BATHURST
RESOURCES LIMITED

2023 **Annual Report**

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Year in review

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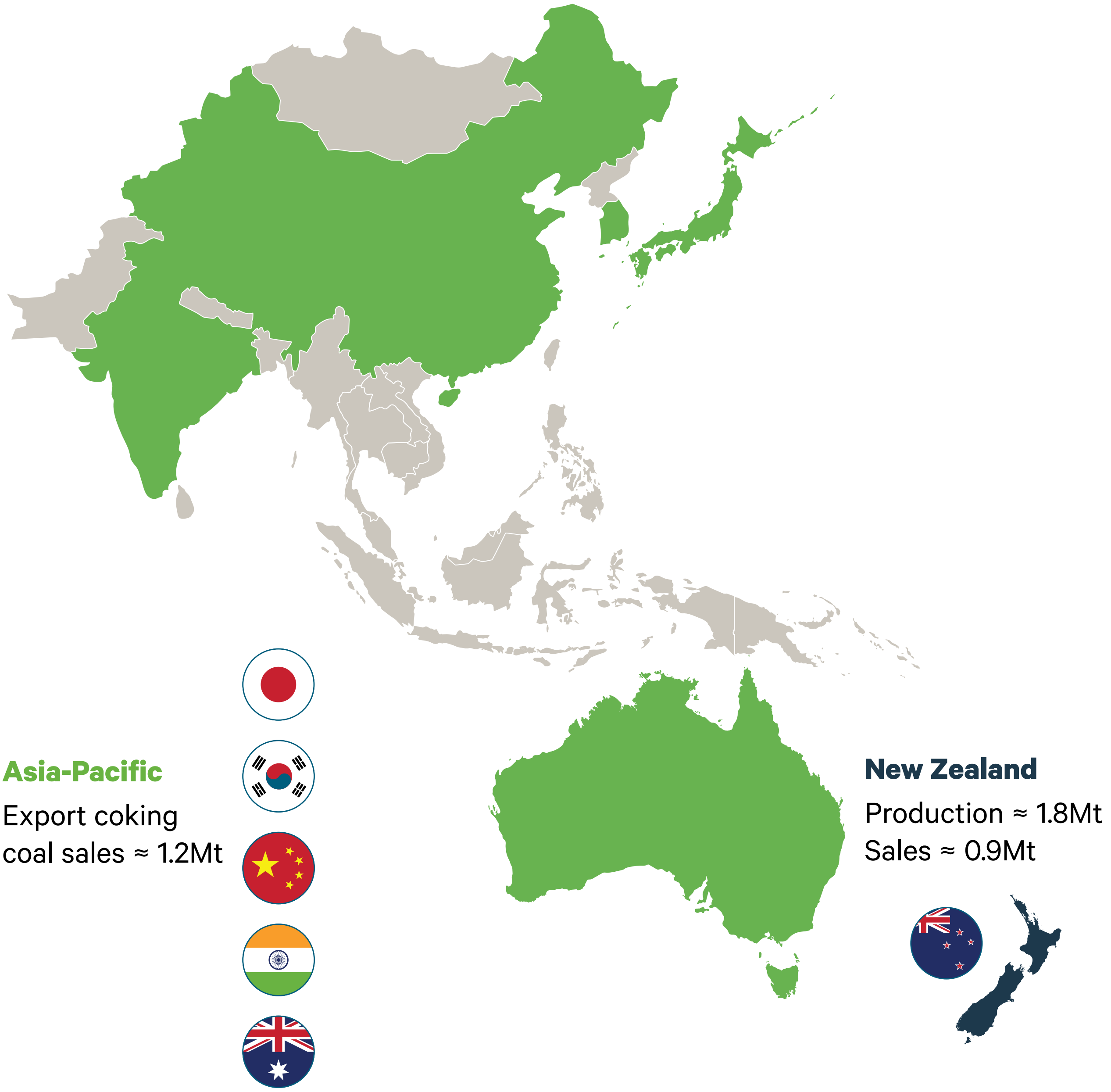
Bathurst at a glance



We also have 2 strategic long life coking coal projects 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

2023 key statistics

Operational (BRL & 100% BT Mining)

Total coal sales

2.1Mt

6% ▲

Coal used for steelmaking

1.7Mt

15% ▲

Coal used for electricity

0.1Mt

-59% ▼

Coal used for food production and other local industry

0.4Mt

-2% ▼

Overburden removal

11.2Mt

-5% ▼

Other (BRL & 100% BT Mining)

Employees

~620

Contributed to NZ economy

$334m

15% ▲

Scope 1 & 2 emissions

0.047t CO_2e

Per tonne of coal produced

LTIFR

5.5

Per million hours worked

TRIFR

18.1

Per million hours worked

Financial (BRL & 65% BT Mining)

Revenue

$389m

32% ▲

Revenue from domestic sales

$105m

3% ▲

Revenue from export sales

$284m

47% ▲

EBITDA

$166m

59% ▲

Net profit

$90m

195% ▲

Operating cash flows

$121m

34% ▲

Chairman and CEO's report

Peter Westerhuis
Chairman

Richard Tacon
Chief Executive Officer

Nau mai and welcome. This year can be considered a success, where we have again increased our earnings and cash levels while maintaining focus on future investments and shareholder value and growth.

Record earnings driven by export segment

The 2023 financial year was a successful year, in which we achieved a record operating surplus driven by the strong export segment which continued to benefit from high benchmark pricing. The record results saw our consolidated EBITDA grow from $104.4m in FY22 to $166.4m in FY23, an increase of 59 percent, and our consolidated cash also significantly increased by $87m to $163m.

Valuing our communities

Our people and their communities continue to be of the greatest importance to our business. A key community for us is Nightcaps in Southland where our Takitimu mine is located. In March, we held an open day at the Takitimu mine where we invited the community to observe our operations first hand and to showcase the former mining areas which have been rehabilitated into productive farmland, wetlands and areas of indigenous vegetation. The event was organised as a day of fun for the whole family, with entertainment and food provided. More information about the success of the day is detailed as a case study later in the annual report.

Domestic development

While we continue to see some of our domestic customers move away from coal as an energy source and transition to alternative fuels, we are happy to have entered into a long-term agreement for the use of our quality domestic coal for steel making in New Zealand. This aligns with our strategy to support steelmaking both in New Zealand and internationally.

The agreement has enabled us to move into the Waipuna West extension at the Rotowaro mine and has extended the life-of-mine by 3 years. This extension has enabled us to increase our staff headcount and will provide approximately 170 jobs at the mine site as well as work for local contractors and suppliers in the area. The operations at the Rotowaro mine remain an integral contributor to the economy in the Waikato region.

Importance of our coal and CO2 emissions

Last year, we shared that we had undertaken independent verification and analysis of our export coal. This validated that the use of Stockton coal by overseas steelmakers enables the steel production to avoid emitting 315,000 tonnes of CO_2 per year because of the unique properties of our coal.

With an evergrowing commitment internationally to reduce greenhouse gas emissions, this demonstrates the importance of our coal internationally and supports our Buller Plateau growth strategy and the opportunities for extending the life-of-mine at this site.

Energy use and emissions

As an organisation, we continue to monitor our energy usage and strive to improve and become more efficient where we can. Most electricity consumed at our sites is generated from renewable sources such as water or wind, so the fuel related emissions have been something we have targeted. One way we do this is the use of Esso diesel efficient fuel in our machinery which has reduced CO_2e significantly. We have also engaged in energy saving projects with suppliers, which is detailed further as a case study in the annual report.

Progressive approach to rehabilitation

We recognise that we need the support of our stakeholders and must earn our social licence to mine by demonstrating that our mining footprint is minimised by undertaking progressive rehabilitation to minimise impacts.

Rehabilitating mine land back to sustainable ecosystems as soon as practical is key to our mine rehabilitation. In FY23, we returned 5,500 m2 of red tussock to the final Cypress pit overburden at Stockton mine using the vegetation direct transfer method. This method involves the careful translocation of intact soil and flora and fauna so that the cover of the disturbed land is immediate and biodiversity values are returned.

Cyclone Gabrielle

While we are no stranger to bad weather and the operational delays that come with it, this year saw unseasonably high levels of rainfall at the North Island mines across the summer months. The already wet ground and poor mining conditions were further deteriorated by Cyclone Gabrielle, which passed through the North Island in February, and caused significant flooding in the pits at both mines.

It was only due to the can-do attitude of our experienced and dedicated staff that operations were able to resume quickly after the flooding and contracted sales volumes were able to be delivered.

Canadian coking coal projects

Confirming the commitment to our strategy of increasing exposure to steelmaking coal, on 5 September 2023, we executed an agreement to purchase the assets of the Tenas coking coal project in north-west British Columbia in Canada.

The Tenas project is situated near the small town of Telkwa and is well located to existing infrastructure including rail and the deepwater port of Prince Rupert. The project is expected to have a life-of-mine of 22 years and annually produce approximately 750kt of saleable coal, supplying key steelmaking markets. The project is undoubtedly attractive and is anticipated to have a low strip ratio and be one of the lowest cost producers of metallurgical coal on the seaborne market. Production is expected to start in FY26.

Our other Canadian investment, the Crown Mountain coking coal joint venture project, also in British Columbia, continues to progress as well. This year saw a consent agreement executed with key indigenous nations. The next steps include the environmental assessment and environmental impact statements which are being prepared for submission. First production for the project is expected in FY27.

Further growth opportunities

While our strategy of increasing our exposure to steelmaking coal has seen us invest in the Canadian coking coal projects over recent years, we remain committed to continuing our search for sustainable and value enhancing opportunities in the near future.

Looking forward

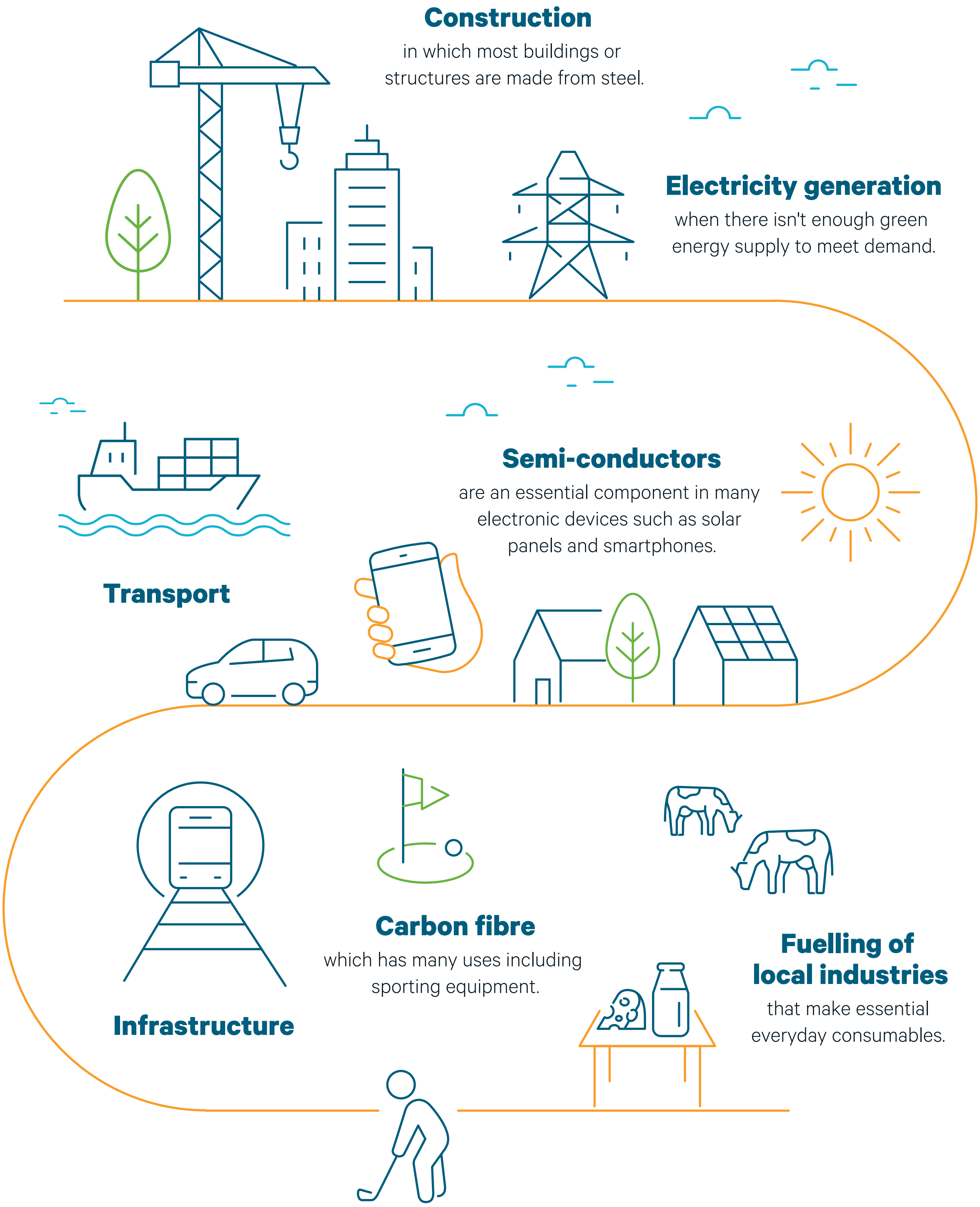
The last 24 months have demonstrated firsthand the levels of volatility in our industry, particularly the pricing experienced in the export segment. It is pleasing to have been able to convert the high prices over this period into exceptional operating profits, which have been achieved thanks to the skill and experience of our teams and our ongoing management of costs.

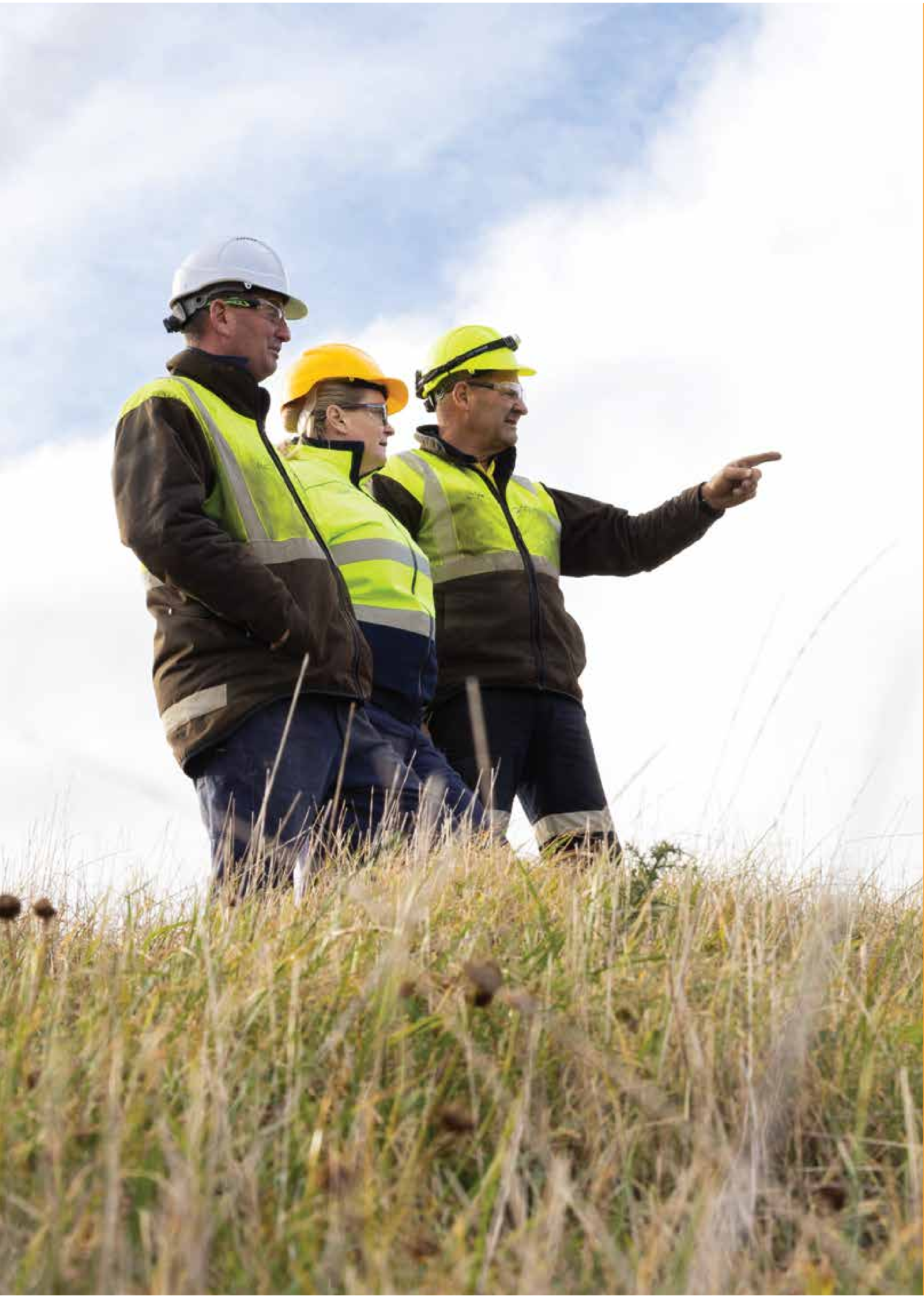
We step into the new financial year with a steadfast focus on moving forward, and in a position to utilise our strong financial position to deliver another year of great results.

Peter Westerhuis
Chairman

Richard Tacon
Chief Executive Officer

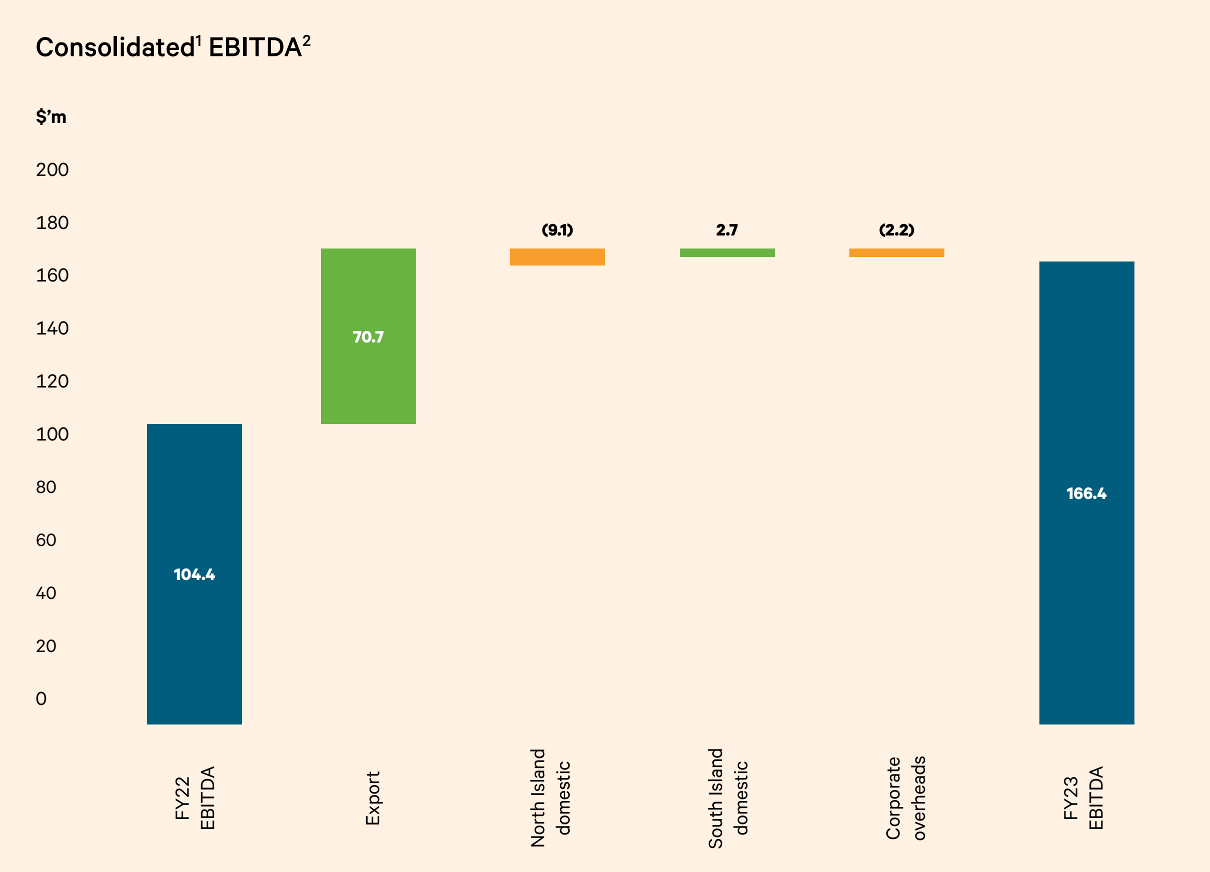
How is our product used?





Financial and operating overview

Record operating surplus driven by our strong export segment



1. Consolidated in this section means 100 percent of Bathurst and 65 percent equity share of equity accounted joint venture BT Mining.
2. EBITDA is a non-GAAP measure and reflects earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, non-cash movements on deferred consideration and rehabilitation provisions.

Reconciliation of underlying profit to consolidated EBITDA

	Note	2023	2022
Underlying profit (non-GAAP)		**90.6**	**43.1**
Add back			
Fair value movement on derivatives		-	(12.3)
Impairment	8	(0.1)	(0.3)
Statutory profit (non-GAAP)		**90.5**	**30.5**
Add back			
Equity share of joint venture results	13	(98.7)	(53.2)
Depreciation and amortisation		5.9	6.0
Net finance income/(costs)	6	0.5	2.7
Movement in deferred consideration	15 (c)	1.7	(0.4)
Fair value movement on derivatives		-	12.3
Impairment		0.1	0.3
Non-cash movement in rehabilitation provision	16	1.5	0.7
Bathurst EBITDA (non-GAAP)		**1.5**	**(1.1)**
Add back			
Equity share of joint venture results		164.9	105.5
Consolidated EBITDA (non-GAAP)		**166.4**	**104.4**

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 FY23**	**Export FY22**
Production	kt	1,042	913
Sales	kt	1,197	1,023
Overburden	Bcm 000	4,996	4,446
Financial metrics (65 percent equity share)			
EBITDA	$'000	154,097	83,398
Other metrics			
Average HCC benchmark	USD/t	291	374

Financial performance

After the extreme highs and volatility of FY22, the hard coking coal (HCC) price returned to lower levels during FY23 but still remained at historic highs with an average of US$291/t across the four benchmark quarters. Coal supply out of Australia improved throughout FY23 while demand remained limited as major economies continued to battle high inflation and rising costs which pushed the coal price to low US$220's by late May before a slight recovery by June year end. Russian coal producers continued to dump coal into both China and India throughout FY23 which added further downward pressure across the year and limited any significant upside.

