BATHURST RESOURCES LIMITED

Transaction Presentation

November 2016

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This presentation has been prepared by Bathurst Resources Limited ACN 125 679 469 (“BRL”, “Bathurst”, “Bathurst Resources” or “Company”).

This presentation has been prepared in relation to the sale of assets by Solid Energy New Zealand Limited (Subject to a Deed of Company Arrangement) (“Solid Energy” or “Vendor”) and an equity and debt raising comprising a:

- placement of redeemable convertible preference shares in BRL (“RCPS”) to institutional investors;
- placement of unsecured convertible notes in BRL (“Convertible Notes”) to institutional investors; and
- bonds in BRL or a related company (“Bonds”) to institutional investors.

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This presentation contains summary information about the company and its activities and Solid Energy which is current as at the date of this presentation. Unless otherwise stated, all information regarding Solid Energy, including financial information, has been sourced from Solid Energy. Despite taking reasonable efforts BRL cannot verify the accuracy, reliability or completeness of all the information provided to it. Please see the risk factor entitled: “Reliance on information provided” for further details. This presentation is not a recommendation or advice in relation to BRL or any product or service offered by BRL or its subsidiaries. The information in this presentation is of a general nature and does not purport to be complete.

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Financial Data

All dollar values are in New Zealand dollars ($ or NZD) unless otherwise stated and financial data is presented as at or for the full year ended 30 June 2016 unless stated otherwise.

This presentation contains forecast financial information. In particular, forecast financials have been prepared to reflect the impact of the acquisition and capital raising. This presentation includes unaudited financial information for Solid Energy that has been prepared by Solid Energy management and has been adjusted by BRL management based on their due diligence, where appropriate, and based on Solid Energy management estimates as at or prior to 30 June 2016. Investors should note that this information has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. This presentation does not include any financial statements of Solid Energy. While this presentation includes forecast financial information of BRL for the financial years from 2017 to 2021 to reflect the impact of the acquisition and the equity raising, the forecast financial information has been prepared by BRL in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia and New Zealand. Financial information in relation to the assets to be acquired pursuant to the acquisition has been derived from unaudited financial statements and other unaudited financial information made available by BRL in connection with the acquisition.

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Overview of Bathurst Resources

Bathurst Resources is a leading domestic thermal coal producer with significant upside opportunities in metallurgical coal

Overview

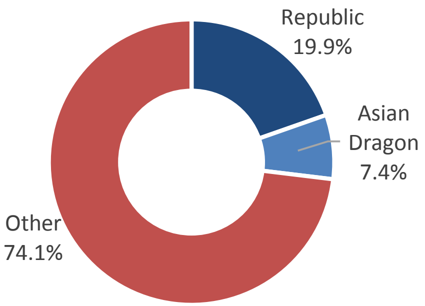
- Bathurst Resources Limited is a New Zealand coal mining company with a strong focus on people and long-term environmental sustainability
- The company has two operating mines supplying energy to South Island industrial customers – Canterbury Coal, west of Christchurch and Takitimu, near Invercargill plus an additional two mines on care and maintenance. Bathurst also owns a coal distribution centre in Timaru
- In addition to its sound domestic business, Bathurst also has permits over 10,000 hectares on the Buller coalfield where ultimately it plans to develop a full scale export operation supplying quality metallurgical coal into international markets. At that time, Escarpment and other development leases will be ramped up to full development as an export metallurgical coal mine – the key first stage of the long term Buller Coal Project

Location

Snapshot

- ✓ Profitable NZ based coal producer
- ✓ 46% South Island market share
- ✓ Record production results in FY16 of ~400kt
- ✓ Increased operating margins
- ✓ Reduction in unit costs down 33% on DecQ CY14
- ✓ Operating cash positive
- ✓ Low cost option on metallurgical coal expansion

Substantial Shareholders



Capital Structure[1]

Share price (1-Nov-16)	0.068
Diluted Shares Outstanding (m)	974.0
Market Cap (A$m)	**66.2**
Bank Debt (A$m)	-
Cash (A$m)	4.4

Source: BRL, CapIQ, as at 1-Nov-16

[1] Cash includes restricted cash, cash and bank debt figures as at 31-Oct-16.

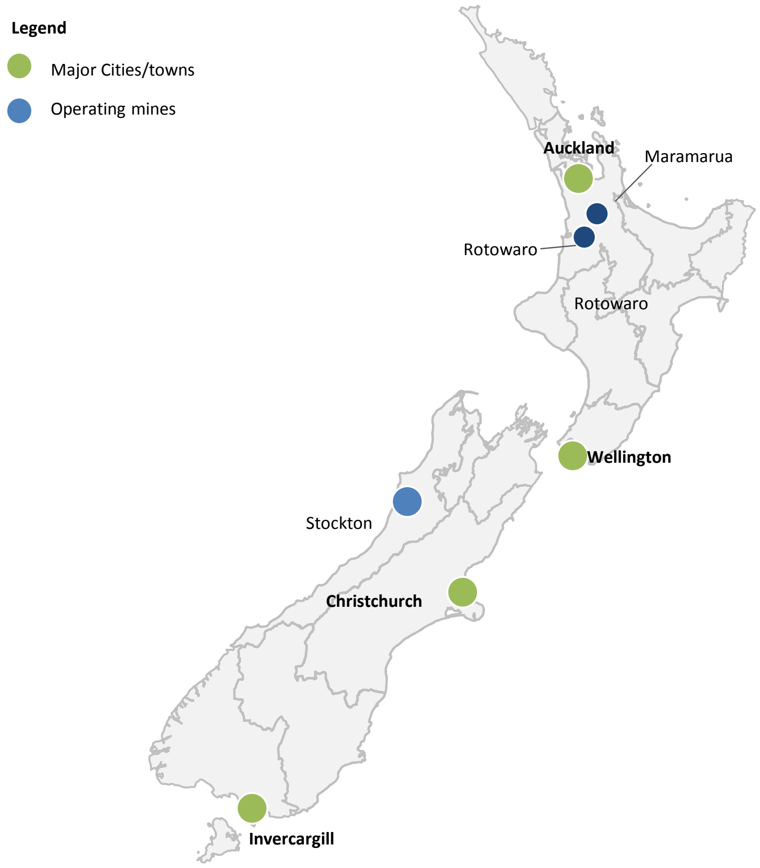
Background to Transaction

Following the approval of Solid Energy's DOCA in September 2015, Bathurst signalled its intention to participate in the asset sale process in November 2015

