



December 2017

Quarterly Report

Highlights

- » Zero lost time injuries during the quarter
- » Company performance exceeding guidance
- » FY18 EBITDA forecast for Bathurst – NZ\$85M
- » Steady state operating environment allows improved margins

Executive Summary

Bathurst completed the first full quarter of operations post the settlement the purchase of ex Solid Energy assets. The transition has proceeded to plan and has allowed Bathurst to take full benefit of the favourable international hard coking coal pricing. The activities this quarter concentrated on getting the newly acquired operations to safe steady state production levels at budget costs. This was achieved, and we will continue to improve the cost base.

Health Safety and Environment

Bathurst's operating mines, project works and exploration activities recorded zero lost time injuries for the quarter.

As part of the integration of the new assets into the Bathurst group of operations, December observed the completion of 34 working days of broad brush risk assessments and principal hazard risk assessments. The importance of principal hazard identification using a cross section of the workforce cannot be underestimated and it was pleasing to see the overwhelming positive response for participation from our new employees. The actions from the risk assessment will now be built upon through site wide documentation reviews.

Bathurst is disappointed to report that Canterbury mine has continued to have issues with the planned sediment control structures being delayed. The mine has recorded again some minor breaches of its resource consent conditions in this quarter and received a second set of infringement notices from the regional council in early December. The root cause of the breaches was identified in the last quarter and the site has been working hard to rectify the situation by completing the multifaceted tasks required as expeditiously as possible.

The Canterbury mine also was served with an abatement notice by the district council just prior to Christmas arising out of a disagreement between the council and the company as to the number of heavy vehicle movements permitted at the mine. The council has now agreed to withdraw the abatement notice and the matter is being resolved through a resource consent process.

December 2017 Quarter Performance Metrics

December Quarter

	**Export 100% Basis	NID 100% Basis	SID 100% Basis	BRL Equity Share
Physicals				
Production (kt)	269	215	103	418
Sales (kt)	339	218	120	482
Overburden (Bcm '000)	609	2,697	1,185	3,334
Financials				
Sales Revenue (NZD '000)	\$68,912	\$21,816	\$11,192	\$70,165

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

December YTD

	**Export 100% Basis	NID 100% Basis	SID 100% Basis	BRL Equity Share
Physicals				
Production (kt)	367	298	191	623
Sales (kt)	393	288	188	631
Overburden (Bcm '000)	803	3,260	2,012	4,653
Financials				
Sales Revenue (NZD '000)	\$80,503	\$28,587	\$18,032	\$88,941

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

The cost per tonne for Export is as per guidance. The cash margins for the North Island and South Island Domestic operations are as per guidance.

Operations Review

Export/ Stockton

Overburden and coal production exceeded budget for the quarter. Free On Board cost per tonne was as forecast. Sales volume for December quarter exceeded budget with six shipments made. Changes in pit layouts are starting to show good results with overburden removal daily rates increasing.

North Island Domestic

Rotowaro

Production was above budget for December quarter. Coal sales have been slightly above budget in part due to additional sales and replacing coal sales from Maramarua. Coal stocks have been rebuilt to above minimum levels.

Overburden was above budget for the quarter and almost in line with the year to date target.

Maramarua

Production was below budget for the quarter as all sales from site were suspended in early December, with supply replaced from Rotowaro. A known fault was found to be lying at a flatter angle than modelled. Combined with the poor stripping performance due to inclement weather in the previous quarter, this resulted in the mine being unable to continuously supply coal from this block. A thorough review and update of the geology model, including a drill program, was completed in December to develop the mine plan for resupply.

Overburden removal was behind budget for the quarter mainly due to a shortage of operators. Recruitment for a third crew was advanced by the end of the quarter, with the full complement expected to be in place by the start of February. Meantime, the focus continues to be on productivity improvements.

South Island Domestic

Takitimu

Coal production was in line with budget although Takitimu supplied some coal sales budgeted to be supplied from Canterbury. Dry conditions have affected milk production hence dairy factory coal demand has been down for the quarter.

Overburden was ahead of budget to ensure continuous supply to customers with the additional budgeted sales diverted from Canterbury.

Canterbury

Production was below budget for the quarter due to the lingering effects of the poor stripping performance due to inclement weather in the previous quarter. As a result, some sales were diverted to Takitimu during the quarter to enable the mine to complete the expansion phase.

Overburden removal was ahead of budget for the quarter reducing the year to date deficit. All major civil works, in particular the sediment control structures, have been substantially completed during the quarter enabling the site to focus on mining. Further work to fully complete the works require consents that have been lodged with council.

Exploration and Development

Buller Project

Bathurst has continued to evaluate the Denniston assets. The purchase of the Sullivan coal mining license from Solid Energy settled on 19 Jan 2018. An update of the overall geologic model has been completed. The pre-feasibility study has been updated to reflect the increased area of resource. Work is progressing to gather further coal washability data based on the coal from Denniston being processed by the Stockton wash plant. Environmental data collection activities are continuing to build the data required to support the consenting process.

Exploration and Permits

Exploration during the quarter concentrated on the work programs required to meet operational planning and permit requirements.

This primarily relates to updating and validation of the geologic models at New Brighton, Denniston, Canterbury and Takitimu.

The company Resources and Reserves statements were updated and released during the quarter. A significant increase was reported due to the introduction of the ex Solid Energy assets to the resource and reserve base.

Corporate

Litigation

Bathurst advises that a court date has been set down for the claim raised by L&M Coal Holdings Limited against it in respect of the Buller Coal project acquisition, as announced to the market on 23 December 2016. The hearing is set to commence on 12 February 2018 for a period of two weeks. As previously noted, Bathurst will vigorously defend this claim.

Auditors

BRL is pleased to announcement the appointment of KPMG as the company's auditors. KPMG have also been appointed as auditors of BRL's Joint Venture, BT Mining Limited.

FY18 Guidance confirmed with second quarter performance

	Stockton	North Island Domestic	South Island Domestic	BRL Equity
Production	0.9mt Product	850kt Product	400kt Product	1.6mt Product
Cash cost (av)	NZ\$100/tonne at port			
Margin	NZ\$95/tonne	NZ\$29/tonne	NZ\$30/tonne	
EBITDA	NZ\$83m-90m	NZ\$20m-27m	NZ\$12m	
BRL share of EBITDA	NZ\$54m-59m	NZ\$13m-18m	NZ\$12m	NZ\$79m-NZ\$89m NZ\$85m(av.)



Share price at 31 Dec 2017:

AUD 15.0 cents

Issued Capital at 31 Dec 2017:

1,513,164,577 Ordinary Shares

Market capitalisation:

AUD \$223M

Bathurst Resources Limited

Level 12, 1 Willeston Street
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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: 19.3%
Asian Dragon Acquisitions Ltd 10.0%

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 31 December 2017.