Bathurst Resources Limited Interim financial report

For the six months ended 31 December 2023

Incorporating the requirements of Appendix 4E.
This financial report announcement incorporates the final report given to the Australian Securities Exchange (ASX) under Listing Rule 4.3A.

Contents

Results for announcement to the market

For the six months ended 31 December 2023

Financial measures	H1 FY24 $000	H1 FY23 $000	% change
Sales revenue and other income	23,021	23,210	(1%)
Profit from ordinary activities after tax	9,069	45,847	(80%)
Profit after tax	9,069	45,847	(80%)

Per share measures	H1 FY24 Amount per share (cents)	H1 FY23 Amount per share (cents)	% change
Basic earnings per share	4.74	23.96	(80%)
Diluted earnings per share	4.67	23.71	(80%)
Net tangible assets per share	148.17	121.91	22%

There were no interim dividends paid or declared in respect of the six-month period ended 31 December 2023.

Included in profit after tax is $12.2m profit after tax relating to Bathurst's 65 percent equity share of profit in joint venture BT Mining Limited (31 December 2022: $52.1m).

Financial and operating overview

For the six months ended 31 December 2023

Letter from the Chief Executive Officer

The first half of FY24 proved to be both challenging and highly rewarding for Bathurst Resources. The consolidated 1H EBITDA of $28.2m represents a reduction of $55.0m from the H1 FY23, however, we expect conditions to improve for the remainder of the financial year, and we continue to maintain our full year EBITDA guidance of $95m to $105m.

This confidence is underlined by the recent uplift in the HCC benchmark price and favourable exchange rates on export sales, which has led to an increase in our export segment revenue forecast. And whilst the increase in the export segment forecast earnings is offset by a forecast reduction in our domestic segment earnings and by increases in costs of production, we are still confident on meeting guidance.

The other pleasing result from this period was the increasing significance of the company's Canadian assets following the acquisition of the near production Tenas steelmaking coal project in British Columbia.

The new project is significant in that it is clear evidence of the company's strategy to commit to near production metallurgical assets in tier one markets and invest in future growth opportunities on behalf of our shareholders. Future production at Tenas will continue to increase our exposure to steelmaking coal (which already sits above 90% of our total coal sales value). The transaction was also executed on extremely attractive terms by Bathurst, based on current industry standards.

Challenging operational conditions across several of our New Zealand projects in the first half of the year contributed to a reduction in earnings for the period. The first half consolidated operating surplus of $9.1m is a reduction of $36.8m from the first half in FY23, primarily driven by a reduction in the average price received per tonne on export sales, along with continued cost increases experienced due to ongoing inflationary pressures, in addition to challenging operational conditions.

As previously advised, a slip triggered by high levels of rainfall In October closed the rail route from the Stockton mine to Lyttleton port for 6 weeks. The inability to rail stock to port during this period resulted in a revision of the shipping plan and has meant the deferral of shipments to the second half of the year, but following extensive work and planning, and as we have previously reported, I am pleased to confirm that we still expect to export the budgeted sales volume of 1.2Mt at Stockton.

Our North Island domestic segment has experienced operational delays in production in the new pits at the Rotowaro and Maramarua mines. The production delays have meant coal stockpiles have been used to fulfil sales in the first half of the year and lower stripping volumes have limited the ability to capitalise stripping costs in the new pits during the first half of the year.

The benchmark price that our export sales are priced against increased considerably during the first quarter and has remained high throughout the second quarter. Market factors including tight supply out of Queensland and increasing congestion at the ports have also been met with renewed buying interest in seaborne cargos from China which has helped to support pricing.

Looking forward, we anticipate that our export segment will continue to perform with the expectancy that forecast pricing levels will remain stable throughout the remainder of the year, and that our domestic segments will continue to provide vital additional earnings in an improved second half of the year.

Financial overview

Note that figures in this section are 100 percent Bathurst and 65 percent BT Mining.[1]

Financial measures	H1 FY24 $m	H1 FY23 $m
Revenue[2]	135.0	211.7
EBITDA[3]	28.2	83.2
Net profit after tax	9.1	45.8
Cash	131.8	103.1

1 The financial overview represents 100 percent of Bathurst operations, and 65 percent of BT Mining operations. This presentation does not reflect reporting under NZ GAAP or NZ IFRS, but is intended to show a combined operating view of the two businesses for information purposes only.

2 Coal sales revenue to customers, including realised FX and coal pricing hedges. Unrealised movements in coal pricing and FX hedging go through other comprehensive income.

3 Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash fair value movements on deferred consideration and rehabilitation provisions.

Financial and operating overview

For the six months ended 31 December 2023

Financial overview continued

The financial results for the first six months of FY24 reflect reduced earnings from both the export segment and the domestic segment.

