BATHURST RESOURCES LIMITED

Quarterly Report

June 2019

Highlights

- Exceeded consolidated* FY EBITDA guidance to $106m, a 13% uplift on PY.
- Off-market minimum holding share buyback facility successfully completed, with a 73% uptake by eligible shareholders.
- Receipt of the Innovation Award at the NZ Minerals Forum.
- Consolidated cash at 30 June $38.5m.
- Accomplishment of several key milestones in the advancement of the Crown Mountain project (Bathurst's Canadian joint venture).

Executive summary

Preliminary results show the Group exceeding previous EBITDA guidance, achieving $106m consolidated EBITDA. All operations performed as expected and in line with budget, benefiting from strong export pricing and cost control across the Group.

Year-end consolidated cash was $38.5m, reflecting investing and financing investments off the back of strong operating results. A waterfall of H2 key cash movements is provided in this report.

Management are delighted to note the receipt of the Innovation Award, one of four awards given at the NZ Minerals Forum held in May. This event is a two-day conference showcasing the NZ mining sector and educating the NZ mining community.

The award recognises the innovation in life of mine planning, synergies targeting productivity and market improvements at the Canterbury coal mine.

Health, safety and environment

There were two lost time injuries during the quarter:

- At Canterbury an operator injured their back during a manual handling incident.
- At Rotowaro a mechanic re-injured their elbow driving within the mine, where the initial injury was slipping whilst climbing a ladder nine months previous.

We have continued to progress the internally developed health monitoring programme with two thirds of the workforce having completed the initial stage. This programme was a finalist for the H&S award as part of the recent Minerals Forum.

A training programme for leadership and supervision has commenced across all sites, targeting key areas for effectively managing people to bring improvement in HS&E results.

* Consolidated in this document means 100% Bathurst and 65% equity share of BT Mining (export and North Island domestic segments)

Note that all financial figures in this document are in the process of being audited and as such may change.

Performance metrics

June quarter	Export 100%	NID* 100%	SID* 100%	BRL equity share
Production (kt)	273	191	73	**374**
Sales (kt)	309	207	76	**412**
Overburden (Bcm '000)	1,002	2,427	905	**3,134**
Sales Revenue (NZD '000)	$70,735	$21,260	$10,313	**$70,110**
June full year				
EBITDA ($m)**	**$103.1m**	**$44.3m**	**$10.3m**	**$106.1m**
Production (kt)	1,083	891	370	**1,653**
Sales (kt)	1,178	905	396	**1,750**
Overburden (Bcm '000)	4,522	11,703	4,283	**14,829**
Sales Revenue (NZD '000)	$265,858	$94,242	$52,744	**$286,809**

* *North Island domestic and South Island domestic. NID EBITDA includes BT Mining's Corporate business unit, SID includes BRL's Corporate business unit and operating costs from mines on care and maintenance.*

*** Realised FX hedging on export sales is now being reported in the export segment. Previous guidance had this sitting within NID (as a corporate item).*

H2 EBITDA to cash

Operations review

Export (Stockton) (65%)

There were six shipments in the June quarter with sales of 309kT, achieving budget for full year. Continued mine plan improvements offset adverse weather impacts during the quarter maintaining production as forecast.

Overburden was marginally ahead of budget, reflecting the previous quarters undertaking of contractors in pre-stripping. Free-on-board cost per tonne was above forecast for the quarter due to higher than anticipated June costs due to changes in the sales mix and reduced reliance on stockpile coal as future value stocks near depletion.

To reduce the export sale price exposure, BT Mining revised its contracted forward sales out to December 2019 to 135kt at an effective average price of NZD $267 per tonne.

NID (65%)

Rotowaro

Overburden was marginally behind for the quarter and YTD due to adverse weather and machine availability, which impacted on production, however sales were still achieved. This will be recouped in FY20 with no risk to meeting FY20 sales.

Maramarua

Production was ahead for the quarter and YTD to meet increased sales demand. A catch up on overburden was achieved in the quarter, however came in 305kbcm behind for the full year due to machine availability and operator vacancies which have now been recruited. A contractor has been mobilized to cover the remaining shortfall during Q1 of FY20.

SID (100%)

Takitimu

Quarterly and full year production targets were met, with the focus for overburden in the quarter in the Black Diamond pit.

Canterbury

Coal production was slightly ahead for the quarter, but full year 21kt less than budget. The lower production was due to reduced sales with consent constraints on the number of truck movements from site; a consenting programme is in place and progressing.

Overburden removal was 14% greater than budget and the site is well set for the coming financial year.

Exploration and development

Buller Project

The drilling programme for the Buller project is underway in Whareatea West to recover samples for coal wash-ability testing. Planning for additional drilling programmes is well advanced. Baseline studies continue to be progressed.

Domestic

Prefeasibility studies of the Ruawaro project (potential Rotowaro extension project) continued to be progressed.

Crown Mountain (earn in up to 50%)

Execution of the bankable feasibility study ("BFS") is well underway, with the appointment in May of an experienced and highly regarded project manager to help drive the project forward. The wash plant and coal handling portion of the BFS has commenced and is targeted for completion by late October 2019.

Drafting of the Application for Environmental Assessment continued to make progress with key meetings held with regulators and stakeholders to achieve consensus going forward.

Bathurst is pleased with the progress being made and continues to support the next investment phase of the project.

For more detailed information refer to ASX announcements for Jameson Resources Limited (ASX: JAL).

Corporate

On-market share buybacks

A further 7.0m shares were bought back during the quarter, bringing the total bought back to 30.5m at an average price of AUD 0.128 per share.

Litigation

Bathurst (and Buller Coal Ltd) 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. The hearing in the Court of Appeal is scheduled for the 20 – 22 August 2019, with Bathurst's submission submitted in July.

FY20 guidance

	Metric	Export	NID	SID	BRL equity share
Sales	kt	1,246	800	312	1,642
EBITDA	NZD $m	$69.9m	$39.2m	$7.5m	$78.4m

- Driving the decrease in export FY20 EBITDA is the export sales price, which is based on 80% of an average HCC benchmark of USD $177.50 at $0.6875 NZ:USD across all sales types including thermal coal sales. This compares to an average HCC benchmark of USD $204.56 in FY19. The budget for market pricing for FY20 follows a mid-point from a consensus of analyst forward price paths, anticipating the market to soften in the coming quarter as pressure on raw material pricing increases following steel margin reduction.
- The EBITDA contribution of the domestic and corporate segments of the Group decrease slightly in FY20. The Canterbury mine is the driver of the decrease in production for SID, driven by the loss of a customer in the area and realignment of production to support strategic customers. NID's reduction in profitability is coming through from the Maramarua mine, due to movement into the higher strip ratio K1 block.

Investor relations

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At the date of this release:

Share price: AUD 12.5 cents
Issued Capital: 1,694 million ordinary shares
Market capitalisation: AUD $212M

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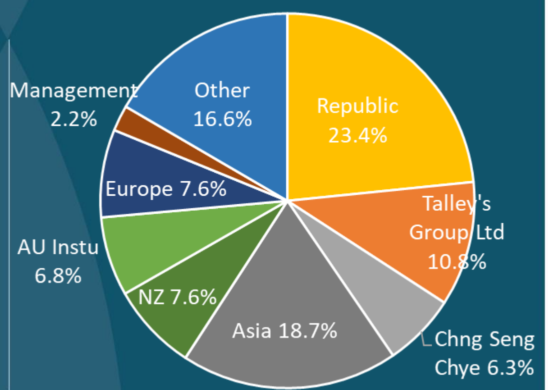
Substantial shareholders



Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars