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Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

BATHURST INCREASES CANADIAN AND STEEL MAKING COAL EXPOSURE THROUGH THE ACQUISITION OF THE TENAS PROJECT IN BRITISH COLUMBIA

Bathurst Resources Limited (ASX:BRL) (**Bathurst**) is pleased to announce it has entered into an agreement to purchase the assets of the Tenas Coking Coal Project, comprising the *Telkwa Metallurgical Coal Complex*, in British Columbia, Canada (**Tenas Project**) from Telkwa Coal Limited, a subsidiary of Allegiance Coal Limited (in liquidation) (controllers appointed).

The Tenas Project is located in north-west British Columbia, Canada, 375km by both rail and road to the well-established deep water port of Prince Rupert and the Trigon Pacific Terminals Limited (formally Ridley Island).

The key attractions of the project

- Low mining strip ratio;
- Long life project;
- Conventional open-cut mining methods with standard coal processing;
- Tier 1 Mining jurisdiction;
- Access to water, power, workforce and services;
- Unique close access to existing rail and port infrastructure;
- Significant port capacity available and
- Alignment to existing long-term 'direct customer relationships'.

Bathurst CEO Richard Tacon said: "A strong operational performance and our capital management strategy have positioned Bathurst to exploit this type of acquisition. In the Tenas Coking Coal Project, we have a commodity in high demand globally, and in which we have proven expertise and existing clients. The project is also well-located in a Tier One jurisdiction in which we have invested since 2018, and in which we are very comfortable. Finally, the acquisition has been secured at a price and on terms that are clearly opportunistic for our shareholders."

The strategic investment

Bathurst has obtained an outstanding opportunity to accelerate its growth strategy.

Company Strategy

- Consistent with Bathurst’s strategy of increasing exposure to steelmaking coal.
- Increases Bathurst’s footprint in a Tier 1 mining jurisdiction.
- Long life asset with an ability to produce metallurgical coal in excess of 15 years.

Asset Strategy

- Enables Bathurst to hold an interest in two exciting Canadian steelmaking coal projects in addition to its operations in New Zealand.
- Attractive acquisition value with an implied EV/Resource of USD0.10/t¹ and EV/Reserve of USD0.80/t² (assumes full consideration is paid).
- Achieves metallurgical operations with a total production potential of 3.8 million total tonnes per annum across the New Zealand and Canadian assets.

