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29 August 2014

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

Company Announcements Platform
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney
NSW 2000

Annual Financial Statements

The Board of Bathurst Resources Limited (NZX/ASX: BRL "Bathurst") presents its Annual Financial Report for the year ended 30 June 2014.

Bathurst has recorded a net loss for the period of NZ$188.9 million after tax due primarily to a non cash adjustment of NZ$449.9 million relating to its investment in the Buller Coal Project.

The company's domestic operations recorded revenues of NZ$55.7 against overall operating expenses of NZ$59.3 million resulting in an operating loss before tax (excluding one off items of impairment and fair value gain of deferred consideration) of NZ$3.6 million

Managing Director, Hamish Bohannan, said "We were disappointed that market conditions meant temporarily deferring our export Escarpment project, however the result reflects the benefits of building a robust domestic business that can underpin the company until such time as Escarpment can ramp up to full production. We were pleased to end the year with a cash positive quarter and, whilst the current quarter is expected to show a small net cash outflow due to the seasonal slowing in the dairy sector, it is expected to return to a positive result thereafter. In the meantime we are focused on developing Escarpment in preparation for an export market recovery."

Yours sincerely
Bathurst Resources Limited

Hamish Bohannan
Managing Director

Bathurst Resources Limited	
Results for announcement to the market	
Basis of Report	Audited
Reporting Period	Year ended 30 June 2014
Previous Reporting Period	Year ended 30 June 2013

	Amount	Percentage change
Sales Revenue And Other Income ($'000)	55,697	N/A
Loss For The Year After Tax ($'000)	(188,903)	62,658%
Basic And Diluted Earnings Per Share (Cents)	(23.07)	57,575%
Net Tangible Assets Per Share (Cents)	0.04	(87%)

Interim / Final Dividend	Amount per Security	Imputed Amount per Security
No dividends will be paid in respect of the year ended 30 June 2014.		

Record Date	N/A
Dividend Payment Date	N/A

Comments:	This announcement should be read in conjunction with the attached audited financial statements for the year ended 30 June 2014.

BATHURST RESOURCES LIMITED

Financial statements for the year ended 30 June 2014

Contents

The directors of Bathurst Resources Limited authorised these financial statements for issue on behalf of the Board

David Frow
Chairman, 29 August 2014

Rob Lord
Director, 29 August 2014

	Notes	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Revenue	4	55,525	-	-	-
Less: cost of sales	5	(56,795)	-	-	-
Gross loss		**(1,270)**	**-**	**-**	**-**
Other Income	4	172	-	-	-
Other expenses	6	(13,659)	(376)	(527)	(376)
Fair value gain on deferred consideration	21	169,396	-	-	-
Impairment losses	10	(449,984)	-	(209,041)	-
Share of joint venture loss		(254)	-	-	-
Finance income/(cost) - net	8	11,365	-	(36)	-
Loss before income tax		**(284,234)**	**(376)**	**(209,604)**	**(376)**
Income tax benefit	9	95,331	75	(66)	75
Loss		**(188,903)**	**(301)**	**(209,670)**	**(301)**

Earnings per share for profit attributable to the ordinary equity holders of the company:

	Notes	Cents	Cents
Basic earnings per share	25	(23.07)	(0.04)
Diluted earnings per share	25	(23.07)	(0.04)

The above income statements should be read in conjunction with the accompanying notes.

		Group		Parent	
		2014	**2013**	**2014**	**2013**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Loss		(188,903)	(301)	(209,670)	(301)
Other comprehensive expense, net of tax					
Items that may be reclassified to profit or loss					
Exchange differences on translation		(198)	-	-	-
Total comprehensive loss for the year, net of tax		**(189,101)**	**(301)**	**(209,670)**	**(301)**
Total comprehensive loss attributable to the Owners of Bathurst Resources Limited		(189,101)	(301)		

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Group 2014 $'000	Group 2013 * (re-stated) $'000	Parent 2014 $'000	Parent 2013 $'000
ASSETS					
Current assets					
Cash and short term deposits	11	8,855	13,754	3,446	-
Trade and other receivables	12	4,343	4,799	1,345	101
Inventories	13	1,283	1,912	-	-
Income tax receivable		97	-	-	-
Other financial assets	14	132	82	-	-
Total current assets		**14,710**	**20,547**	**4,791**	**101**
Non-current assets					
Property, plant and equipment	15	23,386	44,915	7	-
Mining licences, properties, exploration and evaluation assets	16	16,166	425,013	-	-
Net deferred tax asset	18	-	-	9	75
Investments in subsidiaries	17	-	-	43,821	233,565
Other financial assets	14	7,562	5,940	75	75
Total non-current assets		**47,114**	**475,868**	**43,912**	**233,715**
Total assets		**61,824**	**496,415**	**48,703**	**233,816**
LIABILITIES					
Current liabilities					
Trade and other payables	19	7,964	8,191	542	394
Borrowings	20	7,340	4,453	1,290	-
Deferred consideration	21	917	3,931	-	-
Provisions	22	259	205	-	-
Total current liabilities		**16,480**	**16,780**	**1,832**	**394**
Non-current liabilities					
Borrowings	20	6,241	1,296	-	-
Net deferred tax liability	18	-	95,331	-	-
Deferred consideration	21	1,974	179,925	-	-
Rehabiliation provisions	22	2,870	2,579	-	-
Related party payable		-	-	421	158
Total non-current liabilities		**11,085**	**279,131**	**421**	**158**
Total liabilities		**27,565**	**295,911**	**2,253**	**552**
Net assets		**34,259**	**200,504**	**46,450**	**233,264**
EQUITY					
Contributed equity	23	247,338	219,623	247,338	219,623
Reserves	24	(31,725)	(18,818)	1,233	13,942
Retained earnings / (Accumulated losses)		(181,354)	(301)	(202,121)	(301)
Total equity		**34,259**	**200,504**	**46,450**	**233,264**

**The Group 2013 comparative figures have been restated – see note 1(x).*

The above balance sheets should be read in conjunction with the accompanying notes.

Group	Notes	Contributed equity $'000	Share based payment reserve $'000	Foreign exchange translation reserve	Retained earnings $'000	Re-organisation reserve	Total equity $'000
Balance at 27 March 2013 *		-	-	-	-	-	-
Total comprehensive income		-	-	-	(301)	-	**(301)**
Transactions with owners in their capacity as owners:							
Contributions of equity, via group re-organisation	23	219,623	13,942	-	-	(32,760)	**200,805**
		219,623	**13,942**	**-**	**-**	**(32,760)**	**200,805**
Balance at 30 June 2013		**219,623**	**13,942**	**-**	**(301)**	**(32,760)**	**200,504**
Balance at 1 July 2013		**219,623**	**13,942**	**-**	**(301)**	**(32,760)**	**200,504**
Total comprehensive income		-	-	(198)	(188,903)	-	**(189,101)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	23	23,327	-	-	-	-	**23,327**
Share based payments expense		-	881	-	-	-	**881**
Gain from reversal of share based payments expense		-	(3,672)	-	-	-	**(3,672)**
Transfer of share based payments reserve with exercise of options	23	2,068	(2,068)	-	-	-	**-**
Exercise of options	23	2,320	-	-	-	-	**2,320**
Lapsing of options		-	(7,850)	-	7,850	-	**-**
		27,715	**(12,709)**	**-**	**7,850**	**-**	**22,856**
Balance at 30 June 2014		**247,338**	**1,233**	**(198)**	**(181,354)**	**(32,760)**	**34,259**

Parent	Notes	Contributed equity $'000	Share based payment reserve $'000	Foreign exchange translation reserve	Retained earnings $'000	Re-organisation reserve	Total equity $'000
Balance at 27 March 2013 *		-	-	-	-	-	-
Total comprehensive income		-	-	-	(301)	-	**(301)**
Transactions with owners in their capacity as owners:							
Contributions of equity, via group re-organisation	23	219,623	13,942	-	-		**233,565**
		219,623	**13,942**	**-**	**-**	**-**	**233,565**
Balance at 30 June 2013		**219,623**	**13,942**	**-**	**(301)**	**-**	**233,264**
Balance at 1 July 2013		**219,623**	**13,942**	**-**	**(301)**	**-**	**233,264**
Total comprehensive income				-	(209,670)		**(209,670)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	23	23,327	-	-	-	-	**23,327**
Share based payments expense		-	881	-	-	-	**881**
Gain from reversal of share based payments expense		-	(3,672)	-	-	-	**(3,672)**
Transfer of share based payments reserve with exercise of options	23	2,068	(2,068)	-	-	-	**-**
Exercise of options	23	2,320	-	-	-	-	**2,320**
Lapsing of options		-	(7,850)	-	7,850	-	**-**
		27,715	**(12,709)**	**-**	**7,850**	**-**	**22,856**
Balance at 30 June 2014		**247,338**	**1,233**	**-**	**(202,121)**	**-**	**46,450**

* Bathurst Resources (New Zealand) Limited was incorporated on 27 March 2013.

