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30 September 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 Report and 209 Notice

Enclosed is the Annual Report for the year ending June 2014 for Bathurst Resources Limited (NZX/ASX: BRL) ("Bathurst"). The report is also now available on Bathurst's website:

<http://www.bathurstresources.co.nz/investor-relations/financial-reports/>

Also enclosed is the 209 notice which was mailed to shareholders today.

Yours sincerely
Bathurst Resources Limited

A handwritten signature in black ink, appearing to read 'Hamish Bohannon', written over a light grey circular background.

Hamish Bohannon
Managing Director



Computershare Investor Services Limited

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RECEIVING SHAREHOLDER COMMUNICATIONS (209 Notice)

As a **Bathurst Resources Limited** shareholder you receive a number of communications from us. However, in accordance with changes to the New Zealand Companies Act (June 2007), we will no longer automatically be mailing to you printed copies of the Annual Report or Half Year Report.

This year the Company has decided not to take up the option to prepare a Concise Annual Report.

Bathurst Resources Limited's Annual Report for the year ended 30 June 2014 is now available on our website, and **Bathurst Resources Limited's** Half Year Report for the six months ended 31 December 2014 will be available on our website around 28 February 2015. You can obtain copies of these reports at www.bathurstresources.co.nz

You can choose to receive email notification of when the reports are available to view online (and other shareholder communication) by entering your email address below and returning this form.

☐

Please mark this box if you wish to receive all Bathurst Resources Limited communications electronically. This may include annual and interim reports, transaction statements, payment advices, meeting documentation and any other company related information which we think are appropriate to be sent electronically.

Provide your email address here

Alternatively you can elect your preferences for shareholder communications online, by visiting www.investorcentre.com/nz. Select 'Portfolio View' and log in, then select 'Communication Options' from the 'Update my details' menu. You will need your CSN/Shareholder number and FIN to access this online service.

Notwithstanding that these reports are available electronically, you have the right to receive, upon request, a copy free of charge of the Annual Report and the next Half Year Report (when available) prepared under the NZSX Listing Rules.

If you wish to receive a copy of these reports, please mark the box below and return this form within 15 working days of receiving this form to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142.

☐

I Would Like To Receive A Copy Of The Annual And Half Year Reports

Please mark this box with an 'X' if you wish to receive copies of **Bathurst Resources Limited's** Annual Report and Half Year Report (when available) each year.

If you have any questions about changing how you receive shareholder communications, please contact Computershare on (09) 488 8777.

Substantial Security Holders: As at 29 August 2014 the substantial security holders of Bathurst Resources Limited were L1 Capital Pty Limited 91,665,573, Republic Investment Management Pte Limited 63,359,292 and Asian Dragon Acquisitions Limited 57,323,965.



Annual General Meeting of Shareholders

To be held at 9.00am on Friday 14 November 2014
at the offices of Minter Ellison Rudd Watts
Level 18, 125 The Terrace
Wellington 6140, New Zealand

All dollar amounts referred to in this report are expressed
in New Zealand dollars unless otherwise noted.

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WORKING TOWARDS THE GOAL

Bathurst is now well established as a New Zealand coal company providing low cost energy solutions for local industrial markets. The next step in the journey is the development of the Buller Coal Project which will deliver high quality metallurgical coal into export markets. Escarpment, the first stage of this project, is now fully consented and development has commenced.

Throughout the coming year, Bathurst will continue to drive its domestic business as a robust platform from which it can develop its export projects. This area of the company's operations is particularly important as it is not adversely impacted by fluctuations in the international coal markets. The ultimate goal is to grow a diversified portfolio of assets to sustain the company through the inevitable swings of the global commodities cycle.

Underpinning everything the company undertakes is a culture of safe and sustainable resource development. Bathurst was pleased to complete the 2013/14 year with no significant health or environmental incidents at any of its sites. The company is also proud to be a member of New Zealand's Sustainable Business Council.

SECTION 1

YEAR IN REVIEW

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

We hereby present our annual report and financial statements for 2013/2014, our first year of operations as a wholly incorporated New Zealand company. The company commenced trading on the NZX and ASX as Bathurst Resources (New Zealand) Limited on 1 July 2013. In December 2013, the name changed back to Bathurst Resources Limited.

The previous twelve months have been a challenging time for Bathurst. As world coking coal prices reached their lowest point in some years, the company was forced to make some difficult decisions to reduce overheads and scale back expenditure on new developments. This included deferring plans to take our key Escarpment export project into full commercial production until such time that market conditions improve and the true value of the asset can be realised.

Instead of scaling up for the development of Escarpment, the company has concentrated on its domestic business to ensure there is a steady revenue stream to support activities until coking coal prices recover to a point where export operations again become viable.

The year has not been without its positive milestones, however. We finally received our consents for the Escarpment project and, in June, we were granted the Authority to Enter and Operate from the Department of Conservation. This enabled us to commence development activities on site at Escarpment on 1 July 2014. Initial works include roading, development of water management facilities, installation of

basic infrastructure and preparation of coal faces. This will take the site to a stage where it can quickly transition to steady state mining operations once the market turns.

Late in 2013 Bathurst announced an increase in Resources and Reserves for the Buller Coal Project. Run of Mine Reserves increased to 34.4 million tonnes while Total Resources increased to 108.7 million tonnes. A maiden Measured Resource was announced for North Buller of 2.4 million tonnes.*

The company completed the year with a cash flow positive quarter having achieved good production results from its operating mines. The previous twelve months has seen a steady increase in revenue from the domestic operations which are being expanded to support our business as we develop our export market for coking coal.

Further long-term contracts have been signed for supply of energy to the food and dairy processing industries in the South Island, increasing our domestic market to around four hundred thousand tonnes per annum. The domestic business

* Refer 'Coal Resources and Reserves', pages 83-87.

is a vital component of the company's development strategy as it is neither impacted by foreign exchange fluctuations nor international pricing volatility.

We were able to complete two capital raisings totalling approximately \$26.8 million at a time when mining stocks were at a low. The September placement was followed by a Share Purchase Plan and the April placement was followed by a Non-Renounceable Rights Issue. The support of shareholders for these raisings was very much appreciated.

In the area of health, safety and environment, Bathurst was pleased to complete the year without any reportable safety or environmental incidents at any of our sites. In December, the company welcomed the introduction of new mining regulations which will bring the New Zealand industry into line with international best practice. Escarpment will be the first new coal mine in New Zealand to operate under this regime.

FINANCIAL RESULTS

Our domestic production produced revenue of NZD \$55.5 million as a stand-alone business unit. The domestic business is cash flow positive and, after our restructure earlier in the year, is able to support the wider business until an upturn in the export coking coal price eventuates. This was evident in the final quarterly report of 2013/14.

Cash reserves were NZD \$8.8 million as at 30 June 2014. It is clear that there has been an ongoing reduction on our reserves. This is due to our continued investment in the development process for Escarpment, as well as land acquisitions for the wider Buller Coal Project and the acquisition of some strategic permits around Greymouth.

The impairment loss that was recorded in the financial period was \$449.9 million; this is a non-cash adjustment and reflects the current value of the Buller Coal Project using the current international coking coal prices. As can be seen in the notes to the financial statements, the impairment charge is highly sensitive to movements in international coking coal pricing.

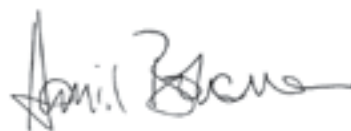
In closing, we would like to acknowledge the efforts of our fellow directors, managers and staff throughout a tough year. In addition, we are indebted to our local communities for their continued backing as we work to develop our various South Island projects. We would also like to acknowledge our previous chairman, Mr Craig Munro, who retired in March, and thank him for the substantial contribution he made to the company during his tenure.

Finally, and most importantly, we would like to thank the shareholders of Bathurst for their continued patience and support throughout the year.

We are working hard to establish ourselves as a leading coal company with a raft of projects to deliver a return to shareholders, to our local communities and to New Zealand.



DAVE FROW
Chairman



HAMISH BOHANNAN
Managing Director

REVIEW OF OPERATIONS

Bathurst is a New Zealand resources company. Its operations are in the South Island of New Zealand where it aims to be a leading coal producer, providing coal for local cement manufacture, delivering energy for the domestic food and dairy processing industries, and ultimately exporting high quality metallurgical coal to international steel makers.

Bathurst now employs over one hundred staff and contractors in New Zealand and has its head office in Wellington.

BULLER COAL PROJECT

Bathurst's flagship development is the Buller Coal Project – a high quality export coking coal operation, targeting a production profile of up to two million tonnes per annum by 2019. It is located on the West Coast of the South Island – in a region long recognised as one of New Zealand's most significant coal areas with a proud history of mining dating back to the 1800s. The area produces valuable coking coal, sought by steel makers all over the world.

The Buller Coal Project will comprise mining operations located north and south of the Solid Energy Stockton mine, blending coal from various blocks to create a high grade West Coast export product. A site has been acquired on the coastal plain between the two areas for the future location of coal stock piles, processing facilities and train loading infrastructure.

The South Buller permits comprise the Cascade, Escarpment and Coalbrookdale Mining Permits and the Whareatea West and Deep Creek Exploration Permits.

Bathurst's North Buller prospects include Millerton North, North Buller, Seddonville, Ngakawau, Blackburn and Coal Creek. All the permits are intended to be developed as open cast mines.

The company has also secured permits in the Greymouth region of the West Coast to provide further premium blending options in the future. These permits lie in the highly prospective Paparoa coal measures which are known for their superior coking properties.

SOUTH BULLER

Escarpment

The key first stage of the export coal project at Buller is Escarpment, which is targeting an initial output of five hundred thousand tonnes per annum of coal for international steel markets once global coal prices recover.

Final consents were granted for Escarpment in October 2013 and the Authority to Enter and Operate was issued in June 2014.

Preliminary site works commenced on 1 July 2014. A small team was mobilised to site from the company's Cascade operations. The area has been secured, fencing and signage have been installed, and initial roads prepared. The first stages of water management systems have been completed including a construction water sump, pump out pipeline and temporary water treatment plant. Temporary office buildings are on site and the coming months will see the mine developed to a stage where it can quickly move into steady

state production to meet export demand when export coking coal prices recover.

Over the life of the block, total production is expected to increase to around one million tonnes per annum.

Cascade

The operating Cascade mine also forms part of the South Buller operation. Cascade has historically produced up to forty-five thousand tonnes per annum of high value coal. However, production has now increased to target over one hundred thousand tonnes per annum. The Cascade coal is a semi-soft coking coal which is being sold into the domestic market, largely for the manufacture of cement. The local cement producer has announced its intention to close its Westport operation within two years. At that time, it is planned that the Cascade product will be exported, either as a coking coal blend or directly into the lucrative ferro-silicon metals market.

During the year, two major overburden cutbacks were completed to expose new areas of coal. Activities during that time focused on cover rock removal, returning to steady state mining once the cutbacks were completed. Rehabilitation activities continued in the main pit area with over eight thousand plants established on the final landforms.

The coal storage area on the plateau was also relocated from the former site at Denniston to a new location at Coalbrookdale, allowing the original stockpile site to be returned to the landowner.

The company employs twenty-seven at Cascade and six in the Westport office.

Whareatea West and Coalbrookdale

The next focus for development in South Buller is the Whareatea West block which is located immediately adjacent to the Escarpment permit's western boundary. Whareatea West is an Exploration Permit. The company is currently gathering data in preparation for the consenting of this area of operation. During the year, a further twenty-six holes were drilled in the permit to determine the extent of the resource in preparation for mine planning as part of the consenting process, and for the collection of market samples.

Coalbrookdale is fully consented for underground mining. However, development is not planned until market conditions improve. When the export market shows signs of turning, Bathurst will apply for open cast consents for the parts of the deposit which can then be developed as an extension of Escarpment.

NORTH BULLER

The North Buller projects lie north of the Stockton Plateau. All the North Buller projects are contained within two separate Exploration Permits – Buller and Coal Creek.

Preliminary analysis indicates that the low ash, higher sulphur coal from this area can be blended with South Buller coal to produce a premium product.

These resources are further complemented by additional West Coast permits in the Greymouth region south of Westport. The Greymouth area contains the lowest sulphur content bituminous coal in New Zealand. This coal has been a natural blend with the coals of the Buller area for a long period. Bathurst holds the Ike's Peak, Moody Creek and Greymouth South permits in the Paparoa coal measures, and a permit at Reefton in the Brunner coal measures.

DOMESTIC OPERATIONS

Takitimu

The Takitimu mine is located at Nightcaps, north of Invercargill. Mining operations originally commenced at Nightcaps in 1881. Sub-bituminous coal from the open cut operation is railed to a number of major industrial customers in the Southland, Otago and Canterbury areas. The mine produces around two hundred and thirty thousand tonnes of sub-bituminous coal per annum.

During the year, the coal resource in the original Takitimu pit was depleted and the adjoining Coaldale block became the focus of operations. The Takitimu pit is now being progressively backfilled and will be rehabilitated to pasture land. Work was undertaken to upgrade the processing facilities on site. The original screening plant has been removed and replaced by a large capacity mobile screening plant. A refurbished scalping screen has been installed and the double rolls crusher upgraded. These improvements have allowed for increased production and reduced fines generation. The next targets for expansion will be into the Black Diamond block which lies adjacent to Coaldale, and the New Brighton block.

Mining operations at Takitimu have previously been conducted by a contractor. However Bathurst will take over full operations at the site in the near future. Currently fifty staff and contractors are employed at Takitimu.

New Brighton

Bathurst has a conditional agreement to purchase the New Brighton Exploration Permit from L & M Coal Holdings Limited. This permit is in close proximity to the Takitimu mine and is connected by the same rail line. It is prospective for high grade sub-bituminous coal and has potential to add substantially to the life of the Takitimu operations.

This acquisition would provide a sound platform for the development of Bathurst's domestic coal strategy. The coal from New Brighton will be sold into new and existing domestic contracts and may be considered for export at a later date.

In August 2013, a resource statement was issued for New Brighton of 4.2 million tonnes (0.7 million tonnes indicated and 3.5 million tonnes inferred)*.

Canterbury

In August 2013, Bathurst announced the conditional acquisition of the Canterbury mine. This was completed in November 2013. The Canterbury mine is an open cast mine near Coalgate which is seventy kilometres west of Christchurch. The mine produces thermal coal which is low in sulphur and ash and in high demand by the local dairy and food processing industries. It is of a similar specification to the Takitimu coal which supplies other dairy processing plants and is well located to supply the Canterbury markets. In August 2013, Bathurst was awarded a three-year contract to supply coal to a nearby dairy processing plant.

Production from the mine is expected to grow from around thirty-five thousand tonnes per annum to more than seventy-five thousand tonnes by FY17. A resource statement has been prepared for Canterbury Coal of 3.3 million tonnes (0.9 million tonnes indicated and 2.4 million tonnes inferred)*. Coal demand in the Canterbury area is set to grow to over one hundred and fifty thousand tonnes per annum in the short term with the expansion of the local food and dairy processing industries. The proximity of the mine to these markets offers a distinct freight advantage to target this growth potential.

Full mining operations at Canterbury were suspended from the June quarter to allow the processing operations to be reviewed and upgraded. During this period, coal is being supplied to customers from the Takitimu mine. It is expected that full operations will resume by the end of 2014. When it is fully operational, Canterbury employs eight staff.

Albury

The Albury project, located forty kilometres west of Timaru, was an historic underground and open cut mine worked from the early 1900s through to the mid 1960s. The mine produced low rank sub-bituminous coal for local sales. A programme of low impact exploration during 2012 delivered encouraging results and a bulk sample was taken for trials to assess the suitability of the coal for energy production for local industry. The trials were positive but further exploration and development have been deferred for the current time.

EXPLORATION

Exploration was scaled back during the financial year. A total of four thousand and fifty-seven metres was drilled with the focus on South Buller and Nightcaps.

Two rigs were operating in the Buller Coal Project areas. Twenty-three holes were drilled in the pit at Cascade to assist with operational short-term mine planning and to

obtain samples for coal quality analysis. A further thirty-eight holes were drilled across the South Buller permits for resource definition and to provide marketing samples.

Two holes were also drilled at North Buller for marketing samples and an initial hole was drilled in the Greymouth area at Moody Creek to meet the requirements of the Exploration Permit work programme.

A trenching programme was undertaken at the Canterbury mine to assess near-surface resources for the next mining stage and twenty-two holes were drilled at Takitimu to determine the final high-wall design and for coal quality analysis.

Throughout the year, data was analysed and re-evaluated as part of a programme to upgrade Resource and Reserve reporting to comply with the new Joint Ore Reserves Committee (JORC) 2012 reporting standards.

PRODUCTION

Production figures for Bathurst's three operating mines for the year ended 30 June 2014 are set out below.

OPERATION	PRODUCTION (T)	OVERBURDEN (BCM)
Takitimu	215,720	3,174,935
Cascade	72,650	1,962,169
Canterbury Coal	32,399	270,602
TOTAL	320,769	5,407,706

FINANCIAL

The group made a net loss before tax of \$284.2 million for the period to 30 June 2014.

The loss is primarily because of an impairment loss of \$449.9 million being recorded for the group. The majority of this is attributable to the Buller Coal Project, which is subject to the movements in the international coking coal market. Coking coal prices dropped steadily over the year which has impacted on the potential value of the Buller Coal Project. As such, the Buller Coal Project has been fully impaired as at 30 June 2014.

During the period, the Cascade mine was partially impaired due to a major commercial sales contract expiring in 2016 which impacts on production forecasts. Production is planned to scale down to coincide with the expiry of the contract and rehabilitation activities will then commence. Current volumes and pricing are contracted.

The group net cash outflows for the year ended 30 June 2014 were \$7.0 million. These outflows include \$7.1 million of capital spend and a further \$4.9 million of exploration spend.

The group had \$8.8 million of cash and short-term deposits on hand as at 30 June 2014.

* Refer 'Coal Resources and Reserves', pages 83-87

SUSTAINABILITY

Responsible resource use is the principle that drives all of Bathurst's activities. This principle applies to the company's approach to sustainable development and management of social and environmental performance.

This means everything the company does is guided by a commitment to shareholders, employees, local communities and, importantly, the environment.

Bathurst's commitment is backed by a significant investment of time and money to ensure social and environmental impacts are managed from design and planning through to production and, eventually, rehabilitation.

The ultimate aim is to ensure our operations enable society to meet its present needs without compromising the ability of future generations to meet their needs.

Every year, public focus on environmental issues deepens, and the decisions people make as custodians of the world's scarce resources grow increasingly important.

Bathurst has a Health, Safety, Environment and Community (HSEC) management framework to guide the company's decisions on responsible resource use and the impact of its activities.

Bathurst also has a Kaitiaki governance group to provide checks and balances on the company's environmental activities.

The framework has been developed generally in accordance with international standards to enable continuous improvement of Bathurst policies, standards and procedures to minimise risk to mine workers and the environment.



HEALTH AND SAFETY OF PEOPLE

Bathurst believes all accidents are preventable: the company's focus is on zero harm and it takes responsibility for the care and consideration of its employees. People are our greatest asset. Bathurst wants to make a difference and believes that it has a duty to set an example.

Bathurst has a Health, Safety, Environment and Community committee that meets regularly to assist the board in enabling Bathurst to operate its businesses safely, responsibly and sustainably.

The company has embraced the new health and safety regulations for the New Zealand mining industry which came into force in December 2013. The regulations were developed in consultation with industry and will bring New Zealand's approach to mining health and safety into line with international best practice. Richard Tacon, Bathurst's chief operating officer, and Richard Thompson, Bathurst's health and safety manager, were both involved in developing the new regulations. Escarpment is the first new mine in New Zealand to operate under these regulations.

Bathurst has been reviewing and updating existing health and safety systems at all sites in line with the new regulations to implement a comprehensive and auditable health and safety management system appropriate to the scale and context of our New Zealand operations. A strategic process of risk assessments and training initiatives are being conducted across all sites achieved through consultation and participation with employees and contractors. Once embedded, there will be significant advantages, including mine workers having a better understanding of their own obligations and of the business. The outcomes being sought are the delivery of a robust reporting system, a strong safety culture and dynamic integration with other operational systems. If things do go wrong, Bathurst is geared up to respond.

During the year, Bathurst held a successful emergency services workshop at Westport involving police, fire brigade, civil defence, mines rescue and ambulance to review Bathurst's emergency response plans, followed by a site familiarisation tour of Cascade and Escarpment.

ENVIRONMENT

Bathurst respects the focus and drive of New Zealanders committed to protecting the environment and understands the cultural importance of the local landscape and natural resources.

The company's operations are conducted with deference to the impact mining has and its methods allow it not only to rehabilitate the land on which it works, but to deliver an overall net gain back to the environment.

For example, Bathurst has committed to a large programme of pest control on the Denniston Plateau, where it aims to start the Escarpment project. Under an agreement with the Department of Conservation, Bathurst will fund a \$3 million biodiversity enhancement project, including weed, pest and predator control, over four thousand five hundred hectares on and around the Denniston Plateau. Mining heritage on the plateau will also be enhanced with almost \$600,000 allocated to mining preservation works.

Another \$18 million will be spent by Bathurst, in association with the Department of Conservation, funding a thirty-five year pest and predator control programme over twenty-five thousand hectares of the Heaphy River Valley in the Kahurangi National Park to protect great spotted kiwi, kaka, blue duck and *Powelliphanta* snails.

This year Bathurst has continued to develop a new environmental management system. This is being established to provide a systematic approach that ensures compliance with relevant laws and approvals, Bathurst's environmental policy and operational standards, as well as ensuring continual improvement of Bathurst's environmental performance. There are strong links being developed between environment and health and safety with the use of corporate standards to enable effective on-the-ground implementation.

Bathurst has prepared a project environmental management strategy for the Escarpment mine. The strategy, which is based on a 'plan – do – check – act' process, included the development of twenty-six management plans covering topics such as flora and fauna, mine operations, social enhancement and heritage.

Bathurst has also devised a carefully phased rehabilitation programme to be employed at the Escarpment mine during development, construction and operations. This includes techniques such as Vegetation Direct Transfer to preserve flora and translocation of targeted fauna species.

BATHURST KAITIAKI GROUP

The Bathurst Kaitiaki governance group continued its work throughout the reporting period, providing checks and balances on the company's activities.

'Kaitiaki' is a Māori concept that means guardianship of the natural environment.

The Kaitiaki group advises Bathurst on its efforts to achieve:

- environmental best practice
- best practice decision-making
- responsiveness to the changing needs and expectations of stakeholders
- a record of responsible environmental stewardship.

During the period Fiona Bartier, Bathurst's general manager for projects and planning, replaced Rob Lord as the Bathurst representative on the group, and Francois Tumahai replaced Toko Kapea as the iwi representative.

Francois is the chair of Ngāti Waewae which is a hapū or sub-tribe of Ngāti Tahu, the predominant iwi group on the South Island. Te Rūnanga o Ngāti Waewae is on the West Coast, headquartered at Arahura Marae near Hokitika.

The Kaitiaki group continued to meet during the year. A site visit was conducted at the Canterbury mine in March to review systems and processes on site and plans for rehabilitation. The group also devoted a large part of its time to the review of the management plans for Escarpment and the development plans of Bathurst's environment management systems.

The members continued to provide input into the Buller plateaux process, a multi-stakeholder consensus-building process which is seeking to define reserves for biodiversity and related purposes on the Denniston and Stockton plateaux. Discussions with this group continued through to the end of 2013.

COMMUNITY

Bathurst cannot operate in a way that is efficient and sustainable without the support of the communities in which it works. And it cannot expect that support without being part of those communities.

Bathurst works with a range of stakeholders and businesses to further deliver benefits through its local West Coast and Southland operations. As work continues at Takitimu and on the Escarpment project, Bathurst is engaging openly and transparently with local communities to ensure all views are heard and that the company can continue to focus on being a good neighbour.

The company is continuing its focus on keeping local communities informed through information sessions and briefings.

Although Bathurst has been operating under tighter budget guidelines, the company has continued to help local community groups achieve their goals and participated in a range of community activities, including:

- Buller High School scholarship to help fund university studies
- sponsorship of Denniston Chain Grinder mountain bike event
- sponsorship of the Gowan mountain bike race in Southland
- sponsorship of Nightcaps Junior Rugby Club
- support for Nightcaps primary schools
- donation of a defibrillator to the Waimangaroa Fire Brigade.

BATHURST 2014/15

The next year will be used to gather data and reflect on the health and safety, environment and community framework the company currently has in place. Although Bathurst has existing policies and approaches, the company is always striving to do more. As previously discussed, a number of changes to legislation have already been implemented.

The goal is a fresh HSEC management system that brings together Bathurst's own learning and leading practice from around the world. Work on the Escarpment project provides a natural template for any reform the company wishes to put in place.

In the coming months, the focus will be on embedding the procedures and processes of the HSEC management systems across the sites, with an emphasis on compliance with the new mining regulations and system development generally in accordance with ISO 14001:2001 (environment) and AS/NZS 4804:2001 (health and safety).

The implementation stage will concentrate on planning for success by developing the capabilities and support mechanisms necessary to deliver a clear and effective education process for mine workers through the identification of training competencies and skills required.

Key performance indicators have been chosen to measure performance and effectiveness against specific objectives and targets, including a regular schedule of review by senior management and the board throughout the year.

OUR PEOPLE

RICHARD TACON

Chief operating officer

Since starting his career in the 1970s, Richard has worked in a large number of roles across the coal mining industry.

His first job in the industry was at Greymouth's Liverpool State Mine, owned by the New Zealand Government. He moved to Australia to further his mining career. Following his work at the coalface, he went on to hold several management roles in mines in Australia, working his way from mine worker to general manager. Richard has held senior leadership roles for the past decade.

Richard holds first, second and third class coal mining qualifications and studied at the Otago School of Mining. He has also spent 15 years as a mines rescue brigadesman, making him familiar with the principles and practices of emergency management. Richard has also recently completed the New Zealand Mine Incident Controller training.

Richard is an ex-secretary for the Australian Mine Managers' Association. He is currently director of New Zealand's Mines Rescue Trust Board.

After living and working in Australia for 32 years, Richard returned to New Zealand to take up his current post with Bathurst.

CRAIG PILCHER

General manager – domestic operations

Craig has extensive engineering experience with both coal and oil-fired steam boiler installations and maintenance, as well as refrigeration, marine, plant maintenance and general engineering.

Born in South Canterbury, Craig's first career was as an A-grade fitter and welder, undertaking regular coal and oil steam boiler installations. After working as plant engineer and construction diver at the Port of Timaru, Craig became owner and director of a South Island coal supply business in 1997, distributing coal for Solid Energy in the area.

The business was bought by Eastern Corporation in 2006, and Craig joined the company as marketing manager and then operations manager, playing a key role in the establishment and growth of the Takitimu and Cascade coal mines.

Craig joined Bathurst in March 2011. He is based in Timaru at Bathurst's coal handling and distribution centre.

FIONA BARTIER

General manager – projects and planning

Fiona Bartier is an environmental and resource scientist who has worked in management roles for government, in research and education, for industry groups, and for a range of mining companies.

Fiona began her career as a forestry planner in New South Wales and Queensland with a focus on native forests.

She then moved into a research role at The University of Queensland at the Centre for Mined Land Rehabilitation, where she worked on projects on coal, mineral sands, bauxite and gold. Fiona was project manager for the Australian Coal Association Research Program project for three years and was course development coordinator for a master's programme in mining environmental management.

Before joining Bathurst, Fiona lived for ten years in mining communities in the Hunter Valley and western coalfields of New South Wales, working first as a consultant, and then within industry. She has management experience in open cut and underground operations, and brownfield and greenfield projects.

In addition to projects and planning, the Bathurst management system development for health, safety, environment and community falls within Fiona's portfolio.

Fiona holds a degree in resource science. She joined Bathurst in 2012, based in the Wellington office.

SAM AARONS

General manager – corporate relations

Sam's background is advertising, marketing and commercial management. She worked with several major advertising agencies in Melbourne, before spending fourteen years as a divisional general manager for Henry Walker Eltin, a large civil and mining contracting company (now Leighton Contractors). During this period she also served with the Royal Australian Navy Reserves as public relations officer for the Darwin Port Division.

She joined Eastern Resources Group in Brisbane as manager of corporate relations and business development, a position she held for eight years. Her role with Eastern focused on growing the company's mining operations in New Zealand, developing existing tenements and sourcing new projects.

Sam joined the Bathurst team following its acquisition of the Eastern assets and relocated to Wellington in 2011.

MARSHALL MAINE

Chief financial officer and joint company secretary

Marshall Maine was previously a senior manager with KPMG Corporate Finance, London, before moving to New Zealand where he has held the role of chief financial officer for various New Zealand companies including Icebreaker Limited, NPT Limited and the Summerset Management Group Limited.

Marshall has strong competencies in corporate governance, risk management, financial modelling and capital structures. He brings a new dynamic to the team through his varied experience in areas beyond the resources sector.

Marshall holds a degree in accounting and finance, and a master's degree in strategic business management. He is a member of the Chartered Institute of Management Accountants (UK).

ALISON BROWN

General counsel

Alison has had over 30 years' legal experience in private law practices and as in-house counsel for commercial enterprises. She has specialised in mining, environmental and climate change law after a solid grounding in commercial law. She has worked variously for Simpson Grierson, Minter Ellison Rudd Watts, the Minister of Foreign Affairs and Trade, taught law professionals, as well as being general counsel for Solid Energy New Zealand Limited from 2000 to 2011.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity ('the group') consisting of Bathurst Resources Limited ('Bathurst' or 'the company') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The following persons were directors of Bathurst Resources Limited as at 30 June 2014.

Dave Frow Non-executive Chair

Hamish Bohannon Managing Director

Rob Lord Non-executive Director

Malcolm Macpherson Non-executive Director

Toko Kapea Non-executive Director

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the group consisted of:

- the production of coal in New Zealand, and
- the exploration and development of coal mining assets in New Zealand.

DIVIDENDS

No dividend was paid or declared during the current or prior financial year and the directors do not recommend the payment of a dividend.

ENVIRONMENTAL REGULATION

The Bathurst group's exploration and mining activities are subject to a range of environmental regulations which govern how the group carries out its business. These regulations are set out below.

MINE DEVELOPMENT/MINING ACTIVITIES

The mining activities of the group are regulated by the following:

- The resource consents granted by the relevant district and regional territorial authorities, after following the processes set out in the *Resource Management Act 1991*.
- Mining permits, issued under the *Crown Minerals Act 1991* by the Minister of Energy and Resources, required to mine Crown coal.

- Access arrangements, granted by relevant landowners and occupiers granted under the *Crown Minerals Act 1991* with the relevant landowners and occupiers. For Crown-owned land managed by the Department of Conservation, these access arrangements are granted by the Minister of Conservation. For significant projects, there will be a concurrent granting with the Minister of Conservation and the Minister of Energy and Resources.
- Concession agreements under the *Conservation Act 1987* for land outside a permit area but owned by the Crown and managed by the Department of Conservation.
- Wildlife authorities, issued under the *Wildlife Act 1953* granted by the Minister of Conservation.

Controls around water and air discharges that result from mining operations are governed by the conditions of the resource consents that the particular mining operation is operating under. The mining operations of Bathurst are inspected on a regular basis and no significant instances of non-compliance have been noted.

To the best of the directors' knowledge, all approved activities have been undertaken in compliance with the requirements of the Resource Management Act, Crown Minerals Act Conservation Act and Wildlife Act.

EXPLORATION ACTIVITIES

To carry out exploration, the company needs to hold a relevant exploration permit (where the coal is Crown owned), relevant resource consents to permit exploration and an access arrangement with the relevant landowner. Bathurst holds, to the best of the directors' knowledge, all relevant resource consents and has entered into all of the appropriate agreements and acted in accordance with those resource consents and agreements in regards to engaging in exploration activities.

HAZARDOUS SUBSTANCES

Mining activities involve the storage and use of hazardous substances, including fuel. Bathurst must comply with the *Hazardous Substances and New Organisms Act 1996* when handling hazardous materials. To the best of the directors' knowledge, no instances of non-compliance have been noted.

EMISSIONS TRADING SCHEME

The New Zealand Emissions Trading Scheme ('NZ ETS') came into effect from 1 July 2010 which essentially makes Bathurst liable for greenhouse gas emissions associated with the coal it mines and sells in New Zealand and for the fugitive emissions of methane associated with that mined coal. Bathurst's liability is based on the type and quantity of coal tonnes sold, with the cost of such being passed onto Bathurst's customers. Bathurst's Emissions Trading Policy can be found on the company's website.

INFORMATION ON DIRECTORS

MR DAVE FROW BScEng Non-executive chair

Experience and expertise

Dave is a widely experienced company director, chief executive officer and engineer who has played an extensive and successful role in a number of industries.

He has held directorships of a wide range of organisations, from listed companies to small entrepreneurial start-ups. He has particular expertise in the energy sector with experience in New Zealand, South Africa, England and Scotland. As chief executive officer of the Electricity Corporation of New Zealand, he led the company through a period of major reform in the energy industry.

Dave is currently a director of Aurora Energy Limited, Delta Utility Services Limited, Holmes Fire LP, ETEL Limited, and ETEL Transformers Pty Limited (Australia). He also provides energy consulting and executive mentoring services.

Dave has a mechanical engineering degree and is a graduate of the Harvard Business School Advanced Management Programme. He was honoured as a Fellow of the Institute of Professional Engineers of New Zealand and is a Fellow of the Institute of Directors in New Zealand.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Nil

Special responsibilities

Chair of the Health, Safety, Environment and Community committee

Member of the Remuneration and Nomination committee

Member of the Audit and Risk committee

Interests in shares and options

125,000 fully paid ordinary shares in Bathurst Resources Limited

MR HAMISH BOHANNAN BEngSc Hons Mining, MEngSc Rock Mechanics, MBA, FAusIMM, MIMM, MAICD Managing director

Experience and expertise

Hamish is a mining engineer with 30 years' experience in the resources industry, starting as a miner with Gold Fields Limited in South Africa before completing a degree at the Royal School of Mines. Whilst much of his experience has been in underground mining, he has been actively involved in many areas of the industry, including dredging and open cut mining, processing and smelting, having worked around the globe in various metals from copper and gold to nickel and mineral sands. Previously chief executive officer of Braemore



1. Dave Frow
2. Hamish Bohannon
3. Rob Lord
4. Malcolm Macpherson
5. Toko Kapea
6. Graham Anderson
7. Marshall Maine

Resources Limited, Hamish has also held executive positions with Cyprus Minerals, WMC Resources Limited, Iluka Resources Limited and IAMGold Corporation. Hamish is a director of Straterra and the Coal Association of New Zealand.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Phillips River Mining Limited (previously Tectonic Resources NL) – non-executive chair

Special responsibilities

Managing director

Interests in shares and options

16,101,774 fully paid ordinary shares in Bathurst Resources Limited

1,388,889 unlisted performance rights vested

1,845,992 unlisted performance rights unvested

MR ROB LORD BSc, MBA Non-executive director

Experience and expertise

Rob is currently regional director Oceania for Wallenius Wilhelmsen Logistics ASA, a global shipping and logistics company specialising in the movement of vehicles and heavy and specialised cargo such as mining, construction and resources equipment, rail cars and power generators.

Prior to this, he was the managing director and chief executive officer of Gloucester Coal Limited, a successful ASX 200 publicly listed company specialising in coal mining and marketing.

Before his appointment at Gloucester Coal, Rob worked in the pulp and paper industry for 19 years, most recently as executive vice president responsible for the Australasian operations of Norwegian-based Norske Skog. Rob has also worked in a variety of senior international marketing and sales roles, including head of marketing and sales at Norske Skog Australasia, Fletcher Challenge Paper Australasia and Tasman Pulp and Paper in New Zealand. Rob is currently a director of Wilh. Wilhelmsen Investments (Australia) Pty Limited and a trustee of the Norske Skog Employee Education Trust.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Nil

Special responsibilities

Chair of the Audit and Risk committee

Member of the Remuneration and Nomination committee

Interests in shares and options

627,712 fully paid ordinary shares in Bathurst Resources Limited

MR MALCOLM MACPHERSON BSc, Cert.Acctg, FAICD, FAusIMM, FTSE Non-executive director

Experience and expertise

Malcolm is an experienced business leader in the resources sector in Australia and overseas. Malcolm held a successful seven-year tenure as managing director and chief executive officer of Iluka Resources Limited.

Malcolm has held board positions with other notable companies and organisations such as Portman Limited, Eltin Limited, and Western Power Corporation (as chair). Malcolm has also had active roles in research and innovation, including an advisory role to the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Other current directorships of listed companies

Base Resources Limited – non-executive chair

Former directorships in last three years of listed companies

Minara Resources Pty Limited – non-executive chair

Pluton Resources Limited – non-executive director

Titanium Corporation Limited – non-executive director

Special responsibilities

Chair of the Remuneration and Nomination committee

Member of the Health, Safety, Environment and

Community committee

Interests in shares and options

196,775 fully paid ordinary shares in Bathurst Resources Limited

MR TOKO KAPEA BA, LLB, Non-executive director

Experience and expertise

Toko is a Wellington-based commercial lawyer, consultant and director specialising in iwi and Māori development matters.

Toko is a director of Tuia Group Limited and a partner in Tuia Legal. He has worked at Chapman Tripp, Meridian Energy, and in legal roles in-house at St. George Bank New Zealand and Bank of New Zealand.

Toko is a director of Parinihi ki Waitotara Incorporation (in Taranaki), Port Nicholson Fisheries Limited, and board chair for Ngāti Apa Developments Limited (Rangitikei). He was on the Government Review Panel relating to the Te Ture Whenua Māori Act 1993 (Māori Land Act) and was also the lead negotiator for Ngāti Apa ki Rangitikei (North Island) for its direct negotiation on Treaty of Waitangi claims with the Crown.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Nil

Special responsibilities

Member of the Health, Safety, Environment and Community committee

Member of the Audit and Risk Committee

Interests in shares and options

115,000 fully paid ordinary shares in Bathurst Resources Limited

COMPANY SECRETARY

GRAHAM ANDERSON – joint company secretary

Graham was appointed joint company secretary for Bathurst Resources Limited on 1 July 2013.

Graham is a chartered accountant who operates his own specialist accounting and management consultancy practice. He is currently a director and company secretary of a number of ASX listed companies.

MARSHALL MAINE – joint company secretary

Marshall Maine was appointed joint company secretary for Bathurst Resources Limited on 1 July 2013.

Marshall Maine was previously a senior manager with KPMG Corporate Finance, London, before moving to New Zealand where he has held the role of chief financial officer for various New Zealand companies including Icebreaker Limited, NPT Limited and the Summerset Management Group Limited.



REMUNERATION REPORT

ROLE OF THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination committee ('R&N committee') is a subcommittee of the Bathurst board. The R&N committee is responsible for making recommendations to the board on remuneration matters such as non-executive director fees, executive remuneration for directors and other executives, and the over-arching executive remuneration policy and incentive schemes.

The objective of the R&N committee is to ensure that the company's remuneration policies and structures are fair and competitive, and aligned with the long-term interests of the company. The R&N committee draws on its own experience in remuneration matters and seeks advice from independent remuneration consultants.

The Corporate Governance Statement provides further information on the role of the R&N committee.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

NON-EXECUTIVE DIRECTORS

The fees and payments the company makes to its non-executive directors reflect the level of responsibility attributed to board members and the demands which are made on the directors' time. Non-executive directors' fees and payments

are reviewed annually by the board. The board has also considered the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with industry standards. The fees paid to the chair are determined independently to the fees of non-executive directors. The chair is not present at any discussions relating to determination of his own remuneration.

DIRECTORS' FEES

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$1,000,000 per annum.

The total remuneration and other benefits to directors for services in all capacities during the year ended 30 June 2014 was:

DIRECTOR	REMUNERATION
Mr D Frow	\$106,942
Mr R Lord	\$80,195
Mr M Macpherson	\$80,195
Mr T Kapea	\$99,487
Mr H Bohannon	\$1,138,660

Mr R Lord and Mr M Macpherson are currently remunerated in Australian dollars at \$56,000 per annum.

DIRECTORS' SECURITIES INTERESTS

The interests of directors in securities of the company as at 30 June 2014 were:

DIRECTOR	ORDINARY SHARES	PERFORMANCE RIGHTS VESTED	PERFORMANCE RIGHTS NOT VESTED
Mr D Frow	125,000	0	0
Mr R Lord	627,712	0	0
Mr M Macpherson	196,775	0	0
Mr T Kapea	115,000	0	0
Mr H Bohannon	16,101,774	694,493	1,845,992

EXECUTIVE REMUNERATION

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to industry practice.

The R&N committee ensures that executive pay is competitive and reasonable, as well as acceptable to shareholders. The company ensures that an executive's remuneration is linked to that executive's performance to ensure that the interests of the company and its executives are aligned. The R&N committee determines executive remuneration to ensure transparency and to effectively manage capital.

In consultation with external remuneration consultants, the company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The company believes that the policy for determining executives' remuneration is aligned to shareholders' interests because it focuses on sustained growth in shareholder wealth by pushing growth in share price and delivering constant return on assets, as well as focusing the executive on key non-financial drivers of value. Most importantly, the company ensures that its remuneration policy attracts and retains high calibre executives who, in turn, add value to the company and to the shareholders.

The company also believes that its remuneration policy for executives is aligned to the interests of its executives. The executive remuneration policy rewards capability and experience and reflects competitive reward for contribution to growth in shareholder wealth. The policy is transparent so it provides a clear structure for earning rewards and provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short-term and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of 'at risk' rewards.

The executive remuneration and reward framework has two components:

- base pay and benefits, including superannuation, and
- long-term incentives.

The combination of these comprises an executive's total remuneration.

BASE PAY AND BENEFITS

Executives are offered a competitive base pay that comprises the fixed component and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executives' remuneration is competitive with the market. An executive's remuneration is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

LONG-TERM INCENTIVES

Long-term incentives have been previously provided to certain employees via the Bathurst Resources Limited Employee Share Option Plan which was approved by shareholders at the 2010 annual general meeting ('AGM'). Whilst a number of options issued under this plan remain on issue, this plan has been replaced by the long-term incentive plan.

The Bathurst Resources Limited Long Term Incentive Plan (LTIP) was approved by shareholders at the 2012 AGM and was adopted by Bathurst Resources Limited on reorganisation. 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 (in the form of performance rights) 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 converts into one fully paid ordinary share.

SERVICE AGREEMENTS

On appointment to the board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the managing director and other key management personnel are also formalised in service agreements.

EMPLOYEES' REMUNERATION

During the year ended 30 June 2014, twenty-four employees (excluding the chief executive officer) received individual remuneration over \$100,000.

RANGE	# OF EMPLOYEES
100,001 – 110,000	7
110,001 – 120,000	1
120,001 – 130,000	3
130,001 – 140,000	2
140,001 – 150,000	2
160,001 – 170,000	2
170,001 – 180,000	1
180,001 – 190,000	1
300,001 – 310,000	1
430,001 – 440,000	1
450,001 – 460,000	1
680,001 – 690,000	1
910,001 – 920,000	1

OFFICERS' SECURITIES INTERESTS

The interests of the current company officers (excluding the chief executive officer) in securities of the company at 30 June 2014 were:

OFFICER	ORDINARY SHARES	PERFORMANCE RIGHTS VESTED	PERFORMANCE RIGHTS GRANTED NOT VESTED	OPTIONS
Mr R Tacon	95,532	191,064	1,200,231	1,000,000 (A\$ 0.38c)
Mr M Maine	58,789	117,578	692,441	1,000,000 (A\$ 0.38c)
Ms S Aarons	58,789	117,578	738,604	1,000,000 (A\$ 0.38c)

DONATIONS

The company made donations totalling \$16,205 to:

- Fostering Kids
- Foundation for Youth Development
- Buller Gorge Marathon Trust – Sponsorship of 2014 Marathon (SA)
- Buller Cycling Club
- Autism New Zealand Inc.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company and its subsidiaries have arranged policies of directors' and officers' liability insurance, which, together with a deed of indemnity, seek to ensure to the extent permitted by law that directors and officers will incur no monetary loss as a result of actions legitimately taken by them as directors and officers.

This report is made in accordance with a resolution of directors.



DAVE FROW

Chairman

29 August 2014

ROB LORD

Director

CORPORATE GOVERNANCE

The board and management are committed to ensuring that Bathurst maintains best practice governance structures and adheres to the highest ethical standards. The board regularly reviews and assesses Bathurst's governance structures and processes to ensure that they are consistent with best practice, both in form and substance.

DUAL LISTING FRAMEWORK

Bathurst has a dual listing of its shares on the NZX and on the ASX and is required to comply with the listing rules of the NZX and ASX.

Bathurst is subject to governance requirements in both New Zealand and Australia. This includes the NZX Listing Rules and Corporate Governance Best Practice Code; the Financial Markets Authority's report entitled 'Corporate Governance in New Zealand Principles and Guidelines'; the ASX Listing Rules and the ASX Corporate Governance Council's Principles and Recommendations.

As is appropriate for an NZX and ASX dual listed company, Bathurst has reviewed the requirements and adopted practices and policies during the financial period consistent with the requirements across both jurisdictions and the Bathurst operations and culture. The board will continue to monitor developments in the governance area and carry out regular reviews of governance policies and practices. Compliance with corporate governance codes, principles and recommendations of the NZX Listing Rules requires Bathurst to include a statement in this report on whether the corporate

governance principles adopted or followed by Bathurst materially differ from the Corporate Governance Best Practice Code. Bathurst considers that its corporate governance practices comply with the Code.

Further information about the company's corporate governance practices may be found on the company's website at www.bathurstresources.co.nz/who-we-are/corporate-governance.

BOARD OF DIRECTORS

A. BOARD COMPOSITION AND EXPERTISE

The board has an extensive range of relevant industry experience, financial and other skills and expertise to meet its objectives. The current board composition comprises four independent, non-executive directors (including the chair) and one executive director. The board considers that the non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the company.

A profile of each director setting out their skills, experience, expertise and period of office is set out in the directors' report.

Bathurst's constitution states that at each AGM one third of its directors (excluding the managing director) and any director who has held office for three or more years since their last election, must retire. Directors who retire under this rotation mechanism are eligible to offer themselves for re-election by shareholders at the AGM subject only to the point below.

A director should, subject to circumstances prevailing at the time and the company's ability to find a suitable replacement, aim to retire from the board at the conclusion of the AGM occurring after the tenth anniversary of the director's first appointment or election to the board.

B. BOARD ROLE AND RESPONSIBILITIES

The central role of the board is to oversee and approve the company's strategic direction, to select and appoint a managing director, to oversee the company's management and business activities, and report to shareholders.

The relationship between the board and senior management is critical to the group's long-term success. The directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the group as a whole.

The roles and responsibilities of the board are formalised in the board charter, which defines in detail the matters that are reserved for the board and its committees, and those that the board has delegated to management.

The chair is responsible for leadership of the board, for the efficient organisation and conduct of the board's function and for the promotion of relations between board members and between board and management that are open, cordial and conducive to productive cooperation. The managing director is responsible for implementing group strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

The Bathurst board charter states:

- the board is to be comprised of both executive and non-executive directors with a majority of non-executive directors – non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters
- in recognition of the importance of independent views and the board's role in supervising the activities of management, the chair must be an independent non-executive director
- the majority of the board must be independent of management and all directors are required to exercise independent judgement and review and constructively challenge the performance of management
- the chair is elected by the full board and is required to meet regularly with the managing director, and

- the chair of the board is responsible for determining the process for evaluating board performance. Such evaluations are to be conducted at least annually and will focus on the effectiveness of the board function and whether there continues to exist an appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the group.

The board charter is available in the corporate governance section of Bathurst's website.

In addition to matters required by law to be approved by the board, the powers reserved to the board for decision are:

- strategy – providing strategic oversight and approving strategic plans and initiatives
- board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the board as well as recommending to shareholders the appointment and removal of directors
- leadership selection – evaluating the performance of, and selection of, the chief executive officer and those key executives reporting directly to the chief executive officer; review on a regular basis appropriate succession planning for the chief executive officer
- corporate responsibility – considering the social, safety, ethical and environmental impacts of the group's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices
- financial performance – approving Bathurst's annual operating plans and budget, monitoring management, financial and operational performance
- continuous disclosure – ensuring processes are established to capture issues for the purposes of continuous disclosure to both the NZX and the ASX
- financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the company, and
- establishing procedures – ensuring that the board is in a position to exercise its power and to discharge its responsibilities as set out in the board charter.

C. DIRECTOR INDEPENDENCE

The independent directors of the company during the reporting period were Dave Frow (chair), Rob Lord, Malcolm Macpherson, Toko Kapea and Craig Munro. Craig Munro retired as non-executive chair in March 2014 and was replaced by Dave Frow. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The roles of managing director/chief executive officer and chair are filled by Hamish Bohannon and Dave Frow respectively. They are not exercised by the same individual.

The board has approved a policy on independence of directors, a copy of which is available in the corporate governance section of Bathurst's website.

On appointment, each director is required to provide information to the chair to assess and confirm their independence as part of their consent to act as a director. At the date of this report, the chair considers that the four non-executive directors on the board are independent.

D. BOARD AND SENIOR EXECUTIVE PERFORMANCE EVALUATION

The board, in conjunction with the R&N committee, reviews the size and composition of the board and the mix of existing and desired competencies across members from time to time. Criteria considered by the directors when evaluating prospective candidates are contained in the board's charter.

The chair of the board is responsible for ensuring a regular review of the performance of the board, committees and individual directors occurs at least annually. The chair is responsible for determining the process under which this evaluation takes place.

The board reviews annually the size and composition of the board and the mix of existing and desired competencies across members. The board may engage an independent recruitment firm to undertake a search for suitable candidates if and when an additional member is considered appropriate.

The board is responsible for evaluating the performance of senior executives. The board evaluates the performance of senior executives via an ongoing process of assessment and a formal annual review in December. During the formal review, the senior executive's performance is measured against their role's assessment criteria.

E. NOMINATIONS AND APPOINTMENT OF NEW DIRECTORS AND SUCCESSION PLANNING

Recommendations for nomination of new directors are considered by the R&N committee and approved by the board as a whole. The R&N committee reviews director appointments having regard to the candidate's commercial experience, skills and other qualities. External consultants may be used from time to time to access a wide base of potential directors.

The board recognises the impact of board tenure on succession planning and that board renewal is critical to performance. Each director, other than the managing director, must not hold office (without re-election) past the third annual general meeting of the company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However,

a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting and the re-appointment of directors is not automatic.

F. PROFESSIONAL ADVICE

Directors may, in carrying out their company related duties, seek external professional advice. If external professional advice is sought, a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved in writing by the chair. In the case of a request by the chair, approval is required by at least two other directors.

G. CONFLICTS OF INTEREST

The board has approved directors' Conflict of Interest Guidelines (contained in the Board Code of Conduct) which applies if there is, or may be, a conflict between the personal or other interests of a director.

A director with an actual or potential conflict of interest in relation to a matter before the board does not receive the board papers relating to that matter, and when the matter comes before the board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision-making process.

H. BOARD MEETINGS

The chair sets the agenda for each meeting in conjunction with the chief executive officer and the company secretary. Any director may request additional matters be added to the agenda. Board and committee papers are provided to directors, where possible, five (5) business days prior to the relevant meeting. Copies of board papers are circulated in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision-making.