Solid Energy Sale Process

- Solid Energy is the largest coal business in New Zealand, extracting, processing, marketing and distributing metallurgical and thermal coal from underground and opencast mines spread across both the North and South Islands
- From 2003, Solid Energy began to diversify into renewable and alternate energy projects including biodiesel, UGC and CSG
- In August 2015, the Board of Solid Energy placed the Company and all New Zealand subsidiaries into voluntary administration ("VA"). In the face of challenging market conditions, it was not sustainable for the business to continue to trade under its existing capital structure
- Pursuant to the VA, the Creditors of Solid Energy approved a Deed of Company Arrangement ("DOCA") in September 2015. This allowed for a progressive sell-down of Solid Energy's assets over an agreed timeframe and for specified trade creditors and employees to be compensated
- Bathurst alerted the market to its interest in the Solid Energy sale process via a corporate presentation in November 2015[1]

Relevant Solid Energy Asset Locations



[1] *Refer to the BRL AGM Presentation, released to the ASX 23-Nov-15.*

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Overview of Phoenix Coal

Bathurst Resources together with Talley's Group have formed a joint venture, Phoenix Coal Limited (Phoenix Coal), to acquire select North and South Island assets from Solid Energy

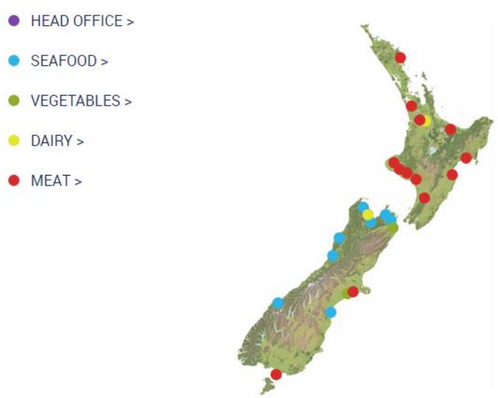
Talley's Group Overview

- Talley's Group, established in 1936, is a multi-division, international company operated by the Talley family under four divisions
  - Fishing and Seafood
  - Frozen Vegetables
  - Dairy
  - Meat
- The operations of Talley's Group span the length of the country, and are headquartered in Motueka, New Zealand

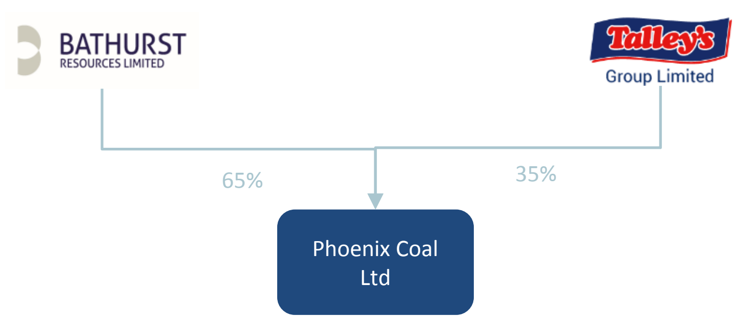
Phoenix Coal Overview

- Phoenix Coal Limited is a new entity created by Bathurst and Talley to acquire and operate the assets under an incorporated joint venture structure
- Phoenix Coal is owned 65% by Bathurst and 35% by Talley and is governed by a Board of Directors structured in line with the shareholding
- Phoenix Coal will hold the Rotowaro and Maramarua thermal coal mines, as well as the Stockton metallurgical coal mine

Talley's Group Locations



Phoenix Coal Ownership Structure



Phoenix Coal Funding Sources & Uses

Phoenix Coal will acquire the Rotowaro, Maramarua, and Stockton mines for an upfront cash consideration of NZ$46m funded through equity commitments from Bathurst and Talley's, and a bank debt facility provided by BNZ

Selected Asset Consideration

- Phoenix Coal has entered into a conditional sale agreement with Solid Energy to acquire certain mining assets from Solid Energy[1], including:
  - North Island operating assets of the Rotowaro mine, Maramarua mine, and certain asset at the Huntly West mine
  - Buller Plateau operating assets of the Stockton Mine, including Cypress, Upper Waimanagroa, Mt William North and the Ngakawau loudout
- Under the agreement, Phoenix Coal will acquire these assets for:
  - Cash consideration of NZ$46m
  - Contingent payments of up to NZ$50m based on a sliding scale of Phoenix Coal's actual coal sales revenue from the Stockton mine, subject to metallurgical coal prices being above certain thresholds with the first threshold being NZ$150/t. The contingent payment structure is subject to a maximum four year term and does not contain any volume or production commitments

Phoenix Coal Sources of Funds

Sources	Commitment[2]
Talley's Group (35%)	~NZ$14.0m
Bathurst Resources (65%)	~NZ$26.0m
BNZ Bank Debt Facility	NZ$15.0m
Total	**~NZ$55.0m**

Phoenix Coal Uses of Funds

Uses	Amount[3]
Upfront Cash Consideration	NZ$46.0m
Working Capital & Bonds	~NZ$9.0m
Total	**~NZ$55.0m**

[1] Please refer to Slide 5 for map detailing key asset locations.
[2] Commitments represent maximum raise sizes for all BRL funding sources and are subject to reduction at the discretion of BRL. For further detail on BRL's capital raising process please refer to Slide 8.
[3] Uses of funds are indicative only, and subject to revision by Phoenix Coal.