The above statements of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Cash flows from operating activities					
Receipts from customers		52,565	-	-	-
Payments to suppliers and employees		(68,927)	-	(3,706)	-
Interest received		479	-	2	-
Interest and other finance costs paid		(834)	-	(30)	-
Net cash inflow from operating activities	27	(16,717)	-	(3,734)	-
Cash flows from investing activities					
Payments for exploration & consenting expenditure		(4,966)	-	-	-
Payments for mining assets		(3,052)	-	(19,297)	-
Payments for property, plant and equipment		(4,014)	-	(8)	-
Related party funding		-	-	1,553	-
Deposits paid/(received) from financial institutions		(2,062)	-	(2,000)	-
Net cash (outflow) from investing activities		(14,094)	-	(19,752)	-
Cash flows from financing activities					
Proceeds from the issue of shares		28,505	-	28,505	-
Repayment of borrowings		(1,244)	-	-	-
Payments for share issue costs		(3,527)	-	(3,527)	-
Net cash inflow from financing activities		23,734	-	24,978	-
Net decrease in cash and cash equivalents		(7,077)	-	1,492	-
Cash and cash equivalents at the beginning of the year		12,526	-	-	-
Cash and cash equivalents arising through group reorganisation		-	12,526	-	-
Effects of exchange rate changes on cash and cash equivalents		116	-	(46)	-
Cash and cash equivalents at the end of the year	**11**	5,565	12,526	1,446	-

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(a) General information

Bathurst Resources Limited ("Company" or "Parent") is a company domiciled in New Zealand, registered under the Companies Act 1993 and is listed on the New Zealand ("NZX") and Australian ("ASX") Stock Exchanges. The company is an issuer in the terms of the Financial Reporting Act 1993.

These financial statements have been approved for issue by the Board of Directors on [29] August 2014.

The financial statements presented herewith as at and for the year ended 30 June 2014 comprises the Company, its subsidiaries and jointly controlled entities (together referred to as the "Group"). Bathurst Resources Limited (formerly Bathurst Resources (New Zealand) Limited) was incorporated on 27 March 2013 so the comparatives in the income statement are not for a full financial year.

The Group is principally engaged in the exploration for, development and production of coal.

In December 2013, the Company name changed from Bathurst Resources (New Zealand) Limited to Bathurst Resources Limited.

Group reorganisation

Bathurst Resources (New Zealand) Limited was incorporated on 27 March 2013. A scheme of arrangement between Bathurst Resources Limited and its shareholders resulted in Bathurst Resources (New Zealand) Limited becoming the new ultimate parent company of Bathurst Resources Limited and its subsidiaries on 28 June 2013.

The assets and liabilities of the consolidated Bathurst Resources (New Zealand) Limited Group have been assumed at the predecessors carrying value at the date of reorganisation.

(b) Basis of preparation

Statement of compliance

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. They have been prepared in accordance with the Financial Reporting Act 1993, which requires compliance with New Zealand Generally Accepted Accounting Practice ("NZGAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards as appropriate for profit-oriented entities. The financial statements company with New Zealand International Financial Reporting Standards ("NZIFRS").

The Group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities update) (XRB A1). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Group is a Tier 1 entity. There was no impact on the current or prior year financial statements.

These financial statements are presented in New Zealand dollars, which is the company's functional currency. References in these financial statements to '$' and 'NZ$' are to New Zealand dollars.

All financial information has been rounded to the nearest thousand unless otherwise stated.

(c) Measurement basis

These financial statements have been prepared under the historical cost convention, as modified by the financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(d) Use of estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment

The future recoverability of the assets recorded by the Group is dependent upon a number of factors, including whether the Group decides to exploit its mine property itself or, if not, whether it successfully recovers the related asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes, and changes to commodity prices and foreign exchange rates.

(ii) Valuation of deferred consideration

In valuing the deferred consideration payable under business acquisitions management uses estimates and assumptions. This includes future coal prices, discount rates, coal production, and the timing of payments. The amounts of deferred consideration are reviewed at each balance date and updated based on best available estimates and assumptions at that time.

The carrying amount of deferred consideration is set out in note 21.

(iii) Reserves & Resources

Reserves and resources are based on information compiled by a Competent Person as defined in accordance with the Australasian Code of Mineral Resources and Ore Reserves of December 2004 (the JORC code). There are numerous uncertainties inherent in estimating reserves and assumptions that are valid at the time of estimation but that may change significantly when new information becomes available. Changes in forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation.

(iv) Provision for rehabilitation

In calculating the estimated future costs of rehabilitating and restoring areas disturbed in the mining process certain estimates and assumptions have been made. (Refer to Note 1(p)). The amount the Group is expected to incur to settle these future obligations includes estimates in relation to the appropriate discount rate to apply to the cash flow profile, expected mine life, application of the relevant requirements for rehabilitation, and the future expected costs of rehabilitation.

Changes in the estimates and assumptions used could have a material impact on the carrying value of the rehabilitation provision and related asset. The provision is reviewed at each reporting date and updated based on the best available estimates and assumptions at that time.

The carrying amount of the rehabilitation provision is set out in Note 22.

(v) Waste in advance

Waste moved in advance is calculated with reference to the stripping ratio (waste moved over coal extracted) of the area of interest and the excess of this ratio over the estimated stripping ratio for the area of interest expected to incur over its life. Management estimates this life of mine ratio based on geological and survey models as well as reserve information for the areas of interest.

The carrying amount of the waste moved in advance is set out in Note 16.

(vi) Taxation

The Group's accounting policy for taxation requires management judgement in relation to the application of income tax legislation. There are many transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The Group recognises liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether taxation will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax position in the period in which the assessment is made.

In addition, certain deferred tax assets for deductible temporary differences and carried forward taxation losses have been recognised. In recognising these deferred tax assets assumptions have been made regarding the Group's ability to generate future taxable profits. Utilisation of the tax losses also depends on the ability of the tax entities to satisfy certain tests at the time the losses are recouped. If the entities fail to satisfy the tests, the carried forward losses that are currently recognised as deferred tax assets would have to be written off to income tax expense. There is an inherent uncertainty in applying these judgements and a possibility that changes in legislation will impact upon the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

(e) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Jointly controlled entities (equity accounted investees)

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreements and requiring unanimous consent for strategic financial and operating decisions.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an entity accounted investee, the carrying amount of the investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the risk free rate, being the long term government borrowing rate. This is then adjusted for an estimated risk premium to reflect the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability (deferred consideration). Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised on the face of the income statement as "fair value gain on deferred consideration".

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in New Zealand dollars, which is Bathurst Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at monthly average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(g) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised when there is an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and when title has passed.

(ii) Freight income

Revenue from freight services is recognised in the accounting period in which the services are provided. Revenue is not recognised until the service has been completed.

(iii) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the income statement, transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group become party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or are cancelled.

Financial assets carried at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Management determines the classification of its investments at initial recognition.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short- term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade receivables

Trade receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

They are recognised initially at their fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Deferred Consideration

The fair value of deferred consideration payments is determined as acquisition date. Subsequent changes to the fair value of the deferred consideration are recognised through the income statement. The portion of the fair value adjustment due to the time value of money (unwinding of discount) is recognised as a finance cost. For further information on deferred consideration refer to note 21.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) Non-derivative financial instruments

From time to time the Group may use derivative financial instruments to hedge its exposure to commodity risks and foreign exchange risks arising from operational and financing activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

(k) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment of Financial assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are tested for impairment when either the period of the exploration right has expired or will expire in the near future, substantive expenditure on further exploration for and evaluation in the specific area is neither budgeted or planned, exploration for and evaluation in the specific area have not led to the discovery of commercially viable quantities and the Group has decided to discontinue such activities in the area or there is sufficient data to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

Goodwill and intangible assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets
Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(l) Property, plant and equipment
All property, plant and equipment are measured at cost less depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each item of plant, property and equipment. Leasehold improvements and certain leased plant and equipment are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current comparative years of significant items of property, plant and equipment as follows:

− Buildings	25 years
− Mine infrastructure	3 – 8 years
− Plant & machinery	2 – 25 years
− Plant & machinery leased	Units of use
− Furniture, fittings and equipment	3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Any gain or loss on disposals of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit or loss.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised to the extent that the expenditure is expected to be recovered through the successful development and exploitation of the area of interest, or the exploration and evaluation activities in the area of interest have not yet reached a point where such an assessment can be made. All other exploration and evaluation expenditure is expensed as incurred.