Although the pricing reduced throughout the year, the still historically high pricing enabled increased revenue. The revenue growth was partially offset by increases to the cost base, which was driven by the increasing inflation experienced worldwide, labour supply shortages following on from border restrictions, and macro market impacts from the war in Ukraine affecting the supply and price of fuel, which increased by an average of 30 percent throughout the year. The average rate of inflation remained high and closed at 6.0 percent for the 12 months to 30 June. These increases in costs were experienced across all our operating segments.

Realised coal price hedging income also partially offset the decrease in the HCC benchmark experiences throughout the year. Hedges set during the high pricing levels experienced during FY22 have delivered additional revenue which has helped the financial success of the export segment as the prices decreased throughout the year.

Operational highlights

Operationally it is pleasing to note that we were able to achieve all forecast shipments, despite facing delays due to bad weather at the Stockton mine during the first half of FY23. Improved weather conditions and operational efficiencies enabled us to recover the lost production during the second half of the year.

The weather-proofing facilities we installed the previous year have been working well and helped to limit the impacts from the weather enforced delays experienced in the first half of the year – particularly our water management, roading network, and the aerial ropeway which is a vital piece of infrastructure that takes coal off the plateau and down to the rail loadout facility.

The mine saw greater coal production than originally modelled, all of it bound for export markets to be used for steel production. In FY24 and the following 2 years, we are expecting to see more of the same, based on results from resource drilling and also our mine planning. This will come with less overburden removal than otherwise forecast.

The new McCabe coal fines storage facility is operational after achieving its design specifications and will carry out this function until the mine's end of life. Additionally, the design for the Mine Creek Sump was completed in FY23. This water treatment facility for the Mine Creek, Granity and Miller stream catchment is now moving into regulatory approvals processes. The new sump will also support management of historic, underground acid drainages from the Millerton area.

Labour remains a challenge, and we are increasingly relying on overseas recruitment to fill positions, e.g., for mining machinery operators and mechanics.

In terms of ongoing site rehabilitation, we over-achieved our budget in FY23, meaning that replanting is proceeding at 30 hectares a year, up on the earlier annual rate of 20 ha.

HCC benchmark outlook

The HCC price has remained relatively stable in recent months and has fluctuated largely between US$220/t - $250/t since mid-April, with weaker demand being offset by a tight coal supply. China's return to the seaborne market this year has helped support the seaborne market, however concerns around the Chinese economy have increased in recent weeks which has seen the Chinese CFR coal price start to diverge from the Australian FOB coal price as demand from Chinese buyers falls.

However, as the monsoon season ends in India over the next month, demand should pick up from Indian mills in the coming months. If China continues to experience further economic instability, the HCC coal price will likely track lower over the next one to two quarters. Australian coal supply is forecast to increase further throughout FY24 which will add additional downward pressure to the coal price especially if demand remains limited.

At the time of finalising this report pricing was USD $361 per tonne, with the 9 October 2023 S&P Global Platts Premium Hard Coking Coal forward curve forecasting average pricing levels averaging USD $325 per tonne through to June 2024.

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, with the ability to use Stockton's infrastructure assets, which include a coal handling and preparation plant, and a rail loadout facility.

The permits include the Escarpment mine, which is in care-and-maintenance, but which we can return to operation when appropriate. Bathurst continues to see future development of Escarpment as a key component of its wider Buller projects strategy. In FY23, the Escarpment access arrangement with the landowner was extended to 2032. We updated an options analysis into the optimal blend of coal between the different Buller projects, including integration with coal resources in the Stockton life-of-mine plan.

A focus for FY24 is the renewal of the Escarpment consents that are beginning to expire over the next few years, as well as completion of mine planning for an extension to the Escarpment project (Escarpment Extension), as part of the wider Buller project study. We completed conceptual design options for the Upper Waimangaroa haul road, including assessment of a slurry pipeline option. The haul road would connect Denniston Plateau to the infrastructure at the Stockton mine.

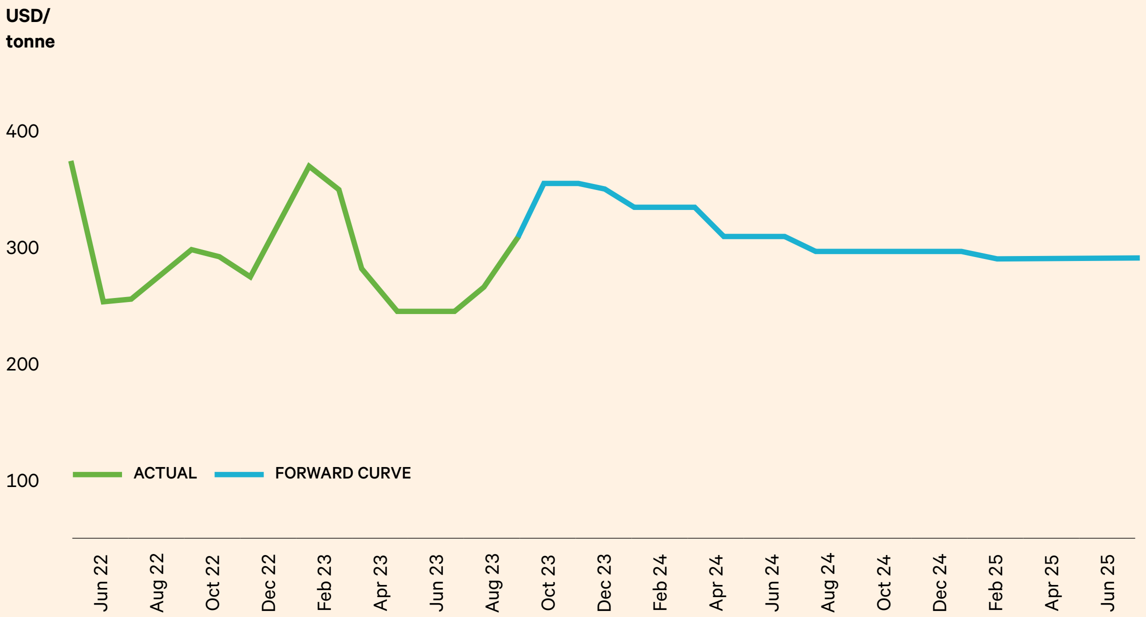
Stockton organic growth projects (65 percent equity share)

A key focus for FY23 is to develop the Hope Lyons block, which has progressed well and is ahead of schedule. This pit has performed well, recording production of close to 100,000 tonnes of coal in FY23.

Key project focus areas for FY24 are:

- Infill drilling, and advancement of baseline studies and mine planning for the Deep Creek permit areas as part of the wider Stockton Extension Project.
- Continued drilling and development of the Rockies North pit. This pit is an extension of the currently mined area.
- Development of the Cypress South pit. Project focus will be on infill drilling for refinement of coal structure, vegetation stripping, and water management structure, with coal winning expected in FY24.

Monthly US$ HCC pricing[3]



3. Monthly actual export pricing based on a monthly average of the S&P Global Platts Premium Low Vol daily spot pricing. Forward curve based on 9 October 2023 S&P Global Platts derivatives assessments.

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 FY23	NID FY22
Production	kt	568	738
Sales	kt	627	687
Overburden	Bcm 000	5,136	5,534
Financial metrics (65 percent equity share)			
EBITDA	$'000	18,241	27,383

Financial performance

The decrease in EBITDA year-on-year is due to operational delays, a planned reduction in sales, and an increase in costs. Sales volumes reduced due to a planned step down in sales to an electricity generation customer and food processing customers as they transition to biomass fuel. Costs increased due to a combination of:

- Inflation driven cost increases as covered in the export commentary;
- Labour costs that increased in line with contractual CPI adjustments;
- Fuel which increased at rates similar to export;
- Delays due to poor weather and Cyclone Gabrielle meant that stripping in new pits at both mines was significantly delayed.

Operational highlights

There were numerous operational disruptions during the year, which required a concentrated effort to guarantee the mines could continue to meet their contracted sales obligations.

High levels of unseasonal rainfall increased operational downtime which resulted in reduced production across both mines. The impacts of Cyclone Gabrielle in February caused flooding at both sites which caused a reduction to planned overburden removal and stripping of new pits at both mines. Although the overburden stripping volumes were reduced, favourable coal winning compared to rates modelled meant sufficient coal was won.

The construction of a stream diversion at Rotowaro to allow access to coal reserve also experienced delays due to the weather. The weather inhibited operational hours, as well as the amount of stripped material available from other parts of the mine to be used for construction. While the project has taken longer than anticipated, it is pleasing to note that it is nearing completion.

Following the approval of the Waipuna West extension (WWE) at the Rotowaro mine, recruitment of more staff accommodated for the increase in planned levels of stripping at the new site.

Growth projects

Waipuna West extension (Rotowaro mine)

We obtained resource consents, and started overburden stripping operations for a 3-year extension (based on current production/sales volumes) to Rotowaro mining operations. The coal is destined for the same customer base as existing Rotowaro sales, with coal supply contracts in place.

M1 pit (Maramarua mine)

Following enactment of the Resource Management (National Environmental Standards for Freshwater) Regulations, we modified the pit design to preserve identified areas as inland natural wetlands. We submitted a new resource consent application, and iwi and stakeholder consultation is well advanced. The project is scheduled to start in FY24 on approval of consents, with the coal destined for the same customers as current operations.

Rotowaro North (Rotowaro mine)

The Rotowaro Extension (North) project is a potential extension project to the current Rotowaro mine operation, located 4 kilometres northwest of the current mine site. The project is in the conceptual phase, in which we have confirmed a resource. We have received customer interest for this coal, providing a basis to continue to assess development options. Infill drilling to improve resource confidence and baseline studies to advance project feasibility studies are planned for FY24.

Domestic segment

South Island domestic

South Island domestic (SID) consists of the Takitimu mine which produces a low-sulphur thermal energy coal for local agricultural, health and other food manufacturing industries

Operational metrics	Unit	SID FY23	SID FY22
Production	kt	224	226
Sales	kt	251	248
Overburden	Bcm 000	1,025	1,751
Financial metrics			
EBITDA	$'000	11,812	9,128

Financial performance

The increase in earnings for SID was driven by:

- A slight increased sales volume as well as increased sales price were received.
- Reduced levels of overburden resulted in lower fuel volumes and repair costs on machinery.

There was an increase in earnings at the Takitimu mine year-on-year. Sales volumes increased slightly which, coupled with contractual increases in pricing, increased revenue. The increases in revenue were partially offset by the increases in costs mentioned in the export commentary. A reduction in overburden removal meant that there was a reduction in repairs and maintenance costs, and fuel volumes.

Operational highlights

Despite weather restrictions the Takitimu mine had another successful year, both operationally and financially in 2023.

Growth projects

New Brighton project

The New Brighton permit is located 4 kilometres west of the current Takitimu operations. We completed exploration drilling in August 2021. A prefeasibility level study is near completion for the project. We have finalised baseline studies and assessment of the environmental affects ahead of submitting resource consent applications.

Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased year-on-year, $17.7m versus $15.5m. This reflects an increase in Bathurst overhead expenses:

- Overheads and salary costs increased due to inflationary driven increases.
- Legal fees incurred in defending Bathurst against claims brought by L&M (refer Note 23 of the Financial Statements).

Increasing exposure to steelmaking coal in Canada

While the management and extension of our current New Zealand operations aligns with our strategy to produce coal for steelmaking, we are also expanding and diversifying by investing outside of New Zealand.

The strategy for the Canadian assets is to:

1. Identify and invest in projects with excellent financial metrics;
2. Ability to manage the consenting, permitting and development risks in a tier one jurisdiction;
3. Provide additional steelmaking coal production capacity;
4. Provide long life assets aligned with current international customer requirements; and
5. Deliver low-cost production that will endure the forecast price volatility of the international coal market.

Crown Mountain Project, British Columbia, Canada

Located in a mature mining region of the Elk Valley, with well-established transport infrastructure, Crown Mountain is a joint venture with Jameson Resources Limited (JAL). Project earn-in is over three stages (worth CAD $121.5 million) to achieve 50:50 ownership, with future investment at our sole discretion.

Our equity share of the project is 22.1 percent. This includes 20 percent from completion of the first two funding tranches of CAD $11.5 million, and 2.1 percent from the advance of CAD $4.0 million on the final tranche in exchange for a mix of preference and ordinary shares.

Highlights

- A consent agreement was executed with key indigenous nations in early 2023. The executed agreement includes innovative accelerated reclamation initiatives, best practice environmental design, management and monitoring to ensure protection of the flora, fauna and water quality in the Elk Valley.
- The project's environmental assessment application and environmental impact statement are expected to be submitted later in 2023, followed by a technical review of the project.

The project is expected to produce 1.7mt of saleable coking coal per annum over a 16-year mine life, with first production planned for FY27. The low stripping ratio of the project means that it will be developed as one of the lowest cost producers of steel-making coal on the seaborne market.

Tenas Project, British Columbia, Canada

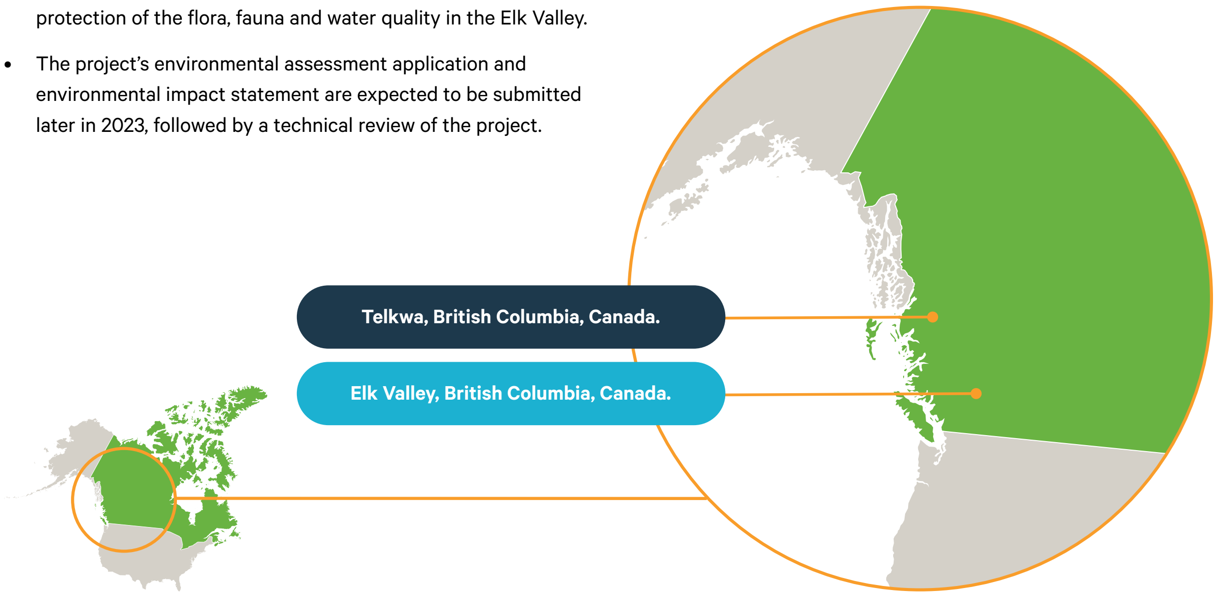
The Tenas Coking Coal project is located just outside of the small town of Telkwa, with easy access to road and rail infrastructure already developed by the forestry industry and is within relative close proximity to the deep-water port of Ridley Port, near Prince Rupert.

The project was purchased in September 2023 for US $10.3 million, with an upfront payment of US $2.33 million, and 3 deferred payments of US $1.0 million 45 days after settlement, US $4.0 million deferred until all final permits to operate are received, and US $3.0 million on the first anniversary of the receipt of the final permits to operate.

Highlights

- The BC EAO EAC Application was submitted in May 2022.
- No requirement for Federal EIS approval by Impact Assessment Agency of Canada due to the dimensions of the project.
- Responding to Information Requests from the EAO now required to move to the Effects Assessment and Recommendation phase of the consenting process with BC EAO, expected to commence in the first half of 2024.

The project is expected to produce 750kt of saleable steelmaking coal per annum over a 22-year mine life, with first production planned for FY26. Along with being well located to rail and port, the low stripping ratio of the project means that it will be developed as one of the lowest cost producers of steelmaking coal on the seaborne market.



Consolidated cash flows

		FY23 $m	FY22 $m
	Opening Cash	**76.0**	**20.2**
Operating	EBITDA	166.4	104.4
	Working capital	(16.5)	(4.9)
	Canterbury rehabilitation	(1.6)	(3.8)
	Corporation tax paid	(26.3)	(4.5)
Investing	Deferred consideration	(1.2)	(2.3)
	Crown Mountain (environmental assessment application)	(0.7)	(0.8)
	PPE net of disposal	(16.0)	(8.1)
	Mining assets including capitalised stripping	(15.1)	(11.7)
Financing	Finance leases	(4.0)	(8.5)
	Interest repayment on AUD convertible bonds	-	(1.3)
	Borrowings repayments	(0.1)	(2.6)
	Financing income/(costs)	2.2	(0.1)
	Closing Cash	**163.1**	**76.0**

Working capital

The timing of sales, and in particular the number of export shipments for the month of June compared to the prior year, has resulted in an increase in trade debtors. Payment of the debtors was received in July and converted into cash.

Corporation tax paid

There was an increase in corporation tax paid which reflects the tax obligations on increased taxable operating profits and the timing of provisional tax payments. The final FY21 payment was made in July 2022, and similarly the final FY22 payment was made in July 2023.

Deferred consideration

Payments for the year consisted of royalties on Takitimu mine sales.

Crown Mountain

Funds paid were on a proportional project equity ownership basis and were used to submit the environmental application.

Mining development including capitalised stripping

Spend has increased from the previous year comparative period due to the increased mine development costs and capitalised stripping in the Waipuna West extension at the Rotowaro mine.

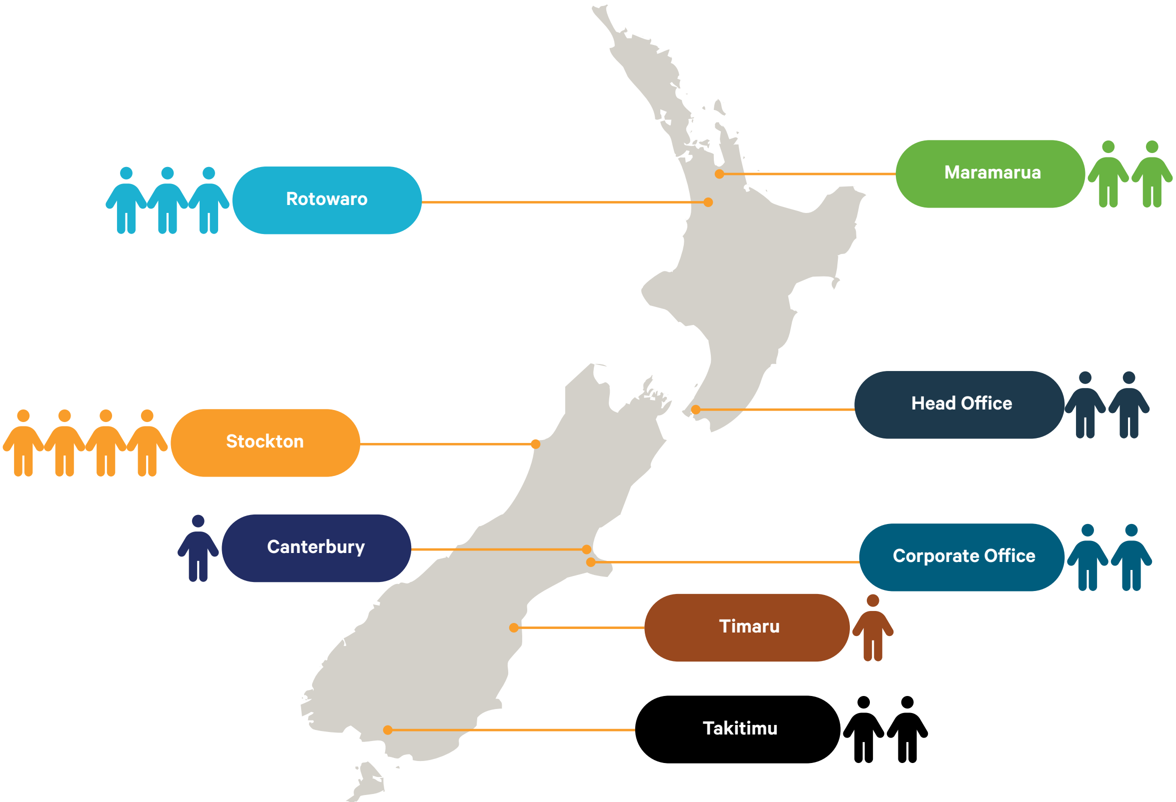
Financing income/(costs)

Increased interest received on cash balances and deposits held.

People and culture

Recognising that people are our most important asset, this year has seen us continue to implement the key pillars of our people strategy: employee experience, enhancing our high-performance culture, and future focussed knowledge and skills.

Our workforce



Commitment to a diverse workforce

At Bathurst, diversity takes many forms, and we continue to build a workplace culture that recognises and welcomes diversity when attracting and retaining our talent.

New Zealand is still facing a talent shortage of qualified tradespeople and technical specialists, which has attributed to stepping up our offshore recruitment strategy. A key highlight of this strategy has been the partnership with external agencies to develop a tailored recruitment programme to commence in FY24 to source heavy diesel mechanics directly from the Philippines.

We are pleased to report that we have had a 29 percent increase in our female workforce this past year, with a total of 18 percent females represented across our workforce. Some of this can be attributed to our leaders recognising the need for new ways of working including flexibility in operational rosters, working from home and reduced working days/hours to attract and retain female talent.

As part of our diversity strategy we are exploring ways to attract more Māori and Pasifika talent into the business. We are excited to be involved in an FY24 Waikato based trainee project for encouraging unemployed youth into our sector. We will have more to report on this programme in next year's report.

Developing our people

Last year, we reported on the roll out of an employee development programme called *My Development*. We have continued to hold conversations with our people this year on how we can best support them to focus on improving their skills and knowledge and identify development pathways for them within our business.

A mine cannot operate without holders of statutory certificates of compliance (COC). We target to have a pipeline of new candidates completing COC study for their professional development and to provide future opportunities for promotion. We currently have 18 people studying spread across all of our operations completing eight different COC programmes.

Empowering our leaders

We have supported over 60 percent of our Senior People Leaders through our Bathurst Transformational Leadership Programme, ensuring our leaders have the tools and skills they require to effectively lead their teams and ultimately drive a high-performing and engaged workforce.

We also recognised the need for a more formalised training programme for our first line supervisors and have developed the Bathurst Developing Leaders Course which is due to be rolled out at the beginning of FY24. This programme will cover the basics of leadership, individual strengths and how to utilise these to get the best out of people and inclusive leadership, ensuring that all our people can feel supported to show up to work as themselves each and every day.

Mentoring our young technical professionals in the importance of sharing your experiences and knowledge from your site with the rest of industry is part of our programme to develop future leaders. Of our six speakers at a recent Australasian Institute of Mining and Metallurgy conference in Christchurch three were young professionals speaking on geological challenges and approaches they are successfully applying at their sites.

> We are pleased to report that we have had a 29 percent increase in our female workforce this past year, with a total of 18 percent females represented across our workforce

Values-led culture

To incorporate our values into the way we work every day, a Team Charter Programme was developed, engaging individual teams in discussion on how their team forms the foundations of how they work together and emulate the behaviours they have committed to demonstrate across the business.

This programme was kicked off with the Senior Leadership Team and has been cascaded down to a number of our site-based teams. One of the outcomes of these sessions was each team agreeing their own Team Charter that identifies the expected team behaviours, work rhythm and activities that result in high performing teams.

This work highlighted the importance of a values-led culture to ensure our people continue to be engaged and take ownership for how we work together.

Employee referral programme scheme

Our Employee Referral Programme has seen 32 percent of all new hires coming through referrals by our current employees. This indicates that our people are positively engaged, as they promote Bathurst to friends and whānau as a great place to work. It also represents significant savings on external recruitment costs.

Sustainability

We have been working on the governance function of our approach to ESG - environmental, social and corporate governance – to further strengthen our commitment to sustainability.

Our role in the energy transition

We understand that the coal we produce contributes to the infrastructure and items people use every day. However, we also recognise that without good governance in sustainability we cannot foster trusted partnerships with our people and our host communities.

Steelmaking coal is critical to the global energy transition, as it is required for the production of solar panels, wind turbines, electric vehicles, electrical semiconductors, large-scale batteries and other innovations that will form part of the shift to a lower-carbon economy. We continue to partner with our domestic customers to provide coal for industrial heat if they require it, to value add to primary production products such as milk, cheese, vegetables and meat.

Everyone at Bathurst is empowered to make decisions that support our objectives and are in the best interests of stakeholders. Management and employees are encouraged to be innovative and strategic in making decisions that align with our risk appetite and are undertaken in a manner consistent with corporate and social licence expectations and standards.

Governance assurance activities

The resumption of travel post COVID pandemic has enabled a large number of statutory (and other) audits of our management of health and safety, environment and community (HSEC). The findings show where we can improve on our delivery of the HSEC part of the business. Outputs include the expected completion of an integrated company environmental management system for Bathurst in FY24.

One example of our auditing is our iwi and stakeholder engagement across sites, to pool our expertise where this has gone well, and to point to where we can do better, e.g., in refreshing our stakeholder engagement plans and expanding engagement training to greater numbers of our frontline team.

Cybersecurity and privacy management are linked workstreams to protect our business, our employees and our stakeholders from harm, especially where collection and storage of personal information is involved. A third-party auditor reviewed our management practices and strategies in these two areas, and we now have a FY24 focus to implement their recommendations for improvement.

Diversity and inclusion programmes

We are focussed on attracting and retaining the best talent and providing a dynamic workplace that offers a range of experiences, career development opportunities, and an inclusive environment where all employees are treated with dignity and respect. We are continuing to improve our systems around our people, with an emphasis on diversity and inclusion as we recruit more people from overseas with diverse backgrounds (see Our people, page 20). We have had a pleasing 29 percent increase in our female workforce in the past year, with a total of 18 percent females across the workforce.

In FY24, programmes in leader led inclusion and diversity initiatives will continue, such as educating leaders on inclusive behaviour and hiring practices; and formalising flexible working arrangements to allow employees to work in ways that better suit their lifestyle while maintaining access to development and career progression opportunities.

Site rehabilitation

Ongoing work at the former Canterbury mine continues to demonstrate how quickly it is possible to return mined land to its former uses (e.g., farming and forestry), as well as restoring natural ponds and riverbanks, including indigenous vegetation.

Our open day at the Takitimu mine in April 2023 showcased to visitors the return to farmland and native vegetation and wetlands of the previously mined areas (see Community Case Study Takitimu Open Day on page 32 which is also an example of successful community engagement).

While we continue to pursue our growth projects, we also transition land into post-mining environments. We apply our environmental standards throughout the mine life cycle, across operational footprints from exploration drilling to post closure activities.

Extending mine life

Central to our commitment to sustainability is the safeguarding of our economic future, for our people, the communities in which we live and work, and the company. Our extension projects covered under our financial and operational highlights help support that aim across New Zealand.

This is also about ensuring a sustainable supply of coal to our customers, for steelmaking, advanced carbon-based materials, and for our process heat customers as they transition away from coal. Refer to the diagram on how our customers use our coals on page 10 of this annual report.

Improving freshwater quality and ecosystems

We are forging ahead with new ways of measuring and managing our impacts on the environment, including environmental deoxyribonucleic acid (eDNA) monitoring of waterways on the Stockton and Denniston plateaus (see Environment Case Study West Coast eDNA on page 42). This and other initiatives, including the ongoing development of water treatment infrastructure at the Stockton mine, will help us better manage acid drainages, in particular from historic underground mining. We are also participating in the Treasury-led project for the long-term management of acid mine drainage (AMD) on the Stockton plateau.

Waste management

One aspect of our management of waste rock and earth at mine sites is the sediment sludge that forms on the floor of our water treatment facilities. At the Stockton mine, we have identified the possibility of recycling some of this sludge, based on an initial analysis of its rare earth elements content. In FY24, we will be refining our knowledge in this area.

Health and safety

During FY23, we developed and started rolling out our critical risk management framework, including training for our people who have site health and safety responsibilities (see Health and Safety Case Study on Critical Risk Management on page 26). This framework has a focus on the risks that occur rarely but could cause the most harm to workers, to promote a safer work environment for everyone. This will complement our existing risk practices reinforcing accountability and ownership of risk management.

Developing and maintaining a corporate culture committed to ethical behaviour and compliance with the law is critical to good governance and leads to success in obtaining social licence. As part of improving our governance, we began a safety leadership programme for senior leaders, to reinforce their role in creating an equitable culture and supporting mental wellbeing in the workplace. This leadership programme will continue in FY24.

Health and safety

Promoting the health, safety and wellbeing of our people is a core part of what we do at Bathurst.

A safe and healthy workforce goes hand-in-hand with production that is economically, socially and environmentally sustainable. We are working hard to embed a company-wide safety mindset through supportive leadership, behaviours, culture and processes in every area of our business.

Our workplace health and safety initiatives during FY23 were:

- Critical risk management framework – we showcase our efforts on this important aspect of workers' safety in our Health and Safety Case Study on Critical Risk Management on page 26;
- Physical task demands review – working at our sites can be physically demanding, causing stresses and strains on the body, and we are working to identify and reduce the risks;
- Fatigue monitoring – the technology in this area of worker health and safety continues to evolve, and we are drawing on the advances to improve our fatigue management;
- Noise survey – every 5 years we survey our workplaces to identify hazardous noise sources so we can better manage this occupational risk through preventative and mitigating measures;
- Safety Leadership training for senior leaders – the health and safety culture in any organisation comes from the top, and we are empowering our leaders to implement a step change across our business;
- Health and safety audits – we carried out 22 audits in FY23, covering the broad sweep of our workplace health and safety management system; and
- Ongoing COVID management – 308 staff contracted COVID and were required to isolate during the financial year, with a much lower impact on the company than in FY22.

We recorded the following health and safety statistics in FY23:

- TRIFR (total recordable injury frequency rate) = 18.12 per million hours worked (FY22: 8.6 per million)
- LTIFR (lost-time injury frequency rate) = 5.51 per million hours worked (FY22: 1.7 per million)

We have reflected on this unfavourable overall company safety performance this year (as compared to FY22), to provide us with insight where we can identify opportunities for improvement, which in turn will prevent serious incidents.

There have however been standout performances by some of our sites with our Takitimu mine recording zero reportable injuries and our Maramarua mine having only one reportable injury (alternative duty injury).

Our FY24 health and safety strategy focusses on delivering improvements in the areas of leading safety indicators, critical risk, health and safety leadership, and injury management. We will also continue to maintain our focus on supporting and enabling safe behaviours through our existing programmes of field leadership, operator competency and proficiency, worker engagement, frontline supervisor capability, and learning from incident investigations.

Critical risk management system (CRMS)

High consequence incidents that occur rarely but could have serious consequences for our workers became a health and safety focus for us during FY23. We have rolled out the first part of a new programme of critical risk management awareness campaigns and training. This builds on our existing standard and practices for identifying, understanding, and managing critical risks.

This stage of the implementation of the Critical Risk Management System is directed at Risk Owners (senior line managers) and Critical Control Owners (line superintendents and technical experts) who jointly hold ownership and accountability for the management of our critical risks and controls. Risk Owners and Critical Control Owners learn about critical control performance requirements including monitoring the effectiveness of the critical controls through verification activities, and actions to take when critical controls are identified as underperforming. (Health and Safety Case Study on Critical Risk Management on page 26).

Physical task demands review

With the majority of our Stockton workforce being over 45 years of age, Stockton mine is the scene for trials to better understand the drivers of muscular-skeletal injuries to workers. This injury type is a major contributor to the company TRIFR statistics (18.12).

As part of our overall fitness-for-work programme, we are investigating and documenting our known physical task demands for relevant roles through the engagement of a physiotherapist and an occupational medicine specialist. One aim is to review existing set-up of work areas and work practices to reduce the stresses, strains and injury risk to workers e.g., from heavy lifting, or twisting and turning movements of the body. Planned solutions also include proactive improvements to worker fitness including machine specific customised stretching routines.

The programme also has the ability to help us inform treating physicians on work or non-work related injuries, to assist a determination of whether a worker recovering from injury is fully fit to return to work. If their health condition mandates a gradual return, the GP's or occupational therapist's return to work programme considers the physical task demand information, to minimise incidences of workers returning to work too early, and thereby reduce the risk of reinjury.

We recognise that effective injury management that helps people to stay at work or make an early and safe return after an injury, will minimise the physical and financial impact of injury on them and their families. We support injured workers by having a system of workplace rehabilitation and by providing, where possible, suitable duties for them while they are recovering. The mental health benefits of being back in the workforce rather than being at home are well documented in New Zealand.

Noise surveys

Five yearly noise surveys have been completed at all sites in FY23, with the goal being to better target our management of noise in the workplace and reduce the risk of noise induced hearing loss to our people. Loud noise sources may seem largely obvious within work areas; however, some sources can increase over time or workers may normalise the presence of a noise hazard.
A noise survey by an independent occupational hygienist allows for identification and location of noise sources to understand where noise levels exceed regulatory requirements. The surveys review the presence of noise hazards within specific work areas and work tasks confirming the presence of any potential risk areas for noise induced hearing loss.

A key output is noise contour maps for each site. The contours show areas where uncontrolled noise could cause damage to workers' hearing if the average or peak noise levels are too high. Results of the survey determined what controls and training are needed for workers to manage effects of noise i.e., mandatory hearing protection zones and required class of hearing protection. The noise survey complements our annual occupational hygiene noise monitoring of individual workers and our worker health monitoring hearing tests.

Fatigue monitoring

We have expanded fatigue monitoring of equipment operators following an initial trial of its effectiveness and useability at the Canterbury mine. The initial roll out of fatigue monitoring involved van drivers commuting to and from the Stockton mine, a 30-minute trip in each direction, and at the Takitimu mine where travel distances are up to 60 minutes. Other trials in progress include fatigue monitoring of onsite truck drivers at the Rotowaro mine.

These systems consist of a camera inside each vehicle which monitors the driver for blink frequency and diverting eyes from the road. In the event of a driver falling asleep, the driver's seat vibrates vigorously, and an alarm sounds to wake the driver.
At the same time, the camera takes a photographic record and electronically notifies their supervisor of the fatigue event to allow for supervisor intervention with the worker.

In FY24, we intend to engage with an international fatigue expert to assess our fatigue management processes at all our sites with the goal of developing a more robust fatigue management system for Bathurst.

Health and safety leadership training

We identified an opportunity to strengthen health and safety leadership capability and capacity for our senior operational leaders. The health and safety leadership training programme focusses on improving practices. It covers a number of subjects including, the importance of visible leadership, knowing your statutory obligations, applying an equitable culture, being a workplace health and safety coach, and how to set up a mentally healthy workplace. The programme kicked off in May 2023 and will continue into FY24, expanding later in the year to include superintendents and supervisors.

Health and safety audits

In FY23, we conducted 22 audits on different aspects of workplace health and safety management across the company. The purpose was to support the company's compliance with related legislation and regulation, and company governance for health, safety and training.

The audit's findings are triggering awareness of where we can improve, leading to initiatives planned and budgeted for FY24. They include addressing the following: document control, management structure for health and safety, geotechnical hazard awareness, geotechnical design guidelines, mine planning and related approval processes, and road construction standards. Further audits are planned in FY24 including emergency management and worker health.

COVID management

New Zealand's ongoing 7-day isolation requirement for cases of COVID has required us to continue to intensively manage cases of the virus among our workers.

In FY23, we had close to 50 percent of our people away (308 of 625 people) from the workplace due to COVID. Of that number, 37 were able to work at home. During the period we experienced a much lower level of impact on our people and the company compared with FY22, an expected result as the severity of the pandemic wanes.

On 15 August, the New Zealand Government removed the requirement for mandatory COVID isolation. This change reflects the country's evolving response to the pandemic and highlights the importance of individual responsibility. The New Zealand Ministry of Health still recommends unwell people or those with COVID to stay home for 5 days, but it is not mandated. The significance of individuals' staying home when unwell remains crucial in our approach to maintaining a health-conscious environment.

CASE STUDY

Zeroing in on our critical risks

A focus on the risks that occur rarely, but could cause the most harm to workers, promotes a safer work environment for everyone. Last year we stepped up on "critical risk management".

Greater attention to reporting health and safety incidents at Bathurst during FY23 saw an upward trend in our High Potential Incidents (HPIs) as well as an increase trend in the rolling 12-month average for total recordable injury frequency rate (TRIFR) and lost-time injury frequency rate (LTIFR). This trend triggered us to consider what we could do differently to ensure a healthy and safe workplace for our workers.

Our vision is to go beyond compliance with existing New Zealand workplace health and safety legislation and regulation to one of internationally accepted good practice. We have chosen as our benchmark the International Council of Mining and Metals (ICMM), Health and Safety Critical Control Management Good Practice Guide which sets out a stepped process for identifying and controlling critical risks.

Whilst we have a good understanding of what our Principal Hazards are, we wanted to better understand how to identify and manage the critical controls that can either prevent a serious incident occurring in the first place or minimise the consequences if a serious incident were to occur. We already know that many of our critical risk management practices are working well. For example, controls such as guarding or interlocks which sit high on the hierarchy of control and are less reliant on human action. Critical controls are those all-important few, that if they were absent or failed, could increase the likelihood of an event occurring and the consequences that would follow the event. We really wanted to understand how those controls should be performing on a daily basis.

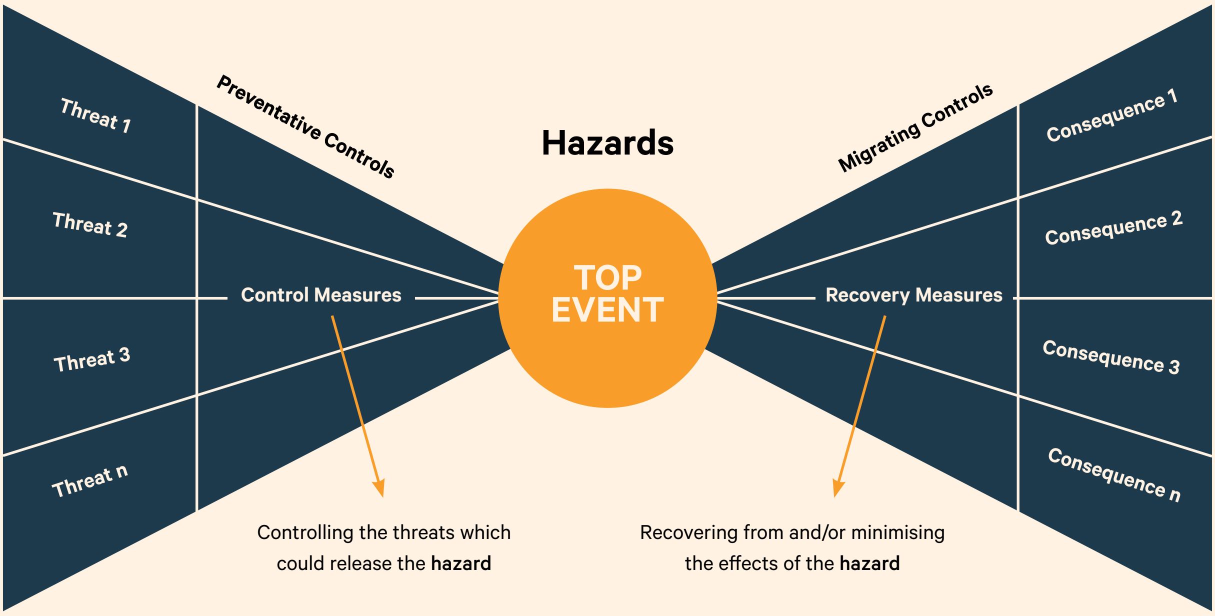
A focus on critical risk has seen us go deeper into identifying the work settings where critical risks could arise. We have studied our high potential near miss incidents across all sites and all operational areas (e.g., a truck reversed through a windrow on a tip head, a dozer partially submerged when it drove into a drying cell, a haul truck rollover on a haul road, or an axle stand failure whilst supporting a fuel truck during a leaf spring replacement.

This is a call for company-wide change.

A framework for change

In mid-2023, we presented Bathurst's refreshed critical risk management framework to around 70 staff with health and safety responsibilities. We have now completed this first round of critical risk awareness training to people in safety-critical roles, from superintendents to senior-tier leaders.

This programme builds on our existing critical risk management practices and will now extend into the completion of Bow Tie Analysis (BTA) for all fatal risks (see diagram opposite). A BTA starts with identifying "top events" (Critical Unwanted Events), the threats that could cause such events and the potential consequences. This flows into identifying the preventative controls to avoid the top event occurring and the mitigating controls to reduce any consequences that might follow.



This work commenced before the COVID pandemic with the introduction of critical control verifications; integrated with Field Leadership activities (refer to the Field Leadership Programme Case Study in the FY22 annual report). This entails leaders having conversations with their staff in the field on healthy and safe work practices, to identify any at-risk conditions or behaviours with the potential for serious injury or accident. Critical control verifications require the verification of how critical controls are functioning in practice. i.e., are they available, reliable and effective to prevent or mitigate that top event?

An example of a critical control could be a geotechnical exclusion zone at the toe of a highwall that we apply to protect a worker from an unplanned catastrophic fall of ground. This critical control is established by technical personnel who assess the geotechnical hazards associated with the highwall. In the event of an unplanned highwall failure event, when workers remain outside the exclusion zone, harmful consequences of the event will be significantly reduced as there will not be people in the fall zone. Scheduled critical control verifications occur to check that the controls are always in place, workers are aware of their requirements and the control remains effective.

Another example we employ is the control of dropped objects. For example, in a work area where a crane is conducting a heavy lift, the set up will include ensuring that only inspected and certified lifting equipment is used, and appropriate drop zones are established prior to any lifting task. The responsible person is trained and has a thorough understanding of the risk to themselves and other workers in the event that the controls are not in place or are ineffective. The verification programme ensures that for all lifting tasks, specific critical controls are performing as intended.

Practical tools for critical risk management

Comprehensive investigations of incidents with high potential for serious injury or accident help identify where controls are absent or failed. Corrective actions from investigations prevent the same types of incidents reoccurring. By focusing on investigation outcomes, we have been able to identify effective preventative and mitigating controls, based on the “hierarchy of controls” (see the case study on occupational hygiene in the FY21 annual report) and implement our critical controls more confidently. We have provided comprehensive staff training during FY23 which will continue, along with high level approval processes for all investigations.

Next steps

The further development of our Critical Risk Management Framework and the interrogation and identification of critical controls, will help us to continuously improve how we manage risk in our everyday tasks. By paying attention to what is important, including identifying either preventative or mitigating critical controls, we will ensure that our workers understand the importance of effective critical control performance and are able to go home healthy and safe after every shift.

MATERIAL TOPIC

Socio-economic

Economic performance

We aim to contribute to the prosperity of our local communities across all stages of the mine asset life cycle.

We aim to do this by creating direct employment opportunities, as well as supporting local businesses through procurement of goods and services, community investments and payments to government, whilst minimising our negative effects.

Mining is New Zealand's most productive industry in terms of gross domestic product (GDP) per filled job. Based on data from economic consulting and forecasting company Infometrics, the mining industry in New Zealand delivered over $490,000 of average GDP per filled job in the year to March 2023. For example, in the West Coast region where Bathurst operates the Stockton mine operation with 310 employees, the mining industry is the third largest contributor to GDP.

Sustainable finance performance plays a key role in supporting the transition to a low-carbon and more efficient resource economy. The transition to a low-carbon economy will require an increase in steel production to produce renewable energy products such as wind turbines, electric cars and solar panels. Our target is to maintain and grow our shareholder value by recognising the important role that steel will play in the future, ensuring our products are tailored to our steel producing customer's needs. An example of supporting our customers is how our unique Stockton export coal is helping to reduce global CO_2 emissions as compared to other seaborne coking coals (see our Emissions Savings Case Study on page 26 of FY22's annual report).

