BATHURST RESOURCES LIMITED

Quarterly Report

March 2023 quarter

Key highlights

- YTD consolidated EBITDA[1] result $115.7m, up $63.2m (120%) from the prior comparative period ("PCP")
- Export segment YTD consolidated EBITDA of $111.8m, up 264% from PCP ($30.7m).
- EBITDA guidance maintained at $140m - $150m.
- Consolidated cash including restricted short-term deposits $123.4m at 31 March, $138.0m at 21 April.

CEO'S COMMENTS

While global inflationary pressures continue to impact the industry, Bathurst has been successful in managing costs, enabling the Company to exploit demand and high coal prices and convert this into a strong consolidated cash position and profits. Significantly, EBITDA guidance has been maintained at $140m - $150m.

During the quarter, the export segment has continued its year-on-year growth, with pricing levels remaining high and the Hard Coking Coal Premium Low Vol (HCC) price peaking at USD $390/t during February as supply concerns remain in the Australian market. This is expected to normalise over the coming months as Australian weather systems change and bring dryer weather. Inflationary pressures remain, but we are confident that we can continue to manage costs and extract full value from the market in Q4.

Operationally, Cyclone Gabrielle and high levels of rainfall during the quarter caused flooding at both the Maramarua and Rotowaro mines. This resulted in delays to the stripping at the Waipuna West extension and the new KCQ and M1 pits. The mines resumed normal operations quickly after the flooding events, and production at both mines remains on track to still meet sales plans. Planned maintenance at the Lyttleton port also restricted the rail volumes for our export operations during March.

On a corporate level, we were pleased to confirm the L&M Coal Holdings Limited (L&M) Deed of Guarantee & Security claim against Buller Coal Limited was dismissed by the High Court in March. The Court ruled that the performance payment sought by L&M is not currently payable under the terms of the contracts. Furthermore, the Court held that L&M should have brought the argument under the guarantee in the first proceeding and that raising it in a subsequent proceeding was an abuse of process. As a result, this ended the litigation brought by L&M following the dismissal of the Change in Control claim in February.

With the strong performance of the business, Bathurst's management and board continue to review appropriate capital management strategies, taking into account shareholder value, including dividends and share buybacks, whilst also allowing the Company to provision for appropriate risk mitigation and future growth opportunities.

[1] EBITDA is a non-GAAP reporting measure and reflects earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash fair value movements on deferred consideration and rehabilitation provisions.

HEALTH, SAFETY AND ENVIRONMENT

There was one lost time injury during the quarter. At Stockton mine, an operator had fourteen days lost as the result of a twisted knee. The lost time injury frequency rate (LTIFR) at the end of the quarter is 4.0.

After completing a review and update of our risk management system in Q2, in Q3 we have commenced training in a revised critical risk management framework. The training is aimed at superintendent level and above who have been identified as a risk owner or risk control owner within the revised framework.

An independent external audit of the Takitimu Mine Emergency Management Plan was completed. One key recommendation from the review for BRL is to identify and develop BRL specific training competency units for Emergency Response Team members. Emergency audits of the other BRL owned, or operated sites will continue into Q4.

PERFORMANCE METRICS

March quarter	**Export 100%**	**NID[2] 100%**	**SID[2] 100%**	**BRL equity share**	**PCP equity share**
Production (kt)	250	149	64	**323**	**356**
Sales (kt)	209	144	71	**301**	**307**
Overburden (Bcm '000)	1,334	1,412	243	**2,029**	**2,387**
Coal sales revenue ($'000)	78,129[3]	21,170	12,320	**76,865**	**56,135**
March YTD					
Production (kt)	750	380	179	**913**	**1,017**
Sales (kt)	861	466	202	**1,065**	**1,027**
Overburden (Bcm '000)	3,953	4,059	787	**5,995**	**6,411**
Coal sales revenue ($'000)	319,647[3]	68,908	35,543	**288,104**	**180,734**

[2] North Island domestic and South Island domestic.
[3] Includes realised FX and coal price hedging income, $9.1m YTD.

CONSOLIDATED CASH MOVEMENTS

		Q1	Q2	Q3	YTD	YTD PCP
	Opening cash	**76.0m**	**82.3m**	**103.1m**	**76.0m**	**20.2m**
Operating	EBITDA	41.4	42.1	32.2	115.7	52.5
	Working capital	(2.9)	(11.3)	(0.5)	(14.8)	(4.9)
	Canterbury rehabilitation	(0.4)	-	(0.8)	(1.1)	(3.2)
	Corporation tax paid	(23.2)	(1.6)	(1.6)	(26.4)	-
Investing	Deferred consideration	(0.2)	-	(0.6)	(0.8)	(1.9)
	Crown Mountain	(0.2)	(0.2)	-	(0.4)	(0.6)
	Property, plant and equipment net of disposals	(3.9)	(4.0)	(4.5)	(12.4)	(5.5)
	Mine assets including capitalised stripping	(3.4)	(5.0)	(2.9)	(11.3)	(7.7)
Financing	Finance lease repayments	(1.0)	0.1	(1.6)	(2.5)	(6.7)
	Interest payment on AUD convertible bonds	-	-	-	-	(1.0)
	Borrowings repayments	(0.1)	-	-	(0.1)	(1.8)
	Financing income / (costs)	0.2	0.7	0.6	1.5	(0.1)
	Closing cash	**82.3m**	**103.1m**	**123.4m**	**123.4m**	**39.3m**