Meeting attendance as at 30 June 2014:

DIRECTOR	BOARD	HSEC	AUDIT & RISK	NOMINATION & REMUNERATION
Mr D Frow	13/13	3/3		4/4
Mr R Lord	12/13		3/3	1/1
Mr M Macpherson	13/13	3/3	3/3	4/4
Mr T Kapea	12/13	3/3		
Mr H Bohannon	13/13			
Mr C Munro*	9/10	1/1	2/3	3/3

* Mr C Munro retired on 31 March 2014

I. BOARD COMMITTEES AND MEMBERSHIP

The board has established three committees to assist in the discharge of its responsibilities. These are:

- Remuneration and Nomination committee ('R&N committee')
- Health, Safety, Environment and Community committee ('HSEC committee'), and
- Audit and Risk committee ('A&R' committee)

The charters of all board committees detailing the roles and duties of each are available in the corporate governance section of Bathurst's website. All board committee charters are reviewed at least annually.

At 30 June 2014, the membership of each board committee is shown in the relevant section below. The executive directors can attend the A&R committee meetings by invitation. All papers considered by the committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next board meeting, the board is given a verbal update by the chair of each committee. In addition, minutes of all committee meetings are available to all directors.

i. Remuneration and Nomination committee

The R&N committee consists of the following non-executive independent directors:

- Malcolm Macpherson (chair)
- Dave Frow, and
- Rob Lord

Details of these directors' qualifications are set out in the directors' report on pages 15 to 18.

The board has adopted an R&N committee charter which describes the role, composition, functions and responsibilities of the R&N committee. A copy of the R&N committee charter is available on the company's website.

ii. Health, Safety, Environment and Community committee

The HSEC committee consists of the following non-executive independent directors:

- Dave Frow (chair)
- Toko Kapea, and
- Malcolm Macpherson

Details of these directors' qualifications are set out in the directors' report on pages 15 to 18.

The board has adopted an HSEC committee charter which describes the role, composition, functions and responsibilities of the HSEC committee. A copy of the HSEC committee charter is available on the company's website.

The primary function of the committee is to assist the board in enabling Bathurst to operate its businesses safely, responsibly and sustainably. The committee will oversee and

monitor the promotion, establishment and integration across Bathurst of the principles of health, safety, environment and community ('HSEC') as the foundations of good management and good business.

The committee will have oversight of and review of:

- Bathurst's actions to meet its duty to ensure the protection of people and the environment
- initiatives to enhance Bathurst's sustainable business practices and reputation as a responsible corporate citizen
- integration of HSEC in the formulation of Bathurst's corporate strategy, risk management framework, and people and culture priorities, and
- Bathurst's compliance with all relevant legal obligations on the matters within the committee's responsibilities.

iii. Audit and Risk committee

The A&R committee consists of the following non-executive independent directors:

- Rob Lord (chair)
- Dave Frow, and
- Toko Kapea

The A&R committee comprises three non-executive and independent directors of the company. The chair of the board is not the chair of the committee. The chair and members of the committee are appointed by the board and may be appointed for specified terms. Membership of the committee is reviewed annually by the board. It is proposed to form separate committees, one each for risk and audit, during the next financial year.

Details of these directors' qualifications are set out in the directors' report on pages 15 to 18.

The external auditors, the chief financial officer and the financial controller attend committee meetings by invitation.

The role of the A&R committee is to assist the board to meet its oversight responsibilities in relation to the company's financial reporting, internal control structure, corporate governance policies and practices, financial risk management procedures and the external audit function. In doing so, it is the committee's responsibility to maintain free and open communication between the audit committee and the external auditors and the management of Bathurst.

The A&R committee operates in accordance with a charter which is available on the company's website.

The A&R committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities. Furthermore, the A&R committee shall have the authority to seek any information it requires from any officer or employee of the company or its controlled entities, and such officers or employees shall be instructed by the board of the company employing them to respond to such enquiries.

The company has established procedures for the selection, appointment and rotation of its external auditor. The board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the A&R committee. Candidates for the position of external auditor must demonstrate complete independence from the company through the engagement period. The board may otherwise select an external auditor based on criteria relevant to the company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the A&R committee and any recommendations are made to the board.

The company and A&R committee policy is to appoint external auditors who demonstrate experience and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

PwC was appointed as the external auditor in 2013. It is in the NZX Listing Rules to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the directors' report and in Note 7 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The board receives monthly reports about the financial condition and operational results of Bathurst and its controlled entities. The chief executive officer, chief financial officer and one other director provide, at the end of each six monthly period, a formal statement to the board confirming that the company's financial reports present a true and fair view, in all material respects, and that the group's financial condition and operational results have been prepared in accordance with the relevant accounting standards.

The statement also confirms the integrity of the company's financial statements and notes to the financial statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the board, and that Bathurst's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

CODE OF CONDUCT, SHARE TRADING POLICY AND DIVERSITY POLICY

A. CODES OF CONDUCT

The board has approved a Code of Conduct for directors and for employees, which describes the standards of ethical behaviour that directors and employees are required to maintain. The company promotes the open communication of unethical behaviour within the organisation.

Compliance with the Code of Conduct assists Bathurst in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing the company's corporate reputation.

The Code of Conduct describes the company's requirements on matters such as confidentiality, conflicts of interest, use of company information, sound employment practices, compliance with laws and regulations, and the protection and safeguarding of company assets.

A copy of the company's Code of Conduct is available on Bathurst's website at www.bathurstresources.co.nz/who-we-are/corporate-governance.

B. SHARE TRADING POLICY

The company's Share Trading Policy is binding on all directors and employees. The policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, Bathurst and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities.

The policy stipulates that the only appropriate time for a director or employee to deal in the company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A director wishing to deal in the company's securities may only do so after first having advised the chair of his or her intention. A senior executive wishing to deal must first obtain the prior written approval of the managing director before doing so. Confirmation of any dealing must also be given by the director or senior executive within two business days after the dealing.

Directors and senior executives' dealings in the company's securities are also subject to specified closed periods which are set out in the company's Share Trading Policy or as otherwise determined by the board from time to time.

A copy of the company's Share Trading Policy is available in the corporate governance section of Bathurst's website at www.bathurstresources.co.nz/who-we-are/corporate-governance.

C. DIVERSITY POLICY

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the company has developed a Diversity Policy. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity.

The policy includes requirements for the board to establish measurable objectives and appropriate strategies for achieving diversity. The policy provides for the board to monitor annually both the objectives and the company's progress in achieving them. The board recognises that

diversity offers a broad spectrum of benefits, including:

- access to a larger pool of quality employees
- improved employee retention
- insight into different ideas and perspectives, fostering innovation, and
- benefiting from all available talent.

The board encourages diversity across the company and in senior leadership roles. The proportion of female employees in the whole organisation is currently 22% with 50% at senior management and nil per cent at board level.

2014 MEASURABLE OBJECTIVES

1. Responsibilities for objectives and strategies

The board will consider whether responsibilities for developing measurable objectives and strategies to meet the broader objectives of the Diversity Policy, including gender diversity and monitoring and reporting against those objectives should be delegated to a subcommittee of the board.

2. Analysis

Identify the various area and position levels within the organisation and identify the current gender balance across those groups.

PROGRESS

The Remuneration and Nomination committee has been given these responsibilities. The charter for this committee has been updated to reflect these responsibilities.

The area and position levels have been identified. The proportion of female employees in the whole organisation is currently 22% with 50% at senior management and nil per cent at board level. Consideration will be given in the coming financial year as to whether it is appropriate to set goals to increase the representation of women in any particular area and/or position levels within the organisation.

With respect to the provisions of the Diversity Policy, the board has determined that the company has complied with the policy.

The Diversity Policy is available on the company's website at www.bathurstresources.co.nz/who-we-are/corporate-governance.

The following table shows the number of men and women across the organisation (excluding contractors) as at 30 June 2014 and compares that to numbers as at 30 June 2013.

	TOTAL	NO. OF MEN	% MEN	NO. OF WOMEN	% WOMEN
30 JUNE 2014					
Board*	5	5	100%	0	0%
Senior executives	6	3	50%	3	50%
Other employees	85	66	78%	19	22%
	TOTAL	NO. OF MEN	% MEN	NO. OF WOMEN	% WOMEN
30 JUNE 2013					
Board*	5	5	100%	0	0%
Senior executives	8	5	62%	3	38%
Other employees	105	78	74%	28	27%

* Includes the managing director/chief executive



SECTION 2

FINANCIAL STATEMENTS

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 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:		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.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	GROUP 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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.

BALANCE SHEETS

AS AT 30 JUNE 2014

	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 – current	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 – current	20	7,340	4,453	1,290	–
Deferred consideration – current	21	917	3,931	–	–
Provisions – current	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	–	–
Rehabilitation 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.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	CONTRIBUTED EQUITY \$'000	SHARE BASED PAYMENT RESERVE \$'000	FOREIGN EXCHANGE TRANSLATION RESERVE	RETAINED EARNINGS \$'000	RE- ORGANISATION RESERVE	TOTAL EQUITY \$'000
GROUP							
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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	CONTRIBUTED EQUITY \$'000	SHARE BASED PAYMENT RESERVE \$'000	FOREIGN EXCHANGE TRANSLATION RESERVE	RETAINED EARNINGS \$'000	RE- ORGANISATION RESERVE	TOTAL EQUITY \$'000
PARENT							
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.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 comply 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.

iv. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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.

ii. 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.

	30 JUNE 2013 (PREVIOUSLY STATED) \$'000	IFRIC 20 ADJUSTMENT 2013 \$'000	30 JUNE 2013 (RE-STATED) \$'000
ADJUSTMENTS TO THE CONSOLIDATED BALANCE SHEET			
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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:

	BULLER COAL \$'000	EASTERN COAL \$'000	CORPORATE \$'000	TOTAL \$'000
GROUP				
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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'000
Coal sales	42,191	–	–	–
Freight	13,334	–	–	–
SALES REVENUE	55,525	–	–	–
Other income	172	–	–	–
TOTAL REVENUE	55,697	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

5. COST OF SALES

	GROUP 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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)	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 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 Bohannon relating to the exercise of 5,000,000 options in October 2013 yet to be settled.

13. INVENTORIES

	GROUP 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

15. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND \$'000	BUILDINGS \$'000	MINE INFRA- STRUCTURE \$'000	PLANT & MACHINERY \$'000	FURNITURE, FITTINGS AND EQUIPMENT \$'000	OTHER \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
GROUP – 30 JUNE 2014								
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 2014 \$'000	GROUP* 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'000
EXPLORATION AND EVALUATION ASSETS				
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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

20. BORROWINGS

	GROUP 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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.