We acknowledge New Zealand's plan to move away from coal use for process heat and we will continue to work with our domestic industrial customers as they create and execute their emission reduction strategies over the next decade.

Record increase in net profits

Our FY23 results show an increase in our consolidated net profit by 197 percent on last year's results. And whilst export market trends have undoubtedly supported this outstanding financial result, the company's overall success continues to be supported by strong operational performance, at times in extremely challenging conditions, most notably the significant operational delays caused by poor weather, increased costs, tight labour market and workforce COVID absenteeism. We have carefully managed our costs during an environment of increasing inflationary pressures.

The communities near the sites experience the most direct social, environmental and economic impacts of the business and we aim to hire local residents first to provide individual economic livelihoods locally. By providing competitive wages and benefits, completing local procurement where possible, contributing taxes and royalties, and investing in community programmes and infrastructure, we work hard to support our local communities. We aim to deliver prosperity and benefits to the communities in which we operate through investment, community development and capacity building.

Reporting 100 percent of Bathurst and BT Mining, the economic value generated and retained over the last four financial years were:

Economic value	FY23 $m	FY22 $m	FY21 $m	FY20 $m
Generated Coal sales, realised hedging, and other revenue	557.4	417.1	287.5	322.1
Disbursed Wages and salaries paid to employees	77.7	66.9	63.5	65.8
Taxes, royalties, and fees to government	67.4	37.7	12.3	18.4
Local procurement of goods and services	216.0	208.8	153.5	180.1
Capital purchases including leases	25.7	20.1	0.5	0.2
Support of local community initiatives	0.6	0.2	0.5	0.2
Other metrics	**170.4**	**83.6**	**44.8**	**35.4**

Local communities

This year we stepped up engagement with iwi and our stakeholders by reviewing our planning and reporting on this core part of our business.

Moving out of the COVID pandemic era, we conducted an internal audit of stakeholder engagement plans and related activities across sites, including our corporate office in Wellington. The preliminary results show that overall, our people have good relationships with iwi and local stakeholders. They include regulators, landowners, and neighbours, and we keep them up to date and involved as needed, especially on new projects.

The audit also found centres of excellence across sites on different aspects of stakeholder and iwi engagement, an opportunity to pool people's expertise and raise our standards. The open day at the Takitimu mine (refer to case study on page 32) is one example; another is our developing relationships with Waikato iwi groups to explore partnerships on iwi projects. In FY24, we intend to become more proactive and relationship focussed in our engagement, to further strengthen our licence to operate around the country. This work dovetails with our growth projects in the Waikato, Buller, and Southland regions.

Playing our part in communities

Bathurst have sponsored community events across a range of activities including health, education, recreation, community planting and arts/culture.

$450,000 was provided to the Buller Resilience Trust in FY23 to grow a strong, sustainable, and cohesive community within the Buller district. One key project sponsored by the Buller Resilience Trust was in relation to flood protection monitoring and management system for the town of Westport.

We have continued our support to the local rescue helicopter service. The Christchurch Westpac Rescue Helicopter and the ROA Mining Rescue Helicopter based in Greymouth are on standby 24 hours a day, 365 days of the year. A third, backup helicopter is also available in Christchurch. These two bases cover the region from Kaikoura down to Waitaki and, from Karamea to Haast on the West Coast and service an area of 600,000 people. The Rescue Helicopter Crew (consisting of a pilot, a crewman, and intensive care paramedic) is ready to deliver life-saving aid using the best training and technology.

Other sponsorships include:

- Stockton mine has sponsored St John HeartStart batteries and SMART pads and assisted with logistics for St John cadet training;
- Life Education Trust, West Coast were provided annual operational sponsorship and logistical support to run the Lego Event-West Coast Brick Show;
- A range of sports have been sponsored in local communities across our sites including rugby league, rugby union, basketball, cricket, netball, squash, golf, and fishing. We supported the inaugural Rāhui Pōkeka Māori golf open;
- Community indigenous planting events were supplied plants from Bathurst nursery and Stockton mine staff assisted in planting areas of the Te Huarahi Takutai o Kawatiri - Kawatiri Coastal Trail;
- High visibility safety vests for the Takitimu primary school;
- The Creation Wearable Arts Show and the Buller Arts Weekend was sponsored on the West Coast; and
- Historic excavator bucket and winch were donated from Canterbury mine to the Glentunnel Museum.

Mine operations see resurgence of visitors

Post pandemic, we have seen a resurgence of interest in visiting our operations, on the part of media, regulators, iwi representatives, local residents, politicians, schools and the general public. This provides a firsthand appreciation of mining, alongside site rehabilitation and other environmental management, the diversity of careers in our industry, as well as the benefits our products provide to New Zealand and overseas.

We have continued to provide support for Westport based Outwest Tours who provide mine tours of the Stockton mine. Visitors get to see mining operations and equipment up close and take in our environmental management programmes including areas of land rehabilitation.

We hosted an open day at Takitimu mine during the year and over 1,500 members of the community attended. We provided mine tours and information on rehabilitation and mine operations. We donated indigenous plants from our nursery as part of the information sharing on our rehabilitation methods. (See A community open day to remember Case Study on page 32).

Supporting the industry

We are members of a broad range of industry associations and groups, allowing us to contribute in a coordinated way to the development of effective policy frameworks, share best practice and access information and insights on our sector's challenges and opportunities.

This year, we continued our support of the New Zealand mineral industry. Events included the Minerals West Coast forum held in Westport in May. As the chair of this charitable trust, our CEO Richard Tacon has been taking an active interest in mineral-related policy and other advocacy, as well as being a board member of mining industry peak body, Straterra.

Our people are also represented on the:

- New Zealand Mines Rescue Service;
- MinEx (the national health and safety council for New Zealand's extractives sector);
- New Zealand Mining Board of Examiners;
- New Zealand Mining Panel of Examiners; and
- Hanga Aro Rau Workplace Development Council Extractives National Industry Advisory Group.

We continue to be very much part of the extractives scene within New Zealand.


GCH AVIATION
Canterbury West Coast
AIR RESCUE
FREEMASONS

A community open day to remember

We opened our doors to the Takitimu mine, and 1,500 people came to learn about our operations and view our site rehabilitation

Southlanders and people from further afield turned out in great numbers to visit our mine operations and enjoy family entertainment, held at the Ohai-Nightcaps Rugby grounds adjoining the Takitimu mine.

Our goal was to host at least 1,000 visitors, and on the day that started as wet and rainy many more came. Mine tours started with three 18-seater buses and several vans, and we added an extra 23-seater bus on the day to meet demand. Our schedule expanded from a planned 630 visitors to 850 throughout the day, a mark of success in Bathurst earning and retaining social licence to operate in the Nightcaps community.

Guides took people on a circuit through the mine, stopping at points of interest. They included a view of the former Takitimu pit, now returned into productive farmland; billboards showing before-and-after photos told the story of landscape change. The tour took in areas rehabilitated with indigenous vegetation, including two naturally low-lying areas enhanced with wetland plantings. The last stop overlooked the current mining area where a 200-tonne excavator loaded 100-tonne dump trucks, with another billboard providing specifications of the mine machinery on site.

The effort pays off

A lot of planning and work goes into running an event of this scale. The intention was to create a family fun day out at a low cost for attendees, advertised on radio, local newspapers, and with flyers and posters throughout Southland.

We installed six information booths on the rugby field. The mechanical workshop had a Komatsu HM400 engine on display; the environmental team offered free native plants and discussed our environment monitoring programmes; the health and safety booth displayed Emergency Response Team equipment and fitness for work programmes; and the geology and mine engineering team showcased various rocks, mine planning processes and mine survey equipment. The planning team talked people through the importance of integrating mine closure as part of existing mining operations. A further tent had company-wide information and Bathurst give-aways, including bucket hats, caps and potato peelers.

Our suppliers and sponsors also turned up in force. Komatsu made two mini-diggers available for children to try out in a sand pit at the rugby club, with material donated by McGregor Concrete.

There was face painting, a colouring-in competition, lolly scrambles, mini-jeeps to drive, sumo suits for a wrestle, and two bouncy castles. The Southland Otago Axemen exhibited wood chopping, sponsored by Nightcaps Contracting. A local band played all afternoon creating a relaxing atmosphere. St John Ambulance demonstrated first aid and showed how a defibrillator works. The rugby club ran a sausage sizzle to raise funds for the Nightcaps Fire Brigade, Total Energies sponsored a coffee cart, and Porter Group supplied Mr Whippy ice cream. A Southland icon, 'Uncles' food truck also joined in showcasing examples of tasty Southland blue cod.

A coal-shovelling competition had male and female winners shifting 60 litres of coal in just over a minute and taking home $150 petrol vouchers donated by McKeown for their efforts. Giveaways and prizes throughout the day included company merchandise, toolkits, a family pass to the Bill Richardson Museum and a barbecue, all donated by Takitimu mine suppliers.

We installed temporary fences and barricades to channel the public on foot and for car parking to create a safe environment for crowds. On the day, the 50-strong Takitimu mine team pitched in with enthusiasm to help. The community reaction spoke for itself, with applause at the end of each mine tour and overwhelming positive feedback received on the day and in the weeks following.

Thank you

To our sponsors: Hydraulink, JESCO, Komatsu, McKeown Group, Nightcaps Contracting, Porter Group, Terra Cat, Total Energies, TSL New Zealand, Western Electrical, AJ Autos, McGregor Concrete, WesTrac, and TWL.

To the manager of Minerals West Coast, Patrick Phelps who did an amazing job as MC, chief lolly scrambler and all-round entertainer for the day. And special thanks to our Takitimu mine whānau - everyone was on board, busy all day, creating a buzz all day long.

Scan the QR code to watch a video from our community open day or visit: rb.gy/2qg2d

Environmental

Energy and emissions

We recognise that while our products are critical to a low-carbon future and a just transition, how we operate also has impact. We present our emissions data below.

Energy saving projects

We are continually searching to use energy more efficiently in our operations and are improving our measurement and reporting of energy efficiency. As with previous years, energy consumption continues to be one of our largest operational inputs and is an area in which we continue to actively seek reductions.

In FY23, we have successfully assisted a local calcium oxide (CaO) supplier switch from using coal to using wood waste for producing CaO. The plant is ramping up to supply 4,000 tonnes of CaO which by using wood waste will reduce the CaO equivalent (CO_2e) emissions by approximately 2,500 tonnes of CO_2e annually. CaO is used to treat acid mine drainage at the Stockton mine water treatment plants, resulting in improvements in downstream water quality and sustaining aquatic ecology.

Continued use of Esso Diesel Efficient™ fuel, has resulted in approximately 434,100 litres less diesel use, compared with standard diesel for FY23, and a corresponding reduction of CO_2e emissions by 1,176 tonnes.

Fuel usage associated with the transfer of provenance seed and cutting material from Stockton mine to a third-party nursery in Christchurch, and the return journey of nursery seedlings back across the Southern Alps will be cut back by 50 percent over the next 2 years with the expansion of the local company Buller nursery in Westport. This will result in the growing of 50 percent of the Stockton seedling quantum locally. Fuel savings are set to increase in the coming years as the proportion of locally grown nursery seedlings is planned to increase further. Over 4 million indigenous nursery plants are required for the Stockton mine life-of-mine rehabilitation.

Energy use

Total energy use[1] amounted to 766,692 gigajoules (GJ) at our four operational sites, the Cascade mine rehabilitation project, Escarpment mine maintenance project, and corporate offices. This is an approximate 3 percent decrease on energy use reported in FY22.

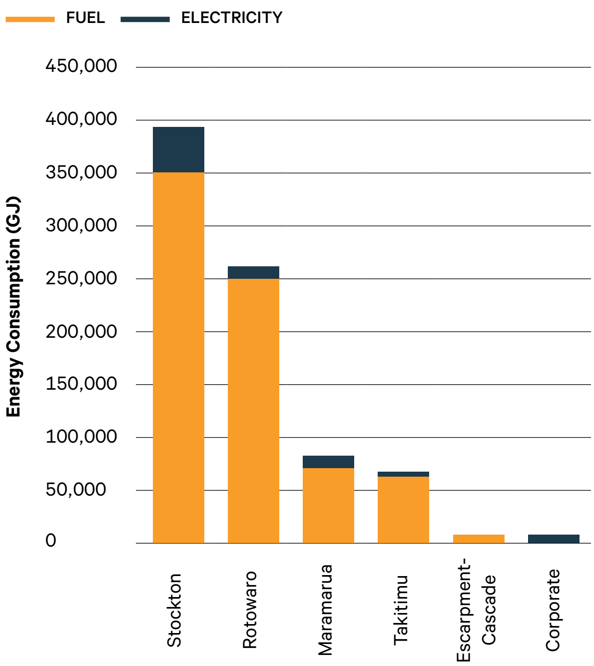
The decrease was primarily driven by a 5 percent reduction in waste rock removal (overburden stripping) across all sites, which dominates energy consumption. The primary driver was a reduced overburden disturbance volume at the Rotowaro mine as it moves into the mature end of its current operational pit. In total, 11.15 million banked cubic metres (M bcm) of waste rock were stripped in FY23 compared with 11.73 M bcm in FY22.

Ninety three percent of the energy consumed includes fuel and lubricants used for operations. The remaining 7 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 was the largest consumer of energy this year at 391,675 GJ, which is consistent with producing and washing the most coal of the four sites, and reflects the electricity used in the coal handling and preparation plant, and the Ngakawau coal loadout facility. The Rotowaro mine was the second largest energy consumer at 219,571 GJ, reflecting the movement of 3.78 M bcm of waste rock during the year.

Comparison of energy consumption by operation FY23

The below graph excludes care and maintenance of Sullivan mine where consumption was zero.



1. Total energy use is reported in terms of energy consumed (fuel and electricity) by employees and contractors

Greenhouse gas emissions

We are pursuing decarbonisation efforts aiming to optimise existing energy use and finding new energy savings projects, strengthening emission data collection, reporting, risk assessment and future projections.

The majority of electricity consumed at our sites is generated from renewable energy sources. New Zealand is fortunate to have a low-emissions power system, with over 80 percent of electricity coming from renewable sources. Whilst we target finding electricity reductions, we see reducing fuel related emissions as the biggest opportunity to reducing our energy consumption related emissions. For example, planned expansions of three of our existing operations have factored in minimising truck haul distances into the mine plans wherever possible.

We also measure greenhouse gas (GHG) emissions and participate in the New Zealand Emissions Trading Scheme (ETS) in which we pass on carbon pricing to our customers. We are participating in the Government's 2023 review of the ETS which aims to provide more robust support for emission reductions alongside enduring support for emissions removal. Our position continues to request a framework that provides a just transition absent of any sudden market shocks. This is to enable our process heat customers to not have any unplanned impacts to the sustainability of their business, minimising negative monetary and societal effects on their raw producers, employees, and host communities.

With a strong demand for steelmaking coal and a transitional demand for industrial-process coal in New Zealand, we highlight the emission reduction benefits for our domestic customers in buying local coal close to market. In FY23, we were granted consents to mine approximately 1.3 million tonnes of coal from the Waipuna West Extension pit at Rotowaro mine. We have estimated that with the majority of this local coal replacing imported coal from Indonesia (to be used in steelmaking), CO_2e emissions would reduce by over 40,000 tonnes over the life of the project.

Our emissions footprint comes from three components. We currently rely on diesel fuel to extract and transport coal by road or rail to customers. Electricity is required for coal processing, water treatment plants and mine management systems. Additionally, our coal seams produce small amounts of fugitive emissions (e.g., CO_2) which are released into the atmosphere during mining activities. These are accounted for in the production tonnages under the Scope 1 emissions category. We report our GHG emissions with reference to their source as follows:

Site	FY23 Scope 1 emissions (t/CO_2e)	FY22 Scope 1 emissions (t/CO_2e)	FY23 Scope 2 emissions (t/CO_2e)	FY22 Scope 2 emissions (t/CO_2e)
Stockton	48,734	47,843	703	1,127
Rotowaro	22,634	26,777	300	1,065
Maramarua	9,943	10,136	133	50
Canterbury	10	1,136	0	0
Takitimu	9,829	10,042	24	22
Escarpment/Cascade	32	29	0	0
Corporate	15	15	6	8
Total	**91,197**	**95,978**	**1,166**	**2,272**

The above table excludes care and maintenance of Sullivan mine where consumption was zero.

Scope 1 includes emissions from fuel, and fugitive emissions from coal; Scope 2 are emissions related to national grid electricity usage. The emissions are calculated following the procedures in Ministry for the Environment (July 2023) report titled "Measuring emissions: A guide for organisations".

Our reporting of Scope 1 and 2 emissions is consistent with Global Reporting Initiative (GRI) guidelines. In accordance with GRI, we have reported carbon dioxide in our GHG emissions calculations as CO_2e. We accounted for gas emissions from electrical transformers and use of explosives. Our improved mine planning has minimised the amount of overburden requiring blasting and optimised the amount of ammonium nitrate used to minimise GHG emissions.

Total Scope 1 and 2 emissions for FY23 were 92,363 tonnes of CO_2e, of which:

- 43.7 percent related to fugitive emissions from coal production;
- 2 percent related to electricity use; and
- 54.3 percent related to fuel consumption and blast emissions.

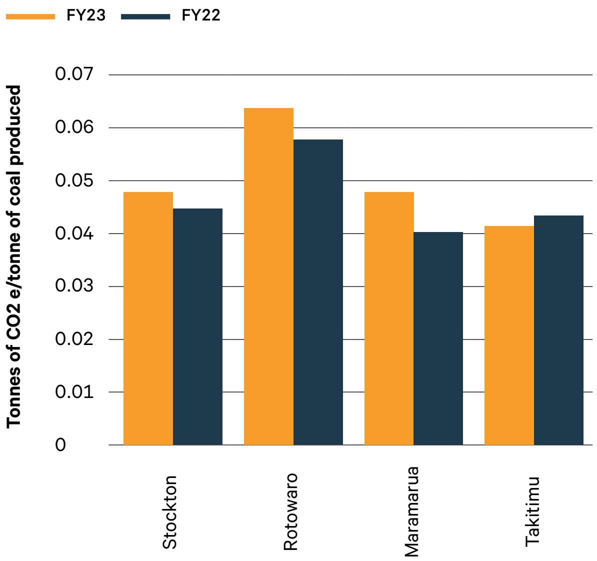
The above reflects approximately 6 percent less emissions than that for FY22. This is due to 5 percent less waste rock removal, and decreased CO_2e from fugitive emissions as 11.4 percent less coal was produced.

In FY23, the highest GHG emissions intensity was at the Rotowaro mine, with 0.06 CO_2e per tonne of coal produced. This is due to the coal production being 25 percent lower at Rotowaro mine in FY23 than FY22 due to large weather events.

Overall, total GHG emissions intensity across all operations was 6 percent greater than the prior year, at 0.05 tonnes CO_2e per tonne of coal produced. As remaining coal becomes more difficult to access with higher overburden stripping ratios at our mature mines, minimising diesel emission rates where practicable is a key driver for the mine planning teams.

CHG emissions intensity

Note that the Canterbury mine is not displayed above as it was in closure phase in FY23 and FY22



Overburden management

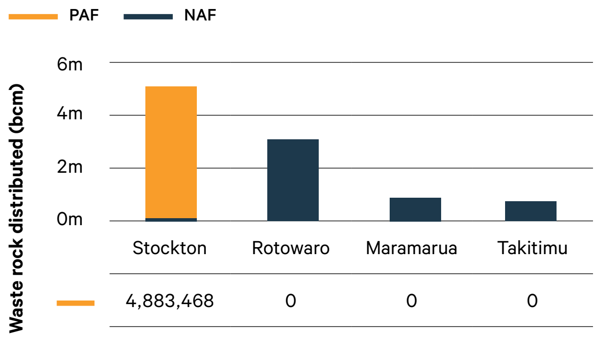
A key focus when developing mine plans to is to create stable rehabilitated landforms. This includes focus on implementing controls such as characterising mineral wastes, and managing technical placement to limit environmental effects and minimise closure costs.

In FY23, the only mine site that disturbed potentially acid forming (PAF) waste rock was Stockton. PAF waste rock disturbances increased by 24.3 percent compared with FY23, due to increased stripping volumes at the Stockton mine due to higher overburden to coal ratios. Total waste rock disturbance across all sites was 0.58 M bcm less than the previous year.

The total amount of waste rock per tonne of saleable coal across all sites was 6.1 bcm per tonne, similar to FY22, which is a credit to optimal mine planning and coal winning in mature mines where remaining coal is harder to extract and has higher stripping ratios.

Waste rock (bcm) disturbed in FY23

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



	Stockton	Rotowaro	Maramarua	Takitimu
PAF	4,883,468	0	0	0
NAF	112,620	3,776,708	1,359,088	1,019,959

At the Stockton mine, improved acid mine drainage management practices saw the amount of calcium oxide used to neutralise acid mine drainage decrease by 10 percent from FY22. This includes changes to waste rock placement methods and compaction techniques to reduce water and oxygen ingress into waste rock and lime addition to reduce acid production. Our two active dosing plants at Stockton successfully treated more than 6,500 tonnes of acid during the year in the Mangatini and St Patrick catchments. Acid contributions come from existing open mining operations and from historic areas mined by the Crown, (the latter which we partner with Te Tai Ōhanga New Zealand Treasury to treat on behalf of the Crown).

The engineered mussel shell reactors at Stockton, Escarpment and Canterbury continue to treat acid mine drainage effectively in remote stream sites and ensure downstream water quality sustains and supports ecological life.

Land use and biodiversity

We implement considered management strategies and actions when identifying and managing any potential biodiversity impacts that our operations may have on sensitive species, habitats and ecosystems. We actively manage our land holdings over the life of our operations to control invasive flora and fauna species, restoring degraded ecosystems, translocating endangered plants and supporting the breeding requirements of vulnerable animals.

Our objective is to rehabilitate mine sites to ensure self-sustaining indigenous ecoystems 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. Rehabilitated pasture is monitored to evaluate livestock grazing at a reasonable and commercial stocking rate with regular reviews of soil changes and pasture species mixes.

In FY23, we planted over 126,000 indigenous plants at Stockton and Cascade, which were propogated from seeds and cuttings collected at our sites. At the Stockton mine, we plant at a density of 9,000 plants per hectare. The conservation of biodiversity is embedded at Stockton, with environmental management plans and search and relocation protocols for kiwi, lizards and carnivorous snail species.

At the Maramarua mine in FY23, we cleared the weed Pampas grass (Cortaderia selloana) from a 1,200 metre drainage channel that enters the Mangatangi River and riparian planted approximately 3,000 native plants and fenced the area from livestock. Over 50 percent of the plants are Kānuka and Mānuka plants and these will aid the water quality discharge to the Mangatangi River as these plants will assist in reducing the runoff of nitrate and pathogens such as E. coli.

We have also identified three natural wetlands in farmland at the M1 area of the Maramarua mine and have fenced off these wetlands from stock to protect the water quality and ecology including tuna (freshwater eels).

At the Stockton mine, we have successfully used a drone (unmanned aerial vehicle) to hydroseed an indigenous seed, compost and fertiliser mix on over a hectare of Cypress pit highwall. Using a drone allows us to rehabilitate difficult to reach disturbed ground and target areas for rehabilitation and minimises the safety risk of rehabilitation staff working at height.

Below: Hydroseed drone being carried at the Cypress pit

Red tussock being relocated back to Cypress mine by vegetation direct transfer

We have been attempting to re-establish tarns similar to natural tarns that exist on the Stockton plateau. Tarns are small mountain ponds that are rainfall fed with no tributaries. We have initiated research trials to examine the water quality and flora and fauna in the artificially constructed tarns. These include artificially constructed tarns at SN05, Sandstone Pavement Trial, NASA and SN08 ponds.

In FY23, 5,500 m2 worth of stored vegetation direct transfer (VDT) has been returned to Strip 0 at the Cypress mining area, as part of final landform. The vegetation transferred was from the red tussock wetland ecological community. VDT is a rehabilitation technique which involves transferring intact vegetation and sub soil to another site, resulting in immediate cover. This VDT was recovered from the footprint of the Cypress pit's engineered landform expansion area and is the first VDT to be transferred back to Cypress final landform as part of our consent obligations. There is immediate success in returning intact vegetation to the mined area. Over 10 hectares of stored red tussock will be transferred as part of the Cypress mine area rehabilitation plan.

Our Buller nursery this year has successfully grown over 30,000 plants for use in rehabilitation at our Cascade, Stockton, and Canterbury sites. We were also delighted to supply 20,000 plants and our nursery personnel to assist with the planting of native trails in the Buller Region including Te Huarahi Takutai o Kawatiri - Kawatiri Coastal Trail (a 42 km family-friendly cycling and walking heritage trail). The Buller nursery also provided 1,000 plants for the April Takitimu Open Day which were given away to local community attendees.

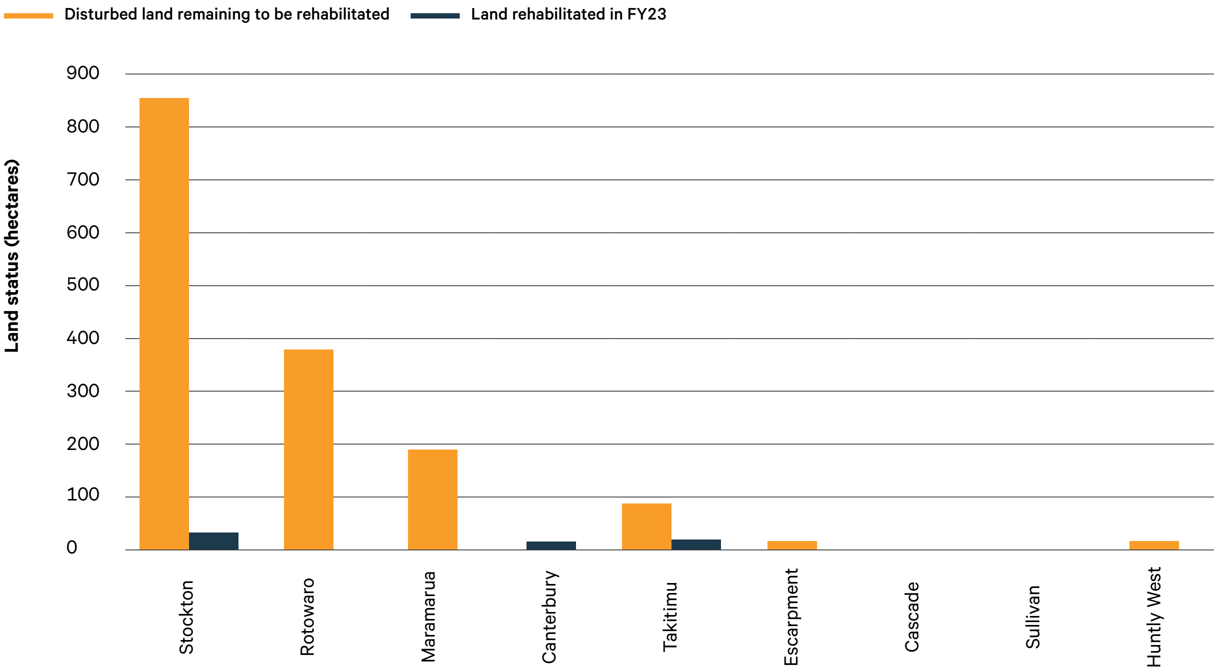
Total net land disturbance over all sites decreased by 8 hectares (ha). The Stockton mine accounts for 56 percent of the total company-wide disturbed area of 1,531 ha. A disused historic mine site called Smiths open cast that Bathurst inherited on the Rotowaro coal mining licence was successfully rehabilitated in FY23 with 1.4 hectares being planted with 4,200 indigenous plants and drainage control completed.

Site	**Rehabilitation budget FY24 (ha)**
Stockton	22
Rotowaro	27
Maramarua	5
Canterbury	0
Takitimu	20
Escarpment/Cascade	1
Huntly West*	8
Total	**83**

**Huntly West is a historic mine area that is connected to Rotowaro mine and used as a coal load out.*

Land disturbed and rehabilitated

Note no rehabilitation was undertaken at the Escarpment or Sullivan mines as they are in care-and-maintenance.



We purchased the government-owned Solid Energy mine sites of Stockton, Rotowaro and Maramarua in 2017. There were 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 integrated with our current operations to provide a cost-effective programme. In FY23, 23 hectares were rehabilitated across ex-government mined areas, and the 46 hectares of rehabilitation across all sites reduced the overall disturbed footprint to 1,531 hectares. Next year, over 80 hectares are targeted for rehabilitation and the average annual rehabilitation will increase to over 150 hectares a year in the next 5 years as larger areas are available to commence closure.

Water management

We are committed to contribute to initiatives promoting better water use during our mining and extraction processes and by our site-based people. Our water balance models use site-specific water inputs 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 under discharge consents to protect onsite and offsite aquatic ecology. No downstream water sources have been adversely impacted by water use at our sites in FY23.

Overall water use was 1,036 million litres (ML). This is a decrease of 13 percent in water use compared with the prior year. A significant proportion of this decrease stems from a 10 percent reduction in coal washing through the Stockton and Rotowaro mine coal washery plants. In addition, FY23 was a wetter year than FY22 at the Waikato based operations and hence less dust suppression water was used.

Operational Site	FY23 Consumptive water use (ML/yr)	FY22 Consumptive Water use (ML/yr)
Stockton	782	871
Rotowaro	162	235
Maramarua	36	39
Canterbury	7	7
Takitimu	47	37
Escarpment/Cascade	0	0
Sullivan	0	0
Corporate	2	2
Total	**1,036**	**1,191**

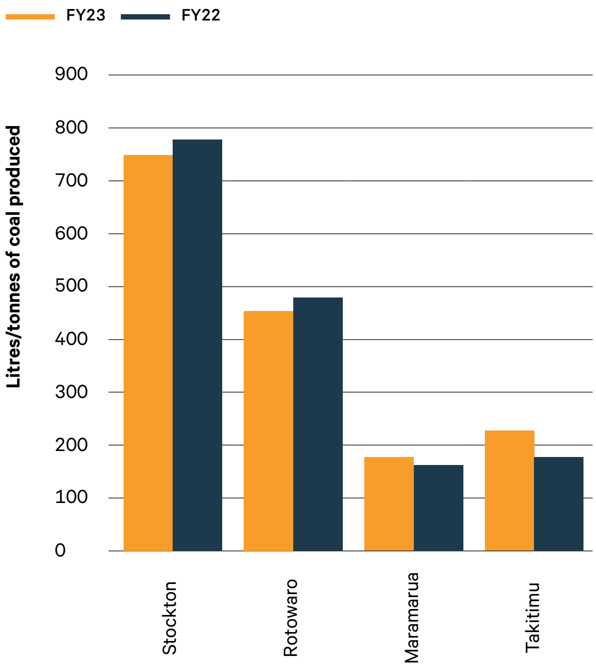
Water use intensity

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 that were actively winning coal in FY23 used between 175 to 751 litres of water to produce a tonne of saleable coal. Average water usage across all sites to produce a tonne of coal decreased by approximately 2 percent, from 574 l/t in FY22 to 565 l/t in FY23. As outlined above in the water management section, this lower water intensity primarily reflects reduced water usage at the Stockton and Rotowaro coal washeries, and less dust suppression via water carts and sprinklers during a wetter year.

Stockton has the highest intensity of water use (751 l/t coal), reflecting the intensive use of the coal washery washing low coal volumes and the use of water at the water treatment plants, accounting for 88 percent of the site's water usage. It is noted that we treat the coal washery water for acid and sediment load to consent conditions, and then return it to the Mangatini Stream.

A review of aquatic ecology monitoring and eDNA data (see eDNA Case Study on page 42) has noted that Rapid Stream on the Denniston plateau is naturally recovering from impacts of historic acid mine drainage from Sullivan underground mine which closed in 1993. The stream has recovered to sustain native fish life including kōura (freshwater crayfish) and tuna (freshwater eels).

Water use intensity by mine site



CASE STUDY

eDNA results show healthy streams, West Coast

How good is the ecological health of streams draining the Stockton and Dennison plateaus? This year, we brought in environmental DNA monitoring (eDNA) to find the answer.

From April to June 2023, we sampled DNA in water from 18 streams and rivers flowing into the Ngakawau and Waimangaroa Rivers and sent them to Wilderlab NZ Ltd for analysis. The Wellington-based testing laboratory created lists of the species present upstream of where we took water samples. For each site, a “wheel of life” (see opposite) scored each waterway for in-stream health.

The results are astonishing: eDNA reveals a diversity of life in and around the Stockton and Denniston mine sites that we have not fully appreciated to date. These include kōura /freshwater crayfish, brown mudfish, kōaro, inanga, banded kōkopu and longfinned eel/ tuna amongst others.

The species assemblages tell a story of improving freshwater quality in areas of historic acid mine drainage (AMD) and highlight variations from site to site. Results show the spectacular recovery of Rapid Creek where it crosses State Highway 67 in farmland. This site contains historic mine-impacted discharges from the Sullivan underground mine on the Denniston plateau, and shows the presence of three key whitebait species and the longfin eel (tuna), (which occurs only in New Zealand and is classified as ‘at risk – declining’). This was an unexpected, nonetheless, encouraging surprise.

Top: Banded kōkopu. Bottom: Climbing galaxias (kōaro).

eDNA monitoring works by syringing 20 water samples of 50 millilitres each from one site and passing them through a DNA filter. The samples are then couriered to the testing laboratory for analysis. The relative abundance of different classes of biota such as fish, insects, snails, worms, algae and diatoms create a ‘wheel of life’ visual display for each stream sampled. In addition, the lab can generate a Taxon Independent Community Index, or TICI number for each site.

At this stage, the TICI index is an experimental tool, on which Wilderlab presented to the Australasian eDNA conference in Hobart, Tasmania, in February 2023. To date, eDNA is showing promise for representing the ecological health of waterways, and several councils around New Zealand have started using it and making this data publicly available on the Wilderlab website, which now has recorded 1,878 eDNA samples.

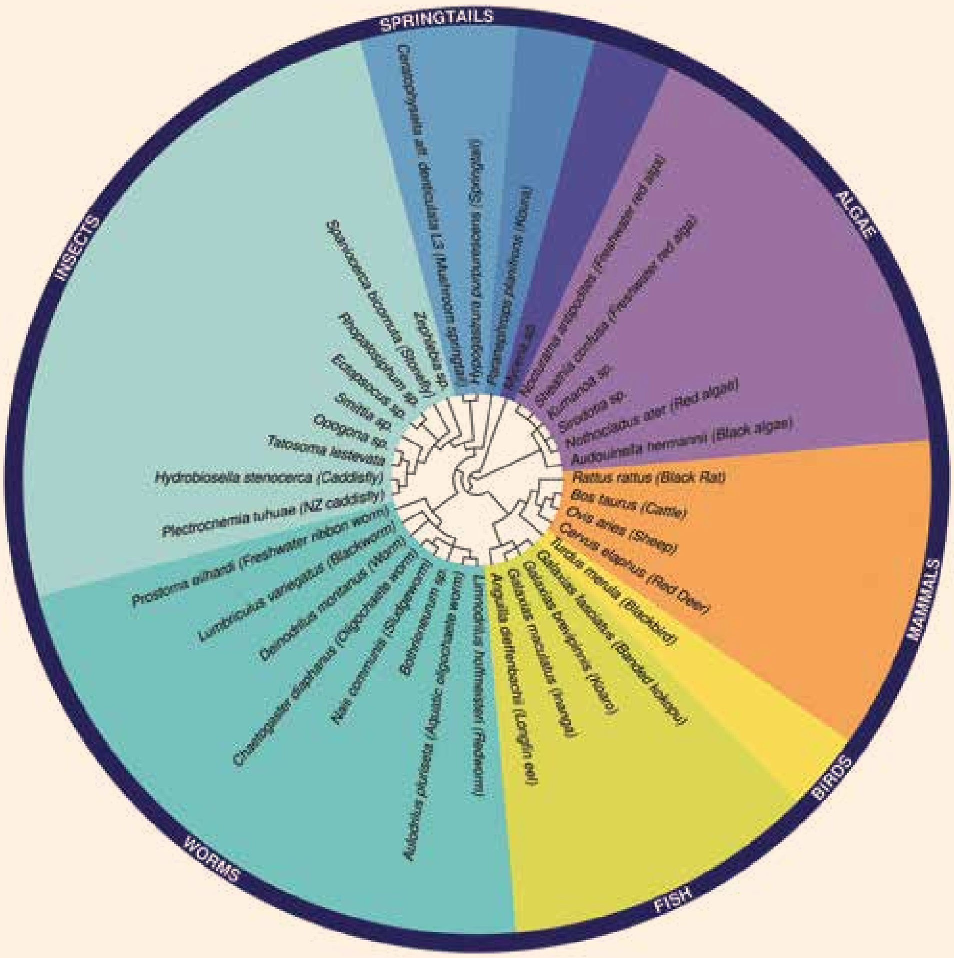
An added benefit is the ability to record the in-stream health at upstream, mountainous sites that are otherwise inaccessible. That is because sampling flowing water includes upstream DNA in its capture.

Inspiring the Stockton and Dennison study was preliminary eDNA work for streams close to the Canterbury mine. This was to determine the preferred habitat for the critically endangered kōwaro/Canterbury mudfish, the subject of a case study in our FY20 annual report.

Wilderlab has provided us with the confidence to continue using eDNA monitoring. An immediate application is to aid ecological baseline studies for resource consenting of a proposed new sump at the Stockton mine’s Millerton pit. We will measure the effectiveness of this sump to capture and treat historic and recent AMD by monitoring the return of stream health.

Wheel of life

Species diversity at Rapid Creek (source: Wilderlab NZ Ltd)



Sampling using eDNA in conjunction with current ecological and water quality monitoring practices will further add to the story of ongoing improvements to the Ngakawau River which started over a decade ago. For the local community, any additional data sources to confirm the continued return of whitebait is a much-desired outcome.

As another example, Cypress mine is progressively moving from north to south, straddling catchments. Currently, all mine-impacted water is directed northwards into the St Patrick catchment where a new calcium oxide dosing plant and associated infrastructure treats it. No mine affected water is to enter the Waimangaroa catchment; thus, understanding the baseline freshwater environment will inform appropriate water management controls and their effectiveness.

eDNA monitoring is shaping up to be a tool of choice for measuring, understanding and reporting annually on freshwater management.

eDNA sampling at S14b (Mangatini Stream) within the Stockton mine site

CASE STUDY

Mangakotukutuku Stream diversion project

In September 2023 we celebrated the completion and opening of the Mangakotukutuku Stream diversion project at the Rotowaro mine. This has been major project which started in 2020 and involved relocating the stream as part of the Waipuna West pit development and to enable the completion of planned mining in the Waipuna West pit. The relocated stream is 1,400m in length and sits on a fill embankment that has a maximum height of 40m.

Ecological and environmental matters

With any project of this nature careful considerations are given to the environmental effects. Prior to the commencement of construction, ecological and hydrological assessments of the existing stream were undertaken with the assessments used to design the project which included an ecological management plan and a fish management plan.

The fish management plan included isolating the existing 1,525m stream reach that was planned to be disturbed and undertaking six days of fish netting, trapping and relocation, and releasing them to an areas of the Mangakotukutuku stream that will remain undisturbed. Indigenous species including banded kōkopu, giant kōkopu, Cran's bully, common bully and longfin and shortfin eels (tuna) were rescued and translocated to safe reaches. Non-indigenous pest species including mosquito fish and carp that were captured were humanely euthanised. Further fishing was completed once the new relocated stream was opened, and the water level started decreasing in the existing stream bed.

Local community engagement

Critical to the success of the project was our longstanding relationships and continued engagement and consultation with local Iwi (Waikato-Tainui), the Waahi Whaanui Trust and the Waikato Regional Council.

Both the ecological management plan and the fish management plan were completed with the guidance and input from Waahi Whaanui Trust and approved by council prior to construction.

As the project neared completion, active and constructive communication with Waikato Regional Council representatives enabled a smooth and streamlined process which allowed the required final construction sign off approvals to be received in timely manner.

An official opening ceremony was held on 27 September and we were most appreciative to have mana whenua Waahi Whaanui Trust representatives in attendance. A karakia (prayer) was performed by Waahi Whaanui kaitiaki Sam Toka prior to the stream opening and first flow of water down the relocated stream. We would like to thank Waahi Whaanui Trust for their ongoing kaitiakitanga (guardianship).

Project construction

Construction of the project consisted of two main elements – the bulk earthworks of the embankment and the civils works on the stream channels, stopbanks, culverts and eco-hydraulic features. The embankment sits on coal floor and the bulk earthworks involved extensive preparation of the coal floor for geotechnical reasons, including removal of any existing unsuitable material,

benching (where floor was steeply dipping), and installation of a network of subsoil drains.

The fill for the embankment was constructed from stripped overburden and included competent fireclay material which was specifically used is it is relatively free of carbonaceous material. The construction of the embankment was highly integrated with the Waipuna West mining planning and operations.

The civil works formed the main stream channel, a low flow channel including a highly compacted clay liner and rock for erosion protection, highly compacted stopbanks and a light vehicle track. Special ecological considerations were made for the inclusion of several different log features, pools and rock weirs, and riffles for fish habitat and hydraulic reasons. Two main culvert crossings were included to enable safe access for mining equipment across the diversion. The inlets, outlets and slope above the culverts are protected from erosion by rip rap rock.

The civil works also included soil placement, grassing (hydroseeding), and plantings. Much of the diversion has coconut matting placed over the hydroseeded soil for erosion protection to enable grass strike following the opening of the relocated stream. Monitoring and maintenance will continue and will include further scheduled plantings.

The planting plan and species has been prepared after discussion with Waahi Whaanui Trust and involves planting approximately 27,360 indigenous plants from 23 species over an area of 3.1 hectares along the stream bank, over a width of 20-30m.

Governance material topics

Compliance

Legal compliance informs the way we work in the mining sector. We are continually focused on achieving positive and compliant performance outcomes.

Compliance and governance links

We are proud to report no material compliance events relating to environment, community or health and safety during the year.

Good governance is the collective responsibility of the Board and all levels of management. Our Board is responsible for the oversight of all sustainability matters, receiving regular updates through board committees and during mine visits. Sustainability material matters are operationally managed by our CEO, with support of the Senior Leadership Team.

Our Senior Leadership Team monitors our HSEC performance in line with the Company's policies, standards and regulatory requirements relating to health, safety, environment and community. This forms the absolute minimum standard to which we operate.

Regulatory compliance supports a social licence

Regulatory compliance is essential to supporting our licence to operate. We comply with relevant laws, regulations, and authorisations as required during the various stages of project development and operations. Permits, approvals and licence compliance supports minimum requirements to ensure the health and safety of our workforce and our communities, and the protection of the environment.

A common framework applies across our operations aligned to ISO 45001 and ISO 14001 to manage material risks, to support compliance with external commitments, and deliver and maintain competitive advantage.

In FY23, key aspects of our compliance management programme to deliver on our social licence obligations included:

- Ensuring compliance with statutory guidelines;
- Proactive reporting and managing of hazards and incidents;
- Field leadership activities and updating the critical control verification programme;
- Progressive rehabilitation of previously mined areas including managing historical Crown-mined areas on behalf of the Crown;

Focusing on continuous improvement in management of water quality and water efficiency;

- Completing a Privacy Act and Health Information Privacy Code strategic review leading to an updated policy, plans and training tools;
- Third-party audit of cybersecurity management practices to complement already existing compulsory cybersecurity awareness training;
- Provision of workforce training to increase or improve their skills to mitigate risk and increase their understanding of their individual compliance responsibilities;
- Refreshing our HSEC audit programme with independent assessments of audit protocols;
- Auditing iwi and stakeholder engagement plans for seeking progressive improvements.

Next year, on reflection of our FY23 stakeholder engagement audit, we will continue to focus on improving our engagement practices. Development of an incorporated HSEC framework is also planned as well as other HSEC systems updates and reviews.

There were two reportable environment incidents this year. One event was self-reported by Takitimu mine which pertained to a small grass fire at the coal processing area created by spontaneous combustion of coal. The second event occurred at Cypress mine with a minor exceedance of dust during a very low rainfall period/high wind event. Cypress has implemented real-time surveillance and monitoring of the operation to ensure adequate dust suppression during afternoon periods of anabatic winds.

Vigilance on material legislation changes

During FY23, there has been an array of proposed legislation that has gone out for consultation or has been enacted. We keep vigilant over such changes in legislation to understand which pieces may affect our business and where new compliance obligations may materialise. See below three example topics where we have been completing compliance due diligence activities this year.

New and revised environment national policy statements

This year, we again saw material changes made to the existing National Policy Statement for Freshwater Management that affect our sector. We are actively reviewing our site water management activities and water requirements for planned extension projects in light of these changes. An early FY24 release of a National Policy Statement for Indigenous Biodiversity is planned. We will continue to action and plan our activities for onsite and offsite biodiversity gains such as our pest and predator control projects. Our offset predator programme at the Oparara Bird Sanctuary (see Environment Case Study 2019 Annual Report – Protecting Our Native Birds), continues to provide opportunities for forest birds, including kiwi, to thrive.

Getting ready for introduction of modern slavery legislation

Following on from public consultation during FY23, the New Zealand Government is currently preparing modern slavery legislation. Our company will be captured for mandatory reporting within New Zealand as it is proposed that companies earning more than $20 million a year in revenue will need to report how they are tackling exploitation risks in their operations and supply chains (Australia only requires mandatory reporting for companies earning more than $100 million). In addition to already having developed a modern slavery government policy, in FY24, we will be delving into what further actions we need to complete to assess and address modern slavery risks prior to new legislation being enacted.

New dam safety regulations released

New Zealand was one of the few countries in the OECD that did not have an operative dam safety framework. The Government has introduced new regulations during FY23 that will be enacted within 2024 with a further two-year transition period. In the absence of NZ legislation up until now, we have already been applying international good practice to our large dams. We have commenced compliance preparations by engaging an independent dam assurance consultant to review our current water management structures to determine which structures may fall under the new regulations.

Effective complaint handling

Community consultation is an important component of a mining operation with community consultation required at the application phase and throughout the life of a mineral permit. Effective community consultation and cooperation is important to facilitate knowledge about the mining operation within the local community. With transparent knowledge, ongoing support for the mine from local stakeholders may follow.

An integral part of being responsible operators is listening to our stakeholders when we don't get things quite right. Taking external feedback seriously, and ensuring it is escalated to and managed at the right levels, is critical if we want to maintain the support of those around us.

Internal and external complaints on HSEC issues are recorded via complaints registers maintained at all sites. All community inquiries and community complaints are taken seriously and investigated via our internal incident investigation system and are only closed off by senior management when resolved. Audit close outs undergo monthly internal corporate auditing.

During FY23, two community complaints were received. A dust complaint was reported at our Takitimu mine from an individual from the nearby Nightcaps village regarding settled dust on a vehicle. The second complaint, at our Rotowaro mine, was blast related by a neighbour located outside of a blast exclusion zone who reported shaking of hanging objects at their house. No permanent damage to people or infrastructure occurred from the reasons behind these complaints.

We proactively manage risks that could create a community complaint with identification and implementation of preventative controls. We are aiming to extend critical control verification processes from health and safety practice to include championing effective environmental critical controls

Mine closure planning

At the end of life-of-mine, we manage the transition to a former land use, or to a new or enhanced use, as per resource consent conditions, and in consideration of the local economic and social transition.

We apply a consistent approach to closure and progressive rehabilitation planning across our New Zealand operations, with coal geology and mining methods influencing our outcomes in addition to post closure land use goals. Our internal Decommissioning and Mine Closure Management Standard has been used for the first time in the closure and post-closure management of the Canterbury mine (see below).

We plan for closure during the life cycle of a mine, ensuring allocation of adequate resources for closure activities to be properly implemented, managed and monitored throughout the active-closure and post-closure phases. The implementation of our standard includes stakeholder engagement, minimising any legacy impacts of mine closure, and workforce transition strategies. We require our operating mines to hold conceptual mine closure plans linked to the life-of-mine plan. We annually build allowances into our closure plans where there is scope to progressively rehabilitate areas no longer required for operational purposes, as well as undertaking trials and closure studies.

Progress reports on implementation and compliance with ongoing rehabilitation commitments are submitted to regulatory authorities annually. Every year, we engage an internationally recognised mine bond assessor to prepare bond reviews for our operating and care-and-maintenance sites. These reviews detail activities and costs to rehabilitate sites in the event of sudden closure, and are subject to regulatory review and approval.

Our three BT Mining joint venture mines have an historical Crown liability associated with them, managed with the New Zealand Treasury - Te Tai Ōhanga.

Canterbury mine rehabilitation.

Within our Bathurst standard, closure plans move from conceptual to pre-feasibility level once a mine has 5 years' life-of-mine remaining. Closure pre-feasibility level studies will commence in FY24 for the Rotowaro mine which, when complete, will allow an evaluation of all credible closure scenarios to select the best option(s), in consultation with the landowners, the community and other external stakeholders. These studies will bring us more definitive information to support closure planning and cost estimation, as well as informing community and government stakeholder discussions.

Canterbury mine transitioning to post closure phase

During the year, final rehabilitation of the mine progressed with equipment operators completing rehabilitation earthworks in January 2023. Post completion of all rehabilitation earthworks, identification of, and planning for required maintenance obligations and ongoing monitoring activities have been occurring. Continuing discussions around clarification of mine closure conditions and parameters, reduced our plantings to approximately only 800 eco-sourced seedlings from our Westport based nursery during the year. In preparation for anticipated scaling up of closure planting and wetland restoration in the upcoming year, we have over 30,000 seedlings currently growing in our nursery, and have also committed to providing more than 8,000 seedlings to neighbouring landowners during this period.

Emergency preparedness management

Bathurst's operational sites systematically plan and prepare for all foreseeable emergency events.

Potential emergency events are identified through our risk management processes in consultation with relevant stakeholders such as our workers, site emergency response teams, NZ Mines Rescue and external emergency services. This information is used in the development of site specific emergency response plans. In addition, to ensure effective emergency response capability, assessments are made to identify the appropriate equipment, vehicles and facilities, and the skills required for our emergency responders for each identified emergency event. This work is relevant to our knowledge of our critical risk management framework (see Critical Risk Management Case Study on page 26).

Our trained emergency response teams provide on-scene support in the event of an emergency, containing the event to prevent escalation and providing first response care. Each operational site has multiple personnel trained to be Incident Management Team members who take responsibility for the immediate response and support the site recovery.

We test our emergency response capability through a series of emergency exercises, including an all of site, emergency exercise, at a minimum of once per year. These yearly exercises are conducted in conjunction with NZ Mines Rescue and external emergency services.

We are proud of our continued assistance and emergency response support to local and central government emergency response agencies such as West Coast Civil Defence Emergency Management Group (See Community Case Study, 2022 Annual Report – Westport Flooding Event).

Our people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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. Carmen Dunick
Group Manager, People and Culture

7. Ian Harvey
General Manager, Export Operations

8. Sam Johnstone
General Manager, Marketing and Logistics

9. Craig Pilcher
General Manager, Domestic Operations

10. Terry Moynihan
General Manager, Resource Development

More information

For more information about our people visit: www.bathurst.co.nz/our-company/our-people/

Governance

Our corporate governance statement issued in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) 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/

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.

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

Exploration activities

To carry out exploration, we need to hold:

- a relevant exploration permit (where the coal is Crown owned) or consent from the mineral owner where the coal is privately owned;
- relevant resource consents to permit exploration; and
- 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 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.

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 10 material topics that we believe represent the greatest areas of environmental and social risk to us, as included in the sustainability section of this annual report. These disclosures are made on a voluntary basis, and 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 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 reduce these as much as possible.

The other material risk to the long-term outlook of our business is the global move towards a low carbon emissions 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, and provide the infrastructure needed for a lower carbon economy.

The greatest risk to the longevity of our current business model sits within our domestic segment, which provides coal domestically in New Zealand for steelmaking, electricity generation, and energy processing heat purposes. New Zealand has a net zero emissions by 2050 goal enshrined in law, and pressure is building to move to a fully renewable source energy generation model. To mitigate our risk of over-capitalisation in redundant assets that hold coal not destined for steelmaking, 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. We are increasingly focused on being a resource company specialising in coal primarily for steelmaking, and other resource commodities crucial to the global economy.

To the best of the directors' knowledge, no instances of major environment and community non-compliance have been noted. Please see our sustainability section of this report for further information on our environmental management and community engagement practices.

Donations

Bathurst made donations totalling $29,045 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 Limited, can be found within the socio-economic part of the sustainability section of this annual report.

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 2023:

Peter Westerhuis	Non-Executive Chairman
Francois Tumahai	Non-Executive Director
Richard Tacon	Executive Director
Russell Middleton	Executive Director

Directors' securities interests

Director	Ordinary shares	Performance rights
Peter Westerhuis	351,863	77,905
Francois Tumahai	-	-
Richard Tacon	1,600,302	882,753
Russell Middleton	1,252,830	665,248

Details of changes in performance rights refer to Note 18 of the Financial Statements.

Other current directorships of listed companies

Richard Tacon was appointed as a non-executive director of New Tailsman Gold Mines Limited in September 2023.

No other directors hold current directorships in other listed companies or have done so in the last 3 years.

Other entries in the interests register

During the year, other changes to the interest register were the issue of performance rights to Peter Westerhuis, Richard Tacon and Russell Middleton.

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.


HT215
HT218

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 have been no material changes to the remuneration framework during the year.

Remuneration philosophy

The objective of our 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.

A NED remuneration review was undertaken by an independent remuneration consultant during the year. This resulted in a recommendation to the Board to increase NED fees, which the Board approved. The review included the assessment of NED fees against external benchmarking data and aimed to set NED fees at a competitive level, acknowledging a competitive labour market particularly when recruiting and retaining in the mining industry.

Executive director and employee remuneration

The remuneration framework provides for a mix of fixed and variable (short- and long-term) incentives. This gives 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 People and Culture, 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. Salaried and waged staff were provided an increase to their base salaries during the year as part of the annual remuneration review and collective negotiations.

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 Chief Executive Officer (CEO) in conjunction with People and Culture recommend discretionary one-off payments to the Board for approval. These are dependent on the financial performance of Bathurst.

Long-term incentives

Bathurst's long-term incentive plan (LTIP) 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 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.

One issue of performance rights to the Chairman and non-executive directors occurred during FY23. 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 3 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 2023 were:

Director	Director fees	Fixed remuneration	STI payment	Litigation success payment	LTI performance rights	Total FY23
Peter Westerhuis	183,873	-	-	151,335	8,802	344,010
Francois Tumahai	110,000	-	-	65,110	-	175,110
Richard Tacon	-	826,543	111,632	428,387	184,573	1,551,135
Russell Middleton	-	661,041	111,632	428,387	143,032	1,344,092
Total	**293,873**	**1,487,584**	**223,264**	**1,073,219**	**336,407**	**3,414,347**

Fixed remuneration and STI for both Richard Tacon and Russell Middleton are in their capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively.

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

A discretionary payment to Directors was made in recognition of their vital contributions towards the successful defence of a substantial legal claim that was ruled in Bathurst's favour in March 2023 (refer Note 23 of the Financial Statements for further information).

Employee remuneration

During the year ended 30 June 2023, 29 Bathurst (and its subsidiaries) employees, excluding the CEO and CFO, received individual remuneration over $100,000.

Range	# of employees
100,001 – 110,000	9
120,001 – 130,000	3
130,001 – 140,000	2
140,001 – 150,000	2
150,001 – 160,000	2
160,001 – 170,000	1
170,001 – 180,000	1
180,001 – 190,000	3
220,001 – 230,000	1
250,001 – 260,000	1
300,001 – 310,000	1
320,001 – 330,000	1
390,001 – 400,000	1
440,001 – 450,000	1

02

Financial statements

In this section

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For and on behalf of the Board of Directors:

Peter Westerhuis
Chairman
28 August 2023

Russell Middleton
Executive Director
28 August 2023

Income statement

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Revenue from contracts with customers	3	43,748	39,587
Cost of sales	4	(37,766)	(34,325)
Gross profit		**5,982**	**5,262**
Equity accounted profit	13	98,753	53,196
Other income		51	167
Depreciation	10	(1,839)	(2,385)
Administrative and other expenses	5	(10,422)	(10,089)
Movement in deferred consideration	15 (c)	(1,677)	356
(Loss)/gain on disposal of fixed assets		217	(681)
Impairment losses	8	(89)	(309)
Operating profit before tax		**90,976**	**45,517**
Fair value movement on convertible bond derivative		-	(12,334)
Finance cost	6	(514)	(2,705)
Finance income	6	24	20
Profit before income tax		**90,486**	**30,498**
Income tax benefit	7	-	-
Profit after tax		**90,486**	**30,498**
Earnings per share:		**Cents**	**Cents**
Basic profit per share	19	47.29	17.55
Diluted profit per share	19	46.70	17.36

Statement of comprehensive income

For the year ended 30 June 2023

Profit after tax		**90,468**	**30,498**
Other comprehensive income ("OCI")			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(821)	1,520
Share of BT Mining hedging through OCI	13	(1,589)	8,750
Comprehensive income		**88,076**	**40,768**

Statement of financial position

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash and cash equivalents		12,812	4,765
Restricted short-term deposits		4,384	4,508
Trade and other receivables	9	2,613	4,357
Inventories		910	1,495
New Zealand emission units		284	309
Crown indemnity		51	52
Total current assets		**21,054**	**15,486**
Property, plant and equipment	10	10,085	9,720
Mining assets	11	12,461	14,490
Interest in joint ventures	13	253,622	169,560
Crown indemnity		649	729
Other financial assets		220	220
Total non-current assets		**277,037**	**194,719**
TOTAL ASSETS		**298,091**	**210,205**
Trade and other payables	15 (a)	6,368	8,368
Borrowings	15 (b)	447	260
Deferred consideration	15 (c)	1,034	920
Rehabilitation provisions	16	996	1,172
Total current liabilities		**8,845**	**10,720**
Borrowings	15 (b)	834	508
Deferred consideration	15 (c)	2,172	1,544
Rehabilitation provisions	16	4,280	4,100
Total non-current liabilities		**7,286**	**6,152**
TOTAL LIABILITIES		**16,131**	**16,872**
NET ASSETS		**281,960**	**193,333**
Contributed equity	17	316,970	316,970
Reserves	18	(27,982)	(26,123)
Accumulated losses		(7,028)	(97,514)
EQUITY		**281,960**	**193,333**

For and on behalf of the Board of Directors:

Peter Westerhuis
Chairman
28 August 2023

Russell Middleton
Executive Director
28 August 2023

Statement of changes in equity

For the year ended 30 June 2023

	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
1 July 2021		**293,107**	**-**	**311**	**(3,880)**	**(128,012)**	**(32,760)**	**128,766**
Income		-	-	-	10,270	30,498	-	40,768
Share-based payments		-	-	(64)	-	-	-	(64)
Maturity of debt instruments		23,863	-	-	-	-	-	23,863
30 June 2022		**316,970**	**-**	**247**	**6,390**	**(97,514)**	**(32,760)**	**193,333**
Income		-	-	-	(2,410)	90,486	-	88,076
Share-based payments		-	-	551	-	-	-	551
30 June 2023		**316,970**	**-**	**798**	**3,980**	**(7,028)**	**(32,760)**	**281,960**

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		45,834	39,493
Payments to suppliers and employees		(45,411)	(41,214)
Net cash inflow from operating activities	**21**	**423**	**(1,721)**
Cash flows from investing activities			
Exploration and consenting expenditure		(1,126)	(388)
Mining assets (including capitalised waste moved in advance)		(1,014)	(2,375)
Dividend from BT Mining		13,000	9,750
Property, plant and equipment purchases net of disposals		(1,988)	(262)
Deferred consideration		(1,158)	(982)
NWP Coal Canada Limited	13 (b)	(714)	(809)
Other		79	(32)
Net cash outflow from investing activities		**7,079**	**4,902**
Cash flows from financing activities			
Interest received		25	5
Other finance costs paid		(47)	(2)
Interest on leases		(70)	(82)
Drawdown / (Repayment) of leases		513	(1,220)
Interest on debt instruments		-	(1,251)
Net cash inflow/(outflow) from financing activities		**421**	**(2,550)**
Net increase/(decrease) in cash		**7,923**	**631**
Cash and cash equivalents at the beginning of the year		4,765	4,395
Restricted short-term deposits at the beginning of the year		4,508	4,247
Total cash at the end of the year		**17,196**	**9,273**

Notes to the financial statements

For the year ended 30 June 2023

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 2023 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 28 August 2023.

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.

Intangible assets – New Zealand emissions units

Emissions trading units are acquired to satisfy its obligations under the New Zealand Emissions Trading Scheme. These units have a finite useful life but are not amortised because they are expected to be utilised to offset the Group's obligation under the Emissions Trading Scheme within 12 months of balance date. The units are recognised at cost.

Notes to the financial statements

For the year ended 30 June 2023

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 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.

Standards and interpretations adopted during the year

The financial information presented for the year ended 30 June 2023 has been prepared using accounting policies consistent with those applied in the 30 June 2022 financial statements. There are no new accounting standards issued but not yet effective, that will have an impact on the Group.

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.

One BRL customer met the reporting threshold of 10 percent of BRL's operating revenue in the year to 30 June 2023, contributing $26.5m (2022: $23.5m).

Year ended 30 June 2023	Export $'000	Domestic $'000	Corporate $'000	Total $'000	Eliminate BT Mining $'000	Total BRL $'000
Revenue from contracts with customers	421,817	137,604	-	559,421	(515,673)	43,748
Operating profit before tax[4]	**213,984**	**3,897**	**(19,912)**	**197,969**	**(205,816)**	**90,976**
Net finance costs	(1,582)	799	5,519	4,736	(5,226)	(490)
Income tax	-	-	(59,007)	(59,007)	59,077	-
Movements in OCI	-	-	(3,265)	(3,265)	855	(2,410)
Comprehensive income after tax[3]	**212,402**	**4,696**	**(76,665)**	**140,433**	**(151,180)**	**88,076**
Depreciation, amortisation & impairment	(18,533)	(23,586)	(6,617)	(48,736)	42,817	(5,919)
EBITDA[5]	237,073	39,875	(21,699)	255,249	(253,769)	1,480

[4] Total BRL operating profit and comprehensive income does not equal the sum of Total BRL minus elimination of BT Mining, as BRL's 65 percent equity share of BT Mining's profit is added back.
[5] Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movement on deferred consideration and rehabilitation provisions.

2. Segment information continued

Year ended 30 June 2022	Export $'000	Domestic $'000	Corporate $'000	Total $'000	Eliminate BT Mining $'000	Total BRL $'000
Revenue from contracts with customers	387,386	135,537	-	522,923	(483,336)	39,587
Operating profit before tax	**107,103**	**20,120**	**(18,933)**	**108,290**	**(116,017)**	**45,517**
Net finance income	(1,597)	(279)	(3,019)	(4,895)	2,210	(2,685)
Fair value movement on derivatives	-	-	(12,334)	(12,334)	-	(12,334)
Income tax	-	-	(31,893)	(31,893)	31,893	-
Movements in OCI	-	-	14,982	14,982	(4,712)	10,270
Comprehensive income after tax	**105,506**	**19,841**	**(51,197)**	**74,150**	**(86,626)**	**40,768**
Depreciation, amortisation & impairment	(17,590)	(30,138)	(694)	(48,422)	42,384	(6,038)
EBITDA	128,304	51,256	(18,303)	161,257	(162,346)	(1,089)

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

	2023 $'000	2022 $'000
Coal sales	27,333	24,754
Freight and ash disposal revenue	16,415	14,833
Sales revenue from contracts with customers	**43,748**	**39,587**

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 2023

4. Cost of sales

	Note	2023 $'000	2022 $'000
Raw materials, mining costs and consumables used		11,853	9,356
Freight costs		14,249	13,889
Mine labour costs		7,021	7,691
Amortisation expenses		4,080	3,653
Changes in inventories of finished goods and work in progress		563	(264)
Total cost of sales		**37,766**	**34,325**

5. Administrative and other expenses

Administrative and other expenses include the following items:

Remuneration of auditors		219	195
Directors' fees		510	270
Legal fees		3,318	3,935
Consultants		1,063	563
Employee benefit expense		2,625	3,140
Rent		32	63
Share-based payments	18	551	(64)

Included in remuneration of auditors is $45k relating to the half year review with the remainder for end of year audit fees.

6. Net finance costs

Interest income		24	5
Realised foreign exchange		-	15
Total finance income		**24**	**20**
Interest expense on finance leases		(77)	(82)
Interest expense on debt instruments		-	(1,947)
Unrealised foreign exchange loss		(14)	(312)
Rehabilitation provisions unwinding of discount	16	(179)	(61)
Deferred consideration unwinding of discount	15 (c)	(222)	(286)
Other finance costs		(22)	(17)
Total finance costs		**(514)**	**(2,705)**
Total net finance (cost)/income		**(490)**	**(2,685)**

Notes to the financial statements

For the year ended 30 June 2023

(a) Income tax benefit	2022 $'000	2021 $'000
Current tax	-	-
Deferred tax	-	-
Income tax benefit	**-**	**-**
Reconciliation of income tax benefit to tax payable		
Profit before income tax	90,486	30,498
Tax at the standard New Zealand rate of 28 percent	25,336	8,539
Tax effects of amounts not assessable in calculating taxable income:		
Share of joint venture equity profit	(27,651)	(14,895)
Taxable temporary differences not recognised	(3,332)	(1,605)
Non-taxable adjustments including movement on deferred consideration	591	3,464
Current year losses not recognised as a deferred tax asset	5,056	4,497
Income tax benefit	**-**	**-**
(b) Imputation credits		
Opening balance imputation credit account	19,370	15,578
Imputation credits attached to dividends received and other items	5,056	3,792
Imputation credits available for use in future periods	**24,426**	**19,370**

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.

8. Impairment

	Note	2023 $'000	2022 $'000
Impairment of historical exploration and evaluation expenditure	11	-	309
Impairment of work in progress expenditure		89	-
Impairment losses		**89**	**309**

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.
- 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.

There is a third CGU that is assessed for impairment in note 13. The assets that this CGU represents are only 65 percent owned and due to a joint venture ownership structure not consolidated in the Group results.

Bathurst domestic coal

It was considered whether there is any operating, regulatory, or market factors that indicate impairment of this CGU. This CGU continues to be profitable and operate as expected. It was concluded that there were no indicators of impairment present at 30 June 2023.

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. There was $0.7m in capitalised exploration and evaluation expenditure relating to this CGU at 30 June 2021. During the 2022 $0.3m was written back as these balances related to historical items that could no longer be supported. Apart from $0.4m of capitalised exploration and evaluation expenditure, the CGU remains impaired at 30 June 2023.