Key movements in net profit after tax are:

Equity share of joint venture BT Mining profit	-$39.9m	Decrease in export segment earnings, driven by a reduction in the average price received per tonne on sales, as well as reduced sales volumes due to a six week rail outage. North Island domestic segment also experienced a reduction in earnings due to operational delays at the Rotowaro mine. Refer to export and domestic operations overview for further information.
BRL gross operating profit	-$0.1m	A planned decrease in sales revenue, partially offset by slightly reduced costs of mining.
Admin expenses	+$1.7m	A decrease in corporate administration costs, predominantly a reduction in legal costs incurred in the previous year defending the L&M litigation.

Operations overview

Export

Measure			Export H1 FY24	Export H1 FY23
Production	(100% basis)	kt	448	500
Sales	(100% basis)	kt	494	652
Overburden	(100% basis)	Bcm 000	2,494	2,619
Revenue incl. realised hedging (equity share)		$'000	94,540	147,989
Average price received per tonne (100% basis)		$/t	273	370
EBITDA (equity share)			30,584	83,259

Production and sales	Reduction in production and sales due to a 6-week rail outage following a slip in the Buller Gorge.
Revenue	• Decreased average price received per tonne. $273 H1FY24 vs $370 H1FY23. • The average benchmark price was USD $284/tonne H1FY23 versus USD $287/tonne H1FY22. Export sales are a mix of being priced against the spot price or a prior 3 month average (t minus 1).
Earnings	Underlying cost decreases have partially offset the reduction in revenue: • Fuel costs have decreased, both from a price and volume perspective. • Profit share for employees has reduced, which is pegged to a reduction in sales revenue. • Reduction in freight costs, due to reduced rail volume following the rail outage. • Contractor costs have increased related to increased civil and project work undertaken.

Financial and operating overview

For the six months ended 31 December 2023

Operations overview continued

Domestic

Measure			Domestic H1 FY24	Domestic H1 FY23
Production	(100% basis)	kt	322	346
Sales	(100% basis)	kt	357	453
Overburden	(100% basis)	Bcm 000	4,118	3,190
Revenue (equity share)		$'000	47,352	54,752
EBITDA (equity share)		$'000	3,794	9,479

Sales	North Island domestic ("NID") reduced by 89kt due to delays in production in the new pits at the mines. South Island domestic ("SID") sales volumes declined slightly by 3kt.
Overburden	Waste moved in advance has increased at the Rotowaro and Maramarua mines as both mines have started mining in new pits.
Revenue	NID sales experienced an increased average price per tonne due to adjustment clauses in sales contracts that allow for changes to producer price index, fuel, and labour. SID saw a slight increase in sales revenue due to increased price escalation and higher graded product mix on a reduced sales volume.
Earnings	NID EBITDA decreased $2.1m as reduced revenue was also met with costs increases, primarily due to: • Fuel costs have increased due to increased volumes required for the increased stripping at both mines, which has partially been offset by a reduction in price per litre. • Labour costs have increased in line with contractual CPI adjustments, coupled with increased FTE in at Rotowaro and Maramarua to facilitate increased stripping in the new pits. • Repairs and maintenance costs have decreased as the life cycle of machines have meant less repairs compared to the prior period. • Equipment hire costs have increased for additional machinery required for the increased stripping. SID EBITDA increased $0.4m which is primarily driven by reductions to some costs, particularly fuel costs which has decreased on a price front as well as volume.

Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased compared to the prior period, $10.3m H1 FY24 versus $9.6m in H1 FY23.

Tenas project

Operational costs included in the total group consolidated EBITDA were $0.1m.

Overseas joint venture – Crown Mountain project

A further $0.5m was invested in the six months to 31 December 2023 in the Crown Mountain project, a coking coal exploration project in Canada with joint venture partner Jameson Resources Limited. The funds were invested on a proportional equity basis as a non-callable loan and are being used to further the progression of the environmental assessment application.

Key findings of the bankable feasibility study on the project released in July 2020 reaffirmed the project as a high-quality coking coal opportunity with a competitive operating and capital cost structure, with access to existing common user rail and port infrastructure. Results of a yield optimisation study released in August 2021 has confirmed the potential for increased production and considerably improved economic outcomes of the project by increasing product ash levels which enables increased processing yield.

In early 2024 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.

Bathurst's equity share is 22.1 percent with the option to buy-in to 50 percent of the project.

Financial and operating overview

For the six months ended 31 December 2023

Cash

		H1 2024	H1 2023
	Opening cash 30 June (Bathurst and 65 percent BT Mining)	**163.1m**	**76.0m**
Operating	EBITDA	28.2	83.2
	Working capital	5.9	(14.1)
	Canterbury rehabilitation	(0.1)	(0.4)
	Corporation tax paid	(42.5)	(24.8)
Investing	Deferred consideration	(0.5)	(0.2)
	Crown Mountain (environmental assessment application)	(0.5)	(0.4)
	PPE net of disposals	(10.1)	(7.9)
	Mining assets including capitalised stripping	(12.7)	(8.2)
Financing	Finance leases	(2.2)	(0.9)
	Borrowings repayments	-	(0.1)
	Financing (costs)/income	3.2	0.9
	Closing cash 31 December (Bathurst and 65 percent BT Mining)	**131.8m**	**103.1m**

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 FY24 payment was made in November.

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 as well as development costs completing the stream diversion project at the Rotowaro mine. Also included are the Tenas project mining assets.

Financing

Increased interest received for cash on hand during H1 2024.

Authorised for and on behalf of the Board of Directors:

Peter Westerhuis
Chairman

28 February 2024

Russell Middleton
Executive Director

28 February 2024

Income statement

For the six months ended 31 December 2023

	Notes	Dec 2023 $'000	Dec 2022 $'000
Revenue from contracts with customers		22,934	23,178
Cost of sales		(21,608)	(21,795)
Gross profit		**1,326**	**1,383**
Equity accounted profit	5	12,181	52,107
Other income		76	14
Depreciation		(763)	(1,117)
Administrative and other expenses		(3,847)	(5,579)
Fair value movement on deferred consideration	6 (a)	118	(679)
Gain/(Loss) on disposal of property, plant and equipment		294	127
Impairment of mining assets & property, plant and equipment		-	(89)
Operating profit/(loss) before tax		**9,385**	**46,167**
Finance cost	3	(327)	(338)
Finance income	3	11	18
Profit before tax		**9,069**	**45,847**
Tax		-	-
Profit after tax		**9,069**	**45,847**
Earnings per share:		**Cents**	**Cents**
Basic profit per share		4.74	23.96
Diluted profit per share		4.67	23.71

Statement of comprehensive income

For the six months ended 31 December 2023

	Note	Dec 2023 $'000	Dec 2022 $'000
Profit after tax		**9,069**	**45,847**
Other comprehensive (loss)/income that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,281)	(1,759)
Share of BT Mining hedging	5 (a)	(6,539)	(4,406)
Comprehensive (loss)/income		**1,248**	**39,682**

Statement of financial position

As at 31 December 2023

	Notes	Dec 2023 $'000	Jun 2023 $'000
Cash and cash equivalents		4,848	12,812
Restricted short-term deposits		4,383	4,384
Trade and other receivables		7,513	2,613
Inventories		1,452	910
New Zealand emission units		10	284
Crown indemnity		50	51
Total current assets		**18,256**	**21,054**
Property, plant and equipment		12,730	10,085
Mining assets	4	29,271	12,461
Interest in joint ventures	5	258,490	253,622
Crown indemnity		562	649
Other financial assets		215	220
Total non-current assets		**301,268**	**277,037**
TOTAL ASSETS		**319,524**	**298,091**
Trade and other payables		11,525	6,368
Borrowings	6 (b)	591	447
Deferred consideration	6 (a)	2,529	1,034
Rehabilitation provisions		1,169	996
Total current liabilities		**15,814**	**8,845**
Borrowings	6 (b)	946	834
Deferred consideration	6 (a)	13,259	2,172
Rehabilitation provisions		5,974	4,280
Total non-current liabilities		**20,179**	**7,286**
TOTAL LIABILITIES		**35,993**	**16,131**
NET ASSETS		**283,531**	**281,960**
Contributed equity		316,970	316,970
Reserves		(35,480)	(27,982)
Accumulated losses		2,041	(7,028)
EQUITY		**283,531**	**281,960**

For and on behalf of the Board of Directors:

Peter Westerhuis
Chairman
28 February 2024

Russell Middleton
Executive Director
28 February 2024

Statement of changes in equity

For the six months ended 31 December 2023

	Contributed equity $'000	Share-based payments $'000	Foreign exchange/ cash flow hedging $'000	Retained earnings $'000	Reorganisation reserve $'000	Total equity $'000
1 July 2022	**316,970**	**247**	**6,390**	**(97,514)**	**(32,760)**	**193,333**
Comprehensive income	-	-	(2,410)	90,486	-	88,076
Share-based payments	-	551	-	-	-	551
30 June 2023	**316,970**	**798**	**3,980**	**(7,028)**	**(32,760)**	**281,960**
Comprehensive income	-	-	(7,821)	9,069	-	1,248
Share-based payments	-	323	-	-	-	323
31 Dec 2023	**316,970**	**1,121**	**(3,841)**	**2,041**	**(32,760)**	**283,531**

Statement of cash flows

For the six months ended 31 December 2023

	Notes	Dec 2023 $'000	Dec 2022 $'000
Cash flows from operating activities			
Receipts from customers		17,314	18,924
Payments to suppliers and employees		(15,802)	(22,034)
Dividend from BT Mining	5 (a)	-	6,500
Net cash inflow from operating activities		**1,512**	**3,390**
Cash flows from investing activities			
Exploration and consenting expenditure		(486)	(581)
Mining assets (including capitalised waste moved in advance)		(5,252)	(671)
Property, plant and equipment purchases net of sale proceeds		(3,114)	(668)
Deferred consideration		(425)	(211)
Investment in NWP Coal Canada Limited		(472)	(432)
Other		88	-
Net cash outflow from investing activities		**(9,661)**	**(2,563)**
Cash flows from financing activities			
Interest received		10	18
Interest on finance leases and other finance costs paid		(36)	(42)
Movement of finance leases		256	313
Interest on debt instruments		(46)	(6)
Net cash inflow from financing activities		**184**	**283**
Net increase /(decrease) in cash		**(7,965)**	**1,110**
Cash and cash equivalents at the beginning of the year		12,812	4,765
Restricted short-term deposits at the beginning of the year		4,384	4,508
Total cash at the end of the year		**9,231**	**10,383**

Notes to the financial statements

For the six months ended 31 December 2023

1. About our financial statements

General information

Bathurst Resources Limited ("BRL") is a company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the Australian Securities Exchange ("ASX"). These interim financial statements have been prepared in accordance with the ASX listing rules.

The interim financial statements presented as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is principally engaged in the exploration, development and production of coal.

Basis of preparation

These interim financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("GAAP"), accounting standards NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the annual financial statements for the year ended 30 June 2023.

These financial statements are prepared on the going concern basis, and are presented in New Zealand dollars, which is the Company's functional and presentation currency. References in these financial statements to '$' and 'NZ$' are to New Zealand dollars.

All financial information has been rounded to the nearest thousand unless otherwise stated. Comparative information has been changed to match current mapping of costs where applicable.

Measurement basis

These financial statements have been prepared on a going concern basis under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value through profit or loss.

Standards and interpretations adopted during the period

The financial information presented for the six months ended 31 December 2023 has been prepared using accounting policies consistent with those applied in the 30 June 2023 financial statements.

Notes to the financial statements

For the six months ended 31 December 2023

2. Segment information

The operating segments reported on are:

- Export – 100 percent of BT Mining's export mine (Stockton).
- Domestic – BRL's eastern South Island domestic operations and 100 percent of the BT Mining North Island domestic mines.
- Corporate – BRL corporate overheads, Buller Coal Project and Tenas Project, and 100 percent of BT Mining corporate overheads.

A reconciliation to profit after tax per BRL's income statement is provided via the elimination of BT Mining column. Total assets and total liabilities are reported on a group basis, as with tax expense.

Six months ended 31 December 2023	Export $'000	Domestic $'000	Corporate $'000	Total $'000	Eliminate BT Mining $'000	Total BRL $'000
Revenue from contracts with customers	145,446	60,500	-	205,946	(183,012)	22,934
Operating profit/(loss) before tax	**37,502**	**(6,041)**	**(11,094)**	**20,367**	**(23,201)**	**[4]9,385**
Net finance costs	(806)	(102)	2,883	1,975	(2,291)	(316)
Income tax expense	-	-	(6,693)	(6,693)	6.693	-
FX and coal price hedging through OCI	-	-	(11,342)	(11,342)	3,521	(7,821)
Comprehensive income/(loss) after tax	**36,696**	**(6,143)**	**(26,246)**	**4,307**	**(15,278)**	**[4]1,248**
Depreciation & amortisation	(10,515)	(9,321)	(1,866)	(21,702)	19,141	(2,561)
EBITDA[5]	47,039	9,639	(13,404)	43,274	(43,311)	(37)

Six months ended 31 December 2022	Export $'000	Domestic $'000	Corporate $'000	Total $'000	Eliminate BT Mining $'000	Total BRL $'000
Revenue from contracts with customers	227,675	71,753	-	299,428	(276,250)	23,178
Operating (loss)/profit before tax	**118,303**	**(452)**	**(12,522)**	**105,329**	**(111,308)**	**46,167**
Net finance income/(costs)	(565)	(140)	318	(387)	67	(320)
Fair value movement on derivatives	-	-	(338)	(338)	-	(338)
Income tax expense	-	-	(31,016)	(31,016)	31,016	-
FX and coal price hedging through OCI	-	-	(8,537)	(8,537)	2,372	(6,165)
Comprehensive income after tax	**117,738**	**(592)**	**(51,757)**	**65,389**	**(77,853)**	**[4](39,682)**
Depreciation & amortisation	(8,018)	(12,010)	(608)	(20,636)	17,351	(3,285)
EBITDA[5]	128,091	12,439	(11,577)	128,953	(130,872)	(1,919)

[4] Total BRL operating profit and comprehensive income does not equal the sum of Total minus elimination of BT Mining, as BRL's equity share of BT Mining's profit which was $11.2m for the six months to 31 December 2023 (2022: $52.1m) is added back; BRL's equity share of BT Mining's fair value expense on hedging instruments through other comprehensive loss of $9.1m (2022: $4.4m) is also added back to comprehensive expense.

