



# 2021 Annual Report







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## Year in review

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# 01

## Year in review

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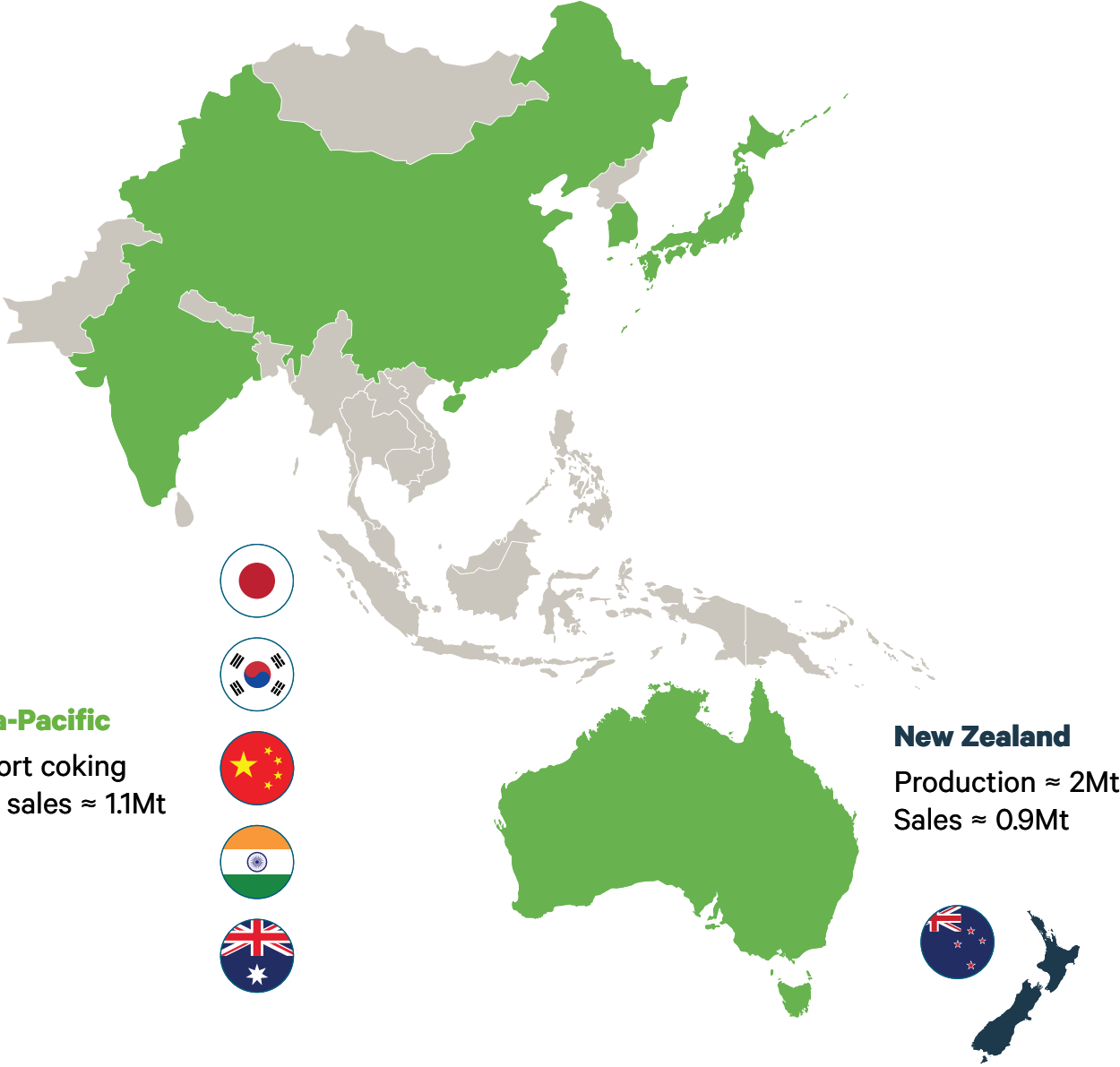
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# Bathurst at a glance



“

**We also have a strategic investment in a joint venture coking coal exploration project in British Columbia, Canada that will complement our current product offerings and customer markets in Asia-Pacific.**

Indicative production and sales tonnes are those under Bathurst management

# 2021 key statistics

## Operational (BRL & 100% BT Mining)

Total coal sales

**2.2Mt**

-1% ▼

Coal used for steelmaking

**1.5Mt**

4% ▲

Coal used for electricity

**0.2Mt**

-12% ▼

Coal used for food production and other local industry

**0.5Mt**

-10% ▼

Overburden removal

**19.6M Bcms**

4% ▲

## Other (BRL & 100% BT Mining)

Employees

**> 550**

Contributed to NZ economy

**\$232m**

Scope 1 & 2 emissions

**0.05t CO<sub>2</sub>e**

Per tonne of coal produced

LTIFR

**6.2**

Per million hours worked

TRIFR

**9.3**

Per million hours worked

## Financial (BRL & 65% BT Mining)

Revenue

**\$212.6m**

-9% ▼

Revenue from domestic sales

**\$115.4m**

3% ▲

Revenue from export sales

**\$97.2m**

-20% ▼

EBITDA

**\$59.5m**

-22% ▼

Net profit

**\$66.7m**

241% ▲

Operating cash flows

**\$43.3m**

-35% ▼

# Chairman and CEO's report



**Peter Westerhuis**

*Chairman*



**Richard Tacon**

*Chief Executive Officer*

Nau mai and welcome

This year has certainly tested us. However in many ways the end of FY21 signalled new beginnings for our business, and with our continued strong operational and financial performance our future is looking bright.

## Welcomes and farewells

For the first time in six years we have seen changes to our board, welcoming Francois Tumahai as independent director. In his own words, "I am passionate about the West Coast, where Bathurst's largest mine is located. I have lived here for the last 30 years and am heavily involved in many aspects of its commerce and governance, with a strong emphasis on conservation and alignment with the goals of the local iwi. I've come on board at a very exciting time for Bathurst and look forward to being part of steering the company forward."

We also farewelled Toko Kapea who resigned from his role as Chairman. Over his eight years on the board, six as Chairman, he worked passionately to grow Bathurst from its small beginnings to the diversified, global outlook company that it is today. We thank Toko for his commitment to Bathurst.

Peter Westerhuis notes that "I am very pleased to be Bathurst's new Chairman. I have an in-depth understanding of the business from six years as independent director, and believe Bathurst is a great business with a long future ahead."

## A win for Bathurst in the Supreme Court

After five years of litigation in the courts of New Zealand, the dispute regarding a USD \$40m performance payment contested by L&M Coal Holdings Limited was brought to an end, with the Supreme Court ruling in our favour.

The immediate and long-term significance of this cannot be overstated. The legal case has overshadowed our company since 2016, dampening our share price, and inhibiting our ability to raise capital for new initiatives. We have already seen our share price improve significantly since the judgment was released, and the strength of our balance sheet has also substantially increased with the reversal of the payment provision.

In addition to the financial implications, we are now able to focus more of our time on running the business and looking strategically ahead to secure long-term growth for our investors.

## A long-awaited recovery in export coal pricing

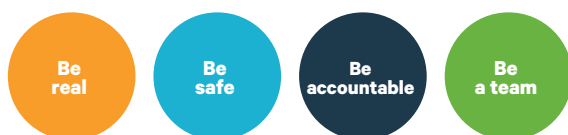
After the high pricing seen a few years ago, we have watched the benchmark that our export coal is priced against steadily decline. In November it reached its lowest point in five years.



Despite the COVID pandemic having a relatively minimal impact on our operations within New Zealand's borders, it has impacted the global market at large. In addition, and more significantly in the latter part of the year, China's import ban of Australian coal had its impacts on the traditional supply routes and temporarily drove pricing down.

We have however seen the market recover, with coal supply settling into new trade routes and government stimulus packages in response to the COVID pandemic. Pricing finished FY21 at its highest point since June 2019, and we expect the benchmark to normalise and remain at the analyst consensus level in the longer term.

## Our values



Establishing a set of values that guide who we are and what we do has been on our agenda for some time. It was important that they fit not only with where we are now, but where we want to be. They had to be simple, relatable, and have meaning.

We are really proud of what we have created, clearly setting the path forward. The values are being embedded into our everyday and will be a key focus in our performance framework which has also had an overhaul. From top to bottom, we will be measured, motivated, and rewarded against these core principles.

## Closing the doors at Canterbury

The closure of the Canterbury mine at the end of June was in many ways a hard decision to make. We had operated the mine which is in a rural part of the Canterbury region since 2013, supporting on average 35 direct jobs and many more indirect. We were an established part of the local community, and an essential supplier to a major local customer. We worked hard to try and reach an agreement with the local regulatory bodies, but the long timeframes and cost of regulatory approvals ultimately outweighed the project's commercial returns.

Our remaining operations all have longer-term regulatory consents in place with supportive local councils. We have strong customer relationships that in many cases are effective partnerships that share the costs and risks as we move into new mine areas.

## The role of coal in the transition to a net zero carbon economy

The political discourse on climate change is accelerating, and coal is an obvious part of this discussion.

The coal mining sector is quite unique in that it is demand driven – all coal that we mine has a buyer before it leaves the ground. We produce two types of coal that are used for two very different purposes. Approximately 70 percent of sales volumes are coal for steelmaking which is sold both here and overseas, and 30 percent is thermal coal for producing energy which we sell in New Zealand.

Our industrial and agricultural customers' demand for thermal coal will remain in New Zealand until there is a sufficient viable alternative energy source, and their manufacturing infrastructure is compatible with new energy supply. We acknowledge New Zealand's transition to a net zero carbon economy and will continue to support our customers as they make the transition to greener energy alternatives.

The International Energy Agency predicts that demand for steel will increase by a third by 2050. This reflects that there is currently no viable alternative to steel, and that steel will play a vital role in the transition to a greener economy. As such, we view substantial regulatory change less likely for this type of coal in the medium term. And we remain confident about the continuing demand for our high-quality coking coal in a more carbon-conscious world, particularly in our key markets across Asia. This is reflected in our strategy where going forward we expect more than 90 percent of our coal production to be for steelmaking. We have 102.1Mt<sup>1</sup> of steelmaking coal resource in New Zealand, and our Canadian coking coal joint venture project is expected to start producing 2Mt of high-quality steelmaking coal in FY26 with a life of mine of 15 years<sup>2</sup>.

From a governance perspective, we will continue to engage with stakeholders to hear their views on the role coal will play in the green energy transition, as well as a range of other ESG related issues. We have voluntarily been reporting our ESG impacts since 2018, and we remain committed to being transparent on these issues. The sustainability section of our annual report highlights some really great ways that we are trying to play our part. Here we highlight how we save landfill space through the re-purposing of waste, reduce emissions through using more efficient fuel, and how we are exploring the possibility of using electric powered machinery.

1 Escarpment, Whareatea West, Deep Creek, Stockton, Upper Waimangaroa (Met), and Sullivan resources per table 1 in the resource and reserves section of this annual report.

2 Refer to Jameson Resources Limited's update on the project released on the ASX on 13 August 2021.



### Leveraging our strengths

We fundamentally view ourselves as a coal mining company, and we envisage that coal will continue to underpin our business long into the future, with a progressive shift to primarily producing coking coal.

Noting the increasing global appetite for other minerals, we will also consider leveraging the strong coal mining core of our business and our sector expertise as producers to contemplate and potentially take advantage of other opportunities.

### Where we stand today

The path ahead is looking better than it has for a long time. With the recovery in export coal prices, and the resolution of the Supreme Court ruling, we are well placed to start exploring new opportunities. Our mainstay domestic business continues to be profitable and reliable. Our people have remained safe, with no serious incidents reported.

We would like to sincerely thank all of our shareholders that have stuck by us as we have weathered the uncertainty and challenges of the last few years. We look forward to being able to reward your trust in us in the future.

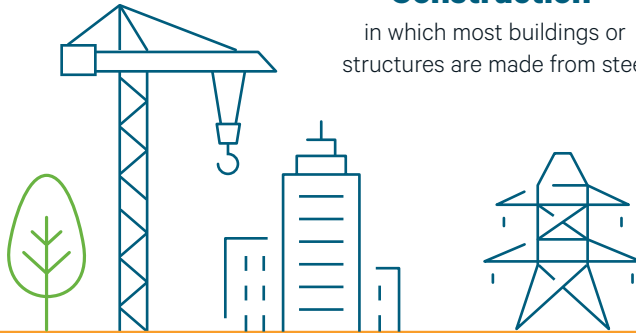
**Peter Westerhuis**  
Chairman

**Richard Tacon**  
Chief Executive Officer

# How is our product used?

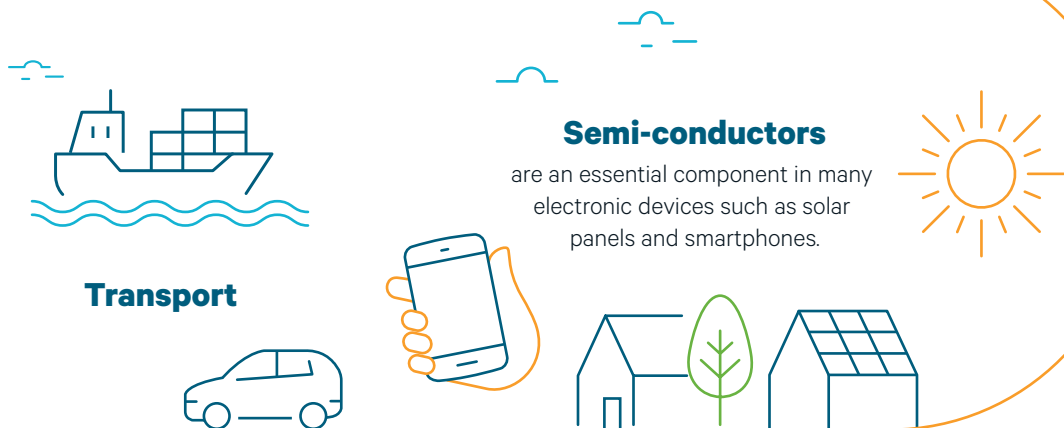
## Construction

in which most buildings or structures are made from steel.



## Electricity generation

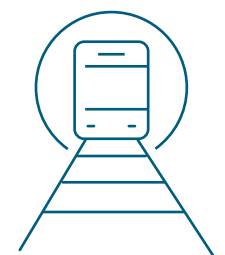
when there isn't enough green energy supply to meet demand.



## Transport

## Semi-conductors

are an essential component in many electronic devices such as solar panels and smartphones.

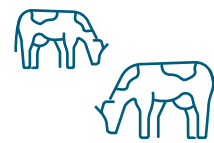


## Infrastructure



## Carbon fibre

which has many uses including sporting equipment.

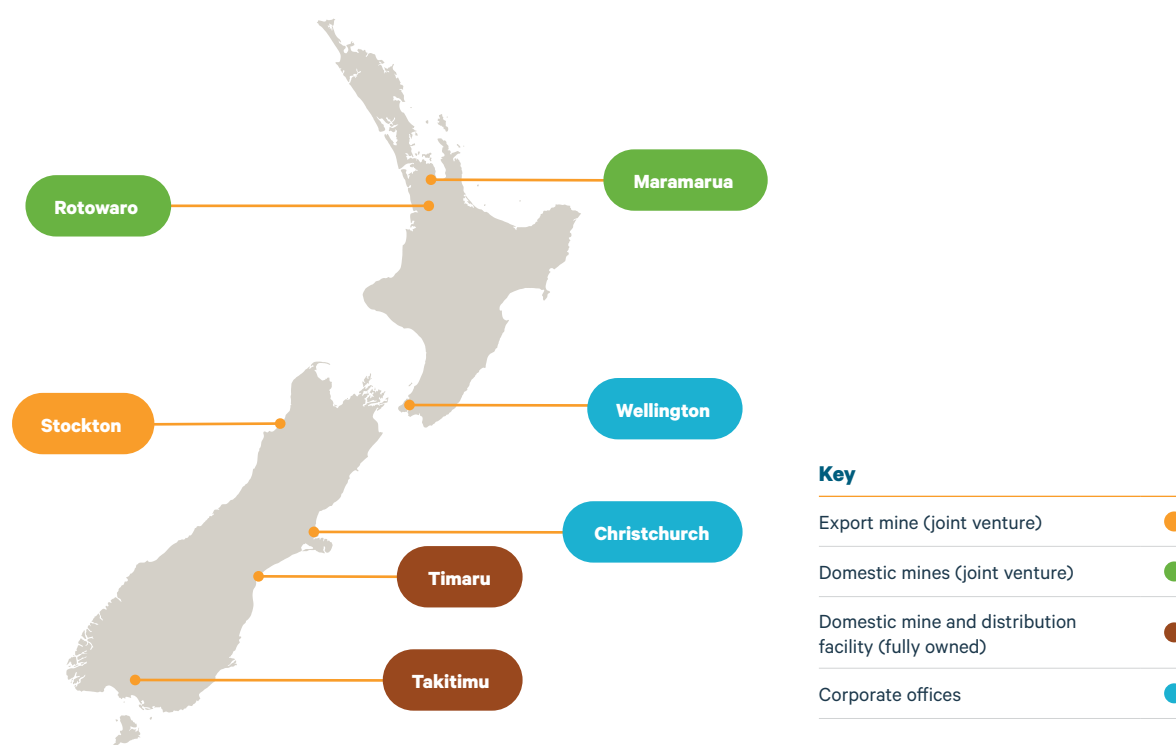


## Fuelling of local industries

that make essential everyday consumables.



# Financial and operating overview



## Export segment

Stockton is an open cut mine producing low-ash metallurgical coal that is exported overseas for use in steelmaking. Our equity share is 65 percent via joint venture BT Mining.

Operational metrics (100 percent basis)	Unit	Export FY21	Export FY20
Production	kt	938	954
Sales	kt	1,088	1,077
Overburden	Bcm 000	3,685	4,013
Financial metrics (65 percent equity share)			
EBITDA <sup>3</sup>	\$'000	19,112	42,626
Other metrics			
Average HCC benchmark	USD/t	116	151
Average NZD:USD FX rate		0.70	0.64

<sup>3</sup> EBITDA is a non-GAAP reporting measure and represents net profit/(loss) before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movements on derivatives and deferred consideration, and movements in rehab provisioning.

## Financial performance

Stockton's margins were again squeezed this year as we saw the Premium Low Vol hard coking coal ("HCC") benchmark that our export sales are priced against decrease further, reaching its lowest point in the last five years.

Initial pricing was primarily impacted by the COVID pandemic. As the effects of this began to recede, China's import ban on Australian coal led to disruptions in the usual demand/supply trading routes. This saw the HCC benchmark which serves as the regional benchmark for the Asia-Pacific basin fall and remain at reduced levels for most of the financial year.

The NZD also strengthened against the USD which further reduced our revenue when compared to the prior year. Hedging in place partially alleviated the decreased pricing and unfavourable FX movements.

## Operational highlights

Despite the flow-on effects from the near 5-week COVID related government mandated lockdown in April 2020, all key operational targets were achieved for the year, with significant gains made in overburden removal volumes. This reflects targeted process improvements that reduced operating delays, resulting in increased efficiency. Improvements to large excavator and rigid truck availabilities were achieved by the re-balancing of maintenance rosters. The recruitment of our own heavy vehicle mechanics which replaced a large number of contractors also saw significant cost savings.

In the early part of the year a few of our export customers were experiencing their own COVID related disruptions. Whilst this did not impact our overall full year sales volumes, it did necessitate a temporary decrease in operational levels until normal production volumes were again required. We retained all of our workforce during this period through partially reducing their hours.

A key CAPEX focus for Stockton was a new water treatment sump and lime dosing plant. The dosing plant is now fully commissioned and has already achieved considerable improvement in the water quality discharge from the Cypress pit area. The water treatment sump will be finished in FY22.

## Why is there a demand for our coal?

We play a small part in the overall global seaborne coal trade. Exports of New Zealand coking coal are expected to represent approximately 0.38 percent of the total 263 million tonnes estimated by S&P Global Platts to trade on the seaborne market in 2021.

Our operations are considered key utilities which means they can continue to operate during any COVID related lockdown.

The onboarding of a new customer is also a lengthy process. Because our coal does not run to standard coking coal specifications, we work alongside our customers over an extended timeframe as they re-design their own coking coal blend to work around our product.

So why is there a demand for our coal?

The answer comes down to two unique aspects of our export coking coal – high vitrinite and low ash.

Vitrinite (from the woody parts of plants) acts as a binding agent in the coking coal blend, balancing infusible inertinites to optimise strength. An analogy is the way in which cement (vitrinite) and aggregate (inert components) are required in the right proportions to make strong concrete.

Low ash means less heat is wasted on melting impurities, less flux (to assist melting the ash) is required, and the slag rate is lower. Reduced ash also generally improves coking coal strength by reducing impurities.

As a result of the high vitrinite and low ash, quality is improved and the amount of fuel (coking coal and pulverised coal injection) required to produce a tonne of steel is reduced. Reducing the amount of fuel required gives our customers an immediate commercial benefit by reducing their coal purchases. Crucially it also reduces the CO2 emissions incurred to produce the same amount of pig iron.

Most estimates indicate it will take decades for there to be a viable alternative to coking coal in the production of steel. Therefore, given the unique benefits of our coal, customers will continue to seek it for as long as it is available.

## HCC benchmark outlook

The HCC benchmark began to show signs of recovery in June 2021. The spot price surpassed USD \$165/tonne ("t") for the first time since July 2019 which we viewed as a long-awaited market correction. Despite the disruptions from the Chinese import ban on Australian coal and the COVID pandemic, underlying market fundamentals indicated an environment for stronger pricing. Market supply had remained steady and demand for coal for steelmaking had increased reflecting government stimulus packages.

Noting that the average pricing for FY21 was USD \$116/t, recently we have seen the benchmark spot price surpass USD \$400/t. This is a significant increase which has exceeded market consensus in the short-term. We attribute this sharp rise largely to the ongoing tight supply particularly of premium HCC from major producers and limited spot cargo availability, against an increase in steel demand. The decreasing iron ore price and reduced coal stockpile levels have also helped increase demand and buyers' ability to pay higher coal prices.

The S&P Global Platts Premium Hard Coking Coal forward curve sees these elevated prices extending until the end of FY22, after which current market indicators predict prices to return to around USD \$190/t.

## Growth projects

### Buller (100 percent equity share)

The Buller project encompasses mining and exploration permits as well as a coal mining licence (Sullivan) on the Denniston plateau on the West Coast of the South Island of New Zealand. The project is located close to the Stockton mine, creating the ability to synergise with Stockton's infrastructure assets which include a coal handling and preparation plant and a rail loadout facility.

The permits include the Escarpment mine. Escarpment is on care and maintenance, allowing it to be brought back into operation when appropriate.

Key project achievements during the year included prefeasibility works for the Sullivan permit including model review, pit optimisation and initial mine design, and approval of the wildlife permit for Deep Creek exploration.

The focus for FY22 is assessing multiple projects in order to select which options to take forward for further development.

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

Extension projects consist of the Hope Lyons block development ("HL"), the A18 fines ("A18") project, and a natural southern extension of operations into open cut pits within the Upper Waimangaroa permit area.

Significant progress was made on the HL and A18 projects during the year. The HL project is a new pit area containing high quality coking coal which is now in the development phase. We expect this to gradually come online in FY22, and it is now reflected as part of Stockton's resource and marketable coal reserves.

We also completed the final front end engineering and design study for the A18 project. The project's outcome would be the recovery of coal fines that are in the A18 coal fine storage dam, which will increase our saleable coal product reserve. The project if approved is expected to come online in FY23.

## Domestic segment

### North Island domestic

North Island domestic ("NID") consists of the Rotowaro and Maramarua mines. Both produce a low-ash, low sulphur thermal coal for local steelmaking, energy generation, and other food and agricultural industries. Our equity share is 65 percent via joint venture BT Mining.

Operational metrics (100 percent basis)	Unit	NID FY21	NID FY20
Production	kt	806	765
Sales	kt	768	792
Overburden	Bcm 000	13,258	11,395
Financial metrics (65 percent equity share)			
EBITDA	\$'000	35,151	31,958

### Financial performance

NID performed well in FY21, with an increase in the average price per tonne offsetting the contracted reduction in sales volumes. The uplift in average price was due to a shift of sales volumes to higher margin customers, and annual price increases embedded in sales contracts.

Underlying cost of production per tonne also decreased year-on-year, primarily at the Rotowaro mine. This reflects lower equipment hire and repairs and maintenance, as machine availability improved as a result of previous capital and operational spend on core mobile plant machinery.



## Operational highlights

### Rotowaro

The key operational focus of our biggest domestic mine was overburden removal in the Waipuna West pit. This pit moved from its initial high pre-strip phase into the lower longer-term life of mine strip ratio towards the end of the year, which removed the need for one 400-tonne excavator plant group. However most of our workforce was retained through good mine planning that included reverting back to a five day week roster, and avoiding the use of contractors except where necessary.

Production volumes were increased in response to higher than contracted demand from key customers. The mine was able to meet these extra volumes despite planned overburden volumes not being achieved, as the pit is producing more coal than modelled.

Overburden removal was impacted by wet weather and machine availability issues earlier in the year, however enhanced workshop planning and a focused repairs and maintenance schedule ensured that the level of mechanical issues leading to poor machine availability were reduced. We are now seeing very little critical machine issues ensuring operations can continue as planned.

### Maramarua

Maramarua had another successful year with sales and production volumes exceeding plan as it responded to increased demand from key customers. Overburden removal also surpassed original targets with the mine taking advantage of beneficial weather and good machine availability.

Costs were well managed, with the mine achieving a favourable cost per tonne as robust machine efficiency and significantly less weather-related down time meant labour hours were closer to being fully productive.

## Growth projects

### Waipuna West extension (Rotowaro mine)

With the completion of the prefeasibility study during the year, this project is now at the feasibility stage. The extension would increase the current mine footprint slightly but remain within the current coal mine licence area. The project consists of the same quality coal as current operations and would be destined for the same markets. If it goes ahead, we expect it to extend operations by approximately another two years.

Commercial negotiations with key potential customers are progressing well. Focus for FY22 is the completion of drilling, final feasibility model which will inform the structure of the project, and application for variations to existing regional council consents.

Final project approval is conditional on achieving binding contracts with customers and granting of the variations of consents.

### M1 pit (Maramarua mine)

This project is at the feasibility stage. It is located within the same permit as the existing mine site, and has the same coal product and is intended for the same customer mix as current operations. Commercial negotiations with key customers are close to complete.

Applications for consents were submitted in FY21, with final project approval primarily reliant on granting of the consents.

### Rotowaro North (Rotowaro mine)

The Rotowaro North project is a potential extension project to the current Rotowaro mine operation, located 4 kilometres north-west of the current mine site.

The project is in the conceptual phase where we have confirmed its resource tonnes. No major project advances were made during the year, however mine permit maintenance activities were completed, and we continue to assess options for development of this project.

## South Island domestic

South Island domestic ("SID") consisted of the Takitimu and Canterbury mines, producing a low sulphur thermal energy coal for local agricultural, health and other food manufacturing industries. The Canterbury mine ceased operating at the end of June 2021 and is now in the closure phase.

Operational metrics	Unit	SID FY21	SID FY20
Production	kt	303	314
Sales	kt	330	345
Overburden	Bcm 000	2,624	3,332
Financial metrics			
EBITDA	\$'000	17,493	15,353

## Financial performance

The SID segment performed well year-on-year, and despite reduced sales volumes earnings increased. This is attributed to an uplift in the average sale price per tonne driven by improved coal quality at the Takitimu mine, annual price increases in customer contracts, as well as a stable production cost per tonne.

## Operational highlights

### Canterbury

The decision was made in February to cease operating the Canterbury mine at the end of June due to an inability to reach agreement with the local regulatory bodies over the timeframes and cost of regulatory approvals. This saw the mine operate according to its planned schedule through to the end of the financial year, with a focus on mining the remaining coal in the pit before its closure. Canterbury contributed approximately 17 percent of FY21 EBITDA so will not have a significant impact on FY22 earnings for the SID segment.

The closure plan was carefully worked through in the months preceding closure, with input sought from both local landowners as well as other key stakeholders including water management experts and regulators. Agreements were reached to ensure acceptable post closure landforms, and we assisted our workforce in finding alternative employment which included relocating to the Takitimu mine.

The rehabilitation plan was also finalised pre-closure, with a focus on sustainable water management and landforms returned as close as possible to pre-mine disturbance. We have retained staff on-site to see the mine through to final rehabilitation, which we expect to be complete by the end of FY22.

### Takitimu

Takitimu had a successful year with all key operational targets being met, and enhanced coal quality boosting revenue through achieving a higher price per tonne.

Due to previous gains on overburden removal and the transfer of sales volumes to the Canterbury mine so that Canterbury used its remaining coal stocks, the mine was able to make operational focuses in other areas. These included the upgrade of the site water management system which is ongoing.

The closure of a local third-party coal washing plant meant reducing coal contamination and the subsequent need for washing the coal was a priority. This improved both the cost per tonne and in part led to the higher quality coal and subsequent improved revenue.

Rehabilitation focus for FY22 is 12 hectares including commencing a historic overheight overburden area.

## Growth projects

### New Brighton project

The New Brighton permit is located 4 kilometres west of the current Takitimu operations. The project is in the prefeasibility stage, with drilling having commenced during the year. Commercial arrangements are in place with current major customers pending a successful feasibility study.

The focus for FY22 is completion of the model update, mine planning, and baseline studies. Application of resource consents will also be progressed, one of which is publicly notifiable as part of a condition of the access arrangement.



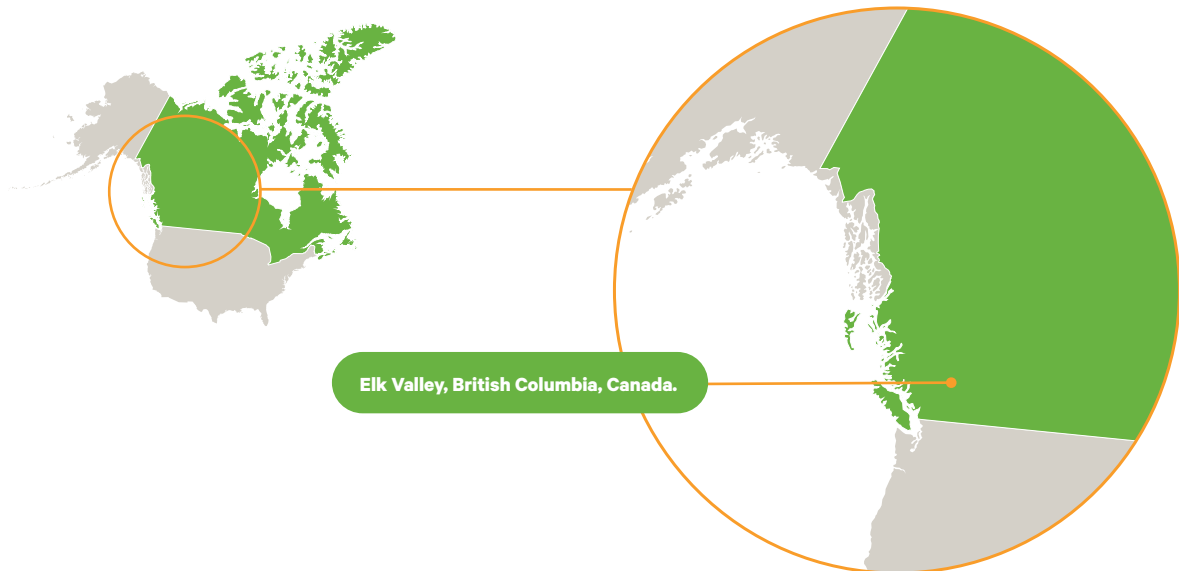
## Crown Mountain, Canada – coking coal growth project

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 (“JAL”). Project buy-in is over three stages (worth CAD \$121.5m) to achieve 50:50 ownership, with future investment at our sole discretion.

Our equity share of the project is 22.2 percent. This includes 20 percent from completion of the first two funding tranches of CAD \$11.5m, and 2.2 percent from the advance of CAD \$2.6m on the final tranche in exchange for preference shares. We also funded CAD \$0.7m during the year as a non-callable loan.

### Highlights

- The submission for the environmental application is expected by the end of 2021. Assuming all critical path items are executed on schedule, with funding available as required, production is expected to commence at the end of 2025.
- Key findings of the bankable feasibility study released in July 2020 by JAL reaffirmed the project as a high-quality coking coal opportunity with a competitive operating and capital cost structure.
- Results of a yield optimisation study released in August 2021 by JAL has confirmed the potential for increased production and considerably improved economic outcomes of the project.



## Strong financial results

### Reconciliation of underlying profit to EBITDA

Non-GAAP measures reflect how management monitor the performance of Bathurst's operations.

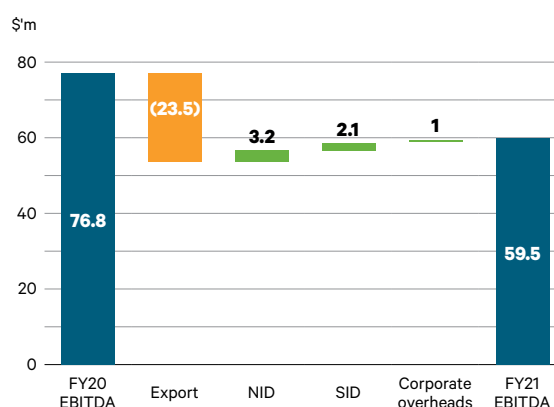
	Note	FY21 \$'000	FY20 \$'000
<b>Underlying profit (non-GAAP)</b>		15,948	26,129
Add back:			
Buller coal project deferred consideration	15 (c)	73,228	(73,230)
Impairment	8	(22,455)	(325)
<b>Statutory profit/(loss)</b>		66,721	(47,426)
Add back			
Equity share of joint venture results	13	(13,235)	(30,408)
Depreciation and amortisation		6,064	7,088
Net finance income/(costs)	6	(14,060)	14,989
Movement in deferred consideration	15 (c)	(59,391)	61,686
Fair value movement on derivatives	15 (b)	(1,124)	-
Movement in rehabilitation provision	16	3,086	556
<b>Bathurst EBITDA (non-GAAP)</b>		10,317	6,810
Add back			
Equity share of BT Mining EBITDA		49,171	69,965
<b>Consolidated EBITDA (non-GAAP)</b>		59,488	76,775

### Significant items reflected in net profit

The Buller coal project deferred consideration (including accrued interest and unrealised foreign exchange movements) was reversed in FY21 due to the Supreme Court ruling in Bathurst's favour on litigation regarding a disputed performance payment.

The impairment relates to the write-back of Canterbury mine assets as a result of the closure of the mine, as well as a write-off of a historical acquisition value pertaining to the New Brighton permit, which forms part of the wider Takitimu mine footprint.

### Consolidated EBITDA (non-GAAP)



As the numbers show, earnings for FY21 were impacted by increasing tight margins in our export segment, and benefited from continued positive and stable cashflows in our domestic segments.

## Consolidated cash flows

		FY21 \$m	FY20 \$m
	<b>Opening cash 30 June</b>	<b>26.0</b>	<b>38.5</b>
<b>Operating</b>	EBITDA	59.5	76.8
	Working capital	1.8	(0.7)
	Tax	(18.2)	(9.3)
<b>Investing</b>	Deferred consideration	(4.6)	(10.8)
	Crown Mountain (Canadian joint venture project)	(0.8)	(6.1)
	PPE	(6.3)	(14.4)
	Mining assets including capitalised stripping	(20.5)	(31.5)
<b>Financing</b>	Finance leases	(9.9)	(6.0)
	Corporate debt instrument principal and interest repayments	(2.2)	(8.8)
	Dividend	-	(5.5)
	Borrowings (repayment)/drawdown net of interest	(4.2)	4.1
	Other	(0.4)	(0.3)
	<b>Closing cash 30 June</b>	<b>20.2</b>	<b>26.0</b>

### Tax

Due to the COVID pandemic, payment of 2019 corporation tax was deferred by arrangement with the Inland Revenue Department.

### Crown Mountain

Funds were invested in FY20 to finance the feasibility study. Funds issued this year represent a non-callable loan to finance on an equity share basis progression of the environmental assessment application.

### Deferred consideration

Most of the deferred consideration paid relates to the purchase of the BT Mining assets, with the final payment due in Q2 of FY22.

### Mining assets

Capitalised stripping returned to more normal levels this year after they were elevated in the prior year from a re-evaluation of life of mine for key North Island pits, and due to planned reduction in overburden removal at the Rotowaro mine.

### Corporate debt instruments

A partial repayment of Bathurst's USD corporate bonds occurred in FY20. In the current year Bathurst repaid \$1.3m relating to the USD bonds and NZD convertible notes, with the remaining balance transferred to the new AUD convertible bonds.

### Borrowings drawdown net of interest

Net repayments were made during the year on funding received in advance on stripping activities for the Waipuna West pit (Rotowaro mine).



# Sustainability

We are committed to economic, social, and environmental sustainability. This is fundamental to our business and operations.

As New Zealand begins to emerge from the impacts of the COVID pandemic, we are conscious of the positive role we can play in the regions we operate in. A trend of strengthening export coal pricing that began in June 2021 translates into a strengthening of our economic sustainability, and, indirectly, our positive economic and social impacts in our local communities.

In building our resilience we are always seeking to plan for the future. Planned extensions to mine life at Maramarua, Rotowaro and Takitimu in response to domestic demand will have positive socio-economic impacts in the rural regions these mines operate in. This helps to balance the reduced economic activity arising from the closure of the Canterbury mine.

Our improved financial position stemming from a win over a major litigation claim, and the improving export coal price, means we are well placed to consider new resource opportunities in addition to our coking coal exploration project in Canada, and our organic coking coal growth projects here in New Zealand.

## Reducing our CO<sub>2</sub> emissions

As we complete our fourth year of sustainability data collection that is compiled with the principles of the Global Reporting Initiative standards as a guiding framework, we are always looking for new ways of reducing our environmental footprint.

One initiative has been a 100-tonne electric truck concept study, which included the trial of an electric truck at the Stockton mine. If approved, the outcome will be the replacement of three diesel powered 100-tonne rigid trucks with two electric battery trucks.

In our environmental section we cover some changes already made to reduce our emissions through moving to local suppliers and changing the fuel we use.

## Strengthening our position on climate change

As the New Zealand Government rolls out new policy initiatives on climate change, the news media and others engaged in the climate change debate repeatedly draw attention to the need to stop coal mining as soon as possible.

In our advocacy on this issue, we believe it is important that policy makers and the public alike understand that we only operate in response to a demand for coal. With regards to thermal coal that we sell for energy purposes, New Zealand is not at the point yet where green energy supply meets all of New Zealand's energy needs. The transition to a net zero carbon economy will take time to achieve. We see our role as continuing to supply our thermal coal customers for as long as they need, which in turn contributes to New Zealand's prosperity.

We are also engaged in a review to seek a better understanding of how the unique properties of our coking coal can help our customers to meet their own emissions targets, which is covered in more detail in the financial and operating overview section of this annual report. We hope to be able to report on the results of this review in next year's annual report.

We continue to see coal for steelmaking as the long-term focus of our business.

## Health and safety

We are working to further improve the workplace health and safety of our people by introducing field leadership across the company. This programme provides for positive conversations between workers in relations to specific observations of safe work practice. Critical risk management verifications are also a key part of the programme as we seek to practice multi-layered control effectiveness tests conducted by numerous levels of our workforce. The outcomes we expect will be the sharing of positive experiences across all sites, and further refining our ability to prevent unsafe practices and injuries.

The other significant initiative during the year was a stepped-up attention to occupational health and hygiene through managing worker exposure to noise, dust and vibration, which is the subject of a case study in this report.

## Case studies

As part of reporting on our material impacts on people and the environment, we continue our series of sustainability case studies. In addition to health and safety, we showcase the expansion of a West Coast native plant nursery, school visits to the Takitimu mine, and re-use of waste products at our South Island mines.

Our case studies strengthen the conversation on Bathurst's broad approach to sustainability and how our approach to doing business benefits others.

## REDUCING WASTE AT OUR SOUTH ISLAND OPERATIONS

# Reuse of waste products

Through innovative re-purposing of waste products that were otherwise destined for the landfill, we saved approximately 26,000 cubic metres of landfill space during FY21.

We are committed to identifying and making better use and management of our waste, as well as the waste of others. This is a win-win approach to waste management.

During the year our mine sites in the South Island received and reused more than 41,000 tonnes (“t”) of waste products. This included 1,400 t of biosolids, 1,515 t of mussel shells and 38,146 t of alkaline coal ash. Previously this waste would have gone to landfill. By receiving and reusing this waste we saved approximately 26,000 cubic metres of landfill space.

In addition, we reused tyres to improve the geotechnical stability of motocross trails, and for pistol club bunds in Southland.

**“We are committed to identifying and making better use and management of our waste, as well as the waste of others.”**

## Biosolids

### Why are biosolids useful?

Disturbed (mined) land can be difficult to revegetate; major soil problems may include a lack of nutrients and organic matter, poor physical properties, and the presence of toxic levels of trace metals. To deal with these challenges, we would need to consider large applications of lime and fertiliser, and of organic soil amendments such as biosolids and/or mulches.

Soil stored in stockpiles at the Stockton mine for land rehabilitation is generally of low quality, and in short supply for various reasons - historic lack of topsoil salvage, and the high rainfall environment eroding historically disturbed ground and leaching nutrients from salvaged soil stockpiles. Additionally, much of the original Stockton plateau was exposed sandstone ‘pavement’ bedrock with little or no recoverable soil. Any salvaged soil is stored carefully, following a specific standard operating procedure, and is surveyed for inventory and banked for future use.

We know from mine site remediation overseas that biosolids can provide an excellent growth medium for rehabilitating disturbed land. The primary intention of biosolids reuse at the Stockton mine is to establish an organic medium to support the restoration of indigenous vegetation where none exists.



### How we use biosolids

Following initial trials, we have been routinely using biosolids to improve soil to help revegetate the Stockton mine rehabilitation areas since mid-2012. We have also stabilised the soil we have laid on top of acidic overburden against extreme erosion risk (intense and high rainfalls > 200 mm/day) by mixing at ratios of 1:4 to 1:10 of wet municipal biosolids with soil to raise fertility (and pH) to levels that support rapid growth of seeded, non-native pasture grasses.

The dense, grass-dominated cover and root system 'locks down' the surface and stabilises precious soil resources while planted native seedlings are becoming established. During the year, we finalised a contract to take 1,400 t per year of biosolids from Christchurch to the Stockton mine which assists in fertilising and revegetating up to seven hectares a year.

Benefits of biosolids reuse at Stockton include:

- improved topsoil and vegetation establishment on disturbed (mined) land;
- reduced environmental liabilities (less need for inorganic fertilisers and topsoil imports);
- benefits to territorial authorities in terms of being able to better achieve resource management targets set by the Ministry for the Environment (New Zealand Waste Strategy 2002);

- reduced economic liabilities for management and disposal of a significant portion of territorial authorities' organic waste stream; and
- removing biosolids from landfill at source (Christchurch) and encouraging beneficial reuse minimising waste.

Biosolids were added to the Mangatini rehabilitation area at the Stockton mine (pictured above) at 200 t per hectare. Native species have flourished and minimal erosion occurs in this area.

### Mussel shells

1,515 t of mussel shells were redirected away from landfill to the Canterbury mine during the year. The mussel shells are used on site in mussel shell reactors to directly treat acid mine drainage, and is added to acid-producing overburden material to minimise in-situ acid production.

### Coal ash

We returned 38,146 t of net alkaline coal ash to the Canterbury and Takitimu mine sites during the year. The coal ash is blended with backfill and increases the acid neutralising capacity of the overburden, improving water quality.

# Health and safety



## Material topic

### Health and safety

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

#### FY21 health snapshot:

- COVID Business Continuity Plan back in action.
- Occupational hygiene programme review.
- Hazardous substances management review.

#### FY21 safety snapshot:

- TRIFR (total recordable injury frequency rate) = 9.3 per million hours worked.
- LTIFR (lost time injury frequency rate) = 6.2 per million hours worked.
- Field leadership programme established in time for FY22 implementation.
- Tyre and rims management standard audit.
- Incident and action management software upgrade.