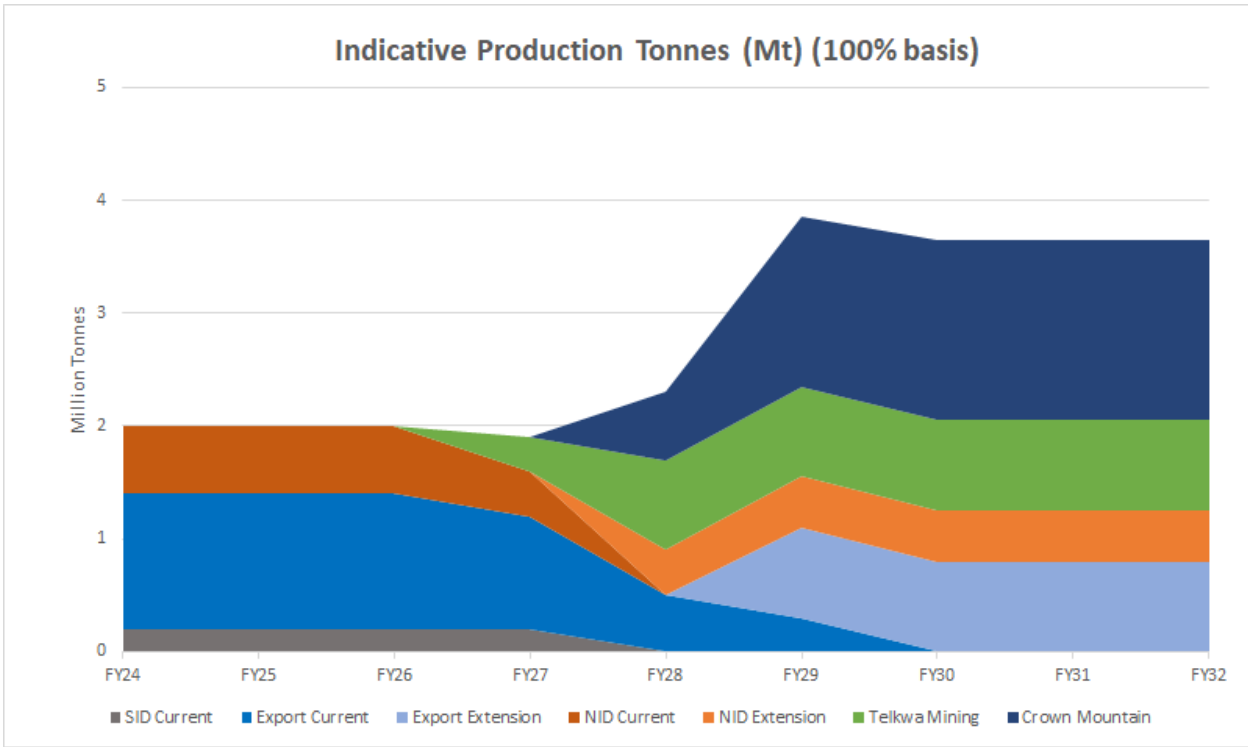


Figure One Illustration of the asset pipeline including extensions of the New Zealand steelmaking coal business and the growth volume from the Canadian assets

¹ Refer to Appendix One, ‘Table One: Resources’ and ‘Table Two: Tenas Resources’

² Refer to Appendix One, ‘Table Three: Tenas Reserves’

“Operationally, Bathurst has a lot to bring to the Tenas Coking Coal Project. In New Zealand, we have successfully managed and developed coal projects, drawing on the local community for our workforce and the provision of a range of services, whilst servicing industrial clients domestically and in overseas markets. Bathurst also has significant experience working alongside Indigenous Peoples, which remains a priority for us at all of our projects”, Mr Tacon said.

The Canadian projects are both long-life projects, and forecast to exceed 15 years of steady production, providing Bathurst with potential revenue streams from future production at a time when its New Zealand assets near, or have passed, their end of commercial life, as illustrated in Figure One. The environmental approval for the Tenas Project is forecast to be granted early 2025.

Additionally, the coal produced from Canada will complement the export coal products that Bathurst already sells from New Zealand into steel production in Japan, South Korea, China and India. Key direct relationships with customers will enable value to be extracted for both the customer and producer with the Tenas Project likely to be one of the lowest cost producers of metallurgical coal on the global seaborne market. Historic testing of the Tenas Coal in leading steel/coke producers in Japan and South Korean markets resulted in strong expressions of interest.

It is expected Tenas project coal will find particular application in stamp charge plants in the strongly growing Indian market, and also represent a diversification for our key customers.

“We now have an interest in two Canadian steelmaking coal projects, strategically positioning Bathurst to build on its existing and lucrative NZ cash-generating metallurgical business. This allows us to target a materially higher total production of 3.8mtpa by 2029, whilst also providing our clients with a potentially long-run supply option beyond 2035”, Mr Tacon said.

Terms of transaction

Bathurst, through its new subsidiary Bathurst Resources (Telkwa) Ltd (**Bathurst (Telkwa)**), has entered into an asset purchase agreement to acquire the assets of the Tenas Project (**Agreement**). The vendor is Telkwa Coal Limited (**Vendor**).

Consideration

The consideration payable by Bathurst Telkwa to the Vendor under the Agreement is:

Initial Payments

- Upfront payment of USD \$2.33 million at closing.
- Payment of USD \$1.0 million in 45 days after closing.

Deferred Consideration

- Payment of USD \$4.0 million upon receiving all final permits (including all operational and environmental permits) to develop, construct and operate the Tenas Project mine.
- Payment of USD \$3.0 million on the first anniversary of receiving all final permits.

Royalty

- A capped royalty of up to USD \$3 million payable at the rate of USD \$2 per tonne in respect of coal sales from the Tenas Project, where the sales price (excluding taxes) is above USD \$200 per tonne (FOB) from the Tenas Project, over the first three years after the commencement of commercial production. A separate Royalty Agreement will be entered into.

Further details on the transaction can be found in Appendix Two.

Employees

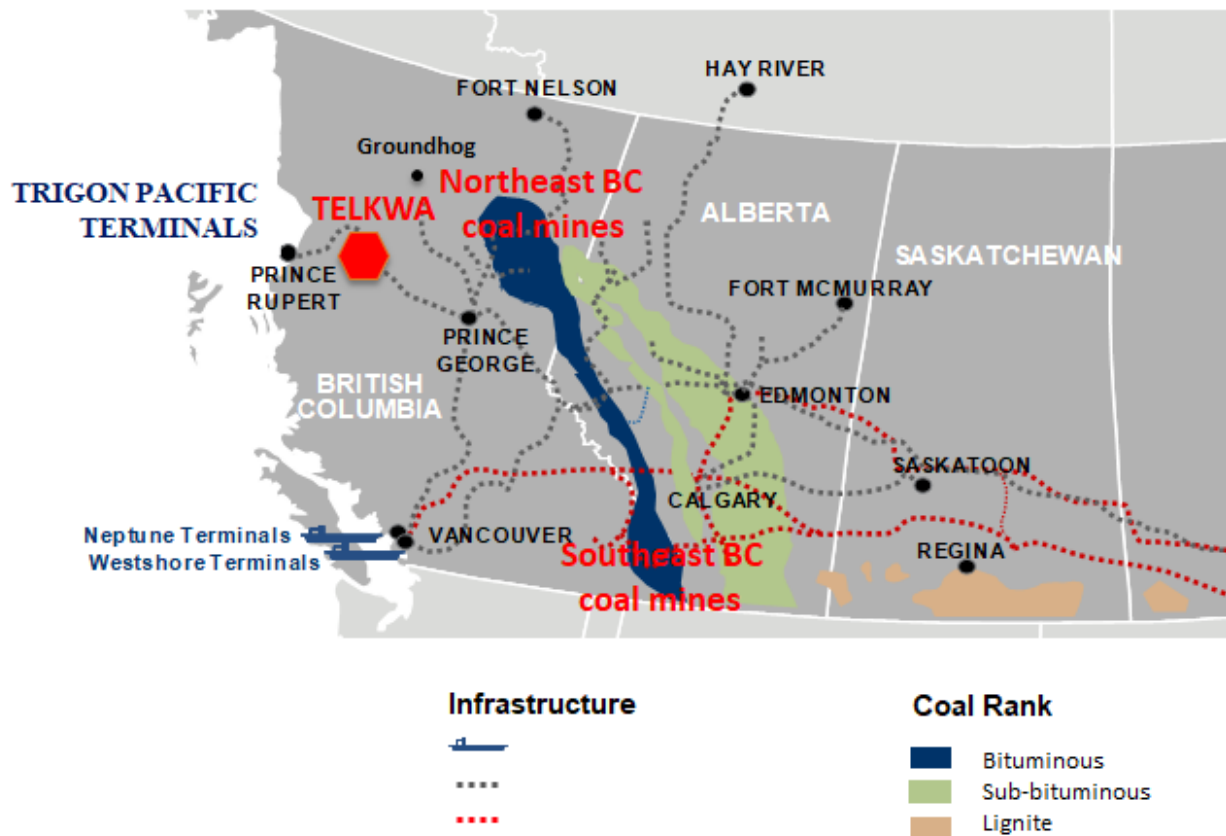
In order to ensure the smooth transition and continuity of the Tenas Project, Bathurst will employ all of the current employees of Telkwa Coal. This will include the senior personnel that have been responsible for the relationships with the provincial and local governments and Indigenous Groups. Bathurst is pleased to be able to work with both Mark Gray, who will join the board of Bathurst Telkwa, and with Dan Farmer, who will join as Chief Operating Officer of Bathurst Telkwa.

Key Contracts

Bathurst will take on all material contracts that now form the foundation of relationships in the local area. Bathurst looks forward to working with all local contractors, neighbours and suppliers as key contributors to the success of the Tenas project.

About the Tenas Project (Telkwa Metallurgical Coal Complex)

- The Tenas Project is located 7km southwest of the small town of Telkwa, and 25km south of the larger town of Smithers which has an airport with daily direct flights to Vancouver.
- The assets were formally owned and were being developed by a subsidiary of Allegiance Coal Limited (in liquidation) (controllers appointed).
- The Tenas Project has access to excellent road infrastructure developed by the forestry industry, is just 3km from power, and 16km from the proposed CHPP to the proposed rail loadout along a gentle declining private designated haul road (yet to be constructed).



