

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held at 3.30pm on Thursday 31 October 2013
at the offices of Chapman Tripp,
Level 17, 10 Customhouse Quay, Wellington.

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

Bathurst is focused on becoming New Zealand's pre-eminent coal producer, delivering high quality coal into export markets and producing affordable energy for the domestic industrial markets.

During the year the company completed its move to New Zealand and from 1 July 2013 commenced trading as Bathurst Resources (New Zealand) Limited. Bathurst is now firmly established as a New Zealand company.

Bathurst also worked steadily towards gaining full approvals for its Escarpment Project. Whilst the company has faced appeals every step of the way throughout the legal process, every issue has been determined in favour of Bathurst. The company is confident of gaining full approvals and aims to commence operations at its flagship Escarpment Project by year end.

MR CRAIG MUNRO
NON-EXECUTIVE CHAIR

The company is building a portfolio of assets aimed at value-enhancing growth, based on a strategy designed to diversify risk.

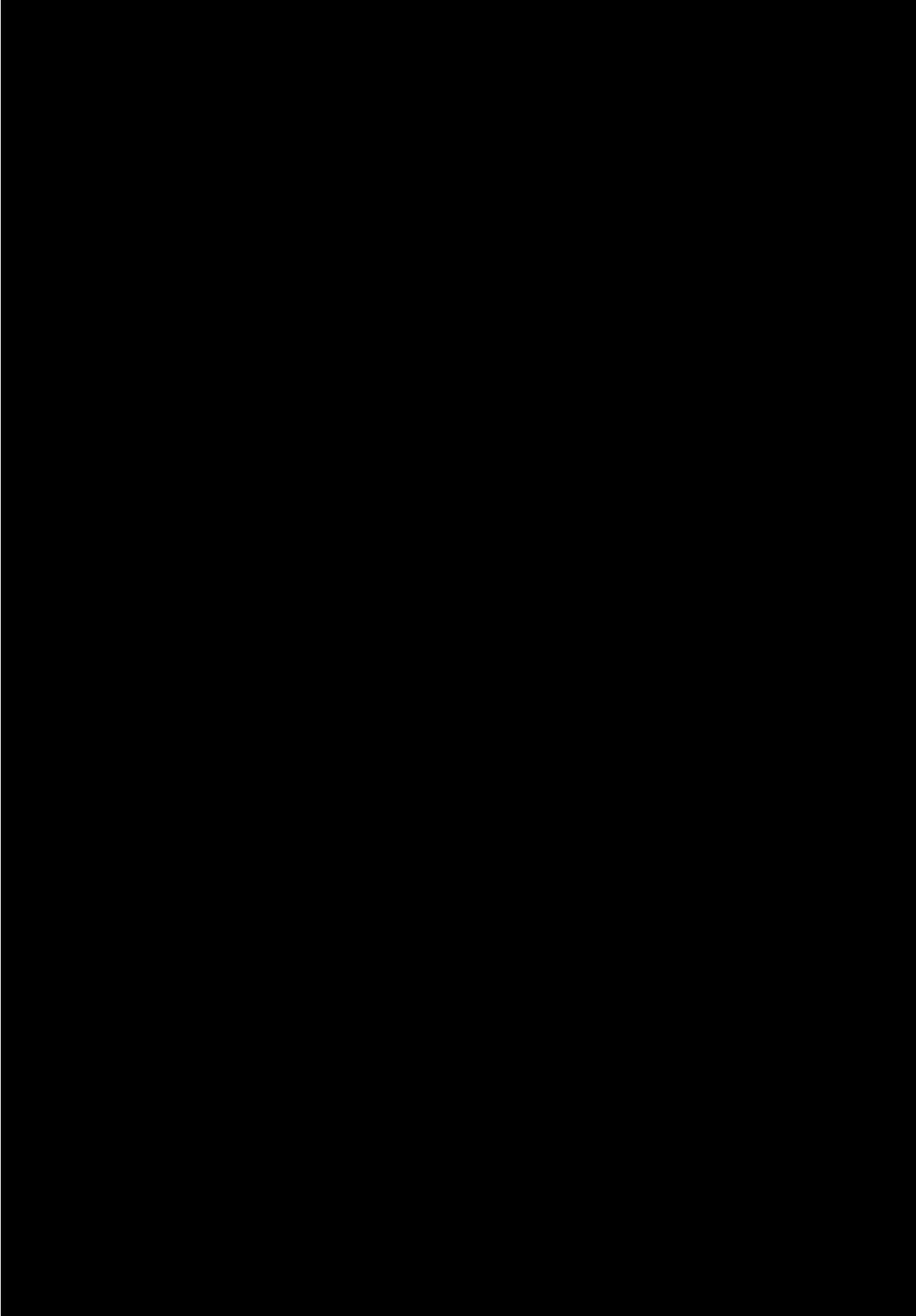


MR HAMISH BOHANNAN
MANAGING DIRECTOR

Bathurst is proud to be a member of New Zealand's Sustainable Business Council and proud to be part of an industry that strives to set high standards in sustainable resource development.



BATHURST RESOURCES (NEW ZEALAND) LIMITED ANNUAL REPORT
NEW ZEALAND COMPANY NUMBER 438253



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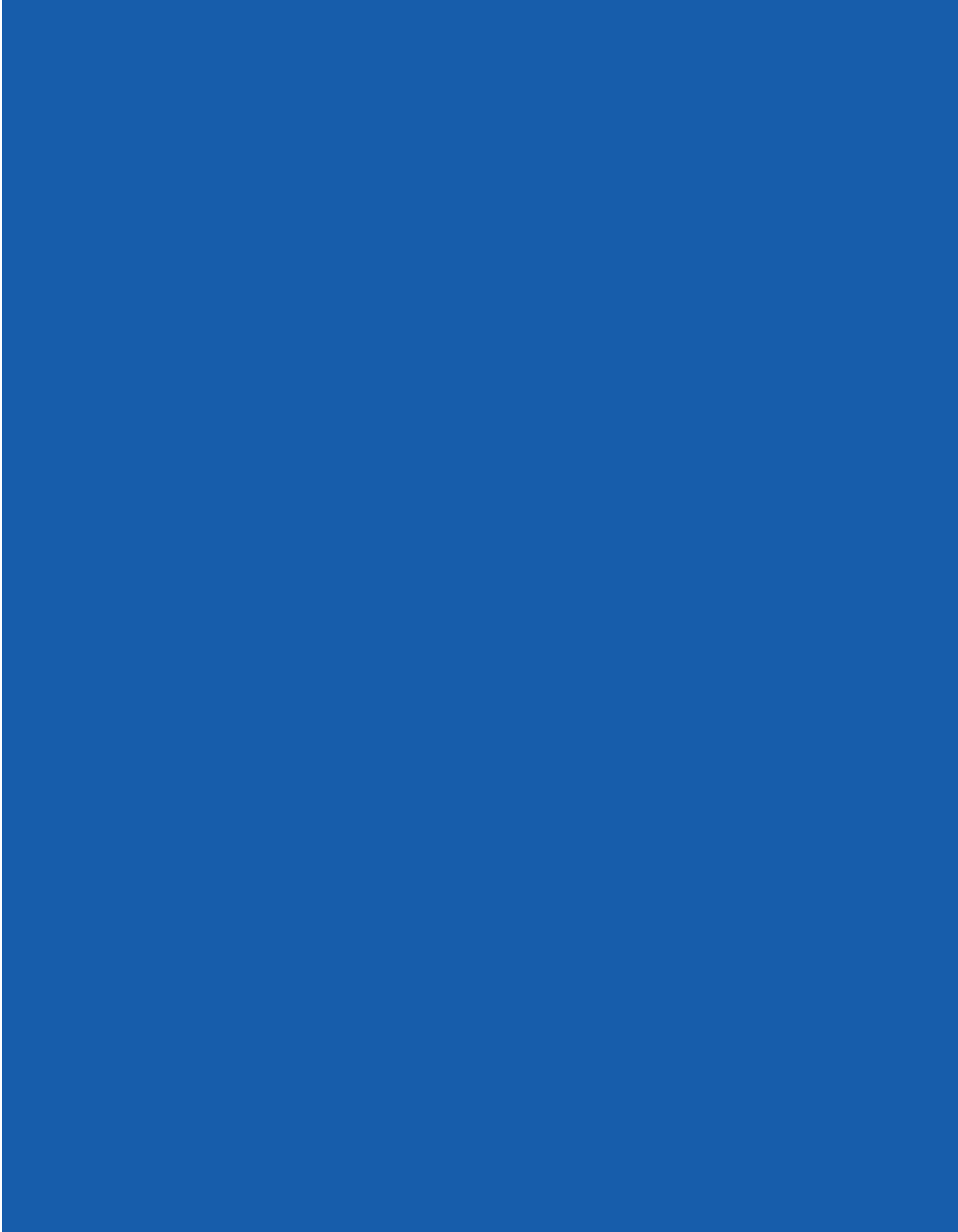
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SECTION 1





CHAIRMAN AND MANAGING
DIRECTOR'S REPORT



We are pleased to present our annual report and financial statements for the 2012/2013 year – a time of significant development, growth and investment as we followed through on our commitment to becoming a wholly New Zealand coal mining company. Our focus throughout the year has been on growing our domestic position, to provide steady cash flow and a natural hedge against international price volatility – and to underpin the development of our export projects. In June 2013, the company closed its small Perth office, completing the redomicile from Australia to New Zealand – the final step in the transition to becoming a New Zealand company. Bathurst is now a leading coal producer in the South Island, supplying energy to major food and dairy processing industries. Importantly, Bathurst’s coal is a key ingredient in the production of cement necessary for the Christchurch rebuild, and is the main fuel source for heating community facilities like schools, hospitals and swimming pools.

ESCARPMENT PROJECT

The company is now in the final stages of the legal process for the consenting of the flagship Escarpment Project on the Denniston Plateau near Westport. Escarpment will produce up to one million tonnes of hard coking coal a year, create around 225 new jobs, and inject an estimated \$1 billion into the New Zealand economy over the life of the project.

A panel of independent environment commissioners granted the necessary resource consents for the project on 26 August 2011 after considering dozens of submissions on the matter. However, the consents were subject to three appeals. The first appeal by the Fairdown-Whareatea Residents' Association was resolved by mediation. The other two appeals, relating to environmental impacts and climate change, were brought by the Royal Forest & Bird Protection Society of New Zealand Incorporated (Forest and Bird) and West Coast Environment Network.

In March the Environment Court delivered an interlocutory decision on the relevance of the Sullivan permit to the Escarpment Project, as well as an interim decision to grant Resource Consents subject to the clarification of conditions. The interlocutory Sullivan decision was appealed to the High Court and the appeal was declined. Forest and Bird then made an application to the High Court for leave to appeal to the Court of Appeal. This was also declined and Forest and Bird have subsequently made an application for special leave to

appeal to the Court of Appeal. Bathurst has opposed that application. At the time of writing, the hearing date to consider the application was yet to be set. The interim Environment Court decision was appealed on some alleged errors in law. Most of these were either dismissed or withdrawn with two points referred back to the Environment Court in June. The Environment Court has subsequently issued a further interim decision advising that consent is indicated subject to final minor drafting on conditions. The company is now awaiting a final decision from the Court. The appeal on the climate change issue, which has been in conjunction with Solid Energy New Zealand Limited, was run separately and appealed through to New Zealand's highest court, the Supreme Court. The appeal was dismissed in September. In the meantime, the company remains committed to a mediated settlement with Forest and Bird, as well as the many other stakeholders on the plateau and believes that a responsible resource programme can provide both community and environmental gains. Bathurst has also seen increased and active support from the local community for the Escarpment Project with the creation of a new and independent group of West Coast businesspeople and influencers who are concerned about the economic future of the region.

While this has been a long process, the company has not lost a single point of law and is confident of a positive final resolution in the near future. We are excited that mining at Escarpment should commence shortly and have

started upgrading the access road to the mine in anticipation of production.

The first production from the Buller operations is from the Cascade mine which sits on the edge of the Denniston Plateau. Production has increased from 45,000 tonnes per annum (tpa) to target 150,000 tpa. The coal is largely sold for cement production to the local plant. During the reporting period, the company also completed the second stage upgrade of the new \$5 million coal storage facility at the Port of Westport, providing a much needed facility at the port and a boost to the local economy. In Southland, Bathurst's Takitimu operation met the increased local demand for thermal coal, without incident to safety or the environment. Production is now well established at Coaldale, and the final rehabilitation of the original Takitimu pit has commenced, which will ultimately return the land to pasture.

Bathurst has continued to acquire new positions in the South Island, with our permit acquisitions supporting our development plans for the company. The company is continuing to acquire exploration permits for both domestic and export production and now has significant land positions on the South Island, as well as a smaller position near Taranaki in the North Island.

PEOPLE

In line with redomiciling to New Zealand, the company was pleased to appoint two new directors to the Board — Toko Kapea, a Wellington-based commercial lawyer, specialising in Māori development, and Dave Frow,

an experienced company director and engineer with extensive energy sector experience. With the addition of Messrs Kapea and Frow, the Board is now predominately comprised of New Zealand directors. During the year, the company was also pleased to welcome on board Simon Doig as Executive General Manager Marketing and Business Development, Marshall Maine as Chief Financial Officer, Alison Brown as General Counsel, and Mike Cameron as General Manager — Buller Operations.

Between the people we have recruited locally and those who have come back from offshore Bathurst now employs around 100 staff and contractors in New Zealand, most of them Kiwis. Those numbers are set to rise dramatically with our expanding operations on the West Coast.

FINANCIAL RESULTS

With NZD \$13.8 million cash at 30 June 2013, it is clear that there has been an ongoing reduction on our reserves from the AUD 53.8 million at the beginning of the year. Some of this has been invested in the development process for Escarpment, the new coal storage facility at the Port of Westport, as well as land acquisitions for the Buller project, upgraded domestic production and strategic land and leases in Southland.

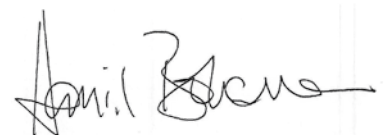
Our domestic production showed revenue of NZD \$41.0 million and, with the new contracts and production rates, is expected to be cash flow positive during this year.

The 2012/2013 financial year has been a busy year and while we have been focused on progressing our flagship Escarpment Project, Bathurst is pleased at the substantial growth achieved in the domestic market, and looks forward to being in production at Escarpment in the near future.

In closing, we would like to acknowledge the efforts of our fellow directors, managers and staff. We would also like to extend our thanks and appreciation to our shareholders. Bathurst's directors and executives are fully committed to being a successful New Zealand coal company, and we look forward to your continued support.



Craig Munro, Chairman



Hamish Bohannon, Managing Director



DENNISTON



The Denniston Plateau has a proud mining history stretching back more than 100 years. Decades of mining in the area has shown that coal isn't everywhere on the Plateau. It only exists in pockets. Bathurst will take a holistic approach to mining on the Plateau to balance the needs of West Coast people, the local economy and the environment.



PERMITS AND PROSPECTS

ESCARPMENT

WHAREATEA WEST

COALBROOKDALE

DEEP CREEK

MILLERTON NORTH

NORTH BULLER

REVIEW OF OPERATIONS

BULLER COAL PROJECT

Bathurst's flagship development is the Buller Coal Project — a high quality export coking coal operation, targeting a 3 million tonne per annum production profile 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 hard coking coal, sought by steel makers all over the world.

The Buller Coal Project is divided into North and South Buller. 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.

SOUTH BULLER

Escarpment

Bathurst's main focus continues to be on finalising the resource consenting for Escarpment, located on the Denniston Plateau, fourteen kilometres north east of Westport. Escarpment is expected to initially produce 200,000 tonnes of export coking coal per annum building rapidly to 500,000 tonnes once the mine is in full production and coal is being trucked from the plateau, then increasing to 900,000 tpa annum when all infrastructure is in place.

Approvals

During the year the company made considerable progress towards gaining full consents for the Escarpment Project.

A significant step was the granting of the Access Arrangement by the Minister of Conservation, Hon Dr Nick Smith. The Access Arrangement gives Bathurst permission for open cast coal mining at Escarpment which is on ground held by the Department of Conservation as stewardship land.

In June 2013, the Minister of Conservation also announced his intention to grant a Concession for the haul road for Escarpment. This was publicly notified in August with a hearing to consider submissions held in September.

In terms of the legal processes, on 21 March 2013 the Environment Court issued a decision on a preliminary legal point holding that the Sullivan Coal Mining Licence (Sullivan) adjoining the Escarpment Project is not a part of the 'existing environment' that would otherwise trigger a need for assessment of cumulative effects.

In April, this decision was appealed to the High Court on two points of law by the Royal Forest and Bird Protection Society of New Zealand Incorporated (Forest and Bird) and the West Coast Environmental Network Inc. (WCEN).

On 27 March the Environment Court issued a positive interim decision on the Escarpment Project. The Court said that,

with conditions appropriately framed, consent was likely to be granted.

This decision was also appealed in April by Forest and Bird and WCEN to the High Court on twelve alleged errors in law. The High Court heard all these appeals during the last week in May. Prior to the hearings Forest and Bird and WCEN withdrew four of the alleged twelve errors in law in relation to the interim decision and during the course of the hearings a further three points of law were withdrawn.

In judgments given in June, Justice Fogarty of the High Court dismissed the appeals on Sullivan, and three of the remaining five points of law in relation to the interim decision. He referred the remaining two points of law back to the Environment Court for reconsideration. These were considered in a reconvened hearing of the Environment Court on 12 June where submissions were also received on the proposed conditions of the resource consents. The judge requested some further information be supplied following the hearing. This was provided by the company.

In July Forest and Bird applied to the High Court for leave to appeal the Court's decision on Sullivan to the Court of Appeal. This application was opposed by the company and the High Court refused the requested leave on 12 July. On 2 August Forest and Bird applied to the Court of Appeal for special leave to appeal the Sullivan decision. This application has been opposed by the company but has yet to be heard.

On 7 August 2013 the Environment Court issued a second interim decision advising that consent was indicated for the Escarpment Project, subject to final minor drafting on conditions of consent. The company has responded on this and is now awaiting the final decision from the Environment Court.

The legal process around whether or not climate change issues (i.e. greenhouse gas emissions from the burning of New Zealand coal in foreign countries) should be considered as part of a resource consenting process was heard separately. The original decision in Bathurst's favour was handed down by the Environment Court. This was appealed and heard in the High Court, where the original decision was upheld. This was appealed again and Bathurst, together with the other appellants, was successful in having the matter escalated to the Supreme Court (New Zealand's highest court), bypassing the Court of Appeal. The matter was heard in Wellington on 12 and 13 March, 2013. On 19 September 2013 the appeal was dismissed in the Supreme Court.

CASCADE

The operating Cascade mine forms part of the South Buller operation. Cascade has historically produced approximately 45,000 tonnes per annum of high value coal however production has now increased to target 150,000 tonnes per annum. 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 recently

announced its intention to close its Westport operation within two to three years. At that time, the Cascade product will be exported, either as a coking coal blend or directly into the lucrative ferro-silicon metals market.

Earlier drilling confirmed significant additional resource in the Cascade area. During the year Bathurst was granted an Extension of Land for Cascade to include an adjacent area under the existing Mining Permit to enable safe access to the additional coal. Environmental approvals were granted by the Department of Conservation and by the district and regional councils for the commencement of mining activities in the new area. The workforce at Cascade was temporarily increased and additional plant and equipment put in place to undertake a major cutback which exposed the next large block of coal.

The mine achieved record production during March of over 16,000 tonnes, well exceeding the target of 5,800 tonnes. Production slowed while the cut back was undertaken however coal winning operations are now back on schedule. Cascade employs 30 staff and 10 contractors.

The next areas in South Buller for development are the Coalbrookdale and Whareatea West blocks which are located immediately adjacent to Escarpment.

COALBROOKDALE AND WHAREATEA WEST

Coalbrookdale is fully consented for underground mining but however

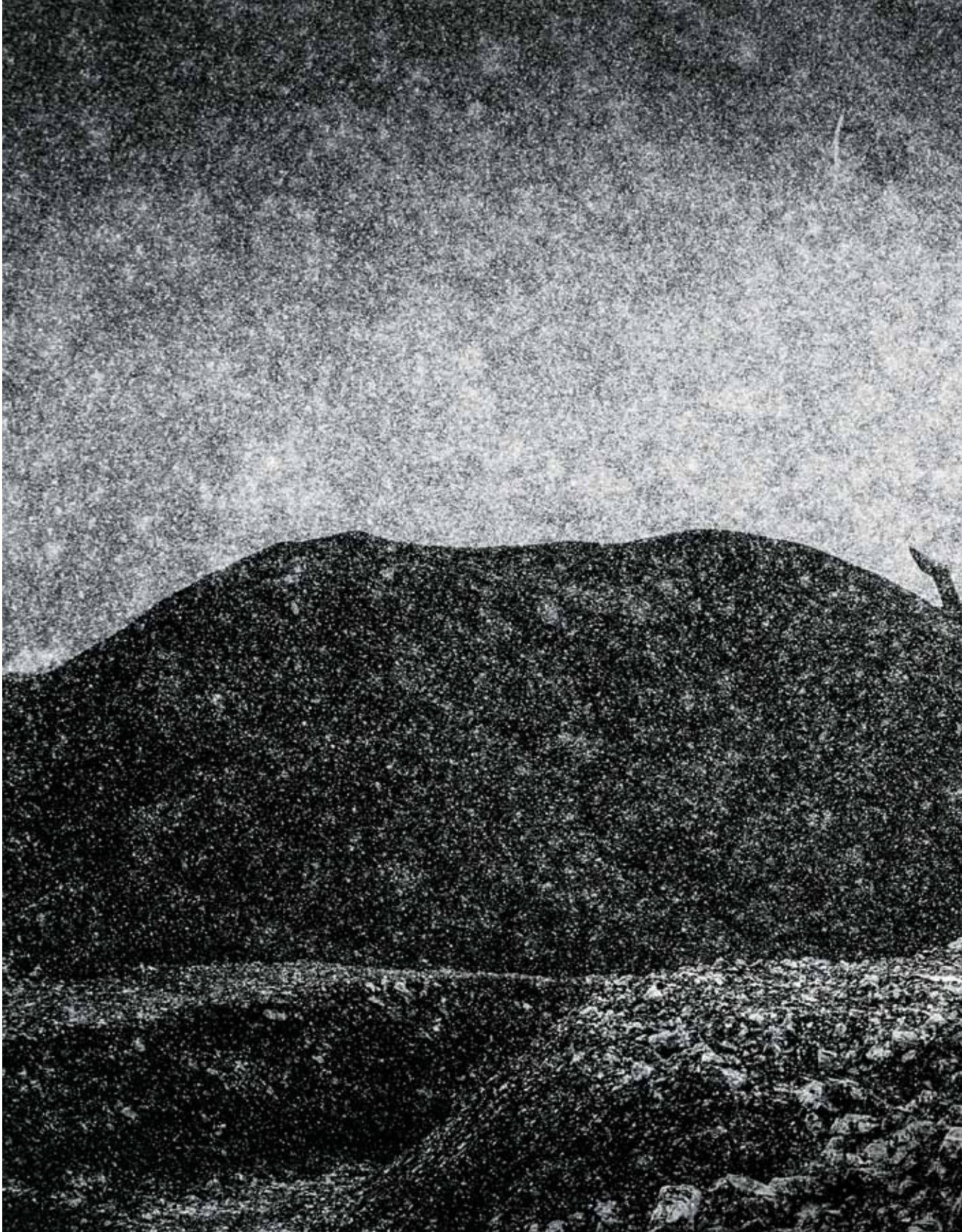
development is not planned until market conditions improve. Bathurst will apply for opencast consents for parts of the deposit which can then be developed as an extension of Escarpment. Further work is underway in preparation for this.

Whareatea West, which adjoins the Escarpment permit's western boundary, 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 26 holes were drilled in the permit to determine the extent of the resource in preparation for mine planning as part of the consenting process.

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. The location of the washplant for South Buller, at a stockpile site on the coastal plain, negates the requirement for duplicated infrastructure for coal handling from the North Buller region. Coal will be trucked some twenty kilometres from the North Buller sites to the stockpile area for beneficiation and loading onto rail for export through the ports of Westport or Lyttelton.

EXPORT OPERATIONS





The Buller Coal Project 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 hard coking coal, sought by steel makers all over the world.

OPERATING MINES

**CASCADE
TAKITIMU
CANTERBURY COAL**

PERMITS AND PROSPECTS

**OHAI
ALBURY
NEW BRIGHTON
TARANAKI**

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 South Canterbury areas.

In January, Bathurst completed the acquisition of the land immediately adjacent to Takitimu to gain access to the Coaldale block — the next stage of the Takitimu mine. This was a strategic acquisition that has substantially improved the project economics at Takitimu. The coal resource in the main Takitimu pit has now been depleted and Coaldale is the focus of operations. The original Takitimu pit is being progressively backfilled and rehabilitated to pasture land. The next target for expansion will be into the Black Diamond block which lies to the north of Coaldale, within the Ohai Exploration Permit. Negotiations have commenced with the landowners to gain access.

A tender for mining services for the Coaldale block was awarded to mining contractor, Stevenson Mining Limited. Takitimu employs 14 staff and approximately 33 contractors.

NEW BRIGHTON

During the year Bathurst added to its thermal coal holdings by signing an agreement to purchase the New Brighton Exploration Permit from L & M Coal 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 will 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. A consent has been granted by the Southland District Council for a bulk sample to be taken for trials with potential offtake partners. On the basis of this acquisition Bathurst was able to extend its major Southland contract for supply to the dairy industry for a further seven years from 1 July 2013.

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 COAL

In August 2013, Bathurst announced the conditional acquisition of the Canterbury Coal mine. The Canterbury Coal mine is an open cast mine near Coalgate which is 70 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. Bathurst has been operating the mine under a binding heads of agreement since 1 February 2013 as part of a due diligence evaluation. During this time Bathurst was successful in winning a

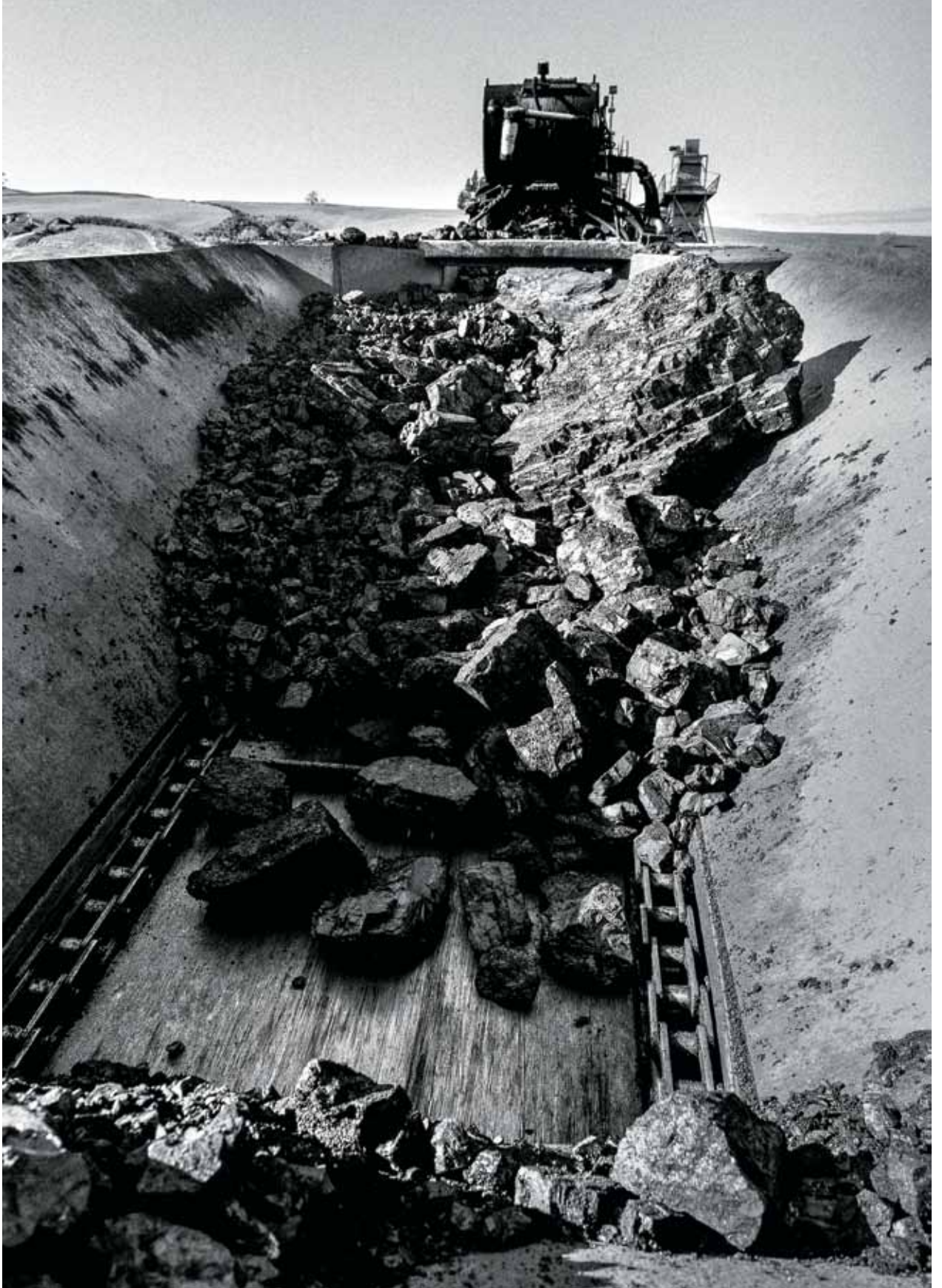
new three year supply contract with a local dairy processor which will underpin the purchase of the Canterbury Coal mine. Production from the mine is expected to grow from 36,000 tpa to more than 75,000 tpa by FY17. A resource statement has been prepared for Canterbury Coal of 3.3 million tonnes (0.9 million tonnes indicated and 2.4 million tonnes inferred)*.

ALBURY

The Albury project, located 40 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. The Albury Prospecting Permit was originally 838 square kilometres but areas of non-coal bearing strata have been relinquished. An Exploration Permit was granted for 34.8 square kilometres of the most prospective area within the Prospecting Permit boundary. The area now held under the Prospecting Permit has been reduced to 328.7 square kilometres. 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 and further exploration is planned to determine the next stages for development.

INFRASTRUCTURE

Stage 1 of the port upgrade at Westport Harbour was completed in December 2012 with the construction of a NZ\$5 million covered storage shed. The shed is located on the river side





TAKITIMU

of the port and utilises existing coal loading infrastructure. It will be used as a storage, blending and ship loading facility that will eventually have the capability of loading vessels either at the river wharf or at the inner harbour. Initially coal will be trucked to the facility and received via an overhead conveyor. At a later stage the coal will be transported to the shed by rail.

EXPLORATION

During the year up to five rigs were operating in the Buller Coal Project areas. Early in the year drilling was concentrated on the West of the Denniston Plateau with drilling programmes being undertaken in the Escarpment and Whareatea West permits. Drilling was also undertaken with three rigs in the North Buller project area, on the Ngai Tahu estate, and in the Cascade mine area. Results were encouraging, with coal being intersected well outside the previously mapped limits. Overall 168 holes were drilled across the North and South Buller areas.

In December one rig was transferred to the Bathurst domestic projects, initially at Canterbury Coal and then on the New Brighton and Ohai permits. A further 28 holes were drilled across these permits.

Overall 196 drill holes were drilled in the last financial year until exploration was scaled back and all drill rigs progressively demobilised. Drilling was suspended over the winter months while data was analysed and further exploration programmes planned.

PRODUCTION

Bathurst operates two coal mines in New Zealand: the Takitimu mine and the Cascade mine. Production figures of Takitimu and Cascade for the year ended 30 June 2013 are set out below.

Operation	PRODUCTION (T)	OVERBURDEN (BCM)
Takitimu	184,589	2,555,274
Cascade	58,832	1,837,808
Total	243,421	4,393,082

BATHURST CROSSES THE TASMAN

In early April 2013 Bathurst announced its intention to redomicile to New Zealand from Australia to become a truly New Zealand company. Bathurst's projects were all in New Zealand and nearly all of the company's employees were in New Zealand so it made sense to move the company itself. A shareholders' meeting on 12 June 2013 approved the proposal which took place by way of a 'Scheme of Arrangement'. This was implemented on 28 June. Shareholders were issued shares on a one for one basis in a New Zealand incorporated company, Bathurst Resources (New Zealand) Limited. The new entity is listed on both the NZX and the ASX and commenced trading on 1 July 2013 under the code BRL.

NEW TO THE BATHURST TEAM

Fiona Bartier joined Bathurst as Consents Manager in September 2012. In August 2013 Fiona was appointed General Manager — Projects and Planning.

In November 2012 Simon Doig was appointed Executive General Manager – Marketing and Business Development.

Bathurst announced the appointment of Chief Financial Officer, Marshall Maine, in February 2013.

Alison Brown was appointed as General Counsel for Bathurst in April.

Bathurst appointed Mike Cameron to the role of General Manager - Buller Operations, in July 2013.

Also in July, with the completion of the redomicile, two New Zealand based directors, Toko Kapea and Dave Frow, were appointed to the Board of Bathurst Resources (New Zealand) Limited.

FINANCIAL

The group made a net loss before tax of \$0.4m for the period 27 March 2013 to 30 June 2013.

During the period, Bathurst Resources successfully redomiciled from Australia to New Zealand. Bathurst Resources (New Zealand) Limited became the ultimate parent of the Bathurst Group, comprising Bathurst Resources Limited and its subsidiaries.

The group redomicile and reorganisation were enacted via a scheme of arrangement between Bathurst Resources Limited and its shareholders on 28th June 2013.

In accordance with the Financial Reporting Act 1993, the group includes

	\$000's
Revenue from operations	41,024
Deferred consideration fair value, foreign exchange and unwinding adjustments	(6,870)
Foreign exchange loss	(1,813)
Share based payments	(1,766)
Impairment reversal	6,618
Raw materials, mining, freight and other costs	(53,147)
Loss before income tax	(15,954)
Income tax expense	(4,485)
Loss for the year after tax	(20,439)

Pro forma numbers refer to note 30 of the financial statements.

the results and balances of subsidiaries from the day on which they were subject to the scheme reorganisation.

The group had \$13.8m of cash and short term deposits on hand as at 30 June 2013.

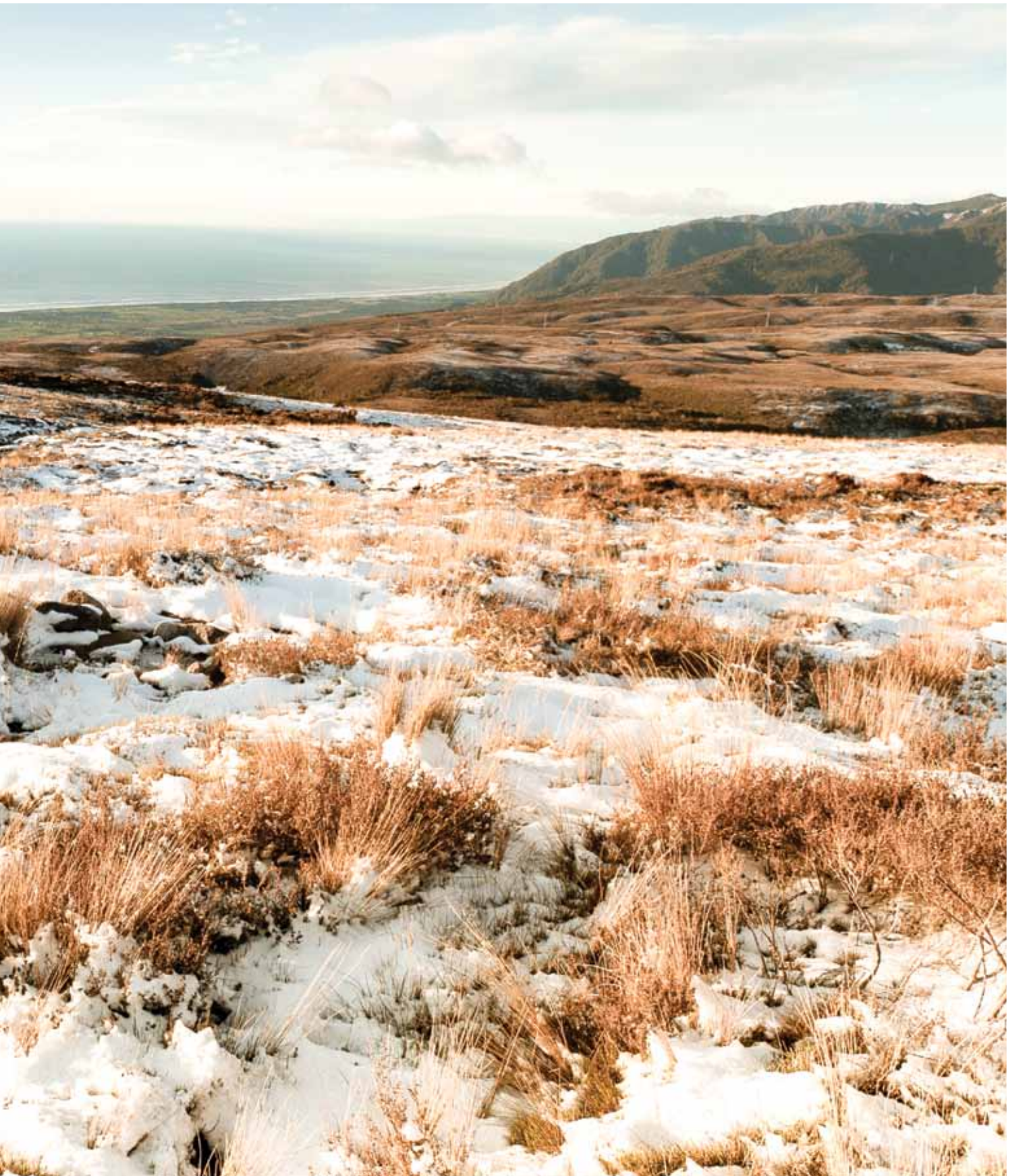
The Bathurst Resources Group, assuming the consolidation of subsidiary results for the full year ended 30 June, would have recorded a net loss before tax of \$16.0m (2012: \$33.3m loss).

Additional information for the Bathurst Resources Group presented on this basis is included in note 30 to the financial statements.

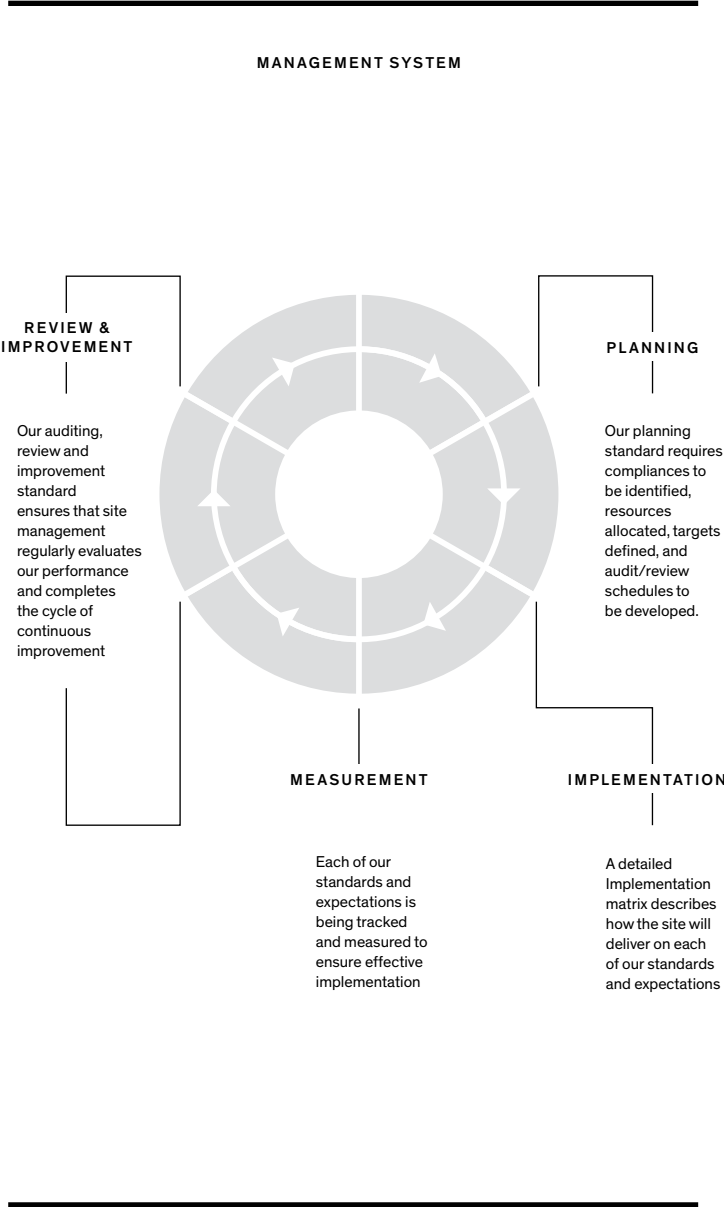
During 2012, the Eastern Coal Business was impaired primarily as a result of a supply contract with negative margins. A renegotiation of this contract in 2013 and further business improvements have resulted in a reversal of this impairment charge of \$6.6m.

On the same continuing group basis, cash outflows for the year ended 30 June 2013 were \$55.4m. This outflow includes \$24.8m of capital spend and a further \$10m of exploration spend.





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 recently adopted a comprehensive Health, Safety, Environment and Community (HSEC) management framework to guide the company's decisions on responsible resource use and the impact of its activities. The HSEC management framework will ensure Bathurst's policies and procedures are up to date, that leadership is committed to delivering value and that the company is held to account for the impact of its activities.



Importantly, the principle of continuous improvement applies to all HSEC issues, which means ongoing review and performance improvement.

In the months and years ahead, Bathurst will use the HSEC system for managing and reporting health, safety, environment and community issues.

HEALTH AND SAFETY OF PEOPLE

Bathurst Resources 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.

Bathurst has implemented rigorous programmes so staff learn to expect the unexpected. Staff are trained so that they fully understand what they should do and the company is open to suggestions on how to improve those processes.

Bathurst wants to make a difference and believes that it has a duty to set an example.

The mines operate under established Health and Safety systems that include Major Hazard Management Plans. The introduction of new risk management tools has increased the hazard awareness at all sites.

If things do go wrong, Bathurst is geared up to respond.

The implementation of the Pike River Inquiry recommendations is ongoing. Bathurst is participating with other industry people to assist in the implementation process and will be

reviewing and updating existing systems in line with the recommendations.

ENVIRONMENT

Bathurst Resources 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 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, 4500 hectares on and around the Denniston Plateau will be funded by \$3 million for a biodiversity enhancement project, including weed, pest and predator control. 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 Department of Conservation funding pest and predator control over 25,000 hectares of the Heaphy River catchment and in the Kahurangi National Park, to protect Great Spotted Kiwi, Kaka, Blue Duck, and Powelliphanta snails.

Bathurst has also devised a carefully phased rehabilitation programme to

be employed during exploration and development, as well as during the actual mining activities. This includes techniques such as Vegetation Direct Transfer to preserve flora.

Additionally, this year Bathurst has commenced a programme of work to develop a new environmental management system. This will be developed to provide a systematic approach that guarantees compliance with relevant laws and approvals, Bathurst's environmental policy and operational standards, as well as ensuring continual improvement of Bathurst's environmental performance.

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 Maori 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.

The Kaitiaki Group has continued to meet during the year, and has visited both the Takitimu and Cascade mines, as well as the site of the proposed Escarpment. The focus during the year has been on two main areas.

The members provided input into the Coal Plateaux Reserves process, a multi-stakeholder consensus-building process which is seeking to define reserves for biodiversity and related purposes on the Denniston and Stockton plateaux.

The group has also reviewed the development plans of Bathurst's health, safety and environment management systems and is supportive of Bathurst's emphasis on creating a culture within the company that sustains the right attitudes to those issues.

The Kaitiaki Group's next focus is to monitor the implementation of the environment management system to ensure it is applied consistently across all operations.

The group will also be working towards establishing a framework to ensure any new project is considered in terms of its overall net conservation gains.

COMMUNITY

Bathurst Resources 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 participation.

Bathurst works with a range of stakeholders and businesses to deliver benefits through its subsidiary operations. As work continues 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.

In February, a successful open day was held at Takitimu. During the course of the day around 400 local people took the opportunity to learn more about activities at the mine. Equipment displays and information videos were set up at the local rugby club and escorted tours ran continuously throughout the day onto the mine site to give a first hand view of the actual mining operations.

In June a series of information sessions were held at Waimangaroa Village to update the local community on the Escarpment Project and trucking plans. Over 40 people attended the sessions which were conducted on a one-on-one basis with Buller Coal management on hand to answer questions.

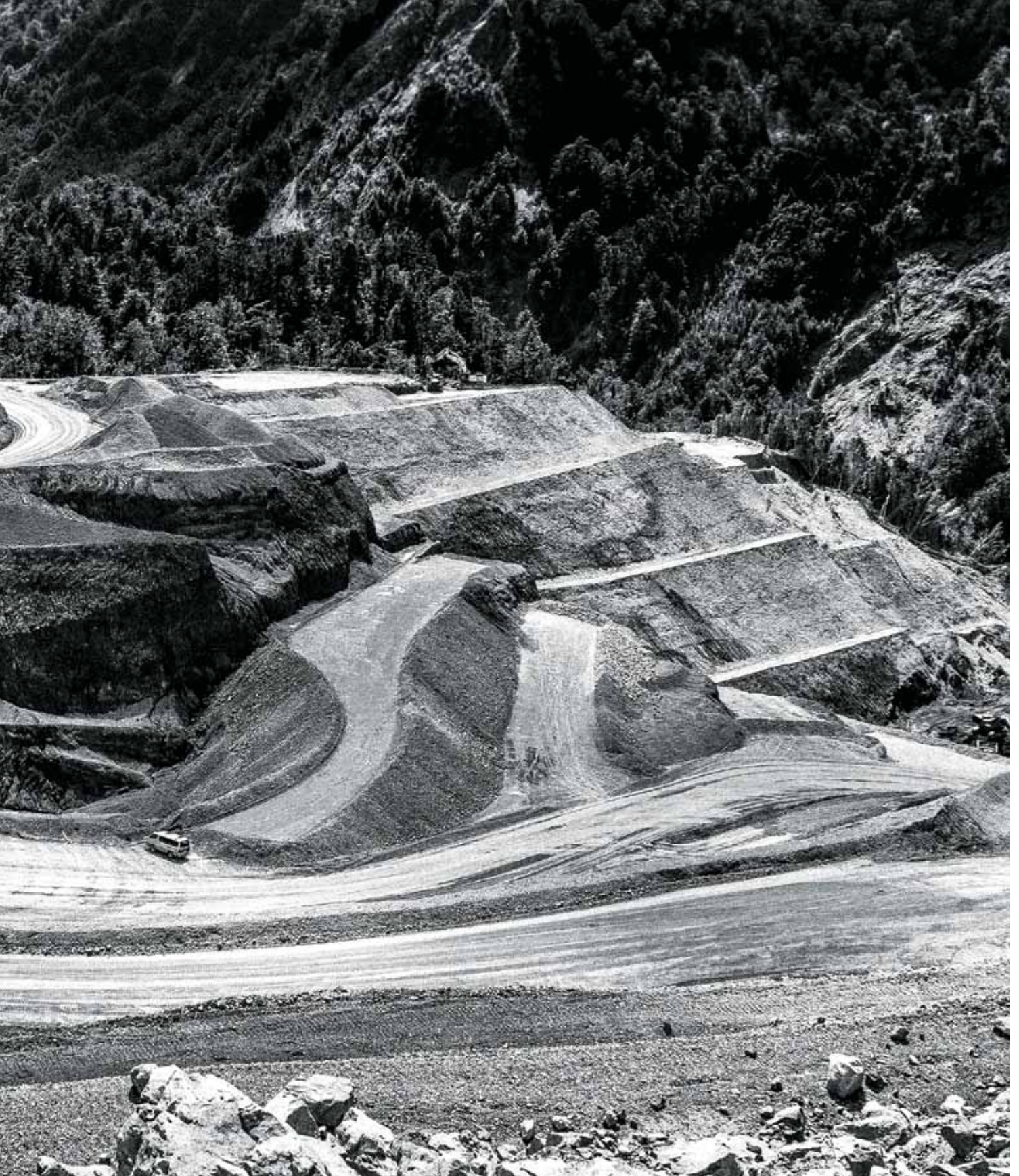
In 2012/2013, Bathurst continued to help local community groups achieve their goals and participated in a range of community activities, including:

- Buller High School scholarship to help fund university studies
- Contribution to Caroline Bay Aquatic Centre
- Sponsorship of Denniston Hill Climb car rally
- Sponsorship of Denniston Chain Grinder mountain bike event
- Sponsorship of the Gowan mountain bike race in Southland
- Sponsorship of the Buller Rugby Union
- support for Nightcaps primary schools.

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, it's always aware more can be done. As previously discussed, a number of changes to legislation are anticipated as part of the implementation of the Pike River inquiry process. 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. Change will come only after an intensive gap analysis which will take place over the next 12 months. The programme of work will include designing, planning and development of the HSEC system. This will include the implementation of an environmental management standard that is generally in accordance with ISO 14001. As part of Bathurst's obligations under its membership of the Sustainable Business Council, the company will also publish a sustainability report, which will be enhanced over the next few years to meet the requirements of the Global Reporting Initiative.







From top left: Richard Tacon, Simon Doig, Fiona Bartier, Sam Aarons, Marshall Maine, Alison Brown

OUR PEOPLE



RICHARD TACON

Chief Operating Officer

Since starting his career in the 1970s, Richard has worked in almost every role in 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 around Australia, working his way from undermanager 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 on a rescue crew, making him familiar with the principles and practice of mine safety. Richard is an ex secretary for the Australian Mine Managers Association. After living and working in Australia for 32 years, Richard returned to New Zealand to take up his current post with Bathurst.

SIMON DOIG

Executive General Manager — Business Development and Marketing

Simon's career spans 15 years, encompassing business development, international marketing, business management, mining operations, managing joint ventures with global partners, as well as board appointments and directorships, working across a range of industries and diverse international cultures. Simon has gained extensive experience in the international marketing and business disciplines primarily in the mining industry, and downstream steel and energy sectors. He holds a Bachelor of Commerce (Marketing), and has ongoing executive development at the Melbourne Business School (Advanced Management & MBA studies). Prior to joining Bathurst Simon held various senior executive roles at Solid Energy New Zealand and was previously a director of the Stockton Alliance, and the Coal Association of New Zealand. He is based in the company's Wellington office.

FIONA BARTIER

General Manager — Projects & Planning

Fiona Bartier is an environmental and resource scientist who has worked for government, in research and education, for industry groups, and for a range of mining companies. Fiona began her career as a forestry planner, helping the New South Wales government move to more transparent and sustainable native forestry. She then moved into a research role at the University of Queensland at the Centre for Mined Land Rehabilitation, where she visited and worked at over 40 sites from coal to mineral sands, bauxite and gold. For the past nine years, Fiona has lived in mining communities in the Hunter Valley and Western coalfields of New South Wales, working first as a consultant, and then within industry in operations and projects. 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 14 years as a Divisional General Manager for Henry Walker Eltin, a large civil and mining contracting company (now Leighton's Contracting). 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, Corporate Relations & 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 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 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, the Minister of Foreign Affairs and Trade, taught legal professionals, and was General Counsel for Solid Energy New Zealand Limited from 2000 to 2011.

MIKE CAMERON**General Manager – Buller Operations**

Mike has almost 20 years of international mining industry experience across a number of commodities, mining methods, and operating environments. He has been involved with the development of mining projects in Australia, Bulgaria, and South Africa, and has undertaken senior management roles at a number of mining operations. A proud South Islander, Mike returned home with his family in 2011 and worked as a Project Manager for Solid Energy, based in Nelson. He holds a Master's of Science in Engineering Geology from the University of Auckland, supplemented by further post-graduate study at the Western Australian School of Mines.

CRAIG PILCHER**General Manager – Domestic**

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.





Your directors present their report on the consolidated entity ("the group") consisting of Bathurst Resources (New Zealand) Limited ("Bathurst" or "the company") and the entities it controlled at the end of, or during, the year ended 30 June 2013.

DIRECTORS

The following persons were appointed directors of Bathurst Resources (New Zealand) Limited on 27 March 2013 (date of incorporation) or as otherwise stated.

Craig Munro
Non-executive chair

Hamish Bohannan
Managing director

Rob Lord
Non-executive director

Malcolm Macpherson
Non-executive director

Toko Kapea
Non-executive director
(appointed 29 May 2013)

Dave Frow
Non-executive director
(appointed 25 June 2013)

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.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 August 2013 Bathurst announced the acquisition of the Canterbury Coal mine.

The acquisition is conditional on consent to assignments of various permissions, and the consent to the transfer of the Mining Permit.

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 approvals

Bathurst is required to obtain resource consents under the Resource Management Act 1991 ("RMA"). A resource consent is required for mining activities and the construction and development of infrastructure within the permit area. In addition to this, under the Crown Minerals Act 1991 and the Conservation Act 1987, Bathurst must enter into concession agreements and access arrangements

with New Zealand's Department of Conservation to enter and operate on Crown land. The relevant authorities are consulted throughout the approvals process, and to the best of the directors' knowledge, all approval activities have been undertaken in compliance with the requirements of the RMA, Crown Minerals Act 1991 and Conservation Act 1987.

Exploration activities

In order to enter Crown land and engage in exploration activities, Bathurst must enter into an Access Arrangement with New Zealand's Department of Conservation, as required under the Crown Minerals Act 1991. Bathurst has, to the best of the directors' knowledge, entered into all of the appropriate agreements and acted in accordance with those agreements in regard to engaging in exploration activities on Crown land.

Mining activities

The mining activities of the group are regulated by the resource consents that grant Bathurst the right to engage in the mining activity. The resource consents involve both the District and Regional Councils. In addition to this, a mining permit or licence is required to engage in mining activities on Crown land. These permits/licences are issued by the Minister of Energy under the Crown Minerals Act 1991. Conditions around water and air discharges that result from the mining operations are governed by the resource consent that the operation is operating under. The mining operations of Bathurst are inspected

on a regular basis and no instances of non-compliance have been noted.

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 coal sold in New Zealand and for the fugitive emissions from coal seams exposed in New Zealand. Bathurst's liability is based on the type and quantity of coal sold, with the cost of such being passed on to Bathurst's customers. Bathurst's Emissions Trading Policy can be found on the company's website.

From top left: Craig Munro, Hamish Bohannan, Rob Lord, Malcolm Macpherson, Dave Frow, Toko Kapea, Graham Anderson, Marshall Maine

INFORMATION ON DIRECTORS



MR CRAIG MUNRO

FCPA, FAusIMM, FAICD

Non-executive chair

Craig Munro is a Certified Practising Accountant with over 45 years' experience in the mining industry. He was previously Senior Vice President Corporate & Finance, and Chief Financial Officer of Anvil Mining Limited. He has been both an executive director and non-executive director of a number of listed companies since 1990 including Aquarius Platinum Limited, Kroondal Platinum Mines Limited, and Gallery Gold Limited. He was formerly a director of Energy Minerals Australia Limited, Humanis Group Limited and Pegasus Metals Limited.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Energy Minerals Australia Limited —

Non-executive director

Humanis Group Limited — Non-executive director

Pegasus Metals Limited — Non-executive director

Special responsibilities

Chairman of the Board

Member of remuneration & nomination committee

Member of audit committee

Interests in shares and options

2,462,526 fully paid ordinary shares in Bathurst Resources Limited

2,500,000 unlisted options over ordinary shares in Bathurst Resources Limited

MR HAMISH BOHANNAN

BEngSc Hons Mining, MEngSc Rock Mechanics, MBA, FAusIMM, CEng, MIMM, MAICD

Managing director

Hamish Bohannan is a mining engineer with 36 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 Resources, Mr Bohannan has also held executive positions with Cyprus Minerals, WMC Limited, Iluka Resources and IAMGold. Mr Bohannan is a director of Straterra, the Coal Association

of New Zealand and Minerals West Coast.

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

11,005,000 fully paid ordinary shares in Bathurst Resources Limited

10,000,000 unlisted options over ordinary

shares in Bathurst Resources Limited

1,388,889 unlisted performance rights over shares

MR ROB LORD

BSc, MBA

Non-executive director

Rob Lord is currently Regional Director Oceania for Wallenius Wilhelmsen Logistics AS, 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, Mr Lord 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. Mr Lord has also worked in a variety of senior international marketing and sales roles including head of marketing and sales roles at Norske Skog Australasia, Fletcher Challenge Paper Australasia and Tasman Pulp and Paper in New Zealand. Mr Lord is a director of Norske Skog Industries Australia Limited which is an unlisted public company.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Nil

Special responsibilities

Chair of audit committee

Member of risk committee

Interests in shares and options

530,938 fully paid ordinary shares in Bathurst Resources Limited

3,500,000 unlisted options over ordinary shares in Bathurst Resources Limited

MR MALCOLM MACPHERSON

BSc, Cert.Acctg, FAICD, FAusIMM, FTSE

Non-executive director

Malcolm Macpherson is an experienced business leader in the resources sector in Australia and overseas. Mr Macpherson held a successful seven year tenure as Managing Director and Chief Executive Officer of Iluka Resources Limited. Mr Macpherson has held board positions with other notable companies and organisations such as Portman Limited, Eltin Limited, and Western Power Corporation (as chair). Mr Macpherson has also had active roles in research and innovation, including an advisory role to the CSIRO.

Other current directorships of listed companies

Base Resources Limited

— Non-executive chair

Titanium Corporation Limited

— Non-executive director

Former directorships in last three years of listed companies

Minara Resources Limited

— Non-executive chair

Range River Gold Limited

— Non-executive director

Pluton Resources Limited

— Non-executive chair

Special responsibilities

Chair of remuneration and nomination committee

Member of health, safety, environment

and community committee

Member of the risk committee

Interests in shares and options

100,000 fully paid ordinary shares in Bathurst Resources Limited

2,000,000 unlisted options over ordinary shares in Bathurst Resources Limited

MR DAVE FROW

BScEng

Non-executive director

Dave Frow 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. Mr Frow 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. Mr Frow 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 member of the Institute of Directors.

Other current directorships of listed companies

Nil

Former directorships in last three years of listed companies

Nil

Special responsibilities

Chair of health, safety, environment and community committee

Member remuneration and nomination committee

Member of audit committee

Interests in shares and options

Nil

MR TOKO KAPEA

BA, LLb,

Non-executive director

Mr Kapea is a Wellington based commercial lawyer, consultant and director, specialising in iwi and Māori development matters. Mr Kapea 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 Limited and Bank of New Zealand. Mr Kapea is a director of Parininihi ki Waitotara Incorporation (in Taranaki), Port Nicholson Fisheries Limited, and Board Chair for Ngāti Apa Developments Limited (Rangitikei). He is 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 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

Chair of risk committee

Member of health, safety, environment and community committee

Interests in shares and options

Nil

COMPANY SECRETARY

GRAHAM ANDERSON

Joint Company Secretary

Graham Anderson was appointed Joint Company Secretary on 25 October 2012 and became sole Company Secretary for Bathurst Resources Limited upon the resignation of Timothy Manners on 6 December 2012. From 1 July 2013 Mr Anderson was appointed Joint Company Secretary for Bathurst Resources (New Zealand) Limited. Mr Anderson 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 (New Zealand) Limited on 1 July 2013. Mr 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

As a result of the group reorganisation (see page 27), the Bathurst Resources (New Zealand) Limited group financial statements include only the results of subsidiaries from 28 June 2013. Therefore remuneration for the period ended 30 June 2013 is negligible and not detailed below.

ROLE OF THE REMUNERATION & NOMINATION COMMITTEE

The remuneration & nomination committee ("R&N committee") is a sub-committee of the 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 overarching 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.

In previous years the company has granted non-executive directors unlisted options over ordinary shares in the company as a part of their remuneration packages. The issue of options was to align the interests of directors and shareholders and compensate for reduced fees during the company's start-up phase. However, in the 2011 financial year the company ceased the practice of issuing options to non-executive directors.

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 following fees have applied:

Base fees

Chair

AUD \$160,000

Other non-executive directors

AUD \$80,000/NZD \$100,000

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 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' contract.

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 has been adopted by Bathurst Resources (New Zealand) 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.

INSURANCE OF OFFICERS

During the period, Bathurst insured members of the board and key management under a directors' and officers' liability policy.

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



Craig Munro, Chairman

21 August 2013



Rob Lord, Non-executive director

21 August 2013

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.

The NZX Listing Rules require 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, under the section marked "Corporate Governance".

BOARD OF DIRECTORS

Board composition and expertise

The board has an extensive range of relevant industry experience, and financial and other skills and expertise to meet its objectives. The current board composition comprises five 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.

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, to 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 following powers are reserved to the board for decision:

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 CEO. Review on a regular basis appropriate succession planning for the CEO.

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 and 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.

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.

Director independence

The independent directors of the company during the reporting period were Craig Munro (chair), Rob Lord, Malcolm Macpherson and Toko Kapea. Dave Frow was appointed as an independent director subsequent to period end. 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 / CEO and chair are filled by Hamish Bohannan and Craig Munro 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 five non-executive directors on the board are independent.

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 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.

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 review 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 AGM 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 AGM 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 AGM is eligible for re-election at that meeting and the re-appointment of directors is not automatic.

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.

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.

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.

BOARD COMMITTEES

Board committees and membership

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

- Remuneration & nomination committee ("R&N committee")
- Health, safety, environment and community committee ("HSEC committee")
- Risk committee, and
- Audit 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 the date of this report the membership of each board committee is shown in the relevant section below. The executive directors can attend the audit 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.

Remuneration and nomination committee

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

- M Macpherson (chair)
- D Frow, and
- C Munro.

Details of these directors' qualifications are set out in the "information on directors" on pages 44 to 46.

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.

Health, safety, environment and community committee

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

- D Frow (chair)
- T Kapea, and
- M Macpherson.

Details of these directors' qualifications are set out in the "information on directors" section on pages 44 to 46.

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.

RISK COMMITTEE

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

- T Kapea (chair)
- R Lord, and
- M Macpherson.

Details of these directors' qualifications are set out in the "information on directors" section on pages 44 to 46.

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

The board, through the Risk committee and senior management, is responsible for overseeing and implementing the company's Risk Management Policy.

The company is committed to effective risk management to achieve its business objectives. The company aims to continually improve the management of risk, to make better decisions to achieve its objectives and to reduce the likelihood and consequences of adverse effects to tolerable levels.

At all levels of the business, senior management is responsible for the development, implementation and maintenance of risk

management systems that will effectively allow the group to:

- identify, assess and manage risks in an effective and efficient manner
- use risk management to help make better decisions
- reduce the risk of not meeting business objectives
- meet relevant corporate governance requirements, and
- identify and evaluate opportunities based on their risk/reward balance.

The goals of risk management are achieved by:

- implementing a comprehensive and systematic risk assessment and reporting system across the organisation
- training employees in the use of the system, and in suitable risk assessment methodologies for their business and work applications
- developing a risk profile for each business unit, and then providing risk funding to reduce risk and maintain a suitable risk/reward balance
- embedding risk management into the way we work, and
- auditing the system.

Audit committee

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

- R Lord (chair)
- M Macpherson, and
- C Munro.

The audit 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 audit committee are appointed by the board and may be appointed for specified terms.

Membership of the committee is reviewed annually by the board.

Details of these directors' qualifications are set out in the "information on directors" section on pages 44 to 46.

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

The role of the audit 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 audit committee operates in accordance with a charter which is available on the company's website.

The audit committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities. Furthermore, the audit 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 audit 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 audit committee and any recommendations are made to the board.

The company and audit 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.

PricewaterhouseCoopers ("PwC") was appointed as the external auditor in 2013. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided

in the directors' report and in note 23 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 AGM 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

Code 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 ethical 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.

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. If the chairman wishes to buy, sell or exercise rights in relation to the company's securities, then the chairman must obtain the prior written approval of the company's Board 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 on Bathurst's website.

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 assess 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 26% with 38% at senior management and nil per cent at board level.

SECTION 2





INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

	NOTES	GROUP 2013 \$'000	PARENT 2013 \$'000
Revenue from operations		-	-
Expenses			
Other expenses		(376)	(376)
Loss before income tax		(376)	(376)
Income tax benefit	4	75	75
Loss for the period after income tax		(301)	(301)
Loss attributable to owners of the parent company		(301)	(301)

		CENTS
Earnings per share for loss attributable to the ordinary equity holders of the company:		
Basic earnings per share	28	(0.04)
Diluted earnings per share	28	(0.04)

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

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013**

	NOTES	GROUP 2013 \$'000	PARENT 2013 \$'000
Loss for the period		(301)	(301)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(301)	(301)
Total comprehensive income for the year attributable to the owners of Bathurst Resources (New Zealand) Limited		(301)	(301)

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

BALANCE SHEETS
AS AT 30 JUNE 2013

	NOTES	GROUP 2013 \$'000	PARENT 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	12,526	-
Short term deposits	5	1,228	-
Trade and other receivables	6	4,425	4
Inventories	7	1,912	-
Financial assets	8	82	-
Other assets	9	12,095	97
Total current assets		32,268	101
Non-current assets			
Property, plant and equipment	10	44,915	-
Mine licences, properties, exploration and evaluation assets	11	413,292	-
Investments in subsidiaries		-	233,565
Financial assets	8	4,040	75
Deferred tax asset	12	-	75
Other assets	9	1,900	-
Total non-current assets		464,147	233,715
Total assets		496,415	233,816
LIABILITIES			
Current liabilities			
Trade and other payables	13	7,600	394
Borrowings	14	4,453	-
Deferred consideration	15	3,931	-
Provisions	16	796	-
Related party payables		-	158
Total current liabilities		16,780	552
Non-current liabilities			
Borrowings	14	1,296	-
Deferred consideration	15	179,925	-
Deferred tax liabilities	17	95,331	-
Provisions	16	2,579	-
Total non-current liabilities		279,131	-
Total liabilities		295,911	552
Net assets		200,504	233,264
EQUITY			
Contributed equity	18	219,623	219,623
Reserves	19	(18,818)	13,942
Accumulated losses		(301)	(301)
Total equity		200,504	233,264

The directors of Bathurst Resources (New Zealand) Limited authorised these financial statements for issue.
 On behalf of the Board



Craig Munro
Chairman, 21 August 2013



Rob Lord
Director, 21 August 2013

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

**STATEMENTS OF MOVEMENTS IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013**

GROUP	NOTES	CONTRIBUTED EQUITY \$'000	SHARE BASED PAYMENT RESERVE \$'000	FOREIGN EXCHANGE TRANSLATION RESERVE \$'000	ACCUMULATED LOSSES \$'000	RE- ORGANISATION RESERVE \$'000	TOTAL EQUITY \$'000
Balance at 27 March 2013		-	-	-	-	-	-
Loss for the period		-	-	-	(301)	-	(301)
Total comprehensive income for the period		-	-	-	(301)	-	(301)
Transactions with owners in their capacity as owners:							
Contribution to equity, via group reorganisation	19	219,623	13,942	-	-	(32,760)	200,805
Balance at 30 June 2013		219,623	13,942	-	(301)	(32,760)	200,504

PARENT	NOTES	CONTRIBUTED EQUITY \$'000	SHARE BASED PAYMENT RESERVE \$'000	FOREIGN EXCHANGE TRANSLATION RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 27 March 2013		-	-	-	-	-
Loss for the period		-	-	-	(301)	(301)
Total comprehensive income for the period		-	-	-	(301)	(301)
Transactions with owners in their capacity as owners:						
Contributions of equity, via group reorganisation	19	219,623	13,942	-	-	233,565
Balance at 30 June 2013		219,623	13,942	-	(301)	233,264

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

STATEMENTS OF CASHFLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

	NOTES	GROUP 2013 \$'000	PARENT 2013 \$'000
Cash flows from operating activities			
Net cash outflow from operating activities	27	-	-
Cash flows from investing activities			
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Net cash inflow from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents arising through group reorganisation		12,526	-
Cash and cash equivalents at the end of the period	5	12,526	-

The above statement of cashflow should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES**Reporting entity and statutory base**

Bathurst Resources (New Zealand) Limited is a profit-oriented company registered in New Zealand under the Companies Act 1993 and is an issuer for the purposes of the Financial Reporting Act 1993. Bathurst Resources (New Zealand) Limited is listed on the New Zealand Securities Exchange (NZSX) and the Australian Securities Exchange (ASX).

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. In accordance with the Financial Reporting Act 1993, these group financial statements include the results of subsidiary companies from the date of reorganisation. 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.

Bathurst Resources (New Zealand) Limited and its subsidiaries together are referred to in this financial report as the "group" or the "consolidated entity".

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

Basis of preparation

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. They comply with New Zealand equivalents to International Financial Reporting Standards as appropriate for profit-oriented entities.

These financial statements are expressed 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.

Measurement basis

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

Specific accounting policies

As described below, these accounting policies have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bathurst Resources (New Zealand) Limited ("company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the period then ended.

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.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**(b) 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.

(c) 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 (New Zealand) 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.

Foreign exchange gains and losses are presented on the face of the income statement.

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.

(d) 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.

(e) 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 nor taxable profit or loss. Deferred income

tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

(f) 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.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

(g) 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 "revaluation of deferred consideration".

(h) Impairment of non-financial 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 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. 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 an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) 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.

(j) 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) 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.

(l) Waste in advance

Waste removed in advance (overburden) 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 "other current assets".

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. Such deferred costs are then charged against the income statement to the extent that, in subsequent periods, the ratio falls short of the life of mine ratio. 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.

(m) Investments and other financial assets

Classification

The group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**Loans and receivables**

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. Loans and receivables are included in trade and other receivables (note 6) in the balance sheet.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

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.

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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in note 1(j).

(n) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 item will flow to the group and the cost of the item can be measured reliably. 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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term 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)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(o) 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.

(p) 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.

(q) 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.

(r) 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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.

(s) 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.

(t) Employee benefits**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Bathurst Resources (New Zealand) Limited Long Term Incentive Plan and Employee Share Option Plan. Information relating to these schemes is set out in note 29.

The fair value of performance rights and options granted under the Bathurst Resources (New Zealand) 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.

(u) 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.

(v) 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.

(w) Deferred Consideration

The fair value of deferred consideration payments are calculated periodically with adjustments through profit or loss. 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 15.

(x) 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.

(y) Investments in subsidiaries

The parent company holds its investments in subsidiaries at cost, less any impairment.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) NZ IFRS 10 Consolidated Financial Statements

Effective for periods beginning on or after 1 January 2013

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.
- The group does not expect the new standard to have a significant impact on its financial statements.
- (ii) **Amendments to IAS 28 Investments in associates and joint ventures**
- Effective for periods beginning on or after 1 January 2013
- These amendments incorporate joint ventures into the standard. It prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- The group does not expect the new standard to have a significant impact on its financial statements.
- (iii) **NZ IFRS 12 Disclosure of interests in other entities**
- Effective for periods beginning on or after 1 January 2013
- The standard applies to entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. It establishes disclosure objectives and specifies minimum disclosures that an entity must provide to meet those objectives.
- The group does not expect the new standard to have a significant impact on its financial statements.
- (iv) **Amendments to NZ IAS 27 Separate financial statements**
- Effective for periods beginning on or after 1 January 2013
- These amendments remove the accounting and disclosure requirements for consolidated financial statements as a result of the issue of NZ IFRS 10 Consolidated financial statements and NZ IFRS 12 Disclosure of interests in other entities
- (v) **NZ IFRS 13 Fair value measurement**
- Effective for periods beginning on or after 1 January 2013
- The standard establishes a single framework for measuring fair value where that is required by other standards and is applicable to both financial and non-financial items.
- The group does not expect the new standard to have a significant impact on its financial statements.
- (vi) **NZ IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**
- Effective for periods beginning on or after 1 January 2013
- Interpretation 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. It states that these costs can only be recognised as an asset if they can be attributed to an identifiable component of the ore body, the costs relating to the improved access to that component can be measured reliably and it is probable that future economic benefits associated with the stripping activity (improved access to the ore body) will flow to the entity. The costs will be amortised over the life of the identified component of the ore body.
- This is different to the consolidated entity's current accounting policy which is to capitalise stripping costs based on a general waste-to-ore stripping ratio and amortise the costs over the life of the mine. The interpretation must be applied retrospectively and the group will have to write off existing stripping cost asset balances to retained earnings on the date of transition, to the extent they do not relate to an identifiable component of the ore body.
- The total carrying amount of deferred waste capitalised as at 30 June 2013 was \$11.7m. The full extent of any transitional adjustment has not yet been quantified. The group will adopt this interpretation from 1 July 2013.

NOTE 2 CRITICAL ACCOUNTING 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 15.

(iii) Reserves and 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(s)). 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 16.

(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 9.

(vi) Taxation

The group's accounting policy for taxation requires management judgement in relation to the application of income tax legislation. There are many transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The group recognises liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether taxation will be due and payable. Where the taxation

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

NOTE 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.

Segment information provided to the board

The segment information provided to the board for the reportable segments for the year ended 30 June 2013 is as follows:

2013	BULLER COAL \$'000	EASTERN COAL \$'000	CORPORATE \$'000	TOTAL \$'000
Loss before tax	-	-	(376)	(376)
Total segment assets	464,776	27,618	4,021	496,415
Total assets per the balance sheet				496,415
Total segment liabilities	287,057	7,050	1,804	295,911
Total liabilities per the balance sheet				295,911

Other segment information

(i) Segment revenue

Interest income between the segments is carried out at arm's length and is eliminated on consolidation. The revenue from external parties reported to the board is measured in a manner consistent with that in the income statement.

Revenues from external customers are derived from the sale of coal and freight services. Interest income from external parties is earned on cash deposits.

(ii) Segment assets

The amounts reported to the board with respect to total assets are measured in a manner consistent with that of the financial

statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is \$250k, and the total of these non-current assets located in New Zealand is \$463,898k. Segment assets are allocated to countries based on where the assets are located.

(iii) Segment liabilities

The amounts reported to the board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

NOTE 4 INCOME TAX BENEFIT

	GROUP 2013 \$'000	PARENT 2013 \$'000
Income tax benefit		
Current tax	-	-
Deferred tax	75	75
Income tax benefit	75	75

	GROUP 2013 \$'000	PARENT 2013 \$'000
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax benefit	(376)	(376)
Tax at the standard New Zealand rate of 28%	(105)	(105)
Tax effect of amounts that are not deductible / (assessable) in calculating taxable income:		
Non-deductible expenses	30	30
	30	30
Income tax benefit	75	75

NOTE 5 CASH AND SHORT TERM DEPOSITS

Cash at bank and on hand	12,451	-
Deposits at call	75	-
Cash and cash equivalents	12,526	-
Short term deposits	1,228	-
Cash and short term deposits	13,754	-

(a) Risk exposure

The group's exposure to interest rate risk is discussed in note 21. The maximum exposure to credit risk at the end of the

reporting period is the carrying amount of each class of cash and short term deposits mentioned above.

NOTE 6 TRADE AND OTHER RECEIVABLES

	GROUP 2013 \$'000	PARENT 2013 \$'000
Trade receivables	3,249	-
Provision for impairment of receivables	(37)	-
	3,212	-
Loans to key management personnel *	451	-
GST Receivable	196	-
Interest receivable	268	-
Other receivables	298	4
	1,213	4
	4,425	4

* Further information relating to loans to key management personnel is set out in note 22.

(a) Impaired trade receivables and past due but not impaired

Ageing information on impaired trade receivables and trade receivables that are past due but not impaired has not been provided as the amounts are not material to the group. Impaired receivables at 30 June 2013 totalled \$36,949 and trade receivables past due but not impaired at 30 June 2013 totalled \$400,168.

b) Foreign exchange and interest rate risk

Information about the group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 21.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 21 for more information on the risk management policy of the group and the credit quality of the entity's trade receivables.

NOTE 7 INVENTORIES

	GROUP 2013 \$'000	PARENT 2013 \$'000
Raw materials and stores	68	-
Finished goods *	1,844	-
	1,912	-

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

NOTE 8 FINANCIAL ASSETS

	GROUP 2013 \$'000	PARENT 2013 \$'000
Current		
Advances to third parties	82	-
	82	-
Non-current		
Security bonds and deposits	214	75
Advances to third parties	3,826	-
	4,040	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% and is secured by a bank guarantee in favour of Buller Coal Limited.

NOTE 9 OTHER ASSETS

	GROUP 2013 \$'000	PARENT 2013 \$'000
Current		
Waste moved in advance	11,721	-
Prepayments	374	97
	12,095	97
Non-current		
Deposits paid	1,900	-
	1,900	-

Deposits paid relate to the acquisition of mining permits.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND \$'000	BUILDINGS \$'000	MINE INFRASTRUC- TURE \$'000	PLANT & MACHINERY \$'000	PLANT & MACHINERY UNDER FINANCE LEASE \$'000	FURNITURE, FITTINGS AND EQUIPMENT \$'000	TOTAL \$'000
Period ended 30 June 2013							
Opening net book amount	-	-	-	-	-	-	-
Group reorganisation (note 30)	15,985	6,220	12,824	8,325	282	1,279	44,915
Closing net book amount	15,985	6,220	12,824	8,325	282	1,279	44,915

(a) Assets in the course of construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	2013 \$'000
Furniture, fittings and equipment	140
Mine infrastructure	10,048
	10,188

(b) Non-current assets pledged as security

Refer to note 14 for information on non-current assets pledged as security by the group.

NOTE 11 MINING LICENCES, PROPERTIES, EXPLORATION, AND EVALUATION ASSETS

	EXPLORATION & EVALUATION EXPENDITURE \$'000	MINING LICENCES & PROPERTIES \$'000	TOTAL \$'000
30 June 2013			
Opening net book amount	-	-	-
Group reorganisation (note 30)	31,377	381,915	413,292
Closing net book amount	31,377	381,915	413,292

NOTE 12 DEFERRED TAX ASSETS

	GROUP 2013 \$'000	PARENT 2013 \$'000
The balance comprises temporary differences attributable to:		
Tax losses	8,613	-
Accruals	445	75
Employee benefits	158	-
Provisions	504	-
Total deferred tax assets	9,720	75
Set-off of deferred tax liabilities pursuant to set-off provisions (see note 17)	(9,720)	-
Deferred tax assets	-	75

MOVEMENTS GROUP

	TAX LOSSES \$'000	ACCRUALS \$'000	EMPLOYEE BENEFITS \$'000	PROVISIONS \$'000	TOTAL \$'000
At 27 March 2013	-	-	-	-	-
Group reorganisation (note 30)	8,613	445	158	504	9,720
At 30 June 2013	8,613	445	158	504	9,720

The group has recognised a deferred tax asset in relation to the tax losses of the New Zealand entities on the basis that these losses can be utilised by future

profit generating New Zealand operations. These deferred tax losses have been offset against the group's deferred tax liabilities, see note 17.

NOTE 13 TRADE AND OTHER PAYABLES

	GROUP 2013 \$'000	PARENT 2013 \$'000
Trade payables	4,347	52
Other payables	3,253	342
	7,600	394

(a) Risk exposure

Information on the group's exposure to foreign exchange risk is provided in note 21.

NOTE 14 BORROWINGS

	GROUP 2013 \$'000	PARENT 2013 \$'000
Current		
<i>Secured</i>		
Bank loans	4,331	-
Lease liabilities (note 24)	122	-
	4,453	-
Non-current		
<i>Secured</i>		
Bank loans	1,088	-
Lease liabilities (note 24)	208	-
	1,296	-

(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.

NOTE 14 BORROWINGS (CONTINUED)

	2013 \$'000
Current	
<i>General Security Agreement</i>	
Cash and cash equivalents	1,453
Receivables	3,219
Inventories	1,912
Total current assets pledged as security	6,584
Non-current	
<i>First and exclusive mortgage</i>	
Freehold land and buildings	1,097
<i>Finance lease</i>	
Plant and equipment	283
<i>General Security Agreement</i>	
Plant and equipment	24,072
Total non-current assets pledged as security	25,452
Total assets pledged as security	32,036

(b) Fair value

	2013 GROUP	2013 GROUP	2013 PARENT	2013 PARENT
	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	CARRYING AMOUNT \$'000	FAIR VALUE \$'000
Bank loans	5,419	5,419	-	-
Lease liabilities	330	330	-	-
	5,749	5,749	-	-

(c) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 21.

NOTE 15 DEFERRED CONSIDERATION

	2013 \$'000
Current	
Acquisition of subsidiary deferred consideration	3,931
	3,931
Non-current	
Acquisition of subsidiary deferred consideration	179,925
	179,925
Total deferred consideration	183,856
	DEFERRED CONSIDERATION \$'000
Movements	
Balance as at 27 March 2013	-
Group reorganisation (note 30)	183,856
At 30 June 2013	183,856

NOTE 15 DEFERRED CONSIDERATION (CONTINUED)**Details of deferred consideration****Discount rate**

Deferred consideration has been discounted to reflect the time value of money. The long term US Government Bond rate has been used to reflect the nature of the underlying future cash flows.

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, 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.

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). 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 21 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 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 production targets that trigger the performance payments and royalties are expected to be partially met within the next 12 months, as such a component of deferred consideration is classified as current at 30 June 2013.

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'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.

NOTE 16 PROVISIONS

	GROUP 2013 \$'000	PARENT 2013 \$'000
Current		
Employee benefits	591	-
Rehabilitation	205	-
	796	-
Non-current		
Rehabilitation	2,579	-
	2,579	-
Total provisions	3,375	-

(a) Rehabilitation

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. Refer to note 1(s) for the group's accounting policy on rehabilitation.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	REHABILITATION PROVISION \$'000
Carrying amount at start of period	-
Group reorganisation	2,784
Carrying amount at the end of the period	2,784

NOTE 17 DEFERRED TAX LIABILITIES

	GROUP 2013 \$'000	PARENT 2013 \$'000
The balance comprises temporary differences attributable to:		
Mining licences	97,635	-
Waste moved in advance	3,355	-
Exploration and evaluation expenditure	3,070	-
Property, plant and equipment	991	-
Total deferred tax liabilities	105,051	-
Set-off of deferred tax assets pursuant to set-off provisions (see note 12)	(9,720)	-
Net deferred tax liabilities	95,331	-

Movements Group	MINING LICENCES \$'000	WASTE IN ADVANCE \$'000	EXPLORATION & EVALUATION \$'000	PROPERTY, PLANT AND EQUIPMENT \$'000	TOTAL \$'000
At 27 March 2013	-	-	-	-	-
Group reorganisation (note 30)	97,635	3,355	3,070	991	105,051
At 30 June 2013	97,635	3,355	3,070	991	105,051

NOTE 18 CONTRIBUTED EQUITY

(a) Share capital

	2013 SHARES	2013 \$'000
Group		
Ordinary fully paid shares	699,247,997	219,623
	699,247,997	219,623
Parent		
Ordinary fully paid shares	699,247,997	219,623
	699,247,997	219,623

Share capital represents the ordinary paid up capital and reserves (excluding share based payment reserve) of the Group's predecessor parent company (note 30).

(b) Movements in ordinary share capital

Details	NUMBER OF SHARES
Opening balance 27 March 2013	-
Group reorganisation (note 30)	699,247,997
Balance 30 June 2013	699,247,997

(c) 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.

(d) Capital risk 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.

NOTE 19 RESERVES

	GROUP 2013 \$'000	PARENT 2013 \$'000
Share based payment reserve	13,942	13,942
Reorganisation reserve	(32,760)	-
	(18,818)	13,942

The movements in the reserves for the year are shown in the statement of movements in equity.

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.

Reorganisation reserve

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 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.

NOTE 20 DIVIDENDS

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

NOTE 21 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.

NOTE 21 FINANCIAL RISK MANAGEMENT CONTINUED

	GROUP 2013 \$'000	PARENT 2013 \$'000
The group holds the following financial instruments:		
Financial assets		
<i>Loans and receivables</i>		
Cash and short term deposits	13,754	-
Trade and other receivables	4,425	4
Other financial assets	4,122	75
	22,301	79
Financial liabilities		
<i>Amortised cost</i>		
Trade and other payables	7,600	394
Related party payables	-	158
Borrowings	5,749	-
<i>Fair value</i>		
Deferred consideration	183,856	-
	197,205	552

(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.

The group's exposure to foreign exchange movements primarily relates to deferred consideration which is denominated in USD.

With the export business not yet operational, the group has not adopted formal foreign exchange risk policies.

As cash flows required and generated by the Buller Coal project become clearer an appropriate foreign exchange risk management policy will be adopted.

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

	30 JUNE 2013 USD EXPOSURE \$'000
Deferred consideration	183,856

NOTE 21 FINANCIAL RISK MANAGEMENT (CONTINUED)**(ii) Cash flow and fair value interest rate risk**

The group's main interest rate risk arises from long term borrowings. Borrowings that are issued at variable interest rates

expose the group to cash flow interest rate risk. The group has limited debt and as such there is no formal policy around levels of fixed and variable borrowings to be maintained.

As at the end of the reporting period, the group had the following variable rate borrowings:

	30 JUNE 2013	
	WEIGHTED AVG INTEREST RATE %	BALANCE \$'000
Bank loans	5.72	5,419
Finance Leases	9.46	330

An analysis by maturities is provided in (c) below.

The group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in NZ IFRS 7.

Due to the relatively low borrowings of the group the group does not regularly analyse its interest rate exposure and cash flow interest rate risk. As the group matures and the borrowings increase management will develop appropriate policies and manage the risk accordingly.

As a result of the capital reorganisation, sensitivities to market risk have no impact on profit or loss for the period ended 30 June 2013.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents as well as credit exposures to our customers, including outstanding receivables. For banks and financial institutions, only S&P rated parties with a minimum rating of 'A-1+' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The compliance with credit limits by corporate customers is regularly monitored by management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external

credit ratings (if available) or to historical information about counterparty default rates:

	2013 \$'000
Trade receivables	
<i>Counterparties with an external credit rating (S&P)</i>	
A-1	65
A-2	1,642
	1,707
<i>Counterparties without external credit rating</i>	
Group 1*	1,104
	2,811
Cash at bank and short-term deposits	
A-1+	13,754

*Group 1 – existing customers (more than 6 months) with no defaults in the past.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when they fall due. At the end of the reporting period the group held deposits at call of \$1,302,804 that are expected to readily generate cash inflows for managing liquidity risk. Due to the

dynamic nature of the project, the group maintains flexibility in liquidity through the use of rolling deposit maturity cycles and by maintaining availability under committed credit lines.

Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2013 \$'000
Floating rate	
Bank overdraft (expiring within one year)	593

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

NOTE 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 financial liabilities At 30 June 2013	LESS THAN	6 - 12	BETWEEN	BETWEEN	OVER	TOTAL	CARRYING AMOUNT \$'000
	6 MONTHS \$'000	MONTHS \$'000	1 AND 2 YEARS \$'000	2 AND 5 YEARS \$'000	5 YEARS \$'000	CONTRACTUAL CASH FLOWS \$'000	
Trade payables	7,600	-	-	-	-	7,600	7,600
Borrowings (exc. finance leases)	4,154	208	401	775	-	5,538	5,419
Deferred consideration	-	3,060	10,206	101,399	89,978	204,643	183,856
Finance leases	74	74	149	75	-	372	330
Total	11,828	3,342	10,756	102,249	89,978	218,153	197,205

(d) Fair value measurements

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

NZ IFRS 7 Financial Instruments:

Disclosures requires disclosure of 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:

At 30 June 2013

Liabilities

Deferred consideration (see note 15)

LEVEL 3
\$'000

TOTAL
\$'000

183,856 183,856

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. If the risk adjusted discount rate was 10% higher or lower, the fair value of the deferred consideration would decrease by

\$5,323,233 or increase by \$5,670,684 respectively. If the expected cash flows from the royalty component of the deferred consideration were 10% higher or lower, the fair value of the deferred consideration would increase by \$9,269,321 or decrease by \$9,269,321 respectively.

NOTE 22 KEY MANAGEMENT PERSONNEL DISCLOSURES

As a result of the capital reorganisation (note 30) no key management personnel related costs have been included in these financial statements.

(a) Loans to 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.

(i) **Aggregates for loans to key management personnel**

	BALANCE AT THE START OF THE PERIOD \$	GROUP REOR- GANISATION \$	BALANCE AT THE END OF THE PERIOD \$	NUMBER IN THE GROUP AT THE END OF THE PERIOD
2013	-	451,098	451,098	1

(ii) **Individuals with loans above \$100,000 during the financial year**

	BALANCE AT THE START OF THE PERIOD \$	GROUP REORGANISATION \$	BALANCE AT THE END OF THE PERIOD \$	NUMBER IN THE GROUP AT THE END OF THE PERIOD
H Bohannan	-	451,098	451,098	1

The loan outstanding at the end of the year to Mr Bohannan is an unsecured loan repayable within 12 months of period end. Interest is payable on the loan at a rate of 12.5%.

NOTE 23 REMUNERATION OF AUDITORS

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

	2013 \$'000
PwC	
Audit and other assurance services	
Audit and review of financial statements	265
Total remuneration for audit and other assurance services	265

NOTE 24 COMMITMENTS**(a) Capital commitments**

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

	GROUP 2013 \$'000	PARENT 2013 \$'000
Property, plant & equipment		
Within one year	8,420	-
Later than one year but not later than five years	430	-
	8,850	-
Mining licences and properties		
Within one year	4,500	-
Later than one year but not later than five years	11,450	-
	15,950	-

(b) Lease commitments

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 2013 \$'000	PARENT 2013 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	476	-
Later than one year but not later than five years	785	-
Later than five years	120	-
	1,381	-

(ii) Finance leases

The group leases various plant and equipment with a carrying amount of \$282k under finance leases expiring within one to four years.

	GROUP 2013 \$'000	PARENT 2013 \$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	149	-
Later than one year but not later than five years	223	-
Later than five years	-	-
Minimum lease payments	372	-
Future finance charges	(42)	-
Recognised as a liability	330	-
The present value of finance lease liabilities is as follows:		
Within one year	123	-
Later than one year but not later than five years	207	-
Later than five years	-	-
Minimum lease payments	330	-

(c) Exploration expenditure commitments

The group holds various exploration permits which have as part of their conditions minimum work programs.

	GROUP 2013 \$'000	PARENT 2013 \$'000
Commitments in relation to exploration permits are payable as follows:		
Within one year	1,652	-
Later than one year but not later than five years	9,401	-
Later than five years	-	-
	11,053	-

NOTE 25 RELATED PARTY TRANSACTIONS**(a) Parent entity**

The ultimate parent entity within the group is Bathurst Resources (New Zealand) Limited.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a).

Name of entity

	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING 2013 %
Bathurst Resources Limited	Australia	Ordinary	100
Bathurst New Zealand Limited	New Zealand	Ordinary	100
Bathurst Coal Limited	New Zealand	Ordinary	100
Buller Coal Limited	New Zealand	Ordinary	100
Eastern Coal Limited	New Zealand	Ordinary	100
Cascade Coal Limited	New Zealand	Ordinary	100
Somervilles Land Holdings Limited	New Zealand	Ordinary	100
Canterbury Coal Limited*	New Zealand	Ordinary	100
Cascade East Limited	New Zealand	Ordinary	100
Takitimu Coal Limited	New Zealand	Ordinary	100
Rochfort Coal Limited	New Zealand	Ordinary	100
Eastern Coal Supplies Limited	New Zealand	Ordinary	100

* Cascade West Limited changed its name to Canterbury Coal Limited on the 9th January 2013

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

NOTE 26 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.

NOTE 27 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	GROUP 2013 \$'000	PARENT 2013 \$'000
Loss for the year	(301)	(301)
<i>Changes in operating assets and liabilities:</i>		
Increase in trade debtors	(4)	(4)
Increase in other operating assets	(172)	(172)
Increase / (decrease) in trade and other payables	552	552
Increase in deferred tax assets	(75)	(75)
Net cash outflow from operating activities	-	-

NOTE 28 EARNINGS PER SHARE

	2013 CENTS
(a) Basic earnings per share	
Total basic earnings per share attributable to the ordinary equity holders of the company	(.04)
(b) Diluted earnings per share	
Total diluted earnings per share attributable to the ordinary equity holders of the company	(.04)
(c) Reconciliation of earnings used in calculating earnings per share	\$'000
Earnings used in the calculation of basic and dilutive Earnings per share:	
Earnings from continued operations	(301)
Total earnings	(301)
(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	697,141,148
Adjustments for calculation of diluted earnings per share:	
Options and performance rights	18,238,255
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	715,379,403

NOTE 29 SHARE-BASED PAYMENTS

As a result of the capital reorganisation (note 30), share options and performance rights held in Bathurst Resources Limited were swapped on a 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.

(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.

Options (ESOP) 30 June 2013

Issue	GRANT DATE	EXPIRY DATE	EXERCISE PRICE (A\$)*	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
A	18 Aug 10	30 Sept 13	10.8 cents	7,500,000	7,500,000
B	20 Aug 10	30 Sept 13	16.8 cents	1,000,000	1,000,000
C	20 Aug 10	30 Sept 13	10.8 cents	5,500,000	5,500,000
D	29 Nov 10	30 Sept 13	21 cents	1,000,000	1,000,000
E	29 Nov 10	31 Dec 13	40 cents	10,750,000	3,750,000
F	6 Dec 10	31 Dec 13	40 cents	11,450,000	3,950,000
H	18 Apr 11	31 Dec 13	85 cents	2,000,000	2,000,000
I	26 Aug 12	29 Aug 14	38 cents	1,000,000	-
J	1 Sept 12	29 Aug 14	38 cents	1,000,000	-
K	20 Dec 12	19 Dec 14	38 cents	2,000,000	-
				43,200,000	24,700,000
Weighted average exercise price (A\$)				32.1 cents	26.6 cents

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

The weighted average remaining contractual life of share options outstanding at the end of the reporting period was 180 days (2012 – 1.41 years).

(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.

Performance Rights (LTIP)

Issue	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
2013	8 Feb 13	30 June 15	-	352,733	-
2013	27 Mar 13	30 June 15	-	925,925	-
2013	31 Mar 13	30 June 15	-	440,917	-
2013	13 Jun 13	30 June 15	-	1,388,889	-
				3,108,464	-

(c) Other option issues

As at 30 June 2013 there were 14,844,109 options on issue outside the ESOP which have an expiry date of between 31 October 2013 and 15 November 2013 along with an exercise price of between 15.5 cents (A\$) and 37.8 cents (A\$).

NOTE 30 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 Resources (New Zealand) Limited would be the ultimate parent company of the Bathurst Resources Group comprising Bathurst Resources Limited 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 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 does not represent an acquisition or business combination as defined in NZ IFRS as it is merely a reorganisation of the existing Bathurst Group. The pro forma information in this note is presented to show the consolidated financial position and performance of Bathurst Resources (New Zealand) Limited and its subsidiaries as if this was a continuation of the existing Bathurst Resources Limited group and as though the specific requirements of the Financial Reporting Act 1993 had not been applied.

Basis of preparation

The pro forma consolidated financial statements comprise the results of Bathurst Resources (New Zealand) Limited and its subsidiaries as at and for the 12 months ended 30 June 2013.

The accounting policies applied in these financial statements are consistent with those adopted and applied in notes 1 and 2 of these accounts.

Comparative balances have been presented in New Zealand dollars consistent with the current year presentation. Assets, liabilities and equity balances have been translated at closing rates. Items of profit or loss and carried forward retained earnings have been translated at average rates in the respective periods earned or incurred.

Group consolidated Income statement

	PRO FORMA 2013 \$'000	PRO FORMA 2012 \$'000
Revenue from operations	41,024	38,214
Expenses		
Changes in inventories of finished goods	(792)	1,186
Raw materials, mining costs, and consumables used	(17,688)	(18,507)
Freight expense	(9,883)	(9,608)
Employee benefits expense	(13,640)	(11,064)
Depreciation and amortisation expense	(3,218)	(3,135)
Restructuring and acquisition related costs	(1,632)	(1,470)
Other expenses	(7,491)	(8,977)
Finance costs	(8,121)	(5,275)
Foreign exchange (loss) / gain	(1,813)	(9,074)
Share based payments	(1,766)	122
Impairment reversal/(loss)	6,618	(8,161)
Fair value adjustment – deferred consideration	2,448	2,448
Loss before income tax	(15,954)	(33,301)
Income tax (expense)/benefit	(4,485)	5,637
Loss for the year after income tax	(20,439)	(27,664)

Group consolidated statement of other comprehensive income

	PRO FORMA 2013 \$'000	PRO FORMA 2012 \$'000
Loss for the year	(20,439)	(27,664)
Other comprehensive income		
Exchange differences on translation of foreign operations	1,365	3,748
Other comprehensive income for the year, net of tax	1,365	3,748
Total comprehensive income for the year	(19,074)	(23,916)
Total comprehensive income for the year attributable to the owners of Bathurst Resources Limited	(19,074)	(23,916)

NOTE 30 CAPITAL REORGANISATION (CONTINUED)

Group consolidated Balance sheet

	2013 \$'000	2012 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	12,526	68,737
Short term deposits	1,228	-
Trade and other receivables	4,425	3,340
Inventories	1,912	2,572
Financial assets	82	174
Other assets	12,095	231
Total current assets	32,268	75,054
Non-current assets		
Property, plant and equipment	44,915	16,542
Mine licences, properties, exploration and evaluation assets	413,292	401,541
Financial assets	4,040	4,221
Other assets	1,900	2,246
Total non-current assets	464,147	424,550
Total assets	496,415	499,604
LIABILITIES		
Current liabilities		
Trade and other payables	7,600	7,102
Borrowings	4,453	2,571
Deferred consideration	3,931	-
Provisions	796	814
Total current liabilities	16,780	10,487
Non-current liabilities		
Borrowings	1,296	-
Deferred consideration	179,925	176,984
Deferred tax liabilities	95,331	90,159
Provisions	2,579	2,229
Total non-current liabilities	279,131	269,372
Total liabilities	295,911	279,859
Net assets	200,504	219,745
EQUITY		
Contributed equity	251,153	269,549
Reserves	(50,649)	(49,804)
Total equity	200,504	219,745

Group consolidated statement of cash flows

	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	38,203	40,222
Payments to suppliers and employees (inclusive of GST)	(61,228)	(52,453)
Interest received	1,860	5,000
Interest and other finance costs paid	(432)	(239)
Taxes paid	(149)	(1,387)
Net cash outflow from operating activities	(21,746)	(8,857)
Cash flows from investing activities		
Payments for property, plant and equipment	(24,802)	(10,942)
Payments for exploration assets	(9,760)	(10,548)
Payments for acquisition of mining permits	-	(9,472)
Proceeds from the sale of property, plant & equipment	165	119
Advances to third parties	11	(4,000)
Other	(3,078)	(2,246)
Net cash outflow from investing activities	(37,464)	(37,089)
Cash flows from financing activities		
Proceeds from the issue of shares	634	3,854
Proceeds from borrowings	4,833	-
Repayment of borrowings	(1,656)	(1,080)
Payments for share issue costs	(11)	(82)
Net cash inflow from financing activities	3,800	2,692
Net (decrease) / increase in cash and cash equivalents	(55,410)	(43,254)
Cash and cash equivalents at the beginning of the year	68,737	113,233
Effects of exchange rate changes on cash and cash equivalents	(801)	(1,242)
Cash and cash equivalents at the end of the year	12,526	68,737



Independent Auditors' Report

to the shareholders of Bathurst Resources (New Zealand) Limited

Report on the Financial Statements

We have audited the financial statements of Bathurst Resources (New Zealand) Limited (“the Company”) on pages 60 to 105, which comprise the balance sheets as at 30 June 2013, the income statements, statements of comprehensive income, statements of movements in equity and statements of cash flows for the period 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 2013 or from time to time during the financial period.

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 (New Zealand) Limited or any of its subsidiaries other than in our capacity as auditor.



Independent Auditors' Report Bathurst Resources (New Zealand) Limited

Opinion

In our opinion, the financial statements on pages 60 to 105:

- i. comply with generally accepted accounting practice in New Zealand;
- 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 2013, and their financial performance and cash flows for the period then ended.

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 period ended 30 June 2013:

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

Restriction on Distribution or Use

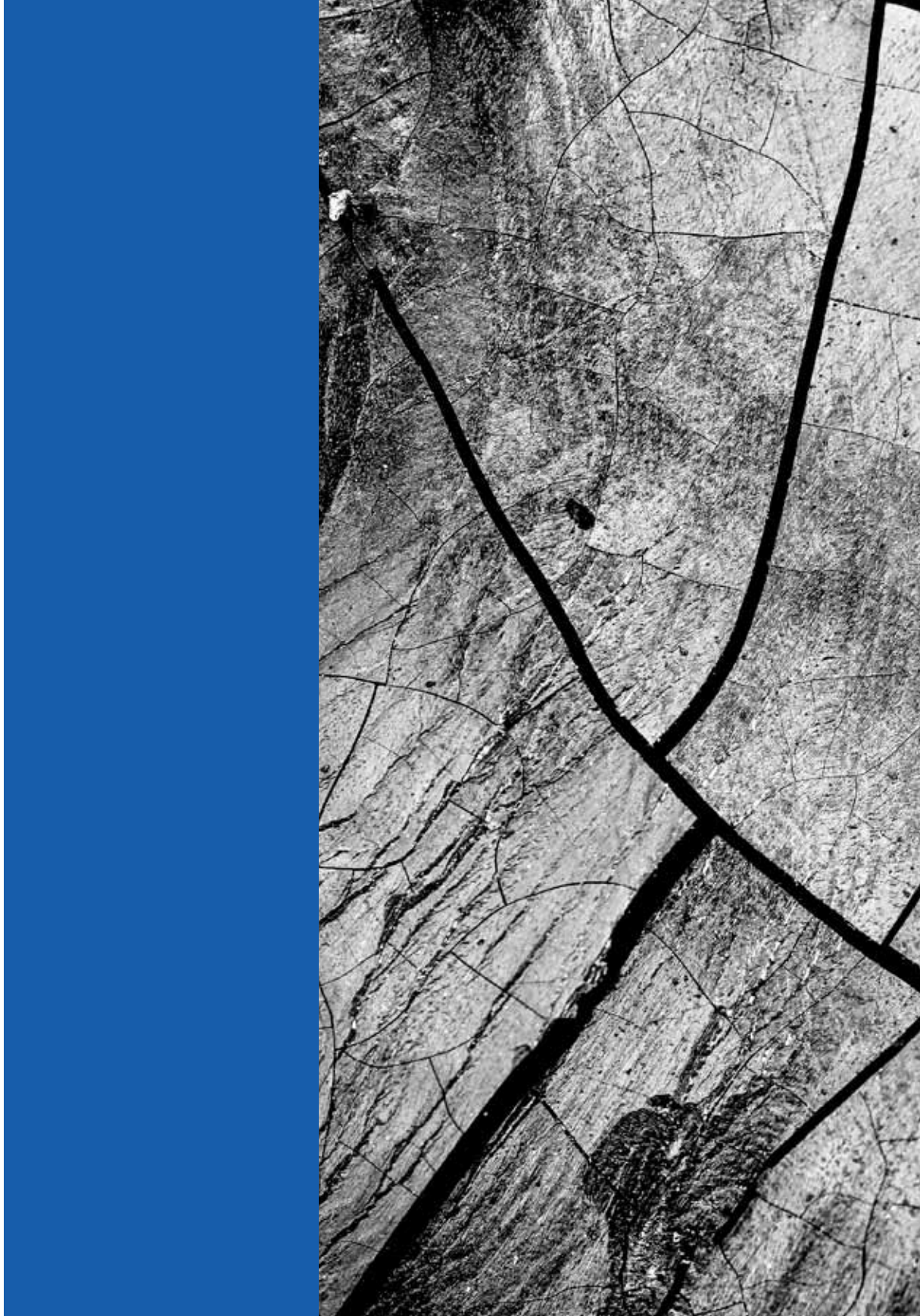
This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for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

PricewaterhouseCoopers

Chartered Accountants
21 August 2013

Wellington

SECTION 3





SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 August 2013.

A. DISTRIBUTION OF EQUITY SECURITIES

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

HOLDING	TOTAL HOLDERS	ORDINARY SHARES
1 – 1,000	338	69,377
1,001 – 5,000	804	2,114,144
5,001 – 10,000	678	4,502,597
10,001 – 100,000	2,270	68,485,446
100,001 and over	684	624,076,433
	4,774	699,247,997

There were 775 holders of less than a marketable parcel of ordinary shares.

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
JP Morgan Nominees Australia Limited	103,174,542	14.76%
JP Morgan Nominees Australia Limited	63,844,431	9.13%
HSBC Custody Nominees (Australia) Limited	53,721,055	7.68%
National Nominees Limited	40,785,833	5.83%
Bell Potter Nominees Limited	34,553,255	4.94%
Berne No 132 Nominees Pty Ltd	27,888,773	3.99%
Citicorp Nominees Pty Limited	15,540,331	2.22%
Mr RJ Griffiths & Mrs JD Griffiths	15,000,000	2.15%
Merrill Lynch (Australia) Nominees Pty Limited	10,966,411	1.57%
Passio Pty Ltd	7,500,000	1.07%
HSBC Custody Nominees (Australia) Limited	6,882,856	0.98%
Mr H Bohannon & Ms J Bohannon	6,700,000	0.96%
Brispot Nominees Pty Limited	5,612,877	0.80%
UBS Wealth Management Australia Nominees Pty Limited	3,180,710	0.45%
CTS Funds Pty Ltd	3,146,000	0.45%
Broderick-Hall Pty Ltd	3,000,000	0.43%
ABN Amro Clearing Sydney Nominees Pty Limited	2,940,589	0.42%
Mr M Clark, Ms H Anderson & Mr R Gillespie	2,757,613	0.39%
Mr M Kable	2,700,000	0.39%
Navigator Australia Limited	2,690,762	0.38%
Total	412,586,038	59.00%

B. EQUITY SECURITY HOLDERS (CONTINUED)**Unquoted equity securities**

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Unquoted options on issue	58,044,109	25
Unquoted performance rights on issue	3,108,464	5

C. SUBSTANTIAL HOLDERS

Substantial holder notices have been lodged by the holders below:

	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
L1 Capital Pty Ltd	99,416,898	14.22%
Coupland Cardiff Asset Management	67,476,305	9.65%

D. VOTING RIGHTS

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

(a) 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.

(b) Options

No voting rights.

Waivers

As a result of the Bathurst Group reorganisation and redomicile from Australia to New Zealand, Bathurst Resources (New Zealand) Limited has been granted the following full or partial waivers from the NZX and ASX listing rules respectively.

NZX

Rule 3.5.1; Rule 5.1.1; Rule 5.2.1; Rule 5.2.2 (b); Rule 5.2.2 (c); Rule 7.1.1; Rule 7.1.11; Rule 7.3.6; Rule 7.3.1 (a); Rule 7.3.1; Rule 7.3.5 (a)(i); Rule 7.3.6 (c)(i); Rule 7.3.11 (b) (ii); Rule 7.6.1; Rule 9.1.1; Rule 9.2.1

ASX

Rule 1.4.1; Rule 1.4.7; Rule 1.4.8; Rule 1.1 condition 7; Rule 1.1 condition 8; Rule 1.1 condition 11; Rule 2.1 condition 2; Rule 6.10.3; Rule 7.1; Rule 10.14; Rule 15.7

TENEMENT SCHEDULE

NUMBER	LOCATION	OWNER	BATHURST INTEREST
EP51078	West Coast	Buller Coal Limited	100%
EP51260	Southland	Rochfort Coal Limited	100%
MP51279	West Coast	Buller Coal Limited	100%
PP52484	Canterbury	Rochfort Coal Limited	100%
EP40591	West Coast	Rochfort Coal Limited	100%
EP40628	West Coast	Buller Coal Limited	100%
MP41274	West Coast	Buller Coal Limited	100%
MP41332	West Coast	Buller Coal Limited	100%
MP41455	West Coast	Cascade Coal Limited	100%
MP41456	West Coast	Buller Coal Limited	100%
EP54389	Waikato	Buller Coal Limited	100%
EP54505	West Coast	Buller Coal Limited	100%
EP54507	West Coast	Buller Coal Limited	100%
EP54512	Tasman	Buller Coal Limited	100%
EP54846	Canterbury	Rochfort Coal Limited	100%
PP54896	West Coast	Buller Coal Limited	100%
EP54933	Otago	Rochfort Coal Limited	100%
EP53047	West Coast	Buller Coal Limited	100%
MP53614	Southland	Takitimu Coal Limited	100%
EP53756	West Coast	Buller Coal Limited	100%
EP54031	West Coast	Buller Coal Limited	100%

PERMITS GRANTED PAST 12 MONTHS

Extension of Land

PERMIT	PERMIT TYPE		OPERATOR	EXTEND AREA BY
54031	Exploration Permit	10 Mile Creek	Buller Coal Limited	10.4 hectares
54031	Exploration Permit	10 Mile Creek	Buller Coal Limited	19.86 hectares
41455	Mining Permit	Cascade Creek	Cascade Coal Limited	110.776 hectares

Partial surrender

PERMIT	PERMIT TYPE		OPERATOR	REDUCE AREA BY
52484	Prospecting Permit	Albury	Rochfort Coal Limited	36.18 sq kms
52484	Prospecting Permit	Albury	Rochfort Coal Limited	472.3 sq kms
40628	Exploration Permit	Cascade permit expansion	Buller Coal Limited	86.47 hectares
41456	Mining Permit	Cascade permit expansion	Buller Coal Limited	25.06 hectares
51260	Exploration Permit	Cascade permit expansion	Rochfort Coal Limited	10.54 hectares

Permit granted

PERMIT	PERMIT TYPE		OPERATOR
54512	Exploration Permit	Flat Creek	Buller Coal Limited
54933	Exploration Permit	Home Hills	Rochfort Coal Limited
54389	Exploration Permit	Tihiroa	Buller Coal Limited
54846	Exploration Permit	Albury	Rochfort Coal Limited
54505	Exploration Permit	Denniston West	Buller Coal Limited
54507	Exploration Permit	Rocklands	Buller Coal Limited
54031	Exploration Permit	10 Mile Creek	Buller Coal Limited
54896	Prospecting Permit	Buller Metals	Buller Coal Limited

COAL RESOURCES AND RESERVES

Table 1 – Resources

AREA	MEASURED RESOURCE (MT)	INDICATED RESOURCE (MT)	INFERRED RESOURCE (MT)	TOTAL RESOURCE (MT)
Export				
South Buller				
Escarpment	2.8	2.1	0.9	5.8
Deep Creek	6.2	3.1	1.6	10.9
Whareatea West	5.0	12.4	8.1	25.5
Coalbrookdale	-	2.3	4.9	7.2
Total	14.0	19.9	15.5	49.4
North Buller				
Millerton North	-	1.9	3.6	5.5
North Buller	-	4.9	10.2	15.1
Blackburn	-	5.8	14.1	19.9
Total	-	12.6	27.9	40.5
Total Export	14.0	32.5	43.4	89.9
Domestic				
Cascade	0.5	0.3	0.7	1.5
Coaldale	1.2	1.2	0.7	3.1
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	2.0	3.6	8.5	14.1
Total	16.0	36.1	51.9	104.0

Note

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

Table 2 – Average Coal Quality – Measured Resource

AREA	COAL TYPE*	MEASURED RESOURCE (MT)	ASH% (AD)	SULPHUR % (AD)	CALORIFIC VALUE (AD)	CSN	FIXED CARBON % (AD)	VOLATILE MATTER % (AD)	INHERENT MOISTURE
Escarpment	MC	2.8	15.5	0.6	29.5	7.5	50.8	32.9	0.9
Deep Creek	MC	6.2	11.0	2.5	29.7		52.8	32.9	2.2
Coalbrookdale	MC								
Whareatea West	MC	5	22.7	0.8	27.5	7.5	51.6	25.1	0.6
Millerton North	MC								
North Buller	MC								
Blackburn	MC								
Cascade	MC	0.5	4.1	1.8	31.3	4.5	52.2	38.8	2.4
Coaldale	TC	1.2	10.4	0.9	21.3	N/A	36.0	36.6	17.0
Canterbury	TC								
New Brighton	TC								
Ohai	TC	0.3	8.3	0.4	22.3	N/A	42.8	34.7	14.3
Total		16.0							

MC – Metallurgical Coal TC – Thermal Coal

Table 3 – Average Coal Quality – Indicated Resource

AREA	COAL TYPE*	INDICATED RESOURCE (MT)	ASH% (AD)	SULPHUR % (AD)	CALORIFIC VALUE (AD)	CSN	FIXED CARBON % (AD)	VOLATILE MATTER % (AD)	INHERENT MOISTURE
Escarpment	MC	2.1	14.0	0.8	29.7	7.0	50.6	34.4	1.1
Deep Creek	MC	3.1	9.7	2.7	30.3		52.9	34.7	2.0
Coalbrookdale	MC	2.3	12.0	1.8	30.4	5.0	50.2	36.1	1.7
Whareatea West	MC	12.4	28.0	0.8	25.9	6.0	48.9	22.5	0.7
Millerton North	MC	1.9	9.7	4.9	31.1	9.5	52.5	36.9	1.0
North Buller	MC	4.9	5.6	5.0	30.9	4.0	48.2	42.6	2.6
Blackburn	MC	5.8	3.9	4.3	30.4	6.0	51.8	42.1	2.2
Cascade	MC	0.3	8.4	1.9	30.6	4.0	50.7	38.4	2.4
Coaldale	TC	1.2	9.8	0.7	22.2	N/A	37.3	36.4	16.5
Canterbury	TC	0.9	7.3	0.7	24.1	N/A	39.2	35.9	18.0
New Brighton	TC	0.7	10.1	0.5	23.0	N/A	33.5	39.5	16.8
Ohai	TC	0.5	8.9	0.4	22.4	N/A	42.4	34.8	13.9
Total		36.1							

MC – Metallurgical Coal TC – Thermal Coal

Table 4 – Average Coal Quality Inferred Resource

AREA	COAL TYPE*	INFERRED RESOURCE (MT)	ASH% (AD)	SULPHUR % (AD)	CALORIFIC VALUE (AD)	CSN	FIXED CARBON % (AD)	VOLATILE MATTER % (AD)	INHERENT MOISTURE
Escarpment	MC	0.9	13.1	1.0	29.8	7.0	50.7	35.0	1.2
Deep Creek	MC	1.6	10.1	2.4	29.7		52.5	29.7	2.4
Coalbrookdale	MC	4.9	13.7	1.6	29.7	5.0	49.5	35.2	1.6
Whareatea West	MC	8.1	26.6	0.8	24.6	8.0	48.3	25.3	0.7
Millerton North	MC	3.6	12.0	5.5	30.2	9.0	51.6	35.3	1.1
North Buller	MC	10.2	7.6	4.7	31.5	5.0	48.3	41.2	2.9
Blackburn	MC	14.1	6.4	4.8	30.1	6.0	49.4	41.8	2.3
Cascade	MC	0.7	8.4	1.8	30.6	4.5	50.9	38.3	2.4
Coaldale	TC	0.7	11.7	0.4	21.8	N/A	34.1	36.2	18.0
Canterbury	TC	2.4	8.9	0.7	23.4	N/A	38.7	35.6	17.2
New Brighton	TC	3.5	8.9	0.4	23.2	N/A	34.9	40.0	16.2
Ohai	TC	1.2	9.1	0.5	22.3	N/A	46.5	31.8	12.7
Total		51.9							

MC – Metallurgical Coal TC – Thermal Coal

Table 5 – Reserves

PRODUCT COAL (MT)	PROVED	PROBABLE	TOTAL
Export			
Escarpment	2.2	1.6	3.8
Deep Creek	5.1	2.4	7.5
Whareatea West	3.6	6.7	10.3
Coalbrookdale	-	1.6	1.6
Total Export	10.9	12.3	23.2
Domestic			
Cascade	0.2	0.2	0.4
Total Domestic			
Total	11.1	12.5	23.6

Note

1. Resources are inclusive of reserves.

2. 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").

Table 6 – Reserves Quality – Product Coal (at 15% moisture)

AREA	ASH% (AD)		CSN		VOLATILE MATTER %		SULPHUR %	
	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE	RANGE
Escarpment	8.2	2.1 – 11.4	8	6 – 9+	28.4	25.9 – 31.3	0.6	0.4 – 0.8
Deep Creek (coking)	5.0	4.9 – 5.2	>9	5 – 9++	37.0	18.0 – 38.0	2.5	2.0 – 3.1
Deep Creek (thermal)	11.8	6.4 – 16.5		0 – 5			1.7	0.9 – 2.0
Whareatea West	10.5	3.2 – 11.8	9	8 – 9++	29.7	23.9 – 31.7	0.8	0.8 – 0.9
Coalbrookdale	7.9	2.1 – 11.2	5.5	5 – 8	32	29.1 – 32.1	1.0	0.3 – 1.4
Cascade	2.0	0.3 – 2.1	4.5	2 – 5	34.9	31.3 – 34.9	1.5	0.3 – 1.9

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) Ltd 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 mineral reserves for Escarpment, Cascade, Coalbrookdale and Whareatea West is based on information compiled by Ainsley Ferrier who is a full time employee of Buller Coal Limited and is a member of the Australasian Institute of Mining and Metallurgy. Ms Ferrier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 edition of

the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Ferrier consents to the inclusion in this report of the matters based on her 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 Millerton North, North Buller, Blackburn, Coaldale, Canterbury Coal, New Brighton and Ohai is based on information compiled by Hamish McLauchlan 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 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 report of the matters based on his information in the form and context in which it appears above.

DIRECTORS

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

SECRETARIES

Marshall Maine
Graham Anderson

REGISTERED OFFICE

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New Zealand

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PricewaterhouseCoopers
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Wellington 6011
New Zealand

SOLICITORS

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PO Box 2510
Christchurch 8041
New Zealand

Allion Legal
Level 2, 50 Kings Park Road
West Perth, WA 6005

BANKER

Westpac Banking Corporation

STOCK EXCHANGE LISTINGS

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

WEBSITE

www.bathurstresources.co.nz

Bathurst Resources (New Zealand) Limited

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