Capitalised costs are accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that tenure is current and they are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(n) Mining and development properties

Mining and development properties include the cost of acquiring and developing mining properties, licenses, mineral rights and exploration, evaluation and development expenditure carried forward relating to areas where production has commenced.

These assets are amortised using the unit of production basis over the proven and probable reserves. Amortisation starts from the date when commercial production commences.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the assets carrying amount recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

(o) Waste in advance

Waste removed in advance costs incurred in the development of a mine are capitalised as parts of the costs of constructing the mine and subsequently amortised over the life of the mine.

Waste removal normally continues through the life of the mine. The company defers waste removal costs incurred during the production stage of its operations and discloses it within the cost of constructing the mine.

The amount of waste removal costs deferred is based on the ratio obtained by dividing the volume of waste removed by the tonnage of coal mined. Waste removal costs incurred in the period are deferred to the extent that the current period ratio exceeds the life of mine ratio. Costs above the life of ore component strip ratio are deferred to waste removed in advance. The stripping activity asset is amortised on a units of production basis. The life of mine ratio is based on proven and probable reserves of the operation.

Waste moved in advance costs form part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Changes to the life of mine stripping ratio are accounted for prospectively.

(p) Provisions

Provision for rehabilitation

Provisions are made for site rehabilitation costs relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. The provision is based on management's best estimate of future costs of rehabilitation. When the provision is recognised, the corresponding rehabilitation costs are recognised as part of mining property and development assets. At each reporting date, the rehabilitation liability is re-measured in line with changes in the timing or amount of the costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset.

If the change in the liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying value is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write down recognised in the income statement in the period in which it occurs.

The net present value of the provision is calculated using an appropriate discount rate, the unwinding of the discount applied in calculating the net present value of the provision is charged to the income statement in each reporting period and is classified as a finance cost.

(q) Share-based payments

Share-based compensation benefits are provided to employees via the Bathurst Resources Limited Long Term Incentive Plan and Employee Share Option Plan.

The fair value of performance rights and options granted under the Bathurst Resources Limited Long Term Incentive Plan and Employee Share Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, those under which a significant portion of the risks and rewards of ownership are transferred to the company, are capitalised at the lease's inception at the fair value of the leased property, or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(s) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(t) Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(i) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(w) New accounting standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 July 2014 but which the company has not early adopted:

(i) NZ IFRS 9, *Financial Instruments, revised NZ IFRS 9(2010): Financial Instruments and revised NZ IFRS 9 (2013): Financial Instruments.*
Effective for periods beginning on or after 1 January 2017. The standard adds requirements related to the classification, measurement and derecognition of financial assets and liabilities.

(ii) NZ IFRS 15, Revenue from contracts with customers
Effective for periods beginning on or after 1 January 2017. The standard introduces principles for reporting cohesive and useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Group has not analysed the new standards, amendments or interpretations but does not expect there to be a significant impact on its consolidated financial statements.

(x) Standards and Interpretations adopted during the year

The accounting policies adopted are consistent with those of the previous financial year, except as described below.

(i) NZ IFRIC 20, Stripping costs in the production phase of a surface mine

A change in accounting for stripping costs in the production phase of a surface mine has been reflected for the first time as at 1 July 2013, being the first accounting period the Group has been required to meet the requirements of IFRIC 20.

The cost of stripping waste up to the life of ore component ratio continues to be included in the cost of inventory, in accordance with IAS2 Inventories, and costs above the life of ore component strip ratio are deferred to waste removed in advance. The stripping activity asset is amortised on a units of production basis, rather than released to the income statement when waste removed falls below the life of ore component strip ratio. The stripping activity asset has also been reclassified from “other current assets” to mine properties within non-current assets.

Adjustments to the consolidated balance sheet	**30 June 2013 (previously stated) $’000**	**IFRIC 20 adjustment 2013 $’000**	**30 June 2013 (re-stated) $’000**
Other assets	12,095	(11,721)	374 *
Mining licences, properties, exploration and evaluation assets	413,292	11,721	425,013

* Included as part of Other Receivables.

(ii) NZ IFRS 13, Fair Value Measurement

NZ IFRS 13 (amendment) – ‘Fair Value Measurement’ effective from periods beginning on or after 1 January 2013 – replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. This standard did not have any significant impact on the Group financial statements, except for the deferred consideration which is carried at fair value, as set out in note 21.

2. Going concern

In the current financial year the Group has produced a loss of $188.9 million and net cash outflow from operating activities of $16.3 million. The Group has a positive net asset position of $34.3 million. Current liabilities exceed current assets by $0.9 million. The Directors have continued to adopt the going concern assumption in the preparation of the financial statements. This is based on the existing cash on hand, the funding facility available and budgeted trading activity for the 2015 financial year.

The budget for the 2015 financial year is based on a number of key assumptions as follows;

- an increase in the total tonnes of coal sold and an increase in the price achieved for those sales compared to coal tonnes sold in 2014 financial year;
- stripping ratios significantly improve from 2014 financial year;
- sales into the domestic market only;
- assumes no improvement in the global export coal price;
- no significant operations at the Escarpment mine until such time as the export price achieved makes the project economically viable;
- a working capital facility is established under normal commercial arrangements;
- all contracted obligations are adhered to;
- overheads and administration costs are incurred in line with budget;
- all existing lines of financing remain.

The budget does not incorporate a range of austerity measures that could be implemented to reduce the cash spend if necessary. This includes further reduction in head office staffing, complete halt to exploration activity and a deferral of future consenting costs.

The Directors have considered potential uncertainties and risk mitigations in respect of the 2015 budget and these are summarised below;

- geo-technical issues at one of the mining operations - mitigated through continued geo- technical reviews and best practice mine planning; further mitigation achieved by opening Escarpment mine to provide a back-up for Cascade mine.
- sales into the domestic market are less than budget – this is mitigated by having over 80% of the current revenue contracted beyond the 2015 financial year.
- working capital facilities are not able to be established – negotiations with third parties are advanced with term sheets and agreements being documented at this time.
- events outside managements control, such as the associated cost of Health and Safety regulations - an allowance has been provided for in the 2015 budget.

Whilst these factors are uncertain the Directors believe, based on the information available at the date of these financial statements that the budget provides a reasonable basis for continuing to adopt the going concern assumption.

It should be noted that a major commercial domestic sales contract expires in 2016. This contract currently provides Bathurst the ability to produce coal for sales in the domestic market at a profit, whilst international coal prices recover from the relatively low price being experienced at the current time.

3. Segment information

Management has determined operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board reviews the business from both a mine and geographic perspective and has identified two reportable segments. The Buller Coal segment relates to the mining, development and ultimate exploitation of permits under the Buller Coal management team in the Buller region of New Zealand. The Eastern Coal segment refers to the Takitimu mine and Timaru coal handling and distribution centre under the Eastern management team. The financial performance of these segments is monitored and operated separately from each other.

All other operations of the Group are classified within "Corporate" section of the segment note which encompasses the administration and treasury management of the Group. Assets and Liabilities have been presented net of intercompany balances.

Two Bathurst customers met the reporting threshold of 10 percent of Bathurst's operating revenue in the year to 30 June 2014.