Consolidated EBITDA

Refer to the following page for commentary.

Working capital

The timing of sales and export shipments has resulted in an increase in trade debtors at the end of the period compared to the PCP. These were converted into cash during April.

Corporation tax paid

Increase in corporation tax paid due to the timing of provisional tax obligations and an increase in taxable operating profits.

Canterbury rehabilitation

The mine was closed at the end of June 2021 and the rehabilitation continues into its final stages. Earthworks have been completed and the commissioning of the passive water treatment systems is being finalised.

Mining development including capitalised stripping

Increased capitalised stripping across operating mine sites compared to PCP.

Financing income /(costs)

Increase in interest received on higher cash balances and deposits held compared to PCP.

Cash figures reported included restricted short-term deposits.

YTD CONSOLIDATED EBITDA V PRIOR YEAR

EXPORT $111.8m Up $81.1m (264%) from PCP ($30.7m).

Revenue has increased due to:

- An increase in pricing. The average price received was $361/tonne versus $307/tonne PCP. Export sales are a mix of being priced against the spot price or a prior 3-month average (t minus 1).
- Sales volumes were also 94kt higher than PCP – 861kt versus 767kt PCP.

Costs have increased due to:

- Fuel pricing increased by an average of approximately 49 percent.
- Profit share for employees increased as it is pegged to uplifts in export sales price.
- Increase in labour costs driven by additional FTE's and increases in wage/salary rates.
- Increased contractor stripping costs to help ensure production schedules can be met due to weather disruptions in H1.
- Higher machine hours along with increases in the price of parts have driven an increase to overall repairs and maintenance spend.
- Partially offset by a reduction in the volume of purchased coal which is added to the mine's coal blend to meet contract specifications.

NID including BT corporate overheads $3.5m Down -$17.9m from PCP ($21.4m).

In general, both NID operations are moving from their current locations to shortly open new mining areas. This transition will mean additional costs and reduced EBITDA in the short term. The transition has also been delayed by Cyclone Gabrielle.

Revenue

- Revenue is consistent year-on-year.
- Total sales volumes have decreased 47kt, which is a result of a planned reduction in sales to an electricity customer that has been partially offset by increase in sales tonnes for steel making.
- An uplift in the average price per tonne has fully offset the reduction in volumes, increasing due to standard annual increases, as well as escalation clauses that allow for producer price index increases.

Costs have increased due to:

- Lower stripping volumes due to wet weather in areas close to finalising stripping, with stripping reducing before moving to open up new mining areas.
- Delays due to poor weather have restricted the amount of stripping in the new mining pits. This will now be phased during Q4 and into FY 2024.
- Fuel has increased in line with the rates experienced in the export segment.
- Labour costs have increased in line with contractual CPI adjustments, as well as build up in the workforce to allow for planned increased stripping volumes in the next financial year.

SID including BRL corporate overheads $0.4m consistent with PCP ($0.4m).

- Increase in revenue driven by both higher sales volumes and sales price per tonne.
- Offset by increases in operating costs, particularly fuel due to the increases explained above and staff costs due to additional headcount and CPI increases to wages/salaries.
- Increased legal fees relating to the L&M litigation.

FY23 GUIDANCE REMAINS $140M - $150M

	Metric	Export	NID[1]	SID[1]	BRL equity share
Sales	kt	1,198	618	225	1,405
EBITDA	NZD	$196.5m to $212.0m	$14.5m	$2.5m	$140m to $150m

Key export guidance assumptions

Forecast export sales pricing is indicatively based on an average of 74% of the Hard Coking Coal Premium Low Vol ("HCC") benchmark of USD $275 for Q4, at $0.64 NZD: USD across all sales types including thermal coal sales.

Movements in guidance assumptions

Export – up $15.9m

- An increase in the Q4 average price received per tonne based on an improved guidance benchmark price.
- Fuel price decreases. At the end of March, the average Q3 price was $0.44/litre lower than the December input for mine operating costs.

