

Quarterly Report

December 22 quarter

Key highlights

- Unaudited H1 EBITDA¹ result \$83.7m, increase of \$49.0m (71%) from H1FY22.
- EBITDA guidance increased to a range of \$140m - \$150m.
- Consolidated cash increased by \$20.8m to \$103.1m. Consolidated cash at date of this release \$122.0m.

CEO'S COMMENTS

Despite the increases in costs and the impact of weather events, we are pleased to advise an increase in FY23 EBITDA guidance to a range of \$140m to \$150m. The major contribution to the increase is from the export business and the South Island Domestic with lower forecast contributions from the North Island Domestic business.

The HCC price continued to remain high during the last quarter with the benchmark at USD\$278 per tonne. This has led to higher profits in the export business, offset to a lesser extent by an increase in costs across the board for all areas in the business. The executive team will be undertaking an extensive review of operational costs over the next quarter to initiate cost reductions across the company.

Operationally the quarter has been impacted by adverse weather which has limited the level of overburden removal, particularly in the North Island mines. Rail volumes for the export operations were also impacted by the poor weather, with a bridge being washed out in Reefton.

As reported last year, Bathurst commenced an internal review of capital management matters for BT Mining with the joint venture partner, with a view to aligning the group's overall cashflows with future funding requirements. The BRL board remains committed to developing capital management strategies to best increase shareholder value for all Bathurst shareholders, whilst ensuring the business is positioned to exploit market opportunities and grow. The strong operational performance of Bathurst and BT Mining this quarter will assist directors to finalise this planning.

The hearing on the Change in Control allegations brought against Bathurst by L&M Coal Holdings Ltd was concluded during the last quarter, and a decision on the matter is expected shortly, as is the decision on the claim against Buller Coal Ltd relating to the Deed of Guarantee & Security. Based on legal advice, Bathurst believes that these claims against the company will not be successful, and following this, that options for the claimants to continue litigation will be restricted.

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

HEALTH, SAFETY AND ENVIRONMENT

There were two lost time injuries for Q2. At Rotowaro mine, an operator attempted to push a light vehicle and strained their calf muscle resulting in six lost days. At Stockton mine, an operator had six days lost when they slipped off a step while exiting a grader, causing them to fall onto the grader blade creating a shoulder strain. The LTIFR at the end the quarter was 4.9.

A contractor management system audit was completed during quarter. The audit has highlighted improvement areas for onboarding of contractors, contractor training record keeping and contractor supervision. An action plan including a focus on improving contractor engagement has been developed. A follow up audit to confirm improvements will be completed in 12 months.

An independent external review has also been completed of the company environment management system (EMS) in Q2. As an outcome of this review, a project to enhance aspects of the corporate EMS and each site's EMS has commenced. A key project focus will be to expand workforce education on environment and community matters.

PERFORMANCE METRICS

December quarter	Export 100%	NID² 100%	SID² 100%	BRL equity share	Prior period equity share
Production (kt)	236	130	67	305	360
Sales (kt)	391	168	82	445	384
Overburden (Bcm '000)	1,372	1,535	251	2,141	2,166
Coal sales revenue (\$'000)	126,067 ³	24,559	14,685	112,591	75,969
Production costs (\$'000)	(64,459)	(20,391)	(14,145)	(69,298)	(45,492)

December YTD					
Production (kt)	500	231	115	590	661
Sales (kt)	652	322	131	764	721
Overburden (Bcm '000)	2,619	2,646	544	3,966	4,024
Coal sales revenue (\$'000)	241,518 ³	47,738	23,223	211,239	129,857
Production costs (\$'000)	(111,447)	(44,024)	(23,178)	(123,279)	(86,548)

Production costs are the equivalent to cost of sales which is shown in the income statement in Bathurst's half year and full year statutory accounts. Cost of sales are costs directly attributable to the production of coal and include all operating cash and non-cash costs.

² North Island domestic and South Island domestic.

³ Includes realised FX and coal price hedging income. \$13.8m YTD.

CONSOLIDATED CASH MOVEMENTS

		Q1	Q2	H1FY23	H1FY22
	Opening cash	76.0m	82.3m	76.0m	20.2m
Operating	EBITDA	41.4	42.1	83.5	34.7
	Working capital	(2.9)	(11.3)	(14.2)	6.1
	Canterbury rehabilitation	(0.4)	-	(0.4)	(1.9)
	Corporation tax paid	(23.2)	(1.6)	(24.8)	-
Investing	Deferred consideration	(0.2)	-	(0.2)	(1.6)
	Crown Mountain (environmental assessment application)	(0.2)	(0.2)	(0.4)	(0.4)
	Property, plant and equipment net of disposals	(3.9)	(4.0)	(7.9)	(3.6)
	Mining development including capitalised stripping	(3.4)	(5.0)	(8.4)	(4.7)
Financing	Finance lease repayments	(1.0)	0.1	(0.9)	(4.7)
	Interest payment on AUD convertible bonds	-	-	-	(0.1)
	Borrowings repayments	(0.1)	-	(0.1)	(0.5)
	Financing (costs)/income	0.2	0.7	0.9	(1.7)
	Closing cash	82.3m	103.1m	103.1m	41.8m

Consolidated EBITDA

Refer to the following page for commentary.

Working capital

The timing of sales during the quarter resulted in an increase in trade debtors. Other movements were due to prepaid operating costs and movements of stock on hand.

Canterbury rehabilitation

The mine was closed at the end of June 2021, rehabilitation has been delayed due to poor weather and is due to be complete in Q3.

Corporation tax paid

For cash management purposes, HY22 tax payments were deferred to Q3 in 2022.

Mining development including capitalised stripping

Increased capitalised stripping across operating mine sites, resource drilling at Cypress South pit (Stockton) and stream diversion at the Rotowaro mine.

Financing Costs

Increased interest received for cash on hand during Q2.

H1 CONSOLIDATED EBITDA V PRIOR YEAR

EXPORT \$82.1m (65%)

Up \$58.1m from H1FY22 (\$24.0m).

Revenue has benefited from:

- Increased sales volumes of 89kt - HY23 652kt versus HY22 563kt
- Higher average selling price – HY23 \$349/tonne versus HY22 \$264/tonne.
- FX had a positive impact on the conversion of sales from USD to NZD year-on-year (“YOY”),

Costs have increased due to:

- Fuel pricing which has increased by an average \$0.84 per litre.
- Significant increase in the cost of machine parts.
- Freight costs have also increased as a result of the increased fuel and part costs.
- Increased labour rates and FTE, as well as profit share for employees which is tied to uplifts in sales revenue.
- Higher operational insurance premiums.
- Increased commissions linked to increased sales price and sales volumes.
- Contractor costs have increased related to increased stripping volumes, as well as fuel, parts, and labour cost increases.

NID including BT corporate overheads \$2.9m (65%)

Down -\$8.5m from H1FY22 (\$11.4m).

Revenue has benefited from:

- The average price per tonne rose due to adjustment clauses in sales contracts that allow for changes to producer price index, fuel and labour.
- Reduced sales volumes to an energy producing customer were offset by the increase in average price per tonne.

Costs have increased due to:

- Fuel has risen by an average \$0.85 per litre.
- Labour costs have increased in line with contractual CPI adjustments, coupled with increased FTEs in preparation of Waipuna West extension commencement.
- Repairs and maintenance costs have increased as the life cycle of machines have required component change outs with a view to remain available for the extended mine life of Waipuna West extension.
- Increases in operational insurance premiums.

Stock has decreased due to:

- Significant drawdown in stock (\$6.8m HY23) compared with buildup of stock (-\$2.2m HY22)
- During FY23 sales have remained high despite production being lower.
- The buildup of stock in FY22 and draw down in FY23 is as per the mine stage plans.

SID including BRL corporate overheads \$-1.4m (100%)

Down -\$0.6m from H1FY22 (-\$0.8m).

- Higher sales revenue due to increased escalation and higher graded product mix. Increased sales volumes also helping to further increase revenue.
- Increased fuel cost of an average of \$0.85 per litre.
- Repairs and maintenance component costs increased due to global inflationary pressure. Despite this maintenance costs are lower overall in HY23 with component replacement costs not due on major plant.

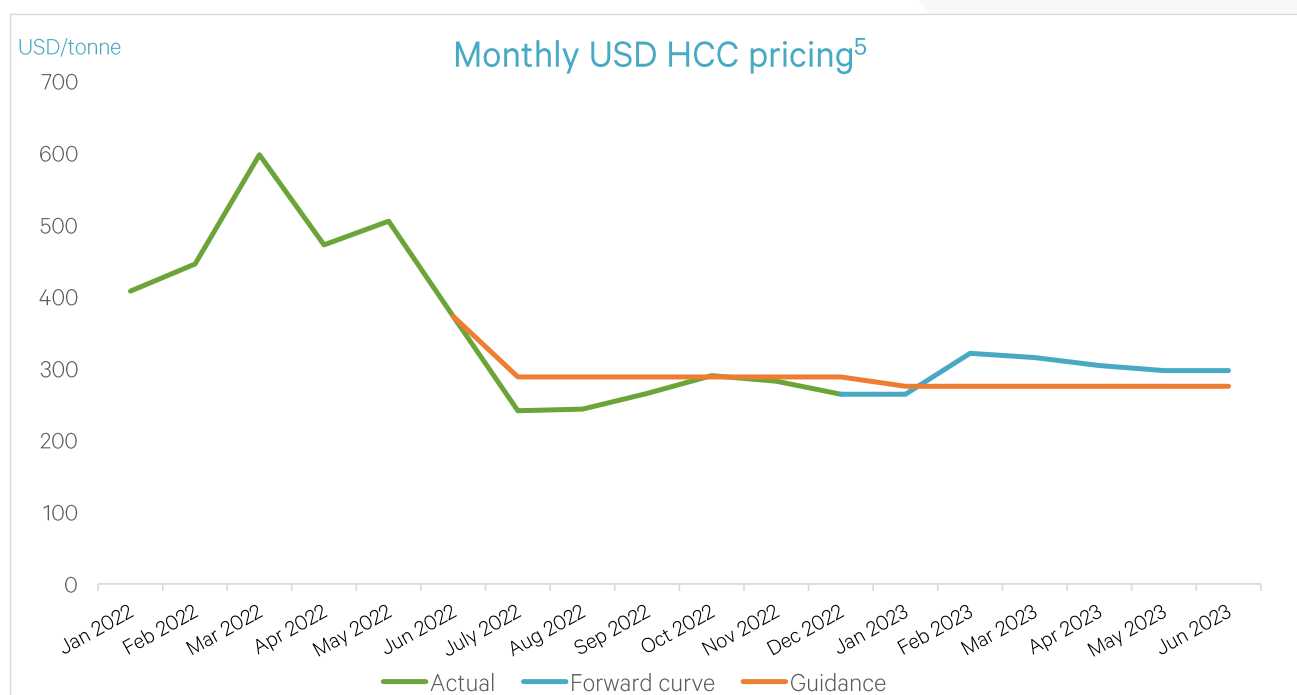
FY23 GUIDANCE INCREASED TO \$140M - \$150M

	Metric	Export	NID ¹	SID ¹	BRL equity share
Sales	kt	1,266	635	225	1,461
EBITDA	NZD	\$180.6m to \$196.0m	\$29.6m	\$3.2m	\$140.0m to \$150.0m

Key export guidance assumptions

Forecast export sales pricing is indicatively based on an annual average Hard Coking Coal Premium Low Vol ("HCC") benchmark of USD \$250 (Q3) and USD \$225 (Q4), across all sales types including thermal coal sales.