## Safety is important to us

Whilst the range of injuries are varied and minor in nature, our key safety stats (LTIFR and TRIFR) have been on an upwards trend over the last 12 months. In response we have completed a review of our critical control management practices to understand where improvements can be made. We recognise that the COVID pandemic has placed extra pressure on our people and operations. Tight operating protocols due to enhanced health and safety restrictions and a limit on interactions of senior staff and site personnel (due to government travel restrictions and implementation of “crew bubbles”) have both had an impact.

Our assessment of our safe systems of work and risk management processes indicated that there is more we can do with our safety behavioural practices. Our key response has been the introduction of the field leadership programme.

### Field leadership programme

In response to an increased number of worker injuries, we developed a field leadership programme which empowers leaders to be visible and to engage with and coach workers. Field leadership goes right through the workforce from site health and safety worker representatives to board level. This entails leaders getting out in the field and having those critical conversations with our people on their healthy and safe work practices.

The purpose of the programme is to identify at-risk conditions and/or behaviours which have the potential to result in a serious injury or accident before they lead to an actual event. Acknowledgement of safe behaviours and commending positive behaviours is also key. The programme also includes verification of critical risk control effectiveness which will assist us with identifying early warning signs and control weaknesses for fatal risks. Overall, we are seeking enhanced communication and improved interpersonal relationships as only with worker engagement can safety culture evolve.

We trained our leaders in the use of the field leadership tools, and our workforce on how to actively participate in field leadership conversations. This took time to ensure our workforce culture could catch up with what is a profound change in our approach to workplace health and safety. We are in time for full implementation for FY22.



## Reviewing the way we work

We made a number of enhancements to the way we operate this year, key to note are:

- Review of occupational hazards to heighten worker awareness and reinforce the use of the hierarchy of controls to eliminate, then reduce, then manage worker exposure to noise, respiratory and vibration hazards (refer to the case study).
- Tyre and rims management standard audit which ensured the required management focus is maintained on this critical risk activity to minimise harm to workers.
- Upgrade to our incident recording and response system. The INX software upgrade has improved the management and quality of our performance data as part of our continuous improvement in managing workplace health and safety.



## COVID pandemic response

Two instances of Alert Level 3 or above occurred in New Zealand during the year, one in August 2020 and the second in February 2021. In both cases this required sites to adhere to Alert Level 3 protocols as part of our business continuity plan for the COVID pandemic.

Alert Level 3 protocols include social distancing at work and when travelling to and from work, enhanced hygiene practices (i.e. hand sanitisation and frequent cleaning of high touch surfaces), daily worker health checks, and the company and each individual keeping contact tracing records. Anyone one not feeling well stays home, and people who can work at home do so. We reviewed our protocols to ensure they are compliant, risk-based, fit for purpose, and can be quickly implemented or changed as required.

One organisational challenge we experienced was regarding our Rotowaro and Maramarua mine workers who live in Auckland. During the raised Alert Levels movement of people living in Auckland was restricted, which required specific government authorisation for those workers to leave the city to attend work. The same was applicable to contractors however they were only approved for critical work such as blasting (shotfirers) and tyre handling.

We were able to safely navigate continuing the operation of our mines under these conditions, whilst being able to meet our budgeted operational targets. This reflects an agile risk-based response to the challenges that the Alert Levels represent. And a willingness of our workforce to work with us during these enhanced health and safety protocols, for which we cannot thank them enough.

## Hazardous substances management

Hazardous substances are widely used in our workplaces, so it is important that we understand the risks to workers and how to protect them from harm. Having the correct tools to help us track and manage the substances we are dealing with, along with associated training for correct use, handling and storage are fundamental to effective management.

During the year we upgraded our system for hazardous substances management including a software upgrade at all sites. A series of linked desktop and in-field audits were completed which focussed on risk assessments of each substance held, onsite inventory and locations, and ease of access and availability of personal protective equipment and of material safety data sheets. Software user training was completed for three levels of hazardous substance users, and workers were included in the field audits to assist them in understanding the risks posed by hazardous substances and how to keep safe.

IMPROVING OUR HEALTH AND SAFETY

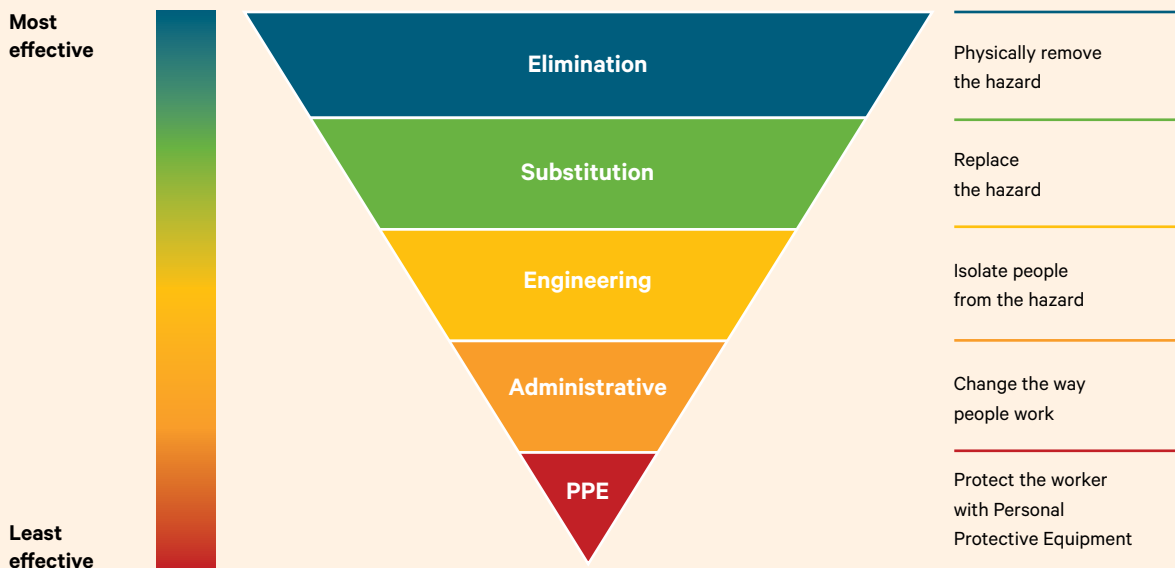
# Occupational health and hygiene

Health and safety in the workplace typically focuses on safety elements such as vehicle collisions, strata failure and control of energies. We strive to widen this focus; last year we focused on worker health through companywide medical assessments, and this year we focused on occupational health and hygiene.

Occupational health and hygiene refers to effects on worker health over time that managers can find difficult to identify and diagnose. Mining is inherently hazardous with regard to dust, noise, and vibration. We see this as a call to be proactive in identifying and managing potential risks. We challenge whether we have taken all practicable measures to eliminate or reduce hazards. We then progressively work through the hierarchy of controls (refer to the diagram below) down to employees' personal protective equipment ("PPE") which is the final line of defence.

Our purpose is to achieve better health outcomes for our people, and better governance of those outcomes. This work is part of a wider system which includes pre-employment and periodic medical assessments, annual health checks and workforce wellbeing education. The newly introduced field leadership programme helps ensure our people are following safe work practices including for occupational hazard exposures. One key advance is to bring the workforce into navigating the hierarchy of controls.

**Table 1: Hierarchy of controls**





### Steps taken

In 2019 we carried out a first-principles assessment of occupational health hazards across all operations. An external hygiene consultancy firm did an initial walk-through survey between October 2019 and February 2020. This assisted us in identifying and ranking our occupational health hazards which are unique for each site. The survey's focus was split into three areas; workplace organisation, workplace environment, and processes and tasks.

We then grouped our workers into what is known as Similar Exposure Groups ("SEGs"), which is a group of workers that have the same general exposure profile. This helped us determine and understand our exposure profiles and develop priority-driven exposure monitoring plans. Examples of SEGs include machinery operators, mechanical fitters, boilermakers, and blast crews.

This led to redesign of our occupational hygiene work programme in November 2020 for airborne contaminants, noise, and whole-body vibration. Field surveys using our revised methods were completed by an external hygiene consultancy in March/April 2021.

One question we ask ourselves is can we do more to eliminate or reduce hazards. In this instance, the recent field surveys indicate that there is potential for our workers (only if controls are inadequate) to be exposed to a hazardous environment or condition. This prompts our business to investigate existing controls to determine if they are effective.

### Understanding our occupational risk profile

The 2021 field surveys signal the onset of setting a new baseline dataset for occupational hygiene. As one dataset is not statistically relevant, the programme will be repeated a minimum of three times to enable us to have confidence that we understand the risk profile created by exposure to occupational hazards across different sites, different workgroups and for different tasks.

Worker education and involvement in this process is core to further reducing their future potential to hazard exposure. Consider noise generated from machinery as an example. Operators already shut doors and windows, and their machinery is fitted with noise attenuation technology. Follow up questions for our people have been whether door seals are in good condition, is the machinery in good working order, are two-way radios installed correctly, and whether hearing protection and training provided is effective.

PPE is the last line of defence against exposure to a workplace hazard. Our goal is to improve interventions higher up the hierarchy of controls, to reduce reliance on PPE.

# Socio-economic



## Material topic

### Economic performance

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

Our mining operations were in four regions in New Zealand in FY21: Waikato, Canterbury, West Coast and Southland. As part of our commitment to sustainability, we recognise our contribution to the economic development, wealth and wellbeing in the rural local communities that host our mines, as well as the wider economic contribution we make to New Zealand.

Our framework for responsible economic performance management consists of a robust budgeting process that has the buy-in of our operations and is approved by the board of directors. Performance against budget is reviewed and reported monthly. A re-forecasting process is undertaken during the financial year at least once and more frequently as needed, such as in response to the COVID pandemic.

Reported on a 100 percent basis of both Bathurst and BT Mining, the economic value generated and distributed across our operations this year consisted of:

- \$290.2m of revenue from coal sales, realised hedging, and net freight revenue (FY20: \$322.1m);
- \$63.5m on wages and salaries paid to employees (FY20: \$65.8m);
- \$12.3m on taxes, royalties, and fees to government (FY20: \$18.4m);
- \$156.2m on local procurement of goods and services (FY20: \$180.1m);
- \$13.4m on capital purchases including leases (FY20: \$22.5m); and
- support of local community initiatives (\$0.5m).

This leaves a net economic value retained of \$44.8m.

We undertook assessments at several of our key mine sites during the year to better understand the socio-economic drivers in our communities. This has helped us better understand how we can create a more positive impact with respect to the different life cycle stages of mines, including the closure stage.

As covered in the financial and operating overview section of our annual report, our business continued to generate positive cash flows during the year, even with our export segment operating in a very tight margin environment. This was due to proactive financial management responding to changes in the export pricing market as needed.



## Material topic

### Local communities

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

We recognise that community and stakeholder engagement is key to retaining our social licence to mine and operate in our host communities. It is a privilege to live and work in the communities we are part of.

This year we revised stakeholder engagement plans for all our sites, and these are currently being implemented. We also developed a detailed stakeholder engagement plan in response to the closure of the Canterbury mine. This provided key stakeholders with relevant mine closure information, and the opportunity to provide feedback to us on mine closure actions to ensure an optimal outcome.

### Community investment is vital

Our relationship with the communities in which we live and 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 across Bathurst and our joint venture BT Mining included total sponsorship of approximately \$450,000 and included the following organisations:

- West Coast Search & Rescue.
- Life Education Trust West Coast.
- Buller Community Trust fund.
- Primary schools - Ruawaro, Takitimu, Westport South, Westport North.

- Rugby - Buller Rugby Union, Aotearoa Māori under 16 mixed.
- Buller Health Trust.
- Southland Charity Hospital.
- Plunket.
- Caring Families Aotearoa.
- Nightcaps Squash Club.
- Hector Community Swimming Pool.

Funds donated to the Buller Community Trust fund were for resilience projects, including the optimisation of the early flood warning system for the Buller River. This system was tested during a major flood event on 17 July 2021. It provided significant early warning to emergency services and Westport residents to allow the safe evacuation of close to 50 percent of the township.

### Supporting the industry

We supported innovation, best practice and professional development in the mining industry as key conference sponsors for the New Zealand Minerals Forum, and the New Zealand Branch of Australasian Institute of Mining and Metallurgy. A number of our people at senior and middle management level are also active participants in key industry bodies such as:

- New Zealand Mine Rescue Service;
- Straterra;
- Coal Association of New Zealand;
- MinEx (the national Health and Safety Council for New Zealand's extractive sector); and
- New Zealand Mining Board of Examiners and Panel of Examiners.

## ENGAGING WITH LOCAL COMMUNITIES

# School visits to the Takitimu mine

We value the local communities that we operate in. Opening up our doors so that locals can come and see what we do up close is one way we foster those relationships.

The Takitimu mine is located in the Ohai/Nightcaps region in Southland where mining has occurred for more than 100 years. It sits just outside the Nightcaps township, employing locally and sourcing local contractors whenever possible. 28 percent of the mine workforce reside in the immediate area.



Recognising the long standing support of the local community, our workers at the Takitimu mine wanted to connect beyond the traditional sponsorship of local clubs and sports teams. From this an invite was extended to the year 7 and 8 students of the local Takitimu primary school to visit the mine.

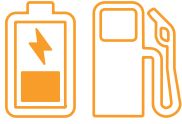
Working with the teachers, it was ensured that content covered would be relevant to what the students had been studying in their classroom science modules. The tours began with our geologists educating the children on coal, and explaining the various fossils that have been collected and different types of rock commonly found in the area. The students would then be escorted to a viewpoint overlooking the mine so they could see operating machinery. Once the machine operators had safely parked the vehicles, the children were taken to see a 100 tonne haul truck and 200 tonne excavator up close where they had the opportunity to talk to the operators.

Next came an opportunity for the students to help with riparian planting of previously diverted tributaries, now established in their final course. In total more than 600 native plants have been planted by school children over the three visits that have taken place to date.

Lastly, the children are treated to a BBQ lunch and ice blocks, where they have the opportunity to ask any further questions. The tour visits were very successful, and the Takitimu mine has been approached by a further three schools in Southland who wish to organise their own visits for their year 7 and 8 students.



# Environmental



## Material topic

### Energy and emissions

We continue to find new ways to use energy more efficiently in our operations and are improving our measurement and reporting of energy efficiency. We aim over time to reduce our carbon footprint, in terms of carbon dioxide emissions per tonne of coal produced.

### Energy saving projects

Energy consumption continues to be one of our largest operational inputs and is an area in which we are actively seeking reductions. During the year we secured a local, secondary supplier for calcium oxide which is used to treat acid mine drainage in the Stockton Mine water treatment plants. This reduced transport emissions by 36 tonnes per year of CO<sub>2</sub>e and reduced diesel use by 13,548 litres.

We also completed working with Mobil Oil New Zealand on assessing fuel trials of Esso Diesel Efficient in the performance of two 100 tonne rigid trucks at the Maramarua mine. Results have quantified that this new fuel with pre-added detergents:

- reduces fuel consumption by 2.8 percent;
- emits up to 10 percent less nitrogen oxide;
- emits up to 22 percent lower particulate matter; and
- emits up to 2.8 percent less carbon dioxide.

As a result, we have now committed to using Esso Diesel Efficient fuel at all BT Mining mine sites in FY22. This will result in approximately 600,000 litres per year less diesel use, and will reduce CO<sub>2</sub>e emissions by approximately 1,600 tonnes per year.

### Energy use

Total energy use<sup>4</sup> amounted to 1,033,241 gigajoules (“GJ”) at our five operational sites, three care and maintenance sites and corporate offices, an approximate four percent increase on energy use reported in FY20. Overall total waste rock stripping which drives our energy consumption increased by four percent, with 19.57 million banked cubic metres (“M bcm”) of waste rock stripped at the five sites in FY21, compared with 18.86 M bcm in FY20.

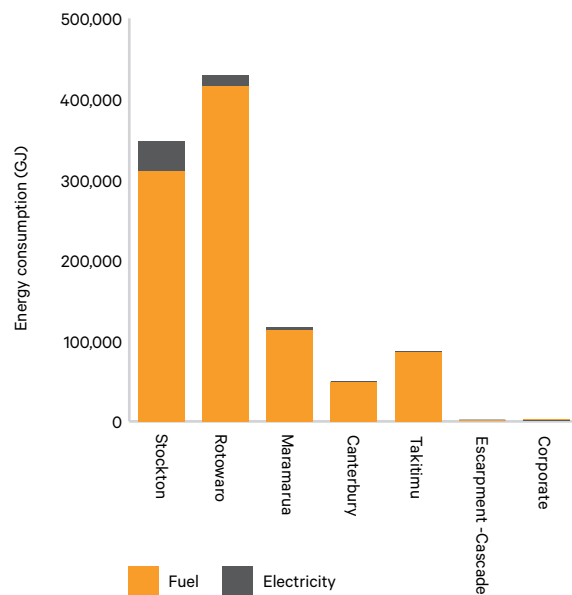
<sup>4</sup> Total energy consumption is reported in terms of energy consumed (fuel and electricity) by employees and contractors.

95 percent of the energy consumed includes hydrocarbons used for operations and power for the Canterbury mine. The remaining five percent of energy consumed was purchased electricity.

When comparing energy consumption by operation there are significant differences, accounted for by the scale of each operation and the mine life-cycle stage. The Stockton mine is the second largest consumer of energy at 347,018 GJ. This is consistent with producing and washing the most coal, and reflects the electricity used in the Stockton coal handling and preparation plant and the Ngakawau coal rail loadout facility.

The Rotowaro mine is the largest consumer at 429,437 GJ. This reflects the movement of more than 10 M bcm of waste rock during FY21 due to increased stripping ratios at this mature site.

### Comparison of energy consumption by operation FY21



The above graph excludes Sullivan where consumption was zero.

### Greenhouse gas emissions

Energy consumption is monitored to better understand our performance in terms of energy efficiency. We measure our greenhouse gas emissions and participate in the New Zealand Emissions Trading Scheme (“ETS”) in which carbon pricing is passed on to our customers. We assist our customers in mitigating their ETS requirements, via the quality of energy supplied and efficiency in supply logistics.



Our mining operations use significant quantities of diesel fuel to extract coal and transport coal within sites. Electricity is required for coal processing, water treatment plants and mine management systems. Our coal also produces greenhouse gases (“GHG”) which are released to the atmosphere (fugitive emissions), which are accounted for in the Scope 1 emissions category. We report our GHG emissions with reference to their source as follows:

Site	FY21 Scope 1 emissions (t/CO <sub>2</sub> e)	FY20 Scope 1 emissions (t/CO <sub>2</sub> e)	FY21 Scope 2 emissions (t/CO <sub>2</sub> e)	FY20 Scope 2 emissions (t/CO <sub>2</sub> e)
Stockton	50,080	43,545	1,032	1,084
Rotowaro	41,168	36,553	387	278
Maramarua	13,680	13,740	81	75
Canterbury	5,518	6,286	0	0
Takitimu	10,594	10,626	31	29
Escarpment	0	0	0	0
Cascade	16	302	0	0
Sullivan	0	0	0	0
Corporate	15	15	17	15
<b>Total</b>	<b>121,071</b>	<b>111,067</b>	<b>1,548</b>	<b>1,481</b>

Scope 1 includes emissions from fuel and fugitive emissions from coal; Scope 2 are emissions related to electricity usage. The emissions are calculated following the procedures in the New Zealand Ministry for the Environment December 2020 report ME1527 titled “Measuring emissions: A guide for organisations – 2020 detailed guide”.

Our reporting of Scope 1 and 2 emissions is consistent with Global Reporting Initiative (“GRI”) reporting guidelines. In accordance with GRI, we have reported carbon dioxide in our GHG emissions calculations as carbon dioxide equivalent (CO<sub>2</sub>e). As with last year, we accounted for sulphur hexafluoride gas emissions from transformers, and emissions from the use of ammonium nitrate in blasting. We work with blast consultants to ensure our blasting practices optimise the recovery of clean coal. This reduces our GHG emissions by reducing the tonnages of contaminated coal that needs to be processed in energy-intensive coal washeries.

Total Scope 1 and 2 emissions this year were 122,619 tonnes of CO<sub>2</sub>e, of which:

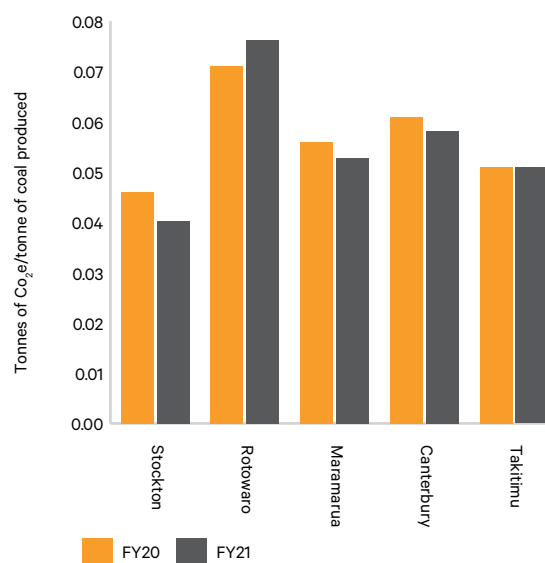
- 43 percent related to fugitive emissions from coal production;
- 1 percent related to electricity use; and
- 56 percent related to fuel consumption and blast emissions.

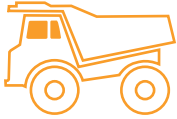
The data for this year is approximately a nine percent increase in emissions from last year. This is due to four percent more waste rock stripping, partially due to a backlog from COVID pandemic related operational changes. And also increased CO<sub>2</sub>e from fugitive emissions as 17 percent more saleable coal was produced across the five sites compared with FY20.

This year the highest GHG emissions intensity per tonne of coal produced was at the Canterbury and Rotowaro mines. Intensity is high at Canterbury because electricity is supplied from diesel generators in lieu of access to the national grid, and it had the lowest production rate of the five mines. Rotowaro had a high emissions intensity due to 29 percent more waste rock overburden stripped than FY20.

Overall total GHG emissions intensity across all Bathurst operations were similar across the last three years, at approximately 0.05 tonnes CO<sub>2</sub>e/tonne of coal produced.