	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
GROUP						
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

21. DEFERRED CONSIDERATION

	GROUP 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'000
Current				
Acquisition of subsidiary deferred consideration	917	3,931	–	–
Non-current				
Acquisition of subsidiary deferred consideration	1,974	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

22. REHABILITATION PROVISIONS

	GROUP 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'000
Current				
Rehabilitation	259	205	–	–
	259	205	–	–
Non-current				
Rehabilitation	2,870	2,579	–	–
TOTAL REHABILITATION 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 NUMBER OF SHARES 000s	2013 NUMBER OF SHARES 000s	2014 \$'000	2013 \$'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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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 outlined 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

25. EARNINGS PER SHARE

	GROUP 2014 CENTS	GROUP 2013 CENTS
(a) Basic earnings per share		
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)
	\$'000	\$'000
(c) Reconciliation of earnings used in calculating earnings per share		
Earnings used in the calculation of basic and dilutive Earnings per share:		
Earnings from continued operations	(188,903)	(301)
TOTAL EARNINGS	(188,903)	(301)
	NUMBER OF SHARES 000s	NUMBER OF SHARES 000s
(d) Weighted average number of shares used as the denominator		
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 converts 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 converts 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 2013 \$'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 \$'000	GROUP 2013 \$'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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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 \$'000	6-12 MONTHS \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL CON- TRACTUAL CASH FLOWS \$'000	CARRYING VALUE \$'000
GROUP – 30 JUNE 2014							
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

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

PARENT – 30 JUNE 2014

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

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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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
- 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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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				
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

	SHORT-TERM BENEFITS \$'000	POST-EM- PLOYMENT BENEFITS \$'000	SHARE- BASED PAY- MENTS \$'000	TOTAL \$'000
GROUP – 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 Bohannon	510	451	510	–
	510	451	510	–

The loan outstanding at the end of the year to Mr Bohannon 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	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 \$'000	GROUP 2013 \$'000	PARENT 2014 \$'000	PARENT 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 30 to 73, 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 30 to 73:

- (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.

Chartered Accountants
29 August 2014

Wellington



SECTION 3

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 29 AUGUST 2014.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

HOLDING	TOTAL HOLDERS	ORDINARY SHARES
1 – 1,000	339	63,462
1,001 – 5,000	732	1,947,340
5,001 – 10,000	588	3,901,753
10,001 – 100,000	2,260	71,154,217
100,001 and over	835	870,761,662
TOTAL	4,754	947,828,434

On 29 August 2014 there were 514 holders of less than a marketable parcel of ordinary shares as determined by the NZX (under 2,000 shares) and 1,659 holders as determined by the ASX (under A\$500 in value).

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES	
	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
HSBC Custody Nominees (Australia) Limited	211,422,120	22.3
JP Morgan Nominees Australia Limited	129,551,132	13.66
Citicorp Nominees Pty Limited	45,115,733	4.75
Bell Potter Nominees Limited <BB Nominees A/C>	34,553,255	3.64
National Nominees Limited	28,266,854	2.98
Berne No 132 Nominees Pty Limited <608725 A/C>	27,888,773	2.94
Robert James Griffiths & Jean Darling Griffiths	15,000,000	1.58
HSBC Custody Nominees (Australia) Limited <A/C 3>	13,155,000	1.38
Merrill Lynch (Australia) Nominees Pty Limited	10,297,579	1.08
Brispot Nominees Pty Limited <House Head Nominee No 1 A/C>	10,068,245	1.06
ABN Amro Clearing Sydney Nominees Pty Limited <Custodian A/C>	8,237,087	0.86
New Zealand Central Securities Depository Limited	7,311,091	0.77
Hamish John Lindsey Bohannon & Julie Bohannon <Putsborough Super Fund A/C>	7,162,964	0.75
Trinity Management Pty Limited	6,500,000	0.68
Avanteos Investments Limited <2477966 DNR A/C>	5,336,766	0.56
JBWere (NZ) Nominees Limited <A/C 31933>	5,235,000	0.55
Aetas Global Markets Limited	3,254,524	0.34
Forsyth Barr Custodians Limited <Forsyth Barr Limited-Nominee A/C>	3,210,276	0.33
CTS Funds Pty Limited <Civic Super Fund A/C>	3,146,000	0.33
Rookharp Investments Pty Limited	3,100,000	0.32
TOTAL	577,812,399	60.86

Unquoted equity securities

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Unquoted options on issue	2,000,000	2
Unquoted performance rights on issue	5,918,598	5

C. SUBSTANTIAL HOLDERS

Substantial holders in the company as of 29 August 2014 are set out below:

	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
L1 Capital Pty Limited	91,665,573	9.67%
Republic Investment Management Pte Limited	63,359,292	6.69%
Asian Dragon Acquisitions Limited	57,323,965	6.05%

D. VOTING RIGHTS

The voting rights attached to each class of equity securities are set out below:

i. Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

ii. Options

No voting rights.

WAIVERS

In the 2013/14 financial year, waivers one to four below were granted to Bathurst and published by NZX. ASX has not granted Bathurst any waivers during the 2013/14 financial year.

Waivers five to eleven below have been relied upon by Bathurst in the 2013/14 financial year, although they were granted in the 2012/13 financial year (on 19 June 2013 as part of the waiver application regarding the re-domicile).

NEW ZEALAND EXCHANGE WAIVERS

As at, and for the year ended, 30 June 2014, the company has relied upon the following waivers under the NZSX/NZDX Listing Rules:

1. A waiver from Listing Rule 9.2.1 waiving the requirement of Bathurst to obtain an ordinary resolution from shareholders to enter into a material transaction (share placement, the appointment of Forsyth Barr Group Limited and Royal Bank of Canada as lead managers) so as to allow substantial holders (persons who hold 10% or more of Bathurst's securities) to participate in the placement. Granted 30 August 2013.
2. A waiver from Listing Rule 7.1.5(c) waiving the requirement for the Share Purchase Plan Offer Document to have a field for subscribers to insert their common shareholder number ('CSN'), as the offer was only made to Australian shareholders and as such reflected Australian practice (where a field for the holder identification number ('HIN') or security reference number ('SRN') is provided). Granted 11 September 2013.
3. A waiver from Listing Rule 7.10.10 waiving the timing requirements for the setting of the record date for the Share Purchase Plan, owing to the irreconcilable difference between the timetabling requirements in the NZX Listing Rules and the ASX Listing Rules, allowing the relevant ASX rule to apply. Granted 11 September 2013.

4. A waiver from Listing Rule 9.2.1 waiving the requirement of Bathurst to obtain an ordinary resolution from shareholders to enter into the Share Purchase Plan transaction to the extent that a related party of Bathurst participated in the Share Purchase Plan transaction as a shareholder of Bathurst. Granted 11 September 2013.
5. A waiver from Listing Rule 3.5.1 waiving the requirement for the directors' remuneration pool to be approved by ordinary resolution. Granted 19 June 2013.
6. A waiver from Listing Rule 7.3.11(b)(ii) (now 7.3.10(b)) waiving the requirement for approval under the Rules to convert options and performance rights into equity securities, pursuant to the exchange of options and performance rights (where Bathurst obtained approval for such conversion). Granted 19 June 2013.
7. A waiver from Listing Rules 7.3.5 and 7.3.6 waiving the requirement (until 1 July 2014) to assess the number of equity securities on issue be from the date of listing of Bathurst. Granted 19 June 2013.
8. A waiver from Listing Rule 7.6.1 waiving the prohibition contained in this rule to the extent necessary to allow Bathurst to redeem one BRL share from Mr Bohannon. Granted 19 June 2013.

AUSTRALIAN EXCHANGE WAIVERS

As at, and for the year ended, 30 June 2014, the company has relied upon the following waivers under the ASX Listing Rules:

9. A waiver from Listing Rule 1.4.7 waiving the requirement that the information memorandum contains a statement that Bathurst will not raise capital within three months of the issue of the information memorandum. Granted 19 June 2013.
10. A waiver from Listing Rule 6.10.3 to allow Bathurst to set the specified time to determine whether a shareholder is entitled to vote at a shareholders' meeting in accordance with New Zealand law. Granted 19 June 2013.
11. A waiver from Listing Rule 15.7 to allow Bathurst to make announcements to ASX and NZX simultaneously. Granted 19 June 2013.

TENEMENT SCHEDULE

AS AT 30 JUNE 2014

NUMBER	LOCATION	COMMODITY	TYPE	OWNER	BATHURST INTEREST
51078	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
51212	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
51258	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
51260	Southland	Coal	Exploration Permit	Rochfort Coal Limited	100%
51279	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
52147	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
52484	Canterbury	Coal	Prospecting Permit	Rochfort Coal Limited	100%
52713	West Coast	Minerals	Exploration Permit	Buller Coal Limited	100%
53047	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
53614	Southland	Coal	Mining Permit	Takitimu Coal Limited	100%
53756	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
54031	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
54389	Waikato	Coal	Exploration Permit	Buller Coal Limited	100%
54505	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
54507	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
54512	Tasman	Coal	Exploration Permit	Buller Coal Limited	100%
54590	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
54658	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
54846	Canterbury	Coal	Exploration Permit	Rochfort Coal Limited	100%
54896	West Coast	Minerals	Prospecting Permit	Buller Coal Limited	100%
54933	Otago	Coal	Exploration Permit	Rochfort Coal Limited	100%
54935	Otago	Coal	Prospecting Permit	Rochfort Coal Limited	100%
40591	West Coast	Coal	Exploration Permit	Rochfort Coal Limited	100%
40625	Southland	Coal	Exploration Permit	New Brighton Collieries Limited	100%
40628	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
41274	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41332	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41455	West Coast	Coal	Mining Permit	Cascade Coal Limited	100%
41372	Canterbury	Coal	Mining Permit	Canterbury Coal (2013) Limited	100%
41456	West Coast	Coal	Mining Permit	Buller Coal Limited	100%

PERMIT CHANGES IN THE PAST TWELVE MONTHS

EXTENSION OF LAND

PERMIT	PERMIT TYPE		OPERATOR	EXTEND AREA BY	DATE GRANTED
54507	Exploration Permit	Rocklands	Buller Coal Limited	3328.62 hectares	26-Apr-13

PARTIAL SURRENDER

PERMIT	PERMIT TYPE		OPERATOR	REDUCE AREA BY	DATE GRANTED
53756	Exploration Permit	Mokihinui	Buller Coal Limited	5744.6 hectares	19-Mar-13

PERMIT GRANTED

PERMIT	PERMIT TYPE		OPERATOR	AREA	DATE GRANTED
54590	Exploration Permit	Inangahua	Buller Coal Limited	9271.385 hectares	17-Dec-13
54935	Prospecting Permit	Waitaki	Rochfort Coal Limited	494.911 sq. km	17-Dec-13

