

BATHURST RESOURCES LIMITED



2021 AGM PRESENTATION
ASX: BRL

DISCLOSURE

General information

This document is authorised for release by the board of directors of Bathurst Resources Limited (“Bathurst”) on the 1 December 2021. Bathurst’s address is Level 12, 1 Willeston Street, Wellington 6011, New Zealand.

General disclaimer

This presentation contains forward-looking statements. Forward-looking statements often include words such as “anticipate”, “expect”, “intend”, “plan”, “believe”, “guidance” or similar words in connection with discussions of future operating or financial performance, they also include all figures noted as FY22/FY22E which are forecasted financial year June 2022 results. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding Bathurst's businesses and performance, the economy and other future conditions, circumstances and results.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Bathurst's actual results may vary materially from those expressed or implied in its forward-looking statements. Bathurst, its directors, employees and/or shareholders shall have no liability whatsoever to any person for any loss arising from this presentation or any information supplied in connection with it. Bathurst is under no obligation to update this presentation or the information contained in it after it has been released. Nothing in this presentation constitutes financial, legal, tax or other advice.

Resources and reserves

All references to reserve and resource estimates should be read in conjunction with Bathurst's ASX announcement – “2021 Resources and Reserves” reported on the 29 October 2021, and all disclosures made in this document with reference to resources and reserves are quoted as per this announcement. A marketable coal reserve table has been included as an appendix to this document.

Bathurst confirms that it is not aware of any new information or data that may materially effect the information included in this market announcement. In the case of estimates of coal resources or reserves for material mining projects, all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed since the 29 October 2021 announcement, noting that production activity for operating mining projects has occurred between the date of the initial report and this presentation.

Consolidated financial presentation

Consolidated in this document where used refers to consolidated 100 percent Bathurst and 65 percent equity share of BT Mining Limited. Financial figures noted in this document are consolidated unless otherwise noted.

OUR BOARD MEMBERS

Current



Peter Westerhuis, non-executive chairman



CEO and executive director

Up for election



Francois Tumahai, non-executive director

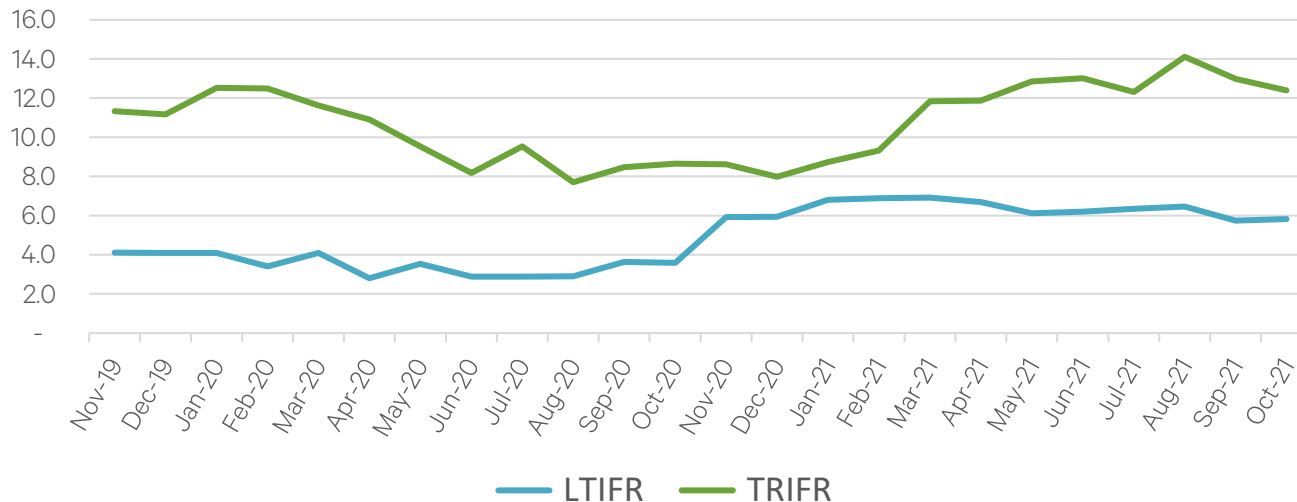


Russell Middleton, CFO and executive director

SAFETY IS IMPORTANT TO US

Our key safety stats were on an upwards trend. We have taken steps to identify the cause and reduce reportable incidents.

12 MONTH ROLLING AVERAGE



DRIVERS OF UPWARDS TREND

- Restricted access to immediate medical care, restriction of interactions of senior staff and site personnel, and tight operating protocols due to COVID related restrictions are key drivers of the upward trend.
- Effects have been minor injuries reaching an elevated status, and stretched site based personnel.

FINDINGS & RESPONSE

- Assessment of underlying systems has shown good compliance to material risk controls.
- Key response has been the introduction of a Field Leadership programme. This has substantially increased the number of health and safety observations, and more importantly conversations on health and safety by a wider range of personnel.
- We have seen good results over the last few months.

ESG HIGHLIGHTS



CORPORATE VALUES

Values set by directors during the year:

- **Be real.**
- **Be safe.**
- **Be accountable.**
- **Be a team.**



REDUCING EMISSIONS

- After successful trials, a new fuel will be used across all BT Mining sites leading to approximately **600,000 litres less** per year of diesel use.
- **CO₂e emissions will reduce by 1,600 tonnes** per year.



SUSTAINABLE OPERATING

- **Focus on coking coal** as there is currently no viable alternative to coal in steelmaking.
- Management investments in line with customer needs.



REDUCING WASTE

- We saved **26,000 cubic metres** of landfill space in FY21.
- **Biosolids** improve soil to help with revegetation.
- **Mussell shells** treat acid mine drainage.
- **Coal ash** is blended with backfill dirt to improve water quality.



GENDER DIVERSITY

- **15%** female across the total workforce – we are aiming for 25%.
- **33%** female at SLT level which is our target.
- Aiming for 20% female at board level (currently nil).



GREEN ALTERNATIVES

- A concept study of electric vehicles was undertaken at Stockton during the year.
- If approved this will see three diesel trucks replaced with **two electric trucks**.

STRATEGIC PILLARS

STABLE FINANCIAL PLATFORM

Funding pipeline
Strong net equity

STAKEHOLDER PATRONAGE

Government
Investors
Community and Iwi

DIVERSIFY STRATEGIC COMMODITIES

Strategic partnerships
Investment strategy

ALIGN NZ RESERVES TO MARKET

No stranded assets
Resource development

HIGH PERFORMANCE OPERATIONS

Safety
Compliance

PEOPLE CULTURE

Values implementation
People strategy
Diversity

“Underpinning all of these is a focus on a sustainable business operating model.”



PEOPLE STRATEGY

VALUES AND BEHAVIOURS

Communication
Lead from the top

SKILLS AND KNOWLEDGE

Gap analysis
Upskilling of workforce

DEVELOPMENT

Leadership
Career opportunities

REWARD AND RECOGNITION

Retain
Motivate

VALUES AND BEHAVIOURS

BE SAFE

Put health & safety first
Learn how, know how
Take no shortcuts
Speak up
Always assess the risks
Help each other get it right



BE REAL

Right your wrongs
Be open to other ways
Be aware of your impact on others
Take ownership for your development
Drive it and deliver it
Embrace change



BE A TEAM

Look out for each other
Recognise success in others
Encourage and respect diversity
Communicate and collaborate
Accept each other's differences



BE ACCOUNTABLE

Do what you say you will
Work to our code of conduct
Take ownership
Develop your skills
Keep an eye on what we leave behind
Value the role of Iwi as kaitaki