Bathurst Resources Funding Sources & Uses

Bathurst will fund its ~NZ$26m equity contribution to Phoenix Coal through a combination of an RCPS, Convertible Note, and Bond issuance

Funding Instrument Overview[1]

- A placement of redeemable convertible preference shares (RCPS) for an amount of A$11.3m was undertaken to institutional and sophisticated investors at an amount of A$0.022 per share
  - The pricing for the RCPS was set prior to the final commitment of investors on 21-Sep-16 and represented a discount to Bathurst's then 30-Day VWAP of A$0.0266 and a premium to the 90-Day VWAP of A$0.0197
  - Subject to shareholder approval, convertible into ordinary shares in Bathurst after the sale and purchase agreement becomes unconditional and before the maturity date (being 12 months from issue)
  - 12 month maturity date
  - Redeemable for the issue price (A$1,000) plus any unpaid dividend
  - Dividends payable on an semi-annual basis at:
    - 8% per annum if the Sale Agreement is conditional, prior to the 6 month dividend period; or
    - 12% if the Sale Agreement is unconditional and Bathurst elects to convert some but not all of the RCPS
- A placement of unsecured convertible notes (Convertible Notes) for an amount of A$7.5m was undertaken to institutional and sophisticated investors at an amount of A$0.0375 per share
  - Represented a 40% premium to Bathurst's then 30-Day VWAP and a 70% premium to the conversion price under the RCPS
  - Features include a 4 year term and a coupon of 8% per annum
  - Subject to shareholder approval, convertible into ordinary shares in Bathurst up to the maturity date (being 4 years from issue)
  - Redeemable for the issue price (A$1,000) plus any accrued and unpaid interest
- An issuance of term debt to institutional and sophisticated investors (Bonds) for an amount of US$8.5m was undertaken
  - Features include a 3 year term and an interest rate of 10% per annum
  - On maturity Bathurst will repay the issue price (US$100,000) plus any accrued and unpaid interest

Bathurst Resources Sources of Funds

Sources	Commitment[2]
RCPS	~A$11.3m | ~NZ$12.0m
Convertible Notes	~A$7.5m | ~NZ$8.0m
Bonds	~US$8.5m | ~NZ$11.9m
Total	**NZ$31.9m**

Bathurst Resources Uses of Funds

Uses	Amount[3]
Phoenix Coal Equity Contribution	~NZ$26.0m
Transition Costs	~NZ$3.0m
Transaction Costs	~NZ$2.9m
Total	**~NZ$31.9m**

Note: Figures converted to NZD using exchanges rates of AUD:USD 0.7602 and NZD:AUD 1.0635
[1] For full details of the capital raising refer to the BRL transaction announcement, released to the ASX 2-Nov-16.
[2] Commitments represent maximum raise sizes for all BRL funding sources and are subject to reduction at the discretion of BRL.
[3] Uses of funds are indicative only, and subject to revision by BRL.

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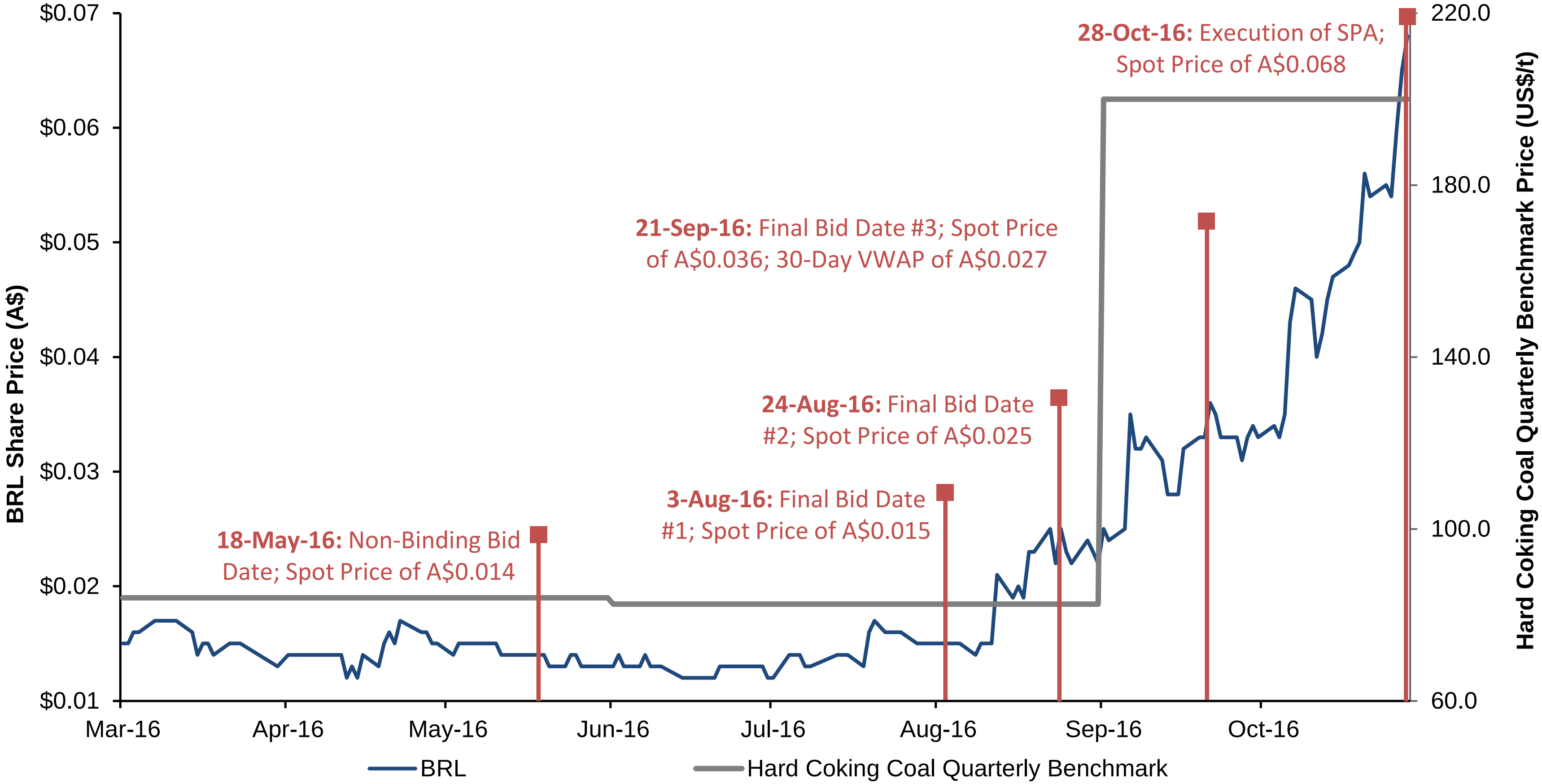
Capital Raising Pricing

Slippage in the process timetable coincident with a rally in the metallurgical coal price has reduced the discount/premium to which the instruments were originally priced



Source: Platts, CapIQ, as at 28-Oct-16

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Sale & Purchase Conditions

Phoenix Coal's sale and purchase agreement is conditional on, among other things, OIO approval. This is expected to occur between end Q1 2017 and Q2 2017

Sale & Purchase Conditions

- Phoenix Coal has signed a conditional sale and purchase agreement which requires approval by the New Zealand Overseas Investment Office (OIO)
- Whilst Bathurst and Phoenix Coal are confident of making a successful application to the OIO, through the formal regulatory process they cannot be definitive about the outcome or the timing of any outcome
- The best guide that can be provided is that OIO approval could be forthcoming at some point between the end of Q1 2017 and Q2 2017
- Bathurst's capital commitments will remain binding and certain throughout this period[1]

Key Process Milestones[2]

Key Event	Date
Sale Agreement signed	29 October 2016
Notice of Meeting sent to shareholders	On or before 18 November 2016
Annual General Meeting to consider, amongst other things, ordinary resolutions in connection with converting RCPS and Convertible Notes into ordinary shares	2 December 2016
Crown Approval and DOCA Approvals to be obtained by Solid Energy	On or before 14 November 2016
NZP&M Approvals	Expected Q1 2017 (required to later than 30 June 2017)
OIO Approval	Expected by end Q2 2017 (required to later than 31 July 2017)
Completion of the Transaction	Estimated to be during Q2 2017

[1] For further detail on BRL's capital raising process please refer to Slide 8.
[2] Note that these dates are indicative only, and subject to revision by the Company.

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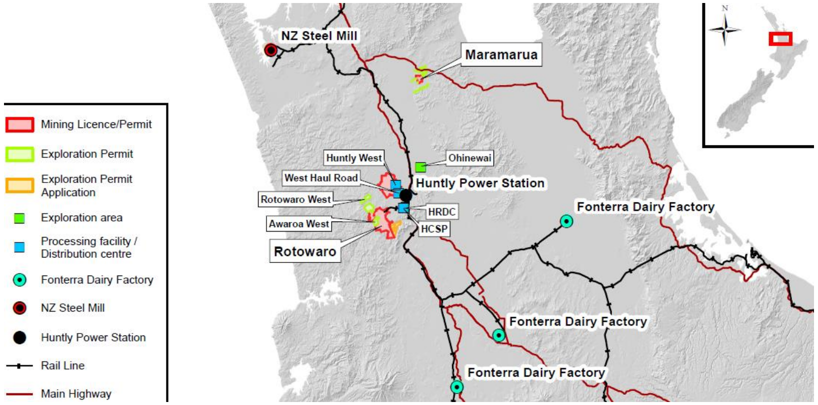
Rotowaro Overview

Rotowaro is an open cut mine located in the Waikato region of New Zealand producing a high-quality, low-ash thermal coal for the domestic market

Snapshot

- Status: production; O/C; domestic thermal coal (high-quality low-ash)
- Location: 9km West of Huntly, Waikato, New Zealand
- Operations
  - Mining: truck & shovel via 1 main pit currently mined
  - Throughput: 700ktpa (together with Maramarua)
  - Margin: NZ$25-35/t (based on anticipated production with Maramarua)
  - Other Infrastructure: 1.0Mtpa rail loadout facility linked to New Zealand Steel's Glenbrook mill
  - Rehabilitation: NZ$13.2m indemnity in place with the Crown to cover historical disturbances

Location



Historical Customers[1]

Fonterra

NEW ZEALAND STEEL

Talley's Group Limited

Resources & Reserves (100%)[2]

Rotowaro Resource Estimate, as at Dec-15

Category	Mt
Measured	2.9
Indicated	4.6
Inferred	11.1
Total	**18.6**

Rotowaro Reserve Estimate, as at Dec-15

Category	Mt
Proven	0.7
Probable	1.8
Total	**2.5**

Source: Solid Energy

[1] Note that these represent a selection of historical Solid Energy customers, and are not necessarily representative of what may be available to BRL upon financial close.

[2] Additional resources available include 9.9Mt from Rotowaro West and 0.3Mt from Awaroa West.

BATHURST RESOURCES LIMITED

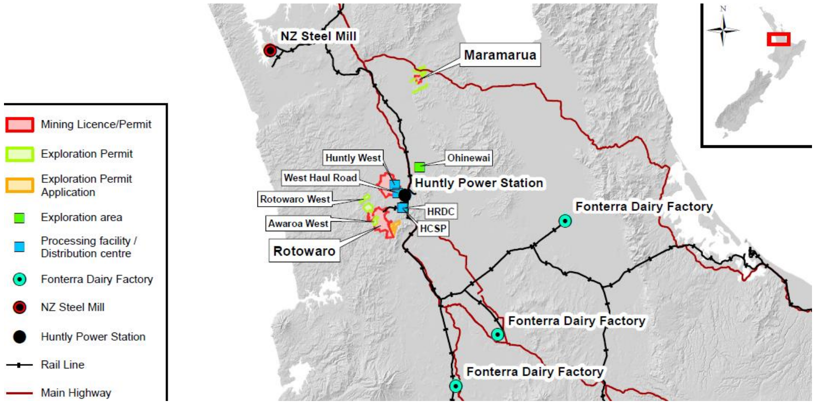
Maramarua Overview

Maramarua is an open cut mine located in the Waikato region of New Zealand producing a low-ash thermal coal for the domestic market

Snapshot

- Status: production; O/C; thermal coal (low-ash)
- Location: 45km North of Huntly, Waikato, New Zealand
- Operations
  - Mining: truck & shovel via 2 main pits currently mined
  - Throughput: 700ktpa (together with Rotowaro)
  - Margin: NZ$25-35/t (based on anticipated production with Rotowaro)
  - Other Infrastructure: screening & processing plant
  - Rehabilitation: NZ$3.3m indemnity in place with the Crown to cover historical disturbances

Location



Historical Customers[1]

Fonterra

New Zealand Steel

Talley's Group Limited

Resources & Reserves (100%)[2]

Maramarua Resource Estimate, as at Dec-15

Category	Mt
Measured	9.4
Indicated	0.7
Inferred	0.2
Total	**10.3**

Maramarua Reserve Estimate, as at Dec-15

Category	Mt
Proven	1.7
Probable	0.3
Total	**2.0**

Source: Solid Energy

[1] Note that these represent a selection of historical Solid Energy customers, and are not necessarily representative of what may be available to BRL upon financial close.

[2] Additional resources include 5Mt from Maramarua K4.

Stockton Overview

Stockton is an open cut mine located on the West Coast of New Zealand producing a low-ash metallurgical coal for export

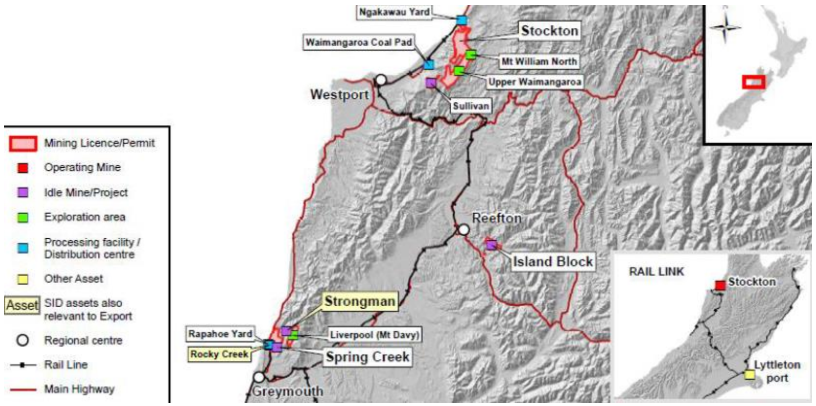
Snapshot

- Status: Production; O/C; export metallurgical coal (low-ash)
- Location: 25km North of Westport, West Coast, New Zealand
- Operations:
  - Mining: truck & shovel via 5 main pits (Rockies, A-Drive, No. 2 South, Millerton, and Cypress) currently mined
  - Throughput: optimised to 1.0Mtpa under current market conditions; CHPP with capacity of up to 1.8Mtpa
  - Unit cost: NZ$90-110/t at port
  - LOM: 11 years
  - Other Infrastructure: 2.5km aerial ropeway, 2.0Mtpa rail loadout facility linked to the Port of Lyttelton
  - Environmental: acid mine drainage (AMD) Deed of Commitment finalised with the Crown for assumption of historical liabilities
  - Rehabilitation: NZ$48.8m Crown indemnity to cover historical disturbances

Historical Customer Base[1]

MITSUBISHI CHEMICAL
NIPPON COKE & ENGINEERING
中国五矿集团公司 CHINA MINMETALS CORPORATION
TATA STEEL
सेल SAIL

Location



Resources & Reserves (100%)

Stockton, Cypress, & Upper Waimangaroa Resource Estimate, as at Dec-15

Category	Mt
Measured	1.9
Indicated	27.2
Inferred	42.7
Total	**71.8**

Stockton & Cypress Reserve Estimate, as at Dec-15

Category	Mt
Proven	1.4
Probable	10.9
Total	**12.3**

Source: Solid Energy

[1] Note that these represent a selection of historical Solid Energy customers, and are not necessarily representative of what may be available to BRL upon financial close.

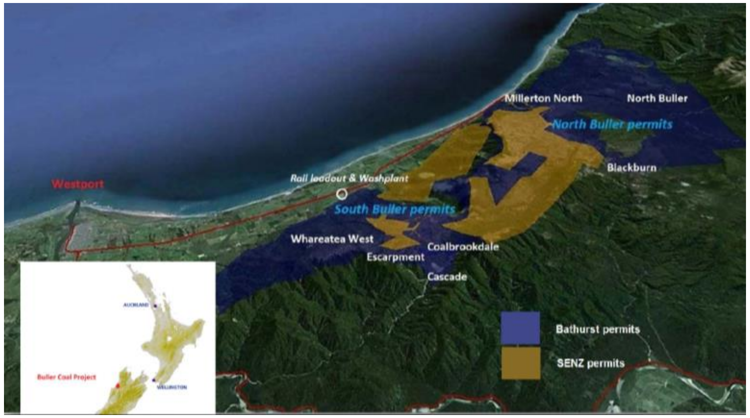
Strategic Rationale

The combination of the Solid Energy assets acquired with Bathurst's existing Buller Plateau assets could unlock material synergies for the Company

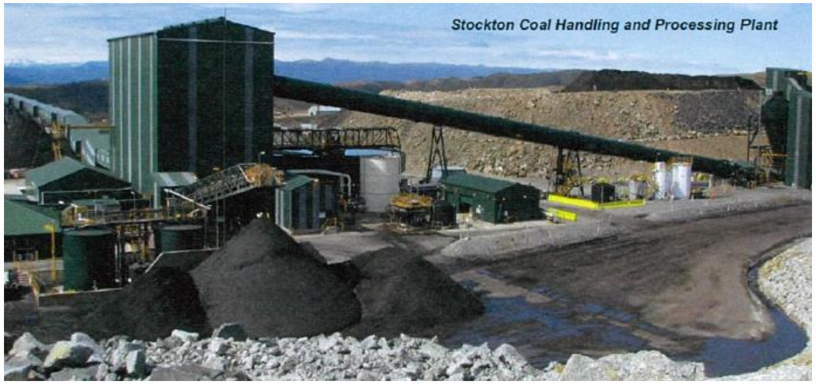
Strategic Rationale & Benefits

- The addition of these assets to Bathurst's existing portfolio will complete two key pillars of the Company's strategy that was set out 18 months ago:
  - Entry into the Export market in an efficient and scaleable manner
  - Exposure to the North Island domestic thermal market
- The acquisition of Stockton accelerates Bathurst's entry into the export market and provides Bathurst with an established platform of deep customer relationships, infrastructure, and resources
- Potential synergies with Bathurst's existing Buller Plateau assets:
  - Opportunities to achieve a premium blend characterised by a Stockton product with lower sulphur and improve the coking characteristics
  - Increased scale in the export marketing operation
  - Potential to leverage Stockton infrastructure to access Bathurst assets at Escarpment and at a later stage, Whareatea West

Asset Location

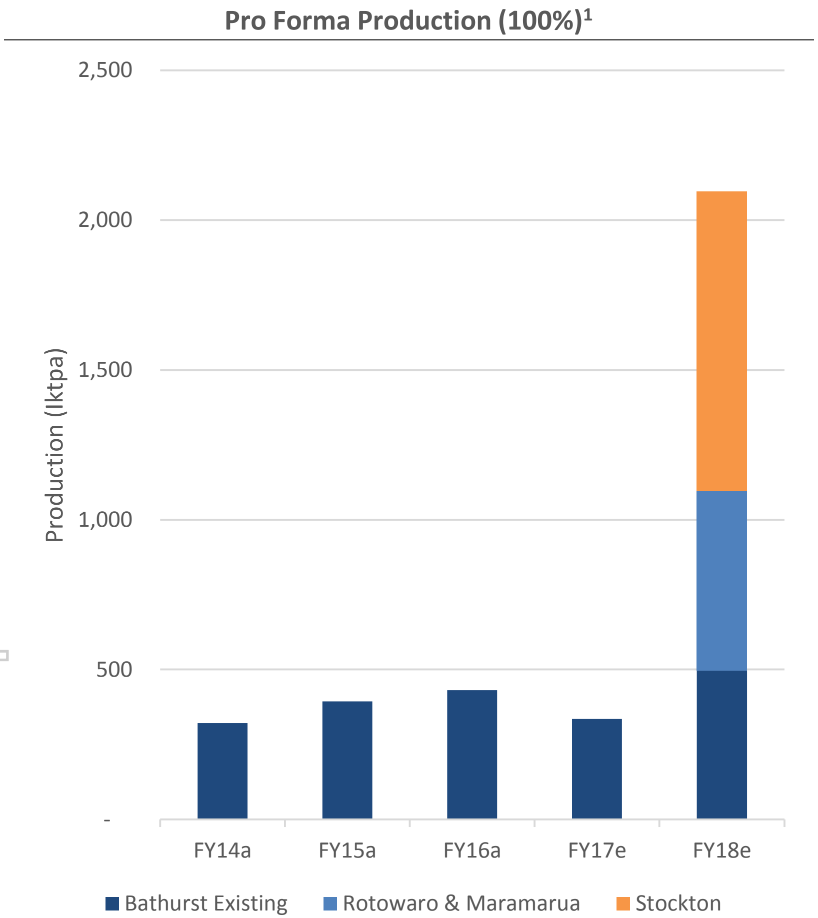


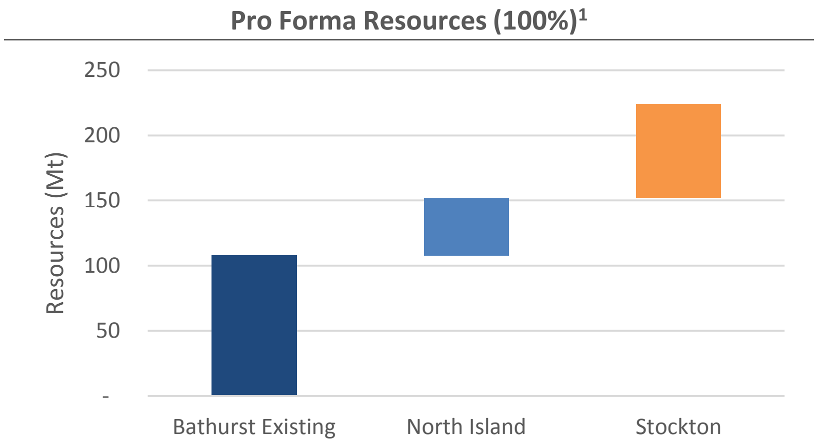
Stockton/Denniston Infrastructure

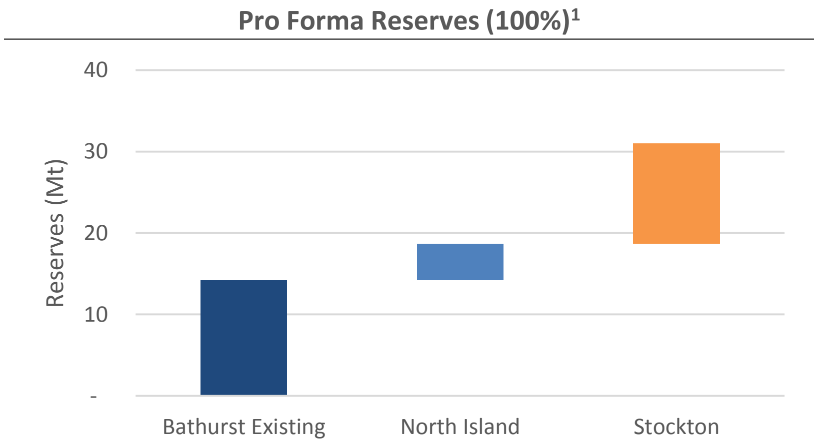


Pro Forma Bathurst Resources

The transaction could have a material impact on Bathurst's production profile, as well as its resource and reserve base







[1] *Assumes first year of full production including the Solid Energy assets acquired under the transaction occurs in FY18 and 100% ownership.*

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Risk Factors

There are risks associated with an investment in Bathurst and its subsidiaries (together, the Group). These can be categorised as specific risks (that is, matters that relate directly to the Group's business) and general risks (those that relate to the industry in general). Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many are outside the control of the Group and cannot be mitigated.

- The following is not an exhaustive summary but identifies the areas the board of directors of Bathurst regards as the major risks specific to an investment in BRL.

Acquisition and Company specific risks

- ***Regulatory approvals required to complete the acquisition***
  - Any acquisition of the target SENZ assets will require various regulatory approvals in order to complete. These include but are not limited to the Overseas Investment Office and New Zealand Petroleum and Minerals. Whilst the Company is confident that such approvals would be granted, an ultimate purchase of the SENZ assets would necessarily require the respective authority's approval and there is no certainty that approval will be provided.
- ***Crown indemnities***
  - A successful acquisition of target SENZ assets will include a Crown indemnity for the rehabilitation of historic environmental liabilities and treatment of existing acid mine drainage. The Crown indemnity for existing rehabilitation obligations is a discrete fund available to the purchaser, on a reimbursement basis, for works carried out in relation to site rehabilitation. Both the Vendor and the Company have completed a technical due diligence on the quantum of the rehabilitation obligations outstanding relative to the Crown indemnity fund available to complete such works. The calculation of any rehabilitation obligation is based on a number of estimates and judgements including the future timing and cost of remedial work and the standard of rehabilitation required by local government authorities. Should the actual rehabilitation cost incurred in the future differ from the assumptions inherent in calculating the present day indemnity, this could have a material adverse effect on the Company.
- ***Future Capital Requirements***
  - The Group may require additional capital for further development of its assets. No assurance can be given that such capital will be available at all or available on terms acceptable to the Group. If additional capital is raised by an issue of securities, this may have the effect of diluting Shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants which limit the Group's operations. If the Group cannot obtain such additional capital, the Group may not be able to fully operate and develop its assets which would adversely affect its business, operating results and financial condition. The Group's failure to raise capital if and when needed could delay or suspend the Group's business strategy and could have a material adverse effect on the Group's activities.
- ***Future payment of dividends***
  - The payment of dividends on BRL shares is dependent on a range of factors including the profitability of the Group, the availability of cash, capital requirements of the business and obligations under debt instruments. Any future dividend levels will be determined by the Board having regard to its operating results and financial position at the relevant time. That said, there is no guarantee that any dividend will be paid by the Company or, if paid, that they will be paid or franked at previous levels.
- ***Fluctuations in Coal Prices***
  - In the event the Company acquires the target SENZ assets, the supply of coal from the Stockton project is dependent upon the price of coal being adequate to make the project economic. Coal price fluctuations reflect a variety of inputs including world productions levels, international economic trends, currency exchange rate fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The combined effect of these inputs is impossible to predict with any certainty.
  - Future serious price declines in the market value of coal could cause the acquisition, development of, and eventually the commercial production from, the project to be rendered uneconomic. Depending on the price of coal, the Group could be forced to discontinue production or development. There is no assurance that, even as commercial quantities of coal are produced, a profitable market will exist for them.

Risk Factors

- ***Buller Coal Project***
  - BRL completed the acquisition of its Buller Coal Project in 2011. The acquisition contained an element of deferred consideration comprising cash consideration and/or royalties on coal sold. The deferred cash consideration is made up of two payments of US$40 million (performance payments), the first being payable upon 25,000 tonnes of coal being shipped from the Buller Project and the second payable upon 1 million tonnes of coal being shipped from the Buller project. The coal mined to date at Escarpment has triggered the first performance payment. The Company has the option to defer cash payment of the performance payment by paying a higher royalty on coal sold from the respective permit areas instead. While such payments are made the payment of a performance payment is not actionable breach under the sale and purchase agreement. The option to pay the higher royalty rate has been taken by the Company and sales at a low level are expected to continue from existing stockpiles whilst the Escarpment is on care and maintenance. The sale and purchase agreement also includes a trigger of the performance payments if there is a 'change in control' of the Project. The Company is of the view that so long as the appropriate royalty rate is paid on coal mined from the Project, the performance payments are not actionable default under the agreement, and it is not in breach of the agreement. Bathurst Resources Limited has the ultimate obligation for the deferred consideration payable on the Buller Project. The potential undiscounted amount of which is between nil and US$80 million.
- ***Reliance on information provided***
  - The Group undertook a due diligence process in respect of the target assets, which relied in part on the review of financial and other information provided by Solid Energy. Despite taking reasonable efforts, the Group has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data.
  - If any such information provided to and relied upon by the Group in its due diligence and in its preparation of this presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of the assets and the Group post-acquisition may be materially different to the expectations reflected in the presentation.
  - There is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the proposed acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise which will also have a material impact on the Group.

Mining industry risks

- ***Exploration and Evaluation Risks***
  - The success of the Group depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Group's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.
  - Exploration on the Group's existing or future exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.
- ***Ability to Exploit Successful Discoveries***
  - It may not always be possible for the Group to exploit successful discoveries which may be made in areas in which the Group has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Group's.
- ***Mining and Development Risk***
  - Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Group. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.
  - Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforseen events.

Risk Factors

- ***Resource Estimations***
  - Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Group encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Group's operations.
- ***Production and cost estimates***
  - The ability of the Group to achieve production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. The assets of the Group are subject to uncertainty with ore tonnes, grade, metallurgical recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment.
  - The Group prepares estimates of future production, cash costs and capital costs of production for its operation. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition.
  - Costs of production may also be affected by a variety of factors, including: product recoveries, labour costs, general inflationary pressures and currency exchange rates.
  - Unforeseen production cost increases could result in the Group not realising its development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Group's financial and operational performance.
- ***Commodity Price and Exchange Rate Risks***
  - To the extent the Group is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Group to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.
  - Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Group are and will be taken into account in New Zealand currency, exposing the Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the New Zealand dollar as determined in international markets.
  - In addition to adversely affecting the reserve estimates of the Group and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.
- ***Environmental Risks***
  - The operations and proposed activities of the Group in New Zealand are subject to New Zealand's environmental laws and regulations. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Group attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.
- ***Title Risks***
  - Interests in tenements in New Zealand are governed by legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Group could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.
- ***Joint Venture Parties, Agents and Contractors***
  - The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Group is or may become a party such as Phoenix Coal Limited or the insolvency or managerial failure by any of the contractors used by the Group in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Group for any activity.