[5] Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movement on deferred consideration and rehabilitation provisions.

Notes to the financial statements

For the six months ended 31 December 2023

3. Net finance costs

	Notes	Dec 2023 $'000	Dec 2022 $'000
Interest income		10	18
Unrealised foreign exchange gain		1	-
Total finance income		**11**	**18**
Interest expense on finance leases		(37)	(26)
Interest expense on debt instruments including amortisation of principal		-	(5)
Realised foreign exchange loss		(32)	(9)
Unrealised foreign exchange loss		-	(1)
Rehabilitation provisions unwinding of discount		(107)	(49)
Deferred consideration unwinding of discount	6 (a)	(145)	(241)
Banking and facility fees		(6)	(7)
Total finance costs		**(327)**	**(338)**
Total net finance (expense)/income		**(316)**	**(320)**

4. Mining assets

Exploration and evaluation assets	Dec 2023 $'000	Jun 2023 $'000
Opening balance	**3,304**	**2,178**
Expenditure capitalised	486	1,126
Total exploration and evaluation assets	**3,790**	**3,304**
Mining licences/permits, property and other assets		
Opening balance	**9,157**	**12,312**
Expenditure capitalised	1,998	183
Tenas Coal project acquisition	16,072	-
Amortisation	(1,797)	(4,080)
Waste moved in advance capitalised	51	742
Total mining licences/permits and property assets	**25,481**	**9,157**
Total mining assets	**29,271**	**12,461**

Tenas Coal project

The Company completed the acquisition of the Tenas Coal project on 22 December 2023. Included in the mining assets are the purchase of the projects coal mining licenses.

Notes to the financial statements

For the six months ended 31 December 2023

5. Interest in joint ventures

	Dec 2023 $'000	Jun 2023 $'000
Interest in BT Mining Limited ("BT Mining")	239,876	234,196
Interest in NWP Coal Canada Limited ("NWP")	18,614	19,426
Total interest in joint ventures	**258,490**	**253,622**

(a) BT Mining

(a) Balances held in BT Mining		
Equity investment	16,250	16,250
Share of retained earnings net of dividends received	223,626	217,946
Total interest in BT Mining	**239,876**	**234,196**
Opening balance	**234,196**	**149,962**
Receipt of dividend	-	(13,000)
Share of BT Mining profit	12,219	98,823
Share of BT Mining FX hedging through OCI	(6,539)	(1,589)
Closing balance	**239,876**	**234,196**

BRL holds a 65 percent shareholding in BT Mining which owns the mining permits and licences as well as the mining assets at the Stockton mine (Buller Plateau in the South Island), and the Rotowaro and Maramarua mines located in the North Island.

BRL considers BT Mining to be a joint venture. This is because unanimous approval is required on activities that significantly affect BT Mining's operations. As such the investment in BT Mining is accounted for using the equity method.

BT Mining's statement of financial position is shown in note 5 (a), and a summarised income statement for BT Mining is shown in note 2 in the eliminate BT Mining column, of which Bathurst's interest is 65 percent.

For an unaudited proportionate consolidation presentation of BRL and BT Mining, refer to the additional information section of these financial statements, after the notes to the financial statements.

There were no indicators of impairment of the investment in BT Mining.

Notes to the financial statements

For the six months ended 31 December 2023

5. Interest in joint ventures continued

(a) BT Mining continued

BT Mining balance sheet - unaudited	Dec 2023 $'000	Jun 2023 $'000
Cash	167,269	203,438
Restricted short-term deposits	21,326	21,077
Trade and other receivables	38,021	62,090
Crown indemnity	6,189	746
Inventories	64,746	51,333
New Zealand emission units	1,619	396
Income tax	4,243	-
Derivative assets	-	8,809
Current assets	**303,413**	**347,889**
Property, plant and equipment	95,394	94,604
Mining assets	68,266	52,846
Crown indemnity	47,064	47,820
Other financial assets	686	685
Deferred tax asset	13,433	9,521
Non-current assets	**224,843**	**205,476**
TOTAL ASSETS	**528,256**	**553,365**
Trade and other payables	42,761	33,579
Income tax	-	53,272
Finance leases	7,944	8,050
Derivative liabilities	6,517	1,353
Provisions	9,118	6,951
Current liabilities	**66,340**	**103,205**
Finance leases	11,961	14,911
Provisions	80,914	74,948
Non-current liabilities	**92,875**	**89,859**
TOTAL LIABILITIES	**159,215**	**193,064**
NET ASSETS	**369,041**	**360,301**
Share capital	25,000	25,000
Reserves (FX and coal price hedging)	(4,913)	5,147
Retained earnings net of dividends paid	348,954	330,154
EQUITY	**369,041**	**360,301**