FY21 HIGHLIGHTS

Equity restored

0.68

debt to equity ratio

 -81%

Share consolidation

171m shares

 -90%

Major litigation win
on LMCH claim

Energy used

0.43

Gigajoules per tonne extracted
coal

 -12%

Net profit

\$66.7m

 +241%

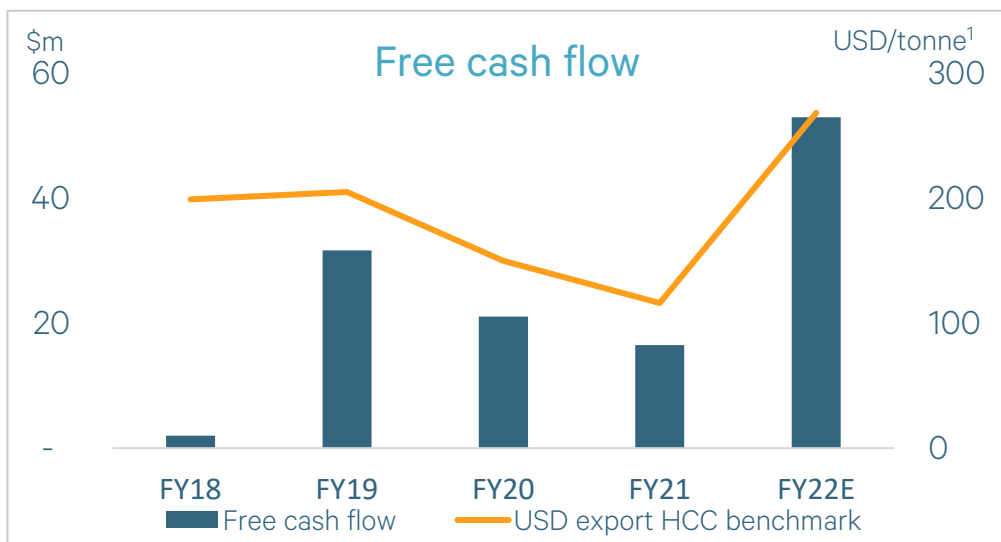
Capital investment

\$28.7m

 -35%

CONSISTENT POSITIVE CASH FLOWS

NZ \$m	FY18	FY19	FY20	FY21	FY22E
EBITDA	93.7	106.6	76.8	59.5	95.3
Tax	(11.6)	(16.6)	(9.3)	(18.2)	(10.7)
Fixed assets CAPEX (net of disposals)	(30.6)	(29.9)	(14.4)	(6.2)	(9.6)
Movement in working capital	(27.6)	0.5	(0.7)	1.9	(5.7)
Free cash flow	23.9	60.7	52.4	37.0	69.4
Mining development, stripping, exploration & rehabilitation	(22.0)	(29.2)	(31.3)	(20.5)	(19.9)
Adjusted free cash flow	1.9	31.4	21.1	16.5	49.5



- Cash flows in FY18 were impacted by intensive cash out flows relating to the acquisition of the BT Mining assets, including paydown of initial debt of NZ \$30m.
- Since then cash flows have been positive, even during the low part of the export pricing cycle.

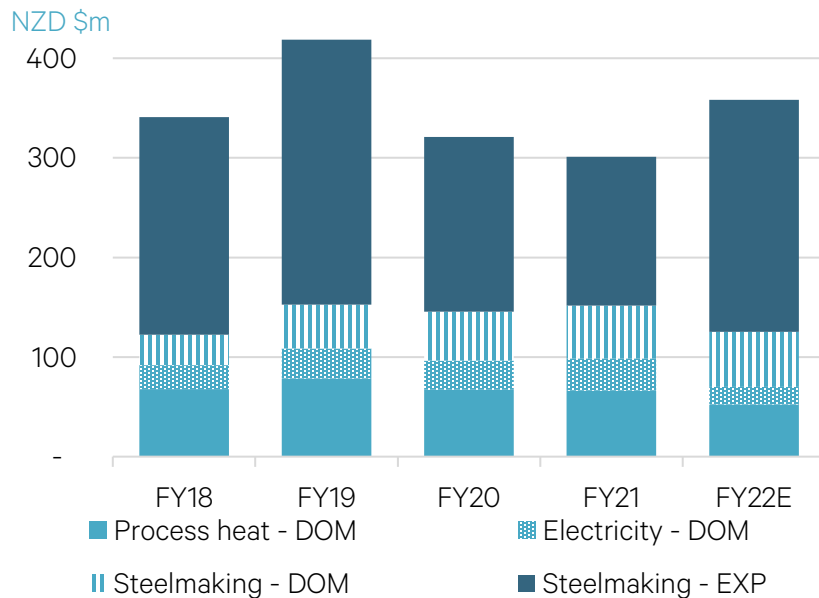
Financial numbers noted are consolidated.

¹FY22E USD export HCC benchmark is the average of Bathurst's estimated quarterly pricing based on general market consensus.

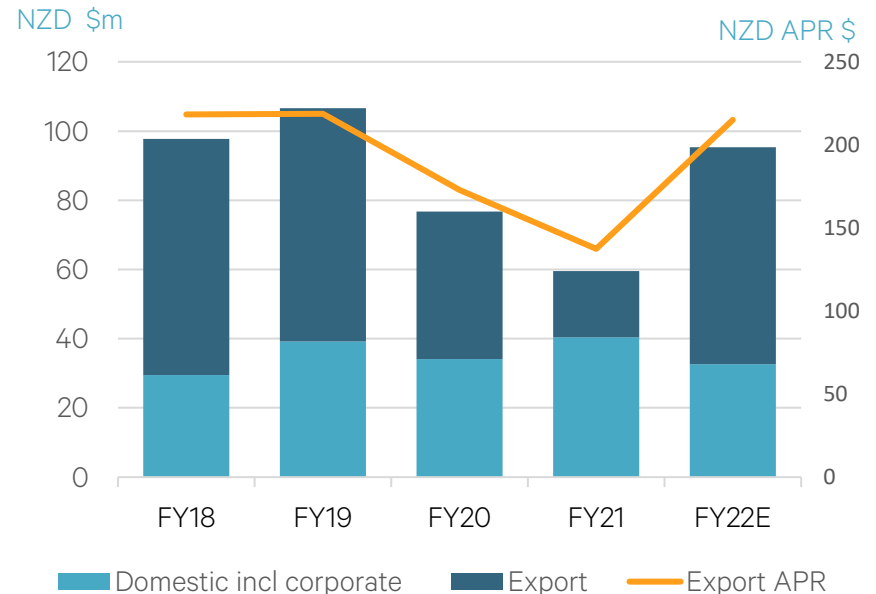
PROFIT ACHIEVED EVEN DURING LOW EXPORT PRICING

The export pricing benchmark hit its lowest point in five years in FY21, but our domestic business continued to provide stable cash flows.

Revenue¹ by product use (\$m)



Consolidated EBITDA²



A low cost base means margin is still made in the export segment even when pricing reduces.

¹On a 100 percent basis (not consolidated).

² EBITDA represents net profit/(loss) before tax, net finance costs, tax, depreciation, amortization, impairment, fair value movements on derivatives and deferred consideration, and movements in rehab provisioning.

RECORD NET PROFIT & BALANCE SHEET RECOVERY

Item (NZ \$m except for share data)	FY21	FY20
Revenue	212.6	232.7
EBITDA	59.5	76.8
EBITDA margin	28%	33%
Net profit/(loss)	66.7	(47.4)
Earnings per share (cents)	39.0	(27.8)
Debt ¹	13.5	20.3
Gearing %	10%	30%
Equity	128.8	66.9
Debt to equity ratio	0.68	3.62

EARNINGS

- Revenue and EBITDA both decreased from a retraction in the export segment, driven by lower export pricing.
- The COVID-19 pandemic as well as China's import ban on Australian coal both drove the export benchmark price down to its lowest point in five years.

SIGNIFICANT ITEMS IN NET PROFIT

- \$73.2m gain to the income statement from the reversal of a performance payment and interest which was recognised in FY20, as a result of a major litigation win².
- \$22.2m of impairment expense. A portion of this related to a write-off of Canterbury mine assets which ceased operating in June. The remainder a write-off of a historical acquisition value for a permit adjacent to the remaining South Island domestic mine.

DEBT

- Debt consists of a \$10m AUD convertible bond, and funds received in advance from customers to finance overburden stripping in new mine areas.

¹Excludes finance leases of \$25m (\$30m FY20) which include leases bought onto the balance sheet under accounting standard IFRS 16.

²Refer next slide.

LMCH LITIGATION UPDATE

Following the success in resolving the first claim in our favour, we believe we will have similar success in defending the second claim.

First performance payment claim

RESOLVED

- Ruled in favour of Bathurst

- December 2016: LMCH initiated litigation for payment of the first USD \$40m performance payment (“PP”) in a 2010 Agreement for Sale and Purchase (“ASP”).
- July 2021: the Supreme Court ruled in favour of Bathurst, noting that whilst the performance payment had been triggered, payment could be suspended.
- September 2021: L&M served Bathurst and its subsidiary, Buller, with further proceedings under the SPA.
- We consider this latest legal action to be completely baseless, without merit and a transparent collateral attack on the Supreme Court’s judgment, from which there are no further rights of appeal.

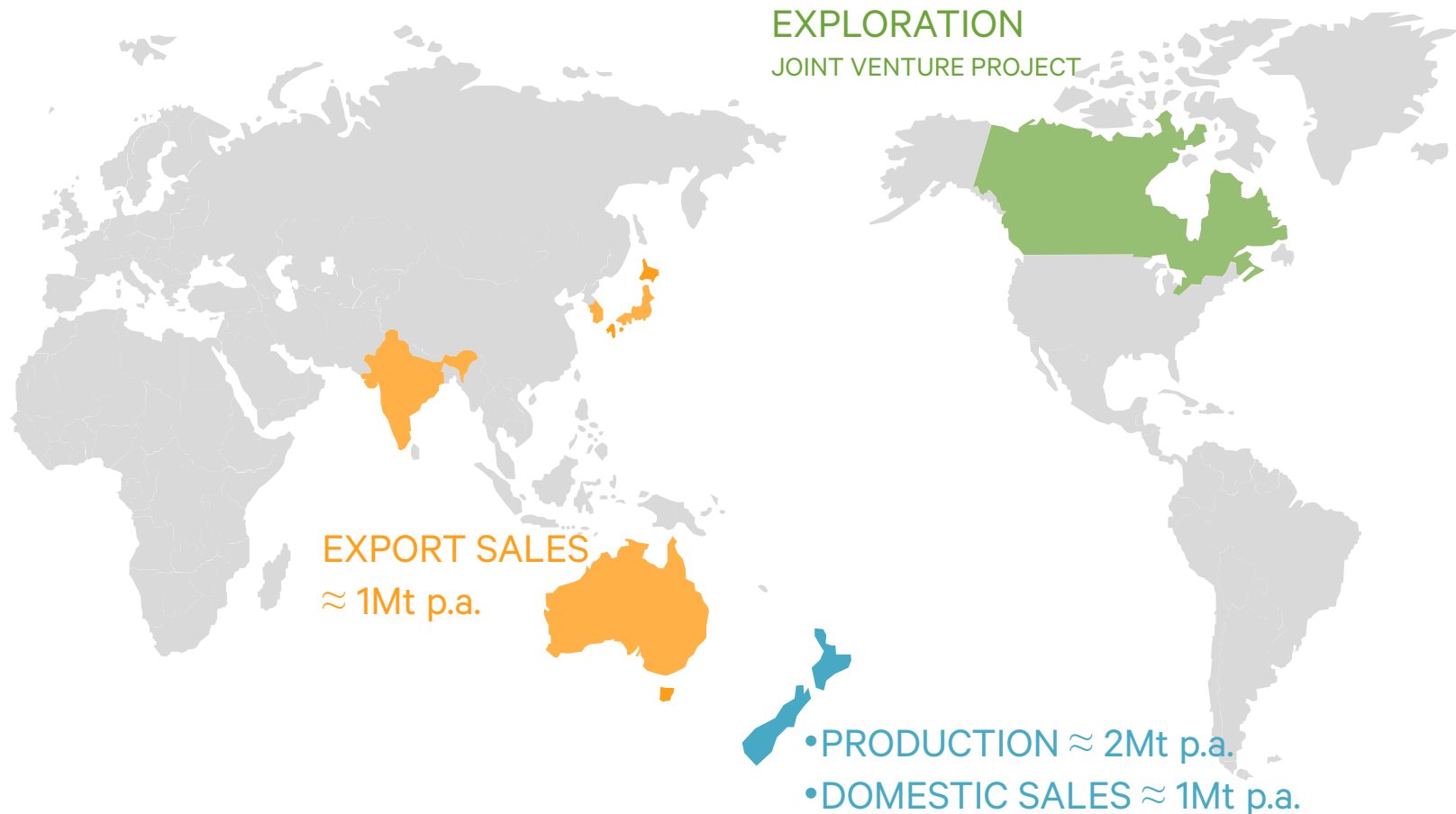
Second performance payment claim - change in control allegation

ONGOING

- In arbitration

- May 2020: LMCH issued a notice of proceedings for arbitration alleging that there has been a change in control triggering the second PP and issuance of shares in Bathurst under the ASP.
- We see this claim as vexatious and designed to hold us at bay whilst the first PP claim went through the courts.
- We continue to believe we have a strong likelihood of successfully defending this claim.

BUSINESS SNAPSHOT



NZ BUSINESS SNAPSHOT



Key

Export mine (joint venture)	●
Domestic mines (joint venture)	●
Domestic mine and distribution facility (fully owned)	●
Corporate offices	●

STOCKTON MINE (EXPORT)

Metric (100% basis)		FY19	FY20	FY21	FY22E
Sales	kt	1,178	1,077	1,042	1,083
HCC benchmark price	USD/t	205	151	116	268
Benchmark realisation ¹	%	75%	72%	78%	75%
NZD:USD FX rate		0.67	0.64	0.70	0.73
EBITDA	\$m	104	66	29	96
EBITDA margin	\$/t	88.0	60.9	27.0	89.1

Market: **Steelmaking**
 LOM²: **≈ 4 years**
 Infrastructure: **1.8Mtpa CHPP, 2.5km aerial ropeway, 2.2Mtpa rail loadout facility.**
 Employees: **262**
 Growth projects: **Hope Lyons, A18, Upper Wai**

“Key impacts on export earnings are the USD Hard Coking Coal premium low vol benchmark which our export pricing is set against, as well as movements in NZD:USD foreign exchange rates.”

¹ Based on coking coal sales (excluding thermal vessels)

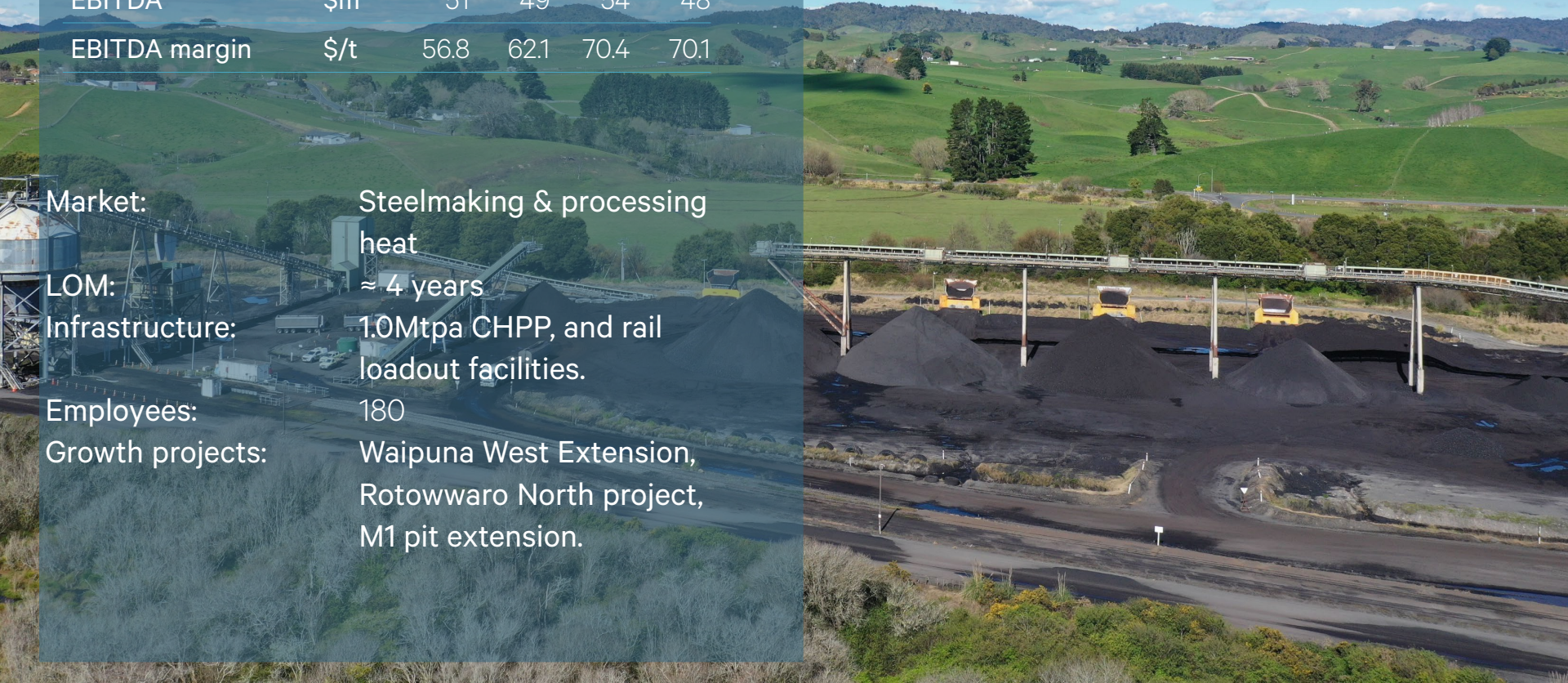
² LOM calculation on this slide and following two is based on marketable coal reserves / FY22 estimated production rates.

NORTH ISLAND DOMESTIC

Metric (100% basis)		FY19	FY20	FY21	FY22E
Sales	kt	905	792	717	678
EBITDA	\$m	51	49	54	48
EBITDA margin	\$/t	56.8	62.1	70.4	70.1

Market: Steelmaking & processing heat
LOM: ≈ 4 years
Infrastructure: 1.0Mtpa CHPP, and rail loadout facilities.
Employees: 180
Growth projects: Waipuna West Extension, Rotowaro North project, M1 pit extension.

“North Island domestic sales decrease in FY22 due to planned changes in volumes as per customer contracts. EBITDA margin increases in FY22E compared to FY21 when the difference in freight revenue is excluded, reflecting an underlying decrease in operating cost per tonne.”



SOUTH ISLAND DOMESTIC

Metric (100% basis)		FY19	FY20	FY21	FY22E
Sales (kt)	kt	396	345	343	261
EBITDA	\$m	19	15	17	14
EBITDA margin	\$/t	47.5	44.5	53.1	52.6

Market: Processing heat
LOM: ≈ 3 years
Infrastructure: Close to rail loadout facilities.
Employees: 47
Growth projects: New Brighton project.

“South Island domestic sales decrease in FY22 due to the closure of the Canterbury mine in June 2021.”

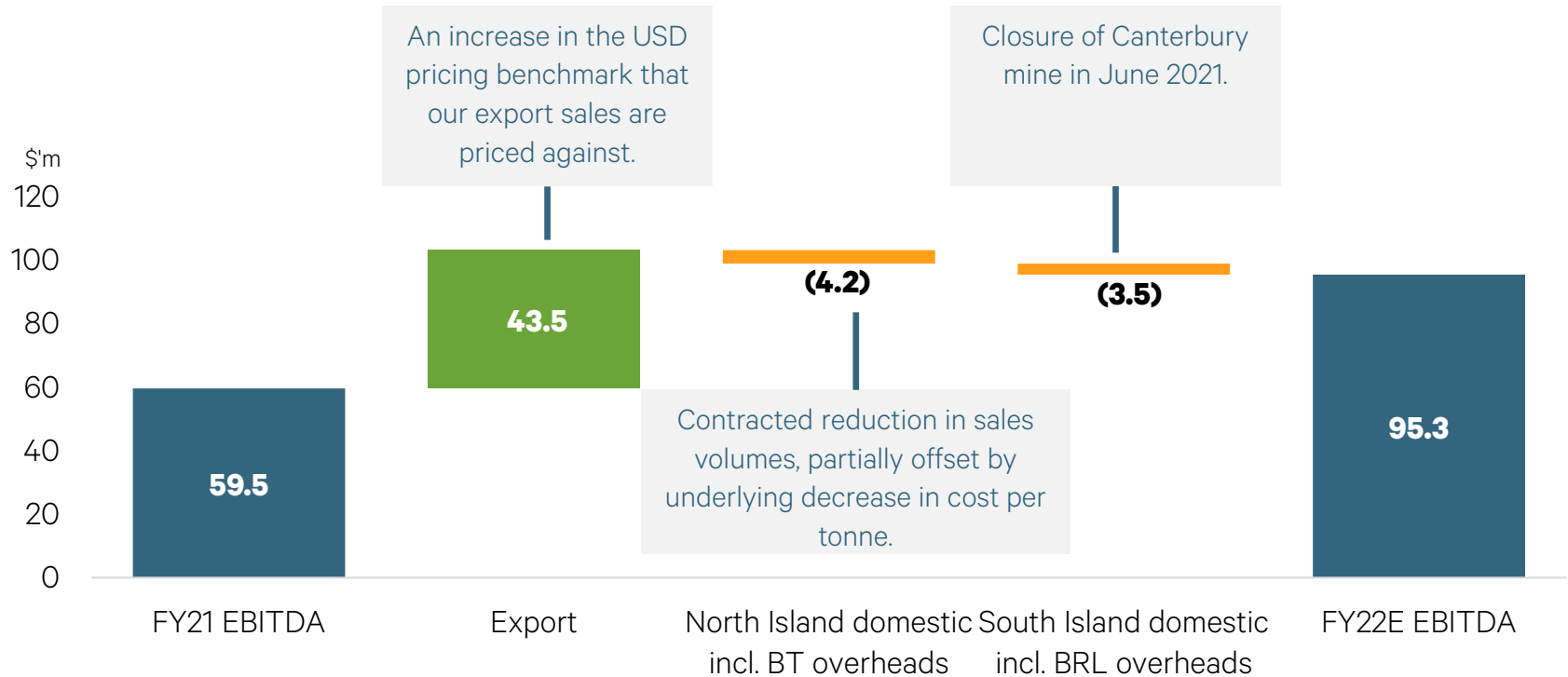
CANTERBURY REHAB



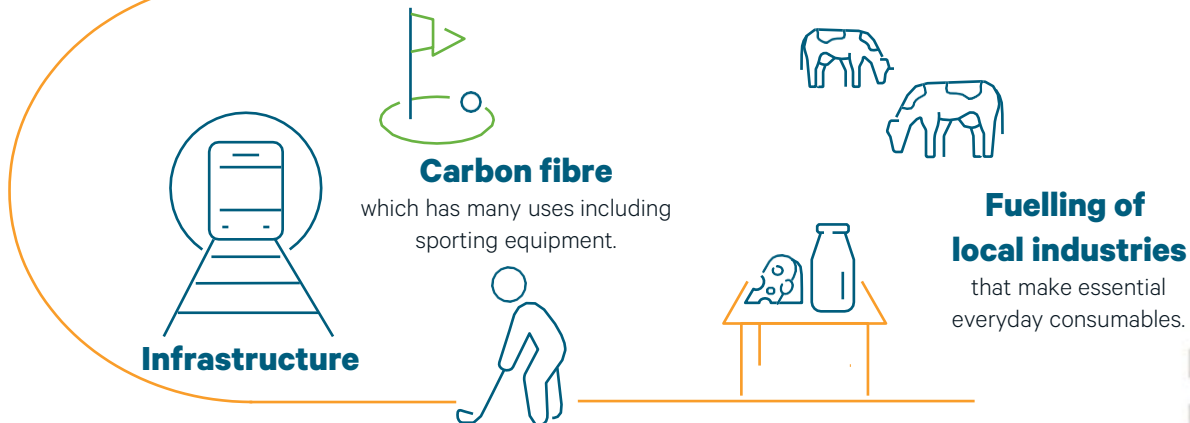
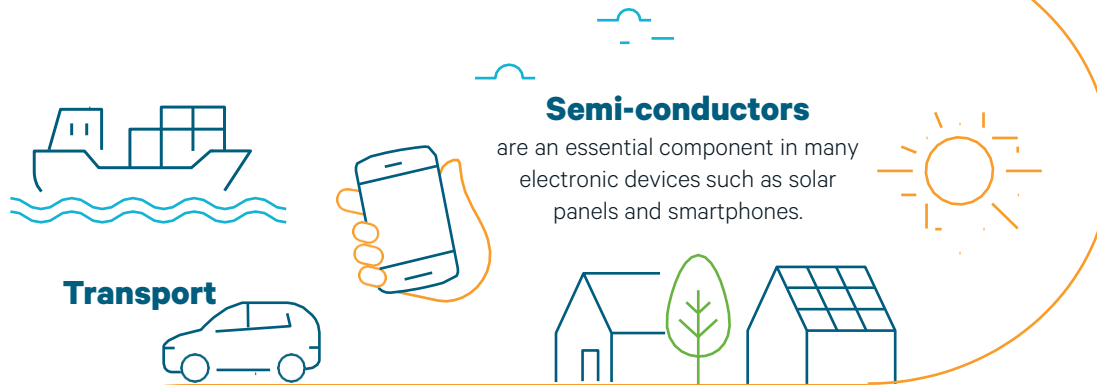
Rehab completed: 41ha
Rehab left to complete: 16ha