Segment information provided to the Board

The segment information provided to the Board for the reportable segments is as follows:

Group	Buller Coal $'000	Eastern Coal $'000	Corporate $'000	Total $'000
Sales revenue *	22,649	35,491	-	**58,140**
Interest revenue **	437	(74)	127	**490**
Other income *	(25)	197	-	**172**
Total segment revenue	**23,061**	**35,614**	**127**	**58,802**
Inter segment revenue *	(2,615)	-	-	**-**
Revenue from external customers	**20,446**	**35,614**	**127**	**56,187**
Total revenue per the income statement				56,187
Loss before tax	**(276,994)**	**(6,197)**	**(1,043)**	**(284,234)**
Loss before tax includes:				
Impairment losses	(449,984)	-	-	(449,984)
Depreciation and amortisation	(6,983)	(6,963)	(67)	(14,013)
Total segment assets as at 30 June 2014	**18,828**	**36,194**	**6,802**	**61,824**
Total segment liabilities as at 30 June 2014	**15,059**	**9,115**	**3,390**	**27,565**
Loss before tax as at 30 June 2013	-	-	(376)	(376)
Total segment assets as at 30 June 2013	464,776	27,618	4,021	496,415
Total segment liabilities as at 30 June 2013	287,057	7,050	1,804	295,911

* Refer to Sales Revenue and Other Income as set out in note 4.

** Refer to Interest Income as set out in note 8.

4. Revenue

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Coal sales	42,191	-	-	-
Freight	13,334	-	-	-
Sales Revenue	**55,525**	**-**	**-**	**-**
Other income	172	-	-	-
Total Revenue	**55,697**	**-**	**-**	**-**

5. Cost of sales

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Raw materials, mining costs, and consumables used	28,259	-	-	-
Freight costs	11,230	-	-	-
Mine labour costs	5,044	-	-	-
Amortisation expenses	11,466	-	-	-
Changes in inventories of finished goods and work in progress	796	-	-	-
Total cost of sales	**56,795**	**-**	**-**	**-**

6. Other expenses

Classification of other expenses by nature:

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Audit fees	334	-	292	-
Director fees	501	-	501	-
Legal fees	128	-	72	-
Consultants	1,477	-	663	-
Employee benefit expense	6,693	-	860	-
Rent	389	-	13	-
Business development costs	137	-	36	-
Depreciation expenses	2,546	-	-	-
Loss on disposal of fixed assets	10	-	-	-
Share based payments expense	881	-	881	-
Gain from reversal of share based payments expense	(3,672)	-	(3,672)	-
Other	4,235	376	881	376
Total other expenses	**13,659**	**376**	**527**	**376**

7. Remuneration of auditors

During the period, the following fees were paid or payable for services provided by the auditor of the parent entity:

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Audit and review of financial statements	334	-	292	-
Tax and compliance services by auditors	147	-	-	-
Total remuneration for auditors	**481**	**-**	**292**	**-**

8. Finance income/(costs)

	Notes	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Interest income		490	-	34	-
Deferred consideration: foreign exchange gain	21	21,258	-	-	-
Total finance income		**21,748**	**-**	**34**	**-**
Interest expense		(815)	-	(30)	-
Foreign exchange loss		(278)	-	(40)	-
Provisions: unwinding of discount	22	(167)	-	-	-
Deferred consideration: unwinding of discount	21	(9,123)	-	-	-
Total finance costs		**(10,383)**	**-**	**(70)**	**-**
Finance income/(cost) - net		**11,365**	**-**	**(36)**	**-**

9. Income tax benefit

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
(a) Income tax benefit				
Current tax	-	-	-	-
Deferred tax	(95,331)	(75)	66	(75)
Income tax benefit	**(95,331)**	**(75)**	**66**	**(75)**
(b) Numerical reconciliation of income tax benefit to prima facie tax payable				
Loss before income tax	(284,234)	(376)	(209,604)	(376)
Tax at the standard New Zealand rate of 28%	(79,586)	(105)	(58,689)	(105)
Tax effect of amounts that are not deductible / (assessable) in calculating taxable income:				
Share based payment expense	(781)	30	(781)	30
Fair value gain on deferred consideration	(47,415)	-	-	-
Deferred consideration: foreign exchange gain	2,539	-	-	-
Deferred consideration: unwinding of discount	(5,952)	-	-	-
Tax losses not recognised	7,090	-	942	-
Deferred tax not recognised *	22,536	-	-	-
Previous recognised losses unrecognised	8,316	-	-	-
Impairment of investment in Subsidiary	14,640	-	58,532	-
Prior period adjustments	(2,214)	-	-	-
Sundry items	(14,504)	-	62	-
Income tax benefit	**(95,331)**	**(75)**	**66**	**(75)**

* Further information relating to deferred tax is set out in note 18.

Imputation credits

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
New Zealand imputation credit account				
Closing balance	**345**	**248**	**-**	**-**

10. Impairment losses

	Notes	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Impairment of exploration and evaluation assets	16	8,825	-	-	-
Impairment of mining assets	16	414,427	-	-	-
Impairment of plant, property and equipment	15	26,867		-	-
Impairment of subsidiaries		-	-	(209,041)	-
Reversal of impairment of inventories		(135)		-	-
Total impairment losses		**449,984**	**-**	**209,041**	**-**

Management have assessed the cash generating unit's for the Group as follows:

- Eastern Coal, as the coal yard cannot generate its own cash flows independent of the mine. Eastern Coal includes Canterbury Coal, Takitimu mine and the Timaru coal yard.
- Buller Coal Project, as there is a large amount of shared infrastructure between the proposed mines, necessary blending of the pit products at the same site, and the similar geographical location of the pits.
- Cascade mine, as the mine has established domestic markets which allow a profitable operation without relying on the infrastructure to be built for the Buller Coal Project.

Management have prepared detailed impairment models for each of the above cash generating units to determine the recoverable amount which is the higher of the value in use or fair value less cost to sell. The model is a discounted cash flow based on the Board approved operating plans for each CGU.

The recoverable amount of the Eastern Coal CGU future cash flows has been assessed as higher than the carrying value therefore no impairment has been recorded as at 30 June 2014.

The Buller Coal Project is subject to movements in the international coking coal market. Coking coal prices have experienced a reduction in recent times which have impacted on the potential value of the Buller Coal Project. Buller Coal Project has been fully impaired as at 30 June 2014 primarily due to the pricing assumptions in the valuation model.

The sales price/tonne is based on the consensus coal price published by a broad range of financial institutions. The pricing assumptions are:

Year	2017	2018	2019	2020	2021	2022	2023
Sales price/tonne*	$175	$178	$171	$171	$171	$171	$171

* Hard coking coal price per tonne in USD

Both the sales price per tonne and production schedule used in the valuation model have been reduced from those used to determine value last year due primarily to a continued decline in the coal price and consequently a revision of the Board approved operating plan.

The sales price used is consistent with consensus pricing and the volumes used are as per the Board approved operating plan. The discount rate is required to reflect the time value of money as well as the asset risk profile. The model assumes a post-tax rate of 11.07% (2013: 11:30%) based on that used by Bathurst's external capital advisors based on industry expectations.

A change of consensus price with all other variables held constant; would increase the fair value of the assets by the amounts shown below:

Price change	- 10%	+10%	+20%	+30%
Asset value*	-	$141.9m	$244.9m	$347.9m

* Value in use

Cascade mine has recorded a partial impairment as at 30 June 2014, due to a major commercial sales contract expiring in 2016 which impacts upon production forecasts.

The sales price per tonne used in the Cascade valuation model have been based on current contractual arrangements Production levels have been based on the Board approved operating plan. As the majority of production from Cascade is contracted, the sensitivity of pricing movements for the remainder of the volumes is immaterial.

The discount rate is required to reflect the time value of money as well as the asset risk profile. The model assumes a post-tax rate of 11.07% (2013: 11:30%) based on that used by Bathurst's external capital advisors based on industry expectations.

11. Cash and short term deposits

	Group		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at bank and on hand	5,565	12,451	1,446	-
Deposits at call	-	75	-	-
Cash and cash equivalents	**5,565**	**12,526**	**1,446**	**-**
Short term deposits *	3,290	1,228	2,000	-
Total cash and short term deposits	**8,855**	**13,754**	**3,446**	**-**

* Short term deposits include term deposits held with ANZ and Westpac in relation to security bonds.

12. Trade and other receivables

	Group		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables	2,816	3,249	-	-
Less: provision for impairment of receivables	-	(37)	-	-
	2,816	**3,212**	**-**	**-**
Loans to key management personnel *	510	451	510	-
Interest receivable	356	268	32	-
Prepayments	78	374	55	97
Other receivables **	583	494	748	4
Total trade and other receivables	**4,343**	**4,799**	**1,345**	**101**

* Further information relating to loans to key management personnel is set out in note 29.

** Other receivables includes a receivable from Mr Bohannan relating to the exercise of 5,000,000 options in October 2013 yet to be settled.

