

27 February 2019

Market Announcements Office
 Australian Securities Exchange
 Level 4, 20 Bridge Street
 Sydney NSW
 Australia

BATHURST DELIVERS RECORD FINANCIAL PERFORMANCE, CONTINUING TO FOCUS ON THE STEEL SECTOR

Bathurst Resources Limited ("Bathurst") (ASX: BRL) is pleased to announce a record net profit after tax of \$25.4m for the half year ended 31 December 2018 (pcp loss of \$12.4m).

Financial highlights	H1 FY19	H1 FY18	
	\$m	\$m	
Revenue	144.8	100.6	Significant increase in results benefiting from a full six months of BT Mining operations.
EBITDA¹	54.0	40.8	Net cash maintained despite significant investments during the period.
NPAT*	25.4	(12.4)	
Cash	26.6	22.3	<i>*Pcp included one-off non-cash fair value movements on derivatives related to the corporate convertible notes.</i>
Investing cashflows	(43.3)	(26.8)	

The prior period incurred one-off non-cash adjustments on the convertible notes, whilst the current period has benefited from a 43.9% increase in revenues to \$144.8m (pcp \$100.6m) and \$24.0m equity accounted profit share from a full six months of BT Mining operations.

CEO Richard Tacon said "the results were very pleasing, with the transition of all operations to Bathurst management now complete.

During this period we have focused on maintaining stability and supporting a safe working environment, with an emphasis on low cost production. Key investments in current operations and overseas opportunities during the period have also set us up well for continued future growth, with sales and production continuing to meet guidance".

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

FY19 guidance	Metric	Export	North Island domestic	South Island domestic	Bathurst equity share
Production	Mt	1.1	0.9	0.4	1.7
Margin	\$/t	\$97 ²	\$42	\$27	
EBITDA³	\$m	\$108m	\$38m	\$10m	\$105m
Cash cost (average)	\$/t at port	\$100			

The mix of sales volumes and revenue under management to steel making customers in Asia and New Zealand were 67% and 75%, respectively. With forecast global demand staying strong the outlook remains positive for coking coal prices for the remainder of FY19.

Accordingly, Bathurst increased its profit guidance for the second consecutive quarter to \$105.0 million EBITDA for the financial year ended 30 June 2019.

Operations

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

Measure	H1 FY19	H1 FY18	
Production kt	1,205	856	Sales and production continue to meet guidance with additional stripping undertaken to reduce unit costs of production for future periods.
Sales kt	1,284	869	
Overburden Bcm '000	10,407	6,075	Mix of sales volumes and revenue to steel making customers at 67% and 75% respectively.

Export

The Stockton export coking coal mine benefited from strong export prices for the first six months of FY19 at an average price received of NZD \$214/t, contributing \$34.8m equity share of consolidated EBITDA to Bathurst.

² 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\$182 coking coal price at \$0.68 NZ:USD.

³ North Island domestic includes BT Mining's corporate business unit, South Island domestic includes Bathurst's corporate business unit.

Domestic

North Island domestic operations contributed \$14.3m equity share of consolidated EBITDA to Bathurst. During the reporting period the Rotowaro mine was transitioned to owner operator with significant investment made to purchase the contractor mining fleet. This will enable the development of a new resource within Rotowaro's current area of operations, extending the life of the operations for a further four years.

South Island domestic operations EBITDA increased 27% to \$11.2m for the six month period, reflecting an increase in sales revenue which is primarily volume driven.

Key growth projects

Canada	Crown Mountain project – coking coal joint venture.
South Island, New Zealand	Drilling and consenting works underway in Bathurst's Buller (Denniston plateau) project to assess converting resources to reserves.
North Island, New Zealand	Ruawaro extension project for the Rotowaro mine underway.

Continued strong financial management

Cash management

Cash levels have been maintained, with operating cashflows of \$44.1m representing EBITDA less tax paid and movements in working capital.

Investing cash outflows were \$43.3m during the period. Significant investment was made in mining equipment replacement at Stockton which will reduce unit operating costs and increase efficiencies.

Bathurst also increased investment at its Rotowaro operations to extend North Island operations (\$10.2m), and additional stripping of \$13.5m was advanced during the period across all operations to reduce the unit cost of production for future periods. Drilling also commenced as part of a wider Denniston Plateau integration project to assess converting resources to reserves.

A new joint venture was finalised during the period with ASX-listed Jameson Resources Limited. Bathurst invested \$7.7m in the Crown Mountain coking coal project which is located in the Elk Valley in British Columbia, Canada. For further information, refer to note 8 in the 31 December 2018 interim financial statements.

Corporate

Bathurst's on-market share buybacks commenced in October 2018, and at the end of the reporting period a total of 11.6m shares had been bought at an average price of AUD 12.3 cents per share.

No dividends were paid or declared in the six months to 31 December 2018 (pcp nil).

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 10 of the 31 December 2018 interim 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, with the hearing date set for three days from the 20 to 22 August 2019. Based on legal advice, Bathurst believes that it is more likely than not that it will be successful in the Court of Appeal. 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.

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: 20.0%
Asian Dragon Acquisitions Ltd 8.7%
Chng Seng Chye: 6.7%

ASX Code: BRL

Website and email

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Share price at 31 December 2018:
AUD 12.5 cents
Issued Capital at 31 December 2018:
1,584 million ordinary shares
Market capitalisation:
AUD \$198M