Notes to the financial statements

For the six months ended 31 December 2023

5. Interest in joint ventures continued

(b) NWP

Balances held in NWP	Dec 2023 $'000	Jun 2023 $'000
Opening balance	**19,426**	**16,598**
FX movements through reserves	(774)	(102)
Equitable share of loss	(38)	(70)
Total interest in NWP	**18,614**	**19,426**

The investment in NWP is via a wholly owned subsidiary of BRL set up for this purpose (Bathurst Resources (NWP) Limited) which is incorporated in Canada and has a functional currency of CAD.

NWP's key asset is the Crown Mountain coking coal project ("Crown Mountain"). The Crown Mountain project consists of coal tenure licences located in the Elk Valley coal field in south eastern British Columbia, Canada.

The joint venture agreement structures BRL's investment in NWP into three parts, an initial investment and two tranches. The initial investment and first tranche which represent a total investment of CAD $11.5m in exchange for a 20 percent equity stake in NWP are complete. A further CAD $2.6m has also been advanced as part of the second tranche in exchange for preference shares in NWP and CAD $1.4m issued in exchange for ordinary shares. Payment of the balance of tranche two is not expected in the next twelve months.

Should BRL decide to exercise the final tranche option (which is at Bathurst's sole discretion), further investment required will equal CAD $110.0m minus funds invested in the preference shares. The preference shares will automatically convert upon FID to give BRL a 50 percent equity holding in the project.

The preference shares have the same rights as ordinary shares and are issued at the same value as the ordinary shares, with the sole difference that they have a liquidity preference ranking above ordinary shares. Because the preference shares are in substance the same as ordinary shares, giving BRL access to the returns associated with the joint venture, these have been accounted for in the same way as the ordinary shares.

BRL considers NWP to be a joint venture with Jameson. This is because unanimous approval is required on activities that significantly affect NWP's operations. As such the investment in NWP is accounted for using the equity method.

NWP financials of which Bathurst holds 22.1 percent - unaudited	Dec 2023 $'000	Jun 2023 $'000
Cash	337	271
Other current assets	31	168
Exploration and evaluation assets	45,305	45,171
Other non-current assets	1,309	1,365
TOTAL ASSETS	**46,982**	**46,975**
Current liabilities	372	231
Non-current financial liabilities	6,634	4,921
TOTAL LIABILITIES	**7,006**	**5,152**
NET ASSETS	**39,976**	**41,823**

Notes to the financial statements

For the six months ended 31 December 2023

6. Financial liabilities

(a) Deferred consideration	Dec 2023 $'000	Jun 2023 $'000
Current		
Acquisition of subsidiary	952	1,034
Acquisition of asset	1,577	-
Non-current		
Acquisition of subsidiary	278	2,172
Acquisition of asset	12,981	-
Total deferred consideration	**15,788**	**3,206**
Movement		
Opening balance	3,206	2,464
Unwinding of discount	145	222
Acquisition of Tenas project	12,981	-
Fair value adjustment - New Brighton Colleries	(118)	1,677
Consideration paid during the period net of movement in accruals	(426)	(1,157)
Closing balance	**15,788**	**3,206**

New Brighton Collieries Limited

The Company completed the acquisition of New Brighton Collieries Limited on 10 March 2015. The balance due on settlement is to be satisfied by an ongoing royalty based on mine gate sales revenue from the Takitimu mine. The fair value of the future royalty payments is estimated using a discount rate based upon the Group's WACC, projected production profile, and forecast domestic coal prices. These are based on the Group's forecasts which are approved by the Board of Directors.

Buller Coal project

Bathurst acquired Buller Coal Limited (formerly L&M Coal Limited) ("Buller Coal") from L&M Coal Holdings Limited ("L&M") in November 2010. The agreement for sale and purchase ("ASP"), which primarily concerned the purchase of the Escarpment mine through the acquisition of Buller Coal, contained an element of deferred consideration. The deferred consideration comprised royalties on coal sold, two contingent "performance payments" of USD $40m each, and the contingent issue of performance shares. The first performance payment is prima facie payable upon 25,000 tonnes of coal being shipped from the Buller Coal project area, and the second payable upon 1 million tonnes of coal being shipped from the Buller Coal project area or where a change in control of Bathurst is deemed to have occurred both payments are triggered.