Risk Factors

- ***Potential Acquisitions***
  - As part of its business strategy, the Group may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.
- ***Reliance on Key Personnel***
  - The Group's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the coal mining industry as well as the Group's ability to retain its key executives.
  - The loss of key personnel and management, and the failure to recruit sufficiently qualified employees could affect the Group's future performance. The Group has entered into employment contracts with a number of key personnel and management whose expertise and experience in the mining industry are important to the continued development and operation of its mining interests. A tightening labour market, an increasingly ageing population and a shortage of skilled labour in the New Zealand mining industry could result in the Group having insufficient employees or contractors to operate its business, which could adversely affect the Group's business, results of operations and financial position.
- ***Reliance on third parties***
  - By reason of the Group's use of contractors and other third parties for exploration, mining and other activities, it is to some degree reliant on others for the success of its current operations, development projects and exploration assets. While this is in line with industry practice, issues may arise with respect to the quality of the services or work performed by these third parties and can include delays, cost overruns, default risks. These issues have the potential to impact on the performance or liabilities of the Group.
- ***Competition***
  - The Group competes with other companies. Some of these companies have greater financial and other resources than the Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Group can compete effectively with these companies.
  - In addition, coal is an integral part of the energy supply of many countries, where it is considered as a conventional source of energy. While coal may currently be provided at a lower cost to alternative energy sources (such as uranium, solar, wind and geothermal) future advancements and developments may allow these alternatives to become reliable low cost, low emission sources of energy.
  - Furthermore, due to the emission of large amounts of greenhouse gases as a result of the burning of coal for energy, the continued use of coal may result in negative public perception of coal and coal mining companies.
  - The impact of these factors could potentially have an adverse impact on the financial performance of the Group.
- ***Insurance and Uninsured Risks***
  - The business of the Group is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Group or others, delays in mining, monetary losses and possible legal liability.
  - Although the Group intends to ensure that insurance is maintained to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons.
  - Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Group or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Risk Factors

- ***Government Regulation***
  - The mining, processing, development and mineral exploration activities of the Group are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Group intend to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Group.
  - Investors should be aware that policies being developed by various international governments may become increasingly negative towards the development and production of fossil fuels, in particular, coal. The view of the Directors is that coal should and will, have a growing role in the fuel mix if global prosperity is to be sustained. However, the Group is operating in an international environment where it must abide by these laws. There is a risk that governments will take actions which will damage the economics of coal productions and thus reduce the value of the Group's assets.

General investment risks

- ***Economic and political risk***
  - Factors such as, but not limited to, general economic and political conditions in New Zealand and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, industrial disruption, environmental impacts, international competition, changes in employment levels and labour costs, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in New Zealand and foreign taxation laws and changes to dividend imputation in New Zealand may have an adverse effect on the Group's exploration, development and future production activities, as well as on its ability to fund those activities. These factors may also adversely impact on the Group's revenues, operating costs, profit margins and share price. These factors are beyond the control of the Group and its Board and the Group cannot, to any degree of certainty, predict how they will impact on the Group.
- ***Regulatory risk***
  - Changes in laws, regulations and government policy may affect the Group and the attractiveness of an investment in the Group positively or negatively. The mining sector in which the Group operates is subject to extensive legislation, regulation and supervision by a number of regulatory bodies in multiple jurisdictions.
- ***Market conditions***
  - The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Group nor the Directors warrant the future performance of the Group or any return on an investment in the Group.
- ***Security investments***
  - Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of shares in the Company regardless of the Group's performance.
  - There is no guarantee of profitability, dividends, return of capital, or the price at which BRL shares will trade on the ASX. The past performance of BRL shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value.

Risk Factors

- ***Liquidity risk***
  - There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid for their shares.
- ***Capital availability***
  - Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business. The Group's development may be affected by availability of funding which would impact on its ability to establish business operations in the expected time frame and/or at its current levels.
- ***Taxation***
  - Future changes in taxation law in Australia, New Zealand and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in New Zealand or other jurisdictions, may impact the future tax liabilities of the Group or may affect taxation treatment of an investment in BRL shares, or the holding or disposal of those shares.
- ***Force majeure events***
  - Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Group and the price of BRL shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the Group's business.

Other

- Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Group's business or trade.

Competent Person Statements

Bathurst Resources Competent Person Statement

The information on this report that relates to mineral resources for Deep Creek and the mineral reserves for Escarpment Export and Whareatea West is based on information compiled by Sue Bonham-Carter who is a full time employee of Golder Associates (NZ) Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Sue Bonham-Carter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results , Mineral Resources and Ore Reserves'. Sue Bonham-Carter consents to the inclusion in this report of the matters based on her information in the form and context in which it appears above.

The information in this report that relates to exploration results and mineral resources for Escarpment, Cascade, Coalbrookdale, Whareatea West, Millerton North, North Buller, Blackburn, Takitimu, Canterbury Coal, New Brighton, Rotowaro, Maramarua, Stockton, Cypress, and Upper Waimangaroa and the mineral reserves for Takitimu, Rotowaro, Maramarua, Stockton, and Cypress is based on information compiled by Hamish McLauchlan as a Competent Person who is a full time employee of Bathurst Resources Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. McLauchlan has a B.Sc and M.Sc

(Hons) majoring in geology from the University of Canterbury, and has had 19 years of experience in the mineral resource industry in New Zealand and offshore. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLauchlan consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears above. This presentation accurately reflects the information compiled by the Competent Person.

The information on this report that relates to mineral reserves for Escarpment Domestic and Canterbury is based on information compiled by Terry Moynihan who is a full time employee of Core Mining Consultants Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Moynihan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.