Exceptional Project Location

Simple access to rail

- The Project sits adjacent to CN Rail's main line to Prince Rupert

Short rail haul to port

- The rail haul from the Project rail loadout to Trigon Pacific Terminals is 375km along a flat track with little or no grade

Uncongested port

- Trigon Pacific has significant spare capacity to increase throughput volume as the project develops

Figure Two Map of the Telkwa Project resource and infrastructure location

- Being well-located relative to rail and port (refer to Figure Two), simple logistics will contribute to the Tenas Project being developed as a low-cost producer.
- Added to this, the Tenas Project will benefit from a materially shorter shipping distance to its main target export markets, in particular the Japanese and South Korean steel mills, than from its main competitor of semi-soft coking coals in Australia.
 - For example, it is 3,800 nautical miles from Trigon Pacific Terminals to Tokyo, whereas it is 4,300 nautical miles from Newcastle.
- Similar to the Lyttelton Port in New Zealand, Trigon Pacific Terminals is a dispatch port with no delays in ship berthing; unlike Newcastle (and Queensland) where ships often wait two to four weeks before they can berth. Mine owners incur expensive demurrage and steel mills suffer a delay in the supply of raw materials for their coke ovens and blast furnaces disrupting steel production.

Environmental

- The permitting process first involves the collection of environmental baseline data, and then an environmental impact assessment of the Tenas Project on the baseline data collected. The Tenas Project has baseline data collected across most environmental disciplines, some dating back to the 1990s, providing more substance to the modelling of environmental impact assessment.
- The Tenas Project is in the pre-application phase of permitting. In February 2022, the Application for an Environmental Assessment Certificate in relation to the Tenas Project was filed with the Environmental Assessment Office of British Columbia (BC-EAO) for review under the BC Environmental Assessment Act 2002 (2002 Act). The Tenas is currently in the completion review process with the BC-EAO. While the 2002 Act was amended by the BC Environmental Assessment Act 2018 (2018 Act), which amongst other things introduced a new process for the review of such applications, the transitional provisions of the 2018 Act allowed the Tenas Project to be reviewed under the 2002 Act.
- In the December 2022 quarter, the previous project owners received requests for further information from the BC-EAO in relation to the Application for the Environmental Assessment Certificate. Proposals have been received from our independent consultant experts in relation to these requests and discussions with Indigenous Peoples are underway to define a programme to undertake additional consultation to source primary data on cultural use.

Indigenous Peoples

- Bathurst, who operates in New Zealand brings significant experience and a proven track record of working alongside Indigenous People, acknowledging traditions and cultural requirements to ensure a cooperative and close relationship.
- The Tenas Project mine site area is within the traditional territory of the Cas'Yex (Grizzly House) of the Gitdumden clan of the Wet'suwet'en and the proposed rail loadout is located within Laksilyu territory of the Wet'suwet'en.
- Following the acquisition, Bathurst will continue to acknowledge the unceded rights of the Wet'suwet'en nation to 22,000 square kms of traditional territory within which the Tenas Project sits, and will continue to engage with the Office of the Wet'suwet'en (OW) in respect of all Tenas Project activities.

Crown Mountain Update

This project continues to progress well and we advise the following highlights:

- Following the review of substantial progress of the EA and with support from key Indigenous Groups, the Impact Assessment Agency of Canada (IAAC) granted extension to the time for completion of the environmental assessment of the project.
- IAAC and EAO finalised Joint Assessment & Engagement Plan in July 2023.

- Currently finalising best achievable technology study for water management and GHG baseline studies in advance of project technical review by IAAC and BC-Environmental Assessment Office.
- Continued engagement with Indigenous Peoples with landmark Assessment and Consent agreement with Tobacco Plains First Nation signed in January 2023.
- Ongoing community engagement to maintain support for NWP operational plans.
- Next milestone is to commence the formal Technical Review and Assessment Stage by December 2023.
- Targeting final quarter of 2024 for Environmental Approval decisions from BC-EAO and IAAC.

APPENDIX ONE

Definitive Study Results (DFS)

The Tenas Project DFS (published in March 2019):

- Reinforce the potential of the Telkwa metallurgical coal complex, highlighting a robust project, and representing significant improvements on pre-feasibility studies previously undertaken in 2017 lead managed by SRK Consulting (Canada) Inc. (SRK).
- The DFS followed two pre-feasibility studies undertaken in 2017, first in relation to the entire Telkwa metallurgical coal complex (July 2017), and second in relation to a standalone Tenas Project (September 2017).
- Significantly, the DFS concluded that the Tenas Project is likely to be one of the lowest-cost producers of metallurgical coal on the global seaborne market which at the time comprised around 325 million tonnes of metallurgical coal per annum, and with semi-coking coals accounting for around 60 million tonnes of that trade.

