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BATHURST
RESOURCES (NZ) LIMITED

2 September 2013

Listed Company Relations
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington, New Zealand

Company Announcements Platform
Australian Securities Exchange
10th Floor, 20 Bond Street
Sydney
NSW 2000

PROPOSED BOOKBUILD AND CAPITAL RAISING

Bathurst Resources (New Zealand) Limited (NZX/ASX: BRL) ("**Bathurst**" or the "**Company**") has requested and been granted a voluntary trading halt in the quotation of its securities on the NZX and ASX. The trading halt was requested pending the conduct of a bookbuild process for a proposed capital raising with the trading halt to be lifted following the announcement of the results of that capital raising or otherwise prior to the commencement of trading on NZX and ASX on 3 September 2013.

Attached is an investor presentation providing an overview of Bathurst and an independent technical report the company has had prepared in relation to its operations.

The shares to be issued under the capital raising (by way of a placement to sophisticated and professional investors) have been accepted for quotation on the NZX Main Board (a registered market operated by NZX Limited, which is a registered exchange under the Securities Markets Act 1988). However, NZX Limited accepts no responsibility for any statement in this announcement.

Yours sincerely
Bathurst Resources (New Zealand) Limited

Hamish Bohannan
Managing Director

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BATHURST RESOURCES (NEW ZEALAND) LIMITED

September 2013

Not for release or distribution in the United States

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NEW ZEALAND

As no regulated offering document (such as an investment statement or prospectus) has been or will be prepared in respect of the proposed placement and related pre-placement arrangements, the only persons in New Zealand who are able to subscribe under those arrangements are:

(i) persons whose principal business is the investment of money or who, in the course of and for the purpose of their business, habitually invest money within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act 1978 (“N.Z. Securities Act”);

(ii) persons who are each required to pay a minimum subscription price of at least NZ$500,000 for placement shares before the allotment of those placement shares within the meaning of section 3(2)(a)(iia) of the N.Z. Securities Act; or

(iii) persons who are “eligible persons” (“Eligible Persons”) within the meaning of section 5(2CC) of the N.Z. Securities Act, being persons who are:

- (a) wealthy within the meaning of section 5(2CD) of the N.Z. Securities Act (which requires an independent chartered accountant to have certified, no earlier than 12 months before the date on which the offer to participate in the arrangements is made, that the chartered accountant is satisfied on reasonable grounds that the relevant person has net assets of at least NZ$2,000,000 or had an annual gross income of at least NZ$200,000 for each of the last 2 financial years); or
- (b) experienced in investing money, or in the industry or business to which the arrangements relate, in each case within the meaning of section 5(2CE) of the N.Z. Securities Act, (which requires: (i) an independent financial service provider to be satisfied on reasonable grounds that the person to whom the offer to participate in the proposed arrangements is made, as a result of having experience of that kind, is able to assess the matters referred to in section 5(2CE)(a)(i) to (v) (inclusive) of the N.Z. Securities Act; and (ii) the financial service provider to have given to the person to whom the offer to participate in the proposed arrangements is made, before any securities are allotted to the person, a written statement of the type referred to in section 5(2CE)(b) of the N.Z. Securities Act; and (iii) the person to whom the offer to participate in the proposed arrangements is made signs a written acknowledgment of the type referred to in 5(2CE)(c) of the N.Z. Securities Act before any securities are allotted to the person)

AUSTRALIA

As no formal offering document (such as a prospectus or product disclosure statement) has been or will be lodged with the Australian Securities and Investments Commission or otherwise prepared in respect of the placement, the offer and placement of the placement shares will only be made to “Sophisticated Investors” or “Professional Investors” within the meaning of sections 708(8) and 708(11) respectively of the Corporations Act. The Company will not be issuing a "cleansing statement" under section 708A(5) of the Corporations Act in respect of the placement but will subject to law issue a “cleansing prospectus” under section 708A(11) as soon as practicable following 23 September 2013.

SINGAPORE

This document and any other materials relating to the placement has not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of placement shares may not be issued, circulated or distributed, nor may the placement shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the placement shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire placement shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly

FOREIGN SELLING RESTRICTIONS

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EXECUTIVE SUMMARY

BATHURST RESOURCES

- ***Bathurst Resources (New Zealand) Limited ("Bathurst") is a leading New Zealand coal producer***
- ***Three key elements to the business***
  - ***Domestic***
    - ***Established business from existing operations***
    - ***Long term contracts***
    - ***Expected to be cash flow positive over the 2014 financial year, strong growth potential***
  - ***Export (Escarpment)***
    - ***Resource consents at an advanced stage***
    - ***Existing infrastructure***
    - ***Low capital entry***
    - ***Export quality for global steel market***
  - ***Export (expansion potential)***
    - ***Next phase for development***
    - ***South Buller, North Buller***
    - ***Other West Coast opportunities***
- ***Bathurst is seeking to undertake a capital raising to fund existing operations and provide working capital in advance of the receipt of resource consent for the commencement of the Escarpment Project***

KEY RISKS

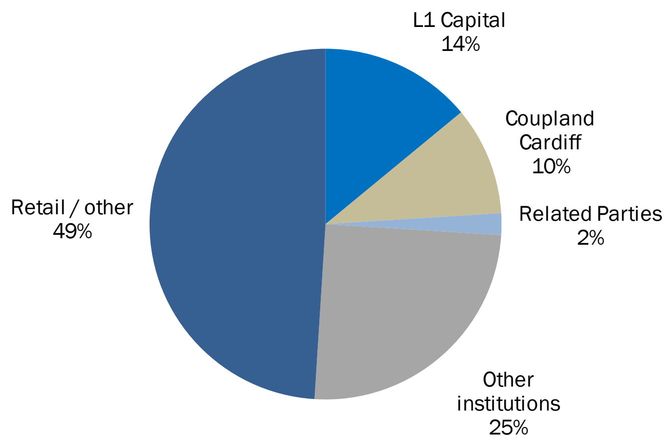
- ***Resource consents***
  - ***Bathurst does not currently have the resource consents necessary to develop and operate the Escarpment project and is facing challenges from environmental groups in seeking the grant of those consents***
  - ***Resource consents are also required to develop the wider Buller Coal Project, and to develop projects within the Domestic Operations***
- ***CAPEX, operating costs and production targets***
  - ***CAPEX, operating costs and production targets can be influenced by many factors and actual amounts may be materially different than estimated***
- ***Successful development of Export Operations***
  - ***The Escarpment Project and other mines in the Buller Coal Project are new mines and will be the largest development undertaken by Bathurst***
- ***Growth in Domestic Operations***
  - ***Some of the anticipated growth in Domestic Operations is from conditional acquisitions which may not be fulfilled***
- ***Resources and reserves***
  - ***Actual resources and reserves may differ from what is estimated***
- ***Coal prices and foreign exchange rates***
  - ***Variations in hard coking coal prices and foreign exchange rates may adversely affect Bathurst***
- ***Operations***
  - ***Operating difficulties may be encountered (eg. weather, technical problems, natural disasters)***
- ***Changes in law and policy***
  - ***There may be adverse changes in law and regulations affecting Bathurst, including significant policy changes that may result from a change in Government***
- ***Funding***
  - ***Further funding may be required to develop the Escarpment Project and wider Buller Coal Project. There is no assurance that this will be available on acceptable terms***

CAPITAL STRUCTURE OVERVIEW

Capital Structure as of 30 August 2013	
Ticker (ASX / NZX)	BRL
Shares on issue	699.2m
Options on issue	58.0m
Market capitalisation(1)	$139.8m
Net cash position(2)	$8.0m

Substantial Holders as at 30 June 2013	
L1 Capital	14.2%
Coupland Cardiff	9.7%
Related Parties	2.0%

Shareholder composition



(1) Based on the NZX closing price as at 30 August 2013
(2) As of 30 June 2013
Source: IRESS
$ are NZD unless otherwise stated

BUSINESS OVERVIEW

1. Domestic Operations

- *Expected to be cash flow positive over the 2014 financial year*
- *Demand driven by growth in South Island dairy production and other industrial users*
- *No exposure to international coal price volatility and FX risk*

2. Export Operations - Escarpment

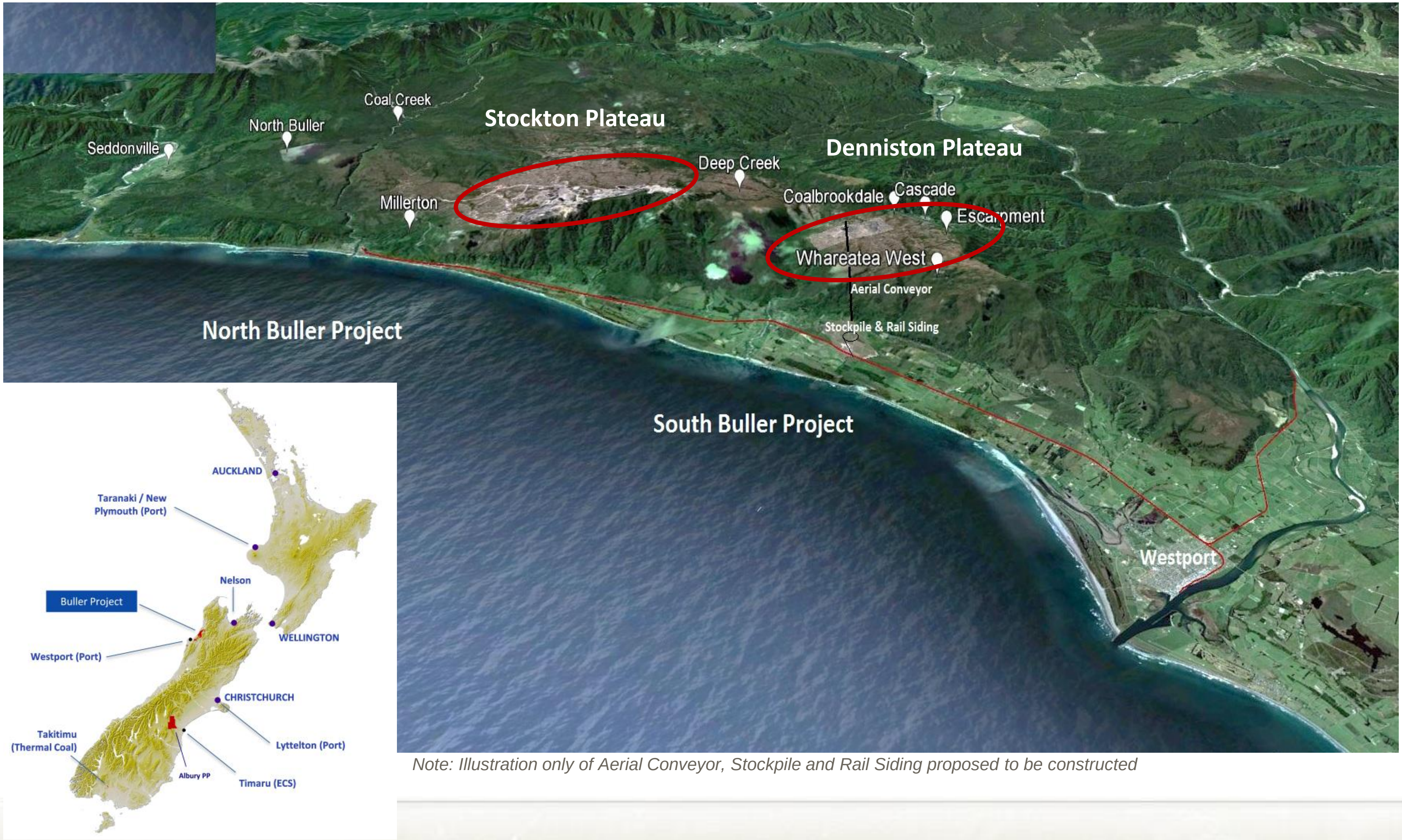
- *Flagship asset, over 5.8Mt* of estimated resources of quality metallurgical coking coal*
- *On track to commence production subject to finalisation of all necessary resource consents*
- *Competitive operating costs ranging from US$80 - $120/t (subject to inflation, FX, logistics and scale of operations)***

3. Export Operations – West Coast

- *Low marginal cost of development utilising Escarpment infrastructure*
- *Estimated resources of 84.1Mt**
- *Multiple growth opportunities South Buller, North Buller and Greymouth*

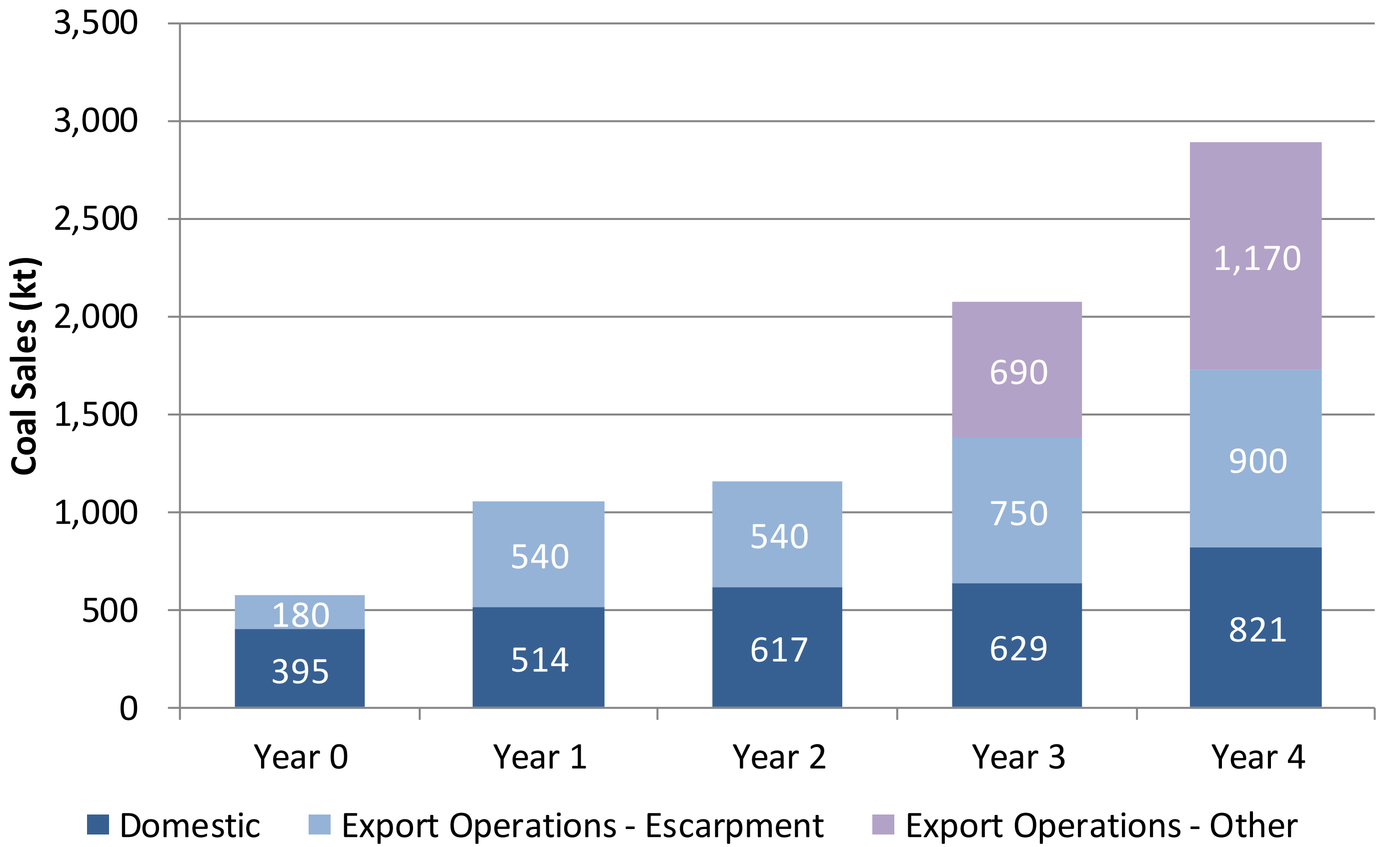
** Refer Appendices for detail on reserves and resources & Competent Persons' Statements*
*** Management estimates based on the current mining plan and costs (including royalties) over the life of mine*

THE BULLER COAL PROJECT



Note: Illustration only of Aerial Conveyor, Stockpile and Rail Siding proposed to be constructed

BATHURST TARGETED PRODUCTION*



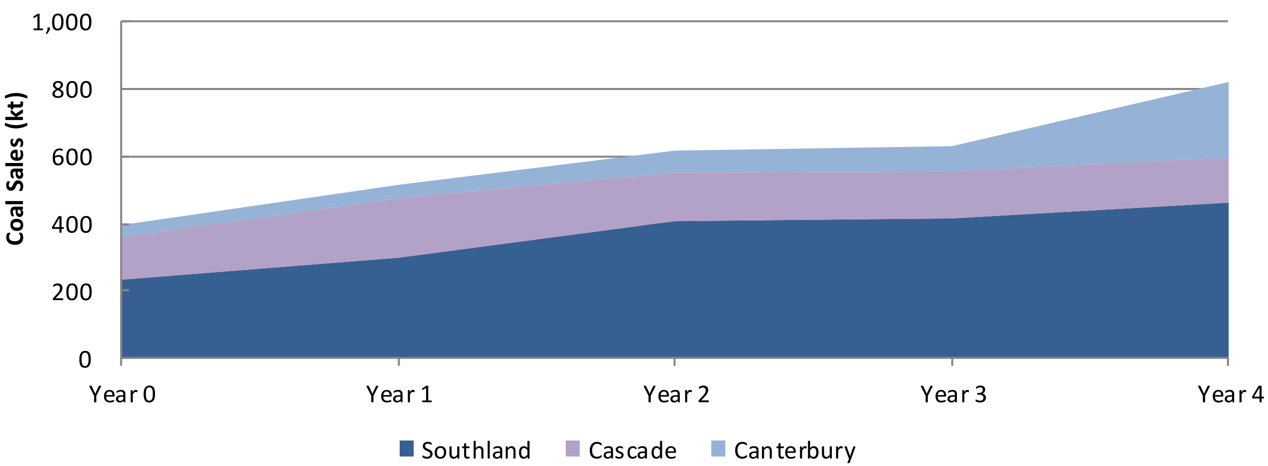
* Based on Bathurst's mine and production plan – subject to all necessary resource consents being granted when anticipated by the plan. Refer to the assumptions set out pages 11 and 13 of this overview.
This production profile has been prepared based on the indicated and measured resources set out in Appendix 1 and is not based on inferred resources.

DOMESTIC OPERATIONS

♦ Domestic Operations: provide solid earnings platform

- ♦ *Domestic Operations comprise coal mines in Southland, Buller (Cascade) and Canterbury**
- ♦ *Coal sold direct to local industrial users*
- ♦ *Revenue currently independent of global coal prices and FX with majority of sales from long term contracts, providing certainty and positive cash flows*
- ♦ *Contract prices currently average NZ$110-120 per tonne with estimated average cash production costs for F14 of NZ$70-80 per tonne***
- ♦ *Bathurst now recognised as a leading player in the South Island domestic market*

Domestic Operations targeted saleable production profile***

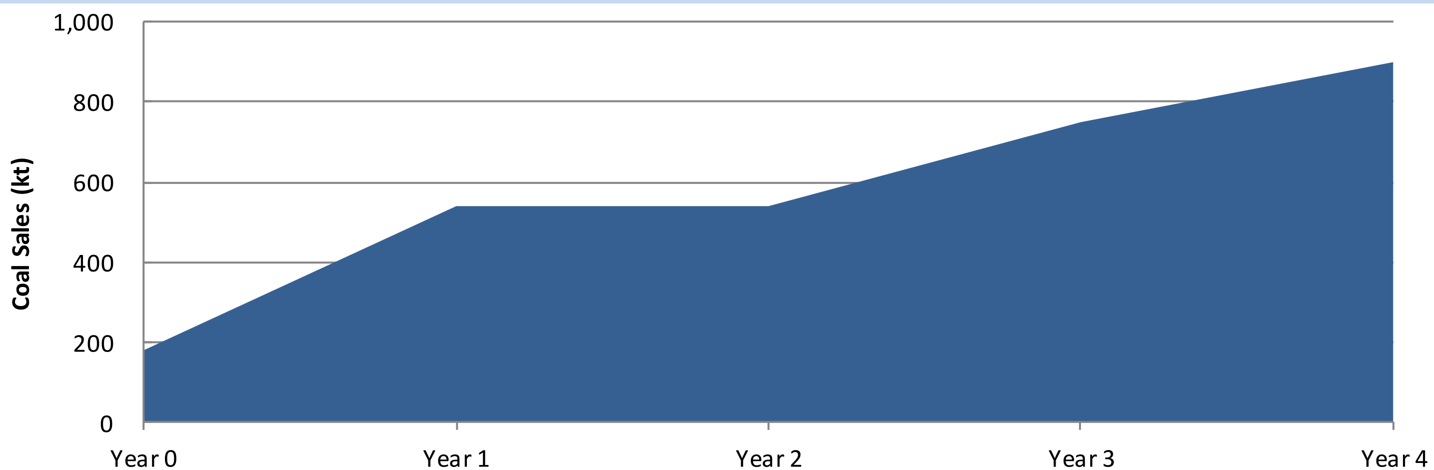


** Canterbury Coal remains subject to acquisition conditions as disclosed in announcements to NZX and ASX on 16 August 2013*
***Contract prices and production costs (including royalties) based on current management estimates*
**** Bathurst's mine and production plan – subject to all necessary resource consents being granted when anticipated by the plan, the acquisitions of Canterbury Coal and New Brighton settling (with those acquisitions being subject to conditions previously disclosed in announcements, 16 August 2013 and 28 February 2013 respectively, to NZX and ASX), and infrastructure development occurring when planned. This production profile has been prepared based on the indicated and measured resources set out in Appendix 1 and is not based on inferred resources. Saleable coal yield assumed at 85% to 90%, and Bathurst has assumed it will be able to mine sufficient ROM coal to produce these targets.*

EXPORT OPERATIONS: ESCARPMENT

- **Escarpment – update**
  - ***Quality metallurgical coal for export to international steel markets***
  - ***Targeting first production in FY14 subject to granting of necessary resource consents***
  - ***Relatively low CAPEX entry to establish mine***
  - ***Coal to be trucked initially and railed to ports via existing infrastructure***
  - ***Competitive OPEX costs ranging from US$80 - $120/t (subject to inflation, FX, trucking vs. conveyor & tonnage mined)****

Export Operations - Escarpment targeted saleable production profile**

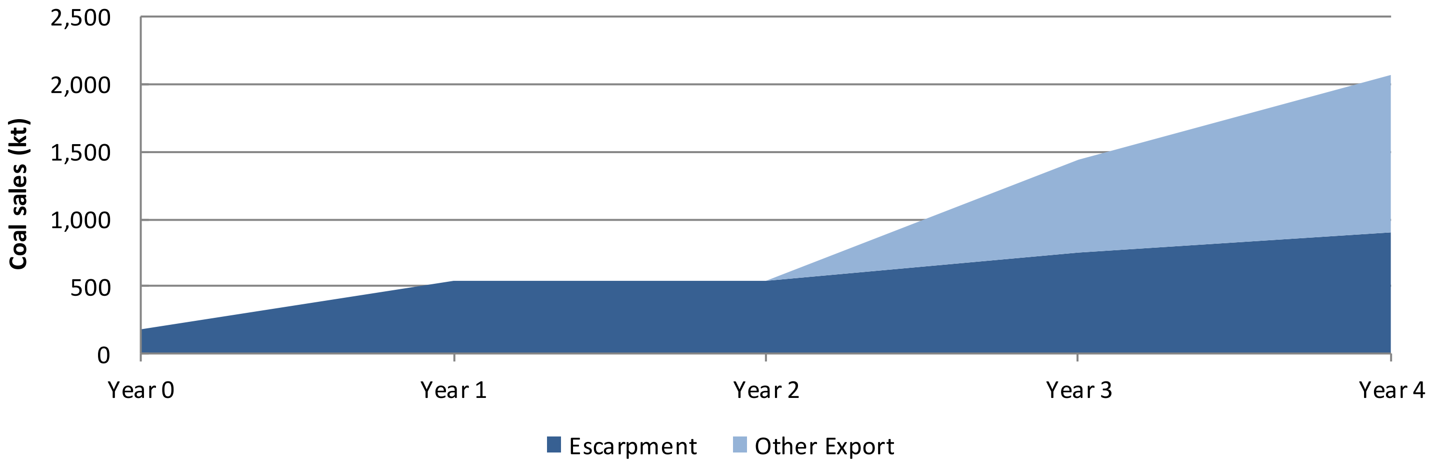


**   Management estimates based on the current mining plan and costs (including royalties) over the life of mine*
*** Saleable production figures based on Bathurst's mine and production plan and are subject to all necessary resource consents being granted when anticipated by the plan. Refer to the assumptions on page 13 of this overview.*
This production profile has been prepared based on the indicated and measured resources set out in Appendix 1 and is not based on inferred resources.

EXPORT OPERATIONS: WEST COAST

- **South & North Buller could add an additional 1.5-2.0Mtpa** of coking coal**
  - ***23.2Mt* estimated saleable coal reserves and 89.9Mt* estimated resources***
  - ***Whareatea West coal can be blended with Escarpment coal to optimise value***
  - ***Relatively easy production profile***
  - ***Ability to leverage Escarpment infrastructure to enhance project returns***
  - ***Future West Coast opportunities in Greymouth and Buller***

Export Operations targeted saleable production profile**



** Refer Appendices for detail on reserves and resources and Competent Persons' Statements*
*** Saleable production figures based on Bathurst's mine and production plan and are subject to all necessary resource consents being granted when anticipated by the plan. This production profile has been prepared based on the indicated and measured resources set out in Appendix 1 and is not based on inferred resources. Achieving the targeted production in years 1 and 2 is subject to the successful completion of Phase 1 Infrastructure while achieving the targeted production in years 3 and 4 requires the successful completion of Phase 2 Infrastructure (refer page 17), as well as commissioning of the aerial conveyor. Construction of the aerial conveyor is dependent on Bathurst's success in securing resource consents for Whareatea West and Coalbrookdale. Without the aerial conveyor, production would be constrained by approximately 500ktpa. Whareatea West and Coalbrookdale are assumed to be brought into production in years 3 and 4, which is subject to obtaining resource consents, technical development, and financing. Saleable coal yield has been assumed at 60% to 80%, and Bathurst has assumed that it will be able to mine sufficient ROM coal to produce the target amounts.*

MULTIPLE ROUTES TO MARKET

Westport/Taranaki

Westport

- *Operating river port, exclusivity secured for coal wharf*
- *Export route already established; NZ$5M capital cost to support 1Mtpa in place*
- *Tranship required to Taranaki*

Taranaki

- *Deep water port at New Plymouth on North Island*
- *Panamax capability*
- *Storage facilities established in 2012*

Rail to Lyttelton

Rail link

- *Stockpile → Westport → Lyttelton*
- *5Mtpa total capacity*
- *Agreement with Solid Energy to ship at least 500ktpa through Lyttelton*
- *Flexibility to select from Westport or Lyttelton for tonnages above 500ktpa*

Lyttelton

- *Deep water port near Christchurch*
- *Existing high capacity facility, $nil capital costs*

Coal stockpiles at the Port of Lyttelton

ESCARPMENT DEVELOPMENT PLAN

BATHURST RESOURCES

1: Green light on Escarpment

1-2* months

2: Site preparation improvement to haul road

- ## Development phase
  - ***Relatively short development phase***
  - ***Low CAPEX entry for project commencement***

1-6* months

3: First coal extraction begins, improvement to access continues

- Expected initial construction coal of 200ktpa*

6-12* months

4: Production continues, further site development

- Expected annualised production rate of 500 - 600 ktpa*

12-18* months

5: Production continues and development of other Buller mines undertaken

- Expected annualised production rate up to 1Mtpa*

- ## Production phase
  - ***Quick production rate ramp up***
  - ***Initial production (Years 1 & 2) limited by trucking***

** Saleable production figures and timeframe based on Bathurst's mine and production plan and are subject to all necessary resource consents being granted when anticipated by the plan. Refer to the assumptions on pages 11 and 13 of this overview.*

ESCARPMENT CONSENTS : UPDATE

- **Environment Court Appeal**
  - ***Interim decisions issued March 2013 and 7 August 2013***
  - ***Resolution of consents outstanding - court continues to indicate it is likely to grant consents***
  - ***Awaiting final decision from court***

- **High Court Appeal**
  - ***Forest and Bird application for leave to appeal decision on Sullivan declined 12 July 2013***
  - ***Forest and Bird have applied for Special Leave to Appeal from Court of Appeal to appeal decision***
  - ***Bathurst has opposed this application***

- **Supreme Court Appeal**
  - ***Hearing 12 & 13 March, 2013 on climate change issues***
  - ***Awaiting decision***
  - ***Cannot be appealed further***

CAPITAL COST ESTIMATES

Capital Estimates*	Year 1	Year 2	Years 3 – 5
Export Operations	$13.3m (Phase 1)	$24.9m ($14.5m Phase 1, $10.5m Phase 2)	$45.6m ($9.2m Phase 2, $36.4m Phase 3)
Domestic Operations	$6.6m	$1.4m	$13.8m

Export Escarpment

Phase 1 ($28m) – 640ktpa production
- Buller land acquisitions
- Waste water treatment plant
- Initial conveyor infrastructure
- Mine offices & project control
- Roading

Phase 2 ($20m) – 1mtpa production
- Coal handling processing plant
- Water treatment plant
- Rail siding load out
- Roading

Phase 3 ($36m) – >1mtpa production
- Project control
- Enhanced stockpile
- Initial West Coast development

Domestic Operations

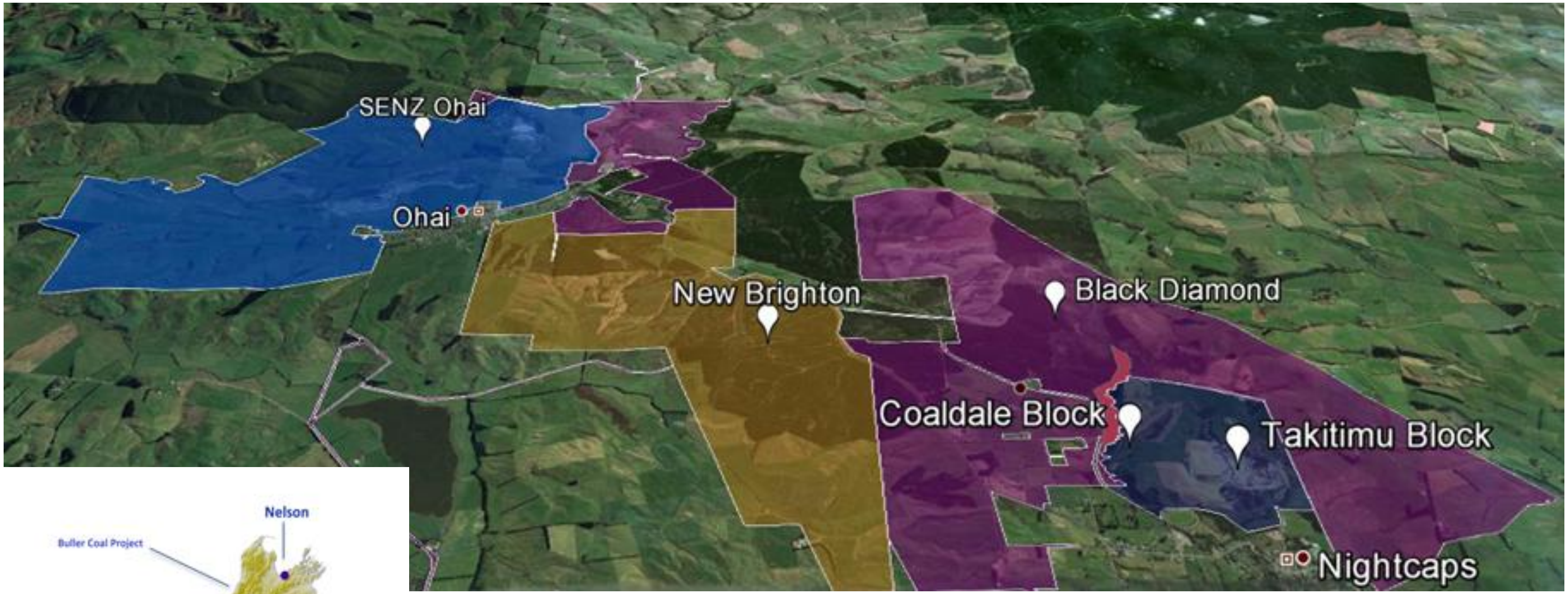
- $15m conditional payments for the acquisition of New Brighton Colleries Ltd
- $6m on-going requirements
- Other pending acquisitions

*Management estimates based on the current mining plan. Production targets based on Bathurst's mine and production plan and are subject to all necessary resource consents being granted when anticipated by the plan. Refer to the assumptions on pages 11 and 13 of this overview. Residual payments to L & M are excluded from these estimates on the basis they can be deferred and an increased royalty rate paid pending payment of the lump sums required being USD $40 million + $40 million. Refer Appendix 4. Estimates exclude aerial conveyor which Bathurst will need to raise separate finance for

AERIAL CONVEYOR

Illustration only of the aerial conveyor proposed to be constructed

SOUTHLAND ASSETS



APPENDICES

APPENDIX 1 - RESOURCE ESTIMATES

Area	Measured resource (Mt)	Indicated resource (Mt)	Inferred resource (Mt)	Total resource (Mt)
Escarpment	2.8	2.1	0.9	5.8
Deep Creek	6.2	3.1	1.6	10.9
Coalbrookdale	0.0	2.3	4.9	7.2
Whareatea West	5.0	12.4	8.1	25.5
Millerton North	0.0	1.9	3.6	5.5
North Buller	0.0	4.9	10.2	15.1
Blackburn	0.0	5.8	14.1	19.9
Cascade	0.5	0.3	0.7	1.5
Coaldale	1.2	1.2	0.7	3.1
Canterbury Coal*	0.0	0.9	2.4	3.3
New Brighton*	0.0	0.7	3.5	4.2
Ohai	0.3	0.5	1.2	2.0
Total	**16.0**	**36.1**	**51.9**	**104.0**

Resources are inclusive of reserves as at 11 October 2012
Resource tonnes have been reported using an appropriate in situ moisture basis for each deposit, ranging from 2% to 8% in situ moisture in Buller and 18% in situ moisture at Coaldale, Canterbury Coal, New Brighton and Ohai

* *Subject to acquisitions of Canterbury Coal and New Brighton settling (with those acquisitions being subject to conditions previously disclosed in announcements, 16 August 2013 and 28 February 2013 respectively, to NZX and ASX)*

APPENDIX 1 - RESOURCE ESTIMATES & MEASURED AVERAGE COAL QUALITY

Area	Coal type*	Measured resource (Mt)	Ash% (ad)	Sulphur % (ad)	Calorific Value (ad)	CSN	Fixed Carbon % (ad)	Volatile Matter % (ad)	Inherent Moisture
Escarpment	MC	2.8	15.5	0.6	29.5	7.5	50.8	32.9	0.9
Deep Creek	MC	6.2	11.0	2.5	29.7		52.8	32.9	2.2
Coalbrookdale	MC								
Whareatea West	MC	5	22.7	0.8	27.5	7.5	51.6	25.1	0.6
Millerton North	MC								
North Buller	MC								
Blackburn	MC								
Cascade	MC	0.5	4.1	1.8	31.3	4.5	52.2	38.8	2.4
Coaldale	TC	1.2	10.4	0.9	21.3	N/A	36.0	36.6	17.0
Canterbury	TC								
New Brighton	TC								
Ohai	TC	0.3	8.3	0.4	22.3	N/A	42.8	34.7	14.3
Total		**16.0**							

** MC = metallurgical coal and TC = thermal coal*

APPENDIX 1 - RESOURCE ESTIMATES & MEASURED AVERAGE COAL QUALITY

Area	Coal type*	Indicated resource (Mt)	Ash% (ad)	Sulphur % (ad)	Calorific Value (ad)	CSN	Fixed Carbon % (ad)	Volatile Matter % (ad)	Inherent Moisture
Escarpment	MC	2.1	14.0	0.8	29.7	7.0	50.6	34.4	1.1
Deep Creek	MC	3.1	9.7	2.7	30.3		52.9	34.7	2.0
Coalbrookdale	MC	2.3	12.0	1.8	30.4	5.0	50.2	36.1	1.7
Whareatea West	MC	12.4	28.0	0.8	25.9	6.0	48.9	22.5	0.7
Millerton North	MC	1.9	9.7	4.9	31.1	9.5	52.5	36.9	1.0
North Buller	MC	4.9	5.6	5.0	30.9	4.0	48.2	42.6	2.6
Blackburn	MC	5.8	3.9	4.3	30.4	6.0	51.8	42.1	2.2
Cascade	MC	0.3	8.4	1.9	30.6	4.0	50.7	38.4	2.4
Coaldale	TC	1.2	9.8	0.7	22.2	N/A	37.3	36.4	16.5
Canterbury	TC	0.9	7.3	0.7	24.1	N/A	39.2	35.9	18.0
New Brighton	TC	0.7	10.1	0.5	23.0	N/A	33.5	39.5	16.8
Ohai	TC	0.5	8.9	0.4	22.4	N/A	42.4	34.8	13.9
Total		**36.1**							

** MC = metallurgical coal and TC = thermal coal*

APPENDIX 1 - RESOURCE ESTIMATES & MEASURED AVERAGE COAL QUALITY

Area	Coal type*	Inferred resource (Mt)	Ash% (ad)	Sulphur % (ad)	Calorific Value (ad)	CSN	Fixed Carbon % (ad)	Volatile Matter % (ad)	Inherent Moisture
Escarpment	MC	0.9	13.1	1.0	29.8	7.0	50.7	35.0	1.2
Deep Creek	MC	1.6	10.1	2.4	29.7		52.5	29.7	2.4
Coalbrookdale	MC	4.9	13.7	1.6	29.7	5.0	49.5	35.2	1.6
Whareatea West	MC	8.1	26.6	0.8	24.6	8.0	48.3	25.3	0.7
Millerton North	MC	3.6	12.0	5.5	30.2	9.0	51.6	35.3	1.1
North Buller	MC	10.2	7.6	4.7	31.5	5.0	48.3	41.2	2.9
Blackburn	MC	14.1	6.4	4.8	30.1	6.0	49.4	41.8	2.3
Cascade	MC	0.7	8.4	1.8	30.6	4.5	50.9	38.3	2.4
Coaldale	TC	0.7	11.7	0.4	21.8	N/A	34.1	36.2	18.0
Canterbury	TC	2.4	8.9	0.7	23.4	N/A	38.7	35.6	17.2
New Brighton	TC	3.5	8.9	0.4	23.2	N/A	34.9	40.0	16.2
Ohai	TC	1.2	9.1	0.5	22.3	N/A	46.5	31.8	12.7
Total		**51.9**							

** MC = metallurgical coal and TC = thermal coal*

APPENDIX 2 – ROM RESERVE ESTIMATES & COAL QUALITY

Area	Proved reserves (Mt)	Probable reserves (Mt)	Total reserves (Mt)
Escarpment	2.7	1.9	4.6
Deep Creek	5.8	2.7	8.5
Whareatea West	5.0	10.6	15.6
Coalbrookdale	-	1.8	1.8
Cascade	0.2	0.2	0.4
Total	**13.9**	**17.2**	**30.9**

Area	Reserve Category	ROM type	Ash% (ad)	Sulphur % (ad)	Calorific Value (ad)	CSN	Fixed Carbon % (ad)	Volatile Matter % (ad)	Inherent Moisture
Escarpment	Probable	Bypass	6.8	0.9	31.9	7.6	55.6	36.5	1.2
	Probable	Wash feed	26.9	0.9	25.8	5.9	41.3	30.8	1.0
Escarpment	Proved	Bypass	7.1	0.5	32.9	8.6	56.4	35.6	0.8
	Proved	Wash feed	27.3	0.6	26.4	6.0	41.5	30.3	0.9
Whareatea West	Probable	Bypass	9.8	0.8	32.5	9.7	61.6	28.0	0.6
	Probable	Wash feed	30.9	0.8	24.7	5.8	46.4	22.0	0.7
Whareatea West	Proved	Bypass	8.3	0.8	32.6	9.7	62.6	28.5	0.6
	Proved	Wash feed	28.1	0.8	25.6	6.8	47.8	23.5	0.6
Coalbrookdale	Probable	Bypass	5.2	1.8	31.9	5.9	54.9	38.0	1.8
	Probable	Wash feed	26.9	1.5	27.1	4.0	40.0	31.8	1.3
Cascade	Proved	Bypass	2.8	1.7	32.7	5.2	54.7	39.9	2.6
	Probable	Bypass	4.3	1.8	32.1	4.0	53.6	39.6	2.6

ROM types: *Bypass coal does not go through the washery – it reports directly to product*
Wash feed coal reports to the washery for treatment

APPENDIX 2 – SALEABLE RESERVE ESTIMATES & COAL QUALITY

Area	Proved reserves (Mt)	Probable reserves (Mt)	Total reserves (Mt)
Escarpment	2.2	1.6	3.8
Deep Creek	5.1	2.4	7.5
Coalbrookdale	0.0	1.6	1.6
Whareatea West	3.6	6.7	10.3
Cascade	0.2	0.2	0.4
Total	**11.1**	**12.5**	**23.6**

All reserves quoted are reported as October 2012 in terms as defined in the JORC Code 2004. Refer to the appendices for the Competent Persons' statements required under the JORC Code.

Area	Ash %		CSN		Volatile Matter %		Sulphur %	
	Ave	Range	Ave	Range	Ave	Range	Ave	Range
Escarpment	8.2	2.1 – 11.4	8	6 – 9+	28.4	25.9 – 31.3	0.6	0.4 – 0.8
Deep Creek (coking)	5.0	4.9 – 5.2	>9	5 – 9++	37.0	18.0 – 38.0	2.5	2.0 - 3.1
Deep Creek (thermal)	11.8	6.4 - 16.5	n/a	n/a	n/a	n/a	1.7	0.9 - 2.0
Whareatea West	10.5	3.2 – 11.8	9	8 – 9++	29.7	23.9 – 31.7	0.8	0.8 – 0.9
Coalbrookdale	7.9	2.1 – 11.2	5.5	5 – 8	32.0	29.1 – 32.1	1.0	0.3 – 1.4
Cascade	2.0	0.3 - 2.1	4.5	2 – 5	34.9	31.3 – 34.9	1.5	0.3 – 1.9

Typical coking coal quality for reserves in South Buller (at 15% moisture)

APPENDIX 3 – TYPICAL PRODUCT COAL QUALITY

BATHURST RESOURCES

PROPERTY	INDICATIVE RANGE
Total Moisture (ar)	8 - 10%
Inherent Moisture (adb)	1.0 - 1.5%
Ash (adb)	5 - 9%
Total Sulphur (adb)	0.5 – 0.7%
Free Swelling Index	7 - 9
Romax	0.9 - 1.0
Volatile Matter (adb)	34 – 36%
Maximum fluidity (ddpm)	>10,000 to 100,000
Phosphorus	0.009% to 0.01%
Vitrinite	90 – 95%

Saleable Hard Coking Coal after treatment

APPENDIX 4 - SUMMARY OF L&M PAYMENTS

- In November 2010 Bathurst acquired L&M Coal Limited for the following consideration:
  - US$40 million initial consideration (which has been paid).
  - A performance payment of US$40 million payable when the first 25,000 tonnes of coal has been shipped from within the relevant permit areas (being the areas covered by EP40628 and EP51078).
  - A further performance payment of US$40 million payable when the first million tonnes of coal has been shipped from the relevant permit areas.
  - The outstanding performance payments are accelerated and become due on a change of control of Bathurst or its subsidiary, Bathurst New Zealand Limited.
  - Royalty payments based on the gross sales revenues of coal from the Relevant Permit Areas. Until Bathurst makes the first performance payment the royalty will be payable at 10% of gross sales revenues decreasing to 5% until the second performance payment is made and thereafter at the long term rate of 1.75%.
  - Failure by Bathurst to make a performance payment when due is not a breach of the share sale agreement provided Bathurst continues to pay royalties to L&M at the royalty rate applying at the time the relevant performance payment was due.
  - On the date that the second performance payment is due (and whether it is paid or not), Bathurst is required to issue to L&M shares in Bathurst sufficient to give L&M 5% of the issued capital of Bathurst. If for any reason these shares are not issued when due the royalty rate then payable is increased by 2%.
  - Bathurst's obligation to issue such shares will be triggered earlier if Bathurst receives notice from a third party of an offer to acquire more than 50% of the shares in Bathurst.
  - If on the date the shares are due to be issued to L&M there are options or other convertible rights on issue, on exercise of those options or other rights, Bathurst must issue additional shares to L&M in order that L&M's 5% interest in Bathurst be maintained. If these shares are not issued then the royalty rate payable is increased based on an agreed formula
- Bathurst FY13 accounts record the total deferred consideration of the L&M acquisition at NZ$183.9 million being the fair value of the deferred consideration and royalties using an appropriate discount rate, production profile and forecast US dollar coal prices
- Escarpment will be the first mine in production that will fall under these agreements

COMPETENT PERSON STATEMENTS

- The information in this presentation that relates to mineral resources and reserves for Deep Creek is based on information compiled by Adam Bonham-Carter a Competent Person who is a full time employee of Golder Associates (NZ) Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Bonham-Carter graduated with B.Sc and M.Sc degrees in Mining Engineering from Queen's University, Canada, and is a member of the Association of Professional Engineers and Geoscientists of British Columbia. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bonham-Carter consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears. This presentation accurately reflects the information compiled by the Competent Person.

- The information in this presentation that relates to mineral reserves for Escarpment, Cascade, Coalbrookdale and Whareatea West is based on information compiled by Ainsley Ferrier a Competent Person who is a full time employee of Buller Coal Limited and is a member of the Australasian Institute of Mining and Metallurgy. Ms Ferrier holds a Bachelor of Engineering (Mining) from the University of Queensland and has worked for the last two years for Buller Coal Limited in a mine planning role. Prior to that, she spent over seven years working in large open cut coal mines in Queensland and New South wales in a mine planning capacity. She has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Ferrier consents to the inclusion in this presentation of the matters based on her information in the form and context in which it appears. This presentation accurately reflects the information compiled by the Competent Person.

- The information in this presentation that relates to exploration results and mineral resources for Escarpment, Cascade, Coalbrookdale, Whareatea West, Millerton North, North Buller, Blackburn, Coaldale, Canterbury Coal, New Brighton and Ohai is based on information compiled by Hamish McLauchlan a Competent Person who is a full time employee of Buller Coal Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr McLauchlan has a B.Sc and M.Sc (Hons) majoring in geology from Canterbury University, and has had 19 years of experience in the mineral resource industry in New Zealand and offshore. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLauchlan consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears above. This presentation accurately reflects the information compiled by the Competent Person.

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28 August 2013

Managing Director
Bathurst Resources (New Zealand) Limited
Level 12, 1 Willeston St
Wellington New Zealand

Dear Sir,

BATHURST RESOURCES (NEW ZEALAND) LIMITED

INDEPENDENT TECHNICAL REVIEW

1.0 SUMMARY

Bathurst Resources (New Zealand) Limited (the "Company" or "Bathurst") has commissioned Behre Dolbear Australia Pty Limited ("BDA") to prepare an Independent Technical Review (the "Report" or the "ITR") focussed on the 2011 Definitive Feasibility Study ("DFS") on the South Buller Project, the plans for the Bathurst domestic projects, subsequent update reports and associated documentation relating to the current operations and planned development of the Escarpment Coal Mine Project (part of South Buller). The purpose of the ITR is to provide an independent technical assessment of Bathurst's mine plans, production profile and estimated capital and operating costs for Bathurst's proposed development of the Escarpment Project, as well as for other Buller Coal and domestic coal mining operations.

From the findings contained in the ITR and investigations to date, BDA concludes as follows:

- Bathurst is currently a small-scale domestic miner producing around 240,000 tonnes per annum ("tpa") of product coal from the Cascade and Takitimu open cut coal mines, with all coal being sold in the New Zealand domestic market.
- Over a period of approximately five years, Bathurst plans to progressively increase production to around 2.5 million tonnes per annum ("Mtpa"), of which approximately 0.5Mtpa is planned to be sold into the domestic market and 2.0Mtpa is destined for the export market.
- Product coal for export will be a premium quality coking coal, with ash 5-7%, sulphur ("S") 0.5-0.8%, Free Swelling Index ("FSI") 7-9, volatile matter ("VM") of 34-36%, maximum fluidity 10,000-100,000 dial divisions per minute ("ddpm") and total moisture ("TM") of 8-10%.
- The domestic coal product from Southland is a sub-bituminous, low ash coal, with TM of more than 15% and energy in the range of 18-23Mj/kg (4,300-5,500kcal/kg), suitable for boiler feed.
- From review of the data provided, BDA considers that, in terms of project development, the primary issue at this stage is the resolution of the appeals against resource consents granted in August 2011, to proceed initially with the Escarpment coal mine development and subsequently the Whareatea West and Coalbrookdale projects in the same immediate area on the Denniston plateau.
- With regard to the granting of resource consents, BDA understands that the initial Escarpment development application and consent process has taken in excess of two years to date, and a number of appeals and legal procedures are still before the courts. Bathurst has advised it expects to see resolution of the matters currently before the courts by Quarter 4 ("Q4") of calendar 2013.
- Forecasts contained within the DFS and associated documents are based on adequate geological and geotechnical data, taking account of the expected mining conditions. The assumptions used in estimating production tonnages, coal yields, operating costs and capital costs are regarded as appropriate and reasonable and within accepted orders of accuracy for studies of this nature.

- Bathurst coal resources and reserves estimates, prepared and signed off by in-house Competent Persons or Golder Associates (NZ) Ltd, have been estimated and categorised in accordance with the Australasian JORC Code[1]. BDA has neither undertaken an audit of the data nor a re-estimate of the resources, but has reviewed the resource and reserve estimates carried out by Bathurst and independent consultants.
- Bathurst has appointed and developed an experienced and capable management team that is qualified to undertake the construction, commissioning and operation of the proposed mining projects and the associated processing facilities. The individuals have worked on similar projects previously, demonstrate a knowledge of open cut coal mining and production risks and are regarded as understanding the critical issues associated with the proposed developments.
- The proposed open cut mining equipment and methods, are used world-wide and in other mines in New Zealand and are considered suited to the local coal deposits, geology and mine plans and generally support the production forecasts.
- The proposed coal handling, coal washery and supporting infrastructure facilities appear capable, after commissioning and ramp-up to full target production, of producing the specified products at the forecast volumes and tonnages.
- The Bathurst life of mine plans are based on staged development and construction schedules, production levels, washplant yields, operating costs and capital costs. BDA considers the assumptions used to be generally reasonable and consistent both with experience and with other similar operations elsewhere.
- The proposed Bathurst development projects are essentially "brownfields" projects, in that the company is currently operating technically similar operations in the same immediate area, on the same coal measures, using the same mix of mining equipment, and much of the required infrastructure is already in place and fit for purpose for the proposed operations.
- Bathurst has an established and experienced workforce at the two current operations, each of which is immediately adjacent to one or other of the proposed developments.
- The capital cost estimates for the developments planned in the initial two years of the Buller Project have been prepared consistent with the proposed developments and Bathurst has drawn on in-house experience in the preparation of the estimates, as well as external professional advisors. Some of the estimates will require updating once approvals are granted and designs are finalised. BDA considers that the accuracy of these estimates is of the order of ±20-25%, as would normally be expected at this stage of project development.
- For the longer-term developments, such as the coal handling and preparation plant north of Westport and the rail loop, detailed engineering and estimation has not been completed and the accuracy of the estimates is regarded as of the order of ±25-30%. Similarly, as designs and options are finalised, these levels will reduce, consistent with normal project development expectations.
- The estimated capital cost for construction of all the Bathurst projects is approximately NZ$105 million ("NZ$M") over five years, of which around NZ$96M is spent in the first four years, including NZ$20M in the first year. BDA considers that the capital estimates should include contingency provisions of 20% at this stage, again as would be expected at this stage of development; contingency requirements will reduce as detailed engineering and cost estimation is completed.
- Mine operating costs have been prepared based on the Bathurst experience in existing and very similar operations in the same immediate areas as the proposed developments. While there are always site-specific characteristics to every new development, BDA considers the estimates have been properly and competently prepared and at this stage, would be accurate within ±15-20%.
- Product coal transport alternatives have been investigated and costs estimated; essentially, for the Escarpment project and associated developments, the options comprise initial trucking and subsequent conveying of coal from the plateau to the coast and then either railing to Lyttelton on the east coast or barging the coal to Taranaki. These options remain under review until project commitment.