Export market commentary

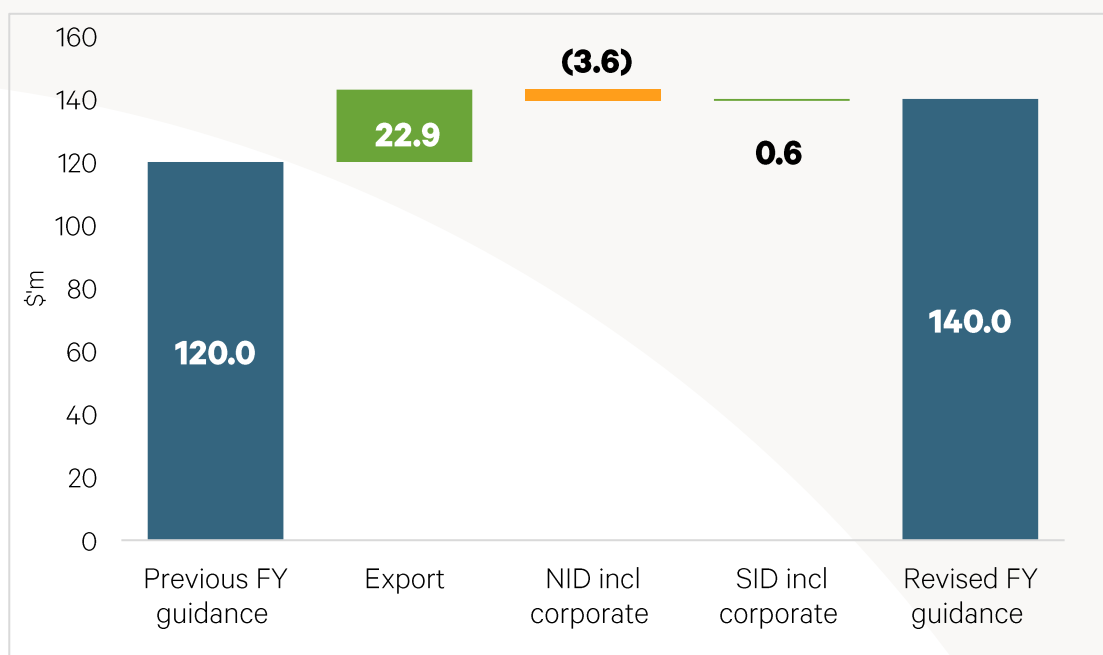


- The HCC price through the December quarter remained relatively stable considering the ongoing uncertainty around the Russian invasion of Ukraine and associated sanctions, high global inflation, and China's economic outlook. It is expected that pricing levels will increase slightly in Q3 and then remain relatively stable.
- In the past few weeks, the HCC price has increased back above US\$300/t with China showing signs of relaxing its unofficial ban on Australian coal while coal supply remains tight with further wet weather impacting ship loading out of some Australian ports.
- The lower grade coking coals also continue to be well supported and sit at historic levels against the HCC price as the strong thermal market continues to remain elevated due to the ongoing Russian sanctions tightening supply and lifting demand of alternative coals.
- While the coal prices remain high currently, it is expected the prices will drift lower over the coming quarters as the wet season ends in March in Australia and supply improves while also demand weakens as the threat of recession looms for many countries who continue to battle high inflation.

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

² Actual USD monthly export pricing based on a monthly average of the S&P Global Platts Premium Low Vol benchmark daily spot pricing. Forward curve is based on the 18 January 2023 S&P Global Platts Premium Hard Coking Coal Australia FOB derivative assessment.

REVISED FY23 EBITDA GUIDANCE



Export

Revenue benefits from:

- An increase in the forecast full year average price received per tonne from \$321/t to 338/t.

Costs have increased due to:

- Labour costs as employee contracts have a profit share aspect pegged to revenue.
- Fuel price increases. At the end of December, the average Q2 price was \$0.19/litre higher than the budgeted input for FY23 mine operating costs. Freight charges on transporting the coal from mine to port have also increased due to increased fuel prices.
- Higher than budgeted contractor costs related to increased contractor stripping volumes, as well as fuel, parts and labour cost increases.
- Price increases for explosive supplies passed on by the provider.

NID including BT Mining corporate overhead costs

- Sales volumes have increased across all major customers, as well as higher average price received from the contractual PPI increases, both benefiting revenue.
- Cost increases have offset the uplift in revenue. Fuel prices have significantly impacted H1 actual results and the forecast for H2 assumes an increase of \$0.26/litre from the original budget. Increased hire plant fees for water pumps, and additional repairs and maintenance at Rotowaro for contractor costs and water management are other key drivers.

SID including BRL corporate overhead costs

- Increased sales volumes with two customers tied with increased sales values from higher than planned price escalation.
- Costs have increased with higher equipment hire of a dozer to undertake rehab works, increased maintenance costs for a HM400 engine and transmission and rises in fuel costs, all of which have been partially offset by reduced labour costs.

OPERATIONS REVIEW

Export (Stockton) (65%)

There were seven shipments in the quarter, with sales of 391kt which was 80kt ahead of budget. The increase was driven by changes to shipping schedules to align with customer demand and the timing of ships. December sales of 195kt are the highest since August 2020.

Average price per tonne (“/t”) excluding hedging was NZD \$326/t, NZD \$59/t lower than Q1 and NZD \$30/t higher than budget. The average benchmark price has decreased, moving from USD \$287/t in Q1 to USD \$279/t.

Overburden removal was behind plan in Q2, this was impacted by weather which resulted in 187 hours of lost operating time. Also impacting the reduced overburden rates was lower removal rates attributed to more difficult mining conditions in Rockies and Cypress. Improvements that have been made to mining performance in these pits, as well as positive variances indicated by coal quality drilling and modelling provides confidence in forecast H2 production and sales volumes at the mine. Contractors will continue to be engaged to ensure shortfalls can be recouped.

Production levels were also below budget due to weather related issues as well as reduced rail performance and a failure at Lyttleton port which led to reduced rail receipt. Production was also impacted by 9 lost shifts during the quarter. To reduce future sales price fluctuation exposure, 218kt of sales are hedged at an effective average price of NZD \$456 per tonne.

NID (65%)

Rotowaro

Increased production volumes exceeded budget for Q2 which has mostly offset the Q1 shortfall, while overburden removal was impacted by delays to the M stream diversion construction due to adverse weather.

Increased volumes in Waipuna West are forecast for H2.

Sales volumes were marginally ahead of plan. Average price per tonne has increased from producer price index (“PPI”) increase clauses inbuilt in customer contracts, primarily driven by a higher fuel price.

Cash costs were over budget due to increased maintenance costs, specifically contractor spend and planned Q3 costs brought forward into Q2, as well as increased fuel prices and higher than planned insurance costs.

Maramarua

Production volumes were ahead of budget to meet increased sales volumes.

Overburden was impacted by ongoing remediation of the geotechnical event in the K1 pit and adverse weather.

Cash costs were favourable to budget, due to the deferral of planned repairs and maintenance and reduced fuel volumes as a result of lower stripping.

SID (100%)

Takitimu

Sales volumes were ahead of plan for Q2 with additional upside sales of 7kt.

Production volumes were slightly behind budget however this is not expected to impact sales and overburden removal was up on budget to meet additional sales.

Cash costs were marginally under budget for the quarter. Increased operational insurance costs were offset by reduced repairs and maintenance and effective cost control.

Exploration

\$472k consolidated spend across projects for Q2. Key works consisted of:

- Escarpment operational mine plan and water management model (Buller project).

- Sullivan exploration including drilling, mine design, haul road studies and environmental baseline studies.

Development

\$4.4m consolidated spend across all projects for Q2, with key spend on:

- \$3.5m on capitalised stripping from operating mine pits.
- Resource drilling at the Cypress South pit at the Stockton mine.
- Water treatment sump at the Stockton mine.
- Mangakotukutuku Stream diversion at the Rotowaro mine.

Crown Mountain

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

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

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

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

CORPORATE

Litigation

The legal actions brought against Bathurst by L&M Coal Holdings Ltd continue. The substantive hearing on the Change in Control allegations was concluded during the last quarter. We expect a decision on this matter in the third quarter of FY2023.

With respect to the claim against Buller Coal Ltd relating to the Deed of Guarantee & Security the hearing took place in June 2022 and a decision is expected by the end of January 2023.

We continue to believe based on legal advice that it is unlikely these claims will be successful.

This document was authorised for release by the Board of Directors on 30 January 2023.

Investor relations

Email: investor.relations@bathurst.co.nz

Media relations

Email: media.relations@bathurst.co.nz

At 27 January 2023:

Share price: AU 85 cents

Issued Capital: 191.4m ordinary shares

Market capitalisation: AUD \$162.7m

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Richard Tacon – Executive director

Francois Tumahai – Non-executive director

Russell Middleton – Executive director

ASX Code: BRL

Website and email
www.bathurst.co.nz

Company Secretary

Larissa Brown

Shareholdings

Substantial holder/geographical location	Shareholding %
Republic Investment Management (Singapore)	20.8%
Talley's Group Limited (NZ)	10.8%
Crocodile Capital (Europe)	7.5%
Chng Seng Chye (Singapore)	6.1%
Asia	24.4%
Europe	9.1%
New Zealand	5.5%
Management	2.1%
AU Institutional	1.9%
Other	11.8%
Total	100%