The DFS accounts for just 15% of the entire coal resource of the Telkwa metallurgical coal complex, with highlights including:

- 750,000 tonnes per annum of saleable coal.
- 22 year mine life extracting just 15% of the entire Telkwa coal resource.
- 3.6:1 BCM/ROMt strip ratio.
- 75% average yield for all metallurgical saleable coal.
- US\$49.7 per tonne average all-in FOB cash cost (ex-port) before interest and tax.
- US\$54.3M start-up capital expenditure.
- A\$407.3M NPV8% pre-tax.

Bathurst has commenced a revision to the DFS now that ownership has passed. A preliminary review of the DFS clearly indicates inflationary impacts on All in Cash Cost and Startup Capital but this is also offset by significant changes in the long-term pricing assumptions.

Telkwa Coal Resources & Reserves

- The Telkwa metallurgical coal complex has had several drilling and bulk sample programmes completed by previous owners between 1980 and 1997, and most recently in 2018.

These and subsequent studies have delineated the following Resources and Reserves:

Table One: Resources ³	Measured Mt	Indicated Mt	Inferred Mt	Total Mt
Tenas deposit	58.8	-	-	58.8
Goathorn deposit	59.5	9.2	0.2	68.9
Telkwa North deposit	15.7	3.7	1.0	20.4
Total	134.0	12.9	1.2	148.1

³ For further details on the basis of these Resources and Reserves see Allegiance Coal March 2019 DFS Update

- An updated resource statement for Tenas deposit was then published in June 2018 following exclusion of thin and discontinuous seams from the underlying model, see Table Three below.

Table Three: Tenas Resources ⁴	Measured Mt	Indicated Mt	Inferred Mt	Total Mt (adb)
C seam	4.5	1.4	-	5.9
1 lower seam	8.1	2.7	-	10.9
1 upper seam	4.5	1.6	-	6.2
1 seam	9.9	3.5	-	13.5
Total	27.1	9.4	-	36.5

Updated Tenas Reserve Statement

- In the DFS, SRK updated the Tenas reserves in accordance with the JORC Code and NI 43-101, which is summarised in Table Four below.

Table Four: Tenas Reserves ⁵	ROM Coal Mt	Saleable Coal Mt
Tenas Proven	17.1	12.9
Tenas Probable	4.9	3.7
Total	22.0	16.5

⁴ For further details on the basis of these Resources and Reserves see Allegiance Coal March 2019 DFS Update

⁵ For further details on the basis of these Resources and Reserves see Allegiance Coal March 2019 DFS Update

APPENDIX TWO

KEY TRANSACTION DETAILS

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Assets

The assets purchased by Bathurst Telkwa include the coal licences and property interests, permits and licences, vehicles, certain contracts (including with Indigenous Peoples, consultants and landlords), records and intellectual property associated with the Tenas Project. Bathurst Telkwa will take on the Vendor's obligations associated with these assets. Cash, accounts receivable, and certain contracts and insurance policies are excluded from the purchase and will remain with the Vendor.

The assets are sold free of all encumbrances other than limited permitted encumbrances which will remain (such as security to Carbon Development Corporation (**CDC**) for its royalty payments).

Employees

Bathurst Telkwa intends to offer employment to all of the Vendors staff on substantially similar terms to their current terms of employment.

Conditions

Closing is conditional upon:

- Receiving consent from CDC under its agreements (including a royalty agreement) with the Vendor, and
- Receiving consents from contract counterparties (such as Indigenous Peoples, consultants and landlords) under the assumed contracts.

Bathurst expects that the conditions will be satisfied within 60 or so days. Closing will occur seven days after the conditions are satisfied.

Guarantee

Bathurst Resources Ltd has guaranteed the obligations of Bathurst (Telkwa) under the Agreement.

Operations pending closing

As part of the transaction the parties have agreed that Bathurst Telkwa will meet the ongoing operating costs of the Tenas Project to completion. A monthly budget has been agreed by the parties and the Vendor is required to account for expenses, report and may be audited against this budget. A monthly limit of CAD \$90,000 applies (if less is spent in the month, the excess may be rolled over to the next month).