13. Inventories

	Group		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Raw materials and stores	425	347	-	-
Finished goods*	773	1,495	-	-
Other	85	70	-	-
Total inventories	**1,283**	**1,912**	**-**	**-**

* Finished goods are recorded at the lower of cost and net realisable value as per note 1(i).

14. Other financial assets

	Group		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current				
Advances to third parties	82	82	-	-
Other	50	-	-	-
	132	**82**	**-**	**-**
Non-current				
Security bonds and deposits	2,182	2,114	75	75
Advances to third parties	3,826	3,826	-	-
Other	1,554	-	-	-
Total financial assets	**7,694**	**6,022**	**75**	**75**

Security bonds and deposits have been provided to third parties in relation to rental properties and mine / permit access arrangements.

An advance to a third party has been made under a construction contract to provide working capital assistance to the engaged contractor. The advance made attracts an interest rate of 5.75%.

15. Property, plant and equipment

Group - 30 June 2014	Freehold Land $'000	Buildings $'000	Mine Infrastructure $'000	Plant & Machinery $'000	Furniture, fittings and equipment $'000	Other $'000	Work In Progress $'000	Total $'000
Opening cost	16,745	6,477	3,423	13,670	1,969	575	10,188	**53,046**
Additions	5,783	2	138	716	105	65	3,915	**10,723**
Disposals	-	-	-	(55)	(14)	(131)	(2,668)	**(2,869)**
Closing cost	**22,528**	**6,478**	**3,561**	**14,330**	**2,060**	**508**	**11,435**	**60,900**
Opening accumulated depreciation	(759)	(257)	(647)	(5,345)	(830)	(293)	-	**(8,131)**
Depreciation	(80)	(69)	(284)	(1,551)	(624)	62	-	**(2,546)**
Impairment	(9,714)	(5,334)	-	(481)	-	-	(11,338)	**(26,867)**
Disposals	-	-	-	-	30	-	-	**30**
Closing accumulated depreciation	**(10,553)**	**(5,660)**	**(931)**	**(7,377)**	**(1,424)**	**(231)**	**(11,338)**	**(37,514)**
Closing net book value	11,975	818	2,630	6,953	636	277	97	**23,386**
Group - 30 June 2013								
Closing net book value	15,985	6,220	2,776	8,325	1,139	282	10,188	**44,915**

16. Mining licences, properties, exploration, and evaluation assets

	Group		Parent	
	2014	2013 *	2014	2013
Exploration and evaluation assets	$'000	$'000	$'000	$'000
Opening balance	31,377	-	-	-
Expenditure capitalised	3,521	-	-	-
Written off exploration and evaluation assets	(21)	-	-	-
Impairment recognised	(8,825)	-	-	-
Group reorganisation	-	31,377	-	-
Transfer to mining licences and property assets	(25,463)	-	-	-
Total exploration and evaluation assets	**589**	**31,377**	**-**	**-**
Mining licences and property assets				
Opening balance	393,636	-	-	-
Expenditure capitalised	6,091	-	-	-
Amortisation	(9,064)	-	-	-
Abandonment provision movement	194	-	-	-
Waste moved in advance capitalised	13,684	-	-	-
Group reorganisation	-	381,915	-	-
Impairment recognised	(414,427)			
Transfer from exploration and evaluation assets	25,463	-	-	-
Closing balance prior to IFRIC 20 adjustment	**15,577**	**381,915**	**-**	**-**
IFRIC 20 adjustment	-	11,721	-	-
Total mining licences and property assets	**15,577**	**393,636**	**-**	**-**
Total mining licences, property, exploration and evaluation assets	**16,166**	**425,013**	**-**	**-**

**The Group 2013 comparative figures have been restated – see note 1(x).*

17. Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of Shares	Equity holding 2014 %	Equity holding 2013 %
BR Coal Pty Limited	Australia	Ordinary	100	100
Bathurst New Zealand Limited	New Zealand	Ordinary	100	100
Bathurst Coal Limited	New Zealand	Ordinary	100	100
Buller Coal Limited	New Zealand	Ordinary	100	100
Eastern Coal Limited	New Zealand	Ordinary	100	100
Cascade Coal Limited	New Zealand	Ordinary	100	100
Somervilles Land Holdings Limited	New Zealand	Ordinary	100	100
Canterbury Coal Limited*	New Zealand	Ordinary	100	100
Cascade East Limited	New Zealand	Ordinary	100	100
Takitimu Coal Limited	New Zealand	Ordinary	100	100
Rochfort Coal Limited	New Zealand	Ordinary	100	100
Eastern Coal Supplies Limited	New Zealand	Ordinary	100	100

All subsidiary companies have a balance date of 30 June, are predominantly involved in the coal industry and have a functional currency of New Zealand dollars with the exception of BR Coal Pty Ltd. BR Coal Pty Ltd has a functional currency of Australian dollars

18. Deferred tax asset/(liabilities)

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Tax losses	15,406	8,613	-	-
Accruals	-	445	-	75
Employee benefits	200	158	9	-
Provisions	1,156	504	-	-
Total deferred tax assets	**16,762**	**9,720**	**9**	**75**
Mining licences	15,545	(97,635)	-	-
Waste moved in advance	(3,283)	(3,355)	-	-
Exploration and evaluation expenditure	1,630	(3,070)	-	-
Property, plant and equipment	7,288	(991)	-	-
Total deferred tax liabilities	**21,180**	**(105,051)**	**-**	**-**
Net deferred tax asset not recognised	(37,942)	-	-	-
Net deferred tax asset/(liability)	**-**	**(95,331)**	**9**	**75**

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Movement				
Opening balance	(95,331)	-	75	-
Group reorganisation	-	(95,406)	-	-
Deferred tax expenses	95,331	75	(66)	75
Net deferred tax asset/(liability)	**-**	**(95,331)**	**9**	**75**

The Group has not recognised a $37.9m net deferred tax asset on the basis that it is not probable these losses will be utilised in the foreseeable future.

19. Trade and other payables

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	3,827	4,347	230	52
Accruals	2,987	2,774	293	265
Employee benefit payable	857	591	19	-
Other payables	293	479	-	77
Total trade and other payables	**7,964**	**8,191**	**542**	**394**

20. Borrowings

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Secured				
Bank loans	5,771	4,331	-	-
Property loans	1,290	-	1,290	-
Lease liabilities	279	122	-	-
	7,340	**4,453**	**1,290**	**-**
Non-current				
Secured				
Bank loans	484	1,088	-	-
Property loans	5,625	-	-	-
Lease liabilities	132	208	-	-
	6,241	**1,296**	**-**	**-**
Total borrowings	**13,581**	**5,749**	**1,290**	**-**

Included above is a finance facility with Westpac New Zealand Limited for the acquisition of a new mining fleet. The total amount available and drawn on that facility as at 30 June 2014 was $3.0 million (2013: 3.5 million). The current term of the facility is five years which is reviewed annually by Westpac New Zealand Limited and may be terminated at any time.

The facility is a fixed rate, New Zealand dollar denominated loan which is carried at amortised cost. The facility does not impact on the entity's exposure to foreign exchange and interest rate risk.

The Group also has with Westpac New Zealand Limited a term loan $1.1 million (2013: 1.2 million), finance lease facilities $0.2 million (2013: 0.3 million), and bank overdraft facilities which were unused at 30 June 2014. These facilities have various covenants in place. A portion of finance leases and bank loans with Westpac New Zealand Limited have been classified as non-current.

(a) Security

The bank loans are secured by an all obligations General Security Agreement given by Eastern Coal Limited and its subsidiaries ("Eastern") under which each member of Eastern grants to the bank a first ranking security interest over all its present and future acquired property (including proceeds) and a first ranking security interest over any of the Eastern assets. In addition to this, the bank has a registered first and exclusive mortgage over the property at Timaru owned by a subsidiary company, Eastern Coal Supplies Limited.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Current				
General Security Agreement				
Cash and cash equivalents	3,674	1,453	-	-
Receivables	3,348	3,219	-	-
Inventories	1,283	1,912	-	-
Total current assets pledged as security	**8,305**	**6,584**	**-**	**-**
Non-current				
First and exclusive mortgage				
Freehold land and buildings	1,097	1,097	-	-
Finance lease				
Plant and equipment	132	283	-	-
General Security Agreement				
Plant and equipment	21,352	24,072	-	-
Total non-current assets pledged as security	**21,484**	**24,355**	**-**	**-**
Total assets pledged as security	**29,789**	**30,939**	**-**	**-**

(b) Fair value

The carrying value of borrowings has been assessed as the fair value.