NID including BT Mining corporate overheads – down $15.1m

- The impacts of Cyclone Gabrielle and unseasonal rainfall during Q3 have delayed the overburden removal in the Waipuna West extension at the Rotowaro mine and the new KQC and M1 pits at the Maramarua mine. These delays have a short term timing impact on EBITDA, with the benefits associated with the new mining areas being phased across Q4 and into FY24.

SID including BRL corporate overheads – down $0.7m

- Increases in rehabilitation expenditure reflecting the state of mine life.

EXPORT MARKET COMMENTARY

Q3

- The HCC price continued to remain at elevated levels this quarter, peaking at a high of USD $390/t in mid-February, as Australian supply concerns remained and on expectations around China returning to purchasing Australian coal.

Outlook

- It is expected that supply will begin to normalise out of Australia as the La Nina weather system comes to an end this month and with expected drier weather ahead.
- Uncertainty remains in the global market with demand patchy across steel markets, however with the recent rise in steel prices, steel mills margins have improved which will help support demand for coking coal.
- The Australian HCC coal prices need to fall further from current levels to at least align with the lower Chinese coal prices to enable greater demand across all markets and entice China back to the seaborne coal market.
- As shown over the last year or more, volatility will remain in the coal market going forward, as even the smallest supply disruptions currently seem to create significant swings in the coal price.

[1] EBITDA includes corporate overheads for BT Mining in NID, Bathurst in SID.

OPERATIONS REVIEW

Export (Stockton) (65%)

There were five shipments in the quarter, with sales of 209kt which was slightly behind forecast as two ships sailed in February with less volume than forecast due to changes to the shipping plan.

Average price per tonne ("/t") excluding hedging was NZD $360/t, NZD $34/t higher than Q2. The average benchmark price has maintained its high levels, moving from USD $287/t in Q2 to USD $315/t in Q3.

Overburden removal was in line with forecast for Q3, as the use of contractors helped to ensure continuity despite difficult mining areas in Rockies, Millerton and Webb and some delays experienced in March due bad weather.

Sales levels were impacted by a Lyttelton Port Company requirement for a one week maintenance shutdown of the rail receival facility. A planned aerial ropeway shutdown was moved to coincide and minimise overall disruption. KiwiRail staffing and locomotive availability issues also impacted production. Stock movement was favourable to forecast as a result, with an increase in stockpiles.

Cost per tonne continues to be impacted by core inflationary price increases.

NID (65%)

Rotowaro

Overburden removal and production were impacted by extreme weather events such as Cyclone Gabrielle which produced high rainfall and flooding. Continued delays to the stream diversion construction also caused a reduction in overburden removal. However, the production levels remain sufficient to meet the sales plan.

Total cash costs were overall favourable to forecast. Fuel costs were reduced as diesel prices dropped from the previous historic highs and volumes were reduced due to the poor weather. Contractor drill and blast costs reduced in line with the reduced stripping levels, these are expected to increase in Q4 as stripping levels increase.

Maramarua

Production and overburden volumes were also impacted by the high rainfall and Cyclone Gabrielle which caused flooding in the pit. The production levels were sufficient to meet the sales plan. Price per tonne received was in line with the forecast however the sales volume was below forecast.

Cash costs were favourable to forecast driven by a reduction in fuel prices experienced in the previous quarters and lower than forecast maintenance costs due to logistic delays and deferral of certain repairs as plant items remain in good order.

SID (100%)

Takitimu

Both production and sales tonnes were ahead of forecast for the quarter. This helped to drive an increase in revenue with several customers taking on higher volumes of coal, however it is expected that this will taper off slightly during Q4.

Cash costs were favourable to forecast for the quarter predominantly driven by reduction is the fuel prices and underspend on repairs and maintenance components.

Reflecting the stage of the mine life an increased focus and spend was attributed to rehab than was forecast.

Exploration

$375k consolidated spend across projects for Q3. Key works consisted of:

- Sullivan coal quality analysis.
- Upper Wai Mangaroa Haul Road Design multi criteria option analysis and baseline studies.
- New Brighton drilling and baseline
- Waipuna West extension (Rotowaro mine).
- Escarpment drilling.

Development

$2.6m consolidated spend across all projects for Q3, with key spend on:

- $1.8m on capitalised stripping from operating mine pits.
- Stream diversion design and construction at the Rotowaro mine.

Crown Mountain

The environmental assessment process and consent agreement was executed with key indigenous nations in January 2023.

The executed agreement includes innovative accelerated reclamation initiatives, best practice environmental design, management and monitoring to ensure protection of the flora, fauna and water quality in the Elk Valley.

Formal technical and public review of the project's environmental assessment application and environmental impact statement is expected to commence during the March quarter.

The equity share remains at 22.1 percent of the project including 2.6 percent held as preference shares from an advance of Tranche 2 funds.