EBITDA GUIDANCE FY22 \$95.3M

An increase of \$35.8m (60%) from FY21.

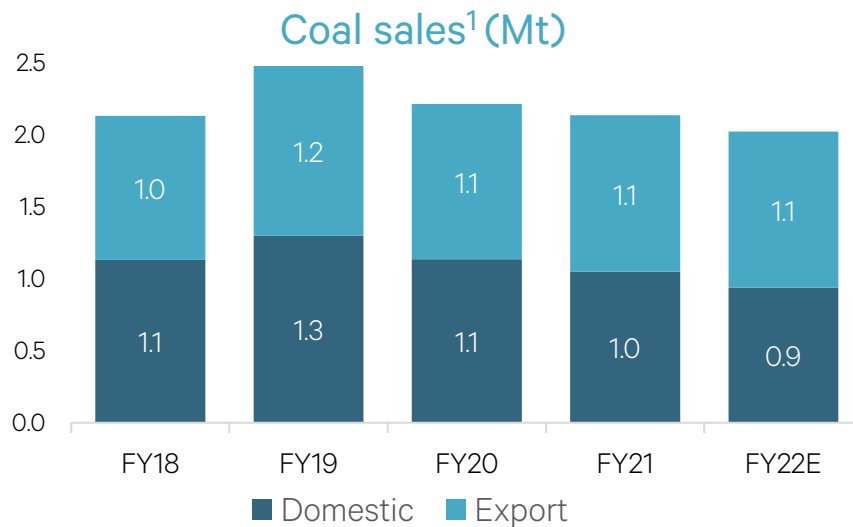


HOW OUR PRODUCT IS USED

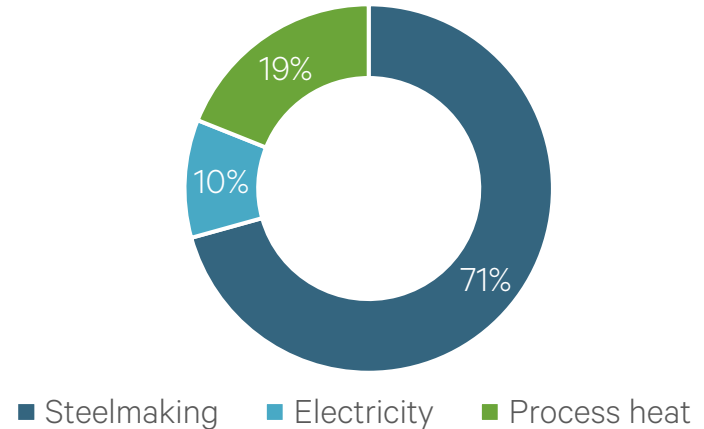


DEMAND HAS REMAINED STRONG

Sales are consistent and primarily coal used for steelmaking



FY21 sales by product use



- ✓ Our business from a demand perspective has been relatively unaffected by the disruptions of the COVID-19 pandemic.
- ✓ All of our operations are deemed key utilities so they can continue to operate during any lockdowns within New Zealand.
- ✓ Demand for coal for steelmaking continues and our thermal product is sold domestically to customers who are also key utilities.

¹On a 100 percent basis (not consolidated).

EXPORT STRATEGY & MARKETS



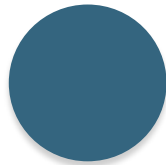
Value in use focus

- Coal marketed on a value in use basis.
- Our customers design their coke blends around our product.



Long-standing relationships

- Our value in use focus means we have long-standing relationships with our customers.
- These range from the newest at three years to the oldest at 47 years.



Quality

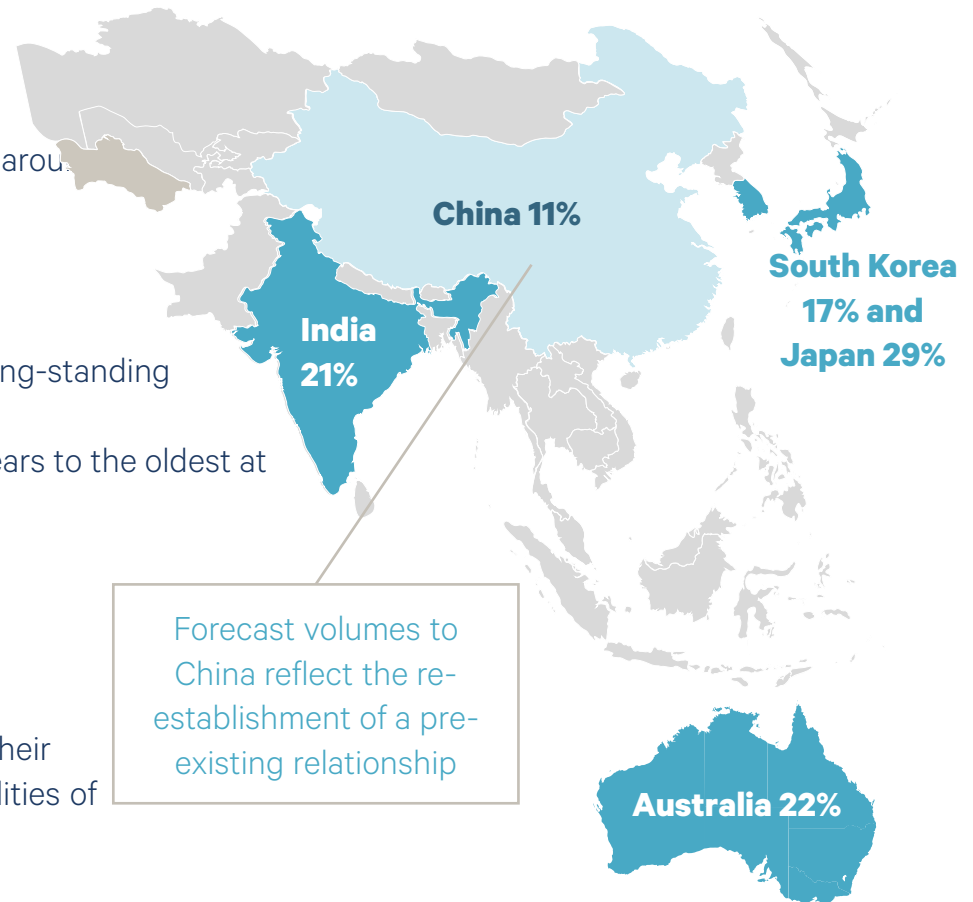
- Very low ash content.
- Almost all vitrinite.
- Blend improver.
- Our product helps our customers meet their emissions targets due to the unique qualities of our coal.



