NZ Resources Minister has also announced changes to coal mine consenting which are intended to reduce barriers to coal extraction and bring coal mining into line with other types of mining in New Zealand.

The government's first Resource Management Amendment Bill, scheduled to be introduced shortly, will make changes to the Resource Management Act, freshwater environmental standards, and the National Policy Statements for Freshwater Management and Biodiversity.

The government expects the bill to be passed before the end of the year, at which time it will remove additional controls for coal mining that were previously set to end the consenting pathway for existing thermal coal mines from 31 December 2030.

The NZ government says the planned changes will ensure New Zealand businesses and consumers have access to locally sourced coal, and the changes will enable a wider range of consent applications for coal mining.

Bathurst sees these latest government initiatives as highly supportive of the New Zealand mining sector, including coal.

OPERATIONS REVIEW

Export (Stockton) (65%)

There were seven shipments in the quarter, with sales of 295kt. Sales tonnes for the quarter were slightly behind budget due to small variances in shipments to achieve the specified blends required from customers.

Average price per tonne ("/t") received excluding hedging was NZD $383/t, which was $49/t higher than budgeted, and also higher than the NZD $297/t received in the previous quarter.

Following significant increases to the HCC benchmark through the first half of FY24, the benchmark price dropped through the last month of the quarter.

Production for the quarter was behind budget. For a second successive quarter production levels were interrupted due a rail outage caused by a slip in the Buller Gorge which reactivated following the initial slip in October.

Overburden removal was slightly behind budget the quarter. Weather conditions in January meant that there a reduction in overburden removed from the Cypress South pit for the month. Covid 19 cases resulted in lost shifts across February and March, along with 62 hours lost due to foggy conditions in the pits.

NID (65%)

Rotowaro

Overburden removal was below budget due to weather conditions experiences in the quarter, particularly in March. Workforce shortages also continued to impact overburden levels, and recruitment is being undertaken to increase staff levels and improve overburden performance.

Stripping volumes in the new Waipuna West Extension have increased in the second quarter.

The lower levels of overburden has led to production tonnes to also be behind budget.

Sales volumes were slightly behind budget for the quarter and coal stockpiles were built up slightly during the quarter, however, but not as much as what was planned.

Maramarua

Production was ahead of plan for the quarter due to increased coal recovery from the K1 pit. Year to date production is ahead of plan.

Overburden volumes were below budget for the quarter due to poor weather conditions as well as excavator and operator vacancies which resulted in reduced productivity.

Sales tonnes were ahead of budget as earlier deferred sales were picked back up from customers.

SID (100%)

Takitimu

Sales volumes were ahead of budget for the quarter to accommodate higher production levels of milk production customers.

Production was slightly ahead of budget to facilitate increased sales volumes; however, the increased sales volumes were higher than production levels, so coal stockpiles were used to fulfill the additional sales.

Overburden was ahead of schedule to enable to increased sales and production levels.

Exploration

$755k consolidated spend across projects for Q3. Key works consisted of:

- Exploration, mining permit costs and drilling at Mt. Fred South.
- Rehabilitation studies.
- Environmental baseline studies and drilling costs at Rotowaro mine for the Rotowaro extension project.

Development

$2.9m consolidated spend across all projects for Q3, with key spend on:

- $2.6m on capitalised stripping from operating mine pits.
- Construction and drilling costs at the Cypress South pit at Stockton.
- Geotechnical drilling at the Stockton mine.

Crown Mountain Project

A consent agreement was executed with key indigenous nations in early 2023.

In January 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.

The equity share remains at 22.1 percent of the project including 2.6 percent held as preference shares from an advance of Tranche 2 funds.

CORPORATE

Q3 results presentation

Following the release of the Q3 results announcement, Richard Tacon (Bathurst Resources CEO) will be presenting the Q3 results and business update online. The presentation will be held on the 29th of April via a Zoom Investor Call scheduled to start at 1:00pm NZT / 11:00am AEST.

A link to the presentation is available here:

https://us02web.zoom.us/webinar/register/WN_nuOCd7SPSzmcQRwqleYd2g

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At 22 April 2024:

Share price: AU $0.84
Issued Capital: 191.4m ordinary shares
Market capitalisation: AUD $163m

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Shareholdings

Substantial holder/geographical location	Shareholding %
Republic Investment Management (Singapore)	20.8%
Talley's Group Limited (NZ)	10.8%
Crocodile Capital (Europe)	9.1%
Chng Seng Chye (Singapore)	6.0%
Asia	24.2%
Europe	9.7%
New Zealand	5.8%
Management	2.1%
AU Institutional	1.5%
Other	10.0%
Total	100%

Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars.