



# 2019 Annual Report





## **We've gone digital**

We are excited to release a brand new online version of our digital Annual Report this year. The online version has been created to be more user friendly, allowing readers to easily move between areas of interest, and information to be presented in a more visually appealing way. We hope you enjoy the experience – you can check it out at

[www.2019annualreport.bathurst.co.nz](http://www.2019annualreport.bathurst.co.nz)



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## Year in review

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**Record  
financial results**  
NPAT \$45.0m

EBITDA  
**\$106.6m**

## 2019 Highlights

**Maiden  
dividend**  
AUD **\$5.1m**  
(AU 0.3¢ per share)

Excellent  
**health and safety**  
standards

# 01

## Year in review

### In this section

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**Chairman's and CEO's report**

**Financial and operating overview**

**Sustainability**

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# Chairman's and CEO's report

Welcome to the 2019 Annual Report for Bathurst. Last year saw an ambitious change in our operations, and 2019 has seen us consolidate and capitalise on these bold strategic decisions.

Whilst coal remains an essential part of steelmaking with no known substitute, and domestic demand for our product to fuel local industries and supplement renewable energy generation continues, we will be here to provide it.

In short: business is humming at Bathurst and we are optimistic about the future.

## **FY19: a year to be proud of**

It's been another strong year at Bathurst as we continue to transition and diversify our business. All our operations are tracking very well, and we are delighted to announce our first dividend. This will see the return of AUD \$5.1m to our shareholders, whose support has been instrumental in enabling the significant changes to our business over the past few years.

We continue to see a future in coal and our business is significantly less risky with our diversification into coking coal (for steelmaking) in 2017.

Our growth prospects are very strong because of our Buller, Rotowaro North (Ruawaro) and Crown Mountain projects – combined, they are forecast to be close to half our total production tonnage within ten years.

The bottom line is that our business is reliable and repeatable – we know what we're doing, we stay very close to our customers, and we have a unique product. And as we continue using technology and innovation to reduce our costs, we'll keep creating opportunities to improve our margin.

## **Strength in diversity**

Our strategy has changed significantly in the past few years, opening up a wider range of potential customers and markets for us. Via acquisitions made in 2017, we've transitioned from being a business selling coal domestically to a company with a strong export focus as well.

## **Adaptive management and solid relationships**

In FY19 we continued to maximise returns from our existing domestic assets. We maintained our share of the domestic coal sales market where we enjoy excellent relationships with our large independent food manufacturing, energy generation and steelmaking customers.

In addition to maximising our existing assets, we limited the risk of overcapitalisation by only seeking a new mining area where we already had a strong commercial partnership (and the costs are shared).

## Smarter decisions

Conducting on and off-market share buy-backs helped us to consolidate our ownership structure and bolster shareholder value, and this will help us form a stable platform not only for our business as usual activities, but future expansion as well.

## Managing risk – and celebrating success

During the year we undertook a fraud and risk survey that examined both our risk management and corporate governance practices.

And we were delighted to receive the Innovation Award at the New Zealand Minerals Forum held in May 2019. The award recognised innovation in the life-of-mine planning, productivity and market improvements at our Canterbury mine.

## Sharing solutions

As global citizens, we understand our responsibilities around climate change and what this means within New Zealand's regulatory environment. We've continued to work with the government on a managed transition from coal as we look into internal operational changes, aiming for a zero carbon future.

## Supporting the community

In the communities where we work, we've continued to support various local initiatives such as the Life Education Trust West Coast which educates and empowers children to embrace positive choices for a healthy mind and body.

Our community sponsorships and donations also include support for the Ohai Nightcaps Junior Rugby Club, the Buller Bay Fishing Competition, and the Hororata Golf Club.

## Promoting health and safety

This year we continued to develop our health monitoring programme. Two-thirds of our workforce have now completed the initial stage. This programme was also a finalist for the Health and Safety Initiative Award as part of the recent New Zealand Minerals Forum 2019.

In addition, our training programme for leadership and supervision commenced across all sites, targeting key areas for effectively managing people to bring improvement to our health and safety results.

## Facing ongoing challenges

The L&M Coal Holdings Limited case was heard in the Court of Appeal in August 2019 and we were pleased with the proceedings. The judgment is expected in early 2020, and based on legal advice we continue to believe we have a strong case.

## Ready for the road ahead

Every business faces challenges – and in that regard, we're no different. But we understand that mineral extraction and moving coal around the planet requires a unique level of commitment to environmental protection and remediation.

The Emissions Trading Scheme and Resource Management Act both have the potential to add complexities to the way that we are able to operate – but we continue to seek regulatory certainty, so we understand the environment we're working in and can plan accordingly.

## Optimistic about the future

FY19 has been a strong and successful year for Bathurst, and looking ahead to FY20 and beyond, we'll continue to focus on innovation, cost control and maintaining margins.

We believe we're a great business with talented people, and we are ready to take our business to the next level.



**Toko Kapea**  
Chairman



**Richard Tacon**  
Chief Executive Officer





# Financial and operating overview

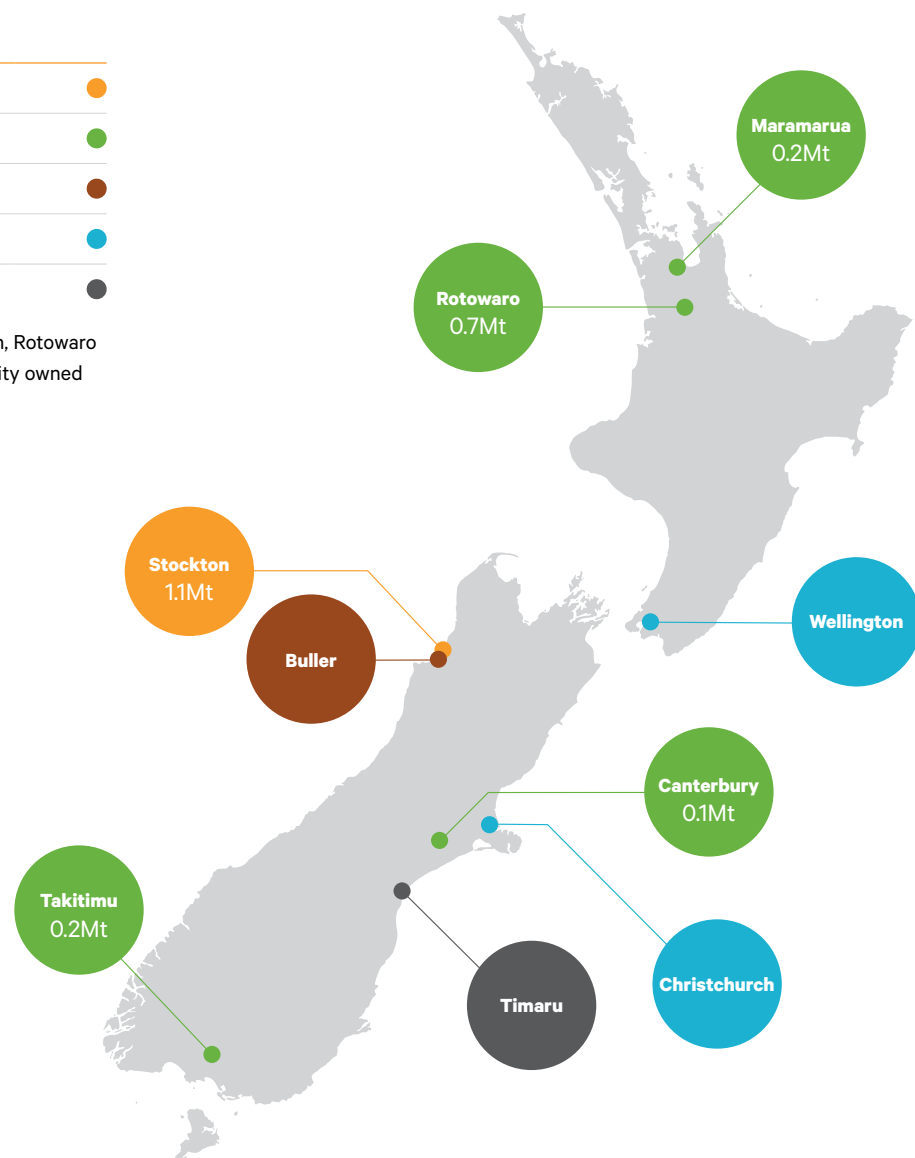
## Focus

In FY19 we really focused on strengthening and aligning our reporting and operational processes across the Bathurst and BT Mining businesses – whilst also ensuring future growth through key investments both domestically and overseas.

### Key

Export	●
Domestic	●
Care + maintenance	●
Office	●
Distribution facility	●

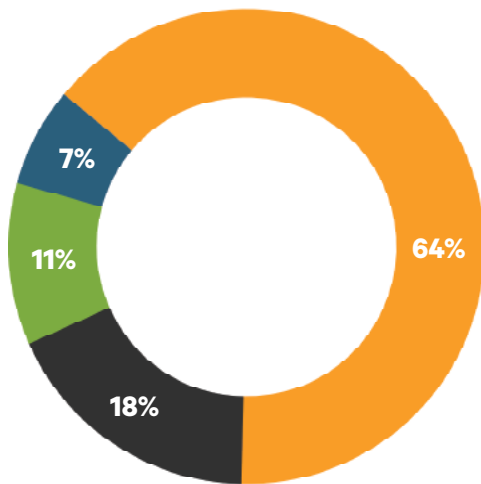
**Note:** Stockton, Christchurch, Rotowaro and Maramarua are 65% equity owned via BT Mining joint venture.



Tonnes noted are FY19 production tonnes

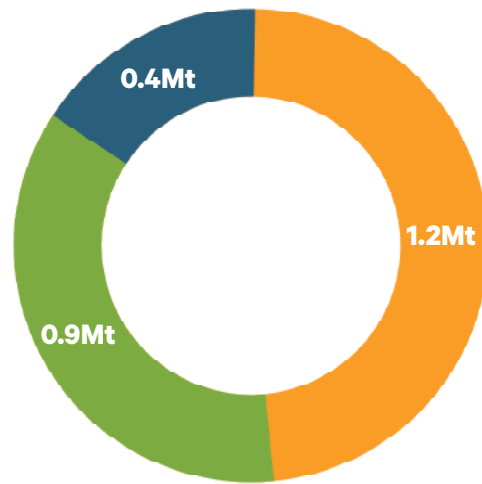
## Sales profile

Sales revenue by product use (100 percent basis)



- 64% Steelmaking (Export)
- 18% Food production and other industry (NZ)
- 11% Steelmaking (NZ)
- 7% Electricity (NZ)

Sales by region (Mtpa) (100 percent basis)



- 1.2Mt Export - Stockton
- 0.9Mt North Island domestic
- 0.4Mt South Island domestic

“

**Looking forward, the domestic market is stable, and we have plans in place to weather any volatility in the export coal price.**

## Our export business

### Snapshot – EBITDA\* \$67.4m

The Stockton export coking coal mine continued to benefit from strong export prices in FY19, with export pricing at an average hard coking coal price of USD \$204.56.

The long-term relationships acquired as part of the BT Mining acquisition have continued, with new key customer relationships being developed in the Asia and Pacific region; the majority of FY20 sales are already contracted.

To reduce our export sale price exposure, we forward contract USD foreign exchange rates and coal pricing.

### Demand underpinned by diversity

Our export coal is characterised by several unique, distinctive, and valuable properties. It has very low ash content, very low phosphorus, and it's almost all vitrinite – making it an ideal blend improver in steelmaking.

In addition, we market it on a 'value-in-use' basis to maximise both the sales price and value to customers.

For us, our exports remain firmly underpinned by the key principle of diversity. We benefit from geographically diverse markets, customers, industries, end products, pricing structures – which all helps to reduce business risk.

### Current market and outlook

Coking coal prices have softened over the course of the year, falling below the USD \$150 per tonne threshold. This is largely attributed to domestic policies in China, the world's top consumer and importer of coal and iron ore, and largest manufacturer of steel. Even though we don't sell into the Chinese market directly, the global pricing is impacted by these policy changes.

The expectation is that China's government will continue to implement policies that restrict coal imports. This expectation is subject to substantial uncertainty, with the expected extent of a Chinese economic slowdown and respondent government stimulatory measures assumed to add considerable volatility to the price in the shorter term.

## Looking ahead

The outlook for average spot prices of hard coking coal is a gradual recovery over FY20. India is expected to be the key source of import growth; combined with growing demand from emerging Asian economies and high-cost supply exiting the market, these are predicted to offset the gradual easing of demand from China.

These positive indicators are expected to be partially dampened by increased exports from Australia and Russia which are impacting the seaborne market supply. Australia's dominance of this market means weather, logistics, and other disruptions in Queensland could also potentially drive intermittent price spikes.

## Our domestic business

### Snapshot – EBITDA \$39.2m

North Island domestic operations – which include BT Mining corporate overheads contributed \$29.0m EBITDA during the year, with the South Island domestic operations contributing \$10.2m EBITDA.

Our domestic business remains steady, reflecting the long-term co-operative relationships we have with all our key customers. This is unlikely to change any time soon with no alternative viable energy source in the South Island; and our North Island customers relying on our product to produce steel, as a low-cost energy source, and a necessary supplement to other forms of electricity generation.

### Keeping it simple – while working smarter

We have secured access to good domestic reserves and will continue to maximise our domestic revenue from this base. Our long-term, fixed-price contracts will provide stable cash flows.

And we'll always limit our risk of overcapitalisation by only going into new mine areas if we have a genuine and trusted commercial partnership where the costs are shared.

“

**With a great product, our export strategy is also underpinned by diversity – in geography, customers, industries, end products, and pricing – which all helps us to spread our risk.**

\*Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movements on derivatives and deferred consideration, and movements in rehab provisioning.

EBITDA noted above for Stockton and North Island domestic operations is Bathurst's 65 percent equity share.

## Operating highlights by site

### Rotowaro (65 percent equity share via BT Mining)

Rotowaro had a solid FY19 where the partnerships we have in place continue to work well.

In November 2018 we were pleased to announce the transition to owner operator and continuation of mining at Rotowaro for a further four years. This is via the development of a new resource at Waipuna West which is within Rotowaro's current area of operations.

A significant investment (approximately \$20m) was made to purchase the contractor mining fleet with an extensive maintenance review of this gear also undertaken after the acquisition.

A key part of this extension project was ensuring we had commercial partners supporting us; to this end we secured support from two of our key North Island customers, with major supply contracts committed for 480ktpa until 2023.

### Maramarua (65 percent equity share via BT Mining)

Maramarua is an open cut mine located in the Waikato region of New Zealand producing a low-ash, low sulphur thermal coal for the domestic market.

Successful production at Maramarua comes from a low strip ratio and well-equipped infrastructure. The mine's key customers are in the energy, steelmaking, and dairy sectors, with stable long-term contracts in place.

### Stockton (65 percent equity share via BT Mining)

Stockton is an open cut mine located on the West Coast producing a low-ash metallurgical coal for export – it's a very high-value resource used as an essential component in steelmaking.

Sales and production targets were met during the year. Significant investment was made in yellow goods, which are better suited to the terrain at the Stockton mine, and form part of a longer-term strategy of reducing high cost hire machinery.

The long-term mine plan has been set to achieve a steady production rate of 1.2 Mtpa for the next four years, which includes both an operational as well as a marketing focus, ensuring that the coal achieved will have a reliable customer demand.

### Canterbury (100 percent equity share)

Operating 70 kilometres west of Christchurch, our Canterbury mine produces low sulphur coal primarily for the dairy and food processing industries. The proximity of the mine to these markets offers a real freight advantage and helps us meet the growing demand.

The receipt of the Innovation Award at the New Zealand Minerals Forum in May 2019 – recognising innovation in the life-of-mine planning, productivity and market improvements at our Canterbury site – was a positive reflection of the talented people managing this site.

An exploration drilling campaign and a mine plan was tailored for the Canterbury mine's steeply dipped, narrow coal seams. This brought the number of productive seams from three to more than 30, allowing Bathurst to meet new dairy contracts.

Our innovations at Canterbury have more than quadrupled output – when we bought Canterbury Coal in 2013, the mine was producing 30,000 tonnes a year.

### Takitimu (100 percent equity share)

Located at Nightcaps, north of Invercargill in Southland, Takitimu produces energy coal which is low in sulphur and ash – it's in high demand from the local food processing industries that it supplies.

A lot of work has gone into making the most of this site. In 2018, we began working in the Black Diamond pit which contains numerous historic underground workings. This provided a number of geophysical, technical and personnel challenges – and so we responded via:

- developing bespoke procedures and systems;
- acquiring the appropriate tools and equipment to make the workplace safer;
- improving the health and safety training of our workforce; and
- embedding and maintaining a high safety standard and positive safety culture.

In short, we have effectively built a new emergency rescue team ("ERT") at Takitimu from scratch. The ERT team development was a finalist in the Health and Safety Initiative award at the 2019 New Zealand Minerals Forum. And we're proud of what we've achieved in a relatively short space of time.



**We have a diverse, strong, reliable customer base and we serve them very well with a valuable and reliable product.**

## Record financial results\*

We achieved another record profit for the year, with net profit after tax of \$45.0m, up from \$5.5m in FY18.

This reflects benefits from a full 12 months of BT Mining operations, stable domestic operations, and a strong export coal price. The prior period was also negatively impacted by one-off, non-cash fair value adjustments on our convertible notes.

The uplift in NPAT was reflected in an increase in operating cashflows to \$90.7m, up from \$54.6m. And cash levels increased despite significant investing and financial cashflows during the year. Notable spend was on:

- Mining equipment replacement at Stockton.
- Investment in Rotowaro operations to extend the life of mine.
- Investment in the Crown Mountain project in Canada.
- Advanced waste stripping.
- On and off-market share buy-backs.

## Future growth projects

### Buller (100 percent equity share)

The Buller project represents several mine permits on the Denniston plateau on the West Coast of the South Island of New Zealand, that being in close proximity to the Stockton mine infrastructure assets, will enable material synergies. These include the Escarpment and Cascade mines which Bathurst previously operated, but which are now on care and maintenance (allowing them to be brought back into operation when appropriate).

During the year, drilling programmes were completed in a number of key areas enabling coal washability testing to further prove up potential resources. Applications for key exploration permits were also submitted for the Denniston, Millerton fly creek and Blackburn permits. Baseline ecological surveys are also underway for areas along the possible transport corridor to the Stockton infrastructure assets.

The focus for FY20 is to continue key drilling programmes and advance baseline studies.

### Stockton organic growth project (65 percent equity share)

This project represents the potential to extend Stockton operations beyond FY28 at production levels similar to current levels. The project would include development of open cut pits within the Upper Waimangaroa permit.

### Rotowaro North (65 percent equity share)

The Rotowaro North project is a potential extension project to the current Rotowaro mine operations. The project is at the prefeasibility stage, with the satellite pit detailed plan, economic evaluation, and updated geologic model completed. Key permit applications, project planning, and baseline report are being progressed.

### Crown Mountain, Canada – Canadian coking coal growth project

Located in a mature mining region in British Columbia, Canada, with well-established transport infrastructure, Crown Mountain is a joint venture with Jameson Resources Limited that allows us to buy in over three stages (worth CAD \$121.5m) to achieve 50:50 ownership.

We have committed to two of the three funding tranches, equalling a total investment to date of CAD \$11.5m.

#### Highlights

- We now hold a 20 percent equity investment in the Crown Mountain project, with the final subscription payment in Tranche One completed in October 2019.
- Coal quality testing confirmed the presence of benchmark premium hard coking coal in the North pit, with the South pit confirmed as a low volatile hard coking coal.
- The results from the testing being done as part of the bankable feasibility study are progressing well.
- Drafting of the Application for Environmental Assessment continued to make progress with key meetings held with regulators and stakeholders.

\* Financial figures are consolidated 100 percent Bathurst and 65 percent equity share of BT Mining.

# Sustainability

## – what does it mean to us?

Sustainable development and responsible resource use are fundamental to all that we do, spanning all phases of our business from exploration to mine closure.

We know that resource extraction can be a complicated and controversial business, and that we will have an impact on the environment. But it's how we respond that matters – in the safest, most respectful, and most sustainable way possible.

That's why we are driven by a genuine commitment to provide positive outcomes for our employees, shareholders, local communities, and importantly the environment that we all share.

### The demand for coal

Coking coal is an internationally strategic mineral – at present there is no known alternative for steel production. And steel is an integral component that underpins the goods and services of so many industries: construction, telecommunications, healthcare, agriculture, transport, utilities (water, power, energy etc), infrastructure, and more.

Our West Coast coking coal resources are internationally sought after by steelmakers for their low ash, and high fluidity.

And domestically, our high-quality, thermal-grade coal is used to help drive the engines of many iconic New Zealand businesses.

### Seeking a just transition

While we understand that a move away from thermal coal (for energy) is part of the future, we wish to see a just transition to allow a suitable timeframe for customers to transfer to other viable energy sources.

We will continue to manage our extraction of this finite resource in a safe and sustainable manner, taking actions to reduce our operational emissions and minimise our environmental footprint.

### Basis of preparation

This sustainability section reports on our sustainability performance as related to our material topics. These are the same material topics as reported against in last year's annual report sustainability supplement.

This year's reporting is the first complete 12 month data set for all sites as acquisition of our three largest sites Stockton, Rotowaro and Maramarua occurred in September 2017. For this reason, and also because the way the data is captured has been improved, prior year comparative graphs are not included.

In producing this content, the Global Reporting Initiative ("GRI") has been used as a guiding framework; however, we make no claim that this sustainability section has been prepared in accordance with GRI. Note that the content and numbers represented in this section have not been externally audited.

# Material topics



SOCIO-ECONOMIC

## Stakeholder engagement

Engagement with stakeholders is critical for the continued success of our Company and licence to operate now and into the future.



SOCIO-ECONOMIC

## Economic performance and responsibility

Our focus is to responsibly manage the key processes within our control – financial oversight, productivity improvements and cash costs of production.



ENVIRONMENT

## Water management

We aim to manage our water inputs, use and outputs to inform our management of water related risks, seeking to minimise the impact to other water users and the environment.



ENVIRONMENT

## Land use and biodiversity

We strive to avoid and minimise any significant impacts our operations may have on sensitive species, habitats and ecosystems. We integrate biodiversity into our business decision-making and management activities.



GOVERNANCE

## Compliance

Compliance in the mining sector represents a significant risk to our business. We are continually focused on achieving positive and compliant performance outcomes.



GOVERNANCE

## Mine closure plans

We aim to manage closure focusing on supporting the economic and social transition after mining ends, establishing a self-sustaining ecosystem and opportunities for a range of potential post-mining land uses.





HEALTH AND SAFETY

### Health and safety

Our operations are focused on our people, their safety and wellbeing while mitigating operational risks and maintaining productivity.



ENVIRONMENT

### Energy and emissions

We continue to find new ways to use energy more efficiently in our operations. As our assets have grown in size, complexity and diversity, we recognise that energy efficiency could be measured better and ultimately improved.



ENVIRONMENT

### Overburden management

Managing overburden materials to create stable landforms for rehabilitation is a key focus when developing our mine plans. This includes focus on implementing controls such as characterising mineral wastes and managing site storage to limit environmental effects and minimise closure costs.



GOVERNANCE

### Emergency preparedness

We maintain emergency management plans to identify the potential for emergency situations and to test our capability to respond.





# Health and safety material topic

Our commitment to safety is clear: safe hands. Good hearts. And clear minds.

## FY19 health snapshot:

- Zero occupational health illness.
- Revised our employee 'fitness for work' periodic health assessments (75 percent complete).
- We completed over 3,500 'fitness for work' drug and alcohol tests.

## FY19 safety snapshot:

- TRIFR (total recordable injury frequency rate) = 5.0.
- Three lost time injuries.
- Over 3,200 hours of risk management training completed.
- Over 75,000 risk tools used.

## People first

We are very proud to have an extremely robust, people-centric and innovative approach to health and safety.

At Bathurst, we work hard to encourage a genuine health and safety mindset throughout our workforce. But what does this mean in practice? Answer: doing everything we can to encourage, improve, and enforce the right behaviours, culture, and processes across every aspect of our operations.

## It starts with shared responsibility

We ensure that every one of our mine workers:

- is always alert to their own safety;
- focuses on their fitness for work;
- cares about the health and safety of their colleagues; and
- watches for potential safety risks at all times.

## Constant improvement and independent advice

We continually check to ensure our sites operate in a safe manner – particularly by improving our safety behaviour so incidents or potential incidents can be reported quickly.

As we added three new mines to the Bathurst Group in FY18, this year we have also completely reviewed our health monitoring processes. We engaged an occupational medicine physician to complete the review. As a result of this, revised occupational health monitoring and occupational exposure programmes were successfully rolled out.

## Takitimu – a deep dive

In 2018, our Takitimu site began working through the Black Diamond historic underground coal mine. This provided a number of geophysical, technical and personnel challenges – and so we responded accordingly through:

- Developing bespoke, risk-based health and safety procedures and systems.
- Acquiring the appropriate tools and equipment to make the workplace safer.
- Improving the health and safety training of our workforce.
- Embedding and maintaining a high safety standard and positive safety culture.

# Socio-economic material topics

## With growth comes added responsibility

We now employ over 570 employees, with over 70 percent of our revenue coming from steelmaking customers in FY19 – our business looks very different to how it was five years ago. And as the Bathurst operations continue to expand, we must respond and react accordingly.

## No 'one size fits all' approach

Our stakeholder engagement framework identifies stakeholders at different levels of New Zealand society and the global community including our employees and contractors; local communities; industry associations; unions; government; NGOs; investors; iwi; customers; suppliers and more.

We understand that as our business expands and changes, we need to find more diverse and inclusive ways to communicate and consult with different groups – from boardrooms to classrooms; from pubs to public servants; and from marae to the media – we'll continue proactively seeking input and feedback from New Zealanders who have an interest or stake in our business.

## Stakeholder engagement

In FY19 we have undertaken stakeholder engagement training for key site and environmental personnel. In FY20 detailed stakeholder engagement plans will be produced and implemented at all sites. This is part of our commitment to have transparent communication with external and internal stakeholders.

## Economic performance and responsibility

Our operations contribute to the economic development and wealth of host communities through a number of channels, including wages and salaries paid to employees (\$56.1m), taxes, royalties and fees to government (\$38.2m), local procurement of goods and services (\$259.0m), and support of community programmes.

## Community investment is vital

Our relationship with the communities where we operate is important to the future success of our operations. We are committed to operating in a socially responsible manner.

This year our sponsorship programme included sponsorship of the following organisations:

- Hororata Golf Club.
- Glentunnel Volunteer Fire Brigade.
- Mokihinui Ratepayers Association.
- Buller Bay Fishing Competition.
- Buller Rugby Club.
- Nightcaps Squash Club.
- Ohai Nightcaps Rugby Club.
- Nightcaps Community Development Association.
- Huntly College.
- Huntly Squash Club.

## Supporting the industry

We also contribute to the professional development of mining professionals through key conference sponsorships such as the New Zealand Minerals Forum and the New Zealand Branch of Australasian Institute of Mining and Metallurgy.



## Supporting the Life Education Trust

We recently joined with Development West Coast, Rosco Contractors, and Grey Ford as a major sponsor of the Life Education Trust West Coast.

The Life Education Trust educates and empowers children to embrace positive choices for a healthy mind and body – via a mobile classroom, equipped with sight and sound equipment to engage young New Zealanders.

On the West Coast the mobile classroom travels from Haast to Karamea (over 5,000km) every year – one of the largest geographical areas in New Zealand. The classroom visits every primary school and many preschools across the Coast, which is over 3,300 kids.

# Environmental material topics

## Energy use

Energy consumption remains one of our largest operational inputs. An energy minimisation project commissioned in FY19 involved feasibility studies on electric trucks and solar energy on our sites – with our intention for more detailed analyses on these options in FY20.

In addition, we are supporting a Government-led project assessing feasibility of a hydro scheme using mine water from the Stockton mine.

Our total energy consumption is reported in terms of energy consumed (fuel and electricity) by staff and contractors. A total energy use of 1,021,490 gigajoules (“GJ”) was used at our five operational sites and corporate offices in FY19. This is approximately 33 percent higher than FY18.

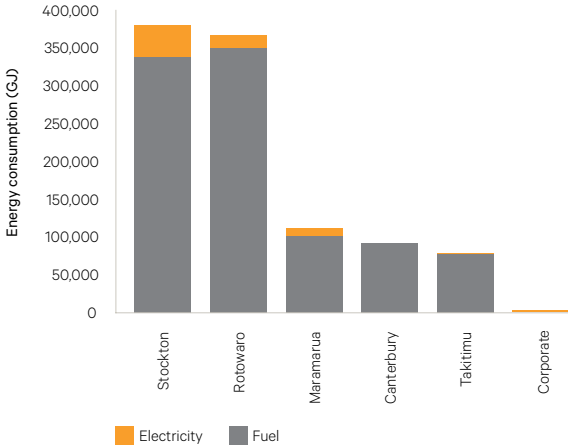
A significant part of this increase reflects that our three largest sites only reported ten months of energy consumption in FY18 from the date of acquisition.

Overall, total waste rock stripping which drives energy consumption (diesel) increased by 29 percent with an extra 4.5 million bcm waste rock stripped in FY19 compared with FY18. This increase comes from our Stockton, Rotowaro, and Maramarua sites where we have completed extensive mine planning since acquisition to ensure we mine as sustainably as possible. When Bathurst acquired these mines, they had been operating under administration for many years, so whilst coal had been mined, waste stripping had fallen to very low levels.

94 percent of the energy consumed within our sites included fuel used for onsite transport, operations and power. The remaining six percent of energy consumed was purchased electricity.

When comparing energy consumption by operation, there are significant differences which can be accounted for by the scale of the operation and the mine life cycle stage. Stockton mine is the largest consumer of energy and Rotowaro is the second largest energy consumer.

Comparison of energy consumption by operation FY19



The above graph excludes Escarpment, Cascade and Sullivan mines where consumption was zero.



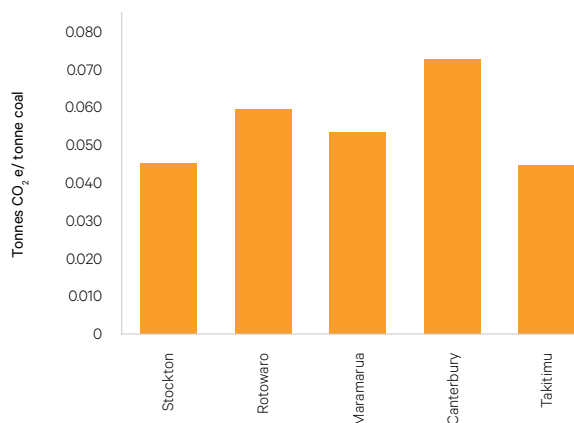
## Greenhouse gas emissions

We participate in the Emissions Trading Scheme (ETS) where pricing of ETS is passed on to our customers as part of the product supply – and we assist our customers to source the best quality energy and the most efficient logistic pathways.

Our mining projects use significant quantities of diesel fuel to extract and transport coal. Electricity consumption is required for coal processing, water treatment plants and mine management systems.

In addition, our coal produced releases GHGs (fugitive emissions) and these are accounted for in the FY19 production tonnages in Scope 1 emissions (direct emissions from Bathurst-owned or controlled sources). We report our GHG emissions with reference to their source as follows:

### GHG emissions intensity FY19



Our reporting of Scope 1 and Scope 2 emissions (indirect emissions from the generation of purchased energy) is consistent with GRI reporting (the Global Reporting Initiative). Accordingly, we have included carbon dioxide in our GHG emissions calculations reported as carbon dioxide equivalents. We have also accounted for minor losses in SF<sub>6</sub> gas from electricity transformers.

The total GHG emissions for Scope 1 and 2 for FY19 are 120,527 tonnes CO<sub>2</sub>e as follows:

- 43 percent related to fugitive emissions of production coal.
- 1 percent related to electricity.
- 56 percent related to fuel consumption.

The reported FY19 GHG emissions are approximately 23 percent greater than in FY18.

## Why the change?

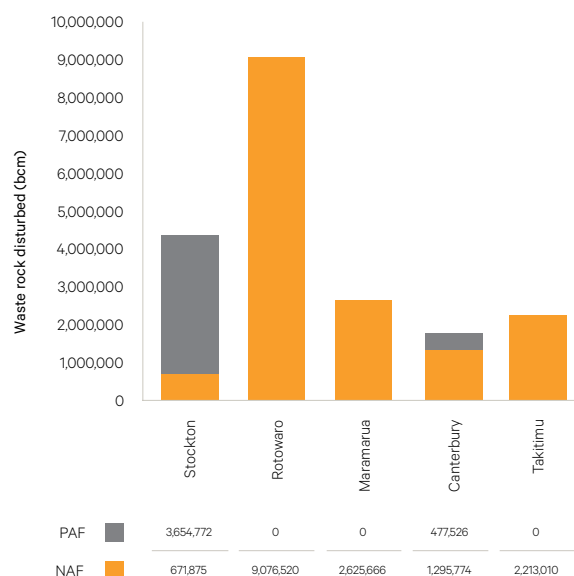
Because in FY18 we only reported ten months (from date of acquisition) of GHG emissions for the Stockton, Rotowaro and Maramarua mines. And also, our total waste rock stripping volumes were 29 percent greater at the five operating sites in FY19 compared with FY18.

Site	Scope 1 emissions (t/CO <sub>2</sub> e)	Scope 2 emissions (t/CO <sub>2</sub> e)
Stockton	47,525	1,093
Rotowaro	39,158	431
Maramarua	12,069	128
Canterbury	9,283	0
Takitimu	10,786	30
Escarpment	0	0
Cascade	0	0
Sullivan	0	0
Corporate	15	8
<b>Total</b>	<b>118,837</b>	<b>1,690</b>

## Overburden management

During this year, the two mine sites that disturbed potentially acid forming (“PAF”) waste rock were Stockton and Canterbury.

### Waste rock (bcm) disturbed in FY19



At Stockton in the Cypress pit, we have been adding lime at rates of 8 kg of lime to each tonne of PAF waste rock to minimise the production of acid mine drainage. In addition, we’ve also designed and consented a second calcium oxide dosing plant to actively treat up to 3,000 tonnes of acid a year in the St Patrick’s catchment that is predominantly acid generated from historic mine workings. This plant is planned to be operational in FY20.

Our Canterbury mine actively manages their PAF rock by selectively placing and compacting the PAF rock in areas of backfill where it can be safely covered by a minimum of 5 metres of non-acid forming rock (“NAF”).

This active management plan minimises oxygen and water entry into the PAF waste rock and ensures no acidic water is produced from the backfill. Small historic acidic seeps are treated via two mussel shell reactors. The use of waste mussel shells in acidic water treatment is a recycling waste initiative which saves the waste mussel shells being sent to the regional landfill.

## Land use and biodiversity

Our objective is to rehabilitate our mine sites to ensure a sustainable ecosystem is established. Currently we have several active biodiversity offset projects underway. We work with experts and stakeholders to create suitable biodiversity solutions.

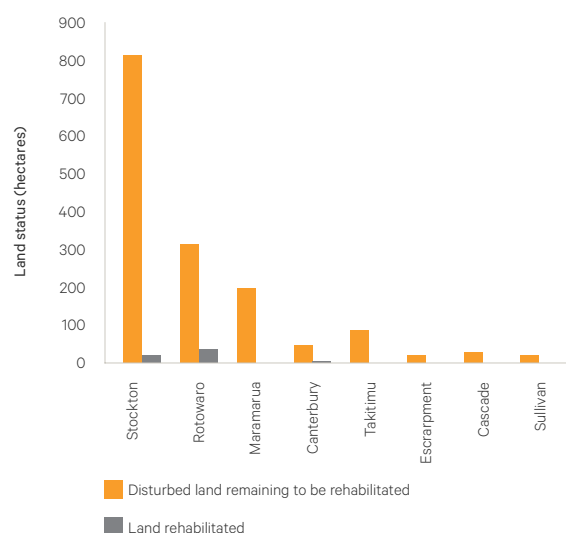
Our goal is always to minimise our disturbance footprint and progressively restore disturbed land to meet closure criteria in the optimal timeframe. Our approach is to avoid, minimise, mitigate and offset the impacts of our operations.

How do we achieve this?

- Focused mine planning (to minimise the disturbed footprint).
- Soil salvaging.
- Vegetation transfer where possible (which speeds up the process of ecological restoration).
- Collecting and growing plants using seeds collected at site.
- A robust rehabilitation management plan (to restore the habitat to close as practical to pre-mining conditions).

Our overall net land disturbance this year reduced by 17 hectares. The Stockton mine has 54 percent of the total disturbed area of 1,525 hectares. Mining of the Millerton pit area in the next few years will allow a more established strip mining operation, which will allow progressive rehabilitation rates to double from the current rate of 20-25 hectares a year.

### Land disturbed and rehabilitated FY19





## Water management

All our mine site discharges have specific conditions related to discharge consents to protect aquatic ecology. No downstream water sources have been adversely impacted by water use at our sites in FY19. Overall water use in FY19 was 1,078 ML.

This year we installed water meters at key sites to improve our quantification of consumptive water use. Stockton water use increased from FY18 due to more coal being processed through the washery and with more accurate telemeterised flow recording.

At Stockton, we also continue to treat acid mine drainage with Calcium Oxide (lime) at rates of 7,500 tonnes of acid per year to protect the aquatic ecology in the downstream Ngakawau River. And it's proposed to increase the acid mine drainage treatment with construction of a second lime dosing water treatment plant in FY20 – this will increase mine site water treatment to greater than 10,000 tonnes per year of acid.

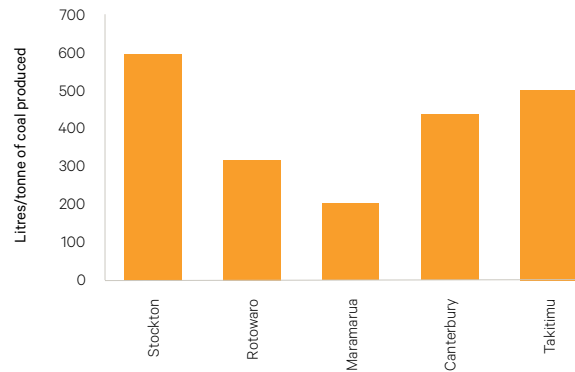
Operational site	FY19 water use (ML/yr)
Stockton	644
Rotowaro	209
Maramarua	46
Canterbury	56
Takitimu	121
Escarpment	0
Cascade	0
Sullivan	0
Corporate	2
<b>TOTAL</b>	<b>1,078</b>

## Water use intensity

Based on estimates of water use, the water use intensity (measured as litres of water used per tonne of coal produced) is shown below. Sites use between 200 and 600 litres of water to produce a tonne of coal. Significant water use at the sites with large disturbed areas or close proximity to residences is related to dust suppression using water carts and sprinklers.

Stockton has the highest intensity of water use which reflects the intensive use of the coal washery at Stockton (this accounts for 87 percent of the site water usage). The coal washery water is treated for acid and sediment load and is returned to the Mangatini Stream.

Water use intensity at mine sites FY19



**We're always working to achieve industry best practice in managing the environmental and social impacts of our mining and processing operations.**

## OPARARA BIRD SANCTUARY – STOCKTON MINE

# Protecting our native birds for the future

We are proud to be funding the management of the 1,000 hectare Oparara Bird Sanctuary – an environmental offset programme involving the maintenance of 900 predator traps, annual surveys on kiwi and other indigenous birds, and input from indigenous bird and predator control experts.

An independent bird expert notes the Oparara Sanctuary now ‘bustles with birds’ in a way that few mainland forests do, making it a testament to the power of effective predator control and a joy for visitors to experience.

## Forest bird abundance

Bird counts were undertaken in 2015 and 2018. The 2015 baseline counts were taken when year-round ground-based predator control started, and the 2018 counts were taken three years later.

Nine of the 18 diurnal (non-nocturnal) native bird species have increased in abundance in the sanctuary since predator control began.

The increases in the abundance of South Island robins, bellbirds and tuis, have been spectacular. These three species are especially vocal and their song is now a noticeable feature of the sanctuary. The increases in weka, silvereye, kereru, brown creeper, and fantail have also been significant.

The bird community in the Oparara Sanctuary now rivals those on predator-free offshore islands, making Oparara one of the most intact assemblages of native birds on mainland New Zealand.

“

**The increase in the abundance of South Island robins, bellbirds and tuis, has been spectacular.**



*Great spotted kiwi caught on a motion sensitive camera in the sanctuary.*

## Kiwi abundance

Kiwi abundance, as measured by call counts in the first two to three hours of darkness, did not change from 2015 to 2018. Although it should be noted that these counts index the abundance of territorial adults and do not detect chicks and juveniles. Because great spotted kiwi probably take three to five years to reach maturity, any increase in population size resulting from predator control won't be detectable until post 2020.

But the results of the 2018 survey are still encouraging. The two percent national decline in the species as a whole isn't present in the sanctuary population – presumably because pest control operations both in and near the sanctuary have arrested it.

14 motion-sensitive cameras were established in the Oparara Sanctuary in late 2017 and these cameras are used to hopefully identify young kiwis. A population of young kiwi of around 10-15 percent of the total kiwi population would be sustainable.

This work will continue – along with the predator control work and bird counts to optimise predator control efficiency – for at least another 15 years.

## AWAROA STREAM DIVERSION - ROTOWARO MINE

# Our fish salvage and relocation programme

A 440 metre stretch of Awaroa stream was required to be relocated during the year to allow the development of the Awaroa North West mining extension.

In line with consent requirements and our environmental plans, we created a suitable fish habitat in the reconstructed stream section to minimise aquatic ecology losses.

Fish salvage and relocation are standard obligations before and after the stream diversion. Two separate operations took place for the Awaroa Northwest diversion:

- the initial eel trapping and relocation; and
- electric fishing and trapping with relocation into the new diversion.

The work was undertaken by ecologists from Wildlands Consultants and our staff over four consecutive days.

The fish salvage and relocation programme found significant populations of eel, fish and *koura*/crayfish – demonstrating a stepwise decline over the four consecutive days of trapping.

A high percentage of the fish present in the channel were recovered – with a total of 289 fish being relocated.



## Rehabilitation

Civil works to reinstate the diversion channel involved preparing a low flow channel with riffle areas, main channel, floodplain and stopbanks – the maintenance and riparian planting involved 11,000 plants of multiple species being planted over an area of approximately three hectares.

## Waahi Whaanui blessing

An invitation was accepted by Waahi Whaanui Trust to perform a cultural blessing at the stream diversion when the Awaroa stream was diverted through the new channel.

“

**We're proud to have created a new fish habitat in the reconstructed Awaroa Stream to minimise aquatic ecology losses.**



# Governance material topics

## What do we mean by governance?

As a responsible business we are committed to effective management in all areas – which means working to achieve industry best practice in managing the environmental and social impacts of our mining and processing operations.

### Environmental compliance and governance

Throughout our mines' life cycles, we focus on meeting or surpassing environmental regulatory requirements to manage:

- air emissions;
- water quality;
- water consumption;
- energy use;
- waste;
- biodiversity; and
- land use.

Our corporate environmental governance is based on international standards for environmental management. And our environmental policy and supporting management system applies to all our employees and contractors.

## Effective complaint handling

Complaints about environmental issues are recorded via complaints registers that are maintained at all sites. They are investigated via our internal incident investigation system and are only closed off when resolved.

## Mine closure standard

During the year we developed a *Decommissioning and Mine Closure Management* ("Standard") to document the requirements for the planning and execution of decommissioning and mine closure.

Our Standard is designed to ensure integration with life-of-mine planning, address any residual risk issues and leave a positive legacy once mining has been completed.

The overall objective of the Standard is to outline a clear, consistent, well-planned and executable process that will provide the best opportunity for us to deliver an appropriate and sustainable post-mining land use.

## Actions for FY20

### Mine closure plans

In FY20 we will develop mine closure plans for all active mine sites ensuring that they adhere to the Standard.

In addition, we've adapted principles for all our sites from the ICMM (2019) Integrated Mine Closure: Good Practice Guideline to address: safety; physical stability; chemical stability; socio-economic transition; ecological stability; risk limitation; cost-effectiveness; and long-term care. These principles are integrated into the decommissioning and closure management plans for each of our sites.

### Environmental management systems audit and revision

Gap analysis of our Environmental Management Systems (EMS) at all our sites has been undertaken by external consultants and rated against standard ISO 14001: Environmental Management System. This ISO standard has recently been upgraded and hence Bathurst has commissioned this audit to ensure our EMS at all sites is upgraded to support optimum environmental management and performance at our operational sites.

In FY20 we have committed to improving our EMS by:

- Revising the environmental policy.
- Developing the Corporate EMS framework.
- Updating and implementing the Site Environmental Management Plans at all sites.
- Reviewing existing site environmental risk assessments and related tasks.

### Emergency preparedness management

No matter how prepared we are there's always a residual risk of an adverse event occurring. So we've developed a crisis management plan to mitigate the impacts that a significant event could have on the public, our employees and the environment. This is integrated with our site emergency response plans which are maintained and regularly tested at our mine sites.

This year, we established a new emergency rescue team at the Takitimu mine and they've developed and tested void management skills, rope rescue, gas monitoring and compressed air breathing skills.

# Our people



## Board members

### **Toko Kapea**

*Non-executive Chairman*

Toko is a Wellington-based commercial lawyer, consultant and director at Tuia Group Limited. He has worked at Chapman Tripp and in-house at Meridian Energy, Bank of New Zealand and ANZ. He currently sits on the board of Ngāti Apa Developments Limited (Whanghanui-Rangitikei region) and is an independent committee member of the Banjima Direct Benefits Trust in Perth. Toko was on the Government Review Panel relating to the Te Ture Whenua Māori Act 1993 (Māori Land Act) and was also the lead negotiator for Ngāti Apa ki Rangitikei (North Island) for its direct negotiation Treaty of Waitangi claims with the Crown.

### **Richard Tacon**

*Executive Director & Chief Executive Officer*

Richard has worked in almost every role in coal mining since starting his career in the 1970s. Richard's first job in the industry was at Greymouth's Liverpool State Mine and after working in Australia for 32 years, Richard returned to Wellington, New Zealand to take up the position of Chief Operating Officer at Bathurst in 2012. He was appointed to the role of Chief Executive Officer in March 2015. Richard is the Chair of the Coal Association of New Zealand and sits on the board of the New Zealand Mines Rescue Trust and Straterra. Richard is a director of BT Mining Limited as a Bathurst representative.

### **Russell Middleton**

*Executive Director & Chief Financial Officer*

Russell has over 25 years in the mining and construction sector with significant experience in mine project evaluations and the construction of new mines. Starting his career as a public accountant, Russell has held senior management positions in accounting, commercial and planning roles. He was previously with Shell where he was Commercial Manager for the construction, development and production of a major underground mine. Russell is a director of BT Mining Limited as a Bathurst representative. He is based in Christchurch.

### **Peter Westerhuis**

*Non-executive Director*

Peter is a professional engineer with post-graduate business qualifications and over 30 years of Australian and international resources experience in the iron ore, gold and coal industries; the last ten years at CEO and MD level. He has successfully developed and managed large mining and processing operations including overseeing the transition from explorer to producer, and has undertaken many complex commercial negotiations.



## Senior leadership team

### **Fiona Bartier**

*General Manager, Health, Safety, Environment and Community*

Fiona is an environmental and resource scientist who has worked in management roles for government, industry groups, and mining companies. With over 20 years experience, Fiona joined Bathurst in 2012 to manage our HSEC portfolio.

### **Alison Brown**

*General Counsel*

Alison holds a Master of Laws with Honours and has over 35 years' legal experience. She specialises in mining, environmental and climate change law and has worked for Simpson Grierson, Minter Ellison Rudd Watts and the Minister of Foreign Affairs and Trade. Alison was previously General Counsel for Solid Energy.

### **Carmen Dunick**

*Group Manager, Human Resources*

Carmen joined Bathurst in April 2017 to manage the human resources ("HR") function. She holds a Bachelor of Social Sciences and is a member of HRINZ. Carmen has worked in all areas of HR, with over 15 years' experience in both the public and private sectors.

### **Ian Harvey**

*General Manager, Export Operations*

A mining engineer with over 30 years' industry experience. Ian has held senior management and operations leadership roles, specialising in metallurgical coal market planning and resource optimisation, and mine planning and design. Ian is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM").

### **Sam Johnstone**

*General Manager, Marketing and Logistics*

Sam brings a wealth of experience in marketing New Zealand's unique coal internationally, and since our investment in BT Mining in 2017, has continued to manage and add value to our domestic and export customer contracts. Sam holds a Postgraduate Master of Science majoring in Geography.

### **Craig Pilcher**

*General Manager, Domestic Operations*

Craig has over 30 years' experience which includes a background in engineering and owner of a coal supply business. Craig joined Bathurst in 2013, working as GM Operations and GM of Marketing and Sales, briefly leaving Bathurst before returning to manage the domestic operations in July this year. He is also a director of BT Mining Limited.

### **Damian Spring**

*General Manager, Resource Development*

A mining engineer with over 25 years' experience locally and offshore, Damian consulted to Bathurst from 2010 before joining the company in 2017 as the General Manager, Domestic Operations. In 2019, Damian moved into the newly created Resource Development position, providing key focus on growth projects. Damian is a member of AusIMM.

# Directors' report

Your directors present their report on the consolidated entity (“the Group”) consisting of Bathurst Resources Limited (“Bathurst”) and the entities it controlled at the end of, or during, the year ended 30 June 2019.

## Directors

The following persons were directors of Bathurst Resources Limited as at 30 June 2019.

<b>Toko Kapea</b>	Non-executive Chairman
<b>Richard Tacon</b>	Executive Director
<b>Russell Middleton</b>	Executive Director
<b>Peter Westerhuis</b>	Non-executive Director

## Principal activities

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

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

## Dividends

A maiden dividend was declared on the 27 August 2019 and paid on the 23 October 2019, at a rate of AU 0.3¢ per share.

## Environmental regulation

Our exploration and mining activities are subject to a range of environmental controls which govern how we carry out our business. These are set out below.

## Mine development/mining activities

Mining activities are regulated by the following:

- Resource consents granted by the relevant district and regional territorial authorities, after following the processes set out in the *Resource Management Act 1991*.
- Mining licences granted originally under the Coal Mines Act 1979 and now regulated under the *Crown Minerals Act 1991*.
- Mining permits issued under the *Crown Minerals Act 1991* by the Minister of Energy and Resources, required to mine Crown coal.
- Access arrangements or profit à prendre granted by owners of private (i.e. non-Crown owned) coal.
- Access arrangements granted by relevant landowners and occupiers granted under the *Crown Minerals Act 1991*. For Crown-owned land managed by the Department of Conservation, these access arrangements are granted either by the Minister of Conservation or, for significant projects, jointly by the Minister of Conservation and the Minister of Energy and Resources.
- Concession agreements under the *Conservation Act 1987* for land outside a permit area but owned by the Crown and managed by the Department of Conservation.
- Wildlife authorities issued under the *Wildlife Act 1953* granted by the Minister of Conservation.

Controls around water and air discharges that result from mining operations are governed by the conditions of the resource consents that the particular mining operation is operating under. Our mining operations are inspected on a regular basis.

A discharge occurred at the Canterbury mine in January 2018 and the Canterbury Regional Council laid charges in respect of this incident. The Company applied for this matter to be dealt with through the Council's alternative environmental justice (“AEJ”) processes and was accepted by the Council and agreed remediation was completed by the Company in June this year. However, the Domestic Court has raised issues over the validity of the AEJ process and the Company has pleaded guilty to one representative charge. Sentencing is to take place on 27 November 2019, with the Company seeking a discharge without conviction.



Other than as disclosed, to the best of the directors' knowledge, all mining activities have been undertaken in compliance with the requirements of the *Resource Management Act 1991*, *Crown Minerals Act 1991*, *Conservation Act 1987* and *Wildlife Act 1953*.

### Exploration activities

To carry out exploration, we need to hold a relevant exploration permit (where the coal is Crown owned) or consent from the mineral owner where the coal is privately owned, relevant resource consents to permit exploration, access arrangements with the relevant landowner and occupier and where wildlife is impacted a wildlife authority.

To the best of the directors' knowledge, all exploration activities have been undertaken in compliance with the requirements of the *Resource Management Act 1991*, *Crown Minerals Act 1991*, *Conservation Act 1987* and *Wildlife Act 1953*.

### Hazardous substances

Mining activities involve the storage and use of hazardous substances, including fuel. We must comply with the *Hazardous Substances and New Organisms Act 1996* and *Health and Safety at Work (Hazardous Substances) Regulations 2017* 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 us liable for greenhouse gas emissions associated with the coal we mine and sell in New Zealand and for the fugitive emissions of methane associated with that mined coal. Liability is based on the type and quantity of coal tonnes sold, with the cost of such being passed on to customers. Bathurst's Emissions Trading Policy can be found on our website.

### Corporate governance

Bathurst's Corporate Governance Statement is available on the Company's website [www: http://bathurst.co.nz/our-company/corporate-governance/](http://bathurst.co.nz/our-company/corporate-governance/)

### Donations

The company made donations totalling \$34,054 to several local groups during the year including scholarships.

### Directors' and officers' liability insurance

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

### Other information on directors

#### Directors' securities interests

Director	Ordinary shares	Performance rights
Mr T Kapea	3,657,409	250,000
Mr R Middleton	11,528,309	2,636,364
Mr P Westerhuis	3,268,636	250,000
Mr R Tacon	14,948,027	4,009,545

The increase in ordinary shares held by directors arose from the exercise of previously issued performance rights that vested on the 1 January 2019. For further information refer to note 18 in the financial statements.

#### Other current directorships of listed companies

No directors hold other current directorships in listed companies.

#### Former directorships of listed companies in last three years

Russell Middleton was a non-executive director of Tiger Resources Limited from July 2016 to October 2016. No other directors held former directorships of listed companies in the last three years.

# Remuneration report

## Role of the Remuneration and Nomination committee

The Remuneration and Nomination committee (“R&N committee”) is a subcommittee of the Bathurst Board of Directors (“Board”). The R&N committee is responsible for making recommendations to the Board on remuneration matters such as non-executive director fees, remuneration for directors and other senior executives, and the over-arching executive remuneration policy and incentive schemes. All its members are non-executive directors.

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

In FY19, the Company adopted a new Long-Term Incentive Plan (“LTIP”) (refer to the long-term incentives section for further information). This was adopted as part of a wider remuneration review which was undertaken by an external consultant, to ensure that the fixed, short-term, and long-term remuneration incentives offered to directors and senior executives were appropriate and within market expectations. There were no other material changes to the remuneration framework during the year.

The corporate governance section of our website provides further information on the role of the R&N committee.

## Remuneration framework

### Non-executive directors’ fees

Non-executive directors’ fees reflect the role’s level of responsibility and the demands which are made on the directors’ time and are reviewed annually by the R&N committee. Fees paid to the chairman are determined independently to the fees of other non-executive directors.

### Executive remuneration

The objective of the Group’s executive reward framework is to ensure reward for performance is competitive, appropriate, promotes retention of employees, and aligns with the Company’s strategic objectives and shareholder interests.

The framework provides a mix of fixed and variable short- and long-term incentives, that are measured against internal and external financial and operational metrics. This enables the ability to recognise individual achievements and results, attract and retain high calibre people, and with the focus on the long-term, align with shareholder’s interest of sustainable growth.

As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of ‘at risk’ rewards.

The framework has three components:

- Fixed remuneration, including superannuation.
- Short-term incentives.
- Long-term incentives.



### **Fixed remuneration**

The Company offers a competitive fixed remuneration that is based on the responsibilities of the role, individual performance and experience, and current market data. External consultants provide advice to ensure the fixed remuneration component is set within market benchmarks for a comparable role. Fixed remuneration is reviewed annually, and on promotion.

There are no guaranteed increases to fixed remuneration.

### **Short-term incentives**

Short-term incentives (“STI”) are an at-risk component of senior executive and executive director remuneration, payable in cash on achievement of performance targets that align with the strategic pillars of the Company’s strategy. Key performance indicators are a mix of financial and operational measures. These are reviewed, and if approved, paid annually as recommended to the Board by the R&N committee.

### **Long-term incentives (“LTI”)**

Bathurst’s updated LTIP was approved by shareholders at the 2018 AGM, the details of which can be found on the Company’s website. The purpose of the plan is to encourage senior executives and executive directors to share in the ownership of the Company, promoting the long-term success of the Company and alignment with shareholder interests.

A number of awards may be made under the plan, consisting of:

- Performance rights: these are rights to acquire shares in the Company subject to satisfying performance and service conditions. The rights are issued for a nil exercise price.
- Options: options are a right to acquire shares in the Company for the payment of an exercise price determined at the grant date and subject to performance and service conditions.
- Service rights: these rights to acquire shares in the company are subject to satisfying service conditions only. The rights are issued for a nil exercise price.
- Deferred share awards: these are shares in the company granted in lieu of remuneration or incentives and may be subject to performance and/or service conditions.
- Cash rights: these are rights to receive a cash payment on achievement of performance and/or service conditions.
- Stock appreciation rights: these are rights to receive shares in the Company to the value of any share price appreciation from the grant date to the vesting date, subject to satisfying performance and/or service conditions.

In FY19, the only awards given under the LTIP were performance rights to executive directors; refer to note 18 in the financial statements for further information.

## Directors' remuneration

The total remuneration and other benefits to directors for services in all capacities during the year ended 30 June 2019 was:

Director	Directors' fees	Fixed remuneration and STI	LTI - performance rights	Total
Mr T Kapea	\$120,000	-	\$48,161	\$168,161
Mr R Middleton	-	\$536,115	\$228,406	\$764,521
Mr P Westerhuis	\$63,964	-	\$40,320	\$104,284
Mr R Tacon	-	\$694,935	\$299,372	\$994,306

Fixed remuneration and STI for both Mr Tacon and Mr Middleton are in their capacity as Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") respectively. Increases in the fixed remuneration and STI relate to the STI component, based on the performance of the Company.

## Employee remuneration

During the year ended 30 June 2019, 29 employees (excluding the CEO and CFO) received individual remuneration over \$100,000.

Range	# of employees
100,001 - 110,000	7
110,001 - 120,000	3
120,001 - 130,000	2
130,001 - 140,000	4
150,001 - 160,000	1
160,001 - 170,000	2
170,001 - 180,000	2
180,001 - 190,000	1
220,001 - 230,000	1
230,001 - 240,000	2
260,001 - 270,000	1
320,001 - 330,000	1
330,001 - 340,000	1
340,001 - 350,000	1





# 02

## Financial statements

### **In this section**

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Statement of cash flows

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Authorised for and on behalf of the Board of Directors:



Toko Kapea  
Chairman

26 August 2019



Russell Middleton  
Executive director

26 August 2019



# Income Statement

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Revenue from contracts with customers	3	52,744	47,817
Cost of sales	4	(38,655)	(33,487)
<b>Gross profit</b>		<b>14,089</b>	<b>14,330</b>
Equity accounted profit	13	45,300	42,961
Other income		38	213
Depreciation	10	(2,624)	(2,431)
Administrative and other expenses	5	(8,499)	(8,517)
Fair value gain on deferred consideration	15 (c)	41	102
Gain/(loss) on disposal of fixed assets		3	(21)
Impairment losses	8	-	(1,630)
<b>Operating profit before tax</b>		<b>48,348</b>	<b>45,007</b>
Fair value movement on derivatives		-	(27,687)
Fair value movement on borrowings		-	(4,434)
Finance cost	6	(3,545)	(7,487)
Finance income	6	157	149
<b>Profit before income tax</b>		<b>44,960</b>	<b>5,548</b>
Income tax benefit	7	-	-
<b>Profit after tax</b>		<b>44,960</b>	<b>5,548</b>
<b>Earnings per share:</b>		<b>Cents</b>	<b>Cents</b>
Basic profit per share	19	2.83	0.40
Diluted profit per share	19	2.57	0.40

# Statement of comprehensive income

For the year ended 30 June 2019

<b>Profit after tax</b>		<b>44,960</b>	<b>5,548</b>
<b>Other comprehensive income ("OCI")</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		79	5
Share of BT Mining FX hedging through OCI	13	(513)	-
<b>Comprehensive income</b>		<b>44,526</b>	<b>5,553</b>

# Balance sheet

As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash and cash equivalents		20,005	20,179
Restricted short-term deposits		4,030	4,037
Trade and other receivables	9 (a)	4,018	3,903
Inventories		1,560	1,226
New Zealand emission units		1,428	396
Other financial assets		-	25
<b>Total current assets</b>		<b>31,041</b>	<b>29,766</b>
Property, plant and equipment	10	17,239	17,521
Mining assets	11	29,783	26,307
Interest in joint ventures	13	80,828	45,436
Crown indemnity	16	371	351
Other financial assets		139	114
<b>Total non-current assets</b>		<b>128,360</b>	<b>89,729</b>
<b>TOTAL ASSETS</b>		<b>159,401</b>	<b>119,495</b>
Trade and other payables	15 (a)	7,079	5,735
Borrowings	15 (b)	14,214	1,895
Deferred consideration	15 (c)	1,035	1,258
Rehabilitation provisions	16	1,328	1,160
<b>Total current liabilities</b>		<b>23,656</b>	<b>10,048</b>
Borrowings	15 (b)	9,297	27,883
Deferred consideration	15 (c)	5,774	6,350
Rehabilitation provisions	16	4,347	4,768
<b>Total non-current liabilities</b>		<b>19,418</b>	<b>39,001</b>
<b>TOTAL LIABILITIES</b>		<b>43,074</b>	<b>49,049</b>
<b>NET ASSETS</b>		<b>116,327</b>	<b>70,446</b>
Contributed equity	17	286,277	263,179
Debt instruments equity component	17	22,824	43,788
Reserves	18	(33,050)	(31,837)
Accumulated losses		(159,724)	(204,684)
<b>EQUITY</b>		<b>116,327</b>	<b>70,446</b>

For and on behalf of the Board of Directors:



Toko Kapea  
Chairman  
26 August 2019



Russell Middleton  
Executive Director  
26 August 2019

# Statement of changes in equity

For the year ended 30 June 2019

	Contributed equity	Debt instruments equity component	Share- based payments	Foreign exchange/ hedging	Retained earnings	Reorganisation reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1 July 2017</b>	<b>249,092</b>	<b>-</b>	<b>278</b>	<b>(154)</b>	<b>(210,232)</b>	<b>(32,760)</b>	<b>6,224</b>
Comprehensive profit	-	-	-	5	5,548	-	5,553
Contributions of equity	14,087	43,788	-	-	-	-	57,875
Share-based payments	-	-	794	-	-	-	794
<b>30 June 2018</b>	<b>263,179</b>	<b>43,788</b>	<b>1,072</b>	<b>(149)</b>	<b>(204,684)</b>	<b>(32,760)</b>	<b>70,446</b>
Comprehensive profit	-	-	-	(434)	44,960	-	44,526
Contributions of equity	25,780	(20,964)	-	-	-	-	4,816
Share-based payments	-	-	764	-	-	-	764
Share buy-backs	(4,225)	-	-	-	-	-	(4,225)
Vesting of performance rights	1,543	-	(1,543)	-	-	-	-
<b>30 June 2019</b>	<b>286,277</b>	<b>22,824</b>	<b>293</b>	<b>(583)</b>	<b>(159,724)</b>	<b>(32,760)</b>	<b>116,327</b>

# Statement of cash flows

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		52,741	47,934
Payments to suppliers and employees		(41,944)	(39,726)
Dividend from BT Mining	13	19,500	13,000
<b>Net cash inflow from operating activities</b>	<b>20</b>	<b>30,297</b>	<b>21,208</b>
<b>Cash flows from investing activities</b>			
Exploration and consenting expenditure		(370)	(292)
Mining assets (including capitalised waste moved in advance)		(8,307)	(8,581)
Property, plant and equipment purchases		(2,342)	(3,382)
Proceeds from disposal of property, plant and equipment		3	-
Deferred consideration		(1,161)	(903)
Investment in BT Mining	13	-	(21,044)
BT Mining repayment of loan to BRL	13	-	9,084
Investment in NWP Coal Canada Limited	13	(10,105)	-
Other		22	58
<b>Net cash outflow from investing activities</b>		<b>(22,260)</b>	<b>(25,060)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	732
Interest received		130	195
Interest on finance leases and other finance costs paid		(264)	(283)
Repayment of finance leases		(1,721)	(2,240)
Interest on debt instruments		(2,138)	(3,036)
Share buy-backs		(4,225)	-
<b>Net cash outflow from financing activities</b>		<b>(8,218)</b>	<b>(4,632)</b>
<b>Net decrease in cash</b>			
Cash and cash equivalents at the beginning of the year		20,179	28,892
Restricted short-term deposits at the beginning of the year		4,037	3,808
<b>Total cash at the end of the year</b>		<b>24,035</b>	<b>24,216</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 1. About our financial statements

### General information

Bathurst Resources Limited (“Company” or “Parent” or “BRL”) is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the Australian Securities Exchange (“ASX”). These financial statements have been prepared in accordance with the ASX listing rules.

The financial statements presented as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the “Group”).

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

In 2019, the content and structure of the financial statements was reviewed. This review has resulted in the following changes:

- information about significant accounting policies and key judgements and estimates have been relocated to sit within the relevant notes to the financial statements; and
- removal of immaterial disclosures.

These financial statements have been approved for issue by the Board of Directors on 26 August 2019.

### Basis of preparation

These Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS).

These financial statements are presented in New Zealand dollars, which is the Company’s functional and presentation 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 on a going concern basis under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value through profit or loss.

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 statement of cash flows 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.

### Key judgements and estimates

In the process of applying the Group’s accounting policies, management have made a number of judgements and applied estimates and assumptions about future events. These are noted below and/or detailed within the following relevant notes to the financial statements:

- Note 8 Impairment
- Note 11 Mining assets
- Note 15 (c) Deferred consideration
- Note 16 Rehabilitation provisions
- Note 17 Equity

# Notes to the financial statements

For the year ended 30 June 2019

## 1. About our financial statements continued

### Key judgements and estimates continued

#### *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 2012 (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, provisions for rehabilitation, and deferred consideration.

### Foreign currency translation

#### *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.

#### *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.

### New accounting standards not yet effective

At the date of authorisation of the financial statements, NZ IFRS 16 *Leases* was on issue but not yet effective. The standard eliminates the distinction between operating and finance leases. A formal impact assessment is yet to be undertaken however this standard is not expected to have a material impact. The Group does not intend to apply this standard until its effective date which is the financial year ending 30 June 2020.

### Standards and interpretations adopted during the year

The financial information presented for the year ended 30 June 2019 has been prepared using accounting policies consistent with those applied in the 30 June 2018 financial statements, except for the application of two new accounting standards, as detailed below. These were adopted with effect from 1 July 2018 without restatement, and in accordance with the transition requirements.

#### *NZ IFRS 9 ("NZ IFRS 9") – Financial Instruments*

This standard replaces NZ IAS 39 *Financial Instruments: Recognition and Measurement*. It introduces a forward-looking expected credit loss impairment model, changes to the classification and measurement of financial assets, as well as how hedge accounting can be applied.

The only impact on the Group on adoption of this standard was a change in classification terminology on its financial assets and some increased disclosures. There was no financial impact.

#### *NZ IFRS 15 ("NZ IFRS 15") – Revenue from contracts with customers*

This standard details a comprehensive principles based approach on how to recognise revenue from contracts with customers. The Group reviewed its contracts with customers regarding the sale of coal and freight and ash disposal services and determined that there was no financial impact on the adoption of this standard. Increased disclosures are required, refer note 3.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. Segment information

The operating segments reported on are:

- Export – 100 percent of BT Mining's export mine (Stockton).
- Domestic - BRL's eastern South Island domestic operations and 100 percent of the BT Mining North Island domestic mines.
- Corporate – BRL corporate overheads and Buller Coal Project, and 100 percent of BT Mining corporate overheads.

A reconciliation to profit after tax per BRL's Income Statement is provided via the elimination of BT Mining column. Total assets and total liabilities are reported on a group basis, as with tax expense.

Three BRL customers met the reporting threshold of 10 percent of BRL's operating revenue in the year to 30 June 2019, contributing \$18.8m, \$8.2m and \$6.6m (2018: three customers, \$17.8m, \$6.4m and \$6.3m).

	Export	Domestic	Corporate	Total	Eliminate BT Mining	Total BRL <sup>1</sup>
Year ended 30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue from contracts with customers</b>	<b>265,858</b>	<b>146,986</b>	<b>-</b>	<b>412,844</b>	<b>(360,100)</b>	<b>52,744</b>
EBITDA <sup>2</sup>	103,647	70,245	(15,352)	158,540	(148,345)	10,195
Equity accounted profit	-	-	-	-	-	45,300
<b>Operating profit before tax</b>	<b>78,412</b>	<b>47,060</b>	<b>(15,340)</b>	<b>110,132</b>	<b>(107,084)</b>	<b>48,348</b>
Fair value on derivatives	-	-	(3,439)	(3,439)	3,439	-
Net finance costs	(672)	(616)	(4,965)	(6,253)	2,865	(3,388)
Income tax expense	-	-	(31,088)	(31,088)	31,088	-
<b>Comprehensive income</b>	<b>77,740</b>	<b>46,444</b>	<b>(55,266)</b>	<b>68,918</b>	<b>(69,692)</b>	<b>44,526</b>
Depreciation & amortisation	11,827	22,575	301	34,703	(27,794)	6,909
<b>Year ended 30 June 2018</b>						
<b>Revenue from contracts with customers</b>	<b>218,579</b>	<b>122,588</b>	<b>467</b>	<b>341,634</b>	<b>(293,455)</b>	<b>48,179</b>
EBITDA	105,001	50,865	(16,217)	139,649	(131,190)	8,459
Equity accounted profit	-	-	-	-	-	42,961
<b>Operating profit before tax</b>	<b>98,437</b>	<b>38,718</b>	<b>(26,033)</b>	<b>111,122</b>	<b>(109,076)</b>	<b>45,007</b>
Fair value movements	-	-	(32,121)	(32,121)	-	(32,121)
Net finance costs	(782)	(1,416)	(13,159)	(15,357)	8,019	(7,338)
Income tax expense	-	-	(35,281)	(35,281)	35,281	-
<b>Comprehensive income</b>	<b>97,655</b>	<b>37,302</b>	<b>(106,271)</b>	<b>28,686</b>	<b>(66,094)</b>	<b>5,553</b>
Depreciation & amortisation	6,083	10,678	130	16,891	(12,006)	4,885

### Accounting policy

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.

<sup>1</sup> Total BRL operating profit and comprehensive income does not equal the sum of Total BRL minus elimination of BT Mining, as the Company's 65 percent of BT Mining's profit is added back.

<sup>2</sup> Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movement on deferred consideration and rehabilitation provisions.

# Notes to the financial statements

For the year ended 30 June 2019

## 3. Revenue from contracts with customers

	2019 \$'000	2018 \$'000
Coal sales	38,186	35,831
Freight and ash disposal revenue	14,558	11,986
<b>Sales revenue from contracts with customers</b>	<b>52,744</b>	<b>47,817</b>

### Accounting policy

Revenue from contracts with customers is recognised at a point in time, when satisfaction of the performance obligation(s) in a signed customer contract is achieved, signifying when control has passed to the customer.

#### Performance obligations

The Group has one key performance obligation across all customer contracts – that to supply (and deliver where relevant) coal. Because of when control transfers to the customer (on delivery if freight is included as a service, on arrival at the collection point if not), freight forms part of the same performance obligation as the supply of coal. Satisfaction of the performance obligation is assumed at the time of delivery or arrival at the collection point, whichever is relevant. There are no unsatisfied performance obligations.

#### Determination of the transaction price

The value at which revenue is recorded is the stand alone selling price for the good/service provided. Each contract notes a separate price for coal, and freight delivery/ash disposal where relevant. Some customer contracts allow for limited remediations in the instance of the Company providing non-specification coal (either at the option of the customer or BRL). These instances are very rare and in almost all cases are rectified in the month that the non-specification occurs. As such the best estimate of the final consideration to be received is the invoiced amount as based on the transaction prices in the customer contract.

## 4. Cost of sales

Raw materials, mining costs and consumables used	9,739	7,939
Freight costs	14,186	12,494
Mine labour costs	10,647	9,729
Amortisation expenses	4,285	2,454
Changes in inventories of finished goods and work in progress	(202)	871
<b>Total cost of sales</b>	<b>38,655</b>	<b>33,487</b>



# Notes to the financial statements

For the year ended 30 June 2019

## 5. Administrative and other expenses

Administrative and other expenses include the following items:

	Notes	2019 \$'000	2018 \$'000
Remuneration of auditors		176	163
Directors fees		208	196
Legal fees		1,213	2,131
Consultants		841	933
Employee benefit expense		2,181	1,650
Rent		366	287
Share-based payments		764	794

## 6. Net finance costs

Interest income		157	149
<b>Total finance income</b>		<b>157</b>	<b>149</b>
Success fee		-	(854)
Interest expense		(359)	(458)
Interest expense on debt instruments		(2,094)	(3,396)
Realised foreign exchange loss		(42)	(87)
Unrealised foreign exchange loss on debt instruments		(62)	(1,764)
Rehabilitation provisions unwinding of discount	16	(365)	(255)
Deferred consideration unwinding of discount	15 (c)	(623)	(673)
<b>Total finance costs</b>		<b>(3,545)</b>	<b>(7,487)</b>
<b>Total net finance costs</b>		<b>(3,388)</b>	<b>(7,338)</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 7. Income tax benefit

	2019 \$'000	2018 \$'000
<b>(a) Income tax benefit</b>		
Current tax	(2,594)	(2,108)
Deferred tax	2,594	2,108
<b>Income tax benefit</b>	-	-
<b>Reconciliation of income tax benefit to tax payable</b>		
Profit before income tax	44,960	5,548
Tax at the standard New Zealand rate of 28 percent	12,589	1,554
<i>Tax effects of amounts not assessable in calculating taxable income:</i>		
Share of BT Mining profit	(12,684)	(12,029)
Dividend from BT Mining	7,583	5,056
Fair value movement on derivatives and borrowings	-	8,994
Other permanent adjustments	7,243	1,717
Tax losses not recognised	-	13
Other deferred tax movements	(245)	(5,305)
<b>Income tax benefit</b>	-	-
Further information relating to deferred tax is set out in note 14.		
<b>(b) Imputation credits</b>		
Opening balance imputation credit account	5,055	-
Imputation credits attached to dividends and other items	7,607	5,055
<b>Imputation credits available for use in future periods</b>	<b>12,662</b>	<b>5,055</b>

### Accounting policy

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 New Zealand 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 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.

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.

# Notes to the financial statements

For the year ended 30 June 2019

## 8. Impairment

	Notes	2019 \$'000	2018 \$'000
Impairment of exploration and evaluation assets	11	-	630
Impairment of mining assets	11	-	1,000
<b>Total impairment losses</b>		<b>-</b>	<b>1,630</b>

Management has assessed the cash-generating units ("CGU") for the Group as follows:

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

Management assessed each CGU for indicators of impairment, or indicators that previously recognised impairment losses may no longer be relevant, where appropriate.

### Bathurst domestic coal

It was considered whether there is any operating, regulatory, or market factors that indicate impairment of this CGU. This CGU continues to be profitable and operate as expected. It was concluded that there were no indicators of impairment present at 30 June 2019.

### Buller Coal project

The Buller Coal project was previously fully impaired in the year ended 30 June 2015. The Buller Coal project has remained on care and maintenance and management has no immediate plans to reinstate the project. The CGU remains fully impaired at 30 June 2019.

### Cascade mine

The Cascade mine was placed on care and maintenance during the year ended 30 June 2016 and remains on care and maintenance at 30 June 2019.

### Accounting policy

For non-financial assets, 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). Exploration and evaluation and mining assets, as well as property, plant and equipment are assessed for impairment collectively as part of their respective cash-generating units.

Non-financial assets that have been previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

### Key judgements and estimates

The future recoverability of the non-financial 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 and regulatory changes, and changes to commodity prices and foreign exchange rates. These factors impact both an assessment of whether impairment should be recognised, as well as if there are indicators that previously recognised impairment should be reversed.

# Notes to the financial statements

For the year ended 30 June 2019

## 9. Financial assets

	2019 \$'000	2018 \$'000
<b>(a) Trade and other receivables</b>		
Trade receivables from contracts with customers	3,384	3,926
Less: provision on receivable from joint venture Bathurst Industrial Coal Limited	(500)	(500)
Receivable from BT Mining	714	250
Other receivables and prepayments	420	227
<b>Total trade and other receivables</b>	<b>4,018</b>	<b>3,903</b>

Trade receivables from contracts with customers ("trade receivables") are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 20 to 30 days and as such classified as current. There are no contract assets (accrued revenue) relating to contracts with customers.

### Accounting policy

#### Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables for which the Group has applied the practical expedient are measured at the transaction price determined under NZ IFRS 15. A financial asset is recognised when the Group becomes party to the contractual provisions of the instrument.

#### Subsequent measurement

Financial assets under NZ IFRS 9 are subsequently classified to reflect the business model in which assets are managed and their contractual cash flow characteristics, as follows:

- Amortised cost: where the business model is to hold the financial assets in order to collect contractual cash flows and those cash flows represent solely payments of principal and interest.
- Fair value through other comprehensive income: where the business model is to both collect contractual cash flows and sell financial assets and the cash flows represent solely payments of principal and interest.
- Fair value through profit or loss: if the asset is held for trading or if the cash flows of the asset do not solely represent payments of principal and interest.

#### Financial assets at amortised cost

This is the only relevant financial asset category for the Group. The Group's financial assets subsequently measured at amortised cost consist of:

- Cash and cash equivalents and restricted short-term deposits.
- Trade receivables from contracts with customers and related party receivables (within trade and other receivables).
- Other financial assets.
- Crown indemnity (refer note 16 for further information).

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. For information on credit risk and impairment, refer to note 21. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control of the asset.

#### Cash and cash equivalents and restricted short-term deposits

- Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. Restricted cash deposits are sureties held backing provisions for rehabilitation.

# Notes to the financial statements

For the year ended 30 June 2019

## 10. Property, plant and equipment

	Freehold land	Buildings	Mine infrastructure	Plant & machinery	Furniture and fittings	Work in progress	Total
Year ended 30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening net book value</b>	<b>2,328</b>	<b>688</b>	<b>266</b>	<b>13,176</b>	<b>435</b>	<b>628</b>	<b>17,521</b>
Additions	-	95	-	330	47	1,870	2,342
Transfers	-	345	117	1,333	218	(2,013)	-
Depreciation	-	(217)	(244)	(2,052)	(111)	-	(2,624)
<b>Closing net book value</b>	<b>2,328</b>	<b>911</b>	<b>139</b>	<b>12,787</b>	<b>589</b>	<b>485</b>	<b>17,239</b>

### As at 30 June 2019

Cost	15,785	6,417	2,913	29,617	2,868	12,609	70,209
Accumulated depreciation and impairment	(13,457)	(5,506)	(2,774)	(16,830)	(2,279)	(12,124)	(52,970)
<b>Closing net book value</b>	<b>2,328</b>	<b>911</b>	<b>139</b>	<b>12,787</b>	<b>589</b>	<b>485</b>	<b>17,239</b>

### Year ended 30 June 2018

<b>Opening net book value</b>	<b>1,928</b>	<b>756</b>	<b>180</b>	<b>10,496</b>	<b>185</b>	<b>780</b>	<b>14,325</b>
Additions	400	40	5	4,447	172	640	5,704
Transfers	-	6	102	444	200	(752)	-
Depreciation	-	(110)	(21)	(2,180)	(120)	-	(2,431)
Disposals	-	(4)	-	(31)	(2)	(40)	(77)
<b>Closing net book value</b>	<b>2,328</b>	<b>688</b>	<b>266</b>	<b>13,176</b>	<b>435</b>	<b>628</b>	<b>17,521</b>

### As at 30 June 2018

Cost	15,785	5,977	2,796	27,954	2,603	12,752	67,867
Accumulated depreciation and impairment	(13,457)	(5,289)	(2,530)	(14,778)	(2,168)	(12,124)	(50,346)
<b>Closing net book value</b>	<b>2,328</b>	<b>688</b>	<b>266</b>	<b>13,176</b>	<b>435</b>	<b>628</b>	<b>17,521</b>

Included in plant and machinery above are the following amounts where the Group is a lessee under a finance lease:

	2019 \$'000	2018 \$'000
Cost	8,133	7,934
Accumulated depreciation	(3,211)	(2,094)
<b>Net book value</b>	<b>4,922</b>	<b>5,840</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 10. Property, plant and equipment continued

### Accounting policy

#### Leases

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

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

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

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

#### Property, plant and equipment

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

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

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

The estimated useful lives for significant items of property, plant and equipment are as follows:

- Buildings	10 - 25 years
- Mine infrastructure	3 - 8 years
- Plant and machinery	2 - 25 years
- Plant and 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.

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

# Notes to the financial statements

For the year ended 30 June 2019

## 11. Mining assets

	2019 \$'000	2018 \$'000
<b>Exploration and evaluation assets</b>		
<b>Opening balance</b>	<b>312</b>	<b>2,022</b>
Expenditure capitalised	368	295
Impairment recognised	-	(630)
Transfer to mining licences and property assets	-	(1,375)
<b>Total exploration and evaluation assets</b>	<b>680</b>	<b>312</b>
<b>Mining licences/permits and property assets</b>		
<b>Opening balance</b>	<b>25,995</b>	<b>18,592</b>
Expenditure capitalised	1,209	301
Transfer from exploration and evaluation assets	-	1,375
Amortisation	(4,285)	(2,426)
Impairment recognised	-	(1,000)
Abandonment provision movement	(915)	876
Waste moved in advance capitalised	7,099	8,277
<b>Total mining licences/permits and property assets</b>	<b>29,103</b>	<b>25,995</b>
<b>Total mining assets</b>	<b>29,783</b>	<b>26,307</b>

### Accounting policy

#### *Exploration and evaluation*

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.

# Notes to the financial statements

For the year ended 30 June 2019

## 11. Mining assets continued

### Accounting policy continued

#### *Mining licences/permits and properties*

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

These assets are amortised using the unit of production basis over the proven and probable reserves. Amortisation starts from the date when commercial production commences. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably.

#### *Waste moved in advance*

Waste removed in advance costs incurred in the development of a mine are capitalised as parts of the costs of constructing the mine and subsequently amortised over life of the relevant area of interest or life of mine if appropriate.

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

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

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

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

### Key judgements and estimates

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.



# Notes to the financial statements

For the year ended 30 June 2019

## 12. Investment in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2019 %	2018 %
BR Coal Pty Limited	Australia	Ordinary	100	100
Bathurst New Zealand Limited	New Zealand	Ordinary	100	100
Bathurst Coal Holdings Limited	New Zealand	Ordinary	100	100
Buller Coal Limited	New Zealand	Ordinary	100	100
Bathurst Coal Limited	New Zealand	Ordinary	100	100
New Brighton Collieries Limited	New Zealand	Ordinary	100	100
Bathurst Resources (Canada) Limited	Canada	Ordinary	100	100

All subsidiary companies have a balance date of 30 June, and are involved in the coal industry. All subsidiaries have a functional currency of New Zealand dollars except for BR Coal Pty Ltd (Australian dollars) and Bathurst Resources (Canada) Limited (Canadian dollars).

Bathurst Resources (Canada) Limited was incorporated in June 2018 and is the entity via which the Company invests in joint venture NWP Coal Canada Limited – for further information refer to note 13.

### Accounting policy

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Contingent consideration (deferred consideration) to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial asset or financial liability are recognised in accordance with NZ IAS 39 in profit or loss as 'fair value (loss)/gain on deferred consideration'.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

# Notes to the financial statements

For the year ended 30 June 2019

## 13. Interest in joint ventures

	2019 \$'000	2018 \$'000
Interest in BT Mining Limited ("BT Mining")	70,723	45,436
Interest in NWP Coal Canada Limited ("NWP")	10,105	-
<b>Total interest in joint ventures</b>	<b>80,828</b>	<b>45,436</b>

### BT Mining Limited ("BT Mining")

#### (a) Balances held in BT Mining

Equity investment	16,250	16,250
Share of retained earnings net of dividends received	54,473	29,186
<b>Total interest in BT Mining</b>	<b>70,723</b>	<b>45,436</b>
<b>Opening balance</b>	<b>45,436</b>	<b>3,515</b>
Increase in loan to BT Mining	-	21,044
Receipt of loan repayment	-	(9,084)
Receipt of dividend	(19,500)	(13,000)
Share of BT Mining profit	45,300	42,961
Share of BT Mining FX hedging through OCI	(513)	-
<b>Closing balance</b>	<b>70,723</b>	<b>45,436</b>

BRL holds a 65 percent shareholding in BT Mining, which owns the mining permits and licences as well as the mining assets at the following mine sites:

- Buller Plateau operating assets of the Stockton mine in the South Island; and
- Rotowaro mine, Maramarua mine and certain assets at Huntly West mine located in the North Island.

BRL considers BT Mining to be a joint venture. This is because unanimous approval is required on activities that significantly affect BT Mining's operations. As such the investment in BT Mining is accounted for using the equity method.

For an unaudited proportionate consolidation presentation of BRL and BT Mining, refer to the additional information section of these financial statements, after the notes to the financial statements.

# Notes to the financial statements

For the year ended 30 June 2019

## 13. Interest in joint ventures continued

BT Mining continued

<b>(b) BT Mining balance sheet</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Cash	22,283	7,780
Trade and other receivables	46,749	48,176
Inventories	32,694	35,348
New Zealand emission units	2,975	1,243
<b>Current assets</b>	<b>104,701</b>	<b>92,547</b>
Property, plant and equipment	72,976	41,454
Mining assets	41,961	27,273
Crown indemnity	53,993	53,399
Other financial assets	742	-
Deferred tax asset	2,041	1,646
<b>Non-current assets</b>	<b>171,713</b>	<b>123,772</b>
<b>TOTAL ASSETS</b>	<b>276,414</b>	<b>216,319</b>
Trade and other payables	26,854	28,526
Tax payable	24,894	19,048
Borrowings	2,970	-
Derivative liabilities	789	3,348
Deferred consideration	12,932	11,900
Provisions	6,447	882
<b>Current liabilities</b>	<b>74,886</b>	<b>63,704</b>
Borrowings	6,876	-
Deferred consideration	12,806	15,100
Provisions	73,042	67,614
<b>Non-current liabilities</b>	<b>92,724</b>	<b>82,714</b>
<b>TOTAL LIABILITIES</b>	<b>167,610</b>	<b>146,418</b>
<b>NET ASSETS</b>	<b>108,804</b>	<b>69,901</b>
Share capital	25,000	25,000
Reserves	(789)	-
Retained earnings net of dividends paid	84,593	44,901
<b>EQUITY</b>	<b>108,804</b>	<b>69,901</b>
<i>Reconciliation to BRL's interest in BT Mining</i>		
Share of share capital	16,250	16,250
Share of retained earnings net of dividends paid	54,473	29,186
<b>BRL's interest in BT Mining</b>	<b>70,723</b>	<b>45,436</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 13. Interest in joint ventures continued

### NWP

On 12 July 2018 BRL secured a joint venture agreement with Jameson Resources Limited ("Jameson"), investing in Jameson's Canadian subsidiary, NWP. The investment was done via a wholly owned subsidiary of BRL set up for this purpose (Bathurst Resources (Canada) Limited) which is incorporated in Canada and has a functional currency of CAD.

NWP's key asset is the Crown Mountain coking coal project ("Crown Mountain"). The Crown Mountain project consists of coal tenure licences located in the Elk Valley coal field in south eastern British Columbia, Canada.

The joint venture agreement structures BRL's investment in NWP into stages. Further investments are at the sole discretion of BRL.

Investment	Amount	Ownership	Use of proceeds	Status
Initial investment	CAD \$4.0m	8%	Exploration programme	Complete
Tranche one	CAD \$7.5m	12%	Bankable feasibility study	In progress
Tranche two	CAD \$110.m	30%	Construction	Not started
<b>Total</b>	<b>CAD \$121.5m</b>	<b>50%</b>	<b>As above</b>	

The total amount of NZD \$10.1m (CAD \$8.9m) invested at 30 June 2019 represents the initial investment (CAD \$4.0m) issued in exchange for common ordinary shares in NWP, as well as a further CAD \$4.9m as part of tranche one, issued in exchange for preference shares in NWP.

The CAD \$4.9m investment in exchange for preference shares is done on a cash call basis at the request of NWP. If BRL exercises the tranche one option, further investment required will equal CAD \$7.5m minus funds invested in the preference shares, when the preference shares will automatically convert to ordinary shares on a 1:1 basis.

The preference shares have the same rights as ordinary shares and are issued at the same value as the ordinary shares, with the sole difference that they have a liquidity preference ranking above ordinary shares. Because the preference shares are in substance the same as ordinary shares, giving BRL access to the returns associated with the joint venture, these have been accounted for in the same way as the ordinary shares.

BRL considers NWP to be a joint venture with Jameson. This is because unanimous approval is required on activities that significantly affect NWP's operations. As such the investment in NWP is accounted for using the equity method.

(a) NWP summarised financial information	2019 \$'000
Cash	1,054
Other current assets	286
Exploration and evaluation assets	23,270
Other non-current assets	1,270
<b>TOTAL ASSETS</b>	<b>25,880</b>
Current liabilities	352
Non-current financial liabilities	1,941
<b>TOTAL LIABILITIES</b>	<b>2,293</b>
Issued capital	25,604
Accumulated losses	(2,017)
<b>TOTAL EQUITY</b>	<b>23,587</b>

### Bathurst Industrial Coal Limited

The Company holds a 50 percent shareholding in Bathurst Industrial Coal Limited. This venture has ceased to operate and it is intended that this entity will be wound up.

# Notes to the financial statements

For the year ended 30 June 2019

## 13. Interest in joint ventures continued

### Accounting policy

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

## 14. Deferred tax

	2019 \$'000	2018 \$'000
<b>Temporary differences attributable to:</b>		
Tax losses	12,449	13,819
Employee benefits	285	257
Provisions	1,772	803
Mining licences	16,695	16,984
Exploration and evaluation expenditure	2,656	548
Property, plant and equipment	6,624	8,086
Waste moved in advance	2,027	-
Other	436	-
<b>Total deferred tax assets</b>	<b>42,944</b>	<b>40,497</b>
Waste moved in advance	-	(787)
Other	(3)	-
<b>Total deferred tax liabilities</b>	<b>(3)</b>	<b>(787)</b>
Net deferred tax asset not recognised	(42,941)	(39,710)
<b>Net deferred tax asset</b>	<b>-</b>	<b>-</b>

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

### Accounting policy

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

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

# Notes to the financial statements

For the year ended 30 June 2019

## 15. Financial liabilities

<b>(a) Trade and other payables</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Current</b>		
Trade payables	2,316	1,566
Accruals	2,688	1,703
Employee benefit payable	1,183	1,238
Interest payable	723	922
Other payables	169	306
<b>Total trade and other payables</b>	<b>7,079</b>	<b>5,735</b>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

<b>(b) Borrowings</b>		
<b>Current</b>		
<i>Secured</i>		
Lease liabilities	1,418	1,654
Subordinated bonds	11,790	-
Bank borrowings backing property, plant and equipment	287	241
<i>Unsecured</i>		
Convertible notes	719	-
<b>Total current borrowings</b>	<b>14,214</b>	<b>1,895</b>
<b>Non-current</b>		
<i>Secured</i>		
Lease liabilities	2,470	3,714
Bank borrowings backing property, plant and equipment	-	287
Subordinated bonds	-	11,689
<i>Unsecured</i>		
Convertible notes	6,827	12,193
<b>Total non-current borrowings</b>	<b>9,297</b>	<b>27,883</b>
<b>Total borrowings</b>	<b>23,511</b>	<b>29,778</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 15. Financial liabilities continued

### (b) Borrowings continued

A summary of key details of the Company's debt instruments (excluding lease liabilities) is as follows:

<b>Instrument</b>	<b>Denomination currency</b>	<b>Face value \$m</b>	<b>Coupon rate %</b>	<b>Issue date</b>	<b>Maturity date</b>	<b>Per note conversion # shares</b>
Convertible notes	NZD	\$0.7m	8%	22/07/2016	22/07/2019	45,455
Convertible notes	NZD	\$7.0m	8%	1/02/2017	1/02/2021	26,667
Subordinated bonds	USD	\$7.9m	10%	1/02/2017	1/02/2020	n/a

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.

During the year, 2,857 of the July 2016 convertible notes issue (face value \$3.3m), and 1,400 of the February 2017 convertible notes issue (face value \$1.6m), were converted to shares at the election of the note holders. For further details refer to note 17.

### Convertible notes

#### Conversion

- July 2016 issue - can be converted into ordinary shares at the election of the holder any time until 10 days prior to maturity date.
- February 2017 issue - can be converted into ordinary shares at the election of the holder any time until 10 days before maturity date.

#### Ranking

The convertible notes rank equally with all other present and future unsecured obligations except for obligations accorded preference by mandatory provisions of applicable law. Any shares issued on conversion will rank equally with all other ordinary shares.

### Subordinated bonds

#### Redemption

The Company is entitled to elect early redemption at any time after the sale and purchase agreement of BT Mining becoming unconditional and after the 1 February 2019. If the bonds are redeemed early the Company must pay 104 percent of the issue price.

#### Ranking

The bonds rank equally with existing and future bonds and without priority or preference amongst themselves. The bonds are formally secured by the Company's share ownership in BT Mining.

#### Technical breach

There was a technical breach to the bond terms during the year. The required majority approval by the bond holders for the share buy-backs scheme that commenced in October 2018 was received retrospectively at the AGM in November 2018. This means a majority of bond holders can elect these bonds to be repaid before the maturity date.

# Notes to the financial statements

For the year ended 30 June 2019

## 15. Financial liabilities continued

	2019 \$'000	2018 \$'000
<b>(c) Deferred consideration</b>		
<b>Current</b>		
Acquisition of subsidiary	1,035	1,258
<b>Non-current</b>		
Acquisition of subsidiary	5,774	6,350
<b>Total deferred consideration</b>	<b>6,809</b>	<b>7,608</b>
Opening balance	7,608	7,928
Unwinding of discount	623	673
Fair value adjustment	(41)	(102)
Consideration paid during the year	(1,381)	(891)
<b>Closing balance</b>	<b>6,809</b>	<b>7,608</b>

### Buller Coal project

BRL acquired Buller Coal Limited (formerly L&M Coal Limited) in November 2010 and the sale and purchase agreement contained an element of deferred consideration. The deferred consideration comprised cash consideration and/or royalties on coal sold and the issue of performance shares.

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

BRL has the option to defer cash payment of the performance payments and elect to submit a higher royalty on coal sold from the respective permit areas until such time the performance payments are made. The option to pay a higher royalty rate has been assumed in the valuation and recognition of deferred consideration.

Bathurst has and will continue to remit royalty payments to L&M Coal Holdings (the vendor) on all Escarpment coal sold as required by the Royalty Deed and this includes ongoing sales from stockpiles. Further information is included in note 23 (d).

### Canterbury Coal Limited

The acquisition of Canterbury Coal Limited in November 2013 contained a royalty agreement. The amounts that are payable in the future under this royalty agreement are required to be recognised as part of the consideration paid for Canterbury Coal Limited. The fair value of the future royalty payments is estimated using a discount rate based upon the Group's weighted average cost of capital ("WACC") and production profile at a set rate per tonne of coal produced. Sensitivity analysis on impact to profit based on changes to key inputs to the estimation of the deferred consideration liability is as follows:

Key input	Change in input	2019		2018	
		Increase in estimate \$'m	Decrease in estimate \$'m	Increase in estimate \$'m	Decrease in estimate \$'m
Discount rate	2 percent	0.1	(0.2)	0.1	(0.1)
Production levels	5 percent	0.0	0.0	(0.1)	0.1



# Notes to the financial statements

For the year ended 30 June 2019

## 15. Financial liabilities continued

### (c) Deferred consideration continued

#### New Brighton Collieries Limited

The Company completed the acquisition of New Brighton Collieries Limited on 10 March 2015. The balance due on settlement is to be satisfied by an ongoing royalty based on mine gate sales revenue. The fair value of the future royalty payments is estimated using a discount rate based upon the Group's WACC, projected production profile, and forecast domestic coal prices. These are based on the Group's forecasts which are approved by the Board of Directors. Sensitivity analysis on impact to profit based on changes to key inputs to the estimation of the deferred consideration liability is as follows:

Key input	Change in input	2019		2018	
		Increase in estimate \$'m	Decrease in estimate \$'m	Increase in estimate \$'m	Decrease in estimate \$'m
Discount rate	2 percent	0.4	(0.4)	0.5	(0.5)
Production levels	5 percent	(0.2)	0.2	(0.3)	0.3
Coal prices	\$5 per tonne	(0.2)	0.2	(0.3)	0.3

#### Security

Pursuant to a deed of guarantee and security the deferred consideration is secured by way of a first-ranking security interest in all of New Brighton Collieries Limited's present and future assets (and present and future rights, title and interest in any assets).

### (d) Fair value measurements

The fair value of the Group's debt instruments is noted below:

Instrument	2019		2018	
	Fair value \$'000	Carrying value \$'000	Fair value \$'000	Carrying value \$'000
Subordinated bonds	12,309	11,790	12,175	11,689
Convertible notes	7,858	7,546	12,652	12,193

All other financial assets and liabilities (except where specifically noted) have a carrying value that is equivalent to their fair value.

#### Accounting policy

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and trade and other payables, net of directly attributable transaction costs.

##### Subsequent measurement

Subsequent measurement of financial liabilities under NZ IFRS 9 is at amortised cost, unless eligible to opt to designate a financial liability at fair value through profit or loss, or other specific exceptions apply.

The Group's financial liabilities fall within two measurement categories: trade and other payables and borrowings at amortised cost, and deferred consideration at fair value through profit or loss.

##### Financial liabilities at amortised cost

Trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Borrowings denominated in foreign currency are re-translated at each reporting period to account for unrealised foreign exchange movements.

# Notes to the financial statements

For the year ended 30 June 2019

## 15. Financial liabilities continued

### Accounting policy continued

#### *Financial liabilities at amortised cost*

The fair value of the liability portion of the convertible notes was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The remainder of the proceeds was allocated to the conversion option and recognised in equity as debt instruments equity component, and is not subsequently remeasured. Refer to note 17.

#### *Fair value through profit or loss*

Deferred consideration is subsequently measured at fair value through profit or loss, as IFRS 9 denotes the measurement requirements of IFRS 3 *Business combinations* applies. The fair value of deferred consideration payments is determined at acquisition date. Subsequent changes to the fair value of the deferred consideration are recognised through the income statement. The portion of the fair value adjustment due to the time value of money (unwinding of discount) is recognised as a finance cost.

Financial liabilities 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.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### *Fair value*

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in a transaction between active market participants or in its absence, the most advantageous market to which the Group has access to at the reporting date. The fair value of a financial liability reflects its non-performance risk.

When available, fair value is measured using the quoted price in an active market. A market is active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The following fair value hierarchy, as set out in NZ IFRS 13: *Fair Value Measurement*, has been used to categorise the inputs to valuation techniques used to measure the financial assets and financial liabilities which are carried at fair value:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group's only financial asset or liability measured at fair value is deferred consideration which is valued at a fair value hierarchy of level 3. The fair value of debt instruments disclosed has been valued at a fair value hierarchy of level 2.

### Key judgements and estimates

In valuing the deferred consideration payable under business acquisitions management uses estimates and assumptions. These include 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.

# Notes to the financial statements

For the year ended 30 June 2019

## 16. Rehabilitation provisions

	2019 \$'000	2018 \$'000
Current	1,328	1,160
Non-current	4,347	4,768
<b>Total provisions</b>	<b>5,675</b>	<b>5,928</b>
<i>Rehabilitation provision movement:</i>		
Opening balance	5,928	3,985
Change recognised in the mining and property asset	(915)	905
Unwinding of discount	365	255
Recognition/movement in Crown indemnity on Sullivan permit	20	351
Movement in provision recognised in the income statement	277	432
<b>Closing balance</b>	<b>5,675</b>	<b>5,928</b>

### Accounting policy

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.

A reasonable change in discount rate assumptions would not have a material impact on the provision.

### Key judgements and estimates

In calculating the estimated future costs of rehabilitating and restoring areas disturbed in the mining process certain estimates and assumptions have been made. 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. The provision is reviewed at each reporting date and updated based on the best available estimates and assumptions at that time.

# Notes to the financial statements

For the year ended 30 June 2019

## 17. Equity

	Note	2019 Number of shares '000	2018 Number of shares '000
<b>(a) Ordinary fully paid shares</b>			
<b>Opening balance</b>		<b>1,513,164</b>	<b>986,028</b>
Issue of shares from conversion of convertible notes		167,198	13,318
Issue of shares from vesting of performance rights	18	16,131	-
Cancellation of shares from buy-backs		(31,316)	-
Issue of shares from conversion of RCPS		-	513,818
<b>Closing balance</b>		<b>1,665,177</b>	<b>1,513,164</b>

### 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.

### Convertible notes conversions

During the year, 2,857 of the July 2016 issue of convertible notes were converted to shares at the option of the note holder, at \$1,150 per note and 2.53¢ per share (June 2018: 293 notes). 1,400 of the February 2017 convertible notes issue were also converted at the request of the note holder, at \$1,150 per note and 4.3125¢ per share.

### Share buy-backs

There were two share buy-back schemes implemented during the year. The first was an on-market share buy-back facility, allowing the Company to purchase up to 75m of its own shares. At 30 June 2019, 30.5m shares had been bought back at an average price of AU 12.8¢ per share.

An off-market minimum holding buyback facility was also offered to shareholders who held unmarketable parcels of shares as defined by the Australian Stock Exchange, which is a shareholder who has a holding valued at less than AUD \$500. Of the 757 eligible shareholders, 555 participated in the facility, with the Company buying back 0.8m shares at a price of AU 14.5¢ per share.

	2019 \$'000	2018 \$'000
<b>(b) Contributed equity</b>		
<b>Opening balance</b>	<b>263,179</b>	<b>249,092</b>
Issue of shares from conversion of convertible notes	25,780	1,982
Issue of shares from conversion of RCPS	-	12,105
Issue of shares from vesting of performance rights	1,543	-
Share buy-backs	(4,225)	-
<b>Closing balance</b>	<b>286,277</b>	<b>263,179</b>

The value transferred to equity on conversion of the convertible notes was the proportional value of the amortised cost of the underlying borrowings and the fair value of the conversion option (debt instruments equity component).

### (c) Debt instruments equity component

<b>Opening balance</b>	<b>43,788</b>	<b>-</b>
Conversion option of convertible notes recognised as equity	-	43,788
Transfer to contributed equity on conversion of convertible notes	(20,964)	-
<b>Closing balance</b>	<b>22,824</b>	<b>43,788</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 17. Equity continued

### Accounting policy

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.

### Key judgements and estimates

The Group has made a judgement that the conversion feature of the convertible notes should be classified as equity. This judgement was made on the basis that the conversion feature satisfies the equity classification test of converting a fixed amount of debt principal to a fixed quantity of the Group's own shares (the 'fixed for fixed' test). Because of this classification the value attributed to the conversion feature is not subsequently remeasured after initial recognition through profit or loss.

The value recognised was independently determined using a Black Scholes Model for the convertible notes that takes into account the exercise price, the term of the conversion option, the current share price and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the conversion option.

## 18. Reserves

	2019 \$'000	2018 \$'000
Share-based payment reserve	293	1,072
Foreign exchange translation reserve	(70)	(149)
Share of BT Mining FX hedging through OCI	(513)	-
Reorganisation reserve	(32,760)	(32,760)
<b>Total reserves</b>	<b>(33,050)</b>	<b>(31,837)</b>

### Nature and purpose of reserves

#### *Share-based payment reserve*

The share-based payment reserve is used to recognise the fair value of performance rights issued. Some performance rights vested during the year with shares issued; the value pertaining to these performance rights were transferred to contributed equity.

#### *Foreign exchange translation reserve*

Exchange differences arising on translation of companies within the Group with a different functional currency to New Zealand dollars are taken to the foreign currency translation reserve. The reserve is recognised in the income statement when the investment is disposed of

#### *Share of BT Mining FX hedging through OCI*

The value booked represents 65 percent equity share of the fair value movement on FX hedging in BT Mining that is put through other comprehensive income.

#### *Reorganisation reserve*

Bathurst Resources Limited was incorporated on 27 March 2013. A scheme of arrangement between Bathurst Resources Limited and its shareholders resulted in Bathurst Resources (New Zealand) Limited becoming the new ultimate parent company of the Group on 28 June 2013. A reorganisation reserve was created, which reflects the previous retained losses of subsidiaries.

# Notes to the financial statements

For the year ended 30 June 2019

## 18. Reserves continued

### Details on share-based payments

Grant date	Vesting date	Opening balance 000s	Issued 000s	Vested 000s	Closing balance 000s
<i>Transaction Performance Rights</i>					
6 February 17	31 December 18	11,500	-	(11,500)	-
<i>Completion performance rights</i>					
21 December 17	31 December 18	1,981	-	(1,981)	-
<i>Retention performance rights</i>					
3 April 18	31 December 18	2,650	-	(2,650)	-
<i>Director performance rights</i>					
20 December 2018	31 March 2020	-	2,555	-	2,555
<i>L TIP performance rights</i>					
28 December 2018	30 January 2022	-	4,591	-	4,591
		<b>16,131</b>	<b>7,146</b>	<b>(16,131)</b>	<b>7,146</b>

The transaction, completion and retention performance rights were converted to shares for nil consideration on the 30 January 2019, with the closing market rate of BRL shares on this date at AU 0.12¢ per share.

#### *Transaction performance rights*

Transaction performance rights were issued to certain key executives during the year, conditional on the successful signing of a sale and purchase agreement for the acquisition of certain Solid Energy mine site assets via the Company's joint venture vehicle, BT Mining. These form part of the Group's overall retention strategy, and recognises their instrumental roles in relation to the negotiation and signing of the contract. These were approved by shareholders at the 2016 AGM.

#### *Completion performance rights*

Completion performance rights were issued to executive directors in recognition of the completion of the sale and purchase agreement for the acquisition of certain assets from Solid Energy, and the close and transition of those assets. These form part of the Group's overall retention strategy and recognises their instrumental roles in relation to the successful completion of the acquisition. These were approved by shareholders at the 2017 AGM.

#### *Retention performance rights*

Retention performance rights were issued to senior executives in recognition of the successful close and transition of certain assets from Solid Energy to the Company. These form part of the Group's overall retention strategy and were approved by the Board.

#### *Director performance rights*

Director performance rights were issued to directors in recognition of past performance of the Company, in particular a 67 percent increase in the Company's share price in FY18. These were approved by shareholders at the 2018 AGM.

These have a nil issue and exercise price and are convertible into fully paid ordinary shares on a 1:1 basis. Vesting is dependent on the holders remaining in employment until the vesting date.

# Notes to the financial statements

For the year ended 30 June 2019

## 18. Reserves continued

### Details on share-based payments continued

#### Long term incentive plan ("LTIP") performance rights

LTIP performance rights were issued to executive directors as part of the new LTIP approved at the 2018 AGM. These rights were issued as an incentive for the future performance of these directors. The rights were approved at the 2018 AGM.

These have a nil issue and exercise price and are convertible into fully paid ordinary shares on a 1:1 basis. Performance requirements include continuous employment with BRL until 15 October 2021, and BRL achieving a total shareholder return compound annual growth rate for the period 1 July 2018 to and including 30 June 2021 of between 10 percent to 15 percent.

#### Accounting policy

Share-based compensation benefits are provided to employees via the Bathurst Resources Limited LTIP.

The fair value of performance rights granted under the Bathurst Resources Limited LTIP 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 rights 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 rights 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 Company revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Performance rights granted carry no dividend or voting rights. When exercised each performance right converts into one fully paid ordinary share. The exercise price of all performance rights is nil.

## 19. Earnings per share

<b>(a) Earnings per share ("EPS")</b>	<b>2019 Cents</b>	<b>2018 Cents</b>
Basic EPS	2.83	0.40
Diluted EPS	2.57	0.40

<b>(b) Reconciliation of earnings used in calculation</b>	<b>\$'000</b>	<b>\$'000</b>
Earnings used to calculate basic EPS – net profit after tax	44,960	5,548
Interest expense on convertible notes	926	-
<b>Earnings used in calculation of diluted EPS</b>	<b>45,886</b>	<b>5,548</b>

<b>(c) Weighted average number of shares</b>	<b>Number of shares 000s</b>	<b>Number of shares 000s</b>
Weighted average shares used in calculation of basic EPS	1,587,049	1,399,047
Dilutive potential ordinary shares (performance rights and convertible notes)	198,267	-
<b>Weighted average shares used in calculation of diluted EPS</b>	<b>1,785,316</b>	<b>1,399,047</b>

At 30 June 2018, basic and diluted EPS were the same as the potential ordinary shares from the convertible notes and performance rights were anti-dilutive.

# Notes to the financial statements

For the year ended 30 June 2019

## 19. Earnings per share continued

### Accounting policy

#### 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.

#### 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.

## 20. Reconciliation of profit to operating cash flows

	2019 \$'000	2018 \$'000
<b>Profit before income tax</b>	<b>44,960</b>	<b>5,548</b>
Dividend received from BT Mining	19,500	13,000
<i>Non-cash items:</i>		
Unrealised FX movements	13	1,767
Depreciation and amortisation	6,909	4,885
Share of BT Mining profit	(45,300)	(42,961)
Rehab provision movement and discount unwinds	563	741
Fair value movements on derivatives	-	27,687
Fair value movements on borrowings	-	4,434
Unwinding of discount rate and fair value adjustment on deferred consideration	582	571
Share-based payment expense	764	794
Impairment	-	1,630
Other	-	75
<i>Non-operating items:</i>		
(Gain)/loss on sale of property, plant and equipment	(3)	21
Interest on debt instruments	2,096	3,396
Other	146	111
Movement in working capital	67	(491)
<b>Cash flow from operating activities</b>	<b>30,297</b>	<b>21,208</b>



# Notes to the financial statements

For the year ended 30 June 2019

## 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 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.

### Market risk

#### Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not New Zealand dollars. The risk is measured using sensitivity analysis.

The Group had minimal operating exposure to foreign currency risk at the end of the reporting period. The Group assesses potential foreign currency exposures by assessing the impact of movement in the FX rate on profit, as follows:

Debt instrument	Currency and face value	2019 +3% \$'000	2018 +3% \$'000	2019 -3% \$'000	2018 -3% \$'000
Subordinated bonds	USD \$7.9m	344	341	(365)	(362)

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. A material risk of credit risk arises from cash and cash equivalents, restricted short-term deposits, trade receivables from contracts with customers, and related party receivables.

#### Risk management

The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate as a means of minimising the risk of financial defaults.

The credit risk on cash and cash equivalents and restricted short-term deposits is limited because the Group only banks with counterparties that have credit ratings of AA- or higher.

The Group's maximum exposure to credit risk for trade receivables from contracts with customers and loans to related parties is their carrying value. The Group has long standing relationships with all its key customers and historically has experienced very low to nil defaults on its trade receivables.

#### Impairment

The Group's financial assets are subject to having their impairment assessed against the IFRS 9 forward looking expected credit loss model. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The group applies the NZ IFRS 9 simplified approach to measuring expected credit losses for trade receivables on contracts with customers, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The assessed impairment loss for all financial assets was immaterial at 30 June 2019. There were no indicators that credit risk on financial assets had increased significantly since initial recognition, nor does the Group hold any financial assets that are considered to be credit-impaired (excluding a historical intercompany receivable which has been specifically provided for).

# Notes to the financial statements

For the year ended 30 June 2019

## 21. Financial risk management continued

### Liquidity risk

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

#### Maturities of financial liabilities

The tables below analyse the Group's non-derivative 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.

	Less than 6 months	6 - 12 months	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total contractual flows
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2019</b>						
Trade and other payables	7,079	-	-	-	-	7,079
Borrowings	854	12,561	6,745	-	-	20,160
Finance leases	1,332	1,077	1,207	943	-	4,559
Deferred consideration	503	503	952	3,026	4,282	9,266
<b>Total</b>	<b>9,768</b>	<b>14,141</b>	<b>8,904</b>	<b>3,969</b>	<b>4,282</b>	<b>41,064</b>
<b>30 June 2018</b>						
Trade and other payables	5,803	-	-	-	-	5,803
Borrowings	1,100	1,082	17,130	9,033	-	28,345
Finance leases	1,057	1,057	2,345	1,906	-	6,365
Deferred consideration	636	636	1,226	3,775	4,786	11,059
<b>Total</b>	<b>8,596</b>	<b>2,775</b>	<b>20,701</b>	<b>14,714</b>	<b>4,786</b>	<b>51,572</b>

Borrowings in the above table represent the underlying contractual commitments on the USD denominated Subordinated Bonds and NZD convertible notes. The convertible notes have the option to convert to equity, so future principal repayments may not occur. The subsequent to balance sheet date conversions of convertible notes disclosed in note 24 have been excluded from the above.

Total contractual cash flows on finance leases equal minimum lease payments plus interest.

### Capital management

The Group's capital includes contributed equity, reserves, and retained earnings. The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain the future development of the business. There were no changes to the Company's approach to capital management during the year.

# Notes to the financial statements

For the year ended 30 June 2019

## 21. Financial risk management continued

### Financial instruments by category

	2019 \$'000	2018 \$'000
<b>Financial assets</b>		
<i>Amortised cost</i>		
Cash and cash equivalents	20,005	20,179
Restricted short-term deposits	4,030	4,037
Trade and other receivables	4,018	3,903
Other financial assets	139	139
Crown Indemnity	371	351
<b>Total financial assets</b>	<b>28,563</b>	<b>28,609</b>
<b>Financial liabilities</b>		
<i>Amortised cost</i>		
Trade and other payables	7,079	5,803
Borrowings	23,511	29,778
<i>Fair Value</i>		
Deferred consideration	6,809	7,608
<b>Total financial liabilities</b>	<b>37,399</b>	<b>43,189</b>

## 22. Key management personnel

Key management personnel are the senior leadership team and directors (executive and non-executive) of the Group.

### Key management personnel compensation

	Short-term benefits \$'000	Share-based payments \$'000	Total \$'000
<b>30 June 2019</b>			
Management	2,387	676	3,063
Non-executive directors	184	88	272
<b>Total</b>	<b>2,571</b>	<b>764</b>	<b>3,335</b>
<b>30 June 2018</b>			
Management	2,172	684	2,856
Non-executive directors	196	110	306
<b>Total</b>	<b>2,368</b>	<b>794</b>	<b>3,162</b>

# Notes to the financial statements

For the year ended 30 June 2019

## 23. Commitments and contingent liabilities

### (a) Capital commitments

There was no capital expenditure contracted for at the reporting date but not recognised as a liability (2018: nil).

### (b) Lease commitments

#### *Non-cancellable operating leases*

The Group leases various offices, accommodations, and equipment under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. Commitments for non-cancellable minimum lease payments are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	270	287
Later than one year but not later than five years	367	608
<b>Total lease commitments</b>	<b>637</b>	<b>895</b>

#### *Finance leases*

The Group leases various plant and equipment expiring within one to five years. Refer to note 21 for further information.

### (c) Exploration expenditure commitments

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

### (d) Contingent assets and liabilities

On 23 December 2016 BRL announced that L&M Coal Holdings Limited had filed legal proceedings in the High Court of New Zealand in relation to an alleged breach of the first USD \$40m performance payment described in note 15 (c). On 20 August 2018 BRL advised that it received an unfavourable judgment from the High Court on this matter.

The High Court held that the first performance payment had been triggered as royalties were not being paid on a reasonable level (undefined by the Court) of production. BRL lodged an appeal to the Court of Appeal against this decision, which was heard in court on 21 to 23 August 2019. BRL continues to believe that it is more likely than not that it will be successful in the Court of Appeal. A judgment is expected from the Court of Appeal in early 2020. Notwithstanding this, should BRL ultimately be unsuccessful, directors have considered options to fund payment and are of the view that BRL would be able to do so.

## 24. Events after the reporting period

Other than as disclosed there are no other material events that occurred subsequent to reporting date, that require recognition of, or additional disclosure in these financial statements.

### Conversion of convertible notes

The remaining July 2016 issue of convertible notes matured on the 22 July 2019 (original maturity date). It was requested by the note holder that these were converted to shares, resulting in the issue of 28.5m shares. The remaining balance sitting in borrowings and debt instrument equity component relating to this notes issue has subsequently been transferred to contributed equity. 13.3m shares were also issued on 12 August 2019 on the conversion of 500 of the February 2017 issue of convertible notes (face value of debt \$0.6m), at the request of the note holder.

### Dividend

The Board approved a dividend on 26 August 2019, which will be payable on 23 October 2019. The dividend is payable at AU 0.3¢ per share, amounting to a total dividend payment of AUD \$5.1m based on current issued shares. These financial statements do not reflect this dividend, the dividend will be accounted for in equity as an adjustment to retained earnings in the financial year ending 30 June 2020.

### Share buy-backs

The Board approved a 12-month extension to the on-market share buy-back facility which was originally announced on 28 August 2018. The facility will now end on the 28 August 2020; no other details have changed. At the date of these financial statements, there were 44.5m shares able to be bought back.

# Additional information

For the year ended 30 June 2019

## Unaudited proportionate consolidation of Bathurst and BT Mining operations

The following income statement, balance sheet and cash flow represent 100 percent of Bathurst operations, and 65 percent of BT Mining operations. This presentation does not reflect reporting under NZ GAAP or NZ IFRS, but is intended to show a combined operating view of the two businesses for information purposes only.

Prior period comparatives only include ten months of operations, as BT Mining began operating on 1 September 2017.

### Consolidated income statement

	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Revenue from contracts with customers	286,809	237,083
Realised FX and coal price hedging	(5,303)	-
Less: cost of sales	(173,509)	(133,981)
<b>Gross profit</b>	<b>107,997</b>	<b>103,102</b>
Other income	254	1,486
Depreciation	(9,838)	(6,545)
Administrative and other expenses	(19,180)	(17,855)
Fair value on deferred consideration	(6,584)	(5,684)
Gain on disposal of fixed assets	3	71
Impairment losses	-	(1,630)
<b>Operating profit before tax</b>	<b>72,652</b>	<b>72,945</b>
Fair value movement on derivatives	(2,235)	(27,687)
Fair value movement on borrowings	-	(4,434)
Finance cost	(5,704)	(12,699)
Finance income	454	356
<b>Profit before income tax</b>	<b>65,167</b>	<b>28,481</b>
Income tax expense	(20,207)	(22,933)
<b>Profit after tax</b>	<b>44,960</b>	<b>5,548</b>

# Additional information

For the year ended 30 June 2019

## Consolidated balance sheet

	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Cash and cash equivalents	34,489	25,236
Restricted short-term deposits	4,030	4,037
Trade and other receivables	34,405	35,217
Inventories	22,812	24,203
New Zealand emission units	3,362	1,204
Other financial assets	-	25
<b>Total current assets</b>	<b>99,098</b>	<b>89,922</b>
Property, plant and equipment ("PPE")	64,673	44,466
Mining assets	57,058	44,034
Crown indemnity	35,466	35,060
Deferred tax asset	1,327	1,070
Interest in joint ventures	10,105	-
Other financial assets	621	114
<b>Total non-current assets</b>	<b>169,250</b>	<b>124,744</b>
<b>TOTAL ASSETS</b>	<b>268,348</b>	<b>214,666</b>
Trade and other payables	24,534	24,277
Tax payable	16,181	12,381
Borrowings	16,145	1,895
Derivative liabilities	513	2,176
Deferred consideration	9,441	8,993
Provisions	5,519	1,733
<b>Total current liabilities</b>	<b>72,333</b>	<b>51,455</b>
Borrowings	13,766	27,883
Deferred consideration	14,098	16,165
Provisions	51,824	48,717
<b>Total non-current liabilities</b>	<b>79,688</b>	<b>92,765</b>
<b>TOTAL LIABILITIES</b>	<b>152,021</b>	<b>144,220</b>
<b>NET ASSETS</b>	<b>116,327</b>	<b>70,446</b>
Contributed equity	286,277	263,179
Debt instruments equity component	22,824	43,788
Reserves	(33,050)	(31,837)
Retained earnings net of dividends	(159,724)	(204,684)
<b>EQUITY</b>	<b>116,327</b>	<b>70,446</b>

# Additional information

For the year ended 30 June 2019

## Consolidated cash flow

	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	286,293	209,945
Payments to suppliers and employees	(178,992)	(143,755)
Taxes paid	(16,597)	(11,621)
<b>Net inflow from operating activities</b>	<b>90,704</b>	<b>54,569</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure	(703)	(337)
Mining assets (incl. elevated stripping)	(28,517)	(21,696)
PPE purchases	(30,046)	(30,666)
Proceeds from disposal of PPE	186	92
Payment of deferred consideration	(9,863)	(5,159)
BT Mining repayment of loan to BRL	-	4,290
Investment in NWP	(10,105)	-
Other	22	57
<b>Net outflow from investing activities</b>	<b>(79,026)</b>	<b>(53,419)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	6,955	20,070
Repayment of borrowings	(2,670)	(21,578)
Interest on debt instruments	(2,138)	(3,036)
Interest received	427	402
Interest paid	(697)	(555)
Finance facility fees	(84)	(150)
Share buy-backs	(4,225)	-
<b>Net outflow from financing activities</b>	<b>(2,432)</b>	<b>(4,847)</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,246</b>	<b>(3,697)</b>
Opening cash and cash equivalents including restricted short-term deposits	29,273	32,970
<b>Closing cash and cash equivalents</b>	<b>38,519</b>	<b>29,273</b>



# Independent auditor's report

To the shareholders of Bathurst Resources Limited

## Report on the audit of the consolidated financial statements

### Opinion

In our opinion, the accompanying consolidated financial statements of Bathurst Resources Limited (the 'Company') and its subsidiaries (the 'Group') on pages 39 to 74:

- i. present fairly in all material respects the Group's financial position as at 30 June 2019 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2019;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.



### Emphasis of matter – Contingent liabilities

We draw attention to Note 23(d) to the consolidated financial statements which discloses the unfavourable judgment received in relation to legal proceedings in the High Court of New Zealand filed by L&M Coal Holdings Limited. The Group had its appeal heard in the Court of Appeal during the week ending 23 August 2019 and the decision remains outstanding.

No liability has been recognised as at 30 June 2019 based on legal advice that it is more likely than not that the Group will be successful in the Court of Appeal.

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## Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$2,000,000 determined with reference to a benchmark of the Group's profit before tax from continuing operations. We chose the benchmark because, in our view, this is a key measure of the Group's performance.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

### The key audit matter

### How the matter was addressed in our audit

#### Deferred consideration

Refer to Note 15(c) to the financial statements.

The fair value of the deferred consideration in respect of previous mine acquisitions was \$6.8 million as at 30 June 2019.

The equity accounted joint venture BT Mining Limited includes deferred consideration of \$25.7 million.

Significant judgement is applied by in relation to key inputs into the discounted cash flow models (models) to estimate the fair value of deferred consideration. Key inputs include estimated coal production levels, future coal prices, the timing of cash flows and a discount rate based on the risk free rate plus a mine-specific risk premium to reflect the risk that is not incorporated into the estimated cash flows.

This was an area of audit focus because of the estimation uncertainties and significant judgements applied by management in estimating future coal prices, production levels and timing of cash flows and the sensitivities to be disclosed.

Our audit procedures over management's calculation of its estimate of the future deferred consideration payable included the following:

- Sighting the sale and purchase agreements and agreeing the terms of the deferred consideration obligations related to each mine.
- Testing the mathematical accuracy of the models used by Management to calculate the estimated future deferred consideration payable.
- Comparing the forecasted coal production to operational data and reserve estimates prepared by the Group's internal reserve engineering experts.
- Assessing management's production forecasting accuracy by comparing forecast results to actual results.
- Comparing the forecast coal price assumption with current prices charged to the Company's largest customers and a growth rate based on historic growth rates and external forecast coal prices.
- Performing sensitivity analysis on the key estimates and assumptions, including the forecast coal price and estimated production.
- Assessing whether the Group's disclosures in relation to deferred consideration and the sensitivities of key assumptions were appropriate in the financial statements.



#### The key audit matter

#### How the matter was addressed in our audit

##### Revenue recognition

Refer to Note 3 to the financial statements

For the year ended 30 June 2019 the Group has adopted NZ IFRS 15 *Revenue from Contracts with Customers* ('NZ IFRS 15'). The adoption of this accounting standard could have impacted how the Group recognises revenue.

Our focus has been on ensuring that the treatment of each product offering under the agreements are appropriately accounted for and disclosed within the financial statements.

The other area of focus was on the treatment of revenue across a range of customers as each customer has an individual contract.

This was an area of audit focus as the application of a new standard requires judgement as does the process to conclude on the treatment of each contract.

Our audit procedures over management's assessment of the impact of NZ IFRS 15 included:

- Understanding and assessing management's process for identifying revenue streams and contracts that require assessment.
- Verifying a sample of contracts that management completed an assessment of and assessing if we concurred with management's conclusion.
- Verifying a sample of contracts that management had not tested and assessing that their treatment should be consistent with the contracts management did test.



#### Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's annual report. Other information included in the annual report includes the Chairman's and Chief Executive's report, and operational and financial reviews. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The annual report is expected to be made available to us after the date of this independent auditor's report. Our responsibility is to read the annual report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.



#### Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is David Gates.

For and on behalf of

KPMG  
Wellington  
26 August 2019



# 03

## Shareholder information

### **In this section**

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Shareholder information

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# Shareholder information

Additional information required by the Australian Securities Exchange and not shown elsewhere in the annual report, current as at 30 September 2019.

## Stock exchange quotation

Shares are quoted on the ASX under the code "BRL".

## Classes of securities

The following equity securities are on issue:

		Number on issue	Number of holders
<b>Quoted</b>	Ordinary shares, each fully paid	1,706,964,431	2,677
<b>Unquoted</b>	Convertible notes of NZD \$1,150 converting to 26,667 shares per note, maturing 1 February 2021	5,600	8
	Director performance rights exercisable at \$nil, vesting 31 March 2020	2,555,000	4
	LTIP performance rights exercisable at \$nil, vesting 30 January 2022	4,590,909	2

## Voting rights

Only holders of ordinary shares have voting rights. These are set out in Clause 21.5 of the Company's constitution and are summarised as follows:

- Where voting is by show of hands or by voice, every shareholder present in person or by proxy or representative has one vote.
- On a poll every shareholder present in person or by representative has, in respect of each fully paid share held by that shareholder, one vote.

Holders of convertible notes and performance rights have no voting rights until the instruments are converted/exercised into ordinary shares.

## Restricted securities

There are no restricted securities or securities subject to voluntary escrow.

## On-market share buy-backs

An on-market share buy-back was announced on 28 August 2018, approving the buy-back of up to 75.0 million shares, representing approximately 4.70 percent of the shares on issue at that date. The duration of the buy-back was extended on the 27 August 2019 for a further 12 months, now ending on 28 August 2020. Up to and including 30 September 2019, 30.5 million shares had been bought back.

## Distribution of quoted equity securities

Holding range	Total shareholders	Ordinary shares
1 – 1,000	169	14,075
1,001 – 5,000	287	1,228,408
5,001 – 10,000	476	3,980,177
10,001 – 100,000	1,253	50,248,068
100,001 and over	492	1,651,493,703
<b>TOTAL</b>	<b>2,677</b>	<b>1,706,964,431</b>

There are 478 shareholders holding less than a marketable parcel of ordinary shares as determined by the ASX (parcels valued at AUD \$500 or less) based on the closing price of AU 9.5¢ per share.

## Substantial holders

The Company's record of substantial shareholdings (5 percent or more) based on notices from shareholders:

	Number held	Percentage of issued shares
Republic Investment Management Pte Limited ("RIM")	400,578,041	23.5%
Talley's Group Limited	206,593,060	12.1%
Asian Dragon Acquisitions Limited	106,716,841	6.3%

Approval was given by shareholders at the November 2018 AGM with specific respect to the Takeovers Code (New Zealand) for RIM to hold more than 20 percent of the Company's shares, as a result of the on-market share buy-back and the conversion of convertible notes held by RIM. RIM at the date of this report still hold 500 of the convertible notes disclosed on the previous page, which if converted will convert into 13,333,333 ordinary shares. This would give RIM a maximum holding of 24.1 percent of the voting rights, based on current issued shares.

## Corporate governance statement

The Corporate Governance Statement is available on the Company's website at [www.bathurst.co.nz](http://www.bathurst.co.nz)

### Top 20 shareholders

	Shareholding name	Number of shares held	Percentage of issued shares
1.	HSBC Custody Nominees (Australia) Limited	519,392,413	30.43
2.	Citicorp Nominees Pty Limited	279,331,950	16.36
3.	JP Morgan Nominees Australia Limited	118,202,936	6.92
4.	Chng Seng Chye	91,878,788	5.38
5.	BNP Paribas Nominees Pty Limited <IB AU Noms Retailclient DRP>	78,976,185	4.63
6.	Teo Peng Kwang	38,932,124	2.28
7.	Armada Trading Pty Ltd	29,114,272	1.71
8.	AFE Investments Pty Limited	27,888,773	1.63
9.	Ang Poon Liat	22,002,727	1.29
10.	National Nominees Limited	21,070,259	1.23
11.	John McCallum	20,392,966	1.19
12.	Karamjit Singh Narula	18,181,818	1.07
13.	Richard Tacon	14,948,027	0.88
14.	Rich Trend Ventures Limited	13,333,333	0.78
15.	BNP Paribas Noms Pty Ltd <DRP>	12,993,384	0.76
16.	DBS Vickers Securities (Singapore) Pte Ltd <Client Account>	11,363,636	0.67
17.	San Tiong Ng	10,000,000	0.59
18.	Chow Shook Lin	9,090,909	0.53
19.	Invia Custodian Pty Limited <Hargreaves S/Fund A/C>	9,045,454	0.53
20.	Treadstone Resource Partners Pty Ltd	7,272,727	0.43
	<b>Total top 20 shareholders</b>	<b>1,353,412,681</b>	<b>79.29</b>
	<b>Total remaining shareholders</b>	<b>353,551,750</b>	<b>20.71</b>







# 04

## Resources and reserves

### In this section

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Tenement schedule

Coal resources and reserves

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# Tenement schedule

At 30 June 2019

Permit ID	Location (region)	Minerals	Permit type	Permit operator	Bathurst interest
60194	Canterbury	Coal	Exploration Permit	Bathurst Coal Limited	100%
60146	Waikato	Coal	Exploration Permit	BT Mining Limited	65%
56233	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
56220	Waikato	Coal	Exploration Permit	BT Mining Limited	65%
54846	Canterbury	Coal	Exploration Permit	Bathurst Coal Limited	100%
53614	Southland	Coal	Mining Permit	Bathurst Coal Limited	100%
52937	West Coast	Coal	Mining Permit	BT Mining Limited	65%
51279	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
51260	Southland	Coal	Exploration Permit	Bathurst Coal Limited	100%
41821	Waikato	Coal	Mining Permit	BT Mining Limited	65%
41810	West Coast	Coal	Mining Permit	BT Mining Limited	65%
41456	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41455	West Coast	Coal	Mining Permit	Bathurst Coal Limited	100%
41372	Canterbury	Coal	Mining Permit	Bathurst Coal Limited	100%
41332	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41274	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
40698	Waikato	Coal	Exploration Permit	BT Mining Limited	65%
40628	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
40625	Southland	Coal	Exploration Permit	New Brighton Collieries Limited	100%

Permit ID	Location (region)	Minerals	Permit type	Permit operator	Bathurst interest
40591	West Coast	Coal	Exploration Permit	Bathurst Coal Limited	100%
37161	West Coast	Coal	Coal Mining Licence	Bathurst Coal Limited	100%
3716101	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
3716102	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
3716103	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
3716104	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
37155	Waikato	Coal	Coal Mining Licence	BT Mining Limited	65%
3715501	Waikato	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
37153	Waikato	Coal	Coal Mining Licence	BT Mining Limited	65%
3715301	Waikato	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
37150	West Coast	Coal	Coal Mining Licence	BT Mining Limited	65%
3715002	West Coast	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
3715003	West Coast	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
60321	West Coast	Minerals	Exploration Permit	Bathurst Coal Limited	100%
60422	Waikato	Coal	Coal Mining Permit	BT Mining Limited	65%

## Bathurst Resources permitting changes 1 July 2018 – 30 June 2019

### Permit applications in past twelve months

Permit ID	Permit type	Operator	Location (region)	Applied date	Permit name	Bathurst interest
56233	Mining Permit	Buller Coal Limited	West Coast	13/12/2018	Coal Creek	100%
60520	Exploration Permit	Buller Coal Limited	West Coast	15/2/2019	Denniston	100%
60521	Exploration Permit	Buller Coal Limited	West Coast	15/2/2019	Millerton-Fly Creek	100%
60522	Exploration Permit	Buller Coal Limited	West Coast	15/2/2019	Blackburn	100%

### Permits granted in past 12 months

Permit ID	Permit type	Operator	Location (region)	Applied date	Permit name	Bathurst interest
60422	Mining Permit	BT Mining Limited	Waikato	4/7/2018	Awaroa West	65%
60321	Exploration Permit	Bathurst Coal Limited	West Coast	7/10/2018	Denniston Gold	100%

### Full Surrender

Permit ID	Permit type	Operator	Location (region)	Permit name	Bathurst interest
60047	Exploration Permit	Bathurst Coal Limited	Wellington	West Coast	100%
55401	Mining Permit	Buller Coal Limited	Rapid Stream	West Coast	100%

### Expired

None

# Coal resources and reserves

## Resources

Table 1 – Resource tonnes

Area	Bathurst mineral ownership	2019 Measured resource (Mt)	2018 Measured resource (Mt)	Change (Mt)	2019 Indicated resource (Mt)	2018 Indicated resource (Mt)	Change (Mt)	2019 Inferred resource (Mt)	2018 Inferred resource (Mt)	Change (Mt)	2019 Total resource (Mt)	2018 Total resource (Mt)	Change (Mt)
Escarpment (1)	100%	3.4	3.4	0.0	2.2	2.2	0.0	1.1	1.1	0.0	6.7	6.7	0.0
Cascade (1)	100%	0.5	0.5	0.0	0.6	0.6	0.0	0.3	0.3	0.0	1.4	1.4	0.0
Deep Creek (1 & 3)	100%	6.2	6.2	0.0	3.1	3.1	0.0	1.6	1.6	0.0	10.9	10.9	0.0
Coalbrookdale (1)	100%	0.0	0.0	0.0	3.4	3.4	0.0	4.7	4.7	0.0	8.1	8.1	0.0
Whareatea West (1)	100%	7.9	7.9	0.0	11.2	11.2	0.0	4.8	4.8	0.0	23.9	23.9	0.0
Sullivan (1)	100%	2.7	2.7	0.0	5.1	5.1	0.0	4.1	4.1	0.0	11.9	11.9	0.0
<b>South Buller Totals (6)</b>	<b>100%</b>	<b>20.7</b>	<b>20.7</b>	<b>0.0</b>	<b>25.6</b>	<b>25.6</b>	<b>0.0</b>	<b>16.6</b>	<b>16.6</b>	<b>0.0</b>	<b>62.9</b>	<b>62.9</b>	<b>0.0</b>
Stockton (2, 4 & 5)	65%	1.0	0.9	0.1	9.7	10.2	(0.5)	7.3	7.5	(0.2)	18.0	18.6	(0.6)
Upper Waimangaroa (Met) (2, 4 & 5)	65%	0.8	0.5	0.3	12.9	13.2	(0.3)	32.8	33.4	(0.6)	46.5	47.1	(0.6)
Upper Waimangaroa (Thermal) (2, 4 & 5)	65%	0.1	0.1	0.0	1.2	1.0	0.2	1.3	1.4	(0.1)	2.6	2.5	0.1
<b>Stockton Totals</b>	<b>65%</b>	<b>1.9</b>	<b>1.5</b>	<b>0.4</b>	<b>23.8</b>	<b>24.4</b>	<b>(0.6)</b>	<b>41.4</b>	<b>42.3</b>	<b>(0.9)</b>	<b>67.1</b>	<b>68.2</b>	<b>(1.1)</b>

## Resources (continued)

**Table 1 – Resource tonnes** continued

Area	Bathurst mineral Ownership	2019 Measured resource (Mt)	2018 Measured resource (Mt)	Change (Mt)	2019 Indicated resource (Mt)	2018 Indicated resource (Mt)	Change (Mt)	2019 Inferred resource (Mt)	2018 Inferred resource (Mt)	Change (Mt)	2019 Total resource (Mt)	2018 Total resource (Mt)	Change (Mt)
Millerton North (1 & 3)	100%	0.0	0.0	0.0	1.9	1.9	0.0	3.6	3.6	0.0	5.5	5.5	0.0
North Buller (1 & 3)	100%	2.4	2.4	0.0	7.3	7.3	0.0	10.9	10.9	0.0	20.6	20.6	0.0
Blackburn (1 & 3)	100%	0.0	0.0	0.0	5.8	5.8	0.0	14.1	14.1	0.0	19.9	19.9	0.0
<b>North Buller Totals</b> <sup>(6)</sup>	<b>100%</b>	<b>2.4</b>	<b>2.4</b>	<b>0.0</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>	<b>28.6</b>	<b>28.6</b>	<b>0.0</b>	<b>46.0</b>	<b>46.0</b>	<b>0.0</b>
<b>Buller Coal Project Totals</b>		<b>25.0</b>	<b>24.6</b>	<b>0.4</b>	<b>64.4</b>	<b>65.0</b>	<b>(0.6)</b>	<b>86.6</b>	<b>87.5</b>	<b>(0.9)</b>	<b>176.0</b>	<b>177.1</b>	<b>(1.1)</b>
Takitimu (1 & 4)	100%	0.3	0.9	(0.6)	2.1	1.6	0.5	0.3	0.2	0.1	2.7	2.7	(0.0)
New Brighton (1 & 8)	100%	0.2	0.2	0.0	0.2	0.4	(0.2)	0.2	1.3	(1.1)	0.6	1.9	(1.3)
Albury (1 & 10)	100%	0.0	0.0	0.0	0.7	0.7	0.0	0.1	0.1	0.0	0.8	0.8	0.0
Canterbury Coal (1, 4, 9 & 11)	100%	1.0	1.4	(0.4)	1.3	2.5	(1.2)	1.0	3.2	(2.2)	3.3	7.1	(3.8)
<b>Southland/ Canterbury Totals</b> <sup>(6)</sup>	<b>100%</b>	<b>1.5</b>	<b>2.5</b>	<b>(1.0)</b>	<b>4.3</b>	<b>5.2</b>	<b>(0.9)</b>	<b>1.6</b>	<b>4.8</b>	<b>(3.2)</b>	<b>7.4</b>	<b>12.5</b>	<b>(5.1)</b>
Rotowaro (2, 4, 5 & 11)	65%	0.6	2.4	(1.8)	1.8	5.0	(3.2)	0.4	1.5	(1.1)	2.8	8.9	(6.1)
Rotowaro North <sup>(7)</sup>	65%	0.5	0.0	0.5	3.8	0.0	3.8	0.1	0.0	0.1	4.4	0.0	4.4
Maramarua (4, 5, 8 & 12)	65%	2.4	1.7	0.7	0.2	1.5	(1.3)	0.0	0.0	0.0	2.6	3.2	(0.6)
<b>North Island</b> <sup>(6)</sup> <b>Totals</b>	<b>65%</b>	<b>3.5</b>	<b>4.1</b>	<b>(0.6)</b>	<b>5.8</b>	<b>6.5</b>	<b>(0.7)</b>	<b>0.5</b>	<b>1.5</b>	<b>(1.0)</b>	<b>9.8</b>	<b>12.1</b>	<b>(2.3)</b>
<b>Total</b>		<b>30.0</b>	<b>31.2</b>	<b>(1.2)</b>	<b>74.5</b>	<b>76.7</b>	<b>(2.2)</b>	<b>88.7</b>	<b>93.8</b>	<b>(5.1)</b>	<b>193.2</b>	<b>201.7</b>	<b>(8.5)</b>

All resources and reserves quoted in this release are reported in terms as defined in the 2004 and 2012 Editions 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").

The measured and indicated mineral resources are inclusive of those mineral reserves modified to produce the ore reserves. Rounding of tonnes as required by reporting guidelines may result in summation differences between tonnes and coal quality. All resources quoted are reported as of 30 June 2019.

<sup>1</sup> Resource tonnages have been calculated using a density value calculated using approximated in-ground moisture values (Preston and Sanders method) and as such tonnages quoted in this report are wet tonnes (unless stipulated otherwise). All coal qualities quoted are on an Air-Dried Basis.

<sup>2</sup> Stockton, Upper Waimangaroa and Maramarua density values are based on air-dried ash density regressions. Stockton, Upper Waimangaroa, Rotowaro and Maramarua are reported on an air-dried basis.



**Table 1 – Resource tonnes continued**

<sup>3</sup> No additional work has been undertaken on the coal resources for Deep Creek, Millerton North and Blackburn since originally reported. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

<sup>4</sup> Resources were depleted by mining.

<sup>5</sup> Stockton, Upper Waimangaroa, Rotowaro, Rotowaro North and Maramarua are owned by BT Mining Limited with Bathurst holding a 65 percent equity share.

<sup>6</sup> South Buller, North Buller, Sullivan, Southland and Canterbury resources are 100 percent Bathurst Resources Limited ownership.

<sup>7</sup> New resource.

<sup>8</sup> Significant updates to geological model combined with a review of potential economic recovery.

<sup>9</sup> Changes are due to an updated geology model (with updated historic extraction factors), mining depletion, and a review of potentially recoverable resources.

<sup>10</sup> Mining depletion and a review of coal available with reasonable prospects of eventual economic extraction.

<sup>11</sup> Mining depletion and back filling against previously mined highwalls has required the review of potentially recoverable resources.

<sup>12</sup> Density is based on a fixed 1.3 tonnes per cubic metre due to insufficient data to support air dried ash density regression.

**Table 2 – Average coal quality – measured**

Area	Bathurst mineral Ownership	Measured resource (Mt)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In situ moisture	Calorific value (AD)
Escarpment	100%	3.4	16.8	0.7	33.0	49.3	7.0	1.0	5.6	28.6
Cascade	100%	0.5	15.5	1.7	39.3	42.6	4.5	2.6	7.6	30.8
Deep Creek	100%	6.2	11.0	2.5	32.9	53.9	-	2.2	5.2	29.7
Coalbrookdale	100%	0.0	-	-	-	-	-	-	-	-
Whareatea West	100%	7.9	24.9	0.8	24.0	50.4	7.0	0.6	6.3	26.5
Sullivan	100%	2.7	13.8	1.1	32.1	52.9	7.0	1.2	6.6	29.7
Stockton	65%	1.0	7.9	2.5	30.9	60.2	7.6	1.0	-	32.6
Upper Waimangaroa (Met)	65%	0.8	4.3	2.0	39.0	53.4	5.2	3.4	-	30.7
Upper Waimangaroa (Thermal)	65%	0.1	10.8	1.8	36.9	48.1	3.5	4.1	-	29.2
Millerton North	100%	0.0	-	-	-	-	-	-	-	-
North Buller	100%	2.4	8.6	4.7	43.1	45.4	4.5	2.9	11.4	29.7
Blackburn	100%	0.0	-	-	-	-	-	-	-	-
Takitimu	100%	0.3	12.5	0.3	35.5	37.2	N/A	14.8	24.8	20.8
New Brighton	100%	0.2	10.3	0.4	35.0	41.2	N/A	13.5	20.6	22.6
Albury	100%	0.0	-	-	-	-	-	-	-	-
Canterbury Coal	100%	1.0	9.6	0.9	35.0	37.2	N/A	18.2	26.7	21.1
Rotowaro	65%	0.6	4.5	0.3	35.0	46.1	N/A	14.4	-	22.7
Rotowaro North	65%	0.5	7.2	0.3	36.2	43.5	N/A	13.1	-	23.9
Maramarua	65%	2.4	5.9	0.2	37.5	38.8	N/A	17.8	-	22.3

## Resources (continued)

**Table 3 – Average coal quality – indicated**

Area	Bathurst mineral ownership	Indicated resource (Mt)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In situ moisture	Calorific value (AD)
Escarpment	100%	2.2	12.6	1.2	34.9	51.4	7.5	1.2	5.5	30.0
Cascade	100%	0.6	14.8	1.8	38.3	44.5	4.0	2.4	8.0	29.3
Deep Creek	100%	3.1	9.7	2.7	34.7	53.6	-	2.0	4.8	30.3
Coalbrookdale	100%	3.4	12.0	1.8	35.9	50.4	5.0	1.7	5.6	29.8
Whareatea West	100%	11.2	28.5	1.1	22.3	48.5	6.0	0.7	6.3	25.0
Sullivan	100%	5.1	15.3	1.2	30.6	53.0	7.0	1.2	6.6	29.3
Stockton	65%	9.7	6.1	3.4	36.4	56.2	7.9	1.2	-	33.2
Upper Waimangaroa (Met)	65%	12.9	4.3	2.0	39.0	53.4	5.2	3.4	-	30.7
Upper Waimangaroa (Thermal)	65%	1.2	8.3	3.1	37.7	50.0	1.8	4.0	-	28.6
Millerton North	100%	1.9	9.7	4.9	36.9	52.4	10.0	1.0	6.1	31.1
North Buller	100%	7.3	8.8	5.1	42.6	46.3	5.0	2.3	9.4	30.0
Blackburn	100%	5.8	3.9	4.3	42.1	51.8	6.0	2.2	10.1	30.4
Takitimu	100%	2.1	11.2	0.3	35.2	37.8	N/A	15.8	25.4	21.0
New Brighton	100%	0.2	10.6	0.4	35.0	39.7	N/A	14.7	21.3	22.4
Albury	100%	0.7	7.2	1.0	30.9	24.5	N/A	37.4	41.2	15.6
Canterbury Coal	100%	1.3	9.4	0.9	35.1	37.4	N/A	18.1	26.7	21.2
Rotowaro	65%	1.8	5.2	0.3	35.5	44.9	N/A	14.4	-	23.4
Rotowaro North	65%	3.8	6.4	0.2	35.9	45.5	N/A	12.2	-	24.3
Maramarua	65%	0.2	8.8	0.2	37.0	36.1	N/A	18.0	-	21.8

**Table 4 – Average coal quality – inferred**

Area	Bathurst mineral ownership	Inferred resource (Mt)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In Situ moisture	Calorific value (AD)
Escarpment	100%	1.1	12.5	1.6	35.2	51.0	7.0	1.3	5.4	29.9
Cascade	100%	0.3	16.5	2.2	36.7	44.7	4.0	2.1	6.7	27.6
Deep Creek	100%	1.6	10.1	2.4	29.7	57.8	-	2.4	7.1	29.7
Coalbrookdale	100%	4.7	12.7	1.8	35.7	49.8	5.0	1.8	5.7	29.5
Whareatea West	100%	4.8	29.5	0.9	22.0	47.8	6.0	0.7	6.4	24.5
Sullivan	100%	4.1	16.0	1.1	30.5	52.3	6.5	1.2	6.5	29.1
Stockton	65%	7.3	5.4	3.4	35.6	57.7	7.5	1.3	-	33.4
Upper Waimangaroa (Met)	65%	32.8	5.8	2.0	38.7	52.4	4.6	3.6	-	30.4
Upper Waimangaroa (Thermal)	65%	1.3	6.8	1.7	35.2	50.1	2.8	5.8	-	27.9
Millerton North	100%	3.6	12.0	5.5	35.3	51.6	9.0	1.1	7.2	30.2
North Buller	100%	10.9	9.9	5.1	45.6	42.3	5.0	2.2	9.6	29.5
Blackburn	100%	14.1	6.4	4.8	41.8	49.5	6.0	2.3	11.2	30.1
Takitimu	100%	0.3	13.5	0.3	36.4	34.5	N/A	15.6	25.3	20.6
New Brighton	100%	0.2	10.7	0.4	34.5	40.3	N/A	14.5	21.2	22.4
Albury	100%	0.1	7.3	0.8	30.2	23.4	N/A	39.1	43.1	15.6
Canterbury Coal	100%	1.0	9.9	1.0	35.1	37.3	N/A	17.7	26.6	21.2
Rotowaro	65%	0.4	5.4	0.3	35.2	44.6	N/A	14.7	-	22.6
Rotowaro North	65%	0.1	6.0	0.2	35.8	46.4	N/A	11.7	-	24.5
Maramarua	65%	0.0	-	-	-	-	N/A	-	-	-

## Reserves

**Table 5 – Coal reserves (ROM) tonnes**

ROM coal area	Bathurst mineral ownership	Proved (Mt)			Probable (Mt)			Total (Mt)		
		2019	2018	Change	2019	2018	Change	2019	2018	Change
Escarpment Domestic (A, C, F & D)	100%	0.2	0.2	0.0	0.1	0.1	0.0	0.3	0.3	0.0
Escarpment Export (A, C, F & D)	100%	2.3	2.3	0.0	0.5	0.5	0.0	2.8	2.8	0.0
Whareatea West (A, C, F & D)	100%	0.0	0.0	0.0	15.8	15.8	0.0	15.8	15.8	0.0
Stockton (B, C, E & H)	65%	0.7	0.7	0.0	5.9	7.2	(1.3)	6.6	7.9	(1.3)
Upper Waimangaroa (Met) (B, C, E & H)	65%	0.8	0.5	0.3	2.5	2.8	(0.3)	3.3	3.3	0.0
Takitimu (A, C, F, G & D)	100%	0.1	0.4	(0.3)	1.2	1.1	0.1	1.3	1.5	(0.2)
Canterbury Coal (A, C, F, H & D)	100%	0.6	0.6	0.0	0.7	0.8	(0.1)	1.3	1.4	(0.1)
Rotowaro (B, C, E & H)	65%	0.5	0.6	(0.1)	1.4	1.9	(0.5)	1.9	2.5	(0.6)
Maramarua (B, C, E & J)	65%	2.4	1.5	0.9	0.1	1.4	(1.3)	2.5	2.9	(0.4)
<b>Total</b>		<b>7.6</b>	<b>6.8</b>	<b>0.8</b>	<b>28.2</b>	<b>31.6</b>	<b>(3.4)</b>	<b>35.8</b>	<b>38.4</b>	<b>(2.6)</b>

**Table 6 – Marketable coal reserves tonnes**

Product coal area	Bathurst mineral ownership	Proved (Mt)			Probable (Mt)			Total (Mt)		
		2019	2018	Change	2019	2018	Change	2019	2018	Change
Escarpment Domestic (A, C, F & D)	100%	0.2	0.2	0.0	0.1	0.1	0.0	0.3	0.3	0.0
Escarpment Export (A, C, F & D)	100%	1.9	1.9	0.0	0.4	0.4	0.0	2.3	2.3	0.0
Whareatea West (A, C, F & D)	100%	0.0	0.0	0.0	9.9	9.9	0.0	9.9	9.9	0.0
Stockton (B, C, E & H)	65%	0.6	0.6	0.0	4.6	5.7	(1.1)	5.2	6.2	(1.0)
Upper Waimangaroa (Met) (B, C, E & H)	65%	0.7	0.5	0.2	2.3	2.6	(0.3)	3.0	3.1	(0.1)
Takitimu (C, D, F, G & K)	100%	0.1	0.3	(0.2)	1.1	1.0	0.1	1.2	1.3	(0.1)
Canterbury Coal (C, D, F, H & K)	100%	0.6	0.6	0.0	0.6	0.7	(0.1)	1.2	1.3	(0.1)
Rotowaro (B, C, D, E & K)	65%	0.4	0.6	(0.2)	1.3	1.7	(0.4)	1.7	2.3	(0.6)
Maramarua (B, C, D, E, J & K)	65%	2.3	1.4	0.9	0.1	1.3	(1.2)	2.4	2.8	(0.4)
<b>Total</b>		<b>6.8</b>	<b>6.1</b>	<b>0.7</b>	<b>20.4</b>	<b>23.4</b>	<b>(3.0)</b>	<b>27.2</b>	<b>29.5</b>	<b>(2.3)</b>

## Reserves (continued)

**Table 7 – Marketable coal reserves – proved and probable average quality**

Deposit	Bathurst mineral ownership	Proved marketable						Probable marketable					
		(Mt)	Ash (%)	Sulphur (%)	VM (%)	CSN	CV (MJ/kg)	(Mt)	Ash (%)	Sulphur (%)	VM (%)	CSN	CV (MJ/kg)
Escarpment Domestic (A, C, F & I)	100%	0.2	12.9	1.9	35.0	6.8	28.9	0.1	14.5	1.5	34.0	6.1	28.4
Escarpment Export (A, C, F & I)	100%	1.9	8.9	0.5	35.1	8.5	31.3	0.4	7.1	0.6	36.4	8.5	32.0
Whareatea West (A, C, F & I)	100%	-	-	-	-	-	-	9.9	12.1	0.9	26.0	9.5	31.9
Stockton (B, C, E & H)	65%	0.6	4.8	2.3	31.0	8.0	33.8	4.6	3.8	3.1	36.0	8.0	34.2
Upper Waimangaroa (Met) (B, C, E & H)	65%	0.7	3.1	0.9	38.0	4.5	31.1	2.3	2.7	1.3	37.9	4.5	31.3
Takitimu (C, D, F, G & K)	100%	0.1	7.9	0.3	36.1	N/A	21.9	1.1	6.2	0.2	36.4	N/A	22.3
Canterbury Coal (C, D, F, H & K)	100%	0.6	9.5	0.8	35.2	N/A	21.3	0.6	9.2	0.9	35.4	N/A	21.4
Rotowaro (B, C, D, E & K)	65%	0.4	5.1	0.3	34.7	N/A	24.0	1.3	5.6	0.3	35.4	N/A	23.9
Maramarua (B, C, D, E, J & K)	65%	2.3	5.9	0.2	37.5	N/A	22.3	0.1	8.3	0.2	37.4	N/A	21.6

**Table 8 – Marketable coal reserve – total average quality**

Deposit	Bathurst mineral ownership	Coal type	Mining method	Total marketable					
				(Mt)	Ash (%)	Sulphur (%)	VM (%)	CSN	CV
Escarpment Domestic (A, C, F & I)	100%	Thermal	Open Pit	0.3	13.4	1.8	34.7	6.6	28.7
Escarpment Export (A, C, F & I)	100%	Met	Open Pit	2.3	8.6	0.5	35.3	8.5	31.4
Whareatea West (A, C, F & I)	100%	Met	Open Pit	9.9	12.1	0.9	26.0	9.5	31.9
Stockton (B, C, E & H)	65%	Met	Open Pit	5.2	3.9	3.0	35.5	8.0	34.1
Upper Waimangaroa (Met) (B, C, E & H)	65%	Met	Open Pit	3.0	2.8	1.2	37.9	4.5	31.2
Takitimu (A, C, F, G & I)	100%	Thermal	Open Pit	1.2	6.4	0.2	36.3	N/A	22.3
Canterbury Coal (A, C, F, H 7 I)	100%	Thermal	Open Pit	1.2	9.3	0.8	35.3	N/A	21.4
Rotowaro (B, C, E & H)	65%	Thermal	Open Pit	1.7	5.5	0.3	35.2	N/A	23.9
Maramarua (B, C, E & J)	65%	Thermal	Open Pit	2.4	6.0	0.2	37.5	N/A	22.3

All reserves quoted in this release are reported in terms as defined in the 2012 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").

The measured and indicated mineral resources are inclusive of ore reserves. Rounding of tonnes as required by reporting guidelines may result in summation differences between tonnes and coal quality. All ore reserves quoted are reported as of 30 June 2019.

<sup>A</sup> Reserve tonnages have been calculated using a density value calculated using approximated in-ground moisture values (Preston and Sanders method) and as such reserve tonnages quoted in this report are wet tonnes.

<sup>B</sup> Stockton, Upper Waimangaroa, Rotowaro and Maramarua density values are based on air-dried ash density regressions.

<sup>C</sup> Coal reserve (Run of Mine (ROM) tonnes), include consideration of standard mining factors (JORC Code 2012).

<sup>D</sup> ROM coal reserves are reported at a moisture content that is based on long-term average coal production data and as such all tonnages quoted in this report are wet tonnes.

<sup>E</sup> Stockton, Upper Waimangaroa, Rotowaro and Maramarua are owned by BT Mining Limited in which Bathurst has a 65% equity share.

<sup>F</sup> Escarpment Domestic reserves, Escarpment Export reserves, Whareatea West reserves, Takitimu reserves and Canterbury Coal reserves are 100 percent Bathurst Resources Limited ownership.

<sup>G</sup> Decrease in coal reserves due to mining depletion offset against increased tonnage from a revised geological model.

<sup>H</sup> Decrease in coal reserves due to mining depletion.

<sup>I</sup> Marketable reserves are based on geologic modelling of the anticipated yield from ROM reserves. Total marketable coal reserves are reported at a product specific moisture content (10 – 12 percent for Escarpment Export and Whareatea West, 5 – 8 percent at Escarpment Domestic) for sale after the beneficiation of the total coal reserves, converted using ASTM D3180 ISO 1170. Reserve tonnages have been calculated using a density value calculated using approximated in-ground moisture values (Preston and Sanders method) and as such all tonnages quoted in this report are wet tonnes. All coal qualities quoted are on an Air-Dried Basis.

<sup>J</sup> Decrease in coal reserves due to mining depletion and reduction in underlying resources.

<sup>K</sup> Marketable reserves are based on reconciled yields from ROM reserves. Marketable coal reserves are reported at a product specific moisture content based on long term average coal production data and as such all tonnages quoted in this report are wet tonnes.



### **Resource quality**

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

Further resource and reserve information can be found on the Company's website at [www.bathurst.co.nz](http://www.bathurst.co.nz)

### **Mineral resource and ore reserves governance and estimation process**

Resources and reserves are estimated by internal and external personnel, suitably qualified as Competent Persons under the Australasian Institute of Mining and Metallurgy, reporting in accordance with the requirements of the JORC code, industry standards and internal guidelines.

All resource estimates and supporting documentation are reviewed by a Competent Person either employed directly by Bathurst or employed as an external consultant. If there is a material change in an estimate of a resource, or if the estimate is an inaugural resource, the estimate and all relevant supporting documentation is further reviewed by an external suitably qualified Competent Person.

All reserve estimates are prepared in conjunction with pre-feasibility, feasibility and life of mine studies which consider all material factors.

All resource and reserve estimates are then further reviewed by suitably qualified internal management.

The resources and reserves statements included in Bathurst's 2019 Annual Report have been reviewed by qualified internal and external Competent Persons, and internal management, prior to their inclusion.



### **Competent person statements**

*The information on this report that relates to mineral resources for Deep Creek and the mineral reserves for Escarpment Export, Stockton, Upper Waimangaroa and Whareatea West is based on information compiled by Sue Bonham-Carter, who is a full time employee of Golder Associates (NZ) Ltd and is a Chartered Professional and member of the Australasian Institute of Mining and Metallurgy and member of Professional Engineers and Geoscientists of British Columbia, Canada. Ms Bonham-Carter has a BSc Engineering (Mining) (Hons) from the Queen's University, Canada. Ms Bonham-Carter 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 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Bonham-Carter 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 Escarpment Domestic, Escarpment Export, Cascade, Albury, Coalbrookdale, Whareatea West, Millerton North, North Buller, Blackburn, Takitimu, Canterbury Coal, New Brighton, Rotowaro, Rotowaro North, Sullivan and Maramarua is based on information compiled by Hamish McLauchlan as a Competent Person who is a full time employee of Bathurst Resources Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr McLauchlan has a BSc and MSc (Hons) majoring in geology from the University of Canterbury. 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 and 2012 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.*

*The information in this report that relates to exploration results and mineral resources for Stockton and Upper Waimangaroa is based on information compiled by Mark Lionnet as a Competent Person who is a full time employee of BT Mining Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Lionnet has a BSc (Hons) majoring in geology from the University of Witwatersrand. Mr Lionnet 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lionnet 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 on this report that relates to mineral reserves for Escarpment Domestic, Takitimu, Canterbury and Maramarua is based on information compiled by Terry Moynihan who is a full time employee of Bathurst Resources Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Moynihan has a Bachelor of Technology (Mining) from the Otago School of Mines. Mr. Moynihan 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moynihan 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 on this report that relates to mineral reserves at Rotowaro is based on information compiled by Martin Bourke who is a full time employee of BT Mining Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Bourke has a Bachelor of Engineering (Mining) from University of Auckland and BSc (Chemistry) from Massey University. Mr Bourke 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bourke consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.*

# Corporate directory

## Directors

### Toko Kapea

*Non-executive Chairman*

### Peter Westerhuis

*Non-executive Director*

### Richard Tacon

*Executive Director and Chief Executive Officer*

### Russell Middleton

*Executive Director and Chief Financial Officer*

## Company secretary

Bill Lyne

## New Zealand company number

4382538

## New Zealand business number

9429030288560

## Australian registered business number

164 306 905

## Registered office

Level 12, 1 Willeston Street  
Wellington 6011  
New Zealand

**Phone:** +64 4 499 6830

## Australian registered office

23A Marney Street,  
Chapel Hill,  
Queensland 4069  
Australia

**Phone:** +61 4 1887 4175

## Share registry

Computershare Investor Services Limited

159 Hurstmere Road  
Takapuna Central 0622  
New Zealand

**Phone:** +64 9 488 8700

60 Carrington Street  
Sydney NSW 2000

**Phone:** +61 3 9415 4000

## Auditor

KPMG

10 Customhouse Quay  
PO Box 996  
Wellington 6140  
New Zealand

## Solicitor

Minter Ellison Rudd Watts Lawyers  
125 The Terrace  
Wellington 6011  
New Zealand

Lane Neave

141 Cambridge Terrace  
Christchurch 8013  
New Zealand

## Banker

ANZ Bank New Zealand Limited

## Stock exchange listing

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

## Website address

[www.bathurst.co.nz](http://www.bathurst.co.nz)

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