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 Market Announcements Office
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BATHURST DELIVERS RECORD FINANCIAL RESULTS AND ANNOUNCES MAIDEN DIVIDEND

Bathurst Resources Limited ("Bathurst" or "Company") (ASX: BRL) is pleased to announce record financial results for the year ended 30 June 2019, including a maiden dividend of AUD \$5.1m (AU 0.3¢ per share), with key financial highlights noted below.

Financial highlights	FY19	FY18	
(NZD)	\$m	\$m	
Revenue	286.8	237.1	Significant increase in results, benefiting from a full 12 months of BT Mining operations.
EBITDA¹	106.6	93.7	Prior year NPAT was impacted by one-off non-cash adjustment on the convertible notes. The current period has benefited from stable domestic operations, and a strong coal export price.
Net profit after tax	45.0	5.5	
Cash	38.5	29.3	

CEO Richard Tacon said "An important focus for the management team for FY19 was ensuring that we repeated the success of FY18, proving that we have a reliable and repeatable business. The financial results speak for themselves, showing that our operations have performed exceptionally well, enabling us to exceed our forecast EBITDA guidance whilst maintaining high safety standards. In addition to the record results, we are delighted to announce Bathurst's maiden dividend of AU 0.3¢ per share, with the return of approximately AUD \$5.1m to shareholders, reflecting Directors' confidence in the future of our business.

In another strategy designed to bolster shareholder value, we commenced on-market share buy-backs in October 2018. Directors have approved an extension to the current facility, extending it to 28 August 2020 and leaving a potential 44.5m further shares to be bought back."

¹ Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movements on derivatives and deferred consideration, and movements in rehab provisioning

Mr. Tacon said that during FY19, the Company had also been focused on strengthening the synergies and aligning reporting and operational processes across the BRL and BT Mining businesses, whilst ensuring future growth through key investments both domestically and overseas.

“Looking forward, the domestic market is stable, and we are set to weather any volatility in the export coal price. The recent ASX announcement by our joint venture partner Jameson Resources Limited (“Jameson”) (ASX: JAL) confirming that both key areas in the Crown Mountain project contain hard coking coal is welcome news, and further supports our investment in this project”, Mr. Tacon said.

OPERATIONS

Bathurst is New Zealand’s leading coal producer, engaging in the development and production of coking and thermal coal in New Zealand.

Bathurst now employs over 550 employees, with 70 percent of our revenue coming from steelmaking customers. The receipt of the Innovation Award at the NZ Mining Minerals Forum, which recognises the innovation in life of mine planning, synergies targeting productivity and market improvements at the Canterbury coal mine, is a positive reflection on the talented people managing Bathurst’s mines.

Measure		FY19	FY18	
Production	kt	1,653	1,492	Sales and production met guidance, with additional stripping undertaken to reduce unit costs of production for future periods.
Sales	kt	1,750	1,495	
Overburden Bcm ‘000		14,829	11,576	Mix of sales volumes and revenue to steel making customers at 62% and 70% respectively.

Export (65% equity share via BT Mining) – EBITDA \$67.4m

The Stockton export coking coal mine has continued to benefit from strong export prices in FY19, with export pricing at an average hard coking coal price of USD \$204.56. Sales and production were all in line with budget, with overburden removal significantly increased YOY as contractors were bought in to open new areas of the mine. Employee numbers have stayed steady.

The long-term relationships acquired as part of the BT Mining acquisition have continued, with new key customer relationships being developed in the APAC region. Significantly, the majority of FY20 sales are already contracted.

To reduce the export sale price exposure, BT Mining reviewed and confirmed its contracted forward sales out to March 2020 to 165kt at an effective average price of NZD \$269 per tonne.

Domestic (including corporate segments) – EBITDA \$39.2m

North Island domestic operations (65% equity share via BT Mining), which include BT Mining corporate overheads, contributed \$29.1m EBITDA during the year. The Rotowaro mine was transitioned to owner operator in November 2018, with significant investment (approximately \$20m) made to purchase the contractor mining fleet. An extensive maintenance review of this gear was performed post acquisition, with a roadmap for resolution of any issues being followed.

The development of Waipuna West, a new resource within Rotowaro’s current area of operations, is progressing well, with significant waste stripping occurring on this project. This extends the life of the Rotowaro operations for a further four years.

FTE’s have increased from 24 to 114 with the transition to owner operator.

South Island domestic operations performed as expected, with EBITDA increasing 21% YOY to \$10.2m (this includes the Bathurst corporate overheads), benefiting from an increase in sales volumes and movement in capitalised stripping.

KEY GROWTH PROJECTS

Project location	Project description
BC, Canada	Crown Mountain project – coking coal joint venture.
South Island, New Zealand	Drilling and consenting works underway in Bathurst and BT Mining’s Denniston plateau projects to assess converting resources to reserves and to commence prefeasibility studies.
North Island, New Zealand	Ruawaro extension project for the Rotowaro mine underway.

Canada

The results from the testing being done as part of the bankable feasibility study (“BFS”) are progressing well, with Bathurst investing \$10.1m so far in this joint venture. An experienced and highly regarded project manager was appointed by Jameson to drive this project forward in May, with the wash plant and the coal handling portion of the BFS having commenced, targeted for completion in the first quarter of calendar year 2020.

For further detailed information on the project, refer to ASX announcements for Jameson (ASX: JAL). Further information as this project pertains to Bathurst can be found in note 13 in the 30 June 2019 financial statements.

North Island, New Zealand

Prefeasibility studies of the Ruawaro extension project which is proposed to further extend the Rotowaro mine continue to be advanced, with the economic evaluation currently in progress and an updated model completed.

South Island, New Zealand

The drilling programme for the Buller project is underway in Whareatea West to recover samples for coal wash-ability testing. Planning for additional drilling programmes is well advanced, with baseline studies being progressed.

FINANCIAL MANAGEMENT

	2019	2018
	\$’000	\$’000
Cash flow summary		
Operating cash flows	90,704	54,569
Investing cash flows	(79,026)	(53,419)
Financial cash flows	(2,432)	(4,847)
	_____	_____
Net movement in cash	9,246	(3,697)
	_____	_____
Closing cash balance	38,519	29,273

Please note that financial figures in this release are 100% Bathurst and 65% BT Mining and in NZD unless otherwise disclosed

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Cash movements

Cash levels have increased despite significant investments during the year, with operating cashflows of \$90.7m representing EBITDA less tax paid (\$16.6m) and movements in working capital.

Key investing cashflows consist of:

- Mining equipment replacement at Stockton which will reduce future unit operating costs and increase efficiencies.
- Investment in the Rotowaro operations to extend North Island operations.
- Investment in the Crown Mountain project in Canada which further diversifies the Bathurst operations.
- Advanced waste stripping.
- Drilling also commenced as part of a wider Denniston Plateau integration project to assess converting resources to reserves.

Key financial cashflows consist of:

- On and off-market share buy-backs (for further information, refer note 17 in the 30 June 2019 financial statements).
- Finance lease drawdowns in BT Mining to fund some of the PPE purchases.

CORPORATE

Dividends

A dividend was approved by the Board, set at AU 0.3¢ per share, at a total cost of AUD \$5.1m based on current issued shares. The record date is set for 1 October 2019, with the payment date being 23 October 2019. The payment of the dividend is another capital management initiative indicating the confidence the Board has for the future. The payout ratio of approximately 12% also reflects the continued need to invest in Canada and New Zealand. Further information can be found in the dividend release on the ASX under code BRL.

On-market share buy-backs

Bathurst's on-market share buy-backs commenced in October 2018, and at the end of the reporting period a total of 30.5m shares had been bought at an average price of AU 12.8¢ per share.

Directors have approved an extension to the current on-market share buy-back facility, extending it out another year to 28 August 2020. All other original terms are the same. This leaves a potential 44.5m further shares to be bought back by Bathurst. For further information, refer to Appendix 3D released to the ASX under code BRL.

Off-market share buy-backs

An off-market minimum holding buyback facility was also offered to shareholders who held unmarketable parcels of shares as defined by the Australian Stock Exchange, which is a shareholder who has a holding valued at less than AUD \$500. Of the 757 eligible shareholders, 555 participated in the facility, with the Company buying back 0.8m shares at a price of AU 14.5¢ per share.

CONTINGENT LIABILITIES

On 23 December 2016, Bathurst announced that L&M Coal Holdings Limited 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) of the 30 June 2019 financial statements. On 20 August 2018 Bathurst advised that it received an unfavourable judgment from the High Court on this matter.

Bathurst lodged an appeal to the Court of Appeal, which was heard in court on 21 to 23 August 2019. Based on legal advice, Bathurst continues to believe that it is more likely than not that it will be successful in the Court of Appeal. A judgment is expected from the Court of Appeal in early 2020. Notwithstanding this, should Bathurst ultimately be unsuccessful, directors have considered options to fund payment and are of the view that Bathurst would be able to do so.

FY20 GUIDANCE

Measure	Metric	Export	North Island domestic	South Island domestic	Bathurst equity share
Sales	kt	1,246	800	312	1,642
EBITDA	\$m	\$69.9m	\$39.2m	\$7.5m	\$78.4m

The budget for FY20 export market pricing is based on 80 percent of an average hard coking coal benchmark of USD \$177.50 per tonne at \$0.6875 NZ:USD across all sales types including thermal coal sales. This follows a mid-point from a consensus of analyst forward price paths, anticipating the market to soften as pressure on raw material pricing increases following steel margin reduction. FX hedging continues to be in place to manage impacts from significant movements in export pricing.

The EBITDA contribution of the domestic and corporate segments of the Group is forecast to decrease slightly in FY20. The Canterbury mine is expected to be the main reason for the decrease in sales for South Island domestic, given the loss of a customer in the area and realignment of production. North Island domestic reduction in earnings is coming through from the Maramarua mine, due to movement into the higher strip ratio K1 block.

Bathurst Resources Limited

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Chief Executive Officer

Richard Tacon

Directors

Toko Kapea – Non-executive chairman
Richard Tacon – Executive director
Peter Westerhuis – Non-executive director
Russell Middleton – Executive director

Substantial holders

Republic Investment Management Pte
Ltd: 23.2%
Talley's Group Ltd 10.7%
Chng Seng Chye: 6.3%

ASX Code: BRL

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