TRANSFER

PERMIT	PERMIT TYPE		CLIENT	SHARES	LOCATION	DATE GRANTED
51212	Exploration Permit	From	FMG Pacific Limited	100.00%	West Coast	10-Feb-14
		To	Buller Coal Limited	100.00%		
54658	Exploration Permit	From	FMG Pacific Limited	100.00%	West Coast	10-Feb-14
		To	Buller Coal Limited	100.00%		
51258	Exploration Permit	From	FMG Pacific Limited	100.00%	West Coast	10-Feb-14
		To	Buller Coal Limited	100.00%		
52147	Exploration Permit	From	FMG Pacific Limited	100.00%	West Coast	10-Feb-14
		To	Buller Coal Limited	100.00%		
41372	Mining Permit	From	Canterbury Coal Limited	100.00%	Canterbury	31-Oct-13
		To	Canterbury Coal (2013) Limited	100.00%		

COAL RESOURCES AND RESERVES

RESOURCES

TABLE 1: RESOURCE TONNES

AREA	MEASURED RESOURCE (MT)	INDICATED RESOURCE (MT)	INFERRED RESOURCE (MT)	TOTAL RESOURCE (MT)
EXPORT				
South Buller				
Escarpment	3.1	2.2	1.0	6.3
Deep Creek	6.2	3.1	1.6	10.9
Whareatea West	7.7	10.7	4.7	23.1
Coalbrookdale	–	3.4	5.1	8.5
TOTAL	17.0	19.4	12.4	48.8
North Buller				
Millerton North	–	1.9	3.6	5.5
North Buller	2.4	7.3	10.9	20.6
Blackburn	–	5.8	14.1	19.9
TOTAL	2.4	15.0	28.6	46.0
TOTAL EXPORT	19.4	34.4	41.0	94.8
DOMESTIC				
Cascade	0.7	0.6	0.3	1.6
Coaldale	0.9	1.2	0.7	2.8
New Brighton	–	0.7	3.5	4.2
Canterbury Coal	–	0.9	2.4	3.3
Black Diamond	0.3	0.5	1.2	2.0
TOTAL DOMESTIC	1.9	3.9	8.1	13.9
TOTAL	21.3	38.3	49.1	108.7

Note

- Resources are inclusive of reserves.
- All resources and reserves quoted in this release are reported in terms as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia ('JORC').
- All resources quoted are reported as 30 October 2013 <http://www.bathurstresources.co.nz/wp-content/uploads/20131030-Increased-Resources-for-Buller-Project.pdf> This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

TABLE 2: AVERAGE COAL QUALITY – MEASURED

AREA	MEASURED RESOURCE (MT)	ASH% (AD)	SULPHUR %	CALORIFIC VALUE (AD)	CSN	FIXED CARBON % (AD)	VOLATILE MATTER % (AD)	INHERENT MOISTURE	IN SITU MOISTURE
Escarpment	3.1	18.4	0.6	28.9	7.2	49.1	33.0	0.8	5.8
Cascade	0.7	15.1	1.6	31.9	4.6	52.7	39.4	2.6	8.0
Deep Creek	6.2	11.0	2.5	29.7	–	52.8	32.9	2.2	5.2
Coalbrookdale	–	–	–	–	–	–	–	–	–
Whareatea West	7.7	21.5	0.8	26.8	7.2	51.0	24.3	0.6	5.8
Millerton North	–	–	–	–	–	–	–	–	–
North Buller	2.4	8.6	4.7	29.7	4.6	47.5	43.1	2.9	11.4
Blackburn	–	–	–	–	–	–	–	–	–
Coaldale	0.9	10.4	0.9	21.3	N/A	36.0	36.6	15.0	18.1
Ohai	0.3	8.3	0.4	22.3	N/A	42.8	34.7	14.3	16.8
New Brighton	–	–	–	–	N/A	–	–	–	–
Canterbury Coal	–	–	–	–	N/A	–	–	–	–

TABLE 3: AVERAGE COAL QUALITY – INDICATED

AREA	INDICATED RESOURCE (MT)	ASH% (AD)	SULPHUR %	CALORIFIC VALUE (AD)	CSN	FIXED CARBON % (AD)	VOLATILE MATTER % (AD)	INHERENT MOISTURE	IN SITU MOISTURE
Escarpment	2.2	14.0	0.8	29.7	7	50.6	34.4	1.1	5.3
Cascade	0.6	15.3	1.8	30.6	4	49.6	38.5	2.4	8.1
Deep Creek	3.1	9.7	2.7	30.3	–	52.9	34.7	2.0	4.8
Coalbrookdale	3.4	18.4	1.7	30.0	5	50.2	35.8	1.7	5.4
Whareatea West	10.7	21.8	1.1	25.7	7	49.9	22.3	0.6	6.7
Millerton North	1.9	9.7	4.9	31.1	10	52.5	36.9	1.0	6.1
North Buller	7.3	8.8	5.1	30.0	5	47.6	42.6	2.3	9.4
Blackburn	5.8	3.9	4.3	30.4	6	51.8	42.1	2.2	10.1
Coaldale	1.2	9.8	0.7	22.2	N/A	37.3	36.4	16.5	18.2
Ohai	0.5	8.9	0.4	22.4	N/A	42.4	34.8	13.9	17.2
New Brighton	0.7	10.1	0.5	23.0	N/A	33.5	39.5	16.8	17.9
Canterbury Coal	0.9	7.3	0.7	24.1	N/A	39.2	35.9	18.0	23.1

TABLE 4: AVERAGE COAL QUALITY – INFERRED

AREA	INFERRED RESOURCE (MT)	ASH% (AD)	SULPHUR %	CALORIFIC VALUE (AD)	CSN	FIXED CARBON % (AD)	VOLATILE MATTER % (AD)	INHERENT MOISTURE	IN SITU MOISTURE
Escarpment	1.0	13.1	1.0	29.8	7	50.7	35.0	1.2	5.8
Cascade	0.3	18.7	2.1	25.6	3	42.5	34.2	1.8	5.7
Deep Creek	1.6	10.1	2.4	29.7	–	52.5	29.7	2.4	7.1
Coalbrookdale	5.1	16.4	1.7	29.3	5	49.6	35.2	1.7	5.6
Whareatea West	4.7	21.6	0.9	24.9	6	48.3	21.3	0.6	6.8
Millerton North	3.6	12.0	5.5	30.2	9	51.6	35.3	1.1	7.2
North Buller	10.9	9.9	5.1	29.5	5	46.7	45.6	2.2	9.6
Blackburn	14.1	6.4	4.8	30.1	6	49.4	41.8	2.3	11.2
Coaldale	0.7	11.7	0.4	21.8	N/A	34.1	36.2	18.0	18.3
Ohai	1.2	9.1	0.5	22.3	N/A	46.5	31.8	12.7	17.2
New Brighton	3.5	8.9	0.4	23.2	N/A	34.9	40.0	16.2	17.8
Canterbury Coal	2.4	8.9	0.7	23.4	N/A	38.7	35.6	19.2	22.9

Resource quality

The company is not aware of any information to indicate that the quality of the identified resources will fall outside the range of specifications for reserves as indicated in the above table.

RESERVES

TABLE 5: ROM COAL – TONNES

ROM COAL (MT)	PROVED	PROBABLE	TOTAL
EXPORT			
Escarpment	3.0	1.9	4.9
Deep Creek	5.8	2.7	8.5
Whareatea West	7.9	10.5	18.4
Coalbrookdale	–	2.2	2.2
TOTAL EXPORT	16.7	17.3	34.0
Domestic			
Cascade	0.2	0.2	0.4
TOTAL DOMESTIC	0.2	0.2	0.4
TOTAL	16.9	17.5	34.4

TABLE 6: PRODUCT COAL – TONNES

PRODUCT COAL (MT)	PROVED	PROBABLE	TOTAL
EXPORT			
Escarpment	2.4	1.5	3.9
Deep Creek	5.1	2.4	7.5
Whareatea West	5.4	6.2	11.6
Coalbrookdale	–	1.7	1.7
TOTAL EXPORT	12.9	11.8	24.7
Domestic			
Cascade	0.2	0.2	0.4
TOTAL DOMESTIC			
TOTAL	13.1	12.0	25.1

Note

- Resources are inclusive of reserves.
- All resources and reserves quoted in this release are reported in terms as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia ('JORC').
- All reserves quoted are reported as 27 November 2013 <http://www.bathurstresources.co.nz/wp-content/uploads/20131127-Increase-in-Reserves-for-Buller-Coal-Project.pdf>. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- Reserves tonnes for product coal are reported using a 12% in situ moisture for Escarpment, Cascade, Coalbrookdale and Whareatea West, and 15% in situ moisture for Deep Creek.

TABLE 7: RESERVES QUALITY – PRODUCT COAL

PRODUCT COAL		AVERAGE COAL QUALITY			
AREA	TONNES	ASH (% ARB)	SULPHUR (% ARB)	VM (% ARB)	CSN (#)
Escarpment	3.9	7.5	0.6	30.6	8.5
Cascade	0.4	9.1	1.3	31.9	4.0
Deep Creek (coking)	5.7	5.0	2.5	–	–
Deep Creek (thermal)	1.8	11.8	1.7	–	
Coalbrookdale	1.7	6.8	1.3	32.0	7.0
Whareatea West	11.6	10.6	0.8	20.8	9.5

Note

- Reserves qualities for product coal are reported using a 12% in situ moisture for Escarpment, Cascade, Coalbrookdale and Whareatea West, and 15% in situ moisture for Deep Creek.

Further resource and reserve information can be found on the company's website at www.bathurstresources.co.nz.

COMPETENT PERSON STATEMENTS

The information in this report that relates to mineral resources and reserves for Deep Creek is based on information compiled by Adam Bonham-Carter who is a full-time employee of Golder Associates (NZ) Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Bonham-Carter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bonham-Carter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

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

CORPORATE DIRECTORY

DIRECTORS

Dave Frow, non-executive chair
Hamish Bohannon, managing director
Rob Lord, non-executive
Malcolm Macpherson, non-executive
Toko Kapea, non-executive

SECRETARIES

Marshall Maine
Graham Anderson

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SOLICITOR

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BANKER

Westpac Banking Corporation

STOCK EXCHANGE LISTINGS

Bathurst Resources Limited shares are listed on the
New Zealand Exchange (NZX) and the Australian Securities
Exchange (ASX) under the code BRL

WEBSITE ADDRESS

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