

## **Bathurst signs new joint venture deal with Jameson Resources Limited**

Bathurst Resources Limited (ASX:BRL) is pleased to announce an agreement has been reached with Jameson Resources Limited (ASX: JAL) (“Jameson”) regarding investment in Jameson’s wholly owned Canadian subsidiary, NWP Coal Canada Limited (“NWP”). Subject to satisfaction or waiver of a number of conditions precedent, the parties expect that BRL will complete the first tranche of this investment in mid July 2018.

Jameson Resources Limited is an ASX listed company (ASX Code : JAL) focused on the exploration and development of coking coal projects in Western Canada. Jameson Resources has projects in the world class Elk Valley and Peace River coking coal fields in British Columbia. Western Canada is a low sovereign risk jurisdiction with well-established rail and port infrastructure. NWP’s key asset is the Crown Mountain Coking Coal Project in Canada (“Crown Mountain project”).

### **Highlights**

- Bathurst will initially invest C\$4 million to fund exploration for an 8% equity investment in NWP.
- Upon Bathurst’s satisfaction with the results of the exploration programme, Bathurst may elect to subscribe for an additional 12% equity investment in NWP for C\$7.5 million (taking its shareholding interest to 20%).
- Upon completion of the bankable feasibility study, the issue of permits and NWP making a decision to proceed to production, Bathurst has the option to invest a further C\$110 million to fund construction costs. This investment is to be in the form of cash and by way of capital contribution and subscription for a further 30% interest in NWP.
- If Bathurst elects to proceed with all tranches, which total C\$121.5 million, Crown Mountain will be a 50/50 joint venture owned by Jameson and Bathurst. Each of the stages above are separate transactions and each are subject to Bathurst, in its discretion, determining whether to proceed with the next stage at the relevant time (and obtaining any approvals then required).

The summary of amounts and project ownership in NWP is noted below:

<b>Investment</b>	<b>Amount</b>	<b>Project Ownership</b>	<b>Use of proceeds</b>
Tranche 1	C\$4m	8%	Exploration programme
Tranche 2	C\$7.5m	12%	Bankable Feasibility Study
Tranche 3	C110.0m	30%	Construction
Total	C\$121.5m	50%	As above

## **Crown Mountain project**

The Crown Mountain project consists of six coal tenure licences and four licence applications located in the Elk Valley coal field in south eastern British Columbia, Canada. Exploration activities undertaken in 2013 resulted in the definition of a total open pit coal resource of 99M<sup>1</sup> tonnes. A Preliminary Economic Assessment confirmed potential robust economics for a low cost metallurgical coal mining operation. In 2013 additional drilling and bulk sampling occurred, leading to a positive pre-feasibility study (“PFS”) released in August 2014.

The PFS was updated in April 2017 and demonstrates robust economics:

- FOB cash cost of US\$75/t life-of-mine (US\$66/t first four years)
- Hard Coking Coal (HCC) comprises 84% of total clean coal production (balance is PCI)
- Clean coal sales average 1.7 million tpa over 16 year mine life
- After-tax Payback Period of 2.3 years
- IRR is 40% pre-tax (31% after tax)
- NPV10 US\$440 million pre-tax (US\$267 million after tax)
- Start-up capital US\$281 million (pre-contingency)
- Life of mine clean coal strip ratio of 9.8:1 BCM:t (7.5:1 BCM:t in first four years) supports low cost open pit production
- Coal sales prices assumed are significantly lower than current market.