Bathurst has the option to defer cash payment of the performance payments and elect to submit a higher royalty on coal sold from the respective permit areas until such time the performance payments are made. The option to pay a higher royalty rate has been assumed in the valuation and recognition of deferred consideration.

Bathurst has and will continue to remit royalty payments to L&M on all Escarpment coal sold as required by the Royalty Deed and this includes ongoing sales from stockpiles. Further information is included in note 7.

Notes to the financial statements

For the six months ended 31 December 2023

6. Financial liabilities continued

Tenas Coal project

The Company completed the acquisition of Tenas project on 22 December 2023 via a new subsidiary, Telkwa Mining Limited, which is incorporated in Canada. The Tenas Project is located in the Bulkley Nechako region, 7 km southwest of Telkwa, British Columbia, Canada. The acquisition included the purchase of coal mining licenses, freehold coal rights, land and some existing plant and equipment.

The project is currently undergoing the Environmental Assessment process and is expected to enter production in FY26. The mine is anticipated to produce 750k tonnes of saleable steelmaking coal per year for over 20 years.

The balance due following the settlement is USD $1.0m by 5 February 2024, USD $4.0m upon receiving all final permits to develop, construct and operate the Tenas project mine and USD $3.0m on the first anniversary or receiving all final permits.

(b) Borrowings	Dec 2023 $'000	Jun 2023 $'000
Current		
Lease liabilities	591	447
Total current borrowings	**591**	**447**
Non-current		
Lease liabilities	946	834
Total non-current borrowings	**946**	**834**
Total borrowings	**1,537**	**1,281**

7. Contingent liabilities

Performance Payment Claims by LMCHB Limited

On 23 December 2016 Bathurst announced that L&M Coal Holdings Limited, now LMCHB Limited, ("L&M") had filed legal proceedings in the High Court of New Zealand in relation to an alleged breach of the first USD $40m Performance Payment described in note 15 (c). After pursuit of this matter through the courts of New Zealand, on 14 July 2021 the Supreme Court upheld Bathurst and Buller Coal's appeal, setting aside earlier unfavourable judgments given against them by the High Court and Court of Appeal.

The Supreme Court held that, under the terms of the Agreement for Sale and Purchase of Shares (SPA), while the performance payment had been triggered Bathurst can defer payment of that sum (relying on clause 3.10 of the SPA) for so long as the relevant royalty payments under the associated Deed of Royalty continue to be paid even if that royalty sum is zero.

On 22 September 2021 L&M served Bathurst and its subsidiary Buller Coal, with further proceedings. Despite the Supreme Court decision, L&M's new action sought declarations from the High Court that it was entitled to enforce a guarantee given by Buller Coal under the Deed of Guarantee and Security for payment of the first performance payment as Guaranteed Money under that deed. A hearing was held in June 2022. The judgment was released on 28 March 2023 dismissing the claim, holding that as the first performance payment is not currently due under the terms of the SPA then the payment is not Guaranteed Money for the purpose of the guarantee. The High Court also held that L&M should have brought this claim as part of the first proceedings and that raising it in a subsequent proceeding was an abuse of process. In April 2023, L&M lodged a notice of appeal against the High Court's judgment. Bathurst and Buller, based on legal advice, consider this legal action by L&M to be without merit. The appeal will be heard in May 2024.

On 18 February 2023, Bathurst successfully defended a claim by L&M in an arbitration proceeding that a change of control had occurred and that the second performance payment of USD $40 million and performance shares (being 5% of Bathurst's post issue share capital) due under the SPA plus interests and costs, were payable. While the arbitrator declared that a change in control had occurred under the terms of the SPA, he dismissed the claim on the basis that, as interpreted by the Supreme Court, clause 3.10 of the SPA provides a defence to the claim. Neither party has appealed against this award.

Notes to the financial statements

For the six months ended 31 December 2023

8. Related party transactions

The Group's related parties include directors, the senior leadership team, and joint ventures BT Mining and NWP. Material transactions with the Group's joint ventures are disclosed in note 5.

For the six months to 31 December 2023, non-executive directors' fees were $146k (2022: $148k); and short-term benefits in the form of salary and bonuses, as well as share based payments to the senior leadership team (including executive directors) were $2.0m (2022: $2.7m).

Salaries for employees who work across both BRL and BT Mining are recharged between the two companies so that staff costs are recorded appropriately. For the six months to 31 December 2023 $1.5m of salaries were recharged from BRL to BT Mining (2022: $1.3m) and $0.4m recharged from BT Mining to BRL (2022: $0.3m).

Coal sales are made to BRL's BT Mining joint venture partner Talleys Energy Limited and/or associated companies of Talleys Energy Limited on an arm's length basis and normal commercial terms. Total sales for the six months ended 31 December 2023 were $2.3m (2022: $2.0m).