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 2023

9. Financial assets

Trade and other receivables	Note	2023 $'000	2022 $'000
Trade receivables from contracts with customers		2,085	3,636
Receivable from BT Mining	13	214	478
Other receivables and prepayments		314	243
Total trade and other receivables		**2,613**	**4,357**

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 20. 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 2023

10. Property, plant and equipment

Year ended 30 June 2023	Freehold land $'000	Buildings $'000	Mine infrastructure $'000	Plant & machinery $'000	Furniture and fittings $'000	Work in progress $'000	Total $'000
Opening net book value	**1,999**	**974**	**75**	**6,021**	**60**	**591**	**9,720**
Additions including NZ IFRS 16	-	-	-	144	578	2,050	2,772
Transfers	-	128	-	1,537	6	(1,671)	-
Disposals	-	(38)	-	(388)	-	(141)	(567)
Depreciation including NZ IFRS 16	(27)	(59)	(9)	(1,505)	(240)	-	(1,840)
Closing net book value	**1,972**	**1,005**	**66**	**5,809**	**404**	**829**	**10,085**
Cost	15,522	6,883	2,899	27,784	3,674	14,077	70,839
Accumulated write-downs	(13,550)	(5,878)	(2,833)	(21,975)	(3,270)	(13,248)	(60,754)
Closing net book value	**1,972**	**1,005**	**66**	**5,809**	**404**	**829**	**10,085**
Year ended 30 June 2022							
Opening net book value	**2,026**	**1,530**	**95**	**8,432**	**22**	**413**	**12,518**
Additions including NZ IFRS 16	-	-	-	27	515	1,420	1,962
Transfers	-	47	-	1,267	9	(1,323)	-
Disposals	-	(540)	(10)	(1,698)	(208)	81	(2,375)
Depreciation including NZ IFRS 16	(27)	(63)	(10)	(2,007)	(278)	-	(2,385)
Closing net book value	**1,999**	**974**	**75**	**6,021**	**60**	**591**	**9,720**
Cost	15,522	6,823	2,899	26,722	3,138	13,755	68,859
Accumulated write-downs	(13,523)	(5,849)	(2,824)	(20,701)	(3,078)	(13,164)	(59,139)
Closing net book value	**1,999**	**974**	**75**	**6,021**	**60**	**591**	**9,720**

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

Year ended 30 June 2023	Freehold land $'000	Buildings $'000	Plant & machinery $'000	Furniture and fittings $'000	Total $'000
Opening net book value	**116**	**115**	**2,610**	**24**	**2,865**
Additions	-	529	457	-	986
Disposals	-	(5)	-	-	(5)
Transfers	1	-	(1,451)	-	(1,450)
Depreciation	(27)	(195)	(855)	(12)	(1,089)
Closing net book value	**90**	**444**	**761**	**12**	**1,307**

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 5.1 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 4.80 percent to 8.10 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 2023

11. Mining assets

Exploration and evaluation assets	Note	2023 $'000	2022 $'000
Opening balance		**2,178**	**1,790**
Expenditure capitalised		1,126	697
Impairment of historical balances in Buller Coal project	8	-	(309)
Total exploration and evaluation assets		**3,304**	**2,178**
Mining licences/permits and capitalised waste moved in advance			
Opening balance		**12,312**	**13,900**
Expenditure capitalised		183	105
Amortisation		(4,080)	(3,653)
Waste moved in advance capitalised		742	1,960
Total mining licences/permits and capitalised waste moved in advance		**9,157**	**12,312**
Total mining assets		**12,461**	**14,490**

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 2023

11. Mining assets continued

Accounting policy continued

Mining licences/permits

Mining licences/permits 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 2023

12. Investment in subsidiaries

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

			Equity holding	
Name of entity	**Country of incorporation**	**Class of shares**	**2023 %**	**2022 %**
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 Minerals 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). Bathurst Minerals Limited which was incorporated in 2022 is at present a dormant entity.

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 2023

13. Interest in joint ventures

	2023 $'000	2022 $'000
Interest in BT Mining Limited ("BT Mining")	234,196	149,962
Interest in NWP Coal Canada Limited ("NWP")	19,426	19,598
Total interest in joint ventures	**253,622**	**169,560**

(a) BT Mining

(a) Balances held in BT Mining		
Equity investment	16,250	16,250
Share of retained earnings net of dividends received	217,946	133,712
Total interest in BT Mining	**234,196**	**149,962**
Opening balance	**149,962**	**97,718**
Receipt of dividend	(13,000)	(9,750)
Share of BT Mining profit	98,823	53,244
Share of BT Mining FX hedging through OCI	(1,589)	8,750
Closing balance	**234,196**	**149,962**

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. An unaudited proportionate consolidation of Bathurst and BT Mining is located after the notes to the financial statements.

Impairment assessment

BT Mining is viewed as a two CGU for impairment assessment purposes, Buller Plateau and North Island. In assessing the recoverability of the Stockton mine (Buller Plateau) CGU the value in use future cash flows were calculated with reference to:

- forecast sales of estimated recoverable reserves (5,108kt) over the life of the individual mining permits which expire by 2029;
- forecast hard coking coal prices decreasing from USD $238 to a longer-term average of USD $200 per tonne, and the long-term relativity of soft coking coal prices to be 68 percent of hard coking coal prices adjusted by management to reflect a price consistent with the historical blended coal quality;
- NZD/USD foreign exchange rate of 0.66; and 0.65 thereafter; and
- a post-tax discount rate of 10.8 percent, pre-tax 14.0%.

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

- the sale of the estimated recoverable reserves (2,319kt) over the life of the individual mining permits between three to seven 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 10.8 percent, pre-tax 14.0%.

Notes to the financial statements

For the year ended 30 June 2023

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 so that staff costs are recorded appropriately. For the year ended 30 June 2023 $3.1m of salaries were recharged from Bathurst to BT Mining (2022: $2.6m) and $0.7m recharged from BT Mining to Bathurst (2022: $0.9m). There was a receivable balance due from BT Mining to Bathurst of $0.2m (2022: $0.5m).

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 2023 were $4.2m (2022: $4.2m).

(b) Statement of financial position	2023 $'000	2022 $'000
Cash	203,438	87,976
Restricted short-term deposits	21,077	14,620
Trade and other receivables	62,090	36,161
Crown indemnity	746	1,797
Inventories	51,333	52,900
New Zealand emission units	396	1,910
Derivative assets	8,809	10,850
Current assets	**347,889**	**206,214**
Property, plant and equipment	94,604	93,781
Mining assets	52,846	54,355
Crown indemnity	47,820	47,300
Other financial assets	685	114
Deferred tax asset	9,521	6,507
Non-current assets	**205,476**	**202,057**
TOTAL ASSETS	**553,365**	**408,271**
Trade and other payables	33,579	33,612
Tax payable	53,272	33,877
Borrowings	-	279
Finance leases	8,050	8,061
Derivative liabilities	1,353	-
Provisions	6,951	17,459
Current liabilities	**103,205**	**93,288**
Finance leases	14,911	20,290
Provisions	74,948	63,983
Non-current liabilities	**89,859**	**84,273**
TOTAL LIABILITIES	**193,064**	**177,561**
NET ASSETS	**360,301**	**230,710**
Share capital	25,000	25,000
Reserves	5,147	7,591
Retained earnings net of dividends paid	330,154	198,119
EQUITY	**360,301**	**230,710**

Notes to the financial statements

For the year ended 30 June 2023

13. Interest in joint ventures continued

(b) NWP

Balances held in NWP	2023 $'000	2022 $'000
Equity investment	19,265	19,362
Equitable share of profit	161	236
Total interest in NWP	**19,426**	**19,598**

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 $110.m	30%	Construction	In progress
Total	**CAD $121.5m**	**50%**	**As above**	

Equity 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 $4.0m as part of tranche two. The advance to tranche two consists of $2.6m issued in exchange for preference shares, and $1.4m issued in exchange for ordinary shares. BRL holds a 22.1 percent equity holding in NWP including the preference shares. Payment of the balance of tranche two is not expected in the next twelve months.

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.

An assessment on the investment has been done, and there is nothing to suggest or warrant any impairment.

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 22.1 percent		
Cash	271	241
Other current assets	168	47
Exploration and evaluation assets	45,171	41,677
Other non-current assets	1,365	1,825
TOTAL ASSETS	**46,975**	**43,790**
Current liabilities	231	163
Non-current financial liabilities	4,921	1,266
TOTAL LIABILITIES	**5,152**	**1,429**
NET ASSETS	**41,823**	**42,361**

Notes to the financial statements

For the year ended 30 June 2023

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

Temporary differences attributable to:	2023 $'000	2022 $'000
Tax losses	21,143	19,919
Employee benefits	289	270
Provisions	1,285	1,257
Mining licences	20,054	21,001
Exploration and evaluation expenditure	812	812
Property, plant and equipment	3,654	3,548
Waste moved in advance	-	3,418
Other	224	69
Total deferred tax assets	**47,460**	**50,294**
Total deferred tax liabilities	**-**	-
Net deferred tax asset not recognised	(47,460)	(50,294)
Net deferred tax asset	**-**	-

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. Included in the tax losses balance above is an amount of $76k in relation to a prior period adjustment which was made to reflect the available tax losses as per the final tax return.

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 2023

15. Financial liabilities

(a) Trade and other payables	2023 $'000	2022 $'000
Trade payables	1,017	2,292
Accruals	3,984	4,797
Employee benefit payable	1,367	1,279
Total trade and other payables	**6,368**	**8,368**

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		
Current		
Secured		
Lease liabilities	447	260
Total current borrowings	**447**	**260**
Non-current		
Secured		
Lease liabilities	834	508
Total non-current borrowings	**834**	**508**
Total borrowings	**1,281**	**768**

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.

Notes to the financial statements

For the year ended 30 June 2023

15. Financial liabilities continued

(c) Deferred consideration	2023 $'000	2022 $'000
Current - acquisition of subsidiary	1,034	920
Non-current - acquisition of subsidiary	2,172	1,544
Total deferred consideration	**3,206**	**2,464**
Opening balance	2,464	3,515
Unwinding of discount	222	286
Fair value adjustment – New Brighton	1,677	(356)
Consideration paid net of movements in accruals during the year	(1,157)	(981)
Closing balance	**3,206**	**2,464**

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 both payments are triggered.

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.

New Brighton Collieries Limited

Acquisition was completed on 10 March 2015. The balance due on settlement is satisfied by an ongoing royalty based on sales revenue. The fair value of the future royalty payments is estimated using a discount rate based upon the Group's WACC (9.4%), projected production profile based on activity at the Takitimu mine (698kt) and forecast domestic coal prices ($106 per tonne, inflation adjusted). 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 deferrred consideration liability is as follows:

		2023		2022	
Key input	**Change in input**	**Increase in estimate $'m**	**Decrease in estimate $'m**	**Increase in estimate $'m**	**Decrease in estimate $'m**
Discount rate	2 percent	0.1	(0.1)	0.1	(0.1)
Production levels	5 percent	(0.2)	0.2	(0.1)	0.2
Coal prices	$5 per tonne	(0.1)	0.1	(0.1)	0.1

15. Financial liabilities continued

(c) Deferred consideration continued

New Brighton Collieries Limited continued

Security

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

(d) Fair value measurements

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

Accounting policy

Initial recognition and measurement

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

Subsequent measurement

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

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

Financial liabilities 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.

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 2023

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. 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 2023

16. Rehabilitation provisions

	2023 $'000	2022 $'000
Current	996	1,172
Non-current	4,280	4,100
Total provisions	**5,276**	**5,272**
Rehabilitation provision movement:		
Opening balance	5,272	8,712
Unwinding of discount	179	61
Movement in Crown indemnity on acid mine drainage for Sullivan permit	(80)	16
Movement in provision net of expenditure incurred	(95)	(3,517)
Closing balance	**5,276**	**5,272**

Bonds totalling $4.4m as shown on the face of the statement of financial position (30 June 2022: $4.5m) 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 2023

17. Equity

(a) Ordinary fully paid shares	2023 Number of shares '000	2022 Number of shares '000
Opening balance	**191,360**	**170,952**
Issue of shares from conversion of convertible bonds	-	20,408
Closing balance	**191,360**	**191,360**

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 issue

20.4m shares were issued on conversion of convertible bonds on 11 May 2022.

Dividends

There were no dividends paid or declared during the year.

(b) Contributed equity	$'000	$'000
Opening balance	**316,970**	**293,107**
Issue of shares from conversion of convertible bonds	-	23,863
Closing balance	**316,970**	**316,970**

The value recognised in equity from the conversion of the convertible bonds equals the fair value of the conversion option and the amortised balance of the underlying principal debt value at maturity date. Refer note 15 (b) for further information.

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.

18. Reserves

	2023 $'000	2022 $'000
Share-based payment reserve	798	247
Foreign exchange translation reserve	635	1,456
Share of BT Mining FX hedging through OCI	3,345	4,934
Reorganisation reserve	(32,760)	(32,760)
Total reserves	**(27,982)**	**(26,123)**

Notes to the financial statements

For the year ended 30 June 2023

18. Reserves continued

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 Barrier Pricing Model valuation method as they contain market performance conditions (as detailed below). The fair value for the executive director performance rights was determined to be AU $0.5935 (2022: Exec: AU $0.6982, SLT: AU $0.7642). Key inputs used for the valuations were exercise price (nil) (2022: nil), risk free rate 3.06% (2022: Exec: 0.92%, SLT: 1.48%) weighted average share price AU $0.74 (2022: Exec: AU$0.72, SLT: AU $0.79), dividend yield (nil) (2022: nil), as well as expected volatility in the share price which is based on historical actual volatility 83.23% (2022: Exec: 80.47%, SLT: 80.39%).

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 and coal price hedging through OCI

The value booked represents 65 percent equity share of the fair value movement on FX and coal price 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
Executive director performance rights (2022)	1 December 2024	1,046	-	-	1,046
SLT performance rights (2022)	1 December 2024	935	-	(164)	771
Executive director performance rights (2023)	1 December 2025	-	502	-	502
Non-executive director performance rights (2023)	1 December 2025	-	78	-	78
		1,981	**580**	**(164)**	**2,397**

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 during the year were approved at the 2022 annual general meeting.

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 1 December 2025 for the performance rights issued during the year (2022: 1 December 2024). BRL also has to achieve a minimum total shareholder return compound annual growth rate for the period 1 July 2022 to and including 30 June 2025 for the performance rights issued during the year (2022: 1 July 2021 to 30 June 2024)

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.

Notes to the financial statements

For the year ended 30 June 2023

19. Earnings per share

(a) Earnings per share ("EPS")	2023 Cents	2022 Cents
Basic EPS	47.29	17.55
Diluted EPS	46.70	17.36

(b) Reconciliation of earnings used in calculation	$'000	$'000
Earnings used to calculate basic and diluted EPS	**90,486**	**30,498**

(c) Weighted average number of shares	Shares 000s	Shares 000s
Weighted average shares used in calculation of basic EPS	**191,360**	**173,747**
Dilutive potential ordinary shares (performance rights)	2,397	1,981
Weighted average shares used in calculation of diluted EPS	**193,757**	**175,728**

Accounting policy

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

20. 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 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.

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 2023. 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.

30 June 2023	Less than 6 months $'000	6 - 12 months $'000	Between 1 – 2 years $'000	Between 2 – 5 years $'000	Over 5 years $'000	Total contractual flows $'000
Trade and other payables	5,335	-	-	-	-	5,335
Leases	227	227	433	470	-	1,357
Deferred consideration	539	539	1,078	1,609	-	3,765
Total	**6,101**	**766**	**1,511**	**2,079**	**-**	**10,457**

Notes to the financial statements

For the year ended 30 June 2023

20. Financial risk management continued

Liquidity risk continued

30 June 2022	Less than 6 months $'000	6 - 12 months $'000	Between 1 – 2 years $'000	Between 2 – 5 years $'000	Over 5 years $'000	Total contractual flows $'000
Trade and other payables	7,402	-	-	-	-	7,402
Leases	147	147	181	371	7	853
Deferred consideration	492	492	973	927	-	2,884
Total	**8,041**	**639**	**1,154**	**1,298**	**7**	**11,139**

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

Financial assets	2023 $'000	2022 $'000
Amortised cost		
Cash and cash equivalents	12,812	4,765
Restricted short-term deposits	4,384	4,508
Trade and other receivables	2,613	4,357
Other financial assets	220	220
Crown Indemnity	700	781
Total financial assets	**20,729**	**14,631**
Financial liabilities		
Amortised cost		
Trade and other payables	6,368	8,368
Borrowings	1,281	768
Fair Value		
Deferred consideration	3,206	2,464
Total financial liabilities	**10,855**	**11,600**

Notes to the financial statements

For the year ended 30 June 2023

21. Reconciliation of profit to operating cash flows

	2023 $'000	2022 $'000
Profit before income tax	**90,486**	**30,498**
Non-cash items:		
Depreciation and amortisation	5,919	6,038
Share-based payments	551	(64)
Share of joint venture equity share of profit	(98,753)	(53,196)
Non-operating:		
Movement on rehabilitation provision & discount unwind	119	(3,438)
Movement on deferred consideration & discount unwind	1,899	(70)
Interest on debt instruments and finance leases	90	2,029
Other	(24)	(5)
Dividend received from BT Mining	13,000	9,750
Unrealised FX including movement on deferred consideration	14	297
Impairments	89	309
Loss/(gain) on sale of PPE	(217)	681
Movement in convertible instrument derivatives	-	12,334
Movement in working capital	250	2,866
Cash flow from operating activities	13,423	**8,029**

22. Key management personnel compensation

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

30 June 2023	Short-term benefits $'000	Share-based payments $'000	Total $'000
Management	4,034	559	4,593
Non-executive directors	510	9	519
Total	**4,544**	**568**	**5,112**
30 June 2022			
Management	3,901	248	4,149
Non-executive directors	270	-	270
Total	**4,171**	**248**	**4,419**

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 performance rights issue that lapsed (refer note 18) was excluded for the purposes of this disclosure.

Notes to the financial statements

For the year ended 30 June 2023

23. Contingent liabilities

Performance Payment Claims by LMCHB Limited

On 23 December 2016 Bathurst announced that L&M Coal Holdings Limited, now LMCHB 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 pursuit of this matter through the courts of New Zealand, on 14 July 2021 the Supreme Court upheld Bathurst and Buller Coal's appeal, setting aside earlier unfavourable judgments given against them by the High Court and Court of Appeal.

The Supreme Court held that, under the terms of the Agreement for Sale and Purchase of Shares (SPA), while the performance payment had been triggered Bathurst can defer payment of that sum (relying on clause 3.10 of the SPA) for so long as the relevant royalty payments under the associated Deed of Royalty continue to be paid even if that royalty sum is zero.

On 22 September 2021 L&M served Bathurst and its subsidiary Buller Coal, with further proceedings. Despite the Supreme Court decision, L&M's new action sought declarations from the High Court that it was entitled to enforce a guarantee given by Buller Coal under the Deed of Guarantee and Security for payment of the first performance payment as Guaranteed Money under that deed. A hearing was held in June 2022. The judgment was released on 28 March 2023 dismissing the claim, holding that as the first performance payment is not currently due under the terms of the SPA then the payment is not Guaranteed Money for the purpose of the guarantee. The High Court also held that L&M should have brought this claim as part of the first proceedings and that raising it in a subsequent proceeding was an abuse of process. In April, L&M lodged a notice of appeal against the High Court's judgment. Bathurst and Buller, based on legal advice, consider this legal action by L&M to be without merit. The appeal will be heard in May 2024.

On 18 February 2023, Bathurst successfully defended a claim by L&M in an arbitration proceeding that a change of control had occurred and that the second performance payment of USD $40 million and performance shares (being 5% of Bathurst's post issue share capital) due under the SPA plus interests and costs, were payable. While the arbitrator declared that a change in control had occurred under the terms of the SPA, he dismissed the claim on the basis that, as interpreted by the Supreme Court, clause 3.10 of the SPA provides a defence to the claim. Neither party has appealed against this award.

24. Events after the reporting period

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

Notes to the financial statements

For the year ended 30 June 2023

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

	2023 $'000	2022 $'000
Revenue from contracts with customers	378,935	353,757
Realised FX and coal price hedging	10,110	(58,559)
Less: cost of sales	(218,368)	(187,678)
Gross profit	**170,677**	**107,519**
Other income	240	710
Equity accounted loss	(70)	(48)
Depreciation	(15,722)	(17,560)
Administrative and other expenses	(26,258)	(22,280)
Fair value movement on deferred consideration	(1,677)	356
(Loss)/gain on disposal of fixed assets	217	(705)
Impairment losses	(1,474)	(309)
Operating profit before tax	**125,933**	**67,683**
Fair value movement on convertible bond derivative	-	(12,334)
Finance cost	(1,607)	(4,634)
Finance income	4,514	512
Profit before income tax	**128,840**	**51,227**
Income tax expense	(38,355)	(20,730)
Profit after income tax	**90,485**	**30,498**

Notes to the financial statements

For the year ended 30 June 2023

Consolidated statement of financial position

	2023 $'000	2022 $'000
Cash and cash equivalents	145,047	61,949
Restricted short-term deposits	18,084	14,011
Trade and other receivables	42,972	27,861
Crown indemnity	536	1,220
Inventories	34,276	35,880
New Zealand emission units	541	1,551
Derivative assets	4,846	7,053
Total current assets	**246,302**	**149,525**
Property, plant and equipment ("PPE")	71,578	70,678
Mining assets	46,811	49,821
Crown indemnity	31,732	31,474
Interest in joint ventures	19,426	19,598
Deferred tax asset	6,189	4,230
Other financial assets	665	294
Total non-current assets	**176,401**	**176,095**
TOTAL ASSETS	**422,703**	**325,620**
Trade and other payables	28,194	30,216
Tax payable	34,627	22,020
Finance leases	5,680	5,500
Borrowings	-	181
Deferred consideration	1,034	920
Provisions	5,514	12,520
Total current liabilities	**75,049**	**71,357**
Finance leases	10,526	13,697
Deferred consideration	2,172	1,544
Provisions	52,996	45,689
Total non-current liabilities	**65,694**	**60,930**
TOTAL LIABILITIES	**140,743**	**132,287**
NET ASSETS	**281,960**	**193,333**
Contributed equity	316,970	316,970
Reserves	(27,982)	(26,123)
Retained earnings net of dividends	(7,028)	(97,514)
EQUITY	**281,960**	**193,333**

Notes to the financial statements

For the year ended 30 June 2023

Consolidated cash flow

	2023 $'000	2022 $'000
Cash flows from operating activities		
Receipts from customers	378,437	293,497
Payments to suppliers and employees	(230,169)	(198,057)
Taxes paid	(26,327)	(4,547)
Net inflow from operating activities	**121,940**	**90,893**
Cash flows from investing activities		
Exploration and evaluation expenditure	(1,392)	(735)
Mining assets (incl. elevated stripping)	(13,716)	(11,040)
PPE purchases net of disposals	(15,969)	(8,067)
Payment of deferred consideration	(1,158)	(2,261)
Investment in NWP	(714)	(809)
Other	78	(42)
Net outflow from investing activities	**(32,871)**	**(22,954)**
Cash flows from financing activities		
Repayment of leases net of drawdowns	(2,991)	(7,062)
Interest on leases	(976)	(1,207)
Interest on BRL borrowings	-	(1,251)
Repayment of borrowings net of drawdowns	(181)	(2,191)
Interest on borrowings	-	(369)
Interest received	2,682	117
Other finance costs	(432)	(230)
Net outflow from financing activities	**(1,898)**	**(12,193)**
Net increase/(decrease) in cash and cash equivalents	**87,171**	**55,746**
Opening cash and cash equivalents including restricted short-term deposits	75,960	20,214
Closing cash and cash equivalents	**163,131**	**75,960**

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 consolidated financial statements of Bathurst Resources Limited (the 'company') and its subsidiaries (the 'group') on pages 59 to 90 present fairly, in all material respects:

i. the Group's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date;

in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2023;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

Basis for opinion

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

We are independent of the group in accordance with Professional and Ethical Standard 1 *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 procedure 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.