#### GHG emissions intensity





**Material topic**

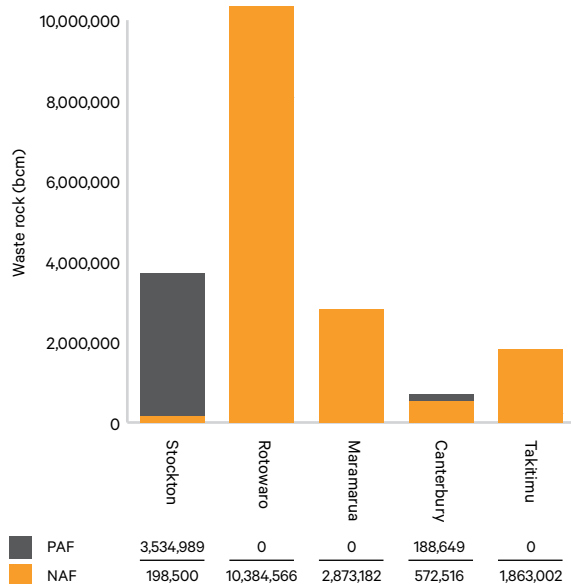
**Overburden management**

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.

During the year the two mine sites that disturbed potentially acid forming (“PAF”) waste rock were Stockton and Canterbury. PAF waste rock disturbed decreased by 13 percent compared with FY20. Overall waste rock disturbance was 0.75 M bcm more than in FY20.

The total amount of waste rock per tonne of saleable coal across all sites decreased year-on-year from 9.3 bcm per tonne to 8.2 bcm per tonne. This was predominantly due to increased coal production at the Stockton mine, as FY20 coal production was impacted by the COVID related government mandated lockdown.

**Waste rock (bcm) disturbed in FY21**



\*PAF = Potential Acid Forming waste rock; NAF = Non-Acid Forming waste rock

Following procedures in our acid mine drainage (“AMD”) management plan, we have been applying up to 16 kg of lime per tonne of PAF waste rock at the Stockton mine in the Cypress pit to minimise AMD production. In addition at Stockton, a second calcium oxide dosing plant has been successfully treating up to 2,500 tonnes of AMD per year in the St Patrick’s stream catchment.

The Canterbury site actively manages PAF rock by selectively placing and compacting this material in areas of backfill where it can be safely covered by a minimum five metre thickness of non-acid forming rock. This minimises oxygen and water entry into PAF waste rock, ensuring minimal acidic water is produced from the backfill. This mine has finished producing coal due to the mine closure, and is now in rehabilitation mode. As part of the mine closure process, an engineered mussel shell reactor has been designed and is being constructed to treat mine drainage in the post closure phase. The mussel shell reactor will be operational by the end of 2021.

The Canterbury mine site received 24,185 tonnes of alkaline coal ash and 1,515 tonnes of mussel shells during the year. These products are blended in with overburden and provide an alkaline source to reduce acid production. The re-purposing of these waste products also saves these materials taking up valuable space within landfills.



**Material topic**

**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.

Our objective is to rehabilitate mine sites to ensure self-sustaining indigenous ecosystems are established or re-established. In situations where the landowner’s post-mining land use preference is pasture, we focus on enhancing the chemical, physical and biological aspects of the soil before carefully selecting climate adapted pasture species.

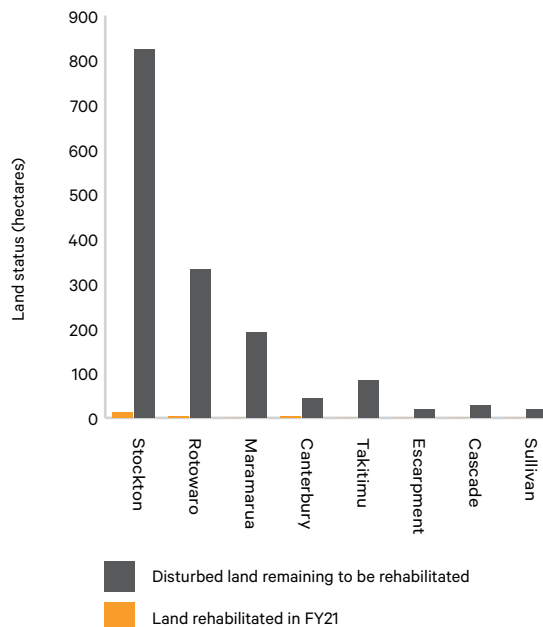
Currently we have several active biodiversity offset projects underway that involve over 17,000 hectares of pest control management (defined by consent conditions) on Department of Conservation administered land. We are also working with experts and stakeholders to deliver biodiversity outcomes in the context of current or future mine closures. That includes minimising our land disturbance footprint and progressively restoring disturbed land.

The Cascade mine went through an extensive rehabilitation project during the year. Earthwork rehabilitation is fully complete, with ten hectares still to be planted which will be finished in FY22.

Soil is salvaged and where appropriate vegetation direct transfer (“VDT”) is undertaken to speed up and improve the quality of indigenous ecological restoration. VDT is a method in which the sods of intact plants and soils are moved intact from stripped areas, usually in six cubic metre chunks. This method avoids new plantings, boosts ecosystem recovery, maintains biological activity within the soil and enhances erosion control.

Overall net total land disturbance over all sites decreased by 30 hectares (“ha”) from FY20. The Stockton mine accounts for 53 percent of the total disturbed area, across the seven sites, of 1,558 ha. Mining of the Millerton pit area at Stockton over the next few years will provide for a more established strip mining operation, in which progressive rehabilitation rates are projected to reach 40 to 50 ha per year. Our budgeted rehabilitation area for FY22 is 92.1 ha across all sites. This is an increase of 27 percent and is predominantly due to the Canterbury mine entering the closure phase and full-scale rehabilitation.

**Land disturbed and rehabilitated**



*No rehabilitation was undertaken at Escarpment or Sullivan mines in FY21 as these mines are in care and maintenance and no rehabilitation was undertaken at Maramarua and Takitimu mines as sites are in development mode.*

In 2017 when we purchased the Solid Energy mine sites of Stockton, Rotowaro and Maramarua there was significant large areas of disturbed land to rehabilitate. We have crown indemnities to cover the cost of rehabilitation that relates to land disturbed pre-acquisition. We acknowledge that this rehabilitation needs to be progressive and accelerated. In FY21 the net rehabilitation at all sites was 30 hectares reducing the overall disturbed footprint from 1,588 hectares to 1,558 hectares. Next year over 90 hectares will be rehabilitated and the average annual rehabilitation will increase to over 150 hectares a year in the next five years as certain sites enter closure stages.



**Material topic**

**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.

All our mine site discharges have specific conditions related to discharge consents to protect aquatic ecology. No downstream water sources were adversely impacted by water use at our sites in FY21. Overall water use was 1,103 million litres. This is an increase of 19 percent in water use compared with that of FY20. A significant proportion of this increase is due to approximately 200,000 more tonnes of coal being washed through the Stockton mine coal washery compared with the prior year. In April 2020 the mine was not authorised to operate under a COVID related five-week government mandated lockdown.

Success in relation to freshwater ecology related to mine water management at the Stockton mine was observed in the FY21 annual ecology survey where kōura/freshwater crayfish were observed in the upper Waimangaroa River compliance site for the first time. Recruitment of kōura at this site is related to improved water quality due to upstream acid mine drainage treatment via a mussel shell reactor and to significant final land rehabilitation in the upstream catchment producing clean runoff.

**Consumptive water use**

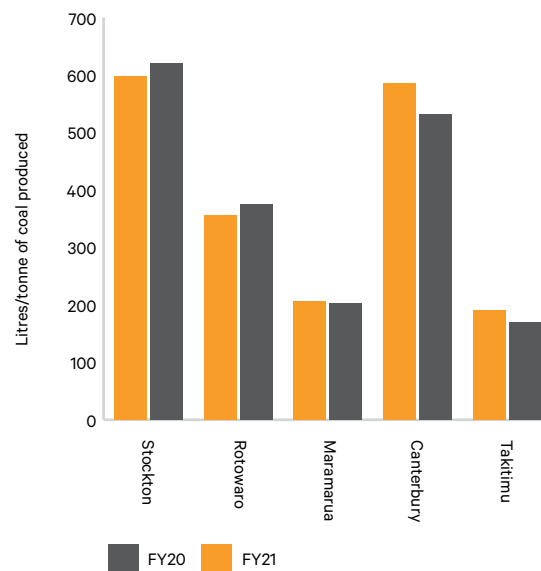
	FY21 Consumptive water use (ML/yr)	FY20 Consumptive water use (ML/yr)
Stockton	758	592
Rotowaro	193	195
Maramarua	54	49
Canterbury	56	54
Takitimu	40	35
Escarpment & Cascade	0	0
Sullican	0	0
Corporate	2	2
<b>TOTAL</b>	<b>1,103</b>	<b>927</b>

**Water use intensity**

Based on estimates of consumption, water use intensity (measured as litres of water used per tonne of coal ("l/t") produced) is shown below. Sites in FY21 used between 191 to 598 litres of water to produce a tonne of coal. Average water use across all sites to produce a tonne of coal was similar in FY21 (463 l/t) to FY20 (456 l/t). Significant water use at sites with a large disturbed area 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, which accounts for 91 percent of its water usage. It is noted that the coal washery water is treated for acid and sediment load and is returned to the Mangatini Stream.

**Water use intensity at mine sites**





## WEST COAST PLANT NURSERY

# Eco-sourcing ecological restoration

A significant upgrade to our native plant nursery during the year has substantially increased our ability to rehabilitate land with eco-sourced native seedlings. Reduced transport emissions and the ability to help with local community planting projects are additional benefits.

Disturbance of ground is inevitable during mining. For us a crucial part of rehabilitating disturbed land is to plant eco-sourced native seedlings.

In aid of this, during the year we invested in the expansion of our native plant nursery. The plant nursery is located 5km north of Westport which is about 40 minutes from the Stockton mine. Previously the nursery was capable of producing 20,000 plants a year with a focus on supplying into site rehabilitation at the Escarpment (in care and maintenance) and Cascade (in post-closure management) mines on the Denniston plateau.

### Key improvements

Key improvements to the nursery consist of:

- five-fold increase in propagation capability (20,000 plants → 100,000 plants a year);
- a manual pump system changed to fully automated fill and irrigate cycles for the entire nursery;
- a new irrigation system, moving from side spraying to overhead lines for consistent delivery of water to plants;
- a doubling of the area of shade cloth cover for raising seedlings;
- tunnel house irrigation coverage increased by 220 percent (243m<sup>2</sup> → 525m<sup>2</sup>) in existing tunnel houses; and
- total irrigation coverage increased by 340 percent (380m<sup>2</sup> → 1300m<sup>2</sup>).



Photo 1 and 2: Entire nursery looking north – two tunnel houses, shaded growing area, and plant hardening area at left

## Tangible outcomes

As a result of the nursery upgrade, we have accelerated mine site rehabilitation. Seed is eco-sourced from the Denniston and Stockton plateau, and the nursery is propagating plants for the Stockton mine, as well as for Cascade and Escarpment. The nursery has also taken eco-sourced seed from the Canterbury mine for propagation and eventual site rehabilitation post-closure of the Canterbury mine.

We have moved to managing ecological restoration of significant indigenous plant species for the Escarpment mine entirely at the nursery. This is so we can better control and understand the successful propagation methods for these species of significance.

## Success stories

*Metrosideros parkinsonii* (Parkinson's rata) has been successfully propagated from both seed and cuttings at the nursery, generating national interest. Intact seedlings have been sent to the Auckland Botanic Gardens at their request to learn more about the species' cultivation, as an insurance population and for ex-situ plant conservation.

*Sticherus tener* (threatened – nationally critical), and *Sticherus urceolatus* have also both been successfully propagated, and from this, these fern species have been successfully replanted at sites within the Escarpment mine footprint. These continue to be monitored regularly to ensure species survival.



*Parkinsons rata* (SOS plant)

The nursery expansion has had an additional benefit for local planting projects. They include the Karamea community estuary enhancement, Kawatiri cycle trail, Westport North beach restoration, and the Lost Lagoon tracks.



Community plants – Nikau palm propagation



Stockton/Denniston plateau eco sourced plants

## Looking forward

The nursery has now ramped up to producing up to 100,000 seedlings annually, allowing for a supply agreement to the Stockton mine of 70,000 to 90,000 seedlings a year in the near term. Benefits include top-quality seedlings for planting, at lower cost than the next-best alternative, and reduced supply chain impacts with lower transport CO<sub>2</sub> emissions.

The scale of the task for the nursery in coming years is significant. The Stockton mine has a current disturbance footprint exceeding 750 hectares and will require more than three million nursery seedlings to progressively rehabilitate the mine site. We are committed to the progressive rehabilitation of Stockton mine through to its completion.

# Governance material topics

## What do we mean by governance?

Governance is ensuring we have the policies, procedures, systems and suitably trained workforce in place to achieve industry good practice in managing workplace health and safety, and the environmental and socio-economic impacts of our mining, processing and transport operations.

The COVID pandemic and associated restrictions have imposed a particular duty of care on us, operationally and from a governance perspective. Under the banner of Health, Safety, Environment and Community, all of us from senior leadership to the coal face are responsible for operationalising our COVID protocols and procedures.



### Material topic

## Compliance

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

### Environmental compliance and governance

Our corporate environmental governance is based on current international and national standards for environmental management. For example, we follow the principles under the International Council on Mining & Metals (2019) Integrated Mine Closure: Good Practice Guideline for all of our mine site closure plans.

Nationally our governance framework ensures sites are prepared to comply with new environmental policies and standards. Of note, this year our sites completed tyre and rim management standard audits that included aspects of the new National Environmental Standards for Storing Tyres Outdoors storage and disposal requirements.

In mine stages from exploration, development and mining to closure and after-care, we focus on meeting or surpassing environmental regulatory requirements to manage:

- water quality and water use;
- energy use;
- air emissions;
- waste;
- land reclamation and post-mining land use; and
- biodiversity including offset projects.

One council infringement notice was issued for a non-compliance incident on 23 February 2021 due to an uncontrolled discharge of water from the treatment ponds at the Takitimu mine into the Wairio Stream. This was a result of human error with the pumps not being turned off when required. The effects on the receiving stream were minor with turbidity being raised for a period and some deposition of fine sediment.

We were issued with and paid an infringement notice for \$750 plus the council's costs (Environment Southland). Improvement actions from this incident have involved improved pump operator procedures, and training and automatic turbidity sensors with alarms being installed to prevent any recurrence of this incident.





### **Environmental management systems (“EMS”)**

Following advice from international environmental management and advisory consulting firm IEMA, this year we improved components of our EMS by completing independent audits of mine closure costs, schedules and tasks. The audits were undertaken by an external mine closure expert at the Stockton and Canterbury mines.

Next year we plan to improve our EMS by:

- preparing biodiversity action plans for all of our sites;
- reviewing, updating and implementing Site Environmental Management Plans;
- reviewing site operational environment and community and mine closure risk assessments, and preparing and implementing a schedule for environmental risk reduction/minimisation; and
- reviewing Environmental Awareness Training.

### **Effective complaint handling**

Our reputation for honesty and integrity is important for the success of our business. We aim for our business practices to be compatible with, and sensitive to, the economic and social priorities of each location and community in which we live and operate.

Internal and external complaints on environmental issues are recorded via complaints registers maintained at all sites. Complaints are investigated via our internal incident investigation system and are only closed off by senior management when resolved.

During the year there were five community complaints related to environmental issues. This was significantly less than the 14 the previous year. The reduction is related to improved dust control and truck management at the Canterbury mine. All community complaints are followed up with incident investigations and improvement action plans.

Our whistle-blower policy which is on our intranet and website was updated during the year to make it easier for people to understand how the policy works and where they can report any concerns. During the year there was one whistle-blower incident reported to the Audit and Risk Committee.

### **Effective environmental reporting**

We actively engage with regulators on a regular basis to ensure transparent reporting of environmental data and facilitate regular site visits to ensure regulators can assess environmental performance. We use internationally accredited environmental laboratories for testing of all dust, water and soil/rock samples.



#### Material topic

### Mine closure standard

We aim to manage closure focusing on supporting the economic and social transition after mining ends, establishing a self-sustaining ecosystem and opportunities

#### Mine Closure Standard

During the year we implemented our internal Decommissioning and Mine Closure Management Standard at the Canterbury mine which is now in the closure phase. Next year this standard will be reviewed in relation to the active closure activities and optimised to allow roll out at our active mines.

Annually, we engage an internationally recognised mine bond assessor to prepare bond review assessment reports for seven of our mine sites. The reports detail the required activities and costs to rehabilitate the mine sites in a sudden closure scenario. These reports are reviewed and approved by regulators and an annual bond amount is lodged with regulators to ensure funds are available to complete mine site rehabilitation to an internationally recognised standard.



#### Material topic

### Emergency preparedness management

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

#### Emergency preparedness management

The COVID pandemic is a reminder that there is always a risk of an adverse event occurring. Hence, we have crisis management plans in place to minimise 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.

Our response framework was tested during a flooding incident in July 2021 in the Westport township where most of our Stockton mine employees live. Whilst our operations and permit areas only incurred minor flood damage, nearly half of Westport's 4,500 residents were required to evacuate their homes.

Our people at the Stockton mine were an integral part of the emergency response. Due to the training of our Stockton mine statutory holders under the New Zealand Coordinated Incident Management System, 12 of our workers were selected to work with the local emergency services on the incident management team. We had another 12 people within our workforce who are members of the local emergency services who participated in the flood event recovery. Specific mention of our workers was made by the New Zealand Fire and Emergency response team that recognised their hard work, dedication, professionalism and expertise, noting they were a real credit to Bathurst and a vital part of ensuring a successful response.

During the year a major incident response exercise in collaboration with fire and emergency services was undertaken at the Takitimu mine. All mines completed multiple emergency response scenarios with New Zealand Mines Rescue Service assisting with the planning and post event reviews.

# Our people



## Board members

### 1. Peter Westerhuis

*Non-executive Chairman*

### 2. Richard Tacon

*Executive Director & Chief Executive Officer*



### 3. Russell Middleton

*Executive Director & Chief Financial Officer*

### 4. Francois Tumahai

*Non-executive Director*



## Senior leadership

### 5. Fiona Bartier

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

### 6. Alison Brown

*General Counsel*



### 7. Carmen Dunick

*Group Manager, Human Resources*

### 8. Ian Harvey

*General Manager, Export Operations*

### 9. Sam Johnstone

*General Manager, Marketing and Logistics*



### 10. Craig Pilcher

*General Manager, Domestic Operations*

### 11. Damian Spring

*General Manager, Resource Development*



## More information

For more information about our people visit: [www.bathurst.co.nz/our-company/our-people/](http://www.bathurst.co.nz/our-company/our-people/)

# Governance

Our corporate governance statement issued in line with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations provides an in-depth overview of our corporate governance framework and is available on our website at [www.bathurst.co.nz/our-company/corporate-governance/](http://www.bathurst.co.nz/our-company/corporate-governance/)

## 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.

One council infringement notice was issued for a non-compliance incident on 23 February 2021 due to an uncontrolled discharge of water from the treatment ponds at the Takitimu mine into the Wairio Stream. This was a result of human error with the pumps not being turned off when required. The effects on the receiving stream were minor with turbidity being raised for a period and some deposition of fine sediment.

We were issued with and paid an infringement notice for \$750 plus the council's costs (Environment Southland). Improvement actions from this incident have involved improved pump operator procedures, and training and automatic turbidity sensors with alarms being installed to prevent any recurrence of this incident.

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*.

## “We recognise the importance of identifying and managing material exposure to environmental and social risks to ensure the long-term sustainability of our business.”

### Environmental and social risks

We recognise the importance of identifying and managing material exposure to environmental and social risks to ensure the long-term sustainability of our business.

As part of our commitment to transparency on these issues we have selected ten material topics that we believe represent the greatest areas of environmental or social risk to us, as included in the sustainability section of this annual report. These primarily reflect the unique complexities that arise from being a mining company. The topics revolve around the importance of maintaining our licence to operate, and fall into four key areas:

- Health and Safety: ensuring our people are safe.
- Socio-economic: ensuring we operate responsibly when it comes to our shareholders, people, and the local communities we operate in.
- Governance: ensuring that we comply with regulations, and achieve best practice mine rehabilitation standards and emergency preparedness plans.
- Environment: ensuring we are aware of our environmental impacts and that we reduce these as much as possible.

The other material risk that informs our strategy and underpins whether we take on new mining areas is that the world is moving to a low carbon future. We acknowledge that the production and consumption of coal contributes to greenhouse gas emissions. We also understand the conflict between emission reduction aspirations, and the requirement for steel and energy to achieve global economic and social development ambitions.

To mitigate the risk of over-capitalising in the domestic thermal coal market, we only commit to entering new mine areas with binding commercial partnerships in place. We view the risk of significant regulatory change and a decrease in demand with regards to coal for steelmaking as less likely in the medium term.

### Donations

Bathurst made donations totalling \$27,400 to several local groups during the year including scholarships. Further information of recipients as well as total donations made including those made by joint venture BT Mining can be found within the socio-economic part of the sustainability section of this annual report.

### 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. Our Emissions Trading Policy can be found on our website.



### Directors' and officers' liability insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of Bathurst, Bathurst has provided insurance for, and indemnities to, directors and officers of the Group and its subsidiaries for losses from actions undertaken in the course of their legitimate duties. The insurance includes indemnity costs and expenses incurred to defend an action.

### Directors

The following persons were directors of Bathurst as at 30 June 2021:

<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
<b>Francois Tumahai</b>	Non-executive Director

Toko Kapea resigned as non-executive chairman effective from 1 July 2021. Peter Westerhuis replaced Mr Kapea as non-executive chairman on the same date.

### Directors' securities interests

Director	Ordinary shares	Performance rights
<b>Mr T Kapea</b>	390,740	-
<b>Mr R Middleton</b>	1,252,830	181,490
<b>Mr P Westerhuis</b>	351,863	-
<b>Mr R Tacon</b>	1,600,302	302,483
<b>Mr F Tumahai</b>	-	-

A share consolidation occurred during the year on a 10:1 basis which has reduced director's shares on a proportional basis. An actual reduction in performance rights on issue but unvested arose from their cessation due to market related performance conditions not being met.

### Other current directorships of listed companies

Toko Kapea is a director for Duke Exploration Limited which listed on the Australian Stock Exchange in November 2020. No other directors hold current directorships in other listed companies or have done so in the last three years.

Other entries in the interests register

- Annual remuneration of \$90k for Francois Tumahai in his capacity as non-executive director approved on the grounds that the remuneration level is fair to Bathurst.
- The automatic inclusion of Francois Tumahai as a covered person under Bathurst's directors' and officers' liability insurance, on the grounds that the cost of providing the cover is fair to Bathurst.

### Audit fees

Other than as disclosed in note 5, fees payable to Bathurst's independent external auditors for agreed upon procedures services required under a Deed of Royalty total \$4.5k plus disbursements.

# 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 (“NED”) fees, remuneration for executive directors and the senior leadership team (“SLT”), and the over-arching remuneration policy. All its members are NEDs.

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

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

There has been no material changes to the remuneration framework during the year.

## Remuneration philosophy

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

## Non-executive director fees

Remuneration is paid to NEDs in the form of directors’ fees, which cover the demands made on their time in their capacity as director as well as member of any committees. Bathurst also meets reasonable travel and other costs associated with NEDs performing their role.

NED fees are reviewed periodically. Independent remuneration consultants are used in this process to ensure impartiality in setting NED fees, and to ensure fees are in line with market expectations for an Australian Stock Exchange listed company of a similar size and complexity.

There were no changes to NED fees during the year.

## Executive director and employee remuneration

The remuneration framework provides for a mix of fixed and variable (short- and long-term) incentives. 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.

The framework has three components:

- Fixed remuneration, including the KiwiSaver superannuation scheme.
- Short-term incentives.
- Long-term incentives.

### Fixed remuneration

Bathurst offers competitive fixed remuneration that is based on the responsibilities of the role, individual performance and experience, and current market data.

External consultants are engaged to ensure the fixed remuneration component for executive directors and SLT is set within market benchmarks for a comparable role. The R&N committee reviews executive director and SLT fixed remuneration periodically.

External benchmarking reports and labour market conditions are used as a guide when setting salaries for all other employees. Fixed remuneration on an individual basis is reviewed periodically, and on promotion. Fixed remuneration on a collective basis is reviewed annually by Human Resources, with increases in the consumer price index used as a benchmark, with any recommended changes submitted to the R&N committee for approval.

There are no guaranteed increases to fixed remuneration. No increases were made to fixed remuneration during the year, apart from increases approved due to promotion.

### Short-term incentives

Short-term incentives ("STI") are an at-risk component of remuneration.

STIs are a contractual component of executive director and SLT pay packages and can be up to a maximum of between 25 percent to 50 percent of fixed remuneration. These are payable in cash on achievement of key performance targets that align with Bathurst's strategic pillars, with performance measures in areas of:

- environment, social and governance (24 percent weighting);
- people including their health and safety (26 percent weighting);
- markets (10 percent weighting);
- financial performance (20 percent weighting); and
- sustainable development (20 percent weighting).

The R&N Committee is responsible for reviewing and approving any STI payments to executive directors and SLT.

Discretionary one-off payments may also be made for other select employees up to 10 percent of their fixed annual remuneration. The CEO in conjunction with Human Resources recommend discretionary one-off payments to the Board for approval. These are dependent on the financial performance of Bathurst.

STIs for FY20 that were paid out in FY21 were discounted by 80 percent reflecting Bathurst's FY20 financial performance.

### Long-term incentives

Bathurst's long-term incentive ("LTI") plan was updated and approved by shareholders at the 2018 AGM, the details of which can be found on our website in the governance section.

The purpose of the plan is to encourage senior executives and executive directors to share in the ownership of Bathurst, promoting its long-term success 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 Bathurst 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 Bathurst 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 Bathurst are subject to satisfying service conditions only. The rights are issued for a nil exercise price.
- **Deferred share awards:** these are shares in Bathurst 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 Bathurst to the value of any share price appreciation from the grant date to the vesting date, subject to satisfying performance and/or service conditions.

LTIs issued in August 2020 to SLT related to FY20. No LTIs have been issued at the date of this report relating to FY21.

There are two performance rights on issue at 30 June 2021. Further information can be found in note 18 of the financial statements.

### Health and other insurance

Bathurst provides health insurance to all permanent employees. Insurance is currently supplied by UniMed.

### Superannuation

All employees are eligible to participate in the KiwiSaver superannuation scheme. The company contributes three percent of each employee's paid remuneration.



## Directors' remuneration

The total remuneration and other benefits to directors for services in all capacities during the year ended 30 June 2021 was:

Director	Director fees	Fixed remuneration and STI	LTI performance rights	Total	FY20 total
<b>Mr T Kapea</b>	157,500	-	-	157,500	158,818
<b>Mr P Westerhuis</b>	90,300	-	-	90,300	104,275
<b>Mr F Tumahai</b>	15,000	-	-	15,000	-
<b>Mr R Tacon</b>	-	597,119	101,326	698,445	959,005
<b>Mr R Middleton</b>	-	454,635	60,795	515,430	719,138
<b>Total</b>	<b>262,800</b>	<b>1,051,754</b>	<b>162,121</b>	<b>1,476,675</b>	<b>1,941,236</b>

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. LTI expense is the share-based payment expense of the performance rights.

A reduction in directors' fees of 20 percent was implemented for a period of three months in FY20 in response to the COVID pandemic. This reduction was subsequently paid in FY21 once it became apparent that Bathurst was well placed to manage the impacts of the pandemic, leading to an increase in directors' fees (excluding LTI performance rights) when comparing both years.

Director fees for Mr P Westerhuis reported in last year's annual report were \$71,188 when they should have been \$87,957. The error arose due to a change in the way Mr P Westerhuis was paid, which meant two months of salary were incorrectly omitted. The prior year comparative included in the table above includes the correct fees.

Mr Tumahai was appointed as director on 4 May 2021.

## Employee remuneration

During the year ended 30 June 2021, 31 Bathurst Resource Limited (and its subsidiaries) employees (excluding the CEO and CFO) received individual remuneration over \$100,000.

Range	# of employees
100,001 – 110,000	6
110,001 – 120,000	5
120,001 – 130,000	5
130,001 – 140,000	1
140,001 – 150,000	3
150,001 – 160,000	1
160,001 – 170,000	2
200,001 – 210,000	1
210,001 – 220,000	1
220,001 – 230,000	2
250,001 – 260,000	1
280,001 – 290,000	1
310,001 – 320,000	1
320,001 – 330,000	1



# 02

## Financial statements

### **In this section**

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Authorised for and on behalf of the Board of Directors:



Peter Westerhuis  
Chairman

26 August 2021



Russell Middleton  
Executive director

26 August 2021

# Income statement

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue from contracts with customers	3	48,167	47,011
Cost of sales	4	(38,141)	(36,238)
<b>Gross profit</b>		<b>10,026</b>	<b>10,773</b>
Equity accounted profit	13	13,235	30,408
Other income		671	127
Depreciation	10	(2,935)	(3,618)
Administrative and other expenses	5	(6,771)	(8,103)
Movement in deferred consideration	15 (c)	59,391	(61,686)
Gain/(loss) on disposal of fixed assets		375	(13)
Impairment losses	8	(22,455)	(325)
<b>Operating profit/(loss) before tax</b>		<b>51,537</b>	<b>(32,437)</b>
Fair value movement on convertible bond derivative	15 (b)	1,124	-
Finance cost	6	(2,565)	(15,011)
Finance income	6	16,625	22
<b>Profit/(loss) before income tax</b>		<b>66,721</b>	<b>(47,426)</b>
Income tax benefit	7	-	-
<b>Profit/(loss) after tax</b>		<b>66,721</b>	<b>(47,426)</b>
		<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	19	39.03	(27.82)
Diluted profit/(loss) per share	19	35.53	(27.82)

# Statement of comprehensive income

For the year ended 30 June 2021

<b>Profit/(loss) after tax</b>		<b>66,721</b>	<b>(47,426)</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		280	(274)
Share of BT Mining FX hedging through OCI	13	(5,108)	1,805
<b>Comprehensive income/(loss)</b>		<b>61,893</b>	<b>(45,895)</b>

# Statement of financial position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash and cash equivalents		4,395	4,495
Restricted short-term deposits		4,247	4,193
Trade and other receivables	9 (a)	4,286	4,012
Inventories		1,219	1,407
New Zealand emission units		1,493	1,011
Crown indemnity		-	291
<b>Total current assets</b>		<b>15,640</b>	<b>15,409</b>
Property, plant and equipment	10	12,518	17,987
Mining assets	11	15,690	34,518
Interest in joint ventures	13	114,236	105,844
Crown indemnity	16	764	582
Other financial assets		1,020	117
<b>Total non-current assets</b>		<b>144,228</b>	<b>159,048</b>
<b>TOTAL ASSETS</b>		<b>159,868</b>	<b>174,457</b>
Trade and other payables	15 (a)	6,762	6,716
Borrowings	15 (b)	983	13,881
Deferred consideration	15 (c)	998	74,361
Rehabilitation provisions	16	3,798	1,145
Convertible bond derivative	15 (b)	772	-
<b>Total current liabilities</b>		<b>13,313</b>	<b>96,103</b>
Borrowings	15 (b)	10,358	1,758
Deferred consideration	15 (c)	2,517	4,956
Rehabilitation provisions	16	4,914	4,721
<b>Total non-current liabilities</b>		<b>17,789</b>	<b>11,435</b>
<b>TOTAL LIABILITIES</b>		<b>31,102</b>	<b>107,538</b>
<b>NET ASSETS</b>		<b>128,766</b>	<b>66,919</b>
Contributed equity	17	293,107	293,107
Debt instruments equity component	17	-	17,622
Reserves	18	(36,329)	(31,455)
Accumulated losses		(128,012)	(212,355)
<b>EQUITY</b>		<b>128,766</b>	<b>66,919</b>

For and on behalf of the Board of Directors:



Peter Westerhuis  
Chairman  
26 August 2021



Russell Middleton  
Executive Director  
26 August 2021

# Statement of changes in equity

For the year ended 30 June 2021

	Note	Contributed equity \$'000	Debt instruments equity component \$'000	Share- based payments \$'000	Foreign exchange/ hedging \$'000	Retained earnings \$'000	Re- organisation reserve \$'000	Total equity \$'000
<b>1 July 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>
Comprehensive loss		-	-	-	1,531	(47,426)	-	(45,895)
NZ IFRS 16		-	-	-	-	315	-	315
Contributions of equity		6,486	(5,202)	-	-	-	-	1,284
Share-based payments		-	-	408	-	-	-	408
Vesting of rights		344	-	(344)	-	-	-	-
Dividend		-	-	-	-	(5,520)	-	(5,520)
<b>30 June 2020</b>		<b>293,107</b>	<b>17,622</b>	<b>357</b>	<b>948</b>	<b>(212,355)</b>	<b>(32,760)</b>	<b>66,919</b>
Comprehensive income		-	-	-	(4,828)	66,721	-	61,893
Share-based payments		-	-	(46)	-	-	-	(46)
Maturity of debt instruments	17	-	(17,622)	-	-	17,622	-	-
<b>30 June 2021</b>		<b>293,107</b>	<b>-</b>	<b>311</b>	<b>(3,880)</b>	<b>(128,012)</b>	<b>(32,760)</b>	<b>128,766</b>

# Statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		48,134	47,361
Payments to suppliers and employees		(38,611)	(40,231)
Dividend from BT Mining		-	13,000
<b>Net cash inflow from operating activities</b>	<b>20</b>	<b>9,523</b>	<b>20,130</b>
<b>Cash flows from investing activities</b>			
Exploration and consenting expenditure		(208)	(1,189)
Mining assets (including capitalised waste moved in advance)		(4,589)	(7,030)
Property, plant and equipment purchases		(1,108)	(2,697)
Proceeds from disposal of property, plant and equipment		2,147	-
Deferred consideration		(1,173)	(950)
NWP Coal Canada Limited	13 (b)	(793)	(6,146)
Other		(182)	(178)
<b>Net cash outflow from investing activities</b>		<b>(5,906)</b>	<b>(18,190)</b>
<b>Cash flows from financing activities</b>			
Dividend		-	(5,520)
Interest received		27	57
Other finance costs paid		(158)	(383)
Interest on leases		(143)	(242)
Repayment of leases		(1,231)	(2,641)
Drawdown on leases		-	208
Interest on debt instruments		(830)	(2,395)
Issue of AUD convertible bonds		10,638	-
Debt instrument principal repayment		(11,966)	(6,371)
<b>Net cash outflow from financing activities</b>		<b>(3,663)</b>	<b>(17,287)</b>
<b>Net decrease in cash</b>			
Cash and cash equivalents at the beginning of the year		4,495	20,005
Restricted short-term deposits at the beginning of the year		4,193	4,030
<b>Total cash at the end of the year</b>		<b>8,642</b>	<b>8,688</b>



# Notes to the financial statements

For the year ended 30 June 2021

## 1. About our financial statements

### General information

Bathurst Resources Limited (“Company” or “Parent” or “BRL” or “Bathurst”) 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 2021 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.

These financial statements have been approved for issue by the Board of Directors on 26 August 2021.

### 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 have been prepared on the going concern basis, and 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 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.

### 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 1. About our financial statements continued

### 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 15 (b) Conversion option of convertible bond
- Note 16 Rehabilitation provisions

### 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.

### New accounting standards not yet effective

There are no new accounting standards issued but not yet effective, that will have an impact on the Group.

### Standards and interpretations adopted during the year

The financial information presented for the year ended 30 June 2021 has been prepared using accounting policies consistent with those applied in the 30 June 2020 financial statements.

## 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.

Two BRL customers met the reporting threshold of 10 percent of BRL's operating revenue in the year to 30 June 2021, contributing \$22.9m and \$8.9m (2020: two customers, \$20.2m and \$9.2m).

	Export	Domestic	Corporate	Total	Eliminate BT Mining	Total BRL
Year ended 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	141,214	151,627	-	292,841	(244,674)	48,167
<b>Operating profit before tax</b>	<b>11,556</b>	<b>28,157</b>	<b>29,431</b>	<b>69,144</b>	<b>(30,890)</b>	<b>51,537<sup>1</sup></b>
Net finance costs	(1,845)	(515)	12,323	9,963	4,097	14,060
Income tax expense	-	-	(6,357)	(6,357)	6,357	-
<b>Comprehensive income after tax</b>	<b>9,711</b>	<b>27,642</b>	<b>23,834</b>	<b>61,187</b>	<b>(12,577)</b>	<b>61,893<sup>1</sup></b>
Depreciation, amortisation & impairment	21,329	54,925	803	77,057	(48,538)	28,519
EBITDA <sup>2</sup>	29,403	71,572	(15,011)	85,964	(75,647)	10,317

<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 2021

## 2. Segment information continued

	Export	Domestic	Corporate	Total	Eliminate BT Mining	Total BRL
Year ended 30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	175,307	146,479	-	321,786	(274,775)	47,011
<b>Operating loss before tax</b>	<b>44,679</b>	<b>41,179</b>	<b>(81,505)</b>	<b>4,353</b>	<b>(66,887)</b>	<b>(32,437)</b>
Net finance costs	(2,034)	(682)	(20,562)	(23,278)	8,289	(14,989)
Income tax expense	-	-	(12,295)	(12,295)	12,295	-
<b>Comprehensive loss after tax</b>	<b>40,840</b>	<b>39,006</b>	<b>(106,758)</b>	<b>(26,912)</b>	<b>(49,080)</b>	<b>(45,895)</b>
Depreciation & amortisation	19,453	22,830	779	43,062	(35,975)	7,087
EBITDA	65,579	64,519	(15,650)	114,448	(107,638)	6,810

### 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.

## 3. Revenue from contracts with customers

	2021 \$'000	2020 \$'000
Coal sales	33,247	33,454
Freight and ash disposal revenue	14,920	13,557
<b>Sales revenue from contracts with customers</b>	<b>48,167</b>	<b>47,011</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.

# Notes to the financial statements

For the year ended 30 June 2021

## 4. Cost of sales

	Note	2021 \$'000	2020 \$'000
Raw materials, mining costs and consumables used		12,557	10,082
Freight costs		12,207	12,052
Mine labour costs		10,012	10,416
Amortisation expenses		3,129	3,469
Changes in inventories of finished goods and work in progress		236	219
<b>Total cost of sales</b>		<b>38,141</b>	<b>36,238</b>

## 5. Administrative and other expenses

Administrative and other expenses include the following items:

Remuneration of auditors		205	220
Directors' fees		255	238
Legal fees		1,585	1,397
Consultants		1,050	916
Employee benefit expense		2,113	2,238
Rent		84	70
Share-based payments	18	(46)	408

Included in remuneration of auditors is \$63k relating to the half year review with the remainder for end of year audit fees.

## 6. Net finance costs

Interest income		18	22
Reversal of accrued interest on deferred consideration	15 (c)	10,983	-
Foreign exchange movement on deferred consideration	15 (c)	5,086	-
Unrealised foreign exchange gain on debt instruments		538	-
<b>Total finance income</b>		<b>16,625</b>	<b>22</b>
Interest on deferred consideration		-	(10,983)
Interest expense on finance leases		(153)	(242)
Interest expense on debt instruments		(1,596)	(1,978)
Realised foreign exchange loss		(1)	(63)
Unrealised foreign exchange loss on debt instruments		-	(716)
Rehabilitation provisions unwinding of discount	16	(38)	(72)
Deferred consideration unwinding of discount	15 (c)	(626)	(785)
Other finance costs		(151)	(172)
<b>Total finance costs</b>		<b>(2,565)</b>	<b>(15,011)</b>
<b>Total net finance income/(costs)</b>		<b>14,060</b>	<b>(14,989)</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 7. Income tax benefit

	2021 \$'000	2020 \$'000
<b>(a) Income tax benefit</b>		
Current tax	6,328	784
Deferred tax	(6,328)	(784)
<b>Income tax benefit</b>	-	-
<b>Reconciliation of income tax benefit to tax payable</b>		
Profit/(loss) before income tax	66,721	(47,426)
Tax at the standard New Zealand rate of 28 percent	18,682	(13,279)
<i>Tax effects of amounts not assessable in calculating taxable income:</i>		
Share of joint venture equity profit	(3,705)	(8,516)
Dividend from BT Mining	-	5,056
Other permanent adjustments including movement on deferred consideration	(19,876)	17,553
Other deferred tax movements	4,899	(814)
<b>Income tax benefit</b>	-	-
<b>(b) Imputation credits</b>		
Opening balance imputation credit account	15,577	12,662
Imputation credits attached to dividends received and other items	1	5,033
Imputation credits used on dividend paid to shareholders	-	(2,118)
<b>Imputation credits available for use in future periods</b>	<b>15,578</b>	<b>15,577</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 2021

## 8. Impairment

	Note	2021 \$'000	2020 \$'000
Bad-debt write-off		-	109
Impairment of property, plant and equipment		-	216
Impairment of New Brighton historical acquisition value	11	12,810	-
Impairment of Canterbury mining and property, plant and equipment assets	10 & 11	9,645	-
<b>Impairment losses</b>		<b>22,455</b>	<b>325</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 Takitimu mine and the Timaru coal yard. The Canterbury mine ceased operating in June 2021.
- 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.

### Bathurst domestic coal

#### Canterbury mine asset impairments

An impairment has been recognised on assets relating to the Canterbury mine, which ceased operating in June 2021. The impairment relating to the Canterbury mine forms part of the domestic segment, as reported in note 2. Mining assets of \$7.6m have been fully impaired. The amounts impaired include previously capitalised waste moved in advance, and previously capitalised mine development costs. A thorough review of property, plant and equipment ("PPE") was also undertaken, with an immediate write-off of \$2.0m identified. Remaining PPE value of \$3.8m will be realised through transfer to other mine sites, or through a sale of the assets.

#### New Brighton historical acquisition value impairment

The remaining assets in the Bathurst domestic coal CGU were separately assessed for indicators of impairment. A condition of the recently granted access arrangement to allow further exploration drilling for the New Brighton permit is a publicly notifiable resource consent process. As this decreases the certainty of being able to generate future cash flows from this permit, an impairment assessment was performed.

The net realisable value of the CGU was determined by estimating future cash flows, done with reference to forecast sales that are aligned with customer contracts and reserve tonnes that are consented and permitted, and exclude resource tonnes from the New Brighton permit. The cash flows were discounted at a post-tax discount rate of 8.3 percent. As a result of this assessment, an impairment of \$12.9m was recognised against a historical acquisition value relating to the original purchase of the New Brighton permit, that sat within mining assets.

### 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 have no immediate plans to reinstate the project. The CGU remains fully impaired at 30 June 2021.

### 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 2021. The mine is nearing being fully rehabilitated and will be removed as a CGU at that time.

### 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 9. Financial assets

	2021 \$'000	2020 \$'000
<b>(a) Trade and other receivables</b>		
Trade receivables from contracts with customers	3,518	2,893
Receivable from BT Mining	90	293
Other receivables and prepayments	678	826
<b>Total trade and other receivables</b>	<b>4,286</b>	<b>4,012</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. 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. 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.

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.

The crown indemnity receivable is carried at the lower of the indemnity escrow limit and the rehabilitation provision limit on a 'mine by mine' basis. The net present value of the receivable is calculated using a risk-free 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.

#### 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 2021

## 10. Property, plant and equipment

	Freehold land	Buildings	Mine infrastructure	Plant & machinery	Furniture and fittings	Work in progress	Total
Year ended 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening net book value</b>	<b>2,709</b>	<b>1,689</b>	<b>125</b>	<b>12,354</b>	<b>512</b>	<b>598</b>	<b>17,987</b>
Additions including NZ IFRS 16	94	-	-	-	48	926	1,068
Transfers	-	-	-	1,067	44	(1,111)	-
Disposals	(750)	(46)	-	(782)	(37)	-	(1,615)
Depreciation	-	(69)	(13)	(2,106)	(161)	-	(2,349)
IFRS 16 depreciation	(27)	-	-	(333)	(226)	-	(586)
Impairment (refer note 8)	-	(44)	(17)	(1,838)	(158)	-	(2,057)
Reversal of impairment	-	-	-	70	-	-	70
<b>Closing net book value</b>	<b>2,026</b>	<b>1,530</b>	<b>95</b>	<b>8,432</b>	<b>22</b>	<b>413</b>	<b>12,518</b>
Cost	15,522	7,368	2,913	30,691	3,035	12,753	72,282
Accumulated write-downs	(13,496)	(5,838)	(2,818)	(22,259)	(3,013)	(12,340)	(59,764)
<b>Closing net book value</b>	<b>2,026</b>	<b>1,530</b>	<b>95</b>	<b>8,432</b>	<b>22</b>	<b>413</b>	<b>12,518</b>
<b>Year ended 30 June 2020</b>							
<b>Opening 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>
Additions	88	701	-	1,360	49	2,221	4,419
Transfers	305	342	-	1,029	114	(1,790)	-
Depreciation & other adjustments	(12)	(265)	(14)	(2,822)	(240)	(318)	(3,671)
<b>Closing net book value</b>	<b>2,709</b>	<b>1,689</b>	<b>125</b>	<b>12,354</b>	<b>512</b>	<b>598</b>	<b>17,987</b>
Cost	16,178	7,460	2,913	31,917	2,982	12,938	74,388
Accumulated write-downs	(13,469)	(5,771)	(2,788)	(19,563)	(2,470)	(12,340)	(56,401)
<b>Closing net book value</b>	<b>2,709</b>	<b>1,689</b>	<b>125</b>	<b>12,354</b>	<b>512</b>	<b>598</b>	<b>17,987</b>

The value of right-of-use (leased) assets included in property, plant and equipment are noted below:

	Freehold land	Buildings	Plant & machinery	Furniture and fittings	Total
Year ended 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening net book value</b>	<b>76</b>	<b>504</b>	<b>4,943</b>	<b>29</b>	<b>5,552</b>
Additions	94	-	137	48	279
Depreciation	(27)	(197)	(1,197)	(29)	(1,450)
<b>Closing net book value</b>	<b>143</b>	<b>307</b>	<b>3,883</b>	<b>48</b>	<b>4,381</b>



# Notes to the financial statements

For the year ended 30 June 2021

## 10. Property, plant and equipment continued

### Accounting policy

#### Leases

The Group assess whether a contract is or contains a lease at inception of a contract. The Group recognises a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (lease terms of 12 months or less) and leases valued at less than \$10k. Lease payments associated with these leases are recognised as an expense on a straight-line basis. ROU assets for the Group primarily consist of corporate property and yellow goods hire and have an average term of 3.44 years.

The determination of whether an arrangement is, or contains, a lease is based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group must also have the right to obtain substantially all of the economic benefits from use of the asset and have the right to direct the use of the asset.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle or remove or restore the asset. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, being depreciated over the shorter of the estimated useful life of the asset or the lease term.

The corresponding lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate which ranges from 4.46 percent to 6.51 percent dependent on what type of asset the lease relates to and the life of the asset. Subsequently, the lease liability is adjusted to reflect interest on the lease liability (using the effective interest method) and lease payments made.

The Group applies IAS 36 *Impairment of Assets* to determine whether a ROU asset is impaired.

Estimated useful lives for ROU assets are the same as other assets noted below, unless noted otherwise.

#### 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	6 - 50 years (3 - 5 years for ROU assets)
• Mine infrastructure	3 - 20 years
• Plant and machinery	2 - 20 years
• Leased land	7 - 8 years
• Furniture, fittings and equipment	2 - 12 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 2021

## 11. Mining assets

	Note	2021 \$'000	2020 \$'000
<b>Exploration and evaluation assets</b>			
<b>Opening balance</b>		<b>1,869</b>	<b>680</b>
Expenditure capitalised		150	1,189
Impairment of Canterbury mine assets	8	(229)	-
<b>Total exploration and evaluation assets</b>		<b>1,790</b>	<b>1,869</b>
<b>Mining licences/permits and property assets</b>			
<b>Opening balance</b>		<b>32,649</b>	<b>29,103</b>
Expenditure capitalised		312	1,159
Amortisation		(3,129)	(3,469)
Impairment of Canterbury mine assets	8	(7,359)	-
Impairment of New Brighton historical acquisition value	8	(12,810)	-
Waste moved in advance capitalised		4,237	5,856
<b>Total mining licences/permits and property assets</b>		<b>13,900</b>	<b>32,649</b>
<b>Total mining assets</b>		<b>15,690</b>	<b>34,518</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 2021

## 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*

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.

#### *Recoverability of mining assets/impairment*

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 2021

## 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	
			2021 %	2020 %
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 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).

### 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 2021

## 13. Interest in joint ventures

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Interest in BT Mining Limited ("BT Mining")	97,718	89,543
Interest in NWP Coal Canada Limited ("NWP")	16,518	16,301
<b>Total interest in joint ventures</b>	<b>114,236</b>	<b>105,844</b>

### (a) BT Mining

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

Equity investment	16,250	16,250
Share of retained earnings net of dividends received	81,468	73,293
<b>Total interest in BT Mining</b>	<b>97,718</b>	<b>89,543</b>
<b>Opening balance</b>	<b>89,543</b>	<b>70,723</b>
Receipt of dividend	-	(13,000)
Share of BT Mining profit	13,283	30,097
Share of BT Mining FX hedging through OCI	(5,108)	1,805
Share of adjustment to retained earnings on adoption of NZ IFRS 16	-	(82)
<b>Closing balance</b>	<b>97,718</b>	<b>89,543</b>

Bathurst 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.

Bathurst 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.

BT Mining's statement of financial position is shown in note 13 (a) (b), and a summarised income statement for BT Mining is shown in note 2 in the eliminate BT Mining column, of which Bathurst's interest is 65 percent. For an unaudited proportionate consolidation of Bathurst and BT Mining, refer to the additional information section of these financial statements, after the notes to the financial statements.

#### Impairment assessment

BT Mining is viewed as a single CGU for impairment assessment purposes, comprised of two CGUs within the CGU.

In assessing the recoverability of the Stockton mine (Buller Plateau) CGU the future cash flows were calculated with reference to:

- forecast sales of estimated recoverable reserves over the life of the individual mining permits which expire by 2029;
- forecast hard coking coal prices ranging between USD \$155 - \$162 per tonne and soft coking coal prices between USD \$96 to \$100 per tonne adjusted by management to reflect a price consistent with the historical blended coal quality;
- NZD/USD foreign exchange rate of 0.75; 0.74 and 0.72 thereafter; and
- a post-tax discount rate of 8.3 percent.

In assessing the recoverability of the North Island CGU the future cash flows were calculated with reference to:

- the sale of the estimated recoverable reserves over the life of the individual mining permits between three to eight years;
- assumption that mining permit resource consents can be renewed post FY23;
- assumption that future coal prices are consistent with current contracted prices; and
- a post-tax discount rate of 8.3 percent.

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Interest in joint ventures continued

### (a) BT Mining continued

#### Related party transactions

Salaries for employees who work across both Bathurst and BT Mining are recharged between the two companies so that staff costs are recorded appropriately. For the year ended 30 June 2021 \$2.4m of salaries were recharged from Bathurst to BT Mining (2020: \$2.7m) and \$0.7m recharged from BT Mining to Bathurst (2020: \$0.7m).

Coal sales are made to Bathurst's BT Mining joint venture partner Talleys Energy Limited and/or associated companies of Talleys Energy Limited on an arm's length basis and normal commercial terms. Total sales for the year ended 30 June 2021 were \$4.5m (2020: \$4.2m).

<b>(b) Statement of financial position</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Cash	15,670	24,427
Restricted short-term deposits	2,133	2,133
Trade and other receivables	37,337	35,611
Crown indemnity	1,781	4,178
Inventories	31,312	39,689
New Zealand emission units	1,078	1,166
Derivative assets	-	3,068
<b>Current assets</b>	<b>89,311</b>	<b>110,272</b>
Property, plant and equipment	103,314	107,511
Mining assets	59,529	62,998
Crown indemnity	56,746	56,881
Other financial assets	755	761
Deferred tax asset	9,864	6,819
<b>Non-current assets</b>	<b>230,208</b>	<b>234,970</b>
<b>TOTAL ASSETS</b>	<b>319,519</b>	<b>345,242</b>
Trade and other payables	25,973	30,323
Tax payable	7,101	28,684
Borrowings	14,441	16,830
Derivative liabilities	7,848	-
Deferred consideration	-	4,485
Provisions	6,991	4,003
<b>Current liabilities</b>	<b>62,354</b>	<b>84,325</b>
Borrowings	27,443	36,289
Deferred consideration	-	3,634
Provisions	79,388	83,236
<b>Non-current liabilities</b>	<b>106,831</b>	<b>123,159</b>
<b>TOTAL LIABILITIES</b>	<b>169,185</b>	<b>207,484</b>
<b>NET ASSETS</b>	<b>150,334</b>	<b>137,758</b>
Share capital	25,000	25,000
Reserves	(5,871)	1,988
Retained earnings net of dividends paid	131,205	110,770
<b>EQUITY</b>	<b>150,334</b>	<b>137,758</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Interest in joint ventures continued

### (b) NWP

Balances held in NWP	2021 \$'000	2020 \$'000
Equity investment	16,253	16,063
Equitable share of profit	265	238
<b>Total interest in NWP</b>	<b>16,518</b>	<b>16,301</b>

The investment in NWP is via a wholly owned subsidiary Bathurst Resources (Canada) Limited. 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 three tranches. 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	Complete
Tranche two	CAD \$110m	30%	Construction	In progress
<b>Total</b>	<b>CAD \$121.5m</b>	<b>50%</b>	<b>As above</b>	

Funds invested to date equal the NZD equivalent of the initial investment (CAD \$4.0m) and tranche one (CAD \$7.5m) issued in exchange for common ordinary shares in NWP, as well as an advance of CAD \$2.6m as part of tranche two, issued in exchange for preference shares in NWP. This represents a 22.2 percent equity holding in NWP. Payment of the balance of tranche two is not expected in the next twelve months. Funds of CAD \$0.7m were issued during the year as a non-callable cash loan which are in other non-current assets.

The investment in exchange for preference shares is done on a cash call basis at the request of NWP. If BRL exercises the tranche two option, further investment required will equal CAD \$110.0m minus funds invested in the preference shares, at which point the preference shares will automatically convert to ordinary shares on a 1:1 basis. Preference shares have the same rights and are issued at the same value as ordinary shares, with the key 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 ordinary shares.

BRL considers NWP to be a joint venture. 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.

#### NWP unaudited financials of which Bathurst holds 22.2 percent

Cash	275	1,349
Other current assets	178	129
Exploration and evaluation assets	35,336	30,037
Other non-current assets	1,274	1,264
<b>TOTAL ASSETS</b>	<b>37,063</b>	<b>32,779</b>
Current liabilities	528	461
Non-current financial liabilities	5,292	1,219
<b>TOTAL LIABILITIES</b>	<b>5,820</b>	<b>1,680</b>
<b>NET ASSETS</b>	<b>31,243</b>	<b>31,099</b>

### (c) Bathurst Industrial Coal Limited

The Company holds a 50 percent shareholding in Bathurst Industrial Coal Limited. This venture has ceased to operate and will be wound up. There are no balances pertaining to this joint venture in the Group's results.

# Notes to the financial statements

For the year ended 30 June 2021

## 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 equal 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

	2021 \$'000	2020 \$'000
<b>Temporary differences attributable to:</b>		
Tax losses	13,892	16,443
Employee benefits	273	355
Provisions	2,225	1,651
Mining licences	21,001	16,744
Exploration and evaluation expenditure	812	812
Property, plant and equipment	3,741	2,936
Waste moved in advance	3,418	2,027
Other	87	100
<b>Total deferred tax assets</b>	<b>45,449</b>	<b>41,068</b>
Other	-	(35)
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>(35)</b>
Net deferred tax asset not recognised	(45,449)	(41,033)
<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 2021

## 15. Financial liabilities

	2021 \$'000	2020 \$'000
<b>(a) Trade and other payables</b>		
Trade payables	1,321	2,236
Accruals	3,536	2,496
Employee benefit payable	1,465	1,611
Interest payable	397	204
Other payables	43	169
<b>Total trade and other payables</b>	<b>6,762</b>	<b>6,716</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) Borrowings

<b>Current</b>		
<i>Secured</i>		
Lease liabilities	983	1,460
Subordinated bonds	-	6,023
Bank borrowings backing property, plant and equipment	-	23
<i>Unsecured</i>		
Convertible notes	-	6,375
<b>Total current borrowings</b>	<b>983</b>	<b>13,881</b>
<b>Non-current</b>		
<i>Secured</i>		
Lease liabilities	1,005	1,758
Convertible bonds	9,353	-
<b>Total non-current borrowings</b>	<b>10,358</b>	<b>1,758</b>
<b>Total borrowings</b>	<b>11,341</b>	<b>15,639</b>

A summary of key details of the convertible bonds are noted below:

Instrument	Denomination currency	Face value \$m	Coupon rate %	Issue date	Maturity date	Per bond conversion # shares
Convertible bonds	AUD	\$10.0m	9%	1/02/2021	1/08/2022	102,041

### New convertible bonds

The USD subordinated bonds and NZD convertible notes previously on issue matured on 1 February 2021. In order to maintain working capital in the short to medium term, the majority of the funds were transferred into a new convertible bond issued on the same date. 200 convertible bonds were issued for a \$50k subscription price.

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial liabilities continued

### (b) Borrowings continued

#### New convertible bonds continued

On recognition of a convertible instrument, the underlying debt liability and conversion feature (the ability to convert the instrument into shares) must be assessed separately for classification. A key judgement applied is with respect to whether the conversion feature can be classified as equity.

Whether a conversion feature can classify as equity is known as the 'fixed for fixed' test. The conversion feature must represent a fixed amount of debt principal convertible into a fixed quantity of shares (equity). The result of classifying the conversion feature as equity is that the value attributed to the conversion feature does not have to be subsequently remeasured after initial recognition. If the conversion feature fails the fixed for fixed test, the conversion feature must be classified as a derivative liability and re-measured at each reporting date at fair value through profit or loss.

Because the new debt principal is in AUD, when it is translated to BRL's functional currency (NZD), this creates variability in the amount recorded from movements in the AUD/NZD exchange rate. For this reason, the conversion feature of the new convertible bonds has been classified as a derivative liability. The fair value of the conversion feature was determined first, with the residual value assigned to the debt liability which will be amortised to its face value on maturity through the effective interest rate method.

Fair value of the conversion option of \$0.8m at 30 June 2021 was determined using a Black Scholes Model that takes into account the:

- exercise price (AUD 0.49) and volume weighted average share price at the reporting date (AUD 0.34);
- term of the conversion option;
- expected price volatility of the underlying share (53.4 percent) which is based on historical volatility;
- expected dividend yield; and
- the risk-free interest rate for the term of the conversion option based on Australian government bond yields (0.06 percent).

#### Redemption

The bond holder at any time after the issue date and before the maturity date can redeem the bonds if BRL's shares cease to be listed or admitted to trading on the ASX, or are suspended for trading for more than 90 consecutive trading days; or an event of default occurs; or a change of control occurs.

BRL can at any time up until 10 days before maturity date elect for the redemption of the bonds, at an amount equal to 105 percent of the face value of the bonds.

#### Ranking

The bonds are a secured debt facility and except as required by law and subjected to any permitted security interest, rank ahead of all unsecured and subordinated obligations of BRL. There is a general security deed in favour of bond holders, with certain asset and security exclusions.

### Lease liabilities

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.

	2021 \$'000	2020 \$'000
<b>(c) Deferred consideration</b>		
Current - acquisition of subsidiary	998	74,361
Non-current - acquisition of subsidiary	2,517	4,956
<b>Total deferred consideration</b>	<b>3,515</b>	<b>79,317</b>
Opening balance	79,317	6,809
Unwinding of discount	626	785
Fair value adjustment – Canterbury Coal and New Brighton	(2,232)	(561)
Reversal of fair value of Buller coal project performance payment	(57,159)	62,247
Foreign exchange movement on Buller coal performance payment	(5,086)	-
Accrued interest on Buller coal project	(10,983)	10,983
Consideration paid net of movements in accruals during the year	(968)	(946)
<b>Closing balance</b>	<b>3,515</b>	<b>79,317</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial liabilities continued

### (c) Deferred consideration continued

#### Buller Coal project

Bathurst acquired Buller Coal Limited (formerly L&M Coal Limited) ("Buller Coal") from L&M Coal Holdings Limited ("L&M") in November 2010. The agreement for sale and purchase ("ASP"), which primarily concerned the purchase of the Escarpment mine through the acquisition of Buller Coal, contained an element of deferred consideration. The deferred consideration comprised royalties on coal sold, two contingent "performance payments" of USD \$40m each, and the contingent issue of performance shares. The first performance payment is prima facie payable upon 25,000 tonnes of coal being shipped from the Buller Coal project area, and the second payable upon 1 million tonnes of coal being shipped from the Buller Coal project area or where a change in control of Bathurst is deemed to have occurred.

Bathurst 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 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.

#### Canterbury Coal Limited

The final royalties accrual for the Canterbury mine was based on actual sales tonnes before the mine ceased operating at the end of June 2021.

#### 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 based on activity at the Takitimu mine 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	2021		2020	
		Increase in estimate \$'m	Decrease in estimate \$'m	Increase in estimate \$'m	Decrease in estimate \$'m
Discount rate	2 percent	0.1	(0.2)	0.2	(0.3)
Production levels	5 percent	(0.2)	0.2	(0.3)	0.2
Coal prices	\$5 per tonne	(0.2)	0.2	(0.2)	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).

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial liabilities continued

### (d) Fair value measurements

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

Instrument	2021	
	Fair value \$'000	Carrying value \$'000
Convertible bonds	10,776	9,353

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 and convertible bond derivative at fair value through profit or loss.

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.

##### 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.

The fair value of the liability portion of the convertible bonds recognised on issue date was the difference between cash received and the fair value of the conversion option. The liability is amortised to its face value on maturity through the EIR method.

Borrowings denominated in foreign currency are re-translated at each reporting period to account for unrealised foreign exchange movements.

##### 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.

The convertible bond derivative is the conversion option of the convertible bonds and is measured at fair value through profit or loss at each reporting date. The value recognised is determined using a Black Scholes Model for the convertible bonds that includes 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial liabilities continued

### Accounting policy continued

#### *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).

Deferred consideration is valued at a fair value hierarchy of level 3, with the convertible bond derivative valued at a fair value hierarchy of level 2. The fair value of debt instruments disclosed has been valued at a fair value hierarchy of level 2.

### Key judgements and estimates

#### *Deferred consideration*

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.

#### *Conversion option of Convertible Bonds*

The Group has made a judgement that the conversion feature of the convertible bonds should be classified as a derivative liability. This judgement was made on the basis that the conversion feature does not satisfy 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 remeasured after initial recognition through profit or loss.

The value recognised was determined using a Black Scholes Model for the convertible bonds that includes 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Rehabilitation provisions

	2021 \$'000	2020 \$'000
Current	3,798	1,145
Non-current	4,914	4,721
<b>Total provisions</b>	<b>8,712</b>	<b>5,866</b>
<i>Rehabilitation provision movement:</i>		
Opening balance	5,866	5,675
Change recognised in the mining and property asset	-	(15)
Unwinding of discount	38	72
Movement in Crown indemnity on acid mine drainage for Sullivan permit	182	211
Movement in provision net of expenditure incurred	2,626	(77)
<b>Closing balance</b>	<b>8,712</b>	<b>5,866</b>

The increase in the provision is due to the closure of the Canterbury mine. Cash outflows that had been forecast for future periods and previously discounted were bought forward as the rehabilitation is now expected to be completed in the next 12 months. Bonds totalling \$4.2m (30 June 2020: \$4.2m) are provided to various local councils in respect to future rehabilitation obligations.

### 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 obligation to rehabilitate arises at the commencement of the mining project; at this point a provision is recognised as a liability with a corresponding asset 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 with a corresponding change in the cost of the associated 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 amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities is recognised in the income statement as incurred.

The net present value of the provision is calculated using an appropriate discount rate, based on management's best estimate of future costs of rehabilitation. 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 2021

## 17. Equity

	2021 Number of shares '000	2020 Number of shares '000
<b>(a) Ordinary fully paid shares</b>		
<b>Opening balance</b>	<b>1,709,520</b>	<b>1,665,177</b>
Issue of shares from conversion of convertible notes	-	41,788
Issue of shares from vesting of performance rights	-	2,555
Share consolidation	(1,538,568)	-
<b>Closing balance</b>	<b>170,952</b>	<b>1,709,520</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.

### Share consolidation

A 10:1 share consolidation was implemented during the year. There were no other changes to equity.

### Dividends

There were no dividends paid or declared during the year.

<b>(b) Contributed equity</b>	\$'000	\$'000
<b>Opening balance</b>	<b>293,107</b>	<b>286,277</b>
Issue of shares from conversion of convertible notes	-	6,486
Issue of shares from vesting of performance rights	-	344
<b>Closing balance</b>	<b>293,107</b>	<b>293,107</b>

### (c) Debt instruments equity component

<b>Opening balance</b>	<b>17,622</b>	<b>22,824</b>
Transfer to contributed equity on conversion of convertible notes	-	(5,202)
Transferred to retained earnings on maturity of underlying debt instrument	(17,622)	-
<b>Closing balance</b>	<b>-</b>	<b>17,622</b>

The balance sitting in debt instrument equity component, which reflected the conversion option implicit in the previous NZD convertible notes, was transferred to retained earnings when the debt instruments matured on 1 February 2021.

### 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 18. Reserves

	2021 \$'000	2020 \$'000
Share-based payment reserve	311	357
Foreign exchange translation reserve	(64)	(344)
Share of BT Mining FX hedging through OCI	(3,816)	1,292
Reorganisation reserve	(32,760)	(32,760)
<b>Total reserves</b>	<b>(36,329)</b>	<b>(31,455)</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. Fair value for the rights on issue was calculated using the Black Scholes valuation method as they contain market performance conditions (as detailed below). This method calculates the fair value using the key inputs of the exercise price and option life, as well as expected volatility in the share price which is based on historical actual volatility.

#### 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.

### Details on share-based payments

Grant date	Vesting date	Opening balance 000s	Issued 000s	Lapsed 000s	Closing balance 000s
<i>LTIP performance rights 2020</i>					
August 2020	15 October 2022	-	460	-	460
<i>LTIP performance rights 2018</i>					
December 2018	15 October 2021	459	-	(459)	-
<i>LTIP performance rights 2019</i>					
January 2020	15 October 2022	484	-	-	484
		<b>943</b>	<b>460</b>	<b>(459)</b>	<b>944</b>

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

LTIP performance rights are issued to executive directors and members of the senior leadership team ("SLT") as part of the LTIP which was approved at the 2018 AGM. These rights were issued as an incentive for the future performance.

Rights granted to directors were approved at the 2018 AGM and 2019 AGM respectively. Rights issued in 2020 were to members of the SLT.

Rights 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 2022 for both the performance rights on issue at year end. The Company also has to achieve a total shareholder return compound annual growth rate for the period 1 July 2019 to and including 30 June 2022 for both issues.

The 2018 rights issue lapsed during the year, as the total shareholder return compound annual growth rate was not achieved.



# Notes to the financial statements

For the year ended 30 June 2021

## 18. Reserves continued

### 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.

## 19. Earnings per share

	2021 Cents	2020 Cents
<b>(a) Earnings per share ("EPS")</b>		
Basic EPS	39.03	(27.82)
Diluted EPS	35.53	(27.82)
<b>(b) Reconciliation of earnings used in calculation</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Earnings/(loss) used to calculate basic EPS</b>	<b>66,721</b>	<b>(47,426)</b>
Interest expense on convertible instruments & movement on convertible bond derivative	100	-
<b>Earnings/(loss) used in calculation of diluted EPS</b>	<b>66,821</b>	<b>(47,426)</b>
<b>(c) Weighted average number of shares</b>	<b>Shares 000s</b>	<b>Shares 000s</b>
<b>Weighted average shares used in calculation of basic EPS</b>	<b>170,952</b>	<b>170,484</b>
Dilutive potential ordinary shares (average weighted convertible notes and bonds)	17,127	-
<b>Weighted average shares used in calculation of diluted EPS</b>	<b>188,079</b>	<b>170,484</b>

The weighted average shares used in the calculation of EPS was re-stated for the prior period to account for the share consolidation.

### 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 20. Reconciliation of profit to operating cash flows

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
<b>Profit/(loss) before income tax</b>	<b>66,721</b>	<b>(47,426)</b>
Dividend received from BT Mining	-	13,000
<i>Non-cash items:</i>		
Depreciation and amortisation	6,064	7,088
Share-based payments	(46)	408
Share of joint venture equity share of profit	(13,235)	(30,408)
Movement on rehabilitation provision & discount unwind	3,124	628
<i>Non-operating</i>		
Movement on deferred consideration & discount unwind	(58,765)	62,476
Interest on deferred consideration	(10,983)	10,983
Interest on debt instruments and finance leases	1,748	2,095
Other	134	228
Unrealised FX including movement on deferred consideration	(5,620)	716
Impairments	22,455	325
(Gain)/loss on sale of PPE	(375)	13
Movement in convertible instrument derivatives	(1,124)	-
Movement in working capital	(575)	4
<b>Cash flow from operating activities</b>	<b>9,523</b>	<b>20,130</b>

## 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 ("FX") 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 assesses foreign currency exposures by assessing the potential impact of changes in the FX rate on profit on material balances denominated in foreign currency, assuming a percentage movement in the FX rate based on recent historical movements, as follows:

<b>Liability</b>	<b>Face value</b>	<b>2021</b> <b>+2%</b> <b>\$'000</b>	<b>2021</b> <b>-2%</b> <b>\$'000</b>
Convertible bonds	AUD \$10.0m	233	(237)

# Notes to the financial statements

For the year ended 30 June 2021

## 21. Financial risk management continued

### 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 2021. 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.

### 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.

	<b>Less than 6 months</b>	<b>6 - 12 months</b>	<b>Between 1 – 2 years</b>	<b>Between 2 – 5 years</b>	<b>Over 5 years</b>	<b>Total contractual flows</b>
<b>30 June 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	5,831	-	-	-	-	5,831
Borrowings	573	582	12,128	-	-	13,283
Leases	531	531	525	453	106	2,146
Deferred consideration	519	519	979	2,079	-	4,096
<b>Total</b>	<b>7,454</b>	<b>1,632</b>	<b>13,632</b>	<b>2,532</b>	<b>106</b>	<b>25,356</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 21. Financial risk management continued

### Liquidity risk continued

	Less than 6 months	6 - 12 months	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total contractual flows
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	6,716	-	-	-	-	6,716
Borrowings	291	13,358	-	-	-	13,649
Leases	977	977	1,017	1,122	-	4,093
Deferred consideration	598	73,828	1,203	3,735	3,029	82,393
<b>Total</b>	<b>8,582</b>	<b>88,163</b>	<b>2,220</b>	<b>4,857</b>	<b>3,029</b>	<b>106,851</b>

Borrowings at 30 June 2021 are convertible bonds. These can be converted to ordinary shares in the Company, so future repayments may not occur if the bond holders elect to transfer their holding to shares.

Total contractual cash flows on 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.

### Financial instruments by category

	2021 \$'000	2020 \$'000
<b>Financial assets</b>		
<i>Amortised cost</i>		
Cash and cash equivalents	4,395	4,495
Restricted short-term deposits	4,247	4,193
Trade and other receivables	4,286	4,012
Other financial assets	1,020	117
Crown Indemnity	764	873
<b>Total financial assets</b>	<b>14,712</b>	<b>13,690</b>
<b>Financial liabilities</b>		
<i>Amortised cost</i>		
Trade and other payables	6,762	6,716
Borrowings	11,341	15,639
<i>Fair Value</i>		
Deferred consideration	3,515	79,317
<b>Total financial liabilities</b>	<b>21,618</b>	<b>101,672</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 22. Key management personnel compensation

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

	Short-term benefits \$'000	Share-based payments \$'000	Total \$'000
<b>30 June 2021</b>			
Management	2,443	241	2,684
Non-executive directors	256	-	256
<b>Total</b>	<b>2,699</b>	<b>241</b>	<b>2,940</b>
<b>30 June 2020</b>			
Management	2,965	374	3,339
Non-executive directors	214	34	248
<b>Total</b>	<b>3,179</b>	<b>408</b>	<b>3,587</b>

Share based payments shown above do not match what is showing in the income statement in note 5. This is because the reversal of share-based payments expense relating to the 2018 performance rights issue that lapsed (refer note 18) was excluded for the purposes of this disclosure.

## 23. Contingent liabilities

On 23 December 2016 Bathurst announced that L&M Coal Holdings Limited (“L&M”) 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). After pursuing this matter through the courts of New Zealand, on 14 July 2021 the Supreme Court upheld Bathurst’s appeal, setting aside earlier unfavourable judgments given by the High Court and Court of Appeal.

The Supreme Court did find that the first performance payment of USD \$40m had been triggered. However the court also ruled that clause 3.10 of the Agreement for Sale and Purchase (“ASP”) between Bathurst and L&M meant that for so long as Bathurst was continuing to pay the relevant royalty payments due under the Royalty Deed (even if that royalty sum was zero), then payment of the performance payments is suspended.

On 4 May 2020 Bathurst announced that L&M had given Bathurst notice that L&M intended to pursue further legal action under the terms of the ASP. L&M asserted in its notice of request for arbitration that its entitlement to the second performance payment of USD \$40m (and the issue to it of performance shares) arises because there has been a change in control in Bathurst, arising from an aggregation of current and historical shareholders acting together as undisclosed associates, and that this has led to a third party acquiring a relevant interest (as that concept is understood under Australian law) in more than 50 percent of Bathurst’s shares. And as a second assertion that a grouping of shareholders through a concerted course of action has acquired effective control of Bathurst and therefore has the ability to control the composition of the board of Bathurst New Zealand Ltd (“BNZ”) or may cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of BNZ.

Based on legal advice received, the directors believe that it is more than likely that this second claim by L&M would be unsuccessful. Further, the effect of the Supreme Court judgment above is that it is also more than likely that even if the change in control provision has been triggered – which Bathurst denies – payment of the second performance payment is also suspended by clause 3.10 of the ASP.

## 24. Events after the reporting period

As disclosed in note 23, on 14 July 2021 the Supreme Court of New Zealand upheld Bathurst’s appeal regarding a claim filed against Bathurst by L&M. The effect of this judgment was that the performance payment was no longer determined to be a provision, but a contingent liability. This was assessed to be an adjusting event after the reporting period, which meant that the previously accrued principal and interest pertaining to this claim were reversed.

There were no other material events that occurred subsequent to reporting date, that require recognition of, or additional disclosure in these financial statements.

# Additional information

For the year ended 30 June 2021

## 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.

### Consolidated income statement

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from contracts with customers	207,204	225,615
Realised FX and coal price hedging	5,422	7,061
Less: cost of sales	(159,553)	(155,101)
<b>Gross profit</b>	<b>53,073</b>	<b>77,575</b>
Other income	889	1,072
Equity accounted (loss)/profit	(48)	311
Depreciation	(17,782)	(17,783)
Administrative and other expenses	(18,511)	(19,672)
Fair value movement on deferred consideration	62,791	(60,045)
Gain/(loss) on disposal of fixed assets	375	(13)
Impairment losses	(22,455)	(502)
<b>Operating profit/(loss) before tax</b>	<b>58,332</b>	<b>(19,057)</b>
Fair value movement on convertible bond derivative	1,124	-
Finance cost	(5,297)	(20,519)
Finance income	16,694	142
<b>Profit/(loss) before income tax</b>	<b>70,853</b>	<b>(39,434)</b>
Income tax expense	(4,132)	(7,992)
<b>Profit/(loss) after income tax</b>	<b>66,721</b>	<b>(47,426)</b>

# Additional information

For the year ended 30 June 2021

## Consolidated statement of financial position

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Cash and cash equivalents	14,581	20,373
Restricted short-term deposits	5,633	5,579
Trade and other receivables	28,554	27,159
Crown indemnity	1,158	3,007
Inventories	21,572	27,205
New Zealand emission units	2,194	1,769
Derivative assets	-	1,994
<b>Total current assets</b>	<b>73,692</b>	<b>87,086</b>
Property, plant and equipment ("PPE")	79,672	87,869
Mining assets	54,384	75,467
Crown indemnity	37,649	37,555
Interest in joint ventures	16,518	16,301
Deferred tax asset	6,412	4,432
Other financial assets	1,511	612
<b>Total non-current assets</b>	<b>196,146</b>	<b>222,236</b>
<b>TOTAL ASSETS</b>	<b>269,838</b>	<b>309,322</b>
Trade and other payables	23,644	26,426
Tax payable	4,616	18,645
Borrowings	10,370	24,821
Derivative liabilities	5,873	-
Deferred consideration	998	77,276
Provisions	8,342	3,747
<b>Total current liabilities</b>	<b>53,843</b>	<b>150,915</b>
Borrowings	28,196	25,346
Deferred consideration	2,517	7,318
Provisions	56,516	58,824
<b>Total non-current liabilities</b>	<b>87,229</b>	<b>91,488</b>
<b>TOTAL LIABILITIES</b>	<b>141,072</b>	<b>242,403</b>
<b>NET ASSETS</b>	<b>128,766</b>	<b>66,919</b>
Contributed equity	293,107	293,107
Debt instruments equity component	-	17,622
Reserves	(36,329)	(31,455)
Retained earnings net of dividends	(128,012)	(212,355)
<b>EQUITY</b>	<b>128,766</b>	<b>66,919</b>

# Additional information

For the year ended 30 June 2021

## Consolidated cash flow

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	218,422	240,696
Payments to suppliers and employees	(157,001)	(164,620)
Taxes paid	(18,151)	(9,304)
<b>Net inflow from operating activities</b>	<b>43,270</b>	<b>66,772</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure	(212)	(1,620)
Mining assets (incl. elevated stripping)	(20,332)	(29,686)
PPE purchases	(8,372)	(14,410)
Proceeds from disposal of PPE	2,147	-
Payment of deferred consideration	(4,629)	(10,849)
Investment in NWP	(793)	(6,146)
Other	(182)	(178)
<b>Net outflow from investing activities</b>	<b>(32,373)</b>	<b>(62,889)</b>
<b>Cash flows from financing activities</b>		
Repayment of leases net of drawdowns	(8,487)	(4,249)
Interest on leases	(1,448)	(1,712)
Interest on USD bonds and convertible notes	(830)	(2,395)
USD bond and convertible note repayment	(11,966)	(6,371)
Issue of AUD convertible bonds	10,638	-
Repayment of borrowings net of drawdowns	(3,879)	4,764
Interest on borrowings	(358)	(672)
Dividend paid	-	(5,520)
Interest received	40	177
Other finance costs	(345)	(472)
<b>Net outflow from financing activities</b>	<b>(16,635)</b>	<b>(16,450)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,738)</b>	<b>(12,567)</b>
Opening cash and cash equivalents including restricted short-term deposits	25,952	38,519
<b>Closing cash and cash equivalents</b>	<b>20,214</b>	<b>25,952</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 53 to 85:

- i. present fairly in all material respects the consolidated financial position as at 30 June 2021 and its financial performance and cashflows 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 2021;
- the consolidated income statement, 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 company and group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('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.

Our firm has also provided other services to the group in relation to agreed upon procedures services required under a Deed of Royalty. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

### Emphasis of matter – L&M Coal Holdings Limited performance payment claims

We draw attention to notes 15(c) and 23 in the consolidated financial statements which describes the reversal of a \$73 million provision to the consolidated income statement following a Supreme Court decision in relation to a previously disputed first performance payment by L&M Coal Holdings Limited ("L&M") for the Buller coal project.

Note 23 also notes that arbitration has been set regarding a second performance payment claimed by L&M. Based on legal advice received, no liability has been recognised as at 30 June 2021 as the directors believe that it is more likely than not that the Company will successfully defend the claim for the second performance payment.

### 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 \$1,600,000 determined with reference to a benchmark of consolidated operating profit before tax. We chose the benchmark because, in our view, this is a key measure of the consolidated performance.

# Independent auditor's report

## 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*

#### Assessment of recoverability of cash-generating unit assets

Refer to note 8 and note 13 of the financial statements.

The recoverability of cash-generating unit assets is a key audit matter due to the judgement involved in assessing the recoverable value of the mining assets.

Key judgements include:

- future coal prices;
- available coal reserves supporting future production levels;
- mining permit and resource consent conditions;
- future operating and capital costs; and
- discount rate.

Government policies have led to increased uncertainty for the industry, and key judgements are inherently subjective and inherently more uncertain during times of economic uncertainty.

The procedures performed to assess the reasonableness of the recoverable value of the cash-generating unit assets included:

- comparing future coal price assumptions with third party contracts and publicly available forward price curves;
- comparing the forecasted production profiles to the JORC reserve reports prepared by management experts;
- challenging the discount rate used by engaging valuation specialists to assess the appropriateness of the discount rate applied;
- assessing the cost and capital forecasts against managements business plans and historical trends;
- checking the consistency of forward-looking assumptions to the Group's stated plan and strategy, past performance of the Group, published information on industry trends;
- verifying the accuracy and completeness of the assets to be written-off where impairments were identified; and
- assessing the disclosures in the consolidated financial statements using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

As an overall test we adjusted the Group's net assets as at 30 June 2021 of \$129 million by \$67 million, reflecting the exclusion of the subsequent adjusting event of derecognising the L&M provision which was not reflected in the Company's share price at 30 June 2021. We compared the adjusted net asset position of \$62 million to the Group's market capitalisation of NZ\$84 million based on the share price at 30 June 2021, and noted an implied headroom of \$22 million.

#### Revenue recognition

Refer to note 3 of the financial statements.

Our focus has been on ensuring that the treatment of each product offered under the agreements with customers 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 revenue recognition requires judgement as does the process to conclude on the treatment of each contract.

Our audit procedures included:

- Comparing a sample of contracts to the relevant accounting standard to determine if the correct accounting treatment has been applied.
- Agreeing a sample of contracts to the Company's existing revenue recognition policies.
- Testing a sample of revenue transactions prior and post balance date to ensure that the revenue has been recognised in the correct period in accordance with delivery terms.



# Independent auditor's report

## Other information

The directors, on behalf of the Company and Group, are responsible for the other information included in the entity's annual report. Other information included in the annual report includes the Chairman and CEO's report, and the operational and financial review. 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 Company, 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 2021



# 03

## Shareholder information

### **In this section**

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Shareholder information

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# Shareholder information

Reported as at 30 September 2021.

## Stock exchange quotation

Shares are quoted on the Australian Stock Exchange under the code "BRL".

## Classes of securities

The following equity securities are on issue:

	Financial statement note reference	Number on issue	Number of holders
<b>Quoted</b>			
Ordinary fully paid shares		170,951,623	2,481
<b>Unquoted</b>			
Convertible bonds	15 (b)	200	11
LTIP performance rights 2019	18	483,973	2
LTIP performance rights 2020	18	460,323	7

## 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 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 bonds 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.

## Share buy-backs

There were no share buy-backs during the year and there is no current on-market buy-back.

## Dividends

There were no dividends paid or declared relating to the year ended 30 June 2021.

## Distribution of quoted equity securities

Holding range	Number shareholders	Number ordinary shares	Percentage of ordinary shares
1 – 1,000	820	512,325	0.3%
1,001 – 5,000	940	2,390,186	1.4%
5,001 – 10,000	302	2,401,396	1.4%
10,001 – 100,000	341	10,559,621	6.18%
100,001 and over	78	155,088,095	90.72%
<b>Total</b>	<b>2,481</b>	<b>170,951,623</b>	<b>100%</b>

There were 385 shareholders holding less than a marketable parcel of ordinary shares as determined by the ASX (parcels valued at less than AUD \$500) based on the closing price of AU 87.5¢ per share.

## Corporate governance statement

The corporate governance statement is available at [www.bathurst.co.nz/our-company/corporate-governance/](http://www.bathurst.co.nz/our-company/corporate-governance/)

# Shareholder information

## Substantial holders

BRL's record of substantial shareholdings (5 percent or more) based on notices from shareholders either directly or via a third party who collect this information on our behalf:

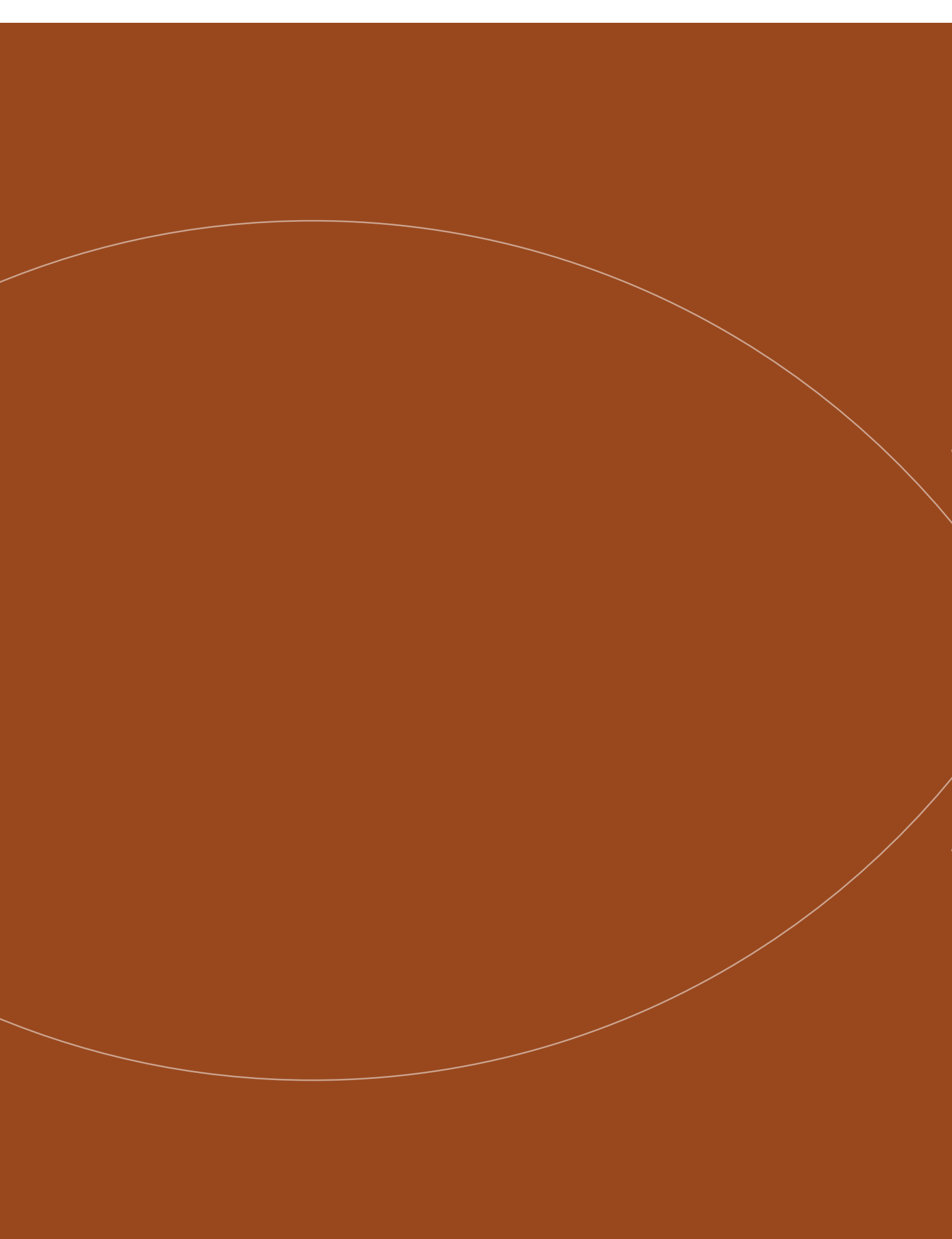
	Number of shares held	Percentage of issued shares
Republic Investment Management Pte Limited ("RIM")	39,240,503	23.0
Talley's Group Limited	20,659,306	12.1
Crocodile Capital	12,880,877	7.5
Chng Seng Chye	11,290,431	6.6

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 BRL's shares, as a result of an on-market share buy-back and the conversion of convertible notes held by RIM.

## Top 20 shareholders

Based on the shareholder register.

#	Holding range	Number of shares held	Percentage of issued shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	49,153,385	28.75
2	CITICORP NOMINEES PTY LIMITED	36,975,810	21.63
3	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	13,228,853	7.74
4	CHNG SENG CHYE	9,187,878	5.37
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,659,398	4.48
6	TEO PENG KWANG	3,893,212	2.28
7	AFE INVESTMENTS PTY LIMITED	2,788,877	1.63
8	MR SAN TIONG NG	2,737,383	1.60
9	ANG POON LIAT	2,200,272	1.29
10	JOHN MCCALLUM	2,127,144	1.24
11	BNP PARIBAS NOMS PTY LTD <DRP>	1,531,389	0.90
12	RICHARD TACON	1,469,302	0.86
13	NATIONAL NOMINEES LIMITED	1,300,500	0.76
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	1,136,363	0.66
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,105,946	0.65
16	CHOW SHOOK LIN	909,090	0.53
17	INVIA CUSTODIAN PTY LIMITED <HARGREAVES S/FUND A/C>	804,545	0.47
18	TREADSTONE RESOUC PARTNERS PTY LTD	727,272	0.43
19	RUSSELL LEE SCOTT MIDDLETON + SUSANNE MICHELLE MIDDLETON <MIDDLETON SUPER PLAN A/C>	662,645	0.39
20	CLIVE THOMAS	600,000	0.35
<b>Total top 20 shareholders</b>		<b>140,199,264</b>	<b>82.01</b>
<b>Total remaining shareholders</b>		<b>30,752,359</b>	<b>17.99</b>





# 04

## Resources and reserves

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### In this section

Tenement schedule  
Coal resources and reserves

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# Tenement schedule

At 30 June 2021.

Permit ID	Location (region)	Minerals	Permit type	Permit operator	Bathurst interest
60422	Waikato	Coal	Mining Permit	BT Mining Limited	65%
60321	West Coast	Minerals	Exploration Permit	Bathurst Coal Limited	100%
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%
41821	Waikato	Coal	Mining Permit	BT Mining Limited	65%
41810	West Coast	Coal	Mining Permit	BT Mining Limited	65%
41515	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%
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%

# Tenement schedule

Resource permitting changes 1 July 2020 to 30 June 2021.

## Permit applications in past 12 months

Permit ID	Permit type	Operator	Location (region)	Applied date	Permit name	Bathurst interest
60790	Exploration Permit	BT Mining Limited	Waikato	7/4/2021	Maramarua [Aggregate]	65%

## Permit applications granted in past 12 months

Permit ID	Permit type	Operator	Location (region)	Granted date	Operation name	Bathurst interest
41515	Mining Permit	BT Mining Limited	Buller	29/10/2020	Upper Waimangaroa	65%
54846	Exploration Permit	Bathurst Coal Limited	Canterbury	5/2/2021	Albury	100%
41515	Mining Permit	BT Mining Limited	Buller	19/2/2021	Upper Waimangaroa	65%
53614	Mining Permit	Bathurst Coal Limited	Southland	26/3/2021	Coaldale	100%

## Permits granted in past 12 months

None.

## Full surrender

None.

## Expired

None.

# Coal resources

**Table 1 – Resource tonnes (rounded to the nearest million tonnes)**

Area	Bathurst ownership	2021 Measured resource			2020 Measured resource			2021 Indicated resource			2020 Indicated resource			2021 Inferred resource			2020 Inferred resource			2021 Total resource			2020 Total resource		
		2021 Measured resource	2020 Measured resource	Change	2021 Indicated resource	2020 Indicated resource	Change	2021 Inferred resource	2020 Inferred resource	Change	2021 Total resource	2020 Total resource	Change												
Escarpmnt <sup>(1,7&amp;9)</sup>	100%	1.9	3.4	(1.5)	1.2	2.2	(1.0)	0.7	1.1	(0.4)	3.8	6.7	(2.9)												
Cascade <sup>(1)</sup>	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 <sup>(1&amp;3)</sup>	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 <sup>(1,7&amp;9)</sup>	100%	0.0	0.0	0.0	1.7	3.4	(1.7)	3.1	4.7	(1.6)	4.8	8.1	(3.3)												
Whareatea West <sup>(1,7&amp;10)</sup>	100%	6.2	7.9	(1.7)	7.8	11.2	(3.4)	2.7	4.8	(2.1)	16.7	23.9	(7.2)												
Sullivan <sup>(1,7&amp;9)</sup>	100%	1.9	2.7	(0.8)	3.0	5.1	(2.1)	3.3	4.1	(0.8)	8.2	11.9	(3.7)												
<b>South Buller totals</b>	<b>100%</b>	<b>16.7</b>	<b>20.7</b>	<b>(4.0)</b>	<b>17.4</b>	<b>25.6</b>	<b>(8.2)</b>	<b>11.7</b>	<b>16.6</b>	<b>(4.9)</b>	<b>45.8</b>	<b>62.9</b>	<b>(17.1)</b>												
Stockton <sup>(2,5,6,8,12)</sup>	65%	2.6	0.7	1.9	7.8	10.2	(2.4)	5.9	5.9	0.0	16.3	16.8	(0.5)												
Upper Waimangaroa (Met) <sup>(2,4&amp;5)</sup>	65%	0.7	0.7	0.0	13.2	13.3	(0.1)	32.4	32.6	(0.2)	46.3	46.6	(0.3)												
Upper Waimangaroa (Thermal) <sup>(2&amp;5)</sup>	65%	0.0	0.0	0.0	0.6	0.6	0.0	0.9	0.9	0.0	1.5	1.5	0.0												
<b>Stockton totals</b>	<b>65%</b>	<b>3.3</b>	<b>1.4</b>	<b>1.9</b>	<b>21.6</b>	<b>24.1</b>	<b>(2.5)</b>	<b>39.2</b>	<b>39.4</b>	<b>(0.2)</b>	<b>64.1</b>	<b>64.9</b>	<b>(0.8)</b>												
Millerton North <sup>(1,3&amp;11)</sup>	100%	0.0	0.0	0.0	1.8	1.9	(0.1)	3.5	3.6	(0.1)	5.3	5.5	(0.2)												
North Buller totals <sup>(1,3&amp;11)</sup>	100%	2.4	2.4	0.0	7.2	7.3	(0.1)	10.6	10.9	(0.3)	20.2	20.6	(0.4)												
Blackburn <sup>(1&amp;3)</sup>	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>	<b>100%</b>	<b>2.4</b>	<b>2.4</b>	<b>0.0</b>	<b>14.8</b>	<b>15.0</b>	<b>(0.2)</b>	<b>28.2</b>	<b>28.6</b>	<b>(0.4)</b>	<b>45.4</b>	<b>46.0</b>	<b>(0.6)</b>												
<b>Buller Coal Project totals</b>	<b>100%</b>	<b>22.4</b>	<b>24.5</b>	<b>(2.1)</b>	<b>53.8</b>	<b>64.7</b>	<b>(10.9)</b>	<b>79.1</b>	<b>84.6</b>	<b>(5.5)</b>	<b>155.3</b>	<b>173.8</b>	<b>(18.5)</b>												
Takitimu <sup>(1&amp;4)</sup>	100%	0.2	0.3	(0.1)	1.7	1.9	(0.2)	0.1	0.0	0.1	2.0	2.2	(0.2)												
New Brighton <sup>(1)</sup>	100%	0.2	0.2	0.0	0.2	0.2	0.0	0.2	0.2	0.0	0.6	0.6	0.0												
Albury <sup>(1)</sup>	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 <sup>(1&amp;4)</sup>	100%	0.9	0.9	0.0	1.2	1.3	(0.1)	1.0	1.0	0.0	3.1	3.2	(0.1)												
<b>Southland/Canterbury totals</b>	<b>100%</b>	<b>1.3</b>	<b>1.4</b>	<b>(0.1)</b>	<b>3.8</b>	<b>4.1</b>	<b>(0.3)</b>	<b>1.4</b>	<b>1.3</b>	<b>0.1</b>	<b>6.5</b>	<b>6.8</b>	<b>(0.3)</b>												
Rotowaro <sup>(2,4,5,8)</sup>	65%	0.5	0.6	(0.1)	1.9	2.3	(0.4)	0.5	0.6	(0.1)	2.9	3.5	(0.6)												
Rotowaro North <sup>(5,8&amp;13)</sup>	65%	0.0	0.5	(0.5)	2.7	3.8	(1.1)	1.0	0.1	0.9	3.7	4.4	(0.7)												
Maramarua <sup>(4,5,8)</sup>	65%	2.0	2.3	(0.3)	0.3	0.1	0.2	0.0	0.1	(0.1)	2.3	2.5	(0.2)												
<b>North Island totals</b>	<b>65%</b>	<b>2.5</b>	<b>3.4</b>	<b>(0.9)</b>	<b>4.9</b>	<b>6.2</b>	<b>(1.3)</b>	<b>1.5</b>	<b>0.8</b>	<b>0.7</b>	<b>8.9</b>	<b>10.4</b>	<b>(1.5)</b>												
<b>Total</b>		<b>26.2</b>	<b>29.3</b>	<b>(3.1)</b>	<b>62.5</b>	<b>75.0</b>	<b>(12.5)</b>	<b>82.0</b>	<b>86.7</b>	<b>(4.7)</b>	<b>170.7</b>	<b>191.0</b>	<b>(20.3)</b>												

## Note

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 2021.

# Coal resources

**Table 1 – Resource tonnes (rounded to the nearest million tonnes) continued**

Note

- <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 and Upper Waimangaroa density values are based on air-dried ash density regressions. Stockton, Upper Waimangaroa, Rotowaro and Maramarua are reported on an air-dried basis.
- <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 (65 percent Bathurst Resources Limited / 35 percent Talleys Energy Limited).
- <sup>6</sup> A18 Fines Stockpile upgraded from indicated resource to measured resource.
- <sup>7</sup> Update to geological model combined with a review of potential economic recovery.
- <sup>8</sup> Density is based on a fixed 1.3 tonnes per cubic metre.
- <sup>9</sup> Ash cut-off adjusted from 45 percent to 25 percent.
- <sup>10</sup> Ash cut-off adjusted from 45 percent to 35 percent.
- <sup>11</sup> Adjustment following internal review.
- <sup>12</sup> Mining depletion offset by update to geological model.
- <sup>13</sup> Resource classification downgraded following internal review.

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

Area	Bathurst 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%	1.9	14.1	0.7	33.9	51.1	7.5	0.9	5.7	29.6
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%	6.2	20.8	0.8	25.1	53.5	8.0	0.6	6.5	28.2
Sullivan	100%	1.9	4.0	1.1	31.7	59.2	8.5	1.0	6.6	34.3
Stockton	65%	2.6	23.7	2.0	27.0	47.8	7.5	1.5	-	27.7
Upper Waimangaroa (Met)	65%	0.7	3.7	0.8	37.8	54.0	4.5	4.5	-	31.5
Upper Waimangaroa (Thermal)	65%	0.0	-	-	-	-	-	-	-	-
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%	0.2	15.6	0.4	34.6	35.0	N/A	14.8	24.9	20.0
New Brighton	100%	0.2	10.3	0.4	35	41.2	N/A	13.5	20.6	22.6
Albury	100%	0.0	-	-	-	-	-	-	-	-
Canterbury Coal	100%	0.9	9.6	0.9	35.0	37.1	N/A	18.3	26.7	21.1
Rotowaro	65%	0.5	4.3	0.3	37.2	43.9	N/A	14.5	-	24.9
Rotowaro North	65%	0.0	-	-	-	-	-	-	-	-
Maramarua	65%	2.0	5.9	0.2	37.5	38.8	N/A	17.8	-	22.3

# Coal resources

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

Area	Bathurst 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%	1.2	12.6	1.2	35.0	51.2	7.5	1.2	5.3	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%	1.7	12.7	1.6	35.6	50.1	5.0	1.7	5.3	29.7
Whareatea West	100%	7.8	23.6	1.2	23.5	52.3	7.5	0.7	6.6	27.1
Sullivan	100%	3.0	5.1	1.3	30.0	59.4	8.5	1.0	6.6	33.9
Stockton	65%	7.8	5.9	3.4	36.1	56.7	7.0	1.2	-	33.3
Upper Waimangaroa (Met)	65%	13.2	5.6	2.9	37.9	54.3	5.1	2.3	-	31.4
Upper Waimangaroa (Thermal)	65%	0.6	6.5	3.9	37.3	52.1	0.0	4.1	-	27.7
Millerton North	100%	1.8	9.7	4.9	36.9	52.4	10.0	1.0	6.1	31.1
North Buller	100%	7.2	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%	1.7	10.8	0.3	35.4	37.7	N/A	16.0	25.4	21.1
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%	1.2	9.4	0.9	35.1	37.4	N/A	18.1	26.7	21.2
Rotowaro	65%	1.9	4.3	0.3	37.2	44.0	N/A	14.5	-	24.9
Rotowaro North	65%	2.7	6.3	0.2	35.9	43.0	N/A	12.0	-	24.3
Maramarua	65%	0.3	9.7	0.2	36.4	38.3	N/A	15.6	-	22.1

# Coal resources

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

Area	Bathurst ownership	Inferred resource (Mt)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In situ moisture	Calorific value (AD)
Escarment	100%	0.7	12.5	1.5	35.4	50.8	7.0	1.3	5.1	29.8
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%	3.1	12.8	1.8	35.6	49.9	5.0	1.7	5.5	29.5
Whareatea West	100%	2.7	24.1	1.1	23.0	52.2	7.0	0.7	6.6	26.8
Sullivan	100%	3.3	5.6	1.3	30.6	59.4	8.5	1.0	6.5	33.7
Stockton	65%	5.9	5.8	3.3	34.7	58.2	8.0	1.2	-	33.3
Upper Waimangaroa (Met)	65%	32.4	5.9	2.1	38.7	52.4	4.6	3.6	-	30.3
Upper Waimangaroa (Thermal)	65%	0.9	4.1	1.6	34.7	54.7	2.3	6.6	-	27.8
Millerton North	100%	3.5	12.0	5.5	35.3	51.6	9.0	1.1	7.2	30.2
North Buller	100%	10.6	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%	0.1	15.3	0.4	36.3	33.5	N/A	14.9	23.9	20.3
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	26.5	21.2
Rotowaro	65%	0.5	4.4	0.3	37.3	43.8	N/A	14.5	-	25.0
Rotowaro North	65%	1.0	6.8	0.3	36.0	42.8	N/A	11.0	-	24.5
Maramarua	65%	0.0	5.0	0.3	37.7	41.1	N/A	16.2	-	22.9

# Coal reserves

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

ROM coal area	Bathurst ownership	Proved (Mt)			Probable (Mt)			Total (Mt)		
		2021 <sup>A</sup>	2020	Change	2021 <sup>A</sup>	2020	Change	2021 <sup>A</sup>	2020	Change
Stockton <sup>(B, D, &amp; F)</sup>	65%	0.4	0.6	(0.2)	6.4	7.1	(0.7)	6.8	7.7	(0.9)
Upper Waimangaroa (Met) <sup>(B, D, &amp; F)</sup>	65%	0.6	0.6	0.0	1.6	2.0	(0.4)	2.2	2.6	(0.4)
Takitimu <sup>(C, E, &amp; F)</sup>	100%	0.0	0.0	0.0	1.0	1.2	(0.2)	1.0	1.2	(0.2)
Canterbury Coal <sup>(C, E, &amp; F)</sup>	100%	0.5	0.5	0.0	0.6	0.6	0.0	1.1	1.1	0.0
Rotowaro <sup>(D &amp; F)</sup>	65%	0.4	0.4	0.0	0.7	1.2	(0.5)	1.1	1.6	(0.5)
Maramarua <sup>(D &amp; F)</sup>	65%	1.4	1.8	(0.4)	0.3	0.1	0.2	1.7	1.9	(0.2)
<b>Total</b>		<b>3.3<sup>A</sup></b>	<b>3.9</b>	<b>(0.6)</b>	<b>10.6<sup>A</sup></b>	<b>12.2</b>	<b>(1.6)</b>	<b>13.9<sup>A</sup></b>	<b>16.1</b>	<b>(2.2)</b>

**Table 6 – Marketable coal reserves tonnes**

Product coal area	Bathurst ownership	Proved (Mt)			Probable (Mt)			Total (Mt)		
		2021 <sup>A</sup>	2020	Change	2021 <sup>A</sup>	2020	Change	2021 <sup>A</sup>	2020	Change
Stockton <sup>(B, D, &amp; F)</sup>	65%	0.3	0.4	(0.1)	4.6	5.0	(0.4)	4.9	5.4	(0.5)
Upper Waimangaroa (Met) <sup>(B, D, &amp; F)</sup>	65%	0.6	0.5	0.1	1.5	1.7	(0.2)	2.1	2.2	(0.1)
Takitimu <sup>(C, E, &amp; F)</sup>	100%	0.0	0.0	0.0	0.8	1.1	(0.3)	0.8	1.1	(0.3)
Canterbury Coal <sup>(C, E, &amp; F)</sup>	100%	0.4	0.5	(0.1)	0.6	0.6	0.0	1.0	1.1	(0.1)
Rotowaro <sup>(D &amp; F)</sup>	65%	0.4	0.4	0.0	0.6	1.0	(0.4)	1.0	1.4	(0.4)
Maramarua <sup>(D &amp; F)</sup>	65%	1.4	1.7	(0.3)	0.2	0.1	0.1	1.6	1.8	(0.2)
<b>Total</b>		<b>3.1<sup>A</sup></b>	<b>3.5</b>	<b>(0.4)</b>	<b>8.3<sup>A</sup></b>	<b>9.5</b>	<b>(1.2)</b>	<b>11.4<sup>A</sup></b>	<b>13.0</b>	<b>(1.6)</b>

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

Area	Bathurst ownership	Proved marketable						Probable marketable					
		Mt	Ash %	Sulphur %	VM%	CSN	CV (MJ/Kg)	Mt	Ash %	Sulphur %	VM%	CSN	CV (MJ/Kg)
Stockton <sup>(B, D, &amp; F)</sup>	65%	0.3	6.6	2.6	31.1	7.0	33.5	4.6	4.7	2.8	33.9	8.0	34.0
Upper Waimangaroa (Met) <sup>(B, D, &amp; F)</sup>	65%	0.6	2.9	0.7	37.6	4.5	31.8	1.5	3.0	1.4	37.6	4.5	31.8
Takitimu <sup>(C, E, &amp; F)</sup>	100%	0.0	9.1	0.3	37.1	N/A	21.9	0.8	6.8	0.2	36.1	N/A	22.1
Canterbury Coal <sup>(C, E, &amp; F)</sup>	100%	0.4	9.3	0.9	35.4	N/A	21.4	0.6	9.1	0.9	35.3	N/A	21.4
Rotowaro <sup>(D &amp; F)</sup>	65%	0.4	5.7	0.3	35.3	N/A	23.8	0.6	4.9	0.3	37.3	N/A	24.0
Maramarua <sup>(D &amp; F)</sup>	65%	1.4	5.1	0.2	37.8	N/A	23.0	0.2	6.0	0.2	37.3	N/A	24.0



# Coal reserves

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

Area	Bathurst ownership	Coal type	Mining method	Mt	Ash %	Sulphur %	VM%	CSN	CV (MJ/Kg)
Stockton <sup>(B, D, &amp; F)</sup>	65%	Met	Open Pit	4.9	4.8	2.8	33.8	8.0	34.0
Upper Waimangaroa (Met) <sup>(B, D &amp; F)</sup>	65%	Met	Open Pit	2.1	3.0	1.2	37.6	4.5	31.8
Takitimu <sup>(C, E, &amp; F)</sup>	100%	Thermal	Open Pit	0.8	6.8	0.2	36.1	N/A	22.1
Canterbury Coal <sup>(C, E, &amp; F)</sup>	100%	Thermal	Open Pit	1.0	9.2	0.9	35.3	N/A	21.4
Rotowaro <sup>(D &amp; F)</sup>	65%	Thermal	Open Pit	1.0	5.2	0.3	36.3	N/A	23.9
Maramarua <sup>(D &amp; F)</sup>	65%	Thermal	Open Pit	1.6	5.3	0.2	37.7	N/A	23.2

## Note

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. Coal reserve (Run of Mine (ROM) tonnes) include consideration of standard mining factors. 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 2021.

- <sup>A</sup> Reserves exclude previously reported Whareatea West, Escarpment Domestic, and Escarpment Export. These have been removed as they are under review due to an updated geological model.
- <sup>B</sup> Stockton and Upper Waimangaroa density values are based on air-dried ash density regressions.
- <sup>C</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>D</sup> Stockton, Upper Waimangaroa, Rotowaro and Maramarua are owned by BT Mining Limited in which Bathurst has a 65 percent equity share.
- <sup>E</sup> Takitimu reserves and Canterbury reserves are 100 percent Bathurst Resources Limited ownership.
- <sup>F</sup> Decrease in coal reserves due to mining depletion.

## Resource quality

Bathurst is not aware of any information to indicate that the quality of the identified resources will fall outside the range of specifications for reserves as indicated in the above table. Further resource and reserve information can be found on Bathurst'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 2021 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 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 Albury, Takitimu, Canterbury Coal, New Brighton, Rotowaro, Rotowaro North, and Maramarua is based on information compiled by Henry Dillon as a Competent Person who is a full time employee of Golder Associates (NZ) Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Dillon has a BSc majoring in geology from the University of Canterbury. Mr Dillon 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 Dillon 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, Upper Waimangaroa, Escarpment, Sullivan, Cascade, Coalbrookdale, Whareatea West, Millerton North, North Buller, and Blackburn 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 2004 Edition and 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 Takitimu, Canterbury, Rotowaro and Maramarua is based on information compiled by Damian Spring who is a full time employee of Bathurst Resources Limited and is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy. Mr Spring has a Bachelor of Engineering (Mining) from the University of Auckland. Mr Spring 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 Spring 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 Stockton and Upper Waimangaroa is based on information compiled by Ian Harvey who is a full-time employee of Bathurst Resources Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Harvey has a Bachelor in Mining Engineering from the University of Otago. Mr Harvey 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 Harvey 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

### **Peter Westerhuis**

*Non-executive Chairman*

### **Francois Tumahai**

*Non-executive director*

### **Richard Tacon**

*Executive director and Chief Executive Officer*

### **Russell Middleton**

*Executive director and Chief Financial Officer*

## Company secretary

Melanie Hart (principal)

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 Pty Limited

GPO Box 2975

Melbourne Vic 3001

Australia

**Phone:** +61 3 9415 4000

**Email:** [Web.Queries@computershare.com.au](mailto:Web.Queries@computershare.com.au)

## Auditor

KPMG

10 Customhouse Quay

PO Box 996

Wellington 6140

New Zealand

## Solicitor

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 under code BRL.

## Website address

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

This annual report is dated 29 October 2021 and is signed on behalf of the board by:



Peter Westerhuis  
Chairman



Russell Middleton  
Executive director

**Disclaimer**

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