9. Events after the reporting period

Other than as disclosed there are no other material events that occurred subsequent to reporting date, that require recognition of, or additional disclosure in these financial statements.

Additional information

For the six months ended 31 December 2023

Unaudited proportionate consolidation of Bathurst and BT Mining operations

The following income statement, balance sheet and cash flow represent 100 percent of Bathurst operations, and 65 percent of BT Mining operations. This presentation does not reflect reporting under NZ GAAP or NZ IFRS, but is intended to show a combined operating view of the two businesses for information purposes only.

Consolidated income statement

	Dec 2023 $'000	Dec 2022 $'000
Revenue from contracts with customers	141,892	202,739
Realised FX and coal price hedging	(6,941)	8,982
Less: cost of sales	(102,920)	(123,053)
Gross profit	**32,031**	**88,668**
Other income	159	152
Equity share of NWP loss	(38)	(39)
Depreciation	(7,324)	(7,947)
Administrative and other expenses	(13,002)	(13,823)
Fair value on deferred consideration	118	(679)
Gain on disposal of property, plant and equipment	302	127
Impairment losses	-	(89)
Operating profit before tax	**12,246**	**66,370**
Finance cost	(1,179)	(932)
Finance income	2,352	569
Profit before income tax	**13,419**	**66,007**
Income tax expense	(4,350)	(20,160)
Profit after tax	**9,069**	**45,847**

Additional information

For the six months ended 31 December 2023

Consolidated balance sheet

	Dec 2023 $'000	June 2023 $'000
Cash and cash equivalents	113,573	145,047
Restricted short-term deposits	18,245	18,084
Trade and other receivables	32,227	42,972
Crown indemnity	4,073	536
Inventories	43,537	34,276
New Zealand emission units	1,062	541
Derivative assets	-	4,846
Income tax	2,758	-
Total current assets	**215,475**	**246,302**
Property, plant and equipment	74,736	71,578
Mining assets	73,644	46,811
Crown indemnity	31,154	31,732
Investment in joint venture	18,614	19,426
Deferred tax asset	8,731	6,189
Other financial assets	661	665
Total non-current assets	**207,540**	**176,401**
TOTAL ASSETS	**423,015**	**422.703**
Trade and other payables	39,320	28,194
Tax payable	-	34,627
Finance leases	5,755	5,680
Derivative liabilities	4,236	-
Deferred consideration	2,529	1,034
Provisions	7,096	5,514
Total current liabilities	**58,936**	**75,049**
Finance leases	8,721	10,526
Deferred consideration	13,259	2,172
Provisions	58,568	52,996
Total non-current liabilities	**80,548**	**65,694**
TOTAL LIABILITIES	**139,484**	**140,743**
NET ASSETS	**283,531**	**281,960**
Contributed equity	316,970	316,970
Reserves	(35,480)	(27,982)
Retained earnings net of dividends	2,041	(7,028)
EQUITY	**283,531**	**281,960**

Additional information

For the six months ended 31 December 2023

Consolidated cash flow

	Dec 2023 $'000	Dec 2022 $'000
Cash flows from operating activities		
Receipts from customers	140,142	189,224
Payments to suppliers and employees	(104,398)	(120,426)
Taxes paid	(42,497)	(24,801)
Net inflow/(outflow) from operating activities	**(6,753)**	**43,997**
Cash flows from investing activities		
Exploration and evaluation expenditure	(1,403)	(785)
Mining assets (including capitalised waste moved in advance)	(13,277)	(7,438)
Property, plant and equipment purchases net of disposals	(10,057)	(7,893)
Payment of deferred consideration	(452)	(211)
Investment in NWP	(472)	(432)
Other	87	(1)
Net outflow from investing activities	**(25,574)**	**(16,760)**
Cash flows from financing activities		
Repayment of borrowings	-	(1,499)
Repayment of finance leases	(1,731)	(363)
Interest received	3,390	1,054
Interest paid on finance leases	(430)	(510)
Finance facility fees	(214)	(140)
Net inflow/(outflow) from financing activities	**1,015**	**(146)**
Net increase/(decrease) in cash and cash equivalents	**(31,312)**	**27,091**
Opening cash and cash equivalents including restricted short-term deposits	163,130	75,961
Closing cash and cash equivalents	**131,818**	**103,052**

Independent Review Report

To the shareholders of Bathurst Resources Limited

Report on the consolidated financial report for the six months ended 31 December 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial report for the 6 months ended 31 December 2023 ("interim financial report") on pages 8 to 20 do not:

i. present fairly in all material respects the Group's financial position as at 31 December 2023 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim financial report which comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the 6-month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of interim consolidated financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Bathurst Resources Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the interim consolidated financial statements

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of an interim consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

This description forms part of our Independent Review Report.

KPMG

KPMG
Christchurch

28 February 2024