(c) Finance leases liabilities

Finance lease liabilities are payable as follows.

Group	**Future minimum lease payments 2014 $'000**	**Interest 2014 $'000**	**Present value of minimum lease payments 2014 $'000**	**Future minimum lease payments 2013 $'000**	**Interest 2013 $'000**	**Present value of minimum lease payments 2013 $'000**
Less than one year	241	31	272	149	30	123
Between one and five years	280	9	208	223	12	207
More than five years	-	-	-	-		
	521	**40**	**480**	**372**	**42**	**330**

21. Deferred consideration

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Acquisition of subsidiary deferred consideration	-	3,931	-	-
Non-current				
Acquisition of subsidiary deferred consideration	2,891	179,925	-	-
Total deferred consideration	**2,891**	**183,856**	**-**	**-**
Movement				
Opening balance	183,856	-	-	-
Group reorganisation	-	183,856	-	-
Unwinding of discount	9,123	-	-	-
Foreign exchange (gain)/loss	(21,258)	-	-	-
Fair value adjustment to deferred consideration	(169,396)	-	-	-
Addition upon acquisition of Canterbury Coal Limited	566	-	-	-
Closing balance	**2,891**	**183,856**	**-**	**-**

(a) Details on deferred consideration – Buller Coal Project

Model inputs
The fair value of the future royalty payments is estimated using a discount rate, as deferred consideration is payable in US$ for export sales, the discount rate is comprised of the 10 year US Government Bond rate plus a risk premium – 1% for performance payments and 4.5% for royalties. The board approved production profile is applied and consensus coal prices used, as set out in note 10. Any royalties payable in USD for export sales are then converted to NZD using the latest spot rate. Royalties for sales made in NZD are payable in NZD.

Unwinding of discount
The unwinding of discount adjustment relates to the fair value impact on the deferred consideration calculation of the time value of money.

Deferred consideration
The acquisition of Buller Coal Limited (formerly L&M Coal Limited) in November 2010 contained two components of deferred consideration, cash and royalties.

Deferred cash consideration
The deferred cash consideration is made up of two payments of US$40,000,000 (performance payments), the first being payable upon 25,000 tonnes of coal being shipped from the Buller Coal Project and the second payable upon 1 million tonnes of coal being shipped from the Buller Coal Project.

The potential undiscounted amount of all future cash payments that the Group could be required to make under these arrangements is between US$nil and US$80,000,000. The deferred cash consideration is valued at each reporting date based on expected timing of the cash payment and an appropriate discount rate. Revaluations are recognised in the income statement.

Bathurst has the option to defer the cash payment of the performance payments. If the performance payments are deferred by Bathurst a higher royalty rate is payable by Bathurst on coal sold from the respective permit areas, until such time the performance payments are made. The option to pay a higher royalty rate has been assumed.

Royalties
As part of the consideration Bathurst was party to a royalty agreement with L&M Coal Holdings Limited. The amounts that are payable in the future under this royalty agreement are recognised as part of the consideration paid for Buller Coal Limited.

The fair value of the future royalty payments is estimated using an appropriate discount rate, production profile, and forecasted US dollar coal prices (estimated using forecasts from leading investment banks). In accordance with International Financial Reporting Standards the revaluations are recognised in the income statement.

Foreign exchange
Both elements of the deferred consideration are denominated in US dollars and as such are exposed to movements in foreign exchange rates (notably New Zealand dollar / US dollar rates) with the effect of changes in the foreign exchange rates being recognised in the income statement in the period the change occurs. Refer to note 28 for discussion on the sensitivity of the income statement to fluctuations in the New Zealand dollar / US dollar exchange rate.

The deferred consideration only becomes payable upon sales targets being achieved and as such is considered to be naturally hedged against US dollar sales receipts expected at the time the deferred consideration falls due.

Payment timing
The construction coal being planned will trigger the performance payments and royalties are expected to be paid within the next 12 months, as such a component of deferred consideration is classified as current at 30 June 2014.

Security
Pursuant to a deed of guarantee and security the two performance payments of US$40 million included in the deferred consideration above are secured by way of a first-ranking security interest in all of Buller Coal Limited's present and future assets (and present and future rights, title and interest in any assets). In addition to this, Buller Coal Limited has guaranteed the payment of all amounts under the Sale and Purchase Agreement with L&M Coal Holdings Limited.

The performance payments are due on the production targets discussed above; until these production targets are met no amounts are due or payable under the Sale and Purchase Agreement with L&M Coal Holdings Limited.

(b) Details on deferred consideration – Canterbury Coal Limited

The acquisition of Canterbury Coal Limited in November 2013 contained a royalty agreement. The amounts that are payable in the future under this royalty agreement are required, to be recognised as part of the consideration paid for Canterbury Coal Limited. The fair value of the future royalty payments is estimated using a discount rate based upon the latest New Zealand 10 year government bond rate, production profile, and forecasted domestic coal prices. Sensitivities over inputs are not material.

Deferred consideration liability has been categorised as level 3 under the fair value hierarchy.

22. Rehabilitation provisions

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Rehabilitation	259	205	-	-
	259	**205**	**-**	**-**
Non-current				
Rehabilitation	2,870	2,579	-	-
Total rehabiliation provisions	**3,129**	**2,784**	**-**	**-**
Movement				
Opening balance	2,784	-	-	-
Group reorganisation	-	2,784	-	-
Change recognised in the mining and property asset	194	-	-	-
Change due to passage of time (unwinding of discount)	167	-	-	-
Other	(16)	-	-	-
Closing balance	**3,129**	**2,784**	**-**	**-**

Provision is made for the future rehabilitation of areas disturbed in the mining process. Management estimates the provision based on expected levels of rehabilitation, areas disturbed and an appropriate discount rate.

23. Contributed equity

	Group and Parent			
	2014	2013	2014	2013
	Number of Shares	Number of Shares		
	000s	000s	$'000	$'000
Ordinary fully paid shares	944,932	699,248	247,338	219,623
	944,932	**699,248**	**247,338**	**219,623**
Movement				
Opening balance	699,248	-	219,623	-
Group reorganisation	-	699,248	-	219,623
Issue of shares *	232,397	-	23,327	-
Transfer of share based payments reserve with exercise of options	-	-	2,068	-
Exercise of options and conversion of performance rights * *	13,287	-	2,320	-
Closing balance	**944,932**	**699,248**	**247,338**	**219,623**

* In September 2013 the Company completed a share placement to institutional, sophisticated and professional investors, issuing 104,887,100 shares.
In October 2013 the Company allotted 4,322,628 shares for a share purchase plan.
In April 2014 the Company completed a share placement to institutional, sophisticated and professional investors, issuing 123,187,640 shares.
** Further information is set out in note 26.

Share capital represents the ordinary paid up capital and reserves (excluding share based payment reserve) of the Group's predecessor parent company (note 31).

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. Every ordinary share is entitled to one vote.

24. Reserves

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Share based payment reserve	1,233	13,942	1,233	13,942
Foreign exchange translation reserve	(198)	-	-	-
Re-organisation reserve	(32,760)	(32,760)	-	-
Total reserves	**(31,725)**	**(18,818)**	**1,233**	**13,942**

Nature and purpose of reserves

Share based payment reserve

The share based payment reserve is used to recognise the fair value of options and performance rights issued.

Foreign exchange translation reserve

Exchange differences arising on translation of companies within the Group with a different functional currency to the Group are taken to the foreign currency translation reserve. Subsidiary companies with a functional currency different to the Group are outline in note 17. The reserve is recognised in the income statement when the net investment is disposed.

Reorganisation reserve

Bathurst Resources Limited was incorporated on 27 March 2013. A scheme of arrangement between Bathurst Resources Limited and its shareholders resulted in Bathurst Resources (New Zealand) Limited becoming the new ultimate parent company of the Group on 28th June 2013. In accordance with the Financial Reporting Act 1993, these Group financial statements can only include subsidiary companies results from the date of reorganisation, and therefore in arriving at a closing consolidated Balance Sheet, a reorganisation reserve has been created which reflects the previous retained losses of subsidiaries.

25. Earnings per share

	Group	
	2014	2013
(a) Basic earnings per share	**Cents**	**Cents**
Total basic earnings per share attributable to the ordinary equity holders of the company	(23.07)	(0.04)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	(23.07)	(0.04)
(c) Reconciliation of earnings used in calculating earnings per share	**$'000**	**$'000**
Earnings used in the calculation of basic and dilutive Earnings per share:		
Earnings from continued operations	(188,903)	(301)
Total earnings	**(188,903)**	**(301)**
(d) Weighted average number of shares used as the denominator	**Number of Shares 000s**	**Number of Shares 000s**
Weighted average number of ordinary shares during the period used in the calculation of basic and dilutive earnings per share	818,913	697,141
Adjustments for calculation of diluted earnings per share:		
Options and performance rights	12,222	18,238
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**831,135**	**715,379**

26. Share-based payments

As a result of the capital reorganisation (note 31), share options and performance rights held in Bathurst Resources Limited were swapped on an one-for-one basis for options and performance rights in Bathurst Resources (New Zealand) Limited. No income statement charge has been recorded in these financial statements as a result of this arrangement.

(a) Employee share option plan

The Bathurst Resources Limited Employee Share Option Plan ("ESOP") was approved by shareholders at the 2010 AGM. The ESOP is designed to provide directors, senior executives, employees, and consultants with an opportunity to participate in the company's future growth and gives them an incentive to contribute to that growth. The ESOP was established to enable the company to attract and retain skilled and experienced directors, senior executives, employees, and consultants and to provide them with the motivation to make the company more successful and deliver long-term shareholder returns.

Under the plan, participants are granted units in the ESOP Trust, some of which only vest upon the shipment of the first 25,000 tonnes from the Buller Coal Project. Participation in the ESOP is at the Board's discretion.

Options granted under the plan carry no dividend or voting rights. When exercised each option coverts into one fully paid ordinary share.

A number of senior executives have been granted units in the Bathurst Resources Limited Employee Share Option Plan. These units only vest upon the shipment of the first 25,000 tonnes from the Buller Coal project. Once exercised each option converts into one fully paid ordinary share. Historically, some options have not vested because the performance condition was not met prior to the expiry of the option, or is unlikely to be met, before the option expiry date. As required under IFRS 2, Share-based Payment the cumulative expense previously recognised in relation to these options has been reversed back to the income statement. Options that are still likely to meet the future performance condition are expensed over the period remaining until the condition is likely to be met.

Options (ESOP)

Grant date	Expiry date	Exercise price AUD cents	Outstanding at the beginning of the period 000s	Granted during the period 000s	Forfeited during the period 000s	Exercised during the period 000s	Expired during the period 000s	Outstanding at the end of the period 000s	Exercisable at the end of the period 000s
18-Aug-10	30-Sep-13	10.8	7,500	-	-	(7,500)	-	-	-
20-Aug-10	30-Sep-13	16.8	1,000	-	(1,000)	-	-	-	-
20-Aug-10	30-Sep-13	10.8	5,500	-	-	(5,500)	-	-	-
29-Nov-10	30-Sep-13	21.0	1,000	-	(1,000)	-	-	-	-
29-Nov-10	31-Dec-13	40.0	10,750	-	(10,750)	-	-	-	-
6-Dec-10	31-Dec-13	40.0	11,450	-	(11,450)	-	-	-	-
18-Apr-11	31-Dec-13	85.0	2,000	-	(2,000)	-	-	-	-
26-Aug-12	29-Aug-14	38.0	1,000	-	-	-	-	1,000	1,000
1-Sep-12	29-Aug-14	38.0	1,000	-	-	-	-	1,000	1,000
20-Dec-12	19-Dec-14	38.0	2,000	-	-	-	-	2,000	2,000
			43,200	**-**	**(26,200)**	**(13,000)**	**-**	**4,000**	**4,000**
Weighted average exercise price (cents)			AUD 32.13	-	AUD 41.82	AUD 10.80	-	AUD 38.00	AUD 31.20

* share options were issued with an Australian dollar exercise price.

(b) Employee long term incentive plan

The Bathurst Resources Limited Long Term Incentive Plan (LTIP) was approved by Shareholders at the 2012 AGM. The purpose of the plan is to reinforce a performance focused culture by providing a long term performance based element to the total remuneration packages of certain employees, by aligning and linking the interests of Bathurst's leadership team and Shareholders, and to attract and retain executives and key management.

The plan forms part of the Company's remuneration policy and provides the Company with a mechanism for driving long term performance for Shareholders and retention of executives.

Performance rights granted under the plan carry no dividend or voting rights. When exercised each performance right coverts into one fully paid ordinary share.

Share based payments are recognised based on the fair value of Performance Share Rights ("PSRs") offered to eligible participants at the grant date.

The fair value at issue date is determined using the following methodology; the price path of Bathurst shares is modelled using the Monte Carlo simulation, the total number of Bathurst PSRs that will vest to participants is calculated then the payoff to participants is calculated and discounted back to present value today.

The assessed fair value (for NZ IFRS 2 purposes) at issue date of share options issued during the year ended 30 June 2014 is summarised in the table below.

Performance Rights (LTIP)

Grant date	Expiry date	PSR value AUD cents	Outstanding at the beginning of the period 000s	Granted during the period 000s	Forfeited during the period 000s	Exercised during the period 000s	Expired during the period 000s	Outstanding at the end of the period 000s	Exercisable at the end of the period 000s
8-Feb-13	30-Jun-15	-	353	-	-	(59)	-	294	118
27-Mar-13	30-Jun-15	-	926	-	-	(154)	-	772	309
31-Mar-13	30-Jun-15	-	441	-	-	(74)	-	367	147
13-Jun-13	30-Jun-15	-	1,389	-	-		-	1,389	694
22-Nov-13	30-Jun-16	20.0	-	692	-	-	-	692	-
29-Nov-13	30-Jun-16	19.0	-	1,846	-	-	-	1,846	-
3-Dec-13	30-Jun-16	17.0	-	1,200	-	-	-	1,200	-
5-Dec-13	30-Jun-16	13.0	-	1,662	-	-	-	1,662	-
			3,108	**5,401**	**-**	**(287)**	**-**	**8,222**	**1,268**

(c) Other option issues

As at 30 June 2014 there were no options on issue outside the ESOP (2013 - 14,844,109).

27. Reconciliation of loss before income tax to net cash outflow from operating activities

	Group		Parent	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Loss before taxation	(284,234)	(376)	(209,604)	(376)
Depreciation and amortisation expense	13,776	-	-	-
Share based payments expense	881	-	881	-
Gain from reversal of share based payments expense	(3,672)	-	(3,672)	-
Fair value adjustment to deferred consideration	(169,396)	-	-	-
Foreign exchange (gain) on deferred consideration	(21,258)	-	-	-
Impairment losses	449,984	-	209,041	-
Unwinding of discount	9,123	-	-	-
Waste moved in advance capitalised	(13,684)	-	-	-
Unwinding of rehabilitation asset	167	-	-	-
Other non cash items	685	-	-	-
Change in working capital assets	911	376	(380)	376
Cash flow from operating activities	**(16,717)**	**-**	**(3,734)**	**-**

28. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by the management team under policies approved by the Board of directors. Management identifies and evaluates financial risks on a regular basis.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Once the Group commences export sales, it becomes exposed to foreign exchange movements, this primarily relates to deferred consideration which is denominated in USD for export coal sales of coal sourced from the permits acquired from L&M Coal Holdings Limited.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in New Zealand dollars, was as follows:

	Group	
	2014	2013
	$'000	$'000
USD exposure		
Deferred consideration	-	143,132

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate as a means of minimising the risk of financial defaults.

Financial instruments which potentially subject the Group to credit risk consist primarily of cash and cash equivalents as well as credit exposures to our customers, including outstanding receivables.

The credit risk on liquid funds is limited because the counterparties are banks with credit ratings of AA-, with funds required to be invested with a range of separate counterparties.

The Group's maximum exposure to credit risk for trade and other receivables is its carrying value.

(c) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of the Group and Parent's non-derivative financial liabilities were as follows:

	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying value
Group - 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	7,964	-	-	-	-	**7,964**	**7,964**
Borrowings (exc finance leases)	6,808	835	6,302	-	-	**13,945**	**13,170**
Finance leases	138	134	289			**561**	**411**
Deferred consideration	-	917	2,377	-	-	**3,294**	**2,891**
Total	**14,910**	**1,886**	**8,968**	**-**	**-**	**25,764**	**24,436**
Group - 30 June 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	8,191	-	-	-	-	**8,191**	**8,191**
Borrowings (exc. finance leases)	4,154	208	401	775	-	**5,538**	**5,419**
Finance leases	74	74	149	75	-	**372**	**330**
Deferred consideration	-	3,060	10,206	101,399	89,978	**204,643**	**183,856**
Total	**12,419**	**3,342**	**10,756**	**102,249**	**89,978**	**218,744**	**197,796**

	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying value
Parent - 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	542	-	-	-	-	**542**	**542**
Borrowings	1,290	-	-	-	-	**1,290**	**1,290**
Related party payable	421	-	-	-	-	**421**	**421**
Total	**2,253**	**-**	**-**	**-**	**-**	**2,253**	**2,253**
Parent - 30 June 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	394	-	-	-	-	**394**	**394**
Related party payable	158	-	-	-	-	**158**	**158**
Total	**552**	**-**	**-**	**-**	**-**	**552**	**552**

At 30 June 2014 the Parent and Group had no derivatives to settle (2013: nil).

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain the future development of the business. Given the stage of the company's development there are no formal targets set for return on capital. There were no changes to the company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

(e) Fair value measurements

The fair value of assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Groups assets and liabilities measured and recognised at fair value at 30 June 2013:

	Group		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Liabilities				
Deferred consideration (Level 3)	2,891	183,856	-	-
Movement				
Opening	183,856	-	-	-
Group reorganisation	-	183,856	-	-
Unwinding of discount	9,123	-	-	-
Foreign exchange (gain)/loss	(21,258)	-	-	-
Fair value adjustment to deferred consideration	(169,396)	-	-	-
Addition upon acquisition of Canterbury Coal Limited	566	-	-	-
Closing	**2,891**	**183,856**	**-**	**-**

The fair value of the deferred consideration is calculated as the present value of the expected cash flows using a discount rate that reflects the specific risk to the expected payment profile, refer to note 21.

(f) Financial instruments by category

	Group 2014 $'000	Group 2013 (re-stated) $'000	Parent 2014 $'000	Parent 2013 $'000
Financial Assets				
Loans and receivables				
Cash and short term deposits	8,855	13,754	3,446	-
Trade and other receivables	4,343	4,799	1,345	4
Other financial assets	7,694	6,022	75	75
Total	**20,892**	**24,575**	**4,866**	**79**
Financial Liabilities				
Amortised cost				
Trade and other payables	7,964	8,191	542	394
Related party payables	-	-	421	158
Borrowings	13,581	5,749	1,290	-
Fair value through profit and loss				
Deferred consideration	2,891	183,856	-	-
Total	**24,436**	**197,796**	**2,253**	**552**

29. Related party transactions

(a) Parent entity

The parent entity within the Group is Bathurst Resources Limited.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the subsidiaries listed in note 17.

(c) Key management personnel

Key personnel are all the management and directors (executive and non-executive) of the Group.

Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2014 is set out below

Group	Short-term benefits $'000	Post-employment benefits $'000	Share-based payments $'000	Total $'000
30 June 2014				
Management	2,890	4	748	3,642
Directors	501	-	-	501
	3,391	**4**	**748**	**4,143**

As a result of the capital reorganisation (note 31) there were no key management personnel related costs for the year ended 30 June 2013.

Other transactions or loans with key management personnel

Details of loans made to directors of Bathurst Resources Limited and other key management personnel of the Group, including their personally related parties are set out below.

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Aggregates of loans to key management personnel				
Opening balance	451	-	-	-
Group re-organisation	-	451	451	-
Loan advance/(repayment)	59	-	59	-
Closing balance	**510**	**451**	**510**	**-**
Number in the group at the end of the period	1	1	-	-
Individuals with loans above $100,000 at the end of the period				
H Bohannan	510	451	510	-
	510	**451**	**510**	**-**

The loan outstanding at the end of the year to Mr Bohannan is an unsecured loan repayable at $10,000 per month with the balance repayable on 31 March 2017. Interest is payable on the loan at the IRD prescribed interest rate.

The Group entered into a joint venture in August 2013 with Johnson Bros Transport to operate the Kenroll (Rolleston) coal yard. As at 30 June 2014 Bathurst recognised coal sales to the joint venture in Bathurst financial statements of $2,515,618.

30. Commitments and contingent liabilities

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Within one year	410	8,420	-	-
Later than one year but not later than five years	-	430	-	-
Later than five years	-	-	-	-
Property, plant and equipment	410	8,850	-	-
Within one year	4,328	4,500	-	-
Later than one year but not later than five years	3,059	11,450	-	-
Later than five years	-	-	-	-
Mining licences and properties	7,387	15,950	-	-
Total capital commitments	**7,797**	**24,800**	**-**	**-**

(b) Lease commitments

(i) Non-cancellable operating leases

The Group leases various offices, accommodations, and equipment under non-cancellable operating leases expiring within one to six years. The leases have varying terms, escalation clauses and renewal rights.

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	316	476	-	-
Later than one year but not later than five years	333	785	-	-
Later than five years	-	120	-	-
Total lease commitments	**649**	**1,381**	**-**	**-**

During the year ended 30 June 2014 $389,000 (2013: $13,000) was recognised as an expense in the income statement in respect of an operating lease.

(ii) Finance leases

The Group leases various plant and equipment expiring within one to four years.

	Group		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Commitments in relation to finance leases are payable as follows:				
Within one year	241	149	-	-
Later than one year but not later than five years	280	223	-	-
Later than five years	-	-	-	-
Minimum lease payments	**521**	**372**	**-**	**-**
Future finance charges	40	42	-	-
Finance lease liability	**561**	**414**	**-**	**-**
The present value of finance lease liabilities is as follows:				
Within one year	272	123	-	-
Later than one year but not later than five years	208	207	-	-
Later than five years	-	-	-	-
Minimum lease payments	**480**	**330**	**-**	**-**

(c) Exploration expenditure commitments

In order to maintain the various permits in which the Group is involved the Group has ongoing operational expenditure as part of its normal operations. The actual costs will be dependent on a number of factors including final scope and timing of operations.

(d) Contingent assets and liabilities

As at 30 June 2014 the Group had no contingent assets or liabilities (2013: nil).

31. Capital Reorganisation

On 2 April 2013, Bathurst Resources Limited announced its intention to redomicile to New Zealand by incorporating a new company Bathurst Resources (New Zealand) Limited.

Bathurst (New Zealand) Resources Limited would be the parent company of the Bathurst Resources Group, which consists of the parent and its subsidiaries.

The redomicile was enacted by a scheme of arrangement (the “scheme”) between Bathurst Resources Limited and its shareholders, whereby shareholders exchanged shares in Bathurst Resources Limited for shares in Bathurst Resources (New Zealand) Limited on a one-for-one basis, and for which shareholder approval was granted on 13 June 2013. The scheme was implemented on 28 June 2013.

In accordance with the New Zealand Financial Reporting Act 1993, the Group financial statements of Bathurst Resources (New Zealand) Limited for 30 June 2013 include only the results and balances of subsidiaries from the day on which they were subject to the scheme reorganisation. Assets and liabilities were assumed at the predecessors carrying values.

The scheme did not represent an acquisition or business combination as defined in NZ IFRS as it was merely a reorganisation of the existing Bathurst Group.

In December 2013, Bathurst Resources (New Zealand) Limited changed its name to Bathurst Resources Limited.

32. Events occurring after the reporting period

There are no material events that occurred subsequent to reporting date, that require recognition of, or additional disclosure in these financial statements.

Independent Auditors' Report

to the shareholders of Bathurst Resources Limited

Report on the Financial Statements

We have audited the financial statements of Bathurst Resources Limited on pages 3 to 46, which comprise the balance sheets as at 30 June 2014, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no relationship with, or interests in, Bathurst Resources Limited or any of its subsidiaries other than in our capacities as auditors and providers of taxation services. These services have not impaired our independence as auditors of the Company and Group.

Independent Auditors' Report
Bathurst Resources Limited

Opinion
In our opinion, the financial statements on pages 3 to 46:

(i) comply with generally accepted accounting practice in New Zealand; and
(ii) comply with International Financial Reporting Standards; and
(iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2014, and their financial performance and cash flows for the year then ended.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which states that the ability of the Group to fund its future expenditure is dependent on obtaining further capital or generating cash flows from existing operations. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements
We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2014:

(i) we have obtained all the information and explanations that we have required; and
(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use
This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Pricewaterhousecoopers

Chartered Accountants — Wellington
29 August 2014