[1] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC) – Effective December 2004 ("the JORC Code"). Note that the 2004 JORC Code can be used until 1 December 2013, after which it is mandatory to report under the updated December 2012 Edition of the Code.

2.0 INTRODUCTION

2.1 Purpose of Report

Bathurst has commissioned this ITR to provide an independent technical assessment of Bathurst's coal mining operations and projects. BDA has reviewed the proposed Escarpment Project and the other Buller Coal and Bathurst domestic operations, projects and assets, and this report summarises the findings of the BDA review.

BDA has conducted its review in recognition of the requirements of the JORC Code and the VALMIN Code[2].

2.2 Capability and Independence

This report was prepared on behalf of BDA by the signatories to this report, details of whose qualifications and experience are set out in Annexure A to this report. Information in this report that relates to Mineral Resources or Ore Reserves is based on JORC Code-compliant Resource and Reserve Statements prepared by Competent Persons as defined by the JORC Code. The Specialists who contributed to the findings within this report each consent to the matters based on their contribution in the form and context in which it appears.

Behre Dolbear Australia Pty Limited ("BDA") is the Australian subsidiary of Behre Dolbear and Company Inc. ("Behre Dolbear"). Behre Dolbear is an international minerals industry consulting group which has operated continuously in North America and worldwide since 1911, with offices in Denver, Guadalajara, Hong Kong, London, New York, Sydney, Toronto and Vancouver. Behre Dolbear specialises in due diligence studies, independent expert reports, independent engineer certification and strategic planning as well as technical geological, mining and process consulting. Directors and Associates from the Sydney office of BDA have undertaken all the technical review work for this report.

Neither the Directors nor Associates of BDA have any material interest in or entitlement to the securities or assets of Bathurst, their advisors or any associated companies. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

2.3 Scope of Work/Materiality/Limitations and Exclusions

BDA has reviewed the relevant Bathurst and consultants' reports relating to the Bathurst Project Feasibility Study and update reports in accordance with the Scope of Work and Exclusions set out in Annexure B to this Report. All opinions, findings and conclusions expressed in this Report are those of BDA and its Specialist advisors.

This Report has been based on data, reports and other information made available to BDA by Bathurst and their consultants and advisors. We have been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to Bathurst for review as to any material errors of fact, omissions or incorrect or unreasonable assumptions. The opinions stated herein are given in good faith. We believe that the basic assumptions are factual and correct and the interpretations reasonable.

The opinions expressed in this report have been based on information supplied to BDA by Bathurst and its consultants. BDA has exercised all due care in reviewing the supplied information and believes that the basic assumptions are factual and correct and the interpretations are reasonable. BDA has independently analyzed Bathurst's data, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from investment or other financial decisions or actions. BDA reserves the right to change its opinions on the Bathurst coal mining studies expressed in this report should any of the fundamental information provided by Bathurst be significantly or materially revised.

This report is provided to Bathurst in connection with the development of its proposed Escarpment Project and other Buller Coal and domestic operations and should not be used or relied upon for any other purpose. This report does not constitute an audit. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any purpose without our written consent to the form and context in which it appears.

[2] The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports – "the VALMIN Code" – 2005 Edition

2.4 Inherent Mining Risks

When compared with many industrial and commercial operations, coal mining carries a relatively higher risk, conducted in an environment where not all events are predictable. Each coal deposit is unique. The nature of the coal deposit, the occurrence and quality of the coal, and its behaviour during mining and processing can never be predicted with certainty. Estimations of the tonnes, quality and characteristics of a coal deposit are not precise calculations but are based on interpretations and on samples from drilling which, even at close drill hole spacing, remain very small samples of the whole coal deposit. Reconciliations of past production and reserves can confirm the reasonableness of past estimates, but cannot categorically confirm the accuracy of future predictions.

Estimations of project capital and operating costs are rarely more accurate than ±10% and will be at least ±15% for projects in the planning stages. Mining project revenues are subject to variations in coal prices and exchange rates, though some uncertainty can be removed with hedging programmes and long term contracts.

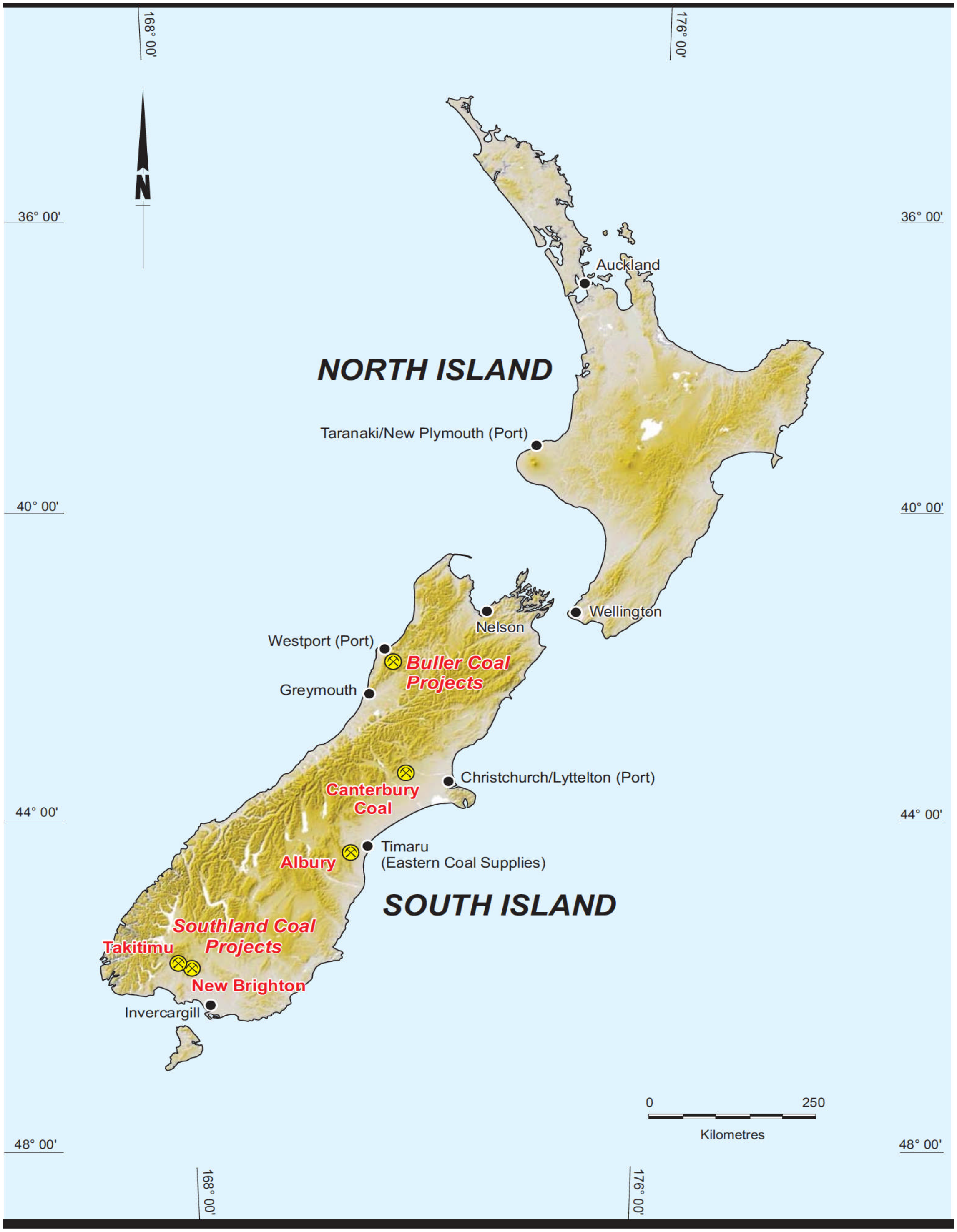
The proposed South Buller Project, comprising development of the Escarpment, Whareatea West and Coalbrookdale open pit coal mines, and the existing Cascade mine, is planning to adopt conventional open cut mining methods, as commonly used elsewhere and currently in operation on the West Coast of New Zealand at the Bathurst Cascade mine, and the risks are considered mitigated to a significant extent by the knowledge and experience gained from existing operations. Similarly, the proposed expansions to the Bathurst domestic Projects operations in Southland, comprising the Takitimu, Coaldale and Black Diamond (Ohai) open pit mines, are based on production and cost parameters experienced at the existing Bathurst operations in the area and these factors are considered generally reliable; however, the introduction of higher rates of mining production will involve the introduction of some additional risk. Bathurst's development plans involve the mining of areas where the geological, mineralogical and geotechnical characteristics are only broadly understood at this stage, and the projected production schedules and operating costs will be dependent on the final resolution of the current uncertainties, so these aspects represent risks. The coal measures on the West Coast and Southland are well known and have been mined for many years in the surrounding areas, including operations on the Bathurst tenements.

BDA has assessed the proposed Bathurst development plans at Takitimu and the Denniston Plateau by reviewing relevant data, including resources and reserves estimates, manpower requirements, environmental and operational issues and the life of mine ("LOM") plans relating to productivity, production, operating and capital costs and coal yields and quality. BDA considers that the proposed open cut mines in both the Takitimu and Denniston Plateau areas are based on reasonable geological knowledge and current/previous mining experience.

While an effective and experienced management team can identify the known risks and take measures to mitigate and manage those risks, there remains the possibility that unexpected and unpredicted events may occur. It is not possible therefore to totally remove all risks or to state with certainty that an event that may have a material impact on the operation of a coal mine will not occur.

2.5 Currency

Unless otherwise stated, all currency is in New Zealand dollars.



Bathurst Resources Ltd *New Zealand Projects*

Figure 1 **LOCATION PLAN**

BDA - 0168 (01 - July 2013) Behre Dolbear Australia Pty Ltd

3.0 OVERVIEW OF BATHURST RESOURCES LIMITED

Bathurst has two operating areas in New Zealand, both on the South Island. The Buller area is on the west coast, located on the Denniston plateau to the east of Westport, and the Takitimu area is in the south, near the town of Nightcaps and north of Invercargill in Southland.

3.1 Buller Coal Limited and The Buller Project

Buller Coal Limited is the 100%-owned Bathurst subsidiary that owns and operates all of Bathurst's operations on the Buller coal field, including 10,000 hectares ("ha") of exploration and mining permits, the existing Cascade mine and the planned Escarpment, Coalbrookdale and Whareatea West mines on the Denniston Plateau, located to the east of Westport on New Zealand's West Coast (see Figure 2). Buller Coal has access to existing rail and port infrastructure accessing the ports of Taranaki at New Plymouth and Lyttelton, near Christchurch, thereby enabling export from both the west and east coasts of the country. Buller Coal aims to expand its operations to become a substantial producer and exporter of coal in New Zealand, with exploration tenements that currently have potential resources in excess of 127 million tonnes ("Mt") of coal. The Cascade mine is an existing operation and is ramping up production to more than150,000 tonnes per annum ("tpa") for sales in New Zealand and for export.

In summary, the Buller Project comprises :

- Escarpment project – granted resource consents in August 2011, with that decision appealed by environment groups to the Environment Court. There have been hearings of appeals in various courts and jurisdictions, and Bathurst anticipates approval by Q2 of FY2014. Production will commence at 180,000tpa, of export coking coal, then increasing to 540,000tpa, then 750,000tpa and subsequently to 0.9Mtpa as further infrastructure is developed.
- Cascade mine – targeting production ramping up to 150,000tpa of coal.
- Coalbrookdale block – adjacent to Cascade, this was previously an underground mine, and the target production is 200,000tpa of coal
- Whareatea West block, an extension of Escarpment, targeting an initial 500,000tpa in the first year, increasing to 0.9Mtpa of coal in the second year.
- The Total Buller Project – longer term (commencing around 2019) the total Buller Project operations (including all the above operations and at North Buller), targeting up to 3Mtpa export coking coal.

Plans for production from the Buller South project are staged over a five-year period to reach full production. Given that the starting point is contingent on resolution of the appeals against the granting of development consent, the dates of production and the calendar years into which they fall remain uncertain, but is assumed to commence in 2014. The approximate schedule for the build-up of production from the Denniston Plateau for the South Buller Project, including the domestic coal production from the Cascade mine, is as follows:

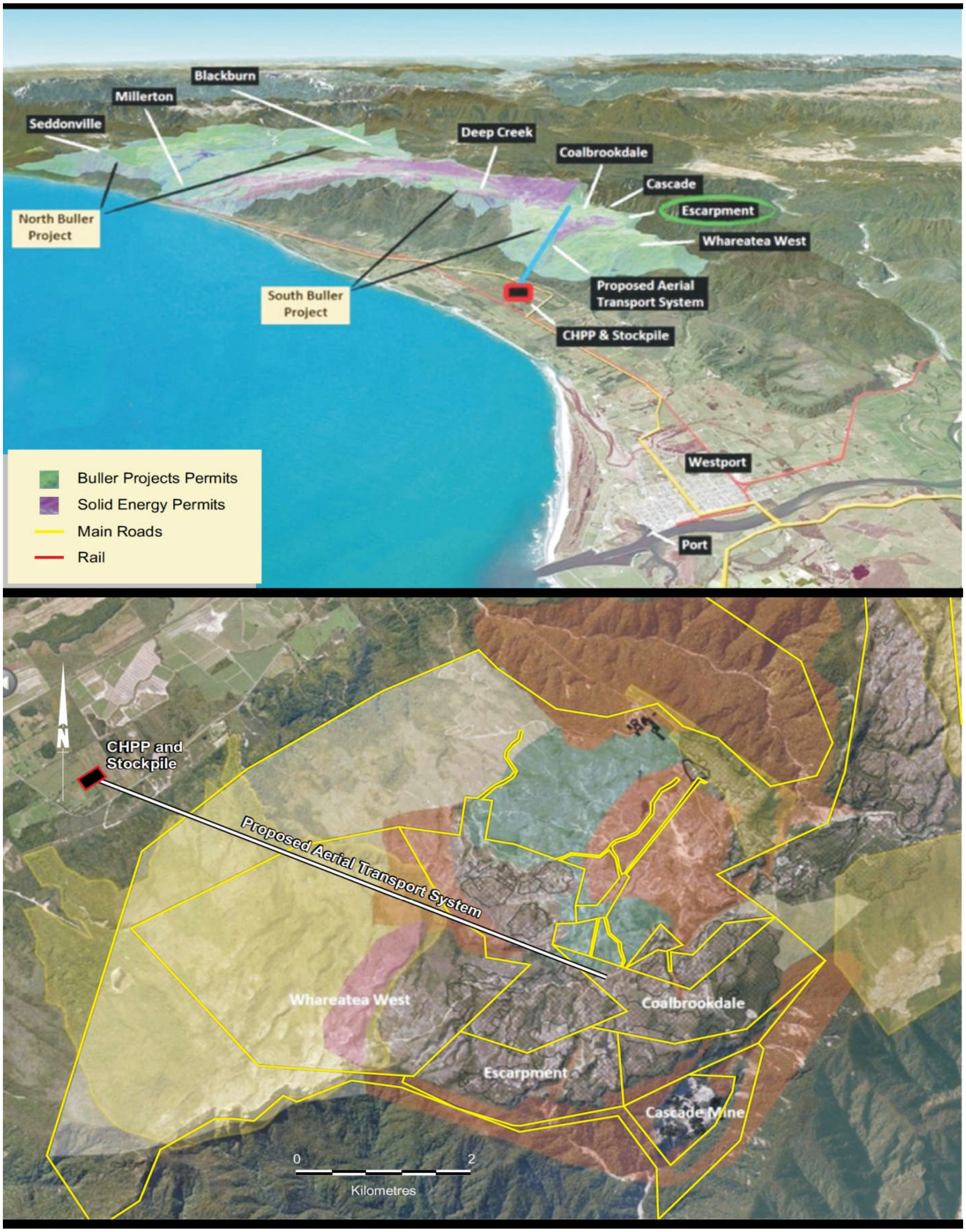
Table 3.1

South Buller Project Production Forecast ('000t)

Project	FY2014	FY2015	FY2016	FY2017	FY2018
Cascade (refer Table 3.2)	127	177	145	140	135
Escarpment	180	540	540	750	900
Coalbrookdale	0	0	0	200	200
Whareatea West	0	0		490	970
Total*	**307**	**717**	**685**	**1,580**	**2,205**

FY2014 assumed to be first year of operation * *Totals rounded to nearest 1,000t*

BDA has reviewed the schedule and is generally satisfied with the approach, but considers the rate of ramp-up may be prove difficult to achieve. Nevertheless, subject to consents and a timely start to the Buller Project, BDA would anticipate that Bathurst will achieve the full targeted production rate by FY2018 and from that point, should be capable of consistently maintaining that rate.



Bathurst Resources Ltd *Buller Projects*

Figure 2 **LOCATION PLAN**

BDA - 0168 (01 - July 2013) Behre Dolbear Australia Pty Ltd

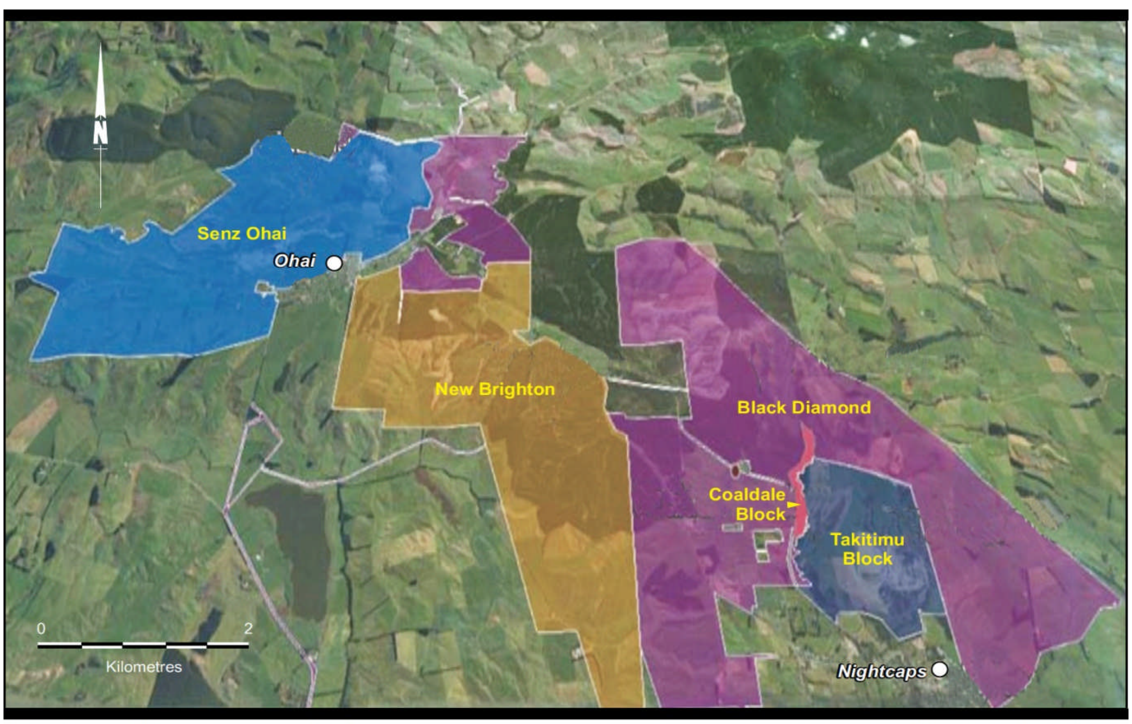
3.2 Bathurst Domestic

Bathurst operates the Takitimu thermal coal mine in Southland and a coal distribution centre in Timaru, on the east coast. The Takitimu mine is located near the towns of Nightcaps and Ohai and contains one of the few remaining pockets of sub-bituminous coal in the region.

In early 2012, Bathurst began developing the new Coaldale block, an extension of the Takitimu mine, that will produce more than two million tonnes of coal over several years, providing the means to maintain and service the current supply contracts and develop additional domestic markets.

There is also potential for Bathurst to develop export opportunities for the Takitimu coal, using existing infrastructure at Southport. Bathurst holds the Exploration Permits at Ohai, New Brighton[3] and Albury and a Prospecting Permit, also at Albury. In summary, Bathurst's primary Southland assets comprise:

- Takitimu mine – employs both full-time staff and contractors. Almost all the coal resources have been recovered from the original pit and final rehabilitation work has commenced.
- Coaldale Block – adjacent to the original Takitimu block, and with Takitimu's imminent depletion, production has moved into the Coaldale block, mining the same coal measures. Production commenced in April 2012 and is expected to produce around two million tonnes of thermal coal over several years.
- Black Diamond Block (Ohai) – this is adjacent to the Coaldale block, contained within the Ohai Exploration Permit, and it is planned that mining will progress to that area as the Coaldale block approaches completion.
- New Brighton Block[3] – this is a new area planned to be developed, close to existing operations.
- Eastern Coal Supplies – located at Timaru, this facility operates as a blending and distribution centre for coal from Bathurst's West Coast and Southland mines.



Bathurst Resources Ltd *Eastern Projects*

Figure 3 **LOCATION PLAN**

BDA - 0168 (01 - July 2013) Behre Dolbear Australia Pty Ltd

[3] The acquisition of New Brighton remains subject to conditional contract

3.3 Domestic Business

Bathurst has mines in both of its operating areas which supply the New Zealand domestic market, including Cascade and Takitimu, with new operations planned to be developed at Coaldale and New Brighton, both in the Ohai and Nightcaps area. In addition, a modest production is planned for the Canterbury Coal[4] operation, but this has yet to be developed and the contract to acquire Canterbury Coal remains subject to acquisition conditions. Domestic coal production is currently around planned to ramp up from the current level of around 400,000tpa in FY2014, comprising coal from Takitimu, Cascade and Canterbury Coal operations, progressively increasing to 0.8Mtpa by FY2018, with the additional tonnages coming from the projected New Brighton coal mine development and the Canterbury operations entering a new contract in FY2018. Planned production and projected sales, based on current planning and advised by Bathurst are shown in Table 3.2.

Table 3.2

Bathurst Domestic Market Production and Sales Plan ('000t)

	FY2014	FY2015	FY2016	FY2017	FY2018
Cascade	127	177	145	140	135
Canterbury**	36	40	65	75	224
Cascade & Canterbury Sub Total	***163***	***217***	***210***	***215***	***359***
New Brighton**	-	45	135	143	190
Takitimu	233	253	272	272	272
Southland SubTotal	***233***	***298***	***407***	***415***	***462***
Domestic Sales ('000tpa)*	**396**	**515**	**617**	**630**	**821**

* *Rounded to nearest 1,000t* ** *the acquisition of Canterbury Coal and New Brighton remain subject to conditional contracts*

BDA has reviewed the domestic coal production schedule and is generally satisfied with the approach, although the rate of ramp-up in the new operations may prove difficult to achieve. Subject to timely starts to Canterbury and New Brighton operations and sales as projected, BDA considers that Bathurst is capable of achieving the full targeted production rate by FY2018 and at that point, should be capable of consistently maintaining that rate. BDA notes that all domestic production forecasts for the next five years are drawn from Measured and Indicated resources, although reserves for domestic coal have only been declared at Cascade to date.

3.4 Export Business

Bathurst has planned mine developments in the South Buller area, including Escarpment, Coalbrookdale and Whareatea West and the existing Cascade mine, and later, the North Buller project, from which it aims to supply the export market. Bathurst has advised BDA of the planned production and projected sales, based on current planning. The proposed ramp-up runs from around 180,000t in the first year (assumed to be FY2014) as Escarpment is commissioned, increasing to 540,000t in the second and third years, and then to 1.45Mtpa in Year four as Whareatea West and Coalbrookdale come on stream, with "steady state" operations being achieved in Year five at around 2.0Mtpa of product coal once Escarpment and Whareatea West have expanded to their full design rates.

Table 3.3

Export Coal Production Forecast

Project	FY2014	FY2015	FY2016	FY2017	FY2018
Export Coal					
Escarpment	180	540	540	750	900
Coalbrookdale	0	0	0	200	200
Whareatea West	0	0		490	970
Total Export	**180**	**540**	**540**	**1,440**	**2,070**

* *assumes 2014 is Year 1*

While some of these targets may be difficult to deliver within the projected timeframe, BDA considers that they are technically achievable and that, subject to timely consents and project commencement, Bathurst will have achieved "steady state" export operations by Year 5. BDA notes that all export production forecasts for the first five years of operation are drawn from Proved and Probable reserves.

[4] The acquisitions of both Canterbury Coal and New Brighton remain subject to conditional contracts

3.5 Production and Sales Plan

Under the South Buller development plan, Bathurst is targeting ROM production of 2.3Mtpa ROM (or around 2.0Mtpa product coal) by Year 5 of the multi-mine development. The starting date for production remains uncertain, with the Escarpment appeals process still outstanding (resolution is expected in the second half of 2013), so milestones have been set as Years 1 to 5, with Year 1 commencing on receiving consent for the Escarpment Project. Cascade is currently the only producing Bathurst mine in the Buller region, producing approximately 60,000t of saleable coking coal in FY2012 and currently ramping to 130,000t in FY2014. The adjacent Cascade extension block is under development to provide access to the remaining coal on the Cascade block.

Subject to the granting of consent for the Escarpment mine, the initial full year of development (Year 1) should entail the first three phases of the South Buller development plan, which would see the first ROM production from Escarpment at 180,000tpa, as shown in Table 3.3. With Cascade ROM production lifted to 130,000tpa, 230,000t scheduled from Takitimu and 40,000t from Canterbury Coal, the total Bathurst Year 1 production would be 580,000t ROM as shown in Table 3.4, although BDA would anticipate there may be a slower rate of ramp-up in both Escarpment and Cascade.

During Year 2 of development, Bathurst aims to increase production from Escarpment to 540,000tpa of product coal, although BDA would anticipate that ramp-up may be slower than projected.

Production from Escarpment is forecast to rise to 750,000tpa in FY2017 through the introduction of an aerial conveyor system. With the Coalbrookdale and Whareatea West permits also commissioning that year, and scheduled to produce 0.2Mtpa and 0.5Mtpa respectively, the total South Buller export production would rise to 1.45Mt.

The continuing development of the Whareatea West mine in Year 5 is expected to expand to 0.9Mt of production, which would take Bathurst to its target of 2.0Mtpa of export product coal, or around 2.35mt ROM. As indicated above, BDA considers ramp-up may be slower than projected, but agrees that the full production rate should be achieved in Year 5.

Table 3.4

Bathurst Total Production Forecast (‘000t)

Project	FY2014	FY2015	FY2016	FY2017	FY2018
Domestic Coal (refer Table 3.2)	396	515	617	630	821
Buller Export Coal (refer Table 3.3)					
Escarpment	180	540	540	750	900
Coalbrookdale	0	0	0	200	200
Whareatea West	0	0		490	970
Subtotal Export	***180***	***540***	***540***	***1,440***	***2,070***
Total*	**576**	**1,055**	**1,157**	**2,070**	**2,891**

FY2014 assumed to be first year of operation * *Totals rounded to nearest 1,000t*

BDA has reviewed the schedule and is generally satisfied with the approach, but considers the rate of ramp-up may be prove difficult to achieve. Nevertheless, subject to a timely start to the Buller Project, BDA would anticipate that Bathurst will achieve the full targeted production rate by FY2018 and at that point, should be capable of consistently maintaining that rate.

There is longer-term potential to increase the Buller Coal saleable production through the development of the North Buller project, where Bathurst has indicated that an additional four pits may be developed. When fully commissioned, North Buller could add up to an additional 2Mtpa ROM production of low-ash, high-sulphur, coking coal. First coal is forecast from 2019 at the earliest, although BDA would consider at this stage that the likelihood is that, with the current delays to consenting at Escarpment, the North Buller development schedule may also be delayed. BDA considers that this addition can only be regarded as conceptual at present and would be dependent on timely consent and commencement of the South Buller development in Q2 of calendar FY2014 and completion of necessary mining, environmental, and technical and economic feasibility studies.

3.6 Resources and Reserves Estimates

Bathurst reported total resources of 104.0Mt and reserves of 23.8Mt as of August 2013. The JORC Resources and Reserves are shown in Table 3.5.

Table 3.5

Bathurst JORC Resources and Reserves

Deposit	Resources (Mt)				Reserves (Mt) (Saleable)		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
EXPORT COAL							
South Buller							
Escarpment	2.8	2.1	0.9	5.8	2.2	1.6	3.8
Deep Creek	6.2	3.1	1.6	10.9	5.1	2.4	7.5
Coalbrookdale	0	2.3	4.9	7.2	0	1.6	1.6
Whareatea West	5.0	12.4	8.1	25.5	3.6	6.7	10.3
Subtotal	***14.0***	***19.9***	***15.5***	***49.4***	***10.9***	***12.3***	***23.2***
North Buller							
Millerton North	-	1.9	3.6	5.5	-	-	-
North Buller	-	4.9	10.2	15.1	-	-	-
Blackburn	-	5.8	14.1	19.9	-	-	-
Subtotal	***-***	***12.6***	***27.9***	***40.5***	***-***	***-***	***-***
TOTAL EXPORT	**14.0**	**32.5**	**43.4**	**89.9**	**10.9**	**12.3**	**23.2**
DOMESTIC COAL							
Cascade	0.5	0.3	0.7	1.5	0.2	0.2	0.4
Coaldale	1.2	1.2	0.7	3.1	-	-	-
Canterbury Coal*	-	0.9	2.4	3.3	-	-	-
New Brighton*	-	0.7	3.5	4.2	-	-	-
Black Diamond (Ohai)	0.3	0.5	1.2	2.0	-	-	-
TOTAL DOMESTIC	**2.0**	**3.6**	**8.5**	**14.1**	**0.2**	**0.2**	**0.4**
TOTAL	**16.0**	**36.1**	**51.9**	**104.0**	**11.1**	**12.5**	**23.6**

*Source: Bathurst, July 2013; * The acquisition of Canterbury Coal and New Brighton remain subject to conditional contracts*

BDA has reviewed the resource and reserve estimates and has visited the sites of all currently planned operations and the existing mines. BDA has examined the methodology used to estimate the resources and reserves and is satisfied that the processes have been properly conducted. The estimation methodology is generally in accordance with industry practice and BDA considers the estimates can be regarded as JORC compliant.

BDA notes that Bathurst has adopted a procedure over old workings of discounting the estimated resources by 50% to account for the depletion of coal from underground mining and due to possible structures not identified by drilling. Based on reconciliations from mining to date at Takitimu and Cascade, this approach has been established as a reasonably reliable, if somewhat conservative, method of estimating resources where there are clearly areas of depletion. BDA accepts that this appears to be a reasonable approach, but cautions there will be areas where the resources may differ from the estimates.

3.7 Bathurst Forecast Capital Requirements

Bathurst has prepared capital estimates as part of the DFS, and has allocated expenditure to each of the mining projects and applications as demonstrated in Table 3.6.

Table 3.6

Bathurst Forecast Capital Requirements

Capex ($M)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Domestic operations (including Cascade)	6.6	1.4	11.8	0.4	1.6	21.8
Export operations (Buller Project)	13.3	24.9	13.8	24.1	7.7	83.8
Total	**19.8**	**26.3**	**25.5**	**24.6**	**9.4**	**105.6**

Source: Bathurst

BDA has reviewed the capital forecasts and considers that they have been prepared consistent with the proposed developments and notes that Bathurst has drawn on in-house experience in the preparation of the estimates, as well as external professional advisors. While much of the initial capital involves earthworks, road construction, land acquisition and mine development earthworks that are essentially the same as current activities, it also includes the waste water treatment plant and the aerial conveyor. The estimates were prepared in 2010 and 2011, and some of them will require updating; BDA considers that the accuracy of these estimates will be of the order of ±20-25%, as would normally be expected at this stage of project development.

For the longer-term developments, such as the coal handling and preparation plant north of Westport and the rail loop, detailed engineering and estimation has not been completed, some of the final technical decisions have yet to be finalised and the accuracy of the estimates is regarded as of the order of ±25-30%. These levels of accuracy ore normal for this stage of estimation, and reflect that there is potential for less or more expensive options, depending on decisions made during the detailed design and procurement phases. As designs and options are finalised, these levels will reduce, consistent with normal project development expectations.

4.0 BULLER COAL

4.1 South Buller Project

Bathurst is primarily focused on the development of its multi-mine South Buller Coal Project, located on the Denniston Plateau, in the hinterland to the east from the town of Westport on the west coast of New Zealand's South Island. The proposed open cut mines that comprise the South Buller Project are close to several existing mines, the most significant of which is Solid Energy's Stockton operation, which is the largest open cut coal mine in New Zealand. The South Buller project originally consisted of the Escarpment and Deep Creek projects, but the Eastern Resources acquisition in March 2011 added the adjacent Whareatea West project and the producing Cascade mine. In July 2011, to round out the tenement position, Bathurst acquired the Coalbrookdale project, which covers the connecting tenements between Cascade and Whareatea West. These tenements now form a set of contiguous properties that comprise the South Buller development.

Through a progressive development programme, Bathurst has planned for the Buller Project to ramp up over a four-year period to produce around 2Mtpa ROM of quality coking coal from open cut coal mining. The estimated project capital costs are in the range of NZ$105–135M, depending on final development options, with development expected to start in early 2014 (contingent on resolution of the current appeals processes).

Bathurst management has indicated that there is potential to lift production after Year Four with the development of the North Buller projects, which are further north and closer to the Solid Energy Stockton mine. The development of the Buller North projects would require a relatively modest expenditure, estimated to be of the order of NZ$30M, to take the total Buller Project ROM production up to almost 4Mtpa.

The Buller project will produce a range of coking coals, of generally low ash and with good coking qualities. The different specifications between the various deposits is summarised as follows in Table 4.1, and it is noted that the Deep Creek deposit is not included in the current development plans due to its higher sulphur content.