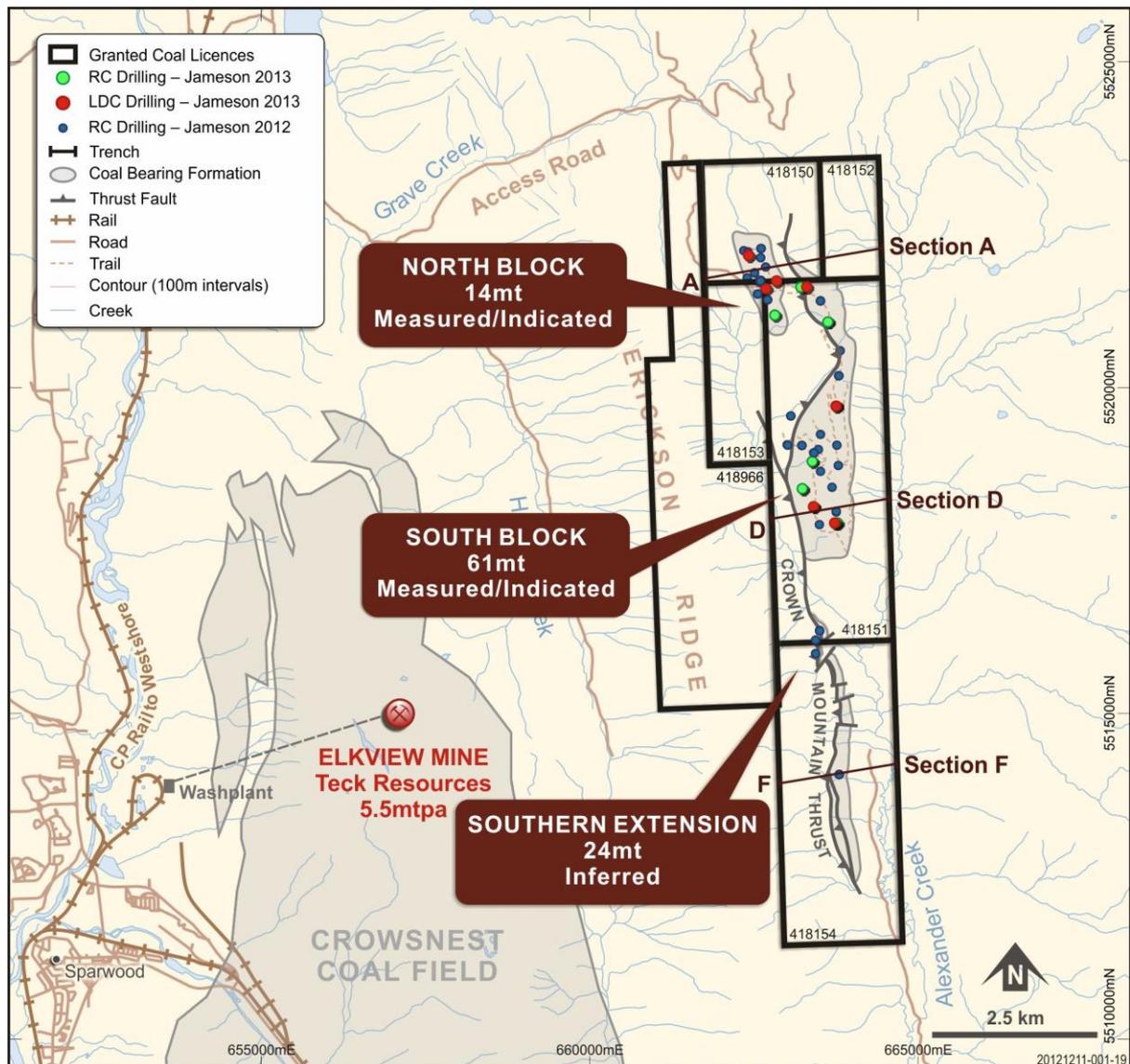
Bathurst has used the PFS as the basis of the investment decision due diligence as well as independent assessment of the project risks and controls assessed as part of the PFS build up. The assessment found no significant risks that were not being addressed and showed the diligent way in which Jameson had developed the project to date.

The Crown Mountain project is in the pre-application stage of the Environmental Assessment (“EA”) process. Preliminary design engineering, and initial drafting work on the application for an EA Certificate commenced in June/July 2017. Baseline environmental studies are underway, with many at or nearing completion.

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<sup>1</sup> The resource estimation was prepared in accordance with provisions of NI 43-101 and presented in accordance with the JORC Code (2012 Edition), Clause 26. For the corresponding Competent Person sign-off, refer to the ‘Crown Mountain prefeasibility Study Update’ released on the 26<sup>th</sup> April 2017 on the ASX by Jameson Resources Limited (ASX Code: JAL).

Figure 1: Crown Mountain Location Plan with resources<sup>2</sup>



### Bathurst's strategy for investment

Bathurst, through its most recent acquisition of certain of the Solid Energy assets (through its 65% interest in joint venture company BT Mining Limited), has established a significant presence in the New Zealand coal market. The company now manages five operating mines, with more than 70% of production being sold to the steelmaking industry.

Bathurst now has the financial, technical and marketing capabilities to manage the complexity of these operations. Bathurst also has strong long-term relationships with its existing Asian customers.

The opportunity to invest in Crown Mountain has definite alignment with Bathurst's current business in terms of the ability to operate in challenging mining environments. Bathurst also has the technical capabilities to successfully convert projects from feasibility through to production.

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The Crown Mountain project will provide Bathurst with a diversity of production into the export market that will complement the range of products already sold into Asia.

The staged investment provides Bathurst with the opportunity to de-risk the project with specific milestones for incremental investments as the project progresses towards the project's final investment decision for development and construction. Each stage will be assessed by Bathurst based on its evaluation of the information available at the time, and Bathurst is entitled to proceed or opt not to proceed with any stage in its discretion and after obtaining all relevant regulatory approvals.

