

September 2017

Quarterly Report

Highlights

- » Acquisition of Solid Energy assets completed 31 August 2017
- » Integration of mine sites
- » Transition performance in line with guidance
- » Zero lost time injuries during the quarter

Executive Summary

The key focus of the company for the first quarter was to ensure the acquisition of the Solid Energy assets met the acquisition bid metrics. The company is pleased to advise that across all key performance indicators, the company has either met or exceeded these metrics. Bathurst Resources Limited (Bathurst) is now focusing on integrating financial, health safety and environment, and operational systems.

Completion of Acquisition of Solid Energy Assets

Bathurst is pleased to announce the completion of the acquisition of the Solid Energy assets on 31 August 2017 through its BT Mining joint venture, held 65% by Bathurst.

The Solid Energy assets include two operating mines (Rotowaro and Maramarua) in the Waikato region of the North Island and the Stockton mine on the West Coast of the South Island.

The settlement amount was NZ\$38.0m (initial NZ\$46m less closing adjustments) with a contingent payment capped at NZ\$50m to follow over the next four years.

Health Safety and Environment

Bathurst's operating mines, project works and exploration activities recorded zero lost time injuries for the quarter.

Health and safety management is critical to the success of the integration of the new assets into the Bathurst group of operations. An initial 150 day work program has been initiated over a wide range of activities at each operating site with a key focus on risk management. This has kicked off with all the new sites completing revisions of their broad brush risk assessments and principal hazard risk assessments.

Canterbury mine has had an issue with the planned sediment control structures being delayed by adverse weather. The mine has recorded some minor breaches of its resource consent conditions and has been fined by the regional council. A series of environmental risk assessments have been completed in order to develop a more refined evaluation of the operational water management risks.

September 2017 Quarter Performance Metrics

*Economic Locked Box July – August	**Export 100% Basis	**NID 100% Basis	SID 100% Basis	BRL Equity Share
Physicals				
Production (kt)	190	76		173
Sales (kt)	155	119		178
Overburden (Bcm '000)	355	1,495		1,203
Financials				
Sales Revenue (NZD '000)	\$25,316	\$11,466		\$23,908

*Economic Locked Box has been included as an adjustment to final purchase price

**Export and NID are held through BT Mining @ 65%

Post Settlement	#September YTD **Export 100% Basis	**NID 100% Basis	SID 100% Basis	BRL Equity Share
Physicals				
Production (kt)	98	83	88	206
Sales (kt)	54	70	68	149
Overburden (Bcm '000)	194	563	827	1,319
Financials				
Sales Revenue (NZD '000)	\$11,591	\$7,032	\$6,840	\$18,945

#Export and NID include September month results and July – Sept for SID

**Export and NID are held through BT Mining @ 65%

Combined	September YTD **Export 100% Basis	**NID 100% Basis	SID 100% Basis	BRL Equity Share
Physicals				
Production (kt)	288	159	88	379
Sales (kt)	209	189	68	327
Overburden (Bcm '000)	549	2,058	827	2,522
Financials				
Sales Revenue (NZD '000)	\$36,907	\$18,498	\$6,840	\$42,853

**Export and NID are held through BT Mining @ 65%

The cost per tonne for Export is as per guidance. The cash margins for the North Island and South Island Domestic operations are as per guidance.

Operations Review

Export/ Stockton

Sales volume for September quarter achieved four shipments, with one occurring in September under BT Mining control. Four shipments have occurred during the quarter with BT Mining having economic benefit of the July and August shipments with full operational control from 1 September. Coal mining exceeded budget during September which added to ROM and port stocks at the end of September.

North Island Domestic

Rotowaro

Production was above budget for September quarter. The site has been adversely affected by high rainfall events but has reacted well to the delays. Coal sales have not been affected but focus will be required to build stocks in the next few months.

Overburden was less than budgeted with poor weather impacting the quarter, including July and August performance overburden was less than budget for the year to date. This will be made up in the next quarter.

Maramarua

Production was above budget for the first month of Bathurst operations. The site has been affected by abnormal rainfall events but is meeting all targets for sales.

Overburden removal was behind budget for the month mainly due to a shortage of operators and the effect of weather on productivity. For the quarter overburden removal is behind budget but plans are in place to bring forward a roster change to increase weekly output and recover any shortfall in the medium term.

Coal sales are not affected and the focus for the site will continue to be on productivity improvements.

South Island Domestic

Takitimu

Overburden and coal mining were generally in line with budget for the quarter. This the slow period for the domestic market, with dairy and vegetable value add activities at a low ebb.

The resource model was updated to include current drill and pit mapping data late in September. The preparatory works required to mine in the Black Diamond block have been completed and the mine is seeking to maximise recovery of coal in the existing working area prior to moving into the new area.

ROM stocks have been built up over the last two months to meet supply needs of the new season.

Canterbury

Canterbury has continued on its growth path but was adversely affected by abnormal rainfall in the region during the ramp up phase. 24-hour operations have been established during the quarter as part of meeting the increased production plan. Overburden removal was behind plan for the quarter but all sales requirements have been met and recovery plans triggered to ensure supply is maintained in the new season.

Exploration and Development

Buller Project

Bathurst has continued to evaluate the Denniston assets. With the pending purchase of the Sullivan coal mining licence from Solid Energy, an update of the overall geologic model has been completed. The pre-feasibility study has been updated to reflect the increased area of resource. Work is progressing to gather more coal washability data based on the coal from Denniston being processed by the Stockton wash plant.

Exploration and Permits

Exploration during the quarter was limited to that required to meet operational planning and permit requirements.

This primarily relates to updating and validation of the geologic models at New Brighton, Denniston, Canterbury and Takitimu.

Work has been completed on the BT Mining assets to allow Resource and Reserve reporting in line with the JORC 2012 guidelines.

Corporate

Litigation

Bathurst advises that a court date has been set down for the claim raised by L&M Coal Holdings Limited against it in respect of the Buller Coal project acquisition, as announced to the market on 23 December 2016. The hearing is set to commence on 12 February 2018 for a period of two weeks. As previously noted, Bathurst will vigorously defend this claim.

Auditors

PWC resigned as auditors on 18 September. Bathurst will advise of a new audit appointment in the near future.

FY18 Guidance confirmed with first quarter performance

	Stockton	North Island Domestic	South Island Domestic	BRL Equity
Production	1.0mt Product	850kt Product	400kt Product	1.6mt Product
Cash cost (av)	\$NZ100/tonne at port			
Margin	NZ\$50/tonne1	NZ\$29/tonne	NZ\$30/tonne	
EBITDA	NZ\$45m-55m	NZ\$20m-27m	NZ\$12m	
BRL share of EBITDA	NZ\$29m-38m	NZ\$13m-18m	NZ\$12m	NZ\$61m



Share price AT 30 SEPT 2017:

AUD 15.5 cents

Issued Capital at 30 SEPT 2017:

1,513,164,577 Ordinary Shares

Market capitalisation:

AUD \$235M

Bathurst Resources Limited

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Chief Executive Officer

Richard Tacon

Directors

Toko Kapea – Chairman

Richard Tacon – Executive Director

Peter Westerhuis – Non Executive Director

Russell Middleton –Executive Director

Substantial holders

Republic Investment Management Pte Ltd: 19.0%

Asian Dragon Acquisitions Ltd 10.0%

ASX Code: BRL

Website and email

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email: wellington@bathurst.co.nz

Company Secretary

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Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars and quoted at 30 September 2017.

BATHURST
RESOURCES LIMITED