CORPORATE

Litigation

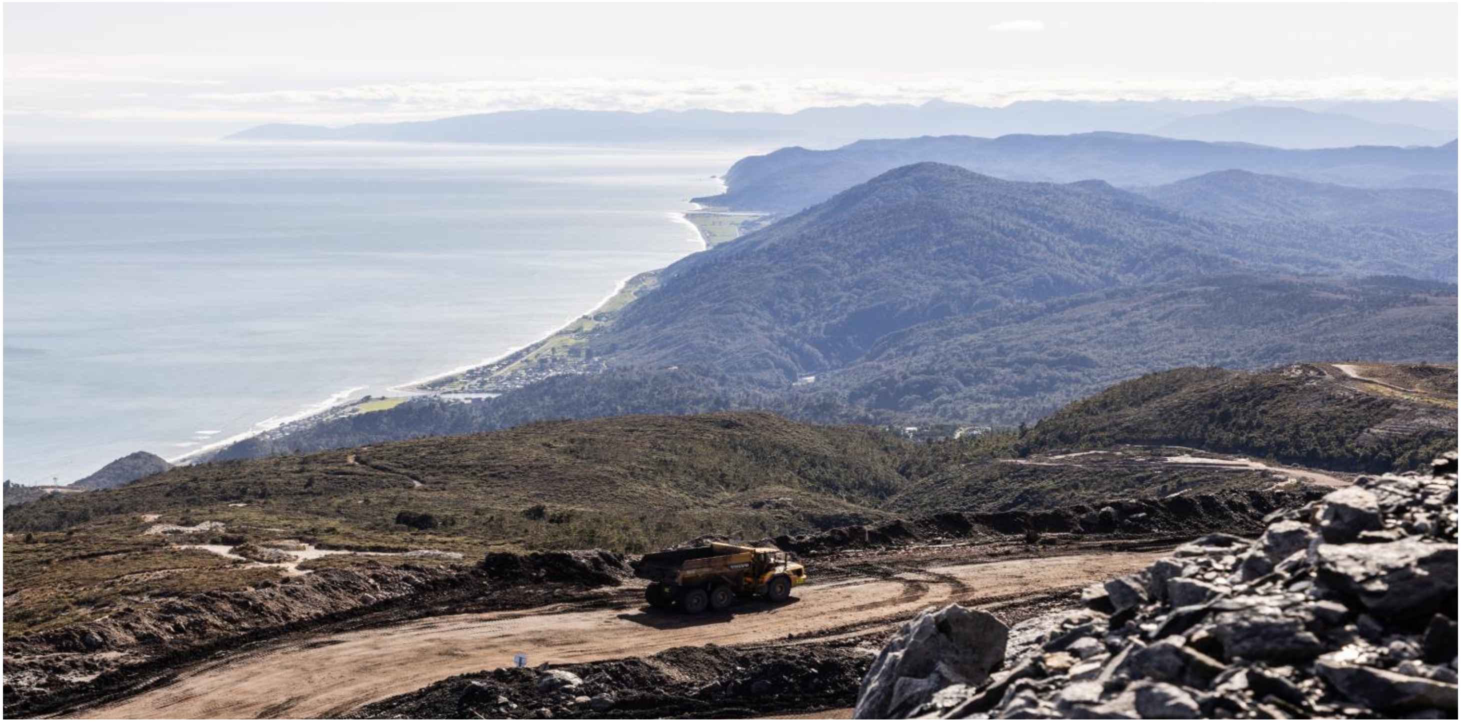
The legal actions brought against Bathurst by L&M Coal Holdings Ltd were both dismissed during the quarter.

In February the appointed arbitrator dismissed the L&M Change in Control claim after reviewing this during the later part of 2022. For further information please refer to the Change in Control decision release here.

During March the High Court dismissed the L&M Deed of Guarantee claim, ruling that first performance payment is not due under the terms of the contract. The Court held that L&M should have brought the argument under the guarantee in the first proceeding and that raising it in a subsequent proceeding was an abuse of process. For further information please refer to the Deed of Guarantee decision release here.

The full decision of the High Court is available on the Courts of New Zealand website here.

This document was authorised for release by the Board of Directors on 26 April 2023.



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At 20 April 2023:

Share price: AU $1.01
Issued Capital: 191.4m ordinary shares
Market capitalisation: AUD $193.3m

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Company Secretary
Larissa Brown

Shareholdings

Substantial holder/geographical location	Shareholding %
Republic Investment Management (Singapore)	20.8%
Talley's Group Limited (NZ)	10.8%
Crocodile Capital (Europe)	7.5%
Chng Seng Chye (Singapore)	6.1%
Asia	24.3%
Europe	9.3%
New Zealand	5.7%
Management	2.1%
AU Institutional	1.9%
Other	11.5%
Total	100%

BATHURST RESOURCES LIMITED

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