

September 2018

Quarterly Report

Executive Summary

We are pleased to report that Q1FY19 has largely met or exceeded key operational and financial targets, leading to an upgrade in our consolidated FY forecast EBITDA to \$92m. This reflects our commitment to delivering high quality coal, with a focus on operational efficiencies and a safe working environment.

Bathurst continued its investment into exploration during the quarter for extension of current operations and growth projects. Negotiations with all stakeholders on the extension to the Rotowaro operations with the Waipuna West project have continued and are close to finalisation. Crown Mountain's summer drilling programme proceeded according to plan.

Health, Safety and Environment

The implementation of a revised three stage fitness for work programme has commenced. Stage 1 of the programme has begun at Rotowaro and Maramarua, focusing on updating medical assessments to create greater alignment with international coal health standards. Over the coming quarters, activities will include Stage 2 education programmes such as fatigue management and drugs and alcohol management, and Stage 3 greater coordination of similar exposure group health monitoring to on-the-job exposure monitoring. The rolling programme will continue to other sites in Q2.

Risk management training continues as a key safety activity, where four levels of risk management training is being completed, and the tracking of the use of risk management tools is ongoing.

Highlights



No lost time injuries



Operations have met production and sales targets



Consolidated* cash balance \$47.5m



Upgrade in FY consolidated EBITDA guidance to \$92m

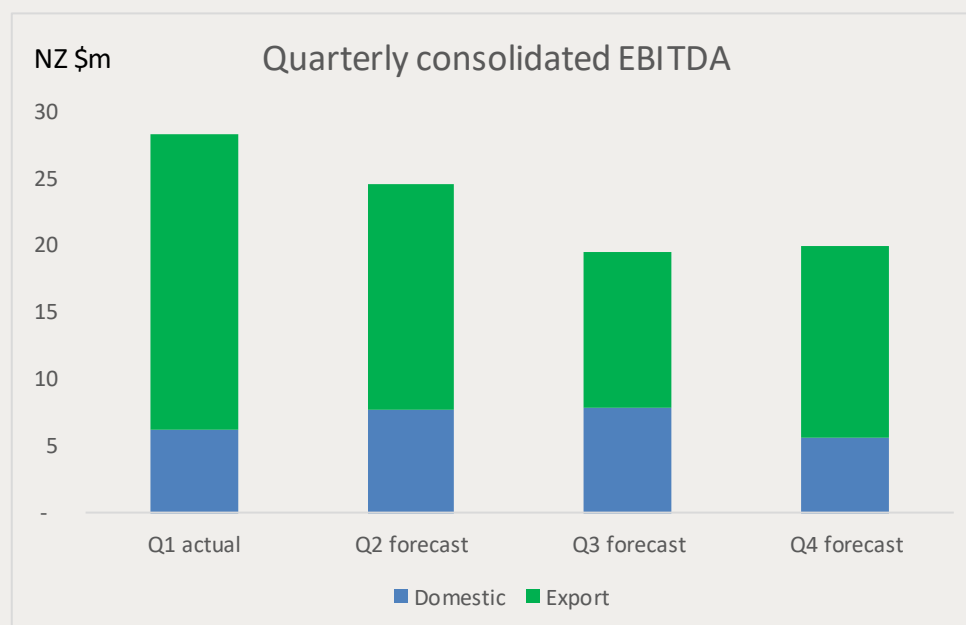
September 2018 Performance Metrics

September Quarter	* Export 100% Basis	* North Island Domestic ("NID") 100% Basis	South Island Domestic ("SID") 100% Basis	BRL Equity Share
Physicals				
Production (kt)	294	214	82	412
Sales (kt)	**305	227	82	428
Overburden (Bcm '000)	1,119	2,860	1,173	3,760
Financials				
Sales Revenue (NZD '000)	**\$69,281	\$23,394	\$8,282	\$68,521

* Export and NID are held through BT Mining @ 65%

** Reporting of Export includes third party sales which aligns with statutory reporting

EBITDA quarterly forecast



Note that Domestic includes both Bathurst and BT Mining Corporate EBITDA

Operations Review

Export (Stockton) (65%)

Overburden and coal production achieved budget for the quarter. Free on Board cost per tonne was below forecast due to the realisation of mine planning initiatives, high availability and productivity rates for large diggers and favourable weather conditions. Sales volume exceeded budget with five shipments as one October shipment was brought forward into the September quarter.

To reduce the export sale price exposure, BT Mining had contracted forward sales at the end of the quarter of 230kT of hard coking coal, at an average price of NZD \$262.0 per tonne.

NID (65%)

Rotowaro

Production was 14kt ahead of budget due to increased sales, with overburden in line with budget.

Preparation work for the Waipuna West extension commenced with the clearing of land ready for bulk overburden removal to start during the second quarter of FY19.

Maramarua

Production was marginally ahead of budget for the quarter, with overburden behind during July and August due to weather. Some of this deficit was recovered during September as conditions improved.

Development of the K1 area of the mine is progressing well.

SID (100%)

Takitimu

Waste movement for the quarter was focused on Coaldale East Stage 1 and was 81kbcm higher than budget due to better than expected weather conditions. Production was in line with forecast.

Canterbury

Better than expected weather coupled with short haul dumping into the completed oyster pit, meant targets for overburden were exceeded (145kbcm better than budget). In addition, production was higher than budgeted off the back of increased sales to dairy industry customers.

Exploration and Development (100%)

Buller Project

Two holes were completed in the Upper Waimangaroa Mining Permit in an area known as "Marshalls". This is part of an ongoing programme of conversion of resource to reserve in the Buller area.

Resource consents and DOC access have been granted for drilling in the Whareatea West footprint. This will be part of the Buller programme of drilling with a total of 20 holes planned across the Buller project.

Domestic

Key highlights were for the Canterbury mine, namely:

- Completion of the Canterbury exploration north of main office area. Seams intersected below the zone are generally consistent in thickness and depth.

- Update of the Canterbury reserves and resources.
- Albury EP 54846 extension of duration was granted until March 2023.

Crown Mountain

Management are pleased with the progress made in the summer exploration drilling programme which is near completion. The additional data from this programme will be incorporated into a revised geological model and coal quality database. For full progress details refer to Jameson Resource's ASX release under ASX code JAL on 10 October 2018.

Corporate

Capital

Consolidated cash balance attributable to BRL (including restricted short term deposits) was \$47.5 million. External debt consists of the USD Bonds and Convertible Notes.

Coverage Initiation

Bell Potter, one of Australia's largest full service stockbrokers and a leading financial advisory firm, released its coverage initiation for Bathurst on 15 October 2018. For details contact Stuart Howe at Bell Potter.

Litigation

Bathurst (and Buller Coal Ltd) have lodged an appeal to the Court of Appeal against the unfavourable judgment issued by the High Court in respect of the claim made against Bathurst (and Buller Coal Ltd) by L&M Coal Holdings Ltd. It is expected that the appeal will be heard by the Court of Appeal in the March 2019 quarter. Based on legal advice the Board remains confident in its view that Bathurst will be successful on appeal.

FY19 guidance confirmed with Q1 performance

	Export	NID	SID	BRL Equity Share
Production (kt)	1,115	809	392	1,644
Margin (NZ\$/tonne)	\$90*	\$32	\$26	
EBITDA (NZ\$m)**	\$100m	\$26m	\$10m	\$92m avg (\$90m to \$94m range)
Cash cost (av) (NZ\$/tonne at port)	\$97			

* This is the average margin across all sales types including thermal coal sales. Coking coal price assumption for unexpired period is based on 80% of benchmark average of US\$176 coking coal price at \$0.68 NZ:USD.

** NID includes BT Mining's Corporate business unit, SID includes BRL's Corporate business unit.



Share price at 30 September 2018:
AUD 11.0 cents
Issued Capital at 30 September
2018:
1,596 million ordinary shares
Market capitalisation:
AUD \$176M

Bathurst Resources Limited
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Chief Executive Officer
Richard Tacon

Directors
Toko Kapea – Chairman
Richard Tacon – Executive Director
Peter Westerhuis – Non Executive Director
Russell Middleton – Executive Director

Substantial holders
Republic Investment Management Pte Ltd: 19.9%
Asian Dragon Acquisitions Ltd: 10.0%
Chng Seng Chye: 6.7%

ASX Code: BRL
Website and email
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Company Secretary
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Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars and quoted at 30 June 2018.

BATHURST
RESOURCES LIMITED