### **Material terms of the agreements**

- There are up to three separate investment transactions:
  - An initial payment of C\$4 million earmarked to fund the summer exploration program which is now underway.
  - A second tranche of C\$7.5 million to cover remaining pre-construction activities of permitting, engineering/design, and bankable feasibility. To allow fast-tracking to continue, up to C\$5 million of the C\$7.5 million may be disbursed to NWP during exploration to support parallel activities such as selenium mitigation engineering. A portion of this tranche will also be applied to Jameson corporate costs until all required mine permits are received.
  - A final tranche of C\$110 million to apply toward the cash component of construction. In the event of higher-than-projected pre-construction costs, up to C\$5 million of this amount may be brought forward to supplement the C\$7.5 million tranche.
  - Other than the initial C\$4 million, the additional tranches are subject to Bathurst's discretion within narrow timeframes after specified milestones and obtaining all necessary regulatory approvals.
- The staged investments will be made into Jameson's wholly owned Canadian subsidiary NWP Coal Canada Limited ("NWP") which holds the Crown Mountain project.
  - After investing C\$4 million, Bathurst will hold an 8% ownership in NWP.
  - Following the C\$7.5 million tranche, that holding increases to 20%.
  - Once the final C\$110 million is paid in full, Bathurst will reach a 50% ownership, and Crown Mountain will be operated as a joint venture. There are two components to this investment that must be made simultaneously: C\$55 million to achieve the additional 30% ownership to 50%, and C\$55 million further capital contribution.
- The transaction (including the initial C\$4 million investment) is subject to the satisfaction or waiver of certain conditions precedent including the removal of an unrelated subsidiary entity from the NWP structure (Dunlevy), capitalisation of certain shareholder loans and the resolution of certain corporate matters identified during due diligence.
- Jameson will retain the benefit of a C\$2 million loan to NWP until the final tranche is exercised (or it is repaid). This loan will be repaid only in accordance with pre-agreed amounts (including to fund certain of Jameson's corporate costs and to repatriate certain monies that are yet to accrue to NWP but which are attributable to the period prior to Bathurst's initial investment).
- Should Bathurst elect not to proceed with any tranche (or not disburse certain of the C\$7.5 million on a fast track basis (of up to \$500,000 per month) where requested):
  - During the initial 12 months following such an event, Jameson may (but is not obligated to) buy back Bathurst's interest for Bathurst's investment to-date (provided that if it then on-sells the entire Crown Mountain Project within 12 months thereafter, it must account to Bathurst for the uplift in value attributable to Bathurst's interest).
  - After the initial 12 month period, Jameson retains the first right of refusal regarding the Bathurst interest.

- Bathurst and Jameson have first right of refusal should either party elect to sell its interest to a third party. Further, should an exceptional offer for Crown Mountain emerge at any time, the parties may, by mutual consent, agree to pursue such an offer.
- Jameson has provided certain warranties and indemnities to Bathurst with respect to any undisclosed pre-existing issues.
- Bathurst will appoint a Board member to NWP shortly, and once a 50/50 joint venture is achieved will appoint 50% of the NWP Directors. The shareholder agreement requires unanimous approval by Directors (and in some cases, shareholders) for certain material activities of NWP.
- The shareholders agreement (to be entered into upon the initial investment by Bathurst in NWP) also contains a right for either party to purchase the other party's interest in NWP at fair market value upon a material breach or insolvency event and an ability for a minority shareholder to tag-along on a sale of a shareholder with a 75% or higher shareholding interest in NWP (each subject to any necessary regulatory approvals).

Bathurst will apply to ASX for a determination as to whether shareholder approval is required under the ASX Listing Rules if any of the future transactions are of a scale to warrant such an application, which will be assessed before the relevant investment option is taken up.

#### **About Jameson Resources**

Jameson Resources Limited was formed in Perth, Australia in 2007 to explore for and develop natural resources. The Company via NWP acquired the Crown Mountain project in 2011, and executed field exploration programs in 2012 and 2013. A PFS was issued in 2014 and updated in 2017.

Jameson management has developed key relationships with regulatory personnel and First Nations during its advancement of the Crown Mountain project. Jameson's other metallurgical coal project, Dunlevy, was explored on a limited basis in 2014. Bathurst will not acquire any interest in Dunlevy.

Jameson operates with a lean corporate structure, focused on low cost high quality steel-making coal projects to be developed and operated in an environmentally sustainable manner. The company is debt free.

#### **Bathurst funding of the investment**

The first two instalments will be funded out of Bathurst's cash reserves with no requirement to raise any additional funds.

The final tranche is envisaged to be made up of a mix of cash and corporate debt that will be determined at the time of the final investment decision.

Both Jameson and Bathurst have agreed to work together to minimise any additional equity that may be required over the final tranche of C\$110 million.

On behalf of Bathurst Resources Limited.



Richard Tacon  
CEO