Table 4.1

Comparison of Buller South Coal Qualities*

Deposit	CSN	Ash %	Volatile Matter %	Sulphur %	Fluidity (ddpm)
Escarpment	7-9	5-7	34-36	0.5-0.8	>10,000
Whareatea West	7-9	7-9	28-32	0.5-0.9	NA
Coalbrookdale	4-6	2-7	36-38	0.5-1.0	NA
Cascade	3-5	2-5	34-38	0.5-1.5	NA

* *based on 9% total moisture*

4.2 Cascade

The existing Cascade mine is the only producing asset in the Buller project area and was acquired by Bathurst as part of the Eastern Resources transaction in March 2011. It is located next to the Escarpment, Coalbrookdale and Whareatea West projects and produces a high-value, low-ash, low sulphur, coking coal that is primarily sold to domestic industrial consumers on long-term contracts. In 2012, Bathurst extended the existing Cascade Mining Permit to include additional coal resources identified in the adjacent exploration licence. This has provided the opportunity to increase Cascade production to around 150,000tpa in future years, from around the 60,000t of saleable product in FY12. Bathurst has used the additional tonnes to test the export logistics chain, with the first shipment running from Westport to Port Taranaki at New Plymouth in November 2012. As at October 2012, the total Cascade coal resources were estimated at 1.5Mt.

4.3 Escarpment

The Escarpment project is located between the Whareatea West and Coalbrookdale blocks and was the first project acquired by Bathurst. The company acquired a 100% interest in Escarpment in November 2010 pursuant to a joint-venture agreement with L&M Holdings ("L&M"). The joint venture was originally formed to identify high-grade metallurgical coal deposits in New Zealand, with the plan for Bathurst to increase its interest in the projects to 100% at a later stage through the acquisition of L&M. Pursuant to that acquisition, Bathurst had the following obligations:

- A payment of US$40 million initial consideration (which has been paid).
- A performance payment of US$40 million payable when the first 25,000 tonnes of coal has been shipped from within the relevant permit areas (being the areas covered by EP40628 and EP51078).
- A further performance payment of US$40 million payable when the first million tonnes of coal has been shipped from the relevant permit areas.
- Royalty payments based on the gross sales revenues of coal from the Relevant Permit Areas. Until Bathurst makes the first performance payment the royalty will be payable at 10% of gross sales revenues decreasing to 5% until the second performance payment is made and thereafter at the long term rate of 1.75%.
- Failure by Bathurst to make a performance payment when due is not a breach of the share sale agreement provided Bathurst continues to pay royalties to L&M at the royalty rate applying at the time the relevant performance payment was due.
- On the date that the second performance payment is due (and whether it is paid or not), Bathurst is required to issue to L&M shares in Bathurst sufficient to give L&M 5% of the issued capital of Bathurst. If for any reason these shares are not issued when due the royalty rate then payable is increased by 2%.
- If on the date the shares are due to be issued to L&M there are options or other convertible rights on issue, on exercise of those options or other rights, Bathurst must issue additional shares to L&M in order that L&M's 5% interest in Bathurst be maintained. If these shares are not issued, then the royalty rate payable is increased, based on an agreed formula.

The original South Buller DFS contemplated a 1Mtpa open-cut operation at Escarpment, with an additional 1Mtpa to come from development of the Deep Creek deposit in Year Three. The acquisition of the adjacent deposits in 2010–2011 has led Bathurst to alter the mine plan, with Escarpment development now to be followed by Whareatea West in Year Three. The initial ROM production target at Escarpment is now 500,000tpa (trucking license limit) of quality coking coal, all of which is to be trucked down from the plateau. Escarpment production should rise to nearly 1Mtpa by Year 4 through the introduction of an aerial conveyor system to the plant (phase four). Total coal resources for Escarpment are 5.8Mt, with reserves estimated as 3.8Mt, as of October 2012.

The finalisation of consents for the construction of the proposed Escarpment project has to date taken more than two years and consent is still pending subject to settlement of appeals currently before the courts. Bathurst indicates that it expects to receive consent in Q4 of 2013.

4.4 Coalbrookdale

The Coalbrookdale project (formerly Brookdale) was acquired in July 2011. The project covers an area of 342ha and is located above the Cascade mine and adjacent to the Escarpment project. Bathurst has targeted to develop this project as phase two of the Buller development and is targeting ROM production of nearly 200,000tpa of hard and semi-soft coking coal from Year 3. The current permits allow for two underground mines with the option to be converted to open-cut permits and Bathurst has indicated it will develop Coalbrookdale as an open-cut operation in conjunction with Escarpment. As of October 2012, the total Coalbrookdale coal resources were estimated at 7.2Mt.

4.5 Whareatea West

Whareatea West lies at the western end of the Buller project and forms a southern extension to the Escarpment project. Bathurst acquired the project in March 2011 as part of the Eastern Resources Group transaction. The development of Whareatea West is scheduled as the fourth open pit of the Buller project, and forms the final phase of Bathurst’s development plan, after Cascade, Escarpment and Coalbrookdale have all reached full production. Current planning is that the Whareatea West production should commence in Year 3 and the project is expected to add a further 1Mtpa ROM of hard-coking coal, thereby lifting total ROM production to 2.35Mtpa. As at October 2012, the total Whareatea West coal resources were estimated at 25.5Mt.

4.6 North Buller

The North Buller project is a longer-term development target for Bathurst and is expected to contribute to production following the South Buller development. North Buller includes the Millerton North, North Buller and Blackburn deposits in an area north of the Stockton Plateau, which had an estimated combined total resource of 40.5Mt as of October 2012. Other deposits in the North Buller tenements include Ngakawau, Seddonville and Coal Creek, but Bathurst has not yet defined resources for these deposits. Plans to develop this region remain at an early stage, with drilling exploration programmes, environmental, and technical studies currently underway. Exploration is currently focused on the Seddonville area, and an environmental consultant group has been engaged.

Bathurst does not expect to experience the same level of difficulty in obtaining a mining permit at North Buller as has been experienced with Escarpment, on the basis that North Buller's permits are on land that has been extensively logged and mined for over 80 years, and the last operating coal mine closed in the 1980s. At this stage, the development of North Buller has the potential to contribute more than 1Mtpa of additional coal production, with first coal from that area planned for 2019 at the earliest. Development costs, currently estimated at NZ$30M, are expected to be funded from internally generated cashflows. The consenting process for North Buller is expected to commence after 2014.

The development cost is expected to be relatively low compared to South Buller, because there will be minimal need for additional infrastructure, with any North Buller production being trucked to the coal handling and processing plant at South Buller. An additional benefit may come from blending the two product streams, as some of the North Buller product is relatively high in sulphur, so that blending it with the lower sulphur South Buller material would produce a readily marketable product and contribute to an extended overall mine life.

4.7 Mining and Processing

Mine developments are expected to be conventional open-cut operations using hydraulic excavators and trucks to mine and haul the coal to the mine stockpiles. The proposed location of the coal handling and processing plant ("CHPP") facilities was revised in April 2012, following a mediation process with local residents. The CHPP site has now been relocated to the coastal plain north-east of Westport below the Denniston Plateau, which avoids the potential water management issues associated with the sensitive wetland areas of the plateau. Additionally, Bathurst has elected to transport coal off the plateau with a more environmentally acceptable (and operationally proven) aerial conveyor system, rather than some of the transport alternatives previously canvassed.

The finalisation of design, permitting, and construction of the revised CHPP and transport system is estimated to take up to two years. Bathurst plans to design the infrastructure (including CHPP) for up to 4Mtpa to have sufficient capacity for the North Buller developments. While the approvals for the aerial conveyor (Department of Conservation) and CHPP (local council) are obtained and construction of the CHPP takes place, Bathurst's mining schedule will focus on the production of raw, low-ash coking coal, initially treated through a small-scale treatment plant, which effectively defers the immediate need for a wash plant. The CHPP will become necessary as mining ramps up to higher rates, and accesses the old mine operations, where overburden contamination of the coal is likely; Bathurst estimates a CHPP yield of around 70%.

4.8 Coal Transport

Initially and for the first two years of operation, raw coal will be transported off the plateau in 30t trucks delivering coal directly to the port while the CHPP and aerial conveyor system is completed. Bathurst expects to complete the CHPP and conveyor system in year three, on schedule with the phase-four ramp up of Escarpment production to around 1Mtpa. The capital cost for the conveyor is estimated to be around NZ$60–65M and is expected to be funded from a range of possible sources, including operating cash flows, project finance (eg. Build-own-operate-transfer "BOOT"), operating leases, bank debt or offtake finance.

The advantages of using the aerial conveyor over the initially proposed transport pipeline include the shorter, more direct and acceptable route, the lower environmental effects and the lower technical risks. The aerial conveyor also generates sufficient clean power to run the conveyor and CHPP, as well as feed surplus energy into the national grid. Other examples of aerial conveyors include Solid Energy for Stockton, and Allied Gold at Simberi in Papua New Guinea. The conveyor is designed by engineers from the New Zealand offices of Dopplemayr, a group that also designs and constructs ski-lifts in Europe and elsewhere. Once the conveyor and plant are in place, ore would be railed the short distance to port facilities at Westport.

4.9 Port Logistics – Lyttelton and Taranaki

The export route for Bathurst is relatively complex given the multi-stage process; however, the existing infrastructure of a port and rail system provides a lower risk profile to the development. In June 2011, Bathurst agreed with Solid Energy to co-operatively develop their respective coal projects on the Denniston plateau. The agreement covered mine planning, water supply, infrastructure, facilities sharing, and importantly a 10-year transportation agreement for up to 50% of saleable production in year one, and a maximum of 500,000tpa thereafter to be railed the 375km to Port Lyttelton.

The rail capacity from the West Coast to Lyttelton is approximately 5Mtpa, of which Solid Energy has contracted 2Mtpa. However, following the closures of Pike River and Spring Creek mines, there is likely to be additional capacity of up 3Mtpa available on this line. Port Lyttelton is the largest coal export facility in New Zealand, with a 250,000t stockpile and 5Mtpa export capacity. It currently exports production from the West Coast coal mines, including Solid Energy's Stockton 1.5Mtpa mine, located to the north of the Denniston Plateau. The port had considered expanding its capacity, but plans are currently on hold due to repairs required after the 2011 Christchurch earthquakes. Current plans assume that the remaining 75% (at least, but potentially 100%) of Bathurst's exports are trans-shipped nearly 370km from Westport to Port Taranaki on the North Island for shipment.

In February 2011, Bathurst signed an agreement with the Port of Westport for the exclusive use of the coal handling facilities. In addition, Bathurst also entered a joint venture with the Port Authority for a staged upgrade of the existing facilities. Stage one of the port upgrade (NZ$5M) involved the development of a covered storage facility (9,000t capacity) and a coal unloading system, currently capable of receiving coal by truck. These facilities were completed in December 2012 and are sufficient to support the initial South Buller production levels. While the current shiploader (650tph capacity) would be capable of handling the initial production, Bathurst is assessing the possibility of spending additional capital to install new shiploading facilities to service vessels on both sides of the wharf, thereby increasing port capacity to 3Mtpa. Transhipment to Port Taranaki is required because Port Westport is shallow and unable to accommodate vessels required to export coal.

Bathurst has test-run its transhipment process using small vessels (less than 1,000t capacity) to carry coal to Port Taranaki. Once production ramps up, the vessel size could be increased to around 10,000t. Work is underway on the design of these vessels, and only two are likely to be required. Work at Taranaki is underway, with Bathurst signing an agreement with the Port Authority for a staged expansion of the current facilities. In 2012, Bathurst completed the construction of storage sheds adjacent to the port (NZ$1.5M). The second-stage expansion would see the coal storage area expanded in-line with the increase in production, and the final, third phase of the expansion would involve the installation of modern loading systems.

4.10 Approvals and Environmental Issues

BDA has undertaken a limited (technical but not legal) review of the resource consents and land access agreements obtained by Bathurst for the Escarpment Approvals and Appeals.

In terms of the consenting processes:

- on 22 March 2013, the Environment Court issued a decision on a preliminary legal challenge holding that the Sullivan licence adjoining the Escarpment project is not a part of the 'existing environment' and thus avoiding the need for an assessment of cumulative effects;
- in April 2013, this decision was appealed to the High Court on two points of law by the Royal Forest and Bird Protection Society of New Zealand Incorporated (Forest and Bird);
- on 28 March the Environment Court issued a positive interim decision on the Escarpment Project; the Court said that consents were likely to be granted subject to the clarification of certain conditions;
- Forest and Bird lodged further appeals to the High Court on this interim decision (twelve points of law were raised) relating primarily to issues around environmental compensation and offsets;

The High Court heard the Forest and Bird appeals during the last week in May:

- prior to the hearings, Forest and Bird withdrew four of the alleged twelve errors in law in relation to the interim decision and during the course of the hearings a further three points of law were withdrawn;
- the appeal on Sullivan was dismissed, as were three of the remaining five points of law in relation to the interim decision; the remaining two points of law were referred back to the Environment Court for consideration of materiality prior to the issue of its final decision.

The Environment Court reconvened on 12 June to:

- consider the points of law referred back to it by the High Court.
- hear further submissions on the conditions of the Resource Consents;

- request further information to be provided to the Court following the hearing (now provided).

On 7 August the Environment Court issued a second interim decision advising that consent was indicted for the Escarpment Mine Project, subject to the finalisation of conditions of consent. The company responded with revised conditions and now awaits the court's final decision.

To complete matters, it is noted that in late June, Forest and Bird made an application to the High Court to seek leave to appeal the decision on Sullivan to the Court of Appeal. Bathurst opposed the application. At a hearing on 12 July, 2013, the High Court declined the application for leave to appeal.

On 2 August 2013 Forest and Bird made an application to the Court of Appeal for Special Leave to Appeal. Bathurst, the West Coast Regional Council and Buller District Council have opposed the leave application.

The separate legal process around whether or not climate change issues should be considered as part of a resource consenting process was progressed through to a Supreme Court (highest court in New Zealand) hearing in Wellington on March 12 and 13, 2013. A decision is yet to be received. (The courts have previously found in Bathurst's favour on this issue in the Environment Court and the High Court.)

4.10.1 Cascade Mine

The Cascade mine area is already fully consented for the current open cut mining operations.

In August 2012, an application was granted to include an area immediately adjacent to Cascade under the existing Cascade mining permit. This was to enable access to the full extent of the resources in the Cascade pit. The workforce at Cascade was temporarily increased and additional plant and equipment commissioned to undertake a major cutback to expose this coal, with the aim to increase production to 130,000tpa by FY14.

4.10.2 Escarpment Project

The three primary project approvals required for the Escarpment Project to commence are a mining permit under the Crown Minerals Act 1991, consents for mining from the West Coast Regional Council and the Buller District Council under the Resource Management Act 1991 ("RMA"), and an access arrangement and concessions for activities from the Minister of Conservation in respect of activities on the Department of Conservation ("DOC") lands. An access arrangement is granted under the Crown Minerals Act 1991 for all activities within a mining permit, whereas concessions are granted under the Conservation Act 1987 for all other activities on DOC lands that are not related to mining permits.

Mining Permit
Mining permit 51-279 was granted on 24 June 2010 for a period of 12 years.

Resource Consent Status
Bathurst was granted resource consents for the Escarpment Project by an independent panel of commissioners representing the local councils in August 2011. These resource consents were then the subject of a number of appeals as summarised in Table 4.2.

Table 4.2
Resource Consent Court Appeals Status at 16 August 2013

Court	Status	Anticipated Resolution	Further Appeal Rights
Environment Court – Matter relates to the granting of the resource consents	Final decision pending	Year end 2013	Yes - further High Court appeals possible on different points of law*
Court of Appeal - (Sullivan Mine) Matter relates to the issue of whether a particular licence (the Sullivan licence) should be considered to be part of the existing environment relating to the Escarpment Project	Concluded. Leave to appeal declined. Application for special leave to appeal submitted	Year end 2013	None, if that application is declined *
Supreme Court – Matter relates to the relevance of climate change in granting resource consent	In-progress	Decision imminent	Can go back to Environment Court re effects of climate change (limited due to the non-gassy nature of the coal and the small amount of coal to the mined)

** In the event of a final positive ruling for Bathurst from the Environment Court, there can be further appeals by the Royal Forest and Bird Protection Society of New Zealand ("Forest and Bird") on different points of law. However, Bathurst can begin to undertake production until a further ruling is made. If Forest and Bird wish to prevent implementation of the consents in the interim period, they would need to seek a stay/halt and may well be required to give an undertaking as to damages.*

Minister of Conservation Approvals

The construction and development of the Escarpment Project requires an access arrangement and concessions from the Department of Conservation, before work can commence.

An access arrangement for the project was granted by the Minister of Conservation, the Honourable Nick Smith in May 2013.

A concession for an access road upgrade for the construction period was granted in May 2012. A second concession application was made to DOC to continue the use of this road for operations (starting 2014/2015). In June 2013, the Minister of Conservation notified his intention to grant a concession for operational road access for the Escarpment Project.

Other Consents

Further secondary type approvals required to be granted by DOC include Management Plans, Annual Work Plan and Authority to Enter and Operate. These are currently being drafted are anticipated to be submitted to DOC following the RMA consent being finalised.

4.10.3 Whareatea West

Once the Escarpment Project has commenced Bathurst plans to commence the consenting process for Whareatea West as the next development in its planned export operations. Bathurst anticipates that it will seek resource consents under the new fast-track procedures under the Resource Management Act which allows direct referral to the Environment Court or lodging applications with the Environmental Protection Authority. A Board of Inquiry hears such an application and normally gives a decision within 9 months.

4.10.4 Coalbrookdale

The Coalbrookdale block is already fully consented for underground mining however no immediate development is planned. Bathurst intends to apply for open-cast consents to allow certain areas of the deposit to be developed as an extension of the Escarpment Project. Further work is already underway in preparation for this.

4.10.5 North Buller

The North Buller prospects comprise Seddonville, Millerton North, Blackburn, North Buller, Ngakawau and Coal Creek. A drilling program is underway to determine the location and extent of potentially minable coal deposits across the permit areas. The revised location of the coal washplant for Escarpment at the new stockpile site on the coastal plain negates the requirement for duplicated infrastructure for coal handling from the North Buller region. Coal may be trucked from the North Buller sites to the stockpile area for beneficiation and loading onto rail for export through the ports of Westport or Lyttelton.