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 $1,730,000 determined with reference to a benchmark of group total assets. We chose the benchmark because, in our view, this is a key metric within the financial statements given the nature of accounting for mining activity with capitalised costs for future extraction.

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 mining assets	
Refer to note 8 and note 11 to the financial statements. The recoverability of mining assets is a key audit matter due to the judgement involved in assessing the recoverable value. 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. As a present impairment indicator, the Group’s net assets as at 30 June 2023 of NZ$281 million compared to the Group’s market capitalisation of NZ$205 million based on the share price at 30 June 2023, implies a shortfall of NZ$76 million.	Our audit procedures included: — verifying mining permit and resource consent conditions; — 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 performing sensitivity analysis to consider the impact on the recoverable value assessments; — 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.

Independent auditor’s report

The key audit matter	How the matter was addressed in our audit
Rehabilitation provision	
Refer to Note 16 to the financial statements. Judgement is required in the determination of the rehabilitation provision, including: — assumptions relating to the manner in which rehabilitation will be undertaken; and — scope and quantum of costs, and timing of the rehabilitation activities.	Our audit procedures included: — obtaining an understanding of the key controls management has in place to estimate the rehabilitation provision; — agreeing rehabilitation cost estimates to underlying support, including where applicable reports from external experts; — assessing the independence, competence and objectivity of experts used by management; — confirming the closure and related rehabilitation dates are consistent with the latest estimates of life of mines; — comparing the inflation and discount rates to available market information; and — testing the mathematical accuracy of the rehabilitation provision. We also assessed the appropriateness of the disclosures included in Note 16 to the financial statements.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity’s annual Report. Other information includes the Chairman and CEO 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.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Independent auditor’s report

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 issued by the New Zealand Accounting Standards Board;

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is 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 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 [Partner Name]

For and on behalf of

KPMG

KPMG
Christchurch

28 August 2023

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Shareholder information

Shareholder information

Reported as at 29 September 2023 unless otherwise noted.

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 holder
Quoted			
Ordinary fully paid shares		191,359,780	2,087
Unquoted			
Executive director performance rights	18	1,625,906	3
SLT director performance rights	18	771,512	5

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 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 2023.

Distribution of quoted equity securities

Holding range	Number shareholders	Number ordinary shares	Percentage of ordinary shares
1 - 1,000	761	450,043	0.24%
1,001 - 5,000	758	1,934,709	1.01%
5,001 - 10,000	231	1,854,834	0.97%
10,001 - 100,000	268	8,298,240	4.34%
100,001 and over	69	178,821,954	93.44%
Total	**2,087**	**191,359,780**	**100%**

There were 262 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 $1.00 per share.

Corporate governance statement

The corporate governance statement is available at 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 as at 25 September 2023:

	Number of shares held	Percentage of issued shares
Republic Investment Management Pte Limited ("RIM")	39,873,155	20.8
Talley's Group Limited	20,659,306	10.8
Crocodile Capital Partners GmbH	14,451,452	7.6
Chng Seng Chye	11,628,872	6.1

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	BNP PARIBAS NOMS PTY LTD <DRP>	61,385,373	32.08
2	CITICORP NOMINEES PTY LIMITED	45,406,068	23.73
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,861,866	7.77
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	11,098,213	5.80
5	CHNG SENG CHYE	9,596,041	5.01
6	MR SAN TIONG NG	2,897,383	1.51
7	AFE INVESTMENTS PTY LIMITED	2,788,877	1.46
8	ANG POON LIAT	2,710,476	1.42
9	TH INVESTMENTS PTE LIMITED	2,392,392	1.25
10	JOHN MCCALLUM	2,127,144	1.11
11	RICHARD TACON	1,469,302	0.77
12	NATIONAL NOMINEES LIMITED	1,325,775	0.69
13	BNP PARIBAS NOMS(NZ) LTD<DRP>	1,179,899	0.62
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,168,700	0.61
15	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	1,002,500	0.52
16	TAN PEI SAN	964,749	0.50
17	CHOW SHOOK LIN	909,090	0.48
18	TREADSTONE RESOUCE PARTNERS PTY LTD	727,272	0.38
19	INVIA CUSTODIAN PTY LIMITED <HARGREAVES S/FUND A/C>	704,545	0.37
20	RUSSELL LEE SCOTT MIDDLETON + SUSANNE MICHELLE MIDDLETON <MIDDLETON SUPER PLAN A/C>	662,645	0.35
Total top 20 shareholders		**165,378,310**	**86.42**
Total remaining shareholders		**25,981,470**	**13.58**

04

Resources and reserves

In this section

Tenement schedule

Coal resources and reserves

Tenement schedule

At 30 June 2023

Permit ID	Location (region)	Minerals	Permit type	Permit operator	Bathurst interest
60790	Waikato	Aggregate	Exploration Permit	BT Mining Limited	65%
60642	Southland	Coal	Exploration Permit	Bathurst Coal Limited	100%
60522	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
60521	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
60520	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
60422	Waikato	Coal	Mining Permit	BT Mining Limited	65%
60400	Southland	Coal	Mining Permit	New Brighton Collieries Limited	100%
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%
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%
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 2022 to 30 June 2023.

Permit applications in past 12 months

None.

Permit applications granted in past 12 months

Permit ID	Permit type	Operator	Location (region)	Granted date	Operation name	Bathurst interest
53614	Mining	Bathurst Coal Limited	Southland	29/3/2023	Coaldale	100%
56220	Exploration	BT Mining Limited	Waikato	13/1/2023	Awaroa West	65%

Permit applications granted in past 12 months

Permit ID	Permit type	Operator	Location (region)	Expiry date	Operation name	Bathurst interest
60790	Exploration Permit	BT Mining Limited	Waikato	15/12/2027	Maramarua	65%
60642	Exploration Permit	Bathurst Coal Limited	Southland	15/4/2028	Ohai	100%
60522	Exploration Permit	Buller Coal Limited	West Coast	8/9/2027	Blackburn	100%
60521	Exploration Permit	Buller Coal Limited	West Coast	8/9/2027	Millerton-Fly Creek	100%
60520	Exploration Permit	Buller Coal Limited	West Coast	8/9/2027	Denniston	100%
60400	Mining Permit	New Brighton Collieries Limited	Southland	20/6/2035	New Brighton	100%

Full surrender

None

Expired

Permit ID	Permit type	Operator	Location (region)	Minerals	Operation name	Bathurst interest
40625	Exploration Permit	New Brighton Collieries Limited	Southland	Coals	New Brighton	100%

Coal resources

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

Area	Bathurst ownership	2023 Measured resource	2022 Measured resource	Change	2023 Indicated resource	2022 Indicated resource	Change	2023 Inferred resource	2022 Inferred resource	Change	2023 Total resource	2022 Total resource	Change
Escarpment (7)	100%	1.9	1.9	0.0	1.2	1.2	0.0	0.7	0.7	0.0	3.8	3.8	0.0
Cascade (7)	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 (2)	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 (7)	100%	0.0	0.0	0.0	1.7	1.7	0.0	3.1	3.1	0.0	4.8	4.8	0.0
Whareatea West (7)	100%	6.2	6.2	0.0	7.8	7.8	0.0	2.7	2.7	0.0	16.7	16.7	0.0
Sullivan (7)	100%	1.9	1.9	0.0	3.0	3.0	0.0	3.3	3.3	0.0	8.2	8.2	0.0
South Buller totals	**100%**	**16.7**	**16.7**	**0.0**	**17.4**	**17.4**	**0.0**	**11.7**	**11.7**	**0.0**	**45.8**	**45.8**	**0.0**
Stockton (1, 5, 6 & 7)	65%	2.5	2.6	(0.1)	6.6	7.3	(0.7)	5.6	5.8	(0.2)	14.7	15.7	(1.0)
Upper Waimangaroa (Met) (1, 5, 6 & 7)	65%	0.4	0.6	(0.2)	13.2	13.2	0.0	32.0	32.4	(0.4)	45.6	46.2	(0.6)
Upper Waimangaroa (Thermal) (1 & 7)	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
Stockton totals	**65%**	**2.9**	**3.2**	**(0.3)**	**20.4**	**21.1**	**(0.7)**	**38.5**	**39.1**	**(0.6)**	**61.8**	**63.4**	**(1.6)**
Millerton North (2)	100%	0.0	0.0	0.0	1.8	1.8	0.0	3.5	3.5	0.0	5.3	5.3	0.0
North Buller (2)	100%	2.4	2.4	0.0	7.2	7.2	0.0	10.6	10.6	0.0	20.2	20.2	0.0
Blackburn (2)	100%	0.0	0.0	0.0	5.8	5.8	0.0	14.1	14.1	0.0	19.9	19.9	000
North Buller totals	**100%**	**2.4**	**2.4**	**0.0**	**14.8**	**14.8**	**0.0**	**28.2**	**28.2**	**0.0**	**45.4**	**45.4**	**0.0**
Buller Coal Project totals	**100%**	**22.0**	**22.3**	**(0.3)**	**52.6**	**53.3**	**(0.7)**	**78.4**	**79.0**	**(0.6)**	**153.0**	**154.6**	**(1.6)**
Takitimu (4, 5, 6 & 7)	100%	0.1	0.1	0.0	1.1	1.4	(0.3)	0.0	0.0	0.0	1.2	1.5	(0.3)
New Brighton (4, 6 & 7)	100%	0.1	0.1	0.0	0.2	0.2	0.0	0.2	0.2	0.0	0.5	0.5	0.0
Canterbury Coal (9)	100%	0.0	0.9	(0.9)	0.0	1.3	(1.3)	0.0	0.9	(0.9)	0.0	3.1	(3.1)
Southland/Canterbury totals	**100%**	**0.2**	**1.1**	**(0.9)**	**1.3**	**2.9**	**(1.6)**	**0.2**	**1.1**	**(0.9)**	**1.7**	**5.1**	**(3.4)**
Rotowaro (1, 5, 6 & 7)	65%	0.4	0.6	(0.2)	0.7	1.4	(0.7)	1.0	0.4	0.6	2.1	2.4	(0.3)
Rotowaro North (1, 4 & 8)	65%	0.3	0.0	0.3	0.9	0.0	0.9	2.2	3.7	(1.5)	3.4	3.7	(0.3)
Maramarua (1, 3, 4 & 5)	65%	1.6	1.8	(0.2)	0.3	0.3	0.0	0.0	0.0	0.0	1.9	2.1	(0.2)
North Island totals	**65%**	**2.3**	**2.4**	**(0.1)**	**1.9**	**1.7**	**0.2**	**3.2**	**4.1**	**(0.9)**	**7.4**	**8.2**	**(0.8)**
Total		**24.5**	**25.8**	**(1.3)**	**55.8**	**57.9**	**(2.1)**	**81.8**	**84.2**	**(2.4)**	**162.1**	**167.9**	**(5.8)**

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 2023.

Coal resources

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

1. Stockton, Upper Waimangaroa, Rotowaro, Ruawaro and Maramarua are owned by BT Mining Limited (65% Bathurst Resources Limited / 35% Talley's Energy Limited).
2. 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.
3. Resources were depleted by mining.
4. Resource tonnages have been calculated using a density value calculated using approximated in-ground moisture values (Preston and Sanders method).
5. Mining depletion offset by update to geological model.
6. Update to geological model combined with a review of potential economic recovery.
7. Stockton, Upper Waimangaroa, Escarpment, Cascade, Coalbrookdale, Sullivan, Rotowaro, Takitimu and New Brighton density values are based on air-dried ash density regressions.
8. Resource classification upgraded following model update.
9. Canterbury Coal mineral access agreements not renewed. Reasonable prospects not met.
10. Coal resource variation due to a change in resource classification.

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%	2.5	24.9	1.9	26.8	46.7	7.5	1.6	-	27.3
Upper Waimangaroa (Met)	65%	0.4	3.5	0.8	37.9	54.1	4.5	4.4	-	31.6
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%	0.1	16.8	0.4	35.4	33.2	N/A	14.7	24.5	19.7
New Brighton	100%	0.1	10.7	0.4	32.6	39.7	N/A	17.0	23.0	21.7
Rotowaro	65%	0.4	6.6	0.3	37.8	43.5	N/A	12.7	17.3	24.2
Rotowaro North	65%	0.3	7.0	0.3	35.7	42.2	N/A	15.0	22.0	23.6
Maramarua	65%	1.6	5.1	0.2	36.6	38.3	N/A	19.9	23.9	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%	6.6	6.1	3.4	35.9	56.7	7.0	1.3	-	33.2
Upper Waimangaroa (Met)	65%	13.2	4.6	2.0	38.9	53.6	5.1	3.5	-	30.5
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%	1.1	9.1	0.3	35.3	38.2	N/A	17.4	25.5	21.6
New Brighton	100%	0.2	10.4	0.4	32.1	41.7	N/A	15.7	22.2	21.1
Rotowaro	65%	0.7	5.8	0.3	37.1	43.8	N/A	13.3	17.9	24.0
Rotowaro North	65%	0.9	7.0	0.3	35.9	42.4	N/A	14.7	21.6	23.8
Maramarua	65%	0.3	5.6	0.2	36.3	37.9	N/A	20.1	24.1	22.0

Coal resources

Table 4 – Average coal quality - inferred

Area	Bathurst ownership	nferred resource (Mt)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In situ moisture	Calorific value (AD)
Escarpment	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%	5.6	5.9	3.3	34.7	58.1	8.0	1.2	-	33.2
Upper Waimangaroa (Met)	65%	32.0	5.9	2.1	38.7	52.4	4.7	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%	0.0	14.2	0.4	37.4	33.5	N/A	14.9	23.6	20.8
New Brighton	100%	0.2	11.0	0.4	33.6	39.6	N/A	15.9	22.2	22.0
Rotowaro	65%	1.0	7.0	0.3	36.8	43.3	N/A	13.0	17.6	23.7
Rotowaro North	65%	2.2	6.9	0.3	35.9	42.6	N/A	14.7	21.6	23.8
Maramarua	65%	0.0	11.4	0.2	36.8	35.2	N/A	16.5	20.7	21.3

Coal reserves

Table 5 – Coal reserves (ROM) tonnes

ROM coal area	Bathurst ownership	Proved (Mt) 2023	Proved (Mt) 2022	Proved (Mt) Change	Probable (Mt) 2023	Probable (Mt) 2022	Probable (Mt) Change	Total (Mt) 2023	Total (Mt) 2022	Total (Mt) Change
Whareatea West [(D)]	100%	0.0	0.0	0.0	4.7	4.7	0.0	4.7	4.7	0.0
Stockton [(A, B, E, F & H)]	65%	0.2	0.3	(0.1)	3.4	6.0	(2.6)	3.6	6.3	(2.7)
Upper Waimangaroa (Met) [(A, B, E & F)]	65%	0.4	0.6	(0.2)	1.6	1.6	0.0	2.0	2.2	(0.2)
Takitimu [(C, E & G)]	100%	0.0	0.0	0.0	0.7	1.0	(0.3)	0.7	1.0	(0.3)
Rotowaro [(A, C, D, E, F & I)]	65%	0.4	0.6	(0.2)	0.7	1.4	(0.7)	1.1	2.0	(0.9)
Maramarua [(A, C, D, E & F)]	65%	1.1	1.2	(0.1)	0.1	0.2	(0.1)	1.2	1.4	(0.2)
Total		**2.1**	**2.7**	**(0.6)**	**11.2**	**14.9**	**(3.7)**	**13.3**	**17.6**	**(4.3)**

Table 6 – Marketable coal reserves tonnes

Product coal area	Bathurst ownership	Proved (Mt) 2023	Proved (Mt) 2022	Proved (Mt) Change	Probable (Mt) 2023	Probable (Mt) 2022	Probable (Mt) Change	Total (Mt) 2023	Total (Mt) 2022	Total (Mt) Change
Whareatea West [(D)]	100%	0.0	0.0	0.0	3.0	3.0	0.0	3.0	3.0	0.0
Stockton [(A, B, E, F & H)]	65%	0.2	0.2	0.0	2.8	4.3	(1.5)	3.0	4.5	(1.5)
Upper Waimangaroa (Met) [(A, B, E & F)]	65%	0.4	0.5	(0.1)	1.4	1.4	0.0	1.8	1.9	(0.1)
Takitimu [(C, E & G)]	100%	0.0	0.0	0.0	0.7	0.9	(0.2)	0.7	0.9	(0.2)
Rotowaro [(A, C, D, E, F & I)]	65%	0.4	0.5	(0.1)	0.6	1.2	(0.6)	1.0	1.7	(0.7)
Maramarua [(A, C, D, E & F)]	65%	1.1	1.2	(0.1)	0.1	0.2	(0.1)	1.2	1.4	(0.2)
Total		**2.1**	**2.4**	**(0.3)**	**8.6**	**11.0**	**(2.4)**	**10.7**	**13.4**	**(2.7)**

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

Area	Bathurst ownership	Proved marketable Mt	Proved marketable Ash %	Proved marketable Sulphur %	Proved marketable VM%	Proved marketable CSN	Proved marketable CV (MJ/Kg)	Probable marketable Mt	Probable marketable Ash %	Probable marketable Sulphur %	Probable marketable VM%	Probable marketable CSN	Probable marketable CV (MJ/Kg)
Whareatea West [(D)]	100%	-	-	-	-	-	-	3.0	10.9	0.7	27.8	9.5	27.5
Stockton [(A, B, E, F & H)]	65%	0.2	6.8	2.7	32.8	6.5	33.2	2.8	4.3	2.9	34.1	8.0	33.8
Upper Waimangaroa (Met) [(A, B, E & F)]	65%	0.4	2.8	0.7	37.6	4.5	31.8	1.4	2.9	1.3	37.7	4.0	31.8
Takitimu [(C, E & G)]	100%	0.0	9.2	0.2	35.2	N/A	21.0	0.7	8.1	0.2	34.9	N/A	21.2
Rotowaro [(A, C, D, E, F & I)]	65%	0.4	6.6	0.3	37.8	N/A	24.2	0.6	5.8	0.3	37.1	N/A	24.0
Maramarua [(A, C, D, E & F)]	65%	1.1	5.3	0.2	37.5	N/A	22.6	0.1	5.8	0.2	37.1	N/A	22.3

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)
Whareatea West (D)	100%	Met	Open Pit	3.0	10.9	0.7	27.8	9.5	27.5
Stockton (A, B, E, F & H)	65%	Met	Open Pit	3.0	4.4	2.9	34.1	8.0	33.7
Upper Waimangaroa (Met) (A, B, E & F)	65%	Met	Open Pit	1.8	2.9	1.2	37.7	4.0	31.8
Takitimu (C, E & G)	100%	Thermal	Open Pit	0.7	8.1	0.2	34.9	N/A	21.2
Rotowaro (A, C, D, E, F & I)	65%	Thermal	Open Pit	0.9	6.1	0.3	37.4	N/A	24.1
Maramarua (A, C, D, E & F)	65%	Thermal	Open Pit	1.3	5.3	0.2	37.4	N/A	22.6

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 2023.

A. Stockton, Upper Waimangaroa, Rotowaro and Maramarua are owned by BT Mining Limited in which Bathurst has a 65% equity share.
B. Stockton and Upper Waimangaroa density values are based on air-dried ash density regressions.
C. In-ground total moisture is based on long term average coal production data.
D. Reserve tonnages have been calculated using a density value calculated using approximated in-ground moisture values (Preston and Sanders method) and as such reserve tonnages quoted in this report are wet tonnes.
E. Decrease in Coal Reserves due to mining depletion.
F. Variation due to model update.
G. Variation due to updated modifying factors.
H. Coal Reserves depleted by removal of A18 Coal Fines Reserve post completion of Feasibility Study.
I. Coal Reserves reduced due to a change in resource classification.

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.

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 2023 annual report have been reviewed by qualified internal and external Competent Persons, and internal management, prior to their inclusion.

Competent person statements

The information on this report that relates to mineral resources for Deep Creek and mineral reserves for Whareatea West, Takitimu, Rotowaro and Maramarua is based on information compiled by Sue Bonham-Carter, who is a full time employee of BCP Associates (New Zealand) Limited 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 Takitimu, New Brighton, Rotowaro, Rotowaro North and Maramarua is based on information compiled by Eden Sinclair as a Competent Person who is a full- time employee of Bathurst Resources Limited and is a Chartered Professional and member of the Australasian Institute of Mining and Metallurgy. Mr Sinclair has a BSc in geology from the University of Canterbury. Mr Sinclair 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 Sinclair 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, South Africa. 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 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 Bachelors 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.


BATHURST
RESOURCES

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Francois Tumahai
Non-Executive director

Richard Tacon
Executive Director and Chief Executive Officer

Russell Middleton
Executive Director and Chief Financial Officer

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Stock exchange listing
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