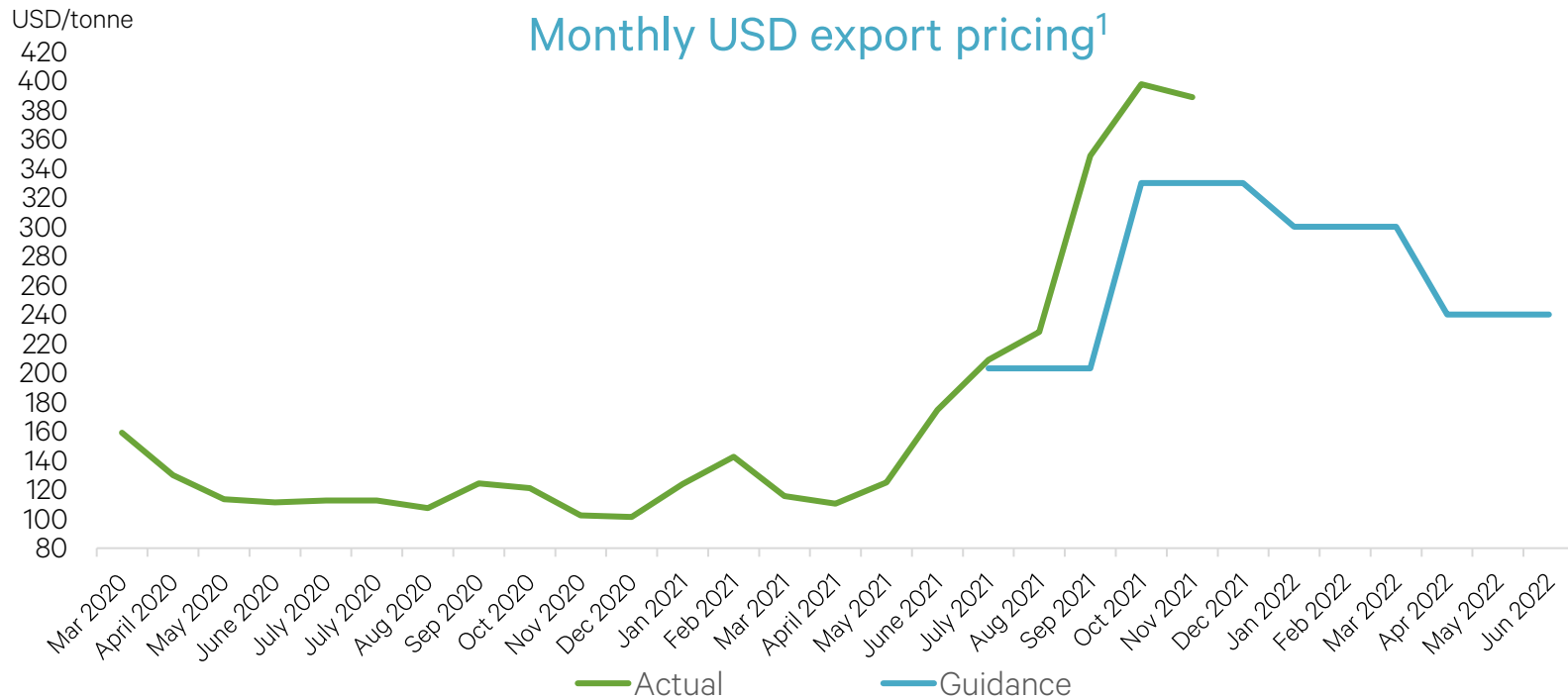
Blue-chip customers

- One steel.
- Mitsubishi Coking Chemical.
- NCE.
- Hyundai.
- JSPL.

EXPORT SALES BY COUNTRY % FY22E



EXPORT PRICING BENCHMARK RECOVERS



- The USD hard coking coal (“HCC”) premium low vol benchmark which our export pricing is set against started to show signs of recovery in June 2021.
- We see this as a long-awaited market correction. Despite the disruptions from the Chinese import ban on Australian coal, and the COVID pandemic, fundamental market supply had remained steady, and demand for coal for steelmaking had increased.

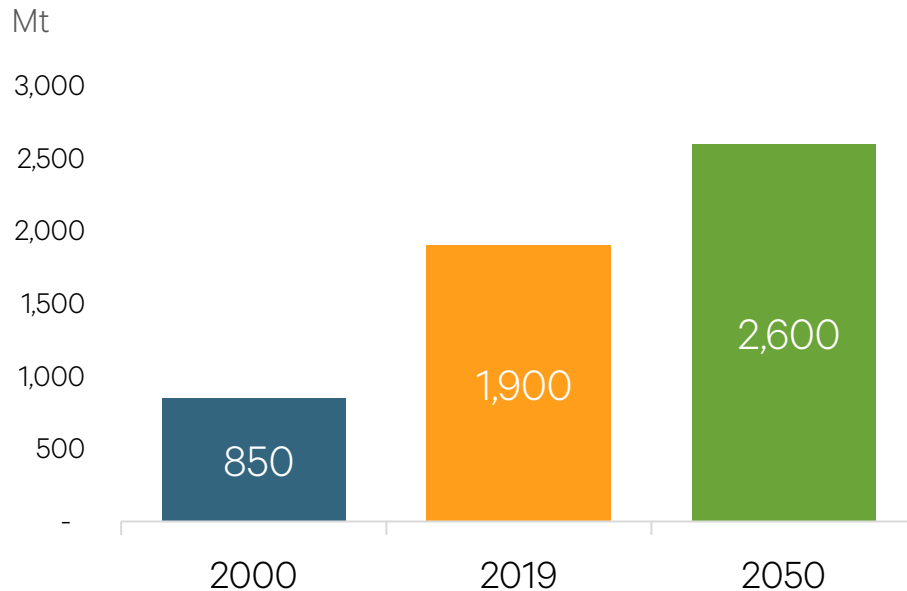
- We have recently seen a sharp rise in the benchmark, with daily spot pricing reaching over USD \$400/tonne, which exceeds market consensus in the short term.
- We attribute this largely to ongoing tight supply particularly of premium HCC from major producers and limited spot cargo availability, against an increase in steel demand.

• ¹Actual USD monthly export pricing based on S&P Global Platts Premium Low Vol benchmark daily spot pricing.
 • Guidance is the export pricing assumed in export’s EBITDA guidance.

THE FUNDAMENTAL DEMAND FOR STEEL

Demand for steel has nearly doubled over the last 21 years. It is projected to increase by a third by 2050.

GLOBAL STEEL PRODUCTION¹



WHY HAS DEMAND FOR STEEL INCREASED?

- Steel is integral to modern economies.
- It is the world's second largest commodity value chain and is essential in engineering, construction, manufacturing and technology.

WHY IS THE OUTLOOK FOR STEEL SO ROBUST?

- Not only will it continue to be used in current industries, it will also play a vital role in the transition to green alternatives.
- Solar panels, wind turbines, dams for hydro generation and electric vehicles to name a few depend on steel to varying levels.

HOW DOES THE ABOVE TIE INTO OUR STRATEGY?

- In the long term, we expect more than 90 percent of our coal production to be coking coal for steelmaking.
- Our Canadian exploration project ties into this strategy as does organic growth opportunities for our current export operations.

¹ Based on IEA (2020), Iron and Steel Technology roadmap [HERE](#)

DOMESTIC STRATEGY & MARKETS

Life of mine plans are matched against committed sales volumes; new areas are only explored when there is a strategic partnership in place.

Our domestic coal sales are used for both steel making and processing heat.

Our sales are underpinned by long term, fixed price contracts. Our major domestic customers are large institutional New Zealand companies in essential goods supply.



“Coal remains an essential part of New Zealand’s energy mix.”

A SUSTAINABLE FOCUS



A global spotlight on climate change is bringing increased focus on mineral extraction activities such as mining coal.

This is part of a wider focus on corporations being held accountable for not only their financial results, but how they manage the environmental, social and governance aspects of their business.

These raise a specific set of risks that we need to manage and be proactive about.

THE NEW ZEALAND ENVIRONMENT:

- Zero carbon bill legislated in 2019; net zero carbon economy by 2050.
- Emissions Trading Scheme which is the market mechanism for offsetting Co2 emissions.

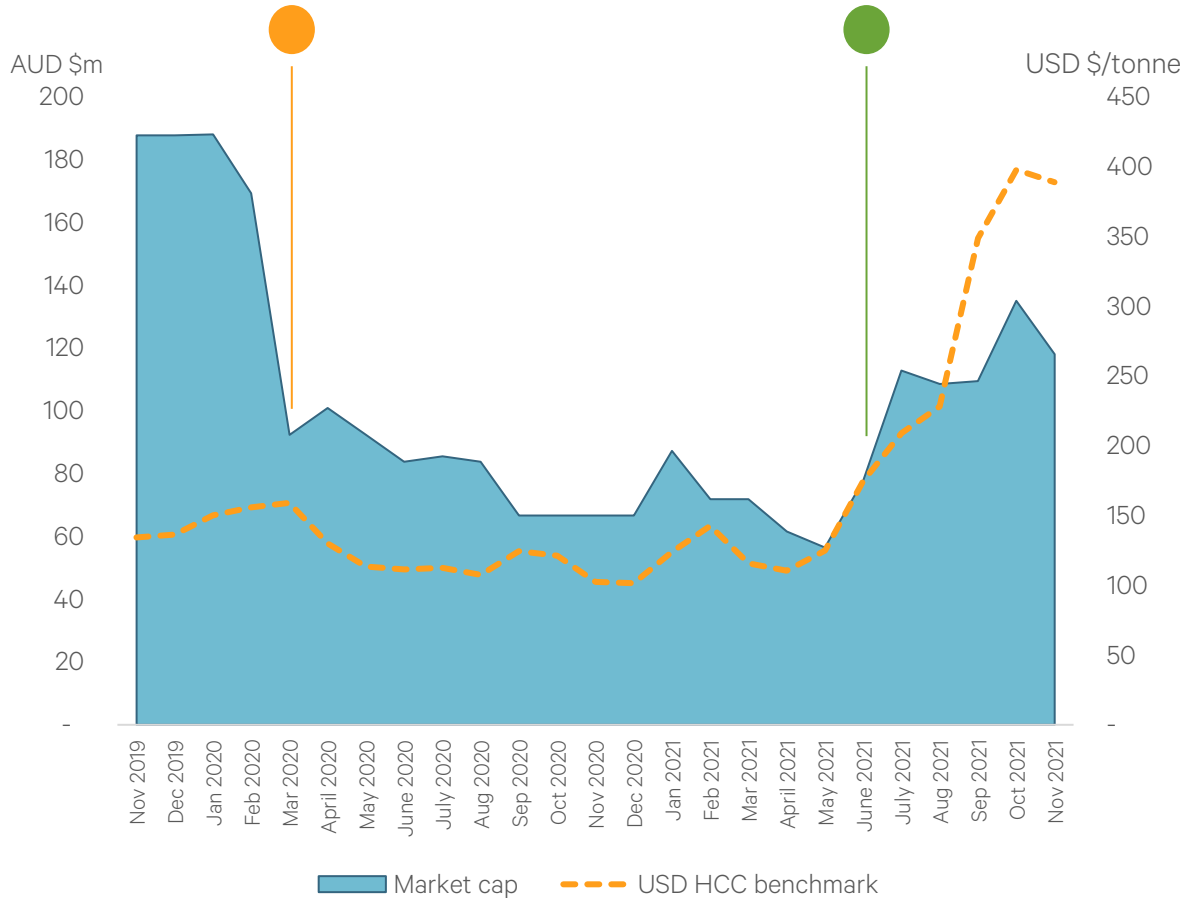
OUR POSITION



- Acknowledge the transition to a net zero carbon economy whilst supporting New Zealand's prosperity.
- Aim to become a low-emissions company; we measure and report on our emissions annually.
- Ensure our strategy mitigates risks as much as possible.

We help users of our product lower their own environmental impact due to our low ash content which means less waste by-product, and improved efficiencies which means less coal is needed.

SHARE PRICE IS RECOVERING

MARKET CAP¹ & EXPORT PRICING²



-  COVID-19 pandemic and Court of Appeal judgment against Bathurst on LMCH claim.
-  Supreme Court rules in favour of Bathurst on LMCH claim. Export coal price recovers.

¹ Historical average monthly closing share price per the ASX up to 22 November 2021 * number of shares on issue.

² Calculated monthly average of daily USD export spot pricing per S&P Global Platts Premium Low Vol daily coal assessment.

CAPITAL OVERVIEW CONT'D

68c

SHARE
PRICE

AU at 22
November 2021.

171

MILLION
SHARES

Shares on issue
171m.
These exclude a
possible 20m shares
if the convertible
bonds convert
(strike price 49
cents) and unvested
performance rights
1m.

82%

TOP 20
HOLDINGS

Top 20
shareholders hold
82% of equity on
issue. Four
substantial
shareholders (>5%)
hold 49%.

\$19.9

MILLION
CASH

Consolidated BT
Mining and
Bathurst,
including
restricted term
deposits at 30
June.

\$12.3¹

MILLION
DEBT

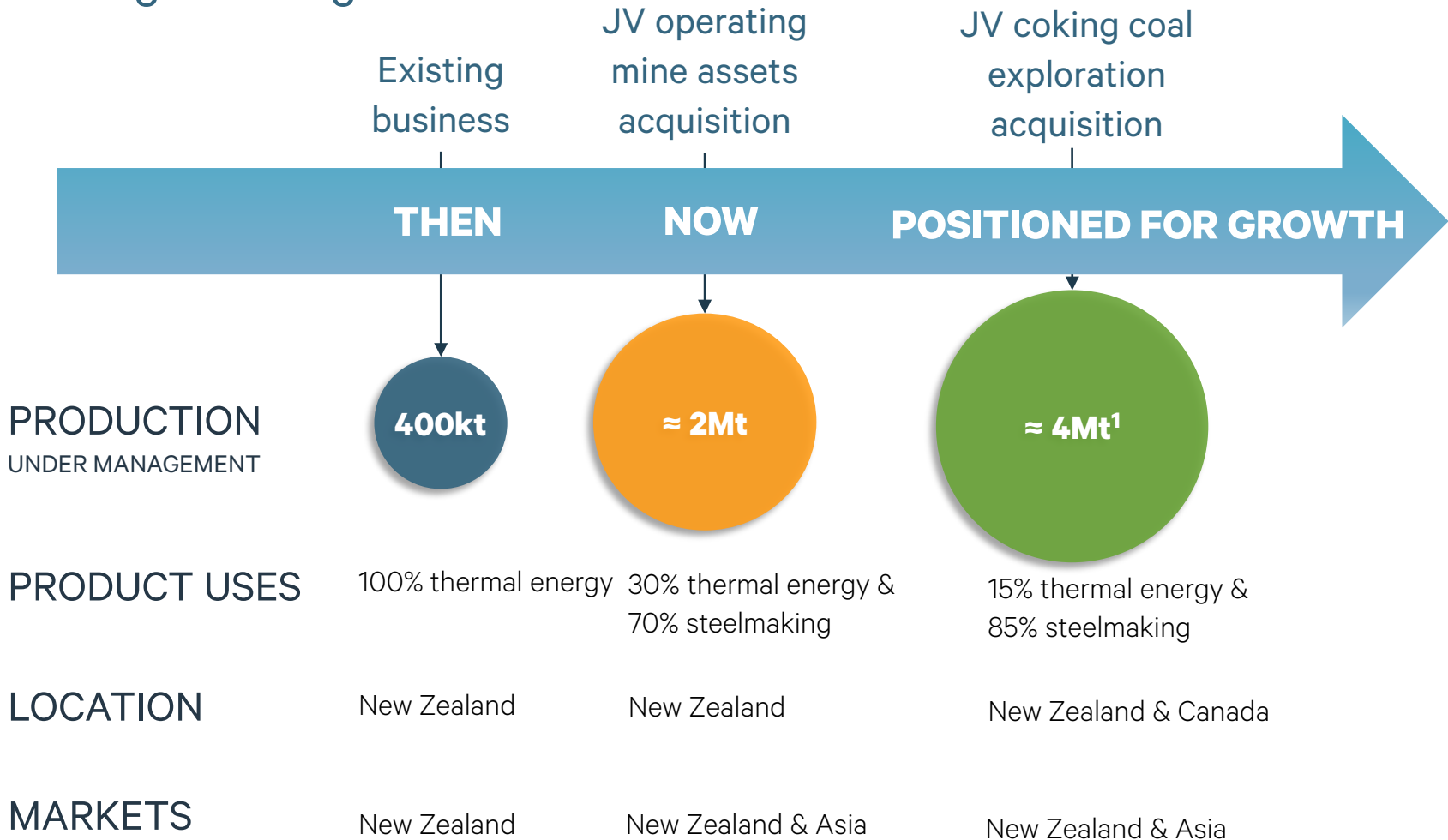
\$10m AUD
convertible bond,
and funds received
in advance from
customers to
finance overburden
stripping in new
mine areas.

¹ Excludes finance leases of \$24m which under accounting standard IFRS 16 brings leased assets previously off-balance sheet on to the balance sheet.

Financial numbers on this slide are as at 30 September 2021.

PROVEN RECORD

Over time, we have built a world class portfolio of assets against our strategic setting



¹Forecast production based on current operations at existing levels, plus production from the Canadian exploration project. This project is still in the exploration phase and production assumed is as per the Yield Optimisation Study results announcement by JV partner Jameson Resources [HERE](#)

FUTURE INVESTMENTS

Noting the increasing global appetite for other minerals, we are considering leveraging the strong coal mining core of our business and our sector expertise as producers to contemplate and potentially take advantage of other resource opportunities.

The following are the key criteria against which any potential future investments are measured against:



**Stable
jurisdiction**











**At or close to
production**







**\$50-\$100m
annual
EBITDA**

GROWTH PROJECTS OVERVIEW

We have a robust pipeline to extend our current operations.

	Growth projects	Production start date ¹	Status
SOUTH ISLAND DOMESTIC	New Brighton	FY23	
NORTH ISLAND DOMESTIC	Waipuna West extension	FY23	
	Maramarua M1 pit	FY23	
	Rotowaro North	FY27	
EXPORT (NZ)	Stockton organic projects ²	FY22: HL FY23: A18 FY27: UW	 HL & A18  UW
	Buller coal	FY26	
EXPORT (CANADA)³	Crown Mountain	FY26	

- Conceptual 
- Prefeasibility 
- Feasibility 
- Final engineering and design 

¹The production start date assumes achieving key project milestones and consenting and permitting approvals and cannot be guaranteed.

² These consist of Hope Lyons development (“HL”), A18 fines project (“A18”), and Upper Waimangaroa projects (“UW”).

CANADIAN COKING COAL JV PROJECT

Crown Mountain – a premium low volatile hard coking coal exploration project, due to enter production late 2025, and produce 2Mt per year.

Located in British Columbia in a mature mining region, close to well established transport infrastructure. Further investment is at Bathurst's sole discretion.



ECONOMICS

- Pre-tax NPV10 USD \$469m.
- FOB Vancouver USD 89.41/t.



RESOURCE

- 1.96Mtpa.
- Mine life 15 years.
- 57.5Mt reserve, 90.2Mt resource.



STATUS

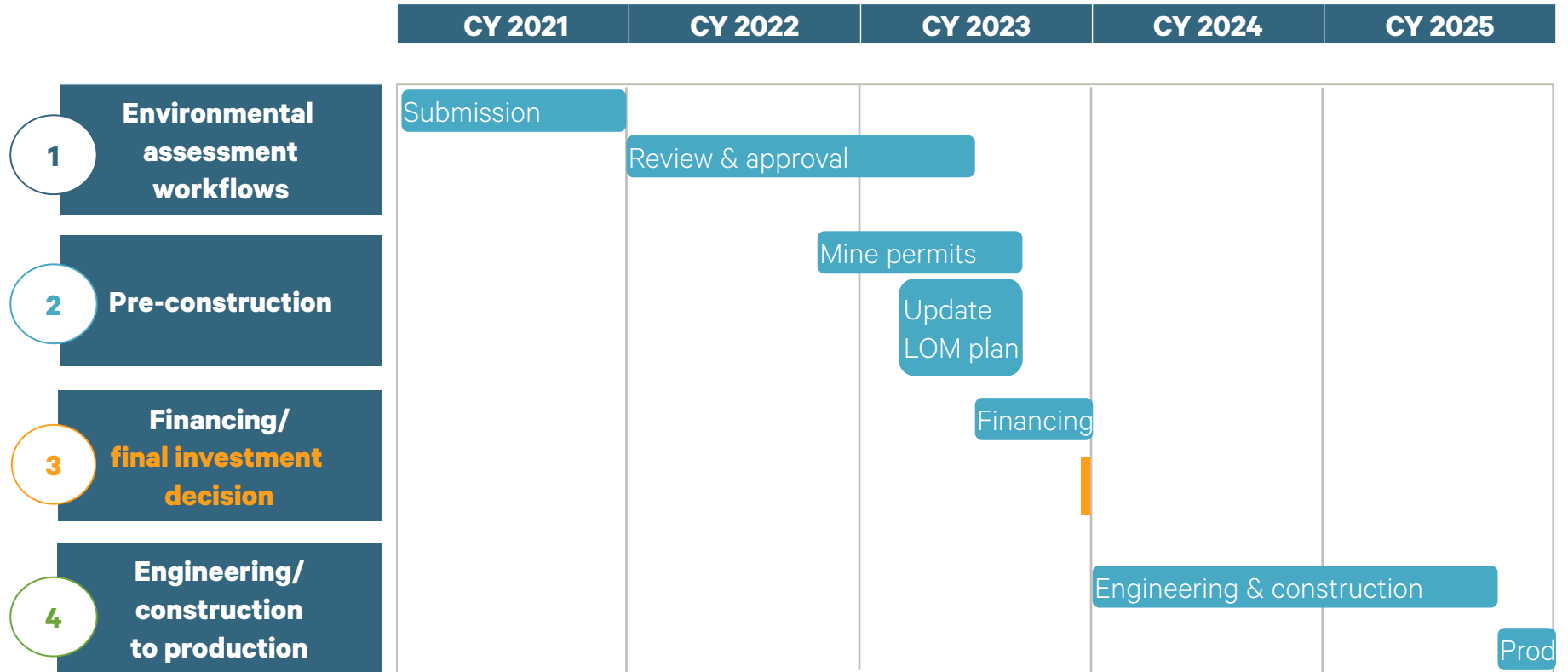
- Submission for environmental application expected by end of 2021.



INVESTMENT

- CAD \$15.2m, incl \$1.1m as a non-callable loan.
- 22.2% equity share.
- Buy-in to 50% for CAD \$107.4m (\$121.5m total).

CROWN MOUNTAIN TIMELINE



The above timing assumes all critical path items (including regulatory approvals) are executed on schedule, and funding is available as required. Based on recent project update from Jameson Resources Limited.

FY22 FOCUS

1
Roll out of people strategy

2
Embedding field leadership programme

3
Further refinement of criteria for new resource opportunities

4
Progression of organic growth projects in domestic segment

5
Progression of organic growth projects in export segment

6
Resolution of L&M litigation

QUESTIONS?

Thank you for attending the AGM. Please ensure you submit any questions before you log-off.

APPENDICES

MARKETABLE COAL RESERVES

Product coal area	Bathurst ownership	Proved (Mt)	Probable (Mt)	Total (Mt)
		2021	2021	2021
Stockton ^(B, D, J & L)	65%	0.3	4.6	4.9
Upper Waimangaroa (Met) ^(B, D & K)	65%	0.6	1.5	2.1
Takitimu ^(C, E & F)	100%	0.0	0.8	0.8
Canterbury Coal ^(C, E & G)	100%	0.4	0.6	1.0
Rotowaro ^(D & F)	65%	0.4	0.6	1.0
Maramarua ^(D & K)	65%	1.4	0.2	1.6
Total		3.1^A	8.3^A	11.4^A

For footnote references and competent person statements, refer to the full resources and reserves release, reported as of 29 October 2021 on the ASX under ASX code BRL – “2021 Resources and Reserves”.