4.10.6 Environmental Protection and Remediation

Rehabilitation

As part of its commitment to best practice environmental management, Bathurst has devised a carefully-phased rehabilitation programme that enables ecosystems to thrive during operations, and after mining activities have ended. The overall goal is to create environmental conditions that are compatible with the natural landscape, and from which an indigenous ecosystem can thrive post mining activities. Bathurst's approach involves progressive rehabilitation during exploration and development phases as well as during the actual mining activities, as opposed to undertaking large-scale rehabilitation works at the conclusion of mining. The aim is to minimise any disturbance for the shortest period of time over the life of the mine.

Environmental Protection

For the Escarpment Project area, Bathurst has proposed a programme of predator management over 25,000ha of the Heaphy region with DOC for at least 35 years to help protect and monitor endangered fauna populations, such as the Great Spotted Kiwi. At Takitimu, whilst mining and associated land disturbance is all on agricultural land, rehabilitation is still of high importance and an integral part of the mining process. Overburden material is stored in segregated stockpiles which are re-vegetated whilst in storage for erosion and dust mitigation.

Environmental Stewardship

Bathurst has formed an Environmental Reference Group, chaired by eminent New Zealand conservationist, Mr Guy Salmon. The group is called the "Kaitiaki Group". Kaitiaki is a Maori name which embodies the concept of guardianship of the natural environment. It has been established to actively monitor and guide Bathurst's environmental performance and reports to the Bathurst Board. The group comprises independent representatives with experience in the particular environmental needs and challenges posed by operations in New Zealand, and includes a Bathurst representative.

4.11 Implementation Plan and Schedule

BDA considers there are several areas of risk in the current development plan due to some specific uncertainties. The primary uncertainty at this stage is the resolution of the appeals against the granting of consent, currently awaiting court decisions. This issue is effectively a condition precedent to the start on any of the activities that initiate the construction schedule and Bathurst advises that decisions are expected in the near future. The company is in a position to move quickly on the Escarpment development once the legal hurdles are resolved, and current projections assume that the start date is likely to occur in Q2 of FY2014.

BDA considers that Bathurst has made sound progress to date on completing much of the project planning and initial development work, with the access roads largely in existence and serviceable, a number of critical resources in place and further key activities planned in some detail. The permitting and consent process remains the primary issue that has delayed the project to date, although there is still detailed design and estimation work required on the activities that fall within the second and third years of the project.

It is understood that Bathurst plans where possible to engage local contractors familiar with West Coast conditions, and this approach may help expedite the construction of several capital components. BDA considers that the Bathurst management group is well qualified and experienced in the construction and commissioning of similar projects and that the approach of separating the work activities for project implementation into a series of (smaller) discrete packages is considered appropriate and effective, based on results to date.

However, contractual arrangements for the construction, commissioning and completion of the aerial conveyor, the CHPP, the rail loop and loadout, port facilities and various capital infrastructure components have yet to be commissioned and there is some risk of delay and expenditure increases as details are finalised.

4.12 Capital Cost Estimates

Bathurst has prepared a capital expenditure schedule to cover the various construction activities required to bring the South Buller project into production and simultaneously, to progressively increase production in the Bathurst domestic coal operations. The estimated capital cost for construction of all the Bathurst projects is approximately NZ$105M over five years, of which around NZ$96M is spent in the first four years, including NZ$20M in the first year (Year 0) of construction, NZ$26M in Year 1, NZ$25M in Year 2 and NZ$25M in Year 4. These include owner’s costs, in the form of land acquisition and purchases around establishing the resources and facilities to support the ongoing construction programme. Estimates include contingency provisions, capitalised development and working capital.

The development plan for the Escarpment mine entails progressive expenditures after consents are confirmed, with Phase I works over the first 18 months involving land acquisition, construction of the waste water treatment plant, plus other infrastructure components. Phase 2, which lasts approximately 12 months, is for the remaining major Escarpment components (the aerial conveyor, the CHPP and the rail loop and load-out), as well as ongoing additions to Escarpment infrastructure, and Phase 3 of Escarpment continues another 18 months.

The balance of expenditure in Year 5 (around NZ$9M) involves capitalised development of the Whareatea West, Escarpment and Coalbrookdale mines, as well as expenditures on Bathurst domestic projects. The estimates assume that all mining and earthworks activities will be conducted under contract, so there is minimal expenditure on mobile plant.

BDA considers that both the contingency and working capital provisions may need adjustment as detailed engineering and funding drawdown proceeds. BDA notes that, in comparison with other similar-sized coal mine developments in recent years, the capital cost per annualised tonne of production for the South Buller Project falls towards the lower end of the envelope of comparable projects (around A$50-150/t) and amounts to around A$50/t of annual production.

BDA considers the capital cost estimations are generally appropriate for the proposed developments and have been carried out in reasonable detail, although changes can be anticipated once the detailed engineering and estimation for the major infrastructure components are completed. BDA understands that the capital estimates have not been updated since the DFS was completed and considers that, at this stage, the accuracy of the capital estimates is likely to fall within the range of ±15-30%, depending on the level of detail established.

4.13 Operating Cost Estimates

Bathurst has prepared operating cost estimates for each operation within the South Buller and Bathurst domestic projects and for the South Buller export coals, has included estimates for product delivery free on board (“FOB”), including the cost of site operations, product land and sea transport and stockpiling, and product transport to Lyttelton or Port Taranaki. The costs for each operation are largely driven by the strip ratios, which differ for each project and over time, and the estimates are based to a significant extent on the experience gained in the existing Bathurst New Zealand operations.

BDA has reviewed the methodology used to estimate the operating costs and considers it appropriate and consistent with industry practice elsewhere. Operating costs are expected to fall within the range of US$100-120/t FOB of coal produced at South Buller, reducing to US$80-90/t FOB product coal once the aerial ropeway is fully commissioned. These total operating costs are consistent with the proposed mining, coal handling and transport systems and, where appropriate, with Bathurst's historical performance. BDA considers these estimates reasonable within normal orders of accuracy for feasibility study analyses and competitive in the markets contemplated.

BDA considers the operating cost estimates accurate within 15-20% and considers that current estimates have some potential to increase in the event of possible higher development costs due to the possible presence of unknown structures and different localised conditions than those expected. The risk in this area will be mitigated over time by the progressive development of the operations.

4.14 Production Plans

Based on the assumptions regarding resolution of the consent issues , a development plan has been prepared, and Bathurst has split activities into several phases, starting in Year 0 (FY2014) as follows:

- Cascade production is scheduled to increase to an annualised rate of around 130,000tpa product in Year 1, from the current 60,000tpa rate (FY12), through increased stripping and mining resources
- First production from Escarpment in Year 1, scheduled at approximately 200,000t of product coal, rising to around 500,000t in Years 2 and 3, 800,000t in Year 4 and ramping to 0.9Mtpa by Year 5.
- First production from Coalbrookdale is scheduled for Year 4, starting at around 200,000t of product coal in the initial year, and rising to around 600,000tpa by Year 5.
- First production from Whareatea West is planned at around 500,000t in Year 4, then increasing to around 900,000t in Year 5.

BDA considers that the schedule proposed is reasonably realistic and not overly aggressive, but would comment that there is potential in the construction and mining activities for delays of one-three months against that schedule, with an initial low production period while operations at each site are established. While the programme is considered appropriate for project construction, the coordination of activities and personnel resources often makes it difficult to achieve all the critical milestones.

BDA accepts that the Bathurst tonnage targets are technically achievable, although considers there is some risk that production in early years, during the ramp-up periods of the new projects, will fall short of expectations. BDA's view is that it is reasonably likely that production ramp-up rates may be slower than projected, but that Bathurst should achieve its projected "steady state" production by Year 5. This opinion is based on BDA experience from numerous similar projects elsewhere and from recognition that the logistics around pioneering and developmental activities and the efficient applications of resources are difficult to achieve when starting from a relatively modest activity base.

BDA would anticipate that the Escarpment and Cascade mines will both be producing at target tonnages by Year 3. However, similarly to the views expressed on the Escarpment start-up, BDA would anticipate that both Whareatea West and Coalbrookdale will have progressive ramp-ups, and that full capacity production rates should be achieved during the second year from commencement of development.

In support of the foregoing, BDA Associates have direct advisory experience, both with similar operations in the area and with other operations that propose significantly higher production rates than those achieved in similar systems elsewhere. From this experience, BDA has expressed some reservations about the rate at which the Buller South project will be able to ramp-up production, and how long it will take to achieve planned full production on a consistent basis. It is likely there will be unanticipated conditions experienced in the proposed mining areas, as the deposits are complicated to some extent by their structure, layouts and geometry.

BDA considers that the proposed mining operations based on the South Buller project are technically feasible and, under the cost and revenue scenarios developed, economically viable and capable over time of producing in excess of 2Mt of product coal annually once ramp-up to full production levels has been achieved. Some of the risks traditionally associated with the development of operations on the scale proposed at Bathurst are mitigated by the availability of experienced labour sourced from the existing Bathurst operations, the existence of much of the infrastructure required for establishing the operations and the company history of production in similar operations.

5.0 SOUTHLAND

5.1 Takitimu

Bathurst acquired the Takitimu coal mine as part of the acquisition of the Eastern Resources Group (which included the Cascade mine and the Whareatea West tenements) from Galilee Energy Ltd in March 2011. The Takitimu mine is located in the Ohai and Nightcaps region of the South Island and produces around 190,000t (FY12: 148,000t) of domestic thermal coal per annum, which is sold under long-term sales contracts to industrial customers in the Southland, Otago, and South Canterbury areas.

The coal deposits are located in the Ohai Coalfield, with two economic seams, generally recognised in the Black Diamond area as the Cretaceous Morley Seam (with accompanying seam splits) and the unconformably overlying Eocene Beaumont Seam. The basal lower ash/sulphur Morley Seam is known to have a thickness range between 3m and 25m, while the overlying Beaumont Seam of higher ash and sulphur may range up to 3m thick. The unconformity between the Morley and Beaumont (about 25 million years) has produced some areas where the Beaumont deposition has eroded the underlying Morley.

The main Takitimu pit is now effectively depleted and rehabilitation of the final void is in progress, using overburden from the adjacent Coaldale block to backfill the pit and, using stockpiled topsoil, returning the topography to agricultural purposes. The north-north west extension of the resource (named Black Diamond after an earlier mine) is the next target for development once the Coaldale area is depleted.

5.2 Coaldale

In July 2012, Bathurst acquired land holdings adjacent to the Takitimu mine for NZ$14 million, which allows complete access to the area. The land acquisition eliminated the need to pay the land owner a royalty and should lead to reduced operating costs now that Bathurst may deposit overburden close to the mine site. The landowner had previously required overburden material to be transferred to specified areas away from the mine site.

The Coaldale block adjoins the Takitimu block and is currently under development, with overburden being transferred to the final void in that pit. With a resource of 3.1Mt as of October 2012 and at projected production rates, BDA considers that the mine has a remaining life of approximately eight years, although additional drilling at Coaldale could potentially add a further two years to the mine’s life.

5.3 Black Diamond Block (Ohai)

The Black Diamond block represents a further extension to the Takitimu and Coaldale blocks and adjoins both blocks on the northern boundary. Historically, there were several underground workings on the Black Diamond block and the coal measures are known to extend through the area, but there has only been limited drilling to date and no resource estimates have been completed.

5.4 Other Areas

5.4.1 New Brighton

The New Brighton Colliery prospect is being technically appraised by Bathurst in conjunction with L&M Enterprises (the currently owners of New Brighton Colliery, as part of their Ohai group assets) for the purpose of determining the viability of the mine as an on-going open cut operation.

New Brighton is located several kilometres west of Bathurst’s Coaldale and Black Diamond operations in the Nightcaps area. As with Black Diamond and Coaldale, the seams of economic interest are the Cretaceous Morley and Eocene Beaumont Seams, providing a product colloquially known as “Ohai energy coal”.

L&M drilled 48 part-core drillholes and 15 percussion RC drillholes in the prospect and estimated Indicated Resources up to a vertical strip ratio up to 1:10 as follows:

Table 5.1

New Brighton Resource Estimates*

Open Cut Resources Mt	Underground Resources Mt	TOTAL Mt
16.9	16.6	33.5

* *not JORC compliant*

BDA notes that these resource tonnage estimates are not claimed as JORC-compliant. A report from Golder Associates in March 2013 regards the tonnages as containing some “speculative” material after analysing the geological model in Vulcan software. Claimed Quality parameters (mean values) are:

Table 5.2

New Brighton Coal Quality

Moisture % (adb)	Ash % (adb)	VM % (adb)	FC %	Sulphur % (adb)	SE Mj/kg (adb)
13.6	12.0	31.6	38.3	0.4	22.8

The critical parameters of the current geotechnical investigations as outlined in the Golder March 2013 report were identified as follows:

1) The geological model supplied has not been JORC classified and includes speculative tonnage.
2) Based on the geological model supplied, the New Brighton deposit appears to be relatively high ash, with a significant portion of the deposit with insitu ash in the 10-15% range (% adb). Since the target contract specification ash is 10% (arb), this could have an impact on the recoverable resource or may require washing.
3) Based on the unconstrained optimisation (not limited by classification or within permit boundaries) the RF1.00 pit would recover approximately 6.4Mt of product coal.
4) An additional 2.3Mt of product coal would be recovered with a 10% improvement in project economics (within the range RF1.00 to RF1.10)
5) Highwall stability due to soft or unconsolidated sediments enveloping the seams is of similar concern as in the current Bathurst operations in Coaldale and Black Diamond. Further, within the New Brighton older workings, there is uncertainty as to which of the various seam splits have actually been worked by underground methods.

5.4.2 Canterbury Coal

On 7 August 2013, Bathurst announced the conditional agreement to purchase the assets of Canterbury Coal Limited, comprising the Canterbury Coal mine, which is located in the Malvern Hills about 70km west of Christchurch. Bathurst has been operating this project as a small open cut mine in 2013 under a binding Heads of Agreement as part of a due diligence evaluation. The main issue with regard to mining relates to inherent highwall instability, which is an on-going operational consideration, in much the same way as in the Southland open pits around Takitimu, and Bathurst is familiar with the remedial and operational measures required to manage that condition.

Bathurst reported in June 2013 that the deposit comprises three main seams, dipping at around 45^0, and contains “thermal sub-bituminous coal of about 19 MJ/kg with low ash and sulphur”. BDA has not reviewed a geological resource report on this mine. The presence of ash contaminants, mainly from the very soft and unconsolidated sediments enveloping the steeply dipping seams, requires washing the ROM coal to meet product specifications.

The lack of adequate wash water on the mine site presents the main logistical constraint, and the ROM coal has to be transported to a suitable site for washing. To this end, Bathurst intends to purchase 50% ownership of the Kenroll Coal Yard in Rolleston, located about 25km from the mine and consented as a washplant site.

Bathurst is of the view that washed product coal can be increased from the current 40ktpa to 75ktpa within 2 years. A local dairy processor has contracted a three-year purchase of the washed product.

5.5 Approvals and Environmental Issues

Southland

The vast majority of coal mining has been completed in the main pit of Takitimu and operations are now focused on the adjoining Coaldale block, which has a mine life of over 5 years. The sub-bituminous thermal coal from the open cut Takitimu mine is delivered under a long term rail contract with Kiwirail to a dairy processing plant near Temuka.

Takitimu

Takitimu mine is already fully consented for the current open cut mining operations. The operations are conducted on agricultural land which is owned by the Southland District Council.

In 2012, Bathurst acquired land holdings adjacent to the Takitimu mine, which allows complete access to the area. The land acquisition eliminated the need to pay the land owner a royalty and should lead to reduced operating costs now that Bathurst may deposit overburden close to the mine site. The landowner had previously required overburden material to be transferred to specified areas away from the mine site.

Coaldale

Bathurst has now completed the acquisition of the land on which the Coaldale block is located. This has improved the mining economics of the adjoining Takitimu Mine operation and will enable access to further coal resources adjacent to that mine. Coaldale is fully consented.

Black Diamond Block (Ohai)

Production is planned to commence at Black Diamond in Q4 2014 and permitting has commenced.

New Brighton

Production is planned to commence at New Brighton in Q1 2015 and permitting has commenced.

7.0 TECHNICAL RISK SUMMARY

7.1 Buller Coal and Bathurst Domestic Projects

BDA has reviewed the Buller Coal and Bathurst domestic projects for critical risk areas that have the potential to materially affect the cash flows to the projects, both in the construction/commissioning period and in ongoing operations. From this perspective, BDA has prepared a Risk Summary of the major project risks considered to be of greatest significance in relation to the technical review of the Feasibility Study and development plans. The critical elements of the Risk Summary are included in the body of this report and BDA's conclusions from the review of the project development plans, associated documentation and site visits may be summarised as follows:

7.2 General

BDA considers that the Buller Coal and Bathurst domestic projects are technically feasible and that the capital cost estimations are reasonable. For the next three to four years, the estimates have been carried out in considerable detail, but they have not been fully updated to reflect the current status or changes to the capital costs and modified concepts. As a consequence, BDA considers that the accuracy of the estimates would be of the order of 15-25%, depending on the extent to which each estimate reflects current costs and the contracts let to date. However, the current cost estimates have the potential to increase outside that range in the event of higher development costs due to the possible presence of unknown structures and different localised conditions than expected. BDA considers the operating cost estimates, which are largely based on and are similar to current operations, would be accurate within 10-15%. The risk in some areas may be mitigated by additional drilling.

The resource and reserve estimates have been reviewed and are regarded by BDA as JORC-compliant.

Bathurst's planning for the Buller Coal and Bathurst domestic projects has made various assumptions relating to capital and operating costs, mine construction and development schedules, coal quantities and qualities and product coal specifications. BDA considers the assumptions generally reasonable and consistent with industry practice and experience.

7.3 Project Technical Risks

In reviewing the Buller Coal and Bathurst domestic projects and as discussed earlier in this Report, BDA has considered areas where there is perceived technical risk to the various mines, particularly where the risk component could materially impact the projected cashflows. The assessment is necessarily subjective and qualitative. Risk has been classified from low through to high. In Section 7.2 BDA has considered factors which may mitigate some of these risks and the BDA assessment of risks is shown in Table 7.1.

Table 7.1

Buller Coal and Bathurst Domestic Projects Technical Risk Assessment

Risk Component	Comments
Resources/Reserves *Low/Medium Risk*	The geology of each deposit is generally well understood, drilling is reasonably extensive and the geological data professionally collected and compiled. Drill density in some areas is perhaps less than ideal, but is constrained by terrain and consent conditions. There is reasonable drill cover over most areas, but there are some structural complexities in the deposits. Logging and sampling procedures are in accordance with industry standards. Core recoveries have been reasonable in most areas, and BDA considers that the geological data base forms an appropriate and reliable basis for resource and reserve estimation. The resource estimates have been undertaken in-house and by Golder Associates (NZ) Ltd. The estimation methodology is generally appropriate and reasonably conservative, and BDA considers the estimates are JORC compliant. The reserve estimate has been influenced by the interpretation of coal seam structures, former mining activities, geotechnical, mine design, mining losses and dilution factors have been incorporated in the estimation of mineable reserves. The methodology is considered appropriate and has generated a reserve estimates that provide a reasonable guide to the mineable coal tonnes.

Risk Component	Comments
Open Pit Mining *Low/Medium Risk*	Given the experience of Bathurst with current operations and the consistency of approach in the proposed mining methods, BDA considers the risk of production shortfall in the operations is generally low, but low/medium in the initial 1-2 year period. The mining equipment is suited to the proposed mining methods and applications. The projected mining rates should be achievable once operations reach steady state, although the ramp-up to full production may be slower than projected. The use of hydraulic excavators and articulated or small rear-dump trucks is conventional in international coal mining, but BDA considers there may be some delays before each mine can consistently produce target tonnages. The most significant operational risk for mining is in the area of geomechanics, where there are areas of uncertainty, specifically in relation to the extent and magnitude of major and minor structural discontinuities, such as faults. The Buller area is known to have complex structures and these may have the effect of delaying or redirecting mining activities. A portion of the mining costs will be incurred in additional drilling and pit designs to deal with fault structures. With the exception of ramp-up, BDA considers that the Bathurst estimates of the production, cost and performance parameters are generally reasonable for the projected performance of the Buller Coal and Bathurst domestic projects.
Coal Processing *Low Risk*	Coal testwork has been limited but shows generally consistent results from drill-hole sample composites selected to give reasonable coverage of the expected ROM coal production. The behaviour of similar local coals is well documented and understood. Coal processing requirements are modest, required primarily for removal of dilution incurred around former underground mining areas.
Raw Coal Transport *Low Risk*	The use of an aerial ropeway to transport crushed coal from the mine to the CHPP, while relatively unusual, is considered low risk; it has been designed by reputable specialists and involves relatively simple and proven technology, consistent with the nearby Stockton mine. The possible coal transport routes have some viable alternatives, with existing infrastructure for each.
Services and Utilities *Low Risk*	Electrical power supply is considered low risk, as adequate reserve capacity is available from the national grid. The supply price will be subject to domestic price fluctuations, but power represents a relatively low component of total site operating costs. Water supply is considered low risk in the relatively high rainfall areas; however, long term monitoring of stream flows and rainfall should be maintained.
Infrastructure, Roads, Transport *Low Risk*	The sites are well-situated, close to established population centres and services. There is access to the sites via existing roads, although some road construction and local upgrading will be required for site access and costs are included in the capital estimates. There is good access to construction materials and suppliers available through regional centres.
Environmental Issues *Low/Medium Risk*	Managing site water flows, water balance and water discharges are critical to maintaining downstream water quality and adequate mining and processing supply; key issues will particularly apply to water discharged from the water management ponds and plant-site sedimentation ponds. The proposed water management structures and treatment systems for the Escarpment project are designed to handle potentially contaminated waters and are considered appropriate at this stage of project planning. The proposed water treatment systems are fit for purpose, consistent with good practice and should mitigate the risk of non-compliant water discharges from the project area. BDA considers that Bathurst's strategies for environmental management for the Buller Escarpment Project are appropriate and prudent, given the sensitive escarpment and wilderness areas which adjoin the proposed development area. Bathurst is developing a comprehensive Environmental Management Strategy ("EMS") which includes numerous management plans, work procedures, and monitoring and reporting elements. Bathurst has developed active and sound relationships with the appropriate regulatory and consent authorities, BDA concludes that the risks associated with the potential for non-compliance with licence conditions are medium to low.

Risk Component	Comments
Social/Community Issues *Low Risk*	The existence of established coal mining communities in both the Buller and Bathurst Domestic project areas, with a well-documented consultation process, offers an appropriate mechanism for local community concerns about the projects to be raised and resolved in a timely manner, and should minimise any risk in relation to community issues. Operating a mining project in close proximity to reserves lands is potentially a sensitive issue and will need to be continually managed.
Project Implementation *Low/Medium Risk*	Building mineral projects is always accompanied by some level of risk, but Bathurst has made reasonable progress to date and the projects are located adjacent to existing operations, so many of the local conditions are well established. Sound technical and engineering skills are available in the area and well experienced local and international engineering and construction groups are available for the development. Bathurst has a reasonably detailed development plan for both the Buller and Bathurst Domestic projects, including the mine construction and implementation strategies. The CHPP design has yet to be subject to detailed design, but is not required until Year Four of the Buller Project. Bathurst has an experienced management team and BDA is satisfied that, subject to timely consenting, this will assist in meeting the overall project completion date.
Production Ramp-Up *Medium Risk*	BDA considers the mining ramp-up schedules may be optimistic over the first two years of operation in each of the new developments, although the selected mining methods are consistent with current practice. The learning curve to achieve the target production rates is often quite site-specific, with the potential for delays that impact revenue and working capital. The ability to produce consistently at the required rates may take some time to achieve and production rates in the early years may be lower than currently projected. However, in spite of these comments, BDA notes that the plant ramp-up schedule is possible, given the relatively simple process, provided that no unforeseen structural or geotechnical conditions are encountered.
Production Schedule *Low/Medium Risk*	BDA considers that steady state mine production forecasts are achievable, but given the uncertainties inherent in accessing new mining areas and geological conditions, consistent production at the nominated rates may take some time to achieve. As at present, all coal produced in the first two years will require only minimal processing, with coal washing planned to start in the third year. BDA considers that the CHPP coal yields projected are reasonable and compatible with other local experience in similar coals. The conceptual CHPP design has yet to be subject to detailed engineering, to ensure both the throughput and required yields can be achieved.
Capital Cost *Medium Risk*	The capital cost estimates have reportedly not been updated since the DFS was prepared in 2011 and will require additional provisions to account for price increases and project creep since that time. At this stage, Bathurst has not completed detailed engineering or estimation, and these are likely to add to the capital estimates, which include contingency provisions. The estimating methodology is considered generally reasonable, but additional work will be required to confirm the accuracy of the estimates. The estimate excludes the cost of major mobile mining equipment, on the basis mining will be by contract and that equipment is excluded from the capital budget. The estimate incorporates what appear to be reasonable allowances for capitalised development costs and infrastructure additions. BDA considers that, at this stage, the accuracy of the capital estimates is likely to fall within the range of ±15-30%, depending on the level of detail established. These levels are considered consistent with industry practice and appropriate for a project at the current level of development.

Risk Component	Comments
Operating Cost *Low/Medium Risk*	The mining operating costs have generally been based on the existing operations, where costs for mining, coal transport and handling are well-established. The proposed development of the Buller and Bathurst Domestic projects, using local power, fuel, consumables, supply chains and labour rates, is effectively unchanged from current practice, although with some limited benefits of scale, from activities and facilities in common between operations. Aside from limited exposure on the fuel cost, BDA considers that the mining cost estimates are generally reasonable and accurate within ±15-20%, as would be anticipated at this point.
Management *Low/Medium Risk*	Bathurst has appointed an experienced management team, with several technical and management roles occupied by personnel with local coal mining experience. There will be a need to further expand the Bathurst management team to effectively manage the development, construction, commissioning and operation for each project. While the Bathurst team is relatively small at this stage, the company has attracted a number of well-experienced operators.

7.4 Risk Mitigation Factors

There are a number of factors which combine to reduce some of the above risks. Principal amongst these are:

- The experience to date with applying for development consents, statutory approvals and licences, conducting negotiations with local residents and dealing with local and federal authorities, provides a sound knowledge of the processes that are necessary to obtain development consent for new projects.
- The experience that Bathurst has gained from the mining in the existing operations and under local conditions is considered invaluable when planning what amounts to a series of expansions and new developments in areas close to existing operations.
- Surface drilling completed over recent years has provided valuable input to the structural interpretations that have been used in producing the optimised mine plans and production layouts and mine plan to provide JORC compliant reserve estimates.
- BDA considers that the interpretations of seam structure have been adequately covered in the JORC compliant resource statement, although in practice, there will be variations to the interpreted geometry and structures. The process of structural interpretation will need ongoing revisions to the open pit and wall designs and production schedules once mining has exposed full overburden and coal faces for mapping and sampling; these are normal activities in all operating mines.
- In terms of production capability, the mining experience of the Bathurst management and staff, as well as operators and contractors available on the West Coast and Southland coal mining industry will assist in overcoming some of the main technical issues that would normally present difficulties to a greenfields mining project. This results in providing a management team and workforce that is experienced and well-acquainted with the mining techniques.
- With regard to cost estimates, the experience to date with power, fuel, consumables, supply chains and labour rates, provides a valuable base and benchmark against which to measure projected costs and productivities.

7.0 CONCLUSIONS

BDA has reviewed the Bathurst plans for development of the Buller Coal and Bathurst domestic projects, including in particular the Escarpment Coal Mine Project, and has concluded that sufficient resources and reserves have been identified and estimated in accordance with the JORC Code to support the proposed life of mine plans and that Bathurst has in place or has proposed suitable management measures, mining and processing infrastructure and risk mitigation measures for the projects to be capable of producing the specified products.

Yours faithfully
BEHRE DOLBEAR AUSTRALIA PTY LIMITED

John McIntyre, Managing Director – BDA
B. Eng. (Mining, Honours), Fellow AusIMM, CP (Mining), Member AIMVA (CMV), MAIMA (CMA)

ANNEXURE A - QUALIFICATIONS AND EXPERIENCE

This report has been prepared by a team of BDA personnel. Significant technical input has been provided by Dr Rob Yeates, Mr Ian Poppitt, Mr Dick Dunstone and Mr Adrian Brett, all Senior Associates of BDA. Mr McIntyre has reviewed the data and compiled the final report.

Mr Poppitt is qualified as a Competent Person for the review of resource and reserve estimates, as required under the JORC Code. In addition, two of BDA's team are Members of the Australasian Institute of Minerals Valuers and Appraisers ("AIMVA"). This is a professional qualification designed to indicate to regulators and kindred professional bodies that the individual has demonstrated to a panel of peers that they have more than 10 years of experience in their nominated area of expertise and have been assessed as recognised experts, competent to sign off on public and corporate documentation in assessing and appraising minerals projects. This is consistent with requirements under Listing Rules for the Australian, Canadian (Toronto), Hong Kong and Singapore Securities Exchanges and is intended to establish minimum qualification standards for public domain reporting.

Behre Dolbear has offices or agencies in Beijing, Denver, Hong Kong, Guadalajara, London, New York, Santiago, Sydney, Toronto, Ulaan Bataar and Vancouver. The parent company, Behre Dolbear Group Inc. was founded in 1911 and is the oldest continuously operating mineral industry consulting firm in North America. The firm specialises in mineral evaluations, due diligence assessments, independent expert reports and strategic planning as well as technical geological, mining and process consulting.

Mr John McIntyre (BE (Min) Hon., FAusIMM, CP(Mining), MMICA, MAIMVA(CMV), MAIMA) is Managing Director of BDA. He is a qualified mining engineer, with over 40 years of experience in engineering, operations and management of mines and mining projects, in Australia, New Zealand, the Philippines and Ghana. His principal fields of expertise include technical audits, project feasibility, mine and project evaluation, mine development, open pit and underground operations in base and precious metals and coal, management reviews and operations optimisation. He has held senior management positions, including CEO and General Manager of Operations and has been a professional consultant for more than 20 years.

Dr Rob Yeates (BE (Min) Hon., PhD (Mining), MBA, FAusIMM (CP), MMICA) is a Senior Associate of BDA. He is a qualified mining engineer, with over 35 years' experience in engineering, operations and management of mines and mining projects, primarily in Australia and New Zealand. His principal fields of expertise include technical audit, project feasibility and development, mine and project evaluation, operating experience in the open pit and underground mining of coal, coal haulage and transport, ship-loading, management review and operations optimisation. He has held senior management positions, including Managing Director and General Manager of Oakbridge Coal. He is currently CEO of Newcastle Infrastructure Group and a non-executive director of Cockatoo Coal Ltd.

Mr Ian Poppitt (DipTech. (Geology), MApp.Sc. (Geology), MAusIMM) is a Senior Associate of BDA and a qualified coal geologist, with over 40 years' experience in coal mine geology and exploration in Australia. His principal fields of expertise include technical audit, resource and reserve estimation and assessment, operating experience in the underground mining of coal and resource evaluation. He is a Qualified Person under AusIMM definitions and is familiar with the latest coal resource and reserve terminology under the JORC Code. Ian has prepared the assessment of geology, reserves and resources estimates for the coal operations.

Mr Adrian Brett (BSc Hons (Geology), MSc (Geotech), M.Env.Law, FAusIMM, MAIMVA(CMA)) is a Senior Associate of BDA with more than 35 years' experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations and Australian government agencies. He has completed assignments in Australia, Indonesia, Thailand, the Philippines, Africa and South America and is experienced in the environmental and approval aspects of coal projects.

Mr Dick Dunstone (BSc (Tech) Metallurgy, MAusIMM) is a Senior Associate of BDA, Principal of Dunstone Coal Technology and a graduate of the University of NSW in Metallurgy. He has over 30 years of experience in the coal industry with experience in coal testing and evaluation from borecores, development of coal preparation plant flowsheets and the commissioning and operation of coal preparation plants. Mr Dunstone has presented papers on coal preparation and coal evaluation at conferences in Australia, India and Brazil. Mr Dunstone acts as Marketing Consultant for a number of coal producers and provides coal preparation expertise for mining companies and consultancies.

ANNEXURE B - LIMITATIONS AND EXCLUSIONS / MATERIALITY

Limitations and Exclusions

This BDA report is based on information provided by Bathurst and their consultants. The work undertaken represents an overview of that information. The report has been reviewed by Bathurst technical personnel for the correction of material omissions and/or errors of fact.

This BDA Report specifically excludes all aspects of any legal issues, commercial or financing matters, valuation, marketing, coal prices, land titles, agreements and contracts, apart from those aspects that may directly influence technical, operational or cost estimation matters.

In BDA's opinion, the information provided by Bathurst and their consultants appears reasonable and nothing was discovered during the preparation of the BDA Report that suggested there was any significant error, misrepresentation or omission in respect of that information.

ANNEXURE C - SOURCES OF INFORMATION

The principal reports and documents reviewed are listed below:

Bathurst Resources Limited - Technical Reports

- Bathurst Resources (New Zealand) Ltd, Confidential Presentation, July 2013
- Bathurst Resources Ltd, 2014 Operating Plan, July 2013
- Definitive Feasibility Study of Escarpment Project by Marston & Marston Inc., November 2010
- Escarpment and Coalbrookdale Resource Report by Marston & Marston Inc., November 2011 (draft)
- Escarpment and Whareatea West Reserve Report by Marston & Marston Inc., November 2011 (draft)
- Scoping Study, Buller Northern Prospects by Coffey Mining, Jan 2012 (draft)
- Preliminary Assessment of New Brighton Collieries Ltd Ohai Prospect, McCracken Consulting Ltd, May 2010
- Monthly Report, Bathurst Resources Limited, December 2012
- Monthly Report, Bathurst Resources Limited, June 2013
- Eastern Coal Income Statement, New Zealand Group Consolidated, June 2012
- Cascade Coal Income Statement, New Zealand Group Consolidated, June 2012
- Escarpment Mine Project Resource Consents Timeline, Bathurst Resources Group, July 2013
- Westport Export Coal Facility Stage 2, Project Close Out Report, Brightwater Engineering, January 2013

General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC) – Effective December 2004 ("the JORC Code")
  (Note that the 2004 JORC Code can be used until December 2013, after which it is mandatory to report under the December 2012 version of the Code).
- The VALMIN Code - Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports – The VALMIN Code – 2005 Edition – (prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Industry Consultants Association with the participation of the Australian Securities and Investment Commission, the Australian Stock Exchange Limited, the Minerals Council of Australia, the Petroleum Exploration Society of Australia, the Australia Securities Association of Australia